

# The Next Generation Seed Organization: Seeds Canada

*Business Plan*

May 2020





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# Purpose of this Business Plan

- Since July 2019, the Seed Synergy Collaboration Project Oversight Committee and the major national seed industry organizations that comprise it (CSGA, CSTA, CSI, CSAAC, CPTA, and CropLife Canada) have worked with an independent consultancy, StrategyCorp Inc. (“StrategyCorp”) to help realize the vision of a next generation seed system by establishing the plans for a new National Seed Organization (“NSO”) that would result in the amalgamation of the aforementioned organizations (with the exception of CropLife Canada).
- The amalgamated entity is to be called Seeds Canada (herein referenced as “Seeds Canada”).
- This work has included the development of a Target Operating Model (TOM) for Seeds Canada that describes the governance, service delivery, organizational design, and financials of the new organization.
- This Business Plan presents the vision and the core elements of the TOM for Seeds Canada for the information of the members voting on the ratification of Seeds Canada. This Business Plan should be read in conjunction with the Articles of Amalgamation of Seeds Canada, the General By-law of Seeds Canada and the Amalgamation Agreement issued to members as part of their ratification packages.
- If there is any discrepancy between this Business Plan and Articles of Amalgamation of Seeds Canada, the General By-law of Seeds Canada and the Amalgamation Agreement, the Articles, By-law, and Agreement shall supersede this Business Plan.



## **The Road to Building the Next Generation Seed Organization**

# Seed Synergy: The Case for Change

The Seed Synergy Collaboration Project has brought together Canada’s six national seed associations around a common vision for a united seed industry response to the challenges impacting the efficient regulation and global competitiveness of Canada’s seed industry. The challenges facing the industry, and the opportunities to address these challenges, were set out in Seed Synergy Collaboration Project’s White Paper entitled “The Next Generation Seed System in Canada”.

## Seed Industry Challenges\*

## The Opportunities\*

- The process for bringing new innovations to market is difficult and costly to navigate, and can discourage smaller players
- For many crop kinds, innovators do not have a clear path to creating value from their innovations
- A more predictable regulatory path is required to attract investment to Canada – other countries are beating Canada
- Government has indicated a need to focus its resources to where they can have greatest impact
- Government has privatized numerous functions within the system, and this trend is expected to accelerate
- Regulatory processes are outdated; seed professionals in various roles have to input information multiple times, through different responsibility centres
- Publicly available information about varieties in commercial use in Canada is not available in a consistent, user friendly way
- Six industry organizations play policy, advocacy, governance, and service delivery roles, creating a patchwork system
- Industry’s voice to government and partners has been diffuse and disunited until recently, making industry leadership difficult
- The various organizations have overlapping memberships, creating a significant draw on member time and resources
- There is no centralized training and development program for the ongoing development of professionals in the industry

**Stimulating Innovation**

**Modernizing the Seed Regulatory Framework**

**Building the Next Generation Seed Organization**

(\*adapted based on the “The Next Generation Seed System in Canada” White Paper at [www.seedsynergy.net](http://www.seedsynergy.net))

# Building the Next Generation Seed Organization: Seeds Canada

Subject to member approval, CPTA, CSGA, CSI, CSTA, and CSAAC have decided to amalgamate to create the next generation seed organization to be called Seeds Canada.

## Seeds Canada's Purpose

- i. Develop and provide services that help seed industry stakeholders remain competitive in both domestic and international markets for high quality seed;
- ii. Advocate and deliver real benefits to the interests of the seed industry through seed industry collaboration, innovation, continued investment and trade;
- iii. Provide efficient, effective and timely services for seed certification, quality assurance, innovative technology approvals and industry standards and assessment protocols development and administration;
- iv. Raise the efficiency, proficiency and professional standards of its members through comprehensive and relevant professional development programming and professional standards development and administration;
- v. Promote within Canada a competitive framework of intellectual property protection and services to its members;
- vi. Facilitate cooperation among federal, provincial and territorial governments and seed industry stakeholders;
- vii. Undertake other activities related to seed, crop value chains and the agri-food sector in Canada.

## The Vision that Inspired Seeds Canada

*A single, consolidated seed industry organization ready and able to speak with one voice, provide services to its members, deliver the training required to keep the sector current, and enabling the quality assurance of the seed system, and lead the sector into the future, to the benefit of Canadian agriculture.*

# Seeds Canada's Value Proposition

Seeds Canada delivers on the promise set out in the Seed Synergy White Paper to create a united national association that will support the Canadian seed industry in maintaining and growing its competitiveness in a constantly changing global seed market. The value that Seeds Canada's will deliver to its members, clients, and the industry more generally includes:

- ✓ **A single streamlined national organization** focused on members, not bureaucracy
- ✓ **A globally recognized industry that grows and innovates** by bringing together seed industry stakeholders from **every region** and **all segments of the value chain**
- ✓ **Best-in-class member and client services** delivered by **professional staff working more closely together**
- ✓ **Relentless focus** on the **efficiency, effectiveness, and timeliness of** seed certification and quality assurance
- ✓ **A strong, united voice for Canada's seed industry** that successfully advocates for industry needs and interests
- ✓ **Excellence in professional development for members** across all segments of the seed sector value chain
- ✓ **Strengthened industry competitiveness** through access to **new, more innovative varieties and technologies**
- ✓ Greater **capacity to shape and implement a revitalized and modernized national seed system** that enhances Canada's reputation as a global leader in safe and reliable food

Seeds Canada will bring together members from across the seed sector value chain, and from all four corners of the country, to create a united, powerful voice for regulatory modernization and the long-term sustainability of the industry

# Seeds Canada at a Glance

Seeds Canada has been designed to meet the current, and anticipated future, needs of members and clients. The key elements of Seeds Canada operations are presented below.

## Services



- Seeds Canada will provide all of the regulatory, member, and client services currently offered by the amalgamating partners today – from seed certification to trade facilitation
- Services will evolve over time as the organization matures and as seed regulatory modernization occurs
- Services will be delivered through a single window to enhance efficiency and convenience for members
- Professional development for the seed industry will be expanded
- English and French are the languages of the Corporation

## Governance



- The governance structure has four core components: a Board of Directors, a Seed Certification Committee, a Seed Testing And Quality Assurance Committee, and a Public Affairs and Advocacy Committee
- The Board of Directors structure will ensure that all segments of the value chain from across the country are represented and heard
- The governance structure will ensure the integrity and independence of the Seed Certification process

## Membership



- All current members of the five amalgamating partners in good standing will be grandfathered into Seeds Canada at inception
- There will be three classes of members and Seed Industry Business Class members will have voting rights
- Individuals to participate in the governance of Seeds Canada can be drawn from all three membership classes
- Membership in the Seeds Canada will be voluntary

## Fees and Finances



- Members of the five amalgamating organizations will pay grandfathered membership fees at inception (i.e. membership fee will be the total amount paid by each member to the five organizations)
- Seeds Canada will have two main types of fees – Membership Fees and Service Fees
- A permanent and equitable fee structure is expected to be put in place within the first two years of Seeds Canada's operations
- Seeds Canada will bring together the financial resources of the five associations, creating a financially stronger organization

## Regional Participation



- CSGA branches have option to enter into an Affiliation Agreement with Seeds Canada provided the branches open up their membership to allow for members from across the seed sector value chain
- Under an Affiliation Agreement, regional seed associations will nominate regional members of the Seed Certification Committee
- Board of Seeds Canada will act as if an Affiliation Agreement is in place with CSGA branches on Day 1 of Seeds Canada commencing operations

## Collaboration



- Seeds Canada will enhance industry collaboration and facilitate shared positions and advocacy for the seed industry
- Seeds Canada will engage with the ongoing Seed Regulatory Modernization to pursue an industry-led regulatory model that enhances efficiency and effectiveness for members
- Services will continue to evolve and grow to meet member needs





## **Seeds Canada: Membership and Governance**

# Seeds Canada Membership Structure

Membership in Seeds Canada will be voluntary, and those who do choose to become members will fall into one of three membership classes. Outlined below is an overview of the membership classes as well as key considerations.

## Membership Classes\*



### Seed Industry Business Class (Voting Rights)

- Members that are business entities who derive revenue from activities along the seed sector value chain\* (not individuals, but including sole proprietorship)
- Class has voting rights (i.e., AGMs, SGMs)



### Seed Industry Affiliate Class (No Voting Rights Except in Limited Circumstance)

- Members that are business entities that do not own an asset that supports the seed sector value chain, but may be engaged in other activities, such as sponsorship, exhibitions, advocacy, etc.
- Have access to membership services and candidates for governance positions may be drawn from this class



### Seed Industry Professional Class (No Voting Rights Except in Limited Circumstances)

- Members that are individual professionals who provide support and/or quality assurance services. Includes seed analysts, individual consultants, seed growers, breeders, traders/sellers, distributors, graders, operators, and licensed seed crop inspectors
- Have access to membership services and candidates for governance positions may be drawn from this class

## Key Considerations

### Membership at Day 1 of Seeds Canada

The existing members of the amalgamating seed organizations will be members in Seeds Canada at amalgamation. A full fee restructuring is expected to be completed within two years

### Grandfathered Fees

The initial fee structure will reflect what members are currently paying to amalgamating organizations. If a member is paying multiple organization fees, their fee will reflect the aggregate total of fees paid for the most recent fiscal year(s)

### New Members and Fees

New members will be required to apply for membership and pay a fee set by the Seeds Canada Board of Directors

### Professional Recognition

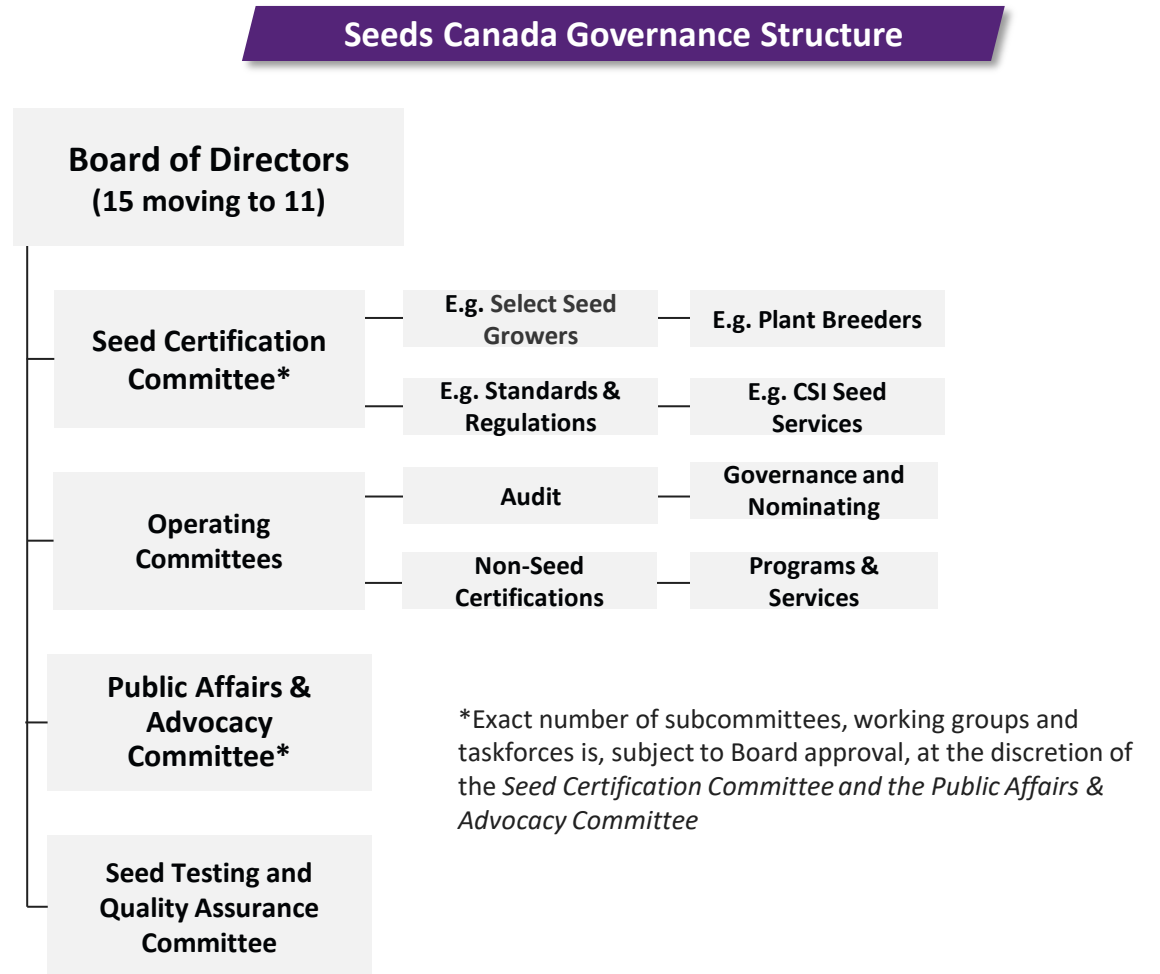
Certain professions (e.g. seed analysts) require professional training and development to gain or maintain recognition in that profession. These requirements will be upheld in Seeds Canada

\*Please refer to the Seeds Canada General By-law for the precise definition for each membership class.

# Seeds Canada Governance: Overview

The governance structure for Seeds Canada is focused on balancing regional and value chain representation, policy and regulatory functions, and leading governance practices.

- An Inaugural **15-member (moving to an elected 11 members over time) Board of Directors** that has, at minimum, one representative from each of Seeds Canada’s seven regions and one representative from each of the four value chain segments
- A **Seed Certification Committee** that is chaired by a Director and whose membership is composed of individuals experienced in seed production and associated regulatory and certification matters and is drawn from the diversity (region, value chain, experience) of Seeds Canada membership
- A **Public Affairs and Advocacy Committee** composed of Board Directors and additional members with policy, advocacy, communications, and public affairs experience and drawn from the diversity (region, value chain, experience) of Seeds Canada membership
- A **Seed Testing and Quality Assurance Committee** composed of individuals experienced in seed testing and quality assurance. The committee will identify, discuss and make recommendations on seed testing issues and concerns, continuing education and professional development, and other matters to ensure that Canada’s seed testing professionals are competent, current and capable of providing essential seed quality assurance services
- Standing operational committees of the Board for Audit, Governance and Nominating, Non-Seed Certifications, Programs and Services Planning, and Professional Development



# Board of Directors: Mandate and Responsibilities

Outlined below is the Board of Directors' mandate and responsibilities.

## Mandate

### The mandate of the Board of Directors is to:

- Exercise fiduciary decision-making and oversight of Seeds Canada's strategies, plans, and budgets
- Oversee policies and processes to identify and manage the principal risks of Seeds Canada's business and review the systems and controls to manage those risks
- Be accountable to members, set organizational direction, and develop policies and conduct oversight of Seeds Canada management to ensure that Seeds Canada is fulfilling its mandate, complying with applicable laws and Seeds Canada's bylaws, and upholding high ethical standards
- Provide guidance and generative thinking and advice to Seeds Canada's leadership and management

## Responsibilities

### The Board of Directors is responsible for:

- Approving and overseeing Seeds Canada's strategy, business, and risk management plans, including approving and overseeing contracting for any delegated regulatory authorities, setting budgets and financial plans
- Approving the *Public Affairs & Advocacy Committee's* positions
- Supporting the growth and diversification of Seeds Canada's membership;
- Overseeing succession planning of the Board of Directors and the Executive Director
- Striking and/or approving the creation of committees, subcommittees, task forces, and working groups
  - Seeds Canada will continue to support existing value chain-specific committees and/or working groups from the founding organizations (e.g., Fruit and Vegetable Committee, Intellectual Property Committee, Crop Specific Working Groups, etc.).
- Managing overall Board performance and the performance of individual Directors

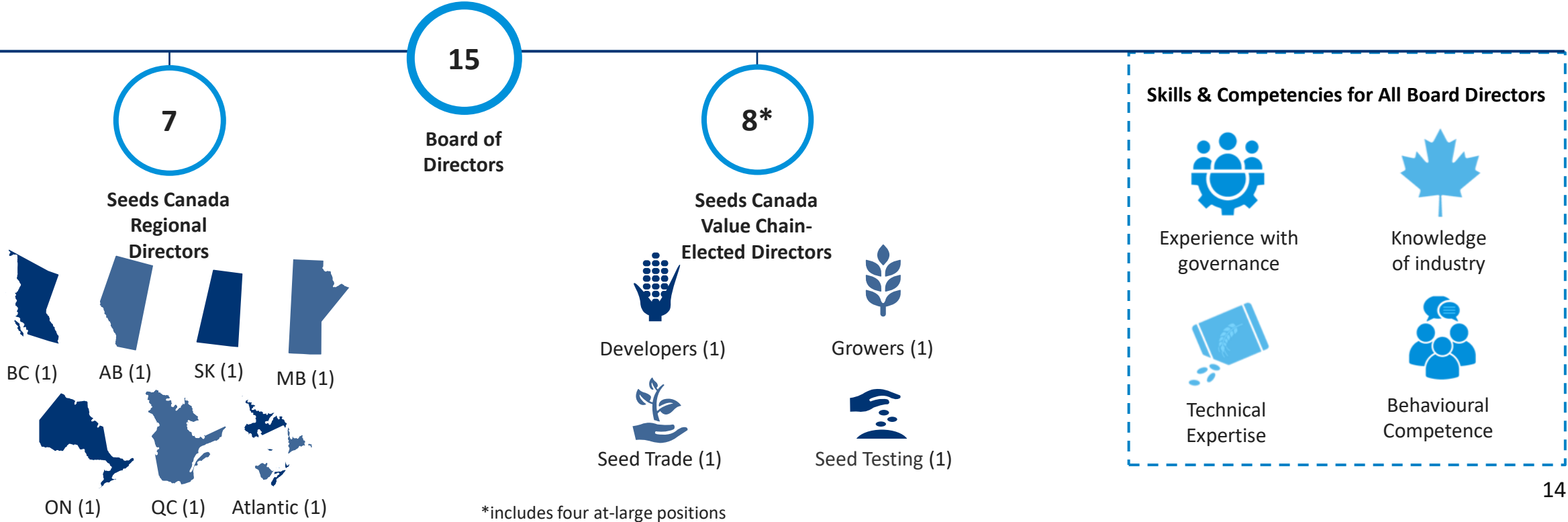
The Board of Directors will approve Seeds Canada's strategy, operational plans, and budgets

# Board of Directors: Structure

## Seeds Canada Board Structure

There will be an Inaugural 15-member skills-based Board of Directors on the creation of Seeds Canada. After amalgamation, the Board of Directors will be elected on a staggered basis to ensure continuity on the board over election cycles. The Board will be downsized to 11 members over the course of the first two election cycles (please see the Seeds Canada General By-law for details). Leadership positions (e.g., President, First Vice President) are elected from within the Board of Directors.

The Board must have at least one Director from each of Seeds Canada’s seven regions (this will not change even as the number of directors moves from 15 to 11). The Board must also have at least one Director from each of Seeds Canada’s four value chain segments. All Board Directors must hold Seeds Canada membership (or be attached to a Seed Industry Business Class or Seed Industry Affiliate Class member).



# Board of Directors: Nominations and Election Process

At the AGM, Board positions shall be elected by all voting members present at the AGM, by proxy, and/or by another voting method as allowed in the by-laws and determined by the Board. Elections are conducted using a one-member, one-vote principle.

## Who Can Vote in Board Elections?

- Seed Industry Business Class Member\*
- Seed Industry Affiliate Class Member
- Seed Industry Professional Class Member

## Who Can Stand for Board Elections?

### Individuals from Each Membership Class\*

- Business Class
- Affiliate Class
- Professional Class

\*Seed Industry Business Class Members would identify one individual to cast a ballot on their behalf prior to the vote at the AGM

## Nominating Procedure

- For all board positions, the Governance and Nominating Committee struck by the Board of Directors will call, accept, and vet applications from eligible members interested in serving on the Board in either a value chain or regional position
  - Any member (or individual attached to the Seed Industry Business and Seed Industry Affiliate classes) may stand as a candidate for any Board position
  - Application criteria and election rules will be set by the Governance and Nominating Committee. Applications are expected to include an updated Curriculum Vitae, references, and other supporting documentation
  - Nominees will be reviewed against a Skills and Competency Matrix to ensure that candidates put forward cover the skills and experience required by the Board
  - Should no suitable candidate put their name forward to fill a regional seat, such seat shall be declared a “value chain” seat and a list of candidates will be put forward by the Governance and Nominating Committee for election
- At least 30 days before the AGM, the Governance and Nominating Committee will put forward a list of candidates to stand for the Board positions up for election

# Seed Certification Committee: Mandate and Responsibilities

Outlined below is the *Seed Certification Committee's* mandate and responsibilities.

## Mandate

### The Seed Certification Committee's mandate is to:

- On the advice of expert professional staff, advises on, and makes recommendations to the Board for, seed varietal (genetic identity and purity) and quality (including germination, physical purity and disease) certification and related activities, other regulatory standards, operating procedures and approaches, processes, and protocols for all delegated regulatory authorities, ensuring appropriate co-management of the seed certification system, in accordance with the Corporation's agreement with the Canadian Food Inspection Agency
- Actively work towards realizing seed regulatory modernization
- Participate, along with Seeds Canada's regulatory professional staff, in an independent efficiency and effectiveness review commissioned by the Board every five years

## Responsibilities

### Responsible for:

- Along with Corporation professional staff, foster an ongoing relationship with the CFIA, Agriculture and Agri-Food Canada ("AAFC") and Provincial Ministries of Agriculture to facilitate joint policy development and operational decision-making
- Advise the Board on optimal strategies for seed certification delivery and modernization
- With Board approval, strike subcommittees, working groups and taskforces as required to fulfill mandate and support Seed Certification system

The Seed Certification Committee's responsibilities may change over time as Seeds Canada assumes new delegated authorities

# Seed Certification Committee: Structure

The *Seed Certification Committee* will be a committee chaired by a Board Appointee of Seeds Canada and composed of seed experts nominated by recognized Regional Seed Associations and appointed by the Board. Seeds Canada professional staff will provide support to the committee, including acting as secretary of the Committee. Government officials will serve as non-voting advisors. The committee members will serve two-year terms.

Committee Composition	Number	Description
Board Director	1	<ul style="list-style-type: none"> <li>On the advice of Governance and Nominating Committee</li> <li>The appointed director shall serve as chair of the Committee (unless the Board of Directors chooses to appoint a non-director to serve as chair for a time limited period of up to two years upon amalgamation)</li> <li>Only votes in the event of a tie</li> </ul>
Seeds Canada Members representing a diversity of from across Seeds Canada regions (growers, analysts, RSEs, regions, etc.) (voting)	10	<ul style="list-style-type: none"> <li>7 Appointed by the Board of Directors based on nominees from Regional Seed Associations. Regional Associations must demonstrate that nominated candidate was selected through a fair and transparent nominating process</li> <li>Membership diversity (i.e. value chain, regional representation, background, etc.) is a large consideration for appointments as well as experience and knowledge of the science and practice of seed production</li> <li>Nominations solicited from Seed Testing and Quality Assurance Committee, Plant Breeders</li> </ul>
NSO Staff / Experts (non-voting)	As Required	<ul style="list-style-type: none"> <li>Management-level staff working in certification and regulations</li> <li>Operationalizes direction of the Seed Certification Committee</li> <li>One Senior Science Advisor and one Secretary serving the committee</li> </ul>
Federal Government (CFIA, AAFC) Advisors (non-voting)	2	<ul style="list-style-type: none"> <li>Federal government liaisons working in Seed Certification</li> </ul>
Provincial Government Advisors (non-voting)	Up to 10	<ul style="list-style-type: none"> <li>Provincial agriculture officials may be invited to attend as observers</li> </ul>



# Public Affairs & Advocacy Committee: Mandate and Responsibilities

Outlined below is the *Public Affairs & Advocacy Committee's* mandate and responsibilities.

## Mandate

### The Public Affairs & Advocacy mandate is to:

- Advise and make recommendations to the Board on: (i) engaging Members and the seed industry on a variety of policy-related issues to inform and formulate the advocacy stances of the Corporation outside of the Corporation's delegated regulatory authority, (ii) coordinating and aligning with like-minded organizations (e.g., CropLife), and (iii) carrying out such other duties and responsibilities as the Board may determine from time to time

## Responsibilities

### Responsible for:

- Proposing/endorsing and overseeing federal advocacy positions and strategy as approved by the Board
- Liaise with, and inform, regional/provincial policy development through engagement with provincial representatives
- Review the organization's strategic direction to ensure policy considerations are reflected
- Discussing future regulatory environment with a focus on regulatory modernization
- With board approval, strike subcommittees, working groups and taskforces as required to fulfill mandate
- Recommendations to Board must be endorsed by 2/3rds of voting members on Committee

The *Public Affairs & Advocacy Committee* will recommend Seeds Canada's policy and advocacy positions to the Board of Directors on issues outside of Seeds Canada's delegated authority

# Public Affairs & Advocacy Committee: Structure

The Seeds Canada *Public Affairs and Advocacy Committee* will be made of 11 voting members and 1 non-voting member. CropLife Canada is expected to enter into a MOU with Seeds Canada to ensure harmonized policy agendas and close collaboration on issues of mutual interest through coordinating respective roles and responsibilities to facilitate cooperation and avoid duplication. CropLife Canada will also be included in public affairs and advocacy subcommittees that affect their membership. Seeds Canada professional staff will provide support to the committee, including acting as secretary.

Policy Committee Member*	Number	Representation
Board Directors (voting)	2	<ul style="list-style-type: none"> <li>Two Board Directors appointed by the Board on the advice of the Governance and Nominating Committee; one board member shall chair this committee.</li> </ul>
Appointed Members (voting)	7	<ul style="list-style-type: none"> <li>One member from each of the seven regions (B.C., Alberta, Saskatchewan, Manitoba, Ontario, Quebec, and the Atlantic), appointed by the Board on the advice of the <i>Governance and Nominating Committee</i></li> <li>Members appointed based on their policy experience and the Committee's skills and knowledge mix needs (e.g., advocacy, IP experience, etc.)</li> </ul>
Developer Member (voting)	2	<ul style="list-style-type: none"> <li>Members representing different product developers or breeding companies</li> <li>Appointed by the Board of Directors on the advice of the Governance and Nominating Committee (who consult membership)</li> </ul>
International Seed Organization (non-voting advisor)	1	<ul style="list-style-type: none"> <li>Appointee from an international seed organization to support international reach and best practices</li> </ul>

To support the Public Affairs and Advocacy Committee, specific policy and advocacy subcommittees, working groups, and taskforces will be created

# Seed Testing and Quality Assurance Committee: Mandate and Responsibilities

Outlined below is the *Seed Testing and Quality Assurance Committee's* mandate and responsibilities.

## Mandate

### The Seed Testing and Quality Assurance Committee mandate are to:

- Advise and make recommendations to the Board on: (i) identifying seed testing issues and concerns, including rules and regulations for seed testing, training and accreditation of seed analysts; (ii) continuing education and professional development for Canada's seed testing professionals to provide essential seed quality assurance services; and (iii) carrying out such other duties and responsibilities as the Board may determine from time to time

## Responsibilities

### Responsible for:

- Along with Seeds Canada staff, foster an ongoing relationship with CFIA and SSTS to discuss the rules and procedures for analyst and laboratory accreditation, proficiency testing, Methods and Procedures for Testing Seed, and other matters as they may arise
- Provide guidance to Seeds Canada staff on Seed Testing and Quality Assurance matters as noted in mandate
- Provide oversight of Seeds Canada's Seed Analyst Seal Program
- Nominate a candidate for consideration to serve on the Seed Certification Committee
- Provide a direct link for seed testing members to raise testing issues/concerns with rules and regulations affecting seed testing and quality assurance
- Provide feedback to Seeds Canada Professional Development staff on areas to focus on for training development
- Actively support Seeds Canada's work towards realizing Seed Regulatory Modernization
- With Board approval, establish sub-committees, task forces, and working groups as needs arise

The *Seed Testing and Quality Assurance Committee* will be the direct link for members to raise issues relating to testing and quality assurance, and will actively support efforts that work toward realizing Seed Regulatory Modernization

# Seed Testing and Quality Assurance Committee: Structure

The *Seed Testing and Quality Assurance Committee* will be Chaired by a Seeds Canada Professional Member that is involved in the Seed Testing sector.

Members of this committee will be chosen by the Governance and Nominating Committee for their competencies, knowledge and judgement in relation to seed testing and quality assurance. It will include non-voting staff members. The Committee members will serve two-year terms. Seeds Canada’s Seed Testing and Quality Assurance Professional Members will be solicited for nominations to the committee.

Seed Testing and Quality Assurance Member*	Number	Representation
Chair (Seed Analyst – Seeds Canada Professional Member, must be a part of the Seeds Canada Seal Program)	1	<ul style="list-style-type: none"> <li>Appointed by the Board on the advice of the Governance and Nominating Committee</li> <li>Only votes in the event of a tie</li> </ul>
Seeds Canada Professional Members (voting)	10	<ul style="list-style-type: none"> <li>Must include one Board director</li> <li>Other appointees drawn from nominees from the Seeds Canada Professional Seed Testing &amp; QA members</li> <li>Membership diversity (regional i.e. Western, Central, Eastern, Quebec, US; crop experience &amp; knowledge; seed analysts, auditors)</li> </ul>
Seeds Canada Staff (non-voting)	As required	<ul style="list-style-type: none"> <li>Seeds Canada Staff</li> <li>Staff to undertake function of Secretary to the Committee</li> </ul>
CFIA, SSTS (non-voting)	2 as required	<ul style="list-style-type: none"> <li>CFIA Seed Section staff as required</li> <li>Seed Science &amp; Technology Section of CFIA staff</li> </ul>

To support the *Seed Testing and Quality Assurance Committee*, specific subcommittees, working groups, and taskforces will be created. Seeds Canada will continue to support the existing value chain-specific committees from the founding organizations

# Affiliation Agreement: Regional Seed Associations (1/2)

To support structuring a regional presence for Seeds Canada, Seeds Canada’s General By-law will establish a procedure and timeline to enable CSGA Provincial Branches to become affiliate organizations of Seeds Canada through an affiliation agreement (to be known as Regional Seed Associations). The process and rights and responsibilities associated with an Affiliation Agreement are set forth below. For the first three years of operation, or until a CSGA branch enters into an Affiliation Agreement, the Board of Seeds Canada will act as if an Affiliation Agreement is in place with CSGA branches. This includes collecting and remitting provincial branch fees that are currently collected and remitted to branches by CSGA. Readers should also consult the Seeds Canada General By-law for the specific procedure and timeline.

By-law Requirement	Description
<b>Timing to Establish Affiliation Arrangement</b>	<ul style="list-style-type: none"> <li>Existing CSGA Provincial Seed Associations will have three years (starting at the date of Amalgamation) to voluntarily and proactively trigger the affiliation arrangement procedure in the Seeds Canada general by-law</li> </ul>
<b>CSGA Provincial Seed Associations Voluntarily Broadening Membership Criteria</b>	<ul style="list-style-type: none"> <li>In order to trigger the affiliation arrangement, a CSGA Provincial Seed Association will demonstrate that it has amended its by-law governing membership criteria to open up membership to organizations and individuals from across the seed sector value chain (at a minimum to mirror those organizations and individuals who would qualify for membership in Seeds Canada)</li> </ul>
<b>Additional CSGA Provincial Seed Association Agreement</b>	<ul style="list-style-type: none"> <li>In addition, the CSGA Provincial Seed Association would agree to support Seeds Canada with member communications and engagement and assist in identifying candidates for various elected and unelected governance positions</li> </ul>
<b>Seeds Canada Commitments to Participating recognized CSGA Provincial Seed Association under Affiliation Arrangement (Affiliated Regional Seed Associations)</b>	<ul style="list-style-type: none"> <li>In exchange Seeds Canada would agree to the following:               <ul style="list-style-type: none"> <li>Conferring a Seed Industry Business Class Membership to the Affiliated Regional Seed Association, collecting and remitting fees for Provincial Seed Associations, and;</li> <li><b>Seed Certification Committee Appointees:</b> Seeds Canada BoD will accept and appoint an Affiliated Regional Seed Association’s nomination for a regional position on the Seed Certification Committee. For clarity, the Association will be expected to demonstrate to the Seeds Canada Board of Directors that it undertook an open and fair nominating and vetting process for arriving at their nominee</li> </ul> </li> </ul>

# Affiliation Agreement: Regional Seed Associations (2/2)

Model Element	Description
<b>Regional Seed Associations are Independent Entities</b>	<ul style="list-style-type: none"> <li>Recognized Regional Seed Associations will continue to operate as autonomous entities with their own governance, membership, staff, assets, finances, activities, and initiatives. For clarity, Seeds Canada will not have control, or any role, in a Provincial Seed Associations' governance, membership, staff, assets, finances, activities, and initiatives</li> </ul>
<b>Fees Levied by CSGA Branches to Become Administration Fee to be Charged with Seed Certification Service</b>	<ul style="list-style-type: none"> <li>The current CSGA practice of mandating membership in the national and Provincial Seed organizations as part of the seed certification process will not be carried on by Seeds Canada. Therefore, membership in a Regional Seed Association through Seeds Canada will not be mandatory</li> <li>Seeds Canada clients seeking a seed crop certificate will be charged an administration fee as set by the applicable provincial branch. The administration fee will be an amalgam of the acreage and provincial branch membership fees that are currently levied. The revenue generated by this administration <del>service</del> fee will be collected and remitted by Seeds Canada to provincial branches to fund their operations</li> </ul>
<b>Regional Seed Association Membership Fees</b>	<ul style="list-style-type: none"> <li>Regional Seed Associations will determine membership fees to be charged to business entities or individuals that are, or want to become, members (including the fee charged to any new members resulting from the opening up of membership eligibility under the affiliation arrangement)</li> </ul>
<b>Voting at the Seeds Canada AGM</b>	<ul style="list-style-type: none"> <li>As a Seed Industry Business Class Members, a Regional Seed Association will appoint a delegate to vote at the AGM. A delegate from a Regional Seed Association will vote for all board positions</li> </ul>
<b>Rescinding Affiliation Arrangement with a Regional Seed Association</b>	<ul style="list-style-type: none"> <li>An Affiliation Arrangement entered into by a participating Regional Seed Association and Seeds Canada may be rescinded by a Special Majority vote of the Seeds Canada Board of Directors if a Regional Seed Association is in a material breach of the Agreement</li> <li>In absence of a material breach of Agreement, an Affiliation Agreement entered into by a participating Regional Seed Association and Seeds Canada can only be rescinded by the passage of a Special Resolution of members</li> </ul>



**Seeds Canada Service Delivery Model**

# Seeds Canada Service Structure: Overview

Seeds Canada will continue to offer the 36 essential services that the amalgamating organizations currently provide to their members and clients.



## Member and Client Services

- Seeds Canada will provide two types of services:
- **Member Based Services:** services exclusive to members of Seeds Canada such as communications, professional development programming, and advocacy
- **Client Based Services:** services associated with seed industry regulation or operation (e.g., seed crop certification, RSE accreditation, and training for seed quality assurance activities) and non-seed services such as organic certification

**Benefit to members and clients:**  
Increased opportunities for members' career development



## All original services are kept

- All original services offered by each of Seeds Canada's five founding organizations are kept under the proposed framework
- Services will be provided on a cost recovery basis, paid for by the user (i.e. not subsidized by membership fees)

**Benefit to members and clients:**  
Continuity and uninterrupted flow of service offerings



## "Single window" service delivery model

- Service amalgamation across the value chain under one Seeds Canada umbrella creates a "single window" for service delivery
- Provides members and clients with seamless access to services and regulatory processes through just one membership

**Benefit to members and clients:**  
Greater ease and simplicity in accessing a wide array of services



## Function Based Service Delivery Model

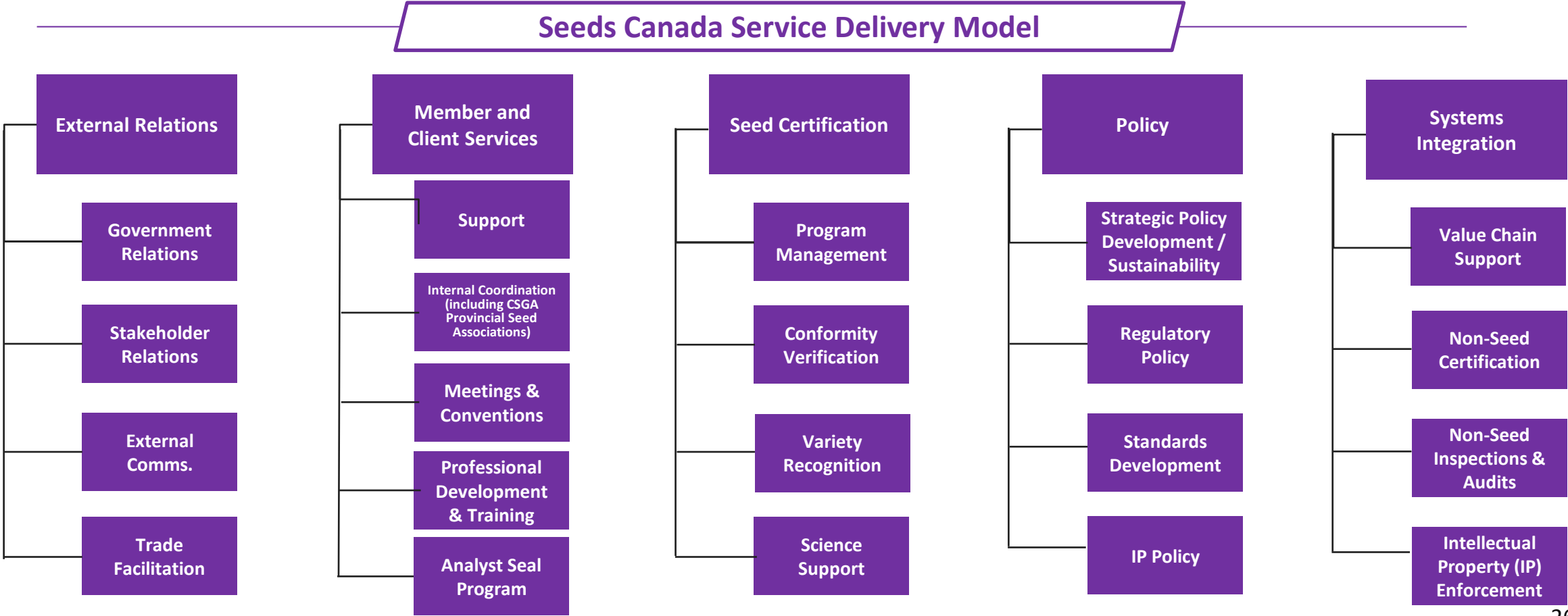
- To maximize resource allocation, services are clearly organized into five distinct "Functional Groups"
- The client services category allows non-members to benefit from Seeds Canada expertise and provides an additional revenue source
- Staff will be responsible for the delivery of any and all services, including certifications and other delegated regulatory authorities

**Benefit to members and clients:**  
Service optimization drives value for members (form follows function)



# Function-Based Service Delivery Model

Outlined below is the proposed function-based service delivery model for Seeds Canada. The wide range of services offered by each founding seed organisation have been consolidated into five core service categories, or “Functional Groups”, within which specific services are offered, and around which the organization is structured. One proposed structure for the services is detailed below.



# Function-Based Organizational Structure

It is suggested that Seeds Canada follows a lean and function-based organizational design that divides the organization into specialized teams, mirroring the proposed service delivery model. Matching functional groups to service delivery functional groups ensures Seeds Canada is a member-focused organization that provides value and services across the value chain. The organizational structure may change based on decisions by Seeds Canada management around the organization of services.





## **Seeds Canada Pro Forma Financials and Interim Fees**

# Projected Financial Position of Seeds Canada

A pro-forma operating financial statement for Seeds Canada has been produced based on the aggregated financial statements of the amalgamating partners and conservative assumptions around revenue and cost structure of Seeds Canada post-ratification.

Aggregate of most recent financials from partner organizations

Forecasted revenue and expenses for Seeds Canada post-ratification

Category	2020 Aggregate	SC '21/'22	SC '22/'23	SC '23/'24
<b>Revenue</b>				
Membership Fees	\$ 1,806,433	\$ 1,625,790	\$ 1,463,211	\$ 1,536,371
Interest & Investment Income	\$ 82,183	\$ 86,619	\$ 79,192	\$ 81,836
Meetings, Workshops, & Training	\$ 511,870	\$ 511,870	\$ 537,464	\$ 564,337
Services	\$ 3,732,433	\$ 3,788,419	\$ 3,845,246	\$ 3,960,603
Other	\$ 145,447	\$ 147,629	\$ 149,843	\$ 152,091
<b>Total Revenue</b>	<b>\$ 6,278,366</b>	<b>\$ 6,160,327</b>	<b>\$ 6,074,955</b>	<b>\$ 6,295,238</b>
<b>Expenses</b>				
Meetings, Workshops, & Training	\$ 481,770	\$ 337,239	\$ 354,101	\$ 371,806
Salary & Benefits	\$ 2,888,591	\$ 2,744,161	\$ 2,744,161	\$ 2,785,324
Rent and Office Expenses	\$ 418,910	\$ 204,446	\$ 208,535	\$ 212,706
Board Travel and Expenses	\$ 410,694	\$ 154,010	\$ 158,631	\$ 163,389
Travel	\$ 276,296	\$ 207,222	\$ 213,439	\$ 219,842
Membership Fees	\$ 169,754	\$ 169,754	\$ 169,754	\$ 178,242
Communications	\$ 287,582	\$ 201,307	\$ 211,373	\$ 221,941
Integration Costs	\$ -	\$ 460,690	\$ 241,751	\$ 115,000
Technology & Operations	\$ 1,839,934	\$ 1,505,212	\$ 1,414,899	\$ 1,485,644
<b>Total Expenses</b>	<b>\$ 6,773,531</b>	<b>\$ 5,984,042</b>	<b>\$ 5,716,644</b>	<b>\$ 5,753,895</b>
<b>EBITDA</b>	<b>\$ (495,165)</b>	<b>\$ 176,285</b>	<b>\$ 600,062</b>	<b>\$ 656,343</b>
<b>Total Net Assets</b>	<b>\$ 5,774,632</b>	<b>\$ 5,279,467</b>	<b>\$ 5,455,752</b>	<b>\$ 6,055,814</b>

## Key Takeaways

- The 2020 (pre-amalgamation) aggregate position of the amalgamating organizations is subject to head winds for both revenues and expenses due to COVID-related adjustments, contingency planning around the amalgamation vote, and updated implementation planning budgets to prepare for the transition to the new organization. This puts the pre-amalgamation aggregate position of the amalgamating organizations in a deficit position that would be covered through a draw down of reserves.
- Cost synergies and growth expectations are forecasted to more than make up for these head winds and the new organization is projected to start on a healthy financial footing (operating at a surplus in the first year of operations) and building its net asset position over the medium-term.
- The costs and revenues of Seeds Canada are forecasted using conservative assumptions about key value drivers associated with amalgamation – they do not assume any costs or revenue changes associated with strategic decisions made by management.

## Caveats and Assumptions

- **Forecasted results are estimates only, and actual results will vary based on external factors, decisions by Seeds Canada management, and timelines.**
- Information on the current financial position of the amalgamation partners was provided for one of three financial years: 2018, 2019, or 2020 forecasts. Aggregated information is considered indicatively correct but is not 100% current with 2019 actuals.
- Assumptions in forecasts were made using inflation factors and estimates of key cost reductions validated by the Oversight Committee.

# Interim Fees for New Seeds Canada Members

Current members of the amalgamating organizations will be automatically offered membership in Seeds Canada. Initially, members who qualify as members of the Seed Industry Business Class will pay the same total amount of fees paid at amalgamation.

New members who are not current members of one of the amalgamating organizations, and those who are members of one of the amalgamating associations/organizations and would qualify as members of Seeds Canada in one of the new non-voting classes, will pay an interim fee as described in the Seeds Canada Business Plan. A rationalized membership fee schedule is expected to be developed by Seeds Canada in consultation with members within the first two years of operation.

Seeds Canada Class	Previous Membership Status	Interim Fee	Rationale
Seed Industry Business Class	Member of one of the five amalgamating associations	<ul style="list-style-type: none"> <li>Variable based on previous memberships</li> </ul>	<ul style="list-style-type: none"> <li>Sum of membership fees from the most recent fiscal year across any associations they currently hold memberships in</li> <li>See Appendix for current fee schedules (CSGA - \$240 + \$25 for professional class, CSTA \$624+, CSAAC \$435, CPTA \$1000+)</li> </ul>
	New Member (i.e., not previously a member in good standing with one of the amalgamating organizations at the time of Amalgamation)	<ul style="list-style-type: none"> <li>\$624+</li> <li>Variable based on revenue</li> </ul>	<ul style="list-style-type: none"> <li>Sliding scale based on revenue</li> <li>Equivalent to CSTA 2019 membership fee schedule (See Appendix)</li> </ul>
Seed Industry Affiliate Class	Any	<ul style="list-style-type: none"> <li>\$1,000</li> </ul>	<ul style="list-style-type: none"> <li>Current CPTA Affiliate membership fee</li> </ul>
Seed Industry Professional Class	Any	<ul style="list-style-type: none"> <li>\$435</li> </ul>	<ul style="list-style-type: none"> <li>Current CSAAC Professional Member fee</li> </ul>

For more information on current fee schedules for the amalgamating associations, please refer to the Appendix



## **Appendix: Current SSCP Amalgamating Organization Fee Structures**

# Current Fee Structure: CPTA

Member Size*	Usage Level**	Utility Factor	Annual Membership Fees (CAD)
1	1	1	\$1,000.00
1	2	2	\$3,000.00
1	3	3	\$6,000.00
2	1	2	\$3,000.00
2	2	4	\$6,000.00
2	3	6	\$9,000.00
3	1	3	\$6,000.00
3	2	6	\$9,000.00
3	3	9	\$12,000.00
Seed Retail Companies	1	2	\$3,000.00
Seed Industry Affiliates	1	1	\$1,000.00

\***Member Size values** are assessed based on the following: Under \$5 million in gross annual sales = 1; \$5-20 million in gross annual sales = 2; and more than \$20 million in gross annual sales = 3.

\*\***Usage Level values** are assessed based on the following: No active involvement in Enforcement Activities conducted by CPTA, but support of objectives associated with same and/or conduct of organization enforcement activities internally = 1; active involvement in Enforcement Activities, with limited reliance on CPTA = 2; and active involvement in Enforcement Activities, with more extensive reliance on CPTA support = 3.

# Current Fee Structure: CSTA

Active Membership Class	Annual sales of seed and technology in or on the seed (\$ CAD)	2019-20 Membership Fees (\$ CAD)
AA	Less than \$250,000	\$624
A	\$250,001 to \$500,000	\$1,066
B	\$500,001 to \$1,000,000	\$2,002
C	\$1,000,001 to \$2,000,000	\$3,199
D	\$2,000,001 to \$4,000,000	\$4,786
E	\$4,000,001 to \$7,000,000	\$5,878
F	\$7,000,001 to \$10,000,000	\$8,609
G	\$10,000,001 to \$14,000,000	\$10,248
H	\$14,000,001 to \$18,000,000	\$11,939
I	\$18,000,001 to \$23,000,000	\$13,173
J	\$23,000,001 to \$28,000,000	\$15,138
K	\$28,000,001 to \$35,000,000	\$16,178
L	\$35,000,001 to 45,000,000	\$17,753
M	\$45,000,001 to \$55,000,000	\$19,741
N	\$55,000,001 to \$75,000,000	\$23,592
O	\$75,000,001 to \$100,000,000	\$28,950
P	\$100,000,001 - \$120,000,000	\$34,048
Q	\$120,000,001 to \$150,000,000	\$38,443
R	Over \$150,000,000	\$42,683 + (.005% x sales > \$150 m)
	Brokers (Canadian and Foreign)	\$2,029
	Foreign Members (Active, Associate and Affiliate Members from outside of Canada)	\$1,301
	Associate Member Fee	\$2,341
	Affiliate Member Fee	\$1,405



# Current Fee Structure: CSGA and CSAAC

## CSGA Fees\*

Fee Kind	Fee (CAD)
High-Value Crop Kind (Tier 1 Crops)	\$2.00
Medium-Value Crop Kind (Tier 2 Crops)	\$1.20
Lower-Value Crop Kind (Tier 3 Crops)	\$1.10
Plot Fees	\$60.00
Account Fee	\$240.00
Canola Contract Grower	\$240.00
Additional Growers on Account	\$25.00
<b>Membership Fee</b>	

\*these are the acreage and membership fees

## CSAAC Fees - 2021

Membership Type	Fee (CAD)
Affiliate Member	\$143
Associate Member	\$435
Inactive Member	\$73
Senior Member	\$435