March 8, 2023

To: Senate Committee On Natural Resources

From: Kathy Hadley, MA, OSU 2004, Family Farmer

Re: Senate Bill 789

Position: OPPOSE

Chair Golden and members of the Senate Natural Resources Committee,

My name is Kathy Hadley, and I come to you today not only as a family farmer who has had tremendous success raising canola (in terms of economic value, soil and environmental health benefits, ability to bolster our crucial pollinator insects, etc.), but more importantly, today I come to you as someone who has a Masters in Agriculture from Oregon State University, focusing on Agricultural Economics, and as a source who was significantly misquoted in multiple references in a supposed unbiased study by the Highland Economics firm released this past February 12th which casts doubt on canola's economic potential in the Willamette Valley.

As a trained economist, I am disappointed in the quality of work that went into this study. There are multiple inaccuracies in the background material, including:

- *"the fact that the majority of canola grown for oil is genetically engineered (GE) for herbicide resistance (Inglis, du Toit, & Miller, 2013)" Section 2.2 The Dangers of Canola* – **In fact, the vast majority of canola seed grown in the Willamette Valley is non-hybrid GMO varieties. OSU, the ODA, and the Pacific Northwest Canola Association can all testify to this fact. Mr. Oakley that prepared this analysis was provided this information in a Feb 1st email but chose to ignore it.**
- *"Concerns around cross-pollination, disease, and pests exist not only for intentionally produced canola, but feral canola, as well. Canola can easily spread from fields or roadways (during transport) into the edges of fields and roadsides where it can proliferate." Section 2.2 The Dangers of Canola* – **Based on almost a million dollars of legislatively mandated research, OSU has found no discernable differences in the potential for pest, disease, or cross pollination than any other Brassica crop. Canola has been grown in the Valley since 2006, and in the 1980s before that, and I challenge you to find field borders or roadsides where it has "proliferated". There is plenty of wild mustard, meadowfoam, and other crops annually blooming along roadsides, but the organic and specialty seed industry have not pushed the ODOT to increase their management of those, so I fail to see the validity of their claim.**
- *"canola cultivation lacks the economic incentives to contain pests and diseases" and "the difference in the economic incentives leaves canola growers with limited interest in controlling pests and diseases" Section 2.2 The Dangers of Canola* – **Canola growers have in fact done MORE to prevent and minimize disease than many other brassica growers. As Dr. Carol Mallory Smith observed in her OSU research, the majority of canola seed planted was both**

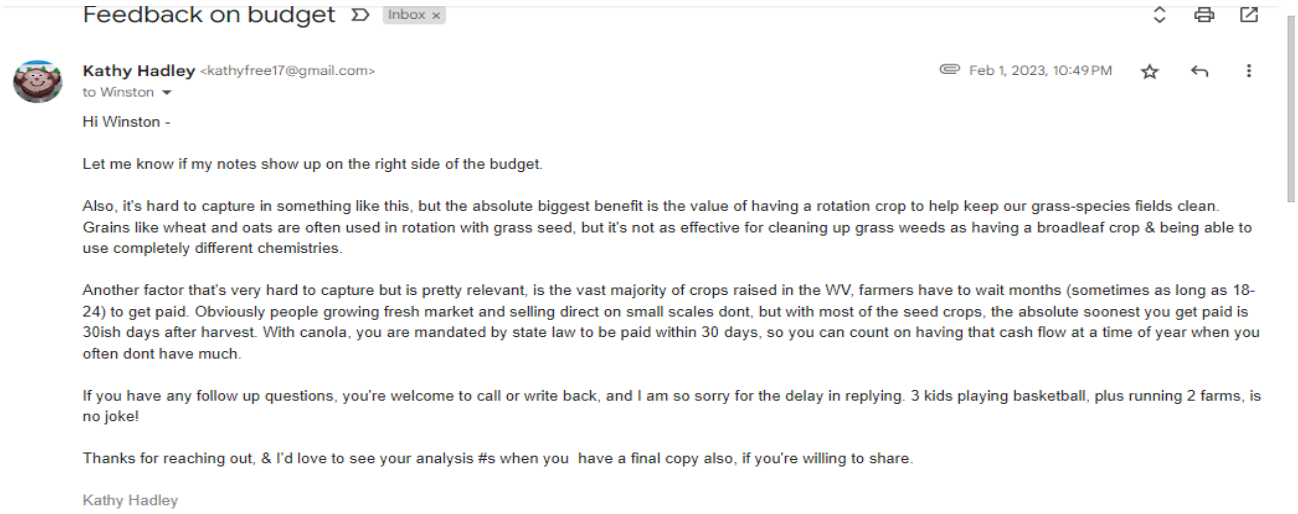
tested and treated for blackleg prior to planting (current OR ORS/OARs only require one or the other). As I informed Mr. Oakley, and he himself includes in his budget, we spray fungicides and insecticides for both disease and pest control, and I informed him our fungicide application rate is actually twice what he budgeted. Even so, as his budget indicates, costs for the fungicide and insecticide are incredibly low per acre compared to fertilizer and even the seed cost itself, so to insinuate we would not protect our crop is ludicrous.

- *"canola is the most commonly grown oilseed crop, it is important to note that other oilseeds would have similar rotational benefits" and "Specifically, these oilseed crops include flax, safflower, sunflower, yellow mustard, and camelina (Chastain, Garbacik, & Wysocki, 2011; Jaeger & Siegel, 2008).* **– Dr Chastain would be one of the first to tell you that these supposed other alternatives are no where near as well suited for production in the Willamette Valley as the winter canola we have been producing, due to our short growing seasons, yield limitations, and lack of economic incentives to grow them in the first place (and yes, we and others have tried growing a few different of these crops).**
- *"The concerns over the dangers posed by canola to Brassica seed producers led to it being heavily regulated in the Willamette Valley for many years. In the first decade of this century, interest began to grow in producing canola in the Willamette Valley to produce biofuels and serve as a rotational crop for grass seed and wheat. The conflicting interests of canola and Brassica seed growers resulted in the passage of House Bill (HB) 2427 in 2013. This law established the Willamette Valley Protect District, which restricted canola production in the Willamette Valley." Section 2.3 The History of Canola Restrictions in the Willamette Valley and Elsewhere* **– The Willamette Valley protected district & others in the state were in fact established by legislation last century, initially as a tool to provide adequate separation between new low-erucic acid canola varieties, and the traditional high-erucic acid rapeseed. In 2005, the district was effectively hijacked by the specialty seed industry and through OAR used to effectively keep canola out to protect their interests. HB 2427 came after years of ODA working groups and advisory committees unable to reach consensus about how to allow canola production to proceed.**
- *"A three-mile buffer between production areas is used to ensure cross-pollination does not occur." Section 2.3 The History of Canola Restrictions in the Willamette Valley and Elsewhere –* **The Willamette Valley Specialty Seed Association's rules require a 3-mile buffer, however, in the majority of situations, as ODA can confirm, Isolation Agreements were signed that allowed canola fields to be placed MUCH closer to other brassica fields – in fact as close as side by side – so clearly the concern is not as great as is claimed.**
- *"In 2019, the ODA proposed a 937,000-acre isolation area in the Willamette Valley where canola production would be prohibited." Section 2.3 The History of Canola Restrictions in the Willamette Valley and Elsewhere -* **Completely inaccurate. ODA proposed 4 different alternatives for handling canola in their report back to the legislature, ranging from a ban to allowing unlimited access.**

My upmost criticism of this study, however, lies with the inaccurate economic analysis and the numbers used by Mr. Oakley in Highland's report, even after he was provided with accurate numbers and offered verbally in our phone conversation all necessary reference material to back those numbers up.

- *"We estimated that canola in the Willamette Valley produces between 2,273 and 4,000 pounds per acre (with a most likely value of 3,100) and fetches a likely price of $0.24 per pound."* [16] and [16] *"The high value ($0.31/lb) was the current price observed by a Willamette Valley canola grower (Hadley, 2023)."* **– In the information I provided to Mr. Oakely, I informed him that "Viterra's bid sheet on 2/1/23 has Non-GE canola @ $0.31/CWT from now thru Sept" – but I also told him verbally that growers had received as high as $0.44/lb in the 2021 growing season. The 31 cents he refers to as a "high" is no where near the high in the 2011-2022 time frame he refers to. I also told him I had and could provide bid sheets documenting these prices. As far as yield, I have worked closely with all growers raising canola, and am confident in the statement I made to him that we average around 4000 lbs to the acre. Our lowest has been ~3,000 lbs/acre, and our highest 4800 lbs/acre. Other Valley growers have been in the 5000 lb range though – and we ALL have scale tickets, payment reports, and permits with acreages and maps to back up those yields/acre.**

Here is my full email response to Highland's request for information, where you can see he chose to eliminate several other significant economic aspects I mentioned, including the rotational value in a cropping system and the time value of money, especially given current interest rates:



Feedback on budget Inbox ×

Kathy Hadley <kathyfree17@gmail.com> Feb 1, 2023, 10:49 PM
to Winston

Hi Winston -

Let me know if my notes show up on the right side of the budget.

Also, it's hard to capture in something like this, but the absolute biggest benefit is the value of having a rotation crop to help keep our grass-species fields clean. Grains like wheat and oats are often used in rotation with grass seed, but it's not as effective for cleaning up grass weeds as having a broadleaf crop & being able to use completely different chemistries.

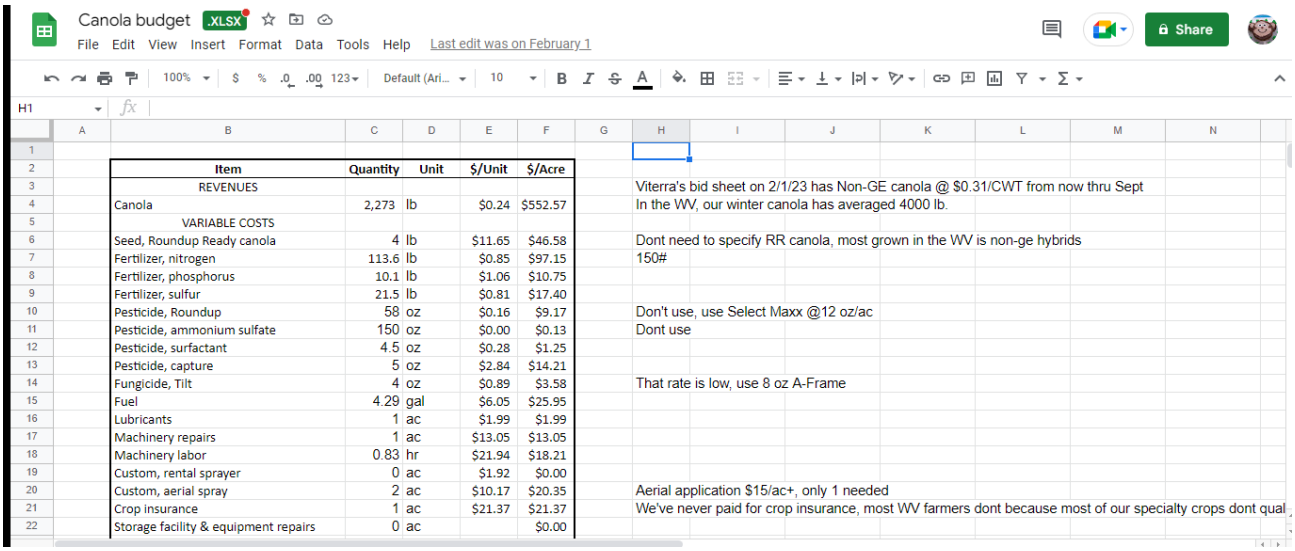
Another factor that's very hard to capture but is pretty relevant, is the vast majority of crops raised in the WV, farmers have to wait months (sometimes as long as 18-24) to get paid. Obviously people growing fresh market and selling direct on small scales dont, but with most of the seed crops, the absolute soonest you get paid is 30ish days after harvest. With canola, you are mandated by state law to be paid within 30 days, so you can count on having that cash flow at a time of year when you often dont have much.

If you have any follow up questions, you're welcome to call or write back, and I am so sorry for the delay in replying. 3 kids playing basketball, plus running 2 farms, is no joke!

Thanks for reaching out, & I'd love to see your analysis #s when you have a final copy also, if you're willing to share.

Kathy Hadley

Also, here are my attached comments on his budget that I referenced above:



Canola budget .XLSX

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Item	Quantity	Unit	$/Unit	$/Acre	
REVENUES					
Canola	2,273	lb	$0.24	$552.57	Viterra's bid sheet on 2/1/23 has Non-GE canola @ $0.31/CWT from now thru Sept In the WV, our winter canola has averaged 4000 lb.
VARIABLE COSTS					
Seed, Roundup Ready canola	4	lb	$11.65	$46.58	Dont need to specify RR canola, most grown in the WV is non-ge hybrids
Fertilizer, nitrogen	113.6	lb	$0.85	$97.15	150#
Fertilizer, phosphorus	10.1	lb	$1.06	$10.75	
Fertilizer, sulfur	21.5	lb	$0.81	$17.40	
Pesticide, Roundup	58	oz	$0.16	$9.17	Don't use, use Select Maxx @12 oz/ac
Pesticide, ammonium sulfate	150	oz	$0.00	$0.13	Dont use
Pesticide, surfactant	4.5	oz	$0.28	$1.25	
Pesticide, capture	5	oz	$2.84	$14.21	
Fungicide, Tilt	4	oz	$0.89	$3.58	That rate is low, use 8 oz A-Frame
Fuel	4.29	gal	$6.05	$25.95	
Lubricants	1	ac	$1.99	$1.99	
Machinery repairs	1	ac	$13.05	$13.05	
Machinery labor	0.83	hr	$21.94	$18.21	
Custom, rental sprayer	0	ac	$1.92	$0.00	
Custom, aerial spray	2	ac	$10.17	$20.35	Aerial application $15/ac+, only 1 needed
Crop insurance	1	ac	$21.37	$21.37	We've never paid for crop insurance, most WV farmers dont because most of our specialty crops dont qual
Storage facility & equipment repairs	0	ac		$0.00	

Whereas most of the Highland economic study analysis hinges on these too-low numbers for both yield and price potential, shown below - **where the numbers provided as the "high" for all categories in fact should be the mid for Willamette Valley Production** - it's hard to claim accuracy in their final findings that canola production would never be an economically comparable industry.

Canola Budget

Item	Quantity			Unit	$/Unit			$/Acre		
	Low	Mid	High		Low	Mid	High	Low	Mid	High
REVENUES										
Canola	2,273	3,100	4,000		$0.19	$0.24	$0.31	$431.87	$744	$1,240
VARIABLE COSTS										

This is especially true when they fail to even mention the value and current huge use/demand for both canola oil and meal (the leftover seed hull after oil is crushed out) after it leaves the producing farm. The dairy and livestock industries rely hugely on canola oil and meal as part of their rations because of its high protein, and currently are bringing in much of that product from the Midwest and Canada. Considering that the Highland Economic study discussed the supporting industries and jobs from Brassica seed production, their omission of the value of feed produced, dairy products, eggs, and jobs involved with those sectors is an additional disappointment.

Overall, I hope this committee recognizes that markets change over time, and putting a ***permanent*** arbitrary limit on the acres that can be grown of any crop ***into state law*** would be a huge mistake, and would set what should be an extremely concerning precedent for anyone involved in a business of any kind, big or small.

Thank you for your time and consideration, and please oppose SB 789.