
APPENDIX E
AGRICULTURAL MARKETING
LEGISLATION IN ONTARIO

Agricultural Marketing Legislation in Ontario¹

(Revision of Factsheet "Agricultural Marketing Legislation in Ontario" May 1973)

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The Farm Products Marketing Act and the Ontario Milk Act form the legislative basis for the regulation of agricultural marketing whereby Ontario farmers can sell their products collectively. Under the former, commodity marketing plans administered by local producer boards may be established. Powers considered necessary to the effective operation of each marketing plan are delegated to the boards by the Farm Products Marketing Board. At present there are 20 active marketing plans in Ontario covering some 42 commodities. In addition, there are two marketing boards in the dairy sector established under the Ontario Milk Act and supervised by the Milk Commission of Ontario. The support of a majority of producers of a given commodity is required for the establishment of a plan, but once a plan is approved, however, it becomes binding on all producers of that commodity.

In general, the activities of the producer boards are aimed at the following objectives:

1. to ensure adequate prices and incomes to producers of the regulated product;
2. to stabilize prices and incomes from the sale of that product by reducing severe fluctuations between high and low prices;
3. to arrange an adequate supply of quality product to meet the needs of the consuming public domestically and to fill export opportunities;
4. to improve efficiency in the marketing system;
5. to provide uniform terms and conditions of sale for that product, as well as to ensure equity of payment to producers; and
6. to increase demand and expand markets through product promotion and market development.

Marketing Plans

The potential impact of compulsory marketing legislation depends on the powers granted to a particular marketing board and how these powers are exercised. In this respect, the many marketing boards differ considerably; however, all have a common power to collect licence fees from producers. Boards may be classified into three categories as follows:

Promotional-Type Plans

These plans have limited powers and can use the marketing legislation mainly to authorize the collecting of fees from producers for promotional and research purposes. Whereas, the Ontario Egg and Fowl Marketing Plan was in this category in the past, there is no plan of this type at present.

Negotiating-Type Plans

Next, in terms of powers granted are negotiating-type plans which provide for the annual negotiation of minimum prices between producers and buyers and of terms and conditions of sale. There are seven such plans at present:

¹ From "Factsheets," November 1977, Agdex 847. Order No. 77-052. Ministry of Agriculture and Food, Ontario, Canada.

Asparagus Growers' Marketing Board
Grape Growers' Marketing Board (for processing)
Seed Corn Growers' Marketing Board
Soya-Bean Growers' Marketing Board
Vegetable Growers' Marketing Board (includes 13 regulated vegetables for processing)
Potato Growers' Marketing Board (for processing)
Processing Tomato Seedling Plant Growers' Marketing Board

In several of these plans a buyer can choose the producers with whom he is willing to contract for his requirements, but all buyers and producers individually are bound by the terms of a collective contract which is established each year.

Agency-Type Plans

Agency-type plans may exercise broad functions in regard to the marketing of the regulated commodities, including price setting, selling of product directly or through agents and pooling of returns to producers.

In ten plans, the boards establish minimum price after evaluating marketplace conditions and frequently following industry consultation through advisory committees:

Egg Producers' Marketing Board
Turkey Producers' Marketing Board
Wheat Producers' Marketing Board
Bean Producers' Marketing Board
Chicken Producers' Marketing Board
Fresh Fruit Growers Marketing Board (includes peaches, pears, plums, prunes sold on fresh market)
Fresh Grape Growers' Marketing Board
Greenhouse Vegetable Producers' Marketing Board
Tender Fruit Growers' Marketing Board (includes peaches, pears, plums, prunes for processing)
Apple Marketing Commission

It must be noted that for most of the above commodities, the boards establish price in response to marketplace factors. However, price for eggs, turkeys and chickens are established at regular periods by updating data in cost of production formulae.

The minimum price of apples for sale at wholesale and retail levels is established by the Ontario Apple Marketing Commission. The Commission is not strictly a producer board as its membership includes a retailer, consumer dealers and processors, and 12 elected apple producers. In addition to pricing the Commission also undertakes promotional activities.

In three other plans, the boards operate marketing facilities in order to establish price and sell the regulated product by open auction:

Pork Producer's Marketing Board
Flue-Cured Tobacco Growers' Marketing Board
Burley Tobacco Growers' Marketing Board

In addition to selling individual lots through auction the Tobacco Board has recently negotiated with processors on minimum average prices. The Board and buyers agree on a target for the amount of tobacco to be offered through the auction. From this amount the Board calculates the quota for each producer.

The two marketing boards operating in the dairy sector are the Ontario Milk Marketing Board (which controls the marketing and pricing of all Grade A milk and industrial milk) and the Ontario Cream Producers' Marketing Board (which negotiates prices and terms of sale for farm-separated cream).

The highest degree of control exists where boards are given, and use the power to regulate the amount being offered for sale through production controls or marketing quotas. These are mainly applied in the poultry sector, where special conditions call for supply management of broiler chickens, turkeys and eggs. The egg and turkey boards are associated with Canadian marketing agencies that establish national quotas for production. The only other commodities where supply management is practiced are tobacco and milk.

Constraints on Boards' Powers

Although some producer marketing boards have been delegated substantial powers they are subject to definite constraints both from the market place and from regulatory and supervisory bodies. In fact, the Farm Products' Marketing Board and the Milk Commission closely supervise the producer boards under their jurisdiction and constantly review their operations to ascertain that all actions taken by them are within the terms of the respective marketing plan and Act. The Farm Products Marketing Board serves as an appeal body to rule on any order, direction or decision of a commodity board, to ensure equal and fair treatment to all persons affected by the actions of producers' boards. For some commodities, processors have the right to appeal the local board's decision on either quota or price or both. Similarly, the Milk Commission acts as an appeal tribunal for the milk industry.

Impact of Marketing Legislation

The importance of marketing legislation in Ontario agriculture is indicated by:

1. the proportion of total farm cash income received from products sold under marketing plans; and
2. the number of producers associated with marketing boards.

Proportion of Total Farm Cash Income

In 1976, 60% of the farm cash income in Ontario was obtained from products for which a marketing plan was in effect (Table 1).

There are considerable differences between commodity groups. In the animal group, 39% of the farm cash income was obtained through marketing plans. This reflects the absence of marketing plans for cattle and sheep. In the case of animal products, however, the high proportion (94%) is accounted for mainly by plans covering dairy products.

The proportion of farm cash income received from field crops covered by marketing plans was quite high, at 62%. Grain corn and potatoes for the fresh market are the only major field crops not covered by a marketing plan.

Less than half (43%) of Ontario's vegetables were marketed under marketing plans in 1976. This figure includes most vegetables for processing, but excludes vegetables for the fresh market. In the case of fruits, the proportion marketed under plans was higher, 81%. because major fruit crops are covered by marketing plans both for the fresh market and for processing.

Number of Producers

The number of producers participating in specific marketing plans exceeds the number of census farmers in Ontario in 1976 (Table 2). This is due to multiple counting as farmers may be members of more than one board. On the basis of information

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available at present it is not possible to eliminate such multiple counting and arrive at an estimate of producers who do not come under any existing marketing plan. It is expected that producers excluded from any marketing board would be mainly those who specialize in beef cattle production and grow only feed grains and forage crops.

Table 1. Estimates of the proportion of farm cash income received from products marketed under marketing plans in Ontario, by commodity, 1976

	Total farm cash income	Products marketed under marketing legislation	
		Value	Proportion of total farm cash income
	thousand dollars		percent
Hogs	286,886	271,000	94"
Cattle and calves	644,128		—
Sheep and Lambs	4,657		—
Poultry:			
Chickens	112,767	101,500	90
Turkeys	53,357	53,357	100
Others	2,381		—
Total animals	1,104,176	425,867	39
Dairy Products	547,020	547,020	100
Eggs.	108,851	93,600	86
Other livestock or productsa.	26,509		—
Total animal products	682,380	640,620	94
Potatoes	43,627	10,000	23
Tobacco	197,147	197,147	100
Wheat.	80,346	80,346	100
Soybeans.	77,812	77,812	100
Corn, shelled.	153,060		—
Other grainsb	9,056		—
Other crops ^c	112,666	50,500	45
Total field crops	673,714	415,805	62
Vegetables	143,890	61,300	43
Fruits.	58,970	47,600	81
Forest and maple products.	4,176		—
GRAND TOTAL	2,667,306	1,591,182	60

^aIncludes wool, honey, fur farming and other minor livestock.

^bIncludes oats, barley, rye and flaxseed.

^cIncludes greenhouse products, dry beans, seed corn and other minor crops.

Sources: Statistics Canada, *Farm Cash Receipts, 1976, Cat, 21-201*; Ontario Farm Products Marketing Board; and individual commodity marketing boards.

Cooperative Farm Bargaining

Table 2. Number of producers whose products were under the jurisdiction of marketing boards in Ontario, 1976

Commodity Boards	Regulated Producers
Apple Commission	832
Asparagus Board	168
Bean Board	3,300
Burley Tobacco Growers	430
Chicken Producers	816
Egg Producers Board	950
Flue-Cured Tobacco Growers	2,596
Fresh Fruit Growers	2,100
Fresh Grape Growers	1,200
Grape Growers (processing)	836
Greenhouse Vegetable Producers	350
Pork Producers	16,000
Potato-for-Processing	134
Processing Tomato Seedling Plant Growers	20
Seed Corn Growers	290
Soybean Growers	12,000
Tender Fruit (processing)	1,069
Turkey Producers	225
Vegetable Growers (processing)	2,632
Wheat Producers	18,000
Milk Marketing Board	15,535
Cream Producers' Board	3,521
TOTAL	83,004