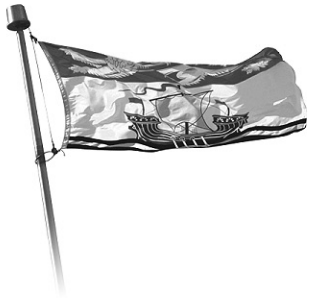




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October 6, 2004

The Honourable David Alward
Minister of Agriculture, Fisheries & Aquaculture
Province of New Brunswick
P.O. Box 6000
Fredericton, NB E3B 5H1

Dear Sir:

On behalf of the New Brunswick Farm Products Commission, I have the honor to submit the Annual Report for the period April 1, 2003 to March 31, 2004.

Respectfully submitted,

Hazen Myers
Chairman

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FARM PRODUCTS COMMISSION

ANNUAL REPORT 2003-2004

History of the Commission:

The predecessor of the Farm Products Commission was the New Brunswick Marketing Board, which operated under an *Act to Promote the Production, Marketing and Distribution of Natural Products*. The Board, which reported to the Premier, was responsible for products of agriculture and/or of the forest, sea, lake or river and any article of food or drink, wholly or partly manufactured or derived from any such product.

On April 2nd, 1937, this Act was repealed, and replaced by the *Natural Products Control Act*, which provided for the establishment of marketing boards. The new supervisory board was called the *Natural Products Control Board* and reported to the Minister of Agriculture. On August 11, 1971, the New Brunswick Forest Products Commission was established under the *Forest Products Act*. Powers and duties of the Natural Products Control Board pertaining to Forest Products Marketing Boards were assigned to the New Brunswick Forest Products Commission.

In 1976, it was decided to remove fishery products from the Act and place them under separate legislation. This removal resulted in the development of a new Act, the *Farm Products Marketing Act*, which came into force on May 15, 1977. The Farm Products Marketing Commission was established pursuant to this legislation and held its first meeting on May 16, 1977. A number of amendments to the Act have been made since 1977, the most significant being in the 1985 session of the Legislature. These amendments provided for the transfer of responsibilities from the Dairy Products Commission to the Farm Products Marketing Commission, as well as the establishment of a Farm Products Appeal Panel to deal with pricing disputes between marketing boards, dealers, processors and consumers.

In March 1999, the *Natural Products Act* was introduced into the Legislature. This Act, which came into force April 15, 1999, replaced the following Acts:

- ◆ The Farm Products Marketing Act;
- ◆ The Farm Products Boards and Marketing Agencies Act;
- ◆ The Imitation Dairy Products Act
- ◆ The Natural Products Grades Act;
- ◆ The Dairy Products Act;
- ◆ The Dairy Industry Act; and
- ◆ The Potato Development and Marketing Council Act.

The *Natural Products Act* defines the scope of government regulation in the marketplace as it pertains to:

- ◆ The orderly marketing of food and forest products; and
- ◆ Food inspection which will be managed in conjunction with the Department of Health and Wellness under the Health Act.

The *Natural Products Act* provides:

- ◆ Flexibility to producer organizations with respect to naming their organizations;
- ◆ For the establishment of commodity development councils to encourage discussion between producers and other sectors of the industry on matters of mutual interest in an informal forum;
- ◆ For the establishment of promotional agencies;
- ◆ For the dissolution of the price appeal tribunal;
- ◆ For the Farm Products Commission to make changes of an administrative nature to marketing board powers;
- ◆ For the Farm Products Commission to delegate authority to industry to establish and administer quality and grade standards.

Mandate:

The Commission's mandate is as follows:

- ◆ Supervising activities of all producer organizations formed under the Act.
- ◆ Providing an appeal mechanism for those aggrieved by decisions made by such producer organizations.
- ◆ Negotiating and serving as a signatory to federal-provincial agreements relating to supply managed commodities.
- ◆ Administering the conciliation-arbitration process respecting potatoes used for processing.
- ◆ Administering the price setting process for fluid milk sold in the province.
- ◆ Licensing of those involved in the dairy products trade in New Brunswick including producers, transporters, graders, vendors and milk dealers.
- ◆ Food inspection as it relates to the establishment of product quality and identity standards.

- ◆ Establishment of Commodity Development Councils and Research and Promotion Agencies.

Vision:

A dynamic and accountable agri-food industry that has a reputation as a supplier of high quality and competitively priced food products

Mission:

The New Brunswick Farm Products Commission will strive to create an environment within the regulated agri-food sector that encourages stakeholders to focus their efforts on developing their industries.

In carrying out its mission the Commission is committed to the following values and principles:

- ◆ Cooperation between all industry stakeholders is key to the further development of the agri-food industry.
- ◆ The Commission will be viewed by those that it serves as an impartial, fair-minded agency that supports industry development.
- ◆ The orderly marketing system will enhance the viability of the agri-food industry within the global marketplace.
- ◆ The Commission will carry out the mandate provided for in the Natural Products Act to the common benefit of producers, processors and consumers.
- ◆ The Commission will use mediation whenever possible to resolve disputes.
- ◆ As a signatory to national supply management programs, the Commission will act to both protect and promote the interests of those industries.
- ◆ The Commission will promote transparency both in carrying out its mandate as well as in the operation of the eight marketing boards.

Strategic Direction Initiatives:

Ensure that marketing boards operate in an open and transparent fashion, in accordance with the wishes of producers, and within the regulations established under the *Natural Products Act*.

The Commission will conduct an annual review of the operations of each marketing board.

The Commission will ensure that each marketing board holds an annual producer meeting to review financial statements, as well as board activities for the previous year.

The Commission will ensure that marketing boards do not implement significant changes in policy without prior approval of producers.

Promote sector-wide collaboration to capitalize on market opportunities.

The Commission will facilitate the creation of *industry development councils* to foster the development of cross sector strategies in response to changing market forces.

The Commission, in cooperation with the Department of Agriculture, Fisheries, and Aquaculture will expose the industry to new ways to exploit market opportunities.

Provide authority and guidance to non-marketing board groups of producers who want to collect levies for research and promotion purposes.

Provided for in the *Natural Products Act*

Ensure that the development of the province's regulated agri-food industry is protected and promoted within national marketing systems.

The Commission will develop and pursue strategies that are beneficial to the province.

Duties and Responsibilities of the Commission:

The Commission is responsible for the overall conduct and performance of the regulated marketing system in New Brunswick. In that capacity it is responsible for ensuring that boards exercise the powers granted to them in the manner intended.

Through the powers vested in it by the Natural Products Act, the Commission may:

- ◆ Investigate, arbitrate, adjudicate upon, adjust or otherwise settle any dispute between producers, processors, distributors or transporters of farm products, or between any two or more of such classes of persons;
- ◆ Investigate the cost of producing, processing, distributing and transporting any farm product, prices, price spreads, trade practices, methods of financing, management, grading, policies and other matters relating to the marketing of a farm product;
- ◆ Recommend any marketing plan or the amendment of any plan to the Minister;
- ◆ Require persons engaged in the production or marketing of a regulated product to register with the Commission or local board;
- ◆ Require persons engaged in the production or marketing of a regulated product to furnish information relating to the product, including the completing and filing of reports or returns on a periodic basis or otherwise as the Commission or local board determines;
- ◆ Require the furnishing of security or proof of financial responsibility by any person engaged in the marketing of a regulated product and provide for the administration and disposition of all money or securities so furnished;
- ◆ Appoint inspectors for the purposes of this Act;
- ◆ Co-operate with a marketing board, local board, commodity board, marketing commission or marketing agency of Canada or of any province in Canada for the purpose of marketing any regulated product;
- ◆ Make orders and issue directives consistent with a plan or the regulations as are necessary to enforce the provisions of the Act or any plan.

Also, the Commission has the power to intervene directly in the marketing of dairy products. Intervention may include the following:

- ◆ The establishment and enforcement of marketing conditions that benefit both the dairy products trade and the general public;
- ◆ License milk dealers, producer suppliers, vendors and transporters;
- ◆ Make regulations or orders pertaining to milk quality, the inspection and classification of milk, and processing of dairy products;
- ◆ Control milk quality from the farm to the milk dealer;
- ◆ Make regulations pertaining to penalties on milk that fail to comply with standards of quality;
- ◆ Set the price producers receive for their raw milk and set the wholesale price of fluid milk products.

Members of the Commission:

Hazen Myers	Chairman
Robert Keenan	Vice-Chairman (until Oct. 2003)
Robert Strang	Member (until Oct. 2003)
Marie Thériault	Member (until Oct. 2003)
Constance Morrison	Member (until Oct. 2003)
Irene Reidpath	Member (until Oct. 2003)
Larry Dobson	Member
Dale McIntosh	Member (appointed Vice-Chairman Nov. 2003)
John Robinson	Member
Leslie Cail	Member (appointed Nov. 2003)
Anne Michaud	Member (appointed Nov. 2003)
Hannah Searle	Member (appointed Nov. 2003)
Katherine Trueman	Member (appointed Nov. 2003)
Edward Williams	Member (appointed Nov. 2003)

Commission Staff

Robert Goggin	General Manager
David Johnston	Trade Relations and Commodities Specialist
Joan Allaby	Regulations Analyst
Sharon Albert	Administrative Support

Activities of the Commission during the year 2003-2004

The Commission met nine times during 2003-2004 and was involved in the following activities:

◆ Establishment of Fluid Milk Price

As part of its mandate, the Commission is responsible for setting the price of fluid milk sold in the province. In February 2004, the Commission announced an increase in the price of fluid milk. In determining this adjustment, the Commission considered studies on the cost of production for the province's dairy producers and a financial analysis of returns to the New Brunswick processing industry conducted by an independent firm. After thoroughly reviewing these reports, the Commission concluded that a price increase was justified and decided on the appropriate margins for producers, processors and retailers. As always in setting the price of milk, the Commission balanced the interests of producers, processors and consumers, maintaining competitive prices for New Brunswick consumers while encouraging a viable dairy industry.

◆ School Milk Program

In 2003-2004, the Commission facilitated the revival of the School Milk Committee. This committee, comprised of representatives from the dairy industry, staff from the Department of Education and Commission staff, develops policies and addresses concerns regarding the School Milk Program. Through this program, New Brunswick dairy producers and processors subsidize the sale of milk to New Brunswick students in grades K-12, so that students can purchase milk at a reduced price.

One of the first issues discussed by the Committee was the price of school milk. Fluid milk processors had requested that the price of milk distributed under the School Milk Program be increased as the price had not been adjusted since the program began in 1992. Following consultation with the School Milk Committee, the Commission agreed to an increase and subsequently issued a School Milk Pricing Order that would go into effect in August 2004.

◆ Regulations and Orders

When the *Natural Products Act* came into effect in April 1999, it replaced seven other acts administered by the former Department of Agriculture and Rural Development. Since the creation of the new *Act*, Commission staff have been updating the legislation under the old acts, preparing new regulations, repealing obsolete regulations, and amending others.

New Regulations

In the last year, the Commission has prepared new regulations under the *Natural Products Act* for several of the commodity boards under its supervision. Commission staff worked with the NB Hog Marketing Board, the NB Chicken Marketing Board, the NB Turkey Marketing Board and the NB Egg Marketing Board to complete regulations for these commodities.

In 2003-2004, the Commission made the following regulations under Sections 19 and 28 of the *Natural Products Act*. The Commission regulation for each commodity group provides for membership of the board, elections of members to the board and board administrative powers.

- N.B. Regulation 2003-71 – the Egg Plan Administration Regulation
- N.B. Regulation 2003-72 – the Chicken Plan Administration Regulation
- N.B. Regulation 2003-73 – the Turkey Plan Administration Regulation
- N.B. Regulation 2003-84 – the Hog Plan Administration Regulation

In addition, the Commission prepared the following regulations, which were made by the Lieutenant Governor-in-Council under sections 18, 27, 37, and 104 of the *Act*. Through these regulations, the Lieutenant Governor-in-Council establishes the Plans for the boards and grants the boards their powers.

- N.B. Regulation 2003-54 – the Egg Plan and Levies Regulation
- N.B. Regulation 2003-55 – the Chicken Plan and Levies Regulation
- N.B. Regulation 2003-56 – the Turkey Plan and Levies Regulation
- N.B. Regulation 2003-83 – the Hog Plan and Levies Regulation

Through the new regulations, the name of each commodity board has also been changed; these commodity groups are no longer referred to as marketing boards but to provincial organizations of farmers or producers as follows:

- New Brunswick Egg Marketing Board ? New Brunswick Egg Producers
- New Brunswick Chicken Marketing Board ? Chicken Farmers of New Brunswick
- New Brunswick Turkey Marketing Board ? Turkey Farmers of New Brunswick
- New Brunswick Hog Marketing Board ? Porc NB Pork

Repealed Regulations

The Commission also arranged for the repeal by the Lieutenant Governor-in-Council of the following regulations under the *Farm Products Marketing Act* (repealed). These regulations were considered obsolete as the associated commodity group no longer exists.

- New Brunswick Cream Marketing Plan Regulation
- New Brunswick Tobacco Marketing Plan Regulation
- New Brunswick Greenhouse Marketing Plan Regulation

Amendments to Regulations

The Commission also prepared amendments to several regulations in 2003-2004.

- The Commission amended the French versions of New Brunswick Regulation 2001-47 – the *Cattle Plan Administration Regulation* and New Brunswick Regulation 2002-86 – the *Milk Plan Administration Regulation* to correct the name of the Dairy Farmers of New Brunswick.
- New Brunswick Regulation 2002-46 – the *Cattle Plan and Levies Regulation* was amended by the Lieutenant Governor-in-Council, granting the New Brunswick Cattle Producers the power to require persons engaged in the marketing or production and marketing of cattle to obtain licenses.
- With the approval of the Lieutenant Governor-in-Council, the Commission amended New Brunswick Regulation 86-118 – the *Milk Quality Regulation* under the *Dairy Products Act*. This regulation establishes the quality standards for raw milk produced in the province and provides for penalties to be levied to producers who do not meet these standards. As requested by the Dairy Farmers of New Brunswick, the Commission amended the regulation by increasing the penalties assessed to producer for unacceptable bacterial and somatic cell counts in raw milk.

Orders

The Commission approved seventeen Orders in 2003-2004. The Orders included borrowing orders for the New Brunswick Potato Agency, orders relating to the dairy industry and several orders on milk pricing. This year, Commission staff began a review of all Commission Orders currently in place, with the result that a number of orders were rewritten and others were repealed.

Commission Orders made between April 1, 2003 and March 31, 2004:

- 2003-05 **Milk Container Order** – specifies the sizes of containers that fluid milk and fluid cream products may be sold in New Brunswick
- 2003-06 **Wholesale Pricing Order** – establishes the minimum and maximum wholesale price for milk sold in New Brunswick.

- 2003-07 **NB Potato Agency Borrowing Order** - empowers the New Brunswick Potato Agency to borrow money for the 2003 Spring Credit Advance Program.
- 2003-08 **Milk Measurement Order** – deals with milk measurement systems and establishes a process to settle disputes when there is a significant difference between the volume of milk measured on the farm and at the dairy.
- 2003-09 **Bulk Tank Milk Grader's License Order** – outlines the process for obtaining a bulk tank milk grader license from the Commission.
- 2003-10 **NB Potato Agency Borrowing Order** - empowers the New Brunswick Potato Agency to borrow money to participate in the 2003 Advance Payment for Crops Program.
- 2003-11 **NB Potato Agency Borrowing Order** - empowers the New Brunswick Potato Agency to borrow money for operating purposes.
- 2004-01 **Milk Container Order** – addition of new size to the list; replaced 2003-05.
- 2004-02 **Producer Pricing Order** – establishes the price processors must pay dairy producers for their milk; repealed previous producer pricing order (2003-04).
- 2004-03 **Wholesale Pricing Order** - sets the minimum and maximum wholesale price for milk sold in New Brunswick; replaced 2003-06.
- 2004-04 **School Milk Pricing Order** – establishes the maximum wholesale price of milk and the maximum student price for milk sold through the School Milk Program.
- 2004-05 **Wholesale Pricing Order** – addition of micro-filtered and ultra-pasteurized milk to the order; replaced 2004-03.
- 2004-06 **Board Communication Order** – instructs boards to file specific reports to the Commission.
- 2004-07 **Milk Classification Order** – classifies dairy products for payment purposes.
- 2004-08 **Farm Bulk Tank Calibration Order** – instructs dairy producers to have their farm bulk tanks calibrated regularly.

2004-09 **Designated Areas Order** – defines geographical boundaries for licensing purposes.

2004-10 **License Fee Order** – sets out fees for different licenses issued by Commission.

◆ **Annual Reviews**

In 2003-2004, the Commission conducted annual reviews of the following eight commodity boards under its supervision:

- Porc NB Pork
- New Brunswick Cattle Producers
- New Brunswick Potato Agency
- New Brunswick Egg Producers
- Apple Growers of New Brunswick
- Dairy Farmers of New Brunswick
- Chicken Farmers of New Brunswick
- Turkey Farmers of New Brunswick

◆ **Annual Meetings**

In fulfilling its supervisory role, the Commission attends the annual meetings of the producer organizations formed under the *Natural Products Act*, as well as of other relevant agricultural groups. During 2003-2004, Commission officials attended the annual meetings of the following groups:

- Porc NB Pork
- New Brunswick Cattle Producers
- New Brunswick Potato Agency
- New Brunswick Egg Producers
- Dairy Farmers of New Brunswick
- Chicken Farmers of New Brunswick
- Turkey Farmers of New Brunswick
- New Brunswick Agricultural Producers Association

◆ **Dairy Farm Inspection and Raw Milk Quality**

In 2003-2004, the Commission received regular reports from inspection staff on dairy producers who were experiencing significant milk quality problems, whose premises or equipment were substandard, or who were otherwise not complying with the regulation. The Commission responded to these reports by 1) monitoring the situation; 2) communicating its concerns to the producer and encouraging the producer to take corrective action; and 3) requesting that the producer appear before the Commission.

In the last year, two producers appeared before the Commission: one to discuss poor milk quality and the other to discuss substandard premises. Since that time, one of these producers, who was unable to improve his milk quality to acceptable levels, has exited the industry. The second producer continues to milk and has made significant improvements to the facilities on his farm.

◆ **New Brunswick Cattle Producers and the National Check-Off**

In 2003-2004, the Commission facilitated the New Brunswick Cattle Producers' (NBCP) participation in the National Check-Off for beef cattle. The Commission obtained permission from the Lieutenant-Governor in Council for the NBCP to enter into an agreement with the Canadian Beef Cattle Research, Market Development, and Promotion Agency which provides for the collection of a federal levy on all cattle being marketed interprovincially. In March 2003, the NBCP was the first provincial cattle board to sign this agreement in Ottawa. By entering into this arrangement, the NBCP agrees to collect the federal levy from all sellers marketing beef cattle in interprovincial trade into New Brunswick and to remit the levy to the Agency. In turn, the Agency agrees to render to the NBCP services related to the marketing and promotion of beef cattle.

◆ **Establishment of New Brunswick Cattle Industry Council**

This year, the Commission also approved and facilitated the establishment of the New Brunswick Cattle Industry Council. With representatives from various sectors of the provincial cattle industry (producer, abattoir, sale barn, dealer, Dairy Farmers of New Brunswick), the Council provides a forum for stakeholders to share information and address issues of mutual concern.

◆ **Transportation of Cattle Legislation**

Commission staff, in consultation with the New Brunswick Cattle Producers and the New Brunswick Cattle Industry Council, began developing legislation that would regulate the transportation of cattle within New Brunswick. The purpose of this legislation is to provide a means to trace the movement of cattle within the province so that, should the need arise, an animal's location during all phases of its lifecycle could be readily and accurately determined. The recent case of bovine spongiform encephalopathy (BSE) in the West, with the consequent health concerns and trade restrictions, has demonstrated the importance of having an effective cattle traceability system in place in the province.

◆ **New Brand Name Approved for Fluid Milk Market**

At the request of a milk dealer, the Commission approved the addition of another brand name to the dairy cases in New Brunswick stores. Baxter Foods Ltd., which is owned by Saputo Inc., and operates out of Saint John, N.B., asked for the Commission's permission to market fluid milk products with the "Dairyland" label. It is Saputo's intention to gradually phase out the "Baxter" label and replace it with the nationally marketed "Dairyland" label.

◆ **Hearings**

The Farm Products Commission serves as an appeal body for those aggrieved by decisions made by boards. In that regard, the Commission held two hearings in 2003-2004.

- **Appeal by the Goodine Dairy Farm of a decision of the Dairy Farmers of New Brunswick (formerly the New Brunswick Milk Marketing Board).**

The Commission concluded its hearing of the above appeal in November 2002 and decided in favour of the Dairy Farmers of New Brunswick. Subsequently, the Goodine Dairy Farm appealed the Commission's decision to the New Brunswick Court of Appeal. The Court heard the appeal in May 2003. The Commission's decision on this case was upheld and the Goodine Dairy Farm appeal was dismissed.

- **Hearing of an appeal by Circle Grove Dairy Farm of a decision of the Dairy Farmers of New Brunswick**

In April 2003, the Commission received notice of an appeal by Circle Grove Dairy Farm of a decision of the Dairy Farmers of New Brunswick concerning the ownership of quota. A Commission panel heard the appeal on May 8, 2003 in Sussex, N.B.; the panel found in favour of the appellant.

- **Hearing of an appeal by Frank Jopp of a decision of the Dairy Farmers of New Brunswick**

The Commission heard an appeal on February 24, 2004 by Frank Jopp, a dairy producer, of a decision of the Dairy Farmers of New Brunswick concerning their 2004 budget. In this case, the Commission decided in favour of the appellant.

Supply Management Issues

As a supervisory body, the Commission has a statutory obligation to oversee the operation of national supply management programs, to participate in discussions regarding provincial participation in those programs, and to represent the province in federal/provincial-regulated marketing and trade

agreements. In fulfillment of this obligation, in 2003-2004 Commission officials attended the following meetings

- National supply management meetings for chicken, turkey, eggs, and milk;
- Regular meetings of the Canadian Milk Supply Management Committee and the Supervisory Body of the All Milk Pooling Agreement;
- Annual meeting of the National Association of Agricultural Supervisory Agencies;
- Annual meeting of the Canadian Egg Marketing Agency;
- Annual meeting of the Chicken Farmers of Canada;
- Annual meeting of the Canadian Turkey Marketing Agency
- Annual meeting of the International Association of Milk Control Agencies;

Finances:

Farm Products Commission 2003-2004

<u>Account</u>	<u>Description</u>	<u>Expenditure</u>
3430	Civil Service Payroll	\$207,134
3450	Casual Payroll	\$ 27,392
3600	Benefits	\$ 6,582
3700	Membership Fees	\$ 85
4060	Corporate Infra Structure	\$ 159
4490	Catering	\$ 1,521
4500	Other Services	\$ 1,161
4530	Service Contracts	\$ 225
4700	Printing & Copying	\$ 1,011
4720	Parking	\$ 8
4730	Rentals	\$ 150
4760	Repairs	\$ 1,429
4780	Legal Fees	\$ 1,848
4790	Consulting/Research Services	\$ 8,900
4860	Telephones	\$ 44
4900	Travel	\$ 38,512
5090	Subscriptions	\$ 169
5630	Supplies	\$ 1,160
5730	Stationary Supplies	\$ 603
5740	Computer Supplies	\$ 1,074
6060	Office Furniture	\$ 825
6070	Computer Hardware	\$ 1,022
7000	Grants and Contributions	\$ 1,000
	TOTAL	\$302,014

National Farm Products Council

The National Farm Products Council was established in 1972 under the *Farm Products Marketing Agencies Act* to supervise agencies set up to administer national and regional marketing plans. The Act allows producers of farm products (other than industrial milk and wheat) to develop national or regional marketing plans.

The National Council advises the Federal Minister of Agriculture on all matters relating to the establishment, operation and performance of national agencies. The National Council has the power to call public hearings and hear appeals relating to agency operations as well as on any proposal to establish a new agency.

The National Council has four major responsibilities under the *Farm Products Marketing Agencies Act*:

- ◆ To advise the Minister of Agriculture on all aspects of the Act;
- ◆ To supervise the operations of the Chicken Farmers of Canada (CFC), the Canadian Egg Marketing Agency (CEMA), the Canadian Turkey Marketing Agency (CTMA), the Canadian Broiler Hatching Egg Marketing Agency (CBHEMA), the Canadian Beef Cattle, Research, Market Development and Promotion Agency;
- ◆ To work with agencies in promoting effective marketing in inter-provincial and export trade;
- ◆ To consult with provinces.

Dairy Industry - National Perspective

Supply management was adopted in Canada in the mid-1970s as the system for managing and administering the supply of industrial milk and cream used to make such products as butter, cheese, yoghurt, and ice cream. Current policies in the Canadian dairy industry are based on the supply management system. The Canadian Dairy Commission (CDC), a federal crown corporation, facilitates the development and implementation of major dairy policies and programs. It provides a framework for federal and provincial participation.

The Canadian Milk Supply Management Committee (CMSMC) is a national body created by the provincial signatories to the National Milk Marketing Plan (NMMP), the federal-provincial agreement that governs the supply management system for dairy. The CMSMC makes policies and decisions with respect to the industrial milk system and supervises the NMMP as well as the Comprehensive Agreement on Pooling of Milk Revenues.

The CMSMC is chaired by the Canadian Dairy Commission. Producer, processor, and government representatives from each province attend CMSMC meetings. Representatives from the National Dairy Council (a processor organization), the Dairy Farmers of Canada, and the Consumer Association of Canada also participate on the committee as non-voting members. The major issues that the CMSMC deals with are estimating domestic requirements, quota allocation among provinces, surplus removal, and export activities.

Acting on behalf of the Minister of Agriculture, Fisheries and Aquaculture, the New Brunswick Farm Products Commission is a signatory to the National Milk Marketing Plan, the Comprehensive Agreement on Special Pooling, and the All Milk Pooling Agreement.

- The National Milk Marketing Plan is a federal-provincial agreement that provides the framework for regulating the marketing of milk and cream products in order to meet Canadian domestic requirements and any industrial milk requirements in Canada.
- The Comprehensive Agreement on Special Class Pooling is an agreement among the authorities of the ten provinces that are signatories to the National Milk Marketing Plan respecting the pooling of revenues from sales of components in special classes of milk used to service domestic and external markets.
- The Agreement on All Milk Pooling is an agreement among the authorities of the provinces of Prince Edward Island, Nova Scotia, New Brunswick, Quebec, and Ontario respecting the pooling of revenues from sales of all milk components produced and marketed in these provinces.
- The Dairy Products Marketing Regulations, made under the *Canadian Dairy Commission Act*, provide federal jurisdiction over the marketing of industrial milk and dairy products in inter-provincial and export trade.

Provincial marketing boards and commissions govern the production and marketing of milk within their own borders. As noted above, however, certain marketing activities related to industrial milk are carried out jointly between the federal government and the participating provinces according to the terms and conditions of the National Milk Marketing Plan.

In 1995, certain provisions of the World Trade Organization agreement replaced quantitative restrictions with tariff rate quotas. Currently, imports of certain dairy products above historic levels are subject to high over-quota tariffs. These high tariffs, however, have declined by fifteen percent of their value under the present WTO Agreement on Agriculture.

National Supply Management Agencies:

Chicken Farmers of Canada

Chicken Farmers of Canada was established in 1978 by the Governor in Council by a proclamation under the *Farm Products Marketing Agencies Act*. Following its establishment, the Agency entered into an agreement with the provinces that provides for an orderly marketing system for chickens. Chicken Farmers of Canada's primary purpose is to bring stability and order to the domestic chicken industry. Its mandate is to develop and maintain a healthy and viable chicken industry in the interests of both producers and consumers. This Agency is responsible for:

- ◆ Developing and implementing a marketing plan;
- ◆ Establishing a quota allocation system authorizing the marketing of chicken in inter-provincial and export trade;
- ◆ Promoting co-operation throughout the chicken industry;
- ◆ Licensing of those engaged in the inter-provincial or export trade of live chicken, including producers, processors, transporters, dealers and retailers;

Chicken Farmers of Canada manages a national production quota which it allocates to the provinces after consultation with industry. Production levels are set by the Agency for six separate production periods

Chicken Farmers of Canada is a non-profit organization whose administrative costs are funded by means of a levy which is paid by each producer for chicken marketed and is collected by the provincial Chicken Marketing Boards.

Canadian Turkey Marketing Agency

In 1974, the Governor in Council created the Canadian Turkey Marketing Agency (CTMA) by a proclamation under the *Farm Products Marketing Act*. A subsequent agreement between the Agency and the provinces established a system for the orderly marketing of turkeys.

The CTMA sets the annual level of national turkey production. Production quota is allocated to each province based on a formula and negotiation process. Allocation levels are adjusted throughout the year as relevant data, such as production statistics, poultry placements, storage stocks, and disappearance of turkey, become available. Each provincial marketing board is responsible for negotiating or setting its own prices.

Funding for the CTMA is obtained through levies that are collected on behalf of the Agency by the provincial marketing boards.

The CTMA also licenses individuals and companies involved in inter-provincial and export trade of turkeys; sources domestic or foreign turkey inventories for Canadian processors with proven markets; and promotes consumer awareness campaigns across Canada.

Canadian Egg Marketing Agency

The Canadian Egg Marketing Agency (CEMA) was established by proclamation by the Governor in Council in 1972 as part of a federal-provincial agreement to provide stability to the Canadian egg industry. CEMA's mandate is to:

- ◆ Establish the farm gate price of eggs;
- ◆ Regulate national supplies;
- ◆ Remove surplus eggs from domestic markets;
- ◆ Encourage consumption of eggs.

The CEMA regulates national production by allocating annual production quota which in turn is reallocated by provincial marketing boards to their producers. CEMA removes surplus eggs from the market on a weekly basis by directing them either to areas of short supply elsewhere in Canada, to the Canadian processing industry or to export buyers.

Funding for the CEMA is obtained through levies paid on each dozen eggs marketed. In 1975 CEMA introduced a central pricing system based on a cost of production formula that returned the cost of production and a reasonable profit to the average producer. The system, which is based on an independent cost survey that is updated regularly, is used to establish the farm gate price in each province.

Canadian Beef Cattle Research, Market Development and Promotion Agency

Unlike the other three agencies under the Natural Products Council, the Canadian Beef Cattle Research, Market Development and Promotion Agency has been in operation only a short while. The Agency was established in 2002 to promote the marketing and production of beef cattle, beef and beef products. The Agency's goal is to provide a stable funding source for research, market development and promotion activities through levies, or check-offs, on domestic and imported beef and beef products. In 2003-2004, the Agency finalized levy and service agreements with several provinces.