



National Farm Products
Council

Conseil national des
produits agricoles



National Farm Products Council

Governance Manual

Revised: October 2007

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MESSAGE FROM THE CHAIRPERSON



We have entered an era in which organizations are judged both for what they do and how they do it.

The issue of "how" has taken on increasing importance over the past two decades as organizations, most often publicly held corporations, responded to shareholder concerns about their business practices and ethics. Recent corporate governance failures have thrust the issue onto the agenda of many organizations. Trust is a central issue facing any organization that deals with the public.

In government, we have faced this issue of trust for a long time. Canadians want to trust their government and to verify that their trust is not misplaced. They also want to know that their government hears and acts on what they say, and to know that they can verify its performance.

Transparency, accountability, and responsibility are enduring themes in organizational governance. They enable us to describe how we do business. Our challenge is to show Canadians both the what and the how.

The National Farm Products Council, working with the close support of the agencies it reviews and its partners in the Agriculture and Agri-food portfolio, is pleased to present its Governance Manual. This document describes our structure, our processes, our duties and responsibilities. It describes how the NFPC works for Canadians.

We have chosen to publish the document so that Canadians better understand our mandate, our work, and our determination to live up to the trust that they have invested in us.



Section I. INTRODUCTION

The purpose of the National Farm Products Council's (NFPC) Governance Manual is to allow new Council Members and stakeholders to understand the governance structure and processes used by the Council to achieve its mandated goals. The manual provides information on its mandate and mission, organizational structure, committees and by-laws, as well as the duties and responsibilities of Members. Information is also provided on the governance framework adopted by the Council and the practical mechanics by which the Council operates. Contact information regarding Council Members and a list of our legislation and policy documents is also provided. The manual is divided into three sections as detailed below.

Organization Overview

This section gives a brief history of the NFPC, and describes its mission, vision, mandate and responsibilities. Major NFPC stakeholders are also identified.

Corporate Governance

Here is where you will find information on the Council Members, the roles and responsibilities of the Chairperson, Vice-Chairperson, Members and Council Staff, and more information on the structure of Council's committees. Information on administrative matters is also included.

The approach taken to describing the governance structures and processes of the Council has been to compare them to what is typically found in traditional corporations. It is expected that many readers of this manual, both new Council Members and stakeholders, will be more familiar with this general reference point. As a consequence the reader may more readily understand the particular governance circumstances of the Council through comparative differences.

Operational Responsibilities

This section deals with the specific quasi-judicial responsibilities of the Council regarding quota, levy and complaints handling procedures as they relate to the roles and responsibilities of Council Members.



Section II. ORGANIZATION OVERVIEW

2.01 *History of the NFPC*

The National Farm Products Council (NFPC) was established in 1972 under the Farm Products Marketing Agencies Act (FPMAA). The FPMAA meshed the marketing powers of the provinces/territories, which are limited to intra-provincial trade, and the federal government, which has authority over inter-provincial and international trade. National marketing agencies were also created under this enabling legislation.

The FPMAA was amended in 1993 to provide for the establishment of national promotion research agencies. In addition, the name of the Act was amended to the Farm Products Agencies Act (FPAA) and the name of the Council was revised from the National Farm Products Marketing Council to the National Farm Products Council.

2.02 *Mission*

The NFPC's mission is to:

- Ensure that the national supply management systems for poultry and eggs and national check-off systems for farm products work in the balanced interests of all stakeholders, and to
- Promote the strength of the agri-food sectors for which Council has responsibility.

2.03 *Mandate*

The mandate of the NFPC is to:

- Advise the Minister on all matters relating to the establishment and operation of agencies under this Act with a view to maintaining and promoting an efficient and competitive industry.
- Review the operations of agencies with a view to ensuring that they carry on their operations in accordance with their objects.
- Work with agencies in promoting more effective marketing of farm products in inter-provincial and export trade and in the case of promotion-research agencies, in promoting marketing in import trade and in connection with research and promotion activities, and
- Consult on a continuing basis, with the governments of all provinces and territories having an interest in the establishment or the exercise of the powers of one or more agencies under the Act.

Flowing from its formal mandate, Council is responsible for approving Agency orders and regulations, hearing complaints against agency decisions, enquiring into the establishment of new agencies and reporting regularly to the Minister of Agriculture and Agri-Food.



The Council also undertakes discretionary activities that, in partnership with stakeholders, aim to promote the strength and competitiveness of the sectors the Council oversees.

2.04

Vision

This Council aims to be a results-driven organization serving the best interests of industry, consumer and government stakeholders. The Council takes pride in its leadership role, its commitment to excellence and its capacity to stimulate progress and innovative thinking, both with respect to the regulatory framework for supply management and activities in the sectors that it oversees.

2.05

Stakeholders

Our stakeholders are identified in the following table. The list does not include all possible stakeholders, but rather focuses on those organizations or groups that are significantly involved in, or affected by the mandate and operations of the Council.



NFPC Major Stakeholders

Organization	Representing
Minister of Agriculture and Agri-Food	Canadian Citizens and the Government
Agriculture and Agri-Food Canada	Federal Government
Beef Cattle Research, Market Development and Promotion Agency	Beef producers and importers
Canadian Egg Marketing Agency (CEMA)	Egg producers
Chicken Farmers of Canada (CFC)	Chicken farmers
Canadian Turkey Marketing Agency (CTMA)	Turkey producers in all provinces except P.E.I. and Newfoundland
Canadian Broiler Hatching Egg Marketing Agency (CBHEMA)	Broiler hatching egg producers in Ontario, Quebec, Manitoba, British Columbia and Alberta
Canadian Poultry and Egg Processors Council (CPEPC)	Primary and further processors of poultry and eggs
Further Poultry Processors Association of Canada (FPPAC)	Further poultry processors
Canadian Restaurant and Foodservice Association (CRFA)	Hotel and institution trade
Canadian Council of Grocery Distributors (CCGD)	Grocery and foodservice industries
British Columbia Farm Industry Review Board	Government of British Columbia
Alberta Agricultural Products Marketing Council	Government of Alberta
Saskatchewan Agri-Food Council	Government of Saskatchewan
Manitoba Farm Products Marketing Council	Government of Manitoba
Ontario Farm Products Marketing Commission	Government of Ontario
Régie des marchés agricoles et alimentaires du Québec	Government of Québec
New Brunswick Farm Products Marketing Commission	Government of New Brunswick
Nova Scotia Natural Products Marketing Council	Government of Nova Scotia
Prince Edward Island Marketing Council	Government of Prince Edward Island
Farm Industry Review Board	Government of Newfoundland and Labrador
Northwest Territories Agricultural Products Marketing Council	Government of the Northwest Territories



Section III.

CORPORATE GOVERNANCE

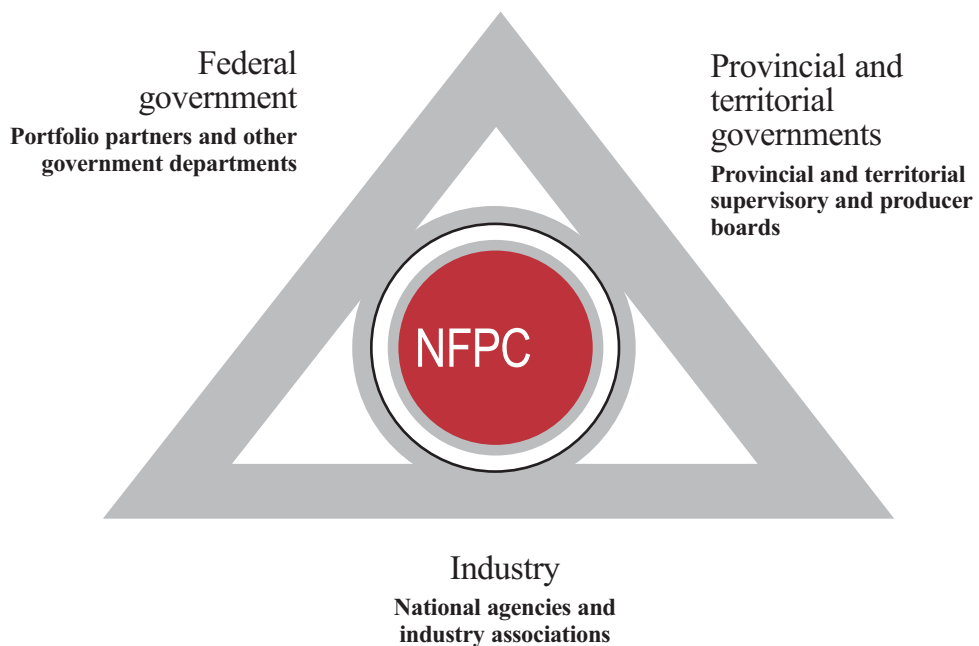
3.01

Farm Products Agencies Act

The National Farm Products Council (the Council) is established under the Farm Products Agencies Act (1972) and operates under its By-Laws.

The legislation set up the National Farm Products Council. It also provided the legal foundation for the national marketing agencies created under the Act. In 1993, Parliament amended the Act to allow for the creation of national promotion and research agencies, and renamed the legislation the Farm Products Agencies Act.

The relationships between the key parties are shown below.



3.02

Agricultural Products Marketing Act

In 1995, responsibility for the administration of the Agricultural Products Marketing Act (APMA) was transferred to the National Farm Products Council.

The administrative role is carried out by the staff of the Council under the direction of the Executive Director. Council Members are not involved in the administration of the Act. The Strategic Policy Branch of Agriculture and Agri-Food Canada retains responsibility for all policy issues related to the act.

The APMA was enacted in 1949 to facilitate inter-provincial and export trade by providing for federal delegation to provincial boards and agencies of authority to regulate the marketing of agricultural products in inter-provincial and export trade to the same extent that they regulate marketing in intraprovincial trade. The APMA also permits delegation to these boards

and agencies of powers to establish, collect and use levies in relation to inter-provincial and export trade. Approximately 80 provincial Boards and Agencies have received delegated authority under the act.

Council staff's role is to liaison with commodity Boards and agencies and provincial government officials to advise and assist them in the processing of orders and regulations made pursuant to APMA delegation orders, or to enact new delegation orders. Council staff prepares the necessary paperwork to steer APMA orders and regulations through the federal regulatory process.

3.03

Structure and Composition of the Council

The Farm Products Agencies Act states that the Council shall consist of no less than three and no more than nine members, to be appointed by the Governor in Council (GIC). These Council Members represent various aspects of the poultry and egg sectors and other agri-food sectors. At least fifty percent of the members, not including the Chairperson, must be primary producers at the time of appointment. The general background of the Members is typically consistent with the nature of the work carried out by the NFPC.

The GIC also names the Chairperson and Vice-Chairperson. The Chairperson is also the Chief Executive Officer of the organization and is therefore directly responsible for the day-to-day administrative operations of the Council. This responsibility includes ensuring that the broad overall objectives of the Council are met, by overseeing the development and implementation of required policies, procedures, programs and budgets.

3.04

Council Member Profiles

Although every Member cannot possess all skills and attributes, the Council when viewed as a whole should reflect the desired profile. The composition of the Council should also be reflective of the agriculture and agri-food industry and of Canadian society in its broad context. As part of the Council's succession planning, the representation strategy sought is one that strives for a proper balance including:

- Diversity of gender
- Diversity of language
- Equity target groups
- Geographical representation

As for the last characteristic, the GIC attempts to appoint one third of the members from the four Western Provinces, one third from the two Central Provinces and one-third from the four Atlantic Provinces.



There are, in addition, several desirable characteristics that could be considered in the process of selecting and renewing Members as indicated below:

Personal Attributes

- Integrity
- Sound judgement
- Self-confidence
- Flexibility
- Initiative
- Commitment

Strategic Skills

- Leadership
- Communication
- Entrepreneurial
- Vision

Experience

- Successful producer from farm enterprises of varying size and sector
- Successful business person
- Successful agri-business or agri-food industry history
- Public policy background
- Member / delegate involved in leadership of farm co-operative, syndicate or agricultural federation
- Executive or managerial background
- Board of Directors experience
- Solid relationships with key stakeholders

Technical Knowledge

- Agriculture
- Accounting
- Corporate Management
- Food Processing
- Marketing
- Financial Administration
- Law
- Technology
- Communications
- E-business
- Governance
- Public Policy

Time Commitment

Members are expected to regularly attend meetings of the Council and of any Committees to which the Member has been appointed. There are approximately 6 Council meetings per year and travel is required. The basic time commitment for a Member is 18 days per year. Additional time would be required if the Member is tasked with other duties.



3.05

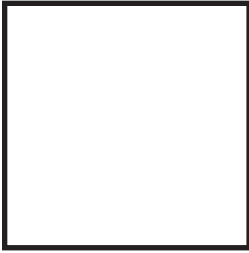
Current Council Members

Council consists of one full time Chairperson and up to 8 part time members. The current Members are identified below along with their official positions and terms.

Name	Term	Position	Commitment
	Vacant	Chairperson	Full time
D. Gordon Hunter Florenceville, N.B. (506) 392-5297	Jan. 2007 – Jan. 2010	Vice-Chairperson	Part time
Stuart Affleck Bedeque, PEI (902) 887-2631	Dec. 2004 – Dec. 2007	Member	Part time
Juliann Blaser Lindenbach Balgonie, Sask (306) 771-2776	Dec. 2004 – Dec. 2007	Member	Part time
Ed de Jong Abbotsford, B.C. (604) 826-2707	Apr. 2007 – Apr. 2010	Member	Part time
Susan Johnson Eddystone, Manitoba (204) 448-2101	Dec. 2004 – Dec. 2007	Member	Part time
Brent Montgomery Valcartier, Quebec (418) 844-3984	Apr. 2007 – Apr. 2010	Member	Part time
Roger Richard Acadieville, N.B. (506) 775-2807	Dec. 2004 – Dec. 2007	Member	Part time
Michel Veillette Cap-de-la-Madeleine, Québec (819) 376-1772	Jan. 1998 – Jan. 2008	Member	Part time



3.06

Current Council Member Backgrounds**Chairperson**

Vacant

**D. Gordon Hunter, Vice-Chairperson**

D. Gordon Hunter currently serves as Counsel with Crocco Hunter law firm in New Brunswick. He is former Director for the Canadian Egg Marketing Agency and for the New Brunswick Egg Marketing Board. Mr. Hunter has owned and operated a poultry farm, sat on farm and dairy committees/commissions, and was appointed Queen's Counsel by the Governor General in 1992.

**Stuart Affleck, Member**

Stuart Affleck is a commercial potato farmer in Bedeque, Prince Edward Island. He is a former Vice-Chair of the P.E.I. Potato Board, a former Junior President of the National Farmers Union and a participant in various farm financial appeal boards at the Provincial level.

**Juliann Blaser Lindenbach, Member**

Juliann Blaser Lindenbach is an active partner with her husband in a holstein pure breed dairy operation. She is a Board Member of Dairy Farmers of Saskatchewan and the National Promotions Committee for Dairy Farmers of Canada. Juliann is a strong advocate in the Saskatchewan education system. Her professional background began as a Registered Nurse and she continues to work on a part-time basis in Ambulatory Care.

**Ed de Jong, Member**

Ed de Jong owns a broiler breeder and a dairy cow operation in Abbotsford, B.C. Ed has held numerous agricultural-related positions including Delegate to the B.C. Federation of Agriculture, Director of the Canadian Broiler Hatching Egg Producers' Association and Chairman of the Canadian Broiler Hatching Egg Marketing Agency.



Susan Johnson, Member

Susan Johnson is an owner-operator of Shoreline Stock Farm, a ranch that has been a leader in the development of hybrid cattle, in Eddystone, Manitoba. She has experience in the Manitoba co-operative industry, is an active leader in local 4-H organizations and is a Farm Family of the Year Award recipient. She is also a member of North Parkland Growing Opportunities Advisory Council, Manitoba Agriculture Food and Rural Initiatives.



Brent Montgomery, Member

Brent Montgomery owns a turkey farm in Valcartier, Quebec, in partnership with his brother. He has occupied numerous positions in the agricultural field including Chairman of the Canadian Turkey Marketing Agency and Administrator of the Fédération des producteurs de volailles du Québec. Brent also has been the Mayor of the Municipality of St-Gabriel-de-Valcartier since 1988.



Roger Richard, Member

Roger Richard owns the agricultural business Ferme Pouce Vert in Acadieville, New Brunswick. His family farm grows a variety of vegetables on a 15 acre garden, as well as strawberries on a 6 acre pick-your-own operation. He serves on the board of directors of the N.B. Federation of Francophone Farmers (Fédération des agriculteurs et agricultrices francophones du N. B.) and of the N.B. Agricultural Council. In addition, he is an active member of several other committees in the Kent region.



Michel Veillette, Member

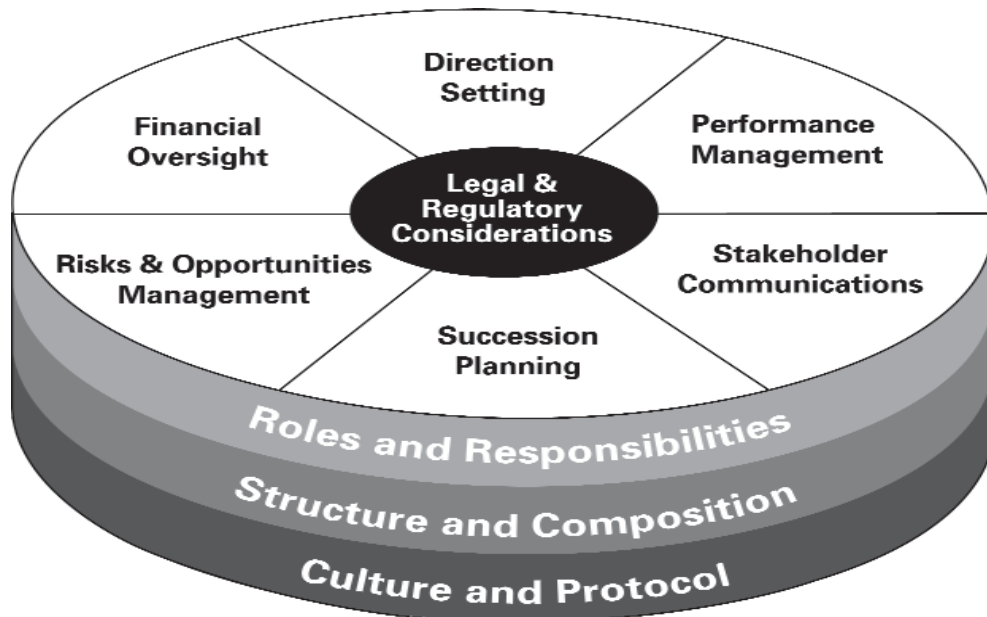
Michel Veillette, a resident of Cap-de-la-Madeleine, Quebec, is the former President of Froma-Dar Inc. and André Frappier Inc., manufacturers and distributors of specialty cheeses. He was also Vice-President of Les Produits laitiers J.A. Baribeau Ltée. A Former President of the Conseil de l'industrie laitière du Québec, he is a former Member of Parliament and was Parliamentary Secretary to the Minister of Consumer and Corporate Affairs from 1981 to 1984.

3.07

Governance Framework

The Council is not empowered with the typical roles and responsibilities found in a Board of Directors established under a Federal or Provincial act of incorporation. The key differences can be summarized in that the Council and its Members are not held liable for the functioning of NFPC operations, particularly as they relate to financial performance. This is the responsibility of the Chief Executive Officer who is also the Chairperson. The Council and its Members are, however, responsible for certain regulatory powers and duties that are not typically within the mandate of a corporate Board of Directors. These particular dimensions of the governance of the Council have been termed “operational responsibilities” and they are explored in greater detail in Section IV of this manual.

During the fall of 2001 and winter of 2002, the Council undertook a review of its governance structure and process as part of a commitment to continuous improvement. The review process and analysis was based on the governance framework shown below.

NFPC Governance Framework

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This framework identifies the 6 fundamental responsibilities of a typical governing body and the 3 contextual dimensions for their practical application. The legal context in which the Council operates is such that not all responsibilities apply. Nonetheless, the decisions made by the Council regarding the practical application of the framework to the NFPC’s situation define the governance model used by the organization. Specific applications of this model in keeping with governance best practices

adapted to the particular circumstances of the Council are incorporated into the subsequent sections of this manual.

The Council practices a “leadership by consensus” governance philosophy or culture, which includes and integrates as many of the ideas, perspectives and concerns of the industry as possible while staying true to its fundamental mandate of serving the public good by maintaining an orderly supply management system. This philosophy also affords stakeholders the opportunity to participate in the Council’s governance process through open dialogue. The NFPC believes that the exchange of all viewpoints, in appropriate fora, is essential to facilitating the industry’s growth and success.

The Council believes one of its most fundamental mandates is the ongoing review and improvement of its governance processes and methods to further its goals and achieve its objectives. As a consequence, its governance model evolves over time to accommodate modifications to its legal mandate or changes in its environment.

3.08

Council Roles and Responsibilities

The Council assumes the role of a Board of Directors in reviewing and monitoring the activities of existing and any new Agencies. The Council also ensures that the interests of both producers and consumers are protected through the efficient operation of Agencies, and generally administers all aspects of Section 6 of the Farm Products Agencies Act.



Council Roles

The broad definitions of potential roles adopted by the Council in the context of its overall responsibilities are identified in the following table.

Definition of Council Roles

Council Role	Explanation
Develop and implement	Responsibilities that are the sole domain of the Council to initiate and act upon. Staff may be requested to assist as required.
Contribute to and approve	The Council is substantially involved in the development of any strategy, policy or decision prior to considering its formal approval.
Review and approve	The process by which the Council considers recommendations by Staff and renders a decision.
Monitor	A broad and recurring function of the Council in regularly reviewing, ensuring compliance, assessing and possibly challenging items presented by agency and Council Staff as well as recognizing and celebrating success.
Provide advice	Issues that the Chairperson / CEO may wish to discuss with the Council to obtain guidance, but a decision or action is not requested.
Gain awareness	Information items that the Council should be knowledgeable of, but no action is required.

Council Role / Responsibility Model

A general listing of the roles and responsibilities of the Council, and by inference limitations compared to a typical Board of Directors, has been defined and is illustrated in the accompanying tables. Specific roles and responsibilities related to the quotas, levies and complaints hearing elements of the Council's mandate are discussed in Section IV of this manual.

Council Roles and Responsibilities (Part 1)

Roles		Develop and Implement	Contribute to and Approve	Review and Approve	Monitor	Provide Advice	Gain Awareness
Responsibilities	Direction Setting						
	Set mission and long term vision		-				
	Establish strategies, objectives and plans			-			
	Link project plans to strategy			-			
	Issue management		-				
	Financial Management						
	Ensure legal responsibilities are met		-				
	Set budget						-
	Assess financial results						-
	Verify integrity of financial results						-
	Performance Management						
	Organization			-			
	Council	-					
	Council Members	-					

Council Roles and Responsibilities (Part 2)

Responsibilities	Roles	Develop and Implement	Contribute to and Approve	Review and Approve	Monitor	Provide Advice	Gain Awareness
	Risks and Opportunities Management						
	Define and assess		-				
	Develop strategies		-				
	Establish internal controls						-
	Update and review results				-		
Succession Planning							
	Develop Council Member profiles					-	
	Develop new Member orientation and ongoing development	-					
	Ensure CEO has a succession plan for senior management and staff				-		
Stakeholder Communications							
	Identify stakeholders and develop effective strategies			-			
	Report on accomplishments			-			
	Report on governance processes	-					
	Set strategies / messages to be communicated		-				
	Build external relations		-				
Stakeholder Relationships							
	Attend stakeholder meetings				-	-	-
	Outreach programs					-	-
	National/International information gatherings (shows, conferences and events)					-	-

3.09

Roles and Responsibilities of Members**Legal Responsibilities and Obligations**

The legal responsibilities and obligations of Council Members have their roots in:

- Legal documents that establish and empower the Council: the Farm Products Agencies Act, and Orders and By-Laws made pursuant to the Act.
- Common law duties and responsibilities applicable to corporate directors.
- Administrative law duties applicable to bodies that exercise statutory powers.

The Council has also developed guidelines to assist it in carrying out some of its duties and responsibilities. Generally speaking, all three types of duties and responsibilities are complementary. They reflect basic concepts of fairness, good faith and proper governance. The background and implications of all three types of duties are described in the following sections.

Duties and Obligations Under NFPC Legal Documents

- Farm Products Agencies Act: Sections 6 and 7 of the Act set out the underlying duties and powers of the Council.
- Agencies Orders and Regulations Approval Order: the Council has enacted an Order under paragraph 7(1)(d) of the Act requiring Agency Orders or Regulations relating to the allocation of quotas, the imposition of levies or pricing in a regulated product destined for inter-provincial or export marketing, to be prior-approved by the Council before the Agency can make these orders and regulations into law.
- NFPC By-Laws: The Council's By-Laws established under Section 12 of the Act provide for the manner in which meetings are to be conducted, the establishment of committees and other matters of corporate governance.
- Guidelines for Complaints/ Guidelines for the Approval of Quota Regulations and Levy Orders/Rules for Public Hearings

Council's Guidelines, established pursuant to its By-Laws, provide assistance to Members, participants and parties affected by the activities of an agency in implementing alternative dispute resolution processes and, in those instances where there is a public interest element to be satisfied, requesting a public hearing to review the operations of an agency.

Duties and Obligations Under Common Law

Long standing common law principles in respect of business corporations establish that directors are "fiduciaries" of the corporation they serve and impose the obligation to act honestly and in good faith, on those directors.



In common law, Governor in Council appointees are equivalent to the Directors of a business corporation and are held to a similar standard. As a result each Council Member must act honestly and in good faith with a view to the best interests of the Council, and must exercise the care, diligence and skill that a reasonably prudent person would exercise in comparable circumstances.

Duties and Obligations Under Administrative Law

The statutory powers vested in the Council give rise to a number of duties under general administrative law principles. The content and strictness of some of those duties will vary depending on the kind of function the Council is performing. For example, stricter procedural standards of fairness will apply if Council is conducting a public hearing in connection with the establishment of a new agency, whereas less strict standards of fairness will apply if Council is amending its Guidelines for the Approval of Quota Orders. Some of the relevant duties include:

- Procedural fairness (fair hearing)
- Acting with independence and impartiality
- Acting only on relevant, not irrelevant or improper considerations
- Acting in good faith without malice
- Promoting the objects of the Act
- Exercising the public powers entrusted to members and not improperly delegating those powers to others
- Satisfying any statutory pre-conditions to the exercise of a power, such as publishing notice of a public meeting

Stewardship

Council Members have a role of stewardship of the National Farm Products Council. Stewardship means that a Member should exercise leadership visibly and be assertive when necessary. Stewardship also requires vision and forward thinking, particularly in areas such as strategic planning, identifying areas of risk and communication of Council's policies to producer and non-producer stakeholders.

Fiduciary Duty

Council Members are Governor in Council appointees, appointed in their personal capacity to provide advice, through the Council, to the Minister of Agriculture and Agri-Food. As GIC appointees, Members are representatives of the federal government from a national perspective. Members are not appointed to represent the interests of a particular producer or non-producer group.

Legally, once a Member is appointed, the primary fiduciary duty is to act in good faith and with a view to the best interests of the Council. Fulfilling this duty means:

- Bringing a national vision to work on behalf of the Council, while recognizing the importance of provincial, regional and sectoral concerns;
- Not withholding sensitive and important information affecting the Council's well being;
- Taking positive, proactive steps to protect the interests of Council when and as needed (to paraphrase one court decision, not allowing the Council to "drift towards the rocks" by lying back and doing nothing);
- Bringing an independence of mind to the duties of a Member;
- Publicly defending Council policies and decisions;
- Working to build trust and co-operation among Members and between Council and stakeholders.

Care, Diligence and Skill

As fiduciaries, Members must devote sufficient time and attention to the affairs of the Council so that Members are in a position to exercise informed judgement. The duty to exercise care, diligence and skill does not require that Members meet a standard of perfection. The Courts have said business decisions, honestly made, should not be subject to microscopic examination and should not be interfered with simply because they are unpopular with some. Council Members will be held to a similar standard.



The fiduciary standards reflect what a reasonably prudent person would do in comparable circumstances. Some Do's and Don'ts for Council Members include:

- Do your homework;
- Be adequately prepared for Council meetings;
- Actively question other Members and staff before making a decision on a given issue;
- Make sure that your fellow Members are also well informed;
- Pay particularly close attention to matters that pose a risk to the well being of the Council;
- Don't make hasty ill-conceived decisions before you have all the necessary facts.

Acting Fairly and With an Open Mind

Members have to make a variety of decisions on issues on which opinions are often divided. Members must always strive to act fairly toward those who will be affected by the decisions that Council makes, in the exercise of their public duties. Members must not approach issues to be decided with minds made up in advance, but should be prepared to listen carefully to those with a different point of view. In legal terms, a Member must not "fetter its discretion" by restricting its flexibility in decision-making. The need to act fairly and with an open mind applies, not only to other Members but also to various stakeholders. Special attention must be paid to the requirements of procedural fairness when a Member is deciding on the rights and obligations of particular persons (such as, during a complaint hearing).

Business Judgment Rule

Members are entitled to exercise judgment since they necessarily operate in a business environment where some risks are always present. The law recognizes these inherent risks and that perfect results are not possible.

The code of conduct required to provide protection to Members is termed the business judgement rule. The business judgment rule requires that Members act reasonably and in good faith, and without a conflict of interest.

It is important for Members to ensure that:

- Adequate information is available
- Agendas and background documents are provided prior to meetings
- They attend meetings and ask questions with independent minds
- They make notes and document their participation
- They establish the appropriate committees to ensure that certain matters receive an in-depth and expert examination that would be difficult for an entire Council to conduct.

All these points are compatible and consistent with the requirement of due diligence on the part of Members. These actions also lead to sound decisions that fulfill the ultimate objectives of the Council.

Conflict of Interest

A Member's fiduciary duty to the Council carries with it an obligation to avoid situations in which a Member's personal interests could conflict with the best interests of the Council. A few conflict of interest rules include the following:

- Members must not have private interests that would be affected particularly or significantly by Council decisions in which they participate;
- Members must arrange their private affairs in a manner that will prevent potential or apparent conflicts of interest from arising in connection with Council's activities;
- Members must not knowingly divulge or make personal use of confidential information acquired in their duties as a Member of Council
- The Chairperson, as a full-time GIC appointee, is subject to all parts of the Privy Council Office's "Conflict of Interest and Post Employment Code for Public Office Holders".
- All members of Council who are part-time GIC Appointees are subject to Part I of the Government's Conflict of Interest Code. A copy of the entire Code is attached.

Many aspects of the Government's Conflict of Interest Code are now contained in the recently enacted Conflict of Interest Act. The Act in fact provides more specific requirements than what is contained in the Code. As public office holders Council members should fully acquaint themselves with the applicable provisions of the Act and a copy of the relevant portions has therefore been included with this manual. Where a member qualifies as a "reporting public office holder" particular attention should be paid to the further restrictions the Act places on that member (beyond those of other public office holders) in respect to outside activities which will have to be observed. Part-time Council members are not considered to be reporting public office holder as they do not receive an annual salary or benefits.

Rights and Expectations of Members

All members have equal authority and exercise the same powers when dealing collectively with the decision making process of the Council. Members bring a broad perspective to the decision making process of the Council.

In addition to attending Council meetings, members may be given responsibility, as directed by the Chairperson, for more in depth concentration on one or more agencies and related stakeholders. This would require attending Agency meetings, liaison with Agency executive members and reporting to Council on Agency activities. All members represent the federal government from a national perspective. Members represent the Council, as directed by the Chairperson, at various meetings, seminars and conferences at the local, provincial/territorial and



national level so as to promote a better understanding of Council's work and how it operates.

Members are expected to keep in contact with grass roots organizations at the local, provincial/territorial and national levels so as to obtain a better understanding of local and regional problems. Members should establish and maintain contact and ongoing liaison with provincial/territorial governments, commodity boards, producers, processors consumer representatives or other groups affected by national plans in order to report to Council on any developments in the industry. Members should also keep the Chairperson informed of any developments that could either adversely affect Agency operations or areas in which research is required.

Members may be appointed to a Council's Complaints Committee to conduct a public hearing into a complaint pursuant to Section 8 of the Farm Products Agencies Act from someone affected by the operations of the national marketing agencies. Members may also act on a panel of members appointed to conduct a public hearing into other matters relating to the establishment, implementation or amendment of national agencies and marketing plans.

Council Positions

The Governor in Council appoints 2 of the Members to specific positions on the Council - the Chairperson and the Vice-Chairperson. In addition, the Chairperson can designate a Council Secretary from the members of the NFPC Staff. The roles and responsibilities of these positions are identified below.

3.10

Role of the Chairperson

The Chairperson reports to the Minister of Agriculture and Agri-Food, and is responsible to the Minister, through Council, for the performance of the Council under the terms of the Farm Products Agencies Act.

The Chairperson of the Council must exercise leadership responsibilities that are often very challenging. The tacit approval of the Members to a certain style of leadership by the Chairperson is fundamental to ensuring the proper and effective running of the Council's operations. The agreed-to role of the Chairperson for this Council has been defined as follows:

- Leader / facilitator of the Council
- Leads the Council in defining its job, creating the rules of functioning and evaluating its performance
- Ensures processes are in place to conduct the Council's business
- Runs participative, efficient meetings
- Facilitates coming to decisions in an effective manner
- Takes the long view
- Organizes and chairs public and quasi-judicial hearings in a fair and equitable way

- Usually represents the Council to outside parties in announcing decisions, providing interpretations and promoting the goals of the Council

The Chairperson also provides professional and sound advice and recommendations to the Minister on the activities, objectives, requirements and policies of the Council, and on all matters relating to the establishment, operation and performance of marketing agencies under the Act.

3.11

Role of the Vice-Chairperson

The Vice-Chairperson of the Council is appointed by the Governor in Council. The position is currently structured as a part time position. Some of the specific roles of the Vice-Chairperson include:

- Taking on responsibilities of the Chairperson in the absence or incapacity of the Chairperson
- Providing professional advice on policy development and the decision-making process of the Council
- Assisting in developing, organizing, directing and managing the Council's activities and meetings
- Chairing public and quasi-judicial hearings under Section 8 of the Act when requested by the Chairperson
- Directing special projects to support the national supply management of farm products
- Representing the interests and concerns of the Council with Agency, producer, processor, special-interest and consumer groups to resolve issues and share information on current policy initiatives if so requested

3.12

Role of the Council Secretary

The Chairperson appoints the Secretary of the Council from the NFPC Staff. The main roles and duties of the Council Secretary include:

- Developing the agenda for the meeting through consultations with Staff and the Chairperson
- Developing a suggested timetable for the conduct of the meeting
- Preparing and sending notice of meeting
- Reviewing all briefing material to be provided to Members, for content and consistency
- Preparing draft motions for consideration by the Council when making decisions
- Ensuring that logistics for meeting room are arranged
- Producing minutes of the meeting and arranging for approval by Council Members
- Provide advice to Council Members on any aspect of the Council agenda.

3.13

Role of the Executive Director

The Executive Director acts as the Chief Operating and Policy Officer to the Chairperson / CEO and Members of the National Farm Products Council with respect to domestic agriculture policy. The Executive Director's main roles include:

- Administering all regulatory and policy aspects of both the Farm Products Agencies Act and the Agricultural Products Marketing Act
- Reviewing and proposing modifications to Council policies and guidelines
- Leading the strategic planning process and delivery of the Council's strategic action plan
- Leading the review and renewal of federal/provincial/territorial agreements and monitoring the operations of all marketing or promotion and research agencies
- Managing administrative systems supporting the functioning of the Council
- Coordination between Council, AAFC and the other agriculture portfolio agencies in the implementation of the Agriculture Policy Framework.
- Coordination between Council and OGDs in the implementation of government wide administrative policies.

3.14

Council Meetings

The By-Laws require that the Council meet a minimum of four times per year and at such other times as determined by the Chairperson. Notice of meetings is to be given in writing at least 7 days in advance unless the Members waive this requirement. Meetings are generally held in Ottawa, Ontario, and on occasion by teleconference. Meetings vary in length from one to three days.

The Chairperson calls and presides over all meetings. In the absence of the Chairperson, the Vice-Chairperson is designated by the FPAA to preside at meetings of the Council.

Meetings of Council require a quorum consisting of a majority of its members. Where the required majority is not possible, a quorum is deemed to exist if one third of the members of Council are present at the meeting.

Council members have equal powers of decision and are all equally involved in major decisions of the Council. Every effort is made to arrive at a consensus. Decisions require a majority vote by the Members. In the case of a tie vote, the final decision or recommendation rests with the Chairperson. The final disposition of all Council business represents the official position of the Council.

Council meetings are generally held in an open forum. Members have an opportunity at each meeting to meet in camera, however all decisions are made in the plenary session. The Council uses in camera sessions for a variety of purposes, but mostly to review and improve its internal dynamics as well as discuss issues that might compromise the Council's effectiveness in carrying out its duties and responsibilities if held publicly.

The Council Secretary develops meeting agendas for the approval of the Chairperson. Supporting documentation for the meetings is sent by NFPC in advance of meetings.

Executive members of the Agencies and industry associations are invited to meet, at least once a year, with the full Council to discuss current issues and future plans.

The current list of planned Council meetings as well as those of key stakeholder organizations is shown in the following table.



2007 Consolidated Meeting Schedule

NFPC / Agencies / CPEPC / CCA

	NFPC	CEMA	CFC	CTMA	CBHEMA	CPEPC	CCA
JAN	9-10 Ottawa	30-31 Toronto	31 Ottawa				
FEB	19 Ottawa	1 Ottawa	1 Ottawa			5-7 Ottawa	
MAR	19-20 Ottawa	20-22 Ottawa	20-22 Ottawa	21-22 Ottawa	22-22 Ottawa		Annual Ottawa
APR	24 Ottawa						
MAY		9-10 Ottawa	16				
JUNE	11 Niagara Falls			27-28 Fredericton		10-12 Niagara Falls	
JULY	25-26 Ottawa	9-11 Kananaskis	16-20 Kelowna		10-12 Quebec		
AUG							Semi-Annual Halifax
SEPT		26-27 Ottawa	6	26-27 Toronto			
OCT	31 Toronto		3-4 (Strategic Plan)			16-17 (Tent)	
NOV	1 Toronto	7-8 Ottawa	14-15 Ottawa	27-29 Toronto	19-22 Ottawa		
	12-13 Ottawa		18				

3.15 **Structure of Committees**

As authorized under the NFPC's By-Laws the Council may establish committees. The Committees of the Council, as established in its By-Laws include:

- Levy Committee
- Complaints Committee

The Levy and Complaints Committees deal with the quasi-judicial or operational responsibilities of the Council and are discussed in Section IV of this manual.

3.16 **Administrative Details**

Member Remuneration

Council Members who are not employed in the public service of Canada are paid a per diem that is fixed by the Governor in Council. Individual Members are invited to obtain details by consulting the Council Chairperson.

Members Indemnity and Insurance Coverage

The Federal Government indemnifies Council Members against personal and civil liability incurred while on Council business, provided the Member acted honestly and without malice. Legal assistance will also be provided by or through the Department of Justice to Members who are charged or sued for matters arising out of their duties as Members. A copy of the Treasury Board's Policy on the Indemnification of and Legal Assistance for Crown Servants is available from Council staff.

Reimbursement of Members Expense

Members appointed to Council are subject to Treasury Board of Canada Directives dealing with allowable reimbursement for Council related activities. Members are encouraged to contact NFPC Staff to clarify any details or concerns over particular allowances that may apply in specific situations.

Members must complete and submit expense claims and original receipts for each trip on Council business. Original receipts must be attached to the "Travel Expense Claim" form to support all travel expenditures, including transportation tickets stubs. The following illustrates some of the typical considerations.



Travel

Members are responsible for making their own travel arrangements. All trips of less than nine hours in duration must be made using economy class. Members who choose to utilize their private vehicle shall be reimbursed for distances travelled.

Accommodations

The NFPC Staff usually reserves rooms for Members attending Council meetings. Members wishing to take advantage of private accommodations may claim a nightly allowance.

Meals

While travelling, Members may claim daily meal allowance or actual and reasonable meal expenses, supported by receipts. Actual meal expenses shall not include alcohol or the additional cost of room service, which is to be identified by the claimant.

Incidentals

This allowance covers such items as gratuities, a daily newspaper, laundry and dry cleaning over the duration of a trip, even though a particular expense may be higher on a given day. In unusual circumstances, one may claim actual and reasonable expenses with an explanation and supported by receipts, in lieu of the daily non-accountable allowance.

Hospitality

All hospitality expenses must be pre-approved by the Council's Chairperson.

Miscellaneous

Members will be issued a calling card from the Government Telecommunications Agency. This card must only be used for any long-distance calls related to Council business. Members will also be issued a NFPC business cards.

Expense Allowances as of October 1, 2007

Item	Allowance
Private accommodations	\$50.00 per night
Meals (daily maximum)	
Breakfast	\$13.45
Lunch	\$12.65
Dinner	\$35.90
Incidentals	\$17.30 per day

Expense Allowances as of July 1, 2007

Item	Allowance
Private vehicle use:	
British Columbia	48.0 ¢ per km
Alberta	46.0 ¢ per km
Saskatchewan	45.5 ¢ per km
Manitoba	45.5 ¢ per km
Ontario	49.5 ¢ per km
Quebec	52.5 ¢ per km
Nova Scotia	46.5 ¢ per km
New Brunswick	47.0 ¢ per km
Prince Edward Island	47.5 ¢ per km
Newfoundland & Labrador	49.0 ¢ per km
Northwest Territories	51.5 ¢ per km
Nunavut	51.5 ¢ per km
Yukon	54.0 ¢ per km

Section IV. Operational Responsibilities

4.01 *Introduction*

The mandate of the Council is significantly different than that of a traditional Board of Directors in that it is embodied with quasi-judicial powers and responsibilities by virtue of its constituting Acts. These “operational responsibilities” fall outside of the traditional governance structures and practices and are hence covered in this section of the manual.

4.02 *Reviewable Nature of the Decisions of Council*

The Council qualifies as a federal board or tribunal under the Federal Court Act. Many of the decisions the Council makes therefore, particularly those which can be clearly recognized as directly or indirectly involving the rights of persons affected by the operations of national agencies, may be subject to review by the Federal Court. Further, where it can be concluded the Council is operating as a quasi-judicial body (as when a public hearing is conducted by Council) the court will seek to ensure that the Council has followed even higher standards of procedure, including legal principles such as the rules of procedural fairness, natural justice and the rule of law (where applicable), in formulating, determining and implementing the Council decision under review.

4.03 *Orders and Regulations*

The national marketing agencies that administer supply management systems implement their quota and levy systems by enacting orders and regulations. These Levy Orders and Quota Regulations must have the prior-approval of the Council before they can be made by the Agency. The Council has adopted Guidelines for the administration of both Quota

Regulations and Levy Orders, to provide agencies with information on what documentation the Council's requires to consider orders and regulations for prior-approval purposes. The Council's "Agencies Orders and Regulations Approval Order" also specifies that any orders dealing with pricing must also be prior-approved by the Council.

Other orders and regulations enacted by agencies to administer their marketing plans require approval by the Council after they are enacted by the Agency. Council refers this to as "post-approval". These orders and regulations fall under paragraph 7(1)(e) of the FPAA. (e.g. Licensing Regulations).

The Council typically deals with levy and quota decisions as a matter for the consideration of the complete Council. Pursuant to its By-Laws, the Council has delegated its responsibilities with respect to Levy Orders, whose purpose is to amend provincial levy rates, to a Committee. The Terms of Reference for the Levy Committee are shown below.

4.04

Levy Committee – Terms of Reference

Purpose

The Levy Committee is sometimes delegated the Council's responsibilities identified in paragraph 7(1)(d) of the FPAA with respect to the prior-approval of Levy Orders.

Composition

The Committee shall be comprised of the duly appointed Members of the Council or NFPC Staff as follows:

- Chairperson (in their absence the Vice-Chairperson)
- Two members from the following NFPC Staff
 - Executive Director
 - Council Secretary
 - Commodity Officer

Responsibilities

The responsibilities of the Levy Committee include:

- Review for prior-approval purposes, amendments to Levy Orders which amend provincial levy rates
- Signing the blue stamped copies of the Orders

Procedures

The Committee meets at the request of the Chairperson. Minutes are produced and kept on file. If the Committee recommends the prior-approval of the Order, the Chairperson signs the blue-stamped copies of the order and sends it back to the Agency for enactment.

4.05

Complaints

The FPAA requires that the Council consider complaints made by persons directly affected by Agency operations if the complaint relates to Agency operations.

The Act does not strictly require that the Council convene formal hearings to consider the complaints. This provides the Council with a range of options to deal with complaints ranging from convening a facilitated meeting of the parties to convening a formal hearing of the matter.

The FPAA also requires that the Council “take such action within its powers as it deems appropriate in relation to any complaints”. This allows the Council to take any action it may deem appropriate. The Council has in fact very few available powers. The Council cannot direct an Agency to take any particular action, but if the complaint is related to an Agency action that requires Council approval, the Council could refuse to give that approval. Further, the Council can recommend that the Agency take a particular action and, if necessary, can advise the Minister.

The Council has adopted Guidelines for the administration of complaints. The Guidelines refer the complainant to the option of using alternative dispute resolution processes which Council can offer the parties in dispute. These processes include mediation, structured negotiation, neutral evaluation and a mini-trial. In exceptional circumstances, where it would be in the public interest, the Guidelines specify that the Council can convene a public hearing under section 8 of the Farm Products Agencies Act, to inquire into the complaint. Council has the powers of a commissioner under the Inquiries Act when holding public hearings, giving it the power to subpoena witnesses and take evidence under oath.

4.06

Conducting Public Hearings

When conducting a public hearing the primary overall objective of the Council is to ensure expert, independent, unbiased quality service to all parties to the hearing by treating all parties equally, fairly and with understanding, respect and dignity.



Members of Council who are assigned to serve on a panel for a public hearing should accordingly seek to observe the following general guidelines.

(1) Promotion of Integrity and Independence

Members shall participate in establishing, maintaining, and enforcing high standards of conduct and act to promote and preserve the integrity and independence of both the hearing panel and the Council.

In particular, members shall not use their position on the Panel to advance any personal or private interests.

(2) Collegiality

Members shall adopt a collegial approach in performing their duties and responsibilities through the exchange of views, information, and opinions in a spirit of respect for each other's special skills and qualities.

(3) Decision-Making

Members shall render decisions in a timely, reasoned, and appropriately documented manner, in compliance with the provisions of the Farm Products Agencies Act, the Proclamation and Marketing Plan which may be under review, the Rules for the Conduct of Public Hearings as enacted by Council, other applicable statutes, the policies of the Council and consistent with the principles of natural justice and the duty to act fairly.

Decisions shall be independent, impartial, and objective, and made without regard to partisan or special interests, or fear of criticism.

Members should return to the Secretary of the Council all documents in their possession relating to the hearing when a final decision has been reached.

(4) Conduct during Proceedings

In all proceedings, members shall conduct themselves in a manner that is courteous, attentive, patient, fair, and respectful to all participants, their language, customs, rights, opinions, and beliefs, while ensuring that the proceedings are orderly, efficient, and as informal as the circumstances permit.

Members shall require similar conduct of all others present during the proceedings.

(5) Bias

During the course of a hearing all members of council, whether serving on the panel or not, should not talk, in private or public other than in the hearing room, to any of the parties, counsel, witnesses or agents involved in the hearing. All communications between these individuals and Council members should occur only in the presence of all parties and their counsel.

It is not appropriate for Council members to discuss any aspect of a case with any of the hearing participants at any time other than during a hearing.

While recognizing that there will be circumstances where information or statements must be tested, members shall always avoid:

- words, phrases, or actions that could be understood to manifest bias or prejudice based on race, national or ethnic origin, colour, religion, sex, sexual orientation, age, mental or physical disability, or other personal abilities, characteristics or beliefs;
- statements or questions that would be demeaning to any person, or that would manifest bias or prejudice for or against an individual or group.

All members, and particularly those with professional or legal practice backgrounds, shall refrain from offering advice to parties involved in the hearing.

(6) Discussion of Cases

To preserve the integrity of the decision-making process, and out of respect for the duty to act fairly and the privacy interests of those involved in any hearing, members shall not disclose information about the hearing or discuss any matter that may be or has been decided by them with any person, including family members, relatives, friends, business associates, the media, Members of Parliament or other political representatives, except as required in the performance of, and in circumstances appropriate to, the formal conduct of their duties.

Nor shall members receive or consider information about a hearing that they must decide, except as provided by the rules established by Council respecting the conduct of public hearings.

(7) Contact with the Media or Government

Council panel members should not communicate with the media. All inquiries from the media should be referred to the Secretary of the Council, who will then consult with the Chairperson to determine the spokesperson to speak on behalf of the Council.

Similarly, in respect to relations with the government, all inquiries from Members of Parliament, Ministers, and political staff on any matters relating to the work of the panel should be referred to the Secretary of the Council.

(8) Gifts and Benefits

All Council members are advised that they must scrupulously guard against creating even the perception of bias. Members are advised not to accept any gifts, favours, or benefits, even those of nominal value, from persons who have or may have official dealings with a panel.



(9) Disqualification and Reporting

Before accepting an appointment to a particular panel, members shall review their individual circumstances to ensure that their participation does not raise a reasonable apprehension of bias or conflict of interest based on the circumstances of the hearing or with reference to any parties involved in the proceedings. In the event of any actual or potential bias or conflict of interest, a member should discuss the matter with the Chairperson of the Council and consider declining the appointment to serve on the panel.

If the member perceives that there may be an apprehension of bias or conflict of interest after appointment but before contact with other members of the panel, the member should consider disqualifying himself or herself immediately. The member shall not communicate about the hearing directly with any member or other person who may participate in the hearing. The member shall immediately advise the Chairperson and the Secretary of the Council of the self-disqualification and the reasons for that action.

If the member perceives that there may be an apprehension of bias or conflict of interest after contact with other members of the panel or when a hearing is underway, the member shall declare the bias or conflict to the participants, and decide, after receiving submissions from the parties, whether to continue to serve on the panel.

It should be recognized that, given the nature of the work of Council, in some circumstances a degree of bias or conflict of interest may be unavoidable in order to ensure the panel has the necessary expertise to deal with the issues being raised by parties. Whenever possible, if the issues for which specific expertise of the compromised member is required can be severed from the other aspects of the hearing, the hearing panel should seek to organize its affairs so as to limit the participation of the member who may be compromised to only those matters which require that expertise and then ensure that all parties to the hearing have no objection to proceeding in this manner.

In case of doubt, the compromised member should contact the Chairperson or the Secretary of the Council at the earliest opportunity.

(10) Post-Appointment

A former member of Council shall not represent, provide expert evidence, or otherwise act on behalf of a party to a hearing before Council for a period of at least one (1) year following the expiry of his or her appointment as a member of Council.