

Although much co-operative marketing was successful, particularly in the first years of incorporation, it was found that the voluntary aspect for many marketing co-operatives was a serious weakness, many members dropping out in good times and making their own deals. Thus, it was felt that a type of marketing organization was needed with the legal power to control the output of all producers of a certain product in a certain area, and as a result marketing control legislation was adopted providing for various types of boards and agencies.

11.8.2.1 Product controls

The federal and provincial departments of agriculture co-operate in establishing and enforcing grades of quality standards for various foods. Some control over size and types of containers used for distribution of agricultural products is exercised by the Canada Department of Agriculture, and the Department of Consumer and Corporate Affairs enforces regulations pertaining to weights and measures.

Standards related to health and sanitation in food handling are developed and enforced at all three levels of government — municipal, provincial and federal. Examples of provincial and municipal action include laws pertaining to pasteurization of milk, inspection of slaughter-houses and sanitary standards in restaurants. At the federal level, inspection by the Health of Animals Branch of the Canada Department of Agriculture of all meat carcasses that enter into interprovincial trade is required; the Foods and Drugs Directorates of the Department of National Health and Welfare have wide responsibility for food composition standards; and the Department of Consumer and Corporate Affairs has jurisdiction over advertising.

11.8.2.2 Marketing controls

The Agricultural Products Co-operative Marketing Act (RSC 1970, c.A-6) was passed in 1939 as a result of a federal government decision to assist orderly marketing by encouraging the establishment of pools that would give the producer the maximum sales return for his product, less a maximum margin for handling expenses agreed upon in advance. The Wheat Co-operative Marketing Act was passed at the same time but was in effect for only one year, and the Agricultural Products Co-operative Marketing Act now covers the marketing of all agricultural products except wheat produced in the Canadian Wheat Board area.

The purpose of this Act is to aid farmers in pooling the returns from sale of their products by guaranteeing initial payments and thus assisting in the orderly marketing of the product. The government may undertake to guarantee a certain minimum initial payment to the producer at the time of delivery of the product, including a margin for handling; sales returns are made to the producer on a co-operative plan. The guaranteed initial payment may be up to a maximum of 80% of the average price paid to producers for the previous three years, the exact percentage to be recommended by the Minister of Agriculture who enters into an agreement with the selling agency for the product. For 1971 crops, agreements were made for the marketing for processing of corn and apples in Quebec and of beans in Ontario.

Milk control legislation was enacted in nearly all provinces prior to 1940. Most provinces finance these milk control agencies partly from public funds and partly through the collection of licence fees and assessments from those engaged in the fluid milk industry. Milk control agencies have the authority to license those engaged in the fluid milk industry and can revoke licences for failure to conform with agency orders.

In all provinces with such boards, the milk control board or similar agency sets the minimum price which distributors in specified markets may pay producers for Class I milk, that is, milk actually sold for fresh fluid consumption. In British Columbia, a formula is used as a guide in determining minimum prices to producers. Most provinces set either minimum or maximum wholesale and retail prices for fluid milk. Quebec sets a minimum and maximum price range. Saskatchewan sets minimum prices applicable to all retail milk sales and maximum prices applicable to milk sales from retail wagons, as well as minimum-maximum price range at the wholesale level. Minimum prices are in effect in Alberta, Nova Scotia and New Brunswick. Maximum prices are set in Manitoba and no control is exercised over milk prices at the wholesale and retail levels in Ontario and British Columbia. In these three provinces some degree of price competition has developed between store sales and home delivery.

The powers given to milk control boards include: authority to inquire into all matters pertaining to the fluid milk industry, to define market areas, to arbitrate disputes, to examine