

The Canadian Dairy Commission, established in 1966, was the first national marketing agency to be established since creation of the Canadian Wheat Board in 1935. The commission has the power to stabilize the market by offering to purchase any dairy product and to package, process, store, ship, insure, import, export or sell or otherwise dispose of any dairy product purchased by it. The commission may also make payments to producers of milk and cream to stabilize prices of these products and may levy for export equalization.

A comprehensive milk marketing plan, with the purpose of balancing demand and supply and equalizing export assistance, was agreed to by the Canadian Dairy Commission and the milk marketing agencies of Ontario and Quebec in January 1971, establishing a market-sharing quota system for industrial milk and cream and that portion of milk, shipped by fluid producers, which is used for manufacturing purposes. Cream shippers in Quebec, Ontario and Prince Edward Island entered the plan in 1971. Producers in Alberta, Manitoba and Saskatchewan came under the program in 1972, British Columbia in 1973, and Nova Scotia and New Brunswick in 1974. All manufacturing milk and cream sold in Canada now comes under the market-sharing program. The market-sharing arrangement provides that each producer receives returns related to the target support price for manufacturing shipments up to his market share. The target support price is achieved through the offer-to-purchase program which stabilizes markets, plus the direct payments to producers. Producer returns for deliveries over market share are related to world prices for surplus dairy products.

Additional information on the role of the commission with regard to dairy production and income stabilization is given in Section 11.2.2.

Producer marketing boards were introduced during the 1930s to give agricultural producers legal authority under certain conditions to control the marketing of their produce. The Natural Products Marketing Act of 1934 attempted to provide this power at the federal level but the courts ruled that the subject was outside federal jurisdiction. The subsequently introduced Natural Products Marketing (British Columbia) Act, 1936 was found to be within the powers of provincial governments and it has since been used as a model for marketing board legislation as it evolved in all provinces.

The basic feature which enables marketing boards to control the marketing of a product is the compulsory aspect. A new board usually has to be first approved by a majority vote of the producers of the affected product. If approved, all producers of the product in the designated area, other than those who may be exempted as below a specified minimum production level, are required by law to market their produce under the authority of the board. Depending on a board's objectives and the type of product, its powers and duties may only involve negotiating a minimum price or may include production or marketing quotas, designated times and places for marketing, or such other powers which may be considered necessary to ensure an orderly and equitable market.

The powers of a producer marketing board provided by provincial legislation are necessarily limited to trade within the province. Under the Agricultural Products Marketing Act (RSC 1970, c.A-7), the federal government may delegate to a marketing board powers with respect to interprovincial and export trade similar to those it holds under provincial authority with respect to intraprovincial trade. This act also gives the Governor in Council the right to authorize a provincial marketing board to impose and collect levies from persons engaged in the production and marketing of commodities controlled by it for the purposes of the board including the creation of reserves and the equalization of returns.

The federal Farm Products Marketing Agencies Act passed in January 1972 is the enabling legislation for the creation of national marketing agencies or boards. National agencies may be set up, when producers and provincial authorities desire it, for any agricultural commodities which, due to widespread production in Canada or for other reasons, cannot be effectively marketed in an orderly manner under the jurisdiction of individual provincial boards. The act