

composition standards; and the Department of Consumer and Corporate Affairs has jurisdiction over advertising.

9.7.2 Marketing controls

The Agricultural Products Co-operative Marketing Act (RSC) 1970, c.A-6) was passed in 1939 to assist orderly marketing by encouraging establishment of pools for selling the product at the optimal time of year to give the producer equal value for product of like grade and quality.

The Act guarantees to the co-operative marketing pool the payment of the initial payment to producers and the processing, carrying and selling costs to a fixed maximum. The amount of the initial payment is set at the discretion of the Minister of Agriculture, taking into account current and estimated market prices. This Act has enabled many farmers to market their crops at a fair return in an organized and systematic manner. All agricultural products, except wheat produced in the area under Canadian Wheat Board jurisdiction, are eligible for such marketing assistance.

The Canadian Dairy Commission, established in 1966, was the first new national marketing agency since the creation of the Canadian Wheat Board, in 1935. The Commission has the power to stabilize the market by offering to buy major dairy products, butter and skim milk powder, at fixed prices and to package, process, store, ship, insure, import, export or sell or otherwise dispose of these and other dairy products purchased by it. The Commission may also pay subsidies to producers of industrial milk and cream. These payments supplement market returns to producers and keep consumer prices at reasonable levels. A producer is eligible for subsidy on shipments covered by his market share quota. The Commission administers an account to cover the cost of export marketing of dairy products. Money for this is collected by provincial milk marketing agencies from producers in all provinces except Newfoundland and remitted to the Canadian Dairy Commission.

A comprehensive milk marketing plan, to balance demand and supply and to generate funds for 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 (MSQ) 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 other provinces came under the program in the next three years. The arrangement now applies to all

industrial milk and cream sold in Canada and provides that each producer receives returns related to the target price for shipments up to his market share. The target price is achieved through the offer-to-purchase program which stabilizes markets, plus direct payments to producers. Producer returns for deliveries over market share are related to world prices for surplus dairy products.

Producer marketing boards were introduced during the 1930s to give agricultural producers legal authority under certain conditions to control 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. Subsequently the 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 in all provinces.

The basic feature which enables marketing boards to control marketing is the compulsory aspect. A new board usually has to be approved by a majority vote of the producers of the product. Then all producers in the designated area are required by law to market their produce under authority of the board. A board's powers may involve negotiating a minimum price or may include setting production or marketing quotas, designating times and places for marketing, or carrying out other functions which may be considered necessary to ensure an orderly and equitable market.

The powers of a producer marketing board, set up by provincial legislation, are limited to trade within the province. The Agricultural Products Marketing Act (RSC 1970, c.A-7), passed in 1949, allows the federal government to delegate powers to a marketing board for interprovincial and export trade, similar to those it holds under provincial authority with respect to intraprovincial trade. Under this Act, the Governor-in-Council grants authority to a provincial marketing board to negotiate marketing and impose and collect levies on commodities traded outside the province — for the use of the board, including the creation of reserves and equalization of returns.

Creation of national marketing agencies or boards was enabled by the federal Farm Products Marketing Agencies Act in January 1972. National agencies may be set up, when producers and provincial authorities desire it, for agricultural commodities which, owing to widespread production in Canada or for other reasons, cannot be effectively marketed under individual provincial boards.