

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 1973 crops, agreements were made for marketing apples in Quebec and 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. 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 the books and records of those engaged in the industry, to issue and revoke licences and to establish a price for milk; and authority to require a bond and periodic reports from distributors, payments to be made to producers by a certain date each month, distributors to give statements to suppliers or to give notice before ceasing to accept milk from any producer, and producers to give notice before ceasing to deliver milk to any distributor.

The Ontario Milk Marketing Board, a producer-controlled agency, was officially established by the Milk Commission of Ontario on November 1, 1965. Certain powers were assigned to it by the Commission regarding the production, marketing and transportation of milk.

The Canadian Dairy Commission, established in 1966, was a new development in the area of agricultural marketing because it was the first national marketing board to be established since creation of the Canadian Wheat Board in 1935. The Commission has the power to purchase any dairy product and 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 for the purpose of stabilizing the price of these products.

A comprehensive milk marketing plan 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 that portion of milk shipped by fluid producers which is used for manufacturing purposes. The agreement also covered cream shippers in Quebec, and cream shippers in Ontario entered the plan on April 1, 1971. Prince Edward Island was the third province to enter into the program, which became effective in that province on December 6, 1971. Producers in Alberta entered on April 1, 1972 and Manitoba and Saskatchewan came under the program on July 1, 1972. British Columbia entered the program on October 1, 1973, and Nova Scotia on May 1, 1974. More than 98% of the manufacturing milk and cream sold in Canada now comes under the market-sharing program. With the market-sharing arrangement, each producer receives a market price related to Canadian price support levels for deliveries up to his market share. Prices 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