

**THE BRITISH COLUMBIA
MARKETING BOARD
ANNUAL REPORT**

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To the Honourable
HENRY P. BELL-IRVING,
D.S.O., O.B.E., E.D.,
*Lieutenant Governor of the Province
of British Columbia*

MAY IT PLEASE YOUR HONOUR:

I have the honour to submit for your consideration the Annual Report of the British Columbia Marketing Board for the year 1981.

CHARLES E. EMERY
Chairman

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1981 ANNUAL REPORT BRITISH COLUMBIA MARKETING BOARD

The British Columbia Marketing Board commenced 1981 with C. E. Emery, Chairman, Mrs. E. M. Brun, N. C. Taylor and M. Hunter as members continuing to serve their appointed term. Mr. Robert Reynolds of Delta, B.C. was appointed for term of three years replacing A. E. Fiesbrecht.

For the Provincial Board, 1981 was a very active year in which an above average number of appeals were heard. It was also a year which required considerably more supervisory involvement on matters related to federal-provincial responsibilities in administering the National Egg and Poultry Plans.

In early February, the Board heard the first of several appeals by chicken growers on matters related to the quota policy of the British Columbia Chicken Marketing Board. In this case, the producer argued that the B.C. Chicken Marketing Board had a responsibility to advise him of an impending change in quota regulations during a time in which he was purchasing broiler production unit. Since the appellant had only an agreement for sale and was neither the owner of the farm nor registered grower at the designated time of issuance of increased secondary quota, he was considered ineligible by the Chicken Marketing Board and did not receive additional quota.

The Board's decision on this appeal was that it should fail on the grounds that the appellant was not, on the date of the quota regulation, either the owner of the farm or registered grower and that the respondent did not owe a duty to the appellant to inform him of the impending regulation.

The administering of B.C. Chicken Marketing Board quota policy was appealed by a roaster grower who alleged that he was not fairly treated as the result

of the Chicken Marketing Board implementing the recommendations of the British Columbia Broiler Enquiry Committee. This committee had identified discrepancies in the allotment of quota, and consequent profits, to the roaster growers when compared to former roaster growers that were converted to broiler quota in the past. As a result the committee strongly supported the concept that the roaster industry be maintained and that the Chicken Marketing Board, as soon as the marketplace permits, establish parity by issuing additional quota, based on annual poundage, to all roaster growers who were registered growers on or before September 1, 1978.

The Board examined all aspects of the appeal, in particular the recommendations of the enquiry committee, and concluded that since the appellant was not a registered grower on September 1, 1978, as called for in the regulation, he did not qualify for additional roaster quota and the appeal was denied.

The pricing mechanisms used for farm-gate pricing of eggs in Canada has received considerable attention by many sectors over the years. In early spring, the Board met with a consultant hired by the National Farm Products Marketing Council and discussed potential areas of improvement in the national egg-pricing system. The marketplace, the processor, the producer and the supervisory agencies impose many constraints on a revision of the national egg-pricing system. Success in refining the pricing system will require input and compromise by all parties concerned.

The Board, through an appeal launched by a turkey grower, was required to determine if the minimum quota level set by the British Columbia Turkey Marketing

Board was appropriate. In this appeal, a turkey producer had applied to transfer 136,500 pounds of turkey quota to a farmer who held no turkey quota and was denied the transfer by the Turkey Marketing Board. In his argument the appellant indicated that the transferee of the quota in question was a viable economic unit to which the turkey quota could be transferred and that it would be operating on the same location as an existing farming enterprise. The producer also argued that the operation was of a size that could be added to, as conditions permitted, and could eventually become a fully-fledged turkey farm which would allow the son an opportunity to become established as a farmer. The Board determined that the appeal should be allowed and the quota should be transferred. In its judgment the Board found the transferee to be a viable economic unit.

The British Columbia Turkey Marketing Board decided to appeal this decision of the Board, arguing that it had erred in allowing the transfer of quota. Since the regular members of the Board had heard the original appeal, W. Wood, F. Beeson and D. Shroeter were appointed as members to hear the appeal of the Board's decision. The appellant argued that the Board had erred in allowing the transfer of quota since the Turkey Marketing Board general orders require quota only to be transferred with the sale of the turkey production unit. The Turkey Marketing Board also argued that the breaking of quota into smaller production units would not encourage economies of scale and may result in many part-time turkey producers. It also claimed that the authority of the Turkey Board on quota matters was undermined by the Provincial Board decision.

The British Columbia Turkey Marketing Board appeal failed and the decision of the Board dated April 22, 1981, in which it instructed the Turkey Marketing Board to accommodate the transfer, was upheld. In

reaching this decision, the Board found the respondent to be proposing a reasonable course of action and that he stood a very good chance of strengthening the farming unit and making it into a viable agricultural operation.

The Board found, with respect to the grounds for appeal, that although the transferee must also be the owner of the production unit, the appellant had made exceptions to the order in more than one instance. On appeal, the Board has power to confer or vary any order, decision, or determination of the Turkey Marketing Board. With regard to the economies of scale needed to operate a viable economic unit, the Board was of the opinion that efficient and competitive turkey production is possible over a wide range of operating scales and conditions. The Board found the appellant's policy regarding quota allocation to production units was far too restrictive. Finally, the Board has been delegated the authority to supervise the Turkey Marketing Board on quota matters and has the power to overrule the Turkey Marketing Board decisions.

The B.C. Chicken Marketing Board quota regulations implemented in response to recommendations made by the British Columbia Broiler Enquiry Committee served as the basis for two additional producer appeals.

In the first appeal, the producer contended that he and others were growing roasters under permit at the effective date of the regulation and therefore were being discriminated against by not being granted additional quota as were the registered growers. He also claimed the order should have become effective on the date it was issued and not made retroactive to a date some 20 months prior to its issuance. The appellant argued such a thing had not been done before and created a dangerous precedent.

The Chicken Marketing Board argued that the appeal was against a regulation

which was properly enacted and which had come about as a result of a commendation of an enquiry committee which had been set up to attempt to solve and compensate for inequities which occurred in the industry in the past. While admitting that it was the first time it had made a regulation retroactive, the respondent stated it had no alternative but to set September 1, 1978 as the effective date. That was the last date upon which a major quota regulation was passed and was so the date recommended by the enquiry committee, which had the support of a large majority of producers in the industry.

The Board concluded that since the appellant was not a registered grower on the date called for in the regulation, he did not qualify for additional roaster quota and his appeal failed. In coming to this decision the Board acknowledged the importance of consistency and adhering to dates of qualification related to quota issuance.

In the second appeal of Chicken Marketing Board quota regulations, the producer argued that he should qualify for additional roaster quota as he was a registered roaster grower on the qualifying date contained in the regulation. The Board determined that the terms of qualification, namely being a registered roaster grower both on or before the qualification date and on the date of issuance of the quota regulation, were consistent with the recommendations of the enquiry committee. The appeal failed.

The B.C. Poultry Processors' Association appealed the B.C. Chicken Marketing Board's pricing order increasing the producer price for chicken early in April. The processors were concerned that live prices were allowed to rise beyond reasonable levels, chicken imports from other provinces and increased competition from red meats would cause chicken inventories to build at the processors' plants. The processors urged the Chicken Marketing Board to carefully consider market conditions when increasing the

price, and it stressed the importance of good communications between processors and the Chicken Marketing Board, if the needs of the marketplace are to be met.

The Chicken Marketing Board, as respondent, presented a comprehensive brief including pricing criteria for the B.C. chicken market, price levels in other provinces and their relationship to the B.C. chicken price, and a statement of their intent to keep the frozen chicken inventories in British Columbia to manageable limits. Specifics of the Federal-Provincial Agreement with respect to the establishment of a comprehensive chicken marketing program in Canada with emphasis on cost-of-production calculations and provincial chicken pricing were also presented.

The Board decided that the price increase issued by the Chicken Board should be allowed to stand. The Board stated, however, that it deplored the lack of communication and consultation between the Chicken Board and processors prior to the issuance of the pricing order. It stated that the Chicken Board must become more sensitive to the position of the processors and retailers in setting the price. Subsequent to this appeal, the B.C. Chicken Marketing Board and the B.C. Poultry Processors' Association took steps to improve communication which resulted in an industry approach to meet the needs of the marketplace.

The Western Food Processors' Association appealed specific sections of the B.C. Vegetable Marketing Commission order which set the procedure for setting prices of regulated products for processing or manufacture. In its argument, the appellant placed emphasis on the need to maintain a relationship that would permit both the processing industry and the growers to obtain a share of the market. It also emphasized the need to have negotiations on an equal and fair footing with both parties. The appellant further stated that the newly-instituted price-setting procedure would upset the

negotiating balance and may result in the commission setting terms and prices in isolation from the marketplace. The position of the processors was that arbitration is an essential part of price-setting and the Board should disallow the Vegetable Marketing Commission's order enacting a new pricing system.

The Vegetable Commission argued the negotiating system was breaking down and that in an effort to streamline the negotiating process it instituted a new procedure. The order being appealed included a mediation process which only considered outstanding issues if negotiation was unable to reach a unanimous agreement. The Commission also argued that the new system provided continuity in the price-setting process, a shortcoming under the old system. It said that upon reviewing the summary of the mediator the Commission would set the price.

After assessing all the evidence presented and closely reviewing the negotiating process, the Board determined that the appeal should fail and the order was upheld. In making this decision, the Board determined the Commission had been delegated the power to fix prices at which the regulated product may be bought and sold in the province. In addition, the Board ordered the Commission to amend its order under appeal to include provision for the communication of the mediator's report and recommendations to both parties at the time he reports to the Commission. In making their judgment, the Board recognized the considerable effort the appellant and the respondent put forth to develop a price-setting mechanism responsive to the marketplace and one which also affords ample opportunity for dialogue.

Throughout the year, the Board devoted considerable time to supervisory responsibilities related to three national marketing plans. The increasing demand for poultry and eggs in British Columbia resulting from increased population and increased per capita consumption created problems with the existing rigid quota policies established for national agencies. The Board supported the position of the four western provincial egg marketing boards in their request for a quota allocation system which would recognize the increased demand and sales in the west. Support for increased egg production in British Columbia was based on the principle of comparative advantage on a sound commercial basis which would acknowledge the rapidly increasing cost of transporting products from other areas of Canada.

During the year, the supervisory responsibilities of the Board were called upon to assist in resolving minor conflicts and to provide an industry-wide point of view for approaching agricultural marketing problems. In this regard, the Board met with individual producers, producer associations, marketing boards and commissions, industry consultants, processors, financial institutions and retailers to ensure that the needs of the total food system receive proper consideration. Board members believed the improved dialogue and communication established during 1981 will provide a solid base on which the agricultural community can grow in the future.

Throughout the year, the Board members strove to carry out their duties in a fair and equitable manner as well as to set a positive tone for the orderly development of the food industry during difficult economic times.