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NEWSLETTER

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Author: Graham Howe - Ontario Farm Products Marketing Commission

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Becoming Better Directors

When a producer takes on the responsibility of a marketing board director, there is a lot riding on it.

Fortunately, there is a wealth of experience on the boards and in the regulated marketing system. On April 16th, the Ontario Farm Products Marketing Commission gathered that expertise together to present a New Director's Seminar. The majority of recently elected directors were on hand to learn.

On the subject of strategic planning, well known board lawyer , Rob Wilson, observed that, "while it is not a legal requirement, it is certainly a very valuable tool to assist in developing policy that is consistent and has long range objectives." Long serving Dairy Farmers of Ontario chair, John Core, urged directors to "develop a vision for your commodity. Take that plan back to your local committees and regional groups and get everyone to buy into where your commodity is going. Once you have a vision statement, it will give focus to the decision making that is going to take place around your board table." Focus on the world outside of the organization in order to make good decisions for it.

Understanding the rules, legislation and liability, was stressed by Mr. Wilson. In his words, "the government's not telling you how to do it. They're telling you the parameters. You are accountable for your actions. The purpose of the Farm Products Marketing Act covers the control and regulation of

producing and marketing within Ontario. So everything you do, somehow has to relate to that. Some of you may feel its not very descriptive, but I think that is probably a good thing because you can paint it any colour you want. You can mold it to suit your commodity, the market you're dealing in, the objectives that you have as an industry and adapt to the changes that are always here." Most importantly, become very familiar with it.

With two decades of experience as a Secretary/General Manager, Jim Rainforth, brought practical comments on productive board-staff relations to the seminar. According to Mr. Rainforth , "the Chair should delegate to the Secretary the implementation of policy and basically should leave it to the Secretary to see that it is implemented in the desired way. The Directors and the Chair of the Board should also consider the Secretary and other members of the staff as advisors accepting or rejecting their advice as they see fit." To get the most out of Board staff, Mr. Rainforth added, "praise in public if warranted, criticize in private if warranted, and treat staff with respect. In return expect respect and service from your staff."

On time wasters, John Core said, "Just watch yourselves the next time somebody comes in and wants \$500. How much time you spend on it. Watch out when a director says, "Oh no! This \$500 decision is important because my local committee have asked for it. Focus on the big issues instead." Jim Rainforth adds, "You're there to establish policy and to delegate. The staff are there to accept that advice or direction and to carry it out on your behalf." Don't confuse the ends and the means, the whats and the hows.

Commenting on keeping balance in your new role as a director, John Core, encouraged the audience to remember, "You are not the board, you are a part of the board, only a part of it. Hopefully you will contribute to good decision making; provide leadership and vision for your industry; and make a contribution to agriculture here in Ontario. But balance it with your business needs, your family needs and your personal growth needs and I'm sure you'll do a fine job you can be proud of."

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The Commission and Board Marketing Plans

Gloria Marco Borys is the Secretary to the Ontario Farm Products Marketing Commission. The following is an except from her presentation at the New Directors' Seminar.

As a new board member there are many rules and regulations that you really need to know about regulated marketing. I'll compare it to driving your car. You need to know the rules of the road.

The Ontario Farm Products Marketing Commission is a Cabinet-appointed body with members serving terms from one to three years. The nine members appointed to the Commission are not there to represent any particular sectors of the agri-food industry. However, these people do have diverse backgrounds which add to the knowledge of the Commission.

The Commission is a supervisory body responsible for seeing that marketing boards operate within the powers and authorities that have been delegated to them. I must also say that a good portion of their

time is also spent facilitating industry solutions to industry problems.

In every province in Canada, there is a similar supervisory body and similar regulated marketing legislation.

Just as the Commission is accountable to the Ontario Legislature for its powers and authorities, marketing boards are, in turn, accountable to the Commission for the powers delegated to each of them.

The Farm Products Marketing Act and the Milk Act are the Acts that outline what the Commission can do such as settling disputes, investigating matters, making regulations, and requiring various pieces of information from you. The Acts also allow for the creation of marketing boards and likewise, their dissolution. They outline all the powers and authorities that the Commission can give to the marketing boards.

How you operate day to day is defined by your Marketing Plan. The Marketing Plan actually creates your marketing board, defines your regulated product, and determines the constitution of your board vis-a-vis the number of directors, district boundaries, etc. Think of the Marketing Plan as the blueprint for how you will operate your marketing system. Of the 22 marketing boards we currently have in Ontario, no two are exactly alike. The marketing plan is created with all the specific things that producers and the buyers of your product believe are necessary to operate that marketing system.

Marketing board directors have major responsibilities. A key one is to ensure that your marketing system continues to be responsive to the needs of the producers that you represent and the needs of the people who buy, process and consume your products.

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OFPMC Update:

The following is a summary of issues recently addressed by the Ontario Farm Products Marketing Commission.

Ontario Wine Council

The Commission met with the Ontario Wine Council to discuss issues in the wine industry.

New legislation called the Vintners Quality Alliance Act was passed by the Ontario Legislature in the spring. The Act gives teeth to the industry's efforts to enforce strict standards on wine receiving the VQA designation. Specifically, the Act creates an industry-run association empowered to create mandatory industry standards. Now the industry is working to put together the self-funding and membership necessary to operate the Ontario Wine Authority. The presence of an appellation system could help the Ontario industry gain access to European markets for Icewine as well as dealing with Icewine fraud in foreign markets.

The Wine Council together with the Grape Growers' Marketing Board have successfully lobbied the LCBO for the reduction of a 58% mark-up on each bottle when the sale and delivery is handled directly

and solely by the winery. This move is expected to stimulate demand for Ontario wine.

This year saw a decline in white wine and Ice Wine sales which is alarming to both growers and vintners. The Asian economic slump and changing consumer preferences are cited as some reasons for the decline that has left wineries with surplus inventory.

Negotiated Agreements and Awards

The Commission brought an Agreement into force for the 1999 Ontario soybean crop. It is noteworthy that at this time last year the Soybean Board and the Ontario Grain and Feed Association were locked in debate over how to deal with food grade soybeans within the industry agreement. Working through their industry advisory committee, the two sides met each other's interests, and allowed for flexible contract terms. They predicted that as a consequence, future negotiations would be simple and easy. Their prediction seems to have come true. The 1999 negotiations went smoothly.

In the chicken industry, arbitrator Richard McLaren, selected a final offer made by the Chicken Farmers of Ontario which will affect the price of chicken during the historically brisk summer period.

In the processing vegetable sector, agreements were reached with several processors for tomatoes, cucumbers, green peas and beets in 1999. An arbitration decision for cucumbers was decided in favour of the final offer brought in by processors which will see no increase in price over 1998.

Ontario Dairy Council

Spurred on by consolidation in the retail grocery sector, dairy processors have made moves to be national players rather than regional entities according to the Ontario Dairy Council's brief to the Commission. The growth has typically been achieved through acquisitions. By comparison, consolidation of dairies is also occurring south of the border. The U.S. dairies are not however subject to a significant shrinkage in the number of retail buyers for their products.

The Dairy Council reported on partnership trends emerging in the research and development of new products in the Canadian dairy industry. This sharing is in response to the high cost of R&D in comparison to the slim product margins on which to recoup the investment. Parmalat is the only exception to this industry pattern. They still do their own exclusive R&D.

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For more information:

Ontario Farm Products Marketing Commission

(519) 826-4220

Email: ofpmc@omaf.gov.on.ca

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