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642 Woolwich Street,

Guelph ON, N1H 3Y2

December 11, 2017.

Jim Clark,
Chair,
Ontario Farm Products Marketing Commission
1 Stone Road W,
Guelph, ON
N1G 4Y2

Re: Proposal #17-MAFRA007 - Proposed Amendments to R.R.O. 1990, Regulation 440 (Vegetables for Processing - Marketing) under the Farm Products Marketing Act.

Dear Ontario Farm Products Marketing Commission,

The Christian Farmers Federation of Ontario (CFFO) is an Accredited Farm Organization representing the interests of over 4,000 farm families in Ontario. Among our membership are many of the 400 farmers producing vegetables for processing in the province.

The CFFO has been actively involved in meetings with growers and consultations regarding proposed changes to Regulation 440 governing marketing for Ontario Processing Vegetable Growers. The following are our comments on the proposed amendments.

Key Comments:

- 1) *That final offer arbitration is the preferred method of arbitration.*
- 2) *That changes to single round bargaining negotiation be instituted for a trial period with full review.*
- 3) *That Negotiating Agencies (NAs) include a combination of OPVG selected active growers and additional members.*
- 4) *That the formula for determining price for incremental tonnage take into account new vs. established processors.*
- 5) *That the growers retain the power to select their own representation.*

1) *That final offer arbitration is the preferred method of arbitration.*

Final offer arbitration, where the arbitrator selects one of the parties' final offer in its entirety, encourages the two parties to present positions that are more reasonable, encouraging the positions of the two parties to be closer together. For this reason, we

THE GENERAL FARM ORGANIZATION THAT IS ROOTED IN FAITH & GUIDED BY VALUES



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support continued use of the final offer arbitration when the need for arbitration is triggered.

The CFFO is supportive of the proposed changes intended to make the negotiating process run more smoothly and to increase communication, all to the aim of avoiding the need for arbitration. This includes the proposals to create an Industry Advisory Committee (IAC), a negotiation timeframe with an earlier start date, beginning the negotiations with a meeting of the agency for exchange of position papers and stronger encouragement of conciliation.

2) That changes to single round bargaining negotiation be instituted for a trial period with full review.

There is uncertainty among the producers about how the proposed two-round system of will impact negotiations. Growers are concerned that two rounds of negotiations will create a significant risk of undermining the base price and related terms and conditions established in the first round of negotiations.

Properly structured, single round negotiations should be able to establish base price, price for incremental tonnage, and value-added prices for produce that meets specific processor needs, as well as associated terms and conditions.

If, however, the government feels strongly that two-round negotiations will benefit the industry, we would recommend that the two-round negotiation process proposed could be trialed for a designated period, such as two years, followed by a review of the impact of these changes.

As part of the review process, producers and processors should be allowed to vote on whether or not to continue with this method, if further modifications need to be made (likely based on recommendations from the review) or if return to the single-round system is desired. If a majority of producers and majority of processors are in favour of the two-round system or of modifications, then it should be implemented permanently. Otherwise, negotiations should return to the single-round system currently established.

3) That Negotiating Agencies (NAs) include a combination of active growers and OPVG appointed additional members.

The government consultation paper notes that, “having active growers participate in the negotiations, in tandem with experienced OPVG members and necessary support staff, [creates] greater opportunity for negotiation success.” The CFFO sees this balance as important for any round of negotiation, not just the first round in the system proposed. It is important that some members of each NA have perspective on the larger



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negotiation process and how negotiations with each individual processor compare to and affect the broader negotiations within the sector.

4) *That the formula for determining price for incremental tonnage take into account new vs. established processors.*

A four-year historical average for differentiating base tonnage from incremental tonnage is suitable for established processors, but not for new ones. The formula should be adjusted for new processors to ensure they are not given unfair advantage.

5) *That growers retain the power to choose their own representation.*

The growers should retain the power to choose their representation, through the OPVG, for all positions on NAs, as well as for the IAC. Processors should not be allowed to appoint growers to the NAs. The Commission should also not appoint growers to the IAC.

In addition, growers, through OPVG, should be able to designate a list of suitable conciliators (agreed by all parties) for the conciliation process.

Summary

The Ontario Processing Vegetable Growers (OPVG) marketing board is a vital representative of producers in the process of negotiating prices. Our recommendations focus on the importance of growers, through the OPVG, to retain their power to choose their representation, and to retain a system of negotiations that will retain fairness for all producers while encouraging opportunities or growth and innovation.

Thank you for this opportunity to provide our input.

Sincerely,

Clarence Nywening, President

Christian Farmers Federation of Ontario