

PRELIMINARY OUTLINE OF PROPOSAL
FOR MARKETING BOARD POWERS

Ontario Veal Association
January 2009



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1.0 INTRODUCTION

Ontario's veal producers have clearly indicated that change is required in order to achieve an improved and orderly market for Ontario veal calves under the control of Ontario's veal producers. The Ontario Veal Association (OVA) Board of Directors and staff, in consultation with industry partners, have extensively researched a number of options with respect to this proposal.

The OVA is petitioning the Farm Products Marketing Commission for recognition as a marketing board with jurisdiction over all grain-fed and milk-fed veal produced and marketed in Ontario. The OVA has held extensive consultations with veal producers, processors, auction markets and other industry partners aimed at determining the appropriate functions and range of activities of the proposed veal marketing board.

In determining the range of powers appropriate for a veal marketing board, the OVA carefully considered the current situation of Ontario's veal industry and the impact the exercise of the proposed powers would have on the development and growth of the Ontario veal industry. The views expressed by both producers and other industry partners were instrumental in determining the directions that the OVA is now proposing to take as a marketing board. It was the repeatedly expressed desire of producers for powers sufficient to make significant changes to the current state of the veal industry in Ontario that convinced the OVA Board that broader marketing board powers are required and that has shaped the request to be put forward for the Commission's consideration leading to a producer opinion expression vote.

This document serves as a compilation and summary of the work conducted on behalf of Ontario's veal producers to find solutions to challenges and barriers being faced while at the same time providing some measure of planning for a more profitable, viable and prolonged Ontario veal industry.

2.0 THE HISTORY OF THE OVA

The OVA was formally established in 1990 when it was incorporated as an association under the *Agricultural and Horticultural Organizations Act*. Prior to 1990 there were separate informal organizations representing the interests of both grain fed and milk fed producers. However, these two veal sectors saw merit in coming together as one organization in order to better serve the needs of all involved in the veal industry.

As stated in its Articles of Incorporation, the OVA's objects include:

- to represent the interests of veal producers in Ontario
- to make representations to all levels of governments, the media or the public generally on behalf of its members and veal producers and in all such matters to act jointly or in co-operation with the Ontario Cattlemen's Association
- to organize meetings, symposiums, technical exchanges and projects designed to inform veal producers on current production programs and new developments in production and marketing of veal and veal products
- to increase the membership of the organization and otherwise build up, encourage, and assist in promoting the organization
- to promote improvements in the quality of veal produced in Ontario and in the techniques of marketing veal in Ontario and to develop and implement programs for those purposes to assist producers
- to promote the consumption of veal
- to conduct programs of education and information directed at the general public including, but not limited to, education and information on the need to balance farm production requirements and the concern for the welfare of domestic livestock

Since its formation as a separate legal entity, the OVA has progressively established an independent identity for itself. The OVA Board of Directors are directly elected at large by the approximately 175 veal producers who pay a voluntary annual membership fee. The organization has a full-time Executive Director and two additional full-time staff persons, in addition to contract staff and consultants, based out of its Guelph office, which it leases from the Ontario Cattlemen's Association.

In approximately 1995, the OVA began to sit at the Veal Committee of the Ontario Cattlemen's Association (OCA). The OCA was established in 1963 as the organization representing beef producers, with its powers set out under the *Beef Cattle Marketing Act*. It was at this same time that the OVA/Veal Committee was able to establish and negotiate an allocated annual budget that represented a portion of the check-off collected on veal calves. Gradually, the OVA/Veal Committee was able to negotiate a higher budget amount with a calculated annual formula.

Veal producers are currently required by law to pay the mandatory check-off that is collected by OCA. Veal check-off represents approximately 12% of annual check-off revenue collected by OCA. The funding formula is far from ideal as it does not take into account all veal check-off transactions. This is due in part to the fact that OCA check-off is collected on a per head basis and not by class of the cattle being sold. The OVA establishes its own budgetary priorities, based upon the allocation of check-off granted by the OCA, but the OCA has ultimate authority and legal responsibility over the expenditure of all check-off dollars.

The OVA and OCA have worked well together over the past several years in addressing the needs of the veal industry in relation to those of the beef industry. While the OVA is certainly not on an equal footing with the OCA in terms of number of producers, size of organization or budget, the OVA and OCA have a mutual respect for one another. That being said, the relationship between the OVA and the OCA is set out in a Memorandum of Understanding (MOU) entered into in April 2003, which replaced previous MOU between the two organizations signed in 1996 and 1999; prior to that, the relationship between the OCA and the OVA was based on informal agreements.

Following a comprehensive review of the OCA in 2003, it was recommended that the OVA initiate the process of petitioning the Ontario Farm Products Marketing Commission for the establishment of a plan governing veal as a separate commodity under the *Farm Products Marketing Act*.

At the OCA's 2003 Annual General Meeting, producers approved a resolution supporting the OVA in initiating the process of petitioning the Ontario Farm Products Marketing Commission for the establishment of a plan governing veal as a separate commodity under the *Farm Products Marketing Act*. At the same time, the OCA membership voted to eliminate the Veal Committee, among other OCA committees that were eliminated, due to the fact that the OVA was already operating on an autonomous basis.

Over the years, the OVA has been very successful in securing numerous government, both federal and provincial, funded grants for various market development, promotional and research priorities as set out by the OVA Board of Directors. The OVA has worked tirelessly on behalf of the entire veal industry with a small budget and has established itself as one of the four main commodity groups representing Ontario's red meat livestock producers.

3.0 VEAL IS A DISTINCT COMMODITY

The veal industry in Ontario has developed to a point where the formation of an entirely independent organization, with its own marketing board powers, is essential for the further development of the veal industry in this province.

Unlike Quebec, which has separate marketing boards for grain fed and milk fed veal, veal in Ontario is subject to the *Beef Cattle Marketing Act*. Over the past eighteen years since the formation of the OVA, veal producers have developed production practices, which significantly differentiate veal from beef production.

Different production practices are not, however, the main reason for the OVA seeking to establish an independent organization dedicated specifically to veal producers. Much more important is the fact that veal is generally recognized by both retailers and consumers as a premium commodity, distinct from beef, which competes for shelf space in the supermarket against other meats.

Producers of the other red meat commodities, notably pork and lamb, have formed separate marketing boards under the *Farm Products Marketing Act* to regulate the production and marketing of their products, as have chicken and turkey producers. While all these commodities often collaborate with each other on issues of common concern, each has determined that the marketing of their unique commodity requires that strategic marketing plans specific to their commodity be developed and implemented. These other commodities have also all implemented different programs for regulating the production of their respective commodities, including programs aimed at ensuring that consumers receive products that are consistently wholesome through the establishment of on-farm food safety and quality assurance programs.

For Ontario veal producers to deal with the many challenges the veal industry faces today, the OVA has determined that it needs to enhance its organizational structure and obtain recognition as a marketing board under the *Farm Products Marketing Act*. Independent status as a commodity organization under the *Farm Products Marketing Act* would enable the OVA to structure and collect its own check-off and to obtain such powers as veal producers feel are appropriate. It would also enable the OVA to determine how best to market veal as a premium commodity, distinct not only from beef but other meat proteins.

4.0 CURRENT SYSTEM OF MARKETING VEAL CALVES IN ONTARIO

4.1 Finished Veal Calves

Ontario has a variety of methods for marketing both grain-fed and milk-fed veal calves. An estimated 35% of all finished veal calves sold in Ontario are marketed through auction markets, with the Ontario Livestock Exchange (OLEX), the Ontario Stockyards (Cookstown), and Brussels Livestock together accounting for an estimated 80-85% of all Ontario auction market sales. It should be noted that virtually all of the Ontario milk-fed veal calves marketed in Ontario, as well as most all of the Quebec grain-fed calves sold in Ontario, are sold directly to processors.

Direct sales from producers to processors represent approximately 65%-75% of all Ontario veal calf sales. Industry sources report that the percentage of direct sales has been steadily increasing over the past decade as auction market sales have declined. Producers, processors, and auction markets have all noted the trend towards less competitive bidding at auction markets as the number of independent buyers has steadily declined with the decrease in the number of provincial packing plants. In addition, buyers at the auction markets frequently purchase calves for several processors, further limiting the competitive bidding process.

While prices at the auction market sales are recorded and generally available to producers and buyers both at the sale and on various internet sites, there is no established mechanism for recording the prices of most direct sales to processors. As the proportion of calves sold directly increases, producers' ability to discover the actual prices paid for calves declines.

At OVA consultations producers often complained that many processors appeared to treat producers arbitrarily, sometimes discounting calves for quality problems, while at other times accepting the same quality of calves without discounts. Producers also expressed concerns about late payment by processors, incomplete information on their calves, or inconsistent and/or incomplete grading reports. Many producers noted that they had difficulty in determining what kind of calves would obtain the best prices in the market and felt that they were not fairly rewarded for producing quality calves.

Processors have also indicated a certain measure of dissatisfaction with the current system of marketing Ontario calves. Sourcing a sufficient volume of consistent quality Ontario calves, on a regular basis, has been mentioned by several processors as a significant concern and barrier to expansion. This concern has been particularly strong among processors who are currently purchasing grain-fed calves from Quebec through their electronic auction. Several processors indicated that they would prefer to purchase Ontario calves if they could be assured of the same consistency and volume as they stated is available in Quebec. Those processors noted that price was less of a factor in their decision to purchase Quebec calves than quality, and the generally higher prices for calves in Quebec would tend to support that claim.

Although some processors continue to prefer to purchase calves at auction markets, an increasing proportion of veal sales occur as direct to processor. Many processors prefer to purchase calves directly and some pay on a rail weight basis. This method allows processors to reward producers for quality calves, while discounting calves which have

lower yields. Of concern to the veal industry, however, is that there are some processors who are currently paying on a rail weight basis who are not permitted by OMAFRA to do so.

4.2 Veal Carcass Grading

Currently, veal carcass grading is not conducted in Ontario. Veal carcass grading is voluntary for veal purchased on a live weight basis which is the case with the majority of the veal calves in Ontario. The federal *Livestock and Poultry Carcass Grading Act* stipulates the method on which veal carcasses are assessed and graded using a letter and a number scale.

The letter scale (A,B,C) is a measurement of the carcass conformation with an A being the most desirable score. The number scale (1,2,3,4) is a measurement of the colour of the carcass. The colour is measured using a specially calibrated colorimeter that attributes the meat colour to a number. The lower the number the better the colour. For example, an A1 veal carcass is the desired score for a milk-fed veal carcass and an A2 is the desired score for a grain-fed veal carcass.

From consultations with both producers and processors, there would appear to be a strong measure of support for a system of marketing calves in which the prices received from processors were tied to the quality of the calves sold by producers. For such a system to work, both producers and processors would need assurances that the grading of calves occurred in an objective and consistent manner. In order to achieve an objective measurement of carcass quality, veal grading must be universally implemented that coincides with a standard and universal price grid. Veal producers must receive a copy of their grading certificate with each load of calves sent to the processor in order to have any measurable sense of carcass performance on each individual load shipped and in order to establish production trends and issues at the farm level.

4.3 Bob Calves and Preconditioned Calves

Bob calves is the generally accepted industry slang for young newborn male dairy calves. These calves range in age from a few days old to about a week of age and are traditionally sold very soon after birth by the dairy farmer. There are a number of quality issues surrounding calves so young, including care received on the home farm, health status and lack of immunity. Unfortunately, there is a high mortality rate for bob calves with industry experts putting the mortality rate in the range of 15-20%.

Bob calves tend to be sold in one of three ways: directly from the dairy farmer to the veal farmer; via auction market sales specifically for bob calves; or through a dealer/drover. Currently, it would appear that there are more bob calves sold at auction than other systems. Preconditioned calves are sold by veal farmers who specialize in the rearing of veal calves that have been weaned from all milk and started on a grain fed veal diet. There are many advantages to this production system including, reduced mortality and morbidity and the potential for better performing finished calves as a result. This production practice is especially prominent in the Netherlands where biosecurity concerns as well as animal health and welfare have made it a standard practice. In Ontario, "precons" are sold a number of ways. They can be sold directly between the precon veal farmer and the finishing veal farmer, through a sales barn or through a dealer/drover.

5.0 SOURCES OF FUNDING FOR THE OVA

The OVA currently has three distinct sources of funding which it would continue to enjoy after becoming a marketing board:

1) License fees (check-off) collected on the sale of all veal calves. These fees, which are set at \$3.00 per calf, are currently collected by the OCA. As mentioned earlier, OCA and OVA jointly determine a veal project budget, administered by OCA, which reflects a proportion of check-off relative to veal marketings. The OVA would still continue to collect license fees on all veal calves but are proposing different points of collection for all veal calves once the electronic auction is established for finished grain-fed calves.

2) Funds from the Toronto Stock Yards Land Development Board (TSYLDB). Under the formula established by the TSYLDB, the OVA is entitled to receive a basic annual distribution of \$25,000, plus an additional 11.5% of the surplus distributed each year by the TSYLDB to its founding members. In 2008, this amounted to approximately \$183,700.00.

3) Government grants and cost-sharing initiatives through various programs designed to promote the development of markets for Ontario and Canadian agricultural products, on-farm food safety, and similar objectives.

The OVA also receives a nominal amount of revenue from annual membership renewals from veal producers. This annual membership fee (\$20/farm) is a token amount established by the OVA in order to determine who is actively engaged in the production of veal. Since this membership is voluntary, the OVA acknowledges that not all veal producers are members of the OVA.

6.0 OUTSTANDING ISSUES

After much discussion and consultation, the following list summarizes the outstanding issues currently impacting the Ontario veal industry:

- Late payments by processors/buyers to veal producers
- Defaulting of insurance coverage in the Beef Cattle Financial Protection Program because payments are not received within prescribed period of time.
- Inconsistent carcass quality.
- Lack of carcass feedback from buyers to producers to allow for production analysis and management decisions.
- Instability in the veal marketplace.
- Lack of a definition of veal that is equally enforced with all partners in the veal sector.
- Not knowing who is involved in the production of veal to better be able to communicate and work on behalf of these producers.
- Lack of price discovery and pricing information.
- Lack of reasonable returns to producers.

As well, it is because of all of these outstanding and unresolved issues that seem to perpetually plague Ontario veal producers, that the OVA has developed the proposed regulations (see Section 11.0). The goal has always been to find solutions that will benefit not only the individual veal farmer but also the entire Ontario veal industry as a whole.

The following graph clearly demonstrates the way in which the OVA proposes to overcome these outstanding issues being faced by the Ontario veal industry through its proposal to the Farm Products Marketing Commission for marketing board powers.

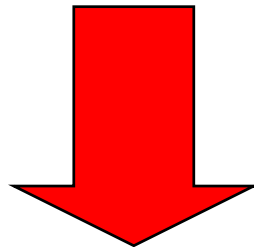
PROJECT GOALS

1. To raise the consistency and quality of veal calves produced in Ontario.
2. To bring order to the Ontario veal marketplace by developing practical regulations and tools for all involved in the industry.
3. To position Ontario Veal with the ability to respond to the needs of the Ontario veal industry



TOOLS NEEDED TO ACHIEVE GOALS

1. Universal carcass grading and producer feedback system
2. Mandatory registration of all veal producers participating in a best management on-farm program
3. Universal and consistent method of determining price using carcass qualities (eg. rail price and price grid)
4. Alternative marketing methods which optimize carcass quality and competitive bidding (eg. electronic auction)
5. Registration and cooperation of all players involved in the industry to work towards common goals



POTENTIAL OUTCOMES OF ACHIEVING GOALS:

1. Profitability and viability for Ontario veal farmer
2. Ensure sustainability and viability for the entire Ontario veal industry
3. Maintain and grow the Ontario veal marketplace

7.0 REQUESTED POWERS/REGULATIONS

Listed below is a summarized version of the requested powers being sought by the OVA in order to better the Ontario veal industry.

1. Mandatory annual registration (license) of all veal producers in Ontario
 - Registration requirements include the mandatory completion and/or annual re-certification of the Ontario Veal Quality Assurance Program (OVQAP)
 - Provide production data and emergency management information
 - Packer/processors who are also producers must also fulfill the requirements of both a packer/processor and a producer

2. Mandatory collection of veal license fee (check-off) on all veal calves produced in Ontario regardless of where slaughtered or sold.
 - Veal producer is obligated to report production/sales and remit check-off accordingly on a monthly basis
 - Packer must remit monthly on all calves processed and bought outside of electronic auction. OVA to collect individual packer slaughter volumes from OMAFRA as a check and balance.
 - Dairy farmers will be required to pay a license fee on all calves sold either farm to farm, to a dealer or through a sales barn.

3. Mandatory participation of all grain-fed veal producers in the weekly Electronic Auction system. Mandatory requirement for all milk-fed producers to report their weekly volumes and market information.
 - Exemption of custom kill calves up to 25 calves/year/farm but check-off must still be remitted to OVA by producer
 - Calves remain on farm and sold based on lots and self-declared descriptions over internet based auction system
 - Trucking FOB the veal producer's farm unless otherwise arranged with buyer
 - Processors/graders required to remit grading information within 48 hours for final price determination.

4. Universal and mandatory veal carcass grading program
 - 3rd party objective veal carcass grading using colorimeters
 - Cost of grading to be shared 50-50 with packer and producer
 - Final price determination based on OVA price grid only
 - Mandatory producer feedback system required for all veal carcasses
 - Harmonization of federal and provincial carcass grading standards
 - Plants with low weekly volumes will automatically assign grades

5. Governance structure to remain the same with 8 Directors voted at-large from all members in good standing with rotating 2-year terms.
 - Must have marketed, and continue to be actively engaged in the production of veal, at least 100 finished veal calves within previous calendar year, and continue to produce veal in the current year, in order to hold a seat on the Board
 - Contracted producers cannot vote or hold a seat on the Board but can participate on the Advisory Committee

- Voting privileges are only extended to those producers who own their own calves.
 - At least one seat on the Board to be reserved for a milk-fed or grain-fed producer.
 - One seat on the Board will be reserved for a representative of the Dairy Farmers of Ontario (DFO) to be appointed annually by DFO in lieu of all dairy farmers holding full voting privileges. This DFO representative should also be involved in the production of veal but will not have to meet the minimum number of finished calves required for Board members.
 - Name of the new organization shall be officially called “*Ontario Veal*”
6. Creation of a Veal Industry Advisory Committee
- Composition of committee to include representatives from processors, processors, dairy sector, feed suppliers, government, producers, veterinarians, truckers/dealers, etc.
 - To meet 1-2 times/year in order to provide the Ontario Veal with direction and feedback on industry issues

8.0 DEFINITIONS

Veal Calf:

A VEAL CALF is defined as a bovine animal raised for the intended production of veal meat, with a maximum hot carcass weight of 180 kgs (396 lbs) with the hide off. Included in this definition:

- Grain-fed veal calves are weaned from whole milk or milk replacer at about 6 weeks old and fed a grain based diet (usually whole corn) and concentrate until the calves reach market weights.
and/or
- Milk-fed calves are fed a milk based diet consisting of whole milk or milk replacer until calves reach market weights.
- Bob calves otherwise known as newborn dairy or dairy crossbred calves
- Precons or started calves otherwise known as calves that have been weaned from milk and started on a veal grower ration.

Definition of a Veal Producer:

A VEAL PRODUCER is actively engaged in the production of grain-fed and/or milk-fed veal calves in the province of Ontario. This may include:

- Raising a veal calf from a pre-weaned stage to a pre-conditioned (weaned) stage
- Raising the calf from a pre-conditioned stage to market weight
- Raising the calf from a pre-weaned stage to market weight

A VEAL PRODUCER can also be a person who is under contract to raise veal calves but they do not own the calves. This is referred to as a CONTRACTED VEAL PRODUCER.

9.0 FINANCIAL PROJECTIONS

In order to achieve our strategic directions and goals, the OVA must have a robust and stable budget that provides the opportunity to conduct business on behalf of the Ontario veal industry.

Assumptions Made:

- Check-off collected on finished calves as well as bob calves, dealer calves and pre-conditioned calves
- Bob calves remain steady at 2007 level = 80,000
- Dealer calves and pre-cons account for additional 15% of bob calves = 12,000
- Finished calves slaughtered in Ontario are down 10% from 2007 = 45,000
 - Given a more rigorous method of enforcement and compliance it is projected that finished veal calves will increase 10% in each of the subsequent years and will no longer be “ungraded beef”.
- Calves produced in Ontario (sold outside Ontario) = 15,000
 - Includes milk-fed and grain-fed veal
- Total number of calves = 152,000
- Check-off remains at \$3.00/head
- 152,000 x \$3.00/head = \$456,000.00
- OVA retains income from previously deducted expenses by OCA (eg. OFAC, check-off enforcement, salary/expenses) = \$30,335.00 in 2008

	2009	2010	2011
<u>Revenue</u>			
Check-off	\$456,000.00	\$469,500.00	\$484,350.00
TSY Disbursement	\$180,250.00	\$180,500.00	\$180,500.00
Miscellaneous	\$5,000.00	\$5,000.00	\$5,000.00
Leveraged projects	\$100,000.00	\$100,000.00	\$50,000.00
Other	\$0.00	\$0.00	\$0.00
Total	\$741,250.00	\$755,000.00	\$719,850.00
<u>Expenses</u>			
Staff Compensation ¹	\$300,000.00	\$310,000.00	\$315,000.00
Staff Expenses	\$20,000.00	\$20,000.00	\$20,000.00
Director Per Diems	\$20,000.00	\$20,000.00	\$20,000.00
Director/Meeting expenses	\$15,000.00	\$15,000.00	\$15,000.00
Office Expenses ³	\$20,000.00	\$20,000.00	\$20,000.00
Marketing and Promotion	\$175,000.00	\$175,000.00	\$152,850.00
Producer Programs	\$50,000.00	\$50,000.00	\$40,000.00
Communications	\$36,250.00	\$40,000.00	\$35,000.00
Industry Development	\$30,000.00	\$30,000.00	\$30,000.00
Total	\$666,250.00	\$680,000.00	\$647,850.00
Surplus(Deficit) ²	\$75,000.00	\$75,000.00	\$72,000.00

Notes:

¹ Includes Executive Director, Industry Development Manager, Check-off Enforcement (Part time), Bookkeeper (Part time), and Industry Liaison

² Planned surplus for first 3 years of 10% of budget annually to put into reserve. The OVA will also come into the new organization with a reserve fund established due to funds existing in current OVA accounts.

³ The OVA already has an established office with all required infrastructure including computers, furniture, telephones, etc. Therefore there are no office set-up costs associated with a new organization.

10.0 EXEMPTION FROM THE BCMA

The OVA certainly respects OCA's role as the designated association under the BCMA and do not want to interfere with this important role in the beef cattle industry.

As mentioned earlier, veal calves are currently subjected to the mandatory check-off collected under the authority of the Beef Cattle Marketing Act (BCMA) by the OCA. As part of the OVA's pursuit for designation as a marketing board, the OVA will also work to ensure that an exemption is granted from the BCMA check-off for all veal calves. This will ensure that veal calves are not subjected to both the beef and the veal check-off. This will also clarify responsibilities and accountabilities for both the OVA and OCA in the future.

The OVA recognizes the valuable inspection powers under the BCMA. These same powers cannot be found elsewhere in the FPMA and would complement the authority being requested for Ontario Veal under the FPMA. The OVA sees Ontario Veal as having a role in the enhanced application and enforcement of the BCMA requirements and is looking for the ability to become involved in that process possibly through an Ontario Veal appointed inspector.

Essentially, the OVA are proposing to work in tandem with both the FPMA and the BCMA without imposing on OCA's authority.

11.0 ELECTRONIC AUCTION SUMMARY

For many Ontario veal producers and processors, the concept of an electronic auction (EA) is completely new and for others they are quite familiar with this marketing mechanism. In Quebec, the grain-fed veal sector has operated an EA since the early 1990's. Many of Ontario's processors are frequent buyers on the Quebec EA.

An EA is an internet based marketing tool that brings the buyers and sellers together on one system. Essentially, the EA captures the best of being able to sell directly to the processor and at the same time ensuring there is open competition for your calves. Once purchased, calves would be shipped directly to the processor avoiding any additional stress to calves and ensuring the producer can optimize the grading scale for colour.

The EA is operated using the Dutch clock auction system whereby a starting bid is set (usually the high bid from the week previous) and the clock ticks down for a preset amount of time. If no bid is received, then the starting bid is gradually lowered until bidding takes place. Bidding then increases until no further bids are received and the calves are sold. Calves would be sold in lots to buyers and a description of the lot is offered to the buyer in the sale catalogue that would be produced in advance of the sale. Smaller producers could group their lots together if they felt that this was advantageous.

Buyers would participate in the EA over the internet saving them the time and expense of having to travel to all the sales. Currently, we are seeing less and less buyers at the live auctions and many sales have one person that could be representing several different buyers. The EA could bring back a measure of competition into the bidding for calves.

Unlike other marketing tools, the EA will not control the price veal producers will receive for their calves. All calves will continue to be bid on by those buyers participating in the sale. Bids will continue to be impacted by supply and demand as well as quality being offered. However, the OVA is proposing to establish a price grid that will be used to determine the final price paid based on the grade each carcass has received. This grid would apply to all processors and would eliminate the differences in premiums and discounts applied to producers. The EA administrator would be responsible for final price determination based upon the application of the price grid and the grading report received from the independent third party grader.

One of the biggest strengths of the EA will be that veal producers will receive payment for their calves within approximately 48 hours after the carcasses have been graded. Additionally, this would ensure that all veal producers will be insured under the Beef Cattle Financial Protection Program. The responsibility for collecting late payments will now reside with the EA relieving this burden from the producer and saving vast amounts of time and energy in the process. This is a monumental shift for the Ontario veal industry from where we are today.

Given the small numbers of independently produced Ontario milk-fed veal, combined with the milk-fed veal that is produced through a vertically integrated corporate structure, the OVA intends to exempt milk-fed veal from participation in the EA. However, milk-fed veal producers would still be responsible for reporting their weekly sale volumes and for remitting the check-off on all calves produced in Ontario regardless of where they are sold.

The OVA has conducted extensive research as to how an EA would work in the Ontario veal marketplace and the operational details associated with the EA. The OVA has determined that it is in the best interests of the Ontario veal industry to have the administration of the EA be handled by a third party agent. There are businesses that have the capabilities, both in terms of experience and software infrastructure, that have already expressed an interest in performing this function.

12.0 POWERS OF ONTARIO VEAL POLICY RATIONALE TABLE

SECTION	OVA POLICY RATIONALE
<p>3.0 The Commission delegates to the local board the power,</p>	
<p>(a) to require persons engaged in producing or marketing veal calves and veal to register their names, addresses and occupations with the local board;</p>	<ul style="list-style-type: none"> • Ensures comprehensive registration of all producers for the purposes of licensing and collection of licence fees. • Provides valuable information on the extent of veal production and marketing, locations, etc. • Allows for the effective management of the marketing board including communications to and on behalf of producers.
<p>(b) to require persons engaged in producing or marketing veal calves or veal to furnish such information relating to the production or marketing of veal calves and veal, including the completing and filing of returns, as the local board determines;</p>	<ul style="list-style-type: none"> • Allows for production and marketing surveys. • Provides the Board with accurate and up to date information for its analysis and planning with the goal of orderly marketing for veal calves and veal.
<p>(c) to appoint persons to inspect the books, records, documents, lands and premises and any veal calves and veal of persons engaged in producing or marketing veal calves and veal;</p>	<ul style="list-style-type: none"> • The rules and regulations of the marketing board need to be monitored and enforced equally amongst all members to ensure compliance and transparency, for example: reporting of marketing and payment of licence fees, etc.
<p>(d) to stimulate, increase and improve the marketing of veal calves and veal by such means as it considers proper;</p>	<ul style="list-style-type: none"> • To bring together the industry and work collectively to address the issues and capitalize on opportunities in the market place. • Allows for education and promotional activities.
<p>(e) to co-operate with a marketing board, a local board, marketing commission or marketing agency of Canada or any province in Canada for the purpose of marketing veal calves and veal; and</p>	<ul style="list-style-type: none"> • This allows the Board the framework to ensure it can engage in relationships with other organizations across Canada. For example, Quebec or a Canadian coalition.
<p>(f) to do such acts, make such orders and issue such directions as are necessary to enforce the due observance and carrying out of the Act, the regulations and the plan.</p>	<ul style="list-style-type: none"> • This enables the Board to provide comprehensive regulation of the industry so that all stakeholders are treated equitably.

SECTION	OVA POLICY RATIONALE
<p>4.0 The Commission authorizes the local board to appoint agents with respect to veal calves and veal, to prescribe their duties, terms, and conditions of employment and to provide for their remuneration.</p>	<ul style="list-style-type: none"> • Allows the Board to enter into third party contracts for services rendered to the Board with respect to its marketing authorities. For example, inspectors re: license fees or the management of the electronic auction.
<p>5.0 The Commission delegates to the local board its powers to make regulations,</p>	
<p>(a) providing for the licensing of any or all persons before commencing or continuing to engage in the producing or marketing of veal calves or veal;</p>	<ul style="list-style-type: none"> • Provides a standard of discipline within the industry that suggests veal production must be taken seriously. • Formalizes the relationship between the Board and the producers
<p>(b) providing that the local board may impose such terms and conditions upon a license as the local board considers proper;</p>	<ul style="list-style-type: none"> • Terms and conditions are required in order to ensure all producers are treated equally and able to meet the needs of the marketplace. Terms and conditions could include grading, QA, having a scale on farm.
<p>(c) prohibiting persons from engaging in the producing or marketing of veal calves or veal except under the authority of a license and in compliance with the terms and conditions of the license;</p>	<ul style="list-style-type: none"> • Provides control measures for the Board that ensures mandatory compliance within our marketing system. • This would ensure that beef producers wanting to sell veal had to comply with our standards.
<p>(d) providing for the refusal to grant a license where the applicant is not qualified by experience, financial responsibility and equipment to engage properly in the business for which the application was made;</p>	<ul style="list-style-type: none"> • Ensures the industry maintains a certain standard of quality and consistency and provides for control of licensed producers.
<p>(e) providing for the suspension or revocation of, or the refusal to renew, a license for failure to observe or perform, or carry out the provisions of the Act, the regulations, the plan or any order or direction of the Commission or local board;</p>	<ul style="list-style-type: none"> • Provides the authority for the Board to maintaining orderly marketing by dealing with rogue producers contravening the marketing system (EA) or who do not comply with the industry's standards as required by the terms and conditions of their licences under the Boards regulations.
<p>(f) providing for the imposition, amount,</p>	<ul style="list-style-type: none"> • This provides an alternative for licence holders

SECTION	OVA POLICY RATIONALE
<p>disposition and use of penalties where, after a hearing, the local board is of the opinion that the applicant or licensee has failed to comply with or has contravened any term or condition of a license or any provision of this Act, the regulations, any plan or any order or direction of the Commission, Director or local board;</p>	<p>rather than going out of business all together if a licence is cancelled.</p> <ul style="list-style-type: none"> • It also reminds the industry as a whole that the rules are serious and that there are consequences to breaking the rules.
<p>(g) providing for the fixing of license fees and the payment thereof by any or all persons producing or marketing veal calves or veal and the collecting of the license fees and their recovery by suit in a court of competent jurisdiction;</p>	<ul style="list-style-type: none"> • This provides the Board with the budgetary means to execute its programs and services on behalf of the industry. • Ensures all producers fairly contribute to the operation of the Board.
<p>(h) requiring any person who receives veal calves to deduct from the money payable for the veal calves any license fees payable to the local board by the person from whom the person receives the veal calves, and to forward such license fees to the local board;</p>	<ul style="list-style-type: none"> • Places the onus on the “buyer” to remit the license fee to the Board. However, it provides the opportunity to deduct the cost of the license fee from the total cost of the animal • This would benefit dairy producers and allow the Board to collect on bob calves without considering all dairy farmers to be veal producers for the purpose of this Plan.
<p>(i) prescribing the form of licenses;</p>	<ul style="list-style-type: none"> • Display of license could be required.
<p>(j) requiring any person who produces and processes veal calves to furnish to the local board statements of the amount of veal calves that the person produced in any year and used for processing;</p>	<ul style="list-style-type: none"> • The Act requires that vertically integrated operations must comply with the same standards and rules as both a producer and a processor • This provision allows the Board to obtain the necessary information on these integrated activities.
<p>(k) providing for the exemption from any and all of the regulations, orders or directions under the plan of any class, variety, grade or size of veal calves or veal or any person or class of persons engaged in the producing or marketing of veal calves or any class, variety, grade or size of veal calves or veal;</p>	<ul style="list-style-type: none"> • Gives the Board the authority to recognize special cases where full compliance with its regulations and licensing requirements may not be reasonable. • Possible exemptions could include veal processed for home consumption would not have to be sold on EA or that milk-fed veal would not have to be sold on the EA
<p>(l) authorizing the fixing of prompt payment discounts, delayed payment penalties and interest on license fees and service</p>	<ul style="list-style-type: none"> • Ensures prompt payment of licence fees.

SECTION	OVA POLICY RATIONALE
charges owing by any person engaged in the producing, marketing or processing of veal calves or veal;	
(m) providing for the control and regulation of the marketing of veal calves or veal, including the times and places at which veal calves or veal may be marketed;	<ul style="list-style-type: none"> • This provides the Board with the power to require that all calves (GF) are sold through the electronic auction.
(n) providing for the control and regulation of agreements entered into by producers of veal calves or veal with persons engaged in marketing or processing veal calves or veal, and the prohibition of any provision or clause in such agreements;	<ul style="list-style-type: none"> • Enables the Board to standardize marketing and ensure an orderly marketing system is achieved.
(o) providing for the making of agreements relating to the marketing of veal calves or veal by the local board or through a local board program and prescribing the forms and terms and conditions of such agreements.	<ul style="list-style-type: none"> • Enables the Board to standardize marketing and ensure an orderly marketing system is achieved.
(p) requiring any person who produces veal calves to offer to sell and to sell veal calves to the local board or through a local board program;	<ul style="list-style-type: none"> • Enables the Board to establish programs for orderly marketing and to require producers to take part in those programs, including the Ontario Veal Quality Assurance Program.
(q) prohibiting any person from processing, packing or packaging any veal calves or veal that has not been sold to the local board or by or through a local board program; and	<ul style="list-style-type: none"> • Provides comprehensive regulation to protect bona fide veal producers from rogue veal, veal not produced according to the standards set out or overweight, fraudulent veal marketed outside local board programs.
(r) requiring and providing for the furnishing of security or proof of financial responsibility or of a performance bond by a person or class of persons engaged in the producing, marketing or processing of veal calves or veal and providing for the administration, forfeiture and disposition of	<ul style="list-style-type: none"> • Can be used to minimize the risk to producers of non-payment.

SECTION	OVA POLICY RATIONALE
any money or securities so furnished and the proceeds therefrom.	
8. (1) All veal calves shall be marketed by the local board or through a local board program and reported to the local board as having been marketed.	<ul style="list-style-type: none"> • Allows for a comprehensive marketing scheme for all producers.
(2) No person shall market veal calves unless marketed by the local board or through a local board program and reported to the local board as having been marketed by that person.	<ul style="list-style-type: none"> • Provides consequences and rules to prevent rogue producers from circumventing the universal marketing system i.e.: licence suspension, cancellation, penalties or prosecution under the Act.
9. The Commission vests in the local board the following powers with respect to veal calves and veal;	
1. To direct and control, by order or direction, either as principal or agent, the marketing of veal calves and veal including the times and places at which veal calves and veal may be marketed.	<ul style="list-style-type: none"> • Provides the framework to conduct the universal electronic auction marketing system.
2. To determine the quality of each class, variety, grade and size of veal calves and veal that shall be marketed by each producer.	<ul style="list-style-type: none"> • Provides the Board the ability to determine the quality standards (QA program), carcass size and implement mandatory grading system.
3. To prohibit the marketing of any class, variety, grade or size of veal calf or veal.	<ul style="list-style-type: none"> • Allows for control of what is truly “veal” in Ontario and allows for the elimination from the market place of veal that does not meet those controls.
4. To determine from time to time the price or prices that shall be paid to producers or to the local board, as the case may be, for veal calves or any class, variety, grade or size of veal calves or veal and to determine different prices for different parts of Ontario.	<ul style="list-style-type: none"> • Provides the Board with the ability to set the mandatory price grid system that all processors must use. • Ensures that all producers are treated equally in terms of approved deductions/premiums.
5. To fix and impose service charges from time to time for the marketing of veal calves and veal.	<ul style="list-style-type: none"> • Includes such things as EA marketing fee, grading fees, etc. so that all producers are contributing and treated fairly and equitably.
6. To require the price or prices payable or owing to the producer for veal	<ul style="list-style-type: none"> • Provides the framework for a payment structure back to the producer (which can be

SECTION	OVA POLICY RATIONALE
calves to be paid to or through the local board.	<p>delegated to EA Administrator) in a timely fashion.</p> <ul style="list-style-type: none"> • Also provides a framework for accountability and justification of the prices paid, including all documentation (eg. grading) to support pricing rationale. Ensures transparency and accountability.
7. To collect from any person by suit in a court of competent jurisdiction the price or prices or any part thereof of veal calves or veal.	<ul style="list-style-type: none"> • Allows the Board to institute legal collection procedures where necessary.
8. To purchase or otherwise acquire such quantity or quantities of veal calves and veal, as the local board considers advisable and to sell or otherwise dispose of any veal calves or veal so purchased or acquired.	<ul style="list-style-type: none"> • Could be used to provide an emergency management system in times of need.
9. To pay from service charges imposed under paragraph 5 its expenses in carrying out the purposes of the plan.	<ul style="list-style-type: none"> • Provides a cost recovery mechanism for the Board to ensure the organization is financially viable and that producers using the services pay the cost.
10. To pay to the producers the price or prices for veal calves less service charges imposed under paragraph 5 and to fix the times at which or within which such payments shall be made.	<ul style="list-style-type: none"> • Ensures that producers will be paid in a prompt and timely fashion through the Board. • Allows the Board to prescribe the timeframes required for payment to the EA Administrator and then back to the producers.
11. Each payment under paragraph 10 of section 9 shall be accompanied by a statement showing the class, variety, grade or size and the quantity of veal calves or veal marketed, the price or prices paid and the particulars of the service charges imposed.	<ul style="list-style-type: none"> • Producers need to have this important information be returned with every load of calves sold in order to make management decisions. • Ensures accountability and transparency for all involved.

13.0 BENEFITS OF OVA PROPOSAL TO INDUSTRY

In combination, the overall goals of obtaining marketing board regulations under the FPMA include:

- Raise the consistency and quality of veal calves produced in Ontario
- Bring order to the Ontario veal marketplace by developing practical regulations and tools for all involved in the industry
- To position Ontario Veal with the ability to respond to the needs of the Ontario veal industry.

However, there are specific benefits for each of the requested powers/regulations that will have a positive and direct impact on both the veal producer and the veal industry as a whole.

Registration (Licensing)

- Allows for better communication to producers and for producers back to organization
- Raise the quality of calves as an industry with enhanced management tools
- Brings order to the marketplace
- Allows the OVA to better prepare and have an emergency management plan

License Fees (Check-off)

- Stable funding for industry development activities
- Investment and ownership/control by producers for producers
- Collectively we can do more together than we can individually

Electronic Auction

- Competitive pricing with transparent price discovery
- Less stress on calves
- Quicker payment for calves to producer
- Coverage under the Beef Cattle Financial Protection Program
- Order to marketplace with the weekly volumes
- Increased ability to grade results in increased quality for whole industry

Veal Carcass Grading and Price Grid

- The producer will receive feedback and management information on all calves in order to make more informed management decisions on-farm
- Fair and consistent pricing
- Achieve consistency in the marketplace to deliver better product to consumer

Governance Structure

- Independent
- Representative of all producers and representative for all producers
- Recognized
- Efficient, cost effective and manageable structure

Veal Industry Advisory Committee

- Encourages collaboration throughout the entire veal industry supply chain in order to address the issues
- Provides a checks and balance system to the Board
- Provide objective perspectives and buy-in from industry partners

14.0 OVA STRATEGIC PLAN SUMMARY

As part of the consultation process, veal producers and industry partners have been able to provide input into the strategic philosophy and directions that the OVA will undertake as outlined in summary below.

Mission

The Ontario Veal Association is a producer organization dedicated to promoting and enhancing a viable and competitive Ontario veal industry through innovation, marketing, advocacy, and education.

Vision

To represent Ontario's veal producers as a progressive and dynamic organization that is dedicated to strategically and effectively addressing the needs of the industry through a responsible regulatory marketing system.

Values

The OVA's primary commitment, first and foremost, is to Ontario's veal producers. As such, the OVA's actions and decisions will be based upon:

- Providing proactive LEADERSHIP for the Ontario veal industry;
- Aiming for the highest standard of EXCELLENCE and providing VALUE in both service and performance;
- Ensuring ACCOUNTABILITY for all our actions;
- Pursuing opportunities for COLLABORATION with producers, industry partners, stakeholders, and government;
- Providing TRANSPARENT and open communications;
- Achieving our VISION through INNOVATION for the industry by pursuing new opportunities; and
- Ensuring we approach all that we do with INTEGRITY, HONESTY, and RESPECT.

Strategic Directions and Long Term Goals:

Consumer Marketing

- Through promotion, increase awareness and demand for veal.
- Increase value chain knowledge about the benefits of veal through education.
- Create new opportunities for veal consumption through innovation.
- Collaborate with industry partners on marketing initiatives.

Organizational Development

- Obtain marketing board regulations under the Farm Products Marketing Act.
- Ensure the OVA has a robust membership with a database that reflects current and accurate information.
- Ensure that the OVA Board of Directors and staff are aware of proper governance policies and procedures and that the Board is representative of the membership
- Ensure that the OVA has the financial resources necessary to operate the association and engage in activities on behalf of its members.

Producer Programs

- Develop, deliver and support programs and services that will assist the veal producer in the production of consistent, quality veal.
- Provide educational resources and information to the veal industry to address production related issues.
- Collaborate with producers and industry partners to address the needs of the veal producer and provide direct benefit at the farm level.
- Provide value to OVA members through the development and execution of exemplary member services.

Industry Development

- Represent the veal industry on issues impacting veal production.
- Collaborate with industry partners to further the needs of the veal, livestock and agricultural industries.
- Develop programs that will address the viability and sustainability of veal production in Ontario.
- Improve veal production and processes through research, special projects and technology transfer.

Communications and Public Relations

- Ensure that the OVA has consistent and timely communications across all of its programs and activities.
- Engage veal producers and industry stakeholders through effective internal and external communications using various tools and mediums.
- Advocate a positive image for veal production to industry stakeholder and the general public.

Advocacy and Industry Relations

- Develop long-term industry partnerships and relations with key audiences and stakeholders.
- Ensure effective issue based lobbying on behalf of the veal industry to all levels of government.
- Develop policies and positions on behalf of the industry based on the primary needs of the veal producer.

15.0 DRAFT ONTARIO VEAL REGULATIONS

Farm Products Marketing Act Regulation

DRAFT Veal - Marketing

Interpretation

1. In this Regulation,

“contracted veal producer” means a veal producer who is under contract to raise veal calves;

“grain fed veal calves” means veal calves weaned from whole milk or milk replacer at approximately six (6) weeks of age and fed a grain based diet and concentrate;

“local board” means Ontario Veal;

“local board program” means a program for the marketing of veal calves or veal as prescribed by the local board;

“milk fed calves” means veal calves, which are fed a milk based diet consisting of whole milk or milk replacer;

“plan” means The Ontario Veal Marketing Plan;

“processor” means a person who slaughters veal calves and “processing” has a corresponding meaning;

“veal” means meat of a veal calf;

“veal calf” means a bovine animal raised for the production of veal meat with a maximum hot carcass weight of 180 kilograms (396 lbs) with the hide off and includes “grain fed veal calves” and “milk fed calves”;

“veal producer” means a person engaged in the production of veal calves including raising a veal calf from a pre-weaned stage to a preconditioned (weaned) stage and raising a veal calf from a preconditioned stage to a market weight.

Application

2. This Regulation provides for the control and regulation in any or all respects of the producing and marketing within Ontario of veal calves and veal, including the prohibition of such marketing in whole or in part.

Powers of the Local Board

3. The Commission delegates to the local board the power,
- (a) to require persons engaged in producing or marketing veal calves and veal to register their names, addresses and occupations with the local board;
 - (b) to require persons engaged in producing or marketing veal calves or veal to furnish such information relating to the production or marketing of veal calves and veal, including the completing and filing of returns, as the local board determines;
 - (c) to appoint persons to inspect the books, records, documents, lands and premises and any veal calves and veal of persons engaged in producing or marketing veal calves and veal;
 - (d) to stimulate, increase and improve the marketing of veal calves and veal by such means as it considers proper;
 - (e) to co-operate with a marketing board, a local board, marketing commission or marketing agency of Canada or any province in Canada for the purpose of marketing veal calves and veal; and
 - (f) to do such acts, make such orders and issue such directions as are necessary to enforce the due observance and carrying out of the Act, the regulations and the plan.
4. The Commission authorizes the local board to appoint agents with respect to veal calves and veal, to prescribe their duties, terms, and conditions of employment and to provide for their remuneration.
5. The Commission delegates to the local board its powers to make regulations,
- (a) providing for the licensing of any or all persons before commencing or continuing to engage in the producing or marketing of veal calves or veal;
 - (b) providing that the local board may impose such terms and conditions upon a license as the local board considers proper;

- (c) prohibiting persons from engaging in the producing or marketing of veal calves or veal except under the authority of a license and in compliance with the terms and conditions of the license;
- (d) providing for the refusal to grant a license where the applicant is not qualified by experience, financial responsibility and equipment to engage properly in the business for which the application was made;
- (e) providing for the suspension or revocation of, or the refusal to renew, a license for failure to observe or perform, or carry out the provisions of the Act, the regulations, the plan or any order or direction of the Commission or local board;
- (f) providing for the imposition, amount, disposition and use of penalties where, after a hearing, the local board is of the opinion that the applicant or licensee has failed to comply with or has contravened any term or condition of a license or any provision of this Act, the regulations, any plan or any order or direction of the Commission, Director or local board;
- (g) providing for the fixing of license fees and the payment thereof by any or all persons producing or marketing veal calves or veal and the collecting of the license fees and their recovery by suit in a court of competent jurisdiction;
- (h) requiring any person who receives veal calves to deduct from the money payable for the veal calves any license fees payable to the local board by the person from whom the person receives the veal calves, and to forward such license fees to the local board;
- (i) prescribing the form of licenses;
- (j) requiring any person who produces and processes veal calves to furnish to the local board statements of the amount of veal calves that the person produced in any year and used for processing;
- (k) providing for the exemption from any and all of the regulations, orders or directions under the plan of any class, variety, grade or size of veal calves or veal or any person or class of persons engaged in the producing or marketing of veal calves or any class, variety, grade or size of veal calves or veal;
- (l) authorizing the fixing of prompt payment discounts, delayed payment penalties and interest on license fees and service charges owing by any person engaged in the producing, marketing or processing of veal calves or veal;
- (m) providing for the control and regulation of the marketing of veal calves or veal, including the times and places at which veal calves or veal may be marketed;
- (n) providing for the control and regulation of agreements entered into by producers of veal calves or veal with persons engaged in marketing or processing veal calves or veal, and the prohibition of any provision or clause in such agreements;

- (o) providing for the making of agreements relating to the marketing of veal calves or veal by the local board or through a local board program and prescribing the forms and terms and conditions of such agreements.
 - (p) requiring any person who produces veal calves to offer to sell and to sell veal calves to the local board or through a local board program;
 - (q) prohibiting any person from processing, packing or packaging any veal calves or veal that has not been sold to the local board or by or through a local board program; and
 - (r) requiring and providing for the furnishing of security or proof of financial responsibility or of a performance bond by a person or class of persons engaged in the producing, marketing or processing of veal calves or veal and providing for the administration, forfeiture and disposition of any money or securities so furnished and the proceeds therefrom.
6. (1) The Commission authorizes the local board to use the license fees and other money payable to it for the purpose of paying the expenses of the local board, carrying out and enforcing the Act and the regulations and carrying out the purposes of the plan.
- (2) The Commission authorizes the local board to establish a fund in connection with the plan for the payment of any money that may be required for the purposes mentioned in subsection (1).
7. (1) All veal calves shall be marketed by the local board or through a local board program and reported to the local board as having been marketed.
- (2) No person shall market veal calves unless marketed by the local board or through a local board program and reported to the local board as having been marketed by that person.
8. The Commission vests in the local board the following powers with respect to veal calves and veal;
- 1. To direct and control, by order or direction, either as principal or agent, the marketing of veal calves and veal including the times and places at which veal calves and veal may be marketed.
 - 2. To determine the quality of each class, variety, grade and size of veal calves and veal that shall be marketed by each producer.
 - 3. To prohibit the marketing of any class, variety, grade or size of veal calf or veal.

4. To determine from time to time the price or prices that shall be paid to producers or to the local board, as the case may be, for veal calves or any class, variety, grade or size of veal calves or veal and to determine different prices for different parts of Ontario.
 5. To fix and impose service charges from time to time for the marketing of veal calves and veal.
 6. To require the price or prices payable or owing to the producer for veal calves to be paid to or through the local board.
 7. To collect from any person by suit in a court of competent jurisdiction the price or prices or any part thereof of veal calves or veal.
 8. To purchase or otherwise acquire such quantity or quantities of veal calves and veal, as the local board considers advisable and to sell or otherwise dispose of any veal calves or veal so purchased or acquired.
 9. To pay from service charges imposed under paragraph 5 its expenses in carrying out the purposes of the plan.
 10. To pay to the producers the price or prices for veal calves less service charges imposed under paragraph 5 and to fix the times at which or within which such payments shall be made.
9. Each payment under paragraph 10 of section 9 shall be accompanied by a statement showing the class, variety, grade or size and the quantity of veal calves or veal marketed, the price or prices paid and the particulars of the service charges imposed.

Veal Industry Advisory Committee

10. (1) There shall be an advisory committee to be known as the "Veal Industry Advisory Committee" composed of not fewer than _____ members including a chair.

(2) After the 1st day of _____ and before the 31st day of _____ in each year,

- (a) The Commission shall appoint the chair;
- (b) The local board shall appoint _____ members;
- (c) The sales agents of the local board shall appoint _____ member(s);
- (d) the processors shall appoint _____ members; and
- (e) the Commission may appoint such additional members, as it deems advisable,

to the Veal Industry Advisory Committee.

(3) Subject to subsection (4), the members of the Veal Industry Advisory Committee are and remain members thereof until the _____ day of _____ in the year next following the year in which they were appointed.

(4) Where a member of the Veal Industry Advisory Committee dies, resigns or becomes unavailable to act before the expiration of his or her term, the person or persons who appointed him or her shall appoint a person for the unexpired term.

(5) Where the person or persons who are required to appoint any member of the Veal Industry Advisory Committee fail to do so, the Commission may appoint such members as are necessary to complete the said Committee.

(6) The Veal Industry Advisory Committee is empowered to advise and make recommendations to any person or persons represented on the said Committee in respect of,

(a) the promotion of harmonious relationships between persons engaged in the production and marketing of veal calves and veal;

(b) the promotion of greater efficiency in the production and marketing of veal calves and veal;

(c) the prevention and correction of irregularities and inequities in the marketing of veal calves and veal;

(d) the improvement of the quality and variety of veal calves and veal;

(e) the improvement of the circulation of market information respecting veal calves and veal; and

(f) without limiting the generality of any of the foregoing, any matter with respect to which the Commission or the local board may be empowered to make regulations under the Act.

Farm Products Marketing Act

Regulation XXX

DRAFT Veal-Plan

Plan

1. This Regulation sets out the plan for the control and regulation of the producing and marketing of veal calves and veal in Ontario.

Definitions

2. In this Regulation,

“Board member” means a member of a local board elected under this regulation;

“Veal” means the meat of a veal calf;

“Veal calf” means a bovine animal raised for the production of veal meat with a maximum of a hot carcass weight of 180kg (396lbs) with the hide off;

“Veal producer” means a person engaged in the production of veal calves including raising a veal calf from a pre-weaned stage to a preconditioned (weaned) stage and raising a veal calf from a preconditioned stage to a market weight.

Local Board

3. (1) A local board to be known as Veal Ontario shall be established in accordance with this Regulation.

(2) The local board has the power set out in the following provisions of the Cooperative Corporations Act:

1. (15) (1) (corporate powers)
2. (15) (4)
3. s.50 (borrowing powers)
4. s.110 (indemnification of directors and officers)

(3) The board members shall be deemed shareholders and directors of the local board for the purposes of exercising any of the powers mentioned in (2).

Objects of local board

4. (1) The objects of the local board are to control and regulate the producing and marketing of veal calves and veal within Ontario.

(2) For the purposes of carrying out its objects, the local board shall exercise such powers and shall have such authority as is delegated to it by the Commission under s.3(3) and s.7(7) of the Act and referred to in Ontario Regulation _____.

Composition of Local Board

5. (1) The local board shall be composed of eight (8) board members.

(2) The board members shall be producers elected to represent the producers.

(3) All board members shall be elected at the annual meeting of the local board.

(4) One Board member shall be appointed by the Dairy Farmers of Ontario.

(5) A producer is eligible to be elected as a Board member under subsection 3 only if, (a) he or she has produced a minimum of fifty (50) veal calves in the immediate preceding calendar year and (b) at the time of his or her election at the board, he or she is the holder of a license from the local board to produce and market veal calves and veal.

Election term of board members

6. (1) On or before December 31st of each year, the producers shall elect seven (7) members from among their number, four (4) for a term of one (1) year and three (3) for a term of two (2) years.

(2) The board members shall take office on the day following the annual meeting of producers and shall hold office until their successors take office.

First Local Board

7. Within fifteen (15) days of the day this regulation comes into force, the Commission shall appoint eight (8) members to the local board to hold office until their successors are elected or appointed in accordance with s.6.

Vacancies on Local Board's

8. (1) If a board member dies or resigns or ceases to be a licensed producer before the expiry of his or her term then within thirty (30) days of such event, the remaining board members may appoint a replacement board member to fill a vacancy for the remainder of the term.

(2) If the local board does not appoint a person under (1) within thirty (30) days of the board member ceasing to hold office, the Commission may do so.

(3) If a board member is unable to act, the remaining members of the local board may declare the position vacant and appoint a replacement board member to fill the vacancy for the remainder of the term.

16.0 SUMMARY

In summary, there has been an exhaustive amount of work conducted and compiled with respect to the OVA's pursuit of marketing board powers under the FPMA. Veal producers have clearly indicated that the current system of marketing veal calves is not sustainable and could ultimately lead to the demise of the Ontario veal industry all together if change is not brought about.

The OVA will continue to consult with its industry partners in order to bring its proposal to the Farm Products Marketing Commission for consideration. Given the state of the veal industry in Ontario, time is of the essence. The OVA is looking for early consideration of this request by the Commission with an expression of an opinion vote shortly thereafter. The OVA certainly appreciates any feedback, insight or advice from their industry partners with respect to this preliminary outline of their proposal.