Executive Summary

With over $3.7 billion sales in Canada, and $63 billion USD sales worldwide, Organic foods and products are one of the fastest growing markets in the agri-food sector. Not only do they have the potential to build the Ontario economy in general, and rural communities in particular, but organic farming that uses ecological practices such as pastured livestock and cover cropping can have significant impacts on mitigating and adapting to climate change as well as potential health benefits for the end consumer.

Ontario’s organic value chains make up approx. 15-20% of the Canadian market. And yet, despite its contribution to the economy, environment and health of the province, the Ontario organic sector has little to no capacity to collect baseline data, conduct important agricultural research, affect policy decisions, engage in market development, encourage new entrants and succession planning, support transition from conventional to organic farming, educate consumers and market collectively. When compared to the power and multitude of the over 20 conventional commodity groups and associations in Ontario, the organic sector has no capacity to advocate on its behalf. While other provinces have significantly increased sales as a result of provincial organic regulations and government supports, Ontario has no provincial organic regulation to protect organic claims within the province nor political infrastructure (no specific organic-focused government staff or expertise) to support the development of the sector.

Many conventional commodity groups in Ontario are underpinned by a mandatory production contribution (check off) that is mandated by the province. Upon initial investigation, the organic sector is contributing at least one million dollars annually to these commodity groups. While conventional organizations offer product-specific marketing, training and research, the organic members of these groups are often vastly underserved and their needs disregarded by the mainly conventional producer-member run boards.

Similar systems exist in the US and other parts of Canada. However, in an effort to build capacity for the organic sector, a number groups have proactively instituted an organic sector specific fee system. For example, the US Organic Trade Association recently made an official application to the USDA to create a national organic check off for the whole value chain based on 0.1% net sales for producers, operators and importers of certified organic foods (www.groorganic.net). While the US organic sector is opting for a national program, Canada’s regulatory system places the jurisdiction for such programs mainly at the provincial level. Quebec organic grain producers have also recently successfully won a bid to implement an
organic surcharge ($0.50/mT) in addition to the conventional production contributions they make. In the Canadian prairies, several groups have collaborated to create a Prairie Organic Development Fund in conjunction with the Prairie Organic Grain Initiative in order to develop the organic grain sector as a whole.

Meanwhile, key sector leaders in the Ontario organic grain sector (Homestead Organics, Thompsons Ltd, Roger Rivest, Field Farm Organics) have taken the initiative to begin collecting a similar fee ($0.50/mT) from producers and requesting donations ($1.00/mT) from buyers as a pilot project to test such a system for Ontario and demonstrate potential. After the initial year, roughly $15,000 has been raised without significant effort on the part of OCO staff or board. There is clearly potential through a program like this to generate enough funds to support the sector.

This paper also outlines options for instituting a mandatory check off in Ontario, which strategies are more or less feasible and some possible fee structures and scenarios. Further consultation and development of these ideas are necessary.

With the initial pilot year wrapping up, the Organic Council of Ontario wishes to raise short term funding by expanding the voluntary production contribution program sector-wide. It is also applying for funds to Growing Forward 2 and is seeking matching funds from sector leaders. With enough funds in place, OCO staff and board can begin to consult with the sector on their priorities for action and to determine the interest in a mandatory program.
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1. Purpose and Context

The purpose of this paper is to build the case for:

a. Growing a sector-wide Voluntary Production Contribution Program to build the capacity and financial resources of the Ontario organic sector. Specifically, more resources are needed to sustain sector representative organizations, such as the Organic Council of Ontario, in order to advocate for greater sector supports and important regulatory oversight.

b. Exploring the possibility of an Ontario Organic Levy or Check off program. Evidence suggests that the agricultural sectors with the greatest amount of organization, sway and credibility are underpinned by a mandatory fee system that is, in Canada, mandated by the province.

To do this, the paper lays out the rationale for a sector-wide sustainable funding strategy; the regulatory context and current payments made by organic stakeholders to conventional commodity groups; case studies of processes and models from other North American jurisdictions; a description of previous inquiries in Ontario; examples of sector leaders who are implementing a voluntary production contribution fee; possibilities for creating an organic check off within the Ontario regulatory environment; and, finally, next steps towards exploring the interest in a sector-wide check off.

This paper and process is being led by the Organic Council of Ontario because it sees the need for a stronger organic sector and representative body within the province. It does, however, not wish to exclude organic stakeholders who are not currently members of OCO but, rather aims to take a whole sector approach in building the strategy.

2. Why does the Ontario Organic Sector need a Check Off?

With over $3.7 billion sales in Canada, and $63 billion USD sales worldwide, Organic foods and products are one of the fastest growing markets in the agri-food sector. Not only do they have the potential to build the Ontario economy in general, and rural communities in particular, but organic farming that uses ecological practices such as pastured livestock and cover cropping can have significant impacts on mitigating and adapting to climate change as well as potential health benefits for the end consumer.

Ontario’s organic value chains make up approx. 15-20% of the Canadian market. And yet, despite its contribution to the economy, environment and health of the province, the Ontario organic sector has little to no capacity to collect baseline data, conduct important agricultural research, affect policy decisions, engage in market development, encourage new entrants and succession planning, support transition from conventional to organic farming, educate consumers and market collectively. When compared to the power and multitude of the
over 20 conventional commodity groups and associations in Ontario, the organic sector has no capacity to advocate on its behalf. While other provinces have significantly increased sales as a result of provincial organic regulations, government supports and/or thriving organic industry associations, Ontario has no provincial organic regulation to protect organic claims within the province, no political infrastructure (no specific organic-focused government staff or expertise) to support the development of the sector, and a organic industry association that lacks capacity and financial sustainability. Strong organic industry association and organic regulations are found throughout the world where organic sectors thrive.

Despite growing organic sales, there is still significant consumer confusion regarding “organic,” “local” and “natural” claims. Strong consumer education and marketing is required to continue to grow the sector and maintain the organic brand.

Both the US and Quebec governments and industry associations are investing heavily in organic sector growth, research, promotions and developing organic supply by supporting conventional farmers to transition to organic. Sandwiched between these two well-supported organic sectors, the Ontario organic sector must build its capacity if it is to remain competitive. With a weak Canadian dollar, importers and retailers will suffer from increasingly expensive imports and short supply.

While the Canadian Organic Trade Association, the Organic Federation of Canada and the Canadian Organic Growers are important organizations, unlike in the United States, most of the programs policies affective the agri-food industry are administered and directed at the provincial level, making provincial representation critical for the organic sector’s success. The Organic Council of Ontario was created for this purpose, but has been unable to build a sustainable funding model to maintain its operations.

In Ontario, the Ecological Farmers Association of Ontario and the National Farmers Union have many members who are organic growers but do not represent the rest of the value chain. It is the intention of the Organic Council of Ontario to build a sustainable funding strategy based on the conventional commodity check off programs and set strategic priorities for the allocation of these funds with the input of the entire sector, including these two key organizations.

3. Ontario Marketing Board and Association Levies

There are a number of regulations that govern how producer groups are formed and levies collected both at the provincial and federal levels. In Ontario, there are three types of regulated groups that represent producers: marketing boards, section 12 associations and general farm organizations. The first two fall within the jurisdiction of the Farm Products Marketing Commission. There are 21 marketing boards and 3 section 12 associations in Ontario (see Appendix A).
A. Types of Organizations with Mandatory Check Offs

Marketing boards regulate the production or marketing of a particular farm product and often have many regulatory responsibilities delegated to them by the Farm Products Marketing Commission under the *Farm Products Marketing Act*. Section 12 associations, however, do not have authorities delegated to them and rely on the commission to regulate and control, for example, levies.

General Farm Organization may also set and collect fees but they are regulated by a different piece of legislation (*Farm Registration and Farm Organizations Funding Act*). They require a local chapter governance structure and local boards.

Another important piece of legislation, the *Farm Products Containers Act*, legislates the collection of fees for the use of regulated containers. These fees currently fund the Ontario Fruit and Vegetable Association.

National marketing boards regulate interprovincial marketing and export trade but can only be created if there is first a provincial marketing board in place.

B. Organic Sector Contributions to Conventional Commodity Organizations

Based on estimates of organic sector activity\(^1\) and current marketing board and association pricing, it is estimated that a minimum of $1 million dollars annually are contributed by organic sector operators to mandatory and other programs (see Appendix B). This estimate, however, is most certainly an underestimate for several reasons:

- The most organic sales occur in the vegetable sector and vegetable producers are primarily subject to fees via the *Farm Products Containers Act* and directed towards the Ontario Fruit and Vegetable Growers Association. These fees are difficult to track and the research goes beyond the scope of this paper;
- Organic sector data is spotty at best as there is no provincial strategy for tracking and analyzing data;
- This amount does not take into account general farm organization contributions; and
- Data is collected through certifying bodies and therefore only represents those producers who are certified organic.

Many organic producers go above and beyond average marketing efforts and thus require less support from marketing boards and associations. Moreover, organic producers and operators must also take leadership in creating organic processing facilities and value chain infrastructure in order to get their product to market. In many cases, these investments benefit other sector actors or late adopters with little protection for initial investors. Furthermore, organic

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1 Macey’s data collected for Canadian Organic Trade Association 2015 market report
producers are often a smaller percentage of the marketing board or association membership and have less sway in voting through resolutions to meet their needs.

There is, however, no doubt that marketing boards and associations still benefit organic producers in some way. However, given the over $1 million in contributions annually to conventional organizations, if even one quarter of all organic producer levies were redirected to an organic sector organization, the Ontario organic sector would be much stronger than it is currently. This would not even take into account the contributions of other operators.

4. What is happening elsewhere?

A. Case Study of Quebec

Quebec has a history of more centralized agricultural representation with the creation of a mandatory levy regulatory framework for the Union Producteurs Agricoles (UPA) as early as 1965 while Ontario was considering a similar legislation but turned it down only to create the Farm Registration and Farm Organizations Act much later in the 1990s after some of the largest general farm organizations were struggling to maintain members. The UPA is the umbrella group for all farmer unions and has both regional representation and commodity based representation within it. This has led to a culture of cooperation and negotiation in Quebec compared to Ontario’s more splintered groupings (Ontario has three accredited general farm organizations and at least one non-accredited).

In Quebec, the Filière d’Agriculture Biologique du Quebec (FABQ) was created in 1989 and was composed of four unions (Grains, Meat, Maple and Dairy) as well as hosting a committee for Fruit and Vegetables.

I. Organic Grain Levy

In 2014, a committee of organic grain producers, assisted by the Filière d’Agriculture Biologique du Quebec (FABQ), put forward a resolution to the Federation de Producteurs du Grains within the UPA to collect an additional levy from organic grain producers. This levy is transferred to the FABQ to be allocated for the specific needs of the organic grain sector in Quebec. They charge an additional $0.50/mT on all grains, a price roughly equivalent to the lowest conventional grain levies. The levy was chosen based on what the organic grain farmers felt needed to be raised in order to meet the financial needs of the sector. They may increase these amounts as the program develops.

II. Funding for Filière d’Agriculture Biologique du Quebec

FABQ has also been struggling with its own capacity. An interview with a former representative indicated that the organization had struggled for years to get funding
from conventional associations, but were finally looking instead to partner with the UPA on a project by project basis for funding. They have also recently received over $200,000 from the Quebec government for a market development campaign as part of a three-year strategy to strengthen and grow the Quebec organic sector.

III. Surcharge Collection through Certification Bodies

Quebec is one of two provinces in which organic certification by an accredited certification body is mandatory (Act Respecting Reserved Designations and Value-Added Claims, 2000, which refers to the Quebec Organic Reference Standard). (COG website)

The Committee on Accreditation for Evaluation of Quality (CAEQ) accredits certification bodies registered in its accreditation program and, through them, collects an “accreditation surcharge” that goes towards the maintenance of standards and the operations of the CAEQ. In consultation with certification body staff, there is some frustration with the role of collector and resistance to further collection on behalf of accreditors or organic organizations. (personal interview with Simon Jacques)

However, upon discussion with certifying bodies, there is resistance to the idea of the collection of additional surcharges for each province as this increases the perception that certification bodies are expensive and taxing producers extra for their services. In addition, the accounting becomes onerous as certifying bodies that operate nationally or internationally must then collect and account for monies for various provincial bodies if a surcharge is implemented by more than one province.

Differences in Context:
- More centralized organization, culture of negotiation
- Provincially regulated organic standard
- Generally supportive of more government intervention

Lessons Learned:
- Possible to succeed in passing resolution for additional organic fee
- Set pricing based on need
- Producers hold more sway within farmer organizations

B. Case Study: Prairie Organic Development Fund and Prairie Organic Grain Initiative

The Prairie Organic Development Fund offers a very different model of funding, one that is funded primarily from the buyers side. However, it originated as an idea to create a voluntary “commission” levy, similar to a marketing board.
I. Prairie Organic Commission Gentleman’s Agreement

In 2013, with the aim of supporting the Saskatchewan Organic Directorate, Chantal Jacobs, the provincial organic crop production specialist proposed that the organic sector look to the Saskatchewan Herb and Spice Association (SHSA) as a model of a voluntary levy program. The SHSA basically started a commission (like a marketing board) by working directly with their buyers to create a “Gentleman’s Agreement” levy program, one in which 1% of all sales would be collected by buyers and sent to the SHSA. The SHSA would operate like an official commission, but without government oversight. The Saskatchewan Organic Directorate board approved looking into the model in collaboration with organic organizations in Manitoba and Alberta.

From there, the idea developed into a full fledged production contribution program proposal that was being called the Prairie Organic Commission (POC) that would be jointly governed and administered across three provinces (Alberta, Saskatchewan and Manitoba). This original proposal suggested that 0.5% of gross sales be collected by registered buyers and remitted either directly to the POC or through the Levy Control. A number of levy examples were proposed, including a $1.00/tonne levy on all grain, however the original concept concluded that a percentage of sales levy had a number of advantages: 1) It stabilized funding for the POC; 2) It offers check off parity between different crops with varying crop rotations and market value; and 3) Price/tonne of grain would mean that growers selling a lower value cereal grain would pay a disproportionate amount per tonne. The proposal offered funding scenarios wherein funding for administration would not exceed 25% and funds would be equally distributed among the three provinces.

II. Prairie Organic Development Fund

The POC “Gentleman’s Agreement” proposal, however, eventually shifted due to the interest from buyers and a need for funding cap. Grain volumes bought and sold in the prairies do not lend themselves to a buyers check off. Prior to the discussion of a check off, there already existed an exemption for organic growers from conventional commission levies with the exception of pulse growers. The Saskatchewan Organic Directorate (SOD) wanted to push for a mandatory levy and almost succeeded with the pulse growers, but this would have required overcoming significant regulatory hurdles and gaining further buy in. As a short term funding solution, the three groups opted instead to create an industry-funded umbrella organization.

The result was the Prairie Organic Development Fund, a federal non-profit with governance from three provinces. Over $14,000 was spent incorporating the organization in addition to donated legal time. The pan-prairie approach leveraged synergies and administration while reducing duplication of efforts and broadening the
impacts of the funding. The short-term funding approach is to solicit sponsorship based on the relative size of the buyer, similar to the Canadian Organic Trade Association’s (COTA) funding structure (See Figure 2). Funds are to be split equally between the three provincial organic organizations with additional funds allocated to an innovation fund, currently being directed towards a Prairie Organic Grain Initiative with the objective to increase the quantity and quality of organic grains produced in the prairies. Funders are asked to commit to a three-year contribution period and will receive reports on the projects and financials as a result. In the meantime, Organic Alberta has secured 1.1 million from the Western Diversification Fund towards the Prairie Organic Grain Initiative, to be matched by funders. Key factors contributing to the success of the fund are 1) the prairies are a global source of organic grains; 2) there is a global shortage of supply and thus buyers are experiencing this challenge in increased prices and limited ability to meet market demand; 3) a common commodity and need for greater supply unites the producers and buyers.

Differences in Context:
• Similar climates, growing conditions, markets and commodities unite three provinces
• Global commodity and supply shortages
• Buyers invested in improving the quantity and quality of grain
• Prairies work closer with government

Lessons Learned:
• Common goals and interest key
• Involve both farmers and value chain stakeholders
• Short term solution sometimes needed before check off
• Even short term solutions are not very short term (three-year process)
• Government leadership and involvement key
Figure 1: Prairie Organic Development Fund Structure

Figure 2: Fee Structure of Prairie Organic Development Fund

<table>
<thead>
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<th>Total Annual Organic Sales</th>
<th>Dues</th>
</tr>
</thead>
<tbody>
<tr>
<td>&lt; $100,000</td>
<td>$250</td>
</tr>
<tr>
<td>$100,000 - $499,000</td>
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</tr>
<tr>
<td>$500,000 - $1 Million</td>
<td>$1,000</td>
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<tr>
<td>$1 Million - $10 Million</td>
<td>$5,000</td>
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<tr>
<td>$10 Million - $20 Million</td>
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<td>$30,000</td>
</tr>
<tr>
<td>&gt;$60 Million</td>
<td>$35,000</td>
</tr>
</tbody>
</table>
C. Case Study: Organic Trade Association

In 2011, the Organic Trade Association (home to the Canadian Organic Trade Association), brought together a committee of members to explore the possibility of petitioning for a National Organic Research and Promotions Program (the legal entity for a mandatory check off program in the US). They devised a two-pronged approach: 1) In the short-term they would hire a lobbying firm to work behind the scenes with the USDA to create an exemption that would allow certified organic producers and operators to opt out of conventional Promotions and Research Programs; and 2) They would devise a public consultation process to develop one or more National Organic Research and Promotions Programs for the organic sector.

I. Lobbying for an Exemption:

As part of the overall strategy to create an organic check off program, a clear first step that predated the creation of GRO Organic and required less consultation was to first exempt organic operators from regulations mandating them to pay assessments (check offs) to conventional commodity programs allowing them a choice to opt in or out.

This first required lobbying the USDA for changes in the Federal Agriculture Improvement and Reform Act of 1996 (FAIR Act) to allow for certain provisions for generic (cross-commodity) commodity promotion programs. This was first established in a section in the 2002 Farm Bill created to exempt persons who produced and marketed “100% organic” and who did not otherwise produce or market any other conventional or nonorganic products.

In the 2014 Farm Bill, a section was created that expanded the organic assessment exemption to apply to any agricultural commodity that is certified as “organic” (95% organic ingredients) or “100 percent organic” as defined by the National Organic Program, including products produced or marketed (and now, processed and imported) through split operations (i.e. operation with both organic and nonorganic products). The amendment led to the final stage, which was a proposal to the Agricultural Marketing Service (the US national equivalent of Ontario’s provincial Farm Products Marketing Commission) to create exemptions to the definition of products in 23 Federal marketing orders (similar to marketing boards) and 22 national research and promotion programs.

The proposed rule was published on the Federal Registry for on December 16th, 2014 for public comment for a period of 30 days. The comment period was extended at the request of 14 commodity board commenters by one month. The USDA received 731 comments, 550 that were in favour, 10 opposed and 33 that did not state a position. Two of the opposing comments were concerns expressed by marketing boards that the exemption would impact their ability to fund operational costs in the future.
The final rule passed on Dec 31st of 2015 and will come into effect February 29, 2016. Applicants seeking an exemption must now request and fill in an application annually to their respective commodity boards. Proposals to have applications for exemption be perpetual (i.e. not require an annual application process) and to be tied to NOP certifying body databases for verification were denied. The exemption is estimated to allow for up to $13.6 million annually to be freed up for organic stakeholders to reinvest in the organic sector.

II. Consulting for a National Research and Promotions Program

Process
In 2011, OTA formed the first steering committee to explore the interest in creating a national organic check off process. Early in the process, stakeholders suggested that the OTA use the process employed by the National Organic Coalition to create the National Organic Action Plan. As such, the committee reached out to over 17,000+ organic operators throughout the process. In 2012-2013, the OTA hosted held 20 townhalls across the country and six national webinars. After hosting these consultations, the steering Committee had identified options for a framework to establish a National organic research and promotions order (check off). In March of 2014, a direct mailing was sent to 17,000+ operators with information on the developing framework and over 1004 phone surveys were conducted. Finally, a second round of direct mailings to 11,000 operators were sent and another 1,124 phone surveys conducted in August of 2014. In addition, meetings were held with the National Organic Coalition and the National Farmers’ Union in September to discuss the process and framework.

GRO Organic Program
In May 2015, the final version of the proposal for a Generic Research and Promotion Order for Organic (or GRO Organic) was submitted in an official proposal to the USDA for review. If it passes, the GRO Organic program is estimated to raise $30 million annually to address common organic sector challenges such as domestic supply shortages, viable pest management options, and market confusion. The funds will be allocated 25% to research (pest management, 25% to promotion, 25% to information (consumer education, information and programs to enhance the image of the organic industry, technical services for farmers and support of transition to organic production), and 25% for discretionary funds. A cap of 15% allocation to administration is included in the regulation as well.

The GRO Organic proposal takes a value chain approach requiring a check off of producers, handlers and importers who have annual gross organic revenues in excess of $250,000 at one tenth of one percent (0.1%) of net organic sales. The regulation states that “Net organic sales means total gross sales in organic products minus the cost of certified organic ingredients, feed, and inputs used in the production of organic products.” Eligible producers also have the option of being assessed at 0.1% of “Producer Net Profit,” defined as “organic
producer income received from organic products less the associated production expenses excluding fixed non-cash costs.” Also, producers who have annual gross organic revenues below the $250,000 may choose to contribute to the program voluntarily and thus receive all the governance rights and responsibilities of membership. In the case where an organic handler is also a producer, their combined gross organic revenues count toward the threshold. The GRO Organic board also accepts exemption requests for dual-covered entities, producers who pay into both GRO organic and conventional marketing order.

Governance
The GRO Organic board will be composed of 17 members with five producer representatives from various specified growing regions; one small producer who has contributed to the program voluntarily (under $250,000); five organic handlers; two organic product processors; one organic importer and one at-large public member who will be a non-voting member. Every three to five years, the board will reassess the number of voluntary members and geographic representation of the board and adjust the board seats in accordance with member demographics through the amendments to the order.

Alternative Approaches
Through extensive consultation and deliberation, the GRO Organic core committee considered many approaches to creating a check off program. Below are some of the alternatives that were considered but declined in the process.

- **Voluntary trade association promotion program**: does not mandate assessments (check offs) and would otherwise be too costly to run;
- **Federal marketing order or agreement**: limited by the law to a particular commodity rather than a set of production practices; could not include importers and all processors
- **Individual organic commodity programs**: the task of creating the large number of organic commodity programs was too onerous, expensive and time-consuming. Organic value-chains share similar challenges and can pool fees for a greater impact.
- **Mandatory check off for all producers even small**: Some farmers’ groups advocated that all producers selling certified organic products, regardless of how small, should be mandated to pay a check off fee. Different exemption thresholds were also considered (e.g. 100,000 gross sales), but ultimately the $250,000 gross sales floor was adopted.
- **Board seats by category of production rather than region**: the legislative framework requires that the board reflect the geographic distribution of producers. However, the proposal encourages the consideration of sectoral diversity in the selection of board members.
- **More board seats dedicated to producers**: because the program takes a value chain approach, the number of seats allocated to producers is limited. However, acknowledging the importance of producer representation, the proposal requires
50% of board seats to go to producers even though only 20% of the funds are estimated to come from them.

- **All producers vote**: a suggestion was made that all organic producers have a vote in board representation, whether contributing to the program or not. However, the law indicates that only assessed entities (contributing members) may vote on board members.

**Differences in Context:**
- Organic Trade Association working at a National level in the United States
- Check Off programs regulated at a National and State level
- OTA already a well-established organization with stable funding
- No supply managed commodities
- US organic sector has a much larger market and sway
- Farm Bill an opportunity to recommend legislative change

**Lessons Learned:**
- Moving towards a long term check off is a 3 – 4 year process
- Important to consult with all organic stakeholders
- Not everyone will agree
- Make concessions for small businesses
- Build buy in from the beginning
- Work through regulatory and legislative channels rather than through conventional commodity groups

**Figure 4: Current step in check off applications process in US (2016)**

From GRO Organic website, accessed 2016
5. What Has Already Happened in Ontario?

A. Meetings with Marketing Boards and Associations

According to former OCO Executive Director, Jodi Koberinski, an initial attempt to solicit a portion of the levy funds provided to conventional marketing boards and associations was attempted in 2011 with then Board Chair, Matt LeBeaux. No specific percentage or system was described but instead a $5-10,000 transfer was suggested. OCO sent formal letters to and met with the pork industry, the Ontario Fruit and Vegetable Growers Association, the Egg Board, the Dairy Farmers of Ontario, the Ontario Federation of Agriculture, the Ontario Grain Farmers, staff from the Beef Farmers of Ontario, met the Apple Growers of Ontario. They met with a similar attitude in many of these meetings. Many of the groups felt they would be shooting themselves in the foot if they gave money to OCO. “Why should we provide you with fees to make us look bad?” was the attitude. Aside from that, boards felt they were already serving the needs of their members and that organic producers were too small a percentage of their membership to address their needs. The other comment that they heard was that the request would have more merit if it came from a vocal group of members, both organic and non-organic (similar to what happened in Quebec). Koberinski also commented that they had the most success with the Egg Board, but needed more time to produce results.

B. Pilot Project: Voluntary Production Contribution Program

While a long term mandatory check off program for the sector may be preferred, the reality is that funding is needed immediately for any work to be done on behalf of the sector, let alone work towards a mandatory program. Provincially, the Organic Council of Ontario is able to generate only about a third of its operating budget through membership and other fundraising efforts. As such, a few key leaders have taken the approach of leading by doing, and have implemented their own voluntary contribution program as a way to pilot the approach and generate short term funds.

I. Case Study of Sector Leader: Homestead Organics

Since January of 2014, the Organic Council of Ontario has been calling upon sector leaders to implement a voluntary production contribution program. Tom Manley of Homestead Organics, an organic grain marketing company, has taken a leadership role in designing and implementing a voluntary contribution program similar to the mandatory organic levy introduced by organic grain growers in Quebec. In 2015, Tom was also able to bring on board several other grain processor and marketing companies to employ similar strategies with their producers and customers, generating a total of over $15,000.00 in revenues for the Organic Council of Ontario.

The voluntary production contribution program (voluntary check off) is a short term approach to generating funds for the sector. The program is outlined in full in a document.
called “Production Contribution Program May 2015” but essentially combines the value chain approach proposed in the US with the additional commodity fee approach employed in Quebec. “Collectors” are the first buyers of the product who are able to write the production contribution into purchasing agreements with producers and to solicit contribution from customers. In the case of Homestead Organics, producers pay 0.50/tonne of grain sold, Homestead matches that amount, and customer are asked to contribute $1.00/tonne. The collector keeps a tally through accounting software or a simple spreadsheet of contributions and remits them at least quarterly to OCO. Collectors are also requested to send a report in January of every year with names and business contact information of contributing producers and collectors. Individual business financials will not be shared. Producers and customers from outside of the province will be included in the program and their contributions will be remitted to the organic organizations in their given province if one exists. Customers from outside of the country will contribute to the Ontario program. Currently, this program exists in addition to membership, but this may be reassessed when greater uptake of the program occurs.

II. Other Production Contribution Lessons

Several other organic operators have attempted to implement a voluntary production contribution program through their business and experienced minor setbacks. In one case, Pfenning’s Organic Vegetables reached out to producers and customers and proposed using a 0.1% of sales contribution. In this case, Pfenning’s would take 0.1% off invoices paid to producers, match that amount themselves, and add 0.1% on invoices to customers. Through their outreach, Pfenning’s received little to no negative feedback from producers, but were surprised to receive a great deal of pushback from customers. Pfenning’s was committed to taking a whole value chain approach and not forcing the producers to carry the financial burden of the sector. As a result, in addition to other complicating circumstances, Pfenning’s decided to postpone participation in the program.

In another case, the Ontario Natural Food Co-op has been discussing a concept that would involve distributors acting as agents to collect a fraction of its sales of certified organic products. The co-op would be interested to pursue this concept further if other distributors would also agree to participate on a level playing field.

Finally, Field Farms Marketing took a slightly different approach from Homestead Organics. Instead of collecting $0.50/tonne on all types of grain, FFM chose to use the conventional levy pricing which varies for each commodity. They also chose not to collect from producers but rather to pay for both the producer’s contribution and the matching processor’s contribution in order to avoid accounting complications and the potential for pushback from producers. They have also not solicited fees from customers.

III. Expanding the Program
OCO is now confident that this program could and should expand to other commodities and is seeking “sector leaders” who are potential collectors for various commodities to design and commit to a pricing structure that works for their commodity. Sector leaders can work with OCO board and staff to host meetings with potential collectors in their sector to collectively shape the program and commit to its success. This is a key part of the process and will require resources and support.

6. A Sector Wide Funding Strategy—What is Feasible?

While a voluntary production contribution is necessary to meet short-term funding needs and to help resource the development of a sector wide strategy, a mandatory fee structure that encompasses all certified organic operators may still be the end goal. Many of the most successful commodity and farmer groups are regulated. Even the general farm organizations suffered from financial instability prior to the introduction of the Farm Registration and Farm Organizations Funding Act. Given the current regulatory environment in Ontario, below are potential approaches for achieving variations of a regulated check off. A summary of the strengths and weaknesses of the various approaches is outlined in Appendix C.

A. Organic Producers Pass Resolutions within Marketing Boards

As in Quebec, a group of organic producers who are members within each marketing board and association could introduce a resolution and press for funding reform from the within the organizations. In the example of Quebec, producers and organic advocates made attempts for almost ten years to extract funds from commodity groups but were only successful when a resolution was introduced to collect and additional fee from organic producers. In Saskatchewan and Ontario as well, initial discussions with commodity groups yielded some potential, but ultimately failed in the short term. The OTA also alluded to discussions with commodity groups bearing little fruit. The advantages to such an approach would be to avoid creating yet another potentially flawed organization and multiple and/or extra dues. The disadvantages of this approach are that a) it could take a very long time with an uncertain outcome, and b) may not grant the legitimacy or control necessary for the organic sector to make real change or gain traction within those groups.

B. Solicit a fee via Certifying Bodies

Perhaps one of the simplest approaches to funding the organic sector would be to require an additional “organic sector surcharge” for all certified organic business to be collected by certification bodies. As previously mentioned, this is required by the Quebec accredditor CAEQ for the purpose of maintaining standards. The funds are collected and retained by CAEQ and do not go back into funding sector level activity such as research and promotion. However, in initial discussions with certifiers, there is little appetite to take on the administrative burden of collecting fees for the entire sector, especially given the complexity of dividing up these fees among potentially ten provincial collection
organizations. In addition to the administrative burden, certifying bodies feel they are already perceived in a negative light for the added costs and paperwork they oblige producers and operators to undergo for certification and do not wish to further exacerbate that perception. However, this option is still theoretically feasible with strong support from the sector and/or if mandated by government. For this approach to work, outside pressure from government, the Farm Products Marketing Commission and the organic sector at large may be required.

C. Create Product Exemptions through Farm Products Marketing Commission

According to the Farm Products Marketing Act, s 7. (1): “The Commission may make regulations generally or with respect to any regulated product, …11. providing for the exemption from any or all of the regulations, orders or directions under any plan of any class, variety, grade or size of regulated product, or any person or class of persons engaged in the producing or marketing of the regulated product or any class, variety, grade or size of regulated product.” In some cases, the commission may have delegated this authority to the marketing boards. Further investigation into each marketing plan would be required, however, to determine the authority to exempt for each board. In the case of boards with delegated authority, the exemption would need to be requested of the marketing board. This would, however, not address payments made through the Farm Products Containers Act. Creating an exemption would allow producers the choice of whether or not to pay a levy or license fee to the marketing boards and therefore be regulated by them. It would also be required for a new marketing board, association or general farm organization to be created as the FPMA prohibits “double dipping.” A fee exemption would not necessarily exempt producers from other regulatory requirements, licenses or quota holdings under the FPMA, but exemption from regulations is also a possibility. Working with the Farm Products Marketing Commission for a change may require significant time and effort but may have more initial merit than attempting to sway multiple boards. Furthermore, it is the mandate of the Farm Products Marketing Commission to ensure that all boards fulfill their obligations to “stimulate, increase and improve the production or marketing of identified farm products” and the commission reports directly to the Ministry of Agriculture, Food and Rural Affairs. This approach may also avoid the necessity of creating new legislation through political channels.

D. Apply to Create an Organic Sector Marketing Board

If and when an exemption for certified organic products were created for each of the marketing boards, a new marketing board application could come into effect. The application process may take place simultaneously to requests for exemptions, but can not be instituted while “double dipping” may occur under there is legislative change. The advantages to forming a marketing board are that the marketing board would be authorized to collect a mandatory levy and to govern and change regulations and bylaws itself without seeking regulatory change from the Commission. It would also create
legitimacy for the organic sector by creating a clear legal mechanism for organizing and governing the sector with a focus on marketing and promotion. However, marketing boards are highly regulated and many of the current issues the organic sector faces in working with boards may be perpetuated while creating a new institution. In addition, a marketing board structure allows for greater power and reach than is currently envisioned for the organic sector and may be considered “overkill.” Marketing boards allow for both producer and other stakeholders as members as set out by the marketing plan (FPMA Section 5(3)) allowing the organic sector to create a board with a value chain approach similar to the US. Importers, however, would likely require federal regulations under the APMA. National boards in Canada can only be created from an existing provincial marketing board, unlike in the US.

The application process for a marketing board involves an eight step process will take a minimum of several months. The process requires that the applicants document the definitions of the products and producers that fall under the plan; estimates of the total number of producers; a petition in favour of support signed by at least 15% of producers; a license fee proposal that lays out costs, collection mechanisms and possible exemptions; evidence that there was sufficient information presented to the sector and consultation with both supportive and negative comments outlined; a strategic plan for the board; and, finally, an operational plan for the board. The Farm Products Marketing Commission assigns a market analysis to oversee the process and, if the commission decides to proceed with the application, the proposal is put to an “Expression of Interest” vote to gauge support of the sector. The process is very similar to the process undertaken by the OTA, which required a minimum of three years of effort at the federal level, but may require a similar timeline in Ontario.

E. Apply to Create an Organic Sector Section 12 Association

The section 12 Associations require a very similar process and timeline to that of the Marketing Boards but with less control and ability to self-regulate as a result. There appear to be no advantage to choosing this approach. This is not a preferred option.

F. Apply to Create a General Farm Organization

Applying to become a general farm organization holds some merit in that GFOs are more suited to government relations and advocacy, cross value-chain approaches and would not require navigating the “double dipping” conundrum. However, general farm organizations require a minimum number of producers and local chapters that seems unrealistic for the organic sector at this time. In addition, a GFO does not allow for a full value-chain approach and would overlap significantly with the National Farmers Union. This is not a realistic option.
G. Apply for Separate Organic Commodity Marketing Boards/Associations

This would be an unwieldy and time consuming process that would yield even more splintering of the sector and a number of organizations without funds to operate sustainably. The organic sector’s challenges are common across commodity groups and the sector would benefit from having one common voice. This is not a realistic option.

H. Advocate for Organic Products Act—Legislative Change

Another final possibility would be to lobby for a new law or amendments to existing laws. This could be the best approach in that the current political party is generally supportive of organic sector and wishes to stimulate economic activity within agri-food. It may also create an opportunity to propose an organic regulation simultaneously with amendments that exempt organic products and allow for an Organic Products levy. Further research and legal expertise would be required and this could be a very onerous process. Also, the likelihood of passing a new law that may be contentious in rural communities before an election may be slim. The next election in 2017 may be the best opportunity for moving this strategy forward. This approach has great potential, but further research into the possibilities and potential appetite for such a bill would be required. A time horizon of at least two years would be required for legislative change.

I. Create a Partial Exemption

Given the importance to some producers of contributing to both their relevant commodity boards and the organic sector, an ideal solution would be to create a partial exemption from marketing boards and to divert the remaining funds to the organic sector. This would allow for organic producers to avoid having to pay extra fees while still supporting both the marketing board and the organic sector. What the ramifications would be for licenses and other legal responsibilities is unclear. Also, if the same effect might be achieved with an exemption and voluntary contribution, there may not be a need for a complicated legally sanctioned partial exemption. This option is interesting, but would require significant legal expertise to navigate. Further research is required.

J. Possible Fee Structures and Revenues

In the interest of generating discussion and debate about the possibilities of various pricing structures, some rough calculations and descriptions of various approaches are shown below.

IV. By Acreage

According to data collected by the Canadian Organic Trade Association in 2012, there are approximately 141,302 acres of farmland in production in Ontario (this includes
sugar bushes). A quick calculation that shows a small fee of $0.25/per acre could generate a revenue of $35,325.00 with an average payment of approx.$50.00 per farm.

Table 2: Potential Revenues Generated from Fees based on Organic Acreage

<table>
<thead>
<tr>
<th>Acreage</th>
<th>Fee/Acre</th>
<th>Potential Revenue</th>
<th>No. of Farms</th>
<th>Avg. Payment per Farm</th>
</tr>
</thead>
<tbody>
<tr>
<td>141302</td>
<td>0.25</td>
<td>35,325.5</td>
<td>667</td>
<td>52.96</td>
</tr>
<tr>
<td>141302</td>
<td>0.5</td>
<td>70,651</td>
<td>667</td>
<td>105.92</td>
</tr>
<tr>
<td>141302</td>
<td>1</td>
<td>141,302</td>
<td>667</td>
<td>211.85</td>
</tr>
</tbody>
</table>

This fee structure would be simple to monitor and track through certifying body records. However, it would be tied to land and not commodity prices, potentially penalizing producers for certifying land under rotation and favoring certain crops over others. It also only works for producers and not other organic stakeholders.

V. By Operation

Another simple collection approach would be to set a fee per operation with some variation by size and category. According to the 2012 data, there are approx. 667 certified organic farm operations and 282 other certified organic operations.

Table 3: Potential Revenues Based on Fees per Organic Operation

<table>
<thead>
<tr>
<th>No. of Farms</th>
<th>Fee per Farm</th>
<th>Potential Revenue</th>
<th>No. of Operators</th>
<th>Fee per Operator</th>
<th>Potential Revenue</th>
<th>Total Potential Revenue</th>
</tr>
</thead>
<tbody>
<tr>
<td>667</td>
<td>25</td>
<td>16,675</td>
<td>282</td>
<td>100</td>
<td>28200</td>
<td>44,875</td>
</tr>
<tr>
<td>667</td>
<td>50</td>
<td>33,350</td>
<td>282</td>
<td>150</td>
<td>42300</td>
<td>75,650</td>
</tr>
<tr>
<td>667</td>
<td>75</td>
<td>50,025</td>
<td>282</td>
<td>200</td>
<td>56400</td>
<td>106,425</td>
</tr>
<tr>
<td>667</td>
<td>100</td>
<td>66,700</td>
<td>282</td>
<td>250</td>
<td>70500</td>
<td>137,200</td>
</tr>
<tr>
<td>667</td>
<td>125</td>
<td>83,375</td>
<td>282</td>
<td>300</td>
<td>84600</td>
<td>167,975</td>
</tr>
<tr>
<td>667</td>
<td>150</td>
<td>100,050</td>
<td>282</td>
<td>500</td>
<td>141000</td>
<td>241,050</td>
</tr>
</tbody>
</table>

VI. By Sales

Unfortunately, due to the relatively little research conducted on the organic sector in Ontario, there is little detailed sales data available. However, if we use a rough approximation of organic sales based on the Canadian Organic Trade Association's 2015 report, organic sales in Ontario are between and $555 and $740 million. Assuming these sales' values are based on net sales, the %0.1 of net sales formula proposed by the Organic Trade Association would yield between $555,000 and $740,000 for the Ontario organic sector annually. For a more robust figure, however, greater investigation is needed.
As a Percentage of Commodity Fees

Table 4 provides some approximation of potential revenues generated from a percentage of commodity fees by sector. Vegetables and fruit, however, are difficult to assess as fees vary widely on the type of fruit or vegetable and also include container fees. Basing organic fees on commodity fees has the advantage of being easily understood and adapted by producers, but would be difficult to monitor and calculate for the entire sector at large, especially for processors and distributors handling a wide variety of products.

Table 4: Potential revenues generated by organic as a percentage of commodity fees

<table>
<thead>
<tr>
<th>Category</th>
<th>Marketing Board or Association Fee</th>
<th>Estimated Revenue Generated by Organic Sector</th>
<th>Fee @ 25%</th>
<th>Potential Revenue @ 25%</th>
<th>Fee @ 50%</th>
<th>Potential Revenue @ 50%</th>
</tr>
</thead>
<tbody>
<tr>
<td>Grain</td>
<td>0.44-1.65/mT</td>
<td>$85,000.00</td>
<td>$0.25/mT</td>
<td>$21,250.00</td>
<td>$0.50/mT</td>
<td>$42,500.00</td>
</tr>
<tr>
<td>Dairy</td>
<td>2.695/hL</td>
<td>$703,441.00</td>
<td>$0.75/hL</td>
<td>$175,860.25</td>
<td>$1.5/hL</td>
<td>$351,720.50</td>
</tr>
<tr>
<td>Chicken</td>
<td>1.60/100kg</td>
<td>$48,410.00</td>
<td>$0.4/100kg</td>
<td>$12,102.50</td>
<td>$0.8/100kg</td>
<td>$24,205.00</td>
</tr>
<tr>
<td>Eggs</td>
<td>0.2925/dozen</td>
<td>$182,571.00</td>
<td>$0.08/dozen</td>
<td>$45,642.75</td>
<td>$0.15/dozen</td>
<td>$91,285.50</td>
</tr>
<tr>
<td>Wine</td>
<td>$5.5/tonne + 7%</td>
<td>$4,191.00</td>
<td>$1.4/tonne</td>
<td>$1,047.75</td>
<td>$2.75/tonne</td>
<td>$2,095.50</td>
</tr>
<tr>
<td>Grapes</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Beef</td>
<td>$4/head</td>
<td>$9,492.00</td>
<td>$1/head</td>
<td>$2,373.00</td>
<td>$2/head</td>
<td>$4,746.00</td>
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<tr>
<td>Pork</td>
<td>$2.31/hog</td>
<td>$32,656.00</td>
<td>$0.58/hog</td>
<td>$8,164.00</td>
<td>$1.16/hog</td>
<td>$16,328.00</td>
</tr>
<tr>
<td>Turkey</td>
<td>$1.60/100kg</td>
<td>$1,963.00</td>
<td>$0.4/100kg</td>
<td>$490.75</td>
<td>$0.8/100kg</td>
<td>$981.50</td>
</tr>
<tr>
<td>Total</td>
<td></td>
<td>$1,067,724.00</td>
<td></td>
<td>$266,931.00</td>
<td></td>
<td>$533,862.00</td>
</tr>
</tbody>
</table>

Other Approaches

Alternative fee structures based on commodity fees have been recommended that take into account, for example, the value of the “organic” premium and/or the value of the commodity fee as a percentage of the product value. These calculations run the risk of becoming very complex and are best designed by organic leaders within each commodity.

7. Plan for Moving Forward: Recommendations for a Three Part Strategy

It is clear from the case studies and regulatory framework laid out in this paper that a mandatory check off for the organic sector is both desirable and feasible. However, it is also clear that a mandatory program requires sector wide consultation and communication, legal expertise and at least a two-three year time horizon. As such, it is recommended that the Ontario organic sector employ a two-pronged approach:

- Demonstrate Leadership through the Expansion of the Voluntary Production Contribution Program; and, meanwhile
- Explore the Interest in a Mandatory Check Off
A. Demonstrate Leadership through the Expansion of the Voluntary Production Contribution Program

The Ontario organic sector requires short-term funding and capacity in order to affect change for the sector. With the government and sector supports for organic agriculture in both the US and Quebec, Ontario must take action in order to remain competitive. Funds are required in the short term in order to build the buy in necessary for a mandatory strategy. It is now time to expand the voluntary production contribution program, piloted by Homestead Organics and other grain marketers to other sectors. In order to do that, the Organic Council of Ontario is inviting sector leaders to pull together a small group of potential collectors within their commodity group to devise a commodity-specific production contribution program. A commitment of two to three years is required to allow for the appropriate processes to move forward towards a mandatory fee structure.

B. Explore Interest in a Mandatory Approach

The first step towards a mandatory approach is to form a steering committee that will be responsible for designing and managing the process and evaluating options. The Organic Council of Ontario proposes that one sector leader who has implemented a voluntary production contribution program from each commodity group should be invited to join this committee in addition to 1 representative each from the National Farmers Union and the Ecological Farmers Association of Ontario.

In addition to the Voluntary Production Contribution Program, the Organic Council of Ontario recommends that funding from Carrot Cache, Growing Forward 2 and member donations be solicited specifically for the purpose of designing and conducting a consultation process towards a strategy plan and mandatory program. Growing Forward 2 requires matching funds, industry letters of support and relationship building with Agricultural Adaptation Council Board members.

The Steering Committee will be tasked with evaluating the research to date, identifying research gaps and needs, meeting with government and Farm Product Marketing officials, designing a process of engagement and being the primary contact for their sector with regards to questions and feedback.
### Appendix A: Ontario Marketing Boards and Associations

<table>
<thead>
<tr>
<th>Marketing Boards</th>
<th>Section 12 Associations</th>
</tr>
</thead>
<tbody>
<tr>
<td><em>Chicken Farmers of Ontario</em></td>
<td><em>Ontario Canola Growers’ Association</em></td>
</tr>
<tr>
<td><em>Dairy Farmers of Ontario</em></td>
<td><em>Ontario Ginseng Growers’ Association</em></td>
</tr>
<tr>
<td><em>Grape Growers of Ontario</em></td>
<td><em>Flowers Canada (Ontario) Inc.</em></td>
</tr>
<tr>
<td><em>Grain Farmers of Ontario</em></td>
<td><em>Ontario Broiler Hatching Egg and Chick Commission</em></td>
</tr>
<tr>
<td><em>Ontario Apple Growers</em></td>
<td></td>
</tr>
<tr>
<td><em>Asparagus Farmers of Ontario</em></td>
<td></td>
</tr>
<tr>
<td><em>Ontario Bean Growers</em></td>
<td></td>
</tr>
<tr>
<td><em>Ontario Broiler Hatching Egg and Chick Commission</em></td>
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<td><em>Egg Farmers of Ontario</em></td>
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<tr>
<td><em>Ontario Flue-Cured Tobacco</em></td>
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<tr>
<td><em>Ontario Greenhouse Vegetable Growers</em></td>
<td></td>
</tr>
<tr>
<td><em>Ontario Pork Producers</em></td>
<td></td>
</tr>
<tr>
<td><em>Ontario Potato Board</em></td>
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<tr>
<td><em>Ontario Processing Vegetables</em></td>
<td></td>
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<tr>
<td><em>Seed Corn Growers</em></td>
<td></td>
</tr>
<tr>
<td><em>Ontario Sheep Marketing Agency</em></td>
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<tr>
<td><em>Ontario Tender Fruit Growers</em></td>
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<tr>
<td><em>Ontario Tomato Seedling Growers</em></td>
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<tr>
<td><em>Turkey Farmers of Ontario</em></td>
<td></td>
</tr>
<tr>
<td><em>Veal Farmers of Ontario</em></td>
<td></td>
</tr>
<tr>
<td><em>Ontario Canola Growers’ Association</em></td>
<td></td>
</tr>
<tr>
<td><em>Ontario Ginseng Growers’ Association</em></td>
<td></td>
</tr>
<tr>
<td><em>Flowers Canada (Ontario) Inc.</em></td>
<td></td>
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<tr>
<td><strong>General Farm Groups</strong></td>
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<tr>
<td><em>Ontario Federation of Agriculture</em></td>
<td></td>
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<tr>
<td><em>Christian Farmers Federation of Ontario</em></td>
<td></td>
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<tr>
<td><em>National Farmers Union</em></td>
<td></td>
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<tr>
<td><strong>Other Associations</strong></td>
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<tr>
<td><em>Beef Farmers of Ontario</em></td>
<td></td>
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<tr>
<td><em>Garlic Growers of Ontario</em></td>
<td></td>
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<tr>
<td><em>Independent Chicken Processors</em></td>
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<tr>
<td><em>Mushroom Growers of Canada</em></td>
<td></td>
</tr>
<tr>
<td><em>Ontario Beekeepers Association</em></td>
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<tr>
<td><em>Ontario Chicken Processors Association</em></td>
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<td><em>Ontario Craft Brewers Association</em></td>
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<td><em>Ontario Craft Cider Association</em></td>
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<td><em>Ontario Culinary Tourism Association</em></td>
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<tr>
<td><em>Ontario Hops Growers Association</em></td>
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<tr>
<td><em>Ontario Independent Meat Processors</em></td>
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<tr>
<td><em>Ontario Maple Syrup Association</em></td>
<td></td>
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<tr>
<td><em>Ontario Wine Council</em></td>
<td></td>
</tr>
</tbody>
</table>
## Appendix B: Overview of Regulations Pertaining to Check Offs in Ontario

<table>
<thead>
<tr>
<th>Organization Type</th>
<th>Regulatory Framework</th>
<th>Purpose</th>
<th>Key Characteristics</th>
</tr>
</thead>
</table>
| General Farm Organizations             | Farm Registration and Farm Organizations Funding Act, 1993 | Provides education or training in agricultural matters; Provides advice and analysis to governments, administrative tribunals or advisory bodies concerning agricultural issues and the development of programs or policies that are of interest to persons carrying on farming businesses. O. Reg. 50/14, s. 5 (1). | • Purpose to represent all types of crops/livestock etc.  
  • Min. 250 registered farm businesses  
  • Min. 12 local branches with min. 10 members each (contributes funds to local branches)  
  • Clear refund policy                                                                 |
| Marketing Boards                       | Farm Products Marketing Act; Milk Act       | stimulate, increase and improve the production or marketing of identified farm products; provide for the control and regulation of the producing and marketing within Ontario of identified farm products; and under the Milk Act, control the quality of dairy products. | • represent producers of one or more specific agricultural commodities;  
  • producer elected, controlled, and financed;  
  • granted authority to regulate the production and/or marketing of the relevant farm product including setting a mandatory fee or levy. |
| Section 12 Associations                | Farm Products Marketing Act                 | stimulating, increasing and improving of the producing or marketing locally within Ontario of the farm product by advertising, education, research or other means                                                  | • The farm products marketing commission maintains authorities  
  • The commission can create regulations to mandate levies, but this in not under the authority of the Association                                                                                          |
| Ontario Fruit and Vegetable Growers Association | Farm Products Containers Act               | Advocate on behalf of fruit and vegetable farmers of Ontario in partnership with our member associations.                                                                                             | • Containers Act is an additional regulation to marketing boards and associations  
  • Containers hard to regulate/license and pool of funding shrinking as retailers make own containers.                                                                                                     |
| National boards or agencies            | Agricultural Products Marketing Act         | An Act to provide for the marketing of agricultural products in interprovincial and export trade                                                                                                      | • Boards authorized to exercise powers of regulation within a province may be granted authority to regulate interprovincial and export trade and to set and collect levies |
### Appendix C: Strengths and Weaknesses of Various Approaches to a Sector Wide Check Off

<table>
<thead>
<tr>
<th>Approach</th>
<th>Strengths</th>
<th>Weaknesses</th>
</tr>
</thead>
</table>
| Continue with Voluntary Production Contribution Program | • Generates funds in a relatively short period  
• No need for regulatory change of advocacy efforts;  
• No need for legal expertise;  
• No need to consult with marketing boards;  
• Consultation process requirements minimal. | • Need to create own governance rules and structure;  
• No government oversight or recourse;  
• Organic sector pays extra and does not benefit fully from commodity boards’ activities;  
• Consistency of participation and fairness difficult to ensure;  
• Continued and stable funding not guaranteed;  
• Likely only partial participation at best. |
| Pass Marketing Board Resolutions               | • Avoid creation of yet another commodity group and splintering of efforts;  
• Good relations with commodity groups and legitimacy of organic as a sub-sector;  
• Organic sector can avoid paying extra fees or build on fees that are already being remitted. | • Initial conversations have proven fruitless;  
• Successful examples require organic producers to pay extra funds (e.g. no transfer of revenue)  
• Requires persistent effort over long period with uncertain outcome;  
• Requires mobilizing producers, creating pressure through government and public engagement  
• Commodity boards still control organic sector and can out-vote them. |
| Certification Bodies Collect Organic Surcharge (requires further investigation) | • Centralized collection process;  
• Certification bodies have most up-to-date information on organic sector operators;  
• Does not require new regulations or legislative process;  
• Could implement in a relatively short timeline. | • Dual role of inspector collector is confusing;  
• CBs already considered expensive and sometimes punitive;  
• Relies on willingness and solvency of CB’s for sustainability;  
• Ability to have transparent and accountable control/governance is questionable;  
• Accounting/administration unwieldy. |
| Advocate for an Organic Products Exemption     | • Required in order to create mandatory organic check off program;  
<p>|                                                                                             | • Pushback from Farm Products Marketing Commission;                                                                                     |</p>
<table>
<thead>
<tr>
<th>Option</th>
<th>Pro</th>
<th>Con</th>
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<tbody>
<tr>
<td><strong>through Farm Products Marketing Act</strong> <em>(Best Option)</em></td>
<td>• Allows for organic producers to choose whether or not to contribute to marketing boards/associations;</td>
<td>• Pushback from commodity groups who control exemption;</td>
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<td></td>
<td>• Requires minimal consultation and sector agreement as it simply provides more options to organic growers;</td>
<td>• May not result in significant fund generation for organic sector without additional program;</td>
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<td></td>
<td>• Does not require a lengthy application process or legislative change: relatively short time horizon.</td>
<td>• Only affects producers associated with marketing boards and sector 12 associations;</td>
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<td></td>
<td></td>
<td>• May require negotiations with certain commodity groups.</td>
</tr>
<tr>
<td><strong>Apply for Organic Sector Marketing Board</strong> <em>(Best Option)</em></td>
<td>• Would provide consistent and fair contribution program across organic sector with equal participation from all players;</td>
<td>Requires the establishment of organic products exemptions in all marketing plans;</td>
</tr>
<tr>
<td></td>
<td>• Allows for full value chain approach, including handlers, distributors, marketers;</td>
<td>• Requires an extensive and lengthy planning and consultation process including strategic planning, data</td>
</tr>
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<td></td>
<td>• Has mandate consistent with the needs of the organic sector;</td>
<td>collection and a voting of the entire sector, requiring at least a two to three-year time horizon.</td>
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<td></td>
<td>• Would allow for organic sector to exercise control of changes in levies and other important regulatory</td>
<td>• Resource intensive process;</td>
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<td></td>
<td>changes as required;</td>
<td>• Requires legal expertise;</td>
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<tr>
<td></td>
<td>• Farm Products Marketing Commission provides a marketing analyst to assist;</td>
<td>• Goes beyond the needs of the sector.</td>
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<td>• Would provide credibility and legitimacy for the organic sector with other commodity groups and the</td>
<td></td>
</tr>
<tr>
<td></td>
<td>government.</td>
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</tr>
<tr>
<td><strong>Apply for an Organic Sector section 12 Association</strong></td>
<td>• Similar advantages to marketing boards option.</td>
<td>• Similar disadvantages to marketing board option;</td>
</tr>
<tr>
<td></td>
<td></td>
<td>• Requires similar processes and resources to that of a marketing board approach but with less control of</td>
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<tr>
<td></td>
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<td>regulations and fee changes.</td>
</tr>
<tr>
<td><strong>Apply for General Farm Organization Status</strong></td>
<td>• Mandate allows for greater policy and government relations activities;</td>
<td>• Only for producers;</td>
</tr>
<tr>
<td></td>
<td>• Clearly cross-commodity;</td>
<td>• Requirements for numbers and local boards not realistic for OCO;</td>
</tr>
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<td></td>
<td>• Allows for refunds.</td>
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</tr>
<tr>
<td><strong>Apply for Separate Organic Marketing Boards/Associations</strong></td>
<td>• More focused on commodity-specific needs;</td>
<td>• Increased splintering of efforts;</td>
</tr>
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<td></td>
<td></td>
<td>• Funding limitations would not allow for functional organizations;</td>
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<td></td>
<td></td>
<td>• Onerous processes for each new organization.</td>
</tr>
</tbody>
</table>
| Advocate for Legislative Change  
**(Best Option/Requires Further Investigation)** | • Supportive government in place currently;  
• No need to negotiate with commodity boards or farm products marketing commission;  
• Allows for more innovative approaches;  
• Accomplishes multiple changes in one strategy;  
• Could advocate for sector-wide strategy that includes organic regulation and fee structure in one bill;  
• Timeline could be quicker if political will exists. | • Uncertain outcome;  
• Long-term process;  
• Lobbying and legal expertise required;  
• No guarantee of government supports (e.g. marketing analyst);  
• With election approaching, government may wish to avoid contentious issues. |
| --- | --- | --- |
| Create Partial Exemption  
**(Requires Further Investigation)** | • Partial exemption would allow producers to support both their conventional marketing board and the organic sector. | • Innovative strategy without clear precedence, unclear how it would be implemented;  
• Would require legal expertise. |
| National Commodity Board | • Would allow importers to be included in the program. | • Provincial marketing board required first. |