

IN THE MATTER OF THE NATURAL PRODUCTS
MARKETING (BC) ACT

AND

IN THE MATTER OF AN APPEAL FROM THE BRITISH COLUMBIA MILK
MARKETING BOARD CONCERNING THE PRODUCTION OF ORGANIC MILK

BETWEEN:

MR. BARRY COATES

APPELLANT

AND:

BRITISH COLUMBIA MILK MARKETING BOARD

RESPONDENT

AND:

CERTIFIED ORGANIC ASSOCIATION OF BRITISH COLUMBIA
PRO ORGANICS MARKETING INC.
CAPERS WHOLE FOODS MARKET
B.C. FEDERATION OF DAIRYMEN'S ASSOCIATIONS
RAVENWOOD PROD'N. INC.

INTERVENORS

DECISION

Appearances:

British Columbia
Marketing Board

Mr. Doug Kitson, Chair
Ms. Christine Dendy, Vice Chair
Mr. Don Knoerr, Member
Mr. Joseph McBride, Legal Counsel
Ms. Judi Graham, Secretary

Appellant

Mr. Barry Coates

British Columbia Milk
Marketing Board

Mr. Arne Mykle, Chair

Intervenors

Certified Organic
Association of
British Columbia

Mr. Fred Reid, President

Pro Organics
Marketing Inc.

Ms. Debi Parker, President

Capers Whole Foods
Market

Ms. Jo Ann Issenman, Marketing
Director

Ravenwood Prod'n Inc.

Nil (written submission only)

B.C. Federation of
Dairymen's
Associations

Mr. Ben Brandsema, Vice President
Mr. Ben Cuthbert, Executive
Member

Date and Place of
Hearing:

July 18, 1994
Surrey, British Columbia

The matter before the British Columbia Marketing Board is an appeal by Mr. Barry Coates from the British Columbia Milk Marketing Board concerning Mr. Coates' request that he be designated or recognized to lawfully produce organic milk and dairy products in British Columbia.

Facts

1. There is a market for fluid organic milk and organic milk products which is not being served from local sources.
2. a. The Appellant has no quota to ship milk although he has held quota in the past.
b. The Appellant wishes to produce organic milk under the regulation of the existing supply management system.
c. The Appellant testified that the cost of producing organic milk is higher than for standard milk and that he could not afford to buy quota.
3. Due to the additional cost of processing organic milk and the small size of the market for the product, no milk processors were identified as being readily available to process organic milk. Organic processing requires special procedures for what at present may be very small quantities.
4. At this time there are no provincially recognized standards for the certification of milk and milk products as being organically produced, although a process has been initiated.
5. The 'British Columbia Milk Marketing Board Regulation' (Scheme) invests the British Columbia Milk Marketing Board (Milk Board) with the powers and duty "to promote, regulate and control in any and all respects the production, transportation, packing, storage and marketing, or any of them, of a regulated product in British Columbia". The Milk Board also has the powers and duty to prohibit such activities.

The Scheme does not require the Milk Board to exempt from regulation milk (as defined by the Scheme) or milk producers of any kind.

Findings

6. The BCMB finds that there is a limited market for organic milk products for which a premium may be available, provided that supply does not exceed demand. Testimony from organic food wholesalers and retailers confirmed the demand and that higher than average market prices are available for organic milk and milk products.
7. The British Columbia Marketing Board (BCMB) accepts the likelihood that organic production entails higher costs, although no evaluation of the economics of this production was submitted by the Appellant.
8. It is the BCMB's opinion that the Milk Board, in exercising its authority under the Scheme, must take into consideration the interests of the milk producers currently shipping to the milk market under the existing system.

Decision

9. The British Columbia Marketing Board finds that the Milk Board acted within its mandate and in the interests of the industry as a whole.

The appeal is therefore denied.

Recommendations

10. The Milk Board should lend its support to the adoption of suitable certification standards for organic milk.
11. The BCMB suggests that the Milk Board proceed towards the goal of supplying the organic fluid milk and milk products market in a manner designed to encourage participation in this market. This should include, but not be limited to, a review of the need for a separate classification for organic milk, an assessment of potential pricing structure changes, and an evaluation of the methods by which organic milk could be produced, shipped, processed and pooled.

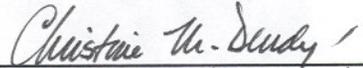
While the BCMB encourages commissions and boards to develop niche markets, it should not necessarily be construed as a means for potential producers to acquire quota at no cost.

12. The BCMB further suggests that in recognition of the work that has been done by the Appellant in researching the organic market, the Milk Board should facilitate Mr. Coates' entry, should he choose to acquire quota, into the regulated production of organic milk.

Dated at Victoria, British Columbia, this 2nd day of August, 1994.



D. Kitson, Chair



C. Dendy, Vice Chair



D. Knoerr, Member