

Protecting Farmers' Interests in Contract Arrangements

A CFFO Policy Statement

CFFO's vision for farming in Ontario includes a renewed commitment to fairness in the marketplace. This means strengthening and enhancing marketing legislation to protect the right of all farmers to organize and negotiate a fair share of the consumer food dollar for their contribution to the food chain. This vision questions the merits of contractual relationships between farmers and others that restrict the financial and management decision-making opportunities for farm families. However we recognize that some farm families see contracts as a farming opportunity for them.

Whereas contracts are in widespread use between farmers, their input suppliers and the immediate buyers of agricultural production;

Whereas the ownership of input suppliers is concentrating in a few firms;

Whereas processing, wholesaling and retailing of food is slipping into the hands of a very few firms; and

Whereas the market clout of input suppliers, processors, wholesalers and retailers is often so significant that they unilaterally change contracts;

Therefore be it resolved

That CFFO support legislation designed to protect farmers' financial and management interests when they make contractual arrangements with others in the food chain. The goal of the legislation will be to create a balance of marketplace clout for buyers and sellers. For example:

- Establish conditions and procedures for the creation and renewal of contracts;
- Set terms for the cancellation of a contract that are comparable and equitable for both parties;
- Require payment for a farm product within a specified time of delivery of the product (10 days for example);
- Establish financial protection programs when payments are not made within the required period of time (10 days for example); and
- Establish procedures and responsibilities in the case that either party to a contract should become insolvent and unable to complete the contract.

That CFFO approach a number of other farm groups and propose the establishment of the a Production Contract Working Group with the following mandate:

- Draft legislation that protects farmers' financial and management interests when they make contractual arrangements with others in the food chain.

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Provincial Council

Christian Farmers Federation of Ontario