

# BRIEFING PAPER

## AGRICULTURAL COOPERATIVE BARGAINING ASSOCIATION STATUTES

### Division 20, Chapter 2 of the Food and Agricultural Code (§54401 et seq.)

The Department of Food and Agriculture (Department) administers the Cooperative Bargaining Associations law. This law, also referred to as the Unfair Practices Act (Act), was enacted in 1967 to protect farmers' rights to bargain fairly for price with processors via cooperative bargaining associations in which they choose to freely participate. Prior to this statute, many allegations of interference with a fair bargaining process were made against both processors and bargaining associations.

Under this Chapter the Department:

1. Hears unfair trade practice complaints, and
2. Administers a conciliation procedure for price bargaining negotiations between producers and processors when requested by either party.

***Unfair Trade Practices*** – Initially, the Act was enforced by the Department when an unfair trade practices complaint was filed by either producer bargaining associations or processors. The initial statute established a thorough, yet costly and impractical, process for resolving these complaints. As a result, only a handful of such complaints were filed though the statutes allowing the filing of these complaints remain active. The initial legislation contained a General Fund appropriation of nearly \$200,000.

***Conciliation*** – In 1989, the Act was amended to include a simpler and more practical conciliation process for resolving disputes. The process for the Department to order conciliation involves a 10-day administrative procedure initiated by a request from either a producer bargaining association or a processor. In 1992, the General Fund appropriation to support these Department activities was eliminated. These requests for conciliation are now voluntarily accompanied by a check from the requesting party for \$500 to cover Department costs associated with administering the request. Once the Department orders conciliation, the process is turned over to a private conciliation service. This service will make all subsequent arrangements and conducts the conciliation. All further costs are charged directly to the participants.