Chair’s 2014 AGM Speech

Good afternoon. I want to focus my comments on three areas today – observations of the present situation, reflections of the past and some future predictions - along the lines of the 3 legged milk stool.

2013 was a year of challenges.

**Trade:** We continue to watch and monitor the international trade situations.
**CETA** for short, or The Comprehensive Economic and Trade Agreement with Europe: My thanks to many of you in this room, who answered our request in late summer, to meet with your political representatives in order to explain the Canadian dairy position which is: that our dairy farmers only produce for the domestic market place. Our sole income is derived from the market, rather than added to from government subsidies. Your continued efforts in local lobbying are necessary.

**TPP** - As the CETA talks are in their final details, rumours abound regarding the Trans Pacific Partnership. We continue to look to our federal trade negotiators for counsel, as well as to seek advice from DFO and DFC’s government relations teams.
WTO – As you’ve heard me comment previously, the World Trade Organization talks move at a snail’s pace. It originally began in the post war years of 1947 and the present dialogues trace back to that initial discussion.

We appreciate the efforts of our Premier and staff for aggressively supporting the need towards effective border controls.

On a personal reflection, it frustrates me when the media mentions ‘free trade’ and WTO. We can witness in the same free trade newscast, such inequalities as the Joe Fresh clothing fires in Bangladesh, with over 1000 loss of life. That is the cost of cheap products. In South Africa, farm labour is seventy cents an hour and in China it is $1 per day. No food
safety, labour or environmental standards exist. Is that where our labour
is headed, in order to be competitive?

Do we want to move to the lowest common denominator in order to
compete? I am proud and feel blessed to live in Canada, where our
standards for product quality, labour and environment are world class.

Speaking of environmental issues, for the past few years, DFO has been
actively involved with the pending ‘species at risk’ legislation. I would
encourage you to become aware of the impact that this regulation will
have on dairy operations in this province. Some of the species included
are the bobolink, the meadowlark and the snapping turtle; these live
where we live. Environmentalists are rallying for the protection of the
habitats of these small species having priority over farming enterprises.

Again, your voices need to be heard by the general public and by government officials.

We must also take note that the image of a farmer by the non-farm citizen may not be a current 2014 snapshot. Add to that, the media and social pundits who repeatedly decimate the image of our industry. These are our consumers. It is our responsibility to present an opportunity for them to gain an awareness and an appreciation for our modern operations. The average herd size in Ontario is 75 milking cows, employing various examples of agricultural innovations while striving for efficient management. Kudos to Wentworth County Dairy Committee for their recent Open House, which welcomed over 1000 Hamilton area
visitors to tour a modern dairy farm and witness milking first hand. Other counties are also active in similar events.

I.D.F. - Japan, with its population of 130 million, welcomed 2000 attendees to the International Dairy Federation Conference in November.

Technological developments surround you, in this very structured society, but large open areas and excess space are luxuries not available to many Japanese citizens. This small island country, which is two thirds mountains and forests, only produces sixty percent of its dairy needs.
Grocery store prices for dairy products are comparable to ours, but with smaller milk packaging and limited cheese selection.

In conversation with representatives from some developing countries, I gained an appreciation for the frustration of their farmers, who are attempting to enlarge their operations, while competing against free food aid dropped in by exporting countries.

**Statistics** are a fun topic. For example, the world population is 7 billion people; Canada’s population is 35 million. There are 265 million cows in the world; in Canada, we have less than 1 million. The total world annual milk production is 600 million tonnes; in Canada, it is 8.5 million tonnes.

The United States has ten times the number of cows, ten times the
production and ten times the population of Canada. The U.S. ships almost 25% of their production to the world market.

Why am I sharing such numbers?

It is to demonstrate that Canada’s seven billion dollar dairy industry is not a major player on the world stage.
Nearing completion is the **application framework project** at the DFO Board office. Although our antiquated computer system has served us well, it has evolved bit by bit over the past thirty years. Each new employee in the IT department had to learn the specific configurations and special computer designed programs required to run our industry. A unanimous decision was reached by Board and staff to replace the entire system, written in up-to-date computer language.

The initiative to engage other provinces has resulted in an agreement being reached with most of the other provinces to utilize this system throughout most of English Canada. A huge thank you to our staff for the
thousands of hours, which they contributed to the successful restructuring, transition and implementation of this program.

At the national level, we continue to encourage **strategic planning**. After two sessions encompassing the DFC and provincial Boards, the reality is being accepted that we have more things in common than those that differentiate us. It is important that we continue the ‘push’.

**Let’s talk about Promotion.** How many of you realize that the second biggest deduction on your milk cheque goes towards marketing your product? The Dairy Farmers of Canada Promotion Committee’s mandate is to promote the benefits of Canadian milk and milk products, as well as to seek ways to grow profitable dairy markets. It is vital that we drive
consumer loyalty, by focusing on farmer image, industry credibility and
the nutritional value of dairy products.

As you heard this morning in the annual report, with over one hundred
ten million dollars that was spent in Canada on dairy promotion last year,
Ontario’s share was 35 ½ million dollars. Accountability, in terms of
measurable results, is important with such large sums of money. I may
be chair of the Promotion Committee, but there is no letter ‘I’ in the
word team. We all need to take a role here. Do you set an example in
public and drink milk when you eat out at restaurants? Does your
pizzeria of choice use Canadian cheese? Do you assist with local Ag
Awareness events? Does your local school participate in the School milk
program?
Many of you have heard my frustrations concerning communications, not only from Dairy Farmers of Ontario, but also from Dairy Farmers of Canada. We, at DFO, are always looking at methods to deliver the information about how your monies are spent and the programs are delivered to you. Let’s review what is available at present. 1) Each month you receive a Milk Producer magazine in your mail box. I hope that you take more than a moment to scrutinize its contents. 2) Each month, accompanying your milk cheque statement you also receive a ‘cheque stuffer’, with the latest news at mid-month. 3) In addition, there are many items posted on the Home page of the DFO web site.
We also have communication examples at DFC. In the last 3 months, each producer received an Action Plus Activity Report, which summarizes with a detailed break-down where your funds are spent. Included is a review of the many programs that are designed to put our milk products before students, health professionals, governments and especially the consuming public. As well, within the last two months, all of you received a brochure titled ‘Pro Action: Leading the Way to Sustainable Dairy Farming’. In the centre of this booklet, was a questionnaire regarding that program. A postage paid return envelope was even included. I’m sure that all of you returned the questionnaire containing your constructive suggestions. However, just in case, I understand that the address and postage are valid for a couple more weeks.
Last year Peter Gould discussed the need for and potential to normalize relations with the Canadian Restaurant and Food Association (CFRA).

Their longstanding issue was the price difference between fresh and frozen pizza. By February 2013, an agreement had been reached ‘in principle’. It took until June to get the new 3(d) class operational which is a pretty good timeframe by some standards. But what it really showed is the importance of the 90% rule. It’s far better to get something implemented that addresses 90% of the problem, than to keep waiting and debating trying to solve every last issue.

**The new 3(d) program** is not as good as it could have been or should be.

Two specific examples are that it excludes all cheese except mozzarella
and does not include blends of different cheeses. It turns out that pizzas are often made with other cheeses. These are details that need to be fixed when the program is reviewed in July.

Skim milk redirection was approved starting August 1, 2012. That was a very important development. It has hit snags at the P5, not all the details have been worked out ... a great example of the aforementioned 90% rule not being applied. It is meant to be an integral part of milk allocation and supplying growth in certain markets. Identifying and fulfilling opportunities for skim milk redirection will be a high priority for DFO in the first quarter of 2014.
Turning to dairy innovation. I’ve often said that the **Domestic Dairy Product Innovation Program** (DDPIP) was the best and most important development in the Canadian milk marketing system. It allowed for growth and flexibility and innovation. After extending the program twice, we reached a point at the July 2013 CMSMC Meeting where the P4 and P5 could not agree to new rules, not even another extension. For the first time in 23 years, there would be no innovation program. The Canadian Dairy Commission, in anticipation, announced the **Dairy Innovation Program** (DIP), starting effective August 1, 2013. The CDC had listened ... the new program didn’t give the P5 everything it wanted, nor did it give the P4 everything it wanted.
A very balanced approach, that included some new ideas, was achieved.

For example, has no end date. The CDC is to be thanked and congratulated for its foresight and leadership. The only thing that would have been better is if the provinces could have worked out on agreement themselves!

This coming year we will be preparing for the celebration in 2015, of the 50th Anniversary of Dairy Farmers of Ontario and its precedent, the Ontario Milk Marketing Board. Indeed, it is an achievement to observe and a rarity among other business boards. Not only are we all consumers and family members, but we are also licensed producers. Prior to 1965, much chaos and payment inequities existed. Thanks to the vision of then
Ontario Minister of Agriculture, William Stewart, who selected the original milk Board.

Under the leadership of George McLaughlin, this team set the initial parameters and worked with our neighbouring province, Quebec, to develop the basis for supply management, which later encompassed the nation. Today, we take this system of collective marketing for granted, but 49 years ago it was a revolution. Last fall, we celebrated the life and many contributions of George McLaughlin at his funeral. Other Board Chairmen, Ken McKinnon, Grant Smith, John Core, Gord Coukell and Bruce Saunders continued to direct the mandate of supply management.

We are grateful to these men and to the many past and present Board members for their commitment and influences to the industry. Although
Board activities and responsibilities have evolved, our focus continues to be one of providing a quality product for the marketplace, at a fair return for the farmer.

DFO has a history of long-term employees. The downfall of often recognizing 25 and 35 year commitments is that succession hits hard.

2013 saw us say Happy retirement to Pat Paines, Susan Senchyna, David Nolan and Wes Lane. They will be missed. This week you will see several new faces as DFO staff. Introduce yourself and welcome them to the team.

As we look ahead to 2014, we need to remember that supply management was developed in Canada to serve everyone’s interests.
Orderly marketing for milk and dairy products is not just for farmers; it must be effective for processors, for governments and for consumers.

Disasters come in varying descriptions and so do solutions. We can choose to whine and wither OR we can work as a team and see the benefits. As farmers, we want fair returns and a stable environment.

We want to be able to plan for the future; we want to be able to grow our businesses and operate in an environment that allows the next generation to have confidence in taking over the family farm.

The DFO Board and staff are committed to a successful future of our industry and to ensure that dairy farming in Ontario and Canada, will prosper for another generation.
In conclusion, I want to thank you for your support. I especially want to thank the Board Members, the staff, Peter Gould and Graham Lloyd for helping to keep our industry and me focused in a forward direction.

Together we can achieve our vision of a dynamic, profitable, growing dairy industry.

Yes, 2013 was a year of challenges! If life kicks you in the rear, make sure it kicks you in a forward direction.