GROWING ONTARIO’S ECONOMY

KNOW THE FACTS
NOT THE MYTHS

In the period between 2014-2017, Canada’s milk production will have increased by more than 12.5% nationally, and by nearly 15% in Ontario, at a rate of roughly 18 litres. While the numbers demonstrate the strength, productivity and scale of the sector, in seeming contrast, Canadian dairy farmers have maintained their legacy of efficient, innovative and responsible production, keeping herds small and quality assurance and animal care high. By all accounts, the system is working.

While most Canadian dairy farms are family owned and operated, each year, increasing numbers of farms continue to invest in technology. Norwell Dairy Systems, Ontario’s largest barn equipment dealer, reported 95% of its 2017 capital projects are for dairy farmers investing in innovative dairy technologies, such as automated milking units, advanced diagnostic and farm management software, and animal comfort.

What is perhaps most remarkable, is since its inception, the Canadian Dairy System has shown continuous growth independent from taxpayer or government subsidies, while reliably contributing jobs, opportunity and stability to Ontario’s rural communities and GDP, with dairy processors planning and announcing Ontario investments of more than $150M in 2016.

INNOVATION

THE MYTH: The productivity of Canada’s dairy industry lags behind that of other countries, with few farms achieving economies of scale due to small average farm sizes.

THE FACTS: Canada leads in balancing scale with sustainability.
The Canadian Dairy System is a balanced ecosystem. Growth is nurtured in concert with the quality and sustainability consumers expect from a modern dairy industry. The governing principles of the sector encourage stability, innovation and longevity. In many other industries, sustainability and sound environmental practices are sacrificed for growth. The Ontario dairy sector works to mitigate environmental impacts, ensure optimal animal care and welfare, and contribute reliably to the social and economic interests of rural communities.

Average herd size per dairy farm:

<table>
<thead>
<tr>
<th>Country</th>
<th>Herd Size (Cows)</th>
<th>Most Farm Ownership</th>
</tr>
</thead>
<tbody>
<tr>
<td>Switzerland</td>
<td>27</td>
<td>Most dairy farms are family owned</td>
</tr>
<tr>
<td>EU</td>
<td>37</td>
<td>Most dairy farms are family owned</td>
</tr>
<tr>
<td>New Zealand</td>
<td>420</td>
<td>Most dairy farms are large non-environmentally sustainable operations</td>
</tr>
<tr>
<td>Canada</td>
<td>77</td>
<td>Most dairy farms are family owned</td>
</tr>
</tbody>
</table>

Average annual per cow milk production in Canada is 8,500 litres—that's almost twice as much as New Zealand's, at 4,379 litres.

source: Boston Consulting Group, independent analysis of supply management in Canadian dairy industry, 2015

OUR ECONOMY

THE MYTH: The Canadian Dairy System results in low economic contributions from the dairy industry relative to other sectors.

THE FACTS: The economics of the Canadian dairy system are sound and sustainable.
Dairy farming and related industries, including dairy product manufacturing, is found in every region of Ontario and provides enduring economic stability for rural communities. Through careful production and supply chain management, the total contribution of the industry exceeds that of other sectors while protecting the quality of an integral part of the Canadian food supply.

source: OMAFRA Economic Indicators, GDP, Agri-food Sector, 2011-2016
ECONOMIC GROWTH

Dairy is 12% of Ontario’s primary agriculture economy.

$528M
Ontario dairy farms’ contribution in GDP

$955M
Dairy Product Food Manufacturing sector’s contribution in GDP

Nearly $5B
Ontario dairy value chain contribution in GDP

117,000
Ontario jobs supported by the dairy industry

source: OMAFRA Economic Indicators, GDP, Agri-food Sector, 2011-2016

PRICING

THE MYTH: Consumer prices for dairy products are materially higher in Canada than the U.S.
THE FACTS: Over 2016, Canadian milk cost less than the equivalent hormone-free milk from the United States or New Zealand, without taxpayer-funded subsidies.


TRADE

THE MYTH: The protection of the Canadian Dairy System inhibits multi-sector growth and access to global markets.
THE FACTS: Canada has been able to conclude high-quality FTAs securing very positive outcomes for agriculture and all economic sectors without sacrificing the quality of Canadian milk or the sustainability of the dairy sector.

Canada-US Free Trade Agreement
NAFTA
Trans-Pacific Partnership
CETA

$250M
Annual average of Canadian dairy product exports to global markets (2013-16)

$445M
U.S. net dairy trade surplus with Canada (2016)

Canada’s dairy products are imported by countries around the world and are permitted under WTO rules. In fact, Canada faces no restrictions on products made from milk inputs priced internationally at the same level as in Canada.

source: Canadian Dairy Information Centre (CDIC), 2017

ORDERLY MARKETING

THE MYTH: Deregulation of wholesale dairy markets has produced positive outcomes that Canada can benefit from.
THE FACTS: In comparison with some deregulated markets, Canada’s dairy sector is strong and profitable, with zero government or taxpayer subsidies.
The Canadian Dairy System matches milk supply to consumer demand, with the combined goal of eliminating food waste and ensuring the quality and sustainability of the dairy industry.
The deregulated Australian market has been in crisis since 2015, with the government forced to enact a $550M bailout that is expected to increase, and devastating multi-year farm losses affecting farmers and rural communities.

In New Zealand, wholesale market prices have dipped below the cost of production resulting in similar pressure.


To learn more about the dairy industry in Canada, please visit:
www.milk.org/thefacts

THE MYTH: The Canadian Dairy System prohibits growth for efficient farmers and inhibits prospective farmers from accessing the sector.

THE FACTS: Dairy farmers can acquire additional quota (shares in the milk marketplace) at market exchanges or are free to buy and sell quota privately at exchange market prices.

All 10 Canadian provinces have specific ‘New Entrant’ programs to encourage and support new dairy farmers.