Dairy Farmers of Ontario (DFO) appreciates the importance of mainstream media and is committed to spending more time with urban journalists. Nobody expects the general public to understand all of the complexities of agriculture, but we do know that your readers, viewers and listeners care about the food they eat, what it costs and where it comes from. There are stories to tell and issues to explore and we would like to help. DFO can provide background information, statistics, story ideas and farmers who are prepared and willing to speak with you. We understand the challenge of covering farm and food stories and hope the information contained in this brief introduction to the Ontario dairy industry will be helpful. For more information or assistance, visit our website at www.milk.org or call DFO at 905-821-8970.
DFO is the marketing organization for the largest sector of Ontario agriculture, representing more than 4,000 dairy farmers. They produce $1.8 billion worth of milk annually.

The organization is owned and paid for by dairy farmers. Its policies are determined by a 12-person, elected board of directors, all of whom are dairy farmers. DFO has a staff of 80 people. The organization is a regulatory body, deriving its authority from provincial legislation called The Milk Act. From 1965 to 1995, DFO was called The Ontario Milk Marketing Board. DFO operates a production and marketing system called “supply management,” which is the backbone of Canada’s dairy industry.
Supply What?

The term “supply management” originated in the 1960s and is part of the vernacular in rural Canada. However, few others have heard of it and those who have usually misunderstand it. That is most unfortunate because supply management is the key to success in Canada’s dairy industry and the poultry sector (chicken, turkey and eggs).

Supply management refers to producing the exact amount of milk required by Ontario milk processors to meet consumer demand. To manage production, DFO administers a quota system, which requires dairy farmers to be licensed and own milk quota. The key point to understand is that the total amount of quota owned by individual farmers across the province must result in the collective production of precisely the volume of milk required by processors. That is how the system works and why it is called supply management.

An inconsistent food supply — whether there is too much or too little — is the global Achilles heel of agriculture. It creates chaos in the food markets, hurting consumers and farmers alike. Supply management eliminates the problem of surpluses and shortages and, instead, provides a steady supply of milk at stable prices.

The 3 Pillars of Supply Management

In addition to matching the supply of milk with consumer demand, supply management gives farmers the ability to charge processors a fair price for their milk. At the same time, the federal government limits imports, enabling supply management to operate. The ability to regulate production, charge fair prices for farmers, and keep imports at a reasonable level is called the three pillars of supply management. Each pillar is critical, as it is for anything supported by three legs. If one leg is removed, you know what will happen.

Most people understand the importance of targeting production to consumer demand, and most people favour the idea of paying farmers a fair price for what they produce. But the same cannot be said about controlling imports. Members of the World Trade Organization, including the United States and the European Union, are aggressively challenging Canada’s right to impose tariffs to limit dairy and poultry product imports, while hypocritically protecting their own markets.

Tariffs are tremendously important, because without reasonable limitations on imports, our market would be flooded by much larger food-producing nations whose surplus products must be sold to somebody else. Maintaining imports at their present level does not negate trade, but promotes trade policies that provide people with choices about buying food that is fresh, safe, healthful and grown locally.

In the case of dairy, 93 per cent of all milk produced around the world is consumed in the country of origin. Only seven per cent is exported. There is nothing unusual about Canadian farmers producing milk for Canadian consumers. It is, in fact, the norm.

The three pillars of supply management provide choices for consumers and fair prices for farmers. The federal government must not sign any trade agreement that destroys Canada’s ability to control imports. This is by far the most critical issue facing Canadian dairy and poultry farmers.

“Dairy farmer income is earned solely from the marketplace”

Milk is an important dietary staple and stability is critical. Supply management has served Canadian farmers and consumers extremely well for more than 40 years.

As a direct result of supply management’s success, dairy farmers do not receive one penny in taxpayer subsidies from any level of government. Dairy farmer income is earned solely from the marketplace.

Dairy is the largest sector of Ontario agriculture, and agriculture is the second largest industry in the province. Only the automotive sector is bigger.
Product Availability

To appreciate how much milk is produced in Ontario, consider the following: What do you get when you take more than 4,000 dairy farmers and 270,000 contented milking cows that happily work their tails off? The answer is **2.5 billion litres of milk per year**, enough to fill the Rogers Centre twice, from home plate to the retractable roof. The dairy industry is very important to Ontario’s economy.

Food Safety

Ontario’s dairy farms must meet stringent cleanliness, animal health and milk quality standards. All farms are inspected and standards are strictly enforced by DFO. Milk samples and finished product samples are tested by an accredited laboratory at the University of Guelph, under contract to the Ontario Ministry of Agriculture, Food and Rural Affairs. Milk processing plants are inspected provincially or federally.

Best

“...Canadian milk and dairy products are the best in the world.”

Quality & Price Stability

DFO believes Canadian milk and dairy products are the best in the world. They are nutritious, delicious, safe and affordable. Dairy farmers work hard to produce fresh milk 365 days a year and they are very efficient.

While milk and dairy products are sometimes cheaper in the United States, the reverse is also true. Both countries have rightfully taken turns reporting lower prices, but price comparisons are difficult and often confusing. For example, in addition to the obvious metric versus imperial issue, American retailers along the Canada/U.S. border frequently offer exceptional loss-leader prices to attract Canadian shoppers. Those prices are not so easy to find a little further south, but they are almost always the ones used in price comparisons. And, of course, there is the issue of the Canadian dollar. When our dollar is strong, Canada’s exporting industries suffer. Fortunately, the dairy industry produces food for home consumption, protecting consumers against currency fluctuations and volatile price increases, which have been felt around the world. Dairy is very much a Made-in-Canada-for-Canadians industry.
Whenever one looks at the consumer price of milk and dairy products, it is important to remember that a lot of other people besides farmers are involved. Did you know, for example, that the dairy farmer’s share of what consumers pay for a typical pizza is only about four per cent? And, believe it or not, the farmer’s share of the price charged for a glass of milk in a restaurant is barely more than ten per cent, which is less than the standard tip for servers.

**DFO regulates prices paid to dairy farmers and has no control over pricing at the retail or restaurant level.**

### “Buying Local”

DFO is responsible for operating a sophisticated transportation network that moves milk from more than 4,000 farms to local processing plants. Milk trucks visit each farm every second day to deliver fresh milk to local dairies. Not one kilometre’s worth of driving is wasted. Producing milk and delivering it to local markets is highly efficient and environmentally sound.

**How can anything this good be this good?**

**Nature’s Most Perfect Food**

- Fights Cavities
- Reduces High Blood Pressure
- Reduces Risk of Breast Cancer
- Helps Win the Battle of the Bulge
- Lowers Risk of Colon Cancer
- Prevents Osteoporosis
- Reduces Risk of Diabetes
- Prevents Kidney Stones
- Builds Intestinal Strength
- Prevents Vitamin D Deficiency

For more detailed information, visit our website at [www.milk.org](http://www.milk.org). Simply click on ‘consumers’ and then ‘Health and Nutrition’.
Animal Welfare

In Canada, dairy farms are family owned and operated, quite unlike many of the huge dairy farming operations in the United States. Consumers tell us they don’t want milk from massive, factory-like operations and we are happy to comply. Consumers can feel very good about our cows and where their milk comes from.

Organic Milk

DFO encourages certified organic milk production. This is not a food safety or quality issue, but rather a case of meeting consumer demand. It takes four years to convert from traditional production methods to organic farming and the transition is by no means an easy one. In 2007, 50 organic dairy farmers in Ontario produced about 16 million litres of organic milk. DFO is working with processors, retailers and farmers to increase organic milk production.

School Milk Program

DFO and Ontario milk processors are working together to promote nutrition and milk consumption in Ontario schools. DFO has run the program successfully for 20 years and is enthusiastic about partnering with processors. Each year, DFO spends more than $2.5 million on the program and believes the most effective way to promote milk among students is to offer processors a special price for any milk sold in the school milk program.

Milk Donations

About 400 individual Ontario dairy farmers donate more than a million litres of milk annually to food banks across the province, benefiting more than 300,000 people. Almost half of them are children.

Milk and a Growing Ethnic Market

For the first time, DFO has hired an ethnic marketing specialist. The objective is to help processors, retailers and distributors identify and pursue new market opportunities in a changing population.