

IFAJ annual congress, Ontario

There is trouble brewing in Canadian dairying paradise



FarmWeek reporter **CHRIS MCCULLOUGH** talks to Richard Doyle, executive director, Dairy Farmers of Canada, and president of the International Dairy Federation, about the current unrest over milk quotas in Ontario, Canada



■ **ADDRESS:** Richard Doyle, executive director of Canadian Dairy Farmers and president of the International Dairy Federation, speaking at the IFAJ congress at Niagara Falls, Canada. (FW39-130CM)

CANADA was once seen as a paradise for Northern Ireland dairy farmers who wanted to emigrate and escape the clutches of European Union red tape.

However, trouble is currently brewing among dairy farmers in Ontario furious with the current milk quota system which, they say, is preventing them from expanding or letting new entrants start dairying.

It currently costs around CAN \$25,000 (\$16,182) to buy quota to keep one cow in Ontario, and that quota is operated on a butterfat allowance produced per day. This quota price varies in each province in Canada and is as high as CAN\$57,000 (\$24,000) in Alberta.

The complexity of the system means that quota must stay with a farm. Therefore, if a farmer buys another farm he or she cannot merge new quota into their existing allowance — which is also adding to the anger of farmers.

While in Canada I interviewed a number of Northern Ireland and Dutch dairy farmers who have emigrated to various parts of Ontario over the past 10 years.

Most were around 30 to 40 years old and have a real passion for dairying, hence the move to Canada. However, 10 years ago milk quota was fairly easy to obtain but, today, it

is a different story.

Young farmers and new immigrant farmers are currently battling to gain extra and new quota in order to expand or set up in dairying.

That passion is being restricted by a quota system run by what one Northern Ireland farmer called, "a dairy board full of old fags stuck in a time warp who will not budge in changing the system".

In fact, some farmers are so fed up with the lack of quota and with the board that they are already moving southwards to the United States because the opportunities are better.

However, when challenged on the complexity of the system, a stern Richard Doyle, executive director, Dairy Farmers of Canada and president of the International Dairy Federation, argued the system was as good as it could be, for now!

Mr Doyle told FarmWeek in Canada: "First, let me say that I do not share the view that the Dairy Farmers of Ontario board is a bunch of old fags!"

In fact, the average age of board members is relatively young. As you know all board members are elected by milk producers, but finding someone to criticise any board (or politicians, for that matter) is always feasible.

"Let me start by saying that there is a direct link between supplying a

given market and maintaining adequate return. Since producers do not receive any direct financial assistance from governments and since they are fully responsible for any surplus production, over supplying the market would automatically drain the income of producers.

"Quota availability is, therefore, dependent of two factors: firstly, market growth and secondly, producers leaving the industry. So why is there so little quota available?" "First, Canada lost a WTO Panel which determined that exports of products at prices below domestic price was a subsidy even if no government funding was available.

"This limits the market growth to the Canadian domestic market. As the Canadian market is a relatively mature market and that population growth is dependent on immigration (which currently is heavily weighted towards the Asian population — not with traditional high dairy consumption) the expectation is that overall growth will remain around one per cent per year.

"Second, the farm operations have become larger and the rate of rationalisation of farms is decreasing from the five to eight per cent per year we had over the previous decades.

"Currently, less than two per cent of producers leave the industry each

year. All this results in more scarcity for quota purchases.

"Quota is sold provincially through quota exchanges (for example, offers and demands through an electronic bidding system) and subject to provincial rules.

"Generally speaking, however, farmers must sell/purchase their quota through the exchange. In some provinces a small percentage of quota purchased is retained by the board to be used in new entrants' programme.

"The later programmes allow young farmers to receive a small amount of quota free to help them start in the industry. Quota can be transferred upon purchase of a farm but must remain with the operation.

"The decision not to allow the transfer of quota to another operation was to prevent producers by-passing the system and to retain some equity among all producers.

"I should say, however, that the issue of allowing quota transfer from contiguous/neighbouring farmers merging their operations is under discussion currently.

"You seem to be focusing on young farmers and their difficulty to start in the dairy industry. It's not just an issue of young farmers — getting into agriculture is a costly exercise which is a challenge for any young people.

"The Canadian dairy industry

nevertheless present the youngest average age (48 years old) than any other agricultural commodity.

"Young farmers are attracted by the dairy industry because it has a history of being stable and profitable over the past 40 years. For this reason the demand is very high but, for the same reasons, less farmers are leaving the industry because of the lack of better alternatives in agriculture.

"I would say that the great majority of dairy farmers believe the quota system is a very good system. It has provided stability in farmers' return (important as well in ensuring ongoing investments in dairy production) when prices were extremely volatile globally.

"Of course you can probably find some people who would like the best of both worlds — no limit in production like in the pork industry but with the stability and adequate returns of the dairy industry.

"If we ever find a system that can deliver this, I'm sure we'll all be moving towards such a system — even though I think it is utopia.

"In the meantime we'll keep our supply management system and adjust it to deal with a changing environment but without undermining the basic principles that are at the heart of its success," said Mr Doyle.

LIVING THE DREAM



■ **ABOVE:** Wesley Guy now farms poultry in Mount Egin, Ontario, and has been there for the past 10 years. His daughter Selma and husband Alan Crawford also farm poultry on a farm near Wyndam, Ontario. Wesley used to milk cows near Fintona in County Tyrone. FarmWeek interviewed Wesley six years ago on a previous work assignment in Canada. He still insists the move to Canada was a very rewarding one and has no regrets at all. (FW39-121CM)



■ **ABOVE:** Nicola, William and Gail Coleman moved from a farm in Tandragee to Bright, Ontario, just over a year ago. William is working as a builder and farm labourer and Gail set up her own hairdressing salon. According to the trio life is very good and much improved. (FW39-119CM)



■ **LEFT:** William and Janet McCracken farm broilers in two poultry units on a farm near Fergus, Ontario. They originally farmed in Limavady and now enjoy the Canadian farming lifestyle. (FW39-120CM)

■ **BELOW:** Colvin and Elizabeth McAlister emigrated from Mosside, Arroy, to Arthur in Ontario, Canada, four years ago. They continue to operate a dairy farm and are now milking 50 cows. They also run a hog rearing enterprise as well. (FW39-118CM)

