

6. Producers welcome milk protein changes

by Wendy Holm

Changes to limit the use of imported milk protein concentrates in the manufacture of Canadian cheeses, anticipated by Dec. 14, will be "good for farmers and good for consumers" says Jim Millson, a Durham County, Ont., dairy producer.



In 2006, the Federal Appeal Court upheld a Canadian International Trade Tribunal ruling that effectively lowered the rate of duty on certain milk protein concentrates to 6.5 per cent from the 270 per cent over-quota tariff formerly applicable.

As a result, Saputo, Parmalat and Kraft Canada, Canada's largest dairy processors, began substituting imported milk protein concentrates for Canadian milk in the manufacture of cheese and other dairy products.

In response, the federal government set up a Dairy Industry Working Group, made up of producers and processors, to come up with a solution. When agreement proved impossible, Ottawa acted to ensure the long-term growth and prosperity of the sector.

After several years of negotiations with European Communities and Switzerland, a tariff rate quota has now been established for milk protein concentrates. December's changes to the content regulations for Canadian cheese complement changes at the trade table, ensuring the consistency and integrity of cheese sold in Canada.

"Ninety-eight per cent of Canadian families enjoy cheese," Millson says. "And, rightly so, they expect it to have milk as its main ingredient. With so many international food safety incidents in recent months, Canadians have a right to know that when they pick up Canadian cheese, it is made with high quality Canadian milk from Canadian cows."

Two weeks ago, the three processors jointly petitioned the federal court for a judicial review of the cheese regulations.

- The cheese manufacturers argue the regulations:
 - are not enforceable
 - lack uniformity and objectivity
 - improperly delegate discretionary authority to the Canadian Food Inspection Agency
 - have the purpose of providing an economic benefit to dairy producers at the expense of dairy processors and others

The cheese manufacturers also challenge the authority of the Canadian government to make a federal regulation regarding the cheese standards, arguing the regulation of milk is controlled by the provinces.

Dairy producers point out the new cheese regulations are consistent with GATT, the WTO and other major cheese-producing countries -- all of which stipulate milk content in cheese recipes -- and should have no effect on consumer prices.

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7. Ontario eases succession tax rules

by Anne Howden Thompson

Expanded exemptions are now in effect under Ontario's Land Transfer Tax Act. The new exemptions include transfers of farmland from a family farm corporation to one or more family members.

Previously, only transfers between farm family members or transfers to a family farm corporation, including transfers from an estate, were exempt.

The province states the changes will help smooth succession of the family farm and nurture continued participation of a new generation of producers.

The amendments were proposed this spring as part of the 2008 Ontario budget and translate into savings of approximately \$13,475 in land transfer tax for a farm valued at \$1 million, and about \$5,975 for a \$500,000 farm.