



# Senator Kenny climbs on his horse

Pundits are again popping up in the media bent on discrediting Canada's supply management system for milk, poultry and eggs. Cheerleaders for a borderless world, their motivation is to convince the public they will all be better off if government just gets out of the way and lets the market decide.

Senator Colin Kenny's rant, plastered just after Labour Day across the pages of the Huffington Post, the Ottawa Citizen, the Montreal Gazette and the Times Colonist, was precisely that: its purpose to undermine public support for Canada's supply management programs as discussions conclude on the proposed Trans Pacific Partnership Agreement.

Why? Because Canada's business community is nervous: they fear demands to scuttle supply management by TPP negotiating partners (and dairy exporters) US, Australia and New Zea-

land could be a tie-breaker unless Ottawa backs down.

If I were Prime Minister, I would simply laugh and offer them lessons in good public policy. Canada puts enough goodies on the TPP table, handing over our sovereign right to construct public policy that ensures sustainable food and resilient communities should be a non-starter. But the Conservatives are no friend of market intervention. For them, TPP squabbling over supply management places the smoking gun conveniently in the hands of others.

Enter Senator Kenny, perched atop Martha's old one-trick pony, saddlebags stuffed with the same bad data, stumbling logic, unfounded conclusions and pet-think-tank "studies" that Hall-Findlay tried to sell. Propaganda is like that: if you say it enough, people will begin to believe you.

In his prolifically populated Op-Ed,

Kenny argues that Ottawa should forget pre-election tax cuts for middle and lower income families and cut instead Canada's supply management programs for milk, eggs and poultry which, according to him, cost Canadian families \$275 a year.

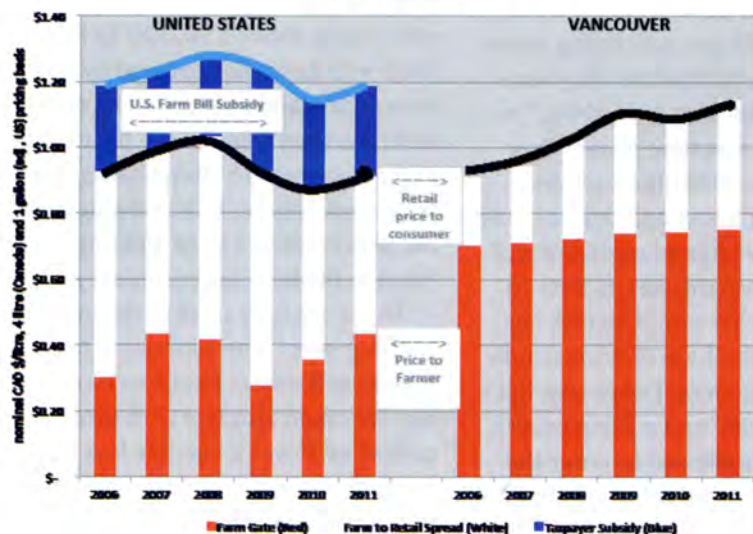
First of all, blaming supply management for price differences at retail is of course ridiculous. Important to keep repeating to the consumer that supply management establishes only farm gate prices; there are a lot of players in the marketing chain who add their margins.

Kenny's allegations of "price gouging" – like those of Martha Hall-Findlay – are dead wrong. Luckily that's easy to prove.

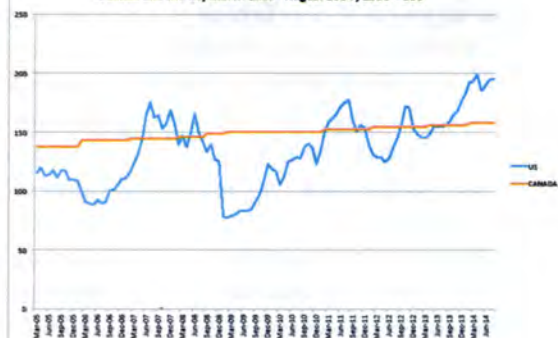
Kenny alleges Canadian consumers pay \$1.42 a litre more for their milk than Americans. Chart 1 shows farm gate prices, retail prices, and taxpayer subsidies for milk in the United States and Vancouver (a reasonable proxy for Canadian retail milk prices in all but Quebec and the Maritimes).

Over the six-year period 2006-2011, Vancouver consumers paid an average of 9 cents more per litre than their US counterparts (nowhere close to Kenny's

**CHART 1: Total Annual Average Cost  
Litre of Partly-Skimmed, 2% Milk,  
CAD \$, Nominal Prices**



**Chart 2: Indexed Monthly Prices to Farmers for Raw Milk,  
Canada and the US, March 2005 - August 2014, 1990 = 100**



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\$1.42/litre).

The real difference, however, is in where the farm returns actually come from. In Canada, 100 per cent of the farm gate return to milk comes from the market. In the US, market prices only cover roughly half farm production costs. During 2006-2011, taxpayers provided another \$8 to \$12 USD per CWT (24 to 37 cents per litre \$ CAD) in direct and indirect subsidies to American dairy farmers, covering an estimated 53 percent of US farm production costs (2009). When you consider the subsidy coming from the US taxpayer's pocket, partly skimmed milk in the US actually averaged 18 cents per litre MORE than in Vancouver over the period 2006-2011!

The third thing Kenny doesn't seem to "get" is that cows, chickens and turkeys are not widgets. To efficiently manage price and supply, farmers need to be buffered from wildly fluctuating international commodity markets (Chart 2).

And in the face of highly concentrated suppliers and processors, farmers also need market pricing power to ensure returns cover sustainable farming costs.

(If Saputo's last shareholder dividend is any indication, Canada's concentrated dairy processing sector is doing just fine. But considering margins to the south, is there any wonder why agribusiness supports private think-tank research against SM? When Australian farm gate milk prices were deregulated, prices to farmers fell but retail prices rose as concentrated players grabbed larger slices of the pie.)

Family farms are as important in the food chain as bees – through careful stewardship and with a legacy in the land, they produce not only food for today, but also the next crop of farmers who will grow our food tomorrow.

In closing, Kenny advises Members of Parliament not to be afraid to vote against Canada's "corrupted" supply management system because "12,000

farms couldn't possibly swing vote counts. MP's could win more votes by appealing to consumers."

Give your head a shake Senator Kenny. When the real facts are on the table, Canadians who eat for a living will stand together with farmers who grow for a living and punish any politician who dares to undermine the food security of our communities. At least if this agrologist has anything to say about it.

Are you brave enough to debate this publicly with someone who knows what she is talking about? Gauntlet down... **D**

*Wendy Holm is an award-winning agrologist and farm columnist with over 40 years of professional practice in Canada. A former president of BC Institute of Agrologists, she was named BC Agrologist of the Year 2000 and is also a Distinguished Alumni of UBC. She will be a speaker at the November 19th Alberta Milk Dairy Conference at the Sheraton Cavalier Hotel in Calgary.*



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