



DEPI IS STANDING UP FOR SUPPLY MANAGEMENT

NOMINALLY, BC DEPI STANDS for BC Dairy, Egg and Poultry Industries. In fact, it stands for a great deal more...DEPI is standing up for supply management, and raising a big and powerful voice for all of Canadian agriculture.

Over the past two years, supply management has come under scathing attack in the media. Jumping on the wobbly cart that Martha pulled, right-wing pundits brandishing the red queen's sloppy research took up the battle cry: "off with its head..."

That's why it is so refreshing to read the headlines in BC papers: 'Poultry and dairy family farms anchoring B.C. agriculture', 'Cows and Chickens dominate BC farming', 'Dairy and poultry creating more jobs than mining or forestry' and 'Supply Management fuels growth in agriculture'.

Refreshing and strategic: over the past six years, DEPI has commissioned no less than three Price Waterhouse Cooper (PwC) reports on the social and economic importance of BC's supply management sector. All have said in a big, respected, independent, and most importantly media-credible voice: supply management works for farmers, works for communities and works for the province.

In 2008, DEPI commissioned Price Waterhouse Cooper to do a study on the socio-economic impact of BC's supply managed sector. Released in April 2009, the PwC report BC Dairy, Egg and Poultry Industries: Socio-economic impact of British

Columbia's dairy, chicken, turkey, hatching egg and table egg industries presented three main conclusions:

1. Supply management produces significant economic impacts for British Columbia.
2. Supply management produces additional long-term economic benefits for British Columbians.
3. Supply management supports families and rural communities throughout British Columbia.

In the 2009 report, Price Waterhouse Cooper notes that BC's dairy, egg and poultry industries constitute a stable sector that contributes significantly to the provincial GDP and employment. Noting that producer price increases were below inflation, they report that supply management operates in a cohesive manner, is responsive to change, contributes to community economic stability, encourages farm efficiency and entrepreneurship, and supports important on-farm programs related to food safety and biosecurity.

In November 2010, a second Price Waterhouse Cooper report was released: BC Dairy, Egg and Poultry Industries: Economic impact of British Columbia's dairy, chicken, turkey, hatching egg and table egg industries – 2009 results. Built on the bones of the 2009 report, this report drilled down into the economics to quantify the impact of BC's supply managed sector and associated value chain. Their conclusion reinforces the 2009 report findings: The analysis presented in this study has shown that the supply-managed commodities produce significant economic and social benefits for the British Columbian economy.

In addition, the dairy, egg and poultry industries experience less volatility in response to changing market conditions. Unlike other industries that experienced dramatic downturns during the recent economic slowdown, BCDEPI

[The writer is an award-winning agrologist based at Bowen Island wendy@theholmteam.ca]



production volumes and employment levels were generally consistent throughout this period.

Fast forward to the September 2013 release of the third in the series: BC dairy, egg and poultry industries – Economic Impact of British Columbia's dairy, chicken, turkey, hatching egg and table egg industries – 2011 Update. In it, Price Waterhouse Cooper (PwC) again concludes: "supply-managed commodities produce significant economic benefits for the BC economy".

PwC notes that while BC's agriculture sector lost 9,400 jobs between 2009 and 2011, the province's supply management producers created 3,000 net new farm jobs and today account for over 40% of BC cash farm receipts. They point out that forty-five percent of all agriculture employees now work on supply-managed farms (up 25% since 2007) and in 2011, the BC DEPI value chain created more new jobs than did the province's forestry, mining or oil and gas industries.

The PwC report shows how, for the past 30 years, producer prices for dairy, poultry and eggs have risen at rates substantially below the provincial inflation rate. (Farm gate prices increased an averaged 1.9 to 2.4 percent per year, compared with an annual average inflation rate of 3.3 percent).

Observing that direct and indirect output and induced impact all increased substantively over 2009 levels (by 4.2, 7.7 and 4.2 percent, respectively), PwC pegs the total 2011 output value of BC's supply-managed sector at \$5.6 billion, up by 5.7 percent from only 2 years earlier.

The 2013 PwC report shows BC milk production increased by 12% from 2002 – 2011 despite a 27% drop in the number of farms. Average annual production per farm increased from 869 thousand litres to 1,317 thousand litres and cash farm receipts grew by 6% a year. PwC concludes that this increase in absolute and average production suggests that BC dairy farms have become both larger and more efficient.

Dairy farmers continue to represent nearly half of all BC DEPI producers and are responsible for creating 21.5% of BC's agricultural jobs. Income to dairy farmers accounts for 20% of BC farm cash receipts.

Observing again that BC farmer's incomes related to milk production have not increased as fast as the provinces' cost of living (2.4% compared with 3.3%), PwC notes this also suggests food price increases have mostly occurred further along the value chain, during processing, distribution and retail.

In 2011, the BC dairy industry generated approximately \$2.7 billion in economic output. Overall, BC dairy farmers contribute the bulk of DEPI aggregate economic contributions: 49% of output, 48% of GDP, 49% of employment, 43% of salaries and 46% of tax revenue.

In the words of Price Waterhouse: "Under the Canadian Supply Management systems, the overarching goal is to match total supply of a commodity available with its market demand, thereby providing Canadians with an adequate supply of the commodity at a reasonable price while providing producers a fair return on their operation.

This is the story to be told. And these are the people to tell it. Price Waterhouse Cooper (they already "get it") should be approached by DEPI committees in every dairy province to produce a similar report. And then put them all together them to provide a stunning, media-ready, comprehensive and factual national picture of what exactly it is that our dairy, egg and poultry farmers are contributing to their communities and to Canada.

This is the story to take to your AGM: It's time to take this one to the street.

Listen up all you Martha's out there! Truth is on its way...Ta-dum...Ta-dum... Ta-dum. **D**