

B.C. Milk Industry 2019

2018 QUICK FACTS

- B.C. milk production is regulated at the federal and provincial levels under supply management. All farmers producing any quantity of milk for non-personal use must be registered with the BC Milk Marketing Board (the Milk Board) and hold quota.
- In the 2017/2018 production year, B.C.'s 477 milk farmers produced 808 million liters of milk, valued at \$625 million in farm cash receipts.
- Dairy is B.C.'s largest land-based agriculture industry. In 2017 dairy farm cash receipts represented 20% of B.C.'s total farm cash receipts of \$3.2 billion.
- The Fraser Valley produces 76% of the milk in the province. It is followed by the Okanagan at 14% and Vancouver Island at 7%. The remaining 3% is produced in the Bulkley Valley/Cariboo, Kootenays, and Peace River regions.
- The average number of cows per B.C. farm is 186 and the average yield per cow is 9,500 litres per year. On average, a cow produces 26 litres of milk per day.
- There are 3 small lot producers who produce up to 270 kilolitres of milk per year for on farm processing of goods like cheese or yogurt under the Milk Marketing Board's Cottage Industry Program.
- There are 51 provincially licenced dairy processors in B.C., of which 28 are federally licenced.
- B.C. ranks third in certified organic milk production, and is the third largest dairy-producing province.

Canadian Milk Production at the Farm (2018)

Prov.	Kilolitres	%
QC	33,656,892	36%
ON	30,077,454	33%
BC	8,162,489	9%
AB	8,129,011	9%
MB	4,091,343	4%
SK	2,907,225	3%
NS	2,066,345	2%
NB	1,586,820	2%
PEI	1,207,173	1%
NL	497,736	1%
Canada	92,382,488	100%

Source: Canadian Dairy Information Centre

MARKET TRENDS

There are two markets for milk in Canada. The fluid market (table milk and fresh cream) accounts for 29% of milk production, while the industrial market (butter, cheese, yogurt, ice cream, and other manufactured products) accounts for the remaining 71% of production. In B.C., 42% of production is for the fluid market and 58% is for industrial use.

Industrial milk is broken down into components (primarily butterfat and skim) to facilitate processing. Global consumer demand for higher-fat dairy products (butterfat) is driving an increase in global milk production.

Retail sales of dairy products remains strong. While demand for fluid milk is decreasing, consumption of cream, cheese and ice cream is increasing. Butter and butter fat demand has been dramatically increasing in recent years. Demand increased for butter 3.4% from 2017, while cream increased 4.8%. This increase in demand has driven growth in Canadian milk production.



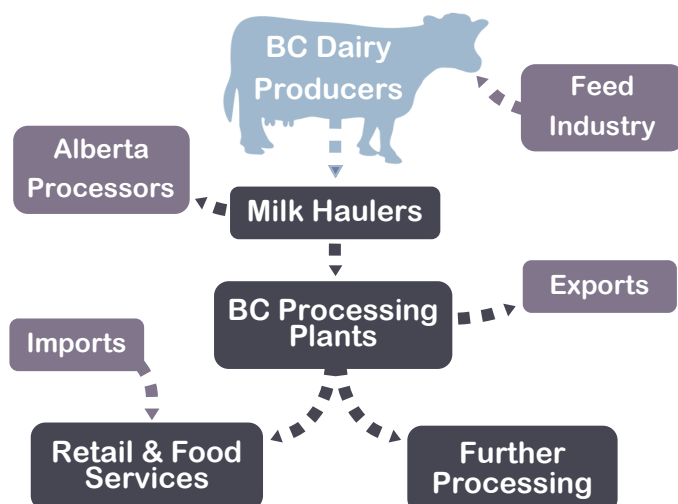
Source: BC Milk Marketing Board

TRADE

In 2018, Canadian dairy exports totalled 173.9 million kg (\$378.5 million). Imports totalled 168.3 million kg (\$846.9 million).

Recent trade agreements such as the Comprehensive and Progressive Agreement for Trans-Pacific Partnership (CPTPP) will result in increased dairy imports into Canada, on top of already existing trade agreements that grant market access. The Canada-Europe Trade Agreement (CETA), signed in 2016, increases EU access to the Canadian cheese market by 17,700 tonnes (3.5% of overall cheese production). It is expected that the Canada-United States-Mexico Agreement (CUSMA), once ratified, will increase access. CETA, CPTPP, and CUSMA represent an annual estimated decrease of 8.4% of Canada's overall milk production.

INDUSTRY VALUE CHAIN



Dairy farmers milk their cows every day. This fresh milk is stored in a temperature-regulated bulk tank. Every second day, the milk is picked up by licenced transporters, who collect milk from multiple farms before delivering it to the processing plant. There are 38 dairy plants licenced in B.C.

At the plant, the milk is pasteurized, separated, and re-combined into various products, such as skim milk or cheese.

Small producer-processors can obtain quota through the Cottage Industry Program, which is designed to facilitate small-scale, on-farm production of dairy products like cheese and yogurt.

BIOSECURITY & ANIMAL CARE

Farm-level biosecurity management practices are in place to maintain the health of the herd as well as prevent the introduction of infectious diseases that could have negative impacts on human health. The B.C. dairy industry participates in Dairy Farmers of Canada (DFC) proAction biosecurity program.

Antibiotic use is strictly regulated for all types of milk production. When a dairy cow must be treated with antibiotics, her milk is removed from the milk supply for a regulated period of time.

Animal care is also a very important part of the B.C. dairy industry. Mandatory standards that are based the national Code of Practice for the Care and Handling of Dairy Cattle help ensure high levels of animal care on B.C. dairy farms. Third party audits ensure that B.C. producers follow the proAction animal care program.

GOVERNANCE

Canada's dairy industry is supply-managed. It operates under federal and provincial legislation and agreements.

At the federal level, the industry is regulated by the Canadian Dairy Commission (CDC), a federal Crown corporation established under *Canadian Dairy Commission Act*. The CDC coordinates federal and provincial dairy policies.

The CDC chairs the Canadian Milk Supply Management Committee, which sets the national industrial milk production target and implements a national marketing plan that allocates shares of industrial milk production (quota) to provinces.

At the provincial level, the Milk Board is the first instance regulator of milk production in B.C. under the *Natural Products Marketing (BC) Act* and the British Columbia Milk Marketing Board Regulation.

The Milk Board is responsible for the orderly marketing of milk. It has the legislated authority to promote, regulate, and control the volume of production, transportation, packing, storing, and marketing of milk. In conjunction with the CDC, it sets the price producers receive for milk. The BC Milk Producers Association represents producers, and the BC Dairy Council is the trade association for B.C.'s dairy processors.

The BC Farm Industry Review Board is responsible for ensuring the Milk Board meets its responsibilities in an effective, strategic, and accountable manner that results in sound marketing policy.

SOURCES

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Ministry of Agriculture. (2018). Fast Stats 2017: British Columbia's Agrifood and Seafood Sector." Retrieved from www2.gov.bc.ca

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BC Farm Industry Review Board

www.gov.bc.ca/BCFarmIndustryReviewBoard

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