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DAIRY FARMERS OPPOSED TO SUPPLY MANAGEMENT SPEAK OUT AT WORLD DAIRY EXPO

(**Madison WI--October 4, 2012**)-- Dairy farmers attending the World Dairy Expo spoke out today about the dangers of a dairy supply management program included in the Dairy Security Act, part of the Farm Bill passed by the Senate and next up for floor debate and amendments by the House of Representatives, and the benefits of an alternative proposal that provides insurance without government interference in free markets.

The controversial provision in the Dairy Security Act is known as the Dairy Market Stabilization Program (DMSP). If dairy farmers want to participate in a margin, or risk insurance program, they would have to agree to participate in the DMSP. Under the DMSP, the government would periodically impose limits on milk production. Farmers are beginning to learn the potential impacts of the program: If this program were law, dairy farmers would either have had to decrease production beginning back in May, or pay a stiff penalty. (see table below)

““That deduction, at 8% or even at 4%, has a huge impact on our bottom line,” said John Pagel of Pagel’s Ponderosa Dairy in Kewaunee, Wisconsin. “That 8% can pay a lot of bills or cover my interest at the bank.”

Pagel joined dozens of dairy farmers, including LuAnn Troxel, who with her husband milks 130 cows and operates a large animal veterinary practice from their home in northwest Indiana.

“My opposition to supply management stems from a fundamental belief in our free market system, as I think farmers should have the ability to make their own choices ,” said Troxel, “and I have a personal desire to have optimal expansion options to accommodate our sons' desires to join our dairy operation.”

Gordon Speirs, a 3rd generation dairyman, along with his wife Cathy and sons Travis and Tyler, own and operate Shiloh Dairy LLC. The Speirs family moved their operations from Alberta, Canada to Brillion, Wisconsin in 2003. Shiloh Dairy is a 1500 cow dairy and is in the process of expanding towards 2100 cows over the next 2 years. In Canada, Gordon served as chairman of the local milk producers association and served on the provincial promotion board as well.

“I am opposed to supply management because once regulations are in place and found to be not working, the government will do their best to try to fix it with more regulations,” said Speirs. “This was my experience in Canada with the quota system and I expect it will not be different here”

“Dairy farmers in Wisconsin could have been penalized up to \$18,000 had this program been in effect now,” noted Jerry Meissner, president of the Board of Directors for the Wisconsin Dairy Business Association, and owner of Norm-E-Lane, Inc., a 2,000-cow operation near Chili, Wisconsin. “This is bad news for Wisconsin.”

DBA presented a table that outlines potential impacts of the stabilization program on Wisconsin, as the program would have triggered earlier this year, and still been in effect.

DSA Supply Management = Reduced Monthly Income from Farm Milk Sales					
Farm Size	Average Milk Marketed in Wisconsin	Base Level (Using DSA 3 preceding months)	DSA Farm Milk Income	Farm Milk Income without DSA (Goodlatte)	DSA Income Penalties under Supply Management
100 Cows	180,054 lbs	178,735 lbs	\$ 34,832	\$ 36,551	- \$ 1,719
500 Cows	900,272 lbs	893,677 lbs	\$ 174,160	\$ 182,755	- \$ 8,596
1000 Cows	1,800,544 lbs	1,787,354 lbs	\$ 348,319	\$ 365,511	- \$ 17,191
* Using August 2012 milk production and September 2012 All Milk Price (paid for milk marketed in August)					

A bipartisan compromise amendment proposed by Reps. Bob Goodlatte (R-VA) and David Scott (D-GA) would remove the stabilization provision, and also would provide dairy farmers with the ability to obtain margin insurance, with catastrophic coverage, as a risk management tool for times of low milk prices and high feed costs like we are saying now. The amendment is expected to be offered and voted upon when the full House considers the Farm Bill, likely in the lame duck session that will begin in November.

Goodlatte Scott provides the same catastrophic coverage at no cost to more than 90% of all U.S. dairy farms, but would never require dairy producers to either reduce their milk production or else see deductions in their milk checks go to the federal government.

For the other 10% or so of dairy farm operations, Goodlatte Scott offers the option to purchase catastrophic coverage at a very modest cost, and supplemental coverage at premium rates very similar to the House and Senate bill, again without ever having to either reduce their production or else see deductions in their milk checks go to the federal government.

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Jeff Mulligan, who farms on a third generation dairy farm in western New York, where they milk 1,200 cows, summed up the feelings of many farmers when he said, "I do not have the time nor the patience to understand every Congressional Budget Office analysis of various iterations of bills. What I do know is this: I do not want the government to tell me how much milk I should be producing, and certainly do not want them to penalize me if I do not comply."

A full list of speakers and quotes is attached.

In addition to the farmers expected to attend this media availability, dairy producer organizations opposed to the supply management scheme include:

California Dairies, Inc.
Dairy Business Milk Marketing Cooperative
Dairy Policy Action Coalition
National All-Jersey, Inc.
North East Dairy Producers Association, Inc.
Wisconsin Dairy Business Association
Minnesota Milk Producers
Alliance Dairies (Florida)
Board of Directors of Bongards' Creameries (Minnesota)
First District Association (Minnesota)
High Desert Milk (Idaho)

About DBA

The Dairy Business Association is an industry organization comprised of dairy producers and allied industry supporters. DBA promotes the growth and success of all dairy farms in Wisconsin by fostering a positive business and political environment. For more information about DBA, please visit our website at www.widba.com.

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