

Retail Dairy Demand and Processor Capacity Upswing But COP still causing friction

Tars Cheema

While this year's BC Dairy Industry Conference certainly showed signs of optimism amid the recent news of more quota allocation beginning in the new year, coupled with ongoing incentive days, the mood was less jubilant with the dogged challenges of cost of production in BC unresolved.

This year's Conference emphasized producer sessions with Q & A time and fewer large keynote presentations.

BC Dairy Chair Casey Pruim opened the Wednesday afternoon session acknowledging the significant difficulties of the past year, following immediately with reasons for optimism – stabilization of input prices, eased interest rates, quota allocations and incentive days.

"Processors are investing and the market is growing – it's our responsibility to supply the market," he framed the current situation. He continued to focus on the opportunities he sees ahead, capturable by the proactive efforts of producers. "Our collective effort is what makes our industry resilient," he encouraged.

Director Lindsay Heer from the Bulkley Valley has chaired the Governance committee for the past two years as it worked through the necessary revisions to bylaws. Consultations were undertaken at regional producer meetings and they examined other governance models in the immediate industry.

External BC Issues

BC Dairy rep on DFC, replacing David Taylor, Sarah Sache shared the extensive work done to review and define DFC's 'Vision, Mission, Values and Mandate.' The new Mission as proposed states: "Support the growth of the Canadian dairy farming industry through innovative and sustainable production and advocate for the benefits of the Canadian industry." Another piece of the puzzle is defining DFC's mandate in Marketing – and the potential for overlap/duplication across the regions. The review process is expected to conclude in 2025.

Funding for DFC and DDC (Dairy Industry Development Council) was discussed in light of the industry's financial pressures. In 2024, BC's funding for various DFC initiatives came to \$4.76M. In 2025, the presentation stated: "BC Dairy is committed to contributing our fair share but will not provide funding that exceeds what is proportionate to the contribution of other provinces."

Mark Van Klei handled the discussion regarding the BC Cost of Production issue. With 10% of producers exiting the industry

last year, BC shouldered a disproportionate share of the loss, he stated. The COP issue has caught the attention of the CDC whose entire Board was attending this meeting. Mark described the collaboration with KPMG and MNP to collect standardized dairy data for a quality regional COP analysis. "A statistically sound and robust COP study is needed to clarify the real costs and present a defensible position," Mark summarized.



Top Manitoba milk quality producer and DFC President, David Wiens, stressed the importance of unity as the industry considers trade challenges in the future.

Any BC producer can participate in the study, as long as they meet the standardized data methods. In the meantime, Mark closed saying, "The future looks bright – we're going to need a lot more milk and we have an obligation to fill the market."

Consumer Trends

Jennifer Woron, BC Dairy's Director of Market Development, presented a peek into the retail market factors influencing current trends. While trends in recent years have shown steady loss of fluid milk consumption, it has recently reversed with a 2.3% increase across the west – driven primarily with an increase of 8% (lactose free milk) and +28.8% increase in protein-enriched ultrafiltered milk. Coincidentally, the plant-based competitors have seen a shrinkage of 4%.

Jennifer pointed to factors like the population growth from south Asian, Filipino and Chinese ethnicities. Saputo has put a focus on marketing lactose-free milk to the Chinese market. "Ethnic considerations are important," she emphasized. Younger demographics are perhaps responsible for the increase in cottage cheese consumption purportedly influenced by 'Tik Tok' momentum. Younger consumers are influencing the rise in protein-driven dairy consumption, especially protein-enriched milk.

The Panel

A panel of 10 senior staff from BC Milk and BC Dairy took questions from the producer audience in a move to improve information access and transparency. Zahra from the Milk Board stated that the province risks losing quota if too many producers fail to produce the requirement – production will be moved to where it can be filled.

Milk Board CEO Rob Delage explained that seven years ago there was very serious concern about limited processing capacity. Investments in capacity have been made and there is an obligation to produce the milk. "The new quota allocations are to fill existing processing capacity – more processing capacity is coming online soon," he explained.

Special Recognitions

Riverwater Farm was recognized as BC's Top Quality milk producer for the 2023-2024 dairy year. Joe and Trudy Wikkerink, together with sons Dan and Albert, farm in Duncan on Vancouver Island. Riverwater Farm has been a top quality contender on Vancouver Island many times (picture on page 26).



BC Dairy Chair Casey Pruim set the tone for BC's dairy industry conference, acknowledging the cost of production realities while also expressing enthusiasm for the growing market.



Young Farmer Panel. (L-R) Kevin Mammel, Rebecca Senicar, Russell Reitsma and moderator, Kevin Lim.

Board Recognitions

Three BC Dairy Board members were recognized for their past service – Ken Miller, John Kerkhoven and Holger Schwichtenberg. John, who had served nine years, many as Treasurer, offered his thanks to producers for the opportunity to serve. "I learned so much about local, provincial and national politics," he admitted. He also gave a shout-out to industry leaders Henry Holtmann, David Janssens, David Wiens and others for leading the industry amid challenging times. He further presented a brief speech from former BC Dairy Chair, Holger, who was provided a monetary gift of appreciation from the Dairy Association.

"Through your gift, I am able to support a project near and dear to my heart, and that is the Hope Slough Restoration Project. I'd like to take this opportunity to give a big shout out and thank-you to BCDA staff present and past, for all their hard work, dedication, and commitment to the work BCDA undertakes in this province. It was a pleasure working with all of you. In my time as a BCDA member, I was privileged to meet, learn from, and promote dairy initiatives to fellow producers from across the country. It was a very memorable and rewarding time." – Holger Schwichtenberg.

The Big Day

The following morning, Casey welcomed the much larger audience to the Conference, with an appropriate reference to the difficult year and recognition of the ongoing cost of production challenges. He highlighted other BC Dairy activities in the past year, including different workshops and info-sessions on proAction. "Managing water is another critical issue and we are ensuring dairy farmers have a seat at the table," Casey affirmed. He continued to emphasize the strong collaboration with processors and the focus on market development, such as the ethnic segment and school programs.

Other speakers included DFC President David Wiens, newly returned Minister of Agriculture Lana Popham, Dan Wong of the Western Dairy Council, Haig Poutchigian CEO of Saputo, Chef Ned Bell and Guy Froment of Lactalis (newly elected President of the International Dairy Federation). The afternoon consisted of Mark Futcher Director of Sales DeLaval Canada, a young farmer panel and wrapped up with two political commentators who were far more engaging than one might expect.

We look forward to bringing you more reports on these presenters in the Winter issue of WC Dairy News in February.

Promoting lactose-free milk with Chinese consumers.

Special edition packaging for Lunar New Year.

Important segment of the population, particularly in BC.

Over 80% of Chinese consumers believe that lactose-free dairy is healthier than regular dairy and easier to digest.

