



**Consumers' Association of Canada
Association des consommateurs du Canada**

PRESS RELEASE

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Canadian Dairy Industry Milking Consumers

OTTAWA, Dec. 11 /CNW/ - The Canadian Dairy Commission (CDC) will soon decide whether Canadians should pay more for dairy products in 2004. Canadian consumers say, "NO MORE", and demand that the CDC cease acting as a puppet of the dairy lobby.

Canadian dairy farmers, presently receive higher prices than their counterparts in other countries. They are the most profitable of all farmers in Canada. There is no reason for a price increase when these producers are already highly paid.

"The current regulated pricing system allows dairy producers to collect an extra \$100. per Canadian household this year," says Bruce Cran, President of the Consumers' Association of Canada. "Canadian dairy producers receive almost \$2.5 billion dollars as Canadian consumers pay higher than the world average price for milk products."

Under supply management, the dairy industry has monopolistic control over the price and supply of dairy ingredients, and consumers have no protection from ever-increasing prices. The average dairy farm makes a profit margin of 25% -- double that of the average Canadian farm and triple that of the average Canadian business, according to Statistics Canada.

The cost of producing milk continues to fall while prices continue to rise. Increased efficiencies and savings are not being passed on to consumers. This is not how regulated industries are supposed to work. The role of the Canadian Dairy Commission is to protect both the interests of the producers and consumers, not to act as the puppet of the producers.

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In both 1995 and 2000 the Auditor General found that the Canadian Dairy Commission was operating in violation to the CDC Act, by not convening a Consultative Committee of broad industry representatives to provide advice on production and marketing of dairy products. The Auditor General found that this committee is essential to bring legitimacy to the price-setting process.

"Instead of heeding the advice of the Auditor General, the CDC has made a unilateral decision to ensure even greater returns to producers by changing the benchmarks, and finding new excuses to increase prices every year," says Peggy Kirkeby, Vice President of the Consumers' Association. "The CDC is ignoring its responsibility to Canadians and cannot be allowed to continue making pricing decisions without public scrutiny or accountability."

The Consumer Association of Canada calls on Paul Martin's government to step in and review the Canadian Dairy Commission's activities, and force them to comply with their own regulations.

It's time the dairy industry stopped milking consumers.

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