

RESOLUTION # 9

DAIRY INDUSTRY

1 **WHEREAS**, New Jersey's dairy industry is an important part of the state's
2 agriculture, not only contributing wholesome, locally produced milk and milk products,
3 but also creating demand for field crops used as feed and for farm equipment and other
4 industry support sales; and

5 **WHEREAS**, recent years have seen wide market swings, with severe and
6 protracted depressed market prices for milk, combined with periodic spikes in input
7 costs, in conjunction with short-lived spikes in milk prices, resulting in economic hardship
8 for New Jersey dairy farmers; and

9 **WHEREAS**, multiple periods of market volatility have eroded the financial
10 standing of the New Jersey dairy producer, where strained capital liquidity of the farm
11 operation has created an overall inability to modernize and innovate or to create a value-
12 added expansion; and

13 **WHEREAS**, the dairy industry in the United States is one of the most heavily
14 regulated sectors of agriculture, and dairy products, by their very nature, require a
15 marketplace with considerable government oversight to guarantee orderly marketing,
16 balancing seasonal supply and demand, and ensuring the quality and consistency of the
17 product on behalf of the consumer; and

18 **WHEREAS**, the Department has frequently visited the issue of New Jersey dairy
19 prices, and has found implementing solutions to the problems difficult because New
20 Jersey is a milk-deficit state, and therefore does not have the standing to effectively
21 change the existing federal milk marketing system; and

22 **WHEREAS**, within the current marketing structure, New Jersey dairy producers
23 have suffered from the lack of a competitive milk market, leaving producers without

24 premiums above Federal Market Minimums, leaving some producers without a viable
25 market, and not allowing new farms to establish in the state and enter into the existing
26 market; and

27 **WHEREAS**, the Department's Division of Marketing and Development
28 encourages the development and expansion of alternative milk production, including the
29 expansion of goat, sheep and water buffalo milk and milk products to supply the diverse
30 markets valuable to New Jersey agriculture; and

31 **WHEREAS**, the need to create opportunities to process New Jersey-produced
32 milk within the state can provide the state's dairy farmers with a chance to control their
33 own destiny and earn significant premiums over the Federal Milk Marketing Order prices;
34 and

35 **WHEREAS**, as with all agricultural products, the return to the farmer for milk and
36 milk products should be greater the further into the marketing chain the farmer controls
37 the packaging and sale of the milk that his farm produces; and

38 **WHEREAS**, all value-added ventures in agriculture involve a considerable
39 amount of risk, and this level of risk is additionally intense for value-added dairy
40 ventures; and

41 **WHEREAS**, value-added dairy ventures tend to be capital-intensive and require
42 large investments of equity on the part of the principals to establish; and

43 **WHEREAS**. dairy products, by their very nature, are perishable and require solid
44 and consistent quality-control procedures, which require considerable investments in
45 time, money, research and effort on the part of the business owners.

46 **NOW, THEREFORE, BE IT RESOLVED**, that we, the delegates to the 102nd
47 State Agricultural Convention, assembled in Atlantic City, New Jersey, on February 8-9,
48 2017, do hereby strongly urge the New Jersey Department of Agriculture to do the
49 following:

- 50 • Enthusiastically support value-added projects that can offer New Jersey dairy
51 farmers significant premiums for their milk, helping to reverse the cycles of low prices
52 affecting dairy farm viability in this state.
- 53 • Work with state and local governments and agencies, as well as the dairy industry, to
54 seek funding for an on-farm or small, stand-alone milk/milk products processing plant
55 focused on reaching the high-end market in New Jersey and surrounding states.
- 56 • Request assistance from the New Jersey Business Action Center, and, where
57 appropriate, the U.S. Small Business Administration, with the goal of establishing a
58 small-business funding program in order to create Value Added Dairy Processing
59 units that will support and grow the dairy industry in New Jersey.
- 60 • Work with state and local governments and agencies, as well as the dairy industry, to
61 create funding for programs and efforts aimed at Risk Management and milk-quality
62 improvement in order to move producers to a higher quality level for a value-added
63 market.
- 64 • Work through the Department’s Division of Marketing and Development to provide
65 support for establishing a viable “*Jersey Fresh*” dairy products brand.
- 66 • Investigate the feasibility of establishing projects in which one or more dairy farmers
67 can work together toward marketing value-added products that can be processed,
68 packaged and sold by the farmer, as opposed to the farmer selling milk to another
69 entity, thereby giving the farmer value further into the market chain.
- 70 • Enthusiastically support development of a processing facility that would be owned by
71 a group of milk producers and facilitate “balancing” milk use and production; develop
72 a simple fluid milk business with the ability to limit inherent risks of balancing,
73 seasonal production volatility, and seasonal changes in consumption, thus aiding in
74 developing a plan to utilize excess milk production at certain times of the year for
75 other products, or when faced with shortfalls in fluid milk sales; develop methods of

76 increasing fluid milk volumes during times of improved consumption and decreased
77 production.

78 • Investigate the feasibility of establishing a producer-driven Direct Consumer Delivery
79 (Home or Farmers Market Delivery) system, which currently is an underserved sector
80 of the consumer market and will pay a premium for direct delivery of fluid milk and
81 milk products from dairy producers.

82 • Investigate the feasibility of establishing anaerobic digestion units, which will utilize
83 high-moisture dairy farm, dairy industry, agricultural and human food waste streams
84 for the production of bio-gas for a locally produced on-farm energy source and
85 digestates which could be used as managed soil nutrients for agricultural production
86 to create an additional revenue stream and good dairy management practices.

87 **BE IT FURTHER RESOLVED**, that we urge the Department to work with all
88 appropriate agencies and all appropriate segments of the state's dairy sector to identify
89 and pursue milk-processing opportunities on both the commercial level as well as the
90 value-added level.

91 **BE IT FURTHER RESOLVED**, that we support the efforts to ensure that a free,
92 competitive and open market exists for all milk producers within the Federal Milk
93 Marketing Order, and that if such a market cannot be sustained, the Department
94 investigate the pros and cons, under the new Administration in Washington, of removing
95 New Jersey from the Federal Milk Marketing Order.