

RESOLUTION # 16

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, but
3 also creating demand for field crops used as feed, as well as other industry support sales;
4 and

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

9 **WHEREAS**, multiple periods of market volatility have eroded the financial standing of
10 the New Jersey dairy producer, where strained capital liquidity of the farm operation has
11 created an overall inability to modernize and innovate or to create a value-added expansion;
12 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 to ensure 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 Jersey is
20 a milk-deficit state, and therefore does not have the standing to effectively change the
21 existing federal milk marketing system; and

22 **WHEREAS**, within the current marketing structure, New Jersey dairy producers have
23 suffered from the lack of a competitive milk market, leaving producers without premiums
24 above Federal Market Minimums, leaving some producers without a viable market, and not
25 allowing new farms to establish in the state and enter into the existing market; and

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

30 **WHEREAS**, the creation of opportunities to process New Jersey-produced milk
31 within the state, such as the production of "Jersey Fresh" ice cream and on-farm milk bottling
32 – both of which have been the focus of projects within the past year -- can provide the state's
33 dairy farmers with a chance to control their own destiny and earn significant premiums over
34 the Federal Milk Marketing Order prices; and

35 **WHEREAS**, survey work commissioned by the Department last year found
36 overwhelming consumer interest in a source-verified fluid milk and other *Jersey Fresh* dairy
37 products, and the results of that survey were echoed in an informal survey of the state's
38 major grocery retailers, who indicated a desire to stock such products; and

39 **WHEREAS**, the Department held a Special Statewide Dairy Summit in October
40 2018, where significant interest was expressed by producers in on-farm processing and
41 other value-added dairy products; and

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

45 **WHEREAS**, all value-added ventures in agriculture involve a considerable amount of
46 risk, and this level of risk is additionally intense for value-added dairy ventures, which tend to
47 be capital-intensive and require large investments of equity on the part of the principals to
48 establish; and

49 **WHEREAS**, dairy products, by nature, are perishable and require solid and
50 consistent quality-control procedures, which require considerable investments of time,
51 money, research and effort on the part of the business owners.

52 **NOW, THEREFORE, BE IT RESOLVED**, that we, the delegates to the 104th State
53 Agricultural Convention, assembled in Atlantic City, New Jersey, on February 6-7, 2019, do
54 hereby strongly urge the New Jersey Department of Agriculture to do the following:

- 55 • Enthusiastically support value-added projects, both on-farm and those that involve
56 processing at off-farm sites, that can offer New Jersey dairy farmers significant premiums
57 for their milk, helping to reverse the cycles of low prices affecting dairy farm viability in
58 this state.
- 59 • Work with all appropriate state and local governments and agencies, as well as the dairy
60 industry, to seek funding for on-farm or small, stand-alone milk/milk products processing
61 plants focused on reaching the high-end market in New Jersey and surrounding states.
- 62 • Request assistance from all appropriate state and federal government agencies with the
63 goal of establishing a small-business funding program in order to create Value Added
64 Dairy Processing units that will support and grow the dairy industry in New Jersey.
- 65 • Work with state and local governments and agencies, as well as the dairy industry, to
66 create funding for programs and efforts aimed at Risk Management and milk-quality
67 improvement in order to move producers to a higher quality level for a value-added
68 market.
- 69 • Work through the Department's Division of Marketing and Development to provide
70 enhanced support for establishing a viable "*Jersey Fresh*" dairy products brand.
- 71 • Enthusiastically support development of a processing facility that would be owned by a
72 group of milk producers and facilitate "balancing" milk use and production; develop a
73 simple fluid milk business with the ability to limit inherent risks of balancing, seasonal
74 production volatility, and seasonal changes in consumption, thus aiding in developing a
75 plan to utilize excess milk production at certain times of the year for other products, or
76 when faced with shortfalls in fluid milk sales, and develop methods of increasing fluid
77 milk volumes during times of improved consumption and decreased production.

- 78 • Further establish New Jersey agriculture’s role in the arena of alternative “green” energy
79 by investigating the feasibility of establishing more anaerobic digestion units, such as the
80 NJDA-led project at the Landis Sewerage Authority in Vineland, which will utilize high-
81 moisture dairy farm, dairy industry, agricultural and food waste streams for the
82 production of bio-gas for a locally produced energy source, and digestates, which could
83 be used as managed soil nutrients for agricultural production, to create an additional
84 revenue stream and good dairy management practices and to dovetail into statewide,
85 multi-industry efforts to grow the “green economy.”

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

90 **BE IT FURTHER RESOLVED**, that the Department, as the result of the Special
91 Statewide Dairy Summit, continue working to identify all possible resources and partnerships
92 that could help dairy producers embark upon on-farm processing and bottling of source-
93 verified *Jersey Fresh* milk products, either individually or in tandem with other New Jersey
94 dairy producers.

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

100 **BE IT FURTHER RESOLVED**, that we urge the Department to closely monitor
101 developments in the drafting of the next federal Farm Bill as regards the dairy industry, and
102 that it advise and educate the New Jersey Congressional Delegation as to New Jersey dairy
103 farmers’ support or opposition of dairy-related issues in the Farm Bill, in order to ensure that
104 the Farm Bill best reflects the needs of New Jersey’s dairy industry.