



## NEWS RELEASE

FOR IMMEDIATE RELEASE

### **The support prices for skim milk powder and butter will increase by 6 cents per kg on February 1<sup>st</sup>, 2008.**

**OTTAWA, December 7, 2007** – The Canadian Dairy Commission (CDC) announced today increases in the support prices for butter and skim milk powder that will be effective February 1, 2008. The support price for skim milk powder will increase from \$5.9212 to \$5.9835 per kg. The support price for butter will increase from \$6.8695 to \$6.9316 per kg. Support prices are the prices at which the CDC buys and sells butter and skim milk powder to balance seasonal supply and demand changes on the domestic market.

For dairy producers, this increase in the support prices should translate into a revenue increase of 1% or 70 cents per hectolitre<sup>1</sup> for industrial milk used to make products such as yogurt, cheese, butter and skim milk powder. Prices received by producers for fluid milk and cream are determined by provincial authorities by a process independent of this announcement. The overall increase to producers may vary depending on the pricing decisions made by provincial authorities.

“Increased productivity at the farm level allows the CDC to announce an increase that is below inflation. Our decision takes into account increases in direct farm costs such as feed, fuel, fertilizers and herbicides” said Randy Williamson, Chairman of the CDC.

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<sup>1</sup> One hectolitre is equal to 100 litres.

The new support price of butter will also include an increase of 2 cents per hectolitre in the carrying charges collected by the CDC to pay for the storage of the normal butter stocks.

The margin received by processors for the skim milk powder and butter purchased by the Canadian Dairy Commission, and included in the support prices, will increase by 10.7 cents per hectolitre to take into account rising energy costs.

The impact of this increase at the retail level will be influenced by many factors such as manufacturing, transportation, distribution and packaging costs throughout the supply chain.

The Canadian Dairy Commission, a federal Crown corporation created in 1966, is a key facilitator within the Canadian dairy sector. The CDC helps design, implement, and administer policies and programs to address dairy producer and processor needs. It is mandated to provide efficient dairy producers with the opportunity to get a fair return on their labour and investment, and to ensure that Canadian consumers are provided with adequate supplies of quality dairy products.

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The logo for Canada, featuring the word "Canada" in a stylized serif font with a small Canadian flag above the letter 'a'.