



Producers told their fear of expansion is unfounded; The price downturn that followed expansions in earlier years is not likely to repeat itself

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Stratford - Goat milk producers are anxious that history will repeat itself -that the price for goat milk will collapse after another major expansion.

"I'm here to assure you: It won't!" Bruce Vandenberg told farmers at the Canadian Dairy Expo.

Brandenberg said he understands that producers who suffered through two major downturns -in 2002 and again in 2008 "are concerned it might happen again."

But, he is both a producer and a processor, so is invested in both sides of the industry, and he's confident the current price and demand are sustainable, and the potential demand "is huge!" Bruce and his wife, Sharon, got into the dairy goat business in 1987 "with 130 goats and a dream to make our own cheese."

Today, they are milking 1,200 goats on Lenberg Farms, near Lindsay, and their company, Mariposa Dairy Ltd., is making cheese from that milk, that is sold "in every province in Canada and in every state in America."

They began their cheese business with an 800 square foot cheese plant on the farm, then expanded into a rented warehouse in Lindsay, for packaging. In 2007 they moved the cheese plant to town, into a 22,000 square foot space, and "figured we were okay."

But last year, they had to move again - this time into a 40,000 square foot space "to keep up with demand." It has the ability to grow to 90,000 square feet. And Vandenberg believes growth will continue.

His confidence in Ontario's goat milk industry is based, in part, on high levels of consumption of goat's milk elsewhere in the world - the average Israeli consumes three times as much goat milk as the average Canadian - and his understanding of food trends, as well as his own experience.

The strong U.S. dollar has been very good for Ontario's goat milk producers because the majority of goat milk produced in the province is made into cheese, and half of it goes to the U.S. A strong U.S. dollar makes it cheaper for the Americans to buy Canadian cheese, and that's why processors were able to offer producer a price increase last year, Brandenburg said.

Europe has traditionally supplied goat cheese to the U.S., but it's now making more of its goat milk into powder to ship to a premium market in China, so there's less European cheese coming to North America.

Big dairies are now buying into North America's goat milk industry to fill the gap and exploit growing demand. This happened last fall, when Saputo bought Woolwich Dairy Ltd., giving it manufacturing plants in Ontario, Quebec, and Wisconsin. More recently Gay Lea Foods Cooperative Ltd. became a minority shareholder in Brandenburg's company, Mariposa.

There's a 7500-goat operation going up in Wisconsin to supply one of the plants there, said Brandenburg, but generally, Ontario got the jump on North American goat milk production thanks to cow milk producers looking for ways to expand.

Ontario also has other advantages: "we have the right size of farm, a good service sector, and research support from the University of Guelph, and Trent University. This means "milk in Ontario can be produced at a world price with the potential to be profitable."

"A lot of the growth is in the food service sector," Brandenburg said. "Forty per cent of restaurants now have goat cheese on their menu."

"When Free Trade gets sorted out we know Europe will export more cheeses, but we're not worried. We have the potential to ship back to Europe. Because we produce at a world price we have the potential to be a player in the world."

What's better is "the customers that are buying our product now are the same stores... so... there's internal growth."

And, while ethnic consumers drive the demand for goat meat, the consumer buying chevres is a young, health conscious, middle class, white female. "The higher the boot, the more goat cheese they buy."

Yet, Brandenburg did offer a few words of caution to people getting into the business of milking goats.

"You need a business plan. You need to know your investment, and you need to know who will do the work."

"Make sure you're the right size. It's a seven day a week business. Being bigger isn't always better," he said, suggesting it might make more sense to invest in technology and rely on that, than depend on a lot of hired help.

"There's a lot of keen young producers without much experience getting into the goat industry said Jennifer Haley, Executive Director for Ontario Goat.

There were 240 goat milk producers licenced by the Ontario Ministry of Agriculture, Food and Rural Affairs in 2015. The Ministry licenced 22 new producers in 2014 and 35 in 2015. There are already 24 new producers "pending" in 2016 "in all ranges of farm size."

Ontario's goat milk producers shipped 42 million litres of milk in 2015 and "I have no problem seeing Ontario go to 70 or 80 million litres...at the current price," said Brandenburg.

"The goal is controlled and sustainable growth," said Haley, noting that producers' margins are narrow.

The average farm gate price has been \$1 to \$1.5/litre. A small cost of production survey, of just 14 farms in 2014, concluded the average COP was \$1.368/l, with a lot of the cost going to feed and debt servicing. However, the top five farms could produce goat milk for .965 cents per litre.

One of the most efficient ways to expand production may be improving genetics.

Brandberg notes that that European producers are already getting about 4 litres of milk per doe per day, so if Ontario producers can move from 2.5 to 3 litres day, to 4 litres or more, over the next decade, they can improve returns that way.

Illustration:

- / Bruce Vandenberg: "When Free Trade gets sorted out, we know Europe will export more cheeses."

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