

## Comments for DIAC forum July 27, Elizabethtown, PA

*Duane Hertzler, PA dairy producer and DPAC board member*  
*Sherry Bunting, freelance ag writer and correspondence secretary for DPAC*

Good evening Mr. Coolidge, Mr. Schupper, and all who are attending this forum tonight. I want to thank the Elizabethtown Grange and Center for Dairy Excellence for the opportunity to participate.

My name is Duane Hertzler. My son and I have a 270-cow grazing dairy in Loysville, Perry County.

I am here tonight as a charter board member of the Dairy Policy Action Coalition known as DPAC. We are a grassroots coalition of dairy producers, and over the past 8 months, we have connected with fellow dairymen throughout the United States.

My name is Sherry Bunting and as a freelance agriculture writer I serve as the correspondence secretary for DPAC.

- Dennis Wolff is our government relations consultant. He and Rob Barley of Star Rock Dairy presented DPAC's positions to your full Committee in Washington at the beginning of June.
- We aren't going to repeat all of that because you have already heard it, but we do want to **stress our main focus is on market transparency and price discovery** and to make you aware of the uphill battle we face just to get done what is already authorized in the current Farm Bill.
- The mandatory daily electronic reporting, which is authorized in Section 1510 of the current Farm Bill, is a cornerstone for future change because it brings sunlight to the system.

### **In a word: It comes down to trust.**

What we dairy farmers need more than anything is:

- A transparent, simplified pricing system that we trust.
- Price discovery needs to be based on broad supply and demand factors.
- It needs to reflect the value of more products made with our milk.
- We need to dilute the influence of the thinly-traded CME.

We are at a time in history where the grassroots dairy farmers are becoming more actively involved in dairy policy. We saw this when we testified in Wisconsin last month at the joint hearing by the Department of Justice and USDA.

### **Price discovery was a big theme out there:**

- Testifiers talked about a massive shift in the way dairy products are priced at the supermarket level, but, the way milk is priced at the farm level is still in the dark ages.
- Testifiers also talked about how the dairy farmer's share of the consumer dollar has fallen from 45% to 27%.

We also saw the impact of grassroots producers last week in Chicago where 30 organizations were represented to look at the economic models to see the impacts of supply management proposals and National Milk's plan. We left there with no clear-cut answers, and the economists will do some more work on the model.

But we did find out that many producers from across the country share DPAC's concern about the dairy farmers' lack of leverage in the marketplace **and** in the political arena.

The DIAC has an awesome responsibility in advising the Secretary of Agriculture. It is the USDA that regulates the milk pricing and is responsible for product price reporting and inventory reporting. USDA is intimately involved in every aspect of the milk pricing process.

Here is a statement to think about. It is a basic rule of price discovery and transparency and was part of our testimony in Wisconsin. What the House of Representatives wrote about the financial reform bill could just as easily describe the needed daily price reporting in the dairy industry:

*“This reform brings 100% transparency to the market with real-time reporting. They will no longer be able to make excessive profits by operating in the dark. Exposing these markets to the light of day will put the money where it belongs.”*

This statement rings true for the dairy industry as well.

As a dairy farmer and part of a coalition of grassroots producers, we realize that our industry may need supply management and some other policy changes for the future. But without good price discovery, the system would still be broken. This is about our future generations: What system of pricing are we leaving to them? Will transparency and fairness prevail so that good dairymen have the **opportunity** to be profitable?

It is no exaggeration to say that our culture and our communities have a lot at stake. Abraham Lincoln called USDA “the people's department.” We ask you to help Secretary Vilsack remain conscious of the **people** who milk the cows every day, two and three times a day, and the culture, economic support and jobs these dairy farm families bring to our local communities.

Consumers and communities benefit from a network of milk production across the U.S. rather than centralized and consolidated production in a few locations. This is why we are seeing involvement of dairy farmers from the grassroots. It's time for meaningful change and it starts with implementing the tools we already have in the current Farm Bill.