NEWSLETTER

Informing Nova Scotia dairy producers on matters affecting their industry.

Vol. 11, No. 9 – April 2011

Spring Regional Meetings Summary

Just over 100 producers attended our recent Spring Regional Meetings. Attendees heard about further steps towards P5 harmonization, progress of the Maritime Milk Allocation negotiations, and other issues facing our industry. Producers provided feedback on the benefits of Boards working closer together on common issues.

One topic which generated discussion is the lack of quota coming for sale on the provincial exchange. With fewer farms leaving the industry in the past two years, only 200 kg of quota traded hands over the exchange last year. This is down from an average closer to 400 kg, and a high of more than 600 kg in 2003.

Looking ahead, DFC's overall promotional efforts are undergoing a full review, with the objective of growing the market for Canadian farm milk. Targeted programs have led to growth in the butterfat demand for ice cream, which translates directly into more quota. Three 1% quota increases since August 2010 are a signal that we need more milk to replenish national butter stocks and prepare for fall requirements.

Producers were informed that DFNS has asked the provincial government to reduce the regulatory limit for somatic cell counts from 500,000 to 400,000/ml, effective August 1, 2012. In preparation for this change, DFNS held three seminars across the province in mid-March, attended by a total of 93 producers. Other steps will be taken to notify producers and assist them in conforming to this new standard. All provinces in Canada are working toward the same change.

UPCOMING EVENTS & DEADLINES:

April 22 & 25, 2011….. …….Easter Holidays – Office Closed
May 18, 2011….. ……………..….Quota Exchange Deadline
May 23, 2011…………..……….Victoria Day – Office Closed
May 25, 2011……………..……….Quota Lease Deadline

Federal Election Messages

With the May 2nd election around the corner, dairy producers are reminded of the key messages we want our candidates to hear about our industry and our future:

- Dairy farmers are proud of their farms and the contributions of our sector to the Canadian economy. Governments do not subsidize milk sales in Canada, as producers receive 100% of their milk revenue from the marketplace.
- Governments, farmers, and processors all have a role in maintaining a profitable, supply-managed, and consumer-responsive dairy sector.
- We need national compositional standards for dairy products for consistency, and so that consumers know what they are buying.
- The CFIA needs the resources to implement all of their important responsibilities and to enforce labeling policies.
- The federal government must continue to protect supply management in the WTO and all other trade deals.
- The government must recognize and support farmers' actions related to protecting the environment, as well as sustainable industry development.

Forage Weather Insurance Deadline April 30th

The Nova Scotia Crop & Livestock Insurance Commission offers forage weather coverage which targets crop losses related to weather events. It covers both too little precipitation from May to August, and too much precipitation in June. Managed pastures and stored forage acreage can be insured. Rainfall measurements are based on the recorded rainfall from sites around the province, primarily at Environment Canada weather stations. Producers select the site nearest their farm. This plan differs from other insurance plans since there are no yield measurements required. Once a drought or excess rainfall event occurs, a payment is triggered. Application deadline is April 30, 2011. Contact nsclic@gov.ns.ca or 1-800-565-6371 for application information.

4060 Highway 236
Lower Truro NS B6L 1J9
Phone: (902) 893-MILK
Fax: (902) 897-9768

Results of the April 2011 Quota Exchange

This exchange was subsequently prorated 6.87% for buyers

Kilograms			**Producers**
		Buying Quota	46
Purchased ***(actual)***	56.4	Offering to Buy	46
Offered to Purchase	536.41	Selling Quota	2
Offered to Sell	56.4	Offering to Sell	2

Price	Offers to Sell (kgs)	Cumulative Sales	Difference	Cumulative Buys	Offers to Buy (kgs)
$25,000.00	0.4	0.4	-536.01	536.41	0
$27,050.00	56	56.4	-480.01	536.41	0
$27,084.00	0	56.4	-480.01	536.41	536.41

The deadline for the next quota exchange is May 18, 2011, at 4:30 p.m. Results will be available on May 19, 2011.

Dairy Services Lab Results March 2011

Loop Plate Count (LPC)

Count	Samples	Percent
<25,000	226	91.13
25-50,000	12	4.84
>50,000	10	4.03
TOTAL	248	100.00

95.97% meet provincial standard *Avg. LPC – 10,629*

Somatic Cell Count (SCC)

Average SCC – 222,460

Lab Pasteurized (LP)

Count	Samples	Percent
<750	240	96.77
>750	8	3.23

96.77% meet provincial standard

Adulteration (added water and/or antibiotics)

Water(Farm Tanks)	0
Antibiotics (Tankers)	0

CQM Follow-Up:

Please send your self-declarations or corrections to Gloria by email at gmartin@dfns.ca or fax 897-9768

P5 QUOTA EXCHANGE RESULTS

	Clearing Price
PEI	$27,125
New Brunswick	$27,995
Ontario	$25,000
Quebec	$25,000

Nova Scotia Dairy Farm is Atlantic Canada's 2011 Outstanding Young Farmers

Nova Scotia dairy farmers Geoff and Jennifer Bishop are Atlantic Canada's 2011 Outstanding Young Farmers (OYF). The couple from Round Hill, NS, will represent Atlantic Canada at the national OYF event later this year in Brandon, MB. From the first dairy cow his grandfather bought in 1970, to the 150-cow Holstein herd he now milks with his wife Jennifer, Geoff Bishop is living his passion for agriculture and ensuring their children experience life growing up on a farm.

With a clear focus on goals and innovation, Geoff and Jennifer have made continuous improvements to their operation and their community. A new dairy barn and milking facility was recently added to make room for up to 200 cows in the milking herd. Energy conservation was high on the list for the new barn, resulting in a fabric structure with natural lighting and ventilation, and geo-thermally heated floors. The newest on-farm innovation is a soybean extruder to press oil out of raw beans. The solid by-product can be fed to the cows, and the oil used for feed mix, or as fuel.

Geoff and Jennifer are also exploring the construction of a biogas facility to produce their own on-farm energy. Giving back to their community is another goal for Geoff and Jennifer. Jennifer has always been active in 4-H and Ag Awareness, and was PEI's first agricultural education coordinator. They both contribute through associations, community service groups, and recreational activities. Geoff and Jennifer are working to instill a passion for agriculture and stewardship of the land with their four children Luke, Emma, Matthew, and Ryan. Congratulations and good luck in Brandon!

WTO – Crossroads?

At a recent International Dairy Federation Dairy Outlook Conference in Montreal, seasoned trade expert Peter Clark declared the current Doha Round of WTO trade negotiations “dead.” While no one argued his point, there are still activities in Geneva to “save the round” with documents being circulated to show “convergences and divergences.” The most recent agriculture text would be very harmful to Canada’s dairy sector, reducing on-farm revenues through quota cuts and price concessions by an estimated twenty percent. Cleary, this is unacceptable.

Many feel this round of the WTO is stalled by the lingering world economic recession, and the emergence of China, India, and Brazil as developing countries with more clout. It is no longer a matter of the US and the EU sitting down to “make the deal.” In the absence of a new deal at the WTO, the Canadian government is actively pursuing many bilateral trade deals which include agriculture. The one of most interest is with the European Union. Other countries are following this same strategy of trying to get themselves in an advantageous position should the Doha Round fail.

P10 Times Two

Often, a collection (pool) of provinces is referred to as “P” followed by a number. We all know about the P5 pool which includes Ontario, Quebec, and the three Maritime provinces. Later this month, there will be two important “P10” meetings involving representatives from all ten provinces. The P10 Milk Pricing Committee meets for the first time in two years. This group is made up of one producer and one processor representative from all ten provinces. Twenty people will sit around a table to review and negotiate a method to set fluid milk farm-gate prices when the current formula runs out in August 2011.

Around the same time, the Canadian Dairy Commission and Dairy Farmers of Canada will report on their cross-country meetings with marketing Boards and supervisory agencies on the topic of forming a P10 pool. A P10 pool could operate similar to the P5 and western milk pools, where producers across the country share markets and revenues within one pool.

Both of these meetings point to what some see as the inevitable evolution of our industry. In other regions of Canada, we see processors consolidating to the point where the biggest three process seventy percent of the national milk supply. Retailers are also consolidating. Both these trends tend to concentrate value-chain power in the hands of a few companies, which means producers need to act collectively more than ever. Stay tuned to learn more about how the industry may change in response to both internal and external pressures.

Milk Committee Changes

During Spring Regional Meetings, elections were held for Milk Committee Members whose three-year terms had expired. Congratulations to elected members: Robbie Sutherland and Gary Benison (Region 1); Tony Versteeg (Region 2); Vincent Kouwenburg (Region 3); Joseph Heukshorst and Robert Smit (Region 4); Lindsay Greenough and Darren Davidson (Region 5); and Rob Carree (Region 6).

A special thanks to outgoing members John Hugh McCarron, Scott Moore, Hank Veenhuis, and Charles Curry for their valuable representation of producers.

The Milk Committee Members will meet with the DFNS Board at the Summer Policy Session on July 27 & 28, 2011.

Milk Pricing Down Under

New Zealand's competition watchdog says it is investigating whether to hold an inquiry into milk prices amid complaints that they are too high.

The Commerce Commission says it has received a number of complaints about the retail price of milk, which has been rising much faster than inflation. A litre now sells for about fifty cents more in New Zealand than in Australia.

Consumer groups and the Green Party have been calling for a price control inquiry, saying the dairy giant Fonterra has an effective monopoly, as it collects more than ninety percent of the milk produced in New Zealand.

The competition watchdog says it will examine the supply, manufacture, and retail price of milk to determine if an inquiry should proceed.

European Vacation?

Source: European Court of Auditors. Special report No. 14/2009

Europe gradually “liberalized” its dairy sector between 2003 and 2007 by abolishing its price support program and compensating producers by de-coupled subsidies.

Between 2005 and 2007, government spending for the dairy sector soared by 64%.

In 2006, subsidies accounted for 40% of the gross revenue of dairy farms.

Between 2000 and 2007, the retail price of dairy products rose by 17%, while the farm-gate price declined by 6%.

Milk Production and Pricing

by Esben Arnfast, Finance and Systems Administrator

Production continued strong with 19,123 kgs butterfat per day produced in March, compared to 18,756 kgs/day last March. Production volume was the same, however, the average butterfat test of 4.02 kgs/hl was substantially higher than the 3.94 kgs/hl recorded last March.

Higher production has been matched by quota increases with two earlier 1% quota increases and another effective April 1, 2011. This has resulted in a slight increase in Nova Scotia's continuous quota position from -1.30% to -1.21%. Provincial production has been running at about 3% above quota, so that increasing trend should continue.

The March transportation rate decreased slightly to $2.57/hl and will climb over the next couple of months as costs associated with spring weight restrictions in Quebec are pooled. Higher fuel costs will likely also be a factor in upcoming months.

The March average in-quota milk price decreased to $78.03/hl from $79.72/hl for the month of February. This remains above the past twelve months' average price near $76/hl.

Approximately $1.00/hl of the decline is attributable to the increase in the pooling adjustment for February, with the remaining approximately $0.70/hl resulting from a lower-valued utilization reported by NS processors for the month of March.

The in-quota price has reached a relatively stable state over the past number of months which could continue until processors report a change in the value of milk products made.

If processor utilization declined dramatically in one month, that would result in a similar drop in milk price. This "double-down" situation combines a lower value for milk used with a large pooling adjustment from the previous month's higher utilization.

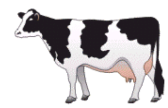
Ideally, if utilization is going to drop off, it would occur gradually over several months.

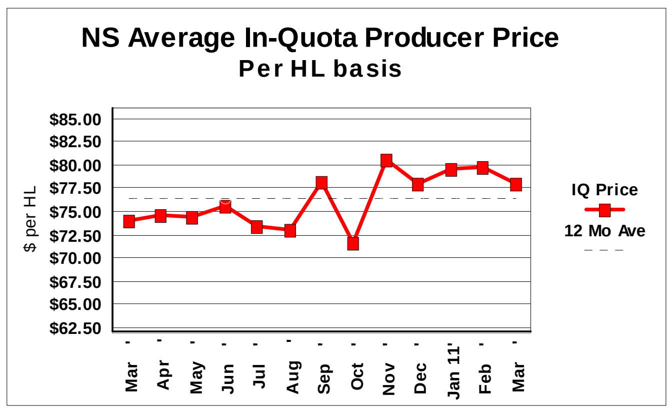
Milk Marketing Report
March 2011

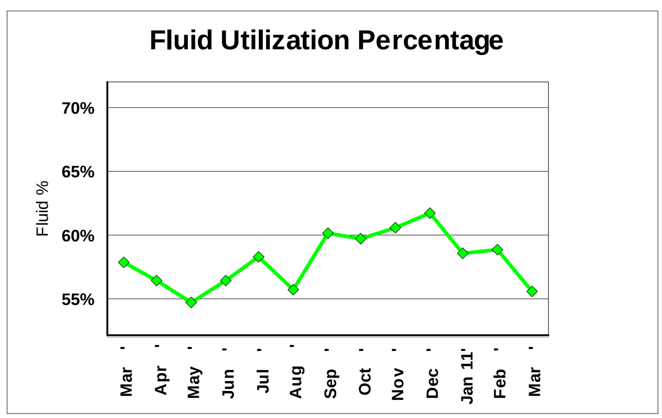
PRODUCTION	2011	2010
Average Litres/Day	475,557	477,066
Average kg Butterfat/Day	19,123	18,856
Average Composition, kg/hl		
Butterfat	4.0212	3.9525
Protein	3.2987	3.3190
Other Solids	5.7065	5.7020
Bulk Haulage ($/hl)	2.57	2.57

PRODUCER PRICES	Butterfat ($ per kg)	Protein ($ per kg)	LOS ($ per kg)	Avg. per HL
March In-Quota	11.3111	6.8932	1.7188	78.03
March Over-Quota	0.0000	0.0000	0.0000	0.00
April Over-Quota	0.0000	0.0000	0.0000	0.00

TOTAL ACTIVE PRODUCERS:
245







Continuous Quota Positions

Provincial positions at the end of February, expressed in percent of total annual quota, are shown below. No provinces are over-quota and no provinces had unrecoverable. The P5 provinces all moved up slightly which moved the P5 pool level to -1.25%. The WMP is at -1.45%. This seasonal increasing production trend will help supply the market and replenish butter stocks this spring.

Alta. - 1.46%	Sask. - 1.65%	Ont. - 1.36%	**NS - 1.21%**	PEI - 0.24%	P5 - 1.25%
BC - 1.43%	Man. - 1.29%	Que. -1.26%	NB - 0.13%	NL - 12.04%	WMP - 1.45%

Tile Drainage and On-Farm Environmental Performance – Positives and Pitfalls

During the last three decades, an estimated 14,000 km, or 16,000 ha, of tile drainage has been installed to improve the production potential of Nova Scotia's agricultural land. The presence of a tile drainage system on your farm provides a potential avenue for the release of nutrients and pathogens from the soil to surface water bodies. These drainage systems can also be used as an outdoor laboratory to assess the impact of land management practices on water quality. Research at AAFC, Kentville, supported by Dairy Farmers of Nova Scotia, has highlighted some of the effects of liquid dairy manure (LDM) management on water quality:

Nutrients:

- After establishment, permanent forage land amended with LDM is very efficient in reducing the amount of nitrate that escapes from the soil through the tile drainage system.
- In most years, growing season (May to October) tile flows are lower and less nitrate is lost, when compared with the non-growing season flows (November to April).
- No-till practices in a corn-soybean wheat rotation generally did not increase nitrate leaching when compared with conventional tillage. However, potential increases may be offset by gaseous losses (volatilization and de-nitrification of N) under no-till. Further research is required to discover more about these different nitrogen loss pathways.
- Land under corn-soybean-wheat rotations is two to three times less efficient in retaining LDM nitrogen in the root zone when compared with permanent forage. The reason: a lower density of roots of the CSW crops in the soil leads to reduced uptake and increased leaching of nitrogen.

Pathogens:

- Appearance of fecal pathogens in tile drainage waters from manure amended soils in excess of recreational standards is not common, and is most often weather-event driven.
- High tile flow rates that occur during heavy rain or thaw events are most often required for the appearance of fecal coliforms in tile drainage waters.
- *E. coli* have been detected in early spring tile flow, before manure is applied. It is uncertain if these bacteria are derived from LDM, or if they are "Environmental E. coli" that exist naturally in soils. Research at Kentville is underway to determine the source of these over-wintering bacteria, how pathogenic they are, and the conditions under which they survive.
- Summer survival of *E. coli* from spring manure applications appears to be higher, although studies under controlled conditions demonstrate fairly rapid die-off of fecal populations at ambient environmental temperatures, especially when manure is mixed with the soil (as in tillage).
- The effect of tillage practices in a CSW rotation on appearance of *E. coli* in tile drainage waters is unclear. However zero till treatments have a tendency towards higher counts. This is in all probability due to the network of conducting soil macro-pores that exist in no-till land.
- Unlike nutrients, more intensive sampling is required to elucidate differences in pathogen loading under different manure management practices. This is due to a very high variability in the bacterial concentrations of drainage waters.

For information contact:
Keith Fuller
Soil Scientist
Agriculture & Agri-Food Canada
keith.fuller@agr.gc.ca