DAIRY FARMERS OF NOVA SCOTIA

NEWSLETTER

Informing Nova Scotia dairy producers on matters affecting their industry.

Vol. 10, No. 10 – May 2010

Spring Regionals

DFNS Chairman Havey Whidden and General Manager Brian Cameron traveled the province during the last week of April to present updates at the Spring Regional Meetings. Producer turnout was lower than usual, probably due in part to an early spring.

Those producers who did take the time to participate heard updates from the national, pool, and provincial levels. The Regional Meetings are an important communication venue for producers to ask questions and give their opinions on the issues of the day.

Following the meetings, the Board hears reports from each Director assigned to a region. Collectively, this input, along with feedback from Milk Committee meetings in advance of the Regional Meetings, provides the Board with timely contributions in developing policies going forward.

Congratulations to the following Milk Committee Members on their re-election to three-year terms: Roddie Fraser, Region 1; Jeremy Cock, Region 2; Nick van Vulpen and Andrew McCurdy, Region 3; Mark Sutherland, Region 4; Brian Newcombe, Region 5; and Donald Tedford and Kees Langelaan, Region 6. There is one vacancy in Region 5. Thanks to Herman Mentink for serving on the committee.

No Fluid Price Change

The CDC announced that there will be no farm gate price change for fluid milk or cream on August 1, 2010. Along with annual reviews for February, it was agreed in July 2009 that the fluid billing price would also be reviewed for August in 2010 and 2011.

The fluid pricing formula, now used in all provinces, showed a result of only 0.851% for August 2010, which is below the one percent threshold. The next fluid price change will be applied on February 1, 2011.

UPCOMING EVENTS & DEADLINES:

June 18, 2010…………………..Quota Exchange Deadline
June 24, 2010……………………..Quota Lease Deadline

CQM Non-Compliance Guidelines

The Board recently adopted a set of guidelines which could be used if a partial license suspension for CQM non-compliance was ordered by the Board. The guidelines, similar to those in place in New Brunswick, would mean a producer's license would be suspended five percent in the month following a Board decision to partially suspend the license. The suspension increases by five percent per month for each month the producer remains CQM non-compliant, and would be removed in the month following the producer becoming CQM registered.

License suspension will be implemented as follows: The producer will be permitted to sell raw milk only to the extent of the portion of the license that is not suspended. For example, in the first month following the Board hearing, the producer can sell raw milk only on the basis of 95% of their quota holdings (subject to production flexibility). On the second month of the suspension, they can sell raw milk only on the basis of 90% of their quota (subject to production flexibility), and so on.

While these guidelines are not binding on the Board, they do provide producers who are not CQM registered with an idea of the possible consequences. Producers who allow their CQM registration to lapse are first asked to attend a hearing with the Executive to explain why they let it lapse, and what their plan is to become CQM registered again. Failing that, a hearing with the entire Board is convened where their license can be either suspended or cancelled.

While these decisions are difficult, the Board reviews each producer's case on its own merits, and makes the decision based on available information. The Board is pleased that 98% of producers are CQM registered, and are hopeful that future non-compliance hearings will not be necessary. Actions are being taken with the two percent who are currently not registered.

Anyone with questions about these guidelines, and their application, should contact a DFNS Director.

Results of the May 2010 Quota Exchange

This exchange was subsequently prorated 27.77% for buyers

Kilograms		**Producers**	
		Buying Quota	28
Purchased ***(actual)***	79.4	Offering to Buy	28
Offered to Purchase	285.95	Selling Quota	4
Offered to Sell	79.4	Offering to Sell	4

Price	Offers to Sell (kgs)	Cumulative Sales	Difference	Cumulative Buys	Offers to Buy (kgs)
$25,500.00	3.45	3.45	-282.50	285.95	0
$26,000.00	0.10	3.55	-282.40	285.95	0
$28,500.00	2.00	5.55	-280.40	285.95	0
$28,611.00	73.87	79.42	-206.53	285.95	285.95

The deadline for the next quota exchange is June 18, 2010, at 4:30 p.m.
Results will be available on June 21, 2010.

Dairy Services Lab Results April 2010

Loop Plate Count (LPC)

Count	Samples	Percent
<25,000	229	92.34
25-50,000	9	3.63
>50,000	10	4.03
TOTAL	248	100.00

95.97% meet provincial standard *Avg. LPC – 10,024*

Somatic Cell Count (SCC)

Average SCC – 237,920

Lab Pasteurized (LP)

Count	Samples	Percent
<750	7	100.00
>750	0	0.00

100% meet provincial standard

Adulteration (added water and/or antibiotics)

Water(Farm Tanks)	0
Antibiotics (Tankers)	0

DFC Annual Meeting Registration

Please click here for the DFC Registration Form. The deadline for submission is June 11, 2010.

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	$28,500
New Brunswick	$27,750
Ontario	$25,000
Quebec	$25,000

Quota Cap Update

Here is an update on the quota cap situation in each P5 province. Ontario and Quebec have both capped their quota exchange clearing prices at $25,000, beginning in January 2010. PEI put a declining cap in place last December, starting at $29,000, and ending at $25,000, in August 2012. New Brunswick's cap of $28,000 from August 2009 will drop to $25,000 in August 2012. As well, NB producers receive between 5% and 40% of their quota purchased on the exchange as non-saleable, depending on the clearing price. In Nova Scotia, the cap is gradually declining by about $139 per month, with May's exchange capped at $28,611, and dropping to $25,000 by July 2012. There is still no court decision on the quota exchange cap challenge, and the Board's authority to reduce producers' quota. The Supreme Court of Nova Scotia does not have a set deadline for decisions, so it could be several more weeks or months.

TTR Concerns

At the Spring Regional Meetings, several producers expressed concerns with their Time Temperature Recorders. The Board discussed this, and relayed the concerns in writing to the TTR service companies and manufacturers. Any producer who has a concern with their TTR is encouraged to contact the manufacturer directly, or through your installer. Unless they have specific cases to work with, it is difficult to determine how widespread, or serious, the TTR problems are. Listed below are contact numbers:

Meko: Dairy Cheq Inc.	Anderson (Guardian III)	Various
Manufacturer: 1-866-849-3610 Monday to Friday 9 am to 6 pm	**Manufacturer:** 1-800-833-0081 (press 3 for technical service)	Sussex Farm Supplies (506) 433-1699
Eastern Dairy Services (902) 758-3898	Darose System Controls (902) 835-3331	Sheehy Enterprises (902) 758-2002
Clairmont Farm Services (902) 825-7207		

MP Lobby

The DFNS Executive was in Ottawa in mid-April meeting with Nova Scotia MPs and Senators, seeking continued support for supply management. The main points left with our elected officials centered on the benefits to consumers, processors, and producers of supply management, while not costing taxpayers a penny. Other priority messages included the need for national compositional yogurt standards, truth in product labeling, milk quality, and food sovereignty.

DFNS Chairman Havey Whidden told producers in attendance at the Regional Meetings that politicians sincerely appreciate hearing, firsthand, about the accomplishments and challenges within our industry. Mr. Whidden noted that there was considerable interest in the positive messages coming out of full implementation of the Canadian Quality Milk Program within Nova Scotia. Lobbying MPs and Senators is time consuming, and requires succinct delivery of clear messages.

Dairy Farmers of Canada staff does a wonderful job of briefing producers on messages and delivery techniques before they head to the Hill. There is real strength in elected officials hearing the same message delivered by producers from all provinces.

Cheese Market Update

In response to a question at the Regional Meetings, the following points outline what is happening in the Canadian cheese market:

- There are 356 varieties of cow's milk cheese made in Canada, which represents just over half of the total number of varieties (others from goats, sheep, and combined)
- In the years 2004 to 2008, Canada imported an average of 21,809 MT of cheese
- In 2008, Italy and France combined for 41.5% of total Canadian cheese imports (U.S. 16.4%)
- In 2009, Canadian processors made 399,198 MT of cheese
- Quebec makes 53%, and Ontario makes 30%, of the total Canadian cheese production
- Cheddar and Mozzarella comprised 62.4% of 2009 Canadian cheese production
- Canadian cheese processors reported 75,225 MT average stocks held in 2009
- Private cheese stocks represent just under 20% of annual cheese production
- Canadian per capita cheese consumption has increased 16% between 1988 and 2008, to 12.53 kg per person, per year

Sources: Canadian Dairy Information Centre and Canadian Dairy Commission

Emergency Management Planning – Next Steps

Submitted by Kara Irving, EMP Committee Co-Chair

For almost two years, dairy producers, staff, and resource specialists from the Atlantic Provinces have been working to develop a plan to manage emergency issues that may arise. The plan is now in the final stages of development; however, the task is far from finished. As laid out in an earlier article, each Board will have a core Emergency Management Team (EMT) trained and educated on the functions of the new plan. Each EMT will be responsible for making decisions, on behalf of producers, that will best support and protect our industry during a time of crisis.

In the near future, the EMTs will be engaged in "Table-Top" exercises, which are fictional scenarios to help fine tune the plan, and prepare EMTs for potential emergencies. This begins the transition from development to implementation of the plan. After the testing is complete, the documents will be printed and passed along to producers by early fall, leading to discussions at Fall Regional Meetings and AGMs.

As Co-Chair, it has been very satisfying to work with producers and staff from across the Atlantic region on this project. Although each province has unique needs or structures in place, we came to agreement on the important issues for the best possible plan for everyone. In the end, this is an excellent example of how provinces can work together to create a common vision for the entire good of the industry.

And from my Co-Chair, Paul Gaunce, NB: "As we finish the Emergency Management Plan, I would like to say what an enjoyable experience being a co-chair has been for me. The hard work, dedication, and sharing of ideas from each province have enabled us to bring forth a complete plan, very user-friendly for producers and Board staff. Although I hope it never happens, the unfortunate reality of life is that sooner or later we will all face an emergency, and I have faith that this plan will help get anyone through the worst."

Please contact Kara Irving, Bernie MacDougall, or Dwane Mellish through the Board office for more information on the Atlantic Dairy Farmers EMP.

EU 400,000 SCC

The European Union is imposing their on-farm 400,000 somatic cell count standard on American farms producing milk for dairy products imported from the US. With Canada pursuing bilateral trade talks with the EU, there is every reason to expect that the same requirement would apply to Canada.

Milk Production and Pricing

by Esben Arnfast, Finance and Systems Administrator

After watching milk production decrease to 18,756 kgs of butterfat per day in March, April's milk production jumped back upwards to 18,933 kgs per day. Although the quantity of milk involved is small, this is unexpected, since, normally, milk production decreases throughout the spring months. The change in April can be isolated to increases in raw milk delivered volumes, since the butterfat composition remained identical to the 3.93 kgs/hl observed in March.

Production continues to exceed quota, so Nova Scotia's continuous quota position of -0.70% will again move closer to zero in April by a somewhat larger margin than the 0.14% increase recorded for March.

The April transportation rate increased from $2.50/hl to $2.67/hl. This reflects the change in the pool average rate, resulting from Quebec's pooling of higher costs experienced during the spring weight restrictions, which are not spread throughout the year in that province.

The average in-quota milk price for April was $74.63/hl, which represented a slight improvement from March and is very close to the average for the past 12 months, which is close to $75.00/hl.

April's milk utilization by processors was relatively low-valued, with significant volumes of milk processed into low-valued skim milk powder. Combined with that was a large amount of butterfat declared as butter used under special class pricing.

The resulting in-quota average price demonstrates that when utilization remains relatively stable in consecutive months, the price will do so as well.

Although the value of milk utilized by processors during April was quite low, the favourable pooling adjustment for the previous month of March's low value utilization helped to offset April's similar situation. This is disregarding the $1.2 million advance received for March and paid back in April.

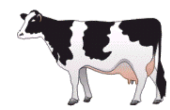
A similar advance from the CDC was included in April's price, which will be re-paid and will offset the improved pooling adjustment to be used in May's price calculation. If utilization remains similar, we should not expect a large change in the in-quota average price for May.

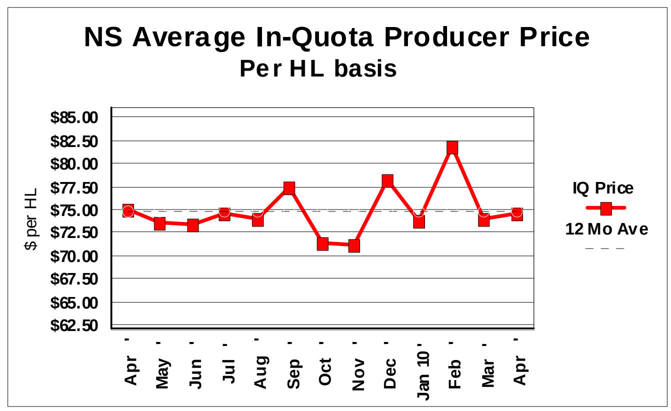
Milk Marketing Report
April 2010

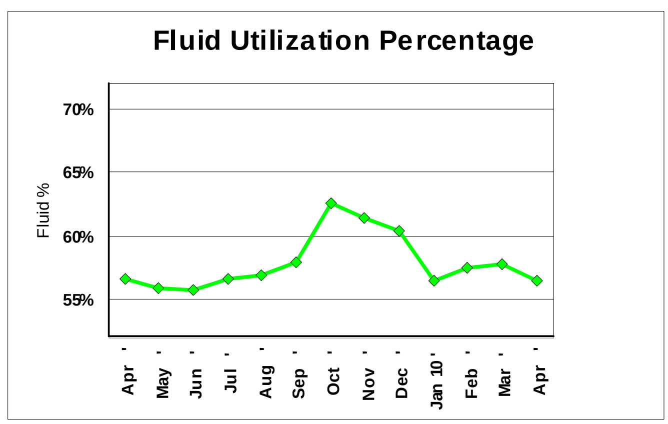
PRODUCTION	2010	2009
Average Litres/Day	480,601	480,270
Average kg Butterfat/Day	18,933	18,867
Average Composition, kg/hl		
Butterfat	3.9394	3.9284
Protein	3.2821	3.2850
Other Solids	5.7093	5.6900
Bulk Haulage ($/hl)	2.67	2.59

PRODUCER PRICES	Butterfat ($ per kg)	Protein ($ per kg)	LOS ($ per kg)	Avg. per HL
April In-Quota	11.2084	6.4283	1.6425	74.63
May Over-Quota	0.0000	0.0000	0.0000	0.00
May Over-Quota	0.0000	0.0000	0.0000	0.00

TOTAL ACTIVE PRODUCERS:
246







Continuous Quota Positions

Provincial positions at the end of March, expressed in percent of total annual quota, are shown below. BC remains over-quota, joined this month by PEI. NB and Manitoba are approaching the upper limit. The rest of the provinces saw little change in position.

Alta.	- 1.57%	Sask.	- 1.10%	Ont.	- 0.88%	**NS**	**- 0.70%**	PEI	+ 0.50%
BC	+ 0.70%	Man.	+ 0.27%	Que.	-1.98%	NB	+ 0.41%	NL	- 10.58%