DAIRY FARMERS OF NOVA SCOTIA

NEWSLETTER

Informing Nova Scotia dairy producers on matters affecting their industry.

Vol. 10, No. 11 – June 2010

P5 Harmonization Update

Executive members from the Nova Scotia, Ontario, and Quebec Boards met with the DFNB Board on May 5, 2010, and the DFPEI Board on May 6, 2010. The main purpose of these meetings was to discuss each Board's position on quota harmonization. Coming out of the meeting in Sussex, NB, the DFNB Board has decided to make changes to align with the harmonized quota policy in place in Nova Scotia, Ontario, and Quebec (P3E).

DFNB has asked the P3E Boards to accept their full participation in the Quota Committee, and the pooling of provincial and individual producer over-quota, starting with July's production. New Brunswick is expected to be within their provincial quota following May's production. The P3E Boards are reviewing this request, and an answer is anticipated by the end of June. New Brunswick implemented several changes to align with the P3E. They will issue 99.5% of their provincial allocation, and maintain their credit exchange program, which is similar to quota leasing. As well, they reduced their over-quota penalty to $0 pay. Finally, they will issue two fall incentive days for each month between August and November. DFPEI is still considering aspects of the harmonized approach.

NS Production Trends

Between December and March, NS producer-average flexibility has increased from -3.8 days to +1.7 days. Currently, there are eight producers "red-circled" above the +10 day upper limit, and only five at or below -30 days. Individual producer over-quota has steadily increased over the dairy year, and was 4,499 kg BF for May, accounting for 0.77% of BF production.

Upcoming Events & Deadlines:

July 1, 2010…………….......Canada Day – Office Closed
July 11-14, 2010……..................................DFC Halifax
July 16, 2010………………...Quota Exchange Deadline
July 26, 2010……….…………Quota Lease Deadline
July 28-29, 2010…………..Policy Session, Pictou Lodge

DFNS Approves Regulation Changes

At their May meeting, the DFNS Board approved several regulation changes that are now in front of Natural Products Marketing Council. The Board's Advisory Committee for Milk recommended making these changes before they reached the Board. In total, three changes were made to the Total Production Quota Regulations.

The first change came out of the January Annual Meeting, which was to eliminate the ten-year time frame for quota assignments with lenders, which came into place in May 2007. The Board's quota assignment forms will be updated, and lenders notified, when the regulation changes become effective.

The second change was a minor wording issue to clarify that producers holding less than 10 kg of TPQ prior to August 1, 2009, are grandfathered under the requirement to have 10 kg TPQ as a minimum.

Finally, the Board wanted to clarify how much quota an unassisted new entrant could purchase while being exempt from the buyer prorate calculation for the exchange. Assisted new entrants, under our New Entrant Program, are exempt from buyer prorate for six months, or 12 kg purchased, whichever comes first.

Unassisted new entrants are now exempt for six months or 35 kg purchased, whichever comes first. With only three new entrants in the past eight years, the Board does not anticipate this part of the regulation will be used very often.

All these changes will come into effect once Council approves them.

CQM Follow-Up:

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

Results of the June 2010 Quota Exchange

This exchange was subsequently prorated 0.44% for buyers

Kilograms		Producers	
		Buying Quota	34
Purchased ***(actual)***	1.5	Offering to Buy	35
Offered to Purchase	340.74	Selling Quota	2
Offered to Sell	1.5	Offering to Sell	2

Price	Offers to Sell (kgs)	Cumulative Sales	Difference	Cumulative Buys	Offers to Buy (kgs)
$25,500.00	0.5	0.5	-340.24	340.74	0
$26,750.00	1	1.5	-339.24	340.74	0
$28,472.00	0	1.5	-339.24	340.74	340.74

NOTE: When determining the market clearing price (MCP), the difference between cumulative sales and cumulative buy volumes is calculated. The actual MCP is the lowest price at the smallest volume difference.

The deadline for the next quota exchange is July 16, 2010, at 4:30 p.m.
Results will be available on July 19, 2010.

Dairy Services Lab Results May 2010

Loop Plate Count (LPC)

Count	Samples	Percent
<25,000	235	94.76
25-50,000	9	3.63
>50,000	4	1.61
TOTAL	248	100.00

98.39% meet provincial standard *Avg. LPC – 6,806*

Somatic Cell Count (SCC)

Average SCC – 233,520

Lab Pasteurized (LP)

Count	Samples	Percent
<750	242	97.58
>750	6	2.42

97.58% meet provincial standard

Adulteration (added water and/or antibiotics)

Water(Farm Tanks)	0
Antibiotics (Tankers)	1

P5 QUOTA EXCHANGE RESULTS

	Clearing Price
PEI	$28,375
New Brunswick	$27,500
Ontario	$25,000
Quebec	$25,000

Milk Utilization Audit

Milk processors are required to undergo an annual third-party audit of how they used the milk purchased from DFNS. The Natural Products Marketing Council is authorized to contract with an auditor and review the results. An Audit Committee, made up of DFNS Directors, Processors, and Council Members, oversees the process. Council has recently finalized regulations detailing how the audit happens.

For the past few years, the Audit Group of the Canadian Dairy Commission has been the contract milk utilization auditor in Nova Scotia. The CDC also performs milk utilization audits in the other five smallest Canadian dairy provinces. The audits typically occur in the fall months, after the end of the dairy year in July.

One big advantage we have in Nova Scotia is the watchful eye of DFNS staff, who carefully review and qualify monthly reports coming from the processors. This helps ensure the information is accurate going into each monthly calculation, and reduces the possibility of a year-end adjustment coming from the audit.

With 170 million litres of milk and $120 million changing hands each year, the audit is a complex task. This is further complicated by new audit areas which have been added to the National Utilization Audit Standards manual. In the end, a thorough and detailed audit assures Council, and producers, that processors have accurately reported milk utilization.

Upcoming Policy Session

Milk Committee members from across the province will join the DFNS Board for a 1 ½ day Policy Session. This is an ideal time for policy issues to be discussed and debated, and provides the Board with valuable input going into the fall, and the AGM. There are currently 23 Milk Committee members, elected by producers in their regions each spring for three-year terms. This summer, the group will be tackling a number of timely issues, including: price versus volume; biosolids; Johne's Disease Initiative; Implementing the Code of Practice for Animal Care; SNF:BF Ratios in the P5; DFC Promotion Investment; Farm Safety; and several other topics. As in past years, summaries of the discussions will be circulated in the August newsletter.

Keeping It Cool!

DFNS has partnered with the provincial transporters to put new milk sample coolers on all trucks. This new, insulated cooler holds ice in one compartment and the samples in another, supported in an ice water bath. Both fresh samples and quality samples will fit in the cooler.

Production Reminder

All producers are reminded that DFNS, and the other P3E provinces, will issue additional production days this fall. This means that two days will be issued for each month of August, September, October, and November.

As happened last fall, these two additional production days are non-cumulative, such that they can only be used in the month of issue.

Also, producers leasing-in quota in those months must fill their allocated quota, plus the leased-in quantity, before accessing the production days. Producers leasing-out forfeit access to these days.

This move is designed to bring in more milk in the fall months, when seasonal production patterns usually reduce total milk produced.

Silo Safety

The Society of Farm Safety in Nova Scotia has published a Silo Safety Fact Sheet warning farmers of the many ways they can be harmed, or even killed, when dealing with silos.

The informative document outlines the five major toxic silo gasses of concern, conditions when they exist, and seven best practices to follow to avoid problems.

A copy has been linked to our website www.dfns.ca, or we will send out a copy if producers call the office.

Further information and assistance can be obtained through Ralph Baxter, ***Society of Farm Safety Nova Scotia***, by phone at 893-2293, rbaxter@nsfa-fane.ca, or NSFA Fax (902)-893-7063.

Spotlight on Udder Infections at Drying-Off

Udder infections acquired during the dry period are difficult to diagnose, and tend to reduce milk production in the next lactation. CBMRN studies have demonstrated that coagulase-negative staphylococci (CNS) are the main organisms responsible for those infections in the country with 6% of cases, followed by *S. aureus* – 3 %, *Corynebacterium* – 2.7% and different streptococci. Across Canada, the average rate of new udder infections is 17% of quarters. To put it simply, for every 100 healthy quarters at drying-off (or 25 cows), we can expect that 17 quarters will present a new infection at calving. The rate per region was: West – 17%, Ontario – 21%, Quebec – 15%, and Maritime – 12%. For more practical information and resources about udder health, visit www.mastitisnetwork.org, and register right away to receive the *Mastitis-Flash* electronic bulletin.

Réseau canadien de recherche sur la mammite bovine
Canadian Bovine Mastitis Research Network

Agriculture 2020

Agriculture and Agri-Food Canada and the Nova Scotia Department of Agriculture jointly hosted an industry consultation session to determine what challenges and opportunities face our industry in the next ten years. DFNS represented dairy producer interests, with Brian Cameron participating. Most other commodities attended. The main message from dairy is that supply management, which comprises 45% of provincial farm gate income, is an effective marketing tool which needs to be recognized and protected by all levels of government. Supply management provides stability for producers, cost and supply certainty for processors, and high quality dairy products for consumers, without a penny of government subsidy. This Truro meeting was part of a cross-country consultation, and provides the governments with a clear picture of what agriculture needs into the future.

Profit Profiler Workshop

Please see the back of the Quota Exchange Form for more information on this informative session, presented by Fundy Veterinarians and Lonsdale Dairy Solutions.

Looking to Purchase a Dairy Farm

There is a couple who wishes to purchase a dairy farm in Nova Scotia. They can be contacted at 902-628-7591 or 902-626-7959.

Milk Production and Pricing

by Esben Arnfast, Finance and Systems Administrator

Milk production in May returned to more normal levels for this time of the year, equalling the daily production for March at 18,760 kgs of butterfat per day. That follows a higher than normal April production level of 18,933 kgs per day. Interestingly, the butterfat content of the milk has remained higher than normal for this time of the year at 3.91 kgs/hl compared to last year's rate of 3.87 kgs/hl.

Nova Scotia's continuous quota position for April moved closer to zero rising from -0.70% to -0.37%. With production continuing to exceed quota by approximately 4%, the position will have moved quite close to 0% by the time that May's figures are included in the calculation. A provincial position above zero, but not as high as the positive 0.50% over-quota limit, is quite possible considering that the late summer and fall usually bring months of production below issued quota.

The April transportation rate changed by one cent, lowering from $2.67/hl to $2.66/hl.

The average in-quota milk price for May was $74.47/hl which was only a minor change from April. May was the third month in a row of prices very close to the average for the past 12 months of just under $75 per hl.

Despite large amounts of skim milk powder production sold at rock-bottom animal feed prices, pooling adjustments and access to advances are working to maintain a higher average milk price. We can expect relatively stable prices to continue until the utilization pattern reported by processors changes.

For the third month in a row, due to exceeding 15% special class utilization, NS has qualified for and requested the advance from the Canadian Dairy Commission. The advance amount is slightly lower than the approximately $1.2 million received in March and April at an amount closer to $800,000. This advance will be re-paid next month, which will guarantee that June's price cannot be expected to be improved by the pooling adjustment.

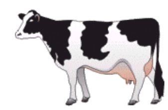
There will be some improvement in the price, however, when the first month of substantially improved utilization occurs.

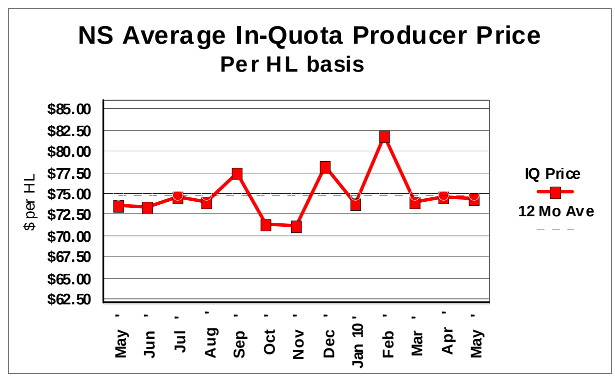
Milk Marketing Report
May 2010

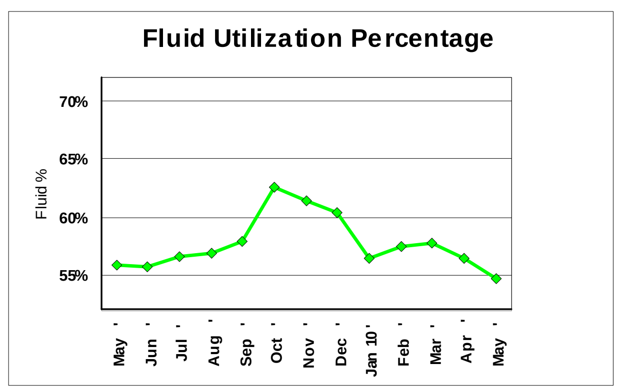
PRODUCTION			**2010**	**2009**
Average Litres/Day			479,718	479,875
Average kg Butterfat/Day			18,760	18,569
Average Composition, kg/hl				
Butterfat			3.9106	3.8696
Protein			3.2576	3.2581
Other Solids			5.7270	5.6877
Bulk Haulage ($/hl)			2.66	2.57

PRODUCER PRICES	**Butterfat** ($ per kg)	**Protein** ($ per kg)	**LOS** ($ per kg)	**Avg. per HL**
May In-Quota	11.2412	6.4936	1.6345	74.47
May Over-Quota	0.0000	0.0000	0.0000	0.00
June Over-Quota	0.0000	0.0000	0.0000	0.00

TOTAL ACTIVE PRODUCERS:
246







Continuous Quota Positions

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

Alta. - 1.50%	Sask. - 1.25%	Ont. - 0.78%	**NS - 0.37%**	PEI + 0.50%
BC + 0.60%	Man. + 0.34%	Que. -1.72%	NB + 0.50%	NL - 10.58%