

NEWSLETTER

Informing Nova Scotia dairy producers on matters affecting their industry.

Vol. 10, No. 12 – July 2010

Regulation Changes

Natural Products Marketing Council recently approved three regulation changes previously made by DFNS. The *Total Production Quota Regulations* were changed following input from our AGM to eliminate the ten-year term for quota assignments between producers and lenders. This change takes effect August 1, 2010. For assignments submitted to DFNS between May 2007, and the end of July 2010, the ten-year term will still apply, as per the assignment document.

Other changes to the TPQ regulations clarified that unassisted new entrants are exempt from buyer prorated calculations for a period of six months, or 35 kg of TPQ, whichever comes first. This provision, along with a similar exemption for assisted new producers, is designed to give them a chance to purchase quota and start production in a reasonable length of time.

Assisted new producers are those successful under the New Entrant Program, where the Board loans up to 12 kg of quota for a period of five years, matching quota purchases.

Council also approved an administrative change, wherein a clause from the by-laws was relocated, unchanged, to the *Producer Licensing Regulations*. This clause describes producer and processor notification surrounding a Board Hearing. Several other minor clarification changes were also made.

DFNS wishes to thank Council for its assistance in making these timely changes to the regulations governing our industry. Once posted, producers can access the revised regulations through the DFNS website.

UPCOMING EVENTS & DEADLINES:

July 28-29, 2010.....Policy Session, Pictou Lodge Resort
August 2, 2010.....Civic Holiday – Office Closed
August 18, 2010.....Quota Exchange Deadline
August 25, 2010.....Quota Lease Deadline

DFC Annual Meeting

DFNS proudly hosted the 76th Annual General Meeting of Dairy Farmers of Canada at the Westin Nova Scotian in Halifax. With over 300 people participating, the meeting was hailed as a great success by many participants who came early, or stayed late, to enjoy our province. A mix of tours and outings, together with business meetings, provided something for everyone, and generous sponsorships offset the cost of hosting the conference. DFC's General Council is comprised of proportionate producer representation from all ten provinces, and the Canadian Dairy Network, with Barron Blois and Gerrit Damsteegt as our provincial delegates. The General Council meets twice per year, with the Annual General Meeting in July, and a Policy Conference in Ottawa, held each February. Several issues were identified in the Board of Directors' report. International and bi-lateral trade negotiations are still on the agenda, with DFC requesting that supply management be exempt from the Canada/EU trade talks. Canada only ships \$40 million in dairy products annually to the EU, while \$240 million in dairy products are shipped into Canada by the EU. These talks are being closely monitored.

DFC was given direction to pursue revisions to national standards, which would reduce the somatic cell count standard to 400,000 by 2012. All Boards were asked to initiate provincial regulation changes to meet this objective. Panel speakers also highlighted the need to remain focused on consumer buying and consumption patterns. A panel on the future of the industry provided several examples of how farm businesses could be maintained. Other issues are the ongoing roll-out of the Code of Practice for the Care and Handling of Dairy Cattle; drafting a Policy Paper on dairy sustainability; the need for national yogurt compositional standards; and increased exposure of the "100% Canadian Milk" logo. Many more challenges are expected in the coming months, and DFC is well-positioned to meet 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 July 2010 Quota Exchange
This exchange was subsequently prorated 0.32% for buyers

Kilograms		Producers	
		Buying Quota	25
Purchased (<i>actual</i>)	1	Offering to Buy	28
Offered to Purchase	315.69	Selling Quota	2
Offered to Sell	1	Offering to Sell	2

Price	Offers to Sell (kgs)	Cumulative Sales	Difference	Cumulative Buys	Offers to Buy (kgs)
\$25,500.00	1	1	-314.69	315.69	0
\$26,667.00	0	1	-314.69	315.69	3.3
\$28,333.00	0	1	-311.39	312.39	312.39

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
 August 18, 2010, at 4:30 p.m.
 Results will be available on August 19, 2010.**

Dairy Services Lab Results
June 2010

Loop Plate Count (LPC)		
Count	Samples	Percent
<25,000	230	92.74
25-50,000	11	4.44
>50,000	7	2.82
TOTAL	248	100.00

97.18% meet provincial standard Avg. LPC -10,218

Somatic Cell Count (SCC)
Average SCC - 232,923

Lab Pasteurized (LP)		
Count	Samples	Percent
<750	3	50.00
>750	3	50.00

50% meet provincial standard

Adulteration (added water and/or antibiotics)
 Water(Farm Tanks) 1
 Antibiotics (Tankers) 0

P5 QUOTA EXCHANGE RESULTS

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

CDC Appointments

Federal Agriculture Minister Gerry Ritz has re-appointed Randy Williamson as Chairperson, and Gilles Martin as Commissioner, of the Canadian Dairy Commission. The re-appointments are for three-year terms, beginning August 1, 2010. The CDC is a Crown corporation established in 1966 to coordinate federal and provincial dairy policies and create a control mechanism for stabilizing milk production and revenues. The CDC plays a key role in the forums which influence dairy policy in Canada, and provides a framework for the effective management of the industry as a whole, which is a jurisdiction shared by the federal government, and the provinces. The Chairperson is responsible for leading the CDC's three-member Board of Directors, which also comprises the Commissioner and the CDC's Chief Executive Officer. The Chairperson is the Commission's primary liaison to the Minister of Agriculture and Agri-Food. The Commissioner assists the Chairperson in ensuring that the Commission functions properly, meets its obligations and responsibilities, and fulfills its mandate.

Barron Blois Recognized

Long-time DFC Board members Barron Blois, and Bruce Saunders (Ontario), were recognized by DFC at the Annual Meeting banquet. DFC President Jacques Laforge tipped his hat to both men as having made valuable contributions to the industry. It was clearly noted that their wives and families also deserve credit for keeping the farms going during their frequent absences. DFNS Chairman Havey Whidden added some kind words to Barron's recognition, detailing how much his work has meant to the Nova Scotia dairy industry. Barron has previously indicated that he will not re-offer for the DFNS Board when his position is up for re-election this fall, and will remain on the DFC Board until January.



Council Appointment

Ann Landers, Vice President, Corporate Affairs, and Corporate Secretary, Farmers Dairy, has been re-appointed to the Natural Products Marketing Council. Ms. Landers was recommended for re-appointment by the Nova Scotia Processors' Division of the Atlantic Dairy Council. Her new three-year term commenced April 1, 2010.

Holy Cow!

Dairy Farmers of Canada set a new Guinness World Record during "Bust-a-Record Dairy Day" in Toronto on July 8, 2010, by creating the world's largest smoothie. And exactly what does it take to make the world's largest "All-Canadian Blueberry Smoothie"? Here's the super-sized recipe:

- 550 litres of Canadian milk
- 300 kg of frozen Canadian blueberries
- 150 litres of Canadian vanilla yogurt
- 35 litres of Canadian honey

Throw it all in a stainless-steel bolt tank and blend until smooth. Voila! A record-setting 1,000-litre treat.

Important Decisions

The Canadian Milk Supply Management Committee (CMSMC) is meeting in late July to decide on refinements to national quota management rules. Since switching to a continuous quota management system two years ago, there have been fewer adjustments in national quota issuance.

Proposals on the table at CMSMC would adjust national MSQ downward if butter has been purchased for export. Also, the CDC is seeking the mandate to add in a growth allowance if milk production is lagging behind market projections. Finally, an MSQ freeze, in place since last October, is expected to be lifted.

The CMSMC is also considering the future of the Domestic Dairy Product Innovation Program. This program is due to expire on July 31st, but could be extended under modified conditions for sharing of the related market growth. Finally, the CMSMC is considering a request from processors to extend 5(c) pricing eligibility for ice cream novelties beyond the end of the calendar year.

Info-Promo

Click [here](#) for some of the latest promotional information from Dairy Farmers of Canada.

August 1st Quota Increase

The DFNS Board has approved a 1.0% quota increase, effective August 1, 2010. The same increase was also approved in Ontario, Quebec, and New Brunswick. These decisions are based on a recommendation coming from the P4E Quota Committee. The increase is being put in place at this time to help re-balance on-farm producer tolerance with each province's continuous quota position, to avoid losing provincial under-production credits this winter, and help satisfy a national market-sharing quota increase.

Detailed letters will be sent to producers in the coming weeks showing their new quota allocation. Producers are reminded that two additional production days are also available per month for August, September, October, and November. These days are non-cumulative, such that if they are not used one month, they cannot be carried forward to the next month.

DFNS, and our P4E partner provinces, will continue to closely monitor the markets and production levels to ensure the supply management production discipline pillar is maintained.

What is Clinical Mastitis?

Clinical mastitis is an udder infection that shows symptoms which are visible. Determining the level of infection, or severity, can help in making decisions for treatment. For example, the treatment protocol will be different if the mastitis score is 3. The severity score can also be used in the analysis of herd records. Actions taken will differ depending on whether there are ten cases of mild mastitis, or ten cases of severe mastitis.

	Clinical mastitis score		
	1 Mild	2 Moderate	3 Severe
Abnormal milk	X	X	X
Abnormal quarter		X	X
Abnormal cow			X

Source: AMVPQ and Valacta

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

Milk Production and Pricing

by Esben Arnfast, Finance and Systems Administrator

Production in June dropped significantly to 17,785 kgs of butterfat per day, down from 18,760 kgs of butterfat per day in May. This is a normal pattern for the summer; however, the drop was significant, bringing the daily production below last June's levels by 2%. Compared to Nova Scotia's issued quota of 18,078 kgs of butterfat per day, June is the first month since the winter that quota has exceeded production.

Nova Scotia's continuous quota position for May moved as close to zero as possible at -0.01% without becoming zero or a positive value. This will be the turn-around point for this dairy year, noting that June's production was less than quota for the month.

Looking ahead, this will mean several months of declining quota position, and no concern with the possibility of reaching the over-quota position of +0.5% during 2010.

The April transportation rate declined from \$2.66/hl to \$2.51/hl, mostly as a result of the pool average rate no longer being under the influence of higher spring weight restriction costs in Quebec.

The average in-quota milk price for May rose \$1.11/hl to \$75.58/hl, which improved from a price slightly below the past 12-month average (\$75.09/hl) to an amount slightly above the average.

This is the fourth month of stable pricing near the \$75/hl mark. This will continue, as mentioned previously, until the processor utilization profile in the province changes from high declarations of butter in class 5, and skim milk powder in class 4(m) at low animal feed prices.

As in the previous three months, a CDC advance on a large pooling credit receivable from DFNS was required to bolster the prices which would have been approximately \$10.00/hl lower without the advance. In fact, during June, the size of the advance approached \$1.5 million and resulted from approximately 25% of the province's raw milk being utilized in class 5 as butter and class 4(m) powder.

Continuous Quota Positions

Provincial positions at the end of May, expressed in percent of total annual quota, are shown below. PEI and NB are over-quota. Wet conditions in western Canada, and heat in central Canada, have impacted on provincial positions. Manitoba and BC are approaching the upper limit. The rest of the provinces saw seasonal increases in position.

Alta.	- 1.42%	Sask.	- 1.41%	Ont.	- 0.63%	NS	- 0.01%	PEI	+ 0.50%
BC	+ 0.44%	Man.	+ 0.42%	Que.	-1.38%			NB	+ 0.50%
								NL	- 10.54%

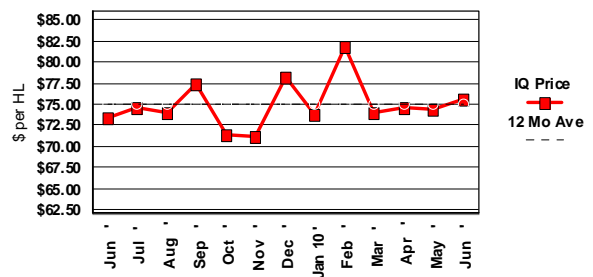
Milk Marketing Report June 2010

PRODUCTION	2010	2009		
Average Litres/Day	465,668	477,368		
Average kg Butterfat/Day	17,785	18,157		
Average Composition, kg/hl				
Butterfat	3.8193	3.8036		
Protein	3.2324	3.2477		
Other Solids	5.7136	5.6838		
Bulk Haulage (\$/hl)	2.51	2.53		
PRODUCER PRICES	Butterfat (\$ per kg)	Protein (\$ per kg)	LOS (\$ per kg)	Avg. per HL
June In-Quota	11.4112	6.9194	1.6857	75.58
June Over-Quota	0.0000	0.0000	0.0000	0.00
July Over-Quota	0.0000	0.0000	0.0000	0.00

TOTAL ACTIVE PRODUCERS:
246



**NS Average In-Quota Producer Price
Per HL basis**



Fluid Utilization Percentage

