

# NEWSLETTER

Informing Nova Scotia dairy producers on matters affecting their industry.

## Vol. 10, No. 9 – April 2010

### Supply Management: An Agricultural Model That Works!

#### Some interesting facts:

Supply management was introduced in the 1970s to empower farmers facing a highly concentrated supply chain with a stronghold on the market—a situation farmers still face today!

The Canadian supply management system does not cost taxpayers a penny!

Deregulation and so-called “free markets” do not automatically translate into lower prices to consumers, and often lead to erosion of farm profitability and rural communities.

Quota values reflect the importance placed on the stability of supply management.

Ninety percent of all food produced in the world is consumed locally, leaving only 10% to be exported. For dairy, only 6.4% is traded.

In 2008, Canadian dairy farmers’ share of a 250ml glass of milk, that typically costs \$2.25 at a restaurant, was only 21 cents. Eleven cents goes to the processor, and \$1.93 goes to the restaurant, where the milk is poured into a glass and carried to a table.

### Dairyman’s Digest Ends

Editor Steve Mason recently announced that he will no longer publish the popular *Dairyman’s Digest*. This quarterly publication, formerly called *Western Dairy Digest*, contained a variety of articles of interest to progressive dairy farm managers and industry advisors.

For the past nine years, DFNS has been purchasing copies of *Dairyman’s Digest* and distributing them to all producers. The last issue was sent in the winter of 2010. Steve is moving on to other agriculture projects in Alberta and we wish him all the best in his endeavors.

**UPCOMING EVENTS & DEADLINES:**  
May 18, 2010.....Quota Exchange Deadline  
May 25, 2010.....Quota Lease Deadline  
May 24, 2010.....Victoria Day – Office Closed

### National Supply Management

The Canadian Milk Supply Management Committee meets four times a year to monitor milk supply, markets, stock levels, and the programs surrounding these important indicators. It has been clear for a number of months that market growth has been slowed by the global recession. Volumes that drop in food service and institutional have been replaced by a bump in retail outlets as Canadians eat at home more often. During this same period, butter stocks, which are used to buffer lower milk production, have grown beyond normal levels. This, combined with the increasing industrial milk production, indicates production exceeds demand. The CMSMC cannot agree that quotas should be reduced, but they have agreed to not implement any quota increases before August 1, 2010.

At their meeting in late April, the CMSMC will be asked to endorse two plans to address this situation. First, they will be asked to extend the moratorium on implementing quota increases to help work down butter stocks to more normal levels. Second, the CDC is prepared to be authorized to implement quota adjustments three times a year to help balance the stock levels with market requirements. Both of these changes are possible because we monitor production, compared to the market, on a rolling basis under continuous quota. As the programs and rules adjust to this continuous process, quota adjustments should be less frequent.

### No Quota Change Before August 2010

The P3E (P3 East – Ontario, Quebec, and Nova Scotia) Quota Committee has decided to **not recommend** a quota change for Ontario, Quebec, and Nova Scotia producers between now and the end of July. The P3 market trends, actual and forecasted production and stock situation, will be reviewed before August 1, 2010.

**New Entrant Program Update**  
The New Entrant Program has been finalized by the Board. Please see details and application form insert in this issue.

**Results of the April 2010 Quota Exchange**  
*This exchange was subsequently prorated 3.53% for buyers*

Kilograms		Producers	
		Buying Quota	25
Purchased ( <i>actual</i> )	8.36	Offering to Buy	25
Offered to Purchase	236.8	Selling Quota	5
Offered to Sell	8.36	Offering to Sell	5

Price	Offers to Sell (kgs)	Cumulative Sales	Difference	Cumulative Buys	Offers to Buy (kgs)
25500	6	6	-230.8	236.8	0
26000	0.2	6.2	-230.6	236.8	0
26175	0.4	6.6	-230.2	236.8	0
27000	0.36	6.96	-229.84	236.8	0
27500	1.4	8.36	-228.44	236.8	0
28750	0	8.36	-228.44	236.8	236.8

**The deadline for the next quota exchange is  
 May 18, 2010, at 4:30 p.m.  
 Results will be available on May 19, 2010.**

*In this month's quota exchange, the MCP was \$27,500 because the smallest difference was 228.44 kgs. The Board policy is to prorate all exchanges, so this exchange was prorated for buyers. The Market Clearing Price (MCP) is not affected, but successful buyers only buy a portion (3.53%) of what they had offered to buy. The percentage sold is calculated by dividing the kgs offered to buy by the kgs offered to sell at the MCP.*

**CQM Follow-Up:**

Send your self-declarations or corrections to Gloria.  
 Email [gmartin@dfns.ca](mailto:gmartin@dfns.ca) or fax 897-9768

**Dairy Services Lab Results  
 March 2010**

Loop Plate Count (LPC)		
Count	Samples	Percent
<25,000	235	93.63
25-50,000	6	2.39
>50,000	10	3.98
TOTAL	251	100.00

*96.02% meet provincial standard    Avg. LPC – 12,908*

**Somatic Cell Count (SCC)**

*Average SCC – 235,865*

**Lab Pasteurized (LP)**

Count	Samples	Percent
<750	243	97.59
>750	6	2.41

*97.59% meet provincial standard*

**Adulteration (added water and/or antibiotics)**

Water (Farm Tanks)	0
Antibiotics (Tankers)	0

**P5 QUOTA EXCHANGE RESULTS**

**Clearing Price**

PEI .....	\$28,625
New Brunswick.....	\$27,748
Ontario .....	\$25,000
Quebec.....	\$25,000

**Jeannie van Dyk Honoured as an Outstanding Leader & Woman in Agriculture**

*Source: Farm Credit Canada*

Farm Credit Canada recently recognized five women for their leadership and commitment to the Canadian agriculture and agri-food industry with an FCC Rosemary Davis Award. Jeannie and her husband John own Lellavan Farms, a dairy operation with 90 cows and 415 acres of pasture, forage and corn. Jeannie is also a partner with her brothers Peter and Charles in van Dyk Blueberry Enterprises, a low-bush blueberry operation, which consists of 600 acres of blueberry land and 400 acres of forest.

Jeannie spent five years as a Provincial Swine Specialist with the Nova Scotia Department of Agriculture. She was the first female to work with the livestock branch, conducting extension work. In 2007, she became the first female chair of the Farmers Cooperative Dairy, an organization of which she is very proud. Jeannie says, "I believe that success doesn't magically appear. You have to look for it and work towards it. I consider myself fortunate to be involved in agriculture today. It's a complex industry and I wouldn't want to do anything else. As people's ideas about the food they eat, and how it's produced, continue to evolve, we are faced with new challenges."

Jeannie believes in lifetime learning and enjoys working with youth, sharing her knowledge in various roles as a 4-H leader. She doesn't miss an opportunity to encourage students to pursue their dreams in the agricultural industry. Jeannie also teaches Agriculture Exploratory courses at middle schools; a Swine Production course at the Nova Scotia Agricultural College; and is a guest lecturer at NSAC on topics such as rural communities, local agricultural processing, and success in agriculture.

Congratulations Jeannie!

## Raw Milk Update

Pasteurization is a heat treatment aimed solely at eliminating pathogenic micro-organisms that can be found in raw milk. In Canada, both federal and provincial regulations require the pasteurization of all milk sold to consumers, in the interest of protecting public health. Dairy Farmers of Canada is committed to protecting the health of consumers, which is why they adhere to the regulations prohibiting the marketing of raw milk. The Dairy Processors Association of Canada recently declared their support for pasteurization of raw milk. This strengthens the case for continuing this essential food safety step. Scientific literature and statistics show that the risk of food poisoning from raw milk is real. The consequences of food poisoning can be very serious and can require hospitalization, and even threaten the lives of people with weakened immune systems.

## Milk Price Roller Coaster

The ups and downs of milk prices are back. After a year of relative calm in 2007, monthly farm gate milk prices in 2008 and 2009 have been bouncing between \$65/hl, and close to \$85/hl. While this creates frustration for cash flow projections, it is a reality of our milk pricing system. Our provincial milk price is determined by several factors, some which change monthly, and others which change over time. The main monthly factor is how the milk is used by processors, called utilization. Generally, about two-thirds of NS milk is made into fluid milk, cream, or ice cream. These domestic products command higher prices, generating higher returns to producers. The other one-third of the monthly production is processed into cheese, butter, and skim milk powder. This is the portion of the utilization which has the biggest impact on prices.

During the months when most of the one-third production ends up as domestic cheese, butter, and powder, our utilization is high. If, however, little cheese is made and the butter/powder is sold at animal feed and export prices, the bottom falls out of the utilization. These products can end up being sold into “special classes”, which tend to track world prices or are low-valued animal feed prices.

When any province has a large portion of their industrial production sold into special classes, those lower prices are pooled across all ten provinces. That province will be compensated in the next month through a pooling adjustment. There is a one-month lag in these adjustments. Putting it all together, as a general rule high utilization and a low pooling adjustment (from the previous month) pushes the farm gate price above \$80/hl. Low utilization and a high pooling adjustment drops the blend below \$70/hl. When one is high and the other low, we usually end up around the long-term average of \$75/hl.

## Clean Bedding for a Healthy Udder (Part 2)

In addition to *E. coli*, bedding also contains coagulase-negative staphylococci (CNS). According to CBMRN research, CNS are responsible for 5.4% of sub-clinical mastitis cases observed across the country.

These episodes of mild mastitis have a short duration, but are frequent and contribute an important portion of the average herd SCC. The cleanliness of the cows and their stalls has a large influence on the number of new infections caused by CNS:

- When manure is raked out of the stalls at least 3 times per day, the risk of a new infection in a quarter is 1.5 times less;
- When sand is used as bedding, the risk of infection is 2.4 times less, compared to other types of bedding;
- Adding fresh bedding at least twice a day reduces the risk by 1.3 times;
- An udder with a cleanliness rating of 3 out of 4 (1 is clean) has three times more risk of becoming infected, while an udder rating of 4 has seven times more risk of infection.

These results should have an impact on the reduction of udder infection, the reduction of SCC in individual cows and in the bulk-tank, as well as on the overall improvement of milk quality, if the farm gives high priority to clean bedding and clean cows.

For more practical information and resources about udder health, please visit [www.mastitisnetwork.org](http://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

## CBMRN Newsletter

Included with this mailing is a newspaper-style update from the Canadian Bovine Mastitis Research Network. This update is full of useful information regarding the detection, control, and prevention of Canada's number one dairy disease—mastitis. The Network also submits monthly articles to our newsletter.

Dairy Farmers of Nova Scotia is one of thirteen financial partners supporting the Network's research. It is another example of how cooperative research initiatives get more bang for the buck. Please take time to read the articles that apply to your farm, and consider implementing some of the many practical suggestions available in the update.

## Milk Production and Pricing

by Esben Arnfast, Finance and Systems Administrator

March was the turning point in production after several months of increases during the fall. The reduction was 100 kgs of butterfat per day from 18,856 kgs in February to 18,756 kgs per day in March. This rate is 1.5% less than March 2009's production, and is a greater reduction than the 0.8% decrease in quota allocated to producers a year ago. The butterfat composition of milk is almost identical to that observed last March.

Nova Scotia's February continuous quota position of -0.84 percent will continue to draw closer to zero, with provincial production exceeding provincial quota at this time of the year.

The February NS transportation rate has dropped 7 cents to \$2.50/hl. The rate paid to NS transporters for milk pick-up and delivery to the dairies within the province was approximately \$2.44/hl, which is below the P5 average. That price increases significantly when the costs of shipping milk as obligated to Quebec are added.

The average in-quota milk price for March was \$73.94/hl which represented a significant drop from the February price of \$81.91/hl, but a return to one that was very close to January's price of \$73.70/hl and not too far below the 12-month average price of approximately \$75/hl.

This month's pooling adjustment was higher at \$670,000; however, the big factor was a large decline in the value of milk utilized by processors. There were sharp declines in fluid and ice cream classes. Also, almost 1/3 of the provincial milk production during March was processed as skim milk powder and sold as 4(m) animal feed. This large volume resulted from extra milk processed due to NS's policy to help other provinces with plant processing issues.

A CDC advance of \$1.2 million was available to minimize the milk price decline due to exceeding 15% special class utilization.

Looking ahead to April, although the pooling adjustment after a low-value utilization month would normally benefit producers, it will be offset by repayment of the \$1.2 million advance. The net effect will depend upon to what extent 15% represents special class value in the P10. One positive factor should be an improvement in utilization reported by processors in April.

## Continuous Quota Positions

Provincial positions at the end of February, expressed in percent of total annual quota, are shown below. B.C. has been over-quota for the past two months, while Manitoba, PEI, and NB are approaching the upper limit. The rest of the provinces saw little change in position from last month.

Alta.	- 1.60%	Sask.	- 0.84%	Ont.	-0.88%	<b>NS</b>	<b>- 0.84%</b>	PEI	+0.25%
BC	+0.70%	Man.	+ 0.28%	Que.	-2.08%	NB	+0.41%	NL	- 10.45%

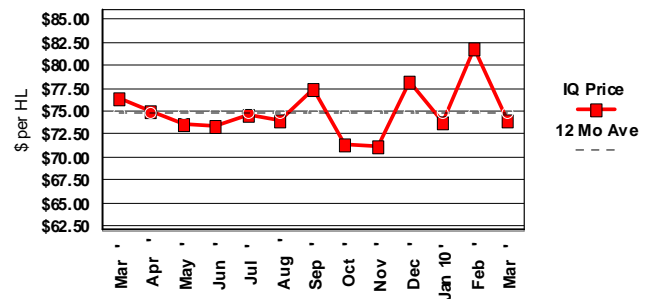
## Milk Marketing Report March 2010

PRODUCTION	2010	2009		
Average Litres/Day	476,112	483,622		
Average kg Butterfat/Day	18,756	19,045		
Average Composition, kg/hl				
Butterfat	3.9394	3.9380		
Protein	3.3032	3.3146		
Other Solids	5.7150	5.6831		
Bulk Haulage (\$/hl)	2.50	2.58		
PRODUCER PRICES	Butterfat (\$ per kg)	Protein (\$ per kg)	LOS (\$ per kg)	Avg. per HL
March In-Quota	10.9632	6.4474	1.6542	73.94
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:**  
**249**



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



**Fluid Utilization Percentage**

