NEWSLETTER

Informing Nova Scotia dairy producers on matters affecting their industry.

Vol. 11, No. 1 – August 2010

Successful Policy Session

DFNS Directors, staff, and Milk Committee Members met in late July to discuss and debate current policy issues.

This is an important component of how the Board develops policy, and considers input from all Milk Committee Members. A summary of the specific policy feedback is included in this newsletter.

A sobering presentation on the importance of farm safety was delivered by Mark Sutherland, owner of Belland Farms Limited. This was a timely reminder for producers to have a solid plan for staff training, which is critical in preventing accidents.

Ian MacDonald from DFC delivered an informative presentation on the future promotion and advertising investment requirements for DFC. He fielded questions ranging from the impact on sales of chocolate beverages (containing only 51% milk), the effectiveness of the "blue cow" 100% Canadian Milk logo, and future market growth expectations. Currently, DFC will be seeking increased promotion investment, beginning in 2012.

DFNS Chairman Havey Whidden rounded out the presentations, reporting that P5 quota harmonization is moving towards all producers being on a more level playing field.

A P5 Board meeting is planned for Quebec City in November, and PEI is expected to align with the harmonized plan early this fall, bringing all five provinces to the same level.

UPCOMING EVENTS & DEADLINES:

September 6, 2010............ Labour Day – Office Closed
September 17, 2010 ....Quota Exchange Deadline
September 24, 2010..................Quota Lease Deadline

Board Nominations

DFNS will hold nominations for three Board Director positions. This fall, the positions held by Chairman Havey Whidden; Vice-Chair Gerrit Damsteegt; and National Director and Executive Member Barron Blois are up for nominations.

The nomination period runs from September 1 to 21, 2010. Any producer wishing to stand for election needs to complete the nomination form and obtain signatures from five other members. Nomination forms are included in this newsletter and **must be returned to DFNS by 4:30 pm on September 21, 2010**.

Once nominations close, there is a ten-day "cooling off period" when nominees are notified who the other nominees are, and decide to continue or withdraw. If four or more nominees continue to let their names stand, an election will be held in the fall with the top three vote-getters being elected to the Board. New Board members become active immediately following our AGM in January 2011, for a three-year term.

If three or fewer nominations stand, the nominees will be acclaimed to the Board. They would also start following the AGM. DFNS is a democratically-elected Board, and encourages all members to consider running for the Board. It is more critical than ever that producers make decisions to govern our industry.

Board members find the experience rewarding, but challenging, as they address complex issues at the provincial, pool, and national levels, keeping in mind what is best for the industry as a whole. Directors also need a good support team at home to allow them the time for Board commitments. Please feel free to talk with a sitting Board member to learn more about the roles and responsibilities.

CQM Follow-Up:

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

4060 Highway 236
Lower Truro NS B6L 1J9

Phone: (902) 893-MILK
Fax: (902) 897-9768

Results of the August 2010 Quota Exchange

This exchange was subsequently prorated 3.43% for buyers

Kilograms		Producers	
		Buying Quota	25
Purchased ***(actual)***	10.7	Offering to Buy	25
Offered to Purchase	312.25	Selling Quota	4
Offered to Sell	10.7	Offering to Sell	4

Price	Offers to Sell (kgs)	Cumulative Sales	Difference	Cumulative Buys	Offers to Buy (kgs)
$27,500.00	5.82	5.82	-306.43	312.25	0
$28,000.00	0.89	6.71	-305.54	312.25	0
$28,195.00	4	10.71	-301.54	312.25	312.25

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 September 17, 2010, at 4:30 p.m.
Results will be available on September 20, 2010.

Dairy Services Lab Results July 2010

Loop Plate Count (LPC)

Count	Samples	Percent
<25,000	187	92.57
25-50,000	9	4.46
>50,000	6	2.97
TOTAL	202	100.00

92.57% meet provincial standard *Avg. LPC –11,767*

Somatic Cell Count (SCC)

Average SCC – 264,243

Lab Pasteurized (LP)

Count	Samples	Percent
<750	188	93.07
>750	14	6.93

93.07% meet provincial standard

Adulteration (added water and/or antibiotics)

Water(Farm Tanks)	2
Antibiotics (Tankers)	0

P5 QUOTA EXCHANGE RESULTS

	Clearing Price
PEI	NONE ESTABLISHED
New Brunswick	$26,995
Ontario	$25,000
Quebec	$25,000

Canadian Quality Milk (CQM) Program... FREE inspection of Dairy Cheq TTRs!

by Gloria Martin, Quality Milk Program Coordinator

The Board relayed TTR concerns voiced at the Spring Regional Meetings to the TTR service companies and manufacturers. Dairy Cheq MilkGuard and Eastern Dairy Services have responded very positively, stating “they are committed to providing good service for their TTRs”. In support of that statement, **Eastern Dairy Services are offering a FREE INSPECTION** to producers owning a MilkGuard to ensure that the unit is set up properly, and that sensors are not defective. Please note that although the inspection is free, producers will be billed for any necessary parts.

James Johnstone from Eastern Dairy Services (890-6524) will be checking one route each week. If you would like to know when James will be in your area, please call the Eastern Dairy Services office (758-3898). Inspections are expected to be completed by Christmas. In the meantime, or if you have any TTR issues, feel free to call James directly, or the Eastern Dairy Services office. CQM Record 17 (Deviations and Corrective Actions) and your recent validation report, will be helpful to James if he is diagnosing a TTR problem!

Emergency Management Planning

Dairy Farmers of Nova Scotia continues to work jointly with the other Atlantic province dairy boards, and other dairy industry partners to develop and test the Atlantic Dairy Emergency Management Plan. The draft plan has been completed, and is in the process of being “exercised” or tested through a series of workshops, one in each province. A recent event in Nova Scotia brought to the forefront the need to communicate very quickly to producers about an issue. Although DFNS has very accurate mailing addresses, which will continue to be the primary contact method, the use of email is becoming an increasingly popular method to communicate, and is useful when a large number of individuals need to be notified very quickly. If you would like us to have your email on file to be used for critical situations, please send us an email with producer name, DFNS producer number, and the email you would like our communications to be sent. We would prefer one email per farm. Emails can be sent to dmellish@dfns.ca.

National Update

The Canadian Milk Supply Management Committee meetings are often compared to watching paint dry. Decisions can be long-coming, and seemingly overly complicated. But, like a fine wine, sometimes things improve with age. Over the past year, the CMSMC has suspended the bi-monthly MSQ trigger; considered and studied several proposals for refining quota issuance; failed to reach consensus going forward; and generally appeared to be bogged down. But that all changed in July.

After extensive work in all provinces, facilitated by the Canadian Dairy Commission, a number of pending issues were resolved. While some of the decisions are interim in nature, and more effort will be needed for long term solutions, the July meeting represented a big step forward. Here are the decisions:

- All ten provinces agreed to initiate discussions on forming a national all-milk pool, working closely with both the CDC and Dairy Farmers of Canada.
- The Domestic Dairy Product Innovation Program review yielded a one-year extension for the 2010/2011 dairy year. During this period, all new contracts will receive milk from the province of origin, and any resulting quota increase will be shared nationally. More work is needed to extend the program and review a number of program details.
- The CDC's Market Committee will work with the National Processors Association to explore options for future pricing of ice cream novelties. Current class 5(c) pricing eligibility expires by the end of the calendar year.
- The CMSMC implemented an adjustment to the bi-monthly MSQ automatic trigger to account for any export butter stocks on hand. Export butter is purchased as a last resort, and therefore represents butterfat surplus to Canadian requirements.
- The bi-monthly MSQ automatic trigger that was suspended last October was reinstated, effective August 1, 2010. This "catch-up" formed part of the P4E's 1% quota increase on that date.
- A proposal to authorize the CDC to create a growth allowance, in times when national milk supply lags behind industrial market forecasts, was sent back to a technical committee to study one last outstanding aspect. It is expected that this will be completed before the October CMSMC meeting.

Reaching these types of national decisions may take a while, but in the end they are formed from consensus, which is the strength of managing effective supply management.

In Tie-Stall Barns – the Proper Milking Order is Important!

When you have mastitis-infected cows, it is important to milk your cows in the proper sequence so that healthy cows are not contaminated.

Remember to attach a visual identification on infected cows, such as a bracelet, Velcro, or a cord around its leg, or perhaps an identification mark on a card, on the stall, or on the pipeline. This will ensure all people milking know which cows to milk last.

The proper milking order to follow:

1) Healthy cows;
2) Suspect cows (freshly-calved heifers, cows after mastitis treatment, new purchases);
3) Cows with chronically high SCC;
4) Cows infected with contagious bacteria, or cows with clinical mastitis.

Reference: 2010 AMVPQ and Valacta Practical Training Session

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

Quota Transfers

In response to several enquiries, here is a quick review of when quota can transfer off the monthly exchange. The intent is to have as much quota flow through the exchange as possible, since it is universally available to all producers. New producers and immediate family members can purchase an existing dairy farm, which includes all land, building, equipment, and cattle necessary for the farm. Existing producers cannot purchase another dairy farm. A parent is allowed to transfer quota once per year to their child.

Other forms of permitted transfers are the formation, or dissolution, of business arrangements, such as partnerships and corporations. In each of these cases, one or more of the producers holding quota before the transfer must also hold quota after the transfer. Section 15 of the TPQ Regulations states the requirements for each type of transfer. In all cases, quota transfers are not effective until authorized by DFNS. If anyone has questions about quota transfers, please contact the DFNS office, as we often field "what if" scenarios as producers consider their options.

Milk Production and Pricing

by Esben Arnfast, Finance and Systems Administrator

Milk production in July continued the downward trend to 16,887 kgs/day from 17,785 kgs/day in June, and 18,760 kgs/day in May. There is an expected decline during summer months; however, July's production is lower than last July's by 3.3%. A contributing factor is a lower butterfat test of 3.72 kgs/hl compared to 3.75 kgs/hl last July.

Quota allocated to producers for July remained at 18,078 kgs/day, so when compared to production, it equals a 93.4% quota-fill for the month. With Nova Scotia's continuous quota position for June at -0.02%, we should expect some progress towards the -2.0% limit to begin, and continue through August and the fall months. The recent decision by the Board and the other P4E provinces to increase quota allocated to producers by 1%, along with extra production days, is hoped to stimulate increased production levels.

The July transportation rate increased to $2.55/hl from $2.51/hl in June as increased transportation costs have been paid within the province. Similar to the pooling of milk revenues, a larger pooling credit for transportation will benefit the month that follows the payment of increased costs.

The average in-quota milk price for July decreased from $75.58/hl to $73.40/hl. Although there was some improvement in the value of the milk products reported by processors, there was the large pooling advance to be repaid of approximately $1.5 million used to bolster June's price. June's pooling credit mostly offset that advance, but not entirely.

Improved processor utilization was in the area of reduced skim milk powder declared in class 4(m) for animal feed. On the other hand, 1/5 of the month's provincial butterfat was declared in special classes. As a result, an advance for the month of July was required in the amount of just under $500,000, significantly less than in June.

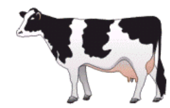
For the month of August, it is expected that with lower summer production volumes and resumption of more normal milk deliveries to Quebec, there will be less surplus milk available for special class utilization. If there is less milk declared in special classes, the producer price will increase in August, to be followed by a price decline one month later when the high pooling adjustment is included in the milk price calculation.

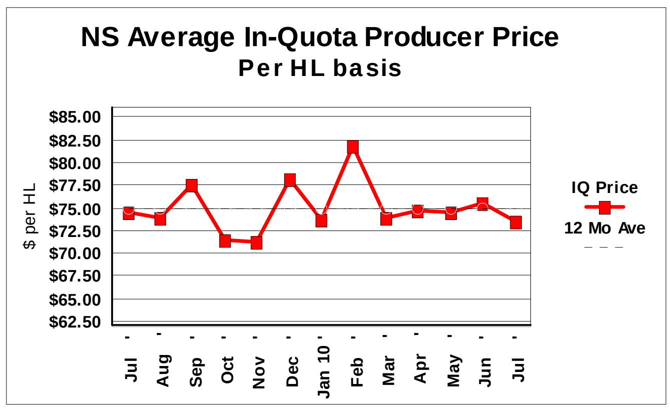
Milk Marketing Report
July 2010

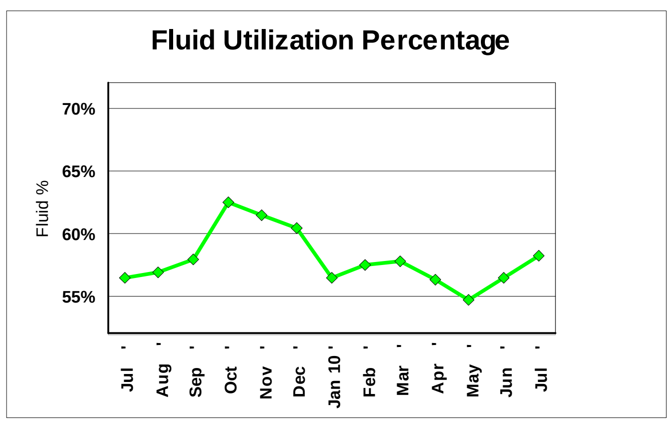
PRODUCTION		2010	2009
Average Litres/Day		454,338	466,420
Average kg Butterfat/Day		16,887	17,471
Average Composition, kg/hl			
Butterfat		3.7168	3.7457
Protein		3.1649	3.2123
Other Solids		5.6996	5.6707
Bulk Haulage ($/hl)		2.55	2.44

PRODUCER PRICES	Butterfat ($ per kg)	Protein ($ per kg)	LOS ($ per kg)	Avg. per HL
July In-Quota	11.2943	6.9411	1.6578	73.40
July Over-Quota	0.0000	0.0000	0.0000	0.00
August Over-Quota	0.0000	0.0000	0.0000	0.00

TOTAL ACTIVE PRODUCERS:
245







Continuous Quota Positions

Provincial positions at the end of June, expressed in percent of total annual quota, are shown below. PEI and NB remain over-quota, with Manitoba getting close. Wet conditions in western Canada have impacted on the prairie positions. Ontario milk is unchanged but Quebec increased from May.

Alta.	- 1.33%	Sask.	- 1.53%	Ont.	- 0.65%	**NS**	**- 0.02%**	PEI	+ 0.50%
BC	+ 0.17%	Man.	+ 0.42%	Que.	-1.12%	NB	+ 0.50%	NL	- 9.91%