



NEWSLETTER

Informing Nova Scotia dairy producers on matters affecting their industry.

Vol. 11, No. 12 – July 2011

Informative Presentations

On June 30, 2011, the DFNS Board enjoyed presentations by Richard Lamoureux, FPLQ, on P5 milk production and market predictions, and the benefits of moving to a common SNF:BF policy across the P5. Mr. Lamoureux is the lead technical person for the P5 Quota Technical Committee.

Related to the presentations is the P5 Quota Committee's request of all provinces to allow two or more provinces to be treated as one block under the national Continuous Quota System. Since P5 provinces already share the financial consequences of individual producer and provincial over-quota, this next logical step would mean shared credits across participating provinces.

The request is in line with the overall direction of monitoring production and markets, and managing quota, on a pool level. Western provinces are considering the proposal, which is expected to be discussed in late July 2011.

P5 provinces committed to pursuing a common SNF:BF ratio policy in the 2008 Quota Policy Harmonization initiative. Our provincial ratio has improved dramatically in the past twelve months, largely due to record high BF tests. The impact of a common SNF:BF policy will be assessed by the P5 Quota Committee, and may result in a recommendation to adopt a policy coming back to all five Boards.

UPCOMING EVENTS & DEADLINES:

July 27-28, 2011.....Policy Session – Hampton Inn
August 1, 2011.....Civic Holiday - Office Closed
August 18, 2011.....Quota Exchange Deadline
August 25, 2011.....Quota Lease Deadline

Dairy Farmers and Growing Forward II

Dairy Farmers of Canada has represented the interests of our sector as the federal government develops "Growing Forward II" (GFII). DFC has provided strong input during regional consultations, as well as during the recent federal, provincial, and territorial Agriculture Ministers' meeting in New Brunswick. On June 30, 2011, in support of these national lobby efforts, DFNS sent a letter to provincial Agriculture Minister John MacDonell identifying several issues, including GF II. National animal traceability, dairy research, and sector sustainability were raised to demonstrate the progressive approach of our sector. This is a good example of how DFC is well prepared and positioned to impact both levels of government on national matters. Similar to each province's Federation of Agriculture and general farm issues, DFNS contributes to and relies on DFC to lobby for national and international dairy issues. GF II is a classic example. In general, DFC was pleased with the federal, provincial, and territorial Ministers' release following the recent meeting. Not only were the issues raised by our industry addressed, but the Ministers reiterated their ongoing support of supply management.

DFC Annual Meeting

Dairy leaders from across Canada jetted to Winnipeg to participate in DFC's Annual Meeting. This year, the theme was *Sustainability from Farm to Table*, and included many informative speakers during the open sessions. This year's host, Dairy Farmers of Manitoba, offered some exciting and informative events between sessions. After seven years of leadership with DFC, Jacques Laforge stepped down as President. Wally Smith of British Columbia was elected by producer delegates to serve a two-year term as DFC President. In a fitting tribute, Mr. Laforge and thirty-five year Executive Director Richard Doyle were honoured for their many years of service to the industry. Although there are many ongoing issues, supply management is in an enviable position within Canada's agricultural landscape.

Results of the July 2011 Quota Exchange
This exchange was subsequently prorated 36.38% for buyers

	Kilograms		Producers
		Buying Quota	48
Purchased (<i>actual</i>)	182.07	Offering to Buy	48
Offered to Purchase	491.22	Selling Quota	5
Offered to Sell	182.07	Offering to Sell	5

Price	Offers to Sell (kgs)	Cumulative Sales	Difference	Cumulative Buys	Offers to Buy (kgs)
\$26,600.00	1.2	1.2	-490.02	491.22	0
\$26,667.00	180.87	182.07	-309.15	491.22	491.22

**The deadline for the next quota exchange is August 18, 2011, at 4:30 pm.
 Results will be available on August 19, 2011.**

CQM Follow-Up:

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

**Dairy Services Lab Results
 June 2011**

Loop Plate Count (LPC)		
Count	Samples	Percent
<25,000	236	95.55
25-50,000	6	2.43
>50,000	5	2.02
TOTAL	247	100.00
<i>97.98% meet provincial standard Avg. LPC – 8,336</i>		

Somatic Cell Count (SCC)
Average SCC – 232,356

Lab Pasteurized (LP)		
Count	Samples	Percent
<750	5	71.43
>750	2	28.57
<i>71.43% meet provincial standard</i>		

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

P5 QUOTA EXCHANGE RESULTS

	Clearing Price
PEI.....	\$26,750
New Brunswick	\$27,700
Ontario	\$25,000
Quebec	\$25,000



Summertime, Students, and Safety!

Submitted by Farm Safety Nova Scotia

Students have started summer vacations, and many farmers are looking for help around the farm. Agriculture has always been a source of employment to students as much needed seasonal labour. The NSFA and Farm Safety Nova Scotia offer some tips and reminders to assist farmers in making the experience safe, productive, and enjoyable for all.

- As an employer you have a direct responsibility for the safety of everyone in your workplace. Be a role model for young workers starting out. A positive, educational experience could easily encourage someone to pursue a career in agriculture.
- Farms today are considered one of the more dangerous workplaces. Ensure that new workers are aware and understand all aspects of the farm, and are trained before they start doing each new task. Some farms pair the new worker with an experienced, safety conscious worker.
- Make health and safety a part of all workplace communication. Lead by example—practice safety in your routine. Body language, the tone of your voice, and your own actions and methods will have a great impact on the example you set for the worker.
- Do not assume that the new employees, even though they may have grown up on a farm, are aware of best safety practices and safe work procedures for each duty. Ensure that employees are properly trained to operate equipment safely while wearing personal protective equipment before starting the job.
- Turn every interaction with a new worker into a learning opportunity to reinforce your farm's health and safety values and priorities. Selecting the right employee and keeping communication lines open can provide a positive experience for everyone.

Wind Peril for Dairy

In response to a request by DFNS, the Nova Scotia Crop and Livestock Insurance Commission has amended the Dairy Livestock Insurance Plan to include wind as a peril for the purpose of the loss of income benefit. Farms with dairy insurance that are unable to produce milk will be eligible for the loss of income benefit if the loss is a result of wind. Examples include losing a barn or milking parlour in a wind storm or hurricane, and having no way to house or milk cows.

Prior to the amendment, loss of income benefits could only be paid when losses occurred due to diseases specified in the insurance regulations, fire, and collapse of a dairy building as a result of ice or snow. For more information please call 1-800-565-6371.

New Videos

DFC is launching a series of videos on their website to further demonstrate areas of commitment to Canadian dairy farmers. These videos showcase the voice of dairy farmers outlining commitments relating to environment, food safety, economic stability, growing the market, research and development, and animal care.

The first video detailing "Our Commitment to the Environment" can be viewed at www.dairyfarmers.ca.

Why Supply Management?

Ever wonder why Canada has supply management in the dairy sector? Laval University recently completed an analysis of the impact of supply management in Canada, comparing it to other intervention measures or industry structures used elsewhere in the world.

Over the years, governments in many countries have seen a need to intervene in their dairy sector, because coordination is needed that the market alone failed to provide.

While the United States and Europe provided massive support to their dairy sectors when world prices fell in 2008-09, Canadians were relatively unaffected by the world dairy crisis. Canadian prices, production, and consumption remained stable, and governments did not have to spend any consumer tax dollars.

Under supply management, dairy producers receive 100% of their milk revenue from the marketplace, while processors receive a consistent supply of high quality milk, and consumers enjoy a wide variety of nutritious, safe, affordable dairy products.

Producer License Cancelled

DFNS cancelled a producer's license in mid-May for violations of milk quality and farm premises regulations. Following an unsuccessful appeal to the Board, the producer appealed this decision to the Natural Products Marketing Council. Following a hearing on July 6, 2011, the NPMC upheld DFNS's decision.

DFNS takes its role of licensing producers and safeguarding milk quality very seriously. While license cancellation is a rare occurrence, it should serve as a reminder to all producers of their obligation to produce high quality milk every day of the year, and meet or exceed the other requirements of their farms, which are food-producing entities.

Minimum Pick-up Charge Stays

The DFNS Board thoroughly reviewed the policy which sets a minimum pick-up fee of \$63 per week for all farms. This policy was established to recognize that milk transportation is a combination of fixed and variable costs. The reasoning is that the fixed costs of milk pick-up (mailbox-milkhouse-mailbox) are similar for all farms, independent of the volume shipped.

The Board reviewed a grouped production profile of the producers impacted by the policy. Only a small percentage of farms are subject to the minimum, and they are often not filling their quota in those months.

P10 Fluid Pricing Negotiations

A national committee with one producer and one processor from each province met in Ottawa this month to review a detailed analysis of the fluid pricing formula. August marks the end of the current two-year fluid pricing formula, which determines the percent change in farm gate price for milk used to make table milk and cream.

At this point, the options for a revised formula have been narrowed, and further work is required before a final decision is made this October. At issue are the indices used (currently, consumer price index, personal disposable income, and production cash costs plus interest), which place limits on future increases or decreases, annual or semi-annual applications, and duration before review.

DFNS Chairman Havey Whidden sits at the table and sees progress, as compared to years ago when a formula was not in place. At that time, there were cumbersome meetings to debate factors and arrive at a consensus. A formula is seen as predictable and transparent.

Milk Production and Pricing

Esben Arnfast, Finance and Systems Administrator

Production volumes for June usually decrease, however, this year there was a slight increase compared to May. Also, compared to June of last year, the increase has been 1.6%.

On a butterfat basis, the trend was even stronger with an overall increase of 4.1% compared to last June as a result of the high butterfat content of raw milk produced. Production quota available to producers has increased 3% in the past year.

The NS continuous quota position continued to increase slightly from -0.92% to -0.79% for the month of May. With June's production exceeding quota, there should be some further increase in that position before reversing in the opposite direction.

The June transportation rate of \$2.70/hl returned to April's level after a substantial jump in May. This resulted from pooling higher NS costs, as well as the removal of the Quebec spring weight restrictions, which only apply for one period of the year.

The average in-quota milk price fell from \$79.09/hl in May to \$73.66/hl in June after seven consecutive months of prices that were above the current twelve-month average.

The pooling adjustment for May was comparable to April's. May's milk price decrease was related entirely to the change in processor raw milk utilization. There was far less cheese production and substantial utilization of butterfat in class 5 b (butter) and solids non-fat in skim milk powder sold in class 4(m) for animal feed.

The final price reflects borrowing an advance from the pool of close to \$600,000, which is available to provinces with over 15% utilization in special classes. The favourable pooling adjustment for June to be applied to July's price will be reduced as the advance is repaid. Although we are only part-way through July, a pattern of utilization similar to June is developing for the month.

Continuous Quota Positions

Provincial positions at the end of May, expressed in percent of total annual quota, are shown below. New Brunswick was slightly over the upper limit of 0.5%, and no provinces had unrecoverable. Ontario and Quebec increased their positions from last month, boosting the P5 average to -0.96%. The WMP milk supply stabilized, keeping the pool average at -1.45%. It will be critical to maintain or increase milk supply this summer and into the fall to supply the market and replenish butter stocks.

Alta.	- 1.49%	Sask.	- 1.91%	Ont.	- 1.21%	NS	- 0.79%	PEI	- 0.22%	P5	- 0.96%
BC	- 1.23%	Man.	- 1.52%	Que.	- 0.84%	NB	+ 0.50%	NL	- 12.24%	WMP	- 1.45%

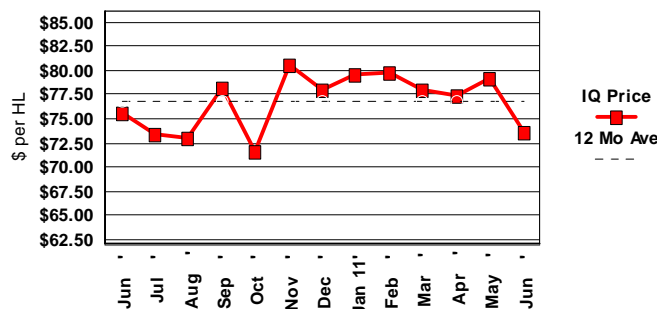
Milk Marketing Report June 2011

PRODUCTION	2011	2010		
Average Litres/Day	473,250	465,668		
Average kg Butterfat/Day	18,513	17,785		
Average Composition, kg/hl				
Butterfat	3.9119	3.8193		
Protein	3.2451	3.2324		
Other Solids	5.7030	5.7136		
Bulk Haulage (\$/hl)	2.70	2.51		
PRODUCER PRICES	Butterfat (\$ per kg)	Protein (\$ per kg)	LOS (\$ per kg)	Avg. per HL
June In-Quota	11.3595	6.2049	1.5940	73.66
June Over-Quota	0.0000	0.0000	0.0000	0.00
July Over-Quota	0.0000	0.0000	0.0000	0.00

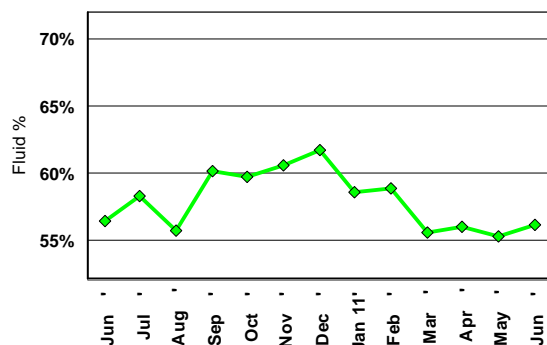
TOTAL ACTIVE PRODUCERS
244



NS Average In-Quota Producer Price
Per HL basis



Fluid Utilization Percentage





INFO-PROMO

Dairy Farmers of Canada

July 2011

DFC encourages teens to drink milk during summer

During the summer months, DFC is reminding teens to drink milk thanks to advertising in shopping centre food courts, transit shelters and online. Ads were posted in transit shelters in Halifax, Charlottetown and Saint John as well as various cities in Ontario, and posters were installed in the Halifax Shopping Centre in walkways leading to the food court.

DFC is also reaching out to teens on popular music streaming websites and Facebook. DFC presently has a wallpaper and banner ad on grooveshark.com. The wallpaper is in fact a clickable overlay on the site that displays Get a Load of Milk content. With online music streaming being such a prevalent activity for teens, this allows DFC to reach them while they are actively engaged. In fact, Grooveshark attracts over 124 million teen users each month and the average time spent on the website is 45 minutes.

Facebook reaches over 1.3 million unique visitors per month in Ontario and Atlantic Canada. DFC is using the popular networking site to target teen users who 'like' competitive brands or categories of competitive products with Get a Load of Milk ads – reminding them that in addition to being 'cool', milk also has unique health benefits.

Objective

Increase visibility and milk sales during the summer months.

Strategies

Increase brand awareness during summer months when teens are out & about to influence purchase and trigger sales.

Overview

- Period: July to August 2011
- Market: Ontario and the Maritimes
- Target: Teenagers

