



February 2010

milking

TIMES

Published monthly for dairy farmers in Alberta and our industry partners

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Responding to A Few Frequently Asked Questions

"I have been unsuccessful trying to buy quota on the quota exchange for several months because the clearing price keeps going up, what should I do?"

The quota price, and the credit price, have both been high over the last several months. It seems that demand for dairy quota, across Canada, is much higher than quota available for sale. Partially this may be attributed to today's low borrowing rates and low prices for other agricultural commodities – expanding the dairy operation is currently on the minds of a lot of producers. Undoubtedly, this has a significant impact on the quota price. Unless enough producers begin selling quota, other producers cannot expand production.

Some producers on the quota exchange are taking actions resulting in an unfair advantage over other participants. Other participants have bid above the price they are willing to pay just to ensure their success. As these are undesirable bidding strategies that undermine the quota exchange, hopefully producers will not be motivated to use these strategies in the future. Producers who are over-producing right now should consider reducing production to match their current quota holdings.

"I've heard that the province is behind on its quota, doesn't that mean most producers should be trying to expand production?"

While most producers know that Alberta is behind on its cumulative quota position, the province is expected to start catching up as production is strong and producers are filling the quota that has been allocated to them. Although producers who produce over their quota are needed to prevent the province from hitting the lower limit, we should recognize that without producers producing under their quota, the province would receive a penalty for hitting the upper limit very quickly.

Producers should also be aware that inventories of butter across the country are higher than normal, so in the short term quota cuts are more likely than further quota increases. If Alberta receives a quota cut, the decision to pass on the full cut to producers will have to take our provincial quota position and the risk of future production penalties into consideration.

"The prices of underproduction credits are high because over-producers only get 10 days of flexibility while under-producers get 30 days of flexibility. If we change it to +10/-20 or +20/-20, won't that bring down the credit price and be more fair to all producers?"

The +10/-30 day limits are not intended to give one producer an advantage over another. In fact, over the long-term, these limits do not give one producer more flexibility and another one less flexibility – every producer in the province is given a total of 40 days of flexibility. Changing to +10/-20 days means all producers have less flexibility, so this does not actually benefit over-producers. Conversely, changing to +20/-20 means that producers may have too much upper flexibility to avoid a provincial production penalty. Although a -20 day lower limit would have put some additional pressure on under-producers to sell credits or quota in the short-term, the impact on the credit price may be minimal as very few producers have gone below -20 days. The flexibility is provided to help producers manage short term production swings without constantly changing their quota holdings.

our mission

"Alberta Milk leads Alberta's dairy industry. We support the effective operation and advocacy of the supply management system in a vibrant, sustainable and market-focused industry."

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Alberta Milk
1303-91 Street SW
Edmonton, AB T6X 1H1
E-mail: cblatz@albertamilk.com





Board Update

Source: Mike Southwood, General Manager

The Board of Directors held a one-day meeting On January 20, 2010.

During the fall meeting and at the Annual General Meeting three policies were discussed with the intention of having the Board review and define some workable options that could be presented to producers. The work that has been done to date will also be presented for feedback to the delegates at the annual Delegate Workshop scheduled for February 24-25, 2010. The policies under review or development relate to Solids Non-Fat (SNF)/ Butter Fat (BF) ratios, quota exchange and a new entrants program.

An option to help ensure the quota exchange in Alberta meets the needs of all producers was discussed at the fall producer meetings. While an option to pay what you bid and receive what you offer was presented, work has continued to help refine this option to facilitate truthful bidding and build confidence in the exchange. The Western Milk Pool has also established a committee to review and consider options for harmonization of quota exchange transfer policies across Western Canada. British Columbia is also considering changes to their exchange for similar reasons to the discussion taking place in Alberta.

A resolution at the AGM requested that the Board consider options regarding the policy of individual SNF/BF target ratios. SNF/BF

ratios were introduced in 2004 to counteract over-production of SNF. Producers that have a very low ratio feel they have limited flexibility. They contribute less SNF and feel they are being penalized unfairly when they cannot achieve their target ratio.

For a number of years, the issue, of how (and should) the industry as a whole find a way to assist new producers entering the industry has been discussed. With the harmonization of quota policies in Eastern Canada that includes a new entrants program, this topic has gained some momentum in Alberta. While it is a topic that has many opinions, there was enough support shown during the fall meetings for the Board to consider options for a new entrants program. Staff reviewed the programs in other parts of Canada including the P5 program, the program in place in Manitoba and in British Columbia. A summary of these programs and some discussion points were presented to the Board. With further input from the delegates, the Board endorsed taking the framework of a program to producers this spring.

Once the delegates have had the opportunity to provide feedback on all three of these options, an outline and discussion paper will be prepared for consideration by all producers. It is anticipated that the points for consideration and framework will be sent to all producers with the notice of the spring meetings.

board of directors

Hennie Bos

Chairman
403-782-3322
Director at Large

Tom Kootstra

Vice - chair
403-783-8789
Director at Large

Albert De Boer

2nd Vice - chair
780-986-3774
Director at Large

Jim Towle

403-227-5057
Central Region

Klaas Vander Veen

403-732-4380
South Region

Albert Kamps

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Central Region

Wim Ruysch

780-986-5948
Northwest Region

Bill

Van Rootselaar

403-687-3613
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Arnold Van Os

780-361-0103
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The Canada and Alberta BSE Surveillance Program to allow more cattle to be tested for BSE



Alberta Agriculture and Rural Development and the Canadian Food Inspection Agency have made several enhancements to the Canada and Alberta BSE Surveillance Program, which will allow a wider range of cattle to be tested.

Canada and Alberta need to demonstrate to consumers that BSE is being effectively controlled and that the feed bans and other mitigation measures implemented are working to reduce and eradicate BSE. To do this, a sufficient number of animals from 30 to 107 months of age are required to be tested. Having a credible BSE surveillance program will help maintain the Canada's Controlled Risk status for BSE, which supports our cattle and meat products to be exported to different countries.

As of December 2009, the following changes are in place for the Canada and Alberta BSE Surveillance Program:

- cattle older than 30 months, without any upper age limit, that show one or more neurological signs, are now eligible for testing
- animals from 30 to 107 months of age that became injured, down or dead post-calving, or post-surgery are now accepted into the program without any waiting period

- cattle in the same age category (30 to 107 months) that are unfit for human consumption or unfit for transportation may be eligible if they qualify in one of the five categories: neurological, diseased, distressed, downer or dead.

Some other restrictions have also been removed.

Producers are still reimbursed \$225 dollars per animal for participating in the program and for securing the carcass pending test results. Producers who believe they have cattle that qualify for the program should call the nearest certified veterinarian to assess the animal and collect the sample if eligible.

A surveillance program requires cooperation from producers, veterinarians and governments in order to be successful. Please do your part to make BSE Surveillance a success.

For more information on the Canada and Alberta BSE surveillance program, call 780-644-2148, or visit <http://www.agric.gov.ab.ca>.

deadline

**quota exchange,
private transfers,
credit transfers**

February 16, 2010
4:30 p.m.

Correction January 2010 Milking Times:

On page three of this issue sponsors of our Annual Conference and Annual General Meeting were acknowledged. Alberta Milk would like to thank CIBC for their generous GOLD sponsorship and apologize for the oversight.

2010 Spring Meetings

**South Region
East District**
April 7 - Taber
West District
April 8 - Lethbridge

**Central Region
Both Districts**
April 9 - Red Deer

**Northeast Region
Both Districts**
April 13 - Wetaskiwin

**Northwest Region
North District**
April 14 - Barrhead
South District
April 15 - Leduc

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www.slimarathon.webs.com





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10 individual pens on steel base. **Phone: 403-380-0124**



Alberta Market Development

Source: Melinda Falkenberg-Poetz, Marketing Communications Coordinator

Over the past year the Prairie Milk Marketing Partnership participated in research to determine what our target audience was drinking. The Daily Dairy Diary measures the amount of various beverages consumed yesterday by prairie youth ages 9 to 17. This is an on-line study that was conducted continuously throughout the year (Oct 2008-Oct 2009). Participants report what beverages they consumed yesterday. It also captures if drinks were consumed at home or away from home. In total 2,740 interviews were done (Manitoba: 897, Saskatchewan: 815, and Alberta: 1,028) with the following results.

This is what youth reported drinking:

- Four out of five Prairie youth drank water
- Seven out of ten drank milk or fruit juice/drink
- One in two drank pop.

Boys drank more than girls (8.5 drinks vs. 7.2) with the average number of drinks per day at 7.9. Of this, 2.7 drinks were water, 1.6 drinks were milk, 1.4 were fruit juice/drink and 0.9 drinks of pop. Older teen boys consumed more energy drinks and sports drinks. All teens had fewer drinks of milk than pre-teens. This is important to know as it verifies that we are working with the correct target audience to encourage consumption.

The research also indicated that milk is consumed at home the majority of the time and that it is consumed with breakfast most often, followed by dinner. Teens consume less milk at lunch, most likely because they are faced with numerous other choices outside the home.

Nutrition Matters: Trends Affecting Food Choices

The 2010 Nutrition File™ Seminar will bring well known speakers in to discuss the hot nutrition trends that are affecting consumer food choices. The event will take place February 9, 2010 in Edmonton and February 10, 2010 in Calgary. The panel of experts include Angie Tagtow, RD, LD who will speak on sustainable foods; Judy Sheeshka, PhD, RD will discuss her work with menu labeling and in Edmonton only, Anna Farmer, PhD, MPH, RD will present her research with

consumers on their attitudes towards sodium reduction. We anticipate excellent attendance as the topic is very current and of interest to dietitians across Alberta.

National School Milk Conference

This year Alberta Milk will host the National School Milk Conference on January 26 and 27. The event brings School Milk coordinators from across the country to discuss and review program successes and issues as well as plan for 2010-2011 school year. The coordinators will select incentives for use in the next school year as well as discussing the future of world school milk day activities.

Welcome Jaclyn Chute!

Jaclyn Chute, RD is a new addition to the Marketing, Nutrition and Education team. Her position will focus on school nutrition innovation awards and program delivery. Jaclyn is a new graduate from the University of Alberta and has just recently completed her dietetic internship. Jaclyn will be working part time, 3 days per week, with Alberta Milk. This is a new position, created when another staff member, Debbie Pietsch, RD moved to part-time employment. We look forward to working with Jaclyn and are pleased she decided to join Alberta Milk.



New Health & Dental Program for Alberta Dairy Producers:

Introducing a new program for Alberta Dairy Farmers – Olympia Health and Dental Spending Accounts:

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Building New or Changing Your Existing Facility?

Source: Staff of Alberta Milk and Alberta Agriculture and Rural Development



Each year there are Alberta dairy producers who take the opportunity to update or renovate their dairy facility or build a completely new one. Whether you're installing a new bulk tank, renovating your existing facilities or building an entirely new operation from the ground up, you should ask yourself, "Who should I notify?"

Changes to Your Existing Facility

If you are planning any of the following changes, please contact the appropriate authorities.

Bulk Tank– If you are planning to change your bulk tank, you will need to contact Alberta Milk to schedule a tank calibration.

Building Renovations – For other changes to your facilities or building, contact Regulatory Services Branch with Alberta Agriculture and Rural Development to determine if an approval is needed for the work.

Improved Manure Storages or Expansion of Operation – If you are looking at changes to your manure storages, which include livestock corrals, other livestock housing, above and below ground storages or if you are contemplating an expansion of your operation, contact the Natural Resources Conservation Board (NRCB) to determine if you need a permit. Confined Feeding Operation (CFO) Extension Specialists with ARD are available to assist you with determining your management options and with the NRCB permitting process.

Building a New Facility

When building a new facility, it is important to ensure that you have all the proper permits and approvals in place. As part of your planning process, before construction starts, it is important to have made the following contacts:

- **NRCB** - When building a new operation, a permit, under the Agricultural Operation Practices Act, may be required from the NRCB.
- **CFO Extension Specialists** – Extension Specialists are available to assist you with preliminary site assessments, site planning and NRCB permitting process.
- **Regulatory Services Branch** – New operations must also have an approval under the Dairy Industry Act from the Regulatory Services Branch, ARD.
- **Alberta Milk** – You will need to advise Alberta Milk of the proposed facility. This includes an application for a license and contact with the Canadian Quality Milk (CQM) Coordinator to initiate the implementation of your CQM program which is a condition of your license.

Contact Information

Alberta Milk
Toll free
1-877-361-1231
CQM Coordinator
780-577-3318

Alberta Agriculture and Rural Development
Regulatory Services
Branch 403-755-1474

CFO Extension Services
Morinville -
780-939-1218

Red Deer
403-340-5495

Lethbridge
403-381-5885

Natural Resources Conservation Board
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Dairy Production Statistics

Producer Pool - Additions/Deductions

December 2009	Additions \$	Deductions \$
Bulk Tank Calibration Costs	0.00	2,250.00
Discarded	54.08	0.00
Hauling/PLR	4,604.90	383,137.65
Interest	6,757.15	172.20
Metering	79,663.61	0.00
Organic	4,171.24	0.00
Trucking	0.00	0.00
Violations	7,919.23	0.00
Average deduction per kg total solids (\$0.0393)		

Important Reminder

The nine-month transition period of continuous quota management will be coming to a close at the end of April 2010. To make the transition easier, producers who would be exceeding the +10 day upper limit in the first few months of the new management system have been provided the opportunity to commute revenue that was lost due to the upper limit penalty. Until the end of April 2010, this lost revenue is paid back to the penalized producer when they bring their cumulative quota position back under +10 days. It is very important to remember that any producers who have not brought their cumulative quota position back under +10 days at the end of this transition period will no longer be able to recover their lost revenue. If this affects your operation, please consider all of your options carefully to better-align your production and quota. While the longer-term options are purchasing quota or reducing production, producers may also purchase underproduction credits to re-align their cumulative quota position.

As mentioned previously, over-production that exceeds the upper limit after April 2010 results in a zero-pay penalty that cannot be recovered. Continuous quota management strives to achieve a balance between production flexibility and production discipline. Recognizing that all producers are provided a forty-day flexibility range (+10/-30), this will hopefully strike the correct balance going forward.

Quota Exchange

	Total Production Quota	
	Total Transferred	Clearing Price/kg
Feb 10	119.70 kg/day	\$35,400.00
Jan	190.95 kg/day	\$33,955.85
Dec	112.47 kg/day	\$33,397.50
Nov	209.61 kg/day	\$33,229
Oct	77.82 kg/day	\$34,675
Sept	67.84 kg/day	\$33,215
Aug	348.72 kg/day	\$32,485
July	106,923	\$90.10
June	80,076	\$88
May	50,312	\$87
Apr	63,490	\$92
Mar	130,766	\$94

Listed below are the Class 5 prices calculated by the Canadian Dairy Commission.

February 2010 Class 5 Prices (\$/kg)

Milk Class	Butterfat	Protein	Other Solids
Class 5a	3.5874	6.3157	0.4142
Class 5b	3.5874	2.5728	2.5728
Class 5c	3.9963	2.1680	2.1680
Class 5d	contract by contract price		
Class 4m	contract by contract price		

Provincial Averages December 2009

Butterfat	3.8802 kg/hl
Protein	3.3591 kg/hl
Other Solids	5.6720 kg/hl

Dairy Production Statistics



Average Milk Prices

Total Production Quota \$/hl	
December 09	79.58
November	76.96
October	74.61
September	71.48
August	75.06
July	69.97
June	74.31
May	78.71
April	77.23
March	77.20
February	79.27
January	77.62

Credit Transfers Weighted Average Price

Total Production Quota		
	Kilograms	Price \$/eligible kg
Feb 10	58,244	\$9.67
Jan	78,135	\$8.92
Dec 09	38,538	\$8.88
Nov	51,786.49	\$8.86
Oct	26,006.75	\$8.79
Sept	cancelled	
Aug	cancelled	
July	112,397	14.97
June	97,437	12.38
May	69,920	11.99
Apr	70,656	13.54
Mar	120,190	12.85

Provincial Quota and Milk Production Summary

(BF kg)	November 2009 (after pooling)	December 2009 (pre-pooling estimate)
Total Production	2,048,510	2,163,539
Total Monthly Quota	2,076,536	2,190,156
Monthly Over/Under	-28,026	-26,617
Cumulative Over/Under	-509,741 (-2.05%)	-536,358 (-2.16%)
Upper Limit/Lower Limit*	+174,423/na	+149,310/na

* The upper limit (+0.5% of the rolling 12-month total quota) will incrementally come into place by January 2010. The lower limit (-1.5% WMP, -2.0% AB) does not come into effect until August 1, 2010.





services

VJV Monthly Dairy Sale.

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Farewell to Ray Grapentine

In December, Alberta Milk faced a harsh reality. We knew it was coming, but that didn't make it any easier. December 3, 2009 was Member Services Manager Ray Grapentine's last day of work with Alberta Milk before his retirement.

Ray grew up on a mixed farm in the Millet area and began milking cows at age seven. He graduated from high school in Wetaskiwin in 1964, then from the Faculty of Education at the University of Alberta in 1968. He operated the family dairy farm with his brother from 1971 to 1976, when he joined Alberta Agriculture.

Ray earned his Agriculture degree in 1980 and spent ten years analyzing milking systems on dairy farms. He provided extension advisory services for dairy producers in the areas of milk quality, mastitis control, and milking machine testing and evaluation. He assisted in the drafting and amending of the interpretive guidelines for the National Dairy Code, helped introduce the Canadian Quality Milk Program to Alberta and was a member of the team that transitioned the Dairy Control Board to Alberta Milk. In 2003, Ray received the Premier's Gold Award of Excellence as a member of the Dairy Governance Team and then joined Alberta Milk.

During his time with us, he has enjoyed the support of producers and staff in introducing programs to foster the production of high quality milk and udder health on Alberta dairy farms.



Ray spent 27 years with Alberta Agriculture, and six years in Member Services at Alberta Milk. He is a Professional Agrologist, a Licensed Pasteurizer Operator and a Licensed Bulk Milk Grader. Most importantly, he has been married to Alberta Milk's Quota Administrator, Sherrie Grapentine, for 37 years. They have two children and three wonderful grandchildren, with one on the way, who now get to play with Grandpa all the time.

Ray will be dearly missed, not only by the staff, Board and producers of Alberta Milk, but by all of his colleagues and friends he made in the dairy industry during his long career.



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