

CDI Letter

May 2009



Dairy Bills...

Status of Dairy Bills: Part I

Three bills have been introduced by California State Senator Dean Florez (D-Shafter) that may affect the dairy industry. The most disconcerting of these is SB 362, which would repeal the Gonsalves Milk Pooling Act. As expected, Senator Florez, who chairs the Senate Food and Agriculture Committee, was able to move the bill out of his committee and into the Senate Appropriations Committee. Oddly, no person or organization testified in support of SB 362. The California dairy industry has been and will continue to be vocal in its opposition to SB 362. If passed, the bill would remove the mechanism that allows producers from across the state to share in revenues from milk sales, no matter where each producer ships his milk. Senator Florez has verbally committed to re-examining SB 362 through the hearing process; the Senator has hinted at carving out exemptions for organic milk processors and raw milk processors.

The Effect of Ethanol Policies

What many people suspected about the federal ethanol policies has been verified and quantified by a Congressional Budget Office (CBO) study. The report, *"The Impact of Ethanol Use on Food Prices and Greenhouse-Gas Emissions"*, estimates that nearly 3 billion bushels of corn were used to produce ethanol in the U.S. in 2008. As a result of increased demand for corn, ethanol production accounted for about 10% to 15% of the rise in food prices between April 2007 and April 2008, far more than

USDA Considers Producer-Handler Changes

USDA initiated a hearing this week in Cincinnati regarding producer-handlers, which are dairy farms that package their own milk for retail sale. At issue is the historical exemption for minimum pricing for producer-handlers. In federal milk marketing orders, a producer-handler typically does not have to account to the pool for milk sold as a packaged fluid product.

Status of Dairy Bills: Parts II & III

Senator Florez's second bill, which would severely restrict the use of tail docking in cattle, passed out of the Senate Food and Agriculture Committee with relative ease. Shortly thereafter, the bill passed out of the Senate Public Safety Committee and is now headed for the Senate Appropriations Committee. If passed, the bill would allow tail docking of cattle only for very specific cases. Even in those cases, the animal must be anesthetized and the procedure must be performed with proper equipment so as to minimize long-term pain and suffering.

The third bill, SB 416, would end the regular use of antibiotics in animals sold for human consumption. The bill has passed out of Senate Education Committee and has been referred to the Senate Appropriations Committee, but has been amended substantially from its original form. CDI staff will continue to monitor the progress of these three bills in the California Legislature.

the federal government had originally estimated. Rising demand for corn also increased the demand for cropland and the price of animal feed. But was all of this effort worth it? Apparently not. Last year, the use of ethanol reduced gasoline consumption in the U.S. by a mere 4% and reduced greenhouse-gas emissions from the transportation sector by less than 1%. Those are not the kind of results that are needed to justify the continuation of this food-for-fuel program in the U.S.

USDA must decide if the historical exemption should continue to exist. If approved by USDA, the removal of the exemption would apply to producer-handlers in all federal milk marketing orders. The hearing administrator has established a three-week schedule to gather as much information into the hearing record as possible.



Dairy CARES Report

WDRs: Central Valley Dairies Get Relief

Central Valley dairy families got some desperately needed relief last month from the Regional Water Quality Control Board. The Board unanimously approved a request, submitted by the CARES coalition in February, to allow additional time for dairies to prepare engineering plans. Everyone involved hopes that this will buy critical time for dairy families.

Prior to the decision, the water quality regulations that were in place gave dairies until July 2009 to submit Waste Management Plans (WMPs), which must be reviewed and approved by a civil engineer. When a dairy needs improvements to adequately manage manure and water, the WMP is supposed to spell out what improvements are needed and a schedule for completion. However, costs for preparing a WMP range from \$10,000 to \$30,000 per dairy, a tough cost item for dairies that have been losing money due to falling milk prices and rising costs.

The Regional Board's action offers some helpful and welcome flexibility, but should not be seen as an opportunity by anyone to relax compliance efforts. Although WMPs now are not due until July 2010, all dairy improvements must be enacted on the original schedule. That is, only the submission date of the WMP has been postponed, and any improve-

ments that are needed still must be in place by July 2011, as called for in the regulations.

What is the "take-home" message for dairy families? There are several:

The WMP is only one part of the regulations. All other requirements remain on schedule and dairy producers should review the regulatory requirements closely with their professional consultants, trade association representatives or other trusted sources to ensure they understand what reports are required by July 1, 2009. The California Dairy Quality Assurance Program will be issuing a mailing with important information about reporting requirements for this July. Producers can also visit www.cdqa.org for more details.

This is a change in schedule, not a removal of the requirement for a WMP. The proposed order will grant additional time for submitting the engineering report, but producers should remember that the due date for the report is only postponed, not eliminated. Producers who are able to continue on the current schedule are advised to do so. And dairy families who are currently facing financial stresses may wish to get an "early start" as soon as prices recover. This will prevent a last-minute rush for available engineering services next year. More importantly, it will give dairy operators time

to assess their facility needs and where necessary, begin to plan for any needed improvements in advance of the July 2011 deadline.

CARES coalition members recognize that while this amendment to the Regional Board regulatory schedule provides important relief at a critical time, it is temporary

and not enough by itself to resolve the serious economic crisis producers currently face. It is our hope that this will allow producers time and flexibility to continue to operate while the industry takes the steps necessary to improve the overall dairy economic situation.

News Briefs

- ▲ **Humboldt Files** – On April 21, Humboldt Creamery filed for bankruptcy protection after months of financial uncertainty. The bankruptcy will allow the creamery to keep operating during the summer when its ice cream production will ramp up to full capacity. Humboldt's Board of Directors approved the decision to file for bankruptcy after the company was unable to reach a deal with its bank. Humboldt is owned by approximately 50 farming members (75 percent), and the remaining 25 percent of the company is held by Dairy Farmers of America.
- ▲ **Cap & Trade On its Way** – The Obama administration has declared that carbon dioxide and five other industrial emissions endanger the health of the public. The landmark decision lays the groundwork for federal efforts to cap carbon emissions at a potential cost of billions of dollars to businesses and government. New regulations are likely to take years to establish and implement. However, when the new rules are in place, the businesses to be hit hardest are power plants, oil refineries, car manufacturers, cement plants. Emissions from agricultural enterprises are not thought to be a major target...yet.
- ▲ **Maine to Lead the Way?** All 186 Maine state legislators have signed a resolution asking Congress to fix the federal milk pricing system. The resolution states that federal milk pricing has become ineffectual and largely ignores regionalized differences for milk production, utilization and cost of production. Maine has lost 52% of its dairies since 1999. Last year, Maine produced 603 million pounds of milk, about 1.5% of California. For the first time ever, Maine dairy farms averaged more than 100 cows per dairy in 2008.
- ▲ **Another one?!** – Chinese authorities have uncovered another milk adulteration scandal in which the milk processor was using hydrolyzed leather waste to boost apparent protein levels. The material is similar to melamine but more difficult to detect.

MONEY TALK

MILK PRICES

May (So. California)

	2009	vs.	2008
Class 1	\$12.96		\$19.05
Class 2	\$10.20		\$15.24
Class 3	\$9.91		\$14.97
Class 4a*	\$9.94		\$15.19
Class 4b*	\$10.31		\$18.66

April

	2009	vs.	2008
Quota*	\$11.59		\$17.57
Overbase*	\$9.89		\$15.87

May

	2009	vs.	2008
Quota*	\$11.79		\$18.47
Overbase*	\$10.09		\$16.77

Commodity Prices • Butter

	2009	vs.	2008
4/3	\$1.1860		\$1.3650
4/10	\$1.1956		\$1.3800
4/17	\$1.2025		\$1.3890
4/24	\$1.2095		\$1.4030
5/1	\$1.2270		\$1.4280

Cheese (Block)

	2009	vs.	2008
4/3	\$1.2850		\$1.8085
4/10	\$1.2556		\$1.8540
4/17	\$1.1800		\$1.8685
4/24	\$1.1780		\$1.9415
5/1	\$1.1570		\$1.9510

Dry Whey (Dairy Mkt. News)

	2009	vs.	2008
4/3	\$0.2100		\$0.2700
4/10	\$0.2200		\$0.2750
4/17	\$0.2300		\$0.2775
4/24	\$0.2400		\$0.2825
5/1	\$0.2450		\$0.2825

Nonfat Dry Milk • CWAP

	2009	vs.	2008
4/3	\$0.8072		\$1.2602
4/10	\$0.8090		\$1.2341
4/17	\$0.8101		\$1.2460
4/24	\$0.8087		\$1.2455
5/1	\$0.8081		\$1.2796

*Estimate

Quality

Corner

Damaging Headlines Abound - *Please don't add to them*

In recent weeks consumers have been reading alarming headlines, such as “US Declares Public Health Emergency for Swine Flu”. Because the word “swine” was included in the headline, right away consumers jumped to the conclusion they could become infected by eating pork products. Of course, this is not true, but the perception is out there anyway.

We need to be careful, as an industry, and continue to work hard at keeping “dairy” out of the daily headlines. This is particularly true when it comes to diseases that can be transmitted from cattle to humans. The list of zoonotic diseases, meaning those diseases that can be transmitted from animals to humans, is fortunately a rather short one.

Salmonella is perhaps the most common and dangerous. Studies indicate salmonella is found nearly everywhere in cattle environments. It can survive for long periods in cattle hosts that display no outward symptoms of carrying the bacteria. Other diseases of concern are brucellosis, cryptosporidiosis, E. coli O157:H7, listeriosis and tuberculosis.

Recommendations for reducing the risk of disease transmission for anyone working with sick animals includes:

- 1) Wear disposable gloves and booties before treating sick animals.
- 2) Make hand washing with soap and hot water a compulsive habit.
- 3) Don't store medication for treating sick animals and employee food or drink in the same refrigerator.
- 4) Don't take soiled clothing home that might inadvertently infect family members. Launder soiled clothing on farm. Change coveralls once contaminated.
- 5) Isolate sick calves and cows whenever possible. Maintain separate hospital and fresh cow pens to prevent pathogens from infecting new hosts.
- 6) Minimize contact between cattle/calves and disease carrying vectors such as rodents, birds and other wildlife.
- 7) Get an accurate diagnosis. Prompt and specific diagnosis of persistent diarrhea and fevers of unknown origin in cattle/calves by a veterinarian can confirm the presence of human pathogens and allow you to take additional precautions.
- 8) Avoid overtreatment with antibiotics to prevent the proliferation of antibiotic-resistant strains of bacteria.
- 9) Work with your nutritionist to ensure feeding programs are balanced and adequate.
- 10) Encourage family and employees to only eat pasteurized milk and cheese.
- 11) Work with your veterinarian to develop an effective vaccination program.
- 12) Review your bio-security program with your veterinarian to identify areas of concern.

Most of the tools we have to prevent the spread of disease on the dairy and at home are rooted in good ol' fashion common sense. Perhaps the most important advice we can give is **wash your hands** – a lot!



**CDI TOP QUALITY
PRODUCER FOR MARCH**

BOS DAIRY

SPC-938; LPC-14; COLI-31;

SOMATIC CELL COUNT - 50,000

**TOP FIVE PRODUCERS
BY DISTRICT**

District 1

George Borba & Son Dairy,
Lauren Duhalde Dairy, S & S Dairy,
Palla Rosa Farms Dairy #3, Bidart Dairy

District 2

Lou-Mar Dairy, South Creek Dairy,
Jake Koetsier Dairy, Twin River Ranch,
Van Ryn Dairy

District 3

De Groot Dairy, Golden Genes Inc.,
Francisco Ribeiro Dairy,
Ernest F. Mendes & Sons, Souza's Dairy, Inc.

District 4

Joe & Renee Barroso, Paul Caetano,
Nelson Dairy, Valley Holsteins,
Joe Nunes Dairy

Reminder Notice on Heat Illness Prevention

CDI's Health and Safety staff would like to remind all CDI members about the State's laws on heat illness prevention. At a recent health and safety industry meeting, a representative from Cal/OSHA mentioned that the Governor has specifically requested that Cal/OSHA enforcement officials target agriculture's outside workers and verify each employer's heat illness prevention plan. Unfortunately, dairies fall under this same umbrella and will be targeted for compliance. In order for our members to be in compliance, they must have the Heat Illness Prevention Plan in their Injury and Illness Prevention Plan (IIPP). They must also follow CCR Title 8, Section 3395 (Heat Illness Prevention in Outdoor Places of Employment). This regulation can be found at <http://www.dir.ca.gov/Title8/3395.html>. There is a question and answers document that helps explain this further. It can be found at <http://www.dir.ca.gov/DOSH/heatillnessQA.html>.

We have been informed that fines for this type of violation will typically start at \$3,000 and can be as high as \$70,000 for each violation. On a side note, the most cited violation by Cal/OSHA in 2008 was, "No IIPP developed in writing and implemented". Please take the time and steps necessary to make sure that your dairy is in compliance with State law.

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