



On Sept. 9, the Southeast Dairy Coalition was formed to be a steering committee on regional issues and to form an alliance with DPAC on national policy.

Participants were, from left: Julie Walker, of Agri-Voice Enterprises based in Tennessee; “Sonny” Boyd, of B&B Farms, Jayess, Miss.; Rob Barley of Star Rock Farms Dairy, Conestoga, Pa., and vice-chair of DPAC; Everett Williams of Williams Dairy Farm, Newborn, Ga. and president of Georgia Milk Producers; Steve Harrison of Harrison Dairy, Loudon, Tenn. and member of the Tennessee Dairy Producers Association board; Tanya (Boyd) Rushing of B&B Farms, Jayess, Miss. and recent testifier at the June 25 USDA / DOJ hearing in Madison Wis.; Cliff Hawbaker of Hamilton Heights Dairy, Chambersburg, Pa. and chairman of DPAC; Pete Wright of Wright Family Dairy, Baxley, Ga.; Dr. Ben Shelton of Rocky Creek Dairy, Olin, N.C. and president of Upper South Milk Producers Association as well as chairman of the new Southeast Dairy Coalition; Roger Jefferson of Mountain View Farm, Chatham, Va. and vice president of Upper South

Milk; Maury Cox, executive director of the Kentucky Dairy Development Council; Kenneth Hall, producer from Clinton, Ark.; Jack Fritz of Fritzglen Farm, Springfield, Tenn.; Mike Fisher, dairy producer from Beebe, Ark.; and Robert Klingenfus of Klingenfus Dairy Farm, Crestwood, Ky. and vice-president of the Kentucky Dairy Development Council.

Not pictured is Ronnie Patton, a producer from London, Ky. who attended the Sept. meeting. Also not pictured are the following producers who attended the August meeting and were unable to attend the September meeting: Laird Cole a dairy producer from Hale, Ala. and chairman of the Alabama Farmers Federation State Dairy Committee; Ron St. John, a managing partner of five dairies in Florida and Georgia and a Southeast Milk, Inc. director; Ed Henderson of Shenandoah Dairy, Live Oak, Fla.; Dale Eades of Cindale Farms, Marianna, Fla. and vice-president of Southeast Milk; as well as Norman Jordan, a producer from Siler City, N.C. and Bradley Johnston of North Carolina.

Photo by Sherry Bunting

Producers meet in Atlanta, form Southeast Dairy Coalition SDC to serve as a regional steering committee and be affiliated with DPAC on national dairy policy

By SHERRY BUNTING
Special for Farmshine

ATLANTA, Ga.—As a follow up to the August 5 multi-state meeting in Athens, Tennessee, dairy producers from Virginia, North Carolina, Georgia, Kentucky, Tennessee, Mississippi and Arkansas returned to the table on Sept. 9—this time in Atlanta, Georgia—where they voted to form the Southeast Dairy Coalition.

Three producers from Florida, and one from Alabama, who had attended the August meeting in Tennessee, were unable to make the September meeting in Georgia; however, they each indicated their keen interest to participate as the coalition moves forward. The group is also reaching out to South Carolina and Louisiana to bring the number of states to 11.

On regional issues, the Southeast Dairy Coalition (SDC) will serve as a steering committee bringing together multiple Southeast organizations. On national issues, SDC will provide a communications link and be affiliated with the Dairy Policy Action Coalition (DPAC), whom they thanked for inspiring them to come together as a regional assembly of dairy producers.

Dr. Ben Shelton, a North Carolina dairy producer and veterinarian, was elected to chair the SDC. They also agreed on one producer from each state to form the core working group.

Three DPAC board members—Cliff Hawbaker and Rob Barley, both of Pennsylvania, and Alan Kozak of Ohio—traveled to Atlanta for the meeting, which focused on establishing a vehicle for the region’s producers to get organized and represent themselves in the policy decisions that will affect their combined futures.

By the end of the daylong meeting, several Southeast producers were also appointed to DPAC action groups: Steve Harrison of Loudon, Tenn. will serve on the supply management action group and Roger Jefferson of Chatham, Va., on the milk marketing models subcommittee. Jack Fritz, Springfield, Tenn., already serves on the milk pricing action group.

The morning session began with a report on the six action items identified at the August meeting. The main point was the importance of building a record on their three top concerns: 1) Change the procedure for how producers vote on Federal Order administrative rule changes, including a closer look at eliminating “bloc voting”; 2) address the issues surrounding transportation credits in Orders 5 and 7; and 3) increase the differentials for Class I milk.

Hawbaker, Barley and Kozak spent part of the morning session explaining how the DPAC board and its action groups function and the importance of having a regional assembly—like the Southeast Dairy Coalition—to provide a flow of communications.

“We originally organized DPAC with the idea of keeping the structure as simple as possible in order to focus all of our efforts on action, and to develop the grassroots voice in a way that keeps farmers from burning out in the process,” said Hawbaker. “By organizing under a simple structure, we were able to hit the ground running: Find areas of consensus, set goals and move forward, while our action groups keep surfacing issues, finding consensus, and following through with action.”

The DPAC board reorganizes yearly, and the first anniversary will be in November of 2010. At that time, the chair of the Southeast

Dairy Coalition will have the opportunity to move from an ad hoc position to become a voting member of DPAC’s board at the national level. DPAC also expects to have representation from the Midwest on the 2010-11 board.

“This is not an event. It is a process,” said Hawbaker. “DPAC’s purpose is to take the ideas of dairy farmers and focus on those things we agree on around the U.S. Truth and transparency is a core issue at the national level, and we are looking to the Southeast Dairy Coalition to surface the issues that concern your region.”

DPAC has spent a lot of time working on daily electronic reporting—something that was authorized in the last Farm Bill but never implemented. Meanwhile, the action groups are fleshing out the details of the policy framework the board outlined after its milk-pricing workshop in March. These points include elimination of government price support purchases, and moving away from the current four-class system that uses end product pricing formulas and guaranteed make allowances to price milk. DPAC favors simplifying the number of milk classes and eliminating arbitrary “make allowances” by going to a competitive pay price system.

Alan Kozak, who milks 400 Jerseys in Ohio, talked about the action group he chairs on standards and regulations. He said the FAPRI study on raising the minimum standards for packaged fluid milk should soon be released. “We know milk tastes better at these higher standards, and this represents a market use for milk solids, which can run hand-in-hand with the idea of ending government purchasing and stockpiling of powder,” Kozak reported.

“Daily reporting is really a building block,” Hawbaker emphasized. “We know it is not the total answer. It is really a beginning. Right now, we farmers carry all the price risk in the current system. This has got to change, and it starts with a focus on market transparency and getting better price discovery for our products. The CME is not a true market.”

“Daily reporting would give validity to the Class III milk futures,” said Mike Fisher of Arkansas. “That would give us the ability to hedge our milk if we know every day what is happening in the real market.”

“My feed bill is current, milk should be also,” added Kenneth Hall from Arkansas.

“We need to support DPAC on the national issues that affect all of us, even if we haven’t figured out exactly what to do on our regional issues,” Shelton said. “We see these issues like training as a diver in the Olympics: A lot of work and preparation for a three-second dive.”

“What’s right is right and what’s fair is fair,” said Barley as the discussion turned to Southeast regional issues involving transportation credits, pooling and diversions. “We’re looking at the need for a fair system and for honesty in the system.”

Market transparency was identified as a key point running through all of these facets of milk pricing and dairy policy. “We support you on the daily reporting as the first thing you are bringing forward,” said Shelton.

Several producers also highlighted last week’s decision by a Tennessee judge, which certifies the class-action status of the Southeast lawsuit filed against DFA, Dean Foods, Southern Marketing Agency (SMA), Dairy Marketing Services (DMS) and others. This, they said, also sets the stage for more scrutiny of milk pricing and activity within marketing

channels. Now that the class is certified, an estimated 4500 dairy producers in the Southeast could participate.

The Southeast dairy producers said they expect the trial to move forward in 2011.

During the afternoon, the group discussed DPAC’s recently formed milk marketing models subcommittee and challenged each other to think “outside the box” about classified milk pricing, competitive pay pricing, and producing for a market.

Hawbaker noted that rules beget rules, and therefore, the cycle of rulemaking is never satisfied and is one of the problems that has led to the current system becoming too complex and broken.

For example, if the southeastern producers can produce milk at a price that is competitive with what it would truly cost to make it and truck it from somewhere else without a transportation subsidy, they should be able to compete for their market and grow their industry, particularly since the Southeast market is actually a growth market in terms of fluid milk demand. While Class I usage increases, Class I utilization has declined due to the way supplemental milk is pooled on the southern Orders and then diverted.

“This is about taking a clean piece of paper and to start dreaming,” said Hawbaker. “Our goal with this subcommittee is to come up with some different models that could work in different areas. Right now the U.S. dairy industry is operating off a model that puts all of the market risk on the dairy farmer.”

The bottom line is to bring competition back into a controlled market to get back to a local thriving industry. Nowhere is this more self evident than in the Southeast.

There was consensus among the group to take a “full circle” approach and look at the whole system, not be limited to just one part or one regulation. As Harrison put it: “Our whole industry around us is dying. But when we’ve tried a few things in the past, and it doesn’t pay off, we just go back to breeding and milking our cows. If we’re working with other regions, maybe this time we can be successful.”

In addition to solidifying its relationship with DPAC, the SDC also heard from Amanda St. Pierre, a Vermont dairy producer and co-founder of Dairy Farmers Working Together (DFWT) and Steve Maddox, a California dairy producer, who briefed the group on the Costa/Sanders bill (Dairy Production Stabilization Act of 2010).

DPAC facilitated this by providing the teleconferencing capabilities to bring DFWT to the table for a discussion of supply management.

Maddox and St. Pierre asked the Southeast dairy producers what they are looking for in this supply management bill.

In a word: An exception.

While some of the producers said they favored supply management as a concept, they also noted that, “Overproduction is not the problem we are facing here in the Southeast. Our problem is production loss.”

“We’re in a growth market (as far as fluid milk consumption), but our industry here is dying,” said Jefferson. “We need to be able to grow.”

The group articulated their concern that with the current price, the Southeast continues to lose production. But, at the same time, the price appears to be sufficient at the national level because national production has grown by 3%.

St. Pierre and Maddox said no regional

exceptions can be given in the Dairy Production Stabilization Plan (Costa/Sanders bill) because that would “cause the plan to collapse on itself.”

They also said their plan is being analyzed by dairy economists, along with NMPF’s Foundation for the Future and Agrimark’s Marginal Milk Plan. Their study will soon be completed, with a final report expected early next week.

“At that point, the information will go national and be available to everyone,” said St. Pierre, adding that the Costa/Sanders bill will most likely go to the 2011 Congress for mark up after the November elections.

A report of the economists’ findings will also be presented to Ag Secretary Tom Vilsack’s Dairy Industry Advisory Committee at their September 23-24 meeting in Washington, D.C., and there are plans to share the information at World Dairy Expo in Madison, Wisconsin at the end of the month.

A hallmark of the Costa/Sanders bill, said Maddox, is it stays engaged all the time instead of just coming in hard—like a hammer—and then leaving, like NMPF’s plan does.

“As the environment changes, we change with it,” said Maddox. “It also uses a margin trigger. Back in July of 2008, if this program had been in place, we would have seen it move into action by that Fall.”

Maddox also noted that California balances the U.S. supply and the world supply, by making Class IV products. “We want to keep our Class IV,” he said. “We don’t want NMPF’s and IDFA’s plan of two milk classes.”

“The banks will want this,” said Maddox and St. Pierre, “because they will have a known and bankable cost (market access fee) for growth, and can finance you on it.”

The SDC expressed real concerns about NMPF’s plan, and some thoughts were voiced toward the Costa/Sanders bill being “not perfect” but “better than the alternative.” Still, at the end of the day, the group realized they need to identify those policy points producers will agree on, while continuing to participate in the industry-wide discussion. They appointed Maury Cox, executive director of the Kentucky Dairy Development Council and either Ben Shelton or Steve Harrison to stay in touch with DFWT as the national discussion on supply management continues.

“One thing is for sure,” said Jefferson: “Southeast dairy producers are going to have a hard time agreeing to supply management without some sort of exemption for us here in this deficit Class I market.”

Northeast producers can also relate to this concern as Pennsylvania and New York have lost market share and, like the south, are situated close to growing population centers. They further discussed milk movement and fluid market deficits and the fact that different Orders balance their needs on different philosophies.

Plans are underway to have an October Southeast Dairy Coalition meeting after DPAC’s next board meeting on September 30.