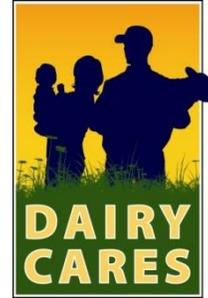


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Dairy Cares Newsletter

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Year's big lesson: Sustainability success must include a hard look at the bottom line

California dairy families will remember 2010 as one of the most economically challenging years in history. Those who were able to survive record drops in milk prices in 2009 had hoped 2010 would be the year of recovery. Unfortunately, spikes in feed prices and other costs have left many dairy families, already weakened by the previous crisis, disappointed and still struggling to recover.

So it's especially noteworthy that during such a tough year, the state's dairy families somehow managed to continue their long-term commitment to environmental stewardship and proper animal care and treatment. While these commitments have always been an integral part of dairying, some new programs have helped advance and improve these efforts, while also helping to increase public awareness about dairy families' efforts in these arenas.

For example, this year saw the launch of the national Dairy FARM (Farmers Assuring Responsible Management) Program in California. FARM was developed by the dairy industry in cooperation with veterinarians and retail food companies as a method of helping assure the public that the dairy products they consume are produced humanely. This new program is a standardized method for verifying animal care on dairy farms. By January, several leading California milk processors had joined Dairy FARM and begun implementation of the program. After a series of introductory workshops sponsored by the California Dairy Quality Assurance Program, milk handlers began on-farm evaluations this summer. Already more than 325 dairies have undergone evaluations under the FARM program. FARM offers a powerful, scientifically

valid and yet cost-effective way for dairy farmers and dairy processors to assure their customers – with ongoing independent verification – that animals are treated well and cared for properly. Yet the costs are reasonably manageable, because they are spread out over a large number of participants.

Another important accomplishment in sustainability during 2010 is the formation of the Central Valley Dairy Representative Monitoring Program. Formed in May, 2010, this new coalition will conduct groundwater monitoring on behalf of its member dairies beginning in 2011. The coalition presents an important, cost-effective alternative for dairies to comply with current regulations. Data generated by the coalition effort will be used to evaluate the efforts of dairies to protect and preserve groundwater resources. Without the coalition, all Central Valley dairies would be required – on their own and at their own cost – to install and test groundwater monitoring wells over the next few years. However, membership in the coalition will reduce annual compliance costs for dairies by thousands of dollars per year. Even with the reduced cost, the program will likely do a better job of producing necessary data because it is based on an organized, targeted and strategic approach to data gathering and analysis.

Both of these new programs – the groundwater monitoring coalition and Dairy FARM – are among many examples of efforts to show that dairies are operating in a manner that supports long-term sustainability. But there is another important point that shouldn't be lost, especially in a time that has been so economically difficult for so many dairy families. These programs don't just look at sustainability in terms of the environment and animal well-being. They also are built on the fundamental concept that these goals must be met in the most cost-effective manner possible, so that dairies can survive and remain competitive in today's global markets.

Dairy Cares is a statewide coalition supporting economic and environmental sustainability and responsible animal care. Our members include Bar 20 Dairy Farms, California Cattlemen's Association, California Dairies Inc., California Dairy Campaign, California Dairy Research Foundation, California Farm Bureau Federation, Dairy Farmers of America-Western Area Council, Dairy Institute of California, GHD, Inc., Hilmar Cheese Co., Joseph Gallo Farms, Land O'Lakes, Merck Animal Health, Milk Producers Council, Ruan Transport Corp., Western United Dairywomen, Yosemite Farm Credit and others. For information, visit DairyCares.com or call 916-441-3318.

At their centers, Dairy FARM and the groundwater monitoring coalition are both efforts designed to allow dairies and their allied businesses to work together collaboratively to meet a necessary goal, whether it is providing needed customer assurance or satisfying a government requirement, in the most cost-effective manner possible.

The bottom line is this: Dairy farming can't be sustainable unless it is also profitable. California dairy families are unique in their ability to maintain independent, family-run businesses, often for several generations. But to survive, these independent dairy families will need to continue to unite and work together through collaborative efforts such as Dairy FARM and the Central Valley Dairy Representative Monitoring Program. Only by working together to face the challenges of doing business in an increasingly complex market and regulatory structure can California dairy families maintain their independence and accomplish true sustainability – sustainability that includes the bottom line.

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