

ENFORCEMENT OF THE PMO SCC

This month marks my 10th year with Genske, Mulder & Co., LLP. You can become all too comfortable when you work in one place for that long. I came to expect that a domestic dairy industry would always be waiting for me when I walk through the doors in the morning. Sure we have had our cycles of good times and bad, but nothing quite like this. We embark on the eighth month of milk prices averaging 55% of the cost to produce, with virtually



no action taken to remedy the situation. As a matter of fact, to this point, any and all efforts made to turn our fortunes around at the cooperative level, or those at the federal level have amounted to nothing more than a band-aid for a bullet wound.

Gary Genske would tell me, "Anybody can prepare a tax return, and anybody can review a financial statement," what sets us apart is that we get to know our industry, and we make the fight for a greater share of the retail dollar, our fight.

For months now, Mr. Genske along with many other representatives of this nation's dairy producers have been working diligently to find some broadly agreeable solutions to our current crisis, only to have these suggestions ignored by the cooperative level. Aren't these people responsible for marketing your milk? At what time in the last eight months of losing \$4 per cow, per day was the situation acknowledged for what it is, market failure, by anyone other than the producers? And for that matter, in what business is such inaction in the face of such huge losses, not demand a change in leadership.

This article will be the first in a series that will address what actions our cooperative level could take to bring about both short term, and long term solutions to our current crisis. These points come directly from many producers, and their advocates. They were presented to, and to date have been ignored by the National Milk Producers Federation

Strategic Taskforce. Some proposals are more aggressive than others while some are simply demands for application of the laws we already have. The current article will begin with recommendations concerning somatic cell count.

Our market place is choked with a reported overabundance of milk. Whether this over production is a matter of excess domestic capacity, or disguised importation is a matter for another article. For now, what is critical in fixing this imbalance between supply and demand, is to eliminate excess supply. There is an opportunity here to realize some quality improvements, in not just our domestic supply, but in exportation, through proper enforcement of the rules governing somatic cell count for Grade "A" milk.

It has been reported that milk in excess of 750,000 somatic cell count, accounts for anywhere between 1-2% of the milk or milk products labeled Grade "A" in this country. This is the result of sub Grade "A" cows, not sub Grade "A" producers. The bulk tank is tested "approximately" monthly. If 3 of 5 consecutive samples test greater than 750,000, the Grade "A" license is suspended until corrections are made.

Consequentially, five months of milk crowd into the pool from cows that should likely have gone to beef already. The attitude that it is good enough to blend such milk with that of a higher quality, if that is indeed what happens, is not acceptable in the language of the Pasteurized Milk Ordinance (PMO). If the count is higher than 750,000, it isn't Grade "A", and if it is produced by a permitted

Grade "A" producer, or sold to, or exposed for sale to a cooperative as Grade "A" this is a violation, and this milk should be degraded.

Another item concerning our federally provided standards for milk, is that they are far more lenient than those of our industry's

biggest international competition. New Zealand, Australia, and many parts of Europe adhere to a somatic cell limit of 400,000, while our neighbors to the North have a 500,000 limit. There is no reason our limits could not be similar. One could suggest that our milk faces an international public perception challenge, especially considering the rarity at which I have seen somatic cell counts over 400,000 let alone 750,000.

I concede that 1-2% of milk supply reduction through proper enforcement of the PMO isn't going to solve our supply problems, but it may serve to increase the effectiveness of other programs designed to staunch the purported excess milk

flow. Enforcement of the rules governing somatic cell count is a small adjustment to our industry that could translate into fewer inventories, and improved consumer perception and confidence in the wholesomeness of our industries product. □

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FYI

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