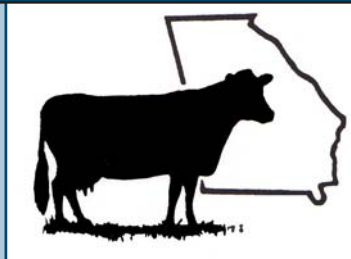


# GEORGIA MILK REVIEW

October 2008



## *AGRITOURISM 101: CONFERENCE COVERS HOW TO MARKET AGRICULTURE TO TOURISTS*

By Sharon Dowdy, University of Georgia

Farm business isn't just about raising cows, chickens and corn. From family-friendly corn mazes to on-farm demonstrations, Georgia farmers are finding new and unique ways to market their farms to tourists and keep their businesses from going into the red.

This new and ever-growing enterprise has been coined as agritourism and in 2006 it brought some \$27.1 million into the state's economy. Nature-based tourism brought in an additional \$50.8 million, according to the University of Georgia's Georgia Farm Gate Value Report.



To encourage and educate those interested in joining this field, UGA's Center for Agribusiness and Economic Development has organized an agritourism conference. Set for Nov. 5 – 6 at the Georgia National Fairgrounds and Agricenter in Perry, Ga., the conference will include sessions on starting a business, insurance and risk management, taxes and zoning, Web site development and evaluation, signage and marketing.

The conference will also include tours of agritourism operations. "Participants will meet successful owners/operators of agritourism venues, tour their facilities, listen as they share lessons learned, and network with other agritourism advocates," said Kent Wolfe, a marketing analyst with the UGA Center for Agribusiness and Economic Development. "This will provide potential operators a time to 'pick the brains' of those who operate best in class agritourism destinations."

Judy Randall of Randall Travel Marketing Inc. will serve as guest speaker for the conference. She will discuss national and international agritourism trends and benchmarks.

The conference is designed for both novice and advanced agritourism operators. While new business owners learn about the nuts and bolts of agritourism, current operators can attend brainstorming sessions on the pros and cons of the industry and learn how to identify programs that promote Georgia's rich variety of agritourism operations, Wolfe said.

There will also be a session geared specifically to agritourism professionals that work in agriculture, tourism, or community and economic development at the local, state or federal levels. The conference will include an exhibitor expo, social networking sessions and a regional resource round table. A round table including representatives from agencies, authorities and various governmental entities will talk about programs and funding available to agritourism owners and operators. For more information or to register for the conference, contact Wolfe at 706-542-0752 or Carla Woods at 706-583-0347.

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## DAIRY BRIEFS

# CWT FINISHES BUYOUT, REMOVES 24,860 COWS

**MILC Payments in 2009?** According to National Milk Producers Federation economist Roger Cryan, the relationship between feed costs and milk prices could trigger Milk Income Loss Contract program payments in 2009. As amended to include feed costs in the recent Farm Bill, the trigger price for the Class I price in Boston – which was \$16.94/cwt. under the old program – was nearly \$20/cwt. in June and is currently projected near or above \$19/cwt. for most of the next three years. (source: dairyline.com)

**Final preparations are underway to make this year's dairy exhibit at the Georgia National Fair in Perry a success.** Thousands upon thousands of children and adults visit the exhibit each year and enjoy over 25,000 half pints of white and chocolate milk funded by the Georgia ACCM. The dates for the 2008 Georgia National Fair are October 2-12, 2008.

If you are interested in volunteering for the exhibit, please give Farrah Newberry a call at 800-337-0555.



ARLINGTON, VA – Cooperatives Working Together has completed the farm audits of its fifth herd retirement round conducted earlier this summer, resulting in the removal of 24,860 cows representing 436 million pounds of milk.

At the end of the on-farm auditing process, CWT removed 203 herds in 37 states. It had received 607 bids from 41 states during the bidding process. As has been the case with its previous herd retirement rounds, most of the cows removed were in the western regions of the country.

This round also removed 275 bred heifers. The average accepted bid in this round was \$6.10 per hundredweight.

“As CWT has done since its first herd retirement in 2003, we took out the most milk we could while paying a reasonable price to the farmers whose bids were accepted. As always, we pay an average price that reflects current market conditions,” said Jim Tillison, Chief Operating Officer of CWT, adding that the average accepted bid in 2008 was slightly higher than in 2007, but lower than in 2005.

CWT auditors were sent to each of the farms whose bids were accepted. Once the information submitted by the farmers was verified, each of the cows was tagged with a special CWT identifier, and the farmers were given a brief amount of time to sell their cows for slaughter. Once tags are collected by CWT, and the sales receipts for the animals are verified, farmers are issued payment, and their names are posted on the CWT website. Some names have yet to be posted, but will be in coming weeks.

“We continue to monitor the economic health of the dairy industry, and CWT has the financial resources to act again with another herd retirement round, if and when conditions warrant,” Tillison said. (Source:www.cwt.coop)

Region	Pounds of milk	Farms Accepted	Number of Cows	Avg. Bid
Northeast	55 million	29	2, 776	\$6.06
Southeast	64 million	35	3,987	\$6.25
Midwest	70 million	76	4, 124	\$6.01
Southwest	85 million	36	5,180	\$5.98
West	162 million	27	8,793	\$6.35
<b>TOTALS</b>	<b>436 million</b>	<b>203</b>	<b>24,860</b>	<b>\$6.10</b>

The price tag was \$27 million but \$142 million remains in CWT coffers. When asked by dairyline.com if another herd removal might be held in 2008, Galen replied "CWT's export assistance continues but the committee continues to monitor the economic indicators of the dairy industry and if it feels it's prudent to conduct another herd retirement in 2008 or in 2009, it will do so."

Some have criticized the CWT for running a herd removal when milk prices were strong. Others say it hasn't done enough. Galen SAID "There's always going to be some Monday morning quarterbacking, but in the end, the program has to be operated like a business and done in a methodical way and I think the record will show that over the past five years we've had five herd retirements we've taken out a significant number of cows and milk at a reasonable price." (Source:dairyline.com)

# USDA FORECASTS SLIGHTLY LOWER PRICES IN '09



The Agriculture Department latest Livestock, Dairy, and Poultry Outlook issued September 19 says that, "While milk production continues to rise, the increases are small compared with recent years." Cow numbers are expected to decline in 2009, according to the Outlook, and production increases will come from slightly higher expected yields.

"Commercial use should pick up in 2009 compared with 2008," the report said, "but export prospects will be limited." Class III prices are forecast lower, while Class IV prices should climb slightly. The overall impact is for a slightly lower all milk price in 2008 compared with last year and a lower price in 2009 compared with this year.

The milk production forecast was raised slightly in September from last month as cow numbers were adjusted to continued herd growth. Cow numbers are projected to average 9,260-thousand head for 2008. Next year, herd size is forecast to contract to 9,235-thousand head. The forecast decline is based on expected higher feed costs and lower milk prices. Cow slaughter is higher than a year ago and replacement prices lower.

Production is expected to rise incrementally to 190.8 billion pounds in 2009, less than a 1-percent rise from 2008's estimated production. The increase is based on gains in production per cow, which are estimated to average less than 1 percent in 2008. However, the milk per cow increase forecast for 2009 will be the smallest since 2004.

It appears that higher feed prices and lower product prices are continuing to have an impact on the rate of increase in milk production, since the rate of increase in output per cow has been declining since 2005. That the impact has not developed more rapidly suggests that many larger operators may have lowered break-even points in recent years.

Demand growth across all major products appears to be slowing. Cheese and butter production in 2008 lead last year's totals on a year-to-date basis. This month's forecast shows higher expected stock levels on skim-solids basis, indicating softening demand for butter and powder products. A slowing domestic economy has stressed the restaurant sector, which along with higher food and energy prices, is dampening cheese demand.

Butter and nonfat dry milk (NFDM) had benefited from strong export sales, but exports are forecast to taper off toward the end of 2008 and decline slightly in 2009. A slowing global economy, the dollar strengthening against the Euro and other currencies, and increasing foreign production underpin the export forecast. Of special note, is that declining oil prices may affect a number of major NFDM importers (Mexico and Algeria among others).

While slower milk production growth should limit price declines, softening demand both domestically and internationally contributes to lower prices for the balance of 2008 and into 2009 compared with 2007. The cheese price is forecast at \$1.905 to \$1.925 per pound this year and to decline to \$1.840 to \$1.940 per pound in 2009.

Butter prices, which have been near record highs this year, are projected to average \$1.405 to \$1.445 per pound in 2008 and decline to \$1.350 to \$1.480 per pound next year. Slower exports take a toll on NFDM prices both this year and next, as the annual price is expected to average \$1.375 to \$1.395 per pound in 2008 and \$1.455 to \$1.525 per pound in 2009. Whey prices, in the doldrums after 2007 highs, are expected to average 26.0 to 28.0 cents per pound this year and increase fractionally in 2009 at 26.0 to 29.0 cents per pound.

(Source: USDA, [dairyline.com](http://dairyline.com))



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# UPDATE ON DHS AND SOCIAL SECURITY NO-MATCH LETTERS

By Michael C. Saqui and Anthony P. Raimondo - [www.westernuniteddairy.com](http://www.westernuniteddairy.com)

Employers may receive a trick or a treat this year. A status conference scheduled for September 12, 2008, was vacated and rescheduled for October 31, 2008. On October 10, 2007, the U.S. District Court for the Northern District of California issued a preliminary injunction in *AFL-CIO, et al. v. Chertoff, et al.* The preliminary injunction enjoins and restrains the Department of Homeland Security and the Social Security Administration (SSA) from implementing the controversial Final Rule entitled "Safe-Harbor Procedures for Employers Who Receive a "No-Match" Letter."

The Final Rule would amend the regulations relating to the unlawful hiring or continued employment of unauthorized aliens. The amended regulation outlines steps an employer would be required to take in response to receiving a no-match letter from the Social Security indicating that an employee's name does not match the social security number on file. If the business completed various actions to rectify the no-match within 90 days of receiving the letter, the business would have a safe harbor from the no-match letter being used against them in an enforcement action. Specifically, upon receipt of a nomatch letter, employers would be required to:

1. Verify within 30 days that the mismatch was not the result of a record-keeping error on the employer's part.
2. Request that the employee confirm the accuracy of employment records.
3. Ask the employee to resolve the issue with SSA.
4. If these steps lead to a resolution of the problem, follow instructions on the no-match letter itself to correct information with SSA, and retain a record of the verification with SSA.
5. Where the information could not be corrected, complete a new I-9 form without using the questionable social security number, instead using documentation presented by the employee that conforms to the I-9 document identity requirements and includes a photograph and other biographic data.

Employers unable to confirm employment eligibility through these procedures would risk liability for violating the law by knowingly continuing to employ unauthorized persons.

## UPCOMING EVENTS

### October 2-12, 2008

Georgia National Fair, Perry, Georgia. Come visit us at the dairy exhibit!!

### October 14-16, 2008

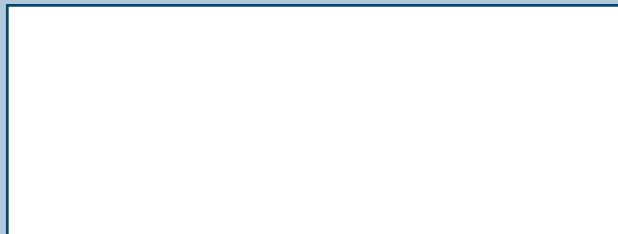
Sunbelt AG Expo, Moultrie, Georgia

### November 12-13, 2008

SE Dairy Herd Management Conference at GA Farm Bureau Bldg. in Macon, GA

### Feb. 2-3, 2009

2009 Georgia Dairy Conference at King and Prince Beach Resort at St. Simons Island, GA.



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