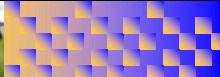


Milk Recording in Canada

NADMA & ICAR Meetings – Niagara Falls, USA

June 17, 2008

Richard Cantin
CanWest DHI
Guelph, Ontario - Canada



Agenda

History of Milk Recording in Canada

Overview of Current DHI Organizations

Service Delivery

- Field Services
- Laboratories
- Record Processing

Summary



History of Milk Recording in Canada

1905 Federal Government establishes national program

1950's Provincial Governments establish programs (DHI)

1980's Provincial DHI programs are privatized (producer run cooperatives)

1980's & 1990's

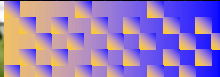
Federal program amalgamates with provincial DHIs

DHIs puts higher focus on Herd Management Services

2000 National Record Processing Centre

2004 Western Canadian DHI merges with Ontario DHI

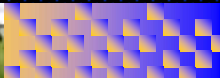
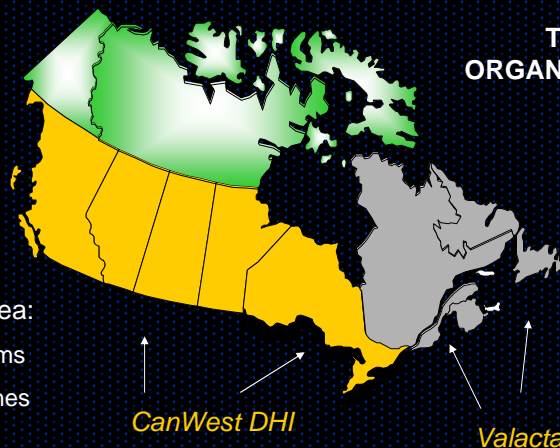
2008 Atlantic DHI merges with Valacta (Quebec DHI)



Milk Recording in Canada: 2008

TWO ORGANIZATIONS

Service Area:
> 5,000 kms
5 time zones



Agenda

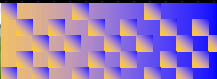
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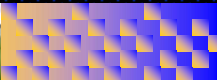


Ownership of Organizations

CanWest: Farmer Owned Corporation

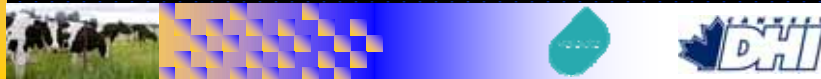
Valacta: Joint Ownership

1. Producer Association (majority)
2. Quebec Ministry of Agriculture
3. McGill University



CanWest DHI & Valacta

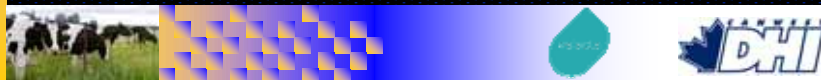
- Non-Profit Mandates
- Farmer Directed and Governed
- Specialize in Milk Recording and Herd Management Services
- Types of services offered are similar
- Operate in 2 languages (English & French)



Canadian DHI

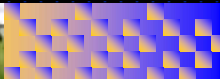
Informal organization of two partners to...

- Establish & Monitor Milk Recording Guidelines for Canada
- Oversee operation of the Data Processing Centre
- Interact with Industry Partners (GE, AI, Breeds...etc)



Overview

	<i>CanWest</i>	<i>Valacta</i>	<i>Canada</i>
# of Employees	200	295	495
Field Staff	140	225	365
# DHI Herds	4,500	5,900	10,400
# DHI Cows	380k	335k	715k



Overview of Milk Recording

Demographics...

- 10,400 herds → 70% - 80% Market Share
- 715,000 cows → 75% - 85%+ Market Share
- Average Herd Size → 70 cows
- Small to Large herds → 25 to 1000+ cows
- Tie Stall : Parlour → 65:35 (regional differences)
- Holstein Breed → 90%+



Agenda

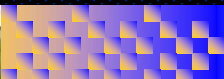
History of Milk Recording in Canada

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Service Delivery

- Field Services
- Laboratories
- Record Processing

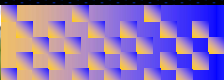
Summary



Service Delivery

Field Services...

- Large # of Field Staff (350) & Regional Managers
- All field staff are CanWest/Valacta direct employees – No independent or local associations
- By far, Field Staffing & Field Service delivery is largest part of operations



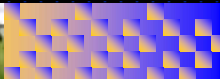
Service Delivery

Field Services...

- Each Staff will have 20-60 herds in territory
- 10-12 tests/herd/yr (55% AM/PM – regional differences)

Staff may provide milk wt and sample collection
or...

Herd owner does own wt and sample collection



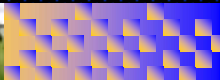
Service Delivery

Field Services...

- 'Publishable' Service (10 tests/yr minimum)
 - Recognized by Breed Associations
 - DHI staff supervises the test/sample collection
- Management Service with DHI Labour (flexible)
- Management Service as Owner Sampler (flexible)

CanWest: 20% Owner Sampler

Valacta: 60% Owner Sampler



Service Delivery

Field Services...

In Canada...

75% - 80% of DHI Herds participate in Herd Book Registrations and have data that contributes to Genetic Evaluations

For a fee, Field Staff will assist with...

- Electronic Registrations of Animals to the Herd Books (ie. Holstein Canada)
- Functional Traits data collection (Calving ease, milking speed, temperament, disease data)



Service Delivery

Metering & Sampling Devices...

- Majority are mechanical meters (Tru Test, Waikato meters with sample flask)
- Weigh Jars – Western Canada
- Significant number of Electronic Meters & Samplers in parlour herds (various brands)
- Small but growing Robotic Milking Units

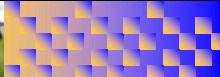


Service Delivery

Data Collection & Data Flow...

- ALL data (cow status, events, milk wts...etc) is captured on test day by staff (keyed or electronic) and uploaded to Processing Center
- NO direct upload from farm to Processing Center

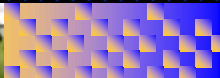
Majority of Edits, at the farm BEFORE upload to Processing Centre



Service Delivery

Data Collection & Data Flow...

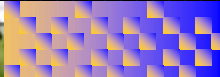
- Use of on farm Herd Management Software is growing (herd size dependent)
- Both organizations sell and support Herd Management Software for farm and advisor applications, which is same as used by Field Staff
- Ability for Field Staff to provide extensive Herd Management Reports on test day



Service Delivery

Data Collection & Data Flow...

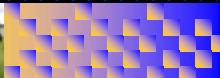
- 98%+ of herds have their data go to Processing Centre
- Very few herds with 'Lab Only' service



Service Delivery

Sample transport to laboratories...

All samples are preserved (bronopol) and overnight shipment with courier companies (Purolator, DHL...etc) from Field Staff, direct to lab



Service Delivery

DHI Fees... Mostly Producer Funded

Based on 'Charge me for what I use Principle'... from a customer point of view

AND

Also based on what it actually costs to deliver the service... from the company's point of view



Service Delivery

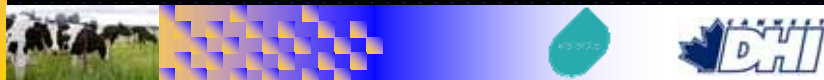
4 Fee System...

- 1) Herd Fee
- 2) Call Fee
- 3) Cow Fee
- 4) Hourly Fee

Plus 'Options'

Equitable & Fair pricing for herds of all sizes and service levels...

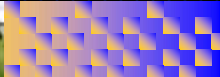
Very close to the actual cost of delivering service...



Service Delivery

Canadian Laboratories...

- DHIs operate 4 labs & contract with 2 labs
- DHI & Payment/Quality in 5 of 6 labs
- Sample volumes are modest in some locations
- Vast Geography is the Bottleneck
 - Turn around time
 - Sample transportation costs
- Accredited by Canadian Standards Council



Canadian Laboratories



• DHI Owned

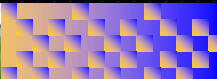
• Contract



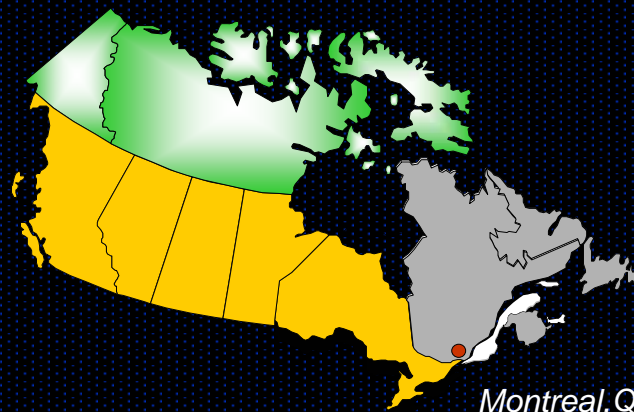
Service Delivery

Record Processing...

- One National Processing Center
- Leading edge Record Calculation (MTP) and Herd Management Reports
- Joint Ownership & Operation – Canadian DHI (CanWest & Valacta)
- 7.2 Million Cow Tests/Year

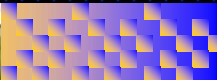


Canadian Record Processing



Montreal, Quebec

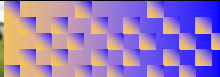
715k cows



Canadian Record Processing

Single Record Processing...

- Economies of Scale - It's a volume game!
- 'Critical Mass' for Operations & Development
- Costs are shared on per record basis



Unique Features...

Valacta

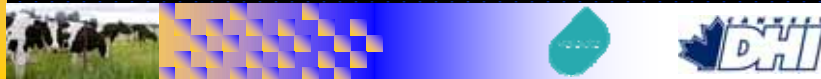
- Advisory Services...
 - 1 on 1 at farm (feeding management, milk quality, expansion...etc)
 - Herd Management Seminars
- Forage Analysis Lab



Unique Features...

CanWest

- ELISA milk test (Johne's & Leukosis)
- Meter Rental & Repair Service
- 2 Provinces have unionized field staff



Agenda

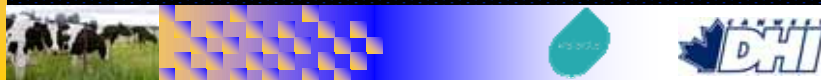
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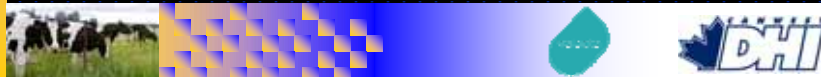
- Milk Recording in Canada has a long history - 1905
- Started as National/Provincial government initiatives
- Last 15 years, consolidation...

Today - 2 Producer owned Organizations

Valacta – Eastern Canada

CanWest DHI – Western Canada

- Services offered are typical milk recording services, and innovative herd management services



Summary

- Market Share is fairly high
 - 70% - 80% of herds
 - 75% - 85% of cows
- 6 labs total (4 owned – 2 contract)
- Single Processing Centre – Joint Ownership
- Canadian DHI... Cooperation over the years has been a real strength for Milk Recording

