

NEWSLETTER

Vol. 12, No. 5 - December 2011

SNF Policy Approved

Based on a recommendation from the P5 Quota Committee, all P5 Boards have approved a common SNF:BF policy. As reported at our Fall Regional Meetings, the P5 is moving toward a common producer-level policy for ensuring that SNF (solids-non-fat) produced across the provinces is matched with actual market demand. Mounds of structural surplus and limited export room mean that leftover skim milk powder is sold to animal feed manufacturers at rock-bottom prices. Producer returns were in the \$10/hl range for the skim milk going into this class last year. All Canadian producers pool this lower return. Reducing the SNF in milk deliveries by increasing the BF test of raw milk will help address this problem. Another part of the solution is finding ways to redirect skim milk from drying plants into other domestic products such as cheese and yogurt. Several initiatives are being discussed. All five provinces will adopt the policy by no later than August 1, 2014; however, several provinces plan to adopt it sooner. This phased approach worked well for adopting the \$25,000 quota cap and other key elements in overall quota policy harmonization. SNF, along with butterfat, is an important milk component, but when it is in excess, there are limited market options. By increasing BF, producers can fill their quota with less volume of milk, which reduces the SNF delivered. Our provincial BF test has increased over the last three years from 3.88 kg/hl to 3.90 kg/hl to 3.96 kg/hl. This has reduced our SNF:BF ratio. More information on this common policy will be presented at our Annual Meeting in January. The Board has committed to pursue this policy and develop an implementation plan early in 2012.

CFIA Biosecurity Survey

CFIA is conducting a survey on the acceptance of biosecurity by the public. Many DFNS members will receive this survey. Please take a few moments to complete it, and mail it back in the envelope provided. This will ensure that the dairy perspective is well represented in the results.

Industrial Milk Pricing

The Canadian Dairy Commission recently announced a 1.5% increase to their support prices, which are used by all provinces to set the raw milk price for industrial milk. Therefore, the price for milk going into cheese, butter, yogurt, and ice cream will increase by this amount effective February 1, 2012. This increase reflects increasing costs of producing milk. Industrial milk accounts for approximately 65% of all milk shipped within the P5. When combined with the previously announced 0.7% decrease in the fluid milk price for the same date, P5 producers should expect a small net increase of approximately \$0.40/hl, or 0.5% in the blend price. Other factors affecting actual returns will be milk utilization changes by processors, varying farm components, and the impact of special class prices. When reviewing milk revenues for 2011, producers are reminded to also include the two CDC refunds. These refunds should be considered part of milk revenues since they are primarily generated from the purchase and sale price for domestic animal feed. Anyone wishing to review the milk pricing calculations is welcome to contact DFNS staff.

UPCOMING EVENTS & DEADLINES:

December 26 & 27, 2011.....Office Closed
January 2, 2012.....Office Closed
January 18, 2012.....Quota Exchange Deadline
January 25, 2012.....Quota Lease Deadline
January 25-26, 2012.....AGM, at Glengarry in Truro

The Board and Staff of DFNS wish all producers and their families a Merry Christmas and all the best for a healthy and prosperous New Year! We hope you have a safe and happy holiday season.

2011 Outstanding Young Farmers

Congratulations to Geoff and Jennifer Bishop on being chosen as one of Canada's 2011 Outstanding Young Farmers! Geoff and Jennifer own Bishop Farms Ltd., a 160-cow operation, and their passion and commitment to our industry is a fine example of agricultural stewardship. We wish them continued success with their innovative operation.

Results of the December 2011 Quota Exchange
This exchange was subsequently prorated 4.61% for buyers.

Kilograms		Producers	
		Buying Quota	32
Purchased (<i>actual</i>)	14.73	Offering to Buy	32
Offered to Purchase	319.77	Selling Quota	2
Offered to Sell	14.73	Offering to Sell	2

Price	Offers to Sell (kgs)	Cumulative Sales	Difference	Cumulative Buys	Offers to Buy (kgs)
\$25,971.00	11.13	11.13	-308.64	319.77	0
\$25,972.00	3.6	14.73	-305.04	319.77	319.77

Dairy Services Lab Results
November 2011

Loop Plate Count (LPC)

Count	Samples	Percent
<25,000	229	93.85
25-50,000	10	4.10
>50,000	5	2.05
TOTAL	244	100.00

97.95% meet provincial standard Avg. LPC – 8,660

Somatic Cell Count (SCC)

Average SCC – 235,619

Lab Pasteurized (LP)

Count	Samples	Percent
<750	232	95.47
>750	11	4.53

95.47% meet provincial standard

Adulteration (added water and/or antibiotics)

Water (Farm Tanks)	2
Antibiotics (Tankers)	0

P5 QUOTA EXCHANGE RESULTS

	Clearing Price
PEI.....	\$26,125
New Brunswick	\$24,900
Ontario.....	\$25,000
Quebec.....	\$25,000

The deadline for the next quota exchange is
January 18, 2012, at 4:30 pm.
Results will be available on January 19, 2012.

Supply Management Fights Back

There have been numerous media reports, newspaper articles, and other forms of criticism aimed at supply management in the past few months. Dairy Farmers of Canada has led a counter-attack with press releases and a flurry of letters to newspaper editors to ensure that the federal Ministers of Agriculture and Trade are both on side with positive messages of support. While the accusations are nothing new, the volume (both frequency and loudness) is. First it was the Canadian Restaurant and Food Service Association complaining about the cost of milk and cheese. DFC countered with the facts that dairy farmers receive about twenty-one cents from a \$2 glass of restaurant milk, and Canadians spend ten percent of their personal disposable income on food (one of the lowest in the world), including only 1.5% on milk and dairy products. Then along came the removal of the Canadian Wheat Board's monopoly powers. DFC again laid out the facts that supply management is very different from the CWB. Supply management is a national domestic marketing plan, versus a prairie-only export plan. Only a portion of prairie grain farmers supported the CWB while supply management is applied, and they enjoy producer support across the country. Then the federal government wanted to join the TransPacific Partnership trade group. Those opposed to supply management felt it would, or should, be traded away, paving our way into the TPP.

The Harper government came out firmly in support of supply management (again), restating that Canada has successfully negotiated many bi- and multi-lateral trade deals without their ongoing support for supply management getting in the way. Locally, our Chairman submitted a letter to the *Chronicle Herald*, which was one of many producer testimonials across the country. Producers should be proud of their accomplishments in forming and maintaining supply management. The system continues to evolve with support of innovative products and meeting a growing and changing market demand. Supply management is a good deal for all Canadians. The right amount of milk is produced on efficient farms, processed into high quality, safe, and affordable milk and dairy products for consumers without a penny of tax dollar subsidies.



Project Updates

This past year, DFNS has undertaken several new projects on behalf of producers. Recently, we finished a joint effort with Dairy Farmers of Ontario to calibrate bulk milk tanks on eighty-seven farms. These farms were identified as being on the highest dipstick-to-meter shrink routes in 2010. As expected, the majority of the tanks were found to contribute to provincial shrink. New conversion charts have been generated and distributed for all calibrated tanks, and we will be monitoring the provincial shrink data in early 2012. Based on that information, the Board will be considering if and when the remaining tanks in the province should be calibrated. DFNS appreciates the efforts of DFO staff, provincial transporters, and the producers involved in this project.

The Atlantic Johnes Disease Initiative has been actively promoted since the summer. Uptake has been steady, but we are still short of our fifty percent enrolment goal. We encourage all Nova Scotia herds to enroll on this free program, which involves analyzing a farm environmental manure sample, and meeting with a trained veterinarian to review your farm's management practices. Enrolment information is available on the DFNS website or from the office.

We are entering the middle year of a three-year program to monitor iodine content in on-farm milk samples. Last year, the majority of farms tested were within the desired limit. Some farms were re-tested, and the results are encouraging. A useful information package is sent to all farms indicating the common sources of iodine on dairy farms, and steps to ensure milk produced falls within desired levels.

For more information on any of these projects, please do not hesitate to contact your DFNS Director or the office.

CQM Follow-Up:

Please send your self-declarations or corrections to Gloria by email at gmartin@dfns.ca or fax 897-9768.

FCC Dairy Workshops

FCC is hosting two Dairy Workshops in January at the **Inn on the Lake** in Fall River. January 10, 2012, "Maximizing Profitability: Financial Budgeting Workshop." January 18, 2012, "Optimizing Dairy Revenue." Both workshops are offered at no cost. For more information and to register, please visit www.fcc.ca/learning, or call 1-800-387-3232.

Annual Western Canadian Dairy Seminar

The 30th Annual Western Canadian Dairy Seminar is being held March 6-9, 2012, in Red Deer, Alberta. Further details and online registration are available at www.wcds.ca.

Second New Entrant Approved

Our 2011 New Entrant, Frank P. and Lena Dueck, from Upper Kennetcook, has been approved to begin dairy farming. Once licensed, the Duecks will be eligible to purchase quota on the exchange during a twelve-month quota acquisition period (calendar year 2012). During this time, they will have preferential access for up to the first twelve kg offered for sale. The Board matches quota purchased, up to twelve kg, for a period of five years, after which the loaned quota is returned at one kg/year. Congratulations to the Duecks!

AGM Invitation

All producers and guests have recently received an invitation to our Annual Meeting in January 2012. Please complete and submit the registration form as soon as possible so that hotel arrangements can be finalized. This year's Annual Meeting will see the return of a closed session for producers, along with presentations from national and provincial organizations. Producers attending the meeting will be asked to vote in favor of a promotion levy increase. The current promotion investment is \$1.30/hl, with ten-cent increases in August 2012 and 2013 being recommended by the Board.

Other items of interest will be a variety of current and future policy issues. These include SNF:BF Policy, new quota exchange procedures, P10 pooling, and further steps towards P5 harmonization. Outgoing Directors Russell Ward and Phillip Vroegh, and milestone Excellence Award winners will be recognized at the banquet. Mark your calendar, send in your registration form, and plan to participate!



TPQ Lease Agreement

Suite 100, 4060 Highway 236
 Lower Truro, NS B6L 1J9
 Phone: (902) 893-6455
 Fax: (902) 897-9768
 Web: www.dfns.ca

THIS LEASE made _____ day of _____, A.D., 20__

BETWEEN: _____ DFNS Reg. # _____ 2
 hereinafter called the "LESSOR" (Lender of the quota)

- and -

_____ DFNS Reg. # _____ 2
 hereinafter called the "LESSEE" (Borrower of the quota)

AGREEMENT

The Lessor and the Lessee agree that:

1. The Lessor shall lease to the Lessee _____ kilograms of daily Total Production Quota (TPQ)
2. The lease term shall commence on the first day and terminate on the last day of _____ (month).
3. The Lessee shall pay to the Lessor \$_____ per kilogram per day for milk quota leased, payable as described below:

4. This lease is not assignable.
5. This lease shall bind the heirs, executors, administrators and successors of each of the parties.

 Signature of LESSOR

 Date

 Signature of LESSEE

 Date

IMPORTANT NOTES

Leases will be for a one-month duration and will expire at the end of the month, so any adjustments to provincial TPQ do not apply to leases.

Quota may be leased in denominations of tenths of a kilogram.

A producer can lease in or out up to a maximum of 25% of the sum of current owned and non-saleable TPQ holdings.

A producer cannot be both a lessor and a lessee during the same month.

Only leases applying to the current month will be accepted.

DFNS is not responsible for receipt of lease forms mailed or faxed to our office. **IT IS THE PRODUCER'S RESPONSIBILITY TO CONFIRM RECEIPT.**

DEADLINES

Completed lease forms must be delivered to the DFNS office no later than 4:30 p.m. on the fifth (5th) last business day of the month in which the lease will be effective.

Lease Month	Deadline
November	November 24, 2011
December	December 28, 2011
January	January 25, 2012
February	February 23, 2012

AUTHORIZED BY _____
 on behalf of Dairy Farmers of Nova Scotia this ____ day of _____, 20__.



Quota Exchange Offer

(Revised June 2010)

Suite 100, 4060 Highway 236
 Lower Truro, NS B6L 1J9
 Phone: (902) 893-6455
 Fax: NOT ACCEPTED
 www.dfns.ca

(month)

Registered Producer Name: _____

Address: _____ Phone: _____

DFNS Registration Number: _____
 (five digits)

OFFERS TO BUY	BUYERS FEE SCHEDULE
	\$11.50 (\$10 + \$1.50 HST) per offer
_____ kgs of TPQ per day @ \$ _____ per kg	
_____ kgs of TPQ per day @ \$ _____ per kg	
_____ kgs of TPQ per day @ \$ _____ per kg	
Cheque Amount(s): \$ _____	

OFFERS TO SELL	SELLERS FEE SCHEDULE								
	<table border="1"> <thead> <tr> <th>Amount Offered</th> <th>Fee Per Offer</th> </tr> </thead> <tbody> <tr> <td>1 kg or less</td> <td>\$115 (\$100 + \$15 HST)</td> </tr> <tr> <td>1.01 – 10 kg</td> <td>\$230 (\$200 + \$30 HST)</td> </tr> <tr> <td>More than 10 kg</td> <td>\$345 (\$300 + \$45 HST)</td> </tr> </tbody> </table>	Amount Offered	Fee Per Offer	1 kg or less	\$115 (\$100 + \$15 HST)	1.01 – 10 kg	\$230 (\$200 + \$30 HST)	More than 10 kg	\$345 (\$300 + \$45 HST)
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1 kg or less	\$115 (\$100 + \$15 HST)								
1.01 – 10 kg	\$230 (\$200 + \$30 HST)								
More than 10 kg	\$345 (\$300 + \$45 HST)								
_____ kgs of TPQ per day @ \$ _____ per kg									
_____ kgs of TPQ per day @ \$ _____ per kg									
This quota is currently assigned to:									

Name of Lending Institution(s)									

Name of Lending Institution(s)									

IMPORTANT NOTES

Bids in excess of the MCP cap (see table at right) will be returned and **NOT** included in the Quota Exchange; service fees will be retained by DFNS.

Quantities offered for sale or purchase may be in hundredths of a kilogram. Prices must be for a whole kilogram.

Each licensed producer may submit a maximum of five (5) offers to either buy or sell on each exchange.

Only offer forms applying to the current exchange will be accepted; other forms will be returned. Forms received by fax are not acceptable.

Offers to buy must not exceed 10% of the producer's total quota at the time the offer is submitted (exception for new producers).

Offers to buy must be accompanied by a cheque for the full amount of the purchase offer, as well as a **separate cheque** for the applicable service fee (including 15% HST).

Please make your cheque(s) payable to: Dairy Farmers of Nova Scotia.

It is the producer's responsibility to confirm receipt of offers by DFNS.

MCP Cap Reduction Table	
Jul-2009	\$30,000
Aug-2009	\$29,861
Sep-2009	\$29,722
Oct-2009	\$29,583
Nov-2009	\$29,444
Dec-2009	\$29,306
Jan-2010	\$29,167
Feb-2010	\$29,028
Mar-2010	\$28,889
Apr-2010	\$28,750
May-2010	\$28,611
Jun-2010	\$28,472
Jul-2010	\$28,333
Aug-2010	\$28,195
Sep-2010	\$28,056
Oct-2010	\$27,917
Nov-2010	\$27,778
Dec-2010	\$27,639
Jan-2011	\$27,500
Feb-2011	\$27,361
Mar-2011	\$27,222
Apr-2011	\$27,084
May-2011	\$26,945
Jun-2011	\$26,806
Jul-2011	\$26,667
Aug-2011	\$26,528
Sep-2011	\$26,389
Oct-2011	\$26,250
Nov-2011	\$26,111
Dec-2011	\$25,972
Jan-2012	\$25,834
Feb-2012	\$25,695
Mar-2012	\$25,556
Apr-2012	\$25,417
May-2012	\$25,278
Jun-2012	\$25,139
Jul-2012	\$25,000

* See Section 20(1) of DFNS Total Production Quota Regulations.

Please refer to our newsletter or www.dfns.ca for deadlines.

Signature(s): _____

Date: _____

ALL offers MUST be signed by the registered quota holder. In the case of a corporate quota holder, the offer must be signed by the designated signing officer(s).

FOR DFNS OFFICE USE ONLY

Service Fee:

cash

cheque # _____ Amt: \$ _____

Purchase Offer:

Chq # _____ Amt: \$ _____

Chq # _____ Amt: \$ _____

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rscothorn@eastlink.ca

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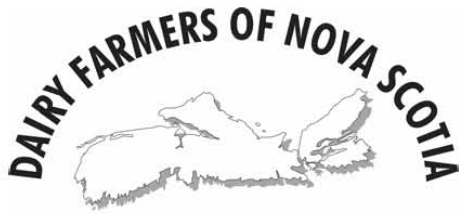


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2010-11 DFNS Excellence Award Winners

ANNAPOLIS

A & J Bent Farms Ltd. – 5 Years
Granvalley Farm
K & J Farms Limited
Charles R. Lewis
Lone Willow Farm Incorporated

ANTIGONISH

Allan MacDonald
Donald P. and Karen MacDonald
Laughlin MacDonald
Allister McCarron – 25 Years
Misty Hills Farm Limited
Silver Maple Dairy Farm Limited
Harry & Joanne Van der Linden
Michael J. Vermeer
West River Holsteins

COLCHESTER

Canning Farm Limited
Charles Hill & Son Limited
Curtmar Farms Ltd.
Folly River Farms Limited
Keith Fulton
James & Colin Kent
Millview Farms
N.S.A.C. Farm, Farm Manager
Pitchbrook Farms Limited
Roguniel Farm Limited
S.R. Devries Dairy Farm
Scenic Valley Farm Limited
Wharf Road Farms Limited
Havey M. Whidden
Lloyd Yuill

CUMBERLAND

Bacon Farms Limited
Fred & Angus Cameron
Northumberland Dairy Farm
Tulip Farm
Van Vulpen Farms Limited

GUYSBOROUGH

Ian McKeen

HANTS

Barneybrook Farms Limited – 15 Years
Owen L. Blois
Bonderosa Farms Limited
Boundary Lane Farms Ltd.
Courthouse Hill Farm Limited
Huybers Dairy Farm Limited
Martin & Cornelius Penner
Paul Taylor & Bill Munroe
John G. Suidgeest
Sunny Point Farms Limited
John J. van de Riet

HALIFAX

Belland Farms Limited
Hillpeak Farms Limited

INVERNESS

Gary S. Benison
Brookvilla Farms
Lake Mabou Farms Limited
D. & C. Lake-Thompson

KINGS

Ben J. Harbers & Sons Farm Ltd.
Biggs Farms Ltd.
Curry Knoll Farms Limited
Dabro Farms Inc.
Bernard J. Gerrits
James H. Lamb Farms Limited
Patterson Farms Ltd. – 5 Years
Richard Rand – 5 Years
Windcrest Farm – 10 Years

PICTOU

Donald G. MacDonald
Trebtor Farm

YARMOUTH

Churchill Bros. Farm Limited

In order to receive the Dairy Farmers of Nova Scotia Excellence Award, a producer must have:

- *a bacteria count of less than 20,000/ml for eleven out of twelve months;*
- *a somatic cell count average of less than or equal to 200,000/ml for the dairy year;*
- *a farm inspection score from the NSDA of 94 or higher;*
- *an appearance score on the farm inspection report of five or higher;*
- *no added water or antibiotic infraction during the dairy year; and*
- *be registered with the CQM Program*

These awards are based on milk shipped during the August 2010-July 2011 dairy year.



Milk Production and Pricing

by Esben Arnfast, Finance and Systems Administrator

Nova Scotia's milk production has fallen behind last year's daily production by about 1% on a volume basis; however; overall butterfat production remains within 0.4% of last November's production. The average provincial raw milk butterfat test reached its highest level ever at 4.0831 kgs/hl. Since August 2010, the provincially-allocated quota has increased by 3% so, with less production than quota, producers on the whole have continued to move down in terms of the farm's utilized tolerance (also known as production flexibility, or "sleeve"). Currently, the provincial average is -10.2 days within the -30 and +10 day range. This has also meant that Nova Scotia is below the -2% lower limit in terms of the province's continuous quota position. When this happens, there is no direct financial penalty, but it does mean foregone production potential for the whole province.

Producers will notice the previously announced 2% increase in their farm's quota allocation for the month of December on their November producer reports. Also, the Additional Production Days for December (two days) and January (one day) are strong signals designed to stimulate additional milk production. The November transportation rate declined slightly from \$2.62/hl to \$2.58/hl. The average in-quota milk price for November increased for the second consecutive month to \$83.43/hl, bettering October's well above average price of \$81.66/hl.

Normally, the higher pooling adjustment of approximately \$736,000 would result in a lower average milk price; however, it was offset by improved utilization with no skim milk powder sold at animal feed prices. The milk price increase could be viewed as mainly attributable to improved raw milk composition. Higher butterfat and protein tests result in more components available for utilization by processors for each litre of raw milk. For the following month it is expected that the pooling adjustment could be quite high based on November's utilization. Also, it is unlikely that the high value of November's utilization can be maintained. Both of these factors will put downward pressure on the average in-quota milk price in future months. Producers are reminded to consider their total year's milk income, including the past two CDC surplus refunds.

Continuous Quota Positions

Provincial positions at the end of October, expressed in percent of total annual quota, are shown below. The Western Milk Pool is at the pool lower limit of -1.5% which means all four provinces experienced some unrecoverable. The total unrecoverable was 88,845 kg BF. NS also slipped below the -2% provincial lower limit by 6,464 kg BF. The P5 pool is at -1.46%, close to the pool lower limit of -1.5%. It remains critical to increase milk supplies this winter to help supply the market and replenish butter stocks.

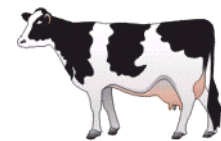
Alta.	- 1.50%	Sask.	- 1.50%	Ont.	- 1.45%	NS	- 2.00%	PEI	- 0.91%	P5	- 1.46%
BC	- 1.50%	Man.	- 1.50%	Que.	- 1.48%	NB	- 0.79%	NL	- 3.70%	WMP	- 1.50%

Milk Marketing Report November 2011

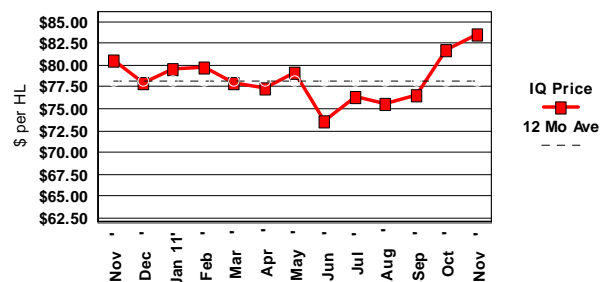
PRODUCTION	2011	2010
Average Litres/Day	452,077	457,610
Average kg Butterfat/Day	18,459	18,542
Average Composition, kg/hl		
Butterfat	4.0831	4.0519
Protein	3.3818	3.3542
Other Solids	5.6657	5.6673
Bulk Haulage (\$/hl)	2.58	2.55

PRODUCER PRICES	Butterfat (\$ per kg)	Protein (\$ per kg)	LOS (\$ per kg)	Avg. per HL
November In-Quota	11.4622	7.6643	1.8898	83.43
November Over-Quota	0.0000	0.0000	0.0000	0.00
December Over-Quota	0.0000	0.0000	0.0000	0.00

TOTAL ACTIVE PRODUCERS
240



**NS Average In-Quota Producer Price
Per HL basis**



Fluid Utilization Percentage

