

NEWSLETTER

Vol. 12, No. 6 - January 2012

Additional Production Days Fall 2012

Based on a recommendation from the P5 Quota Committee, all P5 Boards have approved nine incentive days for this fall. Producers will be issued non-cumulative Additional Production Days as follows: two days each month for August, September, and November 2012, and three days for October 2012. These days are issued to help flatten out the seasonal production curve by stimulating more fall milk production. There is no current recommendation to adjust production signals to producers for the rest of this winter and the spring. The P5 Quota Committee continues to monitor market and milk production trends. Producers are encouraged to contact the DFNS office for assistance in calculating the impact of this announcement.

Yards and Lanes...Your Responsibility!

Dwane Mellish, Operations Officer

During winter and spring, we see an increase in problems related to farm-yard access. Snow must be cleared so the bulk milk truck can have access, and ice must be dealt with using sand and/or salt. Sometimes this can present a challenge. On more than one occasion, transporters have had to foot the bill for expensive tows due to improperly managed laneways. If producers do not comply with requests for improvement, the problem will be brought to DFNS for resolution.

UPCOMING EVENTS & DEADLINES:

February 17, 2012.....Quota Exchange Deadline
February 23, 2012.....Quota Lease Deadline
March 6-9, 2012.....Western Canadian Dairy Seminar
March 27-29, 2012.....Dairy Focus, Old Orchard Inn

CQM Follow-Up:

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

National Meeting Report

Several national meetings were held in Ottawa in mid-January to deal with many issues. The Canadian Dairy Commission has altered the rules governing how and when they purchase butter to help balance supply with demand, and to negate the impact of seasonal production and sales. These changes should help "re-fill" the butter stocks held by the CDC to normal levels, while processors manage their private butter stocks. Despite all provinces producing below their twelve-month continuous quota, milk production is strengthening nationally. If a stronger signal is required, the CDC will consider extending the one percent MSQ growth allowance into the spring. Markets continue to grow with butter and specialty cheeses leading the way. The CDC will be issuing another interim refund of \$10 million to provinces in the coming weeks.

At the P5 level, the Chairs and General Managers met to review progress on several areas of harmonization. These include milk quality penalties and consequences, milk utilization reporting and audit, and milk transportation. Further work is required on all three of these files, which will be made easier once a P5 coordinator is hired this spring.

At the P5 Supervisory Body meeting, it was reported that in the past twelve months, the P5 has shared just over three million kgs of butterfat coming from the Domestic Dairy Product Innovation Program. By contrast, the Western Milk Pool provinces have contracts totaling approximately 41,000 kg BF. Overall, transportation costs have returned to 2008 levels, after being down about ten cents per hl for the past two years. Fuel prices are seen as the main culprit. Higher BF tests in all provinces resulted in lower SNF:BF ratios. The April 2011 expansion of the Chocolate and Flavored Milk Promotion Program has resulted in a doubling of the quantity of qualifying milk. Finally, the P5 technical staff are reviewing ways to reflect the impact of processor co-packing arrangements on the milk movement calculations.

Results of the January 2012 Quota Exchange
This exchange was subsequently prorated 14.30% for buyers.

Kilograms		Producers	
		Buying Quota	41
Purchased (<i>actual</i>)	49.35	Offering to Buy	41
Offered to Purchase	345.05	Selling Quota	2
Offered to Sell	49.35	Offering to Sell	2

Price	Offers to Sell (kgs)	Cumulative Sales	Difference	Cumulative Buys	Offers to Buy (kgs)
\$25,800.00	44.35	44.35	-300.70	345.05	0
\$25,834.00	5	49.35	-295.70	345.05	345.05

Dairy Services Lab Results
December 2011

Loop Plate Count (LPC)

Count	Samples	Percent
<25,000	214	88.43
25-50,000	16	6.61
>50,000	12	4.96
TOTAL	242	100.00

95.04% meet provincial standard Avg. LPC – 15,302

Somatic Cell Count (SCC)

Average SCC – 236,103

Lab Pasteurized (LP)

Count	Samples	Percent
<750	0	0.00
>750	0	0.00

% meet provincial standard

Adulteration (added water and/or antibiotics)

Water(Farm Tanks)	0
Antibiotics (Tankers)	0

P5 QUOTA EXCHANGE RESULTS

	Clearing Price
PEI.....	\$26,000
New Brunswick	\$27,255
Ontario.....	\$25,000
Quebec	\$25,000

The deadline for the next quota exchange is
February 17, 2012, at 4:30 pm.
Results will be available on February 20, 2012.

Production Incentive Uptake

At the recent P5 Quota Committee meeting, seasonal incentive uptake was discussed. The following table shows the percent uptake for each province, and at the P5 level. With one day remaining for January, the uptake has followed a familiar trend. From the end of the summer forward, the percent uptake tends to gradually increase. The two provinces with the largest production increases over this period – Ontario and Quebec – also used a greater portion of their incentive days.

	Days	P.E.I.	N.S.	N.B.	Quebec	Ontario	P5
May	1	48.75	46.47	54.46	50.82	51.11	50.87
June	2	39.03	34.77	35.78	36.06	33.67	35.04
July	2	27.42	26.05	20.83	24.45	26.29	25.26
Aug.	2	30.87	23.00	26.20	22.50	30.80	26.96
Sept.	2	38.97	23.70	25.35	29.06	40.61	33.95
Oct.	2	36.47	25.30	26.27	30.68	44.21	36.34
Nov.	2	39.04	35.74	34.79	37.18	52.44	43.67
Dec.	2	40.59	35.04	34.35	37.71	52.53	44.03



Successful Dairy Research Workshop

Dairy Farmers of Canada is pleased with the results of the Dairy Research Cluster Communications and Consultation Workshop held in Montreal on November 16-17, 2011. There were over one-hundred attendees from across Canada, including dairy producers, processors, and government representatives, as well as students and dairy research scientists.

On the first day, an update on progress made on research projects under the sustainable development theme of the cluster was provided. A summary of nutrition-related projects was also provided by one of DFC's nutrition research experts. Some of the presentations will be available on www.dairyresearch.ca this month.

On the second day, industry participants discussed the future priorities for production research for the period 2013-2018, and a consensus emerged on recommendations to establish eight key priority areas as described in the report: animal health, welfare, and reproduction; environmental and socio-economic sustainability; economic aspects of supply management; food safety; biosynthesis of milk and milk composition; genetic improvement and genomics; nutrition and genomics; and positioning of milk as a sustainable source of nutrients.

These research priorities are described in more detail in the final report and will form the basis to launch a call for letters of intent in January 2012. Scientists will be asked to submit research proposals addressing the priorities. DFC will be asking scientists to increase collaboration among institutions, and further integrate projects to ensure cohesive research teams are strategically working together within a given priority area.

The process will include a rigorous peer review for evaluation, and those selected will be included in DFC's application for funding for the next Dairy Research Cluster proposal under Growing Forward Two (2013-2018). DFC would like to thank its funding partners under the Dairy Research Cluster, including Agriculture and Agri-Food Canada, the Canadian Dairy Commission, and the Natural Sciences Engineering and Research Council. DFC research funds come from member provinces.

DFC Annual Conference

The Dairy Farmers of Canada Annual Dairy Policy Conference will be held in Ottawa this month. The theme is "Dairy Farming for Tomorrow." Every year, the conference brings together farm leaders, industry stakeholders, and government officials from across the country, and provides a forum for all stakeholders to discuss issues of importance to the dairy industry. DFNS Directors will be joining their counterparts in lobbying MPs and Senators before the conference.

Quota Cap Upheld

On January 4, 2012, the Nova Scotia Court of Appeal dismissed the appeal by Paul Taylor and Doug Bacon against the Board's authority to set a cap on the transfer price of quota. All three judges who heard the appeal arguments on November 8, 2011, concurred with this decision.

The appellants have until early March 2012 to seek leave of appeal to the Supreme Court of Canada.

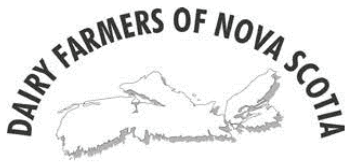
Dairy Focus

Dairy Farmers of Nova Scotia is proud to once again host Dairy Focus, the largest dairy conference in Atlantic Canada.

The conference will be taking place March 27-29, 2012, at the Old Orchard Inn, Greenwich, Nova Scotia. March 27th will be tour day (a tour of Jack Folkertsma's farm in Stewiacke), and two short Hoof Health Workshops will be held with hoof specialist Karl Burgi – one in Antigonish and the other in Grand Pre.

Keynote speakers include Geoff Spence, the UK's 2009 Farmer of the Year on Making Management Decisions in a Changing UK Dairy Industry, James Drackley from the University of Illinois on Controlled Energy Diets for Dry and Transition Cows, and two Innovator Panels (on Heifer Rearing and Reproductive Performance).

A large trade show will also be part of the conference. For agenda, speaker overviews, trade show/sponsorship and registration forms, please visit www.dairyfocus.org.



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.

<u>Lease Month</u>	<u>Deadline</u>
February	February 23, 2012
March	March 26, 2012
April	April 24, 2012
May	May 25, 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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LEGAL SERVICES
GROUP**

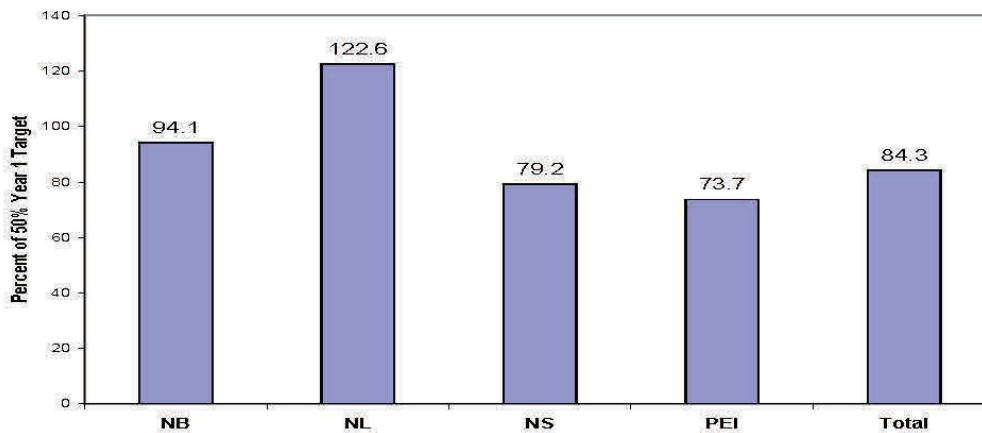
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Ph: 902.896-6100 (Truro)



Atlantic Johne's Disease Initiative

www.atlanticjohnes.ca

Enrolment in the Atlantic Johne's Disease Initiative Percent of 50% Year 1 Target, as of January 15



By January 15, overall we have enrolled 292 herds or 84.3% of our first year 50% target. Across the region we need to enroll 55 more herds to reach the first year target. For more information visit the website or contact your local veterinarian.

***Multizone* Expands its Reach to Maritime Students**

DFC's nutrition team is very pleased to announce that its program *Multizone* is now available in elementary schools across the Maritimes. Prior to November 2011, *Multizone* had only been presented to a select group of individuals in a Nova Scotia after-school program. It has since been introduced to kindergarten to grade 6 classrooms across the Maritimes.

Multizone is an educational activity that engages children as they work together in teams to solve nutrition questions, while participating in fun physical challenges. The game is divided into six energizing activity zones. Each zone is tailored for kindergarten to grade 6 students and provides age-appropriate questions and activities that keep children motivated and entertained. The *Freshness Zone* involves trivia questions and challenges pertaining to milk products.

Multizone aims to educate students on the nutrient contribution and health benefits of milk and milk products, and encourages them to consume the two to four servings of milk and alternatives as recommended in Canada's Food Guide.

DFC Info-Promo January 2012



Milk Production and Pricing

Esben Arnfast, Finance and Systems Administrator

Nova Scotia's milk production remains approximately 1% below production at this time of the year on a volume basis. However, with a high test of 4.05 kgs/hl, butterfat production remains on pace. Since last December, additional quota of 4% has been added and the result is that production at 18,781 kgs per day fell just short of meeting our quota of 18,899 kgs/day allocated to producers.

Additional Production Days continue to be utilized by approximately half of the producers in the province and accounts for 14,000 kgs of butterfat, or 36% of the two days of quota available.

The continuous quota position for Nova Scotia increased from the -2% limit being reached in October to -1.53% in November. The slight under-shipment of quota in December is likely to result in a small amount of unrecoverable.

The December transportation rate increased only \$0.01/hl from \$2.58/hl to \$2.59/hl. The rate has been quite stable over the past several months. The average in-quota milk price for December declined after November's high price of \$83.43/hl to \$80.46/hl. This price remains about \$2/hl above the twelve-month average, which has crept up to \$78.46/hl after three months with prices above \$80/hl.

The December price was surprising since November's milk price was quite high. The resulting pooling adjustment was relatively high at \$900,000; however, the utilization for December remained relatively favourable, with a strong value for non-fluid products reported by processors for the month. As was the case in November, there was little low-valued production reported in the form of skim milk powder, or special-class contracts with further processors throughout the month.

Another favourable factor to consider is the seasonal effect of butterfat and protein-rich raw milk, resulting in more components that processors utilize and therefore pay for. Looking ahead to January's price, Nova Scotia's pooling obligation is likely to be on par with November's. What is uncertain is how long the current favourable price trend can be maintained. Both the availability of raw milk and demand for high value milk products in Nova Scotia are factors in determining the utilization and ultimately the price.

Continuous Quota Positions

Provincial positions at the end of November, expressed in percent of total annual quota, are shown below. Six provinces (four western, Quebec, and NS) are at their lower limit, with some unrecoverable quantities. The remaining provinces are just above their pool's lower limit. Since November, milk production has improved across the country, and with this rebound we expect pools to move closer to zero by the summer.

Alta. - 1.50%	Sask. - 1.50%	Ont. - 1.49%	NS - 1.53%	PEI - 1.26%	P5 - 1.50%
BC - 1.50%	Man. - 1.50%	Que. - 1.53%	NB - 1.14%	NL - 4.27%	WMP - 1.50%

Milk Marketing Report December 2011

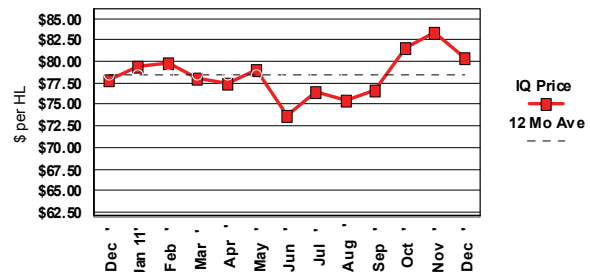
PRODUCTION	2011	2010
Average Litres/Day	463,542	467,885
Average kg Butterfat/Day	18,781	18,802
Average Composition, kg/hl		
Butterfat	4.0516	4.0184
Protein	3.3737	3.3379
Other Solids	5.6839	5.6839
Bulk Haulage (\$/hl)	2.59	2.55

PRODUCER PRICES	Butterfat (\$ per kg)	Protein (\$ per kg)	LOS (\$ per kg)	Avg. per HL
December In-Quota	11.5719	6.9625	1.7750	80.46
December Over-Quota	0.0000	0.0000	0.0000	0.00
January Over-Quota	0.0000	0.0000	0.0000	0.00

TOTAL ACTIVE PRODUCERS
239



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



Fluid Utilization Percentage

