

# NEWSLETTER

Informing Nova Scotia dairy producers on matters affecting their industry.

Vol. 9, No. 8 – March 2009

## Quota Changes

At the 2009 AGM, members asked the Board to consider converting non-saleable and assessable quota to saleable quota as soon as possible. The DFNS Board has approved changes to the province's quota such that, effective April 1, 2009, all non-saleable quota will be converted to saleable quota. This one-time conversion will apply to all producers for their farm's quantity of non-saleable quota. Future quota increases will continue to be issued as non-saleable.

The second change on April 1, 2009, is that the 30% transfer assessment on quota exchange purchases will be reduced to zero. As a result, no further assessment takes place for quota purchased on or after the April 2009 exchange. Additionally, all assessable quota (30% of purchases since May 2007) will be converted to saleable quota and will not revert to the Board when quota is sold after April. These changes will not be reflected on the "Quota for April 2009" line of March Producer Reports, but will be in effect starting in April 2009. Please contact the DFNS office with any questions regarding this policy change.

## Spring Regional Meeting Dates

- April 7<sup>th</sup> 1:00 – 3:00 Fire Hall, Lawrencetown  
7:30 – 9:30 **Super 8 Motel, Windsor**  
\*\*\*\*\*LOCATION CHANGE\*\*\*\*\*
- April 8<sup>th</sup> 1:00 – 3:00 Nova Forest Office, Wentworth  
7:30 – 9:30 St. Bridget's Hall, Shubenacadie
- April 9<sup>th</sup> 1:00 – 3:00 Inverary Inn, Baddeck  
7:30 – 9:30 Claymore Inn, Antigonish

## P5 Harmonization Progress

With the February 28<sup>th</sup> deadline behind us, we are still unclear if all five provinces are ready to move forward under the banner of P5 quota harmonization. Talks among the Chairs and General Managers of all five provinces continue in the spirit of finding a way for it to work. These delays are not unexpected since the negotiation process took well over one year to complete, pointing to the broad number of items included in the Report. The expectation remains that all five provinces agree to move forward with the Report as developed by the Chairs and GMs. There have been no discussions about what will happen if one or more provinces cannot accept the entire Report. DFNS will continue to keep all members informed of the progress toward full acceptance of harmonization.

## Milk Allocation Talks Continue

Nova Scotia producers and processors continue to discuss a regional milk allocation policy with their counterparts from New Brunswick and P.E.I. Following an exchange of position documents at the end of January, producers have given processors more input before another meeting at the end of this month. Preliminary calculations have been provided by the Canadian Dairy Commission to help fill in the blanks. While it is too early to know if these discussions will bear fruit, all representatives are showing a willingness to find common ground. Developing a regional milk allocation plan is complicated by the diversity of processing companies, the distances involved, regional production and population demographics, and inter-provincial regulations. DFNS remains hopeful that these discussions will result in a broader allocation scheme that will be market-responsive, allow for growth to meet increasing consumption, and provide all sectors with profitability and stability into the future.

### UPCOMING EVENTS & DEADLINES:

April 4 & 5, 2009.....Nova Scotia Tractor Safety Program  
April 10, 2009.....Good Friday – Office Closed  
April 13, 2009.....Easter Monday – Office Closed  
April 17, 2009.....Quota Exchange Deadline  
April 24, 2009.....Quota Lease Deadline

### COM Follow-Up:

Please send your self-declarations or corrections to Gloria by email at [gmartin@dfns.ca](mailto:gmartin@dfns.ca) or fax 897-9768

## Results of the March 2009 Quota Exchange

This exchange was subsequently prorated 97.38% for buyers.

Kilograms		Producers	
		Buying Quota	6
Purchased ( <b>actual</b> )	52.0	Offering to Buy	11
Offered to Purchase	170.4	Selling Quota	5
Offered to Sell	52.0	Offering to Sell	5

Price	Offers to Sell (kgs)	Cumulative Sales	Difference	Cumulative Buys	Offers to Buy (kgs)
\$25,003.00	0	0	-170.4	170.4	2
\$26,000.00	2	2	-166.4	168.4	0
\$26,003.00	0	2	-166.4	168.4	2
\$27,000.00	0	2	-164.4	166.4	100
\$28,000.00	10	12	-54.4	66.4	0
\$28,260.00	0	12	-54.4	66.4	4
\$28,540.00	0	12	-50.4	62.4	5
\$29,000.00	8	20	-37.4	57.4	2
\$29,500.00	20	40	-15.4	55.4	0
\$29,503.00	0	40	-15.4	55.4	2
\$29,543.21	10	50	-3.4	53.4	0
\$29,750.00	1	51	-2.4	53.4	0
\$29,900.00	1	52	-1.4	53.4	0
\$30,000.00	0	52	-1.4	53.4	53.4

## Dairy Services Lab Results February 2009

### Loop Plate Count (LPC)

Count	Samples	Percent
<25,000	235	89.35
25-50,000	15	5.70
>50,000	13	4.94
TOTAL	263	100.00

95.05% meet provincial standard    Avg. LPC - 13,338

### Somatic Cell Count (SCC)

Average SCC - 242,195

### Lab Pasteurized (LP)

Count	Samples	Percent
<750	7	58.33
>750	5	41.67

58.33% meet provincial standard

### Adulteration (added water and/or antibiotics)

Water (Farm Tanks)	1
Antibiotics (Tankers)	0

The deadline for the next quota exchange is April 17, 2009, at 4:30 pm.  
Results will be available on April 20, 2009.

In this month's quota exchange, the MCP was \$29,900 because the smallest difference was -1.4 kgs. The DFNS Board policy is to prorate all exchanges. The Market Clearing Price (MCP) is not affected on prorated exchanges, but for this month's exchange successful buyers purchased only a portion (93.38%) of what they had offered to buy. The percentage purchased is calculated by dividing the cumulative kgs to be sold by the cumulative kgs offered to be purchased at the MCP.

### OTHER PROVINCES' QUOTA EXCHANGE RESULTS

	Clearing Price
PEI .....	\$28,155
New Brunswick .....	\$24,500
Ontario .....	\$30,620
Quebec .....	\$25,450

## CQM Program

DFNS is pleased to have reached a contract with Gloria Martin to coordinate the Canadian Quality Milk program into the future. She has provided valuable coaching to producers and direction to the program that we know will continue. The Board encourages all producers to keep CQM as part of their day-to-day management routines.

## Canadian Quality Milk (CQM) Program...Gloria's New Contact Information

by Gloria Martin, Quality Milk Program Coordinator

My employment status with DFNS has changed. I am now working part-time from my home office. **My new phone number is: (902) 890-7266.** You will no longer reach me at the DFNS office. You may, however, continue to send correspondence to me at the DFNS address (faxes, mail, and email).

Most of you will be doing a self-declaration for the CQM Program this year. The **self-declaration** is a questionnaire based on the Self-Evaluation Questionnaire on page seven of your CQM Workbook. **It takes about 5 minutes to complete.** Most of the questions can be answered by a simple **YES** or **NO**. You will need the **date of your last (annual) water test** (compliant results), and the **date of your annual wash system evaluation (Record 14B).**

## Milk Committee Members

When DFNS was established in 2001, nine Directors (six regional and three at-large) formed the Board. The province was divided into six regions, and Milk Committees (four producers on each committee) were elected for each region. The three-year terms were initially staggered, and elections are held during each Spring Regional Meeting. Designates (spouse, parent, son, or daughter of a producer) are allowed to sit as Milk Committee Members. The Board may replace members leaving the Milk Committee, following consultation with the remaining Milk Committee Members.

Currently, eight Directors are elected at-large, with six being assigned to work with a regional Milk Committee. These Directors must meet with their assigned Milk Committees at least twice per year to seek advice, input, and feedback on matters affecting DFNS. Milk Committee Member duties are:

- Provide advice, input, and feedback to their assigned Director on matters affecting DFNS, as needed, but no less than twice per year;
- Attend the Summer Policy Session and other ad-hoc meetings convened by DFNS, representing the interests of their region's producers;
- Attend the AGM, representing the interests of their region's producers;
- Attend the Spring and Fall Regional Meetings;
- Act as a liaison between their assigned Director and their region's producers; and
- Proactively raise issues, concerns, or other matters relating to DFNS with their assigned Director.

## Spring Meeting Preview

DFNS is holding our Spring Regional Meetings across the province the second week of April. See the front cover for dates and locations.

This spring the Board and staff will present information on: P5 Harmonization; the WTO and a potential tariff-wall breach; Milk Quality and Penalties; and a Production Update. Milk Committee elections will also be held for those members whose three-year term has expired. Be sure to mark your calendars and come out and ask questions about all issues affecting our industry.

## Nova Scotia Tractor Safety Program

NSAC is offering this program to "Class 8" drivers wishing to become certified to legally haul trailed implements on Nova Scotia roads. For more information call 893-6666, email [cde@nsac.ca](mailto:cde@nsac.ca), or visit [www.nsac.ca/cde/courses/Contract/tractor.asp](http://www.nsac.ca/cde/courses/Contract/tractor.asp).

## Scientific Research & Investment Tax Credit

Producers can claim Investment Tax Credits (ITCs) for contributions made to Dairy Farmers of Canada's investment in Scientific Research and Experimental Development (SR&ED) projects.

The eligibility for, and the amount of, any ITC will depend upon each farm's business organization (incorporated or not) and the magnitude of taxable income reported. Generally, a Canadian-controlled private corporation (CCPC) can earn an investment tax credit (ITC) of 35% up to the first \$2 million of qualified expenditures for SR&ED carried out in Canada, and 20% on any excess amount. Other Canadian corporations, proprietorships, partnerships, and trusts can earn an ITC of 20% of qualified expenditures for SR&ED carried out in Canada.

In 2008, DFC invested \$1,249,266 in research which qualified for an ITC under the SR&ED Program. Nova Scotia's share of the investment was \$41,969. DFNS has further determined each producer's share of SR&ED spending based on their contribution to total provincial butterfat production, and has issued letters to all producers with an ITC greater than \$50. Producers with shares below this amount can request a letter from DFNS.

Your income tax return preparer will file a T2038(IND) or T2SCH31, depending on your farm's business structure. It is necessary to indicate that the claim is related to check-off contributions to agricultural organizations, and tax preparers may attach a copy of the letter issued to the producer.

Provincially funded production research grants from DFNS are not eligible since funds must come from direct producer check offs. DFNS research funds have come from other sources. If you have any questions regarding the SR&ED program as it affects you, please contact Esben at 893-6455, ext 4.

## AgraPoint Awarded Dairy Focus Job

AgraPoint International Inc. has been appointed to coordinate the program development and overall delivery of Dairy Focus 2010. DFNS was very pleased with their work on Dairy Focus 2006 and their current proposal includes developing an interesting and informative program. Dairy Focus is set for March 2010.

## Skim Milk Powder Donation

The DFNS Board approved a donation of 6,500 kg of skim milk powder to Feed Nova Scotia. This is the fourth year for our spring-time donation. The powder is used in many foods and baked goods provided to the needy. The donation will be covered from several promotion and image of dairy funds.

# Milk Production and Pricing

by Esben Arnfast, Finance and Systems Administrator

February milk production continued the normal seasonal upswing, exceeding 19,000 kgs of butterfat per day for the month. This production level was only slightly lower (0.7 percent) than last February. Production exceeded quota by approximately 5 percent, so Nova Scotia's continuous quota position will improve from January's position of -1.99 percent when February's production is taken into account.

The NS transportation deduction rate was \$2.51/hl as a result of the February 1<sup>st</sup> drop in provincial milk bulk haulage rates. The rate will increase next month, as Nova Scotia pools the lower rates with other provinces. Another factor that will increase rates results from Quebec's spring weight restriction policy, which has the costs pooled only in the months that the restrictions are in effect.

The NS in-quota milk price continued to fluctuate during February. The milk price increased substantially from January's price of \$67.46/hl to \$75.50/hl. The turnaround was caused by the one-month lag in the pooling adjustment, which is typical for low-valued utilization months such as January. Utilization for the month of February also improved somewhat with increases noticed in ice cream and cheddar cheese production. As a result, less milk was declared by processors as skim milk powder sales for animal feed; however, there remained a significant amount (almost 20 percent) of the provincial SNF declared as sold in this category in February.

One factor impacting on the in-quota price was a return of the P10 pool advance received for January's payment of roughly \$2 per hectolitre. Had the advance not been available, January's price would have been roughly \$2 lower, and February's price would have been \$2 higher. The advance was unavailable for the month of February.

Processor billing prices increased effective February 1<sup>st</sup>, as seen in the Marketing Report to the right. Although NS fluid milk increased 5 cents per litre at the retail level, the overall effect for February on processor billings for all milk utilized is \$1.92/hl. There will be downward pressure on March's in-quota price, with an increasing pooling adjustment and limited cheese production with processor stocks hovering near or at their desired levels.

# Milk Marketing Report February 2009

## PRODUCTION

	2009	2008
Avg. Litres/Day	484,086	490,164
Avg. Kg Butterfat/Day	19,070	19,206
Avg. Composition, kg/hl		
Butterfat	3.9395	3.9183
Protein	3.3223	3.3278
Other Solids	5.6912	5.6915
Bulk Haulage (\$/hl)	2.51	2.55

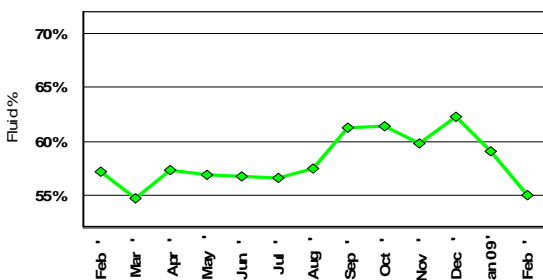


The number of active producers for the month was 258

PRODUCER PRICES	Butterfat (\$ per kg)	Protein (\$ per kg)	LOS (\$ per kg)	Avg. per HL
February In-Quota	10.9532	6.7900	1.7206	75.50
February Over-Quota	-4.1000	-3.1400	-0.6400	-30.00
March Over-Quota Penalty	-4.1000	-3.1400	-0.6400	-30.00

PROCESSOR PRICES	Butterfat (\$ per kg)	Protein (\$ per kg)	LOS (\$ per kg)	SNF per HL
Class 1 (a) Homo, 2%, 1%, 0.5%, Skim, Flavoured milks	7.3661			66.0100
Class 1 (b) Fluid Creams	7.3661			53.6400
Class 2 Ice Cream, yogurt, sour cream	7.5523	5.7672	5.7672	
Class 3 (a) Fresh cheeses, specialty cheese	7.5523	13.4394	0.8441	
Class 3 (b) Cheddar Cheese	7.5523	12.9851	0.8441	
Class 4 (a) Butter and powders	7.5523	5.2108	5.2108	
Class 4 (b) Condensed & Evaporated milk for retail sale	7.5523	5.3194	5.3194	
Class 4 (c) New products	6.4195	4.4292	4.4292	
Class 4(d) Inventory, shrinkage	7.5523	5.2108	5.2108	
Class 4(m) Marginal milk products	0.1073	0.1073	0.1073	
Class 5 (a) Cheese for further processing	3.5375	9.3591	0.0001	
Class 5 (b) Non-cheese products for further processing	3.5375	1.8180	1.8180	
Class 5 (c) Confectionery products	3.0000	1.5744	1.5744	
Class 5 (d) Planned exports (contract by contract basis)	-	-	-	

Fluid Utilization Percentage



NS Average In-Quota Producer Price Per HL basis

