

# NEWSLETTER

**Vol. 17, No. 4 - November 2016**

### **Agropur Payments Start December 1, 2016**

Agropur commences paying all NS producers for November’s milk with the December 1, 2016, advance. The orderly transfer of information and payment testing has been completed. DFNS appreciates the efforts of both Agropur and Scotsburn, who indicated last March they would cease being a payment agent, during this transition. Some producers will see a new payment form along with the Producer Report with the final payment on December 15, 2016. Please direct any questions to the DFNS office.

### **Great Turnout!**

Almost 250 dairy farm personnel attended the Fall Regional Meetings to learn more about two new proAction modules and an update on issues and happenings in our industry. Crowded rooms made for comfortable discussion. Farms who could not participate will be contacted soon about how they will receive this information. DFNS thanks those who participated.

### **Election Results**

Congratulations to Gerrit Damsteegt, Andrew McCurdy, and Byron Lamb on being re-elected to the DFNS Board for another three-year term. While Andrew and Byron are beginning their second terms at our AGM in January, Gerrit is entering his fourth term. DFNS thanks the other candidates, Doug Bacon and Matt Brosens, for letting their names stand.

DFNS acknowledges the quality job performed once again by Liz Crouse, her Natural Products Marketing Council staff as returning officers, and volunteer producers who assisted with the ballot count. At a recent board meeting, Ms. Crouse reported on the percent of returned ballots for the last number of elections: 2012—40%; 2013—71%; 2014—61%; 2015—68%; and 53% this fall.

**UPCOMING EVENTS & DEADLINES:**  
December 13, 2016.....Quota Exchange Deadline  
December 28, 2016.....Quota Lease Deadline  
January 25-26, 2017.....AGM—Best Western Glengarry

### **Chair’s Message**

DFNS just finished our Fall Regional Meetings. I was very impressed with the turnout to the meetings. The membership asked good questions about proAction, with Coordinators Ashley and Nancy providing comprehensive answers.

The two new modules, Animal Care and Livestock Traceability, which join CQM to become proAction, will take some additional effort on the farm to get the required Standard Operating Procedures (SOP) written and be ready for animal assessments. Validations for proAction on the existing two-year schedule start in September 2017.

Thanks to Nancy Douglas and Ashley Baskin for providing good SOP templates and thorough explanations relative to these new requirements. They are available to assist all NS farms to adopt proAction. There will be extra effort to incorporate these requirements into day to day routines and to keep traceability on track.

It is hard for us to connect to the consumer with what we do on our farms. As society has less rural and dairy direct contacts, it is important for us to understand that people want to consume local food produced in a sustainable, ethical manner.

The processors have had demands placed on them from retailers and food service industry. This trickles down to everyone involved in primary production, including dairy.

We as producers have control of the content of proAction, but it has to meet the minimum standard that society expects from us growing and producing food for them and caring for our animals.

Enjoy the rest of our fall, and I look forward to seeing you at our AGM on January 25 & 26, 2017, in Truro.

*Andrew McCurdy, DFNS Chair*

**DFNB Newsletter**  
Visit [www.nbmillk.org/en/](http://www.nbmillk.org/en/) and click on the “Milk Matters” link to read their monthly newsletter.

## Results of the November 2016 Quota Exchange

Iteration (all buyers): 2.58 kgs  
 Prorated for buyers: 27.68%

| Kilograms                   |        | Producers        |    |
|-----------------------------|--------|------------------|----|
|                             |        | Buying Quota     | 54 |
| Purchased ( <i>actual</i> ) | 267.97 | Offering to Buy  | 54 |
| Offered to Purchase         | 617.62 | Selling Quota    | 21 |
| Offered to Sell             | 267.97 | Offering to Sell | 21 |

| Price    | Offers to Sell (kgs) | Cumulative Sales | Difference | Cumulative Buys | Offers to Buy (kgs) |
|----------|----------------------|------------------|------------|-----------------|---------------------|
| \$23,999 | 20                   | 20               | -597.62    | 617.62          | 0.00                |
| \$24,000 | 247.97               | 267.97           | -349.65    | 617.62          | 617.62              |

| Quota Exchange Deadline | Payment Due Date  |
|-------------------------|-------------------|
| November 10, 2016       | November 28, 2016 |
| December 13, 2016       | December 28, 2016 |
| January 13, 2017        | January 27, 2017  |

## Dairy Services Lab Results October 2016

| Bactoscan Individual Bacteria Count (IBC) |         |         |
|---|---------|---------|
| Count                                     | Samples | Percent |
| <35,000                                   | 181     | 80.8    |
| 35,001-121,000                            | 32      | 14.3    |
| >121,000                                  | 10      | 4.9     |
| TOTAL                                     | 224     | 100.0   |

Average IBC – October 2016: 23,316

Average Somatic Cell Count (SCC): 202,702

Adulteration (added water and/or antibiotics)

|                       |   |
|-----------------------|---|
| Water (Farm Tanks)    | 0 |
| Antibiotics (Tankers) | 0 |

### P5 QUOTA EXCHANGE MCP

|                     |          |
|---------------------|----------|
| PEI .....           | \$22,995 |
| New Brunswick ..... | \$20,500 |
| Ontario .....       | \$24,000 |
| Quebec .....        | \$24,000 |

### The “New Normal”

Nova Scotia farm gate milk prices have steadily declined from an average of almost \$81/hl (at provincial components) two years ago to \$75.77/hl for the twelve-month period ending September 2016. Due to revenue sharing, the same trend occurred in all P5 provinces. This has become known as the “*new normal*” – milk prices in the low- to mid-\$70’s. While this reality is setting in, dairy producers have been issued more quota than ever before to help fill growing markets.

Producing more milk for a lower blend price may be difficult, but it generally works in favor of more efficient farms that control production costs and can milk more cows. But what are the causes of the dropping blend price? The monthly blend price is a combination of many factors including which dairy products were made with milk within the P5, the processor billing prices for those components, and monthly farm components produced. Together these determine the gross revenue to farms. With growing markets, the mix of dairy products produced tend to have more butterfat content meeting changing consumer demand.

Despite supply management being domestically-focused, close to 17% of milk components produced are sold at world prices - the SNF prices are particularly depressed right now. This, and the sale of skim milk powder into animal feed or for export, draws down blend returns. Looking forward, the introduction of an ingredients class should help reduce the structural surplus and bring competitive returns for skim milk solids. Other factors, such as processor billing prices, are not expected to vary much in the next fifteen months. See the back page article of this issue for monthly details influencing blend returns.

Send your **CQM/proAction** Self Declarations or corrections to:

**Nancy Douglas** (northern regions 1, 2, & 3)  
 Email: [ndouglas@dfpei.pe.ca](mailto:ndouglas@dfpei.pe.ca)  
 Fax: 902-566-2755  
 Call: 902-394-1657

**Ashley Baskin** (southern regions 4, 5, & 6)  
 Email: [ashley@nbmilk.org](mailto:ashley@nbmilk.org)  
 Fax: 506-432-4333  
 Call: 506-435-0077 or 1-866-432-6455



## New DFC Logo

DFC has changed its logo to better represent producer image and product quality.

## New National Dairy Research Strategy

Dairy Farmers of Canada has adopted a new strategy to direct its investments in dairy production and human nutrition and health research. Four major themes have been identified:

1. Dairy farm efficiency and sustainability
2. Animal health and welfare
3. Milk composition, quality, and safety
4. Milk products and components in human nutrition and health.

Each theme has targeted outcomes established to ensure that dairy research projects will address the major issues Canadian dairy farmers want solved by research. Please visit [www.dairyresearch.ca](http://www.dairyresearch.ca) to view a copy of the strategy.

### Challenges in the dairy industry can mean opportunities. We can help you look.

Grant Thornton LLP has been advising farmers and business owners in communities across Nova Scotia for decades. And it's more important than ever for those in the dairy business to make good decisions because the last thing you want is to overpay your taxes.

So if you want to buy, sell or plan for the next generation, or need corporate or personal tax advice, contact the Grant Thornton office nearest you.

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Nancy M. Frame, CPA, CA  
Dwayne A. MacKay, CPA, CA  
Lisa A. Poehl, CPA, CA

For more information, please contact our Truro, Nova Scotia location at 902 895 1641.



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## CRDC Launched

The Canadian Dairy Research Council (CDRC) is a new committee with representation from all provinces and members of the Board of Directors of DFC. The CDRC reports to the DFC Board, and guides the overall development, implementation, and delivery of research activities for dairy production, and human nutrition and health research. The CDRC completed its first mandate in June 2016 and developed DFC's National Dairy Research Strategy to better coordinate dairy farmers' research investments at the national and provincial levels. The National Dairy Research Strategy was approved by DFC's Board of Directors in June 2016, and presented to its General Council in July 2016.

## Two Assisted New Entrants

The DFNS Board recently approved two new entrants to start their dairy farming careers in 2017. Applications from Alex Archibald & Rebecca O'Connell of Middle Musquodoboit, and Aron & Elma Penner of Lake Killarney, were approved by the New Entrant Program Selection Committee. Two applicants were approved since there were no applications last fall, and NS has one new entrant position available each year. The 16 kg of quota loaned to each new entrant comes from the P5 quota allocation. The full loan lasts ten years, after which one kg per year is reimbursed to DFNS. Congratulations to both quality applicants and best of luck in 2017!



Morneau Shepell has partnered with DFNS for over 10 years to provide comprehensive group benefits

Group benefits at preferred rates are available for producers, their employees, and their families. Coverage includes life insurance, health, prescription drugs, disability, dental and more.

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DEADLINE FOR OFFERS IS LAST BUSINESS DAY BEFORE THE 14<sup>th</sup> OF EACH MONTH.

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

## Quota Exchange Bid to BUY

(Exchange Month)

Registered Producer Name: \_\_\_\_\_

DFNS Registration Number: \_\_\_\_\_ Phone: \_\_\_\_\_

**Offers above the MCP Cap of \$24,000 will not be accepted.** Quantities offered may be in hundredths of a kilogram (two decimal places). Prices must be for a whole kilogram. Offers must not exceed 10% of the producer's total quota (exception for assisted new producers). Offers are limited to one buy or sell per producer per exchange.

Offer to Purchase \_\_\_\_\_ kgs of TPQ per day @ \$ \_\_\_\_\_ per kg.

Email address: \_\_\_\_\_  
(for confirmation of receipt of offer, if requested)

Payment for quota must be made via the selected method below **on or before the third last business day of the month**. Producers choosing option 2 must have completed a PAD agreement (available on the DFNS website or from the office) and a void cheque.

|   |   |
|---|---|
| <p><b>1. Cheque Payment</b> <input type="radio"/></p> <p>Producer will provide a cheque to DFNS by the payment due date. Delivery method may be by mail, XpressPost, courier, or hand delivery. It is the producer's responsibility to ensure payment arrival and accuracy.</p> | <p><b>2. Pre-Authorized Debit</b> <input type="radio"/></p> <p>DFNS will withdraw required funds for quota from producer's bank account on payment due date; service fees will be processed within five business days of the exchange. Authorization provided by producer will be used.</p> |
|---|---|

### \$17.25 Service Fee must accompany offer (\$15 + \$2.25 HST) Reg No. 107788523

In the event of a cancelled exchange, service fees are returned to the producer (or not collected in the case of PAD). Please note that offer forms cannot be held for future exchanges.

*All offers must be signed by the registered quota holder. In the case of a partnership or corporate quota holder, the offer must be signed by designated signing officer(s). It is the producer's responsibility to confirm receipt of offers by DFNS. If the buyer does not pay by the payment deadline, or the buyer's payment is dishonoured, the quota purchased by the buyer will return to DFNS, the producer is liable for all costs associated with non-payment, the producer is not eligible to purchase on the exchange for a period of 12 months, and the producer may only purchase TPQ on a future exchange using a bank draft, direct deposit, or wire transfer for a period of five years.*

\_\_\_\_\_  
Date

\_\_\_\_\_  
Signature(s)

*The information on this form is a summary of the applicable rules, which are contained in the TPQ Regulations. The DFNS Producer Manual on our website contains the current policies and procedures, or you may contact office staff for assistance.*

#### FOR DFNS OFFICE USE ONLY

Service Fee:  cash  cheque  PAD

Offer Received/Verified By: \_\_\_\_\_

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Email: [dfns@dfns.ca](mailto:dfns@dfns.ca)

## Quota Exchange Offer to SELL \_\_\_\_\_ (Exchange Month)

Registered Producer Name: \_\_\_\_\_

DFNS Registration Number: \_\_\_\_\_ Phone: \_\_\_\_\_

Offer to Sell \_\_\_\_\_ . \_\_\_\_\_ kgs of TPQ per day @ \$ \_\_\_\_\_ per kg.

*PLEASE NOTE: Offers above the MCP Cap of \$24,000 will not be accepted. Quantities offered for sale may be in hundredths of a kilogram (two decimal places). Prices must be for a whole kilogram. Offers are limited to one buy or sell per producer per exchange. Each participant in an exchange will be notified in writing of whether or not their offer was successful.*

Successful Sellers will be paid for their quota sold on the last business day before the 10<sup>th</sup> day of the month following the exchange. If the sold quota is assigned to a lender, cheques will be jointly payable to the producer and lending institution.

QUOTA CURRENTLY ASSIGNED:

\_\_\_\_\_ kgs                      \_\_\_\_\_ Name of Lending Institution(s)

**Seller's Service Fee must accompany offer as per schedule below (HST Reg No. 107788523)**

| SELLERS FEE SCHEDULE  |                          |
|-----------------------|--------------------------|
| <u>Amount Offered</u> | <u>Fee Per Offer</u>     |
| 1 kg or less          | \$115 (\$100 + \$15 HST) |
| 1.01 – 10 kg          | \$230 (\$200 + \$30 HST) |
| More than 10 kg       | \$345 (\$300 + \$45 HST) |

All offers must be signed by the registered quota holder. An offer must be signed by all partners of a partnership, or the designated signing officer(s) of a partnership or corporation. It is the producer's responsibility to confirm receipt of offers by DFNS.

\_\_\_\_\_ Date                      \_\_\_\_\_ Signature(s)

*The information on this form is a summary of the applicable rules, which are contained in the TPQ Regulations. The DFNS Producer Manual on our website contains the most up-to-date policies and procedures, or you may contact office staff for assistance.*

**FOR DFNS OFFICE USE ONLY**

Service Fee Received:  cash     cheque                      Offer Received/Verified By: \_\_\_\_\_

10/16





# ATTENTION ATLANTIC YOUNG FARMERS!



PROUDLY PRESENT:

2<sup>ND</sup> ANNUAL

## ATLANTIC YOUNG FARMER TRAINING EVENT

### Bridging the Gap: Succession & Transition Planning Workshop for Farm Families!

February 9<sup>th</sup> and 10<sup>th</sup>

Glengarry Hotel - Truro, Nova Scotia

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Farm Family Coach



Cedric MacLeod  
Management Consultant

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February 10<sup>th</sup> and 11<sup>th</sup>

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Dr. Simon Somogyi  
Associate Professor



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Register for Succession & Transition Planning Workshop for Farm Families:

[www.dal.ca/faculty/agriculture/extended-learning/programs-courses/professional-development/BTG.html](http://www.dal.ca/faculty/agriculture/extended-learning/programs-courses/professional-development/BTG.html)



## Milk Production and Pricing

Esben Arnfast, Finance and Systems Administrator

Raw milk production continued the normal fall trend, increasing to over 21,000 kgs of butterfat per day. As observed with September, the increase over the previous year was close to 7%. The average raw milk butterfat composition has increased to 4.08 kgs/hl which matches October 2015.

The decline in average producer utilized tolerance to -3.6 days was smaller than observed in recent months, with the gap between production and quota narrowing as it normally does in the fall. Additional Production Days played a factor as well, with producers utilizing 39% of the available three days. The 3% quota adjustment, effective November 1, 2016, will lessen the anticipated seasonal return to increasing average producer utilized tolerance.

The equalized pool transportation rate for October increased three cents to \$2.57/hl.

The October raw milk average in-quota price increased substantially to \$80.86/hl. If other factors remain constant, a price increase can be observed when fluid milk consumption across the pool recovers from the slower summer sales. It usually is noticed in October because of a one-month pooling lag before NS receives our equalization adjustment for September.

Utilization within Nova Scotia remained relatively unchanged during October compared to September. There was an increase in the size of the CDC advance available. A remaining factor affecting the average in-quota price stated on a volume basis is the increase in raw milk composition typical in the fall.

As was the case in September, monthly raw milk moved to NB and Quebec continued at over 4 million litres to fulfill Milk Movement Obligations and some surplus milk above provincial processing needs. Of the raw milk remaining in NS for processing, a significant amount of the SNF portion was exported. No skim milk has been dumped during the current dairy year.

**Total Licensed Producers in September: 218**

## Continuous Quota Positions

As of the end of September 2016, figures are expressed as a percent of each province's annual quota. Only Ontario is above zero and all provinces moved down from August. Nationally, the provincial positions moved down 0.3%. Butterfat demand continues to outstrip supply, despite three successive 1% quota issuance increases in the P5 and similar production stimulus signals out west. November's 3% quota issuance increase in the P5 should bring forward more milk leading up to the pre-Christmas peak in dairy demand. Provincial, not producer, consequences for over quota and unrecoverable were suspended to the end of July 2016.

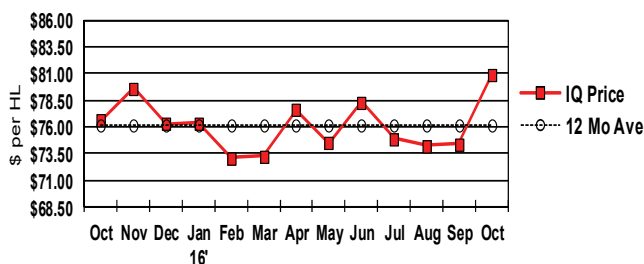
|              |              |             |                  |            |                   |
|--------------|--------------|-------------|------------------|------------|-------------------|
| Alta. -1.34% | Sask. -2.22% | Ont. +1.74% | <b>NS -1.00%</b> | PEI -1.86% | <b>P5 +0.21%</b>  |
| BC -1.04%    | Man. -7.66%  | Que. -0.91% | NB -1.40%        | NL -8.19%  | <b>WMP -2.42%</b> |

## Milk Marketing Report October 2016

| PRODUCTION                 | 2016    | 2015    |
|----------------------------|---------|---------|
| Average Liters/Day         | 517,618 | 487,590 |
| Average kg Butterfat/Day   | 21,140  | 19,822  |
| Average Composition, kg/hl |         |         |
| Butterfat                  | 4.0840  | 4.0654  |
| Protein                    | 3.3329  | 3.3540  |
| Other Solids               | 5.7025  | 5.7147  |
| Bulk Haulage (\$/hl)       | 2.57    | 2.60    |

| PRODUCER PRICES                               | BF (\$ per kg) | Protein (\$ per kg) | LOS (\$ per kg) | Avg. per HL |
|---|----------------|---------------------|-----------------|-------------|
| October In-Quota                              | 10.6160        | 8.4028              | 1.6661          | 80.86       |
| October Butterfat Premium (\$/kg) SNF/BF<2.35 | 0.0553         |                     |                 |             |
| October Over-Quota                            | 0.0000         | 0.0000              | 0.0000          | 0.00        |
| Nov Over-Quota Penalty                        | 0.0000         | 0.0000              | 0.0000          | 0.00        |

NS Average In-Quota Producer Price  
Per HL basis



Fluid Utilization Percentage

