

NEWSLETTER

Vol. 18, No. 7 - February 2018

Fellow Producers,

I am writing this article on my flight home from Ottawa and feel that this is an opportunity to share with you some of what is going on in our industry. I will reflect on the last few weeks of activities. Many of us came together at our Annual Meeting on Jan 24 and 25 to discuss our industry and reflect on the previous year and look forward to the future. I did sense a lot of energy amongst producers with all the production that is needed to fill the market demand and the opportunities that lie ahead of us. I would like to thank all of you for your input in the discussions we had and your commitment to fill the Canadian market.

At the same time we received the message during this meeting about the trade deal with the Pacific (CPTPP, comprehensive and progressive Trans Pacific Partnership) that our federal government agreed with and is ready to sign off on in March. In that deal the Canadian government gave up 3.1 % of our market. We also made you aware of our concerns on the Canadian Food Guide and Front of Pack Labelling in the light of Healthy Eating Strategy for Canadians. For those that were not present, here is a sort description of what's at stake.

The Canadian government (Health Canada) is in the process of rewriting the Food Guide. They are planning to eliminate dairy as a category in it. Their reasoning behind this is the level of natural sugars and salt present in certain dairy products. They are also proposing to put a label on groceries, called front of pack labelling, which will show a warning sign for unhealthy products to discourage consumers from buying these. Most dairy products, except skim milk and 2% milk will be labelled with this warning sign. At the same time a bag of chips or a can of diet coke will not have this same warning label. This is just one example, but enough for you to understand how ridiculous this approach is. Science has proven all the health benefits of dairy and this is not taken into consideration.

All of us are also aware of the discussions that are going on around NAFTA and the pressure that is put on the Canadian government by the USA for access to our dairy market. We, as your board and all the board members across the country, went lobbying on Tuesday February 6 and raised all of these issues with the MP's and Senator's we were able to meet with. We thanked them for their time and for paying attention to our concerns on both trade and the healthy eating strategy. Later that week at the DFC policy conference in Ottawa we heard our federal Agriculture Minister and also the Parliamentary Secretary of Foreign Affairs speak on trade. Both of them told us that negotiations with NAFTA are difficult.

Dairy Farmers of Canada is working on a strategy to raise the awareness of our politicians and do whatever is possible to change the path of the healthy eating strategy and reminding government of their commitment to supply management. I also encourage all of you as producers to pay attention to these issues and use the opportunities to share our concerns with people around us. This approach will help the public to understand the health risks to fellow Canadians by reducing or eliminating dairy from their diets and also explain the benefits of supply management. Please take the time to do this and inform people around you of what is going on and encourage them to do the same to protect the health of all Canadians and protect the economic spin off in rural communities which is generated by dairy and agriculture as a whole. I am counting on you and thank you all.

Your Chair,
Gerrit Damsteegt

UPCOMING EVENTS & DEADLINES:

March 13, 2018.....Quota Exchange Deadline
March 23, 2018.....Quota Lease Deadline
March 20-22, 2018Dairy Focus Atlantic
March 30, 2018Good Friday, Office Closed
April 2, 2018Easter Monday, Office Closed

Dairy Focus Atlantic

March 20-22, 2018

Halifax Marriott Harbourfront

Register today at www.dairyfocus.org

Results of the February 2018 Quota Exchange

Iteration (all buyers): 2.28 kgs
Prorated for buyers: 23.93%

Kilograms

Purchased (**actual**) 88.56
Offered to Purchase 230.17
Offered to Sell 88.56

Producers

Buying Quota 20
Offering to Buy 21
Selling Quota 8
Offering to Sell 8

Price	Offers to Sell (kgs)	Cumulative Sales	Difference	Cumulative Buys	Offers to Buy (kgs)
\$21,111	0.00	0.00	-230.07	230.17	100
\$23,750	2.80	2.80	-226.37	229.17	0.00
\$23,800	10.00	12.80	-216.37	229.17	0.00
\$23,999	100	13.80	-215.37	229.17	0.00
24,000 MCP	74.76	88.56	-140.61	229.17	229.71

Quota Exchange Deadline	Payment Due Date
March 13, 2018	March 27, 2018
April 13, 2018	April 26, 2018
May 11, 2018	May 29, 2018

Lab Results January 2018

Average IBC: 34,420

Average Somatic Cell Count (SCC): 201,474

Adulteration: Antibiotics (Tankers) 0

P5 QUOTA EXCHANGE MCP

PEI\$22,000
New Brunswick.....\$20,000
Ontario\$24,000
Quebec\$24,000

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

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

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

Key Messages-Government of Canada announcement on Front of Package Labelling

By exempting whole milk from this proposed policy, Health Canada recognizes the scientific evidence demonstrating the nutritional value of milk as a key contributor to the health of Canadians.

However, as currently proposed, many other dairy products, rich in essential nutrients, will be stigmatised by a warning label that may confuse consumers as to which products are healthy and which are not.

We are concerned that this approach to labelling may come with the unintended consequence of deterring Canadians from seeking more information on the nutritional value of dairy products, at the expense of a balanced-diet for Canadians.

This approach runs the risk of alarming consumers, and ultimately preventing them from learning more about the nutritional benefits of a food. This is completely contrary to the stated intent of Health Canada.

DFC will be fully engaged in the consultation on Front-of-Package warning labelling, to ensure that Canadians can continue to enjoy nutritious dairy products as a part of a healthy, balanced diet.

Milk products are beneficial for bone health, and associated with a reduced risk of heart disease, hypertension, stroke, type 2 diabetes, and colorectal cancer.

Milk is a valuable source of vitamin D, calcium, magnesium, zinc, potassium, Vitamin A, Vitamin C and fibre.

Effective September 1, 2018 all proAction® Self Declarations will be replaced with Full Validations

September 1, 2017 saw the proAction® Animal Care and Livestock Traceability modules added to your Food Safety Validation (formerly CQM). As previously communicated, **regardless of the date of your next validation, all producers were required to have the new requirements implemented on September 1, 2017.** All records should be up to date and ready for validation on any given day. Between September 1, 2017 and December 31, 2017 Atlantic Canada completed 125 proAction validations. Validation reports have been coming in with 2-4 pages of corrective actions, indicating that producers have not fully implemented the program. Most validation reports include CAR's in the following areas:

1. Incomplete Animal Care SOP's and CAP, therefore cannot be verified against on farm practices.
2. Missing or incomplete Livestock traceability records.
3. Issues with animals housing including lack of adequate bedding, dirty animals, lack of water access.
4. Numerous reoccurring and incomplete Food Safety requirements.

Looking forward and considering the other program modules that will be added to the validation process, there is a need to continue producer education and implementation assistance while ensuring current requirements are met. Therefore, effective September 1, 2018, the Atlantic Canadian boards have approved that all producers will complete annual full on-farm validations, meaning self-declarations will not be used in the foreseeable future. Producers who undergo annual full validations are more likely to maintain proAction requirements and achieve a greater understanding of current modules and new ones as they are added. Producers who have gone through a validation since September 2017 will have another validation before the implementation of the biosecurity module in 2019. This will ensure they are maintaining current requirements before adding more. Producers who have done a self-declaration since September will only have one full validation before adding the biosecurity requirements, but will have two full validations before the addition of the environment module. After all the modules have been fully implemented the reintegration of self-declarations will be evaluated by the Atlantic boards.

Although this is the approach for Atlantic Canada it is important to note the Newfoundland has only used full validations since the inception of the Canadian Quality Milk Program. Outside of Atlantic Canada, Manitoba implemented annual full validations in 2014 and other provinces are considering this approach for similar reasons as Atlantic Canada.

Top Herd Management Farms

Congratulations to Phillip Vroegh of Sunny Point Farms Ltd. as the only Atlantic and Prairie herd to crack the top 25 winners of the Herd Management Score. Sunny Point ranked 23rd nationally. Their farm was joined by Winding River Farms Ltd. and Murray Holman as the top three Nova Scotia herds.

The Herd Management Score allocates points for performance in different management areas (including milk production, udder health, reproduction, heifer rearing and longevity) and is an excellent indicator of overall herd performance. It is a great tool for herds to monitor their progress from year to year and also allows herds to benchmark themselves against others, including within their unique production system (free stall, tie stall, robotic, organic).

AGM Round-Up

Last month's Annual General Meeting was considered a success, with many speakers on a variety of topics plus ample networking time. General feedback supported fewer presentations and more policy discussion time. The members attending supported the 2017/18 operating budget which has a modest surplus of \$70,000. Retiring Director John Vissers was honored at the banquet, along with dual Honorary Member awards to Bill Thomas and Jack van Roestel. Liz Crouse, General Manager for the Natural Products Marketing Council, delivered the Minister of Agriculture's address.

Producers from other provinces brought greetings and an update of issues in their provinces. All provinces are dealing with growing markets, which the CDC forecasts to be 3.6% higher over the current dairy year. Other news released at the AGM is that the Minister of Agriculture and Natural Products Marketing Council have both approved milk being committed to Agropur's planned expansion in Sussex, NB. While this project still awaits final Agropur board approval, DFNS thanks all producers who returned authorization letters in December.

Following the AGM the Board elected Gerrit Damsteegt to his second year as Chairman, Byron Lamb moved into the Vice Chair role and Dustin Swinkels is the third member of the Executive. Gerrit remains the province's DFC Board member while Byron is our National Director and Dustin stays on the P5 Quota Committee. Other committee appointments, as well as which Directors are assigned to regions, were completed.

DFNB Newsletter

Visit www.nb milk.org/en/ and click on the "Milk Matters" link to read their monthly newsletter.



DEADLINE FOR OFFERS IS LAST BUSINESS DAY
BEFORE THE 14th 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.

1. Cheque Payment ?

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.

2. Pre-Authorized Debit ?

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.

\$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: _____

10/16





TPQ Lease Agreement

100-4060 Highway 236
Lower Truro, NS B6L 1J9
Phone: (902) 893-6455
Fax: (902) 897-9768
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

AUTHORIZED BY _____

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

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>
November	November 24, 2017
December	December 27, 2017
January	January 25, 2018
February	February 22, 2018

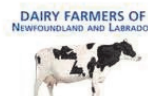


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E Ryan.Power@ca.gt.com

Dave Stewart
T + 1 902 867 4827
E Dave.Stewart@ca.gt.com

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Ruth Scothorn - Insurance & Financial Advisor

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Milk Production and Pricing

Esben Arnfast, Finance and Systems Administrator

Raw milk deliveries continued to climb close to 24,000 kgs of butterfat per day which is 6.1% higher than last year which also matches the quota increase during the past year. Also, as is normal in mid-winter, production exceeded quota and the difference during January was approximately 2.5%. The butterfat composition dipped last January to 4.14 kgs/hl but remained significantly higher this January at 4.21 kgs/hl.

The average producer utilized tolerance increased from -16.8 to -16.3 days in January as would be expected when production exceeds quota. Minimizing the effect was a 46% participation level in the additional production day available to producers.

The equalized pool transportation rate was down slightly to \$2.57/hl from December's rate of \$2.61 per HL.

The January raw milk average in-quota price was virtually unchanged, decreasing 6 cents per HL from December's price to \$75.48.

There was very little change during January in milk utilization reported by processors and the pooling adjustment was minimal. As in December, some raw milk excess to processing capacity and ability of other provinces to receive more milk, there was a need to dump approximately 327,000L of skimmed milk. Although the cream was reported as utilized in high value products, the SNF was reported as zero value. This took place in other provinces as well and is pooled along with any related costs such as skimming fees and skimmed milk trucking.

The Milk Testing fees are displayed for the past 12 months in the accompanying chart. As indicated earlier, the end of the inhibitor cost sharing catch-up period (Oct-Dec) ended. A new rate has been established at a higher level, around \$80 per farm, which is more than prior to October reflecting a single month of sharing inhibitor testing fees.

Total Licensed Producers in February: 214

Continuous Quota Positions

As of the end of December 2017, figures are expressed as a percent of each province's annual quota. The western pool weighted averages slipped a small amount from November, which is expected with the market growing at a faster pace than production is increasing. BC moved up slightly. The P5 provinces all increased, except a small decline in Quebec. In balance, the national position moved up slightly from +0.81% to +0.84%. The provincial over quota/unrecoverable thresholds remain suspended until at least the end of July 2018. Skimming continues with skim milk supply exceeding the collective drying capacity. The market continues to grow and there is anticipation of new processing investments and milk requirements starting as early as 2019.

Alta. -5.95%	Sask. -7.01%	Ont. +6.63%	NS + 3.97%	PEI +4.95%	P5 +3.40%
BC -1.28%	Man. -14.27%	Que. +0.56%	NB + 2.35%	NL -32.21%	WMP -5.85%

Milk Marketing Report January 2018

PRODUCTION	2018	2017
Average Liters/Day	568,849	543,888
Average kg Butterfat/Day	23,941	22,559
Average Composition, kg/hl		
Butterfat	4.2087	4.4177
Protein	3.3882	3.3267
Other Solids	5.7327	5.7408
Bulk Haulage (\$/hl)	2.57	2.53

PRODUCER PRICES	BF (\$ per kg)	Protein (\$ per kg)	LOS (\$ per kg)	Avg. per HL
January In-Quota	10.5738	6.7142	1.4353	75.48
January Butterfat Premium (\$/kg) SNF/BF<2.35	0.0104			
Jan Over-Quota	0.0000	0.0000	0.0000	0.00
Feb Over-Quota Penalty	0.0000	0.0000	0.0000	0.00

