

NEWSLETTER

Vol. 20, No. 5 - December 2019

New Quality Minimums

In response to situations when sample results are missing, DFNS has introduced regulation changes establishing a minimum number of quality results needed, within the rolling 3-month window, before a penalty will apply. In the case of Individual Bacteria Counts and Abnormal Freezing Points, which are both tested twice monthly, the minimum number of required results is three. For Somatic Cell Counts, which are tested twice weekly, the minimum number of results for 3 months is 17. Although missing sample results are rare, these new minimums will make sure that penalties only apply when we have a representative picture of substandard milk quality.

Also, to align with the P5 Agreement raw milk requirements, DFNS approved a doubling of the penalties for milk found to contain antibiotics. The new rates are \$6, \$9 and \$12/hl for monthly milk shipped following a first, second or third antibiotic infraction in a 12-month period. All load compartments are tested for antibiotics before being received at processing plants. Antibiotic infractions are rare.

All these changes take place effective December 1, 2020. An updated milk quality rules information sheet has been posted to our website. Producers experiencing milk quality issues should contact Scott MacKenzie, Dairy Inspector at 902-890-6637.

Quota Exchange Deadline CHANGE

Please note that the quota exchange submission deadline is moving to NOON, instead of 4:30 pm, on the same day (last business day before the 14th each month). This change is now in regulation so DFNS will reject any buy or sell form received after 12 noon starting with the February 13, 2020 exchange. The move of the deadline should ensure the exchange is operated and reported on the day of the deadline.

Happy Holidays!

**From DFNS Staff and
Board**



Board Approves IT Project

The Board approved a joint IT project with the Quebec Board at their December meeting. This change in direction has been evaluated since DFNS withdrew from a group of western provinces under the MMS program. Working with another P5 province, which has a robust and producer-friendly program in place, represents our best option. New Brunswick made a similar decision earlier this year and some components will be cost-shared.

The implementation is broken into phases, which could take up to 3 years before complete integration. The confidentiality of Nova Scotia data is maintained. As well, Quebec is not charging a licensing fee and only recouping their actual costs for the programming integration work. The total investment is estimated between \$350,000 and \$400,000.

Watch for updates in early 2020 as the initial phase will enhance producer access to your information. Processor and transporter stakeholders will also be positively impacted by this development.

Lise LeBlanc Honored

Submitted by LP Consulting

President and Founder of LP Consulting Lise LeBlanc has been awarded the 2019 Mobius Award of Environmental Excellence Hall of Fame! This award goes to an individual with a demonstrated record of ongoing commitment to the environment, leadership in recycling and diverting waste from landfill to a valuable resource. Lise feels very honored, excited and grateful for the opportunity to have won this award. Congratulations from DFNS!

UPCOMING EVENTS & DEADLINES:

December 27, 2019.....Office Closed
January 1, 2020.....New Years Day —Office Closed
January 13, 2020.....Quota Exchange Deadline
January 15-16, 2020.....AGM—Best Western Glengarry
January 27, 2020.....Quota Lease Deadline
February 13, 2020.....*Quota Exchange Deadline
*Quota Exchange Deadline changes to noon in February

Results of the December 2019 Quota Exchange

Iteration (all buyers): 0.02 kgs
Prorated for buyers: 0.13%

| Kilograms | | Producers | |
|-----------------------------|--------|------------------|----|
| | | Buying Quota | 69 |
| Purchased (actual) | 2.61 | Offering to Buy | 69 |
| Offered to Purchase | 944.23 | Selling Quota | 3 |
| Offered to Sell | 2.61 | Offering to Sell | 3 |

| Price | Offers to Sell (kgs) | Cumulative Sales | Difference | Cumulative Buys | Offers to Buy (kgs) |
|----------|----------------------|------------------|------------|-----------------|---------------------|
| \$24,000 | 2.61 | 2.61 | -941.64 | 944.25 | 944.25 |

| Quota Exchange Deadline | Payment Due Date |
|-------------------------|-------------------|
| December 13, 2019 | December 27, 2019 |
| January 13, 2020 | January 29, 2020 |
| February 13, 2020 | February 26, 2020 |

DFNB Newsletter

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

Lab Results November 2019

Average IBC: 32,636

Average Somatic Cell Count (SCC): 191,824

Adulteration: (Tankers) 0

P5 QUOTA EXCHANGE MCP

PEINA
New Brunswick.....\$24,000
Ontario\$24,000
Quebec.....\$24,000

Send your **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

Lindy Brown
(southern regions 4, 5, & 6)
Email: lindy.brown@nbmilk.org
Fax: 506-432-4333

Continuous Quota at the Pool Level

The chart below shows calculations, by pool, of the change in continuous quota positions between September and October 2019. Fall production typically is less than market requirements (monthly quota), so each pool's position decreased. The P10 monthly deficit of 2.793 million kg BF was higher than in September and was offset by using butter and cheese stocked by processors. This deficit also dropped the national position from -1.61% to -2.02%. In fact, for the first time since December last year, the P10 pool dropped below the lower limit of -2.0%. This resulted in removal of about 64,000 credits from the pools. Both regional pools are sending positive production signals to their producers. This is seen in the recently announced November 1% quota increase in Quebec and the Maritimes.

Table 1. Continuous Quota (BF Kg, Monthly) - October, 2019

| | NL | P5 | WMP | P10 |
|--|-----------|-------------|-------------|-------------|
| Final Positions - Previous - September, 2019 ¹ | (403,412) | (3,771,516) | (1,987,393) | (6,162,321) |
| % of the 12-month Total Quota | -17.02% | -1.33% | -2.03% | -1.61% |
| Monthly Total Quota - October, 2019 | 239,552 | 26,006,208 | 9,323,815 | 35,569,575 |
| Monthly Production - October, 2019 | 174,119 | 24,162,001 | 8,439,541 | 32,775,661 |
| Difference | (65,433) | (1,844,207) | (884,273) | (2,793,914) |
| Total Credits transferred | | (50,094) | (13,910) | (64,004) |
| Final Pool Positions Adjusted for Reimbursed Quota - October | (404,840) | (4,899,186) | (2,493,551) | (7,797,578) |
| % of the 12-month Total Quota | -16.79% | -1.72% | -2.52% | -2.02% |



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 or if the producer's offer to buy quota is at a price equal to or higher than the market clearing price but does not result in the producer purchasing any quota on the 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: _____

08/19



DairyTrace Frequently Asked Questions

December 2019

What is livestock traceability in Canada?

Livestock traceability is the ability to follow one animal or a group of animals from one point in the supply chain to another. These systems are based on three basic pillars:

- Premises Identification (the identification of sites where animals are born, kept, assembled or disposed);
- Animal Identification (a unique identification number applied to animals or groups of animals); and,
- Animal Movement (the reporting of animal identification and premises identification to associate animals to locations they came from and/or went to).

Livestock traceability in Canada is largely guided by regulatory requirements at the Federal level, though both provincial/territorial governments and livestock industry partners collaborate and contribute to the system via voluntary and mandatory approaches.

For a more detailed overview of traceability in Canada, please reference the following site:
<https://www.inspection.gc.ca/animals/terrestrial-animals/traceability/eng/1300461751002/1300461804752>

What is DairyTrace?

The DairyTrace Program is run by Lactanet Canada (formerly Canadian Dairy Network, CDN) in partnership with the Dairy Farmers of Canada to capture and administer all traceability information for dairy cattle across Canada. The DairyTrace System will be the technical database for collecting and storing this data for emergency management purposes, as well as other industry value-added purposes, and it will also report required regulatory data to the Federal Government for the protection of animal health, public health and food safety.

When will DairyTrace launch and go live?

Lactanet Canada is working towards becoming the official Responsible Administrator for all dairy cattle traceability information in Canada. While there remain several details to be completed, it is expected that the DairyTrace system will coincide with the signing of the Responsible Administrator agreement, which is expected later in 2020.

How does DairyTrace link with proAction requirements?

Through proAction, farmers are encouraged to report their traceability data to the national traceability database. Currently, that database is the Canadian Livestock Tracking System (CLTS) administered by the Canadian Cattle Identification Agency. When DairyTrace is up and running, farmers will report their data to DairyTrace. The DairyTrace system will be your one-stop-shop for all dairy traceability recording and reporting.

Currently, I report my traceability data to the Canadian Livestock Tracking System (CLTS), why is the sector switching to DairyTrace and how will the change be managed? What will it mean for my daily reporting?

Lactanet Canada is working towards becoming the Responsible Administrator of dairy cattle traceability information for Canada. At such time as the agreement is signed with the Federal Government, CCIA would cease to be the responsible administrator for dairy cattle (although they will still be the responsible administrator for beef cattle). Through a signed agreement, data will be able to flow from CCIA to DairyTrace and back again as needed. The information that producers currently report will still be able to be sent to CCIA for beef cattle but for dairy cattle it will need to be sent to DairyTrace from that point forward.

How will I report my Traceability events to DairyTrace?

Some on-farm herd management software programs, such as DairyComp or Lac-T, will be capable of reporting to DairyTrace for you automatically. DairyTrace will provide a list of software programs that offer this. Other industry partners, such as Holstein Canada, send tag activation event information to the responsible administrator for dairy cattle traceability in Canada on your behalf, for registered animals. Another option is for you to report directly to the DairyTrace system. Options available will be the DairyTrace website (under development) or by contacting DairyTrace customer service by phone, fax or email (under development). Please note it is your responsibility to ensure you have respected the recording and reporting deadlines (i.e.: tag activations must be recorded within 7 days of birth or before the animal leaves the farm of origin, whichever occurs first, and then must be reported to the national database within 45 days after birth).

How do traceability requirements differ in Quebec?

Quebec has its own provincial traceability regulations and that data is collected by Agri- Traçabilité Québec (ATQ) in their SimpliTrace database. This will continue to be the case, and once agreements are in place, ATQ will share required data for the national traceability regulations and for proAction with DairyTrace.

How is DairyTrace funded?

As a key partner in the establishment of the DairyTrace Program, Dairy Farmers of Canada has applied for and received Canadian Agricultural Partnership (CAP) funding from Agriculture and Agri-Food Canada for the first five years of the DairyTrace Program, which ends in March 2023. During this initial funding period DairyTrace will establish a financial forecast and plan to ensure that DairyTrace becomes a self sustainable program.

Who can I talk to if I have questions?

You can contact:

Brian Van Doormaal, Chief Services Officer, Lactanet Canada
(Tel: 519-767-9660 ext 101, email: bvandoormaal@lactanet.ca)

or Mélissa Lalonde, Manager, Sustainability Programs, Dairy Farmers of Canada
(Tel: 514-284-1092 ext 241, email: melissa.lalonde@dfc-plc.ca)



TPQ Lease Agreement

100-4060 Highway 236
Lower Truro, NS B6L 1J9
Phone: (902) 893-6455
Fax: (902) 897-9768
dfns@dfns.ca
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 \$_____ (plus any applicable HST) 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 current 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 |
|-------------|-------------------|
| January | January 27, 2020 |
| February | February 24, 2020 |
| March | March 25, 2020 |
| April | April 24, 2020 |




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Milk Production and Pricing

Esben Arnfast, Chief Financial Officer

Monthly farm milk production during November duplicated last November's almost exactly. The butterfat composition was slightly higher at 4.24 kgs/hl compared to 4.22 in November 2018.

Additional production day usage continued to increase and reached 42% of the 3 days available during November. This strong uptake minimizes the effect of increased fall production and the average producer utilized tolerance only decreased from -8.1 days to -8.7 days.

The NS equalized pool transportation rate increased sharply to \$2.91/hl after the Nov 1 adjustment to quarterly bulk haulage rates paid to transporters. November transportation costs will be pooled in the P5 and with the pooling adjustment being applied to December's deduction rate.

The average producer raw milk price declined slightly to \$81.23 per hl from October's rate of \$83.31. The price can also be expressed as \$19.16 per kg of butterfat for milk containing (provincial average) 4.23 kgs of butterfat, 3.3 kgs of protein and 5.89 kgs of other solids.

The pooling adjustment for October resulted in an approximately \$300,000 transfer to the P5. Also, an advance for the month of October of close to \$800,000 needed to be repaid. Normally those factors would lead to a large decline in the price paid to producers for raw milk. During November however, due to a prolonged plant receiving shutdown, a much higher than normal volume of raw milk was shipped to other provinces and usual milk received from NL was minimal. At 7 million litres, this was well beyond the high level of milk shipments in October of 5.5 million litres and represented 42% of the raw milk deliveries by producers in November.

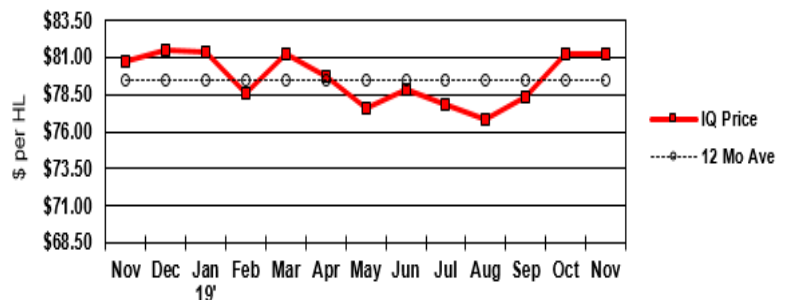
The milk sold to other boards is temporarily paid for by DFNS at interplant transfer 4(a) prices which is over \$89/hl. That volume will be priced during the November pooling calculations at the P5 average pool price which will be closer to \$80/hl and the resulting equalization payments will result in a large pooling adjustment to apply next month.

Milk Marketing Report November 2019

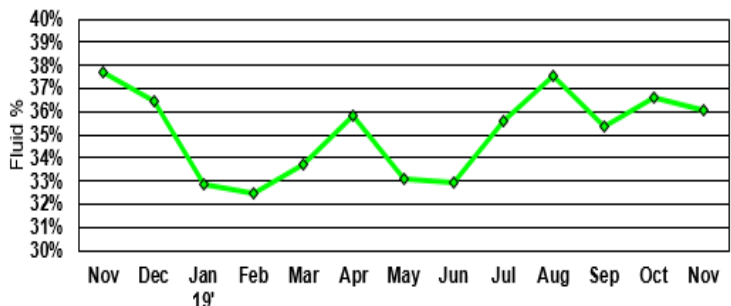
| PRODUCTION | 2019 | 2018 |
|----------------------------|---------|---------|
| Average Liters/Day | 542,370 | 540,774 |
| Average kg Butterfat/Day | 22,991 | 22,908 |
| Average Composition, kg/hl | | |
| Butterfat | 4.2389 | 4.2207 |
| Protein | 3.3014 | 3.2967 |
| Other Solids | 5.8873 | 5.8940 |
| Bulk Haulage (\$/hl) | 2.91 | 2.74 |

| PRODUCER PRICES | BF (\$ per kg) | Protein (\$ per kg) | LOS (\$ per kg) | Avg. per HL |
|---|----------------|---------------------|-----------------|-------------|
| November In-Quota | 10.9146 | 7.8718 | 1.5242 | 81.23 |
| Nov Butterfat Premium (\$/kg) SNF/BF<2.35 | 0.0126 | | | |
| Nov Over-Quota | 0.0000 | 0.0000 | 0.0000 | |
| Dec Over-Quota Penalty | 0.0000 | 0.0000 | 0.0000 | |

NS Average In-Quota Producer Price Per HL basis



Fluid Utilization Percentage



Total Licensed Producers in November: 201