

# NEWSLETTER

## Vol. 21, No. 2 - September 2020

#### **September 1 Changes**

DFNS has implemented some temporary changes to our quota policy starting September 1, 2020. Relative to Natural Products Marketing Council's (Council) investigation in 2019, two of their findings were related to license ownership information and corporate amalgamations / share transfers. DFNS has been directed to make regulatory amendments to address these concerns raised by Council.

The Board has agreed to pursue these two directives as part of the overall response to Council's findings. The Board approved changes to the *Total Production Quota Regulations*, which have also been approved by Council and are effective September 1, 2020. The amendments enable the Board to temporary prohibit certain quota and share transfers.

Additionally, the Board has passed a motion starting September 1, 2020 placing a temporarily prohibition on certain quota and share transfers. These were sent to producers by letter in early September. This measure has been put in place for a period of time to allow the Board to collect and review more detailed ownership information from all producers. Work is underway to setout the regulated license ownership information requirements and the IT/administrative steps to collect and confidentially review this information this fall.

Once a broader ownership profile has been confidentially assessed, DFNS will be in a better position to revisit the temporary prohibition and determine the regulatory environment, in relation to quota holdings, which best positions the industry going forward. Producer views will be sought to help shape any changes going forward.

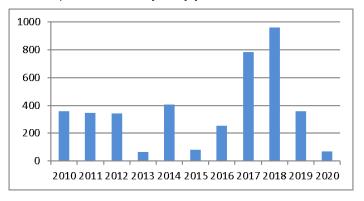
The Board appreciates your understanding of the need to act now and anticipates your full cooperation with providing the broader information in the near future. If you have any questions about these regulatory / policy changes, please contact your DFNS Director.

#### **UPCOMING EVENTS & DEADLINES:**

October 12	Thanksgiving
	Quota Exchange Noon Deadline
October 26, 2020	Quota Lease Deadline
November 11, 2020	Remembrance Day
November 13	Quota Exchange Noon Deadline
November 24, 2020	Quota Lease Deadline

#### **Quota Exchange Update**

The monthly quota exchange has been cancelled 6 of the past 12 months due to no quota offered for sale. The total quota sold in the 2019/20 dairy year was 69.51 kg, the lowest total in eight years. Of this, 16 kg was sold to our approved New Entrant. The graph below shows the annual quantities sold by dairy year.



The September exchanges was cancelled because a small quantity (under 2 kg) was offered for sale. The regulations allow DFNS to purchase these small amounts to ensure the seller is paid. That quantity is then offered for sale by DFNS on a future exchange at a price equal to the previous market clearing price.

#### Where are my Results?

Producers review their milk quality, component and animal health results using — MQM website and MILKLINE toll-free phone service. Unfortunately, recent updates to the MQM site (adding animal health results) led to two producer access issues. One problem was with accessing the website and we understand that has been corrected. Producers who relied on email notifications also found those ended temporarily, but that too has since been corrected.

Another temporary disruption on uploading results to  $\mbox{\scriptsize MILKLINE}$  is also being addressed.

We apologize for any inconvenience these caused and encourage producers experiencing issues accessing current results to contact a DFNS staff member.

Phone: (902) 893-MILK

Fax: (902) 897-9768

# The September 2020 Quota Exchange was cancelled. There was not enough quota offered for sale.

Quota Exchange Deadline	Payment Due Date
October 13, 2020	October 28, 2020
November 13, 2020	November 26, 2020
December 11, 2020	December 29, 2020

#### P5 QUOTA EXCHANGE MCP

P.E.I.....cancelled
New Brunswick.....\$24,000
Ontario ......\$24,000
Quebec ......\$24,000

#### **DFNB Newsletter**

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

### Lab Results August 2020

Average IBC: 48,625

Average Somatic Cell Count (SCC): 217,879

Adulteration: (Tankers) 3

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

Micha Joop (southern regions 4, 5, & 6) Email: proAction@nbmilk.org Fax: 506-432-4333

Call: 506-432-4330 Ext. 104

#### Continuous Quota at the Pool Level

The chart below shows calculations, by pool, of the change in continuous quota positions to the end of July 2020. July's production fell well short of quota by 1,954,537 kg of butterfat so the P10 collectively dropped up from -0.41% to -0.91%. The lower limit is -2%. Monthly quota calculations will be impacted by consumption disruptions / recovery resulting from Covid-19 restrictions and the possibility of a second wave this fall. Production was softer than usual for July following signals for producers to slow down. Late summer production appears to be stronger than usual, which could slow the declines in continuous quota position. Any shortfall is being served by stored butter and cheese.

Table 1. Continuous Quota (BF Kg, Monthly) - July, 2020

NL	P5	WMP	P10
(558,680)	(733,498)	(292,326)	(1,584,504)
<i>-22.79%</i>	-0.26%	-0.30%	-0.41%
213,403	24,685,173	8,519,032	33,417,608
160,721	23,219,949	8,082,401	31,463,071
(52,682)	(1,465,224)	(436,631)	(1,954,537)
(611,362)	(2,198,722)	(728,957)	(3,539,041)
-24.78%	-0.77%	-0.73%	-0.91%
	(558,680) -22.79% 213,403 160,721 (52,682) (611,362)	(558,680) (733,498) -22.79% -0.26%  213,403 24,685,173 160,721 23,219,949 (52,682) (1,465,224)  (611,362) (2,198,722)	(558,680)       (733,498)       (292,326)         -22.79%       -0.26%       -0.30%         213,403       24,685,173       8,519,032         160,721       23,219,949       8,082,401         (52,682)       (1,465,224)       (436,631)         (611,362)       (2,198,722)       (728,957)



#### **DFNS Board Nominees**

The following producers have been nominated to serve on the DFNS Board of Directors:

- Hans Vermeulen
- Stephen Neilsen
- Dustin Swinkels

- Robert J. Dillman,
- Niels Langelaan
- William Cox

#### **Food Bank Donation Summary**

As reported in June, DFNS has partnered with several processors to donate fluid milk and cheese to Feed Nova Scotia, the province's umbrella organization. Over the three months starting in April, total donations were: Fluid Milk 28,109 litres; Cheese 6,405 kg; and Specialty Cheese 232 kg. Along with providing processors with the raw milk at no cost, DFNS contributed \$25,000 to Feed NS for milk and dairy product purchases relative to the Covid pandemic and higher client need.

#### proAction Bits & Pieces

DFNS proAction on farm validations resumed in July after a 3-month suspension due to Covid-19. In two short months, all validation activity has been caught up. Producers and validators were both faced with the challenge of completing validations outside of their normal time frames. This resulted in a heavier workload for everyone. A big thank you to producers for their cooperation and to the validators for their dedication.

Validation procedures – Producers are reminded that if it is found that you do not maintain routine records (i.e. treatment records, traceability records, monthly equipment check, etc.), following the validation you will be required to submit monthly records for 3 months to your Coordinator to meet proAction registration requirements. This is a national protocol.

Leaving a hard copy of the validation report on farm is not always a viable option due to cellular connection and hardware capabilities. As such, you will receive your validation report from the provincial Coordinator. We try our best to have this sent back out to you the next business day, but some short delays can occur. At the most it would be 2-3 business days. After a validation is completed, the provincial Coordinator will forward you a letter (email unless otherwise requested or no email on file) outlining the due date for corrective actions, those required to be submitted for 3 months and the pending penalty for non-compliance. Some producers may view this letter as being "harsh", but when implementing a regulatory program the consequence must be clear to everyone.

A few items for you to keep in mind:

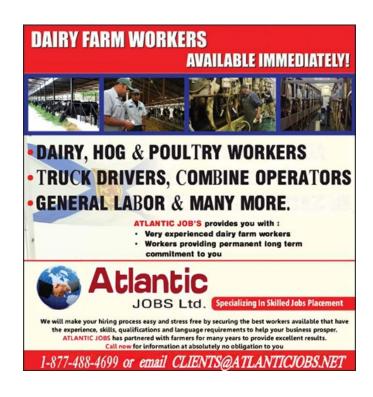
- Tag replacement record If you must tag an animal with a different numbered ear tag, you are required to record that new number. If you know the old number, you need to cross reference with the old tag number.
- Environment All farms must have a valid environmental farm plan (EFP) for any validation happening after September 1, 2021. You should start thinking about completing this exercise ahead of that date.
- Dairy Trace Dairy Trace is the new national data base used for reporting all dairy traceability information. Lactanet will be the national administrator of this system. The website and full-service system will be launched on October 5, 2020. You will soon be receiving a welcome kit. Watch for more information from Lactanet on this.
- Reporting to Dairy Trace will be required starting September 1, 2021 as part of your validation requirements. That
  gives you 11 months to set up your account and start using the system to become familiar with it. There will be a
  full-service support system for all producers that will include telephone, fax and email.

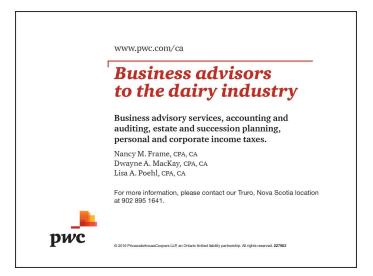
Please contact your provincial coordinator directly if you have any questions or concerns regarding proAction®.

Nancy Tedford-Douglas DFPEI, DFNL, DFNS (zones 1-3) 902-394-1657 ndouglas@dfpei.pe.ca

Mícha Jopp DFNB, DFNS (zones 4-6) 506-432-4330; ext 104 proaction@nbmilk.org







# **Produce** more profits

It takes long hours and careful management to run a successful dairy farm. Success is also built on the decisions you make about succession, herd size, barn expansion and quotas.

Grant Thornton LLP advisors are here to help. Our experienced, reliable and friendly advisors have been serving farmers and business owners in Nova Scotia for decades. We care about your family business, because we're part of your community.

Our team can help you with:

- · year-end accounting and tax compliance.
- cash flow and financing plans for expansion
- · family succession and estate plannina
- personal and corporate tax planning, and
- · financial and business advice.

Let's start the conversation.

#### grantthornton.ca

Laura MacLaughlin

T + 902 896 2542 E Laura.MacLaughlin@ca.gt.com

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#### Salmonella Dublin

Recently there has been an increased number of cows from other regions coming to the Maritimes. They bring an increased risk of introduction of diseases, such as Salmonella dublin, which are not currently present in our region.

Salmonella dublin (Salmonella enterica serotype dublin) has caused devastating disease on dairy and veal farms in Quebec and Ontario since 2011. Though there have not been any confirmed cases in Atlantic Canada, cattle entering the region from Quebec, Ontario and the U.S. should be considered high risk for introducing the disease. Similar to other Salmonella serotypes, Salmonella dublin is transmissible to humans but unlike many other serotypes it is resistant to many antibiotics. Treatment in animals is not feasible and exceedingly difficult in humans. Precautions to prevent introduction of this infectious disease into Atlantic Canada is strongly advised.





Symptoms of Salmonella dublin are seen primarily in calves where mortality rates commonly reach 50%. Symptoms in calves less than 6 months are primarily respiratory and include:

- Fever Septicemia
- Coughing Diarrhea
- Pneumonia Death

Infected adult cows may scour and abort but are often asymptomatic carriers which intermittently shed the bacteria resulting in infection of other cattle and contaminating the environment. Please contact your veterinarian if you have any concerns about this disease.

Salmonella dublin is shed in the feces and milk and spread is most common through the fecal/oral route. Good biosecurity is extremely important in preventing the introduction of this disease into our region and your farm. If purchasing cattle from outside the Maritimes, knowing the Salmonella dublin status of the herd is crucial. Individual testing may be done but is not completely accurate. Cull cows coming into the region can also be a risk if trailers are contaminated with infected feces. Require that all drovers moving cattle to your farm remove all organic material and disinfect and re-bed their vehicles between uses.

This disease has the potential to cause severe harm to your operation. Consult with your veterinarian If you are considering purchasing, housing, or trailering cattle from outside the Atlantic Region. Please do your part to prevent its introduction to Atlantic Canada and maintain a healthy cattle population.

Dr. Wilma Schenkels - Chief Veterinary Officer, Nova Scotia





# TPQ Lease Agreement

100-4060 Highway 236 Lower Truro, NS B6L 1J9 Phone: (902) 893-6455 Fax: (902) 897-9768 dffns@dfns.ca www.dfns.ca

THIS LEASE mad	leday of	_, A.D., 20
BETWEEN:	DFNS Reg. # hereinafter called the "LESSOR" (Lender of the quota)	<b>2</b> _
	- and -	
	DFNS Reg. # hereinafter called the "LESSEE" (Borrower of the quota)	2_

	AGREEMENT
The	e Lessor and the Lessee agree that:
1.	The Lessor shall lease to the Lesseekllograms of daily Total Production Quota (TPQ)
2.	The lease term shall commence on the <u>first</u> day and terminate on the <u>last</u> 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:
	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
ALT	THORIZED BY
	behalf of Dairy Farmers of Nova Scotla 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 TPO 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.

v. 201902





#### DEADLINE FOR OFFERS IS LAST BUSINESS DAY BEFORE THE 14th OF EACH MONTH.

4060 Highwey 238 Lower Truro NS 88L 1J9 Phone: (902) 803-8455 Fax: (902) 807-9768 www.dfrs.ca Email: dfrs@dfrs.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 acciding two decimal places). Prices must be for a whole producer's total quota (exception for assisted new produce per exchange.	kilogram. Offers must not exceed 10% of the		
Offer to Purchase kgs of TPC	) perday @ \$perkg.		
Email address:  (for confirmation of receipt of offer, if requested)  Payment for quota must be made via the selected meday of the month. Producers choosing option 2 must the DFNS website or from the office) and a void chequities.	t have completed a PAD agreement (available on		
1. Cheque Payment (	2. Pre-Authorized Debit (		
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.	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 offe	r (\$15 + \$2.25 HST) Reg No. 107788523		
in the event of a cancelled exchange or if the producer's offer to clearing price but does not result in the producer purchasing any producer (or not collected in the case of PAD). Please note that	quota on the exchange, service fees are returned to the		
All offers must be signed by the registered quota holder. In the case of a p designated signing officer(s). It is the producer's responsibility to confirm desailine, or the buyer's payment is dishonoured, the quota purchased by associated with non-payment, the producer is not eligible to purchase on a purchase TPQ on a future exchange using a bank draft, direct deposit, or e	receipt of affers by DFNG. If the buyer does not pay by the payment the buyer will return to DFNG, the producer is liable for all costs the exchange for a period of 12 months, and the producer may only		
Date Sien:	ature(s)		
The information on this form is a summary of the applicable rules, which are contained in the TPQ Regulations. The DINS 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:			



## Milk Production and Pricing

Esben Arnfast, Chief Financial Officer

August BF production remained very close to 22,000 kgs/day as in July and approximately 2.5% higher than last August. The average butterfat composition continued the usual seasonal decline to 3.96 kgs/hl.

Production is running at about 98% of the NS producer allocated quota so average producer utilized tolerance declined from -6.6 days to -7.8 days. Two additional production days issued in August were approximately 1/3 filled by producers. There are 3 days for September.

The NS equalized pool transportation rate decreased to \$2.55/hl with new rates effective August 1 paid to transporters. The rates resulted from the normal quarterly review process. It is possible that pooling the lower rates may result in a higher rate for September depending upon pooled costs by other provinces in the P5.

The average producer raw milk price continued to be below the 12-month average at 76.09/hl or \$19.27 per kg of butterfat at average provincial composition.

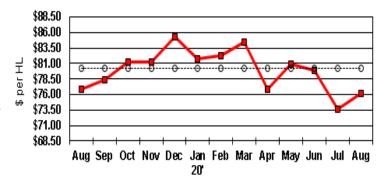
The value of raw milk utilized by processors remained relatively unchanged but there was an overall improvement in August compared to July's value due to a larger amount of raw milk being moved to other provinces. The amount of milk shipped out of NS was slightly more than 1/3 of the month's 17 million litres production, in response to milk movement obligations and limited processing capacity in NS.

As noted for the past 3 months, another factor in the dropping farm gate price was an adjustment for lower-valued products sold by NS processors. DFNS has paid approximately \$200,000 in June, \$300,000 in July and \$300,000 in August and eventual pooling of the revenues from these products requires approval by the P10 provinces.

Raw milk prices normally tend to increase in the fall as fluid milk sales improve. With institutional and hospitality industry demand still not returning to normal levels, it is possible that the seasonal improvement will not be as strong as in previous years.

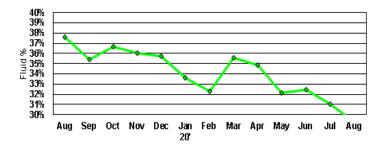
Milk Marketing Report August					
PRODUCTION		2020	20	019	
Average Liters/Day		554,221	540	0,395	
Average kg Butterfat/Day Average Composition, kg/hl		21,944	21	,430	
Butterfat		3.9595	3.9	9656	
Protein		3.1416		1086	
Other Solids		5.9128		8802	
Bulk Haulage (\$/hl)		2.55	2	2.77	
PRODUCER PRICES	BF (\$ per kg)	Protein (\$ per kg)	LOS (\$ per kg)	Avg. per HL	
Aug In-Quota	10.2982	8.3917	1.5134	76.09	
Aug BF Premium ratio<2.30	0.2405				
Aug Over-Quota	0	0	0	0	

NS Average In-Quota Producer Price Per HL basis



Sept Over-Quota Penalty

Fluid Utilization Percentage



Total Licensed Producers in August: 200



0



September 08th, 2020

The Right Honourable Justin Trudeau, PC, MP Prime Minister of Canada Office of the Prime Minister 80 Wellington Street Ottawa, ON K1A 0A2

RE: **Urgent Appeal to Deliver Trade Deal Compensation to Dairy Farmers** 

Dear Prime Minister,

As you know, dairy farmers are dealing with the massive constriction of their market due to the concessions granted in three successive international trade agreements signed by the federal government: the Comprehensive and Progressive Agreement for Trans-Pacific Partnership (CPTPP), the Comprehensive Economic and Trade Agreement (CETA), and the Canada-United States-Mexico Agreement (CUSMA).

By 2024, 18% of our domestic dairy production will have been transferred to foreign dairy farmers, who will supply the milk for dairy production imported into Canada. This is the result of commitments that were made under the WTO, in addition to market access granted under CETA, CPTPP and CUSMA. The estimated annual loss to dairy farmers across the country is \$450 million.

For over a year now, you, Deputy Prime Minister Freeland and Agriculture and Agri-Food Minister Bibeau have all repeated that dairy farmers would be compensated. A first payment for CETA and CPTPP was made last year, but since then, there has been little progress as to the level and schedule of compensation for this year and for the following years. Furthermore, there has not been any engagement on compensation for CUSMA, even though it came into force on July 1<sup>st</sup> this year.

Dairy farmers across Canada understand that the early months of the COVID-19 pandemic required all the attention of the federal government. However, at this stage, we believe that an announcement on what has already been decided would not deter from efforts to address the pandemic.

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We now need your leadership to ensure an announcement on the fair and promised compensation.

The dairy sector plays a vital role in the Canadian economy and compensation is essential to ensuring continued confidence in the sector, particularly as it recovers from the COVID-19 pandemic. Dairy is one of the largest agricultural sectors in Canada and is a key driver of economic activity, particularly in rural communities where it's needed most.

The dairy sector is an important source of employment for a whole array of professions, including veterinarians, machine dealers, truck drivers, mechanics, animal nutritionists, feed producers, and more. The dairy sector supports more than 221,000 full time equivalent jobs, contributes \$19.9 billion per year to Canada's GDP and generates \$3.8 billion per year in tax revenues. Without compensation, farmers may put off or forego capital investments, which has serious ramifications for rural communities across the country.

Fair compensation is also essential to cementing our domestic food security as dairy is a key pillar. Compensation will help maintain a vibrant dairy industry which will ensure that Canadians have continued access to high-quality, nutritious foods produced right here at home. Now more than ever, Canadians demand more self-sufficiency as the pandemic has demonstrated the weakness of a model that relies disproportionately on our traditional trading partner.

Prime Minister, we want to believe in your commitment, but actions speak louder than words.

We ask that you stand up for dairy farmer families by intervening personally to ensure a timely announcement, and after waiting over a year since the announcement by Minister Bibeau, we believe the time is now! Dairy farmers await an announcement on the level and schedule for the remaining seven years of direct payments to producers for CPTPP/CETA.

We also ask that an announcement be made as to the level and timing of compensation to producers, in the form of direct payments, for CUSMA.

Thank you in advance for your cooperation on advancing this issue to ensure a continued vibrant dairy industry in Canada.

Respectfully,

Pierre Lampron President

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Jon Mother	11.82
Tom Kootstra, Président ALBERTA MILK	Holger Schwichtenberg, Président BC DAIRY ASSOCIATION
Caul ulin	Vaul Bunce
David Wiens, Président	Paul Gaunce, Président
DAIRY FARMERS OF MANITOBA	DAIRY FARMERS OF NEW BRUNSWICK
Lee Noel	Dansk
Lee Noel, Président DAIRY FARMERS OF NEWFOUNDLAND & LABRADOR	Gerrit Damsteegt, Président DAIRY FARMERS OF NOVA SCOTIA
Munfle	Had Mobato
Murray Sherk, Président	Gordon MacBeath, Président
DAIRY FARMERS OF ONTARIO	DAIRY FARMERS OF PRINCE EDWARD ISLAND
Pawal found	MB.
Daniel Gobeil, Président par interim	Matthew Flaman, Président
LES PRODUCTEURS DE LAIT DU QUÉBEC	SASKMILK

CC: The Honourable Chrystia Freeland, Deputy Prime Minister and Minister of Finance
The Honourable Marie-Claude Bibeau, Minister of Agriculture and Agri-Food