

NEWSLETTER

Vol. 17, No. 5 - January 2017

Successful MUV session

DFNS is licensing specialized software from Ontario called Milk Utilization Verification (MUV). It has been used for years in Ontario for processors to report monthly what dairy products they made with milk purchased from the Board.

It also captures valuable information allowing for thorough auditing of the reports. MUV has recently been updated to calculate all aspects of the National Ingredients Strategy. In early January, we hosted a successful workshop to walk processors and staff through the functions and capabilities of MUV. Dairy Farmers of Ontario staff and the MUV programmer led the way. Further testing and comparisons to our current programs are needed before MUV will be fully implemented in Nova Scotia.

Adopting MUV will accomplish three goals: paving the way for the National Ingredients Strategy; harmonizing processor milk utilization reporting to boards in eight provinces; and streamlining this reporting in advance of the Milk Marketing System (MMS) arriving later in 2017.

The Maritime and four western provinces are all adopting MUV and eventually MMS. MMS is an extensive computer program designed to serve the business needs of eight provinces, excluding Quebec and Newfoundland.

UPCOMING EVENTS & DEADLINES:

January 25-26, 2017.....AGM—Best Western Glengarry
February 13, 2017.....Quota Exchange Deadline
February 20, 2017.....Heritage Day—Office Closed
February 24, 2017.....Quota Lease Deadline

AGM January 25-26, 2017

If you haven't yet registered for our AGM January 25-26, 2017, it's not too late! This is your industry and we need your valuable input...plan to attend and call the office today!

New CDC Commissioner

Agriculture Minister Lawrence MacAulay announced the appointment of Jennifer Hayes as Commissioner of the Canadian Dairy Commission (CDC). The appointment is for a three-year term, effective January 3, 2017. "*Jennifer's energy, talent, and commitment to the Canadian dairy industry will be an asset to the Commission, and her leadership and experience can serve as a model to young women considering a career in agriculture,*" said Lawrence MacAulay, Minister of Agriculture and Agri-Food.

Ms. Hayes is a dairy and beef farmer on Quebec's Gaspé Peninsula. She is the third generation to farm at Pine Crest Farms in Shigawake, which she co-owns with her father and uncle. Her farm is the most eastern dairy farm on the mainland in Quebec. Ms. Hayes has extensive governance experience as an active member of the UPA (*L'Union des Producteurs Agricoles*) and its specialized dairy, beef, and local syndicates.

Ms. Hayes holds an MBA from Concordia University and is actively engaged in rural development initiatives in her region. She has a particular interest in policies that strengthen the symbiotic relationship between rural communities and sustainable agriculture. Since 2012, she has acted as a Revitalization Agent at the MRC of Bonaventure, where she has accompanied rural municipalities in formalizing social and economic development plans, and elaborating essential community development projects. She is a skilled partnership broker, and incorporates partners from the private sector and multiple government agencies at the federal, provincial, regional, and local levels.

Ms. Hayes has two young daughters, aged eight and five, who she hopes will one day take their place beside her on the family farm.

DFNS thanks the efforts of outgoing CDC Commissioner Hennie Bos from Alberta.

Results of the January 2017 Quota Exchange

Iteration (all buyers): 0.36 kgs
 Prorated for buyers: 3.21%

Kilograms

Purchased (**actual**) 29.29
 Offered to Purchase 464.64
 Offered to Sell 29.29

Producers

Buying Quota 42
 Offering to Buy 42
 Selling Quota 9
 Offering to Sell 9

Price	Offers to Sell (kgs)	Cumulative Sales	Difference	Cumulative Buys	Offers to Buy (kgs)
\$22,500	6	6	458.64	464.64	0
\$23,500	0.5	6.5	457.5	464.64	0
\$23,900	1	7.5	457.14	464.64	0
\$23,950	2.5	10	455.14	464.64	0
\$24,000	19.3	29.3	435.35	464.64	464.64

Quota Exchange Deadline	Payment Due Date
January 13, 2017	January 27, 2017
February 13, 2017	February 24, 2017
March 13, 2017	March 29, 2017

Dairy Services Lab Results December 2016

Bactoscan Individual Bacteria Count (IBC)

Count	Samples	Percent
<35,000	167	73.7
35,001-121,000	51	22.8
>121,000	8	3.6
TOTAL	224	100.0

96.4% meet provincial standard

Average IBC – December 2016: 42,587

Correction: November 2016: 30,460

Average Somatic Cell Count (SCC): 197,220

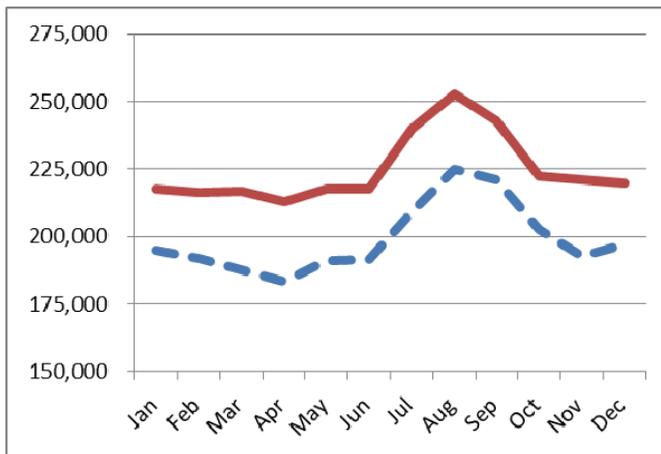
Adulteration (added water and/or antibiotics)

Water (Farm Tanks)	0
Antibiotics (Tankers)	0

P5 QUOTA EXCHANGE MCP

PEI	\$22,500
New Brunswick	\$21,500
Ontario	\$24,000
Quebec	\$24,000

Milk Quality Snap Shot



————— 13 year SCC average
 - - - - - 2016 SCC average

At the Fall Regional Meetings, a number of producers asked about trends in milk quality. These questions flowed from the presentation on the revised milk quality rules being introduced August 1, 2017. The graph shows the 2016 monthly SCC average (dotted line), compared to a 13-year average SCC (solid line). The regulatory limit dropped from 500,000 to 400,000 in August 2012. Over the last 13 years, the overall SCC average is 225,000, but improvements in care and attention to udder health and cows' environment dropped the annual average SCC to 199,028! Three years of Bactoscan quality data has shown variation of the annual average from just over 32,000 IBC in 2014, 36,000 in 2015, and 32,880 in 2016. Please note in the lab results at the top of this page the revised IBC average for November.

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@nbmilk.org
 Fax: 506-432-4333
 Call: 506-435-0077 or 1-866-432-6455



February 2017: Take a “Holiday” from Medical and Dental Premiums

For producers enrolled in the Medavie Blue Cross group plan with DFNS, we are pleased to advise that in February 2017, there will be a premium “holiday” for the health and dental premiums.

As a result of health and dental claims being below budget, the plan has taken in more premium dollars than was necessary to cover claim costs.

Accordingly, there is no health and dental premium due for the month of February 2017. Take a “holiday” from medical and dental premiums!

When you receive your February invoice(s), it will not include medical or dental premiums for the month of February. The February invoice will include your other group insurance benefit premiums (Life, AD&D, and Dependent Life).

Yards and Lanes...Your Responsibility!

It is that time of year that we ask all producers to check their yards and lanes to ensure they are compliant with the DFNS policy. It is a difficult time of year for drivers; many have long routes to travel. The DFNS policy on Yards and Lanes reads as follows:

Maintenance *The driveway and yard must be kept in good repair, free of potholes and ruts. In winter conditions, that portion of the driveway and yard that the tanker travels must be cleared of snow whenever necessary. The driveway edges should be clearly marked. Ice surfaces must be salted or sanded, especially on steep inclines.*

Snow must be cleared so the bulk truck can have access, and ice must be dealt with by sand and/or salt. On occasion, transporters have paid for expensive tows due to improperly managed laneways. If producers do not comply with requests for improvement, the problem will be brought to DFNS to resolve. We have made a commitment to our transporters to follow up with any producers who are not addressing long-standing issues.

Please visit <http://www.dfns.ca/Yards&Lanes%20Policy.htm> to view the complete policy.

Pay Agent Update

Agropur, as the sole payment agent in NS, has asked DFNS to update all producers on two items. In order for producers to receive their pay statement as early as possible, Agropur is emailing them to farms that have provided them with an email address, and they intend to discontinue mailing paper copies of statements in addition to email.

Producers not receiving their monthly statement by email are encouraged to contact Agropur to provide an email address.

Please note that DFNS has not provided producers' email addresses to Agropur—so do not assume if we have it that they do.

Also, the advance and final payment dates are included in regulation as follows:

Interim payments will be deposited into your account on the first of the month. If the first of the month is not a business day, the deposit is the previous business day.

Final payments are calculated and transferred on the dates listed below, but may not arrive in your account for up to 48 hours.

<u>Month</u>	<u>Final</u>
January	February 15
February	March 15
March	April 17
April	May 15
May	June 15
June	July 17
July	August 15
August	September 15
September	October 16
October	November 15
November	December 15

Please contact Maki Endo at Agropur at 902-835-4005 ext. 3147 with any questions about this update.

DFNB Newsletter

Visit www.nbmlk.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.

<p>1. Cheque Payment <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>2. Pre-Authorized Debit <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: <input type="checkbox"/> cash <input type="checkbox"/> cheque <input type="checkbox"/> PAD	Offer Received/Verified By: _____

10/16





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 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 10th 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	
Amount Offered	Fee Per Offer
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





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.

Lease Month	Deadline
December	December 28, 2016
January	January 25, 2017
February	February 22, 2017
March	March 27, 2017



Lobby Day and DFC Annual Policy Conference

All eight DFNS Directors and Milk Committee Member Hans Vermeulen will be travelling to Ottawa in early February for the annual MP/Senator Lobby Day and Dairy Farmers of Canada's Annual Policy Conference. Hans is joining the Directors as part of a move across the country to include "younger" dairy producers in DFC meetings. Hans also accompanied the Directors at the DFC Annual Meeting in PEI last summer.

The lobby meetings are being arranged with Nova Scotia's eleven MPs and eight Senators where key messages will be delivered directly by our Board. All provinces arrange similar meetings in a blitz-style lobby, followed up with a Dairy Showcase reception for all elected officials and their staff.

The following day at the Policy Conference, dairy leaders from across the country will hear a World Dairy Outlook presentation, and receive Policy, Trade, Communications, and Marketing/Nutrition department updates. An Innovation Panel will round out the day. Reports will be published in the next newsletter.

www.pwc.com/ca

Business advisors to the dairy industry

Business advisory services, accounting and auditing, estate and succession planning, personal and corporate income taxes.

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.



© 2016 PricewaterhouseCoopers LLP, an Ontario limited liability partnership. All rights reserved. 227963



Bluenose Financial

Ruth Scothorn - Insurance & Financial Advisor

T: 902-758-1448
C: 902-324-1969
F: 902-236-2444
rscothorn@eastlink.ca

Life, Disability & Critical Illness
Health Plans - Group & Individual
Mortgage Loan Insurance
RRSPs, RESPs, & TSFAs
RRIFs & Annuities

Audit • Tax • Advisory

Don't overpay your taxes. You work too hard.

It's easy to overpay taxes—regulations can be complicated. At Grant Thornton LLP, we've been helping farmers and business owners optimize their tax savings for decades. Our highly experienced advisers are locals who know the industry in Nova Scotia and can provide business or personal tax advice.

So if you want to buy, sell, or plan for the next generation, give us a call. We'll help make sure you only pay the taxes that are required.

Kelly Kolke
T + 1 902 896 2535
E Kelly.Kolke@ca.gt.com

Ryan Power
T + 1 902 690 2012
E Ryan.Power@ca.gt.com

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

In Nova Scotia. Across Canada.
GrantThornton.ca



© 2016 Grant Thornton LLP. A Canadian Member of Grant Thornton International Ltd. All rights reserved.



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.

For more information, call **1.800.667.6328**
and ask for **Angèle Aucoin**.

Business. Needs. People.



Milk Production and Pricing

Esben Arnfast, Finance and Systems Administrator

Butterfat production in NS reached an all-time high in December, driven by increasing volumes and butterfat composition. The provincial production rate of 22,388 kgs of butterfat per day was an increase of almost 9% compared to last December, and the raw milk butterfat composition stands at 4.19 kgs/hl. December marks the first month of this season that production exceeds quota and predictably the average utilized tolerance moved up. The average stands at -13.2 days after November's -13.7 days.

The equalized pool transportation rate for December increased to a more normal level of \$2.52/hl after the pooling of the November reduced rates paid for Nova Scotia transportation.

The November raw milk average in-quota price increased to \$80.83/hl which was the third consecutive month of higher prices than observed in the past year.

As explained in last month's newsletter, the existence of limited 5(d) contracts for exporting skim milk powder has had a positive impact upon producer prices this fall.

During December, there was approximately one-half million litres of liquid skim milk dumped, with increased production unable to be processed and neighboring provinces in similar circumstances.

There exists a strong market for the butterfat; however, the other milk components are surplus to processing capacity. DFNS pays for the skim milk to be dumped and those costs reduce dollars that are available as the basis for producer payment.

Since the lost value of the skim milk dumped in NS is pooled with other provinces' reduced returns, the average P5 producer price is expected to decline in the coming months.

Total Licensed Producers in December: 217

Continuous Quota Positions

As of the end of November 2016, figures are expressed as a percent of each province's annual quota. Ontario and the Maritimes are the only provinces to move up in their positions. All other provinces moved down from October. Nationally, the provincial positions remained relatively unchanged at -0.76%. Butterfat demand continues to outstrip supply. November's 3% and December's 2% quota issuance increases in the P5 will be just taking effect. More milk is now coming forward. Skim drying capacity was an issue over the holiday period and skim disposal did reoccur. This situation may linger into early 2017 as milk production trends upward.

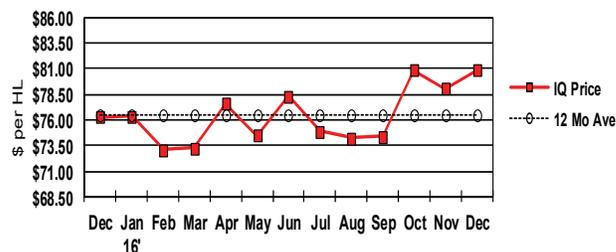
Alta. -2.44%	Sask. -3.01%	Ont. +2.08%	NS -0.81%	PEI -1.43%	P5 +0.14%
BC -1.82%	Man. -9.31%	Que. -1.15%	NB -1.60%	NL -11.63%	WMP -3.00%

Milk Marketing Report December 2016

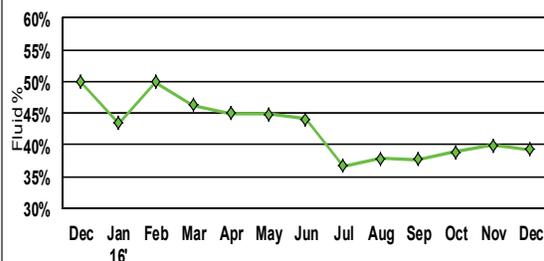
PRODUCTION	2016	2015
Average Liters/Day	552,730	501,363
Average kg Butterfat/Day	23,135	20,595
Average Composition, kg/hl		
Butterfat	4.1855	4.1079
Protein	3.3574	3.3555
Other Solids	5.7299	5.7121
Bulk Haulage (\$/hl)	2.52	2.56

PRODUCER PRICES	BF (\$ per kg)	Protein (\$ per kg)	LOS (\$ per kg)	Avg. per HL
December In-Quota	10.4892	8.1991	1.6404	80.83
December Butterfat Premium (\$/kg) SNF/BF<2.35	0.0174			
December Over-Quota	0.0000	0.0000	0.0000	0.00
January Over-Quota Penalty	0.0000	0.0000	0.0000	0.00

NS Average In-Quota Producer Price
Per HL basis



Fluid Utilization Percentage





Latest News...

Dairy Farmers of Canada

January 2017

DFC'S NEW MASTERBRAND CAMPAIGN

Dairy Farmers of Canada (DFC) rolled out its new Masterbrand campaign on January 16. In the first year, the campaign will aim to educate Canadian consumers on the fact that Canadian quality milk is the key ingredient found in the cheese, ice cream, yogurt and butter that they enjoy daily. Additionally, the campaign will showcase the "Quality Milk" certification mark of origin for 100% Canadian milk and Canadian dairy products, a logo meant to heighten consumer awareness of both Canadian dairy farmers and Canadian quality milk. This is part of DFC's new brand conviction, which will bring most of DFC's numerous programs under one umbrella.

The inspiration behind the Masterbrand campaign comes from the well-known expression: "Crying over spilled milk." In an effort to include products crafted with Canadian quality milk such as ice cream, cheese and butter, DFC expanded the idiom's scope by suggesting that Canadians embrace a reality which is based on a new premise: If it's made with Canadian milk, it is worth crying over.

Designed to reach all Canadians, DFC's campaign will be ensuring a strong presence in mass media until April via a 30-second spot that will air on popular shows running on conventional and specialty channels. A 15-second version of the ad will be projected in Cineplex Theatre across Canada. Billboards and transit shelter ads were also posted in major Canadian cities and Toronto's Union Station was taken over by the Masterbrand campaign with billboards and a "crying wall" in mid-January. Developed as the main destination for those looking for more information on the reasons why Canadian milk is worth crying over, qualitymilk.ca is now accessible and social media channels enriched with videos and posts fostering conversations around topics that are important to DFC and the dairy industry have been added to the mix. On the retail side, DFC's partnership with Agropur has allowed for the presence of the "Quality Milk" logo on Agropur's packaging—starting with the Natrel and Oka brands as well as on their truck fleet, since February.

Stay tuned for the second wave of the campaign scheduled for June.

A FRIENDLY REMINDER: STAY INFORMED WITH THE *DAIRY EXPRESS*

Sign up now for the *Dairy Express*, the bi-monthly newsletter published by Dairy Farmers of Canada. To do so, simply send an email to [Chantal Marcotte](mailto:Chantal.Marcotte@dfc-plc.com) who will happily add your name to the mailing list.



TM



Dairy Farmers of Canada
100% Canadian Milk



@dfc_plc
100Canadianmilk