

NEWSLETTER

Vol. 17, No. 3 - October 2016

Milk Quality Refund Policy Revised

The DFNS Board reviewed the move to the P5 Milk Quality Rules next August, noting that penalties will be non-refundable. As such, the Board revised the DFNS milk quality penalty refund policy as follows:

Current Policy - DFNS will refund penalty funds for the first and second penalty if producers resolve the problem within three months following penalization. Producers who fail to meet the standard for any of the three months will not receive a refund.

Revised Policy - DFNS will refund penalty funds for the first and second penalty incurred up to September 30, 2016, if producers resolve the problem within three months following penalization. Producers who fail to meet the standard for any of the three months will not receive a refund. For penalties incurred starting in October 2016, refunds will discontinue.

November 3% Quota Increase

The P5 Boards have approved a 3% producer saleable quota increase, effective November 1, 2016. This quota increase is in addition to the 1% quota increases previously announced in each of the months of July, August, and September 2016. This decision aims at increasing P5 milk production to completely fill all current demand and rebuild butter stocks from 21,000 tonnes to the target level of 30,000 tonnes by July 2017. In general, demand for dairy products continues to grow between 3% and 4% annually. The P5 Quota Committee will continue to monitor market trends and production to determine if any further adjustments are required.

Chair's Message

Our dairy industry is changing as the ingredient strategy will be implemented this winter. Related to this, we are in the process of changing cheese prices in NS. Any regulation change requires the cooperation and agreement of the Advisory Committee for Milk, the Natural Products Marketing Council, and DFNS. Our groups work well on these types of changes.

We hosted a good ingredient strategy information meeting for all industry stakeholders in late September. Brian Cameron did an excellent job presenting the new marketing strategy. But, there is more to do on this file. There are three working groups: milk allocation, market growth, and promotion still to be appointed. These joint producer:processor groups will work to make recommendations that will be considered nationally. All and all, we are on a successful road to the future working with the processors on this new marketing plan.

DFC is planning a Dairy Industry Forum. In preparation, all provinces have been asked what are the four most important issues facing the dairy industry. This will be a facilitated forum bringing the national industry together. I am looking forward to the discussion and outcome of this new initiative.

DFC is also launching a new logo on November 1, 2016. It is a new blue cow logo for us. I am not a marketer but I am told this new logo will form a better connection with our consumers. It will replace many of the logos DFC has been using in the marketplace as it is phased in over a two-year period. Keep a lookout for the new DFC cow!

Andrew McCurdy, DFNS Chair

UPCOMING EVENTS & DEADLINES:

November 10, 2016.....Quota Exchange Deadline
November 11, 2016.....Remembrance Day—Office Closed
November 24, 2016.....Quota Lease Deadline
January 25-26, 2017.....AGM—Best Western Glengarry

DFNB Newsletter

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

proAction Sessions & Fall Regional Meetings

proAction Sessions	10:00 am to 1:00 pm (lunch served)
Fall Regional Meetings	1:00 pm to 3:00 pm
Monday, November 7	Skye Glen Community Hall, Mabou
Tuesday, November 8	Claymore Inn, Antigonish
Wednesday, November 9	Best Western Glengarry, Truro
Monday, November 14	St. Bridget's Hall, Shubenacadie
Tuesday, November 15	Kingston Fire Hall, Kingston
Thursday, November 17	Super 8 Hotel, Windsor

***See insert included with this issue for more information

Results of the October 2016 Quota Exchange

Iteration (all buyers): 0.19 kgs
 Prorated for buyers: 1.64%

Kilograms		Producers	
		Buying Quota	60
Purchased (<i>actual</i>)	22.38	Offering to Buy	60
Offered to Purchase	681.96	Selling Quota	6
Offered to Sell	22.38	Offering to Sell	6

Price	Offers to Sell (kgs)	Cumulative Sales	Difference	Cumulative Buys	Offers to Buy (kgs)
\$24,000	22.38	22.38	-659.58	681.96	681.96

Quota Exchange Deadline	Payment Due Date
October 13, 2016	October 28, 2016
November 10, 2016	November 28, 2016
December 13, 2016	December 28, 2016

Dairy Services Lab Results September 2016

Bactoscan Individual Bacteria Count (IBC)		
Count	Samples	Percent
<35,000	193	85.4
35,001-121,000	27	11.9
>121,000	6	2.7
TOTAL	226	100.0

97.3% meet provincial standard

Average IBC – September 2016: 26,084

Average Somatic Cell Count (SCC): 221,243

Adulteration (added water and/or antibiotics)

Water (Farm Tanks)	1
Antibiotics (Tankers)	0

P5 QUOTA EXCHANGE MCP

PEI	\$23,990
New Brunswick..	\$21,500
Ontario	\$24,000
Quebec.....	\$24,000

Fisher Transport Honoured

Fisher Transport won the “2016 N.S. Family Enterprise of the Year” award and became a finalist in the national competition. "Our company has seen significant growth over the last five years that has been due in large part to Fisher's ability to diversify the products we transport in our specialized bulk tanker transport space," says Ken MacDonald, President of Fisher Transport Limited. "I also credit our son Jordan joining our business as General Manager in 2011, followed by our son Drew joining us as Director of Operations in 2014. They have been major contributors to our growth," he adds.

“A large part of our history and growth has been the transportation of sanitary liquids, with milk by far being the largest single product we transport, working in partnership with Dairy Farmers of Nova Scotia, a relationship that has greatly contributed to our success.” MacDonald says they have been able to be competitive and grow by transferring the successful business model and processes for shipping milk - and the stringent quality, health, and safety standards they enforce - to the transportation of other products. Congratulations!

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



NSCP Levy to Increase January 1, 2016

At the Nova Scotia Cattle Producers Annual General Meeting on February 20, 2016, members approved an amendment to the *Nova Scotia Cattle Producers Regulations* to increase the levy to \$6.00/head. This change has been approved by the Nova Scotia Cattle Producers and the Natural Products Marketing Council. Please note this change is effective January 1, 2017.

The revised levy comes as part of several changes to come into effect on January 1, 2017. A copy of the new regulations can be found at www.nscattle.ca/regulations. If you have any questions please feel free to contact the NSCP office by calling 902-893-7455.

Regulation Changes in the Works

DFNS and its Advisory Committees have recrafted the *Bulk Haulage and Producer Licensing Regulations* to capture current and future changes. Once approved by Natural Products Marketing Council, these changes will come into force by defined effective dates.

More information on these changes will be presented at the Fall Regional Meetings in November.

Dairy Facts

- Dairy is one of the top two agricultural sectors in 7 of 10 Canadian provinces.
- The sector's GDP contribution has increased from \$18.9 billion in 2013 to \$19.9 billion in 2016.
- The market demand for Canadian dairy grew by 6.7% since 2009.
- Dairy is an important industry in Canada, providing 115,793 on-farm jobs. Total jobs have changed, decreasing at the farm level and increasing in value-added processing level, remaining around 220,936. Like the rest of the agriculture industry, the dairy sector struggles to find personnel. To remediate the shortage of labour, the sector has invested in technology, enhancing efficiency, and sustainability on farms.
- In 2015, the Canadian dairy industry contributed \$3.8 billion in local, provincial, and federal taxes.
- Canadians spend less than 10% of disposable income on food, one of the lowest in the world (1.00% on dairy).

New Tax Rules Affecting Quota

PwC Atlantic Agricultural Services Tax Memo

Recent changes to the "Income Tax Regulations" could increase the tax resulting from the sale of milk quota. The impact depends on your farm operation's specific tax position, as well as a reduction in the deferral currently available for sales of quota that occur on or before December 31, 2016. These changes have an impact on the sale of quota sold by farm operations and do not affect the sale of the shares of a farm corporation. Further information and an assessment of how these rules could affect your farm operation should be sought from your farm's accountant or advisor.

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

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

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

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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.

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



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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>
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\$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





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 \$25,000 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	
<u>Amount Offered</u>	<u>Fee Per Offer</u>
1 kg or less	\$115 (\$100 + \$15 HST)
1.01 – 10 kg	\$230 (\$200 + \$30 HST)
More than 10 kg	\$345 (\$300 + \$45 HST)

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

_____ Date _____ Signature(s)

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

FOR DFNS OFFICE USE ONLY

Service Fee Received: cash cheque Offer Received/Verified By: _____

10/16





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>
August	August 25, 2016
September	September 26, 2016
October	October 25, 2016
November	November 24, 2016



Plan Member Communication – Coordination of Benefits

For some families, it makes sense for both working adults to participate in family medical and/or dental through their private and/or employer sponsored plan. By coordinating reimbursement through both plans, families can “maximize” their health and dental coverage and receive up to 100% reimbursement of eligible expenses.

How does Coordination of Benefits (COB) Work?

You	Your Spouse	Dependent Children
<ul style="list-style-type: none"> • Submit <u>your claim</u> to the DFNS health & dental plan with Medavie Blue Cross (MBC) • For any unpaid balance, send a <u>copy</u> of your MBC claim statement and other insurance company's claim form, to your spouse's insurance company for processing of eligible benefits 	<ul style="list-style-type: none"> • Submit <u>spouse's claim</u> to spouse's insurance company • For any unpaid balance, send a <u>copy</u> of their insurance company claim statement and a completed MBC claim form, to MBC for processing of eligible reimbursement, through the DFNS plan 	<ul style="list-style-type: none"> • Submit your <u>child's claim</u> to the insurance company of the parent whose birthday comes earlier in the calendar year • For any unpaid balance, send a <u>copy</u> of the claim statement and applicable claim form to the other parent's insurance company



Dad's birthday is March 12th
Mom's birthday is Sept 17th

Example: Your son visited the eye doctor last week and you paid \$75 for his eye exam. You submit the receipt and claim form to Dad's plan first (his birthday is earlier in the year than Mom's), and you are reimbursed \$50, which is the max eligible amount under his plan. You then submit the claim statement from Dad's plan along with an applicable claim form over to Mom's plan, and they reimburse you the remaining \$25. Awesome! Sharing is always better!

- Coordination will be convenient most of the time and will occur electronically in the case of many dental and drug claims and even some service provider claims.
- In order to coordinate benefits and maximize your reimbursements, it is **necessary** that the coverage of all of your family members under any other plan is always kept up to date with MBC.
- You can update COB information by contacting MBC's Customer Service Centre at 1-800-667-4511.

Milk Production and Pricing

Esben Arnfast, Finance and Systems Administrator

Raw milk production increased approximately 3 percent during September to 20,300 kgs of butterfat per day. The level of production is significantly higher than last September by 8%, which exceeds the quota increase of 5% over the past year. The increase is larger on a butterfat basis with the average raw milk butterfat composition at 3.94 kgs/hl, which is higher than the September 2015 composition of 3.91 kgs/hl.

Consistent with the summer months, the average producer utilized tolerance continued to decline over a full day during September to -13.3 days. During September, three Additional Production Days were available to producers. The uptake was 27.5% of the available quota for the program during the month.

The equalized pool transportation rate for September decreased one cent to \$2.54/hl.

The September raw milk average in-quota price increased slightly to \$74.41/hl, marking the fourth month out of the last five where the price has been in the \$74-\$75 range. The 12-month average currently stands at \$75.77/hl.

Raw milk delivery to NB and Quebec continued on a large scale with over 4 million litres to fulfill milk movement obligations and some surplus milk above provincial processing needs. Of the raw milk remaining in NS for processing, a significant amount of the SNF portion was exported. No skim milk was dumped during August and September.

Interestingly, the P5 advance of \$1 million calculated for NS for August nearly matched the pooling adjustment for that month so the prices for September could be considered to be unaffected by August pooling activity. September's price reflects utilization for the month and a pooling advance of \$762,224 to support the September price.

The adjustment to industrial prices across the P5 effective September 1 affected producer prices, but will also be a factor in September's pooling calculations and will impact producer prices in October. Also, during the fall, we see the effect of increased fluid utilization within the P5.

Total Licensed Producers in September: 219

Continuous Quota Positions

As of the end of August 2016, figures are expressed as a percent of each province's annual quota. Only Ontario is above zero and all provinces moved down from July. Nationally, the provincial positions moved down 0.2%. Butterfat demand continues to outstrip supply, despite three successive 1% quota issuance increases in the P5, and similar production stimulus signals out west. The federal government's bulk cream import program has been active, with several processors applying monthly for cream imports to make domestic butter. November's 3% quota issuance increase in the P5 should bring forward more milk leading up to the pre-Christmas peak in dairy demand.

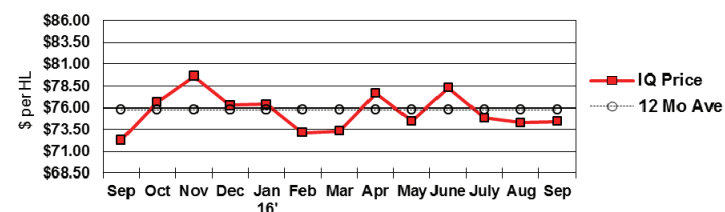
Alta. -0.91%	Sask. -1.78%	Ont. +1.86%	NS -0.75%	PEI -1.80%	P5 +0.43%
BC -0.65%	Man. -6.80%	Que. -0.59%	NB -1.05%	NL -6.18%	WMP -1.93%

Milk Marketing Report September 2016

PRODUCTION	2016	2015
Average Liters/Day	515,854	478,080
Average kg Butterfat/Day	20,333	18,706
Average Composition, kg/hl		
Butterfat	3.9417	3.9127
Protein	3.2615	3.2583
Other Solids	5.6875	5.7010
Bulk Haulage (\$/hl)	2.54	2.58

PRODUCER PRICES	BF (\$ per kg)	Protein (\$ per kg)	LOS (\$ per kg)	Avg. per HL
September In-Quota	10.3162	7.6774	1.5307	74.41
September Butterfat Premium (\$/kg SNF/BF<2.35)	0.1036			
September Over-Quota	0.0000	0.0000	0.0000	0.00
October Over-Quota Penalty	0.0000	0.0000	0.0000	0.00

NS Average In-Quota Producer Price
Per HL basis



Fluid Utilization Percentage

