



Gerrit Damsteegt meets Prime Minister Trudeau at Liberal function May 31, 2018.

What They Said...

It's been quite a few weeks for Supply Management. NAFTA re-negotiations, plus a steel and aluminum tariff war, sparked a series of statements on our domestic marketing system and access to Canada's dairy market. Here are some highlights:

"No tariffs, no barriers, that's the way it should be and no subsidies. In other words, let's say Canada, where we have tremendous tariffs. The U.S. pays tremendous tariffs on dairy, as an example, 270 per cent ... we don't want to pay anything, why should we pay anything?" President Donald Trump, June 9, CBC News.

"There's a reason why Donald Trump continues to write tweets on dairy products and Canada — it's because I've told him many times: 'No, he won't touch, we won't touch, our supply management system,'" Trudeau told reporters Thursday. *"We will always defend our supply management system."* Prime Minister Justin Trudeau, June 7, CBC News.

"Canadian and U.S. dairy industries are fundamentally different. While Canadians enjoy stable prices and supply, the U.S. market is vulnerable to unexpected surplus of product, driving prices down for farmers and disrupting the market for consumers. President Trump seems to want nothing less than to see Canada's strong, stable and, efficient dairy farmers and sector wiped out. There is no monopoly on supporting national dairy interests. Just as President Trump is going to bat for his country's dairy sector, we call on Prime Minister Trudeau to stand up for our dairy farmers." Pierre Lampron, DFC President, DFC website.

Further, after a face-to-face meeting with the Prime Minister on June 12, Lampron said, "I want to thank Prime Minister Trudeau for today's meeting. We had a very candid conversation with him, and he clearly understands our concerns. He stated that not only does he support supply management, he is also committed to our dairy farmers, and a robust dairy sector, right here at home."

"Those are the agricultural sectors that have sustainability. We have seen some positive growth in those sectors, so we're going to continue to make sure our voice is heard at the national level when it comes to supply management." Stephen McNeil, June 13, Chronicle-Herald.

"I wish that he would make a statement based on facts, but it seems to be more, he's flying off the cuff. Ten per cent of the Canadian market is already duty-free, resulting in a massive "dairy deficit" with the U.S. It's five to one, they bring five times as much in than we export to the United States." Gerrit Damsteegt, June 11, CTV News website.

UPCOMING EVENTS & DEADLINES:

July 2, 2018.....Canada Day Observed —Office Closed
 July 13, 2018.....Quota Exchange Deadline
 July 25, 2018.....Quota Lease Deadline
 August 1-2, 2018.....Policy Session—Hampton Inn, Dartmouth

DFNB Newsletter

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

Results of the June 2018 Quota Exchange

Iteration (all buyers): 0.86 kgs
Prorated for buyers: 6.3%

Kilograms		Producers	
Purchased (<i>actual</i>)	90.99	Buying Quota	54
Offered to Purchase	765.23	Offering to Buy	54
Offered to Sell	90.99	Selling Quota	7
		Offering to Sell	7

Price	Offers to Sell (kgs)	Cumulative Sales	Difference	Cumulative Buys	Offers to Buy (kgs)
\$22,000	0.50	0.50	-764.73	765.23	0.00
\$23,999	45.31	45.81	-719.42	765.23	0.00
\$24,000 MCP	45.18	90.99	-674.24	765.23	765.23

Quota Exchange Deadline	Payment Due Date
June 13, 2018	June 27, 2018
July 13, 2018	July 27, 2018
August 13, 2018	August 29, 2018

Lab Results May 2018

Average IBC: 36,783

Average Somatic Cell Count (SCC): 184,661

Adulteration: Antibiotics (Tankers) 0

P5 QUOTA EXCHANGE MCP

PEI\$24,000
New Brunswick \$22,997
Ontario \$24,000
Quebec..... \$24,000

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

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

Lindy Brown
(southern regions 4, 5, & 6)
Email: lindy.brown@nbnmilk.org
Fax: 506-432-4333
Call: 506-435-2117

National Ingredient Strategy Defended

"Reuters" reports that on June 18, 2018, Saputo Chief Executive Officer, Lino Saputo Jr. said, *"They want their cake and they want to eat it too,"* in an interview, referring to farmers. *"Which doesn't make sense. You can't hold onto your milk supply-managed system and have a class of milk that's competing with world markets at the same time."*

The National Ingredient Strategy, including Class 7 pricing, struck in 2016 between Canadian dairy processors including Saputo, and dairy farmers, allows processors to pay lower prices for domestic milk ingredients used to make cheese and yogurt.

Mathieu Frigon, CEO of Dairy Processor Association of Canada responded, *"The introduction of Class 7 was part of an ongoing revision of Canada's dairy classes in an effort to modernize the domestic system. DPAC's views on the modernization of the domestic system have not changed; we view efforts to expand the dairy sector's contributions to the Canadian economy as positive."*

"Although the comments took us by surprise, perhaps they are the product of the confusion around the notion of flexibility suggested by the federal government with respect to NAFTA negotiations. Notwithstanding, the association representing dairy processors across Canada continues to support both supply management and class 7. Thus, the sector speaks with one voice," added Dairy Farmers of Canada CEO Jacques Lefebvre.

Three Calls with DFC

Toward the end of May, DFNS general manager Brian Cameron participated in three conference calls with Dairy Farmers of Canada on the same day. To illustrate the broad range of effort DFC makes on behalf of producers, below is a summary of those calls:

Call One – Summer Activations. DFC promotion and advertising staff updated the Maritime general managers on exciting regional promotion activities planned for this summer. Marketing director Marie-Claude Julien and her team use a number of channels (TV, digital, and out-of-home) to connect with target consumers.

The overall objective of the STRONG campaign is to “motivate consumers to increase their consumption of milk, yogurt, and cheese by showing the valuable role they can play in a healthy lifestyle by keeping them strong.” Measured against key performance indicators, Maritimers will see promotion of the dairy products listed above, the master brand, *Fuelling Women Champions*, cheese, and chocolate milk.

Call Two – The P10 chairs and general managers received a progress update from DFC on producer/processor implementation negotiations for the National Ingredient Strategy. Both sides are striving for a “win:win” revenue-neutral outcome.

Two meetings in May saw progress towards resolving these issues, and two meetings in June will hopefully lead to a satisfactory conclusion.

Call Three – DFC and the national Supply Managed (SM 5) commodities are jointly sponsoring the Federation of Canadian Municipalities’ Annual Conference in Halifax at the end of May. DFNS staff received a briefing and key messages before taking a turn at greeting the 5,000 participants at a SM5 trade show booth. Sponsoring and having a presence at these events is a great opportunity to get positive industry stories (16,000 SM5 farms provide 348,000 jobs, \$29.6 billion to the GDP, while delivering \$6.9 billion to taxes) out to decision-makers.

While we expend considerable effort lobbying provincial and national elected officials, this conference provides direct access to municipal decision-makers.

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“Progressive Dairyman” magazine.

ADL Wins Major National Recognition at the Canadian Cheese Awards



ADL was recognized nationally for their cheddar cheese quality once again. ADL received 1st place for both Dairy Isle Medium and Dairy Isle Old at the Canadian Cheese Awards held in Toronto June 6th.

“This recognition is something that our staff, dairy producers, and all Islanders are proud of. To be recognized amongst the leading cheese varieties in Canada as having the top cheddar in two categories is gratifying. It is always nice to have a few trips to the podium when entering product in these events. These awards speak to the commitment that our PEI Family Farm-Owners have to producing high quality milk and our cheese maker’s attention to detail and time honored recipes,” said Chad Mann, ADL Business Development Manager.

“These awards are a testament to the quality milk that comes from our PEI farms, the various levels of grading we undertake of our milk and cheese, and the insistence on quality and consistency from our cheese-makers. This is a tremendous recognition that is shared equally by our Farmer-Owners and all ADL staff,” said Darcy Carr, Head Cheese Maker at ADL.

In total, 378 different cheeses were judged by a panel of 14 experts. ADL is celebrating its 65th anniversary—was formed in 1953, is 100% owned by all 165 P.E.I. dairy producers, and is the largest cheese processor in Atlantic Canada.

Environmental Farm Plan Stewardship Award Now Open for Applications

To celebrate achievements and outstanding sustainable farming practices, the Environmental Farm Plan Program has launched its 2018 Stewardship Award for the tenth year. Have you upgraded your fuel storage, pesticide storage, or the stream crossings on your farm? Do you use cover crops, crop rotation, or have started using no-till? These are just some examples of how your farm may have made positive contributions. If you still have areas that need improving, that’s alright. Identifying future stewardship goals is part of the application process.

So what’s the prize? The award winner will receive a painting of their farm by a local artist as well as a cash prize of \$2,000. For more information and to get your application, visit: www.nsfa-fane.ca/efp or call 902-893-2293. Need some help with the application? Contact someone on the EFP team at 902-893-2293. **The deadline to receive nominations is August 6, 2018.**



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

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

Quota Exchange Bid to BUY

(Exchange Month)

Registered Producer Name: _____

DFNS Registration Number: _____ Phone: _____

Offers above the MCP Cap of \$24,000 will not be accepted. Quantities offered may be in hundredths of a kilogram (two decimal places). Prices must be for a whole kilogram. Offers must not exceed 10% of the producer's total quota (exception for assisted new producers). Offers are limited to one buy or sell per producer per exchange.

Offer to Purchase _____ kgs of TPQ per day @ \$_____ per kg.

☐ Email address: _____
(for confirmation of receipt of offer, if requested)

Payment for quota must be made via the selected method below **on or before the third last business day of the month**. Producers choosing option 2 must have completed a PAD agreement (available on the DFNS website or from the office) and a void cheque.

1. Cheque Payment ☐

Producer will provide a cheque to DFNS by the payment due date. Delivery method may be by mail, XpressPost, courier, or hand delivery. It is the producer's responsibility to ensure payment arrival and accuracy.

2. Pre-Authorized Debit ☐

DFNS will withdraw required funds for quota from producer's bank account on payment due date; service fees will be processed within five business days of the exchange. Authorization provided by producer will be used.

\$17.25 Service Fee must accompany offer (\$15 + \$2.25 HST) Reg No. 107788523

In the event of a cancelled exchange, service fees are returned to the producer (or not collected in the case of PAD). Please note that offer forms cannot be held for future exchanges.

All offers must be signed by the registered quota holder. In the case of a partnership or corporate quota holder, the offer must be signed by designated signing officer(s). It is the producer's responsibility to confirm receipt of offers by DFNS. If the buyer does not pay by the payment deadline, or the buyer's payment is dishonoured, the quota purchased by the buyer will return to DFNS, the producer is liable for all costs associated with non-payment, the producer is not eligible to purchase on the exchange for a period of 12 months, and the producer may only purchase TPQ on a future exchange using a bank draft, direct deposit, or wire transfer for a period of five years.

Date _____

Signature(s) _____

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

FOR DFNS OFFICE USE ONLY

Service Fee: ☐ cash ☐ cheque ☐ PAD

Offer Received/Verified By: _____

10/16



TPQ Lease Agreement

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

THIS LEASE made _____ day of _____, A.D., 20____

BETWEEN: _____ DFNS Reg. # _____ 2
hereinafter called the "LESSOR" (Lender of the quota)

- and -

_____ DFNS Reg. # _____ 2
hereinafter called the "LESSEE" (Borrower of the quota)

AGREEMENT

The Lessor and the Lessee agree that:

1. The Lessor shall lease to the Lessee _____ kilograms of daily Total Production Quota (TPQ)
2. The lease term shall commence on the first day and terminate on the last day of _____ (month).
3. The Lessee shall pay to the Lessor \$_____ per kilogram per day for milk quota leased, payable as described below:

4. This lease is not assignable.
5. This lease shall bind the heirs, executors, administrators and successors of each of the parties.

Signature of LESSOR

Date

Signature of LESSEE

Date

AUTHORIZED BY _____

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

IMPORTANT NOTES

Leases will be for a one-month duration and will expire at the end of the month, so any adjustments to provincial TPQ do not apply to leases.

Quota may be leased in denominations of tenths of a kilogram.

A producer can lease in or out up to a maximum of 25% of the sum of current owned and non-saleable TPQ holdings.

A producer cannot be both a lessor and a lessee during the same month.

Only leases applying to the current month will be accepted.

DFNS is not responsible for receipt of lease forms mailed or faxed to our office. **IT IS THE PRODUCER'S RESPONSIBILITY TO CONFIRM RECEIPT.**

DEADLINES

Completed lease forms must be delivered to the DFNS office no later than 4:30 p.m. on the fifth (5th) last business day of the month in which the lease will be effective.

Lease Month	Deadline
May	May 25, 2018
June	June 25, 2018
July	July 25, 2018
August	August 27, 2018

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.

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

Peter Murray
Partner, Assurance
T +1 902 752 7053
E Peter.Murray@ca.gt.com

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



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- family succession and estate planning
- personal and corporate tax planning, and
- financial and business advice.

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Available to farmers or their immediate family members

1.844.880.9142

TTY: 1.877.338.0275

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is managed by Morneau
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It is time.....

After nearly forty years working in the agricultural industry, the last sixteen-plus at Dairy Farmers of Nova Scotia, I will finish up on Thursday June 28th. During my time with both the Department of Agriculture and Marketing and DFNS I have had an amazing experience, being exposed to not only Nova Scotia, but agriculture across the country from both the crop and dairy side of the industry.

Since starting with DFNS, my role has evolved to meet the needs of our producer members and others we work with in this industry. When I started, there were approximately 350 dairy farms in Nova Scotia, and today there are 211. The farms are obviously much larger and utilizing a higher level of technology.

The farm numbers are interesting, but it is the people I have met along the way and worked with that are important. I have worked one-on-one with many producers as they have wrestled with the decision to exit the industry, ensuring they are aware of the process and options available to them. On the other side, I have also had the opportunity to work with many producers who are new to the industry. Oh the paper work!

In addition, I had lots of individual contact on calculating how much to lease in, or lease out, especially when incentive days are in place, as who wants to lose the benefit of the “free” quota from incentive days? I have had many interesting phone conversations with producers over the years, all with the objective of helping and, where needed, to educate and inform. Some of those phone calls were difficult, as the message being delivered may not have been what the producer wanted to hear, but I have always been treated with respect despite the message being delivered.

I have had the opportunity to work with many of our industry partners including plant production schedulers and bulk milk transporters. Although on occasion we have had to agree to disagree, always in a professional manner, we have worked effectively to get ourselves out of “square corners” to ensure all milk finds a home. With holiday periods, snow storms, milk plant breakdowns, and don’t forget Hurricane Juan and White Juan, we have accomplished many things together. Often on a daily basis I have worked with the P5 milk schedulers who are an amazing group of people who work tirelessly for all producers in eastern Canada. And the others, including but not limited to, lenders, lawyers, accountants, suppliers, all who have some involvement in our industry for the betterment of the industry.

I have had the privilege to work with a small and diverse group of fellow staff members at the DFNS office. Our roles and responsibilities have grown dramatically over my time here. We have faced many challenges together, most have ended in happy endings. Thank you for the support, and listening to the occasional story. We have accomplished many things together.

In closing, I wish to thank DFNS for taking a chance on a crops guy way back when. The industry is facing many challenges now, but it is not the first time. I wish all involved in this very important ever-changing industry all the best in the future.

Thanks for the opportunity, it has been quite a ride!

*Dwane Mellish P.Ag.
Operations Officer*

Milk Production and Pricing

Esben Arnfast, Finance and Systems Administrator

Raw milk production declined slightly in May to 24,094 kgs of butterfat per day. That is normal during the spring, and production remains above last May's by 5.6%, with higher raw milk butterfat composition of 4.09 kgs/hl compared to 4.07 kgs/hl in May 2017.

Individual producer utilized tolerance continues to increase and stands at -12.0 days, which has increased from April's -13.1 days. Production for May was approximately 5% greater than quota allocated to producers, and that difference usually narrows during the summer months.

During June, it was discovered that our legacy computer program did not properly calculate May's producer utilized tolerances to reflect the -1.5% quota reduction. For this reason, monthly Producer Reports were held and not released to Agropur to accompany May producer payment. Every effort is being made with programmers to rectify the error, and revised reports will be sent when available. In the interim, producers may contact Dwane or me if they would like to have assistance in determining their May ending utilized tolerance.

The equalized pool transportation rate returned to a more normal deduction of \$2.60/hl after processing some adjustments in the previous months.

The May raw milk average in-quota price increased only slightly from April's \$72.26/hl to \$72.42/hl.

The overall milk utilization value reported by processors during May was relatively unchanged from April, but there were a number of changes affecting the May milk price calculation.

The pooling deduction of \$217,882 used for April's price compares to \$23,280 for May. Also, the calculated monthly advance was approximately \$100,000 larger in May than April. A large adjustment resulting from the CDC Milk Utilization Audit process was paid to processors in May. Also, there was a catch-up adjustment for skimming costs paid by DFNS. These changing factors were offsetting, resulting in little overall change in the May milk price compared to April.

Total Licensed Producers in May: 210

Continuous Quota Positions

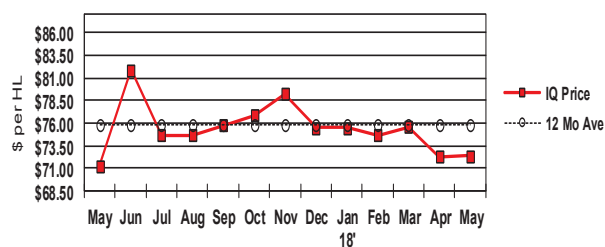
As of the end of April 2018, figures are expressed as a percent of each province's annual quota. All provinces except NL saw increases in their positions in April. The three Maritime provinces each jumped about 1% from March. The national position increased from +2.44% to +3%. The removal of the 3% temporary national growth allowance, effective May 1, 2018, will reduce each province's quota holdings. Starting June 1, 2018, the upper (+0.5%) and lower (-1.5%) limits will be put back in place, but this won't affect provinces immediately since the positions, as reported below, will be reset to March 2016 levels. It will take a few months to determine if the thresholds will be crossed. A revised table will be available with June's data (appearing in our August newsletter).

Alta. -4.75%	Sask. -5.71%	Ont. +9.43%	NS +7.66%	PEI +8.75%	P5 +5.96%
BC -0.04%	Man. -12.84%	Que. +2.75%	NB +6.00%	NL -36.88%	WMP -4.58%

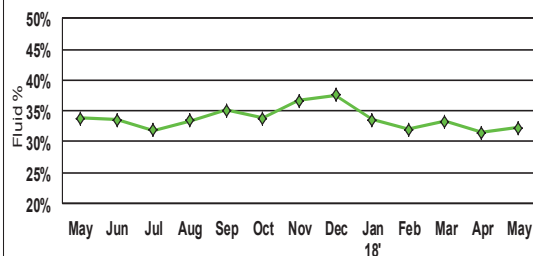
Milk Marketing Report May 2018

PRODUCTION	2018	2017		
Average Liters/Day	588,923	560,360		
Average kg Butterfat/Day	24,094	22,813		
Average Composition, kg/hl				
Butterfat	4.0911	4.0711		
Protein	3.3455	3.2728		
Other Solids	5.7349	5.7351		
Bulk Haulage (\$/hl)	2.60	2.63		
PRODUCER PRICES	BF (\$ per kg)	Protein (\$ per kg)	LOS (\$ per kg)	Avg. per HL
May In-Quota	10.6671	6.2830	1.3539	72.42
May Butterfat Premium (\$/kg) SNF/BF<2.35	0.0166			
May Over-Quota	0.0000	0.0000	0.0000	0.00
June 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

June 2018

DFC OUT AND ABOUT

World Milk Day, which happens every year on June 1st since 2001, takes place around the globe to highlight the important contributions of the dairy sector to sustainability, economic development, livelihoods and nutrition.

This year, in honour of World Milk Day, Dairy Farmers of Canada (DFC) teamed up with the Dairy Processors Association of Canada (DPAC) and were pleased to help some of the vulnerable members of our society through a donation of dairy products to the Ottawa Mission. The donation provided approximately 400 people with cheese, yogurt and milk, provided generously by General Mills Canada and Saputo Dairy Products Canada GP.

In a blog on World Milk Day, DFC President Pierre Lampron also extended thanks to consumers for their continued support of supply management. This support was again re-affirmed in a May survey by IPSOS, highlighting that 75% of people believe the dairy industry should be defended.



Jean-Claude Poissant, Canada's Parliamentary Secretary to the Minister of Agriculture joined local dairy farmers, along with DFC and DPAC representatives at the Ottawa Mission June 1 for World Milk Day.

World Milk Day coincided with this year's Federation of Canadian Municipalities' (FCM) annual conference. This conference, well attended by municipal leaders, hosts a trade show, in which DFC, as part of the SM5, participated. Joined by our friends from Egg Farmers of Canada, Turkey Farmers of Canada, Chicken Farmers of Canada, and the Canadian Hatching Egg Producers, the booth offered delegates food samples and tested knowledge about supply management through an interactive game. Recipe cards and supply management fact sheets were distributed.

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

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



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