

NEWSLETTER

Vol. 18, No. 12 - July 2018

July 1 Quota Policy Changes

On June 22, 2018, the P5 Boards implemented new quota policy measures to slow down milk production. This included a combination of the following:

- Cancelling the September, October, and November fall Additional Production Days;
- Reducing quota issuance by 3.5% in Quebec and the Maritimes, and 1.5% in Ontario;
- Increasing the over quota levy from \$0 pay to the equivalent of \$20/hl; and
- Ontario limiting their producers to increasing one production credit day per month before hitting over quota. Quebec is pursuing approvals to implement this same limitation, possibly for December 2018.

These changes were needed to realign milk production with revised market growth, while accounting for the very high quantity of butter stocks. While the boards hesitated to implement different policies in provinces, this is seen as the best way forward, given policy history and imbalance we face as a pool. A strong commitment to a harmonized quota policy and common quota issuance across the pool remains.

Further technical work is planned to look at narrowing the +10/-30 day flexibility window, which would allow for more precise pool milk production management. Maritime provinces are weighing the pros and cons of implementing the credit day limitation policy, which is now active in Ontario.

The P5 Quota Committee will continue to monitor milk production and the market evolution for the months to come, and will determine if further measures are required.

UPCOMING EVENTS & DEADLINES:

August 1-2, 2018.....Policy Session—Hampton Inn, Dartmouth
August 6, 2018.....Civic Holiday—Office Closed
August 13, 2018.....Quota Exchange Deadline
August 27, 2018.....Quota Lease Deadline

proAction Validation Decision

As reported in our February 2018 newsletter, the Board agreed to move to annual full validations, dropping self-declarations, starting September 2018.

This decision was conditional on all Atlantic provinces implementing annual validations, and is in keeping with our harmonized regional approach to proAction coordination and non-compliance consequences. DFNL have always required annual validations, as does Manitoba.

During our 2018 Spring Regional Meetings, DFNS received some pushback from members. Their concerns were over the extra time and cost of yearly full validations being proposed (currently \$250 per farm), versus the alternating full validation one year/self-declaration next year, schedule currently in place.

At their June meeting, the Board learned that DFNB followed suit and instituted annual validations, starting September 2018. DFPEI also agreed, but have created an exemption for farms with four or fewer corrective actions, such that those farms will have a self-declaration the year following that validation.

As a result, the Board reviewed their January 2018 decision and agreed to NOT move to annual proAction validations at this time. Instead, NS producers will remain on the alternating full validation one year/self-declaration next year, schedule currently in place.

The Board further agreed to study the outcomes of the various approaches (annual full validations in NB and NL, exemptions in PEI, and status quo in NS) for twelve months before revisiting this issue.

Atlantic proAction Coordinators, Nancy Douglas and Lindy Brown, will continue managing proAction validations across the region. They will also assist with collecting further information on the effectiveness of each provincial approach. Stay tuned.

Results of the July 2018 Quota Exchange

Iteration (all buyers): 0.31 kgs
Prorated for buyers: 2.15%

Kilograms		Producers	
Purchased (actual)	33.18	Buying Quota	54
Offered to Purchase	780.70	Offering to Buy	54
Offered to Sell	33.16	Selling Quota	3
		Offering to Sell	3

Price	Offers to Sell (kgs)	Cumulative Sales	Difference	Cumulative Buys	Offers to Buy (kgs)
\$24,000 MCP	33.16	33.16	-747.54	780.70	780.70

Quota Exchange Deadline	Payment Due Date
July 13, 2018	July 27, 2018
August 13, 2018	August 29, 2018
September 13, 2018	September 26, 2018

Lab Results June 2018

Average IBC: 38,030

Average Somatic Cell Count (SCC): 184,594

Adulteration: Antibiotics (Tankers) 0

P5 QUOTA EXCHANGE MCP

PEI\$24,000
New Brunswick \$24,000
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@nbmilk.org
Fax: 506-432-4333
Call: 506-435-2117

New Assistant GM



We are pleased to announce the recent hiring of Kimberly Harrison to the position of Assistant General Manager with DFNS. Kimberly was raised in the area and completed her Bachelor's of Science Degree with a double major in Mathematics and Economics from Acadia University.

As a manager with over eighteen years' experience, her diverse skills and qualifications will be an asset to our team. Kimberly's work spans companies and business units at various stages of growth, including start-up, established, and turnaround settings. From a Marketing Manager to Inventory Manager, to Sales and Operations Planning Manager, she has worn many hats that helped companies improve customer satisfaction, profitability, efficiencies, and working capital. Kimberly has spent the last six years in the dairy industry, working for Agropur (Farmers Dairy in Truro and Bedford, and most recently, Scotsburn Ice Cream).

In her role as DFNS's Assistant General Manager, Kimberly will support office staff to further improve operational efficiency, and help implement the business continuity initiative the board undertook last year. Having complete backup support for key operational processes is important for continuity in a small organization like DFNS. Kimberly will also support policy analysis and development with General Manager, Brian Cameron, and the board. Welcome Kimberly!

Henk and Bettina Schuurmans

It is with great sadness that we are sharing this news. You may be aware that Henk and Bettina Schuurmans, two Ontario dairy producers, set out in late June from their Elmira, Ontario dairy farm to drive across Canada.

Henk and Bettina's goal was to draw attention to the Canadian dairy system and supply management, and what it means for the families that produce Canada's milk.

Tragically, the Schuurmans were involved in a motor vehicle accident on the morning of July 9th outside of Saskatoon, Saskatchewan, resulting in Bettina's passing, and serious injuries to Henk.

For anyone wishing to help cover the family's costs, you can donate to <https://www.gofundme.com/henk-amp-bettina-schuurmans-amp-family>

Everyone at Dairy Farmers of Nova Scotia is saddened by this news, and we send our deepest condolences to the Schuurmans family, both here and in Ontario.

Dairy Transition Program Update

Agriculture and Agri-Food Canada has indicated the second application window for this program is "expected later this year." No firm date has been released.

proAction Documents on the WEB

All proAction farm record documents and sample SOPs can now be found on the DFNS website. By following the proAction link at the bottom right corner of the homepage, you will find a listing of templates for all records.

This easy-to-access feature should help producers looking for certain records. New records will also be added to this listing.

Small Farm Acceleration Program Open

The new Small Farm Acceleration Program has opened for application intake. This program will allow small farms to make significant strides in reaching or working towards commercial viability.

The program is open to new farmers and existing farms with up to \$60,000 gross commodity sales.

For a full list of programs by the NS Department of Agriculture, please visit <https://novascotia.ca/programs/>.

Grilled Cheese and Jazz Music in Halifax

Dairy Farmers of Canada is excited to partner with the Halifax Jazz Festival as it takes over greater Halifax and filling it with Jazz-inspired concerts, education, workshops, pop-up events, and entertainment.

This summer, DFC was on-site with their *Grilled Cheese Challenge 2.0* from July 12–15, 2018, at the Halifax waterfront, allowing consumers to discover and explore the creativity of Canadian cheese.

proAction® Biosecurity Training – Fall 2018

Our Atlantic proAction® Coordinators will begin training sessions for the Biosecurity Module in September 2018. In Atlantic Canada, we have been fortunate not to have experienced the devastation that infectious disease outbreaks in dairy cattle can cause to the industry.

However, we may not always be so fortunate; we only need to look at our neighbors in Quebec to see the effect of Salmonella Dublin on herds.

The proAction® Biosecurity Program is designed to increase awareness of disease outbreaks, while identifying and reducing possible risks on our farms.

The training sessions are mandatory and will highlight the importance of biosecurity in our country, our provinces, and on our farms, while explaining new program requirements.

Training begins in the fall of 2018 and continue into 2019. Module requirements will be added to proAction® validations beginning September 1, 2019. Time and location of the mandatory training sessions will be shared at a later date – we hope to see you there!

Limestone Trucking Assistance Claim Deadline

The August 1, 2018, claim deadline for the Spring Intake for Limestone Trucking Assistance program is fast approaching. All claims must be postmarked or received by the PBRM office by August 1, 2018.

Late claims will not be processed. Copies of all invoices with proof of payment (canceled cheques, credit card statements, or debit slips) are required to support claims.

DFNB Newsletter

Visit www.nbmilk.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.

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
July	July 25, 2018
August	August 27, 2018
September	September 24, 2018
October	October 25, 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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Our team can help you with:

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- cash flow and financing plans for expansion
- family succession and estate planning
- personal and corporate tax planning, and
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Let's start the conversation.

For Nova Scotia farmers seeking support — Farm Family Support Line

A confidential, short-term counselling and advisory service — to help you manage and reduce the stresses in life, including mental health, legal, financial and more.

No cost for up to 3 hrs of service per issue. If you require more specialized or longer-term support, professionals will help you find an appropriate specialist or community service that can provide continued assistance.

Line is open 24 hours a day —
Available to farmers or their immediate family members

1.844.880.9142

TTY: 1.877.338.0275

workhealthlife.com



*Farm Family Support Line
is managed by Morneau
Shepell as a Member
Assistance Program.*



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Ruth Scothorn - Insurance & Financial Advisor

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



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New Entrant Applications

August 1st signals the opening of applications for the New Entrant Program, with a deadline of September 30th. New Entrants are DFNS-approved new producers joining the industry and receiving a matching quota loan of sixteen kg.

An approved New Entrant can acquire their quota from the quota exchange, by purchasing an existing dairy farm, or receiving a quota transfer from a parent.

Applicants are required to submit business and production plans and have financing pre-approved. The full matching loan is in place for ten years to allow them to get established. Starting in the eleventh year, the loaned quota is returned to DFNS at a rate of one kg per year. This quota is then re-loaned to another New Entrant.

There were no applicants last year, so Nova Scotia has two available New Entrant positions for 2019 start-up. Based on harmonized P5 rules, each Maritime province has one position annually. We have six New Entrants since the program began in 2010.

Anyone interested in applying should consult the New Entrant Program Guidelines in the Resources and Links/Forms and Documents section on our website at www.dfns.ca. Alternatively, a copy can be obtained by contacting the office.



A tent full of well wishers at Dwane Mellish's Farewell BBQ.



Dwane cutting his cake and thanking everyone for sixteen years with DFNS.

Milk Production and Pricing

Esben Arnfast, Finance and Systems Administrator

June raw milk production was 23,539 kgs of butterfat per day. That continues the normal seasonal decline; however, that may be affected by recent P5 production measures. Production for this spring, including June, did remain fairly consistent around 5% ahead of the levels for the same months last year. Part of that for the month of June can be attributed to the much higher raw milk butterfat composition of 4.06 kgs/hl compared to 4.01 kgs/hl in June, 2017.

June production exceeded quota by 106%, but that is normal and resulted in an increase in individual producer utilized tolerance to -10.9 days after June.

P5 quota has been reduced in May by 1.5% with the further 3.5% reduction for NS and the other provinces planned to take effect July 1, as described in earlier DFNS correspondence from the P5 Quota Committee. More details are available on the DFNS website.

<https://www.dfns.ca/quota-hub/p5-additional-production-days-1/>

The equalized pool transportation rate increased in June to \$3.10/hl. An adjustment was pooled in May and applied to June's rate calculation.

The June raw milk average in-quota price increased to \$73.77/hl from May's price of \$72.42/hl. The improvement could be attributed to a slightly higher value of milk utilization reported for June, with lesser milk components delivered. The pooling adjustment for the past two months has been relatively minimal, indicating NS processors' milk utilization value for May was relatively on par with the collective utilization of the P5 provinces.

With a slightly higher utilization value per HL for June, we may expect some downward pressure on the July price through pooling. That of course depends upon relative utilization values reported by processors in other provinces.

Total Licensed Producers in June: 208

Continuous Quota Positions

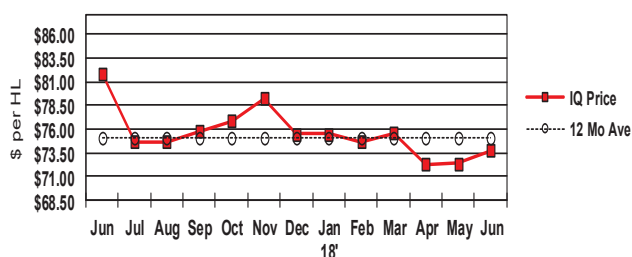
As of the end of May 2018, figures are expressed as a percent of each province's annual quota. All provinces except NL saw increases in their positions from April. The national position increased from +3% to +3.53%. Starting June 1, 2018, the upper (+0.5%) and lower (-1.5%) limits will be put back in 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 after resetting the limits to determine if the thresholds will be crossed. A revised table will be available next month. Skimming continues in both pools with skim milk supply exceeding the collective drying capacity.

Alta. -4.46%	Sask. -5.32%	Ont. +10.06%	NS +8.65%	PEI +9.78%	P5 +6.61%
BC +0.02%	Man. - 12.36%	Que. +3.37%	NB +6.81%	NL -38.12%	WMP -4.32%

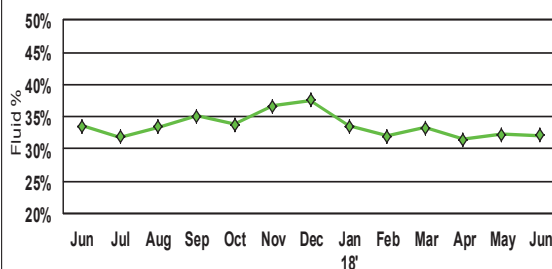
Milk Marketing Report June 2018

PRODUCTION	2018	2017		
Average Liters/Day	579,906	556,689		
Average kg Butterfat/Day	23,539	22,299		
Average Composition, kg/hl				
Butterfat	4.0591	4.0056		
Protein	3.3485	3.2642		
Other Solids	5.7476	5.7209		
Bulk Haulage (\$/hl)	3.10	2.51		
PRODUCER PRICES	BF (\$ per kg)	Protein (\$ per kg)	LOS (\$ per kg)	Avg. per HL
June In-Quota	10.5050	6.8361	1.4326	73.77
June Butterfat Premium (\$/kg) SNF/BF<2.35	0.0315			
June Over-Quota	0.0000	0.0000	0.0000	0.00
July Over-Quota Penalty	0.0000	0.0000	0.0000	-20.00

**NS Average In-Quota Producer Price
Per HL basis**



Fluid Utilization Percentage





Latest News...

Dairy Farmers of Canada

July 2018

THE TRUTH ABOUT TARIFFS IN CANADA AND IN THE US

Al Mussell of the University of Guelph, has published a new report illustrating that US dairy is not 'less protectionist' than Canadian dairy, focusing on US tariff-rate quotas (TRQs) for imported cheese.

The report, published through Agri-Food Economic Systems, an independent economic research organization, concludes, "The ongoing narrative in which the US casts itself in the role of the victim to protectionist interests of Canadian dairy is highly simplistic and inaccurate."

Mussell comments that there are more "profound similarities in Canadian and US milk marketing policy' than we tend to think.

Canada imports more dairy products than the US on a per-capita basis. Canada imports about 10% of its market tariff free, while the United-States imports only 3% of their market. Mussell notes: "In comparison with its market size, the US allows for much less cheese market access within its tariff rate quota. Canada allows in about double what the US does, on a relative production share basis."

Another revelation of this report: some of their over-quota tariffs are higher than Canada's!

Dairy Farmers of Canada (DFC) has recently published on the Farmers' Voice blog 4 Facts on Canada-US dairy trade to further educate on the issue.

1. Canada Imports a Huge Amount of US Dairy

Canada's dairy trade deficit with the US has fluctuated from year to year, grown steadily in the last ten years, reaching a ratio of 5:1 in 2016, and in 2017, it came back to the trade balance levels seen in 2014. In 2017, Canada imported a massive \$470.6 million in US dairy products. In the same year, the US only imported \$149.5 million worth Canadian products. This type of trade deficit would usually be characterized as 'no small feat' in context of the disproportionate market size of the United States compared to Canada.

2. Trump is Wrong About Tariffs on Dairy

President Trump claims that all US dairy products face a 270% tariff when entering Canada, which is false.

Imported dairy imports, including those coming from the United-States, do not pay the tariff when arrive on the Canadian market. Tariffs are only imposed after a certain level of imports has been reached. This measure, called tariff-rate quota (TRQ), grants our farmers the ability to better plan their production and means Canadians waste less product.

The United States uses tariff-rate quotas to limit dairy products they import too – and some of their tariffs are higher than Canada's.

ABOUT DAIRY FARMERS OF CANADA

Founded in 1934, Dairy Farmers of Canada (DFC) is the national organization which defends the interests of Canadian dairy farmers and strives to create favourable conditions for the Canadian dairy industry. Working in accordance with supply management principles, DFC promotes safe, high quality, sustainable, and nutritious Canadian dairy products made from 100% Canadian milk through various marketing, nutrition, policy, and lobbying initiatives. Driven by a strong sense of community and pride, DFC and Canadian dairy farmers actively support a number of local and national initiatives. Visit dairyfarmers.ca for more information.



3. Canada imports More Dairy than the US

On a per-capita basis. Although Canadian dairy farmers would be more than happy to meet all of the Canadian demand for dairy, Canada imports about 10% of its market tariff free. tariff-free. This is important to note considering that the United-States imports only 3% of their market – because they impose their own heavy roadblocks on exporters.

To put this into perspective, each Canadian has much greater access to imported dairy products than an American does. This is an inconvenient truth for the American Administration.

4. Canada's Dairy Industry Supports Canadians

Perhaps the most important element to consider in the trade debate is the important economic engine that is the Canadian dairy industry. Canada's dairy industry proudly contributes about \$20 billion to the national GDP. On top of this important economic contribution, the Canadian dairy sector supports 221,000 jobs at home. These are taxpayers, consumers and, families, which rely on dairy for their livelihood and, in turn, support their communities.

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](#) who will happily add your name to the mailing list.



Dairy Farmers of Canada



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