

NEWSLETTER

Vol. 18, No. 2 - September 2017

NAFTA Update

DFNS Chair Gerrit Damsteegt and General Manager Brian Cameron recently participated in a briefing session with provincial Trade Minister Geoff MacLellan. The other supply-managed boards were also represented, as well as NSFA and several agricultural representatives.

The briefing occurred between rounds two and three of the NAFTA re-negotiations between Canada, the US, and Mexico. Most of the initial two rounds were spent exploring each country's vision for NAFTA, but no defined positions were tabled. With a proposed end-of-2017 deadline, considerable progress at the third round in Ottawa September 22-27 will be necessary.

Our provincial government and Minister MacLellan clearly support supply management and have good connections with federal Foreign Affairs Minister Chrystia Freeland and her negotiators.

DFC and other boards were a considerable presence at the first two rounds, reminding our negotiators that dairy is currently excluded from the NAFTA, and the 5:1 trade imbalance in the U.S.'s favor on dairy cannot increase from the re-negotiations.

The meeting was an excellent opportunity to relay our message on supply management directly to Minister MacLellan. He was engaged, knowledgeable on this file, and listened intently to our positions.

This meeting was a follow-up to management-level meetings organized with Trade Department personnel following the TPP. DFNS continues to share updates and information with these important contacts as the NAFTA re-negotiations unfold.

UPCOMING EVENTS & DEADLINES:

October 9, 2017.....Thanksgiving—Office Closed
October 13, 2017.....Quota Exchange Deadline
October 25, 2017.....Quota Lease Deadline
November 13, 2017...Remembrance Day—Office Closed

National Lobby on Three Issues

Dairy farmers from coast to coast are lobbying their federal MPs on three issues: NAFTA, the Food Guide, and Tax Changes. Please get active and use the related key messages:

NAFTA – Dairy access is not part of the current NAFTA, and we expect the Canadian government to keep it that way. The U.S. enjoys a 5:1 dairy trade advantage with Canada, and that imbalance cannot increase. Dairy supply management is a domestically-focused, orderly marketing program that operates within our WTO and CETA access commitments. In short, DO NO HARM...

Food Guide – The Canadian government has recently signaled, in their latest public consultation, that they plan to remove the dairy category from Canada's Food Guide and brand many dairy products as "unhealthy," despite their widely recognized nutritional benefits. But this is not supported by objective science.

Dairy products have long been considered an integral part of a healthy, balanced diet, and the evidence supporting it hasn't changed. Left unchecked, Health Canada's recommendations will not only cripple an important Canadian industry, but have long-term health consequences for all Canadians. More information is available at <http://www.keepcanadianshealthy.ca>

Tax Changes – The Canadian Federation of Agriculture is working hard on behalf of all farmers to understand these technical and complicated changes which will directly impact many farms.

An extension to the seventy-five day consultation period deadline beyond early October is needed to better understand the changes, and document their negative impact on small businesses and dairy farms alike.

FALL REGIONAL MEETING DATES

November 7	1:00 – 3:00 pm	Fire Hall, Lawrencetown
November 7	7:30 – 9:30 pm	Super 8 Motel, Windsor
November 8	1:00 – 3:00 pm	Skye Glen Community Hall, Mabou
November 8	7:30 – 9:30 pm	Gram's Place Café, Stellarton
November 9	1:00 – 3:00 pm	Debert Hospitality Centre, Debert
November 9	7:30 – 9:30 pm	St. Bridget's Hall, Shubenacadie

Results of the September 2017 Quota Exchange

Iteration (all buyers): 0.26 kgs
Prorated for buyers: 1.85%

Kilograms		Producers	
		Buying Quota	37
Purchased (actual)	18.57	Offering to Buy	39
Offered to Purchase	521.32	Selling Quota	8
Offered to Sell	18.57	Offering to Sell	8

Price	Offers to Sell (kgs)	Cumulative Sales	Difference	Cumulative Buys	Offers to Buy (kgs)
\$20,005	0.00	0.00	-521.32	521.32	13.00
\$21,500	0.00	0.00	-508.32	508.32	15.00
\$24,000	18.57	18.57	-474.75	493.32	493.32

Quota Exchange Deadline	Payment Due Date
September 13, 2017	September 27, 2017
October 13, 2017	October 27, 2017
November 13, 2017	November 28, 2017

Dairy Services Lab Results August 2017

Bactoscan Individual Bacteria Count (IBC)

Count	Samples	Percent
<35,000	185	83.0
35,001-121,000	33	14.8
>121,000	5	2.2
TOTAL	223	100.0

97.8% meet provincial standard

Average IBC – August 2017: 29,890

Average Somatic Cell Count (SCC): 214,022

Adulteration (added water and/or antibiotics)

Water (Farm Tanks)	2
Antibiotics (Tankers)	0

P5 QUOTA EXCHANGE MCP

PEI	\$23,500
New Brunswick	\$20,000
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

Ashley Baskin (southern regions 4, 5, & 6)
Email: ashley@nbnmilk.org
Fax: 506-432-4333
Call: 506-435-0077 or 1-866-432-6455

September 1st New Raw Milk Quality Rules

DFNS has changed the *Milk Producer Licensing Regulations*, effective September 1, 2017, to update the milk quality consequences (penalty and eventual shutoff) to align with the P5 agreed rules. We also implemented consequences to align with those in the other Atlantic provinces, for farms which lag in submitting their corrections from proAction validations and self-declarations.

A short document describing these changes can be found on our website, and were emailed to all producers with email addresses on file in early September.

New for proAction are progressive financial penalties which apply when producers fail to submit and have corrections verified beyond 30, 60, and 90 days after their on-farm proAction validation or self-declaration deadline. The penalty rates are \$3, \$4, and \$5 per hl (respectively) applying on all milk shipped in the month that the deadline was missed. If a farm goes beyond 105 days without having all corrections verified, they will have their milk pick-up shut off until they meet the program requirements.

Dairy producers across the country are committing to proAction as a forward-looking broad program to satisfy customer and consumer demand for documented industry adherence. While these new consequences may seem stiff, they are similar to what other provinces have implemented, and reflect that each farm obtaining and maintaining proAction registration is a requirement of being a licensed NS producer. Our proAction Coordinators are ready and willing to assist producers to adopt the expanded requirements of Animal Care and Livestock Traceability.

Year End Round-Up

With the 2016/17 dairy year behind us, here's a snapshot of how the year went:

- Total milk produced 197,417,290 litres, 6.9% more than last year.
- Average BF test of 4.06 kg/hl, up from 4.02 last year.
- Total BF produced increased by more than 590,000 kg over the year.
- 12-month rolling SNF:BF ratio dropped substantially from 2.2452 to 2.2294.
- Individual producer total over quota increased by 17% from last year.
- Individual producer unrecoverable was similar to last year at 55,500 kg of lost credits.
- Average SCC inched up to 201,000 with six monthly averages exceeding 200,000.
- The Bactoscan results averaged 35,578 IBC, down slightly from last year.

Test Results Date Changed

Starting Monday, September 11, 2017, all component and quality test results available through the Maritime Quality Milk (MQM) website, or by calling MILKLINE, will be dated as the sample date.

Previously, some were dated when the milk was picked-up while others were the date the sample was tested at the lab.

Moving to the common use of sample (pick-up) date for all results, going forward from September 11, removes this confusion.

Also note that the date attached to results prior to this change are not being updated in either database. Please contact DFNS if you have further questions on this improvement.

DFNB Newsletter

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

National Program Update

Agriculture and Agri-Food Canada has notified our industry that the Dairy Transition Program application deadline was August 29, 2017. Since then, they have committed to letting all applicants know about the status of their submissions. AAFC is also meeting with Dairy Farmers of Canada to review how the first round of applications went, and improve on the process for the next round, slated to happen around April 2018.

DFNS has been informed that approximately seventy producers participated in the information conference call held by AAFC just before the application window opened. Nationally, about \$130 million in applications were received. How this impacts on the remaining funds and future applications is yet to be determined.

We will endeavour to keep our membership updated as this program moves along, based on what we hear from AAFC. Anyone inquiring about their application should contact AAFC directly.

Nominees Acclaimed to the Board

DFNS only received two nominations for the two available Board director positions for this year's election. When this occurs, our bylaws direct the Board to appoint the nominees to the board positions. So the nominees have been acclaimed to the Board for full three-year terms.

Dustin Swinkels begins another three-year term, and Hans Vermeulen will start his term following our Annual Meeting in January 2018.

Congratulations to both Dustin and Hans!

Field Day at Dykhuevel Farm

Monday, October 2, 2017

12:00 to 1:30 pm

235 Second Division Rd.

Pictou NS

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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.

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, 2017
August	August 25, 2017
September	September 25, 2017
October	October 25, 2017



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E Dave.Stewart@ca.gt.com

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New Milestone in Dairy Farmers' Sustainability Story



Ottawa, September 7, 2017 – On Friday, September 1, 2017, the next phase of Canadian dairy's sustainability initiative, officially began. Dairy farmers are required to keep additional records about the care and traceability of their animals on the farm, as part of the proAction® initiative.

Canadian dairy farmers have traditionally employed sustainable practices on their farm and therefore have a great sustainability story to tell. Stakeholders and partners, such as processors, retailers, NGOs, and researchers, have noticed the continuous improvement made to raise standards in the Canadian dairy industry.

To be able to share our story with credibility, it is increasingly important to measure and demonstrate our world-class standards in producing high quality milk in a sustainable way, in line with Canadian values. In 2013, we expanded our sustainability initiative, which we call proAction, building on the successful Canadian track record for milk quality and food safety, and we are gradually adding the verification of various sustainability metrics over the years.

The initiative documents credible metrics and independently validates each farm to prove to customers that farmers do things right. For example, Holstein Canada has already conducted cattle assessments on over 20% of farms, one of the steps of the new Animal Care module, which is based on the requirements of the *Code of Practice for the Care and Handling of Dairy Cattle*. By September 2019, all farms will have undergone this official independent assessment, a validation and have record-keeping, on top of good management practices they already employ. These additional steps confirm that farmers measure their progress to continue to farm sustainably.

The ability to trace our animals and their whereabouts is key to maintaining the confidence of Canadians in our sector. In Canada, all cattle have been systematically ear-tagged since the federal regulations came into force in 2001 and 99 percent of dairy farms have a premises identification number.

Quotes:

"We have long been sustainable in our farming practices and are very passionate about what we do. Our respect for resources, animals and the environment are the reasons the sector is sustainable today. We intend to move forward, building on our strengths, to be sustainable tomorrow."

– Pierre Lampron, DFC president

"As dairy farmers, we are very proud to collectively demonstrate responsible stewardship of our animals and land, sustainably producing milk and meat that are high quality, safe, and nutritious. Treating our animals well, and providing excellent care is one of the highest priorities of the Canadian dairy sector.

– David Wiens, DFC vice-president and chair of the proAction committee

Find out more about our sustainability story at <http://www.dairyfarmers.ca/proAction> or watch our [video](#).

Milk Production and Pricing

Esben Arnfast, Finance and Systems Administrator

Daily production continued to be slightly below 22,000 kgs of butterfat per day on the strength of an above normal butterfat test for the month of August. The butterfat composition of raw milk increased to 3.95 kgs/hl, compared to 3.87kgs/hl last August.

Additional Production Days available to producers during August were relatively under-utilized compared to earlier this year when rates of up to 60% were observed. The August rate of 16% utilization reflects the recent large quota issuances and seasonal production levels. As was the case in July, the average utilized tolerance dropped more than a full day from -11.6 to -13.2 days.

The equalized pool transportation rate for July dropped from \$2.56/hl to \$2.41/hl, which resulted from an adjustment in the lower rates paid to transporters effective for the quarter beginning August 1. The reduced costs will be pooled and will result in an adjustment that will affect September's deduction.

The August raw milk average in-quota price decreased from \$74.68/hl by one cent to \$74.67/hl. There was a very minor increase in the pool deduction which lowered component prices, but a higher milk component concentration in the raw milk offset that difference. There was very little change in the utilization reported by processors in Nova Scotia.

Large amounts of raw milk continue to be shipped to other provinces which is excess to processing capacity within Nova Scotia, and meets Milk Movement Obligations. During August, of the 17 million litres produced, very close to 5 million litres were processed in other provinces.

August pooling is unlikely to result in larger returns for NS producers, but looking forward to either October or November, usually there is an increase in the blend returns during the fall. It results from higher fluid processing and consumption in the pool, and typically follows one month later due to the pooling process.

Total Licensed Producers in August: 216

Continuous Quota Positions

As of the end of July 2017, figures are expressed as a percent of each province's annual quota. The P5 weighted average did not change, despite a slight decrease in Quebec and New Brunswick with minor increases in the other provinces. The Western Provinces all moved down, moving their pool average down. In balance, the national position moved down slightly from +0.97% to +0.92%. Note the CMSMC approved extending the suspension of provincial over quota and unrecoverable limits until the end of July 2018. The 5% national growth allowance was extended until that same date, with 2% of the 5% being permanent. Milk requests in some provinces still exceed the growing supply of milk from farms. Despite this variable imbalance, the CDC should slow down importing supplemental butter to sell to further processors.

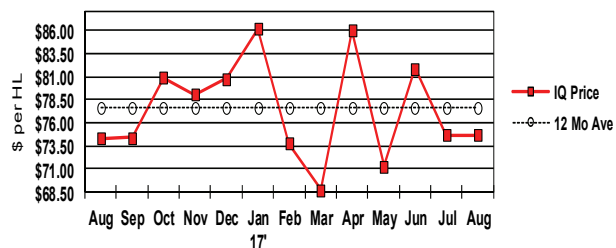
Alta. -4.61%	Sask. -4.81%	Ont. +5.58%	NS +3.33%	PEI +3.48%	P5 -3.09%
BC -1.31%	Man. -12.80%	Que. +0.96%	NB +1.71%	NL -23.55%	WMP -4.87%

Milk Marketing Report August 2017

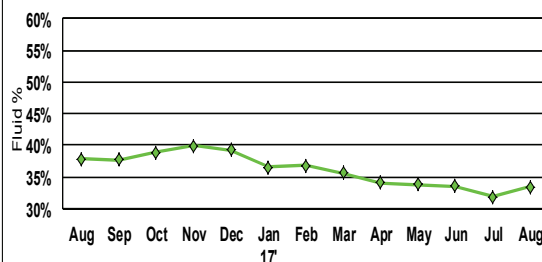
PRODUCTION	2017	2016
Average Liters/Day	553,196	511,482
Average kg Butterfat/Day	21,878	19,784
Average Composition, kg/hl		
Butterfat	3.9548	3.8680
Protein	3.2414	3.2096
Other Solids	5.6952	5.7160
Bulk Haulage (\$/hl)	2.41	2.55

PRODUCER PRICES	BF (\$ per kg)	Protein (\$ per kg)	LOS (\$ per kg)	Avg. per HL
August In-Quota	10.4357	7.6430	1.5143	74.67
August Butterfat Premium (\$/kg) SNF/BF<2.35	0.0473			
August Over-Quota	0.0000	0.0000	0.0000	0.00
Sep. 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

September 2017

DFC PRESENTS 2018 STRATEGIC PLAN

DFC presented its 2018 Strategic Plan to Canadian farmers from across the nation at the Annual General Meeting (AGM) in Edmonton, Alberta in July.

Each of DFC's directors presented their team's priorities for the coming year-government relations and communications; policy and trade; marketing; nutrition and research; and strategic corporate partnerships. These priorities reinforce the four pillars outlined in DFC's 2017-2020 Business Plan.

DFC is committed to creating an environment that supports Canadian dairy farmers and dairy products, while being socially responsible. Secondly, DFC will deliver cohesive strategies, messages and actions to members and industry partners. Third, it will demonstrate the value of Canadian dairy farmers and their products to Canadians. Finally, DFC is committed to continuous improvement, accountability and transparency.

With these guiding principles, DFC will strenuously advocate on behalf of Canadian dairy farmers, including the defense and promotion of supply management throughout the NAFTA re-negotiations. It will also work to minimize potential adverse effects of Health Canada's healthy eating strategy on Canadian dairy, while continuing to educate health professionals and consumers on the benefits of dairy products for their health and well-being. Targeted marketing and nutrition campaigns will reinforce these messages.

DFC is committed to inter-departmental collaboration and communication. It has also pledged to improve communications with Canadian dairy farmers, the provincial dairy organizations and stakeholders through a mix of outreach initiatives including social media, web-based communications newsletters and meetings.

Throughout the AGM, DFC's management team received positive feedback and continued support from delegates of all provinces.

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



Dairy Farmers of Canada



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