Senate Hearing

On November 21, 2017, NSFA President Chris van den Heuvel and DFNS Chair Gerrit Damsteegt presented to the Senate Standing Committee on National Finance, which is conducting a study on taxation of private corporations in light of the table changes (and amendments) put forward in July.

Chris and Gerrit expressed concerns about a short timeline for the consultations and how the changes, compiled with already existing barriers like the transfer of non-arm’s length sale of shares, would drastically impact the family farm.

The Halifax meeting was part of cross-country consultations undertaken by the group of Senators on this committee. A final report is expected to be presented to the Senate by the end of this month.

Regional Meeting Summary

Just over ninety farms participated in this fall’s Regional Meetings across the province. Trade, being a DFNS Director, milk production and markets, and proAction were topics included in the meetings, along with the popular open microphone session.

Canada is active on two trade fronts: the NAFTA renegotiations with the US and Mexico, and the Trans Pacific Partnership-11, with the original countries minus the US. Dairy Farmers of Canada is on site actively influencing the negotiations of both deals. On behalf of all producers, DFC is reminding government negotiators and Ministers that neither deal will harm our supply-managed dairy industry. NAFTA negotiations have been afforded more time, with the end of March 2018 as a revised target for completing the draft text. TPP-11 seems to be moving at a similar pace, with less information available about negotiations which dictate the fate of supply management and market access into Canada.

DFNS Directors offered a snapshot of being a board director to demystify the role and encourage members to consider letting their names stand for election. Dustin Swinkels and newcomer Hans Vermeulen were both acclaimed to the two seats available this fall. Directors stressed that it is important for the board to make decisions in the interests of the whole industry and to have directors who can take on committee work and eventually leadership roles.

The milk markets continue to increase at an annual rate of 3-5%, with butterfat growth across most product categories. National milk production, while lagging behind this past year, is starting to catch up. DFNS jointly surveyed our membership for a better understanding of producers’ intensions for expanding facilities and milk production. Results of the survey will be available in next month’s newsletter.

The proAction program has been in place for just over two months. A summary of the main points coming from validations and reminders appears on page six of this issue.

Upcoming Events & Deadlines:

- Quota Exchange Deadline: December 13, 2017
- Holidays—Office Closed: December 25 & 26, 2017
- Quota Lease Deadline: December 27, 2017
- New Year’s Day—Office Closed: January 1, 2018
- AGM—Best Western Glengarry: January 24-25, 2018

Visit www.nbmilk.org/en/ and click on the “Milk Matters” link to read their monthly newsletter.
Results of the November 2017 Quota Exchange
Iteration (all buyers): 0.84 kgs
Prorated for buyers: 8.22%

<table>
<thead>
<tr>
<th>Kilograms</th>
<th>Producers</th>
</tr>
</thead>
<tbody>
<tr>
<td>Purchased (actual)</td>
<td>Buying Quota 31</td>
</tr>
<tr>
<td>Offered to Purchase</td>
<td>Offering to Buy 33</td>
</tr>
<tr>
<td>Offered to Sell</td>
<td>Selling Quota 14</td>
</tr>
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Payment Due Date

- November 10, 2017
- November 28, 2017
- December 13, 2017
- December 27, 2017
- January 12, 2018
- January 29, 2018

<table>
<thead>
<tr>
<th>Price</th>
<th>Offers to Sell (kgs)</th>
<th>Cumulative Sales</th>
<th>Difference</th>
<th>Cumulative Buys</th>
<th>Offers to Buy (kgs)</th>
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<td>0.00</td>
<td>-358.19</td>
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<td>15.00</td>
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<td>51.42</td>
<td>52.02</td>
<td>-290.17</td>
<td>342.19</td>
<td>342.19</td>
</tr>
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</table>

Lab Results
October 2017

- Average IBC: 52,258
- Average Somatic Cell Count (SCC): 206,703
- Adulteration: Antibiotics (Tankers) 0

P5 QUOTA EXCHANGE MCP

<table>
<thead>
<tr>
<th>Province</th>
<th>Price</th>
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</thead>
<tbody>
<tr>
<td>PEI</td>
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</tr>
<tr>
<td>New Brunswick</td>
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<tr>
<td>Ontario</td>
<td>$24,000</td>
</tr>
<tr>
<td>Quebec</td>
<td>$24,000</td>
</tr>
</tbody>
</table>

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 Update

Levy Collection - DFNS requires any producer who previously signed up for this program to re-register, and the deadline is December 31, 2017. Any producer who is not signed up can also do so by this same deadline. The deduction is based on an industry-derived formula which converts quota held into levy owing. The levy is collected once in February for the whole calendar year. Producers who sign up this year will have their levy automatically collected and submitted to NSCP and will not need to re-register in future years. The authorization form is available in the “Forms and Publications” section of our website, or you can contact the office.

Zone Meetings - NSCP invites all producers to NSCP’s upcoming Zone meetings. These meetings will provide producers the opportunity to give feedback directly to the Board on policy and programming for the coming year. This year will also feature Dr. Claire Windeyer from the University of Calgary who will providing information on early calf health.

We also encourage everyone to attend NSCP’s annual meeting on March 3, 2018, at the Best Western Glengarry in Truro, as well as the Maritime Beef Conference as mentioned above.

Here is a list of dates and times for the Zone meetings. Exact locations will be published in the NSCP December newsletter, and included as an insert in the NSFA newsletter.

<table>
<thead>
<tr>
<th>Zone</th>
<th>Date</th>
<th>Time</th>
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</thead>
<tbody>
<tr>
<td>1</td>
<td>January 8th</td>
<td>7:00 pm</td>
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<tr>
<td>2</td>
<td>January 9th</td>
<td>7:00 pm</td>
</tr>
<tr>
<td>3</td>
<td>January 11th</td>
<td>7:00 pm</td>
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<tr>
<td>4</td>
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<tr>
<td>5</td>
<td>January 10th</td>
<td>1:00 pm</td>
</tr>
<tr>
<td>6</td>
<td>January 10th</td>
<td>7:00 pm</td>
</tr>
<tr>
<td>Dealer</td>
<td>TBD</td>
<td>TBD</td>
</tr>
<tr>
<td>AGM</td>
<td>March 3rd</td>
<td>10:00 am</td>
</tr>
</tbody>
</table>
Bad Debt Reserve Change

Following a recommendation from the Advisory Committee for Milk, the Board recently modified the Bad Debt Reserve guidelines to include exceptional circumstances. The guidelines established in 2003 define how a 32 cent per hectolitre amount, collected on fluid white milk processed volumes, accumulates in a bad debt reserve. The reserve can be used to cover producer payment should a processor fail to pay DFNS for milk purchases, or if exceptional circumstances leave DFNS with insufficient funds for producer pay. The reserve currently has a balance of just over $3 million, with monthly milk sales of NS-produced milk equalling $12 million or more. In a related move, the board did not renew processor liability insurance this year.

Quality Award—CORRECTION

The SCC criteria of the Quality Award for 2017-18 will be unchanged from 2016-17 which is: “All monthly SCC averages are less than or equal to 150,000/ml.”

Dalhousie Faculty of Agriculture Scholarship Winners

On November 16, 2017, the annual DFNS Bursary was presented to Rachael Bekkers of Antigonish, NS. Ms. Bekkers is enrolled in BSc (Agriculture), Animal Science program. Congratulations Rachael! The 2017 recipient of the Maritime Dairy Industry Scholarship is Brooke McNeil. Brooke is from Hantsport, NS and enrolled in the BSc (Agriculture), Animal Science program. Dwane Mellish presented the awards on behalf of DFNS.

ADL Wins Major National Cheese Award

ADL has been recognized as a national leader and Grand Champion Reserve in aged cheddar at the Royal Winter Fair in Toronto. This was the first year that ADL entered cheddar into the Royal Cheese competition. Congratulations!

2016-17 Excellence Award Winners

ANAPOLIS
Lone Willow Farm Incorporated

CUMBERLAND
Bacon Farms Limited

ANTIGONISH
Allan MacDonald

HANTS
Ballam Farms Limited
John Suidgeest

COLCHESTER
Charles Hill & Son Limited
Fort Land Farm Limited
Havey M. Whidden

KINGS
James H. Lamb Farms Limited
Jeffrey and Josee Morse
Windcrest Farm Limited

In order to receive the DFNS Excellence Award, a producer must have:

- all individual bacteria count (IBC) results less than 30,000/ml for the dairy year;
- all monthly SCC averages are less than or equal to 150,000/ml;
- a farm inspection score from the NSDA of 94 or higher;
- an appearance score on the farm inspection report of five or higher;
- no freezing point or antibiotic infractions during the dairy year; and
- maintain CQM /proAction registration for the entire dairy year.
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
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
-------------|-----------
November     | November 24, 2017
December     | December 27, 2017
January      | January 25, 2018
February     | February 22, 2018
After two months of proAction validations across the Maritimes, DFNS reported to the Regional Meetings several findings and trends. On average, proAction validations have been taking 2 to 2.5 hours on farm. Here is a summary of the top ten things to remember for proAction validations:

**Self-Declarations Paperless** – NS producers can now complete their self-declarations online by following a link provided by DFNS. Until September 2018, the self-declaration will only cover Food Safety module requirements. Animal Care and Livestock traceability requirements will be added September 1, 2018.

**Treatment Records** - Ensure you have treatment records for drugs that have a milk or meat withdrawal for all animals, including calves and heifers. This includes vaccinations and fertility treatments.

**Annual Tests** – Annually have your water tested, wash system analysis, cleaning and sanitization chart, Cattle Health Declaration, and update vet directions.

**PID** – Each NS dairy farm was sent a premises ID laminated card for recording and reporting livestock activities. If you want to update the information associated with your PID or add another land parcel for livestock housing, please contact Daniel Muir, NSDA Traceability Coordinator, at 902-890-9840 or Daniel.Muir@novascotia.ca

**Animal Care SOPs** – Be sure to complete all standard operating procedures and associated staff training, including animal treatments, along with your corrective action plan for downed animals, before the validation takes place.

**Animal Assessments** - Ensure Holstein Canada has completed your animal health assessment and peer report within one year of your full proAction validation. If you are waiting to schedule your farm’s assessment, please complete and return the survey sent from HC.

**Record** – Record all animal births, animal move-ins, and deaths all within seven days of the event or before the animal leaves the farm. Reporting is encouraged and will be mandatory once the new online system is completed.

**Stay Current** - Review the modules in the self-evaluation questionnaire to review all proAction® requirements.

**Next Spring** – DFNS will be offering producer training next spring on the next two modules – Biosecurity and Environment.

**Coordinators** – Our proAction Coordinators are here to help you. Do not hesitate to contact Nancy Douglas or Ashley Baskin.

<table>
<thead>
<tr>
<th>Nancy Douglas (northern regions 1, 2, &amp; 3)</th>
<th>Ashley Baskin (southern regions 4, 5, &amp; 6)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Email: <a href="mailto:ndouglas@dfpei.pe.ca">ndouglas@dfpei.pe.ca</a></td>
<td>Email: <a href="mailto:ashley@nbmilk.org">ashley@nbmilk.org</a></td>
</tr>
<tr>
<td>Fax: 902-566-2755</td>
<td>Fax: 506-432-4333</td>
</tr>
<tr>
<td>Call: 902-394-1657</td>
<td>Call: 506-435-0077 or 1-866-432-6455</td>
</tr>
</tbody>
</table>
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E: Kelly.Kolke@ca.gt.com

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

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

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Morneau Shepell has partnered with DFNS for over 10 years to provide comprehensive group benefits

Group benefits at preferred rates are available for producers, their employees, and their families. Coverage includes life insurance, health, prescription drugs, disability, dental and more.

For more information, call 1.800.667.6328 and ask for Angie Aucoin.

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Ruth Scothorn - Insurance & Financial Advisor

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C: 902-324-1959
F: 902-236-2444
rscothorn@eastlink.ca

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Health Plans - Group & Individual
Mortgage Loan Insurance
RRSPs, RESPs, & TSAs
RRIFs & Annuities
**Milk Production and Pricing**  
*Esben Arnfast, Finance and Systems Administrator*

Farm production of raw milk increased in October to 22,341 kgs of butterfat per day after maintaining just under 22,000 kgs in August and September. The butterfat composition increased to 4.08 kgs/hl matching exactly the composition last October. Total milk production has increased 5.7% compared to last October. Since that time quota available to producers has increased by 10.3%.

During the fall when production is usually on an upswing until the winter months, it is normal to see production lagging the allocated quota. In October, production was approximately 97% of the quota of 23,134 kgs BF/day. The average NS producer utilized tolerance has dropped from -13.2 days in August to -14.7 days in September, and to -15.8 days in October.

Producers’ quota has been increased, effective November 1, 2017, by 1%, as decided by the P5 and previously communicated.

The equalized pool transportation rate for September was $2.61/hl and decreased to $2.57/hl in October.

The October raw milk average in-quota price increased to $76.92/hl, which was the third straight month of modest increases. The pooling adjustment did not change significantly; however, there was an increase of $300,000 in the advance required for October. The increased advance reflects a slight increase in special class activity for processors in October compared to September.

As discussed earlier, higher prices are normally seen in the fall months as fluid utilization improves. Although that trend is not significant in Nova Scotia, the blend price benefit is usually noticed in October and November when the lagged pooling effects are realized.

Producers will notice a jump in the monthly Milk Testing fee to $142 per producer. This same level will be charged for November and December, which spreads the impact of retroactive plant inhibitor 50:50 cost sharing and quality sample cooler transport costs. We expect the January 2018 fee to move to a new amount that is higher than the $45 per month seen before the October increase.

---

**Total Licensed Producers in October: 216**

**Continuous Quota Positions**

As of the end of September 2017, figures are expressed as a percent of each province’s annual quota. The western pool weighted averages slipped a small amount from August, which is expected with the market growing at a faster pace than production. The P5 provinces all remained constant or increased slightly. In balance, the national position moved down slightly from +0.73% to +0.70%. 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. The P5 Quota issuance of 1% starting November, along with Additional Production Days until March, are a signal that more milk is needed through the winter to meet growing market demand.
A YEAR IN THE LIFE OF DFC’S NEW LOGO

A year has passed since Dairy Farmers of Canada (DFC) unveiled its new organizational logo on November 1, 2016 – and what a year it has been!

The logos represent the farming community, their pride and commitment to the animals they raise and care for, and the natural healthy products they provide Canadians. The new logo has been seen from coast to coast to coast throughout 2017.

DFC also introduced a slightly different logo that reads “Quality Milk” in early 2017 as the new certification mark of origin for 100 percent Canadian milk. The certification mark of origin logo is used for marketing and branding so consumers know the dairy products they are purchasing are made with 100 percent Canadian milk or dairy ingredients.

The DFC organizational logo and certification mark of origin were created to resemble each other, making it easier for consumers to identify not only the products that they love, but also identify DFC as the organization that represents dairy farmers across the country.

Over the last year, our organizational logo has travelled across the country, visiting the Canadian Young Farmers Forum in Ottawa, the Advancing Women Conference in Calgary, and the Canadian Dairy XPO in Stratford. It was viewed by over 30,000 attendees at the Canada Summer Games in Winnipeg, Manitoba, where DFC was a National Partner and presenting sponsor of Athletics. The bright blue and white logo was featured prominently on banners, billboards, and signage, print advertising and even made multiple appearances on commercial broadcasts on TSN. It also made its way onto pins, banners, posters, and even on our cute squishy stress ball cows!

The logo even went global, making the five day trek up Mount Kilimanjaro in Tanzania, in East Africa, in support of the Tim Horton Children’s Foundation. It was proudly flown at the summit of the 5,895 metres mountain by dairy farmer and current DFC President Pierre Lampron.

The new certification mark of origin is currently found on approximately 1,950 dairy products, including the entire Canadian product line of Agropur Cooperative, Bothwell Cheese, Fromagerie Bergeron, Unilever products Ben and Jerry’s and Klondike, and soon to be on over 80 Nestle products, making it easier for Canadians to find the quality dairy products they love.

We are proud of the visibility of both the new DFC logo and certification mark of origin. The logos demonstrate a clear and strong identity, to sharply distinguish the Canadian dairy sector, in 2017, and for many years to come.
CANADA BEEF - INCREASING THE VALUE OF CANADIAN BEEF AND VEAL

- Beef and veal trim utilization programs for Canadian retail operations maximize the value and Canadian content for shoppers at the meat case
- Partnering with Canadian veal distributors at global trade events to access tens of thousands of retail and foodservice opportunities
- Maximizing value of 100% Canadian supply to national foodservice outlets, focusing on ground beef products (eg. McDonald’s, Hero Burger, Boston Pizza)

IN 2011-2014, THE CHECK-OFF ATTRACTED ADDITIONAL FUNDING AT THE RATE OF 3:1 FOR RESEARCH AND 1:1 FOR MARKETING

The Canadian Beef Centre of Excellence devotes an entire program for retail and foodservice clients around the utilization of beef and veal trim to bring more value to the products for Canadian producers.

Canada Beef works with foodservice organizations, like McDonald’s, to maximize volume and value of Canadian beef products like cults, trim and more. McDonald’s in Canada produces over 70 MILLION lbs of 100% Canadian beef patties each year.

RECEIVES 65% OF THE CANADIAN BEEF CHECK-OFF FUNDS
BEEF CATTLE RESEARCH COUNCIL - INVESTING IN MUTUALLY ALIGNED RESEARCH

- Priority focus on antimicrobial resistance research, which has shown higher risk in cull cattle and veal calves and is an increasing consumer concern
- Significant research ($6 million) in feed and forage production and utilization across the country, including eastern project teams based in Atlantic Canada with partnerships in Quebec and Ontario
- Upcoming coordinated research with the dairy industry in areas of mutual interest like animal care, transport, antimicrobial resistance and forages

IN 2011-2014, THE CHECK-OFF BENEFIT FOR CANADIAN PRODUCERS WAS 14:1

BCRC has been, and continues to work closely with the DAIRY INDUSTRY in mutual areas of interest like animal care, and aim to come together on mutually beneficial forage research.

24% FORAGE
8% ENVIRONMENT
2% EXTENSION
68% OTHER

BCRC RECEIVES 16% OF THE CANADIAN BEEF CHECK-OFF FUNDS