

NEWSLETTER

Vol. 19, No. 4 - November 2018

USMCA Update

In a recent press release, the federal government announced the establishment of two working groups for the dairy sector:

"While informal engagement has already begun with the dairy sector, the working groups bring together officials from Agriculture and Agri-Food Canada (AAFC), representatives from national dairy organizations and associations, as well as regional representatives. The structure of the working groups is informed by consultations with the Dairy Farmers of Canada and the Dairy Processors Association of Canada, and is comprised of two components:

- One working group that will collaborate to develop mitigation strategies to fully and fairly support farmers and processors to help them adjust to the short-term impacts of the United States-Mexico-Canada Agreement (USMCA). It will also discuss support to reflect the impact of the Comprehensive and Progressive Agreement for Trans-Pacific Partnership (CPTPP); and,*
- A separate working group that will chart a path forward to help the dairy sector innovate and remain an important source of jobs and economic growth for future generations. Supporting expertise to the working group may also include academic leaders, as well as industry and financial experts, as necessary.*

The federal government will also engage with provincial and territorial governments on an ongoing basis throughout the process."

DFC has developed and submitted a proposal to AAFC for producer make-up of each group, and work will begin soon.

They are separate from a national producer:processor working group, which was established to address the class 7 elimination and export limitation provisions of the USMCA. That working group is chaired by the Canadian Dairy Commission.

DFNB Newsletter

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

Regional Meeting Roundup

Almost two hundred farmers participated in four regional meetings held across the province in early November. The morning proAction training sessions were well attended, as Nancy Douglas and Lindy Brown provided updates of the program, and training on the new Biosecurity module. Emphasis was placed on the vet:producer relationship in this new module, effective September 1, 2019. Thanks to Perennia and a GF2 grant, participating farms received twenty-five pairs of disposable boots for farm visitors.

In the afternoon sessions, DFNS's directors and general manager updated the group on the impact of the recent USMCA trade deal, milk production, market forecasts, an overview of our changing computer programming, and the 2018/19 budget.

Producers were upset that the Canadian government yielded more dairy market access for a third trade deal in a row. On top of the 3.9% access given under USMCA, Canada also agreed to eliminate class 7, and limit exports of skim milk powder, milk protein concentrates, and infant formula. The export limitation is bound to impact on blend returns. While the exact impacts are difficult to predict, by the year 2024 Canada will be importing 18% of our milk and dairy products!

The national strategy going forward is to hold the federal government accountable for negative impacts on our industry. Further, Dairy Farmers of Canada is leading a campaign to drive consumers toward milk and dairy products made in Canada, bearing the blue cow logo.

There is great sympathy for our industry among consumers, and encouraging them to choose Canadian first will build on their concerns. For those missing the Biosecurity training, DFNS will consider one or two sessions next spring at limited sites across the province.

UPCOMING EVENTS & DEADLINES:

December 13, 2018.....Quota Exchange Deadline
December 21, 2018.....Quota Lease Deadline
December 25 & 26, 2018.....Holidays—Office Closed
January 1, 2019.....New Year's Day—Office Closed
January 16-17, 2019.....AGM—Best Western Glengarry

Results of the November 2018 Quota Exchange

Iteration (all buyers): 0.95 kgs
Prorated for buyers: 7.22%

Kilograms

Purchased (**actual**) 97.54
Offered to Purchase 720.86
Offered to Sell 97.56

Producers

Buying Quota 52
Offering to Buy 52
Selling Quota 6
Offering to Sell 6

Price	Offers to Sell (kgs)	Cumulative Sales	Difference	Cumulative Buys	Offers to Buy (kgs)
\$21,000	49.54	49.54	-671.32	720.86	
\$24,000	48.02	97.56	-623.30	720.86	720.86

Quota Exchange Deadline	Payment Due Date
November 13, 2018	November 28, 2018
December 13, 2018	December 27, 2018
January 11, 2019	January 29, 2019

Lab Results October 2018

Average IBC: 34,804

Average Somatic Cell Count (SCC): 211,823

Adulteration: Antibiotics (Tankers) 1

P5 QUOTA EXCHANGE MCP

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

Send your **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 & Phil Parlee
(southern regions 4, 5, & 6)
Email: lindy.brown@nbmilk.org
Fax: 506-432-4333
Call: 506-432-4330, ext 104

NSCP Zone Meetings

NSCP is pleased to announce that Dr. Claire Windeyer will be back in January to participate in all Zone meetings. Dr. Windeyer will follow-up on her early calf health presentation from last year, with an interactive workshop designed to help producers solve real life calf health challenges.

Zone	2019 Date	Time	Town	Location
1	January 7 th	7:00 pm	Whycocomagh	Whycocomagh Waterfront Centre
2	January 8 th	7:00 pm	Stellarton	Holiday Inn
3	January 10 th	7:00 pm	Wentworth	Wentworth Education Centre
4	January 8 th	1:00 pm	Truro	NSFA Boardroom, Bible Hill
5	January 9 th	1:00 pm	Berwick	Berwick Fire Hall
6	January 9 th	7:00 pm	Bridgewater	Best Western, Bridgewater
Dealer	January 31 st	11:00 am	Truro	Atlantic Stockyards
AGM	March 2 nd	10:00 am	Truro	Best Western Glengarry

AGM Preview

Our Annual General Meeting is being held January 16 & 17, 2019, at the Best Western Glengarry in Truro. This year, we are pleased to have Phil Vanderpol from Vitalus Nutrition Inc. join the meeting to present the many uses of milk and its components.

Vitalus is a leading edge company located in British Columbia. Vitalus *"improves lives by unlocking the nutritional value of milk and transforming it into a multitude of nutritional components that can be added to a rich variety of products people enjoy every day, such as infant formula, yogurts, juices, and nutritional bars."*

During the banquet, there will be a number of acknowledgments including two milestone Excellence Award winners; Bob Adams as Honorary Member, retiring director Derick Canning, and special recognition of Nathalie Roy, DFC Nutritionist, and former DFNS Operations Officer Dwane Mellish.

Be sure to mark your calendar and plan to participate in the variety of formal and informal discussions on issues and opportunities in our industry. A registration kit will be sent out in early December. Remember to register!

Fall Election Results

This fall, three Directors were up for re-election. Five candidates stood for election. There were 116 ballots counted, amounting to 57% of the eligible farms. This is up slightly from a 53% return rate at the last election two years ago.

The results are as follows: Greg Archibald—79 votes; David Bekkers—73; Tony Versteeg—72; Derick Canning—66; and Doug Bacon—23. There was no request for a recount, so these are the official and final election results.

DFNS welcomes new Director Tony Versteeg, who will be a non-voting observer at board meetings leading up to our AGM in January. Tony officially joins the board after the AGM. DFNS thanks the other candidates for letting their names stand. Derick Canning will be recognized at our AGM as a retiring Director.

DFNS wishes to thank Natural Products Marketing Council for acting as returning officer, and producers George Hill, Collie Kent, and Stephen Nielsen, who assisted with the ballot count.

Interim proAction Coordinator



Dairy Farmers of New Brunswick welcomes Phil Parlee as interim proAction coordinator while Lindy Brown takes maternity leave, beginning the end of November. Phil began training with Lindy on October 15, 2018. He grew up on a cream farm in Parleeville, just outside of Sussex. After attending NSAC, Phil worked with the Department of Agriculture for more than thirty years in several different capacities such as Business Management, Loans, Rural Development, Training, and Farm Safety Nets. One of his first projects was the Dairy Cost of Production Program, which spanned several years. All of these programs and projects included elements of program implementation and training for the agricultural community. Phil looks forward to working in the dairy industry again. He can be contacted at the DFNB office (506) 432-4330, ext. 104, or by email lindy.brown@dfnbmilk.org

New Entrant for 2019!

The New Entrant Program Selection Committee recently approved Norman & Dora Penner of Upper Kennetcook as DFNS's 2019 New Entrant. The Penners currently own a small beef farm, complemented with a market vegetable garden and fresh egg production enterprise. The 16 kgs of quota loaned to the Penners comes from the P5 quota allocation, and will match quota purchased in priority on the quota exchange. The full loan will last ten years, after which time one kg per year is reimbursed to DFNS. Congratulations to the Penners and best of luck in 2019!

NSCP Levy Collection

Any producer who is not signed up for the once-yearly levy collection for 2019 can do so by completing the form and returning it to the DFNS office by December 31, 2018. 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 are already enrolled, and those who sign up this year by the deadline, 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 Resources and Links/Forms and Documents section of the DFNS website, or you can contact the office.



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 current TPQ holdings.

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

Only leases applying to the current month will be accepted.

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

DEADLINES

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

<u>Lease Month</u>	<u>Deadline</u>
September	September 24, 2018
October	October 25, 2018
November	November 26, 2018
December	December 21, 2018

Produce more profits



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

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.

grantthornton.ca

Our team can help you with:

- year-end accounting and tax compliance,
- cash flow and financing plans for expansion
- family succession and estate planning
- personal and corporate tax planning, and
- financial and business advice.

Let's start the conversation.

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.

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



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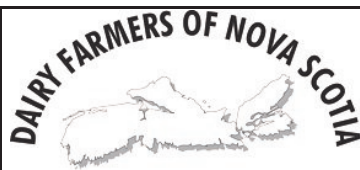
*By displaying these advertisements, DFNS is not endorsing these businesses.
This is strictly for the information of dairy farmers.*



Dairy Producers:

The Commission can write new coverage for Dairy Livestock at any time during the year. If you are interested in insuring your animals against disease, as well as loss of income from milk as a result of disease or fire, and building collapse due to ice and snow it is not too late to apply for Dairy Insurance (includes all reportable diseases, as well as shipping fever and IBR, but does not include BSE and Foot and Mouth). To find out more give the Commission office a call.

The Commission is now offering insurance coverage for Dairy heifers (prior to 1st calving) and calves for losses from insured diseases to both farmers licensed to produce milk as well as to unlicensed farmers. This will allow anyone who only raises replacement heifers to participate in the program.



2017-18

Excellence Award Winners

ANNAPOLIS

A & J Bent Farms Ltd.
K & J Farms Limited
Lone Willow Farm Incorporated

ANTIGONISH

Harry & Joanne Van der Linden

COLCHESTER

Amber Hill Farm
Fort Lands Farm Limited—**Five Years**

CUMBERLAND

Bacon Farms Limited

HANTS

Sunny Point Farms Limited

KINGS

James H. Lamb Farms Limited—**Ten Years**
Mark & Randy Keddy
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.*

Milk Production and Pricing

Esben Arnfast, Finance and Systems Administrator

Raw milk volumes produced by NS farms have declined from September at 551,885 litres per day to 538,616 litres per day in October. The total butterfat production, however, increased resulting from a change in the butterfat composition from 3.99 kgs/hl in September to 4.18 kgs/hl. Last October, the butterfat composition was much lower at 4.08 kgs/hl.

The October daily butterfat production was 22,489 kgs/day, slightly exceeding the quota allocated to producers of 22,209 kgs/day. The average producer utilized tolerance increased slightly from -12 days to -11.6 days.

The equalized pool transportation rate increased from \$2.70/hl to \$2.75/hl.

October's average raw milk price paid to producers increased for the second consecutive month from September's price of \$76.17/hl to \$80.88/hl.

The major factor leading to the price increase was a rise in the value of fluid sales reported by processors in October. It is normal for fluid sales to increase in the fall months.

Another factor leading to the higher price was a much larger CDC advance of \$1.4 million received, versus slightly less than \$1 million repaid by DFNS for September.

Also contributing to the increase in the producer raw per hectolitre milk price was the improved composition of raw milk. Component prices for butterfat, protein, and other solids are determined separately and then combined on a hectolitre basis using the current month's composition.

It will be interesting to see the effect of pooling October results with the other P5 provinces to see how the fluid processing increase in NS compares to possible increases in the other provinces. That will affect the pooling transfers, and ultimately the pricing calculation in the upcoming month(s).

Total Licensed Producers in October: 204

Continuous Quota Changing

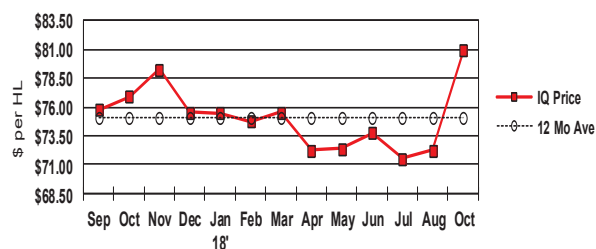
The Canadian Milk Supply Management Committee recently agreed on new parameters to monitoring milk production relative to monthly total requirements and quota. This change, made effective October 1, 2018 will alter the starting positions retroactively to August 1. A new chart will be published next month in this space. The concept of provinces and pools being within upper and lower limits (similar to the +10 and -30 days P5 producers have as an upper/lower range) remains. Because the monthly market measurement is a more volatile target, the upper range is set at +1.25% with a lower range of -2.00%. These ranges apply to the P10, not each pool's, cumulative production. There are consequences for the national (P10) milk supply exceeding the upper limit or falling below the lower limit. If the P10 exceeds +1.25%, the pool which caused this is considered to have prefilled their share of the market and will need to reduce production over the following six months. A 50% penalty applies to any prefilled quantity which is not offset by lower production. If the P10 drops below the -2% threshold, unrecoverable credits will be transferred to the pool which is above the -2%. Finally, the overall quota allocated to provinces will be adjusted to align with butter stocks annually, starting in July 2020. Overall, this approach is considered more responsive to market changes. The quota issued to producers will continue to be a decision of the P5 Boards based on recommendations from the P5 Quota Committee.

Milk Marketing Report October 2018

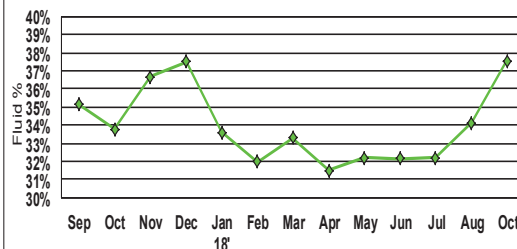
PRODUCTION	2018	2017
Average Liters/Day	538,616	547,182
Average kg Butterfat/Day	22,489	22,341
Average Composition, kg/hl		
Butterfat	4.1753	4.0829
Protein	3.2770	3.3294
Other Solids	5.9082	5.6888
Bulk Haulage (\$/hl)	2.75	2.57

PRODUCER PRICES	BF (\$ per kg)	Protein (\$ per kg)	LOS (\$ per kg)	Avg. per HL
October In-Quota	10.5458	8.3948	1.5801	80.88
October Butterfat Premium (\$/kg) SNF/BF<2.35	0.0484			
October Over-Quota	-2.7327	-1.9107	-0.3917	
Nov Over-Quota Penalty	-2.7327	-1.9107	-0.3917	

NS Average In-Quota Producer Price
Per HL basis



Fluid Utilization Percentage



We are here to help !

Valacta is now offering support services to assist Maritime dairy farmers in meeting the requirements of the ProAction program. Our team has been trained in the various pillars of ProAction, so that they can better help you prepare for your upcoming validation.

Here is how we can help:

- Review the requirements of the program.
- Understand what to do, why do it and how to manage SOPs and records.
- Be in a better position for your validation and your day to day management.

For more information on this service, please call your Valacta technician, or our customer service

1-800-266-5248

www.valacta.com Follow us



Get support on SOPs and records for pillars such as

- ⇒ FOOD SAFETY
- ⇒ ANIMAL CARE
- ⇒ TRACEABILITY
- ⇒ BIOSECURITY
- ⇒ ENVIRONMENT

The pricing for this service is an hourly charge of \$38 if the support occurs with a milk recording visit. For any producers requiring a separate visit (non-Valacta customers included), there is a \$70 visit fee plus the hourly charge to provide the service on-farm.