

NEWSLETTER

Vol. 20, No. 1 - August 2019

Board Nominations – Three Positions

DFNS opens nominations for three Board Director positions held by Gerrit Damsteegt, Byron Lamb, and Andrew McCurdy.

The nomination period starts September 1, 2019. Any producer wishing to stand for election needs to complete the nomination form, agree with and sign the DFNS Code of Conduct (available from the office), and obtain signatures from five other members.

Nomination forms are included in this newsletter and, along with the signed Code of Conduct document, **must be returned to DFNS by 4:30 pm on Friday, September 20, 2019.**

Nominees will be posted on our website. Once nominations close, there is a seven-day “cooling off period” when all nominees are notified who the other nominees are, and they can decide to continue or withdraw. If four or more nominees continue to let their names stand, an election will be held this fall.

The top three vote-getters will be elected to three-year terms, joining the Board following our AGM in January 2020. If three or fewer candidates stand for election, they will be acclaimed to the positions.

Board members find the experience rewarding but challenging as they address complex issues at the provincial, pool, and national levels, always keeping in mind what is best for the industry as a whole. Directors also need a good support team at home to allow time required for Board commitments.

Please feel free to talk with a sitting Board member to learn more about their roles and responsibilities.

UPCOMING EVENTS & DEADLINES:

September 2, 2019.....Labour Day—Office Closed
September 1-20, 2019.....Election Nomination Period
September 13, 2019.....Quota Exchange Deadline
September 24, 2019.....Quota Lease Deadline

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 of quota.

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 two applicants last year, one of which was approved to start in 2019. Nova Scotia has two available New Entrant positions for 2020 start-up. Based on harmonized P5 rules, each Maritime province has one position annually. We have seven New Entrants since the program started 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 www.dfns.ca. Alternatively, a copy can be obtained by contacting the office.

In the News

- Federal government announces \$345 million trade deal compensation direct payments to Canadian dairy farmers before the end of 2019.
- Additional Production Days: 3 in September; 3 in October; and 1 in November.
- Board setting a minimum number of milk quality test results (67%) in a 3-month window before a penalty will apply.
- Board moving the Quota Exchange offer/bid deadline to 12:00 noon on business day before the 14th (same as current day).
- Board renewed proAction Validator contracts for another 2 years.
- Board and all processors agreed on component test cost sharing arrangement.

Results of the August 2019 Quota Exchange

After satisfying a New Entrant, there is no remaining quota for this exchange.

Kilograms

		Producers	
		Buying Quota	1
Purchased (<i>actual</i>)	1.75	Offering to Buy	73
Offered to Purchase	1002.34	Selling Quota	1
Offered to Sell	1.75	Offering to Sell	1

Price	Offers to Sell (kgs)	Cumulative Sales	Difference	Cumulative Buys	Offers to Buy (kgs)
\$24,000	1.75	1.75	-1000.59	1002.34	1002.34

Quota Exchange Deadline	Payment Due Date
August 13, 2019	August 28, 2019
September 13, 2019	September 26, 2019
October 11, 2019	October 29, 2019

DFNB Newsletter

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

Lab Results July 2019

Average IBC: 23,496

Average Somatic Cell Count (SCC): 203,205

Adulteration: (Tankers) 0

P5 QUOTA EXCHANGE MCP

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

Biosecurity Implementation Starts September 1, 2019

Beginning September 1, 2019, all on-farm validations across Canada will see the Biosecurity module included with the proAction validation.

Producers are reminded of the following Biosecurity module requirements:

1. A biosecurity risk assessment completed with your veterinarian within the past two years;
2. Record disease events for, at a minimum, cows (abortion, lameness, mastitis, diarrhea, pneumonia, death) and calves (diarrhea, pneumonia, death); and
3. Post signage on the main access point, which is visible from the main parking area.

In consultation with your veterinarian, establish and implement SOPs for:

1. Vaccination against specific diseases of concern;
2. Preventing the introduction of infectious diseases when bringing new cattle into your facilities from other herds;
3. Preventing the introduction of infectious diseases by cattle returning to your facilities from other herds, cattle shows, etc.; and
4. Preventing the introduction of infectious diseases by family, employees, farm visitors, and service providers.

SOP templates are available on the DFNS website, along with all other proAction records.

Biosecurity signs have been developed and ordered. Each farm will receive two signs to assist producers in meeting the signage requirement. They will be delivered at the end of August.

Other proAction® Updates

The new proAction Biosecurity module was added to the *Milk Producer Licensing Regulations* as a requirement for all producers starting September 1, 2019. Biosecurity is the fourth proAction® module following Food Safety (formerly CQM), Livestock Traceability, and Animal Care. DFNS set the validation rate paid by producers at \$250 when CQM validations started in the mid-2000's, covering the costs of validations at that time. More than ten years since then, validations are covering more modules and therefore more time is spent on farms.

A recent assessment showed the actual cost of a full validation and travel has increased to an average of \$375 per farm. To facilitate cost recovery, starting August 1, 2019, DFNS adjusted validation rates to \$375 per farm. Validations are still deducted quarterly by our payment agent from farms that underwent validations.

Finally, DFNS contracted with a new Validator – Trevor Davison – to add to our available part-time validators. Many farmers may know Trevor, who has been with the NSFA's Environmental Farm Plan service for fourteen years. Government funding has been scaled back, allowing Trevor time to assist with validations. We look forward to Trevor bringing his dedication, passion, and broad agriculture experience to proAction® validations on Maritime dairy farms. Welcome Trevor!

Year End Round-Up

With the 2018/19 dairy year behind us, below is a snapshot of how the year went:

- Total milk produced 201,660,095 litres, 2.5% less than last year.
- Average BF test of 4.11 kg/hl, up from 4.1 last year and 4.06 the year before.
- Total BF produced decreased by more than 183,000 kg over the year.
- 12-month rolling SNF:BF ratio increased slightly from 2.2080 to 2.2215.
- Average producer credit days rose to -3.0 days in May, by far the highest ever in NS.
- Total within province milk hauling costs exceeded \$5 million, equaling \$2.49/hl.
- Average SCC at 203,390 with half the monthly averages exceeding 200,000.
- Bactoscan monthly results averaged 34,273 IBC, down 5,712 from last year.

Production Sleeve Will Narrow

The P5 Boards have approved narrowing the production sleeve over the next thirty-five months. Currently, all P5 producers need to be within an upper tolerance of +10 days (10 x daily quota), and a lower tolerance of -30 days (30 x daily quota). This was introduced as a common approach in 2009, with provinces transitioning to these levels from their existing tolerances.

However, it has become more and more difficult to manage P5 milk production to match variable markets with a 40-day (+10/-30) sleeve. Many times producers bank credits, creating milk shortages, and then produce to those credits when we already have enough milk. This leads to quota increases and decreases/over-issuance often followed by under-issuance, to try to send the proper signals to producers. In a few short years, we have gone from the Canadian Dairy Commission importing supplemental butter above our trade commitments to supply further processors, to record high butter and cheese stocks.

The lower tolerance of the current sleeve will be changed from -30 days to **-20 days, effective August 1, 2021**. A further five days will be removed from the sleeve, leaving it at **-15 days, effective August 1, 2022**. The upper limit will remain at +10 days, or a total sleeve of 25 instead of 40 days. Over three-quarters of P5 producers use 25 days or fewer of the current sleeve over the course of a year. Quota leasing remains a management tool to adjust a farm's sleeve position.

Producers will be reminded of the changes, and are free to adjust their sleeve position at their own pace, as long as they are within the revised lower limits by the effective dates. Any credits below the revised limits when they come into effect will be lost.



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
dfns@dfns.ca
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 \$____ (plus any applicable HST) 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.

Lease Month	Deadline
August	August 26, 2019
September	September 24, 2019
October	October 25, 2019
November	November 25, 2019

v. 201902



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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.

Our team can help you with:

- year-end accounting and tax compliance,
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- personal and corporate tax planning, and
- financial and business advice.

Let's start the conversation.

grantthornton.ca

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

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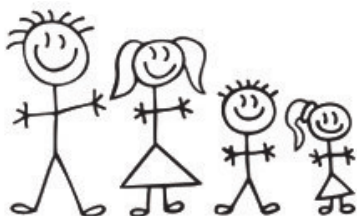
*By displaying advertisements, DFNS is not endorsing these businesses.
This is strictly for the information of dairy farmers.*

Plan Member Communication – Coordination of Benefits

For some families, it makes sense for both working adults to participate in family medical and/or dental through their employer sponsored plans. By coordinating reimbursement through both plans, families can “maximize” their health and dental coverage and receive up to 100% reimbursement of eligible expenses.

How does Coordination of Benefits (COB) Work?

You	Your Spouse	Dependent Children
<ul style="list-style-type: none"> • Submit <u>your claim</u> to the Dairy Farmers of NS (Medavie) health & dental plan • For any unpaid balance, send a <u>copy</u> of your Medavie claim statement and other insurance company's claim form, to your spouse's insurance company for processing of eligible benefits 	<ul style="list-style-type: none"> • Submit <u>Spouse's claim</u> to Spouse's insurance company • For any unpaid balance, send a <u>copy</u> of their insurance company claim statement and a completed Medavie claim form, to Medavie for processing of eligible benefits for reimbursement, through the Dairy Farmers of NS plan 	<ul style="list-style-type: none"> • Submit your <u>Child's claim</u> to the insurance company of the parent whose birthday comes earlier in the calendar year • For any unpaid balance, send a <u>copy</u> of the claim statement and applicable claim form to the other parent's insurance company



Dad's birthday is March 12th
Mom's birthday is Sept 17th

Example: Your son visited the eye doctor last week and you paid \$75 for his eye exam. You submit the receipt and claim form to Dad's plan first (his birthday is earlier in the year than Mom's), and are reimbursed \$50 which is the max eligible amount under his plan. You then submit the claim statement from Dad's plan along with an applicable claim form over to Mom's plan and they reimburse you the remaining \$25. Awesome! Sharing is always better!

- Coordination will be convenient most of the time and will occur electronically in the case of many dental and drug claims and even some service provider claims.
- In order to coordinate benefits and maximize your reimbursements, it is necessary that the coverage of all of your family members under any other plan is always kept up to date with the insurer.
- You can update COB information by contacting your Plan Administrator Morneau Shepell at 1-866-432-8427

Milk Production and Pricing

Esben Arnfast, Chief Financial Officer

Milk production during July declined, as is normally the case for the summer months, to an average of 21,504 kilograms of butterfat per day. Volumes delivered were 4% lower than last July; however, the total butterfat production for the month only declined 2.8%. The butterfat composition of raw milk deliveries dipped to 3.99 kg/hl, but remained above last July's reading of 3.94 kg/hl.

Quota utilization has fallen below 96%, and resulted in a substantial decline in the average producer utilized tolerance from -3.7 days to -4.9 days.

The NS equalized pool transportation rate fell from \$2.88/hl in June to \$2.69/hl in July.

The average producer raw milk price was \$77.81/hl, which is slightly below the 12-month average of approximately \$79/hl.

The price has fluctuated above and below that level for the past nine months, dating back to last summer's low of \$71.53/hl, prior to the September 1, 2018, exceptional circumstances price adjustment.

Compared to June, July's raw milk price was 92 cents per hl lower. During July, the value of milk utilized by processors declined marginally. Also, the net pooling adjustments for June paid to the CDC (and used in July's price calculation) were approximately \$350,000, compared to \$65,000 in May.

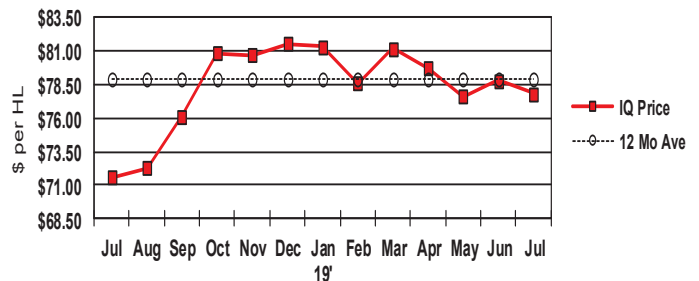
The largest factors were the relative milk value adjustment in June (versus May) and the difference between the advance received and paid back for the previous month.

During July, all raw milk received by plants was either processed or exported to other provinces in the P5 as required by Milk Movement Obligations, or surplus accommodations.

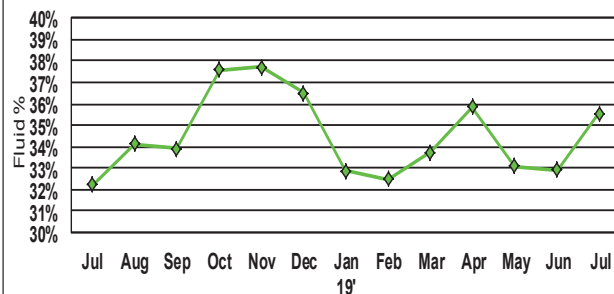
Milk Marketing Report July 2019

PRODUCTION	2019	2018		
Average Liters/Day	539,158	561,539		
Average kg Butterfat/Day	21,504	22,122		
Average Composition, kg/hl				
Butterfat	3.9884	3.9395		
Protein	3.1093	3.2780		
Other Solids	5.8873	5.7367		
Bulk Haulage (\$/hl)	2.69	2.59		
PRODUCER PRICES	BF (\$ per kg)	Protein (\$ per kg)	LOS (\$ per kg)	Avg. per HL
July In-Quota	10.5941	8.5479	1.5247	77.81
July Butterfat Premium (\$/kg) SNF/BF<2.35	0.0588			
July Over-Quota	0.0000	0.0000	0.0000	
August Over-Quota Penalty	0.0000	0.0000	0.0000	

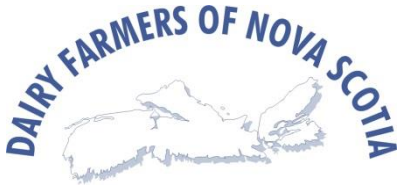
NS Average In-Quota Producer Price
Per HL basis



Fluid Utilization Percentage



Total Licensed Producers in July: 200



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

NOMINATION FORM

We hereby nominate _____ as a candidate
(please print)
for election as a Director on the Dairy Farmers of Nova Scotia Board of Directors.

NOTE: In order to be valid, the nomination requires the signature of five DFNS members (i.e., five separate producers).

Name <i>(please print)</i>		Signature	Date
1			
2			
3			
4			
5			

**COMPLETED NOMINATION FORMS MUST BE RECEIVED BY DFNS
BY 4:30 PM on Friday, September 20, 2019.**

Full Name of Nominee

Farm Name

Address

Phone

Cell

email

As indicated by my signature below, I hereby accept this nomination as a candidate for election as a Director on the Dairy Farmers of Nova Scotia Board of Directors. Pursuant to Section 19(1)(d) of the DFNS By-laws attached is a signed [Code of Conduct](#).

Signature of Candidate

Date

A copy of the DFNS Code of Conduct and by-laws may be obtained from the DFNS office upon request.