



# NEWSLETTER

**Vol. 20, No. 2 - September 2019**

## 1% Quota Increase November 1

Based on a recommendation of the P5 Quota Committee, the P5 Boards agreed to return to harmonized quota issuance by increasing the quota allocated to Quebec and the Maritime provinces by 1%, effective November 1, 2019. Ontario quota issuance will remain the same.

The P5 Quota Committee will continue reviewing milk production and market trends, as well as processing capacity, and recommend any other production signals in early October.

## Fall Board Nominations

Gerrit Damsteegt, Byron Lamb, and Andrew McCurdy all re-offered for the board, and there were no other nominations. Pending changes during the current seven-day cooling off period, all three Directors will be acclaimed to continue on the board for three-year terms following our AGM in January 2020. Congratulations to these three returning Directors.

## FALL REGIONAL MEETING DATES

November 4	1:00 – 3:00 pm	Skye Glen Hall, Mabou
November 4	7:00 – 9:00 pm	Claymore Inn, Antigonish
November 5	1:00 – 3:00 pm	Debert Hospitality Centre, Debert
November 5	7:00 – 9:00 pm	St. Bridget's Hall, Shubenacadie
November 6	1:00 – 3:00 pm	Lawrencetown Fire Hall, Lawrencetown
November 6	7:00 – 9:00 pm	Super 8, Windsor

**Bring your neighbor!**

## UPCOMING EVENTS & DEADLINES:

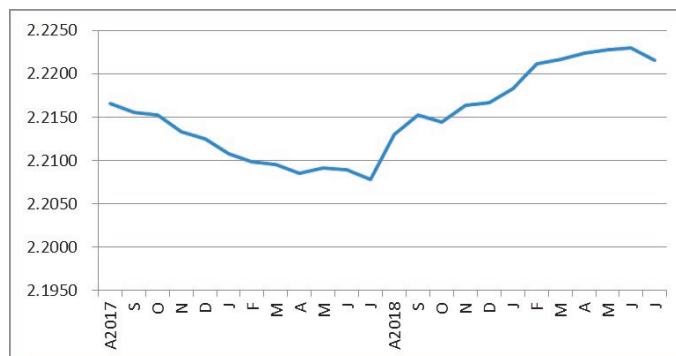
October 11, 2019.....	Quota Exchange Deadline
October 14, 2019.....	Thanksgiving Day—Office Closed
October 25, 2019.....	Quota Lease Deadline
November 11, 2019.....	Remembrance Day—Office Closed

## SNF Ratio Decreases January 1

The P5 Boards have undertaken, through the P5 Quota Committee, analysis of the current producer payment methodology. The goal is implementation of a revised payment policy for all dairy components in 2020.

As an interim step, the SNF/BF ratio limit for the P5 provinces will decrease from 2.35 to 2.30, effective January 1, 2020. The remaining SNF Payment Policy remains unchanged, but with BF bonus paid to producers below 2.30. Dairy farmers are advised to review their components, and potential impacts on income, given this revised threshold.

The provincial 12-month rolling average SNF:BF ratio is shown below for the last two dairy years. A rolling 12-month average accounts for the seasonality of components contributing to the ratio. After reaching an all-time low of 2.2085 in July 2018, the trend has increased. This means Nova Scotia farms are shipping lower BF milk, relative to SNF. Lowering the payment threshold ratio to 2.30 should provide a signal for farms to reverse the trend seen in the last year or so.



The outcome of the recent trade agreement with the U.S. and Mexico, including a hard cap on the SNF exports and the current situation of excess SNF production above demand, which is made worse by the increase in demand for full butterfat dairy products, are the main reasons for this threshold ratio change.

The revised payment policy to be implemented in 2020 will maintain a SNF production discipline, while taking into account marketplace changes.

**The September 2019 Quota Exchange was cancelled.**

Quota Exchange Deadline	Payment Due Date
October 11, 2019	October 29, 2019
November 13, 2019	November 27, 2019
December 13, 2019	December 27, 2019

## Lab Results August 2019

Average IBC: 30,794

Average Somatic Cell Count (SCC): 218,114

Adulteration: (Tankers) 1

Send your **proAction** Self Declarations  
or corrections to:

Nancy Douglas  
(northern regions 1, 2, & 3)  
Email: [ndouglas@dfpei.pe.ca](mailto:ndouglas@dfpei.pe.ca)  
Fax: 902-566-2755  
Call: 902-394-1657

Lindy Brown  
(southern regions 4, 5, & 6)  
Email: [lindy.brown@nbmilk.org](mailto:lindy.brown@nbmilk.org)  
Fax: 506-432-4333  
Call: 506-435-2117  
Office: 506-432-4330 Ext. 104

### **P5 QUOTA EXCHANGE MCP**

PEI .....None established  
New Brunswick.....\$24,000  
Ontario .....\$24,000  
Quebec .....\$24,000

### **DFNB Newsletter**

Visit [www.nbmilk.org/en/](http://www.nbmilk.org/en/) and click on the "Milk Matters" link to read their monthly newsletter.

## **Raw Milk Production and Transportation Regulations**

*Submitted by L. Crouse—Natural Products Marketing Council*

The Natural Products Marketing Council is very pleased to announce that the new *Raw Milk Production and Transportation Regulations* ("RMPT Regulations") have been approved, to be effective March 15, 2020.

The *RMPT Regulations* will replace five existing regulations: the *Abnormal Freezing Point Standard for Cow's Milk Regulations*, the *Milk House Water Quality Regulations*, the *Schedule 2 – Milk Production Regulations*, the *Schedule 5 – Transportation of Milk Regulations*, and *Schedule 12 – Goat Milk Production Regulations*.

The *RMPT Regulations* will apply to all producers, transporters, and processors of milk from a dairy animal (in addition to cows' milk, Nova Scotia also has goat, sheep, and water buffalo milk production and processing).

Council wishes to extend a sincere thank you to everyone who has assisted with the development of the *RMPT Regulations*. In particular, Council wishes to thank Steering Committee members Brian Cameron and Ann Landers, and Dairy Inspector Scott MacKenzie, for the technical expertise that they brought to these Regulations.

The *RMPT Regulations* bring Nova Scotia dairy regulations up to the standards set by the National Dairy Code. Producers can expect to hear more from Dairy Farmers of Nova Scotia on the implementation of the *RMPT Regulations* over the next few months.

## Market Update

The Canadian dairy market is showing signs of strength with 3.1% growth in the 12 months ending July 2019, after 2.1% growth in the previous 12 months. Looking forward, we need to account for growing imports under both CETA and CPTPP. Cheese and butter import tariff rate quotas are expected to be filled, while CPTPP fresh products (milk, cream, and yogurt) may take additional time. Unfortunately, so far these imports were heavily skewed toward the last third of the calendar year, which impacts the predictability of domestic production leading up to the Christmas season.

Milk production is slightly ahead of last year in the west, and about on par in the P5. The third element is the level and trend of national butter and cheese stocks. These stocks act as a buffer between when milk production falls short of, or exceeds, market requirements. In the past few years, we have seen an increase in baseline levels of both stocks. Stock variation through the year is monitored closely to determine if milk production signals need to be changed for farms. Our P5 Quota Committee meets and reviews these factors regularly and makes recommendation to P5 boards. Currently, the three Additional Production Days for September and October, followed by 1 day and a 1% quota increase for November, provide a strong signal of needing fall milk. What that looks like going into winter is yet to be determined.

### Dairy Compensation Program

The federal government's Dairy Direct Payment Program is described in the following link:

<http://www.agr.gc.ca/eng/?id=1566502074838>

Please note there is a "Frequently Asked Questions" section, and a toll free number for dairy producers to obtain more information. DFNS is not directly involved with the delivery of this program, and producers are encouraged to contact AAFC by following the above link.

### Clarification

Last month, we noted the quota exchange deadline was moving from 4:30 pm to noon on the deadline. This requires a regulation change, which is underway.

Once approved, DFNS intends for this change to be effective for the February 2020 exchange.

This change should ensure that exchange results are available for posting on that same day.

### Continuous Quota at the Pool Level

The chart below shows the calculations, by pool, of the change in continuous quota positions between June and July 2019. July is when spring milk production typically turns downward, which shows up in both NL and the P5 monthly milk production being below monthly quota. The Western Milk Pool production slightly exceeded their monthly quota. As a result, the P5 position moved from slightly above zero to -0.12% while the WMP increased slightly to -0.78%. Overall the P10 (national) position dropped slightly to -0.35%. The lower limit is -2%, and the upper limit is +1.25% at the P10 level. Despite this downward trend, markets continue to be served as there was a drop in butter stocks during July. Fresh markets are served on demand, and butter/cheese making are adjusted when milk supply is below market demand. These stocks assist with filling the market month-to-month, and are rebuilt when milk production exceeds quota.

**Table 1. Continuous Quota (BF Kg, Monthly) - July, 2019**

	NL	P5	WMP	P10
Final Positions - Previous - June, 2019 <sup>1</sup>	(269,841)	79,234	(804,288)	(994,895)
% of the 12-month Total Quota	-11.70%	0.03%	-0.83%	-0.26%
Monthly Total Quota - July, 2019	197,339	23,168,837	8,065,712	31,431,889
Monthly Production - July, 2019	171,252	22,756,194	8,151,443	31,078,889
Difference	(26,088)	(412,644)	85,731	(353,001)
Reimbursed Prefilled Quota (Table 4)	-	-	-	-
Final Pool Positions Adjusted for Reimbursed Quota - July, 2019	(295,929)	(333,410)	(718,557)	(1,347,896)
% of the 12-month Total Quota	-12.80%	-0.12%	-0.74%	-0.35%



DEADLINE FOR OFFERS IS LAST BUSINESS DAY  
BEFORE THE 14<sup>th</sup> 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 or if the producer's offer to buy quota is at a price equal to or higher than the market clearing price but does not result in the producer purchasing any quota on the 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: \_\_\_\_\_

08/19



## 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](http://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.

<u>Lease Month</u>	<u>Deadline</u>
August	August 26, 2019
September	September 24, 2019
October	October 25, 2019
November	November 25, 2019

v. 201902



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- family succession and estate planning
- personal and corporate tax planning, and
- financial and business advice.

**Let's start the conversation.**

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This is strictly for the information of dairy farmers.*

## Transportation of Livestock and Poultry Regulations are changing. Are you going to be ready?

On the 1st of February 2019, amendments to the *Health of Animals Act* were published to Canada Gazette, Part 2, which will come into effect on the 1st of February 2020. These changed regulations will impact the way that livestock and poultry are transported in Canada. These regulations will become the minimum standard for transportation of animals in Canada. <http://www.gazette.gc.ca/rp-pr/p2/2019/2019-02-20/html/sor-dors38-eng.html>. At the same time, the National Farm Animal Care Council (NFACC) has started to update the Code of Practice for the Transportation of Livestock and Poultry. It is anticipated that this will be completed in the spring of 2023. <https://www.nfacc.ca/codes-of-practice/transportation>

The amendments to the *Health of Animals Regulations* (HAR) will be the minimum standard for livestock and poultry transport in Canada beginning in February of 2020. The current *Health of Animals Regulations* related to transport of animals were enacted in 1977. Since that time research related to transport has evolved and our understanding of the impact of transport of animals has changed. At the same time, industry and public concern for animal welfare have evolved and increased. In order to address these concerns, changes to the HAR relating to Animal Transportation are being made. These changes will also more closely align Canadian transport regulations with our trading partners, who play a major role in the economics of our respective industries.

“These updated Regulations will better reflect the current animal welfare science, social expectations, the standards of Canada’s international trading partners, and the World Organisation for Animal Health (OIE) welfare standards for animal transported by land, air and sea.”

The new HAR has several sections that will impact producers and transporters of livestock and poultry, they are: 1) definitions of Unfit and Compromised animals that will be used to assess if and/or how an animal may be transported. 2) Requirements for training of transporters of animals, in particular those who transport animals commercially. 3) Restrictions on the movement and transport of livestock eight days or less of age. This includes the limitation that these animals can only be transported to a final destination (the destination cannot be an assembly centre) and the loading and trip cannot exceed more than 12 hours. 4) Young ruminants that are not weaned may only be transported for 12 hours, this time starts from the beginning of loading until the animal is unloaded. 5) Requirements for handling, loading and space and conditions in the transport vehicle. 6) Maximum transport times for animals without access to feed and water. 7) The requirement for everyone transporting animals to maintain records for each shipment of animals. These records must include: a) the name and address of the shipper, consignor, and the vehicle operator. b) identification of the vehicle. c) area available for livestock. d) record of cleaning and disinfecting. e) date, time, and place of loading. f) number, description and weight of animals. g) date and time when the animals were last fed and watered and rested.

Records will have to be kept so that they will be available during transport and after arrival. These regulation changes are going to have an impact on all sectors of the livestock and poultry industry. Some more than others. It is going to make it harder to move young animals and animals that are not weaned. Travel times will have an impact on the distance that we can move livestock, especially when you include the appropriate hours of work in the trucking industry. Rest periods for drivers will not qualify as livestock rest periods unless the animals also have access to feed and water.

As producers and transporters we need to think about how we are going to adjust to these new transportation regulations in the *Health of Animals Act*. We also need to recognize that our consumers are placing an ever increasing emphasis on animal welfare. While these regulations are going to require changes, they will support improved animal welfare and increase the value of the livestock transported. They will also dovetail the proposed requirements for enhanced Traceability that we will see in the future for livestock. This article is intended to provide basic information about the regulation changes, it is not a substitute for the *Health of Animals Act Transportation* regulations. If you regularly transport poultry or livestock, these new regulations are important to you, and you need to review them and see how they will impact the way that you conduct business. If you are interested in more information contact your commodity associations or extension specialists.

Jonathan Wort  
Perennia Livestock Specialist  
Email: [jwort@perennia.ca](mailto:jwort@perennia.ca)  
Phone: 902 896 0277 ext. 232.

## Milk Production and Pricing

Esben Arnfast, Chief Financial Officer

August usually has the lowest milk production of the year, down to 21,430 kilograms of butterfat per day. Volumes delivered were 3% lower than last July; however, the total butterfat production for the month was similar to last August, with a relatively higher butterfat composition of 3.97 kgs of butterfat per HL.

Monthly quota utilization remains below 96%, and average producer utilized tolerance dropped significantly for the second straight month from -4.9 days to -6.1 days. This rate of change is likely to be affected during September when the first month of Additional Production Days kicks in with three days, or approximately 10%, additional quota available for producers to fill.

The NS equalized pool transportation rate increased to \$2.77/hl after falling in July to \$2.69/hl. Nova Scotia adjusted the quarterly rates paid to transporters, effective August 1, and the result will be pooled and could possibly benefit NS's September transportation rate, unless other P5 provinces on average increase their costs similarly.

The average producer raw milk price dropped from \$77.81/hl in July to \$76.79/hl. The chief factor was not the utilization value of milk, which maintained a similar value to June, but rather a higher pooling deduction.

This resulted from NS pooling a higher than average (P5) value for milk sales to processors during July. The result was a transfer of approximately \$300,000 to the P5 for that month.

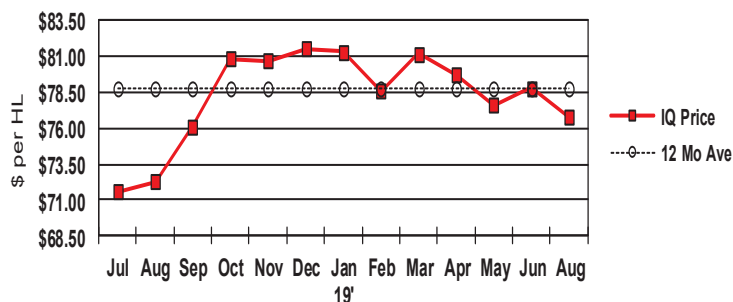
As with July, during August all raw milk received by plants was either processed or exported to other provinces in the P5.

DFNS and processors completed a cost-sharing agreement for milk composition testing, and producers can expect to see an adjustment to the milk testing costs accounting for changes in the previous dairy year. The agreement treats all processors more fairly than the previous model, which developed when all co-ops were acting as payment agents.

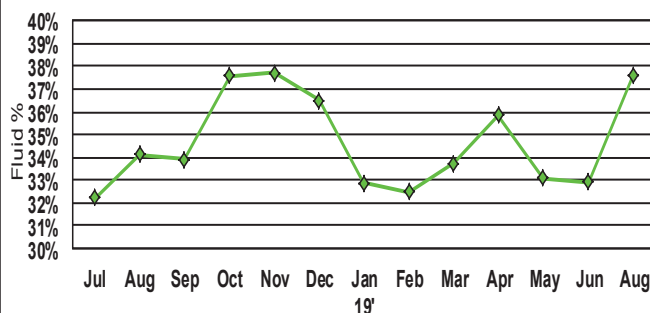
## Milk Marketing Report August 2019

PRODUCTION	2019	2018		
Average Liters/Day	540,395	555,176		
Average kg Butterfat/Day	21,430	21,542		
Average Composition, kg/hl				
Butterfat	3.9656	3.8801		
Protein	3.1086	3.2816		
Other Solids	5.8802	5.7345		
Bulk Haulage (\$/hl)	2.77	2.50		
PRODUCER PRICES	BF (\$ per kg)	Protein (\$ per kg)	LOS (\$ per kg)	Avg. per HL
August In-Quota	10.5414	8.4046	1.5073	76.79
Augustt Butterfat Premium (\$/kg) SNF/BF<2.35	0.0577			
August Over-Quota	0.0000	0.0000	0.0000	
Sep 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 August: 200**





# LATEST NEWS

from Dairy Farmers of Canada



September  
2019

## New Partnership with Dairy Farmers of Canada and Cineplex Media to promote real butter

### Moviegoers treated with real butter

It's better with real butter! As part of the organization's approach to increasing the relevance of Canadian dairy products for consumers, DFC unveiled an exciting year-long partnership with Cineplex Media to promote real butter popcorn topping to moviegoers across Canada. This new initiative supports dairy farmers and products made with 100 per cent Canadian dairy. DFC's Blue Cow logo will be featured prominently in major Cineplex theatres across Canada through a full suite of advertising and branding vehicles. These include profile in the Cineplex Pre Show, point-of-sale decals, butter dispenser signage, lobby digital screens and full page ads in Cineplex Magazine.

"Cineplex customers can feel good about treating themselves to real butter on their popcorn, knowing it was made from 100 per cent Canadian milk," says Pamela Nalewajek, VP Marketing and Strategic Business Development at DFC. "Over 80 per cent of Canadians now recognize the Blue Cow logo and what it stands for, high-quality milk produced by Canadian dairy farmers on small family farms, produced without the use of artificial growth hormones and free from antibiotics."

"Cineplex is famous for its popcorn and our real Canadian butter option so this partnership makes perfect sense for us and Dairy Farmers of Canada," said Robert Brown, Vice President, Cineplex Media. "We really are a one-stop shop for a variety of engaging advertising opportunities that are very effective on their own, but even better when combined. Our work with Dairy



Farmers of Canada is a great example of our integrated media."

Launched on July 1, 2019, the partnership will be in effect until June 30, 2020. During this time, moviegoers can expect to see ads promoting butter in Cineplex theatres across the country, with additional point-of-sale elements activated in 60 theatres located in urban centres.

## Canadian Dairy Farms Recognized Internationally for their Sustainability Practices

Canadian dairy farms, through Dairy Farmers of Canada (DFC), have received an international recognition from Unilever for their commitments towards sustainable milk production practices. As a result, Unilever has concluded that 100% of milk produced in Canada is sustainably sourced in accordance with their Sustainable Agriculture Code.

Unilever is one of the world's leading consumer goods companies and produces and sells around 400 brands in more than 190 countries to billions of consumers. In 2010, Unilever launched the Sustainable Agriculture Code, which has become a major tool in sustainable sourcing programs. The Code, revised in 2017, includes a collection of good practices, such as water and waste management, which aim to codify important aspects of sustainability in farming and apply them to the supply chain.

DFC has achieved equivalency to Unilever's Sustainable Agriculture Code after comparing their code's standard to the way milk is produced in Canada. Considerations were given to provincial environmental regulations and labour laws, the national supply management system, as well as the commitments made and being carried out through proAction®, DFC's robust quality assurance program.

"Unilever's recognition is an acknowledgment of Canadian dairy farmers' commitment to responsible stewardship of our animals and the environment, and to high-quality, safe, and nutritious food for consumers," said Pierre Lampron, DFC President.

"Collectively, we wouldn't have been able to obtain this international recognition without the hard work of farmers to implement a robust, credible and ambitious program like proAction," he concluded.

The Unilever Sustainable Agriculture Code, applicable to agricultural suppliers, farmers and contractors, not only requires implementation and adherence to sustainable practices, but also sets out the expectation that continuous performance improvements be achieved over time. This means monitoring compliance with the code and implementing proactive actions to improve results. For example, Unilever suppliers are encouraged to reduce greenhouse gas emissions and other related energy-use emissions.

"We are delighted that our work with Dairy Farmers of Canada to strengthen action on biodiversity and good environmental practices across the sector means that the dairy produced across more than 10,000 farms meets the standards set in our Sustainable Agriculture Code. This is helping us to make sure that the ice cream we produce in Canada is being made with sustainable dairy", said Giulia Stellari, Sustainable Sourcing Director at Unilever.

For more information on Unilever's approach to sustainable sourcing, please visit [www.unilever.com/sustainable-living](http://www.unilever.com/sustainable-living).

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Dairy Farmers of Canada



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