

NEWSLETTER

Vol. 17, No. 12 - July 2017

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 quota for a ten-year period.

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.

Nova Scotia has one available New Entrant position for 2018 start-up. Based on harmonized P5 rules, each Maritime province has one position annually.

Two years ago, DFNS did not receive an application so we carried that unfilled position forward and approved two applicants last fall for 2017 start-up. This brings the total number of active New Entrants to six.

Anyone interested in applying should consult the New Entrant Program Guidelines in the Forms and Publications section on our website www.dfns.ca. Alternatively, a copy can be obtained by contacting the office.

UPCOMING EVENTS & DEADLINES:

August 7, 2017.....Civic Holiday—Office Closed
August 11, 2017.....Quota Exchange Deadline
August 25, 2017.....Quota Lease Deadline
August 2-3, 2017.....Policy Session—Hampton Inn

DFNB Newsletter

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

CDC Asked to Mediate P5 Dispute

As part of the P5 pooling arrangement, when provinces share quota increases and decreases, each province sees their quota adjusted by the same percentage. For example, the July 1, 2017, 5% increase happened in all five provinces. But the actual market growth behind the quota increase will occur disproportionately in each province.

When this happens, the P5 Agreement allows for milk to flow from provinces experiencing less growth to those where milk orders are higher. This neutralizes the impact on processors of producers sharing quota. This activity is called Milk Movement Obligation (MMO). MMO has become a very complicated calculation as the solutions to additional interprovincial issues have piggybacked on MMO. Last fall, there was a miscalculation of one factor which altered the MMO output. It was discovered and corrected in April.

As a result, the Maritimes moved less milk to Quebec, and Quebec moved more milk to Ontario than should have been the case. All of this was happening when there was also surplus milk from our region which flowed to Quebec, and is shared on a predetermined split with Ontario.

The dispute between provinces arose over what the proper volumes are to correct this error, and over what period should any milk shortfall be repaid. Provinces could not all agree on these questions so the Canadian Dairy Commission was asked to mediate and propose a resolution. After reviewing submissions from all five provinces, the CDC circulated their recommendation. It aligned with the DFNS submission, and our corrected MMO has been implemented for several weeks. Other provinces will make their opinions known at meetings the last week of July.

Historical Farm Books Delivered to Producers

Dairy Farmers of Canada recently published a book entitled, "Deeply Rooted for a Strong Future," which showcases the history of dairy farming across Canada, and transporters have delivered one to all producers. DFC selected Clover Crest Farm Limited as Nova Scotia's profiled farm. If you have not received a copy, please contact the office.

Results of the July 2017 Quota Exchange

Iteration (all buyers): 0.47 kgs
Prorated for buyers: 3.75%

Dairy Services Lab Results June 2017

Bactoscan Individual Bacteria Count (IBC)

Count	Samples	Percent
<35,000	165	75.7
35,001-121,000	36	16.5
>121,000	17	7.8
TOTAL	218	100.0

92.2% meet provincial standard

Average IBC – April 2017: 52,332

Average Somatic Cell Count (SCC): 208,316

Adulteration (added water and/or antibiotics)

Water (Farm Tanks)	0
Antibiotics (Tankers)	0

Kilograms		Producers	
		Buying Quota	54
Purchased (actual)	49.84	Offering to Buy	56
Offered to Purchase	692.18	Selling Quota	17
Offered to Sell	49.84	Offering to Sell	17

Price	Offers to Sell (kgs)	Cumulative Sales	Difference	Cumulative Buys	Offers to Buy (kgs)
\$20,000	0.00	0.00	-692.18	692.18	14.00
\$23,000	2.50	2.50	-675.68	678.18	0.00
\$23,900	1.50	4.00	-674.18	678.18	0.00
\$23,999	0.50	4.50	-673.68	678.18	0.00
\$24,000	45.34	49.84	-628.34	678.18	678.18

Quota Exchange Deadline	Payment Due Date
June 13, 2017	June 28, 2017
July 13, 2017	July 27, 2017
August 11, 2017	August 29, 2017

P5 QUOTA EXCHANGE MCP

PEI	\$24,000
New Brunswick	\$23,202
Ontario	\$24,000
Quebec	\$24,000

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

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

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

Resignation of DFC Executive Director

Ottawa June 27, 2017 - It is with a mix of sadness for her departure and gratitude for her efforts that the Board of Directors of Dairy Farmers of Canada (DFC) announces that its Executive Director, Caroline Emond, has decided to step down, effective July 4, 2017.

Since January 2015, Ms. Emond has played a critical role in several transformational files. Ms. Emond has successfully led Canadian dairy producers to reach an historic agreement in principle with dairy processors. She revamped the organization's look and feel with the launch of the new visual identity and revised the organization mission, vision, and values to bring DFC in the twenty-first century. She worked with the Saskatchewan, Alberta, and Manitoba marketing team to create additional synergies to ensure a better cohesion with the organizations. She also helped minimize the impacts of the TPP on dairy farmers.

In light of her many accomplishments, she has decided to move on. "Caroline has brought a breath of fresh air to DFC. We are grateful for her legacy, which will contribute to a bright future for the dairy industry. She was instrumental in one of the most challenging times in the history of the Canadian dairy industry," said Wally Smith, president of DFC. "We sincerely thank Caroline for her contribution to DFC and to the Canadian dairy industry. She has shown to be a well-respected lobbyist and a dedicated leader. We wish her the best for her future projects."

Over the next few months, DFC will be conducting a search to find the new Executive Director.



Special Event Milk Notification

Any special events in Nova Scotia where milk pick up is required, such as exhibitions and shows, must complete the Special Event Milk Notification form.

The form is available on our website and must be submitted to DFNS, the Dairy Inspector, and the appropriate bulk milk transporter a minimum of two weeks in advance of the event.

The Special Event Milk policy is available from the DFNS office. The new form requires the event to indicate if the milk at the event is being recorded and credited to each producer at the event, or being credited to the event.

proAction®: Traceability Update

Within the Traceability module of proAction®, farmers are required to record and report data related to animal births, move-ins, and on-farm disposals and exports (tag retirements).

Currently, farmers outside of Quebec can report data to the Canadian Livestock Tracking System (CLTS) only via the internet or electronic means (i.e., MOBO app, directly in a web-based account, or via uploading a document to a web-based account).

For various reasons, not every farmer in Canada uses the internet. Therefore, DFC has decided to temporarily adjust the validation of reporting requirements for all farmers until alternative means of reporting are available.

Farmers are still strongly encouraged to report traceability data. ProAction® validators will still ask farmers if they are reporting data and, if they are, how they are doing it. Farmers who are reporting properly, will receive a compliant score for these requirements.

Farmers who are either not reporting properly or at all will receive a not applicable score and will still be able to achieve proAction® registration.

Please note that this is a temporary situation. DFC and provincial associations will inform farmers when the situation changes and the reporting requirements become mandatory. Please visit the websites below for more information:

CLTS Website (for reporting): www.clia.livestockid.ca.

National Livestock Identification for Dairy (tag orders): www.nlid.org.

proAction® website: www.dairyfarmers.ca/proaction.

Licensing Regulation Changes Close

At the time of writing, the *Milk Producer Licensing Regulations* are close to being approved. The changes reviewed by the DFNS Advisory Committee for Milk and approved by the board are in front of Council. This process ensures that all industry stakeholders have input into DFNS regulation changes.

The regulation revisions cover several areas including implementing the P5 milk quality measurement and penalty rules, the transition from current rules to the P5 rules, making proAction compliance a requirement of licensing, and the consequences of poor milk quality or proAction non-compliance.

Producers will be notified when these regulation changes are approved and the effective date.

Hot Weather Reminder

With the hot months here, producers are reminded to take preventative steps to ensure their milk is cooled quickly and stored properly before pick-up. The proAction program provides the following helpful reference points:

Critical Limit: Bulk tank temperature. The 1st milking must be cooled to 10°C or less within one hour and to a temperature greater than 0°C and less than or equal to 4°C within two hours after milking and maintained at that temperature.

When subsequent milkings enter the tank, blend temperature shall not rise above 10°C for longer than 15 consecutive minutes and milk shall be cooled to a temperature greater than 0°C and less than or equal to 4°C within one hour after milking and maintained at that temperature.

New CDIC Publication

The Canadian Dairy Information Centre has recently published the 2017 edition of *Statistics of the Canadian Dairy Industry*.

This joint industry/government publication documents dairy statistics for the farm, processing, consumer, breed improvement, and organic sectors.

This is a valuable resource for learning more about how each province stacks up and the trends our industry is following.

The 2017 publication can be found on the CDIC website at www.dairyinfo.gc.ca under the Publications and Bulletins tab.



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 <input type="radio"/>	2. Pre-Authorized Debit <input type="radio"/>
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.	DFNS will withdraw required funds for quota from producer's bank account on payment due date; service fees will be processed within five business days of the exchange. Authorization provided by producer will be used.

\$17.25 Service Fee must accompany offer (\$15 + \$2.25 HST) Reg No. 107788523

In the event of a cancelled exchange, service fees are returned to the producer (or not collected in the case of PAD). Please note that offer forms cannot be held for future exchanges.

All offers must be signed by the registered quota holder. In the case of a partnership or corporate quota holder, the offer must be signed by designated signing officer(s). It is the producer's responsibility to confirm receipt of offers by DFNS. If the buyer does not pay by the payment deadline, or the buyer's payment is dishonoured, the quota purchased by the buyer will return to DFNS, the producer is liable for all costs associated with non-payment, the producer is not eligible to purchase on the exchange for a period of 12 months, and the producer may only purchase TPQ on a future exchange using a bank draft, direct deposit, or wire transfer for a period of five years.

Date

Signature(s)

The information on this form is a summary of the applicable rules, which are contained in the TPQ Regulations. The DFNS Producer Manual on our website contains the current policies and procedures, or you may contact office staff for assistance.

FOR DFNS OFFICE USE ONLY

Service Fee: ☐ cash ☐ cheque ☐ PAD

Offer Received/Verified By: _____

10/16





TPQ Lease Agreement

100-4060 Highway 236
Lower Truro, NS B6L 1J9
Phone: (902) 893-6455
Fax: (902) 897-9768
www.dfns.ca

THIS LEASE made _____ day of _____, A.D., 20____

BETWEEN: _____ DFNS Reg. # _____ 2
hereinafter called the "LESSOR" (Lender of the quota)

- and -

_____ DFNS Reg. # _____ 2
hereinafter called the "LESSEE" (Borrower of the quota)

AGREEMENT

The Lessor and the Lessee agree that:

1. The Lessor shall lease to the Lessee _____ kilograms of daily Total Production Quota (TPQ)
2. The lease term shall commence on the first day and terminate on the last day of _____ (month).
3. The Lessee shall pay to the Lessor \$_____ per kilogram per day for milk quota leased, payable as described below:

4. This lease is not assignable.
5. This lease shall bind the heirs, executors, administrators and successors of each of the parties.

Signature of LESSOR

Date

Signature of LESSEE

Date

AUTHORIZED BY _____

on behalf of Dairy Farmers of Nova Scotia this _____ day of _____, 20____.

IMPORTANT NOTES

Leases will be for a one-month duration and will expire at the end of the month, so any adjustments to provincial TPQ do not apply to leases.

Quota may be leased in denominations of tenths of a kilogram.

A producer can lease in or out up to a maximum of 25% of the sum of current owned and non-saleable TPQ holdings.

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

Only leases applying to the current month will be accepted.

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

DEADLINES

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

<u>Lease Month</u>	<u>Deadline</u>
July	July 25, 2017
August	August 25, 2017
September	September 25, 2017
October	October 25, 2017



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

Quota Exchange Offer to SELL _____ (Exchange Month)

Registered Producer Name: _____

DFNS Registration Number: _____ Phone: _____

Offer to Sell _____ . _____ kgs of TPQ per day @ \$ _____ per kg.

PLEASE NOTE: Offers above the MCP Cap of \$24,000 will not be accepted. Quantities offered for sale may be in hundredths of a kilogram (two decimal places). Prices must be for a whole kilogram. Offers are limited to one buy or sell per producer per exchange. Each participant in an exchange will be notified in writing of whether or not their offer was successful.

Successful Sellers will be paid for their quota sold on the last business day before the 10th day of the month following the exchange. If the sold quota is assigned to a lender, cheques will be jointly payable to the producer and lending institution.

QUOTA CURRENTLY ASSIGNED:

_____ kgs _____
Name of Lending Institution(s)

\$115 Seller's Service Fee must accompany offer (\$100 + \$15 HST) (HST Reg No. 107788523)

All offers must be signed by the registered quota holder. An offer must be signed by all partners of a partnership, or the designated signing officer(s) of a partnership or corporation. It is the producer's responsibility to confirm receipt of offers by DFNS.

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 most up-to-date policies and procedures, or you may contact office staff for assistance.

FOR DFNS OFFICE USE ONLY

Service Fee Received: ☐ cash ☐ cheque ☐ PAD Offer Received/Verified By: _____

05/17



Beneficiary Designations

Your group insurance program provides life insurance benefits to eligible employees. It is important to maintain an updated beneficiary designation based on your current wishes and situation. You may update your insurance beneficiary designation(s) at any time by completing a Beneficiary Designation or Change Form. Return the original to your plan administrator to maintain in your confidential employee file, and keep a copy of your completed form for your own files. If you do not assign a beneficiary, your death benefit will be paid to your estate.

What if my Life Insurance Beneficiary dies first, or at the same time as me?

If your primary beneficiary predeceases you, the life claim payment goes to your estate, unless you have designated a *contingent beneficiary*. This is someone who receives the proceeds from your policy if your primary beneficiary, such as your spouse, is no longer living. In the case of death at the same time, insurance law provides that the beneficiary is deemed to have died first.* If you have not designated a *contingent beneficiary*, the life insurance claim would be paid to your estate.

*Canadian Life and Health Insurance Association (CLHIA)

What happens if my beneficiary is a child?

If your beneficiary is under the age of 18, the insurance company can pay the insurance money to a trustee (designated by you, the insured) who can receive funds on behalf of the minor. Alternatively, in most provinces, the insurance money can be paid into the court until the minor child reaches the age of majority.

www.pwc.com/ca

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



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Milk Production and Pricing

Esben Arnfast, Finance and Systems Administrator

Production tapered off to just over 22,000 kgs of butterfat per day. The decline is normal for June but the butterfat production is actually almost 11% higher than last June. The butterfat test for raw milk is significantly higher at 4.01 kgs per hl compared to 3.93 kgs per hl last June.

Additional Production Days have been utilized by close to 50% of the day available in June which helped some producers, to a varying extent, bridge of the gap between production and quota. The average utilized tolerance remained unchanged from May at 10.2 days. Also, there is a 5% quota increase which will take effect July 1.

The equalized pool transportation rate for June dropped to \$2.51/hl, down eleven cents from May which was subject to the higher costs of spring weight restrictions.

The June raw milk average in-quota price increased from \$71.33/hl in May to \$81.92/hl. Within the milk price variation there have been two consistent factors. The CDC advance for the past three months has been around \$1.5 million. The total provincial milk value utilized by processors has been in the vicinity of \$10 million each month.

The variation has been generated from the value of the milk moved out of the province to Quebec and NB. Also, there have been some large adjustments and corrections that not only affect one month, but as a result of pooling, affect the following month. For example, a pooling credit (net of the advance) of approximately \$1 million was received in July for May's utilization. That contrasts with a relatively small pooling credit for April of about \$200,000 that was applied in determining the May in-quota price paid for raw milk.

Barring any further adjustments, we expect the in-quota price to stabilize over the remaining summer months. Some large adjustments have already been processed when discovered; however, the report from the CDC's 2015/16 milk utilization audit remains pending and may lead to some additional adjustments, which will influence the total dollars available to pay producers.

Total Licensed Producers in April: 216

Continuous Quota Positions

As of the end of May 2017, figures are expressed as a percent of each province's annual quota. The P5 provinces all moved up since April resulting in the pool average surpassing +3%. The prairie provinces all moved down with B.C. moving slightly higher and their pool average dropped slightly. The WMP milk production is increasing, and they anticipate moving above zero by late fall/early spring 2018. Mainly due to the P5, the national position jumped from +0.77% to 1.03%. Butterfat demand is closer to being balanced with supply, so it is expected the CDC will slow down importing supplemental butter to sell to further processors. The revised CDC target butter stock levels for July 31, 2017, are between 34,000 and 36,000 MT. Planning is in full swing to place summer milk, with seasonal fluid processing declines and hot weather impacts.

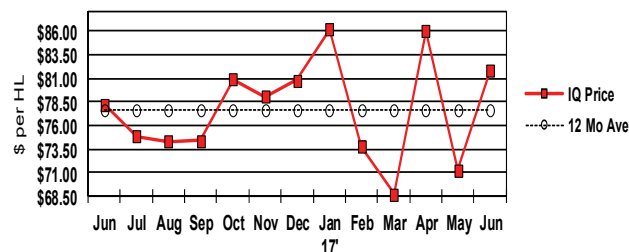
Alta. -4.03%	Sask. -4.02%	Ont. +5.45%	NS +2.99%	PEI +2.83%	P5 +3.05%
BC -1.20%	Man. -12.10%	Que. +1.04%	NB +1.62%	NL -20.45%	WMP -4.41%

Milk Marketing Report June 2017

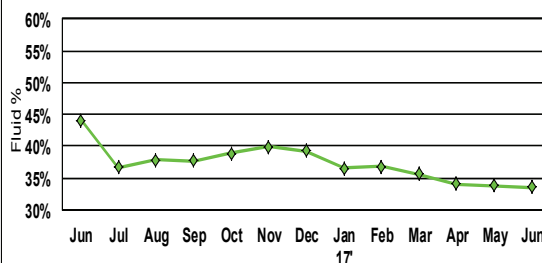
PRODUCTION	2017	2016
Average Liters/Day	556,689	512,017
Average kg Butterfat/Day	22,299	20,122
Average Composition, kg/hl		
Butterfat	4.0056	3.9299
Protein	3.2642	3.2820
Other Solids	5.7209	5.7308
Bulk Haulage (\$/hl)	2.51	2.64

PRODUCER PRICES	BF (\$ per kg)	Protein (\$ per kg)	LOS (\$ per kg)	Avg. per HL
June In-Quota	10.7023	8.9704	1.7075	81.92
June Butterfat Premium (\$/kg) SNF/BF<2.35	0.0251			
June Over-Quota	0.0000	0.0000	0.0000	0.00
July Over-Quota Penalty	0.0000	0.0000	0.0000	0.00

NS Average In-Quota Producer Price
Per HL basis



Fluid Utilization Percentage





Latest News...

Dairy Farmers of Canada

July 2017

ASK THE COW: CATTLE ASSESSMENTS CONDUCTED BY HOLSTEIN CANADA

Observing animals to look for signs of well-being is not new, but measuring specific animal-based indicators is. Canadian dairy is making these measurements an essential part of the Animal Care module of proAction. In the fall of 2016, DFC contracted Holstein Canada to assess key animal welfare indicators: body condition score, injuries, and lameness, on a statistically-significant number of cows in each herd. This benchmarking exercise will be conducted on all Canadian dairy farms until fall 2018.

As of June 1st, 1,195 herds have been assessed. The cattle assessment provides farms with a benchmark from which they can plan measurable improvement—striving to meet the “Excellent” targets. To reach the “Excellent” targets, 95 percent or more of the animals in a herd must meet the requirement of having a body condition score of greater than two, and 90 percent or above must score well on the indicators of injuries or lameness. The assessment indicates how well farms comply with a number of important requirements in the Canadian *Code of Practice for the Care and Handling of Dairy Cattle*.

Farms will receive a summary of their overall herd performance. Now that about 10 percent of Canadian herds have been assessed, it is possible to estimate a national average for each indicator. Beginning this July, farmers will receive a ‘peer report’ as part of their summary. The report will allow individual farmers to compare their herds with the national averages. The peer report categorizes the result of the herd for each measure in the green (excellent or good results), yellow or red zone. If the herd has a result in the yellow zone, the farmer should consider it as a warning and look to make improvements. If a result falls in the red zone, a farmer must write a corrective action plan and implement it. Veterinarians, ruminant nutritionists and/or dairy specialists are good experts to help map out such a plan.

The cattle assessment must be completed within 24 months before the farm is due for a validation for the animal care module of the proAction Initiative. Every two years, prior to validation, farmers will need to have an assessment conducted, with the expectation that the results will have improved over the previous assessment for results that fall in the red or yellow zones.

The first assessments show many farms achieving close to—or meeting—the “Excellence” target. These results indicate that farmers are committed to improving issues that may arise on their farms, and that they value the collaboration of veterinarians and dairy specialists and are seeking better genetics to increase production or improve longevity and other characteristics.

In the same vein, the assessment of these animal-based measures, and proAction itself, is made possible through the collaboration of multiple partners. DFC is grateful for the collaboration of farmers, veterinarians, animal science researchers and Holstein Canada, which has resulted in developing practical tools for farmers, to continue to be proactive about the care of dairy cattle, to measure future improvement. This will result in healthier and more productive herds.



Dairy Farmers of Canada



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