**P5 MESSAGE ON JULY 28, 2020:**
**FALL 2020 INCENTIVE DAYS, UNDERPRODUCTION CREDIT LIMIT**

Due to an increase in anticipated market requirements for the fall, which will be above the normal level of production, P5 boards have agreed to issue an additional incentive day for each of the months of August, September and October to conventional producers only, for a total of August – 2 days, September – 3 days, October – 3 days and November – 1 day. In addition, to provide more flexibility to producers, P5 boards have agreed to eliminate the deadline for the underproduction credit reduction of Aug. 1, 2021 and maintain the deadline to reduce the underproduction credit limit to -15 days, effective Aug. 1, 2022.

**VIDEO UPDATE BY MURRAY SHERK AND CHERYL SMITH**

On July 17, 2020, in a video update, DFO’s Board Chair Murray Sherk addressed industry fluctuations due to COVID-19 and the Canada–United States-Mexico Agreement (CUSMA), explained how DFO’s board continues to work on handling the situation with its partners, and thanked farmers for their patience. DFO’s CEO Cheryl Smith followed with a look at the current dairy consumption trends for retail grocery and food service.

**ORDER YOUR 2 FREE FACE MASKS**

Dairy Farmers of Canada has announced it is providing free cloth face masks for producers, two (2) per farm. DFO has reserved masks for Ontario producers, but as it is first come, first served, place your order for your farm as soon as possible.

**REMINDER: DFO COVID-19 PROTOCOLS STILL IN PLACE**

Milk pickup and transportation policies DFO put in place in March are still in effect. Preserving the integrity of our food supply chain during these unprecedented times is of the utmost importance for DFO and its supply chain partners.

**Mandatory requirements for milk pickup:**

- Producers are not to have any contact with bulk tank milk graders (BTMGs) while they are on farm property.
- BTMGs must adhere to both OMTA and DFO policies.
- Use of farm washrooms by BTMGs is at the discretion of the individual farm/producer.

**Points of clarification:**
- The Ontario Milk Transportation Association (OMTA) has implemented its own driver policy. BTMGs must adhere to both OMTA and DFO policies;
- The milkhouse must be sanitized before and after milk pickup, and no person should enter the milkhouse other than the BTMG until milk collection is complete;
- Hydrogen peroxide is the preferred solution for disinfection at 3,000 parts per million (ppm);
- Use of farm washrooms by BTMGs is at the discretion of the individual farm/producer.

Questions can be directed to your field services representative. See 5 attachments on the dashboard.

**DFO’S NEW SUMMER MARKETING CAMPAIGNS**

DFO has announced several new marketing campaigns and programs that launched in August. They include:

- **New MilkUP campaign, #HomeCourtDunkoff (Aug. 7).** DFO’s youth sports program MilkUP continues leveraging its sports partnerships. The campaign includes a social media challenge on the video-sharing application TikTok. Also, DFO is sponsoring the OLG Play Stage, which hosts socially distanced drive-in screenings of live sports games, such as basketball and hockey.

- **Tim Hortons partnership (Aug. 10).** At Loblaws, Sobeys, Metro and their affiliated stores, displays and coupons will promote sales of 100 per cent Canadian dairy with Tim Hortons coffee.

- **Summer Equity marketing campaign (Aug. 10).** DFO’s new marketing campaign is focused on modern technology and farming. Promotion includes digital video and ads, as well as social media posts.

- **New Savour Ontario website (Aug. 14).** DFO’s culinary program Savour Ontario launched its new website and brand, providing more recipes and culinary content to consumers.

- **Metro grocery store partnership (Aug. 31).** DFO is promoted in Metro’s flyers, digitally and in DFO’s culinary activations.

**NEQAP 2021 CLOSING OCT. 31**

DFO New Entrant Quota Assistance Program (NEQAP) is designed to assist those with an interest in dairy farming who may not otherwise have the financial means or opportunity to get started in the industry. The P5 makes available 160 kilograms of quota per year for the program in Ontario. Subject to DFO issuing a licence to produce and market milk and approving an order to issue quota, DFO will loan 20 kilograms of quota to each successful applicant that purchases 20 to 30 kilograms of quota on their initial exchange. The application period for the 2021 NEQAP is currently open and closes Oct. 31, 2020. See application form on the dashboard.

**DFC ADDRESSES GOVERNMENT COMPENSATION DELAY**

On July 14, 2020, Dairy Farmers of Canada (DFC) published a press release addressing the delay in dairy farmer government compensation. Following DFC’s annual general meeting (AGM), dairy farmers expressed concern they have waited over a year for an announcement on the balance of compensation owed for losses related to recent international trade agreements. Many producers wondered why the government has been so slow to honour its commitment toward “full and fair” compensation for the market share conceded to foreign dairy production. Read full press release on the dashboard.

**NOTICE OF BOARD ELECTIONS**

Dairy Farmers of Ontario (DFO) will be holding elections for regions 1, 5 and 9 in fall 2020. The board appointed Arlene Minott, DFO’s general counsel and corporate secretary, as election returning officer, as well as Cheryl Smith, DFO’s chief executive officer, and Cassandra Culpepper, DFO’s corporate law clerk, as deputy recording officers. The 2020 board elections will be held in accordance with the procedures detailed in Ontario Regulation 760, as amended, made under the Milk Act.

Ballots will be mailed to producers in those regions, and nominations will open Sept. 1, 2020, for a two-week period.

**DFO SCHOLARSHIP CLOSING AUG. 31**

DFO has an annual scholarship program, which offers up to four $3,000 scholarships to students entering a degree or diploma program in agriculture. Students must be children of producers with an average of 80 per cent in Grade 12 credits (best six to be averaged). Selection criteria will be based on:
- academic achievement;
- future career plans;
- demonstrated leadership in secondary school and/or community activities.

The deadline to apply is Aug. 31, 2020. See application form on the dashboard.

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MARKETS UPDATE

P5 boards top up fall incentive days, eliminate first sleeve deadline
As the food service industry reopens, P5 boards are seeing a rise in demand for the fall, spurring the boards’ decision to issue temporary production signals in the form of fall incentive days.

Patrice Dubé, Dairy Farmers of Ontario’s chief economics and policy development officer, says there’s still too many uncertainties to sort out before making any medium- or long-term decisions.

As well, P5 boards had previously decided to narrow the production sleeve in two phases. However, in order to curb production during the onset of the pandemic, most P5 boards, including Ontario, Quebec, New Brunswick and Prince Edward Island, implemented a credit day limitation in the spring.

P5 boards decided to eliminate the Aug. 1, 2021 deadline, and maintain the Aug. 1, 2022 deadline when the sleeve will be reduced to -15 days. This will provide producers with more flexibility to use their credit days.

The increase in retail sales, coupled with the food service industry reopening, as well as less imports anticipated to come into Canada in the fall, spells good news for the Canadian dairy industry—at least for the short term.

The full markets update is available in the August Milk Producer magazine on page 20.

August 2020
Quota Exchange Offers and Bids
Quota Price Cap = $24,000/kg

<table>
<thead>
<tr>
<th>Description</th>
<th>Value</th>
</tr>
</thead>
<tbody>
<tr>
<td>Amount bid for</td>
<td>17,908.44 kg</td>
</tr>
<tr>
<td>Amount purchased</td>
<td>178.47 kg</td>
</tr>
<tr>
<td>Amount offered/sold</td>
<td>179.19 kg</td>
</tr>
<tr>
<td>Number of producers buying</td>
<td>1,334</td>
</tr>
<tr>
<td>Number of producers selling</td>
<td>20</td>
</tr>
<tr>
<td>Quota purchased by new entrant (with assistance)</td>
<td>N/A</td>
</tr>
<tr>
<td>Quota purchased by new producer</td>
<td>35.00 kg</td>
</tr>
<tr>
<td>Maximum quota by allotment round(s)</td>
<td>0.10 kg</td>
</tr>
<tr>
<td>Buyer proration</td>
<td>0.061%</td>
</tr>
<tr>
<td>Non-saleable quota as of Aug. 1, 2020</td>
<td>0%</td>
</tr>
</tbody>
</table>

To Place a Bid or Offer on the Quota Exchange

**OPTION 1**—Producer Self-Service (www.milk.org)

(a) Bids and offers are accepted from the 20th of a month to 11:59:59 p.m. on the first of the following month. It is recommended that you submit your bid or offer a few days prior to the deadline (the first day of each month) so that, if there is an error or error message, there is adequate time for you to provide the additional information to the Quota Administrator in advance of the exchange closing.

(b) To place a bid or offer on the quota exchange yourself or have it placed by someone on your behalf, go to www.milk.org and select Login. When prompted, enter your Username (your licence number) and your primary Password. Select Quota Exchange and then Buy or Sell Quota. Follow the screen instructions to submit your bid or offer.

**OPTION 2**—Customer Service Representative (CSR)

Have your most recent milk statement available so that the CSR can verify the caller is the licence holder or licence holder’s representative.

(a) Bids and offers are accepted from 8:30 a.m. to 4:30 p.m., Monday through Friday, excluding holidays, from the 20th of the month to the 1st of the following month.

(b) Write down your bid or offer in the space below before making your call.

Buy ________ kg of quota at ________ dollars per kilogram. (Note: You can ask the CSR to put 10% in the kg section and the kg will automatically be calculated.)

OR

Sell ________ kg of quota at ________ dollars per kilogram. (Note: You can ask the CSR to put ALL in the kg section if you are selling your total quota.)

(c) Call 1-866-518-2525 and a CSR will take your buy or sell information. Record the confirmation number provided by the CSR at the end of your call with your written bid or offer information.

Explaining Changes to This Month’s Blend Price

<table>
<thead>
<tr>
<th>Description</th>
<th>July 2020</th>
<th>June 2020</th>
<th>Difference</th>
</tr>
</thead>
<tbody>
<tr>
<td>Revenue from processors</td>
<td>$78.17</td>
<td>$79.58</td>
<td>-$1.41</td>
</tr>
<tr>
<td>Contribution from over-quota</td>
<td>$0.20</td>
<td>$0.38</td>
<td>-$0.18</td>
</tr>
<tr>
<td>Pool adjustments</td>
<td>-$1.91</td>
<td>-$2.28</td>
<td>$0.37</td>
</tr>
<tr>
<td>Other</td>
<td>-$3.32</td>
<td>-$2.68</td>
<td>-$0.64</td>
</tr>
<tr>
<td><strong>Producer blend price</strong></td>
<td>$73.14</td>
<td>$75.00</td>
<td>-$1.86</td>
</tr>
</tbody>
</table>

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