

# MONTHLY DAIRY FARMER UPDATE



## P5 MESSAGE: PRODUCTION CONTROL MEASURES

**P**5 boards' primary objective is to meet milk market demand in the most optimal way. However, these are uncertain times and we must be able to adapt to new circumstances as they occur. Recently, there has been a decrease in demand within the food service industry and a decrease in processing demand. Furthermore, since there is a sufficient amount of butter stocks and cheese stocks, the overall demand for milk has declined. In response to the current situation, P5 boards have approved the following, effective April 1, 2020:

PROVINCE	MONTHLY CREDIT DAY USAGE LIMITATION	PRODUCER QUOTA REDUCTION	CREDIT EXCHANGE/ QUOTA LEASING SUSPENSION	OVER-QUOTA PENALTY *
Ontario	No days can be borrowed or used	No reduction	Not applicable	\$20/hL
Quebec	No days can be borrowed or used	No reduction	Not applicable	\$4.8050/kg of butterfat
N.B.	No days can be borrowed or used	No reduction	Suspended	\$20/hL
N.S.	No limitation	-3%	Suspended	\$20/hL
P.E.I.	No days can be borrowed or used	No reduction	Modified	\$20/hL

\*Note: The over-quota penalty applies to:

- (a) all Ontario, Quebec, Nova Scotia, New Brunswick and Prince Edward Island producers that are currently at a credit position of +10 days and ship beyond their credit position of +10 days; and
- (b) all Ontario, Quebec, New Brunswick and Prince Edward Island producers (except Nova Scotia producers) that ship over their monthly quota regardless of their credit position.

The P5 quota committee will continue to closely monitor the milk market situation to react to any further COVID-19 related disruptions, and once these disruptions have ceased, the P5 quota committee is committed to ensure that the P5 quota is reharmonized. See the dashboard online for a questions and answers (Q&A) document. See page 2 of this newsletter for the over-quota penalty chart.

## COVID-19 MANDATORY PRODUCER REQUIREMENTS: SIGN DECLARATION FORM, DISINFECT MILKHOUSE

Preserving the integrity of the food supply chain during COVID-19 is of paramount importance for Dairy Farmers of Ontario (DFO) and its partners. Please see additional producer requirements for milk pick-up that are mandatory for all producers and effective immediately:

1. **Requirements for Milk Pick-Up During COVID-19**
2. **Disinfecting Milkhouse During COVID-19**
3. **Declaration Form re: COVID-19**

The declaration form includes information on ensuring producers having no contact with their bulk tank milk graders (BTMGs).

All documents are available on the producer

dashboard online. If you do not have Internet access, please contact your field services representative (FSR) to receive the documents. **Please note that the protocol requires a producer to sign and post a declaration form acknowledging compliance with the protocol. Producers who do not comply will not have milk picked up from the farm, nor will they be compensated for that milk.**

Producer support for these measures is critical to safeguarding the supply of high-quality milk in Ontario and protecting the health and well-being of our producers and DFO staff. A producer Q&A document is also available on the dashboard. Further questions can be directed to your field services representative (FSR).

## COVID-19: MILK DISPOSAL, PROACTION SUSPENDED, FSR INSPECTIONS CONTINUE

**Milk disposal:** Disposing of milk is an extraordinary measure, and one DFO has only ever considered in emergency situations. With restaurants, schools and other establishments closed, the demand from food service has dropped dramatically. In early April, affected producers were asked to dispose of milk. Producers are selected on a rotating basis, and the P5 has agreed to share costs. Should milk disposal on your farm become necessary, your FSR will contact you directly.

**proAction:** All proAction activities are suspended until April 30, 2020, due to a decision by DFO's board to limit non-essential DFO operational services.

To help producers limit farms visitors, the suspension includes not only proAction validations but also self-declarations. Penalties will not be applied for proAction activities pending as a result of the suspension.

## COVID-19 (NOVEL CORONAVIRUS): DFO STATEMENTS

This newsletter is current as of printing in early April, but the COVID-19 pandemic continues to evolve at a rapid pace, with news changing day by day. DFO remains committed to the safety and well-being of producers and its employees, and to the delivery of high-quality milk to processors. Every action is taken with these priorities in mind.

DFO has released a general public statement on COVID-19, as well as specific media and consumer-facing statements by DFO's chief executive officer Cheryl Smith. Each statement responds to timely concerns.

On the private producer dashboard online, DFO has released multiple communications items on COVID-19 to update producers, such as the new requirements below. The latest are video messages by Smith and Murray Sherk, DFO's board chair.

## ON-FARM HEALTH AND SAFETY

- Stay home as much as possible to prevent the spread of COVID-19;
- Exercise social distancing, which means limiting the space between you and another person by at least two (2) meters;
- Clean hands with alcohol-based hand sanitizer or soap and water often;
- Avoid all non-essential visitors on your farm.

## DFO DONATES \$100,000 TO ONTARIO FOOD BANKS

Ontario food banks are facing significant shortages due to the COVID-19 pandemic. To help them meet the increased demand, DFO's board recently donated \$100,000 to Feed Ontario (formerly known as the Ontario Association of Food Banks).

DFO's food bank donation program has been a long-standing supporter of Feed Ontario through producers' milk donations.

Producers who have been reaching out to DFO to inquire about ways they can help their communities at the grassroots level can opt to sign up using the form available in May. Look for your donation sign-up form with *Milk Producer's* May issue.

## Grade A inspections by FSRs: DFO will continue providing services that are needed to maintain milk safety and quality, animal welfare and essential operational requirements, which includes Grade A inspections. Producers are required to not be present during farm inspections and other regulatory visits by their FSR. Applicable reports will be left in the milkhouse. Producers are being asked to contact their FSR by phone following the visit if they have any questions.

April 2020 Quota Exchange Offers and Bids Quota Price Cap = \$24,000/kg	
Amount bid for	18,171.00 kg
Amount purchased	437.18 kg
Amount offered/sold	437.14 kg
Number of producers buying	1,376
Number of producers selling	31
Quota purchased by new entrant (with assistance)	16.00 kg
Quota purchased by new producer	35.00 kg
Maximum quota by allotment round(s)	0.2 kg
Buyer proration	0.631%
Non-saleable quota as of April 1, 2020	0%

## MARKETS UPDATE

As of the end of January 2020, national requirements for butterfat were still showing an increase of 3.3 per cent compared with the previous 12 months.

In addition, the Canadian Dairy Commission has projected a 2.8 per cent increase in demand across P5 provinces for the 2019-20 dairy year. This is positive considering the Canadian population growth has increased by only 1.4 per cent in 2019.

At the end of February, butter stock levels reached 35,373 tonnes—an increase of about 2,300 tonnes from the month before but a decrease of around 4,100 tonnes from February 2019. At this point in time, and without taking into account the unknown impact of COVID-19, it is anticipated by the end of July 2020, butter stocks could be within the P10 target of 32,000 to 38,000 tonnes.

This is another positive announcement since under the monthly quota reconciliation, pools that contribute to stocks being more than 40,000 tonnes or below 30,000 tonnes will have their quota adjusted starting in August 2020.

Cheese stocks have been trending relatively high, reaching 103,000 tonnes at the end of February. This could be the result of the new trade environment and tariff rate quotas for imported cheeses coming into Canada.

In terms of imports, concessions made as a result of trade deals will represent 18 per cent of milk production in Canada by 2024.

\* Full markets update is available in the April *Milk Producer* magazine on page 40.

Over-Quota Penalty Rate (\$/kg)	
The April 2020 penalty for milk marketed by a producer that exceeds 100 per cent of available quota and credits will be charged the following rates:	
	<b>Over-quota penalty rate (\$/kg)</b>
<b>Butterfat</b>	\$2.7327
<b>Protein</b>	\$1.9107
<b>Other solids</b>	\$0.3917

### Explaining Changes to This Month's Blend Price

	March 2020	February 2020 <i>(Figures in \$ per hectolitre)</i>	Difference
Revenue from processors	\$87.08	\$87.22	-\$0.14
Contribution from over-quota	\$0.35	\$0.51	-\$0.16
Pool adjustments	-\$2.09	-\$2.12	\$0.03
Other	-\$2.94	-\$2.90	-\$0.04
<b>Producer blend price</b>	<b>\$82.40</b>	<b>\$82.71</b>	<b>-\$0.31</b>

## To Place a Bid or Offer on the Quota Exchange

### OPTION 1—Producer Self-Service ([www.milk.org](http://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](http://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.