Dairy Farmer Update

Announcing P5 and Dairy Farmers of Ontario Quota Policy Changes

The P5 Quota Committee recommended quota policy changes to the P5 Boards (Nova Scotia, Prince Edward Island, New Brunswick, Quebec, and Ontario) on July 8, 2015. The P5 recommendations that have been approved by the P5 Boards appear on page 2.

DFO Implementation of the P5 and DFO Quota Policy Changes

Further details of the Dairy Farmers of Ontario (DFO) policy changes and planned implementation will be made available shortly. In the meantime, a summary of DFO’s implementation of the Quota Policy changes follows:

1. The elimination of non-saleable quota will be effective with the operation and administration of the August 2015 Quota Exchange.

2. Starting with the operation and administration of the August 2015 quota exchange, there will be a reduction in the quota exchange price cap from $25,000 per kg of quota to $24,000 per kg of quota.

3. Effective immediately, all future quota increases will be saleable and consequently, any decreases will be to saleable quota.

4. Effective immediately, the seller of an on-going farm operation will be required to sell over the Quota Exchange 10% of the quota held at the time that the seller submits application forms for the transfer of quota in the sale of the on-going farm operation.

5. The New Entrant Quota Assistance Program for 2016 has been revised to allow successful applicants to start with 24 to 32 kg of quota. The previous maximum per participant was 24 kg. Successful applicants must initially acquire a minimum of 12 kg to a maximum of 16 kg of quota. DFO will allot a quota loan to match the initial acquisition of from 12 to 16 kg. Ontario’s allotment of quota for the program is 112 kg per year.

6. Effective August 1, 2015, Ontario producers may apply to establish a linked facility. Eligibility requirements for linked facilities will include a 10 km maximum distance and a maximum five year time of operation.

The P5 Quota Committee also agreed to develop a parent-to-child quota top-up policy by February 1, 2016. DFO had proposed a parent-to-child quota top-up quota policy for consideration, and due to expressed interest from other provinces, it was agreed to develop it at the P5 level.

DFO will send more information in a mailing to all Ontario licensed dairy farms within the next week, including a “Common Questions and Answers” form. In addition, DFO will also post an updated quota policy book on DFO’s web site as well as include information in the Milk Producer Magazine.

Should the media have any questions or inquiries, please contact Graham Lloyd, General Counsel & Director of Communications at graham.lloyd@milk.org.

For producer inquiries please contact your local Field Services Representative, Carol Mascaro (email: carol.mascaro@milk.org phone: 905-817-2162), or George MacNaughton (email: george.macnaughton@milk.org phone: 905 817-2165).

Additional information will be provided in an all-producer mailing and revised quota policy book which will be posted on milk.org on July 17, 2015.
By all measures, Open Farm Days can be considered a great success.

Starting on Saturday, June 27, dairy farmers across Ontario opened up their farms to Canadians to give them a chance to see first hand how a dairy farm works. More than 10,000 people came out to tour a dairy farm in one of 11 locations across the province. The excitement continued on July 10 in Wainfleet, Ontario with another 1,500 people coming out to celebrate.

Dairy Farmers of Ontario (DFO) organized the event as part of its year-long celebrations to commemorate its 50th anniversary. The family-friendly event gave visitors a glimpse of what farming entails. Visitors got to tour a farm, see the cows up close, look at farm equipment, and talk with farm families. Many farms handed out free food, including milk, cheese, pizza, and ice cream.

Several members of provincial parliament and local dignitaries attended the events. Minister of Agriculture, Food & Rural Affairs Jeff Leal was at Loa-De-Mede Farms in Oshawa.

“The event was more than what we hoped it would be,” said Laural Adams, DFO communications manager. “The feedback I’ve received so far is that producers were very pleased with the number of people who came out despite the rain. I was thoroughly impressed with the number of volunteers who helped out at each farm. Without them the event would not have been possible.”

“This really was a team effort and another example of what can be achieved in pursuit of excellence. Congratulations and thanks to everyone,” said Peter Gould, DFO general manager.

There are still two more Open Farms events that will take place in July and August:

<table>
<thead>
<tr>
<th>Chieftain Dairy Farm</th>
<th>Plover Haven Farms Inc.</th>
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<tbody>
<tr>
<td>New Liskeard, Ont.</td>
<td>Ilderton, Ont.</td>
</tr>
<tr>
<td>July 25</td>
<td>August 8</td>
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<tr>
<td>10 a.m. to 7 p.m.</td>
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More photos are available on DFO’s Facebook and Twitter pages.
A huge thank you to the producers and volunteers at all participating farms:

- Plover Haven Farms
- Loa-De-Mede Farms
- Slits Dairy Farm
- Pine Castle Farms
- Markvale Holsteins
- Milky Wave Inc
- Feederlane Farms
- Everdale Holsteins
- Mount Kolb Farm
- Miedema Farms Inc
- Lachlan Glen Farms
- Roosburg Farms
- Midlee Farms Ltd.
- Chieftain Dairy Farm
July 2015 Quota Exchange Offers and Bids
Quota Price Cap = $25,000/kg

<table>
<thead>
<tr>
<th></th>
<th>Amount bid for</th>
<th>Amount purchased</th>
<th>Amount offered/sold</th>
<th>Number of producers buying</th>
<th>Number of producers selling</th>
<th>Quota purchased by a new entrant (with assistance)</th>
<th>Quota purchased by new producer</th>
<th>Maximum quota by allotment round(s)</th>
<th>Buyer proration</th>
<th>Non-saleable quota as of July 1, 2015</th>
</tr>
</thead>
<tbody>
<tr>
<td>Amount bid for</td>
<td>10,029.63 kg</td>
<td>442.44 kg</td>
<td>442.26 kg</td>
<td>906</td>
<td>37</td>
<td>12.00 kg</td>
<td>n/a</td>
<td>0.30 kg</td>
<td>1.637%</td>
<td>9.729%</td>
</tr>
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Explaining Changes to This Month's Blend Price

<table>
<thead>
<tr>
<th></th>
<th>June 2015</th>
<th>May 2015</th>
<th>Difference</th>
</tr>
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<tbody>
<tr>
<td>Revenue From Processors</td>
<td>$80.19</td>
<td>$81.74</td>
<td>-$1.55</td>
</tr>
<tr>
<td>Contribution from Over-Quota</td>
<td>$0.14</td>
<td>$0.15</td>
<td>-$0.01</td>
</tr>
<tr>
<td>Pool Adjustments</td>
<td>-$4.37</td>
<td>-$3.84</td>
<td>-$0.53</td>
</tr>
<tr>
<td>Other</td>
<td>-$1.87</td>
<td>-$2.05</td>
<td>$0.18</td>
</tr>
<tr>
<td><strong>Producer Blend Price</strong></td>
<td><strong>$74.09</strong></td>
<td><strong>$76.00</strong></td>
<td><strong>-$1.91</strong></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 first 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. Advise if you will be paying by cheque or milk proceeds deduction. (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.