DAIRY INDUSTRY CONCERNED WITH NEW CANADA’S FOOD GUIDE

The Canadian government has released an updated version of Canada’s Food Guide on Jan. 22 during a press conference in Montreal, Que.

The dairy category was removed and included as part of a broad protein category. Consumption of plant-based proteins instead of animal-based proteins was encouraged, along with a recommendation to consume low-fat dairy products.

“There is no conclusive evidence to recommend Canadians stop consuming high-fat dairy or reduce dairy intake,” says Murray Sherk, Dairy Farmers of Ontario’s (DFO) board chair.

Sherk says the new food guide made recommendations that go against Health Canada’s 2015 Evidence Review for Dietary Guidance and the public position of thousands of North American doctors, as well as sound scientific evidence.

In 2016, Canada’s minister of health announced a multi-year Healthy Eating Strategy, which included a framework covering revisions to Canada’s Food Guide, a proposal for front-of-package warning labelling and new regulations around marketing to children (Bill S-228).

DAIRY PRODUCERS LOBBY TO GOVERNMENT OFFICIALS

Dairy producers and representatives from across Canada met in Ottawa, Ont., on Feb. 5 to remind elected decision-makers about the importance of the Canadian dairy industry and issues impacting dairy farmers.

This year’s main topics included the following: the recently-signed trade deals, namely the Comprehensive Economic and Trade Agreement (CETA), Comprehensive and Progressive Agreement for Trans-Pacific Partnership (CPTPP) and Canada-United States-Mexico Agreement (CUSMA); the newly updated version of Canada’s Food Guide, which removed dairy as a food group; and border control enforcement, as DFO believes the government must increase its enforcement and inspection of dairy products coming across the border.

“Ensuring a strong, vibrant, growing dairy industry benefits all Canadians—including the government,” says Murray Sherk, DFO’s board chair.

PROACTION CATTLE ASSESSMENT: PEER REPORT REDESIGN TO BE RELEASED JUNE 2019

A third-party cattle assessment of lactating dairy herds is required under proAction.

It includes assessment of various animal-based measures, conducted by Holstein Canada in most provinces.

After the assessment, a peer report is provided to the producer, which shows if the herd’s results are in the green, yellow or red zones.

Holstein Canada has almost completed the first round of cattle assessments across Canadian dairy farms, and is starting the second round of assessments.

Dairy Farmers of Canada (DFC) is in the process of developing requirements for continuous improvement. Requirements being evaluated include meeting minimum scores.

DFC is expecting to have the revised peer report design ready in June 2019.

After the peer report redesign is released, Holstein Canada will then generate peer reports for all second-round cattle assessments for producers.

Peer reports will be distributed in advance of validations, allowing producers to have time to review the results and develop corrective action plans, as needed.

LOCAL RESTAURANTS SERVE MILK & HONEY MENU

On Jan. 18 and 19, sixteen restaurants across Ontario hosted the Milk & Honey menu, which offered guests featured dishes inspired by the 2019 Milk Calendar and brought to life by local dairy ingredients.

The restaurants are Feast On certified, meaning they are committed to sourcing Ontario grown and made food and drink.

The special edition menus featured items such as smoked cheddar mac and cheese and maple whiskey crème brûlée.

With their restaurant reservations, patrons received a copy of the 2019 Milk Calendar.

The event was a part of DFO’s new culinary program, which inspires consumers to put more dairy on the dinner table.

DFO’s new culinary program will continue to roll out throughout the year.

DFO is looking for future opportunities to support local businesses and dairy farmers.

The marketing team will also take part in upcoming culinary tradeshows.

AG CANADA COMITS $2.7M TO PROACTION

The federal government announced an investment of $2.7 million to support proAction, Dairy Farmers of Canada’s (DFC) quality assurance program, on Jan. 28.

The government of Canada recognizes the dairy sector has a long-standing reputation for sustainability and responsibly producing high-quality, safe and nutritious milk.

The dairy industry contributes $20.9 billion annually for the Canadian economy.

The government investment will help DFC enhance public trust in dairy production through proAction.

The investment will also help further develop and implement proAction, pursue stakeholder engagement, initiate an industry environmental sustainability strategy, and implement a communication plan.

CHANGE TO DFO DIRECTOR TEAM

On Feb. 1, 2019, it was announced Dairy Farmers of Ontario’s (DFO) general manager and chief executive officer, Graham Lloyd, will no longer be with DFO.

The board will be appointing an acting general manager.

In the meantime, the board and directors will continue to lead the organization and work to support both DFO staff and dairy producers.
MARKETS UPDATE

After successfully slowing production and significantly reducing the risk of paying a large amount of over-quota penalties at the pool level for the first half of 2019, P5 boards have announced measures to increase production in order to meet current and future market requirements.

Effective March 1, P5 boards will issue one per cent quota to all producers in Quebec, Prince Edward Island, Nova Scotia and New Brunswick, change the credit day production limitation in Ontario from one to two days per month and eliminate the $20 per hectolitre over-quota penalty.

P5 boards are expecting to return to a common, fully harmonized quota issuance policy before the end of the current dairy year. In December 2018, butter stocks reached 33,118 tonnes—a decrease of 10,309 tonnes since July 2018 when production limitation measures were put in place.

Butter stocks are still relatively high. However, P5 boards agreed to send a signal to increase in butter production due to the Canadian Dairy Commission’s (CDC) market demand projection. The CDC is forecasting P5 demand for the current and next dairy year will continue to increase by three to four per cent per year.

Demand for all dairy products except fluid milk and yogurt remain strong. Sales for cream, ice cream, cheese and butter have increased by 5.9, 6.5, 3.9 and 1.5 per cent in December 2018.

* Full markets update is available in January Milk Producer on page 58.

<table>
<thead>
<tr>
<th>February 2019 Quota Exchange Offers and Bids</th>
<th>Quota Price Cap = $24,000/kg</th>
</tr>
</thead>
<tbody>
<tr>
<td>Amount bid for</td>
<td>15,525.92 kg</td>
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<tr>
<td>Amount purchased</td>
<td>227.19 kg</td>
</tr>
<tr>
<td>Amount offered/sold</td>
<td>227.19 kg</td>
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<tr>
<td>Number of producers buying</td>
<td>1,246</td>
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<tr>
<td>Number of producers selling</td>
<td>27</td>
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<tr>
<td>Quota purchased by new entrant (with assistance)</td>
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<tr>
<td>Quota purchased by new producer</td>
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<td>Maximum quota by allotment round(s)</td>
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<tr>
<td>Buyer proration</td>
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<tr>
<td>Non-saleable quota as of Feb. 1, 2019</td>
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</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></th>
<th>January 2019</th>
<th>December 2018</th>
<th>Difference</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>(Figures in $ per hectolitre)</td>
<td></td>
<td></td>
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<tr>
<td>Revenue from processors</td>
<td>$83.96</td>
<td>$84.66</td>
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<tr>
<td>Contribution from over-quota</td>
<td>$0.72</td>
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<td>Pool adjustments</td>
<td>-$2.67</td>
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<tr>
<td>Other</td>
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<td>Producer blend price</td>
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<td>$80.30</td>
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