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# CanWest DHI, Canadian Dairy Network and Valacta Partnership Announcement

## Frequently Asked Questions

### **Why a Partnership?**

We are positioning the industry for the future. Declining farm numbers, increased investment in on-farm technologies and the demand for more diverse services fits well with plans to integrate our business operations and meet changing customer needs.

### **Why not a complete merger?**

We have kept the model simple and flexible in order to allow for the addition of future members. Our approach eliminates the need to value assets and liabilities that each party brings to the Partnership and allows for each business entity to remain as a self-supporting operation. The partnership also avoids the issues of land transfer taxes for properties changing names, the direction of funding levies in Ontario where the corporation is named in an act, pension liabilities, unions...

### **What are the benefits?**

We will be better positioned to manage business risk, take advantage of operational synergies and efficiencies, be able to better integrate genetics with management services and build on the strengths of each partner.

### **What will the Partnership be called?**

The partners have considered potential names, but do not anticipate finalizing details such as the name and logo until after members and owners have made the necessary changes to make the partnership a reality.

### **Will this affect my fees?**

No. Each business activity will continue to operate as a separate division and fees will represent the actual costs. We anticipate that operation efficiencies will allow us to delay potential fee increases.

### **Will this affect my DHI services?**

No. You will continue with the same DHI staff and services. The only immediate difference will be the company name and logo.

### **Will our genetic evaluations still be accurate?**

Absolutely. Genetic evaluations will remain as the most reliable in the world as there will be no change to the process or people.

### **How much will you save?**

We are anticipating providing more services with the same resources and do not have a specific target. Throughout the first year we will continue with regular business as well as work to streamline our activities – so the initial year will actually be busier than usual.

**What if it doesn't work?**

We have been working closely together for many years already. The Boards are fully committed to making the partnership work and their due diligence has been part of their commitment to success.

**Why announce it now since the process is not final?**

The Boards of Directors of the three organizations agree with the vision and the project is sufficiently advanced to announce it. The work to be done will be easier now that the news is known.

**Why is Holstein the only Breed on the Board?**

Holstein is the largest breed association representing about 93% of Canadian dairy cattle. The other 8 dairy producer directors are not required to be Holstein members. As the next largest breed associations, Ayrshire Canada and Jersey Canada will be offered a permanent seat on the Genetic Evaluation Board where breed associated recommendations will be made.

**Why is Semex the only AI unit on the Board?**

Semex is the largest Canadian dairy farmer owned AI unit with a national reach. The partners desire to retain a dedicated Canadian team at the Board level.

**Why is DFC on the Board?**

DFC is currently on the CDN board in a reciprocal arrangement – CDN also has a representative on the DFC board. This arrangement will continue in order to ensure ongoing communications between the animal improvement sector and the milk marketing sector of our industry.