

November 15, 2019

**Price Change Notification
Effective February 1, 2020**

On November 1, 2019, the Canadian Dairy Commission (CDC) announced that there will be a national price increase of 1.934% for milk utilized in Classes 1,2,3 and 4 effective February 1, 2020.

This price increase is a result of the national pricing formula which uses an equal ratio of the consumer price index (CPI) and the dairy farmer cost of production (COP) results to establish whether a change in pricing is required. This increase in producers' revenues will partially offset production costs, which have risen by 2.8% since last year despite productivity gains. The increase in the cost of production is mainly related to livestock feed costs and other variable costs.

The CDC increased its current support prices for butter on February 1, 2020 from \$8.3901 per kg to \$8.6034 per Kg. The support price for butter is used by the CDC when buying and selling butter under its Domestic Seasonality Program. This program balances seasonal changes in demand on the domestic market. The support price for skim milk powder will remain at \$4.5302 per kg.

The CDC recognized an increase of 4% in milk processing costs and has incorporated this increase into its butter storage programs. National butter storage is always required in order to provide a stable supply of butter throughout the year. The impact of these adjustments on retail prices will depend on many factors such as manufacturing, transportation, distribution and packaging costs throughout the supply chain.

The BC Milk Marketing Board has approved a 1.934% price increase (Classes 1-4) with the support of the Milk Industry Advisory Committee. This increase results in an expected increase of \$128,718,380 to producers on Classes 1,2,3 and 4 as per the CDC direction and the Western Milk Pool Coordinating Committee review and approval on November 15, 2019. The revenue change will be applied on butterfat components at 65% and solids non-fat components at 35%.

The CDC document for the WMP prices is attached for your reference. The BC Milk Marketing Board will release the monthly Schedule 4 – Price Schedule for February 1, 2020 in January 2020.

If you have any questions regarding pricing, please contact Zahra Abdalla-Shamji at zabdalla@bcmilk.com



APPENDIX A

WMP INDUSTRIAL PRICES / PRIX DU LAIT DE TRANSFORMATION DE LA MCLO

Effective February 1st, 2020 / À compter du 1er février 2020

WMP Price Changes (\$/kg) / Modifications au prix de la MCLO (\$/kg)			
	BF/m.g.	Prot.	OS/AS
Class(e) 1(a)1, b	0.2484	0.7363 (\$/hl)	
Class(e) 1(a)2	0.2484	0.0566	0.0566
Class(e) 2	0.2595	0.0804	0.0804
Class(e) 3	0.2595	0.1998	0.0126
Class(e) 4	0.2595	0.0804	0.0804

**note that Class 1 pt/OS is \$/hL change / notez que Classe 1 pt/AS est \$/hL changement*

Butterfat / matière grasse			
Class / classe	Feb 1, 2019 / 1er fév 2019	Adjustment / Rajustement	February 1, 2020 / 1er février 2020
	(\$/kg)		
1(a)1	\$7.4546	\$0.2484	\$7.7030
1(a)2	\$7.4546	\$0.2484	\$7.7030
1(b)	\$7.4546	\$0.2484	\$7.7030
1(c)	Contract-by-contract basis / Varie selon le contrat		
2(a)	\$9.0506	\$0.2595	\$9.3101
2(b)	\$9.0506	\$0.2595	\$9.3101
3(a)	\$9.0506	\$0.2595	\$9.3101
3(b)	\$9.0506	\$0.2595	\$9.3101
3(c1)	\$9.0506	\$0.2595	\$9.3101
3(c2)	\$9.0506	\$0.2595	\$9.3101
3(d) ¹	\$9.0296	\$0.2595	\$9.2891
4(a)	\$9.0506	\$0.2595	\$9.3101
4(b)	\$9.0506	\$0.2595	\$9.3101
4(c)	Contract-by-contract basis in accordance with Western Milk Pool Innovation Program / Varie selon le contrat conformément au Programme d'innovation de la mise en commun de l'Ouest		
4(d)	\$9.0506	\$0.2595	\$9.3101

¹ Established by CMSMC (same adjustment as class 3c2) / déterminé par le CCGAL (même rajustement que la classe 3c2)



Protein/protéine²			
Class / classe	Feb 1, 2019 / 1er fév 2019	Adjustment / Rajustement	February 1, 2020 / 1er février 2020
	(\$/kg)		
1(a)1	\$76.78	\$0.7363 (\$/hl)	\$77.52
1(a)2	\$8.2231	\$0.0566 (\$/kg)	\$8.2797
1(b)	\$62.55	\$0.7363 (\$/hl)	\$63.29
1(c)	Contract-by-contract basis / Varie selon le contrat		
2(a)	\$6.0793	\$0.0804	\$6.1597
2(b)	\$6.0793	\$0.0804	\$6.1597
3(a)	\$14.0425	\$0.1998	\$14.2423
3(b)	\$13.7794	\$0.1998	\$13.9792
3(c1)	\$14.0425	\$0.1998	\$14.2423
3(c2)	\$15.2163	\$0.1998	\$15.4160
3(d) ¹	\$9.9283	\$0.1998	\$10.1281
4(a)	\$5.6235	\$0.0804	\$5.7039
4(b)	\$5.6235	\$0.0804	\$5.7039
4(c)	Contract-by-contract basis in accordance with Western Milk Pool Innovation Program / Varie selon le contrat conformément au Programme d'innovation de la mise en commun de l'Ouest		
4(d)	\$5.6235	\$0.0804	\$5.7039

¹ Established by CMSMC (same adjustment as class 3c2) / déterminé par le CCGAL (même rajustement que la classe 3c2)

² Class 3 pt/OS prices reflect true protein conversion, per CMSMC and Joint SB/CC decision, July 27, 2018 / Les prix de la classe 3 pt/AS reflètent la conversion de protéines vraies, selon la décision du CCGAL et du Comité conjointe OS du P5 et du CC de la MCLO du 27 juillet 2018

Other Solids/autre solides²			
Class /classe	Feb 1, 2019 / 1er fév 2019	Adjustment / Rajustement	February 1, 2020 / 1er février 2020
	(\$/kg)		
1(a)1	\$76.78	\$0.7363 (\$/hl)	\$77.52
1(a)2	\$8.2231	\$0.0566 (\$/kg)	\$8.2797
1(b)	\$62.55	\$0.7363 (\$/hl)	\$63.29
1(c)	Contract-by-contract basis / Varie selon le contrat		
2(a)	\$6.0793	\$0.0804	\$6.1597
2(b)	\$6.0793	\$0.0804	\$6.1597
3(a)	\$0.9057	\$0.0126	\$0.9183
3(b)	\$0.9057	\$0.0126	\$0.9183
3(c1)	\$0.9057	\$0.0126	\$0.9183
3(c2)	\$0.9057	\$0.0126	\$0.9183
3(d) ¹	\$0.8794	\$0.0126	\$0.8921
4(a)	\$5.6235	\$0.0804	\$5.7039
4(b)	\$5.6235	\$0.0804	\$5.7039
4(c)	Contract-by-contract basis in accordance with Western Milk Pool Innovation Program / Varie selon le contrat conformément au Programme d'innovation de la mise en commun de l'Ouest		
4(d)	\$5.6235	\$0.0804	\$5.7039

¹ Established by CMSMC (same adjustment as class 3c2) / déterminé par le CCGAL (même rajustement que la classe 3c2)

² Class 3 pt/OS prices reflect true protein conversion, per CMSMC and Joint SB/CC decision, July 27, 2018 / Les prix de la classe 3 pt/AS reflètent la conversion de protéines vraies, selon la décision du CCGAL et du Comité conjointe OS du P5 et du CC de la MCLO du 27 juillet 2018