

Issues Update June 2012

Volume 17 No. 11
For the May 2012 Production Month

Producer Component Prices and Standard Blend Price


The producer component prices for the month of May are as follows: BF= \$9.9236, PR= \$8.83.11, OS= \$1.8307 or an equivalent return of \$74.6801 per standard hectolitre. This return compares to \$75.0493 in April 2012, with a difference of (\$0.3692)/std.hL. The P10/WMP equalization transfer for May was \$2,328,840. Please refer to the BCMMB Statistics for the month of May 2012 for more details.

Quota Exchange Policy Change

Please be advised the Board has applied the following changes to price adjustments based on recommendations from the Quota Exchange Committee:

1. A minimum of 100 kg/day must be sold on three exchanges since the last price adjustment in order for a quota price adjustment on the quota exchange.
2. An exchange in which only priority participants are settled and no quota is exchanged in the conventional market will not count towards a price movement.

These policy changes will be applied effective July 1, 2012. If you have any questions please contact Zahra Abdalla-Shamji at zabdalla@milk-



Current BC
Continuous Quota Position
as of
***April 2012 = 0.23%**

Neil Thomson Appeal

On July 7, 2011 the BC Milk Marketing Board received a notice of appeal regarding the Board's June 10, 2011 decision to deny the appellants request for special regulatory accommodations with respect to the appellants proposal to establish a 3,000 head dairy farm co-located with a UHT processing-packaging plant. The appeal was heard by the BC Farm Industry Review Board (BCFIRB) October 27 and 28, 2011. On May 23, 2012 BC FIRB released their decision dismissing the appeal.

DDPIP Program

The Domestic Dairy Product Innovation Program is designed to grant flexibility to the National Milk Marketing Plan by providing a mechanism whereby those who wish to produce new and innovative dairy products (as defined in the CDC Act) can access the milk they need **outside of existing provincial plant supply allocations**. By encouraging such new development, the overall demand for milk is expected to increase. The program is national and administered by the Canadian Dairy Commission. DDPIP applications can be made only by processors and applications are reviewed and approved by a DDPIP Selection Committee made up of representative from the east, west, Ontario, Quebec, Dairy Farmers of Canada and the CDC.

The quota for this program is allocated in addition to provincial milk quota and benefits the province by increasing quota to the production pool.

For each contract signed under the DDPIP after August 1, 2011, the milk quantity will be authorized for a maximum period of 3 years.

1. Quota will be allocated to the province in year 3 and then to producer (if applicable)
2. Quota can be utilized for a 5 year period
3. **Quota Retraction will take place over a 5 year period @ 20% per year**
4. Quota is part of BC production pool for all producers
5. DDPIP production is tracked separate from any other production
6. DDPIP production cannot be sold or transferred

Credit transfers assist producers involved in DDPIP contracts to mitigate risk with respect to new product lines.

If a Producer has no owned quota, the Producer will produce quota available on the DDPIP contract(s) and **no credit transfers can occur on quota**. If a Producer has owned quota, the Producer can produce quota available on the DDPIP contract(s) and conventional quota **OR the Producer can transfer out owned quota on a monthly basis up to a maximum of 100% in order to meet production requirements of the DDPIP contract**.

Please note: Credit transfer policy limits are currently being reviewed by the Board and are subject to change

Provincial Freight

The producer freight rate calculations for the months of April and May are summarized below:

Freight Rates (\$/hl)	April	May
Zone Transportation Costs	3.11	3.10
Less: Vendor Billings	(0.08)	(0.08)
Less: I/P Freight Cost Recovery	(0.07)	(0.09)
Gross Provincial Freight Rate	2.96	2.93
Add: Train/Volume Discounts	0.29	0.30
Less: Stop/Extra Pick-Up Charges	(0.14)	(0.15)
Transportation Department Costs	0.01	0.01
Adjustments from Prior Period	(0.01)	(0.02)
Net Provincial Freight Rate	3.11	3.07

Continuous Quota

Cumulative Over/Under Production (with limits) as of:

April 30th, 2012

Province	Kg of BF	%*
NL	-138,054	-6.85%
PE	-43,449	-1.07%
NS	-47,326	-0.69%
NB	2,550	0.05%
QC	-930,711	-0.79%
ON	-338,263	-0.33%
MB	-16,415	-0.13%
SK	-61,840	-0.68%
AB	-4,449	-0.02%
BC	59,921	0.23%

**Cumulative Over/Under Production (with limits) expressed as a % of the most recent 12 months total quota.*

General Inquiries

For General Inquires and assistance please contact reception at

T. 604.556.3444 Ext. 200

Lisa Gruban Lori Sharpe
 Direct 604.854.4470 Direct 604.854.4481
lgruban@milk-bc.com lsharpe@mik-bc.com

Milk Quality Report

The provincial averages and quality bonus data based on the official milk quality tests for April and May are:

Milk Quality Data	April	May
Individual Bacteria Count	17,069	19,886
Somatic Cell Count	170,900	172,758
Quality Bonus Qualifiers (%)	58.51%	59.73%

Producer Payments

Participants in the May, June and July Pools will receive their payments as follows:

Month of Production:	Advance Payment	Final Payment
May	June 1	June 19
June	July 3	July 19
July	August 1	August 20

Credit Transfer Average Prices

2 nd Set-Effective May 1 st	Conventional/Organic
Average Price	\$10.92/\$3.00

A Summary of Credit Transfer Statistics can be found at www.milk-bc.com with other credit transfer documents.

Quota Management-Important Dates

Application Deadlines	Date & Time	Effective Date(s)
Quota Exchange	Jul 3 @ 4:30pm	Aug 1
CDQ Buy/Sell of Credits	Jun 25 @ 4:30pm	Jun 1 Jul 1
If you have any questions please contact Kathy Wallis 604.854.4471 kwallis@milk-bc.com		

www.milk-bc.com

Important Reminder Regarding Quota Exchange Bank Letter Requirement!

PLEASE READ

The arrival of the summer month's can mean vacation time for many people (including your banker).

It is extremely important for a Producer submitting a bid on the Quota Exchange to **"ALWAYS"** ensure that a **current bank letter covering the full buyer quota exchange settlement total** (as listed on your application form), is on file at the BCMMB office **prior** to the Quota Exchange Deadline and **the bank letter does not expire prior to the due date for quota purchases.**

With a large volume of bids being submitted on each exchange, **BCMMB staff will no longer contact your banker on your behalf** to request an updated bank letter for those on file that have expired or have insufficient value.

A producer failing to have a current *bank letter may risk their bid being disqualified from participating on the quota exchange.

**Please remember that the \$-Dollar value of your bank letter is reduced by all previous quota exchange purchases covered by that letter.*

If you are unsure of the status of your bank letter, we encourage you to please contact our office and we will be happy to check your file for you. If you have any questions or concerns please contact Kathy Wallis at 604.854.4471 kwallis@milk-bc.com