

Ingredients Strategy Implementation & Blend Price

The standard hectolitre price for February 2017 is \$69.3413, compared to \$76.7314 for January 2017 and \$71.4177 for February 2016. The decrease in the price is a result of many factors, but the most significant changes from January to February were due to the P10/WMP equalization payment of \$3,797,889 and the audit adjustment of \$1,238,362. These two items alone represent a reduction to the average blend price of \$6.56 compared to January 2017.

The recent P10/WMP payment increased as there were significant volumes of 4m animal feed sales in the Western provinces, resulting in more transfers of money from BC to our WMP partners as per our revenue sharing agreement. BC had a significant audit adjustment due to the implementation of the Ingredients Strategy which allows processors to re-value their class 4a powder inventory on January 31st to the new class 7 value. This is a one-time adjustment for the processors. There will be an impact to the P10/WMP pooling over the next 1-3 months as all provinces report these adjustments and the pooling impact is calculated.

We will provide future updates as we assess the impact of the new class 7 on the producer blend price over the next few months as we move through this transition period.

Quota Tools Assessment Review *(QTAR)

The BCMMB will begin the consultation process for the FIRB directed QTAR during the spring producer meetings. The purpose of the review is to evaluate the outcomes of the BCFIRB's 2005 Specialty Review transfer assessment directions and to determine if these directives are still effective and useful in the current market environment.

In addition to reviewing the transfer assessment directives, the Board is required to review the themes presented in the Quota Policy and Governance review submitted in April 2014: Quota Allocation; GEP Policy; Exempt Persons; 10/10/10 & LIFO; and Quota Exchange and Whole Farm Transfers. The Board will be communicating to the industry through Notices, the producer newsletter, and a dedicated webpage as the consultation process moves forward. Industry stakeholders will have the opportunity to provide written comments directly to the BCMMB and all written feedback will be shared with FIRB.

The Board encourages industry stakeholders to attend the spring producer meetings in order to participate in Stage 1 of the review where the Board will facilitate discussions to understand current quota related issues in the industry.

BC Milk Marketing Board 2017 Regional Spring Producer Meetings & QTAR & BCDA proAction Training Sessions

Date	Region	Location	Time
March 28	Fraser Valley Chilliwack	Rainbow Country Inn Chilliwack	7:30pm
BCDA proAction: no training session at this meeting			
March 29	Vancouver Island	Coast Bastion Inn Nanaimo	7:30pm
BCDA proAction: no training session at this meeting			
April 04	Kootenay Creston	Ramada Inn Creston	12:00pm
BCDA proAction training: pre-Producer Meeting			11:00am
April 05	Okanagan Salmon Arm	Prestige Inn Salmon Arm	10:00am
BCDA proAction training: post-Producer Meeting			1:00pm
April 06	Fraser Valley Abbotsford	Quality Hotel & Conf. Abbotsford	7:30pm
BCDA proAction: no training session at this meeting			
April 11	Bulkley Valley Smithers	Hudson Bay Lodge Smithers	11:30am
BCDA proAction training: pre-Producer Meeting			10:00am
April 12	Cariboo & Peace River	Treasure Cove Hotel Prince George	11:00am
BCDA proAction training: post-Producer Meeting			2:00pm

Provincial Freight

The producer freight rate calculations for the months of January and February are summarized below:

Freight Rates (\$/hl)	January	February
Zone Transportation Costs	3.12	3.06
Less: Vendor Billings	(0.14)	(0.13)
Gross Provincial Freight Rate	2.98	2.93
Add: Train/Volume Discounts	0.32	0.32
Less: Stop/Extra Pick-Up Charges	(0.15)	(0.14)
Transportation Department Costs	0.00	0.00
Adjustments from Prior Period	(0.00)	(0.02)
Net Provincial Freight Rate	3.15	3.09

Continuous Quota

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

	January 2017	
	Kg of BF	%*
NL	-419,602	-15.91%
P5	2,646,558	1.03%
WMP	-3,491,089	-4.10%
P10	-1,264,133	-0.37%
BC	-589,890	-1.95%

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

Milk Quality Report

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

Milk Quality Data	January	February
Individual Bacteria Count	17,963	19,447
Somatic Cell Count	161,447	160,302
Quality Bonus Qualifiers(%)	80.69%	77.96%

Producer Payments

Participants in the February | March | April Pools will receive their payments as follows:

Month of Production:	Advance Payment	Final Payment
February	Mar 1	Mar 17
March	Apr 3	Apr 21
April	May 1	May 17

Credit Transfer Average Prices

Effective Feb 1	Conventional Organic	
Average Price	\$5.48	\$6.43

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	Apr 3 @ 1:00pm	May 1
CDQ Buy/Sell of Credits	Mar 24 @ 1:00pm	Mar 1 Apr 1

If you have any questions, please contact:

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Producer Component Prices & Standard Blend

The producer component prices for the month of February are as follows: BF=\$10.2626, PR=\$7.1926, OS=\$1.6086 or an equivalent return of \$69.3413 per standard hectolitre. This return compares to \$76.7314 in January 2017 with a difference of \$7.3901 std.hL.

The P10/WMP equalization charged to the producer pool in February for the production month of January was \$3,797,889. The equalization payment consists of shared costs across the P10 with respect to special class processing, over quota processing, class 7 pooling and transition costs for the implementation of Class 7.

BC Continuous Quota Position

as of January 2017: -1.95%

February 2017 *forecasted: -1.85%

www.milk-bc.com

Producer Survey: Liability Insurance Draw The Winner is...

Congratulations to Rosegate Dairy Farms Ltd. winner of the draw for the \$250 Keg gift card!

Thank you to everyone who participated in the recent producer survey on liability insurance. The Board will be reviewing the aggregate data in the coming weeks and will consider possible next steps for policy and educational tools in the area of liability insurance. More information will be communicated in the coming months.

Notice to Industry – Bob Ingratta – March 13, 2017

On March 13, 2017 the Board announced that Bob Ingratta, CEO has left the organization. On behalf of the Board, staff, and industry members we thank Bob Ingratta for his work and service to the industry and wish him well with his future endeavors.

Robert Delage has been appointed as the interim General Manager. The Board has full confidence that the staff will continue to operate Board business to a high standard as usual.

