



Seasons Greetings



# Issues Update December 2010

Volume 16 No. 5

For the November 2010 Production Month



**BC Milk Marketing Board  
2010 Holiday Hours**  
 Friday, December 24<sup>th</sup>, 2010  
*Office Closed at Noon*  
 Monday, December 27<sup>th</sup>, 2010  
*Office Closed*  
 Tuesday, December 28<sup>th</sup>, 2010  
*Office Closed*  
 Friday, December 31<sup>st</sup>, 2010  
*Office Closed at Noon*  
 Monday, January 3<sup>rd</sup>, 2011  
*Office Closed*

## Producer Component Prices and Standard Blend Price

The producer component prices for the month of November are as follows:  
 BF = \$9.7708, PR = \$8.8606, OS = \$1.9089 or an equivalent return of \$74.6700 per standard hectolitre.  
 This return compares to \$73.0119 in October 2010, a difference of \$1.6581/std. hl. The P10/WMP equalization transfer for October was \$1,712,426.  
 Please refer to the BCMMB Statistics for the month of November 2010 for more details.

## CDC Industrial Price Announcement

On November 26, 2010, the Canadian Dairy Commission (CDC) announced increases in the support prices for butter and skim milk powder that will be effective February 1, 2011. The support price for skim milk powder will increase from \$6.1783 to \$6.2721 per kg. The support price for butter will increase from \$7.1024 to \$7.1922 per kg. For dairy producers, this increase in the support prices should translate into a revenue increase of 1.5% or \$1.12 per hectolitre for industrial milk used to make products such as yogurt, cheese, butter and skim milk powder.

## Organic Sleeve Policy February 1<sup>st</sup>- September 1<sup>st</sup>, 2011

The Board is issuing a sleeve to all organic producers in production on February 1, 2011. The total sleeve issued to organic producers will be 11.50% of their owned specialty continuous daily quota (SCDQ).

**Organic producers should take note that flexibility (+5/-15 days) under the CDQ system will be adjusted once the sleeve is reduced on February 1, 2011.**

Producers are advised to make the required changes on their farms to remain within the adjusted flexibility limits on February 1, 2011. All over quota penalties will be applied and underproduction will be deemed effective February 1, 2011.

The sleeve is non-transferable and will be in effect for a seven month period. A detailed Notice to Producers was posted on December 6, 2010; if you have any questions or concerns regarding this policy, please contact Zahra Abdalla-Shamji at 604.854.4480 or [zabdalla@milk-bc.com](mailto:zabdalla@milk-bc.com)

## From the Field

With the upward trend in fall/ winter production, we are seeing an ever increasing volume of credit transfers coming into the Board office. I would like to take this opportunity to fill you in on a few important things to be aware of when completing credit transfers:

- 1) The credit transfer deadline is the 25<sup>th</sup> day of the month. If that day falls on a weekend or Stat holiday, then it is the last business day **BEFORE** the 25<sup>th</sup>. That being said **please note that the final credit transfer deadline for December 1<sup>st</sup> transactions is December 22<sup>nd</sup>!**
- 2) We strongly encourage you to take advantage of the credit transfer registry we have on our website. There are 2 lists to choose from: Sellers or Buyers. The value of these lists as a useful resource is a direct result of usage by producers. Please call either Kathy or myself at the office to have your name added to the appropriate list. **PLEASE NOTE:** You must also call us to have your name taken off the list; otherwise it will be automatically removed 90 days after initial listing.
- 3) I am often asked what the credit transfer limits are within a production month. The Board does not recommend transfers large enough to exceed the +5/-15 day limits **HOWEVER;** the volume of credits bought or sold is at the discretion of the producer. It is important to note that the over/under position at the 1<sup>st</sup> of the month is not subject to loss or penalty, **ONLY** the position at month end. For instance, if a producer buys credits and with the purchase moves -17 days on the 1<sup>st</sup> of the month, nothing will be lost as long as by the last day of the month, the producer has over-shipped enough to reach the -15 Day minimum.
- 4) Another question I am commonly asked is regarding the TOTAL credit transfer limit. The limit remains at 20%; however it is now calculated over a rolling 12 month period instead of a fixed dairy year. Therefore, the date of the first transaction marks the start of the rolling 12 months. The 20% limit is calculated by 20% of the current CDQ multiplied by 365 days in a year.
- 5) **Example:** 100kg CDQ x 20% = 20kg x 365 days/year = 7,300kg  
 Over a 12 month period, this producer could transfer a total of 7,300 credits

**And on that note, I wish every one of you a very Merry Christmas, and all the best for a healthy and happy 2011!**

### Milk Quality Report

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

Milk Quality Data	October	November
<b>Individual Bacteria Count</b>	20,737	20,414
<b>Somatic Cell Count</b>	192,568	169,037
<b>Quality Bonus Qualifiers (%)</b>	48.69%	51.50%

### Producer Payments

Participants in the November, December and January pools will receive their payments as follows.

Month of Production	Advance Payment	Final Payment
<b>November</b>	Dec 1	Dec 17
<b>December</b>	Jan 4	Jan 20
<b>January</b>	Feb 1	Feb 17

### Organic Wait List

**Please be advised the Board has closed entrance to the organic waitlist effective immediately.**

Any producers interested in producing organic milk will be added to the "Expression of Interest" list and may be invited to produce organic milk in the future if it is required by the industry.

If you have any questions or concerns, please contact Zahra Abdalla-Shamji at:

Direct: 604.854.4480  
Email: [zabdalla@milk-bc.com](mailto:zabdalla@milk-bc.com)

### 2010 BC Dairy Industry Conference

The 2010 BC Dairy Industry Conference was a huge success! With over 135 farms represented and 420 participants attending the different sessions, once again the attendance and response surpassed our expectations.

Many producers noted the excellent organization, the top notch program and the fantastic venue. Holger Schwichtenberg from Agassiz enthused, "The hotel was magnificent!" and many attendees echoed similar sentiments about this six diamond hotel in Vancouver. Seven speakers from within the dairy industry shared their expertise From Cow to Consumer, bringing together discussion from all sectors of the dairy industry.

As one producer from the Fraser Valley noted, "The best part of the conference is the networking. It is a great opportunity to meet many key industry players and producers all in the same day!"

### CDQ Buy/Sell of Credits

The next **EARLY** deadline for CDQ Buy/Sell of Credits is **December 22<sup>nd</sup>** for the effective date of December 1<sup>st</sup> or January 1<sup>st</sup>. Applications will be accepted at the BCMMB office up until 4:30pm on December 22<sup>nd</sup>.

#### BUY/SELL Credit Reminders:

- **1 Credit = 1 Kilogram**
- The maximum amount of credits that a producer can BUY/SELL in any one 12 month period is 20% of a producers allotted CDQ
- Producers may BUY or SELL kilograms up to +5/-15 days
- The minimum amount of any BUY/SELL is fixed at 100kgs
- A producer "BUYING" credits will see an increase in the "CREDITS available over" for the effective month
- A producer "SELLING" credits will see an increase in the "CREDITS available under" for the effective month

### Credit Transfer Statistics

Credit Transfer Statistics for the 2<sup>nd</sup> set of transfers effective November 1<sup>st</sup> and for the 1<sup>st</sup> set of transfers effective December 1<sup>st</sup> are as follows:

	November 96-Conventional 7-Organic	December 5-Conventional 0-Organic
<b>Low</b>	\$0.00/\$0.00	\$8.00
<b>High</b>	\$10.50/\$5.00	\$8.50
<b>Average</b>	\$8.75/\$3.36	\$8.20

### Provincial Freight

The producer freight rate calculations for the months of October and November are summarized below:

Freight Rates (\$/hl)	Oct	Nov
<b>Zone Transportation Costs</b>	3.00	3.01
<b>Less: Vendor Billings</b>	(0.18)	(0.12)
<b>Less: I/P Freight Cost Recovery</b>	0.00	0.00
<b>Gross Provincial Freight Rate</b>	2.82	2.89
<b>Add: Train/Volume Discounts</b>	0.28	0.28
<b>Less: Stop/Extra Pick-Up Charges</b>	(0.15)	(0.16)
<b>Transportation Department Costs</b>	0.06	0.02
<b>Adjustments from Prior Period</b>	0.02	(0.01)
<b>Net Provincial Freight Rate</b>	<b>3.03</b>	<b>3.00</b>

### Continuous Quota

Cumulative Over/Under Production (with limits) as of: October 31, 2010		
Province	Kg of BF	%*
NL	-196,685	-10.34%
PE	-9,198	-0.23%
NS	-97,840	-1.47%
NB	-27,016	-0.52%
QC	-1,795,548	-1.57%
ON	-1,352,938	-1.38%
MB	-181,193	-1.50%
SK	-172,830	-2.00%
AB	-496,022	-2.00%
BC	-171,251	-0.69%

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

### Quota Exchange News

**The next Quota Exchange deadline is Tuesday, January 4<sup>th</sup>, 2011 @ 4:30 pm.**

For transfers effective February 1<sup>st</sup>, 2011 If you have any questions please contact Kathy Wallis @T. 604.854.4471 [kwallis@milk-bc.com](mailto:kwallis@milk-bc.com)