

Producer Component Prices

Please see page 2: **Producer Component Prices***

Continuous Quota			BC Continuous Quota Position
Cumulative Over/Under Production (with limits) as of June 2020			June 2020 Actual 0.99%
	Kg of BF	%*	
NL	(558,680)	-22.79%	
P5	(733,498)	-0.26%	
WMP	(292,326)	-0.30%	
P10	(1,584,504)	-0.41%	
BC	347,667	0.99%	
*Cumulative Over/Under Production (with limits) expressed as a % of the most recent 12 months total quota.			

Provincial Freight			Producer Payment Dates		
The producer freight rate calculations for the months of June and July are summarized below:			Participants in the Aug Sep Oct Pools will receive payments as follows:		
Freight Rates (\$/hl)	June	July	Month of Production	Advance Payment	Final Payment
Zone Transportation Costs	3.19	3.21	August	Sep 1	Sep 18
Less: Vendor Billings	(0.12)	(0.10)	September	Oct 1	Oct 20
Gross Provincial Freight Rate	3.07	3.11	October	Nov 2	Nov 19
Add: Train/Volume Discounts	0.34	0.35	Please go to bcmilk.com to view all 2019-2020 Producer Payment Dates		
Less: Stop/Extra Pick-Up Charges	(0.13)	(0.13)			
Transportation Department Costs	0.00	0.00			
Adjustments from Prior Period	0.12	0.19			
Net Provincial Freight Rate	3.40	3.52			

Quota Management: Credit Transfer Average Prices			Milk Quality Report		
Effective July 1	Conventional	Organic	The provincial averages and quality bonus data based on the official milk quality tests for June and July are:		
Average Price	\$7.01	\$5.17			
<i>A Summary of Credit Transfer Statistics can be found at bcmilk.com with other credit transfer documents.</i>					
Quota Management: Important Dates			Milk Quality Data	June	July
Application Deadlines	Date & Time	Effective Date(s)	Individual Bacteria Count	22,062	21,452
Quota Exchange	Sep 1@ 1 PM	Oct 1	Somatic Cell Count	162,708	172,636
CDQ Buy/Sell of Credits	Aug 25@1 PM	Aug 1 or Sep 1	Quality Bonus Qualifiers (%)	76.00%	74.57%
<i>If you have any questions, please contact:</i>					
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* Producer Component Prices – July 2020

The producer component prices for the month of July are as follows: BF=\$16.3581, PT=\$2.4547, OS=\$0.6522. The average BC producer hectoliter return for the month is \$77.1589 compared to \$81.3629 in June, a decrease of \$4.2040.

June 2020 marked the first month in which all ten Canadian dairy producing provinces started pooling revenues on All-Milk nationally. As forecasted, this pooling arrangement has resulted in a decrease in producer blend prices for BC and all Western Milk Pool provinces and is realized through the large equalization payment BC paid for June's production. BC had a strong return in June due to a higher value processing mix and very little cream disposals, but when compared to the WMP and now in the P10 pooling environment, that high return is shared with every producer across the country. The large equalization made with the WMP is primarily due to skimming and milk disposal in the other WMP provinces. The equalization payment made to the P5 is mainly due to significant amounts of permit and special class utilization which caused their pre-pooling blend price to be lower than the WMP and therefore a resulting transfer payment.

Comparing the different components of the June 2020 equalization payment to the average of the previous 12 months shows where the increases were realized:

Component	Previous 12 Month Average	June 2020 Amount	Change
WMP Revenue Sharing	\$2,589,000	\$3,583,000	+\$994,000
All Milk Pool (P10 Revenue Sharing)	(568,000)	1,744,000	+2,312,000
Less: Transition Adjustment (1)	0	(934,000)	(934,000)
Net payment to P5	(568,000)	810,000	+\$1,378,000
Promotion Programs	17,000	502,000	+485,000
Other Charges	295,000	335,000	+40,000
Total	\$2,333,000	\$5,230,000	+\$2,897,000

*Amounts in "()" are receipts to BC

- (1) The All-Milk pooling agreement includes a three-year transition whereby the P5 is paying to the WMP a declining percentage of \$42M per year, with year one being 75% split over 12 months which BC's share is noted above at \$934K. This is meant to help offset the increase in P10 pooling costs due to the All-Milk pooling agreement.