

Producer Component Prices

Please see page 2: **Producer Component Prices – December 2020**

Continuous Quota			BC Continuous Quota Position
Cumulative Over/Under Production (with limits) as of November 2020			November 2020 Actual -0.69%
	Kg of BF	%*	
NL	(644,984)	-26.45%	
P5	(5,022,730)	-1.76%	
WMP	(2,196,402)	-2.23%	
P10	(7,864,115)	-2.03%	
BC	(240,737)	-0.69%	
*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 November and December are summarized below:			Participants in the Jan Feb Mar Pools will receive payments as follows:		
Freight Rates (\$/hl)	November	December	Month of Production	Advance Payment	Final Payment
Zone Transportation Costs	3.19	3.18	January	Feb 1	Feb 18
Less: Vendor Billings	(0.15)	(0.14)	February	Mar 1	Mar 17
Gross Provincial Freight Rate	3.04	3.04	March	Apr 1	Apr 21
Add: Train/Volume Discounts	0.34	0.35	Please go to bcmilk.com to view all 2020-2021 Producer Payment Dates		
Less: Stop/Extra Pick-Up Charges	(0.13)	(0.12)			
Transportation Department Costs	0.01	0.00			
Adjustments from Prior Period	0.02	0.02			
Net Provincial Freight Rate	3.28	3.29			

Quota Management: Credit Transfer Average Prices			Milk Quality Report		
Effective December 1	Conventional	Organic	The provincial averages and quality bonus data based on the official milk quality tests for November and December are:		
Average Price	\$7.52	\$6.58			
A Summary of Credit Transfer Statistics can be found at bcmilk.com with other credit transfer documents.			Milk Quality Data	November	December
Quota Management: Important Dates			Individual Bacteria Count	19,445	17,318
Application Deadlines	Date & Time	Effective Date(s)			
Quota Exchange	Feb 1@ 1 PM	Mar 1	Somatic Cell Count	159,892	156,543
CDQ Buy/Sell of Credits	Jan 25@1 PM	Jan 1 or Feb 1			
If you have any questions, please contact:			Quality Bonus Qualifiers (%)	78.60%	80.10%
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The producer component prices for the month of December are as follows: BF=\$16.6844, PT=\$2.6256, OS=\$0.7227. The average BC producer hectoliter return for the month is \$85.2804 compared to \$83.9916 in November, an increase of \$1.2888. Expressed in revenue per KG of BF, these averages are \$19.6206 in December and \$19.489 in November.

Included in the December return are the equalization payments to the WMP and P10 for November 2020. The net payment remained approximately the same with lower than average WMP transfers and high transfers related to P10 pooling. With the WMP now pooling with the P10 for six months, BC has been transferring an average of ~\$600K per month under this arrangement (after the transition adjustment amounts). Results show the P5 has a larger share of their processing in various industrial milk classes which bring less value than fluid milk, which the WMP still has a strong percentage of its processing in. This is the main cause of the large transfers to the P5 in the last few months and will continue to be monitored.

Component	October 2020 Amount	November 2020 Amount	Change
WMP Revenue Sharing	\$1,644,000	\$1,419,000	-\$225,000
All Milk Pool (P10 Revenue Sharing)	2,148,000	2,270,000	+122,000
Less: Transition Adjustment (1)	<u>(942,000)</u>	<u>(942,000)</u>	<u>0</u>
Net payment to P5	1,206,000	1,328,000	+122,000
Promotion Programs	527,000	510,000	-17,000
Other Charges	33,000	13,000	-20,000
Total	\$3,410,000	\$3,270,000	-\$140,000

*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 \$942K. This is meant to help offset the increase in P10 pooling costs for the WMP in the early years of the All-Milk pooling agreement.