

Producer Component Prices

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

Continuous Quota			BC Continuous Quota Position
Cumulative Over/Under Production (with limits) as of August 2020			August 2020 Actual 0.41%
	Kg of BF	%*	
NL	(658,447)	-26.91%	
P5	(2,778,734)	-0.97%	
WMP	(954,216)	-0.97%	
P10	(4,391,396)	-1.14%	
BC	143,858	0.41%	
*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 August and September are summarized below:			Participants in the Oct Nov Dec Pools will receive payments as follows:		
Freight Rates (\$/hl)	August	September	Month of Production	Advance Payment	Final Payment
Zone Transportation Costs	3.24	3.27	October	Nov 2	Nov 19
Less: Vendor Billings	(0.11)	(0.13)	November	Dec 1	Dec 17
Gross Provincial Freight Rate	3.13	3.14	December	Jan 4	Jan 20
Add: Train/Volume Discounts	0.35	0.34	Please go to bcmilk.com to view all 2020-2021 Producer Payment Dates		
Less: Stop/Extra Pick-Up Charges	(0.13)	(0.13)			
Transportation Department Costs	0.01	0.01			
Adjustments from Prior Period	0.10	0.01			
Net Provincial Freight Rate	3.46	3.37			

Quota Management: Credit Transfer Average Prices			Milk Quality Report		
Effective September 1	Conventional	Organic	The provincial averages and quality bonus data based on the official milk quality tests for August and September are:		
Average Price	\$7.59	\$5.92			
<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	August	September
Application Deadlines	Date & Time	Effective Date(s)	Individual Bacteria Count	20,196	22,083
Quota Exchange	Nov 2 @ 1 PM	Dec 1	Somatic Cell Count	181,387	177,490
CDQ Buy/Sell of Credits	Oct 23 @ 1 PM	Oct 1 or Nov 1	Quality Bonus Qualifiers (%)	72.04%	72.60%
<i>If you have any questions, please contact:</i>					
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* Producer Component Prices – September 2020

The producer component prices for the month of September are as follows: BF=\$17.0757, PT=\$2.5738, OS=\$0.6910. The average BC producer hectoliter return for the month is \$81.6768 compared to \$76.1412 in August, an increase of \$5.5356.

Included in the September return are the equalization payments to the WMP and P10 for August 2020. This was the third month the country was pooling on an all-milk basis and the transfer amount BC and the WMP paid were down significantly which was a welcome relief from the starting two months of this arrangement. The table below shows how BC's equalization transfer changed from July 2020 to August 2020, with decreases in both the WMP transfer (due to less skimming in the WMP) and in the transfer to the P5 (due to higher value processing in the East).

Comparing the different components of the August 2020 equalization payment to the prior month shows where changes were realized:

Component	July 2020 Amount	August 2020 Amount	Change
WMP Revenue Sharing	\$4,280,000	\$2,925,000	-\$1,355,000
All Milk Pool (P10 Revenue Sharing)	1,385,000	677,000	-708,000
Less: Transition Adjustment (1)	(937,000)	(938,000)	-1,000
Net payment to P5	448,000	(261,000)	-709,000
Promotion Programs	595,000	575,000	-20,000
Other Charges	61,000	91,000	+30,000
Total	\$5,384,000	\$3,330,000	-\$2,054,000

*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 \$938K. 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.