

Producer Component Prices

The producer component prices for the month of April are as follows: BF=\$15.4366, PT=\$2.2239, OS=\$0.6493. The average BC producer hectoliter return for the month is \$75.0713 compared to \$78.3631 in March – a decrease of \$3.2918. This decrease in hectoliter return is due to the increase in the P10/WMP equalization payment charged to the producer pool in April for the production month of March which was \$3,225,386, being approx. \$650K higher than the twelve month average for this payment due to shared costs, and less credits received for BC.

Additionally, there were \$633,551 in audit adjustments in the April pool that were largely due to the Class 4M audits performed by the CDC. The Class 4M program was a temporary milk class utilized in 2016 while the Class 7 program was being implemented. The results of these audit adjustments will be pooled nationally and BC will see most of these funds recovered through the pooling process.

Producer Milk Disposal

Milk disposal is a complex issue that can have significant costs associated with it. Sewer treatment plants cannot take milk; even the most modern state of the art facilities are not able to handle the biological oxygen demand (BOD) of milk. There are three methods of disposal for on-farm rejected milk: the producer's own manure pit, hauling milk for pig feed (this method is not always available) and hauling milk to a bio-digester. When referring to milk that is unmarketable, the ProAction reference manual states:

"If milk is unmarketable, dump milk in an environmentally acceptable manner."

If you are a producer and your manure pit cannot accommodate raw milk, you need to ensure that you have a contingency plan in place for disposal of raw milk if necessary. We ask that you review your milk disposal practices and ensure that you have a plan along with up-to-date phone numbers. If you require assistance with this, please call Kelly Harris at 604.854.4479

Suspension of the Over Quota Penalty

In March 2016, the CMSMC agreed it was in the best interest of the country if provincial production limits were suspended to fill the milk supply in the country, specifically Plan A butter stocks. Plan A butter is purchased by the CDC and used to supply further processors. At the April 18-19 CMSMC meetings, the provincial Boards agreed to reinstate provincial production limits (+0.5/-1.5%) as of June 1, 2018 as the butter stock supply is no longer an issue. BC is currently forecasted to approach a positive position for April 2018 production which directly relates to the 50% producer over-quota penalty which is applied when the province exceeds 100% of its production (determined by CDC Continuous Quota reports).

Due to these policy decisions the Milk Board has determined the 50% over quota producer penalty will not be applied at this time.

The Milk Board will continue to review the provincial production figures monthly in conjunction with any national policy changes to determine if the producer over quota penalty policy is required.

The current penalty for any over quota milk production (no payment plus freight charges) will continue to be applied if production exceeds 5 days. The Board currently has an over quota fund in the event the province is responsible for any over-quota penalties and will provide 30 days' notice on any policy changes with respect to the reinstatement of the 50% producer over quota policy.

New Entrant Program (NEP) Consultation Update

The Board thanks you for your participation throughout the consultation period of October 2017- April 2018, including all emails and comments sent via the BCMMB website.

The consultation period has now concluded. The Board will review all stakeholder input received and post new program information, once it is completed. The Board expects to announce (via *Notice to Industry* and website updates) the program and application details in Summer 2018, with an application process to open in Winter 2018-19.

BC Continuous Quota Position

as of March 2018: -0.15%

April 2018 *forecasted: -0.02%

Provincial Freight

The producer freight rate calculations for the months of March and April are summarized below:

Freight Rates (\$/hl)	March	April
Zone Transportation Costs	3.00	2.98
Less: Vendor Billings	(0.15)	(0.05)
Gross Provincial Freight Rate	2.85	2.93
Add: Train/Volume Discounts	0.34	0.33
Less: Stop/Extra Pick-Up Charges	(0.14)	(0.14)
Transportation Department Costs	0.00	0.00
Adjustments from Prior Period	(0.02)	0.01
Net Provincial Freight Rate	3.03	3.13

Continuous Quota

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

	March 2018	%*
	Kg of BF	
NL	-899,038	-35.96%
P5	14,310,892	5.26%
WMP	-4,450,083	-4.79%
P10	8,961,771	2.44%
BC	-48,546	-0.15%

*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 March and April are:

Milk Quality Data	March	April
Individual Bacteria Count	25,516	21,866
Somatic Cell Count	156,275	157,606
Quality Bonus Qualifiers(%)	70.81%	77.69%

Producer Payments

Participants in the May | June | July Pools will receive their payments as follows:

Month of Production:	Advance Payment	Final Payment
May	Jun 1	Jun 19
June	Jul 3	Jul 19
July	Aug 1	Aug 20

Credit Transfer Average Prices

Effective April 1, 2018	Conventional	Organic
Average Price	\$10.62	\$5.00

A Summary of Credit Transfer Statistics can be found at bcmilk.com with other credit transfer documents.

Quota Management: Important Dates

Application Deadlines	Date & Time	Effective Date(s)
Quota Exchange	Jun 1 @ 1:00pm	Jul 1
CDQ Buy/Sell of Credits	May 25 @ 1:00pm	May 1 Jun 1

If you have any questions, please contact:

Kathy Wallis 604.854.4471 kwallis@bcmilk.com
 Pam Gregory 604.854.4474 pgregory@bcmilk.com

Quota Management:

Quota Exchange Bank Letter requirement:

Bids of 5 kgs/day or less do not require a bank letter.

For all bids over 5 kgs/day, it is the producer's responsibility to ensure that a current Bank Letter **covering the full settlement amount of your bid** is on file at the BCMMB office on/prior to the Quota Exchange Deadline, otherwise you risk being disqualified from participating in the current exchange.

-Bank letters are reduced by all previous quota exchange purchases covered by that letter, regardless of the method of payment used for settlement of the balance due

-The bank letter must not expire prior to the settlement date for balances due for current quota exchange purchases

If you are unsure of the status of your bank letter, please contact Kathy Wallis @ 604.854.4471 prior to submitting your bid, and she will be happy to check your file for you.

IMPORTANT REMINDER: Effective April 9, 2018 Quota Exchange Application Changes

To update the Quota Exchange procedure at the BCMMB, the Board has changed the options to submit quota exchange applications. All applications that are submitted by email for the quota exchange will now receive a confirmation email within one business day of its receipt by the BCMMB.

To submit a quota exchange application, please use one of the following three options only:

1. **Email** application to quotaexchange@bcmilk.com
2. **Hard copy mail application via Canada Post or Courier** to: 200-32160 South Fraser Way, Abbotsford, BC V2T 1W5
3. Submit a hard copy application **in person** at the BCMMB office address (provided above)

All applications must be received by the BCMMB office via one of the above options by the applicable Quota Exchange deadline.

The Board **will not** be using a third-party administrator (KPMG) going forward and **will not accept any faxed applications**. The changes made complement future procedural changes that will be implemented once all IT systems have been changed.

If you have any questions regarding this notice, please contact Kathy Wallis at kwallis@bcmilk.com or 604.854.4471.

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