

# Alberta Milk Producer Policy Handbook



August 1, 2020



This handbook is prepared for information purposes and outlines Alberta Milk's policies and procedures effective August 1, 2020. Dairy producers are encouraged to familiarize themselves with these policies and procedures. If you need assistance in interpreting a specific policy, please contact Alberta Milk at 1-800-361-1231.

Should there be changes in a policy or procedure after this handbook is printed, you can find updates on the new Alberta Milk Members Only website at <https://portal.nitamms.com/login>.

*Note: In all situations, the regulations in place supersede policies. For quota information, see the Alberta Milk Marketing Regulation. For milk quality information, see the Alberta Milk Marketing Regulation and the Dairy Industry Regulation. These regulations can be obtained by contacting the Government of Alberta Queen's Printer, toll free within Alberta at 310-0000.*

## **Vision:**

Strategic partner in Canada's dairy industry.

## **Mission:**

Collaborating to build a thriving industry that produces high-quality milk and dairy products within Canada's supply managed system.

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## SECTION 1: LICENCING AND QUOTA POLICIES

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### **Producer Licences and Entering the Dairy Industry**

All dairy producers in Alberta must register with and be licenced by Alberta Milk. Obtaining and maintaining a valid producer licence is subject to the terms and conditions of a licence as defined in the [Alberta Milk Marketing Regulation](#) and in the Alberta Milk Board of Directors' policies, orders, and directives.

Only one registration number and licence shall be issued to each production unit, even if there are multiple owners of that production unit. Each production unit must be separately registered even when one owner controls multiple production units. A temporary licence can be issued at the discretion of Alberta Milk to allow a producer to obtain quota prior to entering production, but a temporary licence does not entitle the licensee to sell raw milk. A temporary licence may be converted into a producer licence when the required criteria for a producer licence are met. A producer licence or a temporary licence is not transferable and the cost of obtaining a producer licence or temporary licence is \$25. Alberta Milk reserves the right to reject any application which does not meet the licencing criteria.

Licence application forms are available at the Alberta Milk office and on [Alberta Milk's website](#). Before a producer licence is issued, an inspector from the Inspection and Investigation Section of Alberta Agriculture and Forestry must perform an inspection of the dairy buildings and related equipment. Please call 1-866-252-6403 to arrange an inspection or for more information.

Licensed producers are required to reapply for a producer licence if there has been a change in any of the following:

- Location of the milking facility
- Address of the operation
- Ownership of the operation
- Registered name of the operation

Licensed producers need to contact the Inspection and Investigation Section for approval of any of the following:

- A new bulk tank
- A new milking facility
- A new building site
- New building plans
- Any change in the existing facility not mention above

### **Shipping Milk**

Alberta Milk directs the sale and delivery of all raw milk within the province of Alberta, which may be sold only to a licensed dairy processor as directed by Alberta Milk. Producers may only deliver raw milk to a licensed dairy processor using the transportation services assigned to their farm by Alberta Milk.

It is illegal to sell raw milk for any purpose other than as directed by Alberta Milk. Licensed producers who sell raw milk illegally will face suspension and/or cancellation of their producer licence.

It is also illegal for dairy producers to sell milk for human consumption that was produced by an animal within the period from 15 days before to 3 days after calving. Colostrum may be sold for animal feeding purposes, but raw milk may not legally be sold for this purpose.

Producers are expected to make deliveries of raw milk at least every second day, as directed by the [\*Dairy Industry Regulation\*](#). After two consecutive weeks without a shipment of raw milk, Alberta Milk may suspend the producer's licence. Upon suspending their licence, Alberta Milk will treat them as though they are exiting the dairy industry.

### **Continuous Daily Quota**

Continuous Daily Quota, alternatively referred to as CDQ or quota, is measured in terms of kilograms of butterfat per day (kg/day). CDQ provides licensed producers both the opportunity and obligation to produce raw milk for sale as directed by Alberta Milk.

## **Quota Issuance Adjustments**

Quota issuance at the producer level is adjusted by the Alberta Milk Board of Directors to reflect changes in the provincial quota. Quota is adjusted on a percentage basis so that each active producer's share of the Alberta provincial quota is maintained.

Producers who have ceased production of milk and have had their licence suspended, but still hold some quota, will be subject to any quota issuance decreases and will not be eligible for any quota issuance increases.

## **Continuous Quota Management and Flexibility Limits**

Quota management at the producer level in Alberta is applied on a continuous basis. As monthly over and under production accumulates over time, it is accounted for in the producer's cumulative quota position. Cumulative quota positions are reconciled at the end of each month. Producers are permitted to produce a specified number of kilograms of butterfat each day, determined by their quota holdings, with a production flexibility range of +5/-15 days. Five times the producer's quota holdings is the upper flexibility limit in kilograms of butterfat, and negative fifteen times the producer's quota holdings is the lower flexibility limit in kilograms of butterfat that they may cumulatively produce without incurring a penalty.

Cumulative quota positions are reconciled with monthly production and monthly quota eligibility at the end of each month. Producers with a cumulative quota position within their flexibility limits will carry that position forward to begin the next month. However, once a producer's cumulative quota position has reached the upper flexibility limit of +5 days, further overproduction is penalized with zero pay for excess milk shipped, and their cumulative quota position will be set at +5 days. Regular pay assessments are applied to all milk shipped, including over-quota milk. Conversely, once a producer's cumulative quota position has reached the lower flexibility limit of -15 days, any further underproduction credits accumulated cannot be carried forward into the next month, and their cumulative quota position will be set at -15 days.

The difference between total production of butterfat and total monthly eligibility determines a producer’s monthly over or under production.

The following two examples show the cumulative effects of a month of overproduction followed by a month of underproduction:

| <b>Overproduction Example – April</b> |                         |
|---------------------------------------|-------------------------|
| Starting Cumulative Quota Position    | +0 kg / +0 days         |
| Total Butterfat Production            | 3,350 kg                |
| Quota Holdings x Days in April        | 100.00 kg/day x 30 days |
| Monthly Quota Eligibility             | 3,000 kg                |
| Monthly Over/Under Production         | +350 kg                 |
| Ending Cumulative Quota Position      | +350 kg / +3.5 days     |

| <b>Underproduction Example – May</b> |                         |
|--------------------------------------|-------------------------|
| Starting Cumulative Quota Position   | +350 kg / +3.5 days     |
| Total Butterfat Production           | 2,700 kg                |
| Quota Holdings x Days in May         | 100.00 kg/day x 31 days |
| Monthly Quota Eligibility            | 3,100 kg                |
| Monthly Over/Under Production        | -400 kg                 |
| Ending Cumulative Quota Position     | -50 kg / -0.5 days      |

### **Continuous Quota Management Options**

Three management options are available to producers in Alberta to ensure they maintain a cumulative quota position within the permitted flexibility limits:

1. Adjust their level of production to keep their cumulative quota position within their flexibility limits.
2. Buy or sell underproduction credits to keep their cumulative quota position within their flexibility limits.
3. Buy or sell quota to expand or contract their flexibility limits (measured in kilograms of butterfat) to keep their cumulative quota position within their new flexibility limits.

### **Transferring Underproduction Credits**

A producer with a negative cumulative quota position holds underproduction credits equal in number to their negative cumulative

quota position. Producers are permitted to buy or sell underproduction credits in a given month, but they are not permitted to buy and sell underproduction credits in the same month.

All underproduction credit transfer requests must be submitted to Alberta Milk by mail, fax, or e-mail, on forms provided by Alberta Milk, by the credit transfer deadline, which is 4:30 p.m. at least 7 days prior to the 1<sup>st</sup> day of the following month. See [Alberta Milk's website](#) for the exact date of the credit transfer deadline each month.

Underproduction credit transfers are effective on the 1<sup>st</sup> day of the same month as the credit transfer deadline. A producer may sell some or all of their credits accumulated as at the last day of the previous month, but no more than that. For example, for credit transfers effective July 1<sup>st</sup>, the deadline for transfer requests will be at 4:30 p.m. on at least 7 days prior to August 1<sup>st</sup>, and a producer may sell some or all of their accumulated underproduction credits as at June 30<sup>th</sup>.

A producer may buy any number of underproduction credits they wish, but they will still be accountable for maintaining a cumulative quota position within their flexibility limits at the end of each month.

Producers enrolled in Alberta Milk’s New Entrant Assistance Program are not permitted to sell underproduction credits.

| <b>Overproduction Example with Underproduction Credit Purchase<br/>– June</b> |                     |
|---|---------------------|
| Starting Cumulative Quota Position  | -50 kg / -0.5 days  |
| Purchase 500 Underproduction Credits<br>Effective June 1 <sup>st</sup> *      | -500 kg             |
| Starting Cumulative Quota Position<br>(After Credit Transfer)                 | -550 kg / -5.5 days |

|                                  |                         |
|----------------------------------|-------------------------|
| Total Butterfat Production       | 3,050 kg                |
| Quota Holdings x Days in June    | 100.00 kg/day x 30 days |
| Monthly Quota Eligibility        | 3,000 kg                |
| Monthly Over/Under Production    | +50 kg                  |
| Ending Cumulative Quota Position | -500 kg / -5.0 days     |

\*This purchase of underproduction credits was submitted before the June deadline.

| <b>Underproduction Example with Underproduction Credit Sale<br/>- July</b> |                         |
|--|-------------------------|
| Starting Cumulative Quota Position   | -500 kg / -5.0 days     |
| Sell 500 Underproduction Credits<br>Effective July 1 <sup>st</sup>         | +500 kg                 |
| Starting Cumulative Quota Position<br>(After Credit Transfer)              | 0 kg / 0 days           |
| Total Butterfat Production   | 2,700 kg                |
| Quota Holdings x Days in July  | 100.00 kg/day x 31 days |
| Monthly Quota Eligibility  | 3,100 kg                |
| Monthly Over/Under Production  | -400 kg                 |
| Ending Cumulative Quota Position   | -400 kg / -4 days       |

\*This sale of underproduction credits was submitted before the July deadline, and was for the maximum number of underproduction credits the producer was eligible to sell, based on their June ending cumulative quota position.

*Caution: Any form mailed, faxed, or e-mailed must be signed by the appropriate signing authorities or it will not be accepted. Alberta Milk assumes no responsibility for mails, faxes, or e-mails that do not reach us by the credit transfer deadline. Producers concerned about the receipt of their credit transfer requests should call Alberta Milk prior to the credit transfer deadline. Absolutely no late forms will be accepted past the posted deadline.*

An electronic bulletin board is available on the new [Alberta Milk Members' Only website](#) for producers to post underproduction credits that they desire to buy or sell. Financial settlement for underproduction credit transfers may be done privately between producers at no cost, with no intermediation by Alberta Milk. However, the settlement for

underproduction credit transfers may also be facilitated by Alberta Milk in the final producer payment for the prior month for a \$50 fee paid by the seller with the approval of both transacting parties indicated on the transfer form.

All underproduction credit transfers are subject to Alberta Milk approval, and Alberta Milk reserves the right to change underproduction credit transfer policies or procedures at any time.

### **Transferring Quota**

Producers can buy or sell quota through the following options:

- 1) Alberta Milk Quota Exchange
- 2) Direct Transfers
  - a) Family Transfer
  - b) Going Concern Transfer/New Producer Establishment Transfer
  - c) Private Transfer
  - d) Name Change

### **Submitting Bids or Offers for the Alberta Milk Quota Exchange**

Producers are permitted to buy or sell quota in a given month, but they are not permitted to buy and sell quota in the same month (or to submit both offers to sell and bids to buy for the same month).

All quota exchange bids and offers should be submitted online through Alberta Milk's new [Members' Only website](#) by the deadline, which is 4:30 p.m. at least 14 days prior to the 1<sup>st</sup> day of the following month. Quota exchange bids and offers may also be submitted by mail, fax, or e-mail, on completed forms provided by Alberta Milk (on [our website](#), or by contacting our office). Forms should be faxed to 780-455-2196, e-mailed to [quota@albertamilk.com](mailto:quota@albertamilk.com), or mailed to Alberta Milk, 1303-91 Street SW, Edmonton AB T6X 1H1. The exchange is run monthly, please see [Alberta Milk's website](#) for the exact date of the deadline each month. Quota exchange transfers are effective on the 1<sup>st</sup> day of the following month.

*Caution: Any form mailed, faxed, or e-mailed must be signed by the appropriate signing authorities or it will not be accepted. Alberta Milk assumes no responsibility for mails, faxes, or e-mails that do not reach us by the deadline. Producers concerned about the receipt of their bid(s)*

*or offer(s) should call Alberta Milk prior to the quota exchange deadline. Absolutely no late forms will be accepted past the posted deadline.*

Every producer is allowed up to a maximum of six bids to buy quota. The minimum bid size is 0.10 kg/day and the maximum bid size is 5 kg/day to a monthly maximum of 30 kg/day. Every producer is allowed up to a maximum of six offers to sell quota. The minimum offer size is 0.10 kg/day, and if the total number of offers is greater than 30 kg/day the volume offered must be equally split over the six offers (or as closely to equal as possible), otherwise the maximum offer size is 5 kg/day. A minimum price spread between bids or offers of \$10 per kg/day is required.

For a detailed explanation of how the quota exchange works, please refer to the document “Understanding the Alberta Milk Quota Exchange”, which is available on the [Alberta Milk website](#).

### **Determining the Market Clearing Price and Determining Successful Buyers and Sellers on the Quota Exchange**

The market clearing price will be the average between the last successful buyer’s price and last successful seller’s price. At the market clearing price, if the total successful volume of bids to buy quota exceeds the total successful volume of offers to sell, the last bid (or bids) to buy will be pro-rated to match buying and selling volumes. Similarly, if the total successful volume of offers to sell quota exceeds the total successful volume of bids to buy quota at the market clearing price, the last offer (or offers) to sell will be pro-rated to match buying and selling volumes.

Offers to sell quota at or below the market clearing price will be successful if there is an unfilled bid to buy quota at or above the market clearing price. Similar to a discriminatory auction, these offers are eligible to receive payment equal to what the seller indicated they were willing to receive. Offers above the market clearing price will not be successful and the quota will be returned to the producer for such offers.

Bids to buy quota at or above the market clearing price will be successful if there is an unfilled offer to sell quota at or below the market clearing price. Successful bidders are obligated to pay equal to what they

indicated they were willing to pay. Bids below the market clearing price will not be successful and no quota will be transferred for such bids.

### **Payment for Successful Bids and Offers**

Offers to sell at or below the clearing price will be successful if there is a corresponding buyer and the seller will receive payment according to their offer. Offers to sell above the clearing price will not be successful. Bids to buy at or above the clearing price will be successful if there is a corresponding seller, and the buyer will pay according to their bid. Bids to buy below the clearing price will not be successful.

With successful buyers obligated to pay their bid price and successful sellers receiving their offer price, this creates a surplus of funds between what buyers are required to pay and what sellers will receive. This money will be paid back to all successful participants as a dollars per kg/day (bought or sold) as a “refund”, which is split proportionately between the successful buyers and sellers. The refund is calculated by dividing the surplus by double the total volume of quota transferred on the exchange that month. The refund will be deducted from the total amount that a buyer is responsible to pay and added to the total amount that a seller will receive.

Successful bidders must pay Alberta Milk on or before the transfer date, or the business day before the transfer date when the transfer date falls on a Saturday, Sunday, or holiday. If a producer fails to make payment, Alberta Milk may settle the account and transfer the quota to Alberta Milk instead of transferring it to the defaulting producer. For the next 12 months, all bids to receive quota by the defaulting producer must be covered by a certified cheque or a letter of credit before the bids will be accepted from that producer. Producers who sell quota on the quota exchange can expect payment to be sent by Alberta Milk within 5 business days after the transfer date.

### **Notification of Quota Exchange Results**

Alberta Milk determines the clearing price the next working day after the exchange closes and will notify all participants of the status of their bid(s) or offer(s) by sending email notifications and letters to them once the exchange closes. Alberta Milk will make information regarding the results of the quota exchange, in terms of prices and volumes, available

on the [Alberta Milk website](#) within three working days after the exchange closes.

All quota transfers are subject to Alberta Milk's approval and Alberta Milk reserves the right to change quota exchange policies or procedures at any time. Alberta Milk also reserves the right to cancel the quota exchange in a given month for any reason it deems it necessary.

### **Direct Quota Transfers**

Direct quota transfers are the transfer of quota between two licenced producers. Each month, the quota exchange is run before direct quota transfers are processed. Producers are accountable for quota transactions on the exchange before any direct quota transfer will be processed.

### **Family Transfers**

Where transacting producers can confirm and provide evidence of an immediate family relationship between the two parties, a direct quota transfer can be made between those producers at no cost. A family transfer may include transfers between corporations where all the shares in those corporations are owned by immediate family members. An immediate family relationship is defined as a spouse, child, sibling, parent, son-in-law, daughter-in-law, or adult interdependent partner. Producers enrolled in Alberta Milk's New Entrant Assistance Program are not permitted to transfer quota using the family transfer option.

### **Going Concern Transfers/New Producer Establishment Transfers**

A going concern transfer is the direct transfer of quota as part of the sale of an operating dairy farm. A dairy farm is defined as a premise where one or more dairy animals are kept, from which at least a part the milk produced from those dairy animals is sold, offered for sale, or supplied for human consumption, and includes all buildings and land occupied by, or used in connection with, the production of milk from those dairy animals.

The buyer of the dairy farm under a going concern transfer must continue the operation as a licenced dairy farm at the same location for at least two years prior to the quota being transferred again. Otherwise, it is subject to a 5% surrender on the entire quota being transferred by the seller to Alberta Milk, regardless of the type of transfer used.

A new producer establishment transfer is analogous to a going concern transfer, with the exception that the new producer may lease the dairy farm as a going concern, rather than purchasing it.

When buying an operation in a going concern transfer or leasing an operation in a new producer establishment transfer, the buyer assumes all the associated obligations of that farm going forward. This includes the cumulative quota position and current SNF/BF ratio. However, the buyer does not assume any milk quality history of the previous owners, nor will they receive year-end refunds associated with milk deliveries made by the previous owners, including Western Milk Pool and the Canadian Dairy Commission year-end refunds.

### **Private Transfers**

The direct transfer of quota of an amount of at least 1.0 kg/day, which does not qualify as a family transfer, a going concern transfer, or a new producer establishment transfer, will be considered a private transfer. All private transfers will be subject to surrendering 5% of the quota being transferred by the seller to Alberta Milk.

Mergers of quota holdings from separate farms onto a single new location are considered a private transfer for all transferring producers (unless they qualify as a family transfer) and are therefore also subject to the surrender of 5% of the quota transferred out from the originating farms.

### **Name Changes**

A name change is a direct transfer of quota due to a change in the business structure of a farm, which does not necessarily involve any change in the underlying ownership of the farm. This can involve adding additional registered owners to the farm, removing registered owners from the farm, or incorporating the farm. A farm undergoing a name change must continue to operate at its existing location with the existing licence number, and the quota history and milk quality history will transfer to the new name.

To complete a name change, a producer must submit the following documents: a producer licence application under the new farm name; an application for a direct transfer of quota from the old farm name to the

new farm name; new banking information (if applicable); instructions from the lender to withdraw an existing power of attorney from the old farm name (if applicable); a power of attorney form for the new farm name (if applicable); and a certificate of incorporation and a list of the directors (if applicable).

Producers participating in Alberta Milk's New Entrant Assistance Program are not permitted to form a partnership of any type, and the new entrant quota loan is non-transferrable. The only exceptions to this restriction are that the new entrants may incorporate their farm, provided the shares continue to be held exclusively by the original applicants; and that the new entrants may include their spouse as a joint owner or signing authority on either an incorporated or unincorporated farm.

### **Submitting Direct Transfer Applications**

All direct transfer applications must be submitted to Alberta Milk by mail, fax, or e-mail, on completed forms provided by Alberta Milk (on our website, or by contacting our office) by the deadline, which is 4:30 p.m. at least 14 days prior to the 1<sup>st</sup> day of the following month (the same deadline as the quota exchange). Forms should be faxed to 780-455-2196, e-mailed to [quota@albertamilk.com](mailto:quota@albertamilk.com), or mailed to Alberta Milk, 1303-91 Street SW, Edmonton AB T6X 1H1. Quota exchange transfers are effective on the 1<sup>st</sup> day of the following month.

Alberta Milk will acknowledge its approval if the direct transfer request meets policy requirements. Producers involved in the transfer will receive written notice of approval and the actual amounts transferred. Alberta Milk reserves the right to refuse any transfer, and a producer may be asked to appear before Alberta Milk to justify a quota transfer request.

The financial settlement for direct quota transfers should be completed only after a written notice confirming that the transfer has been approved, is received.

Alberta Milk reserves the right to change the direct quota transfer policies at any time.

## **Incentive Days**

Alberta Milk periodically issues incentive days to producers. When incentive days are issued for a given month or a consecutive number of months (i.e., flexible incentive days), producers can fill the resulting incentive credits by producing over their monthly quota eligibility.

When incentive days are issued, producers receive incentive credits, which is determined by multiplying a producer's quota holdings by the number of incentive days allowed in that month. Producers can fill incentive days regardless of their cumulative quota position and regardless of any underproduction credit transfers in that month, as incentive days are filled after monthly quota eligibility, but before any accumulated underproduction credits.

Fixed incentive days are issued for a specific month and can only be used in that month (i.e., use-or-lose basis). For example, the Alberta Milk Board could issue 2 fixed incentive days for the month of December. This means producers could take advantage of some or all of the resulting incentive credits in December only. Any portion of the resulting incentive credits that is not utilized in December will be lost and cannot be carried forward.

Flexible incentive days on the other hand are issued for a consecutive number of months with a given monthly utilization limit. For example, the Alberta Milk Board could issue a total of 10 flexible incentive days for the period of August to November with a monthly utilization limit of 3 days.

Unused incentive credits from issued fixed or flexible incentive days are non-transferrable between producers and cannot be carried forward to future months that are outside the period for which they were issued.

In addition, producers are not allowed to change routes to maximize their utilization of incentive days.

The following examples demonstrate how the 10 flexible incentive days in the example above are applied in managing producer quota.

| <b>Flexible Incentive Day Example – August</b>                  |                          |
|---|--------------------------|
| Starting Cumulative Quota Position                              | 0 kg / 0 days            |
| Total Butterfat Production                                      | 3,600 kg                 |
| Quota Holdings x Days in August                                 | 100.00 kg/day x 31 days  |
| Monthly Quota Eligibility                                       | 3,100 kg                 |
| <i>Total Flexible Incentive Days Available</i>                  | <i>1000 kg / 10 days</i> |
| Incentive Credits Utilization Limit for August = Quota x 3 days | 100 kg x 3 day = 300 kg  |
| Incentive Credits Filled in August                              | 300 kg = 3 days          |
| Monthly Over/Under Production                                   | +200 kg                  |
| Ending Cumulative Quota Position                                | 200 kg / +2.0 days       |
| <i>Total Flexible Incentive Days Remaining</i>                  | <i>700 kg / 7 days</i>   |

| <b>Flexible Incentive Day Example - September</b>                  |                           |
|--|---------------------------|
| Starting Cumulative Quota Position                                 | 200 kg / +2.0 days        |
| Total Butterfat Production   | 3,250 kg                  |
| Quota Holdings * Days in September                                 | 100.00 kg/day x 30 days   |
| Monthly Quota Eligibility  | 3,000 kg                  |
| <i>Total Flexible Incentive Days Available</i>                     | <i>700 kg / 7 days</i>    |
| Incentive Credits Utilization Limit for September = Quota x 3 days | 100.00 kg x 3 days        |
| Incentive Credits Filled in September                              | 250 kg = 2.5 days         |
| Monthly Over/Under Production                                      | +0.00 kg                  |
| Ending Cumulative Quota Position                                   | +200 kg / +2.0 days       |
| <i>Total Flexible Incentive Days Remaining</i>                     | <i>450 kg / 4.5 days*</i> |

\* The 450 kg or 4.5 days of Total Flexible Incentive Days Remaining will be available for use in October and November, subject to the maximum utilization limit of 3 days per month.

## Solids Non-fat Butterfat Ratio Limits

Solids Non-fat Butterfat Ratio (SNF/BF) ratios are a measure of solids non-fat (SNF) production relative to butterfat (BF) production.

If a producer's SNF/BF ratio is greater than the ratio limit of 2.4167 (on a year-to-date basis, i.e., from August 1st to July 31st), the portion of SNF production in excess of the ratio limit receives zero payment. Zero payment is applied monthly, but producers can regain lost payment by cumulatively returning below their SNF/BF ratio limit later in the year. Any lost payment due to exceeding SNF/BF ratio limits accumulated through the year is lost permanently on July 31st, and each producer starts August 1st with no cumulative SNF position.

| Solids Non-Fat Butterfat Ratio Limit Calculation           |
|--|
| Protein Density + Other Solids Density = Total SNF Density |
| 3.3248 kg/hl + 5.7376 kg/hl = 9.0624 kg/hl                 |
| Butterfat Density = 4.0992 kg/hl                           |
|  |
| Total SNF Density / Butterfat Density = SNF/BF Ratio       |
| 9.0624 kg/hl / 4.0992 kg/hl = 2.2108                       |

The ratio limit of 2.4167, as well as monthly actual ratio and year-to-date actual ratio for each producer, is reported on producers' monthly milk pay statement.

## Appointment of Attorney

Alberta Milk provides an appointment of attorney document (commonly referred to as a power of attorney) to allow lenders or individuals to secure loans against the value of a registered dairy producer's quota. Alberta Milk only allows the registration of one power of attorney per registered producer at any given time, and an active power of attorney applies to all current and future quota holdings until it is voluntarily discharged by the lender.

The lender may not seize quota, as it is a right to produce milk granted to registered producers by Alberta Milk under the [Marketing of Agricultural Products Act](#) and the [Alberta Milk Regulations](#), and it remains an asset of the crown. However, the power of attorney does give

the lender the right to receive any value there may be in the quota at the time of transfer to another registered dairy farm.

When a producer has a power of attorney registered against their quota and requests to transfer or sell quota, Alberta Milk is required under the notice to notify the lender of the application to sell and will direct the sale proceeds as instructed by the lender.

If a lender wishes to discharge a power of attorney, they must submit a request to that effect in writing to Alberta Milk. If a lender wishes to discharge a power of attorney and to replace it with a new power of attorney, lenders can submit the request to discharge and the new power of attorney document together. A power of attorney may only be registered with Alberta Milk on an original form obtained from Alberta Milk; no copies of forms will be accepted.

### **Catastrophic Events**

Any producer who suffers a catastrophic event should contact Alberta Milk at their earliest reasonable convenience to request accommodation for any adverse quota management consequences that may result from the event.

A catastrophic event is defined as:

- the severe illness, injury, disability, or death of the registered producer or of the main operator of the farm;
- destruction of, or severe damage to, the production facilities;
- sudden death of a significant portion of the producing herd;
- severe infection of the producing herd by an uncontrollable disease;
- or the presence of a disease that requires the slaughter of the producing herd by health authorities.

Producers who experience a catastrophic event in another commodity (eg: TB, PED, etc) are required to advise Alberta Milk promptly.

### **Producers Exiting the Dairy Industry**

Producers who have decided to exit the industry must inform Alberta Milk of the date they will cease production, and Alberta Milk will suspend the producer's licence at the end of the day of their final shipment.

A producer who has had their licence suspended because they are exiting the industry is ineligible to sell underproduction credits. Any cumulative quota position held by a producer who exits the industry will have that position absorbed by the province, thus any remaining underproduction credits held by a producer who has ceased shipping raw milk will be forfeited to Alberta Milk.

A producer who has had their licence suspended because they are exiting the industry has six months to sell or transfer their remaining quota holdings to another licenced producer. If after six months, a suspended producer still holds quota, Alberta Milk will sell any such remaining quota on behalf of the producer on the next quota exchange at a price equal to the lowest successful offer to sell received in that month. When a producer has ceased production and no longer holds quota, their producer licence will be cancelled.

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## **SECTION 2: PROACTION® AND MILK QUALITY POLICIES**

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To offer the best milk every day, Canadian dairy farmers have excellent standards and practices. Dairy Farmers of Canada and all of its provincial members including Alberta Milk initiated the development of proAction® to show how farmers responsibly produce milk. With proAction, farmers offer proof to customers that they work to ensure milk quality and safety, and to continually improve animal health and welfare as well as environmental stewardship.

proAction includes six modules under one umbrella. These modules are implemented according to the same timeline across Canada:

1. Milk Quality
2. Food Safety - previously known as Canadian Quality Milk (CQM)
3. Animal Care - Validations began Sept 1, 2017.
4. Livestock Traceability - Validations began Sept 1, 2017.
5. Biosecurity - Validations began Sept 1, 2019.
6. Environment– to be introduced in early 2021 and is likely to be based on the completion of an Environmental Farm Plan and other environmental requirements. Validations will begin Sept 1, 2021.

proAction registration is a mandatory condition of a producer licence. Producers are subject to an annual proAction validation, alternating between a full validation or self-declaration. Each year, a random 5% of producers who complete the self-declaration will be selected for a full validation.

New producers will have 6 months to keep records and be registered on the proAction program.

*Effective September 1, 2019, a producer validation includes four proAction modules: Food Safety, Animal Care, Livestock Traceability and Biosecurity*

Every two years, producers are required to complete a Cattle Assessment as conducted by Holstein Canada and a Biosecurity Risk Assessment Questionnaire in consultation with their herd veterinarian.

Producers who do not complete the annual proAction validation or do not effectively maintain their proAction records are subject to having their registration and producer licence withdrawn.

proAction registration is reinforced by the Compliance Policy described below.

#### **Alberta Milk proAction® Compliance Policy**

16-month proAction penalty timeline: pay deduction starting at Day 105

1. **Day 1:** Validation (Corrective Action Requests (CARs) due Day 30).
2. **Day 30:** CAR deadline, assuming no CARs received (and verified), 30-day extension granted by phone and/or email (CARs due Day 60).
3. **Day 60:** CAR deadline, assuming no CARs received (and verified), withdrawal warning notice sent by registered mail requesting CARs verified by 30 days (CARs due Day 90). Ineligible for monthly quality milk bonus.
4. **Day 90:** CAR deadline, assuming no CARs received (and verified), withdrawal letter sent by registered mail stating proAction registration will be withdrawn if CARs not received in 14 days (CARs due Day 105).
5. **Day 105:** CAR deadline, assuming no CARs received (and verified), a withdrawal letter will be sent by registered mail stating proAction registration and producer licence will be withdrawn. The producer must

re-apply for proAction registration and beginning with the month in which re-application falls, a penalty of “2% of gross monthly pay” will apply until proAction registration has been obtained (which is dependant on outstanding CARs being verified) or until the 365<sup>th</sup> day (12<sup>th</sup> month).

6. **Day 365:** assuming proAction registration has not been obtained the penalty will escalate to “4% of gross monthly pay”.
7. **Day 395:** assuming proAction registration has not been obtained the penalty will escalate to “8% of gross monthly pay”.
8. **Day 425:** assuming proAction registration has not been obtained the penalty will escalate to “15% of gross monthly pay and producer licence suspension may apply” for this month and the subsequent month (beginning Day 455).
9. **Day 485 (16 months):** assuming proAction registration has not been obtained the penalty will remain at “15% of gross monthly pay” and “producer licence cancellation may apply” for this month.

*The first four steps are as specified in the National Registration System Manual and Procedures.*

## **Milk Testing**

All laboratory tests are performed by analysts at the Central Milk Testing (CMT) lab in Edmonton which uses approved methods.

The CMT lab tests every bulk tank sample for components (butterfat, protein, lactose and other solids), somatic cell counts (SCC), milk urea nitrogen (MUN), and freezing points (FP). The lab also aims to test at least 8 bulk tank samples per month for bacterial cells (IBC) with the Bactoscan instrument. Inhibitor (INH) testing for different drug families is conducted randomly both monthly and quarterly using several different tests.

## Milk Test Codes

Producer test results are displayed on their producer website. Test results may have a code applied indicating the reason a sample will not be used.

| Code             | Description   |  |
|------------------|---|--|
| C – Contention   | The sample butterfat varies from the other samples that month by more than $\pm 0.5$ kg/hL            |  |
| D – Discard      | The sample has been found to be unsuitable and is “discarded”.  |  |
| S – Stale Dated  | The sample is too old for testing.  |  |
| Q – Questionable | The IBC results for the producer do not match up with the corresponding truck compartment IBC result. |  |

## Milk Grade and Price Program (MG&PP)

The MG&PP provides for warnings, pay deductions, and licence suspensions and cancellations when a producer’s milk quality does not meet regulatory standards. Alberta Milk administers this program under the authority of sections 30 and 31 of the [Alberta Milk Marketing Regulation](#). Milk quality standards are set in Schedule 2 of the [Dairy Industry Regulation](#) and in the Alberta Milk Marketing Regulation.

## **Milk Grade and Price Program (MG&PP) Penalties**

The table below titled Standards for Raw Milk summarizes information on the MG&PP. A producer's milk will receive a IBC grade, a SCC grade, a FP grade, and an INH grade each month. Producers may receive a warning on an initial IBC or SCC infraction if their milk quality record has had no infractions in the prior 11 months.

If a producer has more than one milk quality infraction in a month, the deducted amounts may be additive to a maximum of 15% of total gross pay for the month.

Samples submitted by the Inspection and Investigation Section of Alberta Agriculture and Forestry may be used to determine grades in special circumstances.

Regulatory requirements and more details may be found in sections 7, 30 and 31 of the [Alberta Milk Marketing Regulation](#).

## Standards for Raw Milk

| Quality Area                     | Infraction Level  | Test Frequency   | Grade and Price Deductions Applied If  |
|----------------------------------|---|--|--|
| Individual Bacteria Counts (IBC) | Over 121,000 cells/ml   | About 2 per week or about 8 per month  | The monthly weighted average of IBC's is greater than 121,000 cells/ml   |
| Somatic Cell Counts (SCC)        | Over 400,000 cells/ml   | Every qualifying bulk tank milk sample   | The monthly weighted average of SCC's is greater than 400,000 cells/ml   |
| Freezing Point (FP)              | Over $-0.525^{\circ}\text{H}$   | Every qualifying bulk tank milk sample   | Two or more freezing points are over $-0.525^{\circ}\text{H}$ in the month                                     |
| Inhibitor and Drug Residues      | Over inhibitor concentrations the maximum levels prescribed by the <i>Food and Drugs Act</i> (Canada) | Once per month or quarterly at random, and any samples on loads testing positive | Any of a producer's milk samples test positive for inhibitors or drug residues at the Central Milk Testing Lab |

### Inhibitor Penalties

The CMT lab tests individual producer samples for several different drug residues on a random basis. Every load of milk is tested for drug residues by the processor upon arrival at the processing plant. Inhibitor penalty deductions can be calculated using the following formula:

- a. % reduction in gross pay in the month of the infraction (dependant on grade)
- b. A penalty fee of \$3000
- c. A charge equal to the value of the contaminated shipment will be deducted off the producer's gross pay
- d. Quota will be deemed as filled by the shipment.

Producers notified of a positive inhibitor result will be suspended from shipping milk by the Inspection and Investigation Section of Alberta Agriculture and Forestry. Reinstatement of the producer licence will occur when a negative test **using the same inhibitor type test as the original positive** is reported to the investigating dairy inspector.

### **Somatic Cell Count (SCC) Suspensions**

Automatic shutoff periods will apply for SCC violations:

- SCC Grade 5 – Minimum 6-day shutoff.
- SCC Grade 6 – Licence cancellation. A minimum 12-day shutoff will apply if a stay of cancellation is applied for and granted.

Reinstatement after a suspension or cancellation is dependent upon the producer providing a sample to the CMT lab that meets the criteria of Schedule 2 of the [\*Dairy Industry Regulation\*](#).

If you have any questions regarding this summary of the MG&PP, please call Alberta Milk’s Member Services staff at 1-877-361-1231.

### **Review Process**

As defined under section 36(1) of the *Marketing of Agricultural Products Act* a person who is affected by a decision of Alberta Milk may apply to the Board to review its decision.

A “review” is a request to the Board to review and reconsider a decision and gives the applicant an opportunity to present information or evidence and comments to the Board for consideration as part of the review.

The applicant must make an application to Alberta Milk within 60 days after being notified, served with or otherwise becomes aware of the decision. The application must be made in writing clearly stating the following:

- a) the name and address and telephone number of the applicant
- b) a description of the decision being contested
- c) the reason and grounds for contesting the decision
- d) the outcome requested
- e) will applicant attend the hearing or provide a written submission only
- f) signature of the applicant

### Schedule of Grade and Price Deductions

| Infraction #   | IBC   | SCC   | FP   | INH   |
|--|---|---|--|---|
| If infraction in current month: # of infractions in previous 11 months + 1 | 0   | No infractions, no penalties applied                      | No infractions, no penalties applied (Grade 1)   |   |
|  | 1   | Warning; 0% of gross monthly pay (Grade 1)                | 2% of gross monthly pay (Grade 2)  | 5% of gross monthly pay + \$3,000 (Grade 2)   |
|  | 2   | 4% of gross monthly pay (Grade 2)                         | 8% of gross monthly pay (Grade 3)  | 10% of gross monthly pay + \$3,000 (Grade 3)  |
|  | 3   | 8% of gross monthly pay (Grade 3)                         | 15% of gross monthly pay + a farm inspection (Grade 4)                                   | 15% of gross monthly pay + \$3,000 + farm inspection (Grade 4)                                      |
|  | 4   | 15% of gross monthly pay + a farm inspection (Grade 4)    | 15% of gross monthly pay; Producer licence suspension may apply (Grade 5)                | 15% of gross monthly pay + \$3,000 + producer licence suspension may apply (Grade 5)                |
|  | 5   | 15% of gross monthly pay + suspension may apply (Grade 5) | 15% of gross monthly pay; Producer licence may be cancelled; Quota may be sold (Grade 6) | 15% of gross monthly pay + \$3,000 + producer licence may be cancelled; Quota may be sold (Grade 6) |
| 6  | 15% of gross monthly pay + Producer licence cancellation may apply; Quota may be sold (Grade 6) |   |  |   |

## Milk Temperature

Milk should be maintained at a temperature between 1 C and 4 C and should be cooled as fast as possible. Here is a summary of regulatory milk cooling standards:

| Milking       | Cooling Period                        | Temperature  |
|---------------|---------------------------------------|--------------|
| First Milking | One hour after completion of milking  | Maximum 10 C |
|               | Two hours after completion of milking | 1 C to 4 C   |
| Next Milkings | During the milking, cannot exceed     | 10 C         |
|               | One hour after completion of milking  | 1 C to 4 C   |

If the milk temperature is not in accordance with this regulation, the bulk milk grader will reject the milk.

## Rejected Milk

Bulk milk graders must grade milk before they accept it. The [Dairy Industry Regulation](#) Section 40(2)(d) states, “A bulk milk grader shall not collect milk from a bulk milk tank if the milk in the bulk milk tank is not acceptable on the basis of its appearance, odour, temperature or other observable abnormalities.” Bulk milk graders are instructed to take two samples of the milk that they reject. They are also instructed to advise the affected producer, Alberta Milk and the Inspection and Investigation Section of Alberta Agriculture and Forestry.

There may be several reasons for milk to be rejected by bulk milk graders. In addition to the temperature standards outlined above, the [Dairy Industry Regulation](#) Section 44(1)(b) states, “No person shall sell milk for human consumption that contains blood, coagulation or other foreign particles.” This regulation puts the onus on producers to ensure that their milk is acceptable before offering it for sale.

If a bulk milk grader accepts milk that is later rejected by the plant receiver for the presence of blood, the producer will receive zero payment for this volume, and it is deemed shipped and will fill quota eligibility accordingly. The milk hauling company is responsible for disposal costs of the milk and for compensating the innocent producers whose commingled shipments were also rejected.

If your milk is rejected, you may call Alberta Milk’s Member Services staff for advice and assistance. Producers have the right to request that their milk be graded by the processor’s milk receiver. The milk receiver will grade samples of the milk delivered by the bulk milk grader. It is the responsibility of the producer to follow up with the processor as to their decision to accept or reject the milk. If the receiver also rejects the milk, the producer may ask an inspector to review the milk rejection. It is the responsibility of the producer to contact the inspector for their review of the rejection. *Note: The decision of the inspector is final. Milk rejection requirements are detailed in section 17 of the [Dairy Industry Act](#).*

Once the rejection is finalized, producers will need to discard all of the offending milk. Any volume discrepancies in the immediate shipment after a rejection will be adjusted as necessary. No payment will be received for milk that should have been discarded.

The contact list of milk receivers is available in the Document Manager section of the [MMS Producer Portal](#)

### **Analysis of Extra Samples by Central Milk Testing Lab**

Producers can get extra milk tests done at Central Milk Testing (CMT) as per the following fee schedule.

#### ***Individual Cow Testing (plus \$40.00 Herd Fee)***

|                         |               |
|-------------------------|---------------|
| Milk Components         | \$3.75/sample |
| Somatic Cell            | \$3.75/sample |
| Milk Components/SCC     | \$4.00/sample |
| MUN                     | \$3.75/sample |
| Milk Components/SCC/MUN | \$4.25/sample |

#### ***Quality Testing (plus \$40.00 Admin Fee)***

|                            |                |
|----------------------------|----------------|
| IBC Testing (Bactoscan)    | \$ 7.00/sample |
| Drug Residue               |                |
| • (Beta Lactam – [BL])     | \$25.00/sample |
| • BL, Sulfa, Tetra         | \$60.00/sample |
| • Pirlimycin               | \$70.00/sample |
| Freezing Point (Cryoscope) | \$ 7.00/sample |

### ***Additional Supplies***

|                                  |             |
|----------------------------------|-------------|
| Sample Vials                     | \$0.40/vial |
| Sample box (64 vials with pills) | \$30.00/box |

Producers can call the CMT lab to request any of these tests on the samples sent for component testing (though not all samples will meet the criteria for bacteria testing). Producers are responsible for sending in their own extra samples for testing.

It is important to call the CMT lab prior to sending samples for extra testing. The CMT lab can be reached at 780-434-3440 or toll free at 1-866-816-5335.

### **Additional Laboratory Tests**

#### ***Lab Pasteurization Count - \$35 per sample + \$40.00 Admin Fee***

- Tests for the presence of thermophilic bacteria.
- Some typical thermophilic bacteria are Micrococcus, Microbacterium, Streptococcus, Lactobacillus, Bacillus, and Clostridium.
- Thermophilic bacteria (vegetative cells or spores) can survive pasteurization.
- High thermophilic bacteria counts are associated with unhygienic production practices. The thermophilic count indicates thoroughness of equipment sanitation and assists in detecting sources of organisms responsible for high counts in pasteurized milk products.

#### ***Psychrotrophic Bacteria Count - \$35 per sample + \$40.00 Admin Fee***

- Tests for the presence of bacteria that grow at temperatures under 8 C.
- Some types of psychrotrophic bacteria are Pseudomonas, Flavobacterium, Bacillus, and Lactobacillus.
- Growth of psychrotrophs in raw milk can reduce the quality of the pasteurized product: pasteurization eliminates most (but not all) of these cells.

#### ***Coliform Count - \$35 per sample + \$40.00 Admin Fee***

- Petrifilm Plate Method.
- Common types of coliform bacteria are Escherichia and Enterobacter.

- Presence of coliform bacteria may indicate the possibility of fecal contamination.

Samples must be taken in a hygienic manner and stored at 0 to 4 C.  
 Samples can be delivered personally or shipped by courier to:

Central Milk Testing Lab  
 4th Floor, O.S. Longman Building  
 6909 – 116 Street Edmonton, AB T6H 4P2  
 1-866-816-5335

### Annual Milk Quality Award Criteria

1. Must be an active producer, who has produced milk in all 12 months of the previous dairy year.
2. The average of the twelve-monthly bacteria counts (IBC) must be 15,000 cells/ml or less.
3. The average of the twelve-monthly somatic cell counts must average 200,000 cells/ml or less, with a maximum of three monthly counts permitted between 200,000 and 300,000 cells/ml.
4. All freezing points must be -0.530 Hortvet or lower during the year.
5. There must be no inhibitor infractions during the year.

### Monthly Quality Milk Bonus Program

To qualify for the monthly Quality Milk Bonus:

- A producer must be recognized on proAction (a recognized producer is one that has obtained proAction registration and is not in the proAction registration withdrawal process).
- A producer must meet the following criteria in a given month:

| Test                            | Standard to Meet  |
|---------------------------------|---|
| Individual Bacteria Count (IBC) | Maximum average of 30,000 individual bacteria cells per ml. |
| Somatic Cell Count (SCC)        | Maximum average of 250,000 cells/ml.                        |
| Inhibitors and Drug Residues    | No Infractions.   |
| Freezing Point                  | No Infractions.<br>Maximum temperature: -0.525 H.           |

The Quality Milk Bonus is paid monthly; the value of the bonus will vary depending on Western Milk Pool Class 1 sales and will vary depending on the volume of qualified milk produced in Alberta.

*Note: A producer who is in non-compliance with proAction is not eligible for the milk quality bonus in the month(s) they are in non-compliance. A producer is considered to be in non-compliance after Day 60 of the proAction Compliance Policy (see page 18). To remain in compliance with proAction, each producer must submit their self-declaration by the due date; address all Corrective Action Requests on the validation report in the agreed upon time frame with the proAction Coordinator; and maintain all the required proAction records. Non-compliance applies to all proAction modules.*

### **Producer Milk Quality and Component Test Notifications**

Milk quality and milk component test results are available from Alberta Milk by email or on the new [Members' Only website](#). Producers can access their account using a password. Receiving test results by e-mail is a setting that producers can customize through their online account.

Alert notifications for test results over threshold values are sent as soon as the data is imported into the Alberta Milk database. The threshold levels are initially set by Alberta Milk but are customizable by producers.

An email notification simply states that there is new data to view on Alberta Milk's new [Members' Only website](#). Producers must then visit the webpage to view their new milk quality and component test data.

Alberta Milk will not be doing routine phone alerts to producers when their milk quality does not meet standards. Producers will be advised by letter if there is a milk quality infraction, if grades are adjusted and warnings or financial deductions are made. Producers will be contacted by Inspection and Investigation Section of Alberta Agriculture and Forestry if their milk tests positive for inhibitors, if their IBC values exceed 1,000,000 cells/ml, or if their FP values is warmer than -0.514H.

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## SECTION 3: ON-FARM BULK TANK POLICIES

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### **Bulk Tank Installation**

Bulk tank installations must be approved by an inspector before Alberta Milk is allowed to take shipments from that tank. To make an appointment, contact the Inspection and Investigation Section of Alberta Agriculture and Forestry at 403-755-1474.

All new bulk tanks must have a minimum 3 inches outlet and a reducer from 3 inches down to 2.5 inches.

### **Minimum Bulk Tank Capacity**

A bulk tank (or a combination of more than one) on a farm must hold at least two and a half days of the herd's milk production during the peak production period.

All bulk tanks must be in accordance with the [\*Dairy Industry Regulation\*](#) (DIR 21-26). Milk measurement and tank calibration requires the presence of a tank dipstick. All bulk tanks must meet the minimum cooling requirements for milk collection as defined in 3-A Sanitary Standards for Farm Milk Cooling and Holding Tanks.

New bulk tank installations must be calibrated as soon as possible.

### **Minimum Shipment Policy**

A minimum of 100 litres must be shipped every two days. Regulations do not permit partial pickups.

On a monthly basis, the volume portion of the producer transportation assessment will be applied using a minimum monthly volume of 6,000 litres (pro-rated if a producer is entering or exiting the industry during the month).

The Milk Grade and Price Program will apply to all milk produced monthly, regardless of the volume shipped. The yard charge will be paid by all producers regardless of the volume shipped.

## **First Milking Specifications**

The first milking placed in the bulk milk tank must:

- Have a minimum of five minutes of agitation every hour,
- Be at or above the minimum volume on the tank chart,
- Be properly cooled, and
- Be able to be sampled.

The bulk milk grader will notify Alberta Milk if these requirements are in question and the office will contact the producer to check on the volumes shipped.

## **Sanitization of Bulk Tanks**

A bulk tank must be emptied, cleaned, and sanitized at least once every two days. It must be cleaned every time it is emptied.

## **Extra Pickup and Dual Tank Policy**

An extra pickup (EPU) is defined as an additional pick up, other than the regular pick up cycle of once every two days at a usual time.

Dual Tanks are defined as two or more tanks that have a regular pick up cycle of once every two days.

Examples of EPU (but not limited to):

- Bulk tank installations
- Bulk tank calibrations
- Emergency pickups
- Late notice from a producer with a follow up bulk tank sample after an inhibitor violation
- Tank/s capacity will not hold two days of production: [\*Dairy Industry Regulation\*](#) 25(1) (c) A tank must have a capacity to hold at least 2.5 days of milk production by the dairy animal herd during its peak production period.

## **Producer Cost/Payment**

EPU can be requested by either the individual producer who will then pay or by Alberta Milk who will then pay, regardless of the tank's capacity.

The following costs will apply to the individual producer who requests EPU:

- For 0 to 100 km per EPU a flat rate fee of \$40 for each EPU.
- For EPU over 100 km a flat rate fee of \$40 plus an additional km charge for the km over 100 as calculated by the transportation hauling formula.
- Current yard charge - The regular yard charge will apply only when the milk is picked up; for trips to the farm where the milk is not picked up, there will be no yard charge.
- If the EPU is to manage bulk tank volumes, then the flat rate fee will apply for a minimum of two months, regardless of the number of EPU within the two months.
- Producers with dual tanks and the regular pick up cycle of once every two days will only be charged one yard-charge within the two-day pickup cycle. If the producer requests EPU, then the above costs will apply.

The following payments and non-charges will apply to the individual producer when Alberta Milk requests EPU:

- The producer will be paid a token payment of \$40 for each of these EPU.
- The producer will not be charged the flat rate \$40 fee nor the current yard charge fee for these EPU.

## **Administration**

All producer costs and payments for EPU will be deducted from or added to the individual producer's pay.

## **Dual Tank Specifics**

The Milk Grade and Price Program will apply to all milk produced monthly, regardless of which tank the violation occurred.

With every additional tank, producers will pay extra costs including additional laboratory (no monthly prorated), calibration, and cleaning costs.

If a producer chooses to have additional tanks, they must meet the same [Dairy Industry Regulation](#) requirements as the first tank. The following requirements must also be met:

- Tanks must be clearly identified by numbers and the corresponding calibration chart, milk house bar code labels, and milk receipts must be identified accordingly. The tank that's primarily used must be labelled as #1.
- The additional tanks must be situated so that all farm bulk tanks can be picked up on one stop with a standard 8meter hose without moving the truck.

## **Bulk Milk Tank Calibration Program**

The Bulk Milk Tank Calibration Program for Alberta started on May 1, 2005. After a bulk milk tank has been initially calibrated, it will be checked for recalibration or calibration at 5-year intervals.

When bulk tanks are calibrated, they may be re-sloped to ensure fast drainage, which is important for large milk pumps to operate.

Producer calibration costs include:

- Labour costs for their individual calibration.
- Cost of supplying enough clean, potable water from an acceptable source free of air bubbles to fill the bulk tank. Bulk milk tanks with a capacity of over 1,000 gallons must have enough water available to fill at least half, if not all of the tank. This water should be in a separate tank within 12.19 metres (40 feet) of the bulk milk tank.
- If a bulk tank without a dipstick is purchased, it is the producer's responsibility to acquire and install a holder and dipstick prior to installation.

Each bulk milk tank calibration must be rechecked, by a calibrator approved by Alberta Milk, every 5 years.

### **Calibration Priorities**

Alberta Milk has contracted International Dairy Calibrations Alberta Ltd. (Mr. Shaun Byers) to perform calibrations in Alberta. Newly installed tanks will receive the highest priority, followed by tanks on routes where excessive shrink has been identified. The calibrator works with haulers by route within a region in order to keep costs down. Producers are asked to try to accommodate the calibrator to arrange to calibrate or recalibrate their tank(s).

If you have any questions regarding Bulk Tank calibration, or would like to inquire about scheduling a calibration, please call Alberta Milk Member Services toll free at 1-877-361-1231.

## Calibration Costs

The price for tank calibration is dependent on the size of the tank.

| Capacity in US Gallons | Capacity in Litres | Calibration Cost as of Aug 1, 2019 | Re-Calibration Cost as of Aug 1, 2019 |
|------------------------|--------------------|------------------------------------|---------------------------------------|
| 200 - 599              | 757 - 2,267        | \$ 698                             | \$ 434                                |
| 600 - 799              | 2,271 - 3,025      | \$ 707                             | \$ 440                                |
| 800 - 999              | 3,028 - 3,782      | \$ 720                             | \$ 459                                |
| 1,000 - 1,249          | 3,785 - 4,728      | \$ 738                             | \$ 465                                |
| 1,250 - 1,499          | 4,732 - 5,674      | \$ 763                             | \$ 494                                |
| 1,500 - 1,999          | 5,678 - 7,567      | \$ 777                             | \$ 510                                |
| 2,000 - 2,499          | 7,571 - 9,460      | \$ 826                             | \$ 522                                |
| 2,500 - 2,999          | 9,464 - 11,352     | \$ 863                             | \$ 536                                |
| 3,000 - 3,499          | 11,356 - 13,245    | \$ 918                             | \$ 561                                |
| 3,500 - 3,999          | 13,249 - 15,138    | \$ 970                             | \$ 586                                |
| 4,000 - 4,999          | 15,142 - 18,923    | \$ 1,038                           | \$ 617                                |
| 5,000 - 5,999          | 18,927 - 22,709    | \$ 1,084                           | \$ 631                                |
| 6,000 - 6,499          | 22,712 - 24,601    | \$ 1,128                           | \$ 643                                |
| 6,500 - 7,499          | 24,605 - 28,387    | \$ 1,153                           | \$ 657                                |
| 7,500 - 8,000          | 28,391 - 30,283    | \$ 1,170                           | \$ 668                                |
| Pooled cost Re-sloping |                    | \$ 75                              |                                       |
| Travel Cost            |                    | \$ 285                             |                                       |

Pooled calibration costs covered by Alberta Milk include:

- Calibrator mileage and expenses
- Re-sloping of tanks (\$75/tank)
- Milk hauling charges (if required)

## Buffer Tank Policy

Buffer tanks are required on all new Automated Milking Systems.

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## SECTION 4: YARD AND LANE POLICIES

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Note: This policy has been revised for a transition from the current triaxle trailers over to b-trains for milk pickup. The 10-year transition will involve producers, processors and haulers. Please contact Bill Beisal directly for any inquiries of the new b-train criteria.

The purpose of these standards is to ensure greater farm safety and to maintain transportation efficiencies. Individual milk producers are responsible for ensuring that a safe and practical access to the milk house in all weather conditions is provided for the milk transporter and his vehicle.

These standards will apply to all operations during the transition from tractor, tri-axle trailer combination over to a tractor, b-train trailer combination. This ten-year transition will be completed on August 1, 2028 when all operations will be required to have b-train accessibility.

Effective August 1, 2018, all existing and new producers who construct a barn where facilities did not already exist will be required to have a yard and lane that is accessible to b-trains.

**\*\*Note:** This policy will note the specific b-train requirements for these operations to adhere to (i.e., constructing a barn where facilities did not already exist).

Acquiring a producer licence requires compliance with this policy.

These policies take into consideration the [Dairy Industry Act](#) and [Dairy Industry Regulations](#) concerning yards and transporters. As changes occur in the dairy industry, larger configurations may be used to maintain and improve efficiencies.

### **Policy Administration**

Producers are encouraged to meet these standards and make the necessary adjustments themselves. In every instance, the application of this policy will be based on common sense and practical considerations.

Any farmyard or lane problem that is brought to the attention of Alberta Milk staff will be dealt with on an individual basis. A staff representative will be available to act as a liaison between the producer and milk hauler, ensuring that all requests are within policy standards. After discussions with the producer and milk hauler, a Yard Report indicating any necessary changes for policy compliance will be completed. A reasonable amount of time will be granted for changes, according to each individual case.

If a producer chooses to appeal the Yard Report, a written request for appeal will be required and submitted to the Transportation Committee and the Alberta Milk Board of Directors for review.

## **Lane Requirements**

### ***Cross-Contamination Prevention***

- Farmyards and lanes must be kept free of manure.
- Manure accumulations on farmyards or lanes are considered to be possible sources of contamination through soil and manure adhering to the underside of milk trucks and truck tires. Adherence to this requirement will help eliminate the spread of pathogens.
- Livestock of any description shall not be allowed access to any portion of the lane or yard that is normally traveled by a milk hauler.

### ***Farm Gates and Fences***

- A gate of any type, which requires opening and closing by the milk hauler having to leave his vehicle, is not permitted.
- Fences must be set back a minimum of 2.44 metres (8 feet) from the edge of the lane.

### ***Overhead Objects***

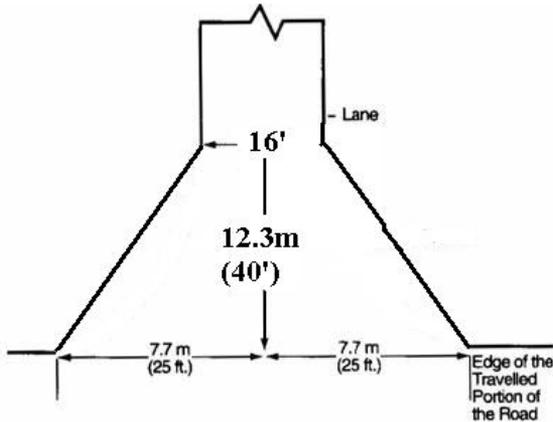
- The traveled portion of the yard and lane should be free of all overhead objects such as branches and wires to a height of 4.57 metres (15 feet) from the surface of the yard and lane. Ice and snow build-up should be taken into consideration when determining the height. As well, all porch roofs or similar structures surrounding the loading area and traveled portion of the yard and lane must be considered.

### ***Lane Bridges***

- All bridges, culverts, and Texas-style gates should be clearly identified on all four corners where the lane meets the bridge. The weight-bearing load/capacity will depend on the length of bridge and the number of axles on the bridge at any one time. The weight-bearing load/capacity must accommodate the largest trailer assigned by Alberta Milk.
- The length of any necessary culvert will be dependent on the ditch location with respect to the driveway entrance. In addition, if the type of vehicle used to pick up milk changes, and has been approved by Alberta Milk, then the producer must ensure that the yard and lane entrance can accommodate the new vehicle type.

### ***Lane Entrance***

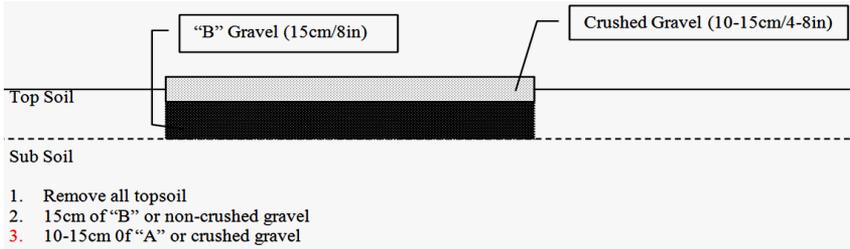
- The lane entrance must be such that it provides a safe and reasonable access for the type of vehicle operating in the area. If the type of vehicle used to pick up a producer's milk changes, and has been approved by Alberta Milk, then the producer must ensure that the yard and the lane entrance can accommodate the new vehicle type.
- The lane entrance should angle from the shoulder of the road so that at 12.19 metres (40 feet) in from the edge of the traveled portion of the road the width of the lane must be a minimum of 3.66 metres (12 feet).
- The length of any necessary culvert will be dependent on the ditch location with respect to the lane entrance as illustrated in Figure A.
- Minimum width of the lane entrance is 3.66 meters (12 feet), preferred is 4.88 metres (16 feet).



*Figure A: Lane Entrance*

### **Yard and Lane Construction**

- In order to provide adequate drainage and permit winds to carry snow over the laneway, the lane surface should be elevated with a gentle downward slope from the centre to each side of the lane. In addition, the lane shoulders should slope at an angle no greater than 45 degrees.
- The entire lane and traveled portion of any yard site shall be constructed to provide adequate weight bearing support for a fully loaded truck or tractor-trailer. For the lanes that are not acceptable the following minimum standards will be applied. However, the amount of natural drainage will determine if more, or less, granular material is required compared to the specifications shown in Figure B.
- For gravel yards and lanes, there must be adequate gravel. Proper construction guidelines, for those areas on which the milk truck travels, vary depending on the type of soil.
- That portion of the yard and lane through which the milk truck travels should be constructed to provide adequate drainage and prevent the build-up of mud.



**Figure B: Lane Construction Illustration**

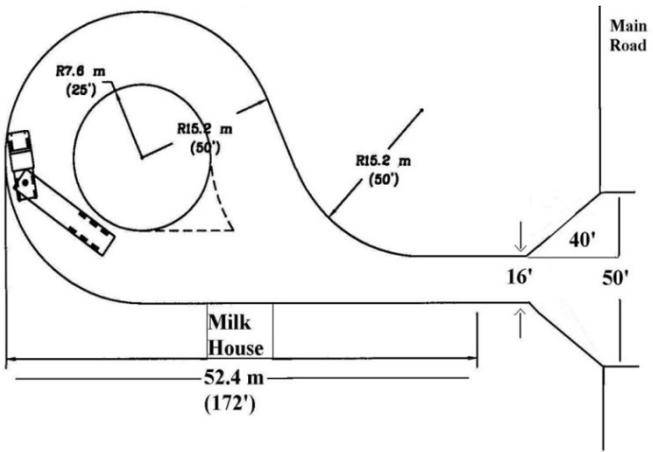
### Other Road Specifications

- Lane Width - The minimum width of the lane is 3.66 metres (12 feet) but the recommended is 4.88 metres (16 feet) for the entire length of the lane, and greater than this at the entrance and at points where the lane direction changes.
- Maintenance - The lane and yard must be kept in good repair and have adequate gravel and proper drainage. It must be free of damaging potholes. In winter conditions, the portion of the driveway and yard that the tanker travels must be cleared of snow whenever necessary. Icy surfaces must be salted or gravelled. In all weather conditions, the lane and yard must be adequate to handle the maximum weight of the loaded milk truck.
- Blocked Access - Cars, farm trucks, farm tractors and farm implements must not be located or parked in that portion of the yard and lane that is traveled by the milk truck in the process of picking up milk.
- Backing into A Yard - For safety reasons it is not permissible for a milk hauler to reverse into or out of a farmyard or lane.
- Turn Around Provisions - A suitable turn around area must be provided within the yard as close to the milk house as possible. This turn around must be a circular turnaround or a drive-through.

- The minimum width of a lane is 3.66 metres (12 feet); the recommended width is 4.88 metres (16 feet) as shown in Figure C.

**\*\*Note:** Three-point turn around areas are not permissible with b-trains.

**\*\*Note:** b-trains are required to have the minimum of 172 feet of a straight away drive path in front of the milk house and must not have reverse travel in the yards and lanes (see Figure C).



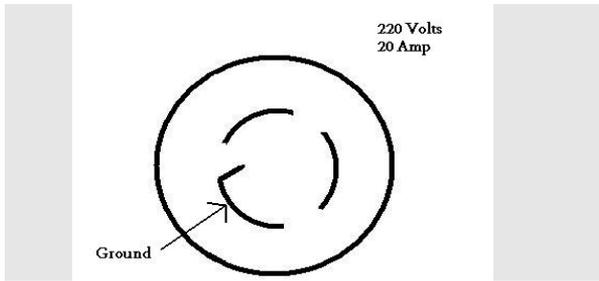
**Figure C: Circular Driveway Diagram**

- Loading Area - The area of the yard where the milk truck is parked while pumping on the milk must be reasonably level and dry. The inside and outside area used by the milk hose must be clean and free from mud, manure, and other contaminants. Sufficient clearance and lighting is required for inspection and sampling of the milk and reading the measuring device. An unobstructed view from the milk house to the transfer pump compartment is required.

### Electrical Outlets

For driver safety reasons, a grounded 20 amp electrical outlet located outside and adjacent to the milk hose porthole is required. This electrical outlet must be controlled with a bipolar switch located inside the milk

house. The electrical outlet and the bipolar switch must meet the requirements of the provincial code. For type of plug, see Figure D.



*Figure D: Diagram of Electrical Outlet*

**\*\*Note: For b-trains a grounded 30 amp 250 volt electrical outlet located outside and adjacent to the milk hose porthole is required.**

### **Responsibility for Damages**

When damage has incurred and a consensus cannot be reached between the milk hauler and the producer, it will be reviewed by Alberta Milk. Whoever is deemed responsible, or causes the damage, is responsible for the costs incurred. It is the responsibility of the milk hauler to drive professionally and the responsibility of the producer to comply with the Yard and Lane policies. If these responsibilities are compromised, then responsibility for costs or damages will occur.

#### ***Example 1:***

The milk hauler turns a corner too sharply and their truck becomes stuck. A tow truck is required and damage is caused to the trailer. There is ample room for the trailer to turn but due to poor judgment on the driver's behalf, the corner is taken too sharply. The cost is borne by the hauler.

#### ***Example 2:***

The milk hauler becomes stuck in the driveway. The driveway in question is compromised due to potholes and is very narrow. The driveway does not comply with the Yard and Lane policy, and the producer has been advised it is unsatisfactory. The producer is responsible for the costs.

## **Dairy Industry Regulation (DIR) and Act (DIA)**

**DIR 8** The land surrounding a dairy barn and milk house must be  
(b) kept free of refuse and animal and vegetable wastes,  
(c) well drained.

**DIR 9** In order to permit passage by a milk transport vehicle, a producer's road to a milk house must be maintained by the producer so that access to the milk house is  
(a) safe and easy in all weather conditions,  
(b) free of animals, locked gates and other obstacles.

**DIR 16(4)(a)(i)** A milk house must be equipped with a pressurized, hot and cold running, potable water system that has taps, pipes, hoses and nozzles installed and arranged in a manner that permits cleaning of the milk house.

**DIR 19(2)** A milk house must have  
(a) outside the milk house and directly below the hose port, a concrete apron,  
(i) that is connected to the main entrance of the milk house by a concrete walkway and  
(ii) that is large enough so that the hose of the milk transport vehicle cannot contact ground other than the concrete walkway.  
(b) a grounded exterior electrical outlet adjacent to the hose port and controlled by a bipolar switch located on the interior wall of the milk house in a location accessible to the bulk milk grader,  
(c) a window in the milk house that permits the bulk milk grader to observe the transfer pump compartment of the milk transport vehicle's tank from inside the milk house.

**DIR 24(1)** A bulk milk tank in a milk house must be located so that there is  
(a) sufficient clearance for inspection and sampling of the milk and the removal of the dipstick, gauge or other measuring device,  
(b) at least 90 cm clearance on the outlet side, the pouring side and the sink side.

**DIA 13(1)** The buildings, land, equipment and utensils of a dairy farm that are used in connection with dairy purposes must meet the requirements of the regulations.

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## SECTION 5: USEFUL PHONE NUMBERS AND WEBSITES

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| Topic  | Contact  | Phone Number                                       |
|--|--|--|
| Premise Inspection to be a Licenced Producer, Bulk Tank Installation Approval<br>Inhibitor Suspensions | Inspection and Investigation Section, Alberta Agriculture and Forestry | 1-866-252-6403                                     |
| proAction® Program   | Morgan Hobin   | 1-877-361-1231<br>x3318                            |
| Milk Quality; Bulk Tank Calibration; Milk Grade and Price Program                                      | Kelly Mauthe   | 1-877-361-1231<br>x3314                            |
| Quota Transactions; Licencing  | Cristin Vollrath   | 1-877-361-1231<br>x3312<br>Fax: 780-455-2196       |
| Transportation Issues; Inhibitors in the Bulk Tank<br>Feed Contaminations                              | Bill Beisal<br>Audrey Kirtzinger                                       | 1-877-361-1231<br>x3310<br>Emergency: 780-491-2666 |
| Inhibitor Reinstatement; Extra Lab Testing   | Central Milk Testing Lab   | 1-866-816-5335                                     |
| Animal Welfare; Dairy Code of Practice   | ALERT Line<br>Mike Slomp   | 1-877-361-1231<br>x3316                            |
| Dairy research/extension   | Mike Slomp   | 1-877-361-1231<br>x3316                            |
| Dairy Cost Study   | Pauline Van Biert  | 780-415-2153                                       |

Alberta Milk new Members Only: [portal.nitamms.com](http://portal.nitamms.com)

Alberta Agriculture and Forestry: [www.agric.gov.ab.ca](http://www.agric.gov.ab.ca)

Natural Resources Conservation Board: [www.nrcb.ca](http://www.nrcb.ca)

AgSafe Alberta Society: [www.agsafeab.ca](http://www.agsafeab.ca)

proAction: [www.dairyfarmers.ca/proaction](http://www.dairyfarmers.ca/proaction)





[www.albertamilk.com](http://www.albertamilk.com)

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