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## CREDIT-SALE RESTRICTION (CSR) POLICY DOCUMENT

The Alberta Milk Board has approved a 10% **Credit-Sale Restriction (CSR) policy**. As per the approved CSR policy, effective August 1, 2021, “producers can sell up to 10% of their eligible annual quota credits in a rolling 12-month period, subject to the Board’s ability to implement policies (which can include incentive days and credit-day restrictions) to either incent or reduce production”.

The 10% CSR policy means that, starting August 1, 2021, a producer’s rolling annual cumulative credit-sales cannot exceed 10% of their rolling annual quota eligibility.

### Implementation of the CSR Policy:

The following will help explain how the CSR policy will be implemented with examples for further clarification.

### Key definitions:

1. **Rolling annual quota eligibility [column G]** refers to a producer’s rolling 12-month average Continuous Daily Quota (CDQ) holding multiplied by the number of days (i.e. 365 or 366 days) in that 12-month period, including the current month.

The rolling annual quota eligibility number does not include any quota eligibility before September 1, 2020. For farms with less than 12 months of historical CDQ data, the average CDQ (for whatever amount of historical data is available) will be used and multiplied by the number of days in the rolling 12-month period (i.e. 365 or 366 days).

2. **10% of rolling annual quota eligibility [column H]** means 0.10 multiplied by the rolling annual quota eligibility as described in [column G] above.
3. **Rolling annual cumulative credit sales [column I]** refers to the sum of a producer’s most recent 12-month credit sales (including credit sales in the current month). This rolling annual number will not include any credit sales that occurred before the policy start date of August 1, 2021. The rolling 12-month number will also not include any credit purchases since the CSR policy limit is only on credit sales and not purchases.
4. **Remaining credit-sale eligibility [column K]** represents the maximum number of underproduction credits that a producer can sell in the current month, subject to the 10% CSR policy limit.

The remaining credit-sale eligibility is calculated as “10% of the rolling annual quota eligibility” minus the “rolling annual cumulative credit-sales” for each month (i.e.  $[K] = [H] - [I]$ ).

A zero (or negative) number implies that the producer has reached (or exceeded) the 10% CSR policy limit and **must wait** until a future month with a positive credit-sale eligibility to be able to sell those underproduction credits.

**Example:**

Assume the following data for a producer:

- a) 100 kg/day of CDQ each month from September 2020 to August 2021
- b) The producer sells or plans to sell 1200, 1000, 700 and 1000 kg of credits in August, September, October, and November 2021 respectively

**Calculations:**

- 1. The producer’s rolling annual quota eligibility **[G]** will be:  $100 \text{ kg/day} \times 365 \text{ days} = 36,500 \text{ kg}$ . [i.e., the average annual CDQ holdings  $\times$  365 days]
- 2. Hence, 10% of the producer’s rolling annual quota eligibility **[H]** will be:  $0.10 \times 36,500 = 3,650 \text{ kg}$
- 3. The producer’s rolling annual cumulative credit sales as at November 2021 **[I]** will be:  
 $1200+1000+700+1000 = 3,900 \text{ kg}$

So, in August, September and October the producer would have cumulatively utilized 3.3%, 6% and 8% of their credit-sale eligibility respectively as reported in **[J]**. After the credit sale in October, the producer’s remaining credit-sale eligibility will be 750 kg (i.e.,  $3650-1200-1000-700=750$ ), which represents the maximum amount of credits the producer can sell after October. Allowing the sale of 1,000 kg of credits in November will cause the producer to go above the 10% CSR policy limit which is not permitted. See attached screenshot #1.

Hence, the producer can only sell a maximum of 750 kg of credits in November. After the 750 kg credit sale in November, the producer as per this example will need to wait until August 2022 to be able to sell any more underproduction credits, assuming the producer’s quota (CDQ) holdings remain unchanged. See attached screenshot #2.

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Below are screenshots from the CSR calculator developed by Alberta Milk Staff to help estimate the potential implication of the 10% CSR policy for Alberta producers. This calculator will be made available online for download.

**Steps to using the Calculator are as follows:**

- 1. Open the CSR calculator with Microsoft Excel.
- 2. Enter your respective CDQ holdings beginning in September 2020 to the current month in [column C].
- 3. If any, enter as a positive number in [column D], the total kg of credits sold (or the total kg of credits you plan to sell) starting in August 2021.
- 4. Monitor the results in [column K] to see the maximum kg of credits you could sell in the current month, subject to the 10% CSR policy limit.

Buying quota would reduce how long a producer will need to wait to be able to sell credits again after reaching their CSR policy limit. On the other hand, selling quota could cause a producer to exceed the 10% limit in future months (i.e., have a negative remaining credit-sale eligibility [K]) and this would increase how long a producer will need to wait to be able to sell credits again.

Note that with the CSR policy, a producer could still buy underproduction credits without restrictions. Producers are however not allowed to buy and sell underproduction credits in the same month.

Producers’ remaining credit-sale eligibility (i.e., the maximum kg of credits they can sell subject to the 10% CSR policy) will be reported in the comments section of their monthly milk pay statement.

**Screenshot #1: Before adjusting Nov-2021 credit sale from 1,000 to 750kg**

Row No.	A Month	B No. of days in month	C CDQ (kg/day)	D Credit Sales (+) (kg)	E Rolling annual average CDQ (kg)	F No. of days in 12-m period	G = E * F Rolling annual quota eligibility (kg)	H = 10% x G 10% of Rolling annual quota eligibility (kg)	I Rolling annual cumulative credit sales (kg)	J Credit-sale Eligibility Utilized (%)	K = [H] - [I] Remaining Credit-sale Eligibility (kg)
1	Sep-2020	30	100.00								
2	Oct-2020	31	100.00								
3	Nov-2020	30	100.00								
4	Dec-2020	31	100.00								
5	Jan-2021	31	100.00								
6	Feb-2021	28	100.00								
7	Mar-2021	31	100.00								
8	Apr-2021	30	100.00								
9	May-2021	31	100.00								
10	Jun-2021	30	100.00								
11	Jul-2021	31	100.00								
12	Aug-2021	31	100.00	1,200	100.00	365	36,500	3,650	1,200	3.3%	2,450
13	Sep-2021	30	100.00	1,000	100.00	365	36,500	3,650	2,200	6.0%	1,450
14	Oct-2021	31	100.00	700	100.00	365	36,500	3,650	2,900	8.0%	750
15	Nov-2021	30	100.00	1,000	100.00	365	36,500	3,650	3,900	10.7%	-250
16	Dec-2021	31	100.00		100.00	365	36,500	3,650	3,900	10.7%	-250
17	Jan-2022	31	100.00		100.00	365	36,500	3,650	3,900	10.7%	-250
18	Feb-2022	28	100.00		100.00	365	36,500	3,650	3,900	10.7%	-250
19	Mar-2022	31	100.00		100.00	365	36,500	3,650	3,900	10.7%	-250
20	Apr-2022	30	100.00		100.00	365	36,500	3,650	3,900	10.7%	-250
21	May-2022	31	100.00		100.00	365	36,500	3,650	3,900	10.7%	-250
22	Jun-2022	30	100.00		100.00	365	36,500	3,650	3,900	10.7%	-250
23	Jul-2022	31	100.00		100.00	365	36,500	3,650	3,900	10.7%	-250
24	Aug-2022	31	100.00		100.00	365	36,500	3,650	2,700	7.4%	950
25	Sep-2022	30	100.00		100.00	365	36,500	3,650	1,700	4.7%	1,950

**Screenshot #2: After adjusting Nov-2021 credit sale from 1,000 to 750kg**

Row No.	A Month	B No. of days in month	C CDQ (kg/day)	D Credit Sales (+) (kg)	E Rolling annual average CDQ (kg)	F No. of days in 12-m period	G = E * F Rolling annual quota eligibility (kg)	H = 10% x G 10% of Rolling annual quota eligibility (kg)	I Rolling annual cumulative credit sales (kg)	J Credit-sale Eligibility Utilized (%)	K = [H] - [I] Remaining Credit-sale Eligibility (kg)
1	Sep-2020	30	100.00								
2	Oct-2020	31	100.00								
3	Nov-2020	30	100.00								
4	Dec-2020	31	100.00								
5	Jan-2021	31	100.00								
6	Feb-2021	28	100.00								
7	Mar-2021	31	100.00								
8	Apr-2021	30	100.00								
9	May-2021	31	100.00								
10	Jun-2021	30	100.00								
11	Jul-2021	31	100.00								
12	Aug-2021	31	100.00	1,200	100.00	365	36,500	3,650	1,200	3.3%	2,450
13	Sep-2021	30	100.00	1,000	100.00	365	36,500	3,650	2,200	6.0%	1,450
14	Oct-2021	31	100.00	700	100.00	365	36,500	3,650	2,900	8.0%	750
15	Nov-2021	30	100.00	750	100.00	365	36,500	3,650	3,650	10.0%	0
16	Dec-2021	31	100.00		100.00	365	36,500	3,650	3,650	10.0%	0
17	Jan-2022	31	100.00		100.00	365	36,500	3,650	3,650	10.0%	0
18	Feb-2022	28	100.00		100.00	365	36,500	3,650	3,650	10.0%	0
19	Mar-2022	31	100.00		100.00	365	36,500	3,650	3,650	10.0%	0
20	Apr-2022	30	100.00		100.00	365	36,500	3,650	3,650	10.0%	0
21	May-2022	31	100.00		100.00	365	36,500	3,650	3,650	10.0%	0
22	Jun-2022	30	100.00		100.00	365	36,500	3,650	3,650	10.0%	0
23	Jul-2022	31	100.00		100.00	365	36,500	3,650	3,650	10.0%	0
24	Aug-2022	31	100.00		100.00	365	36,500	3,650	2,450	6.7%	1,200
25	Sep-2022	30	100.00		100.00	365	36,500	3,650	1,450	4.0%	2,200

