

DAIRY FARMERS OF PRINCE EDWARD ISLAND

ORDER: DFPEI 2009-03

EFFECTIVE: 1 August 2009

Under the Dairy Farmers of Prince Edward Island Regulations and under the *Natural Products Marketing Act*, R.S.P.E.I.1988, Cap. N-3, Dairy Farmers of Prince Edward Island makes the following Order:

MILK TRANSPORTATION RATE DETERMINATION ORDER

Application

1. This Order provides for the establishment of bulk milk transportation rates for all raw milk transported directly by a transporter from a producer's farm to a designated dairy manufacturing plant.

Definitions

2. The words herein shall have the meanings as found in the *Prince Edward Island Natural Products Marketing Act* and the Dairy Farmers of Prince Edward Island Regulations unless differentiated herein and as hereinafter defined:

(a) "bulk haulage transportation formula" means the formula used by the Board to determine a transporter's weighted average transport rate using the cost elements described in Appendix "A";

(b) "dairy manufacturing plant" means a place where milk or cream is manufactured and processed into Class 1 or industrial milk products;

(c) "milk" means the normal milk from cows;

(d) "primary transportation" means bulk transportation of raw milk directly from a producer's farm to a dairy manufacturing plant;

(e) "primary transportation rate" means the bulk haulage transportation rate established for a transporter by the Board based on an individual transporter's weighted average rate to transport milk from producer's farms to dairy manufacturing plants; and

(f) "transporter" means a bulk milk transportation company approved by the Board to transport bulk milk from producer's farms to dairy manufacturing plants.

Establishment of Rates

3. The Board shall establish a bulk milk haulage transportation rate using the formula established in 2(a) and these calculations shall be updated using the bulk milk haulage transportation formula at least once per annum and on the first of a month if there is a change of + or - 4% in the ultra low sulfur diesel fuel price. Transporters will be notified of changes in the transport rates as soon as the rates have been calculated by the Board.

Additional Kilometers

4. Where a transporter is required to deliver milk to a dairy manufacturing plant other than the one designated for a route or to travel additional kilometers to deliver milk to a second dairy manufacturing plant, compensation for the extra distance travelled shall be based on a rate per kilometer determined by the Board using the bulk haulage transportation formula.

Special Pickups

5. The Board may, from time to time, determine a minimum charge in the event that a transporter is required to make a special trip to pick up bulk milk from a producer's farm for delivery to a dairy manufacturing plant.

Transporting of milk

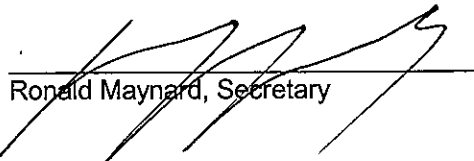
6. No person shall transport milk at a rate or rates other than the rates determined by the Board.

Commencement

7. This order comes into force on the 1st day of August 2009.

Dated at Charlottetown, Prince Edward Island, this 25th day of June 2009.


Harold MacNevin, Chair


Ronald Maynard, Secretary

APPENDIX "A"

Cost Elements:

- A. Route configuration determined by the Board in consultation with transporters
- B. Time allowances - for preparation time, on farm activities, waiting times at dairy manufacturing plants, wash time, and miscellaneous time
- C. Pumping speed - volume of milk pumped per minute on farm and at dairy manufacturing plant
- D. Efficiency factors related to volume and time required
- E. Travel speeds - for pickup km and other km
- F. Labour costs - a basic wage rate plus benefits (private medical and pension plans, holiday/vacation/sick/training days) plus overtime
- G. Diesel fuel costs & consumption rates
- H. Equipment costs - tandems, trailers & tanks - depreciation based on useful life and residual values
- I. Repair and maintenance costs
- J. Tire repair costs
- K. Licencing and insurance costs
- L. Other general costs - administration, parking, snow removal and spare truck allowance
- M. Finance cost of equipment
- N. Rate of return on capital
- O. Company profit

A detailed copy of the bulk haulage transportation formula containing the above elements is available to approved bulk milk transporters upon a request to the Board.