

Milk Quotas Purchaser's Handbook



RPA(MQ)2

Milk Quotas Purchaser's Handbook

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Part A

Introduction

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Introduction

A1- About this handbook

This handbook covers those parts of the Milk Quotas system that are most relevant to purchasers. It is designed to supplement the more general Guide to Milk Quotas, which is aimed primarily at producers.

The handbook deals with EU regulations and related UK legislation and provides guidance about milk quota procedures and forms that are current at the time of publication.

Time limits apply to some of the procedures that are described in this handbook. A summary of important dates in the quota year is included in Appendix 4.

If you do not meet these limits you may be in breach of the regulations and have to pay additional levy or a penalty.

The rules and obligations described in this handbook arise from EU and UK legislation, and are subject to alteration from time to time. We try to ensure that the information given is complete and accurate, although this cannot be guaranteed – delays can occur in publishing and amending leaflets.

If you have any doubt about the meaning of the information, you should seek legal advice about its interpretation. The European Court of Justice is the ultimate authority for the interpretation and validity of EC legislation.

A2- The Milk Quotas system

The European Community uses the Milk Quotas system to regulate the production of milk and milk products in the EU. When the system was introduced in 1984, each Member State was allocated a national quota and from this each producer was given an individual quota for use on their holding. The allocation covered how much milk each producer could market without incurring a levy liability in a quota year, which runs from 1 April to 31 March. There are two types of quota: wholesale quota and direct sales quota. An individual producer may hold both types. Currently, the UK's wholesale quota is approximately 14.5 billion litres. This may be adjusted from year to year if:

- direct-sales quota is converted into wholesale quota;
- wholesale quota is converted into direct sales quota;
- a quota cut is imposed; or
- additional quota is awarded.

A3 - What the system covers

All milk or milk products that leave a holding count against quota, whether or not they have been paid for, unless that milk is subject to destruction under licence off the holding. Products that count against quota include liquid milk, butter, cheese, yoghurt and ice cream.

Milk disposed of on the holding (milk contaminated with antibiotics, for example) does not count against quota. This is the case even where the milk has been paid for by a purchaser or is covered by insurance.

Part B

The administration of Milk Quotas

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Administration of Milk Quotas

B1 - Producers' holdings and quota

Quota is attached to a holding rather than to an individual producer. This means that if the holding changes hands the new occupier of the holding is usually entitled to the quota.

Subject to certain conditions, producers may transfer quota to a new holding, or to other producers either temporarily (ie for the current quota year only) or permanently.

Any producer may transfer quota to any other producer in the UK, with the exception of producers in certain Scottish Islands Areas, who may only transfer quota out either temporarily or permanently within the same area. These producers can only transfer quota in from outside the area temporarily. A producer situated within the certain Scottish Islands Areas may also only register his quota with a purchaser operating within those areas.

Producers may convert their quota from direct sales to wholesale and vice versa, either permanently or temporarily, in order to match their quota more closely to their marketing patterns.

B2 -Types of quota

Quota was initially allocated in 1984. Subsequently there were a number of additional awards, some of which were allocations of special quota (see below). All quota, including quota from initial allocation and all subsequent awards, is Ordinary Quota. Ordinary quota may be held for wholesale deliveries (ordinary wholesale quota) or for direct sales (ordinary direct sales quota). A producer may hold both types of quota.

In addition, there have been three allocations of special quota, also known as SLOM quota. This was allocated to producers who missed out on the original allocation of quota in 1984 because they, or the people who occupied their farms at that time, were involved in non-marketing or dairy herd-conversion schemes. The three allocations of SLOM quota were:

- SLOM 1, awarded in 1989 *Council Regulation (EEC) 764/89*
- SLOM 2, awarded in 1991 *Council Regulation (EEC) 1639/91*
- SLOM 3, awarded in 1993. *Council Regulation (EEC) 2055/93*

All SLOM quota is now regarded as ordinary quota, and is not recorded as special quota but is incorporated in ordinary wholesale or ordinary direct sale records.

There were restrictions on the transfer and leasing of SLOM quota for several years after its issue. All such restrictions have now ended.

B3 - Conversion of quota

Producers may convert their quota from direct sales to wholesale and vice versa, either temporarily (for one quota year only) or permanently.

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Separate forms are needed for these conversions:

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| Form | Conversion | Receipt date |
|-------|----------------------|---|
| MQ/6 | Permanent conversion | 31 December of each quota year |
| MQ/15 | Temporary conversion | 14 May following the end of the quota year. |

B4 - Transfers of quota

Holders of milk quota may transfer their quota to other producers who need it. Permanent transfers may involve a transfer of land, for example where a holding changes hands, but producers may also transfer quota without land. Temporary transfers (leases) of unused quota do not involve a land transaction and last only until the end of the quota year. There is a fee payable to the Rural Payments Agency (RPA) for leasing quota, and leased quota reverts to the lessor from the start of the next quota year.

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The following forms should be used to notify the RPA about the transfer or lease of quota:

| Form | Transfer |
|------|---|
| MQ/1 | Application to register the permanent transfer of quota |
| MQ/3 | Notification of temporary transfer (lease) of quota |

Transfer or leasing forms must be received, with the relevant lease fee if appropriate, by 31 March each year.

Current examples of quota transfer forms are available on our website at www.rpa.gov.uk. Alternatively, forms can be requested from our Helpline on 01392 266466.

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B5 - Notification to producers and purchasers

Milk Purchasers losing or gaining quota will be sent an NQMS (Notification of Quota Movements Submitted) report when transfers or leases are received from their registered producers. Purchasers have 5 days to notify us if they have any concerns about transactions submitted by their producers.

When a transaction is processed, the producers involved receive computer-generated letters as confirmation, and their purchasers are notified by means of the 'Confirmation of Change in Registered Quota' (PURC) and 'Registered Quota for Purchasers' (REGQ) reports.

There is no guarantee that all transfers and leases notified will be processed, and you should not assume that additional quota is available to any of your producers until you have received the PURC/REGQ confirmation.

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B6 - Priority reallocation of quota

There are special arrangements for additional quota to be awarded on a temporary basis to producers whose cows are subject to a movement restriction order as a result of disease in the herd. Further details of this are given in **Part H**.

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B7- Registration of quota

All producers who hold wholesale quota must register it with a purchaser approved by the RPA. Producers situated within certain Scottish Islands Areas may only register their quota with a purchaser operating within those areas.

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B8 - Confiscation of quota

If a quota holder does not produce against their quota during the course of a quota year, it will be confiscated from the start of the new quota year. Quota holders who are not in production at the start of a quota year will not normally be allowed to lease out quota until production has started.

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B9 - Butterfat bases

Each producer who holds wholesale quota has a butterfat base for that quota.

Butterfat bases were established in 1987/88, and were based on the average fat content of each producer's milk in 1985/86.

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Types of butterfat base

The Milk Quota Register shows three butterfat bases for each wholesale producer.

The **permanent butterfat base** – the base for permanently held quota not including used quota transferred in during the current year. The permanent base is attached to any quota that is transferred or leased out.

The **ongoing butterfat base** – the base for a particular quota year. This is the permanent base adjusted to reflect temporary changes such as inward leases of quota with a different butterfat base, or temporary conversions of direct sales to wholesale quota. **The ongoing butterfat base at 31 March is used to calculate levy liability.**

The **future butterfat base** – the base for permanently held quota, including quota transferred in as used, which will apply from the start of the next quota year.

If there are no quota movements or conversions, the permanent and ongoing butterfat bases will be the same.

Butterfat base of converted quota

Quota converted from direct sales to wholesale is normally given a butterfat base of 3.8%. Producers who meet certain criteria may qualify for a higher butterfat base for their converted quota. For further details, see the Guide to Milk Quotas.

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The significance of the butterfat base

All producers' wholesale delivery figures must be adjusted to take account of the average butterfat content of their deliveries.

If a producer's milk contains more fat than their ongoing butterfat base, their delivery figures will be adjusted upwards.

If a producer's milk contains less fat than their ongoing butterfat base, their delivery figures will be adjusted downwards. However if nationally the sum of the downward adjustments exceeds the sum of the upward adjustments, individual producer's downward adjustments must be scaled back to match the sum of the upward adjustments. More details are given in **Part H**.

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Part C

The role of the purchaser

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The Role of the Purchaser

C1 - The Purchaser

Producers who have their milk processed by a third party, rather than processing it themselves, must use a purchaser or purchasers approved by the RPA, and register their quota with them. *This applies even if the milk is not being sold to the processor.*

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If a producer has milk processed by a third party who is not an approved purchaser, all deliveries made will be outside the quota system and liable to levy. Both producer and processor will be committing an offence.

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Typically, purchasers take delivery of milk to:

- treat or process for retail sale, including contract processing; or
- sell to another person or firm to treat or process.

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Purchasers play an important part in the operation of the Milk Quotas system and form the link between the RPA and the majority of quota holders. A summary of the responsibilities of purchasers is given in **Appendix 1**.

C2 - Definitions of Milk Sources

Secondary Purchase – Where the milk purchased is from an approved source ie another registered milk purchaser.

Milk Brokerage – Where an agent sells milk on another person's behalf, you should always ensure that any milk purchased from a broker is from an approved source or ensure that quota is registered to cover it.

Spot Market – As with milk brokerage any milk purchased on the spot market should be from an approved source or quota should be registered to cover purchases.

Purchase – All milk purchased directly from the farm must only be sold to approved purchasers. All milk purchases should be covered by quota and will need to be declared to the RPA.

Direct Sales – Direct Sales only apply where the milk is produced and processed under one business entity for sale direct to the consumer. If the production and processing are separated even if this is on a financial basis and not in name then this constitutes a wholesale delivery to a purchaser and should be accounted for as such. Sales of bulk whole milk not to the final consumer also constitute a wholesale delivery to a purchaser.

Part D

Becoming an approved purchaser

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Becoming an Approved Purchaser

D1 - Applying for approval

If you wish to apply for approval as a purchaser, you will need to complete form MQ/11 and submit supporting financial information. This will include giving details of your processing premises and the laboratories which will be used to test milk samples. A copy is shown in Appendix 8. You must ensure that you submit this form, and its accompanying paperwork, at least one month before you intend to start purchasing.

Approval is not automatic; before it is given, we will arrange for visits to be made to the premises where you maintain your records; if necessary to any agents who may be carrying out record keeping responsibilities on your behalf; check the laboratories you intend to use for the analysis of milk samples to ensure that they are approved by us; check that you have a sound financial base by either examining recent accounts or requiring a security to be paid; and check your previous RPA records (if any).

D2 - Conditions you need to fulfil

By signing an MQ/11 form you will be agreeing to comply with the conditions detailed in the schedule attached to the form.

These cover:

- record keeping and the retention of these records for inspection for a period of no less than 3 years;
- the sampling of milk and the analysis of the samples;
- calculation of your producers' delivery figures;
- provision of information to the RPA and your producers;
- meeting deadlines;
- payment of levy.

Full details of the conditions you must fulfil are given in **Part E**, 'The obligations of a purchaser'.

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D3 - Withdrawal of approved status

If you do not comply with the milk quota regulations or meet the obligations set out in this handbook your status as an approved purchaser may be withdrawn.

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Part E

The obligations of a purchaser

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The Obligations of a Purchaser

These obligations are summarised in **Appendix 1**.

E1 - Records that you must keep

You must keep all collection and delivery documents. These must clearly identify:

- each separate delivery;
- which producer or supplier it came from.

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You must also keep documents relating to your business activities. These should include:

- all books and registers;
- accounts;
- correspondence;
- commercial data;
- vouchers;
- any other relevant documents.

These must be kept at your premises within the UK and be accessible to authorised persons at all reasonable times.

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Records about your registered producers

You must keep records about each producer registered with you. These should include their:

- name and address;
- wholesale quota;
- allocated butterfat base.

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You must also keep records of any producers or undertakings who:

- treat or process milk and/or milk products on your behalf; or
- supply you with milk and/or milk products.

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You should also keep records of the quantities each supplier delivers per month.

It is your responsibility to ensure that supplies of milk purchased but not declared on your annual declaration are secondary purchases which have been declared by another purchaser, rather than milk being delivered outside the quota system and undeclared by the producer.

Monthly records

You should also keep details of total deliveries made in that quota year and each producer's supplies on a monthly basis. These should include:

- the total quantity of whole milk each producer delivers in the month*;
- the cumulative total of each producer's deliveries for the current quota year;
- the average fat content of each producer's deliveries weighted together across your producer group;
- wastage;

the protein content of each producer's deliveries weighted together across your producer group.

*The quantity of milk from a producer must include any antibiotic milk lifted from the farm but rejected at the processing plant, and the full volume of any milk found to contain extraneous water. In the case of extraneous water being found in a sample, a fresh sample must be tested. Where milk has to be destroyed under licence off the producer's holding, that milk is exempt from levy. However full supporting records, including a copy of the licence, must be retained by the producer (and the purchaser if applicable) to support the exemption from levy calculation.

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Inspection

EC legislation requires the RPA to inspect the records of sufficient purchasers to cover 40% of milk declared each year. These checks will also cover creameries, hauliers, laboratories and producers.

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How long records must be kept

You need to keep records for three calendar years after the end of the quota year to which they relate. Any records which you hold electronically must also be accessible for the same period.

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E2 - Information that you will need to supply to the RPA

Annual returns - forms MQ/13 and MQ/13A

You must send us by 14 May an annual statement (form MQ/13, which we will send you in late April or early May) which gives details of:

- total deliveries made in that quota year, with and without butterfat adjustment;
- the average fat content of those deliveries;
- the individual delivery and butterfat figures for each of your supplying producers, with their name and RPA registration number;
- the names and RPA numbers of producers who have registered quota with you but have made no deliveries to you;
- the names and RPA numbers of producers who have ceased production during the year and not re-started, even if their last delivery was on 31 March.

Any changes to the butterfat bases following late processing of transfers and temporary conversions will be incorporated in your statement by RPA when assessing levy liability (see **Part H**).

You will be notified of these changes in the Provisional Levy Report (PLR), which accompanies form MQ/13A, issued in late June. A submission deadline of a fortnight is set from the date that both the form and report are issued. You will be advised of the actual date in the letter that accompanies the MQ/13A form and PLR report.

Penalties apply for the late or inaccurate submission of these declarations – see Section I for more details.

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Monthly and weekly returns

You must send us monthly and possibly weekly statements of deliveries throughout the quota year. These must give details of your total deliveries during the period. Your monthly returns should also give details of the average fat content of those deliveries, and the protein content of the milk. The information on protein content is required by Eurostat, the statistical office of the EU.

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When to send in monthly returns – form MQ/12

You must send us a return for each calendar month. This should be summarised on form MQ/12 which has to be submitted by midnight on the third working day of the month following that to which the figures relate.

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Weekly returns – form MQ/14

Certain purchasers may be asked to provide weekly returns during the latter part of the quota year. We shall give you three months' notice if we need to ask you for these. The returns will cover the week from Sunday to Saturday and must reach us by midnight on the Wednesday of the following week.

Note: The publication of weekly notices has been temporarily suspended whilst the UK is marketing milk at a level significantly below quota.

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Penalties apply for the late or inaccurate submission of monthly returns – see Section I for more details.

How we use the information

We collate the information you provide us to give a guide to trends in milk production. This information is published in monthly and weekly notices issued to the trade. It is therefore important that purchasers take care to ensure the accuracy and timeliness of the supply of their information.

Priority reallocation of quota due to herd movement restrictions

The RPA will assess and allocate quota to producers who qualify for a priority reallocation of quota. This will take place as part of the levy calculation (see Part H).

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Increases in your purchaser quota

You must tell us as soon as possible, but in any event no later than 14 May following the end of the relevant quota year, if your purchaser quota is to be increased as a result of a new producer joining you. Please complete form MQ/10, Adjustment of purchaser quota.

Penalties apply for the late submission of form MQ/10 – see Section I for more details.

You do not need to inform us of increases resulting from transfers or conversions of quota. We will pick up this information from the quota-movement notification forms submitted by the producers.

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E3 - Sampling and butterfat – establishing the fat content of deliveries

Sampling and analysis

You must take samples of whole milk from each producer to determine the fat content at least once per month and send them to an approved laboratory for analysis.

Where possible, a fresh, cooled sample of milk should be sent for analysis. Freezing of the sample is not permissible. However, it is possible for a preservative to be added to the sample prior to being sent for analysis. The testing laboratory should be able to provide a supply of a suitable preservative.

The sampling procedures must follow the British and International standard BS EN ISO 707 : 1997.

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Extraneous water

In the case of extraneous water being found in a sample, a fresh sample must be tested.

Producers with more than one bulk tank

Where a producer has more than one bulk tank, separate samples must be taken from each (unless the tanker has an automatic sampling device). At the end of every month, the simple monthly average fat content should be calculated for each tank, along with the total volume collected from that tank (unless another method is used – see E6). This principle applies if there is more than one collection from a producer on the day of sampling – samples will need to be taken from each collection on that day, and a weighted average calculated.

Analysis

The analysis must follow:

- British Standard BS696 1989/International Standard ISO 488 (Gerber method); or
- British and International standard BS EN ISO 1211 : 1995/ British standard BS 1741 Part 3 : 1995 (Rose Gottlieb method); or
- International Standard IDF 141A 1990 (Mid-infra red absorption method).

Copies of these standards can be obtained from:

BSI British Standards
389 Chiswick High Road
London
W4 4AL

Tel: 020 8996 9001

Website: www.bsi-global.com

or, The International Dairy Federation, Diamant Building, Boulevard Reyers 80, 1030 Brussels, Belgium.

Unexpected butterfat results

Where there is a 'rogue' result – one significantly outside the normal range – the action the purchaser needs to take will depend on how often each producer's milk is tested for butterfat.

If only one or two tests are taken in a month and a rogue result occurs, the purchaser must re-sample and re-analyse in that month, replacing the rogue result with the new test. It is therefore advisable to arrange for testing to take place in the first half of each month.

If three or more tests are taken per producer per month and there is evidence to support the exclusion of a result (eg a faulty agitator), the purchaser may replace the result by:

- using the average of the two results taken immediately before and the two results taken immediately after the 'rogue' one; or
- using the average of the remaining results from the month; or
- re-sampling and re-analysing within that month.

If three or more tests are taken and there is no evidence other than value to suggest a rogue result the purchaser should apply the 'Dixon' test (which is used to support exclusion of potentially rogue results). If the Dixon test supports exclusion the purchaser may follow any of the options in the previous paragraph, ensuring that full records are kept. If exclusion is not supported by the Dixon test, the purchaser must reinsert the result back into the producer's records. However, if you consider that a result is rogue and should be excluded, but it has not been found so by the 'Dixon' test, or in other exceptional cases, eg when 2 results in any month appear to be 'rogue', you may contact the RPA (Purchaser Approval Section), via e-mail.

(milk.purchasers@rpa.gsi.gov.uk) or the Helpline (01392 266466) for advice on whether the result can be excluded.

Your records should clearly show the action you have taken, and should contain evidence to support your action, eg TBC (total bacterial count) and SCC (somatic cell count) results on the same test which suggests that the sampling/analysis was incorrect.

An example of the Dixon test is included at Appendix 5.

Calculation of average fat content

You must calculate the fat content of each producer's milk as follows:

Monthly average fat content – the simple average is calculated for all samples taken and tested for butterfat in a month. For example:

| Month | Sample | Fat Content |
|-------|----------------|--------------|
| April | 1 | 4.06% |
| | 2 | 4.05% |
| | 3 | 4.03% |
| | 4 | 4.05% |
| | Average | 4.05% |

Rounding - Please ensure that averages are rounded to 2 decimal places only. Round up if the third decimal place is 5 or more, round down if it is 4 or less.

Producers with more than one bulk tank - Multifarms

You should calculate a single monthly average fat content figure for each producer who has more than one bulk tank.

Where the volume in each tank is fairly similar for each collection, the recommended method would be:

- take separate samples from each bulk tank;
- calculate the simple monthly average fat content for each tank;

- calculate a weighted average fat content for each producer (both tanks) for each month using the simple monthly average and volume for each tank;
- calculate the annual average fat content using the monthly weighted average figures (see table on next page).

However, where the volume in each tank varies significantly between collections, such as in the example below (where the tank 1 collection volumes vary between 1616 and 3038 litres) the following simple calculation is recommended. This calculation can also be used in ordinary twin tank calculations (see overleaf).

| | Date | Butterfat Result (%) | Volume (litres) |
|---------------|--------------|-----------------------------|------------------------|
| Tank 1 | 04/06/09 | 4.21 | 1,870 |
| | 12/06/09 | 4.48 | 1,161 |
| | 20/06/09 | 3.73 | 3,038 |
| | 30/06/09 | 3.76 | 2,644 |
| | 371.3 | 4.05% | 9,168 |

| | | | |
|---------------|--------------|--------------|--------------|
| Tank 2 | 08/06/09 | 3.22 | 2,777 |
| | 15/06/09 | 3.64 | 3,227 |
| | 24/06/09 | 4.36 | 1,921 |
| | 30/06/09 | 4.13 | 1,829 |
| | 374.6 | 3.84% | 9,754 |

| | | | |
|---------------------------------|--------------|--|---------------|
| Tank 1 and Tank 2 Totals | 745.9 | | 18,922 |
|---------------------------------|--------------|--|---------------|

| | Volume | Simple Butterfat Average | Volume of butterfat (litres) |
|---------------------|---------------|---------------------------------|-------------------------------------|
| Tank 1 | 9,168 | 4.05 | 371.3 |
| Tank 2 | 9,754 | 3.84 | 374.6 |
| Final Totals | 18,922 | | 745.9 |

Weighted Average (Twin Tanks) = $745.9 \div 18,922 \times 100 = 3.94\%$

Some of the larger laboratories will calculate weighted butterfat averages for multi-tank producers if the tanker driver provides details of the volumes in each tank. Additionally where automatic sampling procedures are in place, this may result in only one sample being taken, incorporating extracts from each tank.

Once you have picked the method which best suits your business needs you should use that method for all your twin tank calculations. If you have any doubts about the method you use to calculate monthly averages in this situation please contact the Helpline on 01392 266466.

Annual average fat content per producer – the annual fat content is the weighted average of the twelve monthly figures in the quota year (see overleaf).

| Month | Deliveries (litres) | Monthly average fat content (%) | Monthly average fat content (litres) |
|---------------------|---------------------|---------------------------------|--------------------------------------|
| April | 10,400 | 4.05 | 421.2 |
| May | 11,300 | 3.91 | 441.8 |
| June | 10,100 | 3.92 | 395.9 |
| July | 10,000 | 4.00 | 400.0 |
| August | 10,100 | 4.00 | 404.0 |
| September | 9,700 | 4.14 | 401.6 |
| October | 9,800 | 4.25 | 416.5 |
| November | 9,300 | 4.24 | 394.3 |
| December | 9,800 | 4.19 | 410.6 |
| January | 10,100 | 4.11 | 415.1 |
| February | 9,200 | 4.02 | 369.8 |
| March | 10,200 | 4.04 | 412.1 |
| Annual Total | 120,000 | Annual litres of fat: | 4882.9 |

The weighted average fat content = $\frac{4,882.9}{120,000} \times 100 = 4.07\%$

Please ensure that averages are rounded to two decimal places only.

You must do this calculation for each of your producers.

Annual weighted fat content of milk purchased

This calculation can be performed by adding together the annual butterfat litreages for each producer (derived in the previous calculation) to obtain a total litreage of butterfat purchased, which is then divided by total deliveries. This figure is then multiplied by 100, to obtain a percentage figure for the butterfat of total milk purchased during the year.

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For example, in the case of a purchaser with four producers (see table overleaf).

Weighted yearly average fat content

| | Total Volume Delivered | Total Litres of Fat |
|-------------------|-------------------------------|----------------------------|
| Producer 1 | 1,751,202 | 71,944.2 |
| Producer 2 | 249,851 | 9,019.6 |
| Producer 3 | 382,519 | 14,421.0 |
| Producer 4 | 34,761 | 1,282.7 |
| | 2,418,333 | 96,667.5 |

Annual weighted average butterfat content of all milk purchased:
 $(96,667.5 \div 2,418,333) \times 100 = 3.997$ (4.00 to 2 decimal places).

Adjustment of deliveries for fat content

The butterfat content of deliveries must be used to determine the levy liability for the UK.

This means that you must:

- adjust the deliveries from each individual producer; and
- notify the RPA on your annual return of the total deliveries before and after adjustment.

The butterfat-adjusted delivery figure will be used in the levy calculation.

The butterfat adjustment should be applied as follows:

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Upward adjustment

If the fat content of a producer's deliveries is higher than the ongoing butterfat base of their wholesale quota, the butterfat-adjusted delivery figure is the volume delivery figure increased by 0.09% for each 0.01 percentage unit increase in butterfat compared with the producer's ongoing butterfat base.

In cases where a producer has made deliveries but does not have any quota registered and therefore no butterfat base, no butterfat adjustment is possible and their volume deliveries must be used in any calculations. However, it is possible that the producer does have a butterfat base that can be used if they have had quota at any time during the quota year or have quota registered with another purchaser. You are advised to contact the Purchaser Approval Section to check before using their volume deliveries in your calculations.

Downward adjustment

If the fat content of a producer's wholesale deliveries is lower than the ongoing butterfat base of their wholesale quota, the butterfat-adjusted delivery figure is the volume delivery figure decreased by 0.18% for each 0.01 percentage unit decrease in butterfat compared with the producer's ongoing butterfat base.

If a downward scaleback is necessary the RPA will advise you of the amount of the scaleback following receipt of all annual declarations. This will be in the form of a statement (provisional levy report) and will be accompanied by form MQ/13A, you will be granted two weeks to confirm the adjusted figures.

For producers who deliver milk with a relatively low butterfat content against a high butterfat base, this downward adjustment will be limited to 25% of the volume delivered. Producers whose butterfat base is 4.49% or less will not be affected by this additional restriction.

Penalties apply for the late submission of this information – see Section I for more details.

DPQR

Rounding Errors

A common cause of incorrect annual declarations (for which penalties are likely to be incurred) is the calculations being incorrectly completed in computer spreadsheets. For example, many of the calculations we require need only be done to one or two decimal places, whereas many spreadsheets will do the calculations to a high number of places (often without this being visible on screen) which leads to rounding errors. If you are unsure whether this is the case with your spreadsheets, please contact Milk Quotas Purchaser Approval section for advice. We are able to e-mail example spreadsheets should you wish. For reference:

- all butterfat figures should be rounded to 2 decimal places for use in calculations and in your annual declaration;
- when calculating the weighted butterfat figures (in litres) as part of your weighted butterfat of purchased milk this should be calculated to 1 decimal place, see Sampling and butterfat – establishing the fat content of deliveries for a worked example;
- all delivery figures should be calculated to whole figures.

E4 - Laboratories

As part of the approval process, you must give us the names and addresses of the laboratories you will be using to analyse milk. These laboratories must be approved by us and we will visit their premises to ensure that they meet the required standards and will also monitor their proficiency on a continuous basis.

You must notify us in writing at least a month in advance if you wish to change the laboratories you use. To set up as an approved laboratory takes at least 6 months as it is necessary to take part in at least three rounds of bi-monthly proficiency tests, to ensure that the required standards can be met, before approval can be given. There is no charge to take part in these rounds. We publish a list of approved laboratories. Please contact our Helpline (01392 266466) if you would like a copy. Laboratories are included in the list only if they agree to be included. Inclusion in the list does not indicate recommendation by RPA.

You can also contact our Helpline to check whether a laboratory currently meets the required standards.

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E5 - Inspections

We are required by the EU to make regular checks to verify the accuracy of declarations made to us by purchasers and direct sellers of milk and milk products.

Checks may include:

- spot checks of milk tankers; and
- visits to milk producers, haulage depots, laboratories and dairies.

Any of these checks can be made unannounced.

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E6 - Power of entry

Our access to the records of milk purchasers, laboratories and dairies is provided for by Regulation 5 of SI 2002 No 458, the Dairy Produce Quotas (General Provisions) Regulations 2002 as amended by SI 2005 No 466.

An officer authorised by the RPA may require a purchaser, or a person connected to the purchaser, to:

- produce commercial documents; and
- supply additional information in their possession which the authorised officer may reasonably request.

DPQR

E7 - Keeping us informed

You must notify us immediately of any change that could affect your status as an approved purchaser, and confirm the details in writing within 7 days.

For example, please let us know of any change to the details shown on your original form MQ/11, Application for approval as a purchaser. These may include:

- changes to your trading title;
- contact names and telephone number;
- changes relating to processing premises or laboratories.

Some changes may necessitate a change to your RPA registration number and may impact on your purchaser status.

Please also report any unexpected decrease in deliveries from a producer. This could indicate that deliveries are being made elsewhere, outside the quota regulations.

DPQR

E8 - Referring producers to the RPA

If you need to advise all your producers to contact us on a particular topic, please ring us first. Our Helpline number is 01392 266466. We will suggest the best person to contact and give you their direct-line telephone number.

E9 - Purchasers who are also processors

As a follow up to inspections to purchasers, the RPA also carry out a series of inspections to creameries and processors. Where these are on the same site, our Inspectors will endeavour to carry out the visits at the same time.

The records to be kept by processors of milk or milk products are laid down in the DPQR.

Any processor in receipt of milk or milk products for processing or treating must keep the records detailed below. These should be retained for 3 years from the end of the quota year to which they relate.

DPQR

The records should include for milk or milk products:

- (a) the time and date of their delivery;
- (b) their volume or weight per delivery (including copies of tanker receipts and weighbridge tickets if applicable);
- (c) the name and address of the haulier concerned;
- (d) the name and address of their vendor or donor;
- (e) the quantities of milk processed, types of processing undertaken, and quantities and types of milk products produced;
- (f) the quantities of milk used in the production of milk products (if not ascertainable from the information provided under sub-paragraph (e));
- (g) the calculated stocks of milk and milk products held by that processor at the end of each month and details of actual stocks physically held as at 31st March each year; and
- (h) the quantities of milk or milk products sold or otherwise disposed of, with the date of supply or disposal, and the names and addresses of the buyers or recipients concerned.

Part F

Purchasers and their producers

| | | |
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| How producers obtain purchasers' details | F2 | Page 28 |
| Producers moving quota to another purchaser | F3 | Page 28 |
| Withholding payments | F4 | Page 29 |

Purchaser and their Producers

F1 - Who can join a purchaser group

All producers of milk for wholesale delivery must register their quota with, and deliver their milk to, one or more approved purchasers. There are no legal restrictions limiting the number of purchasers with whom a producer may register. However, in some cases a purchaser's contract may restrict a producer's freedom to register with other purchasers.

DPQR

Producers who supply more than one purchaser

If a producer's quota is registered with more than one purchaser, the amount registered with each will be treated separately for levy calculation purposes. It is possible that a producer could be over quota with one purchaser and be liable to pay a levy, while having unused quota registered with another purchaser. If this is likely to happen, the split of quota between purchasers can be adjusted, either temporarily or permanently.

To make a permanent adjustment, the purchaser gaining quota must complete form MQ/10.

To make a temporary adjustment (valid for one quota year only), the producer can complete form MQ/26 and submit it to us by 15 June following the end of the quota year for which the adjustment is to be made.

DPQR

F2 - How producers obtain purchasers' details

We publish without recommendation a list of approved purchasers who agree to disclosure.

On approval, purchasers will be issued with a letter formally notifying them of their approved status. They must supply details of registration to their producers on request.

Producers may phone our Helpline (01392 266466) to check whether a purchaser is currently approved.

DPQR

F3 - Producers moving quota to another purchaser

Producers may:

- change their purchaser at any time during the quota year (subject to the terms of their contract);
- decide to move part of their quota;
- adjust the amount of quota registered with each purchaser.

In any of these situations the purchaser who has gained additional quota must complete and send form MQ/10 to us as soon as possible after the change, but in any event by 14 May following the end of the quota year in which the change occurred.

We do not require the completion of form MQ/10 when a purchaser's quota increases as a result of a producer:

- buying or leasing additional quota; or
- converting direct sales quota to wholesale.

We will pick up these details from the quota movement forms completed by producers.

DPQR

When a producer moves quota from one purchaser to another, the producer must leave sufficient quota with the original purchaser to cover butterfat adjusted deliveries already made.

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At the end of the quota year

The butterfat base that should be used to calculate the producer's butterfat-adjusted delivery figure for the levy calculation is the final ongoing butterfat base at the end of the quota year. If a producer's butterfat base changes after the producer changes purchaser, the new butterfat base will also apply to the deliveries made to the previous purchaser.

If at the end of the quota year more quota has been left with the previous purchaser than is needed to cover the producer's deliveries, we will adjust the quota registered with the previous purchaser to ensure that all deliveries are covered, or any surplus quota with the previous purchaser is registered with the new purchaser.

F4 - Withholding payments

During the year, you should monitor each producer's deliveries against their quota and adjust for butterfat. The quota regulations allow you to deduct an amount equal to the potential levy payable by the producer from the payments for milk delivered. You may make these deductions as soon as the producer exceeds their quota. If the producer later obtains additional quota to cover the extra production, you must release the money withheld.

*Council Reg
DPQR*

Part G

Information from the RPA

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Information from the RPA

G1 - Purchaser reports

We will provide you with regular reports showing changes to the quota registered with you. These reports will include information about changes to the registered quota or butterfat base which may arise from:

DPQR

- producers joining your group;
- producers leaving your group;
- producers adjusting the amounts of quota registered with you;
- producers losing or acquiring wholesale quota because of a permanent transfer or lease (temporary transfer);
- producers losing or acquiring wholesale quota because of a conversion of quota from direct sales to wholesale quota or vice versa;
- corrections made to a producer's registered quota or butterfat base(s).

Despatch of reports

We produce two different reports for purchasers:

- **Registered Quota for Purchaser Report (REGQ)**: a summary of the quota and the associated ongoing butterfat base that producers have registered with a purchaser for a quota year.
- **Confirmation of Change in Registered Quota Report (PURC)**: a report showing changes to the registered quota and the permanent and ongoing butterfat bases of individual producers.

We aim to produce and despatch these reports at weekly intervals for e-mailed versions. Printed versions will only be despatched with an accompanying Confirmation of Change in Registered Quotas Report (PURC), when a change to the registered quota occurs. We can supply them in standard text for the mailed versions and either text (.txt), comma separated (.csv), fixed format (.fix) or tab de-limited (.tab) for dispatch by e-mail.

Example reports are shown in **Appendix 11**.

End-of-year reports

Following the end of the quota year we will send you a report listing all your producers and the permanent quota registered with you.

Please check all reports as soon as you receive them and tell us immediately if there are any discrepancies.

Examples of these reports can be found at **Appendix 10**.

G2 - Statistics, notices and bulletins

Monthly notice to traders

The Monthly notice to traders is published on the Trader Notice area in the Milk Quotas section of the RPA website on the 5th working day following the calendar month to which they relate. On request we can supply the notice. The monthly notices will include information about:

- total deliveries in the previous calendar month;
- the weighted average butterfat content of those deliveries;
- cumulative deliveries for the current quota year to date;
- total wholesale quota for the UK;
- current UK butterfat base.

We compile these figures from the returns made by purchasers.

Weekly notices

In the latter part of the quota year, in addition to monthly notices, which are available, weekly notices are also published that will help you monitor the national delivery position.

The weekly notice will include information on the:

- total volume of deliveries to a selection of purchasers (accounting for around 95% of UK deliveries) during the previous week;
- total volume of deliveries during the previous calendar month;
- weighted average butterfat content of the previous month's deliveries.

Note: The publication of weekly notices has been temporarily suspended whilst the UK is marketing milk at a level significantly below quota.

Statistics

Each month a table of information is published on the Milk Quotas area of the RPA website which details information about permanent and temporary transfers of quota, both direct sales and wholesale. The figures will show the number of forms we have processed each month and the volume of quota transferred in litres.

Information bulletin

From time to time the Latest News section of the Milk Quotas area of the RPA website will include information bulletins which will draw attention to important topical events and deadlines in the quota year.

Press notices

We also issue press notices about topics of concern to the dairy trade. These go to the farming press and to a number of other groups, including all approved purchasers. They are also published on the Milk Quotas pages of the RPA website.

G3 - Priority reallocation of quota

If any of your producers qualify for a priority reallocation because of a movement-restriction order, we will tell you during the levy calculation how much additional quota they are entitled to. The amount of additional quota to which they are entitled is calculated by either by the RPA in England, Scotland and Wales, or by the Department of Agriculture and Rural Development in Northern Ireland, to a set formula.

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G4 - Contacting the RPA

The address for the Milk Quotas section is:

Milk Quotas
PO Box 277
Exeter
EX5 1WB.

If you write to us please quote your RPA registration number and the registration numbers of any producers involved.

The Milk Quotas Helpline number is 01392 266466.

The Fax number for Milk Quotas is 01392 266489.

The RPA also has an Internet address: www.rpa.gov.uk and e-mail address for communications from purchasers: milk.purchasers@rpa.gsi.gov.uk

In **Appendix 7** you will find a list of contacts within the Milk Quotas section. They will be happy to answer any queries you may have.

G5 - Liaison Forum

The RPA has made a public commitment to effective communication with its trade contacts. This commitment includes the holding of face to face meetings to discuss matters of common interest and concern.

The Milk Quotas Experts Group (MQEG) is concerned with the details of the day-to-day administration of quotas. Members are consulted on such things as the revision of milk quota forms and the provision of information and statistics. Since June 2009 the group has operated as an e-forum. Its membership includes representatives from purchasers, producers' associations, trade groups and professional bodies. Face to face meetings will be organised at the request of group members to discuss issues as they arise.

The MQEG is chaired by the Group Manager Trader Schemes. Other members of the Milk Quotas team participate to give updates and answer questions.

G6 - RPA and Milk Quotas publications

The Guide to Milk Quotas

The Guide to Milk Quotas is available on the RPA website and you may request printed copies free of charge by ringing our Helpline (01392 266466).

Milk Quotas forms

You may also request copies of our forms, as listed in **Appendix 3**, by ringing the Helpline or by downloading from the website. Electronic versions of most forms are available.

G7 - RPA website

Milk Quotas Hotlink

If you have any general questions relating to the Scheme, a large and diverse amount of information can be found on the RPA website at www.rpa.gov.uk. The Milk Quotas pages are accessible from a hotlink on the home page and you may wish to bookmark this page and add it to your Favourites.

The site contains a comprehensive set of pages with a considerable amount of information relating to the Milk Quotas scheme and its administration within the UK. In particular, there is a Latest News section which is regularly updated with news, articles, links and press releases.

Almost all MQ forms and publications are available to download from the site and a large amount of statistical information is also available for reference. In addition, copies of all relevant EU and UK legislation can be accessed; there is a "Frequently Asked Questions" page and a list of up-to-date contacts.

Part H

Calculation and collection of the levy

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| Wholesale levy | H2 | Page 36 |
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Calculation and Collection of Levy

H1 - Direct sales levy

The RPA is responsible for calculating and collecting the direct sales levy. This operation is distinct from the calculation and collection of the wholesale levy. Purchasers should be aware that producers can apply for a temporary conversion of direct sales quota to wholesale quota or vice versa.

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Colostrum

In 2004, the RPA received confirmation from the EU Commission that colostrum comes within the definition of milk under the milk quotas regulations. As from 1 April 2005, all producers trading or selling colostrum for commercial use have had to declare this as a direct sale. Any purchaser who receives an enquiry regarding the trade, sale or purchase of colostrum should contact the Milk Quotas Helpline for advice.

H2 - Wholesale levy

A wholesale levy will be payable only when total deliveries for the UK as a whole (butterfat adjusted as necessary) exceed the national wholesale quota. If the quantity of milk delivered by a single producer to a particular purchaser is greater than the quota registered with them, the purchaser may have to pay levy.

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In relation to the wholesale levy, you are responsible for:

- collecting the levy owed by each producer;
- paying the levy to the RPA.

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DPQR*

H3 - Leap year adjustment of deliveries

Quota was initially allocated based on the milk production in a 365-day year. In a leap year additional milk will be produced, but no additional quota is available to cover this. You must therefore adjust your delivery figures downwards to take account of this increased production.

How to make the leap year adjustment

You must:

- record each individual producer's total deliveries for February and March;
- add these together, divide the total by 60, and round to the nearest litre;
- this figure is the leap year adjustment which must be subtracted from the producer's annual delivery figure;
- the leap year adjustment calculation should be done before the butterfat adjustment. (However, please ensure that the weighted butterfat percentage figure inserted onto the annual return is calculated on the deliveries before leap year adjustment.)

You will be instructed separately on any adjustments required to the weekly and monthly returns.

Your annual return (form MQ/13) should show both total volume deliveries and leap year adjusted volume deliveries.

If a producer changes purchaser during February or March in a leap year

A leap year adjustment should be made by each purchaser. You should reduce the producer's deliveries by 1/60th of the amount they delivered in February and/or March, even if they left your group before 29 February or joined after 29 February.

If the producer was not in milk production on 29 February, no leap year adjustment is required.

H4 - Butterfat adjustment

If the total of butterfat adjusted delivery figures in the UK is higher than the total of volume delivery figures, the full butterfat adjustment will be calculated for both upward and downward adjustments. This means that purchasers will need to adjust each producer's delivery figures. You will have to revise the figure:

Commission Reg

- *upwards* if the fat content of the producer's milk is higher than their ongoing butterfat base; and
- *downwards* if it is lower.

If the total of butterfat adjusted delivery figures in the UK is lower than the total of volume delivery figures, the full butterfat adjustment will be calculated for upward adjustments, but the downward adjustment will be scaled back to ensure that the sum of the downward adjustments equal the sum of the upward adjustments. The total of butterfat adjusted deliveries will thus match the total of volume deliveries. If a scaleback of the downward adjustments is required, the RPA will advise you of the amount of the scaleback once all MQ/13s have been received.

For producers who deliver milk with a relatively low butterfat content against a high butterfat base, this downward adjustment will be limited to 25% of the volume delivered. Producers whose butterfat base is 4.49% or less will not be affected by this additional restriction.

Commission Reg

H5 - What the RPA does

The RPA is responsible for:

- determining whether a scaleback of downward butterfat adjustments required;
- allocating temporary reallocations of quota to producers requiring a priority reallocation because of a herd movement restriction;
- allocating unused wholesale quota to producers who are over quota;
- assessing whether a levy is due;
- calculating the levy;

- sending out bills to purchasers;
- collecting the levy;
- paying the levy to the EC.

DPQR

H6 - Priority reallocation of quota due to herd movement restrictions

If you have a qualifying producer who has exceeded their quota because of a herd movement restriction, they may be entitled to an allocation of additional quota. The RPA will advise you of any qualifying producers, and the maximum volume of quota to be allocated.

DPQR

It is theoretically possible for producers qualifying for a priority reallocation to use all the unused quota available in the UK. In this very unlikely event, other over quota producers would receive no threshold at all.

The priority reallocation is part of the levy calculation process.

A producer may change purchaser before the removal of the movement restriction. If this happens during a quota year, the original purchaser should be left with sufficient quota to cover the deliveries made. If insufficient quota is available at the time of the change, the producer's allocation will cover both the original and the subsequent purchaser.

Requests for additional quota are not granted automatically. Each case will be considered on its merits.

H7 - Reallocation of unused quota

You may find that some of your producers have too little quota to cover their deliveries, while others have spare quota. If this is the case, the RPA will share the unused quota, along with the quota in the National Reserve, between all those producers within the UK who need it. All spare quota will be allocated to producers in proportion to the quota that they hold. **If a producer has no quota they will not automatically receive a threshold allocation.**

Council Reg

Only after all quota holders' needs have been met will any quota be re-allocated to those who have no quota. In this case, the quota would be allocated equally between all producers.

H8 - Calculation of the levy

Step 1 – Annual return (form MQ/13)

In April each year, we will send you a copy of form MQ/13, which you must complete and return to the RPA. **Your MQ/13 must be submitted by 14 May (or the previous Friday if the 14th falls on a Saturday or Sunday).** It must show:

- total deliveries made during the quota year;
- weighted average fat content of deliveries;

- total butterfat adjusted deliveries. – you must make the butterfat adjustment for each producer individually;
- in a leap year, leap year adjusted deliveries;
- a list of individual producers' delivery and weighted butterfat content figures for the year;
- a list of producers who ceased production during the year;
- a list of any non-producing quota holders with permanent quota registered with you during the year.

Penalties apply for the late or inaccurate submission of these declarations – see Section I for more details.

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Step 2

The RPA uses the returns to produce the total volume delivery figure for the UK and the total of all producers' butterfat-adjusted delivery figures. If the total of butterfat adjusted delivery figures is higher than the total volume delivery figure then the butterfat adjustment is applied in full. If the total of the butterfat adjusted delivery figures is lower than the total volume delivery figure then the downward butterfat adjustments will be scaled back to match the total of the upward adjustments.

Step 3

The applications for temporary conversion will be assessed and calculated using either the full or scaled back butterfat adjustment as required. On completion of this exercise the total UK wholesale quota figure will be confirmed. The total UK butterfat adjusted deliveries are compared with the total UK wholesale quota. If the total UK deliveries are within quota, no levy is payable by any purchaser group, even though individual producers may be over quota.

Step 4

If the total UK butterfat adjusted deliveries exceed the total quota, the UK has to pay a levy. Those producers who have exceeded their quota may have to pay their portion of the levy. Any surplus quota from producers that are within quota will be added to the quota in the national reserves.

Step 5

Surplus quota is allocated first to producers who qualify for extra quota because of herd movement restrictions.

Step 6

The remaining surplus quota is then distributed among producers who are over quota in proportion to their net registered quota. If a producer has transferred used quota to a producer registered with a different purchaser group, the used quota will remain with the original producer for that quota year and the original producer will have the benefit of the quota in the levy calculation.

Step 7

If, as a result of the reallocation at Step 6, a producer receives more quota than they need, the surplus will be re-allocated again, as under Step 6. This is repeated until all available quota has been accounted for.

Step 8

The levy liability for each producer whose butterfat adjusted deliveries remain in excess of their available quota will be calculated, and a summary of all producers with their reallocated quota and levy liability (if appropriate) will be returned to purchasers with form MQ/13A.

Step 9

Purchasers will be given two weeks in which to comment on the information sent to them and return their MQ/13A. If no comments are received levy invoices will be raised based on the information issued (if a levy situation arises). However, please bear in mind that if another purchaser raises significant queries on their information statement, then this will impact on all information statements.

Step 10

Levy invoices will be raised, for payment by 30 September at the latest.

H9 - Example of a levy calculation

Situation at 31 March (in thousands of litres):

| | Producer A | Producer B | Producer C | Producer D |
|--------------------------|------------|------------|------------|------------|
| Quota | 100 | 500 | 750 | 1,000 |
| Deliveries | 110 | 900 | 500 | 2,000 |
| Over (+)/under (-) quota | +10 | +400 | -250 | +1,000 |

The surplus quota which can be reallocated = 250 + 750 = 1,000 + the national reserve (say 24) = 1,024.

Quota is needed by producers A, B and D and will be awarded in proportion to their net registered quota, in the ratio of 1 : 5 : 10.

Additional award

| Producer A | Producer B | Producer C | Producer D | Producer E |
|------------|------------|------------|------------|------------|
| 64 | 320 | - | 640 | - |

The new over/under quota positions are:

| | | | | |
|----------------|------------------|---|--------------------|---|
| -54 (10-64) | +80 (400-320) | - | +360 (1100-640) | - |
|----------------|------------------|---|--------------------|---|

54 thousand litres (from A) are therefore still available to share between B and D.

This surplus can again be reallocated in proportion to net registered quota (1:2):

| | | | | |
|---|----|---|----|---|
| - | 18 | - | 36 | - |
|---|----|---|----|---|

The over quota positions are now:

| | | | | |
|---|-----|---|------|---|
| - | +62 | - | +324 | - |
|---|-----|---|------|---|

A levy will be due on these amounts. At a rate of 22p per litre, the levy would be:

| | | | | |
|--|---------|---|---------|---|
| | £13,640 | - | £71,280 | - |
|--|---------|---|---------|---|

H10 - The levy rate

This is calculated at the euro/sterling conversion rate on 31 March at the end of each quota year. From the 2004/05 quota year onwards the levy rate was set in the Council Regulation. This was €33.27 per 100kg for 2004/05, €30.91 for 2005/06, €28.54 for 2006/07, €27.83 for 2007/08 and €26.68 for 2008/09.

Council Reg

H11 - Collecting the Levy

We will send you an invoice for the total amount of the levy you have to pay. You must make your own arrangements to collect the appropriate amount from producers who have exceeded their quota.

Commission Reg

H12 - Paying the levy

You must pay the levy by 30 September each year. If you do not pay by this date, we will charge interest on the money you owe. The rate of interest will be one per cent more than the sterling three-month London inter-bank offer rate (LIBOR).

Interest becomes chargeable from the due date of payment of the levy, ie from 1 October following the quota year to which it relates. If an invoice for levy is raised after the due date, please be aware that **interest will be backdated** to the relevant 1 October.

*Commission Reg
DPQR*

H13 - Disputes over the amount

If you feel that the amount for which you have been invoiced is wrong, you should contact the RPA immediately with full details of why you think it is incorrect. We will investigate the query and if appropriate we will amend or cancel the invoice.

If you do not pay a correct invoice, you will be pursued for payment. Court action may be taken to recover the payment with interest. Additional costs may also be charged and your status as an approved purchaser may be put in jeopardy.

DPQR

H14 - Important dates in the levy process

| | |
|--|---|
| 14 May | Deadline for submission of purchaser's annual return – form MQ/13 |
| 15 June | If no MQ/13 is submitted by this date, then the purchaser will be given 15 days to submit their form or approval will be withdrawn with immediate effect |
| Mid July (date to be advised) | Deadline for submission by the purchaser of comments on the Provisional Levy Report issued in the MQ/13A containing the draft levy details |
| 31 July | RPA aims to calculate the levy and issue invoices by the end of July |
| 30 September | Deadline for payment of levy invoices by purchaser |
| 1 October | Date from which RPA will charge interest on outstanding levy bills |

Commission Reg

Part I

Penalties

| | | |
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| Loss of Purchaser Approval | I1 | Page 44 |
| Levy | I2 | Page 44 |
| Penalty | I3 | Page 44 |
| Legal Action | I4 | Page 45 |

Penalties

I1 - Loss of purchaser approval

Purchasers who do not comply with the conditions to which they have agreed may lose their approved status. Full details of the conditions of approval are contained in Regulation 5 of the DPQR.

Approval can be withdrawn if purchasers do not comply in particular with Regulation 6 (obligations of producers and purchasers with respect to registration and deliveries); Regulation 33 (Information); and Regulation 34 (keeping and retention of records).

Approval can also be withdrawn if an MQ/13 Purchasers Annual Return is not submitted by 30 June, following the 14 May deadline.

Further details of the regulations relating to Milk Quotas are given in **Appendix 2**.

DPQR

I2 - Levy

A levy may be payable for:

Over-production against quota. You will have to pay any wholesale levy, but can recover it from producers that have exceeded their threshold.

Under-declaration of deliveries. You will have to pay a levy at the full rate on the amount under-declared.

Levies are calculated at the rate quoted in the Council Regulation (see 'The Levy Rate' in **Part H**).

*Commission Reg
Council Reg
DPQR*

I3 - Penalty

A penalty will be payable for:

- late return of a purchaser's monthly statement. The penalty is based on 0.01% of deliveries per calendar day of the delay;
- late return of a purchaser's annual statement and purchaser's revised summary. A penalty is payable if you are late in returning your annual statement (form MQ/13 and MQ/13A and accompanying Provisional Levy Report). This penalty is increased as the delay increases;
- the penalty is charged at an amount equal to the levy due for a 0.01% overrun of the quantities of milk delivered to you by producers, for each calendar day of the delay. Where no declaration is received, and quantities are not known by us, we are entitled to make an estimate of those deliveries;

- MQ/13 forms submitted after 30 June shall not be included in the levy calculations and producers will not therefore benefit from a reallocation of unused quota. This will result in immediate withdrawal of purchaser approval;
- late return of Adjustment of Purchaser Quota form (MQ/10). A penalty is payable if you are late in submitting form MQ/10 after the final deadline of 14 May;
- the penalty is charged at an amount equal to the theoretical levy due on 0.01% of the quota being moved per calendar day of the delay;
- forms submitted after 15 June will not be accepted;
- failure to maintain up-to-date records. A penalty is payable where you have failed to maintain the records required and detailed in **Part E**;
- the penalty is charged at an amount equal to the theoretical levy due on 0.5% of the volume of milk concerned;
- the penalty set will not be less than 100 Euros or greater than 100,000 Euros for the MQ/13, or less than £60 or greater than £60,000 for the other penalties;
- such penalties shall be adjusted in proportion to the seriousness of the irregularity. They shall not be charged in cases of *force majeure* duly recognised by the RPA.

*Commission Reg
DPQR*

I4 - Legal action

The RPA may consider bringing criminal proceedings against any person or company who has broken EU or UK law. Purchasers should be aware that legal action may be taken in the following circumstances:

DPQR

Non-compliance with regulations

If you fail to comply with the requirements of the relevant Community Regulations (see Appendix 2) or the Dairy Produce Quotas Regulations we may take legal action against you. On summary conviction, a person shall be liable to a fine not exceeding Level 5 on the standard scale; or, on conviction on indictment, to a fine or imprisonment.

DPQR

Fraud

We may take legal action against any person who knowingly makes a false statement or uses a document containing false information in connection with these regulations. On summary conviction, a person shall be liable to a fine not exceeding Level 5 on the standard scale; or, on conviction on indictment, to a fine or imprisonment.

Non-payment of levy

The Agency has the power to bring civil proceedings to recover any EU debt owed by a specified person.

Failure to keep records

Any person who fails to keep records as set out in Schedule 2 to the DPQR shall be guilty of an offence. Such a person shall be liable on summary conviction to a fine not exceeding the statutory maximum (Great Britain), £2,000 (Northern Ireland) or to imprisonment for a term not exceeding three months, or both; or on conviction on indictment to a fine or to imprisonment for a term not exceeding two years, or both. The schedule also carries notices for laboratories, hauliers, creameries and other persons dealing direct with you.

DPQR

Part J

The future

The Future

The Future

Under current legislation the Milk Quotas Regime continues until 31 March 2015.

Council Reg

There have been 0.5% increases in milk quota in each of the years 2006, 2007 and 2008 and an additional 2% award in 2008. From 2009 to 2013 there will be a 1% increase each year.

Notices publicising changes to the regime are issued as necessary on the *Milk Quotas* link in the RPA website.

Appendix 1

Purchasers' Obligations

As a purchaser you must keep:

- keep records relating to producers and their deliveries, quotas and butterfat content;
- take regular samples (at least once per month) of the milk delivered by each producer;
- have samples analysed by an approved laboratory to establish their fat content;
- prepare an end-of year statement of deliveries for each producer;
- submit an annual statement of total deliveries and butterfat content to the RPA by 14 May (form MQ/13);
- submit a revised annual statement of total deliveries and butterfat content to the RPA along with a revised end-of year statement of deliveries for each producer within 2 weeks of the date despatched from the RPA (form MQ/13A and PLR report);
- submit monthly statements by the third working day of the following month to the RPA (form MQ/12);
- submit weekly statements by Wednesday of the following week to the RPA when required (form MQ/14) – currently suspended until further notice;
- notify the RPA of any producers who have made no deliveries or have ceased production during the year;
- notify the RPA of changes in your quota due to a producer joining from another purchaser group (form MQ/10);
- collect levy from over quota producers;
- pay any levy by 30 September;
- inform the RPA of changes affecting your processing premises and laboratories;
- inform producers if your approval is revoked by the RPA;
- retain records for three calendar years after the end of the quota year in which they were drawn up;
- make records available for physical inspection by officers authorised by the RPA.

Appendix 2

Regulations relating to Milk Quotas

The administration of Milk Quotas is governed by the following regulations:

Council Regulation (EEC) No 1234/2007 (as amended), Commission Regulation (EC) 258/2009 – *establishing a common organisation of agricultural markets and on specific provisions for certain agricultural products (Single CMO Regulations) Commission Regulation (EC) 258/2009.*

| Article | | Handbook Section(s) |
|---------|---|---------------------|
| 66 | Setting quota for each member state | J |
| 78 | Surplus Levy | B,C,F,G,H. |
| 79 | Contribution of producers to the surplus levy due | H |
| 65 | Definitions | C |
| 67 | Individual Quotas | B |
| 68 | Allocation of quotas from national reserve | B,G,H. |
| 69 | Management of quotas | B,C,D,E,F,G,H |
| 70 | Fat content | B,E,H. |
| 80 | Surplus levy on deliveries | E,F,H. |
| 81 | Role of purchasers | C,D,F,H |
| 83 | Surplus levy on direct sales | H |
| 84 | Amount paid in excess or unpaid | H,I. |
| 71 | National Reserve | |
| 72 | Cases of inactivity | B |
| 73 | Temporary transfers | B |
| 74 | Transfer of quotas together with land | |
| 75 | Special transfer measures | |
| 76 | Retention of quotas | |
| 77 | Aid for the acquisition of quotas | |
| 82 | Approval | D |
| 195 | Committee | |
| 85 | Implementing Rules | |
| 201 | Repeals | |
| 203 | Transitional rules | |
| 204 | Entry into force | |

Commission Regulation (EEC) No 595/2004 (as amended) – laying down detailed rules for applying Council Regulation (EC) 1788/2003* establishing a levy in the milk and milk products sector. *now superseded by Council Regulation 1234/2007

| Article | | Handbook Section(s) |
|----------------|--|----------------------------|
| 1 | Rules for applying Council Regulation | |
| 2 | National quotas divided between deliveries and direct sales | A |
| 3 | Temporary and permanent conversions | B |
| 4 | Definitions | C |
| 5 | Individual reference quota quantities | B |
| 6(1) | Method for calculation of levy | H |
| 6(2) | Milk being destroyed for sanitary measures is not counted as a delivery | E |
| 6(3) | Milk being destroyed for sanitary measures is not counted as a delivery | C |
| 7 | Amendments to individual reference butterfat content | E |
| 8(1,2) | At the end of the quota year purchasers must prepare a statement for each producer stating quota and butterfat base, plus deliveries and fat content | E,F,G,J |
| 8(3) | Submission of purchasers' annual returns and penalties for late return | E,H,J |
| 9 | Calculation of butterfat adjusted deliveries | B,E,F,H,J |
| 10 | Butterfat adjustment | B,E,H,J |
| 11 | Direct sales declaration | |
| 12 | Equivalences of milk and milk products and the calculation of wholes milk equivalents (WME) | |
| 13 | Notification of levy to purchasers | H |
| 14 | Exchange rate for calculation of levy is taken as at 31 March | |
| 15 | Payment of levy will be before 1 October each year, or interest will be accrued (see 1468/2006) | H,J |
| 16 | Criteria for redistributing the excess levy | |
| 17 | Authorises Member States to take additional measures necessary to ensure payment of levy by the deadline date | E,H,I |
| 18 | National control measures | |
| 19 | Control plan and risk analysis | |
| 20 | 'On-the-spot' checks | E |
| 21 | Inspection of producers, direct sales and purchasers | B,C,D,E,F,H |

| Article | | Handbook Section(s) |
|---------|---|---------------------|
| 22 | Intensity of controls | |
| 23(1,2) | Approval of purchasers | D |
| 23(3) | Penalties | B,D,I |
| 23(4) | Record-keeping | B,C,D,E,F,H,J |
| 24 | Obligations of purchasers and producers | B,C,D,E,F,J |
| 25 | Communications with the Commission | |
| 26 | Questionnaire to the Commission | |
| 27 | Other Communications | |
| 28 | Repeal | |
| 29 | Entry into force as of 1 April 2004 | |

SI 2005 No 455: The Dairy Produce Quota Regulations 2005 (England)

SI 2005 No 455: The Dairy Produce Quota Regulations 2005 (England)

SI 2005 No 455: The Dairy Produce Quota Regulations 2005 (England)

SI 2005 No 455: The Dairy Produce Quota Regulations 2005 (England)

Regulations 2005 – rules for the administration of Milk Quotas within the UK.

| Regulation | | Handbook Section |
|------------|--|--------------------|
| 1 | These regulations were in force on 31 March 2005 | |
| 2 | Interpretation and definitions | C |
| 3 | Application | |
| 4 | Records held by the Secretary of State | |
| 5 | Approval of purchasers | D |
| 6 | Obligations of producers and purchasers with respect to registration and deliveries | B,C,D,E,F,J |
| 7 | Producers and purchasers' right to inspect their own records held in the Secretary of State's register | |
| 8 | Registers as evidence in legal proceedings | |
| 9 | Transfer of quota with transfer of land: general | B |
| 10 | Transfer of part of holding | B |
| 11 | Prospective apportionment of quota | |
| 12 | Notification by Secretary of State of apportionment by arbitration | |
| 13 | Transfer of quota without transfer of land | B |
| 14 | Retention of quota at the end of a tenancy | |
| 15 | Temporary transfer of quota | B |
| 16 | Restriction on transfer of quota | |
| 17 | Consequences of failure duly to submit a transfer notice | |
| 18 | Allocation of quota from National Reserve by Secretary of State | B,G,H |
| 19 | Temporary reallocation of quota due to herd movement restriction(s) | B,G,H |
| 20 | Special allocation of quota | |
| 21 | Conversion of quota: general (temporary and permanent) | B |
| 22 | Conversion of quota: restrictions on transfers in conversion year | |
| 23 | Adjustment of purchaser quota | B,E,F |
| 24 | Restriction on quota use in Scottish Islands Area | |
| 25 | Determination of whether reduction on downward butterfat adjustment in relation to deliveries | E |

| Regulation | | Handbook Section |
|------------|--|------------------|
| 26 | Determination of whether levy on deliveries is payable | H |
| 27 | Reallocation of producers' quota at end of quota year | B,G,H |
| 28 | Determination of liability for levy on deliveries | B,G,H |
| 29 | Notification of levy liability | H |
| 30 | Determination of liability for levy on direct sales | |
| 31 | Payment and recovery of levy | F,H |
| 32 | Prevention of avoidance of levy | |
| 33 | Provision of information and annual declaration | E,F,G,J |
| 34 | Keeping and retention of records | B,C,D,E,F,H,J |
| 35 | Late annual declarations | I |
| 36 | Administrative penalties | I |
| | | |
| 37 | Withholding or recovery of compensation | |
| 38 | Confiscation of quota | B |
| 39 | Restoration of quota | B |
| 40 | Offences and criminal penalties | I |

| Schedule | | Handbook Section |
|----------|---|------------------|
| 1-11 | Apportionment and remuneration of arbitrator | |
| 12-20 | Conduct of proceedings and witnesses | I |
| 21-23 | Award | |
| 24 | Reasons for award | |
| 25-27 | Costs | |
| 28-30 | Special case, setting aside award and remission | |
| 31-34 | Miscellaneous | |

SI 2006 No 120: The Dairy Produce Quotas (Amendment) Regulations 2006

| Regulation | | Handbook Section |
|------------|--|------------------|
| 1 | Entry into force 31 March 2006 | |
| 7 | Amendment to Regulation 36 providing for a penalty for errors on purchasers annual declaration | B,D,I |

SI 2007 No106: The Dairy Produce Quotas (Amendment) Regulations 2007

| Regulation | | Handbook Section |
|------------|-------------------------------|------------------|
| 3 | Relevant competent authority | |
| 4 | National Reserve | |
| 5 | Powers of authorised officers | E |
| 6 | Offences and Penalties | I |
| 7 | Dairy Produce Quota Tribunals | |

SI 2002 No 466: The Dairy Produce Quotas (General Provisions) (Amendments) Regulations 2005.

| Regulation | | Handbook Section |
|------------|---------------------------|------------------|
| 2 | Amendments to definitions | C |

SI 2007 No 477: The Dairy Produce (Miscellaneous Provisions) Regulations 2007

| Regulation | | Handbook Section |
|------------|---|------------------|
| 2 | Dairy Produce Quotas Tribunals | |
| 3 | Amendment of the Dairy Produce Quotas (General Provisions) Regulations 2002 | |
| 4 | Amendment of Agriculture Act 1986 | |
| 6 | Revocation of the Milk (Community Outgoers) Schemes | |

Appendix 3

List of Milk Quotas Forms

| | |
|---------------|---|
| MQ/1 | Application to register the permanent transfer of milk quota |
| MQ/3 | Notification of temporary transfer (lease) of milk quota |
| MQ/6 | Application for permanent conversion of direct sale to wholesale quota or wholesale quota to direct sales quota |
| MQ/8 | Prospective apportionment of milk quota to land |
| MQ/9 | Request for information held on the quota register |
| MQ/10 | Movement of milk quotas between purchasers |
| MQ/11 | Application for approval as a purchaser |
| MQ/12 | Purchaser's monthly return |
| MQ/13 | Purchaser's annual return |
| MQ/13A | Revised Purchaser's annual return |
| MQ/14 | Purchaser's weekly return |
| MQ/15 | Annual declaration of direct sales and application for temporary conversion of quota |
| MQ/16 | Application for temporary reallocation of quota: herd movement restrictions |
| MQ/25D | Direct Seller's monthly records |
| MQ/25W | Wholesale Producer's monthly records |
| MQ/26 | Temporary movement of milk quota between purchasers |
| MQ/37 | Application for laboratory approval |
| MQ/42 | Authority to release information held on the quota register |
| MQ/43 | Request for restoration of milk quota |

Also available: ***A Guide to Milk Quotas*** – a detailed explanation of the Milk Quotas system for producers, purchasers and those professionally involved in Milk Quotas.

Copies of forms and the guide are available on our website at www.rpa.gov.uk or through our **Helpline** on **01392 266466**.

Appendix 4

Important dates in the quota year

| | |
|---------------------|---|
| 1 April | Start of quota year |
| 14 May | Deadline for receipt of: <ul style="list-style-type: none"> • MQ/13 (purchaser's annual return) • MQ/15 (direct seller's annual declaration and application for temporary conversion of quota) • MQ/10 (Movement of milk quota between purchasers) • MQ/16 (Application for temporary reallocation of quota: herd movement restrictions) |
| 15 June | Deadline for receipt of: <ul style="list-style-type: none"> • MQ/26 (Temporary movement of purchasers quota) |
| July | Deadline for receipt of: <ul style="list-style-type: none"> • MQ/13A (Revised purchaser's annual return) <p>We aim to issue levy invoices to purchasers by the end of this month</p> |
| 30 September | Deadline for the payment of levy |
| 31 December | Deadline for submitting MQ/6 (permanent conversion of quota) |
| 31 March | Deadline for receipt of : <ul style="list-style-type: none"> • MQ/1 (permanent transfers by lease of land) • MQ/3 (notification of temporary transfer of milk quota) |
| 31 March | End of quota year |

Appendix 5

The Dixon Test

The fat content of a producer's milk for a month is calculated using the simple average of the results in the month.

If only one or two samples are taken in a month and a rogue result occurs, the purchaser must re-sample and re-analyse in that month, replacing the rogue result with the new test.

If three or more tests are taken per month, and there is no evidence available to support the questionability of a result, the purchaser should apply the Dixon test, which is used to justify the exclusion of a supposedly rogue result.

If the Dixon test supports exclusion, records must show both results, to demonstrate why the questionable result was excluded.

The Dixon Test

Principle – the results are ranked in order. Ratios are calculated and the largest value of these is compared with a tabulated value at a 95% significance level.

The tabulated values are:

| Number of Samples (n) | Critical value (95%) |
|-----------------------|----------------------|
| 3 | 0.970 |
| 4 | 0.829 |
| 5 | 0.710 |

Example 1

The fat results for the month are 3.69, 3.61, 3.58 and 3.83. These are ranked in order: 3.58, 3.61, 3.69, 3.83.

As there are four results in the month, the critical value is 0.829, taken from the table above.

To check whether the highest result is a rogue, the following ratio is calculated:

$$\frac{(3.83 - 3.69)}{(3.83 - 3.58)} = \frac{0.14}{0.25} = \mathbf{0.560}$$

(The highest result less the second highest result, divided by the highest result less the lowest result.)

To check whether the lowest result is a rogue, the following ratio is calculated:

$$\frac{(3.61 - 3.58)}{(3.83 - 3.58)} = \frac{0.03}{0.25} = \mathbf{0.120}$$

(The second lowest result less the lowest result, divided by the highest result less the lowest.)

The largest calculated ration of 0.560 is less than the critical value of 0.829 (n=4) and so is not significant. Therefore neither of the results is a rogue and they must be retained.

Example 2

The fat results for the month are 3.69, 3.61, 3.58 and 4.50. These are ranked in order: 3.58, 3.61, 3.69 and 4.50.

As there are four results in the month, the critical value is 0.829, taken from the table above.

To check whether the highest result is a rogue, the following ratio is calculated:

$$\frac{(4.50 - 3.69)}{(4.50 - 3.58)} = \frac{0.81}{0.92} = \mathbf{0.880}$$

(The highest result less the second highest result, divided by the highest result less the lowest result.)

To check whether the lowest result is a rogue, the following ratio is calculated:

$$\frac{(3.61 - 3.58)}{(4.50 - 3.58)} = \frac{0.03}{0.92} = \mathbf{0.033}$$

(The second lowest result less the lowest result, divided by the highest result less the lowest.)

The largest calculated ratio of 0.880 is greater than the critical value of 0.829 (n=4) and so is significant. The highest fat result of 4.50 may therefore be considered a rogue. The lowest result cannot be considered 'rogue', as the result is less than the critical value of 0.829.

The fat result of 4.50 may therefore be excluded from the calculation of the average fat content for the month. The fat content is taken to be the average of the three remaining results, 3.58, 3.61 and 3.69 = 3.63.

NB: The Dixon test need only be applied to justify the exclusion of high or low results where there is no other evidence available to confirm the inaccuracy of the result.

Appendix 6

Metric and imperial conversions

Volume

1 litre = 1.75975 pints = 0.21997 gallons

1 pint = 0.56826 litres

1 gallon = 4.54609 litres

Weight

1 kilogram = 2.20462 pounds

1 pound = 0.45359 kilograms

1 metric ton (tonne) = 0.98421 long tons

1 long ton = 1.01605 metric tons

Litres to kilograms

1 litre of milk weighs 1.02987 kilograms

1 kilogram of milk occupies 0.971 litres

Appendix 7

Milk Quotas Contact names and addresses

Rural Payments Agency
Milk Quotas
PO Box 277
Exeter
EX5 1WB

Milk Quotas Helpline: 01392 266466

Milk Quotas Fax: 01392 266489

RPA Customer Service Centre: 0845 603 7777

RPA Website: www.rpa.gov.uk

| Name | Job Title | Direct line number |
|-------------------------|------------------------------|--------------------|
| Delphine Dudding | Group Manager Trader Schemes | 01392 266287 |

| | | |
|-------------------|-----------------------|--------------|
| Karen Oppy | Trader Schemes Manger | 01392 266490 |
|-------------------|-----------------------|--------------|

| | | |
|-----------------------|--|--------------|
| Tracey Pedler | Milk Supplementary Levy and Controls Manager | 01392 266005 |
| Sarah McGilway | Document Control and Quota Movements Manager | 01392 266483 |
| Peter Crouch | Computer Manager | 01392 266345 |
| Conrad Jones | Deputy Computer Manager | 01392 266240 |

Purchaser Approval Contact Names

| | | |
|--------------------|--|--------------|
| Evelyn Paul | Purchaser Approval, Levy and Controls Deputy Manager | 01392 266461 |
| Andrew Butt | Purchaser Approval, Levy and Controls Administrator | 01392 266320 |

DEFRA and the Devolved Administrations

RA and the Devolved Administrations are responsible for policy matters relating to Milk Quotas, and may be contacted at the following addresses:

England

Department for Environment, Food and Rural Affairs

Livestock Products Division Area 5D
9 Millbank
c/o 17 Smith Square
London
SW1P 3JR

Tel No: 020 7238 3096

Wales

Welsh Assembly Government

Department of Environment
Planning and Countryside Crown Buildings
Cathays Park
Cardiff
CF1 3NQ

Tel No: 02920 823835

Scotland

Scottish Government

Rural Directorate – Agricultural Division
Agricultural Commodities Branch
Room 251
Pentland House
47 Robbs Loan
Edinburgh
EH14 1TY

Tel No: 0131 244 6953

Northern Ireland

Department of Agriculture and Rural Development

Farm Policy II and Control Support Division
Dundonald House
Upper Newtonards Road
Belfast
BT4 3SB

Tel No: 02890 524680

Appendix 8

Examples of monthly and weekly notices

Both of the notices illustrated below may be found on the RPA website (www.rpa.gov.uk) by clicking on the hotlink labelled "Milk Quotas", selecting "Statistics" and then clicking on either "Monthly Milk Production" or "Weekly Milk Production". The Weekly Notice will be published by 4pm each Thursday from October until the last full week of March. (Note: The weekly notice has not been published since the 2007/08 quota year and is on hold for the foreseeable future.) The monthly notice to traders is published by 4pm on the 5th working day of each month.

RURAL PAYMENTS AGENCY

PO Box 277 Exeter EX5 1WB
www.rpa.gov.uk

Notice to Traders No MQ 03/09

7 July 2009

MILK QUOTAS - 2009/2010 QUOTA YEAR

UK WHOLESALE MILK PRODUCTION TO THE END OF JUNE 2009

Notes

- The format of UK wholesale milk production notices for the 2009/10 quota year is intended to provide comprehensive and detailed information which does not rely on comparisons with a quota profile;
- This data is intended as a *guide* to trends in milk production. However, the figures are compiled from returns submitted to RPA by purchasers; they can only ever be as accurate as the data provided and the figures cannot be relied upon for the purpose of predicting the final levy position;
- RPA relies on individual purchasers to provide the data, which is supplied 'subject to confirmation' and may be amended at any time during the year. Certain monthly figures are therefore subject to confirmation and may be amended. Any amendments to these figures will have a consequent effect on certain cumulative figures;
- whilst every effort has been made to ensure the accuracy of the data provided, the Rural Payments Agency shall not be held liable for any errors or omissions;
- Anyone using the data contained in this Notice will need to take full account of the limitations described in these notes in reaching commercial decisions involving milk quota/milk production;
- Each individual producer's output for quota purposes is adjusted for every 0.01% by which the butterfat content of his deliveries differs from his ongoing base figure. If the butterfat content of his deliveries is below his ongoing butterfat base the adjustment is by 0.18%, if greater than his ongoing butterfat base the adjustment is by 0.09%, for every 0.01% difference.
- the National Reserve of quota is very small (currently less than 0.1% of wholesale quota on allocation) and is included in the wholesale quota figures;
- the provisional monthly and cumulative deliveries figures for the current month contain an estimated element relating to 1.2% of the deliveries. 5 purchasers failed to submit a return;
- those producers whose deliveries (butterfat adjusted if necessary) in a Quota Year are lower than their quota, are not required to pay a levy for that Quota Year.

UK WHOLESALE MILK DELIVERIES (M LITRES) 2002/03 TO DATE

VOLUME (Not butterfat adjusted)

| | 2002/03 | 2003/04 | 2004/05 | 2005/06 | 2006/07 | 2007/08 | 2008/09 | 2009/10 |
|----------------|----------|----------|----------|----------|----------|----------|----------|----------------|
| Monthly | M Litres | M Litres | M Litres | M Litres | M Litres | M Litres | M Litres | M Litres |
| April | 1,273.2 | 1,270.7 | 1,209.0 | 1,206.3 | 1,190.8 | 1,203.8 | 1,139.4 | 1,143.7 |
| May | 1,354.0 | 1,366.5 | 1,305.5 | 1,279.4 | 1,275.1 | 1,258.3 | 1,225.7 | 1,201.8 |
| June | 1,215.5 | 1,266.2 | 1,207.7 | 1,186.5 | 1,178.2 | 1,147.3 | 1,127.4 | 1,122.4* |
| July | 1,199.4 | 1,232.1 | 1,202.6 | 1,163.1 | 1,155.3 | 1,098.4 | 1,115.0 | |
| August | 1,138.8 | 1,180.6 | 1,142.8 | 1,136.1 | 1,103.3 | 1,074.2 | 1,057.3 | |
| September | 1,070.9 | 1,101.1 | 1,074.0 | 1,066.6 | 1,059.1 | 1,026.5 | 973.0 | |
| October | 1,076.4 | 1,115.7 | 1,074.2 | 1,077.0 | 1,071.7 | 1,041.5 | 1,015.0 | |
| November | 1,024.8 | 1,071.0 | 1,044.5 | 1,030.0 | 1,032.3 | 1,014.0 | 982.6 | |
| December | 1,105.0 | 1,126.9 | 1,114.8 | 1,097.7 | 1,094.9 | 1,069.4 | 1,048.3 | |
| January | 1,140.7 | 1,127.1 | 1,141.7 | 1,134.5 | 1,129.6 | 1,100.7 | 1071.1 | |
| February | 1,049.4 | 1,053.5 | 1,051.2 | 1,045.4 | 1,020.1 | 1,044.1 | 981.3 | |
| March | 1,213.5 | 1,151.8 | 1,197.9 | 1,178.5 | 1,170.2 | 1,136.9 | 1,122.3 | |

Cumulative

| | | | | | | | | |
|-----------|----------|------------|----------|----------|----------|----------|-----------------|----------------|
| April | 1,273.2 | 1,270.7 | 1,209.0 | 1,206.3 | 1,190.8 | 1,203.8 | 1,139.4 | 1,143.7 |
| May | 2,627.2 | 2,637.2 | 2,514.5 | 2,485.7 | 2,465.8 | 2,462.1 | 2,365.1 | 2,345.6 |
| June | 3,842.7 | 3,903.5 | 3,722.2 | 3,672.2 | 3,644.0 | 3,609.4 | 3,492.5 | 3,468.0* |
| July | 5,042.0 | 5,135.6 | 4,924.8 | 4,835.4 | 4,799.3 | 4,707.8 | 4,607.5 | |
| August | 6,180.8 | 6,316.2 | 6,067.6 | 5,971.5 | 5,902.6 | 5,781.6 | 5,664.8 | |
| September | 7,251.7 | 7,417.3 | 7,141.6 | 7,038.0 | 6,961.7 | 6,808.1 | 6,637.8 | |
| October | 8,328.0 | 8,533.1 | 8,215.8 | 8,115.0 | 8,033.4 | 7,849.5 | 7,652.8 | |
| November | 9,352.9 | 9,604.1 | 9,260.3 | 9,145.0 | 9,065.7 | 8,863.6 | 8,635.4 | |
| December | 10,457.9 | 10,731.0 | 10,375.0 | 10,242.7 | 10,160.1 | 9,933.0 | 9,683.7 | |
| January | 11,598.7 | 11,858.1 | 11,516.7 | 11,377.2 | 11,290.2 | 11,033.7 | 10,754.8 | |
| February | 12,648.1 | 12,911.6 | 12,568.0 | 12,422.6 | 12,310.3 | 12,077.8 | 11,736.1 | |
| March | 13,861.6 | 14,063.3 | 13,765.9 | 13,601.0 | 13,480.6 | 13,214.7 | 12,858.4 | |
| | | 14,026.58+ | | | | 13,182.3 | | |
| | | | | | | + | | |

Updated figures are in **bold** type.

* Provisional figures

+ Leap year adjusted figures

UK WHOLESALE MILK DELIVERIES (M LITRES) 2002/03 TO DATE Continued

BUTTERFAT %

| | 2002/03 | 2003/04 | 2004/05 | 2005/06 | 2006/07 | 2007/08 | 2008/09 | 2009/10 |
|--------------------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|
| Monthly | % | % | % | % | % | % | % | % |
| April | 3.99 | 3.89 | 4.00 | 4.02 | 4.09 | 4.02 | 4.09 | 4.05 |
| May | 3.89 | 3.82 | 3.81 | 3.87 | 3.93 | 3.92 | 3.90 | 3.93 |
| June | 3.89 | 3.79 | 3.81 | 3.86 | 3.83 | 3.89 | 3.92 | 3.85* |
| July | 3.84 | 3.83 | 3.87 | 3.90 | 3.84 | 3.93 | 3.87 | |
| August | 3.86 | 3.87 | 3.89 | 3.93 | 3.97 | 3.97 | 4.02 | |
| September | 3.95 | 4.02 | 4.05 | 4.04 | 4.06 | 4.06 | 4.11 | |
| October | 4.08 | 4.14 | 4.16 | 4.11 | 4.13 | 4.17 | 4.16 | |
| November | 4.12 | 4.18 | 4.15 | 4.16 | 4.17 | 4.23 | 4.19 | |
| December | 4.08 | 4.11 | 4.11 | 4.15 | 4.19 | 4.20 | 4.19 | |
| January | 4.02 | 4.03 | 4.10 | 4.10 | 4.13 | 4.13 | 4.14 | |
| February | 4.02 | 4.00 | 4.08 | 4.06 | 4.08 | 4.10 | 4.12 | |
| March | 3.98 | 4.05 | 4.10 | 4.10 | 4.10 | 4.13 | 4.10 | |
| Cumulative | | | | | | | | |
| April | 3.99 | 3.89 | 4.00 | 4.02 | 4.09 | 4.02 | 4.09 | 4.04 |
| May | 3.94 | 3.86 | 3.90 | 3.94 | 4.01 | 3.97 | 3.99 | 3.98 |
| June | 3.92 | 3.83 | 3.87 | 3.92 | 3.95 | 3.94 | 3.97 | 3.94* |
| July | 3.90 | 3.83 | 3.87 | 3.91 | 3.92 | 3.94 | 3.95 | |
| August | 3.90 | 3.84 | 3.87 | 3.92 | 3.93 | 3.95 | 3.96 | |
| September | 3.90 | 3.87 | 3.90 | 3.93 | 3.95 | 3.96 | 3.98 | |
| October | 3.93 | 3.90 | 3.93 | 3.96 | 3.98 | 3.99 | 4.01 | |
| November | 3.95 | 3.93 | 3.96 | 3.98 | 4.00 | 4.02 | 4.03 | |
| December | 3.96 | 3.95 | 3.98 | 4.00 | 4.02 | 4.04 | 4.04 | |
| January | 3.97 | 3.96 | 3.99 | 4.01 | 4.03 | 4.05 | 4.05 | |
| February | 3.97 | 3.96 | 4.00 | 4.01 | 4.03 | 4.05 | 4.06 | |
| March | 3.97 | 3.97 | 4.00 | 4.02 | 4.04 | 4.06 | 4.06 | |
| UK Butterfat base | 3.97 | 3.97 | 3.97 | 3.97 | 3.97 | 3.97 | 3.97 | 3.97 |

* Provisional figures

n/a Complete records not available

COMPARISON OF UKWHOLESALE MILK DELIVERIES (M LITRES) AND UK WHOLESALE QUOTA TO DATE

| | 2002/03 | 2003/04 | 2004/05 | 2005/06 | 2006/07 | 2007/08 | 2008/09 | 2009/10 |
|---|----------|----------|----------|----------|----------|----------|----------|---------|
| Start-of-year wholesale quota | 14,018.8 | 14,029.1 | 14,037.8 | 14,062.3 | 14,130.0 | 14,201.0 | 14,549.2 | |
| Permanent conversions | +10.2 | +8.7 | +24.5 | +2.9 | +1.1 | -6.8 | +4.6 | |
| Temporary conversions | -42.6 | -27.3 | -59.8 | -63.8 | -54.8 | -54.3 | | |
| End-of-year wholesale quota | 13,986.4 | 14,010.3 | 14,002.4 | 14,001.4 | 14,076.3 | 14,139.9 | | |
| Annually declared deliveries not butterfat adjusted | 13,864.2 | 14,030.3 | 13,767.7 | 13,604.0 | 13,492.4 | 13,182.5 | | |
| Annually declared deliveries butterfat adjusted | 13,871.4 | 14,034.1 | 13,853.6 | 13,735.4 | 13,661.0 | 13,395.2 | | |
| Deliveries under/over quota | -115.0 | +23.8 | -148.8 | -266.0 | -409.5 | -744.7 | | |

* Provisional figures subject to verification
n/a Information not yet available

RURAL PAYMENTS AGENCY

PO Box 277 Exeter EX5 1WB

www.rpa.gov.uk

Notice to Traders No MQ/A/12

29 March 2007

MILK QUOTAS – 2006/2007 QUOTA YEAR**UK WHOLESALE MILK PRODUCTION FOR THE WEEK ENDING**

24 March 2007

| | | M litres | % |
|---|---|----------|---|
| Weekly data based on approximately 95 % of deliveries (unadjusted for butterfat) | | | |
| 1. | Provisional deliveries for week ending 24 March 2007 (see Notes a. to g. below) | 249.6 | |
| 2. | Deliveries for equivalent week (ending 25 March 2006) in previous quota year | 253.6 | |
| 3. | Updated deliveries for the previous week, (ending 17 March 2007) (see Notes a. to g. below) | 249.2 | |

Monthly data

| | | | |
|----|---|---------|------|
| 4. | Volume of provisional deliveries in February 2007 (see Note a. below) | 1,033.4 | |
| 5. | Weighted average of butterfat content of provisional February 2007 deliveries (see Note a. below) | | 4.07 |

Notes

This data is intended as a guide to trends in weekly milk production. The figures are compiled from returns submitted to the Rural Payments Agency (RPA) by purchasers; they can only ever be as accurate as the data provided and the figures cannot be relied upon for the purpose of predicting the final levy position.

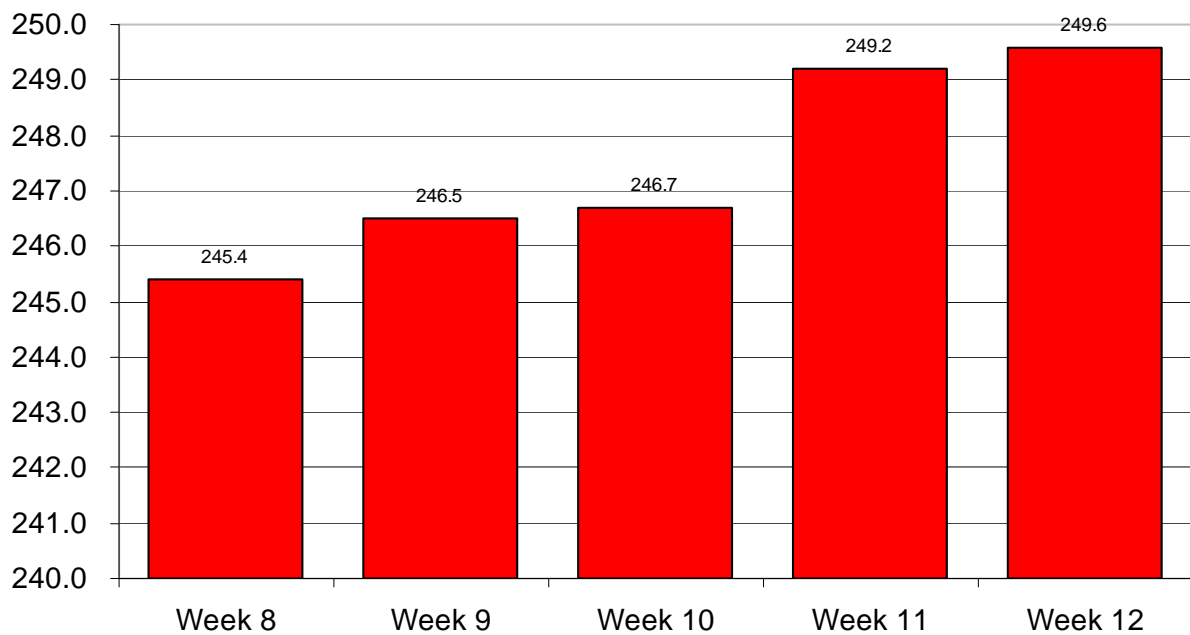
Whilst every effort has been made to ensure the accuracy of the data provided, the RPA shall not be held liable for any errors or omissions.

Anyone using the data contained in this Notice will need to take full account of the limitations described below in reaching commercial decisions involving milk quota/milk production.

Please note in particular the following:

- a. the figures at 1, 3, 4 and 5 are subject to confirmation and may be amended;
- b. the weekly data is supplied by the 33 largest purchasers, who take delivery of approximately 95 % of UK production;
- c. a more exact percentage of the current month's provisional deliveries represented by the weekly returns will be provided in the second weekly notice of the following month;
- d. the figure at 1 **has not** been extrapolated to cover 100% of UK deliveries;
- e. butterfat percentages are not available on a weekly basis and the deliveries **are not** therefore butterfat adjusted;
- f. the figures above contain an estimated element relating to 0.00 % of the delivery figures at item 1. No purchasers failed to submit a return;
- g. No purchaser has provided estimates for this week in the absence of more reliable data.

**2006/2007 Quota Year
Weekly Deliveries (Million Litres)**



Appendix 9

Examples of Purchaser reports

You will be sent two types of report giving details of quota and changes to quota registered with you by quota holders.

These reports are:

- the Registered Quota for Purchaser Report; and
- the Confirmation of Change in Registered Quota Report.

In both reports a header page gives your RPA registration number, the quota year, a key to the abbreviations used in the report and relevant notes.

The **Registered Quota for Purchaser Report** lists the permanent amount of quota, the temporary amounts of quota (both in and out), and the net quota held for each quota holder registered with you for a given quota year. The associated ongoing butterfat base for the quota holder is shown to two and six decimal places.

Grand totals are shown for both permanent and net quota, and the weighted butterfat to two and six decimal places for all quota holders registered with you.

The **Confirmation of Change in Registered Quota Report** lists changes in registered quota and butterfat bases for a specific quota year since the last *Confirmation of Change* report. It shows gains and losses in registered quota. Where producers have gained wholesale quota the revised ongoing butterfat and permanent butterfat base are shown to two and six decimal places. The type of registration is also shown in the report.

The registration types are:

ADP – Adjustment of Purchaser Quota

ADU – Adjustment of Used Purchaser Quotas

CRPR – Correction to a permanent registration

CRTR – Correction to a temporary registration

CRUR – Correction to a USED registration

I – Start of Year Quota

MQ26 – MQ/26 Registration

PERM – permanent registration of quota

RESA – End-of-Year Residual Amount

TEMP – temporary registration of quota for a specific

TRA – Temporary Re-allocation of Quota

USED – Re-Registration of used quota

The gains and losses are totalled in litres, and the overall change to the registered quota calculated. The report also shows the number of quota and butterfat records that have changed. Changes to the butterfat base of a quota holder who has left a purchaser group will be notified to the previous purchaser(s) as well as to the current one.

We aim to produce and despatch these reports to cross check that you have received all updates. The difference between the amount of registered quota on your current *Registered Quota for a Purchaser Report* and the amount shown on the previous report should equal the figure given against 'Change in Quota Registered' on the *Confirmation of Change in Registered Quota Report* for the same quota year.

Both reports are available on paper and by e-mail. The RPA should be contacted for further information and sample reports.

Examples of the printed reports are on the following pages.

EXAMPLE OF REGISTERED QUOTA FOR PURCHASER REPORT (REGQ)

RURAL PAYMENTS AGENCY, PO Box 277, Exeter, EX5 1WB
Tel: 01392 266466 Fax: 01392 266489
Web Page <http://www.rpa.gov.uk>

Date: 15/09/09
Page: 1 of 2
Purchaser Id: XXXX

ABC DAIRY LTD
DAIRY HOUSE
DAIRY ROAD
THE TOWN, THE COUNTY
AB1 2CD

REGISTERED QUOTA FOR PURCHASER REPORT

Trader Registration Number A12345
Quota Year: 2009/10

Keys Used In Report

For Quota Type

OW Ordinary Wholesale

Notes

- 1 Temporary Registered Quota includes both that registered as a result of leases temporary conversions and that left to cover deliveries already made.
- 2 The Butterfat base in the context of this report refers to the producer's ongoing Butterfat Base for the year of the report.

Treg. No.: A12345
 Quota Year: 2009/10

REGISTERED QUOTA FOR PURCHASER REPORT

Date: 15/09/09
 Page: 2 of 2

| Treg. No | Producer Name | Qta Typ | Permanent (litres) | Temporary In (litres) | Temporary Out (litres) | Net Quota (litres) | Butterfat 2 dp | Base 6 dp |
|-------------|---------------|---------|--------------------|-----------------------|------------------------|--------------------|----------------|-----------|
| K98765 | A FARMER | OW | 1,800,500 | 0 | 0 | 1,800,500 | 3.99 | 3.991055 |
| J87654 | COW LANE FARM | OW | 1,275,000 | 0 | 0 | 1,275,000 | 4.00 | 4.003344 |
| H76543 | H F HEIFERS | OW | 975,752 | 0 | 0 | 975,752 | 3.93 | 3.934743 |
| GRAND TOTAL | | | 4,051,252 | 0 | 0 | 4,051,252 | | |

Weighted butterfat percentage = 3.98 % 3.981360 %
 calculated as : Sum of (for each producer (Perm Reg + Temp Reg In - Temp Reg Out) * Ongoing B/Fat) * 100

 Sum of (Perm Reg + Temp Reg In - Temp Reg Out) for all producers

***** End of Report *****

EXAMPLE OF CONFIRMATION OF CHANGE IN REGISTERED QUOTA REPORT (PURC)

RURAL PAYMENTS AGENCY, PO Box 277, Exeter, EX5 1WB
Tel: 01392 266466 Fax: 01392 266489
Web Page <http://www.rpa.gov.uk>

Date: 15/09/09
Page: 1 of 2
Purchaser Id: XXXX

ABC DAIRY LTD
DAIRY HOUSE
DAIRY ROAD
THE TOWN, THE COUNTY
AB1 2CD

CONFIRMATION OF CHANGE IN REGISTERED QUOTA REPORT

Trader Registration Number:A12345
Quota Year: 2009/10

Keys Used In Report

For Quota Type

OW Ordinary Wholesale

For Registration Type

ADP Adjustment of Purchaser Quota
ADU Adjustment of Used Purchaser Quota
CRPR Correction of Permanent Registration
CRTR Correction of Temporary Registration
CRUR Correction of Used Registration
I Start Of Year Quota
MQ26 MQ/26 Registration
PERM Permanent Registration
RESA End-of-Year Residual Amount
TEMP Temporary Registration
TRA Temporary Re-allocation of Quota
USED Re-registration of used quota

TREG No.: A12345
 Quota Year: 2009/10

CONFIRMATION OF CHANGE IN REGISTERED QUOTA REPORT

Date: 15/09/09
 Page: 2 of 2

GAINS IN REGISTERED QUOTA

| Doc Id | Treg No | Producer Name | Reg. Type | Quota type | Quota Amount (litres) | Operative Da |
|--------|---------|---------------|-----------|------------|--------------------------|--------------|
| ----- | ----- | ----- | ----- | ----- | ----- | ----- |

LOSSES IN REGISTERED QUOTA

| Doc Id | Treg No | Producer Name | Reg. Type | Quota type | Quota Amount (litres) | Operative Da |
|---------|---------|---------------|-----------|------------|--------------------------|--------------|
| ----- | ----- | ----- | ----- | ----- | ----- | ----- |
| 1234567 | X98765 | COW LANE FARM | PERM | OW | -150,000 | 04/04/09 |

PRODUCERS GAINING OR LOSING WHOLESALE QUOTA - REVISED BUTTERFAT BASES FOR 2009/10

| Treg No | Producers Name | Ongoing Butterfat Base | | Permanent Butterfat Base |
|---------|----------------|---------------------------|----------|-----------------------------|
| | | 2dp | 6dp | 6dp |
| ----- | ----- | ----- | ----- | ----- |
| X98765 | COW LANE FARM | 4.00 | 4.003344 | 4.003344 |

| | | |
|-------------------------------------|-------|----------|
| Total Gain (litres) | ----- | 0 |
| Total Loss (litres) | ----- | -150,000 |
| Change in Quota Registered | ----- | -150,000 |
| Number of Quota Records Changed | | 1 |
| Number of Butterfat Records Changed | | 1 |

**** END OF REPORT ****

Appendix 11

Glossary of Terms

A Allocation of quota

The original or primary allocation of quota, which was made to producers in 1984. It was based on their production in 1981 for direct sales quota, and in 1983 for wholesale quota.

Annual Declaration or Statement

An end of year return completed by purchasers stating the total amount of milk which they have received from producers in that year.

Approved purchaser

A person or firm approved by the RPA as a first buyer of milk.

Each producer with wholesale quota must register the quota with an approved milk purchaser. Anyone making deliveries must deliver to an approved purchaser.

B Butterfat

The fat content of the milk.

The butterfat content is determined when the milk is sampled and analysed.

Butterfat adjustment

A producer's wholesale delivery figures are adjusted up or down according to the fat content of the milk. We will use the adjusted figure when calculating any levy.

Butterfat Base

See 'Permanent butterfat base' and 'Ongoing butterfat base'

Butterfat reference

Another term for butterfat base.

Often used to describe the butterfat attached to a movement of quota.

There is no butterfat base associated with direct sales quota.

C Clean Quota

See 'Unused quota'.

Colostrum

A thick yellow liquid produced from the mammary glands of cows in the immediate hours after calving. It contains the important antibodies required by the calf to assist in its survival.

Confiscation of quota

A process carried out by the RPA to place unused quota in the national reserve.

A producer's quota will be confiscated if they do not produce against it.

Conversion

A process by which producers can convert their quota from wholesale to direct sales, or visa versa. See 'Permanent conversion' of 'Temporary conversion'.

- Conversion rate**
- The currency conversion rate between the pound sterling and the euro as at 31 March at the end of each quota year.
- D**
- DARD**
- Department of Agriculture and Rural Development (Northern Ireland).
- DEFRA**
- Department for Environment, Food and Rural Affairs.
- Deliveries**
- Whole milk supplied by a wholesale producer to a purchaser. Milk products supplied to a purchaser no longer count as wholesale deliveries. They must be declared by the producer as a direct sale.
- DEPC**
- Welsh Assembly Government, Department of Environment, Planning and Countryside.
- Direct sales**
- Milk or milk products that producers market directly to the public after processing them themselves.
- Direct sales quota**
- The amount of milk or milk products that a producer is allowed to market to the public without becoming liable to a levy.
- DPQR**
- The Dairy Produce Quotas Regulations (2005) – the UK legislation governing Milk Quotas.
- E**
- Euro**
- The European single currency which replaced most EU currencies from 1 January 1999. All EU agricultural support rates (including Milk Supplementary Levy) are set in euros.
- F**
- Fat content**
- See 'Butterfat'
- Future butterfat base**
- The butterfat base attached to a producer's permanently held wholesale quota, including any bought as used in the current quota year.
- The permanent and ongoing butterfat bases will be set to the future butterfat base at the start of the next quota year.*
- H**
- Herd movement restrictions**
- Regulations which apply to the movement of animals from holdings affected by certain diseases.
- A producer can apply for additional quota to cover excess production caused solely by such a restriction.*
- Holding**
- All the land in the UK which a producer farms. It may consist of one or more farms or production units.
- I**
- Inspection**
- Checks carried out by the RPA in accordance with EU legislation.
- Purchasers and producers will be subject to inspection to ensure that they have supplied the RPA with correct information.*
- L**
- Lease of quota**
- An agreement between two producers to make a temporary transfer of unused quota without land.
- Lessee**
- A person or firm who has agreed to lease out quota.

M Milk Supplementary Levy

A levy that is charged to producers or purchasers who exceed the quota available to them.

N National reserve

Quota allocated by the European Commission to a Member State but not allocated to producers.

The National Reserve will be used for special allocations of quota and reallocation within the levy calculation to reduced individual producers' levy liabilities.

O Ongoing butterfat base

A producer's permanent butterfat base after permanent and temporary changes to their wholesale quota for the current quota year have been taken into account.

The latest ongoing butterfat base shown in the most recent REGQ report should be used by you in the butterfat adjustment calculation you make for each producer.

Operative date

The date on which a quota movement takes effect.

Ordinary quota

The original quota allocated in 1984 and any subsequent allocation no longer regarded as special quota.

P Penalties

A sum charged for the late or inaccurate submission of an annual declaration (either wholesale or direct sales). See also 'Milk Supplementary Levy' and 'Confiscation'.

Permanent butterfat base

The butterfat base attached to a producer's permanently held wholesale quota for the current quota year.

There is not butterfat base associated with direct sales quota.

Permanent conversion

A process by which producers can convert quota from wholesale to direct sale and vice versa on a permanent basis.

Permanent transfer

An agreement to transfer quota permanently from one producer to another. Permanent quota transfers may be made with or without a land transaction.

Primary quota

See. 'Allocation of quota'.

Priority reallocation

The reallocation of quota in the first instance to producers affected by Herd Movement Restrictions.

Producer

An individual or business farming a holding who produce and market milk or who are preparing to do so in the very near future,

The full definition of 'Producer' can be found in Article 5 of Council Reg 1234/2007.

Purchaser quota

The total amount of wholesale quota which producers have registered with a particular purchaser.

Q Quota

The quantity of milk and milk products that a milk producer may deliver or market in a quota year without becoming liable to a Levy.

There are two types – wholesale quota, for raw whole milk delivered to a purchaser, and direct sales quota, for milk and milk products marketed to the public.

Quota holder

An individual or business in whose name milk quota is registered.

Quota register

The record, maintained by the RPA, showing the details of:

- all milk quota holders and the amounts of quota they hold; and
- all approved purchasers and the amounts of wholesale quota registered with them by producers.

Quota year

The twelve months from 1 April until 31 March in the following year.

- the entry of a producer’s details on the milk quota register maintained by the RPA.

Registration number

See ‘RPA number’.

Reg Q report

The Registered Quota for Purchaser Report is produced by RPA and lists the permanent amount of quota, the temporary amounts of quota (both in and out), and the net quota held for each quota holder registered with a purchaser for a given quota year. The associated ongoing butterfat base for the quota holder is also shown to two and six decimal places.

Restoration

The process by which confiscated quota may be restored to the occupier of the land to which it was attached.

Ring-fenced areas

Areas within which there are restrictions on the transfer of quota.

Within certain Scottish Islands Areas quota may only be transferred permanently within the same Islands Area.

R Reallocation

There are two types of reallocation:

- a distribution of quota from the national reserve; and
- a redistribution of unused quota to producers whose deliveries exceed their quota at year end.

Registration

This describes:

- an agreement by a holder of wholesale quota to allocate all or part of their quota to an approved purchaser; and

S SLOM quota

A Dutch acronym describing special allocations of quota to producers who did not receive primary quota in 1984.

SGRD

The Scottish Government Rural Directorate.

Special quota

See SLOM quota.

Supplementary levy

See Milk Supplementary Levy.

T Temporary conversion
The process by which producers can convert their quota from wholesale to direct sales or visa versa on a temporary basis.

Temporary conversions take place at the end of the quota year to offset any excess deliveries or sales.

Temporary reallocation

See 'Priority reallocation'.

Temporary transfer

See 'Lease'

Threshold

The amount by which producers can exceed their wholesale quota without paying a levy because of quota reallocated within the UK.

Threshold is often expressed as a percentage of production.

Trader registration number

A unique six-character reference number, which may be a mixture of letters and figures, allocated to each quota holder, milk producer or milk purchaser.

Transfer

See 'Permanent transfer' and 'Lease'.

Transferee

A producer transferring in quota on a permanent basis.

Transferor

A producer transferring out quota on a permanent basis.

U Unused quota

Quota that has not been produced against (taking into account butterfat adjusted delivery figures) or leased out in a quota year.

Used quota

Quota that has been produced against or leased out.

W Wholesale quota

The amount of milk that a producer is allowed to deliver to a wholesale purchaser before becoming liable for a levy.

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