



January 25, 2019

Notice to Producers

Quota Issuance and Spring Production

Following the difficult times this past year with trade, processing challenges, and the Food Guide, the SaskMilk Board is pleased to announce some very positive developments for our industry.

In addition to the processing expansion coming next year in Saskatoon that Saputo announced at our AGM, this month has seen strong orders from processors in the West for this winter and spring, and positive developments on the horizon for additional processing capacity. With trade agreements finalized, some of the uncertainty has been removed from the market, leading to very recent moves on plans for processing. These circumstances mean that skimming becomes much less likely and that demand growth will be able to be met on the processing side as well as the production side.

As was discussed at the spring producer meetings, the Board is constantly reviewing the environment and responds accordingly. As such, after review the Board has determined that it will not be necessary to implement the Spring Production Restriction Policy this year in order to minimize skimming. It is very important to recognize that production is still needed in the fall rather than the spring, and although there will be no restriction this year this policy may be used in future years to ensure milk is produced when it is needed.

In addition to the above developments on processing, the Canadian Dairy Commission has implemented the new Canadian dairy demand requirements calculations, which more accurately reflects coming demand. Under these new calculations, demand growth is higher than previously forecast. In response to this new information combined with the processing news, the Western Milk Pool's provincial Boards have decided to issue quota increases in 2019. Saskatchewan will be implementing the quota increases with 2% February 1st, 1% May 1st, and 1% July 1st. We will continue to monitor processing and demand to see if further adjustments are necessary.

Summary:

- **2% Quota Increase effective February 1, 2019**
- **1% Quota Increase effective May 1, 2019**
- **1% Quota Increase effective July 1, 2019**
- **No Spring Production Restrictions (normal -15/+5 range still applies)**

If you have any questions, please do not hesitate to contact Directors of the Board or the SaskMilk office. Any questions regarding your quota position should be directed to Bev Solie at the SaskMilk office at #306-721-9488 or bev.solie@saskmilk.ca