

September 9, 2019

## **Notice to Producers Spring Production Limits Policy Reminder**

As a reminder, the Spring Production Limits Policy continues to be in effect for Spring 2020. The Policy was not applied in Spring 2019 due to unexpectedly high orders/demand, but the policy remains ongoing and in effect.

The policy restricts production in March, April, May, and June to your monthly quota plus 2 days (calculated as normal by multiplying your daily quota by your pickup days). That is, if you have 200 kgs of quota and 15 pickups/30 pickup days, you can produce  $200 \times 30 = 6000$  kgs plus  $2 \times 200 = 400$  kgs for a total of 6400 kgs. Any milk shipped over this limit will be treated as overproduction: no payment will be made for the over-limit milk shipped, and deductions will still apply to all the milk shipped. The overshipment will still be considered 'utilized' for the purpose of cumulative position. (See next page for examples)

SaskMilk continuously monitors processing capacity and demand to ensure that the milk produced in Saskatchewan is keeping with responsible production volumes.

If you have any questions, please feel free to contact the SaskMilk office. For questions regarding how the policy will be applied or how it will work, please contact Doug at #306-721-9485, and for any questions on your quota position and numbers please contact Bev Solie at #306-721-9488

## **Questions and Examples:**

### **I am at -6 days, how much milk can I ship?**

You can ship your monthly quota plus 2 days. If you did so, with no credit transfers, your cumulative position at the end of the month would be -4 days.

### **I am at +4.5 days, how much milk can I ship?**

You can ship your monthly quota plus 0.5 days, which brings you to the maximum cumulative position of +5 days (the maximum cumulative position limit of -15 to +5 is still in place).

### **How much can I be under my monthly quota?**

There is no limit on undershipment with this policy; however, the normal limit of -15 days before penalties apply is still in place.

### **I am at -3 days and transferred in credits this month to bring me to -5 days, how much milk can I ship?**

You can ship your monthly quota plus 2 days. If you did so, your cumulative position at the end of the month would be -3 days.

### **If I transfer in credits, can I ship more milk without the restriction?**

No, regardless of your cumulative position you may only ship your monthly quota plus 2 days. If you ship more, you will not be paid for the milk (and deductions will still apply), but your cumulative position will still increase.

### **Example 1:**

You have 100 kgs of daily quota over 30 shipping days with a cumulative position of -5 days. You can ship  $100 \text{ kgs} \times 30 \text{ days} = 3000 \text{ kgs}$  plus  $2 \text{ days} \times 100 \text{ kgs} = 200 \text{ kgs}$  for a total of 3200 kgs. If you ship 3200 kgs, your cumulative position will be -3 days.

If you shipped 3300 kgs (quota plus 3 days) you will only be paid for 3200 kgs, but your cumulative position will still go to -2 days.

### **Example 2:**

You have 200 kgs of daily quota over 30 shipping days with a cumulative position of +4 days. You can ship  $200 \text{ kgs} \times 30 \text{ days} = 6000 \text{ kgs}$  plus  $200 \text{ kgs} \times 1 \text{ day} = 200 \text{ kgs}$  for a total of 6200 kgs, as you will hit your +5 maximum flexibility range.

If you shipped more than 6200 kgs, your cumulative position will still be capped at +5 days.

### **Example 3:**

You have 300 kgs of daily quota over 30 shipping days with a cumulative position of -10 days. You can ship  $300 \text{ kgs} \times 30 \text{ days} = 9000 \text{ kgs}$  and  $300 \text{ kgs} \times 2 \text{ days} = 600 \text{ kgs}$  for a total of 9600 kgs. With no transfer credits your cumulative position will be at -8 days.

If you shipped 9900 kgs, you would only be paid for the 9600 kgs (with deductions still applying to the total shipped), and your cumulative position would go to -7 days.