

March 31, 2020

CHANGES to Spring Production Restriction UPDATE – Quota plus one day

The COVID-19 pandemic situation has caused immense fluctuations and unpredictability in dairy consumption over the past few weeks. Significant and unpredictable consumer patterns at retail are causing variations in dairy demand from week-to-week and even day-to-day, and the closure of many foodservice, restaurants, and coffee shops has greatly impacted non-retail dairy sales.

Against this backdrop, SaskMilk Board and staff have been working closely with our WMP partners, our processors, and the Canadian Dairy Commission to manage the supply to processors; however, there are still surpluses happening, particularly in the cream market. This is a situation that all Canadian dairy is facing, and while every avenue is being explored to address the surplus, disposal of raw milk has taken place and can continue to take place for the foreseeable future.

The WMP and Board and staff continue to work to find alternatives to disposal and when disposal is required, will be looking for the lowest-cost methods taking into consideration volume, capacity, environment, and transportation.

If on-farm disposal is required, SaskMilk staff will contact you directly to discuss arrangements. Please know that farms will be paid for disposed milk, and further that the WMP has agreed to pool any milk disposal costs so any one province isn't disproportionately affected.

With these challenges in mind, the Board has decided to tighten the Spring Production Restriction Policy to your monthly quota plus one day for the month of April. While the May and June restriction currently remains at 2 days over, the Board will continue its close monitoring. As the situation changes, it may be necessary to tighten the restrictions even further.

It's important to remember that although we want to curtail production this Spring, the fall will still see incentive days and increased demand we will need to prepare for. We know this is a difficult situation, and we hope that as the weeks progress there will be better predictability possible in the market.

We are wishing you and your family health and safety during these difficult times.

Spring Production Restriction – ONE DAY for April 2020

The policy restricts production in April to your monthly quota plus 1 day (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 $1 \times 200 = 200$ kgs for a total of 6200 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.

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:

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

You can ship your monthly quota plus 1 day. If you did so, with no credit transfers, your cumulative position at the end of the month would be -5 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 1 day. Your cumulative position at the end of the month will be -4 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 1 day. If you ship more, you will not be paid for the milk (and deductions will still apply), but your cumulative position will still increase.