



June 25, 2020

UPDATE

July Spring Production Restriction – Quota plus ONE day

While the dairy market fluctuations and projections due to COVID-19 continue to change frequently, SaskMilk and the WMP are constantly re-evaluating the situation and collaborating to align supply to demand.

While there continues to be some market stability, the WMP is remaining conservative in managing supply in order to minimize potential costs.

The Spring Production Restriction Policy for July remains at your monthly quota plus ONE day.

SaskMilk and the WMP will continue to closely evaluate the market situation and will make further changes as new information becomes available.

A reminder that if you need to reduce your volumes to stay within the credit restriction, please do your best to spread out your production volume decrease throughout the month. This will make volumes shipped more consistent and predictable, and avoid a shortage of milk at the end of the month. Note that missing your last shipment will reduce your monthly allocation and will not help you stay within the credit restriction

Please remember that the underproduction (lost opportunity/under -15 days) financial penalties, quota issuance holdback penalties, or penalties restricting credit transfers are still suspended for the month of July. In addition, also remember that any production over +5 days will incur deductions of a \$100 base administration fee plus \$5/kg.

If you have any questions or would like assistance with managing your quota situation, please contact Bev Solie at bev.solie@saskmilk.ca or #306-721-9488.

Spring Production Restriction – ONE DAY for July 2020

The policy restricts production in July 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.

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.