

May 2, 2008

Quota credit use limited to one day per month in June and July

Current production trends suggest Ontario will end up the dairy year more than 1.5 per cent above provincial quota. Ontario is the only province headed towards a significant level of over-quota milk production.

To avoid being over-quota as a province, producers must bring their **production** in line with their quota holdings. Total production for the remainder of the year must average about three per cent below the provincial quota for the months of May, June and July.

At the April Canadian Milk Supply Management Committee (CMSMC), a decision was made to reduce the growth allowance from 1.5 per cent to 0.5 per cent effective May 1, 2008. That reduction has minimal impact on total Ontario quota for the remainder of this dairy year.

The growth allowance was introduced for two reasons: (i) to ensure that markets were filled; and (ii) to produce enough milk to restore butter stocks. Canadian Dairy Commission butter stocks will be at a healthy level, between 2,500 to 3,000 tonnes on August 1, 2008 heading into next fall. Processor stocks are also at or above normal levels.

While domestic requirements grew in the first half of the dairy year, requirements have now leveled off.

No decisions were made at the CMSMC about the size of the growth allowance for the 2008/09 dairy year. That decision will be made in July. The Board did not think a small quota reduction at this time would materially impact overall production.

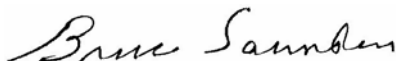
Accordingly, the decision was made to limit the use of credits, both over-production and under-production credits, to one day per month for the months of June and July, 2008.

Contact your Field Services Representative if you have any questions about how much milk you can ship within quota.

Producers are again reminded that the best course of action will be to limit their production to their quota for the next three months.

Your co-operation is greatly appreciated.

Yours truly,



Bruce Saunders
Chair

REMINDER – Producers who choose to withhold milk from the market for any reason should avoid completely withholding the last scheduled pickup of the month since that reduces your available quota days.