



October 30, 2009

To: Ontario Milk Producers

Re: December 1 Quota Decrease

Dear Producer,

This is to advise that the DFO Board has made a decision to reduce the quota issued to Ontario dairy farmers **by approximately one per cent on December 1, 2009.**

The reduction reflects the amount of over-issued quota in Ontario and this action is part of the P5 harmonized quota policy agreement. The exact amount of the reduction will be known later in November 2009 when dairy product sales and trends to the end of October 2009 can be included in the adjustment. **The quota reduction will come from non-saleable quota.**

You are also reminded that the fall incentive days of two days per month end on November 30, 2009. Producers must ship within their monthly quota and credits to receive within quota prices starting December 1, 2009.

In addition, as announced previously, the over-production credit maximum is being reduced from 20 days to 10 days effective January 31, 2010. Producers below 10 days of credits as of January 31, 2010 will be subject to the new 10-day maximum.

For producers who have used between 10 and 20 days as of January 31, 2010, no further credits can be accumulated and their over-production credits will be reduced any month that shipments are under their monthly quota and will continue to be reduced until the target cap of 10 days is reached.

We appreciate your understanding and continued support as adjustments are made to effectively manage the demand and supply balance in the Canadian dairy market.

Yours truly,

A handwritten signature in black ink that reads "Bill Emmott".

Bill Emmott
Chair

BE/bd