



March 31, 2020

To All Ontario Dairy Producers,

The COVID-19 crisis has created a very unstable demand for dairy products. Initially there was an unprecedented increase in demand for fluid milk and the industry tried to fill this demand. Now with restaurants, schools and other establishments closed, the demand from food service has dropped dramatically. The entire industry is grappling with how best to deal with these swings in demand and it is simply not known how long the present situation due to COVID-19 will last. As of this week we have a surplus of cream. DFO is exploring all options for dealing with the surplus. However, skimming capacity is also anticipated to reach its limits in Ontario later this week. To that end, there is a high probability that some producers will be asked to dispose of milk on-farm. As a reminder, the P5 has agreed to share costs across all P5 producers should this be the case.

If milk disposal on-farm is required, DFO will attempt to select farms in rotation so that no farm misses more than one pick-up at a time. Producers who are asked to dispose milk on-farm will be paid for their milk. Minimizing transportation costs will also be taken into account when identifying affected routes. Bulk Tank Milk Graders (BTMGs) will continue to measure the milk and take milk samples from all farms. All composition and milk quality testing will be performed on the milk samples and all milk quality penalty programs will continue to apply. Producers are expected to treat milk production per normal standards ready to be marketed. Should milk disposal on-farm become necessary, your FSR will contact you directly.

The P5 provinces are working together to determine how best to bring production in-line with the quickly changing market demand. Options being considered include limiting the utilization of credit days, over quota penalties and quota cuts. Decisions on production measures will be made in the next few days. The DFO board and staff are working together to make optimal decisions during these unprecedented times.

We recognize that these times are challenging. DFO will keep you informed as the situation progresses.

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