

The P5 Boards have undertaken, through the P5 Quota Committee, analysis of the current producer payment methodology. The goal is implementation of a revised payment policy for all dairy components in 2020.

As an interim step, the SNF/BF ratio limit for the P5 provinces will be decreased from 2.35 to 2.30 effective January 1st, 2020. The rest of the SNF Payment Policy remains unchanged but with BF bonus paid to producer below 2.30. Dairy farmers are advised to review their components and potential impacts on income given this revised threshold.

The outcome of the recent trade agreement with US and Mexico (CUSMA), including a hard cap on the SNF exports and the current situation of excess SNF production above demand, which is exacerbated by the increase in demand for full butterfat dairy products, are the main reasons for this threshold ratio change.

The revised payment policy to be implemented in 2020 will still maintain a SNF production discipline while taking into account the marketplace changes.