



August 1, 2005

DIRECTIVE NO. 2005 – 102

DISCRETIONARY MILK POOL

Pursuant to Section 25 of the *Alberta Milk Marketing Regulation* and the milk allocation system established by Directive No. 2005-101, Alberta Milk establishes a discretionary milk pool (“DMP”).

Definitions

1. The definitions in the *Alberta Milk Plan Regulation* and the *Alberta Milk Marketing Regulation* apply to the interpretation of this directive.
2. In this directive:
As defined in Section 2(b) of the Milk Allocation System, Directive 2005-101, Discretionary Milk Pool, means the volume of milk held by Alberta Milk which is not allotted by Alberta Milk to Alberta processors and that Alberta Milk will make available, at its discretion, to Alberta processors in a manner that provides for growth opportunities and to maximize producer income.

Principles

3. The DMP is established to help with seasonal and production irregularities and to assist with the establishment of new growth opportunities for existing and new entrants while maximizing producer income.
4. The DMP will be established at no less than 10 per cent of the provincial MSQ. The DMP may be allowed to drop below 10 per cent of provincial MSQ at the discretion of the Board of Alberta Milk. All over-quota milk, all milk assigned to processors that are exiting the market (going out of business) and all milk not used by a licensed processor for a two-year period is returned to Alberta Milk and placed in the DMP.

Allocation Parameters

5. Existing licensed processors who are experiencing growth may apply to Alberta Milk for additional volumes, above their Milk Allocation, as defined in section 4.9 of the Milk Allocation System, Directive 2005-101. Processors have up to two years to demonstrate a need to fix this increased volume to their milk allocation.
6. New market entrants may apply to Alberta Milk for a volume of milk to meet their needs. Requests must be accompanied by a strategic plan and demonstrate the ability to meet the terms and conditions necessary to receive a processor licence in Alberta. As defined in section 4.7 of the Milk Allocation System, Directive 2005-101, entrants have up to three years to exhibit a need to fix this volume of milk and establish a milk allocation.

7. When the demand for milk is greater than the volume available, unassigned milk from the DMP will be first used following which milk allocation volumes will be adjusted downward on a pro rata basis.
8. As volumes of milk from the DMP will be used at the discretion of the Board for growth opportunities, all increases in MSQ allotted to the province will first be used to replenish the DMP to 10 per cent of the provincial MSQ. Remaining amounts will be prorated to all existing processors, based upon their Milk Allocation in effect at the time of the increase. Similarly, all decreases in provincial MSQ allotments will be first removed from Milk Allocations on a pro rata basis, unless the DMP is at or greater than 10 per cent of the Provincial MSQ Allotment, in which case an MSQ decrease would be applied pro rata to all Milk Allocations including the DMP.

Coming into Force

9. This Directive comes into effect on August 1, 2005.

Bill Feenstra, Chairman

Mike Southwood, General Manager

SIGNED ORIGINAL ON FILE