

# Glanbia top league with €330k extra payout

By Joe Rea

Irish Farmers Journal



**GLANBIA** are the top performer in the October League on the Standardised Bases. They paid 27.08c/l — an increase of over 1c/l compared to September. This is worth €330k to their milk suppliers in October. They are also respectable on actual payout beating 30c/l.

Glanbia seasonal bonus will increase by a further 3.8c/l in November. However, this will be for a very low milk volume. The real test for Glanbia is that they resist the temptation to lead prices down as they did this year when milk starts to flow in March and April.

Overall, it appears Glanbia will hold their mid-placing in the 2005 Milk Audit. But why not lead the pack in 2006?

They have the management. They have got the milk — now to pay the price.

The Glanbia price increase is a strategy to deal with seasonality. This is on the condition that lactose must be over

4.35%. Dairy farmers that I have spoken to regard this as reasonable. I understand that 65% of Glanbia suppliers will qualify.

## Conditions apply

Glanbia also enter the maximum price with conditions column. This is the result of their winter milk scheme. To qualify for this scheme required 35% of the total milk supply to be delivered in the five month period October to February. This is not a simple condition.

However, the rewards are attractive. In October/November it is +6.98c/l (25p/g) on the base price. November/December are +8.38c/l (30p/g). The price bonus falls to 5.03c/l (18p/g) in February.

It is estimated that this scheme adds a gross €10m to milk cheques. The real issue is how much does the dairy farmer hold on to.

## Gerry Dolan retires



• Gerry Dolan.

IF the *Farmers Journal* had the equivalent of a sports star of the month for dairy processing then the award for December would go to Gerry Dolan, Connacht Gold on his retirement.

Gerry has concluded his term as Dairy Manager after seventeen years of highly distinguished service at Connacht Gold and North Connacht Farmers.

Over all those years I have had an outstanding working relationship with Gerry. Each month he verifies my Milk League calculations and on a ongoing basis answers my queries.

His great strength is absolute integrity. Gerry always wanted to co-operate fully in establishing facts which were in the interest of milk suppliers.

Even at times if the figures made life more difficult for his co-op, he always told the truth. Over all those years Gerry Dolan never tried to cover up. My phone calls were always answered even if he was on holidays. Gerry

Dolan never dodged an issue — a real straight man.

Gerry Dolan contributed enormously to cooperative business enterprise in the West. He saw it very much as an extension of good farming. It was all about giving the best possible reward to those working in the fields.

Gerry was a man of his times but not removed from the great Plunkett principles of better farming, better business, better living. He generously contributed to the achievement of this philosophy for the co-op in which he worked and the farmers he brilliantly served.

## October 2005 milk price league

All cash price in column (A) are based as follows: ★ No volume conditions ★ 3.60 per cent butterfat ★ 3.30 per cent protein ★ Protein bonus not included ★ SCC 400,000 ★ TBC 50,000 ★ Dairy Board and state levies at rate deducted by creamery ★ Transport charges based on 30,000 gallons per year collected ex-farm. ★ Farmer not required to have more than bulk size for five milkings.

Creamery	Cash Price c/l Oct 05	Cash Price c/l Sept 05	Max Price with Collection	Collection Charge	Avg cr Fat	Avg cr Protein	B/F per each 0.10%	Price Diff per each 0.10%	Price based on Avg Cr Fat & Pro	Ranking on Avg CR Fat & Pro
<b>Division No. 1 Over 26.50</b>										
*Glanbia	27.08	26.00	33.30	Nil	4.08	3.61	0.26	0.47	30.05	5
+Dairygold	26.70	26.70	29.50	Nil	4.36	3.73	0.29	0.46	30.90	1
North Cork	26.65	26.65	-	Nil	4.25	3.64	0.30	0.40	30.05	5
Newmarket	26.65	26.65	-	Nil	4.34	3.69	0.35	0.39	30.30	3
+Drinagh	26.65	26.65	-	0.29	4.16	3.65	0.34	0.46	30.20	4
Lakeland	26.62	26.62	-	0.39	4.15	3.58	0.29	0.47	29.60	8
Boherbue	26.62	26.62	-	Nil	4.31	3.75	0.30	0.40	30.55	2
Wexford	26.55	26.55	-	Nil	4.05	3.56	0.28	0.47	29.05	11
+Barryroe	26.52	26.52	-	0.28	4.10	3.58	0.29	0.47	29.30	9

## Division No. 2 - 26.00 - 26.50

Arrabawn	26.30	26.30	-	0.50	4.22	3.61	0.35	0.40	29.75	7
+Lisavaird	26.30	26.30	-	0.28	4.06	3.56	0.28	0.45	28.80	13
Monaghan	26.30	26.30	-	0.43	3.95	3.45	0.36	0.40	28.25	14
+Bandon	26.30	26.30	-	Nil	4.07	3.63	0.25	0.44	29.00	12
Tipperary	26.20	26.20	-	0.18	4.27	3.66	0.25	0.56	29.85	6
Oldcastle	26.00	26.00	-	Nil	4.20	3.63	0.26	0.47	29.15	10
Centenary	26.00	26.00	-	Nil	4.25	3.65	0.20	0.50	29.05	11

## Division No. 3 - Under 26.00

Connacht Gold	25.92	25.92	-	0.64	4.16	3.62	0.26	0.40	28.80	13
Donegal	25.82	25.82	-	1.20	4.06	3.46	0.26	0.47	27.85	15

\*Prices inc SCC Bonus for under 200,000

\*Glanbia price paid for milk with Lactose over 4.35%

## United three in a row winners

UNITED have taken first place in the Northern League for the last three months. This is an excellent three in a row performance. The three in a row prices were as follows — October 29.48c/l, September 29.34c/l, August 27.46c/l. Those prices are the highest paid in the island of Ireland over this three month period.

Sharing Division 1 with United is Donegal creameries with 27.76c/l. This Donegal northern price is 1.94cl (8.8p/g) ahead of the Donegal price paid in Donegal. In fact, the Donegal price at this level is ahead of the top two in the Republic, Glanbia and Dairygold.

Interestingly, the Glanbia milk price in the North at 27.08c/l is exactly in line with their price in the south. Glanbia Cheese at 26.68c/l is marginally under the Republic price.

## October 2005 Northern Ireland milk league

55,000 gals Milk buyer	Price (litre)	Transport charge litre	Price litre plus 4.8% VAT (55,000)	Price in euros plus 4.8% VAT (55,000)	Estimated share of total milk %
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### Division No. 1 - Over 18.00p

United Dairy Farmers	19.13	0.68	20.05	29.48	58
Donegal Creameries	18.02	0.57	18.88	17.76	3

### Division No. 2 - Under 18.00p

Lakeland Dairies	17.85	0.22	18.71	27.50	14
Fivemiletown Co-op	17.80	0.56	18.65	27.42	1.5
Town of Monaghan	17.68	0.68	18.53	27.24	19
Glanbia Milk	17.58	0.53	18.42	27.08	2.5
Glanbia Cheese	17.32	0.77	18.15	26.68	5

Gerrard Crowley



# Dairygold — battle of the boxes

DAIRYGOLD performance is now getting them in to the winning enclosure. The Octo-

ber league says "winner alright" — as Dairygold top the actual payout category at

30.90c/l (110.55p/g). This price is achieved by a high level of constituents.

They record the league's top fat at 4.36% — protein 3.73%, second place in the league.

member the vision of the new Dairygold — a world class milk processor. The consequences of this is a world class milk price to farmers.

However, would it be more straightforward to take the plc route in a big blue box with Dairygold co-op retaining over 50% of the plc shares.

## Five creameries beat 30c/l

PRICES in the international table are encouraging, especially with so much talk of milk prices disaster. Five purchasers beat 30c/l. They are Kymppi, Danone, Bongrain, Lactalis and Friesland.

Indeed, there are a number of October increases compared to September.

Kymppi holds the extraordinary October price level of 36.65c/l (131p/g). Belgium's MilcoBell increased by 1c/l. Nordmilch, Friesland, Campina also marginally increased in October compared to September.

The Dutch Dairy Board reports that the average milk price for sixteen European dairies for October 2005 is 30.17c/l for standard milk. This is a reduction of 3.2% compared to October of last year.

### International standardised milk price — Oct '05

All prices based as follows: Vat Rate 4.8%; Fat 3.60% Protein 3.30% and SCC 249,999, TBC 24,999. Every other day collection with Annual Milk Supply 350,000 Litres.

Creamery	Country	Oct 05 c/l	Sept 05 c/l	Rolling Ave last 12mts
Kymppi	Finland	36.65	36.65	35.40
Danone	France	32.25	32.84	30.06
Bongrain	France	30.95	31.55	29.91
Lactalis	France	30.85	31.45	29.77
Friesland	NL	30.85	30.82	29.35
MilcoBel	Belgium	29.75	28.68	29.66
Nordmilch	Germany	29.60	29.50	27.75
Campina	NL	29.30	29.25	29.45
Humana	Germany	28.95	29.30	27.60
Arla	Denmark	27.67	27.68	29.31
First Milk	UK	26.36	26.60	24.40
USA	US	29.56	29.30	28.15
Fonterra	NZ	17.30	17.00	18.08

\* Rolling avg. is weighted avg. for each month which inc. bonus payments.

\* Based on payout forecast of Fonterra. Based on Class III US price All figures based on original date from the Dutch Dairy Board More information available at [www.milkprices.nl](http://www.milkprices.nl)

There is a picture emerging from the number two place on the payout basis from Boherbue. Their price is just below Dairygold at 30.55c/l (109.30p/g). They delivered the top protein in the league at 3.75%.

Incidentally, the Boherbue milk is tested in the same laboratory as the Dairygold supply.

The October league shows that Dairygold are getting there on milk price as savings from rationalisation come through. They must not be diverted from that focus. Re-

mission for giving exclusive rights to Fonterra by German traders Franz Egenberger GmbH and subsequently supported by the German and French governments.

Until there are more details on the box options a judgement cannot be made.

To date, the record of dairy plcs has been disappointing. Messy management and unfocused boards produced failures at Golden Vale, Waterford and Avonmore. Fortunately, good management at Glanbia has picked up the pieces. The golden success at Kerry plc was because of management and astute investment decisions. With Dairygold's Kerry trained management in place, surely the plc option should be considered. Why be boxed in?

## Fonterra set to lose EU butter monopoly

BARRY Wilson DIN reports that NZ dairy giant Fonterra look set to lose their monopoly of NZ's 75,000-tonne EU butter import quota if the European Court of Justice agree with the opinion of their own Advocate-General Geelhoed (which the court usually does).

The case was brought against the European Com-

mission for giving exclusive rights to Fonterra by German traders Franz Egenberger GmbH and subsequently supported by the German and French governments.

### Invalid regulations

The A-G, in his official opinion, said last week that EU Reg. 2535/2001 laying down

the rules for applying Council Reg. 1255/1999 as regards the import of dairy products "are invalid". However, he said the regulation should stay in place "until a replacement provision is enforced which does not infringe the EU's non-discrimination and competition rules." A final ruling is expected in about six months.