

Special meeting of United Dairy Farmers

JAMES CAMPBELL
NI EDITOR

A special general meeting of members of United Dairy Farmers is to be convened by the producer co-operative as requested in the recent letter signed by 150 members.

The Board of United is scheduled to meet today (Thursday) to discuss the date for the meeting and a statement, which is to be issued by

the chairman, Harold Hamilton, later this week.

On enquiry by the *Irish Farmers Journal*, Harold Hamilton said that the Board regards the letter as a very serious matter as it is questioning the strategy that has been set by the elected Board of Directors.

Hamilton stressed that the co-operative is a democratic organisation and is run by dairy farmers. In that context, the meeting will be convened to allow members to put their views and allow the

directors to explain their strategy.

"This is really a Board issue," he commented.

As reported in the *Irish Farmers Journal* last week, the letter seeks specific changes to the ways in which the producer co-op sells members' milk. In particular, the letter seeks changes in the operation of the monthly milk auction by United and proposes that there should be no 'brokering' of milk by United's subsidiary company, Dale Farm.

Hamilton stressed that the co-op is a democratic organisation and is run by dairy farmers

LETTER TO THE EDITOR

Not so positive about DARD

Name and address with editor

DEAR SIR, I trust I will be permitted to share my observations of the DARD permanent secretary's interview in last week's *Irish Farmers Journal* (22 August 2009)

Nobody would dispute the enormous workload which the Department, and its chief civil servant, has to oversee year on year. Nonetheless, I was amazed at how Dr McKibbin attempted to gloss over what are some of the most shameful administrative errors made by his Department.

While Dr McKibbin talked about the Department having to 'manage' its way through unforeseen issues, perhaps 'mismanage' would have been a more accurate phrase. The Farm Modernisation Scheme was, no doubt, years in the making. How hard would it have been to have checked with the European

authorities that this scheme complied with EU rules, before the spectacle of farmers queuing in the streets hit the headlines?

Surely the queues could have been foreseen, as only a miserly amount of funding was allocated to this scheme in the first place?

It is rather ironic that a scheme designed to help farmers modernise their farms produced media images which showed farmers as being backward, having to queue for grants.

Then we have the issue of hardship payments for farmers affected by flooding. These didn't go far enough in covering losses incurred. Furthermore, why was it that flooded householders were awarded a hardship payment of £1,000 almost immediately, yet there was such a delay in making payments to farmers?

On the dioxins incident, Dr McKibbin was accurate to say that it threatened to ruin the

reputation of several of our most important livestock sectors — beef, dairy and pigs.

Why then, did it take the Department some months to agree on a compensation scheme for affected farmers, when a similar scheme in the Republic of Ireland received approval from Brussels within just days?

As it turned out, DARD's 'mismanagement' of the dioxin episode created havoc for our industry, when this should not have been the case.

Dr McKibbin might be aggrieved that the faulty wind turbine scheme gave DARD such bad press — but I think his comments couldn't be more unjustified.

Farmers invested in wind turbines, upon DARD advice, and with DARD grant aid, and yet DARD left them in the lurch when turbines developed major faults. Indeed, didn't the Audit Office investigate DARD for maladminis-

tration in relation to the Department's role in this scheme?

The truth is that DARD again tried to brush responsibility for its failings under the carpet, but in this case it just wouldn't go away. Bad press meant they eventually had to do the right thing and compensate farmers, but shamefully, this wasn't done willingly or quickly.

Finally, the permanent secretary mentions securing early EU approval of Northern Ireland's Rural Development Programme as one of DARD's main achievements.

This might be true, but since that approval we have had more than two years delay in getting much of this money out on the ground where it is so badly needed. Why the delay?

I think 'firefighting' and 'delay' has become ingrained in DARD's culture, often against the best interests of farmers.

Table 1: Milk qualities for July '09

	Good	Average	Below Average
Butterfat	4.15	3.90	3.71
Protein	3.44	3.26	3.05
Lactose	4.99	4.75	4.61
TBC	under 10	11 to 20	26 to 50
SCC	under 100	101 to 200	201 to 400

Table 2: 350,000 litre producer

Net price (p/litre) for various milk qualities — assuming alternate day collection (brackets include ranking by price paid).

Milk buyer	Good Quality	Average Quality	Below Average
Donegal	19.08 (5)	18.11 (5)	16.97 (3=)
Fivemiletown	20.99(1)	19.52 (1)	17.88 (1)
Glanbia Cheese	19.05 (6)	17.95 (6)	16.58 (6)
Glanbia Milk	20.11 (2)	18.83 (2)	17.13 (2)
Lakeland	19.25 (4)	18.24 (4)	16.90 (5)
Monaghan	19.49 (3)	18.42 (3)	16.97 (3=)
United	18.87 (7)	17.49 (7)	16.41 (7)
First Milk		21.37	

Table 3: 1,000,000 litre producer

Net price (p/litre) for various qualities — assuming alternate day collection (brackets including ranking by price paid)

Milk Buyer	Good Quality	Average Quality	Below Average
Donegal	19.08 (7)	18.11 (6)	16.97 (6)
Fivemiletown	21.32 (1)	19.85 (1)	18.20 (1)
Glanbia Cheese	19.85 (3)	18.75 (3)	17.38 (2)
Glanbia Milk	20.28 (2)	19.00 (2)	17.30 (3)
Lakeland	19.55 (5)	18.54 (5)	17.19 (5)
Monaghan	19.73 (4)	18.66 (4)	17.21 (4)
United	19.34 (6)	17.97 (7)	16.88 (7)
First Milk		21.82	

FOOTNOTES

• **Transport costs:** The prices in Table 2 and Table 3 are after deduction of the milk transport charges shown in Table 4.

• **Glanbia Milk:** Prices include term bonus (0.3p/l) and group bonus (0.3p/l for groups supplying over 10 million litres per year).

• **Fivemiletown Co-op:** Profits made by the Society may be distributed among milk supplying members.

• **United Dairy Farmers:** Did not make a dividend payment after the end of the 2007-08 milk year but a bonus issue of one additional share for each 2000 litres of milk supplied during the year was reckoned to be worth 0.05p/l to United producers.



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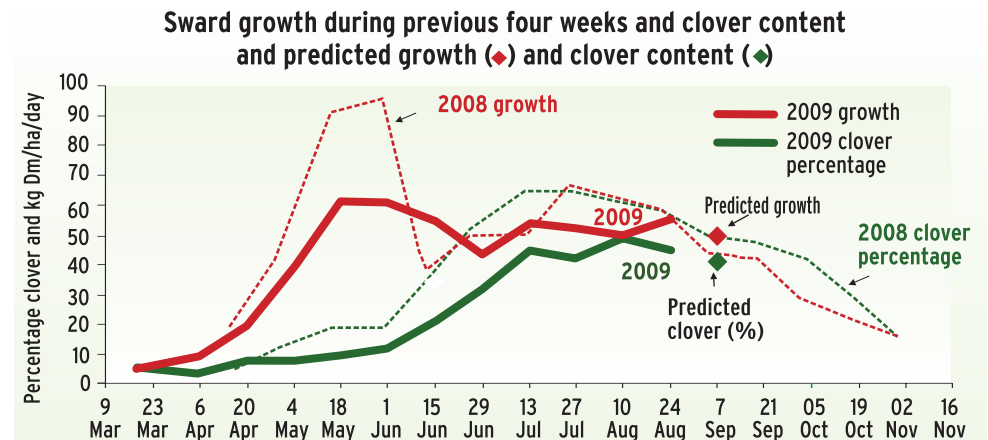
Northern Ireland Milk Price Comparison in association with Ulster Bank

CLOVERCHECK

AVERAGE growth over the seven sites during mid-August has been higher than predicted, as growth at the three conventional beef/sheep farms reached levels like the four organic sites.

This higher growth rate (and clover content) may have been due to increased availability of soil mineralised nitrogen (which can occur in autumn), and a response to potash applied to the three sites in July.

Growth and clover content are predicted to decline over the last week in August and first week in September. Clover content in plots continues to be higher than in fields. A good clover content in fields at this time of year should be about 25% to 30% of the dry matter. With rainfall expected to be well above aver-



age over the next two weeks, exceptional management will be needed to minimise poaching of grass/clover swards. Stolons of clover (horizontal stems which produce leaves) are particularly easily damaged by hooves on soft ground. When broken up and smothered with mud, their recovery is slow, and

this has an adverse effect on clover production during the rest of autumn.

Fuller details are available at: www.afbini.gov.uk/index/services/services-specialist-advice/clovercheck-2009 or www.ruralni.gov.uk/index/bussys/organic_production/clovercheck

Clover content in plots continues to be higher than in fields

Milk league compiled by James Campbell and Tom Morrow

July Milk Price League

Based on:

- Average sized supplier (500,000 litres/year)
- Average seasonality of supply
- Average quality milk
- 3.22% protein
- 3.94% butterfat
- 4.7% lactose
- TBC 20 thousands/ml
- Somatic cell count 280 thousands/ml

MILK BUYER	Net price (p/litre)		Estimated share of total milk (%)
	Alternate day collection	Daily collection	
Fivemiletown	19.24	18.89	1
Glanbia Milk	18.40	18.08	2.5
Town of Monaghan	18.16	17.91	20
Lakeland Dairies	17.89	17.60	14
Donegal Creameries	17.78	17.78	3
Glanbia Cheese	17.71	17.39	5
United Dairy Farmers	17.71	17.34	55
First Milk	21.53	21.05	

Table 4: July transport charges (p/l)

	350,000 litre producer			1,000,000 litre producer		
	daily	Every other day	Diff	daily	Every other day	Diff
Donegal	0.25	0.25	0.00	0.25	0.25	0.00
Fivemiletown	1.00	0.50	0.50	0.35	0.18	0.17
Glanbia Cheese	0.77	0.46	0.31	0.37	0.16	0.21
Glanbia Milk	0.67	0.27	0.40	0.26	0.10	0.16
Lakeland	0.63	0.22	0.41	0.26	0.13	0.13
Monaghan	0.67	0.37	0.30	0.26	0.13	0.13
United	0.96	0.58	0.38	0.48	0.21	0.27

Footnote: These transport charges per litre are based on daily collections of 779 litres from a 350,000 litre producer and 2,226 litres (1,000,000 litre producer) or alternate day collections of double these volumes.

July prices down about 5p/l

Table A: Year-on-year comparisons of July milk prices. Change (in pence per litre) of milk prices in July 2009 compared to:

	July 2008	July 2007	July 2006
First Milk	-2.56	4.39	5.52
Fivemiletown Co-op	-4.25	-2.43	2.75
Glanbia Milk	-4.40	-2.54	2.38
Lakeland Dairies	-4.80	-4.10	2.00
Donegal Creameries	-4.90	-4.40	1.60
Glanbia Cheese	-5.00	-4.33	1.08
Town of Monaghan	-5.00	-4.00	1.50
United Dairy Farmers	-5.35	-4.05	1.75
Option milk	-5.53	-4.33	1.65

PRICES received by producers for milk supplied in July 2009 in Northern Ireland were down by between 4.25p/l and 5.35p/l relative to July 2008. The greatest fall was that of United Dairy Farmers, but its price drop was not quite as great as the reduction in the price of option milk.

The latter was down by 5.53p/l on its July 2008 level, before adjustment for quality under the new terms of trade introduced by United with effect from July this year. Our best estimate of that quality adjustment is that it would have marginally increased the price of option milk, perhaps by 0.07p/l.

The year-on-year fall in price at the producer co-op First Milk in Britain was just 2.56p/l.

Looking further back for comparisons, the prices paid for July milk this year in Northern Ireland are between 2.43p/l and 4.33p/l below those of July 2007, but prices paid by First Milk in Britain this year are still well above their 2007 level.

All of the July 2009 prices are above the levels of July 2006.

These year-on-year price comparisons are based on the prices paid for average quality milk from the small supplier (350,000 litres per year).

Third month on top for Fivemiletown Co-op



JAMES CAMPBELL
NI EDITOR

FIVEMILETOWN Co-op extended its run at the top of the Northern Ireland milk price league to a third consecutive month, and stretched the gap over the second placed price of Glanbia Milk.

The July base price set by Fivemiletown was up by 0.75p/l over June, while the

only other buyer to raise their base price was Lakeland Dairies, up by 0.25p/l. All others held to the same base as the previous month. The July milk league has prices based on a supplier of 500,000 litres per year, with protein estimated at 3.22%, butterfat, at 3.94%, lactose 4.7%, TBC at 20 and SCC of 280 thousands per ml.

After deduction of transport charges based on alternate day collection, Fivemiletown is the only buyer paying over 19p/l. Its price of 19.24p is more than a penny per litre above all of the others except Glanbia Milk.

The Fivemiletown prices

for the smaller producer (Table 2) and larger supplier (Table 3) are on top across a wide range of milk qualities. Glanbia Milk prices feature in second place in all but one of the categories compared.

For the million litre producer, Glanbia Cheese is in third place for both good and average qualities, and ranks second best price for the lower quality milk. The Glanbia Cheese bonus of 0.5p/l to suppliers of one million litres or more boosts their price paid to producers of this size.

But their price to the 350,000 litre producer ranks sixth out of seven compared in each quality category, with little between them and bottom priced United Dairy Farmers.

Town of Monaghan are third placed in the July league and in the 350,000 litre comparisons across all qualities, while for the one million litre supplier they are in fourth spot across the range.

The July base price set by Fivemiletown was up by 0.75p/l over June, while the only other buyer to raise their base price was Lakeland Dairies, up by 0.25p/l

Quality premium on Option milk

OPTION milk offered to the milk buyers in July was priced at a slight premium for some of the processors, depending on what part of NI they are based. This premium was to take account of butterfat and protein content of July milk.

The milk bought at auction for delivery in July was also subject to this small price

adjustment. This is half the price adjustment that would apply if the adjustments for butterfat and protein content of July milk were applied in full to the price.

It is part of the introductory arrangement for the new quality premium that United has been negotiating with processors as part of new terms of trade in milk to take

account of seasonal variations in milk quality.

DROP IN PRICES

Even with the small premium for quality above the base level, the prices for milk sold by United to processors in July this year was around 5.3p/l down on last year and about 4p/l below the price in July 2007.

Significant variation in transport charges

TRANSPORT charges are set out in Table 4 for collection every day and on alternate days. The charges are calculated from the stop charge and volume charges for each

company, taking account of any maximum charges (ceilings) that apply. In the case of United Dairy Farmers, a minimum charge is also set on the transport charge.

Alternate day charges are lower than every day collection charges by around 0.3p/l to 0.4p/l for the 350,000 litre producer, and by 0.1p/l to 0.2p/l for the one million litre

Table 5: Base prices used in July milk price comparison

Standard Butterfat Base 3.8% - 3.84%
Standard Protein Base 3.15% - 3.19%
Standard Lactose Base 4.8% - 4.84%

Donegal*	17.6
Fivemiletown	19
Glanbia Cheese**	17.5
Glanbia Milk***	17.4
Lakeland	17.5
Monaghan	18
United****	18

*Donegal Base - Lactose not applicable

**Glanbia Cheese Base - Lactose 4.60% to 4.64%

***Glanbia Milk Base excludes +0.3ppl Term Bonus, +0.3ppl Group Bonus, Lactose not applicable

****United Dairy Farmers Base - Butterfat 4.00%, Protein 3.18%, Lactose not applicable

PRICES AT UNITED DAIRY FARMERS STANDARD QUALITY BEFORE TRANSPORT CHARGES

Donegal	17.96
Fivemiletown	19.36
Glanbia Cheese	17.86
Glanbia Milk	17.76
Lakeland	17.79
Monaghan	18.36
United	18

Ayrshire heifers average over £1,000

LONG established Ayrshire breeder, Billy Gibson, of Maralin who had sold out his milk cows two years ago, put his batch of in-calf heifers up for sale on the farm last Thursday.

They were all sired by Ravenhill Excelsior and in calf to Ravenhill Autumn Fall and due from mid-September onwards.

Autumn Fall was bred by John Suffern from Cuthill Towers Autumn Gold and out of a dam with five generations of EX or VG.

Trade was brisk and the auctioneer, Willie Wilson of R A Noble & Co, had no difficulty getting stock sold. The top price was 1,500gns for

Lismaine Rose 77, while Jane2 and Gie made 1,200gns each. These were followed closely by Margo on 1,180gns and six other lots at or above 1,000gns. Overall, the 14 pedigree heifers averaged £1,096 a head, while the bull made 750 gns.

Four black and white first cross heifers out of Holstein Friesian cows made from 940gns to 1,120gns.

In the yard, a very fresh twin axle Nugent 12 x 6 four cow trailer made £2,000. The 1960 three-cylinder Massey Ferguson 35, with its tax book and in its working clothes, made £1,800, while a 3 furrow Kvernland plough made £680.

- TOM MORROW



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