

TABLE 1: AVERAGE MILK PRICE PAID FOR YEAR ENDED DECEMBER 2009 AND RANKING (AFTER DEDUCTION OF COLLECTION CHARGES AND LEVIES)

PARTICIPANT	c/litre	RANKING					
		2009	2008	2007	2006	2005	2004
Barryroe	24.11	1	4	12	5	1	5
Bandon	23.96	2	3	1	2	2	1
Lisavaird	23.95	3	2	5	4	5	3
Drinagh	23.17	4	6	6	6	6	4
Newmarket	23.15	5	8	8	8	7	7
Wexford	23.07	6	1	4	3	9	6
Glanbia	22.79	7	5	3	7	4	9
Kerry	21.99	8	9	2	1	3	2
Dairygold	21.96	9	7	9	9	8	8
Tipperary	21.11	10	10	-	-	-	-
Lakeland	21.07	11	13	13	12	10	12
C. Gold	21.06	12	12	7	10	12	13
Arrabawn	20.88	13	14	11	11	11	10
Monaghan	20.78	14	11	10	13	13	11
AVERAGE	22.36						

Barryroe lead West Cork clean sweep



PAT O'KEEFE
NEWS EDITOR

Barryroe co-op paid the highest average price for manufacturing milk in Ireland last year.

The West Cork co-op paid an average price of 24.11cent/litre (c/l), after the deduction of collection charges and levies. Their net price was 0.15c/l ahead of neighbouring Bandon.

Barryroe was the only processor to pay a net price of more than 24c per year and their price was 1.75c above the average for the 14 processors who participated in the review of 2009 milk prices performed by KPMG.

The *Irish Farmers Journal* KPMG milk price review examines the payments made for manufacturing milk by 14 of Ireland's main milk processors, accounting for 4,003,307,479 litres of milk.

It is the fifth time that Barryroe have led the milk price review since 1992, but their first time at the price pinnacle since 2000.

The average net price paid

by 14 processors for milk last year was 22.36c/l, after deduction of levies and charges. The 2009 average net price was 9.8c/l, or 30%, less than the average price paid in 2008. In fact, the bottom price in 2008 was 4.93c better than the top price in 2009.

In 2009, the gap between the top and bottom net price was 3.33c/l, considerably lower than 2008's gap of 5.69c/l.

The value of the milk produced by a 5,000 litre cow last year averaged €1,118, with a range from just €1,039 in Monaghan to €1,206 at Barryroe.

In the previous year, a cow with similar yield supplying the average processor would have generated €1,608, or €490 more per cow.

Compared with the average, Barryroe's price superiority was worth €87.50 per 5,000 litre cow over the course of the year, or €5,250 for a 60 cow herd (Figure 1). Barryroe's price was €167 per cow higher than Town of Monaghan co-op.

The four West Cork co-ops, who supply their milk to Carbery Milk products at Ballineen, dominated the top four positions in the 2009 milk price review. They paid an average price of 23.79c/l, which was 1.4c/l more than the average for the plcs, Glanbia and Kerry (22.39c/l). The four 'West Corks' paid 1.83c/l

more than their neighbouring Cork co-op, Dairygold.

After West Cork, cheese-making co-ops Newmarket and Wexford were next in line, paying a net price of just over 23c/l.

They were followed by Ireland's largest processor, Glanbia, who slipped from fifth in 2008 to seventh last year. They were 0.8c/l ahead of fellow plc, Kerry Group, who paid a net price of just under 22 cent per litre. Kerry were only 0.03c ahead of Ireland's largest co-op, Dairygold.

Tipperary, who joined the milk price review in 2008, maintained their relative position in tenth.

The bottom four consisted of Lakeland, Connacht Gold, Arrabawn and Monaghan. Lakeland pipped Connacht Gold by just 0.01 to take 11th place, while Arrabawn were 0.10 ahead of bottom-placed Town of Monaghan.

Average milk fat content last year, at 3.84%, was marginally up on the previous year (3.82%).

Average milk protein content was marginally down from 3.35% in 2008 to 3.33% last year. Wexford had the highest milk fat, at 3.92% and the highest protein, at 3.39%. Town of Monaghan had the lowest fat (3.74%) and the lowest protein (3.21%).

percentage of the processor's manufacturing milk pool qualifying under winter milk schemes and the average winter milk bonus paid per litre.

For example, Glanbia are the most significant processor of winter milk and an estimated 12% of its manufacturing milk pool is in winter milk.

Carbery operate a winter milk scheme which pays an average bonus of 5.9c/l and the four West Cork co-ops participate in this scheme. One percent of the Dairygold

manufacturing milk pool is deemed as winter milk and the average bonus is estimated at 5.6c/l.

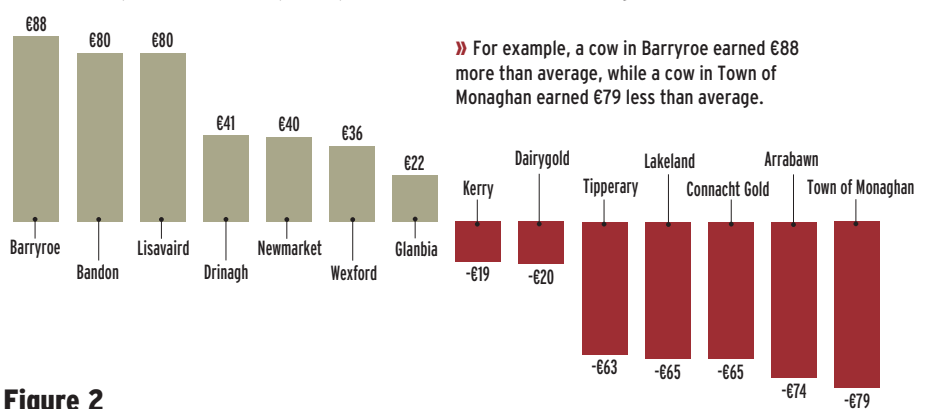
Two of the participating co-ops north of the Dublin-Galway line operate winter milk schemes - Lakeland and Town of Monaghan.

It is our understanding that Arrabawn, Connacht Gold, Kerry, Newmarket and Tipperary co-op do not operate winter milk schemes.

- LIAM O'NEILL

Figure 1

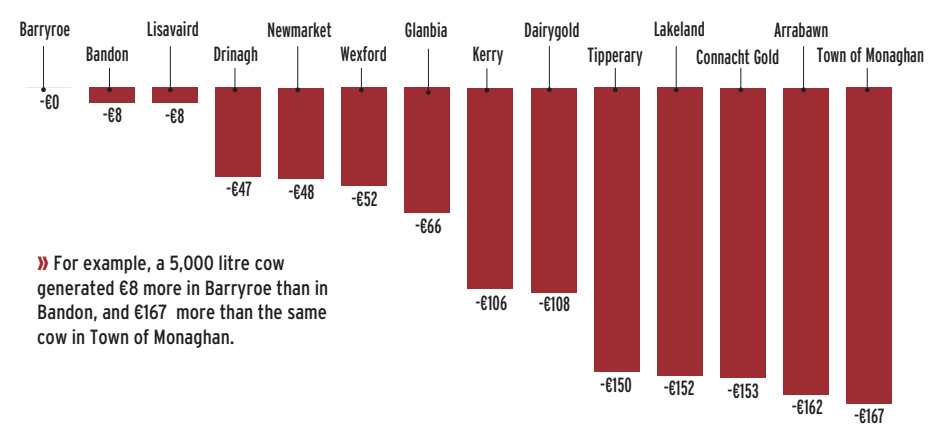
Deviation per cow in net price paid from milk audit average, based on 5,000 l/cow.



» For example, a cow in Barryroe earned €88 more than average, while a cow in Town of Monaghan earned €79 less than average.

Figure 2

Deviation from top net price paid (based on 5,000 l/cow).



» For example, a 5,000 litre cow generated €8 more in Barryroe than in Bandon, and €167 more than the same cow in Town of Monaghan.

TABLE 2: SIX-YEAR COMPARISON OF AVERAGE MILK PRICE AFTER COLLECTION CHARGES AND LEVIES (C/L)

BUYER	2009	2008	2007	2006	2005	2004
Arrabawn	20.88	29.04	31.73	23.71	24.89	25.68
Bandon	23.96	33.78	32.77	25.97	26.36	27.01
Barryroe	24.11	33.6	32.7	25.78	26.32	27.01
C. Gold	21.06	29.88	32.23	24.18	25.06	25.57
Dairygold	21.96	32.93	32.96	25.48	26.4	26.28
Drinagh	23.17	33.22	32.92	25.98	25.8	26.61
Glanbia	22.79	33.32	32.16	24.95	25.9	26.43
Kerry	21.99	31.98	32.06	24.91	25.86	26.31
Lakeland	21.07	29.55	31.21	24.07	25.28	25.76
Lisavaird	23.95	33.86	33.4	26.28	26.72	27.15
Newmarket	23.15	32.32	33.01	26.44	26.42	27.1
Tipperary	21.11	31.67	-	-	-	-
Monaghan	20.78	30.4	30.78	24.04	25.33	25.65
Wexford	23.07	34.73	31.18	25.85	26.82	26.79
AVERAGE	22.36	32.16	32.24	25.20	25.94	26.41

TABLE 3: PARTICIPANT PAYING THE HIGHEST NET PRICE (AFTER DEDUCTION OF COLLECTION CHARGES AND LEVIES)

YEAR	HIGHEST NET PRICE	PRICE (CENT/LITRE)
2009	Barryroe	24.11
2008	Wexford	34.73
2007	Lisavaird	33.40
2006	Newmarket	26.44
2005	Wexford	26.82
2004	Lisavaird	27.15
2003	Lisavaird	27.24
2002	Bandon	28.44
2001	Bandon	30.92
2000	Barryroe	28.57
1999	Barryroe	27.72
1998	Bandon	28.63
1997	Bandon	27.25
1996	Barryroe	29.44
1995	Bandon	29.55
1994	Bandon	27.89
1993	Barryroe	28.11
1992	Dairygold	25.55

NOTE: The number of participants in the review varied from year to year

TABLE 4: ESTIMATES OF PERCENTAGE OF MILK QUALIFYING FOR WINTER MILK SCHEMES

	Est. of % of total manufacturing milk pool qualifying under winter milk scheme	Est. average winter milk bonus paid (cent/litre)
Bandon	8%	5.9
Barryroe	7%	5.9
Dairygold	1%	5.6
Drinagh	4%	5.9
Glanbia	12%	9
Lakeland	1%	7
Lisavaird	6%	5.9
Town of Monaghan	18%	0.2
Wexford	8%	7

Our understanding is that Arrabawn, Connacht Gold, Kerry, Newmarket and Tipperary do not operate a winter milk scheme on manufacturing milk.

Winter milk schemes

To improve the information from this year's milk price review, we have compiled a table that estimates the percentage of milk at each processor that qualifies for a winter milk premium scheme (Table 4).

It is important to note that this does not form part of the milk price review undertaken by KPMG.

Table 4 shows the estimated



Irish Farmers Journal



KPMG milk price review

Summary of results – year ended 31 December 09

Participant	Average price before collection charges and levies cpl	Less: collection charges deducted from milk supplier cpl	Less: levies deducted from milk supplier cpl	Average price after collection charges and levies cpl	Average butterfat content %	Average protein content %	Percentage milk collected %	Percentage milk delivered %
Arrabawn	21.95	(0.68)	(0.39)	20.88	3.83%	3.33%	100.00%	0.00%
Bandon	24.37	-	(0.41)	23.96	3.82%	3.35%	100.00%	0.00%
Barryroe	24.79	(0.28)	(0.40)	24.11	3.81%	3.37%	100.00%	0.00%
Connacht Gold	21.46	-	(0.40)	21.06	3.88%	3.35%	100.00%	0.00%
Dairygold	22.25	0.00	(0.29)	21.96	3.88%	3.38%	100.00%	0.00%
Drinagh	23.94	(0.44)	(0.33)	23.17	3.81%	3.33%	98.55%	1.45%
Glanbia	23.19	-	(0.40)	22.79	3.80%	3.35%	100.00%	0.00%
Kerry	22.25	-	(0.26)	21.99	3.81%	3.31%	100.00%	0.00%
Lakeland	21.84	(0.44)	(0.33)	21.07	3.85%	3.28%	100.00%	0.00%
Lisavaird	24.58	(0.29)	(0.34)	23.95	3.85%	3.37%	99.40%	0.60%
Newmarket	23.56	(0.01)	(0.40)	23.15	3.86%	3.31%	100.00%	0.00%
Tipperary	21.49	(0.07)	(0.31)	21.11	3.84%	3.35%	100.00%	0.00%
Town of Monaghan	21.58	(0.44)	(0.36)	20.78	3.74%	3.21%	90.54%	9.46%
Wexford	23.60	-	(0.53)	23.07	3.92%	3.39%	100.00%	0.00%

Report to the *Irish Farmers Journal*

Respective responsibilities:

The Participants are responsible for extracting the information as set out in the schedule above from their books and records. It is our responsibility to review this schedule based on the records, information and explanations supplied to us by the Participants. The Participants in respect of the year ended 31 December 2009 were as follows:

Arrabawn Co-Operative Society Limited
 Bandon Co-Operative Agricultural & Dairy Society Limited
 Barryroe Co-Operative Society Limited
 Connacht Gold Co-Operative Society Limited
 Dairygold Co-Operative Society Limited
 Drinagh Co-Operative Society Limited
 Glanbia Co-Operative Society Limited
 Kerry Co-Operative Society Limited
 Lakeland Dairies Co-Operative Society Limited
 Lisavaird Co-Operative Creamery Limited
 Newmarket Co-Operative Creameries Limited
 Tipperary Co-operative Creamery Limited
 Town of Monaghan Co-Operative Agricultural & Dairy Society Limited
 Wexford Creamery Limited

REPORT: Based on the procedures agreed with the Participants and performed by us and having made reasonable tests and enquiries, the information provided to us in respect of the year ended 31 December 2009 on the above schedule reflects:

- (1) The average price payable to own suppliers for manufacturing milk
- (2) The amounts deducted by way of collection charges and levies, and
- (3) The average butterfat and protein content.

KPMG, Chartered Accountants, 90 South Mall, Cork

12 July 2010

Notes on and forming part of report to *Irish Farmers Journal*

(i) This represents the average price of manufacturing milk (ie milk used for manufacturing milk purposes) payable to own milk suppliers including quality, seasonal incentive and other bonuses net of quality, inhibitor and other penalties.

(ii) Levies comprise Irish Dairy Board, Dairy Inspection, Bovine Disease, NDC, Teagasc and certain other levies which are compulsorily deducted from milk suppliers based on litres supplied. Please note that superlevy charges have been excluded from these calculations.

(iii) Prices are stated in cent per litre (cpl) exclusive of VAT.

(iv) Milk prices are not determined in all cases by reference to butterfat and protein constituents.