Teagasc Liquid Milk Conference
Navan
Oct 2017

TJ Flanagan,
CEO
ICOS.
ICOS represents over 130 co-operative businesses and organisations in Ireland.
• NDA is the Representative Body for Liquid Processors
• We Nominate 4 reps onto the National Milk Agency
  • 5 producers
  • 4 processors
  • 2 consumers
  • 1 distributer
  • 1 retailer
‘The role of winter milk in a growing industry - the milk processors’ view’
The Role of Winter Milk.....

What is “Winter Milk”? Milk produced across the winter. Used for Liquid and Manufacturing. Oct-Feb...traditionally Dec-Jan now most significant.
Liquid Milk

- Annual total sales of 590 m litres
- Domestic milk sales of 447 m litres
- Imported milk sales of 143 m litres
Is there enough “Liquid Milk”? 

- In 2015/16, 8% more milk was purchased under contract than sold as Liquid.
- In Dec16-Jan17, supplies from registered producers were 62% greater than consumption of domestic milk.
- Even if exports disappeared, there was still 23% headroom.
- This is quality milk, from quality producers
- Customer/consumer complaints at all-time low

- Processors are committed to ensuring supplies of top-quality milk.
What about Winter Manufacturing Milk?

• Demand is very strong from farmers for Winter Milk Schemes
• Winter milking suits many farmers for various reasons;
  • Soil type
  • Grazing platform
  • Labour availability
  • Cashflow preference

• Very small in total volume terms
• Some are just winter bonuses, conditional or otherwise
What drives our approach?

The Customer

- Some have a preference for “fresh” product
- Can get year-round supply elsewhere at basic price
- Liquid-type premiums just not available
- They watch our news closely... “no need to pay a premium, you’ll get the milk anyway”
What drives our approach?

The Farmer

- Since quotas gone, autumn has opened up.
- Members of schemes want more; non-members want in.
- We can’t ignore the economics at farm level...grass
- “Accidental” winter milk not good
- Autumn calving moving later

- Remember many co-ops have Northern member suppliers.....peaking in January!!!!!
What drives our approach?

The Plant

• Expansion will create demand for more steel...esp. May-June.
• Incentivise farmers more towards shoulders
• We’re making progress

Winter schemes to flatten the curve?

• “Not enough in it to counteract the efficiencies at grass”
• But we’ll continue to do some winter for customer demand
Other questions from farmer groups...

- Getting all liquid needs from smaller panel?
  - Logistically ok, but politically acceptable?
- Could Co-op work to Ring-fence the farmers’ price?
  - Yes...it’s called branded milk (35% and falling)
  - Competition Law impacts our actions
  - Imports are always present...we need to protect market share.