

Alternatives to Current US Milk Pricing: What can we learn from others' experiences?

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History

1933 –
depression &
MMB



1993 –
Agriculture Act &
dissolution



1995 – NI MMB
dissolved



2002 – Milk
Marque split



2023 – 100
processors; 10,000
dairy farms



Current UK Milk Pricing

- Free market situation
- Over 100 processors of milk
 - Private buyers and Co-Ops



Types of Contracts

- Co-Op principle
 - 4 Co-Ops – Arla, First Milk, Dale Farm, Organic Herd (OMSCo)
 - Profit share
- Private purchasers
 - Price takers
 - Notice periods
- Liquid/Manufacturing
- Organic/Conventional
- Notice period

LIQUID



MANUFACTURING



Payment Types

- Constituent-based value payment
- COP model – retailer aligned
 - Farmgate price fluctuation challenges
- Profit shares & Co-Ops – “13th Payment”
- Basket pricing

Price Notice

- 24 hours to 2 months' notice on milk price in advance of collection

Milk statement for March 2023

Available
12.04.2023Payment
£ 46,468.40

Item	Units	Rate	Amount £
Protein (ppkg)	230,908	20.054	46,307.34
Deduction for Milk Collection Cost	230,908	-1.507	-3,479.77
Butterfat (ppkg)	230,908	23.352	53,920.92
Raw milk value (ppkg)	230,908	41.899	96,748.49
Seasonal adjustment	46,303	-5.000	-2,315.15
Somatic cell count	2.000%	0.838	1,934.97
Bactoscan (%)	2.000%	0.838	1,934.97
3" Outlet supplement	230,908	0.130	300.18
Accessibility supplement EODC			77.00
Accessibility supplement PPKG	230,908	0.170	392.54
Independent Collection Payment	230,908	0.430	992.90
Volume bonus	230,908	0.950	2,193.63
Basic cost			-127.00
Climate Check	2.180%	2.180	2,109.12
Paperless statement allowance			3.42
Arla C.A.R.E	230,908	1.311	3,027.20
Sub total		46.457	107,272.27
Taxable amount			
VAT %			0.00
AHDB (Dairy) levy (ppl)		0.060	-134.51
Pre-payment			-60,669.36
Total			46,468.40

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Fair Price?

- Industry levy board (check off)
- Independent data collection
- Industry commentators



What's Next?

- Less farmers – less milk buyers – same litres?
- Exports
- Added-value fractions

- Dairy contracts reform – expected to be laid before parliament this year
 - Opportunity to sell to more than one buyer
 - Notice periods



Any Questions?

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