



Newsletter

Issue 11

Independent Representation for Direct Milk DPO Members

December 2016

JANUARY STANDARD LIQUID MILK PRICE + 2.50PPL OVER 1000 FARMERS ATTEND MEMBER MEETINGS FORUM ELECTION PROCEDURES OUTLINED

January Milk Price

January Change + 2.500 ppl

January Std Litre 25.436 ppl*

Source milkprices.com flagship standard litre

*excludes any retail supplementary payments.

The Interim Board of the Muller Milk Group (MMG) which includes your three Direct Milk DPO directors presented a strong case for a continuation of milk price improvements for January.

The board were able to outline the extent of losses accrued by a typical non-aligned 1.5million litre producer, directly to Andrew McInnes, Managing Director of MM&I. These figures showed that the average producer would have shown a negative cash position of £56,000, by April 2017 if no further price rises had been achieved.

This latest increase delivers a total increase of 7.436 ppl (+41.3%) for the October to January period.

	<u>Change</u>	<u>Std. Litre</u>
Sep 2016		18.000 ppl
Oct	+1.189 ppl	19.189 ppl
Nov	+1.747 ppl	20.936 ppl
Dec	+2.000 ppl	22.936 ppl
Jan 2017	+2.500 ppl	25.436 ppl
Change	+7.436	+41.3%

Retail Supplement Impact

The retail supplement for November has now been confirmed at +2.623 ppl. However as the standard litre price continues to improve, so the differential between this and the `minimum price guarantees` provided within the retail supplement reduces.

The expected payment for December was a retail supplement of 1.4ppl and following the January base price rise the estimate for January would be 1.1ppl. The total January price including this supplement would be 26.536ppl.

Once again we would like to thank **Aldi, Lidl** and **Morrisons** for their continued commitment to these payments.

Direct Milk DPO

Many questions have been asked over the future of the DPO. As members sign up to the new MM&I contract they will cease to be members of Direct Milk DPO and automatically become members of MMG.

Until this time, members remain on their original Direct Milk contracts, and therefore continue as members of the DPO. This also applies to any members on the Formula contract who choose to revert to a Direct Milk contract on 1st February before signing the new MM&I contract.

The three Directors of the DPO are committed to represent anyone who remains in the DPO, whilst also working to ensure the interests of the MMG members under their dual role as MMG Board Representatives.

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Regional Meetings

The DPO Directors would like to thank everyone who attended the MM&I meetings held across the country over the past month. Your DPO Directors attended all but two of the sixteen events.

The key topics covered at the meetings included an update on the Müller business, milk price & milk supply review, new MM&I farmer contract and the new MMG representative structure.

Milk price was understandably a key focus at all of the meetings with the negative cash position and resulting pressure on farm, being the subject of a number of debates.

The new contract proposal also generated a number of questions. The 'top down' price structure is new to Direct Milk members who have been used to a 'bottom up' approach of a lower base price with additional bonuses. It was also highlighted that the new payment date of the 18th day of the month would result in some members having to change dates for direct debits.

Whilst the questions and subjects for debate varied across the country there were some elements of the new contract that generated consistent queries. The proposed penalty structure within the Forecast Accuracy was a concern voiced by many farmers.

As you will be aware, MM&I have now stated that they want to postpone the introduction of the new contract offer for a month to enable them to fully review the feedback from all the meetings.

MMG Forum Elections

Nominations are now being sought for the new MMG Forum with elections due to take place in February.

The Forum will consist of 21 elected members representing farmers supplying MM&I on all contract types – one Rep for circa 100 farms.

The Forum will meet quarterly and is responsible for electing the Board Representatives and approving the MMG budget.

To stand for election to the Forum, you need to:

- Secure three nominations from the farmers in your region.
- Compose a 200 word address, which will be circulated to the electorate with ballot papers.

Application packs which outline the process and responsibilities will be available from the Farm Service Centre.

Please do consider standing for the new organisation, these will be important roles and your direct input and contribution may make all the difference.

Milk Supply Forecast

Please can you complete your usual milk supply forecast - for **Jan – Dec 2017** and return ASAP / by **19 December latest**, ideally via the Direct Milk website www.directmilkdpo.co.uk or by completing the form. The Forecast Predictor tool is available on the website.

Useful Contacts:

Your Board & Forum
Member

Contact Details can be
found via your website

www.directmilkdpo.co.uk

Farm Service Centre:

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Other Contacts

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