



NATIONAL MILK AGENCY

NATIONAL MILK AGENCY
Annual Report and Accounts 2015



NATIONAL MILK AGENCY

Bhunaigh an tOireachtas an Gníomhaireacht Náisiúnta Bainne le soláthar bainne chun óil sa Stát a rialáil mar a leagtar amach san Acht Bainne (Soláthar a Rialáil), 1994.

The National Milk Agency was established by the Oireachtas to regulate the supply of milk for liquid consumption throughout the State in accordance with the provisions of the Milk (Regulation of Supply) Act, 1994.

CHAIRMAN'S STATEMENT

To: Mr. Michael Creed TD, Minister for Agriculture, Food and the Marine.



Denis Murphy
Chairman

I am pleased to present the Annual Report of the National Milk Agency for 2015, in accordance with Section 18 of the Milk (Regulation of Supply) Act, 1994.

The National Economy

Last year economic growth in the national economy both strengthened and broadened. The national economy grew by over 7%, the highest economic growth rate in the EU, and was underpinned by favourable exchange rates, low oil prices and low interest rates. Domestic demand rebounded and employment grew.

The economy's strong performance benefited the public finances and was reflected in falls in the fiscal deficit and in the ratio of public debt to gross domestic product.

Farming/Dairy Sector

Gross agricultural output of €7.2 billion at producer prices rose by 2% compared with 2014. Dairy output, however, fell by 11% due to lower milk prices, reflecting depressed global market conditions for dairy products.

Excellent weather conditions boosted grass growth and reduced input costs in grassland enterprises in what was one of the warmest years on record.

Dairy farmers responded to the long-awaited abolition of EU milk quotas in April with increased milk supplies and higher cow numbers. Domestic milk supplies surged to a record 6.4 billion litres, an increase of 13% on 2014. Milk solids also reached record levels.

The abolition of EU milk quotas from April 2015 saw Ireland's dairy sector emerging as the fastest growing dairy sector in the EU, with an annual growth rate of 13% in 2015. EU milk supplies increased by over 2% and global milk supplies by just under 2%.

In the nine months following the abolition of EU quotas, domestic milk supplies increased by over 16%, compared with the same period in the previous year. In the months of October to December 2015, supplies increased by 33% on the same period in the previous year as producers continued production to generate cash flow and benefit from higher milk solids at a time of falling milk prices

It was a challenging year for dairy farmers – a year of more work for less reward. The economic benefit of increased milk supplies on dairy farms was wiped out by the reduction of 22% in the average producer milk price.

Average dairy farm income fell by 4%, despite the increase in milk supplies and the reduction in the cost of farm inputs.

Dairy Markets & Milk Prices

Last year the value of Irish dairy exports increased to €3.2 billion or 4%, driven by higher export volumes from increased milk supplies.

The strong downward cycle in the world market for dairy products, that had emerged in mid-2014, continued into 2015 due to the combination of increased global milk supplies, the slow-down in demand from China and the oil producing economies, and the Russian retaliatory ban on EU dairy imports.

This combination of strong supply growth and weak demand impacted negatively on dairy product prices and consequently on milk prices paid to producers worldwide.

While dairy product prices fell by 28% on global markets, the competitiveness of Irish dairy exports to customers outside the eurozone benefitted from a

euro, that had weakened by 16% relative to the US dollar and by 10% relative to sterling.

As market prices weakened, producer milk prices continued to decline throughout 2015.

Irish milk processors subsidised producer milk prices at an estimated cost of over €100 million. Many processors introduced forward fixed-price contracts for part of producers' annual milk supplies in an attempt to shield producers from the full impact of the deteriorating and uncertain market conditions.

The EU endeavoured to stabilise the market deterioration through extended and increased intervention measures for butter and skim milk powder, and additional private storage aids for butter, skim milk powder and cheese.

The annual average producer price for manufacturing milk supplies decreased to 29 cent per litre, excluding VAT, for milk containing record average constituent levels of 3.50% protein and 4.03% butterfat, a reduction of 8 cent per litre or 22% on 2014 levels.

For registered milk producers, the annual average milk price for contracted supplies, which are now mainly based on manufacturing milk prices, fell to 32 cent per litre, excluding VAT, a reduction of 6 cent per litre or 16% on 2014.

The annual differential between the national average liquid price under all payment systems and the national average manufacturing price increased to almost 3 cent per litre or, based on an equal solids content for liquid and manufacturing milk supplies, to an estimated 3.6 cent per litre.

The twelfth phase of the EU dairy premium payment of 3.65 cent per litre was incorporated in the Single Farm Payment, which was paid to eligible recipients in October and December.

Fresh Milk Market

Fresh milk is a nutritious, healthy, liquid food which is used daily and is within an arm's length of desire in almost every Irish household. It is the premier product in Ireland's home market for dairy products.

The Irish fresh milk market has continued to evolve to meet changing consumer tastes, requirements and shopping patterns.

It is the largest consumer market for milk and milk products in the State, with an estimated retail value of €547 million in 2015.

This market has been built on the assurance of an all year round supply of high quality fresh milk from domestic specialist milk producers.

Irish consumers have one of the highest per capita consumptions of fresh drinking milk in the world.

Last year the consumption of fresh milk on the domestic market increased by 4% to 601 million litres, the highest national consumption of fresh milk on record.

Price competition between retailers, to maintain grocery market shares in a changing market environment, continued to exert strong downward pressure on domestic market returns for fresh milk.

The national average retail price for fresh milk in all pack sizes was estimated at 91 cent per litre, a decrease of 1 cent per litre or 1% on 2014.

Imports from Northern Ireland into the fresh milk market amounted to 156 million litres, or more than one in every four litres of fresh milk consumed in the State.

These fresh milk imports are mainly in consumer packs but are also in the form of bulk milk imports, which are processed in the State for liquid consumption in the State.

Registers, Contracts & Prices 2014/15

In the 2014/15 milk year, 1,725 milk supply contracts were registered with the Agency for supplies of 461 million litres of milk for processing for liquid consumption, representing a decrease of 8% in contracts and 3% in milk supplies.

All Year Round (AYR) contracts comprised 94% of these contracts and 99% of supplies, while Winter Months Only contracts represented 6% of contracts and 1% of supplies.

In the AYR contracts, the Manufacturing Milk Price plus Bonus System (MMP System) was the main pricing system and was applied in 85% of contracts and of supplies. The Flat Price System (FLAT System) was applied in 15% of contracts and of supplies.

The average price paid under the MMP System was 33.04 cent per litre, while under the FLAT System the average price paid was 31.38 cent per litre – reductions of 6.52 cent per litre and 6.83 cent per litre respectively.

Milk supplies purchased under registered contracts

were 6% higher than domestic fresh milk sales, mainly due to transitional purchasing arrangements.

In the five prescribed winter months in 2015/16, the level of cover of total milk supplies of registered producers over fresh milk consumption (including imports) was 123%, or 167% over consumption from domestic milk supplies only.

In the Register of Processors, 12 processors were registered, including two processors who were also registered producers.

Registered Producers

Registered producers are a specialist producer group in Ireland's milk production structure, representing 10% of all milk producers and supplying 14% of domestic milk supplies on an all year round basis.

While the number of registered producers with contracts fell by over 1,000, or 37%, since 2003, the average annual supplies of registered producers to end 2014 remained remarkably stable at over 825 million litres.

Last year, while national milk supplies increased by 13%, the total annual milk supplies of registered producers increased by 9%, or 72 million litres, to 893 million litres, of which 471 million litres, or 53%, were supplied for processing for liquid consumption and 422 million litres, or 47%, were supplied for manufacturing into dairy products. The supplies purchased for processing for liquid consumption fell by 1%, while the supplies purchased for manufacturing increased by 23%.

In the post-quota era registered milk producers will seek to maximise milk production from their available land platforms and increase supplies from a low cost, pasture-based, seasonal production model.

The new post-quota profile of the shape and pattern of the manufacturing milk production model will be characterised by early spring compact calving and a longer lactation period.

As registered producers increase their annual production, the proportions of their annual milk supplies destined for manufacturing will increase, while the proportions for liquid consumption will decrease.

For many registered milk producers, this change in their supply portfolios, with manufacturing milk becoming their main market, will be a challenge to their commitment to providing all year round supplies for the liquid milk market.

Registered producers will require a clear framework and adequate winter milk price incentives to ensure their commitment to continuing to produce all year round supplies of fresh quality milk for consumers in a relatively stable domestic market.

Future Outlook

Global political and economic conditions continue to remain uncertain and fragile. The vote in the United Kingdom, in its referendum in June 2016, to leave the EU poses serious trade and economic risks for the Irish economy and will have serious adverse consequences for the economy and particularly for the Irish dairy and beef sectors, given that the UK is Ireland's largest market for agri-food exports.

Export markets for dairy products have continued to weaken into 2016 and global dairy product prices are likely to remain low for the remainder of the year.

Increased demand from China, Russia and emerging markets will be required, in combination with reduced global milk supplies, to restore balanced markets and generate milk price improvements.

This year commenced with a combination of falling milk prices and a late, wet, cold spring, and is likely to be another very challenging year for all stakeholders in the Irish dairy sector and particularly for dairy farmers.

Competition and Consumer Protection Act 2014

The Grocery Goods Regulations under the above Act came into force on 30 April, 2016 and will govern aspects of commercial relationships in the supply of food and drink between retailers/wholesalers and suppliers.

The Regulations should help to strengthen the position of stakeholders in the fresh milk supply chain. The Competition and Consumer Protection Commission will regulate compliance.

Finance

The Agency's total income was €515,927, an increase of €11,367 or 2% on its income in 2014. Income from milk levies amounting to €511,900 increased by €15,352, or 3%, mainly due to the increase in leviable milk supplies in 2015. Interest income decreased by 50% to €4,027, due to lower interest rates.

Operating expenditures of €505,110 increased by €8,454 or 2%. Personnel and staff-related costs amounting to €353,438 increased by €1,106, or less than 1%, while other operating costs increased by €7,437 or 5%.

The excess of income of €515,927 over expenditure of €505,110 resulted in an operating surplus for the year of €10,817.

At year-end, the Accumulated Fund amounted to €1,082,997 and was comprised of cash and deposits of €986,078, debtors less creditors of €94,061 and fixed assets of €2,858.

Meetings

During the year the Agency held six meetings and the Audit Committee held two meetings. The average attendance ratio at meetings of the Agency was 88%.

Membership of Agency

The triennial election of producer members was held on 27 October, 2015. In Constituency 1, Denis Fagan and Padraig Mulligan were re-elected, and William Lennon was elected. In Constituency 2, Timothy Cashman was re-elected and Aidan Casey was elected.

In November 2015, the following Ministerial re-appointments of members of the Agency were made: Tony Driscoll, T.J. Flanagan, Eoghan Sweeney and Frank Tobin, to represent processors' interests; Richard Donohue and Michael Kilcoyne to represent consumers' interests; John Foster to represent retailers' interests, and Walter Moloney to represent distributors' interests. T.J. Flanagan had been appointed in June to fill a vacancy, that had arisen for a processor representative.

I wish to thank Jerome Crowley and Eamonn McEntegart for their commitment and helpful contributions to the effective working of the Agency during their terms of office as members of the Agency from 2008 and 2009 respectively.

Conclusion

The Agency appreciates the co-operation that it has received during the year from liquid milk processors, the representative bodies of producers, processors, consumers, retailers and distributors, and from the officials of the Department of Agriculture, Food and the Marine and other State agencies consulted during the year.

My thanks are due to the members of the Agency for their wise stewardship during the year and to Chief Executive, Muiris Ó Céidigh and his team for their work.

Denis Murphy
Chairman

Chairman



Denis Murphy*

Producers' Representatives



Aidan Casey



William Lennon



Padraig Mulligan*



Timothy Cashman



Denis Fagan

Processors' Representatives



TJ Flanagan*



Tony O'Driscoll



Frank Tobin



Eoghan Sweeney

Distributors' Representative



Walter Maloney



John Foster*

Retailers' Representative

Consumers' Representatives



Richard Donohue



Michael Kilcoyne

* Members of the Audit Committee (2015)

Chairman	Denis Murphy ¹
Producers' Representatives:	Aidan Casey Timothy Cashman Jerome Crowley (<i>ceased office 28th October 2015</i>) Denis Fagan William Lennon Eamonn McEnteggart (<i>ceased office 28th October 2015</i>) Padraig Mulligan ¹
Processors' Representatives:	George Kearns ¹ (<i>ceased office 13th March 2015</i>) Tony O'Driscoll T.J. Flanagan ¹ (<i>appointed to Audit Committee 2nd February 2016</i>) Frank Tobin Eoghan Sweeney
Distributors' Representative:	Walter Maloney
Retailers' Representative:	John Foster ^{1 2}
Consumers' Representatives:	Richard Donohue Michael Kilcoyne
Chief Executive:	Muiris Ó Céidigh
Secretary:	Joan Shannon
Office:	IPC House, 35/39 Shelbourne Road, Ballsbridge, Dublin 4.
Email:	natmilk@eircom.net
Website:	www.nationalmilkagency.ie
Solicitor:	Frank Mulvey, Frank Mulvey Solicitors, DDR Centre, Distillery Building, 145-151 Church Street, Dublin 7.
Bankers:	Allied Irish Banks plc., Bankcentre Branch, Ballsbridge, Dublin 4. Bank of Ireland, 39 St. Stephen's Green, Dublin 2.
Auditor:	Deloitte & Touche, Deloitte & Touche House, Earlsfort Terrace, Dublin 2.

¹ Members of the Audit Committee (2015)

² Chairman of the Audit Committee (2015)

CONTENTS

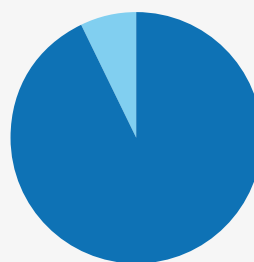
1. Milk Supplies	10
2. The Liquid Milk Market	15
3. Registered Contracts/Prices	18
4. Processors	24
Appendix 1 Meetings of the Agency	25
Appendix 2 Register of Producers/Milk Supplies/Pricing Systems	26
Appendix 3 Annual Average Milk Producer Prices/Differentials	28
Appendix 4 Structure of Milk Supplies of Registered Producers	30
Appendix 5 Reports and Financial Statements	32
Appendix 6 Compliance/Enforcement	45
Appendix 7 Statutes/Statutory Instruments Relating to the Agency	46

1. MILK SUPPLIES



Dr. Muiris Ó Céidigh
Chief Executive

FIGURE 1.1 UTILISATION OF DOMESTIC MILK SUPPLIES 2015



● Manufactured Dairy Products 93%
● Liquid Consumption 7%

1.1 Domestic Milk Supplies

Domestic milk supplies to creameries and pasteurisers in 2015 were 6,395 million litres, an increase of 746 million litres or 13% on 2014.

The number of active milk producers was 17,600, 2% less than in the previous year, while the average annual milk supplies per producer were 363,000 litres.

93% of domestic milk supplies were utilised in the manufacture of dairy products, which were mainly for export, while 7% of supplies were processed for liquid consumption on the domestic market.

Domestic milk supplies in 2015 continued to be characterised by a highly seasonal production pattern, based on grassland milk production and seasonal calving, with 78% of milk supplies being supplied in the seven months of March to September, and 22% in the five months of October to February, inclusive.

The domestic milk supply profile had a peak-to-trough month ratio of 7.6/1 which comprised a peak-to-trough month ratio of 11.1/1 for milk supplies from manufacturing milk producers, and of 2.3/1 for milk supplies from registered milk producers.

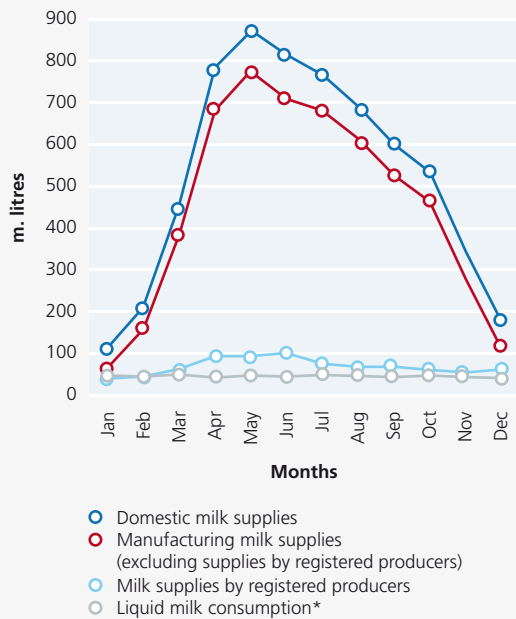
TABLE 1.1 SEASONALITY OF DOMESTIC MILK SUPPLIES (BY SECTOR)

Year	2015	2014	2013	2012	2011	2010	2009	2008	2007	2006	2005	2004	2003	2002
	Peak to trough months' ratios													
Manufacturing	11.1 ¹	8.6	8.6	9.1	6.8	8.7	8.1	7.1	8.2	8.7	8.2	8.0	8.2	8.9
Liquid	2.3 ¹	1.8	1.9	1.8	1.8	1.9	1.7	1.8	1.8	1.8	1.8	1.8	1.9	2.0
All	7.6 ¹	5.9	5.8	5.6	5.1	5.8	4.9	5.4	5.6	5.7	5.5	5.5	5.6	6.1

Source: DAFM/CSO

¹ If calculated on the peak and valley months post EU quota abolition, the figures would have read 6.6, 1.7 and 4.8.

FIG. 1.2 DOMESTIC SUPPLIES, MANUFACTURING MILK SUPPLIES, SUPPLIES BY REGISTERED PRODUCERS AND LIQUID MILK CONSUMPTION (MONTHLY) 2015



* Milk sold for liquid consumption within the State, including packaged milk imports.

Sources: CSO/NMA

1.2 Milk Supplies by Registered Producers

Total milk supplies by the State's 1,725 registered producers under All Year Round and Winter Months Only contracts in 2014/15 increased by 5% to 858 million litres (Appendix 4 – Table A), compared to 814 million litres in 2013/14. This increase followed the abolition of EU milk quotas in April 2015 and the excellent weather conditions for grass growth later in 2015.

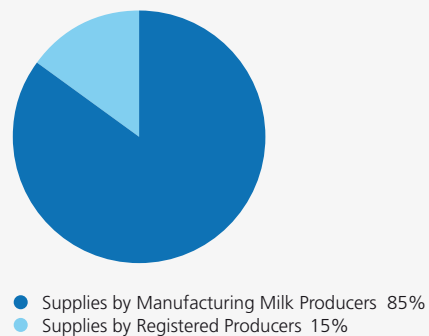
Supplies for processing for liquid consumption amounted to 461 million litres, or 54% of total supplies by liquid milk producers, while supplies for processing into manufactured dairy products amounted to 397 million litres, or 46% of total supplies.

Registered milk producers are a significant producer grouping in the domestic milk supply sector, representing 10% of all milk producers and supplying 15% of domestic milk supplies.

They supply not only the all year round domestic milk requirements for liquid milk consumption but almost 8% of domestic manufacturing milk supplies.

Milk supplies purchased under registered contracts for processing for liquid consumption exceeded processor's fresh milk sales by 5% in 2014/15, compared to 11% in 2013/14, mainly due to transitional purchase arrangements between processors and producers following industry consolidation.

FIGURE 1.3 DOMESTIC MILK SUPPLIES 2015



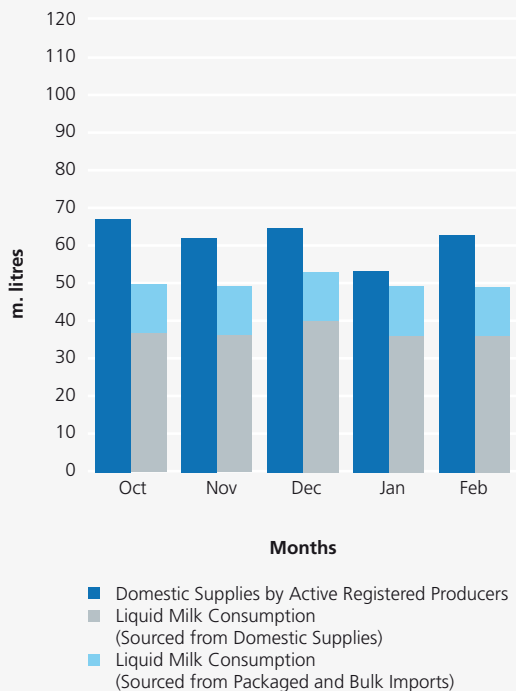
Registered producers with All Year Round contracts in 2014/15 had annual supplies of 522,000 litres compared with 456,000 litres in the previous year – an increase of 14%.

1.3 Winter Milk Supplies

In the five prescribed winter months of October 2015 to February 2016, total milk supplies by registered producers amounted to 309 million litres, an increase of 39 million litres or 14% on the supplies in 2014/15, and provided a supply cover of 123% for liquid milk consumption (including imports) of 250 million litres or a supply cover of 167% on consumption from domestic supplies only.

In the months of December 2015 and January 2016, total milk supplies by registered producers amounted to 117 million litres, an increase of 15 million litres, or 15% on the supplies for 2014/15, and provided a supply cover of 115% on liquid milk consumption (including imports) of 102 million litres, or a supply cover of 155% on consumption from domestic supplies only.

FIG 1.4 MONTHLY MILK SUPPLIES BY ACTIVE REGISTERED PRODUCERS & LIQUID MLK CONSUMPTION 2015/16 (PRESCRIBED MONTHS OCTOBER 2015 - FEBRUARY 2016)



Sources: CSO/NMA

TABLE 1.5 BULK MILK IMPORTS % DOMESTIC MILK SUPPLIES 2000-2015

	2015	2014	2013	2012	2011	2010	2009	2008	2007	2006	2005	2004	2003	2002	2001	2000	1996
	Millions of litres																
Supplies	6,395	5,469	5,423	5,225	5,377	5,173	4,801	4,959	5,090	5,083	4,915	5,116	5,157	5,032	5,179	5,012	5,144
Imports ¹ (bulk)	594	511	411	406	356	388	427	464	473	566	550	377	349	278	209	304	-
Imports %	9	9	8	8	7	8	9	9	9	11	11	7	7	5	4	6	-

¹ CSO

TABLE 1.6 PACKAGED AND BULK MILK IMPORTS FOR LIQUID CONSUMPTION 2000-2015

	2015	2014	2013	2012	2011	2010	2009	2008	2007	2006	2005	2004	2003	2002	2001	2000	1996
	Millions of litres																
Consumer Packs	94*	93*	89	86	86	84	78	59	50	46	40	38	41	26	24	23	0
Bulk	62	52	57	59	65	58	57	63	62	58	55	55	48	42	50	43	0
Total Imports	156*	145*	146	145	151	142	135	122	112	104	95	93	89	68	74	66	0

* NMA estimate

1.4 Imports

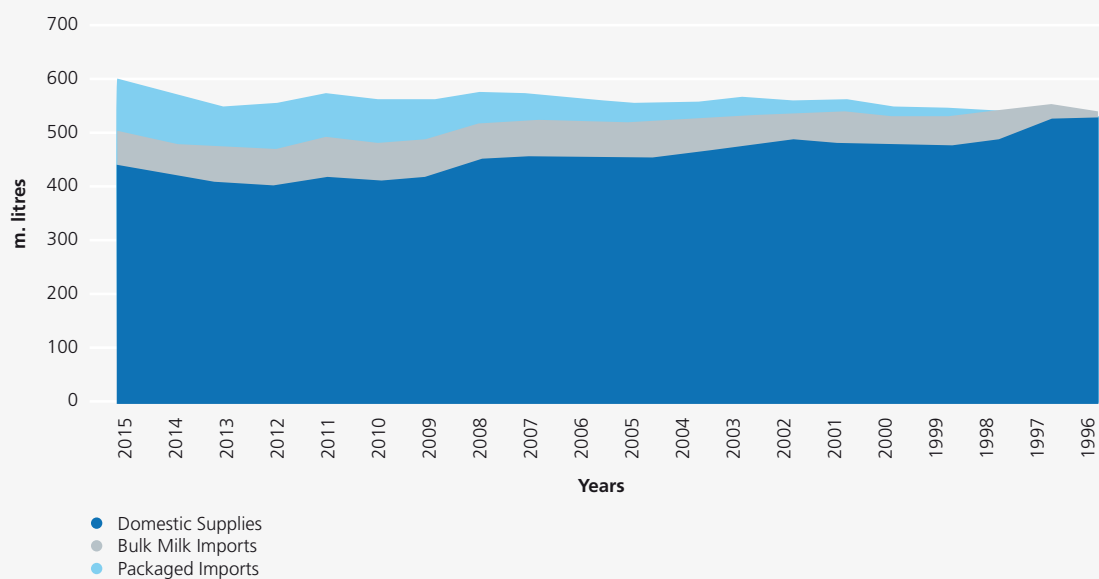
Last year bulk milk imports into the State for processing by creameries and pasteurisers were the highest on record and amounted to 594 million litres, representing an increase of 83 million litres, or 16%, on 2014. Bulk milk imports were mainly cross border movements of milk from Northern Ireland and were equivalent to 9% of domestic supplies and 26% of Northern Ireland's annual milk supplies in 2015.

Bulk milk imports of 532 million litres for processing into manufactured dairy products in the State represented 90% of total milk imports. Bulk imports of 62 million litres, for processing for liquid consumption in the State, represented 10% of milk imports and were an increase of 10 million litres, or 19%, on the previous year.

Imports of fresh milk in consumer packs, were estimated at 94 million litres, an increase of 1 million litres or 1% on the previous year.

Total milk imports for liquid consumption in consumer packs and in bulk for processing for liquid consumption in the State amounted to 156 million litres, an increase of 11 million litres, or 8%, on the import volumes in the previous year.

FIG 1.7 MARKET PENETRATION OF DOMESTIC LIQUID MILK MARKET BY IMPORTS 1996-2015



Domestic supplies had a 74% market share and imports had a 26% market share of the State's fresh milk market.

Since 1996 imports of fresh milk for liquid consumption have grown to an estimated 156 million litres, capturing all the increase of 65 million litres in consumption and displacing 91 million litres of domestic supplies.

The market share of domestic supplies in the liquid milk market has fallen from 100% in 1996 to 74% in 2015, while the market share of imports has grown from zero to 26%.

Total milk imports from Northern Ireland by processors and pasteurisers amounted to 688 million litres in 2015 and were equivalent to 11% of domestic milk supplies and 30% of Northern Ireland's annual milk supplies.

Northern Ireland – Milk Supplies/Milk Prices

Milk supplies in Northern Ireland in 2015 amounted to 2,266 million litres, an increase of 62 million litres or 3% on the previous year and were supplied by 2,742 dairy farmers.

Since 1993, annual milk supplies in Northern Ireland have increased by 957 million litres, or 73%, facilitated by the purchase and transfer of EU milk quotas from Great Britain.

Northern Ireland's milk supplies were equivalent to 35% of the State's domestic milk supplies. Over 80% of Northern Ireland's annual milk supplies are exported as finished product or as raw milk.

TABLE 1.8 LIQUID MILK CONSUMPTION FROM DOMESTIC SUPPLIES AND IMPORTS 2000-2015

	2015	2014	2013	2012	2011	2010	2009	2008	2007	2006	2005	2004	2003	2002	2001	2000	1996
	Millions of litres																
Consumption	601	576	565	563	578	567	568	578	577	568	559	556	571	563	564	553	536
Domestic supplies	445	431	419	418	427	425	433	456	465	464	464	463	482	495	490	487	536
Total Imports	156	145	146	145	151	142	135	122	112	104	95	93	89	68	74	66	0
Domestic Supplies % Consumption	74	75	74	74	74	75	76	79	81	82	83	83	84	88	87	88	100
Imports % Consumption	26	25	26	26	26	25	24	21	19	18	17	17	16	12	13	12	0

Source: CSO/NMA

TABLE 1.9 MILK SUPPLIES IN THE STATE & NORTHERN IRELAND 2015

	Republic of Ireland	Northern Ireland
Total Supplies – m. litres	6,395	2,266
Average Butterfat %	4.03	3.98
Average Protein %	3.50	3.25
Peak month/trough month ratio	7.6/1	1.4/1
Suppliers – number	17,600	2,742
Average supplies per supplier – litres	363,000	826,000

Average annual milk supplies per supplier in Northern Ireland in 2015 were 826,000 litres, which were more than double the average milk annual supplies per supplier of 363,000 litres in the State.

The annual milk supply pattern in Northern Ireland continues to differ significantly from the State. Milk supplies are available on an all year round basis with a peak-to-trough month ratio in 2014 of 1.4/1 compared with 7.6/1 in the State.

FIG 1.10 MILK SUPPLIES MONTHLY – STATE & NI 2015

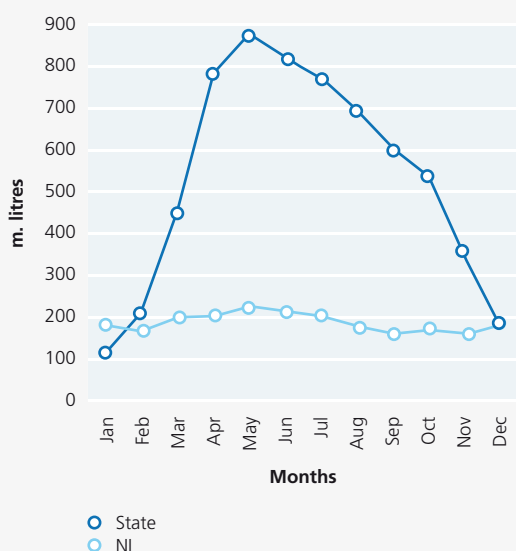


TABLE 1.11 NORTHERN IRELAND MILK SUPPLIES

	MILK SUPPLIES	
	m. litres	Index
1993	1,309	100
2002	1,764	135
2003	1,772	135
2004	1,776	136
2005	1,865	142
2006	1,902	145
2007	1,918	146
2008	1,902	145
2009	1,772	135
2010	1,850	141
2011	1,977	150
2012	1,995	151
2013	2,008	153
2014*	2,204	168
2015	2,266	173

Source: DARDNI

*Revised

The annual average net price to producers for all year round milk supplies in 2015 was the equivalent of 28.4 c/l, a decrease of 7.8 c/l, or 21%, on the previous year.

The annual average milk price was 0.55 c/l less than the annual average price for manufacturing milk of 28.95 c/l for manufacturing milk supplies in the State in 2015.

2. THE LIQUID MILK MARKET

The fresh milk market is the largest consumer market for milk and milk products in the State, with an estimated retail value of €547m in 2015.

National consumption of fresh liquid milk last year was 601 million litres, an increase of 25 million litres, or 4%, on consumption in 2014. Irish consumers have one of the highest per capita consumptions of fresh drinking milk in the world.

Last year, sales of whole milk represented 59% of fresh milk sales, while sales of lowfat and skimmed milk represented 41% of sales.

The national average retail prices of lowfat milk in 1 litre packs and of whole milk in 2 litre packs in 2015, as reported by the CSO, were 105 c/l and 172 c/2l respectively. The average price of 1 litre packs remained unchanged, while the price of 2 litre packs decreased by 3 c/l or 2% on 2014.

An estimated 75% of sales of fresh milk was packaged in 2 litres or larger size packs, while an estimated 25% of sales was in 1 litre or smaller packs.

Based on this sales mix, the National Milk Agency estimates that the national average retail price of milk in all pack sizes was 91 c/l in 2015, compared with 92 c/l in 2014, a decrease of 1 c/l, or 1%.

From 1995 to 2011 the CSO reported on the monthly average price of whole milk in 1 litre packs, over which time the price increased by 34 c/l, or 44%. From January 2012, the CSO ceased to report on the monthly average price of whole milk in 1 litre packs and commenced to report on the price of low fat milk in 1 litre packs.

In Table 2.0, the Agency has used the average price of low fat milk in 1 litre packs to calculate the retail price index in 2015 and 2014. Generally the prices of own label whole milk and own label low fat milk in 1 litre packs in retail multiples are the same. In some instances, however, the retail prices of processors' brands of low fat milk in 1 litre packs may be higher than the retail prices of processors' brands of whole milk in 1 litre packs.

Table 2.0 INDICES OF CONSUMER PRICES/FOOD PRICES/RETAIL MILK PRICES/PRODUCER MILK PRICES

	2015	2014	2013	2012	2011	2010	2009	2008	2007	2006	2005	2004	2003	2002	2001	2000	1999	1998	1997	1996	1995
Consumer Price Index	150	151	151	150	148	144	145	153	147	140	135	132	129	124	119	113	107	106	103	102	100
Food Price Index	135	136	140	142	139	140	145	150	142	134	132	133	133	129	123	116	112	108	104	102	100
Retail Milk Price Index																					
– lowfat milk ¹	136	136	138	136	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
– whole milk ²	–	–	–	–	144	144	145	144	118	110	110	110	112	110	108	105	104	104	104	104	100
Producer Price Index ³	97	116	118	104	108	99	89	115	108	93	94	98	98	100	102	98	98	98	100	104	100

Sources CSO/NMA

¹ CSO – National average retail price of lowfat milk in 1 litre packs (CSO from January 2012).

² CSO – National average retail price of whole milk in 1 litre packs (CSO to December 2011).

³ EU dairy premium payments payable to eligible recipients since 2004 are not included.

TABLE 2.1 ANNUAL AVERAGE RETAIL MILK PRICES – ANNUAL PRODUCER MILK PRICES/PRODUCERS’ SHARE OF RETAIL MILK PRICE

	2015	2014	2013	2012	2011	2010	2009	2008	2007	2006	2005	2004	2003	2002	2001	2000	1999	1998	1997	1996	1995
		c/l	c/l	c/l	c/l	c/l	c/l	c/l	c/l	c/l	c/l	c/l	c/l	c/l	c/l	c/l	c/l	c/l	c/l	c/l	c/l
Retail Prices																					
– lowfat milk ¹	105	105	106	105	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
– whole milk ²	–	–	–	–	111	111	112	111	91	85	85	85	86	85	83	81	80	80	80	80	77
Producer Prices ³	31.9	38.1	38.9	34.1	35.5	32.4	29.2	37.6	35.3	30.5	31.0	32.3	32.3	32.7	33.3	32.1	32.2	32.3	32.8	34.1	32.8
Producer Price % Retail ⁴	30%	36%	37%	32%	32%	29%	26%	34%	39%	36%	36%	38%	38%	38%	40%	40%	40%	40%	41%	43%	43%

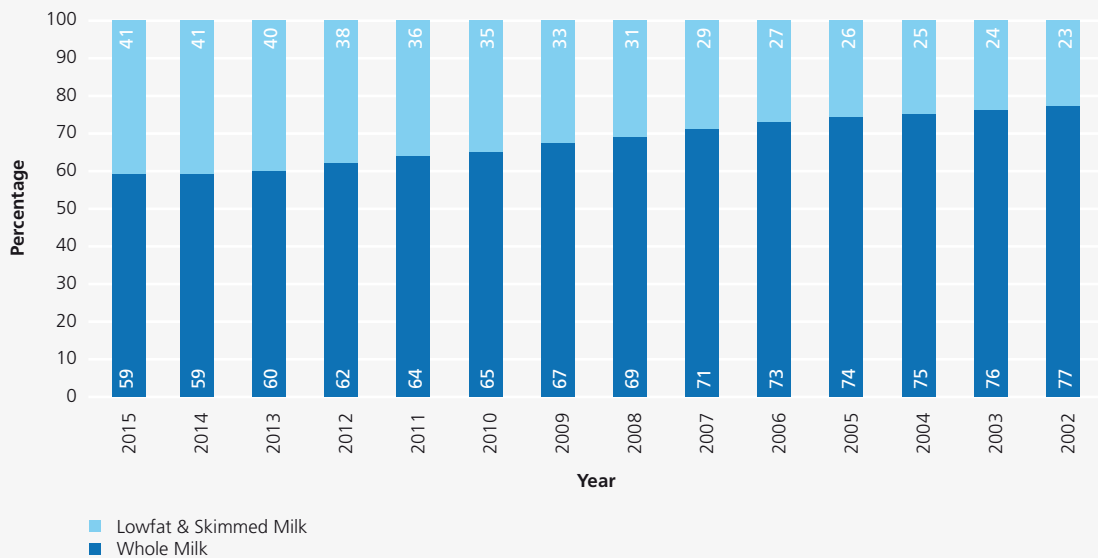
¹ CSO – national average retail price of lowfat milk in 1 litre packs (CSO reports on 1 litre pack of low fat milk only since January 2012).

² CSO – national average retail price of whole milk in 1 litre packs.

³ NMA – national average producer price of milk for processing for liquid consumption.

⁴ NMA – Based on the NMA estimate of 91 c/l as the national average retail price in all pack sizes for fresh milk, the producers’ price as a percentage of the retail price would be 35% in 2015, compared with 41% in 2014.

Fig. 2.2 FRESH MILK SALES – PRODUCT PROFILE 2002-2015



Source: CSO

Retail Market

Retailers are the main distribution channel for fresh milk, distributing 79% of all fresh milk. According to industry sources, the catering channel remained at 11%, while the doorstep channel remained at 10%.

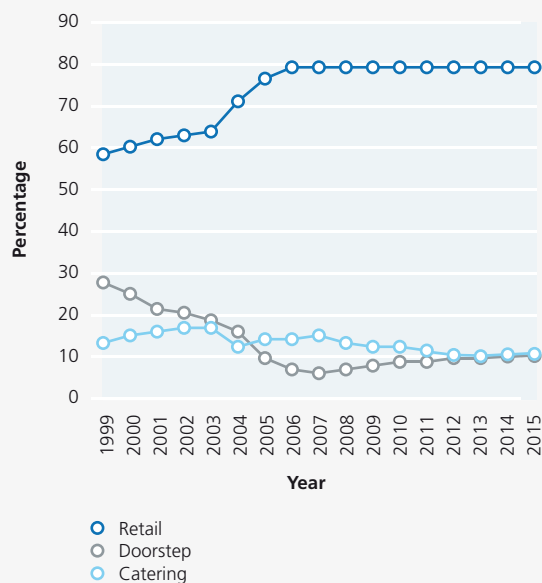
The three largest multiple groupings had a 77% share of the Irish grocery market in 2015, and the five largest multiple groupings had a market share of 94%.

TABLE 2.3 GROCERY MARKET SHARES

	2015	2014	2013	2012	2011	2010	2009	2008	2007	2006	2005	2004	2003	2002
	%	%	%	%	%	%	%	%	%	%	%	%	%	%
Tesco	24	25	26	27	28	27	26	26	26	26	26	25	23	24
SuperValu	25	25	20	20	20	20	20	20	20	20	20	19	19	19
Dunnes	24	24	24	23	23	23	25	24	24	22	22	22	21	22
Superquinn	–	–	5	6	5	7	7	8	8	8	8	9	8	9
Lidl/Aldi	17	16	14	12	12	12	11	10	7	6	6	5	6	1
Centra	4	4	4	4	4	2	2	2	2	3	2	3	3	3
Spar	4	4	4	4	4	2	2	2	2	2	2	3	3	2
All others	2	2	3	4	4	7	7	8	11	13	14	14	17	20
Total	100	100	100	100	100	100	100	100	100	100	100	100	100	100

Source: RGDATA – estimate

FIG 2.4 MARKET SHARES 1999-2015



Source: Industry Estimate

Discount retailers, whose grocery market share increased to 17% in 2015, are among the main outlets for packaged fresh milk imports.

In the Irish fresh milk market, it is estimated that over 64% of milk sales in retail outlets is now sold as 'own label' according to industry sources.

Own label sales in 2 litre packs were retailed at an average discount of 21% on processors' brands.

3. REGISTERED CONTRACTS/PRICES

TABLE 3.0 CONTRACT TYPES

Milk Year	Total Contracts	All Year Round	Winter Months
1995/96	3,344	3,206	138
1996/97	3,284	3,151	133
1997/98	2,908	2,783	125
1998/99	2,833	2,709	124
1999/00	2,762	2,642	120
2000/01	2,837	2,725	112
2001/02	2,720	2,620	100
2002/03	2,736	2,583	153
2003/04	2,656	2,510	146
2004/05	2,336	2,199	137
2005/06	2,282	2,104	178
2006/07	2,079	1,908	171
2007/08	2,008	1,861	147
2008/09	1,992	1,849	143
2009/10	1,995	1,862	133
2010/11	1,950	1,790	160
2011/12	1,936	1,824	112
2012/13	1,883	1,769	114
2013/14	1,867	1,759	108
2014/15	1,725	1,623	102

Register of Contracts as at 31 December in each year. The Register of Contracts is maintained as an open register.

Processors and Producers can register contracts in respect of individual milk years. Contracts continue to be registered throughout the year. For Register of Producers see Appendix 2.

- ▶ The number of registered milk supply contracts decreased to 1,725, a decrease of 142 contracts on the previous year.
- ▶ All Year Round (AYR) contracts continued to be the main contract type, representing 94% of contracts and 99% of milk supplies, similar to the previous year.
- ▶ Winter contracts represented 6% of contracts and 1% of milk supplies.
- ▶ The number of All Year Round (AYR) contracts decreased by 136, to 1,623, while the number of winter contracts decreased by 6, to 102.
- ▶ In the past 10 years, the number of registered contracts has reduced from 2,336 to 1,725, a reduction of 611, or 26%.

TABLE 3.1 CLASSIFICATION OF REGISTERED CONTRACTS BY TYPE/SUPPLIES

	Contracts				Supplies			
	2014/15		2013/14		2014/15		2013/14	
	Number	%	Number	%	m litres	%	m litres	%
All Year Round	1,623	94	1,759	94	455.1	99	469.2	99
Winter	102	6	108	6	5.8	1	6.2	1
Total	1,725	100	1,867	100	460.9	100	475.4	100

- ▶ Milk supplies purchased under registered contracts in 2014/15 were 5% higher than domestic fresh milk sales, compared with 11% in 2013/14. This was mainly due to transitional purchasing arrangements between processors and producers following consolidation.

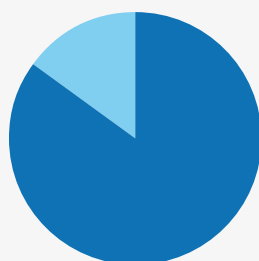
3.1 CONTRACT PRICING SYSTEMS

- ▶ Two systems of milk pricing are used by processors when purchasing milk from producers for processing for liquid consumption, namely the Manufacturing Milk Price plus Bonus System (MMP System) and the FLAT Price System (FLAT System).
- ▶ Under the MMP System, a milk price linked to a processor's monthly manufacturing milk price, with price differentials for constituents, is paid with the addition of fixed or variable winter bonus payments.
- ▶ Under the FLAT System, milk is paid for at a monthly flat price per litre with higher prices paid in the winter months and with no price differentiation for milk constituents.
- ▶ In 2014/15, the MMP System was applied in 85% of the AYR contracts, the same as in 2013/14, and to 85% of milk supplies compared with 84% of milk supplies in 2013/14.
- ▶ The FLAT System was applied in 15% of the AYR contracts, the same as in 2013/14, and to 15% of the milk supplies compared with 16% in 2013/14.

TABLE 3.2 ALL YEAR ROUND CONTRACTS BY TYPE AND PRICING SYSTEMS

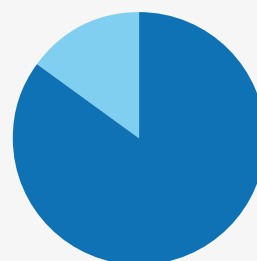
Pricing Systems	Contracts				Milk Supplies			
	2014/15		2013/14		2014/15		2013/14	
	Number	%	Number	%	m litres	%	m litres	%
MMP SYSTEM	1,384	85	1,503	85	386.7	85	394.3	84
FLAT SYSTEM	239	15	256	15	68.4	15	74.9	16
TOTAL AYR	1,623	100	1,759	100	455.1	100	469.2	100

FIG. 3.3 PRICING SYSTEMS/CONTRACTS 2014/15

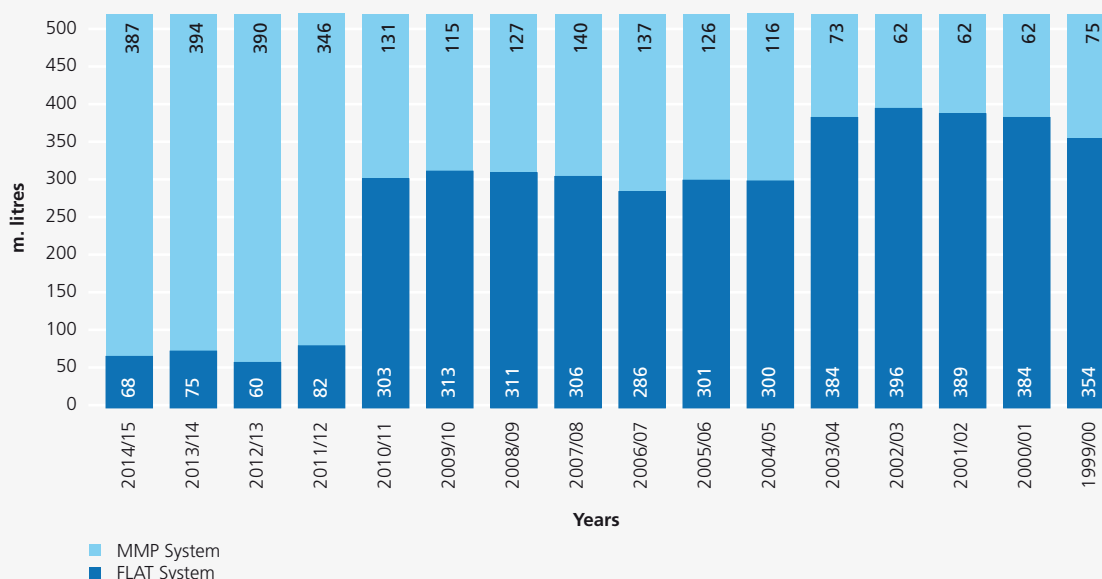


● MMP System 85%
● FLAT System 15%

FIG. 3.4 PRICING SYSTEMS/MILK SUPPLIES 2014/15



● MMP System 85%
● FLAT System 15%

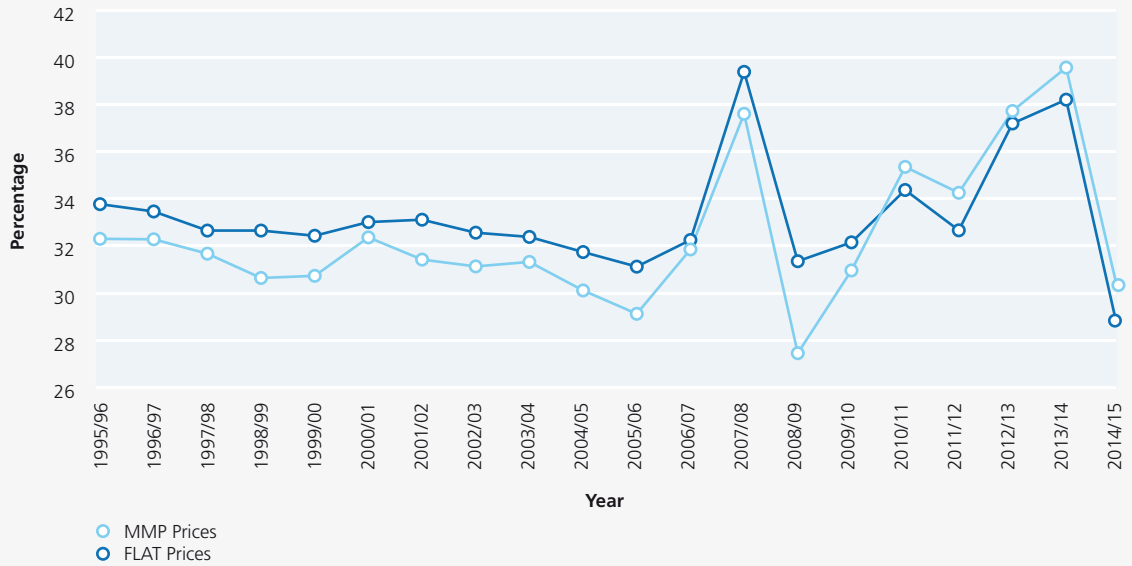
FIG. 3.5 ALL YEAR ROUND CONTRACTS – PRICING SYSTEMS/SUPPLIES 1999/00 - 2014/15**Table 3.6 ALL YEAR ROUND CONTRACTS ANNUAL AVERAGE MILK PRICES PAID – 2014/15 & 2013/14**

Pricing Systems	Prices		Price Decreases	Contracts	Milk Supplies
	2014/15	2013/14	2014/15	2014/15	2014/15
	c/litre	c/litre	c/litre	number	m. litres
MMP	33.04	39.56	(6.52)	1,384	386.7
FLAT	31.38	38.21	(6.83)	239	68.4
AYR Contracts	32.79	39.35	(6.56)	1,623	455.1

Prices are in respect of AYR contracts that apply the MMP System and the FLAT system and are ex farm attainable prices, exclusive of VAT and inclusive of all quality and other bonuses and before deductions of penalties and statutory levies. Prices are weighted by monthly volumes purchased. In the case of contracts applying the MMP System, prices are linked to monthly manufacturing prices with fixed and variable winter bonuses added. Where the Pricing System in a contract changed during the milk year, the contract has been classified in accordance with the main Pricing System applied.

- ▶ The average price paid under the AYR MMP System contracts in 2014/15 was 33.04 c/l, a decrease of 6.52 c/l or 16% on the previous year.
- ▶ The average price paid under the AYR FLAT System contracts in 2014/15 was 31.38 c/l, a decrease of 6.83 c/l or 18% on the previous year.
- ▶ The average price paid under all AYR contracts in 2014/15 was 32.79 c/l, a decrease of 6.56 c/l or 17% on the previous year.
- ▶ The annual average price of 33.04 c/l under the MMP System was 1.66 c/l higher than the annual average price paid under the FLAT System.
- ▶ Eight processors purchased supplies using the MMP System in their contracts.
- ▶ Four processors purchased supplies using the FLAT System in their contracts.
- ▶ Two processors purchased supplies using both FLAT and MMP Systems.
- ▶ A schedule showing the annual average prices in AYR contracts since 1995/96 is set out in Appendix 3 (Table A).

FIG. 3.7 AYR CONTRACTS – ANNUAL AVERAGE MMP AND FLAT PRICES 1995/96 – 2014/15



See Appendix 3.

3.2 MAIN AYR CONTRACTS – PRICES PAID 2014/15 & 2013/14

- ▶ A table of the annual average milk prices paid under the twelve highest volume AYR contracts, representing 86% of the AYR contracts and 87% of AYR milk supplies, is set out below.

TABLE 3.8 ALL YEAR ROUND CONTRACTS – PRICES PAID – 12 HIGHEST VOLUME CONTRACTS

MMP SYSTEM CONTRACTS							
Contract Types	Annual Average Prices Plus Bonus ¹		Annual Average Monthly Bonus		Base Prices		Change in Annual Average Prices
	2014/15	2013/14	2014/15	2013/14	2014/15	2013/14	Decreases
	c/l	c/l	c/l	c/l	c/l	c/l	c/l
A1	31.28	40.29	2.12	2.49	29.16	37.80	(9.01)
B1	32.45	38.41	2.26	1.55	30.19	36.86	(5.96)
B2	32.08	40.57	4.46	4.86	27.62	35.71	(8.49)
C2	31.29	39.16	1.73	2.25	29.56	36.91	(7.87)
C3	33.88	41.30	4.68	3.94	29.20	37.36	(7.42)
D	34.06	40.12	4.09	3.91	29.97	36.21	(6.06)
F	33.54	39.28	3.92	3.75	29.62	35.53	(5.74)

FLAT SYSTEM CONTRACTS							
Contract Types	Annual Average Prices ¹		Winter Prices		Summer Prices		Change in Annual Average Prices
	2014/15	2013/14	2014/15	2013/14	2014/15	2013/14	Decreases
	c/l	c/l	c/l	c/l	c/l	c/l	c/l
B	31.63	38.50	34.85	41.78	28.74	35.17	(6.87)
G	30.66	37.68	33.70	38.90	26.50	36.29	(7.02)
D1	29.86	36.70	33.35	37.88	25.94	35.19	(6.84)
J	31.42	38.49	35.03	40.53	28.12	36.63	(7.07)
H	32.10	39.43	35.82	43.20	28.00	35.01	(7.33)

¹ Excluding VAT

3.3 WINTER CONTRACTS – PRICES PAID

TABLE 3.9 WINTER CONTRACTS – PRICES/SUPPLIES 2014/15 & 2013/14

Pricing Systems	Contracts		Milk Supplies		2014/15	2013/14
	Number	%	m. litres	%	Average Price – Winter Months c/litre	Average Price – Winter Months c/litre
MMP System	78	76	4.3	75	42.85	49.03
FLAT System	24	24	1.4	25	38.50	45.36
Total	102	100	5.7	100	41.77	48.59

Under the winter contracts, a producer undertakes to supply milk for processing for liquid consumption during some or all of the prescribed winter months (October to February). The 102 winter contracts related to 5.7 million litres of milk (a decrease of 0.5 million litres on the previous year) and represented 6% of all contracts and 1% of milk supplies.

3.4 ALL CONTRACTS – PRICES PAID – MILK YEARS

The average price paid under all contracts, both All Year Round and Winter Months Only in 2014/15 was 32.90 c/l, a decrease of 6.57 c/l, or 17% on the previous milk year.

TABLE 3.10 PRICES PAID UNDER ALL CONTRACTS AND PRICING SYSTEMS 2014/15 & 2013/14

Period	2014/15 1,725 contracts 461 ml	2013/14 1,867 contracts 475 ml	Changes (142) Contracts (14ml)
	c/litre	c/litre	c/litre
Winter months , September-March (7)	36.48	42.35	(5.87)
Summer months , April-August (5)	28.63	35.78	(7.15)
Annual Average	32.90	39.47	(6.57)

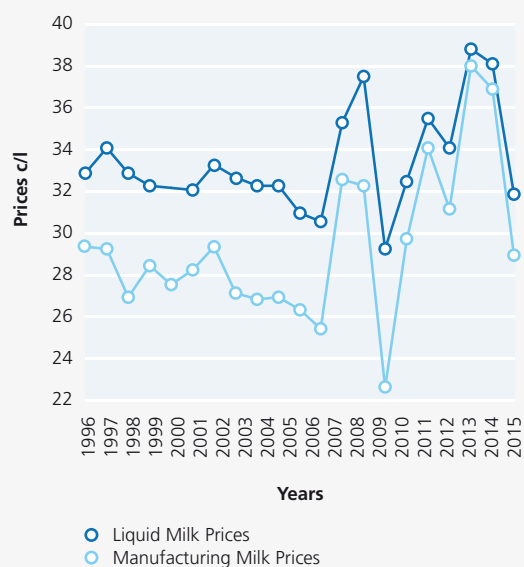
Prices are in respect of both AYR and Winter contracts utilising the MMP System and the FLAT System and are ex farm attainable prices exclusive of VAT and inclusive of all quality and other bonuses and before deductions of penalties and statutory levies. Prices are weighted by monthly volumes purchased. Payment periods on all contracts are standardised to a seven winter months premium period and a five summer months period.

3.5 MILK PRICES 2015

ANNUAL AVERAGE LIQUID MILK PRICES AND MANUFACTURING PRICES

- ▶ In the calendar year 2015, which includes the first three months of the 2015/16 milk year, the annual average price paid under all registered contracts (AYR and Winter) was 31.88 c/l. This calendar year price was 1.02 c/l lower than the annual average price of 32.90 c/l paid in the 2014/15 milk year due to the lower liquid prices paid by processors in the final quarter of 2015, compared with the final quarter of 2014.
- ▶ In 2015, the annual average price of 31.88 c/l paid under all registered contracts was the fourth lowest on record and was 6.27 c/l lower than the annual average price of 38.15 c/l paid in 2014.
- ▶ The annual average liquid incentive paid under the MMP System in 2015 was 3.45 c/l, which was 0.13 c/l higher than in 2014.
- ▶ For registered supplies paid for under the MMP System, the annual average price paid was 32.01 c/l, a decrease of 6.20 c/l on 2014.
- ▶ For registered supplies paid for under the FLAT System, the annual average price paid was 30.45 c/l, a decrease of 6.84 c/l on 2014. The FLAT price was 1.56 c/l lower than the annual average MMP price.
- ▶ The annual average price for manufacturing milk supplies, excluding VAT and after collection charges in 2015, was 28.95 c/l, a decrease of 7.97 c/l, or 22%, on the annual average manufacturing price of 36.92 c/l in 2014.
- ▶ The differential in 2015 between the annual average producer price for milk supplies for liquid consumption of 31.88 c/l and the annual average producer price for manufacturing milk supplies of 28.95 c/l, was 2.93 c/l, an increase of 1.70 c/l compared with the differential of 1.23 c/l in 2014.
- ▶ Based on a similar solids content for liquid and manufacturing milk supplies in 2015, the annual differential between the national average liquid price and the national average manufacturing price was an estimated 3.61 c/l, compared with 1.64 c/l in 2014.
- ▶ A schedule showing the annual average producer milk prices for supplies for liquid consumption and supplies for manufacturing since 1995 is set out in Appendix 3 (Table B (i) and (ii)).

FIG. 3.11 PRODUCER MILK PRICES – ANNUAL AVERAGES – LIQUID MILK/MANUFACTURING MILK 1995-2015



4. PROCESSORS

TABLE 4.0 STRUCTURE OF REGISTERED CONTRACTS BY REGISTERED PROCESSORS' SUPPLY BANDS 2014/15

Milk Supply Bands	Number of Processors	Registered Contracts		Registered Supplies	
		number	%	m. litres	%
0-20	7	201	12	37.5	8
20-40	2	228	13	59.8	13
Over 40	3	1,296	75	363.6	79
TOTAL	12	1,725	100	460.9	100

As at 31st December 2015

- ▶ The industry structure is highly concentrated. Three processors with annual supplies in excess of 40 million litres of milk for processing for liquid consumption accounted for 75% of registered contracts and 79% of registered milk supplies. The 12 registered processors include 2 processors who were also registered producers.
- ▶ The number of heat treatment establishments licensed to process milk for liquid consumption in the State at the 31st December 2015 was 15, of which 13 establishments were operated by the 12 processors registered with the Agency.
- ▶ Two processors operating plants in the State for the processing of milk for liquid consumption (including UHT milk) were not registered with the Agency.
- ▶ Average annual milk supplies processed per establishment operated by registered processors were 35.5 million litres.
- ▶ One processor and one producer processor were de-registered during the year.

APPENDIX 1

MEETINGS OF THE AGENCY

Members	Meetings Attended 2015
Denis Murphy – Chairman	6
Aidan Casey ³	1
Teddy Cashman	6
Jerome Crowley ⁴	5
Denis Fagan	5
William Lennon ³	1
Padraig Mulligan	6
Eamonn McEnteggart ⁴	5
T.J. Flanagan ²	5
George Kearns ¹	0
Tony O’Driscoll	6
Eoghan Sweeney	3
Frank Tobin	5
Walter Maloney	5
John Foster	6
Richard Donohue	6
Michael Kilcoyne	6

¹ Ceased office 13th March 2015

² Appointed 11th June 2016

³ Elected 27th October 2015

⁴ Ceased office 27th October 2015

The Agency held six meetings during the year and the attendance ratio was 88%.

The Chairman and Chief Executive held two meetings with officials from the Department of Agriculture, Food and the Marine and provided updates on the regulation of the supply of milk for processing for liquid consumption and on developments in the liquid milk sector.

The Agency, through its executive, has regular contact with representatives of Teagasc, the National Dairy Council, the National Dairies Association, the Irish Farmers’ Association, and other groups and organisations.

The Agency sought the advice of expert economists on different aspects of the liquid milk sector during the year.

Mr. Eamonn McEnteggart was the Agency’s representative on the Board of the National Dairy Council in 2015.

In 2015, the Audit Committee held two meetings.

APPENDIX 2 – REGISTER OF PRODUCERS – MILK SUPPLIES/PRICING SYSTEMS

A. REGISTER OF PRODUCERS

Milk Years	Registered Producers	De-registered Producers	New Producers
1995/96	3,360	2	2,472
1996/97	3,344	57	41
1997/98	3,300	142	98
1998/99	3,181	129	10
1999/00	3,209	66	94
2000/01	3,359	25	175
2001/02	3,093	282	16
2002/03	3,133	58	98
2003/04	2,716	486	69
2004/05	2,575	194	53
2005/06	2,492	141	58
2006/07	2,520	12	40
2007/08	2,371	161	12
2008/09	2,357	69	55
2009/10	2,367	84	94
2010/11	2,352	87	72
2011/12	2,034	339	21
2012/13	2,044	10	20
2013/14	2,039	32	27
2014/15	1,982	86	28

Register of Producers as at 31 December in each year.

Producers remain on the Register until the Agency is notified that producers have permanently ceased to supply milk for processing for liquid consumption. Some producers, who do not have registered contracts, remain on the Register until such notifications are received.

B. REGISTERED MILK SUPPLIES BY CONTRACT TYPES

Milk Years	Total	All Year Round	Winter Months Only
	m.litres	m.litres	m.litres
1995/96	497.3	488.4	8.9
1996/97	474.6	467.3	7.3
1997/98	434.6	427.3	7.3
1998/99	433.2	426.4	6.8
1999/00	436.9	428.7	8.2
2000/01	452.6	446.1	6.5
2001/02	458.7	451.6	7.1
2002/03	468.1	458.0	10.1
2003/04	465.5	457.4	8.1
2004/05	425.7	416.3	9.4
2005/06	438.7	427.4	11.3
2006/07	432.3	423.1	9.2
2007/08	454.8	446.3	8.5
2008/09	447.8	438.2	9.6
2009/10	435.6	427.5	8.1
2010/11	444.2	433.8	10.4
2011/12	435.0	428.5	6.5
2012/13	455.1	449.0	6.1
2013/14	475.4	469.2	6.2
2014/15	460.9	455.1	5.8

**C. ALL YEAR ROUND CONTRACTS –
PRICING SYSTEMS**

Milk Years	Contracts	Pricing Systems		% MMP	% FLAT
		MMP	FLAT		
1995/96	3,206	471	2,735	15	85
1996/97	3,151	455	2,696	14	86
1997/98	2,783	373	2,410	13	87
1998/99	2,708	418	2,290	15	85
1999/00	2,642	373	2,269	14	86
2000/01	2,725	350	2,375	13	87
2001/02	2,620	338	2,282	13	87
2002/03	2,583	344	2,239	13	87
2003/04	2,510	435	2,075	17	83
2004/05	2,199	513	1,686	23	77
2005/06	2,104	515	1,589	24	76
2006/07	1,908	460	1,448	24	76
2007/08	1,861	475	1,386	25	75
2008/09	1,849	479	1,370	26	74
2009/10	1,862	549	1,313	30	70
2010/11	1,790	526	1,264	29	71
2011/12	1,824	1,499	325	82	18
2012/13	1,769	1,524	245	86	14
2013/14	1,759	1,503	256	85	15
2014/15	1,623	1,384	239	85	15

**D. ALL YEAR ROUND CONTRACTS –
SUPPLIES AND PRICING SYSTEMS**

Milk Years	Supplies	Pricing Systems		MMP	FLAT
		MMP	FLAT		
	m. litres	m. litres	m. litres	%	%
1995/96	488.4	44.8	443.6	9	91
1996/97	467.3	72.7	394.6	15	85
1997/98	427.3	62.3	365.0	15	85
1998/99	426.4	76.4	350.0	18	82
1999/00	428.7	75.0	353.7	17	83
2000/01	446.1	62.5	383.6	14	86
2001/02	451.6	62.1	389.5	14	86
2002/03	458.0	61.6	396.4	13	87
2003/04	457.4	73.1	384.3	16	84
2004/05	416.3	116.3	300.0	28	72
2005/06	427.4	126.4	301.0	30	70
2006/07	423.1	136.8	286.3	32	68
2007/08	446.3	139.9	306.4	31	69
2008/09	438.2	126.9	311.3	29	71
2009/10	427.5	114.9	312.6	27	73
2010/11	433.8	130.8	303.0	30	70
2011/12	428.5	346.0	82.5	81	19
2012/13	449.0	389.5	59.5	87	13
2013/14	469.2	394.3	74.9	84	16
2014/15	455.1	386.7	68.4	85	15

APPENDIX 3

ANNUAL AVERAGE MILK PRODUCER PRICES/DIFFERENTIALS

**TABLE A. ALL YEAR ROUND CONTRACTS – MILK YEARS 1995/96 TO 2014/15 –
ANNUAL AVERAGE PRICES/MMP SYSTEM/ FLAT SYSTEM /DIFFERENTIALS**

Milk Years	Average Prices	Average MMP Prices	Average FLAT Prices	MMP Price v FLAT Price
	c/l	c/l	c/l	c/l
1995/96	N/A	32.30	33.77	(1.47)
1996/97	N/A	32.28	33.46	(1.18)
1997/98	32.50	31.67	32.65	(0.98)
1998/99	32.19	30.64	32.65	(2.01)
1999/00	32.15	30.73	32.43	(1.70)
2000/01	32.93	32.36	33.01	(0.65)
2001/02	32.92	31.42	33.11	(1.69)
2002/03	32.28	31.13	32.56	(1.43)
2003/04	32.25	31.32	32.38	(1.06)
2004/05	31.30	30.11	31.74	(1.63)
2005/06	30.56	29.12	31.12	(2.00)
2006/07	32.11	31.85	32.25	(0.40)
2007/08	38.84	37.60	39.38	(1.78)
2008/09	30.24	27.45	31.35	(3.90)
2009/10	31.84	30.96	32.15	(1.19)
2010/11	34.68	35.35	34.37	0.98
2011/12	33.94	34.25	32.66	1.59
2012/13	37.42	37.44	37.19	0.25
2013/14	39.35	39.56	38.21	1.35
2014/15	32.79	33.04	31.38	1.66

TABLE B (i). PRODUCER MILK PRICES – ANNUAL AVERAGES – 1995-2015
LIQUID PRICES/MANUFACTURING PRICES /DIFFERENTIALS

Calendar Years	Prices – Liquid ¹	Prices – Manufacturing ¹	Price Differentials
	c/l	c/l	c/l
1995	32.84	29.32	3.52
1996	34.07	29.26	4.81
1997	32.85	26.85	6.00
1998	32.31	28.37	3.94
1999	32.20	27.51	4.69
2000	32.09	28.21	3.88
2001	33.26	29.31	3.95
2002	32.70	27.06	5.64
2003	32.26	26.79	5.47
2004	32.26	26.84	5.42
2005	31.00	26.29	4.71
2006	30.51	25.36	5.15
2007	35.28	32.54	2.74
2008	37.58	32.24	5.34
2009	29.17	22.49	6.68
2010	32.44	29.62	2.82
2011	35.51	34.10	1.41
2012	34.10	31.15	2.95
2013	38.87	38.07	0.80
2014	38.15	36.92	1.23
2015	31.88	28.95	2.93

Sources NMA/CSO

¹ Prices excluding VAT, before levies and after collection charges

TABLE B (ii). PRODUCER MILK PRICES – ANNUAL AVERAGES – 2013-2015
LIQUID PRICES/MANUFACTURING PRICES/DIFFERENTIALS

Calendar Years	Prices – Liquid ¹	Prices – Manufacturing ¹	Price Differentials
2013	38.87	37.67 ²	1.20 ²
2014	38.15	36.51 ²	1.64 ²
2015	31.88	28.27 ²	3.61 ²

Sources NMA/CSO

¹ Prices excluding VAT, before levies and after collection charges

² Adjusted to equivalent average butterfat % and protein %

APPENDIX 4

TABLE A – STRUCTURE OF MILK SUPPLIES OF REGISTERED PRODUCERS – 2014/15 AND 2013/14

(i) ALL YEAR ROUND CONTRACTS

Annual Supply Bands	Registered Producers		Total Supplies		Supplies for Consumption		Supplies for Manufacturing		Average Supplies for Liquid		% of Registered Producers		% of Total Supplies		% of Liquid Supplies		Liquid Supplies % Total Supplies	
	number		m litres		m litres		m litres		'000s litres									
	2014/15	2013/14	2014/15	2013/14	2014/15	2013/14	2014/15	2013/14	2014/15	2013/14	2014/15	2013/14	2014/15	2013/14	2014/15	2013/14	2014/15	2013/14
<50,000	28	70	0.3	1.1	0.2	0.8	0.1	0.3	7	11	2	4	0	0	0	0	67	73
50,000-99,999	28	81	2.1	5.8	1.2	5.0	1.0	0.8	42	61	2	5	0	1	0	1	55	86
100,000-149,999	58	81	7.4	10.2	3.8	6.3	3.6	3.9	66	77	4	5	1	1	1	1	51	62
150,000-199,999	68	93	12.2	16.2	5.7	9.6	6.5	6.6	84	103	4	5	1	2	1	2	47	59
200,000-249,999	107	119	24.3	26.9	14.0	15.1	10.3	11.8	131	127	6	7	3	3	3	3	58	56
250,000-299,999	123	143	34.0	39.2	18.0	20.7	16.0	18.5	146	145	7	8	4	5	4	4	53	53
300,000-349,999	142	152	46.2	49.0	22.5	26.1	23.6	22.9	158	171	9	9	5	6	5	6	49	53
350,000-399,999	147	180	55.2	67.2	25.7	36.4	29.5	30.8	201	202	9	10	7	8	5	8	47	54
400,000-449,999	150	129	63.5	54.8	30.4	28.7	33.1	26.1	203	222	9	7	7	7	7	6	48	52
450,000-499,999	118	126	55.9	59.8	27.4	30.3	28.5	29.5	232	240	7	7	7	8	6	7	49	51
500,000-599,999	188	178	102.7	97.2	54.2	55.7	48.5	41.5	288	313	12	10	12	12	12	12	53	57
600,000-699,999	125	107	81.2	69.3	43.0	38.9	38.2	30.4	344	363	8	6	10	9	10	8	53	56
Over 700,000	341	300	362.6	306.1	209.0	195.6	153.6	110.5	613	652	21	17	43	38	46	42	58	64
TOTAL AYR	1,623	1,759	847.6	802.8	455.1	469.2	392.5	333.6	280	267	100	100	100	100	100	100	54	58

(ii) WINTER MONTHS ONLY CONTRACTS

TOTAL	102	108	10.3	11.3	5.8	6.2	4.5	5.1
-------	-----	-----	------	------	-----	-----	-----	-----

(iii) ALL CONTRACTS

TOTAL	1,725	1,867	857.9	814.1	460.9	475.4	397.0	338.7
-------	-------	-------	-------	-------	-------	-------	-------	-------

Source: NMA

Figures adjusted for rounding.

APPENDIX 4 – STRUCTURE OF MILK SUPPLIES OF REGISTERED PRODUCERS

TABLE B – STRUCTURE OF DOMESTIC MILK SUPPLIES AND LIQUID MILK SUPPLIES (ALL CONTRACTS) CLASSIFIED BY ANNUAL SUPPLY BANDS 2014/15 AND 2013/14

Annual Supply Bands	Producers										Milk Supplies									
	All Active Producers		Registered Producers		All Producers		Registered Producers		Registered Producers % All Producers		Domestic Milk Supplies Years Ended 31 March		Registered Producers' Supplies Years Ended 30 September		% of Domestic Producers All Producers		% of Registered Producers' Supplies		Registered Producers' Supplies % of Domestic Supplies	
	2014/15	2013/14	2014/15	2013/14	2014/15	2013/14	2014/15	2013/14	2014/15	2013/14	2014/15	2013/14	2014/15	2013/14	2014/15	2013/14	2014/15	2013/14	2014/15	2013/14
Litres	Number		Number		%		%		%		ml		ml		%		%		%	
<50,000	670	450	59	96	4	3	3	5	21	19	14	1.1	1.6	0	0	0	0	0	6	11
50,000-100,000	1,290	1,160	53	115	7	6	3	6	4	99	90	4.1	8.5	2	2	0	0	1	4	9
100,001-200,000	3,608	4,018	162	208	21	22	9	11	5	548	618	24.6	31.0	10	11	3	4	4	4	5
200,001-250,000	2,114	2,688	111	127	12	15	6	7	5	476	603	25.1	28.8	8	11	3	4	5	5	5
250,001-300,000	2,019	2,420	125	145	11	14	7	8	6	555	668	34.5	39.7	10	12	4	5	6	6	6
300,001-350,000	1,933	1,823	146	156	11	10	9	8	8	628	590	47.5	50.3	11	11	6	6	8	9	9
350,001-400,000	1,555	1,423	147	180	9	8	9	10	9	580	528	55.1	67.2	10	10	6	8	10	13	13
400,001-450,000	1,056	954	150	129	6	5	9	7	14	448	403	63.6	54.8	8	7	7	7	14	14	14
> 450,000	3,355	2,945	772	711	19	17	45	38	23	2,298	1,949	602.4	532.2	41	36	71	65	26	27	27
Total	17,600	17,881	1,725	1,867	100	100	100	100	10	5,651	5,463	858.0	814.1	100	100	100	100	100	15	15

Sources: Department of Agriculture Food and the Marine – EU milk years 2013/14 and 2014/15 ended 31 March 2015 and 2014 respectively.
National Milk Agency – Milk years 2014/15 and 2013/14 ended 30 September 2015 and 2014 respectively.

STATEMENT OF MEMBERS' RESPONSIBILITIES

The Milk (Regulation of Supply) Act, 1994 requires the members to prepare financial statements for each financial period which give a true and fair view of the state of the affairs of the National Milk Agency and of the surplus or deficit of the Agency for that period. The members have elected to prepare the financial statements in accordance with FRS102 The Financial Reporting Standard applicable in the UK and Republic of Ireland ("relevant financial reporting framework"). In preparing those financial statements, the members are required to:

- ▶ select suitable accounting policies for the Agency financial statements and then apply them consistently;
- ▶ make judgements and estimates that are reasonable and prudent;
- ▶ state whether the financial statements have been prepared in accordance with the applicable accounting standards, identify those standards, and note the effect and the reasons for any material departure from those standards; and
- ▶ prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Agency will continue in business.

In accordance with the Act, the members are responsible for keeping proper books of account and other books and records as are necessary to give a true and fair view of the Agency's business and affairs. The members are also responsible for safeguarding the assets of the Agency and hence for taking reasonable steps to provide adequate protection in this regard.

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF THE NATIONAL MILK AGENCY

We have audited the financial statements of the National Milk Agency for the year ended 31 December 2015, which comprise the Statement of Income and Accumulated Fund, the Balance Sheet, the Statement of Cash Flows and the related notes 1 to 14. The financial reporting framework that has been applied in their preparation is Irish law and FRS102 The Financial Reporting Standard applicable in the UK and Republic of Ireland ("relevant financial reporting framework").

This report is made solely to the Agency's members, as a body, in accordance with Section 18(1) of the Milk (Regulation of Supply) Act, 1994. Our audit work has been undertaken so that we might state to the Agency's members those matters we are required to state to them in an auditors' report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Agency and the Agency's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of Members and Auditors

As explained more fully in the Statement of Members' Responsibilities, the members are responsible for the preparation of the financial statements that give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with Irish law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the Agency's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the members; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the Reports and Financial Statements for the year ended 31 December 2015 to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion on financial statements

In our opinion the financial statements give a true and fair view, in accordance with the relevant financial reporting framework, of the state of affairs of the Agency as at 31 December 2015 and of the surplus for the year then ended.

Deloitte

Chartered Accountants and Statutory Audit Firm
Dublin

22 March 2016

STATEMENT OF INCOME AND ACCUMULATED FUND

FOR THE YEAR ENDED 31 DECEMBER 2015

	Notes	2015 €	2014 €
INCOME			
Milk levy – continuing operations	3	511,900	496,548
Deposit interest		4,027	8,012
		515,927	504,560
EXPENDITURE			
Salaries and superannuation	4	322,760	321,536
Administration costs	5	179,972	172,655
Depreciation		2,378	2,465
TOTAL EXPENDITURE		505,110	496,656
SURPLUS BEFORE TAXATION		10,817	7,904
Taxation	6	–	–
SURPLUS FOR THE FINANCIAL YEAR AFTER TAXATION		10,817	7,904
Accumulated Fund at the beginning of the reporting period		1,072,180	1,064,276
Accumulated Fund at the end of the reporting period		1,082,997	1,072,180

BALANCE SHEET

AS AT 31 DECEMBER 2015

	Notes	2015 €	2014 €
FIXED ASSETS			
Tangible assets	7	2,858	5,236
CURRENT ASSETS			
Debtors	8	124,858	123,830
Cash at bank and in hand		986,078	1,007,599
		1,110,936	1,131,429
CURRENT LIABILITIES			
CREDITORS (Amounts falling due within one year)	9	(30,797)	(64,485)
NET CURRENT ASSETS		1,080,139	1,066,944
NET ASSETS		1,082,997	1,072,180
REPRESENTED BY:			
Accumulated Fund		1,082,997	1,072,180

The financial statements were approved by the Members on 22 March 2016.

Denis Murphy
Chairman

John Foster
Member

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 DECEMBER 2015

	<i>Notes</i>	2015	2014
		€	€
NET CASH FLOWS FROM OPERATING ACTIVITIES	<i>13</i>	(25,548)	(27,807)
CASH FLOWS FROM INVESTING ACTIVITIES			
Deposit interest income		4,027	8,012
Purchase of tangible fixed assets		–	(2,350)
Net cash flows from investing activities		4,027	5,662
NET DECREASE IN CASH AND CASH EQUIVALENTS		(21,521)	(22,145)
Cash and cash equivalents at beginning of financial year		1,007,599	1,029,744
CASH AND CASH EQUIVALENTS AT END OF FINANCIAL YEAR		986,078	1,007,599
RECONCILIATION TO CASH AND CASH EQUIVALENTS			
Cash at bank and in hand		19,813	77,827
Cash Deposits		966,265	929,772
		986,078	1,007,599

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2015

1. ACCOUNTING POLICIES

The significant accounting policies adopted by the Agency are summarised below and have all been applied consistently throughout the financial year and to the preceding financial year.

General information and basis of accounting

The National Milk Agency was set up under the Milk (Regulation of Supply) Act, 1994 to regulate the supply of milk for liquid consumption throughout the State. The Agency comprises a chairman and 13 members representing the interests of producers, processors, distributors, retailers and consumers of milk. The Agency is financed by the industry through levies on milk purchased for processing for liquid consumption. The registered office is IPC House, 35-39 Shelbourne Road, Ballsbridge, Dublin 4.

The financial statements have been prepared under the historical cost convention, modified to include certain items at fair value, and in accordance with Financial Reporting Standard 102 (FRS 102) issued by the Financial Reporting Council, and promulgated for use in Ireland by Chartered Accountants Ireland. The prior year financial statements were restated for material presentation adjustments on adoption of FRS 102 in the current year. For more information see note 14.

Going Concern

The National Milk Agency activities, together with factors likely to affect its future development, performance and position are set out in the financial statements. The Agency meets its day to day working capital requirements through its cash reserves. The members of the board have reasonable expectations that the Agency has adequate resources to continue in operational existence for the foreseeable future. Thus they continue to adopt the going concern basis of accounting in preparing the annual financial statements.

Income

Income arises from a levy of 0.115 cent per litre of milk purchased for processing for liquid consumption and is payable by milk processors under Section 8 of the Milk (Regulation of Supply) Act, 1994. The milk levy receivable included in the financial statements is based on returns received from processors or their estimated milk supplies where returns have not been received.

Investment Income

Investment Income is recorded on a receivable basis.

Tangible Fixed Assets

Tangible Fixed Assets are stated at cost less accumulated depreciation.

Depreciation

Depreciation is calculated to write off the cost of tangible fixed assets over their expected useful lives as follows:

Furniture	10 years
Office equipment	5 years
Computer equipment	3 years

Pensions

The National Milk Agency Staff Superannuation Scheme 2010 was approved by the Minister for Agriculture, Fisheries and Food with the consent of the Minister for Finance on 30 November 2010. The Scheme is set out in S.I. No. 588 of 2010.

1. ACCOUNTING POLICIES (CONTINUED)

Pensions (Continued)

The Department of Finance has confirmed to the Agency that the Exchequer will bear the cost of paying all superannuation benefits to and in respect of the pensionable employees (including the CEO), of the Agency. The Department of Finance confirmed that the rate of employer's contribution would not exceed 16⅔%. The Department of Agriculture and Food, also confirmed that subject to the payment by the Agency to the Department of Agriculture and Food, of all employer and employee contributions collected to date and for the future, the Department will accept responsibility for meeting the superannuation entitlements of the members of the proposed Scheme in respect of their membership of that Scheme and of the former Dublin District Milk Board Pension Scheme.

FRS 102 permits defined benefit schemes (state plans), to be accounted for as if they were defined contribution schemes with no requirement to account for the fair value of the assets and liabilities of the scheme or to disclose the scheme liabilities. Accordingly, the National Milk Agency considers that since this arrangement will have the same financial effect as a defined contribution scheme, no FRS 102 additional disclosures are required.

The pension cost represents contributions payable by the Agency and are charged to the Statement of Income and Accumulated Fund as incurred.

Operating Leases

Rentals under operating leases are charged to Statement of Income and Accumulated Fund as incurred.

Taxation

The Agency is included as an exempt body under the Taxes Consolidation Act, 1997 (Amendment of Schedule 4) Order, 2002, effective from 30 December 1994. Under Section 227 of the Taxes Consolidation Act, 1997, however, deposit interest arising to specified non-commercial state sponsored bodies, including the National Milk Agency is not entitled to exemption from deposit interest retention tax.

Financial Instruments

Financial assets and financial liabilities are recognised when the Agency becomes a party to the contractual provisions of the instrument. Financial liabilities are classified according to the substance of the contractual arrangements entered into.

Financial assets and liabilities

All financial assets and liabilities are initially measured at transaction price (including transaction costs), except for those financial assets classified as at fair value through profit or loss, which are initially measured at fair value (which is normally the transaction price excluding transaction costs), unless the arrangement constitutes a financing transaction. If an arrangement constitutes a financing transaction, the financial asset or financial liability is measured at the present value of the future payments discounted at a market rate of interest for a similar instrument.

Financial assets and liabilities are only offset in the balance sheet when, and only when there exists a legally enforceable right to set off the recognised amounts and the Agency intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

Financial assets are derecognised when and only when a) the contractual rights to the cash flows from the financial asset expire or are settled, b) the Agency transfers to another party substantially all of the risks and rewards of ownership of the financial asset, or c) the Agency, despite having retained some, but not all, significant risks and rewards of ownership, has transferred control of the asset to another party.

1. ACCOUNTING POLICIES (CONTINUED)*Financial assets and liabilities (continued)*

Financial liabilities are derecognised only when the obligation specified in the contract is discharged, cancelled or expires.

2. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

In the application of the Agency's accounting policies, which are described in note 1, the members are required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates. The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods.

Information about critical judgements in applying accounting policies that have the most significant effect on the amounts recognised in the financial statements is included in the accounting policies and the notes to the financial statements.

3. MILK LEVY

A levy of 0.115 cent per litre of milk purchased for processing for liquid consumption is payable by milk processors under Section 8 of the Milk (Regulation of Supply) Act, 1994.

The milk levy receivable included in the financial statements is based on returns received from processors or their estimated milk supplies where returns have not been received.

4. EMPLOYEES AND REMUNERATION

	2015	2014
	Number	Number
AVERAGE NUMBER OF PERSONS EMPLOYED:		
Staff	5	5
	2015	2014
	€	€
Salaries	261,044	259,904
Social insurance costs	18,442	18,442
Employer's superannuation contributions	43,274	43,190
	322,760	321,536

4. EMPLOYEES AND REMUNERATION (CONTINUED)

Key management compensation for the year, which includes gross salary of €80,977 and employer's superannuation contributions of €13,500, both of which are in line with approved Public Service pay scales, amounted to €94,477 (2014 gross salary of €80,977 and employer's superannuation contributions €13,500)

5. ADMINISTRATION COSTS

	2015	2014
	€	€
Staff expenses	30,678	30,796
Members' expenses	20,038	20,549
Chairman's remuneration	8,978	8,978
Stationery	2,768	2,149
Annual report	11,050	8,737
Telephone	6,233	4,803
Postage	4,582	3,021
Publications	1,777	2,550
Legal fees	17,626	19,233
Consultancy fees	1,827	5,809
Audit fees	4,388	4,305
Rent and rates	40,187	35,185
Insurance	3,198	3,101
Accounting and professional fees	5,547	7,868
Repairs and renewals	3,939	3,851
Miscellaneous	11,975	11,720
Election	5,181	–
	179,972	172,655

6. TAXATION

The Agency is included as an exempt body under the Taxes Consolidation Act, 1997 (Amendment of Schedule 4) Order, 2002, effective from 30 December 1994. Under Section 227 of the Taxes Consolidation Act, 1997, however, deposit interest arising to specified non-commercial state sponsored bodies, including the National Milk Agency is not entitled to exemption from deposit interest retention tax. Deposit interest is presented net of deposit interest retention tax of €2,798 (2014: €5,568).

7. TANGIBLE FIXED ASSETS

	Furniture €	Office equipment €	Computer equipment €	Total €
COST:				
At 1 January 2015 and At 31 December 2015	12,658	23,711	77,851	114,220
DEPRECIATION:				
At 1 January 2015	12,658	22,266	74,060	108,984
Charged in year	–	482	1,896	2,378
AT 31 DECEMBER 2015	12,658	22,748	75,956	111,362
Net book amounts:				
At 31 December 2015	–	963	1,895	2,858
At 31 December 2014	–	1,445	3,791	5,236

8. DEBTORS (Amounts falling due within one year)

	2015 €	2014 €
Milk levy receivable	121,932	117,977
Prepayments	2,499	2,495
Other debtors	427	3,358
	124,858	123,830

9. CREDITORS (Amounts falling due within one year)

	2015 €	2014 €
Employer's superannuation contributions	–	37,281
Accruals and other creditors	22,876	20,055
PAYE/ PRSI/ USC	7,921	7,149
	30,797	64,485

10. FINANCIAL INSTRUMENTS

The carrying values of the Agency's financial assets and liabilities are summarised by category below:

	2015	2014
	€	€

FINANCIAL ASSETS

Measured at undiscounted amount payable

• Debtors and prepayments (note 8)	124,858	123,830
------------------------------------	----------------	---------

FINANCIAL LIABILITIES

Measured at undiscounted amount payable

• Accruals and other payables (note 9)	30,797	64,485
--	---------------	--------

11. FINANCIAL COMMITMENTS

Total future minimum lease payments under non-cancellable operating leases relating to property, are as follows:

	2015	2014
	€	€
Within one year	25,580	25,580
Between one and five years	25,580	51,160
	51,160	79,740

12. NATIONAL MILK AGENCY STAFF SUPERANNUATION SCHEME 2010

The National Milk Agency Staff Superannuation Scheme 2010 was approved by the Minister for Agriculture, Fisheries and Food with the consent of the Minister for Finance on 30 November 2010. The Scheme is set out in S.I. No. 588 of 2010.

The Department of Finance has confirmed to the Agency that the Exchequer will bear the cost of paying all superannuation benefits to and in respect of the pensionable employees (including the CEO), of the Agency. The Department of Finance confirmed that the rate of employer's contribution would not exceed 16⅔%. The Department of Agriculture and Food, also confirmed that subject to the payment by the Agency to the Department of Agriculture and Food, of all employer and employee contributions collected to date and for the future, the Department will accept responsibility for meeting the superannuation entitlements of the members of the proposed Scheme in respect of their membership of that Scheme and of the former Dublin District Milk Board Pension Scheme.

12. NATIONAL MILK AGENCY STAFF SUPERANNUATION SCHEME 2010 (CONTINUED)

FRS 102 permits defined benefit schemes (state plans), to be accounted for as if they were defined contribution schemes with no requirement to account for the fair value of the assets and liabilities of the scheme or to disclose the scheme liabilities. Accordingly, the National Milk Agency considers that since this arrangement will have the same financial effect as a defined contribution scheme, no FRS 102 additional disclosures are required.

The total expense charged to the Statement of Income and Accumulated Fund in the year ended 31 December 2015 was €43,274 (2014: €43,190).

13. RECONCILIATION OF SURPLUS BEFORE TAXATION TO NET CASH FLOWS FROM OPERATING ACTIVITIES

	2015	2014
	€	€
<i>Reconciliation of surplus to cash generated by activities</i>		
SURPLUS FOR THE FINANCIAL YEAR BEFORE TAXATION	10,817	7,904
Adjustment for:		
Deposit interest	(4,027)	(8,012)
Depreciation of tangible fixed assets	2,378	2,465
OPERATING CASH FLOWS BEFORE MOVEMENT IN WORKING CAPITAL	9,168	2,357
Increase in debtors	(1,028)	(20,517)
Decrease in creditors	(33,688)	(9,647)
Net cash flows from operating activities	(25,548)	(27,807)

14. EXPLANATION OF TRANSITION TO FRS 102

This is the first year the Agency has presented its financial statements under Financial Reporting Standards 102 (FRS 102) issued by the Financial Reporting Council. The last financial statements under previous Irish GAAP were for the year ended 31 December 2014 and the date of transition to FRS 102 was therefore 1 January 2014. As a consequence of adopting FRS 102, a number of accounting policies have been changed to comply with that standard. None of these changes have resulted in an adjustment to Accumulated Fund reported under previous Irish GAAP at 31 December 2014 or 1 January 2014 and there was no effect on its surplus previously reported for the year ended 31 December 2014.

APPENDIX 6

COMPLIANCE/ENFORCEMENT

Compliance

The Agency has complied fully with the requirements of the Code of Practice for the Governance of State Bodies.

The Agency has complied with the requirements of the Prompt Payment of Accounts Act, 1997 to pay all invoices within 30 days of receipt of invoice. During 2015, 132 payments were made by the Agency which were all paid within 15 days.

The Agency is reporting annually on its actions taken to reduce energy consumption as required under S.I. 542 of 2009.

The National Milk Agency is committed to making every possible effort to improve energy efficiency. In 2015, the Agency's usage of electricity was included in its rental cost and was not separately metered from the usage of the main office block in which the Agency's office is located. This usage was associated with heating, air conditioning, lighting and office equipment. There were no other fuel supplies to the premises, and no onsite renewable sources of energy.

The Agency will work with the Sustainable Energy Authority of Ireland (SEAI) in 2016 to identify opportunities for energy saving on the premises.

APPENDIX 7

STATUTES AND STATUTORY INSTRUMENTS RELATING TO THE AGENCY

Statutes

- Milk (Regulation of Supply) Act, 1994
- Milk (Regulation of Supply) (Amendment) Act, 1995
- Milk (Regulation of Supply) (Amendment) Act, 1996
- Freedom of Information Act, 1997 (Prescribed Bodies) (No. 2) Regulations, 2002

Statutory Instruments

- S.I. No. 409 of 1994 – Milk (Regulation of Supply) (Establishment of National Milk Agency) Order, 1994
- S.I. No. 460 of 1994 – National Milk Agency (Election Day) Order, 1994
- S.I. No. 234 of 1995 – National Milk Agency (Members) Regulation, 1995
- S.I. No. 252 of 1995 – Milk (Regulation of Supply) Act, 1994 (Section 5) (Commencement) Order, 1995
- S.I. No. 253 of 1995 – Milk (Regulation of Supply) (Levy) Order, 1995
- S.I. No. 254 of 1995 – National Milk Agency (Winter Months) Regulations, 1995
- S.I. No. 309 of 1995 – National Milk Agency (Revocation of Election Day) Regulations, 1995
- S.I. No. 347 of 1995 – Milk (Regulation of Supply) (Levy Returns) Regulations, 1995
- S.I. No. 348 of 1995 – Milk (Regulation of Supply) (Application for Registration) Regulations, 1995
- S.I. No. 265 of 1996 – National Milk Agency (Fees) Regulations, 1996
- S.I. No. 184 of 1997 – National Milk Agency (Election Day) Regulations, 1997
- S.I. No. 185 of 1997 – National Milk Agency (Conduct of Elections) Regulations, 1997

S.I. No. 271 of 2000 – National Milk Agency (Conduct of Elections) (Amendment) Regulations, 2000

S.I. No. 272 of 2000 – National Milk Agency (Election Day) Regulations, 2000

S.I. No. 368 of 2003 – National Milk Agency (Election Day) Regulations, 2003

S.I. No. 369 of 2003 – National Milk Agency (Conduct of Elections) (Amendment) Regulations, 2003

S.I. No. 471 of 2006 – National Milk Agency (Conduct of Elections) (Amendment) Regulations, 2006

S.I. No. 472 of 2006 – National Milk Agency (Election Day) Regulations, 2006

S.I. No. 371 of 2009 – National Milk Agency (Election Day) Regulations, 2009

S.I. No. 372 of 2009 – National Milk Agency (Conduct of Elections) (Amendment) Regulations, 2009

S.I. No. 588 of 2010 – National Milk Agency Staff Superannuation Scheme, 2010

S.I. No. 450 of 2012 – National Milk Agency (Election Day) Regulations, 2012

S.I. No. 451 of 2012 – National Milk Agency (Conduct of Elections) (Amendment) Regulations, 2012

S.I. No. 400 of 2015 – National Milk Agency (Conduct of Elections) (Amendment) Regulations, 2015

S.I. No. 401 of 2015 – National Milk Agency (Election Day) Regulations, 2015



NATIONAL MILK AGENCY

IPC House
35-39 Shelbourne Road
Ballsbridge
Dublin 4

Tel: 01 6603396
Fax: 01 6603389

E-mail: natmilk@eircom.net
Web: www.nationalmilkagency.ie

