

## PMMB Listening Session #4

PA Dairy Summit, Lancaster, PA

The 4<sup>th</sup> PMMB Listening Session was held on February 6, 2018, in Lancaster as part of the PA Dairy Summit. Board members Rob Barley and Jim Van Blarcom attended and responded to questions and comments from the approximately 50 attendees.

The first question was an inquiry of what PMMB does to help market and promote milk to which Chairman Barley replied that the Board is not directly involved in promotion or marketing. However, he also noted that we are trying to assist in selling more beverage milk products and dairy products, in general.

An attendee representing the Maryland Virginia Dairy Cooperative had some general questions related to Board activities. Some important items resulting from that discussion were

- PMMB receives its funding from industry fees.
- PMMB does not currently collect retail sales data. Approximately 70% of expected retail milk sales attributed to the Over Order Premium can be enforced by PMMB. The OOP hearing process was explained by Member Van Blarcom and it was reduced recently out of concerns for out-of-state milk being brought into PA.

Note: The Board recently concluded its regular OOP hearing and received testimony regarding a suggested new rate. No official action has been taken as of the date of the newsletter; however a special meeting is set for March 19 to address the OOP rate.

Chuck Turner of Turner Dairy in Penn Hills, PA, stated that PA milk dealers are not actively searching for non-PA producers. He also indicated that the OOP affects premiums on other classes of PA milk and PA milk sold out of state. Turner suggested this related benefit is now reduced because of the over-supply of milk, but the benefits will increase when supply and demand are more in balance.

A producer in attendance asked the Board if it has records of transportation costs associated with moving milk from farm to plant and from processing plants to retailers. The Board incorporates average delivery costs from dealers to retailers as part of its cost-replacement hearings, but currently has no information available on farm to plant transportation costs. Member Van Blarcom emphasized that transportation is expensive, and all industry segments are working to minimize its costs where appropriate.

Discussions also focused on the supply and demand issues—current over-supply requires unprofitable transactions such as shipping milk long distances or dumping skim milk or in some cases farm milk.

What will happen if PMMB did not exist, asked one attendee, to which Chairman Barley replied

Pennsylvania would lose processors and probably dairy farmers, plus seeing more consolidation in these two segments of the industry.

Doug Eberly, PMMB Board Attorney offered the economic study conducted by Gruebele from the early 2000s that confirmed Chairman Barley's comment. Betsy Albright from Harrisburg Dairies also confirmed Barley's comments, indicating that PA dairy would begin to look like what is currently in NJ with few processors and greatly reduced numbers of farmers.

A producer in attendance asked what they (producers) could do to help sell Class I milk, to which Mr. Turner replied with an example using one of his producers. Turner takes current and potential customers to that producer's farm as an example of a clean farm with health, well-treated animals. Turner stated that consumers are interested in the source of their food.

The discussions were engaging and informative for the Board and we look forward to scheduling and attending the next listening session!