

--DRAFT PENDING SUB-COMMITTEE APPROVAL--

**WISCONSIN DAIRY TASK FORCE 2.0
SUB-COMMITTEE ON PRICE VOLATILITY AND PROFITABILITY
MINUTES**

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October 29, 2018

The Price Volatility and Profitability Sub-Committee of the Wisconsin Dairy Task Force 2.0 met on Monday, October 29th, 2018 beginning at 10:00 a.m. at the Offices of the Department of Natural Resources at 910 HWY 54 E, Black River Falls, WI 54615.

Call to Order

Sub-Committee Chair Michael DeLong called the meeting to order at 10:07 a.m.

Members Present

Ryan Klussendorf, Michael DeLong, Don Hamm, Tom Crosby, Dan Pearson, Rene Johnson, Darin Von Ruden

Ex officio members Representatives Don Vruwink was also present. Mark Stephenson, Neil Kline, and Kevin Bernhardt were also present.

Minutes

Welcome and Introductions

Sub-Committee members introduced themselves.

Dr. Kevin Burnhardt, Professor of Agribusiness at the University of Wisconsin-Platteville and with the Center for Dairy Profitability at the University of Wisconsin-Madison, served as the Sub-Committee's resource person.

Larry Opelt, of Neillsville, WI, provided a public comment to the sub-committee which focused on his concerns related to milk pricing and the system used to determine that price.

Chair DeLong reviewed the task of the sub-committee and listed the issues placed with the sub-committee from the August meeting of the full Task Force.

After a short discussion, it was agreed that the sub-committee's final recommendations can be targeted to a wide range of audiences, including the federal government.

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Through the morning, the group worked to refine the original issue list from the August meeting. The list that was developed is below:

Price Volatility

- Market Stabilization
- Price Tools

Price Level

- Supply Control
- Increasing Demand

Price Gap

- Cost to farmers
- Percent of consumer price to farmers
- Lower price-why?
- Consumer convenience cost
- Market access

Cost of Production

- Knowing how to calculate
- Profit price
- Farm profit
- Price tools (Dairy RP)
- UW Farm Bench Program
- State funded financial consultants
- Farm Success

FMMO

- State system
- Area/region compacts

Lunch

The committee broke for lunch at 11:55 a.m. and reconvened at 12:35 p.m.

The group started to discuss possible solutions in the issue area of price level. The group noted that Organic Valley is currently using a supply management system. The following information was generated:

Supply Side

- Current Processors limiting supply
 - Organic Valley
 - Other Discussions
- Two-tier System
 - Pay to certain pound amount
 - Pay less for excess
- Quality factors to limit supply
- Management practices (study, research, help)

Demand Side

- Research money toward different milk packaging
- Label change
- Dairy Farmers of Wisconsin, DMI, Check off dollars based on the price of milk

The general consensus was that more research was needed to understand the options available to influence price level.

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The group next discussed Price Volatility, and identified the items below:

- Market Stabilization
- Price Tools
- Cost of Production
 - Calculating it and knowing what it means.
 - Profit Price
 - Farm Profit
 - Price Tools
 - Dairy RP
 - Ideas to help with cost of production education
 - UW-Farm Bench Program
 - State-funded financial consultants
 - Farm success

The group then moved on to discuss Federal Milk Marketing Orders and ideas to make them more effective. The items are below:

- State System
- Area or regional compacts
- Price structure discovery
- Price monthly vs. ?—create a rolling average
- Processors make allowance

The final issue group that was discussed was the Price Gap. The items identified under this heading are listed below:

- Price gap
- Percentage of final price is less, but it might be less of bigger pie
- Costs for shelf space
- Distribution blockage

The group agreed to meeting again on January 30th, 2019.

Adjournment

The Sub-Committee adjourned at 2:30 p.m.

Minutes drafted by Neil Kline.