

Northern Tier Farmers Union Producers

Co-op cites need for security fund action

SUSQUEHANNA — The Northern Tier Farmers Union Milk Producers Association Cooperative is calling on the Pennsylvania dairy industry to speed up efforts to rebuild the depleted Milk Security Fund.

Among efforts being discussed are:

— A levy of two cents per hundredweight on all milk handlers, both proprietary and cooperatives.

— A contribution of one cent per hundredweight by all dairy farmers for one year.

Arden Tewksbury, Manager of Northern Tier, says that most of the other recommendations so far center around an improved auditing of Pennsylvania milk handlers by the Pennsylvania Milk Marketing Board. Also, improved screening and surveillance of new milk handlers intending to buy milk from Pennsylvania dairy farmers. Tewksbury said that these proposed suggestions should be made part of the present milk security law, but equally important is the need of speeding up the amount of payment into the fund.

Northern Tier and Pennsylvania Farmers Union have been meeting with farm organizations, milk handlers and several Pennsylvania legislators in an attempt to seek out and develop some conformity of ideas for a program which would build a viable milk security fund.

Tewksbury said there are ap-

proximately 9.2 billion pounds of milk produced annually in Pennsylvania. Of this, 3.5 billion pounds is controlled by licensed milk handlers participating in the milk security fund. Other proprietary milk handlers using about 3.5 billion pounds of milk annually have adequate bonds or letters of credit to cover the milk they purchase.

Carl L. Kaufman, State Director of Pennsylvania Farmers Union, claims the present law does not require dairy cooperatives to bond themselves nor are they compelled to contribute to the milk security fund. Cooperatives handle about 2 billion pounds of milk not protected by the milk security law.

At a meeting held last week in Mountain View High School, Susquehanna County, Tewksbury listed several plans being considered.

(1) The first and best plan, according to Tewksbury, would be to have all milk handlers adequately bonded. There are many who claim that this is not possible, he added.

(2) All milk handlers, both proprietary and cooperatives, pay into the security fund at the rate of 2 cents per hundredweight. This contribution would bring the fund up to nearly \$2 million at the end of the first year and very close to the desired \$4 million at the end of the second year. At that point if there were no drawdowns, the contributions would cease.

However if neither of these plans

are formulated and we the industry is compelled to stay with the existing law as far as revenue is concerned, there would probably end up being about 3.5 billion pounds of milk bonded, 3.5 billion pounds protected by the milk security fund and approximately 2.2 billion pounds controlled by the cooperatives, according to Tewksbury.

Both Carl and Tewksbury agree

that milk handlers who cannot or will not be bonded should pay 2 cents per hundredweight into the milk security fund. Tewksbury claims he has talked to several milk handlers who are willing to go to that level. However this plan would still bring in only \$700,000 the first year and this does not bring in adequate protection for dairy farmers shipping to milk handlers participating in the fund,

Tewksbury said.

In talking with several legislators, Tewksbury says it appears that there is some sentiment towards having all dairy farmers contribute 1 cent per hundredweight into the milk security fund for one year. This 1 cent payment by producers would generate an extra \$900,000 the first year and with the 2 cent con-

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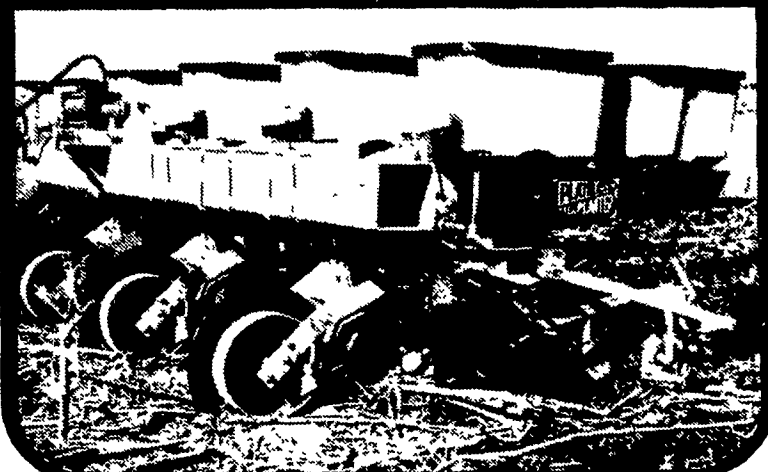
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