

Eastern Milk Producers Look To Increase Profits To \$3 Million

BY MARTHA SHELDON
Special Report

SYRACUSE, N.Y. — Despite the crisis in the dairy industry, Eastern Milk Producers Cooperative is alive and well, according to its president and general manager, and intends to step up profits drastically in the next few years.

The co-op's goal is to achieve a minimum profit level of \$3 million per year by 1991, necessitating increasing profits an average of 36 percent or more a year.

And effective Oct. 6, Eastern will be licensed to distribute milk in four Central New York counties previously inaccessible to the organization. Those counties include Onondaga, where its headquarters are located, plus its neighbors, Cayuga, Oswego, and Tompkins.

Amidst a few murmurs of surprise, General Manager Michael Donovan told delegates to Eastern Milk Producers Cooperative's Annual Meeting on Oct. 1 in Syracuse, that the \$3 million goal is "do-able" and would mean a substantially improved return to the member-owners of the co-op, possibly in the form of drastically reduced dues or a payout amounting to 10 times what was distributed during the fiscal year which ended March 31, 1986.

Eastern issued members a 13th milk check this year, the first in 15 years, and President Earl Forwood of Hop Bottom, Pa. who was re-elected to another term of office at the meeting, promised delegates they would not have to wait another 15 years for their next bonus check.

That 13th check represented a \$325,000 refund to the nearly 3,900 dairy farmer-members of the

organization in New York, Pennsylvania, Vermont, New Hampshire, Massachusetts, Connecticut, New Jersey, Maryland and Delaware.

Cooperative officials also told delegates they will be operating out of their new headquarters on Burnet Avenue in Syracuse by Oct. 15.

Figures released by the cooperative for the first quarter of fiscal year 1987 show a profit of \$493,000, and officials predict continuing leaps in profitability for the next five years. The current four-month figure of \$493,000 "puts us well on track to achieving our annual budgeted profit of \$893,000, which would be 42 percent higher than last year's net of \$631,000," Donovan told the 200 delegates. Last year's net was a jump of 44 percent over the year before.

In a meeting with the media, Donovan said, "If we continue doing everything the same as we are doing now, we can't hit \$3 million. But we will plan the achievement of that goal, and I am confident we will reach it."

Donovan said the \$3 million in profits will hinge on favorable returns in six areas: the dairy products division, which is growing at a constant rate; the fluid milk business which Donovan said should go from a \$300,000 loss to a nearly break-even situation this year; getting better handling allowances; improving the co-op's equity position, which should reach 20 percent of assets if the organization attains its profit goal for this year; increased returns on the remaining 18 years of a 20-year lease of its two cheese plants to Leprino Foods; and a continued drop in administrative costs.

Eastern's economist Joseph



Earl Forwood

Mathis said the cooperative advocates a change in New York state licensing regulations to a region by region basis rather than county by county, along with enforcement of the fair trade legislation which "has never been enforced in this state."

Touching on the continuing discussion among dairymen of whether the buyout is working and if the Northeast is contributing to the milk surplus, Donovan said he believes the whole herd buyout is doing the job. He added "anyone who says we have no surplus, has to explain to me why we have to run a butter plant and sell to the government."

Donovan said he sees no need to re-open the '85 farm bill as it relates to the dairy industry, since the Secretary of Agriculture has options he can exercise to continue to bring supply in line with demand. But with the cost of government payments to the grain industry running far over budget, he acknowledges the program may be renegotiated.

Revenues for the first four months of fiscal '87 amounted to \$112.7 million. Even though revenues were down from the \$120 million recorded for the same period last year, due in part to lower prices paid for milk, net proceeds rose from \$462,600 to \$493,000.

New York Dairymen Donate Milk

NEW YORK, N.Y. — Six Oneida County dairy farmers donated 1,500 gallons of milk to give away in New York City. The giveaway was part of a two-day program coordinated with dairy farmers in Maine, Vermont, Wisconsin and Minnesota. Farmers are lobbying for the passage of the "Save the Family Farm Act." This bill, which has been introduced in Congress, would provide for parity pricing with supply management and a moratorium on foreclosures until the provisions of the bill have improved the farm economy.

The purpose of the giveaway was to draw attention to the issue of low farm prices. "We are here today, because our representatives have told us that the city voters are blocking progressive farm programs. We know this isn't true. We have had more support from your representatives than from ours. But we need more support. We are here today to extend a hand

to the consumer — to ask for his and her help in turning agricultural programs around to benefit the economy," explained several dairy farmers, who made the trip to New York.

Congressman Ed Towns, D-Brooklyn, attended the news conference at the Greenmarket in Union Square Park to speak out in favor of improving farm programs, raising prices to farmers and saving family farms.

"Although I am an urban Congressman, I realize that we have a farming crisis in New York like in many other states," the Congressman said. "As farmers you are to be commended for your willingness to respond to the needs of the hungry and the poor even though you are hurting yourselves. No matter where we live, we can never forget that a healthy farm economy helps us all."

Three major points were stressed: strong farm legislation

creates jobs — rural as well as urban — because agriculture and related industries are the largest industry in the nation; strong farm legislation benefits taxpayers, because when farmers make money there is no need for ex-

pensive farm programs; and strong farm legislation benefits consumers, because a healthy agriculture provides abundant food at reasonable prices.

The Food for Survival Foodbank assisted in the distribution of the milk. Representatives pointed out that giveaways are an inefficient way of getting food to people. "The most efficient way of feeding

people is by creating jobs, thereby allowing them to buy food through normal channels. This ties in closely with the point dairy farmers are making. Putting people

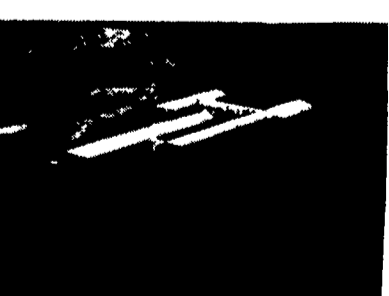
to work and paying fair wages and prices is the key to solving two major economic problems — the one faced by farmers and the one faced by the hungry."

The milk was donated by Cleveland Lansing, Brian Williams, Hobart Kraeger, Maynard Anken, Fred Anken and Richard Slaga.

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