

# Economic Impact of Milk Growth

January 2018 ICOS Conference





1

## Introduction and background

# Introduction

**John Higgins**

**Partner**

**EY - Transaction Advisory Services**

# Milk growth is beating most forecasts

**5** Billion litres in 2015

**8** Billion litres by 2020

**10** Billion litres by 2021/2022

# Concentrations of milk growth

**88%** cows located in Munster and Leinster

**54%** cows located in Cork, Kerry, Limerick and Tipperary

**26%** cows located in County Cork





2

## Measuring Economic Impact

# Spending drives economic impact

**1. Milk cheque paid to farmers**

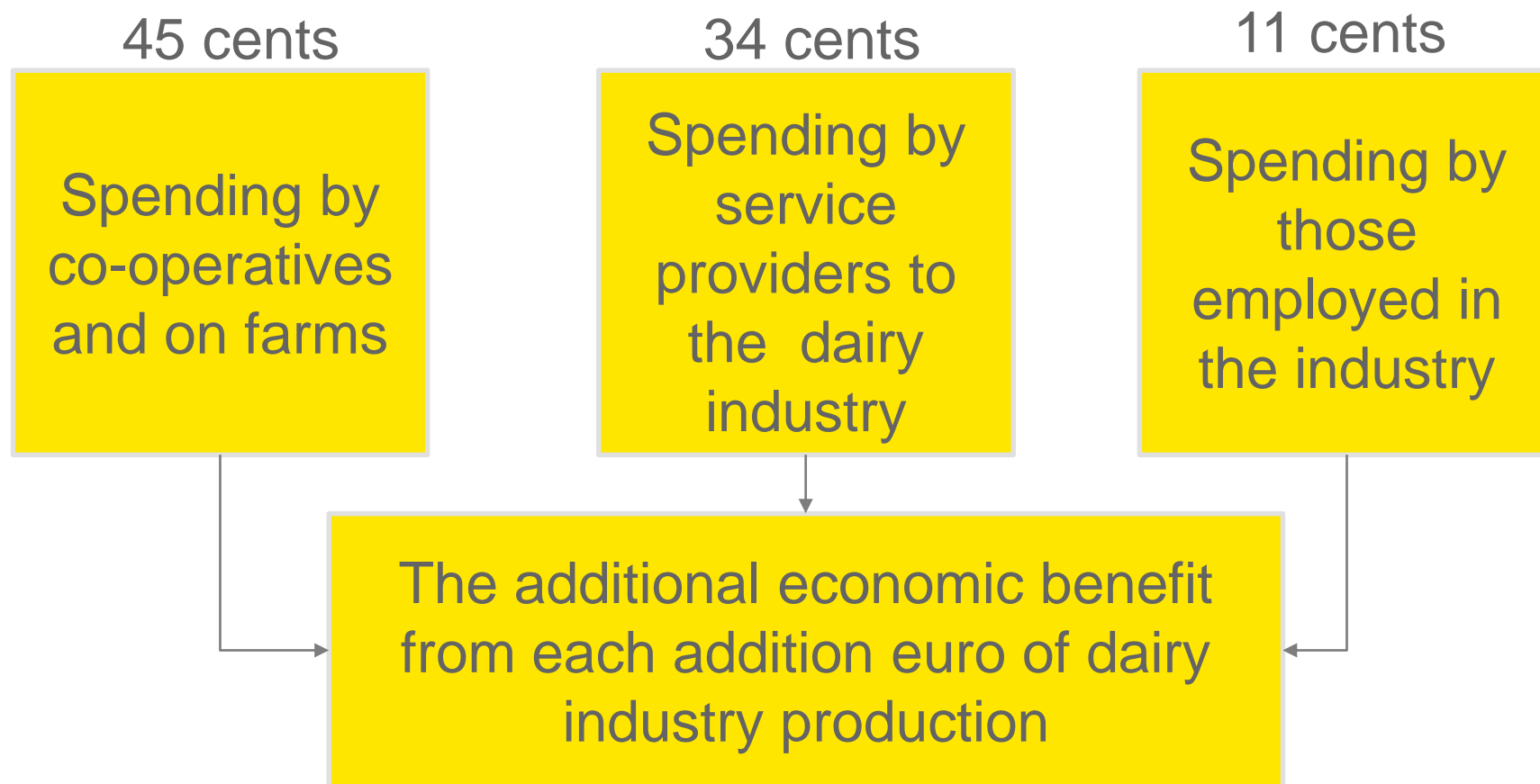
**2. Capital expenditure to build assets**

**3. On farm spending on feed, fertiliser and other goods**

**4. Service providers spending to provide services**

**5. Those employed in the industry spending their wages**

# As a very broad guide only ..



90 cents of additional Economic Benefit for each additional litre



# Rough estimate of impact of additional 3 billion litres

- ❑ 3 billion litres at 90 cent per litre = €2.7 billion economic impact over the five years 2016 -2020
- ❑ Equates to €540,000,000 per annum
- ❑ Average economic impact per farmer over the five years is 2016 – 2020 is €150,000
- ❑ And finally as Cork County has 26% of the Dairy herd the economic impact over the five years 2016 – 2020 will be approximately €700m or €140m per annum

**EY** | Assurance | Tax | Transactions | Advisory

**Ernst & Young LLP**

© Ernst & Young LLP. Published in the UK.  
All Rights Reserved.

The UK firm Ernst & Young LLP is a limited liability partnership registered in England and Wales with registered number OC300001 and is a member firm of Ernst & Young Global Limited.

Ernst & Young LLP, 1 More London Place, London, SE1 2AF.

[ey.com](https://www.ey.com)