

Centenary Thurles
Co-operative Society Ltd

DEC - 2020

NEWSLETTER



Covid-19 Pandemic

As we approach the end of the year and possibly with some light visible at the end of the tunnel, it is clear that 2020 will go down in history as the year in which a Global Pandemic swept through the globe at an alarming pace. It is likely that more than 100m people will have been confirmed as infected with hundreds of millions more, likely infected but without a diagnosis. Up to 2m people will have died with Covid-19 and the true effect will only becoming clearer in the years ahead as subsequent health issues arising from Covid-19 become clearer.

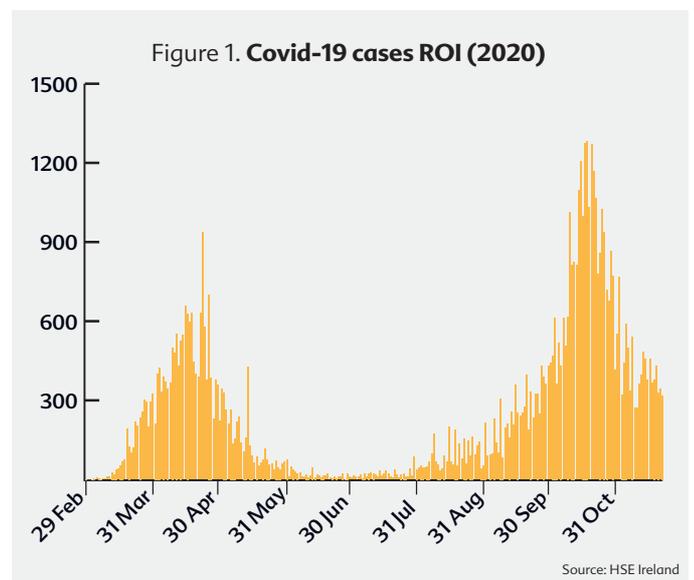
Much of the world's economy has been damaged, in particular the tourism, travel and hospitality sectors. The response from the scientific community has been exceptional in developing new-technology vaccines which hopefully over the next 12 months will allow us all to return to some degree of normality.

Our own sector, Agri, has survived better than most and can look forward with some level of optimism. Milk prices were under pressure early in the year and forecasts were poor. Indeed, there were serious concerns that milk may not be processed at all if capacity was impacted by plant shut-downs. However, it is gratifying to say that all the milk was processed and indeed milk price is currently 2c per litre ahead of this time last year. Beef prices are similarly ahead of last year although pork prices have suffered a significant decline.

It is important at this stage to acknowledge the trojan efforts of all throughout the year. These efforts kept the impact on our businesses and people to the minimum. Customers and milk suppliers co-operated with everything requested of them in our interactions, whether through deliveries, collections or indeed within our branch network. Similarly, our staff worked through difficult conditions at times to ensure the needs of our customers could be met. Sourcing product, managing queues, following the seemingly ever-changing regulations, and finding different ways of working were just a fraction of the challenges faced.

However, clearly we are not out of the woods yet. We must all continue to follow the Guidelines until such time as we have full access to a vaccination programme. Now is not the time to let up and become complacent. The chart of confirmed cases (Figure 1) is maybe the best way of illustrating the current challenge. The two waves are clearly visible with the first wave lasting a shorter period of time, due to the more severe lockdown and better compliance. The second wave has taken longer to reduce the numbers and is therefore spread over a longer period of time. The inevitable third and hopefully final wave, will probably peak lower but may extend for many months.

The lower the base it starts from, the better for all. We must again all play our part in bringing the second wave as low as possible and then try to prevent it rising and peaking too soon.



We can all do the simple things well and must continue to focus for the next 3-4 months at least on:

- continuing to act as responsibly as you can;
- considering that others may be more vulnerable than yourself;
- self-isolating if a member of your household or a close contact has been referred for a Covid-19 test;
- ringing your GP to request a test if you have symptoms and then self-isolating immediately;
- keeping the 2metre distance;
- reducing the number of your social contacts;
- continuing to follow all hygiene and sanitisation standards; and
- not letting up on the wearing of face coverings.

Kerrygold & NDC Milk Quality Awards

Congratulations to our representatives, Catherine and Edward Bowe from Leigh, Two-Mile-Borris, who reached the final this year of the Kerrygold & NDC Milk Quality Awards. The overall winner was announced on the Late Late Show, towards the end of October. The judges were impressed at the overall standard of the finalists, including the Bowes. Again we congratulate Catherine and Edward on their fine achievement.

We had no Milk Quality Awards Ceremony this year but we congratulate Tom Mary & Michael Ryan of Lisheen Lower, Moyne; Pat Cormack of The Islands, Loughmore, Tommy Ormond of Whitefield, Loughmore; Eugene O'Dwyer of Camas, Cashel; Nicholas & Philip Thornton of Ballyheens, Cashel and John Maher of Killough, Thurles. In conjunction with Catherine & Edward Bowe, each of them received the accolade of being in our Top 5 for Milk Quality – this year we had 3 suppliers tied in 5th place!



Photographed on the day of the judging are (l. to r.): Edward, Liam, Roseann, William and Catherine Bowe.

Corporate Governance during Covid-19

Despite having only 3 physical board meetings during 2020, the obligations of the Committee of Management under the Rule Book were upheld. 12 Committee Meetings will have been held with 9 of them on Zoom. Zoom was an unheard of platform this time last year but it enabled us to meet all our Corporate Governance obligations, including the holding of our AGM. Covid-19 has certainly asked questions of us all on whether there are better ways of carrying out our tasks and duties.



2020 Harvest

Beset with many difficulties from the outset, the 2020 harvest turned out to be somewhat of a salvage operation. Very wet weather towards the back end of last year restricted winter sowings. This was compounded by near drought conditions in the Spring and Early Summer. The final 'straw' was the very wet August just when spring crops were ripe. Indeed almost 50% of our Spring harvest was delivered to us over 3 days, 29th to 31st August. From a position of being in control of drying operations, the situation changed drastically. High moistures slowed drying throughput significantly, leading to a backlog of product on the yard. When all was said and done, our overall intake was back 2,900 tonnes or 15% to 16,545 tonnes. Winter Barley suffered most being back 3,500 tonnes; Wheat was back 1,000 tonnes but the intake of Spring Barley, and Rye was higher than that in 2019. Oats and Beans were little changed.

The intake of Rye has now grown to 629 tonnes and it looks like it could be an important grain in the years ahead. It definitely poses a challenge for handling and storage but its inclusion in formulations should be advantageous for those feeding dairy compounds.

Strong consideration is currently being given to not taking in grain into our Cashel Branch during future harvests. 2,295 tonnes from 18 suppliers was taken in this year. We will contact each of these suppliers with alternative arrangements in due course. Our preference as always is to get the majority of grain delivered direct to our drying site at Ballyduff.

On a more positive note, prices were much improved on 2019 with Barley, Rye & Oats up €14 per tonne and Wheat up €31 per tonne. The price for Beans was unchanged. These price increases mitigated somewhat the loss in yields.



Addition to Feed Range

18% Pre-Calver Cube

Feeding a Pre-Calver Cube during the dry period improves body condition of cows and promotes optimal productivity and health during the subsequent lactation. Fed at a 2kg feed rate this cube supplies all minerals required by the cow pre-calving and reduces the need for supplementing mineral on silage. This cube can also be fed as a transition feed to cows 2 weeks pre-calving. For more information please contact our animal nutritionist Howard Stanley or any of our sales advisory team.

Sale of Bramblemore

Contracts have been signed for the sale of our piggery and we should have exited the business completely by next May. The effects of Covid have seen the value of pigmeat fall by 20% over the course of the year. This is the equivalent of €32 per pig or €6,500 per week and fully affects the bottom line result. It is a further demonstration of the extreme market price volatility underpinning the decision to exit the business.

Annual General Meeting

In what was a first for ourselves, we held our Annual General Meeting via Zoom on Monday 16th November last. We had approximately 60 attendees and whilst a virtual meeting is never as functional as a physical meeting, it was important that we observed our legal requirement to report to our shareholders and account for our stewardship. If anyone does require a copy of our Annual Report it can be obtained from the office in Thurles.

Our Auditor Cathal Melia from RBK presented the 2019 Financial Statements. He read his audit opinion that the financial statements give a true and fair view of the assets, liabilities and financial position of the Group and of the Society as at 31st December 2019 and of the Group profit for the year then ended and had been properly prepared in accordance with Financial Reporting Standard 102. His opinion was issued without qualification. He then explained the Profit and Loss Account and Balance Sheet in detail.

Turnover for the year ending 31st December 2019 was €101.8m, broken down into continuing activities of €100.14m and discontinuing of €1.66m following the decision to sell the piggery. Gross Profit amounted to €12.5m. After deducting Operating Costs of €9.7m and Admin. Costs of €2m, an Operating Profit of €784,000 was reported. Other Income amounted to €795,000 and there was a negative movement in the fair value of investments of €541,000. Taxation for the year amounted to €285,000 resulting in a Retained Profit for 2019 of €752,000. There was an Actuarial Gain on pension scheme obligations of €599,000 reduced by a movement on Deferred Tax of €75,000.

After explaining the Balance Sheet in detail, Cathal reported that Equity Shareholders' Funds had improved from €52.6m to €53.9m.

He commented that the Balance Sheet remains strong with Current Assets exceeding Liabilities due within 1 year by €19.5m. He expressed his thanks to all at Centenary Thurles for their assistance during the Audit process.

The AGM also marked the retirement of two stalwart members of the Committee of Management. Roger Kennedy from Cashel had served on the Committee for 32 years with Bill Flanagan serving 15 years. Jim Russell, Chairman Centenary Thurles, thanked Roger and Bill for their contributions and service, both to their own local areas and the Society has a whole. He wished them well in their retirements.

Seasonality Bonuses

In accordance with our Milk Payment System, there is a change this year to the payment of Seasonality Bonuses. The following payments will apply this winter on all milk once your average lactose for the month is **4.35%** or greater.

December	2c per litre
January	4c per litre
February	3c per litre

The bonuses payable are all quoted inclusive of the VAT credit.

Dairy Nut Bonus

A reminder again that a milk bonus equating to €15 per tonne on 16% and €25 per tonne on 18%+ will be paid on all Dairy Nuts from our standard range, purchased by and delivered to suppliers between 25th November 2020 and 25th January 2021. Terms and conditions apply – see our Milk Payment System Booklet. It is a bonus worth availing of at the expensive time of the year so we encourage all our Suppliers to place your orders.

AHI Cell Check Awards

As always, our Milk Suppliers have performed well with 16 of them featuring in the Top 500 nationally for low SCC. Unfortunately, this year we were unable to partake in an awards ceremony, but we congratulate all 16 Suppliers on their outstanding achievement.

Tom & Marie Ryan	Kylemakill
Martin Cantwell	Ballyerk
Paddy Blake	Moyneard
Ger Keogh	Rahealty
Tom, Mary & Michael Ryan	Lisheen Lower
Eugene O'Dwyer	Camas
Richard Fogarty	Ballyduagh Cashel
Denis, Teresa & David Bergin	Kilbragh Fethard
Andrew Maher	Coolkenedy
Dan Walsh	Ballyknock
Martin Cleary	Clonfad Shinrone
Gerry Murphy	Cloneganna Dunkerrin
Tony, Bernie & David Lowe	Templetuohy
Ger Geehan	Crannagh
Eamonn Fogarty	Coolcormack Killea
John Maher	Woodview Killough



Particular congratulations to Martin and Caroline Cleary, Clonfad Shinrone who were our overall winners.



WINTER FUEL OFFERS

NOW ON



Offers also available at Centenary Agri Stores



Guaranteed Milk Price Schemes

Three of the four Guaranteed Milk Price Schemes finish at the end of 2020. This will leave only one of the schemes continuing and that has two more years left. Some suppliers are big supporters participating in many schemes, whilst others have participated in none. It is a personal decision and all we suggest is that suppliers at least consider what is on offer when schemes are announced. It is inevitable that we will have more schemes announced in the near future. The schemes can mitigate a little against falling milk prices. For 2021 we now have only 2m litres out of an anticipated 185m+ litres committed to schemes.

Capital Expenditure

As you may expect, anticipated expenditure during the pandemic was put on hold. We have tentative plans for branch enhancements at Cashel and Roscrea which we hope to proceed with during 2021. We also deferred planned work on our large grain store at Ballyduff. Apart from some investment in our fleet and in technology, capital expenditure during 2020 will have been kept to a minimum.

Tipperary Fresh

Earlier this year we launched in conjunction with Dunnes Stores, our Tipperary Fresh brand of milk produced from cows eating only non-gmo feed. Interrupted by Covid-19 initially for almost 6 months, the product has gone from strength to strength. With 21 stores initially and soon to be supplemented with a further 10 stores, we are happy with progress to date. To get a new product on the supermarket shelf and more importantly keeping the listing, is no mean achievement. We hope to make further significant progress during 2021, securing the future of the processing plant in Thurles. We attracted the interest of the Ear to the Ground production team and in October they filmed a segment to be broadcast on RTE1 before the end of the year.



VAT Reduction 1st Sept 2020

As part of the Government's July stimulus package, the Standard Rate of VAT was reduced temporarily from 23% to 21% for a 6-month period, i.e. until 28th February 2021. Whilst there was no obligation on businesses to pass on the VAT reduction to customers, Centenary Thurles did pass on in full, the whole of the reduction. You may see odd price points as a result in-branch. Should the temporary reduction be reversed at 1st of March 2021, our prices will revert. There is no information at the time of writing on the Government's plans, but one would expect a further extension of the temporary measure for at least 6 months. We have been operating with a 23% VAT rate since 2012, so one could expect the rate to revert when the economy is well into its recovery phase.

Milk Price Volatility Fund

Back in October 2017 and as a direct response to poor milk prices during 2016, the Committee of Management decided to establish a Milk Price Volatility Fund. This fund would be available for use if and when milk prices reached such a low ebb again. We are now pleased to report that by year end the fund will have reached €1.96m and is fully ringfenced for the benefit of milk suppliers. The fund has been financed as follows:

Co-Op Contribution 4 x €250,000 (2017 to 2020)	€1,000,000
Gain arising from Guaranteed Milk Price Scheme in 2016	€77,226
Glanbia Special Dividends received	€586,191
Retention from Glanbia Milk Price Top-Ups 2017	€298,155

Rule Book

We are in the advanced stages of preparing a new Rule Book for consideration by shareholders at some stage next year. Legislative changes require updates and we are also looking to enhance the rules surrounding eligibility for membership of the Committee. Should the proposed rule changes find favour with shareholders, a Committee Member will be expected to undergo training to meet Corporate Governance standards and will also be expected to demonstrate a commitment to the Society in terms of a trading relationship. A rule will also be required to deal with Committee seats becoming vacant. The wording of the changes has still to be agreed but we would hope to propose the new Rule Book for a Special General Meeting by June at the latest in 2021, in conjunction with the AGM.

Staff Changes 2020

On the HR side of our business, 2020 has proven to be an exceptionally busy year. Recruitment has been strong and we are always on the lookout for new talent that can enhance our businesses. We thank all those who have retired, re-located to other parts of the country or emigrated and those who have simply moved on in their careers, in many cases after lengthy service. Unfortunately, to date we have been unable to officially mark staff retirements but will do so as soon as the pandemic passes. We wish all well in the future.

Our milk collection business saw the retirements at the start of the year of Eamonn Power and Tom Shortall after 42 years' service and 41 years' respectively. They are joined at the end of this year by Tossie Bowe after 43 years. Most of their service has been dedicated to milk collection. This has been a specialised role working with suppliers, synchronising their visits to farms and factories alike and in the meantime maintaining unsociable hours. Their dedication and commitment to the role has been exemplary and appreciated by suppliers. They were always willing to work with suppliers to sort out a problem, particularly in an emergency such as tank failure and co-operated as best they could with everyone.

Anthony Dunne, our milkman based in Tipperary Town, retired in November after 28 years of dedicated service to the Tipperary, Cappawhite and Dundrum areas. Another for whom unsociable hours was not a problem, he serviced his customers' requirements in an efficient and friendly manner.

Gerry Mackey retired from Templemore Branch last September. Gerry had served in Templemore exclusively for his 19½ years. He always had a friendly word for his customers and assisted them in any way he could. A former milk supplier himself, he knew by name most of his customers and more importantly understood their requirements.

Michael Spillane has relocated to Co. Limerick after 15 years with the Society. The most flexible of Staff Members whether delivering wire for Stockproof, delivering milk in the Tipperary Town and Killenaule areas, providing holiday relief or working in any of our branches. Michael always carried out his tasks with a smile on his face, never refusing to do what was asked of him.

2020 also saw Trevor Hassett, Mark Rice and Brian Fennessy leaving Centenary Feed & Grain at Ballyduff and moving on in their careers elsewhere. We thank them for their service and contributions during their time with us.

Our Cashel Branch saw the departures of Adele Jones (relocating to the UK), Jimmy Gazely (moving to a new career) and the retirement of Ann O'Grady. All three made a contribution to our busy Cashel Branch and were vital cogs in the wheel.

Paul Kennedy moved on from Thurles Home & Garden to a new career and we wish him every success in the future.

Recruiting new staff to replace those retiring and otherwise departing can prove to be a challenge. It can also prove to be an opportunity both for ourselves and new staff. We always look in advance of recruiting, whether we can organise ourselves in a different way, re-define roles or otherwise improve our way of doing business. We welcome the many staff who have joined our organisation this year as they seek to carve out careers for themselves with Centenary Thurles. Opportunities do occur to progress within this organisation and we look forward to their commitment, contribution and co-operation in the years ahead.

John Joe Collier

June saw the retirement of John Joe Collier from Glanbia after 42 years service. John Joe was the trouble-shooter on milk quality and we had access to him one day per week for the last 12 years. The message he imparted was often difficult for suppliers, as he generally only showed up when there was a problem. He solved many issues for many suppliers and also provided great help to our Suppliers nominated for quality milk awards. His experience and knowledge was invaluable in preparing submissions. We wish John Joe well in his retirement. We are still awaiting a replacement resource from Glanbia and will communicate that to you in due course.

Death of Phil Blake

It was with sadness that the Society learned of the death of Phil Blake of Moyneard, Moyne in late July. Jim Russell present Chairman of Centenary Thurles paid tribute to Phil at our August Board Meeting. He explained that Phil had served on the Committee from 1959 to 2002 – a total of 43 years. Having in previous years served as a Vice-Chairman, Phil was elected Chairman in 1993 and held that position until his retirement in 2002. It was a difficult time to become Chairman, but over the ensuing years, Phil's enthusiasm, dedication and commitment to Centenary helped it focus on his one aspiration – to retain the Co-Op in the hands of local shareholders through continuous improvement. Indeed, he was always very much in favour of a federation of some or all of the Co-Ops in County Tipperary. He wasn't afraid to push for progress in that area, but also had a strong grasp of the economics. He did not let his heart rule his head.

In the 1960's when a federation of mainly Tipperary and Kilkenny Co-Ops was being formed to build a factory (Ballyragget today), Phil was instrumental in trying to achieve that factory for the Centenary catchment area. Thurles and Nenagh Co-Ops were also involved at the time and the Centenary area would have been centrally located. Phil was disappointed when Ballyragget was chosen. He later served as a Council Member in Avonmore and had a lot of anecdotes from that era as the dairy industry rationalised. In his role as an Auctioneer, Phil assisted the Society with a number of land purchases including at Ballyduff. The purchase of Templemore Branch negotiated by him was an example of his vision. It ultimately led to the closure of 6 branches during his Chairmanship, which was not to everybody's liking, but Phil saw that progress was essential for the Society to develop. He was also Chairman for the purchase of O'Meara Grain, Stockproof, Bramblemore and the remaining 50% share of Roscrea Farm Store; along with the rationalisation of the milk collection system and the major investment in the mill. Phil enjoyed the Centenary year of 1998 and his passionate speech at the Dinner in the Anner Hotel is still remembered by those who attended. He was particularly pleased that the Society had reached 100 years, despite all the challenges and pressures over the years.

Phil was never afraid to take a stand when he thought discussions or decisions were not going in the right direction. Phil would lead by example and did so throughout his Chairmanship. May Phil Rest in Peace.

Centenary Thurles
Co-operative Society Ltd



Proudly supporting Cabragh Wetlands Trust



Bonus Share Issue

At our recent AGM, our Shareholders approved the issuing of 335,157 Bonus Shares to those who traded with the Society during 2019. We thank you for your continued support of our businesses. The effect of the Bonus Issue is to allocate you 1€1 share for every €72 spent during 2019. This equates to 1.4% back on your purchases. Additionally, for those of you who supplied Grain or Milk, further shares were allocated to you. For every tonne of grain supplied, 1.08€1 shares have been allocated. Milk suppliers received 1 bonus share for each 5,375 litres supplied with a double allocation for your first 91,000 litres.

Bonus Share Statements including a Statement of your Current Shareholding will issue prior to year end.

Milk Loyalty Bonuses

Bonus cheques have recently issued totalling approximately €700,000. We thank you once again at this time of year for your support for our mill and branches in particular.

VAT Unregistered Farmers

The recent budget provided a small boost to farmers who are not registered for VAT. VAT payable on the supplies of farm produce will rise from 5.4% to 5.6% on the 1st of January next. This will directly benefit the average milk supplier by approximately €330 over the course of the year. Combined with the reduction in the standard rate of VAT for at least part of 2021, it will prove of some benefit to most. Having remained unchanged for 4 years, this is a welcome move. The change will be applied for milk supplied in December and paid for on 20th January next.

Dairy Farmers' Contribution to Famine Relief in Yemen

There has been a campaign running in recent months by dairy farmers throughout the country, with the intention of making a meaningful contribution to those suffering with famine in Yemen. The hope was that each dairy farmer would contribute €10 to the cause and that the monies raised would be channelled through ICOS and the Irish Red Cross direct to those in need.

The Committee of Management is pleased to announce that it decided to make this contribution on behalf of all our milk supplier and consequently has donated €3,360 to the fundraising efforts.

2020 Plunkett Award for Co-Operative Endeavour

Centenary Thurles has nominated Mr. Jim Finn of Ballinahow Castle, Ballycahill, Thurles for the 2020 Plunkett Award for Co-Operative Endeavour. This award is made annually by ICOS to one person who has made an outstanding contribution to the co-operative movement in Ireland. Jim Maher of Cooleeney, Moyne was a previous winner in 2013. Jim Finn was nominated for his decades of service to the Co-Operative Movement and Rural Ireland. Having served on the board of Thurles Co-Op, Jim continued to promote the values of co-operatives through his radio shows on Tipp FM and Clare FM. He also continues to give outstanding service to the North Tipperary Development Company (and previously Leader) and in the process, promotes social inclusion, economic activity and employment opportunities in rural Ireland.

Christmas/Year-End Arrangements

At this time of the year, it is opportune to remind everyone that our stores will close over the Christmas period and also over the New Year on a rolling basis to facilitate our Annual Stocktake. We hope as always to provide the best possible service to you during this period. For stocktaking days, there will be an alternative branch available to you in reasonable proximity.

All stores will close at 4:00 p.m. on Christmas Eve and re-open on Tuesday 29th December. Stocktaking closures are as follows:

Wednesday 30th December	Cashel & Loran
Thursday 31st December	Templemore, Ballyduff & Montore
Monday 4th January	Roscrea
Tuesday 5th January	Thurles Home & Garden
	Thurles Mealstore (closed from noon only)
Wednesday 6th January	Littleton

** A reminder also that all Branches will remain closed on New Year's Day, Friday 1st January 2021.



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