

**STATEMENT TO BE MADE BY THE PRESIDENT OF THE ECONOMIC DEVELOPMENT
COMMITTEE TO THE STATES ON TUESDAY 21st OCTOBER 2003**

The publication of the McQueen Report in February 2003, indicated clearly the low profitability of the dairy industry following the collapse of the milk price paid to dairy farmers in 2002. In addition the report also highlighted the need for a comprehensive restructuring of the operations at Jersey Milk following the export of approximately 25% of the Island herd which reduced milk output from 18.5 to 14.5 million litres. The following is a resume of the actions taken by all concerned with the industry since the publication of the McQueen Report.

1. “Headage” payments 2003

Dairy farmers have received full payment of the agreed 2003 “headage” subsidy comprising £300 per annum for the first 50 cows and £275 per annum for all other cows in their milking herds. In addition, an emergency payment of £120 per cow was paid in compensation for the very low level of profitability in 2002 and in recognition that the milk price will not rise substantially above 29.5 pence per litre in 2003.

2. Jersey Island Dairy Industry – Recovery and Development “Road Map”

This strategic document has been formulated following in depth discussions and consultations within the industry and prepared with the advice and assistance of high quality expertise. The objective of “Road Map” is to give a clear direction to the way forward for the Jersey dairy industry. The “Road Map” has five inter related strands, Jersey Milk, industry structure, services required by the industry, countryside management and farm efficiency each of which must be pursued in a co-ordinated manor in order to maximise benefits to producers and the Island as a whole. The above plan has been adopted by the Jersey Milk Marketing Board and actions are currently being pursued.

3. Jersey Milk – 100 day plan

Restructuring in the operations of Jersey Milk are now well underway following the 100 day report. These developments are designed with the primary goal of bringing financial and structural stability to the dairy, restoring profitability and increasing returns to producers. In future, it is recognised that Jersey Milk will have to continue to increase profitability by the development of new markets and building and exploiting the potential of an “Island produced” Brand.

There is every indication that the improvements at Jersey Milk will be translated into higher milk prices to producers starting in November 2003.

4. Farm Efficiency

The dairy producers have recognised that as part of the “Road Map” to recovery they must be as efficient as possible in their husbandry methods in order to reduce input costs. The Dairy Industry Costings Scheme has been developed to benchmark current performance and monitor farm profitability, financial information having been provided from the vast majority of dairy herds. In addition producer work shops and training courses have been undertaken to highlight husbandry improvements which will decrease current feeding costs, such as home grown cereals. Financial support has also been provided by the industry to part fund CEDAR (dairy research unit), Reading University to look at the specific nutritional requirements of the Jersey Cow which should bring great benefits in future.

5. Services required by the Industry

The industry and the Economic Development Department are looking thoroughly into how these services should be provided in the future and at what level they will be required. It is proposed that the Milk Recording service and the Artificial Insemination service should be transferred to the industry as from the January 2004. The Royal Jersey Agricultural and Horticultural Society has recently commissioned a report into the “Future breeding of the Island Herd” and this is currently being developed into a future policy. The exact method of transferring services and the funding method required has still to be finalised.

The Jersey dairy industry has recognised that it cannot rely in future on increasing levels of direct support from Government and that the long term goal must be to create an industry with an ever decreasing reliance on support for the primary function of milk production. It does feel, however, that it is valid to expect support for activities which benefit the Island as a whole such as countryside management, amenity, heritage and the development of the “Jersey Island Brand”.