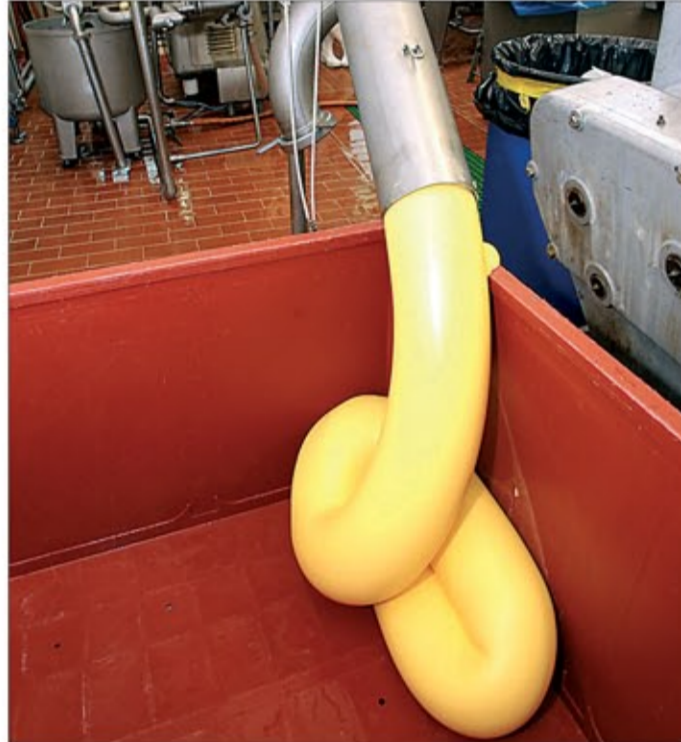


Dairy industry confronts critical period



■ **READY AND WAITING:** These two 25,000-litre silos are filled with raw milk, ready for processing. (0506267)



■ **YELLOW AND PROUD OF IT:** A hose dispenses freshly-made butter. (0506262)



■ **MILK CENTRAL:** The dairy has always been in St Andrew's. (0498209)

Islanders are bracing themselves for a sharp hike in the price of milk. In the second of our two-part feature, we look at the reasons why and speak to one man about his role in the 'self-employed sandwich' – the farmers, the Dairy and the retailers

THE big news on the Dairy front as the year draws to a close is that the price of milk is to soar to 88p from 2 December. That might look dramatic in isolation, but the fact is that it has been kept artificially low in recent years.

The reason for that is the fear of imported milk. If the locally-produced variety became too expensive, someone would start bringing it in from the UK, France, Latvia or wherever.

That is not a new issue. As current acting manager of the dairy, Andrew Le Lievre, emphasised – backed up by the minute book from 1937 and other historical documents – the same themes crop up every so often. The dairy industry in Guernsey involves three bodies, not counting cows and consumers.

'We're the meat in a self-employed sandwich, if you like,' said the temporary boss, who was at the helm from 1995-2000 and was brought back in August to hold the fort as he heads for retirement, while a successor is sought.

It is not an enviable position to be in: with the farmers who supply the milk turning into an endangered species and the milk retailers at the other end of the chain also trying to keep the wolf from the door in changing times, this is a critical period for all concerned.

We'll look at the farmers further on in the article and the milk deliverers at a later date, but first the Dairy.

'Being a States department, we don't have the flexibility that a private business would,' Mr Le Lievre said. 'We have to work with fixed prices. And what makes us different from dairies in the UK is that we deal with all the milk products.'

'Over there they have specialist processing plants: the cream might be sent to a creamery and excess milk can go to be made into skimmed milk powder. The same with cheese. But here we're all things to all people. So any drive towards increased efficiency and keeping prices down means tightening our belt.'

He pointed out a fact we accept with a groan in other spheres of island life: it is expensive living here because we have to bring almost everything in, with freight charges pushing up the prices.

The same applies to farmers, who cannot produce milk as cheaply as their UK counterparts because feed and equipment are more expensive.

Even though cheese used to be produced to use up any surplus – this is known, unappealingly, as a 'sink product' – the Guernsey cheddar that was exported

actually incurred a loss. 'It's nice, but not outstanding, so we can't charge a premium,' Mr Le Lievre said. 'Now we export hardly any. That could not go on.'

It was when the price peaked at 92p in the late 1990s that the then States Committee for Horticulture investigated the notion of quotas – giving each farmer a figure to hit. More about quotas when we get to the farmers.

History shows that milk production has fluctuated over the decades. In the 1960s, for instance, it was low, while the tourist industry was booming. When all the thirsty visitors arrived, milk imports were inevitable, albeit bringing in milk from Guernsey cows, which are highly regarded all over the world.

To the layman, the answers to today's economic woes might seem simple: we've got all this lovely raw material, so why not give the rest of the world the chance to enjoy it? Guernsey yogurt thrived at one time, so why not again?

That, said Mr Le Lievre and his operations manager, Andrew Tabel, puts you up against the milk product giants, the Mullers of this world.

Guernsey does export butter to the Netherlands via an agent who promotes it to Michelin-starred restaurants and chocolatiers. It also has a 'strong foothold' in the catering market in the UK, plus an outlet through Waitrose. But there doesn't seem to be a vision of how our ice cream – delicious but little-known, even over here – can emulate the success of, say, Ben and Jerry's, which spread rapidly throughout the USA and finds its way to the British Isles, freight charges obviously included.

Perhaps part of the problem lies in the fact that the dairy industry is valued by the States for a different – if admirable – reason. It is regarded as part of our heritage and a way of keeping our fields green. Guernsey without an international dairy brand may seem a wasted opportunity, but the island without grass and cows would be a terrible shame, so some will applaud the idea of our government being concerned with the industry at all.

Mr Le Lievre is proud of the 'family' atmosphere at the dairy and the fact that many of its employees have been there a long time.

We have 35 staff and the workforce is very stable, very loyal,' he said. In a clear reference to the less tangible results of jobs in the finance sector, he continued: 'This is part of industry in the island. We make stuff.'

'It's a lifestyle choice,' Mr Tabel added. 'Our people start early and finish early.' But where the two see commendable old-fashioned values, others see complacency and a reluctance to embrace 21st century attitudes. A recent attempt to reduce working hours resulted in a strike and the dairy backing down in the face of the union.

As we saw in the first part of this article, the 1970s team of politician Bob Chilcott and dairy manager John Newman would have handled the situation differently and we can only wonder what the outcome would have been. Thiers was the era of the union-bashing Margaret Thatcher – the mood is different today.

Out in the fields, the Guernsey Farmers' Association spokesman is James Watts, who grew up on a farm run by his father, Ray.

He has been in the industry for 10 years, his family experience backed up by a degree in agriculture from London University. The Watts herd has been in existence for 37 years. 'It's the centre of my life,' he said. 'It's hard to think of anything else at times.'

As unwitting evidence of this, he informs me later that he is really supposed to be on holiday for another two days, which is why he had to decline to be interviewed the previous week. Sorry, Mrs Watts. So, is there a decent living in it these days? 'You need to be on the ball and doing a very good job,' he said. Ray considers himself lucky because the farm is well-established, but pointed out the difficulties faced by



■ **HOW NOW:** Guernsey cows are highly respected throughout the world. (0506275)

anyone trying to start from scratch, buying a field here, a field there and leaving the cows out in them, followed by the very tough next stage of buying a property in which to centralise everything. One factor that faces every dairy farmer is the weather, and the wet summer we have just left behind lives on in the shortage of good quality silage – cut grass that is needed to feed the herd through the winter. Having too little of that results in the need to buy expensive high-energy feed. Cows need a consistently high-quality diet because of what Mr Watts calls their 'biological momentum' – once an animal gets out of condition, it takes a long time to catch up, which has an effect on its milk production.

After a short break for some pictures – as photographer Daniel Guerin gets the shot he needs of Mr Watts leaning on a gate and then eventually attracts the herd over, so that he can take some amusing close-ups – we get down to the serious matter of quotas.

It might seem a natural business principle to get as much milk from your cows as possible, but that would be too simple for our strictly-regulated day and age. Quotas were introduced in 2001, based on each farm's production volume in 1998 and 1999. And it's a monthly quota, not an annual one, so they have to hit the target 12 times a year because that is what they are paid for – no more, no less. Something that many of us fail to consider is that a cow is not a lactating machine: it produces milk because it has just given birth.

Therefore farmers have to aim for consistent birth rates and, again, because cattle are not machines, that is easier said than done.

Mr Watts recently found a drop in the rate of cow pregnancies due to a bull that was 'firing blanks'. That sort of thing takes a while to emerge, while the knock-on effect of a shortage of milkers is all too predictable.

It is the inflexibility of the quota system that frustrates Mr Watts. The figures were adjusted several years after they were set, reallocating the volume expected of farmers who had since left the industry. In addition to that sort of redistribution, he would prefer to see a bit of common-sense thinking whereby, when short-term



■ **BORN AND BRED:** Guernsey Farmers' Association spokesman James Watts at the family farm. (0506277)

DAIRY FACTS

■ All the milk that arrives at the dairy is promptly skimmed, with the appropriate amount of cream being put back in later, according to what is required: full cream (red), low-fat (blue) or skimmed (green).

■ Guernsey mature cheese won a bronze medal at this year's World Cheese Awards at Olympia in London.

■ The Dairy uses 100,000 litres of water a day, mainly for cooling and for cleaning the pipes and machines

■ Blue milk accounts for 71% of sales locally, with green at 16% and red at 12%

■ Skimmed (green) milk contains as much calcium as full cream milk and is just as good for us

■ A briè-style cheese is being developed. Trials are at an early stage and no decision will be made as to whether it goes into production until its quality and appeal have been assessed.

■ There are now just 21 dairy farms. In 2001 there were 30, down from 300 in the post-war period and 500 before the Second World War.

■ There is only one producer of organic milk in the island – and consumers buy every drop that becomes available.

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■ **CARTONS AND PREDECESSOR:** The pyramid-shaped Tetrapak was the shape of Guernsey milk in the late 1950s and the 60s. (0506271)