

Report on Welsh dairy farm performance published

In 2017, the Welsh Government provided £3.2 million of European conditional aid to Welsh dairy farmers through two schemes focusing on farm business benchmarking and herd milk recording.

An encouraging 75% of dairy farmers took up the opportunity – the highest level of uptake in the UK. Along with aid funding, farmers also received a bespoke report showing the strengths and weaknesses of their business with a comparison with other dairy farms.

Invaluable data produced from the benchmarking scheme was used to produce a [report](#) (external link) providing a snapshot of Welsh dairy farm performance. Key findings include:

- The importance of farmers constantly measuring the financial performance of their business to help them become more efficient;
- the top performing farms demonstrate that profitable dairy farming is possible with excellent returns, even in difficult trading conditions;
- some farms, have costs of production which are higher than the milk price has ever reached;
- farmers should take advantage of the plentiful supply of grass and maximise the milk they produce from grass and forage;
- farmers who have made a conscious choice about their production system tend to be more profitable; and
- maintaining high standards of animal health and welfare reduced the financial impact of diseases and can give the industry a competitive advantage.

Support to help dairy farmers address the issues identified in the report is available through the Welsh Government's Farming Connect programme and via the Agriculture and Horticulture Development Board (AHDB) Dairy.

Welcoming the report, Cabinet Secretary said:

“The approach we adopted to providing aid to our dairy farmers has provided us with useful data on the performance of the industry in Wales.

“The report published today will go a long way to help farmers improve the performance of their business by reducing their costs of production. This will improve the efficiency of our dairy farms, allowing them to become more resilient to business risks and milk price volatility.

“As a government, our priority is to work with everyone affected to prepare for a world outside the European Union and for a resilient agricultural sector. This report will provide invaluable

information to help us decide how best to support the dairy sector to prepare for the future.

“While the report shows profitable dairy farming is possible, I am particularly concerned that some Welsh dairy farms have costs of production which are higher than the milk price has ever reached.

That is why I am in the process of tailoring the support we offer these farms to help them re-evaluate the structure of their business and use their benchmarking report to see where improvements can be made.

“It is clear from the report that by becoming more efficient and focusing on producing milk at a lower cost of production, all farms can become more profitable, no matter what the milk price is.

“Brexit presents significant challenges to the agriculture industry but also opportunities. The industry, and individual farmers, must start to plan now for the future.

“The long term outlook for the dairy sector is good with global demand forecasted to increase year on year. Our dairy farmers need to be competitive and market focused to compete with the best in the world. If this happens then I firmly believe our dairy farmers have a bright future.

“I encourage all Welsh dairy farmers and the wider industry to use the available data to help them prepare for the post Brexit world; to help make their businesses both resilient and prosperous.”