REPLY BY THE PRESIDENT OF
THE STATES' TRADING SUPERVISORY BOARD
TO QUESTIONS ASKED PURSUANT TO RULE 14 OF THE
RULES OF PROCEDURE BY DEPUTY LEE VAN KATWYK

Question 1

Is the 'gate price' for Guernsey dairy products set the same for all customers, regardless of economy of scale?

Answer

The 'gate price' for all locally supplied Guernsey Dairy products is set the same for all customers. However, the 'gate price' set for the supply of butter to overseas customers is negotiated based on appropriate commercial terms that reflect the quantities ordered, the need to protect the Dairy's return on investment and prevailing market forces. The aim is to reduce the level of General Revenue support required to maintain a sustainable local dairy industry.

Question 2

What is the gate price that Waitrose pays, per unit, for Guernsey butter?

Answer

The 'gate price' set for locally supplied salted and unsalted butter is the same for all Dairy customers holding a Trade Account directly with the Dairy; however, prices paid by shops, restaurants and doorstep customers may vary depending on whether they have a trade account and buy directly from the Dairy or through a wholesaler who has a trade account with the Dairy. The Dairy is not involved in pricing between wholesalers and their customers. The Dairy does not publish its 'gate prices' due to the commercial sensitivities around these independent third-party transactions. The butter export 'gate price' is currently set at a different rate for the reasons explained in Answer 1. The Dairy does not publish the 'gate price' agreed with its export customers to protect its corporate interests.

Question 3

Guernsey has recently experienced a shortage of Guernsey butter – have overseas markets been prioritised over the local market?

Answer

The Dairy's overseas customers have not been prioritised, but there is a requirement to maintain a delicate balance between the supply of butter to both our local and overseas customers who need to co-exist to optimise sales and minimise the level of general revenue support required to maintain a sustainable local dairy industry. The dairy is also not responsible for the ordering and stocking arrangements of its customers and if they do not have its products on the shelf there may be other reasons for the observed shortage of supply.

Question 4

What was the rationale for reducing the Farm Output Target at the start of 2025?

Answer

The Farm Output Target (FOT) was reduced from 7.6m to 7.4m in 2024 due to a requirement to re-align FOT with a downward trend in milk sales which the industry is collectively seeking to manage. The objective in doing so was to maintain the commercial viability of the Dairy in light of that sales trend.

Question 5

Considering at least one Guernsey farm's 'Farm Output Target' was reduced by 5% at the start of the year, has this contributed to a shortage of milk which then led to a shortage of Guernsey butter?

Answer

The reduction in the FOT did not directly contribute to the interruption in availability of Guernsey butter. The production of Guernsey butter and other milk-derived products can be affected by seasonal changes to the supply of raw milk, and by fluctuation in demand for other cream-based products. As such, there may occasionally be some brief interruptions to supply.

Date of Receipt of the Question: **01 November 2025**
Date of Reply: **14 November 2025**