GRAZING PAYMENTS IN DAIRY FARMING

How can private schemes promoting outdoor grazing premiums successfully incentivise the maintenance of long-standing practices in dairy farming?

THE NETHERLANDS

A private cheese making cooperative pays member dairy farmers a premium price for the milk of cows grazing outdoors. The payment aims to deliver various benefits such as animal welfare, an attractive landscape and more extensive dairy systems.

ACCTORS

CONO Cheesemakers cooperative, dairy farmers, (local) government, consumers of cheese, collective and agri-environmental association Water, Land en Dijken, Province Noord-Holland, UNESCO cultural heritage, and the local municipality.

ENVIRONMENTAL AND SOCIAL BENEFITS

- Maintaining or restoring a high level of landscape character and cultural heritage
- Achieving or maintaining the implementation of high farm animal welfare practices on farms
- Achieving good biological and geochemical condition of soils

IN BRIEF

A private cheese making cooperative pays member dairy farmers a premium price for the milk of cows grazing outdoors. The payment aims to deliver various benefits such as animal welfare, an attractive landscape and more extensive dairy systems.
Compared to indoor production systems, outdoor grazing systems require more feed management skills.

There is often a disparity between the grassland area available near the farm and the size of the dairy herd.

The abolishment of the EU milk quotas as well as the legislation on manure management are driving the trend towards more intensive, indoor dairy systems.

Average revenues from milk, subsidies and payments received by outdoor dairy farms in the Netherlands, by size of farm (in €, 2015 figures). In 2017, CONO cheesemakers doubled the outdoor grazing payment to €2.00 per 100 kilograms of milk.

**WHAT ARE THE MAIN DRIVERS?**

<table>
<thead>
<tr>
<th>DRIVERS</th>
<th>NATIONAL &amp; REGIONAL DRIVERS</th>
<th>PRIVATE DRIVERS</th>
</tr>
</thead>
<tbody>
<tr>
<td>CAP Pillars 1 and 2</td>
<td>Environment &amp; Planning Act</td>
<td>Premium price paid to farmers by the CONO Cheesemakers cooperative</td>
</tr>
<tr>
<td></td>
<td>Outdoor Grazing Covenant (public/private)</td>
<td>Outdoor grazing is increasingly requested by retailers</td>
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<td></td>
<td>Nature management programs</td>
<td></td>
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</tbody>
</table>

**WHAT SUPPORT IS RECEIVED?**

Average revenues from milk, subsidies and payments received by outdoor dairy farms in the Netherlands, by size of farm (in €, 2015 figures). In 2017, CONO cheesemakers doubled the outdoor grazing payment to €2.00 per 100 kilograms of milk.

<table>
<thead>
<tr>
<th>NUMBER OF COWS</th>
<th>Average revenue from milk sale (excl. VAT)</th>
<th>Average Pillar 1 payment in CAP</th>
<th>Average Pillar 2 payment in CAP</th>
<th>Average premium price for outdoor grazing</th>
</tr>
</thead>
<tbody>
<tr>
<td>The Netherlands</td>
<td>50-100</td>
<td>80,232</td>
<td>5,830</td>
<td>2,019</td>
</tr>
<tr>
<td></td>
<td>50-100</td>
<td>200,385</td>
<td>11,914</td>
<td>1,579</td>
</tr>
<tr>
<td></td>
<td>100-150</td>
<td>339,492</td>
<td>19,547</td>
<td>5,960</td>
</tr>
<tr>
<td></td>
<td>150-200</td>
<td>465,284</td>
<td>27,488</td>
<td>4,070</td>
</tr>
<tr>
<td></td>
<td>&gt; 200</td>
<td>740,216</td>
<td>38,773</td>
<td>4,212</td>
</tr>
<tr>
<td>TOTAL</td>
<td></td>
<td>234,442</td>
<td>13,878</td>
<td>3,019</td>
</tr>
</tbody>
</table>

* Source: LEI-Informatienet

**BARRIERS TO OVERCOME**

- Compared to indoor production systems, outdoor grazing systems require more feed management skills.
- There is often a disparity between the grassland area available near the farm and the size of the dairy herd.
- The abolishment of the EU milk quotas as well as the legislation on manure management are driving the trend towards more intensive, indoor dairy systems.

**TRANSFERABILITY / KEY SUCCESS FACTORS**

1. Farmers understand and appreciate being rewarded for specific farming practices which they voluntarily implement.
2. There is increasing awareness about the perceived benefits of outdoor grazing among consumers (social acceptance and willingness to pay more for milk from grazing cows) and it contributes to the dairy sector’s image (corporate social responsibility).
3. Outdoor grazing often is a condition for being able to supply retailers in the Netherlands and increasingly in Germany as well.
4. Dairy farms willing to maintain or transition to outdoor grazing systems need to carefully consider the number of dairy cows and the size of the grassland area available near the stable.
5. Advanced ICT technology (e.g. GPS system) can assist the monitoring of animals grazing outdoor.
6. Knowledge transfer about grassland management and grazing cows needs to be improved, especially for farmers who are transitioning from indoor-production towards grazing systems.

http://pegasus.ieep.eu/case-studies/list-of-case-studies

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