



MPO Newsletter / Nuusbrie

Represents and empowers the producer
September 2011

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Parmalat increases producer price

Parmalat announced price increases for producers in the Southern and Eastern Cape on 30 August 2011. All Samilco producers in the Southern Cape will receive an increase of 15 cents per litre from 1 October 2011 when the extended winter incentive expires. Furthermore, all Samilco producers in the Eastern Cape will receive a price increase of 10 cents per litre as from 1 August 2011 and a further increase of 10 cents per litre with effect from 1 October 2011. Parmalat will also consider long term agreements with suppliers in the Eastern and Southern Cape subject to certain conditions. Parmalat stated ' Parmalat remains concerned about the sustainability of milk production, especially in certain of our key regions – an issue that has been highlighted during meetings we had with various groups of our suppliers in the past month.'

MPO expands involvement with emerging farmers

Meyers Trust, a family group from the Eastern Cape, has obtained a dairy farm from the Eastern Cape Department of Land Affairs. Mr Simon Matthews, MPO Eastern Cape chairman, played a vital role by arranging a meeting of all the role-players involved on 20 July 2011, including the Eastern Cape Department of Agriculture, the MPO and the mentees from Meyers Trust. A mentorship programme was established for Meyers Trust. Mr Hugh Collett, well-known farmer and consultant, was appointed as mentor and will provide the necessary assistance required by Meyers Trust to obtain funding for the redevelopment of their dairy farm, which has the potential to handle 150 to 200 cows in milk. The mentorship programme will be managed by the MPO's Cendel in accordance with the principles of the approved commodity based master mentorship programme.

Producers lodge formal complaint against misleading information

A formal complaint against the use of misleading information regarding dairy imports was lodged by milk producers from the Free State and Northern Cape under the leadership of Mr Albie Muller, MPO Northern Cape chairman, at the MPO Free State Congress held on 18 August. Certain importers of dairy products present the free on board value of the

products as the wholesale value thereof during price negotiations and in this way places downward pressure on producer prices. This practice is viewed in a serious light since additional costs such as import tariffs, transport costs, clearing costs, re-packaging costs, packaging losses and fixed cost allocations must be added to the free on board price to arrive at a price which is comparable to locally produced products. These costs vary between R10,00 to R15,00 depending on the type of product and the end destination thereof. The producers are further of the opinion that such false allegations imply the abuse of trust and contains an element of dominance which is contrary to the provisions of the Competition Act. Producers are advised to request that such allegations be put in writing in order for the MPO to conduct a formal investigation with the assistance of Agri Inspec.

Report from Milk SA board meeting

Various issues of importance to the entire dairy value chain were discussed at a Milk SA board meeting on Wednesday, 31 August 2011. Milk producers were represented by Mr Dèan Kleynhans, MPO chairman, Mr Joubert Fourie, MPO vice chairman, and Mr Bertus de Jongh, MPO CEO. Project leaders from both the primary and secondary industries reported on the progress of mentorship programmes, the compilation and distribution of dairy industry information, research and development, consumer education, dairy quality, and customs and market access. Board members expressed their general satisfaction with the progress made with projects and Milk SA's healthy financial status.

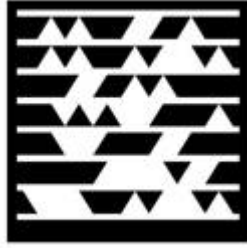
Green Paper on Land Reform presented to cabinet

Rural development and land reform minister, Gugile Nkwinti, presented the Green Paper on Land Reform to Cabinet last week for approval before it is published for public comment. The paper contains a set of proposals that seek to correct the imbalances of the past without necessarily disrupting agricultural production and food security in South Africa. Government's option of reviving the land restitution process was removed, but the need to review security of tenure and land ownership in tribal and communal areas was included. Mr Theo de Jager, Agri SA deputy president, said: "The paper contains aspects that are both positive and negative. The government, for instance, admits that the existing restitution model was not workable in the sense that claimants were vaguely identified."

New MPO Free State chairman shares vision

Mr Bernard Maree, newly elected MPO Free State chairman, spoke to Ms Lise Roberts of RSG on Tuesday regarding his vision for the primary dairy industry in the region and the role of the MPO. **Listen** to the interview by using the tag below.

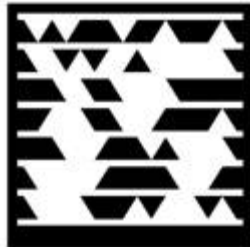




(This tag can be scanned from your computer screen.)

Strategic importance of group forming

On Tuesday, Ms Lise Roberts of RSG also conducted an interview with Mr Bertus de Jongh, MPO CEO, regarding the strategic importance of group forming by milk producers. Use the tag below to **listen** to this insightful interview.



(This tag can be scanned from your computer screen.)

Meadow increases feed prices

On 24 August, Meadow Feeds announced that all feed prices will increase with effect from 5 September 2011. According to Meadow, the main drivers of the increase are "the unabated increase in the SAFEX price of maize, as well as the prices of by-products from the grain milling industry, most evidently hominy chop and gluten". Details of the new prices have not been made available yet. Dr Koos Coetzee, MPO economist, said grain prices will probably remain high into next year. SAFEX maize futures for the 2012 maize crop trade below current prices and producers should consider hedging their 2012 maize needs. However, before making any decisions in this regard, farmers should consult with their own grain brokers.

Record dairy exports by Ireland

The value of Irish dairy exports for the first five months of 2011 is at the highest level ever recorded. Dairy exports grew by 47% during the first five months of 2011 from €459 million in 2010 to €676 million. The key driver of this increase is the strong demand for bulk butter, cheese and milk powder, which has grown steadily over the past 18 months, in line with the global economic recovery. Short term prospects to the end of 2011 remain positive and total exports for the year are expected to be in the region of €2 billion. Trevor Donnellan, Irish agricultural economist, said:

"This would represent a doubling in export value in less than a decade, which is quite an achievement when one considers that the sector has to get by on processing a fixed volume of raw materials due to the restrictions of the EU milk quota." To read more <[click here](#)>.

Better feed flow, more cash

Turn to page 26 of the September edition of *The Dairy Mail* for information and advice with regard to effective feed flow management at the beginning of spring.

University of California develops new Rift Valley fever vaccines

On 24 August 2011, the University of California-Davis (UC Davis) reported that researchers have developed two genetically engineered vaccines to combat mosquito-borne Rift Valley fever, which is confined to Africa and the Middle East. People can also be infected with the virus through mosquitoes or by direct contact with infected animals or their meat. Scientists from UC Davis, the University of Connecticut and the University of Texas will endeavour to develop the vaccines further for use in people. Tilahun Yilma, veterinary professor from the UC Davis School of Veterinary Medicine, said: "There currently are no approved vaccines available for treating Rift Valley fever in humans and those available for livestock are either inefficient or have serious side effects." Read the full report by <[clicking here](#)>.

Increased profits for Irish dairy company Glanbia

Last week, Irish dairy and nutritional company, Glanbia reported a 44,2% growth in operating profit, from €11 million to €16 million. The increasing demand for dairy products in China, the Middle East, North Africa and Russia has led to price increases and it is expected that demand will remain strong. According to Glanbia, dairy ingredients in Ireland benefitted from high global dairy prices, continuous domestic milk supply and high sales volumes. The company also performed well in the US dairy market as a result of positive market conditions. Glanbia said: "However, present indications are that there should be no very significant price adjustments in the near-term. As a result, global dairy markets are forecast to be relatively positive for the remainder of the year." <[Click here](#)> to read more.

R500 to be won in bumper sticker competition

A new winner of the MPO bumper sticker competition was announced this week: a person driving a vehicle with number plate **BPG 147 MP**. Congratulations on winning the prize of R500! Anybody spotted driving with the MPO's '*Drink milk*' sticker on a vehicle stands a chance to win the cash prize of R500. Winners are announced every second Tuesday on RSG Landbou (12:00 on 104fm), between 12:30 and 12:45. If the prize is not claimed, it rolls over to the next draw.

Eskom workshops: energy efficiency and funding options

The Eskom Northern Region's Energy Services team invites all customers (Eskom and municipality) to various information workshops on energy efficiency and the new

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SCANNING

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