

MPO Newsletter / Nuusbriëf

4 March 2011

FMD in KZN

There is no need for panic about the suspected outbreak of foot-and-mouth disease, Agriculture Minister Tina Joemat-Pettersson said on Monday. The disease has occurred in northern KwaZulu-Natal, where the department of Agriculture, Forestry and Fisheries picked up some suspect positive serological results for foot-and-mouth. Over 600 animals have been tested and 50% of them were found to be positive. The matter was reported to the World Organisation for Animal Health (OIE) on Friday. South Africa had also temporarily suspended its official OIE recognised foot-and-mouth disease (FMD) free status. Although no clinical symptoms for the disease have been seen to date all exports of cloven-hoofed animals, including meat and dairy products, from South Africa have been suspended. The export of raw milk to Botswana is seriously affected since the product is currently not allowed to enter the country. South Africa will have to declare North West as a non-risk area for FMD before the Botswana government will allow the supply of raw milk from the province to resume. Mr Bertus de Jongh, MPO CEO said that the MPO is gravely concerned about the issue which was also identified as a major threat at the strategic planning session held by the MPO Board last week. If the government does not manage to contain the outbreak and it moves to neighbouring commercial farming sectors, it could have dire consequences for South Africa's export industries. The MPO has in the past warned government about the risks of an outbreak of a notifiable disease in the areas adjacent to our borders with neighbouring countries since border fences are in a very bad condition. Farmers are again cautioned to ensure that the biosecurity protocols on their farms are in place and should not allow any animals onto their farms without proper checking. They should work closely with their veterinary surgeons to ensure that existing biosecurity measures comply with South African requirements. [Click here](#) for a copy of DAFF's press release.

Importance of information emphasised

The importance of good, timely information to farmers and agro-industry was confirmed by a recent survey. This was reported at



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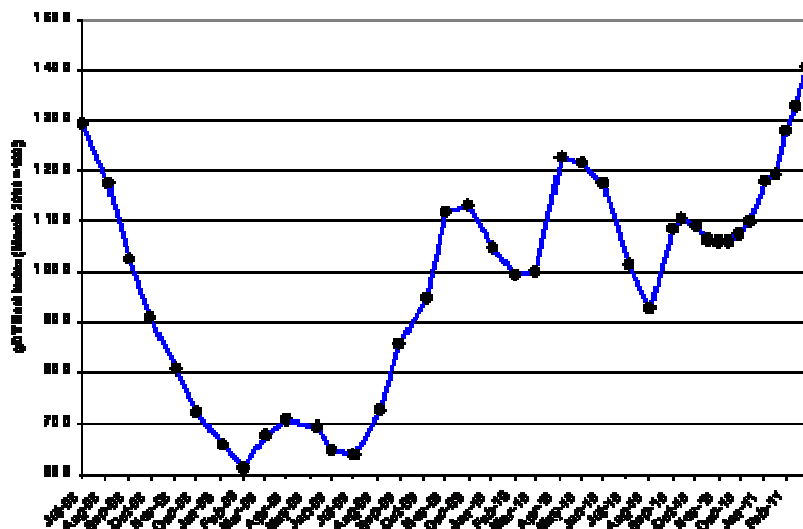
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an information exchange meeting of industry representatives held under the auspices of the National Agricultural Marketing Council (NAMC). According to MPO economist Dr Koos Coetzee, who represented the MPO at this meeting, the survey indicated that primary and secondary industry role-players need objective information to enable them to take optimal decisions. The MPO's industry information largely complies with the requirements expressed in the survey. A presentation by legal expert Mr Lambert Botha indicated that the supply of objective and aggregated information to enable role-players to take optimum decisions does not contravene the Competition Act.

New record prices at Fonterra sale

At the March 1 global *DairyTrade* internet sale of dairy products new record prices were recorded. The price for full cream milk powder increased by 15%. On average prices increased by 5,9% from the previous sale. Figure 1 shows the level of prices on the sale as measured by the gDT trade-weighted index.

Figure 1:



Dairy demand strong for medium term

Australian dairy producers can expect continuing strong demand and firm prices for their products in 2011-12. According to the Australian Bureau of Agricultural and Resource Economics (ABARE) rising incomes in China, the Russian Federation, the Middle East and Asia provides a growing market for dairy products. ABARE expects dairy product prices during 2010- 2011 to average around 30% to 40% higher in real terms than in the 2006 – 2007 period. However, they warn that higher prices will encourage higher production and that prices will tend lower again in five years. MPO economist Dr Koos Coetzee said that the increase in international prices will definitely impact on the local industry as imports become less and exports more

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attractive. However, higher world prices will in time also result in higher production, with a resultant decrease in prices. Farmers should regard any price increase as temporary.

Financing sources explored

Messrs Bertus de Jongh and Danie Schutte, chairman of MPO Gauteng this week met with representatives from two financial institutions to negotiate financing packages for milk producers. Mr Bertus de Jongh, MPO CEO said that dairy farmers have unique and special financing needs that require innovative, tailor-made financing packages adapted to their situation. Although no final decisions were taken, positive interest was expressed.

News from MPO regions

During last week's MPO board meeting directors reported on the current situation in their regions. It was reported from the Eastern Cape that producers are under continuous pressure as a result of low producer prices but expectations are that an improvement in prices is on the near horizon. In some parts of the region like the Tsitsikamma welcome rainfall was experienced while drought conditions persist in other areas. In KwaZulu-Natal producer prices are in the process of normalising. About half of the region is very dry while the other half experienced above average rainfall. The western part of the Western Cape had good rains and sufficient grazing is available. The Overberg area is still dry and a number of producers were forced to exit the industry. The Free State and Northern Cape experienced above average rainfall with the concurrent increase in animal diseases, in particular, insect-borne diseases. Prices are stable in some areas while in other areas producers were failed by their milk buyers. Currently a trend exists to move cows from other areas to the Free State and Northern Cape due to the availability of feed and better access to markets. Market conditions in Gauteng during December were the worst experienced in many years. Since then conditions have improved and a number of milk buyers are enquiring about additional milk. Climatic conditions in Mpumalanga and Limpopo are currently very favourable. In certain areas market conditions and producer prices are stable while low dairy product prices result in low producer prices in other areas. On the whole the outlook for 2011 is cautiously optimistic.

R250 million for primary agriculture

The Industrial Development Corporation (IDC) has made available funding to the Landbank to assist businesses affected by the recent floods and drought in the agricultural value chain. This is part of the R750 million flood and drought relief fund announced by the IDC recently, where R250 million is allocated via the Landbank for primary agriculture and R500 million is



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made available via the IDC for agro-processing companies. IDC's head of Agro-Industries Rian Coetzee said applications will be considered from farmers who have been affected as a direct result of the floods and drought. "Funding can only be used to finance the replacement and/or repair of non-insured infrastructure. It can also serve as emergency working capital required to prevent further losses to current farming operations. Applicants have until 1 February 2012 to apply for flood and drought relief, repayable over 10 years. Funding will be limited to R25 million per transaction.

Consumer Protection Act (CPA) coming soon

On March 31, the new Consumer Protection Act (CPA) comes into play. It is all about the consumer in the new act, and includes new rules when it comes to returning goods or asking for refunds. Consumers will now have up to six months to return faulty or unsafe goods and will have a choice between the supplier repairing or replacing these, or refunding them in full. If the product fails again within the next three months, the supplier is once again obliged to replace it or refund you. This applies only to the general wear and tear of appliances, not gross negligence on the consumer's part. The supplier may charge a small amount to repackage the product. The Act makes provision for many other elements, including the consumers' right to cancel late or wrong deliveries, how SMS competitions must change, rules regarding repairs, warding off telemarketers, what Voetstoots means and much more. <[Click here](#)> for a copy of the Act.

Benefits of milk highlighted at "Bieliemieliefees"

At the 31st annual "Bieliemieliefees" held in Reitz from 17 to 20 February this year the MPO Free State under the leadership of Mr Danie Nel informed children and other attendees about the benefits of including milk and other dairy products in their diets. Milk sponsored by Mr Danie van Zyl of Van Zyl Melkery was distributed to children who participated in sport events like netball and rugby.

MPO Free State helps orphanage

The MPO Free State donated a share of the proceeds from their successful golf day held in December 2010 to the Ons Kinderhuis orphanage in Bloemfontein. A cheque to the value of R5 000 was handed by Mr Koos Pienaar, chairman of MPO Free State to Mr Frikkie van Dyk, head of the therapeutic centre of the orphanage. The money will be used for items like food, clothing and transport to schools.

In memoriam

Mr Frans Mouton, well known farmer from Lichtenburg and MPO member, passed away on Tuesday after a short illness. The funeral service will take place on Friday afternoon, 15:00 at the



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Dutch Reformed Church “Moedergemeente Klipkerk”, Lichtenburg. The MPO sympathises with his wife and family. Mr. Mouton will be deeply missed.

Mr Johan Strydom, chairman of MPO North West also recently lost his mother in law. The MPO expresses condolences to him and his family.

Important dates

- **MPO Institute for Dairy Technology Information Days: “Introduction of Holistic Advisory Service”** – Contact Dr Jan du Preez at 083 656 3638 or jan.dupreez@mpo.co.za
 - Tuesday, 8 March, 09:30 – 13:00, Dutch Reformed Church “Moedergemeente”, Schweizer-Reneke
 - Wednesday, 9 March, 09:30 – 13:00, Country Club, Hertzogville
 - Thursday, 10 March, 09:30 – 13:00, Paradys Experimental Farm, University of the Free State, Bloemfontein

- **MPO Road Show meetings:**
 - **Western Cape: “The primary dairy industry – a future vision”** - Contact Liana Stroebel at 084 264 1422 or liana@mpo.co.za
 - Monday, 7 March, 12:00 –13:30 , Oudtshoorn Experimental farm
 - Monday, 7 March, 18:00 – 19:30, Oubaai (Hyatt), George
 - Tuesday, 8 March, 09:00 – 10:30. Dutch Reformed Church Hall, Herberdsdale
 - Tuesday, 8 March, 14:00 – 15:30, SSK Co-op Board Room, Heidelberg
 - Tuesday, 8 March, 18:00 – 19:30, HLS Oakdale, Riversdal
 - Wednesday, 9 March, 10:00 – 11:30, Wildebraam Liqueur Farm, Swellendam
 - Wednesday, 9 March, 17:00 – 18:30, Overberg Agri, Bredasdorp
 - Thursday, 10 March, 10:00 – 11:30, Koringaar, Caledon
 - Thursday, 10 March, 17:00 – 18:30, Philidelphia AU Hall, Philadelphia
 - Friday, 11 March, 10:00 – 11:30, Cape Agri Training Room, Main Street, Porterville
 - **North** - Contact Alta van Zyl at 012 843 5615 or alta@mpo.co.za
 - Wednesday, 23 March, 09:00 - Lichtenburg Guest House, Lichtenburg
 - Wednesday, 23 March, 14:00 – Commando Hall, Ottosdal
 - Thursday, 24 March, 09:00 - Vryburg Club Hall
 - Thursday, 24 March, 14:00 - Pigmy Lodge, Delareyville
 - Monday, 11 April, Tuesday 12 April – Gauteng, more details to follow.
 - Wednesday to Friday, 13 to 15 April – Mpumalanga, more



details to follow.

- **Veterinarian Livestock Farmer Summit**, 25 March, 14:00 - De Stijl Hotel, Gariep Dam. Contact Madaleen Schultheiss at vetlink@mweb.co.za
- **Escom Energy Saving with Irrigation Farmers' Days** – Contact the SA Irrigation Institute at 021 850 8220 or riana@sabi.co.za
Tuesday, 8 March, 08:30 – 17:00, Pietersburg Club, Polokwane
Wednesday, 9 March, 08:30 – 17:00, DLU Hall, Groblersdal
Thursday, 10 March, 08:30 – 17:00, Thatch Haven, Brits
Wednesday, 16 March, 08:30 – 17:00, Letaba Junction, Tzaneen
Thursday 17 March, 08:30 – 17:00, Malelane Golf Club, Malelane
- **The Consumer Protection Act Workshop: “ Impact and insights for the food industry”**, 11 March, 07:00 – 13:00, St George Hotel, Doornkloof, Pretoria. Contact Adele Krogh at 012 345 2944 or adele@focus4.co.za

[Links](#)

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[Contact us](#)

[Bertus de Jongh](#) – Chief executive officer

[Barbara Bieldt](#) – Manager: Market protection and development

[Dr Koos Coetzee](#) – Economist

[Philip Swart](#) – MPO member services



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