



MELKPRODUSENTE-ORGANISASIE  
MILK PRODUCERS' ORGANISATION

# MILK BULLETIN

In partnership with  
**the dairymail**  
Publication for the dairy industry

*Represents and empowers the producer*

**9 December 2016**

## 2016 – In retrospect

For various reasons 2016 will be remembered as the year of the “perfect storm”, so to speak. The continuously low milk price with relatively little or no upward movement and the devastating drought, especially in the inland milk-producing areas, with the accompanying pressure on input and profitability, have taken their toll. Unfortunately, a considerable number of producers decided to leave the industry – which we at the MPO find highly concerning.

In spite of everything the MPO has, in my opinion, succeeded in all it has done to keep most of our producers competitive through continued support and services that have truly unlocked value for the producer. There are many possibilities for growth in the industry, but these possibilities can only be exploited with complete involvement on the part of all role players. In 2016 we saw more involvement by members of the MPO than in previous years but in 2017 every producer will have to do even more, in partnership with the MPO, to continue to build up the milk industry. It is important to participate in the MPO's activities and reach the people who are able to make a real difference, not only at regional level but also on a national basis, and thereby establish a sustainable dairy industry in the short term and – even more important – in the long term.

2017 is just around the corner and although there appears to be a positive change in the milk price the new year will still be a challenging one for the dairy industry. The economic climate is not going to get any easier but my team at the MPO and I are fully confident that, together with the producers, we will be able to overcome the problems by improving the innovative services of the MPO. We intend to achieve this by getting to know our producers even better and involving them to an even greater extent.

The team of MPO members at head office and our directors have put in a lot of effort towards realising our dream of a sustainable dairy environment for both emerging and commercial dairy farmers. Our strategic focus for 2017 will not change a great deal but we shall undoubtedly be placing greater emphasis on creating an economically sustainable environment for all role players, with due regard to the protection of our environment.

In each of our strategic focus points, namely the establishment of profitable and competitive dairy farms, the protection and development of the market, our client-centred focus which includes the transfer of knowledge and skills through our education of the producers and their employees and communication at all levels, especially through *The Dairy Mail*, everything has gone like clockwork and we can only improve on this in 2017. Irrespective of the activities my highly competent team is engaged in – the producer is and always will be our priority!

2016 is just about over and we are appealing to all milk producers to work closely with the MPO in 2017. Everyone will be fully involved and you can rest assured that we at the MPO will do our best for you, the milk producer.

**Dr Chris van Dijk**  
**MPO Executive Head**

## Season's greetings from the MPO

As 2016 draws to a close the MPO board and staff wish all milk producers and their families a blessed Christmas and joyous festive season. Travel safely!  
The *Milk Bulletin* will be distributed again from 20 January 2017.

## Christmas wishes from MPO North

MPO North wishes all dairy farmers and their loved ones a merry Christmas and prosperous New Year.

## Local market

### October imports higher than in 2015

During October 2016, 8 652 tonnes of dairy products were imported, 133% more than in October 2015. Total imports for the first ten months of 2016 stood at 53 313 tonnes, still 23% less than during the first ten months of 2015. On a mass basis, total imports this year consisted of 25% liquid milk, 25% milk powders, 23% cheese, 13% whey powder, 8% butter and 6% buttermilk and yoghurt. UHT milk imports up to the end of October stood at 13 500 tonnes, which is still 52% less than during the same period in 2015.

Dairy exports have been slightly lower than in 2015. In October 2016, 14 699 tonnes of dairy products were exported, 19% less than during October 2015 and year-to-date exports of 144 293 tonnes amount to 11 919 tonnes less than during the same period last year. On a milk equivalent basis, exports exceeded imports by 42,4 million litres, slightly down on the figures for 2015.

## International market

### Increase in global prices continues

International dairy product prices are continuing to increase. At the latest GlobalDairy Trade auction held on 6 December, prices increased by 3,5% on average compared to the previous sale on 15 November. The GlobalDairy Trade trade-weighted index now stands at 1 082, the highest level since June 2014, a 50% increase since January 2016.

Lower and negative production growth in major exporting countries in the southern hemisphere, slower than expected EU production growth and a slow recovery of the Chinese market, are the major factors that drive the increase in prices.

Higher global prices have already resulted in higher import prices in South Africa. This, combined with a weak rand, has resulted in higher import parity, making it less attractive to import products. Unfortunately, the lower producer prices combined with higher feed prices during the past two years have not encouraged higher local production.

### GMO-free feed drive strengthened

Dannon, a large yoghurt processor in the US, is committed to delivering GMO-free products to their customers. This involves using milk producers who feed animals GMO-free feed. Finding such milk producers in an agricultural sector where almost all producers have converted to GMO-sourced feed is the big challenge. The company is nevertheless serious about their commitment and has even set a deadline for 2018, the year in which they aim to establish GMO-free sources for their dairy cattle farmers. To read more about their strategy, click [HERE](#).

## Dairy for toddlers

Arla Foods Ingredients wants to explore the toddler food market by marketing high nutritional value, quality dairy food that is specially formulated to suit the needs of toddlers. Products formulated for toddlers with nutrition-rich dairy ingredients represent a major untapped opportunity for food and beverage brands. Dairy ingredients like whey are becoming increasingly popular in the mainstream food market, and they are already well established as key ingredients in the tightly regulated infant formula sector. However, these products are still under-utilised in products aimed at children aged from one to three years – a crucial period in every child's development. To read more about this, click [HERE](#).

## Training

### Become a dairy farming mentor

The MPO Institute annually engages in programmes, coordinated by various agricultural colleges and universities and the AgriSeta, to help agricultural students gain experiential learning on dairy farms for a period of **one year**. These students are usually in their final year of Animal Production or Agricultural Management and need proof of experiential learning before they can be awarded their official qualifications.

Dairy farmers who agree to act as mentors to a student or students are expected to:

- provide accommodation for the student on the farm;
- ensure that the student gets exposure, mentoring and supervision in any of the following dairy disciplines:
  - calf and heifer rearing
  - reproduction
  - dairy feeding and health
  - milk harvesting;
- write two **AgriSeta reports**: one after six months of internship and a final report at the end of the (12-month) internship.

The format of the report includes a rating of the student on the various learning areas and general performance. The report will be emailed to the mentor for completion, and must then be returned to the MPO for further distribution.

Students also need to compile two **reports for** their respective **university/college**. However, it is the student's responsibility to discuss the requirements of the learning experience and reports with the mentor. The mentor should monitor the student's work progress, sign off the student's report and also submit two reports on the student's performance during the training period.

The MPO will pay a monthly stipend of **R3 150** to the student.

The mentor should be in possession of an equivalent qualification, with five years' experience, or a higher qualification in the field in which the student is studying. The MPO will act as the master mentor, should the mentor not have the required qualifications. The MPO will therefore sign off all the reports before they are submitted to the university/college.

- Note that experiential learning can also be used as a skills development element in BBBEE scoring.
- Experiential learning will take place from February 2017 to January 2018.

Please contact Helene Pheiffer (079 528 1394 / 012 843 5749 / [helene@mpo.co.za](mailto:helene@mpo.co.za)) if you are interested in

mentoring a student for experiential learning and for any further enquiries.

## The Dairy Mail

### The benefits of being diverse

Multispecies pastures have become a hot topic in dairy farming. Multispecies pastures consist of a mixture of grasses, legumes and herbs. Planting such a variety of seeds can be costly and may require additional management, but there are many benefits. Refer to page 40 of the December issue of *The Dairy Mail* for an interesting article by Craig Galloway, researcher for the Woodlands Sustainability Project. To read the digital copy of TDM, go to [www.agricconnect.co.za](http://www.agricconnect.co.za).

## Events

### Diarise SALHC 2017

The South African Large Herds Conference will be held at the Champagne Sports Resort in the Drakensberg from 5 to 7 June 2017. The theme is “Resilience” – something every farmer needs in abundance. The programme has already been finalised and can be found on our website: [www.largeherds.co.za](http://www.largeherds.co.za). We are pleased to announce that Dr Jude Capper, who spoke so brilliantly on sustainability at the MPO’s National Congress in September this year, has accepted our invitation to address us again at next year’s Large Herds Conference.

Should you wish to sponsor or exhibit, please contact Julie McLachlan on 083 740 2720 or [julie@mpo.co.za](mailto:julie@mpo.co.za)

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### Links

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Please take note that this e-mail is not spam. It is a newsletter sent from the MPO to you as valuable milk producer.

[www.mpo.co.za](http://www.mpo.co.za) / 012 843 5600



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