AGRICULTURE — PRODUCTS

DAIRY & MILK PRODUCTS

1993
**ICS/NESTLÉ**

**Sharing the cream**

Something's changed at ICS. Investors in the dairy, meat, fish and poultry producer will be forgiven for being somewhat taken aback by the aggressive stance apparently being adopted by a company widely perceived to have been a consistent underperformer.

The announcement of a joint venture with international food giant Nestlé is one of a series of actions taken recently by management to turn loss-making assets into profitable operations with good growth prospects.

For R50m cash, Nestlé acquires half ICS's ice cream producer DairyMaid. The synergies are obvious. ICS gains access to Nestlé's ice cream and frozen confectionery products, trademarks, technical know-how and, particularly significant, access to its marketing network.

DairyMaid, a dominant ice cream producer, gives Nestlé a foothold in the SA ice cream market. The new company has yet to be named; operating management structures will remain in place.

ICS financial director Tom Pritchard says the timing of the deals with Pescanova SA, Foodcorp, Neil's Bliss and now Nestlé are coincidental. "They are part of a long-term strategy formed three years ago when management decided to concentrate inwards and so stop the bleeding."

Notably, if the Sea Harvest transaction is

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excluded, the three joint ventures involve a third of ICS’s net assets before debt.

Investors need not fear ICS is becoming an investment holding company. On the contrary, says Pritchard: "We had to take a hard look at those operations with difficulties and find the best way to improve returns. In some cases it meant going into an equal partnership, but management has retained its hands-on approach."

He would not be drawn on whether similar deals would be announced soon. But the positive impact of these ventures on the cash flow, with ICS’s low gearing, positions it well for future deals.

With ICS's year-end in September, the accounting policy has been changed in respect of joint venture companies to comply with new legislation. Joint venture companies previously treated as associates were equity accounted; these will now be proportionately consolidated in the balance sheet.

Pritchard says benefits from these transactions will take some time to filter through. Operations will need to undergo consolidation - duplication of facilities must be dealt with and management will have to adjust to new businesses and higher volumes.

Though better returns may not be seen until 1995, ICS's new willingness to co-operate with smaller players in an increasingly difficult market must be pleasing for shareholders.

MaryLou Greig
Bonus for Boland farmers

TOM HOOD
Business Editor

FARMERS in the Boland are to get a R150 million bonus as a result of food giant Premier Group buying control of their co-operative, Bonnita Holdings, the country's second largest dairy.

Premier, which owned 39 percent of Bonnita, has paid R48 million to take another 24 million Bonnita shares at R2 a share, boosting its stake to over 50 percent.

Managing director Louis du Plessis said today about R20 million would be paid out to members.

In addition nearly 67 million shares with a current market value of more than R130 a share would be distributed.
Huge dairy import tariff hike sought

The proposed new duties will be between 120% and 140% of landed cost, as opposed to the current rate of up to 20%.

Roux denied the proposed tariff increases were overly large, saying they constituted nothing more than what was necessary to make imported dairy products cost the same as local produce. Theoretically, even with the new tariffs, imported dairy products could compete with local products on an equal footing.

The formula used to arrive at the recommended tariffs compared the lowest cost a particular product could have been imported at over the past few years with the same average local production costs.

There was nothing to stop local producers increasing their prices to a level just below the imported price, he said, but added that this kind of abuse was what the Board on Trade and Tariffs was there for.

Very few dairy products, other than exotic cheeses, were imported on a regular basis because of the SA quota system. Imported cheeses constituted only about 2% of the local market, he said.
Dairy industry calls for more protection

By Sven Linsche 13/1/93

The Dairy Services Organisation (DSO) has called for import tariffs of up to 140 percent on dairy products.

At the same time, PPG Building Glass has renewed its application for anti-dumping duties on imported glass.

Economists fear that SA's bid for greater access to overseas markets could be hampered by the clamour for tariff applications by local companies and control boards to protect them from unfair competition.

Two economic institutions, the London-based Institute for Development Studies, and the Overseas Development Institute, this week called on the European Community to grant SA preferential access to the common market by allowing it to become a signatory to the Lome Convention.

However, a local economist said if we build up protectionist barriers we must not be surprised if our exporters are given the same medicine.

The Dairy Services Organisation's application for tariffs on imported dairy products has already met with threats by the European dairy industry that it will lobby the EC to apply even stricter tariffs against SA exporters.

The application to the Board of Tariffs and Trade (BTT), published in the latest Government Gazette, seeks to circumvent the abolition of quantitative import controls on dairy products once the current Uruguay round of the General Agreement on Trade and Tariffs (GATT) has been finalised.

Necessary

The current quantitative controls ensure that less than five percent of dairy products sold are imported.

Dr Edwin Conroy, marketing services manager of the DSO, says the tariffs are necessary to prevent dumping of dairy products from countries in the EC, Australasia and North America, "which subsidise their exports".

"If these products were allowed to enter SA without duties it would signal the death of the local dairy industry," Conroy says.

The application calls, among other things, for a 17.5 percent ad valorem duty on milk and cream, duties ranging from 120 to 135 percent on powdered milk, a 140 percent duty on fresh cheese and a 110 percent duty on imported butter.

The BTT has called for comments on the applications and has the right to recommend lower or higher duties.

Sapa reports that the high duties being imposed on Zambian textile product imports by SA have resulted in a decline in textile export earnings of between 15 to 20 percent for the industry in Zimbabwe.

This is according to the chairman of Zimbabwe's Central African Textiles Manufacturers' Association Alan Smith speaking in an interview with Ziana news agency.

The refusal by the SA government, under pressure from textile groups, to extend the import duty exemption period on Zimbabwe's textile products has resulted in companies like Zimbabwe Spinners and Weavers closing down some operations because export orders are being cancelled.
Free-market plan angers dairymen

HARD-HITTING free-marketeer Professor Eckhart Kassler has angered the dairy industry by suggesting that a future government may sacrifice the sector in exchange for cheap imported products.

His proposition was labelled unfair and unthinkable by businessmen in the industry, who have benefited from years of protection under the Government's control boards.

But consumers would benefit from the suggestion if it is ever adopted. The subsidised European price for export milk is a mere 20c a litre.

Kassler is adamant that the era of the consumer has arrived and that businessmen and farmers must prepare themselves for this.

The Dairy Services Organisation (DSO) applied for import tariffs on dairy products to be increased by between 120 and 140 percent this week.
ANC objects to dairy import tax increase

JOHANNESBURG... The ANC has objected to an application for the increase of import duties on dairy products. The application by the Dairy Services Organisation was gazetted on January 8.

The ANC's Department of Economic Policy, Southern Transvaal Region, said on Saturday it objected to the application.

"While we recognise the need to save jobs, we have to be careful and avoid the situation of overprotection which leads to inefficiency, monopolies and corruption," an ANC statement said. — Sapa.
Premier into dairy industry

THE R750 million-a-year Cape Dairy Co-operative (CDC) is planning a big expansion as a result of a deal with Premier, one of the country's largest food groups.

Premier is to inject R100 million into the business in exchange for a 28.6 percent stake in Bonnita, the holding company.

Millions more could be raised from new shares issued when Bonnita goes for a listing on the Johannesburg Stock Exchange within three years.

Premier will also make a multi-million rand cash offer to the farmers who hold Bonnita convertible debentures to buy all or part of their holdings.

If the offer is accepted, Premier will own between 35 and 40 percent of the restructured Bonnita, and the 1,100 dairy farmers who are members of Cape Dairy Co-operative Ltd will be that much richer.

Bonnita supplies about 25 percent of the country's fresh milk and a quarter of the dairy product market. Its members farm along the Cape coast from Piketberg to East London.

Bonnita's managing director Mr Louis du Plessis said the investment by Premier represented a milestone in the company's history and laid the foundation for an exciting partnership.

Bonnita would repay its loans with the new capital and would be able immediately to pursue a number of product developments that were already in the pipeline.

Mr Du Plessis said he looked forward to co-operating with Premier. There was no overlap in the business of the two organisations and there were a number of synergies in distribution and handling which could be brought about immediately.

CDC had grown rapidly in the last few years and this rate of growth would have been curtailed without an injection of permanent capital.

Bonnita's directors were unanimous that the financial structure could also have handicapped the future growth of a profitable business, added Mr Du Plessis.

Written agreements to formalise the transaction were being prepared and would be signed shortly.

"Over time it would be possible for Premier to enlarge its shareholding and it was the intention that within three years Bonnita would be listed on the JSE," he said.

Bonnita director Mr Stuart Maxwell said the company believed the market could take a number of new value-added products immediately.

Almost a third of of the milk produced is sold purely as milk and with the country's milk surplus, the company is anxious to turn to more profitable dairy produce.
Now Premier goes a-milking

PREMIER took its first step into the dairy market this week when it acquired 97.8% of Bonnita Holdings from the Cape Dairy Co-operative (CDC) for R100-million.

The capital will be used to reduce Bonnita's high level of borrowings, enabling it to concentrate on new product development.

Premier is to make a further cash offer to minorities, which should raise a total of 86% to 89% of Bonnita's equity at a cost of about R150-million. The deal values the company at R500-million.

Bonnita, formed in June 1992 to enable CDC to obtain capital from sources outside the agricultural sector, has 25% of the fresh milk market and is the second largest producer of cheddar cheese in the country. Bonnita will be able to build on Premier's distribution networks in Natal and the Transvaal.

Premier deputy chief executive Gordon Uban says Bonnita's growth in recent years has been exponential. With the capital injection from Premier, the company can start to exploit exciting opportunities in the high growth markets, such as milk powder, infant feeding, desserts, cream and icecream, cheese and derivatives. Bonnita is still in the embryonic phase.

Premier's association with US dairy giant Kraft, which is a world leader in dairy technology, may come in useful. Premier manufactures Kraft margarines and salad dressings under licence from the US parent.

This is Premier's largest acquisition since Metro Cash and Carry in 1991.

Impressed

Bonnita has sales of R50-million a year and a margin of around 7%, in line with Premier's food division, suggesting pre-tax profits of around R40-million a year.

"We decided to make an offer for Bonnita because we are not represented in this market, and we were particularly impressed with the quality of the company's management and products," says Premier chairman Peter Wrighton.

The acquisition will have no impact on this year's earnings but will start to make a substantial contribution after that.

The acquisition includes some leading brands, such as Bonnita fresh dairy products, Mighty Nice dairy desserts, EverFresh long life milk and Montali and Bon Blanc cheeses.

Listing

Roughly 20% of Bonnita's sales are from fresh milk and another 20% from cheese.

Premier plans to increase its shareholding in Bonnita and list the company within three years.

Mr Uban says it is important to retain strong links with the farmers who are shareholders in Bonnita to ensure the supply of milk - 50% of the input costs - at a reasonable price.
Premier buys into Bonnita

CAPE TOWN — Premier Group has expanded its food interests into the dairy industry by the strategic acquisition of a major stake in SA’s second largest dairy, Bonnita Holdings, for an estimated R100m.

Premier CE Peter Wrighton said the partnership between the private sector and a co-operative had “interesting possibilities” for future co-operation between these sectors. The acquisition represented a significant opportunity for Premier to increase its investment in the food industry, a sector from which it had been divesting for some time, Wrighton said.

A JSE-listing of Bonnita was planned in about three years’ time, he added. Bonnita handles about 25% of SA’s milk production, produces about one-third of the country’s gouda and cheddar cheese and processes the largest share of SA’s Ultra-pasteurised milk.

It has state-of-the-art production facilities in the western, southern and eastern Cape and operates the largest milk powder and the largest cheese factories in southern Africa.

An initial capital injection of R100m by Premier would acquire 28.6% of Bonnita from Stellenbosch-based Cape Dairy Co-operative (CDC), which was owned by about 16,000 Cape dairy farmers. Premier would make a cash offer to purchase convertible debentures.

CDC financial director Stuart Maxwell said yesterday it was estimated that about one third of the 26-million convertible debentures would be sold to Premier at a cost of about R60m. This would give Premier a stake of between 35% to 40% of Bonnita at a total cost of about R160m.

The deal would have no material effect on Premier’s net asset value or earnings in its current financial year.

However Wrighton said it “offers many opportunities which could have a positive effect on both Bonnita’s and Premier’s future earnings”.

Premier’s stake could be enlarged in time, but Maxwell said CDC’s articles of association required it to hold a minimum of 50% of Bonnita. He added that it was the intention to list Bonnita on the JSE within the next three years to increase the marketability of its shares.

Bonnita had an annual turnover of R680m in the year to February 1993 and had forecast a turnover of R750m by end-February 1994.

Maxwell said CDC would employ the cash to repay its R120m loan to the Land Bank and to develop certain new lines of value-added products.

“It places the company on a completely different financial footing and makes us far more profitable,” he added. CDC MD Louis du Plessis expected synergies to emerge between CDC and Premier in the national distribution and handling of food products.

Premier’s purchase of a stake in Bonnita was made possible by the restructuring of CDC last year in terms of which of all its assets were sold to Bonnita Holdings which was created as a private company.

The aim was to attract a private sector capital injection in order to allow CDC to maintain its rapid growth rate.
Premier bids for Bonnita

JOHANNESBURG: The Premier Group Limited is to make a bid to acquire from the Cape Dairy Co-operative up to 40% of Bonnita Holdings Limited at a cost of about R150m.

According to a statement by Premier yesterday, negotiations for the acquisition of 28.6% shareholding worth R100m in Bonnita have already been concluded.

Premier now plans to make a cash offer to the existing members of the CDC to acquire all or part of their holdings in Bonnita.

"Written agreements should be signed shortly and the transaction will have no material effect on Premier's net asset value or earnings during Premier's current financial year," Premier said.

Premier plans to steadily increase its shareholding in Bonnita and to list the company on the JSE within three years. — Sapa
Premier takes stake in Cape Dairy Co-op

By Tom Hood

CAPE TOWN — The R750 million-a-year Cape Dairy Co-operative (CDC) is planning a big expansion as a result of a deal with Premier, one of the country's largest food groups.

Premier is to inject R100 million into the business in exchange for a 28.6 percent stake in Bonnita, the holding company.

Millions more could be raised from new shares issued when Bonnita goes for a listing on the Johannesburg Stock Exchange within three years.

Premier will also make a multi-million-rand cash offer to the farmers who hold Bonnita convertible debentures to buy all or part of their holdings.

If the offer is accepted, Premier will own between 35 and 40 percent of the restructured Bonnita, and the 1,100 dairy farmers who are members of Cape Dairy Co-operative Ltd will be that much richer.

Bonnita supplies about 35 percent of the country's fresh milk and a quarter of the dairy products market. Its members farm along the Cape coast from Piketberg to East London.

Bonnita's managing director Louis du Plessis said the investment by Premier represented a milestone in the company's history and laid the foundation for an exciting partnership.
PREMIER GROUP

Biting Bonnita

Financial Analyst

**PREMIER GROUP**

**Biting Bonnita**

**Financial Analyst**

"Bonita's major problem, in particular, is that it is a private company, and its profit margins are low. The dairy industry has been underpressure for several years, and Bonita has been operating in the red for quite some time."

"Bonita's management has been slow to respond to the changing market conditions. They have not been proactive in seeking out new opportunities or investing in new technologies to improve efficiency."

"Bonita's debt levels are also quite high, and they are struggling to meet interest payments. This is putting a strain on their financial health."

"The recent acquisition of a large dairy operation by a competitor may be putting pressure on Bonita's market share. If Bonita does not act quickly to address these issues, it could face serious financial difficulties in the future."
Staff Reporter

Milk experts warn of diseases

FOOD experts have formed a Milk Quality Panel to alert the public to the health hazards of drinking unpasteurised milk which is currently being sold in large quantities in Khayelitsha.

Leading milk hygiene expert Professor Piet Jooste of the food science department at the University of the Free State said yesterday consumers bought milk from informal distributors because it was cheaper and readily available in some areas.

Consumers ran the risk of contracting milk-borne diseases, which had "extremely serious and long-lasting effects".

Diseases caused by the unprocessed milk are brucellosis (also known as Malta fever) and salmonella-type infections.

Up to 50% of herds in some parts of South Africa were infected with brucellosis and infection of the milk could occur in the chain between cow, and consumer, Professor Jooste said.

Unpasteurised milk was being sold from bulk tanks in Khayelitsha and other areas around the country by farmers and informal distributors, he said.

The trend had created the need for public awareness and the group had set up the panel.
'Informal' milk poses health risk

By Shirley Woodgate

At least 250 000 litres of "informal" milk which is allegedly being sold daily in South Africa poses a risk which the Milk Quality Panel (MQP) has labelled "a time bomb in terms of public health".

MQP convener Piet Jooste, who is also professor of food science at the University of the Orange Free State, said this volume included unpasteurised or "raw" milk as well as milk which had been pasteurised but was sold from tanks and other containers.

The 250 000 litres was a "relatively small" percentage of the total amount of milk sold daily in South Africa, Jooste said. Some 99 percent of the milk sold countrywide was pasteurised and therefore germ-free.

"Calculations show that 50 000 litres are sold in the Vaal Triangle in this way every day, 12 000 litres in the Welkom area and about 35 000 litres around Greater Durban," he said.

Most of the milk was sold by farmers and informal distributors at virtually half-price, directly to the informal sector and to those who preferred unpasteurised milk.

The most important milk-borne diseases were brucellosis (Mafia fever), salmonella-type infections such as gastro-enteritis and typhoid; food poisoning of staphylococcal origin; and tuberculosis, as well as new diseases caused by hitherto unknown pathogens, Jooste said.

"Up to half the herds in some parts of the country were infected with brucellosis.

Evidence of the risk posed by "informal" milk was no secret and came from informants gathered not only internationally but locally, from Onderstepoort and tests carried out by the MQP. The Irene Dairy Production Institute had found that 5 percent of raw milk sampled contained listeria monocytogenes, which could cause problems for pregnant women.

National Milk Producers' Organisation chairman, Roy Blanckenberg was not available for comment but industry sources claimed there was no evidence for MQP claims that the sale of milk had to conform to rules laid down by the Health Department.

Reliable sources said it was important to accept natural milk as a marketable product, especially in the country's present development stage.
That good ’n fresh farm milk strikes sour note

ANDREA WEISS
Health Reporter

UNPASTEURISED milk, far from conforming to the “idyllic image of fresh farm milk”, is posing a serious health risk.

This is the view of the Milk Quality Panel, which aims to inform people about milk quality and safety, and city health authorities.

Since deregulation of the milk industry, milk can be sold without its being heat-treated although regulations still require herds to be tested for TB and brucellosis (otherwise called milk or Malta fever).

However, there are no regulations for testing handlers and milkers for TB or other diseases.

Brucellosis and TB are just two milk-borne diseases which can have serious long-term effects.

Others diseases include salmonella-type infections like gastro-enteritis and typhoid and food poisoning of staphylococcal origin.

Without monitoring, mastitis and antibiotic residues also can go undetected in milk.

Professor Piet Jooste, head of food science at the University of the Orange Free State and a member of the Milk Quality Panel, said consumers buying farm milk were at risk.

He warned that one could not go by smell and taste as these often gave no hint of danger.

Up to 50 percent of herds were infected with brucellosis and health certification was no guarantee of safety as re-infection could occur.

The environmental branch of the Cape Town City Council also expressed its concern about the situation in the latest report of the medical officer of health.

It saw deregulation had led to a proliferation of milk producers selling their products directly to the public.

Farm-gate sales of unpasteurised milk had increased, and producers were keen to distribute milk through cafes and smaller supermarkets.

The council also was worried about the lack of regulations governing the sale of sour raw milk in underprivileged areas. Poor handling of this milk could lead to epidemics linked to human contamination of the milk.

Professor Jooste said pasteurisation in strictly controlled conditions, followed by hermetic sealing and storage at below 4 deg C was the only guarantee that milk was safe.

Other members of the Milk Quality Panel include Dr Jan du Preez of the Veterinary Research Institute at Onderstepoort, Professor Patric Mokhebo, head of medicine at Medunsa, Mrs Nonya Ramphomane, president of the Black Consumer Union and Mr Brand Claassen, a medical legal expert.
**Halt raw milk sale, producers urge Govt**

By Shirley Woodgate

The Department of National Health and Population Development has been urged to take immediate steps to halt the sale of potentially dangerous "informal" or raw milk countrywide.

**Concerns**

Reacting to claims by the watchdog Milk Quality Panel (MQP) that the daily sale of at least 250,000 litres of "informal" milk was "a time bomb in terms of public health," National Milk Producers' Organisation chairman Boy Blanckenberg said he was particularly concerned that fly-by-night dairymen who had entered the market were spoiling the reputation of the entire dairy industry.

The quantity which the MQP claimed was being sold mainly from tanks and bakkies in the townships posed little threat to the dairy industry, with sales of 4 million litres daily.

But the real danger was to the health of consumers, who were seriously at risk of contracting tuberculosis, Malta fever or brucellosis from unpasteurised or even contaminated milk.

Laws governing milk are laid down in two Acts under the Department of Health.

But the regulations which are imposed by these Acts are enforced by various local authorities.

Johannesburg City Council chief veterinarian Dr Wally Ehret assured residents that controls in the city were strict.

But, he warned, although he had no problem with the free-market system, deregulation of the industry must not mean any compromise in public health standards, specifically regarding meat and milk.

Sources within the dairy industry claim that farmers whose milk was downgraded by inspectors conducting routine tests simply loaded their daily milk supplies into tankers and sold them at the side of the road, outside hostels and in townships.

Health regulations, including restrictions on the sale of milk unless it was in closed packages, were ignored.

Uninformed consumers were allegedly flocking to buy the milk, being sold at almost half price, without being aware of the health implications.

**Risks**

MQP chairman Professor Piet Jooste said it was essential that consumers were informed about the risks they were taking when they bought "informal" milk.

The Department of National Health was unable to give statistics about the amount of milk sold daily.

It claimed that the full responsibility for policing the Acts fell on local authorities in their areas of jurisdiction.
Prospect of diseases high

Beware of untreated milk!

MEDICAL experts have warned people in the Western Cape that they are laying with their health if they choose to save a few cents by buying unpasteurised milk.

The experts say there is virtually no prospect of halting the sale of unpasteurised milk direct to the public, which leaves the decision of whether or not to drink it in the hands of individuals.

This issue is in the spotlight following the formation by food experts of the Milk Quality Panel designed to alert the public to the health risks of drinking unpasteurised milk, currently being sold in large quantities in the townships.

Cape Town's Medical Officer of Health, Dr Michael Popkiss, made it clear he did not advocate a generic ban on unpasteurised milk because if the dairy was clean, the cows healthy, the workers clean and the distribution limited, the risk of disease was small.

"But as soon as the scale increases, the chance of something going wrong increases. The potential is there for hundreds or thousands of people to be affected if disease is present in large batches of milk."

Explaining the extent of the problem, Dr Popkiss said, unpasteurised milk could carry the following germs:

■ From the cow comes brucellosis (otherwise called milk or Malta fever which only comes from cows) and tuberculosis (which in humans is pulmonary but if passed on from bovines is abdominal).

■ From the milkers' throats and noses come staph aureus (which if allowed to incubate produces the poison that causes one of the classical forms of food poisoning) and streptococcus (milk is a good medium for this and causes scarlet fever and strep throat). From their rear ends come the enteric (intestinal) germ which cause typhoid, salmonella, food poisoning and dysentery, as well as enteric viruses like polio.

Another concern, Dr Popkiss said, was the somatic cell count—or the number of pus cells in the milk which occurred when the cow had mastitis. A limit was set on these but in most cases, suppliers would fail these requirements.

The Foodstuffs, Cosmetics and Disinfectants Act dictates that unpasteurised milk being sold from anything other than a brucella and tuberculosis-free herd — checked by the government vet — is an offence.

"Many, many herds are not checked and the problem with regulations governing the bacterial content of milk is that the quality fluctuates so greatly. A sample can comply now but that's not really proof that the next sample will be okay."

The whole business is fraught with risk. There are the pus cells, the bacteria from the cow and the milkers' noses, throats and backsides, a nice inebriating vehicle which transports the milk, problems with storage and cleaning of storage tanks, problems with dispensing and with the containers that buyers use to take the milk home," Dr Popkiss said.

Dr Stewart Fisher, the Western Cape Regional Services Council's chief director, health services, under whose jurisdiction the township areas fall, told Weekend Argus his department conducted random checks and had found only "odd cases" of non-compliance with the terms of the Act.
Farmer 16893 defends raw milk

The milk quality controversy continues with the latest salvo being fired by the pro-unpasteurised lobby.

Last week, the Department of National Health and Population Development was urged to take immediate steps to halt the sale of potentially dangerous "informal" or raw milk, countrywide.

The watchdog Milk Quality Panel (MQP) claimed that the sale of "informal" milk at almost half price (mostly in the townships) was a public health "time-bomb".

But dairy farmer Adrian van der Byl of Irene Estates says stories detailing disease risks from drinking unpasteurised milk should be qualified. If all preventive measures are taken, the chance of infection is less than with pasteurised milk not being properly pasteurised. It is common knowledge, he says, that pasteurisation works in theory but not always in practice.

He says it would be rational for a consumer to buy from an outlet with a long-standing disease-free record rather than from an outlet or supplier whose original product could be infected with brucellosis and tuberculosis and who relied on the pasteurisation process to kill the bacteria.
Curb on contaminated milk

By Shirley Woodgate

NEWS
Milking the same old cows

The Dairy Board was written off as all but dead in June when the courts declared as unlawful its main source of funding — the levies it charged milk producers and distributors. But nearly a year after the Cape Supreme Court's decision, the board is still in business, working feverishly to find a new role for itself, while hoping the judgment will be overturned on appeal. It is trying to cobble together a new agreement with producers and distributors that would have them pay a minimal half-cent levy on each litre sold. But not seeing any benefits in the proposal, the industry is reluctant to go along. The old levy was 4.97c/l.

And in a move perhaps partly intended to boost its standing with disgruntled members, the board says it wants 120%-140% tariffs on imported milk and cheese. An application was filed in January by the board's marketing and administrative arm, the Dairy Services Organisation (DSO).

However, Homestead Dairies MD John Jacobs, who brought the court case against the board, says: "The board is dead, as far as representing the industry is concerned. It is floundering around and knows that it will continue to flounder until it comes up with a proposal that will represent everyone in the industry, without preconditions."

Edu Roux, GM of both the board and the DSO, says that because the producers and distributors stopped paying levies last year, the board is now "owed" R60m-R80m. The 13-member board, made up of industry representatives and a consumer advocate, still meets regularly. But since the DSO was formed three years ago, the board has not had any staff and operates through the nonprofit DSO. It pays the DSO from reserves and from contributions made by the SA Milk Buyers' Association, but won't list its monthly expenses.

The DSO was forced to cut its staff from 96 to 51 in September; most of its staff had transferred from the board.

Department of Agriculture Director-General Frans van der Merwe says: "The board's future is in the balance on two fronts — it isn't getting levies and the committee evaluating the (staunchly pro-deregulation) Kaisler report on agriculture is also evaluating the board and the DSO."

In its decision, the court ruled that the board had used the millions in levies from distributors who don't manufacture dairy from imports. The board wants the high tariffs because government is phasing out import controls on cheese and other dairy products, as well as on many other items. Import controls require importers to obtain permits and they directly limit the volume of some products and ban others. The cheese imports allowed in were hit with a 22%-25% customs duty, plus a 5% surcharge.

"We are not permitted to import cheeses that could affect the local producers' market share, such as Dutch Gouda," says Alpine Importers MD Ronnie Schaffiner.

Van der Merwe says introducing tariffs is in line with Gatt principles, which call for countries to convert import controls into tariffs as a temporary measure if they cannot eliminate protection immediately. He believes that the change should allow imported cheeses to increase their share from about 2% of the R850m cheese market to 3%. He says 3% is accepted internationally as the minimum market penetration that an imported product must be allowed.

Roux gives the usual protectionist arguments for the high tariffs: "They're needed to level the playing field. With the exception of New Zealand, all countries subsidise their dairy product exports and dump them wherever they can. Every dairy product can be imported for less than it can be made here."

But if that is so, say opponents, then maybe hard-pressed consumers should be allowed to take advantage of the low world prices for dairy products. In a strongly worded letter to the Board on Tariffs & Trade, which is not expected to rule on the tariff application for several months, the Italian-SA Chamber of Trade & Industries called the proposal "absurd, arrogant and unacceptable in today's atmosphere of increased interchanges, export promotions and Gatt."

The Dairy Board is fighting old battles on behalf of coopted local producers. It's time this cow was put out to pasture.
**FW threatens to take action against Transkei**

CAPE TOWN — The war of words between government and the Transkei administration escalated yesterday, with government poised to take action against the homeland.

Transkei military leader Gen Bantu Holomisa said yesterday President F W de Klerk had ordered the elimination of Apla members in Transkei.

In a strongly worded diplomatic note to the SA government, Holomisa rejected the finding of the Goldstone commission, which implicated the administration in Apla activities.

De Klerk yesterday reacted furiously to Holomisa’s allegations, saying the Transkei leader’s response was “unsatisfactory and inadequate”. He said the administration’s reaction included allegations that were “completely untrue”.

De Klerk said “firm action” would be taken if the Transkei administration failed to take adequate steps following the commission’s report.

Addressing the commission’s report, said the mobilisation of the Citizen Force was aimed at achieving this purpose. Security forces had met yesterday and finalised “ways and means of eliminating innocent people”.

“Neither the grandstanding and posturing which accompanied the release of the so-called findings of the Goldstone commission into Apla, and the singing out by the major Western powers that Transkei is a victim and totally unacceptable to the government and people of Transkei”, Holomisa said.

“I would like to call attention to Mr de Klerk’s statement the fact that our intelligence is aware of the order personally given you to the effect that certain persons deemed to be Apla members resident in Transkei be wiped out as a matter of extreme urgency,” Holomisa said.

He further warned: “You have threatened to take action against Transkei. Please ensure you have precautionary measures so that the consequences of your actions do not boomerang in your face.”

No investment ‘unless SA markets itself’

FOREIGN investors and financiers do not consider SA an obvious market and vigorous top-level contact was necessary to change, SA Foundation director-general Kurt von Schirnding warned yesterday.

He was unable to express an opinion on the results of the Board’s activities during the 1991/92 financial year because of the “uncertainties involved.

The report notes that on June 5 last year, the Cape provincial division of the Supreme Court rejected an application by the board for payments of a certain distributor. The implication of the application was that levies of R362m collected since 1987 were invalid.

The board had appealed against the outcome of the application and at the time of compiling of the report, the appeal had not been heard.

As a result of this, the amendment of the dairy scheme, the promulgation of the valid levies procedure and the procurement of bridging finance, the report did not express an opinion on the results of the board’s activities.

During the 1991/92 financial year examined by the report, the board recorded a loss of R46m compared with about R31m for the previous year.

In terms of judgment handed down by the Appellate Division in September 1991, certain levy notices published by the board for the purpose of imposing special and ordinary levies were declared invalid.

The board therefore credited levies amounting to R8,8m plus interest amounting to R4,3m to the accounts of the individual purchasers of milk concerned, writing off the total amount against its stabilisation fund.

Agriculture Minister Kraai van Nierkerk was not prepared to approve this action by the board, which had consequently submitted a further application, the report noted.
Court led to Milk Board’s ‘disarray’

A PARLIAMENTARY report has recorded the disarray in the Milk Board’s finances caused by court judgments against its levy collection procedure which meant that the collection of R302 million was invalid.

The auditor-general, in a report on the Milk Board tabled in Parliament yesterday, said he was unable to express an opinion on the results of the board’s activities during the 1991/92 financial year because of the “uncertainties” involved.

The report notes that on June 5 last year the Supreme Court rejected an application by the board for payment of levies of a certain distributor. The implication was that levies of R362m collected since 1987 from dairy farmers were invalid. The board had appealed but the report was compiled before the appeal had been heard.
Dairy Board dispute ends

R60m in unpaid levies scrapped

Own Correspondent
JOHANNESBURG. — Years of conflict between the Dairy Board and milk buyers ended yesterday when the parties agreed to abandon a June 1992 Supreme Court ruling invalidating the board's half-cent a litre levy.

Dairy Board chairman Mr Lukas van Vuuren said the government had agreed to settle the board's R20m Land Bank loan and interest owed on it since January "provided the various role players in the dairy industry contractually agree to abandon all disputes and claims against one another".

"The Dairy Board has settled all its disputes and the 25 biggest milk buyers and the Dairy Board have signed an agreement of reconciliation," he said.

"About R60m in unpaid levies would be written off in exchange for a commitment from milk buyers to pay the half-cent a litre levy retrospectively from January this year, Dairy Service Organisa-
CAPE TOWN — Homestead Independent Dairy MD John Jacobs lashed out last night at the "distorted view" presented by Dairy Board officials of the agreement reached between himself, Agriculture Minister Kraai van Niekerk and the board.

He accused Dairy Board GM Edu Roux and chairman Lucas van Vuuren of handling the announcement of the agreement ungraciously and of having presented a one-sided version of events. Jacobs said it was "this arrogant attitude" that landed the officials in a very costly court battle.

In the light of this arrogance Jacobs urged the speedy implementation of the agreement which entailed a fundamental restructuring of the Dairy Board.

"There was no question at any stage that Homestead (or any other independent milk-buyer) was concerned that the Appeal Court would overturn the judgment in its favour and reimpose the levies. Rather it would seem that the Dairy Board was concerned about the results of an Appeal Court ruling. The terms of the agreement are such that the Dairy Board had no option but to abandon its case."

Jacobs was referring to Homestead’s successful application in the Cape Town Supreme Court against the Agriculture Minister and the Dairy Board for the board’s levy scheme to be declared null and void. The judgment meant that the R400m levy collected by the board since 1987 had been illegally collected.

Jacobs said that in November last year, six months after losing the case, the Dairy Board approached Homestead and other independent dairies which had not paid their levies with a proposal to settle the dispute in the industry. An agreement was reached after months of negotiations.

"It is envisaged that the Dairy Board as we knew it will cease to exist and be replaced with an organisation structured as a high-powered secretariat. There will be no more statutory stabilisation or subsidisation of certain categories of product. This is where the ‘stabilisation’ scheme of the Dairy Board was abused when selected products manufactured by the select few had the benefit of the subsidies," he said.

"The structure of the new organisation will ensure that it no longer has the power to impose levies which put the survival of independent operators in jeopardy."

The new organisation would be funded by an initial levy of 4½c/l. A stabilisation levy would be considered in the event, for example, of milk overproduction only if the producers request and pay for it.

Jacobs said the agreement also stipulated that millions of rand in unpaid levies would be written off; a new dispensation would be renegotiated giving all industry participants a say in its formulation and an equal share of its benefits; and the Dairy Board would be restructured in conjunction with industry representatives.

It was also agreed that the legal costs would be paid by the Dairy Board and the Agriculture Minister.
Dairy Board and milk buyers set for clash

By Zingisa Mkhuma
Consumer Reporter

A major wrangle over levies is looming between the Dairy Board and independent dairies barely days after board chairman Lukas van Vuuren had announced that the dairy industry had settled all its disputes.

The clash of words follows Van Vuuren's statement on Monday which said the 25 biggest milk buyers had signed an agreement of reconciliation — meaning that all levy claims against the buyers, as well as claims against the board, would be waived.

According to Van Vuuren, the agreement also stipulated that the board would appoint a task group from the industry to advise it on its future functions, aims, structures and personnel needs.

But the board would make its own decision regarding the budget and accompanying levies, he said.

Van Vuuren added that the board had also agreed not to appeal against the 1992 Supreme Court judgment which declared the Dairy Scheme null and void.

However, Homestead Independent Dairy managing director John Jacobs yesterday said his organisation had sued the Minister of Agriculture and the board with the object of asking the court to intervene over the refusal of milk buyers to pay statutory levies imposed by the board.

Jacobs said it was envisaged that the board would cease to exist and would be replaced by an independent organisation which the buyers had agreed to finance with a levy of 0.5c a litre.

The structure of the new organisation would ensure that the board had no powers to impose levies which put the survival of independent operators in jeopardy.

"There was no question at any stage that Homestead, or any other independent milk buyers, were concerned that the Appeal Court would overturn the judgment in favour of the board and reimpose the levies," he said.

Jacobs called for speedy implementation of the agreement.
Striking a deal

The dairy industry agreement this week finally ends the two-year crisis at the Dairy Board — at least, for now. Levies will again flow into the board's coffers. But clearly its days of milk and honey are over.

The agreement scraps the board's appeal against the court ruling last June that compulsory charges on wholesale milk buyers were illegal. Buyers will now pay a nominal levy of 0.5c/l instead of 4.5c/l under the old system.

Says Martínus Herman, chairman of the milk-buying co-op NCD: "Dropping the appeal means that nonpaying buyers don't have to pay outstanding levies. But it also means that buyers who continued to pay could reclaim their money from the board."

The catalyst for the agreement was government's undertaking to settle the board's R20m loan from the Land Bank. The issue had become so controversial, with charges and claims flying back and forth, that the final deal had to be approved by Cabinet.

Industry observers say the compromise is a last-ditch attempt at survival by the board (Business & Technology March 26). The agreement requires the board to appoint a task group from the industry to advise the board on its future functions, aims, structures and staffing needs.

Meanwhile, the board has submitted a new scheme to regulate the industry to the Minister of Agriculture, who will decide whether to approve it after producers and other industry interests comment.

The new scheme seems uncontroversial.

The board would no longer have legal authority to organise and subsidise the disposal of surplus dairy products and grant import permits; its main function would be to promote dairy products. Says the board's Edu Roux: "Money will also be used for herd improvement schemes, research and bursaries."

Voluntary tax?

The scheme would remain compulsory, though the levy would not be allowed to go above 1c/l. "You can't have a voluntary tax, it just won't work," Roux says.

Herman questions the need for such a scheme. "Most industries recognise the need for promotion but this could be done on a voluntary basis rather than through the Marketing Act." As for the old stabilisation function — getting rid of overproduction so prices don't plummet — Herman says NCD's self-stabilisation system, based on quotas for producers, has worked well since it was introduced last year.

"The problem is that not everyone else has a stabilisation system; they merely flood the market with cheaper goods."

What of the dairy industry's future? Says Herman: "I don't believe it will collapse, but it will constantly have to learn to adapt. Certainly some players will disappear."
nation

23 April 1993

R46 m lost on dairy exports

The Dairy Board lost R46,135 million on exports of skim milk powder and butter in 1992 — more than half as much again as was lost on exports the previous year. The recently released report of the Auditor-General on the board's accounts show the export of skim milk powder lost R41,340 million and the export of butter lost R4,794 million.
Withdrawal of the rebate facilities in respect of:

Rice for the manufacture of breakfast food (Item 304.04/10.06/01.00)

[BTT Ref. T5/2/2/3/1 (930122)
(Mr J. Gelderblom)]

Applicant:
The Commissioner for Customs and Excise, Private Bag X47, Pretoria, 0001.

General:
Amendment of the provisions under tariff subheadings 8419.11 and 8419.19 by the substitution for the existing provisions of the following:

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<th>Tariff Subheading</th>
<th>Article Description</th>
<th>Rate of Duty</th>
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<td>Instantaneous gas water heaters</td>
<td>15%</td>
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<tr>
<td>8419.19</td>
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[BTT Ref. T5/2/16/2/1 (930110)
(Ms I. Metz)]

List 14/93 was published under General Notice 326 of 16 April 1993.
(23 April 1993)

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NOTICE 350 OF 1993
DEPARTMENT OF AGRICULTURE

MARKETING ACT, 1968 (ACT No. 59 VAN 1968)

PROPOSED DAIRY SCHEME

It is hereby notified for general information that the Minister of Agriculture has under section 9 (1) of the Marketing Act, 1968 (Act No. 59 of 1968), provisionally approved the proposed scheme as set out in the Schedule for the promotion of the dairy industry.

The operation of the proposed scheme and the reasons therefor are stated hereunder in explanatory notes.

Persons who have an interest in the dairy industry are hereby invited in terms of section 9 (2) (b) of the said Act, to lodge any objections to or representations concerning the proposed Scheme in writing to the Director-General, Department of Agriculture, Dirk Uys Building, Hamilton Street, Pretoria, or Private Bag X250, Pretoria, 0001, within four weeks from the date of publication of this notice.

F. J. VAN DER MERWE,
Director-General: Agriculture.

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KENNISGEWING 350 VAN 1993
DEPARTEMENT VAN LANDBOU

BEMARKINGSWET, 1968 (WET No. 59 VAN 1968)

VOORGESTELDE SUWELSKEMA

Hiermee word vir algemene inligting bekendgemaak dat die Minister van Landbou kragtens artikel 9 (1) van die Bemarkingswet, 1968 (Wet No. 59 van 1968), die voorgestelde Skema in die Bylae uiteengesit, vir die bevordering van die suwelbedryf voortlopig goedgekeur het.

Die werking van die voorgestelde Skema en die redes daarvoor word hieronder in verduidelikende notas uiteengesit.

Persone wat ‘n belang het by die suwelbedryf word hierby ingevolge artikel 9 (2) (b) van vermelde Wet uitgenooi om binne vier weke vanaf die datum van publikasie van hierdie kennisgewing enige besware teen of vertoe aangaande die voorgestelde Skema skriftelik by die Direkteur-generaal, Departement van Landbou, Dirk Uysgebou, Hamiltonstraat, Pretoria, of Privaat Sak X250, Pretoria, 0001, in te dien.

F. J. VAN DER MERWE,
Direkteur-generaal: Landbou.
SCHEDULE

[NOTE: The figures specified in square brackets at the headings of sections of this Scheme denote the numbers of the applicable authorising sections in the Act therefor.]

Definitions

1. In this Scheme, any word or expression to which a meaning has been assigned in the Act shall have that meaning and, unless the context otherwise indicates—

"butter" means butter manufactured in a butter factory or imported into the Republic;

"butter factory" means any premises used for the manufacture of butter;

"butter manufacturer" means a person dealing in the course of trade with cream by manufacturing butter therefrom in a butter factory;

"calendar month" means the period extending from the first to the last day, both days inclusive, of any of the 12 months of the year;

"cheese" means cheese as defined in the regulations relating to milk and milk products in terms of the Foodstuffs, Cosmetics and Disinfectants Act, 1972 (Act No. 54 of 1972);

"cheese manufacturer" means a person dealing in the course of trade with milk or reconstituted milk by manufacturing cheese therefrom but not also a farm cheesemaker;

"condensed milk" means the liquid product obtained by the partial removal of water from milk, with or without the addition of sugar, and includes full-cream condensed milk and condensed skim-milk;

"condensed milk manufacturer" means a person dealing in the course of trade with milk or reconstituted milk manufacturing condensed milk therefrom;

"cream" means cream derived from milk and which is intended for the manufacture of butter;

"cream producer" means a person who produces cream for the purposes of the sale thereof;

"farm cheesemaker" means a person dealing in the course of trade with milk derived solely from his own cows by manufacturing cheese therefrom;

"fresh milk products" means ice cream and sour milk and all classes of the following products in respect of which regulations have been prescribed, namely cream, cultured buttermilk, cultured milk, yoghurt, fruit yoghurt, yoghurt with added foodstuffs other than fruit, cream cheese, cottage cheese and cottage cheese with added foodstuffs;

BYLAE

[NOTA: Die syfers in vierkantige hakies by die opsikritte van artikels van hierdie Skema vermeld, dat die nommers van die toepaslike magtigende artikels in die Wet daarvoor aan.]

Woordomskrywing

1. In hierdie Skema het enige woord of uitdrukking waaraan 'n betekenis in die Wet geheg is, daardie betekenis en, tensy uit die samehang anders blyk, beteken—

"afgeroomde melkpoeier" die poeier wat verkry word deur die ontwatering van afgeroomde of afgeskeide melk, en ook vetvrye droëmelk, droë afgeroomde melk, ontvete droëmelk en ontvette melkpoeier;

"butter" botter wat in 'n botterfabriek vervaardig is, of in die Republiek ingevoer word;

"botterfabriek" enige perseel wat vir die vervaardiging van botter gebruik word;

"bottervervaardiger" iemand wat met room as 'n besigheid handel deur 'n botterfabriek botter daarvan te vervaardig;

"buurland" 'n selfregenerende gebied of 'n staat wat aan die Republiek grens:

"die Raad" die Suiwerlaad bedoel in artikel 6 van hierdie Skema;

"die Wet" die Bemarkingswet, 1968 (Wet No. 59 van 1968);

"hersaamgestelde melk" die produk verkry deur melkdroë stowwe met water saam te stel sodat dit aan die standaarde voldoen wat in die regulasies vir hersaamgestelde melk voorgeskryf is;

"kaas" kaas soos omskryf in die regulasies betreffende melk en melkprodukte kragtens die Wet op voedingsmiddels, skoonheidsmiddels en ontsmettingsmiddels, 1972 (Wet No. 54 van 1972);

"kaasvervaardiger" iemand wat met melk of hersaamgestelde melk as 'n besigheid handel deur kaas daarvan te vervaardig maar nie ook 'n plaas-kaasmaker nie;

"kalendermaand" die tydperk wat stek van die eerste tot die laaste dag, albei dais ingesluit, van enige van die 12 maande van die jaar;

"kondensmelk" die vloeibare produk wat verkry word deur die gedeeltelike verwydering van water uit melk, met of sonder die byvoeging van suiker, en ook volroombondensmelk en afgeroomde kondensmelk;

"kondensmelkvervaardiger" iemand wat met melk of hersaamgestelde melk as 'n besigheid handel deur kondensmelk daarvan te vervaardig;

"melk" die normale afskeiding van die melkliklere van boeste ongeag of die vetinhoud daarvan vermindert of vermeerder is en sluit gegeurde melk in;

"melk in die rou vorm" melk wat nie aan hittebehandeling of enige ander behandeling, uitgesluit verkoeling, onderwerp is nie;
"milk" means the normal secretion of the mammary glands of bovines irrespective whether the fat content thereof has been reduced or increased and includes flavoured milk; (3) Daging melk

"milk in bulk" means milk that is cooled and kept in a cooling tank at the place where it is produced, and is transported in an insulated milk tanker, but not also milk that contains added water or more than 0.008 international units penicillin equivalent;

"milk in the raw form" means milk that has not been subjected to heat treatment or any other treatment except cooling;

"milk powder" means the powder obtained by the removal of water from milk or partially skimmed milk, and includes full-cream dried milk, full-cream milk powder, half-cream dried milk and half-cream milk powder;

"milk powder manufacturer" means a person dealing in the course of trade with milk or reconstituted milk by manufacturing milk powder or skim-milk powder therefrom;

"milk processor" means a person dealing in the course of trade with milk or reconstituted milk—

(a) by acquiring milk in the raw form from producers of milk, raw milk dealers or other milk purchasers with a view to the processing or packing and distribution thereof for consumption in the form of milk, or using it for the manufacture of fresh milk products;

(b) by selling reconstituted milk or using it for the manufacture of fresh milk products; or

(c) by processing it into a UHT treated or sterilised dairy product;

"milk purchaser" means—

(a) a cheese manufacturer, condensed milk manufacturer, milk powder manufacturer or milk processor; or

(b) a person, other than a person referred to in paragraph (a), dealing in the course of trade with milk by acquiring it from a producer of milk or a raw milk dealer and using it in the manufacture of commodities other than fresh milk products, cheese, condensed milk, milk powder, skim-milk powder and UHT treated or sterilised dairy products;

"neighbouring country" means a self-governing territory or a country bordering on the Republic;

"pasteurise" means pasteurise as defined in the regulations and the term "pasteurisation" shall be construed accordingly;

"process" in relation to milk, means the pasteurisation or processing thereof into a product fit for consumption;

"process cheese" means the product obtained by melting and emulsifying into a homogeneous plastic mass quantities of one or more varieties of cheese with or without the addition of spices, herbs, foodstuffs, emulsifying agents, flavouring substances or a permitted preservative, and includes cheese spread;

"melk in losmaat" melk wat in 'n verkoelingsstank verkoel en daarin gehou word by die plek waar dit geproduceer is, en in 'n geïsoleerde melktent kwa vervoer word, maar nie ook melk wat bygevoegde water of meer as 0.008 internasionale eenhede penicillini kwam kwelvalente bevat nie;

"melkkoper"—

(a) 'n kaasvervaardiger, kondensmelkvervaardiger, melkpoëievervaardiger of melkprosesseerder; of

(b) iemand anders as 'n persoon in paragraaf (a) bedoel, wat met melk as 'n besigheid handel deur dit van 'n produsent van melk of 'n roumelkhandelaar te verkry en dit te gebruik by die vervaardiging van handelsartikels anders as varsmelkprodukte, kaas, kondensmelk, melkpoëie, afgeroomdemelkpoëie en UHT-behandele- of gesteriliseerde suiwelprodukte;

"melkpoëier" die poëie verkop deur die ontwatering van melk of gedeeltelike afgeroomde melk en ook volvetdrolmelk, volvetmelkpoëie, halfvetdrolmelk en halfvetmelkpoëier;

"melkpoëievervaardiger" iemand wat met melk of hersaamgestelde melk as 'n besigheid handel deur melkpoëie of afgeroomdemelkpoëie daarvan te vervaardig;

"melkprosesseerder" iemand wat met melk of hersaamgestelde melk as 'n besigheid handel—

(a) deur melk in die rou vorm van produsent van melk, roumelkhandelaars of ander melkpoëiers te verkry met die oog op die prosesseering en verpakking en verspreiding daarvan vir verbruik in die vorm van melk of die gebruik daarvan vir die vervaardiging van varsmelkprodukte;

(b) deur hersaamgestelde melk te verkop of dit vir die vervaardiging van varsmelkprodukte te gebruiken; of

(c) deur dit tot 'n UHT-behandele- of gesteriliseerde suiwelprodukt te prosesseer;

"pasteuriseer" pasteuriseer soos omskryf in die regulasies en moet die woord "pasteurisering" dienoreenkomstig vertolk word;

"plaaskaasmaker" iemand wat met melk wat uitsluitlik van sy eie koeie verkry is as 'n besigheid handel deur kaas daarvan te vervaardig;

"produsent" met betrekking tot melk, iemand wat melk produseer vir die doeleindes van die verkoop daarvan;

"produsent-distribueerder" 'n produsent van melk wat melk deur hom geproduceer—

(a) aan ander persone as melkkopers en roumelkhandelaars in die Republiek verkop;

(b) aan iemand in 'n buurland verkoop; of

(c) vir die vervaardiging van varsmelkprodukte gebruik;
"process cheese manufacturer" means a person dealing in the course of trade with cheese by manufacturing process cheese therefrom;

"producer" in relation to milk, means a person who produces milk for the purpose of the sale thereof;

"producer-distributor" means a producer of milk who, in relation produced by him—

(a) sells it in the Republic to persons other than milk purchasers and raw milk dealers;
(b) sells it to a person in a self-governing country; or
(c) uses it for the manufacture of fresh milk products;

"raw milk dealer" means a person who deals in the course of trade with milk in the raw form by—

(a) selling such milk on behalf of a producer of milk to a milk purchaser; or
(b) purchasing such milk from a producer of milk with the sole purpose of reselling such milk for his own account to a milk purchaser;

"reconstituted milk" means the product obtained by reconstituting milk solids with water so that it complies with the standards prescribed for reconstituted milk in the regulations;

"regulations" means the regulations relating to dairy products and milk products such as cheese, butter, cream, yoghurt, etc. as made under section 15 of the Agricultural Product Standards Act, 1990 (Act No. 119 of 1990);

"self-governing territory" means a territory declared as a self-governing territory under section 26 of the National States Constitution Act, 1971 (Act No. 21 of 1971), and a territory which formerly formed part of the Republic;

"skim-milk powder" means the powder obtained by the removal of water from skim-milk or separated milk and includes non-fat dry milk, dried skim milk, defatted dried milk, and defatted milk powder;

"sour milk" means milk that turned sour spontaneously;

"sterilise" means the heat treatment, after packaging, of a dairy product or an imitation dairy product to such an extent that the product concerned will be resistant to microbiological decay for a period of at least 14 days if kept at a temperature of 30°C with a maximum temperature fluctuation of 1°C;

"the Act" means the Marketing Act, 1968 (Act No. 59 of 1968);

"the Board" means the Dairy Board referred to in section 6 of this Scheme; and

"UHT treated" means the heat treatment of a dairy product or an imitation dairy product during a continuous flow process at an ultra-high temperature, and the aseptic packaging thereof, to such an extent that the product concerned will be resistant to microbiological decay for a period of at least 14 days if it is kept at a temperature of 30°C with a maximum temperature fluctuation of 1°C.

"proseskaas" die produk verkry deur die opsmelt en emulsifisering tot 'n homogene plastiese massa van hoeveelhede van een of meer soorte kaas met of sonder die toevoeging van speserye, kruie, voedingsmiddels, emulsifisiermiddels, geurstowwe of 'n goedgekeurde preserverermiddel en omvat ook smeerkaas;

"proseskaasvervaardiger" iemand wat met kaas as 'n besigheid handel deur proseskaas daarvan te vervaardig;

"prosesseer", met betrekking tot melk, die pasteurisering of verwerking daarvan tot 'n produk wat vir verbruik geskik is;

"regulasies" die regulasies betreffende suiwelprodukte en nagemaakte suiwelprodukte kragtens artikel 15 van die Wet op Landbouproduktestandaarde, 1990 (Wet No. 119 van 1990), uitgevaardig;

"room" room wat van melk verkry is en wat bestem is vir die vervaardiging van botter;

"roomprodusent" iemand wat room produseer vir die doeleindes van die verkoop daarvan;

"roumelkhandelaar" iemand wat met melk in die rou vorm as 'n besigheid handel deur sodanige melk—

(a) ten behoeve van 'n produsent van melk aan 'n melkloper te verkoop; of
(b) van 'n produsent van melk aan te koop met die uitsluitlike doel om sodanige melk vir sy eie rekening aan 'n melkloper te herverkoop;

"selfregenerende gebied" 'n gebied wat kragtens artikel 26 van die Grondwet van die Nasionale State, 1971 (Wet No. 21 van 1971), tot 'n selfregenerende gebied verklaar is of 'n staat waarvan die grondbodem voorheen deel van die Republiek uitgemaak het;

"sterilise" die hittebehandeling, na verpakking, van 'n suiwelprodukt of nagemaakte suiwelprodukt in so 'n mate dat die betrokke produk vir 'n tydperk van minstens 14 dae teen mikrobiologiese bederf bestand is indien by 'n temperatuur van 30°C met 'n temperatuurwisseling van hoogstens 1°C gehou word;

"suurmelk" melk wat spontaan suur geword het;

"UHT-behandel" die hittebehandeling van 'n suiwelprodukt of nagemaakte suiwelprodukt tydens 'n deurlopende vloeiproses teen 'n ultra-hoë temperatuur, en die aseptiese verpakking daarvan, in so 'n mate dat die betrokke produk vir 'n tydperk van minstens 14 dae teen mikrobiologiese bederf bestand is indien dit by 'n temperatuur van 30°C met 'n temperatuurwisseling van hoogstens 1°C gehou word; en

"varsmelkprodukte" roomys en suurmelk en alle klasse van die volgende produkte waarvoor regulasies voorgeskryf is, naamlik room, aangesuurd karringmelk, aangesuurd melk, joghurt, vrugtejoghurt, joghurt met toegevoegde voedingsmiddels anders as vrugte, roomkaas, maaskaas en maaskaas met toegevoegde voedingsmiddels.
Name of Scheme [sect. 18]

2. This Scheme shall be known as the Dairy Scheme.

Product to which Scheme relates [sect. 18, 19]

3. (1) This Scheme shall relate to dairy products, including any quantity thereof—
   (a) imported into the Republic; or
   (b) produced in a self-governing country and introduced into the Republic for the purpose of sale or processing thereof in the Republic.

   (2) Any requirement or prohibition imposed or decision taken by the Board—
   (a) relating to any class of a dairy product, may differ from any such requirement or prohibition or decision which relates to any other class thereof; or
   (b) may relate only to a specified class of dairy product.

Area in which Scheme applies [sect. 18, 20]

4. (1) This Scheme shall apply in the Republic.

   (2) Any requirement or prohibition imposed or decision taken by the Board—
   (a) relating to any portion of the Republic may differ from any such requirement or prohibition or decision which relates to any other portion of the Republic; or
   (b) may apply only to a specified portion of the Republic.

Persons to whom the Scheme applies [sect. 21]

5. This Scheme shall apply to—
   (a) all producers of milk; and
   (b) all persons dealing in the course of trade with dairy products.

Establishment of Board [sect. 25]

6. There is hereby established a board, to be known as the Dairy Board, to administer this Scheme.

Objects of the Board [sect. 25 (2)]

7. The objects of the Board shall be to promote the dairy industry as a whole, in accordance with the provisions of the Act and this Scheme.

Constitution of the Board [sect. 28]

8. (1) The Board shall consist of—
   (a) nine persons representing producers of milk; and
   (b) four persons representing butter manufacturers, milk purchasers, process cheese manufacturers and raw milk dealers.

   (2) Only persons producing milk are appointed as members of the Board referred to in subsection (1) (a).

   (3) (a) The Board may, with the approval of the Minister and for any particular purpose, co-opt one person as an advisory member of the Board.

   (b) Such advisory member shall have the right to take part in the proceedings of the Board, but shall not have the right to vote.

Naam van Skema [art. 18]

2. Hierdie Skema heet die Suiwelskema.

Produkte waarop Skema betrekking het [art. 18, 19]

3. (1) Hierdie Skema het betrekking op suiwel-
   produkte, insluitende 'n hoeveelheid daarvan wat—
   (a) in die Republiek ingevoer is; of
   (b) in 'n buurland geproduceer en in die Republiek
   ingebring is vir verkoop of verwerking daarvan in
   die Republiek.

   (2) 'n Voorskrif van of verbod opgeê of besluit
geneem deur die Raad—
   (a) met betrekking tot 'n klas van 'n suiwelproduk
   kan verskil van so 'n voorskrif of verbod van besluit met betrekking tot 'n ander klas da-
   van; of
   (b) kan op slegs 'n aangegewe klas van 'n suiwel-
   produk betrekking hê.

Gebied waarin Skema van toepassing is [art. 18, 20]

4. (1) Hierdie Skema is in die Republiek van toep-
   passing.

   (2) 'n Voorskrif van of verbod opgeê of besluit
geneem deur die Raad—
   (a) met betrekking tot 'n gedeelte van die Republiek
   kan verskil van so 'n voorskrif of verbod van besluit met betrekking tot 'n ander gedeelte van
   die Republiek; of
   (b) kan op slegs 'n aangegewe gedeelte van die
   Republiek van toepassing wees.

Persone op wie Skema van toepassing is [art. 21]

5. Hierdie Skema is van toepassing op—
   (a) alle produite van melk; en
   (b) alle persone wat suiwelprodukte as 'n
   besigheid handel.

Instelling van Raad [art. 25]

6. Daar word hierby 'n raad, wat die Suiwelaarad
   heet, ingestel om hierdie Skema uit te voer.

Doelstelling van Raad [art. 25 (2)]

7. Die doelstellings van die Raad is om die suiwel-
   bedryf as geheel te bevorder, ooreenkomsdig die bepa-
   lings van die Wet en hierdie Skema.

Samestelling van Raad [art. 28]

8. (1) Die Raad bestaan uit—
   (a) nege persone wat produite van melk ver-
   teenwoordig; en
   (b) vier persone wat bottervervaardigers, melk-
   kopers, proseskaasvervaardigers en roumelk-
   handelaars verteenwoordig.

   (2) Slegs persone wat melk produceer word as lede
   van die Raad in subartikel (1) (a) bedoel, aangestel.

   (3) (a) Die Raad kan met die Minister se goedkeu-
   ring een persoon vir 'n bepaalde doel as 'n advise-
   rende lid van die Raad koöper.

   (b) So 'n adviseerende lid het die reg om aan die
   verrigtingen van die Raad deel te neem, maar het nie
   die reg om 'n stem uit te bring nie.
Period of office of members of the Board [sect. 28 (1) (b)]

9. (1) A member of the Board and an additional member contemplated in section 28 (1) (b) (ii) of the Act shall, subject to the provisions of sections 28 and 28A of the Act, serve on the Board for the period determined by the Minister at the appointment of that member or additional member under section 28 (1) (b) of the Act.

(2) An advisory member shall serve on the Board for the period determined by the Board at the co-opting of that advisory member under section 8 (3) of this Scheme.

(3) A member, additional member and advisory member of the Board may, at the expiry of his period of office, be reappointed or re-co-opted.

Allowances to members and additional and advisory member of the Board [sect. 30]

10. Members and additional member and advisory member of the Board may in respect of their services in the said capacity be paid, from a general fund referred to in section 29 of this Scheme, such allowances as the Board may determine with the approval of the Minister.

Filling of vacancies [sect. 28A]

11. (1) A vacancy on the Board arising by virtue of the provisions of section 28A (1) or (2) of the Act or as a result of the death of a member shall be filled by appointment in the same manner as that in which the member who vacated his office or died, was required to be appointed.

(2) A member of the Board who is appointed under subsection (1) to fill a vacancy shall hold office for the unexpired portion of the period for which the member who vacated his office or died, was appointed.

(3) The provisions of subsection (2) shall apply mutatis mutandis to an additional member and advisory member of the Board.

Chairman and vice-chairman [sect. 24]

12. (1) The Board shall, whenever the office of the chairman or vice-chairman has become vacant for any reason whatsoever, elect one of its members to be the chairman and one of its members to be the vice-chairman of the Board.

(2) Such election shall take place at the first meeting of the Board after the office of chairman or vice-chairman has become vacant.

(3) The chairman and the vice-chairman of the Board shall hold office until and during the first ordinary meeting of the Board held subsequent to the expiration of 11 months after the date of their election as such, and may be re-elected to their offices if at the time of such election they are still members of the Board.

(4) An official designated by the Board shall preside during the election of the chairman of the Board.

(5) The chairman and the vice-chairman of the Board may vacate their offices as such without terminating their membership of the Board.

Amperstyn van lede van Raad [art. 28 (1) (b)]

9. (1) 'n Lid van die Raad en 'n addisionele lid bedoel in artikel 28 (1) (b) (ii) van die Wet dien, behoudens die bepaling van artikels 28 en 28A van die Wet, in die Raad vir die tydperk deur die Minister by die aanspanning van daardie lid of addisionele lid kragtens artikel 28 (1) (b) van die Wet bepaal.

(2) 'n Adviserende lid dien in die Raad vir die tydperk deur die kraptopteling van daardie adviserende lid kragtens artikel 8 (3) van dié Skema bepaal.

(3) 'n Lid, addisionele lid, en adviserende lid van die Raad kan by verstryking van sy amperstyn weer aangestel of gekoöpteer word.

Toelaas aan lede en addisionele en adviserende lid van die Raad [art. 30]

10. Aan die lede en addisionele lid en adviserende lid van die Raad kan daar ten opsigte van hulle dienste in daardie hoedanigheid, uit 'n algemene fonds in artikel 29 van dié Skema bepaal, die toelaas betaal word wat die Raad met die goedkeuring van die Minister vasteel.

Vulling van vakatures [art. 28A]

11. (1) 'n Vakature in die Raad wat ontstaan uit hoofde van die bepaling van artikel 28A (1) of (2) van die Wet of as gevolg van die dood van 'n lid, word gevul by wyse van aanspanning op dieselfde wyse as die waarop die lid wat sy amp ontruim of te sterwe gekom het, aangestel moes word.

(2) 'n Lid van die Raad wat kragtens subartikel (1) aangestel word om 'n vakature te vul, bekleed sy amp vir die onverstrekke gedeelte van die tydperk waarvoor die lid wat sy amp ontruim of te sterwe gekom het, aangestel was.

(3) Die bepaling van subartikel (2) is mutatis mutandis van toepassing op 'n addisionele en adviserende lid van die Raad.

Voorsitter en ondervoorsitter [art. 24]

12. (1) Die Raad kies so dikwels as wat die amp van voorsitter of ondervoorsitter om welke rede ook al vakant geraak het, een van sy lede as voorsitter en een van sy lede as ondervoorsitter van die Raad.

(2) Sodanige verkiesing moet geskied op die eerste vergadering van die Raad nadat die amp van voorsitter of ondervoorsitter vakant geraak het.

(3) Die voorsitter en die ondervoorsitter van die Raad bekleed hul ampte tot by en gedurende die eerste gewone vergadering van die Raad wat gehou word na verstryking van 'n tydperk van 11 maande na die datum waarop hulle as sodanig verkies is, en kan in hul ampte herkies word indien hulle ten tyde van sodanige verkiesing steeds lede van die Raad is.

(4) 'n Beampte aangeweys deur die Raad sit voor tydens die verkiesing van die voorsitter van die Raad.

(5) Die voorsitter en die ondervoorsitter van die Raad kan hul ampte as sodanig ontruim sonder om hul lidmaatskap van die Raad te beëindig.
Calling of meetings [sect. 31]

13. (1) The ordinary meetings of the Board shall be held as often and at such times and places as the Board may from time to time determine.

(2) Notwithstanding the provisions of subsection (1), the chairman of the Board may at his discretion call a special meeting of the Board at such time and place as he may determine, with a view to dealing with special or urgent matters, and he shall call a special meeting within 14 days of the date on which he has received a written request to that effect by the Minister or at least three members of the Board.

(3) The person who performs the duties of secretary of the Board shall notify each member, the chairman of the National Marketing Council and, if applicable, the advisory member and additional member of the Board—

(a) in the case of an ordinary meeting, at least seven days in advance; and

(b) in the case of a special meeting, at least 48 hours in advance,

of the date, time and place of each such meeting.

Quorum for meetings [sect. 31]

14. (1) Subject to the other provisions of this section, the majority of the members of the Board with the right to vote shall constitute a quorum for a meeting of the Board.

(2) (a) If a quorum is not present at the appointed time for a meeting, the chairman of the Board shall, subject to the provisions of subsection (4), at his discretion—

(i) postpone the beginning of the meeting to a later time determined by him, on that day; or

(ii) convene a further meeting of the Board for a future date.

(b) If a meeting has been convened for a future date as contemplated in paragraph (a) (ii)—

(i) the provisions of section 13 (3) of this Scheme shall apply mutatis mutandis in respect of a notice of the date, time and place of such further meeting; and

(ii) the members of the Board with the right to vote who are present at that meeting shall constitute a quorum.

(3) If at any time during the course of a meeting of the Board other than a further meeting referred to in subsection (2) (b), a quorum is not present—

(a) the person presiding at that meeting shall, subject to the provisions of subsection (4)—

(i) suspend the business of that meeting until a quorum is present; or

(ii) adjourn the meeting till a future date; and

Byenroep van vergaderings [art. 31]

13. (1) Die gewone vergaderings van die Raad word so dikwels en op dié tye en plekke gehou as wat die Raad van tyd tot tyd bepaal.

(2) Ondanks die bepaling van subartikel (1), kan die voorsitter van die Raad na goeddunke 'n spesiale vergadering van die Raad belê op die tyd en plek wat hy bepaal, met die oog op die behandelings van spesiale of dringende aangeleentheite, en moet hy 'n spesiale vergadering belê binne 14 dae na die datum waarop hy 'n skriftelike versoek te dien effekte deur die Minister of minstens drie lede van die Raad ontvang het.

(3) Die persoon wat die pligte van sekretaris van die Raad vervul, moet elke lid van die Raad, die voorsitter van die Nasionale Bemarkingsraad en, indien van toepassing, die adviseerende lid en addisionele lid van die Raad—

(a) in die geval van 'n gewone vergadering, minstens sewe dae voor die tyd; en

(b) in die geval van 'n spesiale vergadering, minstens 48 uur voor die tyd,

in kennis stel van die datum, tyd en plek van elke sodanige vergadering.

Kworum vir vergaderings [art. 31]

14. (1) Behoudens ander bepalinge van hierdie artikel, maak die meerderheid van die stemgeregte lede van die Raad 'n kworum vir 'n vergadering van die Raad uit.

(2) (a) Indien 'n kworum nie op die bepaalde tyd vir 'n vergadering teenwoordig is nie, moet die voorsitter van die Raad, behoudens die bepalinge van subartikel (4), na goeddunke—

(i) die aanvang van die vergadering tot 'n latere tyd deur hom bepaal, op daardie dag uitgestel; of

(ii) 'n verdere vergadering van die Raad vir 'n toekomsige datum belê.

(b) Indien 'n vergadering vir 'n toekomsige datum belê word soos in paragraaf (a) (ii) beoog—

(i) is die bepalinge van artikel 13 (3) van hierdie Skema mutatis mutandis van toepassing met betrekking tot 'n kennisgewing van die datum, tyd en plek van sodanige verdere vergaderings en

(ii) maak die stemgeregte lede van die Raad wat by daardie vergadering teenwoordig is, 'n kworum uit.

(3) Indien daar te eniger tyd gedurende die loop van 'n vergadering van die Raad anders as 'n verdere vergadering in subartikel (2) (b) bedoel, nie 'n kworum teenwoordig is nie—

(a) moet die persoon wat by daardie vergadering voorsit, behoudens die bepalinge van subartikel (4)—

(i) die werklike deelname van daardie vergadering opsunks tot 'n kworum aanwezig is; of

(ii) die vergadering tot 'n toekomsige datum verdaag; en
(b) the provisions of subsection (2) (b) shall apply
mutatis mutandis in respect of a meeting thus
adjourned.

(4) If there is no quorum at a meeting of the Board
because of the recusal of members with the right to
vote on the ground of having an interest in the matter
being considered by the Board, the remaining mem-
bers at that meeting constitute a quorum for the
purposes of a decision in terms of section 7C (2) of the Act
to refer the matter concerned to the Agricultural Refer-
cence Board established under section 7A of the Act.

Chairman at meetings [sect. 24 & 31]

15. (1) Subject to the provisions of section 12 (4) of
this Scheme, the chairman of the Board shall preside
at all meetings thereof at which he is present.

(2) If the chairman of the Board is absent or not able
to attend a meeting or part of a meeting of the Board or
to preside thereof, the vice-chairman of the Board shall
preside thereat.

(3) If the vice-chairman is also unable to attend such
meeting or to preside thereof, the members with the
right to vote who are present shall elect a person from
among themselves to preside for the period during
which the chairman as well as the vice-chairman is
absent or unable to preside.

(4) The vice-chairman of the Board or a person
elected in terms of subsection (3) may for the duration of
the period during which he presides, exercise all the
powers and perform all the functions of the chairman.

(5) Except in so far as there exists other express
provision in this Scheme, the person who presides at a
meeting of the Board shall determine the procedure at
that meeting.

Attendance of meetings [sect. 24 & 31]

16. (1) The Board may grant to any of its members
leave of absence from any of its meetings or from
consecutive meetings for a continuous period not
exceeding six months.

(2) When a member of the Board is or expects to be
prevented from attending a meeting of which he has
been notified as contemplated in section 13 (3) of this
Scheme, he shall as soon as possible notify the chair-
man of the Board or the person who performs the
duties of secretary of the Board of the circumstances
preventing him or that he expects will prevent him to
attend such meeting.

(3) The absence of a member of the Board from a
particular meeting shall be recorded in the minutes of
that meeting.

(4) The provisions of subsections (1), (2) and (3)
shall apply mutatis mutandis to an advisory member of
the Board.

(b) is die bepalings van subartikel (2) (b) mutatis
mutandis van toepassing met betrekking tot 'n
vergadering wat aldus verdaag is.

(4) Indien daar nie 'n kworum by 'n vergadering van
die Raad is nie as gevolg van die ontrekkering van stem-
egeregte lede op grond daarvan dat hulle 'n belang in
die aangeleentheid het wat deur die Raad oorweeg
word, maak die oorblywende lede by daardie vergade-
ring 'n kworum uit vir die doeleindes van 'n besluit
ingevolge artikel 7C (2) van die Wet om die betrokke
aangeleentheid na die Landbouwverwysingsraad,
ingestel by artikel 7A van die Wet, te verwys.

Voorstitter by vergaderings [art. 24 & 31]

15. (1) Behoudens die bepalings van artikel 12 (4)
van hierdie Skema, moet die voorstitter van die Raad
op alle vergaderings daarvan waarop hy teenwoordig
is, voorsit.

(2) Indien die voorstitter van die Raad afweesig of nie
in staat is om 'n vergadering of 'n gedeelte van 'n
vergadering van die Raad by te woon of daarop voor te
sit nie, moet die ondervoorstitter van die Raad daarop
voorsit.

(3) Indien die ondervoorstitter ook nie in staat is om
so 'n vergadering by te woon of daarop voor te sit nie,
om moet die aanwesige stemgeregte lede uit hulle
middel iets kies om voor te sit vir die tydperk waar-
tydens die voorstitter sowel as die ondervoorstitter afwe-
sig is of nie in staat is om voor te sit nie.

(4) Die ondervoorstitter van die Raad of iemand wat
ingevolge subartikel (3) verkies is, kan vir die duur van
die tydperk waartydens hy voorsit, al die bevoegdhede
die voorstitter uitoefen en al sy pligte verrig.

(5) Behalwe vir sover daar uitdruklik in hierdie
Skema ander voorsiening bestaan, bepaal die persoon
wat by 'n vergadering van die Raad voorsit, die prose-
dure op daardie vergadering.

Bywoning van vergaderings [art. 24 & 31]

16. (1) Die Raad kan aan enige van sy lede
verlòt tot afwesigheid van enige van sy vergaderings
of van agtereenvolgende vergaderings vir 'n aaneen-
lopende tydperk van hoogstens ses maande verleen.

(2) Wanneer 'n lid van die Raad verhinder word of
na verwagting verhinder sal word om 'n vergadering by
te woon waarvan hy in kennis gestel is soos in artikel
13 (3) van hierdie Skema beoog, moet hy die voorstitter
van die Raad of die persoon wat die pligte van sekreta-
ris van die Raad verrig, so spoedig moontlik in kennis
stel van die omstandighede wat hom verhinder of wat
hy verwag hom sal verhinder om sodanige vergadering
by te woon.

(3) Die afwesigheid van 'n lid van die Raad van 'n
bepaalde vergadering moet in die notule van daardie
vergadering aangeteken word.

(4) Die bepalings van subartikels (1), (2) en (3) is
mutatis mutandis van toepassing op 'n adviserende lid
van die Raad.
Decisions of Board [sect. 31]

17. (1) A decision of the majority of the members of the Board with the right to vote, who are present at any meeting thereof, shall constitute the decision of the Board: Provided that in the event of an equality of votes the member presiding at that meeting shall have a casting vote in addition to his deliberative vote.

(2) (a) Should an urgent decision be required on a matter but the bringing together of members of the Board for such a purpose be problematic, the person who performs the duties of secretary of the Board may, notwithstanding the provisions of subsection (1), by order of the Chairman of the Board furnish all available members of the Board telephonically, by telefax or in writing with full particulars regarding that matter and, should the available members constitute the majority of the members of the Board, obtain the decision of each available member telephonically, by telefax or in writing.

(b) Should the decisions of the available members contemplated in paragraph (a) be unanimous, such a decision may be executed as if it is a decision of the Board.

(c) An unanimous decision of members of the Board contemplated in paragraph (b) shall be submitted to the next ordinary meeting of the Board for ratification as being a formal resolution of the Board.

Committees [sect. 24 & 29 (2)]

18. (1) The Board may from time to time with the consent of the Minister and subject to such conditions as the Board may impose, appoint one or more committees from among its members, and invest any such committee with such of its powers as it may deem fit: Provided that the Board shall not be divested of any power with which it may invest any such committee.

(2) The Chairman of the Board is ex officio member of any committee appointed by the Board under subsection (1).

(3) The Board shall in respect of each separate committee determine rules relating to—

(a) the election or appointment, period of office and status of a chairman and, if applicable, a vice-chairman;

(b) the calling of meetings; and

(c) the filling of vacancies.

(4) Any investment of powers of the Board in any such committee shall not be construed as empowering that committee to amend or set aside any decision of the Board.

(5) Any decision taken or act performed by or on authority of any such committee shall be of full force and effect unless it is set aside or amended by the Board.

(6) The provisions of sections 14 (1), (2) and (3), 15, 16 and 17 of this Scheme shall apply mutatis mutandis to such committee.

Advisory committees [Sect. 24 & 29 (1)]

19. (1) The Board may establish one or more committees for the purpose of advising the Board in regard to any matter relating to the administration of this Scheme or any of its provisions in general or in a part of the Republic, or in respect of dairy products.

Besluite van die Raad [art. 31]

17. (1) 'n Besluit van die meerderheid van die stemmeregtegene lede van die Raad wat op 'n vergadering daarvan teenwoordig is, maak die besluit van die Raad uit: Met dien verstande dat by 'n staking van stemme die lid wat op daardie vergadering voorsit, benevens sy beraadslaginge stem ook 'n beslissende stem het.

(2) (a) Indien 'n dringende besluit oor 'n aangeleenthed benodig word maar die byeenbring van lede van die Raad vir sodanige doelproblematies is, kan die persoon wat die pligte van sekretaris van die Raad behartig ondanks die bepaling van subartikel (1), in opdrag van die voorstuur van die Raad volledige besonderhede in verband met daardie aangeleenthed aan alle beskikbare lede van die Raad telefoonies, per faksimile of skriflik voorsien en, indien die beskikbare lede die meerderheid van die lede van die Raad verteenwoordig, die besluit van elke beskikbare lid telefoonies, per faksimile of skriflik verkry.

(b) Indien die besluite van die beskikbare lede in paragraaf (a) bedoel, eenparig is, kan so 'n besluit uitgevoer word asof dit 'n besluit van die Raad is.

(c) 'n Eenparige besluit van lede van die Raad in paragraaf (b) bedoel, moet op die eersvolgende gewone vergadering van die Raad vir bekrachtiging, as synde 'n formele besluit van die Raad, voorgelê word.

Komites (art. 24 & 29 (2))

18. (1) Die Raad kan van tyd tot tyd met die Minister se toestemming en onderworpe aan die voorwaardes wat die Raad oplei, een of meer komites uit sy lede aantrek en na goedtunge van sy bevoegdheede aan so 'n komitee oordra: Met dien verstande dat die Raad nie ontекken word van 'n bevoegdheids wat hy aan so 'n komitee oordra nie.

(2) Die Voorstuur van die Raad is ex officio lid van enige komitee deur die Raad kragtens subartikel (1) aangestel.

(3) Die Raad moet ten opsigte van elke afsonderlike komitee reëls bepaal met betrekking tot—

(a) die verkering of aanstelling, amptensmy en status van 'n voorstuur en, indien van toepassing, 'n ondervoorstuur;

(b) die byeenkoms van vergaderings; en

(c) die vulning van vakatures.

(4) 'n Oordrag van bevoegdheede van die Raad aan so 'n komitee word nie uitgelië nie as sou dit daardie komitee magtig om enige besluit van die Raad te wysig of tersyde te stel.

(5) Enige besluit geneem of handeling verrig deur of op gesag van so 'n komitee is ten volle van krug tensy dit deur die Raad tersyde gestel of gewysig word.

(6) Die bepaling van artikels 14 (1), (2) en (3), 15, 16 en 17 van hierdie Skema is mutatis mutandis op so 'n komitee van toepassing.

Adviserende komites [art. 24 & 29 (1)]

19. (1) Die Raad kan een of meer komites instel ten einde die Raad te adviseer aangaande enige aangeleenthed betreffende die uitvoering van hierdie Skema of 'n bepaling daarvan in die algemeen of in 'n gedeelte van die Republiek, of ten opsigte van suiwel- en/of suiwel-
(2) Such advisory committee shall be constituted in such manner as may be determined by the Board with the approval of the Minister.

(3) (a) The members of an advisory committee shall be appointed by the Board.

(b) A member of an advisory committee shall be appointed for such period as the Board may determine, but not exceeding three years.

(c) Such member may be reappointed at the expiry of his period of office.

(4) The provisions of section 10 and 18 (2) of this Scheme and section 28A of the Act shall apply mutatis mutandis to an advisory committee and the members thereof.

Employment of persons [sect. 33]

20. (1) The Board may, subject to such directions as the Minister may issue in a particular case, employ such persons as it may consider necessary for the proper performance of its functions and for the attainment of the objects of this scheme.

(2) Such persons are employed—

(a) on a full-time basis and on the conditions determined by the Board; or

(b) for the performance of a particular action or particular work or the supply of particular services.

(3) The persons thus employed shall perform their work at the expense and subject to the directions and control of the Board, and shall be remunerated out of a general fund referred to in section 29 of this scheme.

Pension fund [Sect. 24]

21. When the Board employs a person on a full-time basis in terms of section 20 of this Scheme—

(a) the Board shall arrange for the admission of such person as a member of the Agricultural Boards Pension Fund;

(b) such person shall pay into that pension fund the monetary contribution determined in terms of the rules of such pension fund; and

Pensioenfonds [art. 24]

21. Wanneer die Raad iemand ingevolge artikel 20 van hierdie Skema op 'n voltydse grondslag in diens neem—

(a) moet die Raad reëlings tref vir die toelating van daardie persoon as 'n lid van die Landbouregiepensioenfonds;

(b) moet sodanige persoon die geldelike bydrae wat ingevolge die reëls van sodanige pensioenfonds bepaal word, daarin stort; en
(c) the Board shall in respect of such monetary contribution of the person concerned pay out of a general fund referred to in section 29 of this Scheme into that pension fund the amount determined in terms of the rules of such pension fund.

Acquisition of property [Sect. 34]

22. (1) Subject to the provisions of section 34 (2) of the Act, the Board may acquire or hire such property as it may consider necessary for the proper performance of its functions and for the attainment of the objects of this Scheme.

(2) The Board may—

(a) accept money or property given to the Board by way of donation, grant or otherwise; and

(b) utilise such money or property in such manner as the Minister may approve.

Assistance to certain undertakings and research work [sect. 35]

23. (1) The Board may, with the approval of the Minister, assist by way of grant or loan or in any other manner—

(a) research work relating to the improvement, production, manufacture, processing, storing or marketing of a dairy product or anything which is derived from such a dairy product;

(b) a committee or organisation established or instituted by the South African Agricultural Union to promote the dairy industry; and

(c) any organisation established or instituted to promote the dairy industry, and which is affiliated with the South African Agricultural Union or a provincial agricultural union.

(2) Notwithstanding the provisions of subsection (1) the Board shall not grant assistance to a committee or organisation referred to in paragraph (b) or (c) of that subsection unless that committee or organisation has through and with the approval of the South African Agricultural Union made representations therefor to the Board.

Furnishing of information and advise [sect. 36]

24. The Board may—

(a) establish an information service in order to inform producers and persons registered with the Board in terms of section 39 from time to time about marketing conditions in general or about the condition of any particular market; and

(b) advise the Minister as to—

(i) the conditions regarding classes, grades, standards of quality, methods of packing and the marking of dairy products or of any receptacle containing dairy products, and subject to which dairy products may be sold or imported for sale;

(ii) the issue, amendment or withdrawal of a notice under section 87 of the Act; and

(iii) all matters relating to the marketing or processing of dairy products.

(c) moet die Raad ten opsigte van sodanige geldelike bydrae van die betrokke persoon uit ‘n algemene fonds in artikel 29 van hierdie Skema bedoel, die bedrag wat ingevolge die reëls van sodanige pensioenfonds bepaal word, in daardie pensioenfonds stort.

Verkrijging van elendom [art. 34]

22. (1) Behoudens die bepaling van artikel 34 (2) van die Wet, kan die Raad die elend aansaks of huur wat hy nodig ag vir die behoorlike verringing van sy werkzaamhede en vir die bereiking van die oogmerke van hierdie Skema.

(2) Die Raad kan—

(a) geld of elendom aanneem wat by wyse van geskenk, toekenning of andersins aan die Raad gegee word; en

(b) sodanige geld of elendom gebruik op die wyse wat die Minister goedkeur.

Bystand aan sekere ondernemings en navorsingswerk [art. 35]

23. (1) Die Raad kan met die Minister se goedkeuring, deur middel van toekenning of lening of op ‘n ander wyse, bystand verleen—

(a) in verband met navorsingswerk met betrekking tot die verbetering, produksie, vervaardiging, verwerking, opberging of bemerkings van ’n suiwelproduk of iets wat van so ’n suiwelprodukt, verkry word;

(b) aan ’n komitee of organisasie wat deur die Suid-Afrikaanse Landbou-unie ingestel of in die lewe geroep is om die suiwelbedryf te bevorder; en

(c) aan ’n organisasie wat ingestel of in die lewe geroep is om die suiwelbedryf te bevorder, en wat by die Suid-Afrikaanse Landbou- unie of ’n poviniale landbou- unie geaffiliaal is.

(2) Ondanks die bepaling van subartikel (1) verleen die Raad nie bystand aan ’n komitee of organisasie in paragraaf (b) of (c) van daardie subartikel bedoel nie, tensy die komitee of organisasie deur en met die goedkeuring van die Suid-Afrikaanse Landbou- unie vertoe daarvoor tot die Raad gerig het.

Verstreking van inligting en advies [art. 36]

24. Die Raad kan—

(a) ’n inligtingsdiens instel ten einde produsente en persone wat ingevolge artikel 39 by die Raad geregistreer is van tyd tot tyd in te lig aangaande bemerkings toestande oor die algemeen of aangaande die toestand ten opsigtie van ’n besondere mark; en

(b) die Minister van advies dien aangaande—

(i) die voorwaardes wat betref klasse, grade, kwaliteitstandaarde, verpakkingsmetodes en die merk van suiwelprodukte of van ’n houer of omhuisel wat suiwelprodukte bevat, en waarop suiwelprodukte verkooi of vir verkoop ingevoer mag word;

(ii) die uitleiking, wysiging of intrekking van ’n kennisgewing kragtens artikel 87 van die Wet; en

(iii) alle aangeleenthede betreffende die bemerkings of verwerking van suiwelprodukte.
Stimulating demand for dairy products [sect. 37]

25. The Board may take such steps as may be approved by the Minister for fostering or stimulating the demand for dairy products or anything which is derived from dairy products, whether within or outside the Republic.

Co-operation by Board [sect. 38]

26. The Board may, with the approval of the Minister—

(a) co-operate with any person in doing any act which the Board may perform; and

(b) on behalf of any other board established under any law for or in respect of any agricultural or related industry, do any act which such other board may perform.

Imposition of levy [sect. 41, 42, 79]

27. (1) The Board may, with the approval of the Minister, impose a levy on such basis as the Board may determine, on a dairy product or on a dairy product of a particular class, grade or standard of quality.

(2) A levy imposed in terms of subsection (1) shall—

(a) be payable by a producer on milk—

(i) sold by him in the Republic to a milk purchaser or a raw milk dealer;

(ii) sold by a raw milk dealer on behalf of such a producer to a milk purchaser; and

(iii) sold by him to a person in a neighbouring country.

(b) be payable by a producer-distributor on milk—

(i) sold by him in the Republic to a person other than a milk purchaser or a raw milk dealer;

(ii) sold by him to a person in a neighbouring country; and

(iii) used by him for the manufacture of fresh milk products;

(c) be payable by a farm cheesemaker on milk used by him for the manufacture of cheese;

(d) be payable by a raw milk dealer on milk sold by him for his own account in the Republic or in a neighbouring country;

(e) be payable by a milk purchaser on milk acquired by him from a producer of milk or from a raw milk dealer;

(f) be payable by a butter manufacturer on cream acquired by him from a person other than a milk purchaser for the manufacture of butter; and

(g) be payable by a person importing dairy products on dairy products thus imported.

Bevordering van vraag na suiwelsteekte [art. 37]

25. Die Raad kan die stappe doen wat die Minister goeke ter bevordering of stimulering van die vraag na suiwelsteekte, of van iets wat van suiwelsteekte verkry word, hetsy binne of buite die Republiek.

Samewerking deur Raad [art. 38]

26. Die Raad kan met die Minister se goedkeuring—

(a) met enigeen meedoen aan 'n handeling wat die Raad kan verrig; en

(b) namens 'n ander raad wat kragtens 'n wetsbe- paling vir of ten opsigte van 'n landbou- of ver- wante bedryf ingestel is, alle handelinge verrig wat daardie ander raad kan verrig.

Oplegging van heffing [art. 41, 42, 79]

27. (1) Die Raad kan, met die goedkeuring van die Minister, 'n heffing op die grondslag wat die Raad bepaal, ople op 'n suiwelsteek, of op 'n suiwelsteek van 'n bepaalde klas, graad of kwaliteitsstandaard.

(2) 'n Heffing wat ingevolge subartikel (1) opgelê is, is—

(a) deur 'n produent betaalbaar op melk wat—

(i) deur hom in die Republiek aan 'n melk- koper of 'n roumelkhandelaar verkoop word;

(ii) deur 'n roumelkhandelaar ten behoeve van sodanige produent aan 'n melkkoer verkoop word; en

(iii) deur hom aan iemand in 'n buurland ver- koop word.

(b) deur 'n produent-distributeerder betaalbaar op melk wat—

(i) deur hom in die Republiek aan 'n ander persoen as 'n melkkoer of 'n roumelkhandelaar verkoop word;

(ii) deur hom aan iemand in 'n buurland ver- koop word; en

(iii) deur hom vir die vervaardiging van versa- melpakte gebruik is;

(c) deur 'n plaaskaasmaker betaalbaar op melk wat deur hom vir die vervaardiging van kaas gebruik word;

(d) deur 'n roumelkhandelaar betaalbaar op melk wat deur hom in die Republiek of in 'n buurland vir sy eie rekening herverkoop word;

(e) deur 'n melkkoer betaalbaar op melk wat deur hom van 'n produent van melk of van 'n roumelkhandelaar verkry is;

(f) deur 'n bottervervaardiger betaalbaar op room wat deur hom van 'n ander persoen as 'n melk- koper vir die vervaardiging van botter verkry word; en

(g) deur 'n persoen wat suiwelsteekte invoer betaalbaar op suiwelsteekte wat aldus ingevoer word.
(3) For the purposes of the application of this section—
(a) milk acquired by a milk purchaser from his own cows, shall be deemed to be sold to him by a producer of such milk;
(b) milk acquired by a raw milk dealer from his own cows, shall be deemed to be sold to him by a producer of such milk; and
(c) milk or cream that is "sold", "used", "resold" and "acquired", albeit the same milk or cream, shall respectively be deemed to be a particular "class" of dairy product under this section.

Imposition of special levy [sect. 44 & 79]
28. (1) The Board may, with the approval of the Minister, impose a special levy on a dairy product or on a dairy product of a particular class, grade or standard of quality.
(2) The provisions of section 27 (2) and (3) shall apply mutatis mutandis to a special levy imposed in terms of subsection (1).

General funds [sect. 46 (1)]
29. (1) The Board shall establish one or more general funds to be administered and controlled by the Board, and—
(a) into which all moneys received by the Board shall be paid, except such moneys which are to be paid into a reserve fund referred to in section 30, or a special fund referred to in section 31 of this Scheme; and
(b) from which all administrative expenses of the Board shall be paid.
(2) The Board may, with the approval of the Minister, utilise money in such a general fund for any other object which in the opinion of the Board will be to the advantage of persons with an interest in dairy products.

Reserve funds [sect. 46 (2)]
30. (1) The Board shall establish one or more reserve funds to be administered and controlled by the Board, and into which the Board shall pay such moneys received by the Board as may be determined by the Minister, and such amounts at the disposal of the Board as may from time to time be approved by the Minister or as may after the end of any financial year under this Scheme be determined by the Minister after consultation with the Board.
(2) The Board may deal with money in such reserve fund in such manner as may be approved by the Minister.

Special funds [sect. 46 (3)]
31. (1) The Board shall—
(a) establish one or more special funds to be administered and controlled by the Board; and
(b) pay into such special fund or funds the moneys derived from a special levy referred to in section 28 of this Scheme, such other moneys received by the Board as may be determined by the Minister and such amounts at the disposal of the Board as may be approved by the Minister.

(3) Vir die doeleindes van die toepassing van hierdie artikel word—
(a) melk wat deur 'n melkkoer van sy eie koeie verkry word, geag deur 'n produent van sodanieg melk aan hom verkoop te gewees het;
(b) melk wat deur 'n roumelkhandelaar van sy eie koeie verkry word, geag deur 'n produent van sodanieg melk aan hom verkoop te gewees het; en
(c) melk of room wat "verkoop", "gebruik", "her-verkoop" en "verkry" word, al sou dit dieselfde melk of room wees, onderskeidelik geag 'n bepaalde "klas" suiwelproduk kragtens hierdie artikel te wees.

Oplegging van spesiale heffing [art. 44 & 79]
28. (1) Die Raad kan, met die goedkeuring van die Minister, 'n spesiale heffing ople op 'n suiwelproduk, of op 'n suiwelproduk van 'n bepaalde klas, graad of kwaliteitstandaard.
(2) Die bepalings van artikel 27 (2) en (3) is mutatis mutandis van toepassing op 'n spesiale heffing wat ingevolge subartikel (1) ople e is.

Algemene fondse [art. 46 (1)]
29. (1) Die Raad moet een of meer algemene fondse instel wat deur die Raad bestuur en beheer word, en—
(a) waarin alle gelde gestort moet word wat deur die Raad ontvang word, behalwe die gelde wat in 'n reservefonds in artikel 30 van hierdie Skema bedoel, of 'n spesiale fonds in artikel 31 van hierdie Skema bedoel, gestort moet word; en
(b) waaruit alle administratiewe uitgawes van die Raad betaal moet word.
(2) Die Raad kan met die Minister se goedkeuring geld in so 'n algemene fondse vir enige ander doel aanwend wat na die cordeel van die Raad tot voordeel sal strek van persone wat belang het by suiwelprodukte.

Reservefondse [art. 46 (2)]
30. (1) Die Raad moet een of meer reservefondse instel at deur die Raad bestuur en beheer word, en waarin die gelde deur die Raad ontvang wat die Minister bepaal, en die bydrae tot die beskikking van die Raad wat die Minister van tyd tot tyd goedkeur of wat die Minister na die einde van 'n boekjaar inengolvende hierdie Skema en na ooreenkom met die Raad bepaal, gestort moet word.
(2) Die Raad kan oor gelde in sodanige reservefonds beskik op 'n wyse wat die Minister goedkeur.

Spesiale fondse [art. 46 (3)]
31. (1) Die Raad moet—
(a) een of meer spesiale fondse instel wat deur die Raad bestuur en beheer word; en
(b) die gelde uit 'n spesiale heffing in artikel 28 van hierdie Skema bedoel, verkry, die ander gelde deur die Raad ontvang wat die Minister bepaal, en die bedrae tot die beskikking van die Raad wat die Minister goedkeur, in sodanige spesiale fondse of fondse stort.
(2) The Board may deal with money in such special fund in such manner as may be approved by the Minister.

Financial year [sect. 50]

32. The financial year under this Scheme shall be the period from 1 March in any year until the last day of February of the ensuing year, both days included.

Estimates of income and expenditure [sect. 24]

33. (1) The Board shall annually submit to the National Marketing Council for approval by the Minister an estimate of its expected income and expenditure for the following financial year.

(2) Such estimate shall—
   (a) be set out in the form determined by the Minister for this purpose; and
   (b) be submitted to the National Marketing Council at least 30 days prior to the commencement of the financial year concerned.

(3) The Board shall annually within 120 days of the end of each financial year submit to the National Marketing Council a comparative statement of its estimated and actual income and expenditure for that financial year together with, if necessary, explanation of any deviations.

Borrowing of money [sect. 45]

34. The Board may, with the approval of the Minister, borrow money to be utilised for the purpose of attaining the objects of this Scheme.

Disposal of remaining assets in event of discontinuance of Scheme [sect. 49]

35. In the event of the discontinuance of this Scheme—
   (a) any assets of the Board remaining after all its debts have been paid, shall be divided among—
      (i) producers; and
      (ii) persons referred to in section 27 (2) (b), (c), (d), (e), (f) and (g), pro rata to the respective amounts paid by them to the Board in the form of a levy and special levy under section 27 and 28 during the period of one year immediately preceding the date on which this Scheme is discontinued; and
   (b) any deficit which may exist after all the assets of the Board have been realised, shall be made good by contributions by—
      (i) producers; and
      (ii) persons referred to in section 27 (2) (b), (c), (d), (e), (f) and (g), who were liable to pay a levy and special levy to the Board under sections 27 and 28 of this Scheme, pro rata to the respective amounts payable by them in the form of a levy and special levy under this Scheme during the period of one year immediately preceding the date on which this Scheme was discontinued.

(2) Die Raad kan oor geld in sodanige speciale fonds beskik op 'n wyse wat die Minister goedgekeur.

Boekjaar [art. 50]

32. Die boekjaar ingevolge hierdie Skema is die tydperk van 1 Maart in enige jaar tot die laaste dag van Februarie van die daaropvolgende jaar, beide dae ingesluit.

Raming van inkomste en uitgawes [art. 24]

33. (1) Die Raad moet jaarliks 'n raming van sy verwaagte inkomste en uitgawes vir die daaropvolgende boekjaar aan die Nasionale Bemarkingsraad vir goedkeuring deur die Minister voorlı.

(2) So 'n raming moet—
   (a) in die vorm uiteengesit word wat die dié doel deur die Minister bepaal is; en
   (b) minstens 30 dae voor die aanvang van die betrokke boekjaar aan die Nasionale Bemarkingsraad voorgelê word.

(3) Die Raad moet jaarliks binne 120 dae na die einde van elke boekjaar 'n vergelykende staat van sy geraamde en werlike inkomste en uitgawes vir daardie boekjaar aan die Nasionale Bemarkingsraad voorlı tesame met, indien nodig, verduidelikings van enige afwykings.

Leen van geld [art. 45]

34. Die Raad kan met die Minister se goedkeuring geld leen wat ter verwesenliking van die oogmerke van hierdie Skema aangewend moet word.

Beskikking oor oorblywende bates by opheffing van Skema [art. 49]

35. Ingeval hierdie Skema opgehef word—
   (a) word die oorblywende bates van die Raad, nadat al sy skulde betaal is, onder—
      (i) produusente; en
      (ii) persone in artikel 27 (2) (b), (c), (d), (e), (f) en (g), verdeel in verhouding tot die onderseke bedrae wat hulle gedurende die tydperk van een jaar onmiddellik voor die datum waarop hierdie Skema opgehef is, in heffing en speciale heffing kragtens artikels 27 en 28 aan die Raad betaal het; en
   (b) word enige tekort wat bestaan nadat al die bates van die Raad te gelde gemaak is, onderskeidelik aangesuiwer deur bydraes deur—
      (i) produusente; en
      (ii) persone in artikel 27 (2) (b), (c), (d), (e), (f) en (g), bedoel
deur wie 'n heffing en speciale heffing kragtens artikels 27 en 28 van hierdie Skema aan die Raad betaalbaar is, in verhouding tot die onderseke bedrae in die vorm van 'n heffing en speciale heffing wat kragtens hierdie Skema gedurende die tydperk van een jaar onmiddellik voor die datum waarop hierdie Skema opgehef is, deur hulle betaalbaar was.
Records, returns and information [sect. 52 (2), 79]
36. The Board may, with the approval of the Minister—
(a) require any person, or any person belonging to any class or group of persons, or any person other than a person belonging to any class or group of persons, to furnish the Board with such information relating to a dairy product as may be available to such person and as the Board may specify; and
(b) prescribe the records to be kept in connection with a dairy product, the period for which any such records shall be retained and the returns to be rendered in regard thereto to the Board by any person, or by any person belonging to any class or group of persons, or by any person other than a person belonging to any class or group of persons, and the times at which and the form and manner in which such returns shall be thus rendered.

Appointment of agents [sect. 53]
37. The Board may appoint, on the conditions determined by it, such agent or agents as it may consider necessary for the proper performance of such of its functions as the Board may determine with the approval of the Minister.

Authorisation of inspectors [sect. 54]
38. The Board may, for the purpose of the enforcement of the provisions of this Scheme, empower any person generally or in any particular case, at all reasonable hours—
(a) to enter any place occupied by any person who is or is suspected of being a producer of milk or a person dealing or suspected of dealing in the course of trade with a dairy product, or any place or vehicle in or on which any quantity of a dairy product is kept or transported or is suspected of being kept or transported by any person;
(b) to inspect any such dairy product, and to examine all books and documents at any such place or in or on any such vehicle, which are believed on reasonable grounds to relate to such dairy product and to make copies of or take extracts from such books and documents;
(c) to demand from the owner or custodian of such dairy product, information concerning such dairy product;
(d) to demand from the owner or custodian of any such book or document an explanation of any entry therein;
(e) to seize any books, documents or articles which may afford evidence of the commission of an offence under the Act or this Scheme or any regulation made under section 89 of the Act, or any quantity of dairy product in respect of which any such offence is suspected to have been

Aantekeninge, opgawes en inligting [art. 52 (2), 79]
36. Die Raad kan met die Minister se goedkeuring—
(a) enigiemand, of enigiemand wat tot 'n klas of groep persone behoort, of enigiemand behalwe iemand wat tot 'n klas of groep persone behoort, gelas om aan die Raad dié inligting met betrekking tot 'n suiwelprodukt te verstrek waaroor boedelde persoon beskik en wat die Raad speelselfiseer; en
(b) aantekeninge wat in verband met 'n suiwelprodukt gehou moet word, die tydperk waarvoor sodanige aantekeninge gehou moet word en die opgawes wat ten opsigtte daarvan aan die Raad verstrek moet word deur enigiemand, of deur enigiemand wat tot 'n klas of groep persone behoort, of deur enigiemand behalwe iemand wat tot 'n klas of groep persone behoort, voor-skryf, asook die tye waarop, die vorm waarin en die wyse waarop boedelde opgawes aldus verstrek moet word.

Aanstelling van agent [art. 53]
37. Die Raad kan, op die voorwaardes deur hom bepaal, die agent of agente aanstel wat hy nodig ag vir die behoorlike verrigting van dié van sy werkzaamhede wat die Raad met die goedkeuring van die Minister bepaal.

Magtiging van inspekteurs [art. 54]
38. Die Raad kan, vir die uitoering van die bepavings van hierdie Skema, enigiemand in die algemeen of in 'n besondere geval magtig om te alle redelike tye—
(a) 'n plek te betree wat geokkuper word deur iemand wat 'n produent van melk is of veroorde word so 'n produent te wees, of deur iemand wat as 'n besigheid handel of veroorde word as 'n besigheid te handel met 'n suiwelprodukt, of 'n plek of voertuig waarin of waarop daar 'n hoeveelheid van 'n suiwelprodukt deur iemand gehou of vervoer word of na veroemde gehou of vervoer word;
(b) sodanige suiwelprodukt te inspektie en alle boeke en stukke op boedelde plek of in of op boedelde voertuig na te gaan wat op redelike gronde vermoed word op sodanige suiwelprodukt betrekking het, en afskrifte van of uittreksels uit dié boeke en stukke te maak;
(c) van die eienaar van sodanige suiwelprodukt, of van die persoon wat dit in sy bewaring het, inligting aangaande sodanige suiwelprodukt te eis;
(d) van die eienaar van so 'n boek of stuk of van die persoon wat dit in sy bewaring het, 'n verklaring van 'n inskrywing daarin te eis;
(e) beslag te lê op boeke, stukke of artikels wat bewys kan lever van die pleeg van 'n misdryf ingevolge die Wet of hierdie Skema of 'n regulasie wat kragtens artikel 89 van die Wet Uitgevaardigd is, of op 'n hoeveelheid van 'n suiwelprodukt ten opsigte waarvan so 'n misdryf
committed, and to remove from the place or vehicle in question or to leave at such place or on such vehicle any books, documents or articles or any quantity of such dairy product which have been so seized, and, if he deems fit, to place on any such book, document, article or dairy product, or on the container thereof, any identification mark which he may consider necessary; and

(f) to take samples of such dairy product including any quantity thereof which have been seized under a power conferred by virtue of paragraph (e), and to examine, analyse, classify or grade such samples or cause them to be examined, analysed, classified or graded.

Registration of certain persons [sect. 59, 79]

39. (1) Each producer-distributor, milk purchaser, butter manufacturer, process cheese manufacturer, farm cheesemaker and raw milk dealer shall be registered with the Board.

(2) No person referred to in subsection (1) shall be registered as such unless he complies with such requirements as may be prescribed by regulation under section 89 of the Act.

(3) (a) The Board may refuse any application for registration, or grant any registration on such conditions as the Board may determine.

(b) Such conditions may include conditions prescribing the class or grade of a dairy product which may be manufactured or processed or converted or be dealt with in the course of trade by a person referred to in subsection (1).

(4) The Board may, with the approval of the Minister, prescribe the procedure in connection with the submission and consideration of applications for registration referred to in subsection (1).

(5) The Board may—

(a) grant any registration for such period as it may determine;

(b) renew such registration upon expiry of the period concerned;

(c) from time to time render the continued validity of any such registration subject to such conditions as the Board may then determine, whether by the imposition of further or new conditions or by the amendment or cancellation of conditions then existing; and

(d) cancel any such registration if the person registered has contravened or failed to comply with any condition imposed by the Board under subsection (3) or paragraph (c) of this subsection.

(6) For the purposes of the application of subsection (1) —

(a) milk acquired by a milk purchaser from his own cows shall be deemed to be acquired from the producer of such milk; and

(b) milk produced by the own cows of a raw milk dealer and sold by him, shall be deemed to be sold on behalf of a producer of such milk.

vermoedelik gepleeg is, en om boeke, stukke of artikels of 'n hoeveelheid van sodanige suiwel-
produk waarop alus beslag gelê is, van die betrokke plek of voertuig te verwys of dit op bedoelde plek of voertuig te laat en na goed-
dunke 'n identifikasiemerk wat hy nodig ag, aan te bring op so 'n boek, stuk, artikel of suiwel-
produk of op die hoep daarvan; en

(f) monsters te neem van sodanige suiwelproduk, met inbegrip van 'n hoeveelheid daarvan waar-
op daar beslag gelê is kragtens magtiging ver-
leen uit hoofde van paragraaf (e), en sodanige monsters te onderzoek, te ontleed, te klassifi-
seer of te gradeer of te laat onderzoek, ontleed, klas-
soeier of gradeer.

Registratie van sekere persone [art. 59, 79]

39. (1) Elke producent-distribueerder, melkkoper, bodervervaardiger, proseskaasvervaardiger, plaas-
kaasmaker en rooumelkhandelaar moet deur die Raad geregistreer wees.

(2) Geen persoon in subartikel (1) bedoel word alus geregistreer nie tensy hy voldoen aan die ver-
eistes deur regulasies kragtens artikel 89 van die Wet voorgeskryf.

(3) (a) Die Raad kan 'n aansoek om registrasie weier, of 'n registrasie verleen op die voorwaardes wat die Raad bepaal.

(b) Sodanige voorwaardes kan voorwaardes insluit wat die klas of graad van 'n suiwelproduk wat vervaardig of verwerk of omgesit of as 'n besigheid mee gehandel kan word deur 'n persoon in subartikel (1) bedoel, voorskryf.

(4) Die Raad kan met die Minister se goedkeuring die procedure in verband met die indiening en oorweging van aansoekte om registrasie in subartikel (1) bedoel, voorskryf.

(5) Die Raad kan—

(a) 'n registrasie toestaan vir die tydperk wat hy bepaal;

(b) so 'n registrasie by verstryking van die betrokke tydperk hernieu;

(c) van tyd tot tyd die voortdurende geldigheid van so 'n registrasie onderworp stel aan die voor-
waardes wat die Raad dan bepaal, hetse deur die opleggings van verdere of nuwe voorwaardes of deur die wysiging of intrekking van voor-
waardes wat dan bestaan; en

(d) so 'n registrasie intrek indien die geregistreerde persoon 'n voorwaarde wat deur die Raad krag-
tens subartikel (3) of paragraaf (c) van hierdie subartikel opgelê is, oortree het of versuim om daaraan te voldoen.

(6) Vir die doeleindes van die toepassing van sub-
artikel (1)—

(a) word melk wat 'n melkkoper van sy eie koeie verkry, geag van die producent van sodanige melk verkry te wees het; en

(b) word melk wat deur 'n rooumelkhandelaar se eie koeie geproduceer en deur hom verkoop word, geag ten behoeve van 'n producent van sodan-
ige melk verkoop te wees het.
Offences and penalties [sect. 23]

40. Any person who—
(a) fails to pay a levy or special levy imposed under section 27 and 28 of this Scheme;
(b) fails to comply with a requirement of a direction or prescription imposed under section 36 of this Scheme;
(c) contravenes a provision of section 39 (1) of this Scheme;
(d) fails to comply with a determination under section 41 of this Scheme;
shall be guilty of an offence and liable on conviction to a fine not exceeding R5 000 or to imprisonment for a period not exceeding two years, or to both such fine and such imprisonment.

Transitional provisions and savings

41. (1) In this section—
"commencement date" means the date of commencement of this Scheme;
"Dairy Board" means the Dairy Board established by section 6 of the Dairy Scheme;
"Dairy Scheme" means the Dairy Scheme published by Proclamation No. R. 290 of 1978, as amended.

(2) The Dairy Board as it existed as a juristic person immediately prior to the commencement date shall, notwithstanding the repeal of the Dairy Scheme, continue to exist and be deemed to have been established by section 6 of this scheme.

(3) Any person who immediately prior to the commencement date was appointed as agent under section 30 of the Dairy Scheme, shall be deemed to have been thus appointed under section 37 of this Scheme.

(4) Any person who, immediately prior to the commencement date, was registered, subject to conditions, in terms of section 33 of the Dairy Scheme to deal in the course of trade with dairy products, shall be deemed to have been so registered in terms of section 39 (1) of this Scheme;

(5) Subject to the provisions of this section, any appointment made, decision taken, authority granted, levy or special levy imposed, fund established, prohibition imposed, prescription, direction, provision or notice published, legal action instituted or defended, or any other thing done, prior to the commencement date under a provision of the Dairy Scheme, and in force immediately prior to such commencement date, shall be deemed to have been made, taken, granted, imposed, established, published or done under the corresponding provision of this Scheme.

(6) Any action in relation to a dairy product that has been instituted prior to the commencement date by the Dairy Board shall be deemed to have been instituted by the Board under the corresponding provision of this Scheme.

Misdrywe en strawwe [art. 23]

40. Iemand wat—
(a) versui om 'n heffing of spesiale heffing wat kragtens artikel 27 en 28 van hierdie Skema opgelê is, te betaal;
(b) versui om aan 'n vereiste van 'n lasgewing of voorstrik kragtens artikel 36 van hierdie Skema te voldoen;
(c) 'n bepaling van artikel 39 (1) van hierdie Skema oortree;
(d) versui om aan 'n bepaling kragtens artikel 41 van hierdie Skema te voldoen;
is aan 'n misdryf skuldig en by skuldigbevinding strafbaar met 'n boete van hoogstens R5 000 of met gevangenisstraf vir 'n tydperk van hoogstens twee jaar, of met sowel sodanige boete as sodanige gevangenisstraf.

Oorgangsbepalings en voorbehoude

41. (1) In hierdie artikel beteken—
"inwerkingsbetredingsdatum" die datum van inwerkingsbetreding van hierdie Skema;
"Suiwelraad" die Suiwelraad ingestel door artikel 6 van die Suiwelskema;
"Suiwelskema" die Suiwelskema gepubliseer deur Proklamasi No. R. 290 van 1978, soos gewysig.

(2) Die Suiwelraad soos dit onmiddellik voor die inwerkingsbetredingsdatum as 'n regspersoon bestaan het, by ondanks die herroeping van die Suiwelskema voortbestaan en word geag by artikel 6 van hierdie Skema ingestel te wees.

(3) Iemand wat onmiddellik voor die inwerkingsbetredingsdatum ingevolge artikel 30 van die Suiwelskema as agent aangestel was, word geag kragtens artikel 37 van hierdie Skema aldus aangestel te wees.

(4) Iemand wat onmiddellik voor die inwerkingsbetredingsdatum ingevolge artikel 33 van die Suiwelskema onderworpe aan voorwaardes geregistreer was om met suiwelprodukte as 'n besigheid te handel, word geag aldus kragtens artikel 39 (1) van hierdie Skema geregistreer te wees.

(5) Behoudens die bepalings van hierdie artikel word enige aanstelling gemaak, besluit geneem, magtinge verleen, heffing of spesiale heffing opgelê, fonds ingestel, verbod opgelê, voorstrik, lasgewing, bepaling of kornasgewing gepubliseer, regsakskies ingestel of verdedig, of enigiets anders gedaan, voor die inwerkingsbetredingsdatum kragtens 'n bepaling van die Suiwelskema, en wat onmiddellik voor die inwerkingsbetredingsdatum van krags is, geag gemaak, geneem, verleen, opgelê, ingestel, gepubliseer of gedaan te wees kragtens die ooreenstemmende bepaling van hierdie Skema.

(6) Enige aksie met betrekking tot 'n suiwelprodukt wat voor die inwerkingsdatum deur die Suiwelraad ingestel is, word geag deur die Raad kragtens die ooreenstemmende bepaling van hierdie Skema ingestel te gewees het.
**PROPOSED DAIRY SCHEME**

**EXPLANATORY NOTES**

1. **BACKGROUND**

   The Dairy Board currently functions in terms of the Diary Scheme, published by Government Notice No. R. 290 of 1978, as amended. The most important of these amendments were published by Government Notice No. R. 297 on 13 February 1987. Under the current Scheme the Board has—

   - operated an information service;
   - stimulated the demand for dairy products by means of generic advertising and promotions;
   - purchased surplus dairy products and removed it from the local market;
   - fixed a minimum price for milk purchased from producers;
   - registered certain producers; and
   - collected levies from milk purchasers.

   Furthermore, the Board was empowered by this Scheme to fix transport tariffs, to prohibit persons from freely selling fresh milk within specific areas, and to conduct pools for fresh milk, butterfat and cheese. However, since 1987 the Board no longer made use of these authorisations.

   In the proposed Scheme, no provision is made for the purchasing and removal of surplus milk, or for the fixing of a minimum price. A recommendation that industry stabilisation measures of this nature again be incorporated in future by means of a scheme amendment, will only be made to the Minister if the Board is thus requested by producers under justified circumstances and if producers are prepared to pay therefor from their sector. Such a scheme amendment will also have to be published for comments according to the provisions of the Marketing Act, be explained to producers at meetings, and be subjected to a vote by producers who continuously produced milk the preceding three years and are above the age of 21 years. Should more than three fifth or 60% of the producers entitled to vote and who produced more than half of the milk, vote in favour of such a scheme, it can be implemented by the Minister.

2. **INTENDED OPERATION OF THE PROPOSED DAIRY SCHEME**

   [Note: The section numbers in square brackets denote the appropriate authorising sections in the Diary Scheme, or as otherwise indicated.]

2.1 **General**

   In terms of this proposed Scheme, the dairy industry will still be able to function with the minimum of statutory interference. Every person will be free to produce milk where and how much he wishes. Each producer can also sell his milk to the milk pur-
chaser of his choice, at the price which such purchaser is prepared to pay for the milk. Although it is no prerequisite of this Scheme, it will be advisable for a producer to first arrange with a purchaser to purchase his milk, prior to commencement with production. This is necessary because a milk purchaser is not obliged to purchase any quantity of milk from a producer, and as the Board will also not purchase any milk under this Scheme. Likewise a milk purchaser will be able to purchase milk from producers of his choice, and may sell the products processed from such milk wherever and at the prices he chooses.

The proposed Scheme will be applied as follows by the Diary Board:

2.2 Comprehensive Information System [sec. 24 & 36]

Monthly returns of milk intake, milk processed into dairy products, sales of dairy products, and stocks of dairy products will be collected. These returns have to be submitted by milk purchasers, producer-distributors and all other persons obliged to register with the Board in terms of section 39 of the Scheme. Information thus submitted will be dealt with confidentially and no information of an individual person or company will be made available directly or indirectly.

2.3 Generic advertising and market development [sec. 25]

Generic advertising and market development will be done with a view to expand the market for milk and dairy products. Funds collected by means of levies will be appropriated to professionally conduct scientifically researched advertising and promotional campaigns.

2.4 Registration of certain persons [sect. 39]

Each person or institution who intends doing business as a milk purchaser, butter manufacturer, process cheese manufacturer, raw milk dealer, producer-distributor or farm cheesemaker, or who already operates as such (including persons handling less than 500 litres of milk per day and who were exempted from having to register until now) must register with the Diary Board. As the purpose of registrations is to have information of participants on record, no application for registration will be refused on grounds of overtrading in a particular market segment. It will only be required that basic conditions, which will not have any bearing on facilities, equipment or trading areas, be conformed to.

keuse verkoop teen die prys wat dié koper bereid is om daarvoor te betaal. Alhoewel dit geen voorskrif van hierdie Skema is nie, sal dit raadsaam wees vir 'n produsent om eers met 'n koper te reël om sy melk te koop, voordat hy met produksie begin. Dit is nodig omdat daar geen verplichtig op 'n melkkoper rus om enige hoeveelheid melk van 'n produsent te koop nie en die Raad ook nie kragtens hierdie Skema enige melk sal aankoop nie. 'n Melkkoper sal eveneens melk kan koop van die produseante van sy keuse en sal die produkte wat van sodanige melk verwerk word, mag verkoop waar en teen die prysie van sy keuse.

Die voorgestelde Skema sal soos volg deur die Suwelraad toegespas word:

2.2 Omvattende Inligtingstelsel [art. 24 & 36]

Daar sal maandelikse opgawes van melk-inname, melk verwerk in suiwelprodukte, verkope van suiwelprodukte, en voorraad van suiwelprodukte ingevorder word. Hierdie opgawes sal deur melkkopers, produsent-distribueerders en ook al die ander perseone wat kragtens artikel 39 van die Skema by die Raad moet registreer, ingediend moet word. Gegevens so verstrekk sal vertroulik hanteer word en geen inligting van 'n individuele persoon of maatskappy sal direk of indirek beskikbaar gestel word nie.

2.3 Generiese reklame en markontwikkeling [art. 25]

Generiese reklame en markontwikkeling sal gedoen word met die doel om die mark vir melk en suiwelprodukte uit te brei. Fondse wat d.m.v. heftings ingevorder word, sal aangewend word om wetenskaplike nagevorsde reklame- en promosieveldtoge, professioneel uit te voer.

2.4 Registrasie van sekere persone [art. 39]

Elke persoon of instansie wat voornemens is om as melkkoper, bottervervaardiger, proseskaasvervaardiger, roommelkhandelaar, produsent-distribueerder of plaaskaasmaker sake te doen of wat reeds in sodanige hoedanigheid handel dryf (insluitend persone wat minder as 500 liter melk per dag hanteer en tot dusver van registrasiepligtheid vrygestel was), moet by die Suwelraad registreer. Aangesien die doelwit met registrasies is om inligting oor rolspelers op rekord te hê, sal geen aan- soek om registrasie op grond van besetting in 'n bepaalde marksegment gewelor word nie. Dit sal slegs vereis word dat basiese voorwaardes, wat nie betrekking sal hê op fasilitate, toerusting of handelsgebiede nie, nagekoms moet word.
2.5 Leevies [sect. 27 & 28]

Since 1987 milk purchasers were made liable for levy, payment. Due thereto that certain of the above actions as well as financing of industry services are mainly to the benefit of the producer, the liability to pay levies under the proposed Scheme will partly rest with the producer, including producer-distributors and farm cheesemakers (even if they handle less than 500 litres milk per day). Two types of levy will be collected, viz an ordinary and a special levy. The ordinary levy will be used to cover the administrative costs of the Board, whilst the special levy will be used to finance generic advertising and market development as well as industry services. The latter comprises contributions towards national and provincial producer organisations, to the dairy cattle improvement scheme, research, and for other actions aimed at furthering the dairy industry. When the proposed Scheme is introduced, total levies will not exceed 1,0 cent per litre (exclusive of VAT). Of this, a maximum of 0,5 cent per litre will be payable by milk purchasers, raw milk dealers, producer-distributors and farm cheesemakers, with an accompanying maximin of 0,5 cent per litre payable by producers on milk sold. The intention is that the levies payable by producers will be collected by milk purchasers who will pay it over to the Board together with the levies payable by them. Leevies will be imposed on milk, or the solids therein, and will be payable monthly.

2.6 Authorisation of inspectors [sect. 38]

In order to comply with obligations in respect of the gathering of information, the registration of certain persons, and the collection of levies, it may from time to time be necessary to inspect premises, documents and products. Persons who perform this task will have to obtain the necessary authority thereto. Such authorisation will, of course, be granted and applied within all reasonable limits.

2.7 Other functions [sect. 23]

Apart from the functions already mentioned, provision is made in the proposed Scheme that assistance may be rendered towards research and to an organisation instituted by the South African Agricultural Union to promote the dairy industry.

2.8 Protection against undesirable imports [sect. 87, Marketing Act, 1968]

Importation of dairy products are not done by virtue of the Scheme, but through the issuing of import permits in terms of section 87 of the Marketing Act, with regard to which the Board may advise the Minister.

2.5 Heffings [art. 27 & 28]

Sedert 1987 is die plig om heffings te betaal, op die melkpore geplaas. As gevolg daarvan dat sekere van die aksies hierbo en ook finansiering van bedryf-dienste hoofsaaklik in die belang van die producent is, sal die heffingsplig onder die voorgestelde Skema gedeeltelik op die producent, insluitend producent-distribueerders en plaaskaasmakers (al sou hulle minder as 500 liter melk per dag hanteer) val. Twee tyds heffing sal gevorder word, nl. 'n gewone en 'n spesiale heffing. Die gewone heffing sal aangewend word om die administratiewe koste van die Raad te dek terwyl die spesiale heffing gebruik sal word om generiese reklame en markontwikkeling asook bedryf-dienste te finansier.Laasgenoemde behels bydrae tot nasionale en provinsiale producente-organisasies, tot die melkveeverbeteringskema, navorsing en bydrae vir ander aksies wat die verbetering van die suidelandbedryf ten doel het. Die totaal van die heffings sal met instelling van die voorgestelde Skema nie meer as 1,0 sent per liter melk (BTW uitgesluit) beloop nie. Daarvan sal 'n maksimum van 0,5 sent per liter deur melkkopers, roumelkhandelaars, producent-distribueerders en plaaskaasmakers betaalbaar wees, met 'n gepaardgaande maksimum van 0,5 sent per liter betaalbaar deur producente op melk van die hand geiet. Dit word beoog dat melkkopers die heffings, wat deur producente betaalbaar is, sal insamel en dit tesame met die heffings deur hulle betaalbaar aan die Raad oorbetaal. Heffings sal op melk, of die vastestowwe daarin, opgelê word en sal maandeliks betaalbaar wees.

2.6 Magtiging van inspekteurs [art. 38]

Om verpligtinge t.o.v. die insameling van inligting, die registrasie van sekere persone en die inwering van heffings na te kom, mag dit van tyd tot tyd nodig wees om pers-ele, dokumente en produkte te inspekteer. Persone wat hierdie werk verrig, sal die nodige magtiging daartoe moet kry. Hierdie magtiging sal noodwendig binne alle perke van redelikheid uitgereik en toegepas word.

2.7 Ander funksies [art. 23]

Benewens die funksies soos reeds vermeld, word daar in die voorgestelde Skema daarvoor voorsiening gemaak dat bystand aan navorsingswerk en aan 'n organisasie wat deur die Suid-Afrikaanse Landbou-unie in die lewe geroep is om die suidelandbedryf te bevorder, verleen kan word.

2.8 Beskerming teen ongewenste invoere [art. 87, Bemarkingswet, 1968]

Invoer van suidelandprodukte word nie kragtens die Skema gedoen nie maar wel deur die uitreiking van invoerpermite kragtens artikel 87 van die Bemarkingswet, waaromtrent die Raad die Minister kan adviseer. By
At the General Agreement on Tariffs and Trade (GATT), of which South Africa is a member, it has already been decided that a move should be made away from quantitative import control or control by means of import permits. According to GATT imports should not be limited, but that the harmful effect thereof on the importing country can be countered by means of import tariffs. Until such time as acceptable import tariffs (in terms of the Customs and Excise Act, 1964) are in place, total quantities to be imported are determined, which are then allocated on an agreed basis.

(23 April 1993)

BOARD NOTICES

BOARD NOTICE 38 OF 1993
THE SOUTH AFRICAN MEDICAL AND DENTAL COUNCIL

It is hereby notified in terms of regulation 12 of Government Notice No. R. 2279 of 3 December 1976 that at an election of members of the Professional Board for Physiotherapy for the five year period ending 30 April 1998 held in accordance with the Medical, Dental and Supplementary Health Service Professions Act, 1974 (Act No. 56 of 1974), the number of votes appearing below were recorded for the respective candidates:

BEATTIE, Margaret Ann ........................................... 309
BEENHAKKER, Johlyne ........................................... 441
BLAKE, Priscilla Frances ........................................ 182
BOWERBANK, Patricia ........................................... 377
BUTLER, Marion Joan Lamont .................................. 228
DE WET, Christiaan ............................................. 430
EVANS, Hannah ................................................... 160
GILDER, Johanna Alexandrina Coutts ......................... 229
GLAUBER, Frances Mathilda ..................................... 266
GOUNDEN, Poobalam ............................................ 172
HUYSAMEN, Hester Jacoba ..................................... 203
MCKEON, Dorothea Ann ......................................... 152
REYERS, Lynne ................................................... 172
ROUX, Lo-An ..................................................... 486
SEAMAN, Yvonne Maria ......................................... 271
SMITH, Elsa Dorothea ........................................... 275
STOFBERG, Marthinus Theunis Steyn ......................... 260
UYS, Marietta Susanna .......................................... 384

I declare the following to have been elected as members of the Professional Board for Physiotherapy for the period 1 May 1993 to 30 April 1998:

BEATTIE, Margaret Ann.
BEENHAKKER, Johlyne.
BOWERBANK, Patricia.
DE WET, Christiaan.
ROUX, Lo-An.
SEAMAN, Yvonne Maria.
SMITH, Elsa Dorothea.
UYS, Marietta Susanna.

N. M. PRINSLOO,
Registrar.

die Algemene Ooreenkoms oor Tariewe en Handel (AOTH), waarvan Suid-Afrika lid is, is daar reeds beskuit dat wegbeweg moet word van kwantitatiewe invoerbeheer of beheer d.m.v. invoerpermitte. Volgens die AOTH behoort inviere nie beperk nie word nie maar kan die nadelige invloed daarvan op die invoerland, d.m.v. invoertariewe reg- gestel word. Totdat aanvaarbare invoerta- riewe (kragtens Doene- en Aksynswet, 1964) in plek is, word die globale hoeveel- hede wat ingevoer moet word bepaal en word dit by wyse van toekennings op 'n oor- eengekome basis verdeel.

(23 April 1993)

RAADSKENNISGEWINGS

RAADSKENNISGEWING 38 VAN 1993
DIE SUID-AFRIKAANSE GENEESKUNDIGE EN TANDHEELKUNDIGE RAAD

Kennis word hierby gegee ingevolge regulasie 12 van Goewermentskennisgewing No. R. 2279 van 3 Desember 1976 dat by 'n verkiesing gehou ingevolge die bepaling van die Wet op Geneeskere, Tandartse en Aanvullende Gesondheidsdiensbereepo, 1974 (Wet No. 56 van 1974), van lede van die Beroepsraad vir Fisioterapie vir die vyfjaartydperk eindigende op 30 April 1998, die getal stemme deur die onderskeie kandidate aangeteken die volgende is:

BEATTIE, Margaret Ann ........................................... 309
BEENHAKKER, Johlyne ........................................... 441
BLAKE, Priscilla Frances ........................................ 182
BOWERBANK, Patricia ........................................... 377
BUTLER, Marion Joan Lamont .................................. 228
DE WET, Christiaan ............................................. 430
EVANS, Hannah ................................................... 160
GILDER, Johanna Alexandrina Coutts ......................... 229
GLAUBER, Frances Mathilda ..................................... 266
GOUNDEN, Poobalam ............................................ 172
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ROUX, Lo-An ..................................................... 486
SEAMAN, Yvonne Maria ......................................... 271
SMITH, Elsa Dorothea ........................................... 275
STOFBERG, Marthinus Theunis Steyn ......................... 260
UYS, Marietta Susanna .......................................... 384

Ek verklaar die volgende persone as verkies tot lede van die Beroepsraad vir Fisioterapie vir die tydperk 1 Mei 1993 tot 30 April 1998:

BEATTIE, Margaret Ann.
BEENHAKKER, Johlyne.
BOWERBANK, Patricia.
DE WET, Christiaan.
ROUX, Lo-An.
SEAMAN, Yvonne Maria.
SMITH, Elsa Dorothea.
UYS, Marietta Susanna.

N. M. PRINSLOO,
Registrateur.
Milk sales affected by boycotts

POLITICAL uncertainty and boycotts had affected sales and deliveries of milk and other dairy products during the past year, the Dairy Board said yesterday.

Dairy Board statistician Michael Byrne said yesterday last year's milk products' price hike had lowered consumption rates. However, there had been a steady overall production increase during the year.

Compared with the 1991/92 period, gouda and cheddar cheese consumption had dropped by nearly 20% and 17% respectively. However, this decline was largely related to the introduction of brand names by companies.

A recently published statistical Dairy Board news release said milk production in the 12 months to March 1993 had increased by 1% to 1,936 570-million tons, compared with 1,917 665-million in 1991/92.

During the same period, consumption had declined by an average of about 6% from 1,918 918-million tons to 1,862 921-million tons. Consumption trends had declined throughout the 1992/93 period with the exception of September last year and March 1993.

Butter production had increased nearly 20% from 14 441 tons to 17 298 tons during this period, but consumption had declined by about 6%. Skim milk production had increased by 40% in the past year when consumption had dropped 32%.
Dairy Board to cut jobs, functions

PRETORIA. — The Dairy Board is to reduce its functions and decrease its personnel complement to 26, according board chairman Mr Lukas van Vuuren. The Dairy Services Organisation would be dissolved, he said.

Future functions of the Dairy Board would include statistics, certain administrative functions and promoting the dairy industry.

The shake-up follows a major row last year over allegations that milk producers had poured away millions of litres of surplus milk because of the Dairy Board's levy and subsidy system.

Distributors said they could not afford to pay levies on surplus milk or transport it to dairy by-product factories at their own cost. — Sapa
Dairy Board cuts back

PRETORIA — The Dairy Board is to reduce its functions
and decrease its personnel complement to 26, says board
chairman Lukas van Vuuren.

The announcement follows recommendations made by
a task group which investigated the board's future status
and functions.

The action will result in the dissolving of the Dairy
Services Organisation. Some of its staff will be appointed
to the Dairy Board.

At the same time, present GM Ed Roux, announced he
would not be available for the new post of GM.

Van Vuuren said future functions of the Dairy Board
would include statistics, certain administrative
functions, market promotion and other functions promoting
the interests of the dairy industry.

The shake-up follows a major row last year over
allegations that milk producers had poured away mil-
ions of litres of surplus milk because of the Dairy
Board's levy and subsidy system.

Milk distributors said they could not afford to pay
levies on surplus milk or to transport it to dairy by-
product factories at their own cost.

The Supreme Court also ruled last year that the board
had no right to levy charges on dairy farmers. — Sapa.
would drastically reduce its functions and staff ends months of speculation in an industry that has been at war for the past five years. The announcement follows the recommendations made by an industry task group established to investigate the board’s future status and functions.

The board will now directly administer its own affairs and personnel rather than rely on the Dairy Services Organisation. This means an effective staff cut from 99 in December to no more than 26. The primary function of the board, which will operate on an annual budget of about R9m, will be to provide statistics, marketing and other services that promote the industry.

This is clearly a far cry from the board’s powerful regulatory role of the past. The task group specifically excludes any compulsory industry stabilisation function for the board.

The new dispensation is a victory for the smaller independent dairies and wholesale milk buyers who have challenged the board’s power in recent years by refusing to pay its compulsory levies. The smaller dairies resisted paying thousands of rand that wound up subsidising the larger manufacturers of long-life milk products — skim milk powder, cheese and butter.

The row reached boiling point last June when the Cape Supreme Court ruled that the levies were illegal. The board eventually dropped its appeal and replaced the 4,97c/l compulsory stabilisation levy with a nominal levy of 0,5c/l. In return, milk buyers agreed to drop all actions against the board and government paid off the board’s R200m loan from the Land Bank. The agreement also required the formation of the task group to investigate the functions of a reconstituted board (Business & Technology April 2).

Dairy Services Organisation GM Edna Roux, however, confirms that the board could still embark on industry stabilisation. But he says this would have to be at the request of the industry. “There is the emphasis has clearly shifted from compulsory regulation to voluntary controls.” On this score, the task group stresses that stabilisation must be funded by the sector requesting it.

Of course, board decisions will still carry the force of law, through the Marketing Act. Nevertheless, Homestead Dairies MD John Jacobs, who instituted and won last year’s court case, doubts that the board will in future, be used by any interest group. “We will simply challenge any statutory controls that don’t have consensus.”

Many still question the need for a board in any form. In recent months buyers and manufacturers have practised their own stabilisation successfully. NCD, the largest milk-buying co-operative, last year implemented a
Milking a good thing

With R30m in debts and assets of only R11m, Pinetown-based Creamline Dairies was on the skids eight years ago. But after a buy-out, a name change and a move towards "de-dairyfying," the restructured company has bounced back into profitability and is poised for strong growth.

Natal's second largest dairy company (National Co-operative Dairies is the largest dairy firm in the province and in the country) is now known as Purefresh Foods — though the Creamline brand name remains on its milk product lines.

Chairman Russell Stevens, a creditor who took over the once technically insolvent dairy operation in 1985 and is now the principal shareholder, says diversification was a given because of the limited growth and profit potential in traditional low-margin, over-traded, price-sensitive dairy products. In addition, deregulation of the Dairy Board and other agricultural marketing boards has increased competition and squeezed margins for producers and, particularly, suppliers.

And milk production and consumption are declining. According to Dairy Services Organisation GM Edu Roux, SA's annual milk production has dropped by an average of 3% a year over the past three years and consumption has fallen by 2%.

But there's no use in crying over spilt you-know-what. The alternative, Stevens says, is to emulate giants such as Carnation and Nestlé, which started as dairy companies but used their expertise to branch into related food industries. "In our case — following the takeover in 1985 — we first had to turn the dairy operation around, which meant substantial restructuring and capital expenditure exceeding R35m.

"Now we're in a position to analyse our assets and expertise to make best use of them. What we have is a dairy and fruit juices processing facility and a distribution division, which includes more than 100 five- and seven-ton trucks, and, most important, the expertise to deliver and merchandise fresh and perishable food products."

To take advantage of this, he adds, the.

R200m-a-year company has invested between R7m and R9m to boost the Pinetown facility's ultra-high-temperature processing, sterilisation and blending facilities — increasing capacity from 4 t/hour to 17 t/hour. The firm now has 780 workers.

The aim now is to concentrate on processing and packaging, particularly aseptic long-life dairy products. After having confined its own distribution operations to Natal after 1985, Purefresh has now relaunched into parts of the Transvaal and the Free State, while long-life products are being exported to Lesotho, Botswana and the Indian Ocean islands.

As part of the diversification, Purefresh is marketing to other organisations its perishable foods distribution and merchandising infrastructure, where considerable expertise is necessary to maintain the cold chain. To this end it already distributes for six principals, including Tongaat Foods' Denny Mushrooms. It now also offers selective buying, processing and branding of perishables on a contract basis.

It will also actively seek niche markets to expand its own activities — for example, a perishables provisioning operation targeted at the under-serviced catering industry.

Nevertheless, even if its strategies are right, Purefresh has launched into a depressed and increasingly competitive economy where it's a case of survival of the fittest.
Cow-transmitted disease on increase
'Cow disease' in city

Staff Reporter

A Cape Town woman contracted brucellosis, a notifiable disease transmitted by cow's milk and meat, after drinking unpasteurised milk from a Kuils River farm.

The authorities warned this week that brucellosis, one of the most serious diseases humans can contract from animals, is on the increase.

Mrs Di Brawn, who was initially diagnosed by three doctors as having ME or "ruppie flu", eventually asked to be tested for brucellosis after reading an article about the illness.

"I had severe muscular pain, night sweating, chronic fatigue, diarrhoea and short-term memory loss," said Mrs Brawn, who is taking antibiotics.

Authorities have asked the public not to drink unpasteurised milk unless the herd from which it came had been certified free of brucellosis.
Milk surplus turns sour for Cape dairy farmers

JOHN VILJOEN
Staff Reporter

WESTERN Cape dairy farmers are facing hard times because of a country-wide milk surplus.

Major dairy distributors, who were able to use all the milk produced until recently, are now asking farmers to cut back on production.

"Farmers are really struggling," said Jimmy van der Spuy, who heads an association of 58 farmers supplying Dairybelle.

There was a five percent milk surplus, he said.

The company told farmers two months ago that from November 1 it would strictly enforce a quota system devised two years ago. In addition, Dairybelle reduced each farmer's quota by just over seven percent.

This has angered some farmers who complain that "a dairy cow is not a tap". Milk production could not simply be turned on and off, Mr Van der Spuy said.

The association's members are producing more milk than 77 farmers did just over two years ago.

Since then a lot of farmers had gone out of business and more were facing tough times now.

"Farmers are really unhappy — they are there to produce. It's hard to make ends meet," Mr Van der Spuy said.

Farmers in the association are paid an average 87c litre for milk up to their quota. For the first 8 percent over the quota a farmer is paid 90 percent of the agreed price or around 77c.

But farmers who produce greater surpluses than this are paid only about 34c a litre.

Even if they complied with the big dairy's instructions and cut production, overheads would remain high, Mr Van der Spuy said.

Farmers would have to resort to slaughtering cows which were poor producers, selling animals, or "drying" cows so that they provided less milk.

To complicate matters, farmers in the association could sell their milk only to Dairybelle.

Dairybelle general manager Tony Gliddon said the cut in quotas had been negotiated and explained to farmers.

All changes in the quota system took place within the terms of the agreement with the association which had been in place for about six years, he said.

It was not unfair that farmers were not free to sell their milk elsewhere.

This agreement was to ensure that Dairybelle would not reach a position where it was unable to obtain sufficient milk from regular suppliers.
Warning on milk disease 'time bomb'
Rural areas selling raw milk

MOST unpasteurised or raw milk was being sold outside the city limits, according to health officials.

Dr. Daniel Venter, head of milk control in the city council's health department, said yesterday no Cape Town hotels were serving raw milk.

Raw milk could carry diseases like brucellosis, cholera, TB, typhoid and hepatitis.

"My concern is for all the farm stalls and guest farms outside the city who sell raw milk," Dr. Venter said.

He said some milk producers whose milk was of poor quality and therefore not accepted by the pasteurisation plants, often sold this milk at squatter camps.

Professor Piet Jooste, a member of the Milk Quality Panel, said yesterday about 10% of the country's dairy herd was still infected with brucellosis and about 2% with TB.
Dairy Board to close down

THE Dairy Board would close down on December 31 to make way for a new statutory body, the Milk Board, in a move to further deregulate agriculture, the Dairy Board said yesterday.

Board chairman Willie Fourie said that because of deregulation and privatisation in the dairy industry, the present Dairy Board had served its purpose.

Milk Producers' Organisation (MPO) chairman Boy Blanckenberg said an MPO scheme leading to the creation of the Milk Board had been accepted by government after a national survey showed farmers were predominantly in favour of this.

The new board, effective from January 1, would provide services such as information on GATT, assistance with locating and prosecuting illegal importers and funding for the MPO and for statistical, milk recording and livestock improvement information. It would impose an average 9c/l levy on farmers for its services, a spokesman said. This compared with the previous board's levy of 6c/l at the height of its surplus milk removal scheme. Dissenting farmers were a minority and would have to contribute to the scheme.

He said the surplus removal scheme, abandoned by the board two years ago, was the last market interventionist scheme instituted by it. The new board was not allocated statutory powers for such a scheme, or for price negotiations, and would be purely services orientated.

The Dairy Board's 21 employees would be laid off although some could be employed by the Milk Board, whose members would be farmers.

The Dairy Board's fate was sealed in June when the Cape Supreme Court ruled that the board's main source of funding — the levies it charged milk producers and distributors — was unlawful.

The spokesman said the new board was in line with last year's Kosier report into the Marketing Act. The report recommended that the statutory agricultural board system be deregulated and replaced by voluntary co-operative bodies.
Dairy Board to be replaced

Own Correspondent

JOHANNESBURG. — The Dairy Board will close down at the end of the month and be replaced by a new statutory group, the Milk Board, in a move to further deregulate agriculture, the Dairy Board said yesterday.

Board chairman Mr Willie Fourie said because of deregulation and privatisation, the present Dairy Board had served its purpose.

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The new board will be in line with last year's Kassie report into the Marketing Act. The report recommended that statutory agricultural boards be replaced by voluntary co-operative groups.
Dairy groups pool milk, juice interests

JOHANNESBURG — ICS Holdings' Dairybelle operations and Nels-Bliss Dairy Products have pooled certain of their milk and fruit juice interests to form a joint venture company with an annual taxpayer of about R225m.

In terms of the deal, ICS's Dairybelle operations on the PWV, and the entire business of Nels-Bliss — excluding the Lucerne Bulk Milk Transport operations — were acquired by a new company.

The provisionally named D & B Foods would be 70%-held by ICS and 30%-held by the Louber family, the sole owners of Nels-Bliss. The deal, effective from Monday, did not involve a cash transaction.

There would be no material effect on ICS earnings or NAV in the short term but would ultimately benefit shareholders.

Last month, ICS and Foodcorp announced two deals for joint control of their processed meat interests and ICS's frozen foods distribution company The Cold Chain.
Nestlé in Dairy Maid deal

INTERNATIONAL food conglomerate Nestlé will acquire 50% of local food group ICS Holdings share in ice cream producer Dairy Maid.

Nestlé will pay ICS R50m cash and the two will form a new joint venture company, which they will both manage. Operating management structures will be retained.

ICS said yesterday the deal was subject to finalisation of an agreement which would give it access to the Nestlé group's ice cream and frozen confectionery products, trademarks and technical assistance.

ICS would gain a partner which had world-class technical expertise and experience in industrialised and developing countries. Nestlé would gain access to SA's dominant ice cream producer, Dairy Maid.

The deal is ICS's third recent joint venture. In June, ICS and Foodcorp announced two deals for joint control of their processed meat interests and ICS's frozen foods distribution company, The Cold Chain. The net result of both deals was a R150m cash payment by Foodcorp to ICS.

The new chilled prepared meats company would have annual sales of around R500m. In July, ICS's Dairybelle operation and Nels-Bliss Dairy Products pooled some of their milk and fruit juice interests to form a joint venture company with an annual turnover of about R250m.
Staff Reporter

NINE children admitted to Tygerberg Hospital in the past seven months were diagnosed as having the serious milk-borne disease brucellosis, also known as Malta Fever, and scientists believe “this is just the tip of the iceberg”.

Six of the nine children had apparently drunk unpasteurised milk, which experts said yesterday was the chief culprit in the spread of the highly contagious bacterial disease.

The children had to be treated for at least six weeks to ensure freedom from complications or relapses.

Symptoms — which may last for many years — include fever, body pains, a sore throat, persistent coughing, headaches, weight loss, depression and a general “run-down” physical condition.

SA Dairy Services Foundation spokesman Mr. Edouard said yesterday the disease — the most serious of about 32 milk-borne diseases — was contracted through drinking milk which was often sold through informal outlets with inadequate hygienic conditions.

He said one solution for consumers unable to afford pasteurised milk was to boil it to kill off bacteria.

A report by Stellenbosch University’s Paediatrics Department says brucellosis appeared to be on the increase in South Africa and confirms the fears of the milk quality panel — a voluntary body of food scientists and medical academics formed to warn consumers of the dangers of milk-borne diseases.

Earlier this year the panel warned that the increasing informal sale of unsecured unpasteurised milk threatened South Africa with “an explosion” of milk-borne diseases, with serious effects on community health.

Convener of the panel, Professor Piet Jooste, believed the nine cases treated at Tygerberg were “just the tip of the iceberg” because the disease was so difficult to spot and could easily have been misdiagnosed in other sufferers.

Until seven months ago the disease had never before been treated at Tygerberg.
AGRICULTURE

DAIRY & MILK Products

1994
Premier takes its prize cow to the market

BONNITA, Premier Group's R250-million dairy subsidiary, will be floated on the JSE in August/September, writes CHERILYN RETON.

Bonita managing director Louis du Plessis says R40-million to R50-million will 'probably' be raised ahead of the listing. The main listing aim is to find a true price for the 216-million shares help by Premier (61%), Bonita staff and suppliers.

Premier deputy chief executive Gordon Utian told foreign fund managers this week the year-old relationship with Bonita had "been a perfect marriage". "They have hit all their targets and we are quite sure that we are going to soon be number one in the dairy market",

Bonita is the second-largest dairy concern in SA and controls 22% of the R12-billion-a-year processed dairy products market.

NCD has 40%, ICS 13% and Nestle 10%.

Mr du Plessis says that in addition to being market leader in long-life milk products, it makes more than 30% of South Africa's gouda and cheddar cheese at its Bonnievale factory in the southern Cape. It also owns the Aylesbury Ice Cream brand.

Management is confident of achieving taxed profit of almost R35-million in the year to April on turnover of R600-million.
Foskor strikers will return to work tomorrow — NUM

THE 900 striking NUM members at Foskor’s phosphate plant near Phalaborwa are to return to work tomorrow after a wage dispute which began on January 27, union regional secretary Archie Pilane said yesterday.

A consumer boycott of Phalaborwa, called in solidarity with the striking workers, was called off yesterday after a community meeting.

The wage dispute began on January 19 with management locking out workers when their final wage offer was rejected. The lockout lasted a week.

Pilane said the parties had resolved the dispute over the backdating of the effective date of wage increases with the NUM accepting a R400 ex gratia payment per member.

The 6% wage increase would be backdated to October 1, not July 1 as demanded by the union. A 1% shift allowance would be instituted from March 1 if a seven-day working week was implemented with the approval of the Mineral and Energy Affairs Department, which still had to ratify the agreement.

Union must respond today to Carlton offer

THE Paper, Printing, Wood and Allied Workers’ Union has until 4pm today to respond to Carlton Paper’s 7% across-the-board wage increase offer.

The union says it will revert to its initial 12% demand. Carlton Paper MD Keith Partridge said if the offer was not accepted by the union, management would also revert to its 7% across-the-board offer.

About 950 workers went on strike four weeks ago for a wage increase and three months’ maternity leave.

Four plants on the East Rand, one in Cape Town and one in Port Elizabeth have been brought to a nearstandstill by the strike.

Carlton Paper and the union also agreed to three months’ paid maternity leave but only after three years of employment with the company.

Management and the union agreed that shop stewards would be appointed at each of the company’s six plants.

Shop stewards were allowed to take part in a national job grading committee which would investigate problems of job grading in the company.

The company would also appoint representatives to the committee and both parties would be allowed to call on outside experts where necessary.

In the case of child care, workers abstaining from work would have to produce certificates stating reasons for their absence, which would be treated on a no work, no pay, no penalty basis.

Illegal imports of dairy products rise

ILLEGAL imports of dairy products had risen over the past year, Agriculture Department deputy director of marketing and administration Dennis Farrell said yesterday.

Most of the illegal imports came via Namibia and Botswana. As members of the SA Customs Union, they were free to export their own produce to SA, but could not export produce from other countries.

Farrell said Botswana had trade agreements with Zimbabwe which meant it could import Zimbabwean dairy products cheaply. These cheap imports could then be exported to SA.

The department said 140 tons of cheese, 170 tons of milk powder and 45 tons of other dairy products had been illegally imported.

Agriculture Department director-general Frans van der Meerwe said although these figures appeared small compared with SA’s annual consumption of 100,000 tons of butter, cheese, milk powder and condensed milk, the cheap imports could have a serious effect on prices.

Tight control of imports was needed especially since prices were already low after good rains had boosted production, he said.

1991-04-04

ERICA JANKOWITZ

MUNGO SOLOTT

3/11/2017
Premier sets great store by Bonnita

BY STEPHEN CRANSTON
Premier has identified the R3.2 billion dairy industry as an important growth sector says deputy CE Gordon Utian.
Utian says Premier likes to operate as a dominant player in whichever industry it operates, and ideally would have liked to acquire control of National Co-operative Dairies, which has 40 percent of the market.
But he says Premier was particularly glad to acquire the No. 2 company, Bonnita, with a 22 percent market share.
Bonnita is the largest player in the added-value sector of the dairy industry.
It produces more than a third of SA’s Gouda and over 50 percent of long-life milk.
Bonnita will be one of the most significant new listings on the JSE this year and is expected to start trading in August or September.
It is currently 51 percent-owned by Premier, 48 percent by members of the Cape Dairy Co-operative, to which its suppliers belong, staff and the employee trust and one percent by the Cape Dairy Co-operative.
Bonnita MD Louis Du Plessis says raising money is a secondary consideration in the listing. There are 210 million shares and perhaps a further 20 million will be offered, either directly to the public or through a public placing.
The shares trade internally at 180c, which is a fairly conservative P/E ratio of about 13, compared with a food sector average of 20, and 23 for its parent company Premier and 15 for ICS, which has large dairy interests.
Utian, who is also chairman of Bonnita, says Premier is a strong believer in mass market brand development.
Bonnita already has well-established brands such as Long Life and Everfresh in the ultra-pasteurised milk market, Steri Stumpie, a flavoured low-fat milk sold almost entirely to blacks, Montall and Bon Blanc cheese and Dewdrop juice.
The mass market is also starting to acquire a taste for yoghurt, having been large consumers of Maas, a cultured sour milk, for many years.
At the top end of the market Bonnita recently acquired Aylesbury, a range of ice cream and frozen confectionery.
Bonnita has shown considerable growth in recent years.
Turnover rose from R169.1 million in 1989 to R308.8 million in 1993.
Premier paid R100 million for its shareholding on March 1 1993; and materially strengthened Bonnita’s balance sheet in the process.
Interest payments amounted to R26.8 million in the 14 months to April 1993 and are forecast to be no more than R5.1 million in the year to April 2 1994.
Premier targets R3,2-bn dairy industry for growth

Business Staff

PREMIER has identified the R3,2 billion dairy industry as an important growth sector, says deputy CE Gordon Utian.

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Interest payments amounted to R26,6 million in the 14 months to April 1993 and are forecast to be no more than R3,1 million in the year to April.
NATIONAL: Co-operative Dairies (NCD) would transfer much of its assets into a new company, Clover SA, in a first step towards improving its finances, the company said yesterday.

An NCD spokesman said the cooperative's members had approved the restructuring, but had made no decision on whether to list the newly formed company. It was possible Clover SA, which would open its doors in July, would either take on a new partner or seek a listing.

NCD financial GM Hugh Knudsen said NCD might seek a listing in the next three years.

The company reported income before tax of R8.4m on a turnover of R168m in the 1994 financial year.

Knudsen said a listing was on the cards because co-operatives were inherently undercapitalised. Other agricultural co-operatives had recently formed companies and positioned themselves for an amendment to the Co-operative Act in July 1993 made it possible for co-operatives to become companies.

In February, Vleissentral co-operative consolidated its industrial operations into a holding company, Kolossa Holdings.

In the same month, insurer Sentraas's shareholders voted in favour of restructuring the co-operative into a company called Sentraas SA.

Sentraas said the decision to go public was a "simple business move to broaden the organisation's capital base".
Milk shortage looms in W Cape

HENRI du PLESSIS
Staff Reporter

THE Western Cape faces a milk shortage as producers leave the industry because of high feed costs and low prices. Traditional feedlot dairies in the Western Cape have become loss-making enterprises as the high cost of transporting mealies from the summer rainfall regions hits farmers' pockets. Western Cape farmers were unable to let their cows graze efficiently because the winter rainfall and dry summers in the region denied them year-round pasture without costly irrigation, said Durbanville dairy and wheat farmer Jimmy van der Spuy.

Commenting on a recent announcement by the Department of Agriculture that mealie prices would remain the same as last year, Mr Van der Spuy said he had no argument with the price of mealies as such, but local dairymen had asked for some support on the transport cost of R140 a ton.

"We asked them to give us a discount of about R70 a ton to offset part of the cost but, after initially agreeing, they came back and said they would pay us back R30 after we had paid them the full amount.

"Production is going to drop markedly. We are going into winter, when cows produce less milk anyway, and the producers do not have the capital to feed dry cows properly to get them milking quickly enough.

Another problem is that the reduction in feed for cows in milk means a product with less butterfat, which in turn means a shortage of other milk products could also be on the cards."

Mr Van der Spuy said most producers in the Western Cape had decreased production and several had sold up.

A large dairy due to be sold soon was that of famous wine-maker Danie de Wet of Robertson.

Mr De Wet aimed to sell his whole herd.
A new milk supplier every week

SUPER SURPLUSES: Langa residents enjoying the surplus milk which is donated to local communities.

Photo: Yusni Mohomed
recapitalisation exercise. NCD now handles about 30% of the milk produced by dairy farmers and operates 40 factories and distribution depots.

The target is to clean up the balance sheet and get rid of R365m in outstanding loans. "We are overborrowed and, with a far more competitive local market since deregulation and greater global competitiveness, we need to improve our capital structure," says NCD CE Marthinus Hermann. "Market development also requires additional capital — we recently commissioned a R130m powdered milk complex."

Hermann says NCD started a recapitalisation process more than two years ago when it instituted a shares-for-quotas scheme with its members. With the embattled Dairy Board’s surplus-milk removal and price-stabilisation roles falling by the wayside, and processors left with the task of dealing with seasonal surpluses, NCD found it could both control supplies and increase its own capital by "selling" production quotas to dairy farmers for shares. The shares are paid for by a 5% levy on each member’s annual turnover. To date, it’s raised R35m.

This capital growth, however, was far too slow to meet the twin aims of reducing debt and building capital for expansion. "Over the past two years we netted more than R90m annually before interest and tax. But, with a R66m interest bill, most of our earnings are swallowed up and last year we were left with only R25,5m for distribution. Without interest, we would also have net earnings of about 5%-6% on turnover — in the same range as other food companies like Tiger and Premier."

For this reason, Clover will allow members and employees each to buy an initial 15.4% shareholding in the new group, which could raise as much as R80m, while NCD would retain the controlling 69% shareholding. During the second phase, however, Clover plans to issue an additional 43m shares, which could bring in more than R150m in outside capital. Says Hermann: "While we are looking at a possible JSE listing in the next three years, we are continuing negotiations with possible local and international business partners who might be interested in buying in."

Over the past three years, the R5bn/year dairy industry has been in turmoil. Finally, in December the Dairy Board (representing producers, processors and the trade) was abolished and replaced by the Milk Board, which represents farmers alone. The surplus-removal and punitive 6c/l levy schemes for price stabilisation were also scrapped and farmers now pay a minimal service fee to their new board.

"SA’s dairy industry today is the most deregulated in the world — even New Zealand still operates an export monopoly," says Edu Roux, former Dairy Board CE and now manager of the SA Dairy Foundation. "Our farmers get no production subsidies, which is the global norm. In fact, global dairy product prices could rise by 60% if all subsidies were to be scrapped. But even the Gatt Uruguay Round provides for only a 20% reduction in international subsidy levels by 1999. Fortunately, SA is protected by its location, though we need to be awake to dumping taking place."

Hermann does not seem fazed by the prospect that Clover could go the way of the Cape Dairy Co-operative, which, trading as Bonnita, first sold shares to the Premier Group and was later taken over by the food giant.

"With our excellent capital base, good management track record over the past 90-odd years and countrywide presence through well-known brand names like Clover products Ultra-Mel, Elite, Tusser and Yogi Sip, we aim to become an important food company in the new SA. The potential of the black market is vast and developing export opportunities into Africa forms part of our game plan."

Hoping Clover is lucky

Langseth and Bonnita have done it and Vleissentraal is planning to do it. From July 1 National Co-operative Dairies (NCD), SA’s largest dairy products processing and marketing group, will also transform itself from an agricultural co-operative into a public company.

The newly named Clover SA will take over the R1,9bn/year co-operative’s fresh milk, industrial products and distribution business and assets, while NCD will initially retain control through a major restructuring and
NCD undergoes name change

BY PATRICK WADULA

National Co-operative Dairies (NCD) has restructured its processing, distribution and marketing side into a company called Clover.

The Clover name and emblem have been NCD property for forty years.

NCD, which has more than a 30 percent market share of SA’s milk, continues to vest in the farmers — owners of the cooperative.

The MD of Clover, Dr MN Hermann, says the reason for restructuring from co-op into a company is that with the changes occurring in the agricultural environment, it has become clear that capital availability and interest commitments are a limiting factor in the growth and development of a capital-intensive business.

Hermann says the name change is to identify the company in the consumer’s eye with the wholesome products it processes and distributes.

He says a possibility existed for Clover to enlarge its working capital through the participation of its financial partners.

The company has a number of exciting new products in the pipeline.
Shortages in food plan

PRETORIA. — A shortage of certain dairy products was affecting the Department of National Health's feeding scheme, Minister of Agriculture Dr Kraai van Niekerk said yesterday.

He said his department would temporarily have to allow imports of skimmed milk, full-cream milk powder and butter.

"The domestic shortages of the products have forced many groups in the industry to apply for import permits."

"The department has received applications for the import of about 2 800 tons of full-cream milk powder, 3 000 tons of skimmed milk powder and 2 800 tons of butter. Even the large manufacturers of dairy products have applied for import permits."

On the recommendation of the National Marketing Council, Dr Van Niekerk decided his department would issue "once-off" permits to import 1 000 tons of skimmed milk powder, 1 000 tons of full-cream milk powder and 500 tons of butter until the end of next month. — Sapa
BUSINESS

Bonnita Holdings seeks listing

DIRECTORS aim to lift company profile and share's trading

MARC HASENFUS
Business Staff

BONNITA Holdings — the Premier-controlled dairy products group — is applying for a main board listing on the Johannesburg Stock Exchange, according to a financial notice published today.

The listing date has been set for mid-August.

Bonnita directors said the listing would enhance the profile and market awareness of the group, and increase the marketability and tradeability of its shares.

Bonnita opened for business in 1936 as a small cooperative cheese factory at Bonnievale in the Southern Cape. It subsequently merged with other dairy cooperatives and Van Riebeek Dairies to form the Cape Dairy Cooperative (CDC) CDC amalgamated with United Dairies Co-operative of Port Elizabeth in 1989 — to form the second largest dairy business in South Africa.

Bonnita was formed in 1992, acquiring all the assets and liabilities of CDC in a bid to obtain additional permanent equity capital and to commercialise the group. Last year the Premier Group acquired a 39 percent stake in Bonnita, which was later increased to 55 percent.

Bonnita's product range currently includes gouda and cheddar cheeses, butter, whey powder, milk powder, cultured milk products, fresh milk, long-life milk, sterilised milk, cream and fruit juices, as well as a wide range of high quality ice creams.

Under Premier's control, the group has continued to expand and increase its product range and has established itself as a market leader in value-added packs and products for the mass consumer markets.

In addition to its well-known Bonnita dairy brands, the group's other brands include EverFresh long-life milk, Mighty Nice drinkable dairy desserts, Aylesbury ice cream and frozen yoghurts, Montiello and Bon Blanc cheeses and the recently introduced PureJoy fruit juices.
NZ dairy signs link with SA

NEW ZEALAND Milk Products (NZMP) and Natal-based Purefresh Foods — a privately-owned dairy producer — have signed a distribution agreement.

NZMP is a wholly-owned subsidiary of the New Zealand Dairy Board, the world’s largest single dairy product exporter with global sales topping R11 billion a year.

Purefresh processes a broad range of value-added milk products at its Pinetown plant under the Creamline, Rosemary, Single Seven, Nip ’n’ Sip, Morning Fresh, Super Dip and Jerseyland brands.

According to the agreement, Purefresh will distribute NZMP’s value-added dairy products throughout South Africa — expected to add about R30 million to the South African company’s turnover.

This is also the first step towards NZMP taking an equity position in Purefresh.

Purefresh has already established a major distribution centre in Johannesburg and will soon create similar facilities in Cape Town and Bloemfontein.

These new distribution centres will dovetail with Purefresh’s Natal operations.
Teigue Payne reports on the coming to market of dairy company Bonnita.

Dairy products company Bonnita, to be listed this month, could have better prospects than its agriculture-related image might suggest.

Farming-related companies have poorer ratings than food companies on the Johannesburg Stock Exchange, which probably explains why so few are listed. Raw materials make up most of the direct costs of food processing companies, but investors find the real-life vagaries of agriculture distasteful.

Though Bonnita is more closely related to agriculture than most listed food processors, it is increasingly pulling away from its raw material roots. This is happening to all major dairy companies: the raw milk market has become hardly profitable for them. Price deterioration allowed smaller operators to lower prices.

Bonnita management has adopted the new motto of the Premier Group (which holds 53 percent of Bonnita): “Value-added products for the mass market.” Bonnita justifies the motto by pointing to the fact that though it handles about 20 percent of SA’s milk production, from that it manufactures 30 percent of gouda and cheddar cheese and produces over 50 percent of long-life, unpasteurised milk. It has acquired up-market Aylesbury ice-cream operation, which inter alia supplies Woolworths under the Royale name; and it has a small chain of frozen yoghurt outlets.

Its other value-added products include yoghurt, sorbet, drinkable dairy desserts, cottage cheese and juices and nectar. New products are being designed, and brand promotion is particularly important to Bonnita.

It is SA’s second largest processor of dairy products, the total SA market for which is worth R4-billion. The recently corporatised National Cooperative Dairy (NCD), now operating as Clover, has 30 percent. Bonnita, which converted from a Cape Dairy Co-operative (CDC) into a public company in 1992, has 22 percent and ICS has 13 percent. Swiss-owned Nestlé, which, unlike the other majors, does not produce raw milk at all, has 10 percent.

Bonnita has been particularly strong in development of the long-life milk market. This may partly be because almost all of its primary production comes from factories in the Cape while it sells extensively in the Transvaal and Natal. And though primary dairy products are slightly more expensive in the Cape, Bonnita is likely to intensify distribution in the north rather than to establish factories. Premier’s extensive distribution organisation in the north will obviously be used.

While the consumption of dairy products by whites is unlikely to show stunning growth, value-added products have good growth potential among the black majority, who are now the target for economic empowerment. Bonnita points out required by Gatt — and should be in place shortly.

Bonnita’s accounts show a rapid improvement in capitalisation, the real reason why co-ops tend to convert. As managing director Louis de Villiers says: “It’s very difficult to get permanent capital from farmers.”

Premier has pumped in more than R100-million since acquiring the controlling interest in 1992.

The effects on gearing — the amount of debt incurred relative to the capital base, and interest payments, have been dramatic. Bonnita has virtually extinguished both. This is in stark contrast to its over-200 percent gearing when it was a co-op, and the current position of NDC and many other co-operatives.

Most disappointing about Bonnita’s recent results has been the decline in operating margin from 8 percent in 1993 to 7.1 percent in 1994, the result of poor market conditions last year and the illegal imports.

Most urgently needed to convince investors about Bonnita is an improvement in these operating results. That may not be far off given the reported improvement in controlling illegal imports, an important, that for the first time in many years, milk production has fallen short of demand in the past few months.

Members of the CDC and staff of Bonnita still hold 45 percent (CDC holds 45 percent, CDC holds 45 percent of Bonnita), that 45 percent holding amounts to 95 million shares. Du Plessis estimates that if the price is right, about half of these shares could be sold. The way to the market because of farmers’ need for capital. The listing is not accompanied by any share issue and no capital is being raised.

The average internal price — a price based on trade between existing shareholders — in the past few months has been 228c. At that level Bonnita is on a price-to-earnings ratio of 15.7. As a rule of thumb, the lower this figure, which is the share price divided by the current earnings per share, the cheaper the share. The food sector average of 20.1 now makes Bonnita look fully priced at around 228c, and especially as farmer sales could depress the market for them for some time.

But, given the increasing value-added profile of Bonnita, and its strong base in the domestic market, the share might be worth longer-term accumulation.
Govt imports milk powder, butter

LOUISE COOK

GOVERNMENT has been forced to import milk powder to maintain its feeding scheme following the recent sharp increase in prices of domestic dairy products. Agriculture Department deputy director Johan Venter said this week import permits had been issued for full cream milk powder and butter. Sources said about 400 tons of milk powder would be imported at a landed cost of about R6 600 a ton.

Government has also issued import permits for 500 tons of butter, though the industry is attempting to meet domestic demand without importing.

Venter said the imports were necessary to supplement the Health Department’s protein and energy feeding scheme for malnourished children. The scheme was being jeopardised by high prices, he said.

Industry sources said dairy prices have jumped an estimated 30% in the past three months, with milk powder now at about R18/kg. Fresh milk now costs about R2 a litre, 25% up on the price last year.

The Dairy Foundation defended the price increases, saying the market had been over-supplied last year and prices had been low. Though production was expected to recover, prices were unlikely to fall.

Venter said there was no prospect of further import permits being issued to force local prices lower.
Dairy company Bonnita producing rich cream

PREMIER Group's dairy subsidiary Bonnita, which is to be listed at the end of the month, lifted attributable earnings to R30.4m for the year to April, 23% up on figures for the previous 14 months.

The group — 53% held by Premier and 45% by members of the Cape Dairy Co-operative — announced its intention to list on the JSE by way of introduction last month, and meets potential investors next week.

It processes milk, and makes yoghurt and cottage cheese, fresh and long-life fruit juices, cheese, Aylesbury ice cream and frozen yoghurt.

MD Louis du Plessis said the company had total assets of R484m and would not issue more stock at its listing but might issue more shares later, depending on its capital needs.

The aim of the listing was to increase market awareness, improve the tradability of the company's shares and establish a market-related share price, he said.

Over the past two months the share price had traded among private shareholders at an average of R2.20 with a high of R2.50 on a price equity ratio of 15.7 times.

When compared with the previous 14 months, turnover fell to R754m from R756m. But Du Plessis said comparisons with the 14 months were misleading. When compared with the previous 12 months, turnover rose 20% from R627m.

Finance charges for the past year fell 8% to R2.9m from R3.5m for the previous 14 months, which left pre-tax income 54% higher at R58.2m (R37.5m). The bill for tax rose to R19.7m (R9.3m).

The company paid out total dividends to shareholders of R10.5m (R3.5m) and was left with a retained income of R41.1m.
There's no bliss in the tough dairy market

THE Competition Board is considering launching a formal investigation into certain matters related to the sale by ICS Holdings of the DairyBelle factory in Clayville to Clover SA.

Competition Board chairman Pierre Brooks confirmed the two parties had consulted the board but only at an extremely late stage in the negotiations.

But he said if the sale of assets by ICS Holdings was coupled to a restraint of trade imposed by Clover SA on DairyBelle in the PWV it would give rise to some concern.

Mr Brooks said the board was considering the possibility — provided it decided to launch a formal investigation into the DairyBelle and Clover SA deal — of combining this investigation with another investigation related to the dairy industry which would have possible implications for the PWV.

He was not prepared to provide any further information about this possible investigation.

Mr Brooks said a decision about whether a formal investigation would be launched would be taken this week after the board had studied documentation supplied to it.

Clover SA recently concluded an agreement with ICS Holdings Ltd, the listed perishable food company, for the acquisition of its DairyBelle factory in Clayville for an undisclosed amount.

This follows ICS Holdings' decision to close the factory at the end of September with the loss of 1 000 jobs and withdraw from the fresh milk market in the PWV.

ICS Holdings company secretary Nigel Hosking confirmed the deal had been clinched but declined to reveal the purchase price.

Clover SA managing director Dr Martimus Herman was also not prepared to disclose the purchase price.

The dairy, which had been in operation for the past 12 years, produced milk, cottage cheese, yoghurt and fruit juices for the PWV market and parts of the Northern and Eastern Transvaal.

Mr Hosking said the decision to close and dispose of the dairy facility at Clayville was taken because of continuing losses incurred by the dairy.

Dr Herman said Clover SA had taken over the factory at the beginning of October and was currently producing a small amount of dairy products at the facility.

He said the majority of the products previously produced at the factory by DairyBelle were produced at other Clover factories.

Other factories and distributors in Pretoria and the Reef had stepped in to fill the gap created by DairyBelle withdrawing from the PWV, he said.

Dr Herman said production at the Clayville factory would be increased in time and when the factory had been modified for our own needs.

He added that Clover had employed some of the about 1 000 workers retrenched by DairyBelle because of the closure of the factory.

Consumers will have noticed the disappearance of Bliss and DairyBelle milk products from supermarket shelves. This has resulted from the closure of the dairy following persistent losses.
AGRICULTURE - Dairy & Milk Products

1995
France's Danone buys into Clover

Amanda Vermeulen

PARIS-based food giant Danone has bought a minority stake in SA dairy group Clover in a deal estimated at more than R300m and believed to be one of the largest European investments since sanctions were lifted.

The director of Danone's sponsoring brokers Fleming Martin, Richard Stuart, said the food group had bought a minority stake in both Clover Holdings and Clover SA, and would establish a new joint venture company, managed by Danone, tipping into the value-added milk market. He declined to disclose the value of the transaction.

Danone is one of the world's largest food groups, with a market capitalisation of £16bn. It has interests in dairy products, biscuits, beer, grocery products, pasta, ready-to-serve dishes, and mineral water. It operates in 24 countries and has an annual turnover of close to £11bn.

It said it was entering SA because of the potential to grow its business and to establish a base for entry into Africa. The group was considering entering other southern African markets.

Clover dominates the local dairy market with a range of products, including fresh milk, yoghurt, cheeses, fruit juices, dairy desserts, butter, milk powders and condensed milk. It also owns 100% of Sacca, a cold chain distributor in SA.

Stuart said Clover had about a third of SA's dairy market by volume.

He said the deal would strengthen Clover's balance sheet by partially reducing its R440m debt, while also bolstering its business.

Danone had identified growth areas in the SA market. It was a major player in the yoghurt, soft cheese and dairy desserts markets, all of which would be developed in SA.

The transaction should be completed early next year.
Clover is set to list soon

Amanda Vermeulen

DAIRY group Clover, which yesterday said French food group Danone had taken a minority stake in its companies, would list next year or in 1997, MD Marthinus Hermann said yesterday.

'Danone, an £11bn-a-year group with extensive food interests in Europe, has acquired an interest in Clover Holdings and Clover SA, estimated at a combined cost of more than R300m.

The deal has substantially reduced Clover SA's R440m debt, making a listing less imperative.

But Hermann said a listing will probably occur next year to raise capital to embark on new projects.

The Danone deal will include a joint venture to enhance their fresh milk products business and introduce other food products.

Clover also has a joint venture agreement with Unilever.

The Danone deal will result in the French group marketing its leading brands of puddings, yoghurts and soft cheeses in SA.

Hermann said the group companies were on budget but there was "unlikely to be any fireworks" in the figures for the 1996 financial year.
Dynamo to take stake in Clover

By Sheryl Jones

Durban - Dynamo Investments, a company set up by Kwazulu Natal businessman Oscar Dhlomo six months ago, is to acquire a significant stake in Clover Holdings.

Dynamo will buy a 15 percent shareholding in Clover with an option to increase this to 20 percent in the new year.

Dhlomo would not put a value to the deal, but said a more detailed announcement would be made once it had been formally closed early next year. He confirmed that this was Dynamo's first investment despite a number of offers over the past six months.

He said that Dynamo had refused these as they did not conform to its investment criteria.

Dhlomo says initially Dynamo will focus on branded consumer goods mainly in the food sector, financial services and gaming and tourism. He said that Dynamo intended investing in either listed companies or those prepared to provide an assurance that they would list in the near future. The company was looking to minimum shareholdings of 20 percent and maximum shareholdings of 50 percent as well as joint ventures, he said.

Dynamo's market capitalisation is R101 million, but this will be increased to R200 million once the company goes to the market within the first half of next year. However, Dhlomo expects Dynamo to have concluded at least two further investments before listing.

Dynamo is 60 percent owned by City Growth Investments, 30 percent owned by Absa and 10 percent owned by the Shumani Education Trust.

Clover is the holding company for Clover SA, which participates in joint venture ice cream company Olv with Lever Brothers and owns the distribution company Sacca. It has turnover of about R1,8 billion.
Clover to sell 15% stake to black trust

Amanda Vermuelen

DAIRY group Clover Holdings is to sell up to 20% of its equity to Dynamo, the Durban-based black empowerment investment trust led by Oscar Dhlomo. Clover, which earlier this week unveiled plans to sell a minority stake to French group Danone for more than R300m, refused to disclose the selling price. But it said Dynamo had paid a market-related sum. Dynamo would initially take 15% in Clover Holdings, with an option to increase its stake to 20% later. Dynamo's managing member, said financial details would be released in January, when the deal was expected to be finalised.

Clover MD Marthinus Hermann said the partnership and the Danone deal would allow Clover to consolidate its market position and "explore new opportunities in emerging markets". Dynamo, run by several leading black businessmen, said it was close to finalising another major deal in the food and beverage sector.

Fleming spokesman Peter Popp said the transactions would enable Fleming to list in the final half of next year to raise R96m.

Dynamo has already been capitalised by Absa Merchant Bank to the tune of R101m.

Dhlomo said Dynamo would have concluded several major transactions prior to listing in the investment trust sector. It was pursuing opportunities in financial services, such as insurance and asset management and tourism-related industries such as casinos.

Dynamo's directors include Gideon Thula, who is on the board of Opus Investment, parent of lotteries company Games Africa; New Africa Investments board member Den Mkhwanazi; and Anthony Ardington, who is on the boards of Southern Life and Marriott Merchant Bank.

Continued on Page 2
Bonnita lifts
half-year
earnings

Cape Town — Dairy products and
fruit juice company Bonnita Holdings
lifted net earnings by 22 percent
to R269.5 million (R217.9 million) for
the six months to October on a
15 percent rise in turnover to
R473.5 million (R415.3 million).

Operating profit was 15 percent
higher, at R353.3 million (R46.4 mil-
lion). Shareholders will be given a
choice of either a capitalisation share
award or an interim cash dividend
of 2.6c (2.2c) a share. Interest-bearing
debt has been reduced to R2.9 mil-
lion (R5.1 million).

Managing director Louis du
Plessis said there had been a steady
growth in demand for the com-
pany's products. The new UHT milk
factory at Parow in the Western
Cape was running at full capacity
and two new ice cream factories at
Midrand and Cape Town were fully
operational.

The company's cheese factory at
Baboutre had been upgraded, and
it was producing more varieties.
Sacobi trade study calls for diversified export base

BY DEREK TONONBY

Johannesburg — It is imperative that the country’s economic growth should be based on diversified export growth, says the South African Chamber of Business (Sacobi) in a study proposing a comprehensive trade policy for South Africa.

It said that while exports of minerals would remain important in the generation of foreign earnings, the country would benefit more from the faster growth of diversified exports, as this was likely to create more jobs for each dollar earned than the primary export sector.

"Such a path will also have a larger multiplier effect in the economy," it said.

However, it would be not only preferential arrangements but international competitiveness that would be crucial to a successful outward-looking development strategy.

In this respect, factor productivity and specifically labour productivity was essential.

Other factors that would be required were consistent government support and effective incentive systems, adequate infrastructure, realistic exchange-rate levels and an environment that would encourage foreign investment.

Small business also deserved support systems that would enable it to export competitively. But export policies should not have as their primary aim the development of small and medium enterprises.

Sacobi was also concerned that the competitiveness of export industries might be reduced by redistribution measures.

"Efficiency and economic growth are of prime importance, and must be a prerequisite for the alleviation of poverty. South Africa has to expand its trade with its traditional partners and expand into markets in Asia, the Middle East and Latin American.

"While trade relations with Africa must be explored, the ability of African countries to pay will remain a problem. The best way to solve this is through increased South African investment. This requires the removal of the remaining exchange controls on residents."

Sacobi warned that South Africa’s Gatt and World Trade Organisation obligations meant that it had been inexorably locked into a process of trade liberalisation and that the economy would have to adjust to lower levels of protection.

Exporters should not expect too much from trade pacts with other countries, it said.

"In the international environment, special preferences for developing countries are losing their appeal and are bound to fall out of favour," it said.

Bonniita lifts half-year earnings

BY AUDREY D’ANGELO

Cape Town — Dairy products and fruit juice company Bonniita Holdings lifted net earnings by 22 percent to R26.6 million (R21.9 million) for the six months to October on a 13 percent rise in turnover to R473 million (R413 million).

Operating profit was 15 percent higher at R33.3 million (R46.4 million). Shareholders will be given a choice of a capitalisation share award or an interim cash dividend of 2.6c (2.2c) a share. Interest-bearing debt has been reduced to R2.9 million (R12.1 million).

Managing director Louis du Plessis said there had been a steady growth in demand for the company’s products. The new UHT milk factory at Parow in the Western Cape was running at full capacity and two new ice cream factories at Midrand and Cape Town were fully operational.

The company’s cheese factory at Bonniivale had been upgraded and it was producing more varieties.

The market showed excellent growth potential.

The company was negotiating with black entrepreneurs for joint ventures which would supply dairy products to previously untapped markets.
Milk Board decision is held up

A DECISION on the future composition of the Milk Board had been delayed because of disagreements between producers and dairy product processors, National Milk Producers’ Organisation (NMPO) GM Tony Liebenberg has said.

He said a decision by Agriculture Minister Klaas van Niekerk on the matter was expected to be delayed because of disagreements between NMPO, representing producers, and the SA Milk Organisation (Samo), representing processors of dairy products such as Clover, Bonita, Nestlé and Dairy Bell.

Liebenberg said the Milk Board, supported by the NMPO, had asked the Minister in December to extend representation on the board to consumers and dairy product processors.

Various marketing boards, including the Milk and Maize Boards, were critical of the fact that they represented only producers’ interests and that the Agricultural Marketing Act was tilted in favour of producers.

The Milk Board said that “in the interests of cooperation in the industry” producers should be allocated eight seats, processors four and consumers one seat on the board.

Samo GM Edouard Roux said his organisation’s view was that the Milk Board was a producers’ organisation that charged levies and performed specific functions for producers.

Samo had accordingly declined any representation on the board, believing it was unnecessary, Roux said.

Van Niekerk was not available for comment, but it was believed he would base a decision on the recommendations of the National Marketing Council, an Agriculture Department advisory body.
Shortage of dairy products forecast

DAIRY product shortages and price hikes of up to 25% were expected during winter, sources said yesterday.

But milk producers said they would not benefit from such hikes. Milk Board GM Bertus de Jongh said this winter's shortages of butter and milk powder — normal for the season — were expected to be "worse than other years". This would be caused by the drought and high meat prices which had caused farmers to slaughter dairy cows.

Imports would increase and prices would rise because of import tariffs of R4.50/kg on milk powder and R6.60/kg on butter.

He said, however, that while a drop in the tariff to facilitate cheaper imports was not ruled out, the board would not apply for such a drop.

Nieuw Zeeland Milk Products director Malcolm Tweed said the prices of domestic products could rise "significantly" to bring price levels in line with imported dairy products which were "very high due to excessive import tariffs".

Edu Roux, GM of the dairy foundation — whose members include Clover and Bencoza — said prices would "probably not rise more than the rate of inflation", but it was "impossible to make projections as producers named their own prices".

However, Natal Milk Producers' Organisation chairman Anthony Hardingham, who represents 600 producers, said the producers did not receive fair prices.

"We have no incentive to produce more milk because we do not get the 19c/l that would be a fair price."

Hardingham said he was unaware of price increases. "If prices went up during winter, it would not be the farmer who would benefit."

He said producers had received 95c/l after they had received a 7% increase in March.

Free State milk producer Lutun Ngal predicted shortages, especially of butter, but would not speculate on the extent of price increases.

Clover marketing director Nic Petersen disputed the claim that abnormally high shortages would occur, or, that prices would go up by more than the rate of inflation.

Nestlé spokesman Dave Uphane said predictions "are premature as the effect of the drought is not yet determined. We do not expect major shortages or price hikes. But certain areas have been affected badly and it is possible that some of the processing companies could have problems."
Clover's restraint of trade may be illegal

ROY COYayne
PRETORIA BUSINESS EDITOR

A Competition Board investigation has found that a clause in the deed of sale of Dairybelle's Clayville dairy to Clover SA constitutes a restrictive practice and is not in the public interest.

It has recommended to the minister of trade and industry, Trevor Manuel, that the restrictive practice be declared unlawful.

The Board added that it could not discount the possibility that the restraint of trade clause contravenes a government notice prohibiting horizontal collusion on market-sharing. Contraventions of this prohibition are an offence and carry a maximum penalty of R100,000 and/or five years' imprisonment.

Since a restraint of trade clause such as this arguably has the effect of dividing wholly or partially the market for the relevant commodity between the contracting parties on a territorial basis, it may contravene the prohibition.

If this were the case, the remedy would be different to that (already) recommended, the Board said.

Clover SA, a wholly-owned subsidiary of National Co-operative Dairies (NCD), acquired Dairybelle's factory for R33 million in October last year.

The Clayville factory was completed towards the end of 1984, shortly after the deregulation of the milk industry. The Board said the deregulation of the industry contributed substantially to the fact that the factory was never profitable.

The Board said it was not satisfied that the public interest arguments advanced by Clover in defence of the restraint clause were sufficient to discharge the onus that rested on it. The shackling of commercial intercourse effected by the restraint was too extensive to condone.
Dairy firm Bonnita hard on Clover's heels, says analyst

Marcia Klein

DAIRY company Bonnita would show earnings growth of 42% — compared with revised earnings for the previous year — when it reports results to end-April, according to forecasts by Alexander Paterson Faure Analyst Mark Ingham.

Ingham said last year's results would be restated to reflect a more conservative approach to depreciating trademarks. His forecast of 19.5c a share would be 65% higher than the revised prior year figure and 36% up on the published result for last year. The growth trend was expected to continue next year and in 1997.

Premier Group, which held 55% at listing, has since increased its stake to 61%. Ingham said Premier's involvement had strengthened Bonnita's balance sheet and created capacity for it to expand. The expansion strategy included building exports to 10% of sales within five years.

Bonnita had traditionally operated as a co-operative, but from March 1992 it became profit-driven.

Ingham said Bonnita was "a strong number two" to Clover, with 22% of the processed dairy market.

The share closed yesterday at 290c, just off last month's high of 298c and well ahead of the September low of 210c.

Ingham said there had been a comparatively high level of liquidity as farmers and certain staff had been offloading stock. Members of the Cape Dairy Co-op and Bonnita staff held 47% between them at listing.
Bonita beats forecasts

CAPE-based dairy company Bonita Holdings has crowned its first year as a listed company by beating market forecasts with a 64% leap in earnings.

The jump in attributable income to R77.4-million in the year ended April comes on the back of better economic conditions and strict control over operating costs and working capital.

Louis du Plessis, Bonita's managing director, says earnings were also boosted by the successful management of its seasonal milk surpluses.

The earnings growth follows a 39% rise in profits at the interim stage and the company, in which Premier has a 33% stake, has declared a dividend of 7.5c (5c) a share for the year.

According to the Central Statistical Service, prices of milk, cheese and eggs edged up 8% in 1995. Bonita's turnover, however, rose 12% to R244.8-million.

It's improving margins are highlighted by its 40% jump in operating income to R72-million.

Bonita, listed in August, benefited from a drop in its interest bill and tax rate.

During the year Bonita opened ice cream factories in Cape Town and Midrand. Its Aylesbury subsidiary is establishing a national franchising operation to take advantage of high demand.

In addition, the company broke into many export markets during the period under review and its long-life milk and desserts are now sold in Africa, Europe, the Middle East and Far East.

Gordon Utian, Bonita's chairman, says that with negligible interest-bearing debt, Bonita is in a strong position to make further investments in its core businesses. It will also make acquisitions in complementary areas.

In the coming year it plans to upgrade its Parow fresh milk plant and Bonnievale cheese factory.
Bonnita shareholders happily cream profits off top

BY JOHN SPIRA
BUSINESS EDITOR

More favourable economic conditions and strict control over costs helped boost Bonnita's earnings by a steep 63% to 22,51c a share in the year to April 1995. South Africa's second-largest diary products company, listed for the first time in August 1994, has declared a final dividend of 5,3c, raising the year's total to 7,5c — 50% higher than the 1993-94 distribution.

Turnover increased by 12% to R245-million, while after tax income grew by 64% to R47,57-million, clearly demonstrating the improved efficiencies the group was able to implement.

The directors comment: In spite of capital expenditure of about R43-million on three new factories, the ratio of interest bearing debt to total shareholders' funds is only 3,4%. This can be attributed mostly to strict control over working capital. Bonnita is conservatively capitalised and has a favourable gearing ratio which leaves it adequate scope to take up debt as required.

When Stellenbosch-based Bonnita made its JSE debut, a large percentage of the shares were issued to milk producers and personnel. They have seen a share price performance which has seen the counter rise from a low of 210c to the ruling 285c.

The yield on the higher distribution is 2,8%, while the price-earnings multiple on the improved earnings is 11,8.
Bonnita Holdings’ results are better than expected

Edward West

CAPE TOWN — The profit of recently listed food products group Bonnita Holdings exceeded its forecasts, with weighted average earnings rising 64% to 22.5c a share in the year to end-April.

Today’s published results showed turnover 12% higher at R846m, while operating profit rose 46% to R72m. Interest paid was slightly lower at R2.2m from R2.3m. Taxation increased to R22.4m (R19.6m), which left attributable profit 64% higher at R47.4m. Interest bearing debt was negligible.

An interim dividend of 2.2c a share was declared, lifting total distribution for the year to 7.6c (6c). Directors said they would again offer shareholders capitalisation shares.

Directors of the Cape-based group said favourable economic conditions and cost and working capital controls contributed to the improvement in Bonnita’s results.

Another important factor was the successful management of seasonal milk surpluses.

Two ice cream factories, one in Cape Town and the other in Midrand, were completed during the year. Aylesbury was in the process of establishing a national franchising operation.

A new UHT factory was commissioned in Cape Town and would provide additional capacity for the production of long shelf-life milk and fruit juices.

The group has been engaged in an export drive since last year. Purejoy fruit juice, long-life milk and Mighty Nice drinkable desserts were being exported to countries in Africa, Europe, Indian Ocean Islands and the Middle and Far East.

The potential of SA opening up to world trade was substantial and the group’s exports were expected to gain momentum during the year ahead, directors said.

Commenting on the local dairy industry, they said SA’s milk production was not sufficient to cater fully for the local market last year and maintain exports, and skim milk powder and butter were imported.

Price increases in the dairy industry were kept below the inflation rate over the past year.

Bonnita expected to benefit from the continuing economic upswing. Attention would be given to upgrading the Parow fresh milk plant and Bonnivite cheese factory in the forthcoming year, the directors said.
New milk plant boost for Cape

TRADE and Industry Minister Mr. Trevor Manuel praised Bonnita at the opening of their new R33 million processing plant in Paarl yesterday for this signal of confidence in the regional economy.

The new Ultra High Temperature plant will increase Bonnita's Everfresh milk and Pure Joy fruit juice capacity by 2,25 million litres a month and will be the new seat of the company's export operations, a spokesman said.
Business Staff

TRADE and Industry minister Trevor Manuel has promised a tough stance on foreign food producers dumping their products in the South African market.

Opening a sophisticated R33 million dairy products processing plant in Parow yesterday Mr Manuel said although protection on demand was as "dead as the dodo" he wished to give an assurance to the food industry.

"We will do all in our power to strengthen our ability to investigate dumping," he said.

Mr Manuel officially opened dairy products manufacturer Bonnita's new ultra high temperature (UHT) processing, packaging and distribution plant.

He praised the company for making such a large investment which would do much to convince potential foreign investors of the opportunities the South African economy presented.

Mr Manuel, who was lifted four storeys high in a forklift inside the huge factory as part of his role in the ceremony, said foreign investors were waiting for South African businesses to demonstrate their confidence in the country's economy.

Speaking before Mr Manuel, Bonnita chairman Gordon Utian said steps should be taken to prevent South African farmers being disadvantaged by the dumping of overseas production.

He called for a balance between production and local protection.

The factory is the country's first fully integrated UHT processing, packaging and distribution plant.

Bonnita, which this week celebrated a 64 percent increase in profits after listing in August, will produce its long-life Ever Fresh and Pure Joy 100 percent fruit juice brands there to supply local and export demand.

Bonnita said it had built the factory in Cape Town because of its convenient export facilities and because the Western Cape was a major milk and fruit producing area.

The plant boasts the latest processing and filling equipment to accommodate different pack sizes.

A fully automated palletising and racking system has been installed with a capacity of 4 000 one-ton pallets, facilitating easy storage and selection of filled packs and efficient stock management.

The UHT process is designed to give fresh milk and other dairy-based products, as well as 100 percent fruit juice, a longer shelf-life — about six months — without affecting their nutritional value.
**Scream for ice-cream**

**New addition** to the JSE’s food sector Bonnita Holdings more than justified the hopes of controlling shareholder Premier (53%).

The group reported year-end operating profits up 40% to R72m on a turnover increase of 12% to R844,8m with operating margins of 8.3% well above 1994’s 6.8%.

Attributable profits increased 64% to R47,4m and the after-tax profit margin was 5.6%, beating management’s 5% target. The steep increase in profit related to turnover was because of “strict control over operating costs,” according to chairman Gordon Udian. It was also helped by the “successful management of seasonal milk surpluses.”

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**FOX**

EPS was 22.5c (13.7c) and the “equivalent dividend” (for those not accepting the capitalisation award) was 7.5c (5c).

Total interest-bearing debt fell nearly 70% to R12.6m (R41.1m), though current liabilities increased. Net finance charges dropped 24% to R2.2m. These figures are particularly noteworthy in that the group commissioned two ice-cream factories and a UHT factory for the production of long-life milk and fruit juices during the year. Capital expenditure totalled only R43m, but strictly controlled working capital kept the gearing to 3.4%, down from 12.7% in 1994 and 52.1% in 1993.

The group operates a vigorous export programme, marketing its PureJoy long-life fruit juice, long-life milk and the Mighty Nice range of drinkable desserts into Africa, the Indian Ocean islands, Europe, the Middle East and Asia in the 1994 financial year.

Demand for ice-cream and frozen confectionery from Aylesbury is so strong the company is setting up a national franchising operation to handle it. This is a niche market dependent on reasonable levels of disposable income, which is expected to grow further as the economic upturn proceeds.

Bonnita has plans for further capital investment in the 1996 financial year, including upgrades to the Parow fresh milk plant and the Bonnievale cheese factory. It will also look for acquisitions that complement its core businesses. However, the group can expect some pressure on its margins in the next year if competition in the dairy industry continues to keep price increases at levels below inflation.

Now at 265c, the price has ranged between 210c and 280c since the listing in August 1994. This does not look expensive on a p/e of 11.8, particularly given the earnings potential.

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**BONNY PRODUCTS**

<table>
<thead>
<tr>
<th>Year to April 30</th>
<th>1994</th>
<th>1995</th>
</tr>
</thead>
<tbody>
<tr>
<td>Turnover (Rm)</td>
<td>764,3</td>
<td>844,6</td>
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<td>Operating Income (Rm)</td>
<td>51,5</td>
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<td>Attributable (Rm)</td>
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<td>Earnings (c)</td>
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</tr>
<tr>
<td>Dividends (c)</td>
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</tr>
</tbody>
</table>

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*Margaret-Anne Helsc*
AIDS, HIV increases threefold

PIETERSBURG — Confirmed AIDS and HIV cases had trebled in the past year in Northern Province, an AIDS researcher said yesterday. Sapa reports that Northern Province, itself considered a developing area, was specially vulnerable to the diseases because it bordered Zimbabwe and Botswana.

Kathryn Strachan reports that more than 200 billboards bearing the message of AIDS have been placed countrywide by the Health Department as part of a new AIDS awareness drive.

The billboards include a toll-free helpline number and the slogan "A new struggle".

The current billboard places an emphasis on responsibility within relationships. Prevention is about love, caring and support. The virus is not simply about death.

The constitution guaranteed private ownership of property and farmers would not be forced from their land, he said.

Impurities found in free market milk

CAPE TOWN — The advent of a free market in milk had led to a rise in milk-borne diseases, Prof Piet Jooste of the Milk Quality Panel told the parliamentary standing committee on health yesterday.

He said deregulation meant much milk on the market was no longer controlled for health risks.

Our concerns arose when statistics revealed a disturbing increase in the amount of unsafe milk being sold in SA — up to 250,000 litres a day, Jooste said.

"This problem can be addressed by ensuring healthy herds and workers, using technology such as pasteurisation and packaging to safeguard milk.

"However, the free-market system has given rise to an uncontrolled milk trade which does not always comply with acceptable hygienic conditions."

Random milk quality tests conducted by the panel in Cape Town, Grahamstown, Poederoek and the Vaal Triangle showed that there were irregularities in untreated raw milk.

"Our inquiries have shown that the health department does not distribute even a basic pamphlet on the subject, which is of such great importance to public health," Jooste said. He urged the department to promote the natural goodness of milk and to include the importance of safeguarded milk in its preventative health care programme.

"Sapa. 04 29 16 75

Northern Province, itself considered a developing area, was specially vulnerable to the diseases because it bordered Zimbabwe and Botswana.

Kathryn Strachan reports that more than 200 billboards bearing the message of AIDS have been placed countrywide by the Health Department as part of a new AIDS awareness drive.

The billboards include a toll-free helpline number and the slogan "A new struggle".

The campaign is the first part of a multidimensional strategy by the department that seeks to raise awareness around AIDS issues," director of the department's AIDS programme Quarraisha Abdoel-Karim said.

"The current billboard places an emphasis on responsibility within relationships. Prevention is about love, caring and support. The virus is not simply about death."

The constitution guaranteed private ownership of property and farmers would not be forced from their land, he said.
BONNITA

On a leaner diet

Activities: Processing and marketing milk and milk products.
Control: Premier Group 61%.
Chairman: G M Utian, MD: L S du Plessis.
Capital structure: 211.6m onds. Market capitalisation: R845.5m.
Share market: Price: 305c. Yields: 2.5% on dividend; 7.4% on earnings; p/e ratio, 13.6, cover, 3.0. 12-month high, 320c; low, 210c. Trading volume last quarter, 14.1m shares.

In the three years since it relinquished its co-operative status, Bonnita Holdings has changed its financial shape and visibly for the better. Chairman Gordon Utian credits this restructuring partly to a more favourable economy and strict control over operating costs and working capital. "It's also a great organisation with great people," he says.

Turnover has grown 35% since 1993 and net income after tax has more than trebled to R47.4m. Total interest-bearing debt, though, has plummeted to almost a tenth of its 1993 level. Cash balances have rocketed from R347 000 to R118,8m.

Notwithstanding the increase in issued shares from 150m to 211.6m, EPS have more than doubled. The market has been supportive of the progress made. Listed in August 1994 at 250c, the share price oscillated between 210c and 260c before starting a steady climb in March that took it to a 12-month high of 320c before slipping to 305c. One analyst believes the share is fairly valued at 300c.

In the year to April 1995, attributable income grew 64% to R47.4m on a 12% rise in turnover to R844.8m. Earnings were boosted by the "successful management of seasonal milk surpluses." Milk demand and supply were in balance at financial year-end but supply has since crept up. Utian is not concerned: "We'll just export more," he says cheerfully.

The milk market has changed. In most countries, demand for UHT milk (sterilised at high temperatures, also known as long-life) is rising at the expense of demand for fresh, pasteurised milk. UHT milk can be stored unrefrigerated for long periods and lasts much longer than fresh milk even when opened. Drinkers of the 2% fat version, it's claimed, can't taste the difference.

In SA, even with the spread of electrification, demand for pasteurised milk is expected to remain static, says an analyst. Rural milk drinkers will primarily be buying UHT milk for some time and Bonnita's best bet is to concentrate on its value-added milk products. The newly commissioned UHT factory in Cape Town adds capacity for production of UHT milk and fruit juices.

Ice cream is a growing money-spinner, with two factories once in Cape Town and Midrand — commissioned during the year. Aylesbury ice cream and frozen yoghurt will soon be available from franchise operators — a neat solution to heavy demand for Aylesbury products.

Bonnita has an eye on the export market. SA has one of the lowest faringate milk prices in the world, which means our milk-based products can be internationally competitive on price. Bringing the factories up to international quality standards is the next step for Bonnita. Exports, estimated at about 5% of group turnover, are set to rise.

Utian believes there are plenty of market opportunities in the country still to be tapped by the fledgling company. Future profits should flow from exploiting competitive advantages to good effect.

Austere management, quality products and a focused strategy have proved a winning formula for direct mail company House-wares. Though it produced steady profits in its seven years as an unlisted company in the W&A stable, they were not exciting. Its relisting on the JSE last year after executive chairman Melvyn Gutkin and NSA Investments bought back the company seems to
have galvanised activity.

In the past year, the group has acquired a new subsidiary and two major new shareholders, raised R40m cash, increased its share capital by 10m ordinary shares and almost completed a new building into which it will move in September. Turnover rose 38% to R211m, against a forecast of R158m, and attributable profit doubled to R28.7m after payment of the preference dividend. The operating margin grew slightly to 21.6%.

Unlike many newly listed companies, Housewares has a long track record. Gutkin points out that Housewares and subsidiary Goodgold have 14 years' experience in direct selling to the consumer. Glomail has been a successful mail-order business for 10 years. The decision to buy into Limited Editions (trading as Glomail) was a strategic decision to expand into mail order, "as we believe it is an extension of our existing business of nonstore retailing."

In January, Housewares acquired 70% of the shareholding; the other 30% is held by Glomail's executive management team. The payment deal is interesting; the first tranche of R20.5m was paid partly in cash (R16m) and partly by issuing 1.3m Housewares shares at R3.20 each. Both the institutions that bought R16m worth of shares, also at R3.20, and the previous owners of Glomail have cause for pleasure in the current price of R4.90.

The amount of the second tranche will depend on Glomail's performance in financial 1996. Housewares will pay an additional maximum of R16.6m (in shares) if Glomail earns a net pre-tax profit of R11.9m. The payment will be reduced proportionately if the profit target is not met. No doubt the minds of Glomail's executive management are well concentrated on performance.

The balance sheet is strong, with gearing about 33%. The R40m since paid by two shareholders for 10m shares is enough to retire the debt, though some will be used to fund expansion.

Gutkin expects the group to build on its "sophisticated infrastructure, advanced computer technology and experience in controlling the debtors' book" to increase market share and to foster market growth. Most credit collections are now through bank transmission or direct debit.

The share price has come off its peak of 493c in August, but is still on an uptrend, climbing steadily. On a p/e of 17.6 against a 21.1 stores sector average, the share has considerable growth potential.

Margaret-Anne Hube

REAL AFRICA HOLDINGS

Off to a good start

Activities: investment holding company with main interests in African Life (21%), Oceana (21%) and NSA (20%).

Control: Real Africa Investments 51%.

Chairman: D M J Ncube.

Capital structure: 191m ords. Market capitalisation: R9344m.

Share market: Price: 180c. Yields: 12.0% on earnings, p/p ratio, 8.3, 12-month high, 220c; low, 150c. Trading volume last quarter, 12 000 shares.

Period from June 10 '94 to March 31 '95

<table>
<thead>
<tr>
<th>Total assets (Rm)</th>
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</thead>
<tbody>
<tr>
<td>LT debt (Rm)</td>
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</tr>
<tr>
<td>Taxed income from life assur (Rm)</td>
<td>26.4</td>
</tr>
<tr>
<td>Taxed profit</td>
<td>27.0</td>
</tr>
<tr>
<td>Earnings (c)</td>
<td>9.4</td>
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<tr>
<td>Dividends (c)</td>
<td>112</td>
</tr>
<tr>
<td>Tangible NAV (c)</td>
<td></td>
</tr>
</tbody>
</table>

It is too early in the short, listed life of Real Africa Holdings (RAH) and pyramid Real Africa Investments (RAI) to start making many judgments. Both have only joined the industrial holdings board in March.

Results in the first annual report cover about nine months — to just after listing — and provide little material for analysis. RAH's development income is sourced largely from life assurer African Life (Aflife), which provides R5.1m of attributable earnings of R5.6m.

What can be assessed is RAH's investment strategy so far. It is influenced, one suspects, by the management of listed investment trust NSA, an early partner which acquired 20% for RAI, while RAH picked up 20% of NSA.

RAH got off to a good start with its initial investment in Aflife, a small but strongly growing life assurer well entrenched in the black market. Latest results showed recurring premium income growing by 41%, with a 24% increase in EPS. A small concern has been its ability to grow its capital base in line with the rapid growth it has shown, but this has been eased through the deal, after year-end, whereby International Finance Corp injected R41m into Aflife for a 5.8% holding.

RAH had to relinquish absolute control, its shareholding declining from 51% to 46.6%, but RAH will control more than 50% of the voting rights.

Oceana (21%) and NSA (20%) also look useful investments. They fit RAH's investment criteria of building core holdings in key sectors which offer cash generation, growth potential and strong management.

Since the acquisition in NSA, its share has gained 22%, which chairman Don Ncube says is 10% more than RAH's entry cost per share. The market value of RAH's holding in Oceana has gained 30%.

The withdrawal from cellphone operator MTN, also since year-end, appears wise. RAH only held 2.1%, with little chance of getting much more. That goes against the long-term strategy of holding a substantial interest in operations acquired. Group financial manager Willie Kruger says RAH realised a profit of about R2.3m from MTN.

It will continue to pursue opportunities in the telecommunications sector.

RAH is going to need cash for acquisitions, which could indicate the need for a rights issue or share swap alliances.

The latest acquisition — 30% of Lifecare (with the option to acquire another 15%) for R91m — is more than half funded by debt, which RAH proposes to replace with 12.1% preference shares. That makes it a geared investment holding company.

Maiden EPS for both companies were close to forecast figures. Share prices of both are below listing price. RAH seems to be off to a sound start as a black empowerment company. Ncube says the shareholding includes more than 1.2m individual black shareholders from trade unions, church groups and stokvels.
BONNITA

MILK

FOOD FOR THOUGHT

FM 9/18/98

Is milk a price-inelastic commodity? Many analysts think it is — and Bonnita's managers agree with them. A few, however, don't. Led by BOE NatWest's Sidney Vianello, they openly question the received wisdom that milk, as an essential protein food in steadily greater demand, can support a stream of price increases.

ACTIVITIES: Processes and markets milk and milk products.
CONTROL: Premier Group 61%.
CHAIRMAN: J. Heron, MD: L. S. du Plessis.
CAPITAL STRUCTURE: 217m ords. Market capitalisation: R825m.
SHARE MARKET: Price: 380c. Yields: 2.5% on dividend, 7.6% on earnings. p/e ratio, 13.2.

Year to April 30

SF debt (Rm) 66 68 69 75 74
LF debt (Rm) 66 74 76 86 86
Debt equity ratio 11.8 — 11.8
Shareholders' interest 0.48 0.62 0.63 0.71
Int & financing cover 2.2 1.77 3.24 1.96
Return on cap (%) 22.3 14.7 17.2 19.9
Turnover (Rm) 645 754 845 961
Pre-int profit (Rm) 51.0 53.2 72.0 95.4
Pre-int margin (%) 7.9 7.1 8.5 8.7
Earnings (c) 13.2 13.7 22.5 28.1
Dividends (c) 2.4 2.0 7.5 9.5
Tangible NAV (c) 73.8 103.7 127.1 152.7

* 14 months annualised.

Bonnita, which daily processes about 1m litres of milk (about 23% of all milk produced in SA), is one of the star performers in the Premier Group stable. Until 1993, when control passed to Premier, it was a Cape-based co-operative; it was listed in August 1994.

Its results are impressive. Turnover has risen 53% in the four years, the trading margin has improved from 7.7% to 8.4% and gearing has fallen from 64% in 1993 to this year's zero. But the counter languishes on an historical p/e of 12.7.

100 COMPANIES

Bonnita Holdings

Cent: 440

360

280

220

(adjusted)

Source: SANT

1993 1994 1995

compared with the sector's 14.4.

"Foul," cries Bonnita's managers and the second question, therefore, related to the debate on milk's elasticity profile, is whether the company is undervalued by the market.

Presenting the company's results to brokers, MD Louis du Plessis says Bonnita has been through two tough years but the next two promise a lot better.

The company's growth potential lies in a number of symbiotic areas. First, milk consumption in SA is far behind that in industrialised countries, which suggests the catch-up phase will be particularly rewarding. Allied to Bonnita's strong commitment to production of milk which doesn't require refrigeration and can be easily and cheaply moved to rural areas (UIT), this should deliver high-quality profits.

However, and as Vianello says, milk production has not exhibited a powerful growth pattern; so where's the increase coming from? That's why, argues Bonnita's executive, it has granted a 15% increase to farmers. Only adequate incentives will persuade farmers to invest in higher production capacity. More milk, greater local demand and the increasing export potential of value-added products (like cheese), because of the continuing rise in the rand, will bounce Bonnita's profit into a new league.

Perhaps, says Vianello, the 23% fall in the rand is tempered by the increase given to farmers (12% added to the sales costs) and, anyway, can consumers go on absorbing the price increases and won't they frighten off potential new customers?

Bonnita has positioned itself to expand into Africa through its processing ventures in Zambia, where it is now offering farmers incentives designed to increase milk production sharply. And its SA products, which include various cheeses and cultured milk products, can clearly be exported with success. Exports now account for 5% of turnover and the intention is to double this swiftly.

Bonnita is a well-run company with considerable growth opportunities. But it carries the legacy of its "co-op" label which, perhaps more than anything else, may account for its slowish rating.

Vianello's last word is that, reservations aside, he concurs with this judgment. But he suggests Premier, shorn of its crippling debt burden, may present even better investment opportunities. Premier and its milky subsidiary now deserve serious thought. David Gleason

Louis du Plessis
Upswing in demand has
dairy group in the clover

Beatrix Payne

DAIRY group Clover SA raised attributable profit
51% to R30.9m in the
year to June after an up-
swing in consumer
spending in the first
three quarters and price
increases, said finance
director Robert Wesseloo
in the National Co-oper-
ative Dairies (NCD) sub-
sidiary's annual report.

Revenue for the
group, which plans to list
on the JSE in the next
couple of years, rose 24.9% to
R1,48bn compared with a
pro forma R1,4bn in fi-
nancial 1994, while oper-
ating profit increased to
R111.6m (R87.2m).

Financing costs grew
to R75.3m (R37m) and an
unchanged tax bill of
R1.3bn left taxed profit at
R34.9m (R28.9m).

Earnings a share rose
to 33.2c (22.6c) and a di-
vidend of 6c a share was
payable on 97.1-million
shares in issue.

Wesseloo said the out-
look for the current year
was positive in view of
projected growth in the
economy and the ration-
alisations of some of the
group's branches.

However, there was
concern over tariff loop-
holes and the non-pay-
ment of import levies.

Products imported all'a
result had displaced lo-
cal goods.

Chairman Vos Grey
said the group had been
'restructured' over the
year to attract outside
capital, reduce borrow-
ings and cut interest
charges. The group was
negotiating with a num-
ber of potential local and
offshore investors.

The company was es-
ablished in February
1994, to handle NCD's
transport, processing,
marketing and distribu-
tion operations. Grey
said it processed 33% of
the milk produced by
SA's dairy farmers.

The company ac-
quired refrigerated food
distribution company
Sacca last year and held
a minority stake in Ice
Cream manufacturer
Ola (SA), he said.
Clover in talks with black investor group

By Ross Herbert

Johannesburg — Clover SA Group, the dairy and food group formed last July from National Co-operative Dairies, yesterday announced its first audited annual results, with a turnover of R1.8 billion up 24.9 percent over 1994 pro-forma turnover.

Managing director Martinus Hermann said the company was in discussions with a South African black investment group and two European food companies about taking major stakes in Clover.

He said Clover would like to list on the JSE but its debt was too high. Debt was now R441 million, just over double its total shareholder equity of R219 million. One of the investment deals would cut debt by R250 million.

For the year ended June 30, the group's operating profit was R111.3 million, up 27.9 percent over the previous year's R87.2 million. Interest paid was R55.3 million, leaving attributable profit of R30.9 million.

The increase in operating profit grew faster than the interest bill, which, was R63.4 million last year. Cash flow was up 44.1 percent to R72.4 million.

Clover will pay a 5.2c dividend on 92.9 million shares. Options on 40 million additional shares were offered to farmers and employees. Of 20 million for employees, 13.1 million are for the top 400 employees.

Hermann said the company had invested fairly heavily in new factories and its fleet of more than 2000 distribution vehicles, causing a relatively low return on capital of 12 percent.

He said the proposed European investment would involve bringing in some European brands, which would be distributed by Clover's network.

Hermann said prospects were good and the Clover brand held a lot of unrealised value that could be extended to new products.

Dairy consumption among blacks, he said, was comparatively low and could be a major opportunity as incomes and consumption improved.

One reason behind the quest for investors was concern that the government might decide to redirect those loans to other programmes, Hermann said.
Clover in talks with black investor group

BY ROSS HERBERT

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For the year ended June 30, the group's operating profit was R111.5 million, up 27.9 percent over the previous year's R87.2 million. Interest paid was R75.3 million, leaving attributable profit of R36.2 million.

The increase in operating profit grew faster than the interest bill, which was R63.4 million last year. Cash flow was up 44.1 percent to R172.4 million.

Clover will pay a 3.2c dividend on 22.9 million shares. Options on 40 million additional shares were offered to farmers and employees. Of 20 million for employees, 13.1 million are for the top 400 employees.

Invested

Hermann said the company had invested heavily in new factories and its fleet of more than 2 000 distribution vehicles, causing a relatively low return on capital of 12 percent.

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One reason behind the quest for investors was concern that the government might decide to redirect those loans to other programmes, Hermann said.
AGRICULTURE - DAIRY & MILK PRODUCTS

1996 - 1997
NEWS

Strong exports help Ingwe Coal post improved turnover

By Ross Herbert

Johannesburg — Ingwe Coal announced modestly improved turnover and income yesterday for the six months to last December and projected continued strong export sales to Europe and the Far East.

Ingwe changed its year end from September to June, because of the October 1994 merger of Randcoal, which became Ingwe, with Trans-Natal Coal. There were no comparable figures for the six months to the end of December 1994.

Turnover for the six months was up 13.1 percent to R2.3 billion over the previous six months. Tonnage sold was up 7.4 percent to 31.8 million.

Attributable income was up 12.0 percent to R228.0 million, compared with R203.6 million in the six months to June.

Exports were up 50 percent in volume over the previous six months. Dave Murray, the managing director, said exports to Europe remained strong, but faster growth was coming from the Far East. Europe accounted for 55 percent of exports.

Murray said the company was negotiating for export sales and could not forecast prices. He said more export coal was coming out of the United States and South America, increasing price competition.

“The United States came into Europe at a much lower price than we anticipated,” said Murray. He attributed the lower prices to tighter environmental rules in the United States that prohibited the use of high-sulphur coal in the country.

In Japan, negotiations on import prices had been centralised in previous years. This year Japanese buyers will negotiate separately. Murray said he could not predict the effect.

Total cost of sales was up 14.4 percent. On a rand basis, costs were up 6.5 percent, with 3.5 percent of that attributable to an annual wage agreement paying workers an average of 11.5 percent more.

Earnings a share were 106c, compared with 95c the previous six months. The company declared an interim dividend of 35c.

Trans-Natal, which holds 51.46 percent of Ingwe shares as its only asset, reported earnings a share of 113.2c for the six months to the end of December, up from 51.4c reported for the six months to December 1994.

Anglo-Transvaal Collieries, which owns 9.6 percent of Trans-Natal, declared an ordinary dividend of 175c and a participating preference dividend of 14c.

Danone buys stake in Clover for R403mn

By Roy Cokanee

Pretoria — Danone Group, the French food concern, has bought an effective 97 percent shareholding in local dairy products company Clover Group, with an investment of R403 million.

Clover Group's managing director, Martijnus Herman, said the investment “puts Clover South Africa on a solid equity base, which will improve profitability and put the company in a strong position to grow and satisfy the growing requirements of southern and South Africa.”

He said the investment would effectively wipe out Clover's debt and facilitate the company's plans to be listed on the JSE.

When Clover announced its first audited results in November last year, its debt stood at R41 million. This was just more than double its shareholder equity and too high for a listing.

Herman said that although the investment did not completely wipe out Clover's debt, shareholder equity was likely to improve two and a half times.

In November, Clover said it was negotiating with two European companies over taking a stake in the group. It expected the deal to reduce debt by R250 million.

Herman said yesterday that two companies had made offers and Clover had chosen Danone's. He said that a deal announced last year with Dynamo Investments, a company set up by KwaZulu Natal businessman Oscar Dlamini, was still being negotiated.

Danone has a turnover of R59 billion. Its market capitalisation on February 1 this year stands at R48 billion. Danone has invested in two levels at Clover: a 7.4 percent shareholding in Clover Holdings via existing shares, totalling R46 million, and a 33.3 percent shareholding via new shares in Clover South Africa amounting to R356 million.

Antoine Riboud, the chairman and chief executive of Danone, said the company saw great potential in the South African market.
French buyer’s
R400m helps
revive Clover

By DON ROBERTSON

THE R400-million investment by French-based Danone in Clover SA will substantially boost the local dairy company’s turnover and provide the financial boost which may hasten a JSE listing.

The investment is one of the largest foreign injections of capital since the lifting of sanctions and is the largest by a French company in South Africa.

Danone is one of the biggest food groups in the world and the largest producer of fresh dairy products. It also has interests in biscuits, grocery products, pasta, ready-to-serve meals, mineral water and is the second largest producer of beer in Europe.

The company employs more than 44,000 people in 78 subsidiaries in 46 countries. Last year it chalked up sales of R59-billion.

The investment involved the purchase by Danone of 5% of Clover Holdings for R48-million and 33% of Clover SA for R356-million and will substantially reduce Clover Holdings’ debt, which at the end of the past financial year amounted to R400-million.

Marthinus Hermann, managing director of the Clover group, says the company will now become part of the Danone global structure and, where possible, sell a large number of Danone products, including cheeses, yoghurt and puddings, under the Clover label.

Antoine Riboud, chairman and chief executive of Danone, says his company regards South Africa as a growth market and the cooperation with Clover will result in benefits for both.

“We look forward to the long-term development of our interest in South Africa,” he says.

Philippe-Loic Jacob, Danone’s director of mergers and acquisitions, says the company is prepared to cut margins to break into emerging markets such as South Africa, Russia and China.

In this Danone hopes to increase its global sales by between 10% and 15% a year, thereby generating cash for research and development.
Dairy prices set to increase

DAIRY product and fruit juice prices to retailers will rise an average 15%, due mainly to higher packaging costs, says dairy group Clover SA.

Johannesburg manager Riaan van Jaarsveld said yesterday the company was recommending to smaller retailers increases of at least 13c a unit.

Larger retailers and supermarket chains would not be affected, as they were able to buy in bulk.

Van Jaarsveld blamed general industry cost increases, the main one being in the cost of packaging, which had gone up about one third. Wage increases, which had not yet been determined, could also put pressure on prices in the industry, he said. — Sapa.
Dynamo buys 15% of Clover for R87.8m

BY ANN CROFT

Johannesburg - Dynamo Investments, the investment group headed by Oscar Dlomo, has bought a 15 percent stake in Clover, the dairy products company, for R87.8 million, the companies announced yesterday.

The deal comes on the heels of a R405 million cash injection into Clover by French food company Danone. The pricing of the Dynamo investment reflects a discount of about 7 percent on the price at which Danone bought into Clover. While Danone invested at the operational level, Dynamo bought into the holding company.

Clover is 66 percent held by Clover Holdings and 33 percent by Danone. In turn, Clover Holdings is 61 percent held by National Co-operative Dairies; 20 percent by employees; 4.4 percent by Danone and 15 percent by Dynamo.

Danone's holding in the operating company was in line with the French group's intention to participate in the management of Clover.

Dynamo's investment at holding level reflected the fact that this was a passive investment. Shareholders in Dynamo included Absa with 30 percent and the Sizanani Education Trust with 10 percent.

The Clover investment takes up a substantial slice of Dynamo's R101 million capitalisation. Dynamo expects a capital injection of R100 million in the future and will use part of this to increase its holding in Clover to 20 percent.
Dynamo buys 15% stake in Clover

Jacqueline Zaina

DAIRY group Clover Holdings has sold 15% of its equity to black empowerment group Dynamo Investments for R57.8m — pricing the group well below the valuation placed on it by its deal last month with French group Danone.

The group — which unveiled the negotiations in December — said yesterday Dynamo would assist Clover through its knowledge of its markets.

The deal values Clover Holdings at R585.3m, against the R960m valuation put on it when Danone paid R45m for 5% of Clover Holdings, and R556m for 33.3% of Clover SA.

Clover said yesterday the French group had paid a premium for its 5% stake, while Dynamo had been issued new shares at market price.

Clover Group MD Marthinus Hermann said the group had "undergone a radical transformation in shareholding through the introduction of individual shareholding by all personnel, the entry of our multinational partner and now the Dynamo Group.”

Clover SA is the largest dairy products processing and marketing company in SA with an annual turnover of almost R2bn.

The company’s product range includes fresh and UHT milk, yoghurt, moos, cheeses, dairy desserts, butter, milk powder, condensed milk, fruit juices and dairy fruit mixes.

Dynamo, headed by Durban businessman Oscar Dhlomo, aimed to spearhead black economic empowerment by investing in existing market leading companies with significant growth potential.

The investment criteria included that the companies show a 25%-30% return on investment.

The majority stakeholding in the Dynamo group is owned by Dhlomo and a consortium of black businessmen.

Banking group Absa owns 30% of the investment trust and the Sizanani Education Trust, which aims to empower black business people through training in business administration, holds the remaining 10%.

Dhlomo said Dynamo Investments was pleased to be associated with Clover Holdings as business partners and through them, with Groupe Danone.
Bonnita buys large Zambian dairy plants

Samantha Sharpe

DAIRY company Bonnita has bought the Zambian national dairy produce board's large-scale production facilities in Lusaka, Kitwe and Matabuka for an undisclosed sum.

It is Bonnita's first step towards increased activity in southern Africa.

Finance director Stuart Maxwell said at the weekend the restructured Zambian operation would be controlled by a new company, Bonnita Zambia Ltd (BonZam), in which Bonnita would have a 66.5% stake, Zambian dairy farmers 28.5%, and staff 5%.

Local dairy producers would be entitled to nominate three directors to the BonZam board.

Maxwell said the workforce would be halved to 250.

The dairy produce board's current controller, the Zambian Privatisation Agency, backed the retrenchments. No additional staff would be recruited from SA apart from a manager-designate already in the country.

Maxwell declined to put a figure to the new company's potential earnings.

"We don't know how the staff will react to a privatised venture or what all the cost elements are. But we have done our exercises and we believe this is a good investment."

"Because of the Monopolies Act we are restricted in expanding our operation in SA."

"This move gives us a foot in the door of the southern African economies, which are rapidly becoming a single market," he said.

Although Bonnita had looked at the potential for the development of long-life products for the southern African market and expansion outside of Zambia, the focus for a while would be on BonZam, which could hardly produce for its own market.

He said it seemed Bonnita would maintain the 22% growth in post-tax profit it achieved in the six months to October in the full financial year.

The new operation, which had already gained Reserve Bank approval, would take effect from May 1.

Continued from Page 1
Workers to act after dismissals

By DAN BHLAMINI

THE NATIONAL Union of Food Beverage, Wine, Spirits and Allied Workers (NUFBWSAW) is to take legal action against the owners of Dairy Belle in Bloemhof following a mass dismissal of more than 270 of its members.

NUFBWSAW's North West regional organiser, Mosa Matela, told City Press that trouble at Dairy Belle's Bloemhof branch started on March 29 when workers confronted management over working conditions.

Matela said workers complained that management did not discuss working on holidays with them.

"The workers just saw their names on the notice board indicating that they would be working on certain holidays without management having discussed the matter with them or their union. They decided to embark on a go-slow until their problems were addressed."

Matela said one of the issues was that the long service award would be reduced.

He said management also wanted to reduce the shift allowance.

"Instead of addressing the workers' genuine problems - and while negotiations were on - the Dairy Belle management locked out the workers," said Matela.

He said negotiations reached a deadlock on April 12 and the workers decided to ballot for a legal strike. The majority decided to go on strike. They were informed about the mass dismissal on Tuesday, April 16.

He said management subsequently obtained a court interdict against the workers stating that they should not come within 500 m of the company premises. They were also warned not to intimidate those who were working and not to hinder vehicles coming to or leaving the company premises.

Matela said Dairy Belle was now using white scab labour.

City Press was unable to get comment from management.
Boninita holdings continued change in product mix towards brands. He said there were plans for branded products in the year ahead. “A number of new product developments will be initiated shortly in line with the company’s policy of developing value added products.”

Du Plessis said Boninita would be venturing into the mineral water market and was planning to establish a bottling plant in the Western Cape. A new milk-based product was also on the cards.

“The depreciation of the rand should help boost our export earnings considerably. The weaker rand also means that imported dairy products are more expensive which should help to further increase local demand for our products,” he said.

Du Plessis appeared bullish for the year ahead, noting that dairy product stocks were relatively low at present. “We anticipate that the company will achieve its long-term objective of 3 per cent real growth on a continuous basis.”

Cape Town — Boninita Holdings, the dairy company owned by the Premier group, lifted attributable earnings 30 percent to R62 million in the year to April 31 as effective cost control and successful moves into branded products took effect. Earnings, diluted by more shares in issue, came in 25 percent higher at 28,7c a share. The dividend was increased proportionately to 9,5c a share. Shareholders could opt for scrip instead of cash.

Turnover, limited by a low dairy inflation rate, edged up by 14 percent to R861 million. Operating margins improved to 11,4 percent (previously 10,8 percent) and saw trading income up 19 percent to R309 million.

Louis du Plessis, Boninita’s managing director, said costs were kept firmly under control and that a tight rein on working capital and capital expenditure reduced gearing to nominal levels.

Spending was required, however, in the upgrading of the Bonneville cheese factory and a fresh milk plant at Parow.

Interest charges were slashed to R638,000 from last year’s R2,2 million. This, with a near tripling in sundry income to R12,5 million (mainly through government grants, profit on the sale of property and plant and services rendered), added further impetus to bottom line growth:

Du Plessis said that profits were also bolstered by Boninita’s
Boninita increases earnings to R61,8m

Samantha Sharpe

CAPE-based dairy group Bonnita Holdings raised attributable earnings 30% to R61,8m in the year to April following robust growth in turnover and export earnings and strict cost control.

Share earnings improved to 28,7c from 22,5c in the same period last year, while dividends increased 27% to 9,5c, although shareholders could opt for a capitalisation share award.

MD Louis Du Plessis said Bonnita had many exciting plans for the year, including a move into the mineral water market and the establishment of a bottling plant in the Western Cape.

"A number of new product developments will be initiated shortly in line with the company's policy of developing value added products," he said.

Among these was a new milk-based product to be marketed in three months' time.

Du Plessis said the group had lifted turnover 14% to R960,7m despite low inflation in the dairy industry.

"We kept our costs firmly under control. Our product mix has continued to change towards branded products which has also affected our earnings favourably."

Trading income before depreciation and finance charges rose 19% to R109,2m, with depreciation charges amounting to R28,2m compared with a previous R24,6m.

Reduced finance charges — continued strict control over working capital and capital expenditure helped to reduce interest-bearing debt to R638,000 at year-end — and a rise in sundry income brought income before tax to R92,7m against R69,7m previously.

On the balance sheet, shareholders' funds grew more than 16% to R431,5m, while fixed assets rose to R231,8m from R215,8m. Net asset value a share was 198c from 176c.

Du Plessis said the group expected to achieve its long-term objective of 5% real growth on a continuous basis and a 5% after-tax return on turnover in the year ahead.

Dairy product stocks were relatively low, boding well for the future, especially given favourable dairy conditions and strong growth in exports, he said.
Milk producers ask for price hike to save industry

By Norman Chandler

An increase in the producer price of milk, which could lead to a rise in consumer prices, is needed to save the industry from collapse, says the National Milk Producers Organisation.

The MPO says 12% of the market has been "forfeited to legal but subsidised imports" over the past 12 months.

"Now that the value of the rand had dropped substantially, imports could not be justified."

The MPO's executive, under the chairmanship of Roy Blaendenberg, said last week it had appointed a task team to conduct an urgent investigation of "all options to avoid a total standstill in milk production countrywide.

To avoid a crisis developing, it was asking for producer prices to be increased to an average R1.25c a litre.

"An increase in the producer price is necessary to save milk producers from financial ruin and to prevent chaos in the dairy industry," Blaendenberg said.

"Insolvencies and talk of total withdrawal (by producers) from the dairy industry are the order of the day because of an alarmingly low profit margin amidst enormous milk shortages, with even greater shortages envisaged in the future.

"While input costs had increased drastically, demand for milk had declined over the past few years, he said.

"We find it extremely strange that less than a year ago it was announced (by the Government) that price adjustments were not possible due to large surpluses (and) in the meantime, producers had to witness how 12% of their market was forfeited to legal but subsidised imports.

"In view of the decline in the value of the rand, it is now no longer possible to import cheaper dairy products legally," said Blaendenberg.
Cheese smuggling ring squashed by Milk Board

Louise Cook  BN 10 16 96

THE Milk Board has squashed a cheese-smuggling syndicate, recovering 1,800 tons of cheese illegally imported from Europe.

The board refused at the weekend to detail the smuggling operation, but said the cheese had been destined for various outlets across Gauteng.

Officials from the trade and tariffs board and the Milk Board's own investigation unit pounced after following a tip-off on the consignment. Those caught had paid an admission of guilt fine, board manager Joe Weideman said. He said the crackdown represented another success in its attempts to halt illegal dairy imports, which are estimated to cost SA about R30m a year in lost excise duty.

Illegal imports, particularly milk powder, were coming in mainly from Switzerland, Germany, France, the UK, Russia and Australia.

All food imports need a health clearance certificate from the agriculture department. But Weideman said that in most cases illegal food imports lacked such clearance. Smugglers falsified documents, abused trade agreements, circumvented tariffs or lied about destinations of imports.

The Milk Board's unit, set up in 1994, has worked with employed 26 other organisations, including the police and customs and excise, to help fight illegal dairy imports.

Customs and excise director Johan Beets said the department had had "major successes" in recovering dairy products.
Dairy industry under threat

By Roy Cokayne

Pretoria — Illegal imports of dairy products into South Africa could result in a loss of R26 million a year to the dairy industry, the Milk Board warned in its latest annual review released at the weekend.

The exploitation of loopholes in the tariff structure for dairy products was also contributing to an alarming increase in permit applications for the importation of dairy products, it said.

The board said the loss through illegal imports was calculated at the producer price and these imports could conservatively total about 30 million litres of milk over a 12 month period.

"These practices, often through misuse of bilateral trade agreements, cost the state and industry millions of rands and may eventually force many producers out of the industry, leaving thousands of workers unemployed."

"It is this also counter productive to the SDP," the report said.

It said the government did not have the necessary infrastructure to effectively combat such irregularities and that to crown it all there was a serious shortage of customs and excise staff.

"The board therefore has at its disposal an inspectorate which continually investigates these matters. Large scale tariff and document fraud also takes place and dairy products are being brought into the country in clandestine ways without import tariffs being paid."

"To counter these illegal activities, the board's inspectorate has established a well informed network and built up contacts at all border posts and harbours in the country."

The report said that during a second phase of the strategy, actions in neighbouring states such as Namibia, Zimbabwe, Botswana, Swaziland and Mozambique would be concentrated on, adding that a good understanding had already been established with authorities in the neighbouring countries.

With regard to the exploitation of loopholes in the tariff structure for dairy products, it said that from September 2, 1994 and February 24 last year, the directorate of import and export control of the Trade and Industry Department had approved applications for the importation of 33,723 tons of dairy products.

"If this tendency continues during the next 12 months, and all the products which have been applied for actually enter the country, it may have catastrophic consequences for the country's dairy industry," the board said.

The report showed that between March 1, 1994 and February 26 last year, 19,382 tons of dairy products had already been imported with a free-on-board value of R85.6 million — and during the period October 1994 to February 28 last year permits for 33,723 tons were issued by the Trade and Industry Department.

However, the Milk Board said it was in continual contact with the authorities to impress on them the destabilising effect of uncontrolled imports on the dairy industry.

The board said certain flaws in the new tariff structure had been identified.

For instance, it cited buttermilk powder and whey powder, which were duty free and could be imported as a substitute for milk powder. Cheese and curd were also imported and only carried a 20 percent tariff and could be marketed locally as cheese.

"Although certain adjustments in the tariff structure were suggested by the Milk Board's monitoring committee to the Board on Tariffs and Trade, there had been no positive reaction by the end of the report year," the board said.

The new tariff structure follows South Africa becoming a signatory to the Catt agreement. Originally quantitative control applied to all dairy imports and the then Dairy Board issued permits for the importation of dairy products up until December 1993, while the Agriculture Department handled this function from January to September 1994.
Forum takes on illegal importers

ILLEGAL imports of dairy and meat products, worth millions of rands, are now being “contained”, writes DON ROBERTSON.

The Forum for Combating Illegal Imports, a body made up of control boards, was established three months ago and has been successful in causing illegal importers to be apprehended. Lack of controls at border posts forced the boards to introduce their own measures.

The forum’s campaign has been linked to a joint business initiative in which the SA Chamber of Business is playing a big role. It ties in with a decision taken in April to enlist the help of British customs officials who will be stationed at border posts for the next year.

It is estimated that smuggling has cost the treasury about R12-billion in lost import duties.

Illegal imports of meat have disrupted the local industry, says Meat Board managing director Pieter Kempen. “Up to 4 000 tons of mutton a month were filtered into the system because of the lack of controls at harbours, but our efforts have largely stopped all this.”
**FOOD FOR THOUGHT**

**FM 9/8/98**

Is milk a price-inelastic commodity? Many analysts think it is — and Bonnita's managers agree with them. A few, however, don't. Led by BOE NatWest's Sidney Vianello, they openly question the received wisdom that milk, as an essential protein food in steadily greater demand, can support a stream of price increases.

**ACTIVITIES:** Processes and markets milk and milk products.

**CONTROL:** Premier Group 61%.

**CHAIRMAN:** C. Heron, MD: L. S. du Plessis.

**CAPITAL STRUCTURE:** 217m. ords. Market capitalisation: R925m.

**SHARE MARKET:** Price: R30.60. Yields: 2.5% on dividend; 7.6% on earnings; p/e ratio, 13.2; cover, 3.0; 12-month high, 430c; low, 300c. Trading volume last quarter, 6m. shares.

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* 14 months annualised.

Bonnita, which daily processes about 1m litres of milk (about 23% of all milk produced in SA), is one of the star performers in the Premier Group stable. Until 1993, when control passed to Premier, it was a Cape-based co-operative; it was listed in August 1994.

Its results are impressive. Turnover has risen 53% in the four years, the trading margin has improved from 7.7% to 8.4% and gearing has fallen from 64% in 1993 to this year's zero. But the counter languishes on an historical pe of 12.7.

**100 COMPANIES**

**Bonnita Holdings**

440

360

280

220

[Graph]

Louis du Plessis

compared with the sector's 14.4.

"Foul," cry Bonnita's managers and the second question, therefore, allied to the debate on milk's elasticity profile, is whether the company is undervalued by the market.

Presenting the company's results to brokers, MD Louis du Plessis says Bonnita has been through two tough years but the next two promise a lot better.

The company's growth potential lies in a number of symbiotic areas. First, milk consumption in SA is far behind that in industrialised countries, which suggests the catch-up phase will be particularly rewarding. Allied to Bonnita's strong commitment to production of milk which doesn't require refrigeration and can be easily and cheaply moved to rural areas (UHT), this should deliver high-quality profits.

However, and as Vianello says, milk production has not exhibited a powerful growth pattern; so where's the increase to come from? That's why, argue Bonnita's executives, it has granted a 15% increase to farmers. Only adequate incentives will persuade farmers to invest in higher production capacity. More milk, greater local demand and the increasing export potential of value-added products (like cheese), because of the continuing slide in the rand, will bounce Bonnita's profits into a new league.

Perhaps, says Vianello. But the 23% fall in the rand is tempered by the increase given to farmers (12% added to the sales costs) and, anyway, can consumers go on absorbing the price increases and won't they frighten off potential new customers?

Bonnita has positioned itself to expand

into Africa through its processing ventures in Zambia, where it is now offering farmers incentives designed to increase milk production sharply. And its SA products, which include various cheeses and cultured milk products, can clearly be exported with success. Exports now account for 5% of turnover and the intention is to double this swiftly.

Bonnita is a well-run company with considerable growth opportunities. But it carries the legacy of its "co-op" label which, perhaps more than anything else, may account for its shallow rating.

Vianello's last word is that, reservations aside, he concurs with this judgment. But he suggests Premier, shorn of its crippling debt burden, may present even better investment opportunities. Premier and its milky subsidiary now deserve serious thought. David Gleeson

**FINANCIAL MAIL** - AUGUST 9, 1996
Milk drying up
- sharp price rise on the way

ANDREW SMITH
Staff Reporter
ARG 28/8/96

A NATIONAL shortage is expected to see a sharp increase in the price of milk and already scarce dairy products.

John Jacobs, managing director of Homestead Independent Dairies, said the price hikes were the inevitable consequence of a suppressed milk price.

"Extreme competition between the chain stores and supermarkets has kept the milk price below realistic levels," he said.

Brian Daish of Pick 'n Pay said the national milk shortage had caused a shortage of butter, gouda and cheddar cheeses and long-life milk. He said Pick 'n Pay was importing butter from New Zealand to keep the shelves full, but had no plans to import cheeses.

Mr Jacobs said the entire dairy industry was crumbling under the weight of the heavy competition.

"The farmers are getting so little for their milk, they can't sustain dairy as the primary function of their farms. They begin to scale down, concentrating on other crops and eventually leave the industry completely."
Milk shortage blamed on imports, weather

MAUREEN MARUS

The persistent shortage of milk and butter on supermarket shelves is being blamed on illegal imports of dairy products and on unseasonal weather.

Markus Kritzinger, director of marketing for Bonnita processors and marketers of dairy products, said an unusually wet 1995-96 summer in summer rainfall areas, drought in the south-western districts and Eastern Cape and illegal imports all contributed to milk being in short supply.

But Bertus de Jongh, general manager of the Milk Board, says milk production is picking up.

"With a cyclical dairy industry, we usually have shortages in winter and surpluses in summer."
Bonnita accused of dumping milk on Cape market

FRANCOISE BOTHA

Cape Town - Western Cape dairy farmers lodged an application for an interdict in the Cape Town supreme court yesterday in a bid to stop Bonnita, the listed dairy company, from dumping milk on the local market.

The farmers, who represent 23 dairies and employ more than 400 workers, claim Bonnita has imported milk from Port Elizabeth and is selling it at a loss.

The Cape-based dairies involved in the action each produce between 5,000 and 20,000 litres a day and include Dairy Bell and Homestead.

Photocopies of a notice asking retail outlets for price-reduction support were circulated in Cape Town at the weekend. The farmers claim the notice originates from Peter Williams, who they allege is a Bonnita employee. The notice gives details of a price reduction from R1.89 to R1.50 for a litre of milk.

Phillip du Plessis, a director of Bonnita, denied yesterday that the company was bringing milk to the Western Cape from Port Elizabeth.

"We are picking up milk from a vast area from the west coast to East London and Queenstown. We are not bringing milk in from Port Elizabeth," he said.

"There are certain photostats being circulated as if Peter Williams is a Bonnita employee, which he is not. That we have reduced prices to our clients is true, but I would not like to comment at this stage," Du Plessis said.

Werner Skaba of Oakdale Dairy said: "Quite clearly they want to dominate the market and get rid of the small dairies. Consumers last paid R1.50 for a litre of milk about four years ago."

The notice requests that stores support the balance of their product range to finance the price reduction.

"Not only are they not buying our milk but they are subsidising the price from other products... to try to force us out," Skaba said.

Skaba claimed that over the past five to six months Bonnita had lost the support of a lot of the farmers in the Western Cape.

"We usually get between R1.30 and R1.28 for fresh raw milk, but Bonnita only offered us about R1.08 a litre.

"A farmer cannot afford to milk for that money... It would mean that they could not afford to feed their cows properly," he said.

□ See Business Watch
Red Cross doctors to move to Cape Flats

24-hour tonic for the townships

ADELE BALETA
STAFF REPORTER

The Out Patients Department (OPD) at Red Cross Children's Hospital is being restructured in February with at least half of the doctors being seconded to work on the Cape Flats.

The move is expected to lift the burden on the academic hospital and upgrade child health in the areas where it is most needed.

Medical superintendent Shaheed Hashim confirmed that in February, 11 of the 23 medical health officers with paediatric training would be sent to work at community health centres (formerly called day hospitals) on the Cape Flats. Some nurses from the department would also be moved.

The 12 doctors who have been working at the OPD the longest would remain in the department to treat emergencies and patients referred from clinics and day hospitals. The specialist clinics at the OPD will continue.

Regional director of health for the metropolitan John Frankish said a massive media campaign would be undertaken in the next few weeks to make sure that unreferred patients stopped coming to the OPD and began using the upgraded community health centres.

Details of the restructuring were still being discussed and negotiated.

Medical Superintendent of the community health centres Edmund Michaels said there were at least 45 vacant posts for doctors at the 44 community health centres in the metropolitan area.

Of the 160 full-time posts, 104 had been filled, and 12 doctors were working part time. He said since the recent pay rise for doctors 20 applications for posts had been received for next year.

Meanwhile OPD doctors have expressed concern that the standard of health services should be continued in the community. They were worried that child health would be neglected at the bottom of the pile as the needs of health care in general had to be addressed. They said their time would be taken up by having to see adults. But Dr Frankish said separate child services would be set up at the community health centres to make sure child health was upgraded.

"We want child friendly services. Children will no longer have to be treated alongside drunkards or people who have been stabbed or had their heads cut open," he said.

These centres were in Mitchell's Plain, Guguletu, Hanover Park, Khayelitsha and Elsie's River, and were open 24 hours a day. A similar centre was planned for Retreat.

At these centres doctors would be required to do overtime on a rotational basis up to 10pm and would handle medical emergencies as opposed to trauma. This would entail mainly dealing with children.

Dr Frankish said the doctors would have to treat mothers if necessary.

"It would be inefficient and time consuming for the mother to be sent to a separate queue to see another doctor."

The doctors who were to be moved had adequate training to treat adults, he said.

There was an agreement to link every primary care facility to a secondary facility. For example, Victoria hospital would be responsible for clinics in the southern substructure.

There would be telephone links between the hospitals and the primary health care facilities to ensure communication.

Dr Frankish said: "We are planning to have full time paediatricians at these support hospitals in the next six months in order to provide direct child health support services to the community centres in their areas."

To ensure that continual training and upgrading occurs, all health staff will be rotated between community health centres and regional and tertiary hospitals.

This meant that those working in child health services would come back to tertiary hospitals for three months at a time.

R4m needed for children's hospital, page 12

Sweet and sour reaction to milk price cut

PAUL OLIVER
STAFF REPORTER

A drop in the price of milk in sachets to R1,50 a litre by Bonnita, one of the Western Cape's oldest and largest milk distributors, has been met with mixed feelings by competitors, producers, and some retailers and wholesalers.

Some chain stores indicated they were monitoring the situation closely, and others, like the Seven Eleven group, have informed Bonnita they are suspending "all sales of Bonnita's products because we cannot allow other dairies to suffer".

Although consumers in the Western Cape were benefiting from Bonnita's decision to sell milk R1 cheaper than their competitors, producers have expressed concern that lower prices might force them out of the market.

Some producers indicated they were to abandon dairy production in favour of other crops like wheat and sheep "because they were afraid of going under".

But Bonnita marketing director Marius Kritzinger said the move was made to win back market share lost to the many smaller distributors who have entered the market.

"We have been in the dairy business for over 70 years and have a responsibility to our shareholders," he said.

"We cannot allow other distributors to deprive us of our market share and we are acting according to free-market principles."

With deregulation we have become an international player and have to compete with New Zealand and Europe.

"If we keep our prices high we are encouraging competition from these countries."
Dairy dumping threat to farmers

Durban — The long-awaited lower tariffs on dairy imports which could come into effect early next year, would send imports rocketing and drive farmers from the land, industry leaders have warned.

Bertus de Jongh, the general manager of the Milk Board, and Tiny Liebenberg, national head of the Milk Producers' Association, said yesterday that if imports either continued at last year's levels, accounting for 12 percent of consumption, or escalated, dairy farming would no longer be viable and thousands of job losses would follow.

De Jongh said duties on imports of dairy products into South Africa were among the lowest in the world and would probably be reduced even further in terms of Gatt (General Agreement on Tariffs and Trade). Liebenberg said the R5.5 billion primary dairy industry now had 7 400 farmers compared with 40 000 farmers 20 years ago. He said this sector, which was far larger than the R2 billion downstream dairy industry, provided direct employment to 30 000 people and was indirectly responsible for the livelihoods of 250 000.

These industry leaders' greatest fear is not the short-term damage to the dairy industry in South Africa, but the long-term effects.

Liebenberg said that with negligible returns on investments, a farmer had to invest at least R1 million for a hundred-head herd of dairy cows. He believed farmers could no longer make ends meet from dairy farming.

The tragedy for the South African industry, De Jongh said, was that imports were undermining this country's position as a net surplus producer of milk. When exporters raised prices or withdrew from the South African market, this country would be left in the lurch, he said.

According to De Jongh, the devaluation of the rand had led to a decline in imports. He said this had created shortages which the local industry, with its reduced capacity, would take up to a month to rectify.

De Jongh said the prospect of importing cheap milk was not a threat as milk had a limited shelf life and was too bulky to transport efficiently.

On the other hand, so-called balancing products such as butter, skim milk powder, full cream milk powder and cheese could be imported at significant discounts.

He said this was not because the local industry was not cost-efficient. Based on the producer price, De Jongh said South African dairy farmers produced some of the cheapest milk in the world.

The problem was that countries in the European Union, parts of eastern Europe and the United States were receiving government subsidies as high as 70 percent, allowing the dumping of surpluses in South Africa at far below cost, De Jongh said.

He pointed out this was in contravention of Gatt, but he doubted whether dumping would be rectified in the short term as some of these countries were already falling behind in meeting their own Gatt obligations.

Liebenberg also warned that lower tariffs with more loopholes would ultimately undermine government's efforts to encourage small farmers to enter the dairy industry. He said he doubted whether small farmers would be able to bear the combined pressures exerted by imports and the retail sector.
Dairy

Claim that tariff structure is skewed towards processors

Milk importers turn sour

SHIRLEY JONES

KwaZulu Natal Editor

Durban — Milk importers, who approached the Board on Tariffs and Trade in August last year demanding a revision of duties on imported milk products, accused the South African dairy industry of economic nepotism last week.

The importers poh-pohed claims by local dairy producers that looming tariff adjustments could boost imports, forcing farmers to leave the land and cut jobs, and called for a closer look at the tariff structure.

"There is far more to these issues than the local dairy industry would like to acknowledge. Claims of destruction need to be taken with a pinch of salt. The dairy industry is in a privileged position," said Malcolm Tweed, the head of New Zealand Milk Products.

The importer is affiliated to the New Zealand Dairy Board and is thus the only large independent importer of dairy products in South Africa.

Tweed said that although South African dairy tariffs conformed to Gatt, they also protected local dairy producers. Under Gatt, South Africa has to import at least 6 percent of its dairy product needs.

The Lion's share of this 6 percent is reserved for the secondary dairy industry which, according to Tweed, pays far lower duties than conventional commercial importers.

Tweed said imports excluding fresh milk products last year would have amounted to 9 percent of market share, according to Gatt, but 6 percent of market share was reserved for local dairy producers such as Clover, Bonnita, Nestlé and Dairy Belle.

Tweed said that of the 4,185 million tons of fresh milk and cream that have to be imported under Gatt, the full quota is reserved for local secondary producers, who have to pay R1.70 a kilogram of the full R4.61 a kilogram tariff.

Of the 1,167 million tons of butter that can be brought in under the treaty, 1,095 million tons are reserved for local dairy manufacturers, who pay R1.30 a kilogram of the R3.20 a kilogram tariff.

In light of these restrictions and dairy manufacturers' ability to manipulate prices, Tweed said local primary milk producers had every right to question the cost structures within the secondary level of the industry.

He said the devaluation of the rand probably made South Africa the cheapest producer of raw milk in the world, but by the time the milk had gone from production to the secondary processing industry, this was no longer the case. He asked why he could pay more for milk in New Zealand but land dairy products in South Africa way below the prices asked for locally produced milk powder, cheese and butter.

Tweed's argument with South African dairy tariffs is not just anti-protectionist; it also opposes the large producers' habit of changing the rules to suit themselves.

He said dairy product imports had been subject to quantitative controls until October 1991. Before then, licences were only issued to dairy industry players, but tariffs were zero on all products except cheese, which ranged from 30 to 25 percent.

There are no tariffs on buttermilk powder and whey powder, a 50 percent tariff on skim and whole milk powder, 40 percent on butter, 20 to 25 percent on cheeses except cheddar and gouda, which stand at 50 percent.

He said the original method for calculating tariffs used the variance between local ex-factory cost and land import cost, but local industry defined ex-factory cost as wholesale price. "We have had the Board on Tariffs and Trade revisit the tariffs with particular emphasis on correcting this definition, so as to also allow an importer the opportunity to generate a local margin."
It's free milk or bust

Carol Campbell

ABOUT 4,000 litres of milk were handed out free on the Grand Parade yesterday — to the disbelief of a throng of beggars, street children and long-suffering shoppers.

The owner of Oakdale Dairies in Somerset West, Mr Werner Skaa, said he would rather give his milk away than sell it at a loss — a result of the price war in the milk industry.

Farmers and dairy owners have accused Bonnita of intentionally undercutting the price of milk to force small dairies and farmers to go under and so increase its market share.

Bonnita is selling its milk to shops for R1.50 a litre — most other dairies sell it for R1.70 a litre at no profit.

"Farmers are slaughtering their dairy herds because they cannot stay afloat and most of the smaller dairies are on the verge of going out of business — the situation is desperate," Skaa said.

Bonnita managing director Mr Louis du Flessi said that for years his company had regulated the flow of milk into Cape Town to prevent a surplus and this had created a market which was "very easy to get into".

"By doing this we lost market share, which we are now trying to win back."

Making a Splash: Enjoying the taste of free milk is Owen Mora (front) and Ricardo Samuels. Oakdale Dairies gave away 4,000 litres of milk on the Grand Parade yesterday to highlight the plight of small dairies and farmers in the milk price war.

Picture: Garth Stead
Western Cape consumers face huge milk price increase, possibly as soon as next week, when dairies raise their price to stores by up to 75c a litre.

The increase will bring prices in line with those in the rest of the country. Milk giant Bonnita has kept the price of milk in the Western Cape low in an effort to regain a share of the market lost to independent dairies.

Bonnita supplies milk to shops in East London and Port Elizabeth at between R2.33 and R2.25 a litre, and to Western Cape stores at R1.50 a litre.

Bonnita marketing director Marius Kritzinger declined to comment on a milk price increase, other than saying that the price was reviewed twice a week.

Pick'n Pay buyer Brian Daitsh said Bonnita's agreement to supply milk at R1.50 a litre ended at the end of the week. He expected an immediate price rise.

Spokesmen for independent dairies say Bonnita began a milk price war to strangle the smaller dairies that opened in the Western Cape after the Dairy Board, which controlled the industry, was dissolved in 1991.

Sources in the industry estimate that up to 200 dairy farmers have gone out of business in the region in the past year.

There were 50,000 dairy farmers in South Africa in 1980, and there are fewer than 7,500 today.

John Jacobs, managing director of Homestead Independent Dairy, said the independent dairies that ensured free and open competition in the industry were "being bled to death quietly".

He warned that once the independent dairies closed, the Western Cape market would be controlled by Bonnita, "which can then do as it pleases".

He said he suspected it was Bonnita's intention to reduce fresh milk production in favour of long-life milk, in which the company had invested heavily.

Mr Kritzinger said the deflated milk price in the Western Cape was adopted as a marketing ploy to "regain our market share", which had been lost when independent dairies sprang up.
Fight for survival in the milk-price war

Disaster, sackings feared

The milk war has left dairy farmers in the Western Cape fighting for survival as the price drops to levels which threaten financial disaster for farmers.

And in another development, a large dairy producer, Bonnita, has contracted dairy farmers in the Free State and is carting fresh milk to the Cape.

John Jacobs, managing director of Homestead Dairies said he had been informed that Bonnita was paying some of these farmers up to R1.15 a litre when the ruling price was some 15 cents lower.

Earlier this year Bonnita launched an aggressive campaign to restore its market share lost as a result of numerous independent dairies springing up after the demise of the Milk Board. Milk is a staple food and emotions are running high in the industry making it difficult to uncover the truth of the situation.

Despite a negative reaction from farmers, independent dairies and traders, Bonnita has decided to continue its selective price-cutting, a move which milk suppliers believe will lead to the destruction of the local dairy industry, resulting in major job-losses.

This comes at a time when South Africa needs small and medium enterprise to contribute to job-creation and provide the stimulus to struggling economies.

Independent dairies in the local fresh milk industry have created in excess of 1,000 new jobs since the demise of the Milk Board and have rescued many farmers from bankruptcy. The same independents are providing the consumers of the Western Cape with a range of products at a price which they say is realistic and fair.

Bonnita has shed 150 jobs at its Parow fresh milk factory so far this year.

Mr Jacobs believes that Bonnita, under the guise of applying free-market mechanisms, has decided to regain the fresh milk market which it believes has been taken from it by the independents.

"It is our firm belief that Bonnita wants the fresh milk market back in order to achieve its goal of being the only buyer and seller of milk in the Western Cape."

There have been allegations that Bonnita has dumped thousands of litres of unsold milk - an allegation which Bonnita flatly denies. Indeed, many market analysts greeted these allegations with derision.

Marius Kritzinger, marketing director of Bonnita, said the company's plants were working at capacity, with further expansion in the pipeline to meet growing demand.

The chairman of the Milk Producers of South Africa, Boy Blankenberg, said: "The current situation is bad for some of us, although farmers supplying Bonnita are doing well."

"The distributors are struggling to get rid of milk because Bonnita is selling it so cheaply."

The smaller distributors are faced with two options - either to lower their milk price or lower the price they are paying to the producer, ultimately pushing some producers out of business.

Perhaps most illuminating is the admission that there could well be too many small distributors in the Cape Town market.

"To compete with Bonnita, other dairies have had to bring the price at which they buy milk down to R1.20 a litre," said third-generation dairy farmer Chris Starkes. "This means many farmers are faced with the possibility of going out of business."
Shops forced to use imports

Could be a lean Christmas bake

Butter is spread so thin – and it...
THE "milk war" in the Western Cape continued this week, with rivals accusing a top producer of souring the industry by keeping prices artificially low.

The managing director of Homestead Independent Dairy, John Jacobs, accused industry giant Bonnita of trying to kill off the fresh milk industry by supplying milk below cost.

He said the independent dairies were being "bled to death" by Bonnita to enable it to make profits out of the long-life milk sector in which it had major investments.

Bonnita has been supplying milk in sachets at R1,50 since October, a price that Jacobs says is one rand below a realistic figure.

"Not so," says Bonnita finance director Stuart Maxwell. "At R1,50 we are still making a profit, as well as increasing market share, and both the consumer and the dairy farmer are benefiting."

Maxwell pledged that the company would not raise its prices this week — and possibly not for another month.

"It's the free enterprise system and Bonnita has nothing against it."

He said Bonnita had increased the price paid to dairy farmers by 24 percent since March, in an attempt both to convince more farmers to join Bonnita's ranks and to encourage them to produce more.

Jacobs says the swing away from fresh milk production in recent years by major industry players has resulted in a drop in the number of dairy farmers from 50,000 in 1980 to 7,500 at present.

Maxwell counters that the drop in dairy farmers was a result of stricter hygiene laws and industry trends.
Bonita Whips Profit despite Milk Shortages

The company's plan to expand into the milk market have been put on ice until next year.

Bonita Whips Profit despite Milk Shortages

COMPANY NEWS
Higher prices boost
Bonnita’s earnings

Samantha Sharpe

CAPE-based dairy group Bonnita posted an 18% rise in attributable earnings to R31.5m in the six months to October, after higher prices helped offset muted turnover growth.

The healthy rise in income was reflected in a 16% increase in earnings to 14.4c a share and 36% surge in the dairy group’s dividend to 5.5c.

Bonnita MD Louis du Plessis said although the industry had experienced a shortage of raw milk, resulting higher margins in the fresh milk market and an increased contribution from its diversified product portfolio had helped bottom-line earnings.

Supply and demand were likely to move into equilibrium by the end of next year, with minimal imports of dairy products anticipated, he said.

Turnover grew a subdued 6% to R501.7m, with operating profit before depreciation 15% higher at R61.2m. A marginally higher depreciation charge—R15.1m versus a previous R13.7m—brought operating profit before financing to R46.1m, 18% up on the same time last year.

However, the benefits of R2.6m in finance income, compared with finance charges of R45.0m in October last year, left pre-tax profit at R48.64m from R39.1m, with a higher tax charge bringing after-tax profit to R31.6m—19% up on the same time last year.

On the balance-sheet side strong focus on cost control and capital expenditure had helped reduce interest-bearing debt to a minimal R500 000, with accumulated funds rising to R60m.

With debt low and strong cash flows, the group was poised to expand further in similar fields, Du Plessis said. Expansion into Africa through recently established Bonnita Africa had been successful, with Bonnita Africa’s three processing plants in Zambia well on track.

Plans to move into the mineral water market would only come to fruition next year, with a planned bottling plant at Sir Lowry’s Pass in the Western Cape hinging on the rezoning of land.
Milk giant counters monopoly allegations

The management of Bonnita has strongly denied allegations made over the past weeks by independent dairies that it was the dairy company's intention to build a monopoly in the Western Cape.

Bonnita's announcement should be welcomed by consumers as such an assurance will go a long way to ensure that milk prices remain stable.

Managing Director Louis du Plessis said: "Bonnita has no intention of monopolising the dairy business in the Western Cape and will feel quite comfortable with a 90 percent market share."

He said the milk price should remain stable, in relation to the cost of living.

In October this year Bonnita dropped the price of its one litre milk sachets to R1.50 in an effort to regain its market share, which had dropped with the demise of the Milk Board and the subsequent increase in the number of independent dairies.

Bonnita's sales of milk per day dropped from 9 000 litres in 1993 to just 5 000 litres in 1996.

The decrease in sales led to an increase in cost. A rationalisation programme was put in place in the Western Cape Division which saw a decrease in staff numbers of about 200.

"There were no compulsory retrenchments," said Mr du Plessis. "The factory is currently running close to its maximum."

Current price reductions have resulted in Bonnita making up 10 percent of its lost market share. Referring to the current milk shortage Mr du Plessis said this was the case on a national basis, but in the Western Cape the market was adequately supplied.

Independent dairy farmers have raised concerns that low milk prices paid to producers will see the collapse of the local dairy farming industry.

Mr Du Plessis explained that the milk price was governed by the international milk price. "If local producers are paid too much it becomes cheaper to import and the collapse of the entire industry becomes a possibility."

He said Bonnita held a 22 percent share of the national market and in view of this it was not in a position to call the tune. In the Western Cape it had the capacity to balance the market by bringing milk in from elsewhere.

Countering allegations from within the industry that the anticipated demand for long life milk had not materialised, Mr Du Plessis said Bonnita had studied the big users of long life milk, Germany and Spain. He said Bonnita believed that in a country such as South Africa with many outlying areas and plenty of communities still without electricity, there would be a need for long life milk.

To cope with the current shortage of butter major suppliers are importing 25kg blocks from Ireland and New Zealand and selling under their own labels in smaller blocks.
Towerkop Holdings aims at stock exchange listing

Samantha Sharpe

CAPE TOWN — Former dairy co-operative Towerkop Holdings was exploring the possibility of a listing on the Johannesburg Stock Exchange (JSE) following its successful transformation into a public company, Towerkop chairman Gawie Volschenk said in the company's latest annual report.

He said an internal exchange for trading in shares had been established, with shares in Towerkop Holdings and Towerkop Investments fully taken up.

The new company had made substantial investments in its first trading year in a bid to increase its share of the local dairy market substantially, including the acquisition of the stake held by the joint shareholder in ice-cream manufacturer Dun Robin Holdings, he said.

"Large-scale, strategic investment in long-life milk, and especially the incorporation of Dun Robin's net operating losses in Towerkop's statements, resulted in a net operating loss and a weak balance sheet for the first trading year," he said.

While the company showed a turnover of R275m in its year to June, financing costs of R16.6m and an R8.6m goodwill charge for the acquisition of subsidiaries were behind a retained loss of R19.9m, compared with a R23.3m retained loss in the previous 16 months.

However, Volschenk said that the Towerkop group's ability to generate profits remained "excellent".
Bonita recovers in Western Cape after sales scare

Samantha Sharpe

CAPE TOWN — Dairy group Bonita had grown its market share of fresh milk in the Western Cape from 20% to 30% following recent price cuts in the region — a move which had saved the group from having to pull out of the Western Cape fresh milk business, Bonita MD Louis du Plessis said at the weekend.

Bonita reduced its fresh milk sachet prices in the province earlier this year, sparking strong reaction from independent dairy producers who alleged the dairy group had embarked on a price war targeting non-Bonita supplying farmers.

He said the reduction had been driven by economics, with the group's Parow factory producing at 55% to 60% below capacity due to plummeting sales.

The plant had been forced to reduce its sales force through a programme of voluntary retrenchments by about 300 employees to 550 workers in a bid to cut costs and keep its Western Cape milk business alive.

"However, we now have costs under control and are operating close to our production capacity... It has never been our intention to dominate the market and we feel comfortable with the market share of our products at about 30%," Du Plessis said.

Fresh milk prices in the Western Cape were likely to stabilise, although inflation and the cost of imported milk could edge local dairy prices higher.
Report accuses SA baby milk formula producers

Kathryn Strachan

Leading manufacturers of baby milk formulas are consistently violating international codes designed to protect the health of infants, with SA being one of the four countries highlighted in a worldwide study released this month.

The study, conducted by the Interagency Group on Breastfeeding Monitoring, a coalition of 27 religious, health and development groups, concluded that many companies regularly breached domestic and international regulations on the marketing and distribution of breast-milk substitutes in developing countries.

However, Nestlé SA corporate spokesman Dave Upahon disputed the findings. He said the company "absolutely abides by the code".

The report found that many large manufacturers published misleading pamphlets, gave samples to clinics, and made direct contact with mothers rather than using the official health system. Companies cited include Swiss companies Nestlé and Gerber, owned by Sandoz; Mead Johnson and Wyeth of the US; and Nutricia of the Netherlands.

Nestlé denied the findings, said Upahon. He said the company worked closely with the local health department. Nestlé and the department were reviewing the 1964 code governing distribution of baby milk formulas, he said. The health department was not able to comment on Friday.

Nestlé has long been the subject of an international consumer boycott led by the International Baby Food Action Network for its baby milk marketing activities. SA is not part of the boycott.

The Financial Times reports that the International Association of Infant Food Manufacturers has rejected the study as "biased" because advice was sought from baby milk activists. But the UK-based Institute for Child Health said the best guidelines for research were used.
Permeation led to fierce fight for local market share

Bonita to up milk prices to retailers
Bonnita, NCD Clover talks continue

It appears that Bonnita will distribute and package NCD Clover's products in the Western and Eastern Cape regions, while NCD Clover will do the same for Bonnita in the northern provinces.

Bonnita has production plants for long-life milk in Cape Town and Port Elizabeth, while NCD Clover has similar plants in Kimberley and Gauteng.

Asked whether the proposed distribution arrangement could lead to a more formal transaction between South Africa's two dominant dairy players, Kritzinger cautioned not to read too much into matters. "It's a fast-moving industry and many changes are taking place, so anything's possible. But speculating on a tie-up between Bonnita and NCD Clover could create some expectations that might not materialise."

Initial speculation was that an overseas company was interested in acquiring a stake in Bonnita to take advantage of opportunities in the local dairy industry. NCD Clover already boasts Danone, a French company, as a major shareholder. Talk of foreign interest spurred Bonnita to R3,60 in big trading volumes last week.

The share closed 15c weaker yesterday at R3,45.

□ Business Watch
Bonnita is not deterred by NCD move

Cape Town — Bonnita Holdings remains determined to bolster its countrywide dairy presence despite the termination of talks for a possible distribution agreement with rival producers NCD Clover, Bonnita said yesterday.

Koos Theron, the administration director, said the company was not discouraged by developments. He said that Bonnita would actively pursue opportunities to boost its product distribution countrywide.

“We are in a cash flush position and are always on the lookout for opportunities. But for the moment there is nothing on the cards,” Theron said.

He emphasised that the termination of negotiations with NCD Clover was not a significant blow. “Essentially all a deal with NCD Clover would have meant was certain rationalisation benefits.”

Industry sources said that Bonnita had been considering distributing NCD Clover products in the Western Cape, including the southern Cape, and in Eastern Cape, while NCD Clover was to reciprocate by distributing Bonnita’s products in the northern provinces.

Theron pointed out that Bonnita already boasted a significant national presence, with 60 percent of its long-life products distributed outside its core Cape bases through its own depots.

However, Bonnita’s fresh products, like milk, cottage cheese and yoghurt, are not distributed in the country’s northern areas.

Bonnita, which is 61 percent held by Premier, closed at R3.30 on the JSE yesterday.
Bonnita earnings reduced 7.4%  

SAmantha Sharpe  

CAPE TOWN — Dairy group Bonnita reduced attributable earnings 7.4% to R60m in the year to April following a severe raw milk shortage and a substantial escalation in raw milk prices paid to farmers in the final quarter of the financial year.

The earnings growth was accompanied by a 9.6% slide in share earnings to 27.2c a share following an increase in the number of shares in issue. The dividend was unchanged at 9.5c a share.

Bonnita MD Louis du Plessis said SA’s milk output had fallen 8% in the review period to about 1.22-billion litres, giving rise to unprecedented competition for raw material and a dramatic increase in prices paid to suppliers.

"On average, the milk price paid to producers has increased by 39% to 124c/l in the year to April. These higher input costs could not be recovered in the highly competitive consumer market, particularly in the last quarter."

While turnover grew 8.1% to R1bn, despite the backdrop of a severe milk shortage, the commensurate increase in milk prices went a substantial way to eroding gross margins.

Trading profit slipped 6.1% to R78.9m, with tight control of overhead costs unable to prevent a slide in operating profit to R86.2m from R96.6m. Pretax income slipped to R28.9m compared with R95.8m at the same time last year, with a marginally lower tax bill bringing after-tax income to R60m from R64.8m.

However, Bonnita’s strong focus on control over working capital and spending had been effective in eliminating all interest bearing debt, while accumulated cash rose to R36.8m from R33.7m.

Du Plessis expected tough trading conditions to continue in the first half of the year, though a recovery in margins in the second six months should see the group’s attributable earnings approximate those of the preceding year.

On Bonnita’s international activities, Du Plessis said although exports to countries in Europe and the Middle East were still a small percentage of turnover, Bonnita was confident of future export growth potential.

In its first year, the group’s Zambian operation had performed well. Output could be expanded.
Cape Town — Earnings for Bonnita Holdings, the dairy and fruit producer in the Premier stable, dropped 9.6 percent to 27.2c a share in the year to April 30 because of squeezed margins following a shortage of raw milk.

This was in spite of a 8.1 percent increase in turnover to more than R1 billion. Net earnings were down 7.3 percent at R60.1 million, but on a larger number of shares in issue.

Louis du Plessis, the managing director, said this was related to the price paid to producers, which surged 33 percent over the year because of an industry shortage of raw milk. While the price increases in the first half could be passed on to consumers, this had not been possible in the second half and had resulted in increasing pressure on margins.

In spite of lower earnings, an unchanged dividend of 9.5c a share was declared. The balance sheet has been strengthened over the past year. Interest-bearing debt has been eliminated and cash resources have risen to R66.3 million (R53.7 million previously), which translates to nearly 10 percent of total ordinary shareholders' funds.

Bonnita sparked a price war for milk sachets in the Western Cape last year. Du Plessis said this had not affected earnings as they contributed only 5 percent of turnover. The price move had succeeded in restoring the company's market share to more than 30 percent.

He said the Parow fresh milk plant in Cape Town had been restructured and the ice cream division rationalized under one factor. A new raw milk processing factory would be set up in Gauteng at a cost of about R20 million. This would give the group access to another 40 percent of the country's raw milk and save on transport costs, Du Plessis said.
Dairy Industry

All-out war as milk churns dry up

For now farmers are on top as bizarre supply situation hits consumers

Farmers are having a field day as major dairy producers are wooing them with offers of huge increases for their milk.

Towards the end of last year when the shortage began, farmers were getting R9,5/1. Now, it’s doubled with some farmers getting as much as R1,80/1 depending on location and milk quality.

However, dairy product manufacturers and retailers are suffering from squeezed margins.

The price wars, or price activities as JSE-listed Bonnita describes them, started to widen at the end of last year when supplies of milk dwindled. Farmers had despaired over low prices previously paid and some reduced the size of dairy herds. Others closed up shop. Excessive rains and droughts also played a role in reducing the milk supply.

Now farmers are being wooed by the large milk manufacturers which are competing for raw milk supplies as well as market share. Large manufacturers include Clover with the biggest national market share estimated at around 30%; Bonnita with about 20%; Nestlé and Dairypelle with 12% each; Towerkop under 10%; and other smaller producers with the rest.

As one retailer says: “There’s no loyalty in this industry. Farmers will change allegiance for an extra 5c.” Cynically he predicts an increase in dairy herds, more farmers starting up and a milk surplus within a short period. “This industry is bizarre. There’s either a shortage or an oversupply.” He surmises the current shortage will last until October/November depending on weather conditions and the availability of quality feed. Clover controlling shareholder NCD CE Marthinus Hermann says: “In a free market prices go up and down. This doesn’t mean the industry is bizarre.”

But while farmers are reveling in their newfound popularity, manufacturers are squawking. Bonnita posted an 8% increase in turnover, a 7% decline in attributable income and a 10% decrease in EPS for its year ended April 1997. Margins were squeezed to 7.6% from 8.7% the previous year. Clover’s margins were 5.6%, though recent ones haven’t been released.

Bonnita has traditionally operated in the Cape and has about 33% of the market. Towards the end of last year it discovered it was losing market share in its traditional trading area and cut the price of milk sachets from R2.50 to R1.50. It was criticized first for upsetting the industry price structure and confusing consumers and secondly for squeezing out other players. Independent dairy, Homestead MD John Jacobs accuses Bonnita of trying to push the smaller Western Cape dairies out of business: “Milk sachets make up only 5% of Bonnita’s business; they’re 80% of ours.”

Though Bonnita regained market share in this area, growth is hampered. “If we want to grow, we have to move north,” says MD Louis du Plessis. This year, Bonnita will build a new factory in Gauteng, placing it in direct competition with Clover, Dairypelle and Nestlé. Bonnita will be seeking to attract Gauteng farmers to supply it with raw milk. “We will have access to another 40% of SA’s raw milk. Costs of transporting milk north amount to R700 000 a month if we source the raw product in the Cape so we will do our sourcing there.” Obviously this will push up farmers’ prices as an additional producer fights for their product.

But, not prepared to sit back, Clover has begun operating in the Eastern Cape and is soon to start up in the Western Cape, both traditional Bonnita territories.

Retailers are dismayed at what is happening. Prices to them have risen more than 20% in the past seven months, some of which has been passed on to the consumer. But most say the market can’t take large increases. “Last year we made about 5%-6% on milk; this year we’re making nothing,” a milk buyer from a large retailer says. He adds milk is being bought at around R2.70/1 and sold at around R2.75/1.

Imported milk is becoming an option even with government tariffs added to the selling price. One retailer says his group is looking seriously at this option and is talking to overseas suppliers. Already cheese and butter are being imported to meet demand.

Heather Formby

PRODUCER PRICE INDEX

Double whammy

A 20% fall in the average price of crude petroleum imports in April caused an absolute decline in the imported component of the producer price index. It fell 3.7% in the month.

The petroleum factor also moderated the rise in the imported component over the 12 months to April — to 5.4% — from 10.1% in the previous month.

The fall in petroleum prices was due to the combined impact of the appreciation of the rand (see page 48) between January-May and the fall in the price of crude oil. Benchmark Brent fell from US$28 a barrel in October to under $18 in May.

This followed upward pressure on the imported component from both a rising oil price and a depreciating rand.

By later this year the trend may have turned again as the rand declines. Whether the oil price rises will depend on weather in the northern hemisphere when winter strikes.

Ethel Hazelhurst
Bonnita sets sights on African markets

Zimbabwe, Malawi investigated

LLEWELLYN JONES
BUSINESS REPORTER

Western Cape-based dairy producer Bonnita is setting its sights on markets in Zimbabwe and Malawi to add to those it already owns in Zambia.

Bonnita administrative director Koos Theron confirmed yesterday that Bonnita was interested in seeking a stake in Zimbabwe and Malawi’s state-owned dairy businesses.

The Zimbabwean Department of State Enterprises announced two weeks ago that it was looking for partners in its dairy operations.

"We are very interested in the Zimbabwean businesses, but the conditions placed on the deal are not acceptable in their current form," Mr Theron said.

"The Zimbabweans want the investment capital to update their operations, but they also want control.

"Zimbabwe and Malawi’s operations need extensive injections of capital to update machinery"

"This is not acceptable to us – if we are to invest we want control."

Mr Theron said Bonnita was working closely with the Commonwealth Development Corporation to put forward a proposal which would be acceptable to both parties.

Bonnita would also almost certainly make an offer for the operating businesses of the Malawi Dairy Industries Corporation.

This week the Malawian Privatisation Commission advertised in the South African business press for "strategic investors to assist in the development of the dairy businesses which will provide impetus to growth in the dairy sector in Malawi."

The Malawians, however, are splitting up the operations, and offering them for sale separately to prevent a monopoly.

They are offering potential investors a 60% stake in the business, retaining the other 40% for "eventual sale to farmers, suppliers, employees, management and the general public."

Mr Theron said Bonnita had already been to Malawi to look at its dairy operations which were "fairly worn down."

Zimbabwe’s operations were much better, but both, he said, needed extensive injections of capital to update machinery and processes to ensure that they could compete globally.

Bonnita already has a significant presence in Zambia after it took acquired 66.5% of the Zambian Dairy Products Board’s large scale production facilities in March last year.
Dairies fear tariff cuts

The dairy industry, concerned government might cut tariffs on dairy products, opening the way for a flood of cheap, subsidised imports. The move could cause the demise of the industry and threaten thousands of jobs.

The Board on Tariffs and Trade confirmed import tariffs on the dairy industry were under review. The tariffs have been unchanged since September 1993. The ministers of agriculture and trade and industry are expected to make the final decision, possibly within three weeks.

Milk Board GM Bertus de Jongh said the industry was still recovering from the abolition of import controls in 1992.

Reuter
ST(OT)13/7/97
Bonnita should benefit as Cape 'milk war' ends

Cape Town — Bonnita Holdings, the dairy producer in the Premier fold, looks likely to benefit from more stable market conditions in the year ahead after a margin-sourcing "milk war" in the Western Cape fizzled out.

Koos Theron, the administrative director for Bonnita, said yesterday the company had started increasing its milk prices after a prolonged price-cutting effort in a bid to bolster local market share to over 30 percent.

"I think our competitors got the message that Bonnita won't just lie down. The other players have to accept us as a permanent player, and they will have to be more responsible in the way they attack the market."

Bonnita's results in the year to April 30 showed only a modest increase in profits after making bigger payments to milk suppliers and lowering selling prices to consumers.

But Theron warned Bonnita could readopt a price slashing strategy if its market share dwindled below the 30 percent mark.

He said more stable conditions had seen other milk producers offering their surplus to Bonnita.

"There's no longer a battle in the market. The other producers have offered the surplus to us, and we are glad to be able to offer them the same prices as our own producers," Theron said.
New levy-free milk body set up

Pretoria - A new dairy industry control body has been set up - but farmers will no longer pay levies to subsidise it, as they did the Milk Board.

Marthinus Hermann, founder member of the newly formed South African Milk Federation, said the body had been set up to match South Africa's new dispensation.

The federation was opened in Pretoria this week.

Dr Hermann, who is also the executive chairman of Clover South Africa, said farmers would not be charged levies to sustain the industry.

The new federation would also help emerging farmers learn technical skills. - Argus Correspondent
Zimbabwe Dairibord’s profit manoeuvre disturbs analysts

Martin Rushmere

HARARE — Zimbabwe’s first privatised parastatal, milk producer Dairibord, has reported net profit of Rs3m for the year to the end of June 30%, an increase over the previous year.

This is in line with the forecast made when the organisation was privatised two months ago, but analysts are disturbed by a Rs5m slice taken from profit to pay for a pension fund shortfall. “This was not disclosed at privatisation,” one Harare broker said yesterday. “And we are wondering if there is more to come. That problem should have been sorted out before they came to the market.”

The profit figure, on the back of a Rs71m turnover, has been announced at the same time as preliminary details of a proposed listing of the company on the Zimbabwe Stock Exchange.

No new shares are to be issued and the listing is essentially a provision for those shares sold under privatisation to be sold on the open market.

The company will be quoted on the stock exchange, which signals a major change in thinking, particularly by President Robert Mugabe.

Mugabe initially banned the use of the exchange because, according to senior Dairibord executive, “he saw it as a rich white club.” However, if shareholders were to show a profit on their investment, the exchange had to be used, another broker said.
Dairy industry wants govt to react to 'the dumping of EU products'
Importer criticises Milk Board’s subsidy threat

Bertus de Jongh failed to disclose the extent the local dairy industry really benefited from the imports. "If the local industry is concerned about EU subsidised dairy product exports to SA, it should apply to the Board on Tariffs and Trade for an investigation into dumping," Tweed said. The local industry in fact controlled at least 37% of all dairy imports. In addition, there was an added benefit in that only a third of the tariff was payable on these products. "Under the World Trade Organisation rules SA must import 15 000 tons of dairy products ... at reduced tariff levels — about a third of the full tariff," Tweed said. "Of this, roughly 75% is reserved for traditional manufacturers of dairy products."
Clover and Bonnita in Cape dairy rivalry

VERA VON LIERS

Cape Town — Bonnita Holdings, the dairy producer in the Premier fold, expects stiff competition following the entry of Clover SA into the Cape market, but was not unduly concerned about the move, said Koos Theron, Bonnita's administrative director, yesterday.

Clover, the largest dairy producer in the country, said last week it had bought Homestead Indépendent Dairy, the Cape-based independent dairy company, from December 1. It was intended as a platform to introduce Clover brand products into the Western Cape.

Bonnita and Clover are South Africa's dominant dairy groups. "No doubt there will be stiff competition, and we will meet each other in the market place through pricing, trying to extend market share," Theron said.

But he said Clover's taking the place of existing opposition in the industry made the move less threatening. "If we were talking about an extra player in the market place, it would be more serious," Theron said.

He said Bonnita felt more comfortable with the quality of competition that Clover offered, which he said was "more predictable and responsible". Bonnita supplies about 20 percent of the fresh milk and fresh milk by-products market in the western and southern Cape.

Theron said Bonnita had already bolstered its country-wide dairy presence by moving to Gauteng, in a sense balancing Clover's entry into the Cape. Full production on a long-life milk plant in Gauteng was scheduled to start in June next year.

Martiens Hermann, the executive director of Clover, said the Homestead acquisition enabled the company to participate in the lucrative Cape market, and offer firm competition to Bonnita.

In addition, the idea was to keep the Homestead brand alive and improve on it, he said.

Earlier this year, Bonnita had investigated a possible distribution and packaging deal with Clover, but the talks had fallen through.
Clover scorns price war in Cape

Samantha Sharpe

CAPE TOWN — Dairy group Clover would not use its recent acquisition of Cape-based independent dairy Homestead to renew a price war in the Western Cape, Clover regional manager Ronnie Florence said yesterday.

Clover announced its takeover of Homestead earlier this month, although it declined to put a price to the transaction or to indicate how the deal affected its market share. As the largest milk buyer in the country, Clover dominates the milk market in KwaZulu-Natal, Free State and Gauteng. "Price wars are bad for everyone, including the consumer, and we certainly do not envisage that kind of situation arising now," Florence said.

"Basically we want Homestead as a vehicle to extend our fresh milk products into Western Cape, where we are already active in the concentrated product ranges like butter and cheese." Florence said while Clover would be looking at cost savings opportunities within the newly acquired operation, it was still "early days" and it needed to get to know its new business better."
Clover, Danone in dairy venture

Ronelle Burger

LOCAL dairy company Clover SA and French food group Danone have launched a new company, Clover-Danone, which will manufacture and market Clover’s existing yoghurt, soft cheese and dairy desserts and introduce Danone products to the SA market.

Danone, one of the world’s leading manufacturers of yoghurt, soft cheese and dairy desserts, would control and manage the venture.

Clover SA, holding the remaining 45% of the new company, would be responsible for manufacturing and distribution as well as supplying milk to Clover-Danone.

Danone bought one third of Clover SA for R400m at the start of last year.

“Over time we realised it would be best to create a separate company for Danone, so that each of us could concentrate on our own strengths,” Clover chairman Marthinus Hermann said.

The new venture would enable Clover to focus on its other product ranges, which include fruit juice, fresh milk, butter and cheese, he said.

Clover SA hoped to learn from its French partner and tap into Danone’s research facilities.

Hermann predicted the joint venture would double to 30% the contribution yoghurts, soft cheese and dairy products made to sales within five years. This would increase profit as margins were higher on these products.

He also expected Danone’s added-value products to bring stable income to a business prone to cyclical fluctuations.

Claude Joly, previously MD of Danone’s frozen food company in Madrid, would head the new joint venture. Danone’s senior vice-president for the Americas and Africa, Claude Le Gouis, said apart from top management, all of the company’s employees would be South African.

The new company was financed by reducing Danone’s stake in Clover SA from 33% to 23%, and it was expected to start operations on January 1 next year.

Hermann said parent company Clover Holdings planned to list on the Johannesburg Stock Exchange (JSE) in the second quarter of next year.

Initially the listing was set for the first quarter of next year. The company had been selling its stock since September last year.

National Co-operative Dairies was the controlling shareholder of Clover Holdings (61%), with Clover personnel holding 19.6% and Danone 4.4%.

The 15% bought back from Dynamo Investment was presently held by the co-operative, but “would gradually be sold to the public”, Hermann said.

“We have cash available at the moment, so it will be only an introductory listing to enable people with shares to trade them on the JSE,” He said the share was selling at about R3.

The group acquired the controlling interest in Prime Dairies, the largest dairy in Gaborone, on November 1.

Hermann said this would help the group improve its distribution in Botswana.

Up until now the group had imported all its milk for Botswana from SA dairies.

“We will also use it as a base to launch ourselves into the rest of Africa later,” Hermann said.
Dairy producer feels effect of rising prices and increased imports

Bonnita earnings hit hard

Cape Town — Bonnita, the Western Cape dairy producer, has been hit hard by the rising price of raw milk, caused by shortages and increased imports, with interim headline earnings plunging 67 percent to 5¢.

Bonnita's poor performance could put further pressure on the share price, which has fallen steadily since peaking above R4 over a year ago. Yesterday it closed at R1,25.

Louis du Plessis, the company's managing director, said milk shortages had led to a 28 percent rise in the average price paid by major buyers in the first eight months of the year.

"Despite the tight control of costs during the trading period under review, it was not possible to recoup such steep raw milk price increases in selling prices when cheap imports are so readily available," he said.

The shortage had been caused by lower milk production by farmers because dairies could not pay them higher prices in the face of the rush of imports after the abolition of import controls.

"The fall of the rand last year stemmed the inflow of imports somewhat but it took time for farmers to lift production again. It has been estimated that dairy product imports have risen 250 percent this year, mainly skim milk powder and some butter and cheese. The main source has been the EU, but also Australia and New Zealand.

"While we are still awaiting the announcement of new import tariffs, the Milk Board's actions to combat illegal imports are showing good results," said Du Plessis.

"The first six months of the year have been tough but we believe we are through the worst. Towards the end of the half year raw milk price reductions were negotiated, which will have a favourable impact on results in the second half of this year."

Bonnita has negotiated a 7 percent cut in the price of raw milk from November 1 and another 3 percent cut from January 1. The price was 14½c a litre.

But he admitted that attributable earnings in the second half might not match those in the same period last year.

"Further margin improvement will be necessary to restore the company to its previous profitability levels."

Cash on hand had also taken a knock, slipping to R23 million from R50.5 million, but the group had no debts and would still be able to fund its planned expansion into the Gauteng market from its own resources.

□ Business Watch, Page 2
AGRICULTURE - DAIRY & MILK PRODUCTS

1995 - 1999
Milk may cost more from Monday

CONSUMERS can expect to pay up to six percent more for milk and milk products from Monday — although some suppliers, like Homestead Dairies, are not putting up prices yet.

But a Shoprite/Checkers spokeswoman said suppliers had increased their prices by between 10 and 20 percent, not four and six percent as claimed.

"We're not happy with the increase, which we have not been able to negotiate with our suppliers. We will not put up our prices yet and will absorb the increases for as long as possible," Dairybelle are to put up their prices by between four and six percent in the Western Cape due to wage increases and a hike in the price of packaging.

Marius Kristsinger, marketing director of Bonnita, confirmed a possible increase in the price of milk, but said it was not possible to predict exactly when and by how much.

Alan Baxter, general manager of foods for Pick'n Pay, said consumers would not see a price increase for at least a week.
Bonnita plans to export

Adrienne Gillmore

Cash-rich dairy producer Bonnita planned to expand its local operations and enter new markets both nationally and internationally, MD Louis du Plessis said yesterday.

The company expected its exports to benefit when the comparatively higher EU tariffs and farmer subsidies were lowered.

"EU tariffs are much higher than here and since the SA dairy farmer is the third cheapest manufacturer of raw milk in the world, we expect huge export potential in the future," he said.

Although total milk consumption was growing at only 2% a year, the company was expecting further big increases in the demand for long-life products. "Similar to trends in Europe, there is a swing away from pasteurised milk to long-life milk in SA. This is understandable, as it is reasonably priced and lasts far longer than normal milk. Bonnita will aim to increase its current market share of 55% for this market."

Financial director Stuart Maxwell indicated Bonnita would move away from purely milk-oriented products towards value-added products.

"We will start to focus on products that do not necessarily contain milk as a raw material, such as fruit juice. It is these value-added products which add to Bonnita's growth."

Joint ventures with small business was another prospect. "We will be going into new market areas where we want to give our support and expertise to people in order to help society."

He said the company had increased turnover 12% to R94m with weighted average earnings rising 64% to 22.5c a share in the year to April.
BONNITA defies the myth that food companies in the Premier Group fail to add value.

The Cape-based producer of dairy products and fruit juice invested R42-million in ice cream factories and a UHT (ultra heat-treated) plant during the financial year to April to give it a wider spread of goods starting from raw milk.

Gordon Uitlan, a director of Premier and Bonnita's chairman since November 1995, offers an explanation in the 1995 annual report for the reason why the former co-operative Bonnita's rating on the JSE is less than it might be even though it has performed well relative to the industrial index. Bonnita currently rates a historic price-earnings ratio of 12 times at a share price of 280c, roughly a quarter below the mean price of the industrial index.

"As a large percentage of the issued shares were in the hands of milk producers and personnel, a substantial number of whom are not normally investors in shares, it was expected that there would be considerable selling on the stock exchange.

"In the event, shares traded from the time of listing (end August 1994) to April 30 1995 amounted to 33,8-million, or 16% of the issued shares."

Premier has been a buyer, lifting its stake from 53,7% last year to 61,2% at April 30.

Louis du Plessis, the chief executive of Bonnita, says South Africa's farmers can produce milk at a price of 83c a litre. Only Australia (78c) and New Zealand (60c) are cheaper, the next closest being America at 116c. The European Union's average is 173c. This is an opportunity for Bonnita to export as it is cost-competitive, particularly as farming subsidies are phased out in developed countries. South Africa's dairy industry is not subsidised and it currently operates way below the maximum tariff protection.

Not that local demand is saturated — milk consumed per capita in South Africa is 37,7 litres a year, according to figures from the SA Dairy Foundation, against 100 litres in Australia, 94 litres in the US and 118 litres in England. South Africans eat 40kg of butter a year, a sixth of Australia's consumption, while the French consume almost 70kg a person a year. South Africans don't eat much cheese, either — 1,7kg a year compared with Australia's 9,5kg and France's 22,8kg.

Locally, the rate of growth in the fresh milk market is about 2% a year from the current 2,4-billion litres. But the growth in UHT milk is much greater — statistics are not readily available but Bonnita reports its own sales grew by 4,5% last year. It has about 55% of the national market.

UHT milk made up 28% of Bonnita's R845-million sales to April 1995 against pasteurised milk's 23%, cheese's 23%, fruit juice's 16% and whey and butter's 12%.

Mr du Plessis says that in France and Germany, about 90% of the milk market is UHT and in Spain 100%. Britain still prefers fresh. In a country like South Africa with half its population in rural areas and many having no refrigeration facilities, UHT products have the edge because of their extended shelf life. It is also right for exports — last year Bonnita sold a million litres of UHT milk to Moscow and sells to many African countries.

Stuart Maxwell, Bonnita's financial director, says Bonnita has entered several joint ventures with entrepreneurs in order to get Bonnita's products into areas previously unserved. Needs are met — the people get food. Bonnita gets sales, and somebody makes a living out of distributing it.

"It's been a very good business for everybody," he says.

Bonnita has no borrowings, is a cash cow, owns everything it uses — land, plant, equipment, vehicles — dominates in certain products in certain areas, has an excellent marketing strategy, aims to add value and to export more.

It appears relatively immune to the threat of imports because it already operates at below the permitted tariff protection.

Mr du Plessis says it pays better than average wages and is not alarmed by amendments to labour law currently under consideration.

It is well supported by Premier, which relished the opportunity to lift its stake during selling pressure.

Bonnita looks like just the kind of share fund managers should be putting into their portfolios at 280c.
Bonnita milks offshore chances
(3) DAILY
CAPE TOWN -- SA dairy producer Bonnita Holdings was making steady inroads into global export markets due its increased competitiveness and the depreciation of the rand, finance director Stuart Maxwell said yesterday.

Speaking at an investment analysts' presentation, Maxwell said value-added exports, including "long-life" milk, had more than doubled over the past two years to R23m, bringing the company's total exports to R50m. [DD 31/11/96]

He said Bonnita expected to see further export growth next year.

Maxwell said the lack of suitable major expansion opportunities in SA had prompted Bonnita to look north to investment opportunities in the rest of Africa.

The recent cut in SA's secondary tax on companies to 12.5% made it likely the listed Cape-based group would revert to paying dividends again instead of holding capitalisation share awards. -- Reuters...
Emerging farmers to set up dairy farm

By Isaac Moledi

THE 1996 Gauteng Farmer Settlement Programme is beginning to bear fruit for the occupants of Elundsfontein Farm in Emnerdale in the district of Vereeniging.

On Sunday Agriculture and Land Affairs Minister Mr Derek Hanekom officially "broke the ground" for the Simunye Dairy Project, aimed at assisting aspirant farmers to lease small government-owned farms for viable farming activities.

The land was made available to the Emnerdale Farmers Association (EFA) through the land acquisition grant of the Department of Land Affairs.

This project is mainly funded by the Danish International Development Agency (Danida) and its Technology Transfer and Training Programme.

Danida aims to develop small and medium-sized companies owned by members of the disadvantaged population groups through business cooperation with Danish companies. This is known as the Business to Business Programme.

Through this programme, the EFA has been linked with a technology partner, PT Industries, a Danish company specialising in the establishment of small scale dairies.

With the support of PT Industries and Danida, the EFA aims to establish the Simunye Dairy Project which will later be replicated in other regions through a franchise scheme called Africa Dairy Development.

Initially 75 families will benefit from this project, with an estimated 400 people participating when it is up and running.

The integral role of women in the proposed project was also identified.

Twelve female-headed households and their dependants are participating in the project and specific care will be taken to cater for the empowerment of women in training programmes and representation in management.

Through this programme, emerging farmers can lease small Government-owned farms for three years during which time they will engage in some viable farming.

They also have an option to purchase the leased farm after the three-year period with a R16 000 land acquisition grant.

This means that for the first time these farmers will have prospects of having access to land and tenure security.

The land will be used and developed to the benefit of all members and will be co-owned by all members in terms of equal shares of the R16 000 land acquisition grant.

These funds will be transferred by the Land Affairs Department to the Land Bank in terms of a transfer agreement for the project's financial administration and disbursement to the Emnerdale Farmers Cooperative.

This project will strive to provide members of the Emnerdale Farmers Cooperative with an opportunity to do dairy farming, thereby ensuring income generation and sustainable livelihood.

It will also establish a broadly based and wide reaching empowerment exercise in the dairy industry, introducing previously disadvantaged farmers in Emnerdale (at a later stage also in other regions) to the concept of professional farming practices and small scale dairies.

The dairy would empower the broader Emnerdale community by creating "spin-offs" such as the supply of fodder and the processing of manure and it will also support continuity in coordinating and integrated land reform, emerging farming activities and socio-economic development.
Dairy Farmers in a Footh Over Paramount Quota Plan

The action plan for the region, which echoes concerns about the impact of the current quota system on dairy production and prices, is the focus of a recent article. Farmers are seeking relief through the Paramount Quota Plan, which aims to provide support to dairy farmers affected by the current quota system. The plan seeks to stabilize prices and provide relief to producers. The article highlights the challenges faced by dairy farmers and the need for action to ensure the sustainability of the industry.
Farming MEC blasts new ban on ‘raw’ milk

MELENIE GOSLING
ENVIRONMENT WRITER

MEC for Agriculture Gerrit van Rensburg has criticised proposed health regulations that will severely restrict the sale of unpasteurised, or “raw”, milk.

The new regulations, which will come into force on December 1, will mean milk producers will be allowed to sell raw milk only in areas where local authorities have asked to be listed in the Government Gazette.

No local authority has applied for this registration, which will mean a virtual ban on the sale of raw milk.

The reason for the introduction of the regulations is that raw milk can transmit diseases like tuberculosis and brucellosis, also known as Malta fever.

Pasteurisation destroys the pathogens which cause these diseases.

Van Rensburg said it would be far more acceptable to prohibit the sale of raw milk from cows that had not been tested for brucellosis and tuberculosis.

“The sale of raw milk should be allowed, but according to strict hygiene and sanitary control measures,” he said.

“What’s happening now is that local authorities do not want to accept responsibility for diseases as a result of raw milk sales.

“But milk is an extremely important food source for most South Africans, the majority of whom consume it as sour milk.

“They need the raw milk product.

“To restrict the sale of raw milk in this manner, as will happen with the new regulations, does not seem to be the correct way to solve the problem,” Van Rensburg said.
Importer gets leave to appeal in row over 'other' cheese

BLOEMFONTEIN - The Supreme Court of Appeal has granted a Western Cape foodstuffs importer and its directors leave to appeal against duty tariff heading for shipments of cheese from Canada and Australia.

A full bench of the Pretoria High Court on June 13, 1999 allowed an appeal by the Commissioner of Customs and Excise against a judgment of Judge C Botha on December 11, 1997. This was in favour of Rentraag Marketing, of Wynberg, Cape and its directors, Patrick Lorenz Martin Geertner and Rory Charles Kemp.

The commissioner contend the cheese was gouda, whereas the importers said it was edam.

Botha held that the cheese had been incorrectly classified by the commissioner under tariff heading 0406.90.95. It fell to be classified under heading 0406.90.90 "other".

The appeal was limited to the cheese from Australia since that from Canada was described in the petition "as of such dubious nature that neither the commissioner's expert nor the importers' expert was able to classify it".

The full bench found the importers had not proved that the determination by the commissioner of the Australian cheese as gouda was incorrect.
Proposed ban on unpasteurised milk could push prices through the roof overnight

INSIGHT

Cape Times 20.09.99
Killed Investment, S.A. told
Dairy Wars Violence Will
Violent attacks will kill investment, warns besieged dairy giant

Strikers start 4 days...
Union calls for boycott in dairy dispute

Cosatu calls for boycott in dairy dispute

ST ALBAN (158)

A new song has joined the chorus of union discontent against the Parmalat dairy company in Cape Town. Cosatu and Fawu have both called for a boycott of Parmalat products, citing the company's refusal to recognize their members' rights and the issuing of discriminatory notices.

Cosatu said Parmalat had "refused to recognize Cosatu, its members' rights and the issuing of discriminatory notices." The company had also refused to negotiate with Cosatu, and had instead sought to bypass the union by directly negotiating with its members.

Fawu, on the other hand, had been forced to abandon their efforts to negotiate with Parmalat, citing the company's refusal to engage in meaningful dialogue. Fawu had also accused Parmalat of engaging in unfair labor practices, including the issuing of discriminatory notices.

The Union of South African Workers (USAW), which represents dairy workers, has also called for a boycott of Parmalat products, citing the company's refusal to negotiate in good faith.

The boycott campaign is expected to have a significant impact on Parmalat, which is one of the largest dairy companies in South Africa. The company has already announced that it will be decreasing its production levels in response to the boycott.

Provincial Democratic Party leader Hendrik van der Merwe said while the laws of the country, including its labor laws, had to be obeyed. "It is clear that the trade unions have a vital role to play in protecting and nurturing outside investment in South Africa."

Mr van der Merwe appealed to Parmalat to do everything in its power to stop the attacks against Cosatu. "We have been in talks with Parmalat, and we are hopeful that we can resolve our differences," he said. "But we will not accept any action that undermines the rights of workers in South Africa."
End of marathon dairy strike spells relief for hungry kids

MYOLISI GOMPE
Staff Reporter

The two-month strike by workers of dairy giant Parmalat forced Mitsubishi Luphondo to leave her five hungry children in Umtata and come to the city, because her striking husband was unable to send money home.

The Luphondo family is one of hundreds countrywide affected by the bitter and protracted labour dispute, which ended this week.

The children are aged between six and 20.

Mrs Luphondo said she had taken a temporary job as a domestic worker but her wages of R100 a month "didn't make any difference".

"And I couldn't persevere, looking at my children dying in front of me, so I decided to come to Cape Town where my husband works."

In a overcrowded hostel in Nyanga, Mrs Luphondo found her husband, who was himself hungry as a result of the strike which started on August 26.

The nine-week action by members of the Food and Allied Workers' Union was called off on Tuesday as the parties reached a three-year wage settlement with the help of the Commission for Conciliation, Mediation and Arbitration.

Parmalat, the Italian food giant, bought out local dairy company Bonita last year in a move which led to retrenchments and factory closures.

During the strike, Fawu was accused of chasing off foreign investment through intimidatory tactics, and Parmalat in turn was accused of riding roughshod over labour legislation.

On Tuesday, Fawu member Khangelani Mbombile was shot and injured, allegedly by a security guard, while demonstrating in front of the company's Parow branch. A man was arrested and police are investigating the matter.

Yesterday about 300 Fawu workers marched to the Italian embassy in Cape Town to hand over a memorandum.

In the memorandum, Fawu asked the embassy to appeal to all Italian investors not to erode workers' rights.

The memorandum was received by a consulate employee, who promised to respond.

Meanwhile, about 50 women, most of them wives of Parmalat workers, demonstrated at the hostels in Nyanga, claiming the strike had contributed to further crime and divorce.

Many of the women said their children had left school and their furniture had been repossessed.

They appealed for donations to help them survive.

The agreement is for an 8% increase this year, and an increase of inflation plus 2% the following year.

The parties agreed that for the years 2000 and 2001, effective from May 1 each year, pay will be increased by an amount equal to the rate of change in the Consumer Price Index as fixed in March, plus 2%.
Cheese makers to sue over trade deal

JOHANNESBURG: South Africa's largest dairy manufacturers were expected to sue the European Union (EU) and the South African government for damages resulting from the financial loss.

The claims, instituted by the South African Milk Buyers' Association (Sambo), were for the possible loss of income from non-tariff measures based on the new free trade agreement between South Africa and the EU.

In a statement on Saturday, Sambo accused the EU of unethical conduct and the South African government of being "naive and clumsy." "The EU is conniving and unscrupulous," said Sambo chairman Mariens Hermann. He said the dispute arose over the administration of a 5 000-ton cheese quota awarded to South Africa.

Cheese manufacturers were expected to lose close to R10 per kilogram because of the adopted measures, unilaterally implemented by the EU, said Hermann.

Earlier, South African negotiators assured cheese manufacturers that the country would handle the administration of the quota in the EU.

During November, however, cheese manufacturers were approached by dealers in the EU to supply cheese at a low price of between R13 and R15 per kilogram for export under the quota so that they could get the necessary licences. Cheese sells for approximately R50 per kilogram in England.

After enquiring, cheese manufacturers confirmed that the EU had made a unilateral announcement stipulating that only members of the EU dairy importers and exporters who had applied for licences were allowed to import cheese under the quota system.

This meant that South African cheese manufacturers would be forced to supply overseas licence holders on their conditions, and would lose control over their business, said Hermann.

When South African negotiators confronted the EU Commission, it could not explain why these administrative measures had been implemented without consultation. "It seems as if the EU had, for convenience sake, forgotten about this and neglected to communicate a few vital points to South Africa," Hermann said.

Children uneducated

— Unicef

GENEVA: More than 130 million children around the world are not attending a school of any kind, according to the annual report of the United Nations Children's Fund that Unicef presented in Geneva today.

The agency experts noted that child illiteracy is declining in most countries except Africa south of the Sahara.

The number of children attending primary school in Africa has dropped since 1980 by four percent to 56%.

Unicef said discrimination against girls in the school systems of countries in the Near and Middle East had declined.


— Sapa-DPA.
SA-EU accord ‘good news for dairy sector’

Louise Coetzer, CDAIR 17/18/1999

The dairy industry was likely to benefit most from the SA-European Union (EU) free trade agreement and it could save R200m in customs revenue, the agriculture department has estimated.

"In the short term within eight years, the dairy industry could benefit most from the agreement," the department said.

Yet, the document also stated, that the industry would realise the benefits only if it made "substantial investments" to comply with EU sanitary requirements.

This comes in the wake of a "furore" at the weekend in which a "largest cheese manufacturers" accused the EU of "conniving and unethical conduct..."

The SA Milk Buyers Organisation (Sambo) threatened to sue both the government and the EU for R500m to offset possible income losses because of nontariff measures contained in the free trade agreement.

The agriculture department declined to comment yesterday, but a European Commission spokesman said a special structure would be set up to deal with the dairy industry's complaints.

The document confirmed that the EU had agreed not to pay any exporters refunds to its exporters on cheese to SA under the "specified" tariff quota. However, Sambo said this should have been written into the agreement.

"The SA negotiators were naive not to include verbal undertakings by the EU in writing," Sambo, chairman Matthias Hermann said.

"The fact of the matter is, only the dairy agreement will be administered on a license basis, whereas no other agricultural agreements are subject to this ruling," Hermann said.

"In the meantime," he said, "there exists... a minimum market access system in SA... various opportunities for European countries to export vast amounts of dairy products, especially powders, to SA at extremely low prices..."

Hermann said these imports were to the detriment of SA farmers and the industry as a whole.

The EU said yesterday the industry's concerns would be addressed during the first meeting of the development cooperation council, to be established once the agreement was implemented.

The agreement was initially set for implementation on January 1 next year, but could be delayed because of problems over the so-called wine and spirits agreement between SA and the EU.
STOP ORDER

(Please print)

I. (Name): .................................. (Staff No.: .................)
of (University Department): ............................................... hereby authorize the Finance Officer of the University of Cape Town to deduct monthly from my salary, with effect from (date) ............ the amount of R........* to be paid directly to the Campus Credit Union bank account at Barclays Bank - Rondebosch, Account No. 017-229655. This stop order is to remain in force until cancelled by myself.

Signed: ................................. At: .................................

Date: .................................

*I wish to invest my monthly deduction as follows:

In my SHARES account R........ In my SAVINGS account R........

Note:
An entrance fee of R1 will be deducted from your first investment. Amounts should be stated in rands only, (no cents).

[Signature]

M. K. [Mrs. M. K.]
Disease crisis threatens meat and milk supply

BY PAUL OLIVIER

Milk shortages and higher prices for dairy products, beef, mutton and pork could occur later this year because vaccines urgently needed to combat several cattle livestock diseases are fast running out.

Situation similar to the devastating bovine spongiform encephalopathy (BSE) or "mad cow disease" in Britain could decimate southern Africa’s livestock herds.

Commercial livestock herds, as well as those of subsistence farmers, would be affected in a looming disaster for an agricultural industry already facing hard times through the El Niño-induced drought. In addition, tens of thousands of horses could be vulnerable to the devastating African horse sickness.

Poor rainfall has seen South Africa’s top veterinary scientists leave the country in droves to take up lucrative positions overseas, leaving the Onderstepoort vaccine facility outside Pretoria critically understaffed and unable to meet demand.

The shortage of vaccines could play havoc with livestock throughout the region, and many farmers could face financial ruin if they do not get vaccines in time to protect animals against killer diseases.

Dr Dean Goosen, marketing manager of biological products at the Onderstepoort Research Centre, told The Saturday Star that southern Africa was facing a potentially crippling situation.

The situation is exacerbated by the resignation of the majority of Onderstepoort’s top veterinary vaccine specialists, many of whom have left the country.

Only one of a team of six skilled scientists originally working there remains at the laboratory.

Veterinarians ordering vaccines for bovine epizootic fever places the dairy and beef industries under severe threat and could lead to a shortage of milk.

Facing ruin

Cattle breeders across the subcontinent could face ruin if there is an outbreak of the disease. Bovine epizootic fever causes fever and inflammatory reactions in the muscles of cattle and can lead to total milk loss in cows during the lactation period. It builds up to clinical form that could last for up to six months.

Veterinary experts in Namibia have also warned against an expected outbreak of lumpy skin disease in cattle across the region due to the presence of the disease in the vicinity.

Other endemic diseases that could flourish until the shortage of vaccines and which could cripple agriculture in southern Africa are heart water disease and milk sickness among cattle.

Vaccines required for foot-and-mouth and long disease among cattle are also fast running out.

Sharp contracting blue tongue disease, Rift Valley fever or Weissebrun disease, and horses that contract African horse sickness, would remain under threat forever in the future, Goosen said.

Another problem is that some viruses which cause diseases mutate and become more resistant. New vaccines have to be developed to combat the new strains of viruses. With the lack of staff, this has virtually become an impossible task.

Onderstepoort, once the pearl of veterinary research in Africa and one of the best in the world, is currently critically understaffed. Top scientists are paid as little as R60 000 a year.

FEELING BUBBLY: With a clinic of their champagne glasses, Marius van Rooy rose over an overcast Johannesburg skyline on Thursday.
No vaccine threat say food producers

'Unaware of shortage'

EDWARD WEST
Deputy Business Editor

Leading South African agricultural livestock companies have played down the risk of a looming shortage of vaccines following weekend reports that the Onderstepoort research institute was running out.

The Onderstepoort institute near Pretoria warned in a report in Saturday Argus that Southern Africa faced a potentially crippling situation, particularly in the dairy and beef industries, due to shortages of some livestock vaccines.

The shortages were exacerbated by the resignation of most of the institute's vaccine specialists who had left Onderstepoort for better paid jobs abroad.

A shortage of vaccines such as bovine ephemeral fever could lead to a severe shortage of milk. Cattle breeders, not only in South Africa but in neighbouring countries, could face ruin, the reports said.

But Dr Tinus Prinsloo, manager of Poodcoor's pig and livestock operation, Kanhyam Estate, said he was not aware there was a shortage of vaccines. The company kept vaccine in stock, as did the vaccine distribution company, which meant Kanhyam would be well supplied for some time to come.

Many vaccines were imported, he said, but some, such as for the indigenous bovine ephemeral fever which occurred in cattle, were produced in South Africa.

Rainbow Chicken chairman Dave Marlow said the company had never experienced problems obtaining vaccines, and he was not aware of any problem elsewhere in the broiler industry.

Managing director of Western Cape-based dairy group Bonnita said that as far as he knew the group was not having any problems obtaining vaccines.
Farmers, vets warn of looming vaccine crisis

Livestock industry at risk

AUG 10/1/98

Paul Oliver

Farmers, veterinary surgeons and distributors of animal vaccines have urgently called on the Government to find a solution to the critical shortage of vaccines that is threatening to cripple the livestock industry in Southern Africa.

But, despite widespread concern about the shortage, Minister of Agriculture Derek Hanekom maintains in a written response to questions raised by Opposition MPs that there is no crisis at Onderstepoort Biological Products.

However, despite desperate veterinarians at Onderstepoort, Southern Africa's prime veterinary research centre, insisting that there is a crisis, the Minister failed to respond to the questions put to him: "I would like to further reiterate that there is no crisis at Onderstepoort Biological Products. However, desperate veterinarian experts at Onderstepoort, Southern Africa's prime veterinary research centre, told Saturday Argus that it was "absolutely vital" to fight the disease as most of the country's top vaccine specialists had left the country for better paying positions at comparable institutions elsewhere.

Onderstepoort experts said the loss of some of South Africa's top scientists at Onderstepoort "sharply hurt our capacity" and that this was why there were not enough vaccines available.

"Since 1985 supply production in South Africa has virtually crumbled and the last year trained 11 for livestock was in 1992. He has since resigned," said Hans Jaeger, chief of research, development and quality control at Onderstepoort, and the only vaccine specialist left at the research centre.

"We are indeed in a crisis and if something is not done soon to alleviate the situation, it will be a sad day for livestock farming in Southern Africa," Dr Jaeger said.

But it is not only scientists who have left for greener pastures. In 1995, 63 of the 76 veterinary graduates in South Africa left for overseas and last year 96% of all graduates opted for better paying jobs in other countries.

"Since February last year 12, or 46%, of the 260 state veterinary posts became vacant and at Onderstepoort only 62,5% of all veterinary posts were filled. Top scientists' salaries in South Africa are as low as R60,000 a year, while veterinary surgeons who have left the country earn up to R800,000 in Britain, Canada and the United States.

The critical shortage of vaccines to fight a host of potentially killer diseases in livestock in Southern Africa was highlighted last week to farmers, veterinary surgeons and distributors of vaccines warned that the supply of vaccines for certain livestock diseases had virtually run out.

"The situation was worse in some cases with there being up to 45 000 outstanding orders for urgently needed vaccines. Some vaccine sales had left the country for better paying positions at comparable institutions elsewhere. This has sharply hurt our capacity," Mr Jaeger said.

Farmers, veterinarians and distributors of animal vaccines said they were "starting to worry if it was worth putting in orders at all" and that Southern Africa "was heading for a potential agricultural disaster" unless the situation was resolved soon.

"Desperate scientists have private vaccine clinics in North Africa, such as African Swine Fever, Rinderpest, Blue Tongue, Heartwater, Rift Valley Fever, Lumpy Skin Disease, Horse Sickness and certain strains of Red Water." - Anaplasmosis and Ephemeral Fever are set to flourish and could wreak havoc in the livestock industry in Southern Africa. "The position for Southern Africa is critical. The buck stops with the minister of agriculture and he needs to investigate the true situation," said former President of the Zimbabwe Veterinary Association and past chairman of the Mpalalas Branch of the SA Veterinary Association, now a vaccine distributor - Les Ormond of Central Vet in Middelburg, Mpumalanga.

"He is in the opinion of foreign countries specifically the EEC - South Africa arrives at a situation where there is inadequate monitoring of diseases such as Foot and Mouth Disease, then we can say goodbye to most of our agricultural exports," Dr Ormond warned.

The huge shortage of vaccines to combat killer diseases was disclosed by Onderstepoort Marketing Manager of Biological Products Deon Gossen last week after farmers complained that it was becoming impossible to obtain vaccines for Ephemeral Fever and Lumpy Skin Disease.

A dependent Helen Odendaal of the farm Riverton in Cederberg, Nata: "We have a huge break in Ephemeral Fever during the 1997 season. Some of our cattle vaccinates with vaccine obtained from Onderstepoort still contracted the disease, so it would seem that the vaccine was only 80% effective." - "It has now also become impossible to get vaccine for Lumpy Skin Disease which could decimate our sheep flocks and we are finding ourselves in a desperate situation." Mr Odendaal said.

In spite of trying to downplay the crisis, Mr Hanekom did say that the Onderstepoort research centre was being restructured as part of the Government's programme of restructuring state entities.

"Further capital will be injected into the enterprise to help expand its potential market, to bring in new technology and expertise and to enhance its efficiency.

"The process is well advanced and further details will be announced as soon as they are finalised. Onderstepoort remains a centre of excellence of considerable international standing and I expect that through this process of restructuring its significance locally and internationally, will increase," Mr Hanekom said.

However, in a recent report to the Director of Animal Health at the Department of Agriculture, Emily Mqbolane, Onderstepoort scientists warned that South Africa had a serious shortage of viral disease specialists in veterinary faculties and the facilities would therefore be unable to train new vaccine specialist to meet international standards - even if suitable training could be found.

The report goes on to say that if the situation becomes widely known, South Africa's ability to fight animal diseases would be seriously questioned by the international community.

"Since at present there are no courses that could adequately train animal disease specialists in South Africa, it follows that international assistance will be needed. One possibility that could be considered is the funding of one or three young veterinarians with good academic records, to undertake PhD programmes at suitable institutions in Europe and North America.

"It is also necessary that South Africa, or perhaps the Southern African development countries as a region, collectively begin to build their capability in this sort of training.

"The solution may be the formation of some umbrella body that enables them to collaborate between existing organisations to achieve the desired end. Alternatively, the veterinary faculties could be enabled to create additional teaching capacity from a variety of sources as and when it is needed," the report states.

Dr Gossen said that good quality Ephemeral Fever vaccine had now become available.

However, it would take up to ten days to distribute the supplies and by the time farmers had vaccinated their cattle, the epidemic could be an advanced stage.
SA dairy farmers pleased with tariff adjustments

SA DAIRY farmers yesterday welcomed government's tariff adjustments on a range of products including butter, milk, cream and buttermilk. Milk Producers' Organisation chairman, Boy Blanckenberg said yesterday.

On January 2, tariff on imported butter went up to R5/kg from R3.20/kg and on buttermilk and whey powder (a substance used in food production), to R4.50/kg from a zero rating. All imported cheese was now subject to a fixed R5/kg tariff - "a big improvement" on the flexible tariff which applied to cheese before, Blanckenberg said.

"Although the tariff on cheddar and gouda cheese came down to R2.00/kg from R6.60/kg, it is not expected that these products will now be imported in large quantities as a result of the weak exchange rates," he said.
Dairy prices set to rise after changes to tariffs

Louise Cook

PRICES of dairy products are set to go up on average about 8% after recent tariff changes to several products including milk, milk powder, cheese and butter. Manufacturers said the changes by the Board on Tariffs and Trade would see mild price increases over the next few months to keep up with inflation.

Bonita director Koos Theron said there was also pressure on prices as manufacturers had not been able to pass on price increases on milk to consumers since February 1996.

Dairy Belle services director Pieter de Villiers said butter could go up by 90c for 500g following the tariff increase of R1,80/kg. The higher tariff would create fairer competition between local and overseas manufacturers. The European Union subsidised its farmers extensively, resulting in SA being flooded recently by butter imported from Ireland.

For the first time, milk would be imported duty free after the 60c/kg tariff was dropped. But manufacturers said they were concerned about the effect of the move, which could see intense competition between long-life UHT-process milks and fresh milk.

"The local market can now compete successfully with subsidised butter and cheese from the European Union," De Villiers said. "However, we are concerned about the effect of the zero rating on milk."

Cheddar and gouda cheese would be cheaper to import after the tariff came down by R1,60/kg. This would put fresh milk prices under downward pressure to the tune of 16c/l, De Villiers said. The tariff on special white cheeses was put up to R39/kg.

Theron said the biggest advantage was the fact that there would now be certainty in the industry after a three-year period of awaiting a decision by the board. Scam imports, particularly of milk powder, would now also be cut out, he said.
No Shortages at Ganderport

Farmers were merely warned of a possible shortage while new vaccine was being developed, says minister

[Image: Text not legible due to quality]

The Sunday Times also reports on the shortage.
Nestlé SA buys into Borden operations

By Isaac Motisi

NESTLE South Africa has strengthened its presence in the local milk industry following its acquisition on Friday of the entire South African operations of Borden (Pty) Limited.

Although the transaction cost could not be disclosed, Borden Limited is understood to have a turnover of R300 million. The Cremora and Klim milk brands manufacturer employs more than 275 people at its Pretoria factory.

Company corporate affairs manager Jacky du Plessis said the acquisition was in addition to an investment of R500 million made in the past three years.

She also said her company had entered into an agreement with the United States-based Borden Foods Corporation.

This agreement could lead to the company acquiring certain Borden Brands International activities in emerging countries.

The total sales of the acquired businesses were worth more than R1 billion, she said.

The acquired businesses include trademarks and products of the Klim milk powder brand worldwide, fluid milk, milk powder, yoghurt and cheese-producing operations in Colombia, Panama and Costa Rica.
Milk output up – and prices set to follow

Last year’s shortages set pattern

Llewellyn Jones
Business Reporter

Last year’s milk shortages are unlikely to be seen again this year, but milk prices are set to rise anyway, according to milk producers.

Koos Theron, the administrative director of Cape milk producer Bonnita, expected milk prices to show a gradual, but steady rise in the first six months of this year.

Mr Theron said this increase was “very necessary” to boost profit margins narrowed by a substantial rise in prices paid to farmers over the past year.

Farmers were able to demand higher prices in the wake of a severe milk shortage at the beginning of last year.

Bonnita’s net profits slumped 66% to R11.3-million in the half-year to October.

Mr Theron said raw milk prices paid to farmers moved upwards by just under 50% between May, 1996, and August last year.

Although farmers had responded well to these increases, boosting milk production by more than 6% in the past calendar year. Mr Theron said the higher input costs could not be recovered in the highly competitive consumer market.

“Raw milk prices were inflated to an unrealistic level,” Mr Theron said.

In a bid to bolster profit margins, most milk producers cut prices paid for raw milk.

Dairy Belle and Towerkop were the first to cut prices, in September last year, followed by Clover and eventually by Bonnita in December.

Mr Theron pointed out, however, that prices paid to farmers were still between 25% and 30% better than a year earlier.

He said the average price paid to farmers for milk was now around R1,30, compared with a high of R1,40 in August last year.

At the same time as farmers increased milk production by 6% over last year, consumption rose only 2%. The difference between the two is made up by the production of milk by-products like butter and milk powder.

This excess of production over consumption would invariably be used to claw back market share in products like butter lost to importers during the milk shortages.

Dairies will also inevitably be helped by the devaluation of the rand, which made these imports more expensive.
Dairy dumping tackled

RAVIN MAHARAJ

Durban — New duty rates on certain dairy products would make it more difficult to exploit loopholes in the tariff structure for dairy products, the milk industry and analysts said recently.

The board on tariffs and trade recommended earlier this month that tariffs on dairy products be adjusted in various categories.

The tariff on cheddar cheeses and gouda decreased from R6,60 to R5 but for butter increased from R3,20 to R3. Milk powders remained at R4,50 and milk and cream products were freed from 60c a litre to nothing.

The board said the tariff adjustments were aimed at countering subsidised imports and promoting free and fair competition.

Industry leaders last year called on the government to stem the illegal dumping of imported dairy products in South Africa. They said if imports, which accounted for 12 percent of consumption, escalated or continued at present levels, dairy farming would no longer be viable and thousands of jobs, especially at smaller operations, would be lost.

One analyst said the exploitation of loopholes in the tariff structure had in the past contributed to an alarming increase in permit applications for the importation of dairy products.

This had contributed to severe losses in illegal imports, which was calculated at the producer price. Such imports had conservatively totalled about 30 million litres of milk over a 12-month period.

These practices, industry leaders said, cost the state and industry millions of rands.

But another analyst pointed out that some loopholes still remained, especially when products arrived at customs and were uncheked. He said stricter measures at customs would have to be implemented to ensure the problem was solved.

“...But on the whole, the new tariff structures would have a positive effect on the industry. More protection will be required in the future, but for now it is adequate.”

In addition, there has been mixed marketplace speculation that there is a serious shortage of milk in South Africa.

One analyst said that, given the cyclical nature of the milk industry, there has always been a surplus of milk in summer and shortages in winter.

“That is the nature of the industry. It has been like that for the last 50 years. Current milk shortages are not unusual.”

But the industry has expressed concern over milk shortages. Koos Theron, the administration director at Bonnita Holdings, the dairy producer in the Premier fold, said there was a prevailing shortage of raw milk in South Africa and a more than 250 percent increase in imported dairy products.

Theron said the industry felt there had to be a 4.5 percent milk surplus all year round if the industry was to survive. Surplus products were necessary for the production of value-added products like skim milk and butter.
Removal of milk import duties slated

Louise Cook

The SA Milk Federation, representing manufacturers of dairy products, yesterday criticised the Board on Tariffs and Trade for the "indefensible removal of import duties on liquid milk".

The move created a "one-way free market" for European dairy producers and exporters and favoured SA's neighbouring countries who still imposed significant duties on SA products.

The board, which earlier this month had adjusted tariffs on several dairy products after a prolonged investigation into the local industry, was not available for comment.

A 60c/l tariff on imported milk was dropped. For the first time milk could be imported duty-free. Other dairy product tariffs were raised, including those on butter and choice cheeses.

SA Milk Federation chairman Marius Herman accused the board of taking note of representations by importers of New Zealand's products, while New Zealand ignored the SA industry's representations.

New Zealand Milk Products' GM Malcolm Tweed said the new tariffs were an interim measure, allowing the SA dairy industry "time to formulate a strategy for the development of the industry".

Earlier this month, dairy manufacturers said that the tariff changes would see mild price increases of dairy products over the next few months.
Resignation rocks dairy industry

THE resignation of Bonnita MD Louis du Plessis shook the R6bn dairy industry and thrust the group into the spotlight, writes Sanya Magida.

MARKET talk was that, considering Du Plessis' length of service, he must have had major differences with the board over Bonnita's direction to leave in that manner.

Du Plessis, a soft-spoken man regarded by the industry as a highly capable leader, was appointed by Bonnita to manage the change from co-operative to public company and steer the company into the next century.

But company sources say Bonnita's pedestrian performance under his leadership has concerned shareholders. Sluggish product sales helped depress headline earnings 67% to 5c at the interim stage.

Shortly after their announcement, Du Plessis indicated he was leaving to attend to 'own business matters'.

Bonnita is a significant player in the dairy industry — the fifth largest division of the agricultural sector, which contributes 7.5% to gross agricultural production.

The dairy industry is in the throes of major change, and Bonnita is repositioning itself to become more competitive.

It has almost finished erecting a R30m factory at Kyalemi outside Johannesburg, in line with its growth strategy.

Bonnita chairman Ian Heron denies any disagreement over Bonnita's strategic direction.

He points out that Du Plessis has been asked to stay on as a member of the board, so any differences cannot be insurmountable. "This should put some meaning to the words 'difference of opinion'," he says.

"We did not part ways fighting with each other. "It was amicable and in the interests of everyone."

Phillip du Plessis, who has filled a number of senior executive positions at Bonnita over the past 14 years, will take over as MD.

Analysts say Bonnita has been hit hard by the rising price of raw milk, caused by shortages and increased imports.

This could put further pressure on the company's share price, which has fallen steadily since peaking above R4 a year ago. Du Plessis said milk shortages had led to a 38% rise in the average price paid by major buyers. "It was not possible to recoup such steep raw milk price increases in selling prices when cheap imports are so readily available," he said.

Bonnita is facing rising competition in its Western Cape stronghold following rival Clover's recent acquisition of Homestead's Cape Town factory.
Fox

Skimmed milk or cream?

Keep your tongues in

With margins under pressure at Clover SA, news that parent company Clover Holdings is considering a Johannesburg Stock Exchange listing (probably in the second quarter of this year) will hardly have potential investors salivating.

The problem is milk. At one end, the fresh milk price is high from a consumer point of view. But at the farm gate, the price has fallen and is expected to continue its decline.

The farmers have an interest in higher producer prices. But wearing their Clover shareholder hats, they want to see improving margins. It’s a curdling choice, especially as the country is awash in fresh milk.

Clover SA and Danone Clover are the operating companies of Clover Holdings. Clover SA’s turnover is about R2.3bn/year. In the six months to December attributable profits and EPS fell by almost 35% to R21.8m and 14.8c respectively. These results include the contribution of Danone Clover (65% owned by the French dairy giant Danone), which from January began operating as a separate company in the Clover group, specialising in fresh dairy products, mainly yoghurt.

Yoghurt may provide a much-needed boost to the industry. The SA yoghurt market, worth about R305m/year, is growing. The Clover group’s share is 38.4%. Clover Danone MD Claude Joly says the average annual per capita yoghurt consumption in SA is a mere 2 kg. This compares with 7 kg in the UK, 30 kg in France and 37 kg in the Netherlands. Little wonder that he says the growth potential is huge.

Clover SA will derive a three-way benefit from Clover Danone’s growth, through its 45% shareholding in Danone Clover, by providing the fresh milk as raw material and by transporting the end products.

Clover SA strategic planning manager Bokkie van Heerden says the planned listing will not be aimed at obtaining new capital. It will rather allow shareholders to grow value from being able to trade their shares freely.

"And," he adds, "while capital productivity (operating return on net assets) is still..."
Cape Town — Clover SA, the dairy group, announced yesterday it would postpone the planned listing of its shares on the JSE in the second quarter of this year but did not give a reason for the surprise move.

Marthinus Hermann, the chairman of Clover, could not be reached for comment and the dairy producer issued only a brief statement.

"Shareholders are advised that the proposed listing is postponed until further notice," Clover said.

Hermann recently dispelled speculation that the listing plans could be derailed. He said the company would forge ahead despite negative perceptions in the market.

He said concerns that new lower dairy tariffs would negatively affect the market were unfounded, because the tariffs had been restructured in a way that limited dairy imports, thereby benefiting the South African producer.

Despite negative perceptions in the market, he was confident the new tariff structures would play a positive role for the dairy industry.

Bonita, one of Clover's main local competitors, has been listed on the JSE board since August 1994.

Bonita hit the headlines earlier this week on news that Parmalat, the Italian food group, would most likely merge its southern African operations with the struggling Premier-owned dairy company to form a R1.4 billion-a-year dairy producer.
Poorly timed imports sour S.A.'s dairy sector.

INSIDE AGRICULTURE

COMPANY NEWS


After a mild start to the potato season, with few problems from disease or weather, the outlook for the majority of potato growers in South Africa appears to be good. However, with the European Union (EU) imposing a 10% duty on all imports of potatoes, the situation is expected to change. The EU has announced plans to extend the duty to all imports of vegetables, including potatoes, from non-EU countries. This is expected to have a significant impact on the South African potato industry, which has been expanding over the past few years. The industry has been relying on exports to Europe as a major market, but the duty could lead to a decline in sales. The industry is currently working on alternative strategies to overcome the challenge, including diversifying into other export markets. The government is also expected to play a role in supporting the industry, with plans to increase funding for research and development. Meanwhile, farmers are urged to remain vigilant and to take necessary precautions to protect their crops.
Bonita’s Year Turns Sour

Dairy imports and stock surpluses drop headline earnings 71% to 7.9c

COMPANY NEWS

Milk Way Bonita’s Plant Cuttig production has hit the fields hard - cut 40%
Imports erode Bonnita's income

DURBAN — Cape-based dairy group Bonnita Holdings' attributable income crashed 72% to R16.7m in the year to April as surging raw milk prices and excessive dairy imports eroded margins, MD Louis du Plessis said yesterday.

He expected difficult trading conditions to continue until the industry had been depleted of surplus stock, and milk production and demand moved closer together. Lower producer prices for milk should influence volumes over the next few months and improve margins, but Du Plessis predicted Bonnita's results would remain under pressure in the first half-year.

Headline earnings dropped to 7,9c from 27,3c on a marginally higher weighted average number of shares and an annual dividend of 2,8c (1997: 9,6c) was declared.

In the period to October, a milk shortage led to high producer prices and significant imports. Thereafter, the shortage became a surplus and Bonnita had to export surplus stock to subsidised world markets at a loss.

Consequently, although turnover rose 10% to R1,1bn, net operating profit before exceptional items and interest fell to R24m (R86m).
Two Bonnita bosses resign

VERA VON LIEBES

Cape Town — Phil du Plessis, the managing director of Bonnita, and Hein Brand, the group's financial director, had both resigned, Ian Heron, the chairman of Bonnita, said at the weekend.

Sources close to Bonnita, the dairy producer in the Premier fold, said the unexpected move was linked to the recent announcement that Premier had sold its controlling (62.8 percent) stake in Bonnita to Parmalat, the acquisitive Italian food company.

The deal, which will involve a change in shareholding at Bonnita, is still subject to due diligence and has not yet been finalised.

Heron said Du Plessis had already resigned. Brand would remain with the company until the end of the month and then act as a consultant to Premier.

"Both Du Plessis and Brand took a view that they would rather pursue other interests," Heron said. He believed the moves were related to Parmalat's intended buyout of Bonnita but emphasised that the deal had not yet been completed.

Brand said he was leaving "amicably", and the relationship between himself, Premier and Parmalat was not strained.

"My consultancy work will revolve around wrapping up and finalising the Premier-Parmalat deal.

"I will decide on my long-term path once the deal is under wraps," Brand said.

Du Plessis, who only recently took over as managing director of Bonnita, could not be reached for comment.

The dairy group reported a 71 percent slump in headline share earnings in the year to April, knocked by increased levels of imported dairy products and surging raw milk prices which eroded margins.

Bonnita's share slipped 1c on the JSE on Friday to close at R2.57.
Man killed, woman shot as dairy strike talks bog down.
Strike at Dairy Belle remains violent

Renée Grawitzky and Pearl Sebolao

VIOLENCE continues to mar the two-week-old Dairy Belle strike, with another worker being shot earlier this week and the company being forced to hire security guards for all its trucks.

At the same time, the strike by hundreds of National Education Health and Allied Workers' Union members at the University of Western Cape entered its second week, with a number of academics joining the strike.

The strike revolves around wages, the retrenchment of 41 academics and indications of the possible retrenchment of nonacademic staff. The union is demanding a 12% increase while the university has offered a wage freeze this year and a 5% increase for the next financial year.

The union said the university had argued that it could not afford increases this year, but the union was not satisfied with the limited extent of financial disclosure.

Dairy Belle said yesterday the shooting of a female van assistant earlier this week had prompted the hiring of security guards for all its trucks to protect replacement workers.

The company said it had notified the Food and Allied Workers' Union of its intention to suspend the recognition agreement due to the union's failure to adhere to picketing rules and a labour court interdict.

Negotiations were expected to continue between the union and Clover SA in an attempt to resolve the three-week-old strike.

Meanwhile, the National Union of Metalworkers of SA (Numsa) claimed yesterday that Hillside Aluminium Smelter intended bringing a R4.8m lawsuit against the union for loss of earnings incurred during last month's sympathy strike at the company's Richards Bay plant.

However, the company has denied knowledge of litigation, saying it is still in discussion with Numsa about the financial losses incurred.

The Edgars group has agreed to consider a proposal by the SA Commercial, Catering and Allied Workers' Union and the Federal Council of Retail Workers to bring in a third party to mediate in their dispute.

Thousands of workers at Iscor's Vanderbijl plant downed tools yesterday after it failed to accede to a demand for a 30% bonus payment. The action was suspended before noon after unions declared a formal dispute against the company.

The matter, sparked by the payment of a R8.9m bonus to senior management, will be referred to the Commission for Conciliation, Mediation and Arbitration.
Dairy strike turns sour

Dairybelle's wage offer to its striking workers in the Western Cape expires today.

The company has offered a 6% increase and a further 2% in April.

But the strikers, members of the Food and Allied Workers' Union, are demanding an 8% across-the-board increase or a minimum wage of R1300.

The dairy's human resources director, Bram Gerber, said the company had lost about R5-million as a result of the strike.

Senior union shop steward Hubert Matshoba claimed that Dairybelle had threatened to retrench 300 workers in Cape Town.

Management is trying to divide the striking workers by threatening to cancel the recognition agreement. In doing this, they are making private offers to employees.

Mr Gerber said striking workers had been given a notice in terms of the Labour Relations Act on Monday that the company might consider relieving them of their jobs.

Dairybelle had already suspended its recognition agreement with the union, he said.

A High Court order granted on September 28 would be in force indefinitely to prohibit strikers from entering or damaging company property.

Security guards are keeping a watch on plants in the Western Cape and escorting trucks taking products to outlets across the Peninsula.
The three-week-old strike by workers at Dairybelle's Epping processing plant could end soon after an agreement between the company and the Food and Allied Workers' Union.

Now it is up to the workers to decide whether to ratify the deal their union struck at the weekend.

Dairybelle human resources manager Braam Gerber said the agreement would give workers a 9% wage increase from October 1. They would get a further 1% in April.

Employees would get a further 2% increase at the beginning of March if the Epping plant bettered its target.

Mr Gerber said: “The ball is now in the workers' court. They have to decide if they accept the deal or not.”

However we have heard that they don't want to accept it and are pressing for 9%.

The striking workers demanded an across-the-board increase of 8% or a minimum wage of R1 600.

The strike has cost Dairybelle about R5-million in lost profits, according to management.

Mr Gerber said the plant was operating at 50% of capacity.
Dairy strikers return to work

Dairy workers from the Food and Allied Workers' Union and the company have reached a deal. The workers will get a 5% wage increase, and the company will hire more workers. A strike by about 1,000 employees lasted for about 3 months. During the strike, a dairy truck assistant was shot dead and the driver wounded. Another employee was shot at an intersection. The strike caused a milk shortage, and dairy prices rose about $1 per gallon. Some farms were out of milk for a week.
Progress can be made, says Clover

Dustin Chick

MANAGEMENT at Clover SA had indicated that progress could be made at a meeting today between the company's management and striking members of the Food and Allied Workers' Union, Fawu regional secretary Philly Malinga said yesterday.

Malinga said hopes were high that the six-week strike by Fawu members could be resolved before the end of this week.

More than 5 000 Fawu members marched to the Clover SA head office in Johannesburg yesterday to hand over a memorandum calling on management to stop planned retrenchments as well as place a moratorium on all retrenchments.

Other demands included a request that management stop "intimidating" workers, and that all charges laid against striking workers be dropped. The union also requested that the national negotiating team be provided with transport to meetings.

Fawu had also insisted that management respond to its wage demands, which included an 8% or R300 across the board increase, six months' paid maternity leave, a night shift allowance and guarantees on working conditions for workers who had been transferred, within the next 14 days.

Clover management could not be reached for comment.

Meanwhile, striking employees at Edgars continued to return to work yesterday. The number on strike dropped to 1 750, Edgars Human Resources director Nigel Unwin said. During the last week, about 400 workers had returned to work.

Unwin said that of the 11 600 people employed by the Edgars Group, unions only represented about 15% of the total work force and only 37% of union members were actively engaged in the strike.

He said a proposal made by Edgars last week during an unsuccessful mediation process was the "best the company could do" while operating "under extremely difficult business circumstances".

Edgars offered employees a once-off bonus of R250 payable next month, a once-off incentive bonus of R250 linked to the achievement of the group's combined sales budget for November and December and increases to minimum wages.

Sapa reports that SA Commercial Catering and Allied Workers' Union national negotiator Lee Modiga said unions would meet with Congress of SA Trade Union affiliates later this week to discuss the possibility of sympathy strikes. The union has called for a consumer boycott against Edgars.

Reneé Gravitzky reports that the three-week old strike at Dairy Belle was resolved last week after agreement was reached with Fawu on an 8% increase. The union has declared a dispute against the company for its policy of "no work, no pay" adopted during the strike.
Both parties say they still hope an agreement can be reached. Pearl Sobalo examines the issues.

Cover: SA suffers as strike drags on
Clover, Fawu settle after 7-week strike

Johannesburg – Clover SA and the Food and Allied Workers Union have settled the wage dispute which gave rise to a seven-week strike.

Company spokesman Marius du Plessy said both parties agreed to a wage increase of 7% or R200.

At the beginning of the strike Fawu demanded an increase of 9% with a minimum increment of R300 per month.

Clover SA then offered, subject to certain conditions, a wage increase of 7% or R200 a month. However, this was rejected by the union.

The parties eventually reached an agreement on Monday and settled on a wage increase of 7% or R200 per month. – Sapa
Striking dairy employees agree to return to work

Workers at Clover SA have called off their long-term wage dispute with the company.

Clover SA and the Food and Allied Workers' Union (Fawu) yesterday settled their wage dispute, which gave rise to a seven-week strike.

Clover spokesperson Marius du Plooy said both parties had agreed to a wage increase of 7%, or R200. Fawu members were due to return to work today.

At the beginning of the strike, Fawu demanded an increase of 9% with a minimum increment of R300 a month. Clover offered, subject to certain conditions, a wage increase of 7% or R200 a month. This was rejected by the union.

- Sapa

*10/10/98*
Clover plans countrywide staff cuts as strikers return

Renée Grawitzky

CLOVER SA plans to embark on a major restructuring exercise, which will lead to retrenchment notices being served at some plants before the strike while others were served on the union during the strike. Such moves were not a "revenge attack" on workers for going on strike.

Clover reported a drop in profit of more than 40% in the previous year and now faced higher labour costs.

Earlier this week the union said the final settlement of 7%, or R200, across the board was a victory for the union.

The settlement agreed to was initially proposed by the Commission for Conciliation, Mediation and Arbitration commissioner, Mahomed Fedal two weeks ago. The union first demanded 20%, or R400, across the board, but this was revised to R300, or 7%, by the time the strike started.