

AGRICULTURE — PRODUCTS

DAIRY & MILK PRODUCTS

1993

ICS/NESTLÉ  
FM 3/9/93  
**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. **(3) Dairy & Milk**

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, Nels-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. **(3) Dairy & Milk**

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

3 MILK &  
DAIRY

ARC 15/9/93

**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 R1,80 a share would be distributed.

TIM COHEN

PRETORIA — The dairy industry has applied to government for massive increases in tariffs on all categories of imported dairy goods. *B/Dairy 13/11/93*

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

Dairy Service Organisation GM Edu Roux said the application was to bring the industry in line with GATT principles which preferred tariff controls to quotas.

The implementation of the tariffs could result in SA being able to scrap its system of "quantitative controls" — a complex system of applying for, and being granted, import quotas, he said. The Dairy Service Organisation had been formed to act as an agent for the Dairy Board which, although

## Huge dairy import tariff hike sought

disbanded, still exists in legislation as a statutory organisation. *③ Milk + Dairy*

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 im-

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## Tariffs

*B/Dairy 13/11/93*  
ported 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.

*③ Milk + Dairy*  From Page 1

In answer to criticism that the industry was trying to protect itself from competition that made up only a fraction of the market, Roux said the amount of competition was small only because of the current quota system. If the system was not in place, the whole SA dairy industry would be at risk to heavily subsidised overseas producers, he said. The proposed new tariffs have been published in the latest Government Gazette, which invites public comment within six weeks.

# Dairy industry calls for more protection

By Sven Lünsche 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, PFG 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 DSO'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 Zimbabwean 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

③ Dairy M. 1/12

Star (6/1/93)

**HARD-HITTING** free marketeer Professor Eckhart Kassier 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.

Kassier 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.

③ DAIRY  
CT 15/2/93

# 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

③ DAIRY  
AUG 20/2/93

**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.

**TOM HOOD, Business Editor**

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.

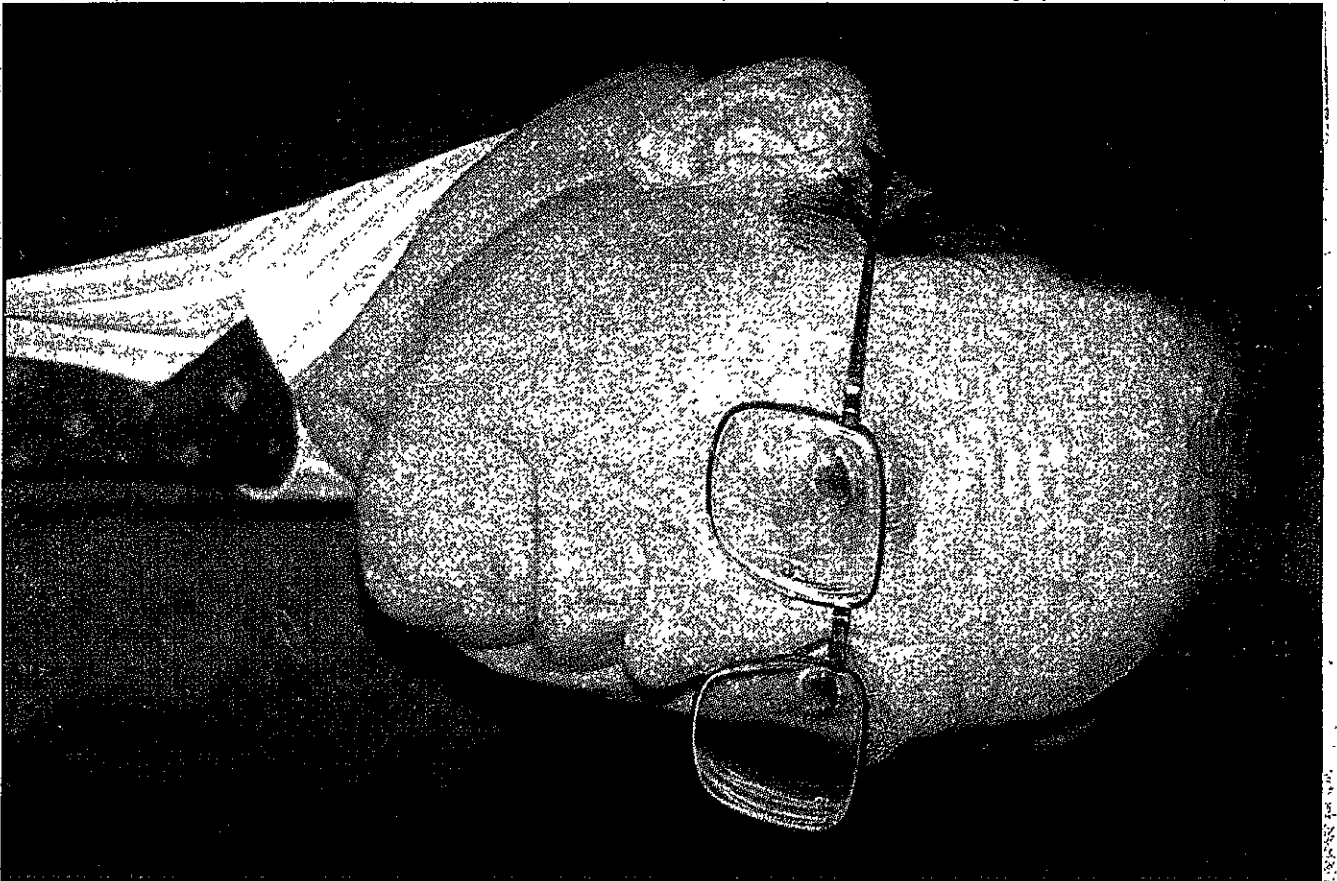
Written agreements to formalise the transaction were being prepared and would be signed shortly.

"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 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.





PETER WRIGHTON ... Impressed with the management and products.

# Now Premier goes 2-milkings

STimes BUSJ 2/12/93

PREMIER took its first step into the dairy market this week when it acquired 28.6% 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 reap a total of 35% to 40% of Bonnita's equity at a cost of about R150-million. The deal values the company at R350-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, 55% of the gouda and cheddar cheese market, the largest share of the ultra pasteurised milk market and a substantial share in the milk powder market.

## Impressed

Bonnita has sales of R650-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

By GARRAN RYAN

"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.

Another motivation for the acquisition are the synergies for sharing distribution networks. Bonnita's factories are located mainly in the Cape, with nationwide distribution. Premier is well established throughout the country. Bonnita will be able to make use of Premier's distribution networks in Natal and the Transvaal.

Premier deputy chief executive Gordon Uhan 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 margarine and salad dressings under licence from the US parent.

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

## 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 to list the company within three years.

Mr Uhan 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.

THIS IS THE VIEW OF PEACE SECURE  
IN EVERY HOME  
DIVERSITY THE BEST

# Premier buys into Bonnita

③ Milk + Dairy

LINDA ENSOR

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 R150m.

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 disinvesting 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 14 000 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

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B10AM 22/2/93

## Premier

B10AM 22/2/93

③ Milk + Dairy

□ From Page 1

one third of the 26-million convertible debentures would be sold to Premier at a cost of about R50m. This would give Premier a stake of between 35% to 40% of Bonnita at a total cost of about R150m.

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.

Zimbabwe deal

## 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

DAIRY  
6/25/93

STAR 22/2/93

# Premier takes stake in Cape Dairy Co-op

By Tom Hood

③ Dairy + milk

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 1100 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 Louis du Plessis said the investment by Premier represented a milestone in the company's history and laid the foundation for an exciting partnership.

**Biting Bonnita**

3 milk dairy

Premier's venture into the dairy industry seems to make sense, given its policy of focusing on branded staple foods. Spending R100m for a 28,6% share is not a large outlay, only about 3% of Premier's market cap. But for Bonnita — formerly Cape Dairy Co-operative (CDC) — it's a much needed injection of capital.

Strong cash flow from Metro Cash & Carry has helped Premier cut borrowings, as has partial disinvestment in underperforming assets. Gearing is now conservative, at about 10%. That suggests plans to raise the Bonnita interest later to 40% at a cost of R50m, through a cash offer for some 26m convertible debentures, will not unduly pressure the balance sheet. Premier CE Peter Wrighton says gearing will stay below 30%.

Information on Bonnita, as the restructured CDC was renamed last June, is scarce. Annual turnover in the year to February 1993 was R680m and is forecast at around R750m this year. But this gives no clear insight into profitability or competitiveness.

Says an analyst: "Co-ops don't have bottom lines, so they tend to overpay farmers. This may be a problem with a private company." Wrighton insists: "Farmers are crucial to operations, so must always be viable." He adds that Bonnita is profitable; margins are equal to or better than Premfood's.

The market has little experience with this industry and examples on which it can draw are not particularly comforting. Tiger Oats's investment in fruit and vegetable canning co-operative Langeberg Holdings brought years of restructuring and losses before it proved highly profitable. ICS's dairy division has underperformed for several years.

"To use these as benchmarks is unfair," says Wrighton. "Bonnita's management is strong, entrepreneurial and — more important — proactive. This, in particular, is borne out by the decision to move towards a private company." He feels Premier and Bonnita have similar cultures.

Technology is good. Wages are in line with industries in which Premfood operates. Bonnita is responsible for a quarter of SA milk production and operates southern Africa's largest milk powder and cheese factories.

Wrighton contends that, for Bonnita, the chronic problem of excess milk production is reduced by powdered milk operations. How-

FOX FM 26/2/93.

3 milk dairy

ever, it lost heavily two years ago when the industry was swamped by excess milk.

Long-term returns in the industry are unexciting, but a spokesman says: "Though the industry has tended to be set in its ways, there is great potential for product innovation." Doubtless this is at least part of what Premier sees in Bonnita, particularly now the Dairy Board no longer exercises control.

The market may take convincing. It will be years before Bonnita is listed and meanwhile the impact on Premier's bottom line will hardly be significant.

Marylou Greig

# Milk experts warn of diseases

Staff Reporter

**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.

③ MILK CT 6/3/93

# 'Informal' milk poses health risk

Star 9/3/93

③ Milk + Dairy

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 un-

pasteurised milk.

The most important milk-borne diseases were brucellosis (Malta 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 information 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 <sup>3</sup> MILK 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 reinfection 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 said 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 cafés 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 Mokhobo, head of medicine at Medunsa, Mrs Nonya Ramphomane, president of the Black Consumer Union and Mr Brand Claassen, a medical legal expert.



Star 11/3/93

# Halt raw milk sale, producers urge Govt

③ Milk + Dairy

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!

③ MILK  
ARG 13/13/93

**MEDICAL** experts have warned people in the Western Cape that they are toying 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

■ Choosing cheaper, unpasteurised milk could mean taking your health in your hands, say the experts.

**DI CAELERS**  
Weekend Argus Reporter

risk, he 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 comes 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) germs 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 incubating 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 Star 16/3/93 defends ③ Milk + Dairy 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 but who relied on the pasteurisation process to kill the bacteria.

OWN  
CORRESPONDENT

Star 22/3/93

# Curbs on contaminated milk

By Shirley Woodgate  
Milk Dairy

Control of "informal" milk being sold in the Vaal Triangle is to be stepped up after claims that 35 out of 60 outlets sell milk heavily contaminated with bacteria.

But municipal health inspectors said the problem lay largely outside their area of jurisdiction, as milk was sold from smallholdings, farm stalls, private depots, and tanks and bakeries parked in the townships. Dr Jan-du Preez claimed last week that 80 percent of the tested milk exceed-

ed the maximum coli count, a third contained germs from cattle dung, and half had been watered down.

"Informal" milk was sold in Vereeniging, Westonaria, Vanderbijpark, Sasolburg, Meyerton, Randfontein and Carletonville.

But health officials stressed that the answer, in the face of the deregulation of the milk and meat industries, was education rather than policing.

Vereeniging health chief Carl Pretorius said the main problem lay with those smallholders with a couple of cows for their own supply, and a little over for sale.

"It is virtually impossible to keep a check on these plot-dwellers," he said.

Westonaria health inspector Gawie Viljoen said milk sold in the town was strictly controlled, but problems could exist in Bekkersdal where policing was impossible in the present political climate.

Vanderbijpark chief health inspector Reg de Kock stressed that deregulation should mean looking at the cheapest possible price, without sacrificing standards.

Officials suggested that the bulk of the contaminated milk was being sold from plots on the perimeter of

established municipalities, mostly still under the control of the Council for Local Government Affairs (CLGA).

CLGA deputy health chief Abie Arangies said he was unaware of any problem, and a shortage of staff made it impossible to conduct extensive checks as far afield as Amsterdarn and Christiesmere.

It was unreasonable to force small farmers to invest in costly pasteurisation plants. Appealing to the public to report problems to the CLGA, Arangies said the council would act immediately on complaints.

# Milking the same old cows

③ milk + dairy  
FM 26/3/93

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."

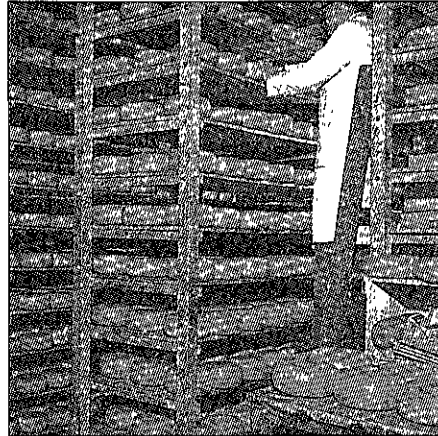
Edu Roux, GM of both the board and the DSO, says that because the producers and distributors stopped paying levies last year, the board is now "owed" R60m-R80m. The 13-member board, made up of industry representatives and a consumer advocate, still meets regularly. But since the DSO was formed three years ago, the board has not had any staff and operates through the non-profit 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) Kasser 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



**Blessed are the cheese makers . . . but can they impede imports?**

products to subsidise the export of surplus butter and skim milk powder by the big four manufacturers — Nestlé, National Co-operative Dairies, DairyBelle and Cape Dairy Co-operative, which trades as Bonnita Dairies (*Business & Technology* August 21).

The board won the right to appeal but no date has been set. "The judge said another court may find differently," Roux says. "The board won't lie down and die. Its members may differ among themselves but it is doing what the dairy industry wants it to do."

What the industry apparently wants it to do now is lobby for continued protection

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 Schaffner.

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 cosseted 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".

**TIM COHEN**

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

Government was preparing a detailed answer to Holomisa's note and would release it soon after informing the Transkei administration, a spokesman said.

LLOYD COUTTS reports that Holomisa's formal note rejected the findings of the Goldstone commission and issued a veiled warning against a possible raid.

He said Transkei's intelligence service was aware of an operation to murder Apla operatives, and that the mobilisation of the Citizen Force was aimed at achieving this purpose. Security forces had met yesterday and finalised "ways and means of elimi-

nating innocent people".  
"The grandstanding and political posturing which accompanied the release of the so-called findings of the Goldstone commission into Apla, and the singling out and painting of Transkei as a villain is totally unacceptable to the government and people of Transkei.

"I would like to alert you (De Klerk) to the fact that our intelligence is aware of the order personally given by 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 taken precautionary measures so that the consequences of your actions do not boomerang in your face."

## FW harvests world praise

WASHINGTON — President F W de Klerk appears to have scored an important public relations victory in the US and Australia with his dramatic disclosures about SA's now-discarded nuclear weapons.

The White House, the state department and Senator John Glenn — a leader of the US Senate's nuclear watchdog group — all welcomed the announcement.

SA ambassador Harry Schwarz said yesterday reaction from the Clinton administration had been extremely positive.

Our Political Staff reports from Cape Town that Australian Foreign Minister Gareth Evans said the new-found willingness to provide full information on SA's nuclear activities was "a welcome step".

However, Sapa-AFP reports from Tokyo the Japanese government said yesterday Japan was disturbed that SA had made nuclear weapons, even though they were destroyed.

● Comment: Page 8

## No investment 'unless SA markets itself'

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

Addressing the foundation's annual meeting in Johannesburg, he said hopes raised by fundamental political reform in 1990 had all too often been dashed.

Negotiations had broken down, the violence continued, the economy stagnated

and unguarded political rhetoric with predictably damaging consequences for overseas perceptions had been all too evident.

This, coupled with the major Western powers' own domestic malaises, had raised the possibility of SA being marginalised.

"It is not obvious to foreign investors and financiers why SA should be an opportunity for them," said Von Schirnding.

There was no alternative to top-level contact worldwide. — Sapa.

## Milk Board's financial 'disarray'

**TIM COHEN**

CAPE TOWN — 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 R362m 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 Cape provincial division of the Supreme Court rejected an application by the board for payments of levies 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 bridg-

ing 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 on exports in terms of its stabilisation fund 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 Niekerk was not prepared to approve this action by the board, which had consequently submitted a further application, the report noted.

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# Court led to Milk Board's 'disarray'

③ MILK CT26/3/93  
Political Staff

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 R362 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 payments 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

**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-

## R60m in unpaid levies scrapped

tion general manager Mr Edu Roux said.

It is believed buyers decided to go along with the deal when it became clear there was a good chance the Supreme Court ruling would be overturned on appeal and the levy be reimposed, but spokesmen for the buyers could not be reached to confirm this last night.

Mr Roux said a new scheme governing levies, which would be implemented in two to three months, had been agreed on and the board had undertaken to restrict levies under this scheme to one cent a litre.

The new levy would probably comprise a half-cent a litre charge to milk buyers

and a further half-cent a litre to milk producers, he said.

"Everybody knows that to try and run a business in a court of law isn't the answer. There was a lot of give and take on all sides and this is really an example of how differences should be settled," Mr Roux said.

Mr Van Vuuren said the parties had also agreed not to institute any further claims against each other.

"The agreement stipulates that the board will appoint a task group from the industry to advise the board on its future functions, aims, structures and personnel needs," he said.

The new levy scheme had already been submitted to Agriculture Minister Dr Kraai van Niekerk and would be circulated for comment among producers shortly, he said.

"Meanwhile, the parties are in agreement that the continuation of the Dairy Board is essential for the dairy industry, since it is to the advantage of the consumer and the country," he said.

③ MLK  
CT30/3/93



# 'Arrogant Dairy Board officials distorted deal'

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 levies 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

BIDA 31/3/93

LINDA ENSOR

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 0,5c/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 rands 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.

Star 11/4/93

# Dairy Board and milk buyers set for clash

By Zingisa Mkhuma  
Consumer Reporter

③ Milk & Dairy

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.

DAIRY BOARD ③ milk &amp; Dairy

**Striking a deal** FM 2/4/93

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 4,97c/l under the old system.

Says Marthinus 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." ■

# 3 nation

Star 23/4/93

## 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.

③ Milk & Dairy

**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:

Tariff Sub-heading	Article Description	Rate of Duty
8419.11	Instantaneous gas water heaters	15%
8419.19	Other	free

[BTT Ref. T5/2/16/2/1 (930110)  
(Ms I. Metz)]

**Applicant**

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

[Note: This application will result in the deletion of the subdivisions of the tariff subheadings and an increase in the duty on non-domestic type instantaneous gas water heaters, classifiable under tariff subheading 8419.11.20, from free of duty to 15 per cent *ad valorem*, and a reduction in the duty on other domestic type instantaneous or storage water heaters, non-electric, classifiable under tariff subheading 8419.19.10, from 15 per cent *ad valorem* to free of duty.]

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

**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.

**Intrekking van die kortingfasiliteite ten opsigte van:**

Rys vir die vervaardiging van ontbytvoedsel (Item 304.04/10.06/01.00).

[RTH-verw. T5/2/2/3/1 (930122)  
(Mnr. J. Gelderblom)]

**Applikant:**

Die Kommissaris van Doeane en Aksyns, Privaat Sak X47, Pretoria, 0001.

**Algemeen:**

Wysiging van die voorsienings by tariefsubposte 8419.11 en 8419.19 deur die vervanging van die bestaande voorsienings deur die volgende:

Tarief-sub-pos	Beskrywing	Skaal van Reg
8419.11	Oombliklike gaswaterverwarmers	15%
8419.19	Ander	vry

[RTH-verw. T5/2/16/2/1 (930110)  
(Me. I. Metz)]

**Applikant:**

Die Kommissaris van Doene en Aksyns, Privaat Sak X47, Pretoria, 0001.

(Opmerking: Die aansoek het tot gevolg dat die onderverdeling van die tariefsubposte verval en dat die reg op nie-huishoudelike tipe oombliklike gaswaterverwarmers, indeelbaar by tariefsubpos 8419.11.20, van vry van reg verhoog word tot 15 persent *ad valorem* en die reg op ander huishoudelike tipe oombliklike of voorraadwaterverwarmers, nie-elektries, indeelbaar by tariefsubpos 8419.19.10, van 15 persent *ad valorem* verlaag word tot vry van reg.)

Lys 14/93 is by Algemene Kennisgewing 326 van 16 April 1993 gepubliseer.  
(23 April 1993)

**KENNISGEWING 350 VAN 1993****DEPARTEMENT VAN LANDBOU**

BEMARKINGSWET, 1968 (WET No. 59 VAN 1968)

**VOORGESTELDE SUIWELSKEMA**

Hiermee word vir algemene inligting bekendgemaak dat die Minister van Landbou kragtens artikel 9 (1) van die Bemerkingswet, 1968 (Wet No. 59 van 1968), die voorgestelde Skema in die Bylae uiteengesit, vir die bevordering van die suiwelbedryf voorlopig 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 suiwelbedryf word hierby ingevolge artikel 9 (2) (b) van vermeldde Wet uitgenooi om binne vier weke vanaf die datum van publikasie van hierdie kennisgewing enige besware teen of verhoë 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 opskrifte van artikels van hierdie Skema vermeld, dui 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, ontvette droëmelk en ontvette melkpoeier;

“(botter)” 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 in 'n botterfabriek botter daarvan te vervaardig;

“(buurland)” 'n selfregerende gebied of 'n staat wat aan die Republiek grens;

“(die Raad)” die Suiwelraad 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 standaard 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 ont-smettingsmiddels, 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 dae ingesluit, van engeen 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 volroomkondensmelk 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 melkklere van beeste ongeag of die vetinhoud daarvan verminder 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) Dairy milk

“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 verkoelingstenk verkoel en daarin gehou word by die plek waar dit geproduseer is, en in 'n geïsoleerde melktenkwa vervoer word, maar nie ook melk wat bygevoegde water of meer as 0,008 internasionale eenhede penisillien ekwivalent bevat nie;

“melkkoper” —

- (a) 'n kaasvervaardiger, kondensmelkvervaardiger, melkpoeiervervaardiger 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, melkpoeier, afgeroomdemelkpoeier en UHT-behandelde- of gesteriliseerde suiwelprodukte;

“melkpoeier” die poeier verkry deur die ontwatering van melk of gedeeltelike afgeroomde melk en ook volvetdroëmelk, volvetmelkpoeier, halfvetdroëmelk en halfvetmelkpoeier;

“melkpoeiervervaardiger” iemand wat met melk of hersaamgestelde melk as 'n besigheid handel deur melkpoeier of afgeroomdemelkpoeier 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 melkkopers te verkry met die oog op die prosesering of 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 verkoop of dit vir die vervaardiging van varsmelkprodukte te gebruik; of
- (c) deur dit tot 'n UHT-behandelde- of gesteriliseerde suiwelprodukt te proseseer;

“pasteuriseer” pasteuriseer soos omskryf in die regulasies en moet die woorde ‘pasteurisering’ dienooreenkomstig 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 geproduseer —

- (a) aan ander persone as melkkopers en roumelkhandelaars in die Republiek verkoop;
- (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 imitation dairy products 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 packing, 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, emulsifiseermiddels, geurstowwe of 'n goedgekeurde preserveermiddel 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 nagmaakte suiwelprodukte kragtens artikel 15 van die Wet op Landbouproduktstandaarde, 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 melkkoper 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 melkkoper te herverkoop;

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

**"steriliseer"** die hittebehandeling, na verpakking, van 'n suiwelproduk of nagmaakte suiwelproduk 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 suiwelproduk of nagmaakte suiwelproduk 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, aangesuurde karringmelk, aangesuurde 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. (3) Dairy + melk

**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 suiwelprodukte, insluitende 'n hoeveelheid daarvan wat—

- (a) in die Republiek ingevoer is; of
- (b) in 'n buurland geproduseer en in die Republiek ingebring is vir verkoop of verwerking daarvan in die Republiek.

(2) 'n Voorskrif van of verbod opgelê of besluit geneem deur die Raad—

- (a) met betrekking tot 'n klas van 'n suiwelprodukt kan verskil van so 'n voorskrif of verbod of besluit met betrekking tot 'n ander klas daarvan; of
- (b) kan op slegs 'n aangegewe klas van 'n suiwelprodukt betrekking hê.

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

4. (1) Hierdie Skema is in die Republiek van toepassing.

(2) 'n Voorskrif van of verbod opgelê of besluit geneem deur die Raad—

- (a) met betrekking tot 'n gedeelte van die Republiek kan verskil van so 'n voorskrif of verbod of 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 produsente van melk; en
- (b) alle persone wat met suiwelprodukte as 'n besigheid handel.

**Instelling van Raad** [art. 25]

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

**Doelstelling van Raad** [art. 25 (2)]

7. Die doelstellings van die Raad is om die suiwelbedryf as geheel te bevorder, ooreenkomstig die bepalinge van die Wet en hierdie Skema.

**Samestelling van Raad** [art. 28]

8. (1) Die Raad bestaan uit—

- (a) nege persone wat produsente van melk verteenwoordig; en
- (b) vier persone wat bottervervaardigers, melk-kopers, proseskaasvervaardigers en roumelk-handelaars verteenwoordig.

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

(3) (a) Die Raad kan met die Minister se goedkeuring een persoon vir 'n bepaalde doel as 'n adviseerende lid van die Raad koöpteer.

(b) So 'n adviseerende lid het die reg om aan die verrigtinge 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)]

(3) *Dum + mlt*

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.

**Ampstermyn 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 bepalings van artikels 28 en 28A van die Wet, in die Raad vir die tydperk deur die Minister by die aanstelling 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 Raad by die koöptering van daardie adviserende lid kragtens artikel 8 (3) van hierdie Skema bepaal.

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

**Toelaes 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 hierdie Skema bedoel, die toelaes betaal word wat die Raad met die goedkeuring van die Minister vasstel.

**Vulling van vakatures** [art. 28A]

11. (1) 'n Vakature in die Raad wat ontstaan uit hoofde van die bepalings van artikel 28A (1) of (2) van die Wet of as gevolg van die dood van 'n lid, word gevul by wyse van aanstelling op dieselfde wyse as dié 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, beklee sy amp vir die onverstreke gedeelte van die tydperk waarvoor die lid wat sy amp ontruim of te sterwe gekom het, aangestel was.

(3) Die bepalings 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 beklee 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 Beampste aangewys 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) *Dairy + milk*

(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 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

**Byeenroep 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 bepalings 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 behandeling van spesiale of dringende aangeleenthede, 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 verrig, moet elke lid van die Raad, die Voorsitter van die Nasionale Bemakingsraad en, indien van toepassing, die adviserende 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 bepalings van hierdie artikel, maak die meerderheid van die stemgeregtigde 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 bepalings van subartikel (4), na goeddunke—

- (i) die aanvang van die vergadering tot 'n latere tyd deur hom bepaal, op daardie dag uitstel; of
- (ii) 'n verdere vergadering van die Raad vir 'n toekomstige datum belê.

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

- (i) is die bepalings 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 vergadering; en
- (ii) maak die stemgeregtigde 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 bepalings van subartikel (4)—
  - (i) die werksaamhede van daardie vergadering opskort totdat 'n kworum aanwesig is; of
  - (ii) die vergadering tot 'n toekomstige datum verdaag; en

(b) the provisions of subsection (2) (b) shall apply *mutatis mutandis* in respect of a meeting thus adjourned.

(3) Dairy + milk

(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 members 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 Reference 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 thereat, the vice-chairman of the Board shall preside thereat.

(3) If the vice-chairman is also unable to attend such meeting or to preside thereat, 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 chairman 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 onttrekking van stemgeregtigde lede op grond daarvan dat hulle 'n belang in die aangeleentheid het wat deur die Raad oorweeg word, maak die oorblywende lede by daardie vergadering 'n kworum uit vir die doeleindes van 'n besluit ingevolge artikel 7C (2) van die Wet om die betrokke aangeleentheid na die Landbouverwysingsraad, ingestel by artikel 7A van die Wet, te verwys.

#### **Voorsitter by vergaderings** [art. 24 & 31]

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

(2) Indien die voorsitter van die Raad afwesig 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 ondervoorsitter van die Raad daarop voorsit.

(3) Indien die ondervoorsitter ook nie in staat is om so 'n vergadering by te woon of daarop voor te sit nie, moet die aanwesige stemgeregtigde lede uit hulle midde iemand kies om voor te sit vir die tydperk waartydens die voorsitter sowel as die ondervoorsitter afwesig is of nie in staat is om voor te sit nie.

(4) Die ondervoorsitter van die Raad of iemand wat ingevolge subartikel (3) verkies is, kan vir die duur van die tydperk waartydens hy voorsit, al die bevoegdhede van die voorsitter 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 procedure op daardie vergadering.

#### **Bywoning van vergaderings** [art. 24 & 31]

16. (1) Die Raad kan aan enigeen van sy lede verlof tot afwesigheid van enigeen van sy vergaderings of van agtereenvolgende vergaderings vir 'n aaneenlopende 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 voorsitter van die Raad of die persoon wat die pligte van sekretaris 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 stemgeregtigde 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, benewens sy beraadslagende stem ook 'n beslissende stem het.

(2) (a) Indien 'n dringende besluit oor 'n aangeleentheid benodig word maar die byeenbring van lede van die Raad vir sodanige doel problematies is, kan die persoon wat die pligte van sekretaris van die Raad behartig ondanks die bepalings van subartikel (1), in opdrag van die voorsitter van die Raad volledige besonderhede in verband met daardie aangeleentheid aan alle beskikbare lede van die Raad telefonies, per faksimilee of skriftelik voorsien en, indien die beskikbare lede die meerderheid van die lede van die Raad verteenwoordig, die besluit van elke beskikbare lid telefonies, per faksimilee of skriftelik 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 bekragtiging, as synde 'n formele besluit van die Raad, voorgelê word.

**Komitees** (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 opleë, een of meer komitees uit sy lede aanstel en na goeddunke van sy bevoegdhede aan so 'n komitee oordra: Met dien verstande dat die Raad nie ontdoen word van 'n bevoegdheid wat hy aan so 'n komitee oordra nie.

(2) Die Voorsitter 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 verkiesing of aanstelling, ampstermyn en status van 'n voorsitter en, indien van toepassing, 'n ondervoorsitter;
- (b) die byeenroep van vergaderings; en
- (c) die vulling van vakatures.

(4) 'n Oordrag van bevoegdhede van die Raad aan so 'n komitee word nie uitgelê 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 krag tensy dit deur die Raad tersyde gestel of gewysig word.

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

**Adviserende komitees** [art. 24 & 29 (1)]

19. (1) Die Raad kan een of meer komitees instel ten einde die Raad te adviseer aangaande enige aangeleentheid betreffende die uitvoering van hierdie Skema of 'n bepaling daarvan in die algemeen of in 'n gedeelte van die Republiek, of ten opsigte van suiwelprodukte.

(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.

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

- (a) the quorum for meetings;
- (b) the decisions of such advisory committee;
- (c) the attendance of meetings of such advisory committee; and
- (d) any other matter which it considers necessary or expedient, and the generality of this provision shall not be limited by the preceding paragraphs of this subsection.

#### **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

(2) So 'n adviserende komitee word saamgestel op die wyse deur die Raad met die goedkeuring van die Minister bepaal.

(3) (a) Die lede van 'n adviserende komitee word deur die Raad aangestel.

(b) 'n Lid van 'n adviserende komitee word vir die tydperk wat die Raad bepaal, maar hoogstens drie jaar, aangestel.

(c) So 'n lid kan by verstryking van sy ampstermyn weer aangestel word.

(4) Die bepalings van artikels 1 en 18 (2) van hierdie Skema en artikel 28A van die Wet is *mutatis mutandis* van toepassing op 'n adviserende komitee en die lede daarvan.

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

- (a) die kworum vir vergaderings;
- (b) die besluite van sodanige adviserende komitee;
- (c) die bywoning van vergaderings van sodanige adviserende komitee; en
- (d) enige ander aangeleentheid wat hy nodig of dienstig ag, en die algemeenheid van hierdie bepaling word nie deur die voorafgaande paragrafe van hierdie subartikel beperk nie.

#### **Indiensneming van persone [art. 33]**

20. (1) Die Raad kan behoudens die voorskrifte wat die Minister in 'n bepaalde geval uitreik, die persone in diens neem wat hy nodig ag vir die behoorlike verrigting van sy werksaamhede en vir die bereiking van die oogmerke van hierdie Skema.

(2) Sodanige persone word—

- (a) op 'n voltydse grondslag en op die voorwaardes wat die Raad bepaal, in diens geneem; of
- (b) in diens geneem vir die verrigting van 'n besondere handeling of besondere werk of die lewering van besondere dienste.

(3) Die persone aldus in diens geneem, verrig hul werk op die koste en onderworpe aan die opdragte en beheer van die Raad, en word besoldig uit 'n algemene fonds bedoel in artikel 29 van hierdie Skema.

#### **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 Landbou- en Pensioenfonds;
- (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— (3) Dairy + milk
- accept money or property given to the Board by way of donation, grant or otherwise; and
  - 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—

- 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;
  - a committee or organisation established or instituted by the South African Agricultural Union to promote the dairy industry; and
  - 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 advice** [sect. 36]

24. The Board may—

- 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
- advise the Minister as to—
  - 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;
  - the issue, amendment or withdrawal of a notice under section 87 of the Act; and
  - 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.

**Verkryging van eiendom** [art. 34]

22. (1) Behoudens die bepalings van artikel 34 (2) van die Wet, kan die Raad die eiendom aanskaf of huur wat hy nodig ag vir die behoorlike verrigting van sy werksaamhede en vir die bereiking van die oogmerke van hierdie Skema.

- (2) Die Raad kan—
- geld of eiendom aanneem wat by wyse van geskenk, toekenning of andersins aan die Raad gegee word; en
  - sodanige geld of eiendom 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—

- in verband met navorsingswerk met betrekking tot die verbetering, produksie, vervaardiging, verwerking, opberging of bemarking van 'n suiwelprodukt of iets wat van so 'n suiwelprodukt verkry word;
  - 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
  - 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 provinsiale landbou-unie geaffilieer is.
- (2) Ondanks die bepalings van subartikel (1) verleen die Raad nie bystand aan 'n komitee of organisasie in paragraaf (b) of (c) van daardie subartikel bedoel nie, tensy dié komitee of organisasie deur en met die goedkeuring van die Suid-Afrikaanse Landbou-unie vertoë daarvoor tot die Raad gerig het.

**Verstreking van inligting en advies** [art. 36]

24. Die Raad kan—

- '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 bemarkingstoestande oor die algemeen of aangaande die toestand ten opsigte van 'n besondere mark; en
- die Minister van advies dien aangaande—
  - die voorwaardes wat betref klasse, grade, kwaliteitstandaarde, verpakkingsmetodes en die merk van suiwelprodukte of van 'n houër of omhulsel wat suiwelprodukte bevat, en waarop suiwelprodukte verkoop of vir verkoop ingevoer mag word;
  - die uitreiking, wysiging of intrekking van 'n kennisgewing kragtens artikel 87 van die Wet; en
  - alle aangeleenthede betreffende die bemarking 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 suiwelprodukte** [art. 37]

25. Die Raad kan die stappe doen wat die Minister goedkeur ter bevordering of stimulering van die vraag na suiwelprodukte, of van iets wat van suiwelprodukte 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 wetsbepaling vir of ten opsigte van 'n landbou- of verwante 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, opleë op 'n suiwelprodukt, of op 'n suiwelprodukt van 'n bepaalde klas, graad of kwaliteitstandaard.

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

- (a) deur 'n produsent betaalbaar op melk wat—
  - (i) deur hom in die Republiek aan 'n melkkoper of 'n roumelkhandelaar verkoop word;
  - (ii) deur 'n roumelkhandelaar ten behoeve van sodanige produsent aan 'n melkkoper verkoop word; en
  - (iii) deur hom aan iemand in 'n buurland verkoop word.
- (b) deur 'n produsent-distribueerder betaalbaar op melk wat—
  - (i) deur hom in die Republiek aan 'n ander persoon as 'n melkkoper of 'n roumelkhandelaar verkoop word;
  - (ii) deur hom aan iemand in 'n buurland verkoop word; en
  - (iii) deur hom vir die vervaardiging van versamelprodukte 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 melkkoper betaalbaar op melk wat deur hom van 'n produsent van melk of van 'n roumelkhandelaar verkry is;
- (f) deur 'n bottervervaardiger betaalbaar op room wat deur hom van 'n ander persoon as 'n melkkoper vir die vervaardiging van botter verkry word; en
- (g) deur 'n persoon wat suiwelprodukte invoer betaalbaar op suiwelprodukte wat aldus ingevoer word.



(3) For the purposes of the application of this section—

- (3) Dairy + milk
- (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 melkkoper van sy eie koeie verkry word, geag deur 'n produsent van sodanige melk aan hom verkoop te gewees het;
- (b) melk wat deur 'n roumelkhandelaar van sy eie koeie verkry word, geag deur 'n produsent van sodanige melk aan hom verkoop te gewees het; en
- (c) melk of room wat "verkoop", "gebruik", "herverkoop" en "verkry" word, al sou dit dieselfde melk of room wees, onderskeidelik geag 'n bepaalde "klas" suiwelprodukt 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 op 'n suiwelprodukt, of op 'n suiwelprodukt van 'n bepaalde klas, graad of kwaliteitstandaard.

(2) Die bepalinge van artikel 27 (2) en (3) is *mutatis mutandis* van toepassing op 'n spesiale heffing wat ingevolge subartikel (1) opgelê 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 reserwefonds 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 fonds vir enige ander doel aanwend wat na die oordeel van die Raad tot voordeel sal strek van persone wat belang het by suiwelprodukte.

**Reserwefondse** [art. 46 (2)]

30. (1) Die Raad moet een of meer reserwefondse 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 ingevolge hierdie Skema en na oorlegging met die Raad bepaal, gestort moet word.

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

**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 verwagte inkomste en uitgawes vir die daaropvolgende boekjaar aan die Nasionale Bemarkingsraad vir goedkeuring deur die Minister voorlê.

(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 werklike inkomste en uitgawes vir daardie boekjaar aan die Nasionale Bemarkingsraad voorlê 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) produsente; en
  - (ii) persone in artikel 27 (2) (b), (c), (d), (e), (f) en (g),

verdeel in verhouding tot die onderskeie bedrae wat hulle gedurende die tydperk van een jaar onmiddellik voor die datum waarop hierdie Skema opgehef is, in heffing en spesiale 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) produsente; en
  - (ii) persone in artikel 27 (2) (b), (c), (d), (e), (f) en (g), bedoel

deur wie 'n heffing en spesiale heffing kragtens artikels 27 en 28 van hierdie Skema aan die Raad betaalbaar is, in verhouding tot die onderskeie bedrae in die vorm van 'n heffing en spesiale 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— (3) Dairy + Milk

- (a) require any person, or any person belonging to any class or group or 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 waarvoor bedoelde persoon beskik en wat die Raad spesifiseer; 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 opsigte 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-skrif, asook die tye waarop, die vorm waarin en die wyse waarop bedoelde opgawes aldus ver-strek moet word.

**Aanstelling van agente** [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 werksaamhede wat die Raad met die goedkeuring van die Minister bepaal.

**Magtiging van inspekteurs** [art. 54]

38. Die Raad kan, vir die uitvoering van die bepalings van hierdie Skema, enigiemand in die algemeen of in 'n besondere geval magtig om te alle redelike tye—

- (a) 'n plek te betree wat geokkupeer word deur iemand wat 'n produsent van melk is of vermoed word so 'n produsent te wees, of deur iemand wat as 'n besigheid handel of vermoed 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 vermoede gehou of vervoer word;
- (b) sodanige suiwelprodukt te inspekteer en alle boeke en stukke op bedoelde plek of in of op bedoelde 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 lewer van die pleeg van 'n misdryf ingevolge die Wet of hierdie Skema of 'n regulasie wat kragtens artikel 89 van die Wet Uitgevaardig 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. (3) Dairy Milk

#### **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 suiwelprodukt waarop aldus beslag gelê is, van die betrokke plek of voertuig te verwyder of dit op bedoelde plek of voertuig te laat en na goeddunke 'n identifikasiemerk wat hy nodig ag, aan te bring op so 'n boek, stuk, artikel of suiwelprodukt of op die houer daarvan; en

- (f) monsters te neem van sodanige suiwelprodukt, met inbegrip van 'n hoeveelheid daarvan waarop daar beslag gelê is kragtens magtiging verleen uit hoofde van paragraaf (e), en sodanige monsters te ondersoek, te ontleed, te klassifiseer of te gradeer of te laat ondersoek, ontleed, klassifiseer of gradeer.

#### **Registrasie van sekere persone [art. 59, 79]**

39. (1) Elke produsent-distribueerder, melkkoper, bottervervaardiger, proseskaasvervaardiger, plaaskaasmaker en roumelkhandelaar moet by die Raad geregistreer wees.

(2) Geen persoon in subartikel (1) bedoel word aldus geregistreer nie tensy hy voldoen aan die vereistes by regulasie 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 suiwelprodukt 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 prosedure in verband met die indiening en oorweging van aansoeke 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 onderworpe stel aan die voorwaardes wat die Raad dan bepaal, hetsy deur die oplegging van verdere of nuwe voorwaardes of deur die wysiging of intrekking van voorwaardes wat dan bestaan; en
- (d) so 'n registrasie intrek indien die geregistreerde persoon 'n voorwaarde wat deur die Raad kragtens 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 subartikel (1)—

- (a) word melk wat 'n melkkoper van sy eie koeie verkry, geag van die produsent van sodanige melk verkry te gewees het; en
- (b) word melk wat deur 'n roumelkhandelaar se eie koeie geproduseer en deur hom verkoop word, geag ten behoeve van 'n produsent van sodanige melk verkoop te gewees het.

**Offences and penalties [sect. 23]**

40. Any person who— <sup>(3) Dairy + milk</sup>
- fails to pay a levy or special levy imposed under section 27 and 28 of this Scheme;
  - fails to comply with a requirement of a direction or prescription imposed under section 36 of this Scheme;
  - contravenes a provision of section 39 (1) of this Scheme;
  - 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 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 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—

- versuim om 'n heffing of spesiale heffing wat kragtens artikel 27 en 28 van hierdie Skema opgelê is, te betaal;
- versuim om aan 'n vereiste van 'n lasgewing of voorskrif kragtens artikel 36 van hierdie Skema te voldoen;
- 'n bepaling van artikel 39 (1) van hierdie Skema oortree;
- versuim 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—

“inwerkingtreddingsdatum” die datum van inwerking-treding van hierdie Skema;

“Suiwelraad” die Suiwelraad ingestel by artikel 6 van die Suiwelskema;

“Suiwelskema” die Suiwelskema gepubliseer by Proklamasie No. R. 290 van 1978, soos gewysig.

(2) Die Suiwelraad soos dit onmiddellik voor die inwerkingtreddingsdatum as 'n regs persoon bestaan het, bly 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 inwerking-tredingsdatum 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 inwerking-tredingsdatum 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, magtiging verleen, heffing of spesiale heffing opgelê, fonds ingestel, verbod opgelê, voorskrif, lasgewing, bepaling of kennisgewing gepubliseer, regsaksies ingestel of verdedig, of enigiets anders gedoen, voor die inwerkingtreddingsdatum kragtens 'n bepaling van die Suiwelskema, en wat onmiddellik voor die inwerkings-tredingsdatum van krag is, geag gemaak, geneem, verleen, opgelê, ingestel, gepubliseer of gedoen 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 Dairy 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 surpluses, 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 fifths 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 Dairy 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-

**VOORGESTELDE SUIWELSKEMA****VERDUIDELIKENDE NOTAS****1. AGTERGROND**

Die Suiwelraad funksioneer tans kragtens die Suiwelskema soos gepubliseer by Goewermentskennisgewing No. R. 290 van 1978, soos gewysig. Die belangrikste van hierdie wysigings was gepubliseer by Goewermentskennisgewing No. R. 297 op 13 Februarie 1987. Kragtens die huidige Skema het die Raad.—

- 'n Inligtingsdiensbedryf;
- die vraag na suiwelprodukte bevorder d.m.v. generiese reklame en -promosies;
- surplus suiwelprodukte aangekoop en dit van die plaaslike mark verwyder;
- 'n minimumprys vir melk gekoop van produsente vasgestel;
- sekere persone geregistreer; en
- heffings van melkkopers gevorder.

Die Raad was verder deur hierdie Skema gemagtig om vervoertariewe vas te stel, persone te verbied om in bepaalde gebiede varsmelk vryelik te verkoop en om poele te bedryf vir varsmelk, botter en kaas. Die Raad het egter sedert 1987 nie van hierdie magtigings gebruik gemaak nie.

Daar word nie in die voorgestelde Skema daarvoor voorsiening gemaak dat surplusse aangekoop en verwyder of 'n minimumprys vasgestel sal word nie. 'n Aanbeveling aan die Minister dat bedryfstabiliseringsmaatreëls van hierdie aard in die toekoms weer deur middel van 'n skemawysiging geïnkorporeer word, sal slegs gedoen word indien die Raad deur produsente daartoe versoek word in omstandighede wat dit regverdig en indien produsente bereid is om uit hulle sektor daarvoor te betaal. So 'n skemawysiging sal ook volgens die voorskrifte van die Bemerkingswet vir kommentaar afgekondig moet word, tydens vergaderings aan produsente verduidelik word en onderwerp word aan 'n stemming deur produsente wat die voorafgaande drie jaar ononderbroke melk geproduseer het en ouer as 21 jaar is. Indien meer as drie vyfdes of 60% van die stemregtige produsente wat meer as die helfte van die melk geproduseer het ten gunste van so 'n skema stem, kan die Minister dit in werking stel.

**2. BEOOGDE WERKING VAN DIE VOORGESTELDE SUIWELSKEMA**

[Nota: Die artikelnummers in vierkantige hakies verwys na die toepaslike magtigende artikels in die Suiwelskema, of soos andersins vermeld.]

**2.1 Algemeen**

Kragtens hierdie voorgestelde Skema sal die suiwelbedryf steeds met die minimum statutêre inmenging kan funksioneer. Dit sal enige persoon vrystaan om melk te produseer waar en hoeveel hy wil. Elke produsent sal ook sy melk aan die melkkoper van sy

3) Dairy + milk  
 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 Dairy 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 will 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 Dairy 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 verpligting 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 eweneens melk kan koop van die produsente van sy keuse en sal die produkte wat van sodanige melk verwerk word, mag verkoop waar en teen die pryse van sy keuse.

Die voorgestelde Skema sal soos volg deur die Suiwelraad toegepas 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 alle ander persone wat kragtens artikel 39 van die Skema by die Raad moet registreer, ingedien moet word. Gegewens so verstrek sal vertroulik hanteer word en geen inligting van 'n indiwiduele 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. heffings ingevorder word, sal aangewend word om wetenskaplik nagevorsde reklame- en promosieveldtogte, professioneel uit te voer.

### 2.4 *Registrasie van sekere persone* [art. 39]

Elke persoon of instansie wat voornemens is om as melkkoper, bottervervaardiger, proseskaasvervaardiger, roumelkhandelaar, 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 registrasiepligtigheid vrygestel was), moet by die Suiwelraad registreer. Aangesien die doelwit met registrasies is om inligting oor rolspelers op rekord te hê, sal geen aansoek om registrasie op grond van besetting in 'n bepaalde marksegment geweier word nie. Dit sal slegs vereis word dat basiese voorwaardes, wat nie betrekking sal hê op fasiliteite, toerusting of handelsgebiede nie, nagekom moet word.

**2.5 Levies** [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 maximum 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. Levies will be imposed on milk, or the solids therein, and will be payable monthly.

(3) Dairy milk

**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 melkkoper geplaas. As gevolg daarvan dat sekere van die aksies hierbo en ook finansiering van bedryfsdienste hoofsaaklik in die belang van die produsent is, sal die heffingsplig onder die voorgestelde Skema gedeeltelik op die produsent, insluitend produsentdistribueerders en plaaskaasmakers (al sou hulle minder as 500 liter melk per dag hanteer) val. Twee tipes 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 bedryfsdienste te finansier. Laasgenoemde behels bydraes tot nasionale en provinsiale produsente-organisasies, tot die melkveeverbeteringskema, navorsing en bydraes vir ander aksies wat die verbetering van die suiwelbedryf 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, produsent-distribueerders en plaaskaasmakers betaalbaar wees, met 'n gepaardgaande maksimum van 0,5 sent per liter betaalbaar deur produsente op melk van die hand gesit. Dit word beoog dat melkkopers die heffings, wat deur produsente betaalbaar is, sal insamel en dit tesame met die heffings deur hulle betaalbaar aan die Raad oorbetal. 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 invordering van heffings na te kom, mag dit van tyd tot tyd nodig wees om persele, 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 suiwelbedryf te bevorder, verleen kan word.

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

Invoer van suiwelprodukte word nie kragtens die Skema gedoen nie maar wel deur die uitreiking van invoerpermitte kragtens artikel 87 van die Bemarkingswet, waaromtrent die Raad die Minister kan adviseer. By



③ Dairy + milk

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)

die Algemene Ooreenkoms oor Tariewe en Handel (AOTH), waarvan Suid-Afrika lid is, is daar reeds besluit dat wegbeweeg moet word van kwantitatiewe invoerbeheer of beheer d.m.v. invoerpermitte. Volgens die AOTH behoort invoere nie beperk te word nie maar kan die nadelige invloed daarvan op die invoerland, d.m.v. invoertariewe ingestel word. Totdat aanvaarbare invoertariewe (kragtens Doeane- en Aksynswet, 1964) in plek is, word die globale hoeveelhede wat ingevoer moet word bepaal en word dit by wyse van toekennings op 'n ooreengekome basis verdeel.

(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 Couttis .....	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.

**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 bepalinge van die Wet op Geneeshere, Tandartse en Aanvullende Gesondheidsdiensberoepers, 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, Johana Alexandrina Couttis .....	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

Ek verklaar die volgende persone as verkies tot lede van die Beroepsraad vir Fisioterapie vir die tydperk 1 Mei 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,**  
Registrateur.

## Milk sales affected by boycotts

MARIANNE MERTEN

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. *BIDAM 1916/93-*

A recently published statistical Dairy Board news release said milk production in the 12 months to March 1993 had increased by 1% to 1,936 870-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 1,918 910-million tons to 1,802 921-million tons. Consumption trends had de-

clined throughout the 1992/93 period with the exception of September last year and March 1993. *③ Milk + Dairy*

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 similar trend had occurred in the butter and skim milk powder markets which usually absorbed surplus milk.

Butter production had increased nearly 20% from 14 411 tons to 17 260 tons during this period, but consumption had declined about 6%. Skim milk production had increased by 40% in the past year when consumption had dropped 32%.

## Dairy Board to cut jobs, functions<sup>3</sup>

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 to transport it to dairy by-product factories at their own cost. — Sapa

# Dairy Board cuts back

8/Day 17/1/93

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.

## ③ Dairy & Milk

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 position 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 millions 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.

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MAY 19 1993  
COMMUNICATIONS SECTION

DAIRY BOARD <sup>FM</sup> 25/6/93 .

## Melting away <sup>3</sup> milk + dairy

The Dairy Board's days of power and glory are finally over. Chairman Lucas van Vuuren's announcement last week that the board

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 resented paying thousands of rands 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 R20m 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 Edu 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. "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

## BUSINESS & TECHNOLOGY <sup>3</sup> milk + dairy

FM 25/6/93

system based on quotas for producers that has succeeded in getting rid of overproduction. Says chairman Marthinus Herman: "Promotion could also be done voluntarily rather than through the Marketing Act."

Yet Jacobs says the general perception is that there is still a need for some form of professional business organisation to represent the interests of the industry. "Vested interests have, over the years, distorted the market to such an extent that we won't see a free market for some time yet."

## Milking a good thing

FW 16/7/93.

② milk + buying

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 "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.

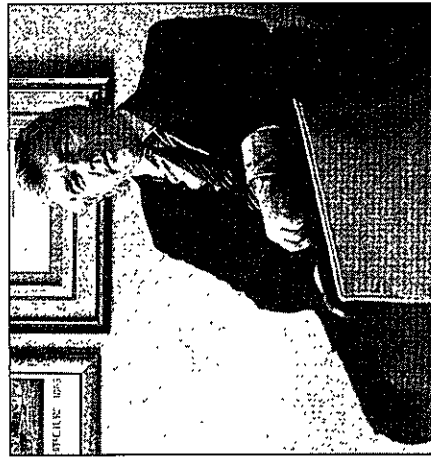
And milk production and consumption are declining. According to Dairy Services Organisation GM Edu Roux, SA's annual milk production has dropped by an average of 3% a year over the past three years and consumption has fallen by 2%.

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



Stevens ... tougher competition on the cold chain

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-served 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

**Staff Reporter.** BRUCELLA abortus, a disease transmitted by cow's milk and meat — described by experts as one of the most serious diseases humans can contract from animals — is on the increase in South Africa.

Dr. Jan du Preez of Onderstepoort, a specialist in veterinary public health, said a member of the Milk Quality Panel, said in a statement yesterday that 22 cases of brucellosis had been reported so far this year compared with 10 cases for the same period last year.

The incidence could be higher, as there could be cases which were not reported.

The statement said brucellosis was considered so serious that all cases had to be reported to the Department of Health.

It has long-lasting physical and emotional effects and causes recurring fever.

The disease is caused by a bacterium, Brucella abortus, which is found in cows.

The regional director of animal health in the Department of Agriculture, Dr. Rudolf Visser, said yesterday the brucellosis bacteria in milk were killed by pasteurisation, and

destroyed in meat by thorough cooking. He appealed to the public not to buy unpasteurised milk unless they knew the herd from which it came had been certified free of brucellosis.

The Western Cape had the lowest incidence of brucellosis in the country, Dr. Visser said.

Brucellosis can be fatal.

**SMILK**

**J.P. 11/92**

## Department of Water Affairs and Forestry (DWA) of the RSA

The DWA, as the custodian of water resources in the country, has the central role to play in the development of water resources in the rural areas. The DWA is primarily responsible for the South African Water Scheme which is the major future source of water for the PWV.

With a few small exceptions, the DWA is responsible for operating all the raw water is supplied to the region.

### Water Boards

There are the two water boards which supply part of the region, listed below of water they supplied in 1991/92:

Hand Water Board:	2 328 MI/d
Magalies Water Board	59 MI/d

The role of the boards has been to supply water in bulk to local authorities responsible for the developing and maintaining of water resources, but transfer it and deliver it to local areas. Neither of them supply directly to individual domestic consumers.

### Bophuthatswana Government

Water supply to urban Bophuthatswana is the function of two government departments, the Department of Water Affairs (for "urban" areas - the proclaimed areas) and the Bophuthatswana Water Supply Authority (BWSA) (for the "rural" settlements) established in 1989.

In the proclaimed towns there is a distinction made between "economic and social" areas, the local authority is responsible for operating, maintenance and supply of water. In the other proclaimed towns the supply of domestic water is the responsibility of BWSA which is also responsible for recovering the cost of water.

In the unproclaimed towns - the dense settlements or "non-economic areas" - the responsibility of BWSA is also responsible for recovering the cost of water.

# 'Cow disease' in city

CT 11/11/93

③ MILK

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 "yuppie 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

③ MILK ARG 16/11/78

**JOHN VILJOEN**  
Staff Reporter

WESTERN Cape dairy farmers are facing hard times because of a countrywide 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 87 c 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 34 c 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

21/11/1973  
Milk

THE city has been warned that it is "sitting on a healthy time bomb" due to the consumption of unpasteurised milk in its hotels.

Dr Danie Venter, head of milk control in the city council's health department said at a meeting of the S.A. Society of Dairy Technology in Cape Town this week that deregulation of the milk industry meant anyone could sell unpasteurised or "raw" milk to the public. Disease-causing organisms are destroyed by pasteurisation.

Although deregulation started several years ago, the effects were only now becoming apparent, said Dr Venter. "With deregulation, no local authority can tell a farmer to pasteurise his milk or insist on his herd being accredited."

disease-free

"We want the population to be protected from the diseases milk can carry which include brucellosis, TB, typhoid, diphtheria and hepatitis — but have no authority to do so," Dr Venter said.

He said brucellosis — one of the most serious diseases — humans can contract from animals — was on the increase and health authorities did not know the full extent of the spread of the disease.

He said he knew of at least one city hotel which he would not name, which brought unpasteurised milk.

"Milk infected with organisms causing the above diseases will look, taste and smell fine, so it will be impossible for people to tell if it is infected," he said.

He said the milk-borne diseases were more likely to break out in squatter camps because of the poor living conditions, but could easily spread to other areas as many people who lived in squatter camps worked in the cities.

Spokesmen for some major hotels including the Woodstock Holiday Inn, the Victoria & Alfred Hotel, the Cape Sun and the Peninsula Hotel, said last night that only pasteurised milk was served at their hotels.

# Rural areas selling raw milk

3-Milk Staff Reporter

ET 20/11/93

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

Dr Danie 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

EDWARD WEST

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. **BIDAY**

Board chairman Willie Fourie said that because of deregulation and privatisation in the dairy industry, the present Dairy Board had served its purpose. **21/12/93**

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 0,4c/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. **Dairy & Milk**

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 Kassier 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.

Milk Producers' Organisation (MPO) chairman Mr Boy Blanckenberg said an MPO scheme leading to the creation of the Milk Board had been ac-

cepted by the government after a national survey showed farmers were in favour of this.

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The new board will be in line with last year's Kassier report into the Marketing Act. The report recommended that statutory agricultural boards be replaced by voluntary co-operative groups. *ET 21/12/93*

# Dairy groups pool milk juice interests

Own Correspondent

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 turnover of about R250m.

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 Loubser 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

MARCIA KLEIN

31/8/93  
Biday

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 produce.

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 R15m 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.

# Milk scare after nine kids treated

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, bodily pains, a sore throat, persistent coughing, headaches, weight loss, depression and a general "run-down" physical condition.

SA Dairy Services Foundation spokesman Mr. Edu. Roux 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 unsafeguarded, 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.

③ MILK CFI/19/93



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 or September, writes CHERILYN IRETON. 2012/94

Bonnita 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 210-million shares held by Premier (51%), Bonnita staff and suppliers.

Premier deputy chief executive Gordon Utian told foreign fund managers this week the year-old relationship with Bonnita 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."

Bonnita is the second-largest dairy concern in SA and controls 22% of the R3,2-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 R30-million in the year to April on turnover of R800-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 strike 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 paid 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.

Other concessions made were the appointment of a full-time shop steward, agreement to negotiate a health and safety agreement and the conversion of the pension fund into a provident fund. In addition, lower-paid workers who were previously excluded from joining the pension fund would be eligible to join the provident fund, Pilane said.

However, one sticking point was that of disciplinary action against some strikers accused of intimidation and arrested by police during the strike. Seventeen NUM members were arrested and charged, although the decision whether to proceed with criminal charges had yet to be taken by the attorney-general, Pilane said.

The parties agreed company charges would be finalised within the next fortnight and any challenged by the NUM would be referred to arbitration. Pilane was concerned the process might spark further problems as accusations of intimidation were divisive.

ERICA JANKOWITZ

# Union must respond today to Carlton offer

JACQUIE GOLDING

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.

Agreement was reached at mediation last Friday but if management's offer is not accepted by workers, 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 5% 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 near-standstill 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 would be 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 Denis 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 Merwe 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 dairy prices were already low after good rains had boosted production, he said.

MUNGO SOGGOT

3 MILK & Dairy

# Premier sets great store by Bonnita

22/2/94

**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, Montali 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.

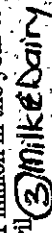
At the top end of the market Bonnita recently

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 R695,8 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 R3,1 million in the year to April.



# 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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# NCD transfers assets in bid to improve finances

**NATIONAL Co-operative Dairies (NCD)** would transfer most 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 co-operative'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 R28m on a turnover of R1.6bn in the 1993 financial year.

Knudsen said a listing was on the cards because co-operatives were inher-

**MUNGO SOGGOT**

ently undercapitalised. Other agricultural co-operatives had recently formed companies and positioned themselves for a JSE listing, after an amendment to the Co-operative Act in July 1993 made it possible for co-operatives to become companies.

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

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

Sentraaboer 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 <sup>3</sup>MILK  
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.

ARG 12/5/94  
"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 winemaker Danie de Wet of Robertson.

Mr De Wet aimed to sell his whole herd.

# SURPLUS MILK FOR LANGGA RESIDENTS

*Supplier to Soutwest (South)*

2715-3115194

BY VUYELWA MOTLALI

ONE MAN'S bid to help pensioners in Langa has made a difference to the whole community after he persuaded a major dairy to donate hundreds of litres of surplus milk to residents.

A month ago Mr Alfred Zondani, chairperson of the Langa Health Community (LHC), asked

the Langa Dairy to give its surplus milk to pensioners.

The dairy asked their supplier, a major dairy company, to donate its surplus as well.

"We normally sell powdered milk to the pensioners, but when this ran out, I decided to ask the dairy for help," Mr Zondani said.

Before long word spread and the LHC found itself handling hundreds of requests, most not even

**3 Milk & Dairy**

from pensioners.

"I never thought to turn them away. I understand their plight and there was plenty of milk," Mr Zondani said.

The dairy, which prefers not to be named, gives away about 55 crates of milk four times a week at the Langa clinic.

"Now we don't even have to announce the arrival of the milk, people just seem to know when it



**SUPER SURPLUS:** Langa residents enjoying the surplus milk which is donated to their community by a milk supplier every week  
Photo: Yunus Mohammed

gets here," Mr Zondani said.

Bathembu Kani, 11, finished his bottle of milk and tried to join the queue again to get more last week.

"I want to take some for my mother," said Bathembu.

But he was sent away by Mr Zondani, who did not believe the boy was taking it home.

"I don't have to buy milk anymore", said Mrs Nomhunzi Dlova, queuing in the rain.

Even milk on which the expiry date has passed does not go to waste: "Sour milk is a favourite with most people. With just mealie-meal, you have a meal for the night," said a volunteer.

Despite the massive amount of free milk, a few latecomers were turned away disappointed.

A spokesperson for the supplier said the company gave away all its surplus milk to charities.



Fm 24/6/94



Over the moon ... about NCD's plans

(3) Milk & Dairy

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, Tussers 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."

Arnold van Huyssteen

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

Fm 24/6/94

### Hoping Clover is lucky

Langeberg 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 (3) Dairy & Milk

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

Star 5/7/94

■ 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 co-operative. (3) Dairy

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."

③ MILK CT 14/1/94  
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

# Bonnita Holdings seeks listing

□ Directors aim to lift company profile and share's trading

MARC HASENFUSS  
Business Staff

*Aug 15/1994*  
*3 Milk*  
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 1926 as a small cooperative cheese factory at Bonnievale in the Southern Cape. It subsequently merged with other dairy cooperatives and Van Riebeck Dairies to form the Cape Dairy Cooperative (CDC)

CDC amalgamated with United Dairies CoOperative 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 li-

abilities 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 53 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, Montali and Bon Blanc cheeses and the recently introduced PureJoy fruit juices.

## NZ dairy signs

link with SA

**3 MILK+DAIRY**  
Business Staff

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 brand names. ARG 21/1/94

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

**D**AIRY 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 since deregulation 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, "ultrapasteurised" 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.

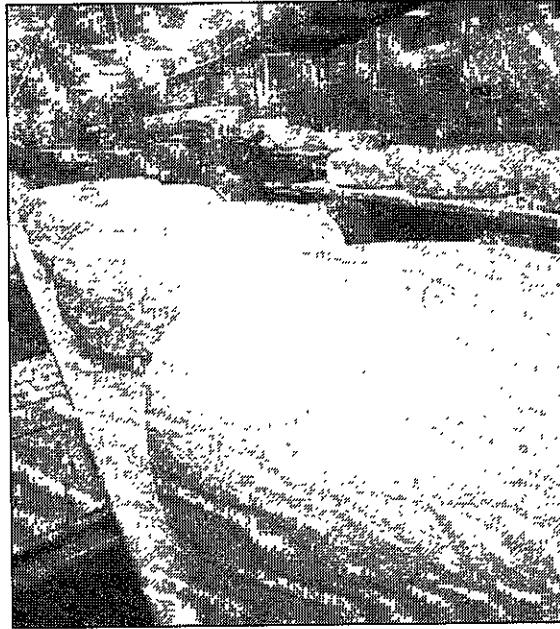
Its other value-added products include yoghurt, sorbet, drinkable dairy dessert, cottage cheese and juices and nectar. New products are being designed, and brand promotion is particularly important to Bonnita.

It is SA's second largest processor of dairy products, the total SA market for which is worth R4-billion. The recently-corporatised National Co-operative Dairies (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.



**Big cheese ... despite the poor image of agriculture-related stocks, Bonnita may prove to be a worthwhile investment**

Then there are exports. Bonnita is now exporting some value added products, primarily to the middle East and sees further potential there and in the Far East. In theory a new dispensation in the General Agreement on Tariffs and Trade — the set of agreements between countries which governs trade — could open up big markets like the United States. Export-oriented companies are always sexy, but the dangers of agriculture-related export markets have been fully impressed on investors by Langeberg's performance.

While exports look promising, illegal imports have rent the domestic market recently, partly accounting for Bonnita's lower operating margin in the year to end-April.

Du Plessis believes the situation is now under control, and that the replacement of physical controls on the quantity of imports by tariffs will help stem the problem in the long term. The replacement of the old quantitative controls with tariffs has been applied for — as is

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 1993.

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 and, more 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 itself has 2 percent) of Bonnita. That 45 percent holding amounts to 95-million shares. Du Plessis estimates that if the price is right, about half of those shares could soon find their 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: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.

# Value-added Bonnita better than hick image

## Govt imports milk powder, butter

LOUISE COOK *Biday*

GOVERNMENT has been forced to import milk powder to maintain its feeding scheme following the recent sharp increase in prices of domestic dairy products. *1718194*

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 000 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. *S Dairy*

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. (3) Dairy

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.

11819A  
BEATRIX PAYNE

Over the past two months the share price had traded among private shareholders at an average of R2,28 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 89% to R2,9m from R26,8m for the previous 14 months, which left pre-tax income 54% higher at R50,2m (R32,6m). 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

③ DAIRY ARG 19/10/94

## Business Staff

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 investi-

gation 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 Marthinus 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 be-

cause 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, to tap into the value-added fresh 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 £10bn. 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.

(3) DAIRY  
BD 4/12/95  
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

(3) DAIRY

Amanda Vermeulen

BD 5/12/95

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

③ DAIRY

BY SHIRLEY JONES

CT (PR) 6/12/95

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 Sizanani Education Trust.

Clover is the holding company for Clover SA, which participates in joint-venture ice cream company Ola 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 Vermeulen

(3) DAIRY  
BD 6/12/95  
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. Advisers Fleming Martin 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

Continued on Page 2

## Dynamo

(3) DAIRY  
BD 6/12/95  
Continued from Page 1

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 Papas said the transactions would enable Dynamo to list in the first half of next year to raise R99m.

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 Gibson Thula, who is on the board of Opus Investments, parent of lotteries company Games Africa; New Africa Investments board member Don Mkhwanazi; and Anthony Ardington, who is on the boards of Southern Life and Marriott Merchant Bank.

# Bonrita lifts half-year<sup>(3)</sup> earnings<sup>DAIRY</sup>

ET (BR) 8/12/95  
BY AUDREY D'ANGELO

Cape Town — Dairy products and fruit juice company Bonrita Holdings lifted net earnings by 22 percent to R26,6 million (R21,9 million) for the six months to October on a 15 percent rise in turnover to R473 million (R413 million).

Operating profit was 15 percent higher at R53,3 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 Bonnievale 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.

# Sacob trade study calls for diversified export base

CT(BR) 8/12/95

By DEREK TOMMEY

Johannesburg — It is imperative that the country's economic growth should be based on diversified export growth, says the South African Chamber of Business (Sacob) 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 beneficiated or manufactured 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.

Sacob 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."

Sacob warned that South Africa's Gatt and World Trade Organisation obligations meant that it had been inextricably 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.

# Bonnita lifts half-year earnings

CT(BR) 8/12/95

By AUDREY D'ANGELO

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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.

**DILBERT**

By Scott Adams



electricity business — a move which would health clinics.

## Milk Board decision is held up

A DECISION on the future composition of the Milk Board had been delayed because of disagreement between producers and dairy product processors, National Milk Producers' Organisation (NMPO) GM Tiny Liebenberg has said.

He said a decision by Agriculture Minister Kraai van Niekerk on the matter

LOUISE COOK

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 Belle. **3 MILK**

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 tipped in favour of producers. **BD 13/3/95**

The Milk Board said that "in the interests of co-operation in the industry" producers should be allocated eight seats, processors four and consumers one seat on the board.

Samo GM Edu 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.

OLDINGS

Land reform

# Shortage of dairy products forecast

(3) DAIRY

LOUISE COOK

80 31/31/95  
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 Bonnita — 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 150c/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 Lutz Nel predicted shortages, especially of butter, but would not speculate on the extent of price increases.

Clover marketing director Nic Pieterse 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 Upshone 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 COKAYNE

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 or 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 R23 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.

By 1994, the losses suffered by the Clayville operation had reached such proportions that the board decided to either close or sell it. After much negotiation, Clover decided to buy the factory.

If the factory had closed, about 160 milk producers would be without a market for the greater part of their product.

Clover was willing to buy the factory but felt it was necessary to protect its position to some extent by way of the restraint of trade clause, the board said.

In terms of the restraint of trade, ICS and Dairybelle were not permitted, alone or with any other parties, to be involved — whether financially, directly or indirectly — with the production and/or distribution of 147 separate products categorised as fresh milk, buttermilk/maas, cottage cheese, fresh cream, yoghurt, fruit juices, dairy fruit mix and mageu.

The restraint was applicable for five years in an area including Gauteng and the northern part of the North West.

Various arguments were advanced by Clover in support of the restraint clause, including that the restraint was necessary to ensure Clover's economic viability and protect its investment and that the restraint would not lead to a reduction in the range of products available to consumers.

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.

CT(BR) 15/5/95

3 MILKIE



## Dairy firm Bonnita hard on Clover's heels, says analyst

Marcia Klein (3) MILK DAIRY

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 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 42% higher than the revised prior year figure and 35% up on the published result for last year. The growth trend was expected to continue next year and in 1997.

Premier Group, which held 53% 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 260c, just off last month's high of 269c 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.



SPINNING YARNS . . . Terry Fouché, marketing manager at AECI-owned SA Nylon Spinners' industrial division

# Bonnita beats forecasts

ST(BT) 4/6/95

③ MILK + DAIRY

CAPE-based dairy company Bonnita 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 R47,4-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, Bonnita's managing director, says earnings were also boosted by the successful management of its season-

al milk surpluses.

The earnings growth follows a 39% rise in profits at the interim stage and the company, in which Premier has a 53% 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. Bonnita's turnover, however, rose 12% to R844,8-million.

Its improving margins are highlighted by its 40% jump in operating income to R72-million.

Bonnita, listed in August, benefited from a drop in its interest bill and tax rate.

During the year Bonnita 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, Bonnita's chairman, says that with negligible interest-bearing debt Bonnita 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

SAW 5/6/95

③ MILK + DAIRY

■ 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 dairy products company, listed for the first time in August 1994, has de-

clared 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 R845-million, while after tax income grew by 64% to R47,37-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 265c.

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

BD 5/6/95

(3) MILK Dairy

Edward West

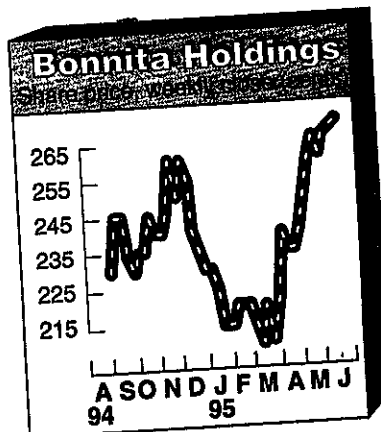
CAPE TOWN — The profit of recently listed food products group Bonnita Holdings exceeded its forecasts, with weighted average earnings rising 64% to 22,5c a share in the year to end-April.

Today's published results showed turnover 12% higher at R845m, while operating profit rose 40% to R72m. Interest paid was slightly lower at R2,2m from R2,9m. Taxation increased to R22,4m (R19,8m), 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 7,5c (5c). 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 pro-

duction 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 Bonnievale cheese factory in the forthcoming year, the directors said.

## New milk plant boost for Cape

③ MILK + DAIRY

TRADE and Industry Minister Mr Trevor Manuel praised Bonnita at the opening of their new R33 million processing plant in Parow 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.

ET 7/6/95



# Manuel assurance over food dumping

ARLT 7/6/95


 MILK & DAIRY  
JOHN VILJOEN

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 EverFresh and PureJoy 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**

FM 16/6/95

**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 8,5% 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 Utian.

It was also helped by the "successful management of seasonal milk surpluses."

**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 about 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

<b>BONNY PRODUCTS</b>		
<b>Year to April 30</b>	<b>1994</b>	<b>1995</b>
Turnover (Rm)	754,3	844,8
Operating income (Rm)	51,5	72,0
Attributable (Rm)	28,8	47,4
Earnings (c)	13,7	22,6
Dividends (c)	5,0	7,5

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.

Margaret-Anne Halse

ing Acts to prevent further evictions. Spokesman said 500 000 families were tied to farms through labour tenancy de-

### 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 concern 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

### 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 Transvaal AIDS Centre chief and behavioural scientist Herbie Smith said between 3-4% of the province's population had AIDS or were HIV positive.

"The RDP might stem epidemics to a certain extent, but the co-operation of all South Africans should be emphasised to curb AIDS," Smith said. There had also been a marked increase in reported cases of tuberculosis, a disease often associated with AIDS.

"Both AIDS and tuberculosis break down the body's immunity. It is also true that about 95% of confirmed cases of AIDS and tuberculosis can be traced to developing countries." The current billboard places an emphasis on responsibility within relationships. Prevention is about love, caring and support. The virus is not simply about death.

number and the slogan "A new struggle". This 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 Abdool-Karim said.

received

BONNITA

# On a leaner diet

FM 8/19/95

③ DIARY

**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 ords. Market capitalisation: R645,5m.

**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.

Year to April 30	'93	'94	'95
ST debt (Rm) .....	6,6	6,8	0,9
LT debt (Rm) .....	6,6	7,4	0,6
Debt:equity ratio .....	11,6	—	—
Shareholders' interest .....	48,3	62,4	62,6
Int & leasing cover .....	2,2	17,7	32,4
Return on cap (%) .....	22,3	14,7	17,2
Turnover (Rm) .....	648,5	754,3	844,8
Pre-int profit (Rm) .....	51,0	53,2	72,0
Pre-int margin (%) .....	7,9	7,1	8,5
Earnings (c) .....	13,2	13,7	22,5
Dividends (c) .....	2,4	5,0	7,5
Tangible NAV (c) .....	73,6	103,7	127,1

\* Annualised 14-month period.

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 refiguring 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 R11,8m.

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 market for milk 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.

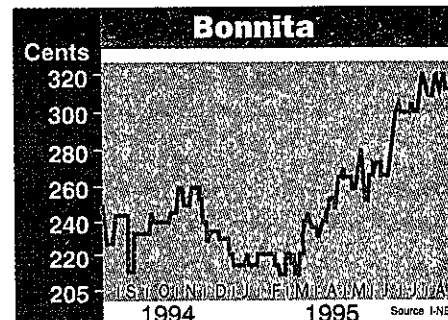
Ice cream is a growing money-spinner, with two factories — in Cape Town and Midrand — commissioned during the year. Aylesbury ice cream and frozen yoghurt will soon be available from franchise operators — a neat solution to heavy demand for Aylesbury products.

Bonnita has an eye on the export market. SA has one of the lowest farmgate 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.

Considered by many to be the jewel in Premier's food crown — not necessarily high praise,



considering conditions elsewhere in the crown — analysts forecast Bonnita's earnings will increase by as much as 25% in the next year. That would put the share on a forward p:e of 10,9, which seems fair value.

Margaret-Anne Halse

## HOUSEWARES

### Shopping without pain

**Activities:** Investment holding company for operations which market household goods, jewellery and allied products directly to the consumer.

**Control:** Management +40%.

**Chairman:** M Gutkin. Joint MDs: H Kramer, B Solomon.

**Capital structure:** 119,9m ords. Market capitalisation: R587,5m.

**Share market:** Price: 490c. Yields: 1,6% on dividend; 5,7% on earnings; p:e ratio, 17,6; cover, 3,5. 12-month high, 495c; low, 280c. Trading volume last quarter, 4,96m shares.

Year to March 31	'94	'95
ST debt (Rm) .....	3,0	19,3
LT debt (Rm) .....	11,6	16,3
Debt equity ratio .....	—	0,33
Shareholders' interest .....	0,14	0,49
Int & leasing cover .....	9,3	6,6
Return on cap (%) .....	16,9	21,4
Turnover (Rm) .....	133,3	211,1
Pre-int profit (Rm) .....	28,4	45,5
Pre-int margin (%) .....	21,3	21,6
Earnings (c) .....	17,9	27,9
Dividends (c) .....	—	8,0
Tangible NAV (c) .....	19,3	85,4

\* Pro forma, pre-listing.

**Astute management,** quality products and a focused strategy has proved a winning formula for direct mail company Housewares.

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



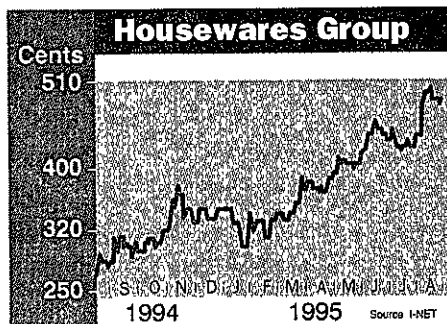
Utian ... plenty of market opportunities to be tapped

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 58% 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 495c 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 Halse*

## REAL AFRICA HOLDINGS

### Off to a good start

**Activities:** Investment holding company with main interests in African Life (51%), Oceana (21%) and NSA (20%).

**Control:** Real Africa Investments 51%.

**Chairman:** D M J Ncube.

**Capital structure:** 191m ords. Market capitalisation: R344m.

**Share market:** Price: 180c. Yields: 12,0% on earnings; p:e 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**

Total assets (Rm)	722
LT debt (Rm)	4,7
Taxed income from life assur (Rm)	26,4
Taxed profit	27,0
Earnings (c)	9,4
Dividends (c)	nil
Tangible NAV (c)	112

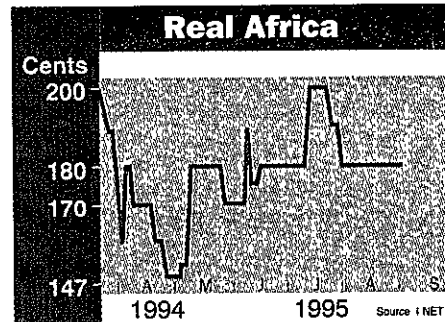
It is too early in the short, listed life of Real Africa Holdings (RAH) and pyramid Real Africa Investments (RAI) to joint making many judgments. Both only joined the industrial holdings board in March.

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



Ncube . . . a wide spread of black shareholders



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 8,8% 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 50%.

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

③ MILK

## 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:** I C 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; cover, 3,0. 12-month high, 430c; low, 300c. Trading volume last quarter, 6m shares.

Year to April 30	'93	'94	'95	'96
ST debt (Rm)	6,6	6,8	0,9	0,2
LT debt (Rm)	6,6	7,4	0,6	0,4
Debt:equity ratio	11,6	—	—	—
Shareholders' interest	0,48	0,62	0,63	0,71
Int & leasing cover	2,2	17,7	32,4	136,0
Return on cap (%)	22,3	14,7	17,2	19,9
Turnover (Rm)	649	754	845	961
Pre-int profit (Rm)	51,0	53,2	72,0	93,4
Pre-int margin (%)	7,9	7,1	8,5	9,7
Earnings (c)	13,2	13,7	22,5	28,7
Dividends (c)	2,4	5,0	7,5	9,5
Tangible NAV (c)	73,6	103,7	127,1	152,7

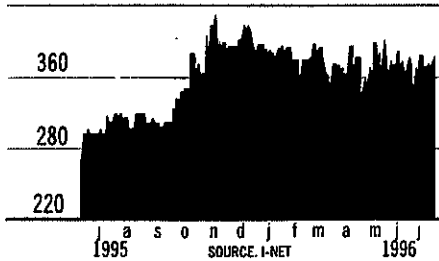
\* 14 months annualised.

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

FINANCIAL MAIL · AUGUST 9 · 1996

Bonnita Holdings  
Cents  
440

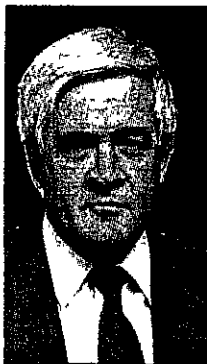


compared with the sector's 14,4.

"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.



Louis du Plessis

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 Gleason

FINANCIAL MAIL · AUGUST 9 · 1996

# Upswing in demand has dairy group in the clover

Béatrix Payne

DAIRY group Clover SA raised attributable profit 51% to R30,9m in the year to June after an upswing in consumer spending in the first three quarters and price increases, said finance director Robert Wesseloo in the National Co-operative Dairies (NCD) sub-

siary's annual report.

Revenue for the group, which plans to list on the JSE in the next few years, rose 24,9% to R1,8bn compared with a pro forma R1,4bn in financial 1994, while operating profit increased to R111,5m (R87,2m).

Financing costs grew to R75,3m (R57m) and an unchanged tax bill of

R1,3m left taxed profit at R34,9m (R28,9m).

Earnings a share rose to 33,2c (22,6c) and a dividend of 5c a share was payable on 97,1-million shares in issue.

Wesseloo said the outlook for the current year was positive in view of projected growth in the economy and the rationalisation of some of the group's branches.

However, there was concern over tariff loopholes and the non-payment of import levies. Products imported as a result had displaced local goods.

Chairman Vos Grey said the group had been restructured over the year to attract outside capital, reduce borrowings and cut interest charges. The group was negotiating with a number of potential local and offshore investors.

The company was established in February 1994 to handle NCD's transport, processing, marketing and distribution operations. Grey said it processed 33% of the milk produced by SA's dairy farmers.

The company acquired refrigerated food distribution company Sacca last year and held a minority stake in Ice Cream manufacturer Ola (SA), he said.

DD 2/11/95  
(3) MILK+ DAIRY

# Clover in talks with black investor group

CT (B.A.) 2/11/95

③ MILK & DAIRY

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 Marthinus 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 R111,5 million, up 27,9 percent over the previous year's R87,2 million. Interest paid was R75,3 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 R172,4 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 2 000

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

(3) DAIRY Star 2/11/95

■ BY ROSS HERBERT

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## Invested

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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 5,0 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.

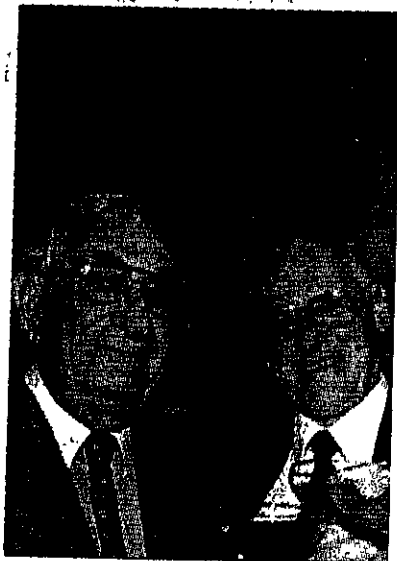
Total cost of sales was up 14,4 percent. On a rands a ton basis, costs were up 6,5 percent, with 3,5 percent of that attributable to an annual wage agreement paying workers an average of 11,5 percent more. Earnings a share were 106c, compared with 95c the previous six months. The company declared an 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 interim dividend of 175c and a participating preference dividend of 14c.

## Danone buys stake in Clover for R403m

By ROY COKAYNE



**NEW DEAL** Clover chief Marthinus Hermann and Danone's Antoine Riboud celebrate Danone's investment in Clover

PHOTO: JOHN WOODROOF

Pretoria — Danone Group, the French food concern, has bought an effective 37 percent shareholding in local dairy products company Clover Group, with an investment of R403 million.

Clover Group's managing director, Marthinus Hermann, 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 group's plans to be listed on the JSE.

When Clover announced its first audited results in November last year, its debt stood at R441 million. This was just more than double its shareholder equity and too high for a listing.

Hermann 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.

Hermann 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 Dhlomo, was still being negotiated.

Danone has a turnover of R59 billion. Its market capitalisation on February 1 this year stands at R43 billion. Danone has invested in two levels at Clover: a 5 percent shareholding in Clover Holdings via existing shares, totalling R48 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.

CT(BR) 9/2/96

CT(BR) 9/2/96 (3) DAIRY

# French buyer's R400m helps revive Clover

(3) DAIRY

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

ST(BT) 11/2/96  
R440-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 co-operation 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

BD 1/3/96

(3) DAIRY

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 Ras 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 CROTT (3) DAIRY

Johannesburg — Dynamo Investments, the investment group headed by Oscar Dhlomo, 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 R403 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 per-



**PARTNERS** Vos Grey, the chairman of Clover, and Oscar Dhlomo, the head of Dynamo Investments

PHOTO JOHN WOODROOF

cent 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 (3) DAIRY

BD 13/3/96

DAIRY group Clover Holdings has sold 15% of its equity to black empowerment group Dynamo Investments for R87,8m — 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 R48m for 5% of Clover Holdings, and R356m 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, maas, 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

BS 25/3/96  
DAIRY company Bonnita has bought the Zambian national dairy produce board's large-scale production facilities in Lusaka, Kitwe and Mazabuka 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

(3) DAIRY  
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

Continued on Page 2

## Bonnita (3) DAIRY

BS 25/3/96  
Continued from Page 1

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.



# Workers to act after dismissals

By DAN DHLAMINI

CP 21/4/96

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.

~~3~~ DAIRY ~~3~~ ~~3~~  
"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.

# Clover acquires past rival's production

By Shirley Jones

KWAZULU NATAL EDITOR

Durban.—Clover, the national dairy company, has acquired the production activities of Purefresh Foods (formerly Creamline), its past rival, for an undisclosed price.

Purefresh said it decided to rationalise its production facilities in a bid to extend distribution of branded refrigerated products.

Clover said the Purefresh deal followed substantial investments by

Danone, the French food group and Dynamo Investments, based in Durban.

Russell Stevens, the chairman of Purefresh, said the decision to sell the production plant at its Pinetown factory was part of a long-term re-engineering and rationalisation programme.

Clover said the transfer of activities would be phased in over a year and a half. Purefresh will continue to manufacture long-life milk for Clover until its plant comes on stream.

Stevens said Clover intended moving

most of the production plant to its Queensburgh factory.

Purefresh will continue to sell and distribute its present brands, including Creamline, Single 7 and the Egula range in Kwazulu Natal via the existing distribution network in the region.

He said the additional space and infrastructural facilities freed up through the deal will enable the company to add to its coldrooms and warehousing and maximise opportunities in the fast-growing and under-served cold chain distribution sector.

CT (BR) 8/5/96 (3) MILK

Weaker rand likely to boost future profit

# Bonnita lifts earnings 30%

By Marc Hasenfuss

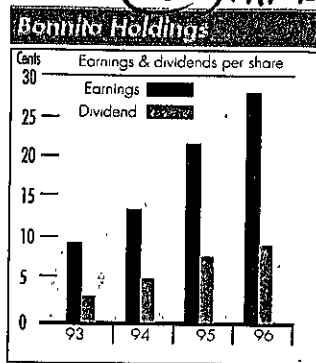
CAPE EDITOR

Cape Town — Bonnita 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 28 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 R961 million. Operating margins improved to 11,4 percent (previously 10,8 percent) and saw trading income up 19 percent to R109 million.

Louis du Plessis, Bonnita'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 Bonnievale 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 Bonnita's

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 Bonnita 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 5 percent real growth on a continuous basis."

# Bonnita increases earnings to R61,8m

③ MILK

003/6/96

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.

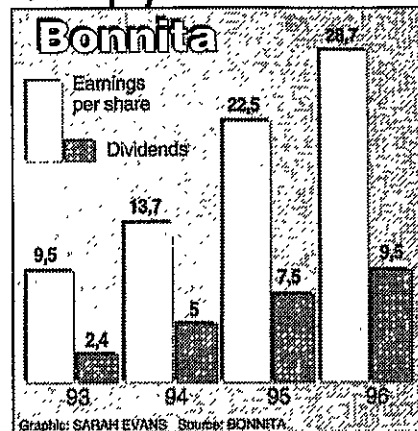
Among these was a new milk-based product to be marketed in three months' time.

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 R221,8m from R215,8m. Net asset value a share was 199c from 175c.

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'

③ DAIRY

By NORMAN CHANDLER

Pretoria Bureau

17/6/96  
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 Boy Blanckenberg, 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

## Local body questions 'unjustified' imports

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," Blanckenberg 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 Blanckenberg.

## Cheese smuggling ring squashed by Milk Board

Louise Cook

20/10/16/96

(3) MILK +  
DAIRY

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 R35m 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

CT (R-2R) 18/6/96 (3) MILK + DAIRY

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 illegal 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 RDP," 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 33 273 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 28 last year, 19 382 tons of dairy products had already been imported with a free-on-board value of R95,6 million — and during the period October 1994 to February 28 last year permits for 33 743 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 Gatt 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

~~THE~~ (3) DAIRY  
ILLEGAL imports of dairy and meat products, worth millions of rands, are now being "contained", writes DON ROBERTSON. ~~MEAT~~

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."

ST(BT) 4/8/96



BONNITA

③ MILK

## 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:** I C 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; cover, 3,0. 12-month high, 430c; low, 300c. Trading volume last quarter, 6m shares.

Year to April 30	'93	'94	'95	'96
ST debt (Rm)	6,6	6,8	0,9	0,2
LT debt (Rm)	6,6	7,4	0,6	0,4
Debt:equity ratio	11,6	—	—	—
Shareholders' interest	0,48	0,62	0,63	0,71
Int & leasing cover	2,2	17,7	32,4	136,0
Return on cap (%)	22,3	14,7	17,2	19,9
Turnover (Rm)	649	754	845	961
Pre-int profit (Rm)	51,0	53,2	72,0	93,4
Pre-int margin (%)	7,9	7,1	8,5	9,7
Earnings (c)	13,2	13,7	22,5	28,7
Dividends (c)	2,4	5,0	7,5	9,5
Tangible NAV (c)	73,6	103,7	127,1	152,7

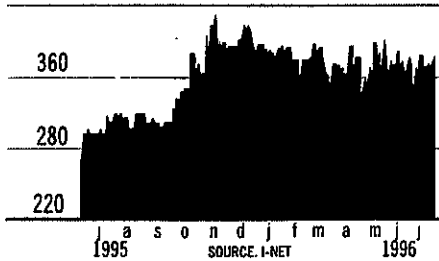
\* 14 months annualised.

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

FINANCIAL MAIL · AUGUST 9 · 1996

Bonnita Holdings  
Cents  
440

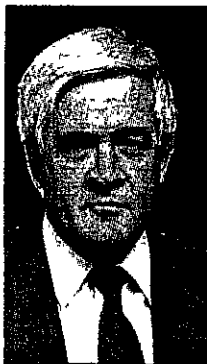


compared with the sector's 14,4.

"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.



Louis du Plessis

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 Gleason

FINANCIAL MAIL · AUGUST 9 · 1996

# Milk drying up — sharp price rise on the way

ANDREW SMITH  
Staff Reporter

(3) ~~MILK~~  
DAIRY  
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 Daitsh 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 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."

become broadly representative of the population of South Africa at all levels of command, including the most senior ranks. This is stated government policy. In fact one might say that the very future of the SA National Defence Force is dependent on this objective.

Deputy President Thabo Mbeki stated on 12 August, when opening the 2nd Defence Review Consultative Conference in Cape Town, that "there should be broad representivity at the most senior ranks by 1999". No specific qualifications are prescribed for promotion from Brigadier to General officer rank other than the key criteria of appropriate experience, efficiency and suitability. Formal courses are required to qualify an officer to the rank of Brigadier. Most non-statutory force members, including several Generals are undergoing bridging training courses to assist them in converting for service in a conventional force.

(b) Major General "Jackie" Sedibe was the second most senior officer from Unkhonto we Sizwe (MK) to join the SA National Defence Force. Born in 1944 she joined MK in 1964 at the age of 20. She consequently had 30 years distinguished service and experience in MK before becoming a member of the SA National Defence Force with the rank of Brigadier. Although her recommended rank by the MK command was Major General at the time.

She successfully completed numerous courses at various military establishments in the Soviet Union over the years, and in more recent times undertook courses in both Britain and Taiwan. She held positions of responsibility in MK from an early age, and participated in numerous operational campaigns and missions. In 1971 she was appointed Chief of MK Communications by Oliver Tambo, the then ANC President and Commander-in-Chief of MK. She held this post throughout an illustrious career, becoming a member of MK's eight

person senior command body, MHO, in 1983. Her position in MK was equivalent to General Officer.

She has accumulated an impressive degree of experience and expertise in her long and distinguished career, is an extremely conscientious and dedicated military practitioner, and is eminently suitable for promotion to Major General in a national defence force that will benefit considerably by having a woman of her background and experience in its previously all-male senior officer echelon. This was clearly appreciated by the Chief of the SA National Defence Force who after careful consideration has strongly motivated this historic promotion of the first woman to become a general in our country. He has spoken enthusiastically about her ability and sense of commitment to the new SA National Defence Force.

(2) Most certainly, but in the former statutory forces in this country most unlikely, since all former governments from 1910 were notorious for the neglect and utter lack of opportunity afforded to experienced, efficient and suitable women, whether black or white.

#### Fraud/corruption: losses incurred

\*4. Sen E K MOORCROFT asked the Minister of Water Affairs and Forestry:

Whether his Department incurred any losses as a result of fraud and corruption in the 1995-96 financial year; if so, what was the total cost to his Department incurred as a result of such fraud and corruption?

\$554E

THE MINISTER OF WATER AFFAIRS AND FORESTRY:

No losses were reported by the Department of Water Affairs and Forestry as a result of fraud and corruption for the period, 1 April 1995 to 31 March 1996, but investigations are currently underway in *inter alia*, the Northern Province and Eastern Cape Province. Announcements on the outcome of these investigations will be made shortly. Losses identified during the current financial year and which may have

originated in the previous financial year, will be duly reported and followed up.

The department, on ministerial instruction, takes a very serious view of fraud and corruption, and believes in maximum publicity with regard to these events.

\*5. Sen W F MNISI—Welfare and Population Development. [Question standing over.]

Senator B T NGCUKA: Mr President, may I request that this question stand over?

Senator W F MNISI: Mr President, the Chief Whip has just requested that the question stand over. We would like to know why the Minister is not here when we are supposed to be here. I had to walk out of a meeting—a very, very important meeting—to come and listen to the reply to my question. [Interjections.]

THE PRESIDENT OF THE SENATE: Order! Senator Minisi's point of view will be recorded. He is at liberty to raise this issue on any other occasion, if he sees fit.

\*6. Sen W F MNISI—Sport and Recreation [Question standing over.]

#### Eastern Cape Legislature: sittings

\*7. Sen R J RADJUE asked the Minister for Provincial Affairs and Constitutional Development:†

(1) (a) On how many days has the Eastern Cape Legislature met since its inception and (b) how much legislation has been passed by this legislature during this period;

(2) whether any parliamentary rules in respect of proceedings (a) in general and (b) in regard to questions and interpellations in particular have been laid down in this legislature; if not, why not; if so, what are the relevant details?

\$557E

THE MINISTER FOR PROVINCIAL AFFAIRS AND CONSTITUTIONAL DEVELOPMENT:

The information is not readily available in the Department. In an attempt to be of assistance to the hon member, the following information was provided by the Provincial Administration of the Eastern Cape.

(1) (a) The Legislature has met on 101 days since its inception.

(b) The Legislature has passed 19 Bills during this period.

(2) (a) Yes, the rules in respect of proceedings in general are contained in the Standing Rules of Procedure of the Legislature of the Eastern Cape, consisting of 191 Rules. The Rules were drawn up by the Rules Committee and approved by the Legislature.

(b) Yes, rules 159-162 and 163-169 of the aforementioned Rules deal with interpellations and questions, respectively; while rule 158 is applicable to both interpellations and questions.

#### Skim milk powder/wheat-based milk powder: import tariff

\*8. Sen A E VAN NIEKERK asked the Minister of Trade and Industry:†

(1) Whether any customs tariff is payable in respect of the import of (a) skim milk powder and/or (b) wheat-based milk powder; if so, what is the tariff in each case;

(2) whether any remission on this amount or a reduction or rebate is granted in exceptional cases; if so, (a) to whom and (b) why;

(3) whether any charges are envisaged in this regard; if so, what are the relevant details?

\$559E

THE MINISTER OF TRADE AND INDUSTRY:

(1) (a) The duty payable with regard to the import of skim milk powder is 450c/kg.

(b) The customs tariff classification of the product described as "wheat-based milk powder" is uncertain and further information is needed before the Commissioner for Customs and Excise, who is responsible for the administration of the Customs and Excise Act can classify it. The classification will determine the rate of duty applicable to the product.

(2) A rebate provision exists whereby the Customs Union countries, excluding South Africa, can import dairy products

HANSARD

with rebate of the full duty. The dairy products imported under this rebate item are for their domestic use only, and permits are issued on the basis of mutually agreed volumes determined by the Department of Agriculture.

The rebate provision was created because the Board on Tariffs and Trade established that, as a result of the low priced dairy products that could be imported by these countries, industries were developed under the prevailing import control structure, which were totally dependent on the importation of these low priced dairy products.

Item 521.00 provides for drawbacks of the duty paid on imported goods used in the manufacture, processing, finishing, equipment of packing of any goods for export. Permits in this regard are issued by the Director-General: Trade and Industry on the recommendation of the Board on Tariffs and Trade. In terms of this provision permits are issued for milk powder from time to time.

(3) The Board considered an application for the revision of the rates of duty on dairy products and recommendations will be submitted to the relevant Ministers in the near future. The outcome of the application will be published in the *Government Gazette* in due course.

Senator A E VAN NIEKERK: Mr President, arising out of the hon the Minister's reply, I just want to know whether, in the interim, he has a specific remedy to the problems arising from shortages in the Republic on the one hand, and whether, on the other hand, he has any way of preventing dumping of subsidised products in the Republic?

**THE MINISTER OF TRADE AND INDUSTRY:** Mr President, if it is brought to my specific attention that there are shortages, I will liaise with the Minister of Agriculture and Land Affairs and we can discuss that matter.

With regard to dumping, we now utilise the dumping provisions. We have, as hon senators know, recently changed our legislation to comply fully with the principles of the WTO and the procedures are well established. If there is a complaint of dumping it is forwarded to the Board on Tariffs and Trade. The dumping unit will do a

(1) (a) The Legislature has met on 61 days since its inception.

(b) The Legislature has passed 20 Bills during this period.

(2) (a) Yes, the rules in respect of proceedings in general are contained in the Rules and Orders of the Mpumalanga Legislature, consisting of 189 Rules. The Rules were drawn up by the Rules Committee and approved by the Legislature.

(b) Yes, rules 152-156 and 157-163 of the aforementioned Rules deal with interpellations and questions, respectively.

#### SAPS members serving in National Protection Services

\*10. Sen Dr G W KOORNHOF asked the Minister for Safety and Security:

(1) (a) How many members of the South African Police Service are currently performing duty in the National Protection Services and (b) for what period are such members required to do static guard duty;

(2) whether he or the SAPS has received any complaints from members of the SAPS who are required to do static guard duty; if so, what was the nature of such complaints?

\$S61E

**THE DEPUTY MINISTER FOR SAFETY AND SECURITY:**

(1) (a) A total of one thousand eight hundred and seventy three (1 873) members are employed in the National Protection Services.

(b) Members are required to do static guard duty for a period of one year. However, there have been no new enlistments in the South African Police Service since 1994, and therefore the members of the National Protection Services have been doing static guard duty for at least three (3) years.

(2) Yes.

Complaints have been received from members who do static guard duty. The general complaints from members is that

they cannot be transferred, due to the fact that there are no new enlistments in the South African Police Service to replace them.

Senator Dr G W KOORNHOF: Mr President, arising out of the hon the Minister's reply, what is the department doing about this problem? I do not think it is a healthy situation for a person to stand static duty for three consecutive years. What is the department doing and what plans does the Minister have to deal with this problem?

**THE DEPUTY MINISTER FOR SAFETY AND SECURITY:** Mr President, this is linked to the whole question of the moratorium on recruitment which has arisen largely because of financial constraints. Attempts are being made to resolve this problem and we will be recruiting another 3 000 members in the next financial year, but up to now we have had a moratorium on recruitment which has had very serious effects on various sectors of the Police Service and the Police Service in general. We are told that it is all a question of money.

Senator Dr G W KOORNHOF: Mr President, I understand the problem. My question to the Minister is: What is the department doing about the current situation of a man or woman standing static guard duty for such a long period? I just want to hear what the plan is. I understand the problem.

**THE PRESIDENT OF THE SENATE:** Order!

**THE DEPUTY MINISTER:** I am sorry, Mr President, but I would require more time to find out from our people entrusted with human resources how this problem is being handled. Obviously this is a complex problem. I hope that there is no one in this House who thinks that the SAPS is not greatly disturbed by and concerned about this matter. It obviously affects our members.

If we can be helped to acquire more funds from Parliament, we might be able to do something more actively about this problem.

Senator M G E WILEY: Mr President, the hon the Deputy Minister always comes to this House without having any knowledge about his own portfolio . . . [Interjections.]

**THE DEPUTY PRESIDENT OF THE SENATE:** Order! Would the hon the Senator please state his question?

## Milk shortage blamed on imports, weather

MAUREEN MARUD  
CONSUMER REPORTER

ARG 26/9/96

(3) MILK

The persistent shortage of milk and butter on supermarket shelves is being blamed on illegal imports of dairy products and on unseasonal weather.

Marius 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."

# Public milks profits in dairy

NEW

(3) DAIRY  
CT 8/10/96

**FARMERS**, faced with declining incomes in a milk price war waged by distributor Bonnita, are abandoning their dairies in favour of sheep and wheat, which are less labour-intensive. They have warned that thousands of farm jobs are in jeopardy and that the war could also lead to a shortage of milk in the Western Cape. **JACKIE CAMERON** and **CAROL CAMPBELL** report.

**C**ONSUMERS are reaping the benefits of a milk price war in the Western Cape — with one company slashing a rand off its normal price — but dairy farmers have warned that the cuts are too severe and are placing hundreds of jobs in jeopardy.

The shortage of butter and the rising price of cheese have also been blamed on the price war, which has pushed many farmers out of business — a warning that despite low prices, milk could soon be in desperately short supply.

The dairy at the centre of the row, Bonnita, has made no secret of its aggressive campaign to win consumers' hearts and purses — and its bosses say they are "surprised" at the negative reaction from other local producers.

Bonnita is selling milk to retailers for R1,50 a litre — whereas other dairies are selling theirs for about R2,20.

"The customer can't lose — but I suspect many of our customers will switch back to

their favourite brands when the price rises again," said Mr Ken Fowler, manager of the Pinelands Kwikspar.

He said the cut price on Bonnita milk had been promised for a month, "maybe longer".

The owner of the Golden Horseshoe café in Ottery, Mr Ismail Omar, said he had "given up" buying milk from mainstream dairies because the price fluctuations were causing confusion among customers who disliked overnight price hikes.

"I buy all my milk from Akbar Dairy and the price has been held at R2,50 a litre for months," Darling dairy farmer Mr Peter Pentz said at least two thirds of Western Cape farmers had left the industry — many of them ending long family histories of dairy farming.

"What Bonnita is doing is killing off local

*"A lot of producers are battling to survive. Some have slaughtered their herds."*

dairymer and an industry that has been built up over decades. It will take years to recover."

Dairy farming was labour-intensive and when farmers switched to sheep or wheat, workers lost their jobs and, many of them, their homes on the farms, Pentz said.

One farmer said Bonnita wanted to control the milk industry so that it could push prices as high as it wished once it had "systematically closed down" the competition.

"Consumers won't be happy when they are paying R10 a litre."

Another farmer claimed the company was pushing up the price of its cheese so the consumer was still paying indirectly for the price cuts.

Durbanville farmer Mr Chris Starke said Bonnita was supplied mostly by farmers in the Eastern Cape, who were desperate to sell because the demand there was fairly low.

"It has lost all its local suppliers because they were not paying farmers enough to survive — now it is underpaying other farmers and damaging the local industry. The farmers in the Eastern Cape are angry that they are being used and are meeting to discuss the issue."

A well-placed industry source said that Bonnita had lowered the price "willy-nilly" to the extent that "none of us can survive".

"A lot of producers are battling to survive. Some have slaughtered their herds."

Last month, dairies put up their prices to allow for an increase of more than 20% to farmers.

The source said: "R1,25 at the farm gate is a fair price. With transport, processing and packaging, you cannot send out milk at R1,50 and survive. No-one in South Africa can do that. The overheads are pretty much the same for everyone."

"Bonnita is also likely to realise less than this, once confidential discounts to retailers have been taken into account."

Bonnita probably was making up for its losses on milk through its other products, including cheese, the source said.

He said retailers had been cancelling orders with dairies in favour of Bonnita's cheaper milk.

Bonnita director Mr Phillip du Plessis scoffed at the suggestion that his company was trying to bring down rivals by drastically undercutting other milk prices.

"There's a place in the market for everyone," he said. "Over extended periods, they (rival dairies) sell below us... so if our prices are now below theirs, then that's how the market operates."

Du Plessis would not disclose whether Bonnita was failing to meet its overheads since the recent reduction in price.

"I would not like to discuss, for obvious business reasons, the margins we make on products."

Asked why Bonnita had cut prices now, a few weeks after increasing its price — Du Plessis said the strategy was designed to "keep market share".

He denied that Bonnita had inflated its prices in the past.

*Farmers apply for court order*

# Bonnita accused of dumping milk on Cape market

(3) DAIRY CT (PR) 8/10/96

FRANÇOISE 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 sachet 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 R1,20 and R1,28 for fresh raw milk, but Bonnita only offered us about R1,03 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

ARG 12/10/96

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 Hassim 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 metropole 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 Michaelis said there were at least 45 vacant posts for doctors at the 44 community health centres in the metropolitan area.

Of the 160 fulltime 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 relegated to 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 sub-structure.

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.

R4-m needed for children's hospital, page 12

# Sweet and sour reaction to milk price cut

MILK ARG 12/10/96

PAUL OLIVIER  
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

can't 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."



*Introducing lower tariffs for Gatt compliance will lead to rocketing milk imports*

# Dairy dumping threat to farmers

(3) DAIRY

CT (PR) 15/10/96

**SHIRLEY JONES**

KWAZULU NATAL EDITOR

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 Agree-

ment 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 50 000 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 cheeses 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 pooh-poohed 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 to amount 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, Nestle 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, 1,109 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 1994. Before then, licences were only issued to dairy industry players, but tariffs were zero on all products except cheese, which ranged from 20 to 25 percent.

There are no tariffs on buttermilk powder and wey 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 60 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."

**'Primary milk producers have every right to question the cost structure'**

(3) DAIRY CT (AR) 21/10/96



**MAKING A SPLASH:** Enjoying the taste of free milk is Owen Mama (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**

## It's free milk or bust

**CAROL CAMPBELL**

*DAIRY*

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," Skaba said.

Bonnita managing director Mr Louis du Plessis 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."

ABOUT 4 000 litres of milk were handed out free on the Grand Parade yesterday — to the disbelief of a throng of bergies, street children and long-suffering shoppers.

The owner of Oakdale Dairies in Somerset West, Mr Werner Skaba, 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.

# THE UNIVERSAL FAVOURITE

# W Cape milk price set to rocket

ARG 26/11/96

③ DAIRY



DOUG PITHEY

**White gold:** Zaakirih Ahmed, 5, enjoys a last glass of milk before the price hits the roof

ANDREW SMITH  
STAFF REPORTER

**Western Cape consumers face a 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 R2,23 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 Daitch 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*

**TWEET GAINSBOROUGH-WARING  
AND LLEWELLYN JONES**  
STAFF REPORTERS

**The milk war has left dairy farmers in the Western Cape fighting for survival as the price drops to levels which threatens financial disaster for farmers.**

And in another development 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 suppli-

ers 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 Blanckenberg, 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 Starke "This means many farmers are faced with the possibility of going out of business."

(3) DAIRY ARG 30/11/96

# Butter is spreading too thin - and it could be a lean Christmas bake

## Shops forced to use imports

**TWEET GAINSBOROUGH-WAIRING**  
STAFF REPORTER

Consumers are set to bear the brunt of a butter shortage this Christmas season as shortages threaten to put a damper on pre-Christmas baking.

The shortage is caused by a severe shortage in milk and is the worst since 1993. Retailers are predicting "chaos" in the weeks to come.

A supermarket chain manager said it appeared that the manufacturers of milk-based products were more interested in products which retailed with a high profit margin, like powdered milk.

Butter is not as profitable as milk, and some retailers report profit margins as low as 17 percent on butter sales. This may have led to producers concentrating on more lucrative dairy products, with less butter being put on the market.

Compounding the shortage, which has been building up since October, is panic-buying. Consumers are bulk-buying, pushing up demand for the product.

The small quantities available are totally insufficient to meet demands.

Enzo Cocca, owner of Zerpan's Bakery and Marti's Ready Bake, said: "There will always be butter available somewhere. The problem is that you have to track it down through different distributors, which has disastrous effects, because the quality varies. My business has been badly affected as we use a lot of butter in the pastries."

He said the differing salt and moisture content of the butter meant having to adapt recipes, and consistency was lost.

Shopping around for butter is another factor

pushing up the price of the final product.

Good-quality cream has also been in short supply for some time. Mr Cocca said that in order to maintain quality he was importing from America at R11 a litre. "The irony is that local cream, which is often not even white, is selling at R14.60 a litre."

Retailers have reacted with anger to what they consider to be gross mismanagement within the industry. Ely James, fresh food buyer for Hyperama, said: "For the retailer the situation is a disaster as we are losing money through not being able to supply demand, while at the same time losing consumer confidence."

Peter James of the Spar Group said: "Butter is becoming available in drabs and drabs. I can't remember when it was as bad."

***'It is a disaster as we are losing money through not being able to supply demand'***

Although importing butter is cheaper for the wholesaler, the cost to the man in the street is higher and it doesn't look like the situation will improve in the next three to four months, in spite of predictions earlier this year that the supply would be back to normal weeks before Christmas.

Major suppliers are importing butter from Ireland and New Zealand in 25kg blocks and selling it under their own label in smaller blocks.

A crumbling dairy industry is the cause of the milk shortage. Farmers who are not getting enough return on their milk cannot sustain dairy as the primary function of their farms. As a result they are scaling down and switching to more lucrative and less labour-intensive sheep and wheat.

Statistics from the Department of Agriculture show that the number of active dairy farmers has declined dramatically. In 1980 there were more than 50 000 in South Africa. Today there are fewer than 7,500.

**3DAILY** **ARC** 01191



Butter battle: Brendan Wickstrom of Zerpan's restaurant scrapes the bottom of the barrel

BRENTON BEACH

3 DAIRY

# Fresh salvos fired in milk

war  
STCCM 11/12/96  
By KEN VERNON

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."



**MILKED . . .** Third generation dairy farmer Chris Starke says that in the milk war farmers are the first casualties  
Picture: KIM LUDBROOK

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.

# COMPANY NEWS

*The company's plans to expand into the mineral water market have been put on ice until next year*

③ DAIRY

## Bonnila whips profit despite milk shortages

ETC(RR) 2/12/96

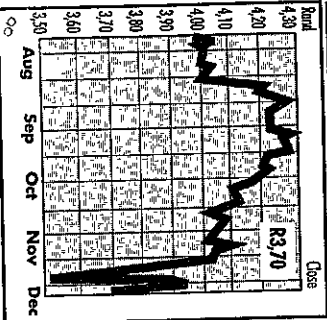
**MAGGIE ROWLEY**

PROPERTY EDITOR

Cape Town — Improved margins enabled Bonnila Holdings, the dairy and fruit juice producer in the Premier stable, to squeeze out a 16 percent increase in net earnings to R31.6 million, equal to 14.4c a share, for the six months to October 31.

This was achieved in spite of a shortage of raw milk, which helped limit turnover to R501.7 million, a 6 percent increase on the comparable period last year.

The dividend has been increased 36 percent to 3.5c a share, with shareholders again



being able to opt for scrip. Bonnila has been in the middle of a mini-price war in the Western Cape since the beginning of October.

Louis Du Plessis, the managing director, said Bonnila's price strategy in fresh milk sachets had not affected bottom line earnings in the reporting period and would not affect the full year's earnings as these sachets contributed less than 5 percent to total turnover.

He said the shortage of raw milk was due to milk production having been at a low point during the reporting period. This had been exacerbated by the drought in the eastern and southern Cape.

The shortage had resulted in a 24 percent increase in prices paid to raw milk suppliers and had negatively impacted on the supply

of milk powder and butter, with the industry being forced to supplement local supplies with imported products to meet demand.

Du Plessis said he expected supply and demand to return to equilibrium by the end of next year.

Interest-bearing debt was reduced substantially to 0.1 percent of total shareholders' funds and the company, which is poised for further expansion, is sitting on a cash pile of R50 million.

A subsidiary company, Bonnila Africa, formed in May, this year, is a channel through which Bonnila plans to focus its developments into the rest of Africa. Du Plessis said its three

processing plants in Zambia were well on track and were expected to make significant inroads into both the Zambian market and the rest of sub-Saharan Africa.

The company's plans to move into the mineral water market have been postponed until next year as the bottling plant at Sir Lowry's Pass in the Western Cape was awaiting rezoning of the land by the local council.

Du Plessis said the company was optimistic that exports, the depreciating rand and the contribution from diversified value-added products in the domestic market would enable the company to maintain earnings growth for the full year.



# Higher prices boost Bonnita's earnings

BD 2/12/96 -  
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 3,5c.

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

③ DAIRY  
operating profit before financing to R46,1m, 16% up on the same time last year.

However, the benefits of R2,5m in finance income, compared with finance charges of R545 000 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 R50m.

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

(3) DAIRY

TWEET GAINSBOROUGH-WARING  
STAFF REPORTER

ARG 7/12/96  
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 30 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 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

DAIRY

BD 10/12/96

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 R16,8m and an R8,9m 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".

02/14/96 01312

# Bonnita recovers in Western Cape after sales scare

Samantha Sharpe

CAPE TOWN — Dairy group Bonnita 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, Bonnita MD Louis du Plessis said at the weekend.

Bonnita 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-Bonnita supplying farmers.

He said the reduction had been driven by eco-

3 DAIRY  
nomics, 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 850 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 highlight-

ed in a worldwide study released this month.

The study, based on interviews with pregnant women, mothers of infants and health workers in SA, Bangladesh, Poland and Thailand, concluded there was "clear evidence" of viola-

tions in these countries.

The study, conducted by the Interagency Group on Breastfeeding Monitoring, a coalition of 27 religious, health and development groups, said 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 Upshon 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 Upshon. He said the company worked closely with the local health department. Nestlé and the department were reviewing the 1984 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.

SD 13/11/97

# Public to lose in milk price war

ET 17 11 97 (3) DAIRY

**A MAJOR DAIRY** has refused to supply a national supermarket chain unless it succumbs to huge price increases on cheese and milk — and the consumer is set to lose in the cut-throat price war.

**T**HE milk price war has hotted up again — but this time consumers are set to lose as a major dairy gets heavy-handed with retailers in a bid to force huge price increases.

The dairy at the centre of the price hike is Bonnita, which several weeks ago embarked on an aggressive price-cutting strategy to regain market share.

Consumers benefited from the reduced fresh milk price, but rival dairies warned that the tactic would help consumers only in the short term.

Bonnita was trying to force rivals out of business with a view to gaining control of the market, a move which would enable them to manipulate prices as they pleased, industry sources have said.

Now Bonnita — the second largest dairy concern in the country — is increasing the price of its Everfresh long-life milk, cheese and fruit juices by 10% or more — depending on who the buyer is — while keeping their price down on fresh pasteurised milk.

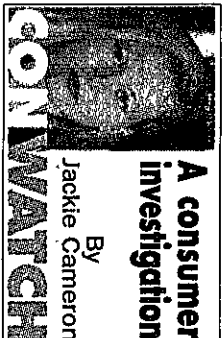
Industry sources said this was a move to subsidise the cheaper fresh milk. The Cape Times is in possession of a letter in which Bonnita confirms a meeting with Shoprite about the price increase "which for various reasons you (Shoprite) said you cannot accept... In the light of this and with the increases we have incurred we, unfortunately, cannot supply your stores with effect from February 3 until further notice".

Bonnita marketing director Mr Marius Kritzinger has confirmed that their prices would be going up nationwide, and said that not all retailers had yet

been notified.

Here's how Bonnita are forcing up their prices to retailers, who in turn will have to increase their mark-ups:

- Bonnita sells long-life milk to Shoprite at R2,75 a litre. They're now demanding R3,10. Shoprite was selling Everfresh long-life at around R3,15, and would have to push their price up to between R3,45 and R3,55.
- They were selling gouda and cheddar cheese to Shoprite at R22,30 a kg, and now want R24,50.
- Shoppers were paying about R23,95 a kg for cheese, and will now have to fork out much more.
- Fresh milk stays at a low of R1,50 a litre to Shoprite.



## A consumer investigation

By Jackie Cameron

A Shoprite spokesman said: "It's a rip-off. If we can have fresh milk at the same old price, why can't we have all the other products at the same price. The other products are made from fresh milk."

"We're the first line of defence when it comes to consumers. There's no Housewife's League any more, or watchdog groups."

He said two other dairies had been called into meetings "but they said they had no plans to increase their long-life milk and cheese because they felt they were getting a fair price".

"We are entitled to a fair deal. We won't capitulate at all. If it was a general industry increase, I would understand. Bonnita is being very heavy-handed about this. We normally negotiate again

and again, but they're not budging."

Kritzinger said yesterday that several retail outlets had played tough with them since his company embarked on the latest marketing strategy.

"We've always had fights with the supermarkets. Now, we drop our price to the supermarkets and they say no they don't want us to because we're trying to kill the small man."

"At one stage Seven-Eleven refused to take our products because of the price drop. They said they wouldn't support us because we were

out to destroy the small market. We're back to supplying them."

He said Pick 'n Pay and Shoprite Checkers were also not too happy about the price cut "because we were

going to kill the small competitors. We haven't had any problems with OK Bazaars."

Kritzinger said "marketing forces" would always prevent indefinite price increases and that Bonnita was simply trying to regain lost market share.

He said Bonnita had often "removed" the milk surplus in SA by processing or exporting "to keep the price stable".

"In retrospect, we should have dumped the milk to lower the price of sachets and prevent other people from coming into the market."

"We're a public company. We have a responsibility to our shareholders. Our competitors are thriving on emotional issues."

He said milk could not be priced in the same way as milk products because of its short life: if there was a surplus, it had to be got rid of quickly or losses were incurred.

The price of long-life milk was increasing mainly because input prices had increased "tremendously".

Kritzinger gave a glimpse of the cut-throat battles waged between retailers and suppliers, with "confidential kick-backs" and blackmail-type tactics the order of the day.

"Supermarkets try to keep prices down. They don't make money because they mark-up products. They demand money from us to stock products. Suppliers have to pay for supermarket advertisements."

"Then, you have to give a cash cheque at the end of the cycle. It's a confidential kick-back. I'm not going to comment on whether it's to the retail outlet or individual, or whether it is seen as being tax-free."

He said supermarkets made part of their profit by "acting like a bank".

"They get money from interest. We're lucky if we get our money 45 to 60 days after delivery. But their customers pay cash. They can also delay paying VAT by another 60 days. Supermarkets aren't concerned about price — they want turnover so they can put the money through the bank."

Kritzinger said he was "serious" about the price increase Bonnita had demanded from Shoprite "but was not inflexible".

He said the threat to stop supplies was a "normal part of any negotiating strategy", and added: "You can call it bluffing. In the end, business is playing games — you must call a bluff."

"We don't win all the time. I'm not normally aggressive, but you've got to be tough in business. The free market is not for sissies."

Spokesmen for Dairybelle and Home-stead dairies were unavailable to comment on the price issue.



**TOUGH FIGHTER:** Bonnita marketing director Mr Marius Kritzinger, in his Stellenbosch office yesterday, tells of the battles being waged in the milk price war.

PICTURE: ALAN TAYLOR

# Bonnita to up milk prices to retailers

## Deregulation led to fierce fight for local market share

FILED 24/11/97 (3) DAIRY

**LEWELLYN JONES**  
BUSINESS REPORTER

The Cape dairy war is likely to take a new twist in the near future when Bonnita, which has captured a third of the Western Cape fresh milk market, raises the price it charges retailers for one-litre milk sachets from R1,50 to between R1,75 and R1,80.

Bonnita is also likely to raise prices on other products, financial director Stuart Maxwell confirmed.

He would not disclose how big the price increase on fresh milk sachets would be, saying only that the new price would be somewhere near the pre-price war level of R2,20 per one-litre sachet.

The highly emotional war erupted in October last year when Bonnita slashed the price of its one-litre milk sachets to R1,50, leading to allegations that it was trying to crush the small producers and secure a monopoly for itself in the Western Cape fresh milk market.

The company denied the allegations and said it was merely trying to regain market share lost since the milk industry was deregulated. Bonnita's market share fell from 45 percent to 15 percent forcing the company to rationalise at its Parow factory where about 150 people were retrenched or took early retirement.

Bonnita has since regained about 18 percent of market share, taking its total fresh milk share to 33 percent.

Bonnita estimates that Dairy Belle

holds about 25 percent, Lenteferis 13 percent, Homestead 19 percent, Faircape 3 percent and others seven percent.

The one-litre milk sachets now account for five percent of Bonnita's turnover in the Western Cape, while the entire fresh milk production accounts for about 12 percent of turnover.

Other producers have accused Bonnita of misjudging the market for its UHT (long life) milk products and of now trying to salvage a stake in the fresh milk market by undercutting prices.

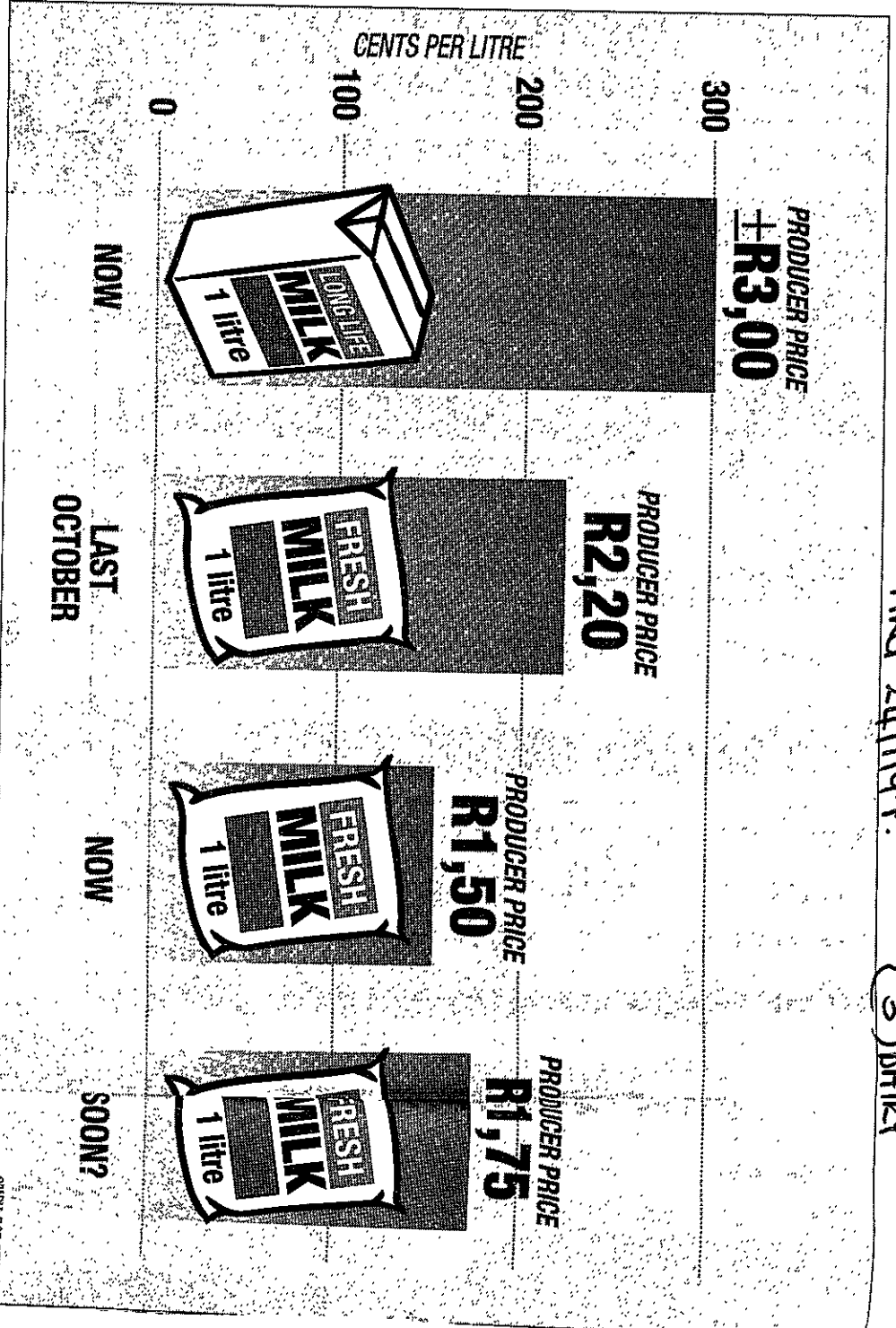
But according to Bonnita, the UHT plants in both the Western and Eastern Cape are operating at such a high capacity that the company is planning to increase production.

The latest allegations to surface are that Bonnita is now increasing the price of its other products to compensate for the lowering of the sachet milk price last year to below cost price.

Bonnita has flatly denied that it ever sold the milk sachets at a loss. "All direct costs are being covered," said Marius Krizinger, Bonnita's marketing director.

Regarding price increases on other products, Mr Krizinger said prices were traditionally negotiated at this time of year, not only for Bonnita but also for other dairies.

He said these increases were in the negotiation phase and were unrelated to the price of fresh milk sachets. Price increases on these products were expected to be in line with, if not below, inflation.



CUT PRICES CAN'T LAST

# No human kindness in city's milk war

By DAIRY

AS THE MILK price hovers in the doldrums, industry players get dirty in the scrum for profits, and in the end the prices of dairy products seem destined to go up.

FULL-CREAM milk sacker prices have dropped by at least 40% in the last four months as a result of the prolonged milk war being fought between dairies and retailers in Western Cape.

Consumers are reaping the benefits of the price-slashing, but the game has become nasty for industry players.

One dairy has warned that some farmers and smaller dairies could go out of business or cut staff if the competition does not cool down in the next three months.

Allegations of large companies illegally importing dairy products to make easy profits have surfaced, and boardroom battles have become more intense as it becomes increasingly clear that the price of milk has little to do with the cost of producing and selling it.

The Cape Times is in possession of an intriguing confidential document sent to senior staff and managers of Pick 'n Pay, which reveals the tough tactics used by businessmen wrestling over the profits involved in milk.

The document also highlights that the customer is not queen at Pick 'n Pay when it comes to this retailer's battles with dairy suppliers.

The internal memorandum instructs store managers to cut back on shelf space for Bonnita markers — and allocate this space to Homestead milk "because it is a very profitable account in the Western Cape".

The knives are also out for Dairypelle because the retail chain could not "come to terms with

them on certain issues". Store managers are told that a wide range of Dairypelle lines are to be "discontinued", and the shelf space allocated to this dairy "dramatically cut".

"This must be implemented immediately if we are to get the message through to Dairypelle," the writer says.

The document, dated December 30, 1996, is not explicit about the problems, and the adversely affected dairies were not prepared to comment about the latest tactics employed in the fight for profits.

Pick 'n Pay last week warned the Cape Times that publishing details of the internal document could have serious consequences for the Independent Newspapers group.

When asked whether he was referring to advertising, Pick 'n Pay spokesman Mr. David Smith said he was "cutting" the conversation with the Cape Times.

This week, Smith broke his silence and said: "I think you (the Cape Times) are over-reacting to normal business practice. We have internal differences all the time with suppliers. I don't want this

ST 28/1/97

brought up for general discussion in the press." He said he had many other decisions outlining similar tactics to be taken against other suppliers who were not co-operating with his company.

Smith said Pick 'n Pay were giving less shelf space to Bonnita markers because Homestead markers were more profitable — and Pick 'n Pay was selling Homestead at a cheaper price than Bonnita.

He would not comment on whether Pick 'n Pay was picking up Bonnita markers at a lower price than Homestead markers.

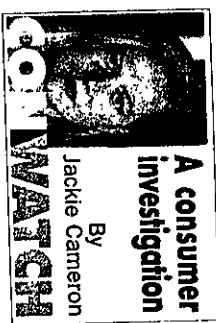
Smith said it was "in the consumer's interest that we buy at the best price and that 'we'd like to make more profit, and I'm not ashamed to say that'".

Homestead Independent Dairies spokesman Mr. John Jacobs said he could not believe his products were perceived as profitable, and said it was "not necessarily in terms of money".

He said his company had been pivotal in breaking the back of the monopolistic milk trade several years ago, and that Pick 'n Pay had

supported his products when his company started in 1987. Now his company is struggling to survive and he said that retrocements could not be ruled out if the milk war did not abate within the next three months.

The milk price has been seen



A consumer investigation By Jackie Cameron

## Shoprite

17 sachets

Bonnita	R1,48
Dairypelle	R2,79
Dairling	R2,25

### September '96

## Pick 'n Pay

17 sachets

Bonnita	R1,69
Dairypelle	—
Homestead	R1,65

### January '97

# Price of milk down by 40%

## THE COST OF PRODUCING MILK

Homestead Independent Dairies says suppliers need at least R2,40 per litre from retailers to break even. Bonnita are selling their milk at about R1,50 to retailers. In a strategy to regain lost market share, Here's how Homestead break down their costs:

- Market prices to the farmer: R1,25
- Add transport to the factory: R0,05
- Add factory processing/labour/packaging: R0,70
- Distribution/administration/finance costs: R0,40

Minimum prices to break even: R2,40

sawing for several months, with retailers changing their prices daily as they use milk to draw customers into their shops.

Although the price of the cheapest milk has dropped by about R1 a litre to retailers, not all shopkeepers have passed on the benefits of the cheap milk to consumers and have pocketed the difference for themselves.

The major battle, however, is being waged between the large retail chains and suppliers and it is in the well-known supermarkets that you can find the cheapest milk. Retailers juggle the low price between brands, often daily.

In September, the average family using at least one litre of fresh milk a day, would have paid, at a conservative estimate, R75 for

milk. This month you will only have to fork out about R45 — depending on where you shop.

Several retailers — who did not want to be named — said it was normal to play tough in business but "unethical" to employ punitive measures, like cutting back on shelf space, to win a negotiation.

"We play it straight. We never use punitive measures like that. It's unethical. There would be serious trouble for someone who wrote a document like that in our company," said a senior member of a national supermarket chain, who did not want to be identified.

The affected parties probably did not want to comment on the latest development because it could be disastrous for their already strained business relationships, he said.

And Seven Eleven managing director Mr. George Hadjidakis said he would not use the latest measures taken by Pick 'n Pay.

"If I was going to give someone a small space on the shelves, I'd rather give them no space. Retailers working the hard that feeds them at the time. The next day, they'll give it a snack and move on."

"What is happening with the milk price at the moment is purely political. Local farmers don't have a market for their milk at the moment. They're shipping it to these factories."

"I think the consumer is losing. Many smaller retailers, like the smaller cars, are putting the extra money in their pocket," he said, adding that his company had not made a profit on milk in the last two months.

Hadjidakis warned that if Bonnita — which has gained market share rapidly since they started the milk war — wins, "then in the long run we must be prepared to pay a very high price for milk in Cape Town".

Bonnita has consistently maintained that it has not been out to kill competitors, and only wanted to regain lost market share in the fresh milk sector.

They could have dumped milk on the market to force other dairies out of business if this had been their strategy, a Bonnita spokesman said earlier this month.

An industry source said Bonnita was satisfied with its new slice of market share and was expected to increase its milk sacker price by the end of the week.



...million from the sale of 722 ... in November last

# Bonnita, NCD Clover talks continue

CT (PR) 18/2/97 (3) DAIRY

**MARC HASENFUSS**

CAPE EDITOR

Cape Town — Bonnita Holdings, the dairy products company owned by Premier, is investigating a possible distribution and packaging agreement with competitor NCD Clover, Marius Kritzinger, Bonnita's marketing director, said yesterday. He confirmed that the cautionary notice last week related to negotiations on such an arrangement.

NCD Clover, the largest dairy producer in the country, and Bonnita collectively account for 50 percent of milk production.

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

③ DAIRY

MARC HASENFUSS

ET(BR) 20/3/97

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%

③ DAIRY BD 2/6/97

**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 182-million 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 33% 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 R96,5m. Pretax income slipped to R88,9m 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.

**DAIRY** Earnings were lower on squeezed margins despite increased turnover

## Raw milk shortage hampers Bonnita

CT (DR) 2/6/97 (3) DAIRY

MAGGIE ROWLEY

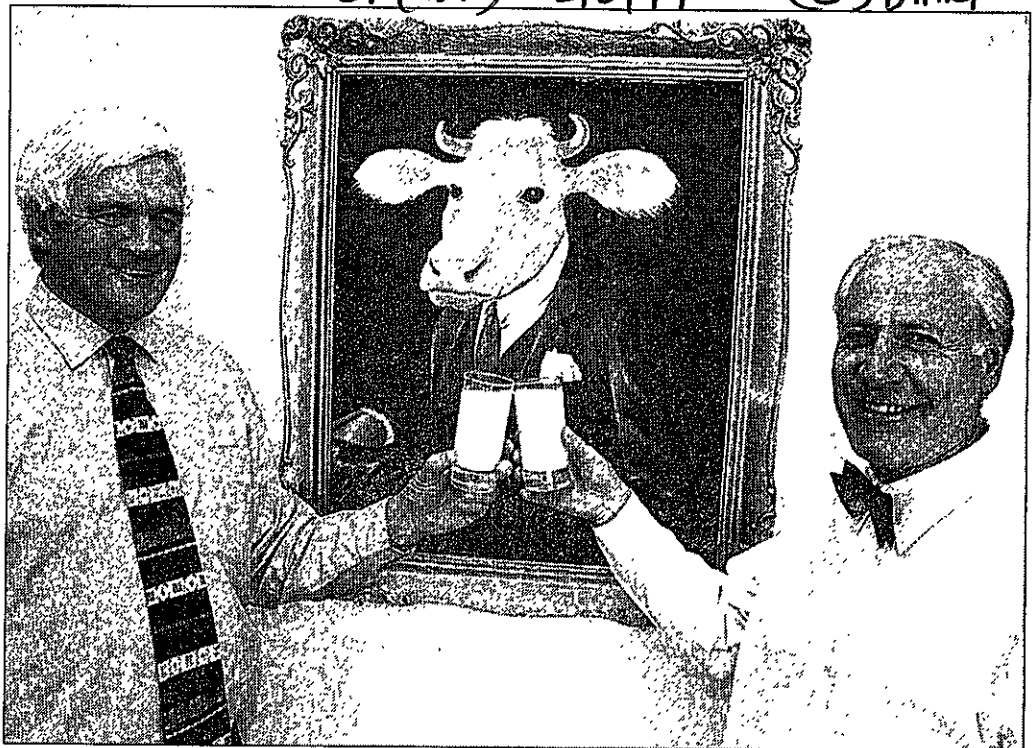
Cape Town — Earnings for Bonnita Holdings, the dairy and fruit producer in the Premier stable, dropped 9,6 percent to 27,2c a share in the year to April 30 because of squeezed margins following a shortage of raw milk.

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 R36,8 million (R33,7 million previously), which translates to nearly 10 percent of total ordinary shareholders' funds.

Bonnita sparked a price



**MILK TOAST** Louis du Plessis, left, the managing director of Bonnita, and Koos Theron, the administrative director, drink to better times with one of their cash cows

PHOTO ANDREW BROWN

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 rationalised 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

(3) DAIRY

FM 13/6/97

**F**armers 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 95c/l. Now, it's doubled with some farmers getting as much as R1,80/l 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-

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 revelling in their newfound popularity, manufacturers are squealing. 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 criticised 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, Dairybelle 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/l and sold at around R2,75/l.

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



Cash cow . . . now bringing in R1,80/l

wards 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 Dairybelle with 12% each; Towerkop under 10%; and other smaller producers with the rest.

## 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\$25 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

AKG 25/6/97

(3) DAIRY

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.

NOTES

③ DAIRY

## Dairies fear tariff cuts

THE dairy industry is 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

MARC HASENFUSS

CAPE EDITOR

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-souring "milk war" in the Western Cape fizzled out.

Koos Theron, the administra-

tive 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 lower selling prices to consumers.

But Theron warned Bonnita could readopt a price slashing strategy if its market share dwind-

led 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.

DAIRY

CT (BE) 24/7/97



## 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.

**(3) DAIRY**  
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

ARG 6/8/97

# Zimbabwe Dairibord's profit manoeuvre disturbs analysts

Martin Rushmere

③ DAIRY  
BD 16/9/97

HARARE — Zimbabwe's first privatised parastatal, milk producer Dairibord, has reported net profit of R33m for the year to the end of June 30, a 44% 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 R5m 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 R371m 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'

Louise Cook

THE dairy industry has threatened to lobby for subsidies to counteract dumping of dairy products on the local market by European Union (EU) countries.

Milk Board GM Bertus de Jongh said SA dairy farmers had been waiting for nearly three years for government to decide on tariff adjustments.

"In April imports of cheap dairy products from EU countries made up 33% of the local market. EU farmers qualify for production subsidies up to 60%, but we are sitting with a zero-rating or ridiculously low tariffs on imported curd, certain types of cheese and buttermilk powder."

De Jongh said the board on tariffs and trade was asked in January 1995 to close loopholes that

made it possible for importers to circumvent the tariff, but the tariffs were still the same.

In addition, it seemed the EU had no plans to scale down subsidies, De Jongh said. "EU countries do not regard the transformation of their dairy industries as a priority," he said.

But Franz Fischler, the EU agricultural commissioner, has admitted that target prices for

milk and floor prices of butter and skimmed milk powder will remain unchanged for the second year running. This blatant move will force the SA industry to insist on similar government subsidies," De Jongh warned.

The European Commission would table new proposals on its common agricultural policy before EU farm ministers this week, with the main thrust reportedly being a

gradual move away from farm subsidies and price support, to direct income payments unrelated to production.

Meanwhile, in SA, many cases of tariff fraud could be slipping through the customs net, De Jongh said. "This year one company was fined R6m for VAT arrears after the import tariff was ignored, but we will never know how much of this goes undetected."

# Importer criticises Milk Board's subsidy threat

Louise Cook

③ DAIRY

BD 18/9/97

IMPORTING company New Zealand Milk Products criticised the Milk Board yesterday for threatening to lobby government for subsidies to offset European Union support for its farmers.

New Zealand Milk Products GM Malcolm Tweed said the call for subsidies by Milk Board GM

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 addi-

tion, 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

③ DAIRY.

et(Be) 20/11/97

VERA VON LIERES

Cape Town — Bonnita Holdings, the dairy producer in the Premier fold, expected 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 Independent 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 30 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

③ DAIRY  
BD 20/11/97

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 KwaZu-

lu-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

DD 4/12/97

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

CT(BR) 5/12/97 (3) DAIRY

LYNDA LOXTON

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 5c.

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.

Bonnita			
FOR THE 6 MONTHS ENDED OCT 31 1997			
	latest	previous	% change
Turnover (R)	570,7m	501,7m	14
Operating income (R)	13,4m	47,6m	(72)
Taxation (R)	4,9m	17m	-
Attributable income(R)	10,3m	33,1m	(69)
Headline eps	5c	15,1c	(67)
Dividend per share	-	3,5	-



Louis du Plessis

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 but-

ter 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 147c 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

Health Reporter

(3) MILK DAILY

ARG 9/19/95

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 Kritsinger, 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

③ MILK + DAIRY

Adrienne Gillmore

60/12/98  
CASH-flush 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-orientated 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 R845m with weighted average earnings rising 64% to 22,5c a share in the year to April.

**DIAGONAL STREET**

**Julie Walker**



# Bonnita, cream of Premier

③ MILK + DAIRY

ST 16/9/95 (M)

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 Utian, a director of Premier and Bonnita's chairman since November 1993, 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 pre of the industrial index.

"As a large percentage of the issued shares were in the hands of milk pro-

ducers 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 52,7% 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 (79c) and New Zealand (60c) are cheaper, the next closest being America at 116c. The European Union's average is 137c. 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 400g of butter a year, a sixth of Australia's consumption, while the French consume almost 7kg a person a year. South Africans don't eat much cheese, either — 1,7kg a year compared with Australia's 8,5kg 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 26% of Bonnita's

R845-million sales to April 1995 against pasteurised milk's 23%, cheese's 22%, 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.

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## Bonnita milks offshore chances

(3) DAIRY

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. 20 31/9/96

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. — Reuter.

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# Emerging <sup>(3) DAIRY</sup> farmers to set up dairy farm

By Isaac Moledl

THE 1996 Gauteng Farmer Settlement Programme is beginning to bear fruit for the occupants of Elandsfontein Farm in Ennerdale 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 Ennerdale 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 par-

ticipating 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 Ennerdale Farmers Cooperative.

This project will strive to provide members of the Ennerdale 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 Ennerdale (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 Ennerdale 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.

beurster 23/2/99

He said Unita leader Jonas Savimbi could still be part of the negotiations but that it was his choice to

leader tasked with mediating the Congo conflict, is expected to brief his SADC colleagues on his contin-

ident Thabo Mbeki to continue discussions with his counterparts on his action plan for the region.

## Dairy farmers in a froth over Parmalat quota plan

Louise Cook

DAIRY farmers in the Western and Eastern Cape, who supply fresh milk to Parmalat are up in arms over plans by the company to introduce a quota system to get farmers to produce less milk.

Parmalat is waiting for a response from the farmers' co-operative for plans to pay one price for certain quantities of milk and a lesser price for the rest.

It has reportedly also proposed to set up individual quotas, depending on the farmer's production history, rather than use the same quota for all farmers.

Parmalat was not available for comment, but the Italian global player is believed to be "going through a learning curve" after setting up business in SA last year. It took over Bonnita and Towerkop in the Cape.

Some farmers said they were making a profit of only 50c/l, as a result of rising production costs.

"It is impossible to survive," said Queenstown farmer Gerrie Swart.

A source in the dairy industry said Parmalat paid R1,17/l for milk during the past winter, but that prices were threatening to drop to less than R1,10/l.

The Southern African Milk Co-operative, which has 1 200 members, said cutting prices to farmers was unlikely to force them to cut production.

Co-operative chairman Nelus van Greunen said many farmers produced more to compensate for the lower price. "Parmalat notified us that the market has shrunk and that it cannot take all the milk. Excess milk is processed, and the products exported at lower prices than what would have been the case had it been sold locally," he said.

National Milk Producers' Organisation GM Bertus De Jongh said it would not help to set up a surplus removal scheme as this would drive prices down.

DD 16/8/99

③ DAIRY

# Farming MEC blasts new ban on 'raw' milk

MELANIE GOSLING  
ENVIRONMENT WRITER

DAIRY ET 18/8/99

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

③ DAIRY

FROM SAPA

0202)119199

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 18, 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 Rentreag Marketing, of Wynberg, Cape and its directors, Patrick Lorenz Martin Gaertner and Rory Charles Klomp.

The commissioner contended 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 0406.90.35. 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

GUSTAV THIE  
CONSUMER WRITER

**A** GOVERNMENT ban on the sale of unpasteurised milk could put independent milk suppliers out of business and lead to the dumping of thousands of litres.

Milk farmers are adamant that big companies like Parmalat and Dairy Belle are in favour of the ban so they can gain control over prices. This has been denied by Parmalat and Dairy Belle.

One milk producer says: "I have no doubt that these big companies want to control the industry, which would mean that they could dictate prices."

Overnight, consumers could find themselves paying substantially more for a litre of milk.

On 21 November 1997, the Department of Health published its intention to promulgate the new legislation and gave all local authorities the right, on behalf of milk farmers, to apply for the legal right to sell raw, unpasteurised milk.

According to Rudolph Visser, director of Veterinary Services in the Western Cape, this was an attempt by the department to regulate the sale of raw milk, a staple food for millions of disadvantaged people in South Africa.

Visser says none of the local authorities in the Western Cape has applied for the right for farmers to sell raw milk, mainly because they are unwilling to shoulder the possible burdens — such as the spreading of infectious diseases like brucellosis and tuberculosis — of selling unsterilised raw milk.

The chief executive officer of the Winehands

District Council, Gerald Hubbe, confirmed that his council would not apply on behalf of dairy farmers.

The Western Cape MEC for Agriculture, Gerrit van Keulen, has criticised the legislation, saying "It is not the correct way to solve the problem."

Lynette Borcherts, of the Aston Grange dairy farm outside Wellington, says suppliers and thousands of consumers of raw milk in the area are up in arms over the legislation.

She has collected the signatures of 500 consumers for a petition that is to be handed to the government.

Mark Beale, head of the infectious diseases unit at Tygerberg Hospital, says there has been no proper research to prove that raw milk contributes significantly to the spread of infectious diseases — although this is the main reason the

Department of Health gives for the ban.

"The new legislation presents the industry with a serious issue. I think it will serve only to penalise law-abiding people who check their herds properly before selling raw milk."

Visser says the government "will not be able to enforce the legislation because there will always be people who sell raw milk, but it will be those people who don't test their cows properly."

"The legislation will mean that people who supply raw milk, but who properly test their milk, will not be able to sell any of it," he said.

"I think eventually they will have to dump significant amounts of milk."

Lewis Borcherts, owner of the Aston Grange farm, says he can sell some of his milk to cheese manufacturers like Parmalat, which has offered to buy 50% of his milk at Grade A and a further

15% at Grade B prices.

Parmalat has been criticised for this quota system, the intention of which, Borcherts believes, is "probably to gain greater control of the industry."

Borcherts says he sells 750 litres of raw milk a day, but that only about 50% of this will be bought by Parmalat.

"In all likelihood we will have to dump the rest, which would be a shame because a lot of poor people depend on the cheap, raw milk."

Aade Lynette Borcherts: "If the legislation comes into effect on December 1, I can assure you we will have to close shop."

A milk farmer in the Western Cape, who spoke on condition of anonymity, told the *Cape Times*: "It is common knowledge in the industry that big players want to gain a foothold that will give them the ability to control milk prices."

"This new legislation will further this cause and will mean that consumers will suffer because the big companies will be able to increase the prices overnight."

Denying this, Kobus Mulder, a Parmalat representative, said the government had first proposed the legislation in 1997, "before Parmalat came to South Africa."

He confirmed, however, that "we will not apply for the right to sell raw milk."

Pieter de Villiers, a spokesperson for Dairy Belle, says his company supports the legislation "because it is the only way to guarantee that diseases are not spread through milk."

However, De Villiers said that although farmers could use powdered milk to feed calves, significant amounts of milk would have to be dumped if the legislation was enforced.

31/9/99



# Strike havoc threat to SA

## Strikers start 4 fires

Hundreds of angry workers in St Helena Bay went on the rampage today, starting fires inside at least four factories.

The violence started early today when striking workers marched on several factories and apparently set pallets on fire.

The workers, who embarked on strike action yesterday, are demanding a wage increase they apparently should have received in August.

A St Helena Bay police spokesman confirmed that a blaze had been started at one factory and that the police had been called out to other factories which had reported fires. — Staff Reporter

## Violent attacks will kill investment, warns besieged dairy giant

MURRAY WILLIAMS

SWP Reporter

A wave of violent attacks on the South African operations of one of the world's biggest dairy conglomerates has prompted the company to warn that the world will "turn its back" on South Africa unless labour laws are urgently reformed and law and order guaranteed.

Last year Italian food giant Parmalat, which bought out Bontnia and Towerkop dairies and three smaller operations, ploughed more than R1-billion into the economy.

The situation has deteriorated to such an extent that the Italian embassy has formally approached the ministers of labour, safety and security, and trade and industry, at the behest of Parmalat's top executives in Italy.

For the past seven weeks, since the strike by Food and Allied Workers' Union members began, the company has suffered a relentless series of attacks on non-striking employees, said labour and its assets around the country.

This has included: ■ Shots fired at its delivery trucks, and two employees shot in the stomach. ■ Four fire-bomb attacks on non-striking workers' homes and cars.

Two armed blackings and the abduction of the driver of a company vehicle carrying replacement labour.

Stoning of staff and property.

A string of death threats against Parmalat managers.

Parmalat's human resources group executive, Johan Louw, has been phoned 13 times with threats. "They said: 'We will kill you, rape your wife and burn your house,'" he told the Cape Argus.

The company's local chief executive has made personal appeals to President Thabo Mbeki and provincial police commissioners.

## Dairy wars violence will kill investment, SA told

ARL 12/10/99

③ DAILY (172)

Mpumalanga, Gauteng and East London. "But despite a court order restraining Fawu members from such actions, the police have failed over and over again to take action, even after the company had provided the police with names and details of the culprits," Parmalat said.

The company is offering rewards of between R50 000 to R150 000 for information leading to the arrest and conviction of the perpetrators.

In a frank statement from the company's South African head office in Stellenbosch yesterday, Mr Louw said: "The Italian shareholders invested to get a return (on their money).

"When the effect of labour market instability is further worsened by strike action and aggressive trade unions, with concomitant impunity by the police to act against violence, investors will turn their backs on the country and go elsewhere."

Mr Louw said although "it would be too strong to conclude that the company is considering pulling out, it will... remain an alternative".

"A more realistic approach will be to rationalise our operations so we absolutely minimise the use of labour. That is a real possibility."

Mr Louw said the recently enacted labour laws "seriously disrupted the balance of power between employers and trade unions". "There could be little doubt in the minds of investors that the laws are not conducive to investment in this country or employment creation."

Parmalat operates in 28 countries. It owns 29 factories and distribution centres in South Africa, where the bulk of the R1-billion investment is in the Western Cape. Of its 500 South African staff, 1 000 are on strike, 540 in this province.

Wage negotiations began in April. Mr Louw said Fawu had demanded increases of between 21% and 155%. Non-union members and half of the company's Fawu-affiliated workers opted to take the company's 9% increase. But after the Commission for Conciliation, Mediation and Arbitration failed to resolve the dispute, Fawu displayed a protected strike on August 28.

Mr Louw said the company had paid more than R300 000 for the entire negotiating process. Parmalat subsequently implemented a lock-out and began employing replacement labour.

Despite the staff shortage, its Fawu factory was showing "the highest production output than ever before in its history". Mr Louw said the fact that half Fawu's members had accepted the 9% increase was "a strong indication that Fawu is acting without a proper mandate".

## Union calls for boycott in dairy dispute

From page 1

(3) DAIRY (198)

ARG 14/10/99

Cosatu said Parmalat had "refused to recognise labour legislation pertaining to public holidays, refused to recognise Fawu's organisational rights, refused shop stewards access to the work place, and viciously attacked workers through unilateral retrenchments".

But Parmalat has reported that since the strike by a quarter of its South African workforce began seven weeks ago, its non-striking workers, replacement workers and property had been the target of a wave of violent attacks.

"There has not been one single incident prior or during the current strike in which a labour law provision has been transgressed," the company said yesterday.

Johan Louw, the company's human resources executive, said: "Fawu had the right to refer such transgressions to the Commission for Conciliation, Mediation and Arbitration and/or the Labour Court for Intervention, which they have not done."

Fawu's claim that its members were being forced to work on public holidays was "particularly unfounded - as even the Basic Conditions of Employment Act provides for work on such days - at special remuneration".

"Parmalat has never indicated refusal of such payments, but merely wants a commitment by workers that they will work on public holidays when so requested. After all, the cows do not stop giving milk on public holidays, and all factories have limited storage capacity.

"By making allegations such as these, Cosatu and Fawu give a clear signal to investors that they are not prepared to address problems within the parameters of the labour legislation they have been part of writing, nor within the economic realities of this country," he said.

Provincial Democratic Party leader Hennie Bester said while the laws of the country, including its labour laws, had to be obeyed, "it is clear that the trade unions have a vital role in protecting and nurturing outside investment in South Africa".

Mr Bester appealed to Fawu to do everything in its power to stop the attacks against Parmalat. "By taking an active stance in favour of a negotiated settlement, Fawu will be serving its constituency in the best possible way," he said. "Anything less is a cop-out, which serves neither the interests of its members nor South Africa."

## Cosatu calls for boycott in dairy dispute

MURRAY WILLIAMS  
STAFF REPORTER

(3) DAIRY  
(152)

ARG 14/10/99

The Congress of South African Trade Unions has called the first product boycott in the Western Cape this decade - accusing one of the world's biggest dairy conglomerates, Parmalat, of deliberately undermining the rights of its South African workers.

But Parmalat denied breaking the law, saying the union could have taken it to court had it done so. The province's last major boycott was in the early 1980s.

Now, Cosatu and its member union, the Food and Allied Workers' Union, have urged their members not to buy Parmalat products.

Parmalat invested more than R1-billion in South Africa 18 months ago when it bought out Bonnita, Towerkop and three smaller dairies.

At least half of Parmalat's Fawu members are on strike.

Cosatu yesterday attacked Parmalat for "entering the country's labour market with a view that South African labour legislation and good industrial relations were being ignored, undermined and swept away".

"Cosatu wants to pass a clear message to foreign investors - we welcome direct foreign investment in productive sectors of the economy. What we will not accept is unlawful acts by any investor. Parmalat must respect the laws of this country."

To page 2

3 Dairy

# New Law 'will milk small dairies dry'

AKR 18/10/99



From November 25, it will be illegal to sell unpasteurised milk for personal use, except in areas which have applied for exemption. The new law has met with resistance from small dairies and the consumers who choose to use raw milk. Feature writer **Jeanne Viall** investigates

**C**arol Berry makes a wide range of cheeses at Imhoff's Farm in Noordhoek. Her little cheese shop has a row of different cheeses to taste, some with herbs, some with olives, some with herbs, some plain. All her cheeses are pliant.

A large caudron of milk is heating up for her next batch. Ms Berry, who is a microbiologist, makes all her cheeses from unpasteurised milk.

"South African cheeses, on the whole, rank among the most tasteless in the world, partly because we do not make unpasteurised ones," she says.

"In Switzerland, 80% of cheese is made from unpasteurised milk, 70% of French cheeses, and most Spanish, Portuguese and Greek cheeses we import. When they tried to impose a ban on raw milk in France and England, cheesemakers stropped them," she says.

When milk is pasteurised, it is heated to 75°C for 15 seconds or 63°C for 15 minutes, killing all bacteria, including those detrimental to our digestive systems and the cheesemakers' raw materials. The structure of the protein is changed.

"Unpasteurised milk means there are more factors to take into account when you make cheese. But the end result is a better flavour," says Ms Berry.

She gets milk from people ignorant about raw milk and its "dangers". Although she won't be affected by

## The new law

The law, published in 1997, comes into effect on November 25 and stipulates that nobody can sell raw (unpasteurised) milk or raw cream unless it is to be used for further processing.

Its aim is to create uniformity in the legislation governing the sale of raw milk, said a spokesman for the health department. Until now local councils have been responsible for regulating the sale of raw milk to prevent the spread of diseases like bovine tuberculosis and brucellosis.

The new law switches the control from local authority level to national level.

Local authorities can apply to be licensed to allow the sale of raw milk in their areas if they think they can control the safety of raw milk.

There will be no exemptions for specific dairies or individuals.

So far, there have been about 10 requests to be listed, said the spokesman.

The new law on pasteurisation, she is concerned at how it will affect those who rely on raw milk as a clean, nutritional food source and how ignorant people are about it.

Raw milk is not in itself a health risk, she says. Milk is as good as the health of the cow it comes from, the cleanliness of the dairy and the milk-



Rounding up business: Carol Berry with her cheeses which are made from unpasteurised milk. Under the new law, however, she could be prohibited from using raw milk

ing process. Raw milk has been drunk for centuries and it is only with mass consumption and the need to store it for prolonged periods that problems arise and pasteurisation is necessary.

Milk is susceptible to contamination because of the many processes it goes through, from the milking to bottling to delivery to the shop to storage in the fridge. For this reason there are stringent regulations governing dairies.

They are also subject to spot checks by health inspectors. All farmers who sell milk are obliged to have their milk regularly tested for TB, brucellosis, salmonella, shigella, coliforms and a general bacterial count. But pasteurisation is done at a cost to milk's nutritional value and there are many people who choose to use raw milk.

One of these is Dr Mthali, a natural health care practitioner. She doesn't drink milk in large quantities and if she can't get raw milk she won't use it at all, she says.

"People should have a choice," she says. "Banning the sale of raw milk, which is a natural product, is crazy."

Many people make mass (sour) milk from unpasteurised milk. These are the people who will be prejudiced by the new law.

Mark Beale, head of the infectious diseases unit at Tygerberg Hospital, doesn't know of any research that shows that raw milk is contributing to the spread of diseases.

"This law will penalise only law-abiding people who check their herds properly. The onus should be on the farmers to provide proof that their cows are inoculated."

**'Maas from raw milk is healthier'**

**M**agnet Mngwazi won't make amasi (sour milk) from pasteurised milk. And he won't eat it either if he has the choice.

It's just not as healthy, he says of this traditional food, and it's not as creamy.

Mr Mngwazi, of Masi-phumalele, Noordhoek, makes and sells amasi, the Xhosa word for maas.

Amasi is a cheap, highly nutritious, staple food made from sour milk. If made from raw unpasteurised milk, it is high in protein and vitamins.

"Maas makes a meal," he says. Commercial amasi, says Mr Mngwazi, is less nutritious, tastes bitter and is more expensive.

When the new law comes into effect, Mr Mngwazi's raw-milk supply will be cut off, because making amasi does not count as "further processing".

Mr Mngwazi is one of Masi-phumalele's many residents who buy unpasteurised milk twice a week from farmer Lou Doekker, who has run her dairy in Noordhoek for 15 years.

There's a huge demand for unpasteurised milk among black people, she says.

"This new law will just serve to stop people producing raw milk above board and legally," she says.

"There's nothing wrong with the law as it is. It's just that there's inadequate staffing to check up. Health inspectors don't have control now over unpasteurised milk. Changing the law won't change that."

# End of marathon dairy strike spells relief for hungry kids (152)

ART 4/11/99 (3) DAIRY

MYOLISI GOPHE  
STAFF REPORTER

**The two-month strike by workers of dairy giant Parmalat forced Nothembile Lumphondo to leave her five hungry children in Umtata and come to the city, because her striking husband was unable to send money home.**

The Lumphondo 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 Lumphondo 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 an overcrowded hostel in Nyanga, Mrs Lumphondo 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 Bonnita 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 Mlombile 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

ET 3/12/99

3 DAIRY

JOHANNESBURG: South Africa's largest dairy manufacturers were expected to sue the European Union (EU) and the South African government for damages resulting from a 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 uncouth," said Sambo chairman Martiens 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 member (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. — Sapa

## 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.

Unicef plans to launch an international children's welfare campaign in 2001. — Sapa-DPA.

# SA-EU accord 'good news for dairy sector'

Louise Cook

③ DAIRY BO 17/12/99

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 SA's 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 R50m 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 exports 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 Martiens Hermann said.

"The fact of the matter is that only the dairy agreement will be administered on a license basis, while no other agricultural agreements are subject to this ruling," Hermann said.

"In the meantime," he said, there exists, via the 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 co-operation 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.



AGRICULTURE — (MILK & DAIRY PRODUCTS)

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. 017-228655. 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).

Underpaid vets emigrating in droves, supplies of critical serums

# Disease crisis <sup>running out</sup> threatens <sup>supply</sup> meat and milk

Star 3/1/98 (3 Dairy)

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 severe livestock diseases are fast running out.

Sicknesses similar to the devastating bovine spongiform encephalopathy (BSE, or "mad cow disease") in Britain could decimate southern African 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-fueled drought. In addition, tens of thousands of horses could be vulnerable to the debilitating African horse sickness.

Poor salaries have seen South Africa's top veterinary scientists leaving 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 Daan 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 vaccine for bovine ephemeral fever became aware only recently of the critical situation at Onderstepoort when they had cheques returned and were told that supplies had run out. The shortage of vaccine for bovine ephemeral 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 ephemeral fever causes fever and inflammatory reactions in the muscles of cattle and can lead to total milk loss in cows during the lactation period. In bulls it causes infertility 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 in several Southern African Development Community countries - another sickness for which vaccine stocks at Onderstepoort are critically low.

Other endemic diseases that could flourish amid the shortage of vaccines, and which could cripple agriculture in southern Africa, are heart water disease and gall sickness among cattle.

Vaccine supplies for foot-and-mouth and lung disease among cattle are also fast running out.

Sheep contracting blue tongue disease, Rift Valley fever or Wesselsbron disease, and horses that contract African horse sickness, would remain under threat for years to come, Goosen said.

Another problem is that some viruses which cause diseases mutate and become more resistant. New vaccines then have to be developed to combat the new strain 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 of its kind in the world, is currently critically understaffed. Top scientists are paid as little as R60 000 a year.



**FEELING BUBBLY:** With a clink of their champagne glasses, Marius van Rooij rose over an overcast Johannesburg skyline on Thursday.

## Dairy Onderstepoort FROM PAGE 1

Some of their former colleagues are reportedly pulling in up to R800 000 annually overseas. But it is not only Onderstepoort which is having severe staff problems. Of 240 state veterinary positions in South Africa, only 112 are filled.

According to a recent report, the crisis could have severe repercussions if the situation became known abroad. South Africa's capability of mounting an effective official veterinary front would be seriously questioned by the international community.

The report was presented to the national director of veterinary public health, Gideon Brickner, and the director of the National Directorate of National Animal Health, Emily Mogallane. Minister of Agriculture and Land Affairs Derek Hanekom, who is on leave, could not be contacted.

Star 3/1/98

# No vaccine threat say food producers

③ DAIRY ⑤ MEAT

## '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 exac-

erated 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 Foodcorp's pig-gery and livestock operation, Kanhym 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 Kanhym

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

AGG 10/1/98  
*'Livestock industry at risk'*

~~MEAT~~ DAIRY

PAUL OLIVIER

Farmers, veterinary surgeons and distributors of animal vaccines have urgently called on the Government to find a solution to the critical shortage of vaccines 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 answer to numerous 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 no longer possible to "proactively" fight many diseases as most of the country's top vaccine development specialists had left the country for better paying positions at comparable institutions overseas.

Onderstepoort experts said the loss of some of South Africa's top scientists at Onderstepoort had "seriously hurt our capacity" and that was why there were not enough vaccines available.

"Since 1995 vaccine production in South Africa has virtually crumbled and the last person trained at Onderstepoort 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, 64 of the 76 veterinary graduates in South Africa left for overseas and last year 90% of all graduates opted for better paying jobs in other countries.

Since February last year 112, or 46%, of the 240 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 by Saturday Argus last

week as farmers, veterinary surgeons and distributors of vaccines warned that the supply of vaccine for certain livestock diseases had virtually run out. Shocking figures revealed that in some cases there were up to 48 505 outstanding orders for urgently needed vaccines. Some of the orders date back two years.

Farmers, veterinarians and distributors of animal vaccines said they were "starting to wonder 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.

Devastating diseases endemic to Africa such as African Swine Fever, Rinderpest, Blue Tongue, Heartwater, Rift Valley Fever, Lumpy Skin Disease, Horse Sickness and certain

strains of Redwater, Anaplasmosis and Ephemeral Fever are set to flourish and could wreak havoc in the entire livestock industry in Southern Africa.

"The position for Southern Africa is very critical. The buck stops with the minister of agriculture and he needs to fully investigate the true situation today," said former President of the Zimbabwe Veterinary Association - and past chairman of the Mpumalanga Branch of the SA Veterinary Association, now a vaccine distributor - Les

Orsmond of Central Vet in Middeburg, Mpumalanga.

"If - in the opinion of foreign countries especially 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 Orsmond warned.

The huge shortage of vaccines to combat killer diseases

was disclosed by Onderstepoort Marketing Manager of Biological Products Daan Goosen last week after farmers complained that it was becoming impossible to obtain vaccines for Ephemeral Fever and Lumpy Skin Disease.

Said a despondent Hein Odendaal of the farm Riverton in Cedarville, Natal: "We had a huge outbreak of Ephemeral Fever during the 1997 season. Some of our beef cattle vaccinated with vaccine obtained from Onderstepoort still contracted the disease, so it would seem that the vaccine was only 50% 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 crises, Mr Hanekom did say that the Onder-

stepoort research centre was being restructured as part of the Government's programme of restructuring state assets.

"Further capital will be injected into the enterprise to help expand its potential markets, 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 Mogajane, Onderstepoort scientists warned that South Africa had a serious shortage of viral-disease specialists in veterinary faculties and the facility would therefore be unable to train new vaccine specialist to meet international standards - "even if suitable trainees could be found".

The report goes on to say that if the situation became 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 viral-disease specialists in South Africa, it follows that international assistance in this direction will be needed. One possibility that could be considered is the funding of two or three young veterinarians, with good academic records, to undertake PhD programmes at suitable institutions in Europe and North Africa."

"It is also necessary that South Africa, or perhaps the Southern African developing 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 closer collaboration between existing organisations to achieve the desired end. Alternatively, the veterinary faculties could be enabled to acquire additional teaching capacity from a variety of sources as and when it is needed," the report states.

Dr Goosen said that good quality Ephemeral Fever vaccine had now become available.

However, it would take up to ten days to distribute supplies and by the time farmers had vaccinated their cattle, the epidemic could be in an advanced stage.

Top scientists here earn R60 000... overseas, a vet can earn R800 000 a year

...we can say goodbye to most of our agricultural exports

# Backlog of 48 000 vaccine orders as understaffed Onderstepoort struggles on

Onderstepoort Biological Products has fallen so far behind production schedules that it has clocked up a staggering backlog of 48 000 orders for animal vaccines - and some farmers have now been waiting for supplies for two years.

This emerged as farmers, veterinary surgeons and distributors of animal vaccines this week urgently called on the Government to resolve the critical shortage of vaccines threatening to cripple the livestock industry in southern Africa.

Agricultural industry officials have warned that animal exports could be banned by the European Union soon, unless there is an immediate

move to reinstate "proactive" control of killer diseases.

The huge shortage of vaccines was disclosed by Onderstepoort marketing manager of biological products Dr Daan Coosen this month after farmers complained it was becoming impossible to obtain vaccines.

They face financial disaster if they fail to protect their animals from the ravages of diseases ranging from foot-and-mouth to lumpy-skin disease.

Hein Odendaal of Cedarville, KwaZulu Natal, said: "We had a huge outbreak of ephemeral fever during the 1997 season. Some of our beef cattle injected with vaccine obtained

from Onderstepoort still contracted the disease, so it would seem the vaccine was only 50% 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."

Vaccine distributor Les Orsmond, of Central Vet in Mpumalanga, said: "The position for southern Africa is very critical. The buck stops with the minister of agriculture, and he needs to fully investigate the true situation."

"If, in the opinion of foreign countries, especially the European Union, South Africa arrives at a situation where there is inadequate monitor-

ing of these diseases, then we can say good-bye to most of our agricultural exports," he warned.

Desperate veterinarian experts at Onderstepoort, southern Africa's prime veterinary research centre and a major supplier to farmers, have told the *Saturday Star* that it is no longer possible to "proactively" fight many of the diseases.

Many of the country's top vaccine development specialists have left the country for better-paying positions at comparable institutions overseas, and this is a major factor behind the shortage of vaccines.

"Since 1995, vaccine production in South Africa has virtually crum-

bled and the last person was trained at Onderstepoort in 1992. He has since resigned," said Hans Jaeger, chief of research and quality control at Onderstepoort. He is the only vaccine specialist left at the centre.

"We are 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."

However, Minister of Agriculture Derek Hanekom denied there was a crisis at Onderstepoort Biological Products, but said moves were afoot to inject capital into the enterprise to help expand potential markets and at the same time bring in new technology and expertise.

STAR 10/11/98

SECRET 30 DAILY

## IN BRIEF

### 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, tariffs 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 R5,00/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.

BD 13/1/98

## Dairy prices set to rise after changes to tariffs

Louise Cook

BD 14/1/98

③ DAIRY

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/l 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 15c/l, De Villiers said. The tariff on special white cheeses was put up to R5/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.

ear  
HUR

Farmers were merely warned of a possible shortage while new vaccine was being developed, says minister

# 'No shortages at Onderstepoort'

SAF 17/1/88

3 MILL

The Saturday Star has recently run a number of articles about an alleged vaccine shortage at Onderstepoort Biological Products which, says Agriculture and Land Affairs Minister **DEREK HANEKOM**,

'misrepresent and sensationalise the issues and create the false impression of a crisis where there is none'. This is Hanekom's response to the articles

Firstly, there is no shortage of vaccines for economically important animal diseases as implied by Paul Olivier in his articles of January 3 and 10. And, contrary to the allegations in the article, Onderstepoort remains a centre of excellence of considerable international standing.

The real story, as given to Olivier by Dr Goosen and Dr Jaeger of the OBP, and supported by the director of the OBP, Johan Broekman, is much simpler and much less sensational

than your articles imply.

On November 17 last year the OBP released a press statement informing consumers of OBP products that the OBP were developing a new vaccine for bovine ephemeral fever. The existing vaccine was proving to have a limited effect as there were reported cases of animals showing clinical manifestations of the disease.

As vaccine production is a biological growth process and can take from eight to 12 weeks to produce and test, OBP management believed it was necessary to forewarn consumers of a possible shortage of stock and inform them of alternative controls and preventive measures that could be applied until the first 148 000 doses of the new vaccine were ready for distribution on January 2.

Vaccines are a preventive form of disease control and as such should be used for the maintenance of the good health of livestock, and not when there is an outbreak of disease. Thus a

temporary shortage of vaccine stock does not represent a "major threat to SA farmers", particularly if farmers follow alternative control suggestions and vaccinate their livestock regularly.

The OBP produces 125 million doses of 52 different vaccines every year and it stores several million doses of vaccines for strategic diseases, should there be an outbreak.

In other words, vaccines are available for "devastating diseases such as rinderpest, blue tongue, heartwater, Rift Valley fever, lumpy skin disease, horse sickness and certain strains of redwater, anaplasmosis and ephemeral fever". It is simply not true to say that these diseases "are set to flourish".

Finally, Onderstepoort is being proactively restructured as part of the Government's programme of restructuring of state assets. This process was not initiated because a crisis existed, but because a capital injection will enable the institution to

expand and develop its markets, expertise and technology, and improve its efficiency, to the greater benefit of South Africa's agricultural economy.

Furthermore, Olivier's assertion that "five out of six vaccine specialists have resigned ... and left the country for better paying jobs" is false, as four of the posts are newly established and have never been filled.

While it has been difficult to fill the one vacant specialist post because newly qualified veterinarians prefer to go into more lucrative private practices, this problem has existed since the 1980s and will be dealt with by the Public Service Commission's new job evaluation system.

Scheduled to be implemented on April 1, this system will authorise government departments to review the salaries of various occupational groups, in order to bring salaries in line with the private sector where necessary. We appreciate your interest in covering agricultural issues

and we are committed to transparency and the right of the public to information on issues facing the sector, but the effect on the industry of such sensationalist and ill-considered journalism is considerable, and benefits neither the press, the public nor our new democratic government.

Olivier himself points to the potentially devastating effects of a boycott of South African animal products by the export market, yet he himself is the sole reason for bringing into question the monitoring and maintenance of the health of South Africa's livestock.

In his second article he claimed that the entire industry - from farmers to veterinary surgeons to distributors - have called on the Government to find a solution to "a critical shortage of vaccines threatening to cripple the livestock industry in South Africa".

Apart from OBP officials - who insist they were misrepresented by Olivier - the only sources named in the second

article are a distributor in Mpumalanga who claims to have 48 000 orders outstanding (while OBP records show 150 orders outstanding over the past two months), and one farmer in KwaZulu Natal who doesn't know that lumpy skin disease is a cattle disease and his sheep flock are safe from it.

To claim that this palty sample represents "farmers, veterinary surgeons and distributors of animal vaccines" is rather fanciful. And whatever happened to double-checking one's sources?

In addition, Olivier ignored a press release from the director-general of the Department of Agriculture clarifying the inaccuracies in his first report.

This approach may sell newspapers during the December silly season but it is highly irresponsible and shoddy journalism.

The only crisis that exists is the crisis that Olivier has caused through his irresponsible journalism.



# Nestlé SA buys into Borden operations

By Isaac Moredi

NESTLÉ 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 273 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 R1.9 billion, she said.

The acquired businesses include trademarks and patents of the Klim milk powder brand worldwide, fluid milk, milk powder, yoghurt and cheese producing operations in Colombia, Panama and Costa Rica.

*Sowetan 19/11/98*

# Milk output up - and prices set to follow

## *Last year's shortages set pattern*

ARG 20/1/98 (3) DAIRY

**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 competi-

tive 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 dairies 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

③ DAIRY

ET(BR) 27/1/98

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 R5. 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 unchecked. He said far 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

**DAIRY**  
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 Martiens Hermann 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.

60 28/1/98

# Resignation rocks dairy industry

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 resignation of Bonnita MD Louis du Plessis shook the R6bn dairy industry and thrust the group into the spotlight, writes Soya Magida

(3) DAIRY 60 3/3/98  
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 Kyalami 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 28% 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.

CLOVER HOLDINGS (3) DAIRY

## Skimmed milk or cream?

PM 13/3/98  
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 (55% 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

well below par at 18,5%, we would also prefer to list our shares at a lower price into the market where they can grow in value, rather than the other way around."

The domestic market is the only one SA dairy farmers have for now. Hefty tariffs and subsidies imposed by the European Union's Common Agricultural Policy are serious constraints. Over time this will change and the industry, which produces the third-cheapest milk in the world (behind New Zealand and Australia) could then take a great leap forward. Will Clover jump over the moon?

Arnold van Huyssteen

07 (OR) 9/4/98

# Clover listing put off 'until further notice'

VERA VON LIERES

③ DAIRY

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.

Bonnita, one of Clover's main local competitors, has been listed on the JSE board since August 1994.

Bonnita 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.

# COMPANY NEWS

## INSIDE AGRICULTURE

# Poorly timed imports sour SA's dairy sector



JUSTINE NOFAL

The South African dairy industry has been deregulated longer than any other previously state-controlled agricultural sector. The deregulation process has been difficult, with the number of commercial dairy farmers dropping from about 25 000 to 6 000.

There is hardly any comparison between the processing and marketing scene of today and that of 10 years ago, when the dairy board and co-operatives governed the field.

Now the large processing and distribution companies dominate the industry. Some are multinational, such as Clover (with French dairy giant Danone) and Towerkop (with the Italian group Parmalat).

Yet some things stay the same. South Africa remains primarily a nation of fresh milk consumers, with 60 percent of all milk used fresh. The processors can soak up surplus production during the low-demand summer months to manufacture long-life products such as

milk powder and butter.

Producer communication through the Milk Producers' Organisation (MPO) and between producers and processors could balance production and consumption, weather permitting.

However, the problem of excessive imports, both legal and illegal, makes industry planning nearly impossible.

In 1997 the build-up of butter and milk powder stocks reached alarming levels, according to local processors. But during the extraordinarily hot summer there are practically no buffer stocks of fresh milk available.

According to preliminary information put together by the MPO, production dropped faster from last January than in previous years.

During February and March the fresh milk shortage began to emerge

and prices started to rise — just as cheap processed dairy products were flooding the market.

The MPO believes that unless the seasonal variation in milk production is diminished and producers can get correct price signals quickly, this situation will repeat itself.

A further complication is the time lag between the decision to import and the time of the imports. High import levels happen when the local situation has already moved from a shortage of dairy products into a surplus.

While market uncertainty has prevailed for a decade, dairy farmers survive by cutting production costs and increasing the production of each animal and each hectare of pasture or kilogramme of feed.

Nowhere in the world is there an established futures contract for milk — except an experimental one in Minneapolis, Minnesota in the US.

But the MPO has held talks with the

agricultural division of the South African Futures Exchange to investigate introducing a futures contract here. Such a move would take the price uncertainty out of the equation.

For March 1998 to March 1999, the MPO has estimated total milk production at 2 097 million litres, 1 percent up on 1997/98. Total consumption is expected to be 2 077 million litres, or 1.4 percent up on 1997/98.

A low inflation rate of around 6 percent for 1998-99 may have a positive influence on consumer spending, which could boost milk consumption.

So the MPO concludes that total milk consumption may exceed that statistical estimate of 2 077 million litres.

Until the South African dairy producer and processing industries close ranks to combat illegal imports, and until agricultural research finds ways to prolong the lactation periods in dairy cows, dairy supplies and prices in South Africa will continue to be erratic.

By Justine Nofal



# COMPANY NEWS

Dairy Imports and stock surpluses drop headline earnings 71% to 7,9c

## Bonmita's year turns sour

VERA VON LIERES

Cape Town — Bonmita Holdings, the struggling dairy producer in the Premier stable, had been severely knocked by increased levels of imported dairy products and surging raw milk prices in the year to April 30 1998, with headline share earnings slumping 71 percent to 7,9c, the company said yesterday.

Phil du Plessis, Bonmita's managing director, said profitability was hard-hit and margins were significantly eroded. He expected difficult trading conditions to continue until the industry's surplus stock was depleted and milk production moved closer to demand.

"The lower producer prices for milk should influence milk volumes over the next few months and improve margins," Du Plessis said.

But he expected results to remain under pressure for at



**MILKY WAY** Bonmita's Phil du Plessis, who says that over-production has hit profits hard

PHOTO: ANDREW BROWN

least the first half of the year.

The dairy group's poor performance is likely to dent the share price, which recently recovered from year lows after Premier announced earlier this month that it had sold its 62,8 percent stake in Bonmita to Parmalat, the acquisitive

Italian food company.

Yesterday the Bonmita share closed unchanged at R2,53 as 191 200 shares changed hands on the JSE.

Attributable income for the full year period fell 72 percent to R16,7 million. Net operating profit, before exceptional items

and interest, also fell by 72 percent to R24 million. But turnover rose by 10 percent to R1,14 billion.

The trading period was marked by sustained milk shortages in the first half. These were reversed in the second half, leading to an increase in inventory on surplus local production and imports.

Compared to the previous year, national milk production for the year to February 28 increased by 6,5 percent, Du Plessis said. Projections for the coming year indicated that supply could once again exceed demand.

Parmalat said in Milan yesterday that revenues for the full year would top 10 trillion lire (R32,8 billion), and it expected an increase in sales from acquisitions, among other things. Referring to the Premier deal, the company said acquisitions in South Africa were a good way to enter the African market.

Provisional  
change of a maximum  
service charge of 1%.

# Imports erode Bonnita's income

Nicola Jenvey

③ DAIRY  
RD 30/6/98

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 Bonni-

ta's results would remain under pressure in the first half-year.

Headline earnings dropped to 7,9c from 27,2c on a marginally higher weighted average number of shares and an annual dividend of 2,8c (1997: 9,5c) 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 LIERES

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 longer-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.

5(CBR)13/7/98 (3) DAIRY

# Man killed, woman shot as dairy strike talks bog down

**NORMAN JOSEPH**  
STAFF REPORTER

*ART 7/10/98*

The two-week strike by about 1,000 Dairybelle staff in the Western Cape has left one man dead, two seriously injured and wage talks in deadlock. While Mitchell's Plain police are

investigating clashes between striking and non-striking workers, the company has hired armed security guards to escort its products to out-lets across the Peninsula.

Last week, gunmen in a car opened fire on a dairy truck at the R300-Vanguard Drive intersection in Phillippi, killing employee Freddie Mortseo. Driver Hendrik Reed was wounded in the face and hand.

Early yesterday, a 30-year-old woman employee, whose name the firm is withholding, was shot in the shoulder by a gunman in a car which was overtaking a Dairybelle truck in Vanguard Drive. She was taken to Comradie Hospital. The truck driver escaped unharmed.

The dairy's human resources director, Braam Gerber, said the company had lost about R4-million as a result of the strike. On Thursday and Friday, talks between Dairybelle and the Food and Allied Workers Union, facilitated by Independent Mediation Services, of ended in deadlock.

Strikers, all members of the union, are demanding an 8% across-the-board increase or a minimum wage of R1 600. Management is offering 6%.

# Strike at Dairy Belle remains violent

③ DAIRY

BD 8/10/98 (108)

Reneé 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 a three-week-old strike.

Meanwhile, the National Union of Metalworkers of SA (Numsa) claimed yesterday that Hillside Aluminium Smelter intended bringing a R4,5m 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

NORMAN JOSEPH  
STAFF REPORTER

(2) (3) DAIRY

**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 R1 600.

The dairy's human resources director, Braam 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 29 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.

9/10/88

# Dairybelle staff weigh deal to end strike

STAFF REPORTER

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.

ARG 13/10/98 (3) DAIRY (455)  
Dairybelle human resources manager Braam Gerber said the agreement would give workers a 6% 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

~~(1)~~ (3) DAIRY

Dairybelle strikers have accepted a deal struck by the Food and Allied Workers' Union and the company, and returned to work.

They will get a 6% wage increase now and another 1% in April. And if the company exceeds its targets, they will get another 2% from March 1.

During the strike by about 1 000 employees, a dairy truck assistant was shot dead and the driver wounded in an attack at an intersection in Philippi. Another employee was shot and wounded in a drive-by shooting.

Dairybelle said the strike had cost about R6-million. - Staff Reporter

ARG 15/10/98



# 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 Magagula said yesterday.

Magagula 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 strikes.

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 Grawitzky 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.

③ DAIRY

BD 20/10/98

# Clover SA suffers as strike drags on

## Both parties say they still hope an agreement can be reached. Pearl Sebolao examines the issues

③ DARR

THE seven-week-old national wage strike at Clover SA by the Food and Allied Workers Union (Fawu) has cost the company millions of rand and raised concerns that the company might lose its market share.

The company's products have become increasingly difficult to find and stores have had to get dairy products from other suppliers.

Izvo Mzendana, Fawu's national negotiator, said Clover had lost "billions of rands in lost production... while workers have also lost millions in wages". He said the strikers included production workers, supervisors and foremen.

He claimed that the production of Clover's ice cream range, Olá, had been taken over by rival company Nestlé as "Clover could not cope with the scab labour they had employed". Both companies denied this.

The union was worried that Clover could lose its share of the market and had considered putting an end to the strike by accepting management's offer of an 8% or R200 increase.

However, when management decided at the last minute to include a "peace clause" in the deal requiring workers to give up the right to strike in future, the settlement which had been brokered between the two parties became unacceptable, Mzendana said.

Clover spokesman Bokkie van Heerden admitted that "a lot of money was being lost" as a result of the strike, but said the exact figures could only be determined once the strike was over, "as some divisions had been affected more than the others".

Pick 'n Pay and Spar supermarkets said yesterday they had not been adversely affected by the strike. They still had a range of dairy products, what they could not get from Clover, they made up from other suppliers.

Mzendana criticised Clover for negotiating in bad faith and for handling the strike unprofessionally.

The company had filed a motion against Fawu which would be heard in the Labour Court today. It wanted the court to declare the strike illegal on the grounds that "the union had brought on new demands during negotiations". However, Mzendana said: "Clover surprised us with the peace clause."

Van Heerden would not comment on either the peace obligation or the motion as the matter was *sub judice*.

"We have tried everything at our disposal to resolve the strike and the court case is also an attempt to resolve the matter with Fawu," he said.

He confirmed union claims that a number of workers had been retrenched at the Parow branch in Cape Town during the strike. The retrenchments were the result of disciplinary action against workers for "engaging in dismissable behaviour" like damaging property and the incidents of violence and killings that had plagued the strike. He could not say how many workers had been dismissed.

Mzendana said 171 workers had been dismissed and said the dismissals were a tactic to intimidate workers into going back to work. The union would challenge the retrenchments as it was unfair labour practice to dismiss

workers during a strike. Although numerous attempts to resolve the strike had failed, both parties hoped that a settlement could be reached soon.

The strike at Clover is the third to hit the dairy industry since the beginning of the year. Bonita and Dairy Belle also faced industrial action by Fawu recently.

Labour analyst Pat Stone said the Clover strike was symptomatic of the suspicion that have characterised industrial action this year. This was caused by uncertainty about the future, brought on by restructuring and uncertainty about where the economy was going. Stone said that the mistrust had resulted in unions and companies adopting tough stances making it more difficult to reach agreements without losing face.

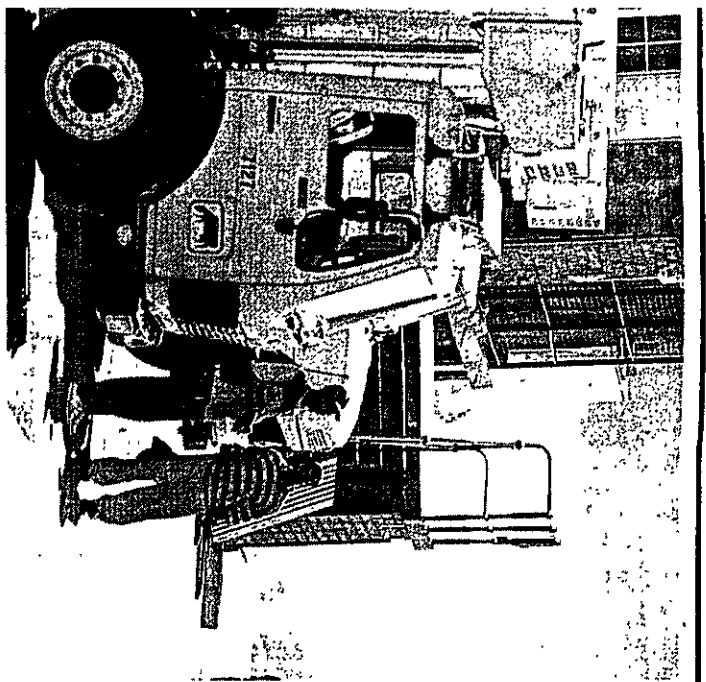
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# Clover SA suffers as strike drags on

Both parties say they still hope an agreement can be reached. Pearl Sebolao examines the issues

DAIRY



Workers gather outside the Clover SA factory in Mayfair, Johannesburg, yesterday. Workers have been involved in a wage dispute with the dairy company for the past seven weeks.

THE seven-week-old national wage strike at Clover SA by the Food and Allied Workers' Union (FAWU) has cost the company millions of rand and raised concerns that the company might lose its market share.

The company's products have become increasingly difficult to find and stores have had to get dairy products from other suppliers.

Liso Mzandana, Fawu's national negotiator, said Clover had lost "billions of rands in lost production... while workers have also lost millions in wages". He said the strikers included production workers, supervisors and foremen.

He claimed that the production of Clover's ice cream range, Oik, had been taken over by rival company Nestle as "Clover could not cope with the scab labour they had employed". Both companies denied this.

The union was worried that Clover could lose its share of the market and had considered putting an end to the strike by accepting management's offer of an 8% or R200 increase.

However, when management decided at the last minute to include a "peace clause" in the deal requiring workers to give up the right to strike in future, the settlement which had been brokered between the two parties became unacceptable, Mzandana said.

Clover spokesman Bokile van Heerden admitted that a lot of money was being lost as a result of the strike, but said the exact figures could only be determined once the strike was over, "as some divisions had been affected more than the others".

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The company had filed a motion against Fawu which would be heard in the Labour Court today. It wanted the court to declare the strike illegal on the grounds that "the union had brought on new demands during negotiations". However, Mzandana said: "Clover surprised us with the peace clause".

Van Heerden would not comment on either the peace obligation or the motion as the matter was *sub judice*.

## Labour Court mulls over application

Pearl Sebolao and Reiner Grunwitsky

The Labour Court would consider today an application by the dairy company Clover to have the seven-week-old national strike by the Food and Allied Workers' Union (FAWU) declared illegal.

"We have tried everything at our disposal to resolve the strike and the court case is also an attempt to resolve the matter with Fawu," he said.

He confirmed union claims that a number of workers had been retrained at the Parow branch in Cape Town during the strike. The retrainments were the result of disciplinary action against workers for "engaging in undesirable behaviour" like damaging property and the incidents of violence and killings that had plagued the strike. He could not say how many workers had been dismissed.

Mzandana said 171 workers had been dismissed and said the dismissals were a tactic to intimidate workers into going back to work. The union would challenge the retrainments as it was unfair labour practice to dismiss

workers during a strike. Although numerous attempts to resolve the strike had failed, both parties hoped that a settlement could be reached soon.

The strike at Clover is the third to hit the dairy industry since the beginning of the year. Bonville and Dairy Belle also faced industrial action by Fawu recently.

Labour analyst Pat Stone said the Clover strike was symptomatic of the suspicion that have characterised industrial action this year. This was caused by restructuring and uncertainty, brought on by restructuring and uncertainty about where the economy was going.

Some said that the mistrust had resulted in unions and companies adopting tough stances, making it more difficult to reach agreements without losing face.

### TODAY'S WEATHER

<b>Rainfall</b> 10% - 33% 34% - 65% 67% - 100%	<b>Matieling</b> 19/33	<b>Pieterstroom</b> 17/32	<b>Witbank</b> 15/30	<b>Nelspruit</b> 16/30	<b>Messina</b> 20/34
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Johannesburg



3 DAILY  
**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 Ploy 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

BD 10/11/98

# Striking dairy employees agree to return to work <sup>(3) DAIRY (SA)</sup>

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 R260 a month. This was rejected by the union.

- Sapa

Star 10/11/98

## Clover plans countrywide staff cuts as strikers return

**Renee Grawitzky**

CLOVER SA plans to embark on a major restructuring exercise which will lead to retrenchments countrywide as striking workers return this week after an eight-week strike which resulted in losses of more than R30m.

The strike, characterised by high levels of violence and intimidation which resulted in the death of four non-striking workers, also brought to the fore internal divisions in the Food and Allied Workers' Union, sources said.

The company has condemned the acts of misconduct which occurred during the strike and intended proceeding with disciplinary action against those involved.

Clover said yesterday re-

trenchment notices had been 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 Mahmood 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.

③ DAIRY BD 13/11/98