

A close-up portrait of Thoko Didiza, Minister of Agriculture and Land Affairs, with her hair in braids and wearing a red top. The background is a solid green color.

# Preview of the **South African** dairy industry

by Thoko Didiza, Minister of Agriculture and Land Affairs

**It is without doubt true that the international dairy industry has faced stiff challenges over the past few years. In South Africa, the outbreak of foot-and-mouth disease threatened our position in dairy production. Today we have a fresh breed of dairy producers and their success is attributed to our efforts in dealing with foot-and-mouth disease.**

The Milk Producers' Organisation (MPO) that emerged after the demise of the Milk Board has put some spice in the dairy industry. Now we have reliable statistical information on the performance of dairy cows at our disposal, totalling 81 332 out of a total of 144 880 registered cows of different breeds – from Jerseys to Dairy Shorthorns. It is without a doubt impressive that 46% of breeders participated in the research.

The Agricultural Sector Strategy has played a major role in ensuring that government and the dairy industry approach their challenges head-on collectively. During the production years of

2001 to 2002, there was a steady decline in production, but as we moved on, there have been some remarkable increases. There has also been a steady increase in demand from Producer Distributors (PDs) and small milk buyers.

Dairy cattle comprise approximately 20% of the total number of cattle in the country. According to estimates in July 2005, there were 4 290 commercial milk producers in the country. During July 2005, the percentage of milk producers per region taking part in the recording of milk production for the scheme, varied from 11% in the Irene region (Gauteng, North West, Mpumalanga and Limpopo), 14% in the Bloemfontein region (Free State), 24% in the Port Elizabeth (Eastern Cape) and Cedara (KwaZulu-Natal) regions and 25% in the Stellenbosch region (Western and Northern Cape), with a national average of 17%.

In recent years, we discovered that more dairy farmers tend to move to the coastal regions. We also saw a decline in the number of small-scale producers, while we saw an increase in the number of larger producers. On average, 1 380 litres of milk are produced per day by a single producer, with most of the consumers in Gauteng, KwaZulu-Natal and the Western Cape.

Another challenge faced by the dairy producers, is that not all producers participate in the National Milk Recording Scheme. My Department will take the initiative to encourage producers to participate in the scheme. This will ensure that impact assessment on the industry is qualitative and hopefully it will address the issue of the decline in milk solids experienced over the past few years.

In comparison with the rest of the world, South Africa's producers still produce milk per lactation at a low price. Although a large percentage of milk is produced on pastoral lands, maize remains a major input for milk producers. The more reasonable the maize price is for milk producers, the more milk can be produced.

The rand has had its own stake in destabilising the dairy industry. In 2002, with the sharp increase of food prices as a result of a weakening rand, the milk producers were adversely affected and their production levels dropped. Recently, however, the market has peaked, and is expected to peak even further. The import of dairy products increased in the past few years, as processors wanted to sustain the demand, specifically during the winter months. On the other front, export opportunities were limited by the strengthening of the rand.

Globalisation and liberalisation are important factors that cannot be underplayed. The world is experiencing a marked change in consumer power and attitude. There is a growing demand for dairy products due to expanding consumer requirements. Concerns about the supply of milk are raised at every opportunity. This then places the challenge on changing the dairy policies.

A lot of attention has been paid to food safety risks and related hazards, as well as the impact of food consumption on health. The outbreak of mad cow disease in Britain and the dioxin scare in Belgium has led to the public being more aware about possible health risks. They now demand healthy, wholesome and safe products. We are seeing more and more demand for food to be produced with animal- and environment-friendly production processes. **UM**