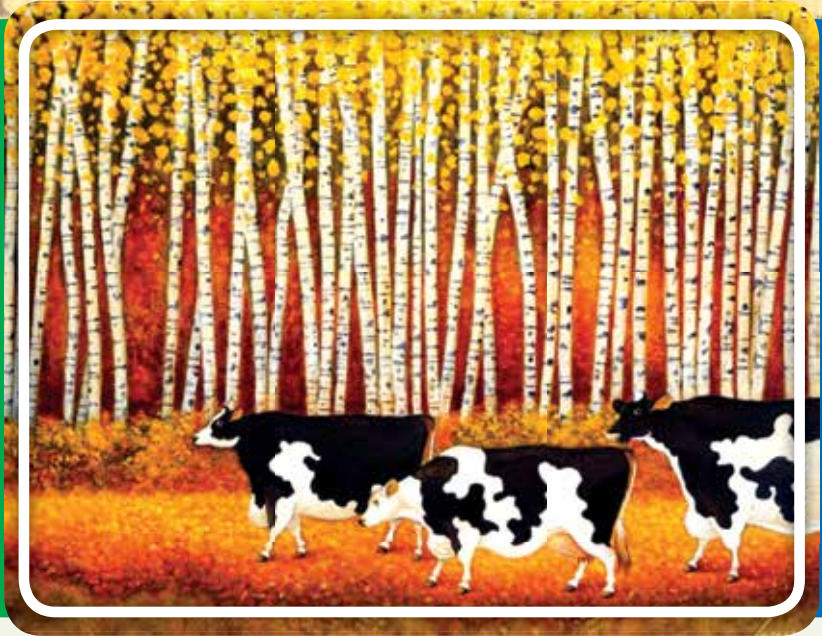


Milk Essay

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This is a publication of Milk SA. Milk SA was founded by the primary and secondary dairy industry sectors to promote a healthy South African dairy industry.



ON THE INTERNATIONAL SCENE...

IDF NEWS

Make a difference with dairy at the IDF World Dairy Summit 2017!

The World Dairy Summit 2017 will take place in the great city of Belfast, Northern Ireland, from 29 October to 3 November 2017.

Over 1,000 dairy experts from across the globe are expected to gather there to share their in-depth knowledge of dairy and bring the audience up to date with the latest developments in the industry. The IDF World Dairy Summit is the number one event for all dairy stakeholders across the world and a unique opportunity to look at how we can make a difference with dairy. The dairy food group has outstanding sustainability credentials and this is our chance to showcase them.

IDF has an unrivalled wealth of global knowledge to call upon to defend and promote the sector in the area of nutrition, standards,

sustainability and supply chain integrity from farm to fridge.

The Summit will give all dairying countries a platform to share that vast knowledge and articulate our messages in one unified voice. IDF members (including the South African committee) will further examine the impact that a sustainable dairy industry can have on the health of current and future generations, animal health and welfare, dairy science and technology and the environment.

The Summit will feature eight conferences focusing on marketing; nutrition and health; dairy policy and economics; dairy science and technology; food safety; farm management; animal health and welfare; and the environment. The event also includes several high-profile conferences including the first IDF World Political Leaders Forum followed by an IDF World Dairy Leaders' Forum, as well as a series of technical tours. For more information, visit

www.idfwds2017.com



NEW IDF PUBLICATIONS



Edu Roux
Secretary of
SANCIDF

Bulletin 486/ 2017 of the IDF, *"The IDF Guide to Water Footprint Methodology for the Dairy Sector"* was published towards the end of January. IDF also produced three new fact sheets by the Members of the SCMH: *"Escherichia coli as indicator in cheese processing"*, *"Bacillus cereus in milk and dairy products"*, and *"Raw milk cheeses"*. These publications are available as free downloadable documents on the IDF Website, www.fil-idf.org, or are available from the SANCIDF office.

For enquiries on any other IDF related item, please contact Edu Roux at the SANCIDF office at 012 843 5701 or 082 338 7820 or send an e-mail to edu.roux@agricconnect.co.za

Downwards international dairy product price cycle at an end

According to Dr Koos Coetzee, MPO economist who attended the 18th annual congress of the International Farm Comparison Network (IFCN) in Kiel, the consensus opinion of delegates was that the crisis is over.

The large volatility of dairy product prices experienced since 2014 has come to an end. This was the consensus of the delegates attending the 18th conference of the International Farm Comparison Network (IFCN) in Kiel, Germany from 12 to 14 June 2017.

Lukasz Wyrzykowski, IFCN analyst, presented the IFCN's short-term dairy outlook. Milk production growth for 2017 is estimated at 16 million tonnes of energy-corrected milk (ECM), up from 9 million tonnes ECM in 2016. Dairy demand is expected to grow by 14 million tonnes in 2017, increasing to 20 million tonnes in 2018. Global dairy stocks, estimated at 9 million tonnes ECM in 2016, is expected to decrease slightly to 2017 and remain stable in 2018.

The conference was attended by dairy scientists from 45 countries. Dr Coetzee was honoured at the conference for his contribution to the IFCN Network. His attendance is funded through the Industry Information project of Milk SA.

European court prohibits use of dairy names for non-dairy products

On June 14, 2017, the European Court of Justice (ECJ) ruled that plant-based products cannot be labelled with dairy names such as “milk” or “butter” even if the plant origin is clearly indicated on the label.

The ECJ ruling gives a very strict interpretation of the EU’s rules on the use of designations reserved for milk and milk products. It prohibits the use of reserved dairy names in association with plant-based products unless the names are explicitly included in an EU-list of authorized exceptions.


Exceptions

- Coconut milk
- “Cream...” or “Milk...” used in the description of an alcoholic beverage (for example “cream sherry”)
- Cream soda
- Cream filled biscuits
- Cream filled sweets or chocolates
- Salad cream
- Creamed coconut and other similar fruit, nut and vegetable products

- Cream of tartar
- Cream or creamed soups
- Horseradish cream
- Ice-cream
- Jelly cream
- Table cream
- Cocoa butter
- Shea butter
- Nut butters (for example peanut butter)
- Butter beans
- Butter puffs
- Fruit cheese (for example lemon cheese)

In its ruling, the ECJ concluded that for marketing and advertising purposes, in principle, the designations “milk”, “cream”, “butter”, “cheese” and “yogurt” are reserved under EU law for products of animal origin only.





TERMINOLOGY RELATING TO PROTEIN INSTABILITY IN MILK EXPLAINED

Correct terminology and an understanding of it is important in research, such as regarding the phenomenon of protein instability in milk, which is under investigation through Milk SA's projects. Therefore, Prof Piet Jooste and Charl du Plessis offered to shed more light on the afore-mentioned.

In a document that they prepared, they described the phenomena relating to protein instability that could lead, for example, to the rejection of milk for processing or to defects in long-life milks such as UHT milk. Related terms explained in the document include clotting, coagulation, curdling, denaturation and precipitation. Although these phenomena are related, the mechanisms that drive them differ. Stability of the protein suspension in milk can be negatively affected by a range of factors, resulting in precipitation or coagulation.

Unfortunately, our limited space here does not allow us to publish their definitions for the above-mentioned phenomema, but you are welcome to order the document from nicolette@milksa.co.za.



Prof Piet Jooste



Charl du Plessis

EDUCATING HEALTH PROMOTERS AT GOVERNMENTAL CLINICS

The Clinic Project, which is one element of the Consumer Education Project of Milk SA (CEP), aims to promote the well-being of consumers by communicating nutrition and the role of dairy to a particular target market.

The Food-based Dietary Guideline 'Have milk, maas or yoghurt every day' has provided the CEP with an opportunity to promote milk and dairy as part of a healthy diet to all SA consumers. The initiative to train Health Promoters was implemented in 2015, and is aligned with the SA Department of Health's (DoH) food-based drive towards nutrition education. Health Promoters are individuals with basic nutrition and health education who are employed by the DoH and work in government clinics.

The programme entails educational training sessions that demonstrate the importance of dairy in the diet and how the addition

of milk can improve the nutritional value of meals. Health Promoters are equipped with the knowledge and tools to educate low-income consumers on the role of dairy in the diet.

The training of Health Promoters takes place in different government clinics in all nine provinces.

The CEP's dietitian trains the Health Promoters who, in turn, educate patients and visitors on an ongoing basis at their respective government clinics. To ensure successful uptake of the messages, the project makes use of an organization who



“Have milk, maas or yoghurt every day”

Just Add Dairy



An Initiative by the Consumer Education Project of Milk SA
www.rediscoverdairy.co.za

specializes in communication with the target audience, to work in conjunction with the dietitian to present the health messages in the vernacular language of the local community.

The project has trained 1 240 Health Promoters since 2015 and reached 52% of the districts in the nine provinces in South Africa with KZN, Mpumalanga and Gauteng being completed.



Educating Health Promoters

THE MODUS OPERANDI OF YOUR AGENCY



Jompie Burger
Managing Director of the DSA

Milk SA project activities are a partnership between the South African organized dairy industry, DSA and municipal health authorities. The work entails monitoring and evaluation of milk and other dairy products at retail level, to determine compliance with product composition, safety and metrology standards prescribed in terms of the relevant acts.

The project activities are supported by sampling protocols that provide for products in packed or bulk form in the formal as well as informal retail sector. In co-operation with metropolitan, district and local municipal health authorities in nine provinces, an estimated five-hundred samples are taken quarterly for testing by independent laboratories.

The test results are conveyed to the relevant Environmental Health Practitioners (EHP's) of the participating health authorities (each EHP is supplied with the test results of the samples taken in the area of his or her jurisdiction), regional offices of the Department of Agriculture, Forestry and Fisheries (Inspection services) and the National Regulator for Compulsory Specifications (NRCS).

The trend analysis based on the processed data obtained from milk analysis is also used to determine food safety and quality compliance as well as food safety risks. Selected data indicating serious food safety, product compositional and metrology non-conformances in terms of legal standards is dealt with further in terms of project activities relating to communication with the authorities and other organizations.

Due to the limited shelf life of milk (other than UHT and sterilized milk), prohibition on the sale of non-conforming products requires prompt action in the retail. This implies that non-conforming products are followed-up effectively, to ensure appropriate action by the processors and/or distributors.

To this effect, follow-up communication with processors/distributors and - where applicable - the retail, is separately dealt with under the remedial action programme with the processors, distributors and the retail. The purpose of this project is amongst others to:

- Facilitate awareness of non-conforming results with processors/distributors/PD's after each quarterly sample run as the first step of the remedial action programme;
- Interact with all processors whose results are in non-compliance with the relevant legal standards;
- Follow-up with personal contacts to address non-conformities;
- Offer technical assistance by means of DSA developed literature, guidelines and information brochures;
- Conduct further sampling, where appropriate, to establish whether non-conformances in terms of legal standards are addressed;
- Hand over unresolved matters within the DSA structures for further action with higher level government officials.

SA LARGE HERDS CONFERENCE, *a family affair ...*

Since the first conference in 1999, several overseas delegates have attended the ten conferences held to date, and Milk SA is honoured to have been invited to attend several of these events, the last being in June 2017 at the Champagne Sports Resort. The theme of this conference was "Resilience – what makes a resilient dairy business going forward?"

The speakers addressed the latest from the fields of pasture, soil and animal technology to the human element of what makes a resilient person. The Conference is strongly recommended for the entire SA dairy family, as this event not only provides insight into the technical aspects, but also satisfies / feeds the desire for a common purpose.



CHECKING COMPLIANCE ...

To be entrusted by the Minister to administer and enforce the statutory measures (regulations) which are aimed at the competitiveness of the SA dairy industry, is a great honour for Milk SA, but also an enormous responsibility.

The enforcement part of the responsibility is not pleasant to deal with at all. The Marketing of Agricultural Products Act makes provision for the appointment (by the Minister) of an inspector, to verify compliance with the statutory measures. The recent round

of inspections once again emphasized the need for “checking” in order to optimize levy earnings for the industry. Fraudulent activities, ignorance and other factors unfortunately played a role again and in terms of the above responsibilities, firm legal action needs to be taken.

Should anyone be uncertain about their responsibilities in terms of the Act and statutory measures, they should contact Milk SA without hesitation.



Exco keeps an eye on the ball

The Executive Committee needs to be on top of the game and see that role-players stick to the “game plan”. Currently, their major task is to propose a budget for the next four year regulatory period commencing on 1 January 2018.

One industry, many views



MILK SA ADMIN AND FINANCES IN GOOD SHAPE

Milk SA once again presented a clean audit report and financials at its recent AGM. The independent Chairman of the Audit & Risk Committee, Danie du Plessis, emphasized the good corporate governance as applied in the daily activities of the company. He emphasized the invaluable roles of especially the Internal Auditor, independent accountants and other structures involved. The 2016 income of R46,9 million exceeded the budget by 6.6% and enabled Milk SA to fulfil its various functions aimed at improving the industry's international competitiveness.

Nobody escapes the multifactorial developments in the South African dairy industry and the impact thereof - whether good or bad. It is sometimes necessary to deliberate the different views around these dynamics together, to allow for consideration by the decision-makers in the pursuit of a more competitive South African dairy industry.

Such deliberations are currently ongoing in Nedlac which, in terms of the Nedlac Act, involved Milk SA and its members (MPO and SAMPRO) in the Dairy Sector Task Team, together with the labour constituency and the government constituency. Milk SA and its members form part of the business constituency and are represented by the CEOs of Milk SA, SAMPRO and the Transformation Manager of Milk SA. This initiative originates from complaints that Nedlac received from the labour constituency about aspects such as imports, work losses and financial pressure experienced by milk producers.

Factual information shared by the three constituencies was discussed at the previous Task Team meeting, while challenges and actions will be formulated in a next meeting.

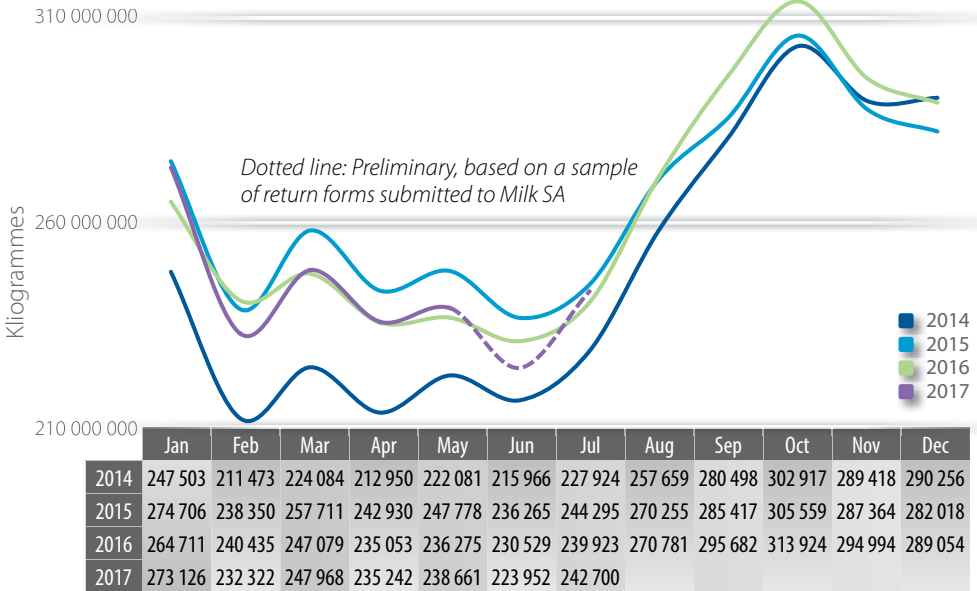


TRENDS OF MONTHLY UNPROCESSED (RAW) MILK PURCHASES IN THE RSA: JANUARY 2014 TO JULY 2017

The preliminary figure for Jul 2017 shows a 1,16% higher milk purchase volume than the amount bought in Jul 2016. An amount of 242 700 758 kg is the preliminary milk purchase figure for Jul 2017.

The total raw milk purchases for Jan - Jul 2017 is 1 693 974 823 kg, which is equal to that of the corresponding period in 2016 and 2,76% lower than the corresponding period in 2015.

Trend of monthly purchases of unprocessed (raw) milk, as reported to Milk SA: January 2014 – July 2017



Milk SA takes no responsibility for the accuracy of this information which is intended to provide market signals only, and Milk SA indemnifies itself against any actions based on this information.

- Source: Milk SA Statistics (from monthly return forms submitted to Milk SA by ± 380 role-players).
- 2015 - 2016 reviewed, based on total figures declared to Milk SA.