



South African Milk Processors' Organisation

The voluntary organisation of milk processors for the promotion of the development of the secondary dairy industry to the benefit of the dairy industry, the consumer and the South African society.

TRENDS IN RESPECT OF RAW MILK PURCHASES IN THE YEARS 2008 TO 2022

(August 2023)

This report was compiled by the Office of SAMPRO and forms part of the Industry Information Project of SAMPRO. The purpose of the project is to make market signals available to members and other interested parties, which is a pre-requisite for effective competition, as envisaged by the Competition Act.

All activities of the Industry Information Project of SAMPRO are designed and implemented in accordance with the Competition Act and independently from commercial interest of any and all the members of SAMPRO.

1. This report is based on information regarding raw milk purchases provided by Milk SA and the following is important:
 - a) The preliminary information (estimated figures) regarding the total raw milk purchases per month is based on the sample¹⁾ results, inflated by taking into account the percentage which the sample results represented of the actual total purchases in respect of the previous 3 months of which actual total figures are available. It should be noted that if the actual market share of the sample group is higher than the figure (percentage) used to estimate the total milk purchases, the estimated total milk purchases will be higher than the actual total milk purchases in that particular month. The opposite is also true; and
 - b) The preliminary figures²⁾ (estimated figures) regarding the total raw milk purchases in a month (which is the sample figure inflated as described under a)) are replaced in the third month following the month concerned by the **total raw milk purchased by all registered milk buyers declared in terms of Regulation 1396 of the Marketing of Agricultural Products Act.**

1) *This report is based on the results of surveys by Milk SA which involves a sample consisting of firms which are collectively responsible for more than 80 percent of the total raw milk purchases in South Africa.*

2) *If the information received by Milk SA after the first publication of the preliminary figure (estimated figure) for a particular month, warrants an adjustment to the published preliminary figure, the adjustment is made and the adjusted estimated figure is published in the next publication.*

2. The total quantity of raw milk purchased in South Africa, in each of the twelve years, 2008 to 2020, is indicated in Table 1.

TABLE 1³⁾: TOTAL PURCHASES OF RAW MILK IN SOUTH AFRICA ACCORDING TO MILK SA

YEAR	TOTAL RAW MILK KILOGRAM	PERCENTAGE CHANGE FROM PREVIOUS YEAR	INDEX 2008 = 100
2008	2 624 511 678	2.50	100.00
2009	2 586 868 067	-1.43	98.57
2010	2 711 236 032	4.82	103.30
2011	2 720 402 147	0.34	103.65
2012	2 842 810 159	4.50	108.32
2013	2 905 811 947	2.22	110.72
2014	2 982 734 596	2.65	113.65
2015	3 172 655 770	6.37	120.89
2016	3 158 466 390	-0.45	120.34
2017	3 253 682 081	3.01	123.97
2018	3 410 535 903	4.82	129.95
2019	3 432 802 395	0.65	130.79
2020	3 427 335 376	-0.16	130.58
2021	3 403 100 413	-0.71	129.67
2022 ⁴⁾	3 349 861 004	-1.56	127.64

3. The quantity of raw milk purchased in South Africa as captured in Table 1 shows, amongst other, that:
- In the three years from 2011 to 2014, the production of raw milk increased with 9.64 percent, or a compound annual growth rate of 3.12 percent, which is higher than the increase in the previous three years (from 2008 to 2011) of 3.65 percent or a compound annual growth rate of 1.20 percent;
 - In the three years from 2014 to 2017, the production of raw milk increased with 9.08 percent or compound annual growth rate of 2.94 percent, which is lower than the increase of 9.64 percent in the previous three years (2011 to 2014) or a compound annual growth rate of 3.12 percent; and
 - The production in five of the last fifteen years (33.3 percent of the years) namely 2009, 2016, 2020, 2021⁴⁾ and 2022, were respectively 1.43, 0.45, 0.16, 0.71 and 1.56 percent lower than in the relevant previous years.

3) Table prepared by the Office of SAMPRO based on information received from Milk SA on the total raw milk purchased by all registered milk buyers declared in terms of Regulation 1396 of the Marketing of Agricultural Products Act and two previous similar regulations.

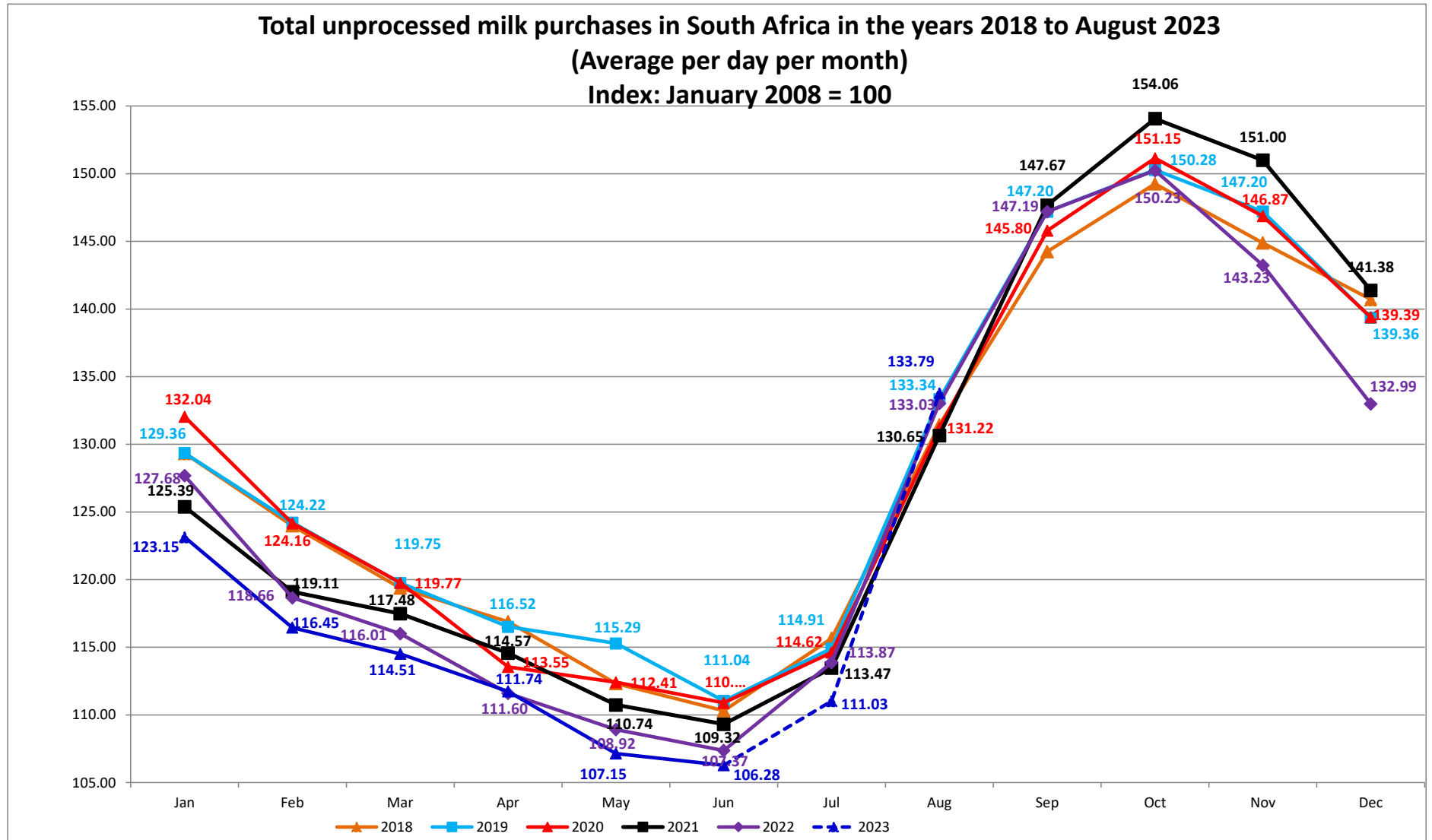
4) The total purchases of unprocessed milk in 2022, was finalized in March 2023.

4. Based on the methodology described in paragraph 1, the trends in respect of **the average quantity of unprocessed milk purchased per day per month** in the years 2018 to April 2023 and the estimated figures in respect of May and June 2023, are indicated in Graph 1.
5. From Graph 1, it is clear that:
 - a) The mass purchased per day in January 2020 and the mass of purchases in November 2020, was higher than in the same months of 2019, while figures for February, March, April, May, June, July, August, September, October and the mass of purchases for December 2020, are lower than in the same months of 2019; and
 - b) The mass purchased per day in January, February, March, May, June, July and August 2021, is lower than the mass purchased in the same months of 2020, while the opposite is true in respect of April, September, October and December 2021; and
 - c) The mass purchased per day in January, July and August 2022, is higher than in the same months of 2021, while the opposite is true in respect of February, March, April, May, June, September, October, November and December 2022; and
 - d) The mass purchased per day in January, February, March, May, June 2023, was lower than the same months of 2022, the mass of purchases in April 2023, was higher than the same month of 2022, the estimated mass of purchases in July 2023, was lower than the same month of the previous year and the estimate mass of purchases in August 2023, was higher than August 2022.



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GRAPH 1⁵⁾



5) Graph prepared by the Office of SAMPRO based on information obtained from MILK SA. The information in respect of 2018 to June 2023, is in respect of the total unprocessed milk purchased by all registered unprocessed milk buyers, declared in terms of Regulation 1652 of the Marketing of Agricultural Products Act and previous similar regulations. The figures for July and August 2023, are estimated figures determined on the assumption that the market share of the sample in the total unprocessed milk purchased is 87.88 percent, as was the case in the three-month period, April to June 2023