



Tineke Dekker: "Producers are entrepreneurs and focused on milk price"

Selling semen in South Africa

Since February 2011, the Dutch breeding organisation CRV has been running an AI business in South Africa. And during the past year a third of all the bull semen sold here came from New Zealand CRV Ambreed and that share is rapidly increasing.

text Inge van Drie



CRV's Tineke Dekker

It is one of the newest branches of the CRV business tree. Since February 2011, the South African firm Xseed Genetics – in the meantime renamed CRV Xseed – became part of the Dutch breeding organisation CRV. The company does not have a long history. Xseed began trading a few years ago when employees of the South African AI cooperative, Taurus, started up on their own. They conquered the market very quickly. CRV Xseed is currently the market leader in South Africa, says deputy general manager Tineke Dekker. "In 2011 we sold about 200,000 straws. Beef cattle account for about 10%, while Holstein and Jersey both make up 45% of sales."

Together with the South African general manager Roy Dixon, one of the five

founders of CRV Xseed, Mrs Dekker is responsible for the day-to-day management of the company. In addition to an administrative assistant the organisation has just another 15 employees. They are all representatives who go out on the road every day.

Business-like approach

There is no network of inseminators in South Africa. The rate of DIY AI is close to 100% and all farms inseminate their cows themselves. Every month the representatives top up the nitrogen tanks.

"It's a good way to bond with customers," Mrs Dekker. "The representatives always have a reason to drop by a farm and the producer can also readily use the nitrogen. If you are ever at a farm a

producer may well buy some straws from you."

An average farm in South Africa has 209 cows, but the differences per region are huge. The average farm in the Eastern Cape has approximately 500 cows and due to the size of these farms, those running them are more business orientated. "South African producers are real entrepreneurs. Some of them are very much geared to milk prices. If they don't like the price they will quickly go to the competitor. At the same time the product and also emotions play a big part.

"Producers do not have much faith in a bull advisory programme or the knowledge of the representative, but place more value on their own opinions," says Mrs Dekker.

South African dairy facts

Total milk production in South Africa in 2011 was around 2.6 billion litres from an estimated 600,000 cows.

On average, the cows produce 17.6kg of milk per day. The dairy market has a number of large, nationally operating

players like Parmalat, Clover, Dairybelle and Nestlé, but also a substantial number of small dairy producers who work in particular regions. The number of dairy producers has halved since 2003.

Around 50% of the milk is processed into

pasteurised milk (52%), sterilised milk (28%) and yogurt (13%).

On balance, South Africa is not a net importer or exporter of dairy products. South Africa exports but also imports dairy products from abroad.

Milk-producing landscape: New Zealand-style grass-based systems are popular with some South African milk producers



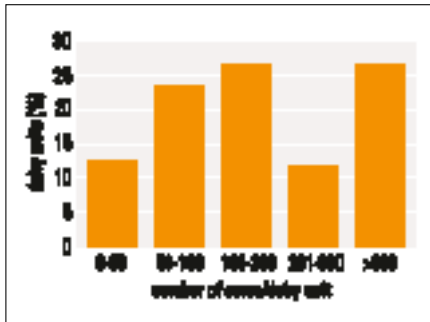


Figure 1: Distribution of dairy units according to number of cows (source: SA Milk Producers' Organisation)

There is another reason for their business sense. They have to draw on all their resources in order to make a decent living. In 2011 the average milk price was about 22.5ppl and South African producers cannot rely on support from their government.

That has led to a substantial shift. Many producers have given up working in the sector during the past few years. In the period from January 2009 to June 2011, around 900 producers left the industry. This is around a quarter of the total number of herds. In January 2012, according to the South African Milk Producers' Organisation, South Africa still had some 2,500 farms.

Most of the milk is produced in the coastal provinces where rain fall tends to be highest.

South African producers run various systems. Some work with a TMR system, with cows housed all year round. The New Zealand-style grass-based system is being developed here and involves the cows being kept outside all year round.

Depending on grass growth, cows are also fed roughage and concentrates.

"We have noticed that there is great interest in New Zealand genetics. In 2011 a third of the semen we sold originated from New Zealand CRV Ambreed and that share is increasing. Producers want cows that are not too big, calve easily and are fertile.

"The TMR-fed herds choose bulls that score highly for TPI. Interest in cross-breeding is also increasing," Mrs Dekker points out.

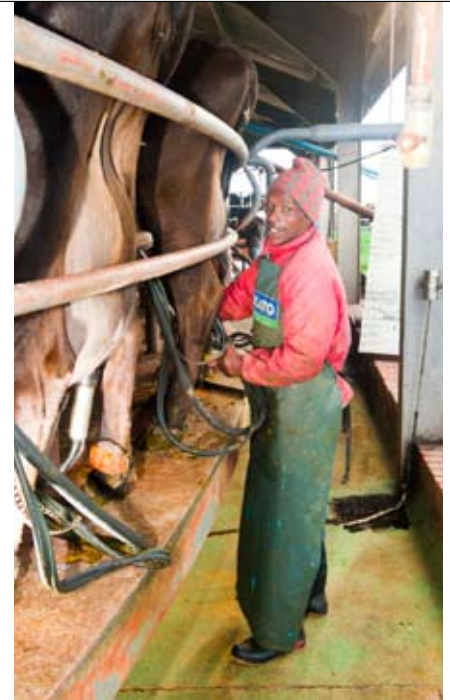
A disadvantage for CRV Xseed is that the marketing of cross-bred bulls is not permitted in South Africa. There are also restrictions on the use of genomic bulls. "The breed societies see genomic bulls as test bulls. So we may only import 1,500 straws per bull."

AI station

CRV Xseed does not have its own breeding programme. "We do test a number of bulls from South Africa. We do this in order to be able to offer a quality product and it is also good to show interest in the market and to be able to meet customers' requirements," says Mrs Dekker.

"South African producers prefer a mixture of foreign and domestic products. It isn't easy to obtain official breeding values because fewer than 20% of producers milk record."

Growth in the South African market is one of the most important aims of CRV. "South Africa is a growth market. That was one of the most important reasons why CRV invested in this market, as well as, for example, the relatively stable



Good employer: agriculture is the main provider of work in South Africa

political and economic situation in the country," says Mrs Dekker, who is now working hard to 'professionalise' the organisation.

"I would like to make it more structured. If we wish to grow further that is one of our main requirements."

An AI station is also on the organisation's wish-list. "We are now stabling bulls at a private bull stud. Our own bull stud would provide more opportunities, for example in the field of exports. Southern Africa is much bigger than South Africa. There are also cattle in Namibia, Botswana, Zambia and Mozambique. It would be nice if we could also market

Tula Gildenhuys: "Pasture management is an art"



Even though it is winter, the sward at Lourens and Tula Gildenhuys' unit looks healthy. In Kareedouw, in the Eastcape province, the two brothers milk 800 Holstein cows. The herd is averaging 8,000kg at 4% fat and 3.35% protein, or 600kg solids per year. No housing is provided and grass is a major part of the herd's ration. In the milking parlour – a

20:40 swing over – the cows are fed concentrates and close to the parlour they are also fed extra forage, as required. "We aim for 55% of dry matter intake coming from grass, 15% from grass silage and maize silage and 30% from concentrates," says Lourens.

At the moment the milking platform – the area used by the herd – comprises 192 hectares. Every week Tula does a farm walk to monitor grass growth. It takes him five hours to measure the grass cover in the 143 paddocks, each of them between 1.2 and 1.5 hectares. "Pasture management is an art. It's not exact sciences. You have to do a lot of observation. If the cows start eating on their way to be milked, you know you have to give them more."

The cows are divided into three groups:

heifers, early lactation and high yielding cows, and late lactation. "The fresh cows are closest to the dairy, the heifers and late lactations cows can walk further."

Lourens and Tula manage a split calving season. Around 45% of the herd calves in the autumn and 55% in the spring. "We can't have just one calving season. Our milk buyer won't allow us. But the advantage is that we don't have to cull cows that don't get in calve quickly enough."

Lourens and Tula have a permanent staff of 22 people. "Bailing, planting and fertilising, as well as fixing the fence and building property – we do it all ourselves. The agricultural industry is the main employer here and we feel we have a social responsibility to create work."