

Dear Producer

For your convenience, the Afrikaans version follows the English news.

In this week's Meatco news:

1. The merit point system and how it works:
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2. Part of the off season premium to be paid back to zero fat grades previously excluded

1. The merit point system and how it works

The merit point system was introduced in 1998 to facilitate the fairest possible allocation of slaughter dates to producers based on their slaughter history with Meatco. The merit point system gives preference to reliable producers who deliver cattle throughout the year when it comes to allocating slaughter dates and is the cornerstone of the Meatco Delivery Agreement.

1.1 What has changed?

Following the recent revision of the Meatco Delivery Agreement, some aspects of the merit point system consequently also had to be adjusted. Changes to the agreement that had a specific effect on the merit point system includes allowing producers to adjust the contracted cattle numbers downward or upward (depending on available quota) and/or to cancel his/her slaughter allocation merely two (2) calendar months prior to the allocated calendar month, without his/her merit point being influenced.

1.2 How are merit points calculated?

At the beginning of each calendar year a merit point is calculated for every Meatco producer. This merit point rating remains constant throughout the year and is the determining factor when a producer competes with others for slaughter dates. All new producers automatically start with a merit point of 84%.

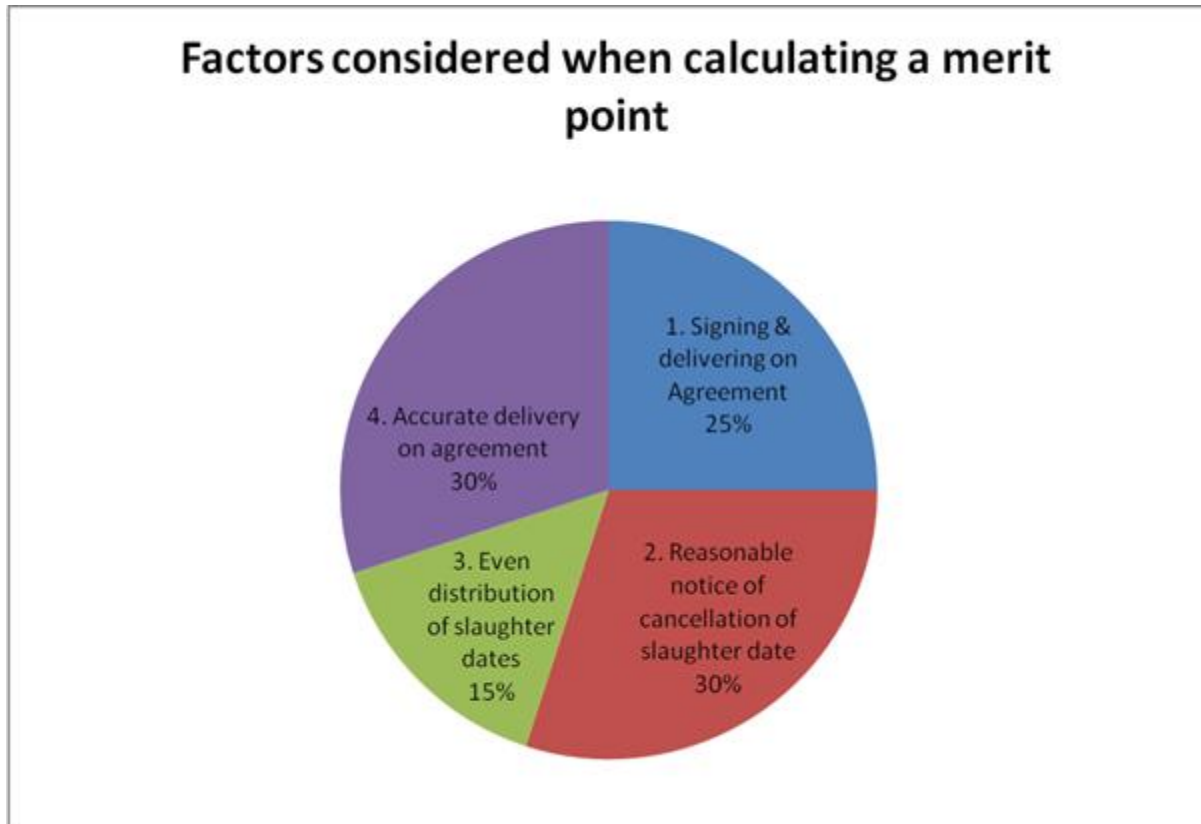
The producer's slaughter history of the previous three years is taken into account and the calculation is furthermore based on four important pillars:

- The producer's history of signing a Delivery Agreement and delivering on it;
- The accuracy of completion of the agreement (90% of contracted cattle delivered);
- Giving a reasonable notice period when cancelling bookings (at least 8 working days) and
- The producer's history with regard to the even distribution of slaughter dates throughout the year.

With reference to points 1 and 2, the three contract periods (January to April, March to August and September to December) are evaluated per contract period and then averaged out to establish the producer's merit point for the year to come.

In past years, the merit point depended on only three factors. This included the signing and delivering on an agreement (55%), the even distribution of slaughter dates (15%) and giving reasonable notice of cancellation of a slaughter date.

The maximum merit point rating is 100 and the weight of the abovementioned factors that influence the merit point are illustrated in the chart below:



1.2.1 Signing and delivering on Delivery Agreement

Signing and delivering on your Delivery Agreement makes for 25% of your merit point rating and is calculated over a period of three years. To obtain the maximum amount of merit points in this category (25), producers must obtain the maximum signing and delivery points (SD points) out of a possible 6.

To do this, producers need to have signed a delivery agreement with Meatco every year for the last three years and honoured these agreements, in other words deliver at least 90% of the contracted number of cattle. Producers are rewarded with SD points for each agreement signed as well as for each of these agreements completed, as indicated by the example below:

Year	Signed contract	Delivered on contract
2006	Yes	No
2007	Yes	Yes
2008	Yes	Yes

As derived from the example above, this particular producer did sign a delivery contract for 2006, but did not deliver 90% of the contracted cattle number. He/she therefore received one SD point for 2006.

In 2007, he/she signed a Delivery Agreement with Meatco and delivered at least 90% of the contracted number. For signing his/her contract he received one SD point, and for honouring the agreement he/she also received one SD point. The same situation repeated itself in 2008. Thus, over the past three years this producer gained five SD points out of a possible six.

To determine the merit point contribution from the “signing and delivering” pillar, the percentage of total SD points achieved are related to the total number of merit points that can be achieved in this category, which is 25.

In the example above the producer obtained five out of six (5/6) of the possible SD points. If this is related to the total number of merit points that can be achieved in this category, he/she would end up with a total of 20.83 Merit Points from this category.

1.2.2 Accuracy of completion of Agreement

Producers will benefit by adding another 30 points to his/her merit point, if he/she delivers at least 90% of the contracted cattle number.

If the producer delivers less than quantity agreed upon, a no penalty zone of 10% will be allowed. If delivered more than agreed, a no penalty zone of 40 cattle plus 10% on the total will be allowed

Below follows an example of the no-penalty scenario for a producer who signed an agreement for 100 cattle:

Percentage deviation from agreement	Percentage penalty
180	50
170	25
160	10
150	No Penalty

140	No Penalty
130	No Penalty
120	No Penalty
110	No Penalty
100	No Penalty
90	No Penalty
80	30
70	45
60	60
50	75

1.2.3 Reasonable notice before cancellation

Giving reasonable notice (at least eight working days) before cancelling your slaughter dates constitutes 30% of your merit point rating and is also calculated over three years.

Producers start with 30 merit points in this category. Every time he/she cancels a slaughter date less than eight days before the day of slaughter, he/she accumulates de-merit points. De-merit points negatively impact on a producer's merit point rating.

The de-merit points increases if producers cancels closer to the actual date of slaughter, for example six days prior, or five days prior and so forth. The price for cancelling on the actual date of slaughter is significantly higher compared to cancelling before the actual day of slaughter.

The number of cattle a producer has delivered over the past three years also impacts on his/her demerit points. The more cattle he/she delivered, the softer the impact of the penalty in the event of short

notice given of a cancellation. Below follows two examples of producers (producer A and producer B) in different situations and the merit and demerit points it lead to.

Days cancelled before slaughter	De-merit point factor	Merit point penalty (with immediate effect)
0 (also referred to as a “no show”)	20	10
1	20	7
2	20	4
3	20	0
4	12	0
5	10	0
6	8	0
7	4	0
8	0	0

Producer A			
Cattle delivered during past three years	Short notice cancellations	De-merit points	Merit points
150	Cancelled load of 30 cattle seven (7) days before slaughter = factor 4	120 (120/150 = 0.4)	30 – 0.4 = 29.2
Producer B			
Cattle delivered past three years	Short Notice Cancellations	Demerit Points	Merit Points
150	Cancelled load of 30 cattle one day before slaughter = factor 20	600 (600/150 = 4)	30 – 4 = 26

*No Show

It is important to note that if a producer has booked a slaughter date and, without giving prior notice, simply does not show up, 10 points will immediately be deducted from his/her merit points. This will remain effective for the rest of the year.

Not showing up for a slaughter booking will also negatively affect the producer's merit point rating through the demerit point system described under above.

1.2.4 Even distribution of slaughter dates

The even distribution of slaughter dates makes up 15% of a producer's total merit point and is measured over a period of three years. To earn the maximum amount of merit points in this category (15), producers need to obtain the maximum number of Delivery Distribution (DD) Points.

This simply means producers must try to distribute the slaughtering dates for the contracted cattle evenly. For example, if an agreement was signed for 120 cattle per given year, the ideal distribution would be to slaughter them 10 per month for 12 months. The merit point program measures how close each producer's delivery was to this ideal.

2. Part of the off season premium to be paid back to zero fat grades previously excluded

In February 2009 Meatco announced that zero fat grades with certain specifications in terms of carcass weight and conformation would be made equal to that of medium grades and receive the same price and qualify for the off season premium.

With the strategy to pay zero grades equal to that of the medium grades in the off season, producers were required to deliver cattle according to certain specifications, as indicated below.

- A0 grades above 210 kg with a 3 or better conformation;
- AB0 grades above 220 kg with a 3+ conformation;
- B0 & C0 grades above 230 kg with 3+ conformation.

Meatco realizes that producers who did not attend to this correlation between the conformities and carcass weights were losing out on carcass prices and all of the off season premiums.

Meatco decided to now pay the fixed weekly off season premium to all zero grade carcasses which did not qualify for the off season premium before. Please note, however, that this does not include the off season premium to equal the price of zero grades to that of medium grades.

The affects the following carcasses:

- A0 grades smaller than 210 kg with a 2 conformation or less;
- AB0 grades smaller than 220 kg with a 2 conformation or less;
- B0 & C0 grades smaller than 230 kg with 2 conformation or less.

Since 28 November 2009, this off season premium is paid on the day of slaughter. All carcasses slaughtered between 26 September 2009 and 27 November 2009 will be compensated with a once-off back payment.

Further information regarding this compensation will be communicated directly to those producers involved.

Your next e-newsletter will be sent on Wednesday, 13 January 2009.

Meatco herewith wishes you a Merry Christmas and a prosperous 2010!

Geagte produsent

In hierdie week se nuus:

1. Die merietepuntstelsel en hoe dit werk
 - 1.1 Wat het verander;
 - 1.2 Hoe word merietepunte bereken;
 - 1.2.1 Teken van en lewering volgens die Leweringsooreenkoms;
 - 1.2.2 Die akkuraatheid waarmee die kontrak nagekom is;
 - 1.2.3 Billike kennisgewing van kansellasië en
 - 1.2.4 Die eweredige verspreiding van slagbeurte.
2. Deel van die afseisoenpremie word terugbetaal aan nulgrade wat voorheen uitgesluit is

1. Die merietepuntstelsel en hoe dit werk

Die merietepuntstelsel is in 1998 ingestel om die slagbeurte so regverdig moontlik aan produsente toe te ken gegrond op hul verslagtingsgeskiedenis by Meatco. Wanneer dit by die toekenning van slagbeurte kom, gee die merietepuntstelsel voorkeur aan produsente wat getrou gedurende die jaar bees aan Meatco lewer. Hierdie getroue lewering vorm die hoeksteen van die Leweringsooreenkoms.

1.1 Wat het verander?

Met die onlangse hersiening van die Meatco Leweringsooreenkoms moes sommige aspekte van die merietepuntstelsel ook dienoooreenkomstig aangepas word.

Een van die veranderinge wat 'n direkte uitwerking op die merietepuntstelsel gehad het, is die vergunning dat produsente die aantal bees wat in die kontrak aangedui is af- of opwaarts kan aanpas volgens die beskikbare kwota en hul slagbeurt minstens twee kalendermaande voor die aangewese maand kan kanselleer sonder dat dit hul merietepunte beïnvloed word.

1.2 Hoe word merietepunte bereken?

Die merietepunte word aan die begin van elke kalenderjaar vir alle Meatco-produsente bereken. Die toegekende merietepunt bly onveranderd gedurende die jaar en is die bepalende faktor wanneer een

produsent met 'n ander vir 'n slagbeurt kompeteer. Produsente wat vir die eerste keer by Meatco begin verslag se merietepunt is outomaties 84%.

Die produsent se verslagtingsgeskiedenis van die afgelope drie jaar word in aanmerking geneem en die berekening word op die volgende vier belangrike onderafdelings gebaseer:

- Die ondertekening van die Leweringsooreenkoms en die produsent se geskiedenis van lewering volgens die ooreenkoms.
- Die akkuraatheid waarmee die kontrak nagekom is (90% van die gekontrakteerde bees gelewer).
- Die billike kennisgewing van die kansellering van 'n slagbeurt (ten minste agt werkdade voor die slagdatum).
- Die produsent se geskiedenis van eweredige verspreiding van slagbeurte gedurende die jaar.

Met betrekking tot punte 1 en 2 word die drie kontrakperiodes (Januarie tot April, Maart tot Augustus en September tot Desember) per kontrakperiode geëvalueer. Die gemiddeld van die kontrakperiodes word gebruik om die produsent se merietepunt vir die komende jaar te bereken.

In die verlede is die merietepunt volgens drie faktore bereken - die ondertekening en lewering volgens ooreenkoms (55%), die eweredige verspreiding van slagbeurte (15%) en die billike kennisgewing van kansellering van 'n slagbeurt (30%).

Die maksimum punttoekenning is 100 en die belangrikheid van bogenoemde faktore in die berekening word in die onderstaande grafiek aangedui:

Faktore om te oorweeg wanneer 'n merietepunt bereken word



1.2.1 Teken van en lewering volgens die Leweringsooreenkoms

Die teken van die Leweringsooreenkoms en die lewering van bees daarvolgens behels 25% van die merietepuntstelsel en word oor 'n tydperk van drie jaar bereken. Om die maksimum hoeveelheid punte in hierdie kategorie (25) te kan kry, moet die produsent die maksimum ondertekening- en leweringspunt (TL-punt) uit 'n moontlike ses behaal.

Om dit te kan doen, moes produsente elke jaar vir die afgelope drie jaar 'n leweringsooreenkoms met Meatco onderteken en nagekom het. Dus moes die produsent 90% van die ooreengekome bees in dié tydperk gelewer het.

Produsente word vir elke uitgeloopte ooreenkoms volgens die onderstaande voorbeeld met TL-punte beloon.

Jaar	Getekende kontrak	Gelewer volgens kontrak
2006	Ja	Nee
2007	Ja	Ja
2008	Ja	Ja

Soos uit bogenoemde voorbeeld afgelei kan word, het hierdie spesifieke produsent in 2006 'n leweringsooreenkoms onderteken, maar het hy/sy nie 90% van die ooreengekome hoeveelheid bees gelewer nie. Daarom het hy/sy een TL-punt vir 2006 ontvang.

In 2007 het hy/sy 'n Leweringsooreenkoms met Meatco onderteken en ten minste 90% van die ooreengekome bees gelewer. Vir die ondertekening van hierdie kontrak het hy een TL-punt gekry en omdat hy die ooreenkoms nagekom het, het hy nog 'n TL-punt ontvang. Dieselfde situasie het hom in 2008 herhaal. Dus het hierdie produsent vyf uit die moontlike ses TL-punte gekry.

Om die merietepuntbydrae van die ondertekenings- en leweringafdeling te bepaal, word die persentasie van die totale TL-punt wat verkry is in verhouding tot die totale aantal merietepunte wat in hierdie kategorie behaal kan word, naamlik 25, bereken.

In die bogenoemde voorbeeld het die produsent vyf uit die moontlike ses TL-punte (5/6) behaal. As dit in verhouding met die totale aantal merietepunte in hierdie kategorie bereken word, kon hy/sy 'n totaal van 20.83 merietepunte behaal het.

1.2.2 Die akkuraatheid waarmee die kontrak nagekom is

Produsente sal baat deur nog 30 punte by hul merietepunte te voeg as hulle 90% van die ooreengekome aantal bees lewer.

As die produsent minder as die ooreengekome hoeveelheid beste lewer, sal 'n geen-penaliseringsone van 10% toegelaat word. As hy meer as die ooreengekome hoeveelheid lewer, sal 'n geen-penaliseringsone van 40 bees plus 10% van die totaal toegelaat word.

Onder is 'n voorbeeld van 'n geen-penaliseringsone vir 'n produsent wat 'n leweringsooreenkoms vir 100 bees onderteken het.

Persentasie afgewyk van die ooreenkoms	Penaliseringspersentasie
180	50
170	25
160	10
150	Nie gepenaliseer
140	Nie gepenaliseer
130	Nie gepenaliseer
120	Nie gepenaliseer
110	Nie gepenaliseer
100	Nie gepenaliseer

90	Nie gepeenaliseer
80	30
70	45
60	60
50	75

1.2.3 Billike kennisgewing van kansellasië

Die billike kennisgewing (ten minste agt werkdade) van die kansellering van jou slagbeurt maak 30% van die merietepunte uit en word ook oor drie jaar bereken.

Produsente begin met 30 merietepunte in hierdie kategorie. Elke keer wat hy/sy 'n slagbeurt minder as agt dae voor die slagdatum kanselleer, bou hy/sy teenmerietepunte op. Teenmerietepunte beïnvloed die merietepunttoekenning negatief.

Teenmerietepunte raak meer as die produsent nader as agt dae aan die slagdatum sy beurt kanselleer, byvoorbeeld ses, vyf of vier dae voor die tyd. Die teenmerietepunte vir kansellering op die dag van verslagting is aansienlik hoër as wanneer die slagbeurt voortydig gekanselleer word.

Die hoeveelheid bees wat die produsent in die afgelope drie jaar gelewer het, het ook 'n invloed op sy/haar teenmerietepunte. Hoe meer bees hy/sy lewer, hoe kleiner is die impak van die penalisering selfs wanneer 'n slagbeurt op kort kennisgewing gekanselleer word. Onder is twee voorbeelde van

produsente (produsent A en produsent B) in verskillende situasies en die meriete- en teenmerietepunte wat daartoe aanleiding gegee het.

Dae voor slagbeurt gekanselleer	Teenmeriete-puntefaktor	Merietepuntepenalisering (met onmiddellike effek)
0 (ook wanneer diere nie opdaag nie)	20	10
1	20	7
2	20	4
3	20	0
4	12	0
5	10	0
6	8	0
7	4	0
8	0	0

Produsent A			
Bees die afgelope drie jaar gelewer	Kansellaries op kort kennisgewing	Teenmeriete-punte	Meriete-punte
150	Gekanselleerde vrag van 30 bees sewe (7) dae voor die slagbeurt = faktor 4	120 (120/150 = 0.4)	30 – 0.4 = 29.2
Produsent B			
Bees die afgelope drie jaar gelewer	Kansellaries op kort kennisgewing	Teenmeriete-punte	Meriete-punte
150	Gekanselleerde vrag van 30 bees een dag voor die slagbeurt = faktor 20	600 (600/150 = 4)	30 – 4 = 26

* Nie opgedaag

Dit is belangrik om te onthou dat sou 'n produsent 'n slagbeurt bespreek en hy/sy sonder vooraf kennisgewing nie opdaag nie, 10 punte dadelik by sy/haar merietepunte afgetrek sal word. Hierdie punte geld vir die res van die jaar.

Deur nie vir 'n slagbeurt op te daag nie sal die produsent se merietepuntgradering na aanleiding van die bogenoemde teenmerietepuntstelsel negatief beïnvloed word.

1.2.4 Eweredige verspreiding van slagbeurte

Die eweredige verspreiding van slagbeurte verteenwoordig 15% van die produsent se totale merietepunte en word oor 'n periode van drie jaar bereken. Om die maksimum aantal merietepunte in hierdie kategorie (15) te verkry, moet die produsent die maksimum aantal punte vir leweringsverspreiding (LV-punte) behaal.

Dit beteken eenvoudig dat produsente moet probeer om hul slagbeurte vir die gekontrakteerde bees eweredig te versprei. As 'n ooreenkoms byvoorbeeld vir 120 bees 'n jaar geteken word, sal die ideaal wees om tien per maand oor die twaalfmaande tydperk te laat slag. Die merietepuntstelsel bereken hoe naby elke produsent se lewering aan die ideaal was.

2. Deel van die afseisoenpremie word terugbetaal aan nulgrade wat voorheen uitgesluit is

In Februarie 2009 het Meatco aangekondig dat nulgrade met **sekere spesifikasies** in terme van karkasgewig en bouvorm gelyk gemaak sal word aan mediumvetgrade en dieselfde prys ontvang en vir die afseisoenpremie in aanmerking kom.

Met die strategie om gedurende die afseisoen dieselfde prys vir nulgrade as vir mediumvetgrade te betaal, moes produsente 'n sekere karkas lewer. Dit het die volgende ingesluit:

- A0-grade bo 210 kg met 'n bouvorm 3 of beter;
- AB0-grade bo 220 kg met 'n bouvorm 3 of beter;
- B0- en C0-grade bo 230 kg met 'n bouvorm 3 of beter.

Meatco besef dat produsente wie nie aan die bogenoemde voldoen het nie, het uitgemis op die karkasprys en al die afseisoenpremies.

Meatco het daarom besluit om die vaste weeklikse afseisoenpremie aan alle nulgrade wat nie voorheen vir die afseisoenpremie gekwalifiseer het nie, uit te betaal. **Neem asseblief kennis, dat hierdie uitbetaling nie die afseisoenpremie insluit om die nulgrade gelyk aan mediumvetgrade te maak nie.**

Die volgende karkasse word deur die bogenoemde geraak:

- A0-grade kleiner as 210 kg met 'n bouvorm 2 of minder;
- AB0-grade kleiner as 220 kg met 'n bouvorm 2 of minder;
- B0- & C0-grade kleiner as 230 kg met 'n bouvorm 2 of minder.

Sedert 28 November 2009 word hierdie afseisoenpremie op die dag van verslagting betaal. Alle karkasse wat tussen 26 September en 27 November 2009 geslag is, sal deur middel van 'n eenmalige terugbetaling vergoed word.

Verdere inligting inverband met hierdie vergoeding sal direk aan betrokke produsente kommunikeer word.