



## **Transformation Co-ordination and Facilitation in the South African Dairy Industry**

(PRJ-0029-2013)

**Milk South Africa**

**Year 2013** (January 2013 till December 2013)

### **Project goals**

#### **Goal 1 - Implementation of sustainable commercialization dairy programme**

##### ***Achievements***

The Minister of Agriculture, Forestry and Fisheries approved the project in 2012 with an amount of 10.358M. This amount was augmented by another R10.358m applied from DBSA under Jobs Fund Programme. The funds are being used to redress constraints to competitiveness such as dairy herd size, dairy herd health management, and electricity, milking parlours, milking machines, technical know-how and business skills. In order to promote of project ownership and total commitment to the success of the project, Milk SA ensured that all beneficiary farmers fulfil their counter performance like record keeping and Eskom account security. During the year under review, the following were achieved.

Independent dairy advisor appointed to assist Milk SA to assess quality of animals to ensure value for money was appointed. As a result of the services of the independent dairy advisor, MilkSA was literally saved money were it would have bought sickly animals at exorbitant prices. During the same year, R10.3 was secured from Development Bank of Southern Africa- Jobs Fund Programme to augment the amount allocated for Transformation from the regulations that expired in 2009. The amount will be used for the connection of electricity to the farms, establishment of permanent pasture, milking parlours and the supply of veterinary services for a limited period. Milking parlours were constructed and milking equipment installed. Old Mutual has been roped into the project to provide loan finance to the needy farmers to redress other constrains to enhance success of the farmers.

Fodder situation on the farms was assessed and farmers given a fodder flow plan based on the current and desired future dairy herd size.

##### ***Non-achievements / underperformance***

Some farmers did not receive heifers as planned. This was due to the scarcity of heifers, un-readiness on the part of some farmers regarding Sufficient fodder flow and difficulties experienced by farmers in getting potential suppliers to provide quotations. While Milk SA is committed to supporting the project, we strongly believe that total commitment and counter performance by the farmer is important to ensure success once Milk SA's intervention is withdrawn.

##### ***Reasons for non-achievements / underperformance***

N/A

##### ***Planned remedies for non-achievements / underperformance***

N/A

Three farmers were supplied with dairy heifers and cows and as a result their daily milk volumes increased. Regarding the supply of electricity by Eskom, farmers were informed of and accepted responsibility for the electricity account security deposit and Milk SA will pay connection fees dependent on the farmers' readiness to pay a deposit of R10 500.00 per account as security. Farmers have also been introduced to farm management record keeping. A private veterinary surgeon has also been appointed and will start with dairy herd health and disease management programme during January/ February 2014.

## **Goal 2 - Transformation Strategic Plan**

### ***Achievements***

During the year under review, a draft transformation strategic document was produced through two workshops with some of the provinces.

The document has also been referred to DAFF for their inputs, support and a sense of collective ownership. It is envisaged that the document will be adopted this year after receiving inputs from DAFF and other stakeholders. The purpose of the strategy is to ensure a common approach to dairy development, support by all stakeholders and resources commitment towards effective and efficient implementation as can be seen below under rationale for Smallholder Dairy Development Strategy.

Rationale/ Motivation for the Smallholder Dairy Development Strategy

1. Common approach for dairy development is essential
2. Objective approach to empowerment of previously disadvantaged individuals
3. Promote market access based on appropriate business models and technology
4. Dairy has a potential to contribute to rural economic development, food security, nutrition and creation of employment opportunities.
5. To facilitate the creation of a conducive environment for farmers to succeed
6. Strategy is needed in order to secure private and public investment in dairy development
7. Poverty is high in rural areas and dairy can contribute to poverty alleviation.
8. Protective means for industry against dumping
9. Internationally demand for dairy is growing faster than supply and there are countries that would like want to import milk products from South Africa.

Mission

Our role is to contribute to national food security and nutrition by producing and supplying quality dairy products at competitive and affordable prices.

Vision

We aim to be competitive, sustainable and successful commercial dairy farmers / entrepreneurs.

Values

We believe that our mission will be pursued effectively by living according to our values below:

- Care for the animal: We regard cows as our mine that provides us with our livelihood. We therefore treat and handle them in a caring and sensitive manner.
- Integrity: We employ ethical standards and stand by our promise in everything that we do.
- Respect for others: We treat our team members, customers, partners and suppliers with mutual respect and sensitivity.
- Professionalism: We are committed to all standards of business and laws and regulations related to dairy industry specifically.
- Sustainability of natural resources: Environment is the cornerstone of our lives. We work with the environment in a caring and sensitive manner to conserve it for the future generations. We are opposed to profit making at the expense of our environment.
- Teamwork /spirit: We work together and promote and support diversity among our members and committed to one another for a common goal.

- Responsibility and accountability: We take individual and team responsibilities and deliver on our commitments. We take responsibility for our performance in all our decisions and actions.

#### Strategic Objectives

1. Develop human capital among smallholder dairy entrepreneurs.
2. Increase market access for smallholder dairy entrepreneurs.
3. Graduate a significant number from smallholder dairy farmers to successful commercial dairy entrepreneurs.
4. Promote recognition of small dairy as a significant contributor to rural economy, food security, and nutrition and employment opportunities.
5. Establish and maintain mutually beneficial business partnerships with relevant stakeholders.
6. Facilitate smallholder credit access for dairy development.
7. Achieve 25% of the market share by 2018.

The following were highlighted as the priorities in a ranking order:

#### Priority/Issue

1. Land availability - Approach Rural Development and Land Reform regarding land issue
2. Livestock identification - Livestock should be branded with the most up to date technology
3. Compliance with regulations - Ensure regulatory framework is effective and efficient
4. Sustainability - Assess long term sustainability of existing enterprises
5. Institutional arrangements - Establish structures at all levels to drive dairy development
6. Knowledge management - Establish an appropriate knowledge management and information network
7. Value adding - Conduct a feasibility of value adding activities
8. Relationships - Establish permanent working relationship with Milk SA
9. Constraints - Assess constraints that are hampering performance of current dairy enterprises
10. Research and Development - Strengthen smallholder focused dairy development research capacities in the provinces

### ***No Non-achievements / underperformance has been reported***

#### **Goal 3 - Emerging dairy entrepreneur database**

##### ***Achievements***

During the year under review, twenty five farmers were added to the current database. These farmers were from Gauteng, KwaZulu-Natal and Limpopo Provinces. Gauteng and Limpopo Provinces did not provide such data during the initial effort to create a database of small/emerging dairy entrepreneurs.

##### ***Non-achievements / underperformance***

No actual visits were made provinces to verify such information due to a lack because much time spent on the sustainable commercialization project. Time will be made during 2014 to go to the provinces and meet farmers.

##### ***Reasons for non-achievements / underperformance***

N/A

##### ***Planned remedies for non-achievements / underperformance***

N/A

## Goal 4 - Competency development

### ***Achievements***

During the year under review partial progress was achieved due to lack of technical information awaited from the consultant who did some work on the QWAQWA farmers and information from Free State Agriculture which delivered only in December. However, farmers were introduced to farm record keeping.

### ***Non-achievements / underperformance***

Business plans could not be finalized pending technical inputs from the consultants who did a study for QWAQWA farmers. The consultants could be seen during January / February 2014 to provide information needed. Information from Free State Agriculture regarding fodder flow planning was being studied at the time of writing the report.

### ***Reasons for non-achievements / underperformance***

N/A

### ***Planned remedies for non-achievements / underperformance***

N/A

## Goal 5 - Future Farm Managers

### ***Achievements***

N/A

***No Non-achievements / underperformance has been reported***

## Goal 6 - Transformation Annual Conference

### ***Achievements***

GENERAL LIAISON ( Establish and maintain positive relations with other stakeholders)

Realizing the importance of good public relationships, critical stakeholders were kept engaged all the time to ensure that they understand and become supportive of Milk SA's transformation programme. It is very true that transformation programme cannot be monopolized by any single entity since it is multi-disciplinary and multi-active process that needs huge resources. In our efforts to achieve this goal, the following were achieved.

1. Food and Agriculture Organization (FAO) was met to discuss their possible involvement in the development of a smallholder dairy development strategy.
2. Land Bank was met to discuss funding of smallholder dairy entrepreneurs.
3. DAFF's Deputy Director General for provincial coordination was met to discuss smallholder

dairy entrepreneur in general and the development of a transformation strategic document.

4. A meeting was held with the DDG: Production, Health and Food Security and the Directorate: Animal Production to discuss the draft Transformation Strategic Plan. It was resolved that the matter should be discussed further with other people from Transformation and Livestock Marketing. The goal is to secure support of DAFF in terms of recognizing the efforts of Milk SA towards transformation and possible funding

5. Communication was maintained with all the provinces regarding dairy development

6. A meeting was held with the representatives of Free State Agriculture, MPO, Country Lane, Mountainview and QWAQWA farmers. The meeting discussed the concerns expressed by the emerging farmers that the Free State Premier wanted synergy among farmers and that a way was needed to fast-track transformation in the dairy industry. It was also learnt that farmers wanted to establish own processing plant but Mountainview which was receiving milk from fifteen QWAQWA farmers via Nestle, advised them to form partnership with Mountainview. Electricity, small volumes and technical skills were regarded as major challenges facing small dairy farmers. It was also mentioned by farmers that it was not acceptable for those who have failed in farming to become mentors. QWAQWA farmers were advised that to get support from government and finance from the banks they should submit bankable business plans. Furthermore, that to promote effective training they should form study groups.

7. Close relationship was maintained with the NAMC throughout the whole year. This helped to rectify misconceptions about Milk SA's activities and to provide the true position.

***No Non-achievements / underperformance has been reported***

## Income and expenditure statement

Income and expenditure statement	No file has been uploaded
Unnecessary spending during period	No

## Popular Report

No file has been uploaded

## Additional documentation

[Transformation Annual Report JANUARY-DECEMBER 2013.pdf](#)

## Statement

Levy funds were applied only for the purposes stated in the contract	No
Levy funds were applied in an appropriate and accountable manner	No
Sufficient management and internal control systems were in place to adequately control the project and accurately account for the project expenditure	Yes
The information provided in the report is correct	Yes