



TRANSFORMATION COORDINATION AND FACILITATION

(PRJ-0054-2014)

Godfrey Rathogwa

Year 2014 (January 2014 till December 2014)

Project goals

Goal 1 - Implementation of sustainable commercialization dairy programme

Achievements *Effective and efficient implementation of the utilization of surplus funds*

1.1 Electrification of farms

During the year under review electricity was brought six farmers and four of them were already using it. The highlight of this is that those farmers who were already using electricity were making a saving of at least 50% of the cost they used to incur while using diesel and generators. The electrification of farms cost

1.2 Supply for heifers

The supply of heifers is dependent largely on the preparedness of the farmer to receive them in terms of fodder flow situation, the availability of heifers preferred heifers. To ensure that farmers receive heifers of acceptable quality, Milk SA make use of an independent livestock broker and independent expert dairy advisor to ensure value for money. During the year under review seventy three heifers were delivered to five farmers each receiving 20, 17, 16, 10 heifers respectively.

1.3 Milking machines.

Eight milking machines which were supposed to have been upgraded during the period under review were not upgraded due to unavailability of parts locally. This is hoped to be done during the second quarter of 2015 as the supplier indicated that parts could be available at the end of first quarter or beginning of second quarter of 2015

1.4 Pasture establishment

This project intends to establish at least ten hectares of permanent pasture to support the flow optimal flow of fodder all year round. Farmer had been advised to plough land by December at the latest to ensure that planting happens during rainy seasons. Due to their late planting seasons and unavailability of tractors, no pasture has been planted. The future plan is to outsource the work to ensure that pasture is planted not later than December 2015.

1.5 Volume of milk delivered to buyers

Six farmers have delivered five hundred and fifty nine thousand two hundred and eleven litres (559 211) of milk during the period under review. Three of the six farmers supplied for six months only since recording of their milk start when they receive heifers from Milk SA. Two major things that influence cow productivity are feeding and handling of cows. Farmers will be given more training on these aspects during 2015 to ensure that cows produce optimally.

1.6 Veterinary Services

Farmers continued to receive veterinary services from a private veterinary company. They were advised on the fertility of their cows, feeding, vaccination against proclaimed diseases and

culling of the cows based on their performance. This service is very critical to the farmers and the idea is that it must be paid for by Milk SA for one year after which it must be reviewed.

At the end of 2014 five potential twenty beneficiaries were visited to assess their circumstances in order to write a report for the Internal Management Committee to make a decision. Four of the farmers visited were in Swartberg/ Kokstad area in Kwazulu-Natal while one of them was in Matatiele in the Eastern Cape Province.

It is being planned that both potential farmers in Kwazulu-Natal and Eastern Cape Province should be assisted during 2015.

During the year under review National Agricultural Marketing Council visited the project. They concluded that the project truly addresses transformation and wished the approach could be adopted by other industries.

No Non-achievements / underperformance has been reported

Goal 2 - Transformation strategic plan

Achievements *Develop a strategic plan that is shared by all stakeholders*

Milk SA has no resources to implement a national transformation strategy. While a draft plan had been drafted, it needed buy-in from other stakeholders, mainly government institutions. The draft plan has been discussed with the NAMC and the person responsible for implementing Agri-BBBEE codes at DAFF but there was no decision on the draft strategy as the person directly responsible for livestock development could not attend the meeting. Nonetheless, message given to the dairy industry was that compliance with the Agri-BBBEE codes was going to be checked and non-compliance could result in denial of application for statutory levies in the future.

No Non-achievements / underperformance has been reported

Goal 3 - Emerging dairy entrepreneur database

Achievements *Ensure availability of reliable data on aspirant dairy entrepreneurs*

Data on black dairy entrepreneurs has been maintained. The matter has also been discussed with the NAMC and it was agreed that it was not the responsibility for Milk SA alone to keep and provide data on black dairy enterprises. Consequently a questionnaire was developed jointly and sent to the provincial HODs of Agriculture in order to collect data black dairy enterprises in their respective provinces. In 2015 provinces will be visited to verify data provided.

In the meantime a draft data governance charter has been developed and is still attended to by the Internal Management Committee on Sustainable Commercialization Project.

No Non-achievements / underperformance has been reported

Goal 4 - Competency development

Achievements *Develop business competency of aspirant dairy entrepreneurs*

Two sessions of training totalling six days were held. The first session was attended by six farmers while the second one was attended by three farmers. The focus was on business mission, vision, strategic objectives, and milestones towards set objectives, record keeping, and business planning in general, and feeding of animals. Attendance during the second session was poor because some farmers attending AFASA AGM in Bloemfontein.

Both UNISA and MPO have been approached for a farm manager training course content. UNISA indicated that they offer long distance learning course over a period of six months and the cost is about R2 000.00. However, they did not come back regarding the request to use some of their course content to train farmers. The main challenge is that window for farmer availability is very limited.

No Non-achievements / underperformance has been reported

Goal 5 - Future farm managers

Achievements *Put young farm managers on farms*

n/a

No Non-achievements / underperformance has been reported

Goal 6 - Transformation annual form

Achievements *Establish a shared approach to transformation*

n/a

No Non-achievements / underperformance has been reported

Goal 7 - General liaison

Achievements *Establish and maintain positive relations with other stakeholders*

5.1 The DTI Workshop on Amended Codes of Good Practice and B-BBEE Amendment Act 46 of 2013 B-BBEE Current Qualification New Qualification Level One Contributor 100 points on the Generic Scorecard ≥ 100 points on the Generic Scorecard Level Two Contributor ≥ 85 but < 100 points on the Generic Scorecard ≥ 95 but < 100 on the Generic Scorecard Level Three Contributor ≥ 75 but < 85 points on the Generic Scorecard ≥ 90 but < 95 points on the Generic Scorecard Level Four Contributor ≥ 65 but < 75 points on the Generic Scorecard ≥ 80 but < 90 on the Generic Scorecard Level Five Contributor ≥ 55 but < 65 points on the Generic Scorecard ≥ 75 but < 80 points on the Generic Scorecard Level Six Contributor ≥ 45 but < 55 points on the Generic Scorecard ≥ 70 but < 75 points on the Generic Scorecard Level Seven Contributor ≥ 40 but < 45 points on the Generic Scorecard ≥ 55 but < 70 points on the Generic Scorecard Level Eight Contributor ≥ 30 but < 40 points on the Generic Scorecard ≥ 40 but < 55 points on the Generic Scorecard Non- Compliant Contributor < 30 points on the Generic Scorecard < 30 points on the Generic Scorecard The objectives of the B-BBEE Amendment Act 46 of 2013 are to: 1. Align the Act with other legislation impacting on the B-BBEE and with other codes of good practice 2. Establish B-BBEE Commission to monitor and evaluate B-BBEE 3. Deal with non-compliance and circumvention 4. Give effect to government policy aimed at reducing inequality defeating poverty and creating employment. 5.2 National Agricultural Marketing Council (NAMC) workshop on the utilization of 20% of levy on transformation. A workshop was held to discuss the administration and utilization of the 20% portion of the levy funds meant for transformation and to improve transparency and communication between commodity organizations and the NAMC. At the meeting two options regarding the administration and utilization of funds were presented as follows: Option 1: That levy administrators on an annual basis, three months before the start of their financial year, a business plan regarding their transformation activities envisaged for that financial year, to the NAMC for comments and inputs. As part of their annual business plan, levy

administrators should compile customised guidelines with key measurable outcomes for transformation. Within six months after a specific financial year, levy administrators should report on its actual activities, by comparing their activities with their budget for that financial year. Option 2: That levy administrator's transfer the 20% portion of their statutory levy income, earmarked for transformation, to an independent third party. To ensure that some of the existing transformation projects could continue, levy administrators will be allowed to apply to the established independent third party for funds to pay for these activities. Dr M.A. Mokwena from DAFF also made a presentation on the 7 elements of empowerment. He indicated that although the elements were not enforceable, those who would like to do business with the state will have to comply with them. The elements of empowerment are: 1. Equity (Land) Ownership – Measures the EFFECTIVE Ownership of Enterprises by black people. 2. Management Control – Measures the EFFECTIVE control of Enterprises by black people. 3. Employment Equity – Measures the INITIATIVES intended to achieve EQUITY in the work place under the act, and the Employment Equity Act. 4. Skills Development – Measures the EXTENT to which employers carries out INITIATIVES designed to develop the competencies of Black Employees. 5. Preferential Procurement – Measures the EXTENT to which enterprises buy goods and services from suppliers with STRONG B – BEE Procurement Recognition level. 6. Enterprise Development – Measures the EXTENT to which Enterprises carry out INITIATIVES intended to assist and accelerate the development and sustainability of other enterprises. 7. Socio-Economic Development – Measures the EXTENT to which enterprises carry out INITIATIVES that contribute towards Socio-Economic Development or Sector-Specific initiatives that promote access to the economy for black people. At the end the workshop preferred Option 1 although it needed improvement before implementation. NAMC would engage with levy administrators in order to finalize Option 1 and establish guidelines for the use of transformation funds. It was also proposed that the NAMC establish a Transformation Audit Committee to: 6. To monitor and advice levy administrators how statutory funds available for transformation should be spent. 7. To review the transformation business plan proposed by levy administrators. 8. To review the actual expenditure on the transformation as reported by levy administrators after the end of each financial year. 5.3 African Farmers Association of South Africa (AFASA) AFASA was met and the utilization of the 20% of levy funds meant for transformation in the dairy industry was explained to the National Executive Committee. 5.4 Eastern Cape Economic Development: Two meetings were held with the Eastern Cape Economic Development Department regarding forming a partnership to develop dairy in the Eastern Cape over the next three years. This potential partnership will be followed up during 2015 involving the Eastern Cape Agriculture. 5.5 KZN Dairy Value Chain meeting: A stakeholder meeting discussing dairy chain in the Amajuba District was attended in Newcastle. The purpose of the meeting was to inform stakeholders about big dairy enterprises which were to be started to supply an envisaged UHT plant with milk for processing. 5.6 Old Mutual: Discussions were held with Old Mutual- Masisizane regarding potential dairy projects at Qamata, Eastern Cape and Motswedi, North West Province. Old Mutual was also given the names of potential consultants to assist them and was grateful to Milk SA's for their assistance. Furthermore, three QWAQWA farmers whose applications for loans were being considered could not be finalized due to the resignation of the area manager. 5.7 Department of Rural Development and Land Reform. Four meetings were held with the Department of Rural Development and Land Reform. The meetings focused on the partnership in the so-called value chain programme which intends to supply five cows per family or farmer, the strategic plan for the next five years and the possibility of signing a memorandum of understanding was discussed and the matter will be followed-up during 2015. 5.8 Tshepathudi Agri Industries (Pty) Ltd (Pty) Ltd: Discussions were held with the CEO of Tshepathudi Agri Industries (Pty) Ltd regarding animal feed productions units which produce between 1 and 20 tons per day. The matter was also referred to Old Mutual for their possible assistance to farmers.

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

No file has been uploaded

Statement

Levy funds were applied only for the purposes stated in the contract	Yes
Levy funds were applied in an appropriate and accountable manner	Yes
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