



## ***Facilitation and Enterprise Development***

(PRJ-0130-2016)

***MilkSA***

***Quarter 3 2016*** (July 2016 till September 2016)

### **Project goals**

**Goal 1 - Black dairy enterprises data: Visit 5 provinces where there is intensive dairy development activities**

#### ***Achievements***

Current database is being kept up to date and maintained.

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

**Goal 2 - Commercialization of black dairy enterprises: Assist 20 black raw milk producers by providing feed and 277 heifers by December 2016**

#### ***Achievements***

##### **Jobs Fund/National Treasury**

During the period under review, Jobs Fund paid its share of R3.51M and visited our office to see the files and to talk about the project in general. Q2 report was also submitted in time but referred back due to Milk SA's matched fund shortfall. The shortfall was corrected and the report resubmitted. Furthermore, Jobs Fund representatives were accompanied to Qwa-Qwa to see milking parlours that have been constructed but no feedback as yet.

##### **Milking parlours and milking machines.**

During the period under review milking machines expert made an assessment of all the machines and the report is still awaited. It has, however, been learnt that farmers needed further training and the course was organized by Nestle and offered during the first week of October 2016. Based on the report to be received from the milking machines expert, decisions will be taken regarding areas that need more attention.

##### **Eskom**

Work to connect two farms with electricity has been started with and it was expected that it would be finalized before end of November 2016.

##### **Old Mutual**

Out of three applications submitted one was successful. Other two could not convince Old Mutual that they would be able to service debt based on the milk flow history. Nonetheless, Old Mutual

indicated that they would revisit the application for next year. It should also be mentioned again that Milk SA is only acting as a facilitator as the contract would be between the entrepreneur and Old Mutual.

### Fodder Flow

Eighty tonnes of lucerne have been supplied to farmers in KZN and Eastern Cape. Quantities of lucerne supplied to QWAQWA farmers are almost depleted.

### Heifer supply

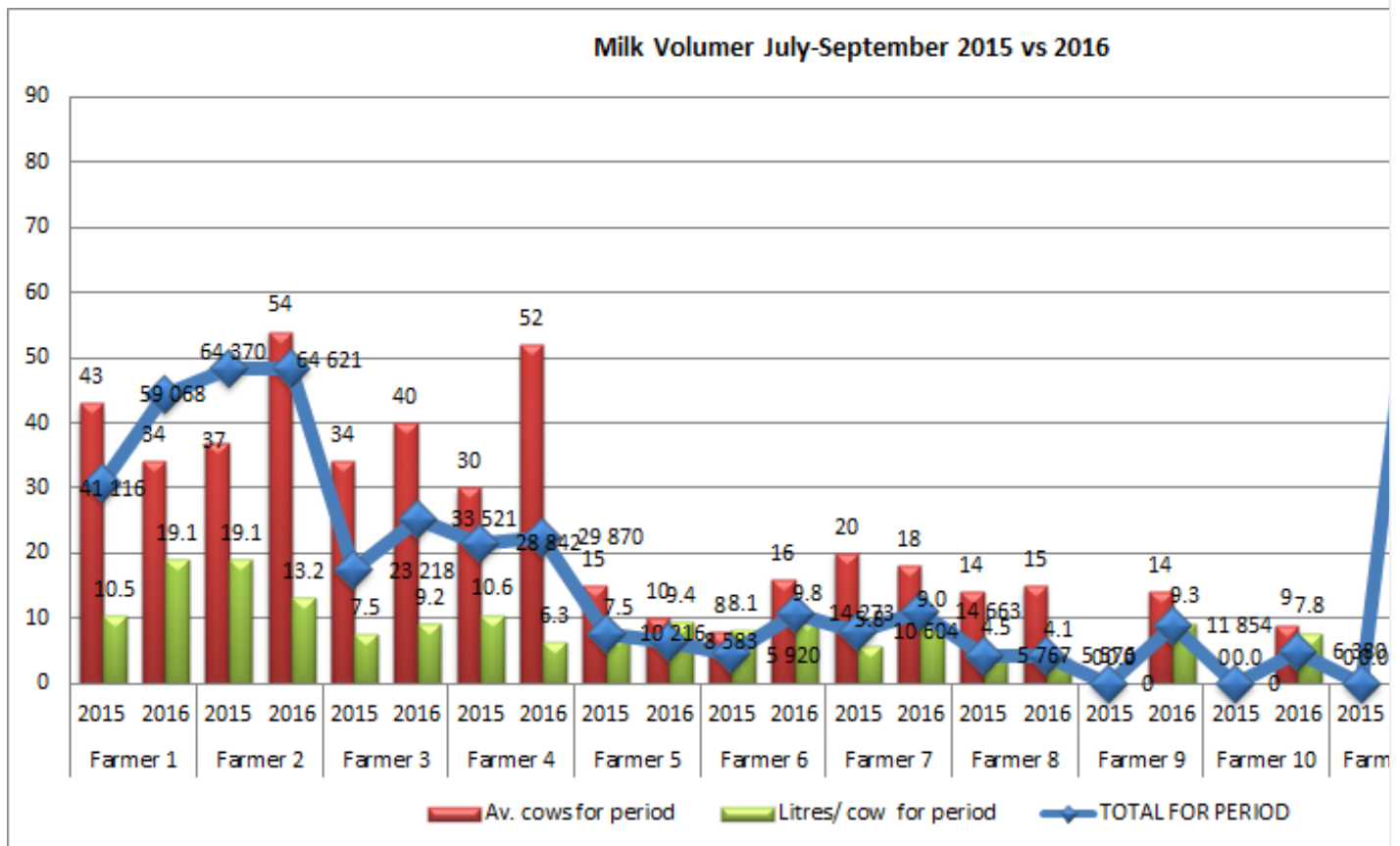
Forty two pregnant heifers were supplied against a target of 80 due to the scarcity heifers. It has also been reported that the prospects for getting pregnant heifers was not promising till the end of the year.

### Veterinary Services

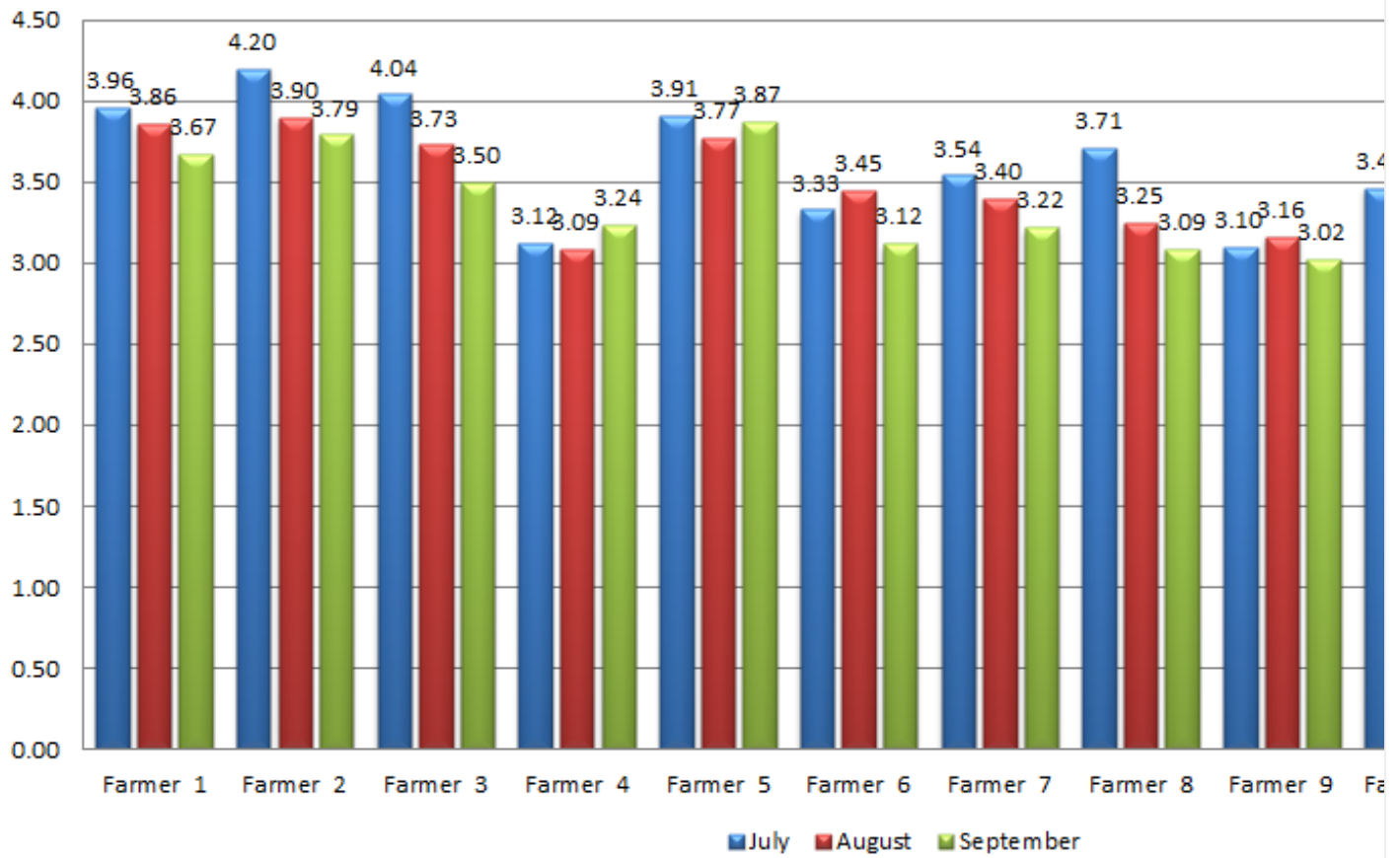
Veterinary services contract is being finalised with a nearby private VET although he has started to assess animals on the farms. According to him, he will visit farms on a quarterly basis.

### Pasture establishment

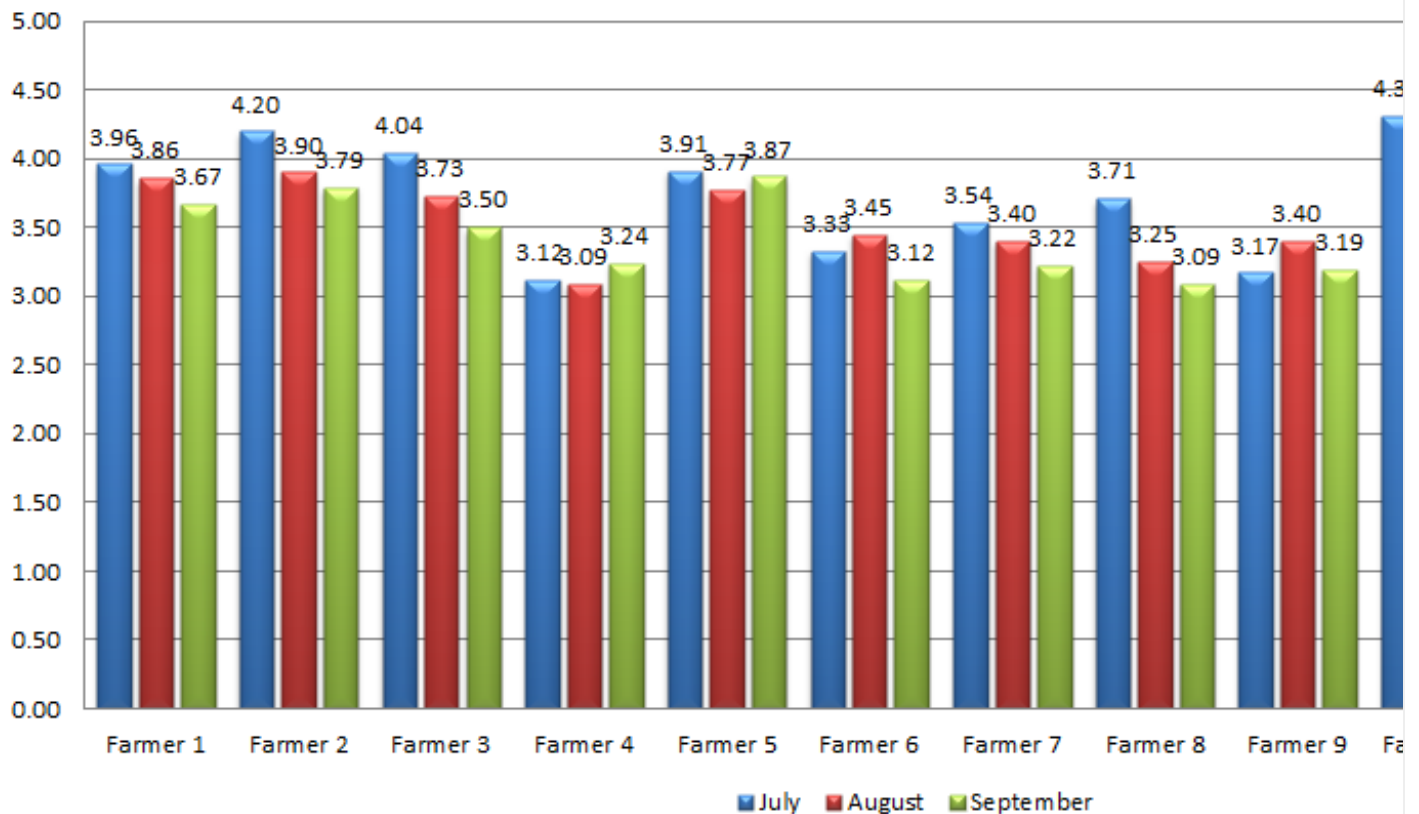
A contractor has been appointed and was busy preparing land. Another contractor wanted us to pay him a deposit of 60% of the cost of the work. Subsequently a contract has been drafted to protect Milk SA in case he received money but failed to honour his obligations.



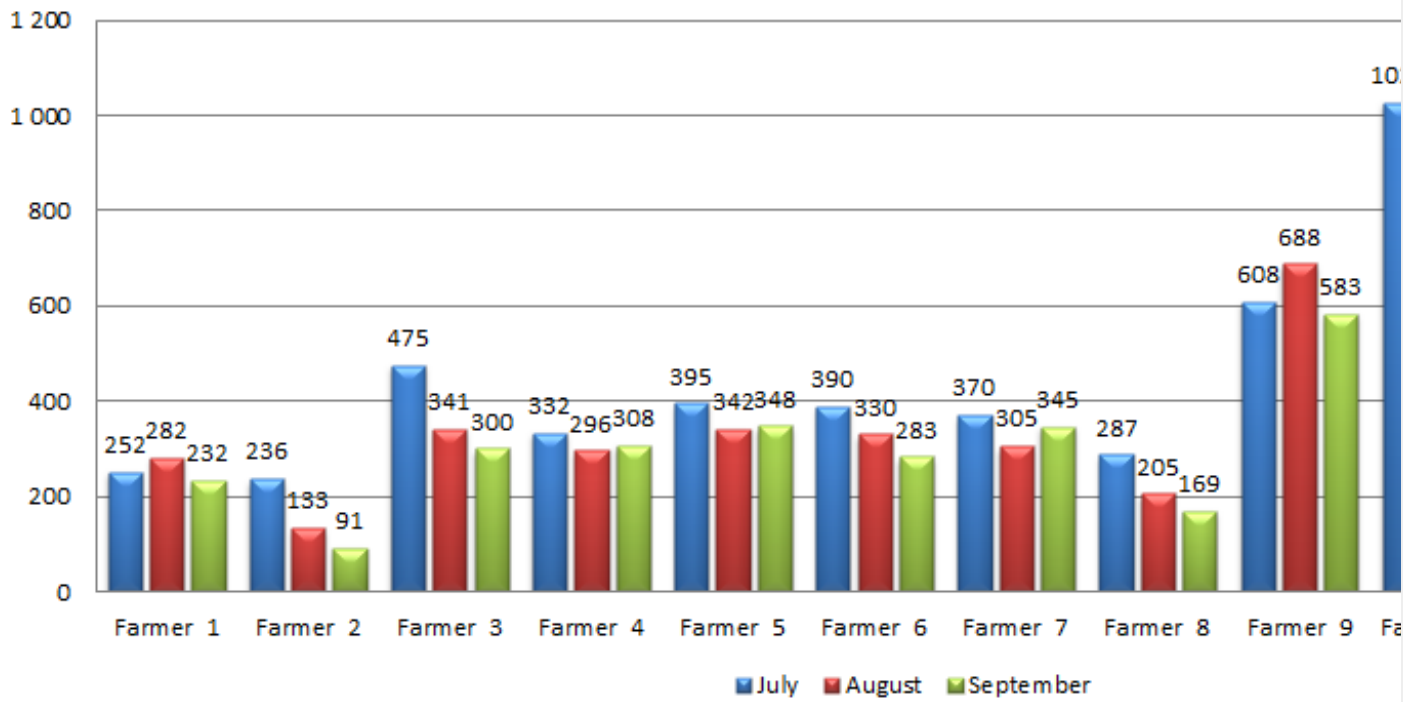
### Protein %: July-September 2016



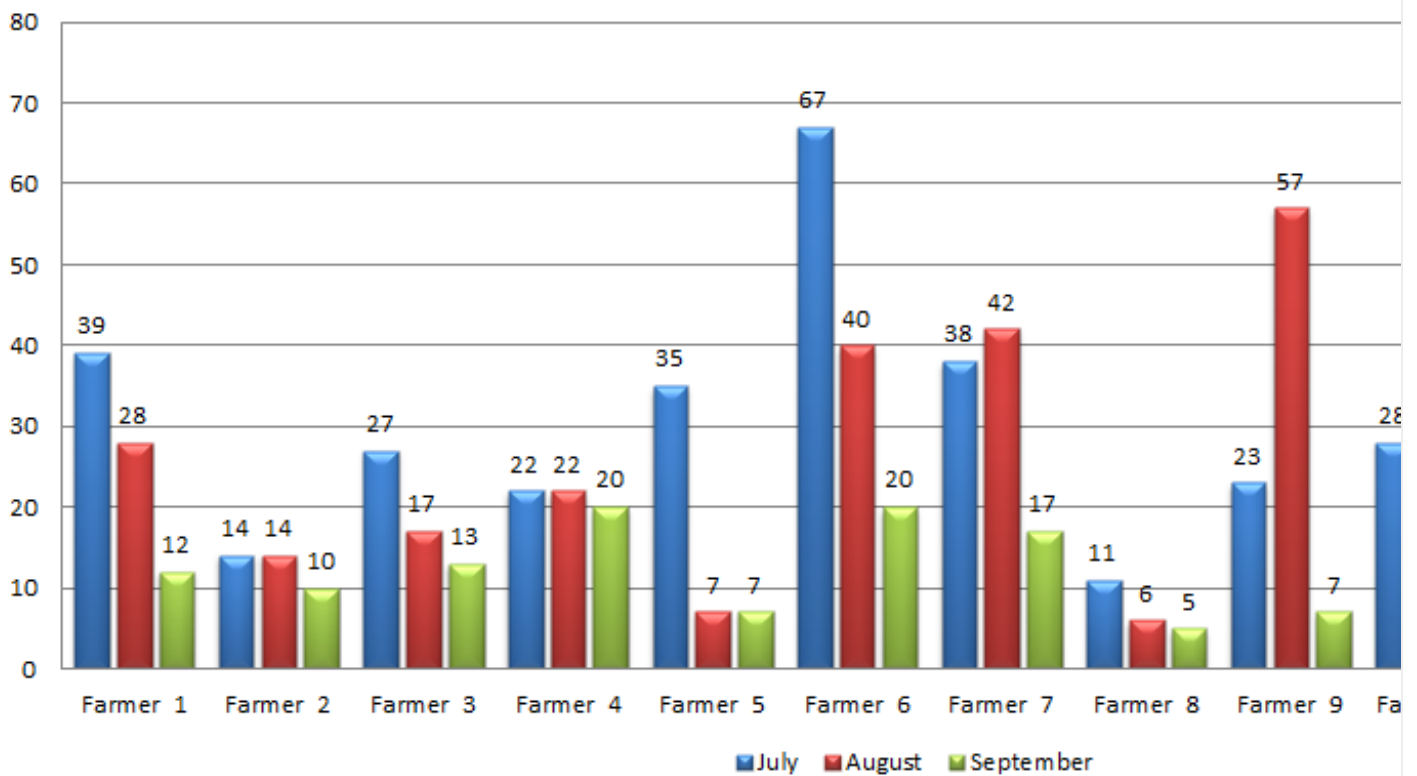
### Butterfat %: July-September 2016



## Somatic Cell Counts: July-September 2016



## Bacterial Counts : July-September 2016



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

### **Goal 3 - Liaison and facilitation: DAFF, Provincial Governments, other stakeholders**

#### ***Achievements***

##### **MARKETING FORUM:**

**The Forum covered, amongst other things, the following aspects relevant to the dairy industry:**

##### **AgriBEE Fund Status Report**

DAFF, Directorate: Cooperatives and Enterprise Development gave a detailed progress report on AgriBEE Funding of marketing infrastructure business plans submitted by Provinces and further indicated that AgriBEE Fund Committee met, recommended and approved some of the business plans.

It was said that:-

Financing of 10% own contribution by the farmer is required by Land Bank,

Three year audited financial statements are also required by the bank, and

Long term lease agreement from DRDLR was still pending and Limpopo Dept. of Agriculture was monitoring progress.

##### **Marketing Infrastructure Business Cases By Provinces:**

Provinces promised to identify potential farms/ projects for SA-GAP program, particularly those farms that are producing food for the country; and

Mr. Manthata would be consulted during identification of the farms for the programme

##### **Marketing Information System Report**

##### **Challenges and remedial actions**

It was reported that some of the hits could not be traced and the ICT software was being tested to identify all the hits, and that there was a lack of information for updating Provincial Info Hubs.

##### **Resolutions:**

Free State Province volunteered to work in close collaboration with DAFF to investigate the possibility of generating/collecting marketing information at the provincial level for the purpose of contributing to the Provincial Info Hub, and Commodity Associations were also encouraged provide inputs and specify their information needs in the system

##### **Moletši Dairy Trust**

The project is founded under the leadership of Moletši Trust, 13 villages are represented at the coordination committee level by headman and elected community members. Moletši Community Dairy has 67 direct beneficiaries who will participate at the project level. Moletši Community Dairy would start its operation by buying unbranded bulk milk from reputable milk producers within the province. The processing facility is designed to handle 6 000 litres of milk a day.

Objectives of the trust are to:

Establish and manage 13 village stalls.

Appointment of line managers and supporting staff from the community to support the expansion of business area.

Establishment of commercial dairy.

Sustainable job opportunities to the surrounding communities

## PROVINCIAL WORKSHOPS:

### Limpopo Workshop.

Ms Nemavhola welcomed delegates at the workshop and expressed her appreciation to Milk SA for hosting the workshop and expressed how important it was for all the farmers to actively participate in the workshop. She said the workshop was the opportunity for all the farmers to voice out their concerns in order to get answers from Milk SA and the Department of Agriculture.

### Milk SA and its role in dairy development and transformation programme activities

Mr Rathogwa spoke on Milk SA's desire to partner with government departments and other stakeholders to promote a healthy South African dairy community. He said the vision of the government was to have a transformed and adaptive economy and a people centred sector. He proceeded to tell the attendees who Milk SA was and what they did. He said Milk SA administers dairy industry statutory regulations: registrations, returns and levies. Mr Rathogwa also mentioned that Milk SA promotes dairy products benefits: nutrition and health aspects and conducts research and development in the dairy industry. It was said that Milk SA drives dairy industry transformation programme by facilitating empowerment of existing dairy entrepreneurs. It was emphasized that transformation needed committed entrepreneurs in order to survive and prosper in the dairy industry

### Limpopo Province's position regarding small dairy development, challenges & opportunities

According to Mr Ramaboea, there were no many farmers in dairy because dairy production is complex, expensive and market very limited t. Accordingly there was less focus on dairy as compared to other commodities. Limpopo had less than five really dairy farmers and those in dairy tended to practice dual economy. By and large farmers lacked pasteurizers and paved milking facilities.

### Small dairy enterprise, health and legal compliance

Dr T. Netshituni presented on the issues concerning health and legal compliance. Dr Netshituni said Veterinary Public health is defined as: "the sum of all contributions to the physical, mental and social well-being of humans through an understanding and application of veterinary science". Human health is intimately linked to animal health and production. Animal health poses a serious risk to public health as a result of Food borne and Zoonotic diseases. He then explained the different kinds of things to look out for when scrutinising an animal's health. He said general animal health hygiene should entail that all flanks, udders, bellies and tails of dairy stock shall be free of any visible dirt before the milking process, and if the flank, udder, belly or tail is washed, it shall be dried with a clean towel. He further went into detail on the different kinds of diseases that animals have and how they could be prevented. Dr T. Netshituni also spoke on the importance of farm workers training and farm employee hygiene.

## Challenges facing small dairy enterprises in South Africa

Plenary session identified the following challenges and their possible solutions.

	Challenges	Possible solutions
1	Shortage of rain	Assistance with boreholes and tanks
2	Lack of infrastructure (e.g. feedlot, housing)	Provision of finance from Government
3	Lack of finance to start	Provision of finance from government
4	Non-compliance with regulations and hygiene	Training and involvement with milk SA to see what is expected
5	No support from extension officers	Assistance with boreholes and tanks
6	Unavailability of market	Provision of milk centres, processing
7	No enough water	
8	No feeds	Market provides money to purchase feed
9	Finance for health issues	Provision of finance from Government
10	Training in dairy farming	Training and involvement with Milk SA to see what is expected
11	Land	Government to assist in securing land

12	Diseases	Farmers to be equipped with training on health related issues
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### **Feeding dairy cows for productivity and profitability**

Dr F Nherera-Chokuda tackled the feeding programme and also the strategies to support survival and competitiveness in dairy industry. She that said the purpose of feeding the lactating dairy animals was:

provide adequate amount of nutrients for;  
 maintenance,  
 growth,  
 pregnancy

It was emphasised that a good feeding plan for lactating dairy cows is the most important aspect of dairy farming in order to ensure healthier, efficient and productive dairy cows that improve profitability for their owners. Accordingly farmers were advised to have a consistent feeding plan of good quality feeds.

### **Factors influencing milk price and what it takes to succeed as a dairy entrepreneur**

Mr Z. Swannepoel talked to the farmers about the fundamentals in dairy industry. He shared his experience in dairy industry and also how he started his dairy farming.

#### **Competitiveness in a global dairy market**

Mr Godfrey Rathogwa talked on competitiveness in a global dairy market and mentioned the following as components that promote competitiveness:

- Market driven production
- Efficient production
- Productivity
- Quality product/service
- Efficient risk management
- Efficient allocation of resources

He said market driven production focused on producing what the target market needed and not producing what one could produce. Mr Rathogwa said efficient production targeted creating value the least possible cost. For example: one produces a litre of milk at R0, 50 against one producing at R0.75. Productivity looked at how ones resources could create the greatest possible value. For example, one worker ploughs 20 hectares per day against one ploughing 5 hectares per day. In regards with quality product/ service, quality was what the client or consumer expectations from your product or service. For example, certain % of butter fat and protein in milk. Efficient risk management looked at potential risks and having a plan in place to mitigate against in case it happens while efficient resources allocation looked at using them were they are most valued in terms of market price signals.

### **Free State Workshop**

The Free State workshop was almost a duplication of the Limpopo workshop. In addition to what has been covered in Limpopo workshop, vaccination of animals and calving intervals were emphasized by Dr. Nherera and Dr. S. Fronemaan. The following were the specific points that were highlighted at the Free State workshop.

It was stressed that in feeding dairy cattle the following are very important:

- Feeding the right amounts of proteins, carbohydrates, fats, minerals, vitamins and water.

#### **Water requirements were advised as follows:**

- Give 5 liters for every 1 kg of feed the cow eats
- Example:
- Cow eats 11 kg DM feed daily

- Must drink 11kg \* 5 liters
- = 55 liters of water daily

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

## **Income and expenditure statement**

Income and expenditure statement	<a href="#">July-September 2016 Management Account.pdf</a>
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