



Transformation Coordination and Facilitation **(PRJ-0089-2015)** ***Milk SA***

Quarter 3 2015 (July 2015 till September 2015)

Project goals

Goal 1 - Implementation of sustainable commercialization dairy programme

Achievements

This report covers activities performed during July-September 2015 focusing on the Sustainable Commercialization Project. The report is compiled under the following sub-titles:- National Treasury/Jobs Fund, private veterinary services, Eskom, pasture establishment, milking machines, heifer procurement, emerging dairy entrepreneur data, emerging farmer competency development and general transformation liaison.

National Treasury /Jobs Fund

The report for July- September 2015 has been submitted on due date and the project manager was happy with it. However, on the 9th October they called indicating that there was a discrepancy on the on-line reporting system and the narratives regarding the number of jobs created. The discrepancies have since been corrected but the implication is that the report may be regarded as non-compliant if submitted after the due date. Below is the status of projects achievements against targets.

1. Permanent employees: during the period under review 3 new permanent jobs were created against a target of 8.
2. Seasonal employees: during the period under review 24 seasonal jobs were achieved against the target of 6.
3. Milk Production Volume: 190 053 litres of milk were delivered to the buyer during the period under review against a target of 364 500 litres of milk
4. Monitoring & Evaluation: four visits per farmer were made during the period under review and also two group meetings were held as against a target of 1.
5. Number of dairy cows procured: no cows were procured during the period under review against a target of 20 cows because there was a drought at the beginning of the year till mid-March and because farmers didn't prepare enough feed.

Non-achievements / underperformance

Delivery of cows and planting of pasture did not materialize.

Reasons for non-achievements / underperformance

The scarcity of heifers and lack of sufficient feed on farms contributed to the underperformance.

Planned remedies for non-achievements / underperformance

The livestock broker assisting Milk SA and farmers have been given instruction to look for animals. Farmers are also being assisted to access loan finance for their working capital which will help to buy feed and plant maize for silage.

6. Number of farms electrified: there were no farms electrified in line with the target of 0
7. Number of milking parlours constructed: no milking parlours were constructed against the target of 1 because in Free State: Department of Agriculture constructed milking parlours that they needed upgrading and this was planned during the second quarter of 2015
8. Milking equipment installed: no milking equipment were installed but 5 existing milking equipment supplied by Free State Department of Agriculture were upgraded during the period under review because they were dysfunctional.
9. Permanent pasture establishment: due to drought and lack of tractors, pasture establishment could not be established during the period under review. This is planned during the second half of 2015 when it starts to rain.
10. Number of trained beneficiaries: no formal training took place but 8 farmers were continually mentored during the period under review. They were mentored by diverse dairy experts
11. Contract with farmers: none formal contracts were signed but sensitization took place and expected 6 contracts were to be signed during Q2 2015-2016

On the 13-15 September 2015 the Chair of the Internal Management Committee, the Transformation Secretary and the Project Manager attended Jobs Fund workshop to share projects experiences and what should be done to ensure timely disbursement by Jobs Fund of requested grants.

Veterinary services

During the period under review four farm visits were made to four farmers by the Vet as indicated below.

PRIVATE VETERINARY SERVICES RENDERED TO QWAQWA FARMERS DURING APRIL-JUNE 2015

Farmer No and	Observations by the Vet	Treatment administered and advice given	Recommendations /Ad
Farmer 2 visited on 01/09/2015	Cows were still in fair condition but milk production was decreasing. Fair amount of cows were more than 5 months pregnant, but not a lot of pregnancies under 5 months. Cows were not getting pregnant and repeatedly come on heat	4 cows were treated with Estrumate	Bulls might have a problem should be tested during visit.
Farmer 5 visited on 18/09/2015	General condition of cows was acceptable. Cows were pregnant. 2 cows were injected with Estrumate		
Farmer 6 visited on 22/09/2015	6 cows were pregnant The cows were not in a very good condition. The stover was finished and the cows were not in a condition to be pregnant again after calving, milk production would continue to decrease.		Feed is required
Farmer 7 visited on 22/09/2015	The cows were in a very poor condition. All silage was finished and farmer did not have money to buy more feed. Cows which calved in Feb/March were not pregnant due to the bad conditions they were in.		Tick control for the summer discussed.

Farmer number 7 lost seven cows of her own original cows at the arrival of cows bought for her. She alleges that her cows died from red water which was brought her farm by heifers from KZN as they were infested with hardy ticks. The matter was discussed with the VET who indicated that one cannot conclude with certainty that those cows died from red water brought on the farm by cows from KZN. The matter was also brought to the attention of the livestock broker who undertook to dip the animals before delivery to the farmers.

Eskom

As reported during a meeting in June 2015, all the farmers are connected to electricity. However, one farmer was not using electricity for milking because he believes electricity was too costly for six cows which were being milked at the time of reporting. Yet, another farmer was also not using electricity for milking because of faulty connections but the contractor was going to fix the problem.

Quotations for two farms are estimated at R304 320 and R254 730 respectively, giving us a total of R559 050 which is against the total balance for electricity connection of R690 078. The initial electricity connection budget was R4 150 000 for ten farms but so far only six farms have been connected at a total cost R3 459 922 due to cost escalation since budget was cost almost four years ago.

Pasture establishment and fodder flow

As reported during April/May 2015 pasture establishment will take place during the fall of the summer 2015. The initial plan to have pasture established earlier late last year /early this year did not materialize because of lack of tractors. The matter has been resolved by requesting some of the farmers to do job for themselves and other farmers. This has been arrived at after efforts to secure services of independent ploughing contractors failed, which could be attributed to the smallness of the job.

Milking machines

Six milking machines have been upgraded and are operational. The upgrading of one machine is delayed because of faulty wiring and the farmer was off sick to ensure the matter was attended to urgently. Still, one milking machine which the farmer bought himself has to be upgraded but is operational.

Heifer supplies

There were no heifers supplied during the period under review due to unavailability of cows and poor fodder situation on some of the farms that are still owed cows. A quotation been received for 67 cows to be delivered during October 2015 as follows:

Farmer 1 received 16 cows- 4 outstanding plus 12 extra heifers- has sufficient fodder

Farmer 2 received 20 cows- to receive 20 extra cows- benefited the least from electricity connection.

Farmer 3 received: 14 cows – six outstanding plus 20 extra cows- because did not benefit from electricity connection. He has sufficient fodder
Farmer 4: received 20 heifers – to receive five extra heifers

Black dairy enterprises data

Data is updated as and when new information is found. However the best opportunity will be during provincial workshops which are being planned for the last quarter of 2015.

Potential beneficiaries in KZN and Eastern Cape

Two meetings were held with the representatives of Old Mutual -Masisizane Fund in Harrismith . Masisizane Fund representatives explained the conditions of their loan finance to interested farmers. Seven farmers made applications and are being considered by Old Mutual.

Other potential funders of dairy transformation projects.

Two meetings were held with representatives of Old Mutual- Masisizane Fund in Harrismith. Masisizane Fund explained the conditions of their loan finance and those farmers interested have made applications.

Competency Development (Develop business competency of aspirant dairy entrepreneurs.

DSA could not get time during the period under review but have indicated that they will give me dates for November. Meanwhile Derrylin Agricultural Services have been approached to assist with training on an international farm record system and to finalize financial farmer statements for submitting to Old Mutual. They have been chosen because they have been consulting for Old Mutual and their deeper understanding of the small dairy enterprise situation. However, their appointment is subject to the approval of their training content.

Goal 2 - Smallholder dairy entrepreneur database

Achievements

Black dairy enterprises data is updated as and when new information is found- the best opportunity will be during provincial workshops which are being planned for the last quarter of 2015..

No Non-achievements / underperformance has been reported

Goal 3 - General Liaison / Stakeholder engagement

Achievements

GENERAL LIAISON

Dairy Value Chain Study

The project has been put on hold due to change of management at the Department of Rural Development and Land Reform.

Marketing Forum

A marketing meeting was attended during 18-19th August 2015. The focus of the meeting was on what can be done to assist small holder emerging agricultural enterprise market their products effectively and efficiently. What was learnt was that dairy was not a priority in terms of the agricultural policy action programme.

Agro Processing Forum

A meeting took place in Polokwane on the 23rd September 2015. Jobs Fund, IDC, DTI, AgriSA, Limpopo Agriculture representatives were there explaining what their institutions do to promote marketing of agricultural products. Small scale- farmers were also participating.

Agri-SA meeting.

The Integrated Farmers Forum meeting under the auspices of Agri-SA took place on the 22nd September 2015. The focus of the meeting was on the communal land tenure system and its impact on agricultural development.

Department of Trade and Industry

During the period under review as representative of DTI was taken to see farmers in Kwazulu-Natal and Free State to assess the situation for potential intervention to assist farmers become more sustainable. Farmers who were already processing own milk were given forms to apply for assistance.

Meeting with NAMC

A meeting was held with the NAMC: Chair of the Transformation Review Committee regarding transformation guidelines and the commercialization project in general. It was brought to the attention of NAMC representative that Milk SA was working on the matter and they would receive official position in due course once approved by the Board.

Communication with Department of Agriculture, Fisheries (DAFF) and Provincial Agricultuer

Communication was maintained with DAFF and vrious provincial departments of Agriculture. DAFF was pointed to the nearby dairy enterprise to take visitors from abroad.

Provincial Workshops

No workshops have been held since the beginning of the year due to poor response from the provinces and internal circumstances which caused some workshops to be postponed. So far Mpumalanga, Free State, KZN, Western Cape and Eastern Cape have given dates for the workshops to take place during November 2015.

No Non-achievements / underperformance has been reported

Goal 4 - Transformation strategic plan

Achievements

Transformation strategic plan has been developed and

Non-achievements / underperformance

submitted to both the Transformation Advisory Committee and the Board who took note of the document.

Adoption of the document by DAFF and provinces remains a challenge as they are the ones who can provide resources to implement such a plan.

Reasons for non-achievements / underperformance

The adoption of the document is outside Milk SA's control. As reported previously, the person responsible for the strategy indicated to me that most of the time he was based at the Organization of African Union headquarters. NAMC was also requested to assist but to no avail. One could conclude that this is due to the fact that dairy is not regarded as a priority in terms of agricultural policy action plan.

Planned remedies for non-achievements / underperformance

We will continue to engage the relevant authorities. This goal is also not one of key performance areas for 2015

Goal 5 - Competency development

Achievements

Farmers were advised generally on fodder flow planning and feeding for optimal production of milk.

Non-achievements / underperformance

Re-assessment of health and compliance issues and coaching on the identified issues could not be done during the period under review. Also, recording keeping sessions could not be conducted.

Reasons for non-achievements / underperformance

The company which has been engaged to do assessment and coaching on health and compliance issues did not have time under the period under review.

Planned remedies for non-achievements / underperformance

The company which will deal with health and compliance issues has given dates for visiting farmers during the later part of the last quarter of 2015. Dates are still awaited for the company to deal with record keeping.

Income and expenditure statement

Income and expenditure statement	September 2015 statement.pdf
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