



Enterprise Development
(PRJ-0219-2019)
Godfrey Rathogwa

Quarter 2 2019/2019 (April 2019 till June 2019)

Project goals

Objective 1 - Continue monitoring existing black dairy commercialization enterprises

Achievements

Existing Commercialization Project enterprises were monitored during the period under review. Monitoring focussed on milk production, fodder flow, animal feeding, and business activities record keeping. Also, during the same period 705 cows were in milk and farmers supplied 761 283 kilogrammes of milk to processors / or consumers. The total number of cows in milk decreased by 5.4% while milk volume also went up by 0.8% during the period under review compared with January to March 2019. Average number of cows in milk per farmer for the period ranges from 17 to 103 while milk production per cow per day ranges from 5.1 to 16.8.2 litres per day. Below are charts of milk production figures and milk composition. The numbers below the first two charts are identification numbers of each project beneficiary / participants. It will be noted that some beneficiaries lack complete information such as reports on milk composition. The absence of complete information is due to a lack of reports from some buyers to provide bulk tank sample analysis. The matter is getting attention so that all enterprises provide Milk SA with complete reports.

1. Jobs Fund progress regarding the transfer of outstanding money to be transferred to the Milk SA Jobs Fund joint account. Money will be used to finance establishment of permanent rye grass under irrigation on farms of those who will contribute 50% of the cost of establishment. The WG also met to discuss the audit report which was being delayed due to outstanding information from farmers such as certificates for dead animals and reasons why some workers could not be found on some farms when the auditor visited the farms.
2. Counter performance of each project beneficiaries regarding aspects such as providing information to Milk SA for assessing performance and reporting purposes.
3. Progress regarding outstanding issues of approved beneficiaries regarding water situation, fodder flow position, dairy herd composition and buyer of milk.
4. Progress regarding recruitment of a Transformation Officer.
5. 2020 Enterprise Development business plans development and allocation of funds.
6. One enterprise in KZN is currently not delivering milk to the buyer due to lack of electricity which was cut off by Eskom because the enterprise owed Eskom some money. The owners inherited the farm with five transformers which they were paying a monthly fee but not using them. Eskom needs farm owners to make a payment of about R15 000 so that they can reconnect power to the farm.

In 2018 most farmers could not plant maize for silage and as a result they did not have enough feed on their farms. In order to assist them cope with fodder flow challenge, a total of 285 tonnes of lucerne were delivered to 12 farmers who contributed 25% of the cost of lucerne in order to improve milk production. At the same time 67.2 tonnes of dairy meal concentrate were also distributed to farmers who contributed 50% of the total cost.

No Non-achievements / underperformance has been reported

Objective 2 - Deliver cows / pregnant heifers among new and existing black dairy enterprises depending on compliance with Milk SA criteria and beneficiary counter performance

Achievements

Five new Project beneficiaries considered and conditionally approved by the Internal Management Committee were visited to verify outstanding issues such as fodder flow situation, adequate water availability, milk or dairy products buyer and dairy herd composition. Therefore, no pregnant heifers have been delivered to both existing and conditionally approved new beneficiaries pending confirmation of outstanding issues as identified by the Internal Management Committee. Delivery of pregnant heifers and some equipment is nonetheless expected to take place during the third quarter of the current year as outstanding concerns have now been addressed. One new beneficiary, who is in the process of buying someone's farm, will not be supported until proof of farm ownership transfer into his name has been received by Milk SA. The farmer is an ex-government employee who resigned in order to pursue farming full time.

Non-achievements / underperformance

Heifers could not be delivered as planned although the seller was waiting for the instruction to deliver them.

Reasons for non-achievements / underperformance

Milk SA had to satisfy themselves regarding fodder flow situation, supply of adequate water and dairy herd composition.

Planned remedies for non-achievements / underperformance

The outstanding information has since been verified to the satisfaction of the Work Group and animals will be delivered during the 3rd quarter of 2019. However, where information is still outstanding no delivery of animals will take place in line with MilkSA criteria.

Objective 3 - Supply critical dairy productive infrastructure

Achievements

The project has planned to establish about 120 hectares of irrigated permanent pasture on some farms of existing beneficiaries. This will be on 50:50% cost sharing basis between Milk SA and existing beneficiaries using MilkSA Jobs Fund funds. Due to pending final decision from the Jobs Fund, implementation has been delayed but is expected to take place during the 3rd quarter of 2019. Farmers have been engaged to contribute their portion and most of them have agreed to fulfill their counter-performance.

Non-achievements / underperformance

Borehole sinking, erection of corrugated iron reservoirs, laying of irrigation pipes and establishment of pasture has not yet taken place but quotations have been received already.

Reasons for non-achievements / underperformance

None-delivery is due to the delayed

go-ahead from Jobs Fund. The delayed go ahead from Jobs Fund could partially be attributed to the delayed audit report.

Planned remedies for non-achievements / underperformance

Out standing information has been sent to the Jobs Fund and as soon as go ahead has been received from them, implementation will start immediately.

Objective 4 - Capacitate new black dairy entrepreneurs and their workers in dairy enterprise business competencies

Achievements

Two entrepreneurs who produce and sell their own milk were visited and their circumstances assessed by the MD of DSA in Mpumalanga and South Free State provinces. The DSA MD made recommendations based on his assessment of the situations. The purpose of the assessment of the enterprises was to ensure that all Milk SA criteria are complied with before enterprise development assistance could be given by Milk SA to any enterprise

No Non-achievements / underperformance has been reported

Objective 5 - Assist existing black dairy enterprises in business plan development

Achievements

Four workshops were held at Harrismith during the period under review. The focus was on business mission, business objectives, challenges which were facing businesses and strategies to overcome such challenges and achieve objectives. Adequate fodder flow, adequate water supply and dairy herd health management and adequate working capital were some of the challenges identified. Permanent rye grass under irrigation will be established to address the issue of inadequate fodder flow. Four workshops were held at Harrismith during the period under review. The focus was on business mission, business objectives, challenges which were facing businesses and strategies to overcome such challenges and achieve objectives. Adequate fodder flow, adequate water supply and dairy herd health management and adequate working capital were some of the challenges identified. Permanent rye grass under irrigation will be established to address the issue of inadequate fodder flow.

No Non-achievements / underperformance has been reported

Objective 6 - Coordinate and liaise with relevant stakeholders

Achievements

During the period under review engagements were made with each of the following:-

Department of Agriculture, Forestry and Fisheries were met regarding blended funding and Jobs Fund/DAFF funding for black agribusinesses.

The Department of Trade and Industry was engaged regarding agro-processing support for small, medium and micro enterprises without reliable milk buyers,

The National Agricultural Marketing Council was met regarding Ministerial funds and the business plan for 2010,

A meeting was held with Land Bank representative in connection with a current Project beneficiary having challenges to meet his loan repayment due to a loss of cows which he claims were sold to him sick, and possible partnership between Milk SA and the Land Bank in assisting new potential dairy enterprises,

ARC was met to discuss potential beneficiary they have identified in Free State

Two representatives of Edinburgh University who were visitors of Centre for Competition, Regulation and Economic Development (CCRED), University of Johannesburg, were accompanied to Harrismith to interviewing farmers regarding project progress and challenges. A new potential beneficiary was visited at Groot Marico, North West Province to assess the farm. Department of Trade and Industry regarding incentives for agro-processing-funding ranges 20 to 305 depending on meeting criteria.

The Department of Basic Education was also met regarding potential partnership with MilkSA, especially school feeding scheme programme.

Free State agriBEE Council meeting was attended in Bloemfontein during 21-22 May 2019. The focus of the meeting was on planning the work for the Council for the whole year..

No Non-achievements / underperformance has been reported

Objective 7 - Participate in Marketing Forum meetings

Achievements

A Marketing Forum meeting was held at Hazyview, Mpumalanga during 30-31st May 2019. The focus of the meeting was, among other things, on Global GAP, CASP support to SA-GAP programme, agricultural marketing capacity building and AgriBEE Fund. It was reported that AgriBEE Fund was unfrozen and should be applied through provincial Land Bank offices. It was also expressed that all commodity organizations should develop long term development strategies that include marketing. A concern was also expressed regarding lack of cooperation in development initiatives.

No Non-achievements / underperformance has been reported

Objective 8 - Maintain and strengthen relationships with Provincial Departments to enable updating of data on black dairy enterprises

Achievements

Letters were written to all provincial HODs of agriculture requesting for Black dairy enterprises data /information with a deadline. Unfortunately except for the three provinces no responses were received despite several telephonic follow-ups. Even among the three that responded, one response indicated that there were no Black dairy enterprises in that province.

Non-achievements / underperformance

Most of the provinces did not respond to the letter sent to them requesting for information.

Reasons for non-achievements / underperformance

Non-response could be due to the fact that dairy is not a priority in the provinces due to its high capital

outlay and demanding more management attention compared to other enterprises. It is also true in most provinces there is no budget for dairy development.

Planned remedies for non-achievements / underperformance

n/a

Income and expenditure statement

Income and expenditure statement	April to June Quarterly Report 2019.pdf
Unnecessary spending during period	No

Popular Report

[April to June Quarterly Report 2019.pdf](#)

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