



ENTERPRISE DEVELOPMENT

(PRJ-0304-2021)

MG Rathogwa

Year 2021/2021 (January 2021 till December 2021)

Project goals

Goal 1 - Monitor existing Milk SA approved smallholder Black dairy commercialization enterprises

Achievements

Introduction

The Sustainable Commercialization Project came into being as a result of Milk SA's 2006-2009 statutory levy surplus funds. The project's goal is to promote competitiveness, profitability and sustainability of existing small black-owned dairy enterprises by contributing to the reduction of commercial venture impediments such as:

poor on-farm infrastructure,
limited dairy-specific enterprise technical competencies,
limited business competencies, and
low levels of compliance with legislation.

In order to augment the limited statutory levy surplus funds, Milk SA's Transformation Manager successfully applied for grant funding from the Jobs Fund programme and secured R10.35 million in 2012. Below follows a report on the objectives set for 2021 at the beginning of the year.

During the year under review, monitoring continued to focus on dairy herd health, breeding, milk production, fodder flow, animal feeding, and business record keeping. Advice to entrepreneurs was given based on actual circumstances of their enterprises.

On average over the period, there were eight hundred and twenty five (**825**) cows in milk. Farmers supplied 2 877 146 kilograms of milk to processors or consumers. The total number of cows in milk decreased by 5% while milk volume went down by 22% during 2021 compared to the year 2020.

The major challenges which farmers identified during the year under review were as follows:

Cow mortality rate;
Cow fertility;
No visits from the local provincial Extension Officers;
Unavailability of State veterinarians when needed;

Poor fodder flow due to too much rain before they started to plant;

Animal theft; and

Animal diseases such as mastitis and foot rot due to poor dairy herd health management and too much rain.

As reported previously, management of cooperative enterprises remains a challenge: a sense of ownership and thus commitment to the success of the enterprise is lacking in cooperatives compared to family-owned enterprises. Moreover, enterprises owned by elderly entrepreneurs without the involvement of their children or young committed employees face a risk of business continuity in the near future. All entrepreneurs were advised to implement succession planning for their enterprises to ensure future continuity and sustainability.

Notwithstanding the above-mentioned challenges, enterprises in general have improved a great deal when assessed over a period since Milk SA first got involved although performance in 2021 was poorer than 2020 as both milk volume and number of cows decreased by 5% and 22% respectively.

No Non-achievements / underperformance has been reported

Goal 2 - Deliver pregnant heifers to new and existing black dairy enterprises depending on compliance with Milk SA criteria and beneficiary counter performance. This expenditure includes veterinary services

Achievements

One of Milk SA's strategies to promote economies of scale, competitiveness and sustainability is to supply certified pregnant heifers. Unfortunately, during the year under review our objectives could not be met due to unavailability of suitable pregnant heifers. Instead of delivering 180 pregnant heifers, we delivered a total of 80 pregnant heifers which were shared equally amongst four new beneficiaries, each one receiving 20 heifers. It should be noted that during 2021 availability of pregnant heifers was very limited and thus delivery to beneficiaries was overly delayed.

Non-achievements / underperformance

Unfortunately, during the year under review our objectives could not be met due to unavailability of suitable pregnant heifers. Instead of delivering 180 pregnant heifers, we delivered a total of 80 pregnant heifers which were shared equally amongst four new beneficiaries, each one receiving 20 heifers.

Reasons for non-achievements / underperformance

Unfortunately, during the year under review our objectives could not be met due to unavailability of suitable pregnant heifers.

Planned remedies for non-

achievements / underperformance

The livestock agent has been requested to continuously look for animals.

Goal 3 - Fodder flow improvement on farms- including fodder at the time of pregnant heifer delivery to maintain conditions of pregnant heifers

Achievements

Adequate fodder flow is very important for a dairy cow to be productive, provided other critical inputs are adequate. Milk SA project beneficiaries were advised regularly to support good quality fodder flow. This could be achieved through planting of maize for silage, winter pasture planting and purchases of extra fodder and dairy meal concentrates, depending on the on-farm feed situation. In order to minimize shortage of fodder on farms, the plan is to assist farmers to establish permanent pasture, on a cost sharing basis.

During the year under review a total of 391 tonnes of lucerne was delivered to fourteen beneficiaries. The quantity delivered per farmer ranged from 5 tonnes to 40 tonnes. Milk volumes of the majority of beneficiaries (71.4% of the 14 beneficiaries), who bought lucerne improved, compared to those who did not take advantage of the Milk SA lucerne subsidy. Forty tonnes of lucerne were delivered to support four new beneficiaries, who each received ten tonnes each with their new delivery of pregnant heifers.

The 351 tonnes were delivered to farmers on a 30%:70% cost sharing basis between the beneficiary and Milk SA to support milk production as informed by the poor results during quarter two and three of 2021. This is 50% less than the total lucerne delivered under 50%:50% cost sharing basis between the beneficiary and Milk SA in 2020. A total of 8.5 tonnes of dairy meal concentrate was also delivered to one beneficiary on a 40%:60% cost sharing basis between the beneficiary and Milk SA.

Non-achievements / underperformance

Establishment of permanent pasture and planting of maize for silage on farms could not be done pending approval of loans for the farmers.

Reasons for non- achievements / underperformance

Loans for farmers could not be approved on time and farmers also did not give Milk SA quotations of inputs from suppliers on time.

Planned remedies for non- achievements / underperformance

Milk SA will continue to engage development financial institutions to assist farmers with permanent pasture establishment loans.

We insist on cost sharing to promote an entrepreneurial mind-set and to protect Milk SA's scarce resources against misuse without accountability.

Based on the poor results of analysis of enterprises performance during quarter two and quarter three of the year 2021, farmers were advised to plant maize for silage and that Milk SA would contribute 50% of the total cost to the supplier of inputs such as fertilizer, seeds, and chemicals. Following the advice regarding the subsidy for maize for silage planting, only two beneficiaries were assisted to plant 58 hectares and 45 hectares respectively. Others could not be assisted because they did not supply quotations or quotations could not be confirmed by suppliers of inputs while others were assisted by commercial farmers leasing their land.

Goal 4 - Supply critical enterprise on-farm infrastructure including affordable processing equipment

Achievements

Adequate and appropriate infrastructure is critical for the optimal operation of an enterprise. Milk SA supports infrastructure investment on a cost sharing basis after the initial basic grant, which is 100% born by Milk SA has been offered. Actual support of infrastructure is also dependent on the available funds as Milk SA resources are very limited.

An upgrade of a milk tank from 850 litres to 2 300 litres has been done during the year under review for one beneficiary who is a processor of raw milk. Furthermore, electric cables were delivered to the same beneficiary, although the delivery was delayed due to the work overload of the contractor. The cost of upgrading the milk tank and electrical cable was shared between the beneficiary and Milk SA on 50%:50% cost sharing.

Permanent pasture establishment under irrigation could not be implemented pending financial support approval by development financial institutions. Milk SA has been requested to secure letters from buyers of milk confirming that our farmers do indeed supply raw milk to respective processors of milk. Letters of confirmation from processors of milk have been requested.

No Non-achievements / underperformance has been reported

Goal 5 - Capacitate new and existing black dairy entrepreneurs and their workers in critical dairy enterprise / business competencies, including

dairy processing; MilkSA resources and external professionals. All costs included

Achievements

During the year under review, four workshops were conducted with the project beneficiaries. The Transformation Secretary attended one of the workshops to express her concern regarding poor cooperation in submitting information timeously for reporting purposes, as previously agreed.

The workshops covered the following aspects:

Dairy herd health management and preventing mastitis in the herd;

Planting of lucerne in mixed pastures as grazing for dairy cows;

Feed requirement with respect to dairy herd size;

Record keeping of business activities;

Business continuity and succession planning

Breeding and cow fertility;

Fodder flow plan and feeding for profitability;

Blended funding;

Milk production;

Number of cows in milk;

Dairy meal concentrate per cow per day; and

Farmers' milk income.

Workshops were held at Harrismith and Senekal. The workshops at Harrismith were attended by farmers from Harrismith, Dundee, Swartberg and Indwe, with a total number sixty three (63) attendees. Workshops at Senekal were attended by farmers from, Dewetsdorp, Tweespruit, Vereeniging Welkom and Wepener with a total number thirty three (33) attendees. Workshops were based on training and development needs analysis of the project beneficiaries.

Long-term business goals, objectives and strategies were discussed with the beneficiaries. The issue of fodder flow management, human resources management, and breeding for profitability as well as dairy herd health management were some of the aspects covered under strategies for beneficiaries to realise their goals and objectives. Business risks and mitigation strategies were also discussed thoroughly with project beneficiaries. Moreover, one of the milk buyers discussed milk contamination, bacteria and somatic cell counts, which were of concern to the milk buyer, with beneficiaries.

Entrepreneurs have been advised to ensure that the record keeping of their daily business activities were correct at all times, and they should not submit incorrect information in order to impress Milk SA. Farmers in general were very happy with the workshops they received from the dairy expert and one of them indicated he would be engaging with the dairy expert at his own cost regarding his farms dairy technical development.

No Non-achievements / underperformance has been reported

Goal 6 - Coordinate and liaise with Government at all levels - Agri BEE Council meetings, Marketing Forum and provincial officers and all private stakeholders

Achievements

Coordination of transformation activities with other relevant stakeholders is of critical importance to ensure that maximum synergy is achieved, resources are used optimally and that project participants are not confused. Nonetheless, effective coordination is dependent on a common vision among stakeholders. During the year under review, a number of engagements were made with institutions and persons indicated below in pursuing Milk SA's transformation goal.

No Non-achievements / underperformance has been reported

Income and expenditure statement

Income and expenditure statement	EDITED E D Annual Report 2021 02 March 2022.doc
Unnecessary spending during period	No

Popular Report

[EDITED E D Annual Report 2021 02 March 2022.doc](#)

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