



ENTERPRISE DEVELOPMENT

(PRJ-0304-2021)

MG Rathogwa

Quarter 1 2021/2021 (January 2021 till March 2021)

Project goals

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

Achievements

Introduction

Sustainable Commercialization Project came into being as a result of 2006-2009 Milk SA statutory levy surplus funds. **Its goal is to promote competitiveness, profitability and sustainability of existing small black owned dairy enterprises by contributing to the reduction of commercial venture impediments.** In order to augment the statutory levy surplus funds, Milk SA Transformation Manager successfully applied for grant funding from the Jobs Fund programme and secured R10.35M. Below follows **Q1 2021** report on the objectives set for 2021.

During the period under review monitoring focused on milk production, fodder flow, animal feeding, and business activities record keeping of Eighteen project participants operating in the Eastern Cape, Free State, Gauteng, KZN and North West Provinces. There were 892 cows in milk which was lower by 3% compared to quarter 4 of 2020 (919 cows) and the milk volume declined by 12% from 962 999 in quarter 4 of 2020 to 861 217 kilogrammes of milk were delivered to buyers of raw milk.

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

An order for 65 pregnant heifers was made. Twenty heifers were for a new beneficiary while 45 were for existing beneficiaries to be bought and delivered on 40:60% cost sharing between the entrepreneur and Milk SA. Unfortunately heifers could not be delivered due to unavailability of stock. However, it is expected that the order will be delivered during the second quarter.

Non-achievements / underperformance

Pregnant heifers could not be delivered because of livestock unavailability.

Reasons for non-achievements / underperformance

The livestock broker could not secure heifers as needed by dairy entrepreneur.

Planned remedies for non-achievements / underperformance

It is belied that the supply of pregnant heifers will improve and our livestock agent as instructed is looking for pregnant heifers.

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

Achievements

Fodder flow is important for a dairy cow to be productive provided other critical inputs are adequate. Milk SA project participants are advised regularly to ensure that they have sufficient fodder flow of good quality. This is achieved through planting of maize for silage, winter pasture planting and purchases of extra fodder and dairy meal concentrates. In order to minimize shortage of fodder, the plan is to assist farmers to establish pasture on a cost sharing basis. During the period under review, neither pasture on cost sharing was planted nor fodder bought in. The majority of the entrepreneurs are waiting for the blended funding to be able to contribute their share of permanent pasture establishment cost.

Non-achievements / underperformance

There was no establishment of permanent pasture as planned.

Reasons for non-achievements / underperformance

Pasture could not be established because farmers were still applying for funds to secure own contribution. Fodder could not be delivered because farmers did not make orders and there were no pregnant heifer delivery to new beneficiaries.

Planned remedies for non-achievements / underperformance

The establishment of permanent pasture is dependent on the entrepreneurs bringing their share of pasture establishment. Currently we are polishing their business plans for submitting to blended funding. Delivery of fodder is dependent on the delivery of pregnant heifers and fodder orders placed by entrepreneurs.

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

Achievements

Non-achievements / underperformance

There was no supply of critical enterprise infrastructure for the period under review. Although we did not supply critical infrastructure, we received a request for the electricity cable, upgrade of the milk tank from 850 litres to 2 300 litres and a 1 000 litres delivery tank. The supply will be done on a cost sharing basis between the entrepreneur and Milk SA. Currently Milk SA is waiting for the proof of processing certificate from local health authorities.

Tere was no supply of critical on-farm infrastructure to some of the farms.

Reasons for non-achievements / underperformance

Approved enterprises could not supply Milk SA outstanding requirements which the entrepreneur was advised to fulfill.

Planned remedies for non-achievements / underperformance

Follow-ups will be made with affected enterprises to establish reasons for delays for fulfilling outstanding issues.

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 period under review, a day workshop was held with the project beneficiaries. The following were discussed: -

Farmers' monthly report: Prior to the workshop, information delivery from project beneficiaries has been a major challenge, although Milk SA Transformation Secretary kept reminding the beneficiaries as per agreement established in 2012 to supply information on a monthly basis, getting information was a struggle. It was then a thought wise to hold a workshop with the beneficiaries, whereby Transformation Secretary attended to express concern relating to poor cooperation in submitting information as previously agreed and done. Beneficiaries were advised on the importance of supplying information regularly in time.

Business plans for blended funding: The focus was on beneficiaries' long term business goals and objectives and strategies to peruse goals and realise objectives. The issue of fodder flow management, human resource management, business risk and mitigation, breeding as well as dairy herd health management were covered under strategies for beneficiaries to realise their goals and objectives.

Milk quality: The milk buyer discussed the milk quality with regard to milk contamination, bacteria and somatic cells count.

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

Non-achievements / underperformance

Coordination transformation activities with other relevant stakeholders is of critical importance to ensure that maximum synergy is achieved, resources are used optimally and our participants are not confused. Nonetheless, effective coordination is dependent on a common vision among stakeholders. During the period under review, engagements were made with the institutions / persons indicated below.

The department of agriculture, land reform and rural development (DALRRD) Agri-BEE Directorate was met to discuss criteria for funding potential black owned dairy enterprises. Furthermore, discussions were held with an official involved with blended funding to get clarity on the application process.

A representative of a private company which is interested in partnering with an emerging dairy entrepreneur to process milk into powder; was met to discuss how they could be assisted to identify black milk producers. Engagement with Nestle SA was done to discuss the involvement of Milk South Africa on a newly established cooperative in KZN. Nestle wanted to find out if Milk SA would be prepared to assist the new cooperative to purchase heifers and it was agreed that one on one meeting would have to take place before any decision could be made.

Owners of a commercial farm in Free State were met with their potential BEE partners who would like to buy shares of the commercial dairy. .

Engagements were made with the NAMC to discuss various issues including the identification of potential new project participants.

A representative of PIC was met together with an aspirant dairy farmer who would like to buy a dairy farm. PIC representative advised the aspirant dairy farmer on how to approach the whole idea of buying an existing commercial dairy farm.

There were no physical visits to the Provinces during the period under review. Visit to Western Cape, Free State and KZN provinces are planned for the second quarter of the year.

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Reasons for non-achievements / underperformance

The Transformation Manager started the year a little bit late and arrangements could not be made to visit the provinces.

Planned remedies for non-achievements / underperformance

Visits are being planned for the second half of 2021 pending the issues and availability of provincial officials.

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Income and expenditure statement

Income and expenditure statement	ED BUDGET 2021.pdf
Unnecessary spending during period	No

Popular Report

[Q1 REVISED POPULAR REPORT May 2021.pdfFinal.pdf](#)

Additional documentation

[ED BUDGET 2021.pdf](#)

[Q1 REVISED POPULAR REPORT May 2021.pdfFinal.pdf](#)

Statement

Levy funds were applied only for the purposes stated in the contract	No
Levy funds were applied in an appropriate and accountable manner	No
Sufficient management and internal control systems were in place to adequately control the project and accurately account for the project expenditure	No
The information provided in the report is correct	No