



## **ENTERPRISE DEVELOPMENT**

(PRJ-0304-2021)

**MG Rathogwa**

**Quarter 3 2021/2021** (July 2021 till September 2021)

### **Project goals**

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

##### ***Achievements***

Sustainable Commercialization Project came into being as a result of 2006-2009 Milk SA statutory levy surplus funds. Its Objective 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 Q3 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 748 cows in milk which was lower by 1.6% compared to 2021 quarter 2 (760 cows) and the milk volume increased by 12% from 523 852 kilogrammes in quarter 1 to 597 725 kilogrammes of milk delivered to buyers of raw milk during period under review.

The contracted private veterinarian has visited three dairy enterprises to check pregnancy status, dairy herd health and animal body condition score. Farmers were advised by the contracted veterinarian on corrective measures based on the findings during farm visits.

One beneficiary was visited in North West and the following challenges were mentioned by the entrepreneur.

Limited access to veterinary support services- both state and private veterinarians loathe going to the farm although the distance is only 23 kilometres;

High Eskom bill- the farmer was connected with solar power suppliers but Eskom outstanding debt and deposit for solar were a challenge;

Poor fodder flow because 60 hectares planted under maize for silage had a problem of water logging due to heavy rains in January 2021; and

Low milk production per cow due to imbalanced ration and inadequate feeding.

**The entrepreneur was connected with a supplier of solar power system to assist resolve the power issue. Unfortunately, the entrepreneur was not in a position to put a deposit and settle his outstanding debt with Eskom because the previous buyer of milk was still owing him money for milk supplied for a few months.**

Two meetings were also held during the period under review at Harrismith and Senekal respectively. The meeting at Harrismith was attended by Eleven (11) participants while Senekal was attended by Eight (8) participants. The following aspects were covered during the meetings: Sworn affidavits stating farmers responsibilities regarding development of their dairy enterprises; Fodder flow plan;

Blended funding; and  
Lucerne subsidy.

## **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 20 pregnant Jersey heifers was placed and is expected to be delivered during the fourth quarter of the year. The order for 20 pregnant Ayrshire heifers still as reported during the previous quarter was still outstanding due to unavailability of stock but there is some hope that it will be honoured during October 2021.

#### **Non-achievements / underperformance**

Delivery of heifers to one of the new beneficiaries has not yet been done.

#### **Reasons for non-achievements / underperformance**

The reason for non- achievements is scarcity of the pregnant Ayrshire heifers.

#### **Planned remedies for non-achievements / underperformance**

There is no special plan except hoping that the situation will improve regarding availability of heifers for sale.

### **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 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 depending on feed situation. In order to minimize shortage of fodder, the plan is to assist farmers to establish permanent pasture on a cost sharing basis. During the period under review, no pasture on cost sharing basis was established but 65 tonnes of lucerne were delivered to four entrepreneurs.

Two of them each received 20 tonnes while the third and fourth received 15 and 10 tonnes respectively. Ten (10) of 65 tonnes were to support newly delivered heifers. As reported during quarter two, the majority of the entrepreneurs are waiting for the blended funding to be

#### **Non-achievements / underperformance**

No permanent pasture during the period under review was established with the support of Milk SA.

#### **Reasons for non-achievements / underperformance**

Underground water still has to be assessed and farmers have to secure their contribution from their banks.

#### **Planned remedies for non-achievements /**

able to contribute their share of permanent pasture establishment cost. We insist on cost sharing to promote entrepreneurial mindset to protect Milk SA scarce resources against misuse without accountability.

### ***underperformance***

Business plans have been developed and farmers are in the process of submitting their business plans to their respective banks to qualify for blended funding.

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

### ***Achievements***

During the period under review upgrading of the milk tank from 850 litres to 2 300 litres has been done but the electricity cable and a 1 000 litre delivery tank are still outstanding due to the work overload of the contractor.

### ***Non-achievements / underperformance***

Delivery of critical enterprise on-farm infrastructure such as milking parlour upgrading, solar system installation, permanent pasture establishment, and milk tans could not be delivered during the period under review.

### ***Reasons for non-achievements / underperformance***

Government did not bring contribution on behalf of farmers, compliance certificates were still outstanding in some instances, beneficiaries could not pay deposit for the infrastructure needed and Milk SA did not have resources to spend of few enterprises.

### ***Planned remedies for non-achievements / underperformance***

Government promised some beneficiaries that they will get support next year, Milk SA has been advised that compliance certificate were being attended to and business plans for entrepreneurs have been developed and given to farmers for submitting to their respective banks.

## **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***

Two workshops were held during the period under review at Harrismith and Senekal respectively. The workshop at Harrismith was attended by Seventeen (17) participants while Senekal was attended by twelve (12) participants. The workshops were conducted in partnership with a dairy industry expert who also consults with commercial farmers. The following aspects were covered during the workshops:

Record keeping;  
Breeding and cow fertility;  
Fodder flow plan;  
Feeding for profitability; and  
Blended funding.

## ***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***

Co-ordination of transformation activities with other relevant stakeholders is of critical importance to ensure that maximum synergy is achieved, resources are used optimally and our project beneficiaries/ 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.

**Dairy Standard Agency (DSA).** A meeting was held with Chair: Transformation Committee, DSA Managing Director, Transformation Manger and the Transformation Officer to discuss the minimum compliance standards for processing, transporting and trading with processed milk. During the meeting, the Transformation Officer was introduced to the DSA and exposed to DSA's general and laboratory operations.

**Future Farmers Foundation.** A meeting was held with the CEO/Chairperson of Future Farmers Foundation in KZN. The meeting focussed on stipend support for interns working on farms abroad and locally. A formal request is still being awaited from the institution.

**Funding connections.** A meeting was held with Funding connections to establish if they could be of assistance in submitting our individual farmer business plans to IDC as they are experienced in business plans and processes of funding institutions. One business plan was submitted to them for their input but their fees appear to be exorbitant given the initial work done by Milk SA transformation team.

**Free State Dairy.** Two meetings were held with people interested in buying a stake in a commercial dairy in Free State. The potential buyers of stake in existing commercial wanted to know if Milk SA would support and to seek advice on approaching the deal to qualify for the Agri-BEE Fund.

**KZN Dairy Hub:** Advice was sought by an official from DALRRD on the proposed dairy hub in KZN around Ixopo. The matter was discussed with some dairy industry role-players but all contacted said they knew nothing about the proposed hub and, according to them, there was excess capacity. Information received from industry role players was shared with DALRRD who were still engaging with the IDC on the matter.

**Marketing Forum.** The marketing Forum meeting took place. The purpose of the meeting was to get feedback on the Agri-BEE Fund. The purpose of the fund is to support acquisition of stake in established agribusiness entities on condition the equity is  $\geq 26\%$  or where a black-owned agri-enterprise intends to start processing own production or production of other people. Applications will go via the DALLRD or Land Bank.

**Nedbank Engagements.** A webinar was organized by Nedbank Empowerment division to be educated about Milk SA commercialization project. Milk SA transformation programme was explained in full to two gentlemen from Nedbank. A subsequent webinar on sustainable dairy farming by WWF was also attended. What was encouraging was to learn that those implementing sustainable in farming practices were using less on fertilizers but yield even more tonnage of forage.

Visits to provinces to engage people responsible for dairy could not be done once again because of Covid-19. Nonetheless responses to a questionnaire were received from six (6)

provinces (EC. LP. WC, GP, FS and KZN) which have shared their data on Black- owned dairy enterprises.

CEO: MPO Eastern Cape. A request was received from CEO: MPO Eastern Cape to provide them with a list of Milk SA Smallholder Sustainable Commercialization project participants. The list was not provided in line with Milk SA policy on information of project participants but advised that the request be referred to the Eastern Cape Province department of agriculture which is responsible for agricultural development and supposed to have all information per district regarding agricultural development.

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

## Income and expenditure statement

Income and expenditure statement	<a href="#">ED BUDGET 2021.pdf</a>
Unnecessary spending during period	No

## Popular Report

[ED BUDGET 2021.pdf](#)

[Q3 21 Popular Report 15 Oct 2021.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