



ENTERPRISE DEVELOPMENT
(PRJ-0304-2021)
MG Rathogwa

Quarter 4 2021/2021 (October 2021 till December 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 Q4 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 817 cows in milk which was higher by 9.2% compared to 2021 quarter 3 (748 cows). Milk volume increased by 37% from 626 648 kilogrammes in quarter 3 to 858 338 kilogrammes of milk delivered to processors of raw milk during period under review.

A meeting was convened with one beneficiary and his milk buyer in KwaZulu-Natal to assess the performances of the dairy enterprise as agreed among the beneficiary, milk buyer and Milk SA. It was reported that enterprise's somatic cell count and butter fat content of milk from January to September 2021 had improved compared to the records of the same period in 2020. The beneficiary was advised to plant maize for silage and buy ready mixed dairy meal concentrate to ensure adequate and balanced feeding to boost milk production volume and quality.

Current beneficiaries were visited at Vereeniging, Welkom, Senekal and Harrismith. Farmers from Dewetsdorp, Tweespruit and Wepener were met in Bloemfontein. The purpose of the meeting was to remind the farmers that fodder flow, record keeping, dairy herd health were critical for the success of their enterprises and to strongly advise them not to commit Milk SA

financial unless the matter has been brought to the attention of and approved by Milk SA. This was prompted by the invoice for bulls which the seller sent to Milk SA and indicated that animals were already delivered to the farmers before it could be approved by Milk SA. In preparation for 2022 business skills development programme, farmers were visited to establish their business competency developmental needs which the NAMC has also requested Milk SA to submit a proposal for support.

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

During the period under review, 40 pregnant Jersey heifers were delivered to two beneficiaries, each one receiving 20 heifers. Other twenty (20) pregnant Ayrshire heifers were also delivered to a third new beneficiary. It should be noted that during 2021 availability of pregnant heifers was very limited and delivery to beneficiaries was overly delayed.

No Non-achievements / underperformance has been reported

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 on farms, the plan is to assist farmers to establish permanent pasture on a cost sharing basis. During the period under review a total of 257.3 tonnes of lucerne were delivered to fourteen beneficiaries. The quantity delivered per farmer ranged from 5 tonnes to 40 tonnes. Milk volume of the majority (71.4% of the 14 beneficiaries) of beneficiaries who bought lucerne, their milk production per cow has

Non-achievements / underperformance

Not all farmers were assisted for planting maize for silage and establishment of permanent pasture.

Reasons for non-achievements / underperformance

Some farmers did not bring quotations for both maize silage and permanent pastures establishment as agreed. Furthermore, some input suppliers could not give us invoices when requested in addition to more than average rain which prevented farmers from getting into lands.

improved compared to quarter 3 of 2021. One beneficiary who did not take advantage of the lucerne subsidy, his productivity per cow was the lowest of them all. Lucerne was 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 the previous two quarters. A total of 3.5 tonnes of dairy meal concentrate was delivered to one beneficiary on a 40%:60% cost sharing basis between the beneficiary and Milk SA. For the period under review, two beneficiaries were assisted to plant 58 hectares and 45 hectares under maize for silage respectively. A support was given on 50%:50% cost sharing basis between beneficiaries and Milk SA. This opportunity was communicated with all beneficiaries during workshops which took place during October 2021. We insist on cost sharing to promote entrepreneurial mind-set and to protect Milk SA's scarce resources against misuse without accountability.

Planned remedies for non-achievements / underperformance

Farmers will be encouraged to plant winter greens and permanent pasture where it is possible.

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

Achievements

During the period under review, delivery of the electrical cable has been done for a one beneficiary. The farmer now says that he needs at least 1 500 litre delivery tank with wheels instead of 1 000 litre as previously 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

Two workshops were held during the period under review at Harrismith and Senekal respectively. The workshops were attended by a total of 30 participants representing 16 projects. Participants at Harrismith workshop were 19 while at Senekal were 11. The workshops were conducted in partnership with a dairy industry expert who also consults with commercial farmers.

The workshops were based on results of the analysis of business activities recordings for March to August 2021. The following items were covered:

- a. Cow fertility;
- b. Milk production;
- c. Number of cows in milk;
- d. Dairy meal concentrate per cow per day;
- e. Farmers' milk income;
- f. Fodder flow; and
- g. Dairy herd health.

At the conclusion of the two workshops, the dairy expert advised farmers to ensure that their record keeping of business activities were correct at all time. He further advised them that they should not submit wrong information to impress Milk SA. Farmers in general were very happy with the training they received from the dairy expert and one of them would like to engage the dairy expert at their own cost.

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.

A webinar convened by Dairy Standard Agency (DSA) was attended. The purpose of the webinar was to discuss the importance of cold chain in the dairy industry value chain, to bring more clarity on the basic principles of efficient milk cooling, milk hygiene and quality, cooling technologies and calibration of thermometers.

A meeting between the National Agricultural Marketing Council (NAMC) and Milk SA was convened to discuss skills development plan for smallholder producer and agri-preneurs. Milk SA was advised to submit its skills development proposal for its transformation beneficiaries. NAMC will merge rand to rand with Milk SA to the cost of training of any skills related to climate smart agricultural practices, marketing and distribution, agro processing and entrepreneurship skills amongst transformation project beneficiaries.

A visit to a new potential project was made with the NAMC in Vryheid, KwaZulu-Natal. The project visited wants to revitalise and operationalise the existed dairy in the farm. The following

resolutions were agreed upon between the NAMC and Milk SA, as well as the two project representatives who were in the farm:-

- a. Milk SA could not be involved in a project were there are no dairy animals;
- b. The NAMC should engage the relevant department of agriculture to assist to re-vitalize the project;
- c. Milk SA will make its decision whether to support the project or not thereafter; and
- d. The project management and ownership should be agreed upon by all beneficiaries before any investment could be made by Milk SA.

4. A visit to the existing beneficiary in Dundee was also done along with the NAMC representatives.

5. One farmer who was already approved and currently selling his milk to a registered processor was visited to cement a relationship with Milk SA by addressing outstanding matter regarding lease agreement with DALRRD.

6. Another land claimant was visited at Giyani to assess dairy potential, but the transfer of the claimed property of about 18 000 hectares is being finalised by DALRRD.

7. Another visit to a potential project at Ventersdorp area in the North West Province was done but the Transformation Manager and Officer could not see the animals on arrival at the farm. The farmer said that animals were already out to the grazing fields. Milk SA will make another visit to check if indeed animals are there before a final decision is made on whether to maintain relationship or not.

8. Another beneficiary from the Eastern Cape approached Milk SA to be assisted with a business plan in order run a dairy enterprise with other cooperative members on a farm which is currently owned by military veterans. The potential beneficiary who is also been supported by Nestle was advised to get a lease agreement from the military veterans.

9. Two meetings were convened by Agribusiness Development Agency (ADA) with an existing beneficiary in KwaZulu-Natal Province and Milk SA attended the meeting. The milk buyer and representatives from the local department of agriculture were also part of the meeting to discuss how the existing project could be operationalized to its full capacity considering the newly constructed milking parlour with 10 000 litres tank capacity, supported by ADA. The following resolutions were taken during the meeting:

- a. Local Department of Agriculture, Land Reform and Rural Development to assist the beneficiary with a fodder flow plan and dairy herd health assessment;
- b. ADA to revise and update the existing business plan/ proposal to secure possible funding to support the project; and
- c. The beneficiary to balance the number of beef cattle's versus its dairy herd over time to minimize resources competition in the farm.

No Non-achievements / underperformance has been reported

Income and expenditure statement

Income and expenditure statement	Q4 2021 POPULAR REPORT.pdf
Unnecessary spending during period	No

Popular Report

[Q4 2021 POPULAR REPORT.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