



ENTERPRISE DEVELOPMENT

(PRJ-0315-2022)

Milk SA

Quarter 1 2022/2022 (January 2022 till March 2022)

Project goals

Goal 1 - Monitor existing Milk SA approved small holder 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 Q1 2022 report on the objectives set for 2022.

During the period under review monitoring focused on milk production, fodder flow, animal feeding, and business activities record keeping of nineteen project beneficiaries operating in the Eastern Cape, Free State, Gauteng, KZN and North West Provinces. There were 768 cows in milk which was lower by 6% compared to 2021 quarter 4 (817 cows). Milk volumes declined by 13% from 858 338 kilogrammes in quarter 4 of 2021 to 756 688 kilogrammes of milk delivered to buyers of raw milk during period under review. Compared to Q1 2021 cows in milk went down by 14% from 892 to 768; which decline also resulted in reduced milk volume by 12%.

Current beneficiaries were visited at Delareyville, Dewetsdorp, Dundee, Harrismith, Indwe, Matatiele, Senekal, Tweespruit, Vereeniging, Welkom and Wepener. The purpose of the visits was to assess circumstances of each enterprise, especially fodder flow situation as was agreed during the last quarter of 2021. It was found that thirteen of the nineteen farmers had planted maize for silage ranging from a minimum of five hectares to fifty eight hectares. During the visit, farmers complained about too much rain that prevented them from getting into lands. However, the majority of farmers (17) planted oats and Japanese radish.

The challenges facing farmers were as follows:

- a. Animal theft;
- b. Veterinary service access still poor;
- c. Lack of implements prevented some farmers not to plant for fodder ;
- d. Low rainfall in some areas compromised the quality of maize planted for silage as the maize silage planted were facing heat stress;
- e. The majority of farmers delayed to plant winter or green pasture as lands were waterlogged;
- f. Two farmers had lost the market due to small milk volumes after some commercial farmers stopped their dairy enterprises and the milk collector stopped the route; and
- g. Two farmers had problem with power cut which affected their milk and milking process.

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

There were no pregnant heifers delivered during the period under review but an order for seventy pregnant heifers has been made for two beneficiaries on a 40%:60% cost sharing basis between the beneficiary and Milk SA. The delivery will be made during the second quarter of 2022. One beneficiary will receive 40 pregnant heifers and the other will receive 30 pregnant heifers.

No Non-achievements / underperformance has been reported

Goal 3 - Fodder flow improvement on farms to ensure properly fed animals, good milk production, regular breeding and effective calf rearing.

Achievements

Adequate fodder flow is very important for a dairy cow to be productive provided other critical inputs are adequate. Milk SA project beneficiaries 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 155 tonnes of lucerne was delivered to nine beneficiaries out of 19 project participants on a 30%:70% cost sharing basis between the beneficiary and Milk SA. The quantity delivered per farmer ranged from 10 tonnes to 25 tonnes. A total of 95 tonnes of dairy meal concentrate were

delivered to three beneficiaries on a 40%:60% cost sharing basis between the beneficiary and Milk SA. Thirteen out of nineteen beneficiaries reported have planted a total of 367 hectares of maize for silage. Out of the thirteen, only two were assisted by Milk SA after invoices were confirmed by input suppliers while others' invoices could not be confirmed.

No Non-achievements / underperformance has been reported

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

Achievements

During the period under review, no critical enterprise on-farm infrastructure including affordable processing equipment has been supplied. As reported during Quarter 4 of the year 2021, one beneficiary who is a processor of raw milk had requested assistance for at least 1 500 litre delivery tank. The support could not be made as the beneficiary reported to the Transformation Manger that he would be leaving the dairy business at the end of March 2022 because of lack of a profitable market which has halved and the beneficiary being unhealthy.

Non-achievements / underperformance

A 1 500 litre delivery tank could not be delivered to the beneficiary who requested assistance in this regard.

Reasons for non-achievements / underperformance

The beneficiary said he was still waiting for the supplier and eventually informed Milk SA that he was leaving the dairy business due to market deterioration and ill-health.

Planned remedies for non-achievements / underperformance

There will be no further action because the beneficiary informed Milk SA that he will be leaving the dairy business by end of March 2022.

Goal 5 - Capacitate new and existing black dairy entrepreneurs and their workers in critical dairy enterprise / business competencies and dairy processing-Milk SA resources and external professionals. All costs included.

Achievements

No formal workshops have been done during the period

Non-achievements / underperformance

under review but beneficiaries were advised telephonically and verbally during farm visits.

No workshops were conducted during the period under review.

Reasons for non-achievements / underperformance

Beneficiaries and dairy technical skills consultant were not available.

Planned remedies for non-achievements / underperformance

Workshop will be conducted during the forthcoming quarters.

Goal 6 - Coordinate and liaise with Government at all levels -AgriB-EE 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 amongst stakeholders. During the period under review, engagements were made with the institutions / persons indicated below.

1. National Agricultural Marketing Council (NAMC)

A team of two personnel from the National Agricultural Marketing Council (NAMC) were taken to see Milk SA's project beneficiaries at Dewetsdorp, Harrismith, Senekal, Tweespruit, Vereeniging, Welkom and Wepener to assess performance and challenges which were being experienced by beneficiaries. This was done in order to advise the Minister of Agriculture on Milk SA's progress on transformation and to assess the opportunity of promoting agro-processing activities amongst black owned dairy enterprises.

The NAMC also convened an Agricultural and Food systems Resilience: Increasing Capacity & Advising Policy (AFRICAP) policy dialogue webinar and was attended by both Transformation Officer and Transformation Manager through webinar. It was advised that farmers need to be well equipped in all skills regarding climate-smart and sustainable agricultural development in order to minimize and survive the effects of climate change. Environmental conservation agricultural practices were emphasised that it would help to protect the environment and to reduce both the impacts of climate change on agricultural systems and the contribution of the agricultural practices to greenhouse gas emissions through sustainable land management.

The NAMC questionnaire regarding Milk SA transformation project was completed and submitted. The purpose of the questionnaire was to monitor and evaluate the status of Milk SA transformation project and if the transformation funds have yielded the intended benefits for the targeted beneficiaries. This exercise is performed annually and the NAMC Transformation status report will be produced based on the information provided.

As reported during quarter 4 of 2021, Milk SA was advised to submit its skills development proposal for its transformation beneficiaries to the NAMC. The NAMC will match rand to rand with Milk SA for the cost of developing entrepreneur skills related to climate smart agricultural practices, marketing and distribution, agro processing and entrepreneurship skills amongst transformation project beneficiaries. Milk SA is waiting for the NAMC's decision and communication regarding the implementation of the proposal.

2. Nedbank

A meeting took place between Nedbank and Milk SA. The purpose of the meeting was to discuss and share common interests between Nedbank and Milk SA regarding empowerment of black owned enterprises in the dairy industry. The two personnel from the Nedbank have highlighted that the Nedbank has an agricultural empowerment solutions and that they would like to partner with industry associations and stakeholders for them to gain better insight into the industry and challenges facing, and can, therefore, provide information and solutions that could help to address identified challenges and optimise opportunities. Nedbank would like to support growth in the agricultural sector and to support black farmers to be sustainable.

3. Marketing Forum

The Marketing Forum meeting was attended by both Transformation Manager and Transformation Officer through Microsoft teams.

a. SAGAP performance

The main goal of the SA-GAP Certification Programme is to assist smallholder producers of fresh produce to access both local and international markets by producing good quality products that comply with food safety and quality standards as required by the market. DALRRD is putting all efforts to assist many farmers as possible to get SAGAP certificate so that they could be able to access both local and international markets with good quality products that meet markets standards.

b. Capacity building

DALRRD has capacity building programme which intend to build agribusiness competencies through workshops that provides necessary information regarding markets of specific agricultural commodities. The programme is running throughout the Provinces.

C. AGRIBEE FUND

The DALRRD continued to provide the feedback in all the developments regarding the AgriBEE fund and application is still open for farmers.

4. Department of Agriculture, Land Reform and Rural Development (DALRRD)

A meeting took place during the period under review to get more information about planned dairy agri-hub in KwaZulu-Natal Province. It was learned that National Treasury did not approve of the planned KZN agri-hub.

5. Potential new beneficiary

a. A follow-up visit to a potential project at Ventersdorp area in the North West Province was done. As reported during quarter four of the year 2021, the Transformation Manager and Officer could not see the animals on arrival at the farm. The Transformation Manager and Officer could not find the farmer during their second visit and the farmer was not found over the phone. Moreover, the farmer did not return Milk SA Transformation Manager and officer's phone calls. As a result, Milk SA would not be able to make a final decision whether to maintain relationship or not.

b. Another potential project beneficiary was visited at Sedibeng District Municipality in the Gauteng Province was done. The project farm size is approximately 8.4 hectares and has 60 dairy animals comprising 52 Holstein Friesian and 8 Jersey cows. The farmer has a market and was also planning to buy a proper dairy with equipment in order to start processing milk by his own. Due to limited farm size, he is grazing his cows from his neighbour's farm who is said to be in Canada. The farmer was advised to secure an economical viable farm size before any final decision could be made whether to recommend him to be part of the project. A further follow-up will be made.

No Non-achievements / underperformance has been reported

Income and expenditure statement

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| Income and expenditure statement | 2022 ED BUDGET APPROVED BY NAMC docx (1).pdf |
| Unnecessary spending during period | No |

Popular Report

[Q4 2021 POPULAR REPORT.pdf](#)
[Q1 Popular Report MGR 12 April 2022 .pdf](#)

Additional documentation

[Q1 Popular Report MGR 12 April 2022 .pdf](#)

Statement

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| 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 |