



## **ENTERPRISE DEVELOPMENT**

(PRJ-0315-2022)

### **Milk SA**

**Quarter 2 2022/2022** (April 2022 till June 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 Q2 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 twenty-one project beneficiaries operating in the Eastern Cape, Free State, Gauteng, KZN and North West Provinces. There were 797 cows in milk which number was lower by 4% compared to 2022 Q1 (832 cows). Milk volume declined by 25% from 759 733 kilogrammes during 2022 Q1 to 569 118 kilogrammes of milk delivered to buyers of raw milk during the period under review. When compared to 2021 Q2 cows in milk went up by 5% from 760 to 797. The increase in the number of cows also resulted in increased milk volume by 9% from 523 852 kilogrammes to 569 118 kilogrammes during the same period.

Current beneficiaries were visited at Delareyville, Dundee, Harrismith, Senekal and Welkom as part the regular monitoring and evaluation programme. The following aspects were discussed during the meetings: comparison of milk production from year to year, list of farm enterprises in a priority ranking order, fodder flow situation and feeding plan for the year; challenges facing dairy enterprise's performances, and strategies to address farmer enterprise challenges and future goals/ objectives.

The beneficiaries expressed that they were challenges facing beneficiaries were as follows:

- a) Adverse weather conditions either too much heat or waterlogging adversely affected planting and or harvesting of crops planted for either silage or winter pastures, thereby negatively affecting both quality and availability of fodder.
- b) Access to veterinary services remained a challenge due to shortage of state veterinarians and high cost of private veterinarians. This is worsened by poor road conditions.
- c) Load shedding negatively affects the quality of milk for farmers who do not have backup power supply.
- d) Lack of farm machineries such as tractors was negatively affecting farm operations since some farmers could not plant in time or plant at all due to shortage of private ploughing services.
- a) Breeding was a serious problem on some farms because bulls were either old

or infertile. Furthermore, poor recording system that would assist farmers to give cows a bull or do artificial insemination at the right time was also an issue.

b) Some enterprises lacked proper management due to appointment of people with limited understanding of a dairy business. This situation was worse where a dairy enterprise was a cooperative.

c) Stock theft was a challenge in areas where our farmers are running their dairy enterprises.

d) Most of the farms did not have enough underground water that could be used to irrigate planted pastures.

### ***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 seventy pregnant heifers delivered during the period under review for two beneficiaries on a 40%:60% cost sharing basis between the beneficiary and Milk SA. The first beneficiary received 40 pregnant heifers and the other beneficiary received 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 the 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, no permanent pasture on cost sharing basis was established but 105 tonnes of lucerne were delivered to five beneficiaries out of twenty-one 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 35 tonnes. A total of 87 tonnes of dairy meal concentrate and 10 tonnes of teff were also delivered to one beneficiary on a 30%:70%

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

Sufficient fodder could not be produced.

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

Farmers themselves could not produce enough maize silage, and could also not plant enough winter greens due to water logging.

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

MilkSA will assist farmers to buy lucern, and to plant winter greens and maize silage.

and equal cost sharing basis respectively between the beneficiary and Milk SA. Moreover, two beneficiaries were assisted to cut 44 and 8 hectares under maize for silage respectively on an equal sharing basis between the beneficiary and Milk SA.

#### **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 was supplied. One beneficiary who is a processor of raw milk had requested assistance for at least 1 500 litre delivery tank. As reported during quarter one, the support could not be made as the beneficiary reported to the Transformation Manager that he would be leaving the dairy business at the end of March 2022 because of lack of a profitable market which had halved, and also due to the beneficiary's health issues. The beneficiary could no longer leave the dairy business as was reported. Milk SA will be assessing the beneficiary's commitment to and accountability on business performance before any support could be made.

***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 and dairy processing-Milk SA resources and external professionals. All costs included.**

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

As reported during the previous quarter, no formal workshops have been done during the period under review but beneficiaries were advised telephonically and verbally during farm visits.

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

#### **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.

6.1 National Agricultural Marketing Council (NAMC)

The National Agricultural Marketing Council was met during the period under review regarding Ministerial funds and the business plan for 2022. They had expressed their desire to visit some project beneficiaries to expose their Transformation Review Committee members.

As reported during the previous quarter, Milk SA had submitted its skills development proposal for its transformation beneficiaries to the NAMC on the AgriSETA skills development fund allocation. The proposal was accepted and the memorandum of understanding (MoU) between the NAMC and Milk SA has been signed. Milk SA is still waiting for the NAMC's communication regarding the implementation of the proposal.

## 6.2 Marketing Forum

Transformation Manager and Transformation Officer participated in the Marketing Forum meeting through Microsoft teams. The following aspects were discussed; -

### 6.2.1 SAGAP performance report /

The main goal of the South African Agricultural Good Practice (SAGAP) 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. Perishable Products Export Control Board (PPECB) reported on the progress regarding SAGAP certification of farms and the majority of vegetable producers were audited across the provinces. The PPECB was willing to assist farmers who are interested in SAGAP certification in the future so that they could be able to comply with both local and international market standards.

### 6.2.2 Capacity building

As reported during the previous quarterly report, DALRRD has capacity building programme which intends to build agribusiness competencies through workshops that provide necessary information regarding markets of specific agricultural commodities. DALRRD continued to provide feedback on all developments regarding their capacity building programme which was running throughout the provinces.

### 6.2.3 AGRIBEE FUND

As reported in quarter one the DALRRD continued to provide feedback on all the developments regarding the Agri-BEE fund and the application was still open for farmers.

## 6.3 Department of Agriculture, Land Reform and Rural Development (DALRRD)

A meeting took place between Milk SA and DALRRD to discuss the following aspects: transformation of the South African dairy industry, partnership of stakeholders involved in dairy development, state veterinary services for blackowned dairy enterprises, and land reform dairy farms. It was learnt that there was a lack of partnership between provincial departments and Milk SA towards supporting dairy enterprises due to their complexity and capital intensiveness. However, the DALRRD agreed that they would co-ordinate the provision of agricultural extension services throughout the provinces including the areas where Milk SA's transformation projects are located.

## 6.4 NAMPO 2022

NAMPO Harvest Day 2022 was attended by both Transformation Manager and Transformation Officer. The purpose of the visit was to engage with Nedbank as invited, meet some of project beneficiaries together with some suppliers of moveable agricultural farming inputs which farmers were planning to buy with Milk SA support'. One of the positive outcome of the visit is that one of the honest suppliers of irrigation equipment advised us that centre pivot could not be bought unless there is certainty of water volume. They had an opportunity to meet and engage with various exhibitors and other role players in the agricultural industry to learn about the latest technology and products on offer in the farming industry, not only in South Africa but around the world.

## 6.5 Milk buyer

A meeting with a milk buyer at Dundee area, KwaZulu-Natal Province also took place to discuss one of Milk SA's transformation beneficiaries' milk production performance, challenges experienced and possible solutions to improve enterprise performance. The milk buyer indicated that they would like to see an improvement in milk quality and volume from the beneficiary. The main challenge of the beneficiary was lack of fodder flow as they could not cut maize which was planted

for silage due to waterlogging. They were planning to buy maize silage from another farmer at Ladysmith but the price was out of affordability.

#### 6.8 UMzinyathi District Development Agency

A meeting took place between UMzinyathi District Development Agency (UDA) in KZN and Milk SA to discuss the empowerment programme that UDA has for blackowned dairy enterprises in UMzinyathi District, KwaZulu-Natal Province. It was learned that the UDA had already assisted one farmer who is part of Milk SA's sustainable commercialisation smallholder dairy enterprises programme by taking over the project from the initial funder. The UDA would like to form a partnership with Milk SA in order to support the current project and other dairy farms that would emerge around UMzinyathi District in the future.

#### 6.8 Potential new beneficiaries

A follow-up meeting with a potential project at Sedibeng District Municipality in the Gauteng Province was done. The farmer was advised to secure an economically viable farm size before any final decision could be taken on whether to recommend him to be part of Milk SA transformation programme because he was operating on about five hectares. The farmer indicated that he had already started looking for economically viable land size and would notify Milk SA as soon as the land is found and secured.

Other three meetings were held at Giyani, Mokopane and Smithfield respectively and each farmers was advised either to go development financial institutions.

Another potential farmer in the Eastern Cape was advised to look for quotations for his enterprise needs pending consideration of his participation in the Milk SA Transformation programme by the Internal Management Committee.

#### 6.9 Free State Agri-BEE Council

One meeting was attended in Bloemfontein and the council was assisted to develop a questionnaire to promote objectivity in dealing with agricultural transformation issues. Furthermore, a conference on small business development was also attended and the emphasis of supporting true entrepreneurs was made. Two of our project beneficiaries were introduced to the department of economics, small business development, tourism and environmental affairs (DESTEA). These two beneficiaries are now getting attention for support from DESTEA.

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

## Income and expenditure statement

Income and expenditure statement	<a href="#">Q2 Popular Report 19 July 2022 MGR.pdf</a>
Unnecessary spending during period	No

## Popular Report

[Q2 Popular Report 19 July 2022 MGR.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