



ENTERPRISE DEVELOPMENT

(PRJ-0315-2022)

Milk SA

Quarter 3 2022 (July 2022 till September 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 a grant funding from the Jobs Fund programme and secured R10.35M. Below follows Q3 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 732 cows in milk which was lower by 8% compared to 2022 quarter 2 (797 cows). Milk volumes increased by 19% from 569 118 kilogrammes during 2022 quarter 2 to 677 558 kilogrammes of milk delivered to buyers of raw milk during the period under review. Compared to 2021 Q3, cows in milk declined by 2% from 748 to 732; but milk volume increased by 13% from 597 725 kilogrammes to 677 558 kilogrammes. Cow number decrease can be attributed to stock theft and mortality.

Meetings were held during the period under review with the current beneficiaries at Bloemfontein, Delareyville, Harrismith and Senekal as part of the regular monitoring and evaluation programme. The following aspects were discussed during the meetings: historical milk production, fodder flow, Milk SA special support on a 25%:75% cost sharing basis, private veterinary services support by Milk SA; soil sampling and testing, Nestle SA sustainability programme, and Free State DALRRD applications for farmers support. Beneficiaries were advised that there would be no further support from Milk SA to a non-improving beneficiary in terms of milk productivity per cow per day.

The critical challenges that faced beneficiaries during the period under review were as follows:

- a. Low milk production per cow due to poor fodder flow and inadequate feeding;
- b. Public veterinary services was still non-existent;

Load shedding negatively affected milking and milk quality of farmers who do not have a backup power supply;

Fire outbreak burnt the whole grazing land of one beneficiary.

Stock theft and vandalising of farm property

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

Forty-five pregnant heifers were delivered during the period under review for one beneficiary on a 25%:75% cost sharing basis between the beneficiary and Milk SA respectively.

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 at all times. Adequate fodder flow 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 strategic 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 303 tonnes of lucerne and 272.5 tonnes of dairy meal concentrate were delivered to thirteen beneficiaries out of twenty-one project participants on a 25%:75% cost sharing basis between the beneficiary and Milk SA respectively.

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 was supplied.

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

During the period under review seven (7) beneficiaries were taken to attend the conference on Dairy Farming in SA for Sustainability & Profitability, convened by KPR conferences and Trading Pty Ltd. The conference was attended by Milk SA Transformation personnel; where the Transformation Manager made a presentation regarding the background on transformation of the dairy industry in South Africa. The presentation highlighted, amongst other things, the following aspects: -

- a. Milk SA is a Section 21 Company (Non-profit Company) comprising Milk Producer's Organisation (MPO) and South African Milk Processors Organisation (SAMPRO)
- b. Milk SA's mission to promote the image and consumption of South African dairy products amongst consumers and the broader population; and to develop the dairy industry through rendering of value-added services to industry participants, consumers and the broader South African population. Specifically Milk SA promotes dairy industry growth, promote international competitiveness, provides market signals to role-players, creates confidence in dairy products and promotes equitable transformation.
- c. Milk SA's vision is promoting a healthy South African dairy community
- d. Current product and levy rates as sources of Milk SA funds were shared with conference participants.
- e. Milk SA's transformation mission is to facilitate the establishment of profitable black dairy entrepreneurs by ensuring business competency development, access to loan finance, access to support services, reduction of constraints and exposure to the dairy industry.
- f. Milk SA's transformation vision is a sustainable dairy industry development that reflects demographics of South Africa.
- g. The following aspects were covered by experts during the conference:
 - i. Participation of youth in agriculture;
 - ii. Funding opportunities;
 - iii. The economic aspect of dairy farming;
 - iv. Purchasing a dairy farm and the aspects to consider
 - v. Calves rearing;

- vi. Feeding and fodder management;
- vii. Reproduction system of the dairy cow and bull;
- viii. Artificial insemination vs natural breeding;
- ix. Bull selection, genetic aspects and genetic improvements;
- x. Diseases;
- xi. Fodder flow and pasture management;
- xii. The importance of soil testing and analysis;
- xiii. Milking parlour, cold chain requirements and management programs;
- xiv. Dairy hygiene.

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

Coordination 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.

National Agricultural Marketing Council (NAMC)

One meeting was held between the NAMC and Milk SA during the period under review to discuss requests they received for support to start dairy farming and another existing milk processor who was looking for a potential market locally and internationally. The meeting resolved that NAMC would assess the two projects internally and thereafter advise the projects accordingly. With regard to the new project, the NAMC was advised that Milk SA policy does not support a new project that does not have dairy cows in milk and should have at least 100 hectares of land to promote efficient running of a dairy enterprise.

NAMC further expressed their desire to visit some project beneficiaries to expose their Transformation Review Committee members. The visit is envisaged take place during quarter four of the current year.

As reported during the previous quarter, Milk SA had submitted its skills development proposal for its transformation beneficiaries to the NAMC on their request for submitting to the Agri-SETA skills development fund allocation. The proposal was accepted and the memorandum of understanding (MOU) between the NAMC and Milk SA was signed. Milk SA is still waiting for the NAMC's communication regarding the implementation of the proposal.

Dairy Standard Agency (DSA) webinar

The Dairy Standard Agency webinar meeting was attended by both Transformation Manager and Transformation Officer. The webinar shared information about Foot and Mouth Disease (FMD). It was learned that it is the responsibility of every member of the industry to report any suspected FMD cases and put in place proactive measures to mitigate the risk of spreading FMD around the country. Vaccination of animals against FMD is crucial to ensure total dairy herd health management.

Marketing Forum

The Marketing Forum meeting was attended by the Transformation Manager through Microsoft teams. The following aspects were discussed; -

a. SAGAP performance report

The Perishable Products Export Control Board (PPECB) continued to report on the progress regarding the SAGAP certification of farms across the Provinces.

b. Capacity building

The DALRRD continued to provide feedback on all developments regarding their capacity-building programme which was running throughout the provinces.

c. AGRIBEE FUND

The DALRRD continued to provide feedback on all the developments regarding the Agri-BEE fund and the application was still open for farmers.

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

A meeting took place between Milk SA and the Department of Agriculture, Land Reform and Rural Development (DALRRD). The purpose of the meeting was to discuss Service Level Agreement between Milk SA and DALRRD for supporting new potential dairy projects. The DALRRD would like to form a strategic partnership with Milk SA to support the development of six potential projects on their database. Milk SA will conduct a situational analysis of any projects to be shared by DALRRD in order to make an informed decision on whether to intervene in the development of these projects or not. Milk SA is waiting for DALRRD communication regarding the above-mentioned six projects.

A meeting also took place between Milk SA and the DALRRD Agri-BEE fund Cooperatives Directorate. The purpose of the meeting was for DALRRD to make an official presentation and introduce the Agri-BEE funding and its nature to Milk SA. The Milk SA will share a list of potential projects with DALRRD that could be assisted with Agri-BEE fund opportunities. Visits to the projects will be done to assess the projects before prior any project application of the Agri-BEE fund commence to assess if the project is viable and suitable for the fund or not.

PARLIAMENTARY QUESTIONS

The Transformation Manager was approached to assist regarding the parliamentary

question below:-

“What steps has she and/or her department taken to support South African milk producers by ensuring that (a) rising costs in the sector do not contribute to food insecurity in the Republic and (b) milk remains affordable for the poorest in society”?

The dairy industry, like many other industries, is under pressure due to cost increases which are to a large extent, the result of developments in the international market;

b) The dairy industry, like many other industries, is hamstrung by the slow economic growth in South Africa and the Government is given high priority to actions aimed at promoting economic growth;

c) The dairy industry is one of the most demanding and complex industries, as its production processes are continuous (24 hours a day, 365 days a year) and due to the huge number of different scientific fields, which are relevant;

d) The dairy industry participates in the Agricultural and Agro-Processing Masterplan initiative. In terms of this initiative, various actions to improve the competitiveness and growth of the dairy industry and other industries, were identified and are attended to; and

e) Through regulation implemented by the Minister, in terms of the Marketing of Agricultural Products Act and which are administrated by Milk SA, of which the members are MPO and SAMPRO, a variety of actions are taken to improve the competitiveness and development of the dairy industry. These actions are in respect of issues such as:

- i. Consumer education;
- ii. Promotion of the quality of dairy products;
- iii. Research especially aimed at resolving theoretical challenges;
- iv. Market signals to promote the effective working of markets;
- v. Support for small black enterprises in the dairy industry;
- vi. Food safety and compositional standards; and
- vii. International trade and international trade agreements.

Irrigation infrastructure supplier

In an effort to assist farmers to establish permanent pasture on their farms, a meeting took place between Milk SA and the supplier of centre pivot irrigation system to get more information. It was learned that a centre pivot irrigation system requires a farmer to have sufficient water around the farm. It was also advised that farm assessment regarding the suitability of the centre pivot irrigation needs to be done by an expert before centre pivot irrigation infrastructure is installed on the farms.

No Non-achievements / underperformance has been reported

Income and expenditure statement

Income and expenditure statement	Q3 P Report 19 Oct 2022 MGR True.pdf
Unnecessary spending during period	No

Popular Report

[Q3 P Report 19 Oct 2022 MGR True.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