



## ***Enterprise Development***

**(PRJ-0356-2023)**

***Godfrey Rathogwa***

***Year 2023*** (January 2023 till December 2023)

### **Project goals**

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

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

During the year under review, monitoring continued to focus on dairy herd health, breeding, milk production, fodder flow, animal feeding, and business record keeping. Advice to entrepreneurs was given based on the actual circumstances of their enterprises.

On average, there were seven hundred sixty (760) cows in milk among 21 smallholder dairy enterprises during the year under review. Farmers supplied 2 393 984 kilogrammes of milk to processors or consumers. During the reporting period, milk volume declined by 18% from 2 909 076 kilogrammes to 2 393 984 as the number of cows in milk dropped from 827 to 760 compared with 2022.

Seventeen (17) beneficiaries were visited at Dewetsdorp, Dundee, Harrismith, Kokstad, Matatiele, Senekal, Tweespruit, Vereeniging, Welkom, and Wepener. The visits were undertaken to assess the circumstances of each enterprise, particularly the fodder flow situation. It was found that eight of the 21 beneficiaries had cut a total of **151** hectares of maize for silage. The hectares cut ranged from a minimum of **7** hectares to **46** hectares with an average range of **12** to **50** tonnes per hectare. It was also found that ten beneficiaries had planted oats on a total of **258** hectares, ranging from **2** hectares to **80** hectares per farm. Six beneficiaries planted **59** hectares of Japanese radish ranging from **2** to **20** hectares per farm.

Sixty-three 63 mature cows died amongst 12 beneficiaries as a result of incidents such as lumpy skin, snake bite, calving difficulties, red water, feed poisoning and gall sickness. Beneficiaries were strongly advised to consult their local veterinarians for information regarding vaccination programmes and integrated dairy herd disease management programmes. Various measures have been recommended to minimize animal theft around farms, such as electric fences and cameras. Moreover, beneficiaries were encouraged to consider livestock insurance and to hire security companies to monitor their farms regularly. General advice

Farmers have identified the following challenges:

Adverse weather conditions such as too much heat or waterlogging adversely affected the planting and or harvesting of crops planted for either silage or winter pastures. This adversely affected both quantity and quality of available fodder.

Access to veterinary services remained a challenge due to the shortage of state veterinarians and the high cost of private veterinarians. This was worsened by poor road conditions and a lack of transport means and veterinary service wherewithal among state veterinarians.

Load shedding negatively affected the quality of milk for farmers who did not have a backup power supply.

Cow mortality was high due to diseases such as lumpy skin and red water

Breeding was a serious problem on some farms because bulls were either too old or infertile.

Stock theft and vandalism of farm property were still rampant on farms. Three beneficiaries lost their animals due to stock theft. One lost six cows, another lost two cows and the last lost a bull. Another beneficiary also recovered his stolen tractor near the Lesotho border. Still, another beneficiary survived a farm break-in and kidnapping.

One beneficiary lost her on-farm eragrostis grass bales and grazing land due to a fire-outbreak from the neighbour.

As reported previously, management of cooperative enterprises remained a challenge: a sense of ownership and thus commitment to the success of the enterprise is lacking in cooperatives compared to family-owned enterprises. Additionally, businesses owned by elderly entrepreneurs without children or young committed employees are at risk of business continuity. Succession planning was recommended to all entrepreneurs to ensure the continuity and sustainability of their enterprises. Workshops on succession planning will be run again in 2024 as done previously.

## ***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***

One of Milk SA's strategies to promote economies of scale, competitiveness, and sustainability is to supply certified pregnant heifers. There were 67 pregnant heifers delivered to five out of 21 beneficiaries on a cost-sharing basis of 25%:75% between the beneficiary and Milk SA during the review period. The number of heifers delivered per farmer ranged from 10 to 20. This delivery was 78% lower than the 305 pregnant heifers delivered in 2022 because farmers did not have sufficient fodder flow on their farms to support additional animals, lack of own contribution to the cost of extra animals and scarcity of animals as most of them were exported to Africa.. Milk SA also delivered two bulls to a beneficiary at a cost-sharing ratio of 25%:75% between the

beneficiary and Milk SA respectively.

### ***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 critical for a dairy cow to be productive, provided other critical inputs are adequate. Milk SA project beneficiaries were advised regularly to ensure sufficient good quality fodder flow. This could be achieved through planting of maize for silage, winter pasture planting, and purchases of extra fodder and dairy meal concentrates, depending on the on-farm 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 review period, no permanent pasture was established on a cost-sharing basis since most farms lacked underground water for irrigation. In one instance, a farmer tried to sink find a borehole, but the borehole driller was unable to find water at ninety (90) metres deep.

Six beneficiaries were assisted with the cutting of 130 hectares of maize to make silage, on an equal cost-sharing basis with Milk SA. Among these beneficiaries, the hectares cut ranged from 7 to 46 hectares, with an average yield of tonnes per hectare ranging from 12 to 50 tonnes.

A total of 235 tonnes of lucerne were delivered to eight beneficiaries during the year under review. The quantity delivered per farmer ranged from 10 tonnes to 60 tonnes per farmer. Of the total lucerne delivered, 205 tonnes were on an equal cost-sharing basis between beneficiaries and Milk SA. Thirty (30) tonnes were granted to a beneficiary whose grazing farm camps were destroyed by fire. Among the beneficiaries (10 out of 21) who bought dairy meal or lucerne, their average daily milk production ranged between 10 and 15 litres per cow per day, which was better than those who did not take advantage of the Milk SA subsidy.

A total of 264 tonnes of dairy meal concentrate was also delivered to six of the 21 beneficiaries. The quantity delivered ranged from 2 tonnes to 80 tonnes per farmer. Insistence on cost sharing is to promote an entrepreneurial mind-set and to protect Milk SA's scarce resources against misuse without accountability.

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

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

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

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

Adequate and appropriate infrastructure is critical for the optimal operation of an enterprise. Milk SA supports infrastructure investment on a cost sharing basis after the initial basic grant for cows, which is 100% born by Milk SA has been offered. Actual support of infrastructure is also dependent on the available funds as Milk SA's resources are very limited.

There was no supply of critical enterprise on-farm infrastructure, including affordable processing equipment during the year under review. It was reported in the previous year's report that permanent pasture establishment under irrigation was not possible until financial support approval was received from development financial institutions. Furthermore, most farms lacked underground water for irrigating pastures. Experts on irrigation infrastructure were consulted and recommended conducting water assessments on farmers before investing in irrigation infrastructure such as centre pivots. During the year under review, farmers struggled to get assistance from financial institutions. We engaged with the Land Bank to assist farmers with blended funding applications that would assist with some of their farm infrastructure needs, including solar energy/electricity power backup generators.

We could not establish permanent pasture because many farmers did not have enough underground water or own money to contribute to the cost of establishing permanent pasture.

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

We could not establish permanent pasture because many farmers did not have enough underground water or own money to contribute to the cost of establishing permanent pasture.

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

Farmers are being assisted to secure loan funding from the Land Bank and other financial institutions. Milk SA has also secured some grant funding to establish pasture on 6 farms.

## **Goal 5 - Capacitate new and existing black dairy entrepreneurs and their workers in critical dairy enterprise / business competencies including dairy processing - Milk SA resources and external professionals**

### ***Achievements***

During the year under review, a total of eight Enterprise Development meetings were held with project beneficiaries at Bethlehem, Harrismith, and Senekal. The meeting at Bethlehem was a general mass meeting for all Milk SA transformation project beneficiaries and was attended by seventeen (17) out of twenty-one (21) of the project beneficiaries. Meetings at Harrismith were attended by farmers from Harrismith, Dundee, Kokstad, Swartberg and Indwe, with a total number of forty –five (45) attendees. Meetings at Senekal were attended by farmers from Dewestdorp, Senekal, Tweespruit, Welkom, Wepener, and Vereeniging with a total number of sixteen (16) attendees. The meetings covered the following aspects:

Historical milk production;  
Fodder flow and feeding;

Business insurance;  
Business risks and mitigation strategies;  
Conditions for future partnership between a beneficiary and Milk SA;  
Farmers' training needs;  
Milk SA support for farmers' critical needs;  
Farmers' monthly reporting information;  
Private veterinary services support by Milk SA;  
Soil sampling and testing;  
Free State DALRRD applications for farmers' support; and  
Land Bank's Blended and Agri-BEE funding.

Milk SA's external dairy industry consultant also conducted on-farm enterprise assessments. The consultant met with farmers on their respective farms one-on-one. The objective was to assess enterprises' performance by obtaining information from the farmers, especially feeding information, as advised by Milk SA in the past. A total of nine beneficiaries were visited at Harrismith (4), Senekal (1), Welkom (1), Tweespruit (1), Dewestdorp (1) and Wepener (1) respectively. Assessments focussed on herd size, milk production, bulls on farms, breeding/mating records, amount of feed fed to cows per day, calf rearing, pasture planting, and maize for silage. It was discovered that:

- 1) some dairy farmers were not keeping proper records of their business activities.
- 2) some farmers dried off their cows earlier than necessary, resulting in a loss of income.
- 3) cows in milk to dry cows ratio was poor due to poor feeding, poor breeding, and infertile bulls.

**Based on the above-mentioned findings, farmers were advised that:**

a bull should not be used for more than three years.

every year, an old bull should be replaced with a younger bull on the farm.

they should keep complete farm business records more effectively.

it was important to use the correct amount of seeds and fertilizers, per hectare when planting pasture and maize silage.

they must feed their cows correctly at all times to optimize milk production.

they should feed new-born heifer calves adequately to ensure that quality heifers are grown/reared.

Agri-SETA accredited sustainable farming training was conducted during December 2023. The training was funded by an AgriSETA Skills Development Fund allocation as part of the National Agricultural Marketing Council (NAMC) and Milk SA agreement. The training was conducted by JNV Landscaping and Training who are Agri-SETA accredited. Eleven out of twenty-one Milk SA beneficiaries attended the session together with NAMC representatives. Two farmers could not attend due to illness while the other two could not attend due to family engagements in Cape Town.

The two-day training programme on dairy production financial records aimed to equip farmers with the necessary skills and knowledge to effectively manage and maintain financial records in dairy production.

### **Day 1: Record Keeping**

The first day of the training programme focused on the importance of record-keeping in a dairy enterprise. The participants were trained in various types of financial records that are essential for effective farm management, including income and expenditure records, inventory records, and tax records. The trainers emphasized the significance of accurate and detailed record-keeping in enabling farmers to make informed decisions and monitor the financial health of their operations. The participants were then guided through practical exercises and simulations to practice maintaining and organizing financial records. They were taught how to use software and spreadsheets to streamline the record-keeping process and were given tips on the best practices for maintaining accurate and up-to-date records.

### **Day 2: Balancing Financial Records and Sustaining Farm Records**

The second day of the training programme delved into the process of balancing financial records and sustaining farm records. The participants were taught how to reconcile bank statements, manage cash flow, and prepare financial statements such as income statements and balance sheets. They were also educated on the importance of regular audits and reviews to ensure the accuracy and integrity of their financial records. In addition, the trainers guided sustaining farm records for long-term planning and compliance purposes. The participants learned about the legal and regulatory requirements for maintaining farm records, including tax obligations and reporting standards. They were also given insights into how to use financial records to identify trends, assess the performance of their dairy production operations, and make strategic decisions for the future.

### **Outcome**

The training programme was well-received by the participants, who expressed their satisfaction with the content and delivery of the programme. The simulations and practical exercises were particularly effective in helping them grasp the concepts and apply them to real-life scenarios. At the end of the two-day session, all learners were declared competent in managing dairy production financial records.

### **Conclusion**

The training programme on dairy production financial records was a success due to the practical approach of trainers and their adaption to the level of farmers. Further sustainability farming training sessions will be conducted during 2024. On the third day, after a two-day sustainable farming training session, ten farmers were taken to the Agricultural Research Council for exposure to fodder flow management for sustainable dairy farming.

***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 that project participants are not confused. Nonetheless, effective coordination is dependent on a common vision among stakeholders. During the year under review, a number of engagements were made with institutions and persons indicated below in pursuing Milk SA's transformation goal.

### **6.1. Agricultural Research Council**

During the year under review, Milk SA and the Agricultural Research Council (ARC) met three times. The two institutions discussed how they could work together to address some of the challenges black-owned dairy farmers faced, especially breeding and dairy herd health management. Two follow-up meetings focused on areas of support- breeding programme, body condition scoring, artificial insemination, sustainable farming training, frequency of farm visits and fees to be paid by Milk SA to ARC. Milk SA and the ARC are still in the process of finalizing their partnership.

Milk SA's Transformation Manager and Officer also visited ARC's microbiology laboratory to gain a better understanding of how ARC conducts its analytical research related to animal health management. Furthermore, ARC also organized a webinar on 'Agriculture in a changing environment' which was also attended by both the Milk SA Transformation Manager and Officer. As a result of the webinar, farmers were advised to adopt soil fertility management techniques, monitor soil moisture levels, and choose drought-tolerant seeds. The use of agricultural waste for bioenergy production to minimize pollution and to reduce waste was also discussed.

### **6.2. Dairy Standard Agency**

Milk SA's Transformation Manager and Transformation Officer attended an exposure to DSA Laboratory services. The exposure was intended to provide an understanding of the DSA's laboratory project activities as well as how it contributes to the strategic objectives of DSA and Milk SA.

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

Three meetings had been held with the agro-processing directorate, coops directorate and Agri-BEE directorate to discuss possible ways of funding our farmers to address farming challenges such as pasture establishment, cow handling facilities, calf-rearing pens and power on the farms. Information for inputs into the business plans has been trickling in from farmers after sworn in statements before the commissioner of oath at the magistrate's office.

### **6.4. Free State Department of Agriculture and Rural Development**

During the year under review, Milk SA met with the Head of the Free State Province's Department of Agriculture, Land Reform, and Rural Development (HOD) to discuss unavailability of state veterinarians, the issuing of compliance dairy certificates by local authorities and the establishment of permanent pastures to ensure improved cow productivity and solar power were discussed during the meeting. The meeting resolved that Milk SA share its transformation project background and challenges with the HOD to inform him about what was happening on the

ground with farmers. It was also agreed that a follow-up meeting would be held soon to discuss how the province could assist farmers in overcoming some of their challenges.

### **6.5. The Food Agriculture and Natural Resources Policy Network (FANRPAN)**

Milk SA also attended the FANRPAN policy dialogue webinar. The objectives of the policy dialogue were to:

- (a) share empirical evidence on the importance of climate-smart agriculture in transitioning to resilient farming communities in Sub-Saharan Africa (SSA),
- (b) develop recommendations on how to build climate-smart and resilient farming systems in SSA at scale and

(c). network and promote partnerships and action. It was learned that Africa's countries depend on rain-fed agriculture due to insufficient water resources and infrastructure.

Eventually, this may negatively affect food production to meet the growing population demand. It was recommended that substantial investments were required to maintain current yields of agricultural produce and to increase production and food quality.

### **6.6. Fencorp**

Three meetings were held between Fencorp and Milk SA regarding the business plan required by the Agri-BEE Fund to assess the project's potential. Milk SA advised Fencorp to approach either the Agri-BEE Fund, IDC, or Land Bank for funding for a processing plant at DEE-Y-Dairy at Welkom. In case the venture met BBBEE requirements, the Agri-BEE Fund said it could support 75% of the venture cost. Fencorp indicated that they would finalize the business plan for submission to the Agri-BEE Fund and the provincial Department of Agriculture.

### **6.7. First Rand Empowerment Fund Trust / Capital Unlocked**

First Rand **Empowerment Fund Trust** has expressed interest in investing in black-owned dairy enterprises through Milk SA's Sustainable Commercialization Project. Milk SA's Transformation Manager believed it was essential to explore opportunities that would speed up black-owned dairy businesses' transformation. Milk SA's Transformation Manager submitted a business proposal to the First Rand Empowerment Fund Trust. In light of the proposal, First Rand believed that formalizing an agreement with Milk SA would accelerate the growth of black-owned dairy enterprises. During the review period, Milk SA engaged with First Rand/Capital Unlocked as follows:

A meeting between Milk SA and Capital Unlocked CEO took place during the review year to finalize the contract between Milk SA and First Rand Empowerment Fund. A due diligence process between First Rand and Milk SA was also completed during the year under review. Following up on the funding contract between Milk SA and First Rand Trust, three follow-up meetings were held. It was advised that the contract would be finalized early in 2024 since some information from Milk SA was still outstanding.

Milk SA took the First Rand Empowerment Fund representatives to Harrismith, Free State, to conduct an on-site assessment of three black-owned dairy enterprises out of six as part of their due diligence before signing a partnership contract between Milk SA and the First Rand. The purpose of the site visits was for First Rand representatives to gain an understanding of the



black-owned dairy enterprises Milk SA was supporting. First Rand representatives were pleased with Milk SA's approach of promoting an entrepreneurial mind-set and demanding counter-performance from beneficiaries as explained by the farmers who mentioned that Milk SA said it was not a SASSA agent.

#### **6.8. Free State Agri-BEE Charter Council**

An Agri-BEE Charter Council meeting was attended in the year under review. It took place at the University of Free State, in the province of Free State. It was reported that some commercial enterprises were abusing Agri-BEE Funds by approaching them for funding and then buying out previously disadvantaged individuals. During the meeting, the Milk SA Transformation Manager suggested that future reports focus more on performance, challenges, and remedies rather than describing provinces' potential.

#### **6.9. Jobs Fund Webinars**

Three Jobs Fund webinars were attended during the year under review. Webinars focussed on new opening for funding applications. During the year under review, three Jobs Fund webinars were attended. New funding applications were discussed during the webinars. The window focused on enterprise development, work seekers support and institutional capacity building. Eligibility criteria for funding were 1:1 or 1:0, 5, meaning that the applicant should contribute at least 50% or 25% of the financial needs. Impact criteria are social impact in terms of job creation, sustainability, risk sharing, scalability of the project, and contribution to positive change.

One of the three mentioned webinars was titled "Developing Inclusive Business Models in Agriculture: Lessons from the Establishment of an Agri-hub". The purpose of an Agri-hub is to integrate the commercial and the emerging sectors. The webinar highlighted the significant contributions the Jobs Fund had made to smallholder agriculture through the Agri-hub initiative, which provides inputs, mechanization, market services, and technical assistance to smallholder farmers.

#### **6.10. Land Bank Meetings .**

Four meetings were held with Land Bank headquarters regarding blended and Agri-BEE funds, as farmers were not receiving service from their local branches. During the consultation, we discussed the plight of our transformation programme participants to see how they could be assisted quickly. Milk SA has been given forms, which were distributed to farmers, who were advised to contact their local branches. Efforts have also been made to identify local branch contact persons to assist our farmers. Ultimately, all meetings produced positive results. Land Bank was assisting farmers with both blended funding and Agri-BEE funding. Blended funding is for primary agriculture while Agri-BEE funding is for agro-processing.

#### **6.11. Marketing Forum**

Milk SA participated in two Marketing Forum meetings during the year under review. At these meetings, issues such as the following were discussed:

**Agri-BEE Fund: Agri-BEE Fund** is available for blacks to buy a stake in a White-owned commercial enterprise provided the stake for Blacks was at least 26% of the shares of the

company or to fund black-owned enterprises with the potential to prosper or to add value to raw material. Agri-BEE Fund requires the beneficiary to contribute 10% of the required money if the required money is up to R5M. Above R5M own contribution by the applicant is 20%.

**Agricultural Insurance: The department has approved farming insurance to assist commercial enterprises as follows:**

Small enterprises (R0,5M - ≤ R1M) to receive a subsidy of 75% of the premium, medium enterprises (R1M - ≤ R10M) to get 50% subsidy of the premium while large enterprises (≥R10M- ≤ R50M) will receive 25% subsidy of the premium. The scheme was expected to be approved by August 2023.

**Blended Finance:** It was reported that arrangements were being made with state-owned enterprises such as Land Bank and the IDC to be administrators of Blended Finance. There have been concerns that the approval process was too slow.

**Market Access:** Farmers were being assisted to be certified for both HACCP and Global GAP to facilitate access to both local and export markets.

**NAMC Smallholder Market Access Tracker (SMAT):** NAMC presented research findings regarding the SMAT project which investigated smallholder market access in the cotton industry. Like in the dairy industry, the issue of infrastructure development, as well as long distances to markets, still posed challenges to the agricultural sector's transformation as revealed by the NAMC's research findings report on their SMAT project amongst emerging cotton producers in South Africa.

#### **6.12. Milking Buyer meeting**

A meeting was held among a certain milk buyer, an emerging commercial dairy entrepreneur and Milk SA. The purpose of the meeting was to discuss the pending termination of the supply contract by the end of December 2023 because the emerging supplier was not meeting quality standards. Milk SA Transformation Manager requested the buyer to extend the termination date of the contract until the end of December 2023 to allow the farmer to fix the problems. It has been lately reported that the quality of milk improved and the milk supply contract was still going on.

#### **6.13. Milk Producers Organisation (MPO)**

MPO and Milk SA met during the review period. During the meeting, the MPO Training Institute's Training and Transformation Manager inquired if Milk SA wanted any training services for supporting black-owned dairy projects. Milk SA indicated that Milk SA was already committed to some experts but if a need arose MPO would be approached. At the end of the meeting, the MPO Training Institute's Training and Transformation Manager undertook to share their skills development training programme with Milk SA.

#### **6.14. National Agricultural Marketing Council (NAMC)**

During the year under review, engagements between NAMC and Milk SA were as follows: Milk SA discussed its progress in empowering black-owned dairy entrepreneurs and the challenges they faced. The meeting resolved that Milk SA needed to examine the transformation scheme model. Transformation scheme models are part of the master plan implementation framework for agriculture and agro-processing. Milk SA gave more information about its

Transformation programme. The transformation scheme initiative model, which was discussed during the meetings, promotes the empowerment of black farmers through public-private partnerships, and was being discussed/explored between Milk SA and NAMC.

#### **6.14. a. Amadlelo Agri**

The National Agricultural Marketing Council (NAMC) also facilitated a meeting between Amadlelo Agri and Milk SA during the year under review. The meeting was held for Amadlelo Agri to share their shared milking model and wanted Milk SA to play a role in the development of some of these projects. Amadlelo Agri felt that, Milk SA could play a crucial role in the development of some of these projects. Amadlelo Agri, NAMC, and Milk SA had agreed to undertake a site visit to Amadlelo Agri projects to assess the situation before exploring possible collaborations. The planned visit could not take place during the year under review because the CEO of Amadlelo Agri indicated that he had other commitments by the time Milk SA and NAMC were ready to undertake the visits. There was no further communication received by Milk SA from either Amadlelo Agri or the NAMC regarding this visit.

#### **6.14. b. 2023 NAMC Transformation Programme Workshop.**

During the year under review, Milk SA attended the 2023 NAMC transformation workshop programme. The workshop discussed the NAMC transformation report for 2022, the study on the sustainable transformation of the South African Agri-food system through statutory incentives, and the Agri-BEE Sector Code enterprise development guidance letter. During the workshop, it was agreed that mind-set should not be ignored when dealing with smallholder commercialization, as the attitude that a role player or farmer has towards transformation could shape the entire process. The workshop also agreed that industries should be allowed to engage with the Agri-BEE Charter Council if there were some activities industry did that should be included in their Agri-BEE Scorecards.

#### **6.14. c. Sites Visits: DALRRD, MILKSA and NAMC.**

During the period under review, DALRRD, Milk SA and the NAMC visited some MilkSA Transformation Programme beneficiary farms to assess Milk SA's interventions and progress in transforming black-owned dairy businesses during 6<sup>th</sup> and 7<sup>th</sup> December 2023 as a follow-up of earlier engagements during the year. It was also discussed how Milk SA initiatives could be combined with government initiatives to accelerate dairy industry transformation. Milk SA mentioned during the meeting that one of its beneficiaries was interested in partnering with Fencorp to process raw milk into dairy products. Eight projects in total were visited at Harrismith (6), Senekal (1), and Welkom (1).

NAMC and DALRRD representatives expressed their satisfaction with Milk SA's efforts to support black-owned dairy entrepreneurs. Further engagements among the three parties will take place to enhance the transformation of the dairy industry. Milk SA's beneficiaries expressed their gratitude to Milk SA for the support they received. They said they owe their existence to Milk SA, especially to the Transformation Manager who was strict and always promoting unity among project beneficiaries and accountability. One farmer said that she was "rich" because of Milk SA.

#### **6.14. d. AGRI-SETA Skills Development**

As reported during the previous year, Milk SA submitted a skills development proposal to the NAMC regarding the Agri-SETA skills development fund allocation. During the year under review, NAMC and Milk SA signed a memorandum of understanding (MOU). Milk SA has conducted the first training sessions as per the MOU and training progress reports will be submitted to the NAMC.

#### **6.15. Potential Dairy Farmers**

Two meetings were held with two different potential farmers in Free State where one farm is in extent of 1 000 hectares and some dairy infrastructure was lying idle due to social disharmony in a cooperative business entity facilitated by government. The second farmer's land is about 100 hectares. The potential farmer with land in extent of 1000 hectares had been referred to Free State government for advice to resolve the problem and to approach Milk SA once the matter has been resolved and the farmer has bought own dairy cows while the farmer with 100 hectares has been advised to approach financial institutions for funding to buy his own dairy animals before approaching Milk SA.

#### **6.16. Solar power:**

A private company and the USA Embassy were met to discuss the possibility of them assisting our farmers with solar power. Two meetings were also held at Polokwane and another one in Pretoria with some people who were implementing solar systems in South Africa. They requested contacts of two commercial farmers and three of our beneficiaries to get more information on energy needs. These contacts have connections and an understanding of the workings of IDC and the National Empowerment Fund and were approached to assist us in submitting business plans to such institutions for solar systems. If solar power could be installed through them, extra power generated could be sold back to them. Unfortunately, one of the commercial farmers referred to did not use much energy as they were interested to partner where power needs were at least 35kw plus a battery of 25kw.

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

### **Goal 7 - Provision of private veterinary services**

#### ***Achievements***

Veterinary services are crucial to dairy entrepreneurs to maintain healthy, productive herds and to ensure food safety. Previously, Milk SA had established a good relationship with an independent veterinary services practice which assisted Milk SA smallholder commercialization of black-owned dairy enterprises initiative to promote dairy herd health and welfare, productivity and optimal breeding at Harrismith. This relationship was ended when the main veterinarian left the practice. Due to a lack of state veterinarians and challenges associated with dairy herd health management, Milk SA saw it vital to revive and form new partnerships with independent veterinarians in all areas where its Transformation programme beneficiaries are situated.

Milk SA intended to make veterinary services available to all transformation beneficiaries. Six meetings were held with private veterinary service practices, each at Dundee, KwaZulu Natal; Kroonstad, FS; Matatiele, Eastern Cape, and three at Harrismith, Free State, respectively. Meetings at Dundee, Matatiele, and Kroonstad were held among beneficiaries, private veterinary services practice and Milk SA to ensure common understanding of the envisaged tri-partite relationships. The Milk SA Transformation Manager discussed the company's intention to partner with private veterinarians to conduct pregnancy tests, body condition assessments, post-mortems, and monitor general herd health. All vets expressed interest in partnering with Milk SA during all the meetings. Furthermore, veterinarians pointed out that inadequate supply of fodder and none financial commitment for veterinary services by farmers negatively affected their livestock and performance of their dairy enterprises. Formal agreements among Milk SA, the above-mentioned private vets, and farmers have been finalized. Another group of farmers who had lost the previous Milk SA contracted private vet after she terminated the services, was encouraged to share with Milk SA the contact information of a potential independent veterinarian whom they preferred to assist closer to them.

Milk SA contracted an independent private veterinarian to visit eight beneficiaries at Harrismith, Free State Province every three months to conduct pregnancy tests, bull tests, assess body condition scores, post-mortems, and monitor general dairy herd health. Over the year, there have been pregnancy tests, bull tests, assessments of body condition scores, and monitoring of the general dairy herd health among the eight beneficiaries. The veterinarian also observed some cows suffering from ticks, poor body conditioning scores, and snake bites and provided information on disease management and vaccination programme, as well as pregnancy status and post-mortem reports to farmers. Farmers were also given recommendations on disease treatment and how to improve their body condition scores.

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

## **Goal 8 - Assist project beneficiaries to improve accommodation and ablution facilities for their workers**

### ***Achievements***

Workers' accommodation which included a kitchen, shower, toilet, and urinal facilities were constructed for five beneficiaries on a 25%:75% cost-sharing basis between the beneficiary and Milk SA. Other beneficiaries also indicated that they wanted to build workers' accommodation but changed their minds due to the shortage of their own financial contribution. Milk SA insists on cost sharing to promote an entrepreneurial mind-set and to protect its scarce resources against misuse of the privilege without accountability.

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

# Income and expenditure statement

Income and expenditure statement	<a href="#">2023 Budget Codes.pdf</a>
Unnecessary spending during period	No

## Popular Report

[2023 ED ABNNUAL REPORT FINAL.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