



***Enterprise Development***  
(PRJ-0356-2023)  
***Godfrey Rathogwa***

***Quarter 4 2023/2023*** (October 2023 till December 2023)

**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 Q4 2023 report on the objectives set for 2023.

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, KwaZulu-Natal, and North West Provinces. There were 711 cows in milk, an increase of 7% from the previous Q3 of 2023 (666 cows). Volumes of milk delivered to raw milk buyers went up by 3% from 540 383 kilogrammes in Q3 of 2023 to 558 239 kilogrammes during the period under review. Compared to 2022 Q4, cows in milk dropped by 16% from 843 to 711. As a result of the reduction of cows in milk, the volume of milk also declined by 36% from 873 161 kilogrammes during Q4 of 2022 to 558 239 kilogrammes during Q4 of 2023.

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

- a. Fodder flow was poor among the majority of farmers, resulting in low average milk production, per cow, per day and poor milk quality.
- b. Load shedding negatively affected milking schedules and milk quality on farms without backup power as farmers had to incur overtime costs;
- c. A beneficiary lost her on-farm eragrostis grass bales and grazing land due to a fire outbreak;
- d. The crime rate in the area where farmers operate is also a challenge. One beneficiary lost

his bull due to stock theft, while another survived a farm break-in and kidnapping.

### ***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 review period. As reported in the previous quarterly report, farmers have been informed that pregnant heifers would not be supported until sufficient fodder flow was demonstrated. We have also been warned by the livestock agent that heifers were scarce.

### ***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 critical for a dairy cow to be productive, provided other critical inputs are adequate. Milk SA's project beneficiaries were advised regularly to ensure that they had sufficient fodder flow of good quality. This was 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 was to assist farmers to establish permanent pasture on a cost sharing basis. During the period under review, no permanent pastures were established on a cost-sharing basis, but 30 tonnes of lucerne were delivered to a beneficiary as a grant. This grant was given because farmers suffered fire outbreak which destroyed her eragrostis base and her grazing land.

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

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

#### ***Achievements***

There was no supply of critical enterprise on-farm infrastructure, including affordable processing equipment during the period under review.

## ***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 - Milk SA resources and external professionals**

#### ***Achievements***

During the period under review, Milk SA's external dairy industry consultant conducted on-farm enterprise assessments. The professional met with farmers at their respective farms one-on-one. The objective was to assess enterprises' performance on farmers' farms 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. Several aspects were assessed during one-to-one meetings, including herd size, milk production, bulls on farms, and recording mating between bulls and cows. Also, the amount of feed fed to cows per day, calf rearing, pasture planting, and maize for silage.

Findings: 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.

Advice given to farmers:

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

That they should keep complete farm business records more effectively.

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

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

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

During the period under review, Agri-SETA accredited sustainable farming training was conducted. 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 an external professional, appointed by Milk SA. Eleven out of twenty-one Milk SA beneficiaries attended the session together with NAMC representatives.

#### **Training for dairy production financial records**

##### **Introduction**

The two-day training program on dairy production financial records was conducted by JNV Landscaping and Training who are Agri-SETA accredited. The training aimed to equip farmers with the necessary skills and knowledge to effectively manage and maintain financial records in

dairy production. The program utilized simulations and practical exercises to enhance the learning experience and ensure that participants could apply the knowledge gained on their own farms. The workshop was attended by eleven farmers, while one farmer had to excuse herself from the venue due to sudden illness. The other farmer also could not attend due to illness before the starting date of the training session.

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

The first day of the training program focused on the importance of record-keeping in dairy production. The participants were educated on the 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 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 program 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 provided guidance on 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 program was well-received by the participants, who expressed their satisfaction with the content and delivery of the program. 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 program on dairy production financial records was a success due to 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, during the period under review. It was intended to teach them how to plan and manage dairy fodder sustainably, so that they could improve fodder flow on their farms to ensure well fed and healthy animals for improved milk productivity.

## ***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. Effective coordination is dependent on a common vision amongst stakeholders. During the period under review, engagements were made with the institutions/persons indicated below.

#### **a) Dairy Standard Agency**

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

#### **Fencorp**

Two meetings were held with Fencorp advising them to approach either any of Agri-BEE Fund, IDC or Land Bank for funding a processing plant for Deey-Dairy at Welkom. Agri-BEE Fund indicated that they could support 75% of the venture if the company met BBBEE criteria.

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

Three meetings were held with First Rand Empowerment Fund Trust to discuss the funding contract between Milk SA and First Rand Trust. It was advised that the contract would be finalized early in 2024 since some information from Milk SA was still outstanding.

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

During the period under review a meeting was held at the University of Free State, Free State Province. It was reported that some commercial enterprises were abusing Agri-BEE Funds by approaching the fund in order to get the funding and thereafter buy out previously disadvantaged individuals. The Transformation Manager advised the meeting that, in future reports should be on performance, challenges and what was being done to overcome challenges instead of talking about potential of provinces.

### **Land Bank Meetings**

Three meetings were held with Land Bank head-quarters regarding blended and Agri-BEE funds because farmers were not getting service from their respective local branches. Milk SA has been given forms which in turn were distributed to farmers who were advised to approach their local branches. Once again due to complaints from the farmers, Land Bank was approached again for local branch contact persons to direct our farmers. Land Bank is assisting farmers with both blended funding and Agri-BEE funding. Blended funding is for primary agriculture while Agri-BEE funding is for agro-processing.

#### **f. Marketing Forum**

During the period under review, both Milk SA Transformation Manager and Officer attended DALRRD's virtual marketing forum. A progress report on the market access and export readiness program for all provinces was presented during the meeting. Fresh produce farmers were audited by the Perishable Products Export Control Board to ensure they adhered to market standards. A report on the Smallholder Market Access Tracker (SMAT) project was also presented by the NAMC, 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. This was evident from the research findings of NAMC report on their SMAT project amongst emerging cotton producers in South Africa. Milk SA Transformation Manger was requested to share his experience in Agri BBEE Charter compliance.

#### **g. Milking Buyer meeting:**

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

### **National Agricultural Marketing Council (NAMC) and DALRRD.**

During the period under review, Milk SA, the NAMC, and the Department of Agriculture, Rural Development, and Land Reform (DALRRD) met. The meeting focused on Milk SA's interventions and progress in transforming black-owned dairy businesses. 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. It was advised at the end of the meeting that the Agri-BEE Fund could be explored as a possible funding instrument. In conclusion, it was agreed that NAMC, DALRRD AND Milk SA would visit the potential enterprise to gain a deeper understanding of the project. The visit to the potential enterprise and other Milk SA Enterprise Development beneficiaries took place during 6<sup>th</sup> and 7<sup>th</sup> December 2023. Site visits were attended by representatives of the NAMC's Transformation Review Committee and the Agro-processing Master Plan, the Chief Director of DALRRD's Agro-processing support and Agri-BEE representatives from DALRRD and the Free State Agriculture. 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 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 Manger who is strict and always promoting unity and accountability. One farmer said she was "rich" because of Milk SA.

#### **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 has been referred to Free State government for advice to resolve the problem and to approach MilkSA 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.

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

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

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

Milk SA held **four** meetings with private veterinarians, each at Matatiele, Eastern Cape, at Dundee, KwaZulu Natal, at Harrismith, Free State and at Kroonstad, FS respectively. Meetings at Dundee, Matatiele and Welkom were held among beneficiaries, private veterinary services practice and MilkSA to ensure common understanding of the tri-partite relationship. The Milk SA Transformation Manager provided background information about the company's plan to partner with private veterinarians for pregnancy tests, bull fertility tests, body condition scoring, post-mortems, and general dairy herd health monitoring. Furthermore, he said, if a formal partnership

is formed, Milk SA and farmers would share veterinary travel expenses and professional fees equally. Medication costs would be borne by farmers. In both meetings, the vets expressed interest in partnering with Milk SA. The veterinarians also explained that poor fodder flow and a lack of financial commitment by farmers to medicines, negatively affected their animal's health.

There was already a formal agreement between Milk SA and a private veterinarian in the Harrismith area of the Free State province to conduct pregnancy tests, assess body condition scores, post-mortems, and monitor general dairy herd health for eight beneficiaries at Harrismith every three months. The vet visited five farms during the period under review, conducting pregnancy tests on all the farms, with bull testing conducted only on one farm. One of the five beneficiaries' animals were diagnosed with foot rot, while another beneficiary's animals suffered from ticks and poor body condition scores. According to the beneficiary, the vet was able to treat foot rot. Veterinarians recommended both treatment and winter licks for the beneficiary's animals suffering from ticks and poor body condition scoring.

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

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

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

During the period under review, no worker's accommodation or ablution facilities were constructed for Milk SA's beneficiaries.

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

## **Income and expenditure statement**

Income and expenditure statement	<a href="#">ED 2023 BUDGETS LEVY PLUS RESERVES.pdf</a>
Unnecessary spending during period	No

## **Popular Report**

[Enterprise Development Q4 2023 Report.pdf](#)

## **Additional documentation**

No file has been uploaded

## **Statement**

Levy funds were applied only for the purposes stated in the contract	Yes
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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