



# **ENTERPRISE DEVELOPMENT/ COMMERCIALIZATION OF BLACK OWNED SMALL DAIRY ENTERPRISES**

(PRJ-0386-2024)

**Milk South Africa NPC**

**Quarter 1 2024/2024** (January 2024 till March 2024)

## **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 2024 report on the objectives set for 2024.

During the period under review monitoring focused on milk production, fodder flow, animal feeding, and business activities record keeping of twenty project beneficiaries operating in the Eastern Cape, Free State, Gauteng, KZN, and North West Provinces. There were 644 cows in milk, a decline of 10% from the previous Q4 of 2023 (711 cows). The total volume of milk delivered to raw milk buyers also declined by 10% from 558 239 kilogrammes in Q4 of 2023 to 500 658 kilogrammes during the period under review. Compared to 2023 Q1, cows in milk dropped by 23% from 836 to 644. The reduction of cows in milk also resulted in a milk volume decline of 33%, from 743 288 kilogrammes during Q1 of 2023 to 500 658 kilogrammes to Q1 2024.

Five beneficiaries were visited at Harrismith (**3**), Matatiele (**1**), and Swartberg (**1**) to verify hectares of maize planted for silage before it was cut. In total, **98** hectares were planted, ranging from **7** hectares to **30** hectares per farm. Three beneficiaries at Harrismith cut their silage earlier than usual due to heat stress. The hectares cut ranged from **7** hectares to **30** hectares per farm with an average output ranging from **14** to **36** tonnes of maize silage per hectare. Four of the five beneficiaries had already planted winter greens. Twenty- one (**21**) hectares of teff had been

planted by two of the five beneficiaries, ranging from **5** to **16** hectares respectively. Between the latter beneficiaries, oats had been planted on a total of **17** hectares, ranging from **5** to **12** hectares per farm. Another beneficiary planted **8** hectares of Japanese radish, but it failed to thrive due to excessive heat. Among these five beneficiaries, two of them planted **8** hectares and **15** hectares of multi-green crops. A mixture of Japanese radish and oats was planted by the first beneficiary while oats, cocksfoot, and ryegrass were planted by the second beneficiary.

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 2024 report on the objectives set for 2024.

During the period under review monitoring focused on milk production, fodder flow, animal feeding, and business activities record keeping of twenty project beneficiaries operating in the Eastern Cape, Free State, Gauteng, KZN, and North West Provinces. There were 644 cows in milk, a decline of 10% from the previous Q4 of 2023 (711 cows). The total volume of milk delivered to raw milk buyers also declined by 10% from 558 239 kilogrammes in Q4 of 2023 to 500 658 kilogrammes during the period under review. Compared to 2023 Q1, cows in milk dropped by 23% from 836 to 644. The reduction of cows in milk also resulted in a milk volume decline of 33%, from 743 288 kilogrammes during Q1 of 2023 to 500 658 kilogrammes to Q1 2024.

Five beneficiaries were visited at Harrismith (**3**), Matatiele (**1**), and Swartberg (**1**) to verify hectares of maize planted for silage before it was cut. In total, **98** hectares were planted, ranging from **7** hectares to **30** hectares per farm. Three beneficiaries at Harrismith cut their silage earlier than usual due to heat stress. The hectares cut ranged from **7** hectares to **30** hectares per farm with an average output ranging from **14** to **36** tonnes of maize silage per hectare. Four of the five beneficiaries had already planted winter greens. Twenty- one (**21**) hectares of teff had been planted by two of the five beneficiaries, ranging from **5** to **16** hectares respectively. Between the latter beneficiaries, oats had been planted on a total of **17** hectares, ranging from **5** to **12** hectares per farm. Another beneficiary planted **8** hectares of Japanese radish, but it failed to thrive due to excessive heat. Among these five beneficiaries, two of them planted **8** hectares and **15** hectares of multi-green crops. A mixture of Japanese radish and oats was planted by the first beneficiary while oats, cocksfoot, and ryegrass were planted by the second beneficiary.

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 2024 report on the objectives set for 2024.

During the period under review monitoring focused on milk production, fodder flow, animal feeding, and business activities record keeping of twenty project beneficiaries operating in the Eastern Cape, Free State, Gauteng, KZN, and North West Provinces. There were 644 cows in milk, a decline of 10% from the previous Q4 of 2023 (711 cows). The total volume of milk delivered to raw milk buyers also declined by 10% from 558 239 kilogrammes in Q4 of 2023 to 500 658 kilogrammes during the period under review. Compared to 2023 Q1, cows in milk dropped by 23% from 836 to 644. The reduction of cows in milk also resulted in a milk volume decline of 33%, from 743 288 kilogrammes during Q1 of 2023 to 500 658 kilogrammes to Q1 2024.

Five beneficiaries were visited at Harrismith (**3**), Matatiele (**1**), and Swartberg (**1**) to verify hectares of maize planted for silage before it was cut. In total, **98** hectares were planted, ranging from **7** hectares to **30** hectares per farm. Three beneficiaries at Harrismith cut their silage earlier than usual due to heat stress. The hectares cut ranged from **7** hectares to **30** hectares per farm with an average output ranging from **14** to **36** tonnes of maize silage per hectare. Four of the five beneficiaries had already planted winter greens. Twenty- one (**21**) hectares of teff had been planted by two of the five beneficiaries, ranging from **5** to **16** hectares respectively. Between the latter beneficiaries, oats had been planted on a total of **17** hectares, ranging from **5** to **12** hectares per farm. Another beneficiary planted **8** hectares of Japanese radish, but it failed to thrive due to excessive heat. Among these five beneficiaries, two of them planted **8** hectares and **15** hectares of multi-green crops. A mixture of Japanese radish and oats was planted by the first beneficiary while oats, cocksfoot, and ryegrass were planted by the second beneficiary.

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 2024 report on the objectives set for 2024.

During the period under review monitoring focused on milk production, fodder flow, animal feeding, and business activities record keeping of twenty project beneficiaries operating in the Eastern Cape, Free State, Gauteng, KZN, and North West Provinces. There were 644 cows in milk, a decline of 10% from the previous Q4 of 2023 (711 cows). The total volume of milk delivered to raw milk buyers also declined by 10% from 558 239 kilogrammes in Q4 of 2023 to 500 658 kilogrammes during the period under review. Compared to 2023 Q1, cows in milk dropped by 23% from 836 to 644. The reduction of cows in milk also resulted in a milk volume decline of 33%, from 743 288 kilogrammes during Q1 of 2023 to 500 658 kilogrammes to Q1 2024.

Five beneficiaries were visited at Harrismith (3), Matatiele (1), and Swartberg (1) to verify hectares of maize planted for silage before it was cut. In total, 98 hectares were planted, ranging from 7 hectares to 30 hectares per farm. Three beneficiaries at Harrismith cut their silage earlier than usual due to heat stress. The hectares cut ranged from 7 hectares to 30 hectares per farm with an average output ranging from 14 to 36 tonnes of maize silage per hectare. Four of the five beneficiaries had already planted winter greens. Twenty-one (21) hectares of teff had been planted by two of the five beneficiaries, ranging from 5 to 16 hectares respectively. Between the latter beneficiaries, oats had been planted on a total of 17 hectares, ranging from 5 to 12 hectares per farm. Another beneficiary planted 8 hectares of Japanese radish, but it failed to thrive due to excessive heat. Among these five beneficiaries, two of them planted 8 hectares and 15 hectares of multi-green crops. A mixture of Japanese radish and oats was planted by the first beneficiary while oats, cocksfoot, and ryegrass were planted by the second beneficiary.

Based on the site visits, the greatest challenge during the period under review was excessive heat. As a result of heat stress, one of the five beneficiaries visited had to delay cutting his maize planted for silage. At Harrismith, however, three beneficiaries were forced to cut earlier than usual because the maize was drying up due to heat stress. Lack of rainfall also resulted in poor germination and growth of winter greens.

Our dairy farmers continued to experience load shedding and power cuts as reported in the previous quarterly report. The absence of backup power interferes with milking schedules and milk quality.

### ***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 on their farms.

### ***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 **20** tonnes of lucerne and **5** tonnes of dairy meal concentrate were delivered to a beneficiary as a grant. The grant was given as an emergency relief. Additionally, Milk SA will support the cutting of maize silage on an equal cost-sharing basis with beneficiaries. A total of **48** hectares of maize had already been cut for silage by three beneficiaries. Among these three beneficiaries, hectares were cut ranging from **7** to **30** hectares per farm, with tonnes per hectare ranging from **14** to **36** tonnes. Milk SA, however, is still waiting for the contractor to submit invoices for 50% of the cost and for beneficiaries to send their proof of payment respectively.

### ***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 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, no formal workshops with external professionals were conducted, but two enterprise development meetings were convened at Harrismith and Senekal in the Free State Province. Participants at Harrismith meetings were eleven beneficiaries while at Senekal were four beneficiaries. The meetings covered the following aspects:

- a. Support from Milk SA for permanent pasture planting and maize silage-making,
- b. Farmers' challenges when applying for water rights,
- c. Support for cows from Milk SA,
- d. Blended funding scheme - Land Bank,
- e. Feedback on sustainable farming and the future workshops,
- f. Monthly reports to Milk SA by farmers,

- g. Conditions for further support by Milk SA as resolved by the Transformation Programme Management Committee (TPMC) on the 14<sup>th</sup> March 2024.

Milk SA Transformation Manager and Transformation Officer and five beneficiaries attended animal health workshop on mastitis hosted by Kroonstad Animal Hospital at Kroonstad, Free State, during the reporting period. Beneficiaries of Milk SA transformation were also notified of this workshop by the Transformation Manager and encouraged to attend. Five beneficiaries attended. **During the workshop, the following lessons were learned:**

Veterinary care plays a vital role in dairy farming. Farmers also need access to veterinarians in their area.

Mastitis can be divided into two phases: (1) **contagious mastitis** and (2) **environment-induced mastitis**.

Contagious mastitis can be transmitted by contaminated milking machines, operators, udder washcloths, etc., usually associated with lactating cows.

Environmental mastitis can be caused by infections in manure, soil, bedding, feed, and water, mostly during the dry season.

**Consequences of mastitis are:**

- i. Mastitis can have a significant economic impact.
- ii. Veterinary costs.
- iii. Labour costs.
- iv. Treatment costs - antibiotic, anti-inflammatory costs.
- v. Premature culling.
- vi. Animals can die in severe cases.

f. **Preventing mastitis**

**Mastitis can be prevented by:-**

- i. following hygiene practices during milking;
- ii. observing mastitis cases during the dry period is crucial;
- iii. taking out mastitis infected cows of milking dairy stalls to prevent transmission to other lactating cows;
- iv. antibiotic therapy is required for the affected cows, and
- v. consulting a vet about antibiotics they should use to treat mastitis, as some antibiotics might not solve the problem effectively.

***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. **ARC:**

A follow-up meeting was held with a representative of ARC regarding farm visits to assess the environment and advise on the most appropriate type of pasture. It was agreed that the ARC representative would accompany Milk SA during their visits to farms in April 2024.

b. **DALLRD Saudi Arabia Investment Conference.**

Milk SA Transformation Manager was invited by DALLRD to attend DALLRD's bilateral engagement with one of Milk SA's transformation beneficiaries to explore investment and trade opportunities. As the Transformation Manager could not attend the whole session, he left the beneficiary with the NAMC CEO. It was learnt that the emphasis of the bilateral engagement was on the export of grains and lucerne to Saudi Arabia.

c. **Fencorp.**

Fencorp was met to discuss their potential partnership with one of our beneficiaries regarding processing of milk into milk powder. It was resolved that due to high cost of investment and lack critical skills needed and insufficient milk volume, Milk SA could not be involved and be responsible for something that was not convincing. As a result, partnership agreement between Milk SA and First Rand Empowerment Fund is still outstanding pending a meeting between Milk SA and First Rand representatives.

d. **First Rand Empowerment Fund.**

First Rand Empowerment Fund were met during the period under review to discuss the finalization of the proposed agreement between Milk SA and First Rand Empowerment Fund.

e. **Free State Investment Conference**

Free State provincial investment conference was attended during the period under review. The focus of the investment was on attracting investors in order to drive the economic development. What was encouraging was the speech of the Premier who emphasized on working by all stakeholders for the greater benefit.

f. **Free State HOD**

The HOD for Free State was also met to discuss support that was being given to Milk SA beneficiaries that were operating in Free State. It was agreed that Milk SA would send a list of beneficiaries to see how the two could work together to avoid duplication of support.

g. **Land Bank**

Engagements have been made with the Land Bank Manager for Free State regarding blended finance scheme to assist farmers to get loans. A list of all the farmers per local

provincial Land Bank have been sent so that the provincial Manager could refer them to specific local branches. Furthermore, requirements by the Land Bank for loan applications have been discussed with the farmers so that they do not delay loan application process.

**h. Marketing Forum**

Milk SA participated in DALRRD's virtual Marketing Forum meeting. During the meeting, it was discussed that farmers need food safety certificates to meet market requirements, which is essential to access markets, and be competitive. Also, it was pointed out at the meeting that many people had negative views of the Land Bank. It had been reported that farmers had difficulties in accessing funds from the Land Bank in most cases. However, the Land Bank representative indicated that farmers often do not have basic documents when applying for funding. Occasionally, the Land Bank encountered a situation where documents were not readily available, which prevented farmers from applying for funding and getting it approved. Farmers also lacked water rights, which was a concern. Also discussed during the meeting was the Agro Energy Fund as a possible solution to load shedding. An Agri-BEE Fund reminder was also given. Applicants for equity shares, agro-processing infrastructure, and marketing infrastructure can apply from their provinces. There have been applications from some provinces.

**i. Mpumalanga Province Potential Beneficiary.**

A potential beneficiary from Mpumalanga Province was assisted with his application to the Land Bank. The beneficiary had been visited before by Milk SA, DSA and SAMPRO and advised on what was necessary for him to be part of Milk SA beneficiaries.

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

Over the review period, there were two virtual meetings between Milk SA and the National Agricultural Marketing Council (NAMC). In the first meeting, the NAMC presented about the importance of establishing a commodity industry transformation scheme based on the goals and pillars of the Agriculture and Agro-Processing Master Plan (AAMP). AAMP is a product of a social compact formed by labour, government, civil society, and industry. It promotes inclusive growth, competitiveness, transformation, employment, and food security. At the second meeting, Milk SA presented information about its transformation initiative and the progress made to transform the South African dairy industry using 20% of the statutory levy income. It is still under discussion between the NAMC and Milk regarding the establishment of the milk industry transformation scheme concept document, which will provide a guide and bring stakeholders together to promote inclusive growth.

**k. The Department of Water Affairs and Sanitation** has been engaged to speed up water rights application process. This is very critical because one of the conditions for Land Bank to process loan application forms is the proof of water rights. The Department of Water affairs and Sanitation promised to visit our farmers to assess the respective conditions of each farm. It has been learnt that it takes between 30 to 90 days for approval once an application has been received depending on the type of a license applied for.

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

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

#### ***Achievements***

Milk SA has an agreement with an independent private veterinarian to visit eight beneficiaries at Harrismith every three months to conduct pregnancy tests, assess body condition scores, conduct post-mortems, and monitor general dairy herd health situation. During the review period, the veterinarian visited two of the eight beneficiaries to conduct pregnancy tests and to assess dairy herds' health conditions in general. Bull testing was conducted on one farm only. Based on the feedback from beneficiaries, the veterinarian was satisfied with general herds' health status.

## ***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

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

## **Income and expenditure statement**

Income and expenditure statement	<a href="#">2024 ED BUDGET for BOARD 28 SEPT 2023 Tr.pdf</a> <a href="#">Q1 REPORT 19 APRIL 2024.pdf</a>
Unnecessary spending during period	No

## **Popular Report**

[2024 ED BUDGET for BOARD 28 SEPT 2023 Tr.pdf](#)  
[Q1 POPULAR REPORT 19 APRIL 2024.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