



ENTERPRISE DEVELOPMENT/ COMMERCIALIZATION OF BLACK OWNED SMALL DAIRY ENTERPRISES

(PRJ-0386-2024)

Milk South Africa NPC

Quarter 2 2024/2024 (April 2024 till June 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 Q2 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 595 cows in milk, a decline of 8% from the previous quarter 1 of 2024 (644 cows). Volumes of milk delivered to raw milk buyers also declined by 25% from 500 658 kilogrammes in quarter 1 of 2024 to 374 588 kilogrammes during the period under review. Compared to 2023 Q2, cows in milk dropped by 15% from 703 to 595. As a result of the reduction of cows in milk, the volume of milk also declined by 32% from 552 074 kilogrammes during Q2 of 2023 to 374 588 kilogrammes during the period under review.

During the period under review, 12 beneficiaries were visited in Dundee (1), Harrismith (8), Indwe (1), Matatiele (1), Swartberg (1), and Welkom (1). The purpose of the visits was to assess situations on the farms including fodder flow. Most farmers planted winter greens with a range of two to fifty hectares per farm. The most common winter greens were the Japanese radish, and oats. Some had also planted teff grass. Excessive heat has been the greatest challenge resulting in poor fodder flow due to insufficient winter greens planted. Moreover, lack of irrigation water,

water use licenses and irrigation infrastructure have also contributed negatively to the availability of sufficient quality fodder.

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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.

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. In the period under review, no permanent pastures were established on a cost-sharing basis, but 402 tonnes of lucerne were delivered to 18 beneficiaries. The quantity delivered per farmer ranged from 10 tonnes to 62 tonnes. Out of the total lucerne delivered, 162 tonnes were on a 25%:75% cost-sharing basis between beneficiaries and Milk SA. 240 tonnes were granted to beneficiaries as an emergency relief support.

A total of 176 tonnes of dairy meal concentrate were also delivered to 15 beneficiaries. The quantity delivered ranged from 5 tonnes to 37 tonnes per farmer. Out of the total dairy meal concentrate delivered, 96 tonnes were on a 25%:75% cost-sharing basis between beneficiaries and Milk SA. A total of 80 tonnes were granted to beneficiaries as an emergency relief support.

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.

Non-achievements / underperformance

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

Reasons for non-achievements / underperformance

Permanent pasture establishment on farms could not be established because majority of farmers lack water for irrigation, the ARC was still

visiting farms to establish the appropriate type of pasture and also farmers were still engaging the Land Bank for their own contribution.

Planned remedies for non-achievements / underperformance

The ARC is still assessing the type of permanent pasture under dry land and farmers are also engaging with Water Affairs to obtain their water licenses.

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, two workshops on sustainable dairy farming were conducted in collaboration with external experts, JNV Landscaping and Training, and the Agricultural Research Council (ARC).

The first workshop at Harrismith was attended by 13 participants representing 12 black-owned dairy enterprises across Dundee (1), Swartberg (1), Harrismith (8), Indwe (1), and Matatiele (1) in the Eastern Cape. The workshop focused on four chapters related to sustainable dairy farming: Sustainable Farming System, Economic Sustainability, Social Sustainability, and Environmental Sustainability. The farmers were educated to earn money through farming activities while preserving the environment and society. This is so that current and future generations can still benefit from them in the future. Following are some insights given to farmers during the training that:

Plants that take over grazing land should not be planted.

It is important to choose the right chemicals for planting fodder by farmers.

Farmers must understand the type of soil on their farm to determine what crops are suitable for planting. Fertilizers should also be applied according to soil fertility levels.

Farmers need to recycle waste materials such as paper and plastic to avoid polluting the environment, which negatively affects biodiversity as a whole. Burning waste was discouraged since it pollutes the air and contributes to global warming.

A good sanitation system and ablutions are also crucial to prevent water contamination on farms.

The second workshop at Welkom was attended by five participants representing four black-

owned dairy enterprises across Delareyville (2), Dewestdorp (1), Tweespruit (1), and Welkom (1). This second workshop was organized specifically for beneficiaries who were not able to attend the first sustainable training program in Pretoria during quarter 4 of 2023. The training was focused on dairy production financial records. The participants learned about financial records essential for effective farm management, such as income and expenditure, inventory, and tax records. The participants were also 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.

ARC contributions to the sustainable farming workshop

A presentation was made by the ARC on the importance of planting pasture for dairy farming and the role of cover crops. ARC contributions highlighted the following:

Farmers should understand the seeds they select when planting dairy pastures.

The use of cover crops is also important for the health of soils and for the nutrition of animals. Organic matter in cover crops increases soil quality, improves soil fertility, suppresses weeds and nematodes, reduces soil erosion, creates a better seedbed, and increases organic carbon.

Farmers can also save on input costs with cover crops.

ARC recommended Teff grass as a drought-resistant grass.

Additionally, the ARC visited five farms at Harrismith to assess pasture potential and make recommendations for improving fodder flow. He discovered the following during the assessment: Farmers can plant pasture, drought-tolerant Teff grass, and multiple species of pasture together.

For winter greens, farmers use old seeds, especially Japanese radish. Farmers should try other new seeds that are certified in the future, and he would assist them in ordering the recently introduced seeds. He believes that this will improve the quality of their fodder. Old seeds had poor germination and growth due to their inability to tolerate heat stress.

Milk SA also conducted a general enterprise development meeting with all farmers during the review period. Due to poor milk production performance by farmers in 2024, this meeting was held to discuss ways to improve the situation. The meeting covered the following topics:

Performance of enterprise - number of cows in milk and herd size

Average daily milk production per cow

Records of cow mortality, stock theft, and culling rates

As a result of drought conditions in the country, Milk SA notified farmers of a 75% subsidy programme for farmers to buy dairy meal concentrates and lucerne. The subsidy will remain available until September 2024. Milk SA expects farmers to improve milk production after receiving the subsidy. Farmers were also given forms to sign to acknowledge their responsibility and accountability for the wellbeing of their businesses

No Non-achievements / underperformance has been reported

Goal 6 - Coordinate and liaise with Government at all levels - AgriBEE 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:

1. Department of Water and Sanitation

Milk SA, farmers, and the Department of Water and Sanitation (DWS) met during the period reviewed. The purpose of the meeting was to educate farmers about water rights applications. After the meeting, the DWS visited eight farmers in Harrismith for site inspections and data collection such as water usage, number of animals, septic tanks, boreholes, and water storage. The DWS was pleased with Milk SA's projects at the end of the meeting and site visit. Furthermore, they indicated they would assist farmers with the application process for water use rights individually.

2. Kwa-Zulu Natal Province Potential Beneficiary

A potential beneficiary at Vryheid in the Kwa-Zulu Natal Province was visited. The farm had 120 dairy cows in total, and 60 were in lactation. At the time of visiting, the farm was selling milk to local retailers and customers. The three beneficiaries who were found at the farm said that milk was in high demand in the area and that a market would not be a problem for their milk. In preparation for producing amasi, they have fully erected a processing facility. Dairy Standard Agency was contacted by the Transformation Manager to assist them with their audits and certifications. Additionally, farm owners expressed an interest in joining Milk SA by registering as a processor. The farm has potential, but pastures need to be established urgently because there are no planted pastures. Feed for the farm's animals was being purchased from outside suppliers as there was no on-farm winter fodder.

3. Marketing Forum

During the period under review, Milk SA participated in DALRRD's virtual marketing forum. During the meeting, the Department of Agriculture across Provinces presented a progress report regarding the implementation of the marketing strategy. Across the provinces, there have been several market access promotion initiative strategies supported. Support on market information and SAGAP/ Global GAP have been provided. Some provinces reported that they have been involved in marketing infrastructure and agro-logistic projects such as mini-pack houses and auction pens.

4. National Agricultural Marketing Council (NAMC)

According to the previous quarterly report, Milk SA and the NAMC had begun discussing developing a concept document for the milk industry transformation scheme. It is part of the Agriculture and Agro-Processing Master Plan (AAMP) initiative to promote inclusive growth, competitiveness, transformation, employment, and food security. An ongoing meeting between Milk SA and the NAMC was held over the review period. During the meeting, the milk production scheme draft document was discussed. The meeting agreed that future engagements regarding the milk production scheme should include other stakeholders involved/affected by the dairy industry value chain. The milk production scheme will be discussed with other stakeholders at upcoming meetings.

5. SA Society of Dairy Technology annual symposium

During the period under review, both the Transformation Manager and the Officer attended the SASDT annual symposium titled " Dairy's Boundless Potential: Advancing Science and Technology through the International Dairy Federation." The symposium featured experts in the dairy industry, including members of the IDF Standing Committee. Discussions have covered topics such as dairy politics, economics, environment, animal welfare, standards, labelling, identity, nutrition, and marketing.

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. This is to conduct pregnancy tests, assess body condition scores, conduct post-mortems, and monitor the general dairy herd health situation. During the review period, a private veterinarian did not visit any farms. A meeting was held between Milk SA and Harrismith Platberg Dieregesondheid to discuss the challenges they encounter when working with Milk SA transformation beneficiaries. Additionally, Milk SA discussed the type of report it wants from doctors whenever they visit farms. The doctor said it has been difficult to schedule appointments with farmers by telephone due to some not being available. Moreover, on some occasions, the doctor has visited a farmer and the farmer has indicated they do not need veterinarian services. The doctor also recommends Milk SA to consider the Department of Agriculture's Compulsory Community Service programme. This provides affordable veterinary services throughout the country, especially in rural areas. Additionally, she mentioned that three doctors were assigned to Harrismith area under this programme and she would love to work hand-in-hand with them to assist with Milk SA's projects.

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	FINMON157 Management Accounts June 2024.pdf
Unnecessary spending during period	No

Popular Report

[Q2 Popular Report DRAFT with MGR inputs by 19 July 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