



ENTERPRISE DEVELOPMENT/ COMMERCIALIZATION OF BLACK OWNED SMALL DAIRY ENTERPRISES

(PRJ-0386-2024)

Milk South Africa NPC

Quarter 3 2024/2024 (July 2024 till September 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 Q3 2024 report on the objectives set for 2024.

During the period under review monitoring focused on milk production, fodder flow, animal feeding, breeding, dairy herd health and business activities record keeping of twenty project beneficiaries operating in the Eastern Cape, Free State, Gauteng, KZN, and North West Provinces. There were 632 cows in milk, an increase of 6% from the previous Q2 of 2024 (595 cows). Volumes of milk delivered to raw milk buyers also went up by 58% from 374 588 kilogrammes in Q2 of 2024 to 590 711 kilogrammes during the period under review. Compared to 2023 Q3, cows in milk dropped by 5% from 666 to 632. However, the volume of milk increased by 9% from 540 383 kilogrammes during Q3 of 2023 to 590 771 kilogrammes during the period under review.

Seven beneficiaries were visited at Delareyville (1), Harrismith (4), and Kaalfontein (2) as part of monitoring and evaluation exercise. During these visits, beneficiaries expressed their thanks following Milk SA grant and 75% subsidy for feed. Accordingly, their milk production improved. Additionally, beneficiaries indicated that they were satisfied with the quality of the lucerne delivered and had covered it under shelters to preserve its quality.

The following critical challenges were reported during site visits by individual farmers:

Five fire outbreaks destroyed grazing lands of four farmers, one house and also a cow died from

manure heat of the fire that caught cow manure.

Five farmers were affected by the Eskom power cuts that disrupted their milking schedules. Two farmers reported losing 800 litres which became sour. One farmer did not have water because of Eskom power outage.

One farmer's borehole dried up and attempts to sink another borehole nearby failed after more than five attempts. This farmer had to cart water by his bakkie for a distance of about three kilometres.

The majority of farmers continued to struggle with inadequate fodder flow, as previously reported. This was mainly due to a shortage of irrigation infrastructure and insufficient rainfall during the winter pasture planting period.

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. Farmers have been informed that pregnant heifers would not be supported until sufficient fodder flow was demonstrated on the farms.

Non-achievements / underperformance

Pregnant heifers could be delivered due to lack of sufficient fodder on farms of those who wanted extra heifers.

Reasons for non-achievements / underperformance

Pregnant heifers could be delivered due to lack of sufficient fodder on farms of those who wanted extra heifers.

Planned remedies for non-achievements / underperformance

Farmers are in the process of securing loans from financial institutions to plant permanent pasture and maize for silage.

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 are advised regularly to ensure that they have sufficient fodder flow of good quality. This is achieved through planting maize for silage, winter pasture planting, grazing veld management and purchases of extra fodder and dairy meal concentrates depending on the feed situation. Currently farmers are being assisted to plant permanent pasture to minimize shortage of fodder on farms, on a cost sharing basis although no permanent pastures have been established so far. Two hundred and sixty-four (264) tonnes of lucerne were delivered to 10 beneficiaries. The quantity delivered per farmer ranged from 10 tonnes to 40 tonnes. Out of the total of 264 tonnes lucerne delivered, 154 tonnes were on a 25%:75% cost-sharing basis between beneficiaries and Milk SA. The balance of 110 tonnes were granted to beneficiaries as an emergency support after fire outbreaks and other challenges.

A total of 142 tonnes of dairy meal concentrates were also delivered to 10 beneficiaries. The quantity delivered ranged from 10 tonnes to 32 tonnes per farmer. Out of the total of 142 tonnes dairy meal concentrates delivered, 102 tonnes were on a 25%:75% cost-sharing basis between beneficiaries and Milk SA. A total of 40 tonnes were granted to beneficiaries as an emergency 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

Some farmers needed solar power on their farms but they could not contribute their 25% share of the cost.

Reasons for non-achievements / underperformance

Some farmers needed solar power on their farms but they could not contribute their 25% share of the cost.

Planned remedies for non-achievements / underperformance

Farmers are being assisted to secure blended funding from Land Bank and other financial institutions.

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

Milk SA's dairy industry consultant conducted individual on-farm enterprise assessments with eight farmers at the Harrismith area during the period under review. The dairy expert reviewed farmers' milk production performance, nutrition and fodder flow, and breeding plans. The following were observed:

Low production remained a problem on most farms, ;

The farmers did not want to spend money on bulls;

Some farmers failed to record mating dates, and others who record them do not utilize them for determining cow dry-off dates;

Farmers still had no idea of how much dairy meal they were feeding;

Milking cows were often not given enough time to finish their feed allocations.

After individual farm visits the dairy expert held a workshop with 23 participants representing 17 out of 20 Milk SA Transformation beneficiaries on the following day. The purpose of the workshop was to deliberate findings and to make recommendations for improvement. The following recommendations were made:

Farmers must feed lucerne outside the parlour and save milling costs. It is only necessary to mill lucerne for heifers under six months of age.

There must be control measures in place to make sure cows are fed the correct amount of dairy meal and give them enough time to finish it.

Farmers in maize-producing areas must produce enough maize silage to feed their cows every day of the year. Moreover, they must enquire where they buy inputs and how much seed and fertilizer to use to produce at least 6 tonnes of dry matter (DM) maize silage per hectare.

Milk SA also held two enterprise development meetings with beneficiaries at Harrismith and Bethlehem. Harrismith's meeting was attended by farmers from Harrismith (7), Indwe (1), and Matatiele (1), while Bethlehem's meeting was attended by farmers from Dewestdorp (1), Kaalfontein (1), Senekal (1), Tweespruit (1), Welkom (1), and Wepener (1). Farmers' critical needs and enterprise performance were discussed during these meetings. Also, farmers were encouraged to be serious about their dairy businesses. Beneficiaries expressed gratitude for Milk SA's support in delivering dairy meal concentrates and lucerne during difficult times, indicating that the assistance has contributed to the improvement of their milk production.

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 shared vision amongst stakeholders. During the period under review, engagements were made with the institutions/persons indicated below.

1. KwaZulu Natal Province Potential Beneficiary

During the period under review, Milk SA was invited by the Agribusiness Development Agency (ADA) to visit a potential beneficiary at Kokstad in the KwaZulu Natal Province. The visit was attended by both Transformation Manager and the Officer. A Nestle SA representative also attended the meeting. The farm had 549 mature dairy cows in total, and 474 were in lactation. At the time of visiting, the farm was selling its raw milk to an established milk buyer. The farm had about 200 hectares under irrigation of which 180 hectares were already under irrigated permanent pasture. The representative from ADA indicated that they had a budget to support this project. It was found that the project did not meet Milk SA transformation criteria. However, they were advised to explore Land Bank and other potential funders.

2. Land Bank

The Milk SA and beneficiaries of the transformation project met with the Land Bank representatives at Bethlehem during the period under review to explain farmers on Land Bank agribusiness funding opportunities. Twelve Milk SA transformation beneficiaries attended the meeting. Land Bank financial products explained to farmers included: loans for mortgages, medium-term loans, establishment loans for perennial crops, short-term seasonal loans, blended Finance Scheme, and agro Energy Fund. The Land Bank shared their applications forms with farmers and encouraged them to start with application process.

3. Marketing Forum

During the period under review, Milk SA participated in DALRRD's virtual marketing forum. The Department of Agriculture across provinces presented a progress report regarding the implementation of the marketing strategy, as it has done in previous meetings. Many initiatives targeting market access have been implemented across the provinces, including market information support and SAGAP/Global GAP accreditations. In some provinces, mini-packhouses and auction pens have been constructed as part of market infrastructure and agro-logistic projects.

4. National Agricultural Marketing Council (NAMC)

Two follow up meetings were held between Milk SA and other stakeholders to discuss the draft Agriculture and Agro-Processing Master Plan (AAMP) milk production scheme document

developed by Milk SA and how other stakeholders would contribute to the envisaged dairy industry production scheme. Some of the stakeholders that attended the meetings were ARC, FirstRand, DALRRD (AgriBEE Fund, Agro processing, and Marketing) and Land Bank. Unfortunately, some of the invited milk buyers could not attend the meeting.

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, three Harrismith farmers were visited to assess the condition of their cows following fire outbreaks. It was confirmed from the veterinarian's report that of the three beneficiaries, a cow died due to fire and no other animals were injured. On two of the three beneficiaries' farms visited pregnancy diagnoses were also done. The veterinarian expressed her satisfaction with the body condition scores of the animals of two of the three beneficiaries she visited. She reported, however, that another beneficiary's cows had poor body conditions, which contributed to their low conception rate. Furthermore, the veterinarian reported three cases of abortion on two of the three farms visited, and laboratory tests for Brucellosis were conducted to determine if it was the cause of the abortions. In all cases, the test results were negative. Additionally, the veterinarian in her report indicated that future visits to these farms would include bull fertility testing.

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, workers' accommodation which included a kitchen, shower, toilet, and urinal was constructed for a beneficiary on a 25%:75% cost-sharing basis between the beneficiary and Milk SA.

No Non-achievements / underperformance has been reported

Income and expenditure statement

Income and expenditure statement	2024 E D BUDGET + RESERVES FINAL March 2024.pdf
Unnecessary spending during period	No

Popular Report

[Q3 Popular Report DRAFT MGR 11 OCTOBER 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