



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

(PRJ-0401-2025)

**Godfrey Rathogwa**

**Quarter 1 2025** (January 2025 till March 2025)

## **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 2025 report on the objectives set for 2025.

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 650 cows in milk on average, a decline of 7% from the Q4 of 2024 (701 cows on average). The total volume of milk delivered to raw milk buyers also declined by 5% from 734 466 kilogrammes in Q4 of 2024 to 695 939 kilogrammes during the period under review. Compared to Q1 2024, the average number of cows in milk increased by 1% from 644 to 650. Milk volume also increased by 39%, from 500 658 kilogrammes during Q1 of 2024 to 695 939 kilogrammes during the period under review.

Twelve (12) beneficiaries were visited at Dewestdorp (1), Harrismith (7), Kaalfontein (2), Senekal (1), Tweespruit (1), Welkom (1), and Wepener (1) as part of monitoring and evaluating their situations on their farms. It was discovered that five farmers had planted 76 hectares of maize, with hectares ranging from 8 to 30 hectares per farmer, which they claimed would be used for silage. Most of the farmers were still preparing their land for planting winter greens. Three farmers had already planted 48 hectares of oats, 26 hectares of grazing sorghum, and six

hectares of Japanese radish. The overall situation regarding fodder flow will be evaluated in the second quarter of 2025 to confirm whether the farmers have planted as planned. One beneficiary, who had planted maize, reported to Milk SA transformation team that he had cut 9,5 hectares out of 20 hectares, claiming that the yield had been good. Farmers expressed their concerns regarding irregular power supply by Eskom and high electricity bills they received from Eskom. They asked progress regarding accelerated support for solar, pasture establishment and other things as they have been asked to approach Land Bank for own financial contribution in 2023.

A market challenge continued to affect the Harrismith, Matatiele, and Swartberg farmers, who have until April 2025 to find new milk buyers who would begin buying their milk from May 2025. Farmers have been given a six months' notice period by the current milk buyer.

### ***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 were informed that pregnant heifers would not be subsidized until sufficient fodder flow was demonstrated on their farms. The livestock agent could also not supply bulls due to foot and mouth disease which affects availability and restricts movement of animals.

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

The livestock agent could also not supply heifers and bulls due to foot and mouth disease which affects availability and restricts movement of animals. Furthermore, some farmers were still waiting for approval of financial loans from Land Bank to plant permanent pasture.

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

The livestock agent could also not supply heifers and bulls due to foot and mouth disease which affects availability and restricts movement of animals. Furthermore, some farmers were still waiting for approval of financial loans from Land Bank to plant permanent

pasture.

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

Farmers are engaging their financiers to secure money to contribute their portion in order to plant pasture and buy animals.

**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 had sufficient fodder flow of decent quality. This is achieved through planting of maize for silage, winter pasture planting, and purchases of extra fodder and dairy meal concentrates depending on the feed situation. Milk SA's plan was to assist farmers in planting permanent pastures to minimize shortage of fodder on farms, on a cost-sharing basis. Unfortunately no permanent pastures had been established during the period under review as reported during the previous quarterly report. A shortage of irrigation infrastructure and slow progress to secure farming loans from financial institutions were the reasons for failure to plant permanent pasture. Thirty (30) tonnes of dairy meal concentrate were delivered to a beneficiary on an equal cost sharing basis between the beneficiary and Milk SA.

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

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

***Achievements***

One farmer has been subsidized by 75% to install a solar system due to irregular supply of electricity by Eskom. The beneficiary was no longer able to pump water and to use milking equipment. Milk SA Transformation team has seen the solar system installed and the beneficiary was using his solar power to pump water and operate his milking parlour. The beneficiary indicated that since the system was installed, he never had a problem with water supply on his farm, and was no longer disruption of milking schedule.

***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 were held, but two enterprise development group meetings were held with eight farmers at Harrismith in the Free State province. These meetings discussed the following topics:

- a. Enterprise performance – cow productivity, milk volume, and milk quality;
- b. Potential milk buyers challenge;
- c. Fodder flow and permanent pasture establishment;
- d. Farm visits by private veterinarians; and
- e. Milk SA support for critical needs.

Farmers were advised to improve their fodder flow so that they could produce sufficient milk volume of decent quality to meet market standards. Furthermore, the representative from the Department of Agriculture, who attended one of these two meetings, indicated that he would ask the Department to help Harrismith farmers find a new milk buyer and to include these farmers in some of the government's support programmes.

### ***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.

#### **DALRRD:**

Two engagements were made with DALRRD during the period under review regarding national milk producer statistics. The goal is to geolocate every milk producer in South Africa and assess the situation of every one in order to develop a strategy to promote productivity, efficiency, profitability, inclusive economic growth and sustainability. The study is planned to start during quarter 2 of 2025 and finished in 2027. Participants in the study will include national department of agriculture, provincial departments of agriculture, ARC Milk SA and some universities.

### **Aspirant dairy entrepreneur**

Milk SA's Transformation Manager and Transformation Officer met with an aspiring female dairy entrepreneur. She visited Milk SA office to learn about the dairy industry dynamics, as she aspires to become a dairy farmer in the future. She plans to buy a farm in Gauteng Province and raise dairy calves to lactation age. Moreover, she stated that she loved goat milk and was interested in exploring the industry. She indicated that she would like to spend some time learning about and gaining exposure to the dairy industry before she could start any business. Furthermore, the Transformation Manager connected her with ARC, DALRRD, the Land Bank, and some of our dairy farmers around Gauteng so that she could learn more about the dairy industry.

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

The NAMC Transformation Review Committee members and its interns were exposed to 12 Milk SA transformation project beneficiaries from Dewestdorp (1), Harrismith (7), Kaalfontein (2), Senekal (1), Tweespruit (1), Welkom (1), and Wepener (1). The primary objective of the visit was to monitor and evaluate Milk SA's efforts to empower Black-owned dairy enterprises through its 20% dairy industry statutory levy income. The farmers expressed their gratitude that Milk SA had significantly assisted them in their dairy enterprises by providing support such as Eskom electricity connection, upgrading of milking parlours, pasteurising equipment, sinking of boreholes, heifers, feed supplies, and technical assistance for dairy business skills developments, private veterinary services, pasture establishment.. Some farmers expressed their appreciation for Milk SA's support, especially Eskom power connections, farm workers' accommodation and for veterinary services.

During the period under review, both the Transformation Manager and Officer attended NAMC's Transformation Workshop titled "Industry Transformation through Production Schemes." The workshop aimed to facilitate collaboration, promote the AAMP, and build a shared commitment to driving transformation in the agricultural sector. Many commodity associations that had transformation departments funded by 20% of statutory levy income and agricultural industry trust funds attended the workshop and shared their transformation experiences. The Transformation Manager also presented Milk SA's transformation initiatives and the challenges facing Black-owned dairy businesses.

Another meeting was also held with the NAMC again to discuss milk industry production schemes and future meetings. A model of bilateral meetings with stakeholders was suggested to Milk SA to address the challenges Black owned dairy enterprises were facing. The NAMC and Milk SA would coordinate some of these meetings together. As part of the Agro processing Master Plan, Milk SA Transformation Manager has been participating in Livestock Value Chain Round Table meetings during the period under review. These meetings also discussed high-

level issues relating to livestock industry transformation.

### **Jobs Fund webinar**

The Transformation Officer attended a Jobs Fund webinar during the review period. This webinar featured Jobs Fund partners, the SAB Foundation Trust, and the implementing agents Lead Impact Capital and Fetola. It also featured the Jobs Fund partners project beneficiaries. Partners were sharing their growth journey of several small, micro and medium enterprises (SMMEs) and the impact of SABF's multi-faceted business support approach, which demonstrated success.

### **National Department of Agriculture- Extension Services Advisory Forum**

During the period under review, Milk SA's Transformation Manager and Officer attended DALRRD's Public Sector Forum for Extension and Advisory Services in the North-West Province. The forum provides strategic guidance and ensures effective implementation and monitoring of Extension and Advisory Services programmes. The Transformation Manager presented a presentation on transformation initiatives and challenges relating to extension services for farmers working with Milk SA. As part of our presentation, it was pointed out that dairy industry transformation was challenged by a lack of extension and veterinary support, amongst other issues. During the presentation, some of the government officials acknowledged the complexities of the dairy industry and the lack of a strategy to support dairy projects in the different provinces.

### **Potential milk buyer**

Milk SA's Transformation Manager and Transformation Officer met with a raw milk buyer at Nigel, Gauteng Province, to discuss the possibility of providing a market to some of Milk SA transformation programme beneficiaries. The potential buyer was a registered member of Milk SA as well as a statutory levy payer. She expressed her interest in buying milk from Harrismith farmers who were beneficiaries of the transformation programme, and she had already met with them to learn about their circumstances in dairy farming. The potential milk buyer had a milk processing plant that produced Amasi, juice, cream, yogurt, and frozen yoghurt. However, she stated that the processing plant was not being used to its full potential due to a shortage of raw milk, hence she was still looking for farmers to supply enough milk. Nonetheless, she lacked a milk tank for transportation. There had been ongoing engagements between the Transformation Manager and the existing milk buyer who collected milk from Harrismith farmers to assist the potential new buyer with milk transportation tank needs. The potential milk buyer wants to start collecting milk from these farmers in May 2025, since the existing buyer had already given them six months' notice period that they would end collecting their milk by end of April 2025.

### **Potential solar power supplier**

Milk SA and a potential solar power supplier visited four farms at Harrismith, Free State to assess

power needs, installation area and cost of solar power infrastructure and installation. Solar power would be very helpful to farmers for running their dairy and for irrigation of permanent pasture to be planted. During the visit to the four farms, the potential supplier indicated that the farm setups are the same and that bringing a common solar power system would be easy, which would supply power for at least 16 hours per day, allowing farmers to continue milking, cooling, and maintaining quality even when electricity is not available.

#### **Dairy processing equipment supplier**

A meeting was held with a supplier of dairy processing equipment to better understand the best milk processing plant for a group of farmers without formal milk buyers who have small volumes of milk. This supplier provides a full range of solutions, from standard stainless-steel tubes and fittings to customized state-of-the-art processing plants. According to the supplier, a group of farmers with a small volume of milk needed a simple processing plant that could pasteurize and process raw milk into amasi. Moreover, he mentioned that such farmers should consider exploring other products in the future, such as yoghurt.

### ***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. A meeting with the project veterinarian was held during the period under to discuss challenges they had experienced while working with Milk SA transformation programme beneficiaries at Harrismith, Free State province. The vet said some farmers were cooperative, while others were difficult to work with. During the review period, five beneficiaries were visited, but one farm was not organised enough for the vet to work with the cows because the farmer was not aware of the vet's visit. On the other four farms, pregnancy scans and diagnoses of the animals as well as body conditioning scores were examined. Vet report showed that the overall animals body condition scores among these farmers were good. The vet also advised all farmers that instead of dipping during rainy seasons, a long-acting injectable could be used to control parasites. In addition, vaccinations, especially those that protect the lungs, should be up-to-date before the winter months begin.

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

#### **Goal 8 - Assist project beneficiaries to improve accommodation and**

## ablution facilities for their workers

### ***Achievements***

As reported during Quarter 4 of 2024, Milk SA provided emergency relief for building workers' accommodation, including a kitchen, shower, toilet, and urinal to a beneficiary whose farmhouse was destroyed by fire during Q3 of 2024. The contractor completed the work during the period under review. During the farm site visit, the Transformation Manager and Transformation Officer witnessed the work that had been done, and both the farmer and farm workers expressed their gratitude for the assistance provided.

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

## Income and expenditure statement

Income and expenditure statement	<a href="#">Jan-March 2025 ED Management Account.pdf</a>
Unnecessary spending during period	No

## Popular Report

[Q1 ED Popular Report True 2025.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