



ENTERPRISE DEVELOPMENT/ COMMERCIALIZATION OF BLACK OWNED SMALL DAIRY ENTERPRISES

(PRJ-0401-2025)

Godfrey Rathogwa

Quarter 2 2025 (April 2025 till June 2025)

Project goals

Goal 1 - Monitor existing Milk SA approved small holder Black dairy commercialization enterprises

Achievements

Sustainable Commercialization Project came into being because 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 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 588 cows in milk on average, a decline of 9% from the Q1 of 2025 (650 cows on average). The total volume of milk delivered to raw milk buyers also declined by 30% from 695 939 kilogrammes in Q1 of 2025 to 488 528 kilogrammes during the period under review. Compared to Q2 2024, the average number of cows in milk declined by 1% from 595 to 588. However, milk volume increased by 30%, from 374 588 kilogrammes during Q2 of 2024 to 488 528 kilogrammes during the period under review.

Six beneficiaries were visited at Harrismith (4), Senekal (1), and Welkom (1) as part of monitoring and evaluation of their farming situation. Of these, three had planted a total of 58 hectares of maize for silage, with individual land planted ranging from 18 to 30 hectares. In the end, only two beneficiaries managed to cut, cutting 10 hectares each with the assistance of a contractor. The third was unable to cut due to heavy rains and waterlogged fields. The body condition scores of some livestock were observed declining and beneficiaries stated the need to increase feeding

since the onset of winter. Regarding winter pasture, five of the visited beneficiaries had planted winter greens, ranging from 10 to 30 hectares per farm. The most commonly planted winter greens included Japanese radish, oats, and grazing sorghum. Some farmers harvested teff or eragrostis grass bales or ordinary grass bales on their farms.

As reported in the first quarterly report, farmers at Harrismith, Matatiele, and Swartberg lost their milk buyer. Fortunately, the Harrismith farmers secured another milk buyer who has been collecting milk every second day since May 2025. However, the buyer requires a higher volume of milk to maintain the contract and ensure good prices. Matatiele and Swartberg farmers were still looking for a buyer. Additionally, the farmer at Dewetsdorp lost his market at the end of May 2025 due to insufficient milk volumes and has been actively searching for a new buyer. The Swartberg and Tweespruit beneficiaries reported stopping milking because their milk was going sour, despite their efforts to sell it locally.

Another ongoing challenge as highlighted in the previous quarterly report is the high cost of electricity, with many farmers continuing to express concern over very high Eskom bills. A case of livestock theft was also reported during the period under review. A beneficiary at Harrismith reported the theft of 14 heifers (of which 8 were pregnant), which were later recovered at the border with Lesotho.

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 that affects availability and restricts movement of animals.

Non-achievements / underperformance

No animals could be delivered due to foot and mouth disease and poor fodder flow on the farms.

Reasons for non-achievements / underperformance

No animals could be delivered due to foot and mouth disease and poor fodder flow on the farms.

Planned remedies for non-achievements / underperformance

Farmers are in the process of approaching financial institutions to lend them money for permanent pasture planting and other critical on

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 programme beneficiaries are advised regularly to ensure that they have sufficient fodder flow of good quality all the time. 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 were established during the period under review. This was due to a shortage of irrigation infrastructure and slow progress in securing farming loans from financial institutions, as reported in the previous quarterly reports. Furthermore, no fodder was provided to beneficiaries during the period under review.

Non-achievements / underperformance

No fodder flow was delivered during the period under review because there were no pregnant heifers delivered to project beneficiaries due to foot and mouth diseases and poor fodder flow on the farms. Furthermore, no permanent pasture was planted pending approval of loans from financial institutions.

Reasons for non-achievements / underperformance

No fodder flow was delivered during the period under review because there were no pregnant heifers delivered to project beneficiaries due to foot and mouth diseases and poor fodder flow on the farms. Furthermore, no permanent pasture was planted pending approval of loans from financial institutions.

Planned remedies for non-achievements / underperformance

Farmers are continuing to engage financial institutions for loans and ARC has been approached to assist with the identification of the right pasture species for each area. Once funding has been secured and weather conditions allow permanent pastures will be planted.

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, no formal workshops were held, but three enterprise development meetings were held in the Free State Province, one at Bethlehem and two at Harrismith. The Bethlehem meeting was attended by 20 participants representing 16 transformation programme beneficiaries from Delareyville (1), Dewestdorp (1), Dundee (1), Harrismith (7), Matatiele (1), Swartberg (1), Senekal (1), Tweespruit (1), Welkom (1) and Wepener (1). The two meetings held at Harrismith were attended by eight farmers from the area. The following aspects were discussed during these meetings:

- a. Potential milk buyers and their challenges;
- b. Performance of enterprises - cow productivity and milk quality;
- c. The availability of fodder on the farms;
- d. Pasture establishment and milk volume target;
- e. Milk SA supports critical needs;
- f. Farm visits by veterinarians;
- g. Milk SA contract with farmers;
- h. Skills development priorities for farmers.

The milk buyer and transport company, which provides Harrismith farmers with the truck for milk collection, also attended one of the above mentioned meetings at Harrismith. The milk buyer had an opportunity to discuss milk volume demand, payment arrangements, and pricing strategies with farmers. Farmers were advised to improve their fodder flow so that they could produce sufficient milk volume of decent quality to meet market standards.

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.

Agro Processing Master Plan (AAMP)

A livestock value chain round table (VCRT) meeting was attended by both the Transformation Manager and the Transformation Officer. The concept of VCRT was incorporated into the Agro Processing Master Plan initiative as a tool to bring together stakeholders from both government and private industries to address key industry challenges and capitalize on opportunities for the sector's benefit. Issues such as trade and market access, regulatory policies, energy, infrastructure development, and transformation are discussed during these platform meetings.

National Lucerne Trust (NLT) and National Agricultural Marketing Council (NAMC)

The National Agricultural Marketing Council (NAMC), National Lucerne Trust (NLT), and Milk SA Transformation Manager met as part of the AAMP- milk industry production scheme initiative. The meeting was intended to explore possible collaborations between the NLT and Milk SA to empower smallholder Black dairy enterprises. The meeting was especially valuable in getting information about lucerne planting as a valuable forage in the dairy industry. Also discussed was the issue of grading lucerne.

Jobs Fund webinar

The Jobs Fund webinar was also attended by both the Transformation Manager and the Transformation Officer during the period under review. This webinar provided a briefing session for the Jobs Fund's Call for Proposals, focused on "Breaking Barriers to Employment in Green and Informal Economies". Applications were invited from the private, public, and non-profit sectors, focusing on innovative and implementable solutions that address employment barriers in the green and informal economies.

SA Society of Dairy Technology 2025 symposium

Both Transformation Manager and Transformation Officer attended the SA Society of Dairy Technology 2025 symposium titled "more for less - enhancing value and efficiency in dairy". There were a number of presentations by experts and many delegates engaged in successful dialogues about the symposium's theme. Innovations aimed at delivering high quality, safe and nutritious dairy products while navigating economic, environmental, and technological issues were discussed at the symposium. Delegates also had the opportunity to network and collaborate.

No Non-achievements / underperformance has been reported

Goal 7 - Provision of private veterinary services

Achievements

***Non-achievements /
underperformance***

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 period under review, no vet visits were conducted. According to the veterinarian's report, they had planned to visit beneficiaries during April, but the weather prevented them. Furthermore, they were already fully booked for May and June 2025. All outstanding visits have been rescheduled for July 2025.

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Reasons for non-achievements / underperformance

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Planned remedies for non-achievements / underperformance

All outstanding visits have been rescheduled for July 2025.

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	ED Bank Balances on 2025.06.30.xlsx Management Account May 2025.pdf
Unnecessary spending during period	No

Popular Report

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