



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

(PRJ-0401-2025)

**Godfrey Rathogwa**

**Quarter 3 2025** (July 2025 till September 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 Q3 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 570 cows in milk on average, a decline of 3% from the Q2 of 2025 (588 cows on average). The total volume of milk delivered to raw milk buyers declined by 12% from 488 528 kilogrammes in Q2 of 2025 to 427 707 kilogrammes during the period under review. Compared to Q3 2024, the average number of cows in milk declined by 10% from 632 to 570. Milk volume also declined by 28%, from 590 711 kilogrammes during Q3 of 2025 to 427 707 kilogrammes during the period under review.

Sixteen (16) beneficiaries were visited as part of the monitoring and evaluation of their farming operations. They were visited across Delareyville (1), Dewetsdorp (1), Harrismith (8), Kaalfontein (2), Senekal (1), Tweespruit (1), Welkom (1) and Wepener (1). Fifty six percent ( 9 of 16 beneficiaries) of those farms visited, produced an average of 10 liters of milk per cow per day, while half (8 of 16 beneficiaries) noted a decline in animal body condition scores. These findings were consistent with the fodder flow situation, as the majority of beneficiaries lacked sufficient

quantities of good-quality feed on their farms. Most were therefore compelled to purchase additional grass bales or feed ingredients from external suppliers due to limited on-farm feed production. The wintergreens that had been planted were observed to be at their final growth stage.

As reported in the 2025 Q1 quarterly report, farmers at Harrismith, Matatiele, and Swartberg lost their milk buyers. Farmers at Harrismith have since secured a new 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 for farmers. Farmers at Matatiele and Swartberg were still in search of a buyer. In addition, one farmer at Tweespruit lost his market at the end of May 2025 due to insufficient production volumes and has been actively seeking a new buyer. During the site visit at Tweespruit, the beneficiary was found milking only once daily in the morning and attempting to sell to two nearby beneficiaries of the Milk SA Transformation Programme. However, sales volumes remained unsatisfactory, resulting in no buyer, and milked and stored milk was spoiled at the expense of the farmer.

As highlighted in the previous quarterly report, the high cost of electricity remains a persistent challenge, with many farmers expressing concern over excessive Eskom bills. Two beneficiaries had their electricity supply disconnected due to non-payment, forcing them to revert to hand milking.

## ***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 affected the availability of animals and restricts animal movement.

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

There were no pregnant heifers and bulls delivered during the review period.

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

Farmers did not have sufficient fodder flow and there was restricted movement of animals' due to FMD.

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

Farmers are planning to plant pasture when it starts to rain. Milk SA is in the process of providing emergency support for feed.

The livestock agent is busy looking for certified pregnant heifers and bulls from FMD free areas.

### **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 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 report. Furthermore, no fodder was provided to beneficiaries during the period under review.

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

No permanent pasture were planted during the period under review.

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

Most of the farmers are dependent on rainfall and own contribution was lacking.

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

Farmers are still busy with Land Bank to secure loan funding. Where farmer's own contribution would be available, pasture will be planted as soon the rain starts to fall.

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

#### ***Achievements***

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

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

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

#### ***Reasons for non-***

***achievements /  
underperformance***

Most of the farmers did not have own contribution for calf rearing pens, equipment and solar system, etc.

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

Milk SA is engaging Provincial Department of Agriculture, other potential funding stakeholders, and encouraging farmers to secure funding from their bankers.

**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***

There were no formal workshops conducted during the period under review, but beneficiaries were advised telephonically and verbally during farm visits.

***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***

**The Agricultural Economics Association of South Africa (AEASA)**

The Transformation Manager and the Transformation Officer, attended Day 1 of the 62nd Annual AEASA Conference, held in Centurion, Gauteng Province. The Transformation Manager represented Milk South Africa and participated in a panel discussion alongside Transformation Managers and Officers from other commodity industry associations. The discussion was centred on the Agriculture and Agro-processing Master Plan (AAMP) as an intervention intended to address market failures, particularly those associated with production schemes. During the session, Milk SA's experiences in empowering Black-owned dairy enterprises were shared by the Transformation Manager, and the challenges encountered by transformation beneficiaries - including the loss of milk buyers - were highlighted.

## **The Department of Agriculture (NDA) – Directorate National Extension Support**

The Transformation Officer attended the joint strategic planning session of the Public Sector Forum for Extension and Advisory Services and the South African Forum for Agricultural Extension and Advisory Services, held in the Limpopo Province at Vhembe District Local Municipality. The strategic plan was intended to bring together key stakeholders in the extension and advisory services sector to reflect, share insights, and define a clear direction to improve the effectiveness, coordination, and responsiveness of these services in meeting the needs of the agricultural sector. An exposure visit to three projects supported by the Department of Agriculture in the Vhembe District was also conducted to observe the assistance provided by the Department. It was discussed during the forum that the Department of Agriculture (DNA) needs to strengthen its partnerships with commodity industry groups to ensure the effective coordination of agricultural and advisory services provided to farmers.

### **Marketing Forum**

The Transformation Officer attended a Marketing Forum meeting where a series of presentations were delivered on the implementation of the province's marketing strategy. Key topics covered in the presentations included the Agricultural Statistics Strategy, Marketing Information Capacity Building Reports, the Agri-BEE Fund and its current status, as well as the SAGAP Annual and Progress Reports. As part of the programme, Forum members conducted site visits to three agricultural projects to observe the Mpumalanga Department of Agriculture's support in strengthening market access. The visits included a vegetable and fruit farmer supported with a packhouse, a fully operational Agri-hub enhancing market access for smallholder farmers, and the Mpumalanga International Fresh Produce Market.

## **The National Agricultural Marketing Council (NAMC), the Food, Agriculture and Natural Resources Policy Analysis Network (FANRPAN) and the University of Pretoria (UP)**

The Transformation Manager and the Transformation Officer, attended the FoSTA-Health South Africa National Policy Dialogue, coordinated by the NAMC in partnership with FANRPAN and the University of Pretoria, held at ARC Roodeplaat, Pretoria. The purpose of the dialogue was to validate the research conducted under the FoSTA-Health project in South Africa, ensuring that the evidence generated reflects stakeholder experiences, sectoral realities, and contextual priorities. The management and impact of disease outbreaks in the livestock industry, particularly Foot and Mouth Disease (FMD) cases in the country, was also discussed. The shortage of veterinary services was highlighted as a major challenging affecting not only the dairy industry but also the beef and pork industries.

A meeting was held between an independent researcher from Wits Business School, the Milk SA Transformation Manager and the Transformation Officer. The researcher sought to gather information on Black dairy farmers under the Milk SA Smallholder Commercialisation Project Programme, particularly those in the Free State Province, to conduct an in-depth assessment of factors affecting their business success or failure. The study is planned for 2026. Milk SA advised that farmers would be informed about the study and participation would be voluntary. Interested farmers will be linked with the researcher.

### **Potential beneficiaries**

#### **a. Eastern Cape**

The Milk SA Transformation Manager and the Transformation Officer visited a potential beneficiary located in Stutterheim, Eastern Cape Province. The purpose of the visit was to assess the farming operations and determine whether the potential beneficiary meets Milk SA's criteria for selection into the Smallholder Commercialisation of Black-Owned Dairy Enterprises. The potential beneficiary has been actively involved in the dairy industry for a decade and recently requested support from Milk SA for his newly acquired farm, where he intends to practice dairy enterprise independently with his family. The beneficiary has requested assistance from Milk SA for the procurement of dairy cows, milking equipment, and other essential farm needs deemed necessary by the organization. Milk SA Transformation Programme Management Committee will make a decision based on enterprise profile regarding the beneficiary's eligibility for inclusion in the Black Smallholder Dairy Commercialisation Programme.

**b.** A second beneficiary from Mpumalanga has visited the Transformation Manager for support. He was referred to the Land Bank and advised to come back once Land Bank funding has been secured. The farmer wanted support to buy a bigger farm, animals and machinery. Land Bank is busy finalizing his application where-after he could come back to Milk SA.

### ***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 period under review, five beneficiaries were visited to conduct pregnancy tests, assess animal body condition scores, and monitor the overall dairy herd health status. Two cases of sick animals were observed on two beneficiary farms, and appropriate treatment recommendations were provided.

***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 and ablution facilities were constructed.

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

## **Income and expenditure statement**

Income and expenditure statement	<a href="#">Management Accounts August 2025.pdf</a> <a href="#">ED Bank Balances on 2025.08.31.xlsx</a>
Unnecessary spending during period	No

## **Popular Report**

[Q3 Popular Report MGR 15 OCTOBER 2025.docx AA.pdf](#)

## **Popular report and 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