



ENTERPRISE DEVELOPMENT/ COMMERCIALIZATION OF BLACK OWNED SMALL DAIRY ENTERPRISES

(PRJ-0401-2025)

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Quarter 4 2025 (October 2025 till December 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 Q4 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 641 cows in milk on average, an increase of 12% from the Q3 of 2025 (570 cows on average). The total volume of milk delivered to raw milk buyers also increased by 3% from 427 707 kilogrammes in Q3 of 2025 to 441 581 kilogrammes during the period under review. Compared to Q4 2024, the average number of cows in milk declined by 9% from 701 to 641. The milk volume also declined by 40%, from 734 466 kilogrammes during Q4 of 2024 to 441 581 kilogrammes during the period under review.

As reported in the previous quarterly report, the lack of milk buyers, or the absence of reliable milk buyers, remained a major challenge for most beneficiaries. Eight beneficiaries at Harrismith were unable to sell all their raw milk during the festive season because their milk buyer had experienced a decline in demand from clients. This resulted in a reduction in milk collection per beneficiary, leading to milk being stored and subsequently spoiled at the beneficiaries' expense. Consequently, lower milk volumes were collected than expected which negatively affected their cash flow and ability to operate their dairy enterprises efficiently. Other beneficiaries in

Delareyville, Tweespruit and Wepener continued to operate without formal milk buyers and sold milk directly to local consumers in their nearby towns.

Due to the absence of reliable milk buyers to some of the transformation project beneficiaries, Milk SA's milk volume records were compromised, as some beneficiaries did not maintain accurate records of milk sold directly to local consumers. Previously, Milk SA received milk volume data directly from milk buyers, which provided a more accurate reflection of volumes supplied to the market. Furthermore, only a limited number of beneficiaries delivered milk to established milk buyers or processors, and their volumes remained relatively low, requiring growth to sustain long-term relationships with their respective buyers.

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 because of lack of sufficient fodder flow, lack of farmer financial contribution, foot and mouth disease, poor performance in terms of productivity per cow. The livestock agent could also not supply bulls due to foot and mouth disease, which negatively affected the availability of animals and restricted animal movement.

Non-achievements / underperformance

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

Reasons for non-achievements / underperformance

There were no pregnant heifers delivered during the review period because of lack of sufficient fodder flow, lack of farmer financial contribution, foot and mouth disease, poor performance in terms of productivity per cow. The livestock agent could also not supply bulls due to foot and mouth disease, which negatively affected the availability of animals and restricted animal movement.

Planned remedies for non-achievements / underperformance

Nothing specific until FMD problem has been resolved and farmers have resolved their challenges in terms of stable milk buyer and fodder flow. Furthermore, Milk SA is engaging other stakeholders' to resolve the issues of milk buyers and addressing farmers' challenges on the ground. Other stakeholders will only be involved if a farmer is committed to make own financial contribution.

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 delivered to beneficiaries during the period under review. The reasons for non-delivery of fodder were loss of market by some farmers, lack of farmer's own financial contribution to the cost of fodder and poor performance in terms of productivity per cow.

Non-achievements / underperformance

Neither permanent pasture nor fodder were established and delivered.

Reasons for non-achievements / underperformance

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 delivered to beneficiaries during the period under review. The reasons for non-delivery of fodder were loss of market by some farmers, lack of farmer's own financial contribution to the cost of fodder and poor performance in terms of productivity per cow.

Planned remedies for non-achievements / underperformance

Milk SA is engaging other stakeholders to resolve the issues of milk buyers and addressing farmers' challenges on the ground. Other stakeholders will only be involved if a farmer is committed to

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

Achievements

There were no supplies of critical on-farm enterprise infrastructure, including affordable processing equipment, during the period under review. One beneficiary approached Milk SA for support to expand the current processing facility. Unfortunately, due insufficient volume, the farmer was advised to work with other emerging dairy farmers in order to get Milk SA support. Till today, the farmer has not yet come back to Milk SA.

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

Two enterprise development meetings were held with beneficiaries at Bethlehem and Bloemfontein, with five and ten beneficiaries respectively. The following aspects were discussed: - accuracy of monthly information submitted by beneficiaries to the Milk SA Transformation team, records of previous Milk SA support, including pregnant heifers, bulls, equipment, power supply, and related support; enterprise dairy herd status and performance review; as well as updates on Milk SA bull support. Beneficiaries were advised that, for any future support, they must submit a formal written request via email to the Transformation Manager, copying both the Transformation Officer and the Transformation Secretary.

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) – LVCRT Transformation Working Group

The Transformation Manager and the Transformation Officer attended a Livestock Value Chain Round Table (VCRT) Transformation Working Group meeting. The concept of the VCRT was incorporated into the Agro-Processing Master Plan initiative as a mechanism to bring together stakeholders from both government and the private sector to address key industry challenges and leverage opportunities for the benefit of the sector. Other key stakeholders, such as the Land Bank, the Department of Agriculture's AgriBEE Sector Code Directorate, and Karan Beef, made presentations highlighting opportunities that would support the development of the livestock industry.

Marketing Forum

Milk SA's Transformation Manager and the Transformation Officer attended a Marketing Forum meeting where a series of presentations were made 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 AgriBEE Fund and its status, as well as the SAGAP Annual and Progress Reports. As part of the programme, Forum members conducted site visits to two agricultural projects to observe the Western Cape Department of Agriculture's support in strengthening market access. The first project was a vegetable farmer, and the last project was a wine cellar, which was funded by AgriBEE.

NAMC Transformation Review Committee

A meeting was held between the Milk SA Transformation Department and the NAMC Transformation Review Committee (TRC) to discuss the 2026 Milk SA Enterprise Development (ED) budget. A summary of Milk SA Transformation Programme activities undertaken in accordance with the NAMC Transformation Guidelines for the period 2022 to September 2025 was presented. This presentation was made in view of the expiring statutory levy period for the dairy industry, which was implemented in January 2022 and was scheduled to expire at the end of December 2025. Approval of the 2026 ED budget could not be granted by the TRC, as a decision of the Minister of Agriculture regarding the continuation of the statutory levy for another period in the dairy industry was still pending. Milk SA was still awaiting the NAMC to consider the ED Budget, subject to the Minister's decision to approve continuation of 2022 to 2025 statutory levy.

Meeting between NAMC, Free State Department of Agriculture and Agricultural industries

The Milk SA Transformation Manager and Transformation Officer attended a meeting with the National Agricultural Marketing Council (NAMC) and the Head of Department (HOD) of the Free State Department of Agriculture and Agricultural Industries to discuss potential collaboration in support of the Agriculture and Agro-processing Master Plan (AAMP). Representatives from the red meat and grain industries were also present. Milk SA presented an overview of the Milk SA Transformation Programme and highlighted challenges faced by Black-owned dairy farmers, particularly the lack of dairy market for some farmers. Based on 13 farmers from FS province in the Milk SA Transformation Programme, the majority of them had lost milk buyers at different times due to changing location by a milk buyer and insufficient milk volumes. The meeting agreed that Milk SA and the Free State Department of Agriculture would explore areas of collaboration to address challenges affecting dairy industry transformation in the Free State Province.

Meeting with the MEC for Agriculture, Free State Province

The Milk SA Transformation Manager and Transformation Officer held a meeting with the MEC for Agriculture in the Free State Province. The meeting was also attended by the Free State Head of Department (HOD), technical experts specialising in animal science, an agricultural economist under the farmer support programme, and three Milk SA transformation beneficiary farmers representing other Milk SA transformation beneficiaries in the province. The discussion focused on the market crisis affecting Black-owned dairy enterprises in the Free State Province, with specific reference to those included in the Milk SA Transformation Programme database. During the meeting, it was proposed that an interim task team be established, comprising the Milk SA Transformation Manager, farmer representatives, and representatives from the MEC's office. The purpose of the task team is to develop solutions to address the dairy market crisis in the Free State Province. It was further suggested that the task team should organise a future meeting with all dairy farmers in the province, including commercial dairy farmers, to solicit collective inputs and develop a coordinated provincial strategy to address the dairy market crisis.

NaLFA-SA Annual General Meeting

The Transformation Officer attended the NaLFA-SA Annual General Meeting held at Harrismith, in the Free State Province. Several key issues affecting the livestock industry, particularly the red meat value chain, were discussed. These included biosecurity, which has become a major concern due to the outbreak of Foot-and-Mouth Disease (FMD) in the country, the availability of FMD vaccines, and market access for beef cattle. Rising feed costs were also highlighted as a significant challenge facing farmers. In addition, stock theft was discussed extensively, with several farmers indicating that they had previously been victims of this crime.

Potential beneficiary

Two potential beneficiaries were engaged during the period under review.

A follow-up visit was made to the Eastern Cape potential beneficiary. The purpose of the visit was to verify progress made by the farm owner in terms of infrastructure development, to enable him to commence milking operations independently. Some dairy cows, heifers, and calves were already on the farm. The farmer was finalising the construction of a milking parlour and electrification to start milking on the new farm by January 2026. As reported in the previous quarterly report, the beneficiary had requested assistance from Milk SA for the procurement of dairy cows and milking equipment. The Milk SA TPMC had already decided to support the farmer during the TPMC meeting of 27 October 2025. Currently Milk SA is finalising the contract with the potential beneficiary, and the approved support will be granted to the farmer once the contract between the beneficiary and Milk SA has been signed and at least six months Transformation budget approved.

The second beneficiary from Mpumalanga has been given a letter to indicate potential support from Milk SA if his financial loan application from the Land Bank were approved. This beneficiary has been engaging Milk SA for some time, and his farm was visited by the DSA.

6.8 Engagement with a commercial farmer

During the period under review, the Transformation Manager visited one of the commercial farmers, who wanted to mentor aspirant Black dairy farmers. The farmer was advised that Milk SA supports existing Black-owned dairy enterprises and the farmer was connected with the Agri-BEE directorate.

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, three beneficiary farms were visited by the veterinarian. Vaccination for lumpy skin disease was conducted on these farms, and assessments of body condition scores were carried out. Pregnancy diagnosis was also conducted on two of the visited farms. According to the veterinarian's report, the overall body condition of the animals on the three farms was good, with most animals receiving a score of three.

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	ED Budget Balances Nov 2025.pdf
Unnecessary spending during period	No

Popular Report

[Q4 Popular Report 19 JAN 2026.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