ENTERPRISE DEVELOPMENT/ COMMERCIALIZATION OF BLACK OWNED SMALL DAIRY ENTERPRISES

(PRJ-0422-2026)

Milk South Africa NPC

Quarter 2 2026 (April 2026 till June 2026)

Project goals

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

Achievements

Sustainable Commercialization Project came into being because of the 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. 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 2026 report on the objectives for 2026.

During the period under review, there were twenty (20) existing black owned dairy enterprises under the the Milk SA Transformation Programme database across the five provinces; EC (3), FS (13), GP (2), KZN (1), and NW (1). There were 836 cows in milk on average, an increase of 17% from the Q1 of 2026 (717 cows on average). The total volume of milk delivered to raw milk buyers also increased by 45% from 486 713 kilogrammes in Q1 of 2026 to 706 325 kilogrammes during the period under review. Compared to Q2 2025, the average number of cows in milk increased by 42% from 588 to 836. Moreover, the milk volume also increased by 45%, from 488 528 kilogrammes during Q2 of 2026 to 706 325 kilogrammes during the period under review. The overall milk production and average number of cows in milk for all existing beneficiaries were increased by the inclusion of a beneficiary who joined the Transformation Project in December 2025 and started reporting dairy herd status and performance in February 2026. During the quarter under review, the beneficiary averaged 355 cows in milk, producing an average of 13 litres of milk per cow per day.

As reported in the previous quarterly report, the lack of formal and reliable milk buyers remains a significant challenge for some project beneficiaries. Beneficiaries in Delareyville, Indwe, Tweespruit, and Wepener continued to operate without formal milk buyers and sold their milk directly to local consumers in nearby towns. Furthermore, the eight beneficiaries in Harrismith lost their milk buyer again during the first week of May 2026 because the total milk volume collected from the group was insufficient to make milk collection economically viable. As a result, three of the eight beneficiaries did not sell any milk during May and June 2026, despite having cows in milk.

Overall, low milk production was recorded among most project beneficiaries during the period under review, highlighting the need to increase production to access established markets and maintain sustainable relationships with formal milk buyers. Average milk production ranged from 1 to 14 litres per cow per day. The low production figures were also influenced by some beneficiaries choosing to milk their cows once a day instead of twice a day. This was done to minimise milk spoilage, as they relied on informal markets with limited demand.

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, and poor performance in terms of productivity per cow. Milk SA could also not supply bulls due to foot and mouth disease (FMD), which negatively affected the availability of animals and restricted animal movement.

No Non-achievements / underperformance has been reported

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. Adequate fodder flow is achieved through planting of maize for silage, wintergreens, and purchases of extra fodder and dairy meal concentrates to augment natural grazing. 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 lack of established milk buyers by some beneficiaries, lack of beneficiary's own financial contribution to the cost of fodder and poor performance in terms of productivity per cow.

No Non-achievements / underperformance has been reported

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

Achievements

No critical on-farm enterprise infrastructure, including affordable processing equipment, was supplied during the period under review. As noted in the previous quarterly report, a beneficiary requested Milk SA's support to expand an existing processing facility. However, due to insufficient milk volumes, the beneficiary was advised to work with nearby emerging dairy farmers to establish a commercially viable processing unit. During the period under review, a Dairy Standard Agency (DSA) technical expert assigned by Milk SA visited the beneficiary's farm to assess the commercial viability of the proposed facility. The expert's report would be submitted to the new Transformation Management Committee, which would make the final decision on the support request.

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

An enterprise development meeting was held in Bethlehem, Free State, with 15 of the 20 existing beneficiaries. The meeting focused on informing beneficiaries about changes to the management of the Milk SA transformation project. Beneficiaries were advised that, following approval of the new statutory levy regulation by the Minister of Agriculture, the Milk Producers Organisation would serve as the service provider for the project from 1 July 2026. The incoming MPO Transformation Manager, who also serves as the MPO Training Institute Transformation and Training Manager, was introduced and explained that he would continue implementing the transformation project in line with the new regulation during the transition. Beneficiaries were also informed that MSA was finalising arrangements to ensure a smooth transition, and that the incoming Transformation Manager would visit all beneficiaries to assess their on-farm situations and determine future support needs.

No Non-achievements / underperformance has been reported

Goal 6 - Coordinate and liaise with Government at all levels – Agri-BEE 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.

Marketing Forum

Milk SA's Transformation Officer attended a Marketing Forum meeting held in the North-West Province. A series of presentations were made on the implementation of the province's marketing strategy. Key matters covered in the presentations included the Marketing Information Capacity Building Reports, the status of the Agri-BEE Fund, and the South African Good Agricultural Practices (SAGAP) progress report on farm audits and certification for market compliance. In addition, provinces provided updates on their plans and achievements in preparing farmers to access markets for their agricultural produce. As part of the programme, forum members visited two agricultural projects funded by the North-West Department of Agriculture to support market access readiness. The first project focused on lucerne production and processing it into pellet meal, while the second specialised in vegetable production.

No Non-achievements / underperformance has been reported

Goal 7 - On-fam infrastructure- including milking and processing equipment for two beneficiaries

Achievements

Milk SA had an agreement with an independent private veterinarian practice to visit eight beneficiaries at Harrismith every three months. Their duty was to conduct pregnancy tests, assess body condition scores, conduct post-mortems, and monitor the general dairy herd health situation. However, there was no farm visits by the vet conducted during the period under review.

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 - Analyses of Expenses - May 2026.pdf
Unnecessary spending during period	No

Popular Report

Q2 Popular Report 15 July 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