



Milk South Africa
Melk Suid-Afrika



**ANNUAL
REPORT
2023**





Vision

To promote a healthy South African dairy community.

Mission

To promote the image and consumption of South African dairy products amongst consumers and the broader population, and to develop the dairy industry through rendering of value-added services to industry participants, consumers and the broader South African population.

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CHAIRMAN'S *Report*

Poor international and local economic performance continued to test value chains and the consumer across the board, against the backdrop of the Russia/Ukraine war, the Israel/Palestine war, crazy American politics, erratic climate patterns, animal diseases, etc.

These factors caused inflation to remain stubborn, which has been the key reason for the delay in interest rate cuts here in South Africa and elsewhere, which in turn had an adverse effect on debt-servicing, public services and infrastructure investment.

Therefore, the financial distress of the consumer resulted in reduced purchases of dairy and other food products, while higher input costs throughout the dairy value chain put additional pressure on margins.

Reports such as the International Farm Comparison Network show that the South African dairy industry still has much to pride itself on, as one of the leading industries in respect of self-sufficiency, cost of production and economies of scale, and opportunities provided by a free market economy.

It is fulfilling to have been able to witness the amount of innovation and progress in all spheres of the dairy industry over the years, as well as how the achievements have been encouraged and rewarded by organisations such as SA Studbook, the Agricultural Research Council and Agri-Expo. Milk SA salutes those who have been awarded for their entrepreneurship and excellence. The competitive spirit and mindset of our producers and processors are key to a resilient and dynamic industry.

Such achievements are however dependent on the extent to which the macro environment enables the role-players to



Dr Bonile Jack-Pama
Chairman

Chairman's Report

perform, such as public services and infrastructure; government policies; and transparency of industry information.

In this regard, Milk SA plays a tremendously important role, as is evident from the project reports. I wish to congratulate everyone involved in the projects, programmes and other activities of Milk SA for their relentless pursuit of excellence in their work.

We have seen for example, the continued battle for justice and accomplishments in the work of the Dairy Standard Agency and the Consumer Education Project in respect of labelling claims and front-of-pack requirements as well as the regulatory improvements. Also, we proudly continued to provide the dairy industry with timely and reliable industry information, as well as relevant research information.

Through Milk SA and its strategic direction, the organised dairy industry is prominently positioned, nationally and internationally, to represent the South African dairy industry and to make the maximum impact. In the reporting year, we again took pride in our experts who contributed meaningfully in the work of international bodies such as the IDF Standing Committees and Task Teams, the IFCN work programmes and the African Organization for Standardization. Congratulations to the SA National Committee of IDF, for another world class annual report on the World Dairy Summit held in Chicago.

The performance and success of Milk SA centre around its Office, which does not have the luxury of a large staff complement and other resources. It is reassuring to know that the Board of Directors can count on sound management of the statutory measures and support to the Board and its activities in general. This contributes immensely towards the efficiency of the Board of Directors and my task as Chairman of the Board in particular.

It is a great privilege to be part of an organisation that makes such a huge impact on the success of the dairy industry and the well-being of the consumer. This organisation has come a long way together with its two members, namely MPO and SAMPRO, in dealing concertedly with the opportunities and challenges out there. To me, the synergy of talents, insights and energy that everyone brings to the Boardroom, committees and other structures of Milk SA, is a rewarding experience.

A word of thanks once more to my fellow directors, project managers, staff members and everyone else who has contributed to the work of Milk SA during the past year. May we continue to keep our hearts and minds focused on the vision of Milk SA, namely to promote a healthy South African dairy community.

Dr Bonile Jack-Pama

Chairman of the Board of Directors of Milk SA

Chief Executive Officer's *Report*



Nico Fouché
Chief Executive Officer

1. Statutory measures

31 December 2023 marked the end of the second year of the regulatory period 2022-2025. Milk SA - as Administrator (designated by the Minister of Agriculture, Land Reform and Rural Development) - performed its functions in accordance with its mandate and to the satisfaction of its Board of Directors and the National Agricultural Marketing Council. The NAMC's observer attended all four of the Board meetings held during the calendar year of 2023.

As designated Administrator, Milk SA is compelled to implement, administrate and enforce the three statutory measures. Almost all of the registered role-players complied with the record-keeping requirements, while they cooperated well with the Ministerial inspectors who were designated to verify compliance with their statutory obligations to provide information and pay levies. The number of civil actions taken against defaulters came down from 2022, indicating improved compliance.

Effective administration of the statutory measures by Milk SA, enables the company to fulfil its mandate in respect of its Memorandum of Incorporation and the statutory measures. This is evident from annual financial statements and the project reports approved by the Board of Directors.

Chief Executive Officer's Report

2. Finances

PricewaterhouseCoopers (independent accountants of Milk SA) submitted monthly financial management accounts to the Office of Milk SA, which were reviewed by the CEO of Milk SA and the Chairman of the Audit & Risk Committee of Milk SA and regularly discussed with and improved by the accountants where appropriate.

Management statements were tabled and assessed by the Audit & Risk Committee, Executive Committee and Board of Directors.

The External auditor's report for 2023 was once again positive, with a clean report issued to Milk SA.

A surplus of R5,7 million in respect of the levy accounts was recorded for the financial year of 2023, as mainly the Enterprise Development Programme ended the year with substantial unused funds.

Accumulating since 2009, the Reserve Funds stood at R39,5 million at year-end, which are earmarked for Enterprise Development purposes. The Minister instructed that unused levy funds (after the four-yearly levy periods) must be used by Milk SA for transformation projects exclusively.

As the Board-approved debt policies and procedures are continued to be strictly applied, the debt situation continued to improve, especially in the older debt categories (90+ days).

Due to the weak economy after 2020 and the weak performance of dairy and other products in the market, the purchases of unprocessed milk were severely affected. Although the Milk SA budgets for 2022 and 2023 were adjusted accordingly, the company's income still lagged behind budget with 6,0% and 1,4% respectively for these years. The levy income for 2023 was R65,4 million, versus a budget of 66,3 million.

The 2023 project budgets were limited to the same levels as in 2022, except for Enterprise Development, for which a 20% share of levy income is statutorily required.

3. Corporate Governance

The Board committees and other structures continued to guide the projects with expertise and sound governance. Terms of Reference for most of the committees have been reviewed and approved by the Board.

HP Audit is an independent audit firm contracted by Milk SA as Internal Auditor. They completed

the following audits in 2023 which were approved by the Board of Directors upon recommendation by the Executive Committee and Audit & Risk Committee:

INTERNAL AUDIT REPORTS:

Information Technology

Investigation of alternative precision recording systems for collection of novel phenomes in the dairy industry (UP)

Enterprise Development

Use of Near-infra red to detect and quantify mastitic bacteria in cows' milk (UKZN)

Liver fluke (UKZN)

Bacteria and proteolytic enzymes in milk (UFS)

Seasonal effect on trace mineral status (Chemuniqué)

The financial administration function of Milk SA

Membership of and interaction with the International Dairy Federation by the South African National Committee of the IDF (SANCIDF)

Risk factors listed in the "Milk SA Risk Register" received the necessary attention, especially in respect of cyber security, the protection of confidential information and institutional memory amongst Directors and Members of Milk SA. The fields covered by this register, are the following:

- Administration of the statutory measures
- Administration of the projects of Milk SA
- Financial management of Milk SA
- Human Resources of the Milk SA Office
- Corporate Governance in Milk SA
- Communication
- Information Technology

A second risk register namely The "Dairy Industry Risk Register" was compiled in 2023 and accepted by the Board of Directors of Milk SA in the reporting year. The Dairy Industry Risk Register serves as a

living tool for the identification, definition, analysis and monitoring of and actioning on risks pertaining to the mandate of Milk South Africa in terms of its Memorandum of Incorporation and other legal obligations; and reporting to the Board of Directors thereon due its responsibility of managing the Company in terms of the Companies Act. It also provides an up-to-date reference document to the Board of Directors, Directors, Project Managers and the Office of Milk SA which is useful in the planning and execution of their respective responsibilities and duties, including interaction with private entities and public institutions.

Induction packs for newly appointed directors have been compiled by the Office and handed out to the afore-mentioned as well as other directors.

During the year, the CEO (also acting as the Company Secretary) liaised and met with the Chairman and Vice-chairman about the roles and responsibilities of directors in terms of the Companies Act, as well as the risks of non-compliance.

The CEO gave a presentation to the Board of Directors on 28 September 2023, with the following topics, amongst others:

- The Dairy Development Initiative and the NAMC Report
- Allocation of functions by the Members of Milk SA
- Findings of a Task Team as adopted by the Members of Milk SA on 22 November 2006
- Marketing of Agricultural Products Act
- Statutory measures for milk and other dairy products
- Structure of the organized South African dairy industry
- Linkages of Milk SA and its projects with private and public institutions
- Linkage of the Milk SA Office with the Projects and their structures
- Financial administration, oversight and reporting

Chief Executive Officer's Report

- Structure of the Office of Milk SA
- Finances: Statutory levies and Return forms administration
- Finances: Utilization of funds within four yearly cycles
- Finances: Levy income vs budget: 17 years
- Information collated via the statutory measures
- Pillars required for the successful administration of the statutory measures
- Corporate Governance nodes of Milk SA
- Legal environment of Milk SA
- Memorandum of Incorporation of Milk SA
- Duties and Responsibilities of a Director

On 29 November 2023, an expert on corporate governance gave a presentation to the Board of Directors, focusing on:

- Roles and Responsibilities of Directors; and
- Risks and Liabilities of Directors

4. Human Resources

The Human Resources Committee, consisting of the following members, held two meetings during 2023:

- Dr Bonile Jack-Pama (Chairman: Milk SA) - Milk SA Director
- Mr Luke Gibbs (Chairman: MPO) - Milk SA Director
- Mr Melt Loubser (Chairman: SAMPRO) - Milk SA Director
- Mr Willie Prinsloo - Milk SA Director
- Mr Jacques du Preez - HR Expert

Staff skills were continuously developed through in-house and external training. A skills development register is maintained by the Office.

The following five staff members of Milk SA supported the company in its mandate to deliver on statutory measures administration, financial administration, support to the projects and participation in various forums:

- Chief Executive Officer
- Operations Officer
- Senior Administration Officer
- Clerk
- General Office Assistant

The following three staff members of Milk SA are employed exclusively for the Transformation Programme of Milk SA:

- Transformation Manager
- Transformation Officer
- Transformation Secretary

5. Implementation, Administration and Enforcement of Statutory Measures

Designated by the Minister of Agriculture, Land Reform and Rural Development, Milk SA acted as Administrator of the following statutory measures:

- **Notice 1651** Registration of persons involved in the secondary dairy industry.
- **Notice 1652** Records and returns in respect of milk and other dairy products.
- **Notice 1653** Levies on milk and other dairy products.

Both MPO and SAMPRO (as members of Milk SA) were the applicants for these measures, in force from 1 January 2022 until 31 December 2025.

The measures compel the following industry role-players to register with Milk SA:

- Persons who purchase raw (unprocessed) milk with the purpose of processing it, or to use it for the manufacturing of other products, or to sell it to persons outside the jurisdiction of South Africa, or to move it outside the jurisdiction of South Africa.
- Milk producers who sell raw milk produced by their own dairy animals, to consumers, or for the use thereof for production, or for the

manufacturing of other products, or sell it to persons outside the jurisdiction of South Africa, or move it outside the jurisdiction of South Africa.

- Any person who sells raw milk to a retailer.
- Any person importing dairy products which resort under the 04.01 to 04.06 customs tariff classifications.

The above persons are also required to submit information per monthly return form and pay levies to Milk SA, which were determined at the following rates:

Customs Tariff Classification	Product description	Levy per kilogramme: c/kg (VAT exclusive)			
		2022	2023	2024	2025
04.01	Milk and cream, not concentrated nor containing added sugar or other sweetening matter.	1.71	1.77	1.84	1.92
04.02	Milk and cream, concentrated or containing added sugar or other sweetening matter.	16.38	17.04	17.72	18.43
04.03	Buttermilk, curdled milk and cream, yoghurt, kephir and other fermented or acidified milk and cream, whether or not concentrated or containing added sugar or other sweetening or flavouring matter or containing added fruits, nuts or cocoa.	6.17	6.41	6.67	6.94
04.04	Whey, whether or not concentrated or containing added sugar or other sweetening matter; and products consisting of natural milk constituents, whether or not containing added sugar or other sweetening matter, not elsewhere specified or included.	4.98	5.19	5.39	5.60
04.05	Butter or other fats and oils derived from milk; dairy spreads.	17.59	18.29	19.03	19.78
04.06	Cheese and curd.	24.54	25.53	26.55	27.61



The functions of the Office of Milk SA in the above regard were sufficiently overseen by the organization's structures. Regular reports were submitted for the attention of the Audit & Risk Committee, Statutory Measures Committee, Executive Committee and Board of Directors.

The policies on the administration of statutory measures, including debt management, form the basis of sound financial, administrative and operational performance.

Legal action was taken against role-players who failed to comply with their statutory obligations.

The Ministerially-designated inspectors continued to play a significant role to ensure that levies were optimally collected and to verify that the industry information

Chief Executive Officer's Report

was correctly reported via the monthly return forms to Milk SA. Feedback letters were sent to role-players inspected, while the Inspectors also supplied Milk SA with detailed monthly and annual status reports.

The National Agricultural Marketing Council (NAMC) was supplied with an annual review on the administration of the statutory measures, financial information and transformation.

6. Annual movement in the number of registered persons in the registration categories

In December 2023, the number of processors made up 42,67% / 131 of the total number of persons/institutions registered with Milk SA, followed by importers of dairy products (36,48% / 112), milk producers¹ (20,85% / 64) and exporters² of raw milk 0% / 0).

During 2023, unprocessed milk in South Africa was declared along the following categories of activities:

	% of total unprocessed milk declared to Milk SA
a Unprocessed milk processed by processors	96.93 %
b Unprocessed milk processed by producers	1.53 %
c Unprocessed milk sold by producers to consumers or retailers within the RSA	0.14 %
d Unprocessed milk exported or moved outside of the SA borders	1.40 %
	100.00%

Number of registered role-players from 2006 to 2023, per registration category as on 31 December of each of the selected years

Dec	Processors of unprocessed milk	Importers of dairy products	Producers of unprocessed milk	Exporters of unprocessed milk	Total
2006	126	23	127	n/a	276
2008	161	36	180	n/a	377
2010	158	75	126	n/a	359
2012	158	88	113	n/a	359
2014	142	106	109	0	357
2016	153	127	112	0	392

1 A milk producer is defined in the Government Notices (Statutory Measures) as follows: "A person who produces milk by the milking of cows, goats or sheep". These persons must - in terms of the statutory measures - register with, submit returns and pay levies to Milk SA. Such a legal or natural person is also known as a "producer-distributor", who / which is a producer of unprocessed milk, of which the majority of such milk is sold to the public or retail and/or processed by such person or entity.

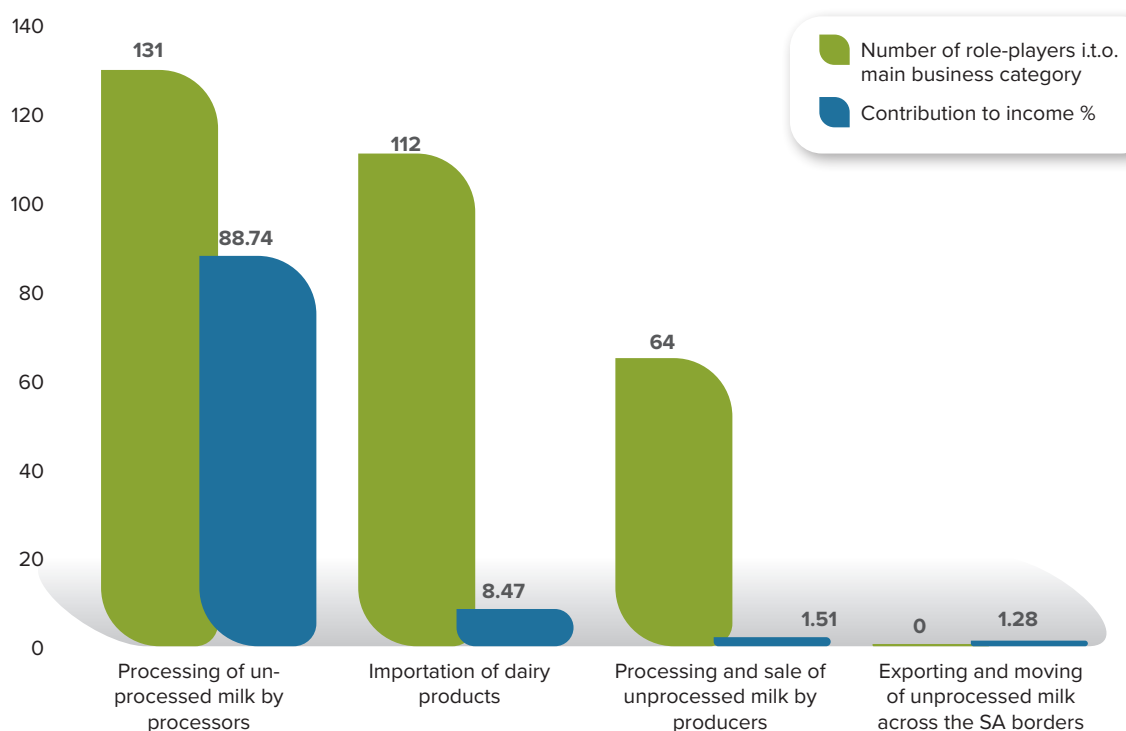
2 Persons register as exporters of unprocessed milk, only if the action of exporting unprocessed milk is their main business. The milk exported or moved over the borders of SA during 2023, was done by registered processors of unprocessed milk.

Dec	Processors of unprocessed milk	Importers of dairy products	Producers of unprocessed milk	Exporters of unprocessed milk	Total
2018	131	126	75	1	333
2020	132	121	70	1	324
2022	130	110	63	1	304
2023	131	112	64	0	307

7. Percentage contribution of the type of activity, to the income per category (rounded) - for selected years (2008 to 2023)

Type of activity that caused levy liability	2010	2012	2014	2016	2018	2020	2022	2023
Unprocessed milk processed by processors	91	87	91	88	87	86	88	89
Importation of dairy products	7	12	8	10	11	11	9	8
Unprocessed milk processed and sold by producers	2	1	1	2	1	1.5	1.5	2
Unprocessed milk exported or moved outside of the SA borders	n/a	n/a	0	0	1	1.5	1.5	1

Number of registered role-players per category and contribution of their activities to levy income, 2023



Chief Executive Officer's Report

8. The web-based information system

The web-based Management Information System (which is outsourced) facilitates efficient statutory measures administration through the following functions:

- Capturing, processing and securing of data relating to registrations, returns and levy payments.
- Management reports in respect of the above for the office, attorneys, inspectors and accountants.
- Submission of project proposals and reports by applicants/project leaders and liaison with project managers.
- Hosting and securing of project reports, financial and other information relating to Milk SA and its activities for access by different role-players and the public.
- Access of the levy payers to statutory returns submitted by them to Milk SA and access to their invoices.
- Contact details of all relevant role-players and communication with registered and other role-players.

9. Inspections in terms of Section 21 of the Marketing of Agricultural Products Act, 1996 (Act No. 47 of 1996)

Messrs Johannes Ferreira and Piet Skhosana were designated and authorized by the Minister of DALRRD as Inspectors, to perform the functions referred to in Section 21(3) of the Marketing of Agricultural Products Act (Act 47 of 1996) ("the Act"), namely:

- At a reasonable time, to enter premises where he or she has reason to believe that a statutory measure or any prohibition, control or direction referred to in the Act has been or is

being contravened, in order to investigate and obtain evidence;

- To direct a person in control of or employed at such premises –
 - to deliver any book, record or other document that pertains to the investigation and which is in the possession or under the control of that person;
 - to furnish such information as he or she has with regard to that matter;
 - to render such assistance as the inspector requires in order to enable him or her to perform his or her functions under the Marketing Act;
 - to inspect any book, record or other document and make copies thereof or excerpts therefrom;
 - to seize any agricultural product, material, substance, book, record or other document which is or might be relevant to a prosecution under the Act and to keep it in his or her custody: provided that the person from whose possession or control any book, record or document has been taken, may, at his or her own expense and under supervision of the inspector concerned, make copies thereof or excerpts therefrom;
 - take samples of any agricultural product or any material or substance used or intended for use in the sale, manufacture, production, processing, treatment, preparation, grading, classification, packing or marking thereof, and of any agricultural product, material or substances in terms of the Act and to examine, analyse, grade or classify such samples.

The Inspectors managed to execute all of the 102 planned inspections during 2023 which covered all the relevant provinces and all registration categories.

The following were the most prevalent inspection findings:

- The overwhelming majority of role-players complied with the requirements of adequate record keeping, which was also readily available for inspection;
- Understatement of volumes of unprocessed milk;
- Unprocessed milk sold to other processors was not deducted from the levyable volumes of milk;
- Errors in the allocation of unprocessed milk used for the manufacturing/processing of dairy products; and
- Importers declared incorrect products.

The Inspector performed the following additional tasks:

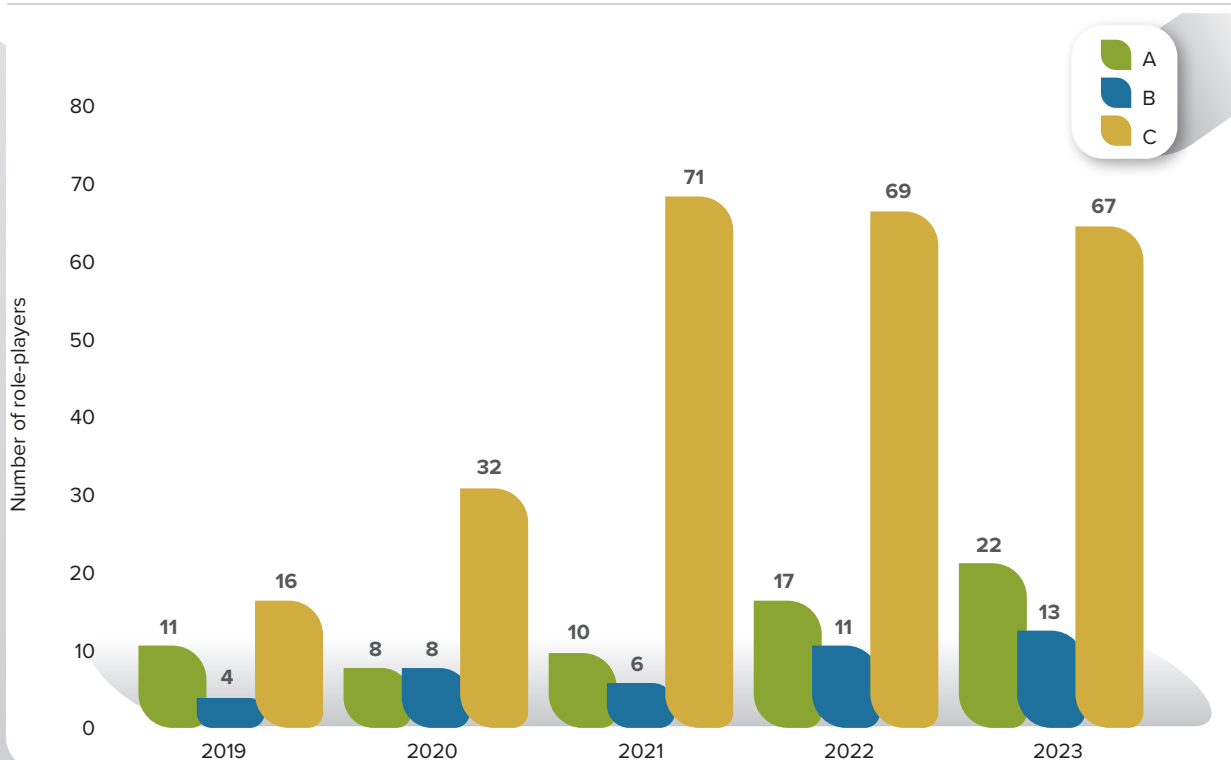
- Assisted role players in reviewing monthly Milk SA returns subsequent to the inspection;

- Drafted working papers (Excel) for some role-players which did not have electronic data systems (i.e. capture litres of unprocessed milk which automatically convert the volumes to kilogrammes on a monthly basis);
- Requested import documents from the importers' clearing agents.

It was found that there tend to be a higher rate of under and over declarations in respect of imported products than for unprocessed milk production. Therefore, import figures have been a focus area since 2022, while all importers are also inspected in two-yearly cycles.

It was also found that the mass of imported products declared to Milk SA are lower on an annual basis, than the figures officially published by the SA Revenue Service. The Office of Milk SA was busy investigating possibilities of obtaining information from SARS legally.

Number of role-players inspected in the past five years, per size category



Chief Executive Officer's Report

Category	Description of category	Number of registered role-players per category as on 2023.12.31
A	Role-players in the top layer, who paid $\pm 80\%$ of the total levies	23
B	Role-players in the middle layer, who paid $\pm 10\%$ of the total levies	18
C	Role-players in the bottom layer, who paid $\pm 10\%$ of the total levies	266
		307

10. Information supplied by the registered role-players

In terms of the 2022-2025 statutory measures, role-players must - on a monthly basis - provide Milk SA with information regarding unprocessed milk that was used in the manufacturing of:

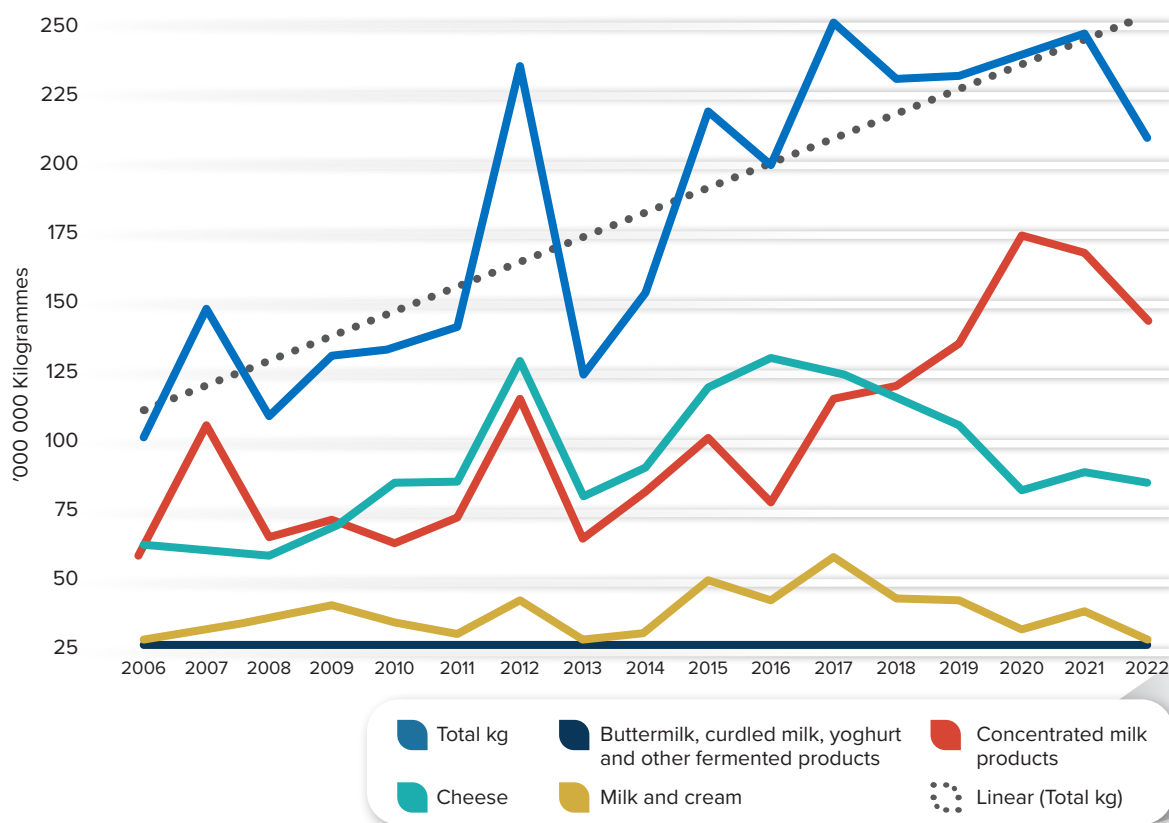
- Long-life (UHT) milk and Sterilised milk: Unsweetened and unflavoured;
- Fresh milk: Pasteurised and ultra-pasteurised;
- Sweetened and/or flavoured and/or coloured milk;
- Fermented products namely maas, yoghurt, kefir and buttermilk;
- Full cream milk powder;
- Skimmed milk powder;
- Cheese, *excluding* cottage cheese and cream cheese; and
- Other products (such as cream, ice cream, cottage cheese, cream cheese, condensed milk, evaporated milk, desserts).

The role-players must also inform Milk SA about the quantity of:

- Whey powder manufactured; and
- Butter manufactured.



Imports of product categories, 2006 to 2023 as reported to Milk SA (Milk equivalent: kilogrammes)



11. Administration of the projects of Milk South Africa

The Board of Directors is also accountable to ensure that the statutory levies are employed in accordance with the provisions and objectives of the statutory measures; the business plan as approved by the Minister; as well as the Minister’s approval conditions.

Requirements for the financing of projects are captured in policy documents which amongst others determine that the projects must be in harmony with the objectives of the statutory

measures and the strategic direction of Milk SA. Milk SA signs annual contracts with institutions for the execution of the projects.

Quarterly and annual reports for each project were submitted by the project managers and published on the Milk SA website, except for Research & Development projects for which results had not been finalized. A dedicated Research & Development website has been launched during the reporting year.

The necessary attention was given by the relevant structures including the Work Groups, Advisory

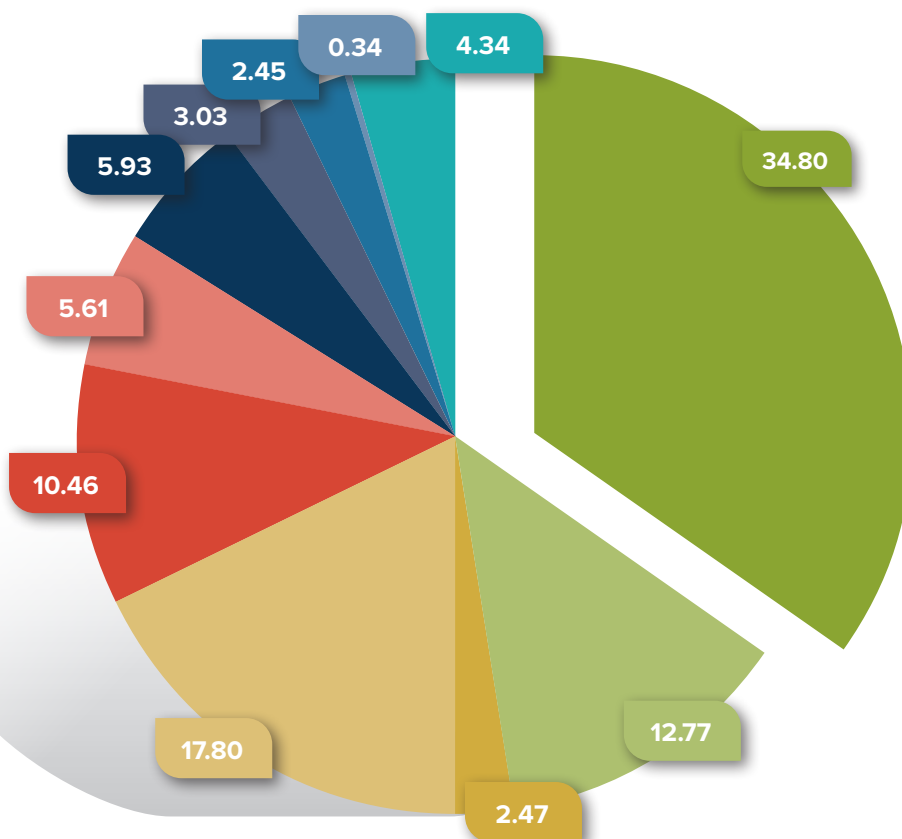
Chief Executive Officer's Report

Committees, Audit & Risk Committee, Executive Committee and Board of Directors to ensure that projects were well managed and their goals optimally achieved.

The Internal Auditor continued to provide independent and objective reports and advice with a view to improving Milk South Africa's performance in respect of its administrative and project responsibilities.

The following graph shows the utilization of levy funds for the different project disciplines and the funds that remained unused in 2023:

Expenditure and surplus as percentage of levy income: 2023



- Consumer education
- Administration
- Communication and Verification of statutory information
- Transformation
- Industry information
- Internal audits - projects
- Skills & Knowledge Development
- Research & Development
- Levy income of 2022 not appropriated (excl interest)
- Quality & Safety
- MSA Office allocation to projects

12. Staff structure

ADMINISTRATION DEPARTMENT

CHIEF EXECUTIVE OFFICER **Nico Fouché**

B.Com Hons (Business Economy) C.L.
B.Com (Industrial and Personnel Psychology)
National Diploma: Agriculture (Plant products)

OPERATIONS OFFICER **Andrea Rademan**

Baccalaureus Legum (LLB)
CIS / CSSA C.L.

SENIOR ADMINISTRATION OFFICER **Lisa van Esch**

National Diploma: Internal Audit

GENERAL OFFICE ASSISTANT **Refilwe Lekola**

Travel & Tourism Diploma
Executive Secretarial Diploma

ADMINISTRATION CLERK **Matilda Wistebaar**

Business Communications Certificate
Office Administration Certificate

OFFICE CLEANER **Priscilla Sinclair**

Standard nine / Grade 11

The Administration Department supports the Transformation Department

TRANSFORMATION DEPARTMENT

TRANSFORMATION MANAGER **Godfrey Rathogwa**

M.Sc (Business Management in Agriculture and food industries)
B.Com Hons (Business Economy)
B.Sc Agriculture (Extension focus)

TRANSFORMATION OFFICER **Elekanyani Nekhavhambe**

M.Sc Agriculture
B. Sc Agriculture

TRANSFORMATION SECRETARY **June Mngadi**

Matriculation Certificate

6 from 9 staff members are black



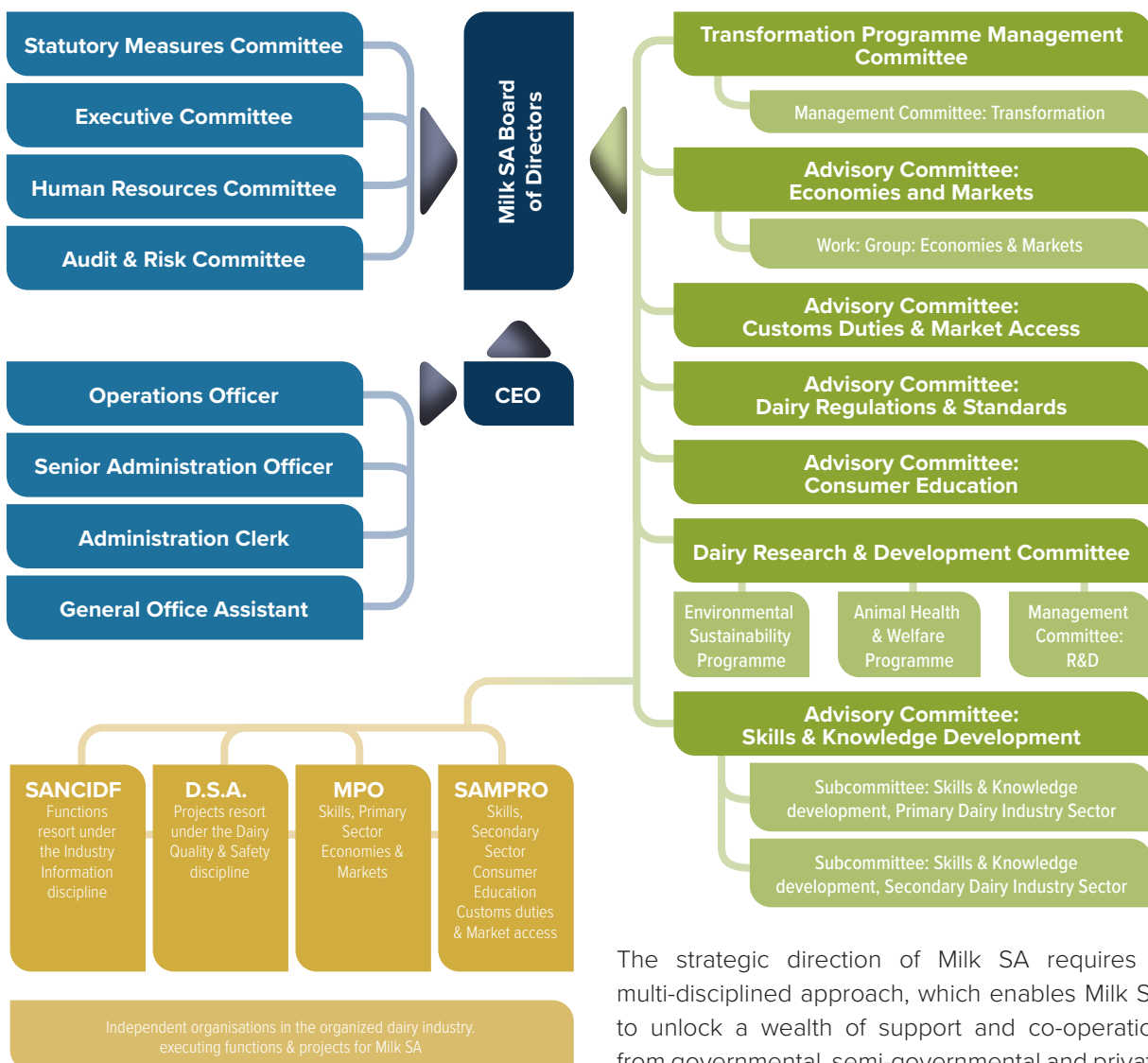
Left to right, back: Refilwe Lekola, June Mngadi, Priscilla Sinclair, Matilda Wistebaar
Left to right, front: Andrea Rademan, Nico Fouché (CEO), Lisa van Esch, Elekanyani Nekhavhambe

Chief Executive Officer's Report

13. External support structure

Attorneys	Web-based systems support	Accountants	Internal Auditors	Inspectors of Statutory Measures	External Auditors
Burden, Swart & Botha Inc; MacRobert Inc;	Octopus Information Solutions (Pty) Ltd	Pricewaterhouse Coopers Inc	HP Audit Chartered Accountants & Auditors	Messrs Johannes Ferreira & Piet Skhosana	Fourie & Botha

14. Structure of Milk South Africa, its functions and committees



The strategic direction of Milk SA requires a multi-disciplined approach, which enables Milk SA to unlock a wealth of support and co-operation from governmental, semi-governmental and private business sources.

In respect of the South African dairy industry, collective issues of strategic importance exist which:

- Cannot be addressed through competition in the market;
- Should be addressed in the interests of the South African dairy industry, the consumer, and economic development; and
- Can, in terms of the Competition Act, be addressed by collective action by the members of the dairy industry - such as through Milk South Africa.

15. Persons / institutions contracted by Milk SA in 2023

Contractors	Services and projects for Milk SA
PricewaterhouseCoopers Inc	Accountants
Fourie & Botha Inc	External Auditors i.t.o. the Companies Act and designated by the Auditor-General
Octoplus Information Solutions (Pty) Ltd	Web-based Management Information Systems and IT support
Internet Solutions (Dimension Data) (Pty) Ltd	Database hosting & security
Gildenhuys Malatji Inc	Attorneys
MacRobert Inc	Attorneys
Burden, Swart & Botha Inc	Attorneys
HP Audit Chartered Accountants & Auditors	Internal Auditors
Mr Johannes Petrus Ferreira & Mr Piet Skhosana	Inspectors of Statutory Measures
Milk Producers' Organisation NPC	Projects: <ul style="list-style-type: none"> • Collection, processing and dissemination of national and international information for the dairy industry of South Africa. • Empowerment of previously disadvantaged individuals in the primary dairy sector, through training and skills and knowledge development.
SA Milk Processors' Organisation	Projects: <ul style="list-style-type: none"> • Consumer Education. • Skills & Knowledge Development, Secondary dairy industry sector. • Custom duties and Market access.

Chief Executive Officer's Report

Contractors	Services and projects for Milk SA
Dairy Standard Agency NPC	<p>Projects:</p> <ul style="list-style-type: none"> • Improvement of the quality of milk and other dairy products. • Dairy Regulations and Standards Project. • Impact of Good Agricultural Practice interventions on the South African Dairy Industry • PhD studies for Chané Pretorius - Re Regulation 1555 coliform specifications
Dr HH Meissner (Programme Manager: Research & Development: Milk SA)	Project: Co-ordination, support and promotion of needs-driven R&D in the South African Dairy Industry.
Dr Mark Chimes	Programme Manager: Animal Health & Welfare
Dr Colin Ohlhoff	Programme Manager: Environmental Sustainability
SA National Committee of the IDF	Project: Participation in the projects and activities of the International Dairy Federation through the SA National Committee of the IDF.
University of Pretoria	<ul style="list-style-type: none"> • Investigation of alternative precision recording systems for collection of novel phenomes in the dairy industry • Development of probiotic yoghurt with potential anti-candidal and anti-bacterial activity • Exploring the facial eczema problem in dairy cattle in the Eastern Cape of, South Africa, with a focus on the fungus <i>Pseudopithomyces chartarum</i>
Institute of Natural Resources	<ul style="list-style-type: none"> • The Development of the best practice guidelines for improved wetland and river management on dairy farms • A feasibility analysis of low-cost biological wastewater treatment options for dairy farms in South Africa
ASSET Research	<ul style="list-style-type: none"> • Application of the system dynamics model to estimate the relative environmental footprint of milk and milk imitations • Estimation of the onfarm carbon capture and storage capacity within different dairy production systems: A system dynamics approach
University of KwaZulu-Natal	<ul style="list-style-type: none"> • Biological control of the host snails of <i>Fasciola</i> spp. in South Africa • Use of NIR to Detect and Quantify Mastitic Bacteria in Cows' Milk
Dr Anthony Davis	Diagnostic investigation of sporidesmin toxicity: Histological study
Chemuniqué	The seasonal effect on dairy cow trace mineral status in the Tsitsikamma, Eastern Cape

16. Communication & Liaison

The website was reviewed and updated with project reports and industry statistics, while a separate website for Research & Development was launched.

The monthly updated raw milk purchase information was disseminated to raw milk producers and persons / institutions registered with Milk SA.

Data about the utilization of unprocessed milk in the manufacturing of different dairy products was submitted by registered role-players, and information in this regard was processed and shared with the industry via the relevant publications.

Detailed information with regard to Milk SA and its projects appeared in the annual and quarterly project reports, which were also posted on the company's website.

Two industry information products of Milk SA, namely *Dairy Digits* and *Lacto Data* were published. Dairy Mail covered project information and industry information.

The projects of Milk SA interacted (amongst others) with the following South African bodies:

- Department of Trade, Industry and Competition (the DTIC)
- International Trade Administration Commission of SA (ITAC)
- Department of Agriculture, Land Reform and Rural Development (DALRRD)
- Provincial Departments of Agriculture
- Local municipal authorities
- Bureau for Food and Agricultural Policy (BFAP)
- SA Bureau of Standards (SABS)
- African Organisation for Standardisation (ARSO)
- National Regulator for Product Specifications (NRCS)

- Agricultural Business Chamber of South Africa (Agbiz)
- Regulator of compulsory standards
- Department of Health (DoH)
- National Agricultural Marketing Council (NAMC)
- Agricultural Research Council (ARC)
- Milk Producers' Organisation (MPO)
- South African Milk Processors' Organisation (SAMPRO)
- Other organized agriculture and processing bodies
- Tertiary academic institutions, including universities that offer human nutrition as a subject
- Hospitals and clinics
- Professional Health Practitioner Associations
- Department of Education (DoE)
- SA research institutions
- Schools
- Sport associations
- Banks
- Consumer Goods Council of SA (CGCSA)
- International Trade Administration Commission (ITAC)
- SA Society of Dairy Technology (SASDT)
- SA Society for Animal Science
- Ruminant Veterinary Society of SA
- Grassland Society of SA
- National Animal Health Forum (NAHF)
- AgriSETA
- FoodBev SETA
- Quality Council for Trade and Occupations (QCTO)
- Livestock Welfare Coordinating Committee (LWCC)
- National Council for SPCAs (NSPCA)
- SA National Consumer Union (SANCU)
- SA Revenue Services (SARS)
- Auditor-General (AG)

Chief Executive Officer's Report

The projects also interacted with the following international bodies:

- Global Dairy Platform (GDP)
- International Dairy Federation (IDF)
- International Milk Promotion Group (IMP)
- Foreign Research Institutions
- International Farm Comparison Network (IFCN)
- Codex Alimentarius ("Food code")
- European Hygienic Engineering and Design Group (EHEDG)
- Dairy Sustainability Forum (DSF)



Board of Directors’ *Report*



Seated, left to right:
Nico Fouché (CEO), Willie Prinsloo,
Dr Bonile Jack-Pama (Chairman),
Melt Loubser (Vice-Chairman),
Alwyn Kraamwinkel

Standing, left to right:
Godfrey Rathogwa,
Matsobane Mpyana (NAMC), Fanie
Ferreira, Neels Neethling, Lex
Gutsche, Ndivhuwo Malabi (NAMC)

Insets: Zola Gebeda, Luke Gibbs

Introduction

The highest legal duty of the Board of Directors is to act honestly, in good faith and in the best interests of the company.

The Board of Directors has collective authority and accountability for decision-making. However, directors have individual responsibility.

Directors, following the Companies Act, have two distinct categories of duties, being:

- The duty of care, skill and diligence in terms of which a director must manage the business of the company as a reasonably prudent person would manage his own affairs; and
- The fiduciary duty to act in good faith in the best interests of the company.

Two presentations were given to the Board of Directors in 2023 with special attention to the duties and responsibilities of directors and of the Board as governing body.

Board of Directors' Report



During the period under review, the Board of Directors comprised ten (10) directors of whom -

- 4 directors were nominated by MPO;
- 4 directors were nominated by SAMPRO;
- 1 independent non-executive director, appointed as chairperson of Milk SA; and
- 1 expert, independent director.

The Board of Directors has established and delegated some of its functions to the Board committees, namely the Executive Committee; the Audit and Risk Committee; the Human Resources Committee; the Statutory Measures Committee and several advisory committees to assist and advise the Board on its obligations and duties in terms of the various strategic objectives and responsibilities of Milk SA.

Legislation that Milk SA must comply with, includes without limitation –

- The Constitution of the Republic of South Africa (Act no. 108 of 1996);
- The Companies Act (Act no. 71 of 2008);
- The Marketing of Agricultural Products Act (Act no. 47 of 1996);
- The Promotion of Administrative Justice Act (Act no. 3 of 2000);
- The Protection of Personal Information Act (Act no. 4 of 2013);
- Employment Equity Act (Act no. 55 of 1998);
- The Marketing of Agricultural Products Act (Act no. 47 of 1996); and
- The Competition Act (Act no. 89 of 1998).

The Board of Directors met on four occasions during 2023 and considered the following reports:

- Quarterly and Annual reports on performance and results of the projects;

- Internal Audit reports on projects and administration;
- Non-confidential reports from the Statutory Measures Inspector;
- Financial management accounts and the Annual Financial Statements;
- Annual report of the External Auditor;
- Cash flow projections;
- Debtors analysis reports;
- Reports on the investment of funds;
- CEO reports on the execution of Board resolutions;
- Reports from the Chairman of the Audit & Risk Committee;
- Reports of the meetings of the Human Resources Committee
- Reports of the meetings of the Statutory Measures Committee;
- Risk Register for Milk SA; and
- Risk Register for the Dairy Industry.

The Board meetings were well attended and the changes in directorship are listed under item 1 below. As required by the Memorandum of Incorporation, some directors' terms overlap in order to ensure continuity of skills and knowledge.

The functions of Milk SA have been well attended to within the company's committees and work groups.

Sound administration of the statutory measures is key to the success of Milk SA. The Office of Milk SA reaffirmed its excellence through meticulous execution of its responsibilities in respect of the administration, implementation and enforcement of the statutory measures.

1. PERSONS WHO SERVED ON THE BOARD OF DIRECTORS DURING 2023

Ferreira, S (Mr)	
Gebeda, ZM (Mr)	
Gibbs, L (Mr)	Appointed on 1 January 2023 • Vice-chairman until 30 September 2023
Gutsche, AR (Mr)	
Jack-Pama, BS (Dr)	Chairman
Kraamwinkel, AP (Mr)	
Loubser, MJ (Mr)	Vice-chairman from 1 October 2023
Neethling, CJ (Mr)	Changed from alternate director on 1 January 2023
Prinsloo, AW (Mr)	
Rathogwa, MG (Mr)	

There were no director resignations during the period under review.

2. BOARD AND GENERAL MEETINGS

In 2023, four Board meetings, one Annual General Meeting and two General Meetings were held.

3. PROJECT COMMITTEES

Discipline	No. of meetings	Type of meeting
Economies & Markets	8	<ul style="list-style-type: none"> Advisory Committee x 2 Work Group: Economies & Markets x 6
Customs & Market Access	2	<ul style="list-style-type: none"> Advisory Committee
Dairy Consumer Education	2	<ul style="list-style-type: none"> Advisory Committee
Transformation: Enterprise Development	24	<ul style="list-style-type: none"> Internal Management Committee: Transformation (Enterprise Development) x 3 Work Group: Transformation (Enterprise Development) x 21
Skills & Knowledge Development	6	<ul style="list-style-type: none"> Subcommittees: Primary & Secondary x 4 Advisory Committee x 2
Research & Development	8	<ul style="list-style-type: none"> Dairy Research & Development Committee (DRDC) x 4 DRDC Management Committee x 4
Dairy Regulations and Standards	1	<ul style="list-style-type: none"> Advisory Committee

Board of Directors' Report

4. OTHER BOARD COMMITTEES

Committee	No. of meetings
Executive Committee	4
Audit & Risk Committee	4
Statutory Measures Committee	1
Human Resources Committee	2

5. REPRESENTATION ON EXTERNAL BODIES

The SA dairy industry was represented by the following persons on the various national and international structures during 2023. Their expertise and contributions are indispensable to the well-being and advancement of the South African dairy industry.

External Body	Persons who represented the organized SA industry
1 Agricultural Trade Forum	<ul style="list-style-type: none"> De Wet Jonker
2 National Animal Health Forum	<ul style="list-style-type: none"> De Wet Jonker (General Meeting); Fanie Ferreira (Council) Dr Mark Chimes (Animal Health & Welfare Work Group)
3 International Trade Administration Commission (ITAC)	<ul style="list-style-type: none"> De Wet Jonker
4 South African Revenue Services (SARS): Import & Export control	<ul style="list-style-type: none"> De Wet Jonker
5 The International Milk Promotion Group (functioning under the auspices of the IDF Standing Committee on Marketing)	<ul style="list-style-type: none"> Christine Leighton
6 National Regulator for Compulsory Specifications (NRCS)	<ul style="list-style-type: none"> Jompie Burger
7 IDF Standing Committee Standards of Identity and Labelling	<ul style="list-style-type: none"> Jompie Burger
8 IDF Standing Committee on Farm Management	<ul style="list-style-type: none"> Fanie Ferreira
9 IDF Standing Committee on Animal Health and Welfare	<ul style="list-style-type: none"> Jompie Burger Dr Mark Chimes
10 IDF Standing Committee Food Additives	<ul style="list-style-type: none"> Jompie Burger
11 IDF Standing Committee on Analytical Methods for Dairy Micro-organisms	<ul style="list-style-type: none"> Prof Elna Buys Jompie Burger
12 IDF Standing Committee on Analytical Methods for Additives and Contaminants	<ul style="list-style-type: none"> Jompie Burger
13 IDF Standing Committee on Analytical Methods for Composition	<ul style="list-style-type: none"> Jompie Burger
14 IDF Standing Committee on Environmental issues	<ul style="list-style-type: none"> Dr Colin Ohlhoff Dr Heinz Meissner
15 IDF Standing Committee on Dairy Policies and Economics	<ul style="list-style-type: none"> Alwyn Kraamwinkel Dr Ndumiso Mazibuko
16 IDF Standing Committee on Microbiological Hygiene	<ul style="list-style-type: none"> Jompie Burger Prof Elna Buys

	External Body	Persons who represented the organized SA industry
17	IDF Standing Committee on Harmonization of Microbiological Standards	<ul style="list-style-type: none"> • Prof Elna Buys
18	IDF Standing Committee on Nutrition and Health	<ul style="list-style-type: none"> • Maretha Vermaak
19	IDF Standing Committee on Marketing	<ul style="list-style-type: none"> • Christine Leighton • Alwyn Kraamwinkel
20	IDF Joint Standing Committee on Dairy Policies, Economics and Marketing	<ul style="list-style-type: none"> • Alwyn Kraamwinkel • Christine Leighton • Dr Ndumiso Mazibuko
21	IDF Standing Committee on Dairy Science and Technology	<ul style="list-style-type: none"> • Jompie Burger • Anneke van Niekerk
22	IDF Standing Committee on Standards and Labelling	<ul style="list-style-type: none"> • Jompie Burger • Niel Erasmus • Louise Götsche • Anneke van Niekerk
23	IDF General Assembly	<ul style="list-style-type: none"> • Melt Loubser
24	IDF National Secretaries	<ul style="list-style-type: none"> • Edu Roux
25	IDF Task Team on Plant based foods	<ul style="list-style-type: none"> • Maretha Vermaak
26	IDF Action Team on School milk	<ul style="list-style-type: none"> • Maretha Vermaak (Action Team leader)
27	IDF Action Team on the Dairy Matrix	<ul style="list-style-type: none"> • Maretha Vermaak
28	IDF Action Team Liquid/Solid Waste	<ul style="list-style-type: none"> • Dr Colin Ohlhoff
29	IDF Action Team Nutrition and Health Symposium	<ul style="list-style-type: none"> • Maretha Vermaak
30	Association of Dietetics in South Africa Health Professional Council of South Africa	<ul style="list-style-type: none"> • Maretha Vermaak
31	European Hygienic Engineering and Design Group	<ul style="list-style-type: none"> • Jompie Burger
32	SABS Technical Committee SABS TC 70/SC 4, Legal Metrology - Sale of goods	<ul style="list-style-type: none"> • Jompie Burger
33	SABS Technical Committee SABS TC 034 SC 17, Food products - Hygiene practices in the food industry	<ul style="list-style-type: none"> • Jompie Burger
34	SABS Technical Committee SABS TC 034 SC 05, Milk and Milk products	<ul style="list-style-type: none"> • Jompie Burger
35	Consumer Goods Council of South Africa (CGCSA): Food Safety Initiative	<ul style="list-style-type: none"> • Jompie Burger • Christine Leighton
36	South African Association for Food Science and Technology (SAAFoST)	<ul style="list-style-type: none"> • Jompie Burger • Christine Leighton
37	South African Auditor & Training Certification (SAATCA)	<ul style="list-style-type: none"> • Jompie Burger • Tania Blignaut
38	South African National Consumer Union (SANCU)	<ul style="list-style-type: none"> • Jompie Burger
39	South African Society for Dairy Technology (SASDT)	<ul style="list-style-type: none"> • Christine Leighton • Jompie Burger • Dr Colin Ohlhoff • Maretha Vermaak • Jodie Treu

Board of Directors' Report



Milk SA General Meeting attendees, November 2023

	External Body	Persons who represented the organized SA industry
40	Advisory Board: Department of Environmental Health of the Tshwane University of Technology	<ul style="list-style-type: none"> • Jompie Burger • Jacqueline Odendaal
41	Advisory Board: Department of Environmental Health of the Nelson Mandela Metropolitan University	<ul style="list-style-type: none"> • Jompie Burger • Jacqueline Odendaal
42	Department of Health – Food Legislative Advisory Group (FLAG)	<ul style="list-style-type: none"> • Jompie Burger
43	African Organization for Standardization (ARSO)	<ul style="list-style-type: none"> • Jompie Burger • Anneke van Niekerk
44	SANCIDF Technical Secretary	<ul style="list-style-type: none"> • Jompie Burger
45	Livestock Welfare Coordinating Committee (LWCC)	<ul style="list-style-type: none"> • Dr Mark Chimes (Animal Health & Welfare)
46	Ruminant Veterinary Association of SA (RUVASA)	<ul style="list-style-type: none"> • Dr Mark Chimes (Animal Health & Welfare)
47	South African Veterinary Association (SAVA)	<ul style="list-style-type: none"> • Dr Mark Chimes (Animal Health & Welfare)
48	SABS Working Group – Revision of SANS 1694 – Welfare of Dairy Cattle	<ul style="list-style-type: none"> • Dr Mark Chimes (Animal Health & Welfare)
49	SABS Working Group – Revision of SANS 1488 – Transport of Livestock by Road	<ul style="list-style-type: none"> • Dr Mark Chimes (Animal Health & Welfare)
50	Action Team on Food Fraud	<ul style="list-style-type: none"> • Jompie Burger
51	Action Team Guidelines for Milk Microbiological quality management and troubleshooting	<ul style="list-style-type: none"> • Jompie Burger

6. SUMMARY OF PROJECTS AND OTHER FUNCTIONS FUNDED IN 2023

Function	Service provider	Subtotals spent Rand (VAT Excl)	Amount spent Rand (VAT Excl)
Milk SA Administration	Milk South Africa NPC	6 794 793	6 794 793
Transformation			8 296 605
• Enterprise Development (Including Management Control)	Milk South Africa NPC (Transformation Manager)	8 296 605	
Skills & Knowledge Development			1 605 387
• Skills Development in the Primary industry sector	Milk Producers' Organisation NPC	748 643	
• Skills Development in the Secondary industry sector	SA Milk Processors' Organisation	733 512	
• Advisory Committees and Subcommittees		123 232	
Industry Information			3 642 002
• Economies and Markets	Milk Producers' Organisation NPC	941 199	
• Publication of information	The Dairy Mail	299 600	
• Customs duties and Market access	SA Milk Processors' Organisation	669 359	
• Animal Health Membership	National Animal Health Forum	37 500	
• Participation of the SA dairy industry in IDF (SANCIDF)	SA National Committee of IDF	1 127 929	
• Information support systems	Octopus Information Solutions	453 568	
Advisory Committee and Work Group		112 847	
Research & Development (includes reserve fund expenses)			4 558 624
Non-project costs including Administration		346 556	
R&D Programme Manager remuneration	Dr Heinz Meissner	798 600	
Sustainability Programme Manager remuneration	Dr Colin Ohlhoff	81 240	
Animal Health and Welfare Programme Manager remuneration	Dr Mark Chimes	568 926	
Development of probiotic yoghurt with potential anti-candidal and anti-bacterial activity	University of Pretoria	453 313	

Board of Directors' Report

Function	Service provider	Subtotals spent Rand (VAT Excl)	Amount spent Rand (VAT Excl)
A feasibility analysis of low-cost biological wastewater treatment options for dairy farms in South Africa	Institute of Natural Resources NPC	401 819	
Application of the system dynamics model to estimate the relative environmental footprint of milk and milk imitations	ASSET Research	495 642	
The seasonal effect on dairy cow trace mineral status in the Tsitsikamma, Eastern Cape	Chemunique	160 702	
Investigation of alternative precision recording systems for collection of novel phenomes in the dairy industry	University of Pretoria	44 743	
Use of Near-Infrared to Detect and Quantify Mastitic Bacteria in Cows' Milk	University of KwaZulu-Natal	0	
PhD studies for Chané Pretorius - Re Regulation 1555 coliform specifications	Dairy Standard Agency NPC	23 660	
Impact of Good Agricultural Practice interventions on the South African Dairy Industry	Dairy Standard Agency NPC	20 960	
Estimation of the on-farm carbon capture and storage capacity within different dairy production systems: A system dynamics approach	ASSET Research	441 396	
Diagnostic investigation of sporidesmin toxicity: Histological study	Dr Anthony Davis	352 435	
Sporidesmin toxicity in dairy cattle - snapshot study	Dr Anthony Davis	71 485	
Exploring the facial eczema problem in dairy cattle in the Eastern Cape of, South Africa, with a focus on the fungus Pseudopithomyces chartarum	University of Pretoria	218 697	
Fasciola hepatica – biological control	University of KwaZulu-Natal	9 360	
Developing best practice guidelines for improved wetland and river management in the dairy sector	Institute of Natural Resources NPC	76 152	
Project refunds		(1 863)	
Biological control of the host snails of Fasciola spp. in South Africa	University of KwaZulu-Natal	(5 199)	
Consumer education	SA Milk Processors' Organisation	22 535 151	22 602 569
Consumer education advisory committee		67 418	
Dairy regulations, standards, quality and safety			11 564 822



Milk SA General Meeting attendees, November 2023

Function	Service provider	Subtotals spent Rand (VAT Excl)	Amount spent Rand (VAT Excl)
Dairy quality and safety projects	Dairy Standard Agency NPC	11 074 091	
Dairy regulations and standards projects	Dairy Standard Agency NPC	(320 111)	
DSA Laboratory	Dairy Standard Agency NPC	797 886	
Advisory Committee		12 956	
Communication, liaison with role-players and verification of statutory information	Milk South Africa NPC	1 593 406	1 593 406
Milk SA staff support to and involvement in projects	Milk South Africa NPC	1 967 755	1 967 755
Project internal audits	HP Audit	219 862	219 862

7. PROJECT REPORTS

7.1 Project Title: **Collection, processing and dissemination of national and international information for the dairy industry of South Africa**

Responsible Institution: Milk Producers' Organization NPC

Project Manager: Mr Bertus van Heerden



The main goal of the project: The main goal of this project is to supply timely, accurate, and reliable information to all role-players in the dairy industry value chain to enable the dairy industry of South Africa to achieve sustainable, competitive growth and to interact with the public sector and development sector regarding development measures and policy matters. The role of objective, transparent, and widely disseminated information regarding international and domestic trends in production, processing, marketing, and consumption in a market economy cannot be amplified enough.

A market economy is a system where the laws of supply and demand direct the production of goods and services. Furthermore, it allocates resources through the decentralized decisions of many firms and households as they interact in markets for goods and services, where market prices play a crucial role. Price formation in a market economy is a function of information that enables the “invisible hand” to optimally distribute production factors. The better the information the more optimally the invisible hand can function.

During 2023, the project was able to fulfill this goal in various ways:

Dairy Digits was published in twelve monthly issues of The Dairy Mail. Dairy Digits has become an important source of market information for dairy industry role-players and the graphs are widely

used in the industry. The table in Dairy Digits includes both the monthly and yearly cumulative volume of unprocessed milk purchased, the volume of dairy imports and exports, monthly and cumulative yearly, the volume of dairy exports inclusive of sales to other SACU countries, cumulative yearly, the monthly producer price indices of unprocessed milk and dairy products and the farm requisite price index. These statistics provide the aggregate of supply and price trends in the primary and secondary industries and some indication of cost levels in the primary industry. The digits also include four graphs namely: monthly international dairy product prices (R/t) covering the past 10 years, monthly unprocessed milk purchases covering the current year plus three years previous, monthly cumulative net imports (milk equivalent), current year plus four years previous and the last graph that consists of three indices providing trends of prices in the primary, secondary and tertiary industries.

A total of four **Quarterly Reviews of the Performance of the Dairy Industry**, were published. The review provides a snapshot of selected trends in the dairy industry. The reviews were published in January, April, July, and October 2023 and distributed via email and are available on the Milk SA website. The October report included the following synopsis regarding the South African dairy industry:

“The FAO Food Price Index* (FFPI) reached an all-time high in March 2022, of 160 index points. Since then, the index reversed the upward trend and reduced to 121.5 index points in September 2023, representing a drop of 24%. At this level, the index stood 14.6 points (10.7 percent) below its corresponding level a year ago. From January 2016 to December 2020 the FFPI mostly moved sideways with the average index level at 95.8 points (a low of 84.9 points and a high of 108.5 points over the five years). Comparing the average level over these five years to the index level in September 2023, the FFPI is still some 22% higher. This goes a long way to explain the current high cost of living despite the 24% drop already experienced in the FFPI.

The FAO Cereal Price Index reached an all-time high in May 2022, of 173.5 index points. Since then, the index reversed the upward trend and reduced to 126.3 index points in September 2023, representing a drop of 27.2%. The level of the index for September is 1.3 points up from August and at this level, the index stood 21.6 points (14.6 percent) below its corresponding level a year ago. From January 2016 to December 2020 the FAO Cereal Price Index also experienced relatively low volatility and mostly moved sideways with the average index level at 95.8 points (a low of 86.1 points and a high of 115.9 points over the five years). Comparing the average level over these five years to the index level in September 2023, the FAO Cereal Price Index is still some 24.2% higher.

The FAO Dairy Price Index reached an all-time high in July 2022, of 147.3 index points. Since then, the index reversed the upward trend and reduced to 108.6 index points in September 2023, representing a drop of 26.3%. The level of the index for September is 2.6 points down from August and at this level, the index stood 34.1 points (23.9 percent) below its corresponding level a year ago. The FAO Dairy Price Index experienced more volatile price movements from January 2015 to December 2020 if compared to the FFPI or Cereal Price indices. However, if one would take a stab at a more stable phase for the FAO Dairy Price Index, the level of

100 index points could suffice. In that realm, the dairy index is only 8.6% higher than in that period.

The September 2023 ZAR price for the international dairy products monitored in this report is lower than for the same month of 2022. Butter, SMP, Cheddar, and FMP respectively with 4%, 29%, 13%, and 15%. In taking a longer view, the September 2023 dairy product prices in Figure 1B for butter, SMP, Cheddar, and FMP respectively remain 46%, 13%, 36%, and 10% above the pre-COVID-19 levels (September 2019). The ZAR weakened by 28% from September 2019 to September 2023.

New Zealand Future Exchange: Over the next eight months, the price of butter is marking time (5 000US\$ per ton) on the New Zealand Future Exchange, a moderate increase for anhydrous milk fat is possible with strong runs for SMP (up 21.9%; US\$3 085/ton) and FMP (up 15.8%; US\$3 360). (Future market prices as of 26 October 2023).

Unprocessed milk production in the major dairy exporting countries is showing improvement with New Zealand and Australia being the most stimulated.

Unprocessed milk prices in Europe declined sharply over the first five months of 2023 but started to level out in June 2023 with the Euro/100kg price for August at 43.65.

Average retail prices of the nine dairy products monitored through NielsenIQ and covered in this report were higher in June 2023 than in June 2022, and all the prices increased with more than the Headline inflation rate of 5.4%. All the product prices also increased with more than the food inflation rate of 11.1% except for cream cheese. For the period July 2021 to June 2022 compared to July 2022 to June 2023, only cream cheese sales quantity improved marginally while the rest saw sales quantity declining.

The PPI's for unprocessed milk, dairy products, other manufactured food, and agriculture in

Board of Directors' Report



general, declined significantly from the high levels earlier in 2023 and are all in single-digit percentages except the PPI for unprocessed milk.

The CPI for milk, cheese, and eggs started to reduce in August 2023, moving from 14.4% in July to 11.9% in August and to 11.2% in September 2023. The CPI for food started to reduce earlier, in May 2023 moving from 14.3% in April 2023 to 12.0% in May 2023. This trend continued with the CPI for food in September 2023 registering 8.0%.

Lacto-Data: The 2023 Lacto-Data was completed and published in the June 2023 edition of The Dairy Mail. The executive summary in June 2023 read:

The International Monetary Fund's (IMF) April 2023 World Economic Outlook presented the lowest medium-term forecast in decades. Global economic growth for 2023 is forecast at 2,8% (down from 3,3% in 2022), to settle at 3% for the next five years. Advanced economies are expected to see an especially pronounced growth slowdown, from 2,7% in 2022 to 1,3% in 2023. Food and energy prices decreased but underlying price pressures remain, with tight labour markets causing inflation

to decline more slowly, skewing the outlook heavily to the downside risk, which could see global economic growth slumping to 2,5% in 2023, with advanced economies growth falling below 1%.

The FAO Food Price Index (FFPI) has fallen 20,5% from March 2022 to March 2023 but is still some 30% above pre-COVID-19 levels. The magnitude of these percentages provides some insight into the phrases "inflation stays stubbornly high" and "inflation will recede slowly in the coming years".

According to the OECD-FAO Agricultural Outlook 2022–2031, demand for dairy products will continue to grow, supported by population growth, increasing incomes, and dietary changes. On a global level, growth over the above period may be more consistent for fresh dairy products (+29%) and butter (+29%), with stronger progression expected in developing countries (+39% for both categories). The growth will be more sustained in developing countries due to the increase in both population and income per capita.

In 2022, from January to December, the unprocessed milk price in Europe increased by 36,5%. In January 2022, the average price was €0,41



(R7,10) per litre based on real fat and protein and in December 2022, €0,56 (R10,16) per litre. During 2022, the average unprocessed milk price in Europe was €0,48 (R8,35) per litre, based on real fat and protein, while the average unprocessed milk price in South Africa was R6,40 per litre, an increase of 10,3%. In South Africa the unprocessed milk price increased with 14,6% from January 2022 to December 2022.

During 2022, the international free on board (FOB) prices for butter, skimmed milk powder (SMP), full-cream milk powder (FMP), and Cheddar cheese reached all-time high levels. The effect of these high levels, coupled with certain logistical challenges, resulted in the mass of imported dairy products into South Africa decreasing by 30% when comparing 2022 with 2021. From the all-time high in March 2022, to March 2023, prices dropped significantly, with butter down 30%, SMP down by 52%, FMP south by 29%, and Cheddar cheese down by 22%.

In South Africa, the good performance of dairy products experienced in the retail market in 2020, did not continue into 2021 or 2022. Lower quantities of retail sales of most of the different types of dairy products and lower sales quantities

of unprocessed milk were experienced in 2022. Annual unprocessed milk production shows a steady linear upward trend over time, but for the last three years, unprocessed milk production has been suppressed compared to the overall trend. Total unprocessed milk to market for 2022 was 3 349 100 t, down 1,56% from the previous year. The faltering demand in the dairy value chain can be attributed to erratic electricity supply, decaying infrastructure, low to negative economic growth, and dwindling disposable income of consumers, to name a few.

In the period from January 2021 to March 2023, the producer price index (PPI) of dairy products and unprocessed milk increased by 30,5% and 36,3%, respectively, and the consumer price index (CPI) of milk, cheese, and eggs registered an increase of 20,5%. These increases represent higher percentages than the market norm. The result of the higher-than-normal increases in the value chain is that in 2022, fewer dairy products (as monitored by Nielsen) were sold when compared to sales volumes in 2021, except for maas, pre-packaged cheese, and ultra-high treatment (UHT) processed milk, where volumes increased but only marginally. Fresh milk and cream account for the greatest sales volume drop. Prices of the

Board of Directors' Report

dairy products being monitored by Nielsen, for the period December 2021 to December 2022, increased by more than the inflation rate, except for UHT milk, but less than the inflation rate for processed food.

International Farmers Comparison Network (IFCN): The results of the 2023 data mining exercise as documented in the Dairy Report 2023 of the IFCN were condensed into a report and submitted to Milk SA.

Report on the attendance of the IDF World Dairy Summit: The report on the attendance of the IDF World Dairy Summit in Chicago, USA, was compiled and submitted to Milk SA.

MPO statutory regulations: the letter with the questionnaire was mailed and distributed to producers of unprocessed milk in October 2023. These have been followed up with personalised WhatsApp messages from the different regional managers of the MPO. Unfortunately, the number of statutory returns received, constituted only 24% of the producers registered with the MPO.

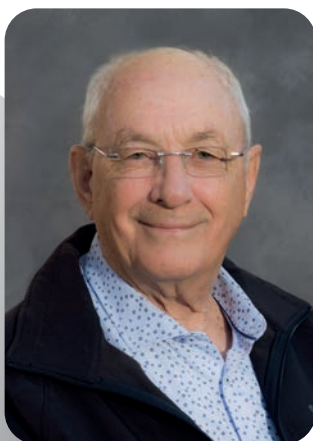
PowerPoint presentations to the members of Milk SA: PowerPoint presentations were developed, compiled and presented in June and November 2023 at the Milk SA General Meetings. The June presentation was presented by the MILK SA CEO.

Report on the World Dairy Situation: The report was completed in December 2023. The summary of the report reads:

In 2022 the world faced the third year of the COVID-19 pandemic and saw Russia attack Ukraine. While the aftermath of COVID-19 was still visible in 2022, the world suffered an existential shock when Russia attacked Ukraine which developed into the current war between Ukraine and Russia. In 2022 global per capita consumption of dairy products showed signs of stagnations, increasing from 117.6 kg in 2021 to 117.7kg in 2022. The sideways movement of global consumption could mostly be attributed to record-high dairy commodity prices caused by the war in Ukraine. Average dairy commodity prices increased by 19.5%, marking the highest annual increase since 1990. The most aggressive price increases were observed in butter and SMP with average price increases of 32% and 21% respectively. Significant farmgate milk price increases were also experienced primarily due to global supply constraints and attempts to maintain farm margins above a certain threshold.

Global unprocessed milk production (all species) grew by 1.1% in 2022 to reach 936 million tonnes (cow's milk accounted for 81%). This was the second consecutive year that saw unprocessed milk production lower than the average growth rate of 2.1% per year (CAGR for 2015 – 2022). The subdued growth was due to challenges at key exporting regions caused by high-cost levels at the beginning of 2022 and the start of the war in Ukraine. However, the two primary drivers of growth namely milk production growth in milk-deficient regions and buffalo milk production growth remain in play although at a reduced rate.

7.2 Project Title: Participation of the SA Dairy Industry in IDF and its Projects via the SA National Committee of the International Dairy Federation (SANCIDF)



Responsible institution: SA National Committee of the International Dairy Federation (SANCIDF)

Project Manager: Mr Edu Roux (also Secretary of SANCIDF)

The International Dairy Federation (IDF) is the only organization that can obtain global consensus on all aspects of dairying and represents the global dairy sector on intergovernmental organizations such as FAO, Codex, OIE and WHO. IDF is the key authority on dairy standards and has access to a large network of worldwide experts in dairy. IDF has four focus areas namely Sustainability, Nutrition, Food Safety and Standards. These focus areas span nine work areas, 17 Standing Committees and three Task Forces. The dairy industry of South Africa is a member of IDF through SANCIDF.

Local

Three changes were made to the SA representatives on IDF bodies. Mr Jompie Burger was appointed to the Standing Committee on Analytical Methods for Additives and Contaminants (SCAMAC), Mr Kraamwinkel was added to the Standing Committee on Marketing and Mr Bertus van Heerden was added to the SC on Farm Management.

Eleven persons from South Africa had registered for the World Dairy Summit (WDS) that was held in Chicago, Illinois during October 2023. Dr Liska Robb was an invited speaker from the University of the Free State. Dr Lobke Steyn from the Stellenbosch University, Mr Fanie Ferreira from Milk Producers' Organisation and Dr Ndumiso Mazibuko from the SA Milk Processors' Organisation registered privately for the Summit.

Key take-aways from WDS 2023 brought back by delegates are:

- Most countries, except New Zealand, had farm auditing systems similar to South Africa's.
- South Africa's animal health and welfare programmes are on par with the rest of the world.

- Only the outcomes should be set for farmers and they should then be left to find their own solutions.
- Trading in the carbon credits generated by the dairy industry was becoming common-place and so were warnings that credits should not be sold outside the dairy industry.
- The use of dairy terms was addressed strongly and the message from IDF Head Office was that the industry should abide strictly to the Codex Standards for the use of dairy terms.
- Plant based beverages are drawing a lot of attention, especially the fact that they operate in a free environment which enable them to mislead consumers that their product was similar to dairy products.
- 2024's Analytical Week, a joint venture by ISO and IDF, would take place in Zimbabwe.

The membership fee for 2023 was fixed at €43 200 by IDF at their meeting held in September 2022 in Delhi, India. An invoice was made out to Milk SA on 12 September 2022, for R752 544 at an exchange rate of R17.42=€1. Unfortunately, due to the low milk intake which affects levy income, Milk SA was only able to settle this invoice in February 2023 when the exchange rate had escalated to R19.027.

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South African Delegates to the World Dairy Summit (2023) held in Chicago

Together with bank charges, the membership fee of R823 674 was paid to IDF in February 2023. The exchange rate loss of R75 324 was paid out of SANCIDF funds. The income and expenses for 2023 showed a shortfall of R76 824, mainly the result of the over expenditure of R75 324 on IDF membership fees.

International

The IDF organised its third annual Nutrition and Health Symposium – “Beyond nutrients: the health effects of whole foods” in May 2023. It featured key presentations from world renowned experts on dairy’s impact on non-communicable diseases. Speakers explored the impact of the dairy matrix on colorectal, cancer, heart and bone health, as well as type 2 diabetes. The presentations were followed by an interactive panel discussion led by the moderators Professor. Corinna Walsh from South Africa and Dr Andrea Josse from Canada.

Another event was the webinar on understanding methane, the science, policy, finance and actions on it. Methane has become the focus of global climate change and environmental meetings as well as public conversations around livestock and dairy. This webinar was aimed at putting the methane conversation in context and addressed the questions of its true nature, its natural cycle and its actual global warming potential.

IDF updated its Programme of Work in July 2023. It is an essential document to be able to appreciate the benefit of IDF membership. It lists 151 active work items spread over the working areas as follows:

Standing Committees (SCs) focusing on analysis of dairy products.	53 total
SCs on Animal health & welfare, the Environment, Food additives and, Microbiological hygiene	9 each
SCs on Nutrition and health and Statistics and automation	8 each
SCs on Standards of Identity and Labelling	7 each
SCs on Harmonisation of Microbiological Methods	6 each
Task forces	7 total
Other	17 total

Out of the 151 work items, only 28 were not on schedule, mostly for minor, unavoidable reasons. The complete spreadsheet is available from the SANCIDF office.

A major international event that took place, was the 28th Conference of Parties (COP28). IDF and the Global Dairy Platform (GDP) represented the international dairy industry at this event. In their joint press release, an overview was given of matters of importance for the dairy industry which were addressed at the conference. The essence of this

was that, in order to tackle climate change in times of rapid population growth without compromising global nutrition security, it is necessary to maintain a balanced strategy encompassing nutrition, economic and social sustainability, and climate action within agrifood systems.

Reducing greenhouse gas (GHG) emissions is part of the priorities for the global dairy sector while also ensuring that the nutritional and societal benefits that dairy sector brings continue. We are focused on actions that will have the biggest impact and foster collaboration across the sector and along the value chain. IDF and GDP advocate for collaboration between actors from the sector and key stakeholders, supported by informed policy decisions, to navigate the complexities and achieve harmony between nutritional needs, sustainability, and climate action in agrifood systems.



7.3 Project Title: **Customs Duties and Market Access**

Responsible institution: SA Milk Processors' Organisation

Project Manager: Mr De Wet Jonker

Feedback on the project activities is as follows:

- Bilateral and multilateral trade agreements;
- Trade protection and tariff dispensation;
- Import and export monitoring; and
- Participation in the Animal Health Forum regarding trade related issues.

Bilateral and multilateral trade agreements

- The Agricultural Trade Forum (ATF) of the Department of Agriculture, Land Reform and Rural Development (DALRRD) is the platform where all Agricultural trade negotiations are discussed, and protocols are developed. During the last two years there were mainly two Multilateral agreements that were of importance to the dairy industry, namely:
 - The African Continental Free Trade Area (AfCFTA) which includes 55 African Countries; and
 - SACU (Southern African Customs Union) Agreement.
- The SACU agreement was established in 1910 making it the world's oldest customs union. Historically SACU was administered by South

Africa, through the 1910 and 1969 Agreements. Negotiations to reform the 1969 Agreement started in 1994, and a new agreement was signed in 2002. The new arrangement was ratified by SACU Heads of State. However, some aspects of the new agreement such as Infant Industry Protection have been outstanding for quite some time and will again be in the spotlight and be placed on the agenda for discussion.

- Although a detailed report was compiled on all the outstanding issues by different interested agricultural industries, including the dairy industry, and submitted to the African desk responsible to Africa trade related issues, no positive outcomes addressing the issues were forthcoming.

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- The following market access aspects are of importance regarding the AfCFTA agreement:
 - 90% of the tariff headings will phase down immediately after the implementation,
 - The remaining 10% (i.e., the 7% Sensitive and 3% Exclusion products), will be phased out during five years from the implementation of the agreement.
- Although the AfCFTA agreement had already been implemented in January 2021, none of the member countries could trade under the more favourable conditions of the Continental Free Trade Agreement. Members will only be allowed to start gaining from the lower tariffs once it reaches the stage when 90% of the tariff headings have been included in the list to be scaled down.
- The tariff Offer of 7111 tariff lines, which represents 90 percent of the SACU Tariff Book, was submitted to the AfCFTA Secretariat on the 13th February 2023 for verification. The SACU Secretariat is currently working in close collaboration with the AfCFTA secretariat to facilitate the completion of technical verification of the Offer.
- The Republic of Botswana has also deposited the instruments for ratification of the AfCFTA Agreement. All SACU member States have now ratified the Agreement.
- On 24 January 2024, South Africa government published the rules of origin as described in Government Gazette no. 50045 dated 24 January 2024 (R 4286) for the implementation of the AfCFTA. The first South African export shipment under the Agreement took place on 31 January 2024.
- The Secretariat of the AfCFTA presented a status update on the submission, technical verification, and adoption of the AfCFTA Provisional Schedules of Tariff Concession (PSTC). A total of 48 AfCFTA State Parties have submitted PSTCs and 45 PSTC have been adopted by the AfCFTA Council of Ministers (COM). While 3 PSTCs (for Angola, Sao Tome and Principe, and Zimbabwe) are still subject to technical verification.

- The remaining 7 countries, namely, Djibouti, Mozambique, Sudan, Libya, Somalia, Sahrawi Arab Republic, and Eritrea have not yet made any submissions. Somalia notified the AfCFTA Secretariat of their wish to adopt the EAC PSTC, while for Djibouti and Sao Tome and Principe the AfCFTA Secretariat shall extend technical assistance during the course of the year 2024.
- The Secretariat of the AfCFTA compiled an e-tariff book for all member states of the AfCFTA and can be viewed at: AfCFTA e-Tariff Book (au-afcfta.org)

AfCFTA Rules of Origin (agriculture)

- **SACU** adopted the “wholly obtained” rule of origin on all agricultural products. However, Mauritius and Namibia adopted a different stance on the dairy subheadings described in the next paragraphs.
- The table below is the summary of the outstanding rules and options proposed by Member States. Government is requesting industries to consider the matrix below and indicate areas where they can be flexible to agree **to the compromise rule of “Value of Non-originating Materials” (VNOM) as a transitional rule** in areas where the proposed rule is wholly obtained, and others proposed Change of Tariff Heading (CTH). In the case of CTH, the two countries will be allowed to import all the materials globally and manufacture yoghurt and processed cheese for a period of 10 years.

After the 10 years, the rule will be “wholly obtained” again. The VNOM is seen as the middle ground between the options of wholly obtained and CTH and allow minimum value addition in the Continent.

- **CTH - Change in Tariff Heading:** This is a very flexible rule of origin that is the exact opposite of the wholly obtained rule. It allows for the unrestricted sourcing of inputs from the global market in the production of any product. It undermines the sourcing of critical inputs from within the Continent.
- The following provisions as set out in Table 1, were created for 04.03 buttermilk and yoghurt and processed cheese classifiable under tariff subheading 0406.30.

Table 1. Rules of origin as described in Government Gazette no. 50045 dated 24 January 2024 (R 4286)

HS Chapter, Heading or Sub-Heading	Description of Product	Working or processing, carried out on non-originating Materials, which confers originating status
Chapter 4	Dairy produce; birds' eggs; natural honey; edible Products of animal origin, not elsewhere specified or included	Manufacture in which all Materials of this Chapter used must be wholly obtained
04.01	Milk and cream, not concentrated nor containing added sugar or other sweetening matter	Manufacture in which Materials used must be wholly obtained
04.03	Buttermilk, curdled milk and cream, yoghurt, kephir and other fermented or acidified milk and cream, whether or not concentrated or containing added sugar or other sweetening matter or flavoured or containing added fruit, nuts or cocoa	Manufacture in which the value of all the non-originating materials used does not exceed 60% of the ex-works price of the product for 5 years, after which manufacture in which materials of headings 04.01 and 04.02 used are wholly obtained
04.06	Cheese and curd	Manufacture in which the value of all the non-originating materials used does not exceed 60% of the ex-works price of the product for 5 years, after which manufacture in which materials of headings 04.01 and 04.02 used are wholly obtained
0406.30	Processed cheese, not grated or powdered	Manufacture in which the value of all the Materials used does not exceed 40% of the ex-works price of the product

Finalisation of the Economic Partnership Agreement with the EU (EPA) and United Kingdom (UK) on Market Access Quota's for 2023

Certain products originating from the European Union (EU) are eligible for a preferential tariff-rate quota (TRQ). These TRQ's allows a specific mass of imports of a particular product that can enter a market duty-free. When this quota is fully allocated, the normal tariff will apply to further imports. The same also applies for the SADC -UK EPA. In 2022, the TRQ's for dairy products were as follows:

Table 4: TRQ's for dairy products 2022

Product	EU	UK
	Tons	
Butter	500	94
Cheese	8 300	1444

These quotas for all the agricultural products were not implemented and gazetted for the 2023 calendar year. Numerous discussions and communication were forwarded to the DALRRD and DTIC on the implementation of the TRQ's, with no success in 2023. The EU quotas were only published on 16 February 2024.

Trade protection and tariff dispensation

Implementation of Agricultural Safeguard measure of the SADC-EU EPA

- The current rate of duty on UHT milk imports had been set at a zero rate of duty for almost two decades. When South Africa started its negotiations in 2000, UHT duties were bound at a zero rate and South Africa cannot increase its normal import duties to curb an influx of UHT imports from EU member countries. The only measurements at our disposal are, either, **Dumping duties or Safeguard duties** under Article 35 of the EPA agreement. A study undertaken by the local South African processors of UHT milk through their representative organisation SAMPRO, indicated in 2019/2020,

that Poland did not dump any UHT milk in the South Africa market at a price below the price at which UHT milk was available in their own market.

- Informal discussions about Article 35 took place and a formal letter was forwarded to ITAC to get clarity if any guidelines existed for the implementation of Article 35 of the EPA agreement once the import trigger levels for full cream UHT milk are exceeded in a particular year.
- After this development, the Department of Agriculture, Land Reform and Rural Development (DALRRD) held several inter-departmental meetings with the Department of Trade and Industry and Competition (DTIC), SARS and the International Trade Administration Commission of South Africa (ITAC) on this matter during which implementation guidelines were developed and agreed upon at national level. The proposed guidelines were shared with its SACU partners and draft guidelines for the implementation of Article 35 of the EPA agreement were published in 2019 in the Government Gazette.
- The SADC EPA States indicated that they had reached an agreement at the end of 2022 on the trigger levels of products listed under Annexure (vi) of Article 35 of the EPA agreement. The agreed levels for full cream UHT milk classified under tariff subheading 0401.20.07 are as follow:

Table 5: Agricultural safeguard trigger levels for full cream UHT milk

Year	Tonnes	Year	Tonnes
2016	6 353	2022	11 256
2017	6 986	2023	12 379
2018	7 701	2024	13 625
2019	8 457	2025	14 973
2020	9 315	2026	16 485
2021	10 234	2027	18 119

Source: DALRRD, April 2023

- Only the issue of trigger levels was concluded during 2022. The issue of implementation guidelines is an internal SACU matter and has been on the agenda of SACU structures since 2019, with no closure. The main issue having delayed finalisation of this matter was the perception by some SACU Member States that procedures outlined in the draft guidelines were not providing for inclusive decision making within SACU in terms of the level of safeguard duty that SACU can impose when imports of any of the eligible products exceed agreed trigger levels. An agreement was then reached to seek legal opinion from SACU Secretariat.
- During this meeting, the Secretariat presented a legal opinion on the matter which indicated that the provision provides for a predetermined formula for the determination of the rate of safeguard duty that SACU can impose when imports of any of the eligible products exceed agreed trigger levels. The legal opinion therefore concluded that the formula leaves very little if no scope for consultations amongst SACU Member States on the level of safeguard duty. Following extensive discussions, the meeting eventually agreed on the imposition of a maximum possible safeguard duty if consultations are to be excluded from the guidelines. The meeting therefore adopted the draft guidelines and directed Technical Officials to align the text of the guidelines accordingly and clean it for adoption and approval by SACU higher structures.
- The mass (kg) of imports of UHT milk with a fat content not exceeding 1 percent (tariff subheading 0401.10.07) and UHT milk with a fat content exceeding 1 percent but not exceeding 6 percent (tariff subheading 0401.20.07) decreased over the last few years up to 2022. From January to December 2022, 3 613 tons of UHT were imported. From January to December 2023, a mass of 5 557 tons of UHT milk was imported. See Table 6.

Table 6: The mass of imports of UHT milk with a fat content not exceeding 1 percent (tariff subheading 0401.10.07) and that of UHT milk with a fat content exceeding 1 percent but not exceeding 6 percent (tariff subheading 0401.20.07)

UHT Milk	2018	2019	2020	2021	2022	2023
0401.10.07	25	20	43	8 724	356	39
0401.20.07	17 145	17 992	5 392	13 767	3 257	5 518
Total mass	17 170	18 012	5 435	22 491	3 613	557

The years indicated in red, is the years when the imported mass of imports were more than the agreed trigger levels under the Agricultural safeguard levels.

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Import and export monitoring

The Customs Duty and Market Access Project submitted the following monthly import and export tables and quarterly report to Milk SA:

Monthly January to December 2023
Quarterly January to December 2023

Participation in the national animal health forum (NAHF)

- Mr Fanie Ferreira (Representative of Milk SA and CEO of MPO) served in 2023 on the NAHF as a council member while Mr De Wet Jonker (Manager of the Customs and Market Access Project of Milk SA) focused on international market access issues. Dr Chimes, as a representative from Milk SA, is also available to the Forum, as a dairy health expert.
- Milk SA was responsible for the membership fees for the NAHF.

Foot and Mouth Disease outbreak

- South Africa had several outbreaks of Foot and Mouth disease (FMD) in the last four years. The Vhembe outbreak occurred early in January 2019, which resulted in South Africa losing its FMD free status and most of South Africa's trading partners had at that time introduced an interim ban on the importation of all animal and



animal products. All import permits and Veterinary Health Certificates had to be renegotiated.

- The National Animal Health Forum (NAHF) is in constant consultation with DALRRD, finding solutions and actions to combat Foot and Mouth disease. A Ministerial Technical Committee was established to develop a strategy for FMD. Inputs were received from the livestock industry.
- All the media briefs and press releases were forwarded to the industry by Milk SA and will be continued in future.
- There are currently 165 open outbreaks reported to the WOA, and 50 outbreaks were resolved and closed with the WOA. Table 7 provides a summary of the open and closed outbreaks per Province, as well as the date of the last reported outbreak.

Table 7: Summary of outbreaks per outbreak event and per Province

Outbreak event	Province	Number of open outbreaks	Number of resolved outbreaks	Total number of outbreaks	Start date of last reported outbreak
Outbreak event 1:	KZN	131	10	141	6 Oct 2023
KwaZulu Natal- Free state	FS	2	2	4	26 Sep 2022
Outbreak event 2:	LP	0	8	8	25 Apr 2022
Limpopo and Gauteng	GP	0	2	2	30 Mar 2022
Outbreak event 3:	NW	7	11	18	22 Nov 2022
Northwest, Gauteng	GP	3	2	5	30 Aug 2022
Mpumalanga, and Free State	MP	0	1	1	2 Aug 2022
	FS	22	14	36	22 Sep 2022
Total		165	50	215	

Source: DALRRD, Directorate Animal Health, 8 January 2024



7.4 Project Title: **Skills and Knowledge Development in the Primary Dairy Industry**

Responsible Institution: Milk Producers' Organisation NPC
Project Manager: Mr Ronald Rapholo

Goal 1: Continuous evaluation to determine whether amendment is necessary of, for example, the curriculum, learning materials, assessment tools and qualifications, due to factors such as technology development, changing production and manufacturing procedures and requirements set by relevant bodies in the public sector

The revision of the Dairy Occupational Qualification was approved in February 2023 and a pre-scoping meeting with a constituency group was organised for 15 March 2023.

The MPO Training Institute was able to hold the scoping meeting with AgriSeta after previous cancellations of this important meeting. As prescribed by the regulation of AgriSeta and QCTO, a working group was nominated which will steer head the revision of the occupational qualification.

The Institute held a meeting with AgriSeta and the curriculum developer to verify and adjust the credits and the assessments for the qualifications. The curriculum developer promised to send the adjusted credits within two weeks after the meeting.

The verification meeting was deferred to next year due to unavailability of the working group members, (verification is the final stage before the documents can be submitted to QCTO.)

Goal 2: Interactions in respect of acts, regulations, policies and procedures regarding knowledge and skills development considering the needs of the dairy industry, with the authoritative bodies in the public sector and representatives of other industries.

The following interaction with the AgriSeta took place during 2023:

- 5 January 2023: The Project Manager and the quality developer of the Dairy Occupational Qualification met with AgriSeta to discuss the revision process and proposed timelines.

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- 19 January 2023: The Project Manager and the quality developer of the Dairy Occupational Qualification again met with AgriSeta to discuss the revision process. AgriSeta to coordinate a constituency group meeting with members of AgriSeta and QCTO. The MPO Training Institute continuously followed-up on the proposed meeting date which was confirmed for 15 March 2023.
- 24 January 2023: The Project Manager attended a virtual AgriSeta Learning Programme and Projects Workshop. Procedures on various AgriSeta programmes were discussed and confirmed.
- 27 February 2023: The Project Manager attended a Red Meat Sector Skills meeting to discuss an employer survey on skills gaps/top-up skills, emerging skills, and occupations, hard to fill vacancies, change drivers/challenges, economic performances and socio-economic factor influences on the sub-sector.
- 12 July 2023: The Project Manager and AgriSeta held the long awaited scoping meeting virtually with industry representatives. AgriSeta conceded that it will help to accelerate the process to finalize this review process by end of this year.
- 15 August 2023: Agriset, Curriculum developer and the working group held Curriculum

development meeting. The project manager promised to send the curriculum documents to all working group members for comments and recommendations.

- 13 September 2023: MPO submitted a proposal for 2024/25 commodity discretionary grant funding. The proposal is in line with skill development for farm employees.
- The MPO Training Institute attended Agriset AGM virtually, it is worth noting that Agri SETA had slightly exceeded its revenue collection target with actual levies collected beating the budget by R2,814 million. In addition, Agri SETA received R8,03 million in penalties and interest incurred by the levy payers.
- 31 October 2023: All the documents were submitted to Agriset, it was unfortunate that we all didn't pick up that old templates were used.
- 19 November 2023: The information was completed on the new templates and submitted to Agriset.
- 13 December 2023: We were supposed to have held a verification meeting, but it was cancelled due to unavailability of most participants.

The following interaction with Milk SA took place during 2023:

- 15 January 2023: The Project Manager submitted the 4th quarter Skill and Knowledge Development project report to Milk SA.



- 20 January 2023: The Project Manager completed and forwarded the Industry Risk Management document on Primary Skills and Knowledge Development to Milk SA.
- 30 January 2023: The Project Manager attended a task group meeting on the revision of the Milk SA Guide to Dairy Farming in South Africa. Industry members to provide inputs on the revision of the book whereafter Milk SA will decide on the relevance and/or continued use of the book.
- 28 February 2023: The Project Manager submitted the 2022 annual Skills and Knowledge Development project report to Milk SA.
- 13 and 14 June 2023: The Project manager attended Milk SA awards ceremony on the 13th and Annual general meeting on the 14th.
- 1 September 2023: The MPO submitted the 2024 Skills and knowledge development budget for 2024.
- 30 November 2023: The MPO Training Institute Manager attended the Milk SA AGM with other project managers.

Other

- 16 November 2023: MPO training institute attended a virtual meeting hosted by way maker, on dairy mission to Kenya 2024. Another meeting will be held in 2024 to look at the feasibility of mission and the benefits of such for the institute.

Goal 3: Guidance in respect of skills and knowledge development to members of the dairy industry and promotion of it.

The MPO advised several dairy producers on dairy training provided by the MPO. Guidance included the discussion of the dairy training prospectus and on-line training.

The MPO Training Institute was administrating an on-line learning platform for several on-line students.

The MPO Training Institute facilitated practical assessments of the dairy occupational modules for two students at commercial dairy farms.

The MPO Training Institute Manager was in Nampo engaging with students from high schools, Agricultural colleges and university promoting courses offered by the institute.

The Training Manager attended induction of 14 online students at Nico Malan in the Eastern Cape.

- 11 August 2023: The MPO Training Institute Manager visited Phumelela integrated dairy farm in Vrede, upon conclusion of the visit a need for basic dairy production was established.
- 28 August 2023: Dairy production was offered to the employees of the dairy as well as interested young community members.

The MPO training institute Manager attended the Nampo Western Cape at Bredasdorp to engage with farmers promoting courses offered by the institute.

MPO institute training manager attended the annual general meeting for MPO Western Cape in Bredasdorp.

- 16 November 2023: MPO Training institute attended a meeting with Agri skills to look at collaboration in training and mentoring.
- 14 December 2023: MPO training institute and Agri skills agreed on working together in 2024 in sharing the course offered by both institutions. An service level agreement was signed in January 2024 to make collaboration official.
- 6 December 2023: MPO training Institute Manager attended a farmers day in the Eastern Cape at Fynbos Golf Estate to promote training offered by the institute.

7.5 Project Title: **Secondary Industry Skills Development (Maintenance of the existing Skills and Knowledge Development System)**

Responsible institution: SA Milk Processors' Organisation
Project Manager: Mr Gerhard Venter

Goal 1: Interactions in respect of acts, regulations, policies and procedures regarding skills and knowledge development in light of the needs of the dairy industry, with the authoritative bodies in the public sector, tertiary education institutions and representatives of other industries

- A report has been received that the 'Milk Reception Operator' (our old title used for clarity) has been submitted by the SETA for registration, with all the declarations that needed to be made. The qualification has seemingly been submitted for approval to the Quality Council for Trades and Occupations (QCTO) and registration by the South African Qualifications Authority (SAQA).
- The learnerships funding model and policy has been updated. A small improvement in the funding amount per year from R22 000 to R25 000 for employed learnerships, as well as extension to maximum two years (up to the present it was a single year funding model only) has been approved. The amount for unemployed learnerships is also adjusted upwards, although the amount is appreciably higher, as it includes stipends payable.
- A meeting was held between the Project Manager, CEO of SAMPRO and the Quality Managers of FoodBev SETA in connection with the requirement of the Department of Higher education and Training (DHET) that the SETA engage with the Technical and Vocational Education and Training (TVET) Colleges which could also act as Provider to the secondary dairy industry. Initial discussions were conducted, and the project is awaiting a written input of expectations from the SETA.
- After an initial session of participation in a new initiative from FoodBev SETA in respect of the development of a Food Laboratory Analyst qualification, during which the Project Manager presented an input for consideration as to the recommended design approach to same, participation was withdrawn. The reason for this decision (as discussed and cleared with committee members and the CEOs of SAMPRO and Milk SA) is that demands were in the offing from the appointed developer for learning materials and contents of such. Milk SA has a policy on the benediciated use of its developed learning materials by enterprises in good standing, being not to be disseminated for general use except the purpose for which it was created. In any event, provi-





Assessing Ripened Cheese Makers



sional (but complete) learning materials were developed for the intended Dairy Laboratory Analyst qualification(s). The Project Manager has given guidance to FoodBev SETA on industry's requirements for the final registration of the latter (preferably as 8 separate qualifications and at a level of NQF4, on par with the Dairyman suite of qualifications). Feedback from the SETA on the status of this endeavour has been requested but not received.

- A TVET college (Cum Laude Institute) requested an on-site visit for Skills Development Provider (SDP) accreditation from FoodBev SETA, which was referred to a private provider in the Dairy industry, as the accreditation applications included certain Dairyman qualifications. The private provider 'appointed' the Project Manager to conduct the visit (which would be funded by FoodBev SETA). Following the standard pre-visit enquiries by the Project Manager to the TVET College resulting in shortfalls identified provisionally (instructor experience in dairy manufacturing could not be proven and incorrect promises were made by the SETA that Milk SA would supply learning materials outside of policy to the college), the visit was abandoned for the time being. The CEO of the SETA was informed of the matter by the Project Manager on all aspects of the matter.

No further communication has been presented to SAMPRO and Milk SA regarding the TVET College enquiry during the first quarter that the Project Manager is aware of.

Goal 2: Continuous evaluation so that, depending on factors like technology development, changing production and manufacturing procedures and requirements set by relevant bodies in the public sector, to determine whether amendment is necessary of, for example, the curriculum, learning materials, assessment tools and qualifications

- All ten Dairyman qualifications (which are now discreet, stand-alone qualifications), have been fully revised for re-registration. QCTO has added two more soft skills modules as a new requirement – one on Work Ethics and one on Safety in the Workplace.
- The next qualification (Milk Reception Operator) will then be 'revised', but it needs to be seen who will be the appointed Qualifications Development Facilitator (QDF), as the current one's contract expired at the end of March and no further reports were received on the status

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of this qualification. What can be reported that the Milk Reception Operator has finally been submitted for registration by another QDF.

- It is also unknown at this stage whether or not the 8x Laboratory qualifications will be afforded an opportunity for registration in 2023, but perhaps in 2024. QCTO has referred it back to FoodBev SETA with minor indications of errors in credit counts, but very pertinent questions as to (i) the NQF level at which the qualification is pitched (3, but implied that the outcomes are higher level outcomes, perhaps 4) and (2) to consider whether or not the qualification should be 8 discreet qualifications and not a parent qualification with 8 part-qualifications. The Project awaits further discussion of these aspects with the SETA. No further development has occurred since the second quarter report.
- A trial run for the final exam (External Integrated Summative Assessment or EISA) has been conducted very successfully as a joint exercise between the Assessment Quality Partner (AQP), which is FoodBev SETA, with the participation of four Dairyman learners who have completed the programme. QCTO has amended certain requirements for the questionnaires and a Task Team has been set up between the Project and the SETA to redevelop the questionnaires to include 'Scenario' questions that should present evidence in the answers of practical skills 'comprehension' as the SETA does not have then budget for formal practical assessments. In the first meeting joined by QCTO this concept was rejected and much work was made undone – the Project Manager revised the SETA-developed Qualification Assessment Specification (QAS) Addendum for each of the relevant active Dairyman qualifications. The QAS Addendums were compiled by the Senior Quality Manager of Foodbev SETA, on the premise that the External Integrated Summative Assessment (EISA) could be conducted through a theory questionnaire that should attempt to reflect practical impact. Already in the first meeting joined by QCTO it was stated by them unequivocally that the EISA could not exclude a practical component. The SETA argu-

ment was based on lack of budget. The Project Manager: Milk SA offered the solution of an abridged practical assessment through 'simulation' (actually a 'show and tell' method which is almost a full practical but as an indicative and explanatory assessment whilst production is running). This was embraced by everyone. We are now in the third round of revision (done by the Project Manager) and the newest submission in terms of format is under consideration, with no approval or rejection at the time of this report.

- The main aspect covered in this goal is the revision of assessment tools to be aligned with the (questionable) approach promoted by QCTO (in the view of the Project Manager). Already in the first meeting joined by QCTO it was stated by them unequivocally that the EISA could not exclude a practical component. The SETA argument was based on lack of budget. The Project Manager offered the solution of an abridged practical assessment through 'simulation' (actually a 'show and tell' method which is almost a full practical but as an indicative and explanatory assessment whilst production is running). This was embraced by everyone. We are now in the third round of revision (done by the Project Manager) and the newest submission in terms of format is under consideration, with no approval or rejection at the time of this report. The last discussion between the Project Manager and an ETQA Manager at the SETA indicated potential acceptance of the Project Manager's recommendation, but a follow-up meeting of the task team has not been conducted to formalise this.



Goal 3: Guidance and promotion of skills and knowledge development in respect thereof to the dairy industry. It is of collective importance that guidance should be provided to the members of the dairy industry which is not influenced by commercial interest of any enterprise conducting training

- Two Circulars were presented to Milk SA for dissemination via the mass mailing system.
 - The first circular describes, amongst other, meaningful progress and achievements in respect of:
 - ♦ Intended amendments to the expenditure pattern of the Skills Development levy.
 - ♦ Improvement of funding for learners in the Dairyman suite of qualification.
 - ♦ Improvements of the Dairy Chamber Management Framework.
 - ♦ Progress with accreditations of dairy factories as training sites.
 - ♦ Actions in respect of the removal of obstacles in respect of recognition of prior learning.
 - The second Circular for 2023 covered the following aspects:
 - ♦ Intended amendments to the expenditure pattern of the Skills Development levy.
 - ♦ Improvement of funding for learners in the Dairyman suite of qualifications.
 - ♦ Qualification registrations.
 - ♦ Progress with accreditations of dairy factories as training sites.
 - ♦ The way forward for enrolled Dairyman learners and candidates for Recognition of Prior Learning (RPL).
 - ♦ 'New' issues at FoodBev SETA.

Conclusions

- The year 2023 presented many activities that entailed the highest level and intensity of interaction between the project and the authorities in the last four years. Some interactions – notably contact meetings between both the FoodBev SETA, QCTO, Milk SA and SAMPRO, as well as personal visits by the Project Manager to the SETA (but also virtual discussions on the 'mechanics' of processes) – had mixed results. Whereas the Project Manager had to extract information sometimes to determine the processes and agendas of the authorities, the authorities also obtained a better comprehension of the professional approach to the Milk SA strategy exercised by its projects (specifically Secondary Industry Skills and Knowledge development).
- It cannot be stated unequivocally that there is improved mutual knowledge and agreement between the project and the authorities, as the authorities – in the view of the Project Manager – has a recipe-orientated approach with very little leeway for inputs from industry based on long-standing experience. This will not make future interaction easier, but also not more difficult. The (unspoken) difficulty – perhaps on both sides, if sides are to be identified – is the attitude of 'don't confuse me with facts, I've made up my mind'.
- Nevertheless, there is a lot to be done still and it is tiring, but it is believed that sense and sensibility will prevail and that a big dent can be made in the matters 'in arrears' in 2024.

7.6 Project Title: **Enterprise Development**

Responsible Institution: Milk SA

Project Manager: Mr Godfrey Rathogwa
(Transformation Manager of Milk SA)



The Sustainable Commercialization Project came into being because of Milk SA's 2006-2009 statutory levy surplus funds. The project's goal is to promote efficiency, productivity, competitiveness, profitability, and sustainability of existing small black-owned dairy enterprises by contributing to the reduction of commercial venture impediments such as:

- poor on-farm infrastructure,
- limited dairy-specific enterprise technical competencies,
- limited business competencies, and
- low levels of compliance with legislation.

To augment the limited statutory levy surplus funds, Milk SA's Transformation Manager successfully applied for grant funding from the Jobs Fund programme and secured R10,35 million in 2012. Below follows a report on the objectives set for 2023 at the beginning of the year.

Goal 1: Monitor existing Black dairy commercialization enterprises

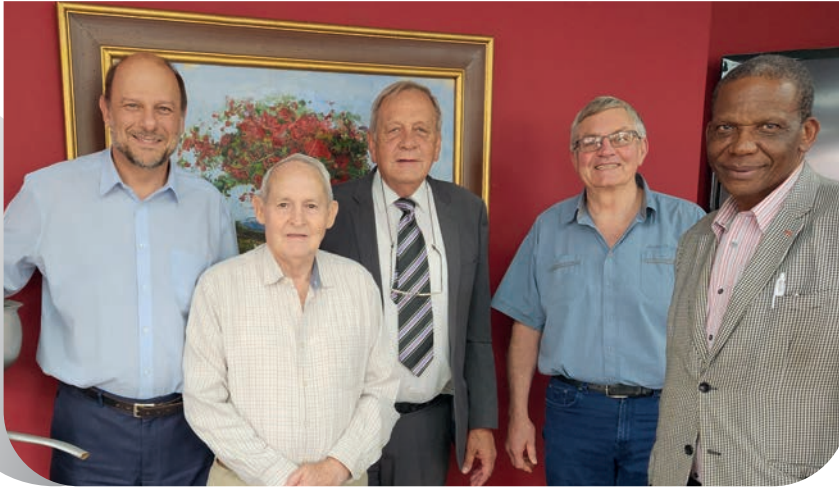
During the year under review, monitoring continued to focus on dairy herd health, breeding, milk production, fodder flow, animal feeding, and business record keeping. Advice to entrepreneurs was given based on the actual circumstances of their enterprises.

On average, there were seven hundred sixty (760) cows in milk among 21 smallholder dairy enterprises during the year under review. Farmers supplied 2 393 984 kilogrammes of milk to processors or consumers. During the reporting period,

milk volume declined by 18% from 2 909 076 kg to 2 393 984 kg as the number of cows in milk dropped from 827 to 760 compared with 2022.

Seventeen (17) beneficiaries were visited at Dewetsdorp, Dundee, Harrismith, Kokstad, Matatiele, Senekal, Tweespruit, Vereeniging, Welkom, and Wepener. The visits were undertaken to assess the circumstances of each enterprise, particularly the fodder flow situation. It was found that eight of the 21 beneficiaries had cut a total of 151 hectares of maize for silage. The hectares cut ranged from a minimum of 7 hectares to 46 hectares with an average range of 12 to 50 tonnes per hectare. It was also found that ten beneficiaries had planted oats on a total of 258 hectares, ranging from 2 hectares to 80 hectares per farm. Six beneficiaries planted 59 hectares of Japanese radish ranging from 2 to 20 hectares per farm.

Sixty-three (63) mature cows died amongst 12 beneficiaries as a result of incidents such as lumpy skin, snake bite, calving difficulties, red water, feed poisoning and gall sickness. Beneficiaries were strongly advised to consult their local veterinarians for information regarding vaccination programmes and integrated dairy herd disease management programmes. Various measures have been recommended to minimize animal theft around farms, such as electric fences and cameras. Moreover, beneficiaries were encouraged to consider live-



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stock insurance and to hire security companies to monitor their farms regularly. General advice

Farmers have identified the following challenges:

- Adverse weather conditions such as too much heat or waterlogging adversely affected the planting and or harvesting of crops planted for either silage or winter pastures. This adversely affected both quantity and quality of available fodder.
- Access to veterinary services remained a challenge due to the shortage of state veterinarians and the high cost of private veterinarians. This was worsened by poor road conditions and a lack of transport means and veterinary service wherewithal among state veterinarians.
- Load shedding negatively affected the quality of milk for farmers who did not have a backup power supply.
- Cow mortality was high due to diseases such as lumpy skin and red water.
- Breeding was a serious problem on some farms because bulls were either too old or infertile.
- Stock theft and vandalism of farm property were still rampant on farms. Three beneficiaries lost their animals due to stock theft. One lost six cows, another lost two cows and the last lost a bull. Another beneficiary also recovered his stolen tractor near the Lesotho border. Still, another beneficiary survived a farm break-in and kidnapping.
- One beneficiary lost her on-farm eragrostis grass bales and grazing land due to a fire-outbreak from the neighbour.

As reported previously, management of cooperative enterprises remained a challenge: a sense of ownership and thus commitment to the success of the enterprise is lacking in cooperatives compared to family-owned enterprises. Additionally, businesses owned by elderly entrepreneurs without children or young committed employees are at risk of business continuity. Succession planning was recommended to all entrepreneurs to ensure the continuity and sustainability of their enterprises. Workshops on succession planning will be run again in 2024 as done previously.

Goal 2: Deliver pregnant heifers to new and existing black dairy enterprises depending

One of Milk SA's strategies to promote economies of scale, competitiveness, and sustainability is to supply certified pregnant heifers. There were 67 pregnant heifers delivered to five out of 21 beneficiaries on a cost-sharing basis of 25%:75% between the beneficiary and Milk SA during the review period. The number of heifers delivered per farmer ranged from 10 to 20. This delivery was 78% lower than the 305 pregnant heifers delivered in 2022 because farmers did not have sufficient fodder flow on their farms to support additional animals, lack of own contribution to the cost of extra animals and scarcity of animals as most of them were exported to Africa. Milk SA also delivered two bulls to a beneficiary at a cost-sharing ratio of 25%:75% between the beneficiary and Milk SA respectively.

Goal 3: Fodder flow improvement on farms-including fodder at the time of pregnant heifer delivery to maintain conditions of pregnant heifers

Adequate fodder flow is very critical for a dairy cow to be productive, provided other critical inputs are adequate. Milk SA project beneficiaries were advised regularly to ensure sufficient good quality fodder flow. This could be achieved through planting of maize for silage, winter pasture planting, and purchases of extra fodder and dairy meal concentrates, depending on the on-farm feed situation. In order to minimize shortage of fodder on farms, the plan is to assist farmers to establish permanent pasture, on a cost sharing basis.

During the review period, no permanent pasture was established on a cost-sharing basis since most farms lacked underground water for irrigation. In one instance, a farmer tried to sink find a borehole, but the borehole driller was unable to find water at ninety (90) metres deep.

Six beneficiaries were assisted with the cutting of 130 hectares of maize to make silage, on an equal cost-sharing basis with Milk SA. Among these beneficiaries, the hectares cut ranged from 7 to 46 hectares, with an average yield of tonnes per hectare ranging from 12 to 50 tonnes.

A total of 235 tonnes of lucerne were delivered to eight beneficiaries during the year under review. The quantity delivered per farmer ranged from 10 tonnes to 60 tonnes per farmer. Of the total lucerne delivered, 205 tonnes were on an equal cost-sharing basis between beneficiaries and Milk SA. Thirty (30) tonnes were granted to a beneficiary whose grazing farm camps were destroyed by fire. Among the beneficiaries (10 out of 21) who bought dairy meal or lucerne, their average daily milk production ranged between 10 and 15 litres per cow per day, which was better than those who did not take advantage of the Milk SA subsidy.

A total of 264 tonnes of dairy meal concentrate was also delivered to six of the 21 beneficiaries. The quantity delivered ranged from 2 tonnes to 80 tonnes per farmer. Insistence on cost sharing is to promote an entrepreneurial mind-set and to protect Milk SA's scarce resources against misuse without accountability.

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

Adequate and appropriate infrastructure is critical for the optimal operation of an enterprise. Milk SA supports infrastructure investment on a cost sharing basis after the initial basic grant for cows, which is 100% born by Milk SA has been offered. Actual support of infrastructure is also dependent on the available funds as Milk SA's resources are very limited.

There was no supply of critical enterprise on-farm infrastructure, including affordable processing equipment during the year under review. It was reported in the previous year's report that permanent pasture establishment under irrigation was not possible until financial support approval was received from development financial institutions. Furthermore, most farms lacked underground water for irrigating pastures. Experts on irrigation infrastructure were consulted and recommended conducting water assessments on farmers before investing in irrigation infrastructure such as centre pivots. During the year under review, farmers struggled to get assistance from financial institutions. We engaged with the Land Bank to assist farmers with blended funding applications that would assist with some of their farm infrastructure needs, including solar energy/electricity power backup generators.

Goal 5: Capacitate new and existing black dairy entrepreneurs and their workers in critical dairy enterprise/business competencies, including dairy processing using Milk SA resources and external professionals. All costs included

During the year under review, a total of eight Enterprise Development meetings were held with project beneficiaries at Bethlehem, Harrismith, and Senekal. The meeting at Bethlehem was a general mass meeting for all Milk SA transformation project beneficiaries and was attended by seventeen (17) out of twenty-one (21) of the project beneficiaries. Meetings at Harrismith were attended by farmers from Harrismith, Dundee, Kokstad, Swartberg and Indwe, with a total number of forty –five (45) attendees. Meetings at Senekal were attended by farmers from Dewestdorp, Senekal, Tweespruit, Welkom, Wepener, and Vereeniging with a total number of sixteen (16) attendees. The meetings covered the following aspects:

- Historical milk production;
- Fodder flow and feeding;
- Business insurance;
- Business risks and mitigation strategies;
- Conditions for future partnership between a beneficiary and Milk SA;
- Farmers' training needs;
- Milk SA support for farmers' critical needs;
- Farmers' monthly reporting information;
- Private veterinary services support by Milk SA;
- Soil sampling and testing;
- Free State DALRRD applications for farmers' support; and
- Land Bank's Blended and Agri-BEE funding.

Milk SA's external dairy industry consultant also conducted on-farm enterprise assessments. The consultant met with farmers on their respective farms one-on-one. The objective was to assess enterprises' performance by obtaining information from the farmers, especially feeding information, as advised by Milk SA in the past. A total of nine

beneficiaries were visited at Harrismith (4), Senekal (1), Welkom (1), Tweespruit (1), Dewestdorp (1) and Wepener (1) respectively. Assessments focused on herd size, milk production, bulls on farms, breeding/mating records, amount of feed fed to cows per day, calf rearing, pasture planting, and maize for silage. It was discovered that:

- some dairy farmers were not keeping proper records of their business activities.
- some farmers dried off their cows earlier than necessary, resulting in a loss of income.
- cows in milk to dry cows ratio was poor due to poor feeding, poor breeding, and infertile bulls.

Based on the above-mentioned findings, farmers were advised that:

- a bull should not be used for more than three years.
- every year, an old bull should be replaced with a younger bull on the farm.
- they should keep complete farm business records more effectively.
- it was important to use the correct amount of seeds and fertilizers, per hectare when planting pasture and maize silage.
- they must feed their cows correctly at all times to optimize milk production.
- they should feed new-born heifer calves adequately to ensure that quality heifers are grown/reared.

Agri-SETA accredited sustainable farming training was conducted during December 2023. The training was funded by an AgriSETA Skills Development Fund allocation as part of the National Agricultural Marketing Council (NAMC) and Milk SA agreement. The training was conducted by JNV Landscaping and Training who are Agri-SETA accredited. Eleven out of twenty-one Milk SA beneficiaries attended the session together with NAMC representatives. Two farmers could not attend due to illness while the other two could not attend due to family engagements in Cape Town.

The two-day training programme on dairy production financial records aimed to equip farmers with

the necessary skills and knowledge to effectively manage and maintain financial records in dairy production.

Day 1: Record Keeping

The first day of the training programme focused on the importance of record-keeping in a dairy enterprise. The participants were trained in various types of financial records that are essential for effective farm management, including income and expenditure records, inventory records, and tax records. The trainers emphasized the significance of accurate and detailed record-keeping in enabling farmers to make informed decisions and monitor the financial health of their operations. The participants were then guided through practical exercises and simulations to practice maintaining and organizing financial records. They were taught how to use software and spreadsheets to streamline the record-keeping process and were given tips on the best practices for maintaining accurate and up-to-date records.

Day 2: Balancing Financial Records and Sustaining Farm Records

The second day of the training programme delved into the process of balancing financial records and sustaining farm records. The participants were taught how to reconcile bank statements, manage cash flow, and prepare financial statements such as income statements and balance sheets. They were also educated on the importance of regular audits and reviews to ensure the accuracy and integrity of their financial records. In addition, the trainers guided sustaining farm records for long-term planning and compliance purposes. The participants learned about the legal and regulatory requirements for maintaining farm records, including tax obligations and reporting standards. They were also given insights into how to use financial records to identify trends, assess the performance of their dairy production operations, and make strategic decisions for the future.

Outcome

The training programme was well-received by the participants, who expressed their satisfaction with

the content and delivery of the programme. The simulations and practical exercises were particularly effective in helping them grasp the concepts and apply them to real-life scenarios. At the end of the two-day session, all learners were declared competent in managing dairy production financial records.

Conclusion

The training programme on dairy production financial records was a success due to the practical approach of trainers and their adaptation to the level of farmers. Further sustainability farming training sessions will be conducted during 2024. On the third day, after a two-day sustainable farming training session, ten farmers were taken to the Agricultural Research Council for exposure to fodder flow management for sustainable dairy farming.

Goal 6: Coordinate and liaise with Government at all levels - Agri BEE Council meetings, Marketing Forum and provincial officers and all private stakeholders

Coordination of transformation activities with other relevant stakeholders is of critical importance to ensure that maximum synergy is achieved, resources are used optimally, and that project participants are not confused. Nonetheless, effective coordination is dependent on a common vision among stakeholders. During the year under review, a number of engagements were made with institutions and persons indicated below in pursuing Milk SA's transformation goal.

Agricultural Research Council

During the year under review, Milk SA and the Agricultural Research Council (ARC) met three times. The two institutions discussed how they could work together to address some of the challenges black-owned dairy farmers faced, especially breeding and dairy herd health manage-

ment. Two follow-up meetings focused on areas of support- breeding programme, body condition scoring, artificial insemination, sustainable farming training, frequency of farm visits and fees to be paid by Milk SA to ARC. Milk SA and the ARC are still in the process of finalizing their partnership.

Milk SA's Transformation Manager and Officer also visited ARC's microbiology laboratory to gain a better understanding of how ARC conducts its analytical research related to animal health management. Furthermore, ARC also organized a webinar on 'Agriculture in a changing environment' which was also attended by both the Milk SA Transformation Manager and Officer. As a result of the webinar, farmers were advised to adopt soil fertility management techniques, monitor soil moisture levels, and choose drought-tolerant seeds. The use of agricultural waste for bioenergy production to minimize pollution and to reduce waste was also discussed.

Dairy Standard Agency

Milk SA's Transformation Manager and Transformation Officer attended an exposure to DSA Laboratory services. The exposure was intended to provide an understanding of the DSA's laboratory project activities as well as how it contributes to the strategic objectives of DSA and Milk SA.

Department of Agriculture, Land Reform and Rural Development (DALRRD)

Three meetings had been held with the agro-processing directorate, coops directorate and Agri-BEE directorate to discuss possible ways of funding our farmers to address farming challenges such as pasture establishment, cow handling facilities, calf-rearing pens and power on the farms. Information for inputs into the business plans has been trickling in from farmers after sworn in statements before the commissioner of oath at the magistrate's office.

Free State Department of Agriculture and Rural Development

During the year under review, Milk SA met with the Head of the Free State Province's Department of Agriculture, Land Reform, and Rural Development (HOD) to discuss unavailability of state veterinarians, the issuing of compliance dairy certificates by local authorities and the establishment of permanent pastures to ensure improved cow productivity and solar power were discussed during the meeting. The meeting resolved that Milk SA share its transformation project background and challenges with the HOD to inform him about what was happening on the ground with farmers. It was also agreed that a follow-up meeting would be held soon to discuss how the province could assist farmers in overcoming some of their challenges.

The Food Agriculture and Natural Resources Policy Network (FANRPAN)

Milk SA also attended the FANRPAN policy dialogue webinar. The objectives of the policy dialogue were to:

- share empirical evidence on the importance of climate-smart agriculture in transitioning to resilient farming communities in Sub-Saharan Africa (SSA),
- develop recommendations on how to build climate-smart and resilient farming systems in SSA at scale and
- network and promote partnerships and action. It was learned that Africa's countries depend on rain-fed agriculture due to insufficient water resources and infrastructure.

Eventually, this may negatively affect food production to meet the growing population demand. It was recommended that substantial investments were required to maintain current yields of agricultural produce and to increase production and food quality.

Fencorp

Three meetings were held between Fencorp and Milk SA regarding the business plan required by the Agri-BEE Fund to assess the project's potential. Milk SA advised Fencorp to approach either the Agri-BEE Fund, IDC, or Land Bank for funding for a processing plant at DEE-Y-Dairy at Welkom. In case the venture met BBBEE requirements, the Agri-BEE Fund said it could support 75% of the venture cost. Fencorp indicated that they would finalize the business plan for submission to the Agri-BEE Fund and the provincial Department of Agriculture.

First Rand Empowerment Fund Trust / Capital Unlocked

First Rand Empowerment Fund Trust has expressed interest in investing in black-owned dairy enterprises through Milk SA's Sustainable Commercialization Project. Milk SA's Transformation Manager believed it was essential to explore opportunities that would speed up black-owned dairy businesses' transformation. Milk SA's Transformation Manager submitted a business proposal to the First Rand Empowerment Fund Trust. In light of the proposal, First Rand believed that formalizing an agreement with Milk SA would accelerate the growth of black-owned dairy enterprises. During the review period, Milk SA engaged with First Rand/Capital Unlocked as follows:

A meeting between Milk SA and Capital Unlocked CEO took place during the review year to finalize the contract between Milk SA and First Rand Empowerment Fund. A due diligence process between First Rand and Milk SA was also completed during the year under review. Following up on the funding contract between Milk SA and First Rand Trust, three follow-up meetings were held. It was advised that the contract would be finalized early in 2024 since some information from Milk SA was still outstanding.

Milk SA took the First Rand Empowerment Fund representatives to Harrismith, Free State, to conduct an on-site assessment of three black-owned dairy enterprises out of six as part of their due diligence before signing a partnership contract between Milk SA and the First Rand. The purpose of the site visits was for First Rand representatives to gain an understanding of the black-owned dairy enterprises Milk SA was supporting. First Rand representatives were pleased with Milk SA's approach of promoting an entrepreneurial mind-set and demanding counter-performance from beneficiaries as explained by the farmers who mentioned that Milk SA said it was not a SASSA agent.

Free State Agri-BEE Charter Council

An Agri-BEE Charter Council meeting was attended in the year under review. It took place at the University of Free State, in the province of Free State. It was reported that some commercial enterprises were abusing Agri-BEE Funds by approaching them for funding and then buying out previously disadvantaged individuals. During the meeting, the Milk SA Transformation Manager suggested that future reports focus more on performance, challenges, and remedies rather than describing provinces' potential.

Jobs Fund Webinars

Three Jobs Fund webinars were attended during the year under review. Webinars focused on new opening for funding applications. During the year under review, three Jobs Fund webinars were attended. New funding applications were discussed during the webinars. The window focused on enterprise development, work seekers support and institutional capacity building. Eligibility criteria for funding were 1:1 or 1:0, 5, meaning that the applicant should contribute at least 50% or 25% of the financial needs. Impact criteria are social impact in terms of job creation, sustainability, risk sharing, scalability of the project, and contribution to positive change.

One of the three mentioned webinars was titled “Developing Inclusive Business Models in Agriculture: Lessons from the Establishment of an Agri-hub”. The purpose of an Agri-hub is to integrate the commercial and the emerging sectors. The webinar highlighted the significant contributions the Jobs Fund had made to smallholder agriculture through the Agri-hub initiative, which provides inputs, mechanization, market services, and technical assistance to smallholder farmers.

Land Bank Meetings

Four meetings were held with Land Bank headquarters regarding blended and Agri-BEE funds, as farmers were not receiving service from their local branches. During the consultation, we discussed the plight of our transformation programme participants to see how they could be assisted quickly. Milk SA has been given forms, which were distributed to farmers, who were advised to contact their local branches. Efforts have also been made to identify local branch contact persons to assist our farmers. Ultimately, all meetings produced positive results. Land Bank was assisting farmers with both blended funding and Agri-BEE funding. Blended funding is for primary agriculture while Agri-BEE funding is for agro-processing.

Marketing Forum

Milk SA participated in two Marketing Forum meetings during the year under review. At these meetings, issues such as the following were discussed:

Agri-BEE Fund: Agri-BEE Fund is available for black persons to buy a stake in a white-owned commercial enterprise provided the stake for Blacks was at least 26% of the shares of the company or to fund black-owned enterprises with the potential to prosper or to add value to raw material. Agri-BEE Fund requires the beneficiary to contribute 10% of the required money if the required money is up to R5 million. For above R5 million, own contribution by the applicant would be 20%.

Agricultural Insurance: The department has approved farming insurance to assist commercial enterprises as follows:

Small enterprises (R0,5 million - ≤ R1 million) to receive a subsidy of 75% of the premium, medium enterprises (R1 million - ≤ R10 million) to get 50% subsidy of the premium while large enterprises (≥R10 million ≤ R50 million) will receive 25% subsidy of the premium. The scheme was expected to be approved by August 2023.

- **Blended Finance:** It was reported that arrangements were being made with state-owned enterprises such as Land Bank and the IDC to be administrators of Blended Finance. There have been concerns that the approval process was too slow.
- **Market Access:** Farmers were being assisted to be certified for both HACCP and Global GAP to facilitate access to both local and export markets.
- **NAMC Smallholder Market Access Tracker (SMAT):** NAMC presented research findings regarding the SMAT project which investigated smallholder market access in the cotton industry. Like in the dairy industry, the issue of infrastructure development, as well as long distances to markets, still posed challenges to the agricultural sector’s transformation as revealed by the NAMC’s research findings report on their SMAT project amongst emerging cotton producers in South Africa.

Milk Buyer meeting

A meeting was held among a certain milk buyer, an emerging commercial dairy entrepreneur and Milk SA. The purpose of the meeting was to discuss the pending termination of the supply contract by the end of December 2023 because the emerging supplier was not meeting quality standards. Milk SA Transformation Manager requested the buyer to extend the termination date of the contract until the end of December 2023 to allow the farmer to fix the problems. It has been lately reported that the quality of milk improved and the milk supply contract was still going on.

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Agriculture and Agro processing Master plan team visit to dairy farms

Milk Producers' Organisation (MPO)

MPO and Milk SA met during the review period. During the meeting, the MPO Training Institute's Training and Transformation Manager inquired if Milk SA wanted any training services for supporting black-owned dairy projects. Milk SA indicated that Milk SA was already committed to some experts but if a need arose MPO would be approached. At the end of the meeting, the MPO Training Institute's Training and Transformation Manager undertook to share their skills development training programme with Milk SA.

National Agricultural Marketing Council (NAMC)

During the year under review, engagements between NAMC and Milk SA were as follows:

Milk SA discussed its progress in empowering black-owned dairy entrepreneurs and the challenges they faced. The meeting resolved that Milk SA needed to examine the transformation scheme model. Transformation scheme models are part of the master plan implementation framework for agriculture and agro-processing. Milk SA gave more information about its Transformation programme. The transformation scheme initiative model, which

was discussed during the meetings, promotes the empowerment of black farmers through public-private partnerships, and was being discussed/ explored between Milk SA and NAMC.

Amadlelo Agri

The National Agricultural Marketing Council (NAMC) also facilitated a meeting between Amadlelo Agri and Milk SA during the year under review. The meeting was held for Amadlelo Agri to share their shared milking model and wanted Milk SA to play a role in the development of some of these projects. Amadlelo Agri felt that Milk SA could play a crucial role in the development of some of these projects. Amadlelo Agri, NAMC, and Milk SA had agreed to undertake a site visit to Amadlelo Agri projects to assess the situation before exploring possible collaborations. The planned visit could not take place during the year under review because the CEO of Amadlelo Agri indicated that he had other commitments by the time Milk SA and NAMC were ready to undertake the visits. There was no further communication received by Milk SA from either Amadlelo Agri or the NAMC regarding this visit.

2023 NAMC Transformation Programme Workshop

During the year under review, Milk SA attended the 2023 NAMC transformation workshop programme.

The workshop discussed the NAMC transformation report for 2022, the study on the sustainable transformation of the South African Agri-food system through statutory incentives, and the Agri-BEE Sector Code enterprise development guidance letter. During the workshop, it was agreed that mind-set should not be ignored when dealing with smallholder commercialization, as the attitude that a role player or farmer has towards transformation could shape the entire process. The workshop also agreed that industries should be allowed to engage with the Agri-BEE Charter Council if there were some activities industry did that should be included in their Agri-BEE Scorecards.

Site Visits: DALRRD, MILKSA and NAMC

During the period under review, DALRRD, Milk SA and the NAMC visited some of MilkSA's Transformation Programme beneficiary farms to assess Milk SA's interventions and progress in transforming black-owned dairy businesses during 6th and 7th December 2023 as a follow-up of earlier engagements during the year. It was also discussed how Milk SA initiatives could be combined with government initiatives to accelerate dairy industry transformation. Milk SA mentioned during the meeting that one of its beneficiaries was interested in partnering with Fencorp to process raw milk into dairy products. Eight projects in total were visited at Harrismith (6), Senekal (1), and Welkom (1).

NAMC and DALRRD representatives expressed their satisfaction with Milk SA's efforts to support black-owned dairy entrepreneurs. Further engagements among the three parties will take place to enhance the transformation of the dairy industry. Milk SA's beneficiaries expressed their gratitude to Milk SA for the support they received. They said they owe their existence to Milk SA, especially to the Transformation Manager who was strict and always promoting unity among project beneficiaries and accountability. One farmer said that she was "rich" because of Milk SA.

AGRI-SETA Skills Development

As reported during the previous year, Milk SA submitted a skills development proposal to the NAMC regarding the Agri-SETA skills development fund allocation. During the year under review, NAMC and Milk SA signed a memorandum of understanding (MOU). Milk SA has conducted the first training sessions as per the MOU and training progress reports will be submitted to the NAMC.

Potential Dairy Farmers

Two meetings were held with two different potential farmers in Free State where one farm is in extent of 1 000 hectares and some dairy infrastructure was lying idle due to social disharmony in a cooperative business entity facilitated by government. The second farmer's land is about 100 hectares. The potential farmer with land in extent of 1 000 hectares had been referred to Free State government for advice to resolve the problem and to approach Milk SA once the matter has been resolved and the farmer has bought own dairy cows while the farmer with 100 hectares has been advised to approach financial institutions for funding to buy his own dairy animals before approaching Milk SA.

Solar power

A private company and the USA Embassy were met to discuss the possibility of them assisting our farmers with solar power. Two meetings were also held at Polokwane and another one in Pretoria with some people who were implementing solar systems in South Africa. They requested contacts of two commercial farmers and three of our beneficiaries to get more information on energy needs.

These contacts have connections and an understanding of the workings of IDC and the National Empowerment Fund and were approached to assist us in submitting business plans to such institutions for solar systems. If solar power could be installed through them, extra power generated could be sold

back to them. Unfortunately, one of the commercial farmers referred to did not use much energy as they were interested to partner where power needs were at least 35kw plus a battery of 25kw.

Goal 7: Provision of private veterinary services

Veterinary services are crucial to dairy entrepreneurs to maintain healthy, productive herds and to ensure food safety. Previously, Milk SA had established a good relationship with an independent veterinary services practice which assisted Milk SA smallholder commercialization of black-owned dairy enterprises initiative to promote dairy herd health and welfare, productivity and optimal breeding at Harrismith. This relationship was ended when the main veterinarian left the practice. Due to a lack of state veterinarians and challenges associated with dairy herd health management, Milk SA saw it vital to revive and form new partnerships with independent veterinarians in all areas where its Transformation programme beneficiaries are situated.

Milk SA intended to make veterinary services available to all transformation beneficiaries. Six meetings were held with private veterinary service practices, each at Dundee, KwaZulu Natal; Kroonstad, FS; Matatiele, Eastern Cape, and three at Harrismith, Free State, respectively. Meetings at Dundee, Matatiele, and Kroonstad were held among beneficiaries, private veterinary services practice and Milk SA to ensure common understanding of the envisaged tri-partite relationships. The Milk SA Transformation Manager discussed the company's intention to partner with private veterinarians to conduct pregnancy tests, body condition assessments, post-mortems, and monitor general herd health. All vets expressed interest in partnering with Milk SA during all the meetings. Furthermore, veterinarians pointed out that inadequate supply of fodder and no financial commitment for veterinary services by farmers negatively

affected their livestock and performance of their dairy enterprises. Formal agreements among Milk SA, the above-mentioned private vets, and farmers have been finalized. Another group of farmers who had lost the previous Milk SA contracted private vet after she terminated the services, was encouraged to share with Milk SA the contact information of a potential independent veterinarian whom they preferred to assist closer to them.

Milk SA contracted an independent private veterinarian to visit eight beneficiaries at Harrismith, Free State Province every three months to conduct pregnancy tests, bull tests, assess body condition scores, post-mortems, and monitor general dairy herd health. Over the year, there have been pregnancy tests, bull tests, assessments of body condition scores, and monitoring of the general dairy herd health among the eight beneficiaries. The veterinarian also observed some cows suffering from ticks, poor body conditioning scores, and snake bites and provided information on disease management and vaccination programme, as well as pregnancy status and post-mortem reports to farmers. Farmers were also given recommendations on disease treatment and how to improve their body condition scores.

Goal 8: Assist project beneficiaries to improve accommodation and ablution facilities for their workers

Workers' accommodation, which included a kitchen, shower, toilet, and urinal facilities were constructed for five beneficiaries on a 25%:75% cost-sharing basis between the beneficiary and Milk SA. Other beneficiaries also indicated that they wanted to build workers' accommodation but changed their minds due to the shortage of their own financial contribution. Milk SA insists on cost sharing to promote an entrepreneurial mind-set and to protect its scarce resources against misuse of the privilege without accountability.



7.7 Project Title: **Improvement of the quality of milk and other dairy products and compliance with legal standards**

Responsible Institution: Dairy Standard Agency NPC

Project Manager: Mr Jompie Burger

INTRODUCTION

The Dairy Standard Agency (DSA) is a registered non-profit company (NPC) in terms of the Companies Act, 2008 (Act 71 of 2008). The primary objective of the DSA is the promotion of compliance of milk and other dairy products with product composition, food safety and metrology standards.

The DSA¹ serves as an objective organisation, which acts according to scientific information and functions independent of commercial interests that may affect the organisation's actions. The DSA as organisation:

- has a Board of Directors consisting of members who have no interest in any commercial enterprise in the primary or secondary dairy industry;
- the DSA membership consists of the South African National Consumer Union (SANCU), the Milk Producers' Organisation (MPO), the South African Milk Processors' Organisation (SAMPRO) and the South African Society of Dairy Technology (SASDT);
- has an established technical committee comprising of scientists who are specialists in the matters handled by the DSA; and
- has an established enterprise risk management programme that is maintained through its Risk Committee to ensure alignment of the DSA project activities with the company as well as Milk SA objectives and strategies.

The DSA strategic approach for 2023 was accepted by the DSA Board and members and was the result of a comprehensive consultation process. This strategic approach contributed in a significant manner by limiting substandard milk and other dairy in the retail and was realised through the progressive implementation and maintenance of the DSA statutory and non-statutory projects.

The DSA mandate is stipulated in its Memorandum of Incorporation (MOI), that was taken under review during 2023, to ensure that the company's goals are still aligned with the strategic objectives of Milk SA.

¹ *The DSA's existence is the direct result of the acceptance of a strategic approach by the organised dairy industry (Milk SA, SAMPRO and the MPO). The approach is aimed at increasing the market for milk and other dairy products, the improvement of international competitiveness of the South African dairy industry and the empowerment of previously disadvantaged people.*

The Dairy Standard Agency and transformation in the dairy industry

The primary objective of the Dairy Standard Agency (DSA) is to promote the improvement of dairy quality (compositional standards) and safety on a national level, in the interest of the industry and the consumer. Activities within the scope of the approved statutory and non-statutory projects, directly and indirectly, contributed to the empowerment of the previously disadvantaged. These activities included presentation of workshops and information sessions to government officials and student environmental health practitioners (EHPs) during which transfer of dairy technological information and regulatory matters were done. Workshops/webinars and sessions conducted were predominantly (more than 90%) attended by previously disadvantaged students and individuals.

The DSA acknowledges the commercialisation of black dairy farmers as well as at secondary (processing/manufacturing) level, as stakeholders in the South African dairy industry. The need for the development and implementation of appropriate supportive services necessary to create a sustainable environment for food safety and quality raw milk production and further processing is well

recognised and to this effect the DSA actively work in close collaboration with the Transformation Project as well as other projects of Milk SA. The collaborative work and recommendations mainly dealt with aspects relating to an advisory in respect of compliance with the relevant health legislation as well as guidelines e.g., the DSA Code of Practice for Milk Producers.

The Dairy Standard Agency 2023 projects

According to the approved 2023 project plan, the Dairy Standard Agency (DSA) activities were grouped into specific programs and projects under the titles "Milk SA" (statutory) and "User Pay" (non-statutory). A total of 17 goals/projects were managed of which 10 were statutory funded.

To successfully continue in 2023, activities within projects of the DSA were prioritised on a first and second level basis. This prioritisation process coincided with the DSA Audit Committee's role in terms of risk analysis, which is reviewed on an annual basis. The DSA statutory and non-statutory activities are included as in the level of priorities in view of the company's balanced approach to achieve its main objectives.

2023 Projects/Goals funded by Milk SA

Project / Goal nr	Item
PROJECT GOALS FUNDED BY: MILK SA	
1.	National monitoring of milk and other dairy products in collaboration with health authorities
2.	Investigations regarding quality problems in respect of product-compliance with legal standards
3.	Special investigations
4.	Milk and other dairy product risk identification
5.	Remedial action programs with the processors and distributors
6.	Communication with the authorities and other organisations
7.	Liaison on legislation with authorities and other organisations
8.	Information and education
9.	Media communication
10.	Development of guideline documentation

Project 1: National milk monitoring program in collaboration with health authorities

The quarterly sample runs for 2023 were successfully completed as per predetermined schedules. Based on four cycles, an average of 6 metropolitan municipalities, 11 district municipalities and 44 local municipalities participated in the sampling runs, representing all provinces. As per procedure, results of all milk and other dairy products were benchmarked against food safety, compositional and trade metrology standards as per regulation. The DSA, in terms of its project protocol and relationships with the relevant authorities, continuously worked with the law enforcement bodies and provided support through dairy technical information, workshops and guideline documents to limit the sale of non-conforming products.

The annual sample run activities (cycle 83 to 86) were completed as per schedule and the number of samples per product for 2023 compared with 2022 are indicated in Table 1.

The product scope for the different cycles was as follow:

- Cycle 83: Milk (raw and pasteurised), fermented products: cultured milk/Amasi, cultured butter-milk, yoghurt (plain & with added foodstuffs), drinking yoghurt and dairy snacks.
- Cycle 84: Milk (raw and pasteurised), butter and cream.
- Cycle 85: Milk (raw and pasteurised), cream cheese, cottage cheese, cheese and cheese with added foodstuffs, processed cheese and cheese spreads.
- Cycle 86: Milk (raw and pasteurised), ultra-high pasteurised (UHT) milk, sterilised milk, flavoured milk, sweetened condensed milk, evaporated milk, dairy powder, dairy dessert.

Samples were submitted to the DSA Laboratory Services per standard procedure and the results of milk and other dairy products were benchmarked against food safety, compositional and trade

metrology standards as respectively gazetted under the Foodstuffs, Cosmetics and Disinfectants Act, 1972 (Act 54 of 1972), Agricultural Product Standards Act, 1990 (Act 119 of 1990) and the Legal Metrology Act, 2014, (Act 9 of 2014).

Of importance was the integration of Enterobacteriaceae testing into the standard suite of the analyses for milk. This strategic enhancement significantly broadened the scope of risk identification, specifically directed toward the detection and management of pathogens within dairy products.

The DSA, in terms of its project protocol and relationships with the relevant authorities (see project 6), continued to liaise with the relevant law enforcement bodies, providing support through dairy technical information and guideline documents to limit the sale of non-conforming products.

Project 2: Handling of industry related problems in respect of non-compliance with legal standards

The following matters were attended to and investigated by the DSA office:

- Adulteration / dilution of fresh milk sold in Western Cape/Knysna area.
- Quality of fresh milk sold in KwaZulu-Natal.
- Complaints regarding the quality and possible adulteration of fresh milk sold in Gauteng.
- Investigation regarding the addition of culture to fresh milk to function as a preservative (*Lactobacillus rhamnosus*).
- An inquiry into the compliance of fermented products (kefir), and adherence to national microbiological and quality standards in KwaZulu-Natal.
- Four distinct investigations were conducted to assess compliance with labelling requirements for fermented products, specifically kefir.
- Labelling– the use of images on labels of drinking yoghurt sold in the Western Cape.
- Protein content of Greek style yoghurt sold in South Africa lower as claimed on label.
- Investigation into food safety risk of hard cheese sold in KwaZulu-Natal.



Investigations were done and actions where necessary were taken in collaboration with the relevant authorities.

Project 3: Special Investigations

Aflatoxin M1

National screening during all four quarters for the presence of *Aflatoxin M₁* in various samples sold in South Africa during 2023 took place to determine levels of compliance.

In conclusion, the analysis conducted during 2023 revealed that 19 out of 782 samples exceeded the established permissible limit of 50 ppt for Aflatoxin M1. This finding necessitated appropriate action in alignment with regulatory guidelines to ensure food safety and compliance within the realm of fungus-produced toxin tolerances, as stipulated in the Foodstuffs, Cosmetics and Disinfectants Act of 1972 (Act No. 54 of 1972). The report serves as a critical reference for maintaining the safety and quality of food products in accordance with established regulatory standards. Further investigations and remedial actions to address reoccurrence of the non-compliant samples and mitigate potential health risks associated with Aflatoxin M1 were ongoing. Remedial actions were done through project 5. (see below). Sample results were also used for further research relating to the nature, prevalence, and impact on human health.

Psychrotrophic bacteria in milk destined for human consumption.

To deal with the problems caused by psychrotrophic bacteria and the rapid detection in milk, the project namely: "*Evaluation and validation of methods for the detection of psychrotrophic bacteria and proteolytic enzymes in milk*" was established. The project was already initiated during the second quarter of 2022. Assistance was rendered to the DSA by the Milk SA Research and Development Project (Milk SA R&D) to develop a rapid test method for detection of psychrotrophic organisms in raw milk, of which work was done by the University of the Free State. Based on the method developed, implementation took place during the third quarter of 2023 as part of the ongoing effort to broaden the services provided to the industry and the projects of Milk SA. The formal roll out to industry laboratories form part of 2024 activities.

Addition of milk powder to various types of milk (Pasteurised, ESL, UHT and sterilised milk)

Work on this project has been initiated in 2019 and outsourced to an external specialist laboratory to develop the analytical method currently not in existence. The work was supported by conducting internal trials using upgraded adulteration detection software installed on the Milkoscan equipment, to detect the addition of various types of milk powder to different types of milk. Data analyses and interpretation thereof were finalised during the first half of 2023. The research is still in process.

Labelling and advertising on dairy product packaging

Special investigations on product labelling that might contain deceptive claims that can be misleading to consumers took place during 2023. Focus was on the correlation between what is printed on labelling and the content of the product. In 2023, a comprehensive assessment was conducted on 24 product labels. Detailed reports for each evaluation were compiled and shared with the relevant stakeholders.

Project 4: Risk identification through statistical analysis

The national dairy monitoring program by the DSA facilitates the sampling of various milk categories, including packed pasteurised and unpasteurised milk, as well as retail bulk pasteurised and unpasteurised milk, along with other dairy products. Sample results as well as interpretation material regarding food safety and compositional standards for milk and other dairy items were promptly conveyed to the appropriate municipal health authorities and members of the dairy industry upon completion of tests. Critical non-compliance results lists were compiled and disseminated to each province.

A summary report has been prepared to assess the status of raw milk sales within municipalities that permit the sale of raw milk for final consumption under R1555 regulations, as well as municipalities that do not permit such sales. This evaluation is part of the Dairy Standard Agency's National Milk Monitoring Programme (NMMP) for the period spanning 2022 to 2023. There was no notable difference in compliance status between the two groups.

Reporting of results to health authorities

Reports on non-conforming results were forwarded to the respective law enforcement departments at the end of each cycle. Each participating municipality received a quarterly report on the analysis done of samples submitted. Non-conforming processors as well as processors whose contact

details were verified and who requested to receive test results were provided with individual test reports. The total cycle reports forwarded to health authorities for 2023 were 312.

Software development

Ongoing initiatives in IT and software development, underscore the DSA's commitment to continuously improvement of its technological infrastructure and systems. These upgrades and developments are essential for maintaining efficiency, data accuracy, and compliance across various aspects of the operations. The DSA invested in the following updates:

- Upgrades to the current Management Information System (MIS)
- Updates to the laboratory program
- Contribution towards sustainability in the dairy industry

National and international food safety and recall monitoring

National and international food safety alerts during 2023 were monitored. On average of 20 national and international websites were monitored on a weekly basis for possible food safety risks relating to dairy during this year, that could have a public health impact on South African consumers. Seventy-five international dairy related alerts were received during 2023. No further actions were required based on the monitoring activities.

Other relevant information regarding food safety and compositional standards for milk and other dairy products were communicated to the dairy industry and other organisations.

Project 5: Remedial action programmes with producer-distributors (PD's) and distributors

Due to the limited shelf life of most dairy products, the follow-up of non-conforming products, as to ensure appropriate action by the parties involved, required prompt action. Follow up on the activities of project 1 and project 5 provided for opportunities whereby information regarding non-conforming

test results as well as recommendations for corrective actions were effectively communicated to the suppliers. Environmental health practitioners (EHPs) were also requested to communicate all test results to the relevant parties.

The DSA technical personnel visited the respective processors, producer/distributors and retailers (milk shops) to discuss the test results (already received) and to assist with the identification of possible causes of the non-conformances and provided recommendations to rectify the non-conformances.

During 2023, 164 visits were paid to processors, producer/distributors (PD's) and milk shops in 8 provinces (Table 3).

Project 6: Communication with authorities and other organisations

Department of Health: Directorate Food Control

As a continuous activity, the DSA in a supportive role, participated and assisted the industry members with queries relating to food labelling, food safety and food additive requirements, as well as dairy technical matters. Technical matters such as the incorrect issue of certificates of acceptability in terms of health regulations, nutritional labelling, sale of raw milk received attention.

Technical consultation with the directorate during the revision meeting of R1555/1997 continued in 2023 - supported the technical workgroup of the Milk SA Regulation and Standards project managed by the DSA.

As a continuous activity, the DSA in a supportive role, assisted the industry members with queries relating to food labelling, food safety and food additive requirements, as well as dairy technical matters. Technical matters such as the amendment of standards in legislation relating to the draft R3337 of 21 April 2023 as well as Codex standards, received priority attention.

Municipal health authorities

During 2023, communication with the municipal health authorities mainly focused on interpretation of food safety legislation and implementation of R638 and R328 on law enforcement as per the health regulations under the Foodstuffs, Cosmetics and Disinfectants Act, with specific reference to retail unpasteurised and pasteurised milk as well the sale of raw/unpasteurised milk and cheese took place.

In support of project 1, a letter was forwarded to SALGA (South African Local Government Authorities) encouraging the municipal authorities regarding the continuous participation in the DSA national dairy monitoring programme. These engagements/efforts were followed up by means of radio talks about the health risks of substandard dairy products as per project 8.

Department of Agriculture, Land Reform and Rural Development (DALRRD)

Directorate: Inspection Services (IS)

Communication of cycle results of the DSA monitoring programs regarding infringements in terms of the regulations relating to dairy and imitation dairy products were limited to the Directorate: Inspection Services, mainly due to effective communication problems.

DALRRD officials of the Directorate Food Safety and Quality Assurance were invited to the DSA to strengthen the standing relationships and introduce the DSA Laboratory Services as well as the DSA management information system from which data is populated.

Directorate: Food Safety and Quality Assurance (FSQA policy making)

Communication with Food Safety and Quality Assurance (FSQA) regarding dairy product compositional matters and the interpretation of the regulations relating to dairy and imitation dairy products continued in respect of rBST labelling on milk and dairy products. Formal communication with the FSQA also continued regarding the revision of

R1510 of 2019 - Regulations relating to dairy and imitation dairy products. A final industry proposal was submitted to FSQA for consideration and consultation.

National Regulator for Compulsory Specifications (NRCS): Legal Metrology

Standard procedure provides for a quarterly report regarding metrology infringements to the Senior Manager, Inspections: Legal Metrology of NRCS. No formal complaints were lodged with NRCS during 2023.

Interaction however took place by means of a webinar regarding fraudulent activities (SANS 289 – under filling and misleading practises by means of oversized packaging materials).

South African Bureau of Standards (SABS)

The DSA participated as member in the activities of the technical committee SABS/TC 070/SC 05, legal metrology - Sale of goods, as well as the SABS/TC 034/SC 17, food products – hygiene practices in the food industry and technical committee.

The DSA continued participation in the review and development of a draft SANS 10156: Handling of chilled and frozen foods.

Virtual meetings of the SABS/TC 070/SC 04, Sale of goods and TC 070, Legal Metrology were attended by the DSA as well as monthly African Organisation for Standardisation (ARSO) workgroup meetings relating to the SABS/TC 034/SC 05: Milk and milk products.

The DSA managing director serves as the chairman of the Technical Committee SABS/TC 034/SC 05: Milk and Milk Products. The first meeting took place in June 2023 and current attempts are made to improve industry participation.

Correspondence from the SABS in respect of South African National Standards as well as information from the International Standards Organisation were appropriately dealt with and ballot papers on standards were attended to.

Communication with other organisations

Milk SA, Milk Producers' Organisation (MPO) and the South African Milk Processors' Organisation (SAMPRO)

The DSA interacted on a regular basis with the project managers of Milk SA's Consumer Education Project, SAMPRO, MPO as well as the Milk SA Coordinating Committee of Milk SA and Milk SA whose scheduled meetings were attended during 2023. A scheduled meeting was also held with the chairman and HUB of the MPO late in 2023 to discuss the DSA lab functions and collaborate on DSA projects for 2024. Extensive contributions were also made to the MPO Nedbank Stewardship Program with successful outcomes.

The SAMPRO general meetings were attended, and a PowerPoint presentation was made regarding the progress of the DSA projects as well as the Milk SA Regulations and Standards Project. The DSA managing director serves as a member of the Dairy Research and Development Committee (DRDC) and its management committee and meetings were attended where possible.

Consumer Goods Council of South Africa: Food Safety Initiative (CGCSA: FSI)

The DSA as a member of the Food Safety Initiative (FSI) interacted on a regular basis with the management of FSI regarding matters relating to:

- Regulations under the Foodstuffs, Cosmetics and Disinfectants Act – Front-of-pack labelling and the draft R3337;
- Agricultural Product Standards (APS) Act and bill;
- Regulations: Protection of geographical indications;
- Food loss and waste; and
- Follow-up discussions regarding assignees appointed under the APS Act.

Collaboration on the front-of-pack labelling initiative continued in 2023 together with the Milk SA Consumer Education Project and industry members in respect of the proposed use of warning signs on dairy products regarding milk fat, sugar and salt on front-of-pack labelling regulations.

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The strategic planning and drafting of a dairy chemical residue monitoring programme of the organised dairy industry, EU and DALRRD. From left: Dr Khomotso Matsemela, (DALRRD), Dr Katarina Tosic (EU-SADC EPA Support Programme), Annah Magagula (DALRRD), Msawenkosi Sithole (DALRRD), Dr Alexander Toto, (EU-SADC EPA Support Programme), Jompie Burger (DSA), Dr Kudakwashe Magwedere (DALRRD)

European Hygienic Engineering & Design Group (EHEDG)

The DSA is a member of the South African steering committee of the EHEDG. Two meetings were held with the South African committee manager during 2023, which resulted in a successful webinar on hygienic design of equipment under project 8.

South African Society of Dairy Technology (SASDT)

The DSA's managing director and staff members serve on the management committees of the Northern and Western regions and participated in the SASDT management and national strategic planning meetings during 2023 as well as a SASDT webinar and student evening, which was partly sponsored by the DSA. The DSA members also presented at the SASDT National Symposium in April 2023. The Western Cape final meeting for 2023 was attended by three DSA staff members.

South Africa National Consumer Union (SANCU)

DSA is a member of SANCU however limited meeting attendance took place due to the nature of agenda items outside the scope of the DSA.

Tertiary institutions

The DSA serves as a member of the Advisory Boards of the Departments of Environmental Health of the

Tshwane University of Technology (TUT) as well as Nelson Mandela University. The purpose of the advisory boards is to provide industry inputs and assist the universities with the development of course material for environmental health practitioners (EHPs). Two meetings were attended by Mrs J Odendaal, project manager of the DSA during 2023.

Project 7: Liaison on legislation with authorities

DSA continued liaison with the authorities regarding the following legislation and standards:

Department of Health: Directorate: Food Control

Foodstuffs, Cosmetics and Disinfectants Act, 1972 (Act 54 of 1972)

The publication of the incorrect version of the draft regulations relating to the labelling and advertising of foodstuffs on 31 January 2023 resulted in regular interactions between the DSA, Consumer Education Project of Milk SA, the Task Team and the Department of Health (DOH). The final industry submission to DOH was made in July 2023.

The DSA liaised with the directorate in respect of the formal use of the Lactoperoxidase system (LPS) by the organised dairy industry under controlled conditions.

Department of Agriculture Land Reform and Rural Development (DALRRD)

Agricultural Product Standards Act, 1990 (Act 119 of 1990)

Revision of the regulations relating to the classification, packing and marking of dairy products and imitation dairy products intended for sale in the Republic of South Africa (R1510/2019) was finalised and submitted to DALRRD. A special information webinar was arranged by the Milk SA Regulations and Standards Project during 2023 to inform industry members of the latest developments in this regard.

Other communication with the department related to the deployment of working relations with the Directorate Food Safety and Quality Assurance and Directorate Inspection Services regarding law enforcement and interpretation of regulations.

Upon an invitation, European Union (EU) and DALRRD representatives paid a visit to the DSA Offices and Laboratory on 8 December 2023, during which, the National Chemical Residue Programme was discussed as well as further actions such as veterinary procedural notices relevant to exports to the EU and other countries.

South African National Standards (SABS) and African Standardisation Organisation (ARSO)

The managing director of the DSA serves as chairman of the SABS TC 034/SC 05 regarding milk and milk products. The first meeting for TC 034/SC 05 took place in June 2023. Dr Mark Chimes as the project manager of the Milk SA Sustainability Project: Animal Health and Welfare has also joined the working groups on *“The welfare of dairy cattle and transportation of livestock”*.

Regular correspondence between the DSA and the SABS occurred with formal comments addressed

under the Regulations and Standards Project of Milk SA. The SANS 1694 and 1488 relating to the welfare of dairy cattle and the transport of live-stock received priority attention in the preparation of comments to SABS and final submission to the standards writer is expected during the second half of 2024.

Interactions with SABS related to the administration and role of South African members and conveners in the African Organisation for Standardisation (ARSO) TC 04 took place. ARSO's monthly and planetary meetings were well attended during 2023. Several dairy compositional standards have been drafted relating to various species of milk.

International Dairy Federation (IDF), Codex Alimentarius and International Organization for Standardization (ISO) and European Union (EU)

As representative of the SA National Committee of IDF (SANCIDF), the managing director of the DSA participated in the respective IDF standing committee and action team meetings. The IDF comments on front-of-pack nutritional labelling were followed through and used as part of the information forwarded to the South African Codex contact point for the purpose of discussion at the next South African preparation meeting of the Codex feedback sessions. The management also requested the participation of South African delegates to present at the IDF SCIL meeting on the latest development of its draft R1510/2019, dairy compositional standards.

As a representative of the SANCIDF, the managing director of the DSA also attended the IDF dairy Summit in Chicago in 2023. Extensive work programmes were developed during the standing committee meetings planned for 2024.

An immersive program was put together for more than 1200 dairy leaders, processing experts, dairy farmers, suppliers to the dairy industry, academics, government representatives, and others. The summit delivered four days of programs, including eight main sessions and 21 break-out

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sessions that focused on a spectrum of topics. Outstanding experiences were the exchange of knowledge between countries and discussions on practical experiences regarding chemical residue control, testing regimes and analytical methods, disease control, labelling of dairy products (use of dairy terms) animal welfare and import/export.

Comments on IDF and Codex draft documents were also shared with the South African Codex contact point. Coordination and consultation between the DSA and the Milk SA Consumer Education as well as Research and Development Project of Milk SA were very useful.

The Dairy Standard Agency Technical Committee (DSA TC)

Preparation work on matters such as imitation dairy and the use of dairy terms on plant-based beverages and products (R1510/2019), that took place in 2022, and continued during 2023. This work also supports the project work of the Regulations and Standards Project of Milk SA.

The work relating to the revision of R1555 of 1997, in support of the Research and Development Project of Milk SA, has been extended to May 2023.

The establishment of a rapid test method for the early detection of *psychotropic bacteria* at farm level continued. Procurement of laboratory equipment was finalised in 2023.

Project 8: Information and education project

Insightful dairy information workshops, based on the DSA Codes of Practice and related guideline materials, were presented to different role-players (professional EHPs, milk producers, milk shops and milk processors) around the table. The workshops were presented at the municipalities below:

- 21 February 2023 at Ficksburg, Thabo Mofutsanyana District Municipality with 8 attendees.
- 24 February 2023 at Clarens, Thabo Mofutsanyana District Municipality with 8 attendees.
- 24 April 2023 at the University of Johannesburg with 32 students attending.
- 11 May 2023 at Mbombela, Ehlanzeni District Municipality with 36 attendees.
- 23 May 2023 on MS Teams, eThekweni District Municipality.
- 3 August 2023, the Dairy Standard Agency participated in the University of Pretoria-Dairy School for veterinary students by presenting a session attended by 70 students.
- 4 September 2023 at The Tshwane University of Technology with 44 students attending.
- 13 September 2023 at the Durban University of Technology with 26 students attending.
- 20 September 2023 at the Cape Peninsula University of Technology with 16 students attending.

- A dairy information session for student EHPs was presented on 25 October 2023 at the Nelson Mandela University (NMU) with 41 students attending.
- The DSA also took part in a workshop with professional EHPs at NMU on 25 October 2023 where the current environmental health challenges in the Eastern Cape were discussed.

With the presented webinars in 2021 and 2022 the scope of the audiences was widened to cover other interested parties. Due to the positive rating of the webinars and on popular demand, another 10 webinars were lined up for 2023:

- The **first webinar**, on 5 April 2023 was attended by 175 people and the topic was *“Sharpen your pencil on dairy legislation”*.
- The **second webinar**, on 26 April 2023 with topic *“rBST – Friend or Foe?”* was attended by 77 people.
- *“The Fear Factor in Microbiological Automated Test Methods”* was the topic of the **third webinar** on 24 May 2023 and attended by 61 people.
- The **fourth webinar**, on 28 June 2023 was attended by 33 people and the topic was *“Design criteria and factors important for effective cleaning in place”*.
- The **fifth webinar**, on 26 July 2023 was attended by 176 people and the topic was *“The key to effective sampling of milk and dairy products in the trade”*.
- The **sixth webinar**, on 30 August 2023 with the topic *“The process of certifying detergents and disinfectants fit for use in the dairy industry”* was attended by 39 people.
- *“Public health risks related to the consumption of raw milk and dairy products made from raw milk”* was the topic of the **seventh webinar** on 27 September 2023 attended by 84 people.
- The **eighth webinar**, on 25 October 2023 was attended by 50 people and the topic was *“The prudent use of agricultural chemicals on dairy farms”*.
- The **ninth webinar**, on 22 November 2023 with topic *“Managing flies on dairy farms”* was attended by 57 people.

- *“Increase your profits with dairy farm animal welfare”* was the topic of the **tenth and final webinar for 2023** on 4 December 2023 and attended by 39 people.

Effectively this project reached 791 people on dairy technical information matters via formal platforms during 2023. This is an increase of approximately 19% compared to the 663 of 2022. Recordings of all the webinars on the Dairy Standard Agency’s website are useful to re-cap or for interested parties not able to attend the webinars.

Project 9: Media communication

The DSA signed a 2023 contractual agreement with Plaas Media, which ensures the DSA media related work are covered by a wide variety of platforms, also focussing on the electronic media. The publication of advertorials and advertisements started in March 2023. Approximately thirteen radio talks on regional radio stations in collaboration with the Consumer Education Project of Milk SA were done.

The DSA advertising was also done through the 10 annual scheduled webinars and the DSA website.

Project 10: Development of guideline documentation

The initial project work on a desktop study, collecting and compiling of legal standards and listing active chemical substances for the purpose of drafting an industry guideline took place in the first half of 2023 by means of visits to the national office: Veterinary Public Health as well as the Western Cape: Provincial State Veterinarian office. This guideline document coincided with the planned work of establishing an national chemical residue monitoring programme in collaboration with DALRRD. The work continued until end of 2023 but is incomplete and will continue in 2024.

7.8 Project Title: Dairy Regulations and Standards

Responsible Institution: Dairy Standard Agency NPC
Project Manager: Mr Jompie Burger



The organised dairy industry acknowledges the importance of compliance with the law and related standards (national and international) as it pertains to the dairy value chain. The regulatory landscape relating to milk and other dairy products is of multi-dimensional nature and involves regulations relating to product composition, food safety, animal health and welfare, animal feed, milking parlours, and the transportation of milk, processing plants, storage and related matters such as environmental management and export requirements.

Publication of voluntary standards known as South African National Standards compiled by the South African Bureau of Standards (SABS) are subject to public participation and are also considered as an integral part of the function of this Project. Participation in the African Organization for Standardization (ARSO) technical committee which is subject to standards harmonisation work is the ARSO/TC 04, Milk and milk products were also dealt with under this project via the South African Bureau of Standards (SABS) TC 034/SC05, Milk and Milk Products.

Effective communication of regulations and standards and aspects relating to the enforcement thereof is essential, as the dairy industry is required to be fully conversant of current and proposed changes to legislation and voluntary standards. To assist in this regard, the activities of the project were executed according to its Project Plan which is subject to review on an annual basis.

The Regulation and Standards Project of Milk SA actively participated in formalizing draft regulations and standards and comments on regulatory matters, legal consultation as well as communication through Milk SA in the interest of the dairy industry and other stakeholders.

The project management of the Regulations and Standards Project (R&D) of Milk SA regularly consulted during the report year with the organised dairy industry and other stakeholders with specific reference to the following:

- Interaction on a regular basis with the project managers of the Milk SA's Consumer Education Project (CEP), South African Milk Processors' Organization (SAMPRO), Milk Producers Organisation (MPO) as well as the Project Coordinating Committee of Milk SA (DSA, CEP and Dairy Research and Development Committee (DRDC).
- The DRDC and management committee meetings were attended, and subsequent contributions were made towards regulatory matters regarding sustainability with specific reference to environmental management and animal welfare.
- Joint interaction on International Dairy Federation (IDF), Codex and ARSO matters, as well as with the Consumer Goods Council of South Africa (CGCSA) continued to ensure comprehensive reports, based on science to the respective regulatory bodies.

The following matters received priority attention during 2023:

DEPARTMENT OF HEALTH – FOODSTUFFS, COSMETICS AND DISINFECTANTS ACT

Front-of-pack nutrition labelling and the draft regulations relating to the labelling and advertising of foodstuffs

Front-of-pack nutritional labelling (FOPNL) refers to a nutrition labelling system that is presented on the front of food packages with the aim of supporting consumers to make healthier food choices at the point of purchase by delivering simplified and at-a-glance nutritional information.

The Minister of Health signed the draft regulations and the same was published in the Government Gazette on 31 January 2023. Following this publication, it was discovered that the draft regulation published was the incorrect version, which was followed by various letters to the Department of Health (DoH) and the director-general requesting the withdrawal and republication of the correct version.

One of the most concerning issues raised in this regard was the current DoH approach towards the mandatory use of front-of-pack (FOP) labelling, to which a collaborated effort by the Regulation and Standards Project and Consumer Education Project of Milk SA was put in place, supported by the Milk SA Task Team, which aimed to strengthen the position of the dairy industry, with specific reference to the unique nutritional composition of dairy.

The correct version of Regulation 3337: Regulations Relating to the Labelling and Advertising of Foodstuffs was published on 21 April 2023. The food industry including the dairy sector, started working on a compilation of comments on this extensively long and technical document. In preparing comments it was considered a sensible decision to collaborate with the Consumer Goods Council of South Africa (CGCSA) of which the Dairy Standard Agency as well as Milk SA Consumer Education Project are members. During this participative process, numerous CGCSA industry meetings took place during the first half of 2023 and continued until completion of the comments on the draft regulation before 21 July 2023. Since the submission of

the final industry comments on the draft regulation (R3337) relating to the labelling and advertising of foodstuffs, no follow-up response from the Department of Health (DoH) has been received.

A Milk SA Task Team with the support of a team of experts formulated a scientific document that provides evidence-based information regarding the nutritional value of dairy while considering labelling systems, which could be detrimental to the image of dairy in respect of sugar. This scientific report namely *“Profiling model for foodstuffs for South Africa for the purpose of FOPL logos on labels of foodstuffs that may not be marketed or advertised to children”* was separately submitted to the DoH. This report has been extremely useful to communicate with other industry bodies to justify the nutritional value of dairy and the dairy industry’s stance on front-of-pack labelling (FOPL). Further attempts have been made to request a meeting with DoH during the third quarter of 2023, with no success.

Matters relating to R1555 of November 1997, Regulations relating to milk and dairy products under the Foodstuffs, Cosmetics and Disinfectants Act

The work of this project was initiated in 2022 and research (Milk SA Project) by the Dairy Standard Agency (DSA) staff member on risk assessment to determine the significance of E. coli and coliforms as indicator organisms of hygiene and food safety in milk in South Africa with the intention of updating specifications as set out in Regulation 1555. Aside from this, the finalisation of the remainder of the regulation relating to segregation of milk and dairy product designations for designing reviewed standards, proposals on prohibition clauses as well as definitions were ongoing, and the first draft is planned to be presented at the first Regulations and Standards Project meeting during 2024.

Clarity on the use of the Lactose Peroxidase System (LPS) under controlled conditions

Formal correspondence was forwarded to the Department of Health: Directorate Food Control regarding the use of the Lactose Peroxidase System (LPS) under controlled conditions (as per



the WHO guidelines) to assist the dairy industry in maintaining quality of unprocessed milk during storage and transportation. The LPS is internationally well recognised and used and the request to the Department of Health is aimed at simply recognising the use thereof by the South African dairy industry. The matter is to be pursued during the first quarter of 2024.

DEPARTMENT OF AGRICULTURE, LAND REFORM AND RURAL DEVELOPMENT - AGRICULTURAL PRODUCTS STANDARD ACT: DIRECTORATE FOOD SAFETY AND QUALITY ASSURANCE

Review of dairy and imitation dairy product regulations R1510 of 2019

For background purposes, the Regulation and Standards Project of Milk SA continued to liaise with industry through the Milk SA established Technical Workgroup (TWG). The Milk SA TWG convened during 2022 following which another proposal was compiled as well as comments on the first draft and circulated for comments in July 2022. Comments were collated by the Milk SA Technical Workgroup and a second draft was circulated to industry for comment with the closing date 21 October 2022. The information was collated for the purpose of discussion by the TWG which convened, and a

scheduled meeting took place with the Department of Agriculture, Land Reform and Rural Development (DALRRD), Directorate Food safety and Quality end of 2022 to present and resolve principal issues presented in the proposed draft.

These matters were further deliberated during 2023, also taking into consideration the activities of various standing committees of the International Dairy Federation (IDF), Codex Alimentarius and the African Organisation for Standardisation (ARSO) and the possible impact thereof on the proposed draft of which a third version was circulated by the Milk SA Technical Work Group to the organised dairy industry for consideration and comments.

A request was forwarded to the Directorate: Food Safety and Quality Assurance to discuss any possible areas of conflict that may arise from the draft proposal. The draft proposal was submitted at the end of 2023 and work is to continue during the first quarter of 2024.

rBST claims

A formal letter was addressed to the management of the DALRRD:FSQA explaining the position of Milk SA regarding the use of "rBST free" (recombinant bovine somatotropin) claims on dairy product containers. Permission was granted to FSQA to



share the information with the interested party (retailer) for the purpose of further discussion on the legalities regarding the use of such a claim. To speed up the process, the project manager also engaged with the retailer and testing laboratory in question. Response was noted by the retailer during the end of 2023, with response from FSQA waited early in 2024.

Directorate Inspection Services

Since the revocation of the appointment of the DALRRD assignee in respect of dairy, meetings were held with the Directorates Food Safety and Quality Assurance and Directorate Inspection Services to encourage effective law enforcement. Communication with designated persons in DALRRD: Directorate Inspection Services, to render inspection services where remedial action on non-conformances in terms of the act and regulations were required continued. Officials were also invited during 2023 to visit the offices and laboratory of the DSA, and to view the DSA's operations and discuss further collaboration.

Formal action against the DALRRD in failure to execute the Agricultural Product Standards Act

Law enforcement was initiated against the illegal sale of a product named "Plant Butter" in the first

quarter of 2023 and the manufacturer responded by executing its appeal rights in terms of section 10 of the Agricultural Products Standards Act (APS). The manufacturer went as far as lodging a case in the High Court, but this was lost based on no urgency regarding the matter. By the end of March 2023, the Office of the State Attorney has not yet appointed members of the Appeal Board in terms of section 10 of the APS.

Milk SA has subsequently followed up by informing the executive officer (EO) of its proposed actions to litigate. It was noted that the DALRRD finalised the appointment of the Appeal Board and that the date of the Appeal Board hearing was to be confirmed. As an affected party, the DALRRD Appeal Board enquired whether Milk SA was interested in participating in the hearing following which participation was confirmed and a legal firm was appointed. The necessary affidavit documents were prepared and submitted by Milk SA's legal representative.

On 29 September 2023, the project manager was informed that both the appellant and the respondent have reached a settlement in this dispute and the appellant will therefore be withdrawing the appeal. A formal notice of withdrawal was filed for the record with confirmation that the appellant

would file the Notice of Withdrawal of the Internal Appeal. An inquiry was made to the EO requesting information and to share the outcome of the settlement reached regarding the above dispute. The end result following the settlement of the dispute was that the Siqualo Foods was granted time until October 2024 to rectify regulatory con-compliances.

Formal opposition by Milk SA against Siqualo foods using Plant Butter trade names in contradicting with the APS Act

The Regulation and Standards project during 2023 continued to consult with is legal advisor, opposing trade mark applications that may lead to contraventions in terms of the Agriculture Product Standards Act, and specifically FLORA PLANT BUTTER.

Agricultural Product Standards Amendment Bill

During 2023 the selected Committee on Land Reform, Environment, Mineral Resources and Energy published a further draft on 14 March 2023, inviting written comments on the Agricultural Products Standards Amendment Bill.

The bill seeks to amend the Agricultural Product Standards Act, 1990, so as to:

- insert definitions and substitute others;
- provide for the auditing of a product for management control systems;
- make provision for the setting of tariffs by assignees on a cost-recovery basis;
- make further provisions for the Minister to make regulations pertaining to audit and management control systems, and to provide for matters connected therewith.

The incorporation of comments previously submitted by this project on contentious matters was noted and well received. The APS Amendment Bill was subsequently adopted by the National Assembly and sent to the National Council of Provinces for their consideration. Milk SA comments forwarded to the Portfolio Committee on Agriculture, Land Reform and Rural Development impacted the draft

significantly, with some of the proposals incorporated in the bill. By end 2023 the publication of the amendment bill was still pending.

Agricultural Product Standards Act (APS): Export Regulations

On 22 December 2023, the notice was published in the government gazette regarding the amendment of the “*Standards and requirements regarding control of the export of dairy products*”. These standards, as in the past, will be enforced by the Perishable Export Control Board (PPECB) as appointed assignee under the APS Act.

Directorate Veterinary Public Health

The maintenance of relationships and liaison with the respective directorates were continuous during 2023 as several matters relating to review of regulations, import and export requirements, veterinary procedural notices as well as the establishment of a National Chemical Residue Monitoring Programme received high priority. It is foreseen that this profile of liaison is to continue in the collective interest of the dairy industry until the Chemical Residue Monitoring Programme is fully implemented and maintained.

During 2023, the project manager attended all meetings of the Veterinary Public Health (VPH) in respect of possible export opportunities to China and the European Union (EU). A visit by an EU representative and officials from DALRRD: VPH was made during December 2023 to the DSA Laboratory Services. In principle it was proposed by the EU representative that the dairy and red meat industry should collaborate in compiling a sampling control plan, as both are dealing with bovine species.

Following this, a meeting was then held in December 2023 to facilitate the collaboration process with the chief executive officer of the Red Meat Abattoir Association, which will continue during 2024. The Dairy Standard Agency collaborated also directly with VPH on the drafting of the dairy residue monitoring programme.

MATTERS RELATING THE BORDER MANAGEMENT AUTHORITY ACT, 2020

The implementation of this act was closely monitored during the 2023, however concerns were raised regarding the number of competent staff members to be seconded to the Border Management Authority (BMA) and the effect of proper law enforcement e.g., DALRRD: Directorate Inspection Services inland. The Border Management Authority however was launched on 5 October 2023. The implementation of the above act was monitored, with no substantial dairy related matters to report.

During interaction with health officials of the BMA, it was noted that the services are mainly rendered by the following regulatory authorities:

- BMA Health Specialists
- BMA Plant Inspectorate
- BMA State Veterinary Inspectorate
- National Regulator for Compulsory specifications
- South African Health Products Regulatory Authority

Current challenges experienced by Port Health are:

- Insufficient inspection percentages/frequencies due to shortage of staff at ports of entry
- False declarations
- Incorrect tariff codes used by importers
- Extended health detentions in some of the provinces

CONSUMER GOODS COUNCIL OF SOUTH AFRICA (CGCSA)

The Dairy Standard Agency as member of the Consumer Goods Council of South Africa (CGCSA) attended several meetings during 2023 to assist in formulating a letter to the minister regarding the current position of appointed assignees in terms of the APS Act.

In summary the letter content addresses the following matters:

- Collectively with the food sector adopt a conciliatory approach with a possible partnership that will work for all, look at learnings from other markets and countries. Discuss and engage with stakeholders on the challenges and proposed interventions clearly defined in the letter request.
- Suspend the appointment of new assignees with consideration that if fees are set under the same challenging system as articulated above and reinforced by numerous courts, or new appointments are done, this may trigger litigation, which will be most undesirable and the last option for the sector, hence we seek the Minister's intervention.
- Continuing with existing assignees (those assignees with appointments not revoked) with the current approved fees, i.e., no fee increases while the discussions as proposed herein are underway and until a permanent and mutually beneficial solution is achieved.
- **Note:** The dairy industry's assignee appointment has been revoked, however the possibility does exist for another future appointment should the minister seek to do so.
- The collective industry associations wish to reiterate that they are not against inspections, however, wish for a fit-for-purpose system with mutual benefit.

A proposed date for a meeting is expected from the minister's office early in 2024.

SOUTH AFRICAN BUREAU OF STANDARDS, AFRICAN ORGANISATION FOR STANDARDISATION AND INTERNATIONAL STANDARDS ORGANISATION

Dr Mark Chimes as the project manager of the Milk SA Sustainability Project: Animal Health and Welfare has joined the working groups on “The welfare of dairy cattle and transportation of livestock”, during 2023. The SANS 1694 and 1488 relating to the welfare of dairy cattle and the transport of livestock received priority attention in the preparation of comments to the South African Bureau of Standards (SABS).

To allow for full participation, the SABS was approached to request the International Standards Organisation's (ISO) permission for the full participation in the balloting processes with specific reference to ISO/TC 034/SC 5 - Milk and milk products and ISO/TC 034/SC 17 – Management system for food safety. Response is awaited. In the interim, the project manager participated via the relevant International Dairy Federation technical standing committees.

In respect of The African Organisation for Standardisation's (ARSO) the ambition is to have a minimum of 75 different standards for dairy products developed for the African continent in support of its strategic objective, which is to harmonize trade in Africa in the next four years. The three workgroups for milk and milk products (TC 05) continued to meet monthly, as well as one plenary session during which progress was discussed. With the assistance of a contracted expert, monthly meetings were attended and workgroup one was convened by Ms Anneke van Niekerk, making contributions to the development of the standards.

The International Standards Organisation (ISO) correspondence was followed and communicated with IDF standing committees and the organised dairy industry where applicable. Inputs were made via the IDF in respect of dairy related standards and adoption of standards as part of national standards supported.

INTERNATIONAL DAIRY FEDERATION (IDF) AND CODEX ALIMENTARIUS

During 2023, the project manager served on various standing committees of the IDF as well as task teams dealing with comments in preparation of Codex sessions relating to imports and exports, food labelling, e-commerce and food additives.

Comments were rendered where possible on request from the IDF regarding Codex standards activities, which included:

- Proposed draft guidance on the provision of food information for prepackaged foods to be offered via e-commerce.
- Codex Committee on Food Labelling - Allergen Labelling.
- Milk and milk products - Quantification of free fatty acids.
- IDF position on Codex discussion paper on harmonised probiotic guidelines for use in foods, beverages and food supplements.
- Comments to Codex Committee on Food Import and Export Inspection and Certification Systems (CCFICS) regarding food fraud.
- Discussion paper on harmonised probiotic guidelines for use in foods, beverages and food supplements.

Where applicable, reports were submitted on behalf of the South African National Committee of the IDF to the IDF as well as the South African Codex Contact point.

The IDF standing committees as well as IDF World Dairy Summit were attended in Chicago, October 2023.



7.9 Project Title: **Consumer Education Project of Milk South Africa**

Responsible Institution: The SA Milk Processors' Organisation
Project Manager: Ms Christine Leighton

Objectives of the project

In terms of Regulation 1653 dated 31 December 2021 and similar regulations implemented previously, promulgated in terms of the Marketing of Agricultural Products Act (No. 47 of 1996), part of the income from the levies on dairy products must be spent by Milk SA on consumer education. The Regulation states the following:

From a national point of view and to promote the viability of the dairy industry, consumers should be informed of the health and nutritional advantages of milk and other dairy products. Informed consumers will not only contribute to the national well-being in respect of nutrition and health, but especially also to the viability and sound development of the dairy industry. The education will be conducted in such a way that it will not erode the marketing activities of any firm in the dairy industry that are aimed at differentiating its products from that of competitors.

Nature of project

The CEP's communication campaign consists of two integrated elements, namely:

- **General communication**, i.e. messages of a general nature about the health and nutritional advantages of dairy products, conveyed to consumers.
- **Specialised communication**, i.e. proactive and reactive messages about the health and nutritional advantages of dairy products conveyed to selected target groups that are opinion formers in South African society.

Target markets

- The target market of the general communication element is consumers, LSM (living standards measure) 6–8, with a meaningful spill-over to LSM 9–10 and LSM 4–5 as agreed to by the Advisory Committee of the CEP.
- To buy media for television, it is estimated that LSM 6–7 households have an income of approximately R5 000+ per month. Those in LSM 8–10 may have an income greater than R19 999 per month. The LSM indicators are used to determine target audiences for the different elements of the CEP.
- The Socio-Economic Measurement (SEM) segmentation tool is a socio-economic measure that differentiates how people live. It represents

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a spectrum of low to high socio-economic living standards, based on where they live, the kind of structure they live in and to what they have access in and near their homes (BFAP 2019–2028). LSM segmentation was discontinued in 2015 and it is not possible to connect LSM data with current data for SEM segments. However, for CEP, SEM segments 4–7, which make up 40% of the total adult market, and SEM segments 8–10, which make up 20% of the total adult market, represented the bulk of the target audience of the CEP.

- The target market of the specialised communication element is health professionals, namely doctors, nurses, dietitians, nutritionists, nutrition advisers, health promoters, and community health workers.

Communication Channels

Using different communication channels is necessary to convey messages effectively to the target markets. There are numerous communication opportunities in the marketplace, hence the CEP must be highly disciplined in selecting the most effective communication channels and ensuring that they are used in a balanced and integrated way to convey its messages to the different target markets.

The CEP chose the following communication channels:

- Television
- Promotional articles (advertorials) in consumer magazines, scientific articles in journals aimed at health professionals and pamphlets for distribution at selected events and trade magazines
- Websites
- Digital advertising and social media
- Presentations at scientific congresses and seminars
- Educational information sessions at clinics
- Health professionals; academic institutions
- School programmes

TELEVISION AND SOCIAL MEDIA: Dairy Gives You Go

New television advertisements

During the first quarter of 2023, the project developed four new 15-second television advertisements, for broadcasting throughout the year.

The target audience (male and female) for the television adverts is:

- Primary: Gen Z; LSM 6–10 aged 18–24 years
- Secondary target: young adults; LSM 6–10 aged 25–27 years

The television adverts aimed to creatively show that the nutrients in dairy work together to deliver more benefits than previously known.

Television campaign assets are:

- Four 15-second television adverts
 - Milk (dancer)
 - Yoghurt (business lady)
 - Maas (gym athlete)
 - Cheese (yoga lady)
- YouTube Cutdowns
 - a five-second cutdown of each TV advert was developed and runs at the same time as the TV bursts on YouTube.
- A social media campaign on social media
 - Engaging content on Facebook and Instagram supports the television adverts and encourages viewer participation through a simple-to-execute call to action, posted on the Dairy Gives You Go (DGYG) social media pages.

Broadcast schedule

The television adverts were broadcast in four bursts, namely: March, May, August, and November 2023. Each burst was supported by YouTube videos and social media content on Facebook and Instagram. The first burst ran from 10 to 31 March; the second burst was from 1 to 21 May, the third burst from 1 to 21 August 2023 and the fourth burst from 1 to 21 November 2023.

Television results for the household income (HHI) R5 000 to R19 999 per month

Overall post-campaign results to date for four adverts over four bursts in 2023

	Post-campaign performance to date Target market: 17–24/HHI 5	Post-campaign performance to date Total population 4 years+
Ars ^a	1 078 (implemented)	1 293 (achieved) 1 960
Reach	66%	76%
Frequency	19	26
Reach of population	66% of 3 130 million	76% of 49 995 million

Post-campaign results per creative execution over four bursts

Age 17–24/HHI R5000+

	Milk	Cheese	Amasi	Yoghurt
Reach (%) ^b	55	55	54	54
Frequency ^c	5.7	6	6	6.1

- Amps ratings (ARs): a time-weighted measurement that looks at the potential reach of a programme against a specified target audience.
- Reach: The number of people within the defined target market who are potentially exposed to the message at least once. ARs are calculated by reach x frequency.
- Frequency: The number of times on average that a person within the target market is supposed to have been exposed to the advertiser's message.

Insights

The individual adverts performed similarly. All the bursts performed well, although load shedding was a reality and the broadcast was often missed by some of the target audience.

Over the four bursts, the TV ads achieved good reach and frequency, exceeding the goals set for the TV advert. Over the four bursts, 66% of the target audience has been reached with a frequency of 19 (the number of times the television adverts have been viewed). However, there were four TV adverts and on average each TV advert was seen 5–6 times.

TV media buying was against the target population of 17–24 years. The results also showed that when looking at the whole population from 4 years and older, 76% of the population had been reached with an average frequency of 5–6,1 per advert.

The YouTube campaign ensures that the TV ads can be viewed on different devices, even during load shedding.

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Dairy Gives You Go!



YouTube campaign results

A YouTube campaign ran concurrently with the television broadcast schedule. The YouTube campaign consisted of 5-second cutdowns of the 15-second TV adverts. These were posted on YouTube and directed the viewer to the 15-second TV advert. If the viewer was more interested in the concept, the 15-second TV advert directed the viewer to the Dairy Matrix 15-second educational videos.

Over the four bursts, the YouTube advertisements achieved 25,4 million impressions with 18,4 million completed views and 30 450 clicks and reached 14,86 million unique users. The educational journey, i.e. taking the viewer from the 15-second television advert to the 15-second Dairy Matrix video, showed good results as set out in the table below. These results are from the launch of the Dairy Matrix videos in 2022, but since these videos were linked to the TV campaign, views have increased significantly.

Dairy Matrix video views

Milk video	1,8 million views
Cheese video	67 000 views
Yoghurt and maas video	87 000 views

DAIRY GIVES YOU GO SOCIAL MEDIA CAMPAIGNS

Three main (hero) campaigns were executed for the year in May/June, September and November/December. Monthly schedules were planned and aimed to educate and engage with the target audience.

The analytics for the social media pages were included in the quarterly report and are in line with industry benchmarks and standards.

SOCIAL MEDIA CAMPAIGNS

Social media campaigns with a specific focus and message take-out ran on the Dairy Gives You Go (DGYG) social pages in June, September and November. The objective of the 'hero' campaigns was to grow the audience and increase the awareness of dairy among Gen Z and younger adults and reach as many people in this target audience as possible. These campaigns made use of micro-influencers that posted content on their own platforms and shared it with the DGYG community. Influencers were carefully selected to ensure they fit the campaign objectives and have a large following that would be beneficial to the DGYG platform. In 2023, the project ran three hero campaigns.

#SHAKE YOUR MAAS CAMPAIGN

During June, the #ShakeYourMaas campaign ran on the DGYG social pages. Maas is a well-known product in South Africa but is often overlooked as a nutritious product that can improve the nutritional profile of any food or meal.

The target audience on social media was aimed at Gen Z and young adults. The campaign included the development of an 'amasi' song by a music artist, which was used by various influencers to create awareness of amasi. An additional public relations campaign, aimed at mothers 25–55 with children living at home, included a media release and a dietitian influencer.

The campaign made use of various influencers who posted content on their own platforms and tagged the DGYG brand. A competition was linked to the campaign and fans could win a pair of sneakers when posting their actions using the 'amasi' song.

Results:

- Impressions: 6,3 million
- Engagements: 400 912 (6,3%)
- Video views: 399 704

BE YOUR BEST#WITHDAIRY

The second 'hero' campaign was named BeYourBest#WithDairy. This campaign used four influencers who had to use the DGYG TV ads as inspiration to create posts that showed how dairy inspired them to be their best.

The objective of this campaign was reach and awareness, and no competition was linked to the campaign, thus no reward-driven call to action was directed at the audience. However, the audience did engage with the campaign.

The campaign generated 8,9 million impressions, 275 000 engagements and reached 6,5 million people. The engagement rate was 4,2%.

POWER YOUR STUDIES#WITH DAIRY

The third 'hero' campaign in 2023 was named: PowerYourStudies#WithDairy. This campaign used

three influencers which consisted of one main influencer and three micro-influencers. The main influencer is a schoolteacher who shares study tips and programmes on social media. The campaign demonstrated the importance of a study plan to reach your goals and how to include dairy in your study routine. The campaign ran in November during the year-end exam period.

The objective of this campaign was reach and awareness and no competition was linked to the campaign, thus no reward-driven call to action was directed at the audience, although the audience interacted with the campaign.

Overall, the campaign generated 8.3 million impressions and reached 6,38 million people with an engagement rate of 2,7%.

Dairy Gives you go WEBSITE

The DGYG website (www.dairygivesyougo.co.za) is aimed at teenagers and provides the health and nutritional benefits of dairy in an infographic format. The DGYG website is continually monitored and updated when required.

There are three themes on the website:

- Every day: the role of dairy
- Sport and dairy
- Strength: the benefits of dairy

In addition, all the TV advertisements and Tasty Treat videos can be viewed on the DGYG website, together with the television adverts: <https://www.dairygivesyougo.co.za/videos/>

REDISCOVER DAIRY

General

The Rediscover Dairy (RDD) communication elements include:

- Social media pages: Facebook and Instagram
- Media releases
- Consumer print and digital

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Rediscover Dairy social media pages: Facebook and Instagram

The RDD Facebook page was introduced on 21 October 2019 and is aimed at the modern mom (ages 25–55).

The purpose of the RDD Facebook page is to be a portal to trusted nutritional information on dairy. It primarily uses existing content from the RDD website together with newly developed content disseminated through direct posts and established bloggers. The content focusses on the nutritional importance and role of milk and other dairy products in the diet. The information was posted on the platform at least three times per week.

Content is planned a month in advance. In addition to the 'always on' content, media releases are developed and used as content for the RDD on Facebook and in the digital media. Where possible, radio interviews are arranged, which strengthen the message and increase the reach of the information.

MEDIA RELEASES

For 2023, five media releases were planned. During the fourth quarter, two media releases were developed and distributed to digital publications.

The media releases are a very important element of the project as they identify a specific health topic which is then expanded on. Media releases communicate relevant topics and are distributed widely to digital publications aimed at the target audience, i.e. mothers with children living at home.

The content is boosted through the use of established bloggers/micro-influencers who post the relevant content on their own social media pages and link it to the RDD Facebook page. This increases the awareness of the RDD social pages and content. Micro-influencers include food bloggers, dietitians and fitness enthusiasts.



Media release 1: February 2023 Coverage achieved:	The role of dairy in pregnancy: Does what you eat in pregnancy matter? 20 digital publications and 4 print publications.
Media release 2: April 2023 Coverage achieved:	Load shedding and making sure your dairy lasts. 12 digital publications and 2 radio interviews.
Media release 3: June 2023 Coverage achieved	Unbeatable dairy, nutrient-rich and value for money. 5 digital publications and 2 radio interviews.
Media release 4: June 2023 Coverage achieved	Amasi/Maas – Memories in a Bottle (on DGYG). 9 digital publications and 7 radio interviews.
Media release 5: September 2023 Coverage achieved	Chill out with dairy this summer. 24 digital publications and 1 magazine.
Media release 6: November/ December 2023 Coverage achieved	Dairy-atrics: Cheers to Strong Bones and Happy Hips 9 digital publications, 4 radio interviews (repurposed on different stations) and 1 magazine 1 YouTube interview

All media releases can be viewed at <https://www.rediscoverdairy.co.za/media-information/>

WORLD MILK DAY 2023

World Milk Day is celebrated every year on 1 June. The project uses this global celebration day to increase awareness of dairy's contribution to health and nutrition. Over this period, the CEP ran several campaigns across various media streams. These included:

Shake up your Maas' on the DGYG platform: The teenage campaign highlighted amasi/maas. The campaign was aimed at Gen Z (9–23 years) and positioned maas as a cool nutritious product to consume. The campaign communicated the nutritional benefits and uses of maas on its own and in meal preparation.

This campaign ran mainly on social media (TikTok, Facebook, and Instagram). Micro-influencers were used to promote the campaign and increase awareness. A composer–influencer developed an amasi song which was used in the social media campaign to encourage participation in the campaign.

A media release was developed that focussed on the health and nutritional benefits of maas. This was distributed to digital publications and appeared on nine digital platforms, one TV interview (7 July) and two radio interviews with a dietitian.

*On the RDD platform, a media release looked at the nutritional value for money and how dairy fits. The project tasked an agricultural economist to calculate the cost of four important nutrients in dairy present in a selection of 10 commonly consumed foods. A media release was developed: *Unbeatable dairy: Nutrient-rich and value for money.* This was distributed to digital publications and two radio interviews were conducted.*

A Healthy Me, and Healthy Environment: A school campaign that aimed to address recycling in local communities across SA was introduced on E-Classroom over the World Milk Day period. The campaign encouraged the consumption of dairy

products, as part of a healthy diet, while giving ideas on recycling dairy containers to showcase the value of living greener. The campaign also featured on Facebook, online teaching platforms (E-Classroom), and later the year on governmental education platforms. This campaign was introduced in July and ran until World School Milk Day (WSMD) in September to allow teachers and learners to participate and plan the activity into the terms' work plan.

World Milk Day communication included media releases, radio interviews, and interaction with the Global Dairy Platform on social media.

World Milk Day achieved media coverage of R206 765,71, with a total of 17 articles, 6 being featured (media releases) by the project with a total value of R113 572,83.

CONSUMER PRINT CAMPAIGN:

Promotional articles

Promotional articles are written for consumer publications to expand on the key dairy nutrition and health messages by creatively engaging with consumers. The consumer communications campaign is aimed at mothers aged 25 to 55 years with children living at home.

Community newspapers from part of the distribution and publishing of the advertorials, including consumer publications in print and digital.

- Four advertorials were planned for 2023 and these were repurposed and published in digital newspapers/lifestyle on 55 sites. (<https://getit-magazine.co.za/pretoria/>)
- Information on WSMD was planned for the last week in September in the school supplement of the Caxton newspaper.

Consumer publications:

- *Modern Mom* – one advertorial – print and digital (3-month period)
- Virgin Active – one advertorial in the summer issue – available for 6 months online and linked to the website

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- *Huisgenoot*, *You* and *Kuier*: one digitorial in each of the publications. *Huisgenoot* and *You* for June and *Kuier* for November

List of consumer advertorials

Date	Publication	Title of article	Link to article
March/April	Modern Mom	What you eat during pregnancy matters	<ul style="list-style-type: none"> • https://www.modern-momsa.co.za/2023/02/23/what-you-eat-during-pregnancy-matters/
May	Caxton <i>Get It</i> Magazine	Milk – What a winner! Here's what you should know to choose the best milk option for everyone in your family	<ul style="list-style-type: none"> • Printed in the magazine. • online version: https://getitmagazine.co.za/blog/2023/05/08/milk-what-a-winner/
June	Caxton papers – added value, free of charge	Made with milk. Nutritious food on a budget – Melkkos recipe	Weekly papers
June	Caxton <i>Get It</i> magazine	DAIRY in your diet We highlight the nutritional challenges associated with ageing, and why having dairy is important when growing older	<ul style="list-style-type: none"> • Printed in magazine. • online version: https://getitmagazine.co.za/blog/2023/06/05/dairy-in-your-diet/
July	<i>Huisgenoot</i> , <i>YOU</i> and <i>Kuier</i>	AMASI is simply amazing!	Online in the whole month of July 2023
July–December	Virgin Active magazine	Power up after your workout the milky way	<ul style="list-style-type: none"> • file:///C:/Users/maret/Downloads/Activate%20Winter%202023%20HR.pdf page 19
Winter Issue July–September	<i>Modern Mom</i> Added value, free of charge	DAIRY and plant-based alternatives to milk: What you need to know	<ul style="list-style-type: none"> • https://www.yumpu.com/en/document/read/68357463/modernmomwinter-2023-final
September	Caxton <i>Get It</i> magazine	Cheese: An all-time favourite that's good for you	<ul style="list-style-type: none"> • Printed in magazine • online version https://getitmagazine.co.za/ballito-umhlanga/blog/2023/08/29/cheese-all-time-favourites/
September	Caxton Magazine sleeve	Added value free of charge	<ul style="list-style-type: none"> • Cheesy portobello mushroom pizzas • Uses and benefits of cheese
September 26–29 Sept	Caxton Newspapers	Celebrating WSMD	<ul style="list-style-type: none"> • https://www.gate5.co.za/read/30429/qv/104188027/153631729/142011/p
November	Caxton <i>Get It</i> magazine	Yoghurt and amasi – your go-to fermented dairy	<ul style="list-style-type: none"> • Printed in magazine • online version https://getitmagazine.co.za/blog/2023/11/08/good-gut-health/

Rediscover dairy newsletter

- The first newsletter of 2023 on the project was distributed at the end of January 2023.
- The second newsletter was distributed in September 2023. The newsletter can be accessed here: <https://www.rediscoverdairy.co.za/latest-news-2/newsletter/>

MEDIA LIAISON ACTIVITY

Trade publications

Trade publications such as The Dairy Mail, Farm Link and Milk Essay are vehicles for communicating with the dairy industry and the food industry. Informative articles on the CEP and other relevant topics were published in The Dairy Mail in 2023.

List of articles published in industry publications

Publication	Date 2023	Title
The Dairy Mail	January	The rising star: fermented foods
The Dairy Mail	April	New labelling regulations for the food industry underway
Milk ESSAY	January	Daily consumption of dairy products encouraged by researchers
The Dairy Mail	October	Art in celebration of dairy: World School Milk Day (WSMD)
The Dairy Mail	November	Understanding the goodness of dairy: The Dairy Matrix
The Dairy Mail	December	Unbeatable dairy: Rich in nutrients and value for money



Media liaison monitoring

The essence of media liaison is to make information on the nutritional and health benefits of dairy available to journalists, who then communicate the information to the target markets, serving the interests of the reporters and the media concerned.

Relevant information published in the media on dairy is monitored by Newsclip, an independent specialist firm. Updates are received daily in electronic format. The following table shows the media coverage achieved at no cost to the CEP (Column A). Column B shows the articles that featured the content generated by the project.

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Media coverage of dairy information for the fourth quarter

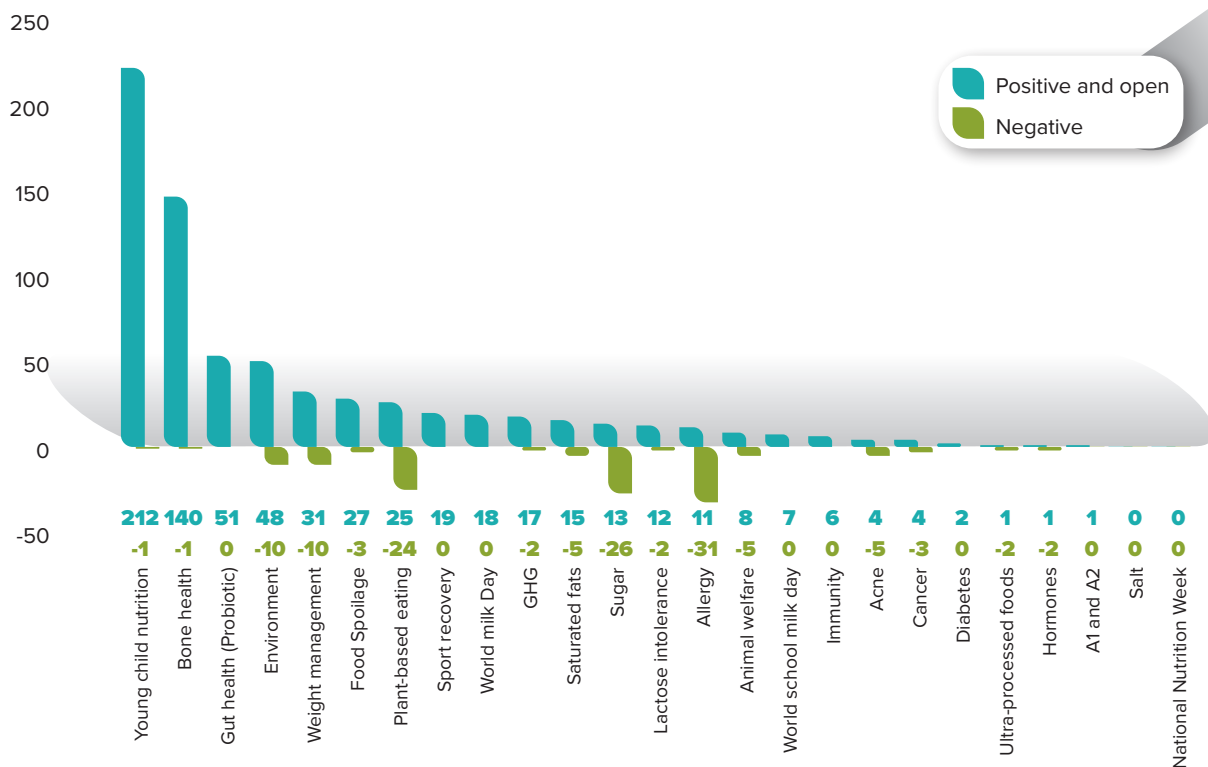
Advertising Value Equivalence (AVE)				
Media source	Column A General media (Not paid for by CEP)		Column B CEP ^a (Content generated and paid for by CEP)	
	No of articles	Value (R)	No of articles	Value (R)
Internet	199	892 788,57	297	2 167 652,07
Magazine	23	205 403,38	10	253 082,23
Regional press	18	41 857,53	6	340 880,87
National press	7	62 563,64	0	0
Radio	12	176 581,74	1	4 414,33
TV ^b	1	130 433,33	3	432 000,00
Trade press ^c	9	79 793,07		
Health professional ^d	1	108,76	2	134 916,22
Total PR	260	1 509 628,19	317	626 027,57

- CEP Generated: Mentions of the health and nutritional benefits of dairy generated from the content of the media releases (including WMD) which were circulated by the Project to the media.
- TV: incidental mentions and programs of content about the health and nutritional benefits of dairy.
- Trade press: Articles placed in business-to-business magazines including The Dairy Mail in which the health and nutritional benefits of dairy are discussed.
- Health professional publications: Specialised publication tailored for health professionals such as doctors and dietitians – includes health journals (print and digital)

Recurring topics

Topics that refer to dairy and recur frequently in the media and/or are of particular interest to the initiatives of the project are recorded. Figure 1 lists the topics that recurred during 2023 and shows which of these messages had a positive, negative, or neutral tone.

Recurring themes for the period January to December 2023



SCHOOL EDUCATION PROGRAMME

The school education programme is aimed at grades 1–7. It consists of two main themes:

- From farm to fridge: grades R–3
- A guide to healthy eating: grades 5 and 6 (the curriculum does not include dairy in grade 4)

General

Each theme is dealt with through a teacher's guide, class posters, a fact sheet, and worksheets on each topic.

All posters and worksheets are available in English and Afrikaans. The school education programme and learning materials are available on the website (www.dairykids.co.za).

The CEP expanded its school education programme in 2022 to include educational material for the Consumer Studies curriculum of the Further Education and Training (FET), grades 10, 11 and 12. The content is only available in electronic format on the DairyKids website.

Worksheets for the website and E-Classroom website

The teacher's guide and accompanying worksheets that were developed by the CEP are hosted on the E-Classroom website. E-Classroom is an independent website that hosts branded worksheets, with external links, for primary school teachers and learners. The website has been endorsed by the Department of Basic Education (DBE) for the e-learning section of the DBE's website.

World School Milk Day

National School Nutrition Programme (NSNP) awards event

The project was invited to attend the National School Nutrition Programme's best school and district awards in recognition of the dairy container recycling arts initiative that was launched in 2022 on World School Milk Day as part of the project's new school material outputs. The school that was nominated by the DBE as the overall winner of the awareness was Kama-gugu Inclusive School in Mbombela, Mpumalanga.

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World School Milk Day in Mbombela

The project was also invited to the award handover in July 2023 at Kamagugu School and given special recognition as a partner to the NSNP. The project has been collaborating with the NSNP for many years in partnership with the DBE. Learners were provided with a milk sample sponsored by the dairy industry.

The event was also attended by the Deputy Minister of Basic Education, Dr Reginah Mhaule, and the Deputy Minister of Agriculture, Land Reform and Rural Development, Mr Mcebisi Skwatsha.

A full report of the DBE of the event is available on request.

National celebrations 2023

The National Celebration of WSMD, held at Pelangwe Primary School in Limpopo, was attended by the CEP, NSNP and district officials.

The CEP project manager, Christine Leighton, addressed the delegates and learners on the health benefits of dairy. The slogan that was chanted on the day, 'DAIRY GIVES YOU GO!' truly echoed over the school grounds, and the meaning was cemented in the participants' minds.

In addition, twelve underprivileged rural schools were selected by the NSNP to participate in the WSMD celebrations. Nearly 4 000 dairy products were handed out on the day at the selected schools across the country in celebration of WSMD. The milk samples were generously provided by dairy processors. Each school also received education material, developed by the CEP. This material supports the educators in their lesson plans, equipping them with the correct information about dairy.

DAIRYKIDS WEBSITE

All the communication products related to the school project are available on the Dairykids website (www.dairykids.co.za). Posters, teacher's guides, fact sheets and worksheets can be downloaded from the site. The website is also linked to the DGYG and Rediscover Dairy websites. The educational material is aligned with the curriculum of the DBE and guides teachers on how to include information about dairy in their lessons.

REDISCOVER DAIRY WEBSITE

The RDD website gives information on the health and nutritional benefits of dairy and all educational material developed by the CEP is available on the website.



General

The website is appropriately linked with other relevant organisations such as Milk SA, the Milk Producers’ Organisation, the International Dairy Federation (IDF) and the Global Dairy Platform (GDP). The website is maintained, and new information is uploaded continually.

Ask Dairy

The Ask Dairy online tool was developed in consultation with members of the Technical Advisory Committee. The Ask Dairy menu item consists of 100 questions and answers on dairy-related matters. Ask Dairy was initially hosted on the Dairy Gives You Go website, but was moved to the Rediscover Dairy website during the first quarter. This navigation of the tool was improved, and a search function was included. An additional 35 questions and answers will be added to this online portal.

Top page visits on www.RediscoverDairy.co.za

Total views	Page views	Page visitors
Annual report	• Recipes	6 897
	• Continuing professional development (CPD) articles	2 560
	• CEU Articles	2 540
	• More recipes	1 244
	• Evidence Based Reviews	319

WELLNESS PROGRAMME

The wellness programme entails community work in public clinics of the Department of Health (DoH) for nutrition advisers, health promoters and community health workers. It is presented in the format of educational information sessions for the upliftment of local communities.

Five clinic training events were planned for 2023 in selected districts in Gauteng. Awuzwe negotiated training sessions in Mpumalanga for 2023/24.

As part of the clinic training in KwaZulu-Natal in 2022/23, the authorities requested the CEP to evaluate the participants before and after the training sessions. The participants’ knowledge on the topic of dairy in the diet was tested before the training event and again afterwards to measure the level of knowledge gained after the presentation on the food-based dietary guidelines on ‘Have milk, maas or yoghurt every day’.

The data captured in the short pre- and post-training questionnaires were processed by Dr Jane Muchiri, a part-time lecturer at the University of Pretoria.

The first report was made available in June 2022, while the final report was received at the end of March 2023. The CEP can be contacted for the complete results. Both reports reflected that participants’ knowledge of all related milk and dairy topics had grown and that they definitely appreciated what they learnt and the material they received.

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A recording of the training session presentation was produced in 2022. It was used for online presentations where an in-person presentation was not possible in some regions, or where a safety threat existed. The recording has proven to be a very valuable tool to accommodate sessions that the dietitian was not able to attend in person – as indicated in the table below.

The CEP clinic training weeks in 2023 took place in Mpumalanga and the Project trained 1243 health promoters.

In 2023 the CEP started to extend its clinic training programme to the semi-private clinic environment of retail pharmacies (Dischem and Clicks). The target market is the nursing sisters and the clinics functioning within the pharmacies. The CEP used Dischem's mandatory online educational platform – **SmartCnnect**. All Dischem health professionals had to complete the monthly training. The programme had a 90% engagement rate and reached 435 nursing sisters nationally working for Dischem. The training is generated by an app specifically for all Dischem staff. The training was called: *Exploring the World of Dairy: A Comprehensive Guide on Dairy Nutrients, Varieties, and Uses of Dairy Products*. The training was presented on the app with the help of the CEP's animated video on dairy products (Tumi) and consisted of five learning areas:

- Dairy – An overview
- Dairy nutrients
- A closer look at calcium
- A closer look at the nutrients in milk
- Milk varieties
- Milk, coffee creamer and milk powder

These topics were followed by a summative assessment that the delegates had to complete by the end of June.

The staff involved in the training receive messages throughout the month to encourage them to participate as well as to work through the training material in their own time and at their own pace and through repetition. At the end of the month, they take a test to score specific continuing learning opportunity points.

The report from Dischem showed that 75% of the target audience took part in the training provided by the project (305 out of 408 staff members); 94% of those who downloaded the training completed it and the assessment successfully. Of those 291 were nursing practitioners, 10 were clinic receptionists and 4 were managers. All nine provinces took part in the training with the largest proportion of participation in Gauteng, KwaZulu-Natal and Western Cape.

As a follow-up to the training the CEP of Milk SA also launched a survey amongst those that took part in the training. The purpose of the survey was to establish if participants could recall the training on dairy and if they gained any valuable knowledge about dairy nutrition.

The project awaits the results of the survey.

Physical training sessions were presented to nursing sisters employed by the retail group Clicks, in Cape Town. The presentation consisted of a one-hour educational session for participating clinic sisters. The CEP's dietitian presented the programme based on the information and training material presented to the DoH's health promoters.

SPECIALISED COMMUNICATION

The target market for specialised communication is health professionals, i.e. doctors, dietitians, nutritionists and nurses.

Overview

The specialised messages are based on the latest scientific information on dairy nutrition and health. The CEP uses an independent technical advisory committee that comprises specialists in the field of nutrition and health.

Communication channels include:

- Print and digital in the form of scientific advertorials and nutrition reviews
- Education material for dietitians, nutritionists, and nutrition advisers

- Education material for dietetic students at universities
- Liaison directly with health professionals through CPD events, seminars, and conferences
- Exposure on the Association for Dietetics in South Africa (ADSA) website
- A comprehensive website with specific reference to the section on dairy-based nutrition

Reviews and advertorials

The CEP uses scientific advertorials and print publications to reach the health professional market. Evidence-based nutrition reviews are written on new topics regarding nutrition, health and dairy. These are aimed at health professionals. Each review is summarised into an advertorial and is published accordingly in publications read by this target audience.

The evidence-based nutrition reviews explore new topics in dairy health and nutrition that warrant further investigation. The reviews allow for extensive and detailed information on a specific topic without a limitation to the number of words used. The nutrition reviews are posted on the RDD website, under the Dairy-based Nutrition menu tab.

- An evidence-based review was published in the first quarter in the *SA Medical Journal* (SAMJ): The matrix effect of dairy nutrients. January 2023.
- Dairy, a source of iodine during pregnancy: SAMJ; April 2023.
- Diabetes focus: An advertorial was published on their digital platform: Dairy in the diabetic diet. Recipes containing dairy are included in the Diabetes A to Z guide. <https://www.diabetessa.org.za/diabetes-focus/>; May 2023
- Modern medicine: The Dairy Matrix explained: health benefits beyond individual nutrients; July 2023

Presentations and handouts at Association for Dietetics (ADSA) in South Africa events

As part of the health professional print and digital campaign, the CEP creates awareness on the ADSA (www.adsa.org.za) website, especially to

inform dietitians of new information. The information appears on the RDD website together with any new scientific information on dairy health and nutrition. The CEP also presents at the ADSA regional meetings. Specific topics for presentation purposes are requested from the CEP. In 2023, two presentations were presented to dietitians by the Project.

EDUCATIONAL PRESENTATIONS AND MATERIALS

As part of the communication activities directed at dietitians, the CEP connects with fourth-year dietetics students at all the universities in the country that offer a degree in dietetics. With each visit, the CEP dietitian presents the work and educational material offered by the project to the students and discusses the latest evidence-based information about dairy health and nutrition. This includes awareness of all the dairy-based nutrition reviews, advertorials, and specific links to sections on the rediscover dairy website e.g. sports nutrition and the role of dairy, the clinic project, the school project, and the CPD portal. The presentation also provides an overview of the CEP and includes the TV advertisements. In 2023, 85 students and 19 lecturers attended presentations on the project.

As an additional outcome of the visits to the university students, the CEP also visits the tertiary hospitals that are connected to the universities. These hospitals are public hospitals that are used for the fourth-year dietetic students' internship as well as the compulsory post-graduate community service of health professionals. A team of qualified dietitians at each hospital works in various departments and clinics in the public hospitals and the community service dietitians get the opportunity to work for a year under the guidance of these experienced dietitians. The project visits these hospitals to share the training tool, 'The importance of dairy in the diet of South African families', with this target market.

These visits are scheduled for every three to four years. The table below outlines the hospitals visited, where 42 dietitians attended the presentations.

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CEP hospital visits

Date	Hospital	Number of dietitians
1 February 2023	Frere Hospital East London	12
2 February 2023	PE Hospital Gqeberha	8
2 February 2023	Livingston Hospital Gqeberha	9
2 February 2023	Dora Nginza Hospital Gqeberha	11
22 September 2023	Universitas Hospital, Bloemfontein	1 (Head of Department)
22 September 2023	Pelonomi Hospital, Bloemfontein	1 (Head of Department)

CONTINUING PROFESSIONAL DEVELOPMENT

The annual CPD activity of the CEP provides the project with an opportunity to communicate the latest research on milk and dairy directly to the health professional target markets, i.e. dietitians and nutritionists. Relevant articles and events serve to broaden their understanding.

CDP articles and questionnaires

Each year, scientific articles are selected that focus on dairy nutrition and health as well as new research results available in nutrition overall. Two articles are specifically selected to enable health professionals to obtain all their mandatory continuing professional development points for the year's cycle i.e. 25 clinical points and 5 ethical points. The articles and questionnaires are approved and accredited by the Dietetic CPD office. This menu item has proven to be very successful in reaching dietitians and nutritionists.

The peer-reviewed articles for 2023 were made available to dietitians and health professionals from

1 April to 31 December 2023. Twelve articles with their applicable questionnaires are available on the rediscoverdairy website, free of charge.

The CEP submits all allocated points of participants directly to the Health Professions Council of SA. At the same time, each participating dietitian or nutritionist receives a certificate of participation. Health professionals were notified of the availability of the 2023 CPD activity of the CEP via direct emails to the database of the project.

Overall, 2 343 users (dietitians and nutritionists) registered were on the CEP/CPD portal, and 2 854 articles were successfully completed as at 31 December 2023.

Continuing Nutrition Education (CNE) event: November 2023

On 20 November 2023, the project presented a Dairy Day CNE to dietitians at the Irene Country Lodge to dietitians and nutritionists. The theme of the day was: Staying Stronger for Longer. The CNE included two international speakers who presented online and five local speakers. The table outlines the Dairy Day speakers and topics.

Speaker	Topic
Dr Sandra Iuliano, Senior Researcher, University of Melbourne, Australia	Dairy consumption for bone health and muscle strength
Dr Rivkeh Haryono, Senior Nutrition Scientist at Dairy Australia	Make or break – The importance of dairy for older Australians
Monique Piderit, Registered Dietitian	Become a micro-influencer: Communicating nutrition science to the SA HP and consumer
Professor Friede Wenhold, Department of Human Nutrition, Faculty of Health Sciences, University of Pretoria	Why food-based dietary guidelines matter



Melk WAT 'N WENNER



Vetvrye melk bevat.....0.5 g vet em 362 kJ

Laevetmelk bevat.....4 g vet em 518 kJ

Volroommelk bevat.....8 g vet en 640 kJ

Speaker	Topic
Professor Corinna Walsh, Department of Nutrition and Dietetics, Faculty of Health Sciences, University of the Free State	Dairy in the diet of South Africans – nutrient bioavailability and possible health effects of public concern
Dr Heinz Meissner, Animal Science Consultant	Environmental management by the dairy sector
Andre Adendorff	Woodlands: Environmental management

The CNE was attended by 70 dietitians and nutritionists. The CNE will be repeated in Cape Town in 2024 to ensure that dietitians in the Western Cape are reached.

DAIRY INDUSTRY WEBINAR

The CEP presented a webinar for the dairy industry and members of the South African Society of Dairy Technology (SASDT) on 19 September 2023. The webinar dealt with how dairy gives you more go than you know, highlighting the health aspects of dairy by unpacking how the Dairy Matrix applies to milk, yoghurt, maas and cheese.

The programme was as follows:

- What is the Dairy Matrix concept? – Maretha Vermaak

- Taking the science to consumers: Delivering the Dairy Matrix to consumers – Christine Leighton
- Health-conscious consumers: How dairy looks in the media – Jeandré Johnston

Attendees: 93 people registered for the webinar, which was attended by 46 delegates. One radio broadcast followed the webinar.

The recording is available at: <https://www.food-focus.co.za/home/Industry-Topics/food-safety/WEBINAR-I-HOW-Dairy-Gives-You-More-Go-Than-You-Know>

INDUSTRY-RELATED MATTERS

Consumer Goods Council of South Africa

The CEP is a member of the Food Safety Initiative and Health Foods Options Industry Initiative of the Consumer Goods Council of South Africa (CGCSA). The DoH requested CGCSA support for their Health Food Options Industry Initiative (HFOLI).

Front-of-pack labelling (FOPL), which envisages, among others, warning labels on food products containing saturated fats, sugar and salt higher than specified levels, has been discussed extensively with the CGCSA and industry. The CEP aligned itself

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with the guidelines provided by the IDF for FOPL. Draft Regulation 3337, relating to the labelling and advertising of foodstuffs, was first published in April 2023.

As the warning labels that are part of FOPL regulations, may affect dairy products, a submission regarding intrinsic sugar and saturated fats by the Milk SA task team was drafted during the first quarter. The submission to the DoH was based on a scientific review developed by the Dairy Science Expert Team under the guidance of Dr Friede Wenhold. It was edited by an external editor and submitted to the dairy industry for comment on 11 July. The submission was sent to the DoH in July 2023.

The CEP and the Regulations and Standards project of Milk SA participated in several meetings with the food industry that were arranged by the CGCSA to work through the full draft Regulation 3337, to draft a response to the DoH which covered the extent of the food industries' comments. The submission date was extended to September 2023 and the report was submitted accordingly.

The South Africa Society of Dairy Technology (SASDT)

The CEP's project manager is the president of the SASDT and was tasked to organise the 2023 SASDT symposium, which was held on 17 and 18 April, at Fordoun Hotel in the KwaZulu-Natal Midlands, attended by 120 delegates. The symposium's theme was 'Dairy: the next decade' and the presentations focussed on innovation and sustainability solutions in the dairy industry, to ensure that the dairy industry remains relevant in the food value chain. The symposium papers are available on its website, <https://sasdt.foodfocus.co.za/>

The year-end function of the Western Cape Division of the SASDT was held on 23 November and Gauteng's on 7 December 2023.

The Coordinating Committee of the Dairy Standard Agency (DSA), the CEP, and the Research Project of

Milk SA meet quarterly to share information about issues of mutual interest and to promote harmony between the actions of the projects. The CEP reported on progress made concerning the new FOPL regulations. The committee met three times in 2023, on 20 April, 17 August and 15 November.

INTERNATIONAL DAIRY FEDERATION

The work related to the IDF is ongoing. The IDF's different standing committees hold annual mid-year meetings. This year, the National Dairy Council of Ireland hosted the meetings in Dublin and Kilkenny between 21 and 26 May. The CEP project manager participated in the Standing Committee on Marketing (SCM) meeting (21 May), the GDP meeting in Dublin (22 and 23 May) and the IMP meeting in Kilkenny (24, 25 and 26 May).

The IMP is a permanent task force of the SCM. A full report was submitted to Milk SA.

Standing Committee on Marketing

The CEP project manager is the vice-chair of the SCM. Minutes of the meeting held on 14 October 2023 are available. A priority item of the SCM is the Global Marketing Trends. The questionnaire for the next survey in 2024 was circulated to members of the SCM for input.

International Milk Promotion Group

The overall theme of the IMP meeting was: 'Staying ahead of today's consumer – social acceptance for dairy'.

The IMP has developed a communication strategy for understanding the purpose of dairy. This work was initiated in Switzerland in 2022 and continued in more detail during the 2023 meeting. The next step is to develop a framework to communicate sustainability, that can be adapted to suit the needs of different countries. Over the two days, 17 presentations from the different participating countries were tabled. This included case studies and research projects.

The CEP project manager presented a case study on the work done by the project for its third media release of the year i.e. Unbeatable dairy, nutrient-rich and value for money. This case study report was very relevant in the economic climate.

The final day was dedicated to IMP trophy entrees. The CEP project coordinator presented the new television advert, Dairy Gives You More Go than You Know, as an entry into the IMP Trophy competition.

The finalists were Australia, Canada, and South Africa. The IMP trophy was presented at the IDF WDS gala dinner in Chicago in October 2023. The winner of the IMP trophy was Australia.

Global Dairy Platform

The GDP/IMP Marketing Meeting was held in Dublin from 21 to 23 May, under the banner of 'Telling Dairy's Environmental Sustainability Story'. The GDP meetings were attended by dairy marketing and communications professionals from around the world. The meeting focused on how to tell the sector's sustainability story more effectively by integrating dairy's environmental, nutritional, and socio-economic benefits. The agenda featured expert speakers from the Irish Food Board, McKinsey & Company, Danone, Dairy Management Inc., Arla Foods, Saputo, Dairy Farmers of America, Fonterra, Norwegian Dairy Council, Riddet Institute, Dairy Australia, Consorcio Lechero, and the Global Dairy Platform.

Standing Committee Nutrition and Health

The CEP project dietitian is a member of the IDF Standing Committee on Nutrition and Health (SCNH) and the representative of the SCNH on the Science and Programme Coordinating Committee (SPCC), and in this capacity participated in various action teams (AT):

- AT on School Milk Programmes (action team leader)
- AT IDF Nutrition Symposium 2023
- Task force on plant-based foods

- AT IDF WDS 2023 SCNH
- AT Dairy Matrix
- Utrecht Group planning committee

The CEP project dietitian participated in various meetings of the above ATs throughout the first, second and third quarters of 2023, mostly focussing on planning the year ahead and specific events.

The SCNH held its annual mid-year meeting in The Hague in The Netherlands on 5 June 2023.

As part of the work as Action Team leader of the IDF School Milk Programmes (SMP), the CEP dietitian participated in an extensive re-evaluation and update of the SMP survey. The IDF updates all information on the nature and scope of school milk programmes or school feeding programmes that serve milk and milk products around the world every five years. This survey was launched on WSMD 2023 for circulation to specific contact points within various countries. The closing date for the collection of survey data was extended to 16 February 2023, to have the full results and Bulletin ready for WSMD in September 2024.

As part of the WSMD celebrations in September 2023, the coordinator of the Swiss-Ukrainian programme on the development of trade with higher added value in the organic and dairy sectors of Ukraine invited the IDF School Milk Programme to present on the impact of school milk programmes on school-going children worldwide. The presentation was presented to representatives of the Ukraine dairy sector as part of a round table discussion on milk and dairy products in a model for healthy nutrition of school children in the Ukraine. There were 101 online attendees, including learners from various schools. The CEP dietitian of the project presented on behalf of the IDF.

Science and Programme Coordinating Committee

The CEP dietitian attended various SPCC meetings throughout the first half of the year. The IDF SPCC

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mid-year meeting was held in Tromsø, Norway, on 8 June 2023. As part of the mid-year meetings, she also attended the IDF Forum (7 June) and on invitation the National Committee meetings on 8 and 9 June. As part of the IDF forum, the CEO of EAT-Lancet, Olav Kjørven, addressed the IDF directors, NC members, SPCC representatives and IDF staff on the new EAT-Lancet report that will be published later this year. A full report on the mid-year meeting and the Forum is available on request and will be shared with Milk SA and SANCIDF.

During the WDS in Chicago in October 2023, the CEP dietitian's term of service on the SPCC came to an end. Ms Isabel Neiderer from Canada took over the position as representative of the SCNH. Maretha Vermaak also received an award for excellent service on the SPCC for representing the SC on nutrition and health.

The IDF World Dairy Summit: Chicago, themed 'Boundless Potential. Endless Possibilities' was attended by the CEP project manager and dietitian. Business meetings were held from 13 to 15 October and the summit ran from 16 to 19 October 2023.

Summit attendance by CEP project manager

The CEP project manager is the vice-chair of the SCM.

A priority item of the SCM is the Global Marketing Trends. The questionnaire for the next survey in 2024 was circulated to members of the SMC for input.

The project manager furthermore attended:

- Task Force on Plant-Based beverages (Friday, 13 October 2023)
- International Milk Promotion Group (Friday, 13 October 2023)
- Joint Standing Committee (SC) on Dairy Policies and Economics and SC on Marketing (14 October 2023)

- Joint SC Nutrition and Health and SC Standard Identity and Labelling (observer: 14 October 2023)
- SC Marketing (14 October 2023)
- Joint SC Nutrition and Health and SC Marketing (14 October 2023)
- Welcome Reception: 15 October 2023
- Conference sessions on 16, 17 and 18 October 2023

A full report is available was submitted to Milk SA

Summit attendance by CEP dietitian

The CEP dietitian attended:

- IDF National Committee meeting – 13 October 2023
- IDF New Experts meeting. Submitted a presentation on her role as SCNH and SPCC member – 14 October 2023
- SC Nutrition and Health meeting – 15 October 2023

Reported on IDF School Milk Programme business and actions for 2023

- IDF Joint SC Nutrition and Health and IDF SC on Marketing meeting – 15 October 2023
- IDF TF on Women in Dairy – 15 October 2023
- IDF Experts Roundtable – 15 October 2023
- Welcome reception and Gala dinner on 15 and 18 October respectively
- Conference sessions on 16, 17, 18 and 19 October 2023.

A full report was submitted to Milk SA

SA National Council of the International Dairy Federation

The annual SA National Council of the International Dairy Federation meeting was held on 27 March 2023. The CEP project manager reported on the activities of the SCM and IMP and the CEP dietitian of the project reported on SCNH and SPCC activities for 2022.



7.10 Project Title: **Co-ordination, support and promotion of needs-driven research & development in the South African dairy industry**

Responsible Institution: Milk South Africa
Programme Manager: Dr Heinz Meissner

Goal 1: To limit research fragmentation and promote and initiate cooperation between R&D capacities towards achieving the strategic direction of the industry

In view of important negotiations and resulting projects with institutions such as Asset Research, the Forestry and Agriculture Biotechnology Institute (FABI), UP, the Technology Innovation Agency (TIA) and maybe international institutions which could partake in future R&D projects, an Intellectual Property (IP) policy was considered important. A Policy was therefore developed with the assistance of a knowledgeable legal company, which was endorsed by the DRDC and approved by the Milk SA Board. Subsequently, a contract with FABI was negotiated and signed at an illustrious occasion.

The Project Manager initiated discussions with the TIA and did a submission early in the year for possible co-funding of the Milk SA research programme. They expressed a need for a long-term relationship with the Dairy Industry through Milk SA, since they regard relationships with Universities and other R&D service providers as ad hoc and not necessarily addressing the priorities of the industry. A Memorandum of Understanding (MoU) was drawn up accordingly and signed on 5 October 2023 at an official signing occasion at the TIA

offices, involving from Milk SA the Chairman of the Board, the CEO and the Project Manager R&D. A business plan is now being compiled with the potential to double the available budget for R & D in 2024.

A further development in terms of supporting the R&D programme is that support may come from the private sector in the Dairy Industry and their suppliers. Preliminary discussions indicated that relevant companies have R&D funds which could support generic and public domain projects as long as the companies themselves also benefit from the outcomes. This is a promising development for possible expansion Milk SA driven dairy research in the country.



Nico Fouché (CEO Milk SA), Dr Bonile Jack-Pama (Chairman Milk SA), Patrick Krappie (Acting CEO TIA) and Dr Heinz Meissner (Milk SA R&D Programme Manager)

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Jenna-lee Price,
Dr Anthony Davis,
Dr Neriman Yilmaz-Visagie,
Prof Mike Wingfield
Humansdorp



Most running projects pool capacities and resources to ensure cooperation and sound outcomes. Institutions which are involved include Asset Research, Farm Vision, US, UP, UKZN, DUT, INR, Confluent, DSA and WWF. With literature investigations of value to the industry where the Project Manager develops articles, the principle where applicable, is to include knowledgeable scientists who can add value to the effort. An example is: Meissner, H.H., Blignaut, J.N., Smith, H.J. & Du Toit, C.J.L., 2023. The broad-based eco-economic impact of beef and dairy production: a global review. SA J Anim. Sci. 53(2), 250-275. <https://dx.doi.org/10.4314/sajas.v53i2.11>. ISSN 2221-4062 (online).

To further increase capacity and promote cooperation, the SILD (Facial eczema) programme is seeking other expertise, amongst others talks have been initiated with other departments at UP not previously involved and internationally with New Zealand and Belgium capacities. Also, in the environmental management and protection field, the Project Manager negotiated with the Trace & Save company which resulted in a letter of commitment to cooperate in research. This has facilitated establishment of a large group with expertise in this field who work in the Eastern and Southern Cape pasture areas, consisting of Asset Research, Farm Vision, Trace & Save and the Western Cape Department of Agriculture.

For general and environmental sustainability, in particular, it has become critical to effectively manage slurry from dairy farms. Due to the many complexities related to manure management, it is important to regard the proper management thereof as an interactive process. Hence a meeting was called by the Project Manager R&D at the Outeniqua Research Station on 23 November 2023, to

involve particular expertise from the industry to explore different ideas and use the Meeting as an initial brainstorming session to define needs and possible initiatives. A particular further purpose was also to consider feed source GHG emissions and the circularity on farms. Representatives from UP, WCDA, Asset Research, Farm Vision, Confluent SA and Woodlands Dairy attended the Meeting, and everybody agreed that the initiative of Milk SA should be supported. To that effect a programme with specific projects is being developed.

Goal 2: To guide the R&D program by means of effective structural arrangements, administration and fund sourcing

The MANCOM Meetings of 2023 were held on respectively 23 February, 8 May and 8 August and DRDC Meetings on 9 March, 7 June, 24 August and 26 October. Prominent decisions or outcomes include the following:

- It was noted that the “Breeding fit for purpose” article, in which the Project Manager was co-author, was published in two parts in The Dairy Mail.
- Animal Health and Welfare under Dr Mark Chimes and Environment under Dr Colin Ohlhoff are now registered on the system as separate sub-projects.

- The extension document on Contagious Abortion, developed by Dr Chimes was approved.
- Milk SA applied for LWCC membership which was subsequently granted.
- Parts of the article on *The broad-based eco-economic impact of beef and dairy production: a global review*, which was published in the SAJAS, should be distributed to the Board, MPO, Sampro and Milk SA members, and the review itself to the IDF, FAO and the IMS, as it puts the role of cattle in a (positive) perspective (this was subsequently done).
- A letter providing guidelines to farmers of how to deal with sporidesmin liver disease (Facial eczema) was to be written and distributed to all in the affected areas and beyond (done).
- The document dealing with transport of calves, written by Dr Chimes, was to be presented to the LWCC (done).
- A spectrophotometer has been obtained that will enable routine brucellosis tests on milk by the DSA Laboratory. To enable these tests, the DALRRD needs to approve and the DSA laboratory must be SANAS accredited for that purpose - this is in process. The instrument is highly versatile which will enable a number of other tests of importance to both monitoring and the R&D programme.
- To limit the uncomfortable brucellosis tests, a proposal was directed to the State Veterinarian to initially test all animals and, depending upon outcomes, thereafter only dry cows on a regular basis.
- in addition, Dr Chimes consult with private vets in the milk producing areas and the NAHF to establish what the practice was regarding Brucellosis testing, and in addition, compile a document of the dairy industry's stance on a risk-based approach to deal with TB and CA (in process).
- Milk SA's position on calf hutch sizes for the purpose of communication to the SABS and the SPCA was formulated and submitted.
- A project be initiated to research both the calculation and trading of carbon credits. In addition, SAMPRO be requested to inform their members that, because the trading of carbon credits was going to become very important in future, they

should inform their farmers likewise and that they should capture carbon credits from their farmers.

For funding source developments see paragraphs 2 and 3 under Goal 1.

Goal 3: To accumulate and publish existing domestic and international scientific knowledge of applicable and practical value to enhance the industry

THE RESEARCH COLUMN and DAIRY R & D IN SA: The target of respectively scientific articles sourced from the international literature and SA scientific articles to be entered on the website is two per month, i.e. 24 per year (see Milk SA website). The target was met. Some of the articles were published in the Dairy Mail under the regular "The Research Column" of the author, and the Milk Essay.

Separate of these, articles were written for the Livestock Health and Production Review magazine: *Climate change and cattle methane emission, a conundrum or not*, and *The global impact of cattle: a socio-economic, food security and environmental perspective*.

Following upon a request to write the Preface for the Livestock Index 2023 of the AgriVoice of Agri-Connect, the Project Manager was again requested to write the Preface for 2024

A short version of *Environmental management by the Dairy Sector* was written for purposes of presentation to the DairyCEP conference of 20 November 2023. A similar article was compiled for the Milk Essay.

Goal 4: To advise and assist with national and international managerial, strategic and position publications on any matters which may support the strategic direction of the industry

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A workshop was staged at UP together with NZs Agriculture Greenhouse Gas Research Centre, on 22 and 23 March 2023 to enhance partnerships in the southern African region for the reduction of greenhouse gas emissions. As part of a situational analysis report on the state of play of agricultural GHG coordination and research in southern Africa, the Project Manager was requested to talk on **The role of NGOs in GHG Research**. The Meeting was valuable as it indicated the capacity in the country on this subject.

The paper mentioned under Goal 3 on Climate change and cattle methane emission, a conundrum or not, also benefits what is envisaged under Goal 4, as does the document: The global impact of cattle: A socio-economic, food security and environmental perspective, mentioned under Goal 3.

The article: Meissner, H.H., Blignaut, J.N., Smith, H.J. & Du Toit, C.J.L., 2023. The broad-based eco-economic impact of beef and dairy production: a global review. SA J Anim. Sci. 53(2), 250-275. <https://dx.doi.org/10.4314/sajas.v53i2.11>. ISSN 2221-4062 (online), mentioned under Goal 1, has a strong link to Goal 4, especially as it will assist with the positional stance and strategic direction of the industry. In addition, it should provide scientifically sound evidence which could support policy of the FAO, IDF and the Dairy Sustainability Forum. Of significance in the article is that evidence is provided to indicate that livestock is actually positive to the global environment if well-managed, and not negative as many media communications would lead us to believe.

The sustainability document: "Sustainability in the SA Dairy Industry: A Status and Progress Report", which is regularly updated (the latest being July 2023), provides strategic and position guidance to the Board and officials. Another example is the Preface written by the Project Manager for the Livestock Index for 2024.

The Project Manager did presentations to the Dairy CEP conference of 20 November and to the Milk SA Board on 30 November 2023. The presentation at the Dairy CEP conference was on Environmental

management by the Dairy Sector. The audience here was food technologists and nutritionists which should benefit from the matters considered important by the dairy industry and which could assist them in the endeavours of their discipline and tasks. The presentation to the Board, in addition to the planning of R & D for 2024 and 2025, provided insight into strategic and high priority focus areas.

Goal 5: To support the dairy industry with R&D and advice on matters affecting sustainability, such as environmental – ghg reduction, carbon sequestration, water use efficiency, waste treatment, ecosystem and biodiversity protection – and animal welfare

The "Sustainability" document mentioned under Goal 4, is compiled in line with the UN's 2030 Development Goals with much emphasis on GHG reduction, water use, waste reduction, ecosystem and biodiversity protection, and animal care. When updated, it shows the progress made in R & D and supporting issues which are of relevance to this goal. Outcomes, where relevant are also documented in popular articles, some of which are presented to the IDF to be considered for publication in their country reports. One in this reporting period is by Trace & Save which was coordinated by Dr Colin Ohlhoff, manager of the Environment programme. Both his and the Animal Health and Welfare programme of Dr Mark Chimes are overseen by the Project Manager. These for 2024 have been accepted at the 24 August Meeting of the DRDC as mentioned under Goal 2.

Important, furthermore, is that projects of the Milk SA R & D Programme which investigate GHG reduction and sequestration, pasture N fertilization efficiency, waste and effluent treatment, ecosystem protection and animal welfare, are specifically addressing issues of relevance to Goal 5.



Willie Prinsloo,
Melt Loubser,
Prof Piet Jooste,
Edu Roux and
Dr Heinz Meissner

Industry Leaders Honoured AT MILK SA AWARDS FUNCTION

The Board of Milk SA has introduced award categories to recognise outstanding contributions made by individuals towards advancing the competitiveness and image of the SA dairy industry, through their dedicated and exemplary work.

At a function held at Irene, Pretoria on 13 June 2023, five individuals were awarded for their exceptional service to the South African dairy industry:

- Dr Heinz Meissner: Science and Technology Award
- Prof Piet Jooste: Science and Technology Award
- Mr Willie Prinsloo: Lifetime Achievement Award & Distinguished Leadership Award
- Mr Melt Loubser: Distinguished Leadership Award
- Mr Edu Roux: Lifetime Achievement Award





Dr Heinz Meissner: ***Science and Technology Award***

Before retirement in 2007, Dr Meissner was associated with the University of Pretoria in the position of Professor in Animal Nutrition and later as Director of the ARC's Animal Nutrition and Products Institute at Irene where he managed the interface between animal production, product development and consumer science. Holding a PhD in Zoology, Dr Meissner is also an Extraordinary Professor at the Onderstepoort Faculty of Veterinary Science since 2009.

Since retirement he is consulting for the Dairy Industry where he manages the R&D programme of Milk SA. He consults also for the red meat industry.

Apart from animal nutrition and management, he has vast experience in environmental issues and represented South Africa on the Standing Committee on the Environment of the IDF. One of his contributions in this regard is the argument that more emphasis should be put on carbon sequestration to limit the agricultural carbon footprint.

Under Dr Meissner's leadership and vision, dairy R&D in South Africa has become much more harmonized and transparent as well as more relevant to the needs of milk producers, processors and other role-players.

His hands-on integrated approach to R&D is due to his wide technical knowledge in the fields of Dairy Nutrition and Management, Rangeland Manage-

ment and Grazing Capacity, Intensive Feeding Systems, Beef Cattle and Sheep Management, GHG emissions, Climate Change, Bio-diversity, Sustainability, Animal Diseases, Animal welfare and Bio-security.

Many awards have been conferred on Dr Meissner in acknowledgement for his outstanding contributions to the livestock industry, including:

- An award by the Minister of Agriculture for the research institute (ARC-ANPI) that has made "the most outstanding contribution towards food safety, food security and nutrition for the people of South Africa" (2001).
- The Gold Medal of the SA Society of Animal Science for Exceptional Service to the Livestock Industry (2004).

Amongst a host of major contributions by Dr Meissner, he wrote excess of 200 scientific publications and created the well-known Meissner-tables for estimating grazing capacity (1982-1983).



Prof Piet Jooste: ***Science and Technology Award***

Prof Jooste, Doctor of Philosophy (PhD) - Food Microbiology - started as a researcher with the Animal and Dairy Research Institute in 1963 and his career path led him to the University of the Free State (as Professor and Head of Food Science); and later Deputy Director at the ARC-Irene and Research Professor at the Tshwane University of Technology.

He was an Honorary Research Associate of the School of Molecular and Cell Biology of the University of the Witwatersrand and did regular peer reviews of researchers and research proposals in his field of expertise for the National Research Foundation.

In 1994 the Australian Dairy Research and Development Corporation (DRDC) nominated him as Research Fellow. He was stationed at the Gilbert Chandler Dairy Institute, an institute affiliated with the University of Melbourne, for six months. During this period he was required to evaluate research projects funded by the Australian DRDC and to deliver lectures in various parts of Australia on invitation. He submitted a report to the Australian DRDC at the end of his tenure.

On retirement from TUT, the title of emeritus professor in the Department of Biotechnology and Food Technology was conferred on him.

Prof Piet Jooste has been involved in the SA National Committee of the International Dairy Federation for decades, also serving as President

of this organization from 2000 to 2006. He served on various scientific committees of the International Dairy Federation.

Prof Jooste has been awarded the Dairy Mail “News Maker of the Year” accolade for 2004, in recognition of the success of the IDF/FAO Symposium on Dairy Hygiene & Safety held in Cape Town and for his Presidency of the National Committee of the International Dairy Federation.

Throughout his career he has been supervisor or co-supervisor of 10 doctoral and 34 Masters degree graduates. Four of his doctoral graduates (Prof Celia Hugo (UFS), Prof Arno Hugo (UFS), Prof Elna Buys (UP) and Dr Richard Nyanzi (UP), were successfully involved in projects of Milk SA.

He has published 91 articles in accredited scientific journals, 9 chapters in books and numerous technical reports and popular scientific articles. He has also had a bacterial species (*Chryseobacterium joostei*) and a bacterial genus (*Joostella marina*) named in his honour.

He served in various structures of the organized dairy industry, such as the Board of the Dairy Standard Agency and the Dairy R&D Committee of Milk SA. As expert in microbiology and biochemistry, Prof Jooste has facilitated many projects of Milk SA, while providing expert support to the projects. Amongst others, he has made enormous contributions to finding solutions for protein instability in milk.

Mr Willie Prinsloo: ***Lifetime Achievement Award*** ***& Distinguished Leadership Award***



Mr Prinsloo always has been a proponent of a harmonized South African dairy industry and intensely involved in the establishment of an orderly dairy industry after the demise of the control boards and the eventual establishment of Milk South Africa in December 2002.

During his term as Chairman of Milk SA, Mr Prinsloo has played a leading role to establish harmony and trust amongst industry players and government, in the activities of the company.

At all times, Mr Prinsloo had shown a keen interest in all facets, projects and activities of the dairy industry and has gained a wealth of knowledge in his 61 years of involvement in the dairy industry.

His involvement in and contributions to the industry organizations was always sincere, intense and unbiased. Mr Prinsloo did not hesitate to debate a matter and to ask questions in any forum and would throw in all his weight to defend any matter which he believed in; and to promote the interests and values of the organization and the cause that he represented.

As a respected stalwart of the SA dairy industry who devoted his entire working life to the industry, Mr Prinsloo therefore unquestionably played an indispensable role in the dynamics of the organized dairy industry and the competitiveness of the SA dairy industry.

In the 1980's, he served as member of the following institutions:

- Proprietary Dairy Industry Organisation
- Dairy Products Organisation
- Dairy Board
- Milk Board (which closed down in 1997)

Mr Prinsloo served as Chairman on the following institutions, from 1989 to 2008:

- Training Board for the Dairy Industry
- SA Dairy Foundation
- SA Milk Federation
- SA Milk Organisation
- SA Milk Processors' Organisation

Mr Prinsloo has a special affection for career development in the dairy industry. Hence his involvement in FoodBev SETA over 19 years – as Council Member and also Chairman of the Council for 4 years as well as Chairman of the Dairy Chamber for 18 years.

Mr Prinsloo's institutional knowledge since the Control Board era was instrumental in the transformation to Milk SA and in ensuring the success of Milk SA over the past 20 years.

He served as Board member since the inception of Milk SA in December 2002 of which 6 years was in the office of Chairman of the Board.

Mr Prinsloo also has a passion for Transformation and serves on the Transformation Management Committee since 2006.

Mr Prinsloo also served on numerous Board Committees, such as the Advisory Committees on:

- Consumer Education
- Skills Development
- Economies & Markets



Mr Melt Loubser: ***Distinguished Leadership Award***

A civil engineer by profession, Melt Loubser believes in precision and in “doing the right thing”; who does not beat around the bush and who seeks the truth fearlessly. Mr Loubser has shown great statesmanship and leadership through his energetic participation in the structures of the South African dairy industry over many years.

Speaking his heart and mind at the same time, there was never doubt about Mr Loubser’s integrity and honest intentions which always had the bigger picture of the industry and the SA community in mind.

Mr Loubser, a co-founder of Milk SA and SAMPRO, contributed hugely to unify the dairy industry around the issues that matter for all role-players collectively. To this day, through his positive energy, he continues to give impetus to a collective mind set and collective actions, driven through the industry bodies Milk SA, DSA and SANCIDF.

Mr Loubser was always on the front-line in times of threats to Milk SA and the other organizations that he served, and every time these organizations came out stronger.

As President of SANCIDF, Mr Loubser was instrumental to one of the most successful and memorable World Dairy Summits held in Cape Town, 2012.

Mr Loubser is also a strong advocate of institutional memory, to serve the generations to come. It is through his encouragement, that Milk SA is currently compiling a book on the history of the South African dairy industry.

Despite his huge responsibilities at Fair Cape, Mr Melt Loubser has devoted his time and energy towards serving the dairy industry of South Africa but also internationally.

He was a member of the National Milk Distributors’ Association (NMDA) up to 2003 when it dissolved and he is also a member of SAMPRO which succeeded NMDA and SAMO.

Mr Loubser became Chairman of SAMPRO in 2009 and holds the position up until now. He serves on the Board of Directors of Milk SA since its inception in December 2002 of which he serves as vice-chairman on a rotational basis; serves as President of the SANCIDF since 2010 on a rotational basis and is still serving on a number of Advisory Committees of the Milk SA Board of Directors.

Mr Loubser was in 2013 crowned, *The Dairy Mail* News Maker of the year.



Mr Edu Roux: ***Lifetime Achievement Award***

Mr Roux held various senior positions in the Control Board era since 1978 until the demise of the control boards.

He re-joined the organized dairy industry in 2008 to serve in administrative and secretarial capacities and is still active as Secretary of SANCIDF and the Research Programme of Milk SA.

Mr Roux is known and respected for his honest pursuit of the dairy industry's objectives; his meticulous execution of tasks and his diplomatic skill.

He has always been a worthy ambassador of the South African dairy industry - locally and internationally.

The key positions that Mr Roux held, include the following, in chronological order:

Manager: "Old" Dairy Board	1978 to 1979
General Manager: Dairy Board	1979 to 1990
Member of Agricultural Marketing Boards Co-ordinating Committee	1985 to 1993
General Manager: Dairy Services Organization	1990 to 1993
President: SANCIDF	1992 to 1995
Manager: SA Dairy Foundation	1993 to 1995
Member of IDF Management Committee	1995
Secretary of the SANCIDF	2007 to present
Various administrative and secretarial positions in the MPO group of companies	2008 to 2021
Secretary: Milk SA R&D Programme	2020 to Present

Audit & Risk Committee *Report*

Milk SA's Independent Audit and Risk Committee ("the Committee") is honoured to present its report, as mandated by section 94(7)(f) of the South African Companies Act of 2008, to the members for the financial year concluding on 31 December 2023.

Introduction

The Audit & Risk Committee ("the Committee"), being a sub-committee of the Board, assists the Board to fulfil its oversight duties concerning various aspects such as financial reporting processes, internal control systems, external audit processes, compliance with legal and regulatory requirements, internal governance best practices, and adherence to the Company's code of conduct risk management framework.



Danie du Plessis (Chairman) Jaco Kruger, Don Fürstenburg, Philip Potgieter (Internal Auditor)

Audit & Risk Committee Report

In executing its responsibilities, the Committee maintains robust collaborative relationships with the Board, management, and external assurance providers, including external auditors.

For effective performance, each Committee Member diligently acquires an in-depth understanding of their specific duties as Committee members and comprehensively grasps the intricacies of the Company's business operations and associated risks.

The Committee operates in an advisory capacity to the Board of Directors and its members are appointed by the Board of Directors of Milk SA. Pursuant to Clause 34(2) of Milk SA's Memorandum of Incorporation, the Company has chosen not to adhere to the extended accountability provisions outlined in Chapter 3 of the Companies Act. The Committee's responsibilities and objectives are outlined in its Terms of Reference, which have been duly approved by the Board of Directors.

Composition and meetings

The committee comprises of:

- One independent individual with expertise, nominated by MPO.
- One independent individual with expertise, nominated by SAMPRO.
- One independent individual with expertise, who serves as the chairperson.

The Committee typically convenes at least four times annually, in accordance with the stipulations outlined in its Terms of Reference.

Meetings are attended by invitation by the Chief Executive Officer, Internal Auditor, and independent External Auditor.

Throughout the review period, the Committee convened for a total of four meetings:

Name of member		8/2/2023	26/4/2023	29/8/2023	25/10/2023
Mr DH du Plessis	Independent Chairman	Present	Present	Present	Present
Prof DF Fürstenburg	Nominated by SAMPRO	Present	Present	Present	Present
Mr J Kruger	Nominated by MPO	Present	Present	Present	Present

Statutory duties

The Committee affirms its compliance with the statutory mandates outlined in the Companies Act, as well as the prescribed functions delineated in the Terms of Reference. Consequently, it has fulfilled its legal, regula-

tory, and other obligations satisfactorily. Additionally, the Committee confirms that no reportable irregularities were brought to its attention during the period under review.

External auditor

The Committee endorsed and nominated Fourie & Botha for reappointment as the External Auditor, along with the appointment of Mr. WM Fourie as the designated auditor for the financial year ended 31 December 2023, aligned with the requirements stipulated in the Companies Act. A thorough assessment assured the Committee of the accreditation of the audit firm, as well as its independence from the Company, inclusive of adherence to the independence criteria proposed by the Independent Regulatory Board for Auditors.

Furthermore, in collaboration with the CEO, the Committee reached consensus on crucial aspects including the engagement letter, terms, audit plan, and budgeted audit fees.

Outlined within its mandate, the Committee holds the responsibility to recommend the appointment of the External Auditor and to oversee the external audit process. To this end, the Committee must:

- Nominate the External Auditor for endorsement by the members;
- Approve the annual audit fee and engagement terms of the External Auditor;
- Monitor and report on the independence of the External Auditor in the annual financial statements;
- Determine the nature and scope of non-audit services permissible for the External Auditor;
- Ensure a mechanism is in place for the Committee to be informed of any reportable irregularities, as defined in the Auditing Profession Act, 2005, identified and reported by the External Auditor; and
- Review the efficacy and quality of the external audit process, assessing performance against the audit plan.

Key audit matters

The Committee has diligently deliberated on the key audit areas and significant audit matters highlighted by the External Auditors, affirming that they have been thoroughly addressed and appropriately disclosed within the annual financial statements. Notably, the following items, necessitating substantial judgment, were scrutinized:

- Key judgments and estimates applied in evaluating debtor impairment; and
- Revenue recognition protocols.

This review ensures transparency and accuracy in the financial reporting process.

Internal audit

The Committee has ensured the adequacy of the internal audit function, which is outsourced to HP Audit Incorporated, confirming its requisite independence. The Committee has duly approved both the internal audit Terms of Reference and the internal audit plan. Furthermore, the Internal Auditor maintains direct access to the Committee, fostering effective communication and oversight.

The Committee holds a range of responsibilities concerning the internal audit function, including:

- Recommending the Internal Audit Charter and any revisions to the Board;
- Advising the Board on the appointment, replacement, dismissal, and compensation of the Internal Auditor;
- Collaborating with the Internal Auditor and CEO to assess and review the internal audit plan and budget;
- Conducting an annual evaluation of the performance of the internal audit function;
- Holding private meetings with the Internal Auditor at least once a year, or as deemed necessary by the Committee, to discuss pertinent matters; and
- Providing the Board with insights and recommendations based on its assessment of internal audit reports submitted by the Internal Auditor.

These duties ensure effective governance and oversight of the internal audit process.

The Committee acknowledges the expertise and commendable performance of Mr. Philip Potgieter, the internal audit executive.

Internal financial control

Based on the reports of the accountants, internal auditors, and external auditors, the Committee confidently asserts the effectiveness of the company's internal control systems, including financial controls, and its robust risk management practices. No significant breakdowns in controls were identified throughout the reporting period.

Risk management

The Committee diligently evaluates the efficiency of internal control systems, financial reporting mechanisms, and financial risk management protocols. It actively reviews any significant findings from internal investigations into control deficiencies, fraudulent activities, or misconduct, alongside management's corresponding actions. Through an extensive review of the risk register, the Committee categorizes risks based on their level, probability, and monetary impact, thereby offering prudent recommendations to the Board for necessary corrective measures.

Going concern

A thorough examination of the company's going concern status for the foreseeable future was conducted by the Committee at year-end. Based on its assessment, the Committee affirms the company's status as a going concern and recommends this conclusion for endorsement by the Board.

Corporate Governance

The Committee considers Internal Audit reports and the Management report from External Auditors. Taking into account the organization's size, the Committee expresses satisfaction with the established governance structures, which provide vigilant oversight across various levels of operation.

Recommendation of the annual financial statements for approval by the Board

Having reviewed the annual financial statements for the year ending on 31st December 2023, the Committee confidently recommends their approval by the Board.

On behalf of the Committee

DH du Plessis
Chairman

MILK SOUTH AFRICA NPC

Registration Number 200 /032020 / 08

Annual Financial Statements

for the year ended 31 December 2023

General Information

Country of incorporation and domicile	Republic of South Africa
Nature of business and principal activities	Milk SA is a non-profit company with the vision to promote a healthy South African dairy community and the mission to promote the image and consumption of South African dairy products amongst consumers and to develop the dairy industry through the rendering of value-added services to industry participants, consumers and broader South African population. In terms of the Marketing of Agricultural Products Act, No 47 of 1996 as amended ("MAP Act"), Milk SA was appointed by the Minister of Agriculture, Forestry and Fisheries to implement, enforce and administrate statutory measures in pursuit of the company's strategic direction to broaden the market for milk and other dairy products, improve the international competitiveness of the South African dairy industry and to empower black participants in the industry.
Current directors	Ferreira S Mr, Gebeda ZM Mr, Gibbs LG, Mr Gutsche AR Mr, Jack-Pama BS Dr (Chairman), Kraamwinkel AP Mr, Loubser MJ Mr, Neethling CJ Mr, Prinsloo AW Mr, Rathogwa MG Mr
Alternate directors	Lubbe H Mr Cilliers HL Mr
Members	Milk Producers' Organisation NPC SA Milk Processors' Organisation
Auditors	Fourie & Botha Registered Auditors (Auditors ito the Companies Act)
Secretary	Fouché N Mr
Company registration number	2002/032020/08
Level of assurance	These annual financial statements have been audited in compliance with the applicable requirements of the Companies Act of South Africa, 71 of 2008
Preparer	The annual financial statements were independently compiled by: Claassens L Mrs CA (SA) PricewaterhouseCoopers Inc ("PwC")



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The reports and statements set out below comprise the annual financial statements presented to the members:

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Directors' Responsibilities and Approval

The directors are required by the Companies Act 71 of 2008, to maintain adequate accounting records and are responsible for the content and integrity of the annual financial statements and related financial information included in this report. It is their responsibility to ensure that the annual financial statements fairly present the state of affairs of the company as at the end of the financial year and the results of its operations and cash flows for the year then ended, in conformity with the International Financial Reporting Standard for Small and Medium sized Entities. The external auditors are engaged to express an independent opinion on the annual financial statements.

The annual financial statements are prepared in accordance with the International Financial Reporting Standard for Small and Medium-sized Entities and are based upon appropriate accounting policies consistently applied and supported by reasonable and prudent judgements and estimates.

The directors acknowledge that they are ultimately responsible for the system of internal financial control established by the company and place considerable importance on maintaining a strong control environment. To enable the directors to meet these responsibilities, the board of directors sets standards for internal control aimed at reducing the risk of error or loss in a cost effective manner. The standards include the proper delegation of responsibilities within a clearly defined framework, effective accounting procedures and adequate segregation of duties to ensure an acceptable level of risk. These controls are monitored throughout the company and all employees are required to maintain the highest ethical standards in ensuring the company's business is conducted in a manner that in all reasonable circumstances is above reproach. The focus of risk management in the company is on identifying, assessing, managing and monitoring all known forms of risk across the company. While operating risk cannot be fully eliminated, the company endeavours to minimise it by ensuring that appropriate infrastructure, controls, systems and ethical behaviour are applied and managed within predetermined procedures and constraints.

The directors are of the opinion, based on the information and explanations given by management, that the system of internal control provides reasonable assurance that the financial records may be relied on for the preparation of the annual financial statements. However, any system of internal financial control can provide only reasonable, and not absolute, assurance against material misstatement or loss.

The directors have reviewed the company's cash flow forecast for the year to 31 December 2024 and, in the light of this review and the current financial position, they are satisfied that the company has or has access to adequate resources to continue in operational existence for the foreseeable future.

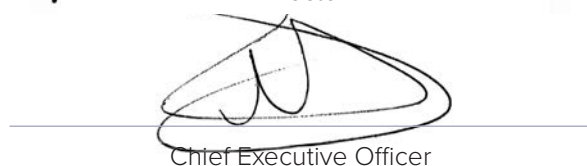
The annual financial statements set out on pages 120 to 134 which have been prepared on the going concern basis, were approved by the board of directors on 22 May 2024 and were signed on its behalf by:



Director



Director



Chief Executive Officer

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Geregistreerde Ouditeure
Registered Auditors
Geoktroieerde Rekenmeesters(SA)
Chartered Accountants (SA)

Independent Auditor's Report

To the members of Milk South Africa NPC

Qualified Opinion

We have audited the annual financial statements of Milk South Africa NPC as set out on pages 122 to 134, which comprise the statement of financial position as at 31 December 2023, the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the annual financial statements, including a summary of significant accounting policies.

In our opinion, except for the possible effect of the matter described in the Basis for Qualified Opinion section of our report, the annual financial statements present fairly, in all material respects the financial position of Milk South Africa NPC as at 31 December 2023 and its cash flows for the year then ended, in accordance with the International Financial Reporting Standard for Small-and Medium Sized Entities and in the manner required by the Companies Act of South Africa, 71 of 2008.

Basis for Qualified Opinion

The main source of income of the company is the collection of levies in terms of the Marketing of Agricultural Products Act of South Africa. Persons who are compelled to register as levy payers in terms of the statutory measures published under the Act, must do so out of their own accord. The company relies on monthly returns submitted by the levy payers on a self assessment system. Accordingly we were unable to obtain sufficient audit evidence or perform satisfactory auditing procedures to obtain reasonable assurance as to the completeness and accuracy of the accounting records relating to levy income.

We conducted our audit in accordance with International Standards on Auditing. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Annual Financial Statements section of our report. We are independent of the company in accordance with the Independent Regulatory Board for Auditor's Code of Professional Conduct for Registered Auditors (IRBA Code) and other independence requirements applicable to performing audits of financial statements in South Africa. We have fulfilled our other ethical responsibilities in accordance with the IRBA Code and in accordance with other ethical requirements applicable to performing audits in South Africa. The IRBA Code is consistent with the International Ethics Standard Board for Accountants Code of Ethics for Professional Accountants (Parts A and B). We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified opinion.

Other information

The directors are responsible for the other information. The other information comprises the directors' report as required by the Companies Act of South Africa, 71 of 2008, which we obtained prior to the date of this report. Other information does not include the annual financial statements and our auditor's report thereon.

Our opinion on the annual financial statements does not cover the other information and we do not express an audit opinion or any form of assurance conclusion thereon.

In connection with our audit of the annual financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the annual financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the directors for the annual financial statements

The directors are responsible for the preparation and fair presentation of the annual financial statements in accordance with the International Financial Reporting Standard for Small- and Medium Sized Entities and the requirements of the Companies Act of South Africa, 71 of 2008, and for such internal controls the directors determine is necessary to enable the preparation of annual financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the annual financial statements, the directors are responsible for assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the annual financial statements

Our objectives are to obtain reasonable assurance about whether the annual financial statements as a whole are free from material misstatements, whether due to fraud or errors, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with International Standards on Auditing will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these annual financial statements.

As part of an audit in accordance with International Standards on Auditing, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the annual financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and to obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than from one resulting from error, as fraud may involve collusion, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in this circumstance, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the annual financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the annual financial statements, including the disclosures, and whether the annual financial statements represent the underlying transactions and balances in a manner that achieves fair presentation.

We communicated with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

FOURIE & BOTHA



WM Fourie CA(SA)

Partner

Chartered Accountants (S.A) Registered Auditors

22 May 2024

Directors' Report

The directors submit their report for the year ended 31 December 2023.

1. *Review of activities*

Main business and operations

The company collects levies from role-players in terms of Regulation 1653 of 31 December 2021 in order to finance projects relating to the collection and distribution of industry information, the promotion of dairy quality, research and development, the education of consumers and transformation.

The operating results and state of affairs of the company are fully set out in the attached annual financial statements and do not in our opinion require any further comment.

The comprehensive surplus for the year was R 5,703,248 (2022: deficit R 1,231,353).

2. *Going concern*

The directors believe that the company has adequate financial resources to continue in operation for the foreseeable future and accordingly the financial statements have been prepared on a going concern basis. The directors are satisfied that the company is in a sound financial position and that it has access to sufficient borrowing facilities to meet its foreseeable cash requirements. The directors are also not aware of any material non-compliance with statutory or regulatory requirements or of any pending changes to legislation which may affect the company.

3. *Events after the reporting period*

The directors are not aware of any matters or circumstances arising since the end of the financial year, not otherwise dealt with in the financial statements that would affect the operations of the company or the results of those operations significantly.

4. *Directors*

The directors of the company during the year and to the date of this report are as follows:

- Ferreira S Mr
- Gebeda ZM Mr
- Gibbs LG Mr Appointed on 1 January 2023
- Gutsche AR Mr
- Jack-Pama BS Dr (Chairman)
- Kraamwinkel AP Mr
- Loubser MJ Mr
- Neethling CJ Mr Changed from alternate director on 1 January 2023
- Prinsloo AW Mr
- Rathogwa MG Mr

The alternate directors of the company are as follows:

- Cilliers HL Mr Appointed on 1 January 2023
- Lubbe H Mr
- Neethling CJ Mr Changed to director on 1 January 2023

5. *Liquidity and solvency*

The directors have performed the required liquidity and solvency tests required by the Companies Act 71 of 2008.

6. *Auditors*

The company's auditors are Fourie & Botha (Registered Auditors) in terms of the Companies Act.

7. *Qualified audit opinion*

Through the publication of Notices 1651, 1652 and 1653 on 31 December 2021 ("Statutory Measures"), the Minister of Agriculture, Forestry and Fisheries, in terms of the Marketing of Agricultural Products Act, 1996 (Act No. 47 of 1996), entrusted Milk SA NPC ("Milk SA") with the implementation, administration and enforcement of the statutory measures for the four years ending 31 December 2025. The persons who are subject to these statutory measures are compelled to register with Milk SA, keep certain records, submit information per monthly returns and pay levies at the rates as specified in the measures.

Persons who are compelled to register in terms of the measures, must register as levy payers with Milk SA out of their own accord and the submission of levy returns is based on a self-assessment system, whereby Milk SA uses information supplied by the levy payers.

Although Milk SA's policies and procedures are aimed at ensuring that all the relevant persons are registered, that they submit accurate returns and pay the correct levy amounts, it is not feasible for the external auditors to extend their audit procedures to obtain reasonable assurance regarding the completeness and accuracy of the accounting records relating to levy income, due to the fact that the records of the levy payers are legally inaccessible to them.

Statement of Financial Position as at 31 December 2023

	Notes	2023 R	2022 R
Assets			
Current Assets			
Trade and other receivables	3	14,222,267	15,544,999
Cash and cash equivalents	4	52,392,403	45,589,144
		66,614,670	61,134,143
Non-Current Assets			
Property, plant and equipment	5	113,931	157,906
		66,728,601	61,292,049
Equity and Liabilities			
Liabilities			
Current Liabilities			
Trade and other payables	6	2,702,966	2,969,662
Equity			
Reserves		39,527,832	37,831,332
Unutilised funds		24,497,803	20,491,055
		64,025,635	58,322,387
Total Equity and Liabilities		66,728,601	61,292,049

Statement of Comprehensive Income

	Notes	2023 R	2022 R
Revenue	7	65,429,661	61,293,766
Project expenses	8	(56,384,753)	(60,246,243)
Gross surplus		9,044,908	1,047,523
Other income	9	566,666	2,168,584
Operating expenses		(6,794,637)	(6,526,565)
Operating surplus / (deficit)		2,816,937	(3,310,458)
Finance income	11	2,886,467	2,079,201
Finance costs	12	(156)	(96)
Net surplus / (deficit) for the year		5,703,248	(1,231,353)
Other comprehensive income		-	-
Total comprehensive surplus / (deficit) for the year		5,703,248	(1,231,353)

Statement of Changes in Equity

	Research and Development: Reserve Funds (2006 - 2009) R	Enterprise Development (2006 - 2021) R	Total reserves R	Unutilised funds: Levy Funds R	Total equity R
Balance at 1 January 2022	668,554	21,376,124	22,044,678	37,509,062	59,553,740
Changes in equity					
Total comprehensive deficit for the year	-	-	-	(1,231,353)	(1,231,353)
Transfer between reserves	-	20,175,712	20,175,712	(20,175,712)	-
Transfer unutilised / (utilisation of) funds	39,810	(4,428,868)	(4,389,058)	4,389,058	-
Total changes	39,810	15,746,844	15,786,654	(17,018,007)	(1,231,353)
Balance at 1 January 2023	708,364	37,122,968	37,831,332	20,491,055	58,322,387
Changes in equity					
Total comprehensive surplus for the year	(708,364)	2,404,864	1,696,500	(1,696,500)	-
Transfer unutilised / (utilisation of) funds					
Total changes	(708,364)	2,404,864	1,696,500	4,006,748	5,703,248
Balance at 31 December 2023	-	39,527,832	39,527,832	24,497,803	64,025,635

Statement of Cash Flows

	Notes	2023 R	2022 R
Cash flows from operating activities			
Cash receipts from industry participants and grantors		64,661,993	64,472,049
Cash paid to suppliers and employees		(60,700,559)	(65,290,543)
Cash generated from / (used in) operations	13	3,961,434	(818,494)
Finance income	11	2,886,467	2,079,201
Finance costs	12	(156)	(96)
Net cash generated from operating activities		6,847,745	1,260,611
Cash flows from investing activities			
Additions to property, plant and equipment	5	(44,486)	(63,801)
Net increase in cash and cash equivalents for the year		6,803,259	1,196,810
Cash and cash equivalents at the beginning of the year		45,589,144	44,392,334
Cash and cash equivalents at end of the year	4	52,392,403	45,589,144

Accounting Policies

1. Presentation of annual financial statements

The annual financial statements have been prepared in accordance with the International Financial Reporting Standard for Small and Medium-sized Entities and the Companies Act of South Africa. The annual financial statements have been prepared on the historical cost basis, except for certain financial instruments, and incorporate the principal accounting policies set out below.

These accounting policies are consistent with the previous period.

1.1 Significant judgements and sources of estimation uncertainty

In the application of the company's accounting policies and preparing the annual financial statements, management is required to make judgements, estimates and assumptions about income, expenses and the carrying amounts of assets and liabilities that are not readily apparent from other sources and that affect the amounts represented in the annual financial statements and related disclosures. The estimates and associated assumptions are based on the historical experience and other factors that are considered to be relevant. Due to the inherent uncertainty in making estimates, actual results reported in future periods may differ from those estimates, judgements and assumptions.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

A change in accounting estimates is defined as an adjustment to the carrying amount of an asset or a liability that results from the assessment of the present status of, and expected future benefits and obligations associated with assets and liabilities. Changes in accounting estimates result from new

information or new developments and, accordingly, are not corrections of errors.

Estimates, judgements and assumptions made, relate predominantly to impairment provisions for financial instruments and determining the useful lives, residual values and depreciation methods for fixed assets. Other judgements made relate to classifying financial instruments into their relevant categories and in determination of its fair value for measurement and disclosure purposes.

The following are the significant judgements and key estimation uncertainties that management have made in the process of applying the company's accounting policies:

Impairment of property, plant and equipment

The company assesses its property, plant and equipment stated at cost less accumulated depreciation for impairment at each reporting period date. In determining whether an impairment loss should be recorded in the statement of profit or loss and other comprehensive income, the company makes judgements as to whether there is observable data indicating a measurable decrease in the estimated future cash flows from property, plant and equipment.

Depreciation

The company assesses the useful lives, residual values and depreciation methods of property, plant and equipment at each reporting period date for indicators present that suggest changes from previous estimates.

Impairment of levy debtors

The company assesses its trade and other receivables, more in particular its levy debtors, for impairment at each reporting period date. Significant financial difficulties of levy debtors, probability that a levy debtor will enter bankruptcy or financial reorganisation, and default in payments are all considered to be indicators that the trade receivable is impaired.

1.2 Property, plant and equipment

Property, plant and equipment are stated at cost less accumulated depreciation and accumulated

Accounting Policies *continued*

impairment losses. Depreciation on property, plant and equipment are provided for on the straight-line basis in order to write off the cost over their expected useful lives.

The expected useful lives are as follows:

Item	Average useful life
Furniture and fixtures	6 years
IT equipment	3 - 6 years
Computer software	2 years
Leasehold improvements	Term of lease

1.3 Financial instruments

Classification

The company classifies financial assets and financial liabilities into the following categories:

- Held-to-maturity investment
- Receivables
- Financial liabilities measured at amortised cost

Classification depends on the purpose for which the financial instruments were obtained / incurred and takes place at initial recognition. Financial instruments are re-assessed on an annual basis.

Subsequent Measurement

Held-to-maturity investments are subsequently measured at amortised cost, using the effective interest method, less accumulated impairment losses.

Financial liabilities at amortised cost are subsequently measured at amortised cost, using the effective interest method.

Impairment of financial assets

At each reporting period date the company assesses all financial assets to determine whether there is objective evidence that a financial asset or group of financial assets has been impaired.

For amounts due to the company, significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or default of payments are all considered indicators of impairment.

Impairment losses are recognised in the statement of comprehensive income.

Impairment losses are reversed when an increase in the financial asset's recoverable amount can be related objectively to an event occurring after the impairment was recognised, subject to the restriction that the carrying amount of the financial asset at the date that the impairment is reversed shall not exceed what the carrying amount would have been had the impairment not been recognised.

Trade and other receivables

Trade receivables are measured at initial recognition at fair value. Appropriate allowances for estimated irrecoverable amounts are recognised in the statement of comprehensive income when there is objective evidence that the asset is impaired. Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganisation, and default or delinquency in payments are considered indicators that the trade receivable is impaired. The allowance recognised is measured as the difference between the assets' carrying amount and the present value of estimated future cash flows discounted at the effective interest rate computed at initial recognition.

The carrying amount of the assets is reduced through the use of an allowance account (provision for doubtful debts), and the amount of the loss is recognised in the statement of comprehensive income within operating expenses. When a trade receivable is uncollectable, it is written off against the allowance account for trade receivables. Subsequent recoveries of amounts previously written off are credited against the operating expenses in the statement of comprehensive income.

Trade and other receivables are classified as receivables.

Cash and cash equivalents

Cash and cash equivalents comprise cash on hand, demand deposits and other short-term highly liquid investments that are readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value. These are initially recorded at fair value and subsequently recognised at amortised cost using the effective interest method.

Trade and other payables

Trade payables are recognised initially at the transaction price and subsequently measured at amortised cost using the effective interest method.

1.4 Reserves

Clause 15(5)(a) of the Marketing of Agricultural Products Act of 1996 (Act No 47 of 1996) reads: “Any levies collected, administered or kept by any person or body under this Act shall not form part of the assets of that person or body, and any levies remaining in the possession of or under the control of any person or body after that period for which such levies were approved, shall be utilized in a manner determined by the Minister.”

The periods for which the levies are approved, are four years each and any levy funds that remained unused after each period constitute “reserve funds”. On successful application and approval by the Minister of Agriculture, Forestry and Fisheries, Milk SA must use the surplus (reserve) funds in accordance with the Minister’s instructions.

1.5 Leases

A lease is classified as a finance lease if it transfers substantially all the risks and rewards incidental to ownership. A lease is classified as an operating lease if it does not transfer substantially all the risks and rewards incidental to ownership.

Operating leases – lessee

Operating lease payments are recognised as an expense on a straight-line basis over the lease term. The difference between the amounts recognised as an expense and the contractual payments are recognised as an operating lease asset. This liability is not discounted.

Any contingent rents are expensed in the period they are incurred.

1.6 Impairment of non-financial assets

The company assesses at each reporting period date whether there is any indication that an asset may be impaired. If any such indication exists, the company estimates the recoverable amount of the asset.

If there is any indication that an asset may be impaired, the recoverable amount is estimated for the individual asset. If it is not possible to estimate

the recoverable amount of the individual asset, the recoverable amount of the cash-generating unit to which the asset belongs is determined.

If an impairment loss subsequently reverses, the carrying amount of the asset (or group of related assets) is increased to the revised estimate of its recoverable amount (selling price less costs to complete and sell, in the case of inventories), but not in excess of the amount that would have been determined had no impairment loss been recognised for the asset (or group of assets) in prior years. A reversal of impairment is recognised immediately in profit or loss.

1.7 Employee benefits

Short-term employee benefits

The cost of short-term employee benefits, (those payable within 12 months after the service is rendered, such as paid vacation leave and sick leave, bonuses, and non-monetary benefits such as medical care), are recognised in the period in which the service is rendered and are not discounted.

1.8 Revenue

Revenue comprises of levy income payable by role players in terms of the applicable regulations. Revenue is shown net of valued-added tax.

Levy income is recognised in the period that it accrues to Milk SA.

Interest is recognised in the statement of comprehensive income, using the effective interest rate method.

Notes to the Annual Financial Statements

2. Risk Management

The responsibilities of Milk SA as Ministerially designated Administrator of the statutory measures, published by virtue of the Marketing of Agricultural Products Act, No 47 of 1996 ("MAP Act"), require of the company to observe good corporate governance of which risk management is a crucial element. To this end, the Board of Directors has initiated:

- A Milk SA Risk Register and Policy for the management of risks pertaining to the responsibilities of Milk SA as Administrator of the statutory measures, including finances, levy administration, projects administration, communication, corporate governance, human resources, information technology; and
- A Dairy Industry Risk Register, covering the risks pertaining to Milk SA's projects and functions and other risks relating to the South African dairy industry.

The increasing tendency of cyber security breaches at various organisations, caused the Audit & Risk Committee to place more emphasis on this element as a risk for Milk SA.

Inspectors, designated and authorised by the Minister of Agriculture, Land Reform and Rural Development in terms of the MAP Act, verify on a rotational basis compliance by role players (persons and institutions who are subject to the statutory measures) with these measures, that are administrated by Milk SA.

Milk SA's administration and projects are subject to internal audits on a rotational basis by an independent audit firm. Internal audit reports are considered by the Audit & Risk Committee, Executive Committee and Board of Directors. External audits are carried out in terms of the provisions of the Companies Act and the MAP Act.

3. Trade and other receivables

	2023	2022
	R	R
Accrued levy income	7,008,846	6,709,612
Levy debtors	1,822,377	1,103,162
Provision for impairment of trade receivables	(553,468)	(723,134)
Deposits	100,833	100,833
Project advances - operating expenditure	1,132,606	1,281,246
Project advances - capital expenditure	4,574,942	5,336,929
Accrued interest - Reserve funds	136,131	983,807
Prepayments	-	752,544
	14,222,267	15,544,999

2023

R

2022

R

4. Cash and cash equivalents

Cash and cash equivalents consist of:

Reserve Funds

- First National Bank: Term deposit accounts

- ABSA Bank: Savings accounts

- ABSA Bank: Term deposit accounts

- First National Bank: Savings accounts

Levy Funds

- ABSA Bank: Current accounts

- ABSA Bank: Savings accounts

- Petty cash

	39,391,904	32,156,450
	-	11,158,035
	17,616,999	958,649
	21,769,206	20,035,431
	5,699	4,335
	13,000,499	13,432,694
	9,558,151	11,384,359
	3,441,444	2,047,732
	904	603
	52,392,403	45,589,144

5. Property, plant and equipment

	2023			2022		
	Cost / Valuation	Accumulated depreciation	Carrying value	Cost / Valuation	Accumulated depreciation	Carrying value
Furniture and fixtures	219,557	(205,790)	13,767	219,557	(187,208)	32,349
IT equipment	410,801	(320,331)	90,470	376,816	(251,260)	125,556
Leasehold improvements	36,235	(26,541)	9,694	25,735	(25,734)	1
Total	666,593	(552,662)	113,931	622,108	(464,202)	157,906

Reconciliation of property, plant and equipment - 2023

	Opening balance	Additions	Disposals	Depreciation	Total
Furniture and fixtures	32,349	-	-	(18,582)	13,767
IT equipment	125,556	33,986	-	(69,072)	90,470
Leasehold improvements	1	10,500	-	(807)	9,694
Total	157,906	44,486	-	(88,461)	113,931

*Notes to the Annual Financial Statements continued***Property, plant and equipment (continued) Reconciliation of property, plant and equipment - 2022**

	Opening balance	Additions	Disposals	Depreciation	Total
Furniture and fixtures	51,767	-	(1)	(19,417)	32,349
IT equipment	113,083	63,801	-	(51,328)	125,556
Computer software	6	-	(6)	-	-
Leasehold improvements	1	-	-	-	1
	164,857	63,801	(7)	(70,745)	157,906

6. Trade and other payables

	2023 R	2022 R
Trade payables	784,701	640,556
Provision for leave	325,162	280,955
South African Revenue Service - VAT	1,194,034	1,129,477
Accruals	161,657	695,774
Debtors with credit balances	236,059	222,372
Credit card balances	1,353	528
	2,702,966	2,969,662

7. Revenue

	2023 R	2022 R
Levies in terms of Notice 1653 dated 31 December 2021	65,429,661	61,293,766

8. Project expenses

	2023 R	2022 R
Consumer Education	22,602,569	21,546,962
Research and development	3,850,260	3,309,700
Industry Information	3,642,002	3,339,274
Dairy Quality and Safety	11,564,822	11,434,457
Transformation	8,296,605	9,381,069
Milk SA staff remuneration	1,967,755	1,951,565
Communication	1,593,406	1,298,804
Skills and Knowledge development	1,605,387	1,440,230
Project audits	219,862	236,235
Utilisation of reserve funds	1,042,085	6,307,947
	56,384,753	60,246,243

	2023 R	2022 R
9. Other income		
Administration recovery from Enterprise Development	397,000	371,004
Reversal of provision for doubtful debts	169,666	1,797,580
	566,666	2,168,584
10. Operating and project expenses		
Accounting fees	1,118,754	1,071,313
Bad debts written off	73	32,920
Depreciation	88,461	70,745
Employee costs	1,967,755	1,951,564
Legal expenses	300,684	354,065
Meeting costs	1,324,881	1,218,007
Office rent	1,096,544	1,028,137
Other administrative expenses	897,485	799,814
Operating expenses	6,794,637	6,526,565
Project expenses (note 8)	56,384,753	60,246,243
	63,179,390	66,772,808
11. Finance income		
Interest revenue		
Bank	63,898	46,758
Interest received - trade and other receivables	83,981	113,548
Interest received - reserve funds	2,738,588	1,918,895
	2,886,467	2,079,201
12. Finance costs		
Bank - credit cards	156	96

Notes to the Annual Financial Statements *continued*

	2023 R	2022 R
13. Cash generated from (used in) operations		
Surplus for the year	5,703,248	(1,231,353)
Adjustments for:		
Depreciation and amortisation	88,461	70,745
Interest received	(2,886,467)	(2,079,201)
Finance costs	156	96
Changes in working capital:		
Trade and other receivables	1,322,728	1,839,949
Trade and other payables	(266,692)	581,270
	3,961,434	(818,494)
14. Auditor's remuneration		
Audit fees	112,350	107,000
15. Taxation		
No provision has been made for 2023 tax as the company is exempt from income tax in terms of Section 10(1)(cN) of the Income Tax Act.		
16. Related parties Related party transactions		
Project expenses paid to related parties for the execution of the projects of Milk SA		
Milk Producers Organisation NPC	1,661,436	1,582,396
SA Milk Processors Organisation	25,531,121	23,165,604
Compensation to the Chief Executive Officer	1,900,711	1,862,940
Compensation to the Transformation Manager	1,727,386	1,685,573

17. Financial instruments by category

Reconciliation of financial instruments by category - 2023

	Financial assets at amortised cost	Financial liabilities at amortised cost	Total
	R	R	R
Trade and other receivables	14,222,267	-	14,222,267
Cash and cash equivalents	52,392,403	-	52,392,403
Trade and other payables (excluding VAT and provision for leave)		(1,183,770)	(1,183,770)
	66,614,670	(1,183,770)	65,430,900

Reconciliation of financial instruments by category - 2022

	Financial assets at amortised cost	Financial liabilities at amortised cost	Total
	R	R	R
Trade and other receivables	15,544,999	-	15,544,999
Cash and cash equivalents	45,589,144	-	45,589,144
Trade and other payables (excluding VAT and provision for leave)		(1,559,229)	(1,559,229)
	61,134,143	(1,559,229)	59,574,914

	2023	2022
	R	R
18. Directors' remuneration		
Carstens PH Ms	-	32,476
Cilliers HL Mr	12,901	-
Ferreira S Mr*	-	-
Gebeda ZM Mr	18,073	25,756
Gibbs LG Mr	54,650	-
Gutsche AR Mr	24,741	21,507
Jack-Pama BS Dr (Chairman)	107,358	90,099
Kraamwinkel AP Mr*	-	-
Loubser MJ Mr (Vice-Chairman)	51,490	43,541
Lubbe H Mr*	-	-
Neethling CJ Mr	34,250	34,250
Prinsloo AW Mr	91,319	120,448
Rathogwa MG Mr	47,220	44,225
Wellbeloved C Mr	-	33,755
Van Dijk CJ Dr*	-	-
	442,002	446,057

* The directors did not claim directors fees for their involvement in Milk SA.

The remuneration paid to MG Rathogwa as Transformation Manager is reflected under related party transactions in note 16.

19. Going concern

The directors believe that the company has adequate financial resources to continue in operation for the foreseeable future and accordingly the financial statements have been prepared on a going concern basis. The directors are satisfied that the company is in a sound financial position and that it has access to sufficient borrowing facilities to meet its foreseeable cash requirements. The directors are also not aware of any material non-compliance with statutory or regulatory requirements or of any pending changes to legislation which may affect the company.

20. Liquidity and solvency

The directors have performed the required liquidity and solvency tests required by the Companies Act 71 of 2008.

21. Lease commitments

There is a lease commitment regarding the office rent between Jakcil Trust and Milk SA, which will lapse on 31 December 2025. There is an annual escalation of 6% in the month of January each year. Monthly contract liability is R83 715.25 (Excluding VAT).

DETAILED INCOME STATEMENT

	Current Levy Period	Reserve Funds	2023	2022
	R	R	R	R
Revenue				
Levies	65,429,661		65,429,661	61,293,766
Project Expenses				
Project expenses	(55,342,668)	(1,042,085)	(56,384,753)	(60,246,243)
Gross surplus/(deficit)	10,086,993	(1,042,085)	9,044,908	1,047,523
Other income				
Administration recovery from Enterprise Development	397,000		397,000	371,004
Provision for doubtful debts	169,666		169,666	1,797,580
Finance income	147,879	2,738,588	2,886,467	2,079,201
	714,545	2,738,588	3,453,133	4,247,785
Operating expenses (Refer to page 24)	(6,794,637)		(6,794,637)	(6,526,565)
Operating surplus/(deficit)	4,006,901	1,696,503	5,703,404	(1,231,257)
Finance costs	(156)		(156)	(96)
Net surplus/(deficit) for the year	4,006,745	1,696,503	5,703,248	(1,231,353)

OPERATING EXPENSES

	Note(s)	2023 R	2022 R
Accounting fees		(1,118,754)	(1,071,313)
Auditor's remuneration	14	(112,350)	(107,000)
Bad debts written off		(73)	(32,920)
Bank charges		(16,714)	(17,923)
Consumables		(26,268)	(21,723)
Depreciation		(88,461)	(70,745)
Employee costs		(1,967,755)	(1,951,564)
Inspection and Investigation		(279,819)	(236,125)
Insurance		(102,871)	(104,311)
Internal audits		(50,604)	(60,919)
Legal expenses		(300,684)	(354,065)
Meeting costs		(1,324,881)	(1,218,007)
Office rent		(1,096,544)	(1,028,137)
Postage		-	(583)
Printing and stationery		(189,769)	(160,806)
Repairs and maintenance		(40,346)	(33,884)
Security		(7,422)	(8,063)
Small assets		(25,350)	(15,252)
Subscriptions		(43,489)	(30,350)
Telephone		(171)	(2,056)
Travel - personnel		(2,312)	(819)
		(6,794,637)	(6,526,565)

RESERVE FUND: RESEARCH & DEVELOPMENT

	Cumulative 2012 - 2023	2023	2022
	R	R	R
OPENING BALANCE		708,364	668,554
INCOME	815,310	-	39,810
Interest received	815,310	-	39,810
EXPENSES	(2,968,207)	(708,364)	-
Mastitis competition prize money	(23,000)	-	-
Research & Development support (2012 -2013) Research Projects	(141,430) (2,803,778)	(708,364)	-
• Fasciola hepatica -Impact & Management (UP)	(404,451)	-	-
• Fasciola hepatica and Nematodes - Biological control (UKZN)	(721,708)	-	-
• Mastitis -bacteriophages (UKZN)	(417,042)	-	-
• Mastitis -resistance to antibiotics in lactating cows (UP)	(538,838)	-	-
• Flocculation (UFS)	(13,374)	-	-
• Secretary	(23,094)	(23,094)	-
• Printing & stationery	(119)	(119)	-
• Dairy R&D Committee	(15,707)	(15,707)	-
• Adhoc meeting costs	(2,088)	(2,088)	-
• Management Committee	(2,194)	(2,194)	-
• Congresses and Liaison: R & D Programme Manager	(14,445)	(14,445)	-
• Animal Health Forum Membership and Participation	(18,751)	(18,751)	-
• R&D Program Manager Remuneration	(241,631)	(241,631)	-
• Dr Mark Chimes - Project manager: Animal Health & Welfare	(137,964)	(137,964)	-
• Colin Ohlhoff - Sustainability Manager	(20,250)	(20,250)	-
• Legal costs	(31,787)	(31,787)	-
• Probiotic Yogurt - Anticandida etc (UP)	(34,500)	(34,500)	-
• Model to estimate relative footprint of milk and milk imitations (Asset Research)	(114,685)	(114,685)	-
• Estimation of the onfarm carbon capture and storage capacity within different dairy production systems: A system dynamics approach (Asset Research)	(44,550)	(44,550)	-
• Diagnostic investigation of sporidesmin toxicity: Histological study (1 Aug -31 Dec 2022) (Dr Anthony Davis)	(6,600)	(6,600)	-
TRANSFERS FROM RESERVE - ENTERPRISE DEVELOPMENT	2,152,897	-	-
CLOSING BALANCE	-	-	708,364

Note: A reserve fund was originally created for the unused levy funds that accrued during 2006 to 2009, against which the Minister allowed expenditure on Research and Development, World Dairy Summit, Dairy Quality & Safety and the Commercialization Project. During 2014, the Research and Development funds were transferred to a separate reserve fund. As only the funds for the Commercialization Project eventually remained in the original reserve fund, it was named the "Commercialization Fund".

RESERVE FUND: ENTERPRISE DEVELOPMENT

	Cumulative 2012 - 2023	2023	2022
	R	R	R
OPENING BALANCE		37,122,968	21,376,124
INCOME	57,965,379	2,738,586	22,054,793
Surplus funds i.r.o. 2006- 2009 levy period	13,145,739	-	-
Surplus funds i.r.o. 2010- 2013 levy period	3,842,137	-	-
Surplus funds i.r.o. 2014- 2017 levy period	9,498,724	-	-
Surplus funds i.r.o. 2018-2021 levy period	20,175,712	-	20,175,712
Interest received	11,303,067	2,738,586	1,879,081
EXPENSES	(7,040,322)	(333,722)	(6,307,949)
Support Services	(6,562,285)	(330,888)	(6,168,526)
Veterinary Services	(5,648)	-	-
Infrastructure	(123)	-	-
Professional advice	(57,100)	-	-
Heifers to beneficiaries	(1,645,725)	-	(1,645,725)
Critical dairy infrastructure and processing assistance	(434,307)	-	(434,307)
Fodder and concentrates	(3,986,598)	-	(3,986,598)
Socio-economic development	(432,784)	(330,888)	(101,896)
Administration	(478,037)	(2,834)	(139,423)
Bank charges	(170,327)	(2,834)	(139,423)
Meeting costs	(102,019)	-	-
Travel: Road	(87,870)	-	-
Travel: Air	(47,459)	-	-
Accommodation	(40,386)	-	-
Other	(29,976)	-	-
TRANSFER TO RESERVE - RESEARCH & DEVELOPMENT FUND	(2,152,897)	-	-
TRANSFERS TO RESERVE - PROMOTING SUSTAINABLE COMMERCIALIZATION OF BLACK DAIRY ENTERPRISES	(9,244,398)	-	-
ACCRUALS	70	-	-
Value Added Tax			
CLOSING BALANCE	39,527,832	39,527,832	37,122,968





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