Milk South Africa
Melk Suid-Afrika

ANNUAL REPORT 2024

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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Dr Bonile Jack-Pama
Chairman

CHAIRMAN'S REPORT

Key to the South African dairy industry's competitiveness is innovation and more importantly, our entrepreneurs with vision and passion. One stands astonished when observing the advancement and buoyancy of the dairy industry over the last 25 years in all areas - from technology to marketing - not only with a purpose to nourish the growing population, but also to grow demand.

Our milk producers and manufacturers of dairy products in particular, are at the coalface of the enormous challenges that every new day brings in our beloved South Africa, especially in terms of infrastructure and government services - and an unfriendly business environment overall.

In the 25 years since 2000 to 2024, we have seen 85% fewer milk producers, producing 76% more milk from their farms. Larger economies of scale, higher output and a wider variety of products are also an endless phenomenon in the secondary industry. This also emphasises the unforgiving macro environment and challenges when it comes to transformation. However, it remains sad that so little has been achieved in the thirty years of democracy towards commercialisation of black entrepreneurs, considering the many national transformation and land reform schemes and funding models.

As an essential player in the South African economy, the South African dairy industry deserves greater acknowledgement and collaboration from Government, which often fails to comprehend the multiplying effect of a thriving commercial sector on the success of transformation and on the well-being of the society at large.

Emphasis on Government's performance, which is prominent in the Agricultural and Agro-processing Master Plan (AAMP),

will hopefully put us on track again. President Ramaphosa announced at the recent Sustainable Infrastructure Development Symposium South Africa (SIDSSA), that infrastructure spending will become the fastest-growing line item in the budget, with a budget of more than R1 trillion over the next three years.

Although the greater part of the macro-environment is not within our control, some elements of it are influenced by the organised dairy industry through interaction and involvement with government, international organisations and others.

The roles of the Milk Producers' Organisation (MPO), SA Milk Processors' Organisation (SAMPRO), Dairy Standard Agency (DSA), SA National Committee of the IDF (SANCIDF) and Milk SA in this regard are vital, as illustrated in the Board's annual report. Participation and leadership therein are essential for the promotion of quality and trade, technological and scientific advancement and to facilitate improved infrastructure and services. We are well aware of and grateful for the tireless work of a handful experts who are driving these important agendas, mostly through the well-designed projects of Milk SA and SANCIDF.

As we reflect on the three-and-a-half years of the current regulatory cycle of Milk SA, we stand proud and tall as an organisation, as substantial ground has again been covered across all the disciplines, with limited human and financial resources, guided by expert advisory committees and other structures. The Office of Milk SA is also commended for its meticulous administration and enforcement of the statutory measures.

The Board of Directors has once again paid attention to a substantial amount of detail as presented to it by the Board Committees, Project Managers and the CEO, to ensure optimal progress and remedial action where required. I thank every Director, Committee Member, Project Manager and the CEO for their zeal and devotion in pursuing the vision of Milk SA.

Milk SA is doing all this work for the dairy industry, currently valued at about R97,6 billion, with an annual budget of approximately R67 million. That is a clear demonstration of the efficiency and effectiveness of Milk SA's operations.

CHIEF EXECUTIVE OFFICER'S REPORT

Nico Fouché
CEO

1. 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

Not only must Milk SA ensure that the levies are paid and monthly return forms are submitted, as the Company also has the responsibility that the objectives of the statutory measures and the projects registered in respect of the objectives, are carried out in accordance with the approved project business plans and policies of Milk SA.

Through the monthly return forms as collated by Milk SA, valuable industry information is obtained which otherwise would not be possible at all. This includes the volumes of unprocessed milk on a monthly basis as well as the milk used in the manufacturing of dairy products – also on a monthly basis.

Milk SA can pride itself on the efficient execution of its responsibilities, which assures that levy income is collected optimally and that reliable industry information is published. The two Ministerially-designated inspectors as well as legal procedures play an enormous role in this regard.

These achievements of Milk SA are the result of policies, procedures, systems and structures that were put in place by the Board of Directors, which are continuously reviewed and revised.

The Statutory Measures Committee of the Board is updated on a monthly basis with the status of legal action against defaulting role-players, and plays an important role in guiding the Office of Milk SA regarding any issue regarding the implementation and enforcement duties of the Office.

All the details pertaining to Milk SA's responsibilities and performance in respect of the statutory measures, are contained in a detailed annual report (2024) that was submitted to the Minister of Agriculture.

2. FINANCES

The only source of income of Milk SA, is from the statutory levies.

The accounting and financial reporting functions are taken care of contractually by PricewaterhouseCoopers since 2006. This include:

- Detailed and summarised Monthly Financial Reports
- Preparation of Annual Financial Statements
- Debtor Reports
- Cash Flow Forecasts
- Asset Registers
- Analysis of levy income; and
- A summary of Irrecoverable Debt Report.

The Audit and Risk Advisory Committee of the Board has the primary role of assisting the Board in fulfilling its oversight responsibilities and in meeting its obligations, such as:

Safeguarding the assets of the Company;

- Financial reporting processes and keeping sufficient accounting records;
- Developing and maintaining an effective internal control system;
- Overseeing the external audit process;
- Overseeing the internal audit function;
- Assisting the Board in ensuring compliance with the applicable legislation and regulations, including financial requirements and the Companies Act.

Reports in respect of the above were considered by the Audit & Risk Advisory Committee, the Executive Committee and the Board of Directors.

A clean external audit report for the year ended 31 December 2024 was again issued to the Board.

Due to an inherently weak South African economy even before COVID and increasing competition for the consumer's disposable income, demand for dairy and other foodstuffs remained under pressure, but showed a marked recovery since the end of 2023. This caused unprocessed milk production to increase by 3,56% in 2024 year on year. However, the positive effect that it had on levy income was countered significantly as result of the continued decline in the total amount of imported dairy products. Although the 2024 levy income increased by 2,82% from 2023, it falls 1,50% short of budget. 2024 is the third consecutive year that income fell behind budget.

Expenditure of all projects was fairly in line with budget, with a few exceptions due to factors that delayed execution within the financial year. Unused project funds as at 31 December 2024 is refundable to Milk SA, unless a request for its employment in 2025 - for defined objectives - is approved by the Board.

Accumulating since 2009, the Reserve Funds was R43,1 million at the end of 2024 (R39,5 million on 31 December 2023). These funds were earmarked for Transformation projects.

The financial policy and fixed assets policies of Milk SA was reviewed and approved by the Milk SA Board in the first half of 2025.

3. CORPORATE GOVERNANCE

The Companies Act seeks to promote transparency and accountability in the South African corporate sector. Corporate governance looks at the processes, structures and decision-making within the organization. Therefore, the responsibilities in this regard rest with the Board of Directors.

As the Board of Directors (i.t.o. the Companies Act) is responsible to manage the organization, they appointed a CEO, established structures such as Board Committees, and adopted policies, procedures and systems.

Without Good Corporate Governance, Milk SA would also not be able to administrate the statutory measures efficiently as required in terms of the MAP Act and the statutory measures.

The Board Charter as adopted by the Board in 2024 provides guidelines to the Board and every Director, with regard to the execution of their responsibilities and obligations within the legal framework and regulatory provisions. The various Terms of References of the Board Committees have the same objectives in mind.

Internal audits completed in the financial year of 2024 by HP Audit, an independent audit firm, are as follows:
- The significance of Enterobacteriaceae, coliforms and Escherichia coli in milk in the South African market with the aim of updating microbial specifications in R1555 of 1997 under the Foodstuffs, Cosmetics and Disinfectants Act, 1972 (Act 54 of 1972).
- Development of probiotic yoghurt with potential anti-candidal and anti-bacterial activity.
- Human Resources.
- Transformation Programme.
- Improvement of the quality of milk and other dairy products.
- The Regulations and Standards Project of Milk SA.
- Impact of Good Agricultural Practice Interventions on the South African Dairy Industry
- Application of the system dynamics model to estimate the relative environment footprint of milk and milk imitations.
- Application of the system dynamics model to estimate the relative environment footprint of milk and milk imitations.

The internal audit in respect of the Transformation Programme pointed to administrative deficiencies, upon which the Board initiated an independent investigation and the establishment of policies and procedures.

4. HUMAN RESOURCES

With a staff complement of nine (including three employed for the Transformation Project), it is critical that every position is designed to address the challenges in respect of the variety of functions required from the Milk SA Office.

The Office of Milk SA proudly comprise of highly qualified and skilled personnel who also take satisfaction in contributing to the greater picture of the dairy industry.

The Human Resources Committee, consisting of the following members, held three meetings during 2024:
- 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

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. ANNUAL MOVEMENT IN THE NUMBER OF REGISTERED PERSONS IN THE REGISTRATION CATEGORIES

In December 2024, the number of processors made up 43% / 129 of the total number of persons/institutions registered with Milk SA, followed by importers of dairy products (37% / 111), and milk producers[1] (20% / 60). During 2024, unprocessed milk in South Africa was declared along the following categories of activities:

	% of total unprocessed milk declared to Milk SA
Unprocessed milk processed by processors	97.13
Unprocessed milk processed by producers and/or sold to consumers and retailers in the RSA	1.61
Unprocessed milk exported or moved outside of the SA borders	1.26
	100.00%

Number of registered role-players from 2008 to 2024, per registration category as on 31 December of each of the selected years

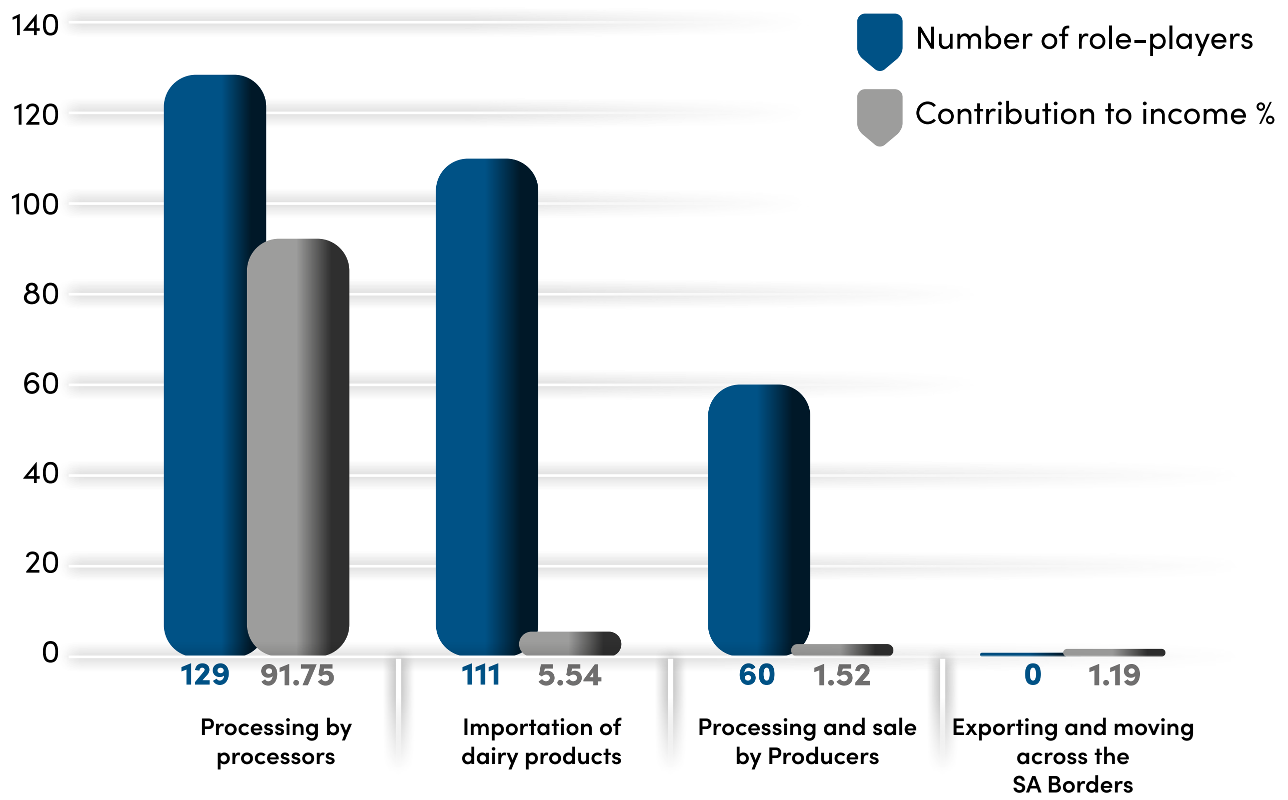
Dec	Processors of unprocessed milk	Importers of dairy products	Producers of unprocessed milk	Exporters of unprocessed milk	Total
2008	161	36	180	n/a	377
2010	158	75	126	n/a	359
2012	158	88	113	n/a	359
2014	142	106	109	0	357
2016	153	127	112	0	392
2018	131	126	75	1	333
2020	132	121	70	1	324
2022	130	110	63	1	304
2024	129	111	60	0	300

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.*

6. PERCENTAGE CONTRIBUTION OF THE TYPE OF ACTIVITY, TO THE INCOME PER CATEGORY (ROUNDED) - FOR SELECTED YEARS (2010 TO 2024)

Type of activity that caused levy liability	2010	2012	2014	2016	2018	2020	2022	2024
Unprocessed milk processed by processors	91	87	91	88	87	86	88	91.8
Importation of dairy products	7	12	8	10	11	11	9	5.5
Unprocessed milk processed and sold by producers	2	1	1	2	1	1.5	1.5	1.5
Unprocessed milk exported or moved outside of the SA borders	n/a	n/a	0	0	1	1.5	1.5	1.2

No of registered role-players per category and contribution to levy income, 2024



7. 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.
- Levy payer access to their statutory returns submitted by them to Milk SA and access to their invoices and statements.
- Contact details of all relevant role-players and communication with registered and other industry role-players through a custom-designed e-mailing system.

8. 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 Agriculture 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 120 planned inspections during 2024 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

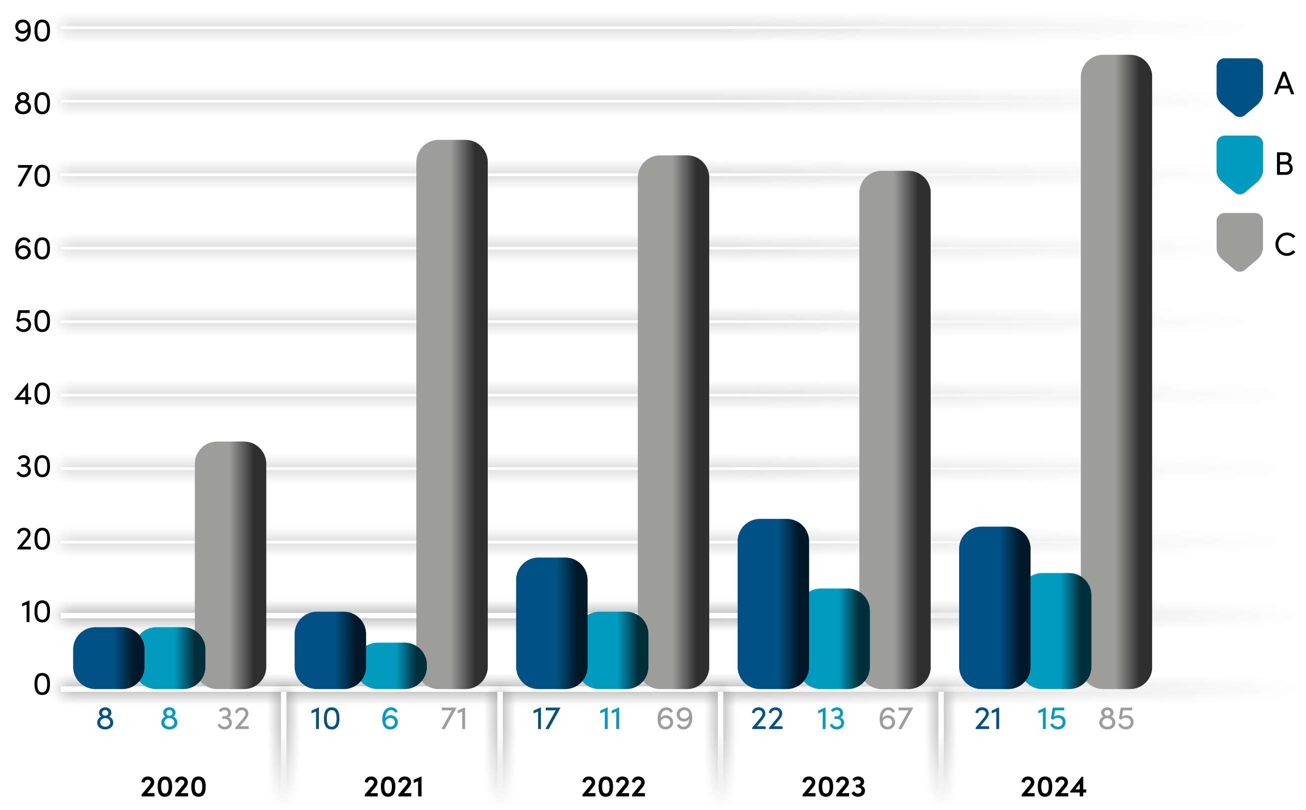
- Importers declared products under the wrong tariff classifications.

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.

Due to the higher rate of under and over declarations in respect of imported products than for unprocessed milk production, all importers are inspected in two-yearly cycles since 2022.

As the mass of imported products declared to Milk SA is lower than the figures officially published by the SA Revenue Service, the Office of Milk SA embarked on a renewed effort to liaise with SARS through legal counsel.

No of role-players inspected per size category



A: Largest size role-players paying ±80% of the levies annually.
B: Medium-sized role-players paying ±10% of the levies annually.
C: Smaller sized role-players paying ±10% of the levies annually.

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

Category	Description of category	Number of registered role-players per category as on 2024.12.31
A	Role-players in the top layer, who paid ±80% of the total levies	21
B	Role-players in the middle layer, who paid ±10% of the total levies	15
C	Role-players in the bottom layer, who paid ±10% of the total levies	264
		300

9. INFORMATION SUPPLIED BY THE REGISTERED ROLE-PLAYERS

Unprocessed milk bought for processing, manufacturing, selling to retail or consumers, exporting or moving across the RSA borders

A monthly "milk flow" report, covering all unprocessed milk in the above regard, was continued to be issued and disseminated to all role-players. A total of 3 458 000 000 kg of unprocessed milk was registered for the calendar year of 2024.

Unprocessed milk used in the manufacturing of dairy products

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:

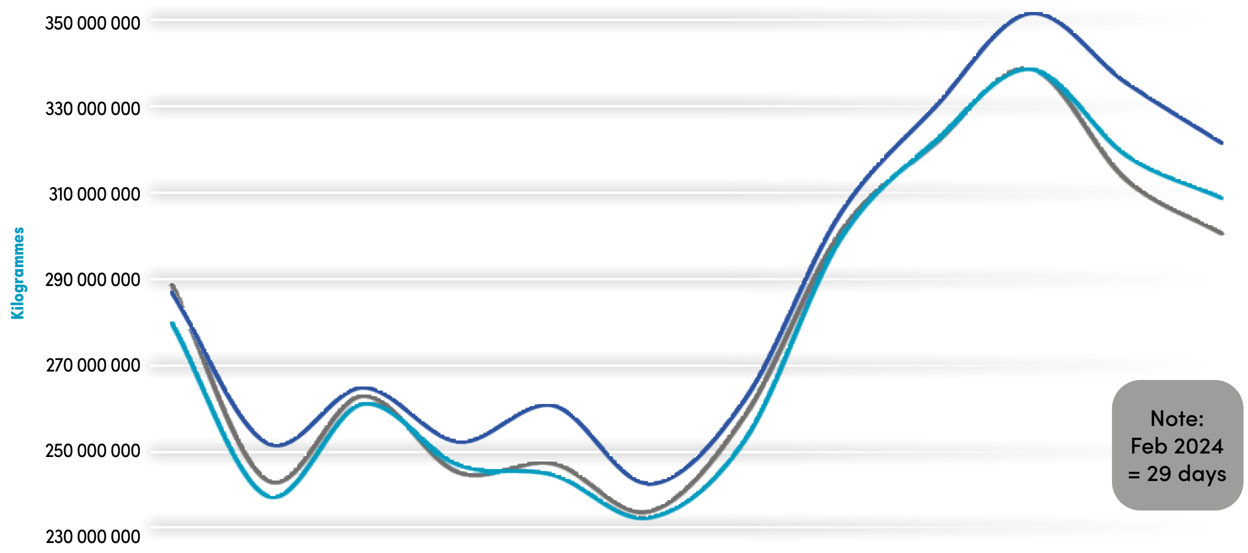
- Whey powder manufactured; and
- Butter manufactured.

From 2024, Milk SA started issuing a separate report, detailing the trends of each of the variables listed above.

Imports of dairy products

Imports by all role-players, including processors / manufacturers of dairy products and other businesses must be declared to Milk SA, in respect of the Customs Tariff Classification No's 04.01 to 04.06.

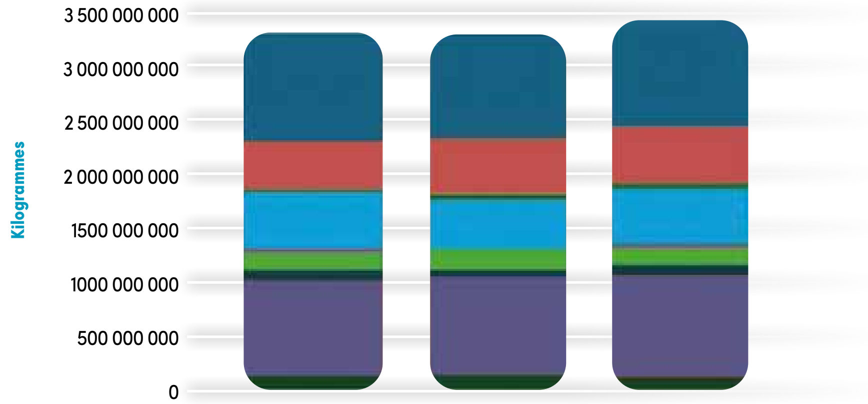
Trend of monthly purchases of unprocessed milk (including unprocessed milk declared by producer-distributors): 2022 – 2024



	JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	SEP	OCT	NOV	DEC
2022	288 433 351	242 116 869	262 066 555	243 975 278	246 054 977	234 722 682	257 235 477	300 525 570	321 787124	339 380 935	313 130 323	300 431 862
2023	279 249 410	238 380 161	260 109 216	245 755 531	2433 31 457	233 248 725	251 459 843	298 865 144	322 236 923	339 156 486	318 762 371	308 717 112
2024	286 363 537	250 693 352	263 824 812	251 037 306	259 561 915	241 212 065	260 827 575	304 790 278	329 924 360	352 245 110	335 850 509	321 729 148

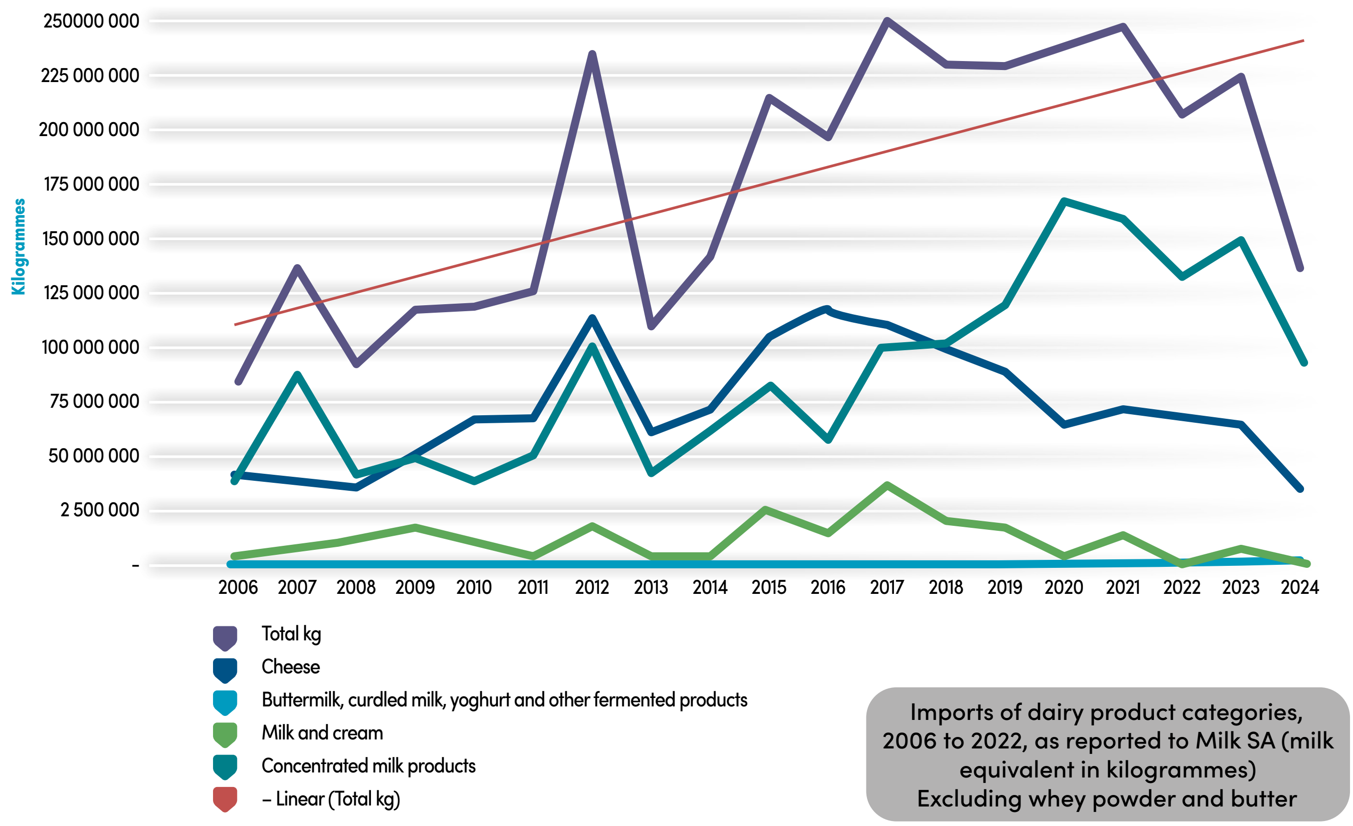
Allocation of unprocessed milk into the different dairy products for the years 2022 to 2024

Unprocessed milk used for the manufacturing of dairy products



	2022	2023	2024
Long life & sterilized milk	1 013 678 785	985 010 029	994.276 763
Fresh milk	422 049 352	504 029 990	518 388 520
Sweetened, flavoured and coloured milk	37718 108	43187 176	46812 279
Fermented products	517 248 828	445 895 059	502 147 357
Other liquid products	8551 549	9 587304	7 823 192
FMP	179 643 232	173 479 691	186 342 563
SMP	79 326 937	72701 106	91 595 286
Cheese, excl cottage and cream cheese	870 438 999	871 850 292	914784 595
Other concentrated products	162 479 428	182 158 772	148 640 643

Imports of product categories, 2006 to 2024 as reported to Milk SA (Milk equivalent: kilogrammes)



10. ADMINISTRATION OF THE PROJECTS OF MILK SOUTH AFRICA

The Board of Directors must – in terms of the statutory measures – ensure that the statutory levies are employed in accordance with the provisions and objectives of the statutory measures, and that the NAMC's conditions for approval of the measures, are complied with.

Requirements for the financing of projects are captured in Milk SA 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.

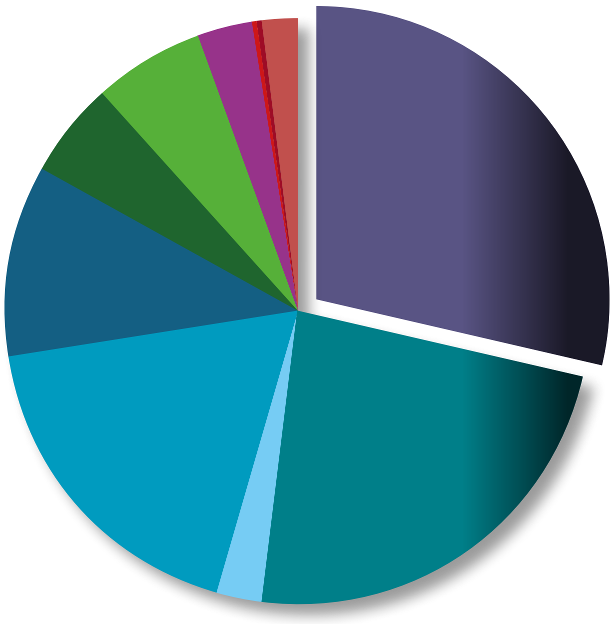
Quarterly and annual reports for each project were submitted by the project managers and published on the Milk SA website, except for Research & Development projects for which results had not been finalized. A dedicated Research & Development website has been launched during 2023.

The necessary attention was given by the relevant structures including the Work Groups, Advisory Committees, Audit & Risk Committee, Executive Committee and Board of Directors to ensure that projects were well managed and their goals optimally achieved. In 2024, the Board paid special attention to establish additional policies and procedures for the Transformation Project. Terms of References of the Project Advisory Committees and Work Groups were reviewed and approved by the Board.

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, as a percentage per project discipline, of the total levy income:

Expenditure as percentage of levy income: 2024 (Total expenditure = 102,38%)



Consumer education	– 29,31
Transformation	– 24,11
Skills & Knowledge Development	– 2,36
Quality & Safety	– 18,57
Administration	– 10,89
Industry information	– 5,42
Research & Development	– 6,18
MSA Office allocation to projects	– 3,17
Verification of statutory information	– 0,23
Internal audits – projects	– 0,25
Ministerial inspections	– 1,89

11. 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

ADMINISTRATION CLERK
Matilda Wistebaar
Business Communications Certificate
Office Administration Certificate

GENERAL OFFICE ASSISTANT
Refilwe Lekola
Travel & Tourism Diploma
Executive Secretarial Diploma

OFFICE CLEANER
Priscilla Sinclair
Standard nine / Grade 11

The Administration department lends administrative, financial and logistic support to 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

12. EXTERNAL SUPPORT STRUCTURE

EXTERNAL SUPPORT STRUCTURE

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

13. STRUCTURE OF MILK SOUTH AFRICA, ITS FUNCTIONS AND COMMITTEES

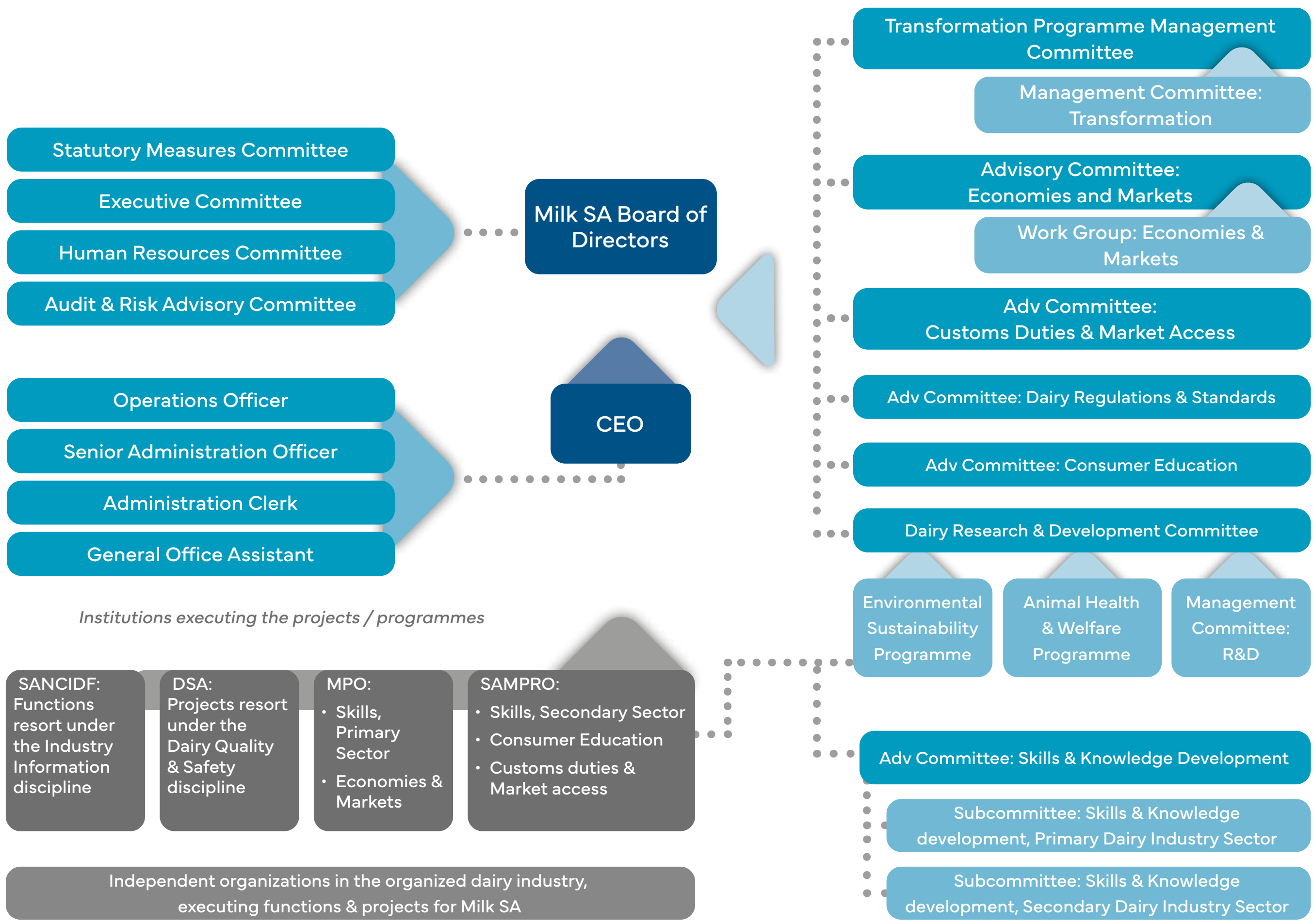
The strategic direction of Milk SA requires a multi-disciplined approach, which enables Milk SA to unlock a wealth of support and co-operation from governmental, semi-governmental and private business sources.

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.

14. OPERATIONAL STRUCTURE OF MILK SA

The organogram below shows that each discipline and project of Milk SA functions within a defined structure where the Advisory Committees and independent industry organizations monitor and guide the planning and execution of the projects, and report to the Board of Directors. Also, it shows the Office structure and other Board Committees (Statutory Measures Committee, Executive Committee, Human Resources Committee and Audit & Risk Advisory Committee) which ensure the efficient functioning of the Organization.



15. PERSONS / INSTITUTIONS CONTRACTED BY MILK SA IN 2024

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
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: • 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: • Consumer Education. • Skills & Knowledge Development, Secondary dairy industry sector. • Custom duties and Market access.
Dairy Standard Agency NPC	Projects: • 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. • Establishment of a rapid test method for the detection of psychrotolerant bacteria and proteolytic enzymes in milk.
Dr HH Meissner	Programme Manager: Research & Development.
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	• 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 Pseudopithomyces chartarum.
ASSET Research	The quantitative impact of different on-farm management options, using the DESTiny tool.
University of KwaZulu-Natal	Use of NIR to Detect and Quantify Mastitis Bacteria in Cows' Milk.
Dr Anthony Davis	Diagnostic investigation of sporidesmin toxicity: Histological study.

16. COMMUNICATION & LIAISON

The projects of Milk SA interacted (amongst others) with numerous institutions and bodies which were also targeted in the communication strategies of the projects and the Office of Milk SA. These institutions and interest groups and the relevant communication products, are listed in the table below:

Institutions and Interest groups	Communication products
South African Institutions & Interest groups	**Primary communication products**
• Department of Agriculture • NAMC • Department of Trade, Industries and Competition • SARS • R&D institutions • Milk SA Board of Directors • Agricultural Trade Forum • National Animal Health Forum[2] • Processors of unprocessed milk and manufacturers of dairy products • Producers of unprocessed milk • Department of Health • Provincial and local government authorities • SA Bureau of Standards (SABS) • Livestock Welfare Coordinating Committee • Importers and exporters of dairy products • Public Higher Education Institutions including universities, TVETs and Colleges • Agricultural schools • Input suppliers • SA consumers • Department of Basic Education	• Code of Practice for Milk Producers • Code of Practice for the secondary dairy industry • Guidelines for the interpretation of quality problems in milk • Guide to dairy product labelling in SA • Guidelines for retail bulk milk • Guidelines for pathogen control • Guidelines on the export of dairy products • Legislation i.t.o. quality, safety and metrology (DSA web page) • Television advertisements to promote the health benefits of dairy products • Social media advertisements and campaigns i.r.o. dairy products • Consumer advertorials • Dairy based nutrition reviews • Continuing Professional Development Courses / Presentations • Clinic programme • School Programme: Educational Contributions • Monthly report on unprocessed milk volumes • Dairy Digits

2 *The NAHF was disbanded in 2025.*

Institutions and Interest groups	Communication products
South African Institutions & Interest groups	**Primary communication products**
• Development institutions (transformation) • Clinics • Health care workers • Dietitians • AgriSETA • FoodBev Manufacturing SETA Board • FoodBev Manufacturing SETA Dairy Chamber • Employees in the primary and secondary dairy industry sectors • Other livestock industries • Agricultural Research Council • SA Veterinary Association • Ruminant Veterinary Association of SA • Agri SA International institutions & Interest groups • International Dairy Federation • African Organisation for Standardisation • Global Dairy Platform • International Milk Promotion Group • international Farm Comparison Network • Codex Alimentarius ("Food code") • European Hygienic Engineering and Design Group • Dairy Sustainability Forum • Foreign Research Institutions	• Lacto Data • Quarterly Industry Review • International Farm Comparison Report • Imports and Exports Report • Retail sales and prices Report • IDF World Dairy Situation Summary Report • Maize and Soybean Prices Report • Overview of the National and International Economies and Markets • Allocation of unprocessed milk to dairy products Report • Statistical Report on the Training dispensation in the Secondary Dairy Industry • Quarterly circular of events i.r.o. the Secondary Dairy Industry Sector • IDF Bulletins, Newsbriefs and Fact Sheets • SA Standing Committee Reports to SANCIDF • Annual World Dairy Summit Report issued by Milk SA and SANCIDF • Summary R&D project reports • Dairy R&D in SA • The Research Column • Technical, Scientific and Semi-scientific articles • Inventory of Research Projects in SA • Animal Health & Welfare Guideline and Policy documents developed by Milk SA • R&D Project reports with relevance to Animal Health & Welfare • R&D reports with relevance to Environmental Sustainability • Sustainability in the SA Dairy Industry: A Status and Progress Report

Institutions and Interest groups	Communication products
	Secondary communication products
	• Quarterly and Annual Project Reports • Newsletters • Media releases • Articles • PowerPoint Presentations • Minutes of Advisory Committee Meetings • Popular articles • Advertisements • Talks at Workshops, etc. • Minutes of meetings with the FoodBev SETA Dairy Chamber • Minutes of IDF Standing Committee meetings • Doctors Thesis by students working on R&D Projects

Media / Communication vehicles used by Milk SA and its project managers to reach the audiences, include:

- Radio Podcasts
- Social Media
- Milk SA website
- MPO website
- SAMPRO website
- Milk Essay
- Dairy Monthly
- Annual report of Milk SA
- General Meetings of Milk SA
- General Meetings of SAMPRO
- MPO meetings
- Dairy Standard Agency Website
- Agricultural and other magazines
- Workshops
- Rediscover Dairy Website
- Incidental meetings with role-players

BOARD OF DIRECTORS' REPORT

1. LEGAL DUTIES OF THE BOARD OF DIRECTORS

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.

A highlight of the reporting year (2024), was when the Charter of the Board of Directors was approved. The objective of this Charter is to provide guidelines to the Board and every Director, with regard to the execution of their responsibilities and obligations within the legal framework and regulatory provisions, which include but are not limited to the following:

- The Companies Act;
- The King IV Report;
- The MAP Act;
- The Competition Act; and
- The Memorandum of Incorporation.

2. REPORTS CONSIDERED BY THE BOARD

The Board of Directors met on five occasions during 2024 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 Advisory 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.

3. RISKS PERTAINING TO MILK SA

Special attention was given to Information Technology and Cyber Security. A positive report from the Internal Auditors in this regard was recommended by the Audit & Risk Committee and approved by the Board. In addition, Octoplus (the IT Contractor) gave a detailed presentation to the Audit & Risk Advisory Committee and submitted a document on "Backups and Business Continuity".

Risk assessment received continuous attention in Board meetings. Notable progress has been made with more accurate statutory information declared to Milk SA by importers, due to special attention by the Ministerial Inspector. As a result of detailed reporting regarding all facets, activities and projects of Milk SA and emphasis on structures, policies and procedures, a greater awareness and appreciation therefore have developed and therefore, the risks regarding the loss of institutional knowledge, common understanding about the common challenges and common purpose moved slightly towards the right direction. These risks, however, continued to receive high priority attention.

4. RISKS PERTAINING TO THE DAIRY INDUSTRY OF SOUTH AFRICA

In 2023, the Board introduced a Risk Register for all possible aspects that currently and potentially pose risks to the dairy industry of South Africa, comprising nearly a hundred risk factors. Owing to the properly structured project plans and dedicated execution thereof, a great deal of these risks are efficiently addressed, so as to promote the viability and competitiveness of the industry. The Risk Register is annually discussed and reviewed by the Advisory Committees of the Board as well as in sessions between the CEO and Project Managers, to ensure that the challenges remain actioned where appropriate.

5. TRANSFORMATION

The current statutory measures require Milk SA to spend at least twenty per cent of the levy income on Transformation. The focus of Milk SA since 2011, as per agreement with the Minister of Agriculture, was on Enterprise Development in respect of some twenty existing black producers of unprocessed milk. The NAMC suggested that Milk SA should "identify existing projects and help them with infrastructure and other support that could help them increase production and sales."

Assistance has since then been provided in respect of the supply of infrastructure such as Eskom power, milking parlour equipment, staff housing, fodder, pasture establishment and pregnant heifers. Services included training, animal health services and milk recording. During the reporting year of 2024, the Board took initiative to improve policies and procedures towards the improvement of administrative and procurement arrangements for the Enterprise Development project, and encouraged the use of reserve funds to accelerate the commercialization of these producers.

Milk SA is too often expected to field questions and to accept responsibilities for transformation in the South African dairy industry. This was discussed in an Executive Committee meeting of Milk SA during 2024, which led to the compilation of a document wherein the different Transformation Programmes in the South African Agricultural Sector was outlined - which was approved by the Board.

The legal obligations of Milk SA in terms of the statutory measures, are as explained in the first paragraph of this section, while there are also legal and moral obligations in respect of the private and public sector, as pointed out in the afore-mentioned document as well as Milk SA's input to the Agricultural and Agro-Processing Master Plan (AAMP). There are huge inefficiencies and waste of public money due to the fact that Government departments on National, Provincial and Local levels work in silos. The document, outlining 12 policies and strategies; 7 support programmes and interventions; and some other funding programmes since 2012, suggests that there should be greater coordination and management on the side of Government as well as better collaboration with the private sector for these initiatives to be more successful.

This document was also accepted by the NAMC as valuable input to the AAMP, and should counter any unnecessary pressure on industry organisations such as MPO, Milk SA and SAMPRO which are often expected to take responsibility for transformation in the entire dairy industry of South Africa.

6. POSITION OF THE SA DAIRY INDUSTRY ON THE DAIRY DECLARATION OF ROTTERDAM (DDOR)

The DDoR was signed on 19 October 2016 at the World Dairy Summit held in Rotterdam, the Netherlands, by the IDF President and the Assistant Director-General of the FAO of the UN. In January 2020, the IDF head office requested the South African dairy industry to react to questions in respect of the DDoR, which led to the initiative by the Milk SA Board to create a position paper. This position paper, which was adopted by the Board of Directors on 19 March 2024, portrays South Africa's endeavours towards matters such as sustainable practices, poverty reduction and diversity of dairy production systems. The document also clarifies the SA dairy industry's position on the Dairy Sustainability Framework (DSF) of which the SA dairy industry was an Affiliate Member, updating the DSF regularly on sustainability activities within the South African dairy industry. In this regard, the DSF expressed profound admiration for the Milk SA document titled "Sustainability in the SA dairy industry: A status and progress report" which is updated at least annually and which is widely circulated nationally and internationally to institutions such as the IDF and the DSF.

7. ENGAGEMENT WITH MPO AND SAMPRO

It is important for Milk SA to engage with its members (MPO and SAMPRO) constructively with a view to maintain and strengthen relationships, as we all share a common purpose. The MPO formally engaged with Milk SA during the first quarter of 2024 to clarify specific matters concerning structures, policies, procedures, the legal dispensation of Milk SA and other governance issues. These were effectively addressed by Milk SA and accepted by the MPO. After engagement by MPO and SAMPRO on the same matters, they issued a positive report to Milk SA.

8. COMPOSITION OF THE BOARD OF DIRECTORS OF MILK SA

During the period under review, the Board of Directors comprised of 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.

Ferreira, S (Mr)		Nominated by MPO
Gebeda, ZM (Mr)		Nominated by MPO
Gibbs, L (Mr)		Nominated by MPO
Gutsche, AR (Mr)		Nominated by SAMPRO
Jack-Pama, BS (Dr)	Chairman	Nominated by the Board (Independent Chairman)
Kraamwinkel, AP (Mr)		Nominated by SAMPRO
Loubser, MJ (Mr)	Vice-Chairman	Nominated by SAMPRO
Neethling, CJ (Mr)		Nominated by MPO
Prinsloo, AW (Mr)		Nominated by the Board (Expert director)
Rathogwa, MG (Mr)		Nominated by SAMPRO

The two alternate directors of the Board, for the year ended 31 December 2024 were:

Lubbe, H (Mr)		Nominated by SAMPRO
Cilliers, HL (Mr)		Nominated by MPO

As required by the Memorandum of Incorporation, some directors' terms overlap in order to ensure continuity of skills and institutional memory.

In 2024, five Board meetings, one Annual General Meeting and two General Meetings were held.

9. BOARD COMMITTEES

The Board of Directors has established and delegated some of its functions to the Board committees, namely the Executive Committee; the Audit and Risk Advisory Committee; the Human Resources Committee; the Statutory Measures Committee and several Advisory Committees, Subcommittees and Work Groups to assist and advise the Board on its obligations and duties in terms of the various strategic objectives and responsibilities of Milk SA. The functions of Milk SA have been well attended to within these structures.

10. LEGISLATION

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).

Efficient administration of the statutory measures is key to the success of Milk SA. The Office of Milk SA continued to improve on its efficient execution of Milk SA's responsibilities in respect of the administration, implementation and enforcement of the statutory measures, and the other administrative tasks.

11. REPRESENTATION ON EXTERNAL BODIES

The SA dairy industry was represented by the following persons on the various national and international structures during 2024. 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
African Organization for Standardization (ARSO)	• Jompie Burger • Anneke van Niekerk
Agricultural and Agro-Processing Master Plan of the NAMC	Dr Ndumiso Mazibuko
Agricultural Trade Forum	De Wet Jonker
Association of Dietetics in South Africa Health Professional Council of South Africa	Maretha Vermaak
Consumer Goods Council of South Africa (CGCSA): Food Safety Initiative	• Jompie Burger • Christine Leighton • Anneke van Niekerk
Department of Agriculture: Technical and Trade Task Team on Foot-and-Mouth Disease	Dr Mark Chimes
Department of Environmental Health of the Tshwane University of Technology - Advisory Board	Jompie Burger Jacqueline Odendaal
Department of Environmental Health of the Nelson Mandela Metropolitan University - Advisory Board	• Jompie Burger • Jacqueline Odendaal
Department of Health – Food Legislative Advisory Group (FLAG)	Jompie Burger
European Hygienic Engineering and Design Group	Jompie Burger
IDF Board of Directors	Melt Loubser
IDF Action Team on Food Fraud (under the SC on Identity and Labelling)	Jompie Burger
IDF Action Team: Guidelines for Milk Microbiological quality management and troubleshooting (under the SC on Animal Welfare)	Jompie Burger
IDF Action Team Notes of the Codex General Standard for Food Additives (GSFA)	• Jompie Burger • Anneke van Niekerk (Observer)
IDF Standing Committee on Standards of Identity and Labelling	• Jompie Burger • Anneke van Niekerk (Observer)
IDF Standing Committee on Farm Management	• Fanie Ferreira • Bertus van Heerden
IDF Standing Committee on Animal Health and Welfare	• Jompie Burger • Dr Mark Chimes
IDF Standing Committee Food Additives	• Jompie Burger • Anneke van Niekerk
IDF Standing Committee on Analytical Methods for Dairy Micro-organisms	• Prof Elna Buys • Jompie Burger
IDF Standing Committee on Analytical Methods for Additives and Contaminants	Jompie Burger
IDF Standing Committee on Analytical Methods for Composition	Jompie Burger
IDF Standing Committee on the Environment	• Dr Colin Ohlhoff • Dr Heinz Meissner

External Body	Persons who represented the organized SA industry
IDF Standing Committee on Dairy Policies and Economics	• Alwyn Kraamwinkel • Dr Ndumiso Mazibuko • Bertus van Heerden
IDF Standing Committee on Food Hygiene[3]	• Jompie Burger • Prof Elna Buys • Chané Pretorius
IDF Standing Committee on Harmonization of Microbiological Standards	Prof Elna Buys
IDF Standing Committee on Nutrition and Health	Maretha Vermaak
IDF Standing Committee on Marketing	• Christine Leighton • Alwyn Kraamwinkel
IDF Joint Standing Committee on Dairy Policies, Economics and Marketing	• Alwyn Kraamwinkel • Christine Leighton • Dr Ndumiso Mazibuko
IDF Standing Committee on Dairy Science and Technology	• Jompie Burger • Anneke van Niekerk
IDF Standing Committee on Standards and Labelling	• Jompie Burger • Niel Erasmus • Louise Götsche • Anneke van Niekerk
IDF General Assembly	Melt Loubser
IDF National Secretaries	Edu Roux
IDF Task Team on Plant based foods	• Maretha Vermaak • Christine Leighton
IDF Action Team on School milk	Maretha Vermaak (Action Team leader)
IDF Action Team on the Dairy Matrix	Maretha Vermaak
IDF Action Team Liquid/Solid Waste	Dr Colin Ohlhoff
IDF Action Team Nutrition and Health Symposium	Maretha Vermaak
International Milk Promotion Group (Permanent Task Force of the IDF Standing Committee on Marketing)	Christine Leighton
Industry Antimicrobial Resistance (AMR) Alliance to SA Health Products Regulatory Authority (SAHPRA) and Department of Agriculture (DoA)	Dr Mark Chimes
International Trade Administration Commission (ITAC)	De Wet Jonker
Livestock Welfare Coordinating Committee (LWCC)	Dr Mark Chimes
National Animal Health Forum	• De Wet Jonker (General Meeting) • Dr Mark Chimes (Animal Health & Welfare Work Group; Brucellosis & Tuberculosis Steering Committee – Chairperson[4])
National Regulator for Compulsory Specifications (NRCS)	Jompie Burger
Nutrition Society of South Africa	Christine Leighton

3 *Previously known as the IDF Standing Committee on Microbiological Hygiene.*
4 *As the NAHF closed down in 2025, the Brucellosis & Tuberculosis Steering Committee continues to exist under RuVASA.*

External Body	Persons who represented the organized SA industry
Ruminant Veterinary Association of SA (RUVASA)	Dr Mark Chimes
SABS Technical Committee SABS TC 70/SC 4, Legal Metrology - Sale of goods	Jompie Burger
SABS Technical Committee SABS TC 034 SC 17, Food products - Hygiene practices in the food industry	Jompie Burger
SABS Technical Committee SABS TC 034 SC 05, Milk and Milk products	• Jompie Burger • Anneke van Niekerk
SABS Working Group – Revision of SANS 1694 – Welfare of Dairy Cattle	Dr Mark Chimes
SABS Working Group – Revision of SANS 1488 – Transport of Livestock by Road	Dr Mark Chimes
South African Association for Food Science and Technology (SAAFoST)	• Jompie Burger • Christine Leighton • Jeandré Johnston
South African Auditor & Training Certification (SAATCA)	• Jompie Burger • Tania Blignaut
South African National Consumer Union (SANCU)	Jompie Burger
South African Revenue Services (SARS): Import & Export control	De Wet Jonker
South African Society for Dairy Technology (SASDT)	• Christine Leighton • Jompie Burger • Dr Colin Ohlhoff • Maretha Vermaak • Jodie Treu • Chané Pretorius • Jeandré Johnston
SA National Committee of the International Dairy Federation (SANCIDF)	• Melt Loubser (President) • Nico Fouché • Alwyn Kraamwinkel • Edu Roux (Secretary) • Jompie Burger (Technical Secretary) • De Wet Jonker (Treasurer)
South African Veterinary Association (SAVA)	Dr Mark Chimes

12. APPROPRIATION OF LEVY FUNDS IN THE FINANCIAL YEAR OF 2024

Function	Service provider	Subtotals spent	Amount spent
		Rand (VAT Excl)	Rand (VAT Excl)
Milk SA Administration	**Milk South Africa NPC**	7 326 657	7 326 657
Transformation			16 222 728
Enterprise Development (Including Management Control)	Milk South Africa NPC (Transformation Manager)	16 222 728	
Skills & Knowledge Development			1 586 059
Skills Development in the Primary industry sector	Milk Producers' Organisation NPC	748 842	
Skills Development in the Secondary industry sector	SA Milk Processors' Organisation	752 008	
Advisory Committees and Subcommittees		85 209	
Industry Information			3 645 504
Economies and Markets	Milk Producers' Organisation NPC	858 925	
Publication of information	The Dairy Mail	308 900	
Legal costs to engage with SARS oabout import information		12 321	
Customs duties and Market access	SA Milk Processors' Organisation	692 104	
Participation of SANCIDF in the IDF	National Animal Health Forum	1 140 796	
Animal Health Forum Membership (50% of fees)	SA National Committee of IDF	39 750	
Information support systems	Octoplus Information Solutions	512 591	
Advisory Committee and Work Group		80 116	
Research & Development (includes reserve fund expenses)			4 154 777
Non-project costs including Administration		496 699	
R&D Programme Manager remuneration	Dr Heinz Meissner	851 317	
Sustainability Programme Manager remuneration	Dr Colin Ohlhoff	86 280	
Animal Health and Welfare Programme Manager remuneration	Dr Mark Chimes	596 812	
Development of probiotic yoghurt with potential anti-candidal and anti-bacterial activity	University of Pretoria	187 360	
Use of near-infrared (NIR) to detect and quantify mastitic bacteria in cows milk	University of KZN	78 894	
The significance of enterobacteriaceae, coliforms and escherichia coli in milk in the SA market with the aim of updating microbial specifications in Regulation 1555	Dairy Standard Agency NPC	90 554	

Function	Service provider	Subtotals spent	Amount spent
		Rand (VAT Excl)	**Rand (VAT Excl)**
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	835 784	
Investigation of photosensitivity-related conditions in pasture-based dairy cattle	Dr Anthony Davis	154 030	
Impact of good agricultural practice interventions on the SA dairy industry	Dairy Standard Agency NPC	126 955	
Establishment of a rapid test method for the detection of psychrotolerant bacteria and proteolytic enzymes in milk	Dairy Standard Agency NPC	68 439	
The seasonal effect on dairy cow trace mineral status in the Tsitsikamma, Eastern Cape	Chemunique	160 702	
The quantitative impact of the different on-farm management options using the DESTiny tool	ASSET research	338 031	
Diagnostic investigation of sporidesmin toxicity: Snapshot study	Dr Anthony Davis	16 708	
Ad hoc: Foot and mouth disease		46 000	
Projects finalised		20 212	
Consumer education			19 721 387
Consumer education project	SA Milk Processors' Organisation	19 668 570	
Consumer education advisory committee		52 817	
Dairy regulations, standards, quality and safety			12 494 645
Dairy quality and safety projects	Dairy Standard Agency NPC	11 178 647	
Dairy regulations and standards projects	Dairy Standard Agency NPC	169 999	
DSA Laboratory	Dairy Standard Agency NPC	1 122 357	
Advisory Committee		23 642	
Communication, liaison with role-players and verification of statutory information	**Milk South Africa NPC**	153 569	153 569
Ministerial inspections	**Ministerial inspectors**	1 270 782	1 270 782
Milk SA staff support to and involvement in projects	**Milk South Africa NPC**	2 131 651	2 131 651
Project internal audits	**HP Audit**	167 690	167 690

13. PROJECT REPORTS

13.1 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 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 2024, the project was able to fulfill this goal in various ways:

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During 2024, the project was able to fulfil this goal in various ways:

Dairy Digits

The Dairy Digits was published in the 12 issues of The Dairy Mail during 2024. 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 and the current year month to date, 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 for the past 10 years and the current year, month to date.

Quarterly Reviews of the Performance of the Dairy Industry

Four editions were published. The review provides a snapshot of selected trends in the dairy industry. The 2024 Q3 issue of the Quarterly Review of the Dairy Industry was published in October 2024 and distributed via email and is available on the Milk SA website. The report included the following synopsis regarding the South African dairy industry:

International Market

The FAO Food Price Index (FFPI) exhibited a decreasing trend from March 2022 but started to get sticky from March 2024 with some upward movement thereafter. Basic food remains expensive when considering the direct period before COVID-19 and the invasion of Ukraine by Russia. Fort September 2024 the FFPI is 29.9% higher YoY.

The ZAR strengthened by 7.3% in September 2024 YoY, softening the USD increases that occurred in dairy product prices in September 2024 compared to September 2023. Butter is 28.5% higher, SMP 10.9%, FMP 18.8% and Cheddar 1.17%.

There is no clear direction in the Global Dairy Trade Index with the index zigzagging around 1 100 points. The September level is 28.3% above the September 2023 level.

On the New Zealand Future Exchange for butter, anhydrous milkfat, SMP, and FMP for the period November 2024 to July 2025. The future price for SMP is on a steady upward slope moving from 2 820 USD/t to 2 965 USD/t over the projected period, up by 5.1%.

The price of FMP moves mostly sideways, marginally increasing from 3 565 USD/t to 3 600 USD/t up 1.0%. Anhydrous milkfat future prices indicate a firm drop from November 2024 to July 2025, from 7 300 USD/t down to 6 600 USD/t (9.6% down). The future prices for butter indicate an increase in January 2025 from 6 500 USD/t to 6 695 USD/t, then moving sideways at that level until March 2025, whereafter the price decline over the next four months to end at 6 400 USD/t in July 2025.

For the first eight months of 2024, growth of unprocessed milk production in the major dairy exporting countries is either marginal or negative except in the case of Australia.

Average farmgate prices in Europe have been moving sideways for the first five months of 2024. Thereafter some slow upward movement developed with August 2024 up by 4.5% from the beginning of the year.

South African Market

For the period July 2022 to June 2023 compared to the period July 2023 to June 2024, the sale quantities of three products (fresh milk, flavoured milk and yoghurt) declined. This is a marked improvement from the previous report ending March 2024 where eight of the nine products experienced reduced sales. However, the improved sales quantities are mostly of a marginal nature.

The PPI for unprocessed milk experienced negative growth in August and September 2024 by 1.9% and 1.2% respectively. This was the first negative growth in unprocessed milk prices since May 2019.

The effect of this is that the level of the PPI for unprocessed milk is now in-line with the PPI of dairy products. The rate of change for the PPI for dairy products, other manufactured food products and the overall PPI for agriculture, are all at significantly lower levels compared to 2023 and early 2024.

For the first nine months of 2024, unprocessed milk production increased by 3.74% compared to the same period in 2023. Daily average unprocessed milk production levels are higher than for the same months in 2023. The degree of variation between the mass of unprocessed milk used in the different dairy products for the years 2023 and 2024 is the highest in the manufacturing of SMP and the second highest in fresh milk processing. The lowest variation in the two years is for cheese (excluding cottage and cream cheese).

Lacto Data, volume 27 was published in the June 2024 issue of The Dairy Mail

The executive summary includes:

"The International Monetary Fund's (IMF) January 2024 World Economic Outlook indicates that economic recovery from systemic shocks over the past four years (the COVID-19 pandemic, the Russian invasion of Ukraine, and the cost-of-living crisis) is surpassing forecasts. Inflation is subsiding quicker than expected, which could pave the way for faster relief of high interest rates, and employment levels remain largely intact.

There is downside risk present in looking forward, mainly due to possible geopolitical shocks, which could lead to commodity price spikes. In 2024, global economic growth is projected at 3,1%, with developing economies (including South Africa) expected to grow at 4,1% (South Africa's projected growth rate is 1,0%). Although the Food and Agricultural Organisation of the United Nations (FAO) combined Food Price Index has been trending down since the beginning of 2022, it remains significantly higher than pre-pandemic levels, indicating that the world economy is not yet out of the woods.

During the first three quarters of 2023, dairy product prices for skimmed milk powder (SMP), full-cream milk powder (FMP), and Cheddar cheese softened due to adequate supply. However, in the last quarter of 2023 and the first two months of 2024, prices began to rise. Similarly, the price of butter fluctuated during the first two quarters of 2023 before starting to increase significantly. During 2023, the average unprocessed milk price in Europe was €0,45 (R8,29) per liter, based on real fat and protein, and in South Africa R7,42.

Although not significant, unprocessed milk production in the major dairy-exporting countries improved in 2023 compared with 2022. In 2022, per capita consumption of dairy products dropped for the first time since 2016, down to 117,7 kg (0,5%). Inter-nationally, dairy herd sizes are increasing, while the number of dairy farmers is reducing at a rate of 3% per year. In 2022, unprocessed milk production increased by 0,5% to 936 million tonnes of solid-corrected milk (SCM).

In South Africa, sluggish economic growth resulted in the South African gross domestic product (GDP) registering a value of R4 627 billion in 2023, less than 1% more than the value in 2019 (the year before the COVID-19 pandemic). Poor policies, endemic corruption at all levels of government, and the looting of state-owned enterprises have resulted in poor service delivery and dilapidated infrastructure, which are at the core of the poor performance of the South African economy. Against this background, it is understandable that dairy sales declined in 2023. This is the first time that, on a 12-month basis, all eight dairy products monitored through the NielsenIQ agency registered negative growth. The South African economy is consumer-based, thus poor economic performance largely reflects the economic state of consumers as measured in buying power (disposable income), resulting in reduced retail sales.

In 2023, the total unprocessed milk absorbed by the formal market amounted to 3 339 272 tonnes, a decrease of 0,32% from the previous year. The demand for unprocessed milk is closely tied to retail sales, which, in turn, depend on the state of the consumer. In the first four months of 2024, unprocessed milk production experienced a positive growth of 2,67%. Maintaining a balance between supply and demand is crucial for ensuring stable prices throughout the dairy value chain.

The trends of unprocessed milk and manufactured/processed dairy products in terms of price and sales volumes are important market indicators: PPI for unprocessed milk; PPI for dairy products; and CPI for milk, cheese, and eggs. From the beginning of 2021 to February 2024, the three indices showed significant increases.

The PPI for dairy products and unprocessed milk rose by 30,7% and 36,5%, respectively, while the CPI for milk, cheese, and eggs increased by 32,3%. In 2023, compared with 2022, the PPI for dairy products and unprocessed milk increased by 2,86% and 9,35%, respectively. During the same period, the CPI for milk, cheese, and eggs saw a 13,25% increase. This indicates a slowdown in the rate of increases in the two PPIs, which could eventually alleviate the rate of retail price increases – ceteris paribus.

Also in 2023, the utilisation of unprocessed milk volumes for the production of various dairy products in South Africa, was as follows: fresh milk 510 million tonnes; ultra-high temperature (UHT) processed milk 980 million tonnes; SMP 73 million tonnes; FMP 174 million tonnes; cheese (excluding cottage and cream cheese) 872 million tonnes; fermented products 445 million tonnes; sweetened, flavoured, and coloured milk 43 million tonnes; and 192 million tonnes for other dairy products. A total of 48 000 tonnes of dairy products were imported, and 56 000 tonnes were exported during 2023. On a mass basis, imports decreased by 9,4% in 2023, compared with 2022, while exports increased by 7,7%. On a product-specific basis, cheese became a net exporter in 2023."

International Farm Comparative Report

The data and statistics for the 2024 Dairy Report of the IFCN were submitted to the IFCN in May 2024. The IFCN Dairy Report 2024 was used to compile the International Farm Comparative report.

The International Farm Comparison Network (IFCN) conference in 2024 was virtually attended by the Project Manager as part of the Milk SA project: Economies and Markets. The specific aim of participating and attending the conference is to gauge how the SA primary dairy industry compares with other participating countries. The IFCN is a knowledge-driven organization. Knowledge is created via a network of dairy researchers from 54 countries. The data is managed and analysed by the IFCN Dairy Research Centre staff based in Kiel, Germany. The IFCN economic models and standardization ensure comparability between countries and provide a global picture. More than 140 dairy companies and organisations support and make use of the IFCN.

Report conclusion

In 2023 the average world price for unprocessed milk decreased by 25.5% to 39.8 USD/100kg SCM. The primary cause for the high decrease in the price of unprocessed milk price was the strong recovery of unprocessed milk production and higher dairy commodity availability. At the same time inflationary pressure in developed regions and economic anxiety weakened demand. At the start of 2024, supply growth of unprocessed milk was moderate, but below the long-term average. It is therefore expected that the unprocessed milk price will continue to fluctuate around 42-44USD/100kg SCM during 2024.

In terms of dairy production and consumption, New Zealand exceeds self-sufficiency the most, followed by Argentina while China and Japan are the most dairy-dependent countries in terms of self-sufficiency.

In the cost of unprocessed milk production analysis, it was found that 11% of the farms had a cost of unprocessed milk production of ≤ 30 USD per 100kg SCM and are typically situated in Africa, Peru and Oceania. The middle group consists of 71% of the farms with a cost of unprocessed milk production between 30 USD and 60 USD per 100kg SCM and includes Europe, the Americas and Asia. The high-cost producers (18%), ≥ 60 USD per 100kg SCM, are found in the Alpine region, Canada, Israel and some farms in Asia.

South Africa rates amongst the lowest-cost producers in the world (>20≤30 USD/100kg SCM).

Cost component of feed: Feed usually makes up the largest share of the total cost of unprocessed milk production, ranging between 28% and 92%. Lowest feed cost was found in Armenia and the highest in Egypt.

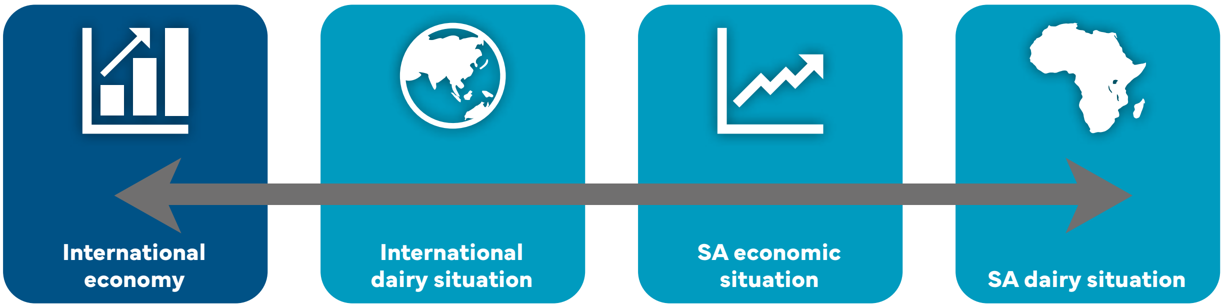
Cost Component of labour: Labour usually makes up the second largest share of the total cost of unprocessed milk production, ranging between 3% and 53%. Lowest labour cost was found in Egypt and the highest in Nigeria. The average labour cost is 19% of the total cost of unprocessed milk production.

The cash income of dairy farmers in the EU and some other regions of the world is strongly influenced by different types of subsidies and other payments. The subsidy policies and implementation in countries and regions are complex. The following countries receive some of the largest support subsidies in the world: Switzerland, Finland, Luxembourg, Poland, Serbia, and Algeria.

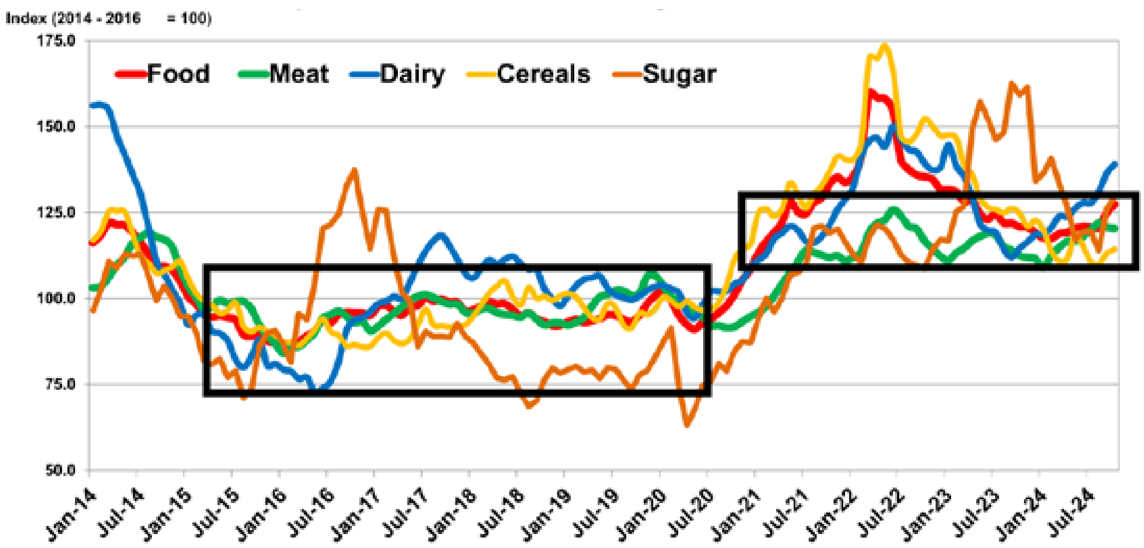
PowerPoint presentation to the members of Milk SA

Two PowerPoint presentations were prepared for the workgroup on Economies and Markets and approved by the workgroup and presented at the MILK SA members meeting on 13 June 2024 and 27 November 2024.

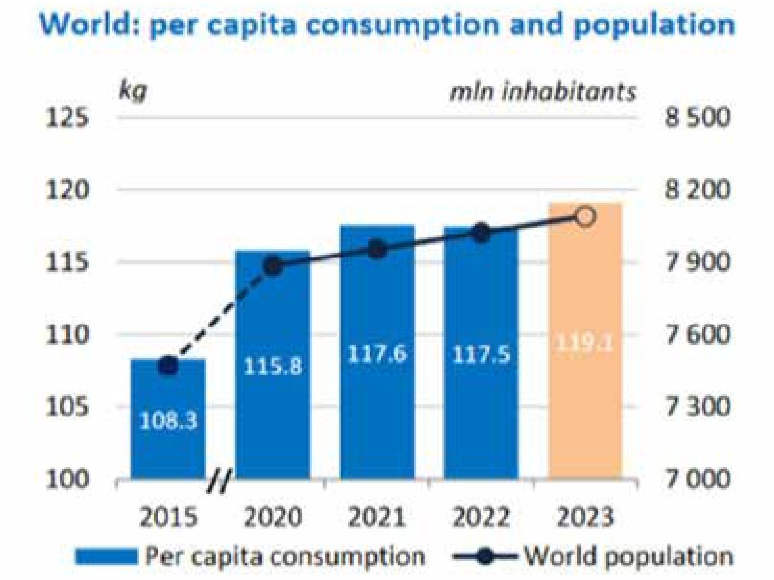
The 27 November presentation included the following slides:



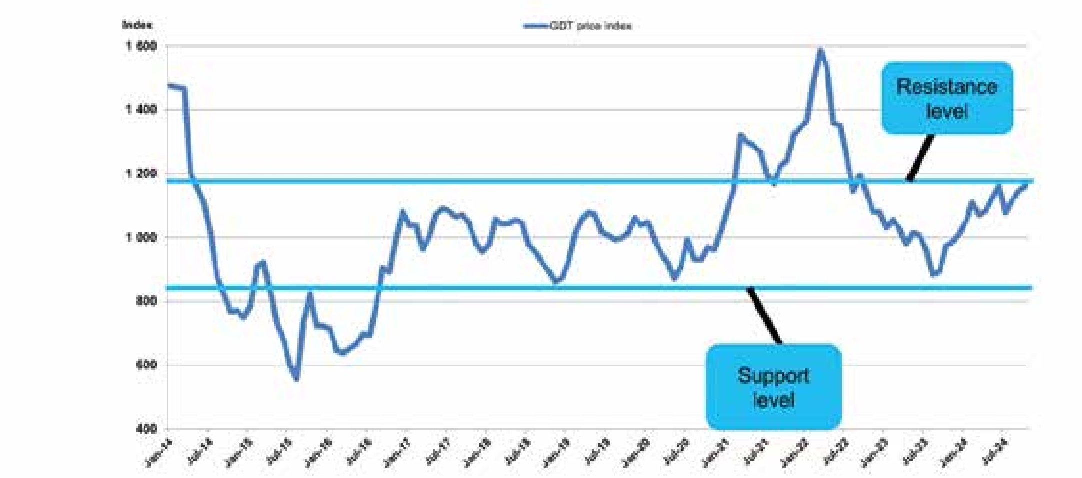
FAO Food price indices: January 2014 – October 2024



World population and per capita dairy consumption

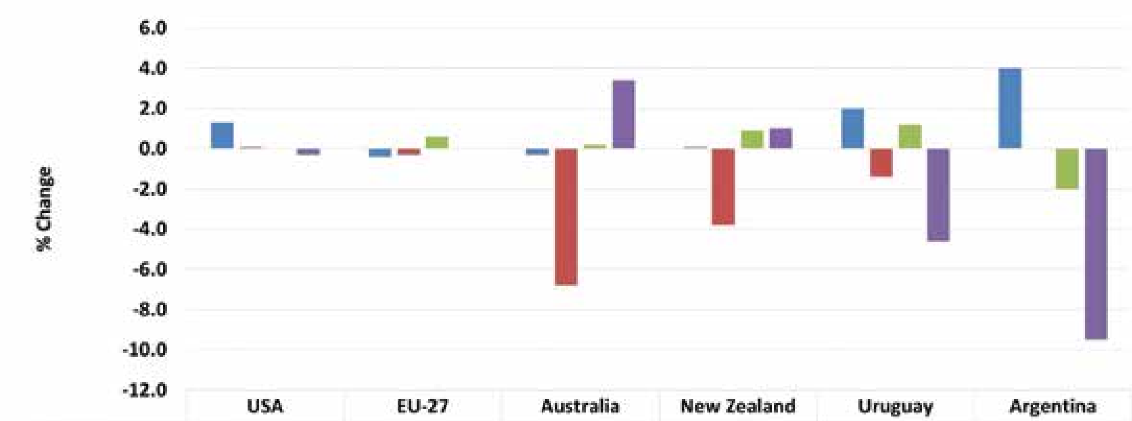


Global Dairy Trade Auction Price index of Dairy Products (GDT)
January 2014 – October 2024



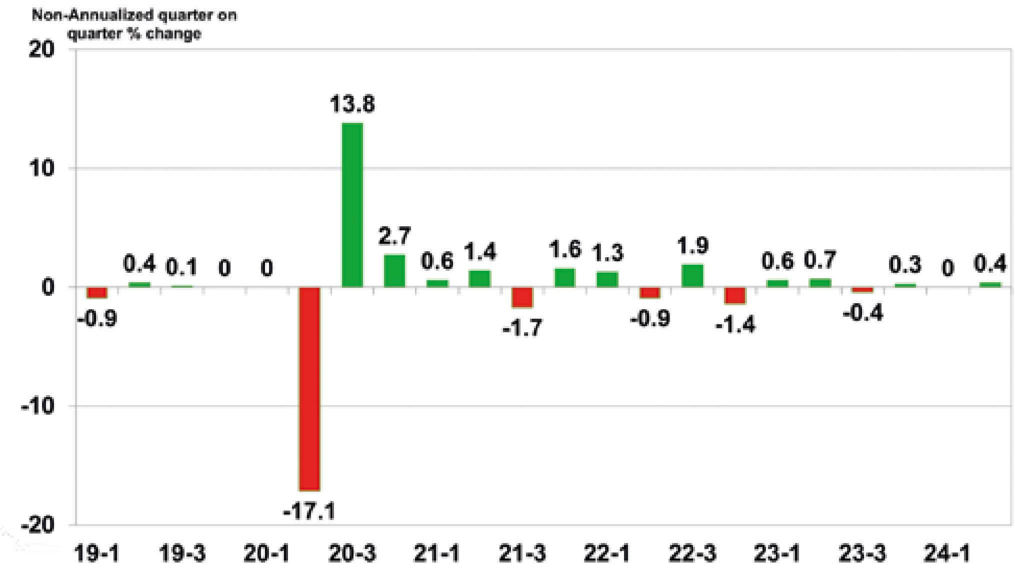
Source: GDT Events

Unprocessed milk production in key exporting countries



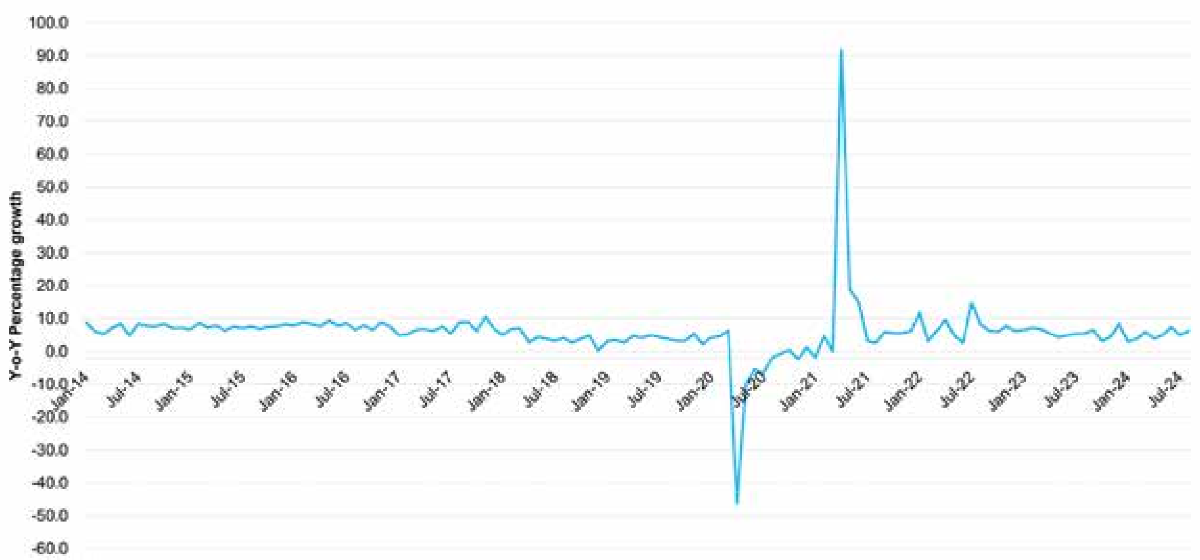
	USA	EU-27	Australia	New Zealand	Uruguay	Argentina
2021	1.3	-0.4	-0.3	0.1	2.0	4.0
2022	0.1	-0.3	-6.8	-3.8	-1.4	0.0
2023	0.0	0.6	0.2	0.9	1.2	-2.0
Jan-Sept 2024	-0.3	0.0	3.4	1.0	-4.6	-9.5

Quarterly economic growth in SA (seasonally adjusted), 2019 – 2024 (base year 2015)

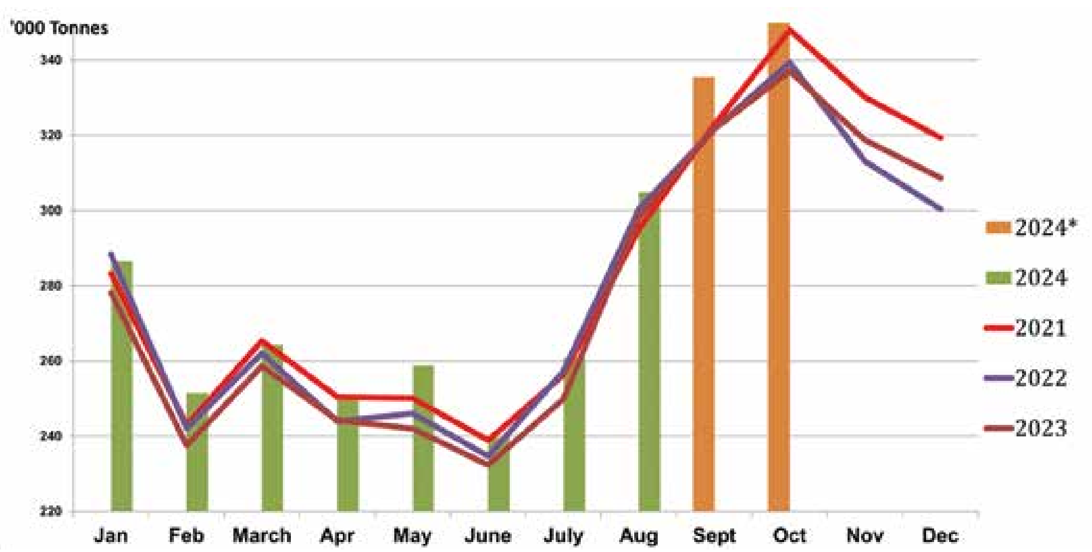


Source: Stats SA

South African growth in Real Retail Sales: January 2014 – August 2024



Monthly unprocessed milk purchases: January 2021 – October 2024



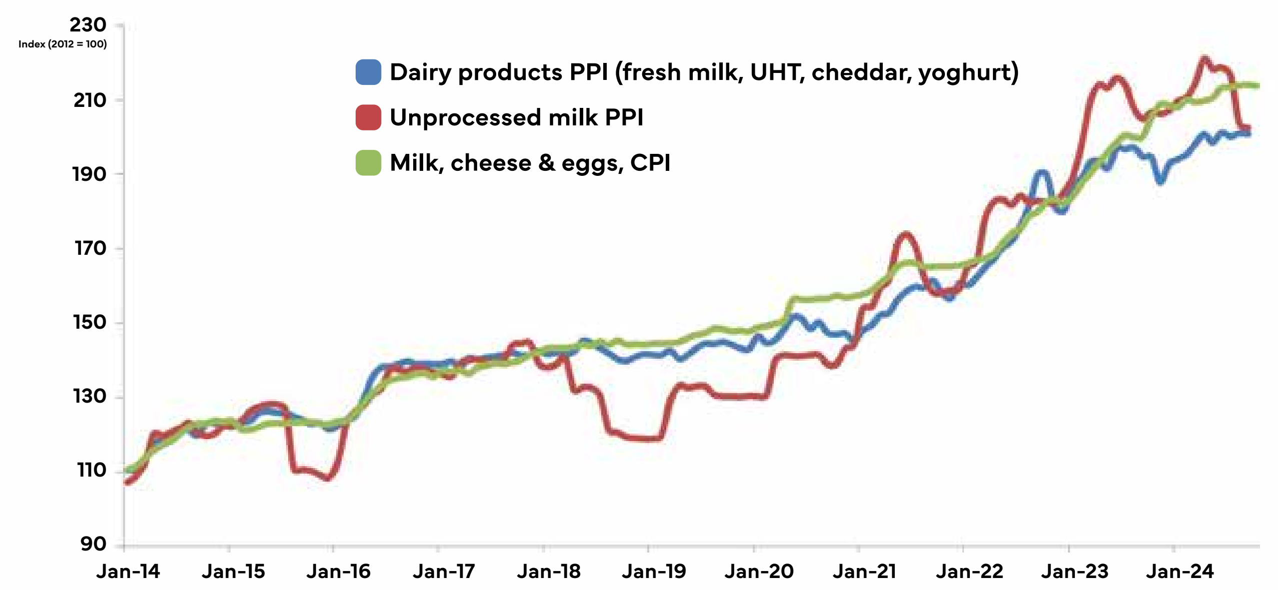
Changes in the quantities of retail sales of specific dairy products

PRODUCT	Sales in the month of Sept 2024 versus the sales in the month of Sept 2023	Sales in the 3 months from July 2024 to Sept 2024 versus the sales in the 3 months from Jul 2023 to Sept 2023	Sales in the 6 months from Apr 2024 to Sept 2024 versus the sales in the 6 months from Apr 2023 to Sept 2023	Sales in the 9 months from Jan 2024 to Sept 2024 versus the sales in the 9 months from Jan 2023 to Sept 2023	Sales in Oct 12 months from Oct 2023 to Sept 2024 versus the sales in the 12 months from Oct 2022 to Sept 2023
	percent	percent	percent	percent	percent
Fresh Milk	-0.3	-0.6	-0.9	-2.3	-3.2
UHT milk	7.2	5.4	7.0	5.2	3.2
Flavoured milk	0.8	-0.1	3.7	1.0	-0.3
Yoghurt	2.3	2.7	3.6	2.0	0.7
Maas	2.3	5.5	8.4	6.1	4.4
Pre-packaged cheese	6.7	6.5	4.9	3.2	2.4
Cream cheese	7.1	5.0	4.2	5.5	5.9
Butter	9.6	9.1	6.6	5.4	4.4
Cream	2.4	3.4	2.0	2.1	1.4

Changes in average retail prices of spcific dairy products

PRODUCT	Sept 2024 versus Aug 2024 (1 month ago)	Sept 2024 versus Jun 2024 (3 months ago)	Sept 2024 versus Mar 2023 (6 months ago)	Sept 2024 versus Dec 2023 (9 months ago)	Sept 2024 versus Sept 2023 (12 months ago)	Sept 2024 versus Mar 2022 (18 months ago)	Sept 2024 versus Sep 2022 (24 months ago)
	percent	percent	percent	percent	percent	percent	percent
Fresh Milk	-1.1	-0.9	0.06	0.06	1.2	1.8	14.2
UHT milk	-0.6	-0.1	1.8	-1.0	-0.6	4.6	14.3
Flavoured milk	0.2	4.3	4.6	9.2	4.3	6.0	13.7
Yoghurt	0.03	2.0	3.9	6.6	6.2	8.7	17.0
Maas	-0.6	0.2	1.6	1.1	2.5	4.9	19.6
Pre-packaged cheese	-1.9	-0.2	-1.7	-4.4	1.9	7.2	15.8
Cream cheese	-1.4	-2.4	3.8	-2.3	3.1	7.2	12.0
Butter	5.7	0.9	3.8	2.4	1.0	7.5	13.5
Cream	-0.8	0.3	1.5	0.8	4.0	6.0	12.8

PPI Indices of unprocessed milk and dairy products and the CPI of milk, cheese and eggs: January 2014 – September 2024



Quarterly reports on dairy sales to the BeLN countries

Four quarterly reports on dairy sales to the BeLN countries were compiled.

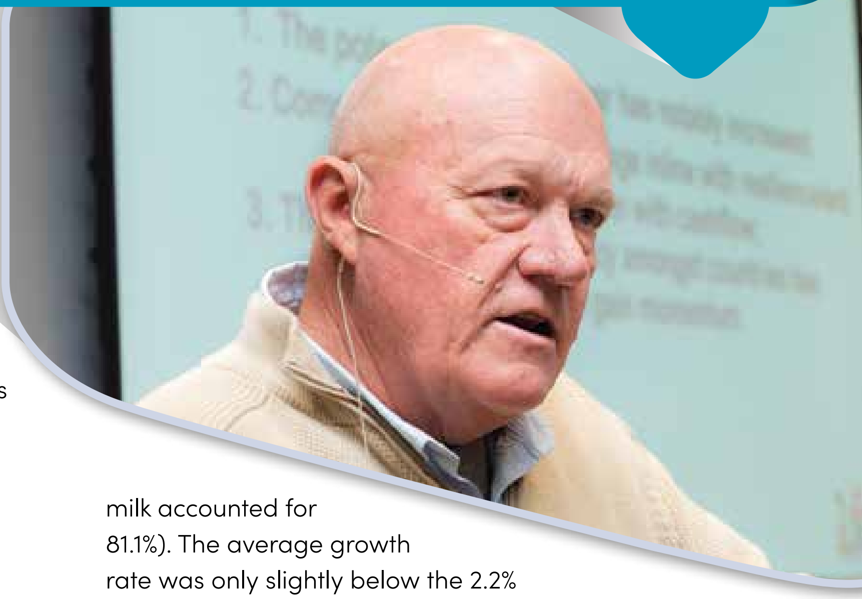
The last quarterly report on dairy sales to the BeLN countries covered the third quarter of 2024.

Synopsis from the report

- For the first three quarters of 2024, the intra dairy trade exports increased marginally by 0.28%, compared to the same period in 2023. On a mass basis of intra dairy exports for whey, whey powder etc. (04.04) indicated the largest increase of 54.46%, mostly being exported to Eswatini and Lesotho. Intra dairy exports for two of the six tariff headings (04.02 Milk, concentrated) decreased, with butter, butter spreads and butter oil (04.05) reducing the most with 33.51%. The mass of intra dairy exports Milk and cream, unsweetened (04.01) and Buttermilk powder, yoghurt (04.03) varied the least between the three quarters.
- During the first three quarters of 2024 for milk, concentrated (04.01) and buttermilk powder and yoghurt (04.03), the F.O.B price increased the most with 40.50% and 22.14%, respectively. Of the six tariff headings the average F.O.B. price of whey, whey powder, etc (04.04) decreased the least by 0.27%.
- For the first three quarters of 2024 the value of sales increased by 8.12% over the same period in 2023. The value of whey, whey powder, etc. (04.04) increased the most (42.52%), in line with the mass of sales that increased by 54.46%.
- The percentage of imports for the first nine months of 2024 compared to the total year in 2023 are as follows: milk and cream, unsweetened (04.01) is 73%, milk concentrated (04.02) is 65%, buttermilk powder, yoghurt (04.03) is 77%, whey, whey powder. Etc. (04.04) is 105%, butter, butter spreads and butter oil (04.05) are 55% and for cheese and curd (04.06) is 81%.

Report on the IDF World Dairy Situation

The report on the World Dairy Situation was completed and submitted to Milk SA.



Executive summary

In 2023 the world saw the World Health Organisation (WHO) declaring the end of the COVID-19 pandemic in May 2023 but increased uncertainty in the world due to a rise in regional conflicts and the continued aggression and imperialistic tendencies of the Russia Federation. World economic growth was underwhelming and registered 3.0% in 2023.

The world population increased by 70 million people (+0.9%), reaching a total of 8.09 billion in 2023. The population growth rate has gradually slowed to 0.9% per year over the past five years, compared to 1.1% between 2015 and 2020. Total production of unprocessed milk (all species) increased by 2.1% in 2023, which is slightly lower than the average rate of 2,2% over the period 2015 to 2023. In 2022, limited supply constrained demand, leading to a price surge that particularly impacted on lower-income countries.

The easing of dairy product prices in 2023 (-17.2% according to the FAO Dairy index), due to increased supply, facilitated a partial recovery in consumption. On average, the calculated per capita consumption of dairy products increased by 1.36% in 2023 from 117.5 kg in 2022 to 119.1kg in milk equivalent. This is much lower than the production growth of unprocessed milk in 2023 (2.1%). This is the second consecutive year where consumption is lower than production growth of unprocessed milk. Nevertheless, the per capita consumption growth is a much-improved situation compared to the previous year where per capita consumption grew negatively.

The profitability of dairy farming significantly deteriorated in 2023 compared to the financially strong milk year in 2022. Unprocessed milk prices fell sharply, while the cost of production decreased only slightly. In the USA farmgate prices decreased by 19.9%, in the Netherlands 14.5%, New Zealand 4.8% and China down by 12.2%. The exception was South Africa where the farmgate price continued to increase in lieu of reduced output at farm level.

Global unprocessed milk production (all species) grew by 2.1% in 2023 to reach 964 million tonnes (cow's milk accounted for 81.1%). The average growth rate was only slightly below the 2.2% compounded average growth rate during 2015 – 2023. Unprocessed cow milk productions improved from 2022 to 2023 with the 2023 growth rate on par with CAGR for the period 2015 – 2023 of 2.0%. Unprocessed buffalo milk in 2023 grew by 2.8% (CAGR: 3.8% 2015 - 2023) and other unprocessed milk (sheep, goat, camel, etc.) by 0.7% (CAGR: 1.9% 2015 - 2023). Unprocessed cow's milk delivered for processing increased with 0.7% to 463 million tonnes, which represents 59% of the total production of unprocessed cow's milk.

Dairy products production synopsis:

The production of packaged milk (liquid milk) increased by 0.9% in 2023, notably higher than the annual growth rate of 0.1% in place since 2015. This growth was mainly driven by the production growth in China which rose in 2023 by 3.7% and in India by 2.7%. The production of fermented dairy products in 2023, declined by 3.1%, registering the fourth consecutive year of decline. Chinese production continued to decline sharply by 21.8%, while in Indian production of fermented products rose for the third year running (+11.8%).

Global cheese production increased by 2.2% to 23.8 million tonnes in 2023, which is on target with the growth rate of 2,2% since 2015. This market analysis is done on cow's milk cheese only. In the EU27, the world's largest producer of cheese, production increased by 1.9%, to a record volume of 9.7 million tonnes, in the USA, the second largest producer the increase was less pronounced at 0.9%.

The demand for butter and other milk fat remained strong in 2023. Butter and milk fat production increased by 2.4% to 13.2 million tonnes in 2023, on par with the average growth rate of 2.4% since 2015. Production is dominated by India, which alone accounts for half of the world's dairy fat production. The production of whole milk powder (WMP) increased by 1.8% in 2023 to 4.7 million tonnes after a decrease of 8.6% in the previous year. The main producer of whole milk powder, New Zealand, increased WMP production by 2.7%, after a sharp decrease in 2022 due to a significant drop in the demand from China. In China, the output of WMP increased with 12.0% to 1.1 million tonnes. The world skim milk powder (SMP) production increased only slightly by 0.4% to a record volume of 5.1 million tonnes in 2023. In Oceania, SMP production increased in Australia, reaching 142 thousand tonnes (+4.9%) and soared in New Zealand by 23.5%.

Main exporting countries and export destinations synopsis:

- **Cheese** top three exporters: EU27 1 379, USA 438, New Zealand 374, world trade 3 565 (1 000 tonnes). Top three export destinations: U.K. 420, Russia 300, Japan 260 (1 000 tonnes).
- **Butter and butter oil** top three exports: New Zealand 514, EU27 292, Belarus 81, world trade 1 145 (1 000 tonnes).
  Top three export destinations: China 142, Russia 84, USA 81 (1 000 tonnes).
- **WMP** top three exporters: New Zealand 1 366, EU27 260, United Arab Emirates (UAE) 188, world trade 2 475 (1000 tonnes).
  Top three export destinations: China 445, Algeria 248, Brazil 182 (1 000 tonnes).
- **SMP** top three exporters: USA 810, EU27 775 New Zealand 451, world trade 2 660 (1 000 tonnes).
  Top three export destinations: Mexico 410, China 342, Indonesia 185 (1 000 tonnes).
- **Milk and cream** top three exporters: EU27 1 232, UK 769, New Zealand 406, world trade 4 255 (1000 tonnes).
  Top three export destinations: China 875, EU27 753, UAE 246 (1 000 tonnes).

Report on the IDF World Dairy Summit

The report was completed and submitted to Milk SA. The report consists of a general overview of the summit, a list of IDF meetings attended, and written feedback of four meetings/sessions that was attended with the aim to compile an IDF Summit publication consisting of all the South African delegates feedback that attended the summit.

13.2 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.

The members of SANCIDF are the SA Milk Processors' Organisation and the Department of Agriculture.

The IDF membership fee for 2024 was fixed at €44 500 by the General Assembly of IDF at their meeting held in Chicago, USA. The South African fee was paid on 19 January 2024 at a Rand value of R927 325 and the International Milk Promotion (IMP) membership fee was paid at a Rand value of R21 022.

Eight reports by SC members on work done in 2023, were submitted at the 2024 Annual General Meeting. When these reports were submitted to the AGM, the high standard of the reports and the important role South Africa's representatives play in IDF work became apparent. All these reports are attached to this report.

As part of its 120th anniversary celebrations, IDF produced an e-book on IDF's contributions to Dairy- and global food- quality and safety. They also included a section called a world tour through 40 countries with their members' history within IDF. SANCIDF was invited to provide an article (below) on the highlights of our participation with IDF. Our article covered Membership, Events, Participation in IDF Governance bodies and Participation in IDF Working bodies. This was a summary of article:

"South Africa became a member of IDF in 1966 and since then, our involvement with IDF has grown steadily and became the dependable and longstanding member that it is today.

The IDF events that were held in South Africa:

- Mid-year IMP meeting which was held in the Sabi-Sabi game reserve in 1995.
- The 1996 annual sessions in Sandton, Johannesburg which was well attended and drew many compliments from attendees.
- A School Milk workshop held in Pretoria.
- A joint IDF and FAO conference on food safety held in Cape Town in 2004.
- The Analytical Week of 2005 held at the Mount Grace Hotel outside Johannesburg.
- The biggest IDF event held in South Africa was the World Dairy Summit of 2012 in Cape Town. Twelve hundred and fifty delegates attended.
- The 2020 World Dairy Summit was scheduled to be held in Cape Town again but Covid 19 forced us to withdraw our offer to host the event in March 2020.

South African participation in IDF Governance bodies:

- In 1995, the President of SANCIDF, Mr Edu Roux, was appointed to the Executive Committee of the IDF, the forerunner of today's IDF Board.
- Mr Bertus de Jong was chairman of the IMP as well as a Board member early in the first decade of the new millennium.
- Dr Cheryl McCrindle was our first member of the SPCC from about 2008 to 2012 representing Animal Health and Welfare.
- Dr Koos Coetzee was elected to the SPCC in 2017 and served till 2020 representing dairy farmers.
- In 2016 Mr. Alwyn Kraamwinkel was elected to the board and served until 2020.
- Mrs Maretha Vermaak was the Nutrition and Health representative on the SPCC from 2019 till 2023. She also received an award at the World Dairy Summit in Chicago for her exceptionable contributions to the SPCC.

SA Participation in IDF Working bodies:

With a relatively small dairy industry and the long distance to Europe, South Africa did not have representation on many Standing Committees up to the nineties of the previous century. But from then onwards, an increasing number of experts joined the work programme of IDF. Prof Piet Jooste, Mr Bertus de Jongh, Dr Jan Floor, Dr Koos Coetzee, Dr Heinz Meissner and more recently Mr Alwyn Kraamwinkel, Mrs Christine Leighton, Mr. Maretha Vermaak, Dr Colin Ohlhoff, Dr Mark Chimes, Mr Bertus van Heerden and probably a couple more became active members of standing committees."

The following changes and new appointments were made in respect of our representation on IDF bodies.

- Ms Chané Pretorius (DSA) was appointed to the Standing Committee on Microbiological Hygiene.
- Ms Marieke Maree (Milk SA's R&D programme) was appointed on both Standing Committee on Environment and Standing Committee on Marketing.
- Mr Riaan Lombard was moved from Standing Committee Analytical Methods for Composition and Standing Committee Analytical Methods for Dairy Microorganisms to Standing Committee Statistics and Automation.
- Ms Azel Swemmer was appointed to the Standing Committee Analytical Methods for Additives and Contaminants and the Standing Committee on Residues and Chemical Contaminants.

In response to the annual request from Milk SA for a project planning document and budget for 2025, such a document for the Project: Membership of and interaction with the International Dairy Federation by the SANCIDF was submitted to Milk SA on 23 August 2024. Nine goals were identified for the project and a budget totalling R1 190 460 was approved by the Board of Milk SA. The major components of this budget were R954 300 for IDF membership fees and R236 160 to enable two persons to attend WDS 2025 in Chile.

In the last quarter the focus of the global dairy industry was on the World Dairy Summit which took place from 15 to 18 October 2024 in Paris.

The following persons from South Africa attended the World Dairy Summit in Paris during October 2024, indicating the institution / project that funded the delegate:

- Prof Elna Buys – University of Pretoria
- Mrs Christine Leighton – Consumer Education Project of Milk SA
- Dr Ndumiso Mazibuko – SAMPRO
- Ms Chané Pretorius – Dairy Standard Agency's Statutory Projects of Milk SA
- Mr Bertus van Heerden – Economies and Markets Project of Milk SA
- Mrs Maretha Vermaak – Consumer Education Project of Milk SA
- Mr Melt Loubser - SA National Committee of the IDF
- Dr Colin Ohlhoff - SA National Committee of the IDF
- Ms Thabang Rampa - SA National Committee of the IDF
- Dr Mark Chimes - SA National Committee of the IDF
- Mr Fanie Ferreira - Milk Producers' Organisation

Preceding the conference part of WDS 2024, were the usual Business meetings on which South Africa was represented by the above-mentioned delegates.

International

IDF always proposes their New Work Items for the year to their members in the first quarter of each year. For

IDF Board of Directors

2024 they proposed eight New Work Items of which SA supported 2 and nominated a local person on the task forces that will handle two of the work items.

An Extraordinary General Assembly of IDF was held on 8 May 2024 to consider the approval of the minutes of the previous General Assembly, matters related to the finances of IDF and changes to the IDF Constitution. The SANCIDF President and National Secretary attended this meeting online.

The IDF National Committee's Mid-Term meeting was held on 9 May 2024 to consider, amongst others, roundtable of Country Updates, new IDF Cloud, the Paris Manifesto, collaboration with ISO and reports from three working groups. The National Secretary attended this meeting online.

The National Committee Secretaries meeting took place on Saturday 12 October 2024 from 09:00 till 18:00 and was attended on-line by the writer. On the agenda were items like updates from the President, Director General and SPCC Chairman, the Paris Manifesto on sustainability, National Committee presentations on structure (sharing on how National Committees are set up) and the establishment of an Information Hub for IDF World Dairy Summit organisation tools. The matters discussed and resolved at the National Committee Secretaries meeting are carried forward to the IDF Board by the National Secretary who is also a member of the Board.

A key highlight this year was the World Dairy Summit in Paris, where 1 600 participants from 60 countries assembled. It was an extraordinary forum for sharing knowledge, reflecting on challenges, and exploring innovative solutions in a grand setting. The election of the new IDF President, Gilles Froment, during the 118th General Assembly was one significant milestone this year while for South Africa, the election of Melt Loubser to the IDF Board was also a highlight. Another important matter that flowed from the WDS in Paris, was the signing of the Paris Manifesto.

This Manifesto, renamed the Dairy Declaration of Paris, is the continuation of the Dairy Declaration of Rotterdam and pursues several objectives:

- Raising visibility around the engagements the dairy sector is taking (stocktaking of tangible and publicly known commitments)
- Shaping the conversation on sustainability, considering all its dimensions.
- Showcasing the positive agenda of the dairy industry on sustainability to address the 'triple challenge' of i) providing food security and a sustainable source of nutrition; ii) supporting the approximately one billion people who depend on the dairy sector for their livelihood; and iii) transforming dairy systems to be more environmentally friendly.
- Creating the conditions to help national and/or regional private institutions and local governments to develop good policies to support the transition of the dairy sector into an increasingly sustainable sector.

IDF represents the global voice of the dairy sector and is recognized as the leading source of expertise and scientific knowledge since 1903. It is the appropriate international organization that can lead a global action on sustainable dairy, while encouraging collaboration such as locally implemented private-public partnerships. As an international federation of national organisations, it has the capacity to identify, prioritize and offer sustainable solutions that are adaptable to varied local situations.

Sustainability remained a central focus of the dairy sector and this year, the IDF's efforts in advocating for sustainable practices have been recognized by key global bodies, reinforcing the importance of dairy in global food systems. In line with this focus, the Circularity in the Dairy Chain Symposium was held virtually in December and gathered experts focused on sustainability in the sector. With sessions on circular dairy practices, farming, and processing innovations, the event demonstrated the sector's commitment to addressing sustainability challenges.

The latest update of their Programme of Work was made available by IDF in December 2024 and contained 161 active work items or items under consideration. In 2024, 50 new items were added to the POW, encompassing new projects, events, factsheets, monitoring activities, and items under consideration. Concurrently, 41 items were removed, most of which were completed. For more detailed information, please contact the SANCIDF Office.

The next IDF/ISO Analytical Week will take place in Anand, the dairy capital of India, from 31 March to 4 April 2025. This event will be held in conjunction with the annual conference of the International Committee for Animal Recording (ICAR), hosted by the National Dairy Development Board of India. This week-long event is the annual meeting of dairy analytical experts who develop the joint IDF/ISO programme for standards for milk and milk products. It will provide key opportunities to network, discuss sector needs and challenges, and exchange insights with testing manufacturers on the latest developments.

13.3 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 National Animal Health Forum (NAHF) regarding trade related issues.

BILATERAL AND MULTILATERAL TRADE AGREEMENTS

- The Agricultural Trade Forum (ATF) of the Department of Agriculture is the platform where all Agricultural trade negotiations are discussed and protocols developed. During the last two years there were mainly four Multilateral agreements that were of importance to the dairy industry, namely:
  - Southern African Customs Union Agreement (SACU);
  - The African Continental Free Trade Area (AfCFTA) which includes 55 African Countries;
  - Economic Partnership Agreement with the EU (EPA) and United Kingdom (UK); and
  - The China agreement.

Southern African Customs Union Agreement (SACU)

- The Customs Agreement remains the oldest functioning Customs Union. It was originally established by the British colonial power in the 1880s.
- Further political and economic developments warranted complete renegotiation of the Agreement in the coming years for example:
  - In 1969, in particular, Namibia's independence;
  - The dawn of democracy in South Africa in 1994;
  - A new SACU Agreement was signed in 2002 by the Republic of Botswana, the Kingdom of Lesotho, the Republic of Namibia, the Republic of South Africa and the Kingdom of Swaziland (now Eswatini); and
  - The SACU Agreement of 2002 was amended in 2013, to provide for the institutionalisation of the SACU Summit. The amendments entered into force on 16 September 2016.
- Like other customs unions, a key feature of SACU is the application of a single tariff regime – the Common External Tariff (CET). This means the Member States form a single customs territory which provides for a free movement of goods where tariffs and other barriers are eliminated on all trade between them. The CET applies to goods imported from all territories that are not members of SACU.
- Article 31 of the Agreement stated that no Member State shall negotiate and enter into new Preferential Trade Agreements with third parties or amend existing Agreements without the consent of the other Member States. The SACU Member States have established a Common Negotiation Mechanism through which a unified approach to negotiations with third parties is pursued.
- However, some aspects of the new agreement such as Infant Industry Protection and quantitative control (closing the border for the importation of certain products) have been outstanding for quite some time and will again be in the spotlight and be placed on the agenda for discussion.

The African Continental Free Trade Area (AfCFTA)

- The AfCFTA is the world's largest free trade area bringing together the 55 countries of the African Union (AU) and eight (8) Regional Economic Communities (RECs). The overall mandate of the AfCFTA is to create a single continental market.
- The AfCFTA entered into force on 30 May 2019, after 24 Member States deposited their Instruments of Ratification. Although the AfCFTA agreement had already entered into force in 2019, 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 AfCTFA Secretariat on 13 February 2023 for verification. The Republic of Botswana has also deposited their instruments for ratification of the AfCTFA Agreement. All SACU member States have now ratified the Agreement.
- On 24 January 2024, the South African Government published the rules of origin as described in Government Gazette no. 50045 dated 24 January 2024 (R 4286) for the implementation of the AfCTFA.
- As of August 2024, 48 of the 54 signatories (88.9% of State Parties) have deposited their instruments for ratification with the Africa Union Chairperson.
- 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) See Table 1.

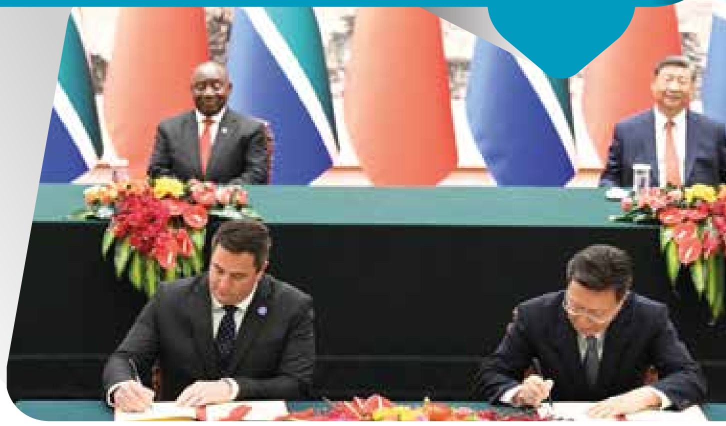
Table 1: Abstract of import duties in some African countries under the AfCFTA agreement

IMPORT DUTIES IN SOME AFRICAN COUNTRIES UNDER THE AfCFTA AGREEMENT (2024) AD VALOREM - PERCENTAGE)						
Country	**04.01**	**04.02**	**04.03**	**04.04**	**04.05**	**04.06**
Kenya	60	60	60	15	15	60
Madagascar	12	0-20	12	2.5-10	3-12	12
Malawi	25	10	10	25	12.5-25	12.5-25
Mauritius	5	5	5	5	5	5
Nigeria	20	3.6	5.35	2.5-20	5-20	12
Seychelles	0	0	0	0	0	0
Tanzania	60	60	60	12.5	15	60
Uganda	6	60	60	15	12.5	60
Zambia	25	15-25	25	25	25	25

Table prepared by the Office of SAMPRO based on information obtained from au -afcfta.orgw

Finalisation of the Economic Partnership Agreement with the EU (EPA) and United Kingdom (UK) on Market Access Quota's for 2022, 2023 and 2024

- Certain products originating from the European Union (EU) are eligible for a preferential tariff-rate quota (TRQ). These TRQ's allow a specific mass of imports of a particular product that can enter a market at zero import duties. When this quota is fully allocated, the normal tariff will apply to further imports. The same also applies to the SADC -UK EPA.
- These quotas for all agricultural products were not timeously implemented and gazetted in the last three years.



- Kindly note that the long awaited TRQ gazettes for both the EU and the UK (six notices) for the years 2022, 2023 and 2024, were eventually published by SARS on 4 October 2024, through this link: Tariff Amendments 2024 | South African Revenue Service (sars.gov.za)
- The industry is also reminded of the fact that import duties will be refunded retrospectively on the basis of first-come first-served.

Trade agreements with the People's Republic of China

- In September 2024, South Africa signed trade agreements with China that could lead to an increase in the export of agricultural and manufactured products to the country. The new agreements, which include protocols for dairy and wool exports as well as a groundbreaking memorandum of understanding (MoU) on foot and mouth disease (FMD) are set to open opportunities for the exportation of agricultural products to China.
- According to Minister of Agriculture, John Steenhuisen, the dairy and wool protocols will allow access to the Chinese market for South African dairy and wool products. The inclusion of compartmentalisation will ensure that those export operations in provinces not affected by FMD will continue to be able to export their produce to China.
- On 2 September 2024, the Department of Agriculture of the Republic of South Africa and the General Administration of the Customs of the People's Republic of China on Inspection, Quarantine and Sanitary requirements (GACC) signed a protocol for the exportation of dairy products.
- The signing of this protocol is good news. Such a protocol typically contains detailed information about requirements regarding matters such as food safety, product composition and which products can be exported in terms of the agreement. The detail of the requirements is not known yet and it means that South Africa must establish systems to meet the requirements set by China. Establishing such systems can take time. The Regulation and Dairy Standard Project of Milk SA has already done work in this regard. The health certificate is also in the process to be finalised.
- China is requesting list of the South African establishments that are in compliance with the protocol. Only South African dairy processing facilities that is ZA approved for exports to China can submit applications for registration in China through the "Registration and Management Systems for Overseas Imported Food Manufacturers" (CIFER system).

TRADE PROTECTION AND TARIFF DISPENSATION / AGRICULTURAL SAFEGUARD DUTIES

- The EPA Trade Agreement between South Africa and the European Union makes provision under Article 35 of the agreement, that should a surge of imports of a particular agricultural product do occur within a specific calendar year, then an agricultural safeguard duty can be applied.
- The agreed reference quantities for full cream UHT milk classified under tariff subheading 0401.20.07 were Gazetted on 11 October 2024, under Notice 51368. The levels are listed in Table 2.

Table 2: Agricultural safeguard trigger levels for full cream UHT milk (0401.20.07)

Year	Tons	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: Government Gazette Number 51368 dated 11 October 2024

- South Africa will unfortunately not be able to use of a safeguard duty because our normal rate of duty on imports of full cream UHT, milk from all over the world, is at a zero rate of duty.

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 2024
  - Quarterly January to December 2024
- The mass 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 2024. See Table 3.

Table 3: 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)

TONS						
UHT Milk	**2019**	**2020**	**2021**	**2022**	**2023**	**2024**
0401.10.07	20	43	8 724	356	39	1 .3
0401.20.07	17 992	5 392	13 767	3 257	5 518	0.8
Total mass	18 012	5 435	22 491	3 613	5 557	2.1

Source: Table prepared by SAMPRO based on information obtained from SARS

- The years indicated in red, are the years when the imported mass of imports were more than the agreed trigger levels under the Agricultural safeguard levels.
- From January to December 2022, 3 613 tons of UHT were imported and in 2023, a mass of 5 557 tons of UHT milk was imported. For the period January to December 2024, only a mass of 2 095 kilograms of UHT was imported at very high prices.
- The estimated size of the South African demand for unflavoured and unsweetened milk in 2022, 2023 and 2024, was respectively 1 435.7, 1 489.0 and 1 508.2 million kilograms. UHT milk, classifiable under tariff subheadings 0401.10.07 and 0401.20.07, represented 0.25 percent of the total demand for unflavoured and unsweetened milk in 2022, 0.37 percent in 2023 and 0.0001 percent in 2024.
- The mass of import and export of the different dairy products, for the three-year period 2022 to 2024, is indicated in Tables 4 and 5.
- The detailed quarterly reports on the import and export of dairy products can be obtained from Milk SA.

Table 4: Mass of import for the three-year period 2022 to 2024

Heading	Description	A • 2022	B • 2023	C • 2024
			Tons	
04.01	Milk and cream, unsweetened	3 965.4	5 760 .3	329.0
04.02	Milk, concentrated	15 987.6	18 881.5	12 174.2
04.03	Buttermilk powder, yogurt	3 387.4	4 041.0	4 745.1
04.04	Whey, whey powder, etc	18 435.7	11 589.2	10 994.9
04.05	Butter, butter spreads and butter oil	3 601.9	1 527.0	1 237.2
04.06	Cheese and curd	7 539.6	6 669.7	4 428.8
Total		**52 917.7**	**48 468.9**	**33 909.3**

Source: Table prepared by SAMPRO bases on information obtained from SARS

- Table 4, indicates that the mass of imports in 2024, was lower than the mass of each of the categories in the previous two years. The total mass of imports in 2024, was 30.0 percent lower than 2023 and 35.9 percent lower than 2022.

Table 5: Mass of export for the three-year period 2022 to 2024

Heading	Description	A 2022	B 2023	C 2024
			Tons	
04.01	Milk and cream, unsweetened	21 544.2	23 039.4	20 165.8
04.02	Milk, concentrated	10 422.2	10 843.9	11 736.5
04.03	Buttermilk powder, yogurt	10 472.5	11 669.3	9 725.7
04.04	Whey, whey powder, etc	1 930.7	1 810.7	1 752.0
04.05	Butter, butter spreads and butter oil	1 225.7	1 049.1	1 395.4
04.06	Cheese and curd	6 349.4	7 662.2	8 772.5
Total		**51 944.7**	**56 074.6**	**53 547.9**

Source: Table prepared by SAMPRO bases on information obtained from SARS

- Table 5, indicates that the mass of exports of three of the six dairy categories (04.01, 04.03 and 04.04) of dairy products in 2024, was lower than in 2023. The total mass of imports in 2024, was 4.5 percent lower than 2023 and 3.1 percent higher than 2022.

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) focussed on international market access issues. Dr Chimes as a representative from Milk SA, is also available to the Forum, as a dairy health expert.
- In 2024, Mr Ferreira, nominated by the Milk SA Board, wrote a letter to the Milk SA CEO, indicating that he did not want to represent Milk SA any longer on the NAHF and would no longer serve as Council member on the Board of NAHF. Dr M Chimes was then nominated and appointed as the representative of Milk SA on the council of NAHF.
- Milk SA is responsible for the membership fees of the NAHF.

Foot and Mouth Disease outbreak

- South Africa had a Foot and Mouth Disease (FMD) free zone without vaccination prior to January 2019. Since January 2019, several outbreak events were reported in South Africa that compromised the status of the FMD free zone without vaccination.
- Currently, there are two provinces with ongoing outbreaks, while all other outbreaks in the previous FMD free zone have been resolved and closed with the WOAH or are in the process of being resolved.
- The details of the different strains, according to the report of the Department of Agriculture, are as follows:
  - SAT3 FMD multi-province outbreak event, which involved Northwest, Free State, Gauteng and Mpumalanga Provinces.
  - SAT2 FMD outbreak event in KwaZulu Natal Province, with limited spread to the Free State Province.
  - SAT3 FMD outbreak event in the Eastern Cape Province.
  - SAT2 FMD outbreak event in the Eastern Cape Province.
- Table 6, provides a summary of the open and closed outbreaks per province, as well as the date of the last reported outbreak. There are currently 178 open outbreaks reported to the World Origination for Animal Health (WOAH) and 113 outbreaks (38.8%) have been resolved and closed with the WOAH.

Table 6: Summary of open and closed outbreaks per province since 2021

Province	Number of open outbreaks	Number of closed outbreaks	Total number of outbreaks	Date on which all outbreaks were resolved	Start date of last reported outbreak
Eastern Cape	38	1	39	–	05 Sep 2024
KwaZulu Natal	140	17	157	–	08 Nov 2024
Total	178	18	196		
Summary of resolved outbreaks per province since 2021					
Free State	0	41	41	18 Oct 2024	07 Feb 2024
Gauteng	0	7	7	13 Mar 2024	30 Aug 2022
Limpopo	0	8	8	29 Aug 2023	25 Apr 2022
Mpumalanga	0	21	21	26 Jun 2023	2 Aug 2022
Northwest	0	18	18	5 Mar 2024	22 Nov 2022

Source: Department of Agriculture, Directorate Animal Health, 31 January 2025

- The Directorate of Animal Health reported that negotiations with eSwatini have been finalised and that dairy products that originate from FMD free areas in KZN will be able to export dairy products to eSwatini if all requirements are at here too.
- The Zimbabwean Veterinary Services Directorate stated in a letter on 7 January 2025, that the import ban of cloven-hoofed animals and their products from the following provinces of South Africa has been lifted until further notice:
  - Gauteng;
  - Northwest;
  - Northern Cape; and
  - Western Cape.

Other provinces not mentioned in the notification, remain banned until further notice.

- All the media briefs and press releases were forwarded to Milk SA and future publications will also be forwarded to Milk SA.

13.4 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 MPO Training Institute submitted the adjusted credits documents in late December to AgriSETA to be evaluated in February 2024. AgriSETA made a promise to speed up the process of finalizing the revision of the Dairy Occupational qualification as it was taken longer than anticipated.

The revision of the Dairy Occupational Qualification was submitted to AgriSETA, to be sent to the Quality Council for Trades and Occupations (QCTO) for final approval.

There is still no formal feedback from QCTO on the revision on the dairy occupational qualification, there is a huge backlog at QCTO.

There is still no formal feedback from QCTO on the revision on the dairy occupational qualification, there is a huge backlog at 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 2024:

- 23 January 2024: The MPO Project Manager and the quality developer of the Dairy Occupational Qualification met to discuss the timelines on finalizing the revision process.
- 02 February 2024: The MPO Project Manager, quality developer and AgriSETA met to prepare for the verification.
- 07 February 2024: Verification meeting was held with all stakeholders (AgriSETA, QCTO, MPO project manager, Quality developer and the dairy industry experts. Members went through the part qualification (supervisor) and the parent qualification (dairy manager).
  Members also went through the farm worker skill program, and everyone was satisfied with the documents presented.
- 28 March 2024: MPO project manager signed off the last documents of the farm worker skills program, part qualification(supervisor) and parent qualification (dairy manager) submitted to Agriseta.
- 20April 2024: AgriSETA requested a workplace list of farms that can offer practicals for the dairy occupational course. MPO training institute told the AgriSETA that 90 best of the dairy farm meet the

criteria to offer workplace experience.
MPO training institute manager was advised by the AgriSETA that by now if there are no objections on the revision process it can only mean it will soon be finalized.

- 10 December 2024: MPO training institute manger attended Agri Edu symposium at UNISA organised by AgriSETA. The event was well attended by leaders, politicians, academics and commodity companies.
The theme for the event was Transforming Agricultural Education for Sustainable Future, this is in line with what we are trying to achieve with our occupational qualification.

The following interaction with Milk SA took place during 2024:

- 26 February 2024: The MPO Project Manager submitted the 4th quarter Skill and Knowledge Development project report to Milk SA.
- 07 March 2024: The MPO Project Manager submitted the 2023 annual Skills and Knowledge Development project report to Milk SA.
- 04 April 2024: MPO training institute manager attended Milk SA subcommittee skills develop primary industry.
- 30 April 2024: MPO training institute manager attended Milk SA advisory skills and development.
- 09 May 2024: MPO training institute manager attended an educational session with student from University of Venda on the role of MPO in the dairy industry.
- 12 and 13 June 2024: MPO training institute manager attended Milk SA social evening on the 12th and Annual general meeting on the 13th.
- 07 August 2024: The MPO and MPO training institute attended the Milk SA Primary Industry Skills and knowledge Development meeting. During the meeting the MPO provided feedback on skills and knowledge development in the primary industry, funded by Milk SA.
- 23 September 2024: MPO submitted a proposal for 2024/25 commodity discretionary grant funding to AgriSETA. The proposal is in line with skill development for farm employees.
- 27 and 28 November 2024: The MPO Training Institute Manager attended the Milk SA AGM with other project managers.
- 24 October 2024: MPO training institute attended a meeting with Dalum academy for agribusiness on fostering future work and training collaboration.

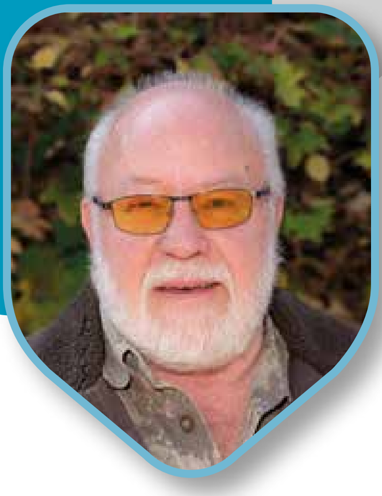
Goal 3: Guidance in respect of skills and knowledge development to members of the dairy industry and promotion of it.

The MPO Training Institute met with Synag dairy management on future collaboration. The MPO Training Institute is administrating an on-line learning platform, and the interest is growing at high schools and within the dairy industry.

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

MPO institute training manager attended induction of 25 online students at Weston Agricultural college,

MPO Dairy Institute was also represented at the large herd conference held in Port Elizabeth engaging with the industry role players.



13.5 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

In respect of Goal 1, the following abridged report is presented for quarter 1:

Description: Interactions in respect of acts, regulations, policies and procedures of bodies in the public sector regarding knowledge and skills 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.

Brief report: Many communications were shared with the Quality Assurance department of the SETA in respect of the QCTO policies on the final assessments for Dairyman learners and the SETA endeavours which were/are in contradiction to that of the QCTO, especially regarding whether or not a practical assessment ought to be incorporated in the EISA. A number of revisions were submitted by the Project Manager and the outcome is currently as follows:

- The SETA has submitted (seemingly) an interim model based on its original design (which QCTO rejected in the first meeting they joined of the Task Team) that 'covers' the practical with 'scenario' questions.
- The Milk SA questionnaires used in the trial run end last year, contains many such 'scenario' questions.
- The model that the Project Manager designed and submitted seems to be the model that will be used in subsequent rounds for EISA, i.e. it contains separate theory questions as well as either a simulation practical (where many learners have to be assessed on one site) or a full practical (for single learners per site to be assessed).
- The above is the only issue currently being 'driven' in respect of interactions on policies etc.

In respect of Goal 2 the following abridged report is presented for quarter 1:

Description: 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.

Brief report: During the recent revision of the Dairyman curricula together with the previous Qualification Development Facilitator (QDF), it was unanimously decided that the contents are still very valid.

Nothing was discussed regarding the Milk Reception Operator qualification, as it was not registered as a separate qualification and still being thought of as a part-qualification in a massive 13-part generalised qualification.

A side note was made regarding an addition to the 'future' Dairy Laboratory Analyst qualification on the required development of an additional 'chapter' for the Foodscan test which is currently widely in use. The status quo of the Dairy Lab Analyst is still 'fluid' at this stage.

In respect of Goal 3 the following abridged report is presented for quarter 1:

Description: Guidance and promotion of skills and knowledge development in respect thereof to members of 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.

Brief report: A draft Circular (1/24) has been circulated for scrutiny by the CEOs of Milk SA and SAMPRO, as well as the Chairman of the Dairy Chamber of FoodBev SETA. It is for despatch no later than end April 2024.

In respect of Goal 1 the following abridged report is presented for quarter 2:

Description: Interactions in respect of acts, regulations, policies and procedures of bodies in the public sector regarding knowledge and skills 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.

Brief report: On 27 March 2024 an EISA (External Integrated Summative Assessment) were finally implemented by then SETA under auspices of the QCTO: The following reports are made in this respect:

- The Project Manager undertook to obtain permission from the CEOs of both Milk SA and SAMPRO to make industry's existing questionnaires (3 per specialization) together with their respective answer sets, available to the SETA. This was done with permission so that then SETA could appoint an external expert to compile two questionnaires per involved specialization, with answer sets.
- On the Thursday before the EISA (Tuesday following) the Project Manager was requested to attend an after hours MSTeams meeting to attempt to 'moderate' one of the compiled questionnaires (Butter Making) and answer set.
- It would seem during the EISA writing that a similar problem occurred with at least one other questionnaire (Processed Cheese), which contained irrelevant questions from another specialization (Ripened Cheese).
- QCTO intends to do an on-site investigation to determine what problems led to the poor performance (only 50% of the learners passed) and for that reason circulated questionnaires on the EISA experience for both the learners and the Facilitator.

Milk SA Annual General Meeting attendees, June 2025

In respect of Goal 2 the following abridged report is presented for quarter 2:

Description: 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.

Brief report: During the recent revision of the Dairyman curricula together with the previous Qualification Development Facilitator (QDF), it was unanimously decided that the contents are still very valid. In a social media discussion with Mr Llewellin van Zyl of FoodBev SETA, it was confirmed that the Dairyman design and contents was requested for re-registration for 3 years by FBS to QCTO, during which time a revision needs to be effected as deemed necessary.

- Nothing further was discussed regarding the Milk Reception Operator qualification, which was registered as a separate qualification in January of 2024.
- The status quo of the Dairy Lab Analyst is still 'fluid' at this stage, but industry has – through its subject matter experts – informed the SETA of our expectations for this qualification. Reportedly the amendments recommended by SAQA and QCTO, which were accepted by the Project Manager, were now submitted to those authorities by the SETA appointed Qualification Development Facilitator.

In respect of Goal 3 the following abridged report is presented for quarter 2:

Description: Guidance and promotion of skills and knowledge development in respect thereof to members of 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.

Brief report: A draft Circular (1/24) has been circulated to and for scrutiny by the CEOs of Milk SA and SAMPRO, as well as the Chairman of the Dairy Chamber of FoodBev SETA. It is for despatch no later than end April 2024. A further Circular is being planned for November 2024 with at least news on:

- Skills Development Statistics
- New direction for future EISAs
- News (if available) on Milk Reception Operator implementation
- Dairy Laboratory Analyst status quo.

In respect of Goal 1 the following abridged report is presented for quarter 3:

Description: Interactions in respect of acts, regulations, policies and procedures of bodies in the public sector regarding knowledge and skills 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.

Brief report: The major developments in respect of this goal are with regards to the EISA (External Integrated Summative Assessment). Following the – in the view of the Project Manager – disastrous effort which was finally implemented by the SETA under auspices of the QCTO in March 2024, the following reports are made in this respect:

- The SETA has undertaken to do a complete revision of the QAS Addendums which guide the development of assessment instruments.
- This followed an audit of the private provider (SDP) which is the lead provider in SA in respect of

Dairyman by QCTO, in which the Project Manager participated virtually by way of a 90-minute question and answer session. Especially the poor performance (again the view of the Project Manager) of the SETA in this regard (and to certain extent confirmed by a respected ex-employee of the industry with many years of both technical and training experience) was not withheld during the discussion.

- The SETA then decided that it would not be proper for the Project Manager to further serve on the committee which would be tasked to assist in the revision of QAS Addendums for reason of proximity to the enrolled learners as Facilitator. The problem then arose as to who could represent the Dairy industry in this way.
- The Project Manager then selected and 'recruited' known and respected dairy technologists to serve in this capacity, five of seven accepting and two declining (one only willing to serve in another related role). It must be taken into consideration that these people are not paid to fulfil this role. The Project Manager supplied them with all the questionnaires, answer sets and practical observation checklists, with some information to orientate themselves for the 'job at hand', perhaps overdone with warnings about the work methods conducted by the SETA.
- In the end – as told to the Project Manager – an 'exemplar of potential questions and answers' and hopefully a practical assessment tool, will be made available to enrolled learners for use in preparation for the next EISA, which is only expected in February or March 2025. What is difficult to comprehend is that that is exactly where the Project went and executed since 2011 (first provision of Dairyman) and now the QCTO and SETA pretends that it represents their philosophy. The end-products are awaited with abated breath.

In respect of Goal 2 the following abridged report is presented for quarter 3:

Description: 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.

Brief report: Three qualifications namely Dairyman (which implies the suite of 10 discreet Dairyman qualifications); Milk Reception Operator – which was only registered in January of 2024 and The Dairy Laboratory Analyst, are the relevant topics for reporting on.

- It was reported by FoodBev SETA that Dairyman's registration was extended by two (2) years. That will then afford time for a contents revision, whilst maintaining the qualification design and curriculum layout and assessment specifications as is. Apart from co-operation in implementing 'new' EISAs in 2025, this revision process would make up the brunt of the Project Manager's activities.
- The Milk Reception Operator should have another two (2) years of registration and revision is not immediately required (and it should be further reported that a second training provider has indicated its interest in this, but the route of site accreditation first needs to be followed for this to be mobilised).
- It was reported that the Dairy Lab Analyst qualification was amended as recommended by SAQA and QCTO and agreed to by the Project Manager after discussion in the Advisory Subcommittee of Milk SA and subsequently re-submitted for registration. The outcome of that is awaited.

In respect of Goal 3 the following abridged report is presented for quarter 3:

Description: Guidance and promotion of skills and knowledge development in respect thereof to members of 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.

Brief report: A draft Circular (2/24) will be circulated to and for scrutiny by the CEOs of Milk SA and SAMPRO, as well as the Chairman of the Dairy Chamber of FoodBev SETA. It is for despatch no later than end of 2024. The main news will report on:

- Skills Development Statistics

- New direction for future EISAs
- News (if available) on Milk Reception Operator implementation
- Dairy Laboratory Analyst status quo.
- The intention and approach to the revision of the contents of Dairyman.

In respect of Goal 1 the following abridged report is presented for quarter 4:

Description: Interactions in respect of acts, regulations, policies and procedures of bodies in the public sector regarding knowledge and skills 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.

Brief report: The major developments in respect of this goal are with regards to the EISA (External Integrated Summative Assessment). Following the – in the view of the Project Manager – disastrous effort which was finally implemented by the SETA under auspices of the QCTO in March 2024, the following reports are made in this respect:

- In a conversation with the Senior Manager: Quality (FoodBev SETA), he stated that an agreement was reached with QCTO that a practical component should be incorporated with the assessment during the EISA. That is applauded.
- The criterion however, is that the theory and practical should be tested on the same day. THIS MIGHT PROVE TO BE PROBLEMATIC.
- It would not be problematic if the SETA appoints a single on-site external assessor and a single learner is to be assessed.
- Should there be multiple learners to be assessed, then the practical becomes a challenge, even though our (the project) assessment model for the practical can be conducted in a limited time frame ('show and tell').

In respect of Goal 2 the following abridged report is presented for quarter 4:

Description: 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.

Brief report: Three qualifications namely Dairyman (which implies the suite of 10 discreet Dairyman qualifications); Milk Reception Operator – which was only registered in January of 2024 and The Dairy Laboratory Analyst, are the relevant topics for reporting on.

- The Milk Reception Operator should have another two (2) years of registration and revision is not immediately required (and it should be further reported that a second training provider has indicated its interest in this, but the route of site accreditation first needs to be followed for this to be mobilised). This is the same report as for quarter 3.
- It was reported that the Dairy Lab Analyst qualification was amended as recommended by SAQA and QCTO and agreed to by the Project Manager after discussion in the Advisory Subcommittee of Milk SA and subsequently re-submitted for registration. The outcome of that is awaited. Preliminary learning materials were developed by 2019 before retirement of the Project Manager, which could require finalization once the qualification is finally registered, as the layout specified in the Curriculum Document is not currently known to the project.

In respect of Goal 3 the following abridged report is presented for quarter 4:

Description: Guidance and promotion of skills and knowledge development in respect thereof to members of 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.

Brief report:

- Two circulars will be planned before the end of quarter 1 in 2025 for scrutiny by the CEOs of Milk SA and SAMPRO, as well as the Chairman of the Dairy Chamber of FoodBev SETA.
- A further development that requires mention is that the tenure of our industry's Board representative runs out in March 2025, after serving 2 terms. Fortunately, the SETA Constitution does not limit the number of terms. Mr Hutton has agreed to serve a next term as our representative on the Board and the CEO of SAMPRO had submitted a written nomination for this position (Mr Hutton).
- What is troubling is that the SETA did not communicate this through the Project Manager and it is recommended that a counter-signed reminder (by both Milk SA and SAMPRO) should inform the SETA to ensure communication via the Project Manager (with no restriction on concurrently informing Milk SA, SAMPRO and the Chamber Chairman).
- In addition to the singular Skills Development Provider (FMCG Training Solutions) that is active in the secondary dairy industry, two further accreditations were awarded by QCTO and which can also be utilized by industry. The first is -
  - Optimum Learning, that has indicated its interest in providing training interventions for Milk Reception and the Fresh Dairy Products qualifications. The Project Manager ensured that Optimum understood the terms of usage of these learning materials and with the approval of the intending workplace provider (currently only singular and a SAMPRO member), provided the required learning materials to Optimum.
  - Secondly, Unique Dairies, which actually is more active in the frozen ice cream type products but also established an academy for – certainly amongst others – dairy training also in Fermented Products, were accredited and serve large processing enterprises in the northern parts of the RSA, which contribute appreciable numbers of learners in the dairy industry. This provider has been handled in the same way and learning materials made available to them. Their bona fides seem in order.
  - It needs to be mentioned that the process of accreditation deployed for these providers is unknown to the Project Manager. On enquiry with the SETA it was stated that they did not previously comprehend the process but that the first endeavour led by SAMPRO and Milk SA 'taught' them a good approach. QCTO is the final accrediting body and it would be difficult if not impossible to extract the process followed from them.

13.6 Project title: Enterprise Development

- **Responsible Institution:** Milk SA
- **Project Manager:** Mr Godfrey Rathogwa (Transformation Manager of Milk SA)

Objective 1 - Monitor existing Black dairy commercialization enterprises

Sustainable Commercialization Project came into being because of 2006-2009 Milk SA statutory levy surplus funds. Its objective is to promote competitiveness, profitability and sustainability of existing small black owned dairy enterprises by contributing to the reduction of commercial venture impediments. In order to augment the statutory levy surplus funds, Milk SA Transformation Manager successfully applied for grant funding from the Jobs Fund programme and secured R10.35 million. Below follows an annual report on the objectives set for 2024.

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. There were six hundred forty-four (644) cows on average in milk during the year under review. Farmers supplied 2 177 222 kilogrammes of milk to processors or consumers. Milk volume declined by 9% from 2 393 984 kilogrammes to 2 177 222 as the number of cows in milk dropped by 15% from 760 to 644 compared with 2023.

Sixteen (16) beneficiaries were visited at Delareyville (1), Dundee (1), Harrismith (8), Kaalfontein (2) Indwe (1), Matatiele (1), Swartberg (1), and Welkom (1). The visits were conducted to assess the circumstances of each enterprise, particularly fodder flow situation. Four (4) beneficiaries had cut a total of 78 hectares of maize for silage. The hectares cut ranged from seven to 30 hectares, with an average yield ranging from 14 to 36 tonnes of wet maize silage per hectare. Most farmers planted wintergreens with a range of two to fifty hectares per farm. The most common wintergreens were Japanese radish and oats, but some also planted teff grass in summer.

Fourty-three (43) mature cows died amongst 16 beneficiaries because of incidents such as calving difficulties, milk fever, snakebites, injuries, red water, snow and mud traps, liver abscess and gall sickness. Accordingly, beneficiaries were strongly advised to consult their local veterinarians for information regarding vaccination programmes and integrated dairy herd disease management programmes. Moreover, farmers were urged to contact veterinarians whenever they had bad animal incidents on their farms and to invest in veterinary services rather than losing a cow.

Farmers identified the following main challenges:

- The majority of farmers continued to struggle with inadequate fodder flow due to a lack of irrigation infrastructure, insufficient rainfall during winter pasture planting period and slow progress to get farming loans from financial institutions. They relied on assistance from Milk SA. Due to heat stress, two beneficiaries at Harrismith had to cut their maize silage earlier than usual, while another delayed cutting due to power failure. Moreover, lack of rainfall also resulted in poor germination and growth of wintergreens.

- Access to veterinary services remained a challenge due to the shortage of state veterinarians and the high cost of private veterinarians. Some farmers reported that state veterinarians were not always available on short notice and did not have transport readily available attend to farmers' emergency cases.
- Five farmers were affected by the Eskom power cuts that disrupted their milk quality and milking schedules. Two farmers reported losing 800 litres because it sour. One farmer also did not have water because of Eskom power outage.
- Five fire outbreaks destroyed grazing lands of four farmers and one house. A cow also died from manure heat stress because cow manure caught fire.
- One farmer's borehole dried up and attempts to sink another borehole failed after more than five attempts. This farmer had to cart water by his bakkie for a distance of about three kilometres.

Management of cooperative enterprises remained a challenge because a sense of ownership and thus commitment to the success of the enterprise lacks in cooperatives compared to family-owned enterprises. Additionally, businesses owned by elderly entrepreneurs without children or young committed employees are at a risk of business continuity. Succession planning was recommended to all entrepreneurs to ensure the continuity and sustainability of their enterprises.

Objective 2 - Deliver pregnant heifers to new and existing black dairy enterprises depending on compliance with Milk SA criteria and beneficiary counter performance. This objective includes veterinary services

One of Milk SA's strategies to promote economies of scale, competitiveness, and sustainability Black smallholder dairy enterprises is to supply certified pregnant heifers. However, no pregnant heifers were delivered during the year under review because farmers did not have sufficient fodder flow on their farms to support additional animals. Milk SA's policy is to supply animals were there is proof of adequate fodder flow.

Objective 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 critical for a dairy cow to be productive, provided other critical inputs are adequate. Milk SA's project beneficiaries are advised regularly to ensure that they had sufficient fodder flow of good quality. This is achieved through planting of maize for silage, winter pasture planting, and purchases of extra fodder and dairy meal concentrates depending on the feed situation. Milk SA's plan was to assist farmers in planting permanent pastures to minimize shortage of fodder on farms, on a cost-sharing basis. Unfortunately, no permanent pastures had been established due to a lack of irrigation and rainfall. One farmer's borehole dried up and attempts to sink another borehole failed after more than five attempts.

Four (4) beneficiaries were assisted with the cutting of 78 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 30 hectares, with an average yield ranging from 14 to 36 tonnes of wet maize silage per hectare.

A total of 966 tonnes of lucerne were delivered to 18 beneficiaries during the year under review. The quantity delivered per farmer ranged from 10 tonnes to 142 tonnes. Of the total lucerne delivered, 507 tonnes were on a 25%:75% cost-sharing basis between beneficiaries and Milk SA. Four hundred and fifty-nine (459) tonnes were granted to beneficiaries as an emergency relief support. Beneficiaries expressed gratitude for Milk SA's support in delivering dairy meal and lucerne during difficult times, indicating that the assistance has contributed to the improvement of their milk production. Milk SA analysis of farmer's milk records confirmed that the cow's average litre of milk per day was improving with an increase in dairy meal and lucerne assistance.

Six hundred and twenty-eight (628) tonnes of dairy meal concentrate were also delivered to 17 beneficiaries. The quantity delivered ranged from four (4) tonnes to 101 tonnes per farmer. Out of the total dairy meal concentrate delivered, four hundred and sixty-three (463 tonnes) were on a 25%:75% cost-sharing basis between beneficiaries and Milk SA. Cost-sharing policy is implemented to promote an entrepreneurial mind-set and to protect Milk SA's scarce resources against misuse without accountability. One hundred and sixty-five (165) tonnes were granted to a beneficiary as an emergency relief support.

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

Milk SA assisted two beneficiaries whose farms suffered from water shortage due to power failure, with the installation of solar power systems on a 25%:75% cost-sharing basis. The first beneficiary had a solar system and pump installed, but they were not working due to poor installation. As a result, the beneficiary requested Milk SA assistance. It has been reported that the installation was completed, and the system was functioning properly. For the second beneficiary, solar panels had already been assembled, but installation was not yet complete. The beneficiary informed Milk SA that the contractor had promised to complete the installation by January 2025. Milk SA also delivered a 2 400 litre capacity milk tank to another beneficiary who needed extra storage capacity to comply with buyer requirements on a 25%:75% cost-sharing basis between the beneficiary and Milk SA. The beneficiary informed Milk SA that the tank had been installed and it was functioning properly.

Objective 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

Eight continual learning and development workshops were held with project beneficiaries at Bethlehem, Harrismith, and Senekal. One hundred and four (104) beneficiaries from Delareyville, Dewetsdorp, Dundee, Harrismith, Kaalfontein, focused on the following aspects:-

- Farmers monthly reporting information;
- Performance of enterprise - number of cows in milk, herd size, average daily milk production per cow, cow mortality, stock theft, and culling rates;
- Conditions for further support by Milk SA as resolved by the Transformation Programme Management Committee (TPMC);
- Milk SA support and farmers' critical needs;
- Support from Milk SA for permanent pasture planting and maize silage-making;
- Private veterinary services support by Milk SA;
- Water rights;
- Blended funding scheme - Land Bank; and
- Feedback on sustainable farming and farmers' training needs.

Milk SA's dairy industry consultant conducted eight physical on-farm enterprise assessments at the Harrismith. The dairy expert reviewed farmers' milk production performance, feeding, fodder flow, and breeding plans. The following were observed:

- Low production remained a problem on most farms,
- The farmers did not want to spend money on bulls;
- Some farmers failed to record mating dates, and others who recorded them did not utilize them for determining cow dry-off dates;
- Farmers still had no idea of how much dairy meal they were feeding although they had been given a form guiding them on feeding; and
- Milking cows were often not given enough time to finish their feed allocations.

After individual farm visits the dairy expert held a workshop with 23 participants representing 17 out of 20 Milk SA Transformation beneficiaries on the following day. The purpose of the workshop was to deliberate on the findings and to make recommendations for improvement. The following recommendations were made:

- Farmers must feed lucerne outside the parlour and save milling costs. It is only necessary to mill lucerne for heifers under six months of age.
- There must be control measures in place to make sure cows are fed the correct amount of dairy meal and give them enough time to finish it.
- Farmers in maize-producing areas must produce enough maize silage to feed their cows every day of the year. Moreover, they must enquire from where they buy inputs quantities of seeds and fertilizer to use to produce at least 6 tonnes of dry matter (DM) maize silage per hectare.

Transformation project beneficiaries visit to New Zealand in 2024

JNV Landscaping and Training conducted three workshops on sustainable dairy farming. The Agricultural Research Council (ARC) pasture expert attended the first and second workshops. The first workshop at Harrismith was attended by 13 participants representing 12 Black-owned dairy enterprises across Dundee (1), Swartberg (1), Harrismith (8), Indwe (1), and Matatiele (1). The workshop focused on sustainable farming system comprising economic sustainability, social sustainability, and environmental sustainability. Farmers were taught to earn money through farming activities while preserving the environment and society for the benefit of future generations. Some insights shared with farmers during the training are:

- Plants that take over grazing land should not be planted.
- Correct weedicides and herbicides must be used for planting fodder.
- Better understanding of soil types on farms to determine suitable crops for planting. Fertilizers should also be applied according to soil fertility levels.
- Farmers need to recycle waste materials to avoid polluting the environment, which negatively affects biodiversity as a whole. Burning of waste was discouraged since it pollutes the air and contributes to global warming.
- A good sanitation system and ablutions are also crucial to prevent water contamination on farms.

The second workshop on sustainable farming at Welkom was attended by five participants representing four Black- owned dairy enterprises from Delareyville (2), Dewetsdorp (1), Tweespruit (1), and Welkom (1) who were not able to attend the first sustainable farming training program in Pretoria during quarter four of 2023. The training was focused on dairy production financial records. The participants were taught about the importance of financial records such as income and expenditure, inventory, and tax records for effective farm management. Participants were also taught on how to reconcile bank statements, manage cash flow, and prepare financial statements such as income statements and balance sheets. The importance of regular audits and reviews to ensure accuracy and integrity of their financial records was emphasised.

The third JNV Landscaping and Training workshop took place at Bethlehem on dairy farm record keeping. Twenty-six participants attended the training session representing 16 of the 20 smallholder dairy enterprises. Participants were equipped with critical skills for maintaining accurate and real-time records for dairy herd management, milk production, feed utilization, and financial planning. The training methodology included simulation exercises, real-time data recording, and interactive sessions, ensuring that participants could apply the knowledge effectively in their day-to-day dairy operations. Key outcomes of the training included:

- Enhanced understanding of the importance of accurate record-keeping in dairy farming
- Development of skills for the practical application of record-keeping templates and tools; and
- Improved readiness to implement structured record-keeping practices for operational efficiency and compliance.

ARC contributions to the sustainable farming workshop; and exposure to the New Zealand farming practices

During both the first and second sessions of sustainable farming training, ARC pasture expert presented on pasture planting and cover crops. The expert advised farmers to select the right seeds when planting dairy pastures and to also consider cover crops planting to improve soil health on their farms. He also highlighted that farmers can save input costs with cover crops.

As part of a learning process, five beneficiaries visited New Zealand with Milk SA Transformation Manager, during December 2024, to be exposed to, and to learn from New Zealand's dairy industry experience. Beneficiaries visited five farms and two processing plants of different sizes. The main processing plant was focussing on assisting economic development of Māori people. The focus of the exposure was on the following:

- New Zealand dairy history.
- Fodder flow planning and management;
- Balanced feeding for optimal productivity;
- Breeding;
- Calf rearing;
- Business record keeping; and
- Importance of a cooperative culture.

After having been exposed to good dairy practices, beneficiaries confessed that they were not feeding properly because they thought they would save money.

Objective 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 (ARC)

A meeting was held with a representative of ARC regarding farm visits to assess farms and advise on the most appropriate type of pasture. Eventually, the ARC representative visited five farms at Harrismith and one at Welkom to assess pasture potential and to make recommendations for improving fodder flow. He discovered the following during the assessment:

- Farmers could plant drought-tolerant teff grass and multiple species of pasture together.
- For wintergreens, farmers were using old seeds, especially Japanese radish. Farmers were advised to use new certified seeds with a label and he promised to assist them in ordering certified recently introduced seeds.

Training for Transformation project beneficiaries on record keeping and balancing financial farm records

DALLRD Saudi Arabia Investment Conference

Milk SA Transformation Manager was invited by the Department of Agriculture to attend its bilateral engagement with one of Milk SA's transformation beneficiaries to explore investment and trade opportunities. It was learnt that the emphasis of the bilateral engagement was on the export of grains and lucerne to Saudi Arabia.

Fencorp

Fencorp was met to discuss their potential partnership with one of our beneficiaries regarding processing of milk into milk powder. It was resolved that due to high cost of investment and lack critical skills needed and insufficient milk volume, Milk SA could not be involved and be responsible for something that was not convincing.

First Rand Empowerment Fund

First Rand Empowerment Fund were met during the period under review to discuss the finalization of the proposed agreement between Milk SA and First Rand Empowerment Fund. Unfortunately, the agreement between the two parties was not signed due to their upper limit of R1 million turnover which was regarded as very restrictive for a dairy enterprise that is both executively and capital very intensive compared to maize, vegetables, beef, etc.

Free State Investment Conference

Free State provincial investment conference was attended during the year under review. The focus of the investment was on attracting investors in order to drive the economic development. What was encouraging was the speech of the Premier who emphasized on collaboration by all stakeholders for the greater benefit.

Free State Head of Department of Agriculture (HOD)

The HOD for Free State was met to discuss support that was being given to Milk SA beneficiaries in Free State. It was agreed that Milk SA would send a list of beneficiaries to see how the two could work together to avoid duplication of support.

Kroonstad Animal Hospital workshop on mastitis

Milk SA Transformation Manager and Transformation Officer attended animal health workshop on mastitis, hosted by Kroonstad Animal Hospital, Free State province. Five beneficiaries also attended the workshop as they were strongly requested to attend. The importance of veterinary care in dairy farming was discussed, and farmers must have access to veterinarians in their area. Farmers were taught about contagious mastitis that is spread by contaminated milking machines, operators, udder washcloths, etc., usually associated with lactating cows. There was also a discussion on environmental mastitis, which can be caused by bacteria in manure, soil, bedding, feed, and water, mainly during the dry season. It was suggested that farmers prevent mastitis to avert significant economic impact by (i) following hygiene practices during milking; (ii) observing mastitis cases during the dry period; (iii) taking out mastitis-infected cows from milking dairy stalls to avoid transmission to other lactating cows; (iv) implementing antibiotic therapy for the affected cows, and (v) consulting a vet about antibiotics they should use to treat mastitis, as some antibiotics might not solve the problem effectively.

Land Bank

Milk SA and its twelve beneficiaries met with the CEO: Free State Land Bank and her staff to explain farmers about Land Bank's agribusiness funding opportunities. Land Bank products that were presented to farmers included loans for mortgages, medium-term loans, perennial crops establishment loans, short-term seasonal loans, blended Finance Scheme, and agro Energy Fund. The Land Bank gave their loan applications forms to farmers and encouraged them to start with application process.

Marketing Forum

Milk SA participated in four virtual Marketing Forum meetings of the Department of Agriculture. At these meetings, it was discussed that farmers need food safety certificates to meet market requirements. The Department of Agriculture across provinces presented a progress report regarding the implementation of the marketing strategy to ensure that farmers comply with market standards. Many initiatives targeting market access were reportedly implemented across provinces, including market information support and South African Good Agricultural Practices (SAGAP) /Global GAP accreditations. In some provinces, mini-pack houses and auction pens were constructed as part of market infrastructure and agro-logistic projects.

National Department of Agriculture

A bilateral meeting between National Extension Support Services (NESS) directorate of the National Department of Agriculture (NDA) and Milk SA on deployment/collaboration of extension practitioners took place during the year under review. The purpose of the meeting was to discuss implementation of the Commodity Based Extension Approach (CBEA) through the collaboration/deployment of Extension Practitioners to commodity organisations in line with the Agriculture and Agro-processing Master Plan (AAMP). They desire to sign MoU / SLAs with commodity associations, including Milk SA, to implement CBEA, which they believed would benefit both parties through the knowledge sharing, thereby benefiting farmers on the ground. Additionally, the NESS team requested that the Transformation Manager present at their public sector forum on extension and advisory services during the period under review, regarding farmer support initiatives Milk SA had in place to support dairy industry development. However, Milk SA was unable to present as requested during the quarter under review due to other commitments. Milk SA was then requested to make presentation during quarter 1 of 2025.

Department of Water and Sanitation

Two meetings were held between Milk SA, the Department of Water and Sanitation (DWS), and eight farmers at Harrismith to explain them about water rights and assist them in submitting their online applications. Following the first meeting, DWS visited each of the eight farmers on their respective farms to collect data regarding water use, animal populations, septic tanks, boreholes, and storage of water. During the second meeting, DWS assisted farmers with water rights applications, which were approved during the fourth quarter. General Authorisations have been issued to farmers in terms of section 39 of the National Water Act No.36 of 1998, and farmers had already received softcopies of the certificates. The DWS is still preparing registration of certificates that would be handed over together with the original General Authorisations certificates.

National Agricultural Marketing Council (NAMC)

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

There were two virtual meetings between Milk SA and the National Agricultural Marketing Council (NAMC). These meetings discussed the importance of establishing a commodity industry transformation production scheme based on Agriculture and Agro-Processing Master Plan (AAMP) goals and pillars to promote inclusive growth in the dairy industry. AAMP is a product of a social compact formed by labour, government, civil society, and industry to promotes inclusive growth, competitiveness, transformation, employment, and food security. In these two meetings, NAMC and Milk SA agreed that other stakeholders involved in the dairy industry development should also be included in discussions regarding the milk production scheme. Thereafter, two meetings were held between Milk SA, NAMC and other stakeholders to discuss the milk production scheme document drafted by Milk SA transformation team. Stakeholders were requested to make their inputs to the document in line with their organisational roles and responsibilities towards the development of dairy industry. Other stakeholders would be invited to make presentations regarding their support towards the development of dairy industry.

Another meeting was held between Milk SA and the NAMC Transformation Review Committee (TRC) during the year under review to discuss the 2025 Enterprise Development budget as well as the Accelerated Sustainable Small-scale Dairy Development budget. The TRC acknowledged and approved the 2025 enterprise development and the updated ongoing accelerated sustainable small-scale dairy development budgets. The NAMC also requested Milk SA to expose some of their new TRC members to Black-owned dairy enterprises to have a better understanding of how Milk SA was empowering them. Site visit is planned to take place during first quarter of 2025.

Potential Beneficiaries

Two potential beneficiaries were visited in Kwa-Zulu Natal, one in Gauteng and the one in Mpumalanga was assisted with Land Bank funding application.

Vryheid

The potential beneficiary visited at Vryheid had 120 dairy cows in total, and 60 in lactation. At the time of visiting, the farm was selling milk to local retailers and customers. Three farm beneficiaries found at the farm indicated that milk in their area was in high demand. They had fully erected a processing facility in preparation for producing amasi. Dairy Standard Agency was contacted by the Transformation Manager to assist them with their audits and certifications. Additionally, farm owners expressed an interest in joining Milk SA by registering as a processor. The farm has potential, but pasture needed to be established because there were no planted pastures. Feed for the farm's animals was being purchased from outside suppliers as there was no on-farm winter fodder.

Kokstad

The Agribusiness Development Agency (ADA) coordinated Kokstad's enterprise visit, which was attended by a Nestle representative as well. The farm had 549 mature dairy cows in total, and 474 were in lactation. At the time of visiting, the farm was selling its raw milk to an established milk buyer. The farm had about 200 hectares under irrigation of which 180 hectares were already under irrigated permanent pasture. It was found that the project did not meet Milk SA transformation criteria. However, they were advised to approach Land Bank and other potential funders.

Mpumalanga Province

A potential beneficiary from Mpumalanga Province was assisted with his application to the Land Bank. The beneficiary had been visited before by Milk SA, DSA and SAMPRO and advised on what was necessary for him to be part of Milk SA Transformation programme beneficiaries.

Potential milk buyer

Two meetings were held at George and in Cape Town respectively during December 2024 to address the pending termination of producers and milk buyer relationship. Discussion with the milk buyer focussed on strategies to ensure that farmers were not left in the cold while the meeting with a potential buyer focussed on how milk could be delivered to Moslems in Johannesburg. Further engagements will be pursued with potential buyers of milk and farmers to find a solution before the final date of milk producer-buyer relationship termination.

Rural Chamber of Commerce and Industry Conference

Both Milk SA Transformation Manager and Transformation Officer attended the Rural Chamber of Commerce and Industry Conference during the year under review. As one of the speakers, the Transformation Manager spoke about Milk SA's efforts to empower Black-owned dairy enterprises in the South African dairy industry. The conference provided rural and semi-rural people with the opportunity to network, build connections; and share market, funding, and economic growth information.

SA Society of Dairy Technology (SASDT) annual symposium

Both the Transformation Manager and the Transformation Officer attended the SASDT annual symposium titled " Dairy's Boundless Potential: Advancing Science and Technology through the International Dairy Federation" during the year under review. The symposium featured experts in the dairy industry, including members of the IDF Standing Committee. Discussions have covered topics such as dairy politics, economics, environment, animal welfare, standards, labelling, identity, nutrition, and marketing.

Provision of private veterinary services

Veterinary services are crucial to dairy farms to maintain healthy, productive herds. Previously, Milk SA had established a good relationship with independent veterinarians and assisted a few farms under the smallholder commercialization of black-owned dairy enterprises initiative to manage dairy herd health and welfare. As reported during the previous reporting year, due to a lack of state veterinarians and challenges associated with dairy herd health management, Milk SA saw it vital to revive partnerships with independent veterinarians. Milk SA successfully partnered with an independent private veterinarian to visit eight beneficiaries at the Harrismith area in the Free State Province every three months to conduct pregnancy tests, assess body condition scores, conduct post-mortems, and monitor general dairy herd health.

During the year under review, engagement with Platberg Dieregesondheid, Harrismith, to discuss the challenges they encounter when working with Milk SA transformation beneficiaries and type of report expected from doctors by Milk SA whenever they visit farms. The doctor said it has been difficult to schedule appointments with farmers by telephone due to some not being available. Moreover, on some occasions, the doctor visited a farmer and the farmer indicated they did not need veterinary services. The doctor also recommended Milk SA to consider the Department of Agriculture's Compulsory Community Service programme that would provide affordable veterinary services to beneficiaries.

The veterinarian visited five beneficiaries' farms as per the partnership agreement between the private veterinarian clinic and Milk SA. On four of the five beneficiaries' farms visited pregnancy diagnoses were done. Also, the veterinarian assessed the body condition scores of the farms' animals and was not satisfied with the scores of the two farms' animals, negatively affecting the conception rates of their dairy cows. Consequently, farmers were advised to improve the body condition scores of their animals through proper feeding. The veterinarian also assessed the condition of cows owned by three of the five beneficiaries following fire outbreaks. According to the veterinarian's report, one cow died and no other injuries. Furthermore, the veterinarian reported three cases of abortion on two of the five farms visited, and laboratory tests for Brucellosis were conducted to determine if it were the cause of the abortions. In all cases, the test results were negative.

Objective 8 - Assist project beneficiaries to improve accommodation and ablution facilities for their workers

During the year under review, workers' accommodation which included a kitchen, shower, toilet, and urinal was constructed for two beneficiaries. The first beneficiary construction work was done completely on a on a 25%:75% cost-sharing basis between the beneficiary and Milk SA. We insist on cost sharing to promote an entrepreneurial mind-set and to protect Milk SA's scarce resources against misuse without accountability. The second beneficiary received emergency relief grant support to provide accommodation for workers following fires that destroyed the farmhouse during the third quarter of the year under review. The contractor had already started construction work but had not yet completed. According to the farmer, the contractor promised to complete construction during the first quarter of 2025.

13.7 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 DSA[5] 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 direct 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.

5 *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 DSA strategic approach for 2024 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.

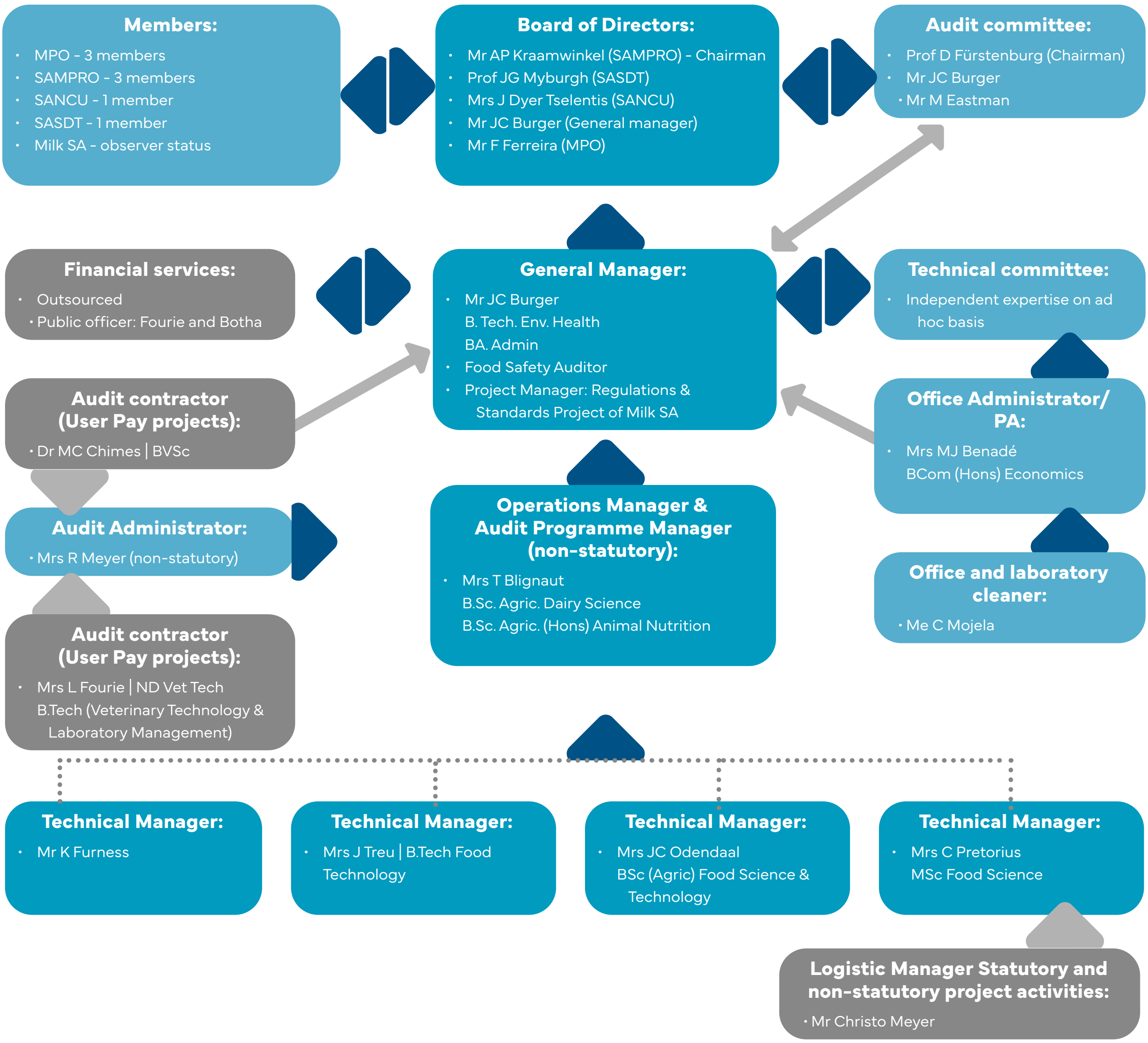
THE DAIRY STANDARD AGENCY ORGANISATIONAL STRUCTURE

The DSA MOI provides for eight members and five directors.

The DSA permanent staff complement for 2024 comprised of ten employees remunerated from statutory income and two from non-statutory income. The services of two external contractors were used in the execution of project orientated activities. Due to the size of the company, blended role activities and dual responsibilities remained a common phenomenon. The outsourcing of non-core functions such as financial services were done by means of contractual agreement. Adherence to generally accepted corporate governance was accomplished through effective communication with the chairman of the DSA Audit Committee and the DSA Board.

To assist the DSA in executing its mandate in a scientific and objective manner, the DSA Technical Advisory Committee members contributed on an ad hoc basis. This committee consisted of a panel of experts that provided valuable scientific and legal knowledge to the DSA regarding microbiological and chemical product specifications and related matters.

2024 Dairy Standard Agency Organisational Structure



The Dairy Standard Agency Laboratory Services

General Manager:
- Mr JC Burger
  B. Tech. Env. Health |BA. Admin
- Food Safety Auditor
- Project Manager Reg and Standards Project of Milk SA

Laboratory Manager
- Me Nala Manamela
  Bachelor of Sciences

Brucellosis Laboratory Manager
- Mr Deon Gallus
  Veterinary Technologist

Technical Manager
- Mrs C Pretorius
  MSc Food Science

Laboratory Technician
- Me MM Mokoka
  ND Biotechnology

Logistic Manager Statutory and non-statutory project activities
- Mr C Meyer

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 worked 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 role and consul-

Dairy Information lecture for 3rd year EHP students at the University of Johannesburg

CPUT EHP Students exposure to a dairy processing plant.

tation 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 2024 PROJECTS

According to the approved 2024 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.

During 2024, 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 were prioritised in support of the company's balanced approach to achieve its main objectives.

2024 PROJECTS/GOALS FUNDED BY MILK SA

Project / Goal number	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 / Goal number	Item
NON-STATUTORY FUNDED PROJECTS	
11.	Product monitoring on behalf of the client
12.	Farm food safety audits on contractual basis
13.	DSA food safety audits on request
14.	Food safety consultation
15.	The Dairy Quality Club
16.	Workshops
17.	DSA Laboratory Services

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

The quarterly sample runs of 2024 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 87-90) were completed as per schedule and the number of samples per product for 2024 compared with 2023 are indicated in Table 1.

The product scope for the different cycles was as follows:

- **Cycle 87:** Milk (raw and pasteurised), fermented products: cultured milk/Amasi, cultured buttermilk, yoghurt (plain & with added foodstuffs), drinking yoghurt and dairy snacks.
- **Cycle 88**: Milk (raw and pasteurised), butter and cream.
- **Cycle 89:** Milk (raw and pasteurised), cream cheese, cottage cheese, cheese and cheese with added foodstuffs, processed cheese and cheese spreads.

- **Cycle 90:** Milk (raw and pasteurised), ultra-high pasteurised (UHT) milk, sterilised milk, flavoured milk, sweetened condensed milk, evaporated milk, dairy powder, dairy dessert.

Table 1: Number of samples per product collected (2023 & 2024)

Dairy product	Total 2023	Total 2024	% Change
Fresh milk in the categories named packed pasteurised and unpasteurised, pasteurised and unpasteurised retail bulk milk	782	766	-2.05
Flavoured milk	39	35	-10.26
Yoghurt including plain, flavoured and yoghurt with added fruit and/or foodstuffs and drinking yoghurt	204	175	-14.22
Cultured milk, cultured buttermilk, buttermilk	116	113	-2.59
Butter	52	60	15.35
Cream including cultured cream	84	96	14.29
Cheese (various classes)	265	237	-10.57
Ultra-high pasteurised and sterilised milk	66	59	-10.61
Condensed and evaporated milk	31	22	-29.03
Powdered milk and powdered blends	7	7	0
Dairy desserts and custard	61	39	-36.07
Other	4	1	-75.00
TOTAL	**1711**	**1610**	**-5.90**

One of the causes for the reduction in sample submissions related to the interference of the food-and-mouth disease outbreak.

Samples were submitted to the DSA Laboratory Services per standard procedure and the results of milk and other dairy products were benchmarked against the following legislation:

- Foodstuffs, Cosmetics, and Disinfectants Act of 1972 (Act 54 of 1972)
- Agricultural Product Standards Act of 1990 (Act 119 of 1990)
- Legal Metrology Act of 2014 (Act 9 of 2014)

Of notable significance is 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.

Food safety non-conforming results obtained were assessed and communicated to the participating municipal health authorities for further action. Contact details of participating authorities as well as processors were updated as per standard procedure.

In line with project protocols and existing relationships with relevant authorities (as outlined in Project 6), the DSA continued its collaboration with law enforcement agencies. The DSA provided support through the dissemination of dairy technical information and guideline documents, aimed at curbing the sale of non-conforming products. Work relationship agreement, planning, project information as well as applicable documentation and records to be submitted during sample runs for 2025 were revised and forwarded to all participating health authorities.

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

Matters that were attended to and investigated by the DSA office included a variety ranging from incorrect labelling of dairy products, contaminated packaging material, inferior quality of goat milk products, product composition of UHT milk, misleading labelling of ice cream regarding its content, microbiological analysis of soft serve, chemical analysis of raw milk and cheese sold in KwaZulu-Natal, added water in raw milk and unlawful health claims on dairy products.

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 M_1* in various samples sold in South Africa during 2024 took place to determine levels of compliance.

In conclusion, the analysis conducted in 2024 revealed that 55 out of 766 samples exceeded the established permissible limit of 50 ppt for Aflatoxin M1. This finding necessitates further scrutiny and 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). Further investigations and remedial actions to address the 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.

Labelling and advertising on dairy product packaging

Special investigations regarding suspect product labelling such as misleading claims took place during 2024. The focus was on the correlation between what is printed on labelling and the content of the product. Comprehensive assessments were conducted on 69 dairy product labels. Detailed reports for each evaluation were compiled and shared with the relevant stakeholders.

Report: Investigation into chlorates and perchlorates in milk and dairy products

An investigation was initiated to assess the potential risk of chlorates and perchlorates in milk and dairy products in South Africa. The study's primary objective was to evaluate this risk by sampling retail milk, with samples selected based on estimated market share. The total sample population was limited to 60 samples.

In this study, chlorates were detected in 36.67% of the 60 samples tested, with 3.33% exceeding the maximum residue limit (MRL) of 0.1 mg/kg. Perchlorates were detected in 23.33% of samples, of which 18.33% exceeded the 0.01 mg/kg MRL. These findings suggest the need for a root cause analysis to understand the primary sources of contamination better.

Project 4: Risk identification through statistical analysis

The national dairy monitoring program of 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 in collaboration with the municipal health authorities.

Upon completion of testing, the results, along with interpretations related to food safety and compositional standards, were promptly communicated to relevant government authorities and industry stakeholders. Comprehensive analyses of the results highlighted non-conformances, underperformance, and associated risks. Lists of critical non-compliance results were compiled and disseminated to each province for further action.

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 of samples submitted. Non-conforming processors as well as processors whose contact details were verified and those who requested to receive test results were provided with individual test reports.

Software development and risk mitigation

Recent developments and ongoing projects in the realm of information technology and software development within the Dairy Standard Agency (DSA):

Upgrades to the current Management Information System (MIS):

The upgrading of the DSA's existing Management Information System (MIS) was completed in 2024 These upgrades aimed to enhance the functionality, efficiency, and overall performance of the system, ensuring that it continues to meet our evolving operational needs. The development of a new version of the DSA Management Information System (MIS) was completed. This project represents a forward-looking approach to ensure that the MIS remains technologically up-to-date with limited risks relating to IT safety and security as well as capable of meeting the evolving demands of the organisation.

Updates to the laboratory program:

The DSA Laboratory program has also undergone important updates to align reporting with requirements as stipulated in the pre-audit assessment to successfully comply with SANAS accreditation requirements. Work was also done on the security of the system and integration with MIS functionality. The development of a new version of our DSA Laboratory data-capturing system was completed, and the program has been successfully deployed.

Upgrades to the DSA audit application:

Project initiation

A project to upgrade the DSA audit application, which is integral to the organisation's quality assurance and compliance efforts, was initiated in the first half of 2024. The objective of the upgrade was to improve the application's functionality, focusing on enhancing the user interface, reporting capabilities, and overall usability.

Ongoing initiatives in IT and software development underscore the DSA's commitment to continuously improve 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 will continue to monitor and report on the progress of these projects in future updates.

National and international food safety and recall monitoring

Twenty national and international websites were monitored every week for possible food safety risks relating to dairy during this year, that could have had a public health impact on South African consumers. Sixty-four national and international food safety-related alerts were reported. No further actions were required based on the scope of the products involved.

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

Table 2: National and international food safety risks reported – 2024

	FOOD SAFETY ALERTS - 2024
Salmonella	8
Campylobacter	8
L. monocytogenes	24
E. coli	8
Bird Flu (H5N1)	2
Foot and Mouth	1
Foreign matter	2
HPA	1
Staph. Aureus	1
Improper Pasteurisation	1
Yersinia	1
Undeclared allergens	1
Lactococcus	1
Microbial contamination	1
Illegal sale (raw milk)	1
Mould	1
Food safety	1
Spoilage	1
Total # of reported cases	64

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 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, producers/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 2024, a total of 207 visits were paid to processors, PDs and milk shops, of which in Gauteng (42), Mpumalanga (40), Free State (28), North West (3) Western Cape (8), Eastern Cape (16), Limpopo (21) and KwaZulu-Natal (49), were visited. (Table 3).

Furthermore, the technical personnel from the DSA also extended their support and guidance by visiting EHPs associated with government departments that oversee the processors, producers/distributors, and milk shop retailers. The purpose of this assistance was to streamline the implementation of project 1 by conveying sampling procedures, dairy sample handling practices, and disseminating critical information. This was done to ensure the comprehensive sampling of all applicable products in the national dairy sampling program.

As part of the remedial action program, assistance was also given to processors on the verification of compliance of product labels against national standards. The updated labelling website was promoted during these visits.

Table 3: Visits paid to processors, PDs and milk shops in 2024

Province	Regions within provinces visited	Companies visited	E-mails	Further assistance provided
Gauteng	31	42	201	63
Mpumalanga	17	40	53	3
Free State	16	28	50	13
North West	1	3	35	9
Northern Cape	0	0	0	0
Western Cape	3	8	252	7
Eastern Cape	9	16	105	11
Limpopo	13	21	55	12
KwaZulu-Natal	28	49	79	17
TOTAL	118	207	830	135

Supplier overview

Suppliers of dairy products intended for human consumption include a range of entities such as:

- Producer-distributors (farmers selling dairy products directly to consumers)
- Producer-distributor processors (farmers adding value to dairy products and selling to consumers)
- Milk shops (retail outlets selling dairy products)
- Milk shops & processors (retail outlets adding value to dairy products and selling to consumers)
- Processing facilities (facilities adding value to dairy products and distributing through retail channels)
- Distributors (facilities responsible for distributing value-added dairy products)

Project 1.5 implementation

Building on the activities of Project 1.1, Project 1.5 provides a structured approach for effectively communicating test results to suppliers. Results are shared via email or WhatsApp reports, ensuring timely and transparent communication. Additionally, environmental health practitioners (EHPs) are requested to communicate all test results to the relevant parties, further supporting the dissemination of critical information.

Supplier Visits

Visits to suppliers are conducted based on their compliance status. The objective of a visit is to recommend corrective actions and maintain relationships and ensure continued compliance.

Project 6: Communication with authorities and other organisations

Department of Health: Directorate Food Control

The DSA in a supportive role to industry, liaised with the directorate regarding queries relating to food labelling, food safety and food additive requirements, as well as dairy technical matters. Technical-related matters such as:

- The amendment of standards relating to the Foodstuffs, Cosmetics and Disinfectants Act (Act 54 of 1972), the draft R3337 of 21 April 2024 as well as Codex standards, impacting on national legislation.
- The use of the Lactoperoxidase system in unpasteurised milk under controlled conditions.

Municipal health authorities

During 2024, communication with the municipal health authorities focussed on the interpretation of food safety legislation under the Foodstuffs, Cosmetics and Disinfectants Act, with specific reference to hygienic processing, packing and retail of milk as well the sale of unpasteurised milk and food safety risks related to dairy products. The abovementioned actions were a result of an action plan to make law enforcement officers aware of the dangers of non-compliant products in retail.

Department of Agriculture

- 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. Appropriate actions were still under investigation to improve the system of law enforcement effectively and appropriately.
- Directorate: Food Safety and Quality Assurance (FSQA policy making)
  Formal communication with the Directorate: 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 concerning rBST labelling on milk and dairy products. Formal communication with the FSQA 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 and matters were dealt with under the Regulation and Standards Project of Milk SA. Further actions regarding regulatory matters were also dealt with by the Milk SA Regulations and Standards Project.

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 2024.

South African Bureau of Standards (SABS)

The DSA participated as a 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.

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 04: Milk and milk products.

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. Further consultations were dealt with under the Regulation and Standards Project of Milk SA. The general manager of DSA continued to serve as chairman of the SABS/TC 034/SC 05 – Milk and milk products.

COMMUNICATION WITH OTHER ORGANISATIONS

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

The DSA interacted regularly with the project managers of Milk SA's Consumer Education Project, SAMPRO, MPO as well as the Project Coordinating Committee of Milk SA of which the first meeting took place on 20 March 2024. The DSA general manager serves as a member of the Dairy Research & Development Committee (DRDC) of Milk SA and its management committee and meetings were attended. The MPO Large Herds conference was attended at the beginning of 2024.

All SAMPRO's general meetings were attended, and PowerPoint presentations were made regarding the progress of the DSA projects as well as the Milk SA Regulations and Standards Project.

The Milk SA Project Coordinating Committee established to promote communication between Milk SA projects and improve effectiveness was well attended by DSA.

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

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

- Regulations under the Foodstuffs, Cosmetics and Disinfectants Act: Front of Pack Labelling;
- Agricultural Product Standards (APS) Act and draft regulation regarding management control systems;

SASDT Symposium 2025.

- Food loss and waste;
- Follow-up discussions regarding assignees appointed under the APS Act.

During 2024, the CGCSA: FSI Compliance Committee meeting as well as the Assignee Forum meetings were attended.

European Hygienic Engineering & Design Group (EHEDG)

The DSA is a member of the South African steering committee of the EHEDG. Interactions for 2024 included the hosting of a DSA webinar of EHEDG as a guest speaker.

International Dairy Federation (IDF)

DSA's general manager is a member of the South African National Committee of the International Dairy Federation (SANCIDF) and of the IDF Standing Committee: Standards of Identity and Labelling and nominated to the IDF Standing Committee for food additives and the technical secretary of SANCIDF. Relevant standing committee meetings and related webinars were attended.

South African Society of Dairy Technology (SASDT)

The DSA's general manager and staff members served on the management committees of the Northern and Western regions and participated in the SASDT management and national strategic planning meetings during 2024. The DSA members also presented at the SASDT National Symposium in May 2024, where Mr Burger presented on international regulatory matters.

The DSA contributed to the preparation of events including the student evening at the University of Pretoria as well as the SASDT Western Cape meeting in September 2024.

South Africa National Consumer Union (SANCU)

The DSA as a member of SANCU, presented at the general meeting in September 2024 on the actions of the DSA in respect of promoting the compliance of dairy (food safety, compositional and metrology) with legal standards in the interest of the industry and the consumer.

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 Metropolitan University. The purpose of the advisory boards is to give industry inputs and assist the universities with the development of course material for environmental health practitioners (EHPs).

Project 7: Liaison on legislation with authorities

The DSA continued to liaise 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)

Following the industry submission of comments regarding R3337 - draft regulations relating to the labelling and advertising of foodstuffs in 2023, no further feedback was received. The DSA continued to liaise with the directorate with respect to the formal use of the Lactoperoxidase system (LPS) by the organised dairy industry under controlled conditions and a favourable response was received at the beginning of 2024.

Response upon industry submission of comments concerning the regulations relating to the labelling and advertising of foodstuffs (R3337) in 2023 by the Department of Health is only expected during the first quarter of 2025.

Department of Agriculture

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

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 the Department of Agriculture. No target date has been provided yet for the first publication by the Department, with regarding of the draft.

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.

Extensive work regarding the National Chemical Residue Programme was carried out as well as requirements relating to export to China and the EU. The work included comments regarding the revision of veterinary procedural notices relevant to exports to the EU and other countries.

Directorate Veterinary Public Health

Weekly foot-and-mouth disease meetings (FMD Technical and Trade) were attended, where possible and interaction with the director and team took place regarding the establishment of a field and PCR test as surveillance mechanism in the Eastern Cape food-and-mouth disease (FMD) affected areas. The establishment of the DSA Brucellosis Laboratory and corrections on non-conformances indicated by the directorate received priority attention. A separate annual report Annexure B) deals with the establishment and activities on the DSA Brucellosis Lab.

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

The general manager of the DSA serves as chairman of the SABS TC 034/SC 05 regarding milk and milk products. 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 Standards Writer was approached by Dr Mark Chimes regarding SANS 1694 and 1488 relating to the welfare of dairy cattle and the transport of livestock.

Interactions with SABS related to the administration and role of South African members and conveners in the African Organisation for Standardisation (ARSO) TC 04. The ARSO's monthly and plenary meetings were attended during 2024. Several draft standards have been published for comments in different stages of completion as the work of TC 04 is nearing the final stages of designated tasks.

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

As a representative of the SA National Committee of IDF (SANCIDF), the general manager of the DSA participated in the respective IDF standing committee and action team meetings and also served as technical secretary of the South African Committee of the IDF.

The SANCIDF and related IDF standing committee meetings were attended with comments on IDF drafts to Codex. 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 the Research and Development Project of Milk SA were very useful.

IDF - Following the success of the first deep dive webinars on the General Standard for the Use of Dairy Terms (GSUDT) covering France (including EU law), Australia, the United States, India and Mexico, a third webinar was scheduled to explore additional countries. Mr Burger presented the current regulations in South Africa concerning dairy product labelling together with Norway and Japan.

The IDF/ISO Analytical Week is an annual event, organised under the aegis of the IDF and ISO TC034/SC05 - Milk and milk products. The week provides the facility for dairy laboratory managers, dairy scientists and analytical professionals to network and exchange ideas on the latest developments in analytical solutions and the launching of new initiatives. This year the event took place from 24 to 27 June 2024 and was hosted by Zimbabwe. Mr Burger attended the following meetings:

- Standing Committee on Analytical Methods for Composition (SCAMC).
- Standing Committee on Methods for Dairy Microbiology (SCMDM).
- Standing Committee on Laboratory Statistics and Quality Assurance (SCLSQA).

As per the Milk SA contractual agreement, all relevant correspondence and comments, where applicable, were shared with Milk SA and industry stakeholders as well as reporting to the South African National Committee of the IDF (SANCIDF).

Preparatory work of the standing committees for the 2024 IDF World Dairy Summit in France continues during the third quarter of 2024.

Codex: The South African Preparatory Codex Committee meetings such as the Food Import and Export Inspection and Certification Systems (CCFICS) held on 9 September 2024 and the Codex Committee on Nutrition and Foods for Special Dietary Uses (CCNFSDU) on 10 September 2024 were attended.

Project 8: Information and education project

The DSA presents information sessions based on the DSA Codes of Practice and related guideline materials to professional environmental health practitioners (EHPs) as well as student EHPs, and other professions such as veterinary and B.Sc. Agric students.

Dairy information sessions for student EHPs were presented at:

- Cape Peninsula University of Technology on the **6th of March 2024** with **37 students** attending
- University of Johannesburg on the **8th of March 2024** with **67 students** attending.
- Mangosuthu University of Technology on the 6th of August 2024 with 109 students attending.
- Durban University of Technology on the 8th of August 2024 with 21 students attending.
- Tshwane University of Technology on the 3rd of September 2024 with 62 students attending.
- Nelson Mandela University on the 9th of September 2024 with 21 students attending.

Monthly webinars to share relevant information with the dairy industry and interested role-players form part of the project plan:

- The **1st webinar**, on 28 February 2024 was attended by 106 people and the topic was *"Recent development in the dairy regulatory landscape".*
- The **2nd webinar**, on 20 March 2024 with the topic *"Understanding lameness in dairy cattle"* was attended by 59 people.
- The **3rd webinar**, on 30 April 2024 was attended by 42 people and the topic was *"DSA Lab Services… making a difference in the dairy industry".*
- The **4th webinar**, on 15 May 2024 with the topic: *"Fermentations that play a role in cheese making and cheese ripening",* was attended by 44 people. After the 4th cheese fermentation webinar, the DSA received numerous requests for assistance with challenges experienced during cheesemaking.
- It was well thought out with the **5th webinar** to present a second cheese webinar with the topic: *"Let's troubleshoot cheesemaking and get solutions to your challenges".* This webinar was attended by 91 people.
- The **6th webinar**, on 17 July 2024 was attended by 31 people and the topic was *"Dairy Calf Welfare-Trends, suggestions and solutions".*
- The **7th webinar**, on 22 August 2024 with the topic *"Safety aspects of pesticides on dairy farms"* was attended by 39 people.

- The **8th webinar** featured the topic *"Let's explore The Dairy Matrix"* and was attended by 26 people on the 18th of September 2024.
- The **9th webinar**, on 23 October 2024 was attended by 54 people and the topic was *"A practical approach to hygienic design of dairy equipment".*
- The 10th **webinar** and final webinar for 2024 featured the topic *"Practical solutions to high somatic cell count in dairy herds"* and was attended by 50 people on 20 November 2024.

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.

Effectively this project reached 542 people on dairy technical information matters via formal platforms in 2024.

Due to the positive rating of the webinars and on popular demand another 10 webinars are lined up for 2025.

Project 9: Media communication

In 2024 the DSA signed a contractual agreement with Plaas Media, which ensures that DSA media-related work is covered by a wide variety of platforms, also focussing on electronic media (Facebook, LinkedIn). This media-related work included:

- the writing of technical/scientific, semi-technical and popular articles;
- writing of press releases;
- the publication of articles on the service provider's various platforms (printed and online);
- sending out articles and press releases to the general agricultural media; and
- the design of advertisements for publication in agreed-upon and relevant publications and online platforms.

In addition to this, the DSA also received the following:

- Free interviews on RSG Landbou and Plaas TV relating to all article and press release content;
- Free placement of technical articles in Veeplaas and Stockfarm; and
- Free exposure and article placement with other websites and publications.

The outcome of this service was to increase the DSA's and their affiliates' exposure within agricultural media. Feedback media reports were received and sent out on a monthly basis to stakeholders during 2024.

The development work was completed, and the new website was also successfully launched.

Project 10: Development of guideline documentation

The initial project work on a desktop study, collecting and compiling legal standards and listing active chemical substances to draft an industry guideline took place in 2023 through visits to the National Office: Veterinary Public Health as well as the Western Cape: Provincial State Veterinarian office. This guideline document coincides with the planned work of establishing a national chemical residue monitoring program in collaboration with the Department of Agriculture. The work was to continue in 2025.

REGULATIONS AND STANDARDS PROJECT OF MILK SA

The Regulations and Standards Project of Milk SA relates to participation in the formalisation of draft regulations and standards and comments on regulatory matters, as well as communication through Milk SA structures in the interest of the dairy industry and other stakeholders.

The advisory committee of the Regulations and Standards Project met twice during 2024 and members participated in matters relating to proposed new and revised legislation and standards. The advisory committee also, through its management committee, communicated relevant legislation, voluntary standards and related matters, where applicable, regarding food safety, product composition and metrology to the organised dairy industry.

A separate 2024 report on the activities of the Milk SA Regulations and Standards Project was prepared for Milk SA.

2024 PROJECTS FUNDED ON "USER PAY" PRINCIPLE (NON-STATUTORY PROJECTS)

Project 11: Product monitoring on behalf of the client

Monitoring activities of company-branded fresh milk and other dairy products on behalf of a major retail company continued on an ad hoc basis.

Monitoring activities of milk and other dairy products as part of a service level agreement between the DSA and district authority in the Free State were conducted as per normal schedule during 2024 with eight sample runs completed.

Project 12: Farm food safety audits on contractual basis

The signing of service level agreements received the necessary attention with 13 company's contractual agreements finalised during 2024.

In total 211 audits were done during 2024. As normal, the highest frequency of audits took place in the second half of 2024. These audits focused on three key areas:

- Good Agricultural Practices (GAP)
- rBST (recombinant bovine somatotropin) compliance
- Animal welfare standards

Due to the foot-and-mouth disease outbreak in the Eastern Cape during 2024, 32 scheduled audits were postponed until the start of 2025 due to no audits conducted on farms affected by the outbreak.

The development of a new sustainability audit format was also completed. This enhanced format was designed to improve the effectiveness and comprehensiveness of sustainability assessments on dairy farms. As part of a research project of Milk SA, parallel reports using this new format are being compared with the international sustainability program, RISE 3.0 (Response-Inducing Sustainability Evaluation). The results of this comparison will be available early 2025.

These developments represent a significant step forward in ensuring that farm audits not only meet current regulatory standards but also align with evolving global sustainability practices.

Project 13: The DSA food safety audits on request

Two (2) processor food safety audits were conducted, of which one related to the Milk SA Transformation Project. The processor food safety audit report template has been revised and benchmarked against the latest food safety standards and regulations.

Project 14: Food safety consultation

One consultation was done during 2024, which relates to the Milk SA Transformation Project.

Project 15: Dairy Quality Club

The Dairy Quality Club (DQC) is a forum of suppliers that support the initiatives of the DSA as an independent objective institution. Income generated from club members is used to develop guideline documentation and DSA advertising.

During 2024, a commitment from one DQC member was received to enable the DSA to continue with the review of the DSA Code of Practice for the Secondary Industry. Interaction also took place with 3 individual members of this club in respect of project involvement of the DSA. During the foot-and- mouth disease (FMD) outbreak, assistance was required from certain members to participate in the DSA involvement in the FMD supportive activities.

Project 16: Workshops

Workshop activities have proven to be more effective by being integrated with Project 8, sharing dairy technical information on the Project 8 Webinar platform. An internal audit workshop was presented, in collaboration with Food Safety Excel, on 20-21 August 2024 with the attendance of nine people in the Western Cape. The workshop was aimed to share dairy technical information relating to the assessment of good agricultural practices as well as fulfilling the role as internal auditors on dairy farms.

Project 17: DSA Laboratory Services

DSA Laboratory Services, is an industry-specific, non-statutory service established by the organised dairy industry.

The purpose of the DSA Laboratory Services is:

- To act as independent national laboratory service, providing reference standards for the calibration of high frequency measuring equipment, used to determine fat, protein, lactose somatic cell counts and milk urea nitrogen.
- To perform the efficient testing of milk and other dairy products including microbiological and compositional testing, and determining metrological compliance.
- Support the dairy industry in improving compliance with legal standards of milk and other dairy products through consultation and troubleshooting.

13.8 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 they pertains to the dairy value chain. The regulatory landscape relating to milk and other dairy products is of a multi-dimensional nature and involves regulations relating to:

- product composition;
- food safety;
- animal health and welfare;
- animal feed;
- milking parlours;
- the transportation of milk;
- processing plants;
- storage; and
- related matters such as environmental management and export requirements.
- 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 Organisation for Standardisation (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. Industry inputs regarding international standards of the International Standards Organisation and the Codex Alimentarius are equally important when considering review and amendment of national legislation pertaining to the legal landscape applicable to the South African dairy industry.

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 with current and proposed changes to legislation and voluntary standards. To assist in this regard, the activities of the project were executed according to the 2024 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 reporting year with the organised dairy industry and other stakeholders with specific reference to the following:

- Interaction regularly with the project managers of 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 Dairy Research and Development Committee (DRDC) of Milk SA 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) 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 2024:

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 to support consumers to make healthier food choices at the point of purchase by delivering simplified and at-a-glance nutritional information.

The review of R3337, regulations relating to the labelling and advertising of foodstuffs on 21 July 2023, has commenced by the Department of Health (DoH) after the collation process. The review process continued during 2024. Consultations with stakeholders (where necessary) were scheduled and the submission of the draft to the Minister of Health will take place during the first quarter of 2025. It was noted that the directorate had maximised resources to collate the vast number of comments received to expedite the process.

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 has been ongoing in respect of 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 to update specifications as set out in Regulation 1555. Review of the current standards for milk somatic cell counts as well as analytical methods are also assessed and aligned with scientific evidence. Work on the proposed draft will continue in 2025 as it is further (where applicable) aligned with relevant international standards to support international trade as well avoiding technical trade barriers.

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 the quality of unprocessed milk. Following correspondence received from the Department of Health (DoH) regarding the use of the Lactose Peroxidase System (LPS) under controlled conditions, a study has been initiated for the use of the LPS by the organised dairy industry under abnormal conditions to maintain the quality of unprocessed milk during storage and transportation. The LPS is internationally well recognised and used and the DoH responded in favour of the use of LPS with restrictions to ensure alignment with the Codex guidelines for the use of LPS only in raw or unpasteurised milk not destined for export. By the end of the second quarter in 2024, the study was extended to determine the effectiveness of the LPS on deactivating the presence of the Foot-and-Mouth Disease Virus in unpasteurised milk from infected herds. The study was completed at the end of 2024 with no successful scientific outcomes due to external variables over which the DSA had no control.

Dr Ivan Meyer (Minister of Agriculture, Western Cape), Nico Fouché and Jompie Burger at the Qualité Awards 2025

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

For background purposes, the Regulation and Standards Project of Milk SA continued to liaise with the industry through the Milk SA established Technical Workgroup (TWG). The Milk SA TWG convened during since 2022 followed by various draft proposals.

The draft proposals were further deliberated during 2023, also taking into consideration the activities of various standing committees of the International Dairy Federation (IDF) 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 (FSQA) 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 continue during 2024.

Two industry meetings were held with one facilitated by the Department of Agriculture to integrate final comments and submission to FSQA. The target date for submission was scheduled for 5 April 2024. Feedback from the Department indicated that the industry comments collated are still under review until further notice. The categorisation of dairy in the draft between "real dairy", imitation or modified dairy and dairy alternatives brought along several technical challenges, especially with attempts to align the said proposed draft with the Codex general standards for the use of dairy terms. Work will continue during 2025.

rBST claims

A formal letter was addressed to the management of the 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 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.

The response from FSQA was received, which contained a legal opinion of the retailer and that the matter will be further pursued under the new Agricultural Product Standards Amendment Act once the draft regulations relating to the management control system in respect of the sale and export of a certain agricultural product became effective.

Agricultural Product Standards Amendment Act

The Act was assented by the President in April 2024, when it was published for general information. Whilst the Act cannot be enforced yet. However, during 2024 the project manager participated in industry sessions with the Consumer Council of South Africa in respect of the Draft regulations relating to the management control system in respect of the sale and export of certain agricultural product published in May 2024. This work will continue into 2025 as it is also intended to regulate management systems of products such rBST claims, free range and organic in the dairy industry.

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 directorates were continuous during 2024 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 will continue in the collective interest of the dairy industry until the chemical residue monitoring programme is fully implemented and maintained.

The establishment of a chemical residue monitoring programme for export to the European Union and China is still under review in conjunction with the Department of Agriculture. The dairy and red meat industries were prompted to collaborate in compiling a sampling control plan, as both are dealing with bovine species. Information was obtained from the organised dairy industry in terms of all dairy facilities to assist with the work and to compile a risk analysis on the combined list of active substances (beef and dairy cattle). The project manager in conjunction with the State Veterinarian Import/Export Policy Unit Directorate: Animal Health and other officials are still working on the completion of the finalisation of comments on the proposed protocols. The last formal meeting with officials took place in December 2024 and the work will continue in 2025. The VPN 20 related to the standards for the registration of a veterinary-approved dairy facility for export was completed and circulated to industry members.

In respect of the outbreak the foot-and-mouth disease (FMD) in the Eastern Cape, the project manager collaborated with Drs Mark Chimes and Anthony Davis as well as other role players by attending the FMD Technical and Trade meetings to assist in finding solutions for management control in the FMD area.

MATTERS RELATING THE BORDER MANAGEMENT AUTHORITY ACT, 2020

The Border Management Authority (BMA) was launched on 5 October 2023.

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 a shortage of staff at ports of entry
- False declarations
- Incorrect tariff codes
- Extended health detentions in some of the provinces

The implementation of this act was monitored during 2024, with no substantial dairy-related matters to report on that required actions from the Milk SA Regulation and Standards Project.

CONSUMER GOODS COUNCIL OF SOUTH AFRICA (CGCSA)

The Dairy Standard Agency as a member of the Consumer Goods Council of South Africa (CGCSA) attended several meetings during 2024 to assist in formulating industry views on amongst:

- Food loss and waste
- Sustainability
- Terms of reference for the assignees of the Department of Agriculture
- Draft Management control system regulations.

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

South African Bureau of Standards (SABS)

Dr Mark Chimes as the project manager of the Milk SA Sustainability Project: Animal Health and Welfare has joined the working group on *"The welfare of dairy cattle and transportation of livestock".* The work on SANS 1694 and 1488 relating to the welfare of dairy cattle and the transport of livestock continued to liaise with the Livestock Welfare Coordinating Committee as well as with the SABS Standards Writer: Natural Sciences. SABS experienced major cyber security breaches during 2024, which contributed to brake in communication.

In respect of SABS/TC 0034/SC 05 (Milk and Milk products) documents made available for balloting were voted upon. No formal meetings took place during the fourth quarter of 2024.

African Organisation for Standardisation (ARSO)

Mrs Anneke van Niekerk, on behalf of Milk SA, has been contracted on behalf of the project manager to participate in the ARSO activities.

Monthly meetings and plenary sessions for purposes of generating national comments and positions were attended during 2024. The work of ARSO is progressing and the below list of drafts are due for Draft African Standard and Committee Draft Standards (CD) under ARSO TC 04, Milk and Milk Products. The Draft African Standard (DARS) under Enquiry stage, the heads of delegation in liaison with the various offices, were called to make arrangements to notify the World Trade Organization through the member states notification desks. By end 2024, 60 standards were under discussion by the technical committee.

The leadership team, of which the DSA is a part, will continue with the editing work moving the standards from CDs to DARS to FDARS and finally proposing publishing. This is estimated to be for the remainder of 2025 with monthly feedback sessions discussing technical comments.

International Standards Organisation (ISO)

To allow for full participation, 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 was granted by ISO. The following work items received attention during 2024, and voting commenced on the following:

- ISO/DIS 22002-4: Prerequisite programmes on food safety — Part 4: Food packaging manufacturing
- ISO/DIS 22002-100: Prerequisite programmes on food safety — Part 100: PRP requirements common for food, feed, and packaging supply chain
- ISO/DIS 22002-7: Prerequisite programmes on food safety — Part 7: Retail
- ISO/DIS 22002-5: Prerequisite programmes on food safety — Part 5: Transport and storage
- ISO/DIS 22002-1: Prerequisite programmes on food safety — Part 1: Food manufacturing
- ISO/DIS 22002-2: Prerequisite programmes on food safety — Part 2: Catering
- ISO/DIS 22002-6 (Ed 2)
- ISO/DIS 22002-6: Prerequisite programmes on food safety — Part 6: Feed and animal food production

The following ballots were prepared for voting in November 2024:

- N103 Systematic review SANS 10049: Food safety management – Requirements for prerequisite programmes (PRPs)
- N103 Systematic review SANS 14159: Safety of machinery – Hygiene requirements for the design of machinery
- N103 Systematic review SATS 22002-1: Prerequisite programmes on food safety – Part 1: Food manufacturing
- N103 Systematic review SATS 22002-3: Prerequisite programmes on food safety – Part 3: Farming
- N103 Systematic review SATS 22002-6: Prerequisite programmes on food safety – Part 6: Feed and animal food production

The following standards were under review during the last quarter of 2024:

- ISO/FDIS 29981 Milk products — Enumeration of bifidobacteria — Colony-count technique 2024-10-28.

- ISO 16756:2024 Milk and milk products — Guidance for the application of Carr-Purcell-Meiboom-Gill (CPMG) pulsed time-domain nuclear magnetic resonance (TD-NMR) spectroscopy for fat determination.

INTERNATIONAL DAIRY FEDERATION (IDF) AND CODEX ALIMENTARIUS

The project manager serves 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, during 2024.

The work by action teams continued during 2024 at the IDF World Dairy Summit in France during the business meetings. Meetings were well attended by South African delegates and the following matters relating to Codex Alimentarius received the necessary attention:

- Draft guidance on the provision of food information for prepackaged foods to be offered via e-commerce.
- Codex Committee on Food Labelling - Allergen Labelling.
- 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.
- Food additives and food hygiene.
- Codex general standards for the use of dairy terms with specific reference to lab-produced foods.

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.

As per the Milk SA contractual agreement all relevant correspondence and comments, where applicable, were shared with Milk SA and industry stakeholders as well as reporting to the South African National Committee of the IDF.

13.9 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 the 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.

GENERAL COMMUNICATION

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 a spectrum of low- to high socio-economic living standards, based on where they live, the kind of structure in which they live, and to what they have access in and near their homes (BFAP 2019–2028). It is not possible to connect LSM data precisely 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, represent 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 in 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, 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 and academic institutions
- School programmes based on the CAPS curriculum

TELEVISION AND SOCIAL MEDIA: 'DAIRY GIVES YOU GO'

Television Advertisements

Research conducted in the first quarter by Kantar Millward Brown provided a more in-depth understanding of the performance of the TV advertisements during the previous year. It also determined whether the advertisements can be re-broadcast in 2024; and established whether the development and production of new television advertisement/s are required in 2024 for broadcast in 2025. The research was conducted with 3 500 individuals in the target audience in February 2024.

The TV advertisements researched were:

- Four 15-second television advertisements:
  - Milk (dancer)
  - Yoghurt (businesswoman)
  - Maas (gym athlete)
  - Cheese (yoga lady)
- In addition, the '**Dairy gives you whatever go you need'** TV advertisement was included in the research.
  The results informed the planning for 2024 and are discussed under 2.2.

Television 2024

Based on the research findings by Kantar Millward Brown, the broadcast strategy was adapted to ensure that more of the target audience is reached. In 2024 and 'always on' campaign strategy is implemented. This means that the television advertisements are flighted on a monthly basis, as opposed to four dedicated burst periods.

Post-campaign Results for 2024 Per Month

Post-campaign results for age 17 to 24, per creative execution (April–December)

2024 to date/ TV ad	Cheese	Milk	Amasi	Yoghurt
Ars[1]	361	263	262	121
Reach %[2]	58.1	53.1	54.8	38.5
Frequency[3]	6.2	5	4.8	3.2

The aim for 2024 was to limit average frequency (number of times the advertisement is seen) and to maximise the reach (reach a wider audience) by implementing an 'always-on' approach. The 2024 TV budget was just over R2.5 m lower than the 2023 budget. However, the reach and frequency are slightly higher than in 2023.

Overall results for the two years cumulative for all four TV advertisements

2023 and 2024 (all ads)	All four advertisements
	Achieved
Ars*	2 300
Reach %**	78
Frequency***	29.7

The cumulative TV performance from launch (2023 – 2024) reflects that 76% of the 50m people in the total SA Market (age +4) with an average frequency of 18.3 was achieved (over all four ads).

* 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 in the target market is supposed to have been exposed to the advertiser's message.

New Television Advertisements for 2025

New television advertisements are scheduled for 2025. The concept planning, storyboard creation, and testing were finalised during the third and fourth quarters. This process involved multiple meetings to ensure that the nutritional messages will be communicated effectively to the target audience. The storyboard plays a pivotal role in developing the advertisements, ensuring that the benefits of dairy are conveyed clearly and understood easily by the audience.

Creating the storyboard was a complex task which required more time than planned for. However, it was completed successfully by the end of the fourth quarter. The next step involves conducting research to test the storyboard with the target audience. The animated version of the television advertisements is ready, and the research is scheduled for the third week of January 2025.

SOCIAL MEDIA CAMPAIGNS

#ShareDairy (more detail under World Milk Day)

During June, the #ShareDairy campaign ran on the 'Dairy Gives You Go' social pages. The campaign aimed to encourage the inclusion of dairy in a snack meal or treat, which is then shared with friends or family.

The target audience on social media was aimed at Gen Z (born between 1997 and 2012) and young adults. The campaign included three influencers who showed how they use dairy as an ingredient in a meal and how they shared their dairy-rich meal with family and friends.

This campaign, which ran over World Milk Day for the month of June, made use of various influencers who posted content on their own platforms and tagged the 'Dairy Gives You Go' brand.

Results of the #ShareDairy, per platform

Platform	Impres-sions	Engage-ment	Engage-ment Rate	Reach
Facebook	1 397 717	132 146	9.45%	1 101 224
Instagram	2 807 273	332 591	11.84%	1 996 452
TikTok	2 656 509	7 747	0.29%	2 279 629

#Be Extra with Dairy

The target audience for the 'Dairy Gives you Go' campaign is Generation Z – young people born between 1997 and 2012. This generation's focus on inclusivity, diversity, mental health and holistic well-being is a strong driver of current consumer behaviour. Research shows that young people from this age group prefer ready-to-go foods and drinks, with main meal occasions often being disrupted by the rise of snackification.

Following on from this trend, CEP developed micro-meal recipes that include dairy products and are easy to prepare – perfect easy eats. The #BeExtra campaign, launched on the 'Dairy Gives You Go' platform, promoted the idea that young people can benefit from eating smaller, more frequent meals, which can assist in optimising blood sugar control and improved energy levels for young people who are under pressure to perform at their peak throughout the day.

Eight engaging food videos were developed to demonstrate how easily dairy can be incorporated into micro-meals – whether a quick snack or a more substantial dish – to add flavour and nutritional value to any meal. Each video was accompanied by health messages that highlight the benefits of adding dairy to the diet. The campaign included social media posts to promote dairy as part of healthy snack ideas and recipe videos were posted on Facebook, Instagram and TikTok. View videos: https://www.dairygivesyougo.co.za/snacks/

By encouraging Gen Z to make healthy food choices and to include dairy in their snacks and meals, these 'Dairy Gives You Go' Easy Eats are helping young South Africans to stay energised and healthy while juggling the demands of modern life.

The campaign was extended to the Rediscover Dairy audience, and a media release was developed to reach carers looking after teens at home, as well as young adults or students who need to prepare their own meals. Read the media release here: https://www.rediscoverdairy.co.za/wp-content/uploads/2024/12/Easy-Eats-Launch_November-2024.pdf

In addition, a dietitian with a strong social media following, was tasked to do radio interviews.

'DAIRY GIVES YOU GO' SOCIAL MEDIA 'ALWAYS ON' PLATFORMS: FACEBOOK AND INSTAGRAM

- The DGYG Facebook page continues to demonstrate itself as a powerful hub of information for the DGYG brand. It has continued to deliver reach and engagements, with some significant figures in this period.
- Although Facebook has plateaued in most countries,

it is still the leading social media platform in South Africa.
- TikTok is a popular platform for this target audience and shows more growth in the Meta platforms. The net following fluctuates from month to month. During months when a main campaign runs, the net following on Instagram and TikTok will be impacted positively.

Platform	Followers
Facebook	54 000
Instagram	3977

'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 monitored continually 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: SOCIAL MEDIA PAGES

General

The Rediscover Dairy (RDD) communication elements include:
- Social media pages: Facebook and Instagram
- Media releases
- Consumer print and digital

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 focuses 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 2024, seven media releases were developed and distributed. 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 using 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 awareness of the RDD social pages and content. Micro-influencers include food bloggers, dietitians and fitness enthusiasts. During 2024, the Project developed and published seven media releases as set out below. The coverage received is included under paragraph 7.4.

- Media release 1: Back to school 2024: creating healthy lunch boxes – It's easier than you think
- Media release 2: Yoghurt, a natural boost for gut health
- Media release 3: Why dairy has a significant place in sustainable diets
- Media release 4: Dairy: your key ingredient in hearty winter meals
- Media release 5: The power of dairy nutrition for active teenagers
- Media release 6: Dairy: your ally during menopause.
- Media release 7: Celebrate summer with dairy

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

World Milk Day (WMD) 2024

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:

- Why dairy has a significant place in sustainable diets
- The media release was published across several digital and print publication.
- #ShareDairy

A social media campaign for Gen Z (12–27), where followers were encouraged to share the goodness of dairy with friends, family and loved ones, no matter the occasion. The campaign ran across the @DairyGivesYouGo social media channels. The campaign used several youth influencers to showcase how they #EnjoyDairy and #ShareDairy with their loved ones. This was a very successful campaign and as it ran over the WMD period. The campaign outputs were shared with the Global Dairy Platform for the WMD global initiative.

World School Milk Day (WSMD) 2024

The 2024 WSMD was celebrated across 17 schools identified by the Department of Basic Education, reaching more than 10 000 learners in South Africa. The theme this year was 'Dairy gives you GO for a healthy me and environment!'

A total of 10 693 learners received educational material provided for by the Project, and a milk product, provided by various processors. The Project supported the educators of the schools with a total of 106 English Foundation Phase teachers' guides, 61 English Intermediate Phase teachers' guides, and 32 Afrikaans teachers' guides, as well as the same number of posters to the various schools.

The national event was celebrated in the Free State area at Dibaseholo Public School in Koppies, in the Fezile Dabi district. It was attended by the Project

Dr Ivan Meyer, Western Cape Minister of Agriculture, celebrates World Milk Day with kids from JJ Rhode Primary School

Manager and Food Science and Communications officer of the Project. The event was held on 19 September 2024.

The WSMD was also supported by a national challenge, as issued by the Department of Basic Education, to recycle dairy containers to develop art material for WSMD. The challenge was circulated on the official communication channels of the DBE to all schools across SA, to encourage participation, specifically of Grades 4–7 learners for the 2024 calendar year. The competition closed at the end of September and the DBE adjudication panel convened and selected winners in November. The winners were announced at the National School Nutrition Programme Best Schools and District awards ceremony on 6 December 2024, at the Madjadji Primary School in Limpopo.

CONSUMER PRINT CAMPAIGN

Promotional Articles

Promotional messages are written for consumer publications or digital platforms to expand on the key dairy nutrition and health messages by engaging creatively with consumers. The consumer communications campaign is aimed at mothers aged 25 to 55 who are still caring for their children.

The Hope Mzansi Campaign was designed to engage with township communities and mothers with children living at home. The campaign featured Chef Hope, a renowned celebrity chef celebrated for drawing inspiration from township cooking vendors. Chef Hope brings creativity to life through a unique cooking show, incorporating traditional ingredients with a fresh twist.

As part of the campaign, Chef Hope visited Khayelitsha to develop recipes that highlighted the use of dairy in township cooking. He created two innovative dishes: roosterkoek made with plain double-cream yoghurt and tender roasted chicken marinated in amasi – a rich, traditional fermented milk. These recipes showcased how versatile and flavourful dairy can be in local cuisine.

The campaign gained significant exposure through digital publications, including *Drum, Daily Sun, True Love,* and *Kickoff Laduma*. I addition, videos featuring Chef Hope's recipes aired on the Media24 YouTube channel over a three-month period, providing viewers with a chance to explore and recreate these delicious recipes.

Watch the videos:
[https://www.youtube.com/watch?v=NkGA1FQL2lw]

The Rediscover Dairy campaign was hosted on a Shorthand hub on *True Love, Drum, Daily Sun, Kickoff,* and *Soccer Laduma* platforms for the period 10 October–30 November 2024. The campaign only ran over these two months.

The digital elements consisted of Facebook posts, Instagram posts and Newsletter blurb used to drive readers to our content. Facebook provided the best result in terms of reach, followed by Instagram.

- Facebook reach: 2 297 101
- Instagram impressions: 13 899
- Newsletter opens/read: 423

Overall, the campaign was well received, and the numbers emphasise the awareness raised during the campaign

Podcasts

The Project planned four podcasts for 2024. Podcasts are posted on *Podbean* and other podcast platforms as well as on YouTube.

- Where milk comes from. Mr Jompie Burger was interviewed for this podcast.
- Gut Health with a focus on dairy: Prof. Corina Walsh from the University of the Free State was interviewed for this podcast. https://rediscoverdairy.podbean.com/
- Dairy in die diet of the elderly: Dr Sandra Iuliano
- Milk in the trolley: Ms Khanyi Mjwara

Podcasts can be accessed here https://www.rediscoverdairy.co.za/podcasts/

Rediscover Dairy Newsletter

The second newsletter of 2024 on the Project was distributed in September 2024. The December issue was distributed in January 2025.

The purpose of the newsletters is to inform the dairy community of the outputs of the Project during the year. It provides a summary of all the published material and activities of the Project.

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 both the dairy industry and the food industry. Informative articles on the CEP and other relevant topics are published. During 2024, two articles were featured in *The Dairy Mail*.

The Project conducted nine radio and television interviews with *Plaasmedia*. The aim of the interviews is to share content about health benefits and about the Project with the dairy industry at large. All interviews can be accessed on the RediscoverDAIRY podcast channel. Two articles were published in The Dairy Mail.

The same interviews were broadcast on several different community radio stations Over the period from August to November, the different interviews were broadcast 31 times on the different stations with a total reach of 650 000 per month.

Media Liaison Monitoring

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

Relevant information published in the media on dairy is monitored by Newsclip, an independent specialist media monitoring 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.

Media coverage of dairy information for Q4 in 2024.

Advertising Value Equivalence (AVE)				
	Column A General media (Not paid for by CEP)		Column B CEP* (Content generated and paid for by CEP)	
Media source	No of articles	Value (R)	No of articles	Value (R)
Internet	96	R 322 952	51	R 1 390 197
Magazine	11	R 92 814	0	R0.00
Regional press	19	R 9 121	3	R 23 135
National press	0	R 0.00	2	R 26 312
Radio	11	R 501 835	24	R 172 834
TV**	2	R 81 869	0	R 0.00
Trade press***	4	R 9121	2	R 51 328
Health professional§	1	R 33 823	0	R0.00
Total PR	**141**	**R 1 178 930**	**82**	**R 1 612 479**

* *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 programmes of content about the health and nutritional benefits of dairy.*

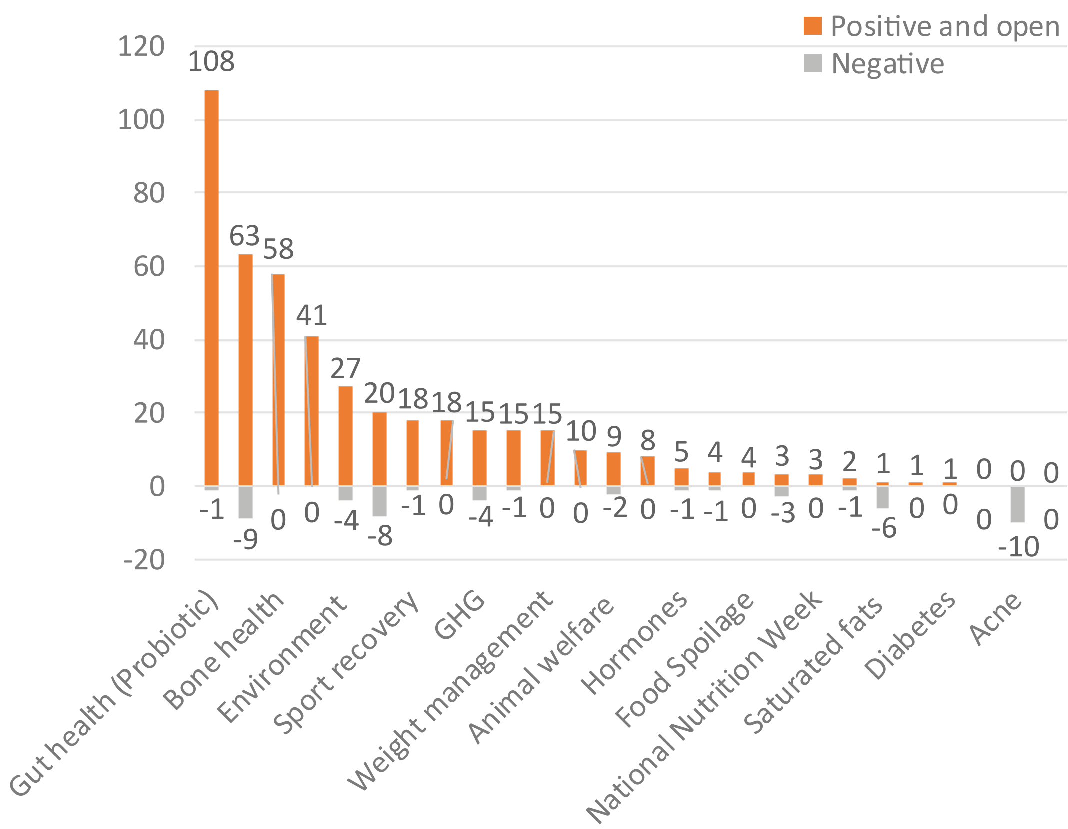
*** *Trade press: Articles placed in business-to-business magazines including The Dairy Mail in which the health and nutritional benefits of dairy are discussed.*

§ *Health professional publications: Specialised publications tailored for health professionals such as doctors and dietitians – includes health journals (print and digital)*

Recurring Topics

Topics referring to dairy, which 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 2024 and shows which of these messages had a positive, negative, or neutral tone.

Recurring themes for the period January to December 2024



SCHOOL EDUCATION PROGRAMME

The school education programme is aimed at Grades 1–7, and 10–12. It consists of three 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 Grades 4 and 7)
- Consumer studies – Food and nutrition: Grades 10–12

General

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

All posters and worksheets are available in both 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.

Participation in Events

During the first quarter of 2024, the Project presented the school project, in particular the Further Education Training menu item at two different conferences aimed at educators namely: The Annual ECD & Basic Education Conference 2024 and 16th International SAAFECS (South African Association of Family Ecology and Consumer Science) conference. A leaflet was developed and handed out to delegates. The leaflet provided details about the educational material and contact details. The school material of the Project was shared with the Western Cape Department of Education as well as on the school-hub pages of one of the retailers.

E-Classroom

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. The material was downloaded on average 630 times per quarter.

School Milk Programmes

As part of the work on school milk, the Project also reports on the global School Milk Programmes (SMP) as managed by the IDF. The CEP dietitian serves as Action Team (AT) leader of the IDF School Milk Programme's work group. In 2023 the AT launched a survey of SMPs around the globe The 2023 IDF survey was built upon the questions from the previous version undertaken in 2019. The questions were refined by adding new options and by restructuring some to ensure more accurate and relevant responses. A glossary of key terms, with definitions, was also provided to ensure that information is clear and easy to understand. This survey included questions addressing the resilience of SMPs in the face of challenges like the COVID-19 pandemic.

The data collected enabled the IDF to share information with stakeholders around the world, and to assess the overall situation of milk and milk products in School Milk and Feeding Programmes. The results of the survey, accompanied by an updated literature review, was launched during the WSMD celebrations on 25 September 2024. The IDF Bulletin N°531/2024 is available on the IDF website.

IDF presentation on new research formed part of the WSMD celebrations. A webinar was presented to launch the New Bulletin: The state of milk and milk products in school programmes around the World: Contributing to global child nutrition and development. Responses were received from 70 participants representing 47 countries showing that 210 million children world-wide benefit from milk and milk products served as part of School Milk and School Feeding programmes worldwide. The webinar featured the following speakers and presentations.

- Opening and welcome – Laurence Rycken (IDF Director General)
- School milk programmes: Ensuring nutrition security and beyond – Katarina Eriksson (Tetra Pak Director)
- School milk programmes around the world: The history of IDF's contribution and the 2024 Bulletin – Maretha Vermaak (Milk South Africa)
- Key findings and conclusions from the IDF survey on milk and milk products in schools – Janice Giddens, Vice President, Sustainable Nutrition at U.S. Dairy Export Council and Dr Katie Brown, US President at the National Dairy Council
- Literature update and evaluation framework on the nutritional role of milk in school feeding – Friede Wenhold, Professor, Department of Human Nutrition, University of Pretoria, South Africa

DAIRYKIDS WEBSITE

All of the communication products related to the school project are available on the DairyKids website (www.dairykids.co.za). Posters, teachers' 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 in terms of how to include information about dairy in their lessons.

REDISCOVER DAIRY WEBSITE (RDD)

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

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

Rediscover Dairy website analytics for 2024

Period	Total users per quarter	Total page views per quarter	Average pages per session	Average bounce rate (%)
2024	5 600	13 799	3.98	60.00

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. Over the year, the Ask Dairy page views were 1 600.

Top page visits on www.RediscoverDairy.co.za

Total views	Page views	Page visitors
Annual report	• Recipe: Roasted tomato and maas gazpacho	2 996
	• Recipe: Cherry and chocolate ice cream	1 949
	• CPD activity	1 181
	• CEU articles	1 073
	• Media information	754

SPECIALISED COMMUNICATION

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

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

Communication channels include:

- Education material for dietitians, nutritionists, and nutrition advisers
- Education material for dietetics students at universities
- Liaison directly with health professionals through CPD events, seminars, and conferences
- Print and digital media in the form of scientific advertorials and nutrition reviews
- Exposure on the Association for Dietetics in South Africa (ADSA) website
- A comprehensive website with specific reference to the section on dairy-based nutrition

WELLNESS PROGRAMME

Clinic Training Events

The wellness programme entails community work in the 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. Three clinic training events were conducted in 2024 in selected districts in Mpumalanga.

As part of the clinic training in Mpumalanga in 2023/24, the authorities requested the CEP to evaluate a certain percentage of 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 is summarised and made available to the District offices of Mpumalanga once the provincial training has been completed.

A recording of the training session presentation remains available to use for online presentations where an in-person presentation is not possible, e.g., in certain regions which are a safety risk or under special circumstances, such as a disease outbreak or community strikes or where the dietitian of the Project is not able to attend in person.

The training that took place from January to April and 941 health promoters were trained.

Age-related communication

The Project extended its work further by reaching out specifically to the aged communities through contact with the association Age-in-Action. This group has existed since 1998 and looks after the specific needs of the elderly in South Africa.

The clinic programme was offered online for 23 social workers employed by Age-in-Action. The delegates were from KZN, Western Cape, Northern Cape, Eastern Cape, North West and the Free State. The three-hour presentation was done online on 29 August 2024, after which training materials were sent to all the participants. The social workers who could not attend the first training will be reached by a follow-up training session early in 2025.

Clinic training events in semi-private clinics

In 2024 the CEP continued to extend its clinic training programme to the semi-private clinic environment or to retail pharmacies (Dis-Chem and XP academy, which include pharmacies such as Van Heerden, and Arrie Nel Ring Pharmacies). For Dis-Chem, the target market is the nursing sisters at the clinics functioning in the pharmacies while XP academy covers the wider pharmaceutical staff, e.g., nursing sisters, pharmacists, pharmacist assistants, etc. The CEP uses the Dis-Chem and XP-academy online educational platform – *Smart-Connect* to engage with the various target markets.

The health professionals must complete a training module that is generated by an app specifically for the pharmacy staff. The training will run for a month at a time. For 2024 the CEP has two training sessions planned for XP academy and one training session and a POP Quiz for Dis-Chem staff. The first training was presented to XP academy in June. The title was: Exploring the world of dairy: A comprehensive guide on dairy nutrients, varieties, and uses of dairy products. The training was presented 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

The staff involved in the training receive notifications 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. Typically clinic sisters, dispensary managers, pharmacist and assistants completed the training.

The results of the training within XP academy pharmacies:

- Number of persons who downloaded the questionnaires: 680
- Number of persons who completed the questionnaires: 592 (87%)

Of the participating pharmacies, 47% were from Gauteng, 25% from KZN, 10% each from the Free State and Eastern Cape, 6% from the Western Cape and 1% each from Limpopo and Northern Cape. XP academy is running the training again for the month of July at no extra cost.

Training in the format of a CPD article took place in September 2024 in both Dis-Chem and XP academy pharmacies. A CPD article was accredited by HPCSA and was placed on both the Dis-Chem and XP academy online training portals. The CPD article is entitled: "Effect of dietary sources of calcium and protein on hip fractures and falls in older adults in residential care: Cluster randomised controlled trial." (Iuliano, S. et al. BMJ 2021;375: 2364). Participants had to read the article and to answer 10 questions to receive a CPD certificate.

Educational Presentations at Tertiary Institutions

Student Presentations

As part of the communication activities directed at dietitians, the CEP connects with fourth-year dietetics students at all the universities in the country which 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. During 2024 330 students attended presentations by the Project.

CONTINUING PROFESSIONAL DEVELOPMENT

CDP Articles and Questionnaires

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., to dietitians and nutritionists. Each year scientific articles are selected for this activity focusing on dairy nutrition and health as well as on new research results available overall in nutrition. Two articles are selected specifically to provide the delegates with ethical points. The activity allows the health professionals to obtain all their mandatory continuing professional development (CPD) 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 Dietetics CPD office. This menu item has proven to be very successful in reaching dietitians and nutritionists.

The peer-reviewed articles for 2024 were made available for dietitians and health professionals from 1 April 2024 and remained active until 31 December 2024. Eleven articles with their applicable questionnaires were available on the Rediscover Dairy website, free of charge.

The CEP submits all allocated points of participants directly to the Health Professions Council of SA (HPCSA). At the same time, each dietitian or nutritionist receives a certificate of participation. Health professionals were notified of the availability of the 2024 CPD activity of the CEP via direct emails to the database of the Project. There was a clear spike in new registrations in April this year with 84 new participants registering on the portal.

At the end of 2024 the statistics for the CPD portal were as follows:

- Registered users:
  - Total of 2 643
- Completed questionnaires:
  - Total since 2019: 15 076
  - For 2024: 4 522

Continuing Nutrition Education (CNE) event: February 2024

CNE Presented by the Project

On 13 February 2024, the Project presented a Dairy Day CNE at Hotel Verde in Cape Town, for 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. This CNE was a repeat of the event in November 2023 which was held in Gauteng. The following 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
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 Colin Ohlhoff, Environmental Officer, Fair Cape Dairies	Environmental management by the dairy sector

The CNE was attended by 68 dietitians and nutritionists. The presentations and recordings are available on the website.

https://www.rediscoverdairy.co.za/cne-events/

CNE Presented by the International Dairy Federation

On 15 May the International Dairy Federation presented their annual Nutrition and Health Symposium. The theme for this year was "Healthy today, tomorrow and in the future: The place of dairy in food-based dietary guidelines." The symposium was an online event and open to health professionals globally. To accommodate the different time zones, the symposium was presented twice in one day, with each session having its own live panel discussion.

The programme:
- Dr Sinead McCarthy, Teagasc Food Research Centre, Ireland: Sustainable dietary guidelines: A balancing act of population and planetary health
- Prof. Corinna Walsh, University of the Free State, South Africa: Dietary recommendations in South Africa versus consumption data
- Assistant Professor Stephan Van Vliet, Utah State University, US: Achieving dietary adequacy and sustainability through the complementary nature of animal and plant-sourced foods
- Dr Natalie Ahlborn, Massey University, New Zealand: Micronutrient bioavailability is an important consideration for the evaluation of milk as a source of nutrition
- Prof. Guansheng Ma, Peking University, China: Dairy in the dietary guidelines for Chinese

The event had 1 131 registrations. However, there were only 370 participants on the day. Of these 370 participants 96 (26%) were from South Africa. South Africa remains in the first place of the top ten countries that register and participate in the CNE event. All South African dietitians and nutritionists received CPD points for attending the event.

REVIEWS AND ADVERTORIALS

The CEP uses scientific advertorials and print publications to reach the health professionals market. Evidence-based nutrition reviews are written on new research 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 on the role on dairy in older individuals: 'Staying stronger for longer' was completed in the second quarter and was published in the *SA Journal of Clinical Nutrition* (SACN)

As part of the health professionals 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. During 2024 four dairy based nutrition articles were published.

PRESENTATIONS PRESENTED BY THE PROJECT

The Project presented on Dairy and Diabetes to medical doctors as we as at the Centre for Diabetes and Endocrinology Postgraduate Conference. A webinar on the Dairy Matrix was presented to Dairy Standard Agency.

Nutrition Congress 2024 Participation

The Project's dietitian and the Project Manager attended the National Nutrition Congress presented by the Nutrition Society of SA and ADSA from 2 to 4 October 2024 in Durban, KZN. The Project Manager only attended the first day of the Congress.

Five dairy-related presentations were presented in parallel sessions as part of the programme:

- Dr Stephan Peters from the Netherlands: Defining dairy matrix and dairy matrix health effects: results of an expert meeting
- Prof. Friede Wenhold: Dairy in the diet of South Africans: a criterion-based evaluation
- Leanne Kiezer**:** Market trends and behaviours relating to yoghurt intake in the current economic context in South Africa
- Dr Monique Piderit: Dairy intake screener as web-based application is reliable & valid

Dairy also had an opportunity to feature as part of the main programme when Dr Stephan Peters presented a 20-minute talk on Dairy as part of sustainable FBDGs. This session was presented as a plenary session on Ethics and was followed by a panel discussion on: The ethics and sustainability of the diets we design.

The moderator of the session was Prof. Ashika Naicker, Durban University of Technology (SA).

Participants in the panel discussion were:

- Dr Stephan Peters, Dutch Dairy Association (Netherlands)
- Dr Mariaan Wicks, North-West University (SA)
- Dr Chantell Witten, University of the Witwatersrand (SA)
- Ms Julie Perks, Private Practice (SA)

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 (HFOII).

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 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 by the Milk SA task team regarding intrinsic sugar and saturated fats 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. No response has been received from the DoH. The outcomes of the submission and the regulations are still pending.

The South Africa Society of Dairy Technology (SASDT)

The CEP's project manager is the president of the SASDT. The 2024 South African Society of Dairy Technology (SASDT) Symposium was held in Menlo Park on 16 May, with the theme Dairy's boundless potential: Advancing science through the International Dairy Federation.

The highlight of the day was the session featuring the International Dairy Federation (IDF), showcasing its expertise across the dairy chain. IDF Standing Committee members discussed various topics, including dairy politics, economics, environment, animal welfare, standards, labelling, identity, nutrition and marketing.

Dr Nick Smith from Massey University in New Zealand emphasised the importance of dairy in sustainable diets, while Prof. Terence van Zyl from the University of Johannesburg explored the potential of AI in the dairy industry. Alwyn Kraamwinkel shared insights on the global and local dairy scene. Agri-Expo wrapped up the event with a review of the South African Dairy Championships.

Presentations can be viewed at: https://sasdt.foodfocus.co.za/

INTERNATIONAL DAIRY FEDERATION

The World Dairy Summit (WDS) of the International Dairy Federation was held at the Centre of New Industries and Technologies (CNIT) in La Défense in Paris from 12 October to 18 October. The summit was titled: "Dairy 2024: The future."

Global Marketing Trends 2024

A detailed account of the Global Marketing Trends report was presented by the Project Manager at the Summit during a plenary session of the World Dairy Situation.

Christine Leighton, presenting at the Summit

This research was conducted in April 2024. Although not all countries participated in the research, additional time was allowed until 10 November 2024 for submission. CNIEL would incorporate additional submissions. The final report will be available from March 2025.

The following business meetings were attended at the WDS by the Project Manager:

- Task Force on Plant-Based products (Saturday 12 October 2024)
- International Milk Promotion Group (Saturday 12 October 2024)
- Joint SC on Dairy Policies and Economics and SC on Marketing (14 October 2023)
- SC Marketing (13 October 2024)
- Joint SC Marketing, Dairy Politics and Economics; Nutrition and Health and Environment. (13 October 2024)

Joint meetings attended at the WDS

The need has become apparent for joint meetings between different standing committees (SC), since many topics receive attention across the various standing committees. The Standing Committee on Marketing (SCM) is positioned to assist other standing committees in identifying potential communication messages that need to be disseminated to different target audiences.

At the 2024 WDS, the Project Manger participated in three joint business meetings. The joint meeting with SC Dairy Politics and Economics is an ongoing joint meeting.

The IDF introduced a new joint meeting with SCM, SC Nutrition and Health, SC Dairy Politics and Economics, and SC Environment.

Priority items for the SCM

- Country reports
- Dairy Matrix communication action team
- School Milk Programmes and communication required
- Greenwashing and marketing

International Milk Promotion (IMP) group, business meetings

Although the key IMP meeting takes place midyear over three days, a meeting was convened at the IDF WDS. The main focus was to discuss administration matters such as finances and also to plan the upcoming midyear meeting in Australia, April 2025.

At the WDS IMP meeting, invitations to attend the IMP meeting were extended to countries which attended the WDS as observers. During this part of the meeting, a number of case studies were presented to demonstrate the work of generic marketing campaigns.

Standing Committee Nutrition and Health

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

- AT on School Milk Programmes (action team leader)
- AT IDF Nutrition Symposium 2024
- AT IDF WDS 2025 SCNH
- AT on the Dairy Matrix
- AT Food-based Dietary Guidelines and other food guides around the world
- Utrecht Group planning committee

The Project's dietitian attended the IDF WDS in Pari France from 12 October–18 Oct 2024.

The following business meetings were attended:

- IDF Task Force (TF) on Plant-based foods (12 October 2024)
- IDF Standing Committee Nutrition and Health joint meeting with SC Identity and Labelling (13 October 2024)
- IDF Standing Committee Nutrition and Health joint meeting with SC of Marketing, SC on Dairy Policies and Economics, and SC Environment (13 October 2024)
- IDF Standing Committee Nutrition and Health (14 October 2024)

Maretha Vermaak moderating a session on Nutrition & Health at the World Dairy Summit

- IDF TF on Women in Dairy (14 October 2024)
- IDF All Experts coordination meeting (14 October 2023)

During the SCNH, the dietitian of the Project reported on the IDF priority work item, School Milk Programmes (SMPs). As Action Team leader she provided feedback on the progress and deliverables of this work. One of the main priorities of this year was to publish a new IDF Bulletin on SMPs and their nutritional impact on school children worldwide. This Bulletin and an updated scientific review were published in September 2024 and are available on the IDF website.

The dietitian of the Project was also part of the Action Team on The Dairy Matrix. As part of the team's work, they published a scientific paper in the international journal *Nutrients*, August 2024. The article is titled: The Dairy Matrix: Its importance, definition, and current application in the context of nutrition and health. DOI: 10.3390/nu16172908.

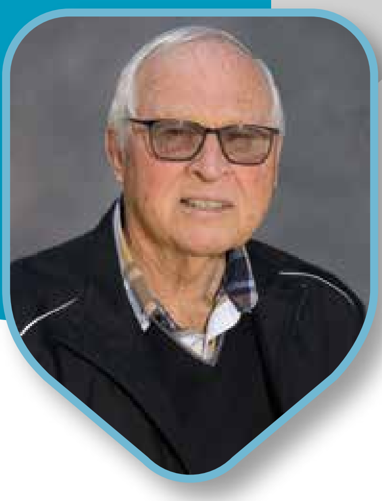
A full report on the SCNH's meeting as well as on her participation in the WDS 2024 is available as part of the SACIDF annual report.

Plant-based Dairy Alternative Literature Search for IDF

On behalf of the IDF, the Project assisted in the collection, grouping and highlighting of literature available on plant-based dairy alternative products. A report on the available literature was compiled and submitted to the IDF taskforce on plant-based dairy alternative products for review.

National Council of the International Dairy Federation

The annual SA National Council of the International Dairy Federation meeting was held on 26 March 2024. 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 2023.



13.10 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

Negotiations with the Technology Innovation Agency (TIA) culminated in a MoA to co-fund priority research projects of Milk SA over the three years 2025 to 2027. To confirm the commitment a formal signing occasion between the TIA and Milk SA and a press release was arranged at the offices of the TIA. The TIA will co-fund to the extent of R3-4 million per year. The funding is expected in the first quarter of 2025.

The following projects have been identified for co-funding, which in terms of the goal of cooperation between institutions, largely meet the objective. The projects are:

- Exploring the facial eczema problem in dairy cattle in the Eastern Cape of, South Africa, with a focus on the fungus *Pseudopithomyces chartarum* (FABI, University of Pretoria (UP): Project leader: Dr Neriman Yilmaz-Visagie). To support collaboration, an Agreement was formalized between Milk SA, FABI and Beef and Lamb, New Zealand (B & LNZ), since the problem of sporidesmin toxicity (facial eczema) on pastures in NZ is as important as in SA. The FABI-NZ project pays attention to characterization of the sporidesmin fungus *Pseudopithomyces chartarum* causing facial eczema in the Eastern Cape. Informal collaboration is also between FABI and Dr. Jerome Collemare from the Westerdijk Fungal Biodiversity Centre in the Netherlands, who is comparing South African genomes with the New Zealand genome.
- Investigation of photosensitivity-related conditions in pasture-based dairy cattle (Project leader: Dr Anthony Davis, Veterinary Clinic, Humansdorp, who is working together with FABI, UP Onderstepoort and the Biochemistry group at UP)
- Immune profiling of the early to latent stages of Bovine infection with *Brucella abortus*: A new opportunity for vaccine and drug development (Project Leader: Prof Christine Maritz-Olivier, Dept of Genetics, in collaboration with the Group of Dr Suleman at the CSIR).
- The quantitative impact of different on-farm management options using the DESTiny tool (Project leader: Prof James Blignaut, Asset Research, in collaboration with Riana Reinecke, FarmVision and Prof Pieter Swanepoel, University of Stellenbosch (US))
- Field testing of phycoremediation on two dairy farms in South Africa (Project leader: Dr Jon McGosh, Institute for Natural Resources and Prof Sheena Kumari, Durban University of Technology)
- An on-farm integrative waste and nutritive flow management decision-support tool for dairy production in South Africa (Project leader: Prof James Blignaut, Asset Research, Prof Eugene van Rensburg, Dept of Chemical Engineering, US and Dr Craig Galloway, Trace & Save).

The TIA co-funding and other additional R & D projects, which are planned for the next three-year cycle, commencing in 2025, have significant implications towards environmental sustainability, animal health and welfare, and the strategic direction of the industry. What became crucial though, is that FMD work also had to be included in the programme, as the disease is globally rather uncommon in dairy farming, and thus an urgent project has been included in the programme with the title: DIAGNOSTIC OPTIONS FOR SURVEILLANCE FOR FOOT AND MOUTH DISEASE.

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

Administration and planning are done with the aid of the Dairy Research and Development Committee (DRDC), as informed by the Management Committee (MANCOM). Four Meetings of each were held in the year. The most important items dealt with during the year include:

- Milk processors and farmers were very much in favour of establishing a Milk SA R&D office in Jeffreys Bay, but agreed that such an office should only follow after establishment of a DSA laboratory there. The feasibility of establishing a laboratory in the area is being pursued by Mr Burger, Dr Davis and Dr Meissner. The envisaged laboratory in the Eastern Cape would not be a duplication of the DSA laboratory in Centurion but would be able to provide more services, also to support future research needs. The establishment of the laboratory would relate to government and government driven laboratories by being subject to the authority of the national government in terms of competence, whilst the execution of competence evaluations would be by the provincial government veterinarians. In further interactions it was decided that the umbrella goal of the facility will be Bio-security support to the industry as a means of enhancing sustainability, and since the facility will deal with communicable diseases, the possibility of a Public-Private Partnership between Milk SA and the Department of Agriculture should be investigated.
- Dr Chimes, apart from his representation of the SA Veterinary Association on the National Animal Health Forum (NAHF), will also represent Milk SA. This is important considering the special attention given to

Brucellosis at the NAHF, and in a further well come development, he has been elected Chairman of the CA and TB steering committee of the NAHF. Also, further regarding Brucellosis, the DSA laboratory is interacting with the Department of Agriculture and is well advanced in the process of doing Brucellosis tests. As Chairperson of the Brucellosis Steering Committee, he will strive to standardize testing in the dairy industry across provinces and encourage the beef industry to vaccinate, possibly by proposing an incentive scheme. Furthermore, in support of the stance of Milk SA, Dr Chimes will recommend that where initial blood tests in dairy cows yielded negative results for two years, the blood tests could be replaced by Milk Ring Tests, whereas abattoir tests on culled cows should be performed to declare an area free from Brucellosis.

- The devastating effect of heat stress on production, fertility, the unborn calf and immunity was discussed, but at this stage the intention of an envisaged project is to look at cow performance variation against climatic variation. It could be that in the practice of culling cows on the basis of production, reproduction, inter calving periods etc., the effect of heat stress as a reason for the culling have probably not being considered. Consequently, selection of heat stress tolerant cows may have already and unintentionally taken place resulting in a more resilient herd. Nevertheless, Dr. Meissner will contact farmers to establish if sufficient data was available for a project to evaluate if selection could be done on dairy cows which are more heat stress tolerant or resistant than others. Similarly, he will liaise with a farmer that apparently has had considerable success with utilising genomic selection, in order to promote the use thereof by other farmers.
- Drs. Ohlhoff and Meissner, and Mr. Fouché discussed the Dairy Sustainability Framework membership of Milk SA with Mr. Brian Lindsay of the DSF, in order to understand whether membership should change. It was decided that the Affiliate membership will continue as Milk SA cannot meet the obligations of Aggregate membership.
- Dr Ohlhoff is doing a situation analysis on the trading of carbon credits to establish if there could be benefits to the dairy industry, and if so, how

Visit to CSIR Brucella Lab

to implement such a system. A section on carbon credits, tax and trade has also been added to the "Sustainability in the SA dairy industry: A status and progress report". During his investigation, he referred to the current notion by organisations with high carbon emissions to buy carbon credits from the dairy sector to offset against their emissions, which may not be the preferred outcomes. As a further endeavour, Dr Ohlhoff raised the matter of carbon credits at the World Dairy Summit 2024, where at a joint meeting of the Standing Committees of Environment, Dairy Policies and Economics, Marketing and Nutritional Health it transpired that IDF itself did not have a position on carbon credits. Dr Ohlhoff was of the opinion that they would start investigating this matter in due course.
- In line with the carbon credits issue, Dr Meissner referred the meeting to the recently promulgated Environmental Act which requires different sectors to set targets for their gas emissions. The DEF, as the administrator of the Act, placed the responsibility to determine the rate of decreasing the carbon footprint (CFP) on the respective responsible government departments; in the case of dairy, the Department of Agriculture. They requested these departments

to determine a baseline for 2025 so that by 2030 it can be calculated how the CFP had declined. AgriSA and the Department of Agriculture have put together dedicated committees to develop the Sector Emission Targets (SETs) for Agriculture, still in 2025. The outcomes may well result in a carbon tax system for Agriculture. Developments will be monitored.

- At the initial stages of FMD infection, Dr. Chimes in collaboration with others drew up communiques on FMD and Brucellosis to the DALRDD to suggest measures to deal with the situation. In this context, the references to regulations or lack thereof in the FMD letter and the document to the AAMP, should be, according to Dr. Meissner, turned into requests to the department of Agriculture for appropriate, fair, implementable, enforceable and clear regulations applicable to the dairy industry. These suggestions have been included in the communiques. At the same time, the CEO of Milk SA should issue a press release informing the media that Milk SA had taken action in relation to the FMD outbreak in the Eastern Cape, mentioning that the issues of vaccination, movement of animals as well as abattoirs and slaughtering are being addressed. As a further communication action, Dr Meissner should draw up a chronologic record of developments of the FMD saga to be forwarded by the CEO to the Milk SA Board. Both actions were done. Following the successful control of the spread of FMD on dairy farms in the Eastern Cape, Dr. Chimes and Dr. Davis as a follow-up action, are documenting a basic strategy in terms of what they experienced during the outbreak of FMD in the Eastern Cape and that this document would be circulated to role-players to support biosecurity. Dr. Chimes also recommended that research into the duration of FMD viral excretion into milk as well as ways to prevent or minimize double pasteurization of virus infected milk, were important areas to investigate with the FMD SAT strains. (See project proposal under Goal 1). Finally, it was decided to put a formal request by the DRDC to Dr. Maja of the Department of Agriculture to revise the current FMD protocol, since it is outdated.
- Due to budget shortages Dr Meissner shared his estimates of cuts to the total amount of R2 244 283 with DRDC members, and advanced a budget of R6 387 300 for 2025. To rectify, the CEO informed the meeting that from 2026 the allocation for the R&D project would probably increase from the current 6.5% of levies to between 8 and 9% of levies. The suggested increase would be much more in line with R & D levy allocations for other agricultural industries in SA to R & D. He suggested that Dr Meissner compile a basis document of funds required by the R&D programme for the four-year period from 2026 to 2029.
- Dr Meissner referred the meeting to the list he compiled of scientific publications and post-graduate qualifications from research projects funded or associated with the Milk SA R&D programme over the five-year period from 2020 to 2024 (see Attachment 1 in the Main Report). He presented this for information of the meeting and to indicate that substantial development flowed from projects which were dealt with by the DRDC.
- Dr Meissner, Mr. Fouché and Mrs. Rademan should urgently address ways and means to communicate to unprocessed milk producers, milk processors and dairy product consumers, the results and information generated by the Milk SA R&D Programme, since many members are largely ignorant thereof. In support, Dr Meissner should compile a brief document on the work that has been done to date by the R&D Project from available information which could be presented for editorial review for the format of an eye-catching booklet. (The basis document has been compiled – see Attachment 2 in the Main Report).

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 for the year. The target was met. Some of the articles have been published in the Dairy Mail under the regular Research Column of the Project Manager and others in the Milk Essay.

The list for THE RESEARCH COLUMN was:

- Machine learning for the prediction of subclinical mastitis in cows milked in automatic milking system.
- Perspective: How to address the root cause of milk fat depression in dairy cattle.
- Replacement of soybean meal with canola improves short-term milk yield and nitrogen-use efficiency in high-producing, early-lactation Holstein cows.
- Effects of adding natural additives to whole milk on performance, faecal, and blood parameters in suckling Holstein calves.
- Breeding for heat tolerance.
- Echotextural and ultrasonic detection of sub-clinical and clinical mastitis.
- Gas exchange, rumen hydrogen sinks, and nutrient digestibility and metabolism in lactating dairy cows fed 3-nitrooxypropanol and cracked rapeseed.
- Effects of dairy farming management practices on carbon balances in New Zealand's grazed grasslands: Synthesis from 68 site-years.
- Host and rumen microbiome contributions to feed efficiency traits in Holstein cows.
- A comparison of the bio-accessible calcium supplies of various plant-based products relative to bovine milk.
- Lactation curves of Montbéliarde-sired and Viking Red-sired crossbred cows and their Holstein herd-mates in commercial dairies.
- Life cycle inventory of 23 dairy farms in south-western Sweden. SIK-rapport Nr 728 2004.
- Effects of different temperature-humidity indexes on milk traits of Holstein cows: A 10-year retrospective study.
- Genome-wide association study of age at puberty and its (co)variances with fertility and stature in growing and lactating Holstein-Friesian dairy cattle.
- Effects of simplified group housing on behavior, welfare, growth performance, and health of preweaned dairy calves on a California dairy.
- Association between days post-conception and lactation persistency in dairy cattle.
- Pasture feeding improves the nutritional, textural, and techno-functional characteristics of butter.
- Effects of feeding whole-cracked rapeseeds, nitrate, and 3-nitrooxypropanol on composition and functional properties of the milk fat fraction from Danish Holstein cows.
- Dry matter intake in US Holstein cows: Exploring the genomic and phenotypic impact of milk components and body weight composite.
- Effects of bulk tank milk, waste milk, and pasteurized waste milk on the nutrient utilization, gastrointestinal tract development, and antimicrobial resistance to Escherichia coli in preweaning dairy calves.
- Feeding rumen-protected methionine during the peripartum period improved milk fat content and reduced the culling rate of Holstein cows in a commercial herd.
- Effects of dose, dietary nutrient composition, and supplementation period on the efficacy of methane mitigation strategies in dairy cows: A meta-analysis.
- Vertical back movement of cows during locomotion: detecting lameness with a simple image processing technique, and Potential biomarkers for lameness and claw lesions in dairy cows: A scoping review.
- Investigation of livestock transport trailers as potential fomites for antibiotic-resistant Escherichia coli.

The list for DAIRY R & D IN SA was:

- Trace mineral status of dairy cows in the Tsitsikamma
- Model to calculate the environmental, nutritional and economic status of milk and plant-based beverages.

- Which breed is more suitable for pasture systems – Holstein or Jersey?
- Tools to calculate the environmental footprint of dairy farms.
- Do we pay sufficient attention to fertility?
- Problems faced by dairy small-scale farmers.
- Good agricultural practice interventions in the SA dairy industry
- The importance of hoof trimming data in claw lesion investigations
- Cow welfare in sustainable breeding objectives
- Biostimulants on ryegrass – clover pastures for dairying.
- Environmental sustainability in the South African dairy industry
- Pre-calving fibre-based diets for dairy cows.
- Effect of feed energy levels on metabolism and ovarian function.
- Essential microbial groups to be monitored in milk food safety.
- Plantain can save concentrate supplement costs for grazing dairy cows.
- Relationship between number of days in milk in first lactation cows and their lifetime milk yield.
- Heat stress in cows – effects and consequences
- Selection for fertility and milk production – how to select.
- Non-genetic factors influencing feed efficiency traits in cows
- The effect of EBV on life time milk yield and yield efficiency
- Prediction models for gross teed efficiency for TMR systems
- Evaluation of the environmental, nutritional and economic impact of milk and plant-based beverages.
- Understanding net greenhouse gas (GHG) emissions by cattle
- Comprehensive approach to evaluate sustainability in milk and plant-based beverage production

The following articles were compiled for the *Milk Essay*:

- A model to calculate the environmental, nutritional and economic status of milk and plant-based beverages established.
- Environmental sustainability in the South African dairy industry
- Recent results pertinent to structured breeding programmes of dairy farmers.

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

The sustainability document: ''Sustainability in the SA Dairy Industry: A Status and Progress Report" provides strategic and position guidance to the Board and officials. The decision was that updates will be done in April and October, and the document will, apart from internal distribution, also be sent to the Dairy Sustainability Framework to evaluate progress of the SA Dairy Industry on international sustainability goals. The October 2024 edition is available at the Milk SA website.

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.

Additional articles aligned with Goal 5 objectives from the list under Goal 3 are:

- Effects of dose, dietary nutrient composition, and supplementation period on the efficacy of methane mitigation strategies in dairy cows: A meta-analysis.
- Vertical back movement of cows during locomotion: detecting lameness with a simple image processing technique.
- Potential biomarkers for lameness and claw lesions in dairy cows: A scoping review.
- Evaluation of the environmental, nutritional and economic impact of milk and plant-based beverages.
- Understanding net greenhouse gas (GHG) emissions by cattle
- Comprehensive approach to evaluate sustainability in milk and plant-based beverage production.

A recent review where the author is co-author is also relevant: R. Reinecke, J.N. Blignaut, H.H. Meissner & P.A. Swanepoel, 2024. Advancing carbon sequestration and nutrient management in the South African dairy industry for sustainable growth. *Front. Sustain. Food Syst.* 8:1397305. doi: 10.3389/fsufs.2024.1397305

13.11 Programme title: Animal Health & Welfare

- **Responsible institution:** Milk South Africa
- **Project Manager:** Dr Mark Chimes

National Animal Health Forum

At the last meeting in 2024 of the NAHF on 14 November the role of the NAHF was discussed. It was reported that some members, i.e. the SA Pork Producers and the SA Poultry Association have expressed their intention to withdraw from the NAHF. The reason being that they did not feel that the NAHF was contributing anything of value to their industry that they could not have done themselves. Since they were two of the larger contributors to the NAHF annual budget through their membership fees, the NAHF predicted that it would run into financial hardship by the middle of 2025. It was therefore decided that the remaining members vote on the following:

- Whether the NAHF should disband or continue?
- If it does continue, what should its focus be?
- To change the Memorandum of Incorporation to a Memorandum of Association which is less onerous and costly to maintain from a tax and administrative perspective

Voting on these matters are due to take place in early 2025.

Livestock Welfare Coordinating Committee

The LWCC is a unique organization and probably one of its kind in the world. However, members feel that there is too much focus on commercial farming enterprises and not enough focus on the informal sector where frequent serious transgressions of animal welfare take place. It was decided to embark on a more focused effort of public education on animal welfare. The Compulsory Community Service (CCS) veterinarians have the largest potential to influence informal farmers since they are the primary animal health caregivers in the rural areas. The LWCC will embark on a program to equip the CCS veterinarians to fulfill this role. It was also noted that agricultural faculties and colleges do not include a module on animal welfare and that this needs to be addressed as well.

The Brucellosis and Tuberculosis Steering Committee (BTSC)

On the request of Milk SA, I have revived the Brucellosis Steering Committee (BTSC) and have been appointed as its chairman. The committee was renamed as the Brucellosis and Tuberculosis Steering Committee as suggested by Milk SA. Dr Alicia Cloete was the previous co-chairperson representing the interests of the Department of Agriculture. She was moved to a different department and since then the Department has not nominated a person in her place. The memorandum of association of the BTSC requires the chairperson position to be co-chaired by a representative from the private sector and one from the Department of Agriculture. I have requested the Department to address this issue as soon as possible. The first two meetings were dominated by discussing the problems that exist within the system as well as possible solutions. To prevent the BTSC from just becoming a talk-shop, members were advised to come up with implementable recommendations to bring about real change in 2025.

FMD outbreak

An outbreak of Foot and Mouth Disease (FMD) occurred during April 2024 in the Humansdorp area. This is the most densely populated dairy-producing area in South Africa. Consequently, FMD spread very rapidly, infecting 37 herds with devastating effects. To stem the spread of the disease a Disease Management Area (DMA) was declared by the minister of Agriculture and farmers requested to have their herds vaccinated against FMD. 38 Dairy farms were vaccinated. This appeared to be effective in containing the spread.

The last positive case of FMD was recorded on 19 Sep 2024. By December the focus had shifted to get the DMA lifted. To achieve this, the Department of Agriculture will be testing the FMD-free farms within the DMA, that had not been vaccinated, to prove that no further spread of the virus had since taken place. Most of the testing will be done in early 2025. However, infected and vaccinated farms will remain under quarantine for at least one year from day zero.

Calf Welfare Project

The calf welfare survey had limited success in its first year. Only 11 completed surveys were received against an expected response of 50+. The main reason being that the survey was designed on Google Forms which requires internet access to complete the survey. The dairy parlour auditors did not always have internet access on farms and also frequently forgot to complete the survey. There was also confusion on how to complete the contact details with the result that some surveys never reached me. I am now collaborating with the DSA to include these questions in the dairy parlour audit to ensure that the data is collected.

In addition, Dr Lobke Steyn, lecturer at the Faculty of Agriculture at the University of Stellenbosch has approached me with a proposal to collaborate in a calf welfare survey. She has a student who wishes to collect data on the status of calf welfare on dairy farms in South Africa for her MSc thesis. Talks are underway between the university, the DSA and the DRDC to this end.

SABS / SANS revision

Most of the year was spent to get the SABS to determine a date for the revision of SANS 1694 – The Welfare of Dairy Cattle and SANS 1488 – Transport of Livestock by Road. A commitment was finally made at the end of 2024 for the first revision to be held on 18 February 2025.

Traceability, Biosecurity and Disease monitoring system

This was more a "soft" role of support and coercion on my side than actually driving the process. The process does seem to be taking off with the RMIS driving a traceability program for the red-meat industry. Together with RUVASA and the Veterinary Network they are planning to introduce an audit system to certify farms, that produce livestock for the red-meat industry, for biosecurity and animal health. I will be playing a supporting and advisory role as a result of my experience in auditing dairy parlours.

IDF World Dairy Summit

I had the fortunate experience of attending the IDF World Dairy Summit in Paris during October 2024. At the summit I represented South Africa as a member of the Standing Committee on Animal Health and Welfare (SCAHW). My presentation at the Dairy Welfare Forum was focused on the welfare implications of the FMD outbreak on dairy farms in the Eastern Cape.

Animal welfare was a term mentioned in almost every lecture presented, confirming the increasing emphasis being placed on welfare in the dairy industry. Several major global trends were identified at the summit and can be summarized as:

- We are moving away from "Freedom from suffering", which is defined as a life worth avoiding, to a model that emphasizes "A life worth living".
- The effect of the design and lay-out of dairy parlours and animal handling facilities on the welfare of dairy cattle was highlighted.
- Training of farm personnel in animal welfare was listed as the action that has the most impact on improving animal welfare on the farm.
- The role of the physical health, mental health and financial state of the farmer and its effect on animal welfare needs more attention and also needs to be taken into consideration in cases of animal neglect

Moderation Session on Biodiversity at the World Dairy Summit, October 2024

See the submitted reports on my IDF activities for further details.

Promoting the Animal Health & Welfare Programme of Milk SA

It has been an extremely busy and interesting year. To promote the role of Milk SA within the dairy industry I attended 4 x DRDC meetings, 4 x NAHF meetings, 4 x LWCC meetings, 2 x SAVA meetings, 2 x RuVASA meetings, 2 x TB/CA Steering committee meetings, presented 3 x DSA webinars, presented 1 x lecture at the University of Stellenbosch, presented 5 talks on FMD at farmers' days and other organisations, represented Milk SA at the RUVASA, IDF and Large Herds Conferences, attended endless FMD JOC and FMD Technical control meetings, conducted several TV, radio and agricultural press interviews, wrote some articles for the lay-press, produced farmer informational leaflets, chaired the TB/CA Steering Committee and pressured the SABS into revising the SANS regulations.

Dairy Calf Welfare Survey – Popular Report – 2024

The purpose of this survey is to determine the current level of dairy calf welfare on farms in South Africa and then monitor the level of improvement (if any) over the next 4 years.

Some data was received from the dairy parlour audits. However, the amount of questionnaires completed was disappointing. Only 11 questionnaires were returned completed when the target was closer to 50 questionnaires at least. The questionnaires required internet connection to complete since it was compiled on Google forms. Unfortunately, the auditors that had to complete the questionnaires did not always have signal on the farms to connect to the internet. In addition, the questionnaires had to be completed separately after the dairy parlour audits were completed. The auditors frequently forgot or time constraints did not allow for it.

- One option is to e-mail the questionnaires to dairy farmers in the hope that they will complete it. However, farmers are not renowned for completing surveys and questionnaires.
- I am working with the DSA to get the necessary questions incorporated into the dairy audit questionnaire. However, not all farms are audited on the same standards. As a result, we have to design the system to not penalise farmers for non-compliance on some of the questions, when these questions are not supposed to be part of their official audit.
- Dr Lobke Steyn at the Agriculture faculty of the University of Stellenbosch has approached me with a proposal to have a student do a survey on the level of calf welfare on dairy farms in South Africa for her MSc thesis. This would fulfil the aims of the current project. However, to this end she will require access to the historical audit data of the DSA to determine a baseline from which to work. In addition, she would need the contact details of several farmers to conduct her survey of the current situation and how calf welfare is progressing. There are confidentiality issues in this regard that need to be addressed before permission can be granted to proceed with the project. Talks are in progress with the DRDC and DSA in this regard.

13.12 Programme title: Environmental Sustainability

- **Responsible institution:** Milk South Africa
- **Project Manager:** Dr Colin Ohlhoff

Climate change mitigation technologies specific to livestock agriculture have been mentioned extensively over the past year. We specifically recognise the advancement in the application of methane inhibiting feed additives as well as other environmental inhibitors, which extend from animal GHG reduction through to minimising nutrient loss from soils.

The potential benefits and concerns around the use of these commercially available products has been at the centre of much discussion. The FAO hosted a webinar in 2024 which reflected on the use of these inhibitors where it was mentioned that nitrification inhibitors, for example, have been in use for over several years, while the interest in methane inhibitors is more recent. This possibly points towards an improved understanding of the role of methane specifically, in climate change. Certainly, Governments are playing a role in supporting the use of inhibitors, particularly in those that are reliant on agriculture, although regulatory standards still vary across countries.

Previous reporting has also referred to the growing interest in Carbon markets and how these mechanisms are developing towards incentivising emission reductions. We have noted that the potential financial benefits should also be carefully weighed against the expected requirements, costs and potential risks associated with participating in such exchanges. While we are continuously learning from happenings internationally, one of the key considerations would be whether to sell credits to earn income versus potentially saving them to offset other on-farm emissions.

It is important to note that you cannot do both, once sold that credit is lost to the farm. California in the USA, has a well-developed Carbon market which has been driven largely by their stringent climate policies, and we are seeing this beginning to filter through to other States in the USA. We will continue to monitor developments in this space both internationally and in South Africa as the subject will continue to evolve and likely remain topical through the next reporting period.

This past year also provided an opportunity to present some of the International Dairy Federation's (IDF) on-going work to members of the South African dairy industry. The annual SASDT symposium held in Pretoria during May offered a session which focussed specifically on the IDF and covered topics which are receiving continued attention across the global dairy sector. Representatives from some of the Standing Committees (SCs) covered topics ranging from policy and economics, through to animal welfare, food standards and marketing to name a few.

Opportunity was also afforded to highlight some of the work relating specifically to the SC environment, where South Africa's contribution the annual publication, the 'Dairy Sustainability Outlook' was showcased. Participants were also informed about the IDFs work relating to Life Cycle Assessments and the updates that have been made to the global carbon footprint standard for the dairy sector. This standard has been fundamental in supporting the dairy sector in quantifying both its impacts and progress and importantly, aligning language around GHG emissions to enable the sharing of mitigation learnings and opportunities with sector peers. It will be very interesting to track current work in this space which relates to the development of a C-footprint verification tool, essentially enabling users to assess how different footprint calculators compare to the IDF recognised method.

Looking ahead into 2025, we are hoping to see data being published from the Consumer Goods Council of South Africa's Food Waste and Loss Initiative (FLWI). Sector specific reporting would be of value to the Dairy Industry as it could serve as an initial benchmark against which future activities and improvement can be measured. The IDF also has an active work item which is focussed on solid and liquid waste reduction within the processing stage of the dairy value chain indicating that this is a global area of concern.

We are likely to also see developments in the dairy packaging space as there is growing pressure on manufacturers and producers to ensure that packaging materials are as environmentally sound as possible. This shall be reported on as information becomes available.

AUDIT AND RISK ADVISORY COMMITTEE REPORT

Milk SA's Independent Audit and Risk Advisory Committee ("the Committee") is honoured to present its report to the members for the financial year concluding on 31 December 2024.

INTRODUCTION

The Audit & Risk Advisory 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.

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:
- 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 the Chief Executive Officer, Internal Auditor and independent External Auditor on invitation.

Throughout the review period, the Committee convened for a total of four meetings:

Name of member		23/2/2024	25/4/2024	20/8/2024	4/11/2024
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 prescribed functions delineated in the Terms of Reference. Consequently, it has fulfilled its legal, regulatory, and other o–bligations 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 2025, 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 2024, the Committee confidently recommends its approval by the Board.

On behalf of the Committee

DH du Plessis
Chairman

ANNUAL FINANCIAL STATEMENTS

For the year ended 31 December 2024

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:

The following supplementary information does not form part of the annual financial statements and is unaudited:

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 IFRS for SMEs® Accounting Standard. 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 IFRS for SMEs® Accounting Standard 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 2025 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 129 to 145 which have been prepared on the going concern basis, were approved by the board of directors on 22 May 2025 and were signed on its behalf by:

Director	**Chief Executive Officer**

2de Vloer, Kings Highway 476
Lynnwood, Pretoria 0081

Tel: (012) 361 1172/3, 348 8184
E-Pos: admin1@fouriebotha.co.za

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E-Mail: admin1@fouriebotha.co.za

Fourie + Botha

Geregistreerde Ouditeure
Registered Auditors
Geoktrooieerde 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 8 to 22, which comprise the statement of financial position as at 31 December 2024, 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 Mille South Africa NPC as at 31 December 2024 and its financial performance and cash flows for the year then ended, in accordance with the IFRS for SME's Accounting Standard as issued by the International Accounting Standards Board 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 registered 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 corresponding sections of the International Ethics Standard Board for Accountants' Code of Ethics for Professional Accountants (Including International Independence Standards). 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

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930229

Vennote/Partners
WM Fourie, MA Eastman

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 IFRS for SME's Accounting Standard as issued by the International Accounting Standards Board 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. Misstatement 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 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 for one resulting from error, as fraud may involve collusion, forgery, 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 the circumstances, 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 events 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 + NOTHA

WM Fourie CA (SA)

Partner
Chartered Accountants (S.A) Registered Auditors
22 May 2025

DIRECTORS' REPORT

The directors submit their report for the year ended 31 December 2024.

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 2,857,910 (2023: Surplus R 5,703,248).

2. Going concern

The directors believe that the company has adequate financial resources to continue in operation for the foreseeable future and are confident that the application for statutory measures from 1 January 2026 will be successful, 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
- Gutsche AR Mr
- Jack-Pama BS Dr (Chairman)
- Kraamwinkel AP Mr
- Loubser MJ Mr
- Neethling CJ Mr
- Prinsloo AW Mr
- Rathogwa MG Mr

The alternate directors of the company are as follows:

- Cilliers HL Mr Until 31 December 2024
- Lubbe H Mr

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, 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 2024

	Notes	2024 R	2023 R
Assets			
Current Assets			
Trade and other receivables	3	12,234,324	11,639,388
Cash and cash equivalents	4	56,140,366	52,392,403
		68,374,690	**64,031,791**
Non-Current Assets			
Property, plant and equipment	5	143,424	113,931
Other assets	6	1,873,103	2,661,075
		2,016,527	**2,775,006**
Total Assets		**70,391,217**	**66,806,797**
Equity and Liabilities			
Liabilities			
Current Liabilities			
Trade and other payables	7	3,507,672	2,781,162
Equity			
Reserves		43,102,152	39,527,832
Unutilised funds		23,781,393	24,497,803
		66,883,545	**64,025,635**
Total Equity and Liabilities		**70,391,217**	**66,806,797**

Statement of Comprehensive Income

	Notes	2024 R	2023 R
Revenue	8	67,276,635	65,429,661
Project expenses	9	(61,550,152)	(56,384,753)
Gross surplus		**5,726,483**	**9,044,908**
Other income	10	529,867	566,666
Operating expenses		(7,326,443)	(6,794,637)
Operating (deficit) / surplus		**(1,070,093)**	**2,816,937**
Finance income	12	3,928,217	2,886,467
Finance costs	13	(214)	(156)
Net surplus for the year		**2,857,910**	**5,703,248**
Other comprehensive income		-	-
Total comprehensive surplus for the year		**2,857,910**	**5,703,248**

Statement of Changes in Equity

	Research and Development: Reserve Funds	Enterprise Development	Total reserves	Unutilised funds: Levy Funds	Total equity
	(2006 - 2009)	(2006 - 2021)			
	R	R	R	R	R
Balance at 01 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	-	-	-	5,703,248	5,703,248
Transfer unutilised / (utilisation of) funds	(708,364)	2,404,864	1,696,500	(1,696,500)	-
Total changes	(708,364)	2,404,864	1,696,500	4,006,748	5,703,248
Balance at 01 January 2024	**-**	**39,527,832**	**39,527,832**	**24,497,803**	**64,025,635**
Changes in equity					
Total comprehensive surplus for the year	-	-	-	2,857,910	2,857,910
Transfer unutilised / (utilisation of) funds	-	3,574,320	3,574,320	(3,574,320)	-
Total changes	-	3,574,320	3,574,320	(716,410)	2,857,910
Balance at 31 December 2024	**-**	**43,102,152**	**43,102,152**	**23,781,393**	**66,883,545**

Statement of Cash Flows

	Notes	2024 R	2023 R
Cash flows from operating activities			
Cash receipts from industry participants and grantors		67,812,574	64,661,993
Cash paid to suppliers and employees		(67,870,328)	(60,700,559)
Cash generated from /(used in) operations	14	(57,754)	3,961,434
Finance income	12	3,928,217	2,886,467
Finance costs	13	(214)	(156)
Net cash generated from operating activities		**3,870,249**	**6,847,745**
Cash flows from investing activities			
Additions to property, plant and equipment	5	(125,526)	(44,486)
Proceeds on disposal of property, plant and equipment		3,240	-
Net cash from investing activities		**(122,286)**	**(44,486)**
Net increase in cash and cash equivalents for the year		**3,747,963**	**6,803,259**
Cash and cash equivalents at the beginning of the year		52,392,403	45,589,144
Cash and cash equivalents at end of the year	4	**56,140,366**	**52,392,403**

ACCOUNTING POLICIES

1. Presentation of annual financial statements

The annual financial statements have been prepared in accordance with the IFRS for SMEs® Accounting Standard 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 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
• 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

Clause15(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, 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 Advances to projects

Advances are made to projects based on proposals approved by the Board of Directors of Milk SA. The actual operating expenses incurred by projects are recorded as project expenses, whilst the unspent portion of the advances are reflected as assets in the Statement of Financial Position. Advances to fund capital expenditure used in projects are expensed over the useful lives of these assets. Advances that are not expected to be utilised in the next year, are classified as non-current assets.

1.8 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.

1.9 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"), requires 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 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

	2024	2023
	R	R
Accrued levy income	7,192,534	7,008,846
Levy debtors	769,811	1,822,377
Provision for impairment of trade receivables	(504,215)	(553,468)
Deposits	100,833	100,833
Project advances - operating expenditure	2,873,583	1,915,586
Project advances - capital expenditure	1,523,357	1,209,083
Accrued interest - Reserve funds	278,421	136,131
	12,234,324	**11,639,388**

Notes to the Annual Financial Statements - continued

	2024	2023
	R	R

4. Cash and cash equivalents

	2024	2023
Cash and cash equivalents consist of:		
Reserve Funds	42,819,584	39,391,904
- ABSA Bank: Savings accounts	-	17,616,999
- ABSA Bank: Term deposit accounts	42,819,584	21,769,206
- First National Bank: Savings accounts	-	5,699
Levy Funds	13,320,782	13,000,499
- ABSA Bank: Current accounts	9,605,325	9,558,151
- ABSA Bank: Savings accounts	3,714,720	3,441,444
- Petty cash	737	904
	56,140,366	**52,392,403**

5. Property, plant and equipment

	2024			2023		
	Cost	Accumulated depreciation	Carrying value	Cost	Accumulated depreciation	Carrying value
Furniture and fixtures	244,770	(224,931)	19,839	219,557	(205,790)	13,767
IT equipment	384,831	(273,813)	111,018	410,801	(320,331)	90,470
Leasehold improvements	45,885	(33,318)	12,567	36,235	(26,541)	9,694
Total	**675,486**	**(532,062)**	**143,424**	**666,593**	**(552,662)**	**113,931**

Reconciliation of property, plant and equipment - 2024

	Opening balance	Additions	Disposals	Depreciation	Total
Furniture and fixtures	13,767	25,213	-	(19,141)	19,839
IT equipment	90,470	90,664	(3,240)	(66,876)	111,018
Leasehold improvements	9,694	9,649	-	(6,776)	12,567
	113,931	**125,526**	**(3,240)**	**(92,793)**	**143,424**

Reconciliation of property, plant and equipment - 2023

	Opening balance	Additions	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
	157,906	**44,486**	**(88,461)**	**113,931**

Notes to the Annual Financial Statements - continued

	2024	2023
	R	R
6. Other assets		
Project advances - Capital expenditure	1,873,103	2,661,075
	1,873,103	**2,661,075**
7. Trade and other payables		
Trade payables	1,771,404	784,701
Provision for leave	393,911	325,162
South African Revenue Service - VAT	979,172	1,194,034
Project liabilities	166,081	78,196
Accruals	96,781	161,657
Debtors with credit balances	96,403	236,059
Credit card balances	3,920	1,353
	3,507,672	**2,781,162**
8. Revenue		
Levies in terms of Notice 1653 dated 31 December 2021	67,276,635	65,429,661
9. Project expenses		
Consumer Education	19,721,387	22,602,569
Research and development	4,154,777	3,850,260
Industry Information	3,645,504	3,642,002
Dairy Quality and Safety	12,494,645	11,564,822
Transformation	16,222,728	8,296,605
Milk SA staff remuneration	2,131,651	1,967,755
Communication	1,424,351	1,593,406
Skills and Knowlegde development	1,586,059	1,605,387
Project audits	167,690	219,862
Utilisation of reserve funds	1,360	1,042,085
	61,550,152	**56,384,753**

Notes to the Annual Financial Statements - continued

10. Other income

	2024 R	2023 R
Administration recovery from Enterprise Development	485,472	397,000
Reversal of provision for doubtful debts	44,395	169,666
	529,867	**566,666**

11. Operating and project expenses

	2024 R	2023 R
Accounting fees	1,193,723	1,118,754
Bad debts written off	179,879	73
Depreciation	92,793	88,461
Employee costs	2,131,651	1,967,755
Legal expenses	262,887	300,684
Meeting costs	1,393,352	1,324,881
Office rent	1,173,840	1,096,544
Other administrative expenses	898,318	897,485
Operating expenses	7,326,443	6,794,637
Project expenses (note 9)	61,550,152	56,384,753
	68,876,595	**66,772,808**

12. Finance income

	2024 R	2023 R
Interest revenue		
Bank	273,276	63,898
Interest received - trade and other receivables	79,261	83,981
Interest received - reserve funds	3,575,680	2,738,588
	3,928,217	**2,886,467**

13. Finance costs

	2024 R	2023 R
Bank - credit cards	214	156

	2024	2023
	R	R

14. Cash (used in) generated from operations

	2024 R	2023 R
Surplus for the year	2,857,910	5,703,248
Adjustments for:		
Depreciation and amortisation	92,793	88,461
Interest received	(3,928,217)	(2,886,467)
Finance costs	214	156
Changes in working capital:		
Trade and other receivables	(594,933)	3,905,607
Project advances non-current portion	787,972	(2,661,075)
Trade and other payables	726,507	(188,496)
	(57,754)	**3,961,434**

15. Auditor's remuneration

	2024 R	2023 R
Audit fees	120,500	112,350

16. Taxation

No provision has been made for 2024 tax as the company is exempt from income tax in terms of Section 10(1)(cN) of the Income Tax Act.

17. Related parties

Related party transactions

	2024 R	2023 R
Project expenses paid to related parties for the execution of the projects of Milk SA		
Milk Producers' Organisation NPC	1,856,237	1,661,436
SA Milk Processors' Organisation	26,081,088	25,531,121
Compensation to the Chief Executive Officer	2,014,749	1,900,711
Compensation to the Transformation Manager	1,831,027	1,727,386

18. Financial instruments by category

Reconciliation of financial instruments by category - 2024

	Financial assets at amortised cost	Financial liabilities at amortised cost	Total
	R	R	R
Trade and other receivables	12,234,324	-	12,234,324
Cash and cash equivalents	56,140,366	-	56,140,366
Trade and other payables (excluding VAT and provision for leave)	-	(2,134,589)	(2,134,589)
Other assets	1,873,103	-	1,873,103
	70,247,793	**(2,134,589)**	**68,113,204**

Reconciliation of financial instruments by category - 2023

	Financial assets at amortised cost	Financial liabilities at amortised cost	Total
Trade and other receivables	11,639,388	-	11,639,388
Cash and cash equivalents	52,392,403	-	52,392,403
Trade and other payables (excluding VAT and provision for leave)	-	(1,261,966)	(1,261,966)
Other assets	2,661,075	-	2,661,075
	66,692,866	**(1,261,966)**	**65,430,900**

19. Directors' remuneration

	2024	2023
	R	R
Cilliers HL Mr	R 12,210	R 12,901
Ferreira S Mr*	-	-
Gebeda ZM Mr	32,842	18,073
Gibbs LG Mr	64,025	54,650
Gutsche AR Mr	47,942	24,741
Jack-Pama BS Dr (Chairman)	121,214	107,358
Kraamwinkel AP Mr*	-	-
Loubser MJ Mr (Vice-Chairman)	55,979	51,490
Lubbe H Mr*	-	-
Neethling CJ Mr	40,437	34,250
Prinsloo AW Mr	105,556	91,319
Rathogwa MG Mr	54,210	47,220
	534,415	**442,002**

* 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 17.

20. Going concern

The directors believe that the company has adequate financial resources to continue in operation for the foreseeable future and are confident that the application for statutory measures from 1 January 2026 will be successful, 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.

21. Liquidity and solvency

The directors have performed the required liquidity and solvency tests required by the Companies Act 71 of 2008.

22. 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 R91 405.74 (Excluding VAT).

23. Reclassification of comparative figures

The non-current portion of advances in respect of capital expenditure has been reclassified as non-current assets, to ensure consistency with the current year's presentation.

- Non-current portion R2 661 075
- Current portion (R2 661 075)

DETAILED INCOME STATEMENT

	Current Levy Period	Reserve Funds	2024	2024
	R	R		
Revenue				
Levies	67,276,635	-	67,276,635	65,429,661
Project Expenses				
Project expenses	(61,548,790)	(1,362)	(61,550,152)	(56,384,753)
Gross surplus / (deficit)	**5,727,845**	**(1,362)**	**5,726,483**	**9,044,908**
Other income				
Administration recovery from Enterprise Development	485,472	-	485,472	397,000
Provision for doubtful debts	44,395	-	44,395	169,666
Finance income	352,537	3,575,680	3,928,217	2,886,467
	882,404	**3,575,680**	**4,458,084**	**3,453,133**
Operating expenses (Refer to page 24)	**(7,326,443)**	**-**	**(7,326,443)**	**(6,794,637)**
Operating surplus / (deficit)	**(716,194)**	**3,574,318**	**2,858,124**	**5,703,404**
Finance costs	(214)	-	(214)	(156)
Net surplus / (deficit) for the year	**(716,408)**	**3,574,318**	**2,857,910**	**5,703,248**

OPERATING EXPENSES

	Note(s)	2024 R	2023 R
Accounting fees		(1,193,723)	(1,118,754)
Auditor's remuneration	15	(120,500)	(112,350)
Bad debts written off		(179,879)	(73)
Bank charges		(19,031)	(16,714)
Consumables		(35,741)	(26,268)
Depreciation		(92,793)	(88,461)
Employee costs		(2,131,651)	(1,967,755)
Inspection and Investigation		(316,279)	(279,819)
Insurance		(109,936)	(102,871)
Internal audits		(44,667)	(50,604)
Legal expenses		(262,887)	(300,684)
Meeting costs		(1,393,352)	(1,324,881)
Office rent		(1,173,840)	(1,096,544)
Postage		(670)	-
Printing and stationery		(170,657)	(189,769)
Repairs and maintenance		(23,368)	(40,346)
Security		(7,821)	(7,422)
Small assets		(14,518)	(25,350)
Subscriptions		(33,354)	(43,489)
Telephone		-	(171)
Travel - personnel		(1,776)	(2,312)
		(7,326,443)	**(6,794,637)**

RESERVE FUND: RESEARCH & DEVELOPMENT

	Cumulative 2012 - 2024	2024	2023
	R	R	R
OPENING BALANCE	-	-	708,364
INCOME	815,310	-	-
Interest received	815,310	-	-
EXPENSES	(2,968,207)	-	(708,364)
Mastitis competition prize money	(23,000)	-	-
Research & Development support (2012 - 2013)	(141,430)	-	-
Research Projects	(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	-	-	-

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 - 2024	2024	-2023
	R	R	R
OPENING BALANCE	-	39,527,832	37,122,968
INCOME	61,541,059	3,575,680	2,738,586
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	-	-
Interest received	14,878,747	3,575,680	2,738,586
EXPENSES	(7,041,682)	(1,360)	(333,722)
Support Services	(6,562,285)	-	(330,888)
Veterinary Services	(5,648)	-	-
Infrastructure	(123)	-	-
Professional advice	(57,100)	-	-
Heifers to beneficiaries	(1,645,725)	-	-
Critical dairy infrastructure and processing assistance	(434,307)	-	-
Fodder and concentrates	(3,986,598)	-	-
Socio-economic development	(432,784)	-	(330,888)
Administration	(479,397)	(1,360)	(2,834)
Bank charges	(171,687)	(1,360)	(2,834)
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 COMMERCIALIAZATION OF BLACK DAIRY ENTERPRISES	(9,244,398)	-	-
ACCRUALS	70	-	-
Value Added Tax			
CLOSING BALANCE	43,102,152	43,102,152	39,527,832

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