**CEO REPORT TO THE BOARD OF DIRECTORS**

**1. Report on decisions taken by the Board on 25 November 2015**

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| 10.1.1 | That with regard to the 120+ levy debtors, Exco be requested to make a detailed assessment of the outstanding amounts not later than January 2016, in order to inform the Board accordingly.  To be discussed under item 10.4 of this agenda. |

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| 10.2.1 | That *Highway Melkery, Milk a More* and *Mooiklip* be deregistered; and that the Exco would henceforth be responsible for the consideration of deregistrations, for recommendation to the Board.  Relevant action was taken by the CEO and the Office of Milk SA. |

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| 10.4.1 | To note and approve the final draft budget and capital budget for 2016 with appreciation for the work conducted.    Noted. |

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| 10.6.1 | That with regard to recommendations made in Internal Audit Reports, the official who accepted the recommendations (also in terms of disputes) would report back at the next Board meeting on the implementation of the accepted recommendations in writing; and that the CEO would report back on the implementation of the recommendations with regard to “Internal audit report 02/2015” and “Follow up audit report 03/2-14 Administration of Statutory Regulations”.  This was implemented. Also see items 10.9 to 10.11 of this agenda. |

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| 10.7.1 | That the CEO would report back to the Board on the implementation of the recommendations made in “Internal Audit Report 01/2015” dealing with procurement in Milk SA.  See item 10.9 of this agenda. |
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| 10.7.2 | That the Managing Director of the DSA would report back to the Board on the implementation of the recommendations in “Internal Audit Report 03/2015 on the DSA”.  See item 10.11 of this agenda. |
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| 10.7.3 | To request the CEO to liaise with the member organizations and with the DSA’s Human Resources Committee to ensure harmonization of the human resources policies – to the extent that where there were differences, a reason should be given.  To be discussed under item 12.2 of this agenda. |

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| 10.8.1 | To decide in principle to appoint Mr Du Plessis as Chairperson of the Audit & Risk Committee and that the conditions of employment be subject to discussions between the Human Resources Committee and Mr Du Plessis.  The required steps were taken and Mr Du Plessis was appointed under contract. |
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| 10.8.2 | To formally declare the Board’s highest appreciation for Mr Lubbe’s commitment in executing his task, for his continuous attention to detail and his willingness to work in sometimes challenging environments.  Noted. |

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| 11.3.1 | That an increase of 5% be granted to Milk SA’s personnel in 2016.  The necessary action was taken, with appreciation. |

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| 11.4.1 | That when the four bodies (SAMPRO, the MPO, MilkSA and the DSA) proposed programmes/activities for exposure of Ms Ntshangase to the dairy industry, the dates, where already scheduled – such as Advisory Committee meetings – should be included in the responses to the Transformation Manager, which would enable him to map out an internship schedule.  Noted. |

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| 12.1.1.2.1 | To accept the 2016 project plan for “Promoting sustainable commercialization of existing black dairy farmers.”  Noted. |
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| 12.1.1.2.2 | That the Chairman of the Internal Management Committee would liaise with Dr Van Dijk to discuss his offer to provide assistance and guidance in terms of veterinary issues in the Commercialization project.  Noted. |

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| 11.1.2.2.1 | To accept the 2016 project plan for Transformation Coordination and Facilitation.  Noted. |

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| 12.1.3.2.1 | To mandate Exco to i) finalize the 2016 project planning for Skills and Knowledge Development and Mentorship, based on the approved Transformation guidelines of Milk SA; ii) to explore the viability of the outcome of Exco’s decision with selected NAMC members; and iii) to finalize and submit a business plan to the NAMC in conjunction with the CEO.  This was finalized by Exco, and submitted on 1 March 2016. Also see item 13.1.5 of this agenda and item 5.1.1 of the agenda for the Members Meeting (2 June 2016), |

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| 12.2.1.2.1 | To approve the 2016 project proposal for Industry Information.  Noted. |

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| 12.2.1.3.1 | To appoint Mr Bertus Van Heerden as an additional member of the Industry Information Work Group of Milk SA.  Relevant action was taken by the Office of Milk SA. Mr Bertus van Heerden attended two meetings ofd this Work Group already. |

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| 12.2.2.2.1 | To accept SANCIDF’s project proposal for 2016.  Noted. |

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| 12.2.2.3.1 | To accept the “Milk SA policy for the financing of persons to attend World Dairy Summits (WDS) of the International Dairy Federation (IDF).  Noted.  The persons who will be funded by Milk SA for attending the 2016 WDS (subject to approval by the Board) are:   |  |  | | --- | --- | | President of SANCIDF | Dr Chris van Dijk | | Vice-President of SANCIDF | Melt Loubser | | Secretary of SANCIDF | Edu Roux | | Member of SANCIDF | Alwyn Kraamwinkel | | CEO of Milk SA | Nico Fouché | | Project Manager: Industry Information | Dr Koos Coetzee | | Project Manager: Dairy Standard Agency | Jompie Burger | | Project Co-ordinator: Dairy Consumer Educ | Christine Leighton | | Dietician: Dairy Consumer Education Proj | Maretha Vermaak | |

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| 12.2.3.1 | To accept the presentation on Industry Information with the following amendments:   * That Uruguay and the Ukraine could be included in the graph on milk production growth; and * That with regard to the slide on “Product prices in selected countries, September 2015”, the word “calculated” should precede “Product prices”.   This was conveyed to Dr Koos Coetzee and presented as such at the General Meeting of 26 November 2016. |

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| 12.3.1.1 | To accept the R&D budget for 2016 with the understanding that certain amounts were preliminary, as indicated in the budget.  Noted and actioned. |

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| 12.3.2.2.1 | To accept the 2016 R&D project planning.  Noted. |

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| 12.3.3.2.1 | That the National Disease Monitoring and Extension System project would proceed as it was at the moment until March 2016 and that a new proposal would be submitted in February 2016 for consideration by the Board.  The term was extended until 30 June 2016 by the Board at its Special Meeting in February 2016. |

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| 12.3.4.2.1 | That the extra funding of R100 000 as requested by Dr Van Wyk for the Fasciola hepatica project – as recommended by the RPEC and Exco - be approved.  Noted. |

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| 12.3.4.3.1 | To accept the 2016 project planning for the Fasciola hepatica project.  Noted. |

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| 12.3.5.1.2.1 | To accept the 2016 planning for “Investigating alternative methods such as bacteriophages and bacteriocins to eliminate/control mastitis”.  Noted. |

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| 12.3.5.2.2.1 | To accept the 2016 project planning for “Resistance to available antibiotics in lactating cows with mastitis.  Noted. |

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| 12.3.6.1 | That the 2016 project planning on the prevalence of and reasons for milk flocculation after heat treatment in certain geographical areas be approved in principle.  Noted. |

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| 12.4.2.1 | To accept the 2016 project planning for “Quality of Milk and Other Dairy Products.  Noted. |

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| 12.5.2.1 | To accept the 2016 approach to planning for the Dairy Consumer Education project.  Noted. |

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| 12.6.1.1 | To accept the following recommendation:   1. That, as suggested by the Advisory Committee on Customs and Market Access, the discipline of "Customs and Market Access" needed to be positioned as a project of Milk SA, with a project manager. 2. That the Customs and Market Access function of Milk SA would as from 2016, be positioned as an Industry Information project of Milk SA, separate from the existing Industry Information project which was under contract with the MPO. 3. That the Office of SAMPRO should take responsibility of the management and administration of the Customs and Market Access project, and advise the Office of Milk SA about any budgetary implications for Milk SA. 4. That the project manager's responsibilities - in a nutshell - would be to prepare agendas for discussion at the relevant structures, to record and give execution to the decisions.   To be discussed under item 13.2.3 of this agenda and item 5.2.3.1 of the Members Meeting agenda. |

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| 12.6.1.2 | That Mr Kraamwinkel would inform the Members the following day that Customs and Market Access would be treated as a project with quarterly reports; and also that there would be close cooperation between the Regulations and Standards Advisory Committee and the Customs and Market Access Committees because of the shared responsibility in terms of regulations; and that Mr Jonker would in future give a presentation on Customs and Market Access at General Meetings.  Done. |

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| 12.6.2.1 | To accept the content of the minutes of the previous National Task Team on Export Certification of 27 October 2015 as a report.  Noted. |

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| 13.1.1 | That Exco’s revised Terms of Reference be accepted.  Noted. |

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| 13.2.1 | To accept the draft Communication Policy of Milk SA subject to the following:   1. That under point 4 of the table setting out target audiences, messages, media and means, a point be added (under “media and means”) stating that Members of Milk SA (the MPO and SAMPRO) will, in their normal activity, communicate the successes of Milk SA’s projects in a way which conveys part ownership; and 2. That the CEO make appropriate provision under “media and   means” for presentations by project managers/representatives.  The above was incorporated in the Policy. |

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| 13.3.1 | That a director should be disqualified from being a director, if he / she had three (3) unnotified absences in a twelve month period, and that this should be included in the Memorandum of Incorporation (MOI) of Milk SA.  The above should be presented to the Members of Milk SA for ratification. Unfortunately, this was omitted when the agenda for the General Meeting of 2 June 2016 was compiled.  The CEO suggests that it be presented to the Members at their next meeting, as there are certain legal requirements to it. |

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| 13.4.1 | To re-appoint the following directors to serve for the next term of two years after 31 December 2015 had been received from SAMPRO and the MPO:   * Mr Grobler * Mr Gutsche (alternate director) * Mr Kraamwinkel * Mr Rathogwa.   Noted. |
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| 13.4.2 | To appoint Prof Blignaut for another year until 31 December 2016.  Noted. |

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| 13.6.1 | That the Advisory Committees remain unchanged but that as a general rule, black dairy industry role-players be accommodated and persons in the following categories be excluded:   1. Government officials; 2. Officials from parastatals; 3. Committee members who seldom or never attended meetings: SAMPRO / MPO as nominating bodies should be advised as such annually and be requested to reconsider nominations of such persons.   Noted. |
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| 13.6.2 | That SAMPRO and MPO continue to provide input to the Office of Milk SA annually regarding the list of Advisory Committee members, for review and advice to the Board of Directors of Milk SA.”  This practice will continue. |

**2. Report on decisions taken by the Board on 2&3 February 2016**

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| 7.1 | That under “Functional Structure of Milk South Africa”, the term “Enterprise Development” should be replaced with “Transformation Programme” (Referring to the background document titled “The South African Industry and the role of Milk SA”, compiled by the CEO, as included in the agenda pack of this meeting).  This was clarified by the CEO with the Transformation Manager and adjusted accordingly. |

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| 9.2.1.1 | That, under the “Transformation Profile of Milk SA” included in the agenda pack, the block entitled “R&D Project of Milk SA” would be replaced with suitable wording to indicate that the support of all Milk SA’s disciplines was a prerequisite to a successful transformation programme.  The sketch was impoved accordingly. |

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| 9.2.2.1 | That the Internal Management Committee could start working on an exit strategy document for the Commercialization project – identifying the parameters for evaluation in terms of completeness; whether Milk SA’s mandate had been fulfilled; and also in the context of the next regulatory period.  The Work Group of the Internal management Committee: Transformation Programme was reminded on 15 May 2016. |
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| 9.2.2.2 | That the Transformation Manager’s document that he prepared for the Board meeting entitled “Sustainable Commercialization of small black dairy enterprises” would be distributed to the Board electronically.  The Transformation Manager was reminded on 15 May 2016. |

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| 9.2.5.1 | To accept the Transformation programme as offered, with appreciation.  Noted. |

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| 9.3.1 | To accept the Consumer Education programme, as offered, with appreciation.  Noted. |

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| 9.4.1 | To accept the Dairy Quality and Safety programme, as offered, with appreciation.  Noted. |

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| 9.5.10.1 | To accept the R&D programme as offered, with appreciation.  Noted. |
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| 9.5.10.2 | The meeting agreed that the secondary industry sector should become more actively involved in the R&D structure and that SAMPRO be requested to nominate a person from the processing fraternity to join the RPEC as a member.  Noted. |

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| 9.6.1.1 | To recommend that the Board:   1. Request the work group of the Industry Information Advisory Committee to draw up a content list for a publication to replace the *Dairy Industry Review* - setting out the factual position in respect of key variables, expectations about future developments, and factors which would influence the situation;   This was being dealt with by the Work Group.  ii. Request Mr Kraamwinkel to have exploratory discussions with BFAP about what they needed in order for their annual document to be posted on Milk SA’s website, and that the issue of making short term expectations be discussed with BFAP;  Mr Kraamwinkel reported that this was still due.  iii. Request the Industry Information Work Group to attend to the use and functionality of the statutory measures in terms of which the MPO should obtain information from farmers.  This was on the Work Group's agenda for June 2016. |

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| 9.6.1.2 | To accept the quarterly report of the Industry Information project from July to September 2015 as included in the General Meeting of 26 November subject to Res. 9.6.1.1 above.  Noted. |

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| 9.6.2.1 | That Milk SA supports the notion that South Africa remain a full member of the IDF and that SANCIDF’s quarterly report (July to September 2015) be accepted.  Noted. |

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| 9.6.3.1 | That the discipline of Customs and Market Access would function as a project and not on an *ad hoc* basis; and that there would be a Project Manager and a management committee.  Noted. |

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| 10.1.1 | That the draft application for the continuation and amendment of the statutory regulations would be sent out to non-SAMPRO members before submission to the NAMC.  Noted. SAMPRO (Mr Kraamwinkel) was reminded on 15 May 2016. |
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| 10.1.2 | That the CEO be requested to hold low-profile discussions with other known administrators on the 10% statutory maximum for administration on their experience and the viability of a joint, well-founded argument.  Not done yet. |
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| 10.1.3 | That the Transformation Manager be requested to liaise with the NAMC regarding the possibility of a relaxation of indirect costs before a formal view was taken.  The Transformation Manager was reminded of this decision on 15 May 2016. |
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| 10.1.4 | That the Transformation Manager would explore the possibility of an annual levy increase of 4% to 5 %, failing which a mid-term increase would be discussed with the NAMC.  The Transformation Manager was reminded of this decision on 16 May 2016. |

**3. Activity report**

It was decided by the Board of Directors on 25 November 2015, as follows:

"To request the CEO to limit his report on the main activities to the graph depicting time spent which was included in the agenda pack, unless otherwise required."

The relevant report is included