



MILK SOUTH AFRICA / MELK SUID-AFRIKA

Milk South Africa NPC

**ANNUAL REPORT**

1 January to 31 December 2013



## 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.





# CONTENTS



<b>Chairman's Report</b>	<b>2</b>
<b>Chief Executive Officer's Report</b>	<b>4</b>
<b>Board of Directors' Report</b>	<b>26</b>
<b>Audit and Risk Committee's Report</b>	<b>82</b>
<b>Annual Financial Statements</b>	<b>86</b>
▪ General information	86
▪ Directors' responsibilities and approval	88
▪ Independent auditor's report to the directors of Milk SA	89
▪ Directors' report	90
▪ Statement of financial position	91
▪ Statement of comprehensive income	91
▪ Statement of changes in equity	92
▪ Statement of cash flows	92
▪ Accounting policies	93
▪ Notes of the annual financial statements	94
▪ Detailed income statement	97
▪ Operating expenses	98
▪ Analysis of movement in reserve fund	99
▪ Analysis of movement in Commercialization Fund (DBSA and Milk SA contract)	100

## CHAIRMAN'S REPORT

*During this period the Board of Directors and the Exco met regularly as prescribed. During these meetings diligent attention was exercised, ensuring that the statutory regulations were administered according to good corporate governance.*

During the Chairman's annual report for 2012, the central theme was the responsibilities of the different committees and work groups, executing in an excellent manner their respective goals and objectives. The Chairman felt such an approach necessary as the main purpose of the AGM is to evaluate the effective administration and enforcement of the statutory regulations via the management activities of the Board of Directors.

Due to strict adherence to the principle of good governance and constructive debate, a spirit of purposefulness in Board meetings of Milk SA reigns supreme. It is only via such a spirit of purposefulness and openness that collective challenges facing Milk SA in a deregulated environment are collectively resolved with success.

Today this report looks forward as Milk SA has entered into a third cycle of statutory levies for the period January 2014 until December 2017. This new cycle also coincides with a new government for the next four years. As the ruling party remains the same it can be expected that the basic political philosophy on which the government's administration and policies are based will in broad strokes be unchanged but the political scene did change.

Milk SA has to prove to friend and foe alike that we face our responsibilities and challenges in a novel and accountable manner. We need to stick to the present strategy as approved by the Minister, administer our funds efficiently in terms of the law, be beyond reproach in governance and be careful what changes we agree to.

# CHAIRMAN'S REPORT



Milk SA has to be confident that the Company is doing the best for the dairy industry and we need to be positive in our interaction with government and other stakeholders. We need to stay apolitical at all costs. Milk SA is an independent organization that is duly constituted.

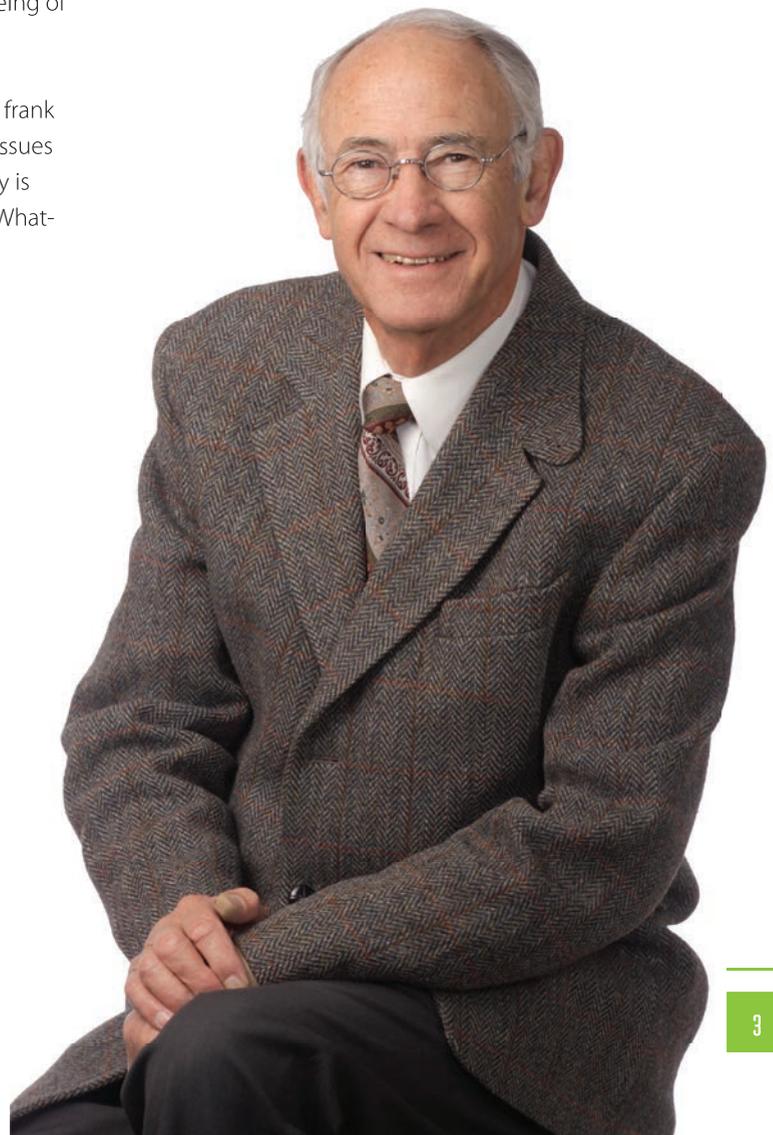
I thank the Administration of Milk SA for the friendly and professional way in which they conducted their responsibilities during 2013.

The Board of Directors is a focused team with the wellbeing of the dairy industry in the centre of our deliberations.

And then I thank the Vice-Chairman for the friendly and frank manner in which he could discuss organizational dairy issues and for his and other Board members' inputs. Our history is proof of what Mr Mandela said during his first speech: "Whatever we have to do, let us do it with dignity."

I thank you.

**Chris Blignaut**  
Chairman.



# CHIEF EXECUTIVE OFFICER'S REPORT

*It is a pleasure to deliver a report for another successful year during which we experienced enthusiastic co-operation in Milk SA's projects and other activities, through the different structures such as the Advisory Committees. The Board of Directors monitored the performance of the projects and financial situation closely and continued to improve on its good corporate governance policies and procedures.*



The Office of Milk South Africa gave execution to the decisions taken by the various committees, work groups, the Members and the Board of Directors to the best of its ability; and the Office is constantly aware of the overarching objectives linked to the daily activities.

The administration of statutory regulations of this magnitude requires a disciplined approach where the policies need to be practiced and improved on every day.

## 1 Administration of the statutory regulations

The three regulations which Milk SA - in terms of the Marketing of Agricultural Products Act, 1996, (Act No. 47 of 1996) must implement, administrate and enforce, are:

- i. Regulation 55 of 30.01.2009 Registration of persons involved in the secondary dairy industry.
- ii. Regulation 56 of 30.01.2009 Records and returns in respect of milk and other dairy products.
- iii. Regulation 57 of 30.01.2009 Levies on milk and other dairy products.

# CHIEF EXECUTIVE OFFICER'S REPORT



## 1.1 The number of persons registered in the different categories and their contribution in terms of levy income and local milk supplies

	Milk buyers	Importers	Producer-Distributors	Total	Budget (R)
No. of role-players	153 (40%)	105 (27%)	125 (33%)	383 (100%)	
Levies: Rand value	29 073 959 (91%)	2 369 464 (7%)	576 356 (2%)	32 019 779 (100%)	30 180 000
Milk declared (Kg)	2 788 711 423 (94%)	*114 656 433 (4%)	54 098 577 (2%)	2 957 466 433 (100%)	

\* Imported products converted to milk equivalent. Whey (0404) and butter (0405) are excluded for milk equivalent conversion.

## 1.2 Imports per category in 2013

	Kilogrammes reported to Milk SA
0401 Milk & Cream, not concentrated ...	4 103 372
0402 Milk & Cream, concentrated ...	5 018 704
0403 Buttermilk, curdled milk, yoghurt ...	590 634
0404 Whey	6 640 842
0405 Butter	6 710 371
0406 Cheese	6 134 661

## 1.3 Levy income

- 2006: R18,6 million
- 2007: R27,7 million
- 2008: R27,9 million
- 2009: R28,3 million
- 2010: R31,6 million
- 2011: R29,3 million
- 2012: R33,0 million
- 2013: R32,0 million



# CHIEF EXECUTIVE OFFICER'S REPORT

## 1.4 The web-based information system contributed to the success

The web-based system offers support in respect of the following aspects:

- Capturing and processing of data relating to registrations, returns and levy payments.
- Management reports in respect of the above for the office, attorneys and accountants.
- Submission of project proposals and reports by applicants / project leaders.
- Hosting of project reports, financial and other information relating to Milk SA and its activities for access by different role-players and the public.

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

On request of Milk SA, The Minister of Agriculture appointed two inspectors during the last quarter of 2013, and the Office of Milk SA reports the following:

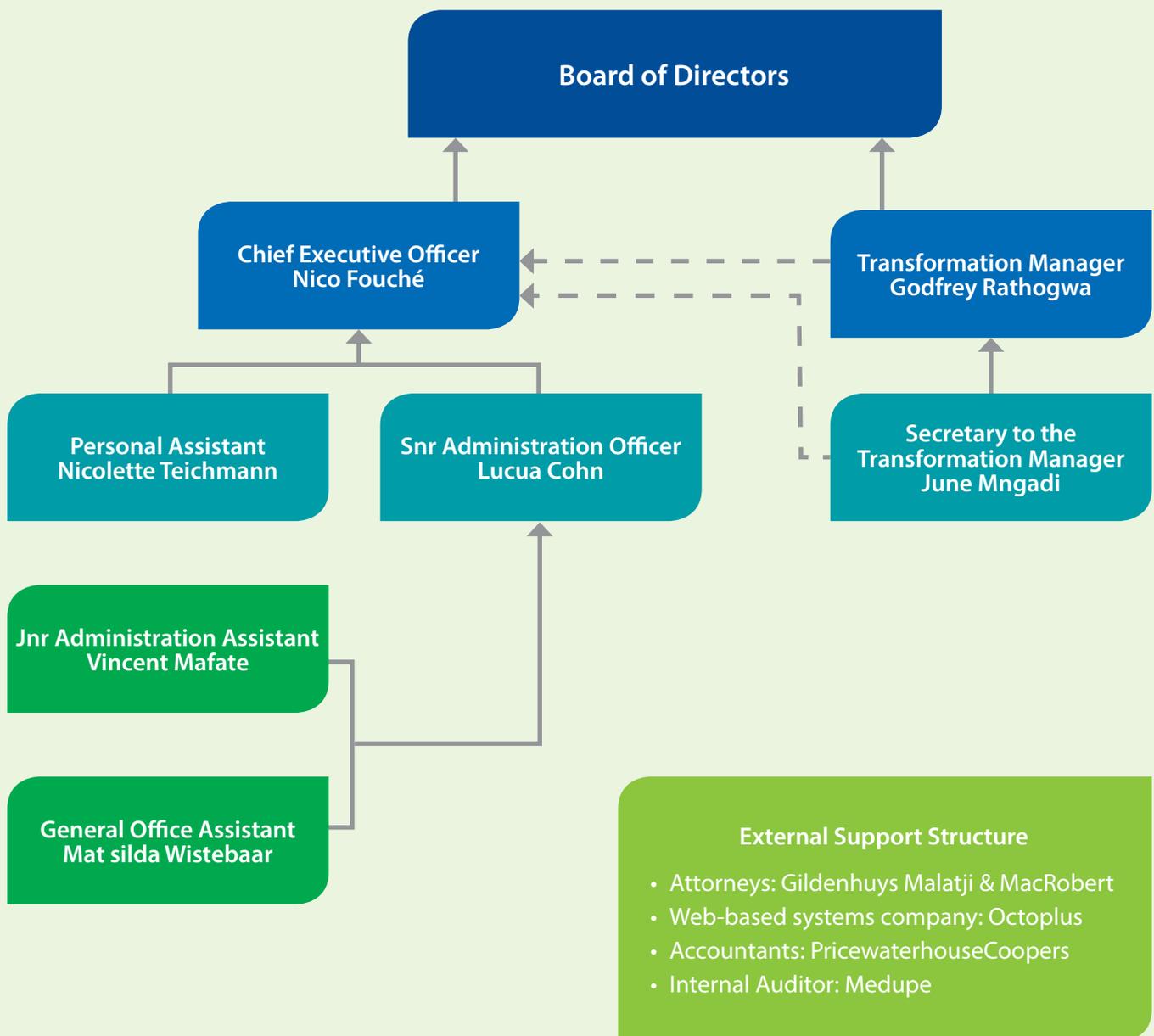
- i Eleven role-players accountable for the procurement of 21% of the South African milk production were audited (inspected) during November and December 2013, and it was found that the vast majority of role-players complied with the requirements of the regulations.
- ii The following problems were encountered:
  - a Clerical errors or omissions.

- b Inadequate, and in some instances, no records kept at all - which resulted in estimated figures declared on the monthly returns.
  - c Understatements of milk purchases.
  - d Wrong allocation of milk into the categories "concentrated products" and "other products".
- iii Follow-up procedures:
    - a Letters were written to each role-player, under signature of the Inspector as well as the CEO of Milk South Africa wherein detailed findings were communicated and required follow-up action was set out.
    - b In certain cases agreements were reached with the role-players in terms of which they would revisit their accounting or production records to extract the relevant data for completion of revised returns.
    - c A control schedule was drawn up in order for Milk SA to be able to follow up and keep track of outstanding matters with the relevant role-players.
    - d Milk South Africa obtained legal advice in terms of certain deliberate fraudulent conduct by role-players and should decide on the appropriate steps to be taken in this regard.
    - e Where significant problems were identified, role-players would be revisited during the 2014 financial year in order to ensure that appropriate corrections had been implemented.



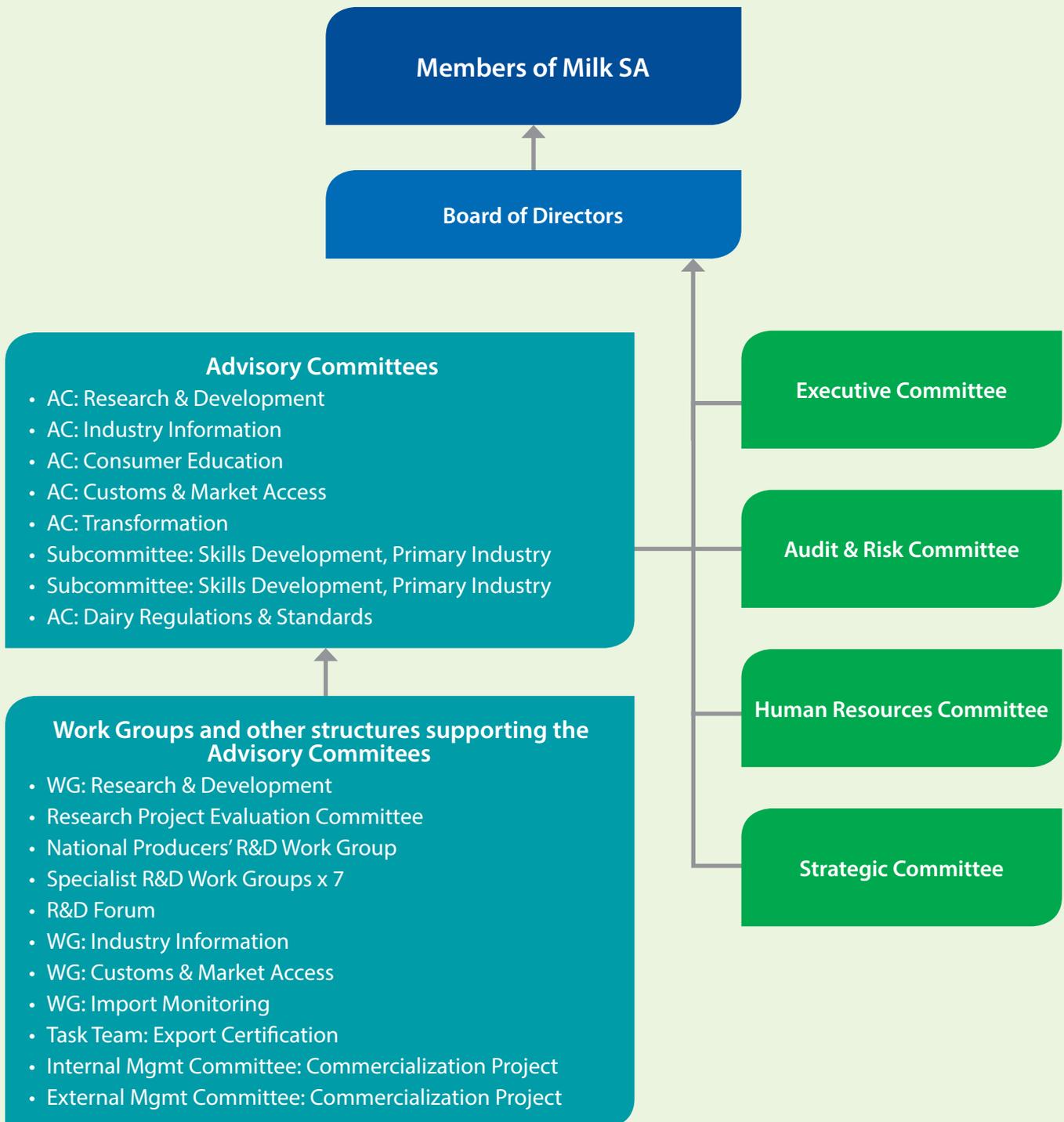
Staff: Vincent Mafate, Lucua Cohn, Nico Fouché, Matilda Wistebaar, June Mngadi, Nicolette Teichmann

## 2 Office structure (organogram) of Milk South Africa and external support structure

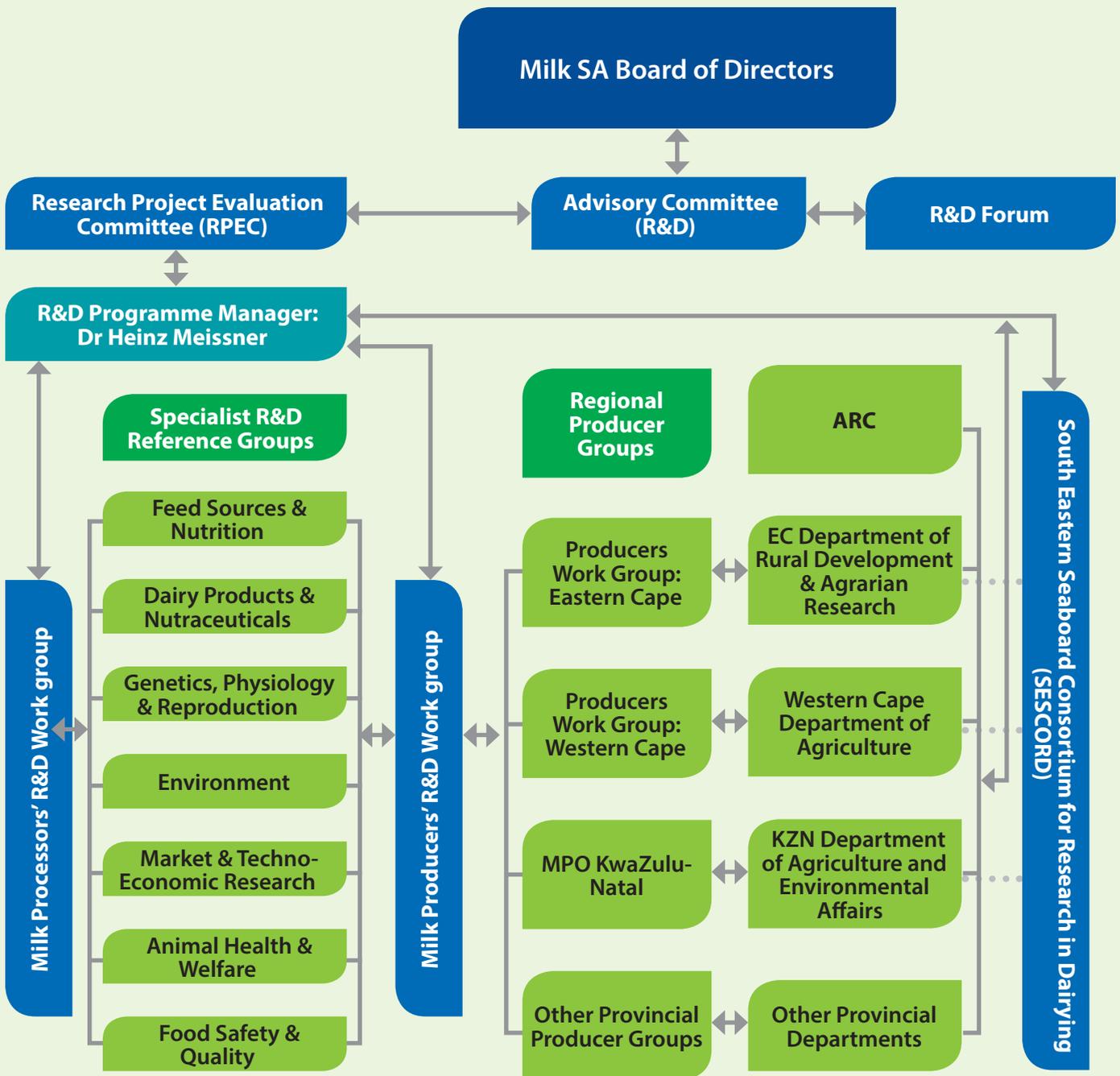


# CHIEF EXECUTIVE OFFICER'S REPORT

## 3 Milk SA's business structure: Organogram



## 4 The Research and Development Structure of Milk South Africa



# CHIEF EXECUTIVE OFFICER'S REPORT

The structure on the previous page is an indication of the extent to which the R&D portfolio grew in 2013. A firm basis or network has been formed in order for the South African dairy industry to co-ordinate its research programmes and to align it with the strategic direction of Milk SA as well as with the guidance provided by the R&D Forum.

## 5 Milk SA's business structure and involvement in other structures: populated list

- 5.1 The various committees, work groups and other structures assist Milk SA to give execution to its responsibilities in an organized, disciplined way.
- 5.2 A list of the structures of Milk SA and the external bodies in which Milk SA were involved, can be seen from Annexure A.
- 5.3 Members of the Board are also involved and active in the different structures.

## 6 Administration of the projects in 2013

- 6.1 A proportionate allocation for the different disciplines (objectives in terms of the regulations) was agreed on by the Board of Directors prior to the four year period.
- 6.2 Role-players as identified by the Board of Directors were invited to submit project proposals within predetermined budgets. The proposals were considered by the

relevant Advisory Committees of Milk SA<sup>1</sup> which advised the Board of Directors of Milk SA.

- 6.3 The Board of Directors finally approved the projects as listed in the Board of Directors' report.
- 6.4 The Board's "Policy on the funding of statutory projects" applies and contractual agreements were signed between Milk SA and the project contractors.
- 6.5 Quarterly and annual reports for each project were monitored by the CEO, Advisory Committees and Directors.
- 6.6 Overviews of all Milk SA projects executed in 2012 were conducted by Milk SA's internal auditor during 2013 of which a report was submitted to the Audit & Risk Committee and the Board. In-depth audits were done for Milk SA's contributions to the SA National Committee of the South African Dairy Industry and Training in the Secondary Dairy Industry Sector.

<sup>1</sup> The DSA's Board of Directors and its Members advise Milk SA on dairy quality projects. The MPO and SAMPRO are members of the DSA, and these members also nominate directors to the Board of the DSA.

## 7 Contractors in 2013

i	PricewaterhouseCoopers	Accountants
ii	Octopus	Web-based system support and enhancement
iii	Internet Solutions (Dimension Data)	Web-based systems hosting & security
iv	Fourie & Botha	External Accountants (i.t.o. Companies Act)
v	Gildenhuys Malatji Inc	Attorneys
vi	MacRobert Inc	Attorneys
vii	Medupe (Pty) Ltd	Internal Auditor
viii	Milk Producers' Organization (NPC)	<ul style="list-style-type: none"> <li>• Project: Industry Information</li> <li>• Project: Empowerment of previously disadvantaged individuals in the primary dairy sector, through training and skills development.</li> <li>• Project: Mentoring emerging dairy farmers (Elim)</li> <li>• Project: The Milk SA Guide to Dairy Farming in South Africa</li> <li>• Project: Design &amp; Development of the Curriculum as well as Learning Material Development for a Dairy Farming Occupational Qualification</li> <li>• Project: Graduate Placements for Workplace Experience on a Dairy Farm</li> </ul>
ix	SA Milk Processors' Organization	Project: Dairy Consumer Education Project: Skills development (training)
x	Dairy Standard Agency	Project: Improvement of dairy quality & safety
xi	Dr HH Meissner <sup>2</sup>	Programme Manager: Research & Development: Milk SA
xii	SA National Committee of the IDF	Statistical and other dairy information
xiii	Mr MG Rathogwa <sup>3</sup>	Transformation Manager: Milk SA

## 8 Communication & Liaison

8.1 *Milk Essay* was launched in 2010 as a quarterly publication, while the website continued to be updated with project reports, minutes, industry statistics, news and other information.

8.2 Milk SA liaised with the ARC, Department of Agriculture, Provincial Departments, Department of Health, Department of Trade and Industry, NAMC and other government institutions on a variety of issues which are in the interest of the dairy industry as a whole, such as export certification, industry information, regulations, research and transformation.

8.3 Milk SA also continued to participate in the activities of the International Dairy Federation including the Standing Committee on the Environment and the Global Dairy Agenda for Action on Climate Change.

8.4 Milk SA's network of communication and liaison is illustrated in the next paragraph.

<sup>2</sup> Dr Meissner is contracted annually in the position of Programme Manager: Research & Development. He is responsible for the project: "Co-ordination, support and promotion of needs-driven R&D in the South African Dairy Industry".

<sup>3</sup> Mr MG Rathogwa is a Director of Milk SA, and appointed as Transformation Manager on a fixed contract basis. He was contracted on 1 August 2009 following the Minister of Agriculture, Forestry and Fisheries' condition to the publishing of the regulations, namely "that the dairy industry appoints a Transformation Manager to drive the empowerment programmes in the industry which are funded by statutory levies.

# CHIEF EXECUTIVE OFFICER'S REPORT

## 9 Linkages of the elements of the strategic direction of Milk SA with the projects of Milk SA and the linkages of the projects of Milk SA with external institutions, initiatives, acts and regulations

Element of strategic direction	Project of Milk SA	External institutions and initiatives of particular importance	Acts and regulations of particular importance (Details available from the projects concerned)
1. Broadening of the Market for Dairy Products	a) Consumer Education The primary objective is to educate SA in respect of the nutritional and health values of dairy products.	SAMPRO Department of Health Professional Health Practitioner Associations Department of Education Department of Agriculture Global Dairy Platform International Dairy Federation SA Research Institutions Foreign Research Institutions Tertiary Education Institutions Schools Sport Associations National Osteoporosis Foundation of SA	Regulations 55, 56, 57 of 30.01.2009 Labelling Regulations Consumer Protection Act Competition Act Advertising Standards Authority Various acts and regulations regarding product composition, food safety and metrology administered by national, provincial and local authority institutions
	b) Industry Information The primary objective is to promote the effective working of markets. Effective working of markets (supply should follow demand) is a prerequisite for a growing market.	MPO SAMPRO SARS Statistics SA Department of Agriculture NAMC SA Research Institutions Foreign research institutions Banks International Dairy Federation International Farm Comparison Network.	Regulations 55, 56, 57 of 30.01.2009 Competition Act



Element of strategic direction	Project of Milk SA	External institutions and initiatives of particular importance	Acts and regulations of particular importance (Details available from the projects concerned)
<p>c) Dairy Quality and Safety</p> <p>The primary objective is to promote compliance with product composition, food safety and metrology legal standards.</p>	<p>Dairy Standard Agency MPO SAMPRO Department of Health Department of Trade and Industry Department of Agriculture Provincial Departments SABS Regulator of Compulsory Standards Local Authorities International Food Safety Monitoring Initiatives Codex Testing Facilities Tertiary Education Institutions International Dairy Federation Consumer Goods Council National Consumer Union Consumer Commission</p>	<p>Regulations 55, 56, 57 of 30.01.2009</p> <p>Various acts and regulations regarding food safety, product composition and metrology administered by national, provincial and local authority institutions.</p> <p>Competition Act</p>	
<p>d) Training</p> <p>The primary objective is to provide dairy technical knowledge and skills.</p> <p>Market growth depends on acceptable quality dairy products and the last mentioned depends on training (knowledge and skills) of people in the dairy industry.</p>	<p>MPO SAMPRO Department of Higher Education &amp; Training (DHET) Quality Council for Trades and Occupations (QCTO) South African Qualifications Authority (SAQA) FoodBev SETA Agri SETA Tertiary Education Institutions</p>	<p>Regulations 55, 56, 57 of 30.01.2009</p> <p>Skills Development Act Skills Development Levies Act SAQA Act</p>	
<p>e) Research</p> <p>The primary objective is to promote research functional for the dairy industry.</p> <p>Technical and economic research is required to increase competitiveness which is a requisite for market growth.</p>	<p>MPO SAMPRO Agricultural Research Council Department of Agriculture (DAFF) Department of Science and Technology Provincial Departments of Agriculture International Dairy Federation Local Research Institutions Tertiary Education Institutions Foreign Research Institutions Milk Recording Scheme</p>	<p>Regulations 55, 56, 57 of 30.01.2009</p> <p>Various acts and regulations administered by the Departments of Agriculture (national and provincial), Trade and Industry, and Science and Technology</p>	

# CHIEF EXECUTIVE OFFICER'S REPORT

Element of strategic direction	Project of Milk SA	External institutions and initiatives of particular importance	Acts and regulations of particular importance (Details available from the projects concerned)
	<p>f) Customs duties and market access</p> <ul style="list-style-type: none"> <li>* Import Monitoring</li> <li>* Import Duty Dispensation</li> <li>* Export Certification</li> <li>* Trade Agreements</li> <li>* Export Protocols</li> <li>* Animal Health</li> <li>* Standards in respect of composition and food safety.</li> </ul> <p>The primary objective is to promote an international trade dispensation supportive of the development of the dairy industry. Such dispensation is required to promote market growth.</p>	<p>MPO SAMPRO International Trade Administration Commission WTO SARS Department of Trade and Industry Department of Agriculture Department of Health Agricultural Trade Forum Codex Animal Health Forum Provincial Departments Local Authorities</p>	<p>Regulations 55, 56, 57 of 30.01.2009 Competition Act Various acts and regulations administrated by SARS, Department of Agriculture, Department of Trade and Industry, Department of Health, Provincial Departments Local Authorities International Trade Agreements</p>
2. Improved Competitiveness of Dairy Industry	Increase competitiveness of SA dairy industry versus imported dairy products and other products and services is a prerequisite for growth of the dairy industry.		
	a) Dairy Standard Agency	See 1 (c)	See 1 (c)
	b) Industry Information	See 1 (b)	See 1 (b)
	c) Customs Duties and Market Access	See 1 (f)	See 1 (f)
	d) Research	See 1 (e)	See 1 (e)
	e) Training	See 1 (d)	See 1 (d)
	f) Transformation	See 3	See 3
	g) Consumer Education	See 1 (a)	See 1 (a)

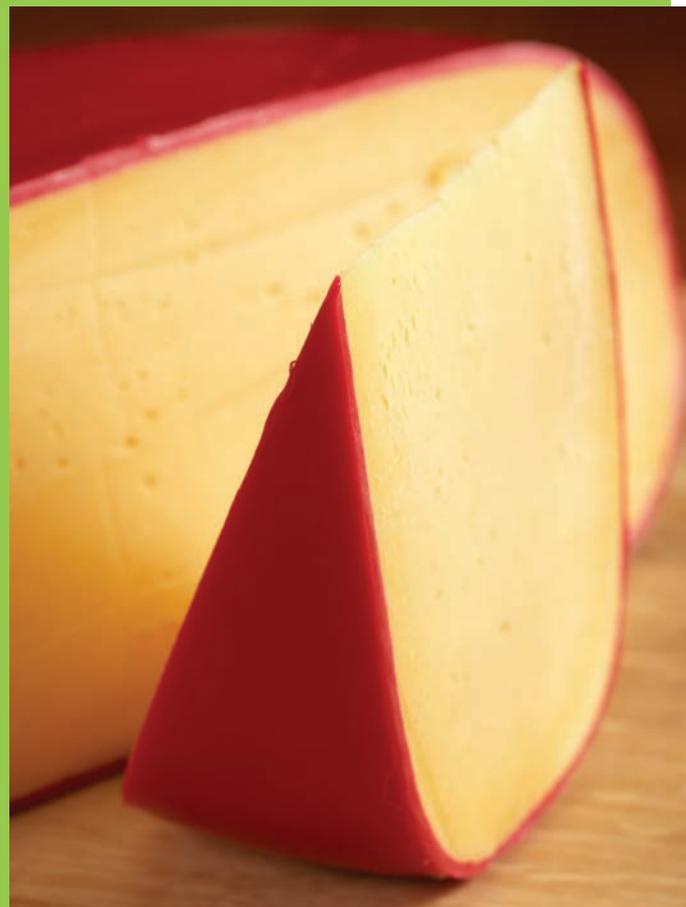


## 10 Corporate Governance tools of Milk South Africa

Good Corporate Governance is central to the success of Milk South Africa. Together with the growth in administrative responsibilities and the scope of the projects, came the need for new and refined policies, procedures, etcetera. These “corporate governance tools” are listed below.

- i Corporate Governance & Directors’ Duties
- ii Directors’ Disclosure of Interest Policy and Policy for handling of conflicts of interests
- iii House rules for the Board of Directors
- iv Duties of Directors (to be signed by directors)
- v Role and Responsibilities of the Vice-Chairperson
- vi Board meeting procedures
- vii Charter for the Board of Directors
- viii Charter for the Members of Milk South Africa
- ix Chart of Authority
- x Financial Policy of Milk South Africa
- xi Depreciation & Maintenance of Assets\*
- xii Policy on the down-payment of levies\*
- xiii Policy for the financing of statutory projects of Milk South Africa
- xiv Policy for the monitoring of statutory projects to ensure effective use of statutory funds
- xv Dispute resolution procedure in respect of contractual agreements between Milk SA and Service providers i.t.o. the statutory regulations
- xvi Standard Agreement between Milk SA and Contractor (for projects)
- xvii Policy for Advisory Committees of Milk SA
- xviii Terms of Reference for each Advisory Committee of Milk SA
- xix Human Resources Policy
- xx Human Resources Committee: Terms of Reference
- xxi Audit & Risk Committee: Terms of Reference
- xxii Executive Committee: Terms of Reference
- xxiii Policy and Procedures for the Administration of the statutory regulations administrated by Milk South Africa

\* These policies were still to be incorporated in the Financial Policy.



# CHIEF EXECUTIVE OFFICER'S REPORT

## Annexure A

### 1 MILK SA STRUCTURES AS IN 2013



#### 1 Board of Directors

Nominated by MPO	Nominated by SAMPRO	Other	Alternate Directors
De Jongh, AJB Lok, NJ	Kraamwinkel, AP Loubser, MJ (Vice-Chairman)	Prinsloo, AW Blignaut, CS (Prof) (Independent Non-executive Chairman)	MPO: Schutte, DPA SAMPRO: Gutsche, AR
Turner, TK Dowry, JH	Rathogwa, MG Grobler, FA		

#### 2 \*Advisory Committee: Dairy Consumer Education

Nominated by MPO	Nominated by SAMPRO	Independent members	Nominated by Board
Danie Schutte	Atholl Campbell Zaba Mazibuko  De Wet Jonker  Sue Durham  Tinus Pretorius Louise Cooke Cathy Eve Naazneen Khan	Pierre Joubert (Prof) Willie Prinsloo  Chris Blignaut (Prof)  Nico Fouché (CEO: MSA) Christine Leighton (Project Co-ordinator)	Bertus de Jongh Tom Turner Alwyn Kraamwinkel (Chairman) (Project Leader) Frik Grobler Melt Loubser  Lex Gutsche Godfrey Rathogwa

#### 3 \*Subcommittee: Skills Development, Primary Industry

Nominated by MPO	Nominated by SAMPRO	Independent members	Nominated by Board
Helene Pheiffer Gideon Lampbrecht  Jan du Preez (Dr) (Project Leader) Danie Schutte Philip Swart	Dawie Prinsloo De Wet Jonker  Gerhard Venter	Willie Prinsloo Nico Fouché (CEO: MSA) (Chair)	Chris Blignaut (Prof) Godfrey Rathogwa  Bertus de Jongh

#### 4 \*Subcommittee: Skills Development: Secondary Industry

Nominated by MPO	Nominated by SAMPRO	Independent members	Nominated by Board
Jan du Preez (Dr)	Dave Durham	Jompie Burger	Chris Blignaut (Prof)
Barbara Bieldt	Antoinette Else- Rheeder	Willie Prinsloo	Alwyn Kraamwinkel (Chair)
Helene Pheiffer	Analie Hattingh	Nico Fouché (CEO: MSA)	Godfrey Rathogwa
	Melt Loubser / Jacques du Preez		
	Richard Hutton		
	Eon de Kock		
	De Wet Jonker		
	Gerhard Venter (Project Leader)		

#### 5 \*Advisory Committee: Transformation, General

Nominated by MPO	Nominated by SAMPRO	Independent members	Nominated by Board
	Dawie Prinsloo	Willie Prinsloo	Lex Gutsche
Jan du Preez (Dr)	Dave Durham	Nico Fouché (CEO: MSA) (Chair)	Alwyn Kraamwinkel
Danie Schutte	Chris Vermeulen		Chris Blignaut (Prof)
Helene Pheiffer	Richard Hutton		Cobus Dowry
Koos Pienaar	De Wet Jonker		Nigel Lok
	Hoven Meyer		Melt Loubser
	Gerhard Venter		Godfrey Rathogwa (Transformation Manager: Milk SA and Project Leader)

#### 6 \*Advisory Committee: Industry Information

Nominated by MPO	Nominated by SAMPRO	Independent members	Nominated by Board
Tom Turner	Dawie Prinsloo	Nico Fouché (CEO:MSA) (Chair)	Bertus de Jongh
Nigel Lok	Thinus Pretorius	Willie Prinsloo	Frik Grobler
Koos Coetzee (Dr) (Project Leader)	De Wet Jonker		Lex Gutsche
Bertus van Heerden	Melt Loubser		Chris Blignaut (Prof)
Barbara Bieldt			Alwyn Kraamwinkel

# CHIEF EXECUTIVE OFFICER'S REPORT

## 7 \*Advisory Committee: Customs & Market Access

Nominated by MPO	Nominated by SAMPRO	Independent members	Nominated by Board
Barbara Bieldt	Dawie Prinsloo	Willie Prinsloo	Alwyn Kraamwinkel
Nigel Lok	Thinus Pretorius	Nico Fouché (CEO: MSA) (Chair)	Bertus de Jongh
Koos Coetzee (Dr)	De Wet Jonker		Chris Blignaut (Prof)
Tom Turner	Uwe Kessel		Lex Gutsche
Bertus van Heerden	Leon Bosman		
	Melt Loubser		

## 8 \*Advisory Committee: Research & Development

Nominated by MPO	Nominated by SAMPRO	Independent members	Others
Jan du Preez (Dr)	Gerhard Venter	Charl du Plessis	Alwyn Kraamwinkel
Koos Coetzee (Dr)	Danie Schoeman	Jan Floor (Dr)	Chris Blignaut (Prof)
	Baboo Dajee	Jompie Burger	Lex Gutsche
	Analie Hattingh	Piet Jooste (Prof)	Nigel Lok
	De Wet Jonker	Lourens Erasmus (Prof)	
	Annamie Marais	Trevor Dugmore	
		Carel Muller (Dr)	
		Willie Prinsloo	
		Heinz Meissner (Programme Manager)	
		Nico Fouché (CEO: MSA)	

## 9 \*Advisory Committee: Dairy Regulations & Standards

Nominated by MPO	Nominated by SAMPRO	Independent members	Nominated by Board
Jan Du Preez (Dr)	Attie du Plessis	Jompie Burger	Alwyn Kraamwinkel
Barbara Bieldt	De Wet Jonker	Bertus van Heerden	Lex Gutsche
Philip Swart		Chris Blignaut (Prof)	
		Nico Fouché (Chair)	

## 10 Work group to Industry Information Advisory Committee

Nominated by MPO	Nominated by SAMPRO	Independent members
Dr Koos Coetzee Nigel Lok <sup>3</sup>	Alwyn Kraamwinkel De Wet Jonker Frik Grobler <sup>4</sup>	Nico Fouché (Chair)

## 11 Workgroup to Customs & Market Access Advisory Committee, on Import Monitoring

Nominated by MPO	Nominated by SAMPRO	Independent members
Bertus de Jongh Koos Coetzee (Dr) Barbara Bieldt	Alwyn Kraamwinkel De Wet Jonker	Nico Fouché (Chair)

## 12 Workgroup to Customs & Market Access Advisory Committee, on General Affairs

Nominated by MPO	Nominated by SAMPRO	Independent members
Koos Coetzee (Dr) Barbara Bieldt	Alwyn Kraamwinkel De Wet Jonker	Nico Fouché (Chair)

## 13 \*Task Team on Export Certification

Nominated by MPO	Nominated by SAM-PRO	DAFF	Department of Health	Milk SA
Barbara Bieldt	Alwyn Kraamwinkel	Moroe-Rulashe (Dr) (DAFF)	Penny Campbell	Nico Fouché (Chair)
Koos Coetzee (Dr)	De Wet Jonker	Julia Reeves (Dr)		Gerhard van Blerk (Clover)
Bertus van Heerden				Uwe Kessel (Parmalat)
				Bernadine Deboni (Nestle)
				Desre Williams (Nestle)
				Jompie Burger
				Willie Prinsloo
				Talita Zwartz
				Dharmarai Naicker (Dr)

4 Agendas will dictate for which meeting additional members will be invited.

5 Agendas will dictate for which meeting additional members will be invited.

# CHIEF EXECUTIVE OFFICER'S REPORT

## 14 \*Audit & Risk Committee

Nominated by MPO	Nominated by SAMPRO	Independent members	Others (on invitation)
Koos Pienaar (Boet Pretorius = Alternate)	Hendrik du Plessis (Owen Gush = Alternate)	Willie Lubbe (Chairman)	Eddie Botha (Fourie & Botha) Nico Fouché (CEO: Milk SA) Wicus van der Merwe (Internal Auditor)

## 15 \*Executive Committee

Nominated by Board	Nominated by Board	Chairman: Ex officio	CEO: Ex officio
Bertus de Jongh  Willie Prinsloo	Godfrey Rathogwa	Chris Blignaut (Prof) (Chairman)	Nico Fouché (CEO: MSA)

## 16 \*Human Resources Committee

Chairman: Milk SA	Vice-chairman: Milk SA	Other
Chris Blignaut (Prof) (Chairman)	Tom Turner	Willie Prinsloo

## 17 Research Project Evaluation Committee

Nominated by MPO	Nominated by SAMPRO	Independent members
Nigel Lok	Alwyn Kraamwinkel Vacant	Heinz Meissner (Dr) (Chairman) Piet Jooste (Prof) Nico Fouché (CEO:MSA) Theuns Erasmus (Prof)

## 18 Work Group: Research & Development

Nominated by SAMPRO	Independent members
Alwyn Kraamwinkel	Heinz Meissner (Dr) (Chairman) Piet Jooste (Prof) Nico Fouché (CEO: MSA)



## 19 Delegates / nominees to Organizations

Delegate	Organisation at which he/she represents Milk SA	Advisory Committee from which delegate has been designated
Koos Coetzee (Dr) (First)	Agricultural Trade Forum	Customs & Market Access
Alwyn Kraamwinkel (Second)	Agricultural Trade Forum	Customs & Market Access
Koos Coetzee (Dr)	Agro Logistics Task Team	Customs & Market Access
De Wet Jonker	Animal Health Forum	Designated by the Board of Directors
Philip Swart	Animal Health Forum	To be confirmed by the Board of Directors
Godfrey Rathogwa	Dairy Community Project Allocation Committee (WC)	Recommended by Advisory Committee: Transf.
Melt Loubser	Dairy Community Project Allocation Committee (WC)	Recommended by Advisory Committee: Transf.
Nico Fouché (CEO)	SA National Committee of the IDF (SANCIDF)	The Board of Directors of Milk SA)

## 20 Members of Milk SA

Nominated by MPO	Nominated by SAMPRO
Joubert Fourie	Attie du Plessis
Gideon Lampbrecht	Alwyn Kraamwinkel
Simon Matthews	Lex Gutsche
Albie Muller	Jacques Fourie
Philip Blanckenberg	Melt Loubser
Tom Turner	Dave Durham
Bertus de Jongh	Frik Grobler

# CHIEF EXECUTIVE OFFICER'S REPORT

## 21 Research & Development Work Groups

	R&D Work Group name & Research fields	Work Group members
1	R & D WG on Feed Sources & Nutrition	Meeske, R. (Convener) (WC) Botha, K. (NutriGenics) Cruywagen, C. (US) Dugmore, T. (KZN) Erasmus, L. (UP) Nherera, F. (ARC-Irene)
2	R & D WG on Dairy Products & Nutraceuticals	Osthoff, G. (Convener) (UFS) Jooste, P. (TUT) Schönfeldt, H. (UP) Smit, L. (ARC-Irene) Viljoen, B. (UFS) Vermaak, M (Ms) Leighton, C (Ms)
3	R & D WG on Genetics, Physiology & Reproduction	Vd Westhuizen, J. (Conv.) (SB) Dzama, K. (US) Muller, C. (WC) Nedambale, T (ARC-Irene) Nephawe, K. (Limpopo) Neser, F. (UFS) Rust, J (Döhne Research Station)
4	R & D WG on the Environment	Meissner, H. (Conv.) (MSA) Du Toit, L. (TUT) Scholtz, M. (ARC-Irene) Rust, J
5	R & D WG on Markets & Techno-economics	Coetzee, K Liebenberg, F. (UP) Willemse, J, Prof (UFS) Jonker, D Kraamwinkel, A
6	R & D WG on Animal Welfare & Health	McCrindle, C. (UP) (Conv) Du Preez, J. (MPO) Muller, C. (WC) Petzer, I-M. (UP)
7	R & D WG on Food Safety & Quality	Jooste, P. (TUT) (Conv) Buys, E. (UP) Burger, J (DSA) Bastiaanse, N (Parmalat) Du Plessis, C Marais, A (Woodlands) Floor, J Hugo, C. (UFS) McCrindle, R. (TUT) Viljoen, B. (UFS)



## 22 National Milk Producers' R&D Work Group

Western Cape	Nina Slabbert
Western Cape	Gert Beyleveld
KwaZulu-Natal	Tigger Bryden
KwaZulu-Natal	Carl Schiever
Eastern Cape	Nigel Lok (Chairman)
Eastern Cape	Lourens Gildenhuys
MPO North	Joubert Fourie
MPO North	Hendrik Knobel

## 23 Western Cape Producers' Work Group: R&D

Gert Beyleveld
Nina Slabber
Philip Blanckenberg
Thys Swart
Johannes Loubser
Chris Fourie
Heinz Meissner

## 24 The Eastern Seaboard Consortium for Research in Dairying (ESCORD)

Nico Fouché	Milk SA
Heinz Meissner (Dr)	Milk SA
Jean Rust (Dr)	Döhne Agricultural Development Institute
Tina Rust (Dr)	Döhne Agricultural Development Institute
Trevor Dugmore (Dr)	KZN Department of Agriculture and Environmental Affairs
John Mupangwa (Dr)	University of Fort Hare
Jeff Every	Amadlelo Agri
Voster Muchenge (Dr)	University of Fort Hare
Alan Shaw	Agri Park Projects

# CHIEF EXECUTIVE OFFICER'S REPORT

## 25 Internal Management Committee: "Commercialization" Project<sup>6</sup>

Nico Fouché (CEO)  
Willie Prinsloo (Chairman)  
Alwyn Kraamwinkel  
Godfrey Rathogwa (Transformation Manager)  
Nigel Lok

## 26 National Management Committee: "Commercialization" Project

Nico Fouché (CEO)  
Willie Prinsloo (Chairman)  
Alwyn Kraamwinkel  
Godfrey Rathogwa (Transformation Manager)  
Nigel Lok  
Joël Mamabolo (Ministerial representative)

## 27 Strategic Committee

Nico Fouché (CEO)	Nigel Lok
Bertus de Jongh	Chris Blignaut (Prof) (Chairman)
Alwyn Kraamwinkel	Melt Loubser
Tom Turner	Frik Grobler



## 28 Directors: Dairy Standard Agency NPC

Akwyn Kraamwinkel (Chairman)  
Elizabeth Moolman  
Piet Jooste (Prof)  
Bertus de Jongh  
Jompie Burger (Managing Director)

## 29 Members: Dairy Standard Agency

SA National Consumer Union (SANCU)  
Milk Producers' Organization (MPO)  
SA Milk Processors' Organization (SAMPRO)  
SA Society of Dairy Technology (SASDT)

6 Promoting sustainable commercialisation of existing black dairy farmers



# BOARD OF DIRECTORS' REPORT



## 1 Board Members during 2013

*Pictured above, from left to right*

- Bignaut, CS (Prof) Chairman
- Grobler, FA
- De Jongh, AJB
- Kraamwinkel, AP
- Rathogwa, MG
- Loubser, MJ
- Turner, TK Vice-Chairman
- Lok, NJ
- Prinsloo, AW
- Schutte, DPA Alternate director
- Dowry, JJ (*inset*)
- Gutsche, AR (*inset*) Alternate director

## 2 Board and General meetings

The Board held five meetings in the year under review, of which one was a special meeting focusing on research proposals.

Two General Meetings and one Annual General meeting were held.

# BOARD OF DIRECTORS' REPORT



## 3 Committees and Work Group meetings

### Number of meetings held in 2013

	Advisory Committees	Work Groups & Other	Notes
Industry Information	2	7	
Customs & Market Access	2	4	<ul style="list-style-type: none"> <li>• Work Group: Export Certification: 2</li> <li>• Work Group: Import Monitoring: Exchanged information during the year and did not find a need for meetings.</li> <li>• Work Group: Customs &amp; Market Access: 1</li> <li>• Workshop on Export Certification: 1</li> </ul>
Dairy Regulations & Standards	1	n/a	
Dairy Consumer Education	2	n/a	
Transformation	2	11	<ul style="list-style-type: none"> <li>• Internal Management Committee: Commercialization Project: 6</li> <li>• External Management Committee: Commercialization project: 1</li> <li>• Work Group: Commercialization</li> <li>• Project: 4</li> </ul>
Subcommittee: Skills development - Primary Industry	2	n/a	
Subcommittee: Skills development - Secondary Industry	2	n/a	
Research & Development	2	16	<ul style="list-style-type: none"> <li>• Work Group meetings x 1</li> <li>• National Producers R&amp;D Work Group x 1</li> <li>• Provincial Department meetings x 4</li> <li>• Advisory Committees x 2</li> <li>• Research Project Evaluation Committee x 8</li> </ul>

## 4 Other Committees:

### Number of meetings held in 2011

Executive Committee	2
Audit & Risk Committee	4
Human Resources Committee	2

## 5 Representation on other bodies:

Milk SA was represented on:

- i The Agricultural Trade Forum by Dr Koos Coetzee and Mr De Wet Jonker.
- ii The Agro Logistics Task Team by Dr Koos Coetzee.
- iii SA National Committee of the International Dairy Federation by the CEO.
- iv Animal Health Forum by Mr De Wet Jonker and Mr Phillip Swart.
- v The Dairy Standard Agency Members meetings by the CEO.

# BOARD OF DIRECTORS' REPORT

## 6 Detailed summary of expenditure on functions funded by levies

Function	Institution	Project title	Rand	Subtotals
Administration	Milk SA	Administration	3 017 350	3 017 350
Statistical and other information re. the dairy industry	MPO (NPC)	Statistical information regarding the dairy industry	709 819	1 873 832
	SANCIDF (Voluntary Ass)	SA National Committee of the International Dairy Federation	625 846	
	Dimension Data & Octopus	Web-based information system: enhancement & support	538 167	
Empowerment of previously disadvantaged individuals	MPO (NPC)	Empowerment in the primary industry sector: Training, technology transfer, skills development with mentorship of previously disadvantaged individuals in the primary livestock/dairy sector.	2 134 388	7 084 423
	MPO (NPC)	Empowerment in the primary industry sector: Mentoring of developing dairy farmers in the primary sector. (Project manager: Centre for Producer Development)	199 713	
	MPO (NPC)	Design and Development of the Curriculum as well as learning material development for a dairy farming occupational qualification	835 643	
	SAMPRO (Voluntary Ass)	Empowerment in the secondary industry sector.	2 295 297	
	Milk SA (NPC)	Transformation co-ordination	1 275 881	
	MPO (NPC)	Milk SA Basic Guide to Dairy Farming	330 000	
	MPO (NPC)	Graduate placements for workplace experience on a dairy farm	13 500	
Research & Development	MPO (NPC)	National disease monitoring and extension system for the South African dairy industry	275 000	618 238
	HH Meissner & Milk SA (NPC)	Research & Development co-ordination	313 238	
	Animal Health Forum Membership Fees		30 000	
Improvement of the quality of milk and other dairy products	Dairy Standard Agency (NPC)	Improvement of the quality of milk and other dairy products	4 925 000	4 925 000
Dairy consumer education	SAMPRO (NPC)	Dairy Consumer Education	17 610 648	17 610 648
Communication, meeting costs, management relating to projects	Milk SA (NPC)	All disciplines and projects	3 659 822	3 659 822
		Total levy expenditure on above functions:		38 789 315

## 7 Summary of project reports

### 7.1 Project title: Coordination, support and promotion of needs-driven R & D in the South African Dairy Industry

- i Responsible institution: Milk South Africa, under leadership of Dr Heinz Meissner (R&D Programme Manager, Milk SA)
- ii Background and purpose of the project  
The Dairy Development Initiative (DDI) of 2000 expressed concern that dairy R&D in South Africa appeared uncoordinated and was not functional with respect to the strategic direction of the industry, which has the following goals:
  - Broadening of the market for milk and dairy products.
  - Improvement of the international competitiveness of the industry.
  - Empowerment of previously disadvantaged individuals and communities.

Since then Milk SA was mandated by statutory regulations to address these issues and, in addition, to promote the practical application of local and international research by the industry.

To give effect to the mandate one of the actions was to sign a MoU with the ARC to support capacity building for dairy R & D at this institution; a second was to launch the Dairy Inventory Project. The project objectives were:

- To establish an inventory of published national and international research with relevance to the primary and secondary dairy industries.
- To record research being done in South Africa in terms of relevance, contents, expertise and infrastructure.
- To interpret and prioritize future R & D utilizing the knowledge obtained in Items i. and ii., and the experience of industry leaders and researchers.
- To summarize and popularize R&D results with relevance to the South African industry.
- To provide guidance to the process of developing



Research Project Evaluation Committee:  
Prof Piet Jooste, Prof Theuns Erasmus, Dr Heinz Meissner,  
Alwyn Kraamwinkel, Nico Foucé

- R&D structural arrangements to accommodate, fund and legalize R&D project proposals.
- To assist with deliberations and negotiations with government organizations to obtain support and funding for the R&D strategic directives and priorities of the industry.

#### iii Summary of project's performance

##### **Goal 1 - To accumulate existing domestic and international scientific knowledge of applicable and practical value to enhance the industry**

*Task 1(i) Information on the website from international scientific journals to be updated – Target 50 articles per month.* The information of eight journals, mostly for 2010/2011 involving 660 articles was put on the website. The journals are the American Journal of Agricultural Economics, Animal Feed Science & Technology, the International Dairy Journal, Journal of Animal Science, Journal of Dairy Research, Journal of Dairy Science, South African Journal of Animal Science and the Veterinary Journal. The 660 articles equate to 55 (660/12) per month, which means the target was met.

*Task 1(ii) Research results sourced and interpreted in THE RESEARCH COLUMN – Target one per month.* A total of 12 contributions (1 per month) were made to THE RESEARCH COLUMN of the website in 2013. The contributions to THE RESEARCH COLUMN are also published in the Dairy Mail. Target met.

# BOARD OF DIRECTORS' REPORT

## **Task 1(iii) R & D capacities in South Africa updated.**

An update of capacities and publications was done during July-August 2013.

## **Task 1(iv) IDF information related to R & D identified and responded to – Target ad hoc.**

The Programme Manager provides input into documents of the IDF Global Dairy Agenda for Action (GDAA) on issues of the Green Economy and the Scientific Committee on the Environment (SCENV). During the course of the year he made suggestions as to how promotion material which was discussed at WDS 2013 could be improved and gave input into the draft document on dairy's water footprint. The Project on calculation of the Carbon Footprint of Livestock as a case study from South Africa entered at the GDAA in 2012, has been completed in 2013 and the final calculations will be updated once the scientific papers have been published in a special issue of the SA Journal of Animal Science. Publication of the special issue (Volume 43, No 3 of 2013) is expected in January/February 2014 and additionally will contain general information about the role, worth and sustainability of the livestock industry.

## **Goal 2 - To limit research fragmentation and encourage co-operation between R&D capacities towards achieving the strategic goals of the industry**

**Task 2(i) Arranging the annual R & D Forum:** It was decided that the Forum should be postponed until 2014 to be in a better position to report on R & D administrative structures put in place in 2013 and progress of research projects.

**Task 2(ii) Formation of Centers of Excellence encouraged:** The concept is sound and supported by researchers in principle. It has also been put in operation by an initiative to provide better R & D support to eastern seaboard pasture-based dairy operations. Participants in this initiative currently include Amadlelo Agri, Fort Hare University, Cedar, Döhne and Outeniqua and it is envisaged that prominent dairy farmers will also participate formally in future. Another example is a project proposal on

genomics in dairy cattle with expertise and capacities at UP, University of Stellenbosch, UFS and Stud Book participating.

## **Goal 3 - To guide the r&d initiative by means of appropriate structural arrangements, effective administration and fund sourcing**

### **Task 3(i) Guidance of the R & D process and Administration:**

It was decided that project proposals are to be directly submitted to the RPEC, instead of via the conveners of the R & D Working Groups. In addition to the opinion of RPEC members, the RPEC then request advice from appropriate experts from the Working Groups and others if necessary.

All opinions are then consolidated, the project leaders informed of the outcome and recommendations made to the Board. The RPEC have also been expanded with one representative with knowledge of the primary industry and one representative with knowledge of the secondary industry. In addition, an 8<sup>th</sup> Working Group from provincial MPO members was established that will liaise with dairy farmers and feed in R & D proposals to the RPEC. This Working Group will operate under the guidance of the Programme Manager and the primary industry representative on the RPEC; the latter who will act as convener. Project proposals in future will still be submitted to the Milk SA office, from where they will be distributed to the RPEC. Those of relevance to the primary industry will be passed on to the 8<sup>th</sup> Working Group for their input. Thereafter opinions and recommendations will be consolidated and presented to the Board.

A further initiative to strengthen liaison and to ensure that R & D country wide serves the objectives of the industry, is to establish MoU's with the departments in provinces which are responsible for agricultural R & D. To that effect draft MoU's have been drawn up with the Western Cape Department of Agriculture and the Eastern Cape Department of





Rural Development and Agrarian Reform. Discussions with KZN will commence early 2014. These Agreements also support the Eastern Seaboard initiative mentioned under Task 2(ii). This initiative is tentatively called ESCORD (Eastern Seaboard Consortium for Research in Dairying).

**Task 3(ii) Submission of projects:** The majority of Project Proposals submitted could not be recommended to the Board for approval as they did not meet the criteria set by the RPEC. Of those proposals that met the criteria some technicalities arose which had to be discussed with researchers for clarity, budgets etc and with the proposing institutions. Project Proposals recommended and approved in principle include: The Microbiological Quality of Bulk Milk for Human Consumption (UP), the National Dairy Cattle Disease Monitoring and Extension System (Veterinary Network CC) and Genomic Selection Methodology and the Development of Reference and Validation Populations for Dairy Cattle in South Africa (UP). As mentioned under Task 3(i) the Programme Manager and the CEO have been discussing cooperation and R & D needs with some provinces and are in the process of concluding formal agreements. The National R & D Programme through Milk SA will benefit from regional projects without it being necessarily having to commit funds to projects done in the provinces. A supporting initiative is to assist with the formation of dairy research forums and planning groups (MPO members, including farmer study groups) where,

together with the researchers and the Programme Manager, they discuss and plan the R & D portfolio of the province. Project proposals brought to the table via this channel will be submitted to the 8<sup>th</sup> Working Group and the RPEC for consideration and allocation to appropriate R & D groups if supported. During meetings at Elsenburg and Döhne in November 2013 where these administrative processes were also discussed, a list of problems and questions was put on the table which may require research or extension input. Some of these have already been discussed at the first meeting of the 8<sup>th</sup> Working Group and will be forwarded to experts for comments and recommendations.

**Task 3(iii) R & D institutions will be guided into the process:** This has been dealt with in the reports under Tasks 2 (ii), 3 (i) and 3 (ii).

**Task 3(iv) Sourcing of Funds:** This will be initiated once the Project Proposals recommended for funding have been approved by the Board.

**Goal 4 - To participate in the national r&d programme on climate change with impact on the livestock industry, and in which the dairy industry is also involved.**

**Task 4(i) Sourcing of funds:** Two of the sub-projects have been funded by the funds sourced from the livestock Industries including the Dairy Industry,



Milk Producers' Workshop, Western Cape: *Left to right:* Dr Buks Olivier, Gert Beyleveldt, Nina Slabber, Prof Robin Meeske, Dr Carel Muller, Dr Ilse Trautmann, Nico Fouché, Johannes Loubser, Chris Fourie, Dr Heinz Meissner

# BOARD OF DIRECTORS' REPORT

through the RMRD SA: (1) The carbon and water footprint of the South African Livestock Industry and (2) The impact of climate change on Rangeland Productivity. Sub-project (1) in terms of the carbon footprint has been completed and the scientific papers are being published in the SA Journal of Animal Science (Volume 43, No 3 of 2013). As far as the water footprint is concerned, the WRC commissioned a project for dairy factories where the UKZN was contracted and which should be completed in 2015. The Programme Manager is an external evaluator for the WRC on this project. In addition, Ms Lucua Cohn of the Milk SA office does a similar project for Gauteng factories for an MBA degree which is expected to be completed in 2014. The Programme Manager is assisting. Sub-Project (2), which is done by the UFS and the CSIR, should also be completed in 2014.

**Task 4(ii) Doing presentations and providing information:** The contributions to THE RESEARCH COLUMN of February, May and July 2013 touched on the subject. In addition, the Programme Manager made significant input into the special issue (Volume 43, No 3 of 2013) of the SA Journal of Animal Science with the title: A balanced perspective on animal production, from environment to human health. Another example was an invited paper by the Programme Manager at the 3rd Global Conference on Agriculture, Food and Nutrition Security and Climate Change, held in Johannesburg from 3 to 5 December 2013. The title of the talk was: Livestock Production: The Private Sector in support of Climate Smart Practices and Food Security.

**Task 4(iii) Providing guidance to the researchers on the project:** Ongoing.

**Task 4(iv) Providing guidance to a PhD student.** Mr Linde du Toit, the PhD student, amongst others is responsible for the sub-project The carbon and water footprint of the South African Livestock Industry, mentioned above. Progress is satisfactory and the figures of greenhouse gas emissions of all livestock species were calculated and as discussed under Task 4(i), are being published in the SA Journal of Animal Science. This part of his study is now complete. The

second part of his study deals with measuring methane production in sheep on C3 and C4 grasses. The latter is grasses found more often in the sub-tropics (e.g. South Africa) and tropics, are lower digestible than temperate region (C3) grasses and methane production is expected to be higher. A major thrust of the study is to quantify methane emission differences in sub-tropical grasses and cultivars in order to initiate a selection programme for lower methane productions.

**Task 4(v) Writing practical guidelines as information becomes available:** The information from the projects has been discussed regularly in THE RESEARCH COLUMN as mentioned under Task 4(ii) and also in the RPO News Letter, "Rooivleis" and "Veeplaas". Since the expected effects of climate change and methane emissions of different livestock species are now known at provincial level, practical guidelines for production systems in provinces will be possible.

## Goal 5 - Reporting to and from the idf on sustainability and the environment, including gdaa commitments

**Task 5(i) Provide South African carbon footprint data according to IDF-LCA methodology:** Methane emissions of dairy cows in South Africa as calculated and referred to under Task 1 (iv) are now being published in the SA Journal of Animal Science and the final figures will be provided to the GDAA Green Paper in 2014.

**Task 5(ii) Promote mitigation activities in the dairy supply chain:** Ongoing. See Tasks 4(ii) and 4(v).

**Task 5(iii) Report on R & D and key actions:** See Task 1 (iv).



## 7.2 Project title: Empowerment in the primary industry sector: Training, technology transfer, skills development with mentorship of previously disadvantaged individuals in the primary livestock/dairy sector.

i Responsible institution: Milk Producers' Organization

ii Objective of the project:

Skills development of previously disadvantaged individuals (farm workers and emerging milk producers) through training and technology transfer.

iii Description of the project:

The project addresses animal health, udder health, milk production, financial management, milk harvesting, milk quality, milk recording, milk hygiene, vaccines and immunisation, nutrition, breeding, reproduction, animal husbandry, goat farming, productivity and free market system, motivation and work ethics, milk harvesting, training and technology transfer.

Training that addresses cost-effectiveness is indispensable where milk producers are battling high input costs and low margins. Effective dairy management has a direct influence on milk quality and safety.

iv Summary of project performance:

Courses were presented on request by commercial dairy farmers and emerging farmers. The following courses were presented during 2013:

Courses	No. of students trained	No. of courses presented	No. of days per course	Provinces where courses were presented
Dairy Production*	271	15	5	Gauteng, Limpopo, North-West, Eastern Cape, Western Cape, Free State
Animal Husbandry*	88	4	5	Limpopo, North-west, Eastern Cape
Artificial insemination*	97	9	5	Limpopo, North-West, Eastern Cape, Free State
Socio-economic empowerment*	241	17	5	Gauteng, Limpopo, North-West, Eastern Cape
Safety#	23	1	5	Limpopo
IDT Dairy production#	76	5	1	North-west
Tractor maintenance	24	2	5	Gauteng, North-West

\*AgriSeta accredited courses • #IDT courses

The presentation of courses was based on a principle of 30% theory and 70% practical demonstration. The above skills programmes were all AgriSeta accredited skills programmes, except for the programmes *Safety in the Workplace* and *Basic Business Skills*, which were IDT courses. Upon completion of the courses and assessment by the IDT assessors, the students received certificates of competence. The assessments were also according to the outcomes of the various accredited programmes based on unit standards. Courses were presented in language of preference.

Commercial dairy producers or their managers / supervisors acted as mentors for workers who have completed the training.

The IDT facilitators compiled training reports that were presented to the producers or their managers. The IDT training manager also determines the impact of the training and the need for follow-up training.

# BOARD OF DIRECTORS' REPORT

Posters regarding "Key activities in the milking parlor" and "Mastitis control" were presented for display in the milking parlours. The posters were aimed at improving the workers' learning experience.

Additional learning material/books were also presented to the students. These books include: Protecting your farm animals through immunization; and the Milk SA Guide to Dairy Farming in South Africa.

Fourty students failed or did not complete the courses (12 in dairy production, 2 in animal husbandry, 21 in artificial insemination and 5 in socio-economic empowerment). Students had the opportunity to be reassessed should they not pass their assessments.

## 7.3 Project title: Empowerment in the primary industry sector: Mentoring of developing dairy farmers in the primary sector.

i Responsible institution: Milk Producers' Organization

ii General information

- a The Elim dairy project started in September 2007 when 47 cows were donated by the Western Cape Department of Agriculture from its Outeniqua research farm in George, and Milk SA became involved in mentorship during the same year.
- b The project enjoys generous financial and technical support from the Provincial Department of Agriculture, Western Cape as well as from input suppliers.
- c Milk production statistics, 2007 - 2013:

Calendar year	Cows in milk at the end of each year	Total herd size (Cows and heifers)	Average milk production: litres / cow / day	Pastures
2007	47	47	14,0	23 ha
2008	83	128	17,5	23 ha
2009	95	161	13,3	23 ha
2010	93	111	13,9	23 ha
2011	92	117	12,7	23 ha
2012	115	133	12,3	23 ha
2013	149	337	14,0	44 ha

- d A commercial milk producer (project mentor) was chairman of an advisory committee which met on a monthly basis to discuss the entire operation.
- e In addition to its supply of milk to a milk processor, the dairy provides milk for 450 households in the Elim Missionary settlement.
- f The herd health has remained good and there was good financial control.



Left: Liaison with project managers: Nico Fouché and Nicolette Teichmann (Milk SA) with Dr Jan du Preez and Helene Pheiffer (MPO)

#### 7.4 Project title: Empowerment in the primary industry sector: Design and Development of the Curriculum as well as Learning Material Development for a Dairy Farming Occupational Qualification

- i Responsible institution: Milk Producers' Organisation
- ii Objective of the project:  
The Minister of Higher Education and Training (HET) launched the QCTO (Quality Council for Trades and Occupations) in February 2010. With this launch, South Africa entered a new dispensation for the development of occupational qualifications. A new structure (the QCTO) and a new model for qualification development were established. The implication of this is that the SGB generated qualifications currently registered on the NQF (National Qualifications Framework) will need to be replaced as they will become redundant at the expiry dates. Therefore, currently registered qualifications need to be replaced according to the QCTO model. The development process prescribed by the QCTO deviates quite substantial from the previous SAQA model in order to address the needs of the workplace in a more specified manner.
- iii Outcomes of the project:

#### Goal 1 - Compile and submit a formal application to the QCTO to act as Development Quality Partner.

##### *Achievements:*

A large number of occupations were listed with the QCTO as part of the QCTO pilot project for the development of occupational qualifications. AgriSeta adopted the role and function of the Development Quality Partner (DQP) in consultation with industry role-players for a number of occupational qualifications in the agricultural sector. The partnership between the QCTO and the DQP (AgriSeta) is directed by means of a formal SLA. The agreement specifies the qualifications(s) or specialisations(s) delegated, responsibilities of signatories and a development project time line. Even though AgriSeta enter into partnership agreements with industry representative bodies, the AgriSeta remains the accountable party to the QCTO. Against the above background, the AgriSeta entered into a partnership with the MPO to fulfill the expectations of the QCTO in terms of the development of the Dairy Occupational Qualification. A MOU was concluded between the AgriSeta and the MPO to establish a working relationship that will ensure joint responsibility for a number of project deliverables and associated activities. (Signed 31 Dec 2011).

#### Goal 2 - Get approval from the QCTO for the scope of occupations.

##### *Achievements*

The QCTO's initial intention was to develop a generic livestock farming curriculum that will address all areas of livestock farming. As the development of the Livestock farming curricula progressed (MPO was part of this development team), the need to consider dairy farming specific areas of learning became apparent. A further process was initiated to address the specific needs of the dairy farming industry.

The QCTO approved the following occupational alignment:

- Dairy Farm Manager
- Dairy Farm Supervisor
- Dairy Farm Worker/ Assistant

# BOARD OF DIRECTORS' REPORT

## **Goal 3 - Co-ordinate and fund an industry meeting to confirm the process, stakeholder involvement, the role of the MPO as Development Quality partner, appointment of persons who will act as the Qualification Development Facilitators**

### **Achievements:**

The first scoping meeting for the refinement of the profile to address dairy specific needs already took place in January 2012. The meeting recognized the need to involve a broad range of stakeholders during the curriculum development process. The progress of learning is illustrated by the following model:

MODEL OF CURRICULUM PARAMETERS CAN NOT BE INSERTED BY PROGRAMME. REFER TO INSTITUTE FOR MODEL

### **The model proposed the following:**

A person employed in a first line managerial position on a dairy must be able to attend to all dairy farming practices - NQF Level 2 - 4. The qualification must therefore promote progression of learning from NQF level 2 to 4/5.

Dairy farming specific practices will be introduced at NQF level 2. The GETC/ABET qualification at NQF 1 sufficiently addresses general farming activities.

The introduction of the Modules of Employable Skills concepts by the QCTO created an opportunity to rethink the Curriculum structure in terms of dairy farming per se. The initial concept considered the development of three separate qualifications. A qualification at dairy farm worker level, followed by a qualification at dairy farm supervisor level and finally a qualification at dairy farm unit manager level. This approach was restructured with the dairy farm worker and supervisor being established as Modules of Employable Skills within a single Dairy Unit Manager qualification.

The focus of the emerging farming and rural or informal farm labour market are more aligned to skills in farming related practices that will capacitate them to sustain their farming business and income

needs than the achievement of a formal national qualification endorsed by the QCTO. Structured industry learning programs aligned to Modules of Employable Skills are thus best suited to address these needs.

All training delivered in the dairy farming industry must be therefor be based on a national standard and must be quality assured. This includes national QCTO qualifications as well as Modules of Employable Skills delivered as industry certificate programs.

The AgriSeta concluded an agreement with the MPO to act as Development Quality Partner for this qualification and therefor approved a budget for facilitator remuneration. The AgriSeta acts as Assessment Quality Partner (AQP) in terms of a formal agreement with the MPO. This agreement will ensure that the MPO remains responsible for matters such as but not limited to expert inputs in setting standards, design of assessment instruments, appointment of assessors and moderators, and recommendations to the QCTO on provider accreditation.

A core group of dairy farming experts attended all the workshops to ensure continuity during the development. The following persons were nominated as members of the constituency group: Dr JH du Preez, Prof L Erasmus, Dr K Coetzee, Dr C Muller, Dr D Louwrens, Dr F Malan, Mr D Schutte, Mr JA Pienaar, Mr J. Wasserman, Mr P Swart, Mr J Breytenbach, Ms S Erasmus and Mr G Viljoen. Additional members were nominated during the various stages of the project as required. A group should ideally not exceed 15 members during any development stage to ensure functionality. H van Deventer acted as QDF for this project and C Havenga as assistant QDF.



#### **Goal 4 - Orientation of Qualification Development Facilitators appointed by the MPO.**

##### ***Achievements***

The initial profiling process took place in February 2012. Work done by livestock farming was used as a baseline and was further refined to reflect dairy specific needs. The product of this session is an Occupational Profile and Occupational Task Analysis. The result of these workshops clearly demonstrates the need for dairy farming specific curricula that are fit for purpose. The dairy profile was distributed to members of the MPO for verification. Feedback received was positive and no major changes were proposed.

Various Specific Learning Process Design workshops were held during March, April, May, July, October 2012. The occupational profile to date has been distributed electronically to various dairy farming experts who participated at various stages of the development as well as recognized dairy farming experts and dairy farmers recognized as industry leaders.

To date no comments received necessitated fundamental changes to the profile. Specific feedback was received from a number of respondents. Comments were supportive of the structure and content of the curriculum. It should be noted that Prof C McCrindle, UP regards this curriculum as one of the best in dairy farming she has ever evaluated.

#### **Goal 5 - Dev of the Occupational Curriculum for the Dairy Farm Worker: i. Dev of occup. profile. ii.Dev of subject specs. iii.Dev of practical skills modules. iv. Dev of work experience modules. v. Dev of final curric. document. vi. Dev of Qualification Assessment Specs. vii. Mandatory reporting to the QCTO.**

##### ***Achievements***

The knowledge specifications, practical skills and work experience modules of the Dairy Unit Manager were developed over three distinct phases:

- During the initial development phase, the learning

process design focused on the evaluation of the generic livestock farming components that were developed during 2012.

- This phase was followed by a dairy specific re-conceptualisation phase at Dairy Farm Supervisor level.

The introduction of the Modules of Employable Skills concepts by the QCTO created an opportunity to rethink the curriculum structure in terms of dairy farming per se. The initial concept considered the development of three different qualifications. A qualification at dairy farm worker level, followed by a qualification at dairy farm supervisor level and finally a qualification at dairy farm unit manager level. This approach was restructured with the dairy farm worker and supervisor being established as Modules of Employable Skills within a single Dairy Unit/Herd Manager qualification.

The following documents were submitted to and approved by QCTO:

- Occupational Qualification Document
- External Assessment Specification Document
- Curriculum Design Document
- Liaison between the MPO/IDT, AgriSeta and the QCTO takes place on a continuous basis.

#### **Goal 6 - Development of learning material**

##### ***Achievements***

The first seven modules of the Dairy Farm Supervisor's learning material has been developed but are in process of being verified by industry specialists. The IDT started with the development of the Dairy Supervisor learning material, as it is a more logic approach in laying the foundation for the development of the Dairy Farm Worker and Dairy Herd Manager's learning material.

The Dairy Farm Supervisor learning material consists of the following modules:

- Module 1: The South African Dairy farming environment
- Module 2: Dairy calf and heifer rearing feeding and health care

# BOARD OF DIRECTORS' REPORT

- Module 3: Dairy animal health care
- Module 4: Dairy animal production
- Module 5: Dairy livestock feeding
- Module 6: Milk harvesting and in-parlour processing
- Module 7: Team leadership

The learning material for the Dairy Herd manager consist of two modules:

- Module 8: Dairy farm production management
- Module 9: Farm business management

Module 8 and 9 have been developed but still need to be verified by industry specialists.

Note that all the learning material have to be verified by industry specialists and professionals before the material can be submitted for layout design. Modules 1 - 5 have been submitted for layout and design.

To complete the Dairy Curriculum Development project, the following activities need to take place:

- Finalise the verification of the knowledge modules for the Dairy Farm Worker, Dairy Farm Supervisor and Dairy Farm Manager.
- Develop the internal assessment instruments for the knowledge modules for the Dairy Farm Worker, Dairy Farm Supervisor and Dairy Farm Manager.
- Develop the practical learning exercises and required recourses aligned with the practical modules for the Dairy Farm Worker, Dairy Farm Supervisor and Dairy Farm Manager.
- Design and layout of the knowledge modules, assessment instruments for knowledge modules and practical learning exercises for the Dairy Farm Worker, Dairy Farm Supervisor and Dairy Farm Manager.
- Piloting of the knowledge modules, assessment instruments and practical learning exercises.
- Printing of all the knowledge modules, assessment instruments and practical learning exercises for the dairy occupational curriculum.

Implementation of the dairy occupational qualification should commence in 2016.

Detail of Modules and Chapters that have been developed and are in the process of being verified:

## MODULE 1 (NQF level 2)

### South African Dairy farming environment

#### CHAPTERS

Introduction to the South African dairy industry

- Career opportunities in the dairy industry
- Commercial dairy farming
- Emerging farmers and opportunities
- Risks in dairy farming
- The dairy industry value chain

Dairy breeds

- Holstein Friesland
- Jersey
- Guernsey
- Ayrshire
- Dairy Swiss
- Dual purpose breeds
- Cross breeds
- Choosing a breed

Basic dairy farming business concepts

- Understanding management
- Understanding money matters and costs
- Understanding marketing
- Understanding machines and equipment
- Understanding manpower
- Understanding of production material and resources
- Understanding the value of livestock
- Understanding productivity and profitability
- Understanding production cycles

## MODULE 2 (NQF level 3)

### Dairy calf and heifer rearing, feeding and health care

#### CHAPTERS

##### Introduction to dairy calf and heifer health care

- Developmental time scale of calves and replacement heifers
- Care of calving and the new-born calf (vitality, colostrum, navel disinfection)
- Importance of healthy calves and heifers in terms of productive herds
- Visual appearance of a healthy calf
- Factors that affect calf health
- Importance of colostrum and passive immunity
- Vaccination programs (active immunity) for dairy calves and heifers
- Types of vaccines, storage and handling of vaccines (maintenance of the cold chain)
- Internal parasite control
- External parasite control
- Separation of calves with disease and quarantine principles
- Bio-security of calf rearing facilities

##### Calf rearing systems

- Permanent housing
- Movable pens
- Calf camps for group rearing
- Deep litter systems

##### Hygiene and Care

- Importance of hygiene
- Daily inspection practices including critical inspection points
- Factors affecting hygiene
- Cleaning and disinfecting chemicals and equipment
- Signs of poor hygiene
- Fly control
- Water drainage and moisture control
- Personal hygiene and protective clothing

##### Calf feeding concepts

- Handling and feeding of colostrum
- Handling and preparing milk and milk substitutes for feeding

- Milk feeding risks (mastitis, milk containing residues such as antibiotics)
- Basic nutritional requirements of dairy calves and heifers at various ages
- Importance of roughage and concentrates at various ages
- Milk feeding schedules of dairy calves
- Feeding schedules for calves and heifers
- Water and water quality needs
- Cleaning and disinfection of feeding equipment
- Weaning of calves

##### Awareness of dairy calf diseases

- Causes of diarrhoea by viral diseases including rota, corona
- Causes of diarrhoea by bacterial diseases including E.coli, Salmonella spp.
- Causes of diarrhoea by protozoal diseases (coccidiosis)
- Nutritional induced diarrhoea
- First response treatments for diarrhoea
- Causes of other diseases such as pneumonia, eye infections, navel infections, calf diphtheria

##### Calf and heifer care and production concepts

- Calf and heifer handling and restraining
- Identification, marking and branding
- Removal of accessory teats
- De-horning
- Castration

# BOARD OF DIRECTORS' REPORT

## MODULE 3 (NQF level 3)

### Dairy animal health care

#### CHAPTERS

Diagrammatic illustrations and basic functions of the anatomical systems

- Body parts of livestock
- Main organs of livestock
- The ruminant digestive system
- The udder
- The reproduction system
- The immune system
- The respiratory system
- The circulatory system
- The urinary system
- The nervous system
- The muscular and skeletal system
- The skin

General dairy livestock health

- Importance of healthy herd in terms of productive herds
- Visual appearance of a healthy animal
- Factors that affect animal health
- Immunity and vaccination programs
- Types of vaccines
- Cold chain requirements (storage and handling)
- Separation of livestock with disease
- Risks of poor application practices (abscess forming)
- Adverse drug reactions

Awareness of causes of disease in dairy animals

- Viral diseases (e.g. lumpy skin disease, Rift Valley fever, three-day stiffness, enzootic bovine leukosis)
- Bacterial diseases (e.g. anthrax, brucellosis, black quarter, pasteurellosis, enteritis, mastitis, tuberculosis)
- Toxins (e.g. botulism)
- Fungal diseases (e.g. ring worm)
- Protozoal diseases (e.g. red water)
- Rickettsial diseases (e.g. heart water, anaplasmosis)
- Nutritional causes (e.g. acidosis, bloat, mycotoxicosis)
- Metabolic diseases (e.g. milk fever, ketosis)
- Injury and trauma
- Poisoning (e.g. urea, lead, plant poisoning, algae poisoning)

Health assessment

- Fresh cow health assessment
- Dry cow health assessment

Farm bio-security and risk prevention (including zoonotic diseases)

- Defining bio-security
- Zoonotic diseases (e.g. brucellosis, tuberculosis, rabies, Rift Valley fever)
- Disposal of dead animals
- Quarantine
- Movement control (access control, vehicles, people and livestock)



## MODULE 4 (NQF level 3)

### Dairy animal production

#### CHAPTERS

##### Animal herding and handling practices

- 1. Dairy animal welfare and treatment practices
- 2. Herding of dairy livestock
- 3. Restraining dairy livestock
- 4. Dairy livestock loading and transport
- 5. Dairy livestock handling and holding facilities
- 6. Common facility problems
- 7. Stress factors
- 8. Shade and cooling

##### Dairy animal breeding concepts

- 1. Reproduction planning and goals
- 2. Breeding practices (natural breeding, breeding seasons, artificial breeding)
- 3. Male breeding behaviour
- 4. Basic concepts of infertility and venereal diseases
- 5. Oestrous cycle and signs of oestrous
- 6. Birth and after birth process
- 7. Gestation stages and period
- 8. Herd composition
- 9. Replacement heifers
- 10. Dairy animal condition assessment

##### Water supply systems on dairy farms

- 1. The water requirements of dairy cattle
- 2. Water troughs and distribution
- 3. Water quality
- Fencing on a dairy farm
  - 1. Fencing material
  - 2. Fence construction

## MODULE 5 (NQF level 2)

### Dairy livestock feeding

#### CHAPTERS

##### Dairy feed types and feeding practices

- Different feed types and feeding practices
- Feeding concentrates (flat rate; step rates)
- Total mix rations (TMR)
- Feed additives
- Supplementary feeding and licks
- Natural grazing
- Cultivated pastures and grazing practices (strips; camps; continuous grazing)
- Silage making
- Hay making

##### Feeding of heifers

- Feeding programs for heifers
- Heifer growth targets

##### Feeding of cows in milk

- Feeding concepts and the importance of correct feeding of cows in milk
- Lactation curve (early, mid, late and dry period)
- Metabolic problems of cows in milk

##### Feeding of dry cows

- Purpose of the dry period
- Feeding during the dry period (far away and close up phase)
- Feeding of first calf heifers
- Prevention of metabolic problems

##### Feeding facilities and equipment

- Feed storage facilities
- Feed mixing and distribution equipment
- Feed troughs
- Housing systems
- Drinking systems and water quality

## MODULE 6 (NQF level 2)

### Milk harvesting and in-parlour processing

#### CHAPTERS

##### Milk harvesting facilities

- 1. Location of the milking parlour
- 2. Layout of the milking parlour (herringbone; rotary; tandem)
- 3. Basic equipment of the milking parlour
- 4. Layout and specifications of holding pens and walk ways

##### Udder health

- 1. The healthy udder
- 2. Common udder abnormalities
- 3. Udder hygiene
- 4. Mastitis (causes, diagnosis, treatment and prevention)

##### The milk harvesting process

- 1. Cow handling and milking order
- 2. Milk let-down reflex
- 3. Pre-milking cow preparation
- 4. Milking process (hand, bucket and machine)
- 5. Post milking cow care
- 6. Handling of contaminated milk and colostrum

##### Dairy parlour equipment and systems

- 1. Milking equipment (components, care and maintenance)
- 2. Vacuum pump (components, care and maintenance)
- 3. Milk cooling equipment (components, care and maintenance)
- 4. Bulk storage equipment (components, care and maintenance)
- 5. Milk pump, valves and pipes (components, care and maintenance)
- 6. Milk flow recording systems
- 7. Inline wash system
- 8. Wastewater treatment systems
- 9. Standby power generator (care and maintenance)

##### Dairy parlour hygiene

- 1. Personal hygiene and protective clothing
- 2. Parlour hygiene

- 3. Equipment hygiene
- 4. Milk parlour environment hygiene
- 5. Foot baths
- 6. Ablution facility hygiene
- 7. Vermin control

##### Essential production records

- 1. Importance of good record keeping
- 2. Parlour records
- 3. Individual cow records
- 4. Insemination records
- 5. Health register
- 6. General diary
- 7. Cow and heifer calendars

##### Composition of milk and quality indicators

- 1. Composition of milk
- 2. Factors influencing milk composition and quality
- 3. Quality indicators including somatic cell counts, bacterial counts, Milk Urea Nitrogen (MUN), butter fat %, protein % and lactose %

##### In-parlour processing and quality control concepts

- 1. Cold chain requirements and bulk tank management
- 2. Improvement of shelf life
- 3. Milk safety for human consumption
- 4. Milk quality tests at dispatch

## MODULE 7 (NQF level 4)

### Team leadership

#### CHAPTERS

##### Introductory supervision concepts

- The function of the supervisor in terms of planning, organising, directing and controlling
- The use of standard workplace practices and procedures to direct work process
- Business ethics and values

##### Performance standards concepts

- Setting performance goals
- Formulating clear instructions
- Controlling standards of performance
- Correcting poor performance
- The use of coaching to address performance problems
- Delegation in the workplace

##### Motivation and team leadership concepts

- Basic principles of motivation
- The dynamics of work teams
- Effective team communication

##### Inter-personal relations

- Developing effective work relations
- Gaining respect
- Workplace discrimination

##### First line discipline

- The supervisors role in maintaining workplace discipline
- Concept of fairness
- Disciplinary codes and procedures
- Sources of conflict and resolving conflict in the workplace
- Dealing with difficult people
- Disciplinary records

##### Work efficiency and effectiveness

- The supervisors role in productivity
- Daily activity planning
- Organising and prioritising time
- Using a diary

## DAIRY FARM MANAGER MODULE 8 (NQF level 5)

### Dairy farm production management

#### CHAPTERS

##### Dairy farm design concepts

- Dairy parlour design and equipment specifications
- Waste disposal design
- Bio-security facilities design (quarantine camps; access control)
- Animal housing and feeding facilities design
- Animal handling facilities design
- Storage facilities design
- Infrastructure design (roads and verges; storm water drains; wind breaks)
- Pasture design

##### Dairy animal breeding

- Breeding management systems (AI and natural)
- AI programme and equipment management
- Breeding policy (breed standards; Best Linear Unbiased Prediction (BLUP))
- Breeding and herd improvement principles
- Computer based breeding programmes
- Value of milk recording information regarding breeding

##### Dairy animal nutrition

- Basic principles of feeds and feeding
- Procurement, quality and stock control
- Animal nutrition management according to production
- Fodder flow programme management
- The role and importance of the animal nutritionist as part of the management team
- Computer based nutrition programmes
- Value of milk recording information regarding feeding

##### Dairy animal health management

- Basic principles of animal health management
- The role and importance of the veterinarian as part of the management team
- Procurement, quality and stock control of vaccines, drugs, medication and supplements
- The importance of an animal health and bio-security programmes
- Computer based animal health programmes
- Value of milk recording information regarding animal health

# BOARD OF DIRECTORS' REPORT

## MODULE 9 (NQF level 5)

### Farm business management

#### CHAPTERS

##### Farm business management

- Farm management structure (organogram)
- Dairy farm industry (marketing and consumer trends)
- Organising, directing and controlling concepts
- Decision making and problem solving
- Planning and scheduling
- Productivity and continuous improvement
- Quality management (Global GAP, Good Agricultural Practice)

##### Farm labour management

- Industrial relations (unions)
- Farm code of conduct and disciplinary procedures
- Performance management systems
- Contracts and job descriptions
- Health and safety management
- Personnel development (induction, training, coaching and mentoring)
- Employment wellness (HIV and Aids)
- The role and importance of the labour consultant as part of the management team

##### Financial and stock management

- Financial terms and accounting concepts
- Budgeting concepts (forecasting stock needs and required order quantities)

- Cost management (production cost and cost of stock)
- Basic principles of financial reports
- Stock management (storage of stock on hand, reordering levels and stock flow concepts)
- Computer based financial and stock management programmes
- The role and importance of the financial advisor as part of the management team

##### Natural resource management

- Ecological cycles
- Water conservation
- Waste management
- Natural disaster management

##### Introductory overview of dairy farming related legislation

- Employment legislation (statutes and regulatory requirements)
- Occupational Health and Safety Act (OHSA)
- Environmental legislation
- Agricultural Products Standards Act (Act 119 of 1990)
- Health Act 61 of 2003 (regulation 1256, regulation 918)
- Foodstuffs, cosmetics and disinfectant Act (Act 54 of 1972) regulation R1555
- SANS 1841; Trade Metrology Act (Act 77 of 1973)
- Value added tax Act (VAT) No. 89 of 1991- part B - zero rates
- Livestock Protection Act
- Livestock Identification Act
- Fire Act

## 7.5 Project title: Graduate Placements for Workplace Experience on a Dairy Farm

- i Responsible institution: SA Milk Producers' Organisation
- ii Objective of the project: "Graduate placements or workplace experience" for graduates is an AgriSeta initiative and programme. The objective was to provide an opportunity for graduates to gain experience on a dairy farm for a maximum period of one year.
- iii Outcomes of the project:

### Goal 1 - First student: Workplace experience - Skills development report

#### Achievements

Student, Mr M.V. Ramaphakela, started with his graduate placement programme on 01 Aug 2013. The student already obtained his Animal Production qualification and are therefor on a graduate placement programme. AgriSeta is also contributing to this programme. Graduate Placement programme are for a period of one year. This student was supported by Milk SA for a period of 5 months.

The student is mentored by Mr D. Schutte, Bronberg Organic Farm. The student has been exposed to various disciplines on the farm and excelled to such a level that he was entrusted to manage the farm in the absence of the mentor for a couple of days. The student also participated in training presented by the IDT. This programme will continue till Jul 2014 with funds from AgriSeta. The student already indicated that he wishes to further his studies after completion of the graduate placement period.

See Graduate Placement progress report by the mentor Mr D. Schutte.

### Goal 2 - Second student: Workplace experience - Skills development report

#### Achievements

Student, Mr T. Mbebe, started with his internship programme on 01 Aug 2013. This student can only obtain his Animal Production qualification after completion of this internship. AgriSeta also contributed to this programme. The student completed the internship successfully and was awarded with a certificate by the MPO/IDT. The student enrolled for further studies at TUT for 2014.

The student was mentored by Mr D. Schutte, Bronberg Organic Farm. The student has been exposed to various disciplines on the farm and has been regarded as an asset and eager to learn. The student also participated in training presented by the IDT.

## 7.6 Project title: The Milk SA Guide to dairy farming in South Africa

- i Responsible institution: SA Milk Producers' Organisation
- ii Objective of the project: The book "The Milk SA Guide to Dairy Farming in South Africa" was first issued in 2009. It contains the best practices and basic principles of "ruining" a milk parlour. Therefore, it is aimed at empowering all persons involved in dairying, and in particular the black emerging milk producers who would like to be transformed into commercial producers, as well as the farm workers who would like to follow a career path. This new (2013) edition is enriched and aligned with the new curricula, as mentioned in the above-mentioned project.
- iii Outcomes of the project:  
The book was successfully published and here is the index:

#### CHAPTER 1 – THE SOUTH AFRICAN DAIRY FARMING ENVIRONMENT

- Introduction to the South Africa dairy industry
- Commercial, emerging and subsistence dairy farmer
- Dairy industry value chain
- Opportunities and risks in dairy farming
- Buying a dairy farm (Steenkamp)
- Economy of dairy farming
- Prepare a budget
- Understand the market
- Sell your milk
- Buying cattle for dairy farming
- Factors to consider when buying cattle
- Dairy breeds, Dual purpose breeds, Cross breeds
- Choose a breed
- Selecting criteria cattle
- Biosecurity principles on a dairy farm

#### CHAPTER 2 – DAIRY CALF AND HEIFER REARING, FEEDING AND HEALTH CARE

- Dairy calf and heifer health care
- Development phases from a calf to a cow
- The five Cs of calf care

# BOARD OF DIRECTORS' REPORT

- Signs of a healthy calf
- Vaccination programmes of dairy calf and heifers
- Calf rearing systems
- Biosecurity of calf rearing facilities
- Permanent housing
- Movable pens
- Calf camps for group rearing
- Deep litter systems
- Hygiene and care
- Importance of hygiene
- Factors affecting hygiene
- Signs of poor hygiene
- Fly control
- Personal hygiene and protective clothing
- Calf feeding
- Handling and feeding of colostrum
- Nutritional requirements at various ages
- Wean your calf
- Dairy Calves diseases
- Diarrhoea
- Salmonellosis
- Other diseases
- Calf and heifer care
- Calf and heifer handling and restraining
- Identification, marking and branding
- Removal of accessory teats
- De-horning
- Castration

## CHAPTER 3 – DAIRY ANIMAL HEALTH CARE

- Basic anatomical systems of the dairy cow
- Digestive system
- Reproductive tract
- The cow udder
- General dairy livestock health
- Signs of a healthy dairy animal
- Factors affecting animal health
- Immunization of livestock
- Handling of vaccines
- Diseases in dairy animals
- External parasites: Tick control and tick-borne diseases
- Internal parasites
- Bovine infectious diseases:
  - Anthrax
  - Brucellosis

- Lumpy skin disease
- Rift Valley fever
- Three-day stiff sickness
- Malignant catarrhal fever
- Bovine virus diarrhea and mucosal disease
- Botulism
- Rift Valley fever
- Tuberculosis
- Black quarter and other clostridial diseases
- Metabolic diseases
  - Milk fever
  - Acidosis Ketosis
  - Bloat
  - Dry gall sickness
- Hoof health
- Footrot
- Poisoning in dairy animals
- Vaccination programme and health products - Design a poster for insertion into guide
- Dairy cow health
- Basic udder care
- Teat dipping
- Mastitis prevention and control
- How to use CMT
- Milk fever in cow
- Dry cow therapy

## CHAPTER 4 – DAIRY ANIMAL PRODUCTION

- Dairy animal herding and handling practices
- Dairy animal breeding concepts
- Breeding practices
- Natural breeding
- Artificial insemination
- Gestation stages and period
- Birth and after birth process
- Herd composition
- Condition assessment
- Water supply systems and fencing on a dairy farm

## CHAPTER 5 - DAIRY LIVESTOCK FEEDING

- Dairy feed types
- The basics of cow feed
- Supplementary feeding
- Hay crops (28,29) summary
- Silage crops
- Making hay and silage

- Pasture crops
- Natural grazing and cultivated pastures and grazing practices
- Feeding practices
- Heifers
- Cows in milk
- Dry cows
- Feeding facilities and equipment

## CHAPTER 6 - MILK HARVESTING AND IN-PARLOUR PROCESSING

- Milk harvesting facilities
- A basic milking shed
- Layout of a milking parlour, holding pens and walk ways
- Milk harvesting process
- Good milking practices
- Ways to milk a cow
- Pre milking and post milking cow care
- Handling of contaminated milk and colostrum
- Dairy parlour equipment
- Milking equipment
- Dairy parlour hygiene
- Personal hygiene and protective clothing
- Parlour and equipment hygiene
- Safe handling of chemicals
- Milk parlour environment hygiene
- Essential production records
- Milk collection records
- Example pictures of other records
- Composition of milk and quality indicators
- In-parlour processing and quality control
- Cold chain requirements and bulk tank management
- Important processes
- Basic milk testing
- Other testing methods

## 7.7 Project title: Empowerment in the secondary industry sector.

- Responsible institution: SA Milk Processors' Organisation
- Objective of the project:  
Skills development of previously disadvantaged individuals in the secondary dairy industry sector through training.
- Outcomes of the project:

### Goal 1 - Capturing of curriculum design on QCTO 'tool', including amendments by QCTO (approval Constituency Group)

#### *Achievements*

SAMPRO's role in the capturing of the curriculum on QCTO tool has been completed. A Progress meeting is to be held on 20/1/14 with QCTO to determine their progress in this regard.

### Goal 2 - Finalizing of SAMPRO 'Implementation Guidelines' and additional, required administrative tools

#### *Achievements*

Initial developments completed in 2012 and 2013. Further formalization into Education and Training (ETD) policy and Training Quality Management System (QMS) to be connected to finalization of FoodBev SETA's (FBS) application for registration as Assessment Quality Partner (AQP) with QCTO and entering into Service Level Agreement (SLA) with SAMPRO for the co-management of the Dairyman curriculum implementation in 2014. No further development was possible for lack of SLA between FBS and SAMPRO.

# BOARD OF DIRECTORS' REPORT

## **Goal 3 - Guidance as to the completion of Foundational Learning Competence & Workplace Relations**

### *Achievements*

Completed but ongoing for new learners in 2014 and further on.

## **Goal 4 - Guiding the construction of Portfolio's of Evidence for pilot study learners and seeing to its completion**

### *Achievements*

Requirements compiled and inserted into Implementation guidelines. Disseminated in 2012 and 2013, and will continue through 2014 and further on.

## **Goal 5 - Arranging and performing final, external, integrated assessments, with the aid of consultants**

### *Achievements*

Six (and seventh partially) completed in stead of 35 planned for 2013. This is 29 less than planned. This cannot be scheduled as the learners must complete certain learning components at work. This is not under the control of SAMPRO and depends solely on priorities at the workplace. Reasons: Lack of completion of workplace mentoring by participating enterprises, notwithstanding frequent and urgent reminders on a continuous basis. Planned remedies:

Obtained commitment from appreciable number of participating enterprises to attempt to complete existing learners' internal assessments for completion in 2013 (aimed for first quarter, but can accommodate also in third and fourth quarters).

## **Goal 6 - Reporting to SETA and QCTO on the process and curriculum, with request for certificates**

### *Achievements*

Not applicable yet, as the AQP registration (for which FBS must apply) is still in arrears. FBS are continuously informed of developments on SAMPRO's side

though. Final reports (format as yet unknown) on the outcome of Final, External, Integrated Assessments, with proof of evidence for Foundational Learning Competence (FLC) and supervisory training by Dairyman learners. A SLA between SAMPRO and FBS not in place yet. ETD policy and Training QMS still to be completed as per SLA. Planned for 2014 (first quarter, as far as possible).

## **Goal 7 - Provide guidance on implementation guidelines and compilation of Portfolio's of Evidence (repeat of activity done in 2012 - no cost)**

### *Achievements*

Completed, but will be ongoing as long as the curriculum is in existence.

## **Goal 8 - Support the recruitment of Black schools-leavers in co-operation with FMCG Training Solutions for continued learnerships**

### *Achievements*

Provider (FMCG Training Solutions) have indicated that all 36 candidates are still on track. Completion will only be in the first quarter of 2014 as the SETA year starts on 1 April and extends to 31 March of the following year.

## **Goal 9 - Market existing SAMPRO learning materials, SAMPRO involvement with various skills development initiatives and SETA**

### *Achievements*

All planned interventions completed: Exhibition during and presentation to SASDT symposium; exhibition at Careers Fair (UP); two normal newsletters dispatched; various inquiries handled on existing and most suitable learning materials available during the year.

### **Goal 10 - Conduct office-based advisory service to industry members on skills development**

#### **Achievements**

Substantial numbers of inquiries handled, whether by telephone or electronic mail during the year, to inform and give guidance on skills development and available learning materials and interventions.

### **Goal 11 - Serve on selected Advisory Committees and sub-committees of Milk SA and SAM-PRO, to contribute subject matter expertise**

#### **Achievements**

Attended all scheduled meetings (when not out of office on training or assessment delivery), also establishment meeting of Dairy Chamber and second, follow-up meeting during which reporting and planning were on the agenda. Played leading role in both this and Technical Committee meetings on Dairy products compositional Regulations.

### **Goal 12 - Supply printed copies of learning materials as and when ordered, to industry enterprises**

#### **Achievements**

Completed for all learners as requested by Provider (FMCGTS).

### **Goal 13 - Administrate Milk SA bursaries for PDIs**

#### **Achievements**

Eight bursaries awarded and administrated. Also assisted those beneficiaries who attempted to obtain employment.

### **Goal 14 - Support tertiary students (bursary beneficiaries and others) financially to attend SASDT symposium**

#### **Achievements**

11 students supported in this regard (less than expected, but no application was rejected).

## **7.8 Project title: Empowerment / Transformation: Co-ordination**

- i Responsible institution: Milk South Africa under leadership of Mr M Godfrey Rathogwa (Transformation Manager: Milk SA)
- ii Mandate given by the Minister of Agriculture to Milk SA:  
Regulations R55, 56 and 57 of 30 January 2009 were approved subject to certain conditions, of which one is to appoint a Transformation Manager to drive the empowerment programmes in the dairy industry which are funded by statutory levies. In August 2009, the Board of Directors appointed Mr M Godfrey Rathogwa in this position.

#### iii Project outcomes:

**Goal 1 - Implementation of sustainable commercialization dairy programme (Effective and efficient implementation of the utilization of surplus funds)**

#### **Achievements**

The Minister of Agriculture, Forestry and Fisheries approved the project in 2012 with an amount of 10.358m. This amount was augmented by another R10.358m applied from DBSA under Jobs Fund Programme. The funds are being used to redress constraints to competitiveness such as dairy herd size, dairy herd health management, and electricity, milking parlours, milking machines, technical know-how and business skills. In order to promote of project ownership and total commitment to the success of the project, Milk SA ensured that all beneficiary farmers fulfil their counter performance like record keeping and Eskom account security. During the year under review, the following were achieved.

Independent dairy advisor appointed to assist Milk SA to assess quality of animals to ensure value for money was appointed. As a result of the services of the independent dairy advisor, MilkSA was literally saved money were it would have bought sickly animals at exorbitant prices. During the same year, R10.3 was secured from Development Bank of Southern Af-

# BOARD OF DIRECTORS' REPORT

rica- Jobs Fund Programme to augment the amount allocated for Transformation from the regulations that expired in 2009. The amount will be used for the connection of electricity to the farms, establishment of permanent pasture, milking parlours and the supply of veterinary services for a limited period. Milking parlours were constructed and milking equipment installed. Old Mutual has been roped into the project to provide loan finance to the needy farmers to redress other constraints to enhance success of the farmers.

Fodder situation on the farms was assessed and farmers given a fodder flow plan based on the current and desired future dairy herd size.

Three farmers were supplied with dairy heifers and cows and as a result their daily milk volumes increased. Regarding the supply of electricity by Eskom, farmers were informed of and accepted responsibility for the electricity account security deposit and Milk SA will pay connection fees dependent on the farmers' readiness to pay a deposit of R10 500.00 per account as security. Farmers have also been introduced to farm management record keeping. A private veterinary surgeon has also been appointed and will start with dairy herd health and disease management programme during January/February 2014.

Some farmers did not receive heifers as planned. This was due to the scarcity of heifers, un-readiness on the part of some farmers regarding sufficient fodder flow and difficulties experienced by farmers in getting potential suppliers to provide quotations. While Milk SA is committed to supporting the project, we strongly believe that total commitment and counter performance by the farmer is important to ensure success once Milk SA's intervention is withdrawn.

## Goal 2 - Transformation strategic plan (develop a strategic plan that is shared by all stakeholders)

### Achievements

During the year under review, a draft transformation strategic document was produced through two workshops with some of the provinces.

The document has also been referred to DAFF for their inputs, support and a sense of collective ownership. It is envisaged that the document will be adopted this year after receiving inputs from DAFF and other stakeholders. The purpose of the strategy is to ensure a common approach to dairy development, support by all stakeholders and resources commitment towards effective and efficient implementation as can be seen below under rationale for Smallholder Dairy Development Strategy.

Rationale/ Motivation for the Smallholder Dairy Development Strategy:

- Common approach for dairy development is essential.
- Objective approach to empowerment of previously disadvantaged individuals
- Promote market access based on appropriate business models and technology
- Dairy has a potential to contribute to rural economic development, food security, nutrition and creation of employment opportunities.
- To facilitate the creation of a conducive environment for farmers to succeed
- Strategy is needed in order to secure private and public investment in dairy development
- Poverty is high in rural areas and dairy can contribute to poverty alleviation.
- Protective means for industry against dumping
- Internationally demand for dairy is growing faster than supply and there are countries that would like want to import milk products from South Africa.

### Mission

Our role is to contribute to national food security and nutrition by producing and supplying quality dairy products at competitive and affordable prices.



### Vision

We aim to be competitive, sustainable and successful commercial dairy farmers / entrepreneurs.

### Values

We believe that our mission will be pursued effectively by living according to our values below:

- **Care for the animal:** We regard cows as our mine that provides us with our livelihood. We therefore treat and handle them in a caring and sensitive manner.
- **Integrity:** We employ ethical standards and stand by our promise in everything that we do.
- **Respect for others:** We treat our team members, customers, partners and suppliers with mutual respect and sensitivity.
- **Professionalism:** We are committed to all standards of business and laws and regulations related to dairy industry specifically.
- **Sustainability of natural resources:** Environment is the cornerstone of our lives. We work with the environment in a caring and sensitive manner to conserve it for the future generations. We are opposed to profit making at the expense of our environment.
- **Teamwork /spirit:** We work together and promote and support diversity among our members and committed to one another for a common goal.
- **Responsibility and accountability:** We take individual and team responsibilities and deliver on our commitments. We take responsibility for our performance in all our decisions and actions.

### Strategic Objectives:

- Develop human capital among smallholder dairy entrepreneurs.
- Increase market access for smallholder dairy entrepreneurs.
- Graduate a significant number from smallholder dairy farmers to successful commercial dairy entrepreneurs.
- Promote recognition of small dairy as a significant contributor to rural economy, food security, and nutrition and employment opportunities.
- Establish and maintain mutually beneficial business partnerships with relevant stakeholders.

- Facilitate smallholder credit access for dairy development.
- Achieve 25% of the market share by 2018.

The following were highlighted as the priorities in a ranking order:

### Priority/Issue

Land availability:	Approach Rural Development and Land Reform regarding land issue
Livestock identification:	Livestock should be branded with the most up to date technology
Compliance with regulations:	Ensure regulatory framework is effective and efficient
Sustainability:	Assess long term sustainability of existing enterprises
Institutional arrangements:	Establish structures at all levels to drive dairy development
Knowledge management:	Establish an appropriate knowledge management and information network
Value adding:	Conduct a feasibility of value adding activities
Relationships:	Establish permanent working relationship with Milk SA
Constraints:	Assess constraints that are hampering performance of current dairy enterprises
Research and Development:	Strengthen smallholder focused dairy development research capacities in the provinces

### Goal 3 - Emerging dairy entrepreneur database (ensure availability of reliable data on aspirant dairy entrepreneurs)

During the year under review, twenty five farmers were added to the current database. These farmers were from Gauteng, Kwazulu-Natal and Limpopo Provinces. Gauteng and Limpopo Provinces did not provide such data during the initial effort to create a database of small/emerging dairy entrepreneurs.

No actual visits were made to provinces to verify such information, because much time was spent on the sustainable commercialization project. Time will be made during 2014 to go to the provinces and meet farmers.

# BOARD OF DIRECTORS' REPORT

## **Goal 4 - Competency development (develop business competency of aspirant dairy entrepreneurs)**

During the year under review partial progress was achieved due to lack of technical information awaited from the consultant who did some work on the QWAQWA farmers and information from Free State Agriculture which delivered only in December. However, farmers were introduced to farm record keeping.

Business plans could not be finalized pending technical inputs from the consultants who did a study for QWAQWA farmers. The consultants could be seen during January / February 2014 to provide information needed. Information from Free State Agriculture regarding fodder flow planning was being studied at the time of writing the report.

## **Goal 4 - General liaison (establish and maintain positive relations with other stakeholders)**

Realizing the importance of good public relationships, critical stakeholders were kept engaged all the time to ensure that they understand and become supportive of Milk SA's transformation programme. It is very true that transformation programme cannot be monopolized by any single entity since it is multi-disciplinary and multi-active process that needs huge resources. In our efforts to achieve this goal, the following were achieved.

- Food and Agriculture Organization (FAO) was met to discuss their possible involvement in the development of a smallholder dairy development strategy.
- Land Bank was met to discuss funding of smallholder dairy entrepreneurs.
- DAFF's Deputy Director General for provincial coordination was met to discuss smallholder dairy entrepreneur in general and the development of a transformation strategic document.
- A meeting was held with the DDG: Production, Health and Food Security and the Directorate: Animal Production to discuss the draft Transformation Strategic Plan. It was resolved that the matter

should be discussed further with other people from Transformation and Livestock Marketing. The goal is to secure support of DAFF in terms of recognizing the efforts of Milk SA towards transformation and possible funding.

- Communication was maintained with all the provinces regarding dairy development.
- A meeting was held with the representatives of Free State Agriculture, MPO, Country Lane, Mountainview and QWAQWA farmers. The meeting discussed the concerns expressed by the emerging farmers that the Free State Premier wanted synergy among farmers and that a way was needed to fast-track transformation in the dairy industry. It was also learnt that farmers wanted to establish own processing plant but Mountainview which was receiving milk from fifteen QWAQWA farmers via Nestle, advised them to form partnership with Mountainview. Electricity, small volumes and technical skills were regarded as major challenges facing small dairy farmers. It was also mentioned by farmers that it was not acceptable for those who have failed in farming to become mentors. QWAQWA farmers were advised that to get support from government and finance from the banks they should submit bankable business plans. Furthermore, that to promote effective training they should form study groups.
- Close relationship was maintained with the NAMC throughout the whole year. This helped to rectify misconceptions about Milk SA's activities and to provide the true position.

## 7.9 Project title: Dairy Consumer Education

- i Responsible Institution: SA Milk Processors' Organization
- ii Objective of the project:  
Messages of a general nature regarding the health and nutritional advantages of dairy products, are conveyed to consumers; and pro-active & reactive messages regarding the health and nutritional advantages of dairy products are also conveyed to selected target groups that are opinion formers in the South African society.
- iii Summary of the project performance:  
*General communication, namely messages of a general nature regarding the health and nutritional advantages of dairy products, conveyed to consumers*

### Target markets

The target market for General Communication element is LSM 6-10 as determined by the advisory committee.

The target market for Specialised Communication element is health professionals, namely doctors, nurses, dietitians and nutritionists

### Communication channels

To convey messages effectively to the target markets, appropriate use of the different communication channels is necessary:

Due to the numerous opportunities which exist and which can be created, it is of extreme importance to be highly disciplined in selecting the most effective communication channels and to ensure balanced and integrated use of the channels to convey the messages to the target markets.

The communication channels that were selected for use by the project are:

- Television
- Print in the form of promotion articles (advertorials) and advertisements in consumer magazines, scientific articles in magazines aimed at health

- professionals and pamphlets for distribution at selected events
- Schools
- Clinics
- Website
- Digital advertising
- Presentations at scientific congresses and seminars
- Media liaison

## General communication

### Messages

Six communication messages were determined by the advisory committee in light of the Markinor research and the scientific information regarding nutrition and health applicable to dairy products as set out below:

- Bone strength
- Muscle strength
- Growth, especially for kids
- Fat Content – dairy is lower in fat than you think
- Weight loss – dairy as part of a low-fat diet
- Nutrient Rich- dairy is nutrient rich as it contains proteins, vitamins and minerals, especially calcium
- The 3-A-Day dairy, 'rediscoverdairy' logo and website as well as the 'dairy gives you go' website details are indicated on all promotional material.

### Television

#### Background:

The communication commenced in 2008 with an emotional phase intended to reconnect the consumer to dairy products. The second phase commenced in 2009 and is an educational phase aimed at educating the consumer regarding the six messages as determined by the advisory committee.

The educational phase that started in 2009, communicated the six messages through various media channels namely TV, radio and print.

For the purpose of television, three messages were selected:

- Bone strength - Hen's Teeth advert
- Muscle strength – Whale advert
- Weight Loss – Tortoise advert

# BOARD OF DIRECTORS' REPORT

Building on the educational phase in 2010, the two television advertisements developed in the fourth quarter of 2010 were broadcast three times in 2011. The message of 'nutrient rich' was selected for these TV ads. The 'cow dealer' advertisements were developed with the 'Zulu' and the 'Dutch settler'.

In order to establish whether the five advertisements (2009/2010) could be broadcast again in 2012, a survey was conducted in 2011 with consumers of the target market. The survey was conducted by UNISA Bureau of Market research (BMR). 120 of consumers completed the questionnaire.

First campaign ads tested were:

- Chicken: Dairy can give you strong teeth; milk
- Seagull: Dairy helps make you strong; cheese
- Tortoise: Dairy can help you lose weight; yoghurt

Second campaign ads tested were:

- Dutch settler: The best decision you will ever make; milk; nutrient rich message
- Zulu: The best decision you will ever make; milk; nutrient rich message

Overall findings:

- The research resulted in the re-broadcast of the three TV ads (1, 2, & 3) in December 2011 and January 2012.

## Development of new television adverts in 2012/13

### General

Strategic and creative planning in 2012 of the new television advertisements took into consideration the requirements of Regulation 146 and important aspects of the communication approach were identified as opportunities for the new television advertisements.

A considerable amount of time and effort was given to the formulation of the TV briefs in 2012, by the Extended Management Committee. The briefs for the television advertisements were considered through

a comprehensive process which provided for an in-depth consideration of the relevant issues, including workshops and various meetings. The essence of the outcome of the deliberations of the Extended Management Committee was that television should focus on teenagers (13-19yrs) with the main considerations being:

- Teenagers have a strongly growing purchasing power in terms of own "income" and influence on parents' purchasing decisions.
- Teenagers are more open to advertising messages than older target groups if we communicate with them in the right way – relevance is key.
- The teenagers of today are the parents of tomorrow.

Although TV will be aimed at teenagers, it should not be deduced that other targets will not be reached. A meaningful spill over will reach targets such as mothers of teenagers.

The slogan for the television campaign is: '*Dairy gives you go*'. The slogan is carried through to television, the microsite (mini website) and the mobisite (designed for cell phones) in conjunction with the overarching slogan "rediscoverdairy". Just as with the "rediscoverdairy" slogan, the dairy gives you go slogan has been trademarked.

### Assessment of storyboards for television advertisements

The UNISA Bureau of Marketing conducted research in order to assess the storyboards for the new television adverts for 2012/13. The aim of the study was to provide strategic insight into consumer reaction to the two concept television advertising messages proposed for 2012.

The first concept i.e. the 'Dusty' ad was well received and achieved good results. Dusty was approved for production. The assessment of the second concept showed that it is acceptable but certain elements were identified which require improvement.



“Dusty” in the television advertisement

**Dusty and Stix television advertisements**

Two new TV ads were developed and produced in 2012 and were broadcast in February, June, September and December 2013.

The first burst ran from 18 February – 10 March 2013, the second burst from 22 June – 12 July 2013, the third burst ran from 16-30 September 2013 and the fourth burst from 4-17 December 2013.

TV channel	Burst 1 18 Feb-10 March	Burst 2 22 June- 22 July	Burst 3 16 -30 September	Burst 4 4-17 December
ETV	21	62	27	15
SABC 1	65	50	15	41
SABC 2	33	20	34	26
SABC 3	27	37	10	30
MNet			25	5
DSTC & Viacom	754	754	2 week package/ channel (11 channels)	2 week package/ channel (11 channels)

# BOARD OF DIRECTORS' REPORT

## *Post campaign analysis*

In respect of the first burst that ran from 18 Feb - 10 March 2013 the post campaign results were in-line with the planned outcomes as follows:

- Planned:
  - Age 13-19 LSM 6-8 ARS 462 Reach 68% Frequency 6.8 (Primary)
  - Age 13-19 LSM 9-10 ARS 280 Reach N/A Frequency N/A (Spillover)\*
- Actual:
  - Age 13-19 LSM 6-8 ARS 455 Reach 70% Frequency 6.6 (Primary)
  - Age 13-19 LSM 9-10 ARS 287 Reach 58% Frequency 4.9 (Spillover)\*

In respect of the second burst in June and July 2013, the post campaign results were as follows:

- Average Reach (ARs): Achieved ARs were 1.7% down for LSM 6-8 and 8.5% up for LSM 9-10.
- Reach: Against LSM 6-8, planned reach was 71% and we achieved 67%. Although lower than planned, still a good result.
- Against LSM 9-10 - achieved 61% as opposed to 65%. In both cases higher average frequency would have been the consequence, which is not a negative since two different creative executions were broadcast together.
- Frequency: Since both markets had slightly lower reach figures than planned, both exceeded their average frequency targets. Two different creations are being run at the same time, a high frequency would have ensured that each creative execution benefitted from sufficient break-through.

It is interesting to note that while the schedule is planned against Age 13-19, higher adult ARs (age 25+) were achieved.

Higher adult than teen ARs in this burst (+10%) against LSM 9-10 was achieved.

In respect of the third burst from 16-30 September 2013 the post campaign results are as follows:

- Planned:
  - Age 13-19 LSM 6-8 ARS 350 Reach 65% Frequency

5.3 (Primary)

- Age 13-19 LSM 9-10 ARS 280 Reach n/a Frequency n/a (Spillover)
- Actual:
  - Age 13-19 LSM 6-8 ARS 350 Reach 67% Frequency 5.5 (Primary)
  - Age 13-19 LSM 9-10 ARS 321 Reach 63% Frequency 5.08 (Spillover)

The TV ads can be viewed on YouTube Accessed from microsite and the number of visits was as follows:

- Dusty 45" = 37 053 views (8 months)
- Stix 45" = 38 315 views (8 months)
- Dusty 120" = 1138 views (6 months, no media support)
- Stix 120" = 917 views (6 months, no media support)

In respect of the fourth burst from 4-17 December 2013, the post campaign results are as follows:

- Planned:
  - Age 13-19 LMS 6-8 ARs 350 Reach 65% Frequency 5.3 (Primary)
  - Age 13-19 MS 9-10 ARs 280 Reach N/A Frequency N/A (Spillover)
- Actual:
  - Age 13-19 LMS 6-8 ARs 349 Reach 65% Frequency 5.3 (Primary)
  - Age 13-19 MS 6-8 ARs 281 Reach 59% Frequency 4.8 (Spillover)

## **General comments:**

Performance in the LSM 6-8 adult market is even better than the performance in the teen market despite high levels of off-peak programming aimed at the teens.

An AR ratio of 100/90 was achieved in respect of LSM 6-8 vs. LSM 9-10. This was achieved due to the additional funds.

The burst in Feb/Mar achieved a 100/63 ratio so LSM 9-10 are seeing a dramatic increase in exposure due to the additional funds.



### TELEVISION ADVERTISING AWARDS

Previously the TV ads were awarded the by the organised advertising industry of South Africa as follows:

- In 2008, the Milk (petrol station) and the Cheese (Diner) were advertisement of the month;
- In 2009, the Hen, Whale and Tortoise were advertisement of the month;
- In 2010/11, the Settler and Zulu were winners of the IDF Innovations award.

The TV ads were awarded in 2013 as follows:

- The advertisement of the month in March 2013.
- One of the 18 finalists at the Cannes film festival in France, and
- One of the three finalists in the International Dairy Promotions Trophy awards along with USA and Canada.

#### Microsite (mini website): [www.dairygivesyougo.co.za](http://www.dairygivesyougo.co.za)

A microsite (mini website) was developed for the project which will enhance the impact of the TV advertisements and also create an area on the internet dedicated to the product i.e. the role of dairy in the diet / lifestyle of the teenager.

The microsite is appropriately linked to the 'rediscoverdairy' website.

The purpose of the microsite is to convey the health benefits of dairy to the target market in the format of an infographic, which is a graphic presentation of the information.

The microsite consists of four themes i.e. Sport, Everyday, Strength and Beach body.

Each theme consists of five infographics relevant to each with an option for the viewer to find out more about a certain topic.

The microsite is also adapted for viewing on a cell-phone.

The website address is : [www.dairygivesyougo.co.za](http://www.dairygivesyougo.co.za)

The Microsite was launched in December 2012.

The "Dairy gives you go" microsite of the Consumer Education Project of Milk SA ran a health quiz on its website from September to December 2013. The "Dairy gives you go" website targets teenagers and gives the health and nutritional benefits of dairy in infographic format. In order to encourage teenagers to complete the quiz and note the benefits of dairy, an incentive of two gym contracts for one year with Virgin Active was on offer.

During this period, the microsite was viewed 39 000 times of which 19 700 people completed the quiz. In December 2013, the two winners were announced namely Angela Wrench from Potchefstroom and Ashique Panday from Johannesburg. During the period when the digital advertising campaign is active, the number of visitors to the microsite increases substantially.

### DIGITAL ADVERTISEMENTS

A digital advertising campaign was developed to carry the messages of the campaign and to support the microsite. Advertising banners were developed that convey the health benefits of dairy while also directing viewers to the microsite and the mobi-site. The banners appeared on social media sites visited by teenagers such as You Tube, Face Book, MXIT, 24.com. The quiz that appears on the microsite was advertised on the banners to increase traffic to the microsite.

Bursts	DATE OF BURSTS
1 & 2	21/12/12/ - 17/2/13 27/2/13 – 10/4/13
3	17/9/13 – 29/10/13
4	1/11/13 – 31/12/13

# BOARD OF DIRECTORS' REPORT

## *Post campaign analysis of www.dairygivesyougo.co.za*

In respect of burst 1 & 2: 21 Dec 2012 – 10 April 2013, the performance during the period 21 December 2012 – 16 September 2013 (Burst 1 and 2) were as follows:

- The site was launched in Dec 2012 1st burst with no TV ads.
- The 2nd burst: 28 Feb - 11 April supported the TV ads and there were 33 825 people that visited the site of which 91.26% new visitors and 8.74% return visitors.
- During online banner phase 1: +/- 223 visitors per day, during online banner phase 2: +/- 389 visitors per day, during TVC launch burst: +/- 253 visitors per day.
- During TVC launch burst, there was a significant increase in time spent on the site (+100% increase) and a spike in international traffic.
- The mobile version of the site accounts for 25% of site visits.
- The site is currently reaching a good spread of the targeted demographic around SA.
- Media support i.e. digital advertising ended 14 April 2013.
- From 14 April – 30 June 2013, no media support in the form of digital advertising was active.
- During this period there were 4419 visits to the site.
- In respect of the 3rd Burst from 17 September - 30 October: A quiz was introduced to the microsite to increase traffic and to ensure teenagers note the information.
- Since the Quiz has gone live, there has been a spike in traffic on the microsite also.
- During this period, the microsite has been viewed 9,073 times by 6,465 unique visitors.
- The average time on site has increased to 1:32mins which shows that people are using the site to find answers for the Quiz as intended.
- From all these visitors, we have had 15 successful entries. (people getting 4/4 and posting to Facebook).
- In respect of the 4th burst, from 1 November to 31 December 2013, the visits to the site increased due to the digital advertising campaign that runs in conjunction with the television advertisements.
- During this period the microsite has been viewed 32 566 times by 30 021 unique visitors.
- Since launching the quiz, it has been viewed 13 977 time by 12 0062 unique visitors.
- The ave time spent was 1:28 seconds on the quiz and site.
- From all these visitors, there were 89 successful entries (people getting 4/4 and posting the entry on Facebook as required by for a successful entry).

*\*unique visitors refer to people who visit the website more than once within a specified period of time.*



## CONSUMER PROMOTIONAL ARTICLES

### *Promotional articles:*

The content of these articles expand on the six key messages and inform consumers why it is important to include dairy in their daily diet and the rationale for the consumption of three portions of dairy per day. Twenty one insertions were placed in 2013 for this period, as follows:

Advertorial title	Magazine	ISSUE DATE
Give young athletes a boost with milk & dairy	Hola ma highschool	January 2013
Smart snacking with dairy	Move	27 March 2013
Peusel slim met suiwel	Kuier	27 March 2013
Fuel up on flavoured milk	Move	27 March 2013
Kry'n hupstoot met gekeurde melk	Kuier	27 March 2013
Make your food choices count	Ideas	May 2013
Maak jou voedsel keuses tel	Idees	May 2013
Brittle bones: the role of dairy	You Pulse	6 June 2013
Beendigtheid: die rol van suiwel	Huisgenoot Pols	6 June 2013
Boost young athletes with milk & dairy	SA School Sports	May 2013
Add value to your lifestyle with dairy	Woman & Home	July 2013
Nutrient-rich dairy	You Pulse	5 September 2013
Voedingstofryk suiwel	Huisgenoot Pols	5 September 2013
Dairy and breakfast a winning combination	Move	11 September 2013
Suiwel by ontbyt 'n wenkombinasie	Kuier	11 September 2013
Milk & sport a winning combination	Move	23 October 2013
Melk en sport 'n wenkombinasie	Kuier	23 October 2013
Nutrient-rich dairy	Bona	November 2013
Start the day smart with dairy	Your Family	November 2013
Dairy meets your needs	You Pulse	5 December 2013
Suiwel voldoen aan jou behoeftes	Huisgenoot Pols	5 December 2013

# BOARD OF DIRECTORS' REPORT

## CONSUMER LEAFLETS

Three consumer leaflets were developed. These are intended to communicate health and nutrition messages to consumers. The leaflets are valuable to members of the industry to be used in their communication to consumers.

- Dairy: The whole story – what's in the milk isle
- Bones: Remember to take care of your bones
- Sport Nutrition: Give athletes a boost with dairy

## MEDIA LIAISON ACTIVITY

The essence of the activity is to make information on the nutrition and health benefits of dairy available to journalists who then communicate the information to the target markets as it serves the own interest of the reporter and media. Relevant information published in the media on dairy is monitored by an independent firm who specializes in such work namely News Clip. Updates are received daily in electronic format. The following table show the print coverage achieved in this regard:

Press Coverage: Jan – Dec 2013	Number of articles published	RAND VALUE
Consumer magazines	76	2 965 669.00
National newspapers	17	153 800.00
Regional press	64	772 869.50
Trade press	8	367 022.21
Online coverage	1	8 000.00
Health professional coverage	2	50 083.46
<b>TOTAL COVERAGE</b>	<b>168</b>	<b>4 317 444.17</b>

## Press releases developed and distributed by the project

The following press releases were distributed to selected media:

PRESS RELEASE	DATE
New FBDG highlights importance of milk, maas and yoghurt	Jan 2013
World milk day	May 2013
Dairy and hypertension	August 2013
National Nutrition Week: Choose your portion with Caution	October 2013

## Public relations campaign on the new Food based dietary guideline

In January 2013 a PR campaign was launched to promote the new food based dietary guideline for dairy i.e. "New Year resolution 2013: Have milk, maas or yoghurt every day!"

The campaign entailed placing an advertorial in health professional publication and distributing a press release to all media (print, on-line and radio) the following coverage was achieved (values are included in 1.5.1).

Coverage included four print articles, two online articles and three radio interviews. Total value of the PR campaign was R 104 000 at no cost to the project.

## Radio interviews

'Radio Sonder Grense' recorded five interviews with the project. The interviews were broadcast between 5h30 and 6h30 on the slot 'Landbou sake'.

Topics of interviews	Date of broadcast
Overview of project	23 March
Different types of milk on the market	2 April
Dairy through the life cycle	9 April
Lactose intolerance and myths	16 April
Q & A re dairy and the diet	23 April



### Publications

Publications such as Dairy Mail, Farm Link, Food and Beverage Reporter, are used as a vehicle to communicate with the dairy industry and the food industry respectively. Informative articles on the project and other relevant topics are published in relevant issues.

Publication	Title	DATE 2013
DAIRY MAIL	Melk mites	1 February
MILK ESSAY	Brand new TV ads for 2013	March
FARM LINK	Importance of taking care of your bones	January
DAIRY MAIL	Wiele aan die rol vir suiwel reklame	April
DAIRY MAIL	Boost for milk, maas or yoghurt	May
DAIRY MAIL	Promoting a health dairy community	June
Food and Bev Reporter	Untapped opportunities for flavoured milk	May
MILK ESSAY	Milk SA, Dairy Consumer Education Project	September

### Media liaison in respect of the role of dairy and sport

The communication on the role of dairy in the sports arena has created an awareness of dairy and its role in the diet of the sportsperson. For this reason the Consumer Education Project (CEP) developed promotional material which highlights the benefits of dairy for athletes participating in events such as mountain bike races, distance and trail running, soccer or rugby.

These are available to members of the dairy industry involved in organising promotional and awareness events in 2014, at no additional cost. The pamphlet was first used at a mountain bike event in the Cape in November.

### NATIONAL NUTRITION WEEK

The National Nutrition Week (NNW) is an annual calendar event of the Department of Health. The event reaches out to the whole population including low socio economic groups. The project participated in the event every year as it provides an opportunity to network with the DOH and reach lower LSM groups across the country.

The theme for the National Nutrition Week (NNW) 2013 is: Eat less! Choose your portion with caution. The associated messages were:

- Choose a variety of foods from different food groups, and eat recommended amounts.
- Make portion control a daily way of life.
- Use salt and foods high in salt sparingly.

The target group for the National Nutrition Week 2013 'Choose your portion with caution' campaign was the general public, reached via interpersonal communication and media. Messages for health workers were communicated via the Department of Health and through targeted publications.

# BOARD OF DIRECTORS' REPORT

## *Project involvement*

The project contributed to the NNW of 2013 by managing the design work of all the logo for the campaign and all the messages.

The logo of the project appeared on all communication material related to the NNW.

To strengthen the message: "Eat less, choose your portion with caution" and to capitalise on the awareness that is already created by the DOH, a media campaign was linked to the event during this time.

## *Media coverage*

A Public relations agency was contracted to manage the PR activities around the NNW. Press release and snippets were distributed to all relevant media. Media motivations with all the key messages of National Nutrition Week 2013 campaign were compiled and sent to all relevant media across all platforms, resulting in free editorial exposure as well as interest for interviews.

The coverage included:

- 17 radio interviews
- 3 TV interviews
- Exposure in 22 print
- 9 online publications

This resulted in an AVE of R 5 897 156.74

## *Social Media*

A Twitter account was set up during the week of NNW 2013. A twitter talk was hosted on 9 October 2013 for one hour. NNW partners, selected dietitians and 3 media outlets were invite to participate. Four questions were pre-set and answered during the talk. The conversation was moderated from the ADSA twitter handle and publicized through a selection of tweets and posts the week leading up to the talk. The twitter talk resulted in 49 twitter handles participating in the talk and a possible audience of 96 815 people reached.

## **SCHOOL CURRICULUM**

The school curriculum project is aimed at grades 1-7. It consists of two main themes i.e. A guide to healthy eating and 'From farm to fridge'. It provides for teachers guides, posters and fact sheets. The fact sheets are available in Afrikaans, English, Zulu and Sesotho.

Teacher's guides were completed and loaded onto kid's website. Five hundred copies of the teacher's guide were printed and are available for schools where internet is not available.

The 'Guide to healthy eating poster' was updated.

Copies of all material developed for the school curriculum project has been provided to MPO for reproduction.





The table below lists all the products available under the school project.

	School project item	Grades	Designation
1	Guidelines for healthy eating – Interactive poster ENG	4 to 6	Poster
2	Riglyne vir gesonde eetgewoontes – Interactive poster AFR	4 to 6	Poster
3	Guidelines for healthy eating – Visual poster ENG	4 to 6	Poster
4	Riglyne vir gesonde eetgewoontes – Visual poster AFR	4 to 6	Poster
5	Your food guide to healthy eating - ENG	4 to 6	Fact sheet
6	'n Voedselgids vir gesonde eetgewoontes AFR	4 to 6	Fact sheet
7	Dairy gives you go	4 to 6	Fact sheet
8	Guidelines for healthy eating - ENG	4 to 6	Teacher's guide
9	Riglyne vir gesonde eetgewoontes - AFR	4 to 6	Teacher's guide
10	From farm to fork - ENG	1 to 3	Poster
11	Van die plaas na die yskas – AFR	1 to 3	Poster
12	From milking to milkshakes – ENG	1 to 3	Poster
13	Van melk tot melkskommels – AFR	1 to 3	Poster
14	From farm to fridge - ENG	1 to 3	Fact sheet
15	Van die plaas na die yskas – AFR	1 to 3	Fact sheet
16	Dairy gives you go	1 to 3	Fact sheet
17	From milking to milkshakes – ENG	1 to 3	Teacher's guide
18	Van melk to melkskommels – AFR	1 to 3	Teacher's guide

***Rediscoverdairy/ dairy kids website***

The new school curriculum project demanded that this part of the website should be updated. Through a major exercise the content of the website was updated and loaded on the website during the fourth quarter. The 'Kids' website is completed and all the posters, teacher's guides and fact sheets can be downloaded from the site.

# BOARD OF DIRECTORS' REPORT

## SPECIALISED COMMUNICATION

Specialised Communication includes all activities of the project to reach health professionals namely doctors, dietitians and nurses.

### *Scientific advertorial placements*

Scientific advertorials are written by experts in their field. All advertorials are evaluated by the CEP Technical Advisory committee. New research in the field of dairy nutrition and health are monitored

through various sources such as the IDF, Global Dairy Platform and by monitoring other international dairy and health websites. These are published in various health journals in order to inform health professionals and to promote the awareness of the role of dairy products in respect of health and nutrition. For each advertorial, a full review article is written (nutrition reviews see 3.2), which elaborated more on the topic. This was loaded on the website at the same time as when the advertorial was published. Eleven placements were placed in 2013:

NO	ADVERTORIAL TITLE	MAGAZINE	ISSUE DATE
1	New year resolution 2013: have milk, maas or yoghurt every day!	SAMJ	February 2013
2	Dairy trans fatty acids and cardiovascular disease	CME	February 2013
3	Dairy trans fatty acids and cardiovascular disease	CME	March 2013
4	New year resolution 2013: Have milk, maas or yoghurt every day!	Nursing Practice	Feb March 2013
5	Dairy allergies and lactose intolerance	SA J of Child Health	April 2013
6	Can dairy products lower high blood pressure?	Nursing Practice	May/June 2013
7	Dairy and hypertension Have milk, maas and yoghurt every day	SAJCN	September 2013
8	Dairy allergies and lactose intolerance	CME	September 2013
9	Dairy allergies and lactose intolerance	Nursing Practise	August September 2013
10	Dairy and hypertension	SAMJ	October 2013
11	Have milk maas and yoghurt every day	SACJN	December 2013

### *Nutrition review articles*

Nutrition reviews explore a new topics in respect of dairy health and nutrition that warrants further investigation. The nutrition review allows for extensive and detailed information without a limitation to the number of words used. The nutrition reviews are posted on the 'rediscoverdairy' website, under nutrition review menu item. Health professionals are informed via email when a new review has been placed on the web. For 2013, three nutrition reviews were completed.



#### TITLE OF NUTRITION REVIEW

Hypertension
Milk Protein: New insights into quality and function
Vitamin B 12 in dairy: Vital for brain health

#### *Milk Splat*

The MilkSplat was created for the 'rediscoverdairy' website. The purpose for the menu item is to summarise recent research on a dairy nutrition related topic and place a summary on the web. The summary is also mailed to health professionals and they are encouraged to read the summary and contact the project for the peer reviewed article. This further creates an opportunity for the project to build a database of health professionals and monitor the success. The summary articles highlight the scientific integrity of the project.

#### TECHNICAL ADVISORY COMMITTEE

The Technical Advisory Committee (TAC) was established to ensure that all communication messages developed and published by the project are scientifically sound. The TAC consists of experts in the field

of dietetics, dairy science and technology. Among other, an annual meeting is held with the TAC to present the progress of the project and to identify concerns and trends in dairy nutrition. The meeting was held on 12 June 2013.

#### CLINICS

##### *Continuing Professional Development (CPD)*

The CPD activity provides the project with an opportunity to communicate directly with one of the health professional target markets i.e. dietitians / nutritionists, who, in turn, gain from the activity as Continuous Education Units are earned by participating in the activity.

In 2013, a Nutrition Workshop was held by Nutrition Solutions and supported by ADSA (Association for Dietetics in South Africa). As part of the CPD activity, the project participated in the Continuing Nutritional Education (CNE) event, held on 11 April 2013 in Sandton, Gauteng. The event attracted 150 health professionals which included (among other) dietitians and nutritionists.



Maretha Vermaak (Dietician), training a health professional

# BOARD OF DIRECTORS' REPORT

There were four main speakers of which two were international speakers. The project contributed to the event in the form of providing each delegate with a Dairy-Based Nutrition USB tool and a peer reviewed article on dairy nutrition was provided as part of the CPD activity for dietitians. The dietitian of the project was afforded an opportunity to present the highlights of the project.

The article provided as CPD activity was "Soedamah-Muthu SS, Verberne LDM, Ding EL, Engberink F & Geleijnse JM. 2012. Dairy Consumption and Incidence of Hypertension: a dose-response meta-analysis of prospective cohort studies. Journal of American Heart Association."

The same article and CPD activity was repeated in the Western Cape region with their annual CNE at Stellenbosh University. This event attracted 250 dietitians and nutritionists. The Dairy-base Nutrition USB tool was also provided to all delegates as part of their congress bag.

A total of 67 completed CPD questionnaires were received and certificates were issued.

### **Teaching Aid File/ Dairy-based nutrition USB (Universal Serial Bus) tool**

The teaching aid file that was reviewed and updated and produced in electronic format i.e. a USB memory stick is now referred to as the Dairy-Based Nutrition USB tool. As part of the communication activities with dietitians, the revised USB tool was distributed to 2nd and 4th year dietetics students at all the universities in the country that offer the degree. The project coordinator and the dietitian of the project visited the universities and presented the USB tools to the students after giving a lecture on the overview of the CEP. The Dairy Based Nutrition booklet was printed for distribution at Provincial Training Hospitals.

The following universities were visited in April, May and June 2013:

University	Nr of Dairy-based nutrition tools distributed
University of North West	55
University of Limpopo	40
University of Stellenbosch	35
University of Western Cape	65
University of Cape Town	15
Nelson Mandela Metropolitan University	11
University of Pretoria	28
University of the Free State	68
Total distributed to date	317

### **Wellness TV**

Wellness TV is one of the communication channels used for Specialised Communication. The target market is primarily LSM 3 – 7. The concept entails education TV in the waiting rooms of provincial government clinics. The message of the TV advertisement was updated and changed taking in account the feedback received from MQ marketing in Jan 2013.

The Wellness TV ad was also updated with sub-titles in Zulu.

Wellness TV was broadcast from June-September 2013 in 50 clinics in Gauteng. The advertisement was flighted 14 times per day giving a total of 15400 flightings per month.

### **WORKSHOPS**

Two different types of workshops were planned for 2013:

- Workshop for members of Milk SA and the advisory committee of CEP:

The purpose of this workshop was to consider planning of the project from 2014 and was held on 18 July. Workshops for the industry and manufacturers of dairy products. Four workshops were held in August and September in four different regions. The purpose of the workshop was to share information regarding the project and especially the



communication products of the project in order to promote communicating of the health and nutritional benefits of dairy to the South African society.

Below is a summary of the workshops and a more detailed summary is provided in Annexure 1B:

Region/ Venue	Date of workshop	Number of attendees
Gauteng/ SAMPRO Office	15 August 2013	14
KZN/ Fern Hill	22 August 2013	12
Eastern Cape/PE	4 September 2013	12
Western Cape / Durbanville	5 September	12

## REDISCOVER WEBSITE

The 'rediscoverdairy' website is constantly upgraded and monitored. The website forms an integral part of the media liaison activity in that relevant information for editors of different publications can be obtained on the web. It serves as an important communication channel for the project with consumers, health professionals, members of Milk SA, MPO and SAMPRO.

- Rediscoverdairy/ dairy kids website  
The new school curriculum project demanded that the content of the website is updated and resources for teachers and learners uploaded. The Dairy Kids website was updated to become more interactive and serve as support for the 'E-classroom' website which carried all the worksheets develop for the school project.
- Member's log-in section  
A section on the website has been created for Members of Milk SA, SAMPRO and MPO. This section will contain all the reports and presentations presented by the project at different meetings of events. The login-in details are the same for all members i.e. username: members, password: agendas

## RESEARCH

### *Investigation into lactose intolerance and Vitamin D deficiency in South Africa*

The Technical Advisory Committee was commissioned to investigate the existence of research studies on the above two topics and to report back on the availability of such studies. This activity is current and a report will be generated in the first quarter of 2014.

### *Millward Brown*

Millward Brown conducted a Newcomer report on the Television advertisements. Historical and Newcomer data is the first measure from the Adtrack database. This is asked, two weeks post the launch date and the AR's, are over the initial three weeks at launch. This measure is directly compatible to the newcomer measure (first measure) of an execution.

### *Survey on selected products usage 2007 – 2012*

The Bureau of Market Research, UNISA conducted a desktop survey on selected dairy product usage as provided by SAARF AMPS data base(All Media Products Survey).

# BOARD OF DIRECTORS' REPORT

## CONFERENCES AND PRESENTATIONS

The CEP personnel identified seminars and conferences relevant to the project. The following seven (7) events were identified and participated in:

- i. Nutrition Solutions, Continuing Nutrition Education, 11 April 2013, Discovery Building, Sandton. The project coordinator, dietitian and consumer scientist of the project attended the symposium.
- ii. South African Symposium for Dairy Technology (SASDT) was held from 15-18 April 2013. The project co-ordinator and the dietitian of the project participated the symposium and each presented as follows:
  - Christine Leighton: Affordability of dairy nutrients for low-income South African consumers.
  - Maretha Vermaak: Flavoured Milk: the beverage of choice for the new age.
- iii. Continuing Nutrition Education Symposium, 2013. Held at the University of Stellenbosch on 30 & 31 May 2013. The dietitian of the project attended this symposium.
- iv. Global Dairy Platform and International Milk Promotion mid-year workshop held in Belfast, Northern Ireland, 23 – 28 June 2013. The project coordinator participated the workshops – see pt 2.6 below.
- v. The project participated in the SAMA National Council conference, where pens and the sports nutrition booklet were placed in conference bags. 4-5 Oct, Birchwood Hotel, Boksburg.
- vi. SAAFoST 20th Biennial International Congress: 7-10 October 2013. Two presentation by the CEP were presented at SAAFoST:
  - The Project coordinator presented: Dairy: Nutritional value for money for SA consumers.
  - Prof Pierre Joubert presented: Strategic insights to the consumer education project of Milk SA.
- vi. International Dairy Federation – World Dairy Summit 28 October – 1 November 2013, Yokohama, Japan. International Milk Promotion group trophy entry presented by the project coordinator of the project.
- vii. The project coordinator and the dietitian of the Consumer Education Project of Milk SA attended the IDF – World Dairy Summit in Yokohama, Japan from the 28 October 2013 –1 November 2013. The theme of the conference for 2013 was Rediscover Milk. The marketing conference and the nutrition conference were the main focus areas of the two attendees from the Consumer Education Project. The project coordinator attended the marketing conference and the dietitian of the project attended the health and nutrition conference. The conference on child school milk was also attended by both delegates.

## GLOBAL DAIRY PLATFORM AND INTERNATIONAL MILK PROMOTION OF THE INTERNATIONAL DAIRY FEDERATION (IMP/IDF)

Communication with the GDP is on-going and all new information received from the GDP is acknowledged by the project and consulted where applicable.

The mid-year workshop that was held in Belfast, Northern Ireland was attended by the project coordinator. These workshops are held for the dairy industry and countries with generic health promotion campaigns. As part of the workshops, delegates are afforded the opportunity to present and country report, enter into the IMP trophy competition and present a case study. The television adverts, microsite and digital advertising campaign of the project were entered in the IMP trophy competition. This element of the campaign was presented by the project coordinator and was voted one of the top three entries. The finalists were announced at the WDS-IDF in Japan in November 2013 at USA won the trophy.

## 7.10 Project title: Improvement of Dairy Quality

- i Institution responsible for the project: Dairy Standard Agency
- ii Purpose of the project:  
The main objective is the promotion of compliance of milk and other dairy products with product composition, food safety and metrology standards.
- iii Project outcomes:

### Project 1.1 - National milk monitoring program in collaboration with Health Authorities

The quarterly sample runs for 2013 were successfully completed as per predetermined schedules. A total of 1635 milk samples in the predetermined categories (packed pasteurised and unpasteurised and pasteurised and unpasteurised retail bulk milk), 43 cultured milk, 13 buttermilk, 84 cream, 69 UHT milk, 50 yoghurt, 45 butter, 103 cheese, 9 sterile milk and

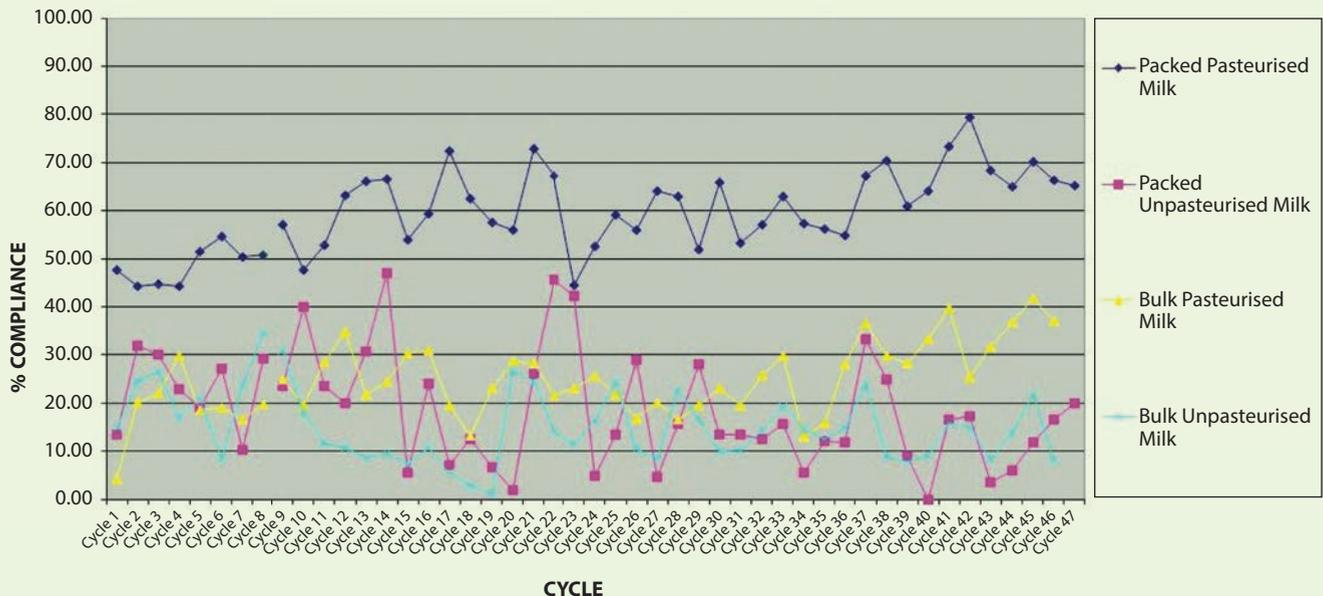
28 condensed milk samples were analysed in order to determine compliance to regulatory specifications.

Seven Metropolitan Municipalities, 19 District Municipalities and 63 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 respectively gazetted under the Foodstuffs, Cosmetics and Disinfectants Act, 1972 (Act 54 of 1972), Agricultural Product Standards Act, 1990 (Act 119 of 1990) and where applicable the Trade Metrology Act, 1973, (Act 77 of 1973).

Sample results were e-mailed and faxed respectively to participating authorities and contact details were updated. The collection of contact information of processing facilities is an on-going process. Letters and requests for the purpose of updating contact details have been communicated to all processors.

## TREND ANALYSES OVER A 47 CYCLE PERIOD (NATIONAL)

Comparison between the four main distribution types and packaging - compliance according to DSA classification system  
November 2002 – December 2013



# BOARD OF DIRECTORS' REPORT

Non-conforming results obtained were assessed and communicated via post to all the applicable processors. Non-conformance reports of continues substandard results were generated and forwarded to the project manager of Project 2.1 to deal with as official complaints. These included separate reports reflecting the following non-conformances:

- >2% Added Water,
- Inhibitory substance positive,
- Phosphatase positive,
- E.coli positive.

A 7.9 % increase in compliance was noted (based on a year on year comparison made) for packed pasteurised milk. An increase in compliance was also noted for bulk pasteurised milk. The positive contribution of facility visits to promote product compliance through project 1.5 and food safety management system audits are valued.

## **Project 1.2 - Investigation regarding complaints received in respect of product compliance with legal requirements**

Investigations regarding complaints were initiated on:

- 1st Quarter of 2013
  - Suspected selling of poor quality and unsafe milk to the public. WC –area.
  - Food safety related complaint on cream sold in Gauteng region.
  - Incorrect labeling of butter sold in Gauteng region.
- 2nd Quarter of 2013
  - Suspected selling of poor quality and unsafe milk to the public. Gauteng area
  - Food safety related complaint on milk sold in Schweizer-Reineke region (North West)
  - Adulteration of milk (addition of milk powder / milk powder blend to milk)
  - Product compositional complaint - Process cheese wedges and dairy spreads
- 3rd Quarter of 2013
  - Under filling of milk sachets in the WC area
  - Food safety related complaint on milk sold in Sweizer-Reineke region (NW) followed by intensive follow-up action by project 2.1

- 4th Quarter of 2013
  - Investigations regarding complaints were initiated on:
  - Composition of cultured milk of two brands sold in the North West province

All complaints received were investigated and where necessary subjected to further scientific testing to establish possible nature and proof of non-conformities. All complaints received were attended to according to protocol which included submission thereof to the Department of Agriculture, Forestry and Fisheries (DAFF), municipal health authorities and NRCS where applicable.

## **Project 1.3 - Special Investigations**

### *The following investigations were initiated:*

Varieties of flavoured milk were collected from the retail and investigated in terms of compliance with the labelling regulations and the regulations governing additives/ingredients in foodstuffs as well as compositional standards under the regulations relating to dairy and imitation dairy products.

The investigation into values for  $\beta$ -lactoglobulin, lactulose and peroxidase values of milk sold in SA were completed with additional samples submitted in the various categories sterilized, UHT, ultra pasteurized and pasteurized milk. 20 cream samples were submitted in December 2013 to determine the values of  $\beta$ -Lactoglobulin. This investigation formed part of the process to determine values for consideration by DAFF in compiling the draft regulations relating to compositional standards relating dairy and imitation dairy products.

The DSA indicated the potential risks relating to the presence of Campylobacter bacteria in pasteurised bulk milk and unpasteurised bulk and pre-packed unpasteurised milk dedicated for consumption. 202 Bulk milk samples as well as unpasteurised packed milk samples were submitted for analysis, for the presence of Campylobacter in milk sold directly to the consumer. The project was completed in October 2013.



#### **Project 1.4 - Risk identification through statistical analysis**

DSA compiled comprehensive statistical reports following the completion of each quarterly cycle. The reports were interpreted to determine possible industry specific food safety risks. All cycle results indicating non-conformances were subsequently communicated to the respective health authorities.

International food risk monitoring - The following websites and electronic media were monitored on a weekly basis for possible food scares that may affect the local dairy industry.

- [www.foodproductiondaily.com](http://www.foodproductiondaily.com)
- [www.dairyreporter.com](http://www.dairyreporter.com)
- FSA newsletters and alerts
- Dairy Markets monthly newsletter
- [www.fda.gov/Safety/Recalls/](http://www.fda.gov/Safety/Recalls/)
- [www.foodqualitynews.com/...Alerts/](http://www.foodqualitynews.com/...Alerts/)
- [www.foodqualitynews.com/Food-Alerts/New-evidence-calms](http://www.foodqualitynews.com/Food-Alerts/New-evidence-calms)
- [www.dairysafe.vic.gov.au/](http://www.dairysafe.vic.gov.au/)
- [www.foodsafety.gov](http://www.foodsafety.gov)
- [www.thefoodsafetynetwork](http://www.thefoodsafetynetwork)
- International Food Safety Authorities Network (INFOSAN)
- European Union Rapid Alert System for Food and Feed (RASFF) - newsletters

National food safety risk monitoring - Quarterly analysis and trending of results obtained from project 1.1 – National milk and other dairy product monitoring program in collaboration with health authorities were conducted.

The presence of high E. coli positive results identified during quarterly cycle runs remained a persistent problem. The main contributors to this risk are the uncontrolled sale of unpasteurised packed and bulk milk as well as pasteurised retail bulk milk. These were followed up in terms of project 2.1 with the Directorate Food Control and municipal health authorities. Facilitation of remedial action plans with producer/distributors and processors were conducted in terms of Project 1.5.

#### **Project 1.5 - Remedial action programs with producer-distributors (PD's) and distributors**

All non-conforming results obtained through sample analysis submitted by Environmental Health Practitioners (EHP's) were communicated to processors and PD's by post as well as via EHP's in the case where contact details were not available on the system. Letters were sent to processors and PD's in the case where any of the 11 analysis per sample indicated a major deviance from the standards as defined in the applicable regulations.

Facility visits to PD's and processors whose results indicate non-conformances within the past 4 cycle runs were conducted. Potential problem areas in terms of a lack of or non-compliance with prerequisite programmes that may contribute to poor results were identified and corrective actions were discussed with the owners/managers of these facilities. Additional information in the form of the DSA guideline documentations were conveyed during the visits and follow-up reports on the day's discussions together with new results were forwarded to each facility visited.

The appointment of an additional person as well as contractor increased the affectivity of the specific project substantially and the project activities were successfully expanded during the last two quarters of 2013.

# BOARD OF DIRECTORS' REPORT

	R	O	G	Total	P1.5	Visits				
						C44	C45	C46	C47	% Visits completed
<b>EC</b>	7	3	6	16	10				16	100
<b>FS</b>	28	8	15	51	36				19	53
<b>GA</b>	35	10	33	78	45	22	23		8	100
<b>KZ</b>	11	2	12	25	13					0
<b>LP</b>	16	5	9	30	21	1	10	5		76
<b>MP</b>	45	13	16	71	55	5	5	22	26	100
<b>NC</b>	2	0	2	4	2					0
<b>NW</b>	41	8	14	63	49		1	3	2	12
<b>WC</b>	1	1	16	18	11		2	9		100

## Project 2.1 - Communication with authorities and other organisations

### a Department of Health: Directorate Food Control

The DSA with the assistance of its DSA Technical Advisory Committee compiled a technical report to the Food Legislative Advisory Group (Directorate Food Control) regarding UV treatment of fresh milk. DSA also requested the review of the regulations relating to milk and dairy products as well as review of the regulations governing microbiological standards for foodstuffs and related matters, R692 of 16 May 1997 as amended. The DSA through the Food Legislative Advisory Group (Directorate Food Control) continued with the process to review the regulations relating to milk and milk products with specific reference to alternative process methods of treatment of milk such as ultra violet and microwave. The work conducted form part of the Technical Advisory Committee of the DSA.

### b Municipal Health Authorities

Communication with the municipal health authorities based on information obtained from project 1.1 were completed per quarterly cycle with reference to category A infringements relating inhibitory sub-

stances, E.coli, phosphatase positive results.

Facilitation of remedial action regarding the sale of substandard milk and other dairy products, were followed up with strategic meetings at district municipality level. This facilitation process however is continuous and is to be expanded in 2014 due to the lack of service delivery in mostly rural jurisdiction areas.

### c KZN Provincial and Port Health

Communication between DSA and KZN Port Health was ongoing and actions to address non-conformities following project 1.1 activities were followed up with three strategic workshops held on 29, 30 and 31 October 2013 in Richards Bay, Ladysmith and Durban. Communication between DSA and KZN Port Health regarding import and local manufacturing of imitation dairy products continued with the assistance of the Directorate Inspection Services of the Department of Agriculture, Forestry and Fisheries.

### d Department of Agriculture, Forestry and Fisheries

#### i Directorate: Inspection Services (IS)

Misleading claims and incorrect composition and labelling of fermented products (amasi, yoghurt



and cheese) served as priority during 2013. A formal meeting of the established labelling work-group consisting of officials of DAFF, NRCS, CGCSA and DSA took place in March 2013 which placed emphasis on dairy product labels. DSA liaised with the Chief Director: Inspection Services with the aim to prioritise matters relating to control over milk and other dairy products in the retail industry. Regular contact was maintained with the Guardian Manager for the APS Task Team and inspectorate of the Directorate regarding infringements in terms of the Regulations relating to dairy and imitation dairy products.

#### **ii Directorate Food Safety and Quality Assurance – FSQA (policy making)**

Communication with FSQA included discussions regarding compositional standards relating to flavoured and fermented milk as well as review of the existing standards relating to dairy and imitation dairy products. Communication with FSQA also included discussions regarding geographical names of cheese products, labelling of milk and other dairy products and dispensation on labelling of cheese products.

#### **iii Directorate Animal Health**

DSA communicated with the officials responsible for import/export policy regarding the review of the Veterinary Procedural Notice 20 due to changes in legislation. Inputs to the reviewed VPN was forwarded to the Directorate Animal Health and completion is expected in the first quarter of 2014. The draft of the reviewed VPN also forms part of the work of the Milk SA Export Certification work group. Positive results relating to inhibitory substances detected during the quarterly cycles were communicated to the department as part of collaboration on chemical residue control.

#### **e NRCS (National Regulator for Compulsory Specifications) : Legal Metrology**

The DSA maintained regular contact with the senior manager, inspections: Legal Metrology. Quarterly reports regarding metrology infringements were forwarded to the NRCS as per standard agreement. DSA also participated in the activities of the NRCS as member of the Dairy forum.

#### **f SABS (South African Bureau of Standards)**

DSA continued to serve on the Technical Committee 1038: Dairy Standards, Sub-Committee 70D: Legal Metrology - sale of goods as well as giving inputs in the technical committee 1025 Hygiene practises in the food industry. DSA also serves as a member of the SABS Food Sector Advisory Forum. All relevant information regarding current, amended and new standards were communicated to the dairy industry.

#### **Communication with other organisations**

##### **Milk SA, MPO and SAMPRO**

DSA also attended the scheduled Milk SA and Milk SA Advisory Committee meetings on which it serves namely the Sub-committee: Skills Development: Secondary Industry; Advisory Committee: Research & Development; Advisory Committee: Dairy Regulations & Standards; Task Team on Export Certification; Research & Development Work Groups; R & D WG on Food Safety & Quality. DSA attended and exhibited at the Large Herds Conference that took place on 3 to 5 June 2013 in KZN and also interacted with the Institute for Dairy Technology (IDT) regarding the integration and use of the DSA Code of Practise for Milk Producers during IDT training sessions for milk handlers. DSA also continuously interacted with the project managers of the Milk SA Consumer Education Project, and SAMPRO Training. Regular assistance to SAMPRO and MPO members regarding food safety and product compositional standards is continued.

SASDT - DSA as elected member of the management of SASDT Northern division actively participated in the society's activities. DSA presented a talk and exhibited at the SASDT symposium that was held in Parys in April 2013 and also co-hosted the Northern division meeting that took place on 20 June 2013 at Irene ARC.

- SANCU - DSA communicated with the SA National Consumer Union regarding food as required.
- SAAFoST – DSA as member attended general meetings of SAAFoST on an ad-hoc basis subject to agenda discussions.
- AFMA – DSA liaised with the Executive Director of

# BOARD OF DIRECTORS' REPORT

the Animal feed manufacturers association on 22 November regarding integrated chain management for food safety in the dairy value chain.

- PPECB – DSA liaised with the senior management of PPECB regarding dairy product monitoring for export purposes.
- IDF – DSA has been elected by SANCIDF to serve on the Standing Committee: Food labelling and Terminology together with representatives of DAFF.
- CGCSA - Food Safety Initiative: scheduled meetings with the manager of the Food Safety Initiative regarding the proposed retail food safety audit (Global Market System) and the position and role of the DSA in the context of the proposed system continued. The matter served at the DSA Board and the service level agreement was finalised to enable the benchmarking process with the GFSI standards. DSA in collaboration with FSI personnel managed the benchmarking process and a draft guideline based on Global Food Safety Initiative was prepared during the last quarter of 2013. Further discussions were held with representatives of Global G.A.P. as roleplayer in the Global Market System food safety audit scheme.

## **Project 2.2 - Liaison on legislation with authorities**

DSA liaised with the authorities regarding the following legislation and standards:

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

DSA actively participated in the Food Legislative Advisory Group and departmental meetings regarding dairy related matters, in terms of the abovementioned (Act 54 of 1972)

- Regulations Governing General and Hygiene Requirements for Food Premises and the Transport of Food (R.962/2012)
- Regulations relating to milking sheds and the transport of milk (R961/2012)
- Regulations relating to Foodstuffs for Infants and Young Children (R991/2012)
- Regulations relating to the reduction of sodium in certain foodstuffs and related matters (R214 of 20 March 2013)

- Regulations relating to milk and dairy products (R1555/1997)
- Regulations relating to the labelling and advertising of foodstuffs R146 phase 2

### ***Agricultural Product Standard Act, 1990(Act 119 of 1990)***

- Regulations relating to dairy products and imitation dairy products – R2581/1987
- Regulations regarding the classification, packing and marking of edible ices intended for sale in the Republic of South Africa - R78 of 8 February 2013

### ***Regulations relating to dairy products and imitation dairy products – R2581/1987***

- DSA participated in a meeting with DTI (Department of trade & industry) regarding matters that will affect the dairy industry in terms of geographical names with specific reference to cheese.
- DSA participated in discussions with DAFF on 10 July 2013 regarding the issue of a dispensation on the labelling of packed cheese. A dispensation has been granted to the packers/distributors and retailers of cheese in view of difficulties experienced with final marking of containers.

### ***Non-compulsory South African National Standards***

#### **- SABS**

- SANS 10049:2011 – Edition 4. Food safety management- requirements for prerequisite programmes (PRPs)

### ***Compulsory South African National Standards - SABS***

- SANS 289:2012 – Edition 1.4 Labelling requirements for prepackaged products (prepackages) and general requirements for the sale of goods subject to legal metrology control

All relevant information relating to legislative matters were communicated to the Milk SA: Advisory Committee on Dairy Standards and Regulations, for communication and discussion purposes.



### **Project 2.3 - EHP Information and education project**

Scheduled information sessions during which DSA guideline documentation is used took place at the following tertiary institutions:

- Central University of the Free State: 26 April 2013 – 29 students
- Cape Peninsula University of Technology: 6/7 May 2013 – 42 students
- Nelson Mandela Metropolitan University of Technology: 13 May 2013 – 37 students
- University of Johannesburg: 17 May 2013 – 56 students
- Durban University of Technology: 6 June 2013 – 42 students
- Mangosuthu University of Technology: 7 June 2013 – 20 students
- Tshwane University of Technology – 27 August 2013 – 39 students

DSA participated in the Lejweleputswa District Environmental Health Forum day. The information session included a theoretical session regarding milking shed inspections to Environmental Health Practitioners as well as a practical session at a milk farm near Wesselsbron.

A farmers day arranged by Nestle Mossel Bay was attended by invitation. DSA addressed the farmers on the principles of food safety at milk production level in the context of integrated chain management in the value chain.

DSA in conjunction with DSA Dairy Quality Club members presented on 17 October 2013 in Howick at dairy seminar on regulatory matters. The seminar was mainly attended by processors and input suppliers.

KZN Provincial Health workshops took place in Richards Bay, Ladysmith and Durban on 29, 30 and 31 October 2013. 208 Professionals which included nutritionists and DAFF personnel attended DSA facilitated two workshops in Mpumalanga in Nelspruit and Ermelo with professional EHP's on 14 and 15 November 2014. 118 EHP's attended.

DSA presented at the Eden District Municipality Health Forum in Riversdal on a synopsis of the dairy regulatory environment 29 EHP's attended DSA participated in an advisory/consultation workshop at the Tshwane University of Technology on 25 November regarding new developments and trends occurring in the dairy industry that may have a direct impact on the training of Environmental Health Practitioners.

### **Project 4.1 – Media communication**

Advertorials and articles relating to dairy technical information were published in the Dairy Mail and Veeplaas magazines on monthly basis. Two broadcasts on dairy technical information and promoting the DSA Code of Practice took place on national radio. A podcast was also placed on the Milk SA website.

### **Project 4.2 – Development of guideline documentation**

The Code of Practice for Milk Producers which as an extension of the first Dairy Standard Agency Code of Practice was initiated in the first quarter and completed mid-September 2013. The Code of Practice was officially launched on 13 November 2013 at ARC Irene is currently distributed to the organised dairy industry and other stakeholders.

DSA initiated the process of developing a generic labelling chart as well as a guideline document to packers of dairy products and other stakeholders in the dairy industry. The intention is also to assist and promote compliance with Regulation 2581, R146 as well as SANS 289 and to add value in a collaborative manner between the organised dairy industry, CGC-SA and government. The concept documents have been compiled and the first meeting with stakeholders took place on 23 October 2013.

DSA through its Technical Advisory Committee initiated the process of developing the second publication of the DSA Code of Practice for milk processors and dairy manufacturers. This project is to be completed end 2014.

# BOARD OF DIRECTORS' REPORT

## *Non-statutory projects funded on a USER PAY principle*

- USER PAY Product monitoring on behalf of the client
- USER PAY Farm food safety audits on contractual basis
- USER PAY Processing facility food safety audits on contractual basis
- USER PAY DSA food safety audits on request
- USER PAY Food safety consultation
- USER PAY Dairy Quality Club
- USER PAY Workshops

### **Project 11.1 - 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 were successfully conducted during 2013. The service level agreement provides for the sampling of house branded milk and other dairy products. The renewal of the service level agreement for 2014 has been finalised.

### **Project 13.1 - Farm food safety audits on contractual basis**

A total of 202 farm audits in terms of a service level agreement between the DSA and the client were successfully conducted during 2013. The service level agreement for 2014 has been finalised and will come to affect in March 2013.

### **Project 13.2 - Processing facility food safety audits on contractual basis**

17 Dairy processing facilities were audited on a contractual basis with an external auditing company.

### **Project 13.3 - DSA food safety audits on request**

Four dairy processing facilities were audited.

### **Project 13.5 - Food safety consultation**

A total of 4 official food safety consultations and 3 sets of developed food safety management documentation based on the DSA Code of Practice were completed during 2012.

### **Project 14.1 – Dairy Quality Club**

The DSA exhibited in conjunction with its Dairy Quality Club members (non-statutory) at the SASDT symposium in Parys, Free State and at the MPO Large Herds Conference in KZN. Membership fees from the Dairy Quality Club members were also used to fund contribute to the DSA Code of Practice for Milk Producers which was launched in November 2013.

### **Project 14.2 – Workshops**

The presentation of the user-pay DSA workshops is based on the DSA Code of Practice, laboratory guidelines and food safety documentation systems. The workshops are presented on request from the primary and secondary industry. Two workshops were held at the offices of the DSA.

## 7.11 Project title: Industry Information (Project leader: MPO)

- i Responsible institution: Milk Producers' Organization.
- ii Purpose of the project:  
The main goal of the industry information project is to ensure that role players in the dairy industry receive timely, unbiased information on important trends in the local and international dairy industry.
- iii Summary of project performance:  
*Dairy Digits* is published monthly in *The Dairy Mail* and provides latest information on milk production, imports and exports as well as local and international prices trends. It is also published on the Milk SA and *The Dairy Mail* websites and disseminated electronically to amongst others, all persons registered with Milk South Africa.

Lacto Data is a comprehensive survey of the dairy industry and is published twice a year in April and November in *The Dairy Mail* and disseminated to amongst others, all persons registered with Milk South Africa.

The Dairy Industry Review is published three times per year in *The Dairy Mail* and the above-mentioned websites. It is also disseminated to at least everyone registered as a role-player with Milk South Africa.

Regular meetings of the Industry Information Workgroup and the Advisory Committee ensure that the information is correct, unbiased and that methodologies are constantly evaluated and updated.

International information as analyzed and disseminated to role-players via the above-mentioned and other publications.

A report on dairy farming in South Africa was compiled on request of the International Dairy Federation and included in the IDF World Dairy Situation 2013.

Milk SA collated statutory industry information of which non-confidential information was provided to the project leader for publication in the above-mentioned products.

Milk SA financed the administration of statutory regulations (Regulations 196 and R197 of 9 March 2012) for which the Milk Producers' Organization (MPO) was responsible. The MPO has completed a data analysis, following which a report i.r.o. 2013 was issued in 2014.

The variables in terms of which Milk SA reported in its three different publications are summarized in the table on the following two pages:



# BOARD OF DIRECTORS' REPORT

		Lacto Data (2x / annum)	Dairy Industry Review (3x / annum)	Dairy Digits (Monthly)	Source
1	Structure: primary industry: No. of milk producers per province, Four selected years + current yr (Table)				MPO Statutory information
2	Structure: primary industry: Milk production + cows p/ producer (selected yrs) (Table)				MPO
3	Structure: primary industry: Milk production density (litre / km <sup>2</sup> ) per district (Figure)				MPO Statutory information
4	Structure: primary industry: Size distribution of dairy herds, previous or most recent yr (Graph)				MPO Statutory information
5	Structure: primary industry: Cow density per district (cows / km <sup>2</sup> ), latest year (Figure)				MPO Statutory information
6	Structure: primary industry: Distribution of herds based on daily production per cow in herd, Previous year (Graph)				MPO Statutory information
7	Structure: secondary industry: No. of PD's + milk buyers/province registered with Milk SA (Table)				Milk SA
8	Raw milk production per month + annum: Past 4 years and current (Graph)				Milk SA
9	Raw milk production per annum: Past 7 years and current year (Graph)				Milk SA
10	Raw milk production: Previous year litres + percentage change of previous year vs prior year				Milk SA
11	Raw milk production: Current year litres + percentage change vs same period in previous year				Milk SA
12	Raw milk production trends - monthly: Past 3 yrs and current month (Graph)				Milk SA
13	Utilization of milk in concentrated and other products - Since 2006 (Graph)				Milk SA
14	Market: composition of the SA liquid products market - previous year (Pie Graph)				Milk SA - Industry estimate
15	Market: composition of the SA concentrated products market - previous year (Pie graph)				Milk SA - Industry estimate
16	Farm requisite price index of latest available month + percentage change: same period in previous year				DAFF
17	Price: Price index of RSA raw milk on farm level, monthly - since 2008 + current year (Table - DIR) (Graph - LD)				Stats SA
18	Price: International milk producer prices (Rand), Past 3 years + current year (Table)				LTO Netherlands, SARB
19	Price: Monthly international FOB Oceanic product prices - since 2008 + current year: \$US/ton and R/ton (Table)				US Price: USDA Currency: SARB
20	Price: International dairy product prices (USA \$/ton FOB) - Since 2000 + current year (Graph)				USDA
21	Price: International dairy product prices (R/ton FOB) - Past four years + current year (Graph)				USDA
22	Price: Producer milk, manuf dairy products and retail milk & egg price indexes since 2000 to curr year (Graph)				DAFF, Stats SA



		Lacto Data (2x / annum)	Dairy Industry Review (3x / annum)	Dairy Digits (Monthly)	Source
23	Price: Price indices of farm requisites, Past 5 years + current year (Table)				DAFF
24	Price: Raw milk price index (SA) of latest month available + percentage change: same period in previous year				Stats SA
25	Price: Production price index of Manufactured dairy products				Stats SA
26	Price: International dairy product prices R/ton (f.o.b.): latest four years and current year (Graph)				USDA + Reserve bank
27	Price: Average import and export prices for the main (6 figure) dairy products for the past five years and those of the current year to date, per tariff heading.				Compiled by SAMPRO from SARS Statistics
28	Imports and Exports y-t-d + percentage change: same period previous year				Compiled by SAMPRO from SARS Statistics
29	Imports and Exports: previous year + percentage change vs prior year				Compiled by SAMPRO from SARS Statistics
30	Imports: Annual imports, previous five years and year-to-date in tonnes (Table)				Compiled by SAMPRO from SARS Statistics
31	Imports: Annual imports of dairy products, last 15 years: Kg's and milk equivalent (Graph)				Compiled by SAMPRO from SARS Statistics
32	Imports: Monthly cumulative net imports, milk equivalent basis, last four years and current year (Graph)				Compiled by SAMPRO from SARS Statistics
33	Imports: Monthly cumulative imports, milk equivalent basis, last fifteen years and current year (Graph)				Compiled by SAMPRO from SARS Statistics
34	Imports: Percentage composition of imports (mass base) - Since 2006 (Graph)				Compiled by SAMPRO from SARS Statistics
35	Exports: previous five years and year-to-date in kilogrammes (Table)				Compiled by SAMPRO from SARS Statistics
36	Exports: Composition of annual exports, since 2002 + current year (Graph)				Compiled by SAMPRO from SARS Statistics
37	Exports: Annual net exports, milk equivalent basis, since 2002 + current year (Graph)				Compiled by SAMPRO from SARS Statistics
38	Exports: Percentage composition of Exports (mass base), Previous year (Pie Graph)				Calculated by MPO based on SAMPRO report i.o. SARS statistics
39	Imports: Percentage composition of Imports (mass base), Previous year (Pie Graph)				Calculated by MPO based on SAMPRO report i.o. SARS statistics
40	Imports + Exports: Total, Past 8 years, Ton (Graph)				Compiled by SAMPRO from SARS Statistics
41	Imports + Exports: Total, Past 8 years, Milk Equivalent base (Graph)				Compiled by SAMPRO from SARS Statistics
42	Imports as a percentage of exports.				Compiled by SAMPRO from SARS Statistics
43	Retail sales: Quantity and price				Compiled by SAMPRO based on Nielsen information

## 7.12 Project title: Milk SA's participation in the SA National Committee of the International Dairy Federation (SANCIDF)

- i Responsible Institution: SA National Committee of the International Dairy Federation (SANCIDF).
- ii Purpose of the project:  
To promote and enhance the production, trade, consumption, and image of milk and milk products in South Africa by contributing scientific, technical and economic information to IDF and after dissemination and compilation by the IDF Standing Committees, provide useable information to the local industry.
- iii Summary of project performance:

### **Goal 1 - Review SA representatives on IDF Standing Committees, Work Groups and Action Teams and appoint / re-appoint representatives (Target date: January 2013)**

#### *Achievements*

At the Executive Committee meeting held on 23 May, SA representatives were appointed on 15 IDF Standing Committees. Seven assistant representatives were also appointed as well as one representative on a Task Force. The following members were appointed to Standing Committees and Task Forces:

- Cheryl McCrindle: SC Animal Health
- Vincent Turner: SC Animal Health Assistant
- Inge-Marié Petzer: SC Animal Health Assistant
- Jan Floor: SC Analytical Methods for Composition
- Jan Floor: SC Analytical Methods for Dairy Microorganisms .
- Stiaan Bester: SC Analytical Methods for Dairy Microorganisms Assistant
- Jan Floor: SC Dairy Science and Technology
- Gerhard Venter: SC Dairy Science and Technology Assistant
- Maryke Herbst: SC Food Additives
- Niel Erasmus: SC Food Labeling and Terminology
- Jompie Burger: SC Food Labeling and Terminology Assistant
- Piet Jooste: SC Residues and Chemical Contami-

- nants
- Koos Coetzee: SC Farm Management
- Elna Buys: SC Harmonization of Microbiological Methods
- Bertus De Jongh: SC Marketing
- Christine Leighton: SC Marketing Assistant
- Delille Wessels: SC Microbiological Hygiene
- Hettie Schönfeldt: SC Nutrition and Health
- Maretha Vermaak: SC Nutrition and Health Assistant
- Delille Wessels: SC Statistics and Automation
- Cheryl McCrindle: TF-Animal Feeding-03
- Alwyn Kraamwinkel: SC Dairy Policies and Economics
- Heinz Meissner: SC Environment

All but one of the SA representatives on IDF Standing Committees and Task Forces appointed by the Executive Committee at its 23 May 2013 meeting (as reported in the previous quarter) accepted the appointment. Stiaan Bester, SC Analytical Methods for Dairy Microorganisms declined the appointment due to pressure of work. Dr Jan Floor is the primary member of this SC and will continue to represent SA on this committee. All the other names and contact detail were given through to IDF.

### **Goal 2 - To ensure that SANCIDF make appropriate and timely inputs to the**

IDF through the SA representatives on the various IDF Standing Committees

#### *Achievements*

All the appointees mentioned in Goal 1 were requested to send their replies to questionnaires to the National- and Technical secretaries so that the replies from SA can be co-ordinated. During the year, replies were sent to IDF on 6 questionnaires and 4 proposals for New Work Items.



**Goal 3 - To make information produced by the IDF (such as standards, bulletins and newsletters) available to the levy payers and the general public.**

**Achievements**

The following documents were received during this year:

The following Bulletins were published:

461-2013	Collaborative studies on methods to determine enzyme activity in cheese making
462-2013	Identification of probiotics at strain level
463-2013	Proceedings-of-the-Nutrition-and-Health-Conference-WDS2012
464-2013	Emerging-Dairy-Sector-Conference-WDS2012
465-2013	Identification-and-assessment-of-emerging-issues-with chemical contaminants in dairy products
466-2013	Guidelines-for-the-use-and-interpretation-of-bovine-milk-SCC-in-the-dairy-industry
467-2013	Determination-of-the-acidification-activity-of-dairy-cultures-by-CpH
468-2013	Interlab-collabo-study-of-a-method-for-the-determin-of-nitrogenous-fractions-in-cheese
469-2013	Requirements-for-Refer-Materials-for-the-Calibration-of-Automated-SCC
470-2013	The-World-Dairy-Situation-2013

The following Standards were received:

IDF/RM 51 - ISO/TS 18083 (2013)	Processed cheese products — Calculation of content of added phosphate expressed as phosphorus.
IDF 141 - ISO 9622 (2013)	Milk and liquid milk products - Guidelines for the application of midinfrared spectrometry.
IDF 230 - ISO-15495 (2010)	Milk, milk products and infant formulae - Guidelines for determination of melamine and cyanuric acid.

Two News Briefs were received during the year, one Leaders Brief, thirteen press releases and one Fact Sheet.

All these documents were sent to SAMPRO whose members are levy payers and were also uploaded on to the Milk SA website from where the general public could order them.

# AUDIT AND RISK COMMITTEE ANNUAL REPORT

## FOR THE YEAR ENDED 31 DECEMBER 2013

### 1 Composition

- 1.1 The Audit and Risk Committee is composed as follows:
- One person nominated by the MPO.
  - One person nominated by SAMPRO.
  - One independent person with expertise, who shall be the Chairperson.

- 1.2 During 2013 the committee consisted of the following persons:

Lubbe, WP (CA)SA	Independent chairman	Whole year
Du Plessis, H	SAMPRO	Whole year
Pienaar, JA	MPO	Whole year

- 1.3 The alternate members for the latter two members were the following:

Gush, O	SAMPRO	Since November 2013
Pretorius, HJ	MPO	Whole year

### 2 Terms of office

- 2.1 A committee member is appointed for a term of three years.
- 2.2 After completion of a three-year term the committee member is eligible for re-appointment.
- 2.3 The three-year terms of the members nominated by the MPO and SAMPRO overlap with one year.
- 2.4 When a committee member resigns or moves out of the position for any other reason before the expiry of the fixed three-year term of office, his/her replacing member is appointed for the remaining period of the three-year term of office.
- 2.5 The maximum period for which a committee member may serve is three terms.
- 2.6 During 2013 the positions were filled as follows:

Position and committee member	Fixed three years for the second term i.r.o. the member's position.	Period served by the committee member during the 2013 financial year as well as an indication of the term for which the member served.
Independent Chairman (Lubbe, WP)	July 2010 to July 2013 July 2013 to June 2016	January to December 2013 Second term Third term
SAMPRO (Du Plessis, HJ)	September 2012 to July 2015	January to December 2013 First term
MPO (Pienaar, JA)	July 2011 to July 2014	January to December 2013 Third term



## 3 Meetings

- 3.1 The following meetings of the Audit and Risk Committee were held during the year:
  - 2013.03.11
  - 2013.05.10
  - 2013.08.20
  - 2013.10.17
- 3.2 All the members attended each meeting, whether in person or via video. The CEO also attended all the meetings in this manner.
- 3.3 Mr Wicus van der Merwe, the internal auditor, attended the meetings of 2013.03.11 and 2013.10.17.  
The Audit and Risk Committee also decided that Milk SA's Internal Auditor may attend all Audit and Risk Committee meetings.
- 3.4 The auditor, Mr Eddie HK Botha, attended the meeting of 2013.10.17.
- 3.5 The Audit and Risk Committee conducted independent interviews with the external auditor, the internal auditor and the CEO on 2013.10.17.

## 4 Responsibility of the Audit and Risk Committee

The Audit and Riks Committee reports that:

- 4.1 Appropriate and formal terms of reference were adopted as charter;
- 4.2 The affairs of the committee were regulated in compliance with the charter; and
- 4.3 That all its responsibilities were discharged accordingly.



Audit & Risk Committee members: Koos Pienaar, Willie Lubbe (Chairman) and Hendrik du Plessis

## 5 Activities

The following aspects were addressed by the committee:

- 5.1 Progress regarding research projects.
- 5.2 Planning of 2013 internal audits.
- 5.3 Monthly management statements.
- 5.4 2012 Annual Financial Statements.
- 5.5 Report of the Ad Hoc committee held on 2013.02.06.
- 5.6 Perusal of monthly internal audit reports.
- 5.7 Appointment of inspectors.
- 5.8 Surplus funds for allocation to projects.
- 5.9 Levy analysis for the years between 2006 and 2013.
- 5.10 Collection of outstanding levies through a debt collection company.
- 5.11 A risk analysis matrix was drawn up. Implementation of a risk assessment system.
- 5.12 Income tax compliance and PAYE deductions.

- 5.13 Administrative legislation.
  - 5.14 External versus internal accountants.
  - 5.15 Levy debtors repayable.
  - 5.16 Ubisi Mail Project – unused funds.
  - 5.17 Conflict of interests.
  - 5.18 Depreciation policy.
  - 5.19 The Audit and Risk Committee's report for 2012.
  - 5.20 Audit Reports 2/2011, 05/2012 and 02/2013 of the Internal Auditor.
  - 5.21 Levy rate after 2013.
  - 5.22 The Audit Report i.r.o. 2012 and the accompanying qualification.
  - 5.23 Financial position of Milk SA.
  - 5.24 Budget for 2014.  
The finding of the Committee is that the independence of neither of the two Audit firms (Fourie & Botha and the Auditor-General) is under suspicion.
- PricewaterhouseCoopers regarding 2012 statements – 2013.05.07.
  - 6.8 Perused monthly internal auditor's reports.
  - 6.9 Facilitate risk management.
  - 6.10 Facilitate decision regarding the amounts for the write off of small debtors.
  - 6.11 Consultation on Ubisi Mail.
  - 6.12 Peruse doubtful debt provision.
  - 6.13 Peruse the Terms of Reference of the Audit and Risk Committee.
  - 6.14 Consultation with PricewaterhouseCoopers regarding PAYE on directors' remuneration.
  - 6.15 Discussions with Kobus Scheepers.
  - 6.16 Comment regarding project refunds.
  - 6.17 Calculate cash position from time to time.
  - 6.18 Peruse Board minutes and comment.
  - 6.19 Attended the Board meetings of 2013.03.20, 2013.05.29, 2013.08.15 and 2013.11.14.
  - 6.20 Prepare abridged 2012 statements.
  - 6.21 Peruse 2012 Audit report.
  - 6.22 Perused internal audit reports 5/2012 and 01/2013.
  - 6.23 Consultation with the Chairman – 2013.05.13.
  - 6.24 Attend Annual General Meeting of 2013.05.30.
  - 6.25 Compile levy analysis.
  - 6.26 Make finding in respect of doubtful debtors.
  - 6.27 Attended the Members meeting 2013.11.15.

## 6 Tasks undertaken by the chairman

- 6.1 Ad Hoc committee meeting – 2013.02.06.
- 6.2 Consultations with the CEO – 2013.05.13, 2013.08.15, 2013.11.11.
- 6.3 Peruse monthly financial statements and give comment.
- 6.4 Lodge the 2013 annual return with the CIPC.
- 6.5 Compiled Audit and Risk Committee report for 2012.
- 6.6 Discussed 2012 draft statements with the CEO and PricewaterhouseCoopers.
- 6.7 Consultation with Auditor and

## 7 Role of the Audit and Risk Committee

The primary role of the Committee is to assist the Board in meeting its obligations in terms of:

- 7.1 Safeguarding the assets of the company  
In 2006, the Committee insisted that the company take out insurance.
- 7.2 Keeping sufficient accounting records  
The firm PricewaterhouseCoopers was contracted to perform this function.
- 7.3 Developing and maintaining an effective internal control system
  - a Here you are referred to the document "Corporate Governance in Practice – 2009.05.25" which was distributed to members.
  - b The control system was designed to ensure that assets are safeguarded cost effectively and that liabilities and working capital are efficiently managed.
  - c The Audit and Risk Committee is of the opinion that the internal controls are appropriate and cost effective.

## 8 Evaluation of Annual Financial Statements

The Audit and Risk Committee has reviewed and discussed the Annual Financial Statements to be included in the annual report, with the Auditor-General.

Signed in Pretoria on 2014.02.27 on behalf of the Audit and Risk Committee.

*Lubbe WP – CA(SA)*



# ANNUAL FINANCIAL STATEMENTS

FOR THE YEAR ENDED  
31 DECEMBER 2013

## MILK SOUTH AFRICA / MELK SUID-AFRIKA Annual Financial Statements For the year ended/31 December 2013 Milk South Africa NPC • (Registration number 2002/032020/08)

### General Information

<b>Country of incorporation and domicile</b>	Republic of South Africa
<b>Nature of business and principal activities</b>	Milk SA is a voluntary, non-profit company representing the organized dairy industry of South Africa in terms of the industry challenges which concern the industry as a whole. Milk SA was appointed by the Minister of Agriculture, Forestry and Fisheries as Administrator of Regulations 55,56 and 57 of 30 January 2009 which were published i.t.o. the Marketing of Agricultural Products Act, no 47 of 1996.
<b>Current Directors</b>	CS Blignaut (Chairman) AJB de Jongh JJ Dowry FA Grobler AP Kraamwinkel NJ Lok MJ Loubser AW Prinsloo MG Rathogwa TK Turner (Vice-Chairman)
<b>Alternate Directors</b>	AR Gutsche DPA Schutte
<b>Auditors</b>	Auditor General (Auditors i.t.o. the Public Finance Management Act) Fourie & Botha Registered Auditors (Auditors i.t.o. the Companies Act)
<b>Secretary</b>	N Fouché
<b>Company registration number</b>	2002/032020/08
<b>Level of assurance</b>	These annual financial statements have been audited in compliance with International Standards on Auditing
<b>Preparer</b>	The annual financial statements were independently compiled by: DH Du Plessis CA (SA) PricewaterhouseCoopers Inc



## Index

The reports and statements set out below comprise the annual financial statements presented to the shareholders:

- Directors' Responsibilities and Approval
- Independent Auditors' Report
- Directors' Report
- Statement of Financial Position
- Statement of Comprehensive Income
- Statement of Changes in Equity
- Statement of Cash Flows
- Accounting Policies
- Notes to the Annual Financial Statements

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

- Detailed Income Statement
- Analysis of Movement in Reserve Fund- Surplus funds i.t.o. Clause 15(5)(a) of the
- Marketing of Agricultural Products Act
- Analysis of Movement in Commercialization Fund



## Directors' Responsibilities and Approval

---

The directors are required by the Companies Act of South Africa, 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 period then ended, in conformity with the International Financial Reporting Standards for Small and Medium-sized Entities. The external auditors are engaged to express an independent opinion on the annual financial statements.

The annual financial statements are prepared in accordance with the International Financial Reporting Standards for Small and Medium-sized Entities and are based upon appropriate accounting policies consistently applied and supported by reasonable and prudent judgements and estimates.

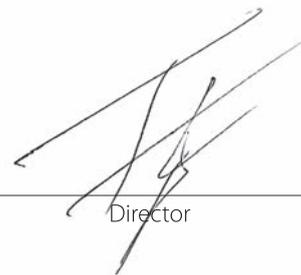
The directors acknowledge that they are ultimately responsible for the system of internal financial control established by the company and place considerable importance on maintaining a strong control environment. To enable the directors to meet these responsibilities, the board of directors sets standards for internal control aimed at reducing the risk of error or loss in a cost effective manner. The standards include the proper delegation of responsibilities within a clearly defined framework, effective accounting procedures and adequate segregation of duties to ensure an acceptable level of risk. These controls are monitored throughout the company and all employees are required to maintain the highest ethical standards in ensuring the company's business is conducted in a manner that in all reasonable circumstances is above reproach. The focus of risk management in the company is on identifying, assessing, managing and monitoring all known forms of risk across the company. While operating risk cannot be fully eliminated, the company endeavours to minimise it by ensuring that appropriate infrastructure, controls, systems and ethical behaviour are applied and managed within predetermined procedures and constraints.

The directors are of the opinion, based on the information and explanations given by management, that the system of internal control provides reasonable assurance that the financial records may be relied on for the preparation of the annual financial statements. However, any system of internal financial control can provide only reasonable, and not absolute, assurance against material misstatement or loss.

The directors have reviewed the company's cash flow forecast for the year to 31 December 2014 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 5 to 15 which have been prepared on the going concern basis, were approved by the board of directors on 13 March 2014 and were signed on its behalf by:



Director



Director



Chief Executive Officer

2de Vloer  
Kings Highway 476  
Lynnwood, Pretoria 0081  
Posbus 74960 Lynnwoodrif 0040  
Telefoon (012) 361 1172/3, 348 8184  
Faks (012) 348 9162  
E-Pos: fourie.botha@iburst.co.za

2nd Floor  
476 Kings Highway  
Lynnwood, Pretoria 0081  
PO Box 74960 Lynnwood Ridge 0040  
Telefoon (012) 361 1172/3, 348 8184  
Fax (012) 348 9162  
E-Mail: fourie.botha@iburst.co.za



**Fourie + Botha**

**Geregistreerde Ouditeure  
Registered Auditors  
Geoktrooieerde Rekenmeesters(SA)  
Chartered Accountants (SA)**

08 May 2014

## Independent Auditor's Report to the Directors of Milk SA NPC

We have audited the annual financial statements of Milk SA NPC, which comprise the director's report, the Statement of Financial Position as at 31 December 2013, the Statement of Comprehensive Income, the Statement of Changes in Equity, the Statement of Cash Flows for the year then ended, a summary of significant accounting policies and other explanatory notes, as set out on pages 6 to 15.

### Directors' Responsibility for the Financial Statements

The company's directors are responsible for the preparation and fair presentation of these financial statements in accordance with the International Financial Reporting Standard for Small- and Medium-sized Entities. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

### Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to

fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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 entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### Basis for Qualified Opinion

We were unable to obtain sufficient audit evidence or perform satisfactory auditing procedures to obtain reasonable assurance as to the completeness of the accounting records relating to levy income collectable.

### Qualified Opinion

Except for the effects of any adjustments that might have been necessary had the levy income referred to in the Basis for Qualified Opinion paragraph been verified, in our opinion the financial statements present fairly, in all material respects the financial position of Milk South Africa NPC as at 31 December 2013 and its cash flows for the year then ended, in accordance with the International Financial Reporting Standard for Small- and Medium-Sized Entities and in the manner required by the Public Finance Management Act, 1999 (Act No 1 of 1999) (PFMA), Auditor-General audit circular 1 of 2007, the Companies Act of South Africa and the Marketing of Agricultural products Act, 1996 (act No 47 of 1996) as amended.

**FOURIE + BOTHA**  
Registered Auditors

Per:

## Directors' Report

The directors submit their report for the year ended 31 December 2013

### 1 Review of activities

---

#### Main business and operations

The company collects levies from role-players in terms of Regulation R 1220 of 23 December 2005 and R57 of 30 January 2009 in order to finance projects relating to research, the collection and distribution of industry information, the promotion of dairy quality, 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.

Net deficit of the company was R 5,912,238 (2012: surplus R 6,804,331), after taxation of R - (2012: R -).

### 2 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.

### 3 Directors

---

The directors of the company during the year and to the date of this report are as follows:

Name

- CS Blignaut (Chairman)
- AJB de Jongh
- JJ Dowry
- FA Grobler
- AP Kraamwinkel
- NJ Lok
- MJ Loubser
- AW Prinsloo
- MG Rathogwa
- TK Turner (Vice-Chairman)

The alternate directors of the company are as follows:

- AR Gutsche
- DPA Schutte

### 4 Auditors

---

The company's auditors are Fourie & Botha (Registered Auditors i.t.o. the Companies Act) and the Auditor General (i.t.o. the Public Finance Management Act).

## Statement of Financial Position

	Notes	2013 R	2012 R
<b>Assets</b>			
<b>Current Assets</b>			
Trade and other receivables	3	2,290,513	1,067,108
Cash and cash equivalents	4	15,213,877	23,044,140
		<b>17,504,390</b>	<b>24,111,248</b>
<b>Non-Current Assets</b>			
Fixed assets	5	312,275	287,972
<b>Total Assets</b>		<b>17,816,665</b>	<b>24,399,220</b>
<b>Equity and Liabilities</b>			
<b>Liabilities</b>			
<b>Current Liabilities</b>			
Trade and other payables	6	441,177	1,111,494
<b>Equity</b>			
Reserves		17,375,488	13,827,552
Retained income		-	9,460,174
		<b>17,375,488</b>	<b>23,287,726</b>
<b>Total Equity and Liabilities</b>		<b>17,816,665</b>	<b>24,399,220</b>

## Statement of Comprehensive Income

Revenue	7	32,019,779	33,049,860
Projects/Statutory functions	8	(35,771,965)	(24,227,849)
<b>Gross (deficit)/surplus</b>		<b>(3,752,186)</b>	<b>8,822,011</b>
Other income	9	152,558	187,035
Operating expenses		(3,017,350)	(2,954,753)
<b>Operating (deficit)/surplus</b>		<b>(6,616,978)</b>	<b>6,054,293</b>
Investment revenue		704,800	750,038
Finance costs	10	(60)	-
<b>(Deficit)/surplus for the year</b>		<b>(5,912,238)</b>	<b>6,804,331</b>
Other comprehensive income		-	-
<b>Total comprehensive (deficit)/surplus for the year</b>		<b>(5,912,238)</b>	<b>6,804,331</b>

## Statement of Changes in Equity

	Commercial- ization Fund	Surplus funds to clause 15(5)(a) of the MAP Act	Total reserves	Retained income	Total equity
	R	R	R	R	R
<b>Balance at 01 January 2012</b>	-	15,275,502	15,275,502	1,207,893	16,483,395
Changes in equity					
Total comprehensive income for the year	-	-	-	6,804,331	6,804,331
Transfer of funds during the year	-	(1,447,950)	(1,447,950)	1,447,950	-
Total changes	-	(1,447,950)	(1,447,950)	8,252,281	6,804,331
<b>Balance at 01 January 2013</b>	-	13,827,552	13,827,552	9,460,174	23,287,726
Changes in equity					
Total comprehensive loss for the year	-	-	-	(5,912,238)	(5,912,238)
Transfer between reserves	3,528,575	(3,822,776)	(294,201)	294,201	-
Transfer of unutilised funds as at 31 December 2013	-	3,842,137	3,842,137	(3,842,137)	-
Total changes	3,528,575	19,361	3,547,936	(9,460,174)	(5,912,238)
<b>Balance at 31 December 2013</b>	<b>3,528,575</b>	<b>13,846,913</b>	<b>17,375,488</b>	<b>-</b>	<b>17,375,488</b>

## Statement of Cash Flows

	Notes	2013 R	2012 R
<b>Cash flows from operating activities</b>			
Cash receipts from customers		32,001,042	32,886,169
Cash paid to suppliers and employees		(40,443,640)	(28,220,105)
Cash (used in) generated from operations	13	(8,442,598)	4,666,064
Interest income		704,800	750,038
Finance costs	10	(60)	-
<b>Net cash from operating activities</b>		<b>(7,737,858)</b>	<b>5,416,102</b>
<b>Cash flows from investing activities</b>			
Additions to fixed assets	5	(92,405)	(249,859)
Proceeds on disposal of property, plant and equipment	5	-	6,293
<b>Net cash from investing activities</b>		<b>(92,405)</b>	<b>(243,566)</b>
<b>Net (decrease)/increase in cash, cash equivalents and bank overdrafts for the year</b>		<b>(7,830,263)</b>	<b>5,172,536</b>
Cash, cash equivalents and bank overdrafts at the beginning of the year		23,044,140	17,871,604
<b>Cash, cash equivalents and bank overdrafts at end of the year</b>	4	<b>15,213,877</b>	<b>23,044,140</b>

# Accounting Policies

## 1 Presentation of Annual Financial Statements

The annual financial statements have been prepared in accordance with the International Financial Reporting Standards for Small and Medium-sized Entities and the Companies Act of South Africa. The annual financial statements have been prepared on the historical cost basis, and incorporate the principal accounting policies set out below.

These accounting policies are consistent with the previous period.

### 1.1 Fixed assets

Fixed assets is stated at cost. Depreciation on furniture and fittings 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
Computer equipment	3 years
Computer software	2 years

### 1.2 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 or incurred and takes place at initial recognition. Financial instruments are re-assessed on an annual basis.

#### Initial recognition and measurement

Financial instruments are recognised initially when the company becomes a party to the contractual provisions of the instruments.

The company classifies financial instruments, or their component parts, on initial recognition as a financial asset or a financial liability in accordance with the substance of the contractual arrangement.

Financial instruments are measured initially at fair value.

Transaction costs are included in the initial measurement of the instrument.

#### 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 balance sheet 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 asset's 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 asset is reduced through the use of an allowance account, 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 and subsequently recorded at fair value.

### Trade and other payables

Trade and other payables are measured at fair value.

### 1.3 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 in which the role player submits the return on the Milk SA database.

Interest is recognised in the statement of comprehensive income, using the effective interest rate method.

## Notes to the Annual Financial Statements Policies

### 2 Risk Management

---

#### Financial risk management

The company's activities expose it to a variety of financial risks: market risk (including currency risk, fair value interest rate risk, cash flow interest rate risk), credit risk and liquidity risk.

#### Liquidity risk

Prudent liquidity risk management implies maintaining sufficient cash.

#### Interest rate risk

The company's cash flow is managed on a continuous basis, by ensuring that surplus cash are invested in products that earns an acceptable interest rate.

#### Credit risk

Credit risk consists mainly of cash deposits, cash equivalents and trade debtors. The company only deposits cash with major banks with high quality credit standings and limits exposure to any one counter party.

Trade receivables comprise a widespread customer base. Management evaluated credit risk relating to customers on an ongoing basis.

#### Foreign exchange risk

The company has no material foreign currency exposure.

### 3 Trade and other receivables

	2013 R	2013 R
Trade receivables	1,321,691	1,466,814
Provision for impairment of trade receivables	(311 1 765)	(585,000)
WDS Non-Official	-	3,728
Deposits	52,861	52,861
VAT	258,459	95,011
Accrued interest	2,035	33,694
Other receivables	967,232	-
	<b>2,290,513</b>	<b>1,067,108</b>

### 4 Cash and cash equivalents

Cash and cash equivalents consist of:

Bank balances - other	6,975,293	3,866,156
Rand Merchant Bank (Funds earmarked i.r.o. surplus funds i.t.o. Clause 15(5)(a) of the Marketing of Agricultural Products Act, 1996 amounting to R11 381 538)	8,238,584	19,177,984
	<b>15,213,877</b>	<b>23,044,140</b>

### 5 Fixed assets

	2013			2012		
	Cost/ Valuation	Accumulated depreciation	Carrying value	Cost/ Valuation	Accumulated depreciation	Carrying value
Furniture and fixtures	353,331	(249,564)	103,767	309,567	(233,881)	75,686
IT equipment	633,532	(425,029)	208,503	584,891	(372,610)	212,281
Computer software	10,730	(10,725)	5	10,730	(10,725)	5
<b>Total</b>	<b>997,593</b>	<b>(685,318)</b>	<b>312,275</b>	<b>905,188</b>	<b>(617,216)</b>	<b>287,972</b>

#### Reconciliation of fixed assets - 2013

	Opening balance	Additions	Depreciation	Total
Furniture and fixtures	75,686	43,765	(15,684)	103,767
IT equipment	212,281	48,640	(52,418)	208,503
Computer software	5	-	-	5
	<b>287,972</b>	<b>92,405</b>	<b>(68,102)</b>	<b>312,275</b>

#### Reconciliation of fixed assets - 2012

	Opening balance	Additions	Disposals	Depreciation	Total
Furniture and fixtures	92,468	17,085	(3,177)	(30,690)	75,686
IT equipment	23,843	232,774	-	(44,336)	212,281
Computer software	5	-	-	-	5
	<b>116,316</b>	<b>249,859</b>	<b>(3,177)</b>	<b>(75,026)</b>	<b>287,972</b>

	2013 R	2012 R
<b>6 Trade and other payables</b>		
Trade payables	354,262	1,024,292
Provision for leave	81,762	72,720
Unidentified Levies	5,153	14,482
	<b>441,177</b>	<b>1,111,494</b>
<b>7 Revenue</b>		
Levies	32,019,779	33,049,860
<b>8 Projects/ Statutory functions</b>		
Consumer Education	18,320,091	8,974,549
Research and Development	1,331,943	920,665
Industry Information	1,845,568	1,873,215
Promotion of dairy quality	5,271,044	3,987,092
Transformation	8,105,994	6,320,091
Utilisation of surplus funds i.t.o. clause 15(5)(a) of the Marketing of Agricultural Products Act	897,325	2,152,237
	<b>35,771,965</b>	<b>24,227,849</b>
<b>9 Other income</b>		
Interest received (Trading)	152,558	183,919
Gains on disposal of assets	-	3,116
	<b>152,558</b>	<b>187,035</b>
<b>10 Finance costs</b>		
Interest- suppliers	60	-
<b>11 Taxation</b>		
No provision has been made for 2013 tax as the company has no tax-able income. The estimated tax loss available for set off against future taxable income is R- (2012: R -).		
<b>12 Auditor's remuneration</b>		
Audit Fees	60,933	53,487



	2013 R	2012 R
<b>13 Cash (used in) generated from operations</b>		
(Deficit)/surplus before taxation	(5,912,238)	6,804,331
<b>Adjustments for:</b>		
Depreciation and amortisation	68,102	75,026
Gains on disposal of assets	-	(3,116)
Interest received	(704,800)	(750,038)
Finance costs	60	-
<b>Changes in working capital:</b>		
Trade and other receivables	(1,223,405)	(4,464)
Trade and other payables	(670,317)	(1,455,675)
	<b>(8,442,598)</b>	<b>4,666,064</b>

## 14 Related parties

### Related party transactions

Project expenses paid to related parties for the execution of the projects of Milk SA

Milk Producers Organisation NPC	5,227,391	3,390,898
SA Milk Processors Organisation	22,682,326	11,892,027
Agri Connect (Pty) Ltd	104,075	59,537
Agri Travel & Tours (Pty) Ltd	449,801	362,092

### Compensation to the Chief Executive Officer

	1,076,872	1,024,232
--	-----------	-----------

## 15 Directors' remuneration

### Executive

For services as directors - allowances	298,690	147,000
For services as Transformation Manager	916,656	839,711
	<b>1,215,346</b>	<b>986,711</b>

## Detailed Income Statement

	Note(s)	2013 R	2012 R
<b>Revenue</b>			
Levies		32,019,779	33,049,860
<b>Project expenses</b>			
Projects/Statutory functions (Deficit)/surplus	8	(35,771,965)	(24,227,849)
		<b>(3,752,186)</b>	<b>8,822,011</b>
<b>Other income</b>			
Interest received (trading)		152,558	183,919
Interest received		704,800	750,038
Gains on disposal of assets		-	3,116
		<b>857,358</b>	<b>937,073</b>
<b>Expenses (Refer to page 17)</b>			
		<b>(3,017,350)</b>	<b>(2,954,753)</b>
<b>Operating (deficit)/surplus</b>			
		<b>(5,912,178)</b>	<b>6,804,331</b>
Finance costs	10	(60)	-
<b>(Deficit)/surplus for the year</b>			
		<b>(5,912,238)</b>	<b>6,804,331</b>

## Operating expenses

Accounting fees		(521,838)	(584,084)
Auditor's remuneration	12	(60,933)	(53,487)
Bad debts		(237,701)	(12,250)
Bank charges		(13,243)	(17,166)
Consumables		(11,419)	(9,829)
Depreciation		(68,102)	(75,026)
Employee costs		(571,008)	(610,839)
Inspection and Investigation		(116,598)	(34,520)
Insurance		(44,175)	(33,815)
Internal audits		(124,662)	(200,263)
Internet costs		-	(7,251)
Legal expenses		(744,728)	(255,534)
Meeting costs		(472,387)	(469,806)
Postage		(30,241)	(32,450)
Printing and stationery		(45,302)	(42,703)
Provision for doubtful debts		273,236	(350,266)
Rental paid		(122,472)	(103,875)
Repairs and maintenance		(9,881)	(19,141)
Security		(7,661)	(5,365)
Small assets		(14,409)	-
Subscriptions		(24,641)	(12,136)
Telephone and fax		(42,995)	(18,034)
Travel- personnel		(6,190)	(6,913)
		<b>(3,017,350)</b>	<b>(2,954,753)</b>

## Analysis of Movement In Reserve Fund

### Surplus funds into clause 16(6)(a) of the Marketing of Agricultural Products Act

	2012-2013 R Cumulative	2013 R	2012 R
<b>CASH AVAILABLE</b>	<b>16,683,339</b>	<b>603,649</b>	<b>15,979,790</b>
Surplus funds i.r.o. R1220 of 23 December 2005	15,275,502	-	15,275,502
Interest	1,307,837	603,549	704,288
<b>TOTAL EXPENSES</b>	<b>6,678,663</b>	<b>4,426,325</b>	<b>2,152,238</b>
<b>"PROMOTING SUSTAINABLE COMMERCIALIZATION OF EXISTING BLACK DAIRY FARMERS"</b>	<b>4,307,369</b>	<b>4,239,487</b>	<b>67,882</b>
<b>Cow Procurement and Placing</b>	<b>4,001,811</b>	<b>4,001,811</b>	-
Contribution • Commercialization Fund (Milk SA and DBSA)	4,001,811	4,001,811	-
<b>Support Services</b>	<b>57,100</b>	<b>57,100</b>	-
• Professional Advice	57,100	57,100	-
<b>Administration</b>	248,458	180,676	67,882
• Meeting costs	100,824	74,280	26,344
• Travel: Road	52,704	30,565	22,139
• Travel: Air	37,478	24,499	12,979
• Accommodation	27,878	22,705	4,971
• Other	29,978	28,527	1,449
<b>WORLD DAIRY SUMMIT</b>	<b>1,007,103</b>	-	<b>1,007,103</b>
<b>RESEARCH &amp; DEVELOPMENT</b>	<b>141,431</b>	<b>93,283</b>	<b>48,148</b>
• Work Groups	18,668	-	18,688
• Fund raising: Meeting with funding institutions	5,500	-	5,500
• WDS 2012 Attendance by Project leader	11,880	-	11,880
• Facilitation: WDS Programme on sustainability 2012	8,050	-	6,050
• Global Dairy Agenda for Action (GDAA): SA Rapporteur	550	-	550
• SA National Committee of the IDF	65,500	60,000	5,500
• Research Projects	27,742	27,742	-
• RPEC Committee Meetings	5,541	5,541	-
<b>DAIRY QUALITY &amp; SAFETY</b>	<b>1,122,660</b>	<b>93,555</b>	<b>1,029,105</b>
• Dairy Standard Agency	1,122,660	93,555	1,029,105
Closing balance	<b>10,004,776</b>	<b>(3,822, 776)</b>	<b>13,827,662</b>
Transfer of unutilised funds	<b>3,842,137</b>	<b>3,842,137</b>	-
<b>Closing balance</b>	<b>13,846,913</b>	<b>19,361</b>	<b>13,827,552</b>

## Analysis of Movement In Commercialization Fund (DBSA and Milk SA contract)

	2012-2013 R Cumulative	2013 R	2012 R
<b>CASH AVAILABLE</b>	<b>4,001,843</b>	<b>4,001,843</b>	-
Contribution received • Milk SA	4,001,811	4,001,811	-
Contribution received - DBSA	-	-	-
Interest received	32	32	-
<b>TOTAL EXPENSES</b>	<b>473,268</b>	<b>473,268</b>	-
<b>“PROMOTING SUSTAINABLE COMMERCIALIZATION OF EXISTING BLACK DAIRY FARMERS”</b>	<b>473,268</b>	<b>473,268</b>	-
Cow Procurement and Placing	472,811	472,811	-
Cow Procurement	472,811	472,811	-
Administration	457	1 457	-
• Bank charges	457	457	-
<b>Closing balance</b>	<b>3,528,676</b>	<b>3,628,576</b>	-









MILK SOUTH AFRICA / MELK SUID-AFRIKA

## Milk South Africa NPC

Brooklyn Forum Building, C/o Veale & Fehrsen Streets, Brooklyn, Pretoria  
PO Box 1961, Brooklyn Square, 0075

[www.milksa.co.za](http://www.milksa.co.za)