

Coega Dairy expansion driven by growth

Coega Dairy has completed the expansion of its warehouse and office facilities. The dairy company started production in 2011 in a modern, environmentally friendly dairy plant and is currently one of the top UHT milk producers in South Africa.



Left to right: Dr Victor Korsten (CEO, Coega Dairy), Sakhumzi Somyo (MEC Economic Development), Cllr Bick Ndoni (Deputy Executive Mayor NMB) and Edgar Brotherton, (Chairman, Coega Dairy Board)

Expansion and growth

Coega Dairy opened its new facilities at a function in the Coega IDZ. The new facilities include a UHT warehouse, a cold room for cheese products and a new office block. This expansion accommodates the growth and future needs of this growing business. The project was done in collaboration with Coega Development Corporation who invested more than R70m in the project.

This is the second large capital expansion the company has made to accommodate its growth. In 2013, R50m was spent on increasing production and packaging capacity. The facilities create capacity for more than 12,000 pallet spaces. At the opening function of the facilities, the chairman of the company, Edgar Brotherton elaborated on the initial objectives by the founder shareholders. “Our vision was to create a facility that will allow milk producers in the region to grow their production, to support the local economy and that dairy farmers have a stable and sustainable milk buyer”.

Improved efficiencies

Dr Victor Korsten, CEO, indicated that the new facilities will improve efficiencies. “Due to our growth, we ran out of warehouse capacity and had to use external warehouses. Our new own facilities will reduce costs, improve stock management and create the opportunity to service our national customers more efficiently”.

Korsten elaborates “The expansion of the facilities was needed to accommodate the growth of the company. These expansions would not have been possible without the support of the CDC”. Pepi Seling (CEO of CDC) confirms that “Coega Dairy is a key investor in the Coega Industrial Zone with a positive long-term future”.

In 2012 Coega Dairy went into a joint venture with Famous Brands to manufacture cheese products for the different brands in the Famous Brands stall. Kevin Hedderwick, group strategic advisor for Famous Brands, indicated that the initial strategic decision to invest in manufacturing facilities has made a positive contribution to the results of this JSE listed company.

The Coega Dairy structure allows dairy producers, factory workers, and farm workers to hold shares in the business. Coega Dairy currently procures milk from dairy farmers in the Eastern Cape. More than 25% of the milk is procured from six rural black farms owned by the communities. This is a first for a Dairy company in South Africa.

The Eastern Cape is the largest milk-producing area in South Africa and produces more than 30% of the national milk production. The region also shows positive annual growth.

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