NATIONAL WOOL GROWERS ASSOCIATION OF SA (NWGA)

Report for the period 1 July 2011 – 30 June 2013
INTRODUCTION

This report covers the contract period 1 July 2011 – 30 June 2013. The Business Plan 2011/2013 addressed the strategic imperatives of Government’s National Strategic Plan for Agriculture and targeted the three strategic objectives of CWSA (Tender specifications) which needed to be addressed by means of a suite of technology transfer-, training and development projects.

The National Planning Commission developed a National Plan for the RSA, Vision 2030. Agriculture has a responsibility to address the strategic imperatives of Vision 2030. In fact, sheep and wool are listed as enterprises with a high growth potential. It became clear that for the primary wool industry to prosper, it has to develop a futuristic vision supported by specific goals.

KEY STRATEGIC OBJECTIVES: CWSA

1. To stabilize and/or improve the cost efficiency of woolled sheep farming systems in the non-communal sector by implementing appropriate (new or improved) production technology systems (2.1. Tender Specifications)

1.1 The establishment of a set of appropriate woolled sheep management options and practices which will lead to greater on-farm productivity and profitability. Study groups must be used to collect and analyse economic and management information at a district, provincial and national level to identify and quantify current practices which are underperforming and in need of intervention (2.1.1. Tender Specifications).

Measurables (3.1.2 Business Plan).

A quantified costs analysis of the total production cost/kg wool (Tender Specification 2.1.1.1 and Business Plan 3.1.2.1) is presented in Figure 1.

It is important to note that the costs considered in the calculation of production costs do not include any personal expenses such as producer’s salary, living expenses, loan payments, medical aid, and educational expenses. The focus is on-farm management information, i.e. management – and economic norms. The data presented are from 80 case studies within the
extensive production areas and the wool price is taken as R/kg greasy. Data from the cropping areas has been excluded due to the few participants involved. The challenge is to increase the number of participants as to quantify the cost analyses of the total production costs/kg wool within the cropping areas. As wool contributes approximately 30% towards the income of merino sheep, only 30% of costs have been allocated against wool. Take note that the financial analyses for 2012/2013, ending February 2013, are in the process of being analysed for report back to participants.

Marketing and animal health costs were mainly responsible for the slight increase in total costs during 2011/2012.

Due to good wool prices (cents/kg wool) during the 2011/2012 season, wool virtually covered all operational costs of a woolled sheep enterprise. Meat revenue therefore used to cover rent, interest on capital, capital repayments, capital improvements and operator's remuneration. The wool industry thus needs to focus its strategies not only on more wool, but on the total profitability of woolled sheep (Considering both wool and mutton). (See Figure 2).
The woolled sheep, with two products (wool and meat), is a unique livestock enterprise. Costs and risks are spread across two products, making wool sheep farming a stable and reliable farming venture.

Figure 3 indicates that animal feed is the biggest direct allocated variable (DAVC) expense for wool-sheep producers, with approximately 49% of DAVC costs allocated to feed, while animal health constitutes about 20%. Transport costs are either determined by fuel prices or whether the producer pays indirectly for transport, where such costs are deducted from the price of livestock or product (i.e. wool) being transported. Annual marketing and shearing costs remained fairly constant for the period 2008/2009 to 2011/2012 and ranged between 6% and 7%. Other costs, including casual labour, packing material, seed, fertilizer, herbicides and miscellaneous costs contributed 8% in 2008/2009 and increased to 12% in 2011/2012.
It is recommended that livestock farming follow a three-year moving average due to production changes, impact of climate, etc. According to Figure 4 (which shows the three-year moving average for wool-sheep production), 49% or R47,63/SSU of the total DAVC was spent on animal feed and 20% or 16,24/SSU on animal health products. The three-year moving average total DAVC amounts to R89,12/SSU.
Since March 2009 the diesel price increased significantly (See figure 5). The producer has no control over these increases, but he must take notice of the possible impact of this on the profitability of his woolled sheep enterprise.

![Figure 5: Average Diesel price (c/litre), March 2009 - March 2013](image)

Increases in minimum wages impact negatively on the profitability of wool sheep farming (See figure 6). Producers have to give serious attention to this aspect, especially productivity. Productivity can be measured by calculating the ratio between labour costs and the revenue generated. This ratio for a livestock enterprise should be between 6% and 8%. (Source: Nell & Napier, 2005). The labour cost ratio for the merino was 6.56% (2010/2011), 6.66 (2011/2012), an estimate of 7.27% (2012/2013) and an expected 11.01% (2013/2014). In order to keep this ratio between 6% – 8%, the producer has two options, namely (1) to increase income/SSU and/or (2) to reduce his labour force.
The biggest driver of profit is income. As woolled sheep are producing two products, wool and meat, it is important to optimize the income from both products. It should be borne in mind that reproduction is the main driver of a profitable livestock enterprise and data indicates (Figure 7) that this should receive more attention. Available information from research and records (Figure 7) indicate that fertility of woolled sheep is acceptable but management needs more attention. Conception rates varies between 78.5% and 99.16%, indicating that fertility of woolled sheep is not the problem, but other factors related to management, i.e. feeding prior to mating, animal health, etc.
A list of appropriate interventions (*Tender Specification 2.1.1.2*) with the aim of reducing production costs and increasing profitability has been compiled, i.e.

- Identify the management practices responsible for low conception rates, i.e. feeding practices prior to and during mating, animal health programs, etc.
- To increase the number of study groups.
- Identify at least 2 producers/homogeneous farming area to illustrate the most economical sustainable production system.
- Determine management and economic norms, including production and reproduction norms for the different homogeneous production areas.
- To improve the efficiency of woolled sheep farming through information and training of producers, farm workers and students. Training of farm workers to improve their productivity should receive special attention.
- To support activities to improve bio-security on farms.

Studies were undertaken to determine the most economical sustainable production system, namely:

1. Farm Modeling for Interactive Production Systems within small grain production areas;
2. Economic Analyses of intensive Sheep Production systems in central South Africa; and
3. "'n Onderzoek na die ekonomiese volhoubaarheid van semi-intensiewe en intensiewe skaapboerdery in die oostelike Hoëveldstreek van Suid-Afrika."

It needs to be emphasized that no action plan can be implemented successfully (*Tender Specification 2.1.1.3*) unless it has a long term focus, support from industry and is built on the principles of a Programmed Agrarian Extension program. The process to develop such an action plan, in partnership with brokers and other relevant stakeholders/partners, started during January 2012 and was accepted by the Executive of the NWGA as a Road Map for the future.

An important deviation from the present is to move away from a provincial focus to broad homogeneous production areas, i.e. extensive production -, winter rain cropping - , summer rain cropping - , irrigation - and communal farming areas (Figure 8). During the process of developing the Road Map (Development Programme for the primary wool industry), production trends at national level, homogeneous regions and districts were determined to quantify problem areas. (Figure 9 – 15) (*Business Plan 3.1.2.4*). The impact of Rift Valley Fever is clearly visible (Fig. 9a: drop in production for the period 2009/2010 to 2011/2012) stressing the importance of good animal health practices at farm level. Annexure 1 shows the main wool producing areas/districts.
Due to the cyclic nature of wool production, it is difficult to come up with an obvious explanation for these production trends, especially over the short term. It seems that the 3 year moving average (Figure 9b) is a more appropriate way to express production trends. Also, within a specific district (Figure 16) it is difficult to claim that wool production has increased due to certain interventions (Tender Specification 2.1.1.3). The effects of droughts, Rift Valley Fever, mining activities and increase in game farming furthermore impacted negatively on wool production. Stock theft impacts negatively on small stock farming and where producers consequently convert from small stock- to beef production, especially within the grassland areas.

**Figure 8:** Broad homogeneous production areas.

1 = Extensive  
2 = Summer rain cropping area  
3 = Winter rain cropping area  
4 = Communal production area.
Figure 9(a) : RSA wool production (kg)

y = 127982x + 5E+07

Million Kg

Figure 9(b) : RSA wool production, 3 year moving average

y = 166258x + 5E+07
Figure 10: Wool production (kg) in extensive areas

\[ y = -86319x + 2 \times 10^7 \]

Figure 11: Wool production (kg) in the sub-regions of the extensive areas

\[ y = -60717x + 5 \times 10^6 \]
\[ y = -22686x + 9 \times 10^6 \]
\[ y = -2916.2x + 8 \times 10^6 \]
Figure 12: Wool production (kg) in the summer rain cropping area

\[ y = -33547x + 1E+07 \]

Figure 13: Wool production within the sub regions of the summer rain cropping area

\[ y = -20122x + 4E+06 \]
\[ y = 33761x + 6E+06 \]
Figure 14: Wool production (kg) in the winter rain cropping area

\[ y = 107931x + 6E+06 \]

Figure 15: Wool production (kg) in the communal areas of the Eastern Cape

\[ y = 275783x + 536611 \]
The number of active study groups as well as farmers participating in study groups needs to be increased (Tender Specification 2.1.1.3 and Business Plan 3.1.2.5). Experience shows that producers are not keen to join/establish economic study groups, but rather participate as individuals. Therefore, the focus will be to subscribe more individuals and to undertake specific case studies, farm modelling etc. Participants in the economic analyses increased from 54 (2008) to the present 89 (69 non-communal and 20 communal (target 95). The number of active study groups increased from 13 (2008) to the present 22 (target 33). The Development Programme for the primary wool industry fully recognizes the importance of more participants in study groups. The NWGA and its partners have already started to recruit new participants, especially within those production areas where a lack of information exists.

1.2 Improvement of the standard of wool classing. The independent CWSA Classing Fault Database needs to be made available to assist in communication with growers, brokers and shearing contractors. The target for the period up to 30 June 2014 is a 10% decline in the total number of classing faults reported, together with a feedback report from members of SAWAMBA on their experience in this regard.

Improvement of the standard of wool classing is a very high priority (Tender Specification 2.1.2) and forms an integral part of the activities of the NWGA (Business Plan 3.2.2.3). According to the Clip Fault Report (Table 1) mixed lengths, contamination like bale twine, plastic, paint and marking ink are the main faults logged. This should be a long term focus for the industry and no conclusions are possible with only two years’ data.

Continued efforts to minimize contamination remain a priority in view of the good name of SA’s wool clip in the international arena. However, it is important to put this data (Table 1) into perspective. The number of lots logged with faults, expressed as a % of the total producer lots sold, is however omissible.
Table 1: Clip fault Report.

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
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</tr>
</thead>
<tbody>
<tr>
<td>Mixed lengths (&gt;20 mm variation)</td>
<td>205</td>
<td>624</td>
<td>929</td>
</tr>
<tr>
<td>Mixed quality (poorly skirted)</td>
<td>19</td>
<td>18</td>
<td>69</td>
</tr>
<tr>
<td>Sweaty pieces in main line</td>
<td>0</td>
<td>1</td>
<td>0</td>
</tr>
<tr>
<td>Piece and belly lines urine/dung stained</td>
<td>0</td>
<td>15</td>
<td>1</td>
</tr>
<tr>
<td>Baling twine, plastic</td>
<td>49</td>
<td>200</td>
<td>859</td>
</tr>
<tr>
<td>Black hair</td>
<td>12</td>
<td>2</td>
<td>24</td>
</tr>
<tr>
<td>Kemp/modulated fibre</td>
<td>6</td>
<td>2</td>
<td>2</td>
</tr>
<tr>
<td>Paint, marking ink</td>
<td>368</td>
<td>222</td>
<td>297</td>
</tr>
<tr>
<td>Cigarette butts, etc</td>
<td>1</td>
<td>2</td>
<td>0</td>
</tr>
<tr>
<td>Metal wire, clips, etc</td>
<td>4</td>
<td>1</td>
<td>2</td>
</tr>
<tr>
<td>Other</td>
<td>303</td>
<td>16</td>
<td>27</td>
</tr>
<tr>
<td>Total faults</td>
<td>960</td>
<td>1 103</td>
<td>1834</td>
</tr>
<tr>
<td>Lots</td>
<td>937</td>
<td>1096</td>
<td>1823</td>
</tr>
<tr>
<td>Total Producer lots</td>
<td>35 299 305</td>
<td>34 593 351</td>
<td>38 075 409</td>
</tr>
</tbody>
</table>

Control measures and quality assurance mechanisms are in place to ensure that quality training is provided for Springbok Head courses. Instructors are accredited and specific guidelines and requirements for presenting accredited courses are in place, including a technical committee.

1.3 Promotion of the Code of Best Practice for woolled sheep farming among individual growers to achieve a declaration of endorsement rate of at least 95% of the national clip by 30 June 2012.

At this point in time, only 69.8% of producers signed the declaration of endorsement of the Code of Best Practices (COBP) (Tender Specification 2.1.3 and Business Plan 3.2.2.2).
Although there is good co-operation between the NWGA and brokers to promote the COBP, producers do not regard this as important. In contrast, about 98% of all active wool growers are on record as signatories of appropriate documentation required for the conformation of the Mules-free status of the clip (Tender Specification 2.1.4 and Business Plan 3.2.2.4).

It is important to obtain clear indications of those efficiency aspects and practices that present the biggest problems and constraints towards more effective, efficient and sustainable production (Business Plan 3.2.2.1) While assessments per province (approximately 200 per province) have been analysed, it should be noted that the computer program, developed by the ARC to analyse the data and to do the necessary comparisons, has serious flaws. Because the person responsible for the development of the program has left the ARC, the NWGA is now the owner of this program, and the responsibility of making the program functional, has been referred to Mr. JL Venter, Production Advisor stationed in Bloemfontein. Due to all the flaws within the present program, the NWGA contracted a specialist company to redesign the program and also introduce adjustments to accommodate communal production information.

The program has been tested for accuracy and Production Advisors are in the process of evaluating the program with existing information. This will be a web based program, accessible to all producers who have internet access, to do their own evaluation, and get the results immediately after completion of the questionnaire. Statistics will be available on provincial-, homogeneous production- and district level for interpretation.

1.4 A reduction of at least 20% in woolled sheep stock losses by June 2013 on demonstration farms through the identification and implementation of appropriate management strategies, to reduce the impact of predators. Interim success indicators will also include the extent of the increase in the number of serviced demonstration farms, and through the monitoring of individual growers utilizing recommended management procedures, a reduction in stock losses of at least 20% on such farms.

Predation is at present a serious threat to sustainable livestock production. In an attempt to improve wool production in areas most affected by predators (Tender Specification 2.1.5 and Business Plan 3.3.2.1) the following actions have been taken:

- Since September 2009 to 30 June 2013, 160 courses have been presented, attended by 2 713 farmers and 3 280 farm workers.
A total of 25 monitor farms (Northern Cape = 7, Eastern Cape = 4, Free State = 5, Western Cape = 2, KZN = 3 and Mpumalanga = 4), where sound predator management strategies are applied and demonstrated, were established. This is a very successful program illustrating that it is possible to manage predation successfully, provided producers are prepared to implement an integrated livestock-predation management program. (See Figure 16).

**Figure 16:** Total losses on 25 Monitor Farms.

The establishment of the Monitor Farms was initiated during 2009. The impact of a sound predation management program is only visible from year two. The decrease in losses can directly be related to a more effective predator control program. Certain groups claim that culling of predators aggravates predation. However, the livestock industries now have data to illustrate that the prerequisite to sound predation management is to manage predator numbers. Results indicate that a national norm for predation losses of approximately 4,4% is acceptable and achievable. However, this means that producers must be prepared to invest in predation management just as they are prepared to invest in animal health control and other management practices. It is essential to implement an effective predation program and to make use of professional and qualified assistance. Table 2 illustrates the impact of an effective program (monitor farm) in comparison to an ineffective one.
Table 2: The impact of an effective- vs. ineffective predation management program.

<table>
<thead>
<tr>
<th>Predator Management</th>
<th>Ineffective</th>
<th>Effective</th>
</tr>
</thead>
<tbody>
<tr>
<td>Number of animal losses due to predators</td>
<td>1100</td>
<td>84</td>
</tr>
<tr>
<td>Flock size</td>
<td>4934</td>
<td>3479</td>
</tr>
<tr>
<td>% Loss of total flock due to predators</td>
<td>22.29%</td>
<td>2.41%</td>
</tr>
<tr>
<td>Predator control</td>
<td>R18674</td>
<td>R951</td>
</tr>
<tr>
<td>Cost per animal</td>
<td>R3.78</td>
<td>R0.27</td>
</tr>
</tbody>
</table>

Monitor farms that have been under supervision and monitoring for 3 years will be replaced by new monitor farms. Trends on these farms will however continue to be monitored for a certain period.

The DVD on predation management (in 4 languages) is available at all NWGA provincial offices. The cost analyses of all the different predation management methods have also been finalized and available for producers.

This DVD was initially funded by the Wool Trust and a request was forwarded to translate the DVD into other languages as well. Funds to translate the DVD from Afrikaans into English, Xhosa and Zulu were subsequently supplied by AgriSETA.

2. To improve both the quantity and quality of wool produced in the communal woolled sheep farming areas of South Africa. (*Tender Specification 2.2 and Business Plan 3.4*)

2.1 The identification of at least 20% of the number of active shearing sheds suitable for intervention and proof of the utilization of these sheds for community-based training and development projects, by June 2012. (*Tender Specification 2.2.1 and Business Plan 3.4.2.4*).

There are 846 Wool Grower’s Associations (shearing sheds) within the communal farming areas of which 661 (78, 1%) deliver wool to the formal market, and 756 are paid-up members of the NWGA. Shearing and handling facilities vary from good to almost non-existent.

During the past season, the NWGA distributed 3088 rams to 336 communities. Detailed information on shearing sheds where community-based training was conducted, as well as the
shearing sheds that received rams, is available on request. These results do, however, reflect an extremely positive outcome, involving an increase in income from wool marketed through the formal auction system. (See Table 3).

2.2 Measurement of the rate of genetic improvement of communal flocks *(Tender Specification 2.2.2 and Business Plan 3.4.2.1 and 3.4.2.2).*

The Department of Rural Development and Land Reform (DRDLR) committed to the program for the period 2013/2014 to 2017/2018. The total volume of wool delivered to the formal market for the period 2001/2001 - 2011/2013 is presented in Figure 15.

Figure 15 illustrates that the volume wool delivered to the formal market increased by 275 783 kg per year since 2001/2002. The impact of this on the income and economic welfare of communal farmers from wool is significant *(Table 3).* The average price received improved from 55% to 68% compared to the national average. *(Business Plan 3.4.2.2).*

Table 3: Wool marketed through the formal market (auction) and income of communal wool producers in the Eastern Cape.

<table>
<thead>
<tr>
<th>Season</th>
<th>Kilogram</th>
<th>Value (R)</th>
<th>Nat. Price (c/kg)</th>
<th>Comm. Price (c/kg)</th>
</tr>
</thead>
<tbody>
<tr>
<td>97/98</td>
<td>222 610</td>
<td>1 502 908</td>
<td>1 225</td>
<td>675</td>
</tr>
<tr>
<td>99/00</td>
<td>336 700</td>
<td>1 965 557</td>
<td>1 102</td>
<td>584</td>
</tr>
<tr>
<td>01/02</td>
<td>535 911</td>
<td>6 927 640</td>
<td>2 277</td>
<td>1 293</td>
</tr>
<tr>
<td>03/04</td>
<td>2 029 556</td>
<td>17 768 955</td>
<td>2 109</td>
<td>876</td>
</tr>
<tr>
<td>05/06</td>
<td>2 222 883</td>
<td>14 954 931</td>
<td>1 695</td>
<td>673</td>
</tr>
<tr>
<td>06/07</td>
<td>2 345 991</td>
<td>30 791 496</td>
<td>2 594</td>
<td>1 313</td>
</tr>
<tr>
<td>08/09</td>
<td>2 666 933</td>
<td>43 149 706</td>
<td>2 548</td>
<td>1 618</td>
</tr>
<tr>
<td>10/11</td>
<td>3 027 276</td>
<td>71 749 104</td>
<td>4 015</td>
<td>2 370</td>
</tr>
<tr>
<td>11/12</td>
<td>3 555 077</td>
<td>113 015 898</td>
<td>5 236</td>
<td>3 179</td>
</tr>
<tr>
<td>12/13</td>
<td>3 461 937</td>
<td>131 842 578</td>
<td>5 537</td>
<td>3 803</td>
</tr>
</tbody>
</table>
Figure 17 indicates certain shearing sheds are outperforming others and that the average price received is not a good reflection of the real progress.

![Figure 17. Price received as a % of the national average](image)

The % increase of prices in relation to the national average improved significantly since the 2004/2005 season. Due to limited resources (funds and manpower) the focus of the NWGA is mainly on the top and middle group. The result is that the bottom group stagnated and did not benefit from high wool prices during the 2011/2012 season.

A statistical analyses was undertaken to get a profile of the top performing, average performing and below average performing shearing sheds to determine the rate of improvement in quality aspects of communal clips (Table 4), particularly in terms of yield, length and standard of clip preparation. (Business Plan 3.4.2.1)

**Table 4:** Profile of the different shearing shed categories.

<table>
<thead>
<tr>
<th>Category</th>
<th>% Bin Bales</th>
<th>c/kg</th>
<th>%A Bales</th>
<th>%B Bales</th>
<th>%C Bales</th>
<th>%H Bales</th>
<th>BKS %</th>
<th>CBP %</th>
<th>Micron</th>
<th>Yield</th>
<th>Kg Wool/sheep</th>
</tr>
</thead>
<tbody>
<tr>
<td>Top performing</td>
<td>8</td>
<td>6208</td>
<td>18</td>
<td>19</td>
<td>19</td>
<td>24</td>
<td>15</td>
<td>5</td>
<td>19,8</td>
<td>58,6</td>
<td>2,7</td>
</tr>
<tr>
<td>Ave performing</td>
<td>36</td>
<td>3986</td>
<td>21</td>
<td>18</td>
<td>25</td>
<td>-</td>
<td>32</td>
<td>4</td>
<td>20,13</td>
<td>51,0</td>
<td>1,6</td>
</tr>
<tr>
<td>Below Ave performing</td>
<td>80</td>
<td>2207</td>
<td>9</td>
<td>19</td>
<td>38</td>
<td>-</td>
<td>25</td>
<td>9</td>
<td>20,4</td>
<td>48,8</td>
<td>1,7</td>
</tr>
</tbody>
</table>

A = 61-80 mm  
B = 51-60 mm  
C = 31-50mm  
C/kg = greasy
The first obvious difference between the categories is the number of bin bales. In the top performing group, bin bales make up 8% of the total bales, average performing group 36% and the below average performing group 80%, resulting in classing standards differing significantly between the groups. The provision of proper shearing facilities can improve the situation significantly. The second big difference is the number (%) of hogget bales within the top performing group. This indicates that the survival rate of lambs is higher due to a better standard of livestock management. Results from Dohne Research Institute show clearly that the fertility of communal sheep is high, but that the survival rate of lambs, due to poor livestock management is low, resulting in low weaning %. (Dr. T. Rust, 2012: personal communication). The third difference is kg wool produced per sheep. The scope for further development is thus unlimited.

The study undertaken in co-operation with the University of Pretoria (Dept. of Agricultural Economics, Extension and Rural Development), to understand the reasons why the respective groups perform differently, indicated clearly that different approaches are necessary to take the respective groups to a higher level of upliftment. The main findings of this study can be summarized as follows (all sheds):

- The average age of the farmers is 60.
- The male to female ratio is 64:36.
- Need to give attention to goats and cattle also.
- Animal health needs attention, specially the prevention of all diseases.
- Lamb survival must receive special attention.
- The lack of shearing- and dipping facilities is a serious constraint.
- 88% of the respondents have cell phones.

- Source of income:
  - Farming 21%
  - Social grants 23%
  - Old age pension 32%
- Respondents see the primary role of Executives of NWGA to identify problems and to deal with appropriate authorities.
- Traditional Leadership still plays an important role.
- Wool Farmer no medium for communication. Make better use of the cell phone as communication channel.
- 49% of the farmers are receiving their rams via the “Ram Project”. Only 9% breed their own rams, and 18% are buying rams from stud breeders.
• All farmers in all sheds clearly indicated that they aspire to produce significantly more wool in 5 years-time.

• Marketing.
  ➢ 97% make use of the formal market;
  ➢ 62% receive market information from the Production Advisors and 19% from brokers; and
  ➢ Brokers collect 85% of all wool on farm.

The data collected are unique and it clearly identifies the problems communal farmers are experiencing and therefore, identifies what the focus of the future development program should be. It also forms a baseline for future reference. In an effort to understand the economic sustainability of individual farmers within a communal farming system, 20 individual farmers were randomly selected to provide Farming Business Management Information on a monthly basis. The communal sheep enterprise analyses (R/sheep) is presented in Figure 18.

![Figure 18: Communal sheep enterprise analysis (R/Sheep)](image-url)
The wool income, meat income, total cost and profit vary significantly between producers. (Figure 19).

The expenses (R/sheep) remain relatively constant, except for casual labour (Figure 20). It is clear that the minimum wages for labour will also impact negatively on the profitability of wool sheep farming in the communal areas.
2.3 The provision of at least 258 training courses and information days to communities in natural resource management, flock management, animal health, wool classing, clip preparation and the basic principles of efficient marketing. Evidence must be provided that at least 75% of communal wool is delivered to the formal market for auctioning by 30 June 2014 to maximize exposure to buyer competition on auction. *(Tender Specification 2.2.3).*

Since 1 July 2011 to 30 June 2013, the following activities took place within the communal areas:

- Information Days = 102
- Congresses = 9 (Plus National AGM of NWGA)
- Flock competitions = 16
- Farmers days = 128

The targets set have been achieved.

AgriSETA funded the translation of 29 leaflets, covering aspects like feeding, breeding and selection, animal health and Shearing & Wool classing, from English into isiXhosa. These leaflets are very useful in the training program.
2.4 The identification of specific research needs which are relevant to the communal woolled sheep farming areas, and the transfer of this information to Cape Wools SA by not later than 30 September each year. *(Tender Specification 2.2.4 and Business Plan 3.4.2.5).* This is a routine activity.

2.5 The ongoing annual provision of appropriate socio-economic data (e.g. the rate of increase in the proportion of total income per household from wool sales) to assist CWSA to quantify the overall impact of interventions in this key performance area *(Tender Specification 2.2.5 and Business Plan 3.4.2.3).*

The detailed socio-economic survey was not undertaken due to the cost involved. According to Dr. Tapson, the researcher, it is of little value to undertake such a survey on an annual basis. Therefore, the next survey is due during 2014 (at least 5 years after the previous study).

3. To manage a national shearer program for the provision of a pool of trained shearsers from which growers, shearing contractors and brokers can source labour for an effective and professional wool harvesting process. *(Tender Specification 2.3).*

Supporting activities to promote shearing as a viable and attractive profession should underpin the strategy. At least five shearing competitions and five student shearing demonstrations must be arranged per year.

3.1 An annual national survey of the number of recruits and employed shearers requiring training. *(Tender Specification 2.3.1)*

The survey to determine the number of recruits and employed shearers requiring training has been completed during July 2011 and July 2012 and the training programme was well on target. Shearer training is demand-driven and should the predetermined target be exceeded, it indicates that the demand for that specific training (i.e. blade shearing) was higher. The opposite is also true in a situation where a target was not achieved.

3.2 Based on the above, training of at least 500 recruits (new entrants) over this period. *(Tender Specification 2.3.2)*

- Blade Shearing
  
  Target 250 per year.

  Total 606
• Machine Shearing
  Target 130 per year
  Total 203

3.3 and 3.4 Intermediate training of at least 300 shearers. *(Tender Specification 2.3.3 and 2.3.4)*

• Blade shearing
  Intermediate and advanced trainees
  Target 150 per year
  Total 382

• Machine Shearing
  Intermediate and advanced trainees
  Target 120 per year
  Total 292

3.5 Other activities

*Shearing competitions:*

Five regional championships per year in Eastern Cape for Communal Farmers:

- Region 25 27 blade shearers
- Region 24 55 blade shearers
- Region 23 29 blade shearers
- Region 21 18 blade shearers
- Region 20 38 blade shearers

*Provincial championships*

- Northern Cape – 12 Machine and 27 blade shearers
- Eastern Cape – in 2012, championships was cancelled due to death of organizer’s son. In Feb. 2013, 15 blade- and 15 machine shearers took part, as well as 12 farm workers and 3 students.
- Mpumalanga – in 2012 it was cancelled by organizer on the Monday prior to the championships. Mpumalanga NWGA organized championships in February 2013. 8 Blade shearers, 22 machine shearers and 7 beginner-machine shearers took part.
- Free State – Cancelled by organizing committee, wanted shearing demonstrations instead). Free State championships took place in April 2013, and 17 machine shearers, 30 blade shearers and 10 wool handlers took part.

- Western Cape – date at Agri-Mega week did not suit shearing contractors during 2012.

- KZN - 24 blade shearers took part.

National Shearing Championships was held 28 – 30 April 2012.

- 30 blade shearers
- 53 machine shearers
- 24 wool handlers
- 4 students
- 9 junior machine shearers
- 4 veteran machine shearers

The championships of 2013 that was scheduled to take place 26 – 27 April was cancelled due to claims from participants.

Tri-Nations Shearing test in Alexandra, New Zealand:
A South African shearing team was invited to attend the 50th Fine Wool Shearing Championships held in Alexandra and participate in a Tri-Nation Shearing Test against New Zealand and Australia. The teams participated in a relay, and the combined point of the blade shearing- and machine shearing teams was used to determine the winner. The South African team finished second in this event with New Zealand winning and Australia in the third place.

Tri-Nations Shearing test in Perth Western Australia:
The same four shearers went to Perth to compete in a similar event at the Australian National Championships. Unfortunately the New Zealand blade shearers could not attend this championship, and the Tri-Nations event was contested only between machine shearers. South Africa came third in this event with the Aussies winning and New Zealand in the second place. Our blade shearers competed in the Australian open blade shearing event and Mayenzeke Shweni managed to win this event.

During this trip to Australasia, our shearers gained valuable experience, and were exposed to international shearers of a high standard. This exposure helped to prepare our National team for the World Championships. The Officials, accompanying the team also gained
international experience, and good relations with their New Zealand and Australian counterparts were established.


Team blade event: Won by Zweliwile Hans (BKB) and Mayenzeke Shweni (CMW)

Individual world title: Won by Zweliwile Hans (BKB) and second Mayenzeke Shweni (CMW)

World Wool handling event: Elna Kitching (Grootfontein ADI), 10th.

Student shearing demonstrations:

- Onderstepoort student demo cancelled in 2012 due to clash with World Championships – this year, almost 150 attended.
- Grootfontein ADI ± 101 students attended during the 24 months.
- CUT Free State ± 150 students attended.
- Willem Postma Primary School ± 800 pupils attended.
- President Brand Primary school ± 600 pupils attended.
- Fichardtpark Primary School ± 1 200 pupils attended.
- Pongara Primary School in New Zealand 56 pupils attended.
- Woelige bytjies pre-school. (35 pre-school children attended).
- Sentraal Primary School. (1 200 scholars).
- Brebner Primary School. (1 000 scholars).
- Tjokkies Primary School. (1 000 scholars).
- Grey Primary School. (1 200 scholars).

Shearing Demos at Agricultural shows and other:

- Bloem Show (2)
- NAMPO (2)
- Royal Show (2)
- Pretoria Show (1)
- Ermelo Show (1)
- Wheels at the Vaal (2)
- Gladstone farmers day in Thaba Nchu (1)
- Trompsburg flock competition (1)
- Chill festival Smithfield (2)
- Boertjiefees at Bultfontein (1)
Shearing Instructors Course

- Blade sharing = 16
- Machine Shearing = 13

3. SUPPLEMENTARY NOTES

A summary of activities within the different provinces is presented in Table 5.

**Table 5:** Summary of activities per province.

<table>
<thead>
<tr>
<th>Activities</th>
<th>EC</th>
<th>NC</th>
<th>WC</th>
<th>FS</th>
<th>KZN &amp; FS</th>
<th>MPU</th>
<th>Total</th>
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<tbody>
<tr>
<td>Study groups</td>
<td>6</td>
<td>10</td>
<td>13</td>
<td>15</td>
<td>7</td>
<td>15</td>
<td>66</td>
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<tr>
<td>Economics</td>
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<td></td>
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</tr>
<tr>
<td>Lectures/Training</td>
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<td>23</td>
<td>21</td>
<td>36</td>
<td>7</td>
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<td>138</td>
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<tr>
<td>Tours</td>
<td>3</td>
<td>3</td>
<td>2</td>
<td>6</td>
<td>11</td>
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<tr>
<td>Enquiries/Individual contacts</td>
<td>515</td>
<td>585</td>
<td>550</td>
<td>631</td>
<td>91</td>
<td>983</td>
<td>3 355</td>
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<tr>
<td>Sms (notices about meetings/commodity information)</td>
<td>4 860</td>
<td>45</td>
<td>16 200</td>
<td>2870</td>
<td>3 500</td>
<td>3 967</td>
<td>31 442</td>
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<tr>
<td>Problem Animals</td>
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<td>18</td>
<td>17</td>
<td>19</td>
<td>55</td>
<td>35</td>
<td>151</td>
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<tr>
<td>Ram clubs</td>
<td>5</td>
<td>10</td>
<td>1</td>
<td>16</td>
<td>0</td>
<td>23</td>
<td>55</td>
</tr>
<tr>
<td>Shows/exhibitions</td>
<td>14</td>
<td>12</td>
<td>20</td>
<td>26</td>
<td>7</td>
<td>27</td>
<td>106</td>
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<tr>
<td>Flock competitions</td>
<td>4</td>
<td>13</td>
<td>19</td>
<td>5</td>
<td>3</td>
<td>6</td>
<td>50</td>
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<td>Farmer Associations</td>
<td>17</td>
<td>15</td>
<td>47</td>
<td>27</td>
<td>0</td>
<td>21</td>
<td>127</td>
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<td>Own Affairs</td>
<td>17</td>
<td>17</td>
<td>96</td>
<td>36</td>
<td>24</td>
<td>46</td>
<td>236</td>
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<tr>
<td>Industry involvement (RPO &amp; Agri EC)</td>
<td>9</td>
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<td></td>
<td></td>
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<tr>
<td>Communal Farmers</td>
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<td></td>
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</tbody>
</table>
4. **BUDGET:**

The Budget for Production Advisory Service for the period 1 July to 30 June 2013 is presented in Table 6

**Table 6:** Summary of Expenses

<table>
<thead>
<tr>
<th>BUDGET ITEMS</th>
<th>TOTAL NWGA BUDGET (2011 - 2013)</th>
<th>FUNDED BY CWSA (2011 - 2013) (65.2%)</th>
<th>TOTAL EXPENSES (2011 - 2013)</th>
<th>% Spent of Budget (100% ideal)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Administrative Expenses (General)</td>
<td>1 256 953</td>
<td>598 066</td>
<td>1 246 657</td>
<td>99</td>
</tr>
<tr>
<td>Administrative Expenses (Core items)</td>
<td>1 010 101</td>
<td>772 159</td>
<td>931 693</td>
<td>92</td>
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<tr>
<td>Operational Expenses</td>
<td>2 991 537</td>
<td>1 400 930</td>
<td>3 014 423</td>
<td>101</td>
</tr>
<tr>
<td>Travelling Expenses</td>
<td>4 890 554</td>
<td>2 415 890</td>
<td>5 545 747</td>
<td>113</td>
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<tr>
<td>Salaries</td>
<td>13 712 858</td>
<td>10 389 386</td>
<td>14 045 528</td>
<td>102</td>
</tr>
<tr>
<td><strong>TOTALS</strong></td>
<td>23 862 003</td>
<td>15 576 431</td>
<td>24 784 048</td>
<td>104</td>
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</tbody>
</table>

<table>
<thead>
<tr>
<th>DIVISIONS</th>
<th>CWSA FUNDING</th>
<th>% PER DIVISION</th>
<th>TOTAL NWGA BUDGET PER DIVISION</th>
</tr>
</thead>
<tbody>
<tr>
<td>Advisory Services</td>
<td>5 351 514</td>
<td>34</td>
<td>Commercial</td>
</tr>
<tr>
<td>Shearer Training</td>
<td>3 762 800</td>
<td>24</td>
<td>Communal</td>
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</tbody>
</table>