



MINUTES OF 92ND ANNUAL CONGRESS

Of the NWGA held on 2 & 3 June 2021
at Pine Lodge Resort, Port Elizabeth
Theme: “Designing the Future”

National chairperson, Guillau du Toit opened the 92nd annual congress of the NWGA with scripture reading and prayer and welcomed everyone present.

New leadership

The process of nominating and voting for NWGA office bearers started on 5 May 2021. All provincial delegates received the opportunity to nominate and vote via SMS.

Billy van Zyl was unanimously elected as national chairperson in the place of Guillau du Toit, first vice chairperson **SK Makinana was re-elected**, and **HB van der Walt was unanimously elected as second vice chairperson**.

Golden Ram Award

The Golden Ram Award, the highest accolade bestowed by the NWGA for exceptional service to the wool industry, was awarded to Dr George de Kock.

Silver Ram Award

Dr Louis du Pisani received the prestigious Silver Ram Award for his outstanding service to the NWGA.

Bennie van der Merwe Floating Trophy

Congratulations to Trompsburg for winning the Bennie van der Merwe floating trophy for the best economic study group in South Africa.

Highest Price of the Season

Paul Lynch from the South African Wool and Mohair Buyers Association (SAWAMBA) presented a virtual award to Gerald Gevers of Zuurbron Boerdery in the Luneburg district, who produced a 15,6 micron merino lamb wool and was paid R240/kg.

Best Economically Classed Clip

Dave Maslen from the New Zealand Merino Company virtually welcomed the three finalists and announced the winners for the Best Economically Classed Clip for 2021:

- Winner - AC Kruger, Frankfort
- 1st runner up - Sonop Trust, Smithfield
- 2nd runner up - Weltevreden Merinos, De Aar

SESSION 1: OPENING AND GLIMPSE INTO THE FUTURE

CLIMATE CHANGE: "DOOM & GLOOM"

Dr Louis du Pisani, specialist agri consultant for rangeland, livestock, and farm economics analysed whether climate change or erratic climate is man-made or just a normal cycle. When digesting graphs of as far back 600 000 years ago, it is possible to see hot periods in the climate of the world, as well as ice ages or long periods of lower temperatures, therefore the rhythm is normal for Earth. South Africa is currently in a hot phase of warm temperatures with variabilities in between. In terms of Earth's climate cycle, South Africa's position is as follows:

1) It is getting warmer

The forecast predicts that it will even get hotter over Southern Africa and the measurement shows that the average temperature over South Africa increased by 1% (versus 0,65 for the rest of the world). This is something that livestock farmers should take note of and manage.

How to mitigate?

a) Livestock

This is a problem that specifically radiates with livestock, because if heat stress is not dealt with, production goes down. Farmers need to adapt their animals and production systems, ensuring that lambing does not take place in the hottest time of the year. It is also important to create shaded areas, especially in the Swartland. It is a known fact that shade can provide a 5 °C difference.

b) Plants

Plants, however, can experience and absorb heat stress in combination with a scarcity of water. The higher the heat stress, the higher plant production if sufficient water is available. Therefore, if the veld is in good condition, more soil would be available and bush encroachment would expand.

It is extremely important that farmers manage their farming system/grazing system to infiltrate rainwater into soil. If they do that, the increase in temperature will improve their production.

2) Carbon dioxide (CO₂) levels are high and increasing

The effect of CO₂ and other gases are driving the global warming and change in weather patterns.

How to mitigate?

Photosynthesis is one of the silver linings that farmers need to tap into. Through the process of photosynthesis, the most important system for livestock farmers, the increased water-use efficiency of grasses and shrubs is quite high, and should it be maximised, will result in healthy veld, good plants, and water utilisation efficiency, thus INCREASING GRAZING CAPACITY. Farmers need to ensure that their veld is in the best possible condition. Americans refer to it as CO₂ fertilisation.

A study on the effect of the increase of CO₂ concentration on the root production of specifically C3 plants, i.e., trees, shrubs (lucerne), and all legumes, shows that they are being favoured by the increase and are being made into super plants. The consideration of C3 plants can be used to the farmers' advantage when considering planted pasture conditions.

The good news is that if you look after your veld and you plant the right mix of planted pastures and ensure that you get enough rainwater into the soil, much better grazing capacity will be secured.

3) Experiencing more extreme weather patterns

The forecast in the 1990s predicted a change in the distribution and quantify of rainfall – wetter in the east and drier in the west. A second forecast predicted more extreme weather patterns, and once measured, saw that rainfall days decreased in central and north-eastern South Africa. If analysed, and if rainfall stays the same but rainfall days increase, more intense rainstorms and dry periods will result, creating more extreme weather patterns. Livestock farmers need to contend with these observations if they want to continue farming with livestock.

TAKE-HOME MESSAGE:

It is important to learn about climate change and how to mitigate it:

- 1. It is getting warmer. Mitigation is adapted animals and shade. Silver lining is more heat units, thereby giving improved dry matter (DM) production.**
- 2. Climate is becoming more extreme, especially the rainfall. Mitigation is healthier veld and better drought preparedness.**
- 3. CO₂ is increasing. Silver lining is CO₂ fertilisation with increased water-use efficiency and DM production.**

SESSION 2: EMERGING SECTOR AND FUTURES BIOSECURITY

BEST COMMUNAL AWARDS SPONSORED BY ZOETIS

The NWGA / Zoetis Prestige Awards honours regional wool sheds for achieving outstanding results in developing their sheep projects for an increased wool income and elects an overall winner as the Best Communal Shearing Shed. Congratulations to the regional winners for Best Communal Shearing Sheds:

Reg. 20	Old Idutywa shearing shed
Reg. 21 and overall winner	Haytor Wool Growers' Association
Reg. 23	Lower Lufuta shearing shed
Reg. 24	Lower Thokoana shearing shed
Reg. 25	Blikana No. 2 shearing shed

Dr Paris Ryf of Zoetis provided a pre-recorded presentation on the vaccination of sheep and goats.

IMPLEMENTING THE CAPE WOOLS SUSTAINABLE STANDARDS IN COMMUNAL AREAS

Deon Saayman, of Cape Wools SA, referred to the 17 United Nations Sustainable Development Goals and highlighted two, which strive to end poverty and end hunger. Considering the significant progress achieved in communal areas through training, mentorship, and infrastructure development through the NWGA Production Advisory Services, but understanding the current dilemma that the NWGA does not have the capacity and workforce to maintain this success, a different, more modern driven

initiative had to be considered. Cape Wools SA want to implement sustainable guidelines, specific for smallholder and communal farmers, thereby putting them in a position to expand market opportunities. How will this be done? By assisting farmers to produce wool that reaches sustainability goals.

1. Create an electronic database, thereby expanding the CWSA NAMAD system in the communal sector to include a sustainable aspect.
2. Do assessments within shearing sheds.

Saayman elaborated on the actions that need to be performed at a selection of shearing sheds, evenly spread across all regions and that the minimum-requirement assessment be carried out as a matter of urgency. Once a needs analysis based on survey results had been conducted, key goals, trainers, partners, sponsors, donors would be identified.

The adapted SCWS for communal farmers has been based on the Good Cashmere Standard, put into place by Aid by Trade Foundation.

Saayman listed the outcomes-based questions that had to be done with the chairperson of growers' associations, which would be conducted on a tablet and signed off at the shearing shed.

He concluded his presentation by showing an organogram, which CWSA project as a strategic structure will drive all empowerment initiatives, as many international role players are interested in such initiatives, should they materialise.

Dr George de Kock expressed excitement over the initiative, as this would take traceability into communal areas and he felt confident that this standard would be ahead of any other standard in the world and become the standard of choice by retailers, as it was dealing with the United Nations Sustainability Development Goals.

Mr Zilindile Makapela from Landbank presented a pre-recorded message.

FUTURES BIOSECURITY

Dr George de Kock based his presentation on the outbreak of foot-and-mouth disease (FMD) in 2019 and the consequent ban on the export of wool. Various areas of concern were identified:

- 1) Onderstepoort Biological Products (which is seen as the cornerstone of biosecurity) – at that stage, there was a severe lack of confidence from farmers.
- 2) DAFF/DALRRD – during the outbreak, it was impossible to communicate with high-ranking officials in charge.
- 3) The NAHF was not interested in assisting the wool industry with the export of wool, as their focus was on the outbreak.
- 4) State and provincial veterinarians – prior to the FMD outbreak, meetings were held with stakeholders and disease was identified as potential problem.

In addition to the addressing of some of the above concerns, the following routes were successful and could be used to address similar situations and solving problem in the future:

- 1) Through many efforts and improved communication through Agri SA and Agbiz, the wool industry was able to connect with government.
- 2) Creating a private–public partnership with provincial veterinary services to facilitate exports:
 - a) Communication with Bisho (Eastern Cape).
 - b) Establishment of a dedicated wool export certification veterinarian, allocated to CWSA in 2020.

Cape Wools SA have established the following initiatives over the past two years:

- 1) Wool value chain roundtable.
- 2) Independent director with veterinary training appointed on the CWSA board of directors.
- 3) Onderstepoort Veterinary Institute (OVR) research agreement.
- 4) Joint project with Australia through the IWTO working group.
- 5) Sustainable wool certification through the SCWS.
- 6) Through the risk levy fund, funds were made available to employ a full-time dedicated veterinarian to continue discussions with provincial structures and continue the lobby process on a national basis.

De Kock concluded his presentation by reiterating the fact to producers that biosecurity started on their own farms and that the state veterinarian and stock inspectors would not keep their farms clean, unless farmers did what was necessary. To close the biosecurity loop, farmers needed to know what they could allow on their farms in terms of production auctions, ram breeders and ram auctions, feedlots, farm biosecurity, and through education and training.

Dr Ariena Shepherd, as part of the panel guests, reiterated the importance that farmers needed to look after themselves and not rely on state institutions, which were not in any position to provide protection. She identified the need for farmers to look beyond their animals, in that staff and labourers should also be protected.

SESSION 3: CLOSED SESSION FOR MEMBERS ONLY

Apologies: Harry Prinsloo & Herman van Schalkwyk



The following motions of condolences were received:

- Mrs Joy Kingwill
- XL Nyamela – mother passed away
- Peter Cawood, well-known member of the mohair industry (previous chairperson Cape Mohair and Wool board)
- Mother of Mr Harry Prinsloo
- Carel Jacobsz, Ermelo
- Jan Rautenbach, Ermelo
- Francois Lotz, Amersfoort
- Swithan Webster

The following documents were approved.

1. Minutes of 2019 National Congress on the proposal of Herman Hugo and seconded by Niel du Preez.
2. Balance sheet for 2018/2019/2020 on the proposal of Herman Hugo and seconded by Japie Celliers.
3. Operational report presented by Leon de Beer.
4. Policy and strategic report presented by Guillau du Toit.
5. Billy van Zyl delivered brief report on most recent IWTO virtual congress.

National constitutional amendments

HB van der Walt handled the proposed constitutional amendments which were circulated to all provincial and national management meetings prior to the 2020 national management meeting in August 2020, for validation at the 2021 national congress.

Considering that a quorum was not present (too few logins to Zoom platform), the meeting approved the amendments, subject to official approval the next day. There were insufficient logins at the meeting after congress, with national management taking decision that approval would be gathered by SMS and emails.

Eastern Cape communal branch constitution

HB van der Walt presented the new constitution to congress and explained that it was established to provide more independence and allow the Eastern Cape communal branch to register as affiliated member to Cape Wools SA. Document had already been preapproved by communal executive committee **FOR FINAL APPROVAL BY NATIONAL CONGRESS:**

Thumbs up from Queenstown. From the 66 delegates (attendance and Zoom platform), a quorum of 33 persons was required to approve the constitutional amendments. A total of 36 approvals were received, made up of 14 delegates physically present, 12 periodically connected via Zoom, and 10 persons responded via SMS and email. Constitutional amendments were therefore officially approved.

SESSION 4: THE ECONOMIC REALITIES FOR THE WOOL VALUE CHAIN – POST COVID-19



VIEW OF THE BROKERS

Mr Isak Staats, from BKB, connected virtually and elaborated on the uncertainty that COVID-19 brought about, more especially the effect it had on BKB staff. The cost of keeping them safe, protecting a highly skilled environment, managing fear, working from home, and having to move to online auctions and even cancelling and moving auctions.

Logistically, it had been a very difficult year with container shipping rates being 278% more expensive than a year ago, inconsistent shipping schedules, and an ineffective harbour system, resulting in vessels passing by.

Consumer activism had played a significant role in the market force, with two-thirds of consumers indicating their stop or significantly reducing their expenditure on brands that mistreated their employees or suppliers. The significant effect of assurance standards such as Responsible Wool Standard (RWS), ZQ Merino Fibre, SCWS etc., where the top four sold 96% of wool with premiums ranging from 0–11%, was a market force to be reckoned with.

The trend was that the world was starting to buy clothes again, and wool was cheaper compared to other fibres, which signified an upward trend in wool prices. The pandemic had further propelled brokers to look at innovations such as block chain, RFID, RWS, logistics, and Responsible Mohair Standard (RMS) to better their systems.

VIEW OF THE BUYERS

Mr Paul Lynch, on behalf of the SA Wool and Mohair Buyers Association (SAWAMBA), related to the market, which was tightly linked to the exchange rate, and at that time, was incredibly strong due to the high commodity prices for steel, platinum, copper etc. Even though wool was a commodity, it was more of a niche and luxury fibre on the fine end and it was therefore necessary for the world economy to rebound further and for the high streets globally to reopen. Due to a lack of travel as a result of the pandemic, there was more disposable income and people were spending on themselves and their houses.

Taking everything into account, the price of wool had done remarkably well, but Lynch warned that industry should not become complacent but rather ensure that South African producers remained proud in what they produced, and to also not rely on non-mulesing status to ensure that South African wool would automatically have a market. He felt compelled to raise the issue of the treatment of labourers and shearers and acknowledged that a lot had been done in recent times. As the farmer produced the wool, the shearer enabled its entry into the market, and therefore it was important to look after shearers and labourers, otherwise all advantages with non-mulesing would be in vain.

He concluded by thanking producers for supplying the buyers with wonderful wool to buy and market and he hoped that it would continue.



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VIEW OF THE PROCESSORS AND RETAILERS

Congress observed a pre-recorded message of international wool trader and manufacturer, Giovanni Schneider from the Schneider Group, who had been in the wool business since 1922 and focused specifically on fine and superfine merino wool. Schneider said that 2019 was a very difficult year for the European spinning and weaving industry. Big price hikes since 2016 concerned many retailers and they bought more than their requirements to mitigate risk. At the beginning of 2020, the whole supply chain was loaded with finished and semi-finished goods, hoping for a good season to clear stock, when COVID-19 happened. The personal luxury goods market suffered the highest drop in more than 10 years and the worldwide sale of clothes plunged by 30%. More than 15 000 stores went bankrupt in Europe with more closing in 2021. South Africa and New Zealand decided very wisely to stop auctions for a few weeks to protect the wool price, but Australia continued, despite processors and manufacturers specifically asking to stop auctions after the August recess, resulting in the market plunging to below 800 in September, costing the industry millions of dollars.

It would take some time to see persistent improvement, and full recovery would, in all probability, only happen at the end of 2023. Market demand was expected to bounce back, but 2019 market values would not return before 2023. In terms of the clothing/wool business, Schneider said he anticipated a smaller market, where both demand and supply could find a new balance based on quantities.

Statistics showed that wool production for fabrics dropped by 40% during last year and would not reach pre-COVID levels in the foreseeable future. However, Schneider was optimistic that lower merino prices would assist with knitwear sales and the industry would remain strong. As knitwear recovered much faster since sweaters became cheaper, easy to wear, and with good online sales, this was good news for the South African industry as the wool was particularly suited for knitwear production.

As the world population was growing, thereby increasing the market base, and taking into account that wool was used more for a variety of new products such as sportswear, automotive, health care etc, the current small market share had the potential to grow significantly. Therefore, it had become increasingly necessary to prove that wool was the most sustainable fibre of choice.

Sustainability had become the prerequisite for staying in the business in the long term. As raw material accounted for a big portion of the ecological credentials in the final product, growers were required to take particular action.

The wool industry, thanks to the combined efforts of the IWTO and Australian Wool Innovation, was funding a huge project, teaming up with other fibres (who were viewed as competition) to prove the greater common good of natural fibres versus synthetics and prove that their claims relating to sustainability, recyclability, and other theories were far-reaching.

Given that wool prices did not decrease despite the very low demand and large offerings in Australia during May 2020, Schneider predicted an increase in price, but not to the high levels of 2018, but settling in all probability in between. He concluded by saying that farmers would enjoy a decent second half of 2021 and a good 2022 wool season.

ROLE OF IWTO

Mr Wolf Edmayr, president of the IWTO, referred to the good properties of wool and how Mother Nature was still creating the ultimate fibre that offered all the benefits to those consumers who were searching for sustainable standards. IWTO working groups were the engine room where information

was proved through scientific and technical methods, with many South Africans represented on these groups. It was heartening for Edmayr to see the level of cooperation between South Africa and member countries around the world.

Through social media, modern communication, and instant availability of information, consumers worldwide were informed and demanded reasonable and sustainable practices and action and would expose questionable practices and hold people accountable. It was important to ensure that wool had a voice during the period of the great reset and that the wool story was part of a growing line-up of initiatives launched around the world. IWTO members were already playing an active part in global projects.

The IWTO was sound and, with the very small but competent team in Brussels, was well positioned to take the wool industry beyond COVID-19 and economic realities of the pandemic. However, the success of the IWTO was dependent on the participation, involvement, and contributions by members and any other organisations in the wool industry. In going forward, Edmayr called for bold and ingenious leaders and decision makers to reconsider the way the great message of wool was spread and marketed to remain a role player in the world.

Questions to the panel

Clarence Frisken elaborated on the question of virtual auctions, which the buyers felt was too slow. Unless technology changed and sped it up, it was not a preferred way of selling well.

Regarding the unfortunate state of Gqeberha ports, and vessels bypassing because of delays, and trucks queuing for hours inside port gates before entering to unload containers, Clarence Frisken requested that Cape Wools SA, on behalf of the wool industry, approach Agri SA to assist and intervene at government level with local port authorities. **Unanimous support to take the matter forward to Agri SA.**

SESSION 5: FOCUS ON PRODUCTION



SCWS within the framework of international standards

Deon Saayman, Cape Wools SA, introduced congress to the new look for CWSA, created to align with the direction of sustainability in South Africa. As producers were operating in a global space, they needed to adhere and adapt to the changing needs of business and consumers. The strategy of CWSA is aligned with the United Nations Sustainable Development Goals and on-farm assessment, the route to sustainability and traceability.

Emanating from the Code of Best Practice, compiled in 2008, and recognising the advantage of a non-mulesing status of the South African clip, targets were set by CWSA for an industry standard for sustainability by creating a shift from declaration to assessment and keeping focus on risks within the industry. As brands were looking for trust within a value chain and market, it was important to provide a sustainable and trustworthy product within the supply chain.

Saayman anticipated a huge risk for the wool industry in the European Commission who set up a product environmental footprint database and the disadvantage that all natural fibres would be exposed to. Currently, the IWTO played an important role, and all opportunities needed to be utilised to lobby the influence.

The IWTO sustainable standards task team, representing various brands and certification schemes, met to discuss synergies between standards and eliminate confusion within brands. Clothing brand FAYAZ Paris had a public declaration on their website supporting SCWS.

Cooperation agreement

CWSA entered into an agreement with Abelusi Wool (standard) to see where value could be added to the value chain and the for farmer, creating good cooperation with NWGA production advisers.

Ongoing discussions

There were ongoing discussions with Australia (AWEX Sustain-A-Wool) as practical issues regarding certification in the value chain had been identified, especially in the combing lots. As South African clips made up a large portion of those lots, the CWSA board of directors had agreed to consider how the certification could be taken to the retailer in a chain of custody.

Exciting news!

International wool trader and manufacturer, Schneider Group of Italy had signed an agreement whereby the SCWS would be recognised on their Authentico platform as sustainable, traceable wool, joining the ranks of RWS wools as a recognised certified source of wool from South Africa.

South African merino brand

CWSA put together a brand guide and started the registration process to use the South African merino mark internationally. This mark would be consumer-facing as spinners, weavers, manufacturers, and retailers would use it on specific garments. This resulted from a real demand for South African wool by spinners, retailers, and garment makers – not just as mules-free wool, but as South African wool.

Shearing application

As shearing and the social welfare aspect of it was one of the key risks for the wool industry, CWSA developed a shearing management application, which linked to the CWSA database.

Sustainability goals:

1. User-friendly and trustworthy electronic assessment.
2. Fully integrated traceability platform.
3. Living standard that could be adopted if required.
4. Continuous consultation and improvement.

The demand for wool without a standard

Clarence Friskin, SA Wool and Mohair Buyers Association (SAWAMBA), said that South Africa did not realise their advantage over other countries by having a non-mules status. More and more brands were demanding non-mulesed wool.

As regenerative agriculture had become the new buzzword, the South African wool industry was in a fortunate position to have the Code of Best Practice, a document which was way ahead of its time, that Cape Wools could build on to develop the SCWS. The NWGA could take the credit for establishing the document.

Friskin elaborated briefly on the four standards currently operational in South Africa, namely RWS, ZQ NZ Merino, Abelusi, and SCWS. He warned however that these standards needed to be implemented properly as audit standards, and not be used as marketing tools.

He added that he believed farmers would always be able to sell their wool, but going forward, if a farmer did not have a standard that backed his product, his wool would be sold at a discount.

He encouraged the entire industry to buy into the concept of sustainability standards for South Africa to carry on with the momentum of being one step ahead.

Fears from producers regarding standards

Mr Guillau du Toit expressed concern that many of the standards overlapped at the cost of producers, and that it was important that a national body be appointed to oversee all the standards.

After a survey of other producer countries, he concluded that South African producers had their own unique challenges and farming conditions and therefore found it difficult to navigate issues with international activists. They should rather put energy into a local system that could be controlled and was based on the Code of Best Practice, which was acceptable to the international market. He thanked Cape Wools SA for the drive towards the establishment of the SCWS and, consequently, the agreement with Schneider Group.

Mr Jacques le Roux, OVK, remarked that the sustainable standards in South Africa were aimed at better styled wools (apparel clothing), thereby necessitating producers to audit their farms to obtain a premium on only a couple of bales, and not the full clip. It was important to further bear in mind that standards created markets for direct selling, which posed a danger as the robust and strong auction system was undermined and, in the long run, could be detrimental to the industry.

Mr Clarence Friskin replied that the auction system would always be relevant as this was where competition took place and a created a benchmark for the setting of prices. There was, however, room for direct purchasing, which allowed another options to growers, thereby giving them a combination of options to sell their wool.

The congress concluded with the outgoing chairperson Guillau du Toit acknowledging and thanking various role players and staff.



Signed at **on**

NATIONAL CHAIRPERSON:.....

SECRETARY:.....