GTAC/CBPEP/EU project on employment-intensive rural land reform in South Africa: policies, programmes and capacities

Commodity study
Wool production by small-scale farmers

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Abbreviations and acronyms

CASP	Comprehensive Agricultural Support Programme (2004-)
DAFF	Department of Agriculture, Forestry and Fisheries (2009-)
DALA	Provincial Department of Agriculture and Land Affairs (1994-2009)
DBSA	Development Bank of Southern Africa
DLA	Department of Land Affairs (1994-2009)
DRDAR	Provincial Department of Rural Development and Agrarian Reform (2009-)
DRDLR	Department of Rural Development Land Reform (2009-)
ECRDA	Eastern Cape Rural Development Agency
EDA	Environmental and Development Agency Trust
Fhiser	Fort Hare Institute for Social & Economic Research, University of Fort Hare
HSRC	Human Sciences Research Council
LRAD	Land Redistribution for Agricultural Development (2001-)
NAMC	National Agricultural Marketing Council
NCOP	National Council of Provinces
NGO	Non Governmental Organisation
NPO	Non Profit Organisation
NWGA	National Wool Growers Association
PLAS	Pro-active Land Acquisition Strategy
Ruliv	Rural and Urban Livelihoods
SDF	Spatial Development Framework
SLAG	Settlement and Land Acquisition Grant
SSU	Small Stock Unit
Surudec	Sustainable Rural Development in the Eastern Cape

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Figure 1: Municipalities in the Eastern Cape Province

By Htonl - Own work; based on File:Map of the Eastern Cape with municipalities blank (2016).svg, CC BY-SA 3.0, https://commons.wikimedia.org/w/index.php?curid=55874316

Executive Summary

Small-scale wool production, especially in former bantustan areas, has the potential for significant expansion and ongoing and successful farmer support should be expanded. The small proportion of sheep and wool farmers in bantustan areas who are prepared to relocate to private land, preferably in nearby districts with similar physical and climatic characteristics, should be one priority for support through land redistribution programmes. The success or failure of expanded production and class mobility should be measured over the medium to long term, including over multiple generations and may depend on ongoing and effective support programmes. New employment opportunities are likely to be modest, especially as there is very limited processing of wool before export.

Farming for wool is extensive farming, optimally with low turnover but decent margins, compared to dairy farming which may also be extensive but is high in turnover with low margins. Net farm profit is a useful indicator of success or failure, rather than turnover. It may also be useful in defining emergent farmers. Net farm profit may be very different from household income as a measure of wealth/poverty and inequality. This is especially so in trust land areas where livestock and livestock products may constitute a small component of household income or a component used as savings or reserve capital for annual expenses, family events and emergencies.

Very small flocks of sheep are often kept for absent adult or juvenile males and are ready sources of significant amounts of cash when faced with urgent expenditure requirements such as school fees, medical crisis, funerals etc. This category of sheep owners may have little or no interest in establishing more viable and expanded forms of wool production. In order to target effectively current and future attempts to expand wool production in trust land areas, it is critical to appreciate that wool production is generally either not a priority or not economically viable for households with flocks of less than 50 merino sheep.

Segregationist and apartheid over the course of most of the twentieth century attempted to systematically suppress the black middle class including black farmers and entrepreneurs. In the twenty-first century attempts to stimulate both a new class of black farmers and agricultural output take place in a very different economy and after the loss of agricultural skills over more than one generation.

Creating a class of farmers at any level of production and at any scale is a long term process, requiring the long term commitment of public and private resources. The middle class in Mthatha in the early twenty-first century traces its origins back to the peasantry and urban land ownership over a century ago. There are likely to be many who drop out from the processes of class formation and class mobility and many unintended consequences along the way.

The conventional view of the area of commercial merino sheep farming for wool is located west and north of the 500mm annual rainfall line. However as is indicated in the sections of this study below, most of the emergent and small scale wool farmers are located in areas to the east of this line where rainfall is above 500mm. Increased rainfall could, perhaps should, result in better grazing conditions, depending on other factors such as soil quality. However this is dependent on the reliability and annual distribution of rainfall. In trust land areas, misleadingly referred to as “communal areas”, a number of other conditions and constraints apply and may counteract the tendency to improved grazing, especially with increasingly variable weather patterns as climate change accelerates.

Indications are that the stock theft has increased and game farming has expanded as a major rural business over the past 30 years. The impact on sheep farming has been real, negative, but uneven. A

number of factors may limit or even eliminate the impact: local social cohesion, distance from transport routes, individual vigilance and kraaling of animals overnight are some examples. The effective local organisation of wool farmers in trust land areas is crucial.

Very active local livestock markets throughout the trust land areas which revolve to a large extent around necessary social rituals. However supplying local village demand for beef and mutton does not require the same standard of animal as required by supermarkets and abattoirs. In the same way the supply of wool for an external and international market requires a shift in paradigm.

Using the widest definition, 21.3% of all South African smallholders are situated in the Eastern Cape Province, which makes it the second most important smallholder province after KwaZulu-Natal, which has 23% of all smallholders (Statistics South Africa, 2016).

It is not clear what the percentages would look like if they could be broken down by the focus of such smallholders on various types of livestock and various types or field and garden crops. It is possible that the Eastern Cape has a higher percentage of smallholders who focus on livestock given the higher rainfall of much of KZN compared to the Eastern Cape and therefore the greater potential in KZN for cultivation.

Merino sheep are widely distributed across trust land areas. While they may be sold more frequently for their meat value than in nearby “commercial” farming areas, the potential commercial benefits of improved animal husbandry are demonstrated by the records of the National Wool Growers Association (NWGA) intervention in these areas and the increasing prices obtained for the wool clip.

The NWGA has suggested that wool output from trust land areas can potentially be increased by more than 50% on the current level. This requires the organisation of the owners of woolled sheep at local level to aggregate their flocks for purposes of shearing, sorting, baling and forwarding to the auction rooms.

Interventions by Non Profit Organisations such as Mngcunube Development and the NWGA have played an overwhelmingly positive role in improving animal husbandry in general and wool production in particular. The NWGA may provide a model for support by commodity organisations for expanded production by smallholders for other commodities.

Public funding programmes designed to support small and emergent farmers have largely failed for almost uniform reasons including non-alignment between public entities, incompetence, non-compliance and corruption.

In trust land areas where pastoralism trumps cultivation and in a province of increasingly unpredictable weather and rainfall in particular, it would be preferable to focus public resources on animal health rather than showpiece programmes which focus on field crops and which tend to repeat mistakes of the past and consume substantial public resources.

Addressing unemployment through job creation is a national and international challenge. Land reform and land redistribution can contribute but only as part of a much wider social and economic programme. The contribution of expanded wool production will not create significant direct employment and as long as over 90% of South African wool production is exported unprocessed after shearing.

South Africa wool production has been in long term decline from a maximum of 150m kg in 1965 to less than 50m kg today. South African wool exports are facilitated by the weakness of the South African Rand.

Land redistribution which assists willing and verifiable emergent wool producers to acquire their own land should be prioritised.

Land redistribution interventions in support of emergent wool farmers and livestock farmers in general should acknowledge the following:

- Success may require medium to long term effort and support.
- Accumulation may in fact take place over more than one generation.
- Farming and farming for wool are choices which may be abandoned for other perceived economic opportunities. Farming may be a step-up to other routes of class mobility.
- New employment opportunities will be limited and employment conditions in the short to medium term may not be ideal or conform to basic standards and legal requirements.

1 Background

1.1 Terms of Reference

The wider project of which this study is a part "aims to formulate a set of options for rural land reform in South Africa aimed at generating a large number of employment, self-employment and livelihood-enhancing opportunities through the promotion of small-scale agriculture."

"The overall aims of this study are to identify the potential for successful expansion of the number of small-scale farmers producing wool through redistributive land reform, and to examine the possible outcomes of such expansion, with a particular focus on aggregate levels of production, farmer income and employment."

"The specific objectives of the study are:

1. To quantify the current scale of wool production by smallholder and small-scale black commercial farmers in South Africa, specifically in the Eastern Cape Province, and to characterize the key features of their production and livelihood systems;
2. To describe and assess the effectiveness of the support services offered to such farmers;
3. To describe and assess the character of the value chains in which these farmers participate;
4. To quantify and assess the outcomes of both current and potentially expanded systems of wool production by such farmers, in relation to income, employment and social differentiation;
5. To explore the implications of research findings for land reform policies and implementation frameworks, with an emphasis on land redistribution."

2.2 Definitions and terminology

Smallholders are farmers who rely mainly (but not exclusively) on household labour in their production systems.

Small-scale black commercial farmers are farmers who rely mainly on hired labour in their production systems. The degree to which their enterprises are capitalized falls within the bottom third of all commercial farming enterprises producing similar products in South Africa.

Employment includes both employment by others and self-employment and includes such employment in both the formal and informal agricultural sectors.

The first two definitions above are not uniformly used across the literature as will be clarified in the main sections of this study below.

Trust land versus communal land: While the latter term is commonly used including in much academic literature, it is inaccurate and invokes a range of misleading stereotypes including land degradation, under-utilisation of land, dependency and poverty. Most land in former bantustan rural areas, as well as some former "Black Spots" outside of the former bantustans, is in fact land held in trust by the state. Rural residents hold a complex of individual, family and community use and occupational rights to this land which are protected under the *Interim Protection of Informal Land Rights Act No.31 of 1996* which affords some similar elements of protection to those afforded to private, registered tenures.

2.3 Methodology and acknowledgements

This document is based primarily on available literature, earlier interviews for studies on livestock

and pastoralism,[1] and key recent interviews, all as indicated in footnotes. These include three very recent and useful interviews which were generously shared by William Beinart and Luvuyo Wotshela.

A number of livestock studies are referenced. Unfortunately a number of these are not focussed on farming livestock for wool but on the improvement of livestock in general.

Much data referenced below is provided by Cape Wools SA, a non-profit company mandated by statute to maintain independent records and overseen by the National Agricultural Marketing Council (NAMC) which was established by the *Marketing of Agricultural Products Act No.47 of 1996*.

An 85 page overview of the wool business in South Africa is available on the Cape Wools SA website.[2]

2 Sheep facts [3]

The scientific name for all sheep is *ovis aries*. Sheep are part of a wider group – ungulate mammals of the subfamily *Caprinae*, including goats, sheep, and ibex. Ungulate refers to any of a large group of mammals all of which have hooves.

Sheep in general are more suited to the dryer interior of the country than moist coastal areas. They are not as robust as cattle and can be run with cattle as they tend to eat shorter grass which cattle cannot get to. However this also means that pastures can easily be overgrazed and destroyed by sheep. Merino sheep in particular have been described as "Roundup [a herbicide] with teeth". They also need better grazing than cattle for best productivity.

A major issue in pastoral systems and grazing management in southern Africa is access to sufficient natural grasses and nutrition throughout each annual cycle, which usually mean access to different vegetation types which are broadly termed sweetveld and sourveld.

Sweetveld is generally found in dryer areas, is more fragile and provides critical grazing in the winter months when sourveld looses nutritional value. Access to both types of grazing underpinned pre-colonial and early colonial transhumance patterns. In the twentieth century and under systems of private land ownership, successful pastoralist farmers sometimes strive to have farmlands which provide both types of grazing, even if they are separated by some distance. The seasonal transhumance of pre-colonial and early colonial pastoralism has been replaced by a modern version.

In summer rainfall areas where grazing is at its worst both in terms of quantity and quality during late winter, the provision of supplements in the form of mineral or salt licks containing phosphorus, sodium, calcium, iron, zinc and trace elements are essential.

Sheep are particularly susceptible to intestinal worms. They should be vaccinated against Anthrax, Pulpy Kidney Disease and Blue Tongue Disease. They should also be dipped or sprayed to prevent Sheep Scab.

[1] In particular, 2014, "Cattle-keeping, markets and inclusive growth in the Eastern Cape Province, with main reference to the Amathole region", FHISER for REDI 3x3, & 2017, "Pastoral farming in Amathole – ecology and historical experiences", FHISER for International Fund for Agricultural Development (IFAD).

[2] Cape Wools SA, 2014, *Wool in South Africa*, available at http://www.capewools.co.za/pdf/documents/pdf1-24-woolbookenglish.pdf

[3] This section is based on numerous sources including: Department of Agriculture, 1957, *Handbook for Farmers in South Africa, Volume 3, Stock Farming and Pastures*, Government Printer; Environment and Development Agency Trust, 1995, *People's Farming Workbook*, David Philip; Interview with Sean Archer, Nieu Bethesda, 2015/12/30; Dr Robert Welsh, 1946, *Letter to Tuppy*, Autobiographical typescript.

The merino breed of woolled sheep is particularly susceptible to blowfly which lays eggs in the wool near the tail and the maggots do much damage to the wool. In the great depression this affected wool was so worthless that it was used as compost.

The wool of the Dorper sheep breed is commercially unusable.

Dohne Agricultural Research Station (now Dohne Agricultural Development Institute, DADI) near Stutterheim from the late 1930s improved both the meat and fertility of the merino breed as well as its ability to adapt to the pastures and climate of sour grassveld areas. On commercial farms multiple births can predominate.

The majority of the Dohne merino sheep in South Africa are farmed in the Eastern Cape, Free State, Northern Cape and Western Cape Provinces.

2.1 Wool facts

Merino wool farming is extensive farming, optimally with low turnover but decent margins, compared to dairy farming which may also be extensive but is high in turnover with low margins. This suggests that net farm profit is a useful indicator of success or failure, rather than turnover. It may also be useful in defining emergent farmers. Note that net farm profit may be very different from household income as a measure of wealth/poverty and inequality. This is especially so in trust land areas where livestock and livestock products may constitute a small component of household income or a component used as savings or reserve capital for annual expenses and emergencies.

In scientific terms, wool is a protein called keratin. Its length usually ranges from 3.8 to 38 cm depending on the breed of sheep. The fleece recovered from a sheep can weigh between 2.7 and 8.1 kg. As much as possible, the fleece is kept in one piece. Sheep are sheared once a year, usually in the springtime. A veteran shearer can shear up to two hundred sheep per day.[4]

Sheep shearing has long been a specialised occupation and teams of shearers have worn the same itinerant paths down generations in the shearing season. Today still many of these teams are from Lesotho and are now also operating in trust land areas where wool production is being developed.

According to DAFF: [5]

> *Wool straight off a sheep, known as "grease wool" or "wool in the grease", contains a high level of valuable lanolin, as well as dirt, dead skin, sweat residue, and vegetable matter. Before the wool can be used for commercial purposes, it must be scoured, or cleaned. Scouring may be as simple as a bath in warm water, or as complicated as an industrial process using detergent and alkali, and specialized equipment. In commercial wool, vegetable matter is often removed by chemical carbonization. In less processed wools, vegetable matter may be removed by hand, and some of the lanolin left intact through use of gentler detergents. This semi-grease wool can be worked into yarn and knitted into particularly water-resistant mittens or sweaters, such as those of the Aran Island fishermen. Lanolin removed from wool is widely used in cosmetics products such as hand creams.*
>
> *After shearing, the wool is separated into five main categories: fleece (which makes up the vast bulk), broken, pieces, bellies, and locks. The latter four are pressed into wool packs and sold separately. The quality of fleeces is determined*

[4] http://www.madehow.com/Volume-1/Wool.html#ixzz5zHzoVJKG accessed 2019/09/12.
[5] DAFF, 2011, *A profile of the South African wool market value chain*, pages 32-3.

by a technique known as wool classing, whereby a qualified wool classer groups wools of similar grading together to maximise the return for the farmer or sheep owner. Prior to Australian auctions, all Merino fleece wool is objectively measured for micron, yield (including the amount of vegetable matter), staple length, staple strength, and sometimes color and comfort factor.

The South African scouring and combing industry is capable of processing a significant proportion of the annual greasy wool production. The bulk of the clip is exported in either greasy or semi-processed form. The early stage processing capacity is situated in Port Elizabeth and in Durban. All the local mills are associated with a major local trading house or a topmaker, but in addition also offer scouring, carbonizing and combing services on a commission basis to any client trading in raw wool on the local market (Cape Wool).

Merino wool is typically 3-5 inches in length and is very fine (between 12-24 microns). The finest and most valuable wool comes from Merino ... Wool taken from sheep produced for meat is typically more coarse and has fibres that are 1.5 to 6 inches in length. Damage or breaks in the wool can occur if the sheep is stressed while it is growing its fleece, resulting in a thin spot where the fleece is likely to break.

Wool is also separated into grades based on the measurement of the wool's diameter in microns. These grades may vary depending on the breed or purpose of the wool. For example:

< 17.5 - Ultrafine Merino

17.6-18.5 - Superfine Merino

< 19.5 - Fine Merino

19.6-20.5 - Fine medium Merino

20.6-22.5 - Medium Merino

22.6 < - Strong Merino

or

< 24.5 - Fine

24.5–31.4 - Medium

31.5-35.4 - Fine cross bred

35.5 < - coarse cross bred

In general, any grade finer than 25 microns can be used for garments while coarser grades are used for outerwear or rugs. The finer the wool, the softer it will be, while coarser grades are more durable and less prone to pilling.

Classification in Southern Africa is not only by the diameter of the fibre but also by length of the fibre as well as strength, quality, condition and appearance. The

NWGA provides a 32 page explanatory document, Wool Classification Manual.[6]

More than 70% of wool was washed and combed in South Africa before export. Most towns had an area known as the "woolwash". By 2005 this figure had declined from 70% to about 20%.[7]

Based on the above description from DAFF it appears that the decline in wool-washing in SA is a matter of the preference of the mainly international buyers.

2.2 Wool as an international commodity

Cape Wools SA is the official industry representative organisation of the South African Wool Industry. It took over the functions of the Wool Board and represents South Africa at the International Wool Textile Organisation (IWTO).[8] The IWTO was established in 1930 by the then main textile industries in Europe. It now includes wool producer organisations from Lesotho to Australia to Mongolia and Japan.

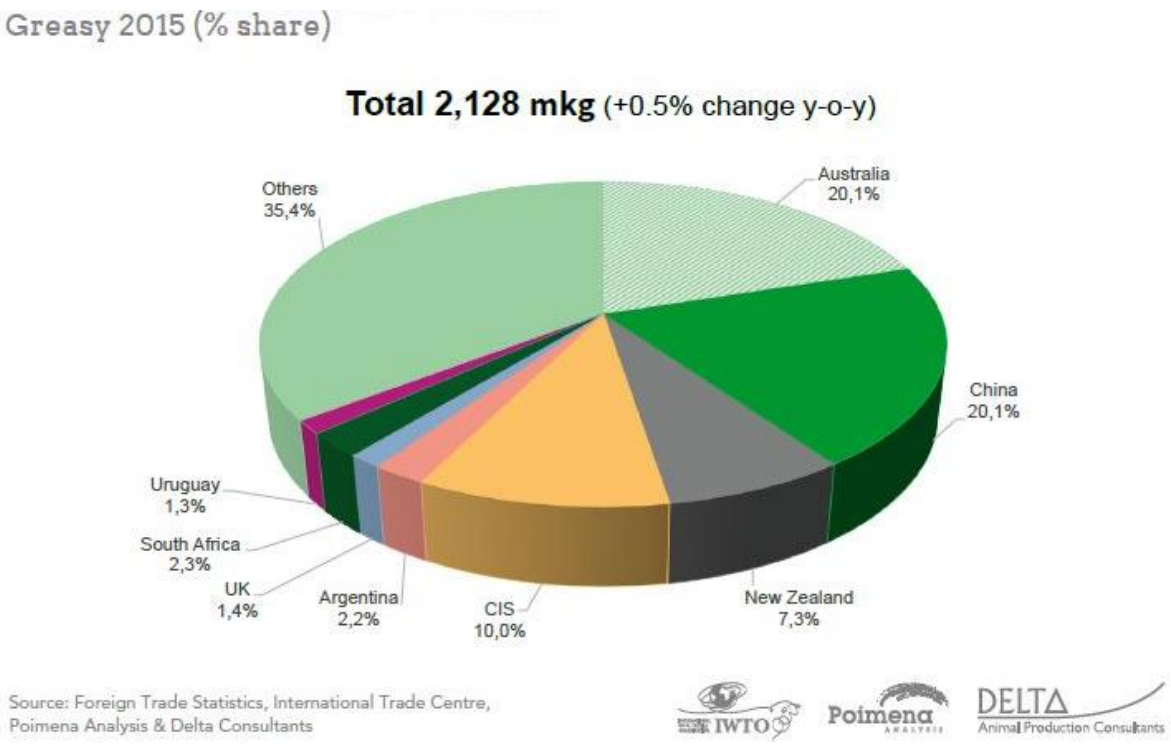
According to the IWTO:

[6] https://www.nwga.co.za/file/5ac4993d134d2/woolmanual.pdf

[7] Centre for Development Support (CDS), 2005, *Assisting poor wool producers to access the international wool market: Successes and stumbling blocks*, UFS, page 3.

[8] http://www.capewools.co.za/content/our-heritage accessed 2019/09/15

Figure 2: International wool production by country



The same source of the pie chart above states that "According to the most recent available figures, around 1.160 million kg (2015) of clean raw wool are produced by more than 1.163 billion sheep (2015) around the world." [9] This is just over half of the total production figure of greasy wool represented in the pie chart above. The difference is generally dirt which has to be cleaned from the greasy wool.

Global production of wool is dominated by Australia and China with 40% production between them. Australia produces the major share of quality Merino wool used in luxury fashion and suiting around the world. The leading importer and consumer of such wool is Italy.

A weak Rand relative to the Australian Dollar aids SA wool exports.

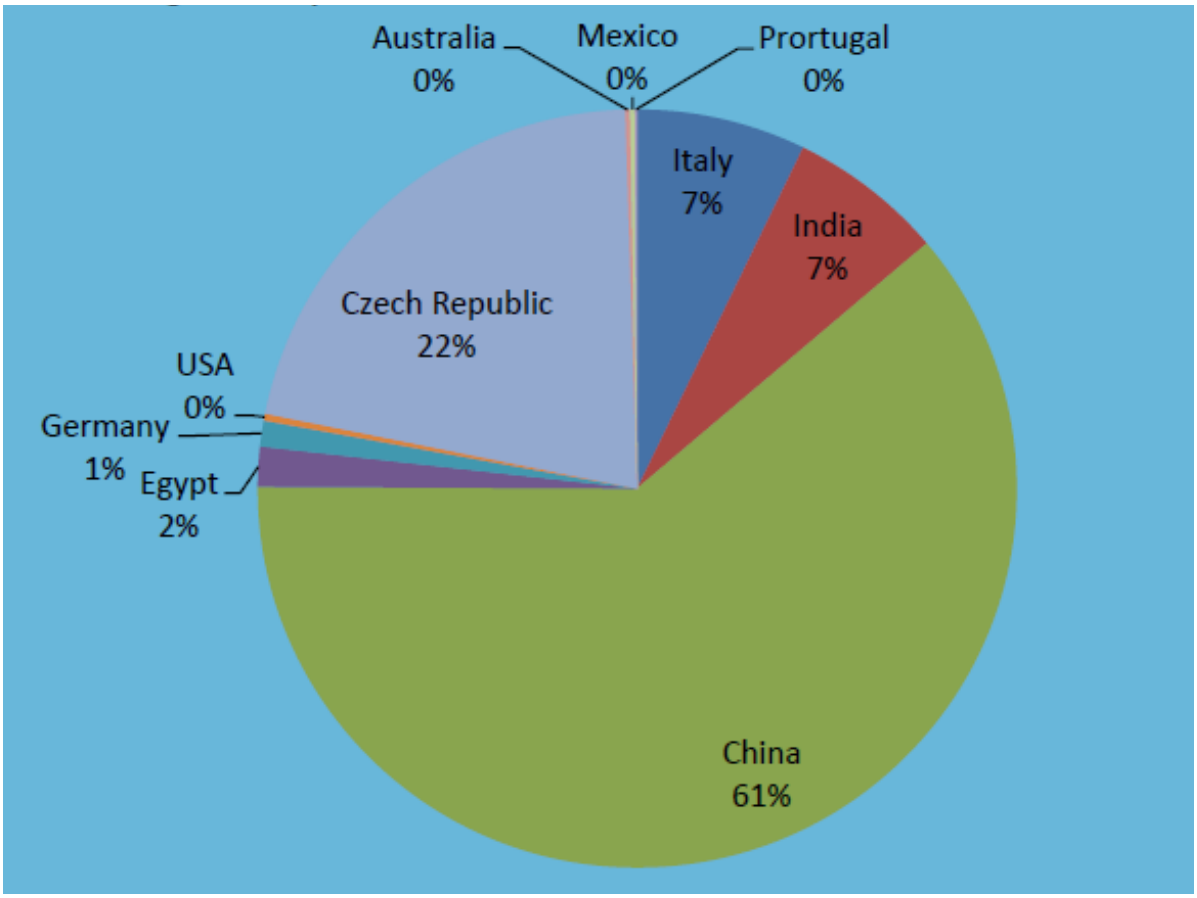
A key price level for the Cape Wools Merino indicator is R100/kg for clean wool.

The international demand for wool is declining, according to a 2005 study.[10] Part of the reason for this decline is presumably the growth of synthetic fabrics. The International Wool Secretariat (IWC) has long promoted the wool industry and marketing in Europe. Australian dominance of this body and the withdrawal of South Africa from the IWC in the 1990s has curtailed the marketing of South African wool in Europe.[11]

Export destinations of South African wool in 2015 are indicated in the following pie chart.[12]

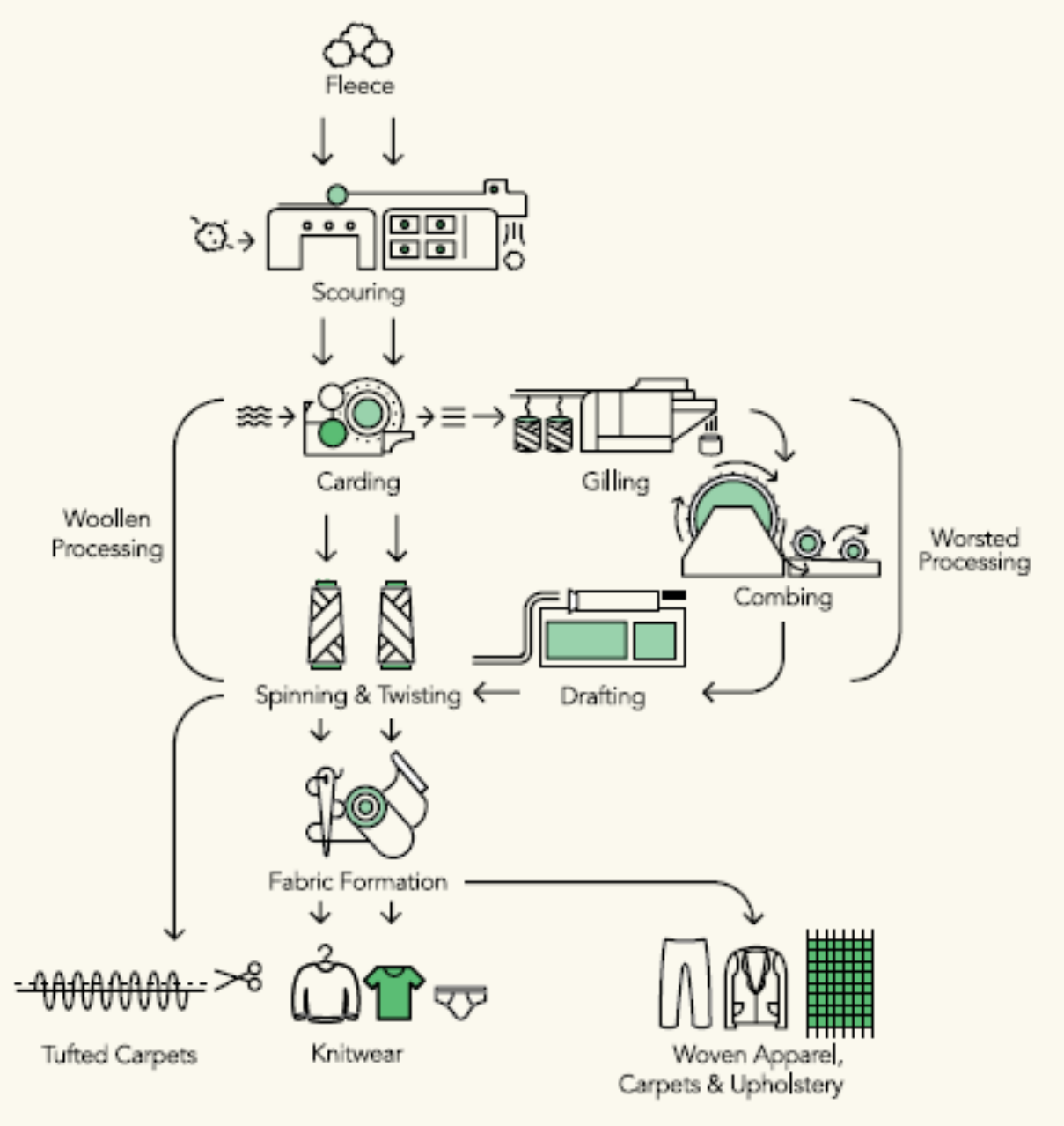
[9] https://www.iwto.org/wool-production accessed 2019/08/11.
[10] CDS, page 3.
[11] CDS, page 2.
[12] DAFF, 2016, *A Profile of the South African Wool Market Value Chain*, page 8.

Figure 3: Export destinations of South African wool in 2015



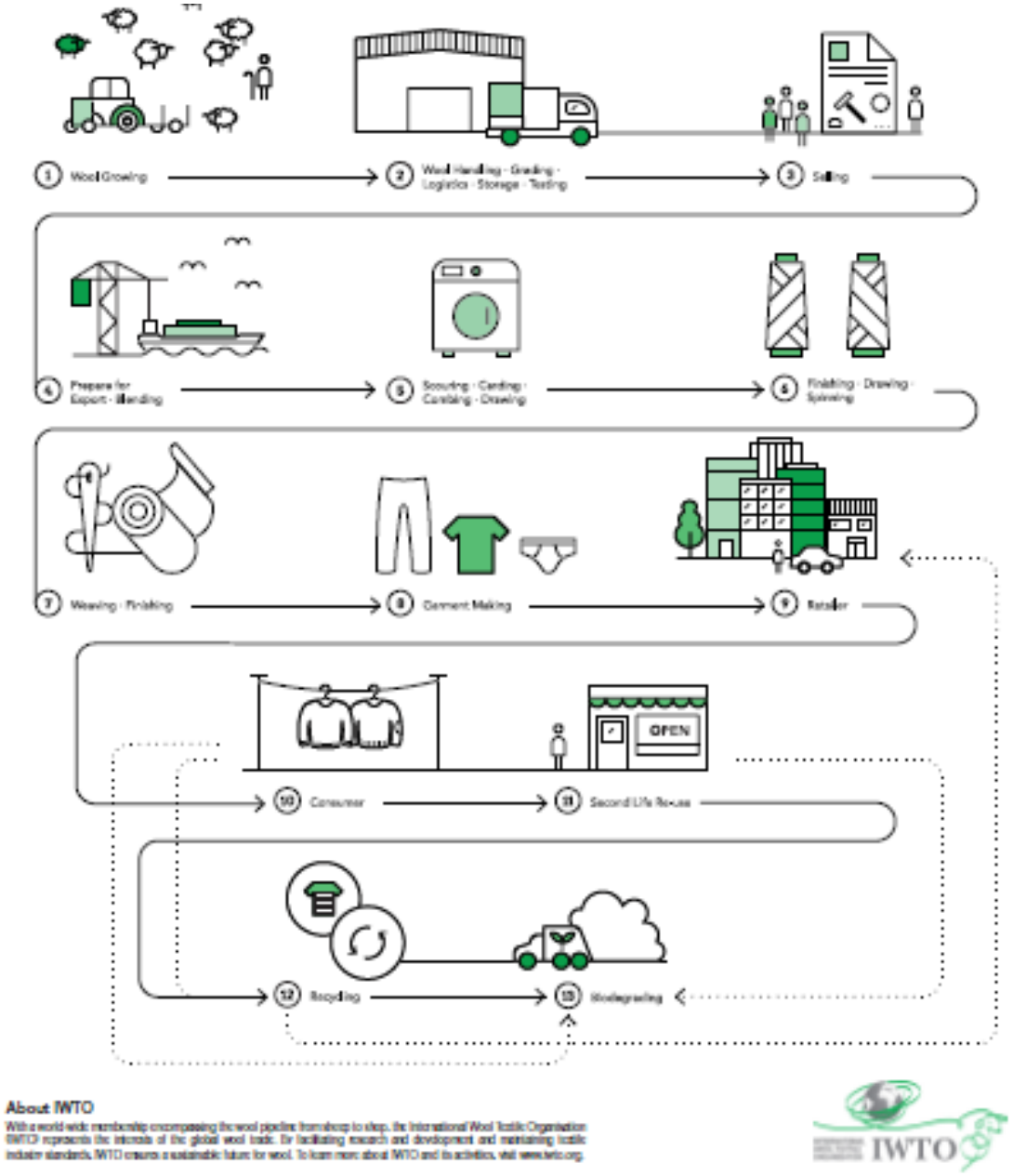
2.3 Wool processing and Supply Chain charts [13]

Figure 4: Wool processing from fleece to fabric



[13] https://www.iwto.org/wool-supply-chain accessed 2019/08/11.

Figure 5: The wool industry Supply Chain



"As a natural fibre, wool textile manufacturing requires a complex supply chain – which becomes even longer when recycling options and wool's biodegradability are considered."

2.4 Brief history of wool farming in SA

Less than 14% of the land surface area of South Africa is potentially suited to cultivation and then only if sufficient water is available. At least 70% is suited to domestic pastoralism or game farming.

The same general categorisation applies to the trust land areas which make up most of the former bantustan areas of the Ciskei and Transkei as well as a number of smaller areas located mainly between the two former bantustans and which successfully resisted forced removal into the bantustans before 1990. The latest DAFF *Abstract of Agricultural Statistics* states that while only 6.9% of the Eastern Cape land surface is suitable for cultivation, 10.2% or 529 400Ha of land in these trust

land areas is potentially suitable for cultivation.[14] Whether or not this takes into account some of the extreme topography in parts of the Transkei in particular is not known.

Pastoralism, including farming woolled sheep, is thus an economic option across a large area of the Eastern Cape Province.

Caprines in the form of the colloquially termed fat-tailed sheep have been present in Southern Africa for around 2 000 years. They were hairy and well-adapted to a range of conditions across the subcontinent and were a critical element of the pre-colonial and colonial pastoral economies. Cattle arrived somewhat later, goats later still, and became central to both Khoekhoe and later Bantu language groups pastoralists.

Merino sheep were first imported into southern Africa as early as 1657 but the wool industry remained small and centred on the southern Cape until the nineteenth century. The extensive re-introduction of woolly sheep in the early nineteenth century in what is now the Eastern Cape Province drove the commercialisation and expansion of pastoralism and the dispossession by military and political means of both prior Khoisan and Nguni inhabitants.

> It was largely the British settlement in the eastern Cape, new trading ports and, more than anything else, woolled Merino sheep from Spain, that transformed the grazing frontier in the second half of the nineteenth century. These sheep adapted well to the sparse grazing and long treks of the semi-arid interior of the Karoo.[15]

The exodus of farmers of Dutch extraction northwards in the later 1830s opened up large areas of land in areas such as the Cape Midlands which were to prove ideal habitats for merino sheep.

Farming merino sheep for wool soon extended beyond the Orange River or Gariep as soon as it was discovered that the area north of the river was also suitable for merino sheep. In 1853 a senior British official estimated the annual export of mainly unwashed fleece from the Free State area at between 3 000 and 10 000 bales.[16] By 1880 there were over five million merino sheep (and just over 600 000 cattle) in the Orange Free State which produced 48 665 bales of wool. By 1911 there were 170 sheep and 10 persons per square mile, compared to 62 sheep per square mile across the Cape.[17]

By 1843 wool was worth more than half of the total value of exports from Port Elizabeth. From 1847 wool exports from Port Elizabeth pushed the value of goods exported out of Port Elizabeth above that out of Cape Town for the first time, fuelling eastern district separatism By 1850 the number of woolled sheep exceeded the number of non-woolled sheep in the Cape Colony. By 1855, 88% of Cape eastern district exports by value were wool.[18]

The uptake of farming wool also locked the Cape economy more firmly within the international industrial economy both as a supplier of raw materials to the mills of England and as an importer of woollen manufactures. Within the settler polity it created a separatist movement in the eastern districts of the Cape on the basis of the greater value and volume of Cape exports from the eastern districts. This economic muscle was based on a single commodity, wool, thus establishing the vulnerability of this regional economy at an early stage.

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[14] 2018, page 5.
[15] William Beinart and Peter Coats, 1995, *Environment and History: The taming of nature in the USA and South Africa*, Routledge, page 57.
[16] Karel Schoeman (editor), 1989, *The Early Days of the Orange Free State*, Human & Rousseau, page 94.
[17] Timothy Keegan, 1986, *Rural Transformations in Industrializing South Africa: The Southern Highveld to* 1914, Ravan Press, pages 208-9, 216.
[18] Data compiled from Cape Blue Books in National Archives, Cape Town.

So important was wool that Governor Wodehouse was recorded stating in 1867:

> *[f]or what do we now hold this country but for wool? Take away wool ... and, commercially speaking, what is left?* [19]

In the nineteenth century political context of diminishing land and political rights, one response of the emerging black peasantry and middle class was to increase agricultural production and take advantage of the expanded market opportunities. The production and sale of wool was an opportunity for cash-cropping in order to pay the increasing levels of taxation intended to drive people into the migrant proletariat. Faced with disastrous alternatives, black peasant farmers responded far more effectively to the new market opportunities than many of their white farming competitors.

Much of the produce of the black peasantry was wool and grains. In the Herschel district in 1873, total black population 23 000, peasant production included 1 000 bales of wool which sold for £12 500 and grains valued at £27 000. In the Victoria East district in 1875, total black population 6 900, wool to the value of £12 541 and grains to the value of £4 275 was sold by peasants.[20]

In 1854 in the Tyefu Location in the Peddie district, only 46 sheep were recorded as compared to 514 goats and 2 989 cattle. In 1946 the comparable figures were 5 388 sheep, an increase of more than a hundred fold, 18 464 goats and 3 538 cattle.[21]

The subsistence economy of the reserves was largely destroyed by the 1930s. State interventions in response under the theme of rehabilitation or betterment were largely misdirected and many aspects were often resisted. Livestock improvement was one aspect of this programme. It involved the culling of scrub animals, rams and bulls in particular, and the introduction of improved genetic stock. The policy objective or rather fantasy was to "encourage rural families to reduce their holdings and thus save the grazing." [22]

Programmes of livestock improvement continue to the present with remarkable continuities and similarities. Whether current programmes have learnt from past experiences and are well-directed or misguided is discussed below.

2.5 Contemporary sheep farming in Trust Land areas [23]

Recent work which concentrated on cattle in the Amathole District Council area which includes both the southern Transkei and much of the Ciskei revealed very active local markets throughout the trust land areas which revolved to a large extent around necessary social rituals.[24] However supplying local

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[19] Quoted in Saul Dubow 1982, *Land, Labour and Merchant Capital: the experience of the Graaff Reinet District in the pre-industrial rural economy of the Cape 1852-1872*, Centre for African Studies, University of Cape Town, page 13.

[20] Colin Bundy, 1988, *The Rise & Fall of the South African Peasantry*, James Curry, pages 158, 223.

[21] Andrew Ainslie (editor), 2002, *Cattle ownership and production in the communal areas of the Eastern Cape, South Africa*, Plaas, page 41.

[22] William Beinart, 2003, *The Rise of Conservation in South Africa*, Oxford University Press, page 353.

[23] The term "Trust Land" is preferred to "Communal land" with its connotation of all things in common. The latter term submerges very real individual, family and collective rights. For instance the late Prof Alistair Kerr in his *Customary Law of Immovable Property and Succession* referred to family rights to residential and arable land as "ownership". The term "Trust land" is also preferred to clearly indicate that such land is not "State Land" but land held in trust by the state which creates a very different set of rights and obligations which can be highlighted in the current conflicts over mineral rights and mining, for example.

[24] See footnote 1 above.

village demand for beef and mutton does not require the same standard of animal as required by supermarkets. In the same way the supply of wool for an external and international market requires a shift in paradigm if it is to lift people out of poverty and into entrepreneurship.

Smallholder agricultural production is generally orientated towards meeting household and local needs rather than wider market demand. It generally is risk averse and seeks to maximise output based on minimal input

> *For many years African livestock production – and indeed agriculture more generally – was seen as a poor investment for development. Assumptions about low productivity, backward management systems, lack of market orientation and poor growth potentials consigned the livestock sector to the sidelines. But after years of being ignored, livestock issues are beginning to be put back on Africa's development agenda. Livestock are being recognised as essential assets for livelihoods; as key to moving out of poverty; as a way into lucrative markets; as a source of foreign exchange; as well as important cultural resources, social safety nets and means of saving. These are of course not new findings, and indeed much work from the late 1970s highlighted just these points, rejecting earlier misconceptions about pastoralism in particular and livestock production more generally, dating as far back as Herskovitz's (1926) notion of the 'cattle complex'.*[25]

A useful description of the contrast in wool production, marketing and value realised is provided by a 2005 study by the Centre for Development Support (CDS) at the University of the Free State:

> *On commercial farms, the wool is shorn by a shearing team. Each shearer is paid a fee per sheep. The wool is sorted into different types. The wool supplied to the broker is packed in bales of approximately 120 kilograms, or in bags. The wool is transported to the market (auction) either by the farmer or as organized by the broker. However, the farmer is financially responsible for this. It is also possible to sell wool by means of a private contract. South African auctions are centralized in Port Elizabeth, the historical export city for wool in South Africa. ...*
>
> *There are approximately three million wool sheep in the former Transkei/Ciskei region of the Eastern Cape. Historically, their supply chain differs considerably from that of the commercial farmers. Traditionally, individual owners used to shear their sheep on their own in poor conditions and sell the wool, not sorted and often of low quality, to traders. They realised poor prices of only R2.50/kg. This is in stark contrast with the neighbouring commercial farmers who received between R15 and R20 per kilogram for their wool (Swart 2005). The trader then sorted the wool and transported it to the market. The market mechanism of selling through traders has been one of the reasons contributing to a low price for the farmer.*[26]

The same study summarises the reasons for the low prices obtained in the following table:

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[25] Ian Scoones & William Wolmer, 2006, *Livestock, Disease, Trade and Markets: Policy Choices for the Livestock Sector in Africa*, Institute of Development Studies, University of Sussex, page 3.

[26] *Assisting poor wool producers to access the international wool market: Successes and stumbling blocks*, pages 5-6. This study follows the 2003 publication of the book by D'Haese & Vink, *Local institutional innovation and pro-poor agricultural growth: The case of small-woolgrowers' associations in South Africa*, Garant publishers, Antwerp. This in turn follows the 2001 article by D'Haese et al cited below.

Table 1: Reasons why emerging wool farmers receive low prices for their wool

Environmental, genetic, managerial issues	Technical skill	Inefficiencies in terms of market access
Poor rangelands (feeding) and water access	The inability to sort the wool	Selling to the trader
Poor quality of genetic materials	Not addressing animal diseases	Not accessing the market at all
Dirty Wool	Dirty wool	Wool production too small to pay for transport costs
		Limited access to finance for the farmer

Sources: Developed from D'Haese & Vink 2003, Jordaan 2005

An analysis of wool production in three villages in the Transkei which was published in 2001 provides a snapshot suggesting that the production of wool was a by-product of keeping sheep: [27]

Table 2: Three village production profiles

Average number of	Mhlahlane (n = 18)	Xume (n = 47)	Luzie (n = 40)
sheep per farmer	47.2	96.9	76.1
farmers with local breed	16 (88 percent)	46 (98 percent)	10 (25 percent)
farmers with Dohne Merino	2 (12 percent)	1 (2 percent)	30 (75 percent)
hours grazing per day	8.2	8.0	10.9
farmers giving extra feed	7 (38 percent)	7 (15 percent)	30 (75 percent)
farmers dipping	n.a.	24 (51 percent)	36 (90 percent)
farmers sorting the wool	1 (5 percent)	0 (0 percent)	29 (72 percent)

Further analysis of the same sample indicated that gross margins for the sale of wool alone were negative. However these margins became positive for the sale of both wool and sheep.

Mhlahlane and Xume villages are located in the Tsomo district and Luzie in Mount Fletcher, now part of the Elundini Local Municipal area. Both Xume and Luzie had participated in the national Department of Agriculture LandCare programme and had also benefitted from the construction of shearing sheds by the Department of Agriculture.

Merino sheep were prevalent in only one of the three villages, Luzie. It was also in this village that supplementary feed and dipping far exceeded the levels in the other two villages.

Xume is located adjacent to the busy tarred road which links the N2 to the R61 and which passes through both Nqamakwe and Tsomo towns. It is thus very well placed to sell sheep for the consumption of meat. This may be perceived as a quicker and more lucrative market and a better income stream than that provided by an annual wool clip. This is a plausible explanation for the large average herd size, the smallest percentage of Merino sheep in the herds, and the underutilisation of the shearing shed (at least as a shearing shed) in Xume. Farmers in Xume were described in the study

[27] M. D'Haese, M. Calus, J. F. Kirsten, G. van Huylenbroeck & F. Bostyn, 2001, "Efficiency analysis of small-scale wool production in the former Transkei, South Africa", *Agrekon*, page 644.

as having initiative and the benefit of extension services.

The geographical location of Mhlahlane has not been determined. It was described as having no extension services.

Unfortunately the study does not indicate what other small and large livestock were being run with the sheep. While the production and sale of wool may be a by-product or add-on to the keeping of sheep for meat or more likely for sale for meat, keeping sheep may also be an add-on to the keeping of cattle.

2.6 Impact of stock theft and game farming on sheep farming

The negative impact of stock theft and game farming on sheep farming has been real but uneven. A number of factors may limit or even eliminate the impact: local social cohesion, distance from transport routes, individual vigilance and kraaling of animals overnight are some examples. The effective local organisation of wool farmers in trust land areas is crucial.

Stock theft and increasing levels of stock theft are often cited as a recent phenomenon. However stock theft has been an issue for centuries. As pressure for grazing land by growing and competing pastoral societies increased during the eighteenth century in southern Africa, organised and systematic raiding of cattle especially (and people) became entrenched. This was part of a complex process leading to the emergence of centralised states on the highveld and interior of Delagoa Bay.

Some have claimed that in pre-colonial and early colonial times cattle-lifting was a sub-continental pastime. So much so that in the original 1929 novel, *Cattle Thief*, an experienced Transkei magistrate was obliged to clarify in the preface:

> *... there have been certain families and clans with whom cattle-lifting has been a traditional profession. ...*
>
> *There was something sporting in the way these people carried out their operations. The poor, as a rule, were not robbed; toll was taken from the fat herds of the rich. I have reason to know that thefts were sometimes carried out merely for the purpose of demonstrating skill in stealing, this in particular when it came to the question of initiating a new and youthful member into a society of thieves.*[28]

Two of three High Court appeal cases heard in Mthatha and reported in a single random issue of the *Territorial News* of 2 December 1905 involved stock theft, one in Cofimvaba and the other in Matatiele.

According to an elderly and retired stock farmer from Kei Road who started farming in the 1950s, there were once between ninety and one hundred sheep farmers extending from Kei Road through Komga to the coast. That number in 2014 was down to six. He himself had farmed with merino sheep and cattle. He blamed stock theft as the main cause, followed by disease and resistance to medication, particularly that to prevent intestinal worm infestations in sheep.[29]

The Kei Road area is not yet sprinkled with game farms. But the Komga district is heavily covered with game farms including the huge Tyityaba game farm on the Kei River and Inkwenkwezi farm. These game farms across the province including in prime sheep farming areas act as reservoirs for jackal and caracal which prey on sheep populations, especially juveniles. There is now a further problem which is the loss of lambs to attacks by bush pigs which are breeding more than previously

[28] Frank Brownlee, 2007, *Cattle Thief*, Penguin, page 2.
[29] Interview with Mr V., East London, 2014/06/10.

due to the increasing spread of game farms without predators.[30]

In trust land areas, dogs and jackals also prey on sheep.[31]

Since colonisation in the mid 19th century, the Cathcart magisterial district to the north of first the Kei Road area and then the Stutterheim district has been a prime sheep farming district. The decline in the number of farmers and shift to cattle since the early 1980s are descriptions generally heard in most former commercial sheep farming districts:

> *… the past 30 years has seen a sharp reduction in the number of farmers from approximately 120 to about 40, as well as reduced sheep counts that has resulted in a new beef farming community. Since the region's earliest beginnings as a predominantly sheep farming district, and following the ongoing impact of stock theft across the country, local farm owners passionate about their heritage, have taken the bold step of converting to beef farming instead. To the point where modern day farm stock auctions no longer require animals to travel from farms into central markets, instead purchasers now view potential stock in digital format at auctions.*[32]

However such shifts should not be exaggerated - in 2007 the Cathcart magisterial district still held a population of 94 098 sheep compared to 23 573 cattle and only 3 484 goats. In the same year in the Stutterheim district to the immediate south of Cathcart there were 58 430 sheep, 16 864 cattle and 582 goats. South of Stutterheim in King William's Town there were 20 511 sheep, 9 543 cattle but only 114 goats. The latter figure is not explained. In Komga cattle predominated - there were 16 341 cattle, 4 357 sheep and 176 goats. On the other hand in the Smaldeel, Bedford and Adelaide districts in particular, sheep and goats together outnumbered cattle by a ratio up to 6:1.

Stock theft does not only affect commercial flocks on private land. There are no figures for comparison but it is likely that as many sheep have been stolen from trust land areas as from the private lands:

> *Theft has increasingly come to impact on livestock ownership in communal areas of Eastern Cape. Although, the scale of the problem varies regionally, it is a disincentive to livestock ownership. ... In the former Transkei stealing of livestock appears to be a severe problem. For example, in part of the Maluti District, theft was largely responsible for a drop in cattle numbers from 1,300 in 1997 to just 500 animals in 1999 ... Similarly, Kepe ... reported widespread cattle theft in Lusikisiki district. This is particularly associated with the winter months, when cattle are often allowed to roam unsupervised on the arable fields. The authorities are finding it difficult to deal with the problem due to lack of resources and the involvement of well-organised gangs. This has prompted the establishment of vigilante groups, who are often indiscriminate in how and from whom they 'reclaim' cattle, a response that has accentuated the problem ...*[33]

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[30] Bushpigs are not only a problem for livestock but also for cultivation. In villages adjacent to the Dwesa reserve in the Transkei and the far east of Amathole, the damage by bushpigs, *iingulube*, is given as one reason for the decline in cultivation of fields by Derick Fay & Robin Palmer, 2002, Chapter 7, "Poverty and Differentiation at Dwesa-Cwebe", in Robin Palmer, Herman Timmermans & Derick Fay (editors), *From Conflict to Negotiation: Nature-based development on South Africa's Wild Coast*, HSRC Press, page 164.

[31] M. D'Haese et al, 2001, page 644.

[32] http://www.privateproperty.co.za/advice/lifestyle/articles/the-story-of-cathcart/1939 accessed 2016/05/16, quoting Mr Kevin Wearing of a family in the local butchery business since 1968.

[33] Wim van Averbeke & James Bennett, 2007, "Agro-ecology, land use and smallholder farming in the Central Eastern Cape", in Paul Hebinck & Peter Lent (editors), *Livelihoods and Landscapes: the People of Goquka and*

The descent into open local conflicts, degenerating further into violence and bloodshed is a reality which has been experienced in the Eastern Cape Province. Historian Jeff Peires, then serving as a public servant in the Eastern Cape administration, was part of a team deployed by the Premier of the Eastern Cape to resolve the open warfare, certainly fuelled by returning cadres and weaponry from a variety of sources, that erupted in the Tsolo and Qumbu districts in the mid 1990s and claimed over a hundred lives. This conflict had deep roots in the area:

> *It is simple and accurate to say that the violence began with stock theft, an endemic problem in these mountainous districts and the cause of several previous outbreaks such as the Tuntselana or Makhuluspan disturbances of 1957–63.*[34]

On 6 June 2016 the East London *Daily Dispatch* reported that stock theft was again out of control in the area and that community members had threatened to take matters in to their own hands if the police force did not manage to control the situation.

In 1998 a gentleman from an established family in Koloni in the Middledrift district owned 70 sheep, one of the largest flocks in the village. By 2004 he had only 11 sheep left. He lost most of his flock in two thefts in 1999. In the first theft 25 sheep were taken from a kraal on his father's old homestead, then he lost 12 sheep from the kraal next to his own home. He lost a further 22 to disease, mainly sheep scab or *imbula*.

40 km to the north in the village of Goquka, just below the Amathole mountain range, an elderly woman reported in April 1999 that she had recently lost her entire flock of over 30 sheep from her kraal one night. Five years later in April 2004 the former headman of the village was murdered trying to protect his flock from thieves at night.[35]

Perhaps as disastrous as actual theft of livestock is the fear of such theft and the belief that sheep are particularly vulnerable to stock theft. Mr Ml is a black farmer near to the trust land villages of Mooiplaas, villages that were scheduled for forced removal into the Ciskei bantustan in the 1980s but which successfully resisted such removal. He is originally from the Transkei and began to purchase private land without state assistance in 1996. When interviewed in 2014, his focus was beef cattle, goats and poultry. The latter provided him with a regular monthly income from the sale of about 1 000 birds a month into the Mooiplaas villages on pension pay-days. But he avoided farming sheep as he believed that there was a problem with theft.[36]

Mooiplaas is a large trust land area comprised of 14 villages 30km north of East London and mainly east of the N2. There is not a single wool farmer in the entire area.[37]

Mgwali is an old trust land area situated 20km northeast of Stutterheim. With Mooiplaas it led the resistance against forced removal into the Ciskei of seven "black spot" communities located between the Ciskei and Transkei in the "Border Corridor". In the late 1950s the Madikane brothers in Mgwali ran about 4 000 sheep, making extensive usage of the Mgwali commonage lands. In the early 1960s betterment planning was imposed on the area, additional sites were demarcated for families evicted from white-owned farms in the corridor who had previously resided on the commonage, the commonage was divided and fenced and livestock restrictions imposed – a maximum of 12 large

Koloni and their resources, Brill, pages 77-8.

[34] Jeff Peires, 2000, "Traditional Leaders in Purgatory Local Government in Tsolo, Qumbu and Port St Johns, 1990–2000", *African Studies 59:1*, page 98.

[35] James Bennett & Peter Lent, 2007, "Livestock production and forage resources" in Palmer et al, page 225.

[36] Interview with Mr M on his farm, Mooiplaas area, 2014/06/17.

[37] Telecon with Mr GM, a long time resident and community leader, 2019/08/15.

stock units per quitrent household. Large stockowners such as the Madikane brothers divided some stock amongst the next generation but were forced to sell most. Resources from the disposal of livestock were invested by this and other family in education, projecting many of the next generation into the middle class of teachers, nurses, policemen and businesspeople.

In 2019 there are only three people in Mgwali who are trying to keep sheep. The largest herd of the three amounts to only 30 animals.[38]

Local perceptions of the scale and violence associated with stock theft are supported by official documents and statements. The *Amathole District Municipality Reviewed Agriculture Development Plan 2012-207* states that for the former Nxuba local Municipality area (mainly the former magisterial district of Bedford and Adelaide), "Stock theft has resulted in a major shift out of sheep farming into large stock and game." [39] In September 2018 Police Minister Bheki Cele announced that the Stutterheim policing district was the worst for stock theft in the entire country. The East London *Daily Dispatch* has carried a number of gruesome stories of suspected stock thieves being brutally murdered.[40]

Only some 20km south of Mgwali is the Ndakana area which was a resettlement area during the period of territorial consolidation of the Ciskei bantustan. The land is comprised of nine former white owned farms which were on the southern edge of the Stutterheim magisterial district. There is an active group in Ndakana working with the NWGA and making good use of the infrastructure on these former commercial farms, including shearing sheds.[41]

This suggests that sheep farming even in fairly dense settlements is possible under the right circumstances. Similarly in the Isidenge valley just west of Stutterheim and the Kubusi settlement, Mr S was assisted with an LRAD grant to purchase some 240 Ha where he farmed first beef cattle and now also dairy cattle. Yet he also keeps a herd of sheep (of unknown number) and recently has sold wool directly into the market in Port Elizabeth.[42] His farm is located only 3km from the Kubusi settlement and all three subdivisions of the farm are adjacent to the main through road from Stutterheim to Keiskammahoek which are both now under the Amahlathi Local Municipality.

NWGA success in trust land areas is now attracting crime. NWGA staff have advised local farmers' associations to ensure that shearing sheds are protected when quantities of wool are present. "A truck was hijacked with 99 bales last year and later found in Qamata. There is money in this and so theft is on the rise. The big commercial farmers can afford security but the villagers cannot." [43]

Yet there have been owners of large herds of sheep in trust land areas. There were a handful of successful businessmen in Ngcobo running large herds in the mid 1980s, presumably on trust land - Barnabus Titus who owned the Toyata garage in Ngcobo and Mr Mnyandi, a Ngcobo teacher, were big farmers. A son of Mr Mnyandi returned from the USA to a top job with the Land Bank.[44]

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[38] Luvuyo Wotshela, 2018, *Capricious Patronage and Captive Land*, Unisa Press, pages 101-3, 105 and telecon 2019/08/21.
[39] Page 106.
[40] The latest was on Wednesday 7 August 2019 which reported that a farmworker who allegedly stole a goat from a neighbouring farmworker was hacked to death and his body cut in two with a chainsaw.
[41] Wotshela, page 116 and telecon 2019/08/21.
[42] Transcript of interview on Mr S's farm by Prof. William Beinart and Prof. Luvuyo Wotshela, 2019/07/12.
[43] Mr Zithulele Mbatsha, NWGA Regional Manager, interviewed by Prof. William Beinart and Prof. Luvuyo Wotshela, King William's Town, 2019/07/12.
[44] Interview with Mr RS at Bolo, Stutterheim District, 2019/08/15. He was working on a commercial farm in Elliot at the time which was producing some 45 tons of wool a year from around 6 000 sheep.

While stock theft is a problem for owners of small livestock, perhaps sheep more than goats, local conditions and the organisational and local political strength of livestock owners may be the determining factor in the ability to maintain a herd of sheep. This is borne out by the success of some wool producers in or near to dense settlements such as the group in Ndakana working with the NWGA, the LRAD beneficiary Mr S near Stutterheim, and the earlier success of individuals in the Ngcobo area.

According to Mr RS, a positive effect of the long history of stock theft of woolled sheep from the north-eastern Cape areas of Barkly East and Rhodes is the superior level of genetic stock in neighbouring areas of Lesotho and Elundini.

2.7 Recent livestock and wool statistics

In 2014 there were an estimated 22 million sheep in South Africa of which some 70% were wooled.[45] This represented a significant decline from the 45 million in 1931.[46] South Africa wool production has been in long term decline from a maximum of 150m kg in 1965 to less than 50m kg today. Increasing stock theft is one reason for the decline. Other reasons are:

- The international demand for wool has been in decline.
- The livestock withdrawal scheme promoted from the 1970s encouraged farmers to reduce stocking to within ecologically sustainable parameters.
- Labour legislation and improved conditions of employment and remuneration have led to a reduction in farm labour, resulting in a shift from wool to meat production.[47]

Table 3: Wool production in kg per District Council area in 2018/9 [48]

District Council area	Merino wool production (kg)
Chris Hani - former northern Ciskei, RSA & western Transkei areas	4 271 848
Joe Gqabi – former RSA & Transkei (Herschel district only) areas	3 600 441
Cacadu – former RSA areas only	3 174 374
Amathole - former Ciskei, RSA & southern Transkei areas	2 464 094
Alfred Nzo - former northern Transkei & small RSA areas only	806 742
OR Tambo - former central Transkei areas only	515 237
Total	**14 832 736**

The same source tabulates the number of producers by province, by magisterial district in the Eastern Cape and separately by magisterial district in the Transkei and Ciskei in 2018/9.

[45] Cape Wools SA, 2014, *Wool in South Africa*, page 10.
[46] Department of Agriculture, 1957, age 120.
[47] CDS, page 3.
[48] Cape Wools SA, *2018/19 Production Statistics per Area of Origin*, pages 39-40.

Figure 6: Producer count by Province 2018/19

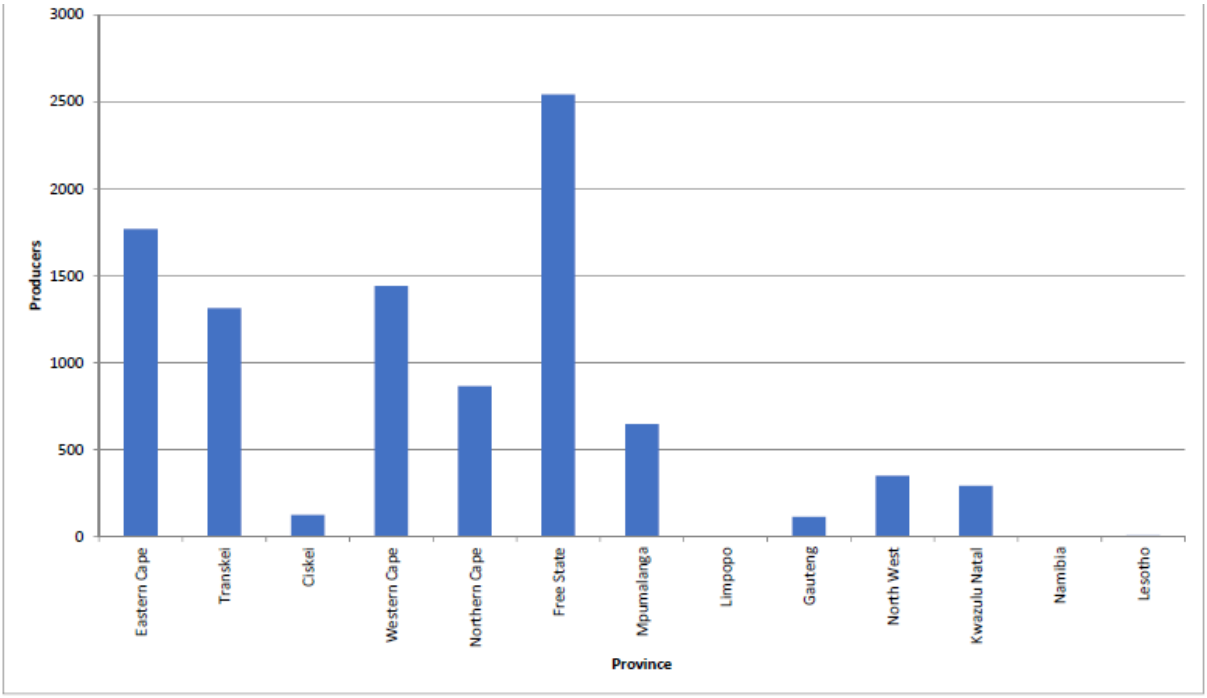


Figure 7: Eastern Cape producers by Magisterial District 2018/19

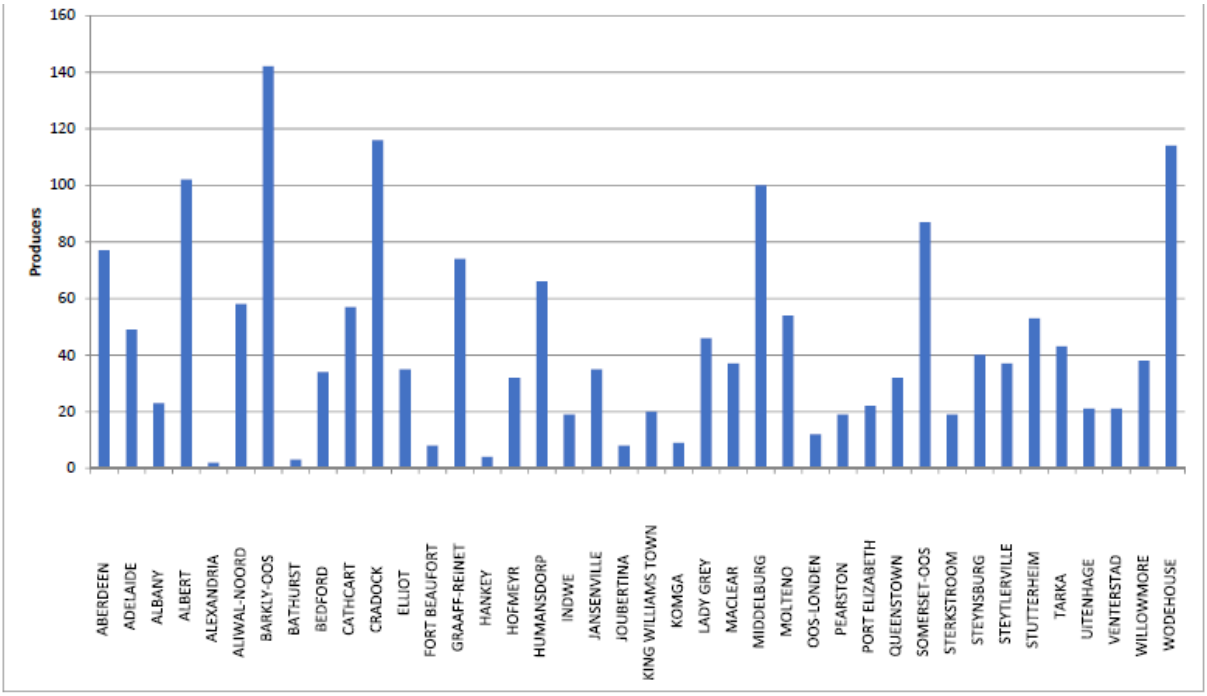


Figure 8: Transkei producers by Magisterial District 2018/19

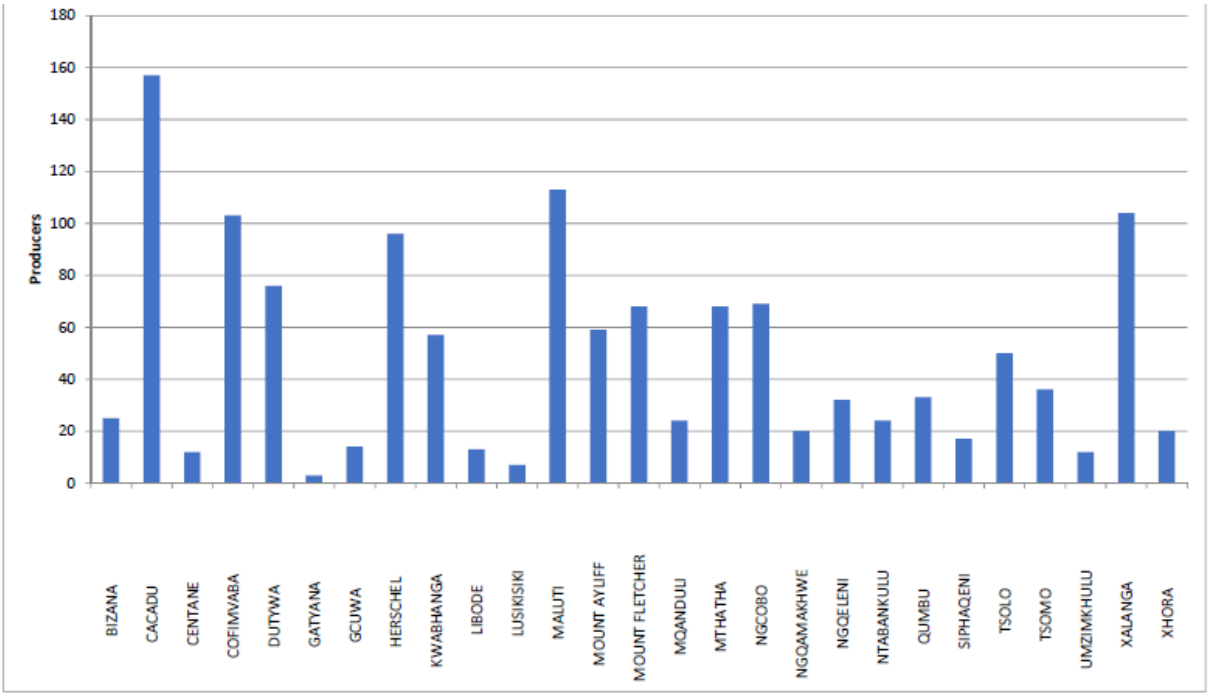
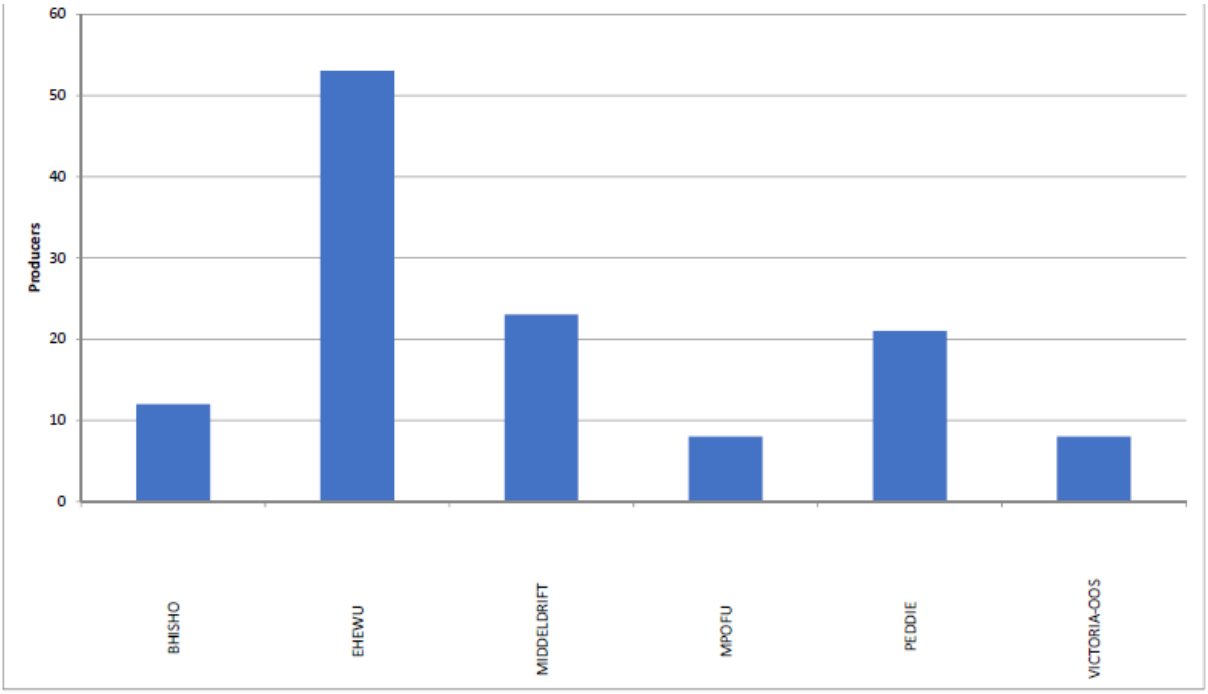


Figure 9: Ciskei producers by Magisterial District 2018/19

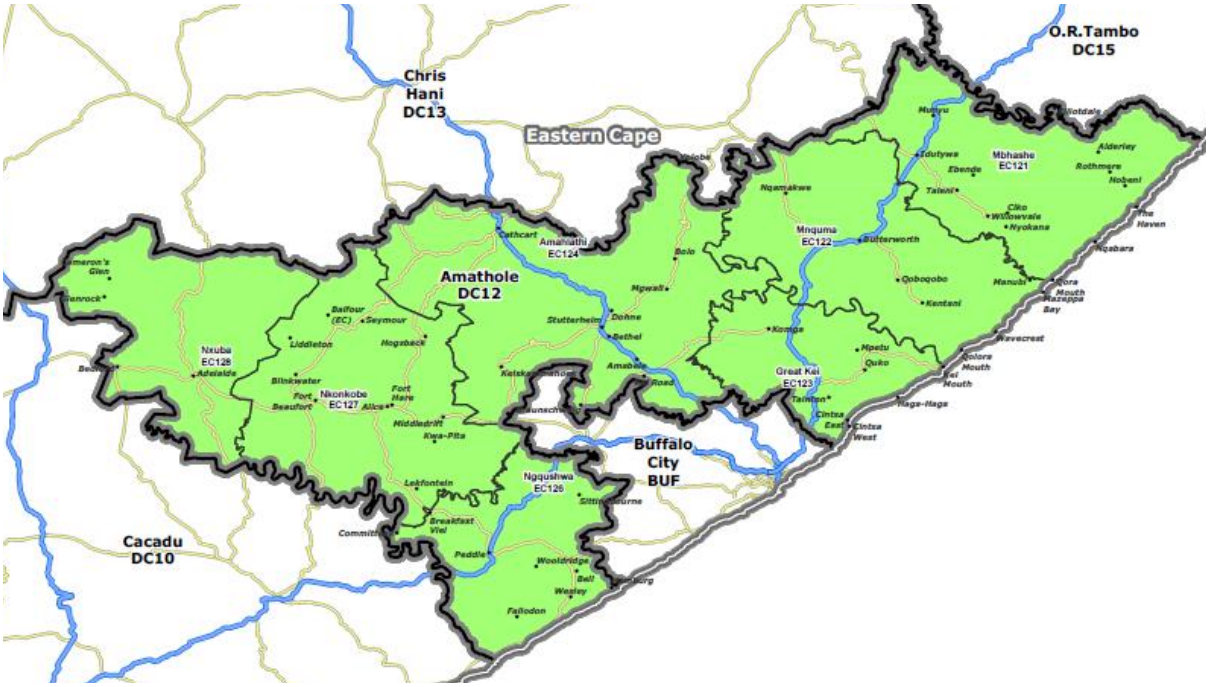


The following table of information on livestock in magisterial districts within the Amathole District Council area is compiled from a Statistics SA report on commercial agriculture in the Eastern Cape Province in 2007 which was published in 2011.

Amathole District Council area includes most of the former Ciskei and the southern districts of the former Transkei bantustans. It also includes acknowledged prime sheep and wool farming areas of

the Province such as the Bedford, Adelaide, Fort Beaufort, Stutterheim, Komga and Cathcart magisterial districts.

Figure 10: The Amathole District Municipality and component Local Municipalities



The Statistics SA report only contains figures for the Victoria East (the eastern component of Nkonkobe Local Municipality are on the map above) and Mthatha districts in the Ciskei and Transkei respectively and these figures are clearly only partial, reflecting only farmers considered to be "commercial" and based on their registration for VAT. The Peddie district (mainly Ngqushwa on the map above) is entirely excluded for unknown reasons. It is primarily a cattle district, no doubt also with some sheep and goats. Mthatha, while located immediately outside of and adjacent to the Amathole District Municipality area in the OR Tambo District Municipality, has been included in the table as some compensation for the omission of Ciskei and Transkei districts within Amathole.[49]

[49] Statistics South Africa, 2011, Census of commercial agriculture, 2007, Eastern Cape, *Financial and production statistics*, pages 8-13.
"The universe of the 2007 census of commercial agriculture differed considerably from the agriculture censuses in the past. This census covered the whole country, based on a business register containing all businesses registered for VAT with the South African Revenue Service (Sars)." Page 14.
"All enterprises are legally bound to register for VAT when their turnover for a period of twelve months equals or exceeds R300 000. However, those with a turnover of less than R300 000 may register for VAT voluntarily. From the commercial farming units registered for VAT, a total of 4 006 were identified as live and active at the time of the census, and formed the universe for the census in Eastern Cape." Statistics SA, 2007, *Census of commercial agriculture, 2007, Eastern Cape, Provincial statistics for selected products*, Report No. 11-02-03. Note 1, page 14.
This report contains imputed figures for non respondents and is thus not strictly comparable with an earlier report of 2002 – see Note 7 on page 15.

Table 4: Statistics SA 2007 data on medium and large livestock in Amathole

	Cattle					Sheep								Goats							
	Cattle census	Cattle sold	% of herd sold	Gross value R000	ave-rage sale value (R)	Sheep census	Sheep sold	% of herd sold	Gross value R000	ave-rage sale value (R)	Wool (kg)	Gross value R000	R/kg	Goat census	Goats sold	% of herd sold	Gross value R000	ave-rage sale value (R)	Mohair kg	Gross value R000	R/ kg
Adelaide	13 073	5 660	43.3	22 072	3 900	58 018	16 448	28.3	8 327	506	328 056	7 709	23	20 385	9 874	48.4	3 441	348	37 858	2 661	70
Bedford	13 908	5 426	39.0	21 183	3 904	68 000	20 839	30.6	10 534	505	680 411	14 677	22	20 320	2 951	14.5	1 778	603	71 161	4 477	63
Cathcart	23 573	6 882	29.2	26 634	3 870	94 098	28 580	30.4	14 289	500	626 628	9 294	15	3 484	1 223	35.1	611	500	7 680	498	65
East London	27 990	41 823	149.4	174 111	4 163	34 566	66 587	192.6	36 650	550	139 326	3 577	26	655	871	133.0	508	583	-	-	
Fort Beaufort	4 474	2 313	51.7	7 429	3 212	8 746	2 204	25.2	836	379	41 235	1 282	31	7 664	1 445	18.9	715	495	13 732	923	67
King William's Town	9 543	2 489	26.1	11 372	4 569	20 511	57 911	282.3	31 625	546	27 018	743	28	114	-	-	-		-	-	
Komga	16 341	5 647	34.6	24 430	4 326	4 357	881	20.2	501	569	64 870	2 056	32	176	140	79.5	110	786	-	-	
Stutter-heim	16 864	4 835	28.7	19 081	3 946	58 430	12 264	21.0	7 063	576	189 516	5 966	31	582	175	30.1	117	669	-	-	
Umtata	2 637	1 078	40.9	3 865	3 585	6 704	3 395	50.6	1 822	537	18 827	454	24	1 039	446	42.9	164	368	3 927	275	70
Victoria East	526	273	51.9	930	3 407	873	968	110.9	515	532	3 156	100	32	204	-	-	-		582	43	74
	128 929	76 426	59.3	311 107	4 071	354 303	210 077	59.3	112 162	534	2 119 043	45 858	22	54 623	17 125	31.4	7 444	435	134 940	8 877	66

The figures highlighted in yellow may suggest data errors, alternatively and more likely the importation of a large number of livestock for slaughter in these densely populated areas.

The low value of wool realised across all districts is in line with contemporary national prices indicated below in the main sections of this study.

However the sale of mohair in Mthatha and the much smaller amount in Victoria East is surprising, as is the quality as indicated by the highest sale price per kilogram across the Province obtained in these two districts!

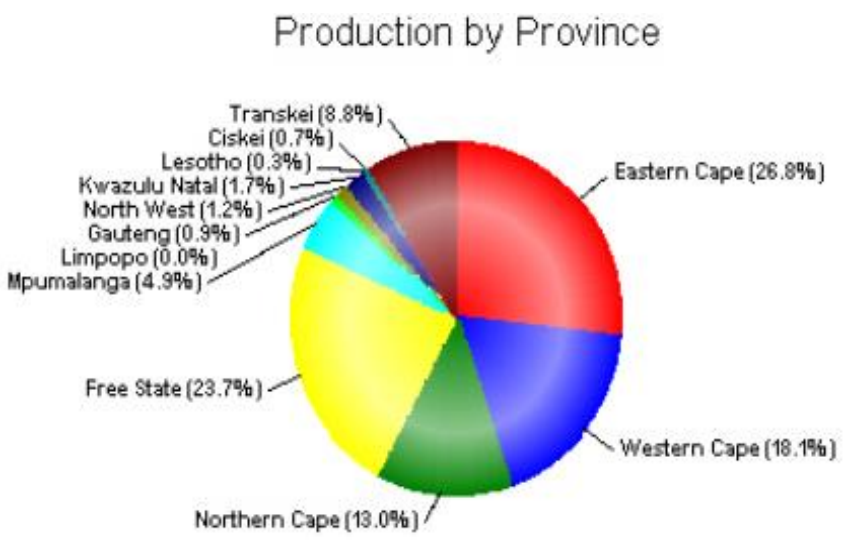
Sheep outnumber cattle and goats in all districts indicated above except for Komga. The Komga situation is in line with the situation described above in relation to stock theft and game farming. Even in the densely settled Mthatha and Victoria East districts, both former bantustan areas, sheep outnumber cattle in the ratio of just over 2.54:1.

Average sale prices for all three livestock types as well as for wool and mohair are remarkably similar across all districts tabulated.

The next comparable agricultural census was due to commence in 2018 and continue until June 2019. It is not known when results will be published.

In 2017 there were 10 466 000 merino sheep in South Africa, or 52.5% of the total of all 19 942 000 sheep. In the 2016/7 season, “Merino and dead wool” production amounted to 32 300 tons. “Other white wool, coarse and coloured, and karakul wool” amounted to a further 19 300 tons. Respective sale values in the same year were R3 034m and R1 177m at R93.80 and R61.00 per kg. The gross value of SA wool production in 2016/7 was R3 732m. The wool value of SA Customs Union exports in 2017 was R4 714m.[50]

Figure 11: Total (i.e. merino and other) wool production by Province for 2018/19 51



Province	Kg
Eastern Cape	11,414,759
Western Cape	7,705,485
Northern Cape	5,550,267
Free State	10,098,987
Mpumalanga	2,090,165
Limpopo	8,174
Gauteng	399,305
North West	507,429
Kwazulu Natal	728,839
Namibia	2,516
Lesotho	108,547
Ciskei	281,789
Transkei	3,734,891
	42,631,153

[50] DAFF, 2018, pages 61, 63, 64, 76, 81.
[51] http://www.capewools.co.za/analytics-wool-production-analysis accessed 2019/08/12.

Table 5: Comparative recent production figures

	2016/7 (million kg)	2017/8 (million kg)	2018/9 (million kg)
SA, Namibia & Lesotho	52.5	48.95	42.63
Eastern Cape commercial	12.41	11.33	11.41
Ciskei	0.30	0.30	0.28
Transkei	5.45	5.94	3.73

The total production by mass of all wools was lower than the 52.5m kg in 2016/17 and the 48.95m kg in 2017/18. Corresponding figures by year for the Eastern Cape, Ciskei and Transkei areas were 12 413 296 kg, 298 144 kg and 5 446 820 kg in 2016/17 and 11 328 684 kg, 302 733 kg and 5 942 090 kg in 2017/18. The decline in output in 2018/9, especially that for the Transkei area, is not accounted for on the Cape Wools website. However it seems that ongoing drought is a major factor as well as recent Lesotho legislation which has prevented over 600m kg of Lesotho wool being sold via SA.[52]

It is important to clearly distinguish between production figures and sale figures and how the latter figures are presented. The figures immediately above are production figures. Figures in the following tables are sales figures. Total sales in 2018/9 (tables below) through Cape Wools SA which are allocated in the tables to the respective provinces and districts amounted to 82% of 2018/9 production by mass.

The 18% difference is due to the way in which wool is sorted and data recorded and presented by Cape Wools SA. Three examples from the Transkei area in alphabetical order as they appear in the 2018/9 data are as follows:

The Bizana magisterial district produced 33 705 kg of wool according to Cape Wools SA's *2018-2019 Production Statistics per area of origin* at page 11. None was sold as merino wool according to Cape Wools SA's *2018-2019, Statistical Review of Wool sold in South Africa* at page 62. In fact Bizana does not appear in this latter table. However 17 628 kg of wool from the Bizana magisterial district was sold according to the tables headed "all wool" at page 51. 16 077 kg were produced but are not reflected in the sales figures for the district, amounting to 48% of production. No wool which was classified as "merino wool" was produced in Bizana.

The Cacadu magisterial district produced 597 909 kg of wool, sold 479 593 kg "all wool" which included only 6 665 kg of "merino wool". 118 316 kg or 20% of production is not accounted for in the district sales figure.

The Cofimvaba magisterial district produced 372 279 kg of wool, sold 262 531 kg "all wool" which included only 204 kg of "merino wool". 109 748 kg or 29% of production is not accounted for in the district sales figure.

The comparable figures for the Aberdeen magisterial district in the heart of the Karoo are: production 480 180 kg, all wool sales 454 351 kg, merino wool sales 446 368 kg and only 7% of production not accounted for in the district sales figure.

The differences are in fact included in the Cape Wools SA figures below but are not allocated to districts or to the province. Instead it is an aggregated national figure under the heading "BIN lots". According to a response received to a query to the NWGA but from another entity in the wool business in Port Elizabeth about BIN lots: [53]

[52] https://www.agriorbit.com/natural-fibre-auction-prices-after-the-shearing-season/ article dated 2018/12/12 accessed 2019/08/12.

[53] Emails from Paul Buys, CEO at Webroute CC, 2019/10/08.

BIN wool would be smaller quantities that does not make up a full bale. Similar types are classed together and sold as a BIN. Each contributor to the BIN Lot will receive a pro rata share based on weight.

It is not necessarily poorer qualities, it can basically just not be sold as is.

and

It can be good qualities, but also consists of LOX, the poorer qualities of the fleece, like pieces, urine stained areas, etc.

It is sold on the auction with all the other wool and bought by the same buyers, depends on the clients' needs.

It is used in processing lots, etc.

What these figures do indicate that there is considerable room for improving the quality of wool from trust land areas to the point where a decreasing proportion is classed into bin lots and an increasing proportion is classed as merino wool.

According to the following table, the average "Greasy Price" at sale for all wool in South Africa including Lesotho and Namibia was R87.68 per kg in the 2018/19 season. The average figure for the Eastern Cape was R103.42.[54]

Table 6: Sales analysis by Province – all wool 2018/19

Area	Realisation		Greasy Price (R/kg)			Micron (u)			Yield (%)			(mm)	VM (%)		
	Grease Mass (kg)	Sales Value (R)	Hi	Lo	Ave	Hi	Lo	Ave	Hi	Lo	Ave	Ave	Hi	Lo	Ave
National															
Producer Lots	34 348 575	R 4 152 747 011	R 250,10	R 0,01	R 87,68	68,9	14,8	27,8	94,7	15,6	50,6	49	25,23	0,04	1,29
BIN Lots	7 693 795	R 583 200 608	R 196,60	R 5,00	R 75,80	34,0	16,1	21,4	76,5	10,4	54,2	53	16,61	0,18	2,34
Total	**42 042 370**	**R 4 735 947 619**													
Per Province															
Eastern Cape	12 581 245	R 1 493 862 286	R 250,10	R -	R 103,42	34,3	-	21,0	88,1	14,2	60,9	62	20,90	0,04	1,39
Free State	8 196 871	R 980 680 706	R 237,90	R -	R 110,21	32,9	15,3	21,1	94,7	15,2	60,9	59	22,98	0,05	1,66
Gauteng	301 465	R 28 081 332	R 182,00	R -	R 92,68	31,8	16,1	22,1	77,8	35,6	61,3	61	10,75	0,10	1,85
Kwazulu-Natal	549 650	R 64 139 233	R 182,00	R -	R 92,68	31,8	16,1	22,1	77,8	35,6	61,3	61	10,75	0,10	1,85
Lesotho	87 136	R 9 771 450	R 158,90	R 20,00	R 114,82	25,4	18,6	20,4	68,2	46,3	60,7	60	6,74	0,46	2,15
Limpopo	5 661	R 564 352	R 170,10	R 38,00	R 106,38	24,1	18,2	21,0	70,4	54,1	63,4	54	2,13	0,31	0,95
Mpumalanga	1 577 099	R 196 605 024	R 230,00	R -	R 107,95	32,2	14,9	23,6	80,5	26,4	68,1	65	10,77	0,05	1,32
Namibia	2 097	R 221 944	R 28,20	R 18,90	R 21,08	68,9	37,9	54,5	58,5	11,2	0,1	2	-	-	-
Northern Cape	4 651 797	R 621 362 054	R 21,00	R 20,30	R 20,89	57,8	49,1	56,9	39,5	2,0	0,2	0	-	-	-
North West Province	263 156	R 19 740 371	R 190,90	R -	R 79,86	31,7	16,0	22,1	75,6	37,3	57,6	56	11,69	0,15	1,94
Western Cape	6 132 398	R 737 718 260	R 228,00	R -	R 114,53	32,9	14,7	20,7	77,6	15,9	62,2	56	25,23	0,02	1,11
Total	**34 348 575**	**R 4 152 747 011**	**R 250,10**	**R 0,01**	**R 87,68**	**68,9**	**14,8**	**27,8**	**94,7**	**15,6**	**50,6**	**48,8**	**25,2**	**0,0**	**1,3**

Note that the national total "for "Grease Mass" in the table above is 42 042 370 kg whereas total production amounted to 42 631 153 kg. The difference of 588 783 kg or 1.4% of production is not significant for this study and could be accounted for in any number of ways.

However, what is significant is the difference between the national average bin lots price, R75.80/kg, and both the national average price, R87.68/kg and more especially the Eastern Cape average price, R103.42/kg. This again reinforces the point that that there is considerable room for improving the quality of wool from trust land areas to the point where a much decreased proportion is classed into bin lots.

[54] http://www.capewools.co.za/documentlibrary *2018/19 Statistical Review of Wool sold in SA*, page 50, accessed 2019/08/12.

According to the following table, the average "Greasy Price" for merino wool at sale in South Africa including Lesotho and Namibia was R120.79 per kg in the 2018/19 season. The average figure for the Eastern Cape was R132.16.[55]

Table 7: Sales analysis by Province – Merino wool 2018/19

Area	Realisation		Greasy Price (R/kg)			Micron (µ)			Yield (%)			Length (mm)	VM (%)		
	Grease Mass (kg)	Sales Value (R)	Hi	Lo	Ave	Hi	Lo	Ave	Hi	Lo	Ave	Ave	Hi	Lo	Ave
National															
Producer Lots	27 272 914	R 3 615 261 319	R 250,10	R -	R 120,79	30,6	13,9	19,8	80,9	14,4	62,5	58	25,23	0,02	1,30
BIN Lots	4 393 505	R 389 663 267	R 196,60	R 30,00	R 88,69	25,9	16,1	19,2	73,1	21,6	52,4	45	16,61	0,18	2,39
Total	**31 666 419**	**R 4 004 924 586**													
Per Province															
Eastern Cape	8 578 074	R 1 195 800 779	R 250,10	R -	R 132,16	22,8	16,7	19,6	74,0	37,5	64,1	62	7,56	0,28	1,15
Free State	6 830 677	R 872 414 534	R 237,90	R -	R 123,63	30,6	15,3	19,8	80,9	15,2	61,9	59	22,98	0,05	1,52
Gauteng	148 774	R 16 493 629	R 182,00	R -	R 126,33	22,9	16,1	19,8	73,8	41,2	63,1	57	6,03	0,10	1,50
Kwazulu-Natal	398 865	R 52 683 719	R 232,00	R -	R 129,36	25,2	15,8	20,1	79,1	33,3	65,7	61	13,98	0,05	0,91
Limpopo	2 550	R 266 747	R 170,10	R 57,00	R 100,01	22,3	18,2	20,5	70,4	54,1	62,3	50	2,07	0,31	1,21
Mpumalanga	1 253 090	R 168 456 074	R 230,00	R 21,10	R 130,50	24,9	14,9	19,4	80,5	26,4	64,0	58	9,89	0,05	0,98
Namibia	1 851	R 201 000	R 133,00	R 40,00	R 108,60	20,4	19,1	19,9	67,0	45,1	58,7	66	2,15	0,36	0,87
Northern Cape	4 525 819	R 612 131 790	R 238,00	R -	R 130,26	28,5	13,9	19,9	78,9	14,4	64,3	56	22,57	0,06	1,06
North West Province	72 600	R 8 176 971	R 190,90	R 25,20	R 115,18	22,3	16,0	19,3	75,6	40,2	60,6	50	8,98	0,20	1,38
Lesotho	5 060	484 908	R 146,10	R 73,00	R 110,43	22,5	18,6	20,3	65,7	53,4	60,9	70	4,69	1,04	2,67
Western Cape	5 455 554	R 688 151 170	R 228,00	R -	R 122,25	27,7	14,7	19,6	77,6	15,9	61,6	55	25,23	0,02	1,08
Total	**27 272 914**	**3 615 261 319**	**R 250,10**	**R -**	**R 120,79**	**30,6**	**13,9**	**19,8**	**80,9**	**14,4**	**62,5**	**58,4**	**25,2**	**0,0**	**1,3**

So there is a clear financial advantage by genetic improvement of livestock in favour of merino sheep for the production of wool – the average national price of merino wool is R32 per kg higher than the average price for all wool while the Eastern Cape average price for merino wool is R29 higher than the average Eastern Cape price for all wool.

The difference in masses sold of all wool compared to merino wool between the two previous tables indicates that approximately two thirds of wool produced in the Eastern Cape Province is classed as merino wool. Once again the lower proportion of wool classed as merino wool from trust land areas suggests room for improvement of the quality of the wool clip for an increased classification as merino wool.

[55] http://www.capewools.co.za/documentlibrary *2018/19 Statistical Review of Wool sold in SA*, page 61, accessed 2019/08/12.

Table 8: Sales analysis by Magisterial District - Merino wool 2018/19 [56]

	Realisation		Greasy Price (R/kg)			Micron (µ)			Yield (%)			Length (mm)	VM (%)		
	Grease Mass (kg)	Sales Value (R)	Hi	Lo	Ave	Hi	Lo	Ave	Hi	Lo	Ave	Ave	Hi	Lo	Ave
UNKNOWN															
NO MD	4 393 505	R 389 663 267	R 196,60	R 30,00	R 88,69	25,9	16,1	19,2	73,1	21,6	52,4	45	16,61	0,18	2,39
Total	**4 393 505**	**R 389 663 267**	**R 196,60**	**R 30,00**	**R 88,69**	**25,9**	**16,1**	**19,2**	**73,1**	**21,6**	**52,4**	**45,2**	**16,6**	**0,2**	**2,4**
EASTERN CAPE															
ABERDEEN	446 368	R 58 863 937	R 208,00	R 10,00	R 131,87	23,4	15,8	19,5	75,3	20,3	61,4	62	15,07	0,08	1,20
ADELAIDE	360 585	R 54 177 602	R 236,40	R 42,50	R 150,25	22,8	15,0	18,8	76,6	36,7	67,3	62	14,49	0,08	0,80
ALBANY	98 667	R 14 129 324	R 230,00	R 22,10	R 143,20	23,3	15,8	19,0	74,7	25,7	65,2	61	10,14	0,12	0,93
ALBERT	585 078	R 83 591 544	R 231,00	R 45,10	R 142,87	23,6	15,9	19,7	78,7	27,6	66,1	61	17,24	0,04	1,65
ALEXANDRIA	11 298	R 1 690 749	R 187,00	R 33,50	R 149,65	21,0	16,5	18,9	75,1	37,5	67,4	73	4,36	0,12	0,58
ALIWAL-NOORD	204 057	R 26 960 359	R 210,30	R 22,00	R 132,12	24,3	14,9	19,4	79,4	33,3	66,2	54	8,70	0,11	1,33
BARKLY-OOS	825 122	R 118 704 148	R 230,00	R 48,00	R 143,86	25,1	15,3	19,7	80,9	27,2	66,8	69	12,55	0,05	1,08
BATHURST	1 595	R 220 248	R 160,60	R 125,10	R 138,09	22,1	17,6	19,6	74,7	52,9	65,2	62	1,76	0,35	0,62
BEDFORD	247 007	R 36 324 181	R 225,10	R 32,50	R 147,06	23,1	15,0	19,2	79,1	35,5	66,7	63	6,58	0,04	0,75
CACADU	6 655	R 962 804	R 184,00	R 101,10	R 144,68	21,3	17,2	19,5	74,5	53,6	65,6	69	4,00	0,32	1,08
CATHCART	352 561	R 52 560 141	R 250,00	R 34,00	R 149,08	23,5	15,3	19,4	79,3	35,5	67,0	67	6,60	0,09	0,78
COFIMVABA	204	R 21 663	R 127,10	R 86,10	R 106,35	20,4	19,2	19,8	63,7	54,0	58,8	55	0,88	0,75	0,82
CRADOCK	625 599	R 84 815 407	R 225,60	R 29,00	R 135,57	29,1	15,2	19,6	78,9	29,3	64,6	59	15,77	0,11	1,55
ELLIOT	119 398	R 15 855 063	R 200,00	R 18,00	R 132,79	24,1	16,4	20,2	80,7	30,8	65,8	65	6,94	0,10	1,09
FORT BEAUFORT	54 718	R 8 034 372	R 223,10	R 60,00	R 146,83	21,9	15,5	18,7	75,7	38,7	67,6	61	8,11	0,12	0,86
GRAAFF-REINET	337 989	R 45 908 269	R 233,00	R 23,00	R 135,83	23,1	15,7	19,4	77,3	14,2	63,1	62	12,42	0,08	1,31
HANKEY	4 897	R 631 761	R 174,60	R 20,10	R 129,01	20,7	17,0	18,8	73,3	27,0	65,2	58	4,47	0,20	0,87
HERSCHEL	7 012	R 974 875	R 175,90	R 75,00	R 139,03	21,3	16,5	19,3	69,7	48,9	65,7	73	3,40	0,53	1,57
HOFMEYR	223 842	R 30 744 889	R 250,10	R 27,00	R 137,35	22,8	16,0	19,1	75,4	21,6	64,4	57	12,24	0,14	1,53
HUMANSDORP	171 857	R 20 815 088	R 206,60	R 59,90	R 121,12	25,5	16,4	19,3	78,0	38,8	66,7	44	8,07	0,06	0,55
INDWE	34 745	R 4 796 573	R 188,85	R 35,00	R 138,05	25,2	17,2	20,4	78,2	44,0	67,4	70	8,17	0,10	1,41
JANSENVILLE	92 393	R 12 897 608	R 210,00	R 24,10	R 139,59	22,7	16,0	19,8	73,4	25,0	64,3	63	5,62	0,12	0,93
JOUBERTINA	2 962	R 375 567	R 165,00	R 95,10	R 126,82	21,7	17,8	19,6	74,9	50,4	68,1	54	5,95	0,20	0,65
KING WILLIAMS TOWN	31 860	R 4 717 302	R 239,90	R 52,00	R 148,06	21,6	16,0	19,2	77,8	41,0	66,3	69	5,82	0,10	0,80
KOMGA	14 727	R 2 041 966	R 177,00	R 20,00	R 138,66	21,2	17,4	19,4	72,3	40,6	63,3	65	1,74	0,07	0,64
LADY GREY	141 763	R 19 658 947	R 210,50	R 53,10	R 138,68	23,4	16,4	20,1	78,2	29,2	65,3	70	7,75	0,09	1,24
MACLEAR	76 422	R 10 097 119	R 206,20	R 64,00	R 132,12	21,9	16,9	19,9	76,7	19,4	63,7	59	7,83	0,07	1,01
MALUTI	3 454	R 455 954	R 163,50	R 88,00	R 131,99	20,8	17,0	19,3	67,7	53,3	61,3	61	1,64	0,64	1,02
MIDDELBURG	339 752	R 46 843 438	R 231,40	R 20,00	R 137,88	23,1	15,6	19,4	76,7	23,6	65,0	59	14,39	0,13	1,56
MOLTENO	284 659	R 43 196 919	R 231,00	R 39,10	R 151,75	28,6	15,4	19,5	79,5	36,9	68,1	64	7,96	0,06	0,66

[56] http://www.capewools.co.za/documentlibrary *2018/19 Statistical Review of Wool sold in SA*, pages 62-3, accessed 2019/08/12.

South African Clip Analysis Sales Analysis by Magisterial District per Province - Merino Wool (Continued) 2018/19 Season																	
	Realisation		Greasy Price (R/kg)			Micron (µ)			Yield (%)			Length (mm)	VM (%)		
	Grease Mass (kg)	Sales Value (R)	Hi	Lo	Ave	Hi	Lo	Ave	Hi	Lo	Ave	Ave	Hi	Lo	Ave
EASTERN CAPE (Continued)															
MOUNT AYLIFF	369	R 29 520	R 80,00	R 80,00	R 80,00	19,9	19,9	19,9	58,6	58,6	58,6	40	2,10	2,10	2,10
MPOFU	151	R 22 392	R 148,00	R 148,00	R 148,00	21,5	21,5	21,5	68,4	68,4	68,4	80	0,66	0,66	0,66
NGQAMAKHWE	614	R 38 889	R 84,00	R 52,00	R 63,35	20,7	20,2	20,4	49,9	45,4	46,4	60	1,83	0,75	1,06
NTABANKULU	293	R 32 985	R 119,00	R 104,10	R 112,65	19,8	19,0	19,3	60,8	55,1	58,4	65	3,59	1,21	2,22
OOS-LONDEN	5 778	R 655 846	R 164,20	R 75,00	R 113,52	21,7	18,0	19,6	67,3	55,3	61,1	53	1,63	0,20	0,79
PEARSTON	74 582	R 10 087 729	R 223,30	R 21,00	R 135,26	23,3	16,1	19,4	71,0	27,9	61,5	59	7,41	0,19	1,14
PEDDIE	203	R 27 446	R 135,00	R 135,00	R 135,00	20,1	20,1	20,1	64,4	64,4	64,4	66	1,70	1,70	1,70
PORT ELIZABETH	246 384	R 25 752 087	R 183,10	R -	R 104,52	22,6	17,0	20,0	79,2	32,4	57,5	60	20,90	0,11	2,01
QUEENSTOWN	38 632	R 5 213 270	R 196,00	R 31,00	R 134,95	22,6	16,2	19,7	77,0	33,7	65,1	61	7,46	0,25	1,43
SOMERSET-OOS	650 332	R 90 594 403	R 241,00	R 30,00	R 139,30	24,2	15,2	19,3	77,2	22,5	65,3	58	12,40	0,09	0,99
STERKSTROOM	68 048	R 10 801 079	R 220,60	R 34,10	R 158,73	23,5	16,4	19,6	77,8	31,5	68,3	67	9,89	0,13	1,22
STEYNSBURG	307 807	R 44 228 373	R 221,00	R 26,10	R 143,69	23,6	16,2	19,7	78,5	28,6	67,2	59	12,13	0,09	1,18
STEYTLERVILLE	80 820	R 10 971 684	R 213,50	R 106,10	R 135,75	22,7	14,9	19,6	77,8	27,7	65,0	60	7,88	0,11	0,81
STUTTERHEIM	212 071	R 29 752 435	R 241,00	R 31,00	R 140,29	22,6	15,5	19,3	78,8	27,0	64,7	64	6,76	0,07	0,53
TARKA	334 064	R 50 747 876	R 238,30	R 21,10	R 151,91	25,4	14,1	19,3	83,6	20,9	67,5	63	10,95	0,10	1,26
TSOLO	879	R 104 480	R 127,00	R 113,10	R 118,92	21,2	17,8	19,6	66,0	57,1	60,5	66	1,00	0,39	0,70
TSOMO	9 686	R 1 097 993	R 145,00	R 97,10	R 113,36	20,4	18,4	20,0	64,0	51,3	58,3	70	3,07	0,55	1,85
UITENHAGE	77 491	R 8 913 537	R 219,50	R 27,10	R 115,03	22,7	16,6	19,0	73,0	32,9	60,8	49	5,77	0,12	1,73
UNKNOWN E/CAPE	1 188	R 101 206	R 132,00	R 64,00	R 85,16	20,8	19,8	20,3	66,6	62,4	64,2	45	1,39	0,39	0,90
VENTERSTAD	141 107	R 18 288 079	R 209,00	R -	R 129,60	23,5	15,6	19,7	77,2	24,3	61,8	59	16,83	0,26	2,62
WILLOWMORE	151 493	R 19 987 853	R 222,00	R 59,60	R 131,94	24,4	16,2	19,5	73,3	23,8	62,4	60	6,45	0,09	0,76
WODEHOUSE	459 572	R 66 085 922	R 230,80	R 30,25	R 143,80	25,7	15,8	20,0	81,2	30,4	67,8	66	15,96	0,08	1,14
XALANGA	9 266	R 1 197 874	R 159,10	R 83,00	R 129,28	21,9	16,8	19,9	71,8	53,7	64,2	68	2,45	0,26	1,03
Total	**8 578 074**	**R 1 195 800 779**	**R 250,10**	**R -**	**R 132,16**	**22,8**	**16,7**	**19,6**	**74,0**	**37,5**	**64,1**	**61,6**	**7,6**	**0,3**	**1,1**

The average price for merino wool across the Eastern Cape Province in the 2018/9 season was R132.16 per kg. Of the 52 districts listed in the table, 11 are in the former Ciskei and Transkei areas. Sale prices of the merino wool obtained in three of these former bantustan districts, Cacadu and Herschel in the Transkei and Mpofu in the Ciskei, were all above the average Eastern Cape price. Both Cacadu and Herschel have a long history of sheep farming. Much of Mpofu is former white commercial farmland still under individual ownership. However, volumes in these districts were low, below 1 000 kg, compared to those in districts outside of the former bantustans. Only two districts, Nqamakwe and Mount Ayliff, received an average price below R100. However there may have been only one producer recorded in these districts and in Mpofu.

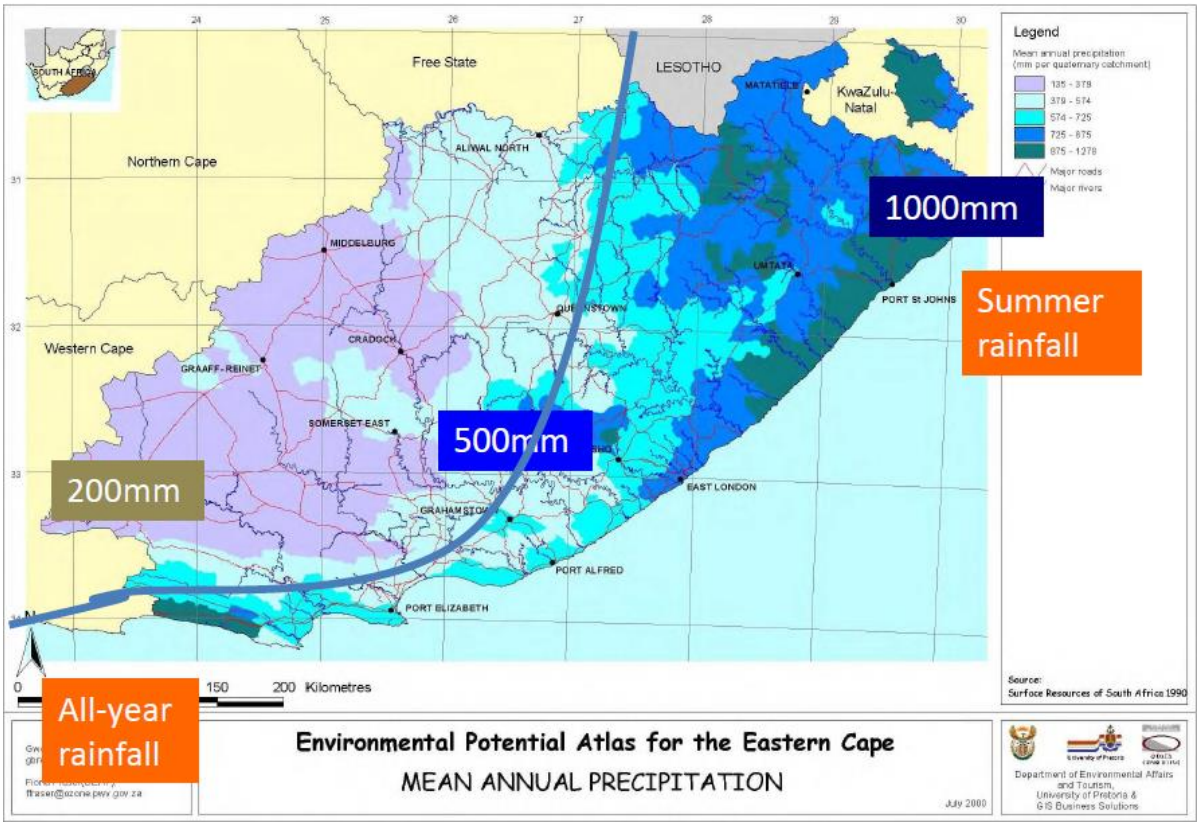
Unfortunately and inexplicably the districts of Alice/Victoria East, Whittlesea, Mount Fletcher, Mthatha etc. are not included in these tables.

3 Key features of wool production by smallholders & small-scale black commercial farmers

(agro-ecological conditions, producer objectives, scales of production, types of employment and self-employment, range of economic values, social organization, cultural aspects, relationship with other livelihoods sources, etc)

Figure 12: Conventional view of merino sheep farming areas

Figure 13: Rainfall map showing the boundary line of 500 mm average annual rainfall



These two maps indicate that the conventional view of the area of commercial merino sheep

farming for wool is located west and north of the 500mm annual rainfall line. However most of the emergent and small scale wool farmers are located in areas to the east of this line. Increased rainfall could, perhaps should, result in better grazing conditions. However, this is dependent on the reliability and annual distribution of rainfall. In so-called "communal areas" a number of other conditions and constraints apply and which may counteract the tendency to improved grazing.

Any distinction between farming sheep for meat and farming for wool is never absolute. Excess male woolled sheep and females which are old or no longer lambing may be the first to be sold for slaughter. The same applies to the many small-holders and small scale commercial farmers. In fact they may be more likely out of necessity or opportunity to blur the distinction between farming for wool and farming for meat.

The sale of a whole adult sheep can realise well over R1 000 at any time of year. Such sales may be essential in times of sudden financial necessity or crisis. In contrast the wool clip happens once a year and then payment may be delayed until at least after the sale, especially if sale is by the regular auction sales conducted in Port Elizabeth. The sale of small quantities of unsorted wool to itinerant traders is usually at much lower prices that obtained at auction but may have the advantage of providing immediate cash.

The long term decline in the international demand for wool does raise the possibility of the decline in demand for South African wool. In such a scenario the maintenance of flocks which are dual purpose – wool and meat – is essential. Fortunately for wool producers, the weak South Africa Rand is likely to maintain a competitive advantage for South African wool.

3.1 Comparative indicators and differentiation

The 2005 study by the Centre for Development Support (CDS) at the University of the Free State included the following table and explanatory text. While the data is dated by 14 years, it is useful as it provides some numerical indication of the differentiation amongst holders of woolled sheep and a useful starting point for discussing interventions to increase the production of wool. It also has the advantage of an independent institution which is not directly involved in the industry: [57]

Table 9: Comparison of wool production for emerging and commercial wool farmers, 2004

Criteria	Emerging wool farmers: Market through trader	Emerging wool farmers: Market through formal auction	Commercial wool farmers
Number of farmers	63000	8340	8000
Total wool production	2.3 million kg	2.03 million kg	44.3 million kg
Number of shearing sheds	0	278	Approx. 8000
Farmers per shearing shed	No shearing shed	30	1
Number of sheep	1.9 million	1 million	12.7 million
Sheep per farmer	30	120	300 – 20000
Kg of wool per sheep	1.2kg/sheep	2.03kg/sheep	3.5kg/sheep
Price per kg	R2/kg	R10/kg	R20/kg???
% share of wool production in South Africa	4.7%	4.2%	91.1%

Source: NWGA, 2005

Considering the table above, the following comments need to be made:

[57] Page 5.

- The 63 000 communal wool farmers that own 1.9 million sheep, produce 2.3 million kilograms of wool per annum. This represents 4.7% of the wool production in South Africa. On average, these farmers own 30 sheep and shear an average of 1.2kg of wool per sheep. The wool is sold to traders at approximately R2/kg. It should be borne in mind that this wool is not sorted.

- The other 8 340 communal wool farmers sell their wool in bulk (together with neighbouring farmers as part of farming associations) directly to the market. They produce just over 2 million kilograms of wool. Shearing sheds are shared, with approximately 30 farmers per shearing shed. On average, these farmers have approximately 120 sheep. They shear approximately 2 kg of wool per sheep and sell it at five times more to the market agent than those farmers selling their wool to the traders. Overall, this group of farmers produces 4.2% of the South African crop.

- The 8 000 commercial farmers produce just over 91% of the South African crop, owning 81% of the wool sheep in South Africa. Their production per sheep is 1.5 kilogram higher, while their price per kilogram is double that of the communal farmers who also sell directly to the market.

The price of greasy wool fell from R25/kg in 2003 to below R20/kg in 2004 and 2005 before rising above the 2003 level only in 2007.[58]

3.1.1 Herd size

The small herds of around ten sheep are often those kept by households or individuals mainly for emergencies and often also for absent males regarded as heads of household etc. This applies even in some dense peri-urban settlements such as Bongolwethu just south of Kubusi village in the Stutterheim district where vigilance in herding may be essential.

In some cases herds may have been started by farm workers and former farm workers on commercial sheep farms where sometimes they had been paid in part in sheep. If such sheep were relocated to family residing in trust land areas they may have had some effect in improving local genetic stock.

These small herds, whether of sheep, goats or cattle, are ready sources of significant amounts of cash when faced with urgent expenditure requirements such as school fees, medical crisis etc. Minkley and Phiri argued that this category of sheep owners have little or no interest in establishing more viable and expanded forms of wool production.[59]

This is a critical point for the targeting of any current and future attempts to expand wool production in trust land areas.

Mr RS, a lifelong stockman with 40 years of experience working for established commercial farmers as well as with Mngcunube Development and the Donald Woods Foundation, maintains that to be serious about farming for wool, in other words to be or to aim to become a commercial wool farmer, a minimum starter herd of 50 and above is required as well as an alternative source of income.

While the figure of 50 may sound arbitrary, the 2001 study cited above in three Transkei villages indicated that gross margins for the sale of both wool and sheep for slaughter were barely positive in one village with an average herd of 47. Gross margins in the other two villages for the sale of both wool and sheep for slaughter were significantly increased with average herd sizes of 76 and 97.

[58] DAFF, 2011, page 7.
[59] Page 12.

Even where herds of around 500 sheep were generating a reasonable annual wool clip in the Ngcobo district in 2009, it was not uncommon for the owner to sell off as many as 100 mainly males and elderly ewes from the herd at year end and generate an income in the short term of over R100 000.

3.1.2 Marketing challenges

The 63 000 wool producers who in 2004 were marketing through independent traders were constrained by the way in which the production and packaging in the commercial wool industry has developed:

> *An independent study conducted by the University of Pretoria in 2012 indicated that individual producers own on average 70-113 sheep (De Beer & Terblanché, p109; Tapson p13). Wool is marketed and traded on the formal auction in bales weighing between 100kg and 200kg. These relatively small numbers of sheep consequently yield too little volumes of wool annually to allow for an individual producer to access the formal wool market. Wool is furthermore required to be classed into specified quality lines based on length, strength, fibre diameter and clean yield, which creates a further challenge for small scale producers to have sufficient volumes to access the formal market. These producers are therefore forced to sell their wool to hawkers in the informal market at prices that are far less than prices realized on the formal market.*[60]

The concerns about hawkers were expressed move vividly by Mr RS who described them as "out-of-season perlemoen poachers and scrap metal dealers from Port Elizabeth" who preyed on producers: "Put your wool on my bonnet which is a scale".

> *In ... Thaba Nchu [in the Free State], the traders were called "Peep-peeps". The term refers to the traders arriving in the villages and pressing the hooters of their vehicles as an indication for the farmers to bring their wool. ... it took a long time to convince people to accept the principle of not selling to the "Peep-peeps". One of the main reasons was that they did not receive their money immediately and had to wait for the wool to be sold at the market. At this stage, the "Peep-peeps" also spread a rumour that the NWGA had stolen their money. During the 2004 season, the international price of wool also decreased. Once again the "Peep-peeps" used the opportunity to spread the word that the NWGA had taken their money.*[61]

Therefore a key intervention required to bring the majority of wool producers as categorised in the table above, 63 000 of them, into the formal marketing system is at the level of sorting and packaging wool at the point of shearing.

3.2 Employment

Labour preferences for maintaining flocks (and herds) have long been for the services of family members in order to avoid labour costs. This may make use of the labour of someone in the family who has been unable to complete schooling rather than youngsters with greater educational and therefore earning potential. Elderly sheep owners often do the herding themselves [62] and this is

[60] Leon de Beer, circa 2018, *How does the NWGA commercialise communal wool sheep producers?* Pages 3 & 2.
[61] CDS pages 12-13.
[62] Beinart interview with De Beer.

supported by personal observation. Beyond the availability of owners and family members there is a preference for herders from Lesotho.[63] This may relate to their willingness to work for lower wages than independent local labour given the absence of social security and pensions and high unemployment in Lesotho.

The preference for family labour causes some difficulty for the definition of and distinction made between smallholders and small-scale commercial farmers for this project.

The situation may be a different for a number of cattle farmers in trust land areas. A recent study of 383 cattle owners across four provinces (Eastern Cape, KwaZulu-Natal, Limpopo and Northern Cape) concluded that the mean number of employees as herders was 1.1 with a range from 0-10. "The study revealed that Eastern Cape Province has the highest employment generative capacity in these farming systems, compared to Northern Cape, KwaZulu-Natal and Limpopo Province." The mean Eastern Cape herd comprised of 19 beasts with a range from 0-250. The mean income from the herd was R1 205 per annum with a range from R0 to R23 000. 45% or 172 participants were in the Eastern Cape. However "purposive" or non-probability sampling was employed whereby unidentified "local stakeholders" invited identified "rural agrarian entrepreneurs".[64] Unfortunately median information is not included which would reveal if the sample favoured larger and overtly commercial cattle owners. It is also not clear what areas of the Eastern Cape were purposively sampled.

While the keeping of woolled sheep does not appear to absorb much labour and certainly little paid labour there is some additional seasonal employment created when outside shearing teams are utilised which in turn raised the quality of the bailed wool in these newly developing wool producing areas.

3.3 Typologies

> *21.3% of all smallholders are situated in the Eastern Cape Province, which makes it the second most important smallholder province after KwaZulu-Natal, which has 23% of all smallholders (Statistics South Africa, 2016).*[65]

It is not clear what the percentages would look like if they could be broken down by the focus of such smallholders on various types of livestock and various types or field and garden crops. It is possible that the Eastern Cape has a higher percentage of smallholders who focus on livestock given the higher rainfall of much of KZN compared to the Eastern Cape and therefore the greater potential in KZN for cultivation.

These percentages distributed between the Provinces are based on a different definition used by Zantsi et al to that provided above and for the CBEP project as a whole:

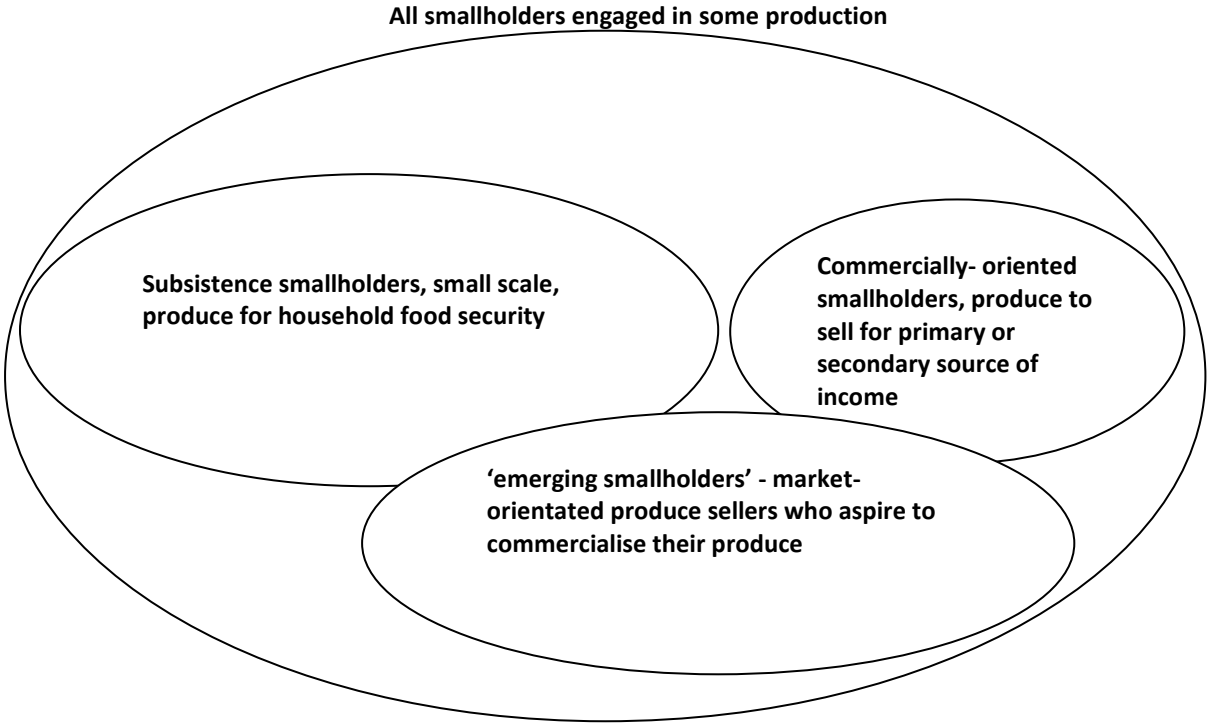
> *... smallholders are members of a diverse group of farmers who range from a large group of subsistence farmers on one side of the spectrum to a smaller group of commercially-orientated smallholders on the other side. The main difference*

[63] Interview with Mr RS.
[64] Victor Mmbengwa, Myeki Lindekaya, Bonani Nyhodo & Prof Herman van Schalkwyk, 2015, "Communal livestock farming in South Africa: Does this farming system create jobs for poverty stricken rural areas?" *Sylwan* 159:10, page 191.
[65] S. Zantsi, J.C. Greyling, N. Vink, 2019, "Towards a common understanding of 'emerging farmer' in a South African context using data from a survey of three district municipalities in the Eastern Cape Province", *SA Journal of Agricultural Extension*, page 84.

between these two groups, other than the scale of production, is the reason for engaging in production, whereas the former produces to improve their household food security whilst the latter produces to sell, given that it serves as their primary or secondary sources of income ... Between these extremes is a group of so-called 'emerging smallholders' who are market-orientated produce sellers who aspire to commercialise their produce.[66]

This categorisation is represented as follows:

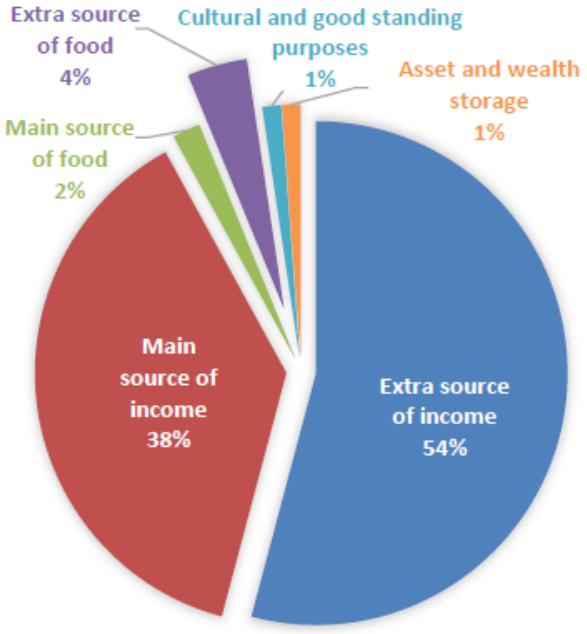
Figure 14: Categories of smallholders



The "main reasons for keeping livestock" are summarised in the following chart from a recent survey by Zantsi et al of "non-subsistence smallholders" or "market orientated smallholders" who had "sold produce during the previous season", in three Eastern Cape Province District Municipality areas (Amathole, OR Tambo and Chris Hani): [67]

[66] Zantsi et al, pages 81-2.
[67] Zantsi et al, pages 84, 88.

Figure 15: Main reasons for keeping livestock



Another way of interpreting the pie chart is that 38% of the sampled farmers are in fact commercial farmers (following the definition of Zantsi et al) or small scale black commercial farmers (following the definition in this study but without any knowledge of whether labour is family or paid). The other 54% may or may not be emergent commercial farmers or small scale black commercial farmers. They may or may not aspire to increase their wool production to become their main source of income.

Remembering that all those represented in the pie chart had "sold produce during the previous season," suggests that this entire group should be afforded the opportunity and necessary assistance to expand wool production if they so choose and if the required assistance is reasonable and available.

For a discussion of wool, this emphasis on the reason for engaging in the production of wool may be more useful than emphasis on the employment of labour given the limited immediate employment opportunities as a result of expanded wool production which is discussed above.

In other words small-scale black commercial wool producers are those farmers who engage in the production of wool in order to sell it for their main source of income or to become their main source of income, irrespective of the labour employed.

Unfortunately given the purposive sampling method it is not possible to extrapolate from this survey to obtain an indication of the likely numbers of emergent commercial livestock farmers across these District Municipality areas as well as in the Alfred Nzo District Municipality area which also has substantial sheep and goat farming.

These four district municipalities (the three sampled and Alfred Nzo) together with the Joe Gqabi District Municipality and Buffalo City Metropolitan Municipality area include all of the former bantustan and trust land areas in the Eastern Cape Province. Only Sarah Baartman District Municipality does not include any former bantustan area.

An earlier study of a smaller sample of farmers assisted by the NWGA indicated that 21% of respondents indicated farming as the biggest contributor to household income and 30% as the

second biggest contributor. 30% indicated social pensions and 23% social grants as the main source of income.[68]

Once again the 21% in this NWGA sample may be interpreted as either emergent commercial farmers or small scale black commercial farmers. Again it is not possible to extrapolate reliably from this sample to obtain the total number of such farmers.

4 Support services for wool production (extension, research, marketing, finances)

The institutional structure of the wool industry in South Africa is as follows:

> *The wool industry in South Africa currently consists of three main organisations, namely; the Wool Forum, Cape Wools SA and National Wool Growers Association (NWGA). The Wool Forum is the policy-making body of the industry, while Cape Wools SA is a non-profit industry organisation that represents the entire industry including wool buyers, traders and processors etc. Cape Wools SA contracts with NWGA which is an association representing wool farmers (including both commercial and communal farmers) to perform specific functions aimed at the grower level.*[69]

4.1 Public entities within the Eastern Cape Province

The latest provincial Department of Rural Development and Agrarian Reform (DRDAR) Annual Report available on the internet is for 2016/7.[70] This is what used to be named the Department of Agriculture and Land Affairs from 1994 and still colloquially referred to as the Department of Agriculture. While it is not clear, as many as four programmes may fall under the category of extension services: Sustainable Resource Management, Farmer Support and Development, Research and Technology Development and Agricultural Economic Services. This also makes it very difficult to extract expenditure figures for the various aspects of these services, including the costs of field personal and related costs such as equipment, supplies, transport, subsistence and salaries.

It is very difficult to assess the effectiveness, efficiency and impact of these programmes, especially when reporting is done against quantitative targets and expenditure against budget. Discussions in the National Council of Provinces and independent reviews (see below) raise serious concerns.

According to a 2006 evaluation of a wool project in Mbashe and Emalahleni Local Municipality areas:

> *There is not much support from the DOA [Department of Agriculture], as "the extension officers are nowhere to be seen". The dosing of sheep is not done according to the calendar cycle of four times in a year, because farmers do not have resources, but more specifically because of inefficiencies by the DOA. The [famers'] Association also expressed the need for training in different areas of*

[68] L. De Beer & S.E. Terblanche, 2015, "Improving the livelihoods of wool producers in a sustainable manner by optimizing the woolled sheep production systems within the communal farming area of the Eastern Cape, 'a vision that is future directed'", *SA Journal for Agricultural Extension*, page 109.

[69] Sipho Mtombeni, Daniela Bove, Tankiso Thibane and Boitumelo Makgabo, 2019, "An analysis of infrastructure and inputs as a barrier to entry and expansion for emerging farmers", Competition Commission.

[70] https://provincialgovernment.co.za/department_annual/510/2017-eastern-cape-rural-development-and-agrarian-reform-annual-report.pdf accessed 2019/08/22, page 19.

sheep management, such as having the ability to vaccinate and dose their sheep, rather than for them to wait for the extension officers from the DOA who "sometimes never come".

The Department of Agriculture [DoA] has been involved together with officials from the NWGA in training farmers how to shear wool, clean wool and sort it into different types and press bales. However, the Association members and the local communities challenge the support from the DOA and argue "that it normally comes late and sometimes extension officers do not visit the farmers for more than six months to advise them."

The DOA at provincial, district and local level provide infrastructure support such as fixed shearing sheds in certain villages, but there is no consultation with rural farmers on their needs. This has led to the development of infrastructure in places where the communities are not organised to use the shed.

In response:

The Extension Officers in Willowvale and Idutywa offices argued that they "are not delivering because of lack of funds, transport to visit the rural areas is scarce and farmers who are not organised are not attended to".[71]

Given the importance of the export of agricultural products, some state regulation and control is essential, especially in the functioning of state veterinary services with regard to livestock and livestock products. The *Constitution* sets veterinary services, excluding the regulation of the profession, as an exclusive provincial function. The *Animal Health Act No.7 of 2002* is key legislation. It provides for the management including reporting of listed controlled and notifiable animal diseases as well as extensive assignment of functions in terms of the Act to a provincial executive officer designated by the MEC responsible for agriculture.

Sub-programme 4.1, Animal Health, under Programme 4, Veterinary Services, in the 2016/7 DRDAR *Annual Report* includes the following information:[72]

Table 10: Extract from DRDAR Annual Report on animal health

Number of animals vaccinated against controlled animal diseases according to Animal Disease Act (Act 35 of 1984).	1 857 490
Number of official veterinary movement documents issued to facilitate movement of animals and animal products for disease control purposes.	2 300
Number of animals sampled/ tested for disease Surveillance purposes.	165 409
Number of treatments applied to sheep for the control of sheep scab to improve the quality and quantity of the wool clip.	8 329 734
Number of treatments applied to animals for external parasite control.	4 295 127

There is general agreement that one of the more effective programmes of DRDAR is that run by the veterinary services and Animal Health technicians (AHTs), in particular in respect of notifiable diseases [73] and some work on sheep scab.

[71] Minkley and Phiri, pages 6-7.
[72] Pages 50-1.
[73] The latest list of controlled and notifiable animal diseases can be found at https://www.daff.gov.za/vetweb/Disease%20Control/List%20of%20Controlled%20Diseases%20-%20Signed%20October%202018.pdf

It is worth noting that in the Free State Province the Provincial Department of Agriculture worked together with the NWGA to initiate the Thaba Nchu Wool Project which included the construction of 5 shearing sheds, the renovation of existing dipping tanks, upgrading of livestock water supplies, provision of shearing shed equipment, erection of handling facilities for sheep, the supply of quality rams to improve the genetic quality of the sheep and training in basic skills and knowledge of wool sheep farming, shearing and marketing of wool.[74]

The Eastern Cape Rural Development Agency (ECRDA) is a provincial entity funded by the Provincial Treasury and reporting to the MEC responsible for agriculture, i.e. DRDAR. It has at least two entities reporting to it: Kangela Citrus Farm and Ncera Macadamia.[75] According to the 2016/7 DRDAR Annual Report it "established four Rural Enterprise Development Hubs (RED Hubs) at Mqanduli, Ncora, Lady Frere and Mbizana". It received Transfer Payments in the same year amounting to R189m for four services: agro-processing in Red Hubs, infrastructure development in Hubs, forestry and timber development and marketing development in Red Hubs.[76] Press reports and anecdotal evidence indicates that these hubs are at best under-utilised, suggesting that they were at best ill-conceived. They may indicate a repeat on a much larger scale and at far greater public expense of initiatives undertaken by earlier bantustan agricultural parastatals such as irrigation schemes.

The Döhne Agricultural Development Institute (DADI) is located outside of Stutterheim in prime livestock country. In addition to the development of the merino breed it had an active research and extension programme. After press reports exposing extreme nepotism in employment it does appear once again to be producing some published research.

The Grootfontein Agricultural Development Institute (GADI) is located outside the town of Middelburg. Given its location in the Great Karoo, it has long focussed on training, research and extension in small stock and in agricultural production in semi-arid to arid climates. It is a component of the national Department of Agriculture, Forestry and Fisheries (DAFF) and as such services not just the Eastern Cape Province. According to its website it "also hosts a section of the Eastern Cape Province Veterinary Services, Agricultural Research Council Fleece Testing Centre and the Eastern Cape office of The National Woolgrowers Association of SA." [77]

Both institutes have a history of work on the Dohne merino sheep breed and have libraries with records of research undertaken and field trials.

The University of Fort Hare has both an agriculture faculty and the Agriculture and Rural Development Institute (ARDRI) based on the campus in Alice. Professor Michael Aliber is reinvigorating and rebuilding the latter.[78]

The challenges for DADI, GADI and ARDRI appear to be symptoms of a wider problem:

> *The South African state has a very poor record in supporting research and development (R&D). Between 1993 and 2006, real agricultural R&D decreased by 0.83 per cent per year. By 2007, direct public investment in agricultural R&D was*

[74] DAFF, 2011, *A profile of the South African wool market value chain*, page 34.
[75] https://provincialgovernment.co.za/units/view/126/eastern-cape/eastern-cape-rural-development-agency-ecrda accessed 2019/08/22.
[76] Pages 31 & 76.
[77] http://gadi.agric.za accessed 2019/08/22.
[78] See for example: Nkonkobe Farmers Association and ARDRI, UFH, October 2015, *Assessment of the Fetsa Tlala cropping programme in Nkonkobe Local Municipality, Eastern Cape*. See also http://www.ufh.ac.za/centres/ardri/

> *just 70 per cent of the corresponding level in 1971. In addition, there has been a dramatic fall in the number of scientists employed as agricultural researchers in all the relevant South African institutions over the same period (Liebenberg et al. 2011).32 The most recent available data shows that total R&D expenditure as a percentage of GDP in South Africa continued to fall after 2007 (HSRC 2013).*[79]

This is part of a much bigger problem:

> *State support for farms in South Africa, as measured by the 'Producer Support Estimate', is now at a very low level (about 3 per cent in 2008–10), well below the OECD average of 20 per cent (OECD 2011, 252). Unlike South Africa, most middle-income developing economies have adopted policies that increased their support for agriculture over the past decade (Aksoy and Ng 2010, 2).*[80]

Municipal interventions have not necessarily been any more successful. The Chris Hani District Municipality built a shearing shed in Maqashu village in the Emalahleni Local Municipality area:

> *However, the building of the shed was done without consultation with the local people or with the Department of Agriculture at local level. This has led to the shed lying idle and unutilised, because the community in which it is located no longer shear and do not have a WGA.*
>
> *In Mbashe local municipality, the situation is the same that the "municipality is no longer fulfilling its mandate as it promised".*[81]

4.2 Independent developers and commodity organisations

The Herschel Farmers Union co-ordinates the shearing and marketing of wool across the district. The Environmental and Development Agency Trust (EDA) intervention around wool seems to have begun in the 1990s. In that year and following a severe drought only 30 000kg of wool from 13 400 sheep, or 2.24kg per sheep, was sold out of Herschel for R220 000 or R7.33 per kg. In 1996 output was increased to almost 100 000kg, although nowhere near the 1891 level of 205 000kg. But as the following table shows, both yield per sheep and the quality of the clip indicated a large deficit compared to nearby commercial farmers: [82]

Table 11: Herschel wool farmers comparative indicators

	Herschel	**North Eastern Cape**
Greasy price (R/kg)	6.70	12.00
Wool per sheep (kg)	2.3	4.5
Income per sheep (R)	13	40 - 50

Selby Vorster, former chairperson of the Elliot Farmers Association, was singled out by then President Thabo Mbeki in Parliament for his work in support of nearby Transkei sheep farmers. In the early 2000s he also assisted the then DLA to popularise and encourage emergent farmers in Cala and Ngcobo districts, both previously in the Transkei, to apply for LRAD grants to acquire their own

[79] John Sender, 2015, "Backward Capitalism in Rural South Africa: Prospects for Accelerating Accumulation in the Eastern Cape", *Journal of Agrarian Change*, page 14.
[80] Sender, page 8.
[81] Minkley and Phiri, page 7.
[82] S.Vetter, W.J.Bon & W.S.W.Trollope, 1998, "How does one assess the cost of degradation in South African communal rangelands?" in Theuns D. de Bruyn & Peter F. Scogings (editors), *Communal Rangelands in Southern Africa: a synthesis of knowledge*, University of Fort Hare, pages 63-4.

land in the Elliot (now Kowa) district as part of a district-focussed land redistribution programme in 2001-4.[83]

The former Elliot district is now part of the Sakhisizwe Local Municipality area and includes both the former Elliot and Cala or Xalanga districts. It is the subject of a separate study as part of this project.

Rural and Urban Livelihoods (Ruliv) is a quasi-NGO, partially funded by the Office of the Premier of the Eastern Cape Province. It intervened to assist wool production in Mbashe and Emalahleni Local Municipalities through the purchase of two shearing tents for each Local Municipality, with all the necessary equipment for shearing and sorting wool. The NWGA was contracted by Ruliv to assist in the management of the pilot phase, where support was meant to be given to the wool producers whenever needed. The wool producers were expected to forward their support needs to the NWGA e.g. training, management issues, linkages, and access to inputs. During the whole process the extension officers were also meant to play an important role. The associated genetic improvement programme, through the provision of rams, was set to have a visible impact on sheep and on the quality of wool within a few years.

A thorough and thoughtful evaluation was conducted in late 2006 by the Fort Hare Institute of Social and Economic Research (FHISER).[84] While beneficiaries perceived real advantages to the facilities and support provided, this seems to have occurred in a period of declining wool prices which created a negative overall impression of the project. The evaluation stressed how differentiation amongst participants also had a direct bearing on benefits and perceptions with the better-resourced participants benefitting more than the poorer participants.

Ruliv also hosted a European Union funded programme, Sustainable Rural Development in the Eastern Cape (Surudec). The Mqanduli Area Development Project in the Mqanduli area of the King Sabata Dalindyebo Local Municipality was funded in the amount of R960 000. Lima Rural Development Foundation was the effective partner and implementer with local community structures. Lima had a prior history of development work in the area yet this does not seem to have been a priority project for Lima. Two out of eight elements of the project were directed at sheep farming in two different villages. An assessment was undertaken in late 2010 and concluded as follows:

- Breeding rams for two villages. Sheep farming is a significant activity and the impacts of such investment can be widespread among farmers. The community is reportedly very happy with this input.
- A sheep dip tank in one village. While there are some problems with how this project was developed (for example the location of the tank near a river), if appropriately managed this project would be a good investment.[85]

There may have been overlap with project work undertaken by Teba Development but this is not clear and has not been investigated further.

The Donald Woods Foundation, centred at Hobeni in the Elliotdale/Xhora magisterial district under the Mbashe Local Municipality, also conducted a programme which focussed on animal health in the

[83] For a review of this and other similar processes, see Aliber M, Kenyon M, Mogaladi J & Kleinbooi K, 2010, "Sharpening land acquisition strategies to accelerate land redistribution and get better value for money", research commissioned by the World Bank on behalf of the Department of Rural Development and Land Reform. This research was not released for public consumption by DRDLR.
[84] Minkley and Phiri.
[85] Larry Field, July 2011, *A Review of the Building Community Fund Projects (Call 1 Projects)*, unpublished.

period 2014-2016 and was fortunate to have a former Mngcunube mentor running their programme.

4.3 Mngcunube Development

Mngcunube Development was started in 1995 by former EDA staff and funded by local government and the South African mining industry. Mngcunube is a NPO which targeted livestock owners in general and sheep farmers in particular in the Elundini Local Municipality area, especially in the trust land areas southeast, east and north of the area which were part of the Transkei until 1994. Mngcunube has also worked in the Mbashe Local Municipality area and in Lesotho.

Mngcunube's work in relation to livestock has aimed at improving animal health in general and thus improving all forms of off-take, wool being only one such element.

The abstract of a published analysis of the Elundini project reads as follows: [86]

> *The Elundini livestock improvement programme covers livestock owners in 80 villages of the Elundini Local Municipality in the Eastern Cape. The Livestock Project is in full conformity with the Ukhahlamba [now Joe Gqabi District Municipality] Growth and Development Strategy (GDS) and the District IDP.*
>
> *Since its conception in April 2007 the project by end 2008 had reached 359 764 SSU through a schedule of visits to 662 villages at which farmer attendance had totalled 7 697. The actual number of farmers then was 2 541 and SSU were 136 416, noting that the same farmers and livestock come to more than one village visit so attendance figures are higher. Participating farmers spent R251 886 on their stock in the abovementioned period*
>
> *... The research concluded that the results of the mentorship programme by far exceeded the expectations, to such a degree, that the reliability of the data was under suspicion. It became clear during the research that data capturing had been done with precision and great care.*
>
> *Data for the first 18 months of the project clearly showed a reduction of mortality rates for sheep and goats from more than 20% to as low as 3% per annum. Lamb weaning and kid weaning rates were approximately one lamb for every two ewes (50%).*
>
> *Individual farmers were able to increase their annual cash income from as little as R1 440 to R20 577 per annum. The net financial gain of all the project farmers adds up to more than R6 million per annum.*

This research concluded that the hands-on approach and strict discipline as basis for farmer mentorship is an example of good practice to be followed by extension workers and other developmental agencies. The results were evident from the onset of the project and the immediate financial gain to farmers ensured their continued participation in the project. In addition to the direct benefits to farmers, new business opportunities were created for village mentors.

The paper also proposes that the principle of free extension should be re-visited since small-scale

[86] A.J. Jordaan, D. Sissons, & J. Blaker, 2009, "An analysis of the Mngcunube 'hands-on' mentorship programme for small-scale stock farmers in the Eastern Cape", *Proceedings of the 43rd Conference, SA Society for Agricultural Extension*, page 178.

farmers are willing to pay for quality and reliable services.

Financing for the project period referred to above was through a public – private partnership between the District Municipality and the Gold Fields Foundation (GFF) via Teba Development, each having committed R3 million.

Further project financing of R4.2 million from the European Union's Thina Sinako project commenced on 1 March 2008 for a period of 18 months in Elundini.[87]

Unfortunately Mngcunube has not had independent funding from the livestock industry and has depended on donor and public funding which has led to a winding down of activities over the past decade. However according to their website, a number of former staff employed as village mentors (VLPs) have managed to sustain themselves as independent animal health practitioners providing an ongoing service in the areas where they previously operated as Mngcunube and based on a small mark-up of medicines provided and administered.

The Mngcunube programme was aimed at improving the health of livestock in general and not specifically aimed at improving the wool clip It. was based on one visit per village or shearing shed per month and a single team visiting 20 villages a month, with the number of teams scaled up as funding permitted. The operating model in Elundini and elsewhere is summarised as follows:

> *The livestock project operates on a cycle of village visits at regular intervals guided by seasonal animal health needs. The project also provides support to farmers in selecting and buying improved rams and with farmers' days.*
>
> *Participation is voluntary. All goods like livestock medicines and feed supplements are paid for by the livestock owners prior to treatment of their stock. The project uses experienced farmers as mentors, in line with international practice on farmer-to-farmer extension. The principle is that more effective learning takes place "at the kraal" compared to in the classroom, and that learning is acquired over time rather than at one-off training courses. This approach, combined with the routine of regular visits that take place without fail on the agreed dates and times, builds a climate of trust in which communication and learning are favoured.*
>
> *The mentors work with locally employed enumerators on the village visits. The areas of activity are guided by a combination of farmer demand, and where applicable, requests from Councillors. A village contact person nominated by the farmers helps ensure that the logistics of visits are sound and that visits are effective. The enumerators are responsible for record keeping, filling in farmers' cards, receiving payments and giving change. From an early stage the project identified Village Link Persons (VLP) who were coached to take over from the project the function of supplying animal medicines and other products used by livestock owners. These VLPs are in fact small businesses, and given that access to animal medicines has the single biggest impact on the improvement and growth in livestock, is the foundation for sustaining the effects of the project once it eventually closes. The VLPs are the subjects of specific capacity building initiatives.*

[87] This was co-funded by Teba Development in the amount of a further R1.8m according to: Eastern Cape Provincial Treasury, 2012, *Final Programme Closure Report to the European Delegation in South Africa*, page 62.

The livestock project consists of the following project-based personnel: a manager, an administrator, three farmer mentors and two locally employed enumerators. There is project support from Mngcunube in the form of part-time management, monitoring and financial services, data base design, operation and general administration. All personnel are fluent in isiXhosa and at least one other official language. There are six VLPs. [88]

4.4 The National Wool Growers Association (NWGA)

This is perhaps the best known and most relevant intervention to this study.[89] The NWGA is based in Port Elizabeth and commenced operations in trust land areas in 1997 (NWGA uses the term "communal"). As the following table indicates, the NWGA intervention has had positive effects in terms of vastly increased wool output by gross mass and gross value as well a significant improvement in the quality of wool as indicated by the increase in price from 55% to 71% of the national average price: [90]

[88] Jordaan et al, page 181.

[89] This section is largely a summary of William Beinart's interview with Leon de Beer, General Manager of the NWGA, Port Elizabeth, 2019/07/08, except where otherwise indicated.

[90] De Beer, 2018 circa, *How does the NWGA commercialise communal wool sheep producers*, page 3

Table 12: Increasing comparative wool prices obtained in communal areas

Impact: Wool marketed through the commercial market (auction) and income of communal wool producers (CWSA)				
Season	Kilogram	Value (R)	Nat. Price (c/kg)	Comm. Price (c/kg)
97/98	222 610	1 502 908	1 225	675
99/00	336 700	1 965 557	1 102	584
01/02	535 911	6 927 640	2 277	1 293
03/04	2 029 556	17 768 955	2 109	876
08/09	2 666 933	43 149 706	2 548	1 618
12/13	3 461 937	131 842 578	5 537	3 803
13/14	3 806 993	137 919 368	6 016	3 623
14/15	3 582 123	130 849 388	6 863	3 652
15/16	4 462 089	233 618 025	7 668	5 235
16/17	5 812 641	299 882 008	8 156	5 159
17/18	5 422 122	383 607 431	9 967	7 075

In 2012 already the NWGA claimed:

> *More than 50% of the 10 000 members are black communal and emerging farmers. These members are represented on all levels of the NWGA, including the National Management Committee, – Executive and – Congress, as well as other relevant structures of the wool industry (i.e. Wool Trust and Cape Wools SA). This allows for participation of all wool producers on all levels of decision making, including government and organized agriculture.*
>
> *Wool production in South Africa is currently about 45 million kg per annum. Communal and emerging wool farmers produce 12% of the national clip and are mainly located in the communal areas of Eastern Cape and Kwazulu-Natal, as well as Thaba Nchu and Qwa-Qwa (Free State).*
>
> *These areas produce just over 4 million kg of wool annually, of which 3.55 million kg is marketed through brokers on the formal auction. There are 846 communal wool producing communities in the Eastern Cape with facilities that vary from old and poor constructions with insufficient equipment, handling facilities and no dipping facilities, to sheds that are well constructed with the entire necessary infrastructure for effective wool harvesting, classing and marketing.*[91]

The programme focuses on sheep in the Transkei and Ciskei areas and also in Thaba Nchu and Mzimkulu which is now in KwaZulu Natal Province. There are roughly 4 million sheep owned by communal area farmers. The NWGA's main aim is to support them and wants any sheep farmer to prosper.

[91] Leon de Beer, 2012, *The wool sheep development program in communal areas of South Africa*, paper presented at "Towards Carnegie III", conference at UCT, September 2012, pages 1-2.
12% of 45m kg amounts to 5.4m kg yet De Beer talks about the 12% amounting to 4m kg.

The scheme started in 1997 when the old Wool Board was dismantled as with other regulated commodity boards. Assets including cash reserves were put into a Wool Trust, a statutory body in terms of the *Marketing of Agricultural Products Act No.47 of 1996*. Statutory duties grow the value of the Wool Trust and make funds available for the development of the industry, promote research and information, gather statistics (which are very thorough because so much is exported and so much goes through the formal channels). They also have a transformation agenda. The Trust committee includes three farmers, an independent auditor and marketers and ministerial appointments. It has control of buildings and other assets.

About 65% of the budget of the Wool Trust goes to the communal areas programme.

Cape Wools SA is the industry representative body which including the buyers, exporters etc and which maintains thorough statistics on quality of wool, breeding, genetics, purchases and exports. The NWGA is the producers' organisation. Cape Wools SA keeps in touch with all of the companies involved in the wool industry and exports. Some of the detailed statistics are made public on the web, including a breakdown of production by district which indicates changing production in former bantustan districts.

Every kilogram of wool is captured when sold at auction and the great majority of wool goes through the formal auction process with 12 buyers and 95% exported. So there is competition and statistics. About 70% now goes to China, the rest to Egypt and Europe. Promotion is done internationally. Key issues that are increasingly affecting international markets are environmental sustainability, labour conditions, and animal welfare as well as the quality of the wool. SA still produces high quality wool for garments etc rather than for carpets and blankets.

There are five main aspects to the NWGA programme:

They organise small producers into producer groups or local farmers associations to shear and market. In order to market formally they have to fill bales and individual small producers generally cannot do so. They used to sell into an informal market – hawkers and speculators who paid about R12 per kg or a common figure of R25 per sheep because the average sheep produced about 2 kg of wool. The average price recently obtained by communal farmers is about R50 and by commercial growers around R70 per kg. Generally about 20-40 farmers combine who own a total of about 2 000 sheep, averaging about 75 sheep each [WB: I have seen about 90 as the average flock of their members somewhere on the web.] 2 000 is roughly equivalent to one commercial farmer's holding. They generally work as an existing community on a village basis. NWGA has records of 1 400 such groups and if an average of 30 sheep owners are involved in each then about 40 000 owners in total are involved. This has been growing quite quickly as figures from a few years ago suggested 20 000 [De Beer claimed 10 000 members in 2012].

> *[The organised local farmers associations have more bargaining power than individual farmers and scale enables access to markets such as the auction houses as well as by-passing the traders by the increased combined volumes of wool, and decreasing processing, transport and transaction costs:*
>
> *"The farms do not aim at increasing in size and wool production does not display obvious economies of scale. Thus, the farmers are price takers, and the price is set by informal traders or by the brokers." In essence, in selling wool to the traders, the farmers are in a weak bargaining position and therefore have little incentive for investing in better wool production. ... by bypassing the traders, farmers' income from wool production increases considerably. The increase in income, as well as the further potential increase in income, makes it a viable option for the*

farmers to invest in wool production.[92]*]*

They assist with infrastructure in the form of shearing sheds which must be of sufficient standard to allow good handling of sheep and wool. Funding assistance is from DRDAR in the form of CASP, municipalities, Wesbank and First National Bank. They build shearing sheds according to industry standards: 132m^2 with bricks, with equipment such as shearing tables, bins, wool presses etc. for proper handling, and also dipping or spraying after shearing. These cost about R750 000 each including the cost of training for use. This is a major investment and not all groups have got these facilities. There are about 350 which are fully equipped, some by upgrading and some new.

Funding is an issue. Public institutions are not consistent and if involved then the work has to go out for tender. This is not always fair and sometimes the work is not completed and also expensive. The sheds are used only for a few weeks a year and for the rest of the time some are used as crèches or community halls.

A 2011 DAFF document [93] stated, without any further detail as to where or when, that

> *"The Presidential Project Task Team has also funded the upgrading of sheds and sheep dipping facilities and the construction of 29 new sheds, to encourage producers to use these sheds as centres from where they can market their wool."*
>
> *Shearing sheds and associated dipping facilities are critical interventions. They provide a physical base for the organisation of local farmers associations as well as a clean and rain-free environment for shearing, sorting and baling of wool as well as a place for education and training of members, whether by extension officers or commodity organisations etc.*[94]

In Lesotho there is clear evidence of the benefits of the investment in shearing sheds and the further interventions provided via the sheds:

> *... the production in shearing sheds is considerably higher than the average production per sheep at a national level. Over the 18-year period attested to above, shearing sheds have produced approximately 72% of the wool in Lesotho. In respect of shearing sheds, the average production of wool per year for the period above is 28% higher than that for the country as a whole. Compared to production by non-members, it is in the vicinity of 40% more. Although there has been an overall decline in wool production in Lesotho since 1983, the decline in the shearing sheds has been 28%, i.e. less than the average decline in Lesotho of 33% for the period.*
>
> *According to Jordaan (2005), farmers using shearing sheds are much better trained than farmers not using the shearing shed system. More than 70% of the shearing shed respondents indicated that they had received training in disease management (83%), animal judging (73%), feeding (73%), and small stock reproduction (71%). Approximately 46% of farmers using shearing sheds indicated that they had received training in wool sorting, financial management and sorting standards. Only 4% of these farmers were trained in rangeland management. Farmers not using shearing sheds are not exposed to the same level of training and only 8% of them indicated that they received some training.*

[92] CDS page 8.
[93] *A profile of the South African wool market value chain*, page 34.
[94] CDS page 7.

The evidence from Lesotho suggests that the institutional arrangements around shearing sheds have had long term benefits. In addition such arrangements also make training and access to knowledge easier for support organisations and farmers – a crucial aspect of making markets work for the poor. [95]*]*

They are also involved in training and mentorship. There are 13 areas of training including shearing, classing, cleanliness to avoid contamination, health, nutrition, veld management etc. For this purpose they have extension workers or "production advisors", each of whom is responsible for 30 communities, and they aim to visit each of them once a month. Extension is a full time job, some of them have a production advisor diploma from Grootfontien, and when they are employed they are trained further. Agriseta funds shearing training and provides certification. The Wool Trust pays for the rest. In about 2003 they were also supported by the Commark Trust,[96] and the UK through DFID gave some funds. They approached DRDAR for extension offices for secondments on full salary for three years and were able to select the best, 12 to start with. They had to be 100% focussed on wool and became specialists and proud extension officers. Not all stayed. One, Zithulele Mbatsha, is the now the regional manager and star of the organisation. One of the original extension officers is still at Kokstad. When the DRDAR officers moved on the Wool Trust made funds available for six new graduates who were trained further.

[In the absence of technical expertise such as provided in the rather unique case (discussed below) by the former extension officer resident in Rhoxeni village, this is a critical long term investment:

D'Haese & Vink (2003) are of the opinion that the low levels of production are directly related to the farmers' low levels of knowledge regarding the different aspects of keeping sheep and producing wool. The project provided extensive support on disease management. Assistance was provided in dipping and inoculating the sheep in an appropriate manner. Farmers were also assisted in increasing the grazing hours of sheep. Traditionally, the sheep are herded by a herd boy whose interest is not necessarily to keep the sheep grazing for as long as possible. These projects assisted farmers to try to motivate herders to stay in the fields longer.

In addition to the technical aid described above, farmers were also trained on how to sort wool. In most of the cases, the women in the villages received this training (Mlangu 2003). The market requires that wool be well sorted. This training assisted the farmers in competing directly on the market and in minimizing the role of the trader who traditionally sorted the wool.97]

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[95] CDS page 17.

[96] http://www.value-chains.org/dyn/bds/docs/detail/694/5 accessed 2019/09/01:
ComMark Trust was established in 2003 as a £10 million regional development initiative working in the South Africa Customs Union region. The initiative is managed by ECIAfrica, a South African economic development consultancy. ComMark Trust aims to reduce poverty through improving the legal, regulatory, policy, institutional and business service frameworks that underpin high-growth commodity sectors. The trust concentrates on three core sectors: textiles and apparel, tourism and agribusiness.
ComMark has achieved particular success in the garment industry in Lesotho, working with government, industry associations and labour to take advantage of the opportunities provided under the African Growth and Opportunities Act, and in brokering a key agreement on HIV and Aids programmes for workers and their dependants in the industry. It has also had some success in facilitating access to markets for wool farmers and in the red meat sector.

[97] CDS page 9.

Another area is the genetic improvement of communal flocks. They use ten white commercial farmers and two black commercial breeders. In total this group owns about 20 000 ewes that give birth to about 10 000 baby rams per annum and they select from those the top 3 000. They have a contract with the communal sheep farmers to exchange the well-bred rams for 3 000 inferior rams. They estimate that one ram will service about 30-40 ewes. So far over about 16-17 years they have provided about 50 000 rams and they hope to get to 80 000 rams in total, using a mass approach in the communities they are working with, removing the inferior rams for slaughter so that the quality rams have a good chance of mating. Income from the slaughtered rams goes back into projects. There is no cash involved, just exchange and this therefore has to be subsidised. It has been funded by the state in the past in accordance with the stated policy to improve breeding.

The rams are born from September to November and they are selected finally after 18 month and so put into the communities in February and March. They must have controls over the rams so these are tattooed.

Commercial breeders are not paid at a full market rate because they are given the opportunity of a mass sale. They get twice the price of a hammel/wether. However they do have significant costs. They need to keep the young rams on their farms for longer than they usually would, until the final selection is made and they cannot castrate them early enough to make them good meat producers as they would be no good for breeding if they did so. So there has to be compensation at a reasonable level. This has led to some problems with DRDAR recently and they have not yet provided the grant for breeding for this year, so may lose a year of the programme. The government is concerned because they think too much of the income from the scheme is going to white farmers. However they need to get the good quality rams on a large scale from somewhere and the white commercial growers are the only adequate source of supply at the moment. The price of a good quality commercial ram is R10-11 000 and they are paying the farmers about R3-4 000. They have also been criticised that these are not the best rams and that doing it on this scale means that some are of lower quality. But they are committed to getting high quality animals. They also try to get rams that are born and bred in the same environment – for example sweetveld or sourveld. The biggest area of supply is Cathcart, especially from a famer named John Miller. This is close to the climatic and environmental conditions that the rams will experience in the neighbouring communal areas. Partly because of this issue, they enlisted two black breeders, who they helped to establish about four years ago – but it takes time for them to breed enough rams of the required standard.

They selected the best ewes for the rams to service in order to speed up the process and also experimented with purchasing ewes from the communal areas so that the rams that were produced would be suitable for survival.

They cannot really control breeding once the rams are released into the communal areas. But in addition to the exchange and removal of rams they also try to castrate rams that remain behind. There are mishaps but overall huge improvement.

DRDAR funded genetic improvement until last year. There have been difficulties in getting an extension this year due to discontinuities. Elections have led to new political leadership and new senior managers so there is no continuity in decision making and there is reluctance to commit to long term contracts. Some senior managers raise objections, for example about the quality of the rams perhaps due to pressure from other breeders who want to get into the scheme. Even though he assures that NGWA selects the rams, they are not convinced. A further problem is the high turnover of top and senior management officials including the turnover of official in acting positions who often defer making decisions. In the past decade there have had about seven HoDs. They have the funds but often they are not fully utilised.

Mr De Beer is optimistic that DRDAR funding will resume but it may be too late for this year because the breeders need to know soon whether to keep the stock as rams or castrate for meat as it is better to do this when they are young. He keeps telling officials you "don't buy rams from a shelf." He perceives some suspicion of the project as it is a private sector scheme.

The rationale for the genetic improvement aspect of the NWGA programme is the following:[98]

A study was undertaken by Grootfontein Agricultural Development Institute (GADI) to determine the impact on the progeny of improved rams (commercial) in comparison to that of communal rams. 100 communal ewes were mated with commercial rams and 100 communal ewes with communal rams. The results of this Progeny test are presented in Table 1.

Table 13: Summary of progeny)

Table 1. Summary of Progeny test (6-month old lambs)			
Traits	**Commercial rams (mated with communal ewes)**	**Communal rams (mated with communal ewes)**	**Difference (improvement)**
Greasy fleece weight (kg)	2.8	2.4	+16%
Fibre diameter µ	18.4	20.0	-8%
Clean yield (%)	76.3	68.5	+11.4%
Clean fleece weight (kg)	2.14	1.64	+30.5%
Clean wool price (R/kg)	43.38	36.55	+18.7%
Clean wool income (R/kg)	92.67	60.09	+32.6%

A difficulty with this result is that the study was very likely carried out with both types of rams under controlled conditions at Grootfontein and not in real conditions in unfenced trust land areas.]

For access to the formal market, NWGA introduces brokers with whom they are frequently in touch and the brokers offer incentive schemes in the form of shares in companies. They weight the wool from each individual communal producer using the 'split sheet' system that they have used for years, plenty of carbon [copy?] papers and the owner will get the income from the wool. However they will only get the average price for their community bale and so good quality wool gets pulled down and bad quality pulled up. But they get shares as an individual. They write out a cheque or transfer to bank. This is all extra labour for the companies as well as having to do a lot more

transactions for each kilogram of wool but it is a kind of private cross subsidisation. This has also required wool producers to have banks accounts [the number of households with savings accounts has increased from 49% in 2004 to 84% in 2015 – see below]. The community can choose the broker and. make the decision. In general it is area based and BKB has about 80% of the market.

According to the Fhiser evaluation in Mbashe and Emalahleni Local Municipality areas cited above, the latter point about brokers is not without problems at least at the level of perceptions by the emergent farmers if not in reality:

[98] De Beer, 2012, page 4.

> *Wool brokers (BKB and CMW) have been 'helping' the farmers in facilitating the selling of wool. However, wool farmers have lost confidence in the brokers, because they do not understand the dynamics of the market, that is, why prices fall, and when the farmers need to send their wool to the markets ... In fact, brokers are viewed with suspicion and there is a fairly prevalent attitude, as elaborated above, that brokers look after their own interests, are 'cheating' the farmers and retain a prejudice (as does the market) against 'Transkei wool'.*[99]

It is likely if not inevitable that the brokers and former brokers who are being left out by the NWGA et al interventions are encouraging such suspicions and beliefs. However these beliefs are very real for the emergent farmers and indicate the extent to which they are isolated and excluded. An alternative analysis is that this is due to the manner in which they are adversely included in the value chain:

> *They have not been able to secure more stable and improved incomes from wool production, given that prices, payments and thus 'benefit' and income have been dependent on systems of brokerage that are viewed with suspicion and which are, in turn, reliant on extremely competitive international and national wool markets, where prices have been unstable, and generally negative and declining.*
>
> *In fact, they have not been able to develop a 'reading' or a knowledge or understanding of these markets, and feel cheated, leading to processes of questioning and shifting relationships with brokers, and of withdrawing from the market, rather than of gaining entry and participation.*
>
> *This has also had a direct impact on understandings and perceptions of income opportunities. Sorting, grading and selling on this market over the last few years has led to falling incomes, even with increased production, long delays in receiving disappointing payments (between actual shearing, grading and baling, to its sale on the wool auctions, to receiving the 'wool cheque'); this has also meant that a perception has developed that 'it is not worth it'; it is 'a waste of time and money'; that 'we are not getting what we deserve' and the like. The irony then, is that the experience of 'being in the formal market' has been negative and has increased vulnerabilities.*[100]

Overall financial costs of the NWGA scheme per annum include:

- The rams cost about R12m, including transport and other costs, not a lot for the impact it has.
- Extension officers cost about R10m including heavy costs for transport – but they need good salaries.
- Sheep shearer training is done nationally, 55% of trainees are from Lesotho but AgriSeta will only pay for South Africans. Good shearers are essential as the sales are on the international market.
- Capital costs for shearing sheds.
- Administrative fees and professional fees amount to about 2%.

Mr De Beer estimates that the whole scheme costs about R30 million a year. NWGA does not make any money from it. 70% of costs comes from the Wool Trust. Other aid money has ended so about 30% additional funding from the fiscus is sought for the ram project. There is some income from the

[99] Minkley and Phiri, page 8.
[100] Minkley and Phiri, pages 11-12.

sale of the 3 000 exchanged rams for slaughter [calculated at about R3m at R1 000 each which is the general value of a slaughter sheep suitable for mutton].

The value of the investment is now about R30m for a return of R383m in wool sales. In earlier years the proportion of the income from the sheep relative to the costs was much lower. The fiscus covers only about R10m of this.

The project brings in additional income for sheep owners, and this increases the money going to poorer districts, but perhaps not the poorest people, and it increases the income from wool exports overall for the national economy. But it requires input each year if it is to expand in terms of area. Funds could be withdrawn from infrastructure and breeding but not extension so costs could be reduced if it is only to continue in existing areas and not extended to new areas.

External donors are uneasy about putting money into South Africa because of corruption and that South Africa is relatively rich. It is difficult to explain to them that this is largely a private scheme which also makes donation problematic. NWGA is audited every year and worked with some European donors in earlier years but they all want sustainability.

But while the top new producers can become more self-sustaining and independent, the project should then draw in less resourced farmers to support their efforts to grow.

He thought that this project was unusually successful for a number of comparative reasons. There is a good deal of flexibility with extensive sheep farming whereas intensive schemes with flowers and horticulture need a lot of capital to set them up and a lot of experience and knowledge, yet can still have mishaps. There is a need to be precise with every aspect of this type of farming to get decent yields. For livestock it is possible to find extension workers and mentors. Milk producers in comparison do not have time to mentor.

In comparison with small scale producer of grain has limited capacity to be involved. Grain SA is trying to have central group of contactor for ploughing adjacent small pieces of land etc and share the output of maize between landholder and contractor and the landowners still have the value in crop residues. But this smallholder will always be dependant and never develop the capacity to be an independent producer. This was the problem for TRACOR, and the same again now in the Eastern Cape when DRDAR contracts in ploughing, planting, through to harvesting but nobody local is much involved. The difference with the wool scheme is the ownership of the animal and the produce.

Generally commercial farmers now favour this kind of scheme because they want successful neighbours, and they have a common interest in expanding the production of their commodity. For a small number of commercial breeders there is a direct income.

In his presentation to the 2018 annual conference of the SA Society for Agricultural Extension, Mr De Beer stated:

> *Since 2004 Dr Dave Tapson (University of Rhodes) conducted an independent survey of the social influence this program has in the communal areas. The latest survey report was published during July 2015.*
>
> *The social impacts of the wool development program in the rural areas of the Eastern Cape were surveyed in 2004, 2006, 2009 and 2015 (Tapson, p15). Some of the significant results are:*
>
> *The number of households with children going to bed hungry has declined from*

41% in 2004 to 24% in 2015 and appears set to continue downwards;

The number of households with savings accounts has increased from 49% in 2004 to 84% in 2015 and seems set to continue upwards; and

The number of households having to borrow money for school fees has decreased from 77% in 2005 to 48% in 2015.

Tapson (p.16) made the following comments in his July 2015 report:

> *"The strongest indicator of the value of the NWGA programme is that it has persisted now over a long period and has expanded rapidly, while not losing focus and impact. This is probably the most important indirect finding of the survey".*[101]

The NWGA programme is ongoing and is discussed further below with further data and sources.

In 2012 the NWGA claimed some 17 000 beneficiaries, the distribution of 30 856 genetically superior rams against a target of 70 000, and an improvement in the average price of wool obtained on auction from around R6 per kg to R31.79 per kg in 2011/12. However these average figures hide the variation where the top third of emergent producers were receiving up to 83% of the national average price while the bottom third were receiving only 44%.[102]

The later document prepared by Leon de Beer for the NWGA circa 2018 and referred to above adds the following points: [103]

> *The involvement of private companies (input suppliers in animal health and feed) and tertiary institutions (University of Pretoria, Rhodes University, Nelson Mandela University, University of Fort Hare, Elsenburg Agricultural College, and Grootfontein Agricultural Development Institute), in partnership with the NWGA, is fundamental to this important capacity-building effort.*
>
> *The NWGA training and development programme is furthermore supported through a comprehensive genetic improvement programme – run in partnership with the Department of Rural Development and Land Reform [or rather provincial DRDAR?] and commercial wool brokers such as BKB and OVK/CMW – to ensure full participation in the export market.*
>
> *Wool is auctioned on a weekly basis in Port Elizabeth after a sample has been tested at the Wool Testing Bureau, which also determines the price.*
>
> *The wool industry has records of more than 1 400 organised wool producing communities (WGAs) in the Eastern Cape and KZN, producing wool from approximately 2 000 sheep/community*

The figures in the last paragraph appear to be incorrect as the total number of sheep on the basis of these figures would be 2.8m which is almost the total number of emerging farmers estimated in the table under the section heading "Comparative indicators" above.

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[101] *Proceedings of the 52nd Conference, SA Society for Agricultural Extension*, https://sasae.co.za/wp-content/uploads/2019/01/Proceedings-2018-1.pdf accessed 2018/08/25.
Unfortunately the report by Dr Tapson has not been accessed.
[102] De Beer, 2012, pages 4 & 5.
[103] Pages 2 & 3.

4.5 National public grants and services

Flagship national programmes of DAFF include the Comprehensive Agricultural Support Programme (CASP), Fetsa Tlala and Ilima/Letsema. The latter two are focussed on increasing food crop production. A 2015 study by ARDRI and the Nkonkobe Farmers Association indicated that Fetsa Tlala project costs were R9 000 per ha but yields were as low as half a ton per ha then worth about R1 550 for a net loss of R 7 450 per ha.[104]

Another DAFF programme was the Mafisa programme introduced in 2004 which aimed at "providing short to medium term production loans to historically disadvantaged smallholder farmers and small agribusinesses, with an annual turnover of less than R5 million." The maximum loan amount was R500 000 and loans below R50 000 did not require collateral. However:

> *... the MAFISA programme was cancelled in 2013 due to irregularities in how the funds were being allocated, among other reasons. In 2015, the DPME conducted an impact evaluation on MAFISA. The findings reveal that although MAFISA loans offered a positive incentive to attract new entrants into farming, the absence of on-site technical assistance and mentorship contribute to its challenges. Also, the extent to which it reached its target population (smallholder farmers) was limited.*[105]

CASP does not target wool production in particular but should include wool farmers as part of the intended beneficiaries from disadvantaged backgrounds.

In 2016/7 Eastern Cape Province and its Department of Rural Development and Agrarian Reform (DRDAR) received R268m in CASP conditional grant funding and spent it on 2 611 farmers at an average of R102 643 per farmer.[106]

The 2018/9 CASP allocation to DRDAR was slightly less at R262m.[107] The total 2018/9 DRDAR budget was R2.332bn of which R809m or 34% of the total budget was for farmer support, according to the published Provincial Estimates of Revenue and Expenditure.

In contrast the 2003/4 DLA capital budget for land redistribution for the entire Eastern Cape was R53m which enabled the acquisition of 38 448 Ha of land across the Province, mainly in the form of and utilising LRAD grants. In 2019/20 the DRDLR (previously DLA) budget for land redistribution is R2.915bn which is to include the acquisition of a target of 103 012 Ha across the entire SA according to the National Treasury Estimates of Expenditure.[108]

The national land reform (excluding land restitution) budget for 2019/20 amounts to 1.5% of the national budget of R1 431bn. However more than half of the R2.915bn is for the "Agricultural Land Holding Account" or the PLAS programme. Only R604m was for Land Reform Grants, presumably for land acquisition under LRAD, and R298m for Land Redistribution and Development. It is not clear which item(s) is (are) responsible for the acquisition target. It also includes R444m for land tenure and administration.

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[104] Assessment of the Fetsa Tlala Cropping Programme in Nkonkobe Local Municipality, Eastern Cape, page 8

[105] Sipho Mtombeni, Daniela Bove and Tankiso Thibane, 2019, " An analysis of finance as a barrier to entry and expansion for emerging farmers", Competition Commission, page 17.

[106] DAFF Annual Report and Provincial Estimates of Revenue and Expenditure.

[107] DAFF, *Presentation to Select Committee on Land and Mineral Resources CASP and Ilima/Letsema 2018/19 Conditional Grants*, 22 May 2018, http://pmg-assets.s3-website-eu-west-1.amazonaws.com/180522CASP_ILIMA.pdf accessed 2019/08/21.

[108] Pages 878-9.

The following summary of poor performance is extracted from the record of a National Council of Provinces (NCOP) committee meeting on 17 October 2017. Again it is not specific to wool farming but the concerns are as applicable to wool farming as to any other support for agricultural commodity which is funded by the fiscus:

> *National Treasury and the Department of Agriculture, Forestry and Fisheries (DAFF) presented on the provincial agriculture grants. ... Challenges included poor spending in agricultural colleges; poor planning in the provinces due to a lack of competent staff to manage the grant; drought; DAFF monitoring capacity, and lack of correspondence between transfer of funds to provinces and cash flow requirements in provincial business plans, which led to unspent funds. ...*
>
> *DAFF said policy imperatives of CASP and Ilima/Letsema are to create 1 million jobs in terms of the NDP 2030 vision and to put one million hectares of unutilised land under production by 2019. CASP was reaching most of its target groups, but relatively few youth and disabled persons were involved in the programme. A challenge was that CASP had achieved little progress in promoting commercialisation, as only 33% of farms could be considered commercial. Both programmes were challenged in terms of supply chain management and procurement processes, and support to farmers was not comprehensive. ...*
>
> *In discussion, Members had remarks and questions about cooperation between the DAFF and Rural Development and Land Reform; fluctuations in CASP spending, projects and beneficiaries; the movement of agriculture colleges from provincial to national; land restitution and land redistribution challenges; accounting for the movement of funds; monitoring and evaluation; education, training and skilling of farmers; land acquisition and rehabilitation; planning and staffing; enhancement of commercial farming; drought relief; agri-science and research, and extension officers.*[109]

An independent 2018 review of small farmer support programmes by the African Centre for Biodiversity which used official documents as its main sources amplified the above concerns. It was subtitled “neo-apartheid plans, dodgy dealings and corporate capture”. It includes the following summary points:

National government reports indicate 833,439 smallholder farmers were supported from 2010/11 to 2016/17 and 353,494 ha of underutilised land in communal areas were cultivated in the same time. However there are questions about the credibility of these figures when provincial information is analysed.

Provincial Departments of Agriculture had a combined budgetary allocation of R104 billion over the period 2010 to 2020. R46 billion (44%) of this was allocated to Farmer Support Programmes. Between them CASP and Ilima/Letsema contributed around R20 billion of this (77% CASP, 23% Ilima/Letsema). This means DAFF conditional grants to farmer support constituted just under one fifth of total provincial agriculture budgets in this period.

KwaZulu-Natal (KZN) and Limpopo between them accounted for 45% of funds allocated to farmer support programmes in the ten years from 2010–20. With the addition of Eastern Cape, this rises to just less than 60%.

[109] https://pmg.org.za/committee-meeting/25241/ accessed 2019/08/21

On- and off-farm infrastructure and production inputs constitutes just one of six pillars in CASP. Other pillars include extension services and mechanisation. There is no indication of national allocations to these different pillars, and it appears that provinces can allocate according to their own plans.

Ilima/Letsema focuses on household food security, with provision of production inputs, but also some mechanisation and irrigation.

There are major discrepancies and gaps in farmer support data supplied from provinces, indicating serious monitoring and accountability issues that bring into question the credibility of any of the information.

DRDLR's main intervention that includes provision of production inputs is the One Household, One Hectare initiative, with the Agri-Parks programme under this. The Agri-Parks are designed to be service centres for input support, support services and aggregation points for produce, linked to rural hubs. The programme is still in its early stages.

Farmer support is based on an application process, which requires business plans (or, more accurately, government support plans) for projects that then go through an approval process from districts through provinces to national and back again.

In practice, the project model of rural development in South Africa has a poor track record. It is heavily shaped by the commercialisation agenda, which means the imposition of inappropriate commercial production models onto farmers, often by consultants who write unrealistic business plans in the abstract and then leave the so-called beneficiaries to carry the consequences.

Extension officers assist with applications, which can be helpful but may also restrict access, given that extension reached just 14% of smallholders in 2013. It also opens the door for corruption and patronage. There are very few studies available, but anecdotal evidence indicates that sometimes farmers are part of project applications they knew nothing about.

A major problem is the dearth of documented criteria for selection of projects, again opening the door for patronage and other shenanigans at the approval stage.

The exit strategy is a sliding grant from 100% in the first year down to zero after five years, with smallholders increasing their own contributions in proportion over this period. A loan financing mechanism is made available through Micro-Agricultural Financial Institutions of South Africa (MAFISA). However, most smallholders will not generate sufficient funds to repay loans on an essentially commercial basis and evidence suggests they will fall out of production once subsidies are removed.

Available tender information is highly dispersed and very difficult to navigate, with almost no detail provided. Provincial level procurement systems are highly problematic. There is evidence of tenders being issued without inviting competitive bids, contracts being awarded to bidders with records of fraud and non-performance and to suppliers without tax clearance certificates, and contracts being extended or changed without the proper approval process.

Preferential procurement focuses on black-owned suppliers, who are essentially agro-dealers who are no more than conduits for corporate inputs; they are merely distribution channels. There is limited or no transformative aspect built into supply chains, apart from distribution.

Corporations are major beneficiaries of input supply programmes as producers of seed, fertiliser and pesticides. Subsidised or free input supply also creates markets for corporate inputs using public resources. Monsanto and WEMA require a specific mention here.

There is worrying evidence from Eastern Cape that the One Million Hectare initiative is taking the form of government paying corporations like WIPHOLD [110] and contractors essentially to farm on behalf of 'beneficiaries' of smallholder support programmes. This patronising and top-down approach is not a smallholder strategy that seeks to build the capabilities of farmers, and it cannot lead to an independent class of self-sustaining smallholder producers. It is short-term thinking that will not lead to agrarian transformation, but will rather entrench inequalities and dependency. This report highlights the Eastern Cape in particular, only because, for some reason, most field studies have been conducted there. We cannot say, from the available information, whether the same thing is taking place in other provinces. This needs more investigation.

Input producers and suppliers, contractors and commercial mentors are identified as amongst the main beneficiaries of farmer support programmes. Although farmers may at times increase their yields as a result of input supply and farmer support, the high cost of support does not match the returns.

Evaluations and assessments raise a number of concerns with farmer support programmes; including limited impact on food security; some increases in agricultural production, but very uneven, inappropriate inputs and production models that do not recognise farmers' own knowledge; poor coordination and planning; poor monitoring and accountability mechanisms, including lack of credible data and records; uneven demand for input supply as part of farmer support; and lack of trust between government and farmers.

Proposals for the way forward include: embracing a new vision for agrarian transformation that places diverse and distributed smallholder production at the centre; differentiated support for different producer categories; an emphasis on local markets and preferential public procurement as alternatives to adverse integration into corporate value chains; and upstream diversification to include smallholders and small enterprises into diverse and ecologically sound input production, and not only as conduits for corporate products.[111]

In the Free State up until 2005 and according to the NWGA's local official working on the Thaba Nchu project, this was the only project where the provincial Department of Agriculture had assisted to produce tangible results for emergent black farmers.[112]

4.6 Rhoxeni village helping itself

This village is highlighted in the Fhiser study cited above as a possible unique example of locally initiated success with wool production and sales.

The village is located in the Alice/Victoria East/Dikeni area of the former Ciskei bantustan. The wool growers association started as far back as 1979 and the Ciskei Department of Agriculture built a shearing shed in 1982. All sheep owning members of the village are obliged to join the association at

[110] See http://www.wiphold.com/Home/Wiphold_Agriculture accessed 2019/09/14: "Building on the success of partnering with local communities to harness the combined benefits of their communal land, commercial maize farming will cover 4 000 ha in the Eastern Cape and benefit around 3 000 landowners by 2018."

[111] https://acbio.org.za/sites/default/files/documents/SA%20FISP%20report%20WEB.pdf accessed 2019/08/21.

[112] CDS page 13.

a fee (in 2005/6) of R130. This compulsory membership enabled the village to eliminate sheep scab. Despite only 28 members with a total of 278 sheep they were able to build their own dipping facility, dip all sheep monthly and dose all sheep quarterly. Dohne assisted with quality rams and fencing and they had two grazing camps for rotational grazing. They received outside training in shearing, sorting and washing wool. Village youth are involved in shearing and local woman do the sorting and washing. As a result they were able to get much better prices for their wool, nearly four times the price obtained in a village in Emalahleni and almost twice the price obtained in a village in Mbashe in the same study. A key figure was a local resident who was a former agricultural extension officer.[113]

4.7 Evaluation

Public funding programmes designed to support small and emergent farmers have largely failed for almost uniform reasons including non-alignment between public entities, incompetence, non-compliance and corruption.

In trust land areas where pastoralism trumps cultivation and in a province of increasingly unpredictable weather and rainfall in particular, it would be preferable for a focus of public resources on animal health rather than showpiece programmes which focus on field crops and which tend to repeat mistakes of the past and consume substantial public resources.

Any efforts by livestock owners themselves, with or without the assistance of interventions from outside agencies, which aim to improve animal health, should have multiple outcomes including improving reproduction rates, reducing mortality rates and increasing off-take in the form of wool and meat (and milk).

Access to reliable veterinary services and dipping is crucial. The decline in public funding for veterinary services combined with organisational and managerial challenges renders public services at best uneven and in some cases unreliable or even absent altogether.

The decline in the quality and quantity of the state provision of agricultural extension services is an international pattern. In part this service has been replaced by commodity organisations and the private sector. Inevitably this leads to neglect of those most in need of support, some of whom may have significant potential to grow their production and income with the right and timeous assistance.

The decline of veterinary services after 1994 may have had a forerunner in the Transkei immediately after 1976 and “independence” when both dipping and stock inspection declined significantly, leading to a noticeable increase in tick-borne and other stock diseases.

The interventions of the larger non-state actors, Mngcunube and NWGA, have undoubtedly had positive impact and outcomes. Regrettably DRDAR in particular appears to have largely been unable to match the consistency of these interventions.

Despite the generally dismal performance of the public sector in support of agricultural transformation in general and the development of the small-holder or emergent wool sector in particular, there have been some instances of useful co-operation. One was reported in the *Farmer’s Weekly* in 2009 and involved co-operation going back to 2000 between GADI, NWGA and the Eastern Cape Department of Agriculture (perhaps deliberately referred to as such and not as DRDAR) in support of the Dudumashe Wool Growers Association. *Farmer’s Weekly* ran another positive article

[113] Minkley and Phiri, pages 43-6. See also Christopher Phiri, 2014, *Rural Livelihoods and Rural Development in South Africa. The Case of the Eastern Cape Province*, Edwin Mellon Press. The book is based on his University of Fort Hare PhD in Development Studies.

on the Association in 2013 [114] and a signboard next to the tarred road between Nqamakwe and Tsomo in the Transkei advertises their existence as of September 2019.

Mngcunube had a sound operational model but had no independent and ongoing finance. Its impact on animal health and the consequences for increased animal productions was clearly positive, including the fact that a number of former Mngcunube Village Link Persons have been able to turn the Mngcunube model into viable businesses providing animal health technical advice and veterinary supplies and doses at the geographic location and scale required by the owners of flocks of variable sizes across trust land areas.

There does not appear to be any competitive or functioning alternative to the NWGA operational model. NWGA is obviously fortunate to have substantial independent and industry-based finance. The approach is similar to that of Mngcunube in that it is based on close relations with local farmers associations and responds to immediate needs and addresses critical requirements for extracting increased value from their livestock.

Unlike Mngcunube, the NWGA programme requires substantial infrastructure in the form of shearing sheds as a basis for organisation and training, as well as the shearing, sorting and baling of wool. The NWGA programme also requires effective animal health services which are not the core business of the NWGA. The local farmers associations are responsible for making the necessary arrangements for animal health in the form of veterinary supplies and in some instances dipping. In this respect and in the event of the absence of or unreliable DRDAR/DoA services, there is a potential role for the provision of these services by private individuals as has developed from the Mngcunube model.

Funding for the provision of shearing sheds, including maintenance and any necessary refurbishment, is not uniformly addressed. While the state in all three spheres (national, provincial and municipal) could play a critical role, there have been real problems with the quality of construction as well as the provision of facilities where they are not required or not priority locations in terms of responding and supporting high levels of organisation and potential for wool production.

Innovations in the form of the provision of mobile shearing tents were tried in the Ruliv project in Emalahleni and Mbashe with mixed results. The CDS study also refers to a report on a proposed shearing tent to serve the Nqamakwe area in 2002. There is no further information available on this. (The Dudumashe article in *Farmers Weekly* mentioned above refers to a shearing shed and includes a photograph which indicates a permanent structure).

It is difficult to assess the impact of programmes intended to improve livestock genetically through the introduction of superior rams and the removal of as many inferior rams as possible. One view is that the new and genetically superior bulls and rams are easily outwitted by the local scrub bulls and rams. Without camps to control breeding, the impact must be limited. Where there are fences and camps, these are inevitably areas which have undergone resettlement in the guise of rehabilitation or betterment and which are therefore likely to have experienced some such genetic improvement programmes for more than a generation.

Prior to the imposition of the 1951 *Bantu Authorities Act* and the adoption of rehabilitation as official policy, a modernising elite which dominated the Transkei General Council or Bunga promoted livestock improvement. In 1905 the (then) Umtata District Council of the Bhunga called for tenders for the construction of sheep dipping tanks in the district. On the very same day, an advertisement

[114] "New farmers", 13 February 2009, and Mike Burgess, 23 October 2013, "Enjoying the benefits of better genetics."

issued by the acting Director of Agriculture in the Cape, D. Hutcheon, called for applicants to come forward to be examined by a Board in Mthatha in December 1905 for possible appointment to positions as sheep inspectors in the Transkeian Territories as they were then known. Applicants were required to state their experience in sheep farming, to understand the causes of scab disease and be able to provide practical treatment, to be familiar with the Scab Regulations as contained in *Proclamation No.60 of 1903*, be prepared to devote their entire time to duties connected with the Scab Regulations and to refrain from any involvement, directly or indirectly, in any speculations in livestock while so devoted.[115]

34 years later sheep dipping infrastructure and arrangements were widespread across the Transkeian Territories:

> *Vote IV.D. Sheep Tanks provides for the maintenance of nearly 900 Council sheep tanks. Sheep dipping operations are conducted under the supervision of the Government Stock Inspectors, while the sheep owners are required to supply the dip and labour.*[116]
>
> *In 1926 the Schools of Agriculture at Tsolo and Teko could not meet the demands for well-bred rams for distribution to ratepayers and each year the demand steadily increased.*[117]

In 1937 with additional funding available from the new Native Trust, 16 000 bulls and 5 000 rams were castrated and 1 000 pedigree bulls and 1 200 merino rams introduced in the Transkei.[118] From 1937 to 1939, 1 739 rams and 1 110 bulls were purchased by the Bunga of which 1 175 and 658 were sold and 174 and 31 were bartered.[119]

Since the late 1990s there have been ongoing attempts to re-introduce the indigenous Nguni cattle breed in the trust land areas of first the Ciskei and then the Transkei. The Nguni breed may have originated in the Nile valley and probably arrived in southern Africa with the Bantu language speaking population in the Late Iron Age. The cattle of the Mapungubwe civilisation (AD 970 – 1290) in the upper Limpopo River valley were Nguni. In order to survive the long passage southwards over a millennium or more, assisted by interbreeding with local breeds along the way, and after another millennium in southern Africa, natural selection adapted the breed to local conditions including developing some immunity to endemic diseases.

The advent of the Nguni cattle breed in southern Africa is thus very unlike the merino sheep which was introduced directly from Europe two hundred years ago.

However there may be comparable cautionary lessons to be learnt from the Nguni project for the attempt to improve the wool clip by the introduction of “superior” rams and the reduction in the number of “scrub” rams:

> It is difficult to obtain an accurate overview of the Nguni projects since the monitoring of the different programmes has been limited. ...
>
> Despite minor differences, the organisations that drive the ‘Ngunisation’ of the former

[115] *Territorial News*, Umtata, 1905/12/02.
[116] J.T. Kenyon, 1939, *An Address on the General Council Administrative System of the Transkeian Territories*, T.T. News, pages 79-80.
[117] Kenyon, 1939, page 66.
[118] Beinart, 2003, page 353.
[119] Kenyon 1939, pages 117-8.

homelands are united by the fact that their activities lack a sound understanding of current communal cattle farming. The projects are all based on the preconception that the rural economy should be modernised and commoditised. They also share the view that the Nguni should be preserved as a pure breed.[120]

There have been some reports of resistance to the Nguni project. However it is not clear if this is born out of common suspicion of innovation, especially where such innovation was introduced or imposed by an otherwise hostile or incompetent state. There is also a technical distinction between the Nguni and other previously introduced breeds – the Nguni tends to be smaller than a lot of other breeds. While the average beast may be smaller, the same mass of beasts may be obtained per area of grazing land – mass per beast versus mass per hectare.

What all successful interventions have in common is the building of local knowledge and expertise, regular and reliable services, and effective local organisation – in Rhoxeni the presence and activity of a retired and experienced former DoA extension officer was crucial; with Mngcunube the regular monthly visits by teams providing animal health services and treatments at an affordable level and scale; and NWGA taking matters one step further into the active training and extraction and primary processing of the commodity, organised around the local farmers associations and their shearing sheds.

5 **Wool value chains** (both formal and informal)

Perceptions may be as important as actual conditions. The LRAD beneficiary, Mr S, near Stutterheim, in a July 2019 interview made repeated references to white farmers having preferences in selling to local supermarkets. Furthermore, his observation on the programme of genetic improvement of livestock in trust land areas was that "government buys from white commercial farmers a third class ram for the price of a first class ram and takes it to the villages." He also suggested how NWGA participants were not all getting a fair deal: "wool is pooled and you get the average price and you can't negotiate your price." [121]

The bulk of wool processing, such as washing, combing, weaving, knitting etc., occurs in Port Elizabeth close to the major wool auction houses. Some small-scale processing does occur in the Amahlathi and former Nxuba Local Municipalities.

The issues of value adding and the possible re-development of a wool textile industry was discussed in the July 2019 interview with Leon de Beer of the NWGA. An outbreak of foot and mouth disease (FMD) in Limpopo Province in January 2019 led to the temporary suspension of South Africa's FMD-free status, stopping exports to China. Under such circumstances only processed wool may be exported so that local processing would be a great advantage in such conditions.

The problem is one cannot compete with China and India in wool processing, presumably due to the low labour costs. In addition processing requires abundant and cheap water, large scale and modern machinery. Any textile industry would require subsidisation to compete. There were two mills in Uitenhage until the Cape of Good Hope mill closed down in 2018.

The Stucken Group run the Gubb and Inggs mill in Uitenhage. According to their website, the plant

[120] Ntombekaya Faku and Paul Hebinck, 2013, "Cattle and rural development in the Eastern Cape: the Nguni project revisited", in Paul Hebinck and Ben Cousins (editors), *In the Shadow of Policy: everyday practices in South African land and agrarian reform*, Wits University Press, page 289.
[121] Beinart and Wotshela interview.

scours, carbonises and combs both wool and mohair which it buys on auction in Port Elizabeth. The plant may survive both because it is part of an international business and because it focus on a niche area: "Stucken Group in South Africa, is one of the few family-owned, multi-natural fibre businesses in the world and through the company Stucken Melchers in Bremen, Germany, has a strong presence in rare and speciality fibres." [122]

The issue of the possible transfer of the NWGA scheme to cattle was also raised with Mr De Beer. One model under investigation is the idea of central flock/herd farmed as a commercial entity with owners having shares based on the mass in kilograms of their livestock in the group. The manager can sell off-take and profit becomes shared income. A similar scheme is being developed in North West Province. Such schemes could be advantageous in respect of disease control particularly in the northern border areas of the country.

NWGA work with emerging farmers is largely funded by the industry through the Wool Trust and levies accruing to the Wool Trust for wool exports. The Wool Trust was established as a result of de-regulation in the mid 1990s.

Do other commodity supply chains include such facilities and can such funding not be used to develop such other commodities?

6 Income, employment and social differentiation in small-scale wool production

In a very recent study cited already above and across all production types, i.e. not restricted to livestock or wool:

> *A total of 379 farmers were surveyed at random in the three primary smallholder districts of the province, with 175 being in the Amathole District Municipality, 84 in the Oliver Regional [sic] Tambo District Municipality, and 120 in the Chris Hani District Municipality. Only market-orientated smallholders were interviewed. In order to qualify, they had to have sold produce during the previous season. This was to ensure that farmers who at least had some degree of commercial orientation were interviewed.*[123]

> *The average emerging farmer earns a net income of R26 600 per year, but there is an income inequality, since the most successful farmer earns 26.7 times the average income. This translates to a Ghini [sic] coefficient of 0.48, which is high by international standards, but low compared to the South African average of 63.1.*[124]

> *... the worst performing smallholder lost a total of R67 000 whilst the best performing farmer netted a total of R776 000. Collectively, smallholder profit exhibited a highly unequal return ... since most smallholders earn a relatively low net farm income relative to the best performing farmer. This is also evidenced by the relatively low average net farm income of R45 200 in 2016 and median net farm income of R29 600 given the skewed distribution.*[125]

[122] http://www.stucken.co.za/ accessed 2019/08/29.
[123] Zantsi et al, 2019, page 84.
[124] Zantsi et al, 2019, page 81.
[125] Zantsi et al, 2019, page 86.

It must be noted that this does not represent the income distribution of households, since it would have to include non-farm income, remittances and grants.[126]

It was found that 66% of emerging farmers are men with an average age of 58 years. This stands in contrast to studies on subsistence smallholders in general which found that 60% are women and their average age is 55 to 59 years (Aliber & Hart, 2009).[127]

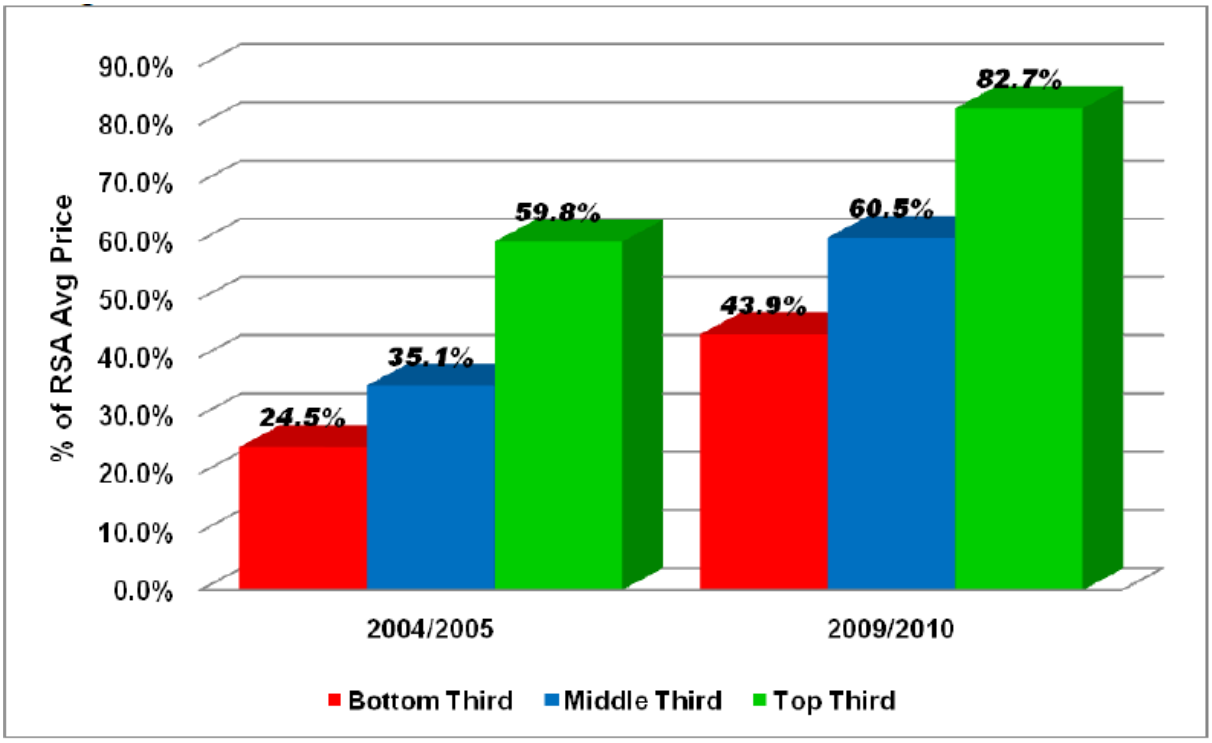
The Fhiser evaluation of the Ruliv intervention to assist wool production in Mbashe and Emalahleni Local Municipality areas reached two important conclusions:

For the majority ... wool production is little more than an incidental and episodic moment in people's overall livelihoods, bringing in between R100 and R200 per annum.

On the other hand, it is our understanding that the most potential for the development of wool production ... needs to be focussed on and through particular identifiable individuals in conjunction with the local woolgrower associations.[128]

The NWGA produced a useful comparative analysis of the performance of three categories of shearing sheds five years apart in terms of wool price earned as a percentage of the national average price: [129]

Figure 16: Shearing shed performance



[126] Zantsi et al, 2019, page 87.
[127] Zantsi et al, 2019, page 85.
[128] Minkley & Phiri, page 11.
[129] De Beer, 2012, page 5.

The NWGA subsequently surveyed 179 farmers across 56 sheds on trust land in an attempt to understand the different levels of performance of the different shearing sheds and associated farmers divided into three performance categories: top third better resourced; average third scarcely resourced; and bottom third barely resourced. Statistical sampling was used, both for shed and farmer selection.

The mean age, gender and mean number of members according to the respondents in the three shearing shed categories are indicated in the following table: [130]

Table 14: Age, gender and membership of sheds

Socio-economic variables	Top shed		Average shed		Bottom shed		All sheds	
Mean age	58.64		58.57		60.88		59.36	
Gender:	n	%	n	%	n	%	n	%
Male	36	59	31	66	47	67	114	64
Female	25	41	16	34	23	33	64	36
Total	61	100	47	100	70	100	178	100
Mean number of members in a shed	77.21		30.12		25.27		44.2	

Average age and female participation are remarkably similar to the figures obtained by Zantsi et al above and therefore reassuring. Unfortunately the figures do not indicate what percentage of the female members are livestock owners in their own right or are proxies for absent males. The percentage variation of female members between the three categories of sheds does not appear sufficient to warrant any speculative inferences.

It is difficult to interpret the declining shed membership which seems to correlate with the declining average price obtained. Is this a matter of success breeding success, in other words attracting membership, while less remunerative sheds shedding members?

The mean herd composition is indicated in the following table:

Table 15: Herd composition

Type of livestock	Top Shed Mean	Average shed Mean	Bottom shed Mean	Average all sheds
Sheep	**107**	56	48	70
Cattle	**18**	12	9	13
Goats	22	11	12	15

While sheep overwhelmingly dominate the total livestock figures for all three categories of shearing

[130] De Beer & Terblanche, pages 106, 108, 109.

sheds, smaller numbers of both cattle and goats persist, suggesting some combination of hedging bets to minimise risk and possibly to cater for cultural preferences, especially for own ritual purposes or for sale into the lucrative ritual market where sellers can usually command good prices.

This may also suggest that much of the data on livestock owners in general may be cautiously applicable to sheep farming.

What is very striking is that the ratio between the three types of livestock is remarkably constant. Without any information as to the location of each of the 56 sheds but assuming a representtive distribution across the areas of NWGA activity, it may be fair to assume that this ratio, roughly 5:2:2, reflects a long term equilibrium for areas suitable for the well-being of merino sheep in much the same way that the total livestock load across the Transkei area was remarkably constant from at least the 1930s to the 1990s. However this ratio varies significantly from the comparable ratio across the entire former bantustan areas of the Eastern Cape which was estimated at 3:2:2 in 2003.[131]

The same study details education levels, work experience, meeting attendance as well as a range of perceptions and understandings of animal health, wool contamination, a range of management practices as well as aspirations and needs of the surveyed farmers. These needs are discussed in the following sections of this study. [132]

Mr S near Kubusi had he following comment on differentiation: One can keep sheep even in dense settlements such as Kubusi where people have an association for wool growing but you cannot combine large scale and small scale sheep ventures. If you have 40 sheep, then the needs are not the same as those of an owner of a much larger flock.[133]

The Fhiser report motivated on the basis of this differentiation:

> *For the majority ... wool production is little more than an incidental and episodic moment in people's overall livelihoods, bringing in between R100 and R200 per annum [in 2005/6].*
>
> *On the other hand, it is our understanding that the most potential for the development of wool production beyond this incidental, if also important aspect of people's livelihoods, towards a more successful wool farming enterprise needs to be focussed on and through particular identifiable individuals in conjunction with the local woolgrower associations.*[134]

While there is considerably differentiation in income generated by individual owners of woolled sheep, this is all additional income going back into village households. The likelihood is that very little of this income circulates locally but rather is spent mainly on consumer good and necessities in the nearest town. But this is a wider challenge of socio-economic development and is hardly unique to farming wool. A longitudinal study is required to assess inter-generational improvements in standards of living and investment in education and training.

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[131] L. Coetzee, B.D. Montshwe, & A. Jooste, 2005, "The marketing of livestock on communal lands in the Eastern Cape Province: constraints, challenges and implications for the extension services", *South African Journal of Agricultural Extension Vol.34 No.1* [original draft].
[132] De Beer & Terblanche, pages 110-120.
[133] Beinart and Wotshela interview.
[134] Minkley and Phiri, page 11.

7 Potential for expanding small-scale wool production through land reform

The NWGA has suggested that wool output from trust land areas can potentially be increased by more than 50% on the current level. This requires the organisation of the owners of woolled sheep at local level to aggregate their flocks for purposes of shearing, sorting, baling and forwarding to the auction rooms.

The following table is based on figures or derived from figures in the various published documents authored by Mr Leon De Beer of the NWGA and cited above in this study. Unfortunately the documents do not provide consistent data to complete the table:

Table 16: NWGA data 2004-2018

From shearing shed to auction, supported by NWGA								
Year	Total woolled sheep in trust land areas	Woolled sheep in shearing sheds	Kg wool	Kg wool per sheep in sheds	Number of shearing sheds	Number of farmers in sheds	Mean no. farmers in shed	Number of sheep per farmer
2004	4.03m	1.0m	2.03m	2.03	278	8 340	30[#]	120
2012			3.55m		846	17 000[^]		70-113
2015					900			
2018	4m	2.8m*	5.42m		1 400*		30-40	

[#] This figure is derived from the two columns to the left.

^ "The direct beneficiaries are more than 17 000 communal farmers in the Eastern Cape alone." It does not appear to equate to the numbers of farmers organised in sheds.

* "The Wool Industry has record of more than 1 400 organized wool producing communities (Wool Growers' Associations) in the Eastern Cape and KZN, producing wool from approximately 2 000 sheep/community", not shearing sheds. These are "on record" as opposed to actively supported by the NWGA.

Despite the incompleteness of the data in the table above, even at the low 2004 yield of 2kg of wool per sheep, this indicates a potential total wool yield from trust land areas of 8 million kg on the basis of the estimate of 4m sheep.

The comparable wool yields per sheep in Lesotho, i.e. through "a system of shearing sheds and cooperative wool-farmer organisations", varied from 2.35kg to 2.7kg over the 18 years from 1983 to 2001.[135] Applying a yield of 2.5kg per sheep in trust land areas raises the maximum potential yield in South Africa to 10m kg. 2.5kg per sheep is a conservative figure given that under better conditions on commercial farms the yield is 3.5kg per sheep.

If these figures from the NWGA are correct, then only some 5.4m kg out of a total of some 8-10m kg of wool produced in trust land areas is marketed formally and with effective support. This in itself suggests an opportunity for additional commercialisation and increased income into trust land areas. Ongoing improvements in general animal husbandry of woolled sheep across trust land areas can also increase the proportion of the wool clip classed as merino wool which fetches higher prices as well as reducing the proportion of wool classed into bin lots and sold for lower prices.

According to Mr De Beer of the NWGA there are limits to the possible improvements in communal farming for a number of reasons:

[135] CDS pages 16-17.

- Animals have to be kraaled to protect from theft and predators.
- Breeding cannot be fully controlled and it will take a long time for the sheep to improve further especially if they do not keep supplying the best rams in the longer term.
- Pastures are not systematically rotated as on the commercial farms.
- There is little growing of fodder.

Furthermore, if arable areas, perhaps amounting to as much as 750 000Ha, could be fenced and put under quality pastures then the carrying capacity could be doubled with a mix of grass and legumes. While aware that fencing was not generally acceptable, Mr De Beer did not know of the history of "rehabilitation". Research on pasture management suggests that if you can rest natural grazing for a full season it will double the growth and this is an alternative. If this could be done without any fence or with just one movable fence, it would make a major contribution.[136]

While the understanding and views of Mr De Beer and the NWGA may be discussed and debated, there seems no reason to doubt the very considerable impact the NWGA programme has made and the potential for expanding wool production.

A useful starting point to investigate how land reform might assist in expanding wool production is to look at the perceived needs of emergent wool farmers. A survey cited above indicated that needs were remarkably uniform across all three categories of shearing sheds, ranked in order of priority from 1 to 12: [137]

Table 17: Respondents needs to be addressed to enable sustainable farming

Farmer needs:	All sheds	Top sheds	Average sheds	Bottom sheds
Financial issues	1	1	2	1
Farm infrastructure	2	2	1	2
Production aspects	4	5	6	3
Social aspects	11	9	11	11
Political aspects	12	12	12	12
Need more land	3	3	3	5
Climate conditions	9	7	9	7
Land tenure system	10	9	9	10
Over-wintering	7	9	3	7
Fodder crops	5	6	7	4
Veld management	6	4	5	9
Access to input supplies	8	8	7	6

Two immediate inferences can be drawn from this survey:

- All except "need more land" can be addressed where the interviewees and their flocks are located in the trust land areas.
- "Land tenure system", presumably the difficulties arising from uncontrolled access and

[136] Beinart interview with De Beer. The use of movable fences does happen in some areas, at least in Namaqualand, according to Beinart.
[137] De Beer & Terblanche, pages 119-120.

utilisation of common land in trust land areas, ranks near the bottom of the priority listing.

These results are not surprising as they indicate a long-established pastoral practice in local and very familiar conditions, especially when considering the age profile of sheep farmers. The issue of additional land raised the question of consideration of relocation out of trust land areas onto private land, almost inevitable in former commercial farming areas outside of the trust lands.

However, access to additional land through some form or programme of land redistribution, wherever it may be, may only partially address some of the other 11 needs ranked above. **Land redistribution without a range of other interventions and support such as that which has been provided by NPOs such as Mngcunube in concentrated areas and the NWGA more widely may be worthless and a waste of time and money.**

Another study shed more light on the issue of relocation in order to access additional land:

> *... respondents were asked whether they feel constrained by these factors [limited access to capital due to insecure property rights (Cousins, 2015), high transaction costs (Khapayi & Celliers, 2016), smallholding size (Fourie, Mahlako & Van der Westhuizen, 2018), and the overutilisation of shared rangeland]. The majority (78%) indicated that they felt constrained by farming in a homeland area, but not all respondents who felt constrained were willing to move, since only 72% indicated that they would be willing to do so. With regards to the conditions for moving, 45% indicated that they would be willing to move if the government provided the necessary post-settlement support. A smaller, but significant group (28%) indicated that they would be willing to move even if they had to pay rent for the land received.*[138]

7.1 Priority One

First priority for land redistribution might be the 28% who would be prepared to move even if they had to rent land may well be a key group of potentially upwardly mobile commercial farmers. They may also require no or minimal support which sadly remains a key criterion for success.

The reticence to relocate of some respondents above should not be taken at face value. Under what circumstances would one consider a move, may be a sharper question. Would it be preferable to move close by without a major change in natural environment and without breaking all networks such as in the Sakhisizwe/Elliot model discussed below and under evaluation as part of this same project? Obviously this can only be done where trust land areas are adjacent to private farmlands as in along the boundaries of the former bantustans.

7.2 Priority Two

Second priority then might be the 72% of farmers who indicated that they would be prepared to move, including the 45% who made this conditional on the provision of post settlement support, subject to further enquiry and reliable post settlement support if this is possible given the official concerns about DAFF/DRDAR above.

This immediately raises the issue of whether post settlement support would be better provided by commodity organisations such as the NWGA or NPOs such as Mngcunube?

The recent interview with Leon de Beer of NWGA asked for their suggestions for land reform:

[138] Zantsi et al, 2019, page 89.

- Firstly, the ideal would be to get the best communal farmers as identified in their scheme to be beneficiaries of land reform. People who have already developed skill and knowledge should be assisted. NWGA has made this proposal on many occasions to government but they can't get buy-in. Beneficiaries would have to get a proper commercial farm because they would need to operate on some scale to access funding and step up.

- Secondly DRDLR has identified 200 farms nationally which they had purchased and these were going to be the sites for farmers with business plans for training and mentorship on commercially viable enterprises. 14 of these farms in the Eastern Cape were identified for sheep farming. NWGA was approached provide the back up on these farms but on inspection the farms were found to be too small or otherwise unsuitable for sheep farming. They identified only one farm that they thought they would be able to support. So there is a mismatch of aims in respect of land reform.

- NWGA do not think it is a good idea to spread communal farming. However they would advocate the fencing of unused arable lands and putting them under quality pastures, mixing grass and legumes, in order to double the carrying capacity. While aware that fencing was not generally acceptable in the communal areas, De Beer was not aware of the history of betterment or rehabilitation schemes. He also raised the alternative [although it would certainly still require buy-in and fencing] of resting natural grazing for a full season to double growth.

8 Implications for land reform policy

Given the active and systematic culling of the black middle class including black farmers and entrepreneurs by successive governments over the course of the early 20th century, under what circumstances in a very different economy might agricultural production by a new class of farmers be stimulated in the twenty-first century? Can this be done in a manner to encourage the absorption of labour?

8.1 A brief history of creating farmers in South Africa [139]

Creating a class of successful peasants or farmers at various scales has been an object of South African history since the establishment of a Dutch settlement at the Cape in 1652. It has also been a history of failure and dispossession, of unintended consequences, and some limited successes which have usually emerged over the medium to long term rather than in the short term.

The first failed attempt to create a class of farmers by the Dutch East India Company (DEIC) was in 1657 when Company employees were released to take up intensive horticulture. These "free burghers" were completely hamstrung by the Company itself which fixed the purchase price of agricultural commodities way too low and by the failure of the Company to make capital available to these farmers. By 1660 already, three years later, only 20 of the 35 or 57% were directly involved in horticulture and stock breeding.[140]

While horticulture did later take off in the Western Cape, it did so only on the basis of access to capital accumulated from other sources and activities, sometimes unlawful, and on the back of slave labour which was an alternative form of cheap capital, with incalculable human and political consequences.

[139] This background section is taken from a summary paper titled *Get out of the donga - rural development in the Eastern Cape Province,* prepared for the Fort Hare Institute for Social and Economic Research (Fhiser) and based on diagnostic studies commissioned by the Eastern Cape Planning Commission in 2013.

[140] Gerrit Schutte, 1979, "Company and colonists at the Cape" in Elphick & Giliomee (editors), *The Shaping of South African Society 1652-1820*, Longman, Cape Town, page 189.

The first major settlement scheme in the eastern districts of the Cape Colony was that of the 1820 settlers. Here the intention of creating small intensive farms as a part military and part agriculture strategy completely misread the local agro-ecological conditions and the skills of the recruited settlers, most of whom had little if any experience in farming.

While both these attempts to create a class of farmers failed in terms of the stated objectives, and certainly in the short term, they had huge and unintended consequences for the development of first the trekboer economy away from the Cape peninsula and later the expansion, much of it from the Albany area, of the wider political economy of the Cape, across the Gariep River onto the interior highveld and through the Transkei to Natal.

From the 1830s farming merino sheep for their wool became the foundation of the pastoral economy of the Cape Colony, later the Cape Province, and a driver of dispossession and mainly settler capital accumulation.[141]

The major response to the expanded market opportunities after the discovery of minerals from 1870 and 1886 was from black peasants. This came in the wake of the prior penetration of Xhosa society by trade and commodity goods and the beginnings of proletarianisation, followed by the cattle killing catastrophe of the late 1850s which all but destroyed the pre-existing Xhosa political economy.

A recent article has shown how the middle class in Mthatha in the early 21st century traces its origins back to the peasantry and urban land ownership over a century ago.[142] Creating a class of farmers at any scale is a long term process, requiring the long term commitment of public and private resources. There are likely to be many who drop out from the process and many unintended consequences.

The difficulty as well as the unintended consequences of establishing a new category of successful farmers is entirely underestimated despite the repeated lessons of our history. It is clearly illustrated historically by the emergence of a *bywoner* class of poor whites on the land of others in the nineteenth century:

> *They have fallen behind in the march of civilisation, and are, generally speaking, without any real knowledge of farming or of any skilled trade. They have formed no habits of industry, live a hand-to-mouth existence, and accumulate no reserves …*
>
> *When they come to grief they generally drift into the towns and become poor whites ..." (from the report of the 1908 Transvaal Indigency Commission, referring to farmers in the Northern Transvaal)*

There is an important distinction drawn between commercial or capitalist farmers who have emerged from "above", from the ranks of those already upwardly mobile or relatively prosperous, and those who have emerged from "below", from the ranks of small bantustan producers.[143] Historically, in both the Western Cape under the DEIC and the Eastern Cape in the early 19th century, the overwhelming route to wealth was "from above" by already prosperous individuals or well-connected individuals who were able to use extra-economic and immoral if not illegal means to

[141] See William Beinart, 2003, *The Rise of Conservation in South Africa*, Oxford University Press.
[142] Nkululeko Mabandla, 2015, "Rethinking Bundy: Land and the black middle class – accumulation beyond the peasantry", *Development Southern Africa* 32:1
[143] See Ben Cousins, 2013, "Smallholder Irrigation Schemes, Agrarian Reform and 'Accumulation from Above and Below' in South Africa", *Journal of Agrarian Change* 13:1.

economic prosperity.[144] Those that emerged from below, the upper strata of the black peasantry and professionals, were systematically destroyed by state policy since before the union of the four colonies in 1910, accelerating under first segregation and later apartheid policies.

Most current commercial farmers have built up their physical and intellectual capital over a number of generations and during a period when the state provided a range of forms of assistance for white farmers. Many successful farmers invested in the education of their children to make them both effective entrepreneurs and effective farmers. (This raises a question about the criteria used currently by the state for land reform support – should public investment not target farmers who are already committing their children to such education at institutions such as Marlow and Cedara agricultural colleges?).

In both the Transkei and Ciskei, former white commercial farms were bought out by the SA state during the 1970s for the purposes of the territorial consolidation of the bantustans. Many of these farms found their way into the hands of the bantustan elites as lessees. Considerable financial and infrastructural support was provided by the DBSA through its farmer support programme to these farmers. Unfortunately many were not serious farmers. When in the late 1990s DLA offered these farms to the lessees, opportunist elements amongst the lessees prevaricated and demanded further state subsidies despite very the low sale prices offered, the lowest that could be justified as market value. Chiefs and former cabinet ministers complained that they could not afford the prices! However a smaller group of what were presumably serious farmers and/or sharp businessmen grasped the opportunity. This was another case of the emergence of commercial farmers from above.

Land reform also most likely has negative consequences for farm labour:

> *"... there still seems to be an enormous reluctance on the part of development agencies and state officials to appreciate ... that for the process of accumulation and capital formation to occur, it will be necessary for inequalities to grow in the rural sector and for new forms of exploitation to emerge."* [145]

There are at least two elements to this. Firstly exploitation may in fact increase at the level of individual farms. Wages, employment conditions and compliance with post 1994 legislation designed to protect farmworkers and farm dwellers may decline. Secondly the very classes who may be able to lead local economic development are highly mobile in the face of perceived economic opportunities. Both the population and Gini coefficient for the Senqu Local Municipality area declined over the decade 2001-2011.[146] It is most likely that the decline in the Gini coefficient is due to the migration of the middle class out of the district rather than a narrowing of inequality.

The likely implications for emergent wool farmers and livestock farmers in general are:

- Success may not be in the short term but rather in the medium to long term.

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[144] Timothy Keegan (1996, *Colonial South Africa and the origin of the racial order*, Leicester University Press, London) has provided an excellent synthesis of this process and the various competing class interests and forces at work. Jeff Peires (2011, "How the Eastern Cape Lost its Edge to the Western Cape: The Political Economy in the Eastern Cape on the Eve of Union", in Greg Ruiters (editor), *The Fate of the Eastern Cape – History, Politics and Social Policy*, University of KZN Press) has provided a shorter but more colourful illustration.

[145] Leslie Bank & Gary Minkley, 2005, "Going Nowhere Slowly? Land, Livelihoods and Rural Development in the Eastern Cape", *Social Dynamics* 31:1, page 20.

[146] Eastern Cape Planning Commission, 2013, Population Change 2001-2011. Info-graphic.

- Accumulation may in fact take place over more than one generation.
- Farming and farming for wool are choices which may be abandoned for other perceived economic opportunities. Farming may be a step-up to other routes of class mobility.
- Employment opportunities and employment conditions in the short to medium term may not be ideal of even conform to basic standards and legal requirements.

8.2 Land redistribution for wool production

Recommendations for action steps by public and non-government actors must be grounded in the inferences and conclusions emerging from the forthcoming four district studies in four different provinces and in diverse circumstances. These should provide some qualitative and quantitative evaluation of past land reform initiatives in these four study areas since 1994. Some land transfers to beneficiaries of land reform in these areas will have occurred more than 20 years ago, providing a realistic timeframe for evaluation of success or failure, progress or regress. Recommendations in this and succeeding sections must be qualified by those further studies.

Given the limited budget for land redistribution, it can be argued that the emergent sheep and wool farmers should be a priority beneficiary group for land redistribution on the basis of their successes with the assistance of NPOs such as Mngcunube and the NWGA as well as DRDAR.

Priority for financial assistance to acquire private land should be accorded to the sheep farmers who have grown with the support of the NPOs and are willing to relocate their flocks and who do not require other public support. In general this may favour farmers in trust land areas close to freehold farming areas such as in the border areas and districts of the former bantustans. This was the basis of the land transfers in Sakhisizwe Local Municipality from 2001 under the LRAD subsidy programme.

While the focus of the Sakhisizwe district study is likely to be on the farms acquired under the redistribution programme, it would also be very useful to investigate what links were maintained with areas of origin in the nearby trust land areas and what the economic and social consequences may have been.

While the Fhiser study in Emalahleni and Mbashe did raise concerns about domination of local farmers associations by the owners of the biggest flocks, the withdrawal and relocation of such dominant figures may also weaken the associations to the detriment of less resources members.

An ideal scenario would be that the relocation of the bigger, more ambitious farmers from trust lands onto private land would allow some remaining farmers to expand their herds on the same trust land resource base and so facilitate an ongoing migration of growing farmers out of the trust lands. In effect the trust lands with the support of NPOs and DRDAR function as incubators for emergent commercial farmers.

But is this happening? Is it a feasible scenario? Hopefully the district studies will provide some answers.

Applications for public financial assistance for land acquisition should be open to any interested individual farmer or small partnerships. Selection has to be according to transparent criteria and with the disbursement of financial assistance have to be the responsibility of senior public servants operating at the provincial level, i.e. DRDLR officials located within the Province and not in Pretoria where Ministerial interference has been too easy. One criterion for assessing applications may be the recommendations of service providers to the applicant, be they other public servants in DRDAR or NPOs, or commodity organisations.

A particular thorny issue in the selection of beneficiaries may be presented by the age profile of sheep farmers, perhaps pastoralists in general. While it is important to recognise and support serious emergent farmers, it is also important to acknowledge that agrarian capital accumulation make require multiple successive generations. Therefore preference for the provision of public financial assistance may be to farmers, even elderly farmers who have clear and demonstrable succession plans for their business such as a younger family member who is a junior partner, understudy or even a student at an agricultural school, college or university.

The issue of property rights for beneficiaries of land redistribution has been confused. The PLAS programme was motivated in part by the argument that the state could not intervene in failed land redistribution projects once ownership had passed to the beneficiary. There are a number of alternative remedies by including as a condition of the release of any public funds that state may included conditions in the Deed of Transfer such as:

- limiting any mortgage bond over the land acquired to the purchase price of the property less the amount of the public funds approved to subsidise the purchase;
- giving the state the right of first refusal in the event of an onward sale;
- rights of resumption; and
- expropriation without compensation, for example in instances of gross negligence or abandonment on the part of the beneficiary.

8.3 Land redistribution and land reform in the Eastern Cape

Specific support and interventions intended to assist expanding wool production as outlined above should take place within a wider vision of land redistribution and land reform which address the particular conditions within the Eastern Cape Province including variations within the Province.

Evaluating land reform programmes and individual projects can be done against a wide range of different criteria depending on the objectives of the programme. Is the objective to transfer a percentage of agricultural land without any regard to whether or not the beneficiaries decide at some later point to exit agriculture, sell the land acquired and use any capital gain to invest in another economic sector?

The following points are intended to provide a general framework for what can work and is based on subjective and objective experience inside and outside of the public sector, including 7 years from 1998 to 2004 as senior manager in DLA responsible for land redistribution across the Eastern Cape Province

- Rather than grandiose schemes, focus on what is happening on the ground and provide support in key areas/functions of demonstrable opportunity and success.

- Land reform, to the extent that it is being driven by the public sector, is based on an insufficient budget in relation to GDP for it to be a serious programme of transformation.[147]

- Despite the populist rhetoric, the land issue in South Africa is not about restoring a peasantry which was destroyed over a century ago. Unlike the rest of sub-Saharan Africa, proletarianisation, urbanisation and social grants are entrenched in South Africa. There is no turning the clock back, as many of the land restoration projects under the *Restitution of Land Rights Act* have tragically demonstrated.

[147] Michael Aliber, 2019, "How We Can Promote a Range of Livelihood Opportunities through Land Redistribution", Appendix 2.

- Land needs are differentiated and include urban settlement, peri-urban including bantustan "rural" but with good access to public infrastructure, small scale and intensive farming (often part-time or subsidised by off-farm income) as well as larger scale commercial farming.

- Unemployment and underemployment are the increasing symptoms of developing and developed economies worldwide. Reliance on rural land redistribution and agrarian reform alone will be hopelessly insufficient to address this huge challenge which is rooted in the structure and trajectory of the economy and which requires much a much wider programme of transformation and redevelopment.

- The main tendencies in the current agricultural business model are towards financialisation, intensification, consolidation and away from unskilled and semi-skilled labour. However "there is certainly evidence that smaller farms in South Africa are more labour-intensive, even within the so-called large-scale commercial farm sector".[148]

- While there is a dire need to transform the historic, i.e. racial, ownership and management profile of commercial agriculture, indeed as in all aspects of the economy, the positive livelihood implications or social multipliers are likely to be limited and may in the short to medium term even be negative

- The recent Treasury proposal [149] is based on three projects in the Eastern Cape: Lambasi, NWGA and Amadlelo. Lambasi is essentially contracted-out farming. How much actual benefit accrues to the land right holders aside from small financial benefits is questionable. Amadlelo involvement in the Eastern Cape dairy business has cost the fiscus almost R200m yet only 600 employees benefit from a 16% share.

- Instead a more widely beneficial initiative might aim to assist the estimated 200 000 to 500 000 small holders supplying local and informal markets [150] with a variety of forms of support including land acquisition, some infrastructure development as well as commodity support. However this has to be carefully and sensitively targeted and not a one-size fits all package. It would be a huge challenge to existing complex and under-achieving public delivery systems and abundant caution is required to avoid repeating past and ongoing mistakes, including the continued reliance on often useless consultants, business partners etc.[151]

- Average agricultural and other land prices have increased dramatically over the last 15 years. However there is considerable variation in land prices especially where large land holder have multiple farms yet may be prepared to sell of smaller farms which are less capitalised, in other words not the "home farm", and therefore are cheaper per hectare. These smaller farms may be more suited to the needs of emergent farmers who are the intended beneficiaries of land reform who need to step up rather than attempt to leap a chasm. Furthermore the Sakhisizwe concentrated land acquisition which took place using LRAD from 2001 was able to keep land prices down while they were rising elsewhere precisely because the concentration of effort and resources meant that DLA was the biggest player in the local land market and was able to a large extent to dictate what were then reasonable prices.

[148] Aliber, 2019, page 2.
[149] Duncan Pieterse, Andre Steenkamp and James Rycroft, *Boosting agricultural production and achieving agrarian transformation: Lessons from successful joint-ventures throughout South Africa.*
[150] Ben Cousins, 2018/10/02, "Job creation", *Business Day*.
[151] William Beinart and Peter Delius, 2018/10/22, "How the rapid transfer of land is a recipe for rural poverty", *Business Day*.

- A re-alignment of roles and budgets between DRDLR and DAFF at national level and provincial departments responsible for agriculture as well as commodity organisations and local farmers' associations is required. Again this cannot be done on a national one size fits all basis but on a provincial and district level to address local conditions, potentials and capacities. In this regard there needs to be a thorough review of the CASP Conditional Grants as these have not always been used as intended in support of land reform but in pursuance of provincial agendas, most notably in the infamous Estina dairy case where it seems that R53m in CASP funds from DAFF were allocated to this project.[152]

- DRDLR, national government, should directly target beneficiaries with some agricultural capital, i.e. emergent farmers including from trust land areas, and where required ensure support by proven capability and reliability, whether provincial departments such as DRDAR or by commodity organisations, other private sector actors including identified local farmers and farmers associations, NPOs etc.

- Determination of success or failure of land reform should not be a short term exercise, particularly when private agrarian capital in South Africa has in most instances been accumulated over generations and usually with direct (subsidies) or indirect (public services and infrastructure, tax concessions etc.) state support. Measurements should take into account diverse indicators including intergenerational changes in educational achievements.

- The state has a very long and poor history as the holder of agricultural land, including recently under the PLAS programme. It should not acquire land but dispose of all land acquired under PLAS, as well as other farms previously acquired and not required for state domestic purposes, to suitable targeted beneficiaries with local consultation i.e. not the minister building patronage networks and job insurance (which has finally come to an end in the case of the previous minister).

- Settlement programmes, both urban and peri-urban, must be undertaken as partnerships with and driven by provincial and/or municipal government. DRDLR could or should provide input including possible funding for land acquisition in terms of provincial and municipal Spatial Development Frameworks (SDFs).

- Settlement programmes may be accompanied with the acquisition of additional municipal commonage land but only in circumstances where effective commonage management is a certainty which is very unlikely in the present conditions of municipal governance.

- Other provincial perspectives may be very different. If so it is critical that we acknowledge this and move accordingly. The historic split between Sol Plaatje and John Tengo Jabavu was more about the very different material conditions in what is not the Northwest Province compared to the Eastern Cape than about very different personalities. Labour tenancy persisted in Mpumalanga and KwaZulu-Natal into the 1990s and was a major focus of land redistribution whereas in the Eastern Cape labour tenancy was eliminated by the 1960s through forced removals into bantustan area and "black spots".

[152] Pieter-Louis Myburgh, 23 July 2019, "Magashule's laptop deals with Guptas' Vrede dairy man; Joemat-Pettersson's Saxonwold meetings", *Daily Maverick*, https://www.dailymaverick.co.za/article/ accessed 2019/08/20.

8.4 Urbanisation and implications

Ongoing and accelerated urbanisation underlies the general approach to land reform in the Eastern Cape outlined above.

Staged or iterative settlement relocation, population migration and urbanisation are ongoing and very real. People are moving away from isolated areas to areas with better public services or at least easier access to them and to routes to potential sites of employment.[153] This has been ongoing since the 1980s when influx broke down and was abandoned by the apartheid government. It is reflected very clearly in school enrolment across the trust land areas of the Ciskei and Transkei as well as across commercial farming areas. This phenomenon is normal across the developing world and has only been reversed by repressive regimes and then usually only temporarily.

People are making rational economic choices when they migrate to towns and cities, even if their initial landing is not easy. There is evidence that "as many as 385 000 people were lifted from poverty between 2008 and 2014 after moving from rural to urban areas – their poverty levels were halved together with a fall in unemployment." [154]

A flip side of urbanisation is increased differentiation when it comes to agriculture on trust lands. In general there seems to be declining participation in agriculture in the Eastern Cape, especially with regard to cultivation of arable fields in trust land areas. Arable production has probably survived best in the Eastern Cape in areas which were not disrupted by rehabilitation, e.g. in the Shixini area of Willowvale/Gatyana as indicated by the work of Pat MacAllister et al. Yet in this same area Leslie Bank has argued that "migrants" from these same villages in Cape Town are no longer remitting for agriculture but building small homes on and sharing the original family plots. Use your pensions for agriculture if you want they seem to be saying to kin back home. Yet a few of the very gents established in Cape Town are conducting deals over livestock remotely and doing very well on the commons. So while cultivation has certainly declined, there may even be more livestock in fewer hands making good money.

Unfortunately the absence of public land administration in these areas, collapsed since 1994, limits the likelihood of rental arrangements on underutilised land. Unless there is some formal record system, no-one with claimed land rights to arable land will either give up those rights for some compensation or rent that land out. This makes a non-starter of the High Level Panel recommendation to make land administration a fourth pillar of land reform.

9 Conclusions

Provincial departments responsible for agriculture have had a varied attitude and contribution to land reform which suggests that alignment towards common goals is possible. DLA in the Free State and Eastern Cape Provinces produced more land redistribution projects than other provinces. In the 18-month period from the commencement of the LRAD programme to the end of 2002, these two provinces accounted for 278 out of 415 or 70% of LRAD projects approved nationally by DLA offices.[155] In the Free State this may have related to the healthy relationship between DLA and the

[153] This is further confirmed by recent work undertaken for the Eastern Cape Department of Education (DoE) Schools Rationalisation Project has confirmed this trend. The latter was an intervention by GTAC at the request of the DoE to shut down dysfunctional schools, largely on the basis of dwindling enrolment due to population movement and changing settlement patters. See school mapping and enrolment trends at https://ecsrp.webmaps.co.za/

[154] Ivan Turok and Justin Visagie, 2018, "Does moving to a city mean a better life? New evidence", www.econ3x3.org

[155] HSRC, 2003, *Land redistribution for agricultural development as a public investment: case studies in three provinces*, page 7.

provincial department responsible for agriculture. In contrast in the Eastern Cape this happened despite the general lack of co-operation if not outright hostility from the then provincial Department of Agriculture and Land Affairs (DALA).

After 1994 the Eastern Cape Province Department of Agriculture was taken over in general by below par bantustan bureaucrats and a few pompous individuals with claimed struggle credentials. Dohne Agricultural Research station became an employer mainly of members of the boss's family. The best ever proposal emanating from within the then Provincial Department of Agriculture and Land Affairs (DALA, now DRDAR) was to offer retrenchment packages and, for those who desired and were serious, land redistribution grant assistance to set them up as farmers. Nothing came of it.

Instead a parallel Eastern Cape Rural Development Agency (ECRDA) was established under a former Director-General of DLA whose contract was not renewed or extended.

There has been at least one intervention at homestead production level, Siyazondla Homestead garden programme targeting village women, which showed promise where and when DRDAR provided support and inputs at the right time. It provided rainwater tanks, basic tools and inputs for extended garden cultivation by mainly local women's groups. It never had a great status and so was handed over to the Department of Social Development before disappearing from the provincial budget. This is a critical intervention which should be revived by DRDAR if they are serious about their name. Siyazondla needs to be revived with proper local control of budgets, procurement and support for local village groups.

The now semi-legal cannabis business is another obvious area for small-holder growth but most critical is to somehow keep the huge mono-croppers such as Hullet-Tongaat et al out so the current growers can carry on, maybe upscale. Legislation will be required.[156] If production for export is a major objective as it could be with the necessary legal framework then the wool model developed by the NWGA may work.

Provincial DoAs in whatever name should otherwise concentrate on animal health which is after all their clear Constitutional mandate.

DRDAR should focus on core business - animal health services for notifiable and reportable diseases and dipping in trust land areas. A different model and thought process is needed for extension, again focussed on the trust land areas and looking to support livestock mainly and keyed back into Dohne etc institutions as it is supposed to work. Forget promoting cultivation – usually contract farming for the benefit of a few in the name of Fetsa Tlala which started here as the Massive Food Programme.

A key NWGA recommendation is for differentiated extension programmes which addresses the specific needs of the three categories of shearing sheds in their analysis. This is an approach which is required of agricultural support and extension in general, whether by public institutions, NPOs or commodity organisations.

[156] See Christopher Clark, 2019/10/09, "Legalisation is killing our market, say small-scale dagga growers", *Agribusiness News South Africa* at https://www.bizcommunity.com/Article/196/741/196357.html