

## The establishment of economic and management study groups for sheep, goats and cattle.

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**Research focus area:** Consumerism, Market development and Trade



### **Aims of the project**

- To ensure and support strategic management and marketing in the livestock industries – Red Meat, Wool, Mohair.
- To act pro-actively on changes in the market trends.
- To nurture better relationships amongst role players – Red Meat, Wool, Mohair.

### **Executive summary**

Study groups must be seen as a powerful tool that empowers farmers with relevant economic and management information. For a farmer everyday boils back to decision making. Thinking strategically, economic results will pave the way for the next season or even couple of years. The study group results show that for the last couple of seasons the Merino/wool enterprises performed extremely well.

### **OBJECTIVES**

The following objectives are set for the small stock study groups:

- a) Determine production norms (Wool, mohair and meat production).
- b) Determine reproduction norms (Lambing and weaning percentages).
- c) Analyses of all the different enterprises on the farm.
- d) Determine the efficiency ratios of the different individuals and for the regions of the study groups.
- e) Provide management information to support the producer.

## **WOOL AND MEAT RATIO**

With wool and mohair being complementary to mutton production, it emphasizes the importance of the production and reproduction factors. Wool sheep farmers typically derive almost 70% of their annual income from meat. The results showed that the average income for Merinos in the Eastern Cape is compiled of 67.80% meat and 32.20% wool. The 3 year average for all the Merinos showed that the income is derived from 69.62% meat and 30.38% wool.

## **WOOL PRODUCTION**

The Eastern Cape Province is the largest wool producing region in South Africa with 13.95 million kg of wool for the 2011/2012 season. The study group results for Merinos in the Eastern Cape showed that the average production per sheep shorn was 4.27 Kg of wool. The 3 year average for all the other Merino study groups averaged 4.13 Kg of wool.

## **FINANCIAL ANALYSES (Gross margin – GM)**

The Gross Margin (GM) for the Merino the increased the past 2 years with 35.74% The increase was from R 431.97/SSU in 2009/10 up to R 586.37/SSU in 2010/11. It represents an increase of R 154.40/SSU. For all the other Merino study groups the increase was 26.75% (R 112.36/SSU). It represents an increase from R 420.08/SSU up to R 532.44/SSU. The 3 year average GM for the Merino in the Eastern Cape was R 440.31/SSU compared to the overall 3 year average of R 441.96/SSU.

## **REPRODUCTION**

The study group results confirmed the importance of reproduction. The 3 year average for the Merino in the Eastern Cape resulted into a lambing percentage of 101.95% and a weaning percentage of 92.84% indicating a 9.11% loss from lambing to weaning. The 3 year average for all the other Merino study groups in the country showed a lambing percentage of 98.30%, a weaning percentage of 89.74% indicating an average loss of 8.56% from lambing up to weaning.

## **CONCLUSION**

The establishment of an Unit in Livestock Economics at the University of the Free State paved the way of introducing economic data bases for all livestock in South Africa. This Unit together with the study groups will disseminate reliable economic information informing the participants with reliable information to support the decision making process, lowering risk factors ensuring sustainable agriculture on farm level.

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