



National Agricultural
Marketing Council
Promoting market access for South African agriculture

ISSUE 6
Sep 2016

AGRIP RENEUR

**From a farm boy
to a commercial
farmer:**

*the Case of
Keith Middleton*

**Rise of black livestock
traders Jozini Auction nets
R1.9 million**



THE AGRIPRENEUR QUARTERLY: A PUBLICATION BY THE SMALLHOLDER UNIT OF THE NAMC

PREFACE

This is the sixth publication of the Agripreneur edition from the National Agricultural Marketing Council (NAMC). The Agripreneur aims to communicate business-related information among smallholder farmers. Agriculture is a business and therefore this edition was designed to share information on business development and to inform farmers on the dynamics of the farm business in hope of improving entrepreneurship skills of the farmers.

In addition, smallholder farmers face several challenges in their business environment, which negatively affect the marketing of their commodities. Through this publication, the NAMC seeks to create a platform where farmers, particularly smallholders share their knowledge and skills, challenges, experiences, and insights with each other. It is believed that this publication will assist smallholders to learn from each other, develop strategies, adopt models, and become part of the value chain by marketing commodities that meet quality standards and are safe for consumption.

Presented in Agripreneur 6 are the following topics:

- (1) From a farm boy to a commercial farmer: the Case of Keith Middleton of Agrifuture and Middleton Farming Business
- (2) Eastern Cape Communal Wool Growers Association doing it! The Region 20's 19th Congress
- (3) Rise of black livestock traders: Jozini Auction nets R1.9 million
- (4) Konsortium-Merino: another initiative towards the success of the land reform programme?

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CONTENTS

From a Farm boy to a Commercial Farmer	4
Eastern Cape Communal Wool Growers Association doing it!	9
Rise of Black Livestock traders Jozini Auction	10
Konsortium-Merino	13

From a farm boy to a commercial farmer: the Case of Keith Middleton



Keith with his wife Jacqui

Agrifuture and Middleton Farming Business

By Kayaletu Sotsha and Elekanyani Nekhavhambe

Agrifuture and Middleton Farming Business owns a 1 200 hectares farm in Kimberley, which was acquired under the Land Redistribution for Agricultural Development (LRAD) programme. Keith runs the farm business. He is a very passionate black businessperson and an enterprising man. He has a die-hard spirit and quite determined to build his farm business. He has a vision to help his fellow black farmers to grow too. He says he would love to see the land reform programme working and he would like to be part of its success. This he aims to achieve through his networks he has built with white commercial farmers that allow him to influence attitudes of farmers (both black and white). Mr Middleton has built a strong relationship with white commercial farmers over the years, yet he has never forgotten which side of the fence he is on.

Mr Middleton grew up in a farm and he was very passionate about learning the farm activities from his father, from field to mechanical activities. However, he left the farm and went to work for an IT company for some time leading to his venture back to farming. He started as a shareholder having a share of 20% of a commercial dairy farm in Kimberley in 2007. The owner of the farm had some financial challenges and resorted to selling the farm. Mr Middleton raised up his hand in a bid to purchase the farm.

This proved to be a test of character as Mr Middleton had one and a half months to submit a guarantee of funding or else the farm would be auctioned. At that stage he decided to focus entirely on getting the farm, therefore he resigned from his IT job. He then approached the Department of Rural Development and Land Reform (DRDLR)



in Bloemfontein to request that the department assists him in attaining the farm. “It was not easy”, he said. He had a series of meetings with the department pushing for the success of his dream of owning a commercial farm. He said, “I knew everybody at the department at the time”, and this was due to frequent visits to the department.

Unfortunately, things did not go according to his wishes because his request was a short notice to the department, so he could not be able to hand in the guarantee in a space of one and a half month as required. The farm was then set to be auctioned on the second week of February in 2008. Although it would have seemed as a losing battle, Mr Middleton kept pushing his agenda with DRDLR. He finally had his application approved a few days before the auction. Therefore, he succeeded in securing the ownership of the farm under the LRAD programme, but it was on a 50/50 shareholding with one of the previous shareholders of the farm (a white man).

On Agrifuture and Middleton farming business



The two partners started operating soon after they secured the ownership of the farm. They switched from dairy farming into crops and vegetables production. However, Mr Middleton felt that he had little to nothing to contribute in terms of decision making on the operation of the farm. This frustrated him to an extent that he suffered some physical illnesses that had him

staying away from the farm for about three to four months. While he was away, he thought and realized that he had fought so much in securing the farm and therefore he could not afford to be sidelined. He took a decision to go back and fight for the full ownership of the farm, which he succeeded.

He points out that the farm business suffered a setback after his partner left, because he had a wider network and was the major contributor in terms of skill, expertise, and sourcing assistance from fellow farmers (including machinery). Therefore, he left with all of these valuable assets. Mr Middleton was facing financial challenges and he was forced to reduce his operation by leasing out some of his land and equipment. To an extent, he was rescued by the Department of Rural Development and Land Reform's Recap programme in 2011. After Recap, he was able to restore some of the leased land and equipment and he began to expand his farm bit by bit each year.

Mr Middleton is currently farming on a 1200

hectare farm, of which 300 hectares is under irrigation. He is doing crop rotation with lucerne, maize, barley, wheat and potatoes. However, his major enterprise is lucerne. Mr Middleton is diversifying his business activities. He also farms with sheep, and he currently has a stock of 300 ewes and a number of lambs. These are mainly for wool production. He also has some stock that is mainly for family meat consumption. He has tried farming with Limousine cattle. However, this venture was not successful because limousines had a tendency of breaking the fence and intrude into the neighbouring farmers' property. In addition, they were heavy on the pasture. He has not given up though; he is planning to introduce Bonsmara for meat production. When asked about his plans for the dairy facility that is on the farm, he said he plans to sell the facility because dairy is not one of his preferred enterprises. In his endeavour to diversify, Mr Middleton is busy putting up a fence on a non-arable piece of land on the farm for game farming (the intention is to utilize his land as optimally as possible).

His inspiration is the farmers around him. He



“ It was not
easy



Merino sheep

indicated that his neighbouring farmers are bigger in scale of production, well equipped with machinery and implements, and well vested with farming expertise. He claims that he has learnt a lot from these farmers, and has built a very good relationship with them. In his words he said “at first I would go and stand next to these guys fence and tell them, do not mind me continue with your work, I just came here to steal with the eyes”. The farmers he was stealing from used to be irritated and annoyed by his actions, which would result to some harsh exchange of words.

One of the farmers referred to here are the Cloetes, led by John “Johnny” Cloete. The Cloetes are big on scale and he calls them “lucerne masters”. The Cloetes plant lucerne on 1000 hectares of land, have equipment to cut and bail, have trucks to transport it to the market. In many cases, the Cloetes would come to his farm to cut and bail his lucerne and he pays them for the work. They also come to bail his maize stock and pay him R20 per bail, because he burns the stock before putting lucerne again. The reason he does not do the same is that he does not have enough equipment, so it would take him two days while the Cloetes do it in approximately two hours.



Cloetes’ Lucerne storeroom

He emphasized that one of the most important things the emerging black farmers must do is to build good relationships with white commercial farmers and take care of own farm labour. This strategy has proven to work very well based on his experience. He now asks some of his neighbouring farmers to assist him with some of the activities, such as cutting and bailing lucerne to keep up with timing of planting when he has to put in another crop. He says his strategy of planting a winter crop after harvesting a summer one requires a good deal of timing for good yields. For example, he said after he harvests his summer crops, he normally has two weeks to prepare the soil for a winter crop and this can be tricky when there is lack of machinery and implements.



Like any other farm business, Mr Middleton faces numerous challenges that affect the growth of the farm business. These include lack of water user rights (he ranks this as a main challenge as it limits the amount of land he can use), insufficient machinery and implements (has the same effect as water to some degree).

In addition to running his farm business, Mr Middleton is part of the Konsortium Merino, under Konsortium Holdings that seeks to empower emerging black farmers, land beneficiaries, communities surrounding commercial farms as well as farm workers

Conclusion

Mr Middleton is one of the black commercial farmers that started from nowhere but he was driven by the zeal, determination and the willingness to be a successful commercial farmer – he did not settle for less. On top of everything he has achieved in his farm venture, Mr Middleton is still looking for more options and is still eager to learn and implement new techniques and sustainable farm activities. From his story, one can conclude that in spite of the risk and hardships associated with farming venture, determination or a die-hard spirit, having a clear idea of what you want and how you can get it, humility and building good relationships and networks with successful fellow farmers are some of the key factors to a successful black commercial or emerging farmer. Farming is not easy, but anyone with these qualities and a positive attitude can do it



Konsortium Merino auction

For more information contact Mr Keith Middleton, Cell: 082 610 1120; Email: keith@konsortium-merino.com

Eastern Cape Communal Wool Growers Association doing it! Region 20's 19th Congress

By Kayaletu Sotsha

Communal wool farmers in the Eastern Cape have been praised of upping their wool production and multiplying their profits through the National Wool Growers Association (NWGA) project. On the 21st of July 2016 the Eastern Cape Communal Wool Growers Association Region 20 hosted its 19th Wool Growers Association Congress in Ngomanzi village, Butterworth, where a number of communal wool farmers gathered to engage on the issues of land redistribution, stock theft and infrastructure revitalization, among other things.



Region 20 Wool Growers Congress

Region 20 was formed in 1995 and comprises of 11 districts that include Butterworth, Centane, Idutywa,

Elliotdale, Willovale, Mqanduli, Mthatha, Tsolo, Ngqeleni, Libode and Nqamakwe. As part of the outcomes of the engagements, it was emphasized that radical change was needed in order for these farmers to develop. However, despite the challenges region 20 communal wool growers face, they are doing fairly well in wool production. This is evident from the Table below.

District	Production (kg)/season		Sales value (R)/season	
	2013/14	2014/15	2013/14	2014/15
Butterworth	6 624	21 892	179 116	295 031
Centane	9 588	10 041	110 725	145 412
Idutywa	120 612	134 487	2 837 470	2 967 903
Elliotdale	21 478	20 957	132 213	114 987
Willovale	5 344	4 360	91 164	90 504
Mqanduli	41 777	51 331	543 487	386 445
Mthatha	98 498	111 623	1 581 746	1 435 490
Tsolo	287 436	303 280	6 699 842	6 895 694
Ngqeleni	38 246	43 869	494 987	434 947
Libode	20 179	25 175	302 968	303 010
Nqamakwe	29 875	29 875	573 961	568 617
Total	679 657	756 826	13 547 679	13 638 040

Source: Region 20 communal wool growers' association statistics

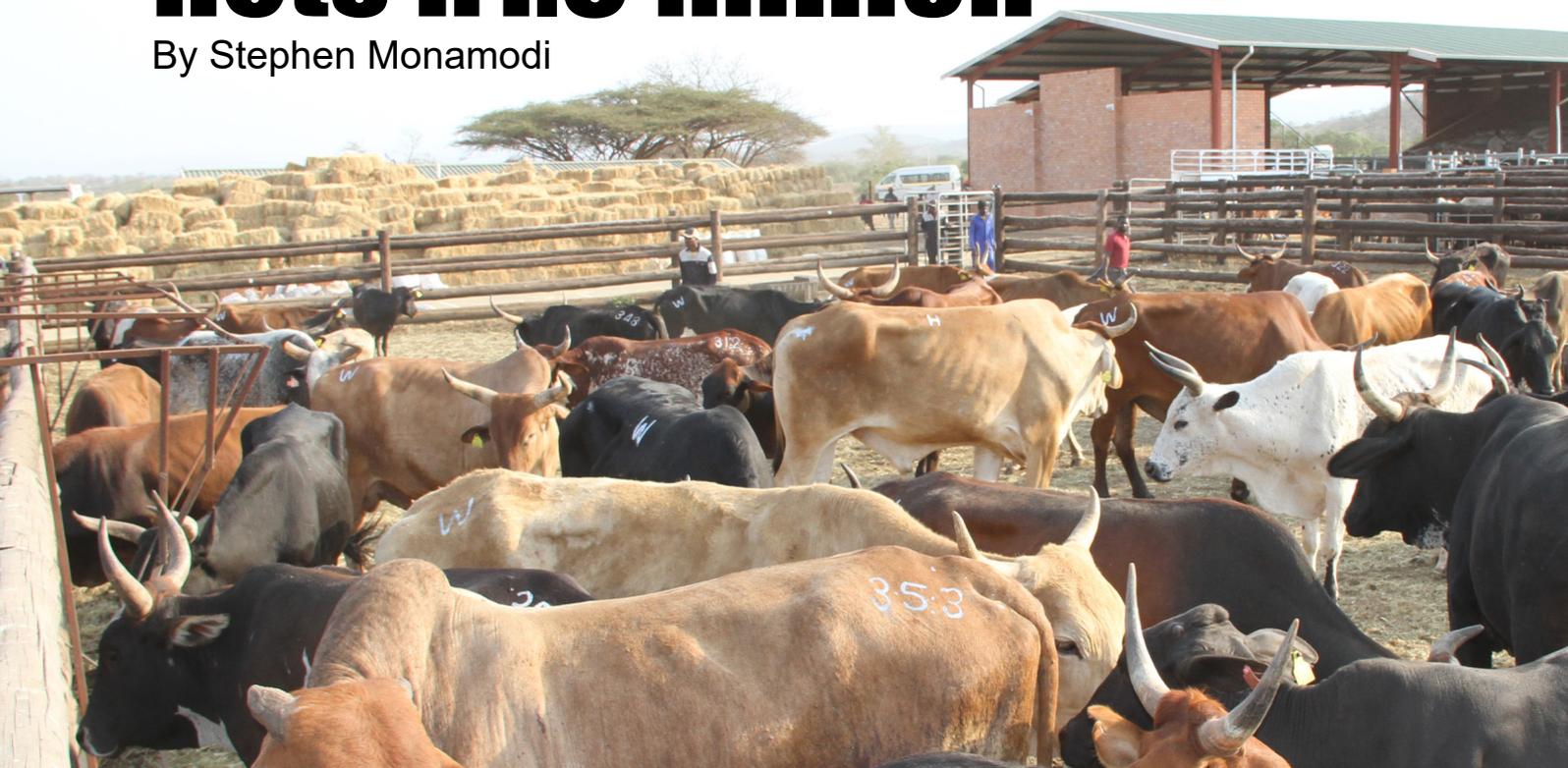
Although some of the regions have tended to produce less compared to the previous season, the overall production and value of sales are higher for the 2014/15 season. Tsolo, Idutywa and Mthatha districts have tended to fetch more than a million Rands for their wool in both seasons. Such a performance from communal farmers can be largely attributed to the introduction of a genetic improvement scheme that has introduced more than 36 000 quality rams from which communal farmers are realizing the ability to produce more wool of better quality, thereby realizing better prices. According to the National Wool Growers Association chairperson Andile Ndzendze, the number of rams provided to communal farmers, by far, is still far below expectation. Farmers are still looking up to the Department of Rural Development and Agrarian Reform (DRDAR) for more assistance in this regard.

In combination with the National Red Meat Development Programme, the National Wool Growers Association presents one of the greatest opportunities for communal farmers to change their perception about their livestock away from the store of wealth to income earning enterprise. This change of perception has a potential to have a positive contribution to poverty reduction, food security and employment creation in the communal areas.

For more information contact Luyanda Mpoposhe, NWGA Production Advisor: Region 20, Cell: 083 9780 225; Email: Mpoposhel@hotmail.com

Rise of black livestock traders Jozini Auction nets R1.9 million

By Stephen Monamodi





Jozini is located close to the border of Swaziland at about 60 km away from Sodwana Bay in KwaZulu-Natal. For any enterprising or development news of the area, many will point to Makhatihini Flats project. The reality stares in your face; the community is well endowed with agricultural potential. Beyond this project, livestock farmers in the area are beginning to be organised. There is a sense of urgency from black livestock traders and farmers to conduct two auctions per quarter. This is the second Jozini Livestock auction organised by the KZN Department of Agriculture and the National Red Meat Development Programme (NRMDP)

On 16 September, the second Jozini Livestock Auction netted R1.9 million. The auction report sheet recorded 365 cattle and 345 of these were sold at an average price of R5432. By indication of these figures, farmer's perceptions were beginning to change. According to Dr Xolile Ngetu of the NRMP, the reality of the drought settled in altering farmer's perception altogether. "In the

beginning, farmers did not trust nor understand the livestock marketing structure. But with the first auction, when animals were sold for good prices, they started realising what we preached all along" he said. For Dr Ngetu this was normal because cattle ownership had a cultural connotation and communal significance.

The Jozini Auction provided an inner view of the emergence of black livestock traders. The number of cattle sold is growing and attracting traders as far as Swaziland. Bongani Hadebe for instance, bought 24 cattle spending close to R124 000. He relates to how he used to scour around the rural hinterlands, looking for healthy cattle to buy from owners. 'It was an expensive exercise, especially thinking about petrol and the time invested. Even some livestock owners would be reluctant to sell because of difference in prices and some did not genuinely know the value of their livestock'. Hadebe expressed relief that animals were under good care at the Jozini Feedlot especially after the Food and Mouth Disease outbreak in the area.



Jozini auction



Research into black livestock traders remains elusive or limited. According to the 2014 livestock census performed in the uMkhanyakude District, there was a total of 160 892 livestock in the area. This amounts to R600 - 700 million in value. The Jozini's Livestock Farmers Association Chairperson Mr. Ndlovu concurred with the view that more black livestock traders were needed as more communal livestock farmers continue to form part of the Red Meat programme. 'The Jozini Custom Feedlot' even had to turn some (farmers who brought their cattle) away or restrict some animal intake' he said. More plans are afoot to build more feedlots around the district.

According to The KwaZulu-Natal Department of Rural Development and Land Reform State Veterinarian Dr Lundi Ntantiso, responsible uMkhanyakude District, the recent Jozini Auction illustrated the success of linking black livestock traders to communal livestock owners. 'If government organises itself in this fashion, preparing communal livestock farmers to access markets, and the result is that it will unlock the rural economy. Imagine R1.9 million generated in a day? How much more could be generated in a year?'

For more information contact Dr Xolile Ngetu, manager National Red Meat Development Programme, Cell: 082 041 4581; Email: xNgetu@namc.co.za

Konsortium-Merino: another initiative towards the success of the land reform programme?

By Kayaletu Sotsha and Thulisile Khoza

The Konsortium-Merino is a dual-purpose Merino with a large carcass and long, medium to fine quality wool. It is fertile and able to adapt countrywide. Konsortium-Merino has over time broken away from the traditional Merino to a more robust Merino that produces well under natural conditions. It produces superior fine wool used in garments. The meat is a natural, lean, and healthy product. The skins are of very good quality and are used for baby comforters, clothing, etc.

Konsortium breeding improves lambing percentages to such an extent that there is surplus stock for sale. The surplus stock is of a uniform type that can be marketed for commercial farming under the Konsortium brand. The Konsortium-Merino's fleece is a quality export product containing low micron with good clean yield and comfort factor. The Konsortium-Merino lamb performs very well in feedlots because of its potential to grow.

Konsortium-Merino evolved in 1996 from a unique



Konsortium Merino breed

partnership between four Merino breeders from the Victoria West region. It was primarily a cost sharing and marketing arm for five breeders who derived their income from the sale of rams. In 2005, the Van Heerden brothers and John Luscombe formed Konsortium-Merino (Pty) Ltd ("Konsortium-Merino"). Konsortium-Merino has propagated the breeding and farming methods that form the cornerstone of the plans of Konsortium Holdings. Konsortium Holdings was incorporated in 2012 and formed specifically to capitalise the Konsortium Merino

brand. Today Konsortium-Merino annually sells the most Merino rams on official sales in the country and boasts the South Africa's record turnover for a Merino ram sale. It has 130 member farmers in different parts of South Africa farming with approximately 200 000 breeding ewes and with a collective farming experience of more than 2 600 years.



Braam Coetzee, the managing director of Konsortium Merino, engaging one of the emerging black farmers during the Konsortium Merino Auction

The Konsortium is also focusing on empowerment initiative of the emerging black farmers, land beneficiaries, farm workers as well as the communities surrounding commercial farms. As part of this initiative, Konsortium Holdings has created a 60% majority black-owned structure that includes a broad-based group Agrifuture and the Middleton Farming Business. In addition, land beneficiaries who lease their farms to Konsortium Holdings, to be used as Anchor Farms over a 20 to 20 year lease agreement, get 10% shareholding, with founders of Konsortium Holdings retaining 30% shareholding.

The Company has made a Trust Template available to all farmers who have indicated an interest to subscribe for shares. The beneficiaries of each trust are the workers employed by each farmer. The Trust Template provides a practical and effective route for each farmer to empower his workers financially. In addition, the Konsortium offers skills development to all the farm staff in its employ as well as those of the clients of Konsortium-Merino.



Keith Middleton (middle) with his wife Jacqui (right) engaging Dr Simphiwe Ngqangweni of the NAMC (left) during the auction

On the 1st of September 2016, the Konsortium hosted yet another successful Merino auction. The price fetched for rams (breeding stock) ranged from R38 000 to R45 000. The second grade rams fetched price range of R9 000 to R14 000, whereas the rest fetched a price range of R3 000 to R6 000.

The Konsortium Merino seeks to capacitate emerging black farmers, land reform beneficiaries and farm workers by incorporating these groups into Konsortium Holdings.

For more information contact Mr Keith Middleton, Cell: 082 610 1120; Email: keith@konsortium-merino.com

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