WOOL TRUST FUNDING OF TRANSFORMATION INITIATIVES

Executive Summary

March 2012

WOOL TRUST MISSION

To achieve sufficient capital growth and income generation from assets originating from previous producer levies, to maximize the funding of activities that benefit the wool industry and the role players involved both at producer and pipeline level on a long-term sustainable basis.

Funding is provided on the basis of the submission of acceptable business plans by the service providers and affordability to the Trust.

TRANSFORMATION

1. STRATEGY

Wool Trust funds transformation programmes that focus on the following key performance areas:

- Improving the competitiveness and profitability of woolled sheep farming for emerging farmers by:
  - Effective and profitable market participation.
  - The provision and improvement of facilities.
  - Training and mentoring of farmers.
  - Implementation of the Code of Best Practice.
  - Identifying and addressing the real risks that impact negatively on production for emerging farmers.
- Shearer training.
- Shearer competitions.
- Research and Development.
- Awarding of study bursaries.

2. FUNDING OF TRANSFORMATION ACTIVITIES

Wool Trust funds utilised for transformation

PERIOD	FUNDS ALLOCATED TO INDUSTRY	FUNDS UTILISED FOR TRANSORMATION	%
2006/07	R 9 302 926	R 2 821 636	30%
2007/08	R 9 980 289	R 3 408 993	34%
2008/09	R 11 059 380	R 3 929 108	36%
2009/10	R 14 912 135	R 6 089 574	41%
2010/11	R 14 658 767	R 6 450 966	44%
TOTAL	**R 59 913 497**	**R 22 700 277**	

3. FUNDING OF TRANSFORMATION ACTIVITIES

Transformation funding leveraged from external sources

PERIOD	GOVERNMENT	OTHER SOURCES	TOTAL
2006/07	R 7 329 443	R 1 822 686	R 9 152 129
2007/08	R 8 279 013	R 2 623 060	R 10 902 073
2008/09	R 10 620 286	R 4 635 777	R 15 256 063
2009/10	R 7 584 356	R 2 135 335	R 9 719 691
2010/11	R 8 744 502	R 2 363 017	R 11 107 519
TOTAL	**R 42 557 600**	**R 13 579 875**	**R 56 137 475**

4. METHODOLOGY

- Cape Wools S.A., a non-profit (Section 21) service company, is the sole beneficiary of the Wool Trust. CWSA is contracted to ensure effective service delivery to the wool industry according to the objectives of the Wool Trust as stated in the Trust deed.
- CWSA outsources the provision of certain functions such as research and grower services. The NWGA is the provider of grower services.
- None of the trustees of the Wool Trust are office bearers of any organization funded by the Trust.
- In the case of emerging farmers in communal land ownership areas the NWGA facilitates the erection of functional shearing sheds, funded mainly by government.
- These sheds then become community centers where training is provided to the farmers, wool sorters and shearers.
- 71 sheds have been erected since 1999, but the need to expand this programme is huge if the finance were available.

5. THE PROVISION AND IMPROVEMENT OF FACILITIES

- The Wool Trust recently made R1.85 million available for the supply of shearing equipment to 76 communal sheds in the Eastern Cape. The equipment included wool presses, bins and scales. The progress of the respective participating sheds and the impact this equipment has had on quality, classing and income from wool was monitored.
- In the Eastern Cape 3000 quality rams have been introduced annually into communal flocks to improve the genetic make-up and to improve the quality and quantity of wool as part of the Woolled Sheep Development Programme within the communal areas. The purchase of these rams has been funded by the Eastern Cape Government.
- A total of 236 communities benefited from the ram initiative during 2010/11.
- There is a general consensus in the wool industry that the quality of wool from communal areas has improved enormously in the past few years due to the ram project .

Infrastructure: Kolomane

Before

After

8. TRAINING AND MENTORING OF EMERGING FARMERS

- A total of 621 training sessions, attended by 8 389 emerging farmers, were held during the past financial year. These sessions focussed on wool sheep management and production, marketing, animal health, tattoo and branding, stock theft, finance and administration, reproduction, wool classing and sheep shearing.
- The sessions were focused within the following areas:

  - Eastern Cape
    - Chris Hani District Municipality
    - OR Tambo District Municipality
    - Joe Gqabi District Municipality
    - Amathole District Municipality
    - Alfred Nzo District Municipality

9. TRAINING AND MENTORING OF COMMUNAL FARMERS Continued)

- KwaZulu Natal
  - Umzimkulu
  - Nqutu
- Free State
  - Thaba Nchu

- In the Eastern Cape participatory training and flock evaluation techniques were introduced through communal flock competitions held in each of the four regions.
- This was concluded with an inter-regional competition where regional finalists competed. A total of 811 sheep were entered in these five initiatives, with an attendance of approximately 1 800 emerging farmers.

10. TRAINING AND MENTORING OF COMMUNAL FARMERS (Continued)

- A total of 2444 participating trainees attended the harvesting and marketing courses including 29 courses on the correct use of shearing equipment and 94 courses on wool sorting, classing and baling. These interventions are directly focussed to assist communal farmers to prepare their clip for the international market.
- A major inhibitor of further progress, especially for the improvement of reproduction, which is key to greater profitability, is the difficulty of implementing sound grazing management in the communal land ownership environment.
- Stock theft is eroding the profitability of emerging farmers and discouraging new entrants.
- Market access is made difficult by the poor roads in areas where emerging farmers are farming. These issues need to be addressed at a political level.

11. SHEARING

- Shearing instruction was delivered to new entrants. Intermediate and advanced training as well as shearer Instructor's Courses were also offered.
- Sheep shearer training ensures the continued availability of qualified and skilled shearers to harvest the national clip. Training in sheep shearing is accredited with AgriSETA. The following learners were trained in this year:

○ Basic Hand Shearing (new recruits)	-	202
○ Advanced Hand Shearing	-	112
○ Basic Machine Shearing	-	64
○ Advanced Machine Shearing	-	82
○ **TOTAL**	**-**	**460**

Shearer Training

Silver ware again for SA!!

SA Shearers: National colours

SA Team to Wales 2010

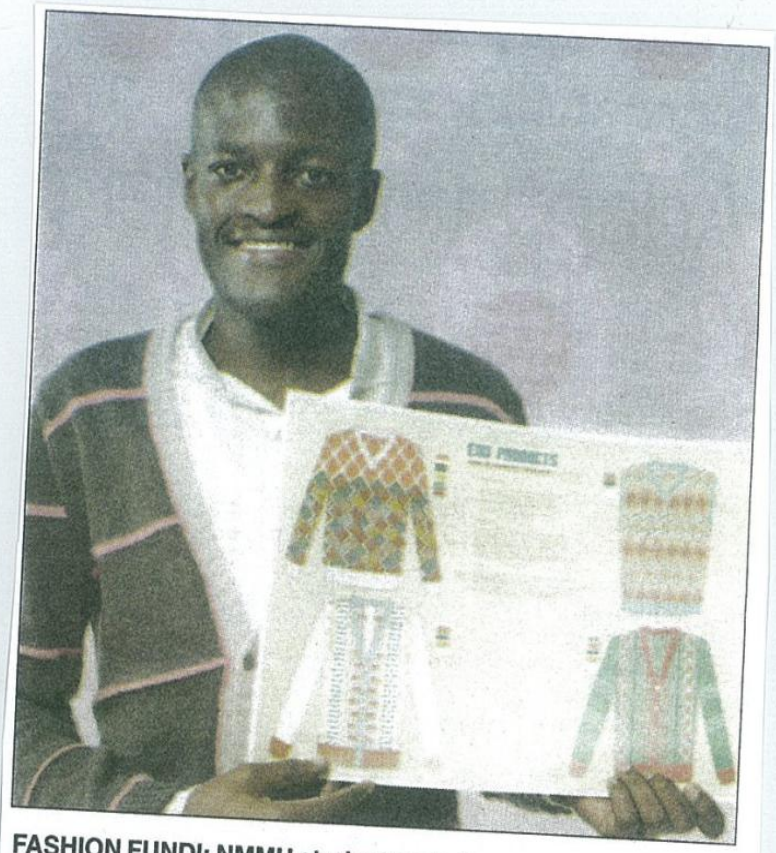
12. BURSARY FUND

- The Wool Trust has allocated R3,68 Million for a bursary fund.
- Bursaries are awarded in accordance with government's Equity Policy and with due consideration of requirements related to the previously disadvantaged sector.
- In the 4 years that the scheme has been in operation 12 bursaries to the value of R277 000 have been awarded to previously disadvantaged candidates.
- An example of the achievements by a previously disadvantaged bursary recipient:

  - Mr Laduma Ngxokolo completed his studies at Nelson Mandela Metropolitan University in 2010 and obtained a B.Tech degree in Textile Design. He has since opened his own business "SHUGAZ Authentic Knitwear".

13. BURSARY FUND (Continued)

- In October 2010 he took top honours at the annual Bradford-based Society of Dyers and Colourists International Design Competition.
- In March 2011 his Xhosa-inspired knitwear earned him an invitation to present his work at the International Design Indaba Conference in Cape Town.
- Boutiques from Netherlands and France have shown interest in his work and three of his jerseys were displayed at the Milan Fashion Week in Italy in April 2011 where he was invited by design forecaster Li Edelkoort.



FASHION FUNDI: NMMU student and winner of the Bradford-based Society of Dyers and Colourists' (SDC) Annual International Design Competition, Laduma Ngxokolo shows off his designs inspired by Xhosa initiates.

PE student global best

ON THE BRINK . . . Port Elizabeth student Laduma Ngxokolo gets ready for the big time. ABOVE: Some of his designs.

Pictures: SHANNA PAXTON, SAM MAJELA

dy to take on world

DID YOU KNOW?

- 95% of the SA wool clip is exported.
- Wool to the value of R1,731 Billion was exported during the 2010/2011 season.
- During 2009/2010 60% of all exported wool was shipped to China.
- Only 21,5% (based on total weight) of the SA wool clip exported during the 2010/2011 season was first stage beneficiated in South Africa.
- Stock farming, specifically woolled sheep (wool and meat), is one of the least capital intensive and profitable (income generator) intensive farming industries for emerging farmers within the rural areas of South Africa.