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R2.2 million in auction sales

for Mhlumayo livestock farmers

The story of Ma'Ande investments

An analysis of marketing information in Mpumalanga Province



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

Preface

This is the fifth 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.

List of Contributors:



Realeboga Kgobokoe
rkgobokoe@namc.co.za



Lindikaya Myeki
lindikaya@namc.co.za



Thulisile Khoza
TKhoza@namc.co.za



Kayaletu Sotsha
KSotsha@namc.co.za

Prof Victor Mmbengwa
Manager: Smallholder
Access
vmmbengwa@namc.co.za

Majara Monamodi
Communications
majara@namc.co.za

Sylvester Moatshe
Graphic Designer
smoatshe@namc.co.za

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Edited by Kayaletshu Sotsha
For more information on the Agripreneur Publication, contact Prof Victor Mmbengwa, Manager: Smallholder Market Access Research at NAMC.

R2.2 million in auction sales for Mhlumayo livestock farmers

By Realeboga Kgobokoe and Stephen Monamodi



No 39 fetched R14 700 at the auction. Animal owned by Mr. Mkuzeni Sithole

On 14 June 2016, livestock farmers and buyers gathered at the Mhlumayo Auction in Kwa-Zulu Natal (KZN) – Ladysmith. The feedlot was built by the Department of Rural Development and Land Reform (DRDLR) and was handed-over to the Mhlumayo Livestock Farmers Association in 2015. The area was one of those that experienced severe drought with reported claims that livestock farmers lost over two cattle and oxen per household. Since the drought, a flurry of livestock intake has risen to approximately 500.

Most the animals came to the feedlot weighing just less than 200kg. Through the National Red Meat Development Program, the feedlot ensured that animals were provided with the best medical care and attention; vaccinated, provided feed and monitored. Hence, the auction was to display the progress the programme made during the drought. According Sanele Hlongwa – animal health officer for Mhlumayo Feedlot most of the farmers had reservations on joining this programme. 'At first



Mhlumayo Feedlot Team; third from left Sanele Hlongwa (Animal Health Officer) with herdsmen & woman that did a marvellous job

it was a cultural mindset, that the older your animal was the more money you will generate. As soon as we hosted educational workshop of the programme some of the information was bizarre'.

Two farmers were interviewed. Mr. Mkuzeni Sithole, a farmer whose animal fetched R14 700 (weighing 862 kg), never believed such a thing could happen to him. Almost every day of the week, Mr. Sithole visited the feedlot just to check

on the health of his cattle in the feedlot. 'The care these boys (custom feedlot day-to-day managers) are giving the animals is wonderful –they know their story and we rely on them.'

A younger generation farmer, Mr Hlatshwayo said in the interview that he worked in Johannesburg and came all the way in the hopes that he would sell his two prize bulls. Such a transaction, he estimated, would earn him R12000 each bull, give or take - an impressive return by anybody's standards. To the layman, the idea of travelling all the way to KZN from Gauteng to sell two bulls might seem absurd, but all disbelief would promptly be suspended by the knowledge of just how much money one can make from such a business transaction.

The proceedings were characterized by a feeling of great anticipation and interest in the quality of the animals. There were some impressive beasts on show. Of the 350 cattle that were presented on the day, 326 were sold. The total value of all the cattle sold amounted to R2 202 650. However, the animals sold at a range of R2000 to R14 700. The animal that sold for the least amount of money was an ox owned by a man named Mr. Mchilizi Dlamini. It sold for R2000 and weighed 230kg.



Mr. Hlatshwayo (top) came all the way to Johannesburg to come sell his two oxen, Mr. Mkuzeni Sithole (left) whose animal fetched R14 700 & Mr. Vusimuzi Mapanga (right) whose animal fetched R11 200

The Story of Ma-Ande investments

By Kayaletshu Sotsha and Andile Mfingwana



Mr Andile Mfingwana

Ma-Ande investments (named after Mr Andile Mfingwana's 10-year-old last-born son MaAnde) own an 842 hectares Nacht Wacht Farm just outside Kokstad in southern KZN. The company has two shareholders, a family trust owning 79% and a workers trust that owns 30%. The farm was acquired under the Land Redistribution for Agricultural Development (LRAD) programme. The farmers acquired finance from the Ithala Bank in KZN. The bank is located at Kokstad in the Harry Gwala District Municipality of the KZN Province.

Ma-Ande Investments started in 2010 as a dairy farm with the main activity to produce and process milk into maas (Amasi). The area is known for its harsh winters and the farm plants 60 hectares of maize to make maize silage for winter. In addition, they plant turnips and radishes. Once maize is harvested, green feed that comprises annual Rye grass and Oats is planted on the land.

The farmers currently (as at 13 April 2016) have about 500 dairy animals with 223 in milk. Mr Andile Mfingwana indicated that starting this farm business was not easy due to poor infrastructure on the farm as well as the lack of financial support. There were no proper facilities, such as milk processing equipment, storage facility, good milking parlour,

own transport was another issue.

The farm business like any other start-up has had its fair share of challenges, cash flows being the main one.

The income generated fell below the farm's overhead costs (and the farm workers had to be paid), to a point where farmers even considered giving up the business because the bank wanted to repossess the farm, but determination, commitment and unity amongst the farm owners played a huge role to save the farm.

The farmers approached the Agri-Business Development Agency (ADA-KZN) who, according to Mr Mfingwana, rescued the farm business (In his words, "They saved us from the gallows."). ADA-KZN is a public entity that was established in 2009. Its offices are situated at Pietermaritzburg in the KZN Province. It serves to drive socio-economic transformation in the agricultural and agribusiness sector in the province of KZN. Mr Mfingwana indicated that ADA-KZN assisted with a stock of 120 dairy cows, bought at point of calving. In addition, ADA-KZN funded a variety of implements and equipment.

Andile Story continues...

The farmers also received a loan from Old Mutual's Masisizane Fund to purchase dairy processing equipment. An increased stock, own transport and other means such as the loan and full commitment to the business enabled the farmers to build a cold room that costed around R900 000, and they also have a 12 point milking parlour. Currently, the farmers are using the storage to store their product and to minimize the transport costs.

The farmers sell all their surplus milk to Nestle and the processed product is marketed as far away as Idutywa in the former Transkei. Some of the maas is delivered to schools for the Department of Basic Education's national school feeding programme. The farmers indicated that they receive a positive response from the market – their product is accepted well by the market.



Processed and packaged milk

During this (2015/16) season's drought, KZN is one of the provinces that have been declared disaster areas. Mr Mfingwana indicated that the effect of drought has been severe on the farm, to an extent that the litres of milk produced per day were reduced from 3600 to 2100 litres per day. Under normal conditions, their cows give around 17-19 litres of milk per day and have picked at 23 litres per day in one spring season.

In the midst of the drought, the farmers had to secure the market because, as Mr Mfingwana indicated, it is not easy to get back in if the farmer is dropped out of the market for not fulfilling orders. This is due to tight competition. During this dry season, the farmers are buying milk to supplement own production. This is done to keep the supply running in order to secure the market.

The farmers are planning to expand their business. They plan to venture into drinking yoghurt and cheese, and there is a need for additional capital

investment to achieve this. Furthermore, the farmers are given opportunities to attend training, and attend conferences that are related to the farm business operations.

Conclusion

Ma-Ande investments has come a long way and still striving for more. Like any other business, the farmers struggled to get off to a good start, but they tried to weather the storm. There was temptation to give up the farm due to a slow start, where there were no profits generated – the goal was to break even. However, a coordinated effort, determination and commitment brought the farm business to where it is now. The lesson here is that starting a farm business comes with its challenges. The answer is to commit, persevere and look beyond the storm.

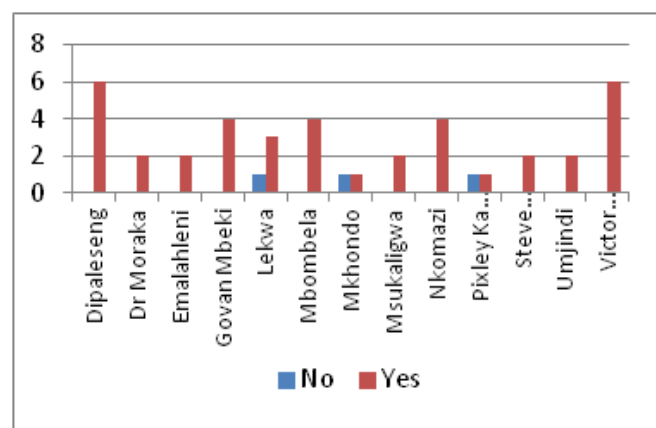
For more information contact Mr Andile Mfingwana on 082 807 6406 or email at andile@lifeline.za.com

An analysis of marketing information in Mpumalanga Province

By Lindikaya Myeki

Information has evolved into three stages, namely; (i) knowledge (in 1950s), (ii) commodity (1970s-early 80s), and (iii) technology (late 1990s – present). This has affected the global agricultural sector because the sector is increasingly becoming information-dependent. This article provides an analysis of Mpumalanga smallholder farmers' access to marketing information. The data is drawn from a pilot study conducted in thirteen Local Municipalities (LMs) of the Mpumalanga Province of South Africa.

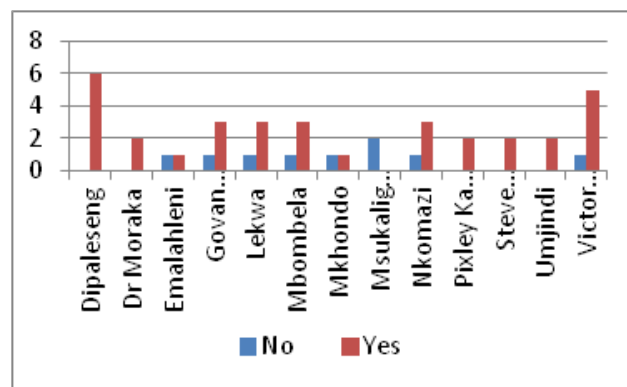
Ntshepe (2008) defines marketing information as information on the marketing mix element (product, price, place and promotion). This information assists in the development of a sustainable marketing strategy, creation of superior value and satisfaction of customers.



Product information

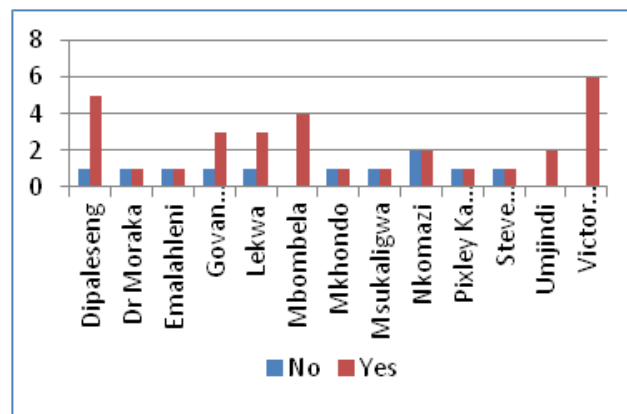
Source: Survey data

Figure 1 indicates that a large portion of sampled respondents do receive information about agricultural products. Only a few farmers in Lekwa, Mkhondo and Pixley kaSema Local municipalities have challenges in receiving agricultural product information.



Price information

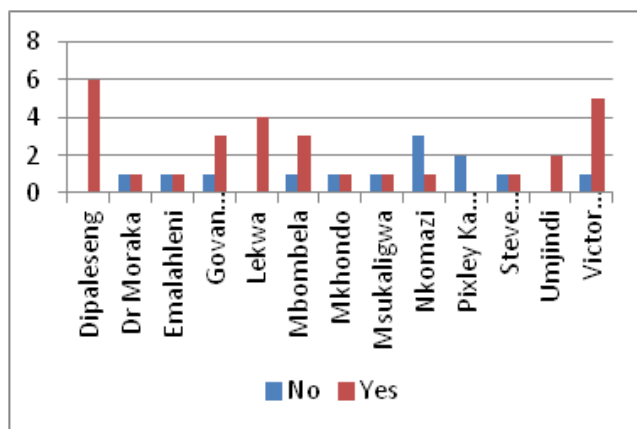
As presented in Figure 2, it appears that farmers from eight LMs do not receive information on agricultural products prices. However, the majority of the farmers across the municipalities indicated that they do receive such information.



Place information

Source: Survey data

Figure 3 shows that some farmers from ten LMs do not receive information on the "place". In addition, all the farmers from Mbombela, Umgindi and Victor Khanye LM indicated that they do receive this information.



Promotion information

Source: Survey data

Figure 4 shows that farmers from Nkomazi and Pixley kaSeme LM do not have access to information on product promotion.

Conclusion

It appears on the analysis that product information is easily accessible compared to price, place and promotion information. It is appreciated that a number of farmers have access to all the information. Now, the challenge is how to encourage coordination between farmers in order to create an information-sharing environment.

The Nkonkobe cooperative Indaba and the involvement of the NAMC

By Kayaletshu Sotsha and Thulisile Khoza



Nkonkobe co-ops showcasing their produce

On 26 April 2016, the National Agricultural Marketing Council (NAMC) was invited to Nkonkobe Local Municipality (NLM) to attend the fourth Nkonkobe Co-operative Indaba. This Indaba emanated from the consideration of Co-operative development as one of the priority areas for local economic development by the NLM. As stated by the NLM the objective of the Indaba was “to ensure that the support and development of co-operatives within the municipality is enhanced”. It was against this background that the NLM conducted the fourth co-operative Indaba under the theme “Mobilising community assets thereby unlocking local economy”. The municipality also extended a request to the NAMC to make a presentation on marketing and exports.

After the opening of the Indaba, the farmers were given an opportunity to display their products. This activity was followed by presentations where all the government departments and organizations that were invited, including the NAMC, made presentations focusing on what they could offer in support of the Co-operatives.

Following the Indaba, the NAMC decided to get involved to support these farmers using the resources it has, such as the research personnel in the smallholder unit and the skills training offered by the agribusiness unit. A baseline survey was carried out in May 2016 as a first step to engage Nkonkobe farmers. Moreover, the farmers highlighted these challenges:

- Poor market accessibility
- Poor support service delivery by the Department of Agriculture and the local municipality
- Poor networking between co-operatives or farmers, as result there have been cases where farmers fail to enter the market due to



- low volumes produced versus the buyer's demand
- Lack of flexibility in contract prices (in case of take-off agreements between co-operatives and buyers)
- Insufficient land
- Fort Cox custom feeding facility is situated far and is not accessible to farmers – farmers feel that the management is excluding them from making use of facility (in case of the National Red Meat Development Programme).
- Lack of transport to the market
- Lack of storage facilities
- Poor local market credit repayment, which makes selling within the village to be not lucrative
- Fencing required on farms
- Lack of farming inputs (e.g. ploughs, tractors, etc) and lack of irrigation infrastructure
- Lack of proper buildings for broiler co-operatives
- Lack of agro-processing facilities

The engagements with farmers are still ongoing. Interestingly, some farmers are involved in value-addition/ agro-processing.

Conclusion

The NAMC, together with national, provincial and local public and private stakeholders are working with smallholder farmers to assist in mitigating their market access challenges. In addition, the NAMC is currently developing a tool to track smallholder farmers' market access.

For information on NLM cooperatives, contact Mr Bafo Mabiya on 076 911 8505

Nkonkobe smallholder farmers: the story of Chief Mavuso

By Kayaletu Sotsha

Chief Zwelidumile Mavuso is a smallholder farmer who owns a 15 hectares project in Mavuso location, Alice. The Chief took over from his father in 2009, after the project had been running for five years (since 2004). He received funding from the Industrial Development Corporation (IDC). Currently, he grows spinach, cabbage, onion, green pepper, carrots and tomatoes on the three hectares, which is currently under production. The rest (12 hectares) is not yet available due to trees and bushes, which requires machinery to remove. However, the Chief hopes that he will have an extra three hectares under production by August 2016.

This will enable him to plant maize and butternut. He further indicated that he practices crop rotation and he plants all year round because he relies on irrigation. He had acquired the irrigation system and he obtained the water-user license last year (2015). He indicated that he acquires water from the Tyume River and he is happy with the water quality. He draws water directly from the river to avoid the cleansed water by the municipality, which contains cleansing chemicals.





A manager runs the project on a day-to-day basis, and the Chief oversees the work of the manager. Usually, the project employs seven people (100% localization) on a seasonal basis to assist with planting and harvesting, 80% of which are women. The reason for employing a larger proportion of women is that “women are better at handling the plants than men”. In addition, women “tend to put family first when they get paid”, said the Chief. Eight students come from the Lovedale College to do practicals at the project site.

The project sells spinach and tomatoes to Spar at Alice and Fort Beaufort, Twins at Alice and to vendors at Alice town. The rest of the produce is sold to people in the village and to vendors. The Chief owns a bakkie, which is used to transport the produce to the market.

The main challenge, in addition to lack of markets, is unavailability of a tractor. Currently, the project uses a tractor from Queenstown on a contract basis. Furthermore, the Chief indicated that he would require assistance with irrigation equipment and fencing for the entire 15 hectares. He is quite a vibrant farmer and is willing to share his knowledge, experiences and insights with other farmers.



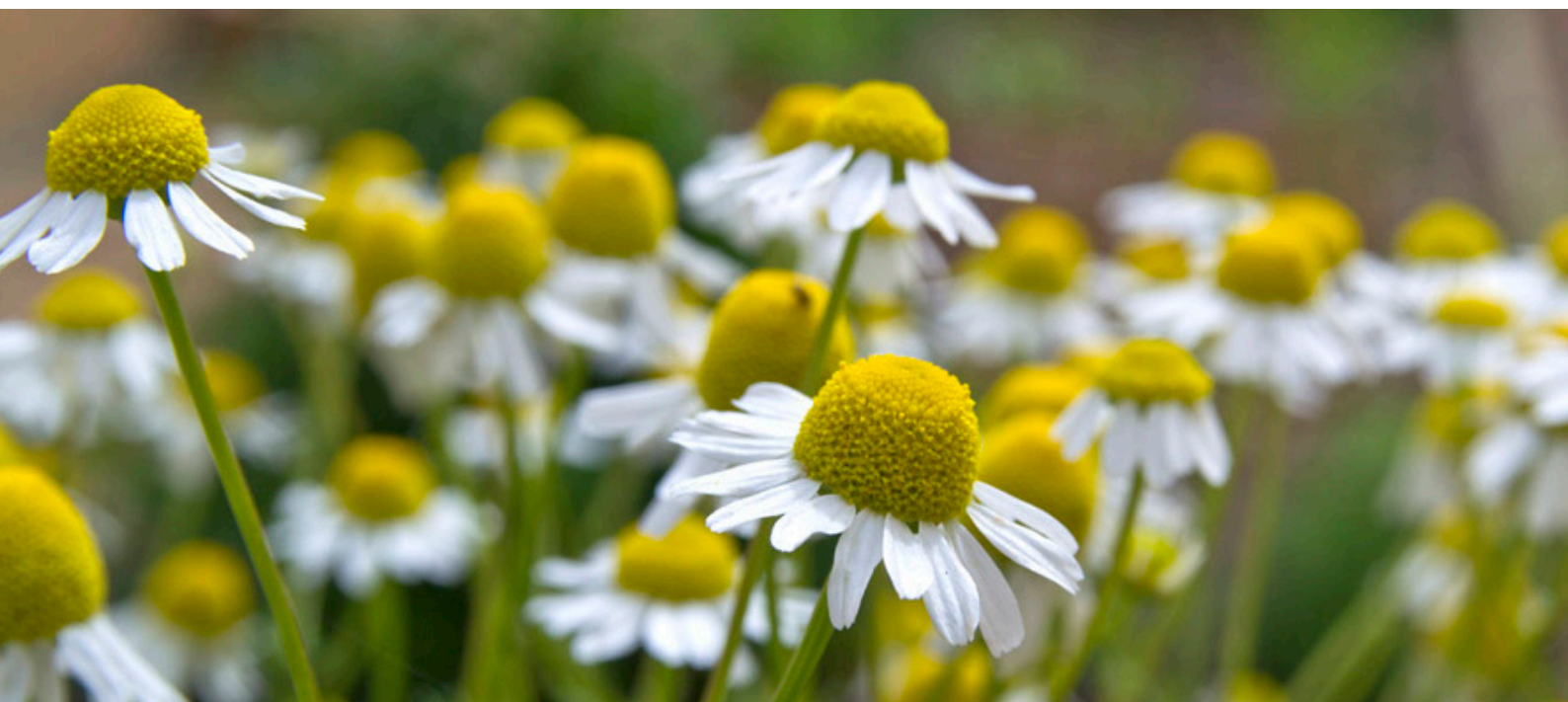
Spinach is also grown

For more information, contact Chief Zwelidumile Mavuso on 017 538 0777 or email at zwelidumilemavuso@gmail.com

Chamomile Farming Enterprises cc: A land reform success story?

By Kayaletu Sotsha

Chamomile Farming Enterprises cc (CFE cc) is a small family farm located in Philippi, between Mitchell's Plain and Grassy Park under the Wynberg Magistrate District in the Western Cape. CFE cc comprises four beneficiaries, namely one female and three males, two of which are youth. These first generation farmers started in April 2003 when one of the members bought the first chickens to produce eggs. The business grew from 80 eggs per day to 4000 eggs per day within a period of five years (from 2003 – 2008).



The farm comprises of 1.6 ha of own farmland. In 2009, CFE cc entered into what they call a one-year “caretakership” agreement with the Department of Rural Development and Land Reform (DRDLR). Within the context of the CFE cc, this means taking care of land while the owner is not there. In 2010, a one-year “caretakership” agreement culminated into a five-year lease agreement with DRDLR, leasing Erf 1449 farmland. Currently, DRDLR is in the process of preparing a long-term lease.

Both pieces of land are utilized. The 1.6 ha of own land has two layer hen units comprising

5 040 birds each that produce around 9 500 eggs per day. CFE cc has an off take agreement with Pick ‘n Pay, therefore eggs are delivered every third day to Windmeul Eggs who packs for Pick ‘n Pay. The birds are housed in structures (buildings) of approximately 6.5 m wide, 45 m long and 2.7 m high. They are housed in two rows of four tiers of battery cages from which the manure is removed twice a week by manure conveyor belts into a trailer for distribution onto their Erf 1449 vegetable farm.

The Erf 1449 vegetable farm is a piece of leased land situated approximately less than a kilometre away from the own farmland. Erf 1449 is a vegetable farm comprising 22 ha of which

“A land reform success story?”

19 ha is arable and currently under production. CFE cc grows vegetables like cabbages, carrots, cauliflower, radish, spinach, coriander, etc, and they follow a planting programme. CFE cc has contracts with Freshmark (Shoprite), Green Scene and Philippi Vegetable packers to supply them with vegetables. They also supply the local hawkers. The Perishable Product Export Control Board (PPECB) accredits CFE cc with SA-Gap. The start-up capital for growing vegetables came from the Western Cape Department of Agriculture (WCDoA) through their Comprehensive Agricultural Support Programme (CASP).

Some advantages of the farm business include the fact that the farm is in close proximity to the markets, located at 40 km away from the farm. In addition, the farm is located next to a tar road that is used as the main link road between Mitchell's Plain and Grassy Park. This implies that the farm is easily accessible to the markets. They also receive extension and mentorship services from the WCDoA. The beneficiaries have undergone some training and have drawn a SWOT Analysis of the farm.

Infrastructure: there is a three-phase electricity supply with two-meter boxes and three dams with pumps and a newly installed irrigation system on the farm. However, there is currently no housing on the farm for farm workers.

The CFE cc has been presented in a couple of awards. In 2006 and 2010, Wadea Jappie, the family member was crowned as the Western Cape female farmer and a top entrepreneur in the Western Cape, respectively.

The family's aim is “to expand their market share, create jobs and opportunities (alleviating poverty) and generate a healthy cash flow in order to grow the business and enhance the quality of life of the family and staff, as well as contributing to the GDP of the Western Cape and the country as a whole”. The challenges they are facing include increasing the current stock and putting up infrastructure on the vegetable farm.

Conclusion

This is an example of a land reform farm that is doing relatively well. This proves that when new entrepreneurial farmers are given opportunities, they too can do well in the farming business.

For more information on the Chamomile farming enterprise, contact Mr Mfundo Sodela on 079 585 4104 or Achmed on 083 943 1959.



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Contact Us

Tel: +27 (12) 341 1115 | Fax: +27 (12) 341 1811

Block A |

4th Meintjiesplein Building |

536 Francis Baard Street

Arcadia | Pretoria | 0002

Email: info@namc.co.za

Web: www.namc.co.za

