ECONOMIC TRENDS AND OPPORTUNITIES IN THE LITTLE KAROO.
INTRODUCTION OF THE ECONOMY OF THE LITTLE KAROO

- Poor performance of Primary Agriculture within Economy of Little Karoo
  - Global Economy Scene
  - South Africa issues
  - Volatility of exchange rate
  - Drought

- Specific Issues regarding Ostrich Industry
  - EU Regulations
  - Avian Influenza
  - High Feed cost
CONTENT

- Little Karoo Information
- Agricultural Industry in the Little Karoo
- Ostrich Industry
- Conclusion
- Acknowledgements
• LITTLE KAROO INFORMATION
Oudtshoorn & Kannaland growth rate declined from 2000

Agriculture major contributor
Low growth of Agriculture
Biggest growth was Manufacturing & Commercial Services
Les diversified than other Areas
Sectoral Composition 2013

- Low Contribution Of Agriculture
- Services supporting Agriculture
Most Job Losses in Agriculture
Net Employment per sector 2005 -2013

Most Job Losses in Agriculture
Skilled Labour vs Unskilled Labour
Employment per sector

Agriculture Still Major Employer Especially unskilled Labour
• AGRICULTURE INFORMATION
Agricultural Production in Little Karoo 2013

- 50859.82 Ha under cultivation
- Area under Tree Nuts is expanding
- Potential for Citrus
- Water availability and security limits long term crops
• OSTRICH INDUSTRY INFORMATION
Ostrich Production Within South Africa and Eden District

- Biggest Area for Ostrich farming within Oudtshoorn & Mossel Bay
- Drier and Hotter Climatic Conditions

Ostrich Farming within Western Cape

Areas of Ostrich Farming % of total Farming Area per Municipal Area

- Western Cape, 79.6%
- Eastern Cape, 12.1%
- Northern Cape, 6.0%
- Limpopo, 0.5%
- Vrystaat, 1.9%

Registered Farms

- Oudtshoorn, 13%
- Mossel Bay, 10%
- Hessequa, 8%
- George, 6%
- Kannaland, 5%
- Vrystaat, 1.9%
- Limpopo, 0.5%
- Northern Cape, 6.0%
- Eastern Cape, 12.1%
- Western Cape, 79.6%
Ostrich production systems

- Mixed Farming:
  - Lusern
  - Vegetable Seed
  - Stone Fruit
  - Small Stock
  - Wine Grapes
  - Other

- Ostrich Feed pens & Feed Lots
Ostrich Numbers at different age groups and times of the year

Since 2014 a decline in Day Old to 6 Weeks.

Decline in Female numbers
Day Old Movement Numbers & Next Year Slaughter Numbers

- Decline in Numbers Slaughtered
- More Day Old chicks taken through to slaughter

Last few Years Numbers slaughtered stabilised
Since end of 2015 there is an increase in Fresh/Freezed meat exported.

Western Cape provides 76% of the annual meat exports (Eden district – 95.3%)
## Influence of Meat Price and Quality of skins on Income

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- Feather Income – R 640
- Fresh/Freezed export R 300

- Production Cost, Feedlot – R4470
- Production Cost, Low cost feeding – R3669
Influence of Exchange Rate (§)

- **R15,00 – R3 591**
- **R16,00 – R3 787**
Ostrich Farming

CONSTRAINTS:

- Impact of Rand Exchange rate on Profit
- Increase Environmental Awareness (Veldt Management)
- NEMA Regulations (2014)
- New Market Penetration
  - Guarantees on animal welfare & Food Safety
  - Consistent & quality supply
  - High abattoir and Tannery standard compliance
  - Phyto –sanitary requirements of the EU
- Capital intensive & High risk
  - High Chick Mortality
  - Avian Influenza
  - Market uncertainty
- Water Security
Ostrich Farming

OPPORTUNITIES:

- Still nett exporter of ostrich meat
- An extensive range of value adding:
  - Other ostrich meat products
  - Leather
  - Feather
  - Eggs for craft market & tourism
  - Pet Food
  - Fat (extracted oil for cosmetic market)
  - Ostrich Show Farms
Conclusion

- Water Security Drives Agricultural performance of the Little Karoo
  - Move towards high income long term crops: Tree nuts, Stone & pome fruit, vineyards
- Agriculture production diversified and integrated with Ostrich farming
- High Feed cost of Slaughter bird production – Lowering feed cost
- More emphasis on improving Quality of skins.
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- Prof Theo Kleynhans – US
- Joye Potgieter
Thank you
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