



CAPE WOOLS SA

Supporting the South African Wool industry



2014  
ANNUAL REPORT



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ANNUAL REPORT  
2013 — 2014

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# CHAIRMAN'S REVIEW

The 2013/2014 season once again saw production increase and break through the 50 million kg mark. The increase in production over the previous season was nearly 3% and encouraging in a season that was very mixed in terms of weather conditions. This, coupled with an average price that increased by more than 10%, once again resulted in a record turnover for South African and Lesotho wool farmers of over R3 000 million.

There is every reason to believe that the trend to slowly increase South African wool production will continue although the high small grain prices will work against increasing production in the small grain producing areas of the country. It is important to remember that the decision to grow wool is not just a factor of the profitability of wool production but also of the relative profitability of using those resources for alternative enterprises.

Predation and stock theft will continue to have a dampening effect on wool production and because predation is such a huge cost to wool farmers, particularly in the more extensive areas, it is gratifying that a Scientific Assessment of the Effect of Predation on Livestock farming is going to be undertaken and Cape Wools will be a major financial contributor to this work. Due to the excellent work being done by the Wool Trust our budget for research is slowly increasing and I am sure that this will have long term benefits for wool farming in South Africa.

Cape Wools has continued to promote wool to consumers both locally and internationally and in this way helped to sustain the good demand for wool worldwide. We also play a very active role in

the International Wool Textile Organisation which amongst other activities helps us to communicate with our wool trading partners, end consumers and other role-players in the international textile markets.

We hosted a hugely successful IWTO congress in April in Cape Town and we congratulate the organising committee under the chairmanship of Paul Lynch for an excellent job which was also a wonderful promotion for the South African wool industry. Cape Wools was also the title sponsor of the World Merino Conference held in Stellenbosch at the same time. This event was also very well organised and Cape Wools was proud to be part of an event that portrayed the wool industry in such a positive manner.

In order to continue to use our available funds as effectively as possible Cape Wools has undertaken a survey of the Production Advisory Service that is carried out on our behalf by the National Wool Growers' Association. The purpose of the survey is broadly to try and assess how effectively the requirements of the wool producers are being met and how we can go about improving this service, and also to gauge the perceptions and the actual use of this service. I would like to use this opportunity to thank both our main subcontractors Webroute CC and the NWGA for the work that they have done in helping us service the needs of the wool industry.

Thanks also to the staff and board members of Cape Wools for all their work, effort and support during the past very successful year. The whole wool industry is indebted to you all.

# ABOUT US

## DIRECTORS

### WOOL PRODUCER ORGANISATIONS

(Incl. Small Stock Breeders' Society)

GEJ Kingwill (Chairman)

SK Makinana

Dr GE de Kock

JH Prinsloo

### WOOL BUYERS AND EARLY PROCESSORS

#### GROUP

DJ Pape (Vice-chairman)

JP Stucken

PA Lynch

CF Friskin

### WOOL BROKERS AND TRADERS GROUP

W Edmayr

### LABOUR

MG Manqindi

Wool house  
18 Grahamstown road  
North End  
Port Elizabeth

Tel: 041 484 4301 | Fax: 041 484 6792

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Capewool@capewools.co.za  
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## VISION

For Cape Wools SA to contribute in a meaningful way to a sustainable, world class South African wool industry.

## MISSION

To support the South African wool industry with research, development, promotion and market intelligence through progressive, independent and transparent projects, respecting the different role-players.

## CORPORATE GOVERNANCE

Cape Wools SA is a tax-exempt entity without share capital. It was established as an association on March 11, 1997, in terms of Section 21 of the Companies Act (Act 61 of 1973).

The company's Memorandum of Association declares its main business as the promotion of group interests involved in the production, trading and consumption of South African wool.

An elected Board of Directors representing the various interest groups in the wool industry duly governs the company.

# OPERATIONAL REVIEW

## General

The Cape Wools Board of Directors have refined the Cape Wools corporate strategy and have paid particular attention to risk mitigation through the continued refinement of the strategic plan and risk register. The Board remains cognisant of the importance of these developments and work diligently in developing the Cape Wools strategy.

As the sole beneficiary of the Wool Trust, Cape Wools has paid particular attention and exercised due care to its dealings with both the wool industry and the Wool Trust to ensure complete integrity and transparency in its dealings with both. We are glad to report good working relationships that benefit the wool industry at large.

During the 2012/2013 review period we reported on the successful completion of extensive negotiations with the Cape Wools ICT service providers. Cape Wools' policy prescribes outsourcing therefore the ICT services were outsourced to both Webroute CC and Mars Technologies. With the assistance of Pricewaterhouse Coopers consultation services we ensure the integrity of Cape Wools' obligation of accurate and timeous reporting on the wool market.

The Cape Wools Board of Directors, in keeping with King III, continues to dispense their obligation to ICT governance and remain committed to implementing best ICT practice.

Cape Wools delivered support services to assist industry in ensuring trade was unencumbered. The bio-security platform identifies the origin of wool received and was designed to support both the wool industry and DAFF (AQIS)-Directorate Inspection Services in ensuring compliance to international trade regulations as prescribed

through the relevant international veterinary certificates.

Cape Wools delivered non-mulesed status evaluation letters confirming that wool lots had been declared non-mulesed by the producer and that the relevant documentation was maintained by the selling broker on request to the buyer.

The Animal Health Forum under the competent leadership of Dr. Pieter Vervoort continued its function of collating industry requirements and promoting dialogue with DAFF in an effort to find mutually beneficial solutions to the livestock industry's challenges.

Cape Wools remains concerned about the current state of the South African Veterinary Services' ability to deliver a sound service to the wool producer and we look forward to the implementation of sensible solutions following the OIE (PVS) report findings.

The Wool Industry Bursary Scheme run by Cape Wools benefitted 10 students, and bursaries to the value of R285 000 were awarded for the 2014 academic year. The early involvement of industry during the selection process ensures more active participation of the students with the wool industry throughout their studies which in turn more efficiently promotes the wool industry to them as a preferential employer.

The value and relevance of the clip fault report as a tool to combat clip contamination was re-assessed during this period and a renewed emphasis was placed on buyer participation to the scheme, as well as broker and production adviser communication to the producer. Although the volume of incidents appeared irrelevant, the impact of the incidents were deemed so severe that the clip fault report scheme's continuation

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received widespread support from the industry. Posters and dustbins were distributed to support this initiative.

Cape Wools is committed to the upliftment of production from the communal producers and during this period delivered 62 mechanical presses, 77 sorting tables, 36 bin sets and 52 (200kg) hanging scales to 87 shearing sheds in 20 districts across the Eastern Cape. Charnwood & Steel in East London, with the kind assistance of the NWGA, was instrumental in delivering the equipment to mostly remote and not easily accessible areas. The equipment should have a marked impact on the recipients' wool quality and proper pressing of bales should result in savings on transport costs of bales to the market.

Cape Wools financially and technically supported the drafting of a business plan for the initiation of a wool-based pilot project in the Zulukama area. The seven youth co-operatives have so far collectively acquired 700 ewes and 28 rams.

A settlement was reached whereby Cape Wools finally exits its membership of the IWS and waives any entitlements. This finally concludes the IWS chapter for South Africa and resolves any resultant legacy issues.

## Industry Statistics

In terms of the Marketing of Agricultural Products Act, 1996 (Act No. 47 of 1996) Cape Wools SA is responsible for the management of the industry's central database to facilitate access to the wool market for all participants, to promote efficiency of the marketing of wool and optimise the income from wool.

The statutory measure was renewed as of 1 July

2012 and the Minister of Agriculture appointed Cape Wools SA as administrator for a period of four years, lapsing on 30 June 2016.

Access to information, ease of use and timeous delivery thereof form the cornerstone of Cape Wools' intelligence network.

The Cape Wools Merino indicator is widely quoted by industry with confidence

## The Wool Market

The 2013/2014 season was again an exceptionally good season and continued the upward trend. South African export earnings from wool increased to R3 100 million, an increase of 17% year-on-year.

China remained South Africa's largest wool trading partner with R1,900 million, or 60,3%, of total wool exported to their shores - this despite a pedestrian growth rate of 7,6% per annum. This was significantly below levels observed over the past decade, due to supply side shifts from manufacturing to services and from investment to consumption on the demand side. The measures imposed to rein in the rapid accumulation of credit, as well as the government's cotton stock accumulation policy influenced, but did not curtail the market.

The season opened with the market indicator down by 7,6% on the closing sale of the previous season and then gained a remarkable 13,8% to close at R116,03/kg (clean) at the second sale due to excellent demand primarily for good quality fine wools.

For the first half of the season the indicator moved sideways, constantly above the support level of

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R110/kg (clean), and closed at the final sale before Christmas 15,1% up on the opening sale which was 6,8% up on the corresponding sale of the previous year at R117,36/kg (clean).

January 2014 saw the market getting off to a sluggish start with the good demand for 20 micron and finer types boding well for the rest of the month. Buyers indicated throughout the month that good quality wool with length were well sought after and by the 5<sup>th</sup> of February, this solid demand, combined with the shortage thereof at the time, pushed the Cape Wools Merino indicator through the R120/kg (clean) ceiling to end at an all time record high of R120,77/kg (clean), 18,5% up on the opening sale of the season and 4,4% up on the corresponding sale of the previous season.

Raw wool purchases from China for the first six months of the season (July – December 2013) were 16,2% up on the previous season and as expected, the Czech Republic was up by 15,7% with welcome increased demand also from Italy.

The second half of the season saw the Cape Wools Merino indicator come off its record high, moving sideways until weaker demand from China resulted in the market losing 9% of its value through April before supply shortages and a weaker rand propped up the market to end the season at R112,91/kg (clean), 2,4% up on the closing sale of the previous season.

China was the largest importer of South African wool with R1,900 million, the Czech Republic was second at R453,8 million and in third place Italy purchased R374,8 million's worth of wool. Other countries that imported substantial volumes of wool included Germany, Egypt and Britain with Portugal,

## Production and Sales

Total production calculated from broker receipts and buyer returns for the season showed an increase of 3,1% compared with 2012/2013 to 50,5 million kg.

Production is expected to increase next season. The calculated overall weighted mean greasy price for the season was R60,16/kg compared with R52,31/kg the previous season.

BROKER RECEIPTS AND BUYER RETURNS (Kg greasy)			
Source	2013/2014	2012/2013	Change (%)
Eastern Cape	15 529 348	15 015 277	+ 3,4
Western Cape	9 051 541	8 772 426	+ 3,2
Northern Cape	6 043 433	5 609 529	+ 7,7
Free State	10 326 986	10 125 792	+ 2,0
Mpumalanga	2 627 280	2 566 339	+ 2,4
Limpopo	16 569	9 660	+ 71,5
Gauteng	262 683	274 285	- 4,2
North West	679 581	703 738	- 3,4
KwaZulu Natal	758 802	716 036	+ 6,0
Lesotho	4 911 439	4 392 993	+ 11,8
Namibia	6 902	8 493	- 18,7
Direct Purchases	291 566	750 871	- 61,2
Unknown		10 366	- 100,0
<b>TOTAL</b>	<b>50 506 130</b>	<b>48 955 805</b>	<b>+ 3,2</b>





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## Clip Profile

An analysis of the characteristics of the clip delivered during this season and in comparison to the previous season showed that of the bulk of fleece wool deliveries only 40% was good topmaking or better.

Deliveries tested as follows: Superfine (<17,6 $\mu$ ) 4,53%; Fine (17,6 – 18,9 $\mu$ ) 11,9%; Medium (19,0 $\mu$  – 22 $\mu$ ) 73,88%; and Strong (>22 $\mu$ ) 9,69%.

Vegetable matter (VM) contamination levels

tested very low as was the case during the 2012/2013 season with 81,6% of wool on offer testing lower than 2% VM.

Yields were lower this season as 56,8% tested 60% and higher compared with 67% in 2012/2013.

The overall quality of the clip for 2013/2014 was good.

## Early Stage Processing and Fibre Export Profile

The total mass of wool received for processing was 8 899 952 kg which was 13,2% up on receipts the previous season.

The mass returned from processing per class was scoured 3 659 19 (+7,5%); carbonizing 1 610 712 kg (+7,3%); top 2 503 647 kg (+12,1%); noil 347 435 (+11,3%), waste 38 983 kg (-24,6%).

An analysis of fibre exports again confirmed the ongoing trend of growth in greasy wool exports. During the 2013/2014 season South Africa exported 86,8% in weight and 85,3% in value.

The total value of fibre exported amounted to R3 141 947 090, up 17,1% from R2 683 978 115 in 2012/2013.



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## Exports by Major Destination, on weight, 2013/2014 (Clean)

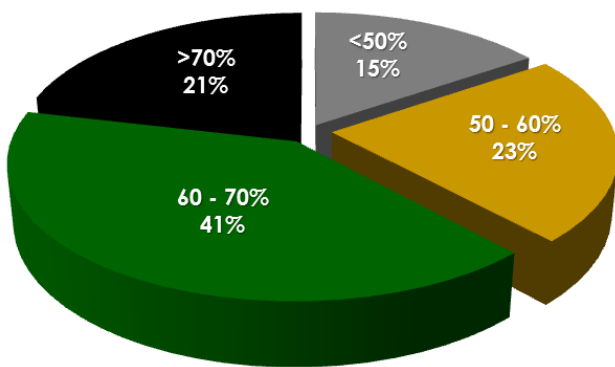
Country	Clean Weight (kg)	% Contributions by Product Type			% of Total Weight All Destinations
		Grease	Scoured	Combed	
China	19 181 858	98,2	1,2	0,6	63,2
Czech Republic	4 202 052	100,0	0,0	0,0	13,8
Italy	3 132 445	32,5	21,8	45,7	10,3
India	1 724 518	89,5	10,5	0,0	5,7
Germany	826 165	10,9	58,9	30,3	2,7
Egypt	608 733	100,0	0,0	0,0	2,0
UK	302 223	6,3	0,0	93,7	1,0
Portugal	106 693	0,0	9,2	90,8	0,4
Mauritius	129 906	0,0	0,5	99,5	0,4
Other	147 416	12,2	54,6	33,2	0,5
<b>TOTAL</b>	<b>30 362 008</b>	<b>86,8</b>	<b>5,5</b>	<b>7,7</b>	<b>100,0</b>

## Exports by Major Destination, on value, 2013/2014 (Greasy)

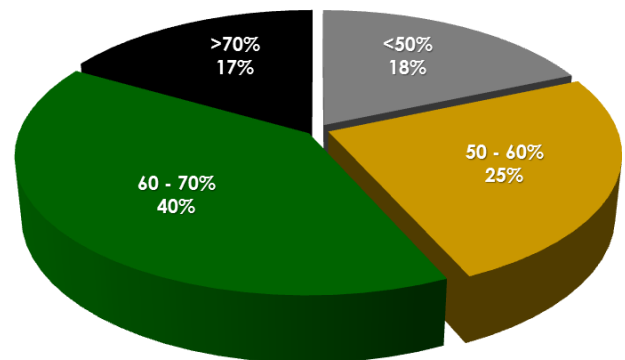
Country	Total FOB Value (R)	% Contributions by Product Type			% of Total FOB Value, All Destinations
		Grease	Scoured	Combed	
China	1 894 879 784	98,0	1,4	0,6	60,3
Czech Republic	453 782 986	100,0	0,0	0,0	14,4
Italy	374 765 914	30,4	18,0	51,6	11,9
India	170 988 059	94,8	5,2	0,0	5,4
Germany	86 243 409	11,1	48,1	40,8	2,7
Egypt	78 655 829	100,0	0,0	0,0	2,5
UK	36 147 752	6,7	0,0	93,3	1,2
Portugal	15 331 917	0,0	6,4	93,6	0,5
Mauritius	14 908 184	0,0	0,3	99,7	0,5
Other	16 219 634	9,7	47,7	42,6	0,5
<b>TOTAL</b>	<b>3 141 923 468</b>	<b>85,3</b>	<b>4,9</b>	<b>9,9</b>	<b>100,0</b>

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FIG 1 CLIP YEILD DISTRIBUTION

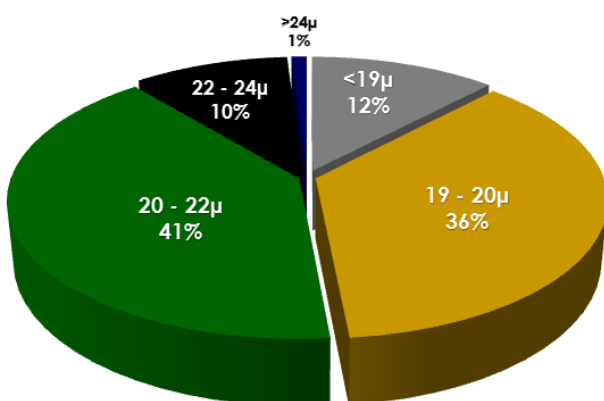


2012/2013

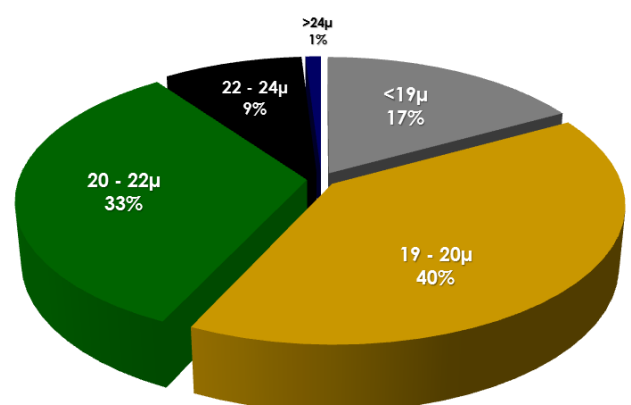


2013/2014

FIG 2 CLIP MICRON DISTRIBUTION



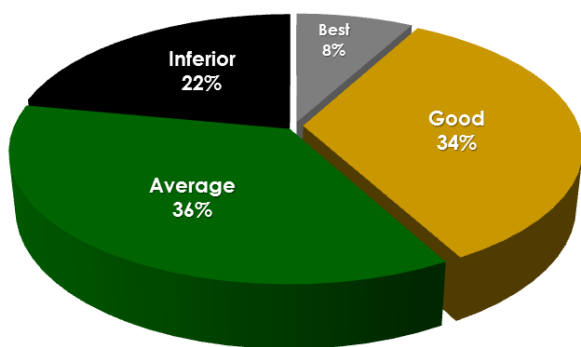
2012/2013



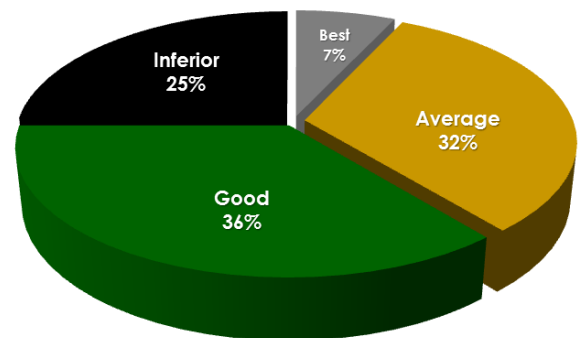
2013/2014

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FIG 3 STYLE DISTRIBUTION—FLEECE WOOLS

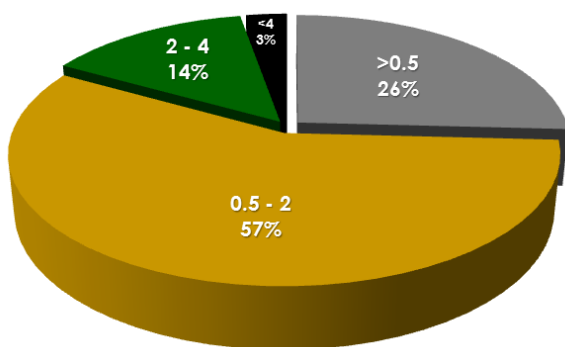


2012/2013

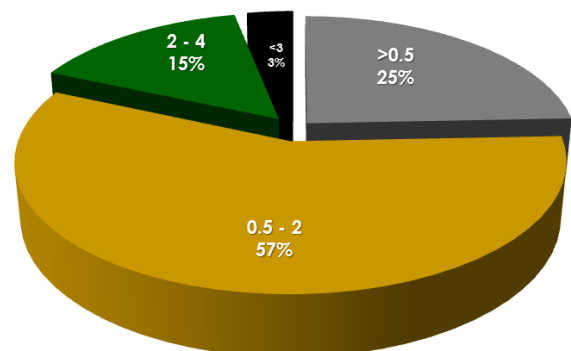


2013/2014

FIG 4 VM VAULT %

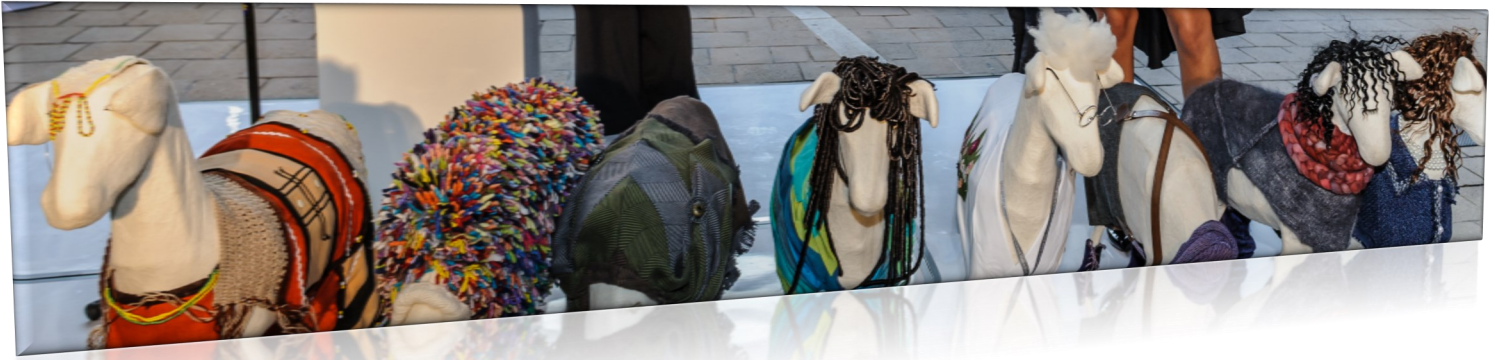


2012/2013



2013/2014





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## Promotion

Wool promotion, including the promotion of the South African wool industry, is an absolute necessity to ensure the sustainability of the industry and to assist the profitability of all stakeholders within the wool industry.

The South African Wool and Mohair Buyers Association and the National Wool Growers' Association of South Africa confirmed the annual contribution calculated at 10c per kilogram of greasy wool sold to promote wool.

Cape Wools allocated R5 million to specifically agreed promotional activities of which R3 955 000 was allocated towards international promotion and R1 061 150 was allocated to domestic promotion.

International marketing and promotion again included funding the very successful Campaign for Wool of which His Royal Highness The Prince of Wales is the patron. The Campaign marked its fifth anniversary with a showcase event at Clarence House where His Royal Highness The Prince of Wales demonstrated wool's ecological and safety benefits by burying a wool sweater alongside a synthetic lookalike, and screened a burn test of a wool duvet, jacket and carpet along with synthetic counterparts.

The 2013 Wool Week celebration started in September with the launch of Campaign for Wool

Italy, followed throughout the summer with activations in Germany, Netherlands, Spain, Korea and China. International Wool Week celebrations are proving to be highly successful and popular with both media and consumers alike.

The joint promotion initiative with the Australian wool industry focusing on the promotion of Merino globally continues although no funding was required as the project had a surplus from the prior year.

From 28 – 30 April the IWTO's 83<sup>rd</sup> congress took place in Cape Town. Over 225 delegates participated in the congress which was generally regarded as highly successful and one of which the South African wool community could be proud of.

Cape Wools SA was also the title sponsor of the 2014 World Merino Conference which took place over the same week as the IWTO Congress. This congress was also highly informative and engaging and was well attended.

Mr. Allan Savory was the keynote speaker at both events and emphasized that the wool industry has the opportunity to do something quite incredible by stopping the desertification of our planet through properly managed livestock.

Mr. Paul Lynch, Mr. Geoff Kingwill and Ms Dalena

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White are commended on their outstanding contributions in ensuring the success of the congresses.

Domestically, Cape Wools exhibited the innovative properties of wool to an audience of eager young designers at the Design Indaba, supported by a haute couture wool dress feature in VISI magazine.

The Story of Wool book has been an exciting and stimulating project and we are proud to report the book is complete and has been approved for printing. The Story of Wool book is a comprehensive compilation of many aspects of the wool industry and will possibly serve a larger audience than its intended grades 5 and 7 in future.

Retail support remains an industry priority and Cape Wools allocated a lot of resources to ensure that they are informed on current events within our industry. We remain committed to this initiative at this point, however difficult the justification thereof.

International publications utilised included the Twist Magazine as well as the Wool Trader. Both are

## Research

Cape Wools contributed R716 158,00 to 12 primarily production-related research projects done at various institutions spread across South Africa. A further R272 500,00 was used to co-fund three post-farmgate research projects. Given the size of the South African wool industry the amount spent on research and product development appears to be inadequate for wool to remain competitive at farm level. A short presentation was also given at a research workshop organised by the Western Cape Department of Agriculture.

One of the highlights of the past year was the

nomination of Professor Schalk Cloete for a prestigious award co-sponsored by the National Research Foundation, for his role in training young scientists, particularly in the field of ovine genetics.

A 3-year project using Single Nucleotide Polymorphism (SNP) to study robustness and reproductive fitness in sheep was concluded in June 2014. It was found that reproduction fitness is influenced by numerous loci distributed throughout the genome but further studies are needed to ascertain specifically how these loci affect reproduction. One SNP (in the CYP17 gene) was confirmed to improve robustness. In the coming year (2014/15) all related research work on the sheep genome will be integrated and called the Genomic Breeding project under Dr. Snyman based at the Grootfontein Agricultural Development Institute. This will include work on SNP's, as well as the following project, for which a total of R200 000,00 was approved for 2014/2015.

The two most important production traits in a sheep enterprise are: 1) the efficiency of the lambs in converting food to body mass and 2) the reproduction efficiency of the ewes. A new project using the Grootfontein Merino flock will evaluate the genetic relationship between these traits. This is a 3-year project that began in July 2013. This project is also incorporated into the Genomic project.

The research work done to determine and to improve the managerial skill levels of small-scale stock farmers in the Western Cape showed sub optimal reproduction rates as well as a high adult ewe mortality rate. Further studies will determine and address the cause thereof. This project will not be funded by Cape Wools in 2014/15.

Cape Wools continued to support the very important project to determine the current floral composition of the semi arid grazing areas of South Africa. This is a big project with numerous facets and involves four different Agricultural Development Institutes and Experimental Stations. Three recent additions to the project include the

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involvement of the University of Pretoria looking at the possible effects of climate change on the plant composition of the Karoo as well as looking at the effects of fire and invasive plants on the carrying capacity of the Karoo. An interesting observation that needs further investigation was that short term, high stocking rate treatments with long intervening rest periods, resulted in the highest veld condition scores (Grootfontein). This observation confirmed a popular view expressed by Allan Savory. A trial determining optimal stocking rates (Carnarvon) indicated veld deterioration as stocking rates increased. This trial only monitored stocking rates, as opposed to rotational treatments. It is clear that a large number of variables play a role in influencing veld composition and condition and that this project is far from complete. R60 000,00 was approved for 2014/2015 (2013/2014 = R60 000).

R94 500,00 was contributed to a project aimed at determining what the effect of wearing wool or wool containing garments would have on the comfort level of the wearer. The results would then be used to predict possible energy saving strategies such as changes in air-conditioning. Initial results indicated that fabric mass and thickness (and not fibre type) had the biggest impact on the measured comfort properties (thermal and water vapour transmission). These results will be verified using a different test (sweating manikin as opposed to a Permetest instrument located at the University of Stellenbosch). This project is almost complete and requires no further financial support.

Wool production in the winter rainfall area has increased every year for the past four seasons. This was despite excellent grain yields since 2011. The area planted to wheat increased significantly (10%) from 2012 to 2013. A shift from pasture to cash crop legumes is also taking place as can be seen in the huge growth in hectares planted to Canola (300% increase in production from 2010 to 2013). Increased pasture production per hectare is therefore essential for wool production levels to be maintained. Research in this field is thus considered of utmost importance to Cape Wools. R140 000,00

was again contributed to the ARC legume pasture research program under Dr. Johann van Heerden for lucerne and clover cultivar evaluation. A similar amount (R160 000,00) was approved for the coming year (2014/2015) and a further R72 000,00 was approved to initiate a program aimed at increasing the pasture production research capacity in the Western Cape.

The sterilization of raw wool project continued with micro bales of wool having been subjected to gamma ray irradiation. The effects of the radiation on the wool have also been evaluated. An addition to the project has been approved to determine if microwave irradiation would have comparable effects. This project runs to a conclusion in the current financial year (2014/2015) and no further funding was required (R28 000 - 2013 -14).

Support of the International Agri Benchmark project continued (2013/2014 - R70 000,00). This project was modified in consultation with the NWGA to include seven (previously three) South African "farms". This will allow comparisons between the various production areas, making the data collected and the intelligence generated more useful. This has however resulted in the cost of the project doubling for the next financial year. The University of the Free State is driving this program.

The evaluation of the genetic improvement program in the communal areas was concluded during the past year and Cape Wools is expecting a final report. Two of the five communities that participated in the initial program (Allan Waters and Kamastone) will be included in a new project also aimed at establishing ram breeding herds within the communal areas. This project will go on without Cape Wools funding.

Internal parasite resistance to anthelmintics is a worldwide problem. South African veterinarians played a leading role in establishing new treatment regimes to address this issue. Such regimes involve identifying and treating only clinically affected



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sheep as opposed to the whole flock, thus leaving a large portion of the parasite population untreated, resulting in a susceptible parasite population. Cape Wools contributed R32 000,00 (2013/2014) to the initial stages of the current project (Development of automated on farm decision support) and as the project has managed to attract overseas support (as was originally indicated), it was decided not to support this project financially in the current year.

The Cape Wools Board considers another RVF outbreak as a threat to wool production in South Africa and as such approached Dr. Bob Swanepoel to put together a team to look into the survivability of the virus in mosquito eggs. An added result would be to create a centre of excellence and increased research capacity to do additional RVF research in future. This work commenced in July 2013 and will be funded for three years (R150 000,00 per annum). OBP was also approached and requested to develop a combination RVF vaccine, specifically one combined with the pulpy kidney toxoid. It was also requested that a trial to evaluate the efficiency of current vaccines be initiated. Financial support for such projects was offered.

The work done in trying to find a biological agent to control body lice (*Bovicola ovis*) on sheep has been concluded and a final report has been received (R32 540,00). It was found that lice infections have a significant negative effect on both live weights of sheep and wool production. Treating infected sheep with an entomopathogenic fungus did reduce the louse infection but, disappointingly, sterilisation was not achieved. Similar work is being continued in Australia. Support for research in the field of biological pest control will be continued by co-funding a project to develop a fungal pathogen bait to suppress adult blowfly populations (R22 000,00 for 2014/2015).

Research needs to be done to determine the occurrence of Ovine Johne's disease in South Africa as this knowledge is essential to formulate

appropriate control measures. As the disease impacts on all sheep breeds, research funding as well as inputs should be from all role-players in the sheep industry, including breeders associations. A research proposal was received by Cape Wools and will be put forward for discussion at the next Research Advisory committee meeting.

In the financial year 2014/2015 work will commence to do a comprehensive scientific assessment on the problems posed by predators to small stock farming. Cape Wools will contribute R250 000,00 to this project. An additional R55 000,00 was earmarked for the development of a synthetic pheromone bait for controlling caracal (rooiakat).

Support through the RMRDT during the previous financial year was given to a research project aimed at trying to determine what, if any, the environmental impact of producing wool may be. This project was concluded and a summary of the results follows.

Sheep in digesting roughage produce methane as a by product. Methane is a potent greenhouse gas (25 times the equivalent of carbon dioxide). Research to determine the total amount of methane emitted by sheep per year in South Africa was concluded. The results indicate that sheep contribute 167 Gg methane (167 000 tons) or 12,5% of the total livestock methane emissions. It is further estimated that agriculture and forestry add 5% to the total greenhouse gas emitted in South Africa. It would therefore appear as if the total contribution made by sheep would be less than 1% of all greenhouse gasses emitted, and for wool sheep about 50% of that. However, it should be noted that to produce one ton of wool in South Africa results in approximately 2,65 tons of methane being emitted. (Grootfontein data, Erasmus 2012).

Another project that was completed and for which a final report has been received, demonstrated that by including phantom parent groups in the analysis of breeding values as well as by the transformation of production data to percentages of contemporary groups, improved the robustness of genetic evaluations, making breeding animal

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selection more accurate.

The Cape Wools Board would like to express our thanks to all the scientists involved in abovementioned projects with a special word of gratitude to the members (including Mrs Greeff) serving on the research committee guided skilfully by its resourceful chairman, Dr. George de Kock.

## Wool Production Technology & training Services

The first term of the two-year Production Advisory Services contract as put out to public tender during 2013, has been successfully completed by the National Wool Growers' Association of South Africa (NWGA). The successful delivery of this service is vital in ensuring an efficient and profitable wool industry for South Africa.

The social and political landscape wherein the South African wool producer operates has evolved and the dynamic nature of South African agriculture at present requires constant support and good leadership to ensure the South African wool producer continues to deliver wool of an acceptable standard. During this period under review, Dr. Louis du Pisani took charge of production advice and development at the NWGA. Cape Wools continues investing in its programmes to ensure South African wool complies to the quality, environmental and animal welfare criteria demanded by the market.

To date, study groups have been regarded as a vital component of extension services in gaining and transferring knowledge. We have not, unfortunately, seen study groups receive the

necessary support to gain the credible traction we desired and we will reassess this valuable tool's future inclusion throughout the 2014/2015 season.

Given the spiraling labour costs, producers are pressed to realize productivity gains from their labour force. Training, and in particular the short courses, have proven both popular and successful. The production advisors delivered 52% on their required delivery of short courses and are committed to delivering the required 72 courses for the 2014/2015 season.

The clip fault report monitors levels of contamination and affords the industry a mechanism of communication to continually improve the clip and maintain South Africa's impeccable reputation.

95% Of the clip is currently declared mules free, whilst the Code of Best Practice is endorsed by over 70% of the national wool producers who are regarded as co-signatories. Continued efforts in educating the rest of the producers still to sign the Code are ongoing. The target of 95% of the national clip remains in force. Declaring the mules status of lots auctioned is in line with international best business practice and continues to be of immense value to the industry. Support of this system by industry remains encouraging.

There is a marked reduction in the demand for training on predator control, partly due to the successful efforts of the NWGA in promoting Mr. Neil Viljoen's predation control practices. Stock losses however still pose a serious threat to the viability of wool sheep farming and combined with stock theft deter agriculturalists from participating in small stock farming.

Cape Wools' vision of improving the communal clip produced from communal flocks and maintained

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in traditionally communal areas of South Africa, continues to guide programmes including flock improvement through genetic improvement. Access to markets and marketing assistance to the communal producers have benefitted them and 3 806 993 kg was delivered from these areas and yielded R137 million rand. This represents a 10% increase in volume and 4,6% in value. The average price received by a communal producer now averages 60% of the average price nationally. Opportunity still knocks for quality and quantity increases.

These communal areas are vast and present unique challenges when dealing as communities. The co-operative structure has proven itself within agriculture and is also finding application here. The Zulukama areas has structured seven youth co-operatives this season and the pilot project is showing encouraging results in successfully attracting youth to wool sheep farming.

Accessing information on wool sheep farming especially so for new entrants remains a challenge and the bi-monthly management calendar with increased wool industry visibility online has alleviated this somewhat. Wool sheep farmers are now able to download a comprehensive wool sheep management calendar from the NWGA website as well as participate in industry discussions on Facebook.

Cape Wools has successfully completed an online production advisory survey which intended to identify producers' needs and provide a gap analysis of the Cape Wools production advisory service. With the survey completed at the end of this reporting period we look forward to the insights gleaned forthwith.

Shearer training programmes provide a pool of trained shearers from which growers, shearing contractors and brokers are then able to source labour for harvesting the wool. Supporting activities are designed to promote shearing as a viable and attractive profession. The wool industry is fully cognisant of the challenges facing producers in accommodating prescribed shearer requirements and the structural change this will require at farm level now.

The Springbok Head courses provided training through accredited instructors following specific guidelines and supported by a technical committee.



# CAPE WOOLS

# FINANCIAL STATEMENTS

Cape Wools SA (NPC)  
(Registration number 1997/003450/08)  
Annual Financial Statements  
for the year ended 30 June 2014