AGRI-PARK MASTER PLAN
Central Karoo District Municipality
Western Cape Province
April 2016

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Contact Details:

Central Karoo Municipality and DRDLR representative details:

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Document Approval:

Approved: ____________________________ Date: /April 2016

Municipal Manager: Central Karoo District Municipality

_______________________________ Date: /April 2016

Chief Director: Provincial Shared Services Centre – Western Cape Department of Rural Development and Land Reform

_______________________________ Date: /April 2016

Director: Service Delivery Co-ordination Provincial Shared Services Centre – Western Cape Department of Rural Development and Land Reform
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<td>ABET</td>
<td>Adult Basic Education and Training</td>
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<tr>
<td>APAP</td>
<td>Agriculture Policy Action Plan</td>
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<td>CARA</td>
<td>Conservation and Agricultural Resource Act</td>
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<td>CASP</td>
<td>Comprehensive Agriculture Support Programme</td>
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<td>CBO</td>
<td>Community Based Organisation</td>
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<td>CBNRM</td>
<td>Community-based Natural Resource Management</td>
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<td>CIF</td>
<td>Capital Investment Framework</td>
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<td>CKDM</td>
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<td>CKDRDP</td>
<td>Cape Karoo District Rural Development Plan</td>
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<td>Comprehensive Rural Development Programme</td>
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<td>CSIR</td>
<td>Council for Scientific and Industrial Research</td>
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<td>DBE</td>
<td>Department of Basic Education</td>
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<td>Development Bank of Southern Africa</td>
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<td>DEA</td>
<td>Department of Environmental Affairs</td>
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<td>PEDDAT</td>
<td>Provincial Department of Economic Development and Tourism</td>
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<td>Development Finance Institutions</td>
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<td>Environment Impact Assessment</td>
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<td>Education, Training and Development Practices- Sector Education and Training Authority</td>
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<td>Further Education and Training</td>
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<td>GDP</td>
<td>Gross Domestic Product</td>
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<td>HDI</td>
<td>Human Development Index</td>
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<td>HIV/AIDS</td>
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<td>HR</td>
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<td>ICT</td>
<td>Information Communications and Technology</td>
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<td>Abbreviation</td>
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<td>IDC</td>
<td>Industrial Development Corporation</td>
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<td>LED</td>
<td>Local Economic Development</td>
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<td>Land Use Management Strategy</td>
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<td>M &amp; E</td>
<td>Monitoring and Evaluation</td>
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<td>MDG</td>
<td>Millennium Development Goals</td>
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<td>MFMA</td>
<td>Municipal Financial Management Act</td>
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<td>MIG</td>
<td>Municipal Infrastructure Grant</td>
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<td>Municipal Planning Tribunal</td>
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<td>Municipal Spatial Development Framework</td>
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<td>Medium Term Strategic Framework</td>
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<td>NARYSEC</td>
<td>National Rural Youth Corps Strategy</td>
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<td>PSDF</td>
<td>Western Cape Provincial Spatial Development Framework</td>
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<td>NDA</td>
<td>National Development Agency</td>
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<td>National Development Plan</td>
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<td>National Environmental Management Act</td>
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<td>NGO</td>
<td>Non-Governmental Organisation</td>
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<td>New Growth Path</td>
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<td>Non-Motorised Transport</td>
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<td>Non-Profit Organisation</td>
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<td>NSDP</td>
<td>National Spatial Development Perspective</td>
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<td>NSSD</td>
<td>National Strategy for Sustainable Development</td>
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<td>OECD</td>
<td>Organisation for Economic Co-operation and Development</td>
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<td>PIC</td>
<td>Public Investment Corporation</td>
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<td>PLAS</td>
<td>Proactive Land Acquisition Strategy</td>
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<td>RDP</td>
<td>Rural Development Plan</td>
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<td>Rural Enterprise and Industrial Development</td>
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<td>Rural Infrastructure and Development</td>
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<td>SWOT</td>
<td>Strength, Weakness, Opportunities and Threats</td>
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<td>Water Service Authority</td>
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<td>Water Service Provider</td>
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Agri-Park Master Plan: Western Cape, Central Karoo District Municipality (Beaufort West Local Municipality)

### Key Components
- **PROVINCE: WESTERN CAPE**
- **AGRI-PARK COMPONENTS**
  - Agri-Park located in Beaufort West.
  - 1 primary location south of Beaufort West, 1 secondary location north of Beaufort West.
- **STATUS**: April 2016
  - Barcit initiative.
  - The final Master Business plan has been submitted 5 April 2016.
  - Awaiting district municipal manager sign off.

### Key Catalytic Projects
- Expansion of Beaufort West airport to handle processed goods (feasibility to be investigated).
- District Agri Hub Procurement Framework (to be investigated).
- Investment in new Waterless wool processing technology.
- Expansion of Wester Karoo Partnership (and possibly others).
- Investment in one of the market in the district to increase water supply and distribution systems.
- Ongoing support of black farmers through the RIA programme.

### AGRO-Processing Business Opportunities
- Proposed agro-processing business opportunities aligned to the primary and support commodities.
  - Improvement and partnership with one or more selected stakeholders in Beaufort West.
  - Wool processing facility (possibly located in Beaufort West).
  - Resuscitation of Beaufort West Hydronics focus on vegetables.
  - Goat Milk Processing/Manufacturing at Longbridge Goat Milk.
  - Olive processing (also LA olive brand support to obtain LA olive shaker is needed).
  - Stone fruit. Apple and pears.

### Key Role Players
- **Public Sector**
  - Training, Information & Research
  - Livestock Research
  - Wool Research
  - Agronomy Research
  - Agricultural Extension Services
  - Quality Assurance
  - Training & Research

- **Industry**
  - Wool & Wool Industry, Loom (WWI)
  - Veterinary Service for the Halal Industry
  - Diseased
  - Meat & Meat Industry

- **Other**
  - Agri-Food
  - AAZA

### Infrastructure Requirements
- Separation of Hydroponics project to 1 600m².
- Farming, feedlot, auction and handling facilities.
- Abattoir: Upgrading facilities (to be determined).
- Small-scale agro-processing facilities (full and half-scale).
- Water supply and treatment facilities.
- Agri-Park development and operation.
- Extension to the existing facilities.
- Student and staff housing.

### NEXT STEPS
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<td>CREDE final appointment District Agri Park Managers (required at the District level).</td>
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<td>Certification of farm businesses (prerequisite for Agri-Park members).</td>
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<td>Agri-Park West Site Feasibility Study.</td>
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<td>Agri-Park West Watershed feasibility and Business Plan.</td>
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<td>Outcome of the Western Cape Department of Agriculture waterless wool and mohair cleaning study published by all stakeholders.</td>
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<td>Agri-Park performance targets established and incorporated into district IDP and SDF plans.</td>
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<td>Applicable department.</td>
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<td>Key commodity development plan developed.</td>
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<td>Feasibility Study.</td>
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<td>Agri-Park infrastructure and management structures operationalized.</td>
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<td>Design and build projects, including construction of water, electricity, waste water, and gas distribution.</td>
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<td>Agri-Park existing and newly acquired.</td>
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<tr>
<td></td>
<td>Agri-Park development and operation.</td>
</tr>
<tr>
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<td>Agri-Park infrastructure and management structures operationalized.</td>
</tr>
<tr>
<td></td>
<td>Design and build projects, including construction of water, electricity, waste water, and gas distribution.</td>
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### Possible Economic Benefits
- The Agri-Park will invest new investments into the economies of the communities where the hub and FPSUs will be located. It will create jobs in the construction phase of the actual FPSUs. It will also create a number of permanent operational jobs and new small business opportunities once the Agri-Park is implemented. This initiative will also support small and emerging farmers in their quest to become sustainable and profitable through training, financial, insur, value adding and marketing support. In general, the Agri-Park will have the following positive impact in the district:
  - Improved economic transformation, employment and inclusive growth.
  - Increased employment.
  - Increased and more sustainable agricultural production.
  - Increased value-added and poverty reduction.
  - Increased access to markets.
  - Skills development.
  - Enterprise development for small and emerging farmers.
  - Increased food security.
  - Increased tax revenue and municipal rates and service revenue.
  - Economic growth and increase in Gross Geographic Product.
Executive Summary

Report Purpose:

This report has been commissioned by the Department of Rural Development and Land Reform to inform the way forward with the Central Karoo (CK) District Agri Park initiative. This Central Karoo District Agri Park Master Plan provides a broad framework to guide the way forward. However, this report must continue to evolve and be viewed as work in progress as additional information comes to light and as the stakeholder engagement process deepens moving forward.

The purpose of the report is to provide a 10 year Agri-Park Master Plan Framework regarding priority agri-park agriculture commodities and agri-processing initiatives, required facilities and services, institutional options, and way forward issues regarding planning processes and detailed feasibility analysis so that The CK District’s emerging farmers can strengthen their participation in agriculture value chains.

Western Cape Agriculture Sector:

The agricultural sector in the Western Cape employs about 160,000 people (2014) or 8.4% of all Provincial employment and its Gross Value Added grew at an annual average of 1.9% between 2003-2013 with future estimates and projections forecasting annual average growth of 2.3% between 2015-2020.

Although the region is regarded as climatically relatively stable, it has become increasingly prone to damaging climate extremes and disasters with direct damage costs associated with climate-related extreme events amounting to over R5 billion since 2003. The sector also faces significant non-climatic drivers and pressures including global market instability and rising input costs, competition against highly subsidised counterparts internationally, water and energy supply uncertainties, serious disease outbreaks, labour unrest, and land reform process uncertainties. All these factors are compounded by a growing urban population that is making demands on land, food and water.

According to the WWF-SA (2013), “South Africa has no surplus water and all future development will be constrained by this fact. Farmers will have to double their use of water by 2050 if they are to meet growing food demands using current farming practices. To avoid a crisis, water supply needs to be enhanced and water use efficiency increased.”

Central Karoo District Situation Analysis:

The Central Karoo District Municipality is the largest district in the Province spanning 38,854km². It is comprised of three local municipalities: Laingsburg, Prince Albert and Beaufort West, and the District Management Area. The seat of the district is Beaufort West which is located along the N1 between Cape Town and Johannesburg.

In 2008, the total commercial farm area in the District was estimated at 3.9 million HA, with 34,970 HA transferred under land reform, and 23,230 HA under commonage land area. The Central Karoo District has a small number of agricultural commodities including small stock, stone fruit, Lucerne, fallow, planted perennial pastures and natural grazing areas. The Central Karoo District does not have large areas under irrigation and this places a constraint on the expanded production of many commodities. In terms of live-stock, large numbers of goats and sheep are concentrated in the District.
In the Central Karoo District in 2013, there were approximately 85,000 goats, over 415,000 sheep, over 11,000 cattle, 11,000 ostrich and 1,100 pigs. The Karoo Lamb Brand is becoming increasingly recognised and is one of the District’s key competitive advantages.

**Priority Central Karoo District Agri Hub Commodities**

The Central Karoo District proposed Agri Park commodities have been identified using specific criteria and stakeholder inputs which include the potential for participation and growth for small and emerging farmers. The CK’s selected dominant commodity for immediate (years 1 onwards) agri park focus is small stock (mainly goats and sheet) including meat, wool, and leather processing. A number of other commodities are also identified for medium and long term (3-10 years) agri park linkages (including vegetables, lucerne, flowers, and goat milk processing).

Increasing the productivity of the producers in the smallholder sector should be a major industry objective. This objective should start with the improvement of infrastructure, education of extension officers and simplified and easier access to credit (Spies, 2011). Various initiatives exist to improve live-stock management and the Agri Hub will need to strengthen partnerships with these initiatives.

There are at least five abattoirs in the District although none of these are operating at full capacity and the drought is further impacting on difficulties in finding sufficient supply of animals. The proposed strategy involves forming a partnership with one of the three abattoirs in Beaufort West to minimise infrastructure upgrading costs and maximise emerging farmer access to the value chain.

Key identified opportunities include the possibility of supplying major government institutions in the District including the Oudtshoorn Army base, the scope to apply new innovative technologies for the waterless cleansing of wool (Western Cape Department of Agriculture feasibility study underway), and linkages on the Tannery side with the numerous game farms in the District. Compliance with health standards and livestock improvement initiatives linked to emerging farmer partnerships to strengthen farm and financial management and access to credit will be critical to maximise these opportunities.

**Food processing opportunities in the Central Karoo District**

District food processing opportunities have been identified with potential in the short term (0-2 years), and medium to long term (2-10). While immediate the implementation focus of the Agri Park will be on the short-term opportunities, it is also important that planning and preparation to develop the medium and longer term processing opportunities also takes place in the short term. The medium and longer term opportunities will require production planning and emerging farmer capacity development in order to maximize emerging farmer participation in these opportunities.

**Short Term: 0-2 years:**

As a result of consultation and inputs received into this Master Plan (including via the Central Karoo Rural Development Plan (CKRDP) (2015) consultation process), the following proposals emerged:

a) Upgrading and partnership with one or more selected abattoirs in Beaufort West\(^1\) (possibly to include training required for ZA certification veterinary approval). Ideally, irrigated

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\(^1\) Existing abattoirs are not operating to capacity and are sourcing animals from as far afield as outside the Western Cape. It is not deemed feasible to expand the number of abattoirs in the District.
pastures and/or a feedlot business should be located close to the Agri-Hub using purified waste water to round off stock before being slaughtered for the premium meat market;

b) Investigating the feasibility of one Tannery to be located in Beaufort West (given the existence of three abattoirs and its logistical centrality)\(^2\);

c) Waterless Wool and Mohair Cleaning & Processing Facility Feasibility (if the outcomes of the current study are positive it is proposed that the facility requirements are identified and where possible located at the Agri Park in Beaufort West); and

d) Lucerne (including from production areas in Rietbron, Nelspoort, Lainsburg and other areas in the District) and linkages with a possible Lucerne pill processing facility to be established in CK or CK District.

In addition, the following medium and longer term processing opportunities have been identified for further investigation in the Medium Term: 2-4 years:

1. Resuscitation of the hydroponics project which could focus on:
   - Flowers (currently mainly grown around mainly at Prince Albert) to serve various markets including the local tourism and conference industry (e.g. Roses).
   - Vegetables (the possibility of producing vegetables close to the agri-park site should be investigated further).

2. Goat Milk Product Manufacturing: Laingsburg Goat Milk Project\(^3\): According to the Laingsburg Municipality, this project could consist of “building a Goat Milk Factory and selling area, 10 Small Farmers with 30 “Switserse” goats selling milk to the factory the products are than be processed and, packaged, labelled and distributed”. Apparently local Businesses are willing to buy the products.

3. Vegetables (depending on potential production quantities and locations) including the revival and restructuring of the currently dormant hydroponics project in Beaufort West).

And in the Long Term: 5-10 years:

1. Olive processing (Also SA olives branding support to obtain SA olives sticker is needed). It is not yet clear if the planting of additional olive trees on or close to the agri-park site should be investigate further. Ideally, a partnership or partnerships with existing olive processors should be explored to improve emerging farmer access to olive processing facilities;

2. The possibility of planting prickly pears on or close to the agri park site has also been raised and requires further investigation; and

3. Stone Fruits: Apricots (and possibly other fruits including figs) and proposed Prince Albert fruit drying facility, as well as Pomegranate initiative in Murraysburg (and also possibly linked to hydroponics feasibility at Beaufort West), as well as the feasibility prickly pears processing (either in close proximity to the agri hub in Beaufort West and/or the production area of Matjiesfontein).

Instead a strategy to optimize emerging farmer access to, and partnerships with, existing abattoirs is regarded as the best way to optimize emerging farmer development and broader economic benefits to the District.

\(^2\) The assessment is that there is not sufficient volume for more than one tannery in the District to be feasible.

\(^3\) The goat milk project may be confined to a fairly small local project and whether it should be a priority processing opportunity for the District Agri Park Master Plan will need further discussion by District role-players.
Agri hub Strategy

The Central Karoo District Agri Hub will contribute to the following outcome: Vibrant, equitable and sustainable rural communities. The Agri-Park Vision is as follows:

*The Central Karoo DM Agri-Park will be a well-managed initiative that involves good coordination and involvement between emerging and commercial farmers (as well as the three spheres of government) in its governance and management (including effective monitoring and evaluation of operations and projects) and where emerging farmers are empowered with the necessary support, resources, knowledge, and skills to sustainably manage farm production, access processing opportunities and supply value chains and access markets without necessarily relying on ongoing government funding.*

The Agri-Park Mission Statement is as follows:

*The Central Karoo Agri Park will assist to address the needs of emerging farmers to strengthen their ability to participate in both local and international (where relevant) value chains by coordinating and supporting improved access to capacity development (e.g. farm management) and other support services and facilities (e.g. access to equipment, water, transport, processing, cold and normal storage, packaging and distribution as well as market information and research) in order to meet the standards and other purchasing requirements of relevant supply chain buyers, thereby helping to retain and create jobs and improve the incomes of emerging farmers and farm workers.*

**Proposed Goal Statement for Central Karoo DM Agri-Park:** By 2025 Central Karoo DM’s rural areas and towns would be transformed into thriving areas in terms of jobs, food security and opportunities to prosper.

To achieve the proposed Agri-Park Goal, the following objectives aligned to the Agri-Park draft policy framework are proposed for the implementation of Central Karoo Agri-Park:

**Objective 1:** Transformation and Modernization

**Objective 2:** Agri-Park Infrastructure Development

**Objective 3:** Agri-Park Governance and Management: To enhance agricultural productivity, the Agri-Park is to enable producer ownership of 70% of the equity in Agri-Parks, with the state and commercial interests holding the remaining 30% minority shares (see Figure below); and allowing smallholder producers to take full control of Agri-Parks by steadily decreasing state support over a period of ten years. As the Lead Sponsor, the DRDLR must appoint a suitably qualified and experienced Agri-Park Manager who will facilitate the formal establishment of the Agri-Park and its constituent institutional arrangements to ensure that the Agri-Park (at FPSUs and Agri-Hub levels) provides a comprehensive range of Farmer Support Services for farming excellence.

**Figure 1 Proposed Agri-Park Ownership, Governance and Management Model**
Objective 4: Agri-Park Funding: To facilitate funding, and investment for the development of the Agri-Park over the next 5 years.

Objective 5: Agri-Park Farmers and Communities Development: To provide technical support and extension services to Agri-Park beneficiaries over the next 10 years and beyond.

Objective 6: Agri-Park Implementation Capacity: To enhance the capacity and capability of officials responsible for the implementation of the Agri-Parks over the next 3 years.

Agri hub Infrastructure Plan

An Agri-Park is not only physical buildings located in single locations (like ordinary industrial parks) per district but it is a networked innovation system of agro-production, processing, logistics, marketing, training and extension services located in District Municipalities. As a network it enables the growth of market-driven commodity value chains and contributes to the achievement of rural economic transformation (RETM). An AP contains three service collections: Farmer Production Support Unit (FPSU), an Agri-Hub (AH); and the Rural Urban Market Centre (RUMC) which may service multiple districts.

Beaufort West in the Beaufort West LM has been identified as an AH due to its strategic central location as the district gateway and agro-processing potential due to the good road transport networks crossing the district (in particular the N1 linking to both Cape Town and Johannesburg).

This Agri-Hub will support the feeder Farmer Production Support Units.
Primary production of livestock will take place at the FSPUs level including communal and commercial livestock farmers and from government owned farms under the land reform programme. Some of the emerging livestock farmers with small number of stocks will be arranged into cooperatives to reduce their transaction costs. Livestock from the FSPUs will be delivered either to the feedlot or abattoir depending on the size of the animal. Smaller animals will be delivered to the feedlot for fattening before being delivered to the abattoir.

The Agri-Hub in Beaufort West should include a wide range of facilities and support services including: An Abattoir (one of the three existing in Beaufort West) and linked irrigated pastures (10 ha) to round off animals for the premium meat market; Training facilities; Intake, storage and dispatch facility of about 2000 m² for animals and Lucerne; Small packing and cooling facility for vegetables and/or fruit (medium term); Local market facility to sell local produce; Office space (open plan office with desks), boardroom (2) facilities, internet cafe and secretarial services for local emerging farmers; Main production input supply facility (most probably a cooperative) of about 2000 m² (shop to purchase production inputs); Main mechanization centre and equipment servicing and repair centre; Extension services with shared offices at the training centre; Veterinary services through the local animal protection association; Market information centre with shared offices at the training centre.

Five Agri FPSUs have been identified:

- Murraysburg: linked to 6400 HA commonage land: small stock improvements, lucern production (shared equipment), possibly fruit
- Prince Albert: small stock improvements, fruit and vegetable production and processing, flowers.
- Lainsburg: small stock improvements, fruit and vegetable production and processing.
- Merwerville and/or Possibly Leeu Gamka- small stock improvements and lucerne production (with shared equipment) linked to possible processing plant (located in Central Karoo or CK District to be investigated).
• Nelspoort: small stock improvements and Lucerne (100 HA possible production potential) (Vuyani Dev. Trust).

Ideally the FPSUs should be located on municipal land wherever possible. Each Municipality needs to identify the detailed location and land for FPSUs in consultation with emerging farmers. Linkages with existing infrastructure and facilities should be maximised wherever possible. The FPSUs should include the following facilities and support services: Small Produce handling facility – receipt and dispatch of produce from the catchment areas (mainly animals, but also other produce); Mechanization and repair centre; Local market facility to sell produce locally; FPSU production input supply facility (a local branch of the main production input supply facility); Small meeting and internet facility.

The Rural Urban Market Centre Unit (RUMC) will link and contract producers and markets through contracts; acts as a holding-facility, releasing produce to urban markets based on seasonal trends and provides market intelligence and information feedback, to the AH and FPSU, using the latest information and communication technologies. The site for Central Karoo RUMC has not been confirmed. It is however proposed that the Central Karoo and CK District should seriously consider a shared Rural Urban Market Centre either at Beaufort West or Oudtshoorn depending on a more detailed analysis of commodity linkages and logistical requirements including access to relevant local and regional markets.

There are also plans underway to strengthen the Oudtshoorn Airport’s ability to service cargo needs and there may be synergies between the Agri-Park and future airport development and cargo feasibility. At the same time discussions are also underway to strengthen the Beaufort West airport and its ability to service freight. A holistic assessment of regional airport development is needed as the Agri Park initiative unfolds.

Regarding market access and maximising access to local markets, it is proposed that the RUMC explore the potential to establish a District Agri Hub Procurement Framework Contract to facilitate stream-lined procurement from local producers by a wide range of national, provincial and local government institutions. It is also proposed that a national brand be developed for Agri Parks which can strengthen market awareness and market access.

**Agri hub Implementation Plan**

The Agri Park implementation will continue to evolve as new developments unfold. It will be important for implementation to take place in as coordinated a manner as possible and therefore the pending appointment of a District Agri Park Manager will assist in this regard and provide a key focal point for all stakeholders to interact with.

This 10 year Agri Park Master Plan implementation plan therefore contains the following:

a) Agri Park Success Factors based on international experience;

b) Agri Park Implementation monitoring plan to guide the monitoring of the agri park (it will be critical for stakeholders to agree on key indicators to be monitored and for regular progress

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4 Casidra has identified a plan to strengthen the Vuyani Development Trust (which has suffered from poor livestock, financial and farm management as well as skills deficits) and this needs to be implemented and linked to the Agri Hub and FPSU planning process.
reports on these indicators to be presented and discuss at the agri park stakeholder meetings such as the DAPOTT and DAMC)

c) Agri Park Risk Management Plan: it will be critical for key risk managers to be identified and who are responsible to implementing actions to mitigate the key risks facing the successful implementation and operation of the Agri Park.

d) Agri 10 Park High Level 10 year implementation plan to provide an indication of the phased implementation approach; and

e) Agri Park Strategic Partnership Framework to provide an indication of the wide range of partnerships which will need to be explored, facilitated and defined to ensure the successful operation of the Agri Park.

Way Forward and Next Steps

This master plan will be taken forward by the District which will facilitate its ongoing evolution and implementation with a wide range of partners and support organisations. The following next steps can be identified:

A number of specific feasibility studies, consultation and further research will now be required during the course of 2016 to further detail the Agri Park and processing opportunities, including the identification of possible implementation partners and facility planning requirements:

1. DRDLR to clarify with District Municipality if 2015/16 funding for agri-park projects can be rolled-over to 2016/17.

2. DRDLR to finalise appointment District Agri Park Managers (Stakeholders have strongly requested that the Agri Park Managers be located at the District level so that meaningful coordination and implementation can take place).

3. DRDLR to provide clarity on Agri Park service providers to the DAPOTT AND DAMC who have been appointed to assist with required detailed feasibility studies as well as detailed facility designs and costing so that coordination can take place at a District Level.

4. Identification of Beaufort West Abattoir Strategic Partner including possible Certification/registration of abattoirs in the Central Karoo:
   An analysis of the capacity, use and suitability of all the existing abattoirs in Central Karoo and a costing and motivation of the upgrading of some of them to export the "Karoo" brand. An indication of the requirements for the farms and the abattoirs to obtain the "Karoo" brand to be explored to inform the feasibility of the proposal.
   
   The possible need to to develop and issue an Expression of Interest from existing abattoir owners in Beaufort West should be investigated after initial consultations with the three abattoir owners. Initial discussions should include briefings on the agri park model and proposed institutional arrangements. The agri-park requirements would need to inform this EOI.

   A feasibility study will then be needed, including identifying any possible infrastructure upgrade needs. The results of this study should be used to inform the refined institutional arrangements including clarity on the participation of emerging farmers.
5. **Beaufort West Tannery Feasibility:**
The Abattoir feasibility should be conducted in parallel with the Tannery feasibility study (the possibility of combining these two feasibilities into one feasibility should also be considered). Issue of location, volumes, markets and institutional arrangements should all be addressed. Linkages to the game industry should be investigated. DAPOTT to approve feasibility ToR.

6. **Central Karoo and CK District Lucerne Pill processing feasibility:**
A joint feasibility into the above covering both Districts needs to be initiated and which links to emerging farmer Lucerne production areas in both Districts. DAPOTT to approve feasibility ToR.

7. **Beaufort West Hydroponics Feasibility and Business Plan:**
A feasibility study is required into the above including whether this can be linked to flower industry opportunities. A business plan must be developed which is based on vegetable production as the core focus and which includes the identification of a cost-efficient market access logistics plan as well as water-efficient water re-use processes in order to enhance market feasibility. A minimum size of 16,000m² of production area should be explored to enhance feasibility (this will require an expansion of existing infrastructure). DAPOTT to approve feasibility ToR.

8. The District and Local Municipalities will need to make provision for the Agri Park in their Integrated Development Plans (IDPs) (including possible infrastructure and services needed for the Agri Hub, FPSUs, and RUMC), Local Economic Development Plans, and Spatial Development Frameworks (SDFs). In addition, Local Municipalities must ensure an agri park representative is nominated to participate in future DAPOTT meetings. In addition, Local Municipalities (together with the District Municipality, DRDLR, and Provincial Department of Agriculture) will need to identify specific sites for the Farmer Production Support Units (ideally such sites should be aligned to any nodes identified in local SDFs). District and Local Municipalities to engage emerging farmers to refine facility and service requirements at FPSUs. If EIA processes are required, the possibility of an EIA class application for all Agri Park EIAs should be investigated to speed up the planning process and ensure it is efficient:
   a) Murraysburg: linked to 6400 HA commonage land: small stock improvements, lucern production (shared equipment), possibly fruit
   b) Prince Albert: small stock improvements, fruit and vegetable production and processing, flowers.
   c) Lainsburg: small stock improvements, fruit and vegetable production and processing.
   d) Merwerville and/or Possibly Leeu Gamka- small stock improvements and lucerne production (with shared equipment) linked to possible processing plant (located in Central Karoo or CK District to be investigated).
   e) Nelspoort: small stock improvements and Lucerne (100 HA possible production potential) (Vuyani Dev. Trust)

9. **DRDLR to facilitate a meeting with both CK and Central Karoo Districts to discuss (and agree on) the location of the Rural Urban Market Centre (Oudtshoorn or Beaufort West).**
10. The outcome of the Western Cape Department of Agriculture waterless wool and mohair cleaning study should be discussed with all stakeholders and possible implications for the Agri Park identified (including for the site in Beaufort West as well as for the emerging farmer capacity development plan in point 12 below).

11. Additional research and studies will also be required including but not limited to the following:

**Skills Development and Training opportunity (through e.g. NARYSEC & South Cape College):**

Training and skills required for the agro processing opportunities should be identified to inform Training Courses and opportunities (explore partnerships with NARYSEC). Consider synergies between the locality of the Beaufort West Youth Hub’s training component in relation to the industrial area or the Agri Park site where additional training opportunities can be created such as welding or "block men".

**Analysis of State Owned Land in Central Karoo:**
An analysis of all state owned land is required to determine the use of all state owned farms in the Central Karoo to determine the current use of the farms and whether these farms could be better utilized for Land Reform purposes, prior to acquiring more privately owned farms. Even though it is not an agro processing opportunity, it is still considered to be a critical component of rural development in the Central Karoo. The study should distinguish between farms acquired by DRDLR for Land Reform and farms owned by other state departments.

12. Detailed design of agri park and FPSU facilities should commence as informed by detailed user needs analysis. Existing facilities should be used wherever possible. Additional infrastructure support requirements (e.g. bulk infrastructure) to be identified as part of this process. Any land ownership and planning process implications (e.g. re-zonings, EIAs) to be identified and process initiated.

13. Resource Mobilization, Collaboration and Partnerships including clarification of funding sources to be initiated by the District and DRDLR to clarify funding arrangements.

14. Detailing of agri-park desired institutional arrangements to be informed through detailed legal advice.

15. Regarding market access and maximising access to local markets, it is proposed that the RUMC explore the potential to establish a District Framework Contract to facilitate streamlined procurement from local producers by a wide range of national, provincial and local government institutions. It is also proposed that a national brand be developed for Agri Parks which can strengthen market awareness and market access.

16. The Development of a small stock improvement and farm management programme should
proceed to clarify how all relevant role-players can strengthen emerging farmers in the District. Key industry associations, the Provincial Department of Agriculture, and private sector role-players such as the Merino Konsortium, need to be engaged with. The possibility of organising a District Emerging Farmer Capacity Building consultative workshop to discuss this process should be considered.
CHAPTER ONE INTRODUCTION AND BACKGROUND

1.1. Introduction

The Department of Rural Development and Land Reform’s (DRDLR) Office of the Chief Director, Rural Development: Service Delivery Coordination appointed Camissa Institute of Human Performance (Pty) Ltd (Camissa) and Managing for Excellence (Pty) Ltd Joint Venture (Camissa) to develop a Master Agri-Park Business Plan for and with the Central Karoo District Municipality to inform the operationalisation of the District Agri-Park.

*Figure 3 Central Karoo District located within the Western Cape Province*

1.1.1. Report and Master Plan Purpose

The purpose of this Master Plan documents is to serve as a working document to guide the more detailed implementation of the Central Karoo Agri Park.

The Master plan provides a framework to guide the Central Karoo District as it facilitates an ongoing process of detailed stakeholder involvement in implementing the range of inter-linked initiatives which need to be in place for the Agri Park to succeed.

This document needs to be treated as a working document and updated periodically as the broader context and development opportunities and constrains continue to evolve.

1.1.2. Project Context

Eradicating rural poverty is one of the most critical challenges facing the South African government. Despite a great deal of work done by government and other sectors between 1994 and 2000, rural poverty proved to be stubborn and impact was considerably lower than expected. The key problem
seemed not to be the range and quality of development or anti-poverty programmes in existence, but the failure to co-ordinate their activities and provide an integrated package of services that matched local priorities.

Agri-Parks as a concept is new in South Africa though it is practiced in other parts of the world. The concept involves the use of collective farming, farmer-incubator projects, Agri-clusters, and eco-villages. At the same time it assists with land conservation and preservation. It also evokes the traditional model of an agricultural business hub, where multiple tenants and owners operate under a common management structure where for example a range of Agri-Horticultural enterprises may exist. The model must have a strong social mobilization component so that Black farmers (subsistence households, smallholder and emerging) and agri-business entrepreneurs are actively mobilised and organised to support this initiative.

The model also seeks to strengthen existing and create new partnerships within all three spheres of government, the private sector and civil society. Partnerships with Department of Agriculture, Forestry and Fisheries (DAFF) and Department of Cooperative Governance and Traditional Affairs (DCoGTA) are critical.

The Agri-Parks should be:
- Based on economic advantage;
- Have all the elements of the value chain for dominant products; and
- Ultimately lay the foundation for rural industrialisation.

The objectives of the Agri-Park are to:-
- The development of the a Black farming class in terms of technical expertise and ability to supply the market sustainably and at the desired market quality;
- Emerging Black farmers working in joint Ventures to participate in supplying the Agri-Park;
- Private farmers to join the Agri-Park as a lucrative investment opportunity; and
- Develop partnerships with other government stakeholders to develop critical economic infrastructure such as roads, energy, water, ICT and transportation/logistics corridors that support the Agri-Park value chain.

The guiding principles of Agri-Park establishment are:
- One Agri-Park per District (44) with focus on the 27 priority districts.
- Agri-parks must be farmer controlled.
- Agri-parks must be the catalyst around which rural industrialization will takes place.
- Agri-parks must be supported by government for a period of 10 years to ensure economic sustainability.
- Strengthen partnership between government and private sector stakeholders to ensure increased access to services (water, energy, transport) and production on the one hand, while developing existing and create new markets to strengthen and expand value-chains on the other.
- Maximise benefit to existing state land with agricultural potential in the provinces, where possible.
- Maximise access to markets to all farmers, with a bias to emerging farmers and rural communities.
- Maximise the use of high value agricultural land (high production capability).
- Maximise use of existing agro-processing, bulk and logistics infrastructure, including the availability of water, energy and roads.
- Support growing-towns and revitalisation of rural towns, in terms of high economic growth, high population growth over past 10 years and promote rural urban linkages.
1.1.3. **Agri Park Master Plan Scope and objectives**  
Camissa and Managing for Excellence was expected to:

a) Develop a Central Karoo **District Municipality** Master Agri-Park Business Plan, aligning the Agri-Park model developed by the DRDLR and the dominant Commodity Value Chain (s) in the specific district

b) Develop the Master Agri-Park business Plan in line with the commodities in the respective:
   1. Farmer Production Support Units (linked to farmers and farming areas; 
   2. Agri-Hub and feeder FPSUs; and
   3. Rural Urban Market Centre and linkages with Agri-Hubs and FPSUs.

c) The Business Plan must highlight existing and possible new agro-processing initiatives, possible synergies and linkages based on market analysis and financial viability.
   1. **Three possible agro-processing business opportunities** must be identified
   2. An **institutional/organisational plan** must be developed showing how existing farmer support organisations, support services (private and public sector) and farmers will be linked to the Agri-Park model

d) Consider during the development of the Business Plan, but not limited to:
   1. Review all existing documentation available in terms of status quo information, maps and reports for the district under consideration this would include social, economic, and institutional matters
   2. To work with the district identified representatives and the DRDLR provincial office to develop Agri-Park Master Business Plan aligned to the Agri-Park model.
   3. To utilise tools developed by the DRDLR and CSIR. Identify the dominant commodity value chains through liaison with the district and local municipalities and the following should be considered:
      ii. Socio-economic viability and sustainability:
      iii. SWOT analysis that includes legal, environmental, financial and technical analysis
      iv. Identify current agro-processing initiatives and possible synergies, linkages and opportunities to buy into existing businesses.

1.1.4. **Methodology and Process Followed**

The Agri-Parks development and establishment is an initiative of the South African Government aimed at transforming rural areas and contributing to the growth and development of the agricultural sector. The Agri-Park Master Plan implementation will cut-across national and provincial government structures, district and local municipalities, and various stakeholders including beneficiary farming enterprises.

The development of this AP Master Plan followed steps outlined below:

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1.1.5. The Agri-Park Master Business Plan

This APMBP draws on the findings, recommendations and conclusions of the Situational Analysis report (see annexure A) for the CKDM which was part of phase 1 for the drafting of this APMBP. In terms of the above definition the APMBP for the CKDM can be described as an operational network of agriculturally driven production, contracts and value adding business interventions, spatially situated at carefully selected/chosen Agri-Hub (AH) site, Farmer Production Support Units (FPSUs) sites and Rural Urban Marketing Centre (RUMC) site to provide technical support and assistance to Black smallholder and emerging commercial farmers.

The AH, FPSUs and RUMC are also selected/chosen to facilitate the movement of agricultural outputs to consumers and fits a specific typology to match its objective, leading to the clustering and location of smallholder and emerging farmers with the focus on enhancing their access to physical, economic and social capital, production inputs, agricultural outputs, finance, markets, extension services, education and training and organisation opportunities.

This APMBP is anchored on sound principles of sustainable development (people, planet and profit), financial viability and business management and governance as these are the foundation of sustainable Agri-Parks and inclusive agricultural and rural economic growth and development.

1.1.6. Instructions for Reading this Master Plan and Report Structure

This report contains the following sections:

**Chapter 1:** Introduces the APMBP project scope and methodology used, and also outlines a background to the Agri-Park concept and to this Master Plan

**Chapter 2:** Provides a summary of the situational analysis conducted to inform the Master Plan with emphasis on dominant commodity analysis, District Agri-Park, SWOT, and findings and conclusions.

**Chapter 3:** Drawing from chapter two analyses, this chapter proposes the District Agri-Park Strategy aligned to the provincial agriculture and district priorities for the
1.2. Background and Context

1.2.1 Introduction

Most rural areas in South Africa face the triple structural challenges of unemployment, poverty and inequality as can be attested by the profiling of Comprehensive Rural Development Programme sites by the DRDLR in the 27 priority districts in South Africa. This is an unwanted economic legacy of the apartheid state that still haunts us. This is most aptly evident in the crisis of rural underdevelopment, underutilisation and unsustainable use of productive land (including redistributed and state-owned land), the plight of Black small-scale and emerging farmers across the country.

The overall purpose of rural development is to improve the quality of life of rural households, enhancing food security through a broader base of rural industrial and agricultural production and exploiting the varied economic potential of each rural district municipality. In response to the above, the Department developed the Agri-Park concept for South Africa as one of the potential strategies to address the issues of rural poverty, unemployment and inequality.

Agri-Parks as a concept is new in South Africa though it is practiced in other parts of the world. The concept draws on existing models from countries such as Mexico, India, Netherlands, amongst others and experience and empirical evidence from these countries show that Agri-Parks offer a viable solution in addressing social and economic inequalities, unemployment and poverty by promoting agro-industrialisation within small-scale farming and emerging commercial farming sectors, thus ensuring that the escalated land distribution, more inclusive restitution and strengthen land rights are accompanied by equitable, efficient and well-planned land and agricultural development. The first draft version of the Agri-Parks Policy (2015) defines an Agri-Park as:

An Agri-Park is a networked innovation system of agro-production, processing, logistics, marketing, training and extension services located in District Municipalities. As a network it enables the growth of market-driven commodity value chains and contributes to the achievement of rural economic transformation.

The draft Agri-Park Policy was developed to address issues such as underdevelopment, hunger, poverty, joblessness, lack of basic services, and the challenges faced by small-farmers and emerging commercial farmers in terms of limited access to physical, economic and social capital, production inputs, finance, markets, extension services, education and training and organisation opportunities. The DRDLR recognizes that significant economic growth points do exist in rural areas of South Africa which remains under-exploited or unexploited. The DRDLR further recognizes that the current
agricultural production and business is maintained in some rural areas and leveraged to address the growth of small-scale farmers and emerging commercial farmers in the agricultural sector and by doing so attend to the development of the rural areas is such a way that we narrow the gap between the industrial side of some rural economies and the currently underdeveloped, underutilised and unsustainable rural component.

The Agri-Parks model seeks to strengthen existing and create new partnerships within all three spheres of government, the private sector and civil society.

1.2.2 Agri-Park Model

The draft Agri-Park Policy outcome is to establish Agri-Parks in all of South Africa’s District Municipalities that will kick start the Rural Economic Transformation for these rural regions. This policy outcome is to be realised through the implementation of the Agri-Park Model that is driven by the principles outlined in figure 1. The five principles are:

1) Targeted Commodity(ies) Producers
A District Municipality, based on its agricultural comparative advantage will target one or more commodities. The targeted commodity is the first primary contributing driver for social and economic development of a District Municipality and local farmers. The producers or farmers are to be provided with support in order for their produce to move from their respective farm gate (point A) to consumer plate and/or finished products (point B) linked to the commodity value chain.

a. Market: The farmers or producers primary outputs is supplied to FPSU and/or local community markets

2) Farmer Production Support Unit
At locally based and accessible FPSU, the farmers are provided with production, technical and infrastructure support. The farmers aggregated farmers outputs is supplied to the linked Agri-Hub.

b. Market: The FPSU suppliers primary and/or processed farmers produce to the local community market, Agro-processers (at the Agri-Hub) and RUMC.

3) Agri-Hub
The farmers produce (input) is processed in large scale at the Agri-Hub. The Agri-Hub also provides quality production support services to the farmers including product development and improvement (i.e. Innovation, Research and Development) and links the farmers to the targeted commodity value chain.

c. Market: The Agri-Hub mainly suppliers agro-processed products through the RUMC and local market.

4) RUMC
The RUMC functions as a marketing and distribution channel for primary products from FPSU and processed products from the Agri-Hub. The RUMC is also an information nerve centre for the Agri-Park and facilitates for information flow between the market and producers.

d. Market: The RUMC is a market access facilitator for both domestic and export markets.
5) Markets

Sustainable markets are essential to the success of the Agri-Park. The markets include (d) local municipality or community based market; (e) domestic markets provides a foundation for export market; and (f) export markets contributes to farmers and agro-processing competiveness, and foreign currency earnings for local economies.

1.2.3 Agri-Park Institutional Framework
Table 1 Agri Park Institutional Framework

<table>
<thead>
<tr>
<th>Levels of Sphere of Government</th>
<th>Agri-Park Task Team</th>
<th>Agri-Park Committee</th>
<th>Agri-Park Aligned Land Reform</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Name</td>
<td>Mandate</td>
<td>Name</td>
</tr>
<tr>
<td>National</td>
<td>NAPOTT</td>
<td>Strategic management and oversight on the roll out of the Agri-Parks program</td>
<td>National Agri-Park Advisory Council</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Monitor progress against the business and project plans</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td>Assist with resolving any blockages at district and provincial level</td>
<td></td>
</tr>
<tr>
<td>Provincial</td>
<td>PAPOTT</td>
<td>Provincial Operations management: implementation</td>
<td>National Agri-Park Advisory Council</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Provide technical support and guidance for planning and implementation</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td>Identify projects that contribute to Agri-Parks business plan and to compile a provincial project register</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td>Monitor implementation</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td>Report to National Operations Team</td>
<td></td>
</tr>
<tr>
<td>District</td>
<td>DAPOTT</td>
<td>District operations management implementation</td>
<td>National Agri-Park Advisory Council</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Provide technical support and guidance for implementation</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td>Oversight of the implementation of the district plan</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td>Coordinate relevant stakeholders as per plan</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td>Manage expenditure against business plan</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td>Identify district projects that contribute to the Agri-Parks business plan and to compile a district project register</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td>Report to provincial operations task team</td>
<td></td>
</tr>
<tr>
<td></td>
<td>DAMC</td>
<td>The DAMC will act primarily as the voice of key stakeholders in the relevant districts and will leverage support for the Agri-Park developments. It will therefore not consist of government representatives but will interface with various structures at provincial and district level to provide advice and support. It will also act as an independent watchdog in relation to the development of the Agri-Park.</td>
<td></td>
</tr>
<tr>
<td></td>
<td>DLRC</td>
<td>The overall aim of the DLRCs is to facilitate the protection, promotion, provision and fulfillment of the rights, and responsibilities, in the management of district land ownership and use that is consistent with South Africa’s Constitution.</td>
<td></td>
</tr>
</tbody>
</table>
CHAPTER TWO: CENTRAL KAROO AGRI-PARK TARGETED COMMODITY

2.1 Introduction

The Central Karoo District proposed agri park commodities have been identified using the following criteria:

a) The presence of an existing sustainable production advantage (both currently and into the future); and

b) Commodities produced by small and emerging farmers which could help them achieve economic independence and sustainability, contribute to GDP growth for the district and where they require support in order for this to happen.

c) Input from the District and Local Municipalities;

d) Input from the DAMC;

e) The impact and possible future impact of the commodity(ies) on the local economy by way of contribution to the GDP and job creation. Commodities with high potential growth and high potential of job creation.

The commodities of importance in the Central Karoo District Municipality have been identified in the Situation Analysis as:

- Small stock
- Lucerne
- Stone fruits
- Olives
- Vegetables

The CK’s selected dominant commodity for immediate (years 1 onwards) agri park focus is small stock (mainly goats and sheep) including meat, wool, and leather processing. A number of other commodities are also identified for medium and long term (3-10 years) agri park linkages.

The chapter outlines the small stock subsector and industry forces, consumption and production, industry structure and links with the Agri-Park, and value chain players.

5 Refer to the Central Karoo Situation Analysis annexed hereto as Annexure A for further details.
2.2 Small-stock sub-sector

The Sheep Value Chain

Figure 3 indicates the sheep value chain.

Figure 5 Sheep Value Chain

The main segments of the mutton marketing channels consists of the following:

- The farmer who produces sheep and lamb for mutton and/or wool
- After approximately 5/6 years of shearing, sheep are sold directly to feedlots, abattoirs or on auction
- Sheep are slaughtered, and meat from the abattoir is distributed through wholesalers, retailers and butcheries
- Certain portions of the production is exported (primarily by abattoirs), while the rest is processed
- Imports of mutton is done by retailers, wholesalers and processors
- The final channel of the mutton value chain ends with consumer purchase.

Value chains for livestock products, especially meat, are very complex (Frohberg, 2009). This complexity begins at the production level, which depends on a feed supply chain that must ensure a timely supply of safe inputs. It continues through processing and retailing; these involve many steps and food items of animal origin are often more perishable than crop-based foods. The resulting interdependence among the companies in the food supply chain for animal products exerts substantial pressure for coordination beyond that provided by cash market transactions. Companies in a food supply chain may put in place vertical coordinating mechanisms such as contracts, licences.
and strategic alliances to manage relationships with suppliers and customers. Firms operating at the same stage within the value chain may establish horizontal relationships in the form of cooperative groups for dealing with down- and upstream business partners and for ensuring product quality. Contracts are the most common mechanism for vertical coordination. For primary producers, contracts allow the establishment of more secure relationships with business partners, both to guarantee a price prior to selling or buying, thereby reducing market risks regarding price, and to specify quantity and quality. From the point of view of the contractor/buyer, contracts provide for much closer linkages with farmers and may offer them greater control over production decisions of the farmers. Selling contracts may be entered into with down-stream processors such as packing companies, while up-stream agreements may be in place between, for instance, the feed industry and animal producers.

Vertical integration entails a closer degree of coordination and occurs when two or more successive stages of the food supply chain are controlled and carried out by a single firm. In the extreme, the entire chain can be integrated. Examples of such vertical integration include companies that link farms and buying entities. Meat packers often own pig farms and cattle feedlots and dairy farmers may produce their own feed instead of buying it. In the case of vertically integrated firms, product transfers are determined by internal decisions rather than through market prices. Horizontal coordination may also be necessary for a well-functioning supply chain. Processors can reduce transaction costs by dealing with one farm organization, such as a cooperative, instead of many small-scale farms. Cooperative organization can bring three main types of benefits to farmers: arranging for the selling of farmers’ produce to down-stream business; exchange of information with partners in the food supply chain and its dissemination among the farmers; and providing advice to farmers on how to achieve the required levels of quality of the raw product. In many of the least developed countries, cooperatives are crucial for small-scale farms to remain in business and, perhaps, to keep farmers out of poverty.

The South African Red Meat Industry Forum (see www.readmeat.co.za) is structured as follows:

**Consumption**

South African red meat production has kept up with consumption, although there has been some export of higher-grade meat and import of lower grades that consumers are becoming more health conscious and price competition from other sources of protein, especially poultry meat, are becoming more important (Jooste and Taljaard 2004).

The top four international trends consumers currently focus on when making food choices, include health, convenience, pleasure and environmental sustainability. Locally produced lamb and mutton have a unique advantage, as recent studies have shown that these products have the ability to be positively positioned within each of the four trend categories. Lamb and Mutton SA have been actively involved in implementing a consumer education programme to improve consumer awareness and understanding of consumer perception of lamb and mutton to pro-actively and re-actively convey the message that mutton can be part of a healthy diet (Botes, 2013). According to Lamb and Mutton SA, even doctors and dieticians are not well informed about the true value of lamb and mutton.

The growing demand for livestock products in developing countries has been driven by economic growth, rising per capita incomes and urbanization. The relationship between per capita income and meat consumption shows a strongly positive effect of increased incomes on livestock consumption at lower income levels but a less positive, or even negative, effect at high levels of GDP per capita.

Lamb meat comes from young animals. In the sheep grading system they are ‘A’ grade, and to achieve that grading they should not have real teeth yet. As soon as they get two real teeth they are
classified ‘AB’ and are no longer lambs. The meat from these older animals is known as mutton. After ‘AB’ the next rating is ‘B’ and then ‘C’. These are all mutton. According to the definition then, all lamb is ‘A’ grade as anything else is classified as mutton.

Lambs are usually slaughtered somewhere between 3 and 7 months of age, and the average carcass you see at the butcher weighs between 16 and 24 kilograms. In general, the younger it is slaughtered, the less it weighs.

The red meat industry of SA conducted a consumer research study in 2004 and found consumers felt that mutton and lamb were not healthy. Some also thought meat was not a rich source of protein or vitamins such as iron and zinc. Studies were conducted by the University of Pretoria and the Agricultural Research Council (ARC), and found that sheep meat had much less fat than previously thought. In fact, when the fat is trimmed from the lamb, it is left with less fat than a similar portion of chicken (such as a drumstick) without skin would have. The fat content of sheep meat has decreased over time.

Figure 6 difference in nutrient content found in mutton from the United states (previous) vs. South African mutton per 100g of meat.

The Karoo Lamb Brand
The grazing ground of the sheep plays a huge role in the Karoo lamb and mutton having a distinct taste. The sheep graze among grasses, fragrant bushes and fragrant shrubs and has been scientifically proven to affect the flavour of the meat. Real Karoo lamb comes from sheep pastured on the veld among at least two of the six fragrant indigenous shrubs namely, Kaokbos (Eriocephalus eruciudes), Anerkaroo (Pentzia incana), Skaapbossie (Pentzia spinescens) Rivierganna (Salsola glabrescens) and Silverkaroo (Plinthus karrooicus), Boegoekaroo (Pteronia glauca).

The Department of Trade and Industry is currently working on an agreement on Geographical Indicators (GIs) and that includes the protection of the “Karoo Lamb” by setting out clear criteria of the geographic area and food that sheep must eat to be branded as “Karoo Lamb”. There are also perceived differences between Karoo and non-Karoo lamb among consumers. According to a study by Tessa Weissnar from the University of Pretoria (Weissnar, n.d.) Karoo lamb
is generally preferred by consumers because its brand signifies confidence in local produce, its
taste and consequent perceived higher quality. Currently the price difference margin between non-Karoo and Karoo lamb is willingness to purchase is not very large. There is evidence that that proves that consumers are willing to pay a higher price for origin status compared to a quality that comes from an unknown brand. This supports the protection of Karoo Lamb and that for which consumers are prepared to pay premium rates. This will potentially increase the profits of farmers that want their meat branded as “Karoo Lamb”. Figure 4 indicates the entire Karoo Brand area.

There has been a continuous increase in the price of mutton from 2004 to 2012 mainly as a result of the inflation factor, insufficient supply and consumer lifestyle. There was a large decrease in the price of mutton in 2013. The price of mutton in 2004 was R20.13/Kg however in 2014 it was R41.59/Kg and this means that in a period of 10 years the increase was R21.46/kg (Department of Agriculture, 2014).

Variability in prices is a big concern in the industry (as well as for consumers). Spies (2011) found that asymmetry in price transmission (APT) was found in both the beef and lamb value chains, indicating inefficiencies within the chain. Causality in the lam industry was found whereby a change in price at producer level “causes” changes at retail level.

Meat consumption is expected to increase both per capital and overall in South Africa as per-capita incomes continue to increase and as urbanization continues- with one forecast for Sub-Saharan Africa forecasting a doubling of per capita consumption between 2000 and 2050 from 11 to 22kgs/person/year:

| Production and Inputs |

Globally, the application of advanced breeding and feeding technology has spurred significant productivity growth. Technological advances, and thus productivity growth, have been less pronounced for beef and meat from small ruminants. The use of hybridization and artificial insemination has accelerated the process of genetic improvement. The speed and precision with which breeding goals can be achieved has increased considerably over recent decades.

Not traditionally considered as a mutton producing country, South Africa represents 0.01% of world exports for lamb, ranking at number 31. South Africa is not competitive regarding the exportation of
mutton, with the importation of cheap, frozen red meat portions supplementing the local demand. The biggest mutton export markets for South Africa have been primarily SADC countries (Mozambique, DRC and the Congo). The mutton production industry is known to have a high multiplier effect.

The national sheep herd has been steadily declining since the early 1990s. The main contributing factors responsible for this decline in animal numbers, amongst others, includes the conversion from sheep to beef production and the conversion from sheep to game farming in major sheep production areas. These conversions were mainly brought about by the increase in stock theft, predation and, to a lesser extent, climatic changes resulting in drought conditions within some major sheep producing regions (Spies, 2011)

**Figure 7 South African sheep herd and slaughtering from 1970 to 2009**

At the same time, the gross weight of mutton production has grown between 2004 and 2013:

**Figure 8 Gross weight of mutton production in South Africa: 2004-2013**
The amount of mutton consumed is more than what was domestically produced in 2013. This shows that South Africa will still remain a net importer of mutton to satisfy the local demand.

**Figure 9 Mutton production and consumption trends in South Africa: 2004-2013**

In the Central Karoo District in 2013, there were approximately 85,000 goats, over 415,000 sheep, over 11,000 cattle, 11,000 ostrich and 1,100 pigs.

**Table 2 Central Karoo District: Livestock Numbers per Municipality 2013**

<table>
<thead>
<tr>
<th>Type</th>
<th>Count</th>
<th>Type</th>
<th>Count</th>
<th>Type</th>
<th>Count</th>
<th>District Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Beaufort West</td>
<td></td>
<td>Prince Albert</td>
<td></td>
<td>Lainsburg</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Source: DAFF. 2015.
It is clear that sheep are the dominant commodity in the District, followed by goats. The majority of the sheep in the District Municipality are found in Beaufort West.

Figure 10: Small Stock Density in Central Karoo District

The main sheep breeds that are found in the CKDM are Dorper sheep (72%), Merinos (12.5%), Afrino/crossbreed (8.7%). Dorper sheep are farmed by 80% of the farms, Afrino/crossbreeds by 27% of the farms, Angoras by 27% and Merinos by 6.7%. The average flock

<table>
<thead>
<tr>
<th>Cattle</th>
<th>7468</th>
<th>Cattle</th>
<th>2062</th>
<th>Cattle</th>
<th>1912</th>
<th>11,442</th>
</tr>
</thead>
<tbody>
<tr>
<td>Goats</td>
<td>53269</td>
<td>Goats</td>
<td>24022</td>
<td>Goats</td>
<td>7395</td>
<td>84,686</td>
</tr>
<tr>
<td>Horses</td>
<td>861</td>
<td>Horses</td>
<td>236</td>
<td>Horses</td>
<td>180</td>
<td>1,277</td>
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<tr>
<td>Ostriches</td>
<td>5544</td>
<td>Ostriches</td>
<td>5634</td>
<td>Ostriches</td>
<td>182</td>
<td>11,360</td>
</tr>
<tr>
<td>Pigs</td>
<td>357</td>
<td>Pigs</td>
<td>453</td>
<td>Pigs</td>
<td>374</td>
<td>1,184</td>
</tr>
<tr>
<td>Sheep</td>
<td>248494</td>
<td>Sheep</td>
<td>76112</td>
<td>Sheep</td>
<td>92604</td>
<td>417,210</td>
</tr>
</tbody>
</table>


The main sheep breeds that are found in the CKDM are Dorper sheep (72%), Merinos (12.5%), Afrino/crossbreed (8.7%). Dorper sheep are farmed by 80% of the farms, Afrino/crossbreeds by 27% of the farms, Angoras by 27% and Merinos by 6.7%. The average flock
sizes are 326 Sub Sector Unit (SSU’s) for Dorper sheep, 117 SSU’s for Afrino crossbreds, 677 SSU’s for Merinos and 90 SSU’s. (Jordaan&Grobler, 2011).

It is clear that sheep are the dominant commodity in the District, followed by goats. The table above indicated that the majority of the sheep in the District Municipality are found in Beaufort West.

The main agricultural products in the Central Karoo District are wool, mohair, mutton and skins. The wool and mohair is exported and very little local value addition takes place. This farming forms the core of the wool farming industry in the region. The Central Karoo District is responsible for the largest wool production in South Africa, while meat production makes the second largest contribution to the economy of the region (CKDM, 2010). For each Merino sheep the average quantity of wool per shear is 4-5 kg. Currently the wool price for clean wool is R110.17 per kg (BKB, 2014).

Sheep farming also provides an income from the skin. Sheep skins are produced from both main breeds, Merino and Dorper (DAFF, 2012g). Cape Town is the largest exporter of mutton in the Western Cape owing to the volumes passing through the harbour and international airport. The value of imports is substantially more than the value of exports, confirming the imbalance in supply and demand (SmartAgri & ACDI, 2015).

In addition, game farming has been growing rapidly in South Africa as well as the Central Karoo and is one of the fastest-growing branch of agriculture in South Africa (World Wildlife Fund). The majority of game ranches found in Limpopo, the Northern Cape and the Eastern Cape. The total area covered by these privately owned ranches now exceeds that of all national parks and provincial nature reserves put together (World Wildlife Fund). In terms of game ranching, game is considered to be an agricultural product as defined in the Marketing of Agricultural Products Act of 1996.

In South Africa there are two types of sheep: those bred for meat – the most famous one is the Dorper, and those bred for meat and wool – of which the Merino is the best-known. Roughly a third of the lamb meat we eat comes from the former type and the rest from the latter. The type a specific farmer breeds depends on a number of factors, with geographical location the most important.

A 2013 study comparing the relative financial performance of woolled and mutton sheep farming in Laingsburg found the following (Conradie and Landman. 2013):

This paper investigated the relative financial performance of woolled and mutton sheep and the determinants of woolled sheep ownership for 34 full-time sheep farms in Laingsburg South Africa, where rainfall is only 128 millimetres per annum. A comparison of fourteen woolled sheep flocks and eight similar sized mutton flocks revealed 1) a slightly but insignificantly higher unit production cost for wool producers, 2) a 21% but insignificantly higher net farm income per breeding ewe for woolled sheep, 3) a significantly lower tagging percentage for woolled sheep and 4) a significantly lower predation percentage for woolled sheep. The percentage of woolled sheep in the flock was a logit function of farm size, size of the irrigated (crop) area, tradition and terrain ruggedness, although the latter was not significant. Farmers in extensive grazing areas should take notice of woolled sheep’s ability to compete and the wool industry should pay attention to further improving the reproductive performance of this sheep type. The finding of woolled sheep’s apparent lower susceptibility to predators deserves
further study as it could become a strong argument for why farmers ought to switch (back) to woolled sheep.

The agricultural inputs that farmers have are feed, seed, manure, chemicals and equipment. The farmers purchase the agricultural inputs from suppliers such as BKB2 in Beaufort West.

The small stock industry in South Africa, as well as the Central Karoo District, is characterised by dualism, particularly at the production stage. The sub-sector is characterised by the commercial / formal and emerging / informal producers. Emerging farmers face particular challenges regarding both live-stock as well as land-management (e.g. overstocking the land’s grazing capacity), access to affordable veterinary support, losses through theft and predators, access to credit and financial cash flow management, access to abattoirs and commercial markets due to quality challenges and meeting standards as well as transport costs. In general, input costs have been rising faster than income for small emerging farmers and many have not survived as a results. As one report notes:

Most of South Africa’s grazing land is stocked beyond its long-term carrying capacity. Overstocking is most evident in the communal rangelands of Limpopo, KwaZulu-Natal and the Eastern Cape, which support more than half of South Africa’s cattle. Overstocking can cause trampling and crusting of the soil and denude the veld of vegetation. This leads to reduced productivity, reduced soil fertility and erosion. As much as 91% of South Africa is defined as arid or semi-arid, and it is in these areas that land degradation (compounded by climate change) can lead to desertification and the irreversible loss of productive land (Gbetibouo & Ringler, 2009).

Increasing the productivity of the producers in the smallholder sector should be a major industry objective. This objective should start with the improvement of infrastructure, education of extension officers and simplified and easier access to credit (Spies, 2011).

Various initiatives exist to improve live-stock management. For example, Merino SA has a Merino Plan in place. The Merino Konsortium is also engaged in talks with government to form partnerships with emerging farmers and assist emerging farmers with live-stock and farm management as well as access to markets. In addition, the Red Meat Producer’s Organisation has published guidelines for good farm management practices, managing predators and other issues.

More than 80% of lamb and mutton are pasture fed, which means they graze naturally on open fields. More than 60% of South African beef are produced on natural or cultivated pastures, with the majority finished off for two months in feedlots. Most of these animals are slaughtered as age A, fat code 2 carcasses (A2). A clear cyclical trend in the number of slaughterings is evident. According to Lubbe (1990), this trend is caused by the cyclical nature of female animal slaughterings. The author investigated the decomposition of price time series components in the red meat industry. He states that the combined effect of rainfall, variations in production capacity and price expectations produce an environment conducive to relatively stable prices. Furthermore, livestock expansion and liquidation processes are fuelled by the rainfall cycle and rainfall expectations. Lubbe (1990) concludes
that agricultural policy and farmers' strategies could be more effective if the existence and nature of price and rainfall cycles are known.

Eales (1979) points out that many factors influence the actual level of slaughtering in a particular year and this causes a fluctuation in the volume slaughtered from year to year. The factors identified by Eales (1979) are the following:

- The general state of the economy and the purchasing power of households.
- The price of beef in relation to the consumer price index (i.e. whether consumers regard meat as expensive or not).
- The competition from substitutes such as broiler chickens.
- The relative prices of other agricultural commodities used as inputs in beef production, such as maize; and
- The relative price of agricultural inputs such as land, labour, fuel, fertilisers, pesticides and insecticides.

The impacts of the current drought being experienced in South Africa on this industry will only be fully known once the length of the drought is known (Red Meat Producer’s Association) and various scenarios exist. If the drought persists, it is likely that more young female animals will in the short term end up in the feedlot and most likely be slaughtered, which can have an influence on female percentage and thus supply, as well as on prices in the long term. Further emergency slaughters will take place in the short term, but supply will not rise drastically because herds are already diminished. Producers prices will in the short term be somewhat lower. In the long term, supply will seriously be under pressure with prices rising above the inflation rate. The consumer price of red meat will increase because of more expensive grain and feed prices and the impact of the lower supply of slaughter stock from farms. Grain and feed prices as well as input costs will drastically increase.

**Processing and Distribution**

**Meat**

There are three abattoirs located in Beaufort West as well as one in Nelspoort (50km north-east of Beaufort West) and one in Laingsburg.

**Wholesale**

This function is largely integrated into the abattoirs, especially the A and B level. There are still some wholesalers who purchase several carcasses from the abattoirs and then sell them to butchers, but this is primarily from the C and D grade abattoirs and in small quantities.

**Retail**

The retail function, where product is sold directly to the end user, is split between a variety of different actors. In the cities, this is increasingly being handled by supermarkets that are mostly selling finished, packaged product. Butchers still provide quite a bit of the retail service.
Channels

Different sub sector studies define channels based on various factors. In this report, the channels used in the map are defined according to the type of a producer. There are five main channels through which product flows from production through to the markets. At one extreme, there is the communal small producer channel and at the other extreme is the vertically integrated commercial feedlot company, which does everything from birthing the calves to butchering and packaging the cattle.

Channel 1 – The small communal farmer
The small communal farmer channel is the most disaggregated channel in the map. Here, small farmers occasionally sell cattle when they need some funds. There are a great number of cattle farmers, but the volume of formal commercial trade is quite small. Most of the cattle are either purchased via direct sale to the E and F grade abattoirs or end user or to speculators. There are no good statistics on this total nationwide.

Channel 2 – The larger communal farmer
The larger communal farmer channel is one that is on the way to towards a more commercial approach, except that the farmers still keep their cattle with the communal herd. This has many negative impacts on the quality of their cattle as they cannot control breeding and feeding. The larger communal farmer is more likely to take his cattle to the auction, if he has access, but still relies on direct sales to private households as well as the speculators and agents to purchase his cattle on an ad hoc basis.

The larger communal farmer is showing more tendencies towards treating his animals like a commercial business. They would like to get their own land, but do not fully understand the economics behind commercial cattle farming.

Channel 3 – The small and emerging commercial farmers
The small and emerging commercial farmers are located in the commercial farming areas. They have greater access to the auctions where they feel that they can get a transparent price. Generally they do not have large numbers of cattle to sell per annum, They are still largely dependent on the auction for the sale of their animals, but because they have more animals they might also have some closer relations with the larger abattoirs, even though they generally do not have enough animals for sale at any point in time to warrant a truck load. The A and B grade abattoirs become more prominent in this channel and are now driving the purchase of the animals as they increasingly need through put. They have a more aggressive set of agents and buyers who are purchasing at auction and are linking in more closely to the markets. Some of the emerging farmers and small commercial farmers are selling their cattle as weaners into the feedlot system.

Channel 4 – Commercial veld fed
The commercial veld fed cattle are found increasingly in the areas without good grain production, but where there is extensive land. They hold the animals for 2-3 years to bring them to selling weight. They are dealing either through the auction or with direct sales to the abattoirs.

Channel 5 – Commercial Feedlot
The commercial feedlot channel is now the dominant channel in the industry. It accounts for about 80 percent of slaughtered animals, taking them through from the weaner stage, through the
feedlots to the supermarkets and butchers. The production is carried out across the country, but the cost of transporting the weaners to the feedlots is taken into account in the sale price to the farmer.

**Sales mechanisms**

There are four sales mechanisms between farmers and their buyers.

- Informal markets/direct sale to households
- Direct contract sale;
- Auctions;
- Sale to speculators/agents

**Informal markets.** Large stock and small stock owned by developing farmers are sold through an informal market in rural areas (Nkosi and Kirsten, 1993 and USAID, 2003). These types of markets as noted by (Coetzee et al, 2004) cited by NERPO (2006) are characterised by a high degree of seasonality, poor market information pertaining to prices and quality required. Despite all the pitfalls, Nkosi and Kirsten (1993) found that informal markets are the preferred outlets by the emerging farmers. This trend was confirmed by ComMark Trust (2004) and ECIAfrica (2005), who found that very few emerging farmers sold their livestock at auctions during the periods prior to Christmas and Easter seasons. These periods coincide with the return of family members from urban areas and thus an increased demand for traditional livestock slaughtering (NERPO, 2006). The price paid is always a subject of negotiation between buyer and sellers.

**Direct contract sale.** As the level of integration in the industry increases, the prevalence of direct contract sales between weaner producers and the feedlots is increasing. In some cases prices are fixed in advance and the farmers are able to better plan the economics of their production. The contract prices are not necessarily public knowledge, but they are often better for the farmer and the abattoir, since there is no middleman involved.

**Auctions.** The auction industry, which used to dominate, is decreasing as the level of integration in the industry increases. The auctions are still popular in the areas with lower levels of direct sales. The small and larger communal farmers sell their cattle through this sale mechanism. Auctions handle either weaners or older cattle, and are effective mechanisms for setting transparent prices in the rural areas, particularly for smaller cattle herders who do not have good price information.

**Speculators/agents.** The third main form of sale is to speculators or agents from the abattoirs. Some speculators are purely independent, while others work in conjunction with abattoirs, but their modus operandi is quite similar – both get to keep the difference between the sales price and the purchase price. While a speculator will usually buy for his own account, he is sometimes tasked with purchasing for specific individuals who need a cow for a specific purpose. Abattoirs will tell their agents what price they will pay, then leave the agents to get the best price they can. This effectively makes them speculators as well, as the agents have little incentive to develop transparent pricing relations with the farmers to stimulate their participation in the market.

**Feedlots and finishing**

A feedlot is a confined area with watering and feeding facilities where livestock are completely hand or mechanically fed to produce consistently quality meat (Olivier, 2004). The
animals do not eat pasture plants, but are fed grain-based diets, hay or silage. South African feedlots as highlighted by (SAMIC, 2002) cited by Olivier (2004) normally buy cattle from extensive cattle farmers, weaner calves with live mass of 200 kg at an age of 205 days and add 105 kg carcass through extensive feeding of about 100 days, eventually slaughtering an animal at 215 kg carcass mass.

The South African feedlot industry is a flourishing industry that produces approximately 75% of all beef produced in the country, which in real terms is in the region of 1,35 million head per annum with a one-time standing capacity of approximately 420 000 head (SAFA, 2003) cited by Olivier (2004). Following the deregulation of the South African meat industry in the 1990’s, a number of larger feedlots have now vertically integrated into processing, wholesaling and even retailing their own beef products (SAFA, 2003). At present there are approximately 70 feedlots in South Africa. The main players in the feedlot industry are Karan Beef, Kollosus, Sparta Beef, SIS, Beefcor, EAC Claassen Group, Charmer and Beefmaster. According to Jooste et al, (2003) cited by Olivier (2004) these feedlots account approximately 70% to 80% of cattle in the feedlot industry, depending on the number of animals standing in the feedlot at specific point in time.

Shearing and Wool

**Shearing**

The factors that contribute to the price of wool are the generic quality of the sheep, lambing percentage of the sheep, feed quality, grazing quantity and grazing quality and these factors contribute to the total income that a wool producer receives for wool. For the farmers in the Central Karoo to get high returns for wool there will have to be a strict adherence to these standards. On average wool is more than three times more expensive than other commodities such as cotton and nylon. The shearing of the sheep occurs at the shearing sheds that each farm has. BKB sends shearsers to the different sheep farms to shear the wool. The farmer is responsible for paying the shearsers and BKB pays the farmers for the wool.

and initiative flows from the recent success and outcomes of a R8 million BKB-funded pilot at BKB’s newly established shearing college, which has already provided training and employment to 120 beneficiaries. The critical shortages of skilled shearsers is compelling established South African commercial wool and mohair farmers in main production regions of the Eastern Cape, Northwest, Free State, Northern Cape and Western Cape to use around 1700 foreign national shearsers from neighbouring African countries every year.

The Merino and Dorper sheep are sheared on the different farms and also used for meat. BKB is then responsible for transporting the wool from different farms in the Central Karoo to the auction in Port Elizabeth. There are 2,400 different types of wool grades and this gets sorted in Port Elizabeth. Sorting this large amount of wool grades in the Central Karoo would not be feasible as large quantities are collected from a wide market area and auctioned, and the Central Karoo is spatially located. There is also not enough water in the Karoo to wash the wool.

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6 The Central Karoo Agri Park Master Plan Situation Analysis report contains a detailed mohair industry value chain analysis which is not repeated in this document. The introduction of new wool processing technology in the Western Cape could impact on value chain dynamics and see more wool processing taking place in the Province.
Approximately 20 litres of water is required to wash 1 kg of wool and the CKDM does not have sufficient water to clean wool on such a large scale.

Wool is processed in the following stages:
1. **Sheep** – the wool is sheared from the sheep (this happens on the farm).
2. **Fleece** – the wool that is shorn is called fleece and sometimes called “grease wool” because of the lanolin and oil in the wool. The fleece has to be cleaned before it is processed into yarn (this happens on the farm).
3. **Skirting a fleece** – the wool from the belly, back and legs of sheep is often full of manure. The processing of removing the manure is called skirting. The fleece is then sorted into various types (this happens on the farm). The wool is then transported from the CKDM to PE to be washed.
4. **Washing the wool** – soap or detergent is then used to remove the grease from the wool. Approximately 20 litres of water are required to wash 1kg of wool (this happens in PE and also Uitenhage).
5. **Picking** – the washed wool is then dried “picked” or “teased” and this begins the process of opening up the locks of wool and transforming it into a consistent web. The wool is then put through a picker which opens the locks and the fluffy wool is blown into a room (this happens in PE).
6. **Carding** – wool fibres are put through a series of combing steps called carding. On a large scale this is done with machine driven drums that are covered with “card cloth” and that combs the wool multiple times by transferring it back and forth from one drum to the other as it is passed through the series of drums (this is done in PE).
7. **Roving** – the final stage of the carding process divides the web into small strips which are called pencil rovings. At the end of the cart these are collected on large spools. These spools of pencil roving are placed on the spinning frame to make a yarn. Pencil roving cannot be handled much because it is too delicate, so when processing fibre for hand spinners the roving is removed from the machines earlier and wound into balls (this is done in PE).
8. **Spinning** – when the roving comes off the card it has no twist. The oil and the natural hooks that exist on the surface of the wool fibres hold it together. The spinning frame puts the actual twist on the rover turning it into yarn. Wooden bobbins are used to collect this (this is done in PE).
9. **Wind and/or Skeining** – when the wooden bobbins are full of yarn they are placed on a cone winder. The yarn is then transferred to paper cones for use in knitting machines and weaving.
10. **Finishing** – there are different ways of finishing the yarn. It is sometimes essential to remove the lubricant by washing, which also “sets the twist” which enables the fibres to open up, fluff out and make a loftier yarn (this is done in PE).

Auctions have been centralised in Port Elizabeth and take place once a week during the season (June to August). The price of the bale is formulated through the quality, supply and demand of each individual lot. The lower the quality of wool the lower the price +10% of buyers use the wool for domestic use and ±90% of the buyers buy the wool for export. Wools of different quality are
marked and packed in different bales. Different quality bales are auctioned and bales in each lot are sold to the highest bidder. After the auction the wool is destined for export are warehoused in three major ports e.g. Durban, Cape Town and Port Elizabeth. The wool is exported predominantly to the UK, Germany, Japan, China, France, Italy, South Korea and Taiwan. The garments made from the wool are made in different countries all over the world.

**Slaughtering**

Most slaughtering is done through abattoirs. The abattoir industry is responsible for the conversion of livestock to meat. The process remains critical to ensure a safe and wholesome product to consumers. The Meat Safety Act, 2000 (Act 40 of 2000) addresses measures to promote the safety of meat and animal products, and to establish and maintain essential national standards in respect to abattoirs. One classification of abattoirs is into high, low and rural output as follows:

*Table 3 Abattoir categories and slaughter units as described in the Meat Safety Act and Regulations*

<table>
<thead>
<tr>
<th></th>
<th>Red Meat</th>
<th>Poultry</th>
<th>Ostriches</th>
<th>Game</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>High Throughput</strong></td>
<td>21 –</td>
<td>2001 –</td>
<td>21 –</td>
<td>21 –</td>
</tr>
<tr>
<td><strong>Rural</strong></td>
<td>1 – 2</td>
<td>1 – 50</td>
<td>1 – 2</td>
<td>1 – 2</td>
</tr>
<tr>
<td>1 Slaughter unit =</td>
<td>1 bovine</td>
<td>1 fowl</td>
<td>2 Ostriches</td>
<td>1 medium game</td>
</tr>
<tr>
<td></td>
<td>6 sheep</td>
<td>1 duck</td>
<td></td>
<td>6 small game</td>
</tr>
<tr>
<td></td>
<td>4 porkers</td>
<td>1 pheasant</td>
<td></td>
<td>Large game to be determined by PEO</td>
</tr>
<tr>
<td></td>
<td>2 baconers</td>
<td>1 guinea fowl</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>1 sausage pig</td>
<td>½ goose</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td>¼ turkey</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Source: Department of Agriculture, Forestry and Fishers. 2012.

*Table 4 Total number of red meat and poultry abattoirs in South Africa by Province. 2012*
The abattoir industry can be divided into: (1) abattoirs which are linked to feedlot sector, the wholesale sector or are owned by municipalities; and (2) abattoirs that are mainly owned by farmers and SMMEs. The former abattoirs are predominantly class A and B abattoirs while the latter are usually classified as C, D and E class abattoirs. In most cases the A and B class abattoirs comply with statutory measures while it is questionable if the majority of the C, D and E class abattoirs comply with the statutory measures (Davidson 2003).

Abattoirs that seek to export meat must have a veterinary approved meat establishment with an export (ZA number) number that is granted through an application process by the NEO (National Executive Officer) at the Department of Agriculture. The abattoirs in the CKDM are C, D and E class abattoirs. None of the abattoirs in the CKDM have a ZA certification with a ZA number and that limits the scope of the market to be local.

Inspection services within the abattoirs are also important. The largest abattoirs have inspectors provided by SAMIC (SAMIC currently provides vets and inspectors for 42 abattoirs), but the smaller ones do not, which hurts their ability to track diseases. Measles is the most common disease being tracked, and the level of infection in an abattoir can affect its profitability. But it can only be tracked if there are vets and inspectors. SAMIC has a shortage of vets and meat inspectors relative to the demand. The DAFF submitted a proposal in 2012 to re-examine how the cost of meat inspections at abattoirs are provided and funded. The outcome of this process needs to be ascertained as it impacts on the feasibility of smaller abattoirs (DAFF. 2012)

**Industry analysis**
An industry analysis using Porter’s diamond as well as the identification of strengths, weaknesses, opportunities and threats is outlined below. Porters Five-Forces Model is used as an analysis model for the assessment of the vegetable industry in South Africa. The five-forces outlined in diagram 4 are:

- **Competition** - assessment of the direct competitors in a given market
- **New Entrants** - assessment in the potential competitors and barriers to entry in a given market
- **End Users/ Buyers** - assessment regarding the bargaining power of buyers that includes considering the cost of switching
- **Suppliers** - assessment regarding the bargaining power of suppliers
- **Substitutes** - assessment regarding the availability of alternatives

**Figure 11 Porter Five-Force Model: Elements to be applied to the Horticultural Industry in SA**

![Porter Five-Force Model Diagram]

Source: (Oliver G. C., 2004)\(^7\)

**Table 5 Lamb and Mutton industry analysis**

| PORTER’S FIVE FORCE ANALYSIS |

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\(^7\) Oliver G. C. (2004); An Analysis of the South African Beef Supply Chain: From Farm to Fork; https://ujdigspace.uj.ac.za/bitstream/handle/10210/296/GertOliver.pdf?sequence=1; [accessed on 10 December 2015]
Supplier Power | Compliance with the Karoo brand and an overall shortage of supply relative to demand give suppliers some power although agents can manipulate prices of meat received by producers.

Buyer Power | South Africa exported greater quantities of lamb to Mozambique, Democratic Republic of Congo (DRC) and Congo.

Intensity of Rivalry / Competition | The top exporters of lamb carcasses and half carcasses, fresh or chilled are United Kingdom, Ireland, Spain, Australia, and Netherlands and the top exporters of sheep carcasses and half carcasses, fresh or chilled are United Kingdom, Namibia, Australia, Pakistan and Sudan.

Large producers practice effective live-stock management and have access to credit required to access markets and abattoirs, whereas emerging producers battle in these areas.

Threat of Substitution | Cheaper, frozen portions of lamb, mutton and beef are imported from Australia and the US and have flooded the South African meat industry in recent years.

Lower-income consumers substitute white meat for red meat. Middle and upper income consumers are developing increasing awareness of meat health benefits.

Many substitutes exist for wool and mohair products but consumer awareness of their superior qualities can drive loyalty for middle to upper income consumers.

Threat of New Entrants | The threat of new entrants is medium:

Commercial and other durable barriers exist as it pertains to entry into the market. In addition, there exist tariff barriers (these may include quotas, specific tariffs and entry price systems, ad valorem tariffs) and non-tariff barriers (these may include product standards, sanitary and phyto-sanitary standards, food health and safety issues, food labelling and packaging, product certification procedures, quality assurance and other standards and grades). Abattoirs have key standards that must be met by suppliers. Health standards govern the slaughter and retail of animals.

An increasing amount of new entry threats to production is therefore not a heightened risk to the mutton industry.

The identified strengths, weaknesses, opportunities and threats facing the Central Karoo sheep industry are as follows:

**Table 6 Central Karoo Sheep Industry SWOT Analysis**

<table>
<thead>
<tr>
<th>Opportunities</th>
<th>Strengths</th>
</tr>
</thead>
<tbody>
<tr>
<td>• Growing per capita national demand for meat.</td>
<td>• Sheep farming represents a high labour multiplier industry.</td>
</tr>
<tr>
<td>• Emerging famers require collaboration as cooperatives areas</td>
<td>• Mutton serves as an important and healthy</td>
</tr>
</tbody>
</table>
The Agri Park will need to coordinate and facilitate linkages with a wide range of industry role-players at both the production level (e.g. regarding existing producer support initiatives) as well as processing and market access levels. A few of the industry structure linkages with Agri-Park shown in below:

<table>
<thead>
<tr>
<th>Threats</th>
<th>Weaknesses</th>
</tr>
</thead>
<tbody>
<tr>
<td>Inability to compete with red meat producing countries like the US and Australia. Additionally, cheap meat imports flood South African markets, having a destabilising effect on commercial and small scale farmers.</td>
<td>Smaller abattoirs do not comply with the Meat, Health and Safety Acts and require upgrading.</td>
</tr>
<tr>
<td>High interest rates which affect availability of funds for farmers.</td>
<td>Emerging farmer livestock management and quality of animals not sufficient to access formal markets and abattoirs.</td>
</tr>
<tr>
<td>Climate change, drought and climatic conditions and access to sufficient water for animals. This may require farmers to decrease their flock sizes in order to prevent losses due to a lack of grazing capacity.</td>
<td>Veterinary services in South Africa are uncoordinated and insufficient and increase the risks due to pests and diseases.</td>
</tr>
</tbody>
</table>

| source of protein. |
| Existing abattoir facilities. |
| Growing recognition of Karoo Brand. |
Table 7 Lamb and Mutton Industry bodies linked with Agri-Park

<table>
<thead>
<tr>
<th>Agri-Park Model</th>
<th>Emerging Farmers</th>
<th>Farmer Production Support Unit</th>
<th>Agri-Hub</th>
<th>Rural Urban Centre Market</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Links with Meat Industry Organisations</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>• NERPO: Commercialise emerging &amp; mainstream black farmers</td>
<td>• MAA: Training, Information &amp; Networking</td>
<td>• AMIE SA: Information sharing (mouthpiece)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>• RPO: Lobby &amp; Information sharing (mouthpiece)</td>
<td>• SAFA: Technical and Technology support</td>
<td>• NMFT/NFMT: Retail meat trade (information)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>• LCKC: Livestock welfare</td>
<td>• SAFLA: Advise and Marketing</td>
<td>• RPO: Lobby &amp; Information sharing (mouthpiece)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>• Merino SA.</td>
<td>• SAMPA: Meat-processing and related industries</td>
<td>• SAFLA: Advise and Marketing</td>
<td></td>
<td></td>
</tr>
<tr>
<td>• Informal markets</td>
<td>• SHALC: Tanneries representative body</td>
<td>• Agents</td>
<td></td>
<td></td>
</tr>
<tr>
<td>• Rural abattoirs</td>
<td>• NAWACO: Women in cooperatives</td>
<td>• Market and Price Information</td>
<td></td>
<td></td>
</tr>
<tr>
<td>• Urban abattoirs</td>
<td>• Retailers (Spar, Massmart, Pick n Pay, Shoprite/Checkers, Fruit &amp; Veg City</td>
<td>• Cape Wools SA.</td>
<td></td>
<td></td>
</tr>
<tr>
<td>• Commercial Farmers (individual, independent forums and associations)</td>
<td>• ARC-training, information and networking</td>
<td>• Retailers</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

**Industry Representative Bodies (see above and including):**
- Industry Representative Body: Red Meat Industry Forum (RMIF)
- Levy Administrator: (implementation, administration and enforcement): Meat Statutory Measures Services (MSMS) and Red Meat Levy Administration (RMLA)
- Research: Red Meat Research Development Trust (RMRDT) and Red Meat Research & Development South Africa (RMRDSA)
- Quality Assurance: South African Meat Industry Company (SAMIC)
- Training, Research and Administration: Meat Industry Trust (MIT)
- Sheep Forum of South Africa.
- National Wool Growers Association (NWGA).
- Lamb and Mutton SA.
- Red Meat Producer’s Organisation (RPO).

**Links with Public Sector Organisations**
- **Information, Research and Training:** Agricultural Research Council (ARC)
- **Support, Training, Funding & Information:** National, Provincial and Local Agriculture department and development agencies (e.g. North Cape Development, Trade and Investment promotion Agency)
- **Funding and Support:** DRLR, DAFF, The dti, the National Empowerment Fund (NEF) and Industrial Development Corporation (IDC), Small Enterprise Development Agency (Seda), Small Enterprise Finance Agency (Sefa)
2.3 Central Karoo Agro-Processing Opportunities in the Short, Medium and Long Term

Food processing opportunities in the Central Karoo have been identified with potential in the short term (0-2 years), medium term (2-4 years) and long term (5-10 years). While immediate the implementation focus of the agri park will be on the short-term opportunities, it is also important that planning and preparation to develop the medium and longer term processing opportunities also takes place in the short term. The medium and longer term opportunities will require production planning and emerging farmer capacity development in order to maximize emerging farmer participation in these opportunities.

Short Term: 0-2 years:
As a result of consultation and inputs received into this Master Plan (including via the Central Karoo Rural Development Plan (CKRDP) (2015) consultation process), the following proposals emerged:

- Upgrading and partnership with one or more selected abattoirs in Beaufort West (possibly to include training required for ZA certification veterinary approval). Ideally, irrigated pastures and/or a feedlot business should be located close to the Agri-Hub using purified waste water to round off stock before being slaughtered for the premium meat market;
- Investigating the feasibility of one Tannery to be located in Beaufort West (given the existence of three abattoirs and its logistical centrality);
- Waterless Wool and Mohair Cleaning & Processing Facility Feasibility (if the outcomes of the current study are positive it is proposed that the facility requirements are identified and where possible located at the Agri Park in Beaufort West); and
- Lucerne (including from production areas in Rietbron, Nelspoort, Lainsburg and other areas in the District)) and linkages with a possible Lucerne pill processing facility to be established in the CK or CK District.

In addition, the following medium and longer term processing opportunities have been identified for further investigation:

Medium Term: 2-4 years

- Resuscitation of the hydroponics project which could focus on:
  - Flowers (currently mainly grown around mainly at Prince Albert) to serve various markets including the local tourism and conference industry (e.g. Roses).

8 Existing abattoirs are not operating to capacity and are sourcing animals from as far afield as outside the Western Cape. It is not deemed feasible to expand the number of abattoirs in the District. Instead a strategy to optimize emerging farmer access to, and partnerships with, existing abattoirs is regarded as the best way to optimize emerging farmer development and broader economic benefits to the District.
9 The assessment is that there is not sufficient volume for more than one tannery in the District to be feasible.
• Vegetables (the possibility of producing vegetables close to the agri-park site should be investigated further).

5. Goat Milk Product Manufacturing: Laingsburg Goat Milk Project10: According to the Laingsburg Municipality, this project could consist of “building a Goat Milk Factory and selling area, 10 Small Farmers with 30 “Switserse” goats selling milk to the factory the products are than be processed and, packaged, labelled and distributed”. Apparently local Businesses are willing to buy the products.

6. Vegetables (depending on potential production quantities and locations) including the revival and restructuring of the currently dormant hydroponics project in Beaufort West).

Long Term: 5-10 years.

1. Olive processing (Also SA olives branding support to obtain SA olives sticker is needed). It is not yet clear if the planting of additional olive trees on or close to the agri-park site should be investigate further. Ideally, a partnership or partnerships with existing olive processors should be explored to improve emerging farmer access to olive processing facilities;

2. The possibility of planting prickly pears on or close to the agri park site has also been raised and requires further investigation; and

3. Stone Fruits: Apricots (and possibly other fruits including figs) and proposed Prince Albert fruit drying facility, as well as Pomegranate initiative in Murraysburg (and also possibly linked to hydroponics feasibility at Beaufort West), as well as the feasibility prickly pears processing (either in close proximity to the agri hub in Beaufort West and/or the production area of Matjiesfontein).

In terms of the mohair industry, it is understood that limited scope exists for additional processing in the District at this time and that further stakeholder inputs are needed to clarify what processing opportunities exist (if any) in the District. The status and feasibility of the proposed Waterless Wool and Mohair Cleaning & Processing Facility Feasibility (depending on the outcomes of the feasibility study) needs to be ascertained and if the results are positive the possibility of locating the required facilities at the agri-park in Beaufort West should be discussed and explored.

2.4 Summary and Conclusion

The Agri-Park initiative of Government offers small scale farmers the unique opportunity to become viable and profitable business owners.

The challenge now facing small-scale and subsistence cattle producers is to transform the informal livestock production which prevails on both communal and private owned land to a vibrant

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10 The goat milk project may be confined to a fairly small local project and whether it should be a priority processing opportunity for the District Agri Park Master Plan will need further discussion by District role-players.
commercial livestock production system. The industry needs to stop thinking of small-scale farmers as subsistence (which implies a struggle to survive and not an effort to build a business that thrives). One way of achieving this is to develop an inclusive and equitable value chain partnerships which strengthen emerging farmers and their ability to manage their farms and livestock through improved support which will in turn support market access. Small-scale farmers are fully capable of becoming profitable businesses but this will require a coordinated support approach which can be facilitated by the agri park.

CHAPTER THREE: CENTRAL KAROO DISTRICT MUNICIPALITY AGRI-PARK STRATEGY

1.3 Introduction

The Central Karoo District Municipality is the largest district in the Province spanning 38,854km². It is comprised of three local municipalities: Laingsburg, Prince Albert and Beaufort West, and the District Management Area. The seat of the district is Beaufort West which is located along the N1 between Cape Town (about 500 kilometres away) and Johannesburg.

In 2008, the total commercial farm area in the District was estimated at 3.9 million HA, with 34,970 HA transferred under land reform, and 23,230 HA under commonage land area. The Central Karoo District has a small number of agricultural commodities including small stock, stone fruit, Lucerne, fallow, planted perennial pastures and natural grazing areas. The Central Karoo District does not have large areas under irrigation and this places a constraint on the expanded production of many commodities. In terms of live-stock, large numbers of goats and sheep are concentrated in the District.

1.4 Central Karoo Economic Profile

The biggest contributor to the Central Karoo District’s economy is the finance and business services sector (which contributes 28.59% of Gross Geographic Product in 2013 or R453.37 million). Agriculture contributes 8.71% directly to the Central Karoo District’s Gross Geographic or R138.05 million in 2013 ad employs approximately 2100 people directly. The indirect backward and forward linkages mean that agriculture’s contribution to the District economy is greater than its R138 million direct contribution. The primary agriculture commodities are small stock (goats and sheep) and stone fruit (apricots).

Agriculture has been identified as the sector that is best positioned to address issues of high unemployment, poverty and inequality and provide the foundation for inclusive growth.

Figure 30 Western Cape Spatial Distribution of Primary Agriculture Commodities
The top 10 commodities in terms of land area under cultivation (2013) per municipality are listed below according to type, hectares planted, and locality in the table below.

**Table 8 Central Karoo District: Top 10 crops per Municipality 2013**

<table>
<thead>
<tr>
<th>Rank</th>
<th>Area (Ha)</th>
<th>Crop</th>
<th>Rank</th>
<th>Area (Ha)</th>
<th>Crop</th>
<th>Rank</th>
<th>Area (Ha)</th>
<th>Crop</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>2477.2</td>
<td>Planted Pastures Perennial</td>
<td>1</td>
<td>1589.8</td>
<td>Lucerne</td>
<td>1</td>
<td>865.8</td>
<td>Weeds</td>
</tr>
<tr>
<td>2</td>
<td>2270.4</td>
<td>Lucerne</td>
<td>2</td>
<td>366.0</td>
<td>Fallow</td>
<td>2</td>
<td>697.7</td>
<td>Lucerne</td>
</tr>
<tr>
<td>3</td>
<td>1287.1</td>
<td>Fallow</td>
<td>3</td>
<td>330.2</td>
<td>Weeds</td>
<td>3</td>
<td>697.7</td>
<td>Planted Pastures Perennial</td>
</tr>
<tr>
<td>4</td>
<td>496.6</td>
<td>Natural grazing</td>
<td>4</td>
<td>283.7</td>
<td>Olives</td>
<td>4</td>
<td>418.0</td>
<td>Natural grazing</td>
</tr>
<tr>
<td>5</td>
<td>350.7</td>
<td>Planted Pastures</td>
<td>5</td>
<td>185.5</td>
<td>Natural grazing</td>
<td>5</td>
<td>392.3</td>
<td>Fallow</td>
</tr>
<tr>
<td>6</td>
<td>93.0</td>
<td>Olives</td>
<td>6</td>
<td>120.1</td>
<td>Wine Grapes</td>
<td>6</td>
<td>276.6</td>
<td>Onions</td>
</tr>
<tr>
<td>7</td>
<td>61.0</td>
<td>Weeds</td>
<td>7</td>
<td>108.5</td>
<td>Planted Pastures Perennial</td>
<td>7</td>
<td>163.0</td>
<td>Small Grain Grazing</td>
</tr>
<tr>
<td>8</td>
<td>27.0</td>
<td>Crops unknown</td>
<td>8</td>
<td>78.6</td>
<td>Onions</td>
<td>8</td>
<td>106.9</td>
<td>Apricots</td>
</tr>
<tr>
<td>9</td>
<td>7.7</td>
<td>Fruit unknown</td>
<td>9</td>
<td>54.2</td>
<td>Apricots</td>
<td>9</td>
<td>60.9</td>
<td>Peaches</td>
</tr>
<tr>
<td>10</td>
<td>1.8</td>
<td>Table Grapes</td>
<td>10</td>
<td>27.0</td>
<td>Planted Pastures</td>
<td>10</td>
<td>54.2</td>
<td>Olives</td>
</tr>
</tbody>
</table>


The Central Karoo District does not have large areas under irrigation and this places a constraint on the expanded production of many commodities:
Table 34 Central Karoo District Land Under Cultivation, Dry Lan, and Irrigated Fields by HA by Municipality

<table>
<thead>
<tr>
<th>Indicator</th>
<th>Beaufort West</th>
<th>Laingsburg</th>
<th>Prince Albert</th>
</tr>
</thead>
<tbody>
<tr>
<td>Area (Ha)</td>
<td>2191661.4</td>
<td>878448.9</td>
<td>815291.0</td>
</tr>
<tr>
<td>Cultivated Land (Ha)</td>
<td>7070.9</td>
<td>3760.9</td>
<td>3143.4</td>
</tr>
<tr>
<td>Dry Land Fields (Ha)</td>
<td>2848.4</td>
<td>1558.8</td>
<td>838.2</td>
</tr>
<tr>
<td>Irrigated Fields (Ha)</td>
<td>2347.8</td>
<td>492.8</td>
<td>1444.0</td>
</tr>
<tr>
<td>Other (Ha)</td>
<td>1874.7</td>
<td>1709.4</td>
<td>861.1</td>
</tr>
</tbody>
</table>


The Central Karoo District Agri-Park site is located in Beaufort West in Beaufort West LM which is one of the three local municipalities in the district. The municipality has approximately 49,000 residents and had an unemployment rate of 33% in 2013. The municipality’s economy is mainly based on the surrounding agricultural activities, tourism, and linked to traffic passing through the area along the N1.

1.5 Central Karoo Agri Park Strategy: Outcome, Vision, Mission, Goal and Objectives

The Central Karoo Agri Park outcome and outputs are as follows

### 1.5.1 Agri Park Outcome

<table>
<thead>
<tr>
<th>Outcome 7</th>
<th>Vibrant, equitable and sustainable rural communities</th>
</tr>
</thead>
<tbody>
<tr>
<td>Outputs</td>
<td>1) Sustainable agrarian reform with a thriving farming sector</td>
</tr>
<tr>
<td></td>
<td>2) Improved access to affordable and diverse food</td>
</tr>
<tr>
<td></td>
<td>3) Improved rural services to support livelihoods</td>
</tr>
<tr>
<td></td>
<td>4) Improved employment and skills development opportunities</td>
</tr>
<tr>
<td></td>
<td>5) Enabling institutional environment for sustainable and inclusive growth</td>
</tr>
</tbody>
</table>

### 1.5.2 Agri Park Vision

The vision statement describes why an Agri-Park exists and what the achievement of its mandate would result in. Furthermore, it is a compelling view of the future, able to motivate stakeholders alike. At the same time, it should be ambitious, yet realistic and credible.

**Proposed Vision Statement for Central Karoo District Agri-Park**

_The Central Karoo DM Agri-Park will be a well managed initiative that_
involves good coordination and involvement between emerging and commercial farmers (as well as the three spheres of government) in its governance and management (including effective monitoring and evaluation of operations and projects) and where emerging farmers are empowered with the necessary support, resources, knowledge, and skills to sustainably manage farm production, access processing opportunities and supply value chains and access markets without necessarily relying on ongoing government funding.

In the further development of the Agri-Park, the district stakeholders are to review the proposed vision in order to align with district municipality aspirations.

1.5.3 Agri Park Mission

The mission statement describes why the Agri-Park exists and what it does.

Proposed Mission Statement for Central Karoo District Agri-Park:

The Central Karoo Agri Park will assist to address the needs of emerging farmers to strengthen their ability to participate in both local and international (where relevant) value chains by coordinating and supporting improved access to capacity development (e.g. farm management) and other support services and facilities (e.g. access to equipment, water, transport, processing, cold and normal storage, packaging and distribution as well as market information and research) in order to meet the standards and other purchasing requirements of relevant supply chain buyers, thereby helping to retain and create jobs and improve the incomes of emerging farmers and farm workers.

1.5.4 Agri Park Goal and Objectives

Goals and objectives can and should guide action. Goal or objective statements provide direction for planning, for evaluating plans and for guiding projects and actions. A "good" goal statement is SMART:

- Specific
- Measurable
- Acceptable
Proposed Goal Statement for Central Karoo DM Agri-Park –
By 2025 Central Karoo DM’s rural areas and towns would be transformed into thriving areas in terms of jobs, food security and opportunities to prosper.

In the further development of the Agri-Park, the district stakeholders are to review the proposed goal in order to align with district municipality aspirations.

To achieve the proposed Agri-Park Goal, the following objectives aligned to the Agri-Park draft policy framework are proposed for the implementation of Central Karoo DM Agri-Park:

Objective 1: Transformation and Modernization

Proposed Objective One for Central Karoo DM Agri-Park –
To transform and modernise rural areas and small towns in the Central Karoo DM through the development of the Agricultural sector over the next 10 years.

The proposed objective among others, addresses issues indicated in the Agri-Park draft policy framework, including the following:

One of the Agri-Park draft policy framework’s seeks to contribute to achievement of the NDP’s “inclusive rural economy” and target of 1 million jobs created in agriculture sector through creating higher demand for raw agricultural produce, primary and ancillary inputs, as well as generating increased downstream economic activities in the sector.

Transformation: The Agri-Parks Programme forms part of the 2011 Green Paper on Land Reform policy review and reformulation process, which has been undertaken with a view to generate reforms that effectively address issues relating to tenure insecurity, food insecurity, rural underdevelopment and inequity in the agricultural sector. 'Agrarian transformation' denotes the 'rapid and fundamental change in the relations (meaning systems and patterns of ownership and control) of land, livestock, cropping and community'. The objective of the strategy is social cohesion and inclusive development of rural economies, in which rural-urban linkages are considered crucial in generating such inclusivity. A transformed rural economy is also inclusive of communal areas, commercial farming areas, rural towns and villages that can be organized to support both agricultural and non-agricultural sectors.

Modernisation: The Agricultural Policy Action Plan (APAP) is thus a programmatic response in achieving the above. The Agricultural policy plan vision statement is “An equitable, productive, competitive, profitable and sustainable Agriculture, Forestry and Fisheries Sector” growing to the benefit of ALL South Africans”. The APAP has 4 policy levers which seek to modernise the agricultural sector, among others for example:

Equitable Growth and Competitiveness
• Promoting import substitution and export expansion through concerted value chain/commodity strategies;
• Reducing dependence on industrial and imported inputs;
• Increasing productive use of fallow land; and
• Strengthening R&D outcomes.

**Objective 2: Agri-Park Infrastructure Development**

<table>
<thead>
<tr>
<th>Proposed Objective Two for Central Karoo DM Agri-Park –</th>
</tr>
</thead>
<tbody>
<tr>
<td>To develop an integrated and networked Agri-Park Infrastructure over the next 10 years.</td>
</tr>
</tbody>
</table>

According to the Agri-Park draft policy framework, Agri-Park Infrastructure Development must be based on existing and new business plans, infrastructure assessment and commodity and market requirements. This must consists of:

• Formulating infrastructure plans for each Agri-Park and ensuring alignment of plan with key infrastructure programmes, which requires consideration of: Agri-Park size; local building codes, health, sanitation issues; vehicle access and parking requirements; plot size and numbers; and, extent of space needed for common infrastructure facilities (e.g. laboratories, warehouses, quarantine, power generation plant, telecommunications, effluent waste treatment etc.);
• Working out logistical details including those concerning roads, communication networks, energy, bridges, water, and transport;
• Constructing and operationalizing the Agri-Parks, including working out logistical details.

**Objective 3: Agri-Park Governance and Management**

<table>
<thead>
<tr>
<th>Proposed Objective Three for Central Karoo DM Agri-Park –</th>
</tr>
</thead>
<tbody>
<tr>
<td>To facilitate the establishment and implementation of a sustainable Agri-Park governance and management model over the next 3 years.</td>
</tr>
</tbody>
</table>

To enhance agricultural productivity, the Agri-Park is to:

• Enabling producer ownership of 70% of the equity in Agri-Parks, with the state and commercial interests holding the remaining 30% minority shares (see Figure below) (note that it will probably be advisable to follow a phased approach to enabling producer ownership as capacity building of emerging farmers in governance and management matters will first be required to ensure that they are able to effectively participate as shareholders); and
• Allowing smallholder producers to take full control of Agri-Parks by steadily decreasing state support over a period of ten years.
Figure 12 Agri Park Share-Equity Model
Proposed Governance and Management Model for the Central Karoo DM Agri-Park –

In response to the Agri-Park draft policy framework share-equity model, a number of principles help to guide the ownership, governance and management question of the envisaged Frances Baard DM Agri-Park, namely:

- **Guiding Principle 1**: An Agri-Park must provide for Emerging Farmer/Producer ownership of the majority of Agri-Parks equity (70%), with the state and commercial, including Commercial Farmers, interests holding minority shares (30%). Simultaneously, all the shareholders must not view an Agri-Park as an immediate financial benefit vehicle. Rather, it must be considered as a vehicle to drive sustainable rural industrial development to secure the future of the affected rural community.

In practice, this suggest that profits generated by the Agri-Park Holding Company (Secondary Cooperative) must be ploughed back into expanding the Agri-Park infrastructure (industrial Park) or into necessary community socio-economic development projects and, in that way, slowly but surely building a stronger rural economy and community.

- **Guiding Principle 2**: As the Lead Sponsor, the DRDLR must appoint a suitably qualified and experienced Agri-Park Manager who will facilitate the formal establishment of the Agri-Park and its constituent institutional arrangements to ensure that the Agri-Park (at FPSUs and Agri-Hub levels) provides a comprehensive range of Farmer Support Services for farming excellence.

Practically, the organization and management of the Agri-Park, through its constituent Hub, FPSUs and RUMC, would be best optimized through the five abovementioned business units to provide services to Farmers and their communities, namely:

  - Sourcing and supplying Farmers will all necessary farming inputs i.e. Farmers’ shops or wholesaling.
  - Providing access and linkages to farming technical services like processing facilities, farming technologies and laboratory services ensuring that Farmers yield high quality and quantity of maize.
  - Promoting and ensuring investment within the Agri-Park sites/units in agri-processing and manufacturing activities linked to the main commodity that belies the Agri-Park.
  - Providing easier access to a comprehensive range of farming business and financial support services.
  - Providing Farmers with market intelligence and market access support for farm produce, including manufactured agri-products, to gain maximum local and export market access. This function will be best located under the Rural Urban Market Centre (RUMC) which is an invariable component of the envisaged Agri-Park concept.

- **Guiding Principle 3**: The Agri-Park will be subject to influence and support of the government especially through DAMC, DAPOTT, DLRC, PAPOTT, NAPOTT for purposes of
Practically, the main task of the Agri-Park Manager will be to ensure that optimum cooperation and alignment is maintained between the Agri-Park and the abovementioned government initiated and supported institutions.

The table and figure below outlines a proposed Agri-Park ownership, governance and management model.

**Table 9 Proposed Agri-Park Ownership, Governance and Management Model**

<table>
<thead>
<tr>
<th>Level</th>
<th>Ownership</th>
<th>Governance</th>
<th>Management</th>
</tr>
</thead>
<tbody>
<tr>
<td>A</td>
<td>Independently-owned Small-holder Farms and Farming Enterprises. However, these could also include local Black Commercial Farmers</td>
<td>Private Governance arrangements linked to legal ownership status of the farming enterprise.</td>
<td>Private management arrangements decided upon by each farming enterprise</td>
</tr>
<tr>
<td>B</td>
<td>A group of Farmers, at least 5 Members, will form and register a Primary Cooperative whose mission is to serve their common farming needs and interests. E.g. Livestock Farmers</td>
<td>The Governance of the Cooperatives must in terms Cooperatives Act 14 of 2005. To assist in this matter, each cooperative is required to develop and adopt a Constitution. Chiefly, members of each cooperative will be required to elect a Board of Directors, to serve for two years, whose main responsibility will be to manage the business affairs of the cooperative. The business affairs of the Cooperative must be audited and Audited Reports, including Audited Financial Statements must be presented to Members at each AGM.</td>
<td>Board of Directors whose main responsibility will be to manage the business affairs of the cooperative. To dispense with its management duty, the Board has the power to appoint staff and engage external expert service providers.</td>
</tr>
<tr>
<td>C</td>
<td>A Secondary Cooperative is formed and owned by two or more Primary Cooperatives</td>
<td>The Governance of the Cooperatives must in terms Cooperatives Act 14 of</td>
<td>Board of Directors whose main responsibility will be to manage the business</td>
</tr>
<tr>
<td>Level</td>
<td>Ownership</td>
<td>Governance</td>
<td>Management</td>
</tr>
<tr>
<td>-------</td>
<td>-----------</td>
<td>------------</td>
<td>------------</td>
</tr>
<tr>
<td></td>
<td>Cooperatives. The main responsibility of the Secondary Coop is to serve the common farming needs and interests of the Primary Coops. E.g. Commodity marketing or bulk sourcing of inputs.</td>
<td>2005. To assist in this matter, each cooperative is required to develop and adopt a Constitution. Chiefly, members of each Secondary Coop will be required to elect a Board of Directors, to serve for two years, whose main responsibility will be to manage the business affairs of the cooperative. The business affairs of the Cooperative must be audited and Audited Reports,</td>
<td>affairs of the cooperative. To dispense with its management duty, the Board has the power to appoint staff and engage external expert service providers. It is proposed that the Board Members of a Secondary Cooperative comprise of at least one Board Member from each of its member Primary Cooperatives in order to streamline strategic thinking.</td>
</tr>
<tr>
<td>D</td>
<td>The Agri-Park Holding Company will establish and/or wholly or partly acquire a range of special-focus enterprises covering property management, economic investment, trading and social investment. Thus ownership of the said enterprises will either be 100% or spilt with external investors.</td>
<td>The special-focus enterprises will be separate legal entities (Juristic Persons) with own governance and audit arrangements suitable for each enterprises. As a subsidiaries, each enterprise will report to and account to the Agri-Park Holding Company. It will be advisable that the Board Members of the Holding Company be included in the governance arrangements of the special focus enterprises in order to bear influence upon them.</td>
<td>Each special-focus enterprise will assemble its own management arrangements best suited for its core business. However, the Agri-Park Holding Company will provide strategic management and performance direction to each special-focus enterprise.</td>
</tr>
</tbody>
</table>
Objective 4: Agri-Park Funding

Proposed Objective Four for the Central Karoo DM Agri-Park –
To facilitate funding, and investment for the development of the Agri-Park over the next 5 years.

The Agri-Park initiative of Government offers small scale farmers the unique opportunity to become viable and profitable business owners. To achieve these two things need to happen. Firstly it is to see agriculture amongst smallholder, family farms and emerging farmers as a business. The more it is treated as a business, a way to create wealth, the more it will promote development and improve people’s lives in rural areas. Secondly, is to provide financing and funding and attract investment in Agri-Parks that will transform family owned farms, smallholder and emerging farmers into market orientated commercial producers.

The renewed emphasis on and need for rural development in South Africa exposes the limited capacity of the Development Finance System (DFS) and other development agencies to transform the rural economy and reach marginalised enterprises in rural areas, notably the former Bantustans, where many of these Agri-Parks will be formed. This limitation is in line with the general inefficiency of the enterprise finance segment of the DFS. Improved coordination and collaboration is clearly a
core requirement for successful rural development financing, particularly within an institutional reality of differentiated roles and responsibilities amongst a number of State entities (and to which number one could then add the multitude of private sector and community entities). Government could create a platform that could oversee and direct improved collaboration between different role players in providing rural finance. This could be initiated by establishing an inclusive national rural financing forum. The most obvious location for this would be the National Rural Development Agency (RDA) and Financing Facility, which the DRDLR has indicated it intends establishing. As the national government Department with the mandate for rural development, DRDLR would be the champion and shareholder of the RDA

**Proposed Policy Investment Framework for Investing in Agri-Parks**

Private (commercial farming agri-businesses, banks, processors, venture capitalists, investment companies, Agri-BEE entrepreneurs, agri-cooperatives (Senwes, GWK, VBK, etc), etc and non-private sector investment (not-for-profit organisations, stokvels, state development finance institutions, international development finance institutions, foreign donor partners, etc) are essential if Agri-Parks are to fulfil their vital function of contributing to rural economic development, poverty reduction and food security in districts. A wide range of private and non-private sector investors are already involved in agriculture in South Africa, the trick is to attract them to invest in Agri-Parks and ensuring that the investment is sustainable.

**Figure 14 Agri Park Investment Framework**

![Agri Park Investment Framework Diagram](image)

Source: Adapted from OECD, 2013

**Proposed Policy Investment Framework for Investing in Agri-Parks**

1. Investment policy:
The quality of investment policies directly influences the decisions of all investors. Transparency, policy coherence and stability, and non-discrimination can boost confidence. Secure access to energy and water, well-functioning input and output markets and effective mechanisms for enforcing contracts and good governance and management of parks are also critical in attracting investment.

2. Investment promotion and facilitation

By highlighting profitable investment opportunities and providing investment incentives, investment promotion and facilitation measures can be effective instruments to attract Agri-Park investment provided they aim to leverage the comparative advantage of the district’s agricultural potential.

3. Infrastructure development

Well-developed rural infrastructure, including good irrigation networks and transportation and storage systems and a reliable access to energy and to information and communication technologies, can effectively attract private investors in Agri-Parks.

4. Trade policy

Open, transparent and predictable agricultural trade policies can improve the efficiency of resource allocations both domestically and across borders, thus facilitating scale economies, boosting productivity and rates of return on investment and fostering food security.

5. Financial sector development

Efficient financial markets (formal and informal) can allocate capital to innovative and high return investment projects of both large and small agricultural investors, thus increasing revenues and generating economic activities.

6. Human resources, research and innovation

Strong human capital and dynamic agricultural innovation systems are critical to attract further investment in Agri-Parks. Policies should support high-quality education and well-functioning extension and advisory services to enhance human capital. They should promote partnerships between national, local and international research, better connect research with demand and effectively protect intellectual property rights (e.g. ICT) to build effective innovation systems.

7. Tax policy

Sound tax policy enables districts and local municipalities to raise revenue while attracting further investment from both large (agribusiness, commercial farmers, BEE-entrepreneurs, etc. and small investors (cooperatives, “agropreneurs”, stokvels, etc.).

8. Risk management

There is much skepticism and doubt about Agri-Parks as new phenomena in South Africa, effective risk management instruments (insurance, forward contracts, extension services, government encouraging diversification, etc.) can mitigate this risk, thus ensuring Agri-Park investors a more stable income and creating a predictable environment favorable to investment.

9. Responsible business conduct
Policies promoting recognized principles for responsible business conduct (RBC) (laws and regulations, communicate RBC norms and standards, support investors’ efforts and inter-governmental consultations) help attract Agri-Park investments that are both environmentally and socially sustainable, thereby bringing both short-term and long-term economic and development benefits to investors.

10. Environment

Strong and well-enforced environmental policies contribute to both attracting responsible investors and ensuring a sustainable use of existing natural resources, in particular land and water, renewable energy, integrated waste management thereby fostering long-term food security and mitigating climate change.

Objective 5: Agri-Park Farmers and Communities Development

<table>
<thead>
<tr>
<th>Proposed Objective Five for the Central Karoo DM Agri-Park –</th>
</tr>
</thead>
<tbody>
<tr>
<td>To provide technical support and extension services to Agri-Park beneficiaries over the next 10 years and beyond.</td>
</tr>
</tbody>
</table>

The challenge now facing family farms, small-scale and emerging farmers are to transform their agricultural production which prevails on both communal and private own land to a vibrant commercial production system. The industry needs to stop thinking of small-scale farmers as family farmers (implies a struggle to survive and not an effort to build a business that thrives). One way of achieving this is to develop an inclusive and equitable farmer development framework, to ensure improved market linkages, to develop the relevant management, market access, production and business skills among developing farmers, and to ensure that the appropriate infrastructure is in place to subsequently create a vibrant commercial production system. Small-scale and emerging farmers are fully capable of becoming profitable business entrepreneurs. The development of a production system and plan becomes imperative for Government, non-governmental organisations and the private sector to provide small-scale farmers with the technical support and extension services to thrive.

- Capacity-building and support to smallholder farmers and communities through provision of land, education, training and development, farm infrastructure, extension services, production inputs and mechanization inputs (all of which should be aligned to priority commodities as set out in the APAP);
- Developing detailed production and capacity building (in situ training) plans for farms located in proximity of identified Agri-Park and FPSUs sites;
- Support and assist farmers organise themselves into agro-clusters around the FPSUs and AHs;
- Ensuring access of producers to improved infrastructure (water, irrigation, energy, roads, information, communication and technology) to carry products through the value chain process and to markets, as well as sharing critical market information;
- The provision of agricultural extension services allows farmers to be informed of new agricultural technologies (especially ICT), obtain advice on best agricultural practices (including
video links), and obtain assistance with dealing with adverse shocks such as insect infestation or plant disease (Dercon et al., 2006);

- Establishment of Cooperative/Village Banks at FPSUs and AHs;
- Research and development in innovative ITC platforms (agricultural data, information and statistics);
- Establishing preferential procurement mechanisms to both promote the entrance of new producers and other entrepreneurs, as well as support existing ones; and,
- Finalizing off-take agreements per each identified commodity and Agri-Park.

**Objective 6: Agri-Park Implementation Capacity**

<table>
<thead>
<tr>
<th>Proposed Objective Six for the Central Karoo DM Agri-Park –</th>
</tr>
</thead>
<tbody>
<tr>
<td>To enhance the capacity and capability of officials responsible for the implementation of the Agri-Parks over the next 3 years.</td>
</tr>
</tbody>
</table>

- Creating and institutionalizing technical and operational tasks teams to manage all phases of Agri-Park development and implementation;
- Establishing the proposed National Agri-Park Project Support Facility, which will coordinate and support district-based operational teams;
- Coordinating Agri-Park development with other DRDLR programmes targeted at increasing the pace of land acquisition and redistribution;
- Organization and mobilization of stakeholders and communities residing in identified site localities through participatory consultation on Agri-Parks model, site selection and identification of production areas to receive support;
- Conducting a Socio-economic analysis for each of these areas, in which district connectors (gateways), areas of economic growth/decline, economic functional zones are all identified; and income, employment statistics and access to utility services data (to water, sanitation, energy etc.) is collated;
- Conducting a National spatial, commodity, value chain and market analysis to determine target sites through identification of high value commodities, growing production areas and available infrastructure;
- Generating site specific maps containing district specific narratives and selection criteria for initial identification of sites;
- Further development of evaluation criteria for assessing Agri-Parks proposals;
- Weighing each Agri-Park proposal against this evaluation criteria and other important findings from previous analyses to make final determinations on Agri-Park sites; and,
- Signing resolutions for the establishment of Agri-Parks with each District Municipality identified.
CHAPTER FOUR: CENTRAL KAROO DISTRICT AGRI-PARK INFRASTRUCTURE PLAN

4.1 Introduction

An Agri-Park is not only physical buildings located in single locations (like ordinary industrial parks) per district but it is defined as:

A networked innovation system of agro-production, processing, logistics, marketing, training and extension services located in District Municipalities. As a network it enables the growth of market-driven commodity value chains and contributes to the achievement of rural economic transformation (RETM). An AP contains three service collections:

a. Farmer Production Support Unit (FPSU) with a focus on primary production towards food security;

b. Agri-Hub (AH); and

c. The Rural Urban Market Centre (RUMC) which may service multiple districts.

4.2 The Central Karoo Agri-Hub and FPSU’s

Beaufort West in the Beaufort West LM has been identified as a AH due to its strategic central location as the district gateway and agro-processing potential due to the good road transport networks crossing the district (in particular the N1 linking to both Cape Town and Johannesburg). The town of Beaufort West was proposed after a number of consultative meetings between the Department of Rural Development and Land Reform’s PSSC officials, Western Cape Department of Agriculture, Land Reform and Rural Development, Central Karoo District District Municipality and other key stakeholders as well as an analysis of key criteria. The site was proposed for the following reasons:

- Beaufort West is the district gateway with a central location with and accessibility to the N1 and regional transport routes;
- The existing abattoir facilities in the town;
- PLAS farms located to the South of the town;
- CASP projects to the north;
- Land reform projects implemented to the South of the town;
- Location of a CRDP site;
- Restitution claims to the east of the town; and
- Retail stores as well as other business services and inputs located in the town.
Figure 15 Proposed Agri Hub Location

Source: DRDLR 2015
According to CSIR (2016), the Agri-Hub is a production, equipment hire, processing, packaging, logistics and training (demonstration) unit as indicated in the figure below:

**Figure 16: Agri-Hub Conceptual Layout Plan**

The site for the potential Agri-Park in Beaufort West has been approved by the Municipality in 2015. This proposed site is located along the N1 and is 1km from the town centre. This Agri-Hub will support the feeder Farmer Production Support Units.
Primary Production

Primary production of livestock will take place at the FSPUs level including communal and commercial livestock farmers and from government owned farms under the land reform programme. Some of the emerging livestock farmers with small number of stocks will be arranged into cooperatives to reduce their transaction costs. The FSPUs are the backbone of the Agri park hubs. Consistent flow of livestock from this units to the agri-hub is critical for the sustainability of the Agri Hub.

Feeding/Finishing

Livestock from the FSPUs will be delivered either to the feedlot or abattoir depending on the size of the animal. Smaller animals will be delivered to the feedlot for fattening before being delivered to the abattoir. Older animals will be delivered directly to the abattoir; however some will be delivered to the custom feeding programmes for fattening.

The Agri-Hub should include the following facilities and support services:

- An Abattoir (one of the three existing in Beaufort West) and linked irrigated pastures (10 ha) to round off animals for the premium meat market. The abattoir should have an estimated capacity 150 cattle, 800 sheep, 500 goats and 100 pigs per month. It will receive stock from the FSPUs.
- Training facilities including lecture halls and lodging for 20 trainees.
- Intake, storage and dispatch facility of about 2000 m² for produce from the feeder FSPUs:
  - Cattle, sheep, goats and pigs to go directly to the abattoir or to the pastures for rounding off from FSPUs as indicated earlier.
  - Lucerne from FSPUs to go to market and / or possible feed production plant (yet to be identified)
• Small packing and cooling facility for vegetables and/or fruit (medium term).
• Local market facility to sell local produce of about 200 m².
• Office space (open plan office with desks), boardroom (2) facilities, internet cafe and secretarial services for local emerging farmers.
• Main production input supply facility (most probably a cooperative) of about 2000 m² (shop to purchase production inputs like fertilizer, chemicals, seed irrigation equipment, small tools, etc) to be operated with a strategic partner along the following lines:
  o A small farmer / emerging farmer (client) will approach the cooperative for production inputs for a specific crop and quantity;
  o The cooperative and client will enter into a supply / purchase contract stipulating, crop or farming enterprise, quantity and timing, e.g. number of sheep or area to be planted with crop and when planting will take place. From this it will be clear as to what is needed, when and how much;
  o The cooperative will inspect the clients operations on a regular basis to ensure that the client adheres to the contract;
  o The contract will also stipulate that the client must deliver the produce to the cooperative who will grade and pay the client market price minus the costs of the inputs supplied. The cooperative will then on sell the produce delivered to one of the other facilities in the Agri-Hub for further processing of packaging;
  o Cooperative personal will, as part of their service, supply extension services to the client;
• Main mechanization centre and equipment servicing and repair centre with a shed of 500 m² and yard of 2000 m² to effect major repairs to the fleet of trucks, tractors and vehicles that service the hub and its feeder FPSU’s.
• Collection services linked to the mechanization centre.
• Extension services with shared offices at the training centre.
• Veterinary services through the local animal protection association – waiting room, consultation rooms (2), operating theatre and small animal housing facility. Large animals will be housed at the pastures and abattoir. The veterinarian will also inspect the abattoir.
• Market information centre with shared offices at the training centre.

The Central Karoo District Land Reform Committee (DLRC) has made the following proposals for further consideration as the Agri Park Master Plan process moves forward. These proposals are often either detailed consultations or separate studies which can be identified as part of the detailed agri park feasibility and business planning work required:

Agricultural Equipment Shared Service (Access to tractors/graders/bakkies and implements):

The end users to be analysed and may include emerging farmers in the vicinity, their mentors and other affected parties. The critical element of this project is to find a suitable location for storage of equipment and vehicles in accessible, suitable locations which includes the size, visual impact, permitted land use (maintenance, storage and fuel) requirements associated with such a use. Storage of agricultural equipment may be suitable on agricultural land whilst storage of fuel may only happen on business or industrial zoned land. A consideration must be given to emerging farmers that already received their own tractors from the DRDLR and the actual need in this area. Institutional
and ownership arrangements: Consideration must be given to the optimal use of buildings such as existing Municipal Depots through a partnership arrangement with the Municipality. The number of staff members and the type of skill for such an operation to be defined, to enable immediate implementation.

**Alternative use for the rail/Transnet buildings abutting the Agri Hub site in Beaufort West:**

Instead of constructing new buildings and due to the locality of these existing buildings in close vicinity to the Agri Hub site, consideration be given to the use these buildings to compliment the Agri-Park concept. Suggestions included housing for staff or for students busy with training at the Youth Hub. The synergies between the key sites in Beaufort West must be considered when the 3 proposals are formulated the, the Agri Park site (former Hydroponics site), the vacant industrial land across the N1 from the Agri-Park site, the Transnet properties abutting the site and the recently constructed Youth Hub.

**Agri Farmer Production Support Units (FPSU) feeding into the Beaufort West Agri-Hub:**

According to CSIR (2016), the FPSU is a rural outreach unit connected with the Agri-hub. The FPSU does primary collection, some storage, some processing for the local market, and extension services including mechanisation as per the following layout plan:

**Figure 18: FPSU Conceptual Layout Plan**
Five Agri FPSUs have been identified (it is possible that stakeholders may identify the need for additional FPSUs as the Agri Park initiative implementation proceeds):

1. Murraysburg: linked to 6400 HA commonage land: small stock improvements, lucern production (shared equipment), possibly fruit
2. Prince Albert: small stock improvements, fruit and vegetable production and processing, flowers.
3. Lainsburg: small stock improvements, fruit and vegetable production and processing.
4. Merwerville and/or Possibly Leeu Gamka- small stock improvements and lucerne production (with shared equipment) linked to possible processing plant (located in Central Karoo or CK District to be investigated).
5. Nelspoort: small stock improvements and Lucerne (100 HA possible production potential) (Vuyani Dev. Trust).\(^\text{11}\)

Ideally the FPSUs should be located on municipal land wherever possible. Each Municipality needs to identify the detailed location and land for FPSUs in consultation with emerging farmers. Linkages with existing infrastructure and facilities should be maximised wherever possible.

\(^{11}\) Casidra has identified a plan to strengthen the Vuyani Development Trust (which has suffered from poor livestock, financial and farm management as well as skills deficits) and this needs to be implemented and linked to the Agri Hub and FPSU planning process.
This FPSUs should include the following facilities and support services:

- Small Produce handling facility – receipt and dispatch of produce from the catchment areas (mainly animals, but also other produce): +2000 m²
- Mechanization and repair centre: +400 m².
- Collection services linked to the mechanization centre.
- Local market facility to sell produce locally: +200 m².
- FPSU production input supply facility (a local branch of the main production input supply facility): +500 m²
- Storage facility for Lucerne: +/-200 m².
- Small meeting and internet facility: +/- 100 m².

Note: The above FPSU facilities need not necessarily be located in one location / on the same piece of land. For example, the local market facility should be located to take advantage of local demand (and which may include tourists visiting an area) and therefore should be carefully located to maximise exposure to local demand (for example, along a main route and/or at a local node).

4.3 Proposed Rural Urban Market Centre

The Rural Urban Market Centre Unit (RUMC) has three main purposes:

- Linking and contracting rural (AH and FPSUs), urban and international markets through contracts.
- Acts as a holding-facility, releasing produce to urban markets based on seasonal trends.
- Provides market intelligence and information feedback, to the AH and FPSU, using the latest information and communication technologies.

The site for Central Karoo RUMC has not been confirmed. It is however proposed that the Central Karoo and CK District should seriously consider a shared Rural Urban Market Centre either at Beaufort West or Oudtshoorn depending on a more detailed analysis of commodity linkages and logistical requirements including access to relevant local and regional markets. A single RUMC will not only save on development and operational costs, but it will also create economy of scale and bargaining muscle in negotiations with local and overseas buyers.

Oudsthoorn has possible advantages including: It is closer to support educational institutions, the Western Cape Department of Agriculture Research Farm and Technology testing facilities, and the George airport for time sensitive and export oriented activity. In addition, access to the South African Army Base (which includes the Infantry School) is key as one of the major local buyers that the Agri Park needs to target as a supplier. Beaufort West is located along the N1 in terms of road or rail based cargo and supplies.

There are also plans underway to strengthen the Oudtshoorn Airport’s ability to service cargo needs and there may be synergies between the Agri-Park and future airport development and cargo feasibility. At the same time discussions are also underway to strengthen the Beaufort West airport and its ability to service freight. A holistic assessment of regional airport development is needed as the Agri Park initiative unfolds.
Regarding market access and maximising access to local markets, it is proposed that the RUMC explore the potential to establish a District Framework Contract to facilitate streamlined procurement from local producers by a wide range of national, provincial and local government institutions.

It is also proposed that a national brand be developed for Agri Parks which can strengthen market awareness and market access.

4.4 PESTEL Assessment of the Agri-Park

A PESTEL analysis is a framework or tool used to analyse and monitor the macro-environmental (external operating environment) factors that have an impact on an organisation. The result of which is used to identify threats and weaknesses that is used in a SWOT analysis.

PESTEL stands for:

- P – Political
- E – Economic
- S – Social
- T – Technological
- E – Environmental
- L – Legal

The PESTEL analysis for the Central Karoo Agri-Park is indicated in the Table below:
Table 10 PESTEL analysis for the Central Karoo Agri-Park

<table>
<thead>
<tr>
<th>Political</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>• National focus on agrarian reform, rural development and sustainable</td>
<td>• National focus on agrarian reform, rural development and</td>
</tr>
<tr>
<td>rural communities</td>
<td>sustainable rural communities</td>
</tr>
<tr>
<td>• IPAP &amp; APAP focus on agro-processing and bio-fuels</td>
<td>• IPAP &amp; APAP focus on agro-processing and bio-fuels</td>
</tr>
<tr>
<td>• Backlogs in land restitution and lack of support to new land owners</td>
<td>• Backlogs in land restitution and lack of support to new land</td>
</tr>
<tr>
<td>• Focus on agriculture and rural development in Provincial and District</td>
<td>owners</td>
</tr>
<tr>
<td>Municipality Growth and Development Strategies</td>
<td>• Focus on agriculture and rural development in Provincial and</td>
</tr>
<tr>
<td>• Focus on food security, nutrition and food sovereignty</td>
<td>District Municipality Growth and Development Strategies</td>
</tr>
<tr>
<td>• Political administration interface</td>
<td>• Focus on food security, nutrition and food sovereignty</td>
</tr>
<tr>
<td>• Agri-BBBEE</td>
<td>• Political administration interface</td>
</tr>
<tr>
<td>• Lack of support to smallholder farmers</td>
<td>• Agri-BBBEE</td>
</tr>
<tr>
<td>• Unemployment; poverty and inequality</td>
<td>• Lack of support to smallholder farmers</td>
</tr>
<tr>
<td>• Trust relations between government, private sector, civil society,</td>
<td>• Unemployment; poverty and inequality</td>
</tr>
<tr>
<td>labour, traditional leaders</td>
<td>• Trust relations between government, private sector, civil</td>
</tr>
<tr>
<td>• Historical land issues</td>
<td>society, labour, traditional leaders</td>
</tr>
<tr>
<td>• Intergovernmental relations</td>
<td>• Historical land issues</td>
</tr>
<tr>
<td>• Public service capacity, capability and competence</td>
<td>• Intergovernmental relations</td>
</tr>
<tr>
<td>• Corruption, nepotism and cronyism</td>
<td>• Public service capacity, capability and competence</td>
</tr>
<tr>
<td>• Policy consistency, certainty, continuity and implementation</td>
<td>• Corruption, nepotism and cronyism</td>
</tr>
<tr>
<td></td>
<td>• Policy consistency, certainty, continuity and implementation</td>
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</tbody>
</table>

<table>
<thead>
<tr>
<th>Economic</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>• Agricultural inputs costs (seeds, pesticides, fertilisers, equipment,</td>
<td>• Agricultural inputs costs (seeds, pesticides, fertilisers,</td>
</tr>
<tr>
<td>etc)</td>
<td>equipment, etc)</td>
</tr>
<tr>
<td>• Alternative markets (government, local and informal markets)</td>
<td>• Alternative markets (government, local and informal markets)</td>
</tr>
<tr>
<td>• IPAP &amp; APAP financial support to high priority agricultural products</td>
<td>• IPAP &amp; APAP financial support to high priority agricultural</td>
</tr>
<tr>
<td>and agro-processing</td>
<td>products and agro-processing</td>
</tr>
<tr>
<td>• Lack of smallholder and emerging farmers access to markets, credit,</td>
<td>• Lack of smallholder and emerging farmers access to markets,</td>
</tr>
<tr>
<td>transport, finance, extension services, etc</td>
<td>credit, transport, finance, extension services, etc</td>
</tr>
<tr>
<td>• Domination of markets by large commercial farmers</td>
<td>• Domination of markets by large commercial farmers</td>
</tr>
<tr>
<td>• Volatility and speculation in commodity market</td>
<td>• Volatility and speculation in commodity market</td>
</tr>
<tr>
<td>• Exchange rates</td>
<td>• Exchange rates</td>
</tr>
<tr>
<td>• Potential for inclusive growth</td>
<td>• Potential for inclusive growth</td>
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<tr>
<td>• Potential for increased job creation</td>
<td>• Potential for increased job creation</td>
</tr>
<tr>
<td>• Seasonal nature of employment</td>
<td>• Seasonal nature of employment</td>
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<tr>
<td>Social</td>
<td></td>
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<tr>
<td>--------</td>
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</tr>
<tr>
<td>• Crime</td>
<td>• Social capital and social cohesion</td>
</tr>
<tr>
<td>• HIV/AIDS</td>
<td>• Unresolved CPA disputes</td>
</tr>
<tr>
<td>• Migration out of rural areas reducing agricultural workforce</td>
<td>• Perception that agriculture is an unattractive sector amongst the youth</td>
</tr>
<tr>
<td>• Availability of social basic services such as health, education, etc</td>
<td>• Low levels of skills development in agricultural sector</td>
</tr>
<tr>
<td>• NARYSEC</td>
<td>• Potential to create viable smallholder businesses</td>
</tr>
<tr>
<td>• Uneven development in rural areas</td>
<td></td>
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</tbody>
</table>

<table>
<thead>
<tr>
<th>Technological</th>
<th></th>
<th></th>
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</thead>
<tbody>
<tr>
<td>• Indigenous and modern technology</td>
<td>• Technology for family farmers and smallholder farmers</td>
<td></td>
</tr>
<tr>
<td>• New greenhouse and hydroponic technology</td>
<td>• ICT innovative digital platforms (prices, markets, weather, etc)</td>
<td></td>
</tr>
<tr>
<td>• R&amp;D</td>
<td>• Renewable energy sources</td>
<td></td>
</tr>
<tr>
<td>• Productivity</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Logistics</td>
<td>Logistics</td>
<td></td>
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<tr>
<td>-------------------------------</td>
<td>-------------------------------</td>
<td></td>
</tr>
<tr>
<td>Small scale processing technology</td>
<td>Small scale processing technology</td>
<td></td>
</tr>
</tbody>
</table>

### Environmental

- Limited water supply
- Limited water licences
- Ecological sustainable farming methods
- Climate change
- Devastating effects of drought
- Water management
- Energy management
- Land Use management
- Natural Resources
- Renewable energy
- Waste and by-products

### Legal

- Effective by-laws
- Complimentary legislative and policy frameworks
- Implementation and compliance of food safety standards and quality control
- Land Reform and Rural Development legislation and policy frameworks-Daff synergy and complimentary
- EIA cumbersome process

### 4.5 Central Karoo Agri-Park SWOT Analysis

A review of the significant trends, issues and changes in the external environment in which Central Karoo District Municipality Agri-Park will operate identified several key factors that are likely to have a significant influence on the development and the implementation of the draft Agri-Park. The Agri-Park SWOT analysis are proposed to inform decisions on the development and implementation of the Agri-Park Programme (see Chapter 5).

#### 4.5.1. Strengths

- Cooperation between the municipality and the emerging farmers.
- Land availability
- Development aspiring communities
- Local municipality that articulates their plight.
- Accessible local governance system
- Participation process enshrined in the Constitution
4.5.2. Weakness

- Large portion of population unemployed
- Low mitigation to the negative impacts of climate change as can be witnessed with the continued desertification and current drought
- Large distances between areas having a potential negative impact of transportation of certain agricultural products
- Poor water management: high water debts and inefficient uses of groundwater sources
- Lack of agricultural facilities for small scale and emerging farmers in rural areas

4.5.3. Opportunities

Spatial clustering is forms the essence of agri-parks concept. In practice clustering can take many forms and there could also be varied combination of agricultural and non-agricultural activities. Some of the advantages of clustering are:

- Closing the cycle
- Coordination, cooperation, networking and collaboration
- Improved social cohesion
- Reducing transport requirements
- Improve animal welfare
- Restricting disease outbreaks
- Reduce the gap between producer and consumer
- Generate economic and social benefits
- Development of infrastructure networks to create sustainable ecological system
- Integrated spatial planning-SPLUMA
- AgriBEE- encourage Black entrepreneurs to take advantage
- Connecting development corridors
- Knowledge management- universities, agricultural colleges
- Growth of agro-processing
- Intensive labour agriculture & agri-processing
- Efficient use of space
- Renewable energy sources-solar
- Agro-production and agro-processing
- Setting of food standards and quality and conducting certification
- ICT- less reliable on extension officers for certain needs
- Market information
- Economies of scale
- PPPs
- Efficiency of resource allocation and utilisation
- Improved markets
- Agriculture becomes the focal point
- Synergy between non-agri-production like energy production, waste and water management
• Trade centre

4.5.4. Threats

• Stifling bureaucracy
• Poor intergovernmental relations between the three spheres of government
• Alignment between various Agri-Parks committees and DLRCs-too many committees
• Technical capacity at district and local municipal levels
• Scarcity and degradation of land, water and soil
• Post-harvest food lost and wastage
• Low support for producers
• Duplication of effort
• Fragmented and uncoordinated planning
• Slow pace of regulatory approvals e.g. EIAs, water approvals
• Ineffective models of producer support. Absence of uniform criteria and definitions. Unable to effectively plan, invest or measure smallholders
• Slow pace in the issuing of water licences
• Proposed Incentive Programme for Climate Smart Agriculture (CSA) remains unfunded.
• Competing demands of land
• Import (dumping) e.g., AGOA
• 20% growth in consumer demand, met by 10% imports
• Veterinary services inadequate and inaccessible
• Commercialisation of communal herd owning 40% of national herd.
• Import 50% of wheat. Progressive replacement of wheat by canola and soya
• Greatest's contributor to agricultural exports/trade but is the least transformed sector
• Under investment in R&D (0.1%) capacity & infrastructure
• Inability to apply/integrate innovation
• Aging senior researchers
• 75% of local procurement under discussion between National Treasury and Department of Small Business Development
• Greater synergy between IPAP and APAP
• Climate change- drought, flooding and fires
• Soil degradation
• Reduction in water supply in terms of rain and stream flows
CHAPTER FIVE: CENTRAL KAROO DISTRICT AGRI-PARK IMPLEMENTATION PLAN

5.1. Introduction

The Agri Park implementation will continue to evolve as new developments unfold. It will be important for implementation to take place in as coordinated a manner as possible and therefore the pending appointment of a District Agri Park Manager will assist in this regard and provide a key focal point for all stakeholders to interact with.

This 10 year Agri Park Master Plan implementation plan therefore contains the following:

f) Agri Park Success Factors based on international experience;
g) Agri Park Implementation monitoring plan to guide the monitoring of the agri park (it will be critical for stakeholders to agree on key indicators to be monitored and for regular progress reports on these indicators to be presented and discuss at the agri park stakeholder meetings such as the DAPOTT and DAMC);
h) Agri Park Risk Management Plan: it will be critical for key risk managers to be identified and who are responsible to implementing actions to mitigate the key risks facing the successful implementation and operation of the Agri Park.
i) Agri 10 Park High Level 10 year implementation plan to provide an indication of the phased implementation approach; and
j) Agri Park Strategic Partnership Framework to provide an indication of the wide range of partnerships which will need to be explored, facilitated and defined to ensure the successful operation of the Agri Park.

5.2. Critical Success Factors

International lessons of experience have revealed that at least seven generic success factors can be identified for Agri-Parks. These include:

<table>
<thead>
<tr>
<th>Table 11 Agri Park Success Factors based on International Experience</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Production Systems and Innovation:</strong></td>
</tr>
<tr>
<td>Engage expertise support for Agri-Park to implement systems and innovate.</td>
</tr>
<tr>
<td>A culture of Research and Development to be inculcated in the enterprise.</td>
</tr>
<tr>
<td>Develop a plan that integrates the necessary R&amp;D with the overall Agri-Park strategic plan.</td>
</tr>
<tr>
<td>Identify and prioritise R&amp;D projects based on the contribution of the likely research outcomes to overall industry performance.</td>
</tr>
<tr>
<td>Encourage a long-range program approach rather than commission a series of independent projects.</td>
</tr>
<tr>
<td>Ensure that R&amp;D is commercially focused on the product outcome.</td>
</tr>
<tr>
<td>Build long-term relationships with competent and experienced research providers.</td>
</tr>
<tr>
<td><strong>Enterprise and</strong></td>
</tr>
<tr>
<td>The development and support of the enterprise needs to be on both the enterprise and industry development levels. With a view to drawing on</td>
</tr>
</tbody>
</table>
### Industrial Development Support and enablers:
- these interventions benefits to critical mass or scale.
- Recognise the importance of being a certain size before successful commercialisation can be possible.
- Focus on growth at both enterprise and industry levels with a view to drawing on these benefits once critical mass has been achieved once critical mass has been achieved.
- Recognise the contributions to growth possible through partnering throughout the supply chain, and through mentoring of new industry players.
- Encourage collective marketing and branding programs.
- The enterprise development, amongst others will cover leadership development and retention; business planning; businesses formalisation e.g. coops registration and business resourcing. Facilitate access to enablers such as finance, appropriate technology, business development services, electricity, appropriate roads and bridges, etc.

### Quality Product Development:
- The Agri-Park to develop skills in food product development.
- Compliance with industry codes of good practice in terms of product description and quality assurance.
- Standardisation of terminology and the way products are graded, labelled and traded.

### Brand Building and Marketing:
- All world-class low-tech enterprises are exceptionally good at building their brands, and protect their trademarks and logos. Linked to enterprise development support, the Agri-Park needs to develop a branding look and feel (also incorporating its wide web presence).
- The Agri-Park to develop a precise marketing plan and allocate resources for the promotion of the enterprise products.

### Business linkages and supply chains:
- Empower local distributors to get product to the market.
- Establish vertical and horizontal business linkages.
- Identify the market (or market segment) to be targeted.
- Identify sustainable supply chain partners most appropriate to the chosen market segment.
- Establish effective, ongoing, structured lines of communication between the supply chain partners.
- Project a realistic view of the industry’s position and outlook.
- Build relationships based upon mutual benefit along the supply chain.

### Governance and management:
- Competent Agri-Park management and governance.
- Business management systems and structures need to be in place.
- Business principles of profit, people and planet.
- Good practice corporate governance should be adhered to at all times.
- Comply with corporate governance legislative, policy and regulatory
Supply contracts in place for key inputs:

The prices of agricultural inputs are incredibly volatile due to factors such as adverse weather conditions and insect infestations. To negate this, long-term fixed-price supply contracts with local farmers, suppliers (e.g., packaging company) and distributors is crucial.

The following factors should be considered for the establishment and/or operationalisation of a processing plant:

**Table 12 Key Considerations Informing Establishment of Processing Plants**

| Location: | The basic objective is to choose the location which minimises the average production cost, including transport and handling. It is an advantage, all other things being equal, to locate a processing unit near the fresh raw material supply. An adequate supply of good water, availability of labour pool, proximity to rail or road transport facilities and adequate markets are other important requirements. |
| Processing planning: | A well planned commodity processing centre must be designed to operate for as many months of the year as possible. This means the facilities, the buildings, the material handling and the equipment itself must be inter-linked and coordinated properly to allow as many products as possible to be handled at the same time, and yet the equipment must be versatile enough to be able to handle many products without major alterations. A typical processing centre or factory should process four or five types of commodities at different times of the year. |
| Processing systems (Scalability): | **Small-Scale Processing.** This can be done at FPSUs for small-scale farmers for personal subsistence or for sale in nearby markets. In this system, processing requires little investment: however, it is time consuming and tedious.  
**Intermediate-Scale Processing.** In this scale of processing, a group of small-scale processors pool their resources. This can also be done by individuals. Processing is based on the technology used by small-scale processors with differences in the type and capacity of equipment used. The raw materials are usually grown by the processors themselves or are purchased on contract from other farmers. These operations are usually located on the production site in order to assure raw materials availability and reduce cost of transport. This system of processing can provide quantities of processed products to supply nearby urban areas.  
**Large-Scale Processing.** Processing in this system is highly mechanised and requires a substantial supply of raw materials for economical operation. This system requires a large capital investment and high technical and managerial skills. For example, because of the high |
demand for foods in recent years many large-scale factories were established in developing countries. Some succeeded, but the majority failed, especially in West Africa. Most of the failures were related to high labour inputs and relatively high cost, lack of managerial skills, high cost and supply instability of raw materials and changing governmental policies. Perhaps the most important reason for failure was lack of adequate quantity and regularity of raw material supply to factories. Despite the failure of these commercial operations, they should be able to succeed with better planning and management, along with the undertaking of more in-depth feasibility studies.

The basis for choosing a processing technology ought to combine labour, material resources and capital so that not only the type and quantity of goods and services produced are taken into account, but also the distribution of their benefits and the prospects of overall growth. These should include:

- increasing farmer/artisan income by the full utilisation of available indigenous raw material and local manufacturing of part or all processing equipment;
- cutting production costs by better utilisation of local natural resources (solar energy) and reducing transport costs;
- generating and distributing income by decentralising processing activities and involving different beneficiaries in processing activities (investors, newly employed, farmers and small-scale industry);
- maximising national output by reducing capital expenditure and royalty payments, more effectively developing balance-of-payments deficits through minimising imports (equipment, packing material, additives), and maximising export-oriented production;
- maximising availability of consumer goods by maximisation of high-quality, standard processed produce for internal and export markets, reducing post-harvest losses, giving added value to indigenous crops and increasing the volume and quality of agricultural output.

5.3. Agri-Park Strategy Implementation Monitoring Framework: outcomes, outputs, targets activities and key assumptions

The following indicators and targets are proposed for further refinement in order to monitor implementation of the Agri Hub and achievement of the Agri Hub objectives. Stakeholders will need to define and agree on the key targets:

Table 13 Agri Park Objectives, Outputs, Targets, Indicators and Activities
## STRATEGIC OBJECTIVE 1: Transform Rural South Africa through a modernised agricultural sector

<table>
<thead>
<tr>
<th>Outcome(s)</th>
<th>Measure (Outputs)</th>
<th>Targets &amp; Milestones (Indicators)</th>
<th>Activities</th>
</tr>
</thead>
<tbody>
<tr>
<td>CK District Agricultural Sector transformed and modernised</td>
<td>Vibrant CK District community and Food Security</td>
<td>% increase in households monthly income (socio impact)</td>
<td>Implement and manage agri park</td>
</tr>
<tr>
<td></td>
<td>Percentage contribution of Agricultural to CK District economy</td>
<td>% increase in absolute value of of District’s Agricultural sector production (econ impact)</td>
<td>Implement and manage agri park</td>
</tr>
<tr>
<td></td>
<td>Increased agricultural beneficiation (agro-processing activities)</td>
<td>% increase in agricultural beneficiation activities</td>
<td>Implement and manage agri park</td>
</tr>
<tr>
<td></td>
<td>Number Black Industrialists Developed</td>
<td># of black industrialists in agro-processing developed</td>
<td>Implement and manage agri park</td>
</tr>
</tbody>
</table>

## STRATEGIC OBJECTIVE 2: Develop Integrated and Networked Agri-Park Infrastructure

<table>
<thead>
<tr>
<th>Outcome(s)</th>
<th>Measure (Outputs)</th>
<th>Targets &amp; Milestones (Indicators)</th>
<th>Activities</th>
</tr>
</thead>
<tbody>
<tr>
<td>CK District Agri-Park Operational</td>
<td>Number of Agri Hubs (AH) developed</td>
<td>• AH Property Management Contract finalised</td>
<td>• Land acquisition and zoning</td>
</tr>
<tr>
<td></td>
<td></td>
<td>• % occupancy of operational enterprises</td>
<td>• Infrastructure Development Process (i.e. feasibility and design, professional teams, implementation and hand over)</td>
</tr>
<tr>
<td></td>
<td></td>
<td>• One AH developed by 2018</td>
<td>• Land acquisition and zoning</td>
</tr>
<tr>
<td></td>
<td>Number of Farmer Production Support Units (FPSU) developed</td>
<td>• FPSU Property Management Contract finalised</td>
<td>• Infrastructure Development Process (i.e. feasibility and design, professional teams, implementation and hand over)</td>
</tr>
<tr>
<td></td>
<td></td>
<td>• % occupancy of operational enterprises</td>
<td>• Land acquisition and zoning</td>
</tr>
<tr>
<td></td>
<td></td>
<td>• Two FPSUs established by 2018</td>
<td>• Infrastructure Development Process (i.e. feasibility and design, professional teams, implementation and hand over)</td>
</tr>
<tr>
<td></td>
<td>Number of Rural Urban Market Centres (RUMC) established</td>
<td>• RUMC Property Management Contract finalised</td>
<td>• Land acquisition and zoning</td>
</tr>
<tr>
<td></td>
<td></td>
<td>• % of business linkages facilitated by RUMC</td>
<td>• Infrastructure Development Process (i.e. feasibility and design, professional teams, implementation and hand over)</td>
</tr>
<tr>
<td></td>
<td></td>
<td>• Shared RUMC developed by 2018</td>
<td>• Land acquisition and zoning</td>
</tr>
</tbody>
</table>

---

1st working draft Master Plan submitted by Camissa-ME, March 2016
### STRATEGIC OBJECTIVE 2: Develop Integrated and Networked Agri-Park Infrastructure

<table>
<thead>
<tr>
<th>Outcome(s)</th>
<th>Measure (Outputs)</th>
<th>Targets &amp; Milestones (Indicators)</th>
<th>Activities</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td></td>
<td>teams, implementation and hand over</td>
</tr>
</tbody>
</table>

### STRATEGIC OBJECTIVE 3: Establish and implement a sustainable Agri-Park governance and management model

<table>
<thead>
<tr>
<th>Outcome(s)</th>
<th>Measure (Outputs)</th>
<th>Targets &amp; Milestones (Indicators)</th>
<th>Activities</th>
</tr>
</thead>
<tbody>
<tr>
<td>CK District Agri-Park Sustainably managed and operated</td>
<td>A farmer led company established through the company act</td>
<td>• Articles of association</td>
<td>• Develop Articles of Association for Agri-Park</td>
</tr>
<tr>
<td>Management company responsible for both development and administration established</td>
<td>Management contract</td>
<td>• Management contract</td>
<td>• Develop management contract for Agri-Park hubs and FPSUs</td>
</tr>
<tr>
<td>District Statutory body responsible for oversight established</td>
<td>Memorandum of Understanding</td>
<td>• Memorandum of Understanding</td>
<td>• Develop Memorandum of understanding</td>
</tr>
<tr>
<td></td>
<td>Municipal resolution</td>
<td>• Municipal resolution</td>
<td>• Establish district oversight body through resolution</td>
</tr>
</tbody>
</table>

### STRATEGIC OBJECTIVE 4: Generate funds and secure investment

<table>
<thead>
<tr>
<th>Outcome(s)</th>
<th>Measure (Outputs)</th>
<th>Targets &amp; Milestones (Indicators)</th>
<th>Activities</th>
</tr>
</thead>
<tbody>
<tr>
<td>Direct Investment generated for CK District Agri-Park</td>
<td>Investment promotion</td>
<td>• Promoted investment opportunities in the Agri-Parks</td>
<td>• Create investment material</td>
</tr>
<tr>
<td></td>
<td>Partnerships established</td>
<td>• Partnerships established for the various opportunities in the Agri-Parks</td>
<td>• Develop bankable business plans</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>• Present investment opportunities to potential investors</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>• Actively promote partnerships to potential investors</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>• Meet potential</td>
</tr>
</tbody>
</table>
### STRATEGIC OBJECTIVE 4: Generate funds and secure investment

<table>
<thead>
<tr>
<th>Outcome(s)</th>
<th>Measure (Outputs)</th>
<th>Targets &amp; Milestones (Indicators)</th>
<th>Activities</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td>Investment generated</td>
<td>partners</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>• Present bankable business plans to potential partners</td>
</tr>
<tr>
<td></td>
<td></td>
<td>• Investment in the Agri-parks generated</td>
<td>• Generate partnership agreements</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>• Institute development of investment</td>
</tr>
</tbody>
</table>

### STRATEGIC OBJECTIVE 5: Improve coordinated delivery of support services (i.e. extension services)

<table>
<thead>
<tr>
<th>Outcome(s)</th>
<th>Measure (Outputs)</th>
<th>Targets &amp; Milestones (Indicators)</th>
<th>Activities</th>
</tr>
</thead>
<tbody>
<tr>
<td>CK District Farmers producing competitive produce</td>
<td>Smallholder and Emerging Farmers businesses profitable and sustainable</td>
<td>• Extension services operational</td>
<td>• Develop extension services in the Agri-Hub</td>
</tr>
<tr>
<td></td>
<td>Smallholder and Emerging Farmers technical capacity and skills enhanced</td>
<td>• Support services operational</td>
<td>• Develop support services model</td>
</tr>
<tr>
<td></td>
<td></td>
<td>• Collection scheme operational</td>
<td>• Develop training material</td>
</tr>
<tr>
<td></td>
<td></td>
<td>• Farmers delivering quality product to market</td>
<td>• Train farmers</td>
</tr>
<tr>
<td></td>
<td></td>
<td>• Training material developed</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td>• Farmers trained</td>
<td></td>
</tr>
</tbody>
</table>

### STRATEGIC OBJECTIVE 6: Improve Agri-Park Programme Implementation

<table>
<thead>
<tr>
<th>Outcome(s)</th>
<th>Measure (Outputs)</th>
<th>Targets &amp; Milestones (Indicators)</th>
<th>Activities</th>
</tr>
</thead>
<tbody>
<tr>
<td>CK District Municipality effectively and efficiently coordinating and facilitating the</td>
<td>Agri-Park generating income for the municipalities (rates and taxes)</td>
<td>Amount of municipal rates and service fees paid p.a.</td>
<td>Agri park businesses pay rates and service charges.</td>
</tr>
<tr>
<td></td>
<td>Agri-Park provided with reliable and consistent</td>
<td>Continuous service delivery and consistent service standards as per</td>
<td>Municipal service delivery.</td>
</tr>
</tbody>
</table>
STRATEGIC OBJECTIVE 6: Improve Agri-Park Programme Implementation

<table>
<thead>
<tr>
<th>Outcome(s)</th>
<th>Measure (Outputs)</th>
<th>Targets &amp; Milestones (Indicators)</th>
<th>Activities</th>
</tr>
</thead>
<tbody>
<tr>
<td>implementation of the Agri-Park</td>
<td>municipal services Capicitated coordinating structure operational</td>
<td>municipal service charter. Municipal participation coordinated and effective.</td>
<td>Agri park coordinating structures effectively attended by relevant level of officials and / or Councillors</td>
</tr>
<tr>
<td>Agri-Park contribution Monitoring and Evaluation</td>
<td>Agreed monitoring plan with clear responsibilities for collection, monitoring and reporting to key decision-making structures to inform decision-making</td>
<td>Quarterly Performance Monitoring reports submitted to decision-making structures which inform agri park decision-making</td>
<td></td>
</tr>
</tbody>
</table>

The following key assumptions can be identified and which will also need to be monitored and reported on as part of the Agri park monitoring plan:

**Table 14 Agri Park Implementation assumptions to be monitored**

<table>
<thead>
<tr>
<th>Agri-Park Outcomes</th>
<th>Agri-Park Measure (Outputs)</th>
<th>Assumptions Description (External Factors beyond Agri-Park control, e.g. drought etc.)</th>
<th>Will the assumption hold true?</th>
<th>Possible to redesign outcomes and outputs to influence external factors (Yes/No)</th>
</tr>
</thead>
<tbody>
<tr>
<td>CK District Agricultural Sector transformed and modernised</td>
<td>Vibrant CK District community and Food Security</td>
<td>Emerging farmers will be able to produce high volumes of vegetables and poultry meat</td>
<td>✓</td>
<td>Yes</td>
</tr>
<tr>
<td></td>
<td>Percentage contribution of Agriculture to CK District economy</td>
<td>Reduction in vegetable production due to limited water rights for expansion</td>
<td>✓</td>
<td>No</td>
</tr>
<tr>
<td></td>
<td>Increased agricultural beneficiation (agro-processing activities)</td>
<td>Resources will be invested in the value chain</td>
<td>✓</td>
<td>Yes</td>
</tr>
<tr>
<td></td>
<td>Number Black Industrialists Developed</td>
<td>Black entrepreneurs willing to participate in the agricultural sector</td>
<td>✓</td>
<td>Yes</td>
</tr>
<tr>
<td>CK District Agri-Park Operational</td>
<td>Number of Agri Hubs (AH) developed</td>
<td>Government putting the required resources in the Agri-Park</td>
<td>✓</td>
<td>No</td>
</tr>
<tr>
<td>Agri-Park Outcomes</td>
<td>Agri-Park Measure (Outputs)</td>
<td>Assumptions Description (External Factors beyond Agri-Park control, e.g. drought etc.)</td>
<td>Will the assumption hold true?</td>
<td>Possible to redesign outcomes and outputs to influence external factors (Yes/No)</td>
</tr>
<tr>
<td>--------------------</td>
<td>---------------------------</td>
<td>-------------------------------------------------------------------------------------</td>
<td>-------------------------------</td>
<td>---------------------------------</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Possible (tick)</td>
<td>Very unlikely (tick)</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Number of Farmer Production Support Units (FPSUs) developed</td>
<td>Government putting the required resources in the Agri-Park</td>
<td>✓</td>
<td>No</td>
<td></td>
</tr>
<tr>
<td>Number of Rural Urban Market Centres (RUMCs) established</td>
<td>Government putting the required resources in the Agri-Park</td>
<td>✓</td>
<td>No</td>
<td></td>
</tr>
<tr>
<td>CK District Agri-Park Sustainably managed and operated</td>
<td>A farmer led companies established through a companies Act and/or Cooperatives Act</td>
<td>Farmers willing to work as cooperative</td>
<td>✓</td>
<td>Yes</td>
</tr>
<tr>
<td>Management company responsible for both development and administration established</td>
<td>Right partners identified to participate in the Agri-Parks</td>
<td>✓</td>
<td>Yes</td>
<td></td>
</tr>
<tr>
<td>District Statutory body responsible for oversight established</td>
<td>People with right calibre appointed to serve on the body</td>
<td>✓</td>
<td>Yes</td>
<td></td>
</tr>
<tr>
<td>Direct Investment generated for CK District Agri-Park</td>
<td>Investment generated</td>
<td>Private individuals willing to invest in the Agri-Parks</td>
<td>✓</td>
<td>Yes</td>
</tr>
<tr>
<td>Partnerships established</td>
<td>Private individuals willing to partake in the Agri-Parks</td>
<td>✓</td>
<td>Yes</td>
<td></td>
</tr>
<tr>
<td>CK District Farmers producing competitive produce and/or livestock</td>
<td>Beneficiary farmers businesses profitable and sustainable</td>
<td>Emerging farmers employing proper business management aspects in their businesses</td>
<td>✓</td>
<td>Yes</td>
</tr>
<tr>
<td>Quality vegetable production increased</td>
<td>Proper production systems followed and farmers practising the best GAP</td>
<td>✓</td>
<td>Yes</td>
<td></td>
</tr>
<tr>
<td>Beneficiary farmers technical capacity and skills enhanced</td>
<td>The beneficiaries will be interested in this type of training</td>
<td>✓</td>
<td>Yes</td>
<td></td>
</tr>
<tr>
<td>CK District Municipality effectively and efficiently coordinating and facilitating the</td>
<td>Agri-Park generating income for the municipalities (rates and taxes)</td>
<td>Development of efficient collection systems</td>
<td>✓</td>
<td>Yes</td>
</tr>
<tr>
<td>Capacitated coordinating structure operational</td>
<td>People with proper skills employed on various structures</td>
<td>✓</td>
<td>Yes</td>
<td></td>
</tr>
<tr>
<td>Agri-Park Outcomes</td>
<td>Agri-Park Measure (Outputs)</td>
<td>Assumptions Description (External Factors beyond Agri-Park control, e.g. drought etc.)</td>
<td>Will the assumption hold true?</td>
<td>Possible to redesign outcomes and outputs to influence external factors (Yes/No)</td>
</tr>
<tr>
<td>-------------------</td>
<td>----------------------------</td>
<td>------------------------------------------------------------------------------------------</td>
<td>-------------------------------</td>
<td>----------------------------------------------------------------------------------</td>
</tr>
<tr>
<td>implementation of the Agri-Park</td>
<td>Agri-Park socio-economic contribution Monitored and Evaluated</td>
<td>Proper monitoring and evaluation system in place</td>
<td>Yes (tick)</td>
<td>Yes</td>
</tr>
</tbody>
</table>
5.4. Agri-Park 10-Year Implementation Plan

The following high level 10 year implementation plan provides an indication of the agri-parks phased implementation:

**Table 15 Agri Park 10 Year Implementation Plan**

<table>
<thead>
<tr>
<th>CK Agri-Park 10-Year Implementation Plan</th>
<th>Phase One</th>
<th>Phase Two</th>
<th>Phase Three</th>
</tr>
</thead>
<tbody>
<tr>
<td>Strategic Objective</td>
<td>Outcome(s)</td>
<td>Measure (Outputs)</td>
<td>2016 - 2018</td>
</tr>
<tr>
<td>SO: 1</td>
<td>CK District Agricultural Sector transformed and modernised</td>
<td>Vibrant CK District community and Food Security</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td>Percentage contribution of Agricultural to CK District economy</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td>Increased agricultural beneficiation (agro-processing activities)</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td>Number Black Industrialists Developed</td>
<td>3</td>
</tr>
<tr>
<td>SO: 2</td>
<td>CK District Agri-Park Operational</td>
<td>Number of Agri Hubs (AH) developed</td>
<td>1</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Number of Farmer Production Support Units (FPSU) developed</td>
<td>2</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Number of Rural Urban Market Centres (RUMC) established</td>
<td>1</td>
</tr>
<tr>
<td>SO: 3</td>
<td>CK District Agri-Park Sustainably managed and operated</td>
<td>A farmer led company established through a companies act</td>
<td>X</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Management company responsible for both development and administration established</td>
<td>X</td>
</tr>
<tr>
<td></td>
<td></td>
<td>District Statutory body responsible for oversight established</td>
<td>X</td>
</tr>
</tbody>
</table>
### CK Agri-Park 10-Year Implementation Plan

<table>
<thead>
<tr>
<th>Strategic Objective</th>
<th>Outcome(s)</th>
<th>Measure (Outputs)</th>
<th>Phase One 2016-2018</th>
<th>Phase Two 2019-2021</th>
<th>Phase Three 2022-2025</th>
</tr>
</thead>
<tbody>
<tr>
<td>SO: 4</td>
<td>Direct Investment generated for CK District Agri-Park</td>
<td>Investment generated</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td>Partnerships established</td>
<td>2</td>
<td>3</td>
<td>5</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Investment promotion</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>SO: 5</td>
<td>CK District Farmers producing competitive produce</td>
<td>Farmers businesses profitable and sustainable</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td>Farmers technical capacity and skills enhanced</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td>Agri-Park generating income for the municipalities (rates and taxes)</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>SO: 5</td>
<td>CK District Municipality effectively and efficiently coordinating and facilitating the implementation of the Agri-Park</td>
<td>Agri-Park provided with reliable and consistent municipal services</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td>Capacitated coordinating structure operational</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td>Agri-Park contribution</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td>Monitoring and Evaluation</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

#### 5.5. Strategic Risks Assessment and Mitigation Plan

A wide range of risks exist which can undermine the successful establishment and operation of the agri park. It is essential that risk managers are identified and appointed to manage these risks and to implement mitigating actions to minimise either the likelihood of these risks occurring or the potential negative impacts that these risks might have on the Agri Park. District stakeholders will need to develop a detailed and District-specific risk management plan which is informed by the following framework:
Table 16 Agri Park Risks Management Framework

<table>
<thead>
<tr>
<th>Agri-Park Outcome</th>
<th>Agri-Park Measure (Outputs)</th>
<th>Risk Description</th>
<th>Probability of risk occurrence</th>
<th>Strategy for mitigation/C controls</th>
</tr>
</thead>
<tbody>
<tr>
<td>CKCK District Agricultural Sector transformed and modernised</td>
<td>Vibrant CKCK District community and Food Security</td>
<td>Farmers unable to produce quality vegetables</td>
<td>(1) Very Low</td>
<td>(2) Low</td>
</tr>
<tr>
<td></td>
<td>Percentage contribution of Agricultural to CKCK District economy</td>
<td>Farmers not supplying enough vegetables to the market for sales</td>
<td>√</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Increased agricultural beneficiation (agro-processing activities)</td>
<td>Required resources not being made available</td>
<td>√</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Number Black Industrialists Developed</td>
<td>Required resources not being made available</td>
<td>√</td>
<td></td>
</tr>
<tr>
<td>CKCK District Agri-Park Operational</td>
<td>Number of Agri Hubs (AH) developed</td>
<td>Unavailability of funds to fund the infrastructure</td>
<td>√</td>
<td></td>
</tr>
</tbody>
</table>
|                  | Number of Farmer Production Support Units (FPSU) developed | Unavailability of funds to fund the infrastructure | √ | | | | Proper budgeting by all spheres of government
<table>
<thead>
<tr>
<th>Agri-Park Outcome (Outputs)</th>
<th>Agri-Park Measure (Outputs)</th>
<th>Risk Description</th>
<th>Probability of risk occurrence</th>
<th>Strategy for mitigation/Controls</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Number of Rural Urban Market Centres (RUMC) established</td>
<td>Unavailability of funds to fund the infrastructure</td>
<td>(1) Very Low (2) Low (3) Moderate (4) High (5) Very High</td>
<td>Participating in the Agri-Parks and the government prioritizing Agri-Parks as project to drive rural development</td>
</tr>
<tr>
<td>CKCK District Agri-Park Sustainably managed and operated</td>
<td>A farmer led companies established through a Companies Act and/or Cooperatives Act</td>
<td>Farmers not cooperating for the success of the cooperatives</td>
<td>√</td>
<td>Training of farmers about the benefits of participating in cooperatives</td>
</tr>
<tr>
<td></td>
<td>Management company responsible for both development and administration established</td>
<td>Individuals appointed not advancing the interest of the farmers</td>
<td>√</td>
<td>Transparent appointment of management company with proper screening</td>
</tr>
<tr>
<td></td>
<td>District Statutory body responsible for oversight established</td>
<td>Unqualified people being appointed on the body</td>
<td>√</td>
<td>Appointment of key personnel with right skills and qualifications</td>
</tr>
<tr>
<td>Direct Investment generated for CKCK District Agri-Park</td>
<td>Investment generated</td>
<td>Investors viewing Agri-Parks as unprofitable</td>
<td>√</td>
<td>Proper marketing of Agri-Parks</td>
</tr>
<tr>
<td></td>
<td>Partnerships</td>
<td>Private</td>
<td></td>
<td>Proper</td>
</tr>
<tr>
<td>Agri-Park Outcomes</td>
<td>Agri-Park Measure (Outputs)</td>
<td>Risk Description</td>
<td>Probability of risk occurrence</td>
<td>Strategy for mitigation/C controls</td>
</tr>
<tr>
<td>-----------------------------</td>
<td>--------------------------------------------------------------------------------------------</td>
<td>----------------------------------------------------------------------------------</td>
<td>--------------------------------</td>
<td>--------------------------------------------------------------------------------------------------</td>
</tr>
<tr>
<td></td>
<td>established</td>
<td>sector not willing to participate in the Agri-Parks</td>
<td>(1) Very Low: √</td>
<td>marketing of Agri-Parks</td>
</tr>
<tr>
<td></td>
<td>CKCK District Farmers producing competitive produce and/or livestock</td>
<td>Farmers not applying proper business management in their businesses</td>
<td>(2) Low: ✓</td>
<td>Conduction of training needs assessment of the farmers and training on business management</td>
</tr>
<tr>
<td></td>
<td>Quality beef production increased</td>
<td>The farmers not farming with quality cattle breed</td>
<td>(3) Moderately: √</td>
<td>Selection of well-known breeding stock adaptable to the region</td>
</tr>
<tr>
<td></td>
<td>Beneficiary farmers technical capacity and skills enhanced</td>
<td>Farmers offered training programmes that doesn’t address their needs</td>
<td>(4) High: ✓</td>
<td>Conduction of training needs assessment of the farmers and providing relevant training programmes</td>
</tr>
<tr>
<td></td>
<td>CKCK District Municipality effectively and efficiently coordinating and facilitating the implementation of the Agri-Park</td>
<td>Agri-Park generating income for the municipalities (rates and taxes)</td>
<td>(5) Very High: ✓</td>
<td>Designing of proper collection system and enforcing the collection thereof</td>
</tr>
<tr>
<td></td>
<td>Capacitated coordinating structure operational</td>
<td>Unqualified people being appointed on the structure of agri-parks</td>
<td></td>
<td>Appointment of key personnel with right skills and qualifications</td>
</tr>
<tr>
<td></td>
<td>Agri-Park socio-economic contribution Monitored and Evaluated</td>
<td>Well defined M &amp; E framework not being put in place</td>
<td></td>
<td>A well-defined M&amp;E framework with indicators designed.</td>
</tr>
</tbody>
</table>
### 5.6 Agri-Park Implementation Partnerships

The following framework should be used to start identifying potential strategic partners including government agencies, private sector organisations and international organisations to be involved in various aspects of the Agri Hub:

**Table 17 Agri Park Partnership Identification Framework**

<table>
<thead>
<tr>
<th>Strategic Objective</th>
<th>Measure (Outputs)</th>
<th>Potential Strategic Partners</th>
<th>Potential Private Sector Organisations</th>
<th>International Organisations</th>
</tr>
</thead>
<tbody>
<tr>
<td>SO: 1</td>
<td>Vibrant CK District community and Food Security</td>
<td></td>
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<tr>
<td></td>
<td>Percentage contribution of Agricultural to CK District economy</td>
<td></td>
<td></td>
<td></td>
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<tr>
<td></td>
<td>Increased agricultural beneficiation (agro-processing activities)</td>
<td></td>
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<tr>
<td></td>
<td>Number Black Industrialists Developed</td>
<td></td>
<td></td>
<td></td>
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<tr>
<td>SO: 2</td>
<td>Number of Agri Hubs (AH) developed</td>
<td></td>
<td></td>
<td></td>
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<tr>
<td></td>
<td>Number of Farmer Production Support Units (FPSU) developed</td>
<td></td>
<td></td>
<td></td>
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<tr>
<td></td>
<td>Number of Rural Urban Market Centres (RUMC) established</td>
<td></td>
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<tr>
<td>SO: 3</td>
<td>A farmer led company established through a companies act</td>
<td></td>
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<tr>
<td></td>
<td>Management company responsible for both development and administration established</td>
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<tr>
<td></td>
<td>District Statutory body responsible for oversight established</td>
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<tr>
<td>SO: 4</td>
<td>Investment generated</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Partnerships established</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Investment promotion</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>SO: 5</td>
<td>Smallholder and Emerging Farmers businesses profitable and sustainable</td>
<td></td>
<td></td>
<td></td>
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<tr>
<td></td>
<td>Quality meat production increased</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
### Strategic Objective

<table>
<thead>
<tr>
<th>Measure (Outputs)</th>
<th>Potential Strategic Partners</th>
<th>Potential Private Sector Organisations</th>
<th>International Organisations</th>
</tr>
</thead>
<tbody>
<tr>
<td>Smallholder and Emerging Farmers technical capacity and skills enhanced</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>SO: 5</td>
<td>Agri-Park generating income for the municipalities (rates and taxes)</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Agri-Park provided with reliable and consistent municipal services</td>
<td></td>
<td></td>
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<tr>
<td></td>
<td>Capacitated coordinating structure operational</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Agri-Park contribution Monitoring and Evaluation</td>
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</tbody>
</table>

### 5.7 Way Forward and Recommendations

A number of specific feasibility studies, consultation and further research will now be required during the course of 2016 to further detail the Agri Park and processing opportunities, including the identification of possible implementation partners and facility planning requirements:

1. **DRDLR to clarify with District Municipality if 2015/16 funding for agri-park projects can be rolled-over to 2016/17.**

2. **DRDLR to finalise appointment District Agri Park Managers** (Stakeholders have strongly requested that the Agri Park Managers be located at the District level so that meaningful coordination and implementation can take place).

3. **DRDLR to provide clarity on Agri Park service providers** to the DAPOTT AND DAMC who have been appointed to assist with required detailed feasibility studies as well as detailed facility designs and costing so that coordination can take place at a District Level.

4. **Identification of Beaufort West Abattoir Strategic Partner including possible Certification/registration of abattoirs in the Central Karoo:**

An analysis of the capacity, use and suitability of all the existing abattoirs in Central Karoo and a costing and motivation of the upgrading of some of them to export the "Karoo" brand. An indication of the requirements for the farms and the abattoirs to obtain the "Karoo" brand to be explored to inform the feasibility of the proposal.

The possible need to develop and issue an Expression of Interest from existing abattoir owners in Beaufort West should be investigated after initial consultations with the three abattoir owners. Initial discussions should include briefings on the agri park model and
proposed institutional arrangements. The agri-park requirements would need to inform this EOI.

A feasibility study will then be needed, including identifying any possible infrastructure upgrade needs. The results of this study should be used to inform the refined institutional arrangements including clarity on the participation of emerging farmers.

5. **Beaufort West Tannery Feasibility:**
The Abattoir feasibility should be conducted in parallel with the Tannery feasibility study (the possibility of combining these two feasibilities into one feasibility should also be considered). Issue of location, volumes, markets and institutional arrangements should all be addressed. Linkages to the game industry should be investigated. The DAPOTT to approve the Feasibility ToR.

6. **Central Karoo and CK District Lucerne Pill processing feasibility:**
A joint feasibility into the above covering both Districts needs to be initiated and which links to emerging farmer Lucerne production areas in both Districts. The DAPOTT to approve the Feasibility ToR.

7. **Beaufort West Hydroponics Feasibility**
A feasibility study is required into the above including whether this can be linked to flower industry opportunities. A business plan must be developed which is based on vegetable production as the core focus and which includes the identification of a cost-efficient market access logistics plan as well as water-efficient water re-use processes in order to enhance market feasibility. A minimum size of 16,000m² of production area should be explored to enhance feasibility (this will require an expansion of existing infrastructure). DAPOTT to approve feasibility ToR.

8. The District and Local Municipalities will need to make provision for the Agri Park in their Integrated Development Plans (IDPs) (including possible infrastructure and services needed for the Agri Hub, FPSUs, and RUMC), Local Economic Development Plans, and Spatial Development Frameworks (SDFs). Local Municipalities must also ensure an agri park representative is nominated to participate in future DAPOTT meetings. In addition, Local Municipalities (together with the District Municipality, DRDLR, and Provincial Department of Agriculture) will need to identify specific sites for the Farmer Production Support Units (ideally such sites should be aligned to any nodes identified in local SDFs). District and Local Municipalities to engage emerging farmers to refine facility and service requirements at FPSUs. If EIA processes are required, the possibility of an EIA class application for all Agri Park EIAs should be investigated to speed up the planning process and ensure it is efficient:

a) Murraysburg: linked to 6400 HA commonage land: small stock improvements, lucern production (shared equipment), and possibly fruit.

b) Prince Albert: small stock improvements, fruit and vegetable production and processing, flowers.

c) Lainsburg: small stock improvements, fruit and vegetable production and processing.
d) Merwerville and/or Possibly Leeu Gamka - small stock improvements and lucerne production (with shared equipment) linked to possible processing plant (located in Central Karoo or CK District to be investigated).

e) Nelspoort: small stock improvements and Lucerne (100 HA possible production potential) (Vuyani Dev. Trust)

9. DRDLR to facilitate a meeting with both CK and Central Karoo Districts to discuss (and agree on) the location of the Rural Urban Market Centre (Oudtshoorn or Beaufort West).

10. The outcome of the Western Cape Department of Agriculture waterless wool and mohair cleaning study should be discussed with all stakeholders and possible implications for the Agri Park identified (including for the site in Beaufort West as well as for the emerging farmer capacity development plan in point 12 below).

11. Additional research and studies will also be required including but not limited to the following:

Skills Development and Training opportunity (through e.g. NARYSEC & South Cape College):
Training and skills required for the agro processing opportunities should be identified to inform Training Courses and opportunities (explore partnerships with NARYSEC and existing FET colleges and other training providers). Consider synergies between the locality of the Beaufort West Youth Hub’s training component in relation to the industrial area or the Agri Park site where additional training opportunities can be created such as welding or "block men".

Analysis of State Owned Land in Central Karoo:
An analysis of all state owned land is required to determine the use of all state owned farms in the Central Karoo to determine the current use of the farms and whether these farms could be better utilized for Land Reform purposes, prior to acquiring more privately owned farms. Even though it is not an agro processing opportunity, it is still considered to be a critical component of rural development in the Central Karoo. The study should distinguish between farms acquired by DRDLR for Land Reform and farms owned by other state departments.

12. Detailed design of agri park and FPSU facilities should commence as informed by detailed user needs analysis. Existing facilities should be used wherever possible. Additional infrastructure support requirements (e.g. bulk infrastructure) to be identified as part of this process. Any land ownership and planning process implications (e.g. re-zonings, EIAs) to be identified and process initiate

13. Resource Mobilization, Collaboration and Partnerships including clarification of funding sources to be initiated by the District and DRDLR to clarify funding arrangements.

14. Detailing of agri-park desired institutional arrangements to be informed through detailed legal advice.
15. Regarding market access and maximising access to local markets, it is proposed that the RUMC explore the potential to establish a District Framework Contract to facilitate streamlined procurement from local producers by a wide range of national, provincial and local government institutions. It is also proposed that a national brand be developed for Agri Parks which can strengthen market awareness and market access.

16. The Development of a small stock improvement and farm management programme should proceed to clarify how all relevant role-players can strengthen emerging farmers in the District. Key industry associations, the Provincial Department of Agriculture, and private sector role-players such as the Merino Konsortium, need to be engaged with. The possibility of organising a District Emerging Farmer Capacity Building consultative workshop to discuss this process should be considered.
The proposed next steps and high level three year implementation plan can be summarised as follows:

<table>
<thead>
<tr>
<th>Year</th>
<th>Actions</th>
</tr>
</thead>
</table>
| Y 1  | • DRDLR finalise appointment District Agri Park Managers (located at the District level).  
• Conduct Central Karoo and CK District Lucerne Pellet processing feasibility study.  
• Conduct feasibility into establishing essential oils processing facility in Groothoek production area.  
• Additional research and studies will also be required to develop Agri Park Skills Plan.  
• Agree on location of the Rural Urban Market Centre (Oudtshoorn or Beaufort West).  
• Agri-Park performance targets established and incorporated into district IDP and SDF plans, & sector departments  
• Key commodity development plan developed  
• Feasibility Studies  
• Agri-Park sites finalised and land acquired  
• Agri-Park governance and management structures operationalised  
• Designs completed, including service requirements regarding water, electricity, waste water disposal  
• Agri-Park costing model and budgets compiled  
• Agri-Park funding, investment & partners secured  
• Agri-Park infrastructure development professional teams procured  
• Develop and support farmers |
| Y 2  | • Agri-Park infrastructure development initiated and managed  
• Agri-Park funding, investment & partners secured  
• Develop and support farmers  
• Agri-Park markets secured (and District Procurement Framework if feasible) |
| Y 3  | • One Agro-hub industrial site phase developed and operational  
• Two FPSUs sites developed and RUMC office established and operational  
• Develop and support farmers, and link to commodity chains |
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Annexure: Abattoirs and meat inspections: Extract from 2012 DAFF Report

The Meat Safety Act, 2000 prescribes that the owner of an abattoir must procure a meat inspection service for the abattoir. The PEOs are responsible for the determination of the number of inspectors and examiners needed at each abattoir in the Provinces in accordance with section 76(1) of the Poultry Regulations No. R153 of 2006 and section 84 of the Red Meat Regulation No. R1072 of 2004. The PEOs have to consider the following before making a decision on the number of inspection personnel at an abattoir:

i. Abattoir design
ii. Number of inspection stations
iii. Line speed
iv. Structural and management aspects

This means that it is the responsibility of the abattoir owner to fund the cost of meat inspection at his/her abattoir. This provision of the Act is a challenge to smaller abattoirs, especially rural abattoirs and low throughput abattoirs that slaughter infrequently. It is therefore crucial that a decision that will be made on meat inspection be able to allow smaller abattoirs to operate and still receive the inspection service as required. In terms of animal and human diseases control, Abattoirs are stations at which most zoonotic and harmful diseases are eliminated. This therefore means that Government has a financial obligation in terms of disease control at abattoirs.

There are different options on how to recover the cost of meat inspection per abattoir, namely:

1. Cost per individual meat inspection personnel allocated to a particular abattoir, or
2. Cost per slaughter units allocated to the abattoir as per the maximum throughput indicated on the registration certificate, or
3. Cost per throughput category. In this option, high, low and rural throughput abattoirs will have a pre-determined rate independent of the number of inspectors or their allocated slaughter units, or
4. Cost per slaughter unit categories to be determined. In this case a system of grouping abattoirs into categories to be determined independently to the prescribed categories will be created and abattoirs charged according to the category they fit into, or
5. Cost determined according to actual slaughter figure at a predetermined rate per slaughter unit