

# Young Ostrich Farmer 2012 and Beyond



L. March

# Introduction

## International and National Ostrich industry

- South Africa is responsible for 95% of the world export of ostrich products.
- The impact of bird flu is significant on the local industry.
- The number of birds slaughtered per year declined from 180 000 to 130 000 in 2012/13 and it is expected that about 100 000 will be slaughtered during 2013/14.
- The low supply of ostriches resulted in a shortage of ostrich produce and is having a positive effect on the price of the products.
- The borders of RSA is still closed for the export of raw meat.
- KKI took the initiative and is exporting cooked meat (the market for the new form of the product is growing rapidly)
- Ostrich hide is regarded as exotic leather with crocodile skin.
- The demand for ostrich feathers is also high and is fetching good prices.

# Introduction

## Provincial Ostrich situation

- Strict bio security measures was impose on the industry by the National Veterinary service, which resulted in the standards and specifications of structures and protocol for compliance.
- The 4 projects, which are supported by DARD is the only registered ostrich projects in the Free State.
- The Free State with Northern Cape and North West is some of the provinces which never had any occurrence of bird flu.
- The Free State does not have the ideal climate for the breeding of ostriches with its summer rain fall.
- The Free State does however have a competitive advantage regarding the out growing of ostriches with the good and cheaper feed.

# Background of FS projects

- 4 projects was identified and budget was allocated in 2010/11.
- Structure was completed at end of 2010/11 and beginning of 2011/12.
- Each group received 100 ostriches of 3 to 4 month old ostriches with feed with the first placement.
- A mentor was appointed by the department
- The export market was closed during 2011/12.
- The ostriches were sold in the local market for about R14-17/kg.
- On an operational basis, the project did not break even during that year.
- The camps was to big and with the new bio security specifications, the structures was renovated and upgraded during 2012/13 to comply.
- The department of agriculture assisted the groups with Day old chicks, eggs to be hatched, Feed, chlorine and medication.

# Background of FS projects cont.

- All of the groups sold some of the ostriches at 4-5 month of age.
- The local market was expecting that ban on the export of raw meat was going to be short lived.
- The price received for the ostrich, which was about 50kg, was between R24-27/kg live.
- The balance of the birds will be grown till 10-12 months or about 95 kg live.
- To keep continuance and to make business sense, the groups participated in a out growing agreement with KKI.
- KKI is providing assistance with the funding to buy day old chicks, feed and medicine.
- KKI is also providing a mentor to assist the farmers.
- KKI is taking up the fist option to buy or first right of refusal from the farmers.

# Linda's Ostriches Business Environment



# Linda's Ostriches Business Environment (Cont)



# Linda's Ostriches Business Environment (Cont)

- Land ownership – Plus
- Farm name - Middelkrall
- Land size – 937ha
- Ostrich enterprise land size – 300ha
- Other enterprises – Livestock (small and large stock)



# Ostrich Business Rationale

- Xhariep district is characterized by dry climatic conditions, particularly Letsemeng Local Municipality with grazing capacity ranging from 10(Ha/Lsu) to 13(Ha/Lsu) in certain towns with rain fall precipitation rate of 300mm to 350mm per annum.
- It is mainly due to these scientific facts and the fact that livestock farming under the circumstances is tough that Linda's ostriches was born.
- Since ostriches are hardy and can withstand dry conditions and don't require big space of land for production with income divided into three categories being meat, furthers and skin.

# Challenges of our projects

- The department appointed implementing agent to implement the project. The timely deliver of feed, medication and general support was and is challenging.
- Transport of birds: After the birds are bled for bird flu, you have 21 day to move them, the funding or order for transport is not done, the process must be repeated.
- Initially: The late appointment of a mentor.
- Initially: the late and not practical training.
- Group dynamics
- Government provided one cycle per year, which does not make business sense.
- To keep the mortality within industry norms (<20% till 5 months and <30% at slaughter)

# Income potential

- **Selling of 4-5 month old birds**
- Income: 50 kg @ R25/kg = R1250/ bird
- Cost:
  - Day old chick: R220
  - Feed: R640
  - Med: R10
  - Mortality 20%: R44
  - **Total cost: R914**
- Gross income = R336/bird sold

# Income potential (cont)

- **Selling of slaughtered birds @ 95kg**
- **Income:**
  - Meat: 95 kg @ 45% dressing % and R24/kg = R1026/ bird
  - Skin: grade 3 @ R11.86/cm<sup>2</sup> x 140cm<sup>2</sup> = R1660/bird
  - Feathers: = R300/bird
  - **Total income: R2986/bird**
- **Cost:**
  - Day old chick: R220
  - Feed: R1678
  - Med: R30
  - Mortality 30%: R400
  - **Total cost: R2328**
- **Gross income = R658/bird sold**

# Income potential (cont)

- Management could have a huge impact on the potential income.
- Before the increase in the skin price, the average income was about R10 000 per 100 birds sold.
- with the current prices, the income potential is much higher.
- With management, the mortality could be lower and the damage to the skins could be less.
- The skin represent 52% of the total income.
- On average, 0.5% of the skins is Prime grade (R32.80/cm<sup>2</sup>), 20% is 1ste grade (R17.08/cm<sup>2</sup>), 20% is 2de Grade (R14.20/cm<sup>2</sup>) and 35% is 3de grade.
- There is no other animal which could give you this potential income per square meter and in a dry area.

# Our vision

- To expand- make the existing projects bigger and to start new ones.
- To be viable business which are able to provide in our daily needs and to be able to expand.
- To extend our relationship with KKI to assist our growth.

Thank you

