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## WILDLIFE RANCHING INDUSTRY: THE SOUTH AFRICAN FLAGSHIP OF A SUSTAINABLE GREEN ECONOMY



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WILDLIFE RANCHING SOUTH AFRICA

## STRATEGIC REVIEW OF THE WILDLIFE RANCHING INDUSTRY

### THREE WILDLIFE VALUE PROPOSITIONS

1. American wildlife culture which is based on the belief that making money out of wildlife is immoral; South African wildlife culture is based upon sustainable use.
2. Due to the value placed on game, the wildlife industry has not only restored wildlife to the land, but has also enhanced and restored genetic quality of RSA's wildlife.
3. The RSA wildlife industry has grown positively, as a result of the legal trade, hunting and eco-tourism.

## HISTORY OF 2 ECONOMIC MODELS

1. RSA had 3 private game ranches in 1960 with ownership of game and land vested in farmers.  
Currently, 28 000 000 ha marginal, uneconomic, semi-desert agricultural land **converted into sustainable land use option**.
2. **Kenya**, with similar agricultural industry, banned private ownership in 1977 – their game declined by an estimated 70%. The most widely accepted estimates for some of the **key species**:
  - 1960 = 20 000 rhinos, currently < 1 000
  - 1970 = 150 000 elephants, currently 30 000
  - 1970 = 20 000 lions, currently 2 000

## ALTERNATIVE LAND USE OPTION



- Most private game ranches in SA were marginal farms in economic terms that have been converted from domestic stock / crop farms into effective land-use options. These farms are not, and never have been conservation land.

## SCOPE OF THE WILDLIFE INDUSTRY

- Private Game Ranchers ~ 16.8% of agricultural land
- State Protected Areas ~ 6.1% of agricultural land
- US\$ 1.1 billion plus, contribution to GDP
- 16 million plus, head of game and 6 million in protected areas
- $\pm$  14 million head of cattle  
(with  $\pm$  8 million in the commercial sector and 6 million in the communal areas)
- >20% of red meat produced in the country annually



## SCOPE OF THE WILDLIFE INDUSTRY (continued)

- 120k people employed; reward systems 3x higher than conventional stock farmers:
  - Average game ranch > 2500ha = semi-extensive
  - Out of more than 100 permanent employees on game ranches,  $\pm$ 15 qualify as farm / general workers.
  - On average-sized ranch, the staff complement would consist of the following:
    - Ranch manager
    - Assistant manager
    - Secretary / admin officer
    - Mechanic
    - 4 Field rangers
    - 6 Labourers

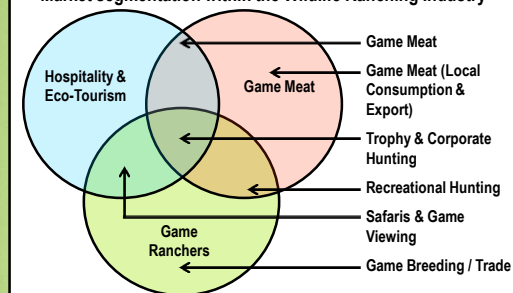


## PROFITABILITY OF GAME FARMING vs STOCK FARMING 2007

(1000 LSU CAPACITY; MARGINAL LAND USE AREAS)  
Return on capital

	GRASSLAND	LOWVELD	BUSHVELD	KALAHARI	KAROO
Hunting	6.0%	3.0%	5.7%	9.0%	8.3%
Cattle	4.8%	0.9%	1.9%		
Sheep				7.0%	7.2%
Eco - Tourism		10.9%	13.0%		
Buffalo - Mixed Farming	19.5%	21.4%			

## Market segmentation within the Wildlife Ranching Industry



- Hunting contribution: (US\$ 762 million) 67%
- Game trading contribution: (US\$ 238 million) 28%
- Game Meat Production: >20% of Red Meat per annum

# TRANSITION REQUIRED FOR A MODERN WILDLIFE RANCHING ERA

## VALUE CHANGES



Source: Dr F Cloete, NWU

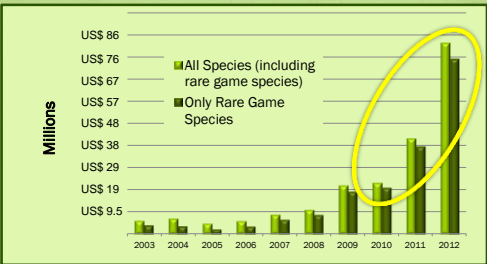
# 2010 STRUCTURAL ECONOMIC CHANGE



- Wildlife auction sales grew from US\$ 5.9 million to US\$ 95.2 million industry in the last ten years.
- Over past 15 years, turnover grew at average rate of 20.3% per annum.

Source: Veissentraal Auctioneers May 2013

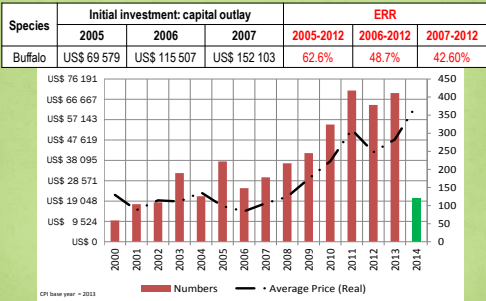
# 2010 STRUCTURAL ECONOMIC CHANGE (continued)



Source: Groenewald & York. 2013. An economic outlook, the wildlife industry. Golden Breeders. May 2013

# PRICE TRENDS

African Savanna buffalo: Real price trend and numbers sold on formal wildlife auctions



Source: Dr F Cloete, NWU

## PRICE TRENDS

**Golden blue wildebeest:** Real price trend and numbers sold on formal wildlife auctions

Species	Initial investment: capital outlay			ERR		
	2005	2006	2007	2005-2012	2006-2012	2007-2012

Golden Wildebeest	US\$ 83 810	US\$ 117 857	US\$ 178 095	98.2%	89.1%	66.5%
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Source: Dr F Cloete, NWU

## AUCTION PRICES

	Average Auction Prices 2013	Some Recent Prices 2014
Roan Antelope	US\$ 27 362	US\$ 78 571
Blesbuck / White	US\$ 270	US\$ 1 524
Blue Wildebeest	US\$ 280	US\$ 400
Golden Wildebeest	US\$ 35 059	US\$ 323 810
Buffalo / Clean	US\$ 49 481	US\$ 742 857
Eland / Common	US\$ 676	US\$ 1 238
Eland / Livingstone	US\$ 8 202	US\$ 84 762

## AUCTION PRICES (continued)

	Average Auction Prices 2013	Some Recent Prices 2014
Kudu / Common	US\$ 633	US\$ 20 000
Nyala	US\$ 1 020	US\$ 171 429
Impala / Common	US\$ 122	US\$ 524
Impala / Black	US\$ 21 994	US\$ 49 524
Springbuck		US\$ 114 285

## CURRENT INSTITUTIONAL LIMITATIONS

- Government Governance Architecture
  - Provincial
  - Capacity
- 2x pieces of draft legislation
- Convention on Biological Diversity (*promotes biological diversity and sustainable use*) vs RSA Legislation







## INSTITUTIONAL REPOSITIONING MISSION CRITICAL

- Develop separate **enabling legislation** within National Legislation as a national competency only for the governance of the wildlife industry including national registration of all game ranches, bio-prospecting and bio-certification practices.
- Establish a dedicated, separate **line function** (Agency) within the Department of Environmental Affairs with legal mandate for governance of the wildlife industry.
- Review and realign provincial conservation legislation, in its law reform & review programme.

## GOVERNANCE RECOMMENDED FOR THE STATE IN THE GREEN ECO CONTEXT

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- *Sustainable use cannot be understood only from a biological or ecological perspective, such as the harvest of a specific species over time in isolation. The broader social, economic, cultural and political dynamics, should be factored into the equation.*

## GOVERNANCE RECOMMENDED FOR THE STATE IN THE GREEN ECO CONTEXT (continued)

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- *Sustainable use dictates a specific State Governance system. Eco- and humanity systems that depend on good governance change constantly. The governance system must be capable of detecting, assessing, and apply adaptive management prudently to changes in public, private, community-based, formal and informal, environments.*
  - *Applied evidence-based research by academic research agencies*
  - *Adaptive management*

## SOUTH AFRICAN BIO-PROSPECTING / BIO-TRADING CERTIFICATION SCHEME

- The wildlife of no other continent remotely approaches the actual and potential values of Southern Africa (RSA, Namibia).
- If carefully managed, the commercial wildlife ranching industry will always be Southern Africa's competitive edge.
- Conserve not only obvious mammal species, but biodiversity e.g. dung beetles, oxpeckers and plants e.g. *Lippia javanica* (mosquito repellent), *Artemisia afra* (malaria remedy).
- Game ranching estate footprint 4x bigger than State owned estates.
  - Wildlife ranching required to be a major enabler in terms of National Legislation and Bio-prospecting, Access and Benefit Sharing Regulations
  - Convention of Biological Diversity

## BIODIVERSITY – A MATTER OF HUMAN SURVIVAL



- About **40% of the global economy** is based on biological products and services.
- More than **50% of all commercial medicines** used today come from nature.
- About **80% of the poor people in developing countries** are dependant on traditional medicines from nature (WHO).

(Source: Victor B. 2013. Human impacts on biodiversity. St Xavier's College, Palayamkottai)

## BIODIVERSITY – A MATTER OF HUMAN SURVIVAL (continued)



- Harvesting of wild animals from land and sea provides protein of > US\$ 400 billion annually, supporting > 1 billion of the Earth's poorest inhabitants.

(Source: JS Brashares *et al.*, *Wildlife decline and social conflict*, 2014)

## PARTICIPATION IN THE CERTIFICATION SCHEME

- Participation in the gazetted certification system will be open to all wildlife ranching practitioners and bio-traders.
- Typically this includes: Wildlife Ranching of South Africa and National Hunting Associations, etc. with Self-Administration fully employed.



## OUTLINE OF THE INDUSTRY CERTIFICATION SCHEME Regulatory Framework for the Certification Scheme

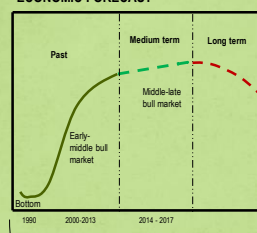
- Biodiversity trading is any activity relating to the commercial collection, processing and sale of products derived from biodiversity linked to criteria of environmental, social and economic sustainability.
- Key legislation relevant to the Certification Scheme; Meat Safety Act, Animal Disease Act, Animal Improvement Act, Environmental & Biodiversity Legislation.

## OUTLINE OF THE INDUSTRY CERTIFICATION SCHEME Regulatory Framework for the Certification Scheme (continued)

- According to WRSA Industry Standards (currently being developed);
  - Ranching: how animals are kept and treated (e.g. medication, feeding and general husbandry)
  - Harvesting of animals based on acceptable standard operating procedures
  - How carcass is handled / processed; WRSA, Vet & VPN Standards
  - How meat is further processed / beneficiated; Department of Health and WRSA Standards

## CONCLUSION

ECONOMIC FORECAST



Is this a disaster for higher value wildlife and the industry?

Source: Dr F Cloete, NWU

## CONCLUSION (continued)

WRSA says:

- Positive forecast

REASON

- Wildlife is a **unique asset** – different to most if not all other assets
- Wildlife enables one to breed a good investment – boils down to good asset management!
- Balance between short term financial gains and long term financial viability
- Game Meat Production new growth phase
- Institutional Repositioning in progress
- Land Reform Pilot Projects
- Genetics and Evidence-based Research
- **Vaccine** for Malignant Catarrhal Fever (MCF) 'Snotsiekte'
- CITES & Rhino trade normalization

# THANK YOU

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