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REQUIREMENTS FOR CONTRIBUTIONS

Articles in the field of agricultural economics, suitable for publication in the journal, will be welcomed.

Articles should have a maximum length of 10 folio pages (including tables, graphs, etc.), typed in double spacing. Contributions, in the language preferred by the writer, should be submitted in triplicate to the Editor, c/o Department of Agricultural Economics and Marketing, Pretoria, and should reach him at least one month prior to date of publication.

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Farm records—an aid to better management

Extensive adaptations have been effected in the South African agriculture during the past decade and since technology is continuously developing, the process of adaption also continues unabatedly. Salient features in this process are that the farming structure is being placed on a much higher level than previously, requiring a considerable capital investment as well as high annual working expenditure. The risk factor in agriculture, already high on account of uncertain weather conditions, has increased appreciably as a result of changes in the financial structure. Furthermore modern agriculture is imposing ever increasing demand on the farmer's managerial ability and business acumen. As a key to successful farming, the emphasis falls more and more on aspects such as the choice of the farming enterprise, the combination of enterprises, the level of intensity which must be maintained and the integration of modern technological developments in farming.

It is fairly readily accepted that many of the present problems in farming originate from the poor managerial ability of a large percentage of farmers. Consequently various methods are employed with a view to raising the level of management, and judging from the most recent school of thought in this regard, increasing emphasis is falling on economic extension, and pre-eminently on farm records.

Farmers regard themselves as managers and mostly handle enterprises with a considerable turnover; involving large investments and current expenditure. It is therefore considered essential that farmers must fully equip themselves in order to carry out their managerial task efficiently. Considering the heavy demands of modern farming, it is difficult to understand how any farmer can carry out his managerial task efficiently without the aid of records regarding the economic and physical aspects of his farm. Existing evidence points to the fact that, with the aid of a farm record system, farmers have improved their financial results systematically over a relatively short period of time.

Considering the relatively short period during which a farm record system has been propagated intensively, it is indeed encouraging to note the number of farmers already using it, but questions such as the following can rightfully be asked at this stage, viz. whether the keeping of records in all cases fulfil its actual purpose; whether the farmers concerned derive the maximum benefit from their records; and whether, in many cases,

merely a record of income and expenditure is kept with a view to completing income tax returns.

To be of real value, in other words, to be utilized as an indispensable aid in the planning and management of a farm, it is not only imperative that regular, complete and reliable records are being kept of economic and physical data - equally important is the intensive analysis of the data concerned, as well as the judicious application of the results thus obtained. Only in this way can the farmer diagnose his farming enterprise and immediately commence with the introduction of changes to improve the financial results of his farm on the shorter or longer term.

Reference should specifically be made to the improvement of results on the shorter or longer term. Adaptations in farming naturally occur at a slow rate and most farmers are not in a position to immediately effect changes which will result in an appreciable curtailment of expenses or increases in income. Contrary to what appears to be the general opinion, economic extension with a farm record system as basis, is no magic wand to improve the economic condition of a farming enterprise. At the most it is one of the aids which can be used in solving the problems of agriculture.

Modern farming is a complicated process. This of course also applies to the analysis and interpretation of a complete set of farm records, and in this regard the farmer is for the greater part dependent on the advice and guidance of a person or body fully acquainted therewith. This person or body can only render an efficient service if complete and accurate basic information is made available to him. The refinement of the analysis and the nature of the recommendations purely rests upon the basic data which is made available. The degree of success which can be achieved with a farm record system is therefore mainly dependent on the contribution the farmer himself is willing to make.

In order to raise the level of management in agriculture, the Department of Agricultural Economics and Marketing has given considerable attention to the so-called mail record system. This system briefly entails the following:

- The keeping of a complete set of records by the farmer himself with the aid of a person who is specially appointed for this purpose;

- the analysis of the data which is forwarded monthly to a central point for processing, in order to save costs and also to have the data readily available for other purposes, such as research work; and
- the dissemination of the results of the analysis to groups of farmers.

The Department accepts the responsibility for the analyses as well as the dissemination of results to groups of farmers, while the farmer is responsible for supplying the basic data. To ensure that the information is reliably and regularly supplied, study groups are formed and persons are nominated by such study groups to act as co-ordinators or liaison officers. The Department also undertakes the task of training the liaison officers.

The mail record system was launched on an experimental basis in collaboration with the Department of Agricultural Technical Services with a view to developing suitable methodics, especially regarding the analysis of data and the dissemination of results. For this reason the number of co-operators was restricted to approximately 600. It was decided in 1969 that the stage had been reached where the service could be expanded. Approval was obtained and the facilities created to accommodate 1 400 farmers.

Concurrent with the development of the departmental service, private undertakings also commenced with the provision of farm management information services. Initially these were mostly individuals, who serve a restricted number of farmers by keeping their records, and made recommendations to farmers based on restricted analyses. Private enterprises are lately undertaking these services on a better-organised basis and in the case of farm management a much better service is being rendered than previously. An important bottle-neck encountered, also in the case of these services, is that the required co-operation of the farmers leaves much to be desired. This in turn necessitates that officials have to visit farmers regularly in order to obtain the necessary information. The subsistence and transport costs that this entails, place a virtually impossible cost burden on the undertaking and also take up a great deal of time of the limited number of officials. In accordance with the relatively high expenses incurred, farmers desire results and when these results do not meet their expectations, their interest declines. Although a fair number of persons and/or bodies commenced with these services, only a few are still operating successfully.

It is clear therefore, and it must again be emphasized, that the farmer must contribute his share to the service - it is actually a prerequisite for the success thereof. It requires, however, more figure work on the part of farmers - a task that most farmers were so far not prepared to undertake. Apart from other problems that must be overcome, a great educational task must therefore be undertaken.

As already mentioned, progress is being made and the interest of farmers in the mail record system is growing. Various mail record study groups have been formed in recent months and incorporated in the departmental project. The changed procedure also requires that the approximately 600 farmers, to whom services are rendered at present, will have to organise themselves into study groups. It has been decided that the farmers concerned will be granted two years in which to comply with the requirements.

The Department is aware of the fact that the successful accommodation of 1 400 farmers during the next few years, will place a heavy burden on the officials concerned, since many teething troubles must be overcome and the training in particular of liaison officers, who are in many cases fellow-farmers, will require a lot of attention. With the help of regional economists, complemented by head office personnel, the Department should be able to render an efficient service. Due to the more direct incorporation of farmers, as well as the fact that, apart from the figure work, they must contribute financially in most cases, better co-operation is expected from them.

Judged by the existing need, it is realised that the departmental effort is a very modest beginning, but the numbers are being limited since it is realised that failure at this stage will largely nullify the progress that has been made in recent years.

The mail record system, as an aid to planning and management, thus differs from the various other auxiliary services which have been developed in the interest of agriculture in that it includes the whole farming organization and concerns both physical and economic aspects. It is also unique in other aspects whereas the basic data, knowledge and facts on which other auxiliary services for farmers are based, are mainly derived from sources outside the farm, such as universities and research institutes, the basic data in the case of the mail record system originates from within the farming enterprise, viz. from the records of each farm concerned, with the farmer in the key role.