Module 13 - Component 3

Game Auction Considerations

Introduction

This section has been extracted from Bothma (2002: 475–480). While evaluations of the South African industry are not necessarily the same as found elsewhere on the subcontinent, they do represent a mature market situation, which hopefully other countries will aspire to. During the year 2000, wild animals to the value of R47,175,400 were sold at 45 boma auctions, and R15,785,011 at 14 catalogue auctions. Therefore, at these auctions, wild animals to the value of R62,960,451 were sold in the year 2000 and R87,000,473 in 2001. In addition, there were an unknown number of private sales. In 2001, the number of animals sold increased by 38% from the previous year. These figures reflect a sustained demand. Even in 1992, some 81.2% of all wild animals held in temporary captivity in South Africa were for auction. These auctions have since probably increased in popularity because they have become part and parcel of the wildlife industry. Live wild animals for restocking a game ranch may be bought from one of the following sources: conservation authorities, boma auctions, catalogue auctions, wild animal capture and marketing enterprises, and game ranchers.
The animals are transported by a seller, a professional contractor or the buyer. Reliable sellers guarantee that all the animals will be delivered in good physical condition. If not, then the buyer will be reimbursed for any losses.

**Live wild animals may be marketed in the following ways:**

- The animals are captured after a buyer has placed an order.
- The animals are captured by a contractor and then marketed by the contractor on behalf of the game rancher in a mutual agreement.
- The animals are marketed by a contractor who buys them from a game rancher.
- The owner markets the animals either directly or through an auction, and then contracts the services of a professional wild animal capture team to capture them.
- The animals are presented to potential buyers on a catalogue auction.
- Private transactions are concluded between individuals.
- The animals are marketed by marketing institutions such as auctioneers.
- The animals are marketed to potential buyers overseas.
- The animals are bought on tender when buying from government departments.

As it is expensive to buy and maintain the necessary capture equipment, it is often best to make use of reliable, professional animal capture teams. The more such equipment is used, the more cost-effective it becomes to purchase and maintain it.
Prices

Prices vary accordingly to supply and demand in a free-market system. When the game ranching industry began, the demand seemed to be insatiable and prices increased steadily. With time, an exaggerated image of prices for wild animals was created because the exceptional prices of rare animals usually make the news. A study by Standard Bank in 2000 (quoted by Bothma, 2002: 475) seems to indicate that the continual expansion and establishment of the game-fenced areas of South Africa are keeping the prices of especially rarer wild animals high. Although the mean price of all the wild animals sold at auctions over the past ten years has increased annually by 43.3%, and that of 2000 increased by a mean of 11.6% from 1999, it does seem that prices paid for some of the more common animals are beginning to taper off, with some prices even starting to drop. This could indicate that the market for live animals is starting to reach maturity, where supply and demand are in balance.

Nevertheless, record prices are still paid regularly, even for some of the more common animals. Although the following prices do not reflect inflation, record prices were paid per animal in boma auctions in the year 2000 for the common duiker (R2,300), giraffe (R18,000), impala (R1,900), kudu (R9,000), nyala (R13,000), reedbuck (R7,300), roan antelope (R130,000), sable antelope (R80,000), tsessebe (R13,500) and waterbuck (R9,000). Further record prices were paid in 2001. Yet, there were still some old and remarkably resistant price records up to 2000, including that of R2,100 paid in 1990 for a blue duiker and the R4,000 paid in 1990 for a red duiker. Some of these records might well have been broken by now, had there been more of a supply.

The more common animals still form the backbone of boma auctions. At 25 boma auctions that were held in the first half of 2000, blue wildebeest and Burchell’s zebra were sold on 88% of the auctions, followed by impala (84%), blesbok (80%), kudu (80%), eland (80%) and waterbuck (76%). Other animals sold at 50% or more of the boma auctions were red hartebeest (68%), giraffes (60%) and gemsbok (52%). The wild animals that were sold more infrequently on boma auctions include nyala (40%), ostrich (40%), springbok (24%), black wildebeest (24%), sable antelope (20%), buffalo (12%), tsessebe (12%), reedbuck (12%), white rhinoceroses (8%), mountain reedbuck (8%), steenbok (8%), warthog (8%), common duiker (8%), bush pig (4%), lechwe (4%), roan antelope (4%) and bushbuck (4%). Grey rhebok, red duiker, blue duiker, suni, black rhinoceroses or mountain zebra were not sold at all in the first 25 boma auctions of 2000. These data should provide some idea of supply and demand. Impala is by far the most commonly sold animal, accounting for 22.75% of all animals sold on auctions in 2001.
Boma auctions

Wild animal auctions have undoubtedly become an important and legitimate method of trading in live wild animals. Many game ranches have been, and still are being restocked with wild animals bought at such auctions. Moreover, live auctions are an important social event in the wildlife industry. However, the prices paid for live animals at boma auctions fluctuate from region to region and are related to the reputation of the sellers and the physical condition of the animals. Animals are captured in advance for boma auctions and are transported to a central holding facility where they remain in pens for sale. Prospective buyers may view and evaluate the animals before the auction. Moreover, individual animals may be bought, and the rare animals sold in this manner fetch high prices. Though popular, there are a few disadvantages linked to boma auctions.
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These include the following:

- Unrealistically high prices may prevent some buyers from buying viable herd sizes.
- The auction pens create a focal point for the spreading of diseases and parasites.
- The animals are captured, transported, loaded and transported again. This protracted process induces stress, which can lead to high mortality rates.
- Misconceptions about the characteristics of real trophy-quality animals sometimes lead to unrealistically high prices, which, in turn, give rise to higher hunting tariffs. Consequently, South Africa loses clients to neighbouring countries.
- Too many spectators may create additional stress in the animals held in the auction pens and lead to the death of some.
- Auctions held during the cold months from June to July or the hot months from December to February may increase mortalities in the pens.
- As animals are sometimes advertised before they have been captured and placed in the pens, they may attract potential clients but may never reach the auction.
- Auctions held in August result in the animals being released on poor, late winter grazing at their destination. This may result in increased deaths.
- Permanent auction pens of a high quality should be built and maintained.
To avoid stress and unnecessary losses, the following are some important guidelines for buying live wild animals at boma auctions:

- Buy only from auctioneers with an excellent reputation.
- Enlist the help of a wildlife veterinarian or an experienced game rancher to evaluate all the animals in which you are interested. Sick or weak animals are listless, eat poorly, have a coarse coat and often suffer from diarrhoea. Avoid them and any animals with lesions from cuts and bites, or those that have fresh wounds. Animals with a lowered resistance and those that have been badly cared for usually have ticks, many of which are engorged and ready to reproduce. Avoid buying these animals.
- Ensure that apparently calm animals are not under long-acting tranquilisation.
- Examine all crated animals for wounds, especially around the tail area.
- Ensure that animals with dangerous horns have rubber pipes or inner tubing on the horn tips.
- Sable antelope, gemsbok, nyala, tsessebe, blesbok, bontebok and red hartebeest easily become overexerted during capture and often die later. It is advisable to reach an agreement with the seller that payment will only be made for those animals that are still alive one week after their release.
- Rather pay more for a smaller group of healthy animals than buy a so-called bargain of a bigger group of battered animals. The bargain may well turn into a major loss.
The mean prices paid at boma auctions are still 6.1% higher than those paid at catalogue auctions, although this varies from animal to animal and from region to region. Moreover, animals that are held captive for a while after capture and then transported and released suffer higher mortality rates than those that were released directly. By far the greatest number of wild animals sold at auctions in South Africa are sold at boma auctions. In the first half of 2000, a total of 9,442 live animals were sold at 25 boma auctions, with a mean of 378 animals per auction. During the same period, only 886 animals were sold at eight catalogue auctions, with a mean of 111 animals per auction. The largest, and one of the most prestigious, annual boma auctions of wild animals in South Africa is undoubtedly that of Ezemvelo KwaZulu-Natal Wildlife, which sold 2,269 animals for R15,087,275 in 2000 and R21,800,000 in 2001. The outbreaks of foot-and-mouth disease in this province in 2000 and in Limpopo (Northern Province) in 2001 harbour a serious potential economic threat to this aspect of the wildlife industry.
Catalogue auctions

Catalogue auctions do not require expensive holding facilities. The seller places an offer of the wild animals that are for sale in a central catalogue, which is then distributed to all prospective buyers. On the day of the auction, the bidding on the offers takes place, but the animals are only captured and transported to the buyer after the auction. The unsold animals are not disturbed. The animals are therefore bid for and bought unseen.

The most important advantages of catalogue auctions are the following:

- The animals are not exposed to the stress of being held in a pen, and only one handling and transport operation is required.
- The animals adapt more quickly to their new environment and have to undergo fewer changes in their food.
- Both the buyer and the seller benefit financially because additional costs for transport, holding facilities, food and veterinary services are eliminated.
- The money paid by the buyer is placed in a trust account. It is only paid over by the trustees to the seller when the buyer is satisfied with the service and purchase. Otherwise, the buyer is refunded.
- Catalogue auctions do not require special holding facilities because the animals can be held at any suitable place, or not at all.
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**The most important disadvantages of catalogue auctions are as follows:**

- The buyer’s money may sometimes lie in trust for months where it cannot earn interest.
- The buyer cannot see what is being bought. Often the animals are only delivered months after the transaction. They may not meet the expectations of the buyer then, usually because there are more young than adult animals.
- At boma auctions, people are excited by the presence of the animals and the atmosphere of social activity. This may induce them to buy more or pay higher prices than they would at a catalogue auction.

When the prices paid at boma and catalogue auctions in 2000 are compared on a per animal basis, there is an apparent contradiction. Although the mean price paid per species at a catalogue auction is some 93.9% of that achieved at boma auctions, the mean price paid per animal is higher. The mean price paid for the 9,442 animals sold at boma auctions in 2000 was only R3754 per animal, compared with the R5,175 per animal sold at catalogue auctions. This may be because the catalogue auctions more often seem to offer rare animals that do not have to be subjected to unnecessary stress, as they can be captured, transported and released without having to adapt to captivity in the auction pens.
Concern was expressed in South Africa at the end of 2003 that the industry had reached its peak. Stakeholders were warned that both sales and price trends may be on the decline. This observation was based on an apparent reduction in prices of most species and a small decline in total numbers sold (approximately 2%) through auctions in 2003, even though similar reductions had occurred before. More importantly, however, the percentage sold of the most popular species has remained largely unchanged. In Zimbabwe, the dramatic drop in the sales of the more common species, particularly impala, signalled the turning point when the industry became saturated.