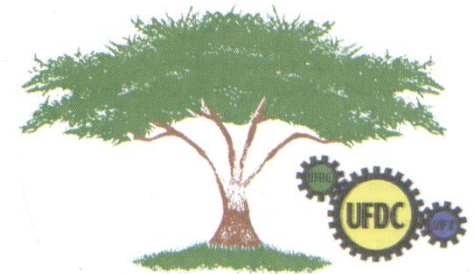




Forestry Outgrowing Development

A Proposal on a Outgrower Scheme for
Commercial Farmers in the Elundini District



INTRODUCTION

- Historical Background
 - MTR Smit Orphanage – Economy
 - Ugie Agricultural Co-operative
 - Mondi Paper Company
 - PG Bison Era

PROBLEMS ENCOUNTERED IN THE FORESTRY INDUSTRY, ELUNDINI

- Expectation of 65,000 Ha
- Reality of 33,000 Ha
- Permit system
 - Farmers completely uninformed
 - No extension services / Forestry promotion
 - Poor relationship between farmers and companies
 - Fire disaster 1994

OBJECTIVES

➤ Objective

The development of community and individually owned commercial forestry plantations in the Elundini District through outgrower contracts and/or partnerships that are mutually beneficial to the land owners and PG Bison

➤ Specific Objectives

- To investigate the constraints and opportunities for forestry on privately owned commercial farmland in Elundini; and
- To develop a set of recommendations for forestry development on privately owned commercial farmland in Elundini

TERMS OF REFERENCE

- Activities
 1. Appraisal of constraints and opportunities for private forestry
 2. Interviews with farmers / forestry companies
 3. Develop and report recommendations

TERMS OF REFERENCE

- **Outputs**
 - Identification of all commercial farming land, extent, owners and contact details
 - Produce a forestry potential map for private commercial forestry in Elundini
 - Report on interviews with farmers regarding attitude and interest
 - Economic model comparing livestock farming and tree farming
 - Proposed methodology on outgrower scheme

ID OF COMMERCIAL FARMING LAND

- 99 Land owners = 170,723 Ha in extent
- All farms identified but contact details only for 53 Land owners

ELUNDINI: FORESTRY POTENTIAL AREA MAP

REPORT ON INTERVIEWS WITH FARMERS REGARDING ATTITUDE AND INTEREST

- 28 White and 7 Black farmers were interviewed (35%)
- Projected extent of farm use:
 - Total Ha: 170,723
 - Grazing: 120,000 Ha
 - Dry land cultivation: 45,000 Ha
 - Irrigation cultivation: 5,723 Ha

REPORT ON INTERVIEWS WITH FARMERS REGARDING ATTITUDE AND INTEREST

- Current farming activities
 - Crop production: Maize, Cabbage, Potatoes; excluded from evaluation
 - Sheep and cattle farming on 120,000 Ha of grazing land – in competition with potential tree farming

REPORT ON INTERVIEWS WITH FARMERS REGARDING ATTITUDE AND INTEREST

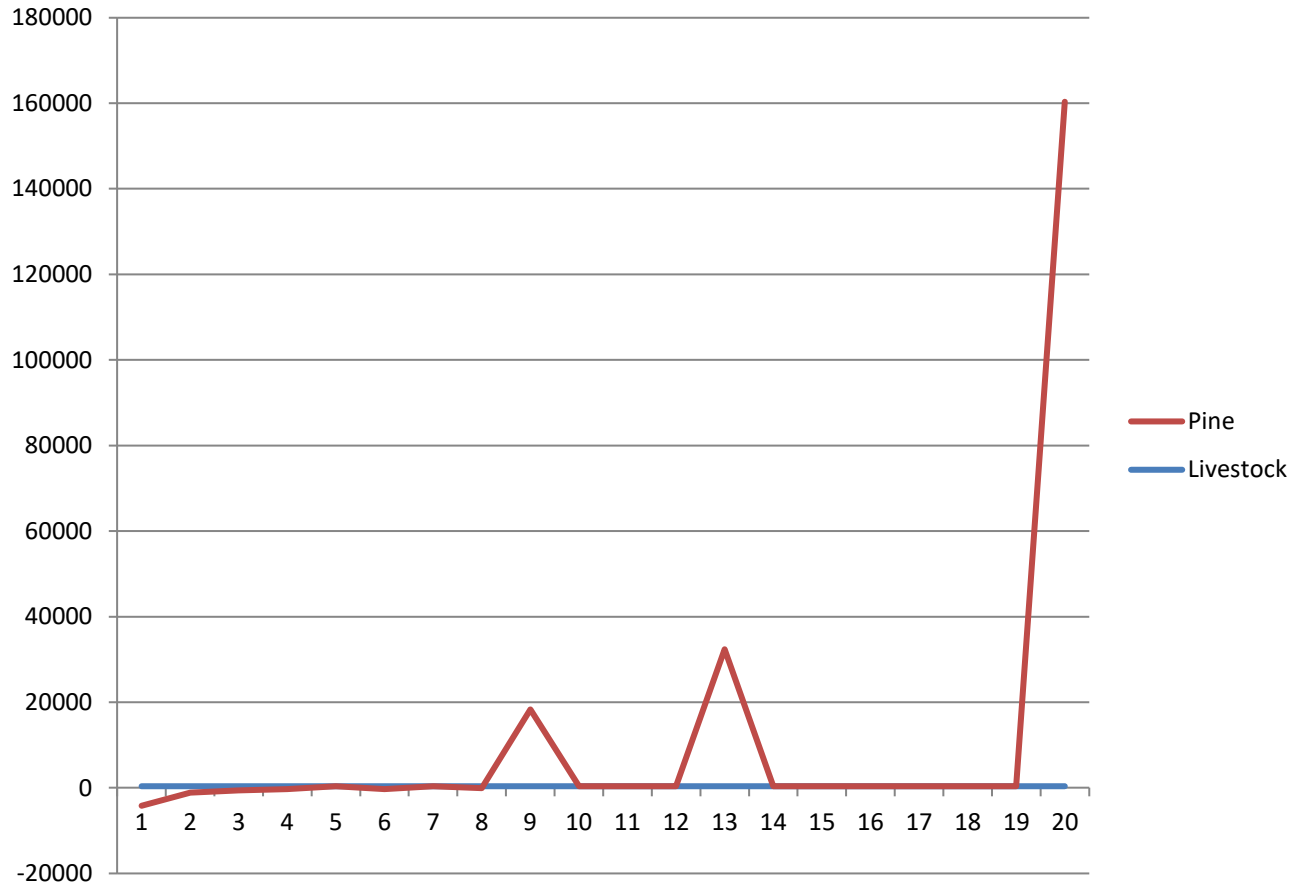
- Attitude
 - Feeling is 50/50
- Opportunities
 - A definite lack of technical and financial knowledge of forestry
 - Improved relationship between PG Bison and farmers
 - Forestry processing: Bison Mill vs. Private Processing

REPORT ON INTERVIEWS WITH FARMERS REGARDING ATTITUDE AND INTEREST

- Constraints
 - Attitude resistance (fire, jackal, security, claims)
 - Permit system (No knowledge)
 - No promotion over past 20 years
- Long Term Plans (Future)
 - 80% - Sons are taking over
 - 20% Will consider selling

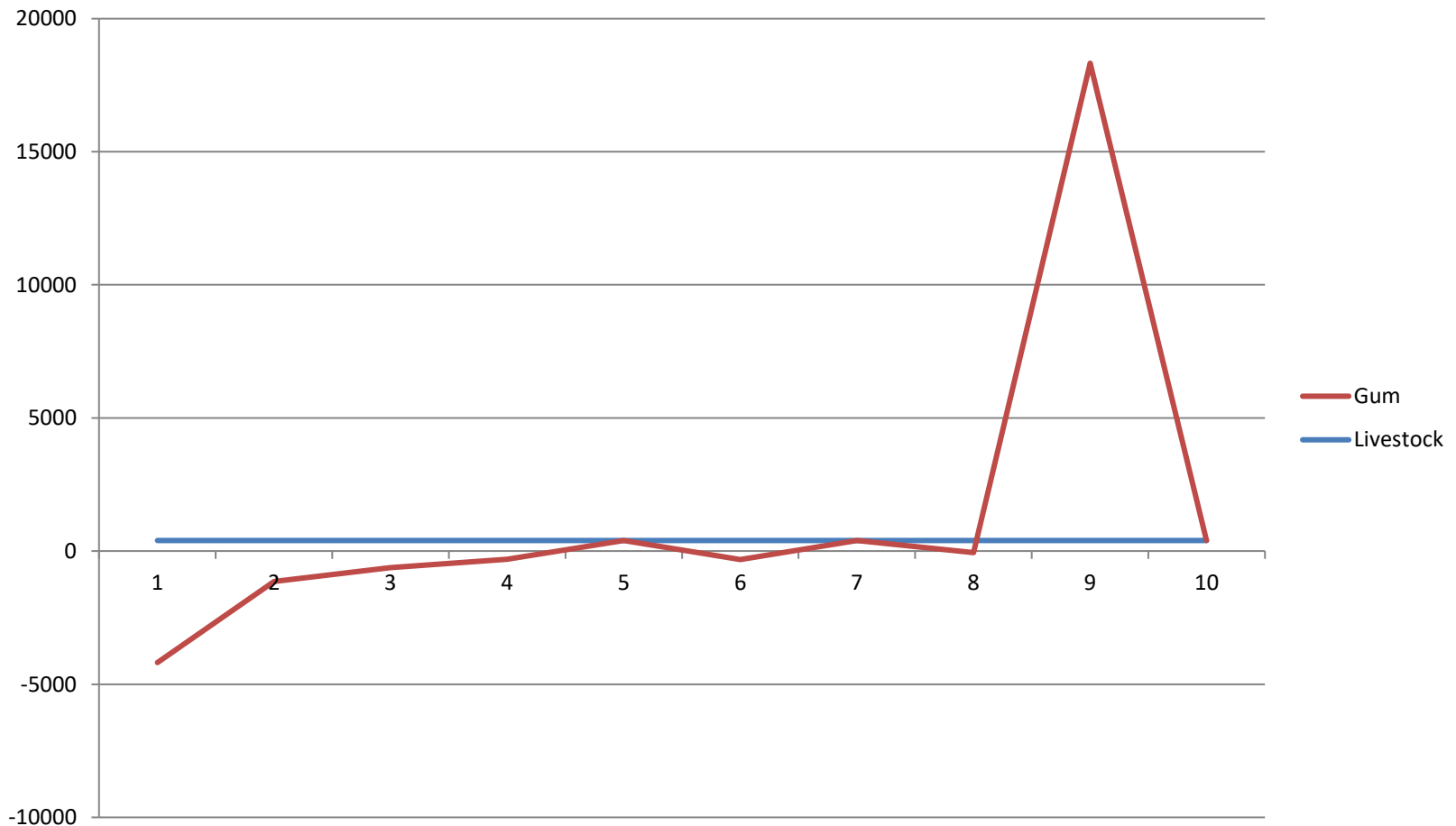
ECONOMIC MODEL COMPARING TO LIVESTOCK FARMING AND TREE FARMING

➤ Livestock vs Pine trees (20 year model)



ECONOMIC MODEL COMPARING TO LIVESTOCK FARMING AND TREE FARMING

➤ Livestock vs. Gum trees (10 year model)



PROPOSED METHODOLOGY ON OUTGROWER SCHEME

- History in perspective
 - 20 Years back = Uncomplicated permit system (60,000 Ha)
 - Agricultural Co-operative was the farmers' vehicle
 - Mondi Forests was a financial outcome for farmers
 - Drakensberg Forestry Development was a private initiative – Existing farmers took part
 - Co-operative sawmill created a market
 - SATGA – Spokesperson for private farmers

PROPOSED METHODOLOGY ON OUTGROWER SCHEME

- Current situation
 - PG Bison = Single role player and market
 - No Co-operative structure for farmers
 - No National spokesperson for farmers
 - Permit system is almost inaccessible
 - No extension services
 - Attitude of farmers not forestry orientated

PROPOSED METHODOLOGY ON OUTGROWER SCHEME

- The way forward?
 - It is clear that the current situation for private forestry farming is not very promising
 - PG Bison is the only institution in the industry that can promote the industry
 - The proposals thus focus on the role that PG Bison can play to increase timber production on private land

PROPOSED METHODOLOGY ON OUTGROWER SCHEME

1. Forestry extension services
 - a. Technical information
 - b. Financial planning
 - c. Farm planning
2. Outreach programme to farmers
 - a. Improve relationship and trust
 - b. Promote forestry
 - c. Compare models (wind breaks, replacements)
 - d. Assist in Land Optimisation Plans
 - e. Demonstration and training
 - f. Cooperation in fire control
 - g. Budgeting and sources of funding
 - h. Grazing swops

PROPOSED METHODOLOGY ON OUTGROWER SCHEME

3. Possible Outgrower Contracts
 - a. Assist with permit application
 - b. Supply training, seedlings and supervision
 - c. Assist on maintenance against logbook
 - d. Forestry extension
 - e. First refusal to purchase all timber at end of production cycle

THE END