COMMERCIAL WILDLIFE RANCHING'S CONTRIBUTION TO A RESOURCE EFFICIENT, LOW CARBON, PRO-EMPLOYMENT GREEN ECONOMY

PRESENTATION TO THE 7th INTERNATIONAL WILDLIFE RANCHING SYMPOSIUM

KIMBERLEY

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DEFINITION FOR WILDLIFE RANCHING

For the purpose of this presentation, commercial wildlife ranching is defined as the management of game in a sizable game fenced system, with minimal human intervention in the form of:

- the provision of water;
- the supplementation of food during periods of drought;
- the *strategic control of parasites; and
- the *strategic provision of health care.

* Strategic provision of parasite control and health care is aimed at assisting only where necessary thus avoiding the loss of natural parasite resistance and enzootic stability to diseases.

SOUTH AFRICAN LAND AND RESOURCE ALLOCATION

Land allocation	**ha**	**%**
– Government protected areas	7 500 000	6.1%
– *Commercial wildlife ranches*	*20 500 000*	***16.8% of total area of SA***
– ***Total under "industry conservation management"***	***28 000 000***	***22.9%***
– Total agricultural land	100 600 000	82.2%
– Total area of South Africa	122 340 100	100.0%

Number of commercial wildlife ranches	
– Number	10 000+ *
– Exempted	7 500 *
– Mixed use	3 000

* Prof Wouter van Hooven, Sept 2011

SOUTH AFRICAN LAND AND RESOURCE ALLOCATION (Cont.)

- **Number of commercial wildlife ranches**
  - Limpopo 50,0%*
  - Northern Cape 19,5%
  - Eastern Cape 12,3%

  * Of total number of game farms in SA

- **People employed**
  - Commercial wildlife ranches 100 000+
  - Reward system vs. agriculture with domestic stock 3 to 4 times higher
  - Generally 3 times more staff employed on Wildlife Ranches than livestock farms

HISTORICAL OVERVIEW

- Towards middle of 20th Century
  - Wildlife had no economic value
  - Regarded as competitor for livestock grazing land
  - At that stage only 19 bontebok, 2 000 blesbok and 30 white rhinoceros left in South Africa

- 1894 Government intervention
  - Statutory game reserves established (mostly in tsetse fly and malaria areas)
  - As rule marginal land e.g. non-agricultural 'rich' land
  - In 1926 National Parks e.g. Kruger, Addo, Bontebok and Kalahari Gemsbok National Parks Comment: exact meaning not clear

- 2008 State Parks and commercial wildlife ranching
  - *South Africa has more wildlife than past 150 years*
  - *Economic value of wildlife gained momentum and recognised by the State*

SOME KEY DATA SETS

- The number of commercial farmers has dropped to some 37 000.
- Commercial wildlife ranching industry has transformed **20m ha of marginal agricultural land** into thriving **land-use** operations.
- Wildlife ranching on approximately **12m ha of over-grazed and degraded communal land** could offer a sustainable income for rural communities.
- A typical commercial game ranch generates approximately **R220/ha** of economic output, compared to an average **R80/ha** for conventional livestock farming.

SOME KEY DATA SETS CONTINUE….

- Gross income from major agricultural products for 2008/09.
  - Poultry R20bn
  - Red Meat R18bn
  - Maize R18bn
  - Fruit R15bn
  - Vegetables R10bn
  - **Wildlife Ranching R7,7bn**
  - Followed by other agri-commodities such as milk, sugar cane, etc.

- Only 17% of RSA agri-land has high agri-production potential with 80% marginal (RSA value of Agri output per ha = $200 (or R1 480 at current exchange rate) lower than the world average.

- The eco-tourism industry accounts for at least **R1 billion** in value added. Its indirect multiplier effect is of a roughly similar size. Total turnover in this market segment is about **R2 billion**. Not surprisingly, **the game-ranching industry has been expanding at a rate of about 5% per annum in real terms during the past decade.**

SELF – ASSESMENT

Positive

- Game better adapted to marginal conditions in SA (also refer global warming)
- Not dependant on grain based feeds.
- Both consumptive & non-consumptive revenue.
- Extensive game stock production base.
- Promotes Bio-Diversity/Conservation.
- Positive environmental impact and green footprint.
- The wildlife of no other continent remotely approaches the actual and potential value of Southern Africa (RSA & Namibia).
- If carefully managed commercial wildlife ranching industry will always be Southern Africa's **competitive advantage and unique selling point.**

Negative

- Institutional Regulatory regime.
- **Perceived** as a white, affluent industry.
- **Perceived** threat to the livestock industry.
- **Perceived** risk to food security.
- Dysfunctional industry information systems & data availability.
- Current mindset of Regulators.
- Government's current paradigm iro "conservation at all costs"

ECONOMIC IMPLICATIONS

- On average, even the most successful game ranch requires at least **R6m** capital outlay for every **R1** revenue generated annually. A small ranch requires a capex investment of **R3,5m**. A large ranch would require at least **R16,5m**.

- Over the past 15 years, the industry, measured in terms of turnover, **grew at an average rate of 20,3% per annum.**

- Estimated ***2,5 million head of game*** are commercially owned which is estimated to be 4 times more than state owned parks. On average 45 mammal species, 266 bird species, 43 reptile species, 17 tree species, 29 grass species and 88 other plant species per wildlife ranch where eco-tourism is practiced.

- An estimated 167 440 head of game was translocated during 2010 capture season, by 44 Game Capture Companies employing an estimated 1320 staff members.

- During the ***5 hunting months*** per annum, game meat provides ***10% of red meat*** utilised in South Africa (can become significantly bigger).

Profitability of commercial game ranching (1 000 LSU capacity)							
	Hunting ranches					Eco-tourism	
	Grassland	Lowveld	Bushveld	Kalahari	Karoo	Lowveld	Bushveld
Gross Operating Income	2 286 822	3 125 816	3 220 357	2 458 948	1 908 163	11 997 500	9 123 125
Gross Operating Expenditure	734 809	748 090	751 799	766 351	783 940	2 841 840	2 845 549
Capital Investments	15 018 909	79 229 603	43 471 110	18 847 028	13 624 566	84 129 603	48 371 110
Net Operating Profit Before Tax:							
Net Operating Profit	1 552 013	2 377 726	2 468 558	1 692 597	1 124 223	9 155 660	6 277 576
Net Operating Margin	67,9%	76,1%	76,7%	68,8%	58,9%	76,3%	68,8%
Return on Capital	10,3%	3,0%	5,7%	9,0%	8,3%	10,9%	13,0%

Profitability of livestock farming (cattle / sheep)					
	Cattle farming			Sheep farming	
	Grassland	Lowveld	Bushveld	Kalahari	Karoo
Return on Capital	4,8%	0,9%	1,9%	7,0%	7,2%

Profitability of commercial game farming with buffalo			
	Mixed-buffalo Farming Grasslands 400ha	Buffalo Ranching* Lowveld 100ha **Or any other Exotic specie*	Hunting Ranch 150LSU Grassland 500ha
Gross Operating Income	**1 486 375**	**1 920 000**	**285 823**
Gross Operating Expenditure	**426 360**	**967 000**	**137 714**
Capital Investments	**5 422 250**	**4 462 500**	**2 518 602**
Net Operating Profit Before Tax			
Net Operating Profit	**1 060 015**	**953 000**	**148 109**
Net Operating Margin	**71,3%**	**49,6%**	**51,8%**
Return on Capital	**19,5%**	**21,4%**	**5,9%**

TYPICAL CURRENT MARKET VALUES

Species	Type	Price (R)
Gnu (Golden)	Bull Cow	1 200 000 800 000
Buffalo	Bull Cow Young Heifer	18 000 000 4 700 000 725 000 2 300 000
White Rhino	Bull Cow	*1 200 000 *950 000
Blesbok (Yellow)	Ram	13 000
Impala (Black-backed)	Ram	550 000
Impala (Black)	Female	250 000
Oryx (Golden)	Bull	400 000
Sable antelope	Bull Cow Heifer	3 000 000 950 000 825 000
Cape Eland	Bull	205 000
*Currant values in sharp decline, given poaching.		

INTERNATIONAL GAME MEAT CONSUMPTION

- Western Europe
  - Market size for Game Meat: 100,000 tons plus
  - Current Game Meat supply: 35 000 tons plus

- SA Exports (current)
  - Between 600 and 2,000 tons
  - Valued between R60 - R200 million

- SA imports (current)
  - almost R4 billion red and white meat annually

- Strong demand for organic/natural products

- New Zealand’s export volumes (40 000 tons or 700 000 head or +/- R2,5 billion annually) are **41 times** greater than South Africa’s)

INSTITUTIONAL, POLICY & GOVERNANCE

Biodiversity & Conservation	Commercial Wildlife Industry
•Biodiversity & Conservation Policy & Compliance Management •Transfrontier Conservation & Protected Areas •Biodiversity •Heritage & Urban Conservation •Law Enforcement – not only mammals, but also: – Flora – Mining pollution – Industrial pollution	•Wildlife Production (local and international markets) •Food security •Wildlife Eco-tourism & Hunting •Meat safety (jointly with Dept of A, F & F & Dept of Health) •Applied research to extend knowledge i.r.o. wildlife ranching and conservation •Veterinary services (jointly with Dept of A, F & F) •Appropriate land-use •Industry Transformation Charter

CONCLUSION

- Change the Institutional and Stakeholders mindset.

- *In South Africa's socio-political landscape, it is an undisputed reality that commercial wildlife ranching is about appropriate land-use and rural development; it is less about "animals per se", not a "white affluent issue", not a "conservation at all cost thing", it's about **economical sustainability** with a powerful "**green footprint**". It is a land-use option that is ecological appropriate, economically and environmentally sustainable, political sensitive, but finally, socially just.*

- With regards to Black Economic Empowerment for instance, WRSA members could assist the State with mentoring programmes for emerging black game farmers to **sustainable farm** on currently dysfunctional provincial and local government "conservation" parks or conservancies with no tourism and no biodiversity contribution, if same could be made available by the state.

- Commercial wildlife ranching should be part of Agriculture and enhance contribution to the Green Economy of the RSA


Thank You

PRESENTERS NOTES

ANTI-HUNTING ACTIVISTS VS REALITY

(Reseach done by Prof Pieter van Niekerk and Wentzel Coetzer:
Nelson Mandela Metro University)

2010

Port Elizabeth

Activists rhetoric: ‘Hunting in South Africa a Bloody Mess’ by ARA.

65% of respondents agreed that hunting should remain legal.

18% of respondents was neutral.

15% of respondents believed hunting should be banned.

PRESENTER'S NOTES:
NATIONAL COMMERCIAL WILDLIFE INDUSTRY
VALUE CHAIN IRO HUNTING

Gun Licences	R150m
Provincial Permits	R20m
Eco-Tourism	R100m
General expenditure items (gear, medical, food, fuel, etc,)	R200m
Bird watching	R100m
Translocation	R130m
Taxidermii	R300m
Infrastructure and vehicles	R100m
Game sold	R200m
Bow hunting	R100m
Wingshooting	R400m
Foreign hunters	R1,2bn
Local hunters	R3,1bn
Labour	R1,6bn
Investment in dominant marginal land	**R20bn**
Annual turnover	**R7,7bn**

PRESENTER'S NOTES:

GLOBAL CONSERVATION: STATE CONTROLLED ESTATES

- Global target is 12% of terrestrial & marine surface.

- 107 000+ proclaimed Protected Areas world wide – covering 12% of the world's total earth surface with less than 1% marine.

- Africa "conserves under State protection" 11,2% of its total surface (Zambia 30%, Tanzania 28%, Uganda 21%, South Africa *22,9% (6,1% + 16,8% privately owned)*.

- World-wide "conservation estate under government protection" is shrinking because of an ever growing human footprint.