



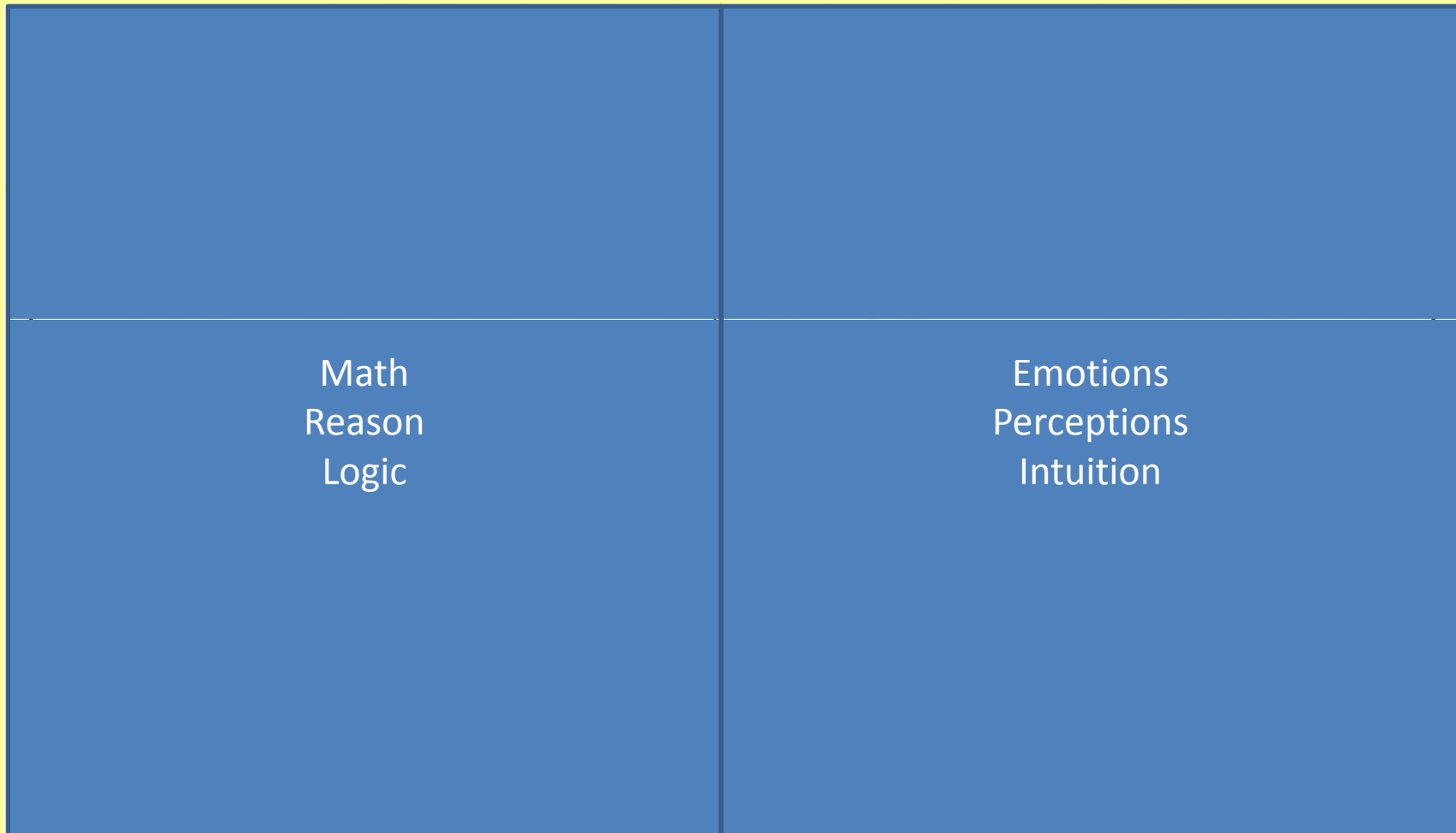
STEPHEN MOHALE'S PACKHOUSE :

An example of commercial enterprise collaborating in a government rural upliftment project

Ian van Brouwershaven

2010

Alfa...



Ad Sparrius, *the economy is not a toaster*, 2008

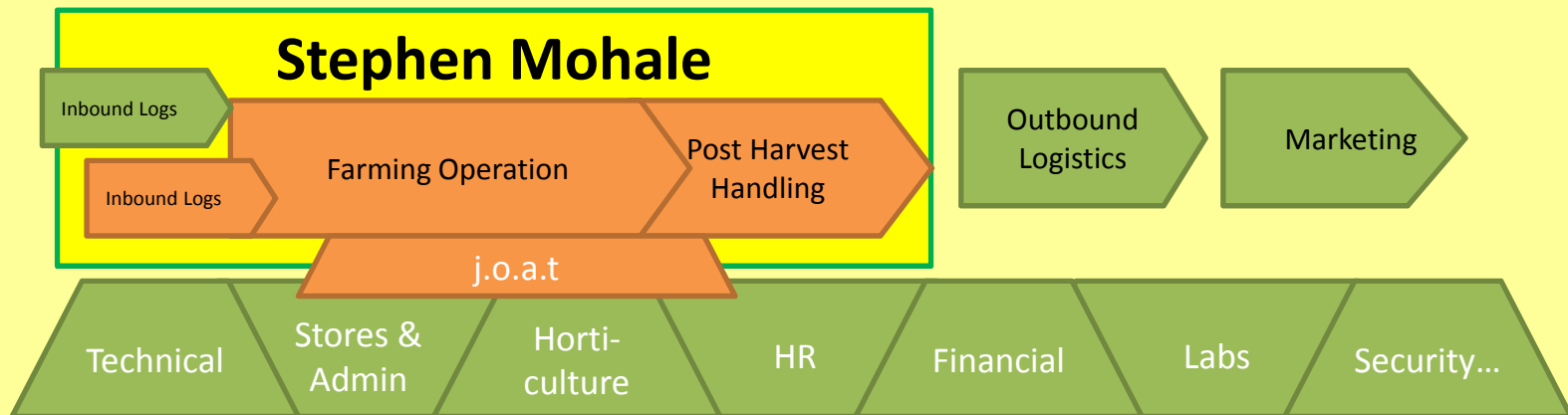
Presentation Scope

- Example of an individual project!
 - Commercial agriculture viewpoint
- Why should commercial farming play a role in rural development?
- What role can commercial farming play in rural development?
- How can commercial farming engage in rural development?



Tegnies

Overview



- 350ha Farm (50ha active p.a)
- 2000 ton of tomatoes p.a.
- 125 workers
- Operating the past 25 Years



★ Windhoek

Botswana

Stephen Mohale

★ Gaborone

Lobatse

★ Pretoria

★ Mbabane

★ Maputo

Swaziland

★ Maseru

Lesotho

South Africa

Tugela Canyon

© 2010 Google

US Dept of State Geographer

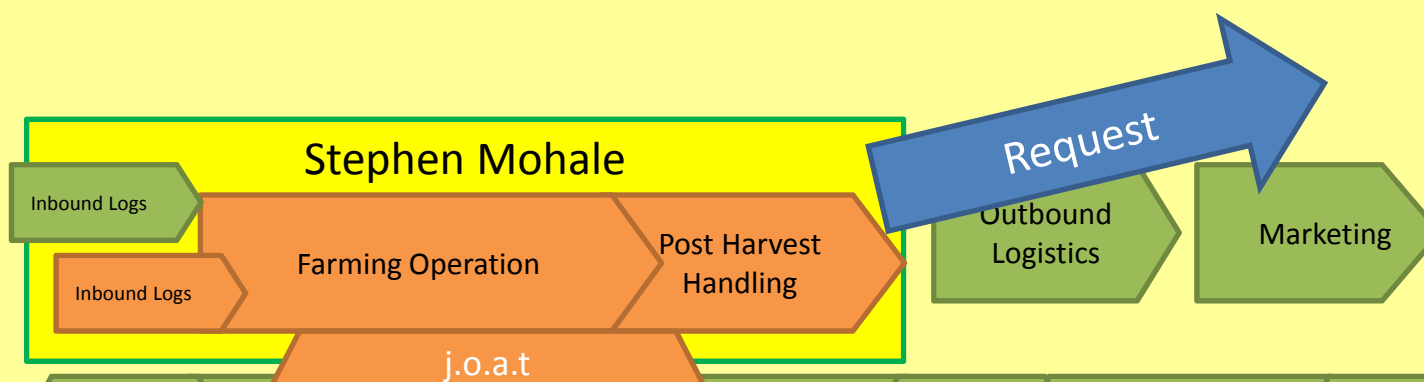
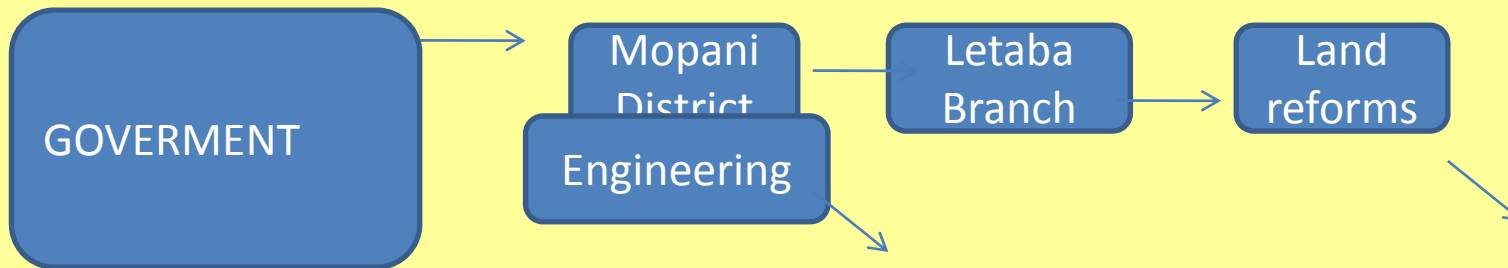
© 2010 Tele Atlas

© 2010 Europa Technologies

28°26'13.11" S 25°03'54.21" E elev 1238 m

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Overview



Technical

Stores & Admin

Horticulture

HR

Financial

Labs

Security...

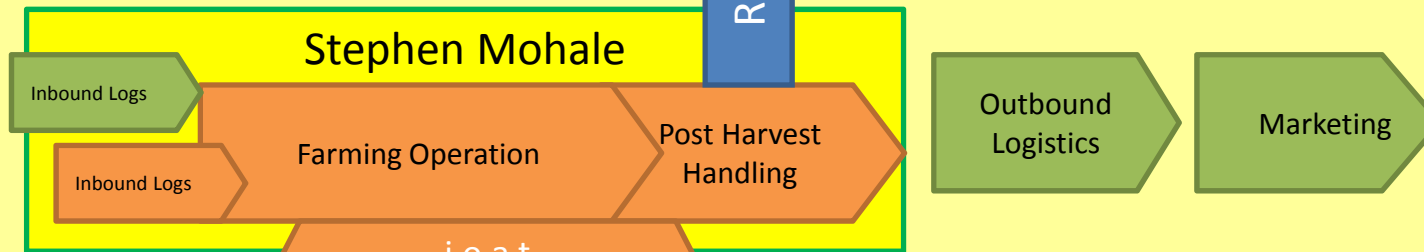
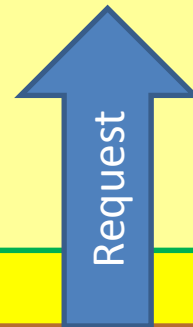


Overview

The request..

- a New Packhouse
- Underroof loading area

GOVERNMENT

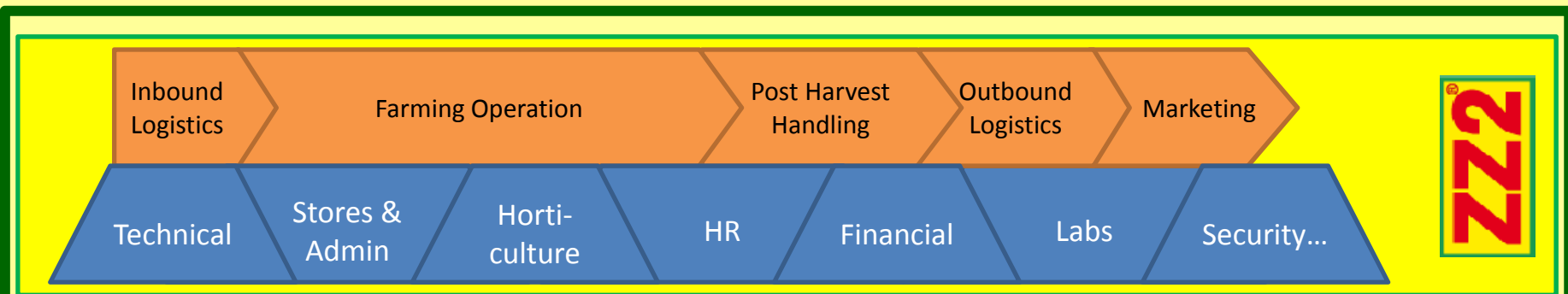


j.o.a.t





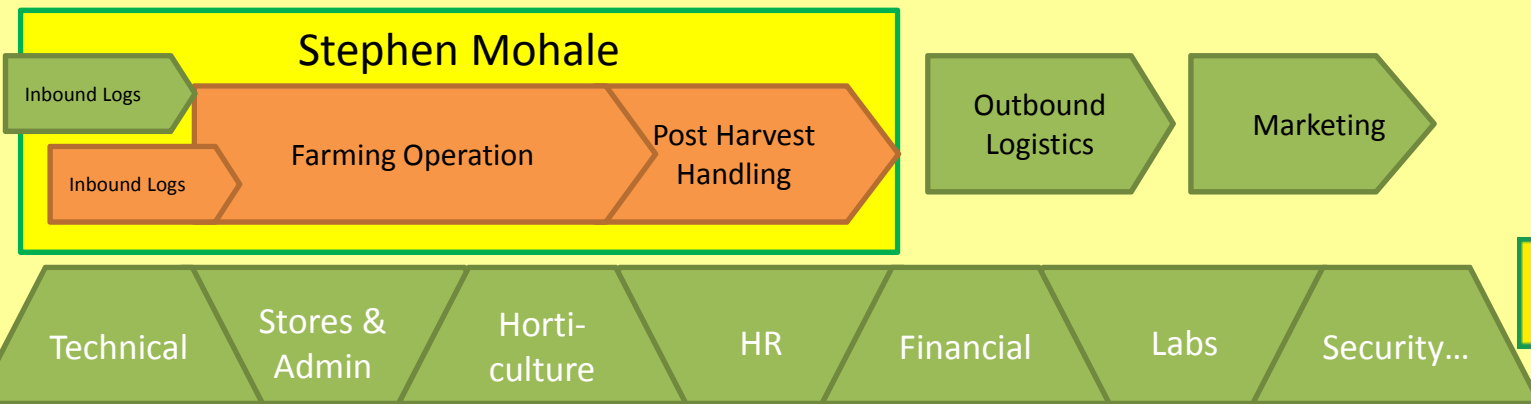
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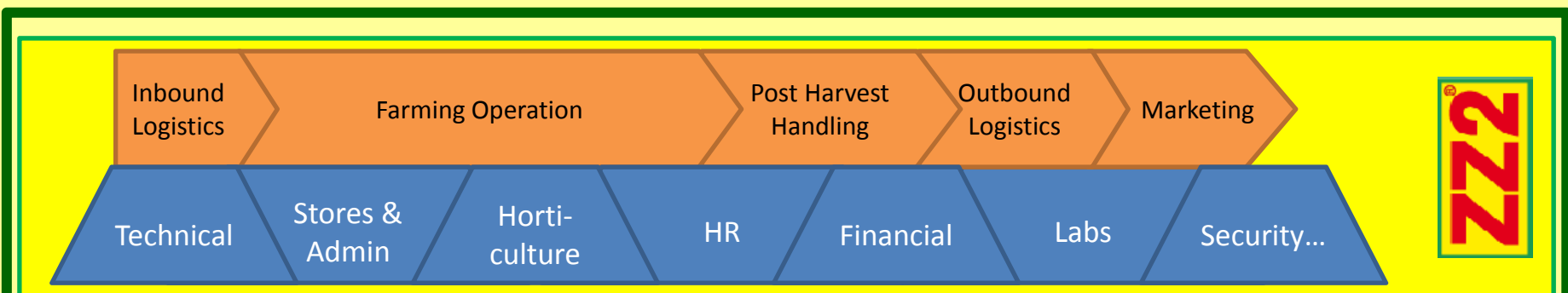


- 1600ha active
- 150,000 ton of tomatoes p.a
- 7000 workers

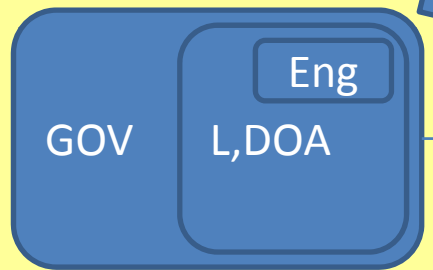
GOVERNMENT
Limpopo D.O.A

Vela VKE
R.I.E
Professional services





Project Context? → Functional requirement / conceptual design

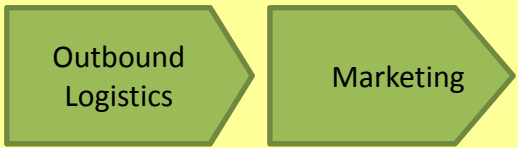
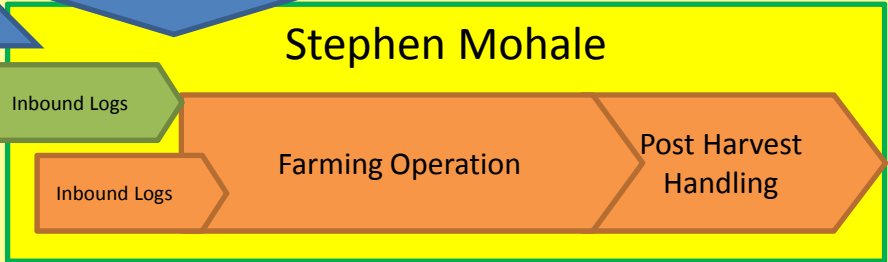


- Design + Spec
- Tender docs / process
- Contractors
- Project Management



Deliverable

Stephen Mohale



Presentation Scope

- **Why should commercial farming play a role in rural development?**
- What role can commercial farming play in rural development?
- How can commercial farming engage in rural development?



Tegnies

Why...

- Hard reasons:
 - Better competition serves the “client”
- Soft reasons:
 - Values and principles of the “social responsibility”
 - Opportunity to create partnership / establish relations
 - Personal relation with Stephen...

Presentation Scope

- Why should commercial farming play a role in rural development?
- **What role can commercial farming play in rural development?**
- How can commercial farming engage in rural development?



Tegnies

What role...

- Money / financial assistance??
 - What about tax!!
- Help manage / implement projects??
 - Time, resources, responsibility!!
- Partnerships / Collaboration??
 - Conflicting objectives
 - Unbalanced power
 - Efficiency poor



Tegnies

What role...

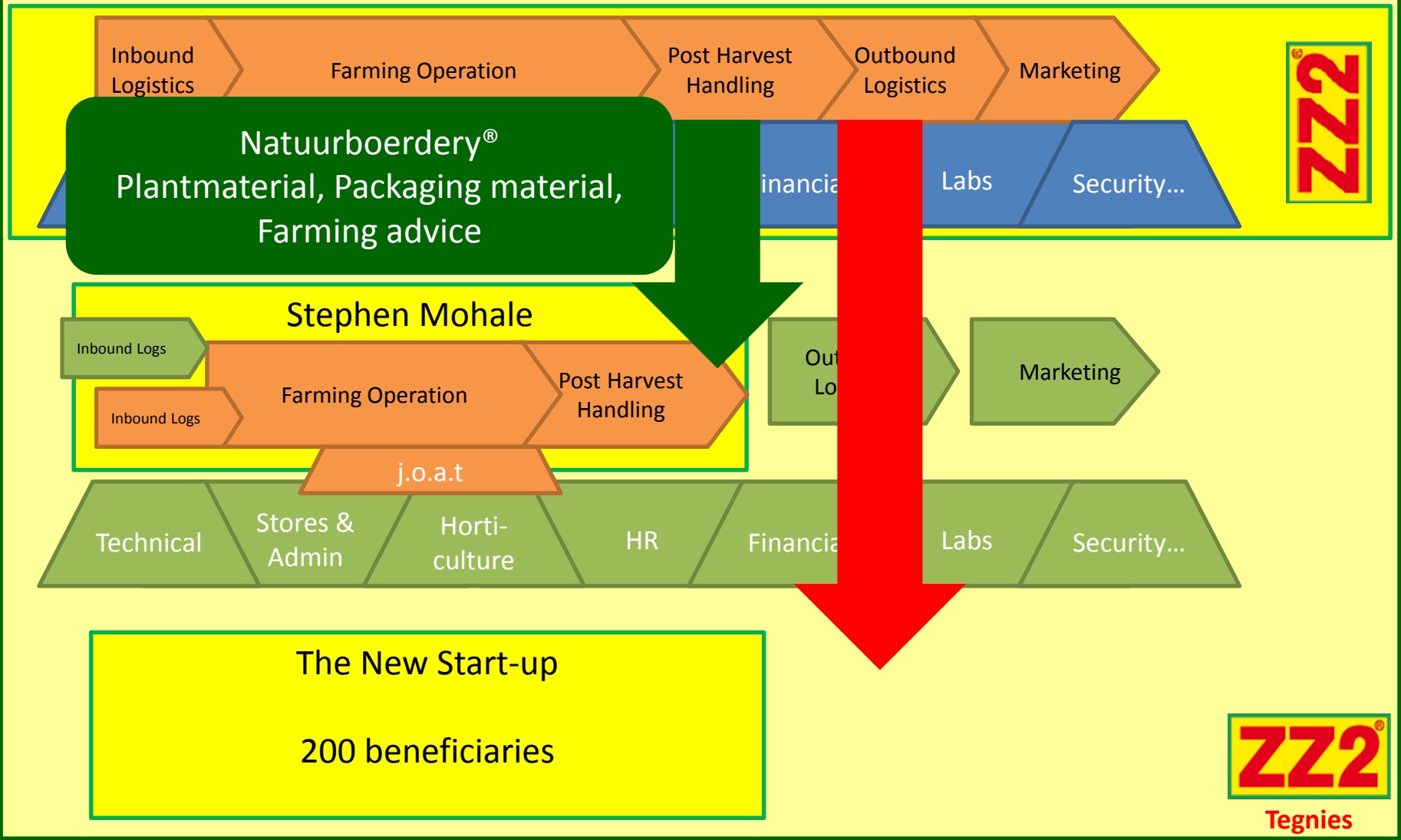
Suggestion :

- Share 'non-sensitive' intellectual property
 - Time efficient
 - Requires no cash flow
 - Greatly increase probability of success
 - Create value for the economy



Tegnies

What role...



Presentation Scope

- Why should commercial farming play a role in rural development?
- What role can commercial farming play in rural development?
- **How can commercial farming engage in rural development?**



Tegnies

How...

1. Exposure to ZZ2's system

1. Farm and packhouse visits
2. Discussions and advice
3. Playing open cards

2. Professional assisted IP transfer

1. Needs analysis
2. Functional requirement / recommendations
3. Concept designs

How...

2.1 Needs Analysis

Government/Stephen

- Under roof loading area, mechanized packline to improve labour eff, glass office, catwalk...

ZZ2

- Grading/cooling facility to improve income potential, Handling procedures, Running cost issues, farm infrastructure, Foodsafety requirements

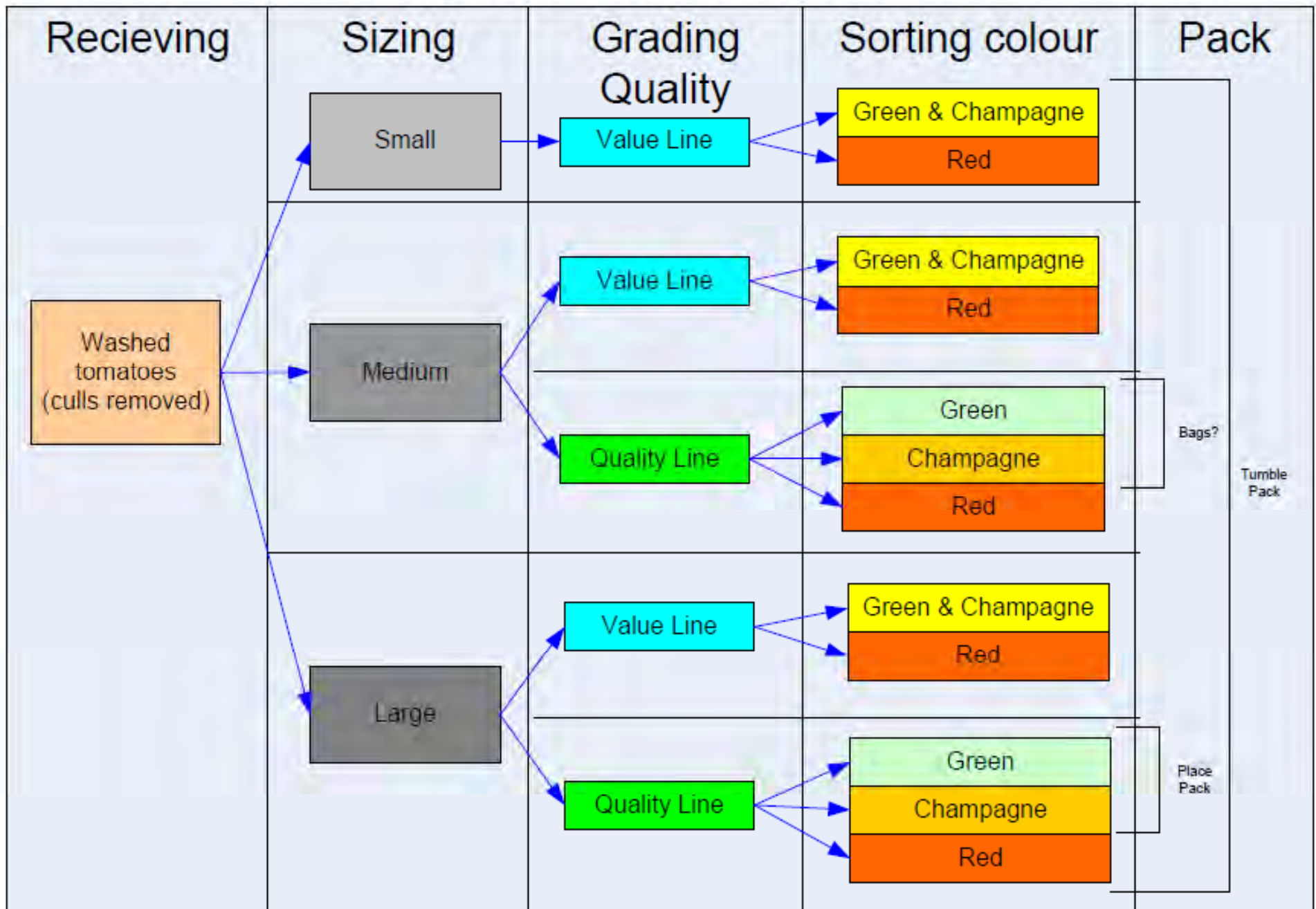
How...

2.2 Functional requirements

ZZ2

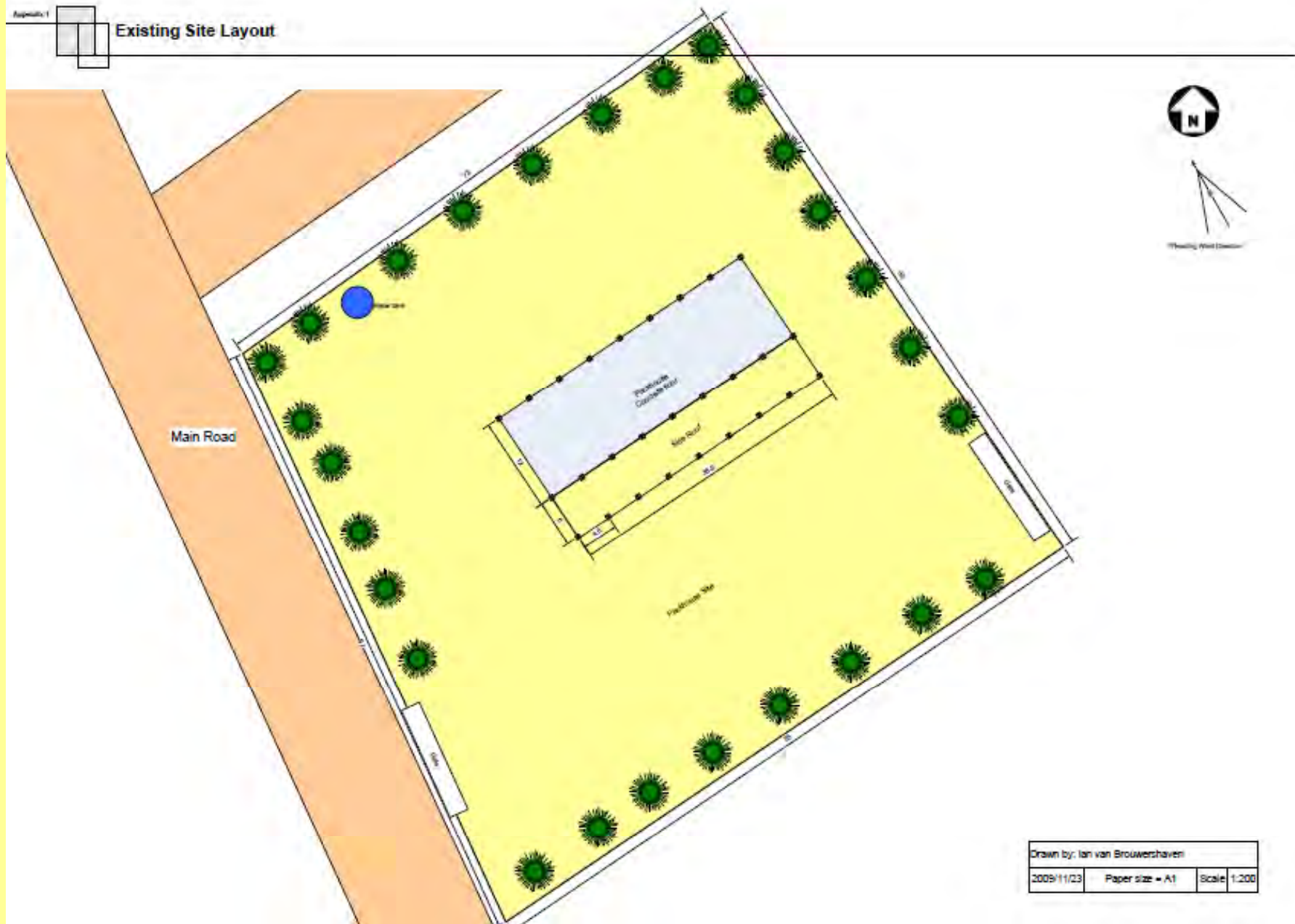
- Documented for reference, guidance
- Conceptual calculations
- Ballpark budget

Diagram 2: Product differentiation proposal

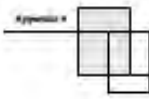


Appendix 1

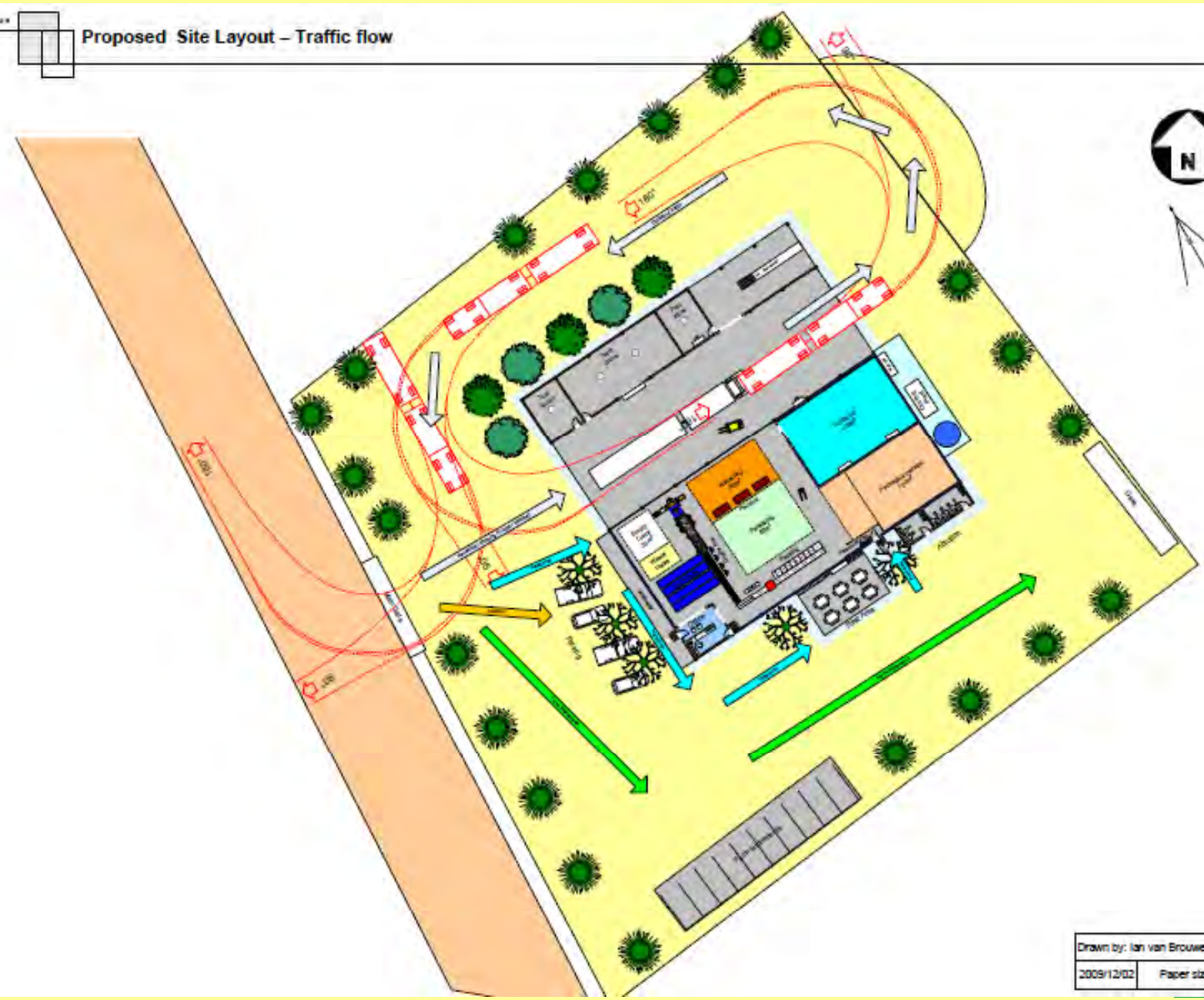
Existing Site Layout



Drawn by: Ian van Brouwershaven		
2009/11/23	Paper size = A1	Scale 1:200



Proposed Site Layout – Traffic flow



Drawn by: Ian van Brouwershaven		
2009/12/02	Paper size = A1	Scale 1:200

Tegnies

STEVEN MOHALE PROPOSED PACKHOUSE

South-Western View



Drawn by: Sibusiso Shilubane		
Paper size:	A4	2009/12/02

STEVEN MOHALE PROPOSED PACKHOUSE

Northern Eastern View



Drawn by: Sibusiso Shilubane		
Paper size:	A4	2009/12/02

Total project cost

R 5,388,440

Phase 1: Infrastructure	Subtotal	R 2,900,600
	Professional & General	R 435,090
1.1 Farm support infrastructure	R 547,600	
1.2 New Packhouse building	R 1,817,000	
1.3 Electricity upgrade	R 152,000	
1.4 Ventilation / cooling	R 76,000	
1.5 Site works	R 80,000	
Phase 2: Equipment and Coldroom	Subtotal	R 1,785,000
	Professional & General	R 267,750
2.1 Packline	R 1,070,000	
2.2 Coldroom	R 625,000	
2.3 Loose Equipment	R 90,000	



Tegnies

Result

ZZ2's involvement has

- Provided impetus to the project
- Defined a direction of value creation
- Increased the possibility of a successful rural development project
 - Spinoffs for the economy as a whole

Opportunities

Value increase:

- + R 600,000 p.a in market value of produce
 - More jobs
 - More money in the rural economy
 - More tax for the next government project.



Tegnies

Challenges

- Efficiency of the government / process

- 3 to 4 years for a R5/6m project

- Stephen Mohale:

- "I only hear about tenders every day. They then keep on announcing in the media that they are helping us. What help? When? I would like to meet the government department or official that has helped me one day," Mohale said.*

- *Business report, 31 March 2010*

**http://www.busrep.co.za/index.php?from=rss_&fArticleId=5412312*



Tegnies

Challenges

- Succession
 - Stephen is 62 years old, who will follow up?
 - Will the investment bear fruit?

In Conclusion



Tegnies

The “”Hard” irony

- Is commercial farming not successful rural development??
- Reason has a formidable enemy in human behaviour!!



Tegnies

The 'Soft' Reality

- *Why should commercial farming play a role in rural development?*
- *What role can commercial farming play in rural development?*
- *How can commercial farming engage in rural development?*
- When...
- Where...
- What else...



Tegnies

Ending note

- Stephen's packhouse project is still active
 - Initialized in 2008/9?
 - ZZ2 involved in November 2009
 - RIE, Vela VKE contracted in 2010
- Delivery likely in 2011