

**A STUDY ON FINANCIAL CONTRIBUTION OF
PRIVATE TREE FARM IN THE DISTRICT OF
KUDAT**

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ABSTRACT

A STUDY ON FINANCIAL CONTRIBUTION OF PRIVATE TREE FARM TO THE INCOME OF THE RURAL HOUSEHOLD IN THE DISTRICT OF KUDAT

This paper details the results of a study on Private Tree Farming Project (PTFP), a joint venture project between SAFODA and the rural farmers in Kudat district carried out by the author during the second half of 2004 as partial fulfillment of MSc. Agroforestry requirements at Universiti Malaysia Sabah. The objectives of the study is to determine the financial contribution of the PTFP to the income of the rural farmers in the district of Kudat; to determine the hectareage of land utilized for the PTFP among the rural farmers in the district of Kudat; and to determine the amount of labour input in the PTFP among the rural farmers in the district of Kudat. The comparison of income earned by the rural farmers before and after participating in the PTFP provides an analysis of how planting Acacia on private land can generate additional income to the rural household. Attempt is also made to determine the significance of the cash return from the sale of Acacia wood harvested from the PTFP would contribute towards the total income of the farmers. Although theoretically planting tree crops on idle land will give the farmers additional cash income, the price of Acacia wood harvested from the PTFP is not as high as what the millers in the district offer in the year 2004 (RM36/m³). One of the reasons is the lack of marketing assistance by the implementing agency as earlier agreed. As a result 18 out of the 23 farmers who harvested their farms had to rely on the service of middlemen to market their woods. Taking into account all the costs of establishing and maintaining the tree farm right up until harvest, there is a 16% or RM418 average decline of farmers' average annual income after PTFP. Prior to the implementation of PTFP none of the farmers were planting Acacia on their lands. There is an average of approximately 74% or 2.91 hectares of the farmers' land holdings were utilized for Acacia farming in the PTFP. The average labour utilization during the first three months of farm establishment in the PTFP is 222 hours, after which labour input into PTFP is insignificant. All farmers discontinued Acacia farming after the first harvest.

