



# Portfolio Committee on Public Enterprises briefing (Land Claims)

27 May 2015



GROWTH THROUGH PARTNERSHIP



# LAND CLAIMS

- Approximately 61% of the state forest land with SAFCOL/KLF forest plantation is under claim i.e. Limpopo, MP and KZN
- SAFCOL is on record through its annual reports highlighting the risk faced by its operation due to unresolved land claims
- SAFCOL is simply an affected party in the whole process of management of the land claim process
- SAFCOL leases the state forest land on the basis of letters of delegation and interim agreements with DAFF
- Therefore, it is the DRD&LR that plays a pivotal and leading role in the management and resolution of land claims and SAFCOL/KLF is only an affected party
- It is SAFCOL/KLF 's stated intent to be the preferred partner of choice to successful land claimants
- SAFCOL together with DRD&LR are currently holding workshops with all relevant stakeholders, including claimants on the proposed settlement model through which the land will be transferred in title to its rightful owners

**KLF: Komatieland Forests**

**DRD&LR: Department of Rural Development and Land Reform**



## LAND CLAIMS STATISTICAL INFORMATION

	Limpopo	Mpumalanga	KwaZulu Natal	Total
Total no. of claims	14	17	1	32
Research	1	13	0	14
Gazetted/ negotiations	13	4	1	18
Settled*	3	0	0	3
Transferred	0	0	0	0

\*these are pilot projects that are awaiting sign off of the final settlement model

# SAFCOL/KLF INVOLVEMENT

**Inter- ministerial task team meetings, are facilitated by DPE and are attended by DAFF, DRD&LR, DPE and SAFCOL**

*Issues discussed include the following:*

- Warehousing of shares (SAFCOL privatised entities)
- Finalisation of SAFCOL lease with DAFF on state forest land
- Payment of rentals to the land claimants
- Stakeholder engagement plan
- Changes regarding land claim processes, gazetting and legislation
- Establishment and implementation of suitable settlement model
- Initiated operational specific meetings with Regional Land Claim offices (RLCC's)

*Achievements of such meetings are as follows:*

- Established close working relationship
- Established focus teams for individual claims
- Facilitated operational meeting with all relevant stakeholders, e.g. DAFF, DRDLR, DPW, etc.
- Offered mapping support, and other information to the Commission
- SAFCOL/KLF, through its initiatives such as Socio Economic Development Unit (SED) programme and Enterprise Development (ED) continues to position itself as the preferred partner of choice
- SAFCOL has developed a draft settlement model deemed suitable for settling land claims that affects the state forest land on which it operates

# POSSIBLE SETTLEMENT MODELS

## Option 1: Lease Back

- Government to transfer the title and rights to the land to successful claimant communities for ownership
- Community owns the land; and leases it back to SAFCOL/KLF for a maximum of two rotations (70 years)
- KLF retains ownership of the trees, and pays a market rental for the use of the land.
- Incentives by SAFCOL/KLF to claimants so as to help guarantee supply of raw material
- At the end of the second rotation, parties may re-negotiate new terms that could result in the increased ownership of business by claimants
- Application of additional benefits described below

## Option 2: Strategic Partnership

- Government to transfer the rights to the land or land in title to claimant's communities
- Government to acquire a share in the trees (to be informed by a Plantation Management / Business Plan for the Plantation)
- Claimants and SAFCOL/KLF to form a partnership in the ownership and management of the trees (the land is not to be included in the partnership)
- Partnership to rent the land for two rotations

## OPTION 1 BENEFITS & ACTIVITIES

- Formation of community owned business enterprises, communities could provide services to SAFCOL/KLF. This shall enable preferential procurement, i.e. contracting opportunities
- Assistance of land claimants with the development of forestry related of Enterprises
- SAFCOL/KLF to continue its social compacts and socio economic development initiatives within adjacent rural communities inclusive of claimants
- Provision of skills and knowledge transfers to land claimants on forestry.
- Focus to rural infrastructure development for community benefit
- Employment opportunities
- Capacitate communities in the forestry business as a whole to achieve competent levels where after a transition to option 2 can explored

# IMPLICATIONS

## Financial

- SAFCOL is obliged to pay lease rentals on the state forest land that it uses for its plantations
- The current lease rental payments of R48million per annum are paid to DAFF and ultimately the latter will pay such rental to claimants once their land claims are upheld
- Post the settlement on a land claim and transfer, both SAFCOL and DRD&LR including claimants would have to negotiate a lease rental of the land payable to successful claimants

## WAY FORWARD

DRD&LR and DAFF with the assistance of the DPE and SAFCOL/KLF need to fast track and finalise the restitution process affecting the state forest land operated by SAFCOL/KLF and for that to occur the following support is required:

- The improvement on the turnaround times for the research, verification and gazetting of valid land claims by the DRD&LR.
- An inter-ministerial engagement by DPE with counterpart in DAFF and DRD&LR to solicit a political will and possibly agreement on the prioritisation of the land claims that affects SAFCOL/KLF's business operations.



## LAND CLAIMS RISKS AND CHALLENGES

The following risks and challenges have been identified and are managed:

- Land claims are not timeously resolved thus leading to communities not being patient anymore and resorting to riots
- Supply of softwood saw log could be under threat due to communities not opting for SAFCOL as the preferred partner post transfer of the claimed land
- SAFCOL/KLF operations have received threats from communities due to unresolved land claim.
- Increase in temporary unplanted (UP) areas as a result of community conflicts
- Illegal occupation of KLF operated land
- Land that KLF operates being leased from the state, SAFCOL does not have the delegated mandate on the resolution of the land claims



**Thank you**