

PRESENTATION TO THE NCOP SELECT COMMITTEE ON PUBLIC ENTERPRISES AND COMMUNICATIONS

17 JUNE 2015



SAFCOL LAND CLAIMS



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Background (1 of 2)

- ❑ By 1998 when the lodging of land claims closed, SAFCOL forestry plantations were affected.
- ❑ In 2008, a verification study was undertaken, which confirmed that 61% of KLF forestry plantations had been claimed.
- ❑ In 2011, following numerous complaints by land claimants, the DPE Deputy Minister and DG met with tribal authorities to *inter alia* discuss how the resolution of land claims on KLF operated land can be fast tracked.



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Background (2 of 2)

- ❑ Subsequent to that, DPE established a task team comprising of DAFF, DRDLR and SAFCOL to fast track the resolution of land claims without much progress.
- ❑ To date no land claim has been fully settled and transferred nor is there an agreed settlement model.
- ❑ The DPE Deputy-Minister had meetings with communities in Mpumalanga (12-14 March 2013 and 17 August 2013) and Limpopo (27 September 2013) – DRDLR was represented.
- ❑ And the community is beginning to show impatience with the process.



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Progress on Land Claims

	LMP	MP	KZN	Total
Total number 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



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Progress to Date

- ❑ Land Claims Task Team meetings are led by DPE and comprises of DAFF, DRDLR and SAFCOL.
- ❑ The meetings are held twice a year effective from 2013.
- ❑ Progress to date:
 - The appropriate settlement model is required for the SAFCOL land claims;
 - A draft document was produced that proposes two options: strategic partnership and lease-back models;
 - Proposed models will be piloted to the three claimant communities in Limpopo
 - Workshops on the proposed models were held at Entabeni plantation in Limpopo, March 2015 led by DRDLR; and
 - Inter-departmental engagements between DPE and DRDLR led by Deputy Ministers are ongoing to fast track the resolution of land claims.



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DPE-DRDLR Engagements

DATE:	PARTIES:	PURPOSE OF THE MEETING:
07 April 2011	Deputy-Minister of DPE and Deputy-Minister of DRDLR	To discuss the progress of the Land Claims process post the meetings with the Tribal Authorities
30 October 2013	Deputy-Minister, DPE and Minister, DRDLR	To discuss the DRDLR “wagon wheel” model
04 November 2013	DPE DRDLR SAFCOL	DRDLR presented the “wagon wheel” model
13 August 2014	Deputy-Minister of DPE and Deputy-Minister of DRDLR	Deputy Ministers met to agree on the ways to fast-track the land claims settlement process



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Task Team Meetings

DATE:	PARTIES:	COMMENTS:
03 March 2013	DEPARTMENTS OF PUBLIC ENTERPRISES, AGRICULTURE, FISHERIES AND FORESTRIES AND RURAL DEVELOPMENT AND LAND REFORM AND SAFCOL.	
12 November 2013		
14 February 2014		Model discussion
26 March 2014		
17 December 2014		
04 March 2015		
06 March 2015		Ratombo, Tshakuma & Ravelele Community Claims Workshop



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Proposed Settlement Model Options

1 - Lease Back Option:

- Government to transfer the title and rights on the land to claimant's communities for ownership
- Community owns land and leases it back to SAFCOL/KLF for a max 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.

2 - Strategic Partnership Option

- Government to transfer the rights to the land or land in title to claimant's communities
- Government assists the communities in acquiring 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

- The Lease Back option is a product of Forestry Sector including Government.
- The Strategic Partnership option was generated by the KLF land claims Task Team led by DPE.
- The Forestry Sector and SAFCOL prefers the first option.



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DPE's Position (1 of 3)

- The land claims should be informed by the following principles (lessons from RVC claim):
 - It should result in tangible and realistic benefits for the communities and the restitution package should be aligned to these benefits;
 - It should be equitable and should not disadvantage the communities by putting them in a position where they are worse off than before the settlement;
 - It should uphold the principles of economic viability, financial sustainability and holistic management of the compensation package;
 - The agreement should be a full and final settlement of the land claim and no further claims can be instituted against the Government and SAFCOL in respect of the land claimed; and
 - The communities will establish institutional vehicles to warehouse various interests received as a result of the land claim – risk mitigation strategy.



DPE's Position (2 of 3)

- ❑ SAFCOL in the interim should honour all obligations to the communities. Some of them are:
 - Payment of rentals for land currently leased from DAFF;
 - Ring-fencing of dividends received from minority shareholdings – some of the beneficiary communities are also land claimants;
 - Preference for operations neighbouring communities in skills, supplier and enterprise development activities (licence to operate and maintenance of partner-of-choice status) and CSI initiatives; and
 - SAFCOL should ensure profitable and sustainable operations with cognisance for long term impact of business decisions.



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DPE's Position (3 of 3)

- ❑ The same urgency which informed private sector claims should be accorded to SAFCOL by DRDLR – engagements to this effect ongoing.

- ❑ The Department's appraisal of SAFCOL investment projects are informed by the:
 - National economic development imperatives (NDP, NGP, IPAP, MTSF 2014-19 and sector policies).
 - Investment must be aligned to SAFCOL's mandate as articulated in its Shareholder Compact.
 - Investment must not compromise the financial and credit worthiness targets outlined in SAFCOL's shareholder compact.



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Risks and Challenges (1 of 3)

- ❑ The following risks and challenges have been identified and managed:
 - SAFCOL's inability to engage directly with the claimant communities as it is DRDLR responsibility to negotiate and settle land claims.
 - Land claims are not timeously resolved thus leading to communities not being patient anymore and resorting to riots
 - Increase in temporary unplanted areas as a result of land invasions by claimant communities.
 - Unresolved land issues in the long run will impact negatively on the supply of softwood sawlogs.



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Risks and Challenges (2 of 3)

- ❑ There needs to be a resolution to communities immediate need for access to land for agricultural purposes and sustainability of SAFCOL operations. SAFCOL, in developing its new strategy will be addressing this point.
- ❑ In the meantime SAFCOL is leasing the land from DAFF:
 - 2004 – 2012 R50/ha/year
 - R5.7 million (paid over to DAFF on 26 March 2013)
 - R1.3 million for Entabeni land claim (paid over to DAFF on 10 December 2013)
 - 2013 and 2014 R94 million (not paid) – pending rent review



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Risks and Challenges (3 of 3)

- ❑ SAFCOL investment projects* will be subject to the land claims:
 - The lifespan and payback period of these projects will exceed the current ownership arrangement;
 - The risks or benefits associated with the investment will need to be taken over by the new owners (investor assurance); and
 - The settlement model chosen shall have an impact on the future plans of the SOC

- * Investment projects refers to projects implemented to grow the business and enhance SAFCOL's value which will assist SAFCOL in achieving its contribution to economic transformation and rural development.



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Thank You



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