



## Portfolio Committee on Agriculture, Forestry & Fisheries

28 November 2017



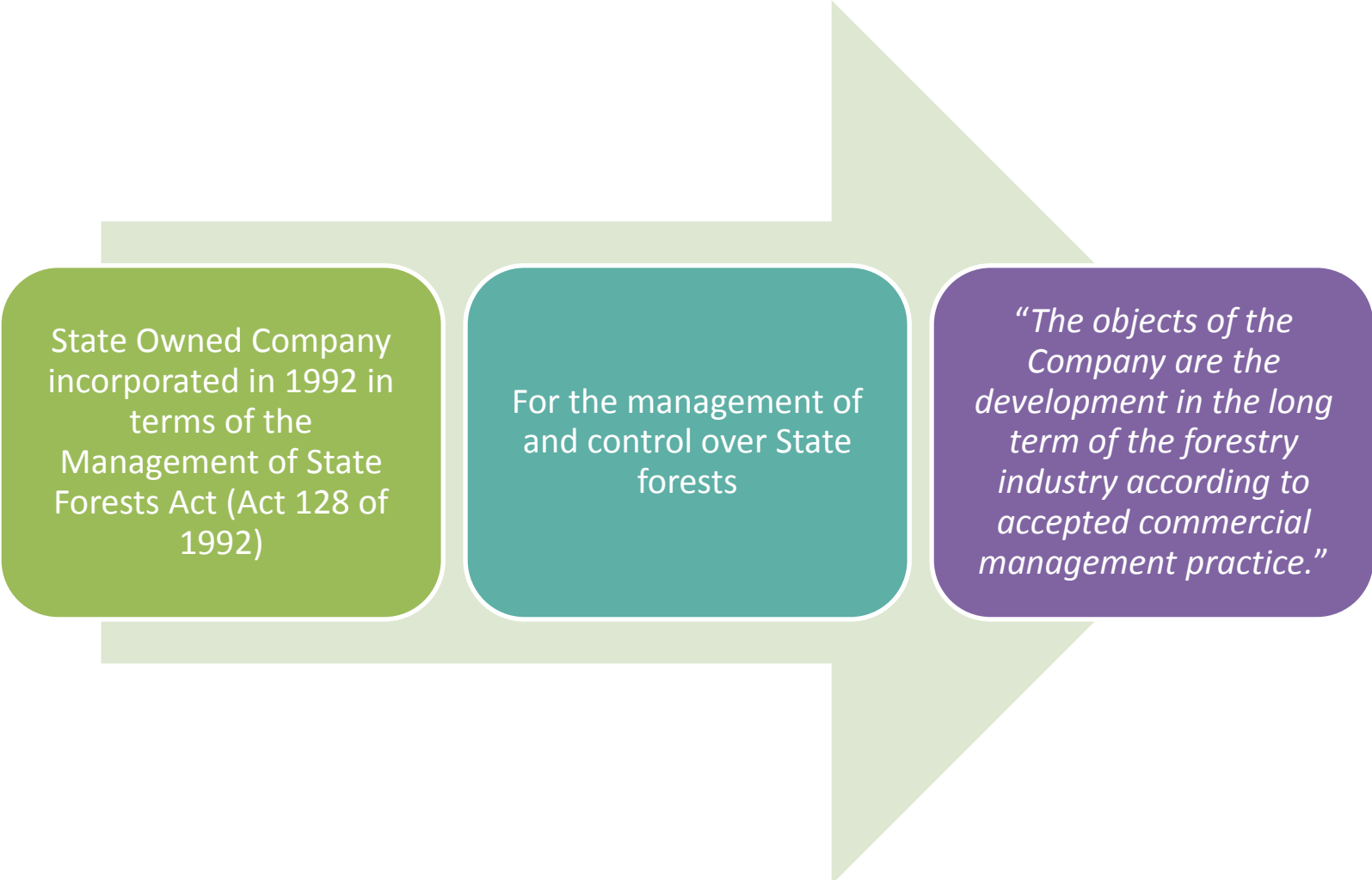
# AGENDA

- Overview of SAFCOL
- Submission of comments on the proposed amendments to the National Forests Act
- Further discussion of proposed amendments to the National Forests Act
  - Precedence of land use rights
  - Definition of *State forest*
  - Role of SAFCOL
  - Sustainable Forest Management
  - Forestry as a strategic resource and industry
- SAFCOL's transformation mandate and impact on communities



# SAFCOL OVERVIEW

# SAFCOL INCORPORATION AND MANDATE

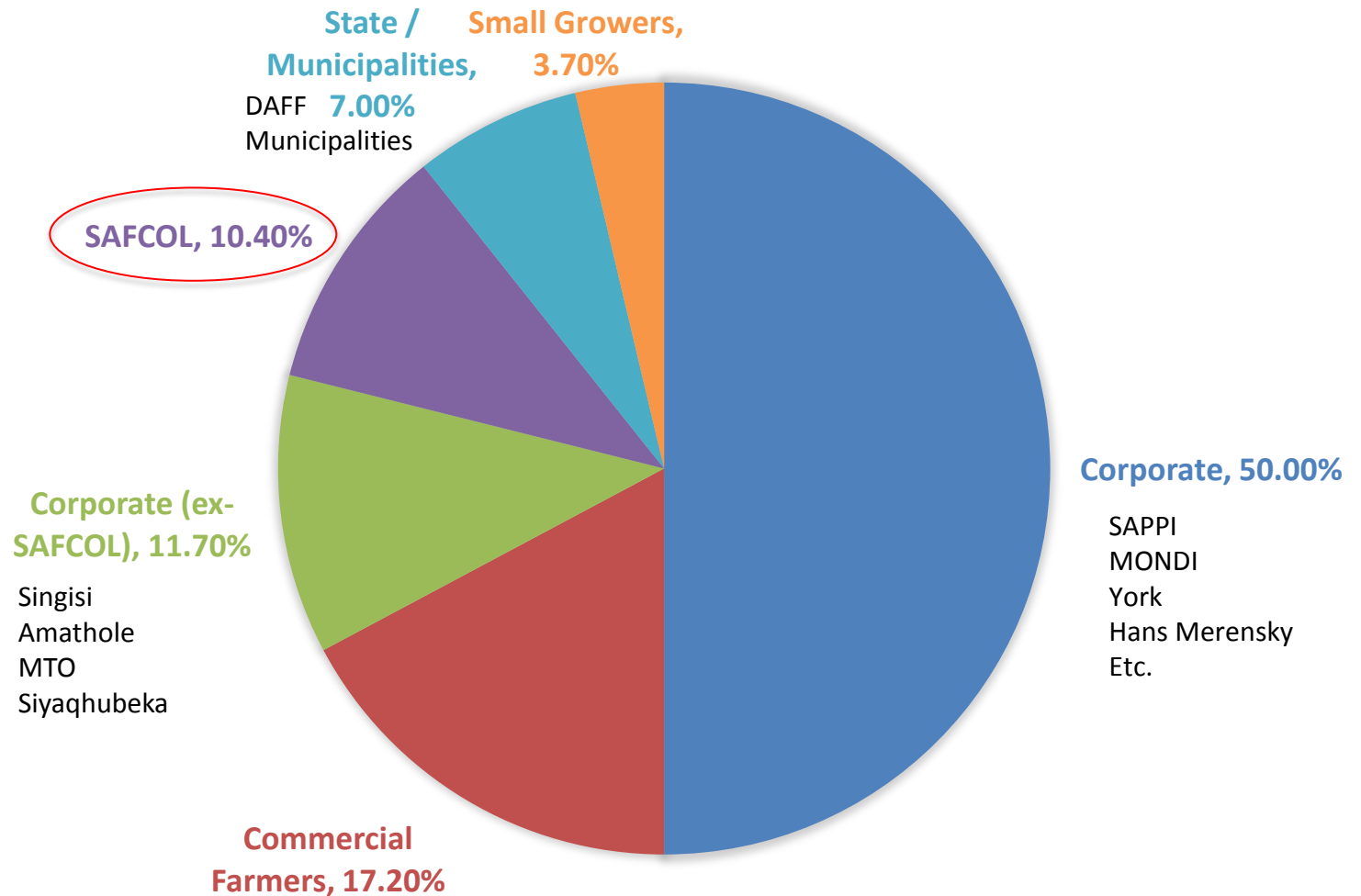


State Owned Company  
incorporated in 1992 in  
terms of the  
Management of State  
Forests Act (Act 128 of  
1992)

For the management of  
and control over State  
forests

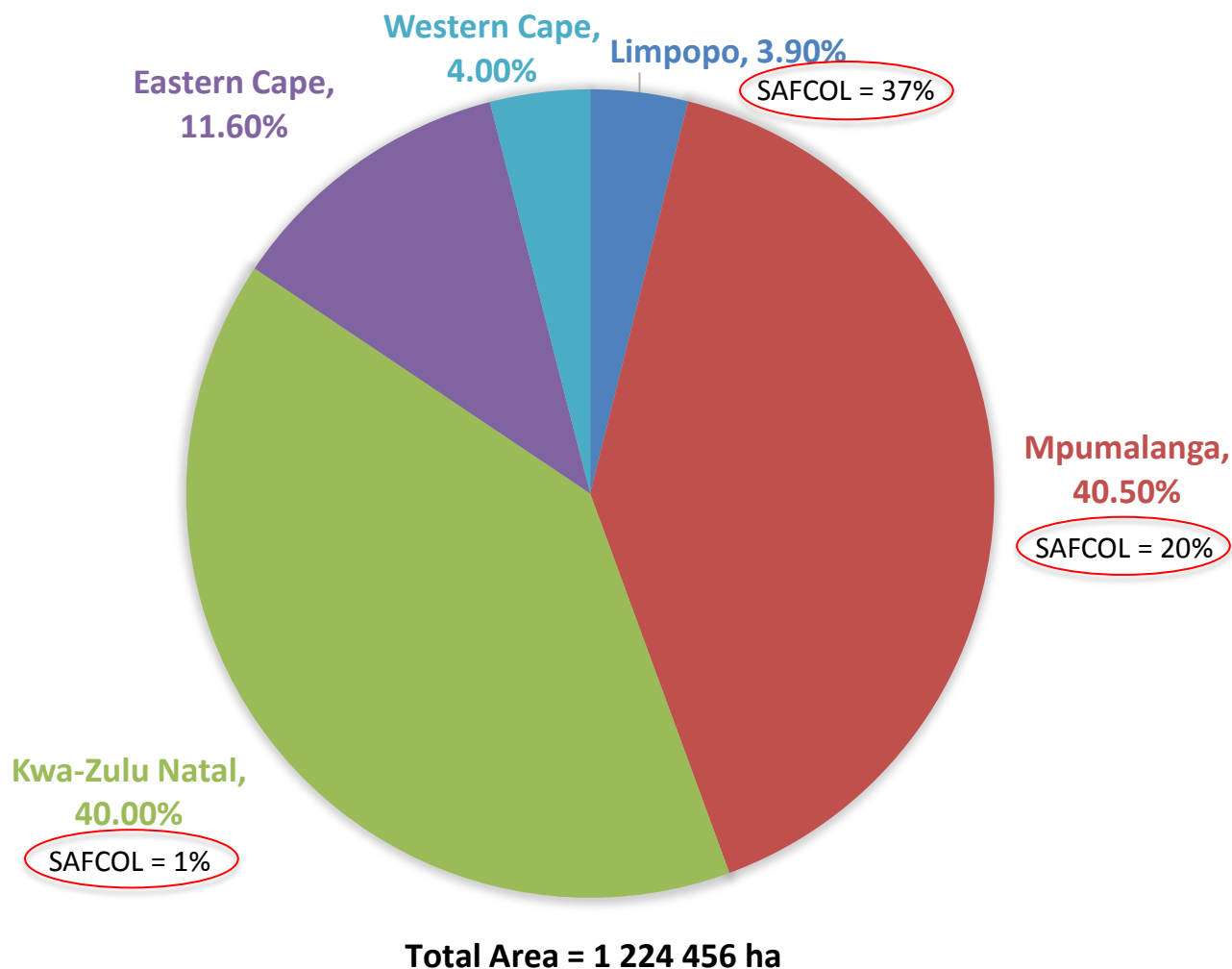
*"The objects of the  
Company are the  
development in the long  
term of the forestry  
industry according to  
accepted commercial  
management practice."*

# PLANTATION AREA BY OWNERSHIP (2015)



Total Area = 1 224 456 ha

# PLANTATION AREA BY PROVINCE (2015)





Summary of written submission

# **SAFCOL'S COMMENTS ON THE PROPOSED AMENDMENTS TO THE NATIONAL FORESTS ACT**

# RELEVANCE OF NATIONAL FOREST ACT TO SAFCOL

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- SAFCOL is a *State forest* management company established in terms of the Management of State Forest Act 128 of 1992 (“**the Management Act**”). As a result, it is a state-owned company
- The primary business of SAFCOL in the management of State forest is largely governed by the National Forest Act (“**the Principal Act**”)
- Therefore, should the proposed amendment to the Principal Act pass the legislative muster, they will have a direct impact on the manner in which SAFCOL conducts its *State forest* management business in future

# PROPOSED AMENDMENT BY INSERTION OF SECTION 2A IN THE PRINCIPLE ACT

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- The Proposed Amendment by way of insertion of S 2A in Principal Act:
  - This amendment entails the insertion of section 2A in the Principal Act of the provision dealing with '*Public Trusteeship*'.
- SAFCOL's comments and submission:
  - SAFCOL suggest that the insertion of provisions in respect of "*Public trusteeship of nation's forestry resources*" will be well-suited within the current section 3 of the Principal Act in Chapter 2 of the Principal Act. Chapter 2 deals with matters that pertain to **sustainable forest management**. The matters of '*trusteeship*' are akin to those of management and control.
  - The current draft propose the insertion in respect of the provision of "*Public trusteeship of nation's forestry resources*" within Chapter 1 of the Principal Act. This chapter primarily deals with the interpretation and purposes of the legislation. The insertion is therefore out of context in Chapter 1 and well-suited in Chapter 2 of the Principal Act.

# PROPOSED AMENDMENTS TO SECTION 7(1)(B) OF THE PRINCIPAL ACT

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- The Proposed Amendment to S 7(1)(B) of Principal Act:
  - This proposed amendment includes all other indigenous forest vegetation other than trees within the protection of natural forests.
- SAFCOL's comments and submission:
  - Whilst the protection that is afforded to the natural forest and indigenous forest vegetation is applauded, SAFCOL believes that the amendment could be augmented to protect the *State forest* as well from the rampant illegal loggings and the unlicensed grazing on the *State forest* land which disturbs and interrupts the sustainability of the *State forest* resource that is required for various economic benefits to the country.
  - Furthermore, the said amendment will, to a great extent, deal with illegal loggings and assist and empower law enforcement agencies to effectively combat this criminality within the framework of penalties that are outlined in section 63(2) of the Principal Act.



# PROPOSED AMENDMENTS TO SECTION 47 OF THE PRINCIPAL ACT

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- The Proposed Amendment to S47 of Principal Act:
  - Section 47 of the Principal Act with the assignment of powers and duties by the Minister. It is amended by the substitution in subsection (1) for subparagraph (i) of paragraph (a) to add the underlined part as follows:
    - *“(i) [a province or other] an organ of State in accordance with section 99 of the Constitution of the Republic of South Africa, 1996; or”*.
- SAFCOL’s comments and submission:
  - This proposed amendment will strengthen the constitutional validity of the ‘*assignment*’ made to SAFCOL as an organ of state to manage the State forest in terms of section 99 of the Constitution of the Republic of South Africa and it will silence the naysayers in the industry on the future of SAFCOL in the forestry industry.



# OTHER PROPOSED CHANGES NOT INCLUDED IN THE PROPOSED AMENDMENTS

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SAFCOL submits that DAFF has missed a valuable opportunity to statutorily present a clear policy on the role that ought to be played by SAFCOL as a state organ that is assigned the mandate of managing the State forest on behalf of Government. This submission is based on the fact that when the Principal Act was enacted in 1998, the policy direction of government in general anticipated the privatisation of State forest packages that were assigned to SAFCOL for management in terms of the Act. Hence section 77(2)(b) of the Principal Act prohibits SAFCOL from owning or having a right to acquire ownership or ninety-nine year leasehold of any *State forest* in order to facilitate the privatisation of these State forestry assets that were at the time under SAFCOL's management.

# OTHER PROPOSED CHANGES NOT INCLUDED IN THE PROPOSED AMENDMENTS (CONT...)

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This policy direction was partly implemented, however, there has evidently been a shift in the government's policy with regard to the privatisation of the remaining *State forest* packages. Hence SAFCOL is still fulfilling the mandate it has in terms of the Management Act. Therefore, the prohibition as stated in section 77(2) (b) of the Principal Act directly affects SAFCOL's ability to re-invest in its business of managing the remaining package of State forest and also serves an embargo to any plans for forestry industrialisation that need to be implemented in order to achieve the objective of an increased participation of the poor people and vulnerable groups in rural areas in the economy and job creation as espoused in the objective of the proposed amendments to the Act.

A vertical image on the left side of the slide showing a large stack of cut wooden planks or lumber, arranged in a neat pile.

# DEFINITION OF STATE FOREST LAND

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- The Principal Act defines *State forest land* as State land, other than trust forests, acquired or reserved for forestry in terms of the Act or any previous forest legislation
- State land includes national and provincial government, but excludes municipalities (local government)
- SAFCOL proposes that the definition of *State forest* be amended to include forests owned by local government to allow control and management benefits for all state-owned forest land to be equal



# **FURTHER DISCUSSION OF PROPOSED AMENDMENTS TO THE NATIONAL FORESTS ACT**



# FORESTRY AS A STRATEGIC INDUSTRY

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- Forestry should be declared as strategic industry, with timber a strategic resource and national strategic asset for South Africa
- Forestry has the potential to provide varied job opportunities, especially in rural areas, as well as many solutions to society as a whole
- This will also provide clarity on the precedence on surface versus mineral rights, and will ensure the sustainability of the forestry industry in South Africa, even after the settlement of land claims on forestry plantations
- The declaration of the strategic industry will provide much-needed funding and government support for the industry, which can contribute significantly to the objectives of job creation and poverty alleviation



Transformation mandate

# **SAFCOL'S IMPACT ON COMMUNITIES**

# SAFCOL'S IMPACT ON RURAL COMMUNITIES

- SAFCOL's mandate and one of its strategic objectives is to contribute to rural economic development and empowerment. The commitment thereto has for years been visible through its Skills Development, Enterprise and Supplier Development (ESD) and Corporate Social Investment (CSI) programmes
- Since inception, SAFCOL has complied with the B-BBEE Codes of Good Practice and has facilitated B-BBEE as its transformation and empowerment catalyst
- SAFCOL believes transformation translates to fair and meaningful participation of all people working directly or indirectly with SAFCOL or within the forestry industry and as such
- SAFCOL has signed 13 social compacts with communities, and established Joint-Community Forum's to identify and address community needs
- SAFCOL is increasing local procurement, and actively develops enterprises and suppliers through ESD, which has been revised to comply with and exceed new PPPFA regulations. In the past financial year SAFCOL has spent 3.9% of its net profit after tax on ESD projects against the Forestry Charter's target of 3%
- CSI programmes include more than 30 community projects completed, and over R18 million spent in the last 3 years
- SAFCOL invests in skills development initiatives driven by the National Skills Development Strategy, training needs of employees in line with the strategy, and Community Capacity building programmes as informed by the sector scarce and critical skills

# ENTERPRISE DEVELOPMENT PROJECTS

Municipality	Programme/ Project implemented	Description of the Project	Status	Beneficiaries (100% Black owned)	Spend
Abaqulusi	Furniture Manufacturing	Youth Owned Business. SAFCOL provided learnerships in furniture manufacturing; facilitated registration of business entity; supplied raw material; equipment and hand tools.	Operational	Direct Beneficiaries 31 Youth	Historic Spend R 2 500 000
Chief Albert Luthuli			Operational	Indirect Beneficiaries 5 146 Learners	FY 2016/2017 R 850 000
Thulamela Municipality			Operational		NYDA Grant Support R 1 143 147  Total Spend R 4 493 147
Chief Albert Luthuli	Charcoal Manufacturing	Manufacturing of charcoal. SAFCOL procured kilns; supplied raw material; equipment and tools.	Operational	5 Women  13 Men (adults)  Hired 13 youth as employees and 7 part-time employees	Historic Spend R 2 800 000  FY 2016/2017 R 41 581
Makhado Municipality	Tshakuma Nursery	Fruit trees and vegetable Nursery SAFCOL supplied seedlings; hydroponic tunnels and irrigation pipes.	Operational	4 Men (adults)  4 Women	Historic Spend R 300 000  FY 2016/2017 R 71 714

# FORESTRY ENTERPRISE DEVELOPMENT

Municipality	Programme/ Project implemented	Description of the Project	Status	Beneficiaries (100% Black owned)	Spend
Thaba Chweu Municipality	Manual Hand rolling (Harvesting)  <b>Naledi Primary Co-operative</b>	An emerging contractor appointed to do manual hand rolling and other forestry related operations. SAFCOL assisted to establish the co-operative and supplied start up tools and PPE for the Co-operative.	Operational	16 Youth	FY 2016/2017 R 40 992
Thaba Chweu Municipality	Silviculture contractor  <b>Siyimbokodo Primary Co-operative</b>	An emerging contractor appointed to do silviculture operations in Bergvliet plantation. SAFCOL assisted with acquiring start up tools, PPE and equipment for the co-operative.	Operational	10 Women	FY 2016/2017 R 45 050
Abaqulusi Municipality	Silviculture Contractor in Ngome Plantation KZN.  <b>Con-Care Primary Co-operative</b>	An emerging contractor appointed to do silviculture operations in Ngome Plantation KZN. SAFCOL assisted with acquiring the Pest Control Operations Certificate (PCO), start up tools, PPE and equipment for the co-operative.	Operational	16 Men (50% youth and 50% adult)	Historic Spent R 71 727  FY 2016/2017 R 50 510

# AGRO FORESTRY PROJECTS

Municipality	Programme/ Project implemented	Description of the Project	Status	Beneficiaries (100% Black owned)	Spend
Thaba-Chweu	Bee-Keeping	100 % Black Owned Business. SAFCOL facilitated environmental awareness training; facilitated registration of business entity; supplied PPE; raw materials; equipment and hand tools.	Operational	15 Direct Beneficiaries  13 Men (adults) 2 Women	FY 2016/2017 R 120 000
Greater Tzaneen	Jugo-beans and peanuts	100 % Black Owned Business. SAFCOL provided land and supplied seeds. Future Plans: Formalize the business; provide business development services and technical training.	Operational	Direct Beneficiaries 130 Women	

# CSI PROJECTS

**In the past three years, SAFCOL had more than 30 community projects that were completed and spent over R18 million - In the past financial year SAFCOL has spent 6.7% of its net profit after tax on CSI projects against the Forestry Charter's target of 1%**

- Six Timber frame structures completed, and currently there are six underway in this financial year
- Four conventional brick and mortar community halls
- Six food Security projects established in various communities
- Four boreholes drilled and equipped
- Distributed sanitary towels and toiletries to female learners at five schools
- Donated over two thousand five hundred school desks to impoverished schools in Limpopo, Mpumalanga and Eastern Cape
- Part of Mandela Day Celebrations included donating groceries and establishment of vegetable garden to orphanage homes and disability centres
- Electrified the Ngome Primary School
- Four ICT centres established in schools, donated 10 computers as well as workstations to Evane Primary School, and donated 20 computers to Mathangetshitshi High School and provided free Internet access through its established Wide Area Network (WAN) across of SAFCOL operations
- Connected the rural communities around Evane Primary School, Mathangetshitshi High School, Prince Somcuba Primary School and Ngome Primary School by installing wireless Internet pilot programme through SAFCOL's WAN infrastructure



# SKILLS DEVELOPMENT

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- SAFCOL spends 6% of its payroll on skills development of its employees and communities
- SAFCOL has a training centre based in the Sabie area of Mpumalanga, which provides training to employees, contractors and communities adjacent to operations
- SAFCOL offers the following programmes and initiatives to develop and provide careers to the communities: Sector Specific Learnerships in Forestry and Processing, Apprenticeships (Boiler Maker, Electrician, Fitter, Diesel Mechanic and Millwright) and Internships
- SAFCOL provides bursaries to employees and communities in various fields of study such as Forestry, Wood Science, Engineering, Finance, Human Resource Management, Construction, Architecture, Applied Mathematics, Marketing, Tourism, Business Studies, Human Settlements and Plant Science
- SAFCOL provides short skills programmes to communities in Computer Training, Entrepreneurship, Basic Fire Fighting, Adult Education Training, Horticulture, Sewing and Environmental Awareness

A vertical photograph of a waterfall cascading down a rocky, moss-covered cliff in a lush forest. The water is white and frothy as it falls, surrounded by green foliage and trees.

# PUBLIC HEARINGS

- SAFCOL was only represented at the Mpumalanga Public Hearings on National Forests Amendment Bill and was therefore not represented in other Provinces
- Matters raised as they relate to SAFCOL's is access to graves and guaranteed jobs.
  - Access to graves: SAFCOL has a formalized procedures that has been agreed between the SOC and communities regarding access to community graves

*"The location of all community graves on SAFCOL operated land is known and documented. All graves have been mapped and are clearly marked as graves and are cleaned regularly and protected from cattle. The communities including land claimants have access to their graves and the Communities request the plantation managers when they wish to visit their graves. The Community is issued with a permits that allows them to visit their graves. The permits states clearly the time they will enter the plantation and the departure time."*

- While SAFCOL appreciates that communities must attend to their graves, there are challenges related to people committing illegal hunting on SAFCOL's Forests
- Guaranteed jobs: SAFCOL provides skills development opportunities for participants to be employed either within SAFCOL or the industry. Through such skills development programs, participants can either open their own business or be part of SAFCOL's value chain as service providers. In the event that vacancies exists, learners may be absorbed within SAFCOL as employees; however, SAFCOL cannot guarantee every skilled learner with a job



Questions?

**THANK YOU!**