

# Parliamentary Portfolio Committee Agriculture Forestry and Fisheries

28 November 2017

Parliament Cape Town

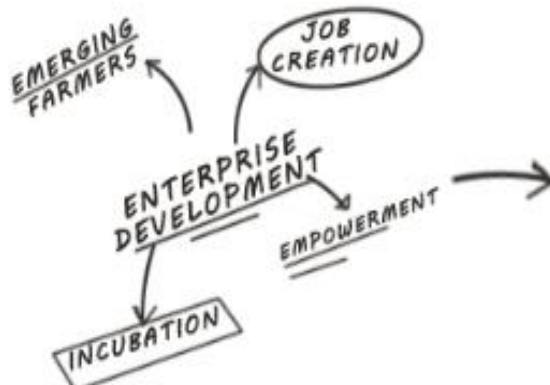


Tyrone Hawkes and Mpho Lethoko

Sappi Southern Africa Limited

# Sappi responds to parliament on the following:

- Sappi's contribution to the economy
- Progress towards implementation of the new BBBEE forestry sector transformation charter
- Corporate enterprise development investment projects



# Sappi's Contribution to the SA Economy in 2017

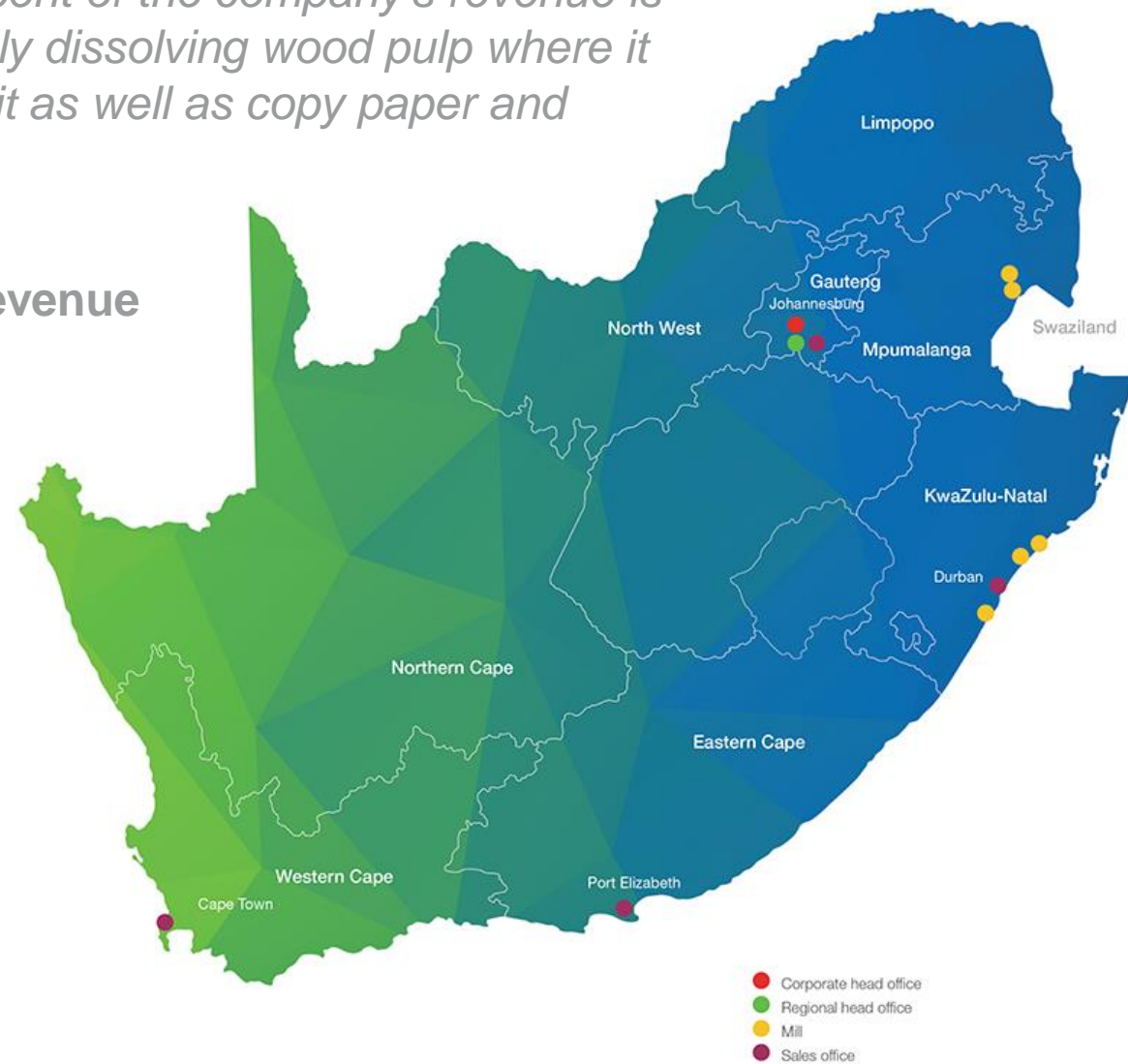
*Sappi Ltd operates in the paper and pulp value chain. The company has operations in Europe, North America, and in South Africa. About 25 percent of the company's revenue is generated through its South African operations, specifically dissolving wood pulp where it is a global leader, containerboard for the export of fruit as well as copy paper and newsprint*

**Sappi earns about 1% of South Africa's total foreign revenue**

Direct value add contribution

- KZN R11.7 Billion
- Mpumalanga R5.8 billion
- Gauteng R1.2 billion
- Taxes paid to government R1.3 billion

*Indirect impact 4-5x multiplier effect*



# Sappi achieves LEVEL 3 on new codes

- New forestry codes gazetted on 21 April 2017
- New codes have tightened compliance to achieve the same level as in previous years
- Sappi would have achieved a Level 7 if it had followed the attitude of “Business as Usual”
- Through a series of interventions and focus Sappi achieved a Level 3 in the current year

*However there is still significant opportunity to improve specifically in the area of skills development and enterprise and supplier development which will be our focus over the next couple of years*



# Sappi invests in the rural economy

- Current initiatives in and around our communities
  - **Sappi Khulisa project**
  - **Abashintshi programme**
  - Recycled fibre asset programme
  - Alien species eradication programme
  - Honey project
  - Early childhood development
  - Protec – Maths and Science programme
  - Community training centres at Saiccor and Ngodwana mills
- Future Initiatives
  - Composting
  - Ash bricks
  - Hybrid fuel rods
  - Biomass energy projects



***Future Investment in excess of R2 billion  
in KZN and Mpumalanga***

# Sappi invests in the rural economy

## ○ Detail of current initiatives

	Activity/Type	Location	Beneficiaries
Sappi Khulisa Project	Growing Timber	KZN and Eastern cape	4 000 small growers, 272 contractors
Abashintsi ABCD Programme	Upliftment programme with a view to creating micro enterprises	KZN and Mpumalanga	43 villages
Recycled Fibre Asset Programme	Collection of paper waste	National	11 black owned companies
Alien Specie Eradication Programme	Alien eradication on our mill properties	Saiccor, Tugela and Ngodwana mill	Employ around 20 local people per mill
Honey Project	Production of honey	12000Ha's in Venus and Inkwazi	Venus and Inkwazi communities
Early Childhood Development	ECD centres for children	KZN, Mpumalanga and Gauteng	Children in rural communities
Protec – Maths and Science	Teach Maths and Science from Grade 10 to 12	KZN and Mpumalanga	Children 97-100% pass rate
Training centres at Saiccor and Ngodwana with a focus on skilling local communities	Basic Skill Training - Electrician, Plumber, Painter etc	Saicccor and Ngodwana mills	Communities around the two mills

# Sappi invests in the rural economy

KZN and  
Eastern  
Cape

**Sappi Khulisa:**  
Growing timber

sappi | khulisa 

**Beneficiaries**  
**4000** small growers  
**272** contractors



KZN and  
Mpumalanga

**Abashintshi**  
Create micro enterprises

**Beneficiaries**  
**43** villages  
(87 Abashintshi  
400 businesses)



National

**Recycled fibre:**  
Collection of paper waste

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**Beneficiaries**  
**11** black owned  
companies

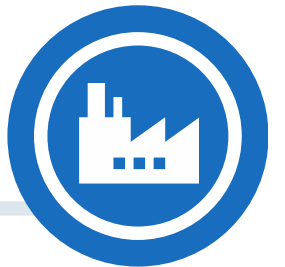


Saiccor,  
Tugela and  
Ngodwana

**Alien specie eradication**  
On mill properties



**Beneficiaries**  
**20** local people per  
mill (80 people)



# Sappi invests in the rural economy

12000  
Hectares

**Honey project:**  
Honey production



**Beneficiaries**  
Venus and Inkwasi  
communities



KZN,  
Mpumalanga  
and Gauteng

**Early childhood  
development: ECD centres**



**Beneficiaries**  
Children in rural  
communities



KZN and  
Mpumalanga

**PROTEC: Teach Maths  
and Science from Grade 10**



**Beneficiaries**  
600 learners per year  
97-100% pass rate



Saiccor and  
Mpumalanga

**Skills centres:**  
Basic skills training

**sappi | skills centre**

**Beneficiaries**  
Communities around  
2 mills (200 per intake)





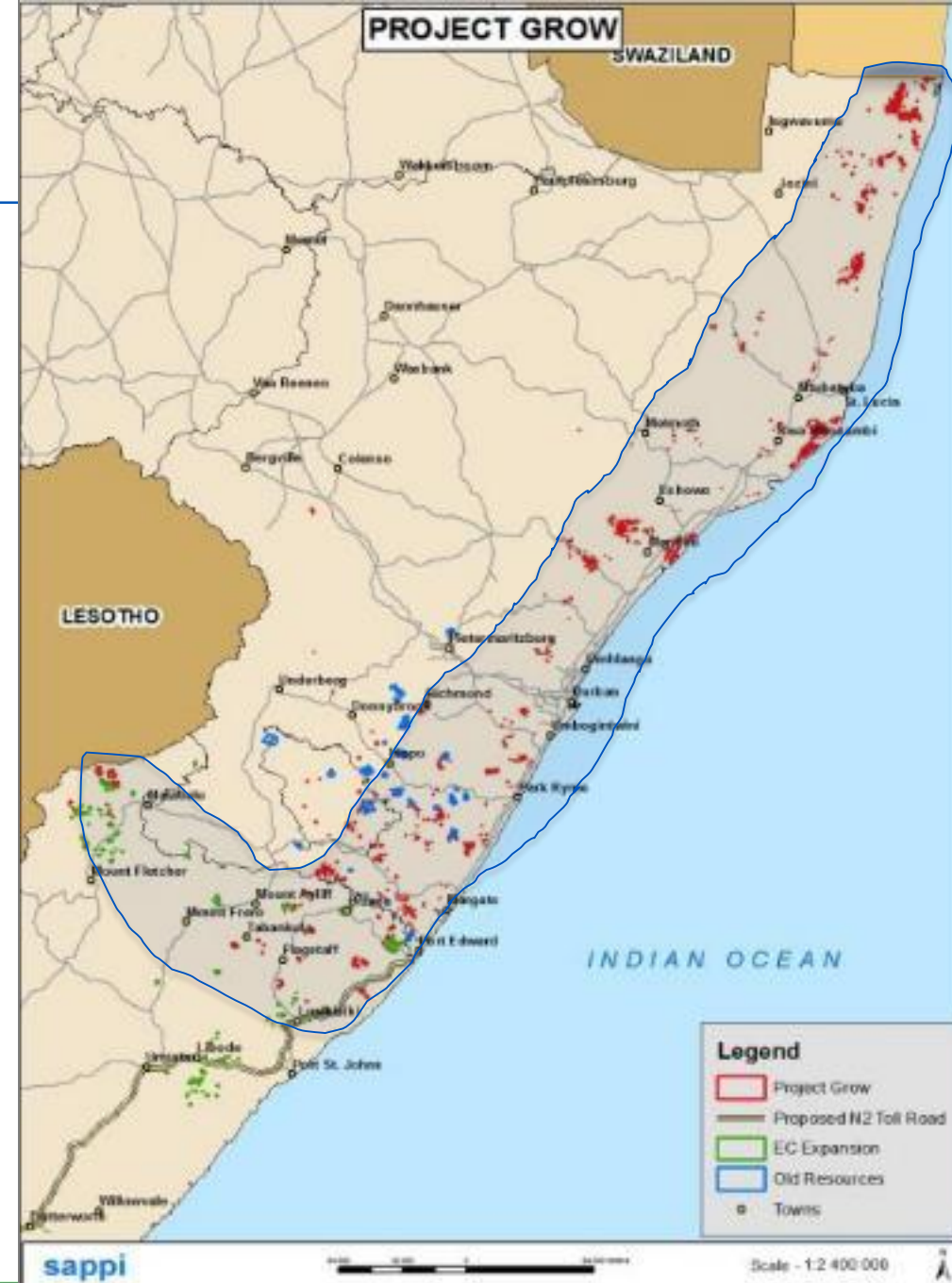
# Khulisa – developing community tree farmers

- Started in 1983 with 3 growers on 8 hectares
- Currently :
  - 4 000 growers managing +/- 14 000 ha
  - 60 land reform projects managing +/- 19 000 ha
- What do we provide?:
  - Technical advice and extension services
  - Free seedlings
  - Guaranteed market
  - Advances for work done
  - Interest-free loan to small grower and subsidised loan to larger land reform projects
  - Assist growers with appointing suitable contractors



# Khulisa footprint

- KZN and Eastern Cape
- From Manguzi close to the Mozambique to Lusikisiki in the Eastern Cape





# Khulisa becomes a major timber supplier

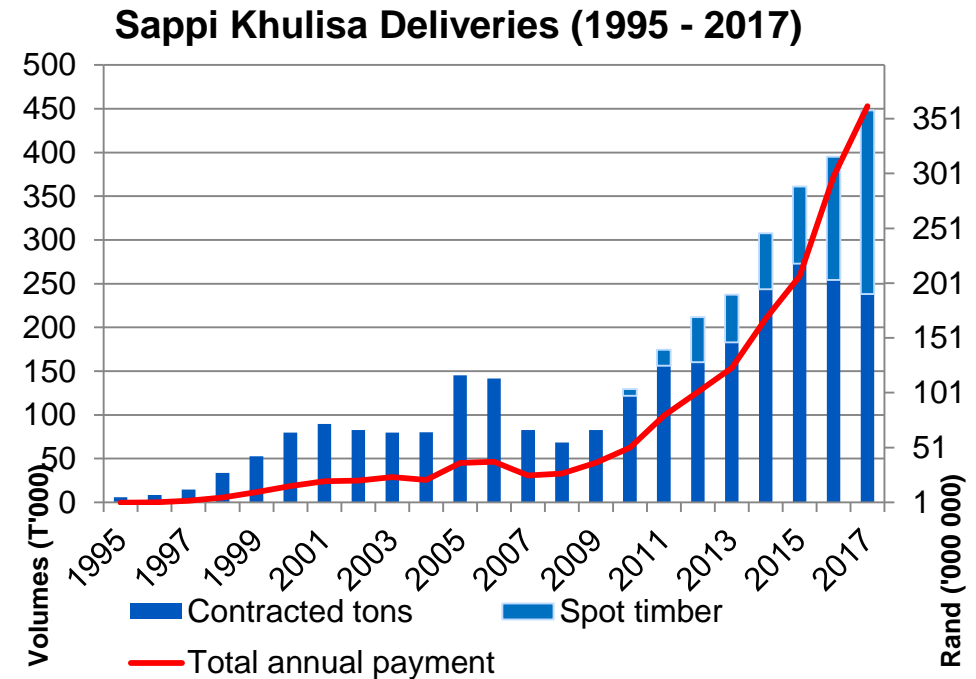
- R1.7 billion earned by recipients to date
- R350 million earned in 2017

*Our growers have been able to own their own houses and vehicles, start new business and educate their children*

J N Ngubane



PS Gumede



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# Khulisa builds the rural economy

- 272 contractors (transport; harvesting; silviculture; other) in the Khulisa value chain earned R78m in 2017
- Ulwazi training centre for project Khulisa (2015-2017)
- 1030 people trained, of which 767 employed and 263 employable



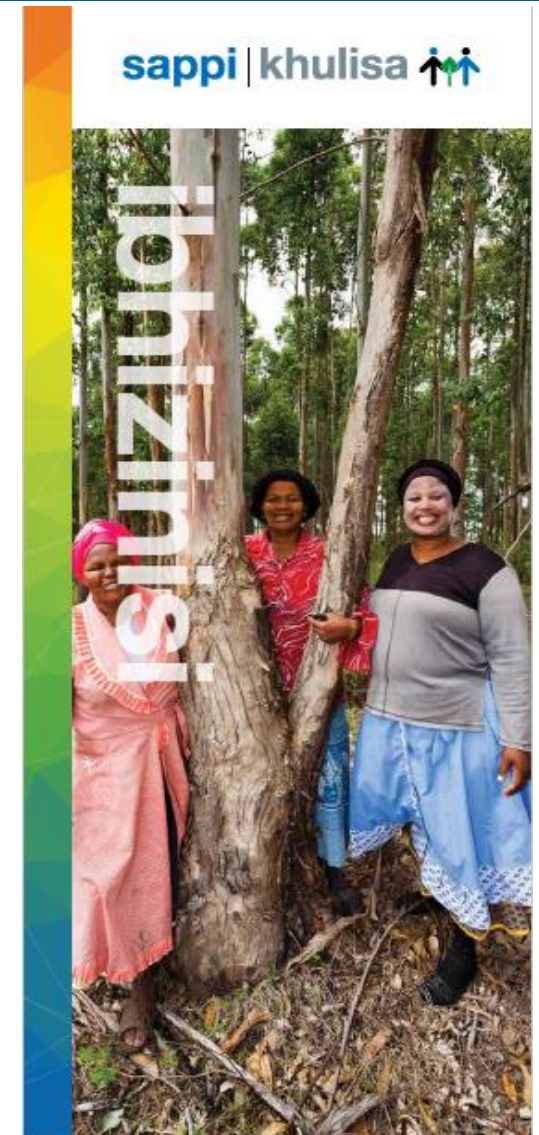
*The formal training programme enables people to become tree farmers and build businesses in the forestry value chain*

sappi | khulisa 



# Khulisa wants to grow with government

- Government committed to 100 000ha new afforestation in the EC and KZN
- Through the Sappi Khulisa Programme we would like to assist with 30 000ha, in Eastern Cape (2013 – 2033)
- Progress to date
  - 4 500 ha planted
  - 1 250 ha issued with Record Of Decision (ROD) awaiting Water Licences
  - 1 400 ha waiting for ROD
  - 8 000 ha awaiting EIA funding



# Abashintshi community development

- A youth development programme which provides a direct communication channel between corporate and our communities
- We gain direct insight into our communities through open communication channels and are able to support local initiatives and address social issues



# Abashintshi supports 43 communities



**86** ABASHINTSHI  
NATIONALLY

FIRST YEAR

**56**

SECOND YEAR

**14**

ALUMNI

**16**

**42**

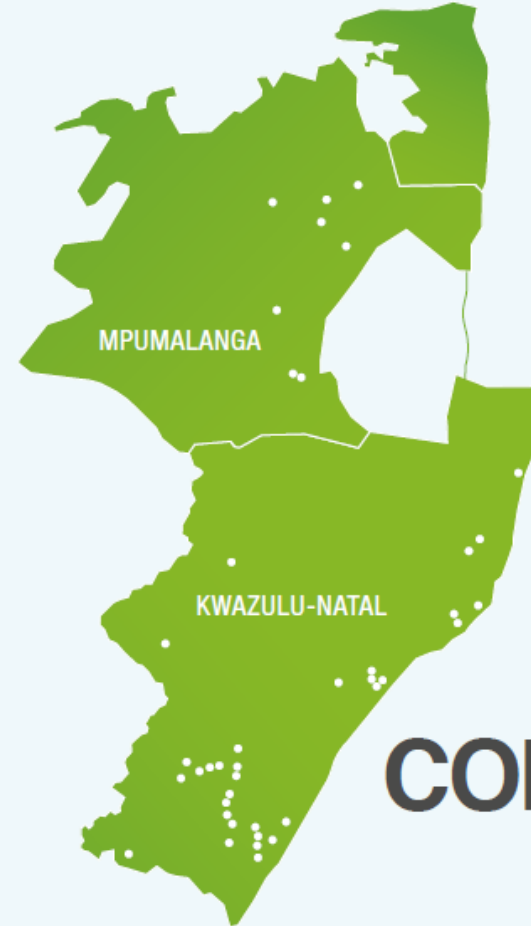
KZN SOUTH

**26**

KZN NORTH

**18**

MPUMALANGA



**43**

**COMMUNITIES**



# Abashintshi activities

This programme includes :

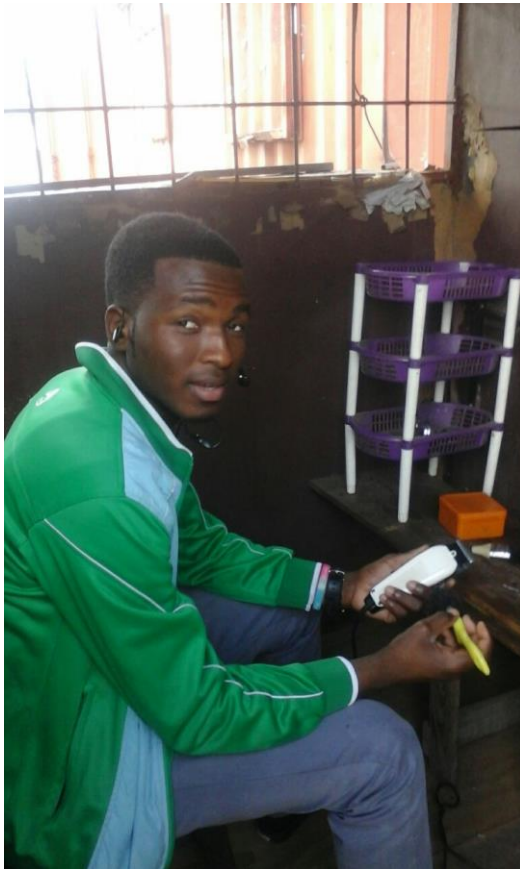
- Development and mobilisation of communities through Asset Based Community Development initiatives
- Skills development in the communities (youth; elderly;) learner holiday programmes
- Economic development through the support of local businesses
- Enterprise development through business coaching and mentoring, assisting these micro-businesses to become self-sustainable





# Abashintshi success stories

Sbongseni Spaza shop in Thombe in KZN North also provides barber services



Ncamsile Mncwabe in her bakery in Clairmont, KZN South



Gcinani Patrick Khumalo in carpentry business "Mercy Dreams Primary Society" in Rosslea, KZN South



Happiness Nondabula Mhlakwane in gardening fresh vegetables in Clairmont, KZN South



# What do the Abashintshi do?

## WHAT DO THE ABASHINTSHI DO?

The Abashintshi received monthly training to enable them to mobilise their communities by facilitating 4 types of contact sessions within their own communities:

### 1 ASSET-BASED COMMUNITY DEVELOPMENT (ABCD)

This social development methodology analyses what a community has by mapping five types of assets (physical, social, financial, human and natural), and explores what the community can do with its assets.

ABCD creates development processes that empower community members by giving them control over the ways in which the challenges they face are addressed.

### 3 IFA LETHU

This programme involved the elderly in capturing and passing on communities' history and legacy.

It demonstrated respect for their knowledge and experience, and key lessons were shared with the youth in the life skills sessions.

### 2 YOUTH LIFE SKILLS TRAINING

Young people were trained to make good decisions and take personal responsibility. As a result, the youngsters started using the tools available to communicate, rather than setting fires.

### 4 HOLIDAY PROGRAMMES

The Abashintshi combined Sappi material that dovetailed with the school curriculum with life skills training.

Children were empowered to also influence their communities with constructive messages.

The holiday programme aimed at youngsters ensured that the peaks of fires during school holidays were lowered, as the children were kept occupied in a safe environment, minimising the chances of them playing with fires in the forests just for the excitement of seeing the fire trucks and planes arriving.



# Abashintshi creates micro enterprises

**27** FIRST YEAR

**14** SECOND YEAR

**1** ALUMNI

**ABASHINTSHI  
BUSINESSES**

COMBINED PROFIT:  
**R404 149.20**

**72**



BUSINESSES RECEIVED MICRO  
ENTREPRENEURSHIP TRAINING.

**83%**

**ABASHINTSHI**  
INTERACT WITH  
THEIR FORESTERS

# Abashintshi rediscovers existing skills

**328 ABCD INITIATIVES**

EXISTING

**286**

NEW

**42**

**125**

KZN SOUTH

**99**

KZN NORTH

**62**

MPUMALANGA

Ladies in Mtetwa are producing Zulu mats





# Abashintshi increases community engagement

## COMMUNITY ATTENDANCE



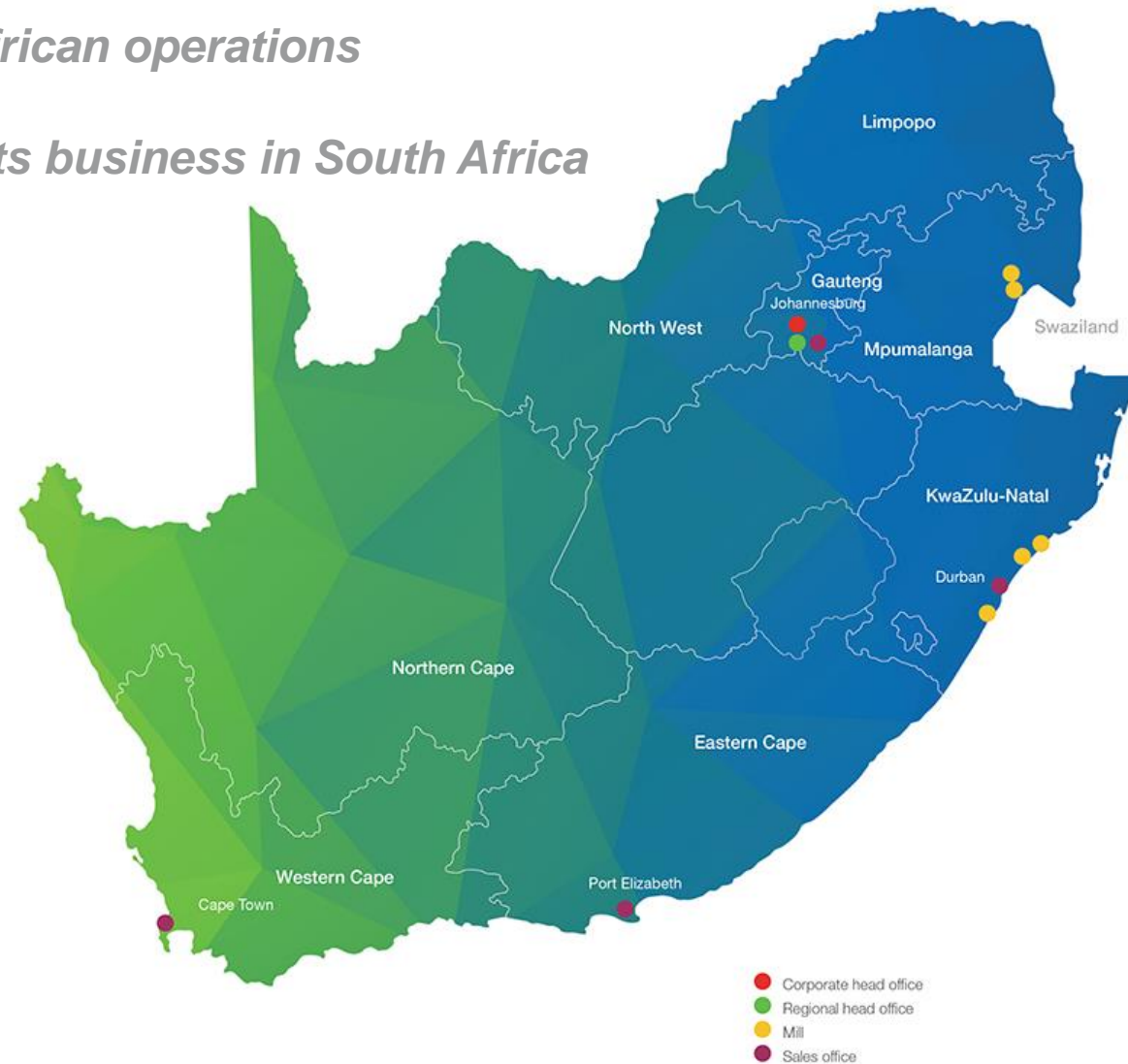
# Sappi's Contribution to the SA Economy

*Sappi is focused on developing the rural economy*

*Sappi continues to invest in its South African operations*

*Has announced further investment plans to build its business in South Africa*

***There is still significant opportunity in the area of skills development and enterprise and supplier development which will be our focus over the next couple of years***



# Thank you

