**NATIONAL ASSEMBLY**

**WRITTEN REPLY**

**QUESTION 265 / NW286E**

**MINISTER OF AGRICULTURE, FORESTRY AND FISHERIES:**

**Honourable Z R Xalisa (EFF) asked the Minister of Agriculture, Forestry and Fisheries:**

**QUESTION:**

1. How many State Forests have been leased out to Rance Timber in the Eastern Cape? What are the names of these forests? How long the lease agreements and what are the duties and responsibilities of both the department and Rance with regards to these lease agreements? **NW 286 E**

**REPLY:**

The Amathole Forestry Company (AFC) under Rance Timber Holdings is one of the four companies that have leased land from government. These were concluded during the privatisation of forestry assets by government as led by the Department of Public Enterprises. The lease agreement between DAFF and AFC is a minimum of 70 years based on the average rotation of a plantation, which ranges between 25 and 35 years. In the 25 405 hectares of leased land, there are 11 plantations where company own the trees and the land will be restored to the communities once the land claims have been finalised by the Department of Rural Development and Land Reform. The plantations are Cata, Cwencwe, Dontsa, Evelyn Valley, Fort Cunynghame, Hogsback, Izeleni –Ndakana, Kubusi-Isidenge, Qacu, Rabula and Zingcuka.

To ensure Sustainable Forest Management, which ensures that there is environmental, economic and social benefit through these plantations, the Department and the company have responsibilities as outlined in the lease agreement.

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| **LEASE OBLIGATIONS** | **RESPONSIBILITIES** | | **PROGRESS** |
| **Clause Description** | **Government (DAFF)** | **Amathole Forestry Company** |
| Rentals  Payment of annual Lease rental | * To escalate the lease rentals and invoice companies on or prior to 15 December of every calendar year. * Invest rentals into interest bearing account Payment of lease rental to land claimants. | * Payment of annual lease rentals to DAFF on or before the 1st of January of every calendar year. | * To date the AFC has paid about R27 million in lease rental and this amount has accumulated R13 million interest. |
| Rent review  Review of lease rental rates every 5 years | * Joint appointment of a registered valuer to determine the lease rental payable for the review period. * Ensure that rental is market related | * Joint appointment of a registered valuer to determine the lease rental payable for the review period. | The Rent review process for AFC was last undertaken in 2015 and will be undertaken again in 2019. |
| Grant of Lease Licence  The Minister to issue the companies with a Lease licences | * The Minister to issue the companies with a Lease licences within three months of the commencement of the lease. | * To comply with the conditions of the lease licence. | AFC was issued with a Lease Licence |
| Bank guarantees | * Entitled to cash out the guarantee any outstanding payments by the company | * To give DAFF bank guarantees for an amount equal to the annual rental of the calendar year escalated | AFC produces a bank guarantees to DAFF at the beginning of each calendar year. |
| Use and changes of use of the leased land. | * To consider and approve or reject proposal from the companies for a change of use of the leased land. | * AFC may only use the leased land for forestry purposes. * Variance in the use of the leased land can only take place with the approval of DAFF. | No major changes have taken place on the leased land.  Most changes that have taken place were due to delineation of water reserves and applications for power lines, road upgrades and communication towers. |
| Sustainable Management of Forests | * To monitor companies' compliance with Sustainable Forest Management practices. | * To obtain forest certification from an international accredited organisation e.g. Forestry Stewardship Council (FSC). | AFC is certified and submits the updated FSC certificate to DAFF on an annual basis. |
| Access to research facilities | * To monitor the condition of research plots | * To protect research plots against damage or fire at their own expense. | All research plots are still in good condition.  Authorised institutions are allowed access to the research plots |
| Right to inspection and formation | * To analyse companies reports to determine compliance on issues such as:   + Sustainable volumes of timber harvested.   + Temporally unplanted (TUP) are kept below 3% of the total plantable area.   + Licences for new planting or virgin planting are obtained from the relevant authorities.   + Fire protection measures are executed. | * To submit on or before the last day of December in each year reports on the issues such as:   + Details of volumes and area of timber harvested.   + Details of planting and replanting of timber.   + Proof of Fire Protection Association membership   + Proof of planting license for new planting.   + details of improvements, additions of permanent structures, including roads, drainage systems   + Financial information in respect of activities other than forestry carried out on the leased land. | AFC has applied for a planting licence for certain areas and the planting licences have not been issued yet |
| Transfer of land to land claimants | * To negotiate head lease agreements with land claimants if leased land is restored to land claimants with the lease in place. * To compensate the companies if the leased land is restored to land claimants free of the lease agreements | * To participate in the land reform process. | DAFF, DRDLR and AFC are engaged in discussions regarding the suitable settlement model for settling land claims lodged against the leased land. |
| Maintenance of improvements and alterations and additions | * To monitor compliance with the maintenance of infrastructure. | * To maintain and repair all improvements on the leased land at their own costs. | During land use verification audits, infrastructure is inspected to verify whether it is maintained properly. |
| Third party rights  -Rights of communities living adjacent the leased land. This includes Eskom Servitude rights, Licences and contracts | * To monitor that third parties are allowed to exercise the rights they have on the leased land. | * To permit third parties to exercise the rights they have on the leased land. | Certain communities have customary rights on the leased land, which include grazing rights, water, fuel wood, honey and thatching grass collection, which AFC is obliged to permit. |
| Schedule of land rights issues | * To determine procedure for on- going company liaison between communities and companies. * To monitor whether companies engage in on-going liaison with communities living next to their operations. | * To be involved in on-going liaison with surrounding communities * determine procedure for such liaison | AFC reports on a quarterly basis on their engagements with communities living next to their operations. |
| Public Access  Public access for recreational and other purposes in terms NFA | To monitor that the companies allow access to the leased land for recreational, spiritual and educational purposes in terms of the National Forests Act, 1998. | To allow access to the leased land for recreational, spiritual and educational purposes in terms of the National Forests Act, 1998. Access maps, rules and conditions provided | AFC has designated areas for recreational and other purposes. Maps and rules for the designated areas are updated and submitted to DAFF on annual basis |
| Registration of the lease in the Deeds Office | * To provide assistance and to sign all such documents necessary to procure such registration. * To survey un-surveyed properties to enable registration | * To procure registration of the lease agreement in the relevant deeds office | No lease has been registered yet.  Engagements are on- going |