



SAFCOL Presentation to Portfolio Committee on Agriculture Forestry and Fisheries

14 Septembers 2010



PRESENTATION OUTLINE



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3. **BACKGROUND**
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 1. **SAFCOL's Vision, Mission and Co-value**
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1. PURPOSE OF THE PRESENTATION



To brief the Parliamentary Portfolio Committee on Agriculture Forestry and Fisheries on matters as per invitation brief viz:

- Mandate of SAFCOL,**
- Contribution towards Small growers,**
- SAFCOL's Financial Position.**



2. SAFCOL's MANDATE



SAFCOL's Mandate is in terms of the Management of state forests Act , Act 128 of 1992

SAFCOL's OBJECTIVES IN TERMS OF THE ACT

“The development in the long term of the South African forestry industry and the optimizing of its assets according to accepted commercial management practices and conservation principles.”





3. BACKGROUND



- Prior to May 2008, limited focus by the company on growth or development plans as energies and activities were channeled to **privatization of KLF & winding up of SAFCOL.**
- The main reason for reviewing our strategic direction was to ensure that the additional mandates and aspects of the new direction provided by the shareholder be integrated within the organisation.
- Positioning SAFCOL to play a role of an SOE in a developmental state.



3.1. WHERE DO WE COME FROM? (PAST)



- Privatisation Attempts
- Limited opportunity for Transformation
- No engagement rule re Land Claimants
- Focused on our Core Businesses
- Maintenance mode



3.2. WHERE ARE WE?(PRESENT)



1. Given new mandate by shareholder - until 2014, focus of resolution of land claims and community integration.
2. Strategic planning session where we came with new Vision, Mission and 5 year strategy.
3. Resumed implementing our strategies, e.g.
 - Closing the gap between forests and communities.
 - Focus on implementing SED & ED projects.
 - Eliminating the risks of no relations with our stakeholders.



4. SAFCOL'S VISION



SAFCOL – A world class, global business engaged in multi functional forestry, revolutionizing the integration of forests and communities

4. The SAFCOL Mission

Why we exist, and how we will judge

SUCCESS

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SAFCO
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Our mission is driven by an unwavering commitment to facilitate **sustainable economic empowerment of communities and alleviation of poverty** through:

- Implementation of **needs driven interventions**
- Becoming a **partner of choice for land claimants**

We are dedicated to growing our business in the forestry value chain and maximising stakeholder value, through:

- Ensuring technical and **business excellence** by **attracting and retaining the best people**
- Enhancing the asset value by continuously pursuing **innovative** solutions
- Embracing and leading all inclusive equitable **transformation** of the South African forestry

SECTOR



4. CORE VALUES



- Passionate about our forests, communities, customers and people
- A social and environmental conscience
- Trust founded on integrity and loyalty
- Equality, fairness and empowerment
- Respect for diversity
- Focus on innovation and excellence



SAFCOL's Vision comprises five key elements which have been mapped to the Group's strategic objectives and functional strategies. The table below summarises SAFCOL's 10 Strategic Objectives.



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5. Group's Strategic Objectives



Vision Element	Strategic Objectives	Functional Strategies		
<p>World Class</p>	<p>Practice world class sustainable forest management</p> <p>Increase in land under management</p> <p>Build attract and retain skills</p>	Forestry	Strategy	
<p>Global</p>	<p>Increase in land under management</p> <p>Increase financial value by more than 50%</p>		IFLOMA	
<p>Business</p>	<p>Increase in financial value by 50%</p> <p>Develop solid company brands</p> <p>Fully embrace in all aspects, and rise above, the sectors transformation charter</p> <p>Increase value added services to customers and BBBEE participation in the industry</p>	Marketing	Planning	Corporate Services
<p>Multifunctional Forestry</p>	<p>Development of and investment in the downstream processing industry</p> <p>Position SAFCOL as an attractive business partner and investment</p>	Downstream Processing	Enterprise Development	
<p>Revolutionising the integration of forests and communities</p>	<p>Create economically vibrant forest communities where people desire to live and return to</p>	Transformation	Land Claims Management	

6. SUPPORT SERVICES PROVIDED TO SMALL GROWERS

- SAFCOL does not offer extension services.
- Out grower schemes mostly done by DAFF and other private companies who requires fibre.
- Focus is on assisting communities who acquired land through restitution programme.
- Currently negotiating with DAFF on how

SAFCOL could assist in revitalisation of

Adjusted Forest Sector Charter Scorecard Verification Certificate

Komatiland (Pty) Ltd

**an EMPOWERDEX Adjusted Forest Sector Charter Scorecard Verification
Certificate (Growers)**

Registration Number: 2000/023152/07
Address: HB Forum Building, 13 Stamvrug Street, Val De Grace, Pretoria, 0184

Level Three Contributor

Scorecard Information	Actual Score	Target Score	Analysis	Results
Ownership	N/A	N/A	Procurement Recognition Level	110.00%
Management	12.00	15.00	Black Ownership	N/A
Employment Equity	9.23	15.00	Black Women Ownership	N/A
Skills Development	14.96	20.00	VAT Number	4680194901
Preferential Procurement	20.00	20.00	Value Adding Enterprise	No
Enterprise Development	2.32	15.00	Issue Date	20 August 2010
Socio-Economic Development	18.00	15.00	Expiry Date	19 August 2011
Total Score	76.51	100.00	Re-Issue Date	N/A


For EMPOWERDEX (Pty) Ltd

20 August 2010
Date

This verification certificate and the verification report are based on information provided to Empowerdex and represent an independent opinion based on the verification and analysis completed by Empowerdex. The calculation of the scores has been determined in accordance with the Department of Trade and Industry's Forest Sector Charter Code as Gazetted on the 12 June 2009

Empowerdex (Pty) Ltd Registration Number: 2001/027963/07
Directors: C Wu, M Jack, L Ralston, J Stumbles

Adjusted Forest Sector Charter Scorecard Verification Certificate

South African Forestry Company Ltd

Incorporating:
Komatiland (Pty) Ltd: 2000/023152/07

an EMPOWERDEX Adjusted Forest Sector Charter Scorecard Verification Certificate (Growers)

Registration Number: 1992/005427/06
Address: HB Forum Building, 13 Stamvrug Street, Val De Grace, Pretoria, 0184

Level Three Contributor

Scorecard Information	Actual Score	Target Score	Analysis	Results
Ownership	N/A	N/A	Procurement Recognition Level	110.00%
Management	11.50	15.00	Black Ownership	N/A
Employment Equity	5.70	15.00	Black Women Ownership	N/A
Skills Development	14.85	20.00	VAT Number	4830136596
Preferential Procurement	20.00	20.00	Value Adding Enterprise	No
Enterprise Development	6.01	15.00	Issue Date	20 August 2010
Socio-Economic Development	18.00	15.00	Expiry Date	19 August 2011
Total Score	76.06	100.00	Re-Issue Date	N/A

For EMPOWERDEX (Pty) Ltd

20 August 2010
Date

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7. SAFCOL'S FINANCIAL POSITION

FINANCIAL RESULTS	2009 R'000	2008 R'000	2007 R'000	2006 R'000
Turnover	857 118	832 188	653 436	326 654
Operating (loss) / profit (PBIT) before IAS 41 fair value adjustments to biological assets	113 745	264 453	154 360	22 938
IAS 41 fair value adjustments to biological assets	757 916	528 715	861 354	170 972
(Loss) / profit before interest and taxation (PBIT)	872 008	796 204	1 044 273	211 091
(Loss) / profit before taxation (PBT)	969 804	871 790	1 132 430	258 016
Income tax credit / (expense)	(267 579)	(230 222)	(303 284)	(72 092)
Retained (loss) / income for the year	701 877	638 532	800 587	138 743

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Outline
Level

– Outline
Sixth
Baseline
Removal
forests





strategies, Marketing strategy, Land and Land claims etc.

Discussion with shareholder representative regarding government decision to exit commercial forestry.



Facilitate the speedy resolution of the protracted Land claims

- **Managing the Impact of current recession on profitability and sustainability.**
 - 2009/10
 - Mozambique expansion potential.
 - Transfer of majority shareholdings to privatised entities.
- Financial gearing.
- Continue with the implementation of business strategies;
 - E.g. Transformation, Community impact strategies, Marketing strategy, Land and Land claims etc.



9. CONCLUDING REMARKS



- Forestry is rural based and its is well positioned to support government objectives on socio-economic development of the rural communities.



10. YEARS AHEAD



- Impact that forestry sector could have in government's rural development strategy.
- Our commitment to work closer with communities.
- Building strong relationships with relevant stakeholders.
- Developing better models for real empowerment.

11. WAY FORWARD & OPPORTUNITIES

- We believe that there are lots of opportunities within the forestry full value chain that needs to be explored in order to develop SMME's and Entrepreneurs within the rural communities.
- DTI's Industrial Policy Action Plan (March 2008) – Key action plans for Forestry and Timber:
 - Increase raw materials
 - Increase downstream beneficiation activities
 - Increase SMME's & B-BBEE participation including in higher value-added activities
 - Competitiveness
- The role of forestry as a carbon storage also needs to be investigated.

THANK YOU