

**Address by Michael Peter of FORESTRY SOUTH AFRICA to  
Operation Vulindlela Conference**

**26 June 2024**

Good morning ladies and gentlemen. So when the President managed to gain control of the country he quickly set about trying to implement the critical reforms which we have been speaking about here. The Public Private Growth Initiative, which was started by Roelf Meyer and the late Dr Johan Van Zyl in 2018, enabled key sectors like ours, which were being hampered by these obstacles, to put them and our planned investments directly to the President and to key members of his Cabinet like Minister Mboweni. Roelf and Johan had been inspired by the President's first SONA in which he referenced Hugh Masekela's 'Thuma Mina' song and they wanted the private sector to help him to pull the country out of the death spiral that we were in.

We met the President in January of 2019 just after he had returned from Davos and he was truly excited about the scale of the planned investments and employment commitments from the business sector and he undertook to remove all the barriers, "like yesterday", those were his words. He is a politician, so we understood it would take a little longer than "yesterday", but never underestimate the impact of comments like those from a President, on investor confidence. I can tell you that we had the CEOs of SAPPI and MONDI who our two largest forestry companies in that meeting in Midrand back in 2019 and it was on the strength of those verbal commitments by the President, that they went back to their international Boards and told them that there was hope for South Africa and that they should once again consider investing locally.

For our sector and as Rudi mentioned yesterday and today, the water-licencing regime was a particularly big obstacle to this investment, because without new sources of timber, there was no way of justifying the planned R23.5Bn of investment in processing and manufacturing. This timber could only come from two sources. New afforestation, which required WULs or the recapitalisation of the State's own severely degraded and pillaged State plantations but that is a story for another day and there is finally some progress on that front too, again due to the direct intervention of the PPGI and Rudi.

Government's industrial policy, through the various iterations of IPAP and the NFAP, dating back 25 years had specific targets for expansion of the country's plantation resources but the licencing regime, simply never supported this. Lael Bethlehem who is here today and Saul Levine in TIPS who thankfully have just taken on the management of our Masterplan will attest to this.

Our sector had all but given up hope of ever getting the water-use licencing challenges resolved and many of our companies told me that I would probably be put out to pasture, before we saw any new plantations in South Africa. I may be retired by industry in the next few years, so I am delighted to tell you that because of the reforms, we have started planting at a rate of about 2500ha per year. That is good news but the afforestation target in the national plan is 140 000ha so we need to ramp this up quickly to support the massive investments which our Sector have already made in processing and renewable energy.

So what were the factors holding the process back, especially during the preceding 10 years of the Zuma administration? Sadly, it had nothing to do with a lack of technical ability in the DWS and everything to do with the lack of accountability and leadership. While the rest of the country was concerned about the impacts of State capture, we were suffering at the hands of self-styled environmental “crusaders” in the DWS and in the DEA, who were waging lawfare on our Sector, by using regulations to prevent any increases in timber plantations in the country. They had unilaterally introduced many ridiculous licencing conditions which were either impossible to meet or were outside of their legal mandates. They had done this without even discussing these with their own legal services or with the forestry branch in their own department, who were responsible for ensuring the increase in plantations in the country. There were repeated fights between them in parliament about who was responsible for the failure to implement the IPAP targets for new afforestation. We tried everything we could, including engaging with the various Ministers and DGs, addressing the various Portfolio Committees over the years and even walking out of a meeting with the DWS in protest but this produced no change. Remember we are rurally-based so our ability to leverage labour power in the government was very weak because unions find it very costly to mobilise in forestry and agriculture, because workers live across vast areas.

And then along came Cyril and Rudi, or Superman and Batman, as I like to refer to them. I will continue to tell anyone who will listen, that Cyril Ramaphosa and his crack team of ninjas in OV, has been the saving grace of South Africa. Besides all these difficult reforms, also think about other reforms he introduced like classifying economic crimes as priority crimes and establishing the NatComm on Violence and Extortion at Commercial Sites. Add to this, his incredibly deft handling of his own internal battles in his party, which has helped remove the criminal masterminds, some of whom have gone on to lead or form new political parties. At least they have finally shown themselves.

Barely six months after the finalisation of the PPGI and just after the President announced the first Covid lockdown in March Of 2020, I received a call from Rudi to tell me that he had set up a meeting with DG Tshangase to resolve our 12-year old licencing challenges. I was amazed both at Rudi’s ability to set up such a meeting and his naivety in believing that the meeting would achieve anything, given that we had failed for more than a decade to move the needle on this! Clearly we didn’t know Rudi well enough back then. Lo and behold, I met the DG the following evening in PTA and like something out of a Hollywood movie, the very next day he had emailed me the revised licence template with all of the ridiculous conditions removed. We met the President the following day, (Tanya will remember this) and I think it may have been the first example of a PPGI-OV success, in the midst of Covid, which I had the privilege of reporting to him.

Rudi then asked me to meet with Sean and Saul in December of 2020 to share with them how we had resolved the licencing challenges. Sean who was still with NT then wanted to understand the challenges, so that all the other sectors didn’t have to go running to the Presidency, every time there was a problem in DWS. Unfortunately, I had to tell him then, as I did again in another recent meeting with him in February on different issues, that our problems with licences, unlike those for most other sectors, were entirely due to the

deliberate efforts of some officials in the DWS, who continue to undermine the State's development agenda for plantations.

I gave him further evidence in our most recent meeting, that beyond the licence conditions which Rudi had helped us to address, that after 26 years of the National Water Act, plantations are still the only declared SFRA in the country, requiring a WUL and who pay for rain! The department's own hydrologists have stated for many years that other dryland crops should have been declared as SFRA's years ago. It gets worse as we have evidence of DWS officials trying to convince applicants for afforestation licences, to instead consider planting macadamia or avocado trees. This is how bad the subterfuge runs and how much it threatens the new investments which our sector have already made through the PPGI, as our processing investments weren't made to process fruit and nuts but rather high value export pulp, paper and particle board products. Those investments recently reached R30.5Bn over the last five years and the President opened one of them in Umkomaas 18 months ago, so the urgency of getting additional timber to process in these plants, is at a critical level.

So that was the good news. DG Tshangase and Rudi had fixed the template for new licences.

In terms of the ongoing challenges which Rudi asked us to speak to, since the new template was approved in 2020, we have been battling to get the DWS to amend the original licences to remove the irregular conditions which they had put into those licences. Fortunately, since the DG's appointment two years ago, there seems to be better communication between the HO and the regions and the process of amending the licences, is slowly gaining momentum. You will have also heard in his address, that they have also made massive gains in reducing the time it takes to issue a licence from around 300 days to less than 100 days for 90% of the applications, for which we are most grateful. The problem however, is that licences have to be taken up within five years and so unless it is accelerated, most of those licences will lapse and we will get no new investment in plantations against those licences. We are however talking to the officials to get the licences extended.

Sadly, this isn't the end of the challenges. In terms of new licences being issued and after all of these reforms, the DWS once again unilaterally introduced new "special" conditions into licences, which are again outside of their mandate or unfeasible to implement and in some cases are unconstitutional. Some examples are conditions wh licence holders must form a Trust for all their workers, they must donated land to newly employed workers and they must monitor water quality and biodiversity, using SASS5 accredited scientist twice a year. How a small community plantation in a rural area, is expected to do all of these things and why the DWS thought it important for them to insist on this, is beyond us. Surely any special conditions in any water-use licence in any sector, should be industry and scale-specific. Fortunately the officials agreed with us but now they've told us that to amend these new licences, they will have to go to the Water Tribunal and this will be at the Licensee's expense. So before a community or a small business has even planted any trees, they have to incur the cost of getting the water tribunal to amend licence conditions, which the DWS agree, they should never have introduced in the first place.

So that is the work that lies ahead of us in terms of WULs, along with the fact that licences for processing plants in forestry, still have similar irregular conditions and errors, which Industry is trying to resolve through the BUSA process and in other bi-lateral engagements.

In terms of solutions, which Rudi also asked us to think about, it would be so much more effective if the DWS sent applicants a pro-forma draft of the licences, which they intend issuing. This would enable us all to address problems in licences before they are formally issued, because as I have shown, it is difficult, lengthy and costly, to do this after the fact.

So that's one suggestion.

As I said yesterday, other solutions are likely to come from the GNU, once it is in place. This may help to address the lack of accountability, which characterised the Zuma era and has produced legacy challenges for this government and could be addressed by having more effective parliamentary oversight of all departments and SOEs and empowered Public Service Commission.

I imagine the DG would welcome this sort of thing, as it may strengthen his arm in dealing with recalcitrance or indifference among officials.

Thank you.