

MEDIA RELEASE



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Department of Water Affairs and Forestry - Chief Directorate: Communication
Services

PRESS RELEASE BY THE MINISTERS OF WATER AFFAIRS AND FORESTRY AND PUBLIC ENTERPRISES ON THE TRANSFER OF EASTERN CAPE NORTH STATE FOREST ASSETS TO SINGISI FOREST PRODUCTS

14 August 2001

Embargo: 10am

Minister Ronnie Kasrils and Minister Jeff Radebe are delighted to announce that the Eastern Cape North package of state forest assets has been successfully transferred to Singisi Forest Products. This transfer is the first of a number of transactions related to the restructuring of the South Africa Forestry Company Limited (SAFCOL) and certain assets of the Department of Water Affairs and Forestry. Other transactions will follow in the coming months.

This is a crucial transaction for Government as it involves extensive benefits to rural communities, close collaboration with organised labour and increased private sector investment.

The transaction involves the transfer of more than 60 000 hectares of planted forest (in the Umtata and Kokstad areas of the Eastern Cape) and a large sawmill situated at Weza. The value of the transaction is R45m. This excludes the payment of annual rentals which amount to a further R2.3m per annum. A total of 985 employees are involved in the transfer of which 593 are from the Department of Water Affairs and Forestry and 392 are from Safcol.

The Ministers will hand over the signed transaction documents to Singisi Forest Products at a celebration event in the Eastern Cape today, 14 August 2001. Singisi Forest Products is a consortium comprising Hans Merensky Holdings, the Eastern Cape Development Corporation and the Singalanga Trust. The Trust represents 163 communities who live adjacent to the forests and will benefit from future profits in the form of dividend payments, valued at 10 percent per annum. The shareholding of the new company is as follows:

Singisi Forest Products	75% (of which Singalanga Trust 10%)
Employees	9%
National Empowerment Fund	10%
Government via SAFCOL	6% (Government expects to hold these shares for no more than 5 years)

In handing over the transaction documents the Ministers noted that this transaction has been complex and ambitious and has involved innovations in land reform and black empowerment as well as labour relations.

The land reform aspect, which has been fully supported by the Minister of Land Affairs and Agriculture and the Land Claims Commission, has a number of aspects. Firstly, communities will become shareholders in the entity, marking the first black involvement in the forest growing sector and the first time a rural community has owned shares in a South African forestry company.

Secondly, the annual rental will be paid to successful land claimants. Where there are no land claims, rental will be paid to entities representing the community which has jurisdiction over the land. We are delighted to be able to contribute to land reform in this way.

On the labour side, the transaction has involved working closely with the trade unions who represent the workers transferring into the new company. This has been a difficult process because of the need to merge the DWAF and SAFCOL operations and to harmonise wages and conditions of service.

The Minister expressed their thanks to the trade unions, NEHAWU, CEPPWAW, SAAPAWU and the PSA who have shown enormous flexibility and who have worked closely with Government throughout the process. This transaction demonstrates that we are working closely with trade unions, and are able to reach agreements even under challenging circumstances.

The transaction is expected to bring fresh investment into the forest sector in the region and to increase the contribution of the sector to economic development in the Eastern Cape and has been supported by the Minister of Trade and Industry.

We also wish to thank the Eastern Cape Government, the officials of Safcol and the various Government departments for their work and wished the company prosperity in the future. We record our confidence that this process of transferring state assets will promote a path of sustainable development in the region.

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