



# TESTIMONIALS

## Fiscal Solutions

### National Tax Extension: Section 37D

Section 37D: Helping to Build a Better South Africa

**Wilderness Foundation Africa | Innovative Finance**

Fiscal Solutions | National Tax Extension | Section 37D: Attaining National Development Plan 2030 Goals

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Section 37D: Helping to Build a Better South Africa

## INTRODUCTION

South Africa's National Development Plan (NDP) aims to eliminate poverty and reduce inequality by 2030. These dreams can only be realised by drawing on the energies of South Africa's people, growing an inclusive economy, building capabilities, enhancing the capacity of the state, and promoting leadership and partnerships throughout society <sup>1</sup>. Wilderness Foundation Africa, an African-based conservation NGO that protects and sustains landscapes through its agile and innovative approach to conservation, assists in achieving the NDP 2030 goals.

Whether it's anti-poaching action, large wilderness management, developing young leaders from previously disadvantaged communities, or pioneering innovative finance solutions for sustainable landscapes, Wilderness Foundation focuses on lasting impacts and collaborative partnerships.

### ***Innovative Finance***

Innovative Finance within Wilderness Foundation Africa (WFA) is aimed at developing and implementing innovative financial solutions for sustainable landscapes in South Africa, particularly with regard to protected and conserved areas. Sustainable landscape finance is critical to ensure the endurance and effectiveness of South Africa's natural wealth which underpins human health and well-being as well as sustainable economic growth.

Our work has a number of components, one of which is a focus on 'Fiscal Solutions'. This involves the provision of niche tax extension services for the established and existing finance solution: Section 37D of the Income Tax Act No. 58 of 1962 (the ITA). This globally unique biodiversity tax incentive has not only been applied successfully across South Africa's protected areas, but also helps in building an enabling environment for reaching some of the NDP 2030 Goals, such as:

- Raising employment through faster economic growth <sup>2</sup>;
- Improving the quality of education, skills development and innovation <sup>3</sup>;
- Ensuring environmental sustainability and resilience to future shocks <sup>4</sup>;
- Ensuring that people have access to clean running water in their homes <sup>5</sup>; and
- Increasing the amount of land and oceans under protection <sup>6</sup>.

The effective implementation of finance solutions, such as section 37D of the ITA, is a set of tools that can assist in attaining these important goals for our country, as is evident from the below testimonials of South African taxpayers owning and managing our protected areas.

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<sup>1</sup> National Development Plan 2030 (NDP 2030).

<https://www.gov.za/sites/default/files/Executive%20Summary-NDP%202030%20-%20Our%20future%20-%20make%20it%20work.pdf>

<sup>2</sup> NDP 2030, page 17

<sup>3</sup> NDP 2030, page 17

<sup>4</sup> NDP 2030, page 24

<sup>5</sup> NDP 2030, page 24

<sup>6</sup> NDP 2030, page 57

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### LIMPOPO PROVINCE

#### South Africa's First Biodiversity Tax Incentive: Kaingo Game Reserve – An inspiring story.

South Africa is recognised as one of the world's 17 mega-diverse countries. Protected areas, declared on state, private or communal land are key to safeguarding South Africa's incredible biodiversity and the functioning of ecological infrastructure essential to the benefit of its people and its developing economy.

Expanding, governing and managing protected areas is a costly undertaking and limited resources and capacity, as well as other socio-economic constraints, hinder these processes. South Africa's privately and communally owned protected areas play a vital role in addressing some of these challenges and have countless benefits for the country including: growth in green economies, jobs in rural areas, water and food security, disaster risk management, and of course biodiversity conservation. However, landowners willing to make the ultimate conservation commitment, in formally recognising and managing protected areas on their land, require assistance either through conservation services and relationships or financial benefits, such as South Africa's first biodiversity tax incentive: Section 37D.

In one of South Africa's Key Biodiversity Areas, full of endemic plants, Big Five game, and scenic diversity, one such landowner took the plunge and declared a nature reserve in perpetuity. Kaingo Private Game Reserve is an effectively managed protected area and a successful tourism operation, creating jobs and stimulating the rural economy of the area. The creation and management of this beautiful reserve and its eco-tourism operations is no small feat.

As a result of this landowner's commitment to conservation, Kaingo has received the Section 37D tax break. Due to the extensive investment in the tourism venture and the management of a big game area, the tangible financial benefit of this innovative tax incentive is bolstering the reserve's cash flow, ensuring the continued success of this protected area. By paying less tax, additional resources can be mobilized so that Kaingo can be better managed and governed and continue to grow its wildlife tourism operations, benefiting both South Africa's biodiversity and its economy. Without effective management, protected areas fail to achieve what they were created for, and without viable and sustainable business operations to support management costs, such as Kaingo, effective management is no longer feasible. It is a priority to provide valuable and alternative sources for financing biodiversity conservation and rewarding individuals and organisations willing to undertake the safeguarding of our natural heritage, if we are to see the continued persistence of wildlife and beautiful landscapes in South Africa.





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### KWAZULU-NATAL PROVINCE

**Growing the Wildlife Economy: Manyoni Private Game Reserve – Protecting endangered species goes hand-in-hand with creating employment in rural communities**



“As a family of passionate and dedicated conservationists we invested in Manyoni Private Game Reserve (previously Zululand Rhino Reserve) in 2006 with a genuine desire to help save endangered spaces for endangered species. When the initiative was launched, we welcomed the opportunity to become part of the protected area programme, ensuring that our land and that of likeminded neighbours, would be protected and remain under conservation for all time. Our 22 000 hectare reserve is now declared as a nature reserve.

The costs in maintaining and improving our environment are substantial and, until the section 37D tax benefit (through the Fiscal benefits Project), there was very little tangible financial benefit received from the State. The challenges in protecting our environment and operating a viable business in the Wildlife Economy have increased dramatically over the last fifteen years, not least the increase in rhino poaching and the staggering rise in the costs for their security. Our land is prime Black Rhino habitat.

**The tax incentive will release funds which will enable us to employ more currently unemployed people to further improve our environment for the benefit of all species and significantly the Black Rhino, which will result in a greater game viewing experience for our lodge guests. This, in turn, will lead to a busier lodge and even further employment opportunities for the rural communities in our area.**

Our tax saving is significant and if there is one single motivation for investors in the Wildlife Economy to join the programme, this is it.”

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### WESTERN CAPE PROVINCE

**Nature and Children: Destiny Private Nature Reserve – Providing learning opportunities and a unique lifetime experience to underprivileged children.**

“As trustee of the Deo Gloria Alternative Leisure Trust and member of a Close Corporation, joint owners of Destiny Private Nature Reserve, I would like to express our sincere appreciation towards the Fiscal Benefits Project. The section 37D tax benefit was introduced to us through the Fiscal Benefits Project and CapeNature. This benefit comes at a time during which Destiny Nature Reserve would like to attain its goals through an initiative which started many years ago.

I am an RSA resident with a specific background and passion for South African history, and a lifelong involvement with disadvantaged people, especially children. An idea: **'CHANGE STARTS WITH ME, HOW ABOUT YOU'** formed regarding the foundation of a cultural interaction between advantaged and disadvantaged people, the latter from townships. Continuous attempts were made to have these intercultural encounters happen, which led to the CC and the Trust being named ALTERNATIVE LEISURE EXPERIENCE. We bought the property on which Destiny Nature Reserve was declared [as a nature reserve] shortly thereafter, with this idea of an alternative experience being made available to young people from Europe spending a gap year at Destiny. The idea is to cross-subsidise nature camps for disadvantaged children with the income received from the gap year students.

Due to difficult economic and personal circumstances we had to delve deep into our own resources to be able to provide the intercultural experience in a sustainable manner. We further continued to do research on how to manage Destiny sustainably in a conservation context. As a result of stated difficult personal circumstances, many possible methods of ‘financing’ had to be explored, such as funding and sponsors. The section 37D tax benefit is contributing to Destiny becoming more sustainable and to enable us to provide the camps to children, as planned for such a long time. Feedback from children who have attended our camps, is that they were very excited about the opportunity to have such an alternative, nature-filled lifetime experience.

**The section 37D tax benefit creates HOPE that private initiatives can be successful in South Africa.”**





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### SECTION 37D AND WATER:

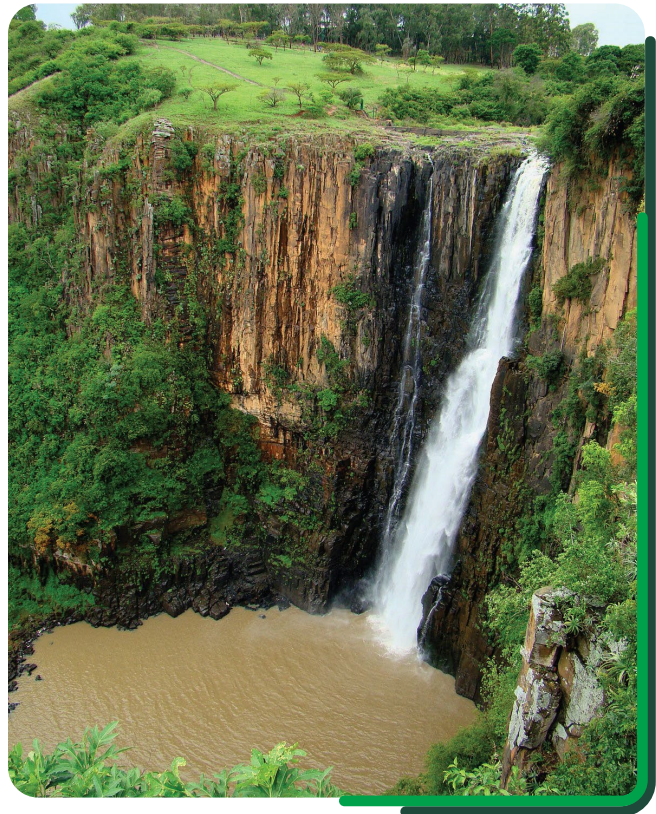
**Securing our Water Sources: uMngeni Plateau Nature Reserve, Bosch Berg Nature Reserve, Clairmont Nature Reserve – Providing sufficient clean water to communities in Kwa-Zulu Natal**

A number of nature reserves declared on private land in rural Kwa-Zulu-Natal, and which benefit from the section 37D tax benefit, contribute to ensuring sufficient clean water is available to communities in their areas. The protection and management of these important water source areas by private citizens is of paramount public importance as South Africa faces a future of increased water security risk.

Some examples include:

#### **uMngeni Plateau Nature Reserve**

The property is located within the headwaters area of the uMngeni River and borders directly to the uMngeni Vlei Nature Reserve. It also contains a network of important wetlands and a number of tributaries which supply the uMngeni River. These wetlands and the uMngeni River contribute significantly to the provision of sustained, high quality water yields which maintain the flow of this perennial river. This river supplies two districts eThekweni and uMgungundlovu.



#### **Bosch Berg Nature Reserve**

An important contribution is made to habitat such as mistbelt grasslands, forests and wetlands. The property is part of one of the last remaining strips of relatively intact grassland in the area. An important contribution is also made to water production in the headwaters of the Umngeni and Umkomaas Rivers.

#### **Clairmont Nature Reserve**

The nature reserve contributes to the water security of the quaternary catchment that drains into the uMkomazi River. The nature reserve further contributes to the achievement of provincial and national conservation targets by protecting representative portions of grassland and forest landscapes and their associated biodiversity.

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