

EXECUTIVE DIRECTORS REPORT TO THE ANNUAL GENERAL MEETING OF
SAWMILLING SOUTH AFRICA
JUNE 2018 - JHB

1. **MEMBERSHIP**

Membership of the association remained fairly constant for the 2017/18 year with the loss of only two mills due to closure. Both these closures were linked to log supply, tangible evidence of the resource pressure most mills are facing. We did however receive two new members, which kept membership at a constant. We also have another 10 non-paying mills representing the emerging SMME sector whom we assist with mentoring and advice.

Just as in my 2017 report I have included the following as a reminder as to what it is that the association offers its members.

The association provides a lobbying platform - Government likes to deal with one "contact point" which in the sawmilling Industry's case is SSA. Industry in turn can also lobby far more effectively on issues which affect it, if it acts collectively. SSA thus gives members a platform through which their collective voices can be heard when lobbying Government and other statutory bodies. This is becoming increasingly more important as political uncertainty, the regulatory environment and economic difficulty make investment in the sector more challenging.

Research - the association has formed informal partnerships with institutions such as Stellenbosh University and Nelson Mandela University which undertake research and investigation into aspects of sawmilling which individual millers would otherwise find difficult or onerous in their personal capacities, an example of this is the SSA funded project conducted by SU to establish the cause and effect of felling younger trees on the structural integrity of sawn lumber. This study exposed the adverse effect on MOE which prompted further research into possible remedies to the problem.

External Funding – the association was able to secure funding from the FP&M Seta for the development of QCTO approved curricula for the effective training of Sawdoctors, Kiln driers, logyard, wetmill and drymill operators.

Representation – the association represents a voice for the sector by representing it on the board of the Forest Sector Charter Council as well as on the faculty advisory boards of both US and NMMU. The association chairs the technical committee (TC 1008 Wood and Associated Products) of the SABS and by so doing represents the interests of all participants in the sector.

Skills development – the association in partnership with the FP&M Seta drives the development of necessary skills unique to the sawmilling sector and has been successful in this regard over the past three years. These skills in turn benefit all sawmillers both large and small.

Partnerships – Through our partnerships with other industry sector associations such as FSA, PAMSA, SAWP, ITC and SAFCA we address issues of mutual concern to the entire forest value chain, for instance the effect of silvicultural regime change on the quality of saw logs, or the availability and effectiveness of alternative chemicals for the treatment of structural lumber. Our partnership with private consultants such as Crickmay provides members with updated industry statistics.

Networking – don't underestimate the value of meetings and gatherings of the association in creating opportunities for members to come together and network with each other to discuss issues of mutual concern.

2. EXECUTIVE COMMITTEE

The executive committee comprising of Sean Hoatson, Duncan Mackay, Craig Rance, Joco Oosthuizen, Piet Briel and Manny Ferreira and chaired by Duncan met three times during the year to discuss the business of the association and to provide direction and advice to the executive director. These meetings took place in JHB at the SAFCA offices and were extremely productive.

3. FINANCIAL

4. TECHNICAL

Skills development – much of the association's efforts have gone in this direction during the year and together with our consultant Mrs Dianne Randal have achieved a great deal. The year saw us complete curricula and submit them to the QCTO for the training of Sawdoctors (Trade), Kiln Operators, Log Yard Operators, Wetmill operators and Dry Mill operators - a mammoth task.

Additional specification to 1789 – this project under the guidance of Mr George Dows a member of the SABS TC 1008 committee has, as a result of SABS bureaucracy, taken all year to arrive at the public participation phase and so now awaits its final completion and registration so that mills may decide if they will implement it.

AQA submission – During the year the association facilitated a working group on the Air Quality Act to discuss and draft a submission to the DEA on the impact of sect 21 Nema: air quality act of 2004 on sawmills in South Africa. The following is an introduction to submission made.

It was brought to the attention of SSA that several of its members were experiencing challenges with the implementation of the National Environmental Management: Air Quality Act 39 of 2004 (NEM: AQA).. After a lengthy consultation process with members, it appeared that these challenges were partly from possible misinterpretation of the legislation governing it, with particular reference to the provisions relating to the timber drying processes regulated as Listed Activities and in terms of the Small Boiler Regulations. In doing so, consultations were held with various large and small millers. It transpired that the challenges being experienced by these entities were similar to those of the industry as a whole. With this in mind, a working group representing members of SSA and non-members of the industry was set up (Working Group) to approach the Department of Environmental Affairs (DEA) to obtain clarity and to attempt to resolve the challenges faced by the industry.

A document was drafted which sets out the challenges being faced by the industry and highlights the apparent conflicting and possibly misinterpreted regulations that regulate wood fired boilers and wood drying kilns used at sawmills. The objective was to cooperatively engage the DEA to procure a solution that would eliminate the ambiguity and uncertainty arising from the interpretation and implementation of the relevant legislation at local, provincial and national level.

The Working Group consisted of industry specialists in the field of wood drying, wood fired boilers and environmental practices. The Working Group was dedicated to resolving the industry challenges outlined above and pledged its support to the DEA in resolving the challenges.

A submission was drafted and submitted to the DEA on the 28th August 2017. The DEA have just recently released a document through the Government Gazette calling for public comment to amendments to the regulations pertaining to Wood Drying Kilns. This is a huge step in the right direction and accredit to the working group who will by way of their efforts have contributed to substantial saving for the entire industry.

Market investigation – the executive management committee of the association decided to approach the TMB for the required funding for a high level study to be carried out by recognised consultants into the size, influence and possible effect that the Light Gauge Steel (LGS) industry may have on the demand for structural timber given that LGS appeared to be making inroads into the roof truss market.

The first phase of this project was completed only some two months ago and the consultants “Letsema” will be making a presentation of their findings at the AGM in June.

5. Labour Issues

2017 once again proved to be a challenging year for labour and industrial relations for many sawmills across the country. Many manhours were lost as a result of strike action and disputes and this is going to prove to be an area that millers will need to concentrate on in the short term. It would appear that this uptick could be a result of the bigger political picture in SA and we are hoping that Dr Roelof Botha, our guest speaker at the AGM this year will be able to offer us some insight and guidance on the problem.

The matter of a National Minimum Wage has been prominent during the last reporting period and to up-date, it is reported that deliberations now rest with the Parliamentary Portfolio Committee on labour relations. The committee have made it clear that despite the minister’s announcement that the NMW would take effect as from the 1st May 2018 this will not happen until such time as the committee are satisfied that they have considered all aspects, recommendations and submissions. This means that we do not have a date for implementation, but we do know that the NMW will not be less than R20 per hour.

6. GOVERNMENT

The association has continued to build its reputation with the various government departments and agencies that it deals with, especially the DTI, DPE and DAFF. 2017 saw a close working relationship develop between the DTI’s Resource Based Industries “Agro-processing Directorate” and the association. SSA has a number of meetings with official of the DPE and SAFCOL in an effort to get clarity from the DPE on SAFCOL’s BBBEE status.

7. FOREST SECTOR CHARTER COUNCIL

We have learnt that the acting CEO of the council Mrs, Khosi Mavimbela may receive a permanent appointment and this is good news for the sawmilling sector as Mrs Mavimbela has had a number of years’ experience in dealing with us and understands the sector well. She and the Chairman of the council Dr Mahango have been active in trying to get the DPE and the DTI to clarify the BBBEE status of SAFCOL as an accredited BBBEE supplier. This is especially important to those sawmills in the Mpumalanga region that rely on SAFCOL for the bulk of their log supply.

8. TMB

9. FP&M Seta

Work with the Seta on skills development is in constant progress under the capable guidance of Mrs Dianne Randall. The status of current qualifications is as below

Dry Kiln Operator

- *Boiler and kiln*

Saw Doctor:

- *Saw Filer; Saw Setter; Profile Grinder; Saw Maintainer*
- *Benchman*
- *Head Saw Doctor*

Wood Processing Operator:

- *Log Yard Operator*
- *Wet Mill Operator*
- *Dry Mill Operator*

The curricula, consisting of:

- *Knowledge Modules*
- *Practical Skill Modules*
- *Workplace Experience Modules*
- *Occupational Qualification Document*
- *Assessment Specification Document*
- *Qualification Assessment Specification Document*

For all of the above, qualifications have been completed. They were all submitted to the Quality Council for Trades and Occupations (QCTO) by October 2017.

The Wood Processing Operator Qualification was approved by the QCTO in December 2017 and in February 2018 was approved by SAQA and has been subsequently registered as an Occupational Qualification and published in the government gazette.

The Saw Doctor and Dry Kiln Operator qualifications have been approved by QCTO and will be submitted to SAQA for analysis and registration in June 2018.

There appears to be a difference of opinion between QCTO and SAQA about the part qualifications and this is being addressed in parallel workshops with stakeholders. Once this has been clarified we will begin the materials development and assessment criteria development for each of the qualifications, which we hope will be finalised by the end of this year.

10. CONCLUSION

2017 proved to be a tough year in many respects both on an operational level and on an emotional level. Tough Financial times coupled with challenging industrial relations, political uncertainty and of course the devastating fires in the Eastern and Western Cape made 2017 certainly a year to remember or should that be to forget. We look forward to the renewed challenges that a New Year inevitably brings and take this opportunity to wish all members a fruitful and prosperous 2018/19.

A vote of thanks needs to go to the Chairman Mr Duncan Mackay and the entire executive for their support and guidance during year and a special thank you also to our bookkeepers Mazars, George for their financial guidance and advice.

R D Southey

May 2018