

The background of the entire page is a large, scenic photograph of a landscape. In the foreground, there are green, grassy hills. In the middle ground, a dense forest of evergreen trees covers a valley. In the background, rolling hills are visible under a sky with a bright, low sun, creating a warm, golden glow. The sun is positioned slightly to the right of the center, and its light reflects off the clouds and the landscape.

ANNUAL REPORT 2019/2020

CHAIRMAN'S REVIEW

Duncan Mackay

This would have been an introduction to our 12th Annual General Meeting - who would have guessed that 2020 could conceivably be worse than the previous years, when margins were already at dangerously low levels and unemployment at historical highs?

The sawmilling industry was hoping for renewed growth which would enable further transformation in our industry. Instead, we are witnessing sawmill closures, due in the main to poor government policy and implementation coupled with low economic growth over the past three to four years. The latter, together with the COVID-19 pandemic, is most certainly the 'perfect storm'!

Kudos to all our members who have remained standing – a remarkable effort and a reflection of the quality of people we have in our industry. We continue to grapple with government 'red tape' in various forms, namely government tender processes for low-cost housing, Air Quality Act (AQA) and Air Emissions Licence (AEL), minimum wages, land and water issues, etc.

Your EXCO is aware of the financial challenges facing each member and will address these in a responsible manner (albeit in a small way) in our budget for 2020/21.

Sawmilling South Africa (SSA) continues to attract new members – testimony to our mandate to provide a valuable service which will enhance the 'bottom line'.

It is important to once again confirm that SSA is recognised by government as the only industry representative for the sawmilling industry - government departments such as the Departments of Trade, Industry and Competition (DTIC) and Public Enterprises (DPE) believe in the long-term viability and growth of sawmilling and the role we are playing in our regions and communities.

SSA is proactively addressing some of these challenges through, among others:

- Partnering with Forestry South Africa (FSA) in various discussion forums (PPGI, housing issues, carbon tax, etc). We are indebted to FSA and Michael Peter over this past year for the manner in which they have actively involved our association in various committees and initiatives.
 - Facilitating skills and technical development with FP&M Seta through apprenticeships and learnerships.
 - Various marketing actions including a new project with the University of Stellenbosch to provide lumber information 24/7. In addition, it will also initially provide technical training to designers and architects.
 - Product improvement through research projects.
 - Liaising with government – the DTIC, DPE, Department of Agriculture, Land Reform and Rural Development (DALRRD), FP&M Seta, etc. – and other institutions such as the Institute for Timber Construction of South Africa (ITC-SA), FSA, South African Wood Preservers Association (SAWPA), Stellenbosch and Nelson Mandela universities and the South African Bureau of Standards (SABS).
- Liaising with the DTIC, the Department of Human Settlements (DHS) and the Public Private Growth Initiative (PPGI) during the lockdown to get government and the private sector to focus on timber frame housing and ways to resolve our national housing shortage on an ongoing basis.

Many thanks to our EXCO members and their immense contribution, even during these uncertain times. It is reassuring that we have stayed focused on the important issues and always considered what is best for our industry.

Much appreciation to Roy over the past year for your continued work as our executive director. I think the last four months have probably been the most challenging, with the need to interact with so many role players, and solely through telephone and online meetings!

Our association's growth, new marketing initiatives and financial stability are testimony to your work.

I believe that a sound foundation is being created with all of the above. This will ensure that local sawmilling starts showing growth, which in turn will bring with new opportunities.

EXECUTIVE REPORT

Roy Southey

MEMBERSHIP

Up until February this year, SSA had made good progress in its efforts to recruit association members. But then, the world was hit by the Covid-19 pandemic, lockdowns and all the uncertainty that was brought with it.

At the outset, I'm sure many of us were of the opinion that it would not take long for the medical and research fraternities to find a solution and we would all be back to "normal" in a month or two. This was not to be, and we've all had to adjust to a "new normal" in many facets of life – at home, in our businesses and as a society.

However, forestry (which included sawmilling) was considered an important link in the packaging and logistics chain as it supplies the agricultural and pharmaceutical sectors. This allowed many mills to reopen at an early stage in the lockdown and provided some support to those fortunate mills. The formal structural mills however were not as privileged, and the majority had to remain out of production for a longer period. Thankfully though, sawmills by and large were able to push through and pick up where they left off.

This year sawmillers in the Western and Eastern Cape and especially the Garden Route also started to recover from the devastating fires of 2017 and 2018.

While the majority are still in fact working through wet-deck timber, one mill (Geelhoutvlei Timbers) has cleaned up, recovered and rebuilt to a degree where production has been able to resume. We take our hats off to Dave Metlerkamp and his team. Welcome back to the industry!

This year, we recruited mills not yet in the fold and we welcome both SAFCOL and Cape Timbers.

SSA did a lot of work together with the York organisation and the ITC-SA on the potential of timber construction to contribute to the emergency housing debate in the wake of Covid-19. We remain hopeful that these initiatives may bring about increased interest in wood, timber construction and the association.

The association continues to provide the following services to its loyal members:

- A lobbying platform
- Research
- Legal assistance
- Technical advice
- External Funding
- Government Representation
- Skills development
- Partnerships and Networking

EXECUTIVE COMMITTEE

The executive committee under the able chairmanship of Mr Duncan MacKay met three times during the year to not only discuss industry challenges but also the potential that these might bring.

A big thank you must go to these individuals for making the time in a very perplexing year to serve the communal interests of the sawmilling industry. We also welcomed Mr Lucky Nonyane representing SAFCOL as a member of the executive.

All Exco meetings were held at the SAFCA offices in Isando, Gauteng, which necessitated extensive travel and expense for committee members, and I am pleased to say that not one of them claimed any compensation for their efforts. I know that all members express a huge thank you for your time and sacrifices.

FINANCIAL REPORT

I am pleased to report that the association ran almost to the budget set at the 2019/2020 AGM and that we were even able to show a very slight positive on the bottom line.

2018 proved to be a reasonable year financially as can be seen from the audited financial statements prepared by Mazars' George office. These documents are available to members as a separate addition to this report.

I can report that the finances of the association remain in a reasonably healthy position, despite the levy adjustment agreed to by the Exco for the first three months of the Covid-19 lockdown. As a result of savings, on travel expenditure, we are also able to propose a reduction of 7% in membership levies for the 2020/2021 year. If one considers that in normal times, the levy would in all probability have increased by 6-7%, this equates to an actual saving of 13-14%.

The association continued to provide a management service to the FP&M Seta's skills development programme for the sector which covers the costs of the service providers who manage the programme and who are writing up the material for the various training courses.



Sawmilling industry in numbers 2019

	SOFTWOOD		HARDWOOD	
2019	Structural	Non-structural	Wet-off-saw	Structural
Volume produced (m ³ /year)	1 590 000	615 000	220 000	
Turnover	R5.1 billion	R1.5 billion	Between R450 million and R520 million	
Estimated number of mills	32	90	20	
Estimated number of employees	10 365	6 060	2 100	





TECHNICAL

ADDITIONAL SPECIFICATION TO SANS 1783

The specification has now been written and passed through the SABS process. All sawmills producing structural timber were informed of the way the specification would be implemented and controlled by the certification bodies.

Mr Abe Steers of SATAS, assisted by Dr Brand Wessels of the University of Stellenbosch, outlined this process at the 2019/20 AGM. This was followed up by presentations in the various regions of the country by South African Technical Auditing Service (SATAS). The due date for the implementation of the new spec is scheduled to be mid-2021.

Developing an additional specification to SANS 1783 would allow for mill-specific grading which in turn will afford each sawmill the ability to fully utilise the inherent characteristics and quality of its particular raw material. This is a significant step in the evolution of compulsory standards for structural timber and one that will benefit all producers of structural timber.

SABS SPECIFICATION FOR EUCALYPTUS STRUCTURAL TIMBER

Driven by Exco member Mrs Jane Tennant of Limpopo Lumber, the technical subcommittee for timber (1008) accepted, drafted and published a general specification for eucalyptus structural timber including a separate spec for brandering and battens. This represents a significant milestone for hardwood sawmills.

AIR QUALITY ACT (AQA) SUBMISSION

The year has seen much work being done by both the association and its legal team on the challenge to the regulations pertaining to kiln emissions.

In response to our founding affidavit filed with the Gauteng High Court, the State attorney failed to submit his replying affidavit within the prescribed time. This resulted in our application to have the matter placed on the unopposed roll. This was duly done and then four days before the scheduled court hearing, the State attorney asked us to please apply for it to be reinstated on the roll as he claimed that he had been adversely affected by the Coronavirus. Despite this being false, as he was supposed to submit well before the virus actually manifested itself, we agreed, provided that the State cover all expenses related to the application and the delay – these costs were substantial. The State then filed their replying affidavit and the court agreed to postpone the matter to a later date.

Upon receiving the State's documents, our legal team went straight to work on our reply: a 100-page document including a submission from our expert witness Dr Peter Stohr. This reply was submitted to the court within the required time and we now are waiting for the judge to decide if he should make a decision based on all the submitted evidence or if he should hear the matter argued in court. Our legal team, comprising attorney Mrs Terry Winstanley and Advocate Kevin Hopkins, is confident of our success but we will only know for sure once judgement is made. In the meantime, the Department of Forestry, Fisheries and Environment (DEFF) has placed a moratorium on all existing and future compliance notices, thus giving sawmills temporary respite.

TIMBER PROMOTION

The Exco took the decision at its first meeting in 2019 to develop a strategy that would guide the association on matters of promotion and advertising.

Jane Tennant offered to assist in drafting the strategy which would attempt to involve as much timber promotion and co-operation with associations such as the ITC-SA, SAWPA and FSA as well as government departments like the DTIC and DHS. While Jane was busy establishing and drafting this, we engaged the services of Mrs Samantha Choles at Frog Communications on a consultancy basis to assist and guide us on current promotion and advertising.

Samantha has done a great job in the interim and as was evidenced by the presentation with which she assisted that was made to various government departments: (DTIC, DHS, SALGA, DPW and) including the office of the Deputy President.

We also had articles published in SA Forestry Online, infrastructurenews.co.za, Engineering News, Positive Impact and Farmers Weekly/Landbou Weekblad.

Unfortunately, before Jane could finalise her proposal and present it to the Exco, the Covid-19 lockdown struck. These efforts were put on the backburner as many businesses had to deal with “all things lockdown”.

During the year, we agreed with the University of Stellenbosch to help establish and support a timber information website that would eventually become the Timber Institute. It will be a web-based portal on solid timber, its uses and characteristics as well as technical information and advice. Aimed chiefly at architects and engineers, it will be a public-facing website. The university started the project under the guidance of Dr Philip Crafford whose first task was to digitise the old SALMA Timber Manual. SSA committed R300,000 for the first two years and it is hoped that following the acceptance of the Forestry Masterplan that government will also assist.

LABOUR ISSUES

2019/20 has not been an easy year for labour relations and it all started with the implementation of the National Minimum wage (NMW) early in 2019.

The wage was set at R20 per hour, despite the efforts of SSA to have sawmills included under the description of forestry which would have meant a lower rate of R18 per hour.

This rate was later increased in January 2020 by 8.3% to R20.76. This was difficult for millers to absorb, as the majority operate in rural districts and draw their labour from the same pool as their forestry operations.

Added to this was continued uncertainty regarding governments policy on land reform which in turn affected investment decisions and heightened tensions within labour relations.

Another uncertainty with regard to land was the authorities' attitude towards land invasions. All these issues and others made for a disruptive and difficult year.



Credit: Rance Timbers

GOVERNMENT

The association has had numerous meetings, and more recently Zoom interactions, with various Government departments; most notable, the DTIC with whom SSA has developed a very healthy working relationship. Also, the Department of Human Settlements (DHS), the South Africa Local Government Association (SALGA) and the Department of Public Enterprise (DPE).

In 2019, it was pointed out to the association that certain Government departments were excluding timber as a construction material in housing tenders. This was a major concern to us as the public building sub-sector of the construction industry was the only one that was demonstrating any growth.

Despite many attempts to engage with those departments responsible for the majority of state-sponsored housing projects, we continued to be frustrated. Finally, with the help of officials at the DTIC we were able to secure meetings with both the DHS, DPW and SALGA and debate with them the reasons why there was a shift away from timber to light gauge steel (LGS), especially in roof truss design.

A presentation outlining the benefits of timber in construction was warmly received by officials of the various departments, and following these engagements, we are confident that timber will once again be placed on the optional specifications list for future state-sponsored housing projects.

The PPGI, launched in 2018, was another important initiative and has been firmly established as a productive

link between Government and the private sector. The forestry value chain was identified by the Presidency as a sector that held great potential for both investment and job creation and this has placed it firmly in the spotlight. Mr Michael Peter of FSA is one of our representatives on the PPGI panel, and with his customary enthusiasm, he has elevated the status and potential of the entire value chain. SSA works very closely with Michael and we are proud and grateful of his efforts.

Coming out of the PPGI was an instruction to the forestry sector to draft a Forestry Masterplan; this is to be sponsored by the DTIC. Strategy Execution Advisors (SEA) were awarded the tender and SSA, appointed to the working group, has played a major role in the drafting of the document.

We have ensured that many of the sawmilling sector concerns have been addressed. These include, among others, the quality and quantity of the national sawlog resource, the state of sawmilling technology, timber chemical and equipment theft, logistic infrastructure, the government tender issue and support for timber promotion.

FOREST SECTOR CHARTER COUNCIL

The sawmilling sector continues to be represented on the FSCC by Messrs Roy Southey and Lulamile Xate. The Council continued in 2019 to improve its effectiveness under the management of its executive director, Ms Makhosazana Mavimbela.

The following are two highlights that were expressed by Ms Mavimbela in an address she gave to the FSA AGM in 2019.

- Forestry is still the only sector in South Africa that regularly produces an annual state of transformation report. This is extremely important, as it provides some defence against unfounded criticism of the Sector's transformation progress, since we have actually become the benchmark in terms of institutional capacity and performance, against which other sectors should be measured.
- Industry nonetheless strives to improve our transformation performance and in spite of the fact that there was no growth in the sector in 2019, we have still performed well under the Ownership, Enterprise and Supplier Development and Socio-Economic Development elements of the Scorecard. We anticipate that the progress on Transformation in 2020, using the new adjusted scorecard and measures will improve further.

TMB

We continue to monitor and manage the TMB investment on behalf of that company. The past year proved to be a challenging one for the JSE and so little or no real growth was realised. Once the Covid-19 pandemic manifested itself, all investment was severely negatively affected. In line with the JSE All Share Index, the TMB fund suffered a 12% to 17% loss. I am happy to report that much of the loss has since been recovered resulting in almost flat growth for the year.

FP&M SETA

SSA continued to co-operate with the FP&M with regard to skills development in the sawmilling industry and under the guidance of Mrs Dianne Randal has made significant progress with various skills initiatives and sawmilling qualifications as can be seen from Dianne's report below.

STATUS OF SAWMILLING QUALIFICATIONS REGISTRATION: 2020

SAW DOCTOR AS TRADE AND PART QUALIFICATIONS

- South African Qualifications Authority (SAQA) Registration of Saw Doctor (104459) as an occupational qualification and recognised as a trade on 28 August 2019 at Level 4 consisting of 540 credits.
- SAQA Registration of Head Saw Doctor (103262) as a part qualification on 28 August 2019 at NQF Level 4 consisting of 213 credits.
- SAQA Registration of Saw Filer (103282) as a part qualification on 10 June 2019 at NQF Level 2 consisting of 239 credits.
- The Benchman part qualification has been amended and re-submitted to SAQA. Registration is to be confirmed in the Government Gazette in the third quarter 2020.

WOOD PROCESSING MACHINE OPERATOR OCCUPATIONAL QUALIFICATION AND ITS PART QUALIFICATIONS;

- Log yard machine operator
- Wet mill machine operator
- Dry mill machine operator

SSA has requested FP&M Seta to prioritise an investigation into where the completed curriculum is in the evaluation processes of FP&M Seta, Quality Council of Trade and Occupations (QCTO) and SAQA. Constant pressure on relevant people in these associations will hopefully ensure that it is registered by SAQA this year.

DRY KILN OPERATOR OCCUPATIONAL QUALIFICATION

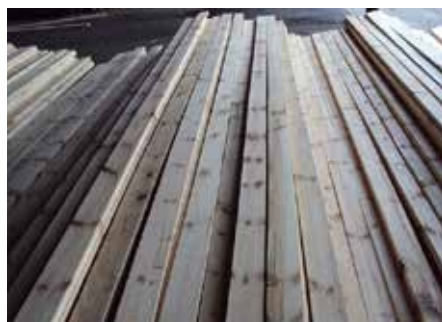
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Despite the fact that the not all occupational qualifications have been registered by SAQA, SSA took the decision to continue with the materials and assessment tools development for all qualifications. This would see immediate implementation on registration of all qualifications.

MATERIALS AND ASSESSMENT TOOLS DEVELOPMENT: 2020

APPOINTMENT OF MATERIALS AND ASSESSMENT TOOLS DEVELOPERS

- Appointment of Tirhani Skills for Africa to develop Materials and Assessment Tools in collaboration with the sawmilling sector and NAMB for Saw Doctor (Saw Filer; Benchman; Head Saw Doctor).
- Appointment of Timber Drying Institute to develop Materials and Assessment Tools in collaboration with the sawmilling sector for Dry Kiln Operator.
- Appointment of Skills Unlimited to develop Materials and Assessment Tools in collaboration with the sawmilling sector for Wood Processing Machine Operator (Log Yard Operator; Wet Mill Operator; Dry Mill Operator).
- The development of learning materials and assessment tools has almost been completed, but moderation in October 2019 revealed that the materials and assessment tools require custom-formatting and language editing.
- SSA had to request further funding from FP&M Seta to ensure that the materials developers could receive assistance with this moderation. The Service Level Agreement with FP&M Seta was amended so that the final tranche payment could be divided in to third and fourth tranche payments and deliverables for the third tranche payments had been achieved.
- An agreement with Joy Crane has been reached to support the material developers to ensure that the final product will meet all the quality standards required by FP&M Seta.
- The goal is to have all the materials and assessment tools finalised for FP&M Seta quality assurance by November 2020.



THE WAY FORWARD

The registration by SAQA on the National Qualifications Framework of Saw Filer, Head Saw Doctor and Saw Doctor will provide for the initiation of the next phase.

SSA will request further funding in order to implement the Pilot Programme for the part qualification, Saw Filer. We are aiming to begin this first pilot programme in February 2021.

The sector has to continue to identify qualification gaps so that SSA can approach FP&M Seta to fund further qualifications development. The following occupational qualifications are currently being considered by the FP&M Seta for development: chipboard operator, specialised mill operators eg finger jointer and wood treatment plant operator.

This will continue to motivate and encourage the development of skills that ensure career options and articulation within and between sectors, thereby encouraging sectoral and national economic development



CONCLUSION

With the scourge of Covid-19 still with us and likely to be well into 2021. The year has not started off in a good way, however, we have every faith in the resolve of the South African Sawmiller. Much like the product we sell, we are strong and durable. The post-Covid world is likely to be a little different and we are sure that together we will prevail.

EXCO MEMBERS

- Roy Southey (Executive director) - Sawmilling South Africa
- Duncan Mackay (Chairman) - White River Sawmills
- Piet Briel - Sappi
- Manny Ferreira - Verulam Sawmills
- Sean Hoatson - Tekwani
- Lucky Nonyane - Safcol
- Jaco Oosthuizen - MTO
- Craig Rance - Rance Timbers
- Jane Tennant - Limpopo Lumber

SSA MEMBERS

- AC Whitcher
- Alien Feuls
- Amatola Timbers - CJ Rance
- AP Green
- Biligom International
- Bracken Timbers
- Bubangu Sawmill
- Busby Sawmills
- Cape Sawmill
- Dulini Sawmill
- Evergreen Timbers
- Geelhoutvlei Timbers
- Guy Payne Sawmills
- Karkloof Sawmills
- Lawa estates
- Lazybend sawmill
- Limpopo lumber products
- MTO
- NHR Investments (Swaziland)
- Normandien Farms (Tekwani)
- PG Bison
- RF Gevers
- SA Forestry Co (SAFCOL)
- Sappi (Lomati)
- Stevens lumber
- Swartland Boskor
- Swaziland plantations
- UCL Company (Kusel)

- Verulam Sawmills
- Weatherboard (Chap)
- White River Sawmills
- Yonderlea Timbers

ASSOCIATES

- Crickmay Supply Chain
- Nucor Sawmilling
- University of Stellenbosch
- Nelson Mandela University
- SAWPA
- FSA
- ITC-SA
- NewSaw

CHOOSE WOOD

It's good for the environment. It's good for you.

As a sustainable and renewable resource that stores carbon, wood is not only the environmentally responsible choice, it also creates a sense of warmth and wellbeing.

Credit: Eco Log Homes

