

SAWMILLING SOUTH AFRICA

CHAIRMAN'S REPORT

2009/10

The sawmilling industry has had, in the past, downturns but none as severe as 2009. The economic meltdown was on a global scale, limiting export opportunities which in previous down turns assisted in keeping the industry afloat. The worst is said to be over but the industry is still to experience the relief.

The downturn in the market could not have happened at a worse time. The input costs have remained resilient in the face of a recession and have contributed adversely to efforts by the industry to transform. Transformation of the industry is growth driven and factors such as a shrinking resource base make for a very challenging requirement for an industry that is still recovering from a global downturn whilst competition posed by the steel and other alternative materials compound matters. These are challenges that should not distract us from the main issue. Transformation is an imperative. Let us not shy away from it.

The doom and gloom should not distract us from the importance that the industry contributes, not only to individuals in the rural areas, but its significant contribution to the GDP. The contribution of the sawmilling industry is recognized by government as one of the instruments that can significantly contribute to poverty alleviation particularly in the rural areas. One has only to understand IPAP II to understand how seriously our government regards the industry in its endeavors at job creation and poverty alleviation. The migration by the rural populace to the cities is also of concern. The squalor that has permeated cities throughout the country due to job seekers from rural areas can be reversed on several fronts but more significantly by our industry. The establishment of new forests alone as envisaged in the 100 000ha new plantation programme that is so often spoken about but not seen, would create numerous jobs and while the downstream beneficiation would add a multiplier effect to the job numbers.

It is a challenge for both industry and the government to find innovative ways of lowering the barriers to entry for black saw millers. The Forest Sector Charter on BBBEE seeks to address this and I would encourage our membership to familiarize themselves with the sector charter.

Our relationship with the DAFF, the FSC and FSA is growing stronger thanks to the efforts of our CEO and the members. We continue to strive for an inclusive working relationship with all sector participants. We will continue to request an audience with the Minister of DAFF Mrs. Tina Joemat-Pettersson. We extend an open invitation to the portfolio committee on forestry to visit one of the provinces where we have an extensive footprint in both the mainstream and emerging sectors and to meet and interact with the membership of SSA.

It is encouraging to see that the membership of SSA has grown and the efforts by our CEO have seen a steady increase not only in the mainstream of the industry but with the small emerging sector. The purse strings in have been well managed. We are in a relatively healthy financial situation.

I would like to extend my gratitude firstly to the members of SSA. It has been an honor to serve you as your Chairman. To the CEO, your contribution in establishing and growing SSA are recognized. To the executive committee, your guidance has been invaluable. I would also like to acknowledge the support from DAFF, FSC, TMB and FSA. I believe that we all have the interest of the industry in South Africa at heart and we will find an inclusive solution to our industries challenges.

Nthato Motlana

Chairman