

Sawmilling South Africa

Chairman's Report: AGM, 24 March 2009

It is an honour and a privilege for me to welcome you all to our first Annual General Meeting since we inaugurated our organization in October 2007. A special word of welcome should go to all our invited guests.

With the demise of SALMA, it was critical that sawmillers reorganize themselves. It is appropriate to express our sincere appreciation to all those who pioneered the establishment of Sawmilling SA. Mr. Mike Edwards, the former Executive Director of FSA, and Mr. Roy Southey, our Executive Director, deserve a special word of appreciation for playing a leading role in the formation of SSA.

Immediately after the executive took office, it set itself some objectives for the last year. The most important were:

- To recruit at least 75% of the sawmilling industry by the end of 2008.
- To encourage as many small and previously disadvantaged sawmillers to join as possible.
- To support timber growers in their efforts to lobby for afforestation development.
- To investigate the volume and value of structural timber being imported into South Africa.

It gives me a great pleasure to report that your executive has performed exceptionally well to achieve these objectives. Membership of SSA represents well over 80% of the industry's formal sector. The recruitment of small and previously disadvantaged sawmillers, who are in greater numbers in the E Cape and KwaZulu-Natal, went extremely well. The registration of the majority of these members is in progress after an intensive recruitment drive by the executive. SSA has played a role in influencing government policies such as the afforestation programme, the 2030 strategic plan of the forestry industry, the Expropriation Bill and the National Forestry Act Review process. Finally, Crickmay & Associates, our associate member, has assisted with the monitoring of the imports of structural timber into the country.

The Sawmilling Industry is one of the most important and valuable sub-sectors within the overall Forest Sector value chain contributing almost 25% to the sector's output, employing more than 20,000 people, largely in rural areas. Therefore, this industry is quite strategic from a South African perspective as government policy promotes job creation, particularly in rural areas. As SSA, we are therefore contributing quite significantly to the objectives of making South Africa a better place.

I am also pleased to report that Government, represented by DWAF, welcomed the establishment of SSA. Government involved SSA in major policy issues and events of the forestry industry immediately after we introduced ourselves. Although we have not

officially met with the Minister as yet, it has been a great pleasure interacting with Dr. Shibu Rampedi, who was Acting DG at the time of the inauguration of SSA. She has now reverted to her position as DDG of forestry and we continue to enjoy a positive working relationship. Just last week, she has requested input from SSA on The 2030 Strategy of the Forestry.

SSA is a signatory and a member of the Forest Sector Transformation Charter Council despite the fact that the Council was almost finalized when SSA came into being. Dr. Themba Simelane, the CEO of the Council, ensured that SSA was engaged immediately before the signing off of the Charter.

The Parliamentary Portfolio Committee on Water and Forestry invited us to participate and give input in the Reviews of the DWAF annual report and the National Forestry Act. I can report that SSA is regarded by the Portfolio Committee as one of the major stakeholders in the industry.

SSA has established excellent working relationship with Forestry SA and PAMSA. We are comparing notes with these organizations to complement each other's programmes. We have, for instance cooperated on the WTO proposals on non-tariff barriers for forestry products used in the building industry. We are looking forward to a positive working relationship with all organizations in our industry. The formation of the proposed forestry industry umbrella association (SA Forest Products Association) is still under discussion.

We are all aware of the major economic slump that is negatively affecting not only our industry, but indeed the whole world economy. It is appropriate to caution our key stakeholders such as government, organized labour and civil society that our industry is headed for difficult times in the foreseeable short to medium term. It is without doubt that we will see major restructuring in the industry; job losses; reduced wages and reduced production. We therefore seek cooperation and understanding from our stakeholders, particularly from organized labour.

Once again, the forestry industry has been hit hard by raging fires that continue to destroy resources. We saw 84 000 ha and approximately 28 000 ha being burnt down in 2007 and 2008 respectively. There are currently strong fires in the Western Cape, contributing even further to the shortage of logs in South Africa. It is therefore imperative that the 100 000 ha aforestation programme is speeded up to reduce the estimated annual average shortfall of 3.7 million m³ for the next 30 years (Crickmay & Associates).

On a sad note, it was with great sorrow that we learned of the passing away of Mr. Solly Tucker, an outstanding entrepreneur in the sawmilling industry. May his soul rest in peace.

I can say with confidence that your organization has started on a very positive note. The financial contribution from SALMA assisted to kick start the organization on a sound footing. Whilst significant strides have been made to address sawmillers' issues as you

will learn from the Executive Director's Report, a lot still needs to be done. There is still a long way to go.

The results achieved to date would not have been possible if it was not the dedication and the commitment of the Executive Director, Mr. Roy Southey. We should thank Roy for a job well done. Members of the Executive were equally committed to the process. I would like to congratulate each one of them and express my sincere thanks for having confidence in me and for the support and guidance during the past year. Finally, the interest and enthusiasm from our members, especially during the regional meetings have been inspiring. We would like to thank each one of you for joining SSA and thereby contributing to the united voice of sawmillers.

I have been honored to be the first chairman of Sawmilling South Africa. I thank you all. On a lighter note, unlike Uncle Bob, it is proper for me to say good bye. I take this opportunity to wish Mr. Ntatho Motlana, our Deputy Chairman, well as our new Chairperson. I am very confident that he will take the organization even further. Good luck, Ntatho and God bless.

Gay Mokoena
Chairman: Sawmilling South Africa