

# **Chairperson's Report to the FSA AGM**

## **Fern Hill Hotel & Conference Centre**

**29 April 2010**

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### **Introductory Remarks**

Allow me to start my Chairman's Report with a special thank you to each and every one of our members, our partners in our sister Associations, Government Departments, Research Institutes, Education and Training organisations, labour unions, suppliers to the sector and all other stakeholders. I start my address by thanking you because, as we anticipated at the start of last year, 2009 did indeed turn out to be a most challenging year, with almost everyone in our Industry seeing significant declines in volume and revenue domestically and abroad and all of us having to manage costs constantly. Without a partnership approach to issues of common concern we would have seen even greater levels of job losses, damage from pests, diseases and fire and further socio-economic and environmental losses out of the gains that we have made over the past few years.

The Annual Report provides more detail on all the areas of FSA's work but it is important for me to highlight a few of the key ones which we identified during the course of the year.

### **Government Partnership**

On the same day we held last year's AGM, which was the day I was elected as the new Chairperson for FSA, we also witnessed the swearing in of our new President of South Africa, President Zuma. It is thus useful to reflect how the President and I have done in our first year! Let's start with him shall we!

For our Industry, the new Government produced, among other things, a reshuffling of Ministries that saw forestry teamed up with agriculture and fisheries in a new Department. It will take time for the Department to work out the appropriate structures and processes to achieve the kinds of synergies which such a reshuffling potentially offers. We are, however, grateful to the Minister, DDG: Forestry and the other officials for the opportunities they afforded us to help shape the process. I am glad to report that the Forestry Branch, which at one point looked likely to lose its identity and dedicated capacity has in fact been retained, albeit with some hopefully positive changes.

The challenges for Government extended beyond structural changes and thus the impact of the economic recession, which we as a sector experienced were eventually felt in Government too when tax and other revenues fell sharply. I always believe, however, that there is some good which can come out of negative situations. In this instance it may have been the sudden realisation by many in Government, for perhaps the first time since 1994 when our economy took off, that they are married to the private sector. Without a thriving and efficient private sector, the ability of the State to deliver on its mandate is also greatly compromised.

## **The Charter Council**

While the sector's Forest Sector Charter Council found itself without a Chairperson during 2009, it is nonetheless one of the few functioning Charter Councils in the country. FSA has continued to support the work of the Council by providing funding to it and by serving on and leading some of the Council's Task Teams.

Given that the sector has several sub-sectors, some of whom do not yet have strong Associations, there is once again a need to consider the idea proposed two years ago of an umbrella body which can provide co-ordination for the entire sector, not just on issues of transformation but in other areas too. As it is, the Associations collaborate in several areas of common interest such as we have heard today in the Wood Foundation initiative but there are still too many areas in which we do not have a consolidated approach. This is also needed to increase our lobbying ability on behalf of our members, employees and partners.

## **Land Claims**

Hardest hit by this funding shortage has been the land restitution process which effectively came to a halt in terms of settling new claims. This timing has been very unfortunate as we managed to agree with Government the models needed to ensure sustainable community businesses and partnerships and a sustainable Forestry Sector while addressing the key issue of land restitution. It will thus be critical for the Industry and Government to build relationships in our areas of operation and to try to both meet and manage community expectations within the economic realities facing the country and sector. We await the publication of the much vaunted Green Paper on Land Reform which will hopefully offer new and creative thinking with more sustainable and beneficial approaches and policies, which will crowd in private sector investment and partnerships rather than crowd them out with no State-led alternatives.

In the meantime, as FSA we have continued to focus on the establishment of a Forestry Tribunal which can help expedite the settlement of claims once the funding

constraint has been overcome and also to expedite the de-Gazetting of invalid land claims. We are also examining what possibilities exist through the land reform programme to assist in trying to at least partially meet expectations of land claimants for access to basic human needs of settlement and other social and economic support.

## **Forest Protection**

While we have been much more fortunate over the last fire season to have sustained only a fraction of the damage from fire that we experienced in the previous two years, this has not only been because of the more favourable weather conditions.

The hard work of our members and others involved in the establishment and functioning of FPAs and our partnerships with Working on Fire and other agencies, have all helped us to prepare for and combat fire more effectively. I would like to extend our sincerest thanks to all involved in this often thankless and unpredictable, always dangerous and ever important risk to our Industry.

Much the same must be said of pests and disease management in the sector. In the case of Sirex, unlike in the case of fire, we saw a more rapid spread of this pest during 2009-2010 and the success that we have achieved in combating outbreaks as they occur, again has to be credited to growers, the support of DAFF, our Sirex co-ordinator Philip Croft, the Sirex Steering Committee and importantly to both FABI and the ICFR for the brilliant work which they do for our sector. Sirex is only one of several current and many potential threats in this field of pest and disease management. I should further like to thank the team at FABI and the University of Pretoria for their willingness to invest in the building of a new biological control facility at FABI which can upscale both the research and availability of bio-control agents which are the sustainable solution to dealing with pests and diseases. We would like to again assure them of our continued partnership with them in these areas and towards this the FSA EXCO has resolved to enter into formal MoUs with both these centres of excellence.

The development of a sector Integrated Forest Protection Strategy, which is being funded by the FAO through DAFF and being led by the ICFR, is another highlight. This will assist us in identifying the key issues and the institutional and resource requirements needed for addressing them.

## **Sector and Country Competitiveness**

It is in the nature of our business that there are always a host of threats to the

sector as mentioned just now under forest protection. A non-physical threat arose during 2009 in the form of State-administered pricing. The impacts of high rail-tariffs, efficiencies and infrastructure management, the costs of water, electricity, property rates and minimum wages, have all combined to reduce our country competitive advantage as a timber producing country. FSA has raised this concern several times with all the relevant Ministries and Departments as well as in the media and we note that there is at least now encouraging talk of performance agreements between Ministries. This suggests that a more co-ordinated and supportive policy and planning approach and response may be on the horizon.

We continue to engage with the State Owned Enterprises and Departments directly on these issues and have further raised them through partnerships with Business Unity SA and in the media. Fortunately ours is not the only sector affected by this seeming insensitivity or lack of co-ordination from State actors, so the proposed new Planning Commission and other initiatives such as the performance agreements spoken about early are to be greatly welcomed.

## **Afforestation**

I have said much about protection issues which threaten to shrink our existing plantation resources, but of at least equal importance, is the need to grow the resource, especially in the face of the massive shrinkage that has already occurred over the past decade.

At last year's AGM we had a very good presentation from Mr Stephen Keet of ASGISA-EC and it suggested that a breakthrough would be imminent on the issue of afforestation licensing. I have said many times that this sense of anticipation has been raised over many years in the past with little result and the real measure of success is in the actual planting of trees in the soil.

I am happy, however, for the first time in many years to report that we have made some progress this year. Some 5 000ha of licences were granted in 2009. This signals major progress in overcoming the licensing challenges relating to water reserve determinations and we also await the new environmental regulations which should further reduce the burden for growers wanting to plant trees. As I said, however, the number of licences issued is a good start but trees in the ground is the key indicator of success. In this regard the challenges around funding for EIAs and other mandatory requirements remain but in spite of the resource constraints in Government, we are pleased to report that the DTI, DAFF and IDC are all making pledges of support for this and even for the establishment costs of new plantings.

We are also pleased that we were able to shape the revised Industrial Policy Action Plan produced under the DTI. The continuation of forestry in the plan, with details of roles and responsibilities, signals Government's continued appreciation for the important socio-economic and environment contribution made by the Industry, often in the most impoverished parts of our country. With the Government's calls for green jobs, we are set, as a sector which relies much less on fossil fuels than many others, to help meet the broader undertakings of the country in the critical global issue of climate change.

We extend our grateful thanks to Dr Moshibudi Rampedi, DDG Forestry, Mr Blessing Mphela, Chief Land Claims Commissioner and Mr Nimrod Zalk, DDG Industrial Development as well as to all their officials for their support in helping further develop the constructive relationship that exists with the Industry and help us in addressing several of these challenges.

### **FSA Internal Affairs**

As mentioned, FSA had to make progress in these key areas, as well as in all the other areas detailed in the Annual Report, while ensuring that the budgets which they presented reflected the economic challenges being faced by our members. They have done so done so admirably.

They have furthermore sought creative ways to leverage additional resources in partnership with our sister Associations and Government, to achieve our objectives. Examples of this can be seen in the positive developments around afforestation, which have emerged from the regular engagement with our partners in Government and the development of the Wood Foundation initiative, which as we have heard from Gerard's address earlier, promises to be a cost-effective partnership through which we can elevate the positive profile of our Industry.

### **Conclusion**

I started this report mentioning the difficult economic conditions we experienced in the last year and these conditions are likely to be with us for some time to come. While I have noted many challenges in this report, it is pleasing to note that our small but effective team in FSA continue to meet these challenges head on and in innovative ways. I would like to thank them all on behalf of all our members. I would also like to thank the Executive Committee for the support given to me over this past challenging year. It has been an honour to have been able to serve you.

**Dinga Mncube**  
**Chairperson**