

Launch of the Amahlathi Emerging Entrepreneurs Forum
Speech by Ms BP Sonjica, Minister of Water Affairs and Forestry
Msunduzi Campus, FET College, Pietermaritzburg
21 April 2006

Honourable guests;
Officials;
Ladies and Gentlemen.

It is my pleasure to join the broader forestry community in Pietermaritzburg, as we celebrate the launch of Amahlathi Emerging Entrepreneurs Forum.

The formation of organizations such as Amahlathi are of historic significance in the forestry industry and sector as a whole since they arise from grass roots needs and represent the views of emerging forest entrepreneurs throughout the value chain, including growers, contractors, sawmillers and other processors.

Amahlathi is entering a unique sector, a sector that never fails to amaze me. Look at the statistics, they are impressive, 1,35 million hectares under plantations, contribution to our economy, R12,2 billion in 2003, employing more than 170 000 people and one would think, this is the sector from which all South Africans are benefiting. Look behind the statistics and past the first row of trees and a different picture emerges.

Firstly, the industry is well developed, meeting and exceeding even standards set by the developed countries. The Industry is based on solid scientific knowledge. All activities, whether silvicultural, transporting or pulping is performed with military precision. Intense focus is placed on the bottom line. In all these activities, people's needs are becoming less and less important. However, in my Department we are of the firm opinion that forests are managed for people and this is echoed in the Department of Water Affairs and Forestry's forestry vision statement.

In an attempt to accommodate people, companies have embarked on various projects under the banner of corporate social responsibilities. Some of these projects include grazing schemes, vegetable gardens, sewing classes to name just a few. Not many of these projects were successful as it was add-on to the business, it became a nuisance factor and our people were still marginalised and were excluded active participation in the main forestry business.

About 20 years ago, corporate small forestry schemes started. At face value, these projects were marketed under the empowerment banner, but also ensured access to land close to processing plants for the bigger companies.

These schemes grew slowly in the beginning, but as soon as the success of these schemes became apparent it grew exponentially. Today it is estimated that more than 18 000 growers partake in these schemes. It is estimated that another 20 000 growers are not affiliated to any out grower schemes. It should be noted that these schemes had a positive impact in the rural areas, both socially and economically. Today, these small growers account for almost 5% of total plantation area. Significant as this may sound; black people became the supplier of raw material to the processors, with no or little access to the value adding side of the forestry business.

As companies' margins were squeezed, companies outsourced their operations. Contracting was labelled as empowerment and seen to be developing the entrepreneur. Those who entered soon realised that conditions were tough. Power imbalances, short contracts, unsafe working conditions become the norm. Failure rates of the contractors were high. Sustainable contractors became an exception rather than a rule.

Social plans, small growers and contractors did not address the fundamental problem in the sector, namely that our people need to participate in the entire value chain. Unless issues such as ownership, management control, employment equity, skills development, procurement and

enterprise development are addressed as a total package, the sector will continue to do piecemeal interventions which will exclude the majority of South Africans in the forestry business.

What is required is a transformation of the sector if we want to see the sector grow and address the needs of all South Africans, especially those in the rural area including women, youth and the disabled. I have realised that I, as Minister of Water Affairs and Forestry cannot transform this sector on my own and that transformation can best be achieved if we work together with the industry and set specific targets and within time frames as collective. To this end I launched the Broad-Based Black Economic Empowerment (BBBEE) Charter during April last year. Negotiations between all role players are ongoing and we are consulting with various stakeholders on the Charter. The Charter will be finalised during this year and will have tangible targets and time frames.

The Charter will assist in the growth of the sector and will open doors to previously disadvantaged groups in terms of ownership, skill development, and preferential procurement and enterprise development. The Charter will ensure participation of previously disadvantaged groups in the entire forestry value chain, from seedling to finish product. The launch of the Amahlathi Emerging Entrepreneurs Forum is therefore happening at a time when the sector is preparing itself to provide opportunities to the previously disadvantaged groups, including women, youth and the disabled.

For this reason, we are happy to celebrate the emergence of forums like Amahlathi. It is these forums and other organizations like this that can play a meaningful role on the transformation of our economy through the Forestry BBBEE Charter and other programs of government.

Today's function is indicative of the fact that the emerging forestry industry can play a meaningful role in the transformation of the sector. A forum like Amahlathi which will give support to its members in terms of access to funds, providing technical and administrative support and bringing entrepreneurs from all the different facets of forestry together. If the support provided is successful by forums like this, the emerging sector will develop into internationally competitive companies in which all South Africans will benefit.

Lastly, I wish the newly formed Amahlathi Forum, well and hope that you will be a true representative of the needs, aspirations and concerns of the emerging forestry sector.

Thank you.