

Eastern Cape Summit on Forestry and Timber Processing
Speech by Mrs LB Hendricks, Minister of Water Affairs and Forestry
Mthatha Health Resource Centre, Mthatha, Eastern Cape
26 February 2007

Topic: Overview of developments in the Forestry Industry

Minister Mpahlwa
Honourable guests,
Ladies and Gentlemen,

Thank you for the opportunity to address you today at this important summit. I am always pleased to be speaking in the Eastern Cape as I consider this province my home.

When I look back at the many achievements of our democracy, at the millions who have received water and sanitation, at the many houses built, at the new schools and clinics, at the improvement in our economy, and the successes of our social welfare system; what I do not see standing out as a success is the number of new trees and forests planted. A great deal of work has been done in our forestry sector to improve yields, to restructure institutions, improve community access and to redefine government's role in the forestry sector – and those who have spent time and energy of these efforts are to be commended; however where we have fallen short - and there are many people in this room today who will agree with me - is that we have not significantly expanded our forestry sector.

In September last year I addressed an Arbor Week function at Qunu, and at that event I said that my Department was making a concerted effort to ensure the benefits of forests and trees were accessible to all our people; and I spoke about how the Eastern Cape Province has potential for at least 100 000 hectares (ha) of new plantation forestry. I also committed my department to working with the other stakeholders in this sector to develop these new forests over a 10 to 20 year period. These stakeholders include other National Government Departments, Provincial Government, Local Government, Traditional Leaders and Communities, and the Forestry Industry.

Today we are taking these commitments to the next level through our cooperation with the Department of Trade and Industry, and the Eastern Cape Provincial Government; and through our participation in this and other initiatives. What is important is for us to recognise how our different responsibilities in this sector can be brought together in an integrated way, so that we are able to make a meaningful impact in developing this sector. The misalignment of doing our own thing and developing in different directions will see resources being expended without achieving our goal of creating a better life for our people. Therefore when we talk of forests we need to look at the many downstream industries, as well as the upstream and support industries that surround this sector.

Ladies and Gentlemen, forestry plays a major part in the lives of South Africans - in both the first and second economy. From the rural areas where our forests are located, to the well developed, highly capital intensive and internationally recognised timber processing, and pulp and paper sector. This Sector employs close to 170 000 people and contributes more than R16 billion annually to the South African economy. Our job now, is to see how we can grow this sector and in particular expand the downstream opportunities that exist.

As I alluded to earlier the timber resource base (in terms of hectares) has remained static over the past 25 years. It has only been through constant yield improvements in the processing of the timber that the Forestry Sector was able to increase the harvest from 10 million cubic metres in early 1980s to over 22 million cubic metres last year. The demand for timber is expected to increase over the next year; however, unless we find new improvements in technology the yield gains will be marginal. There is clearly an urgent need to increase the forest base to ensure that the current processing plants can function optimally and new capacity added.

With little or no timber available from our neighbouring countries, South Africa needs to rely on our own timber resources; and if we are to send the right signals and encourage expansion of this sector, and therefore job creation, then commitments need to be made now as to the future availability of timber. New afforestation would contribute towards meeting the demand in both the domestic and export market for wood and timber products. In addition, the development of a raw material resource will attract greater processing capacity in the form of sawmills, board mills, chipping plants and treatment plants. Improved value adding

enhances the value of the timber and will lead to broader economic growth and it has been estimated that up to 4 500 jobs could be created through afforestation and a further 12 000 jobs in the downstream industries. As the options of importing timber resources are limited, failure to meaningfully expand our own forests will have a negative effect on this downstream industry and would ultimately result in increasing amounts of finished wood products being imported, rather than produced locally.

Programme director, our country is a leader in fast growing plantations and has exceptional growth rates, so the potential exists for us expand forestry in several areas - notably in the Eastern Cape and KwaZulu Natal. This expertise resulted from the need to introduce species from various parts of the world into our country in order to meet timber needs, initially for the mining sector and later for domestic use. Future expansion will, therefore, be based on these introduced species as our indigenous timber species will not be able to produce the required volumes technically geared to process indigenous timber. However, we cannot only look at alien species for our plantations and we must include indigenous forests into this mix.

It is however the use of these alien species that has been one of the main stumbling blocks in afforestation, which I will discuss shortly. The other main delay with afforestation has been the cumbersome processing of licences. DWAF has been working at improving its own internal processes so that licence applications, which include water licences, will be done faster and with greater use of technology. Because the processing of licenses involves three government departments, each having to satisfy its respective legislative mandate, much work and effort has been directed towards improved systems and co-operative government, which includes training, alignment of processes, information sharing and co-operative decision-making. As a result of our efforts so far, the period for processing of license applications in the Eastern Cape has been shortened from an average of 20 months to 11 months, but even this period for the processing of licenses is still too long. My Department will intensify its efforts in the coming months to ensure that the period is further reduced.

Alien species are known to consume more water than indigenous trees, are a greater fire risk, and if these aliens are invasive then we run the risk of the forests spreading beyond the plantations and potentially causing damage to the environment. Through our Working for Water programme we are very aware of the impact of invasive alien species. There are however numerous ways to mitigate the damage of using aliens in the forestry sector so that the benefits of using them far outweigh the costs. The challenge remains for us to convince our partners in government of the benefits of large scale afforestation, as some of them are included in the approval process and are of the view that: "each tree not planted, is a victory for the environment".

There are also environmental agencies that do not support our afforestation initiatives due to the concerns around preserving grasslands and promoting biodiversity. In any process that will have a major impact on the environment we need to listen to these alternative viewpoints; however we need to weigh up these views with the significant benefits for poor people in our rural areas of large scale afforestation and the resulting downstream industry development. What is critical is that we do not make the position of rural people worse through our interventions or lack of intervention, and that new afforestation is done responsibly with due care given to the environment. I am prepared to intervene and meet with those who are objecting to our afforestation programme so that we can reach a resolution on this issue.

Ladies and Gentlemen, in making a commitment to addressing the stumbling blocks so that we can expand the number of forests planted and timber grown; I want to make it very clear to all in this industry that alongside this expansion there must be transformation of the forestry sector - so that there is meaningful participation by all South Africans in the forestry value chain.

Industry players have been negotiating a Broad-Based Black Economic Empowerment Charter for the Forestry Sector, and in the near future we will be holding an indaba to launch the charter for public comment; after which it will go through a process of being updated, finalised, approved, and gazetted. The implementation of this charter should bring benefits for communities through changes in the racial and gender composition of ownership, management and control structures of existing and new forest enterprises. Importantly for what we are discussing here today this charter should facilitate greater support by the forestry companies for enterprise development in downstream industries; and I have been informed that under the Charter a fund is being proposed to assist in financing processing activities as well as new afforestation.

Ladies and gentlemen, there are other initiatives that my Department is involved in that are aimed at empowering communities, one of which is the transfer of the management of State-owned assets to

communities. However, these plantations are in a bad condition due to years of poor management, mainly brought about by the lack of technical forestry skills. To this end my Department will embark on a three year turn-around strategy, which will place these plantation on the same footing as those managed by private companies and over the rotation will lead to an additional 1 400 jobs being created and R150 million added to the local economy.

Before concluding I would like to address an issue that is long outstanding and might be of concern to some of the community representatives present today. More than six years ago when the State plantations were transferred to private companies, Government made an undertaking to pay the leased rental to land owning communities. As the land claim issues still remain unresolved no payments have been made. The money from the rental is being kept in an interest bearing account while we wait for Regional Land Claims Commissions in the Eastern Cape and KwaZulu-Natal to finalize the process of identifying land claim beneficiaries. Once this process has been complete we will be able to disburse the funds. My Department is working with the Department of Land Affairs and we are exploring ways to speed up the process.

To conclude, ladies and gentlemen, in the Mail & Guardian newspaper (23 February) there was an article on the Kenyan environmental activist and Nobel Peace Prize winner, Wangari Maathai. The article talks about how she has made it her life's work to plant trees in Kenya and reverse the damage caused - first by the colonial government and then by the post colonial government, and their policies of plundering the rural areas of trees. Her efforts to work with rural women and plant an estimated 30 million trees in Kenya, as well as protect indigenous forests have been recognised internationally.

There is a great deal that we in South Africa can learn from this inspirational person; and what is clear to me is that forestry and the associated industry is vital for the rural economy and in contributing towards sustainable livelihoods in rural communities - a goal that we should all be working towards.

I thank you.