

Signing of the Forest Sector Charter
Speech by Mrs LB Hendricks, Minister of Water Affairs and Forestry
Cape Town, Western Cape
22 May 2008

Ladies and Gentlemen,
Honoured Guests

It is with great pleasure that I welcome you to this ceremony of the signing of the Forest Sector Charter. Today's signing is an important milestone for the forestry sector and is the culmination of more than two years of work by the Steering Committee and its working groups. This process has been extensive and has involved numerous public consultation meetings throughout the country. The last set of public consultation meetings followed the launch of the draft Charter at the Forest Sector Broad-Based BEE Indaba that was held on 25 June 2007. I am informed that the inputs and comments received from stakeholders during and after this launch were considered by the Steering Committee and this has led to the production of the final Charter that will be signed today.

We have here today leaders from industry, labour, government and other public sector institutions that have been designated by the different interest groups that they represent to sign the Charter. I thank you for taking on this responsibility as well as for your participation in the process of thrashing out the targets and undertakings embodied in the Charter. This process has involved a lot of hard work and bargaining between parties with the aim of reaching agreement on how transformation should be tackled in the sector; and it is important that now that agreement has been reached, we implement the charter with similar passion. The shared vision presented in the Charter is that of:

- An inclusive and equitable Forest Sector in which black women and men fully participate.
- A Forest Sector that is characterised by sustainable use of resources, sustainable growth, international competitiveness and profitability for all its participants.
- A Forest Sector that contributes meaningfully to poverty eradication, job creation, rural development and economic value-adding activities in the country.

Programme Director, Black Economic Empowerment has come a long way since the initial flurry of activity in the mid 1990's that focused on just ownership. Today we can be very proud of having achieved a comprehensive and broad-based charter that covers the many aspects of empowerment covering ownership, management, employment equity, skills development, preferential procurement, socio-economic development and enterprise development.

By signing this charter, the forestry sector forms part of a broader transformation process that is taking place across the country that is seeing more and more black people brought into the mainstream of the economy and contributing to the overall economic growth of the country. With forestry being such an important player in the rural economy of South Africa, if we are successful in our implementation of the charter then we will be contributing to improving the lives of some of the most disenfranchised communities in our country. Many of these communities fall under what the Deputy President describes as the second economy and they would through properly implemented and meaningful Broad-Based BEE be able to move into the mainstream economy.

Forestry is a global sector and it is not inconceivable that poor rural communities form part of and gain access to this global economy through our charter. In the sphere of international development there has over the past few years been a shift away from countries being dependent recipients of aid to looking at how they can develop and grow to become strong viable economies through improved trade relations. Such an approach is equally applicable to the poor rural communities here in South Africa.

Like what we have seen taking place in other sectors of our economy with our high levels of economic growth being driven over the past few years by increased black participation; we need to experience similar growth in our rural areas and see these communities taking their rightful place in the economy. I see forestry and this broad-based charter making an important contribution to this process and will compliment other anti-poverty and rural development initiatives of government.

Sustained rural development requires a successful land reform process and I have on previous occasions, including at the launch of the Charter last year, said that it is priority to resolve the outstanding land reform issues. I would also like to say at this point that we need to understand that land reform and the Broad-Based Forestry BEE charter are two separate processes, and must be treated as such so that the one process does not delay the implementation of the other. I also have no doubt that successful and speedy land reform will empower communities who, once they have received their land back, will be able to participate as broad-based partners to BEE ventures undertaken through the charter. It is also important to bear in mind that even though we are seeing a global economic slowdown - the commodity markets, including forestry products, remain robust; and it is therefore important that the beneficiaries of land reform are able to share in this growth.

Ladies and Gentlemen, the concept of a Charter is based on the understanding that government, industry and labour need to work in partnership to address the transformation challenge facing the sector. The Charter sets out the commitment of these parties to achieve this transformation and the principles are detailed in 5 and 10-year transformation targets for all forest sector enterprises that qualify under the Codes of Good Practice. At the same time the Charter contains undertakings by government, industry and labour to create a favourable climate for Broad-Based BEE in the sector. In this regard all parties to the Charter agreed on the principle that sector transformation and sector growth needs to go hand-in-hand to be meaningfully sustainable and to the benefit of all in the sector. Therefore the undertakings listed in the Charter are aimed at supporting both transformation and growth in the sector.

The signing today will place a seal the commits to make the targets and undertakings a reality within the timeframes outlined in the Charter. Implementation of the Charter will require financial and non-financial investment by all sector stakeholders to secure the desired outcome - but it is firmly my view that this investment will yield returns.

The Charter contains a number of innovations over the DTI's generic scorecard. It provides for Industry Codes of Conduct to regulate contracting and employment practices that will ensure that the ordinary workers and small contractors truly benefit from transformation in the industry. The scorecard in the Charter provides additional incentives for higher ownership targets, with particular emphasis on targets for broad based groups, including women, workers, youth, disabled and the rural poor.

Programme Director, while the Charter is a milestone and presents an important contract or agreement between parties, it is the implementation of these commitments and undertakings outlined in the Charter that will now require our attention. I am very pleased therefore that the first meeting of the Charter Council will be take place immediately after this signing so that they set to work on achieving the goal of transforming the structure and composition of a R15,6 billion-turnover industry that employs more than 170 000 people. The Council members are present today and I request that that stand up. We have as far as possible tried to ensure that the Charter Council is representative of the different interests and subsectors of the forestry industry.

The Charter is an agreement between parties and is not owned by any one organisation, all signatories are therefore co-owners of the Charter and share responsibility for its implementation. We all have a role to play in ensuring that the transformation of the sector is implemented and is broad-based. I request that we keep the doors of communication open between government and industry on any matters that promote or inhibit the implementation of the Charter. It is important that we live-out the spirit of partnership as embodied in the Charter.

The start of the Councils work also effectively means the end of the Charter Steering Committee's work. They have done a splendid job and have finished their work by presenting today this Charter for signing. I want to thank the members of the Charter Steering Committee under the able chair of Gugu Moloi and its various Sub-sector Working Groups led by Moses Qomoyi, Mike Edwards, John Hunt, Thami Zimu, and Angus Currie. I also recognise all the others that have contributed with their inputs and active participation in the process – thank you. A special word of thanks goes to Themba Simelane and the Charter Secretariat for their support in organising meetings, and for preparing presentations and documentation. Mike I heard that you are retiring as Executive Director of Forestry South Africa, I wish you all the best for the future and thank you for the many contributions that you have made to the industry. Congratulations to Michael Peters who takes over as the new Executive Director. Michael has been with DWAF for many years and has made a valuable contribution to the work of the department. I also give my congratulations to Viv McMenemy who has recently taken over as Chairperson of Forestry South Africa.

In conclusion, following today's signing we will be taking the Charter to the Minister of Trade and Industry to have it confirmed as a Broad-Based BEE Charter under the Act and published in the government gazette as a sector code. My department has started this process and the Charter Council will have as one of its first tasks to continue with this process.

I thank you all joining us in this ceremony and being witnesses to the signing of the Charter.