

Minutes of the Steering Committee

Date: 14 November 2007

Time: 08h00 – 14h00

Venue: Southern Sun, O. R. Tambo International Airport

<u>Present:</u>	Ms Gugu Molo	- Chairperson
	Mr Dinga Mncube	- Member
	Mr John Hunt	- Member
	Mr. John Barton	- Member
	Mr Jaap Steenkamp	- Member
	Mr Sakhiwo Zako	- Member
	Ms Mary-Anne Mngomezulu	- Member
	Mr Mike Edwards	- Member
	Mr Aubrey Nsuntsha	- Member
	Mr. Angus Currie	- Member
	Mr Meshack Mathye	- Observer
	Mr Matome Kgowedi	- Observer
	Mr Vusi Dladla	- Observer (representing Mr. Peter Keyworth)
	Mr Leslie Mudimeli	- Observer (representing Mr. Kobus Breed)
	Mr. Makhosini Nyathi	- Observer

<u>Secretariat:</u>	Dr Themba Simelane	- Head of Secretariat
	Mr Erik Buiten	- Technical Advisor
	Ms Pumeza Tunzi	- Secretariat
	Ms Nomathemba Mlangeni	- Secretariat
	Ms Thabiso Tladi	- Secretariat

<u>Apologies:</u>	Ms Thamsanqa Zimu	- Member
	Mr Rico Hamman	- Member
	Dr Moenieba Isaacs	- Member
	Ms Tshepo Khumbane	- Member
	Mr Moses Qomoyi	- Member
	Mr Themba Siyolo	- Member
	Mr Bailey Bekker	- Member
	Mr Peter Keyworth	- Member
	Dr Moshibudi Ramphedi	- Member
	Mr. Welile Noling	- Member
	Ms Queen Filani	- Observer
	Mr Kobus Breed	- Member
	Mr Tozi Gwanya	- Member

Absent without apology:

	Ms Patricia Mbethe-Mnisi	- Member
	Mr. Daniel Netsianda	- Member

Item	Matters for discussion and approval	Action
1. 1.1	<p><u>Opening and Welcome</u></p> <p>The Chairperson, Ms Gugu Moloi, welcomed all present and formally opened the meeting.</p>	Noted
2. 2.1 2.2	<p><u>Apologies</u></p> <p>The Chairperson informed the meeting that Kobus Breed and Peter Keyworth who were unable to attend the meeting have sent representatives on their behalf.</p> <p>Apologies were noted as above.</p>	Noted
3.	<p><u>Adoption of the Agenda</u></p> <p>The agenda was adopted as tabled</p>	Noted
4	<p><u>Minutes of the Previous meeting</u></p> <p>The minutes were approved and adopted after the following corrections were made:</p> <ul style="list-style-type: none"> ▪ Page 2 no. 4 to read as “<i>Mr Tozi Gwanya</i>” ▪ Page 4 item 5.1.1.1.2 to read as “<i>They further proposed that DTI be requested to respond to the Charter proposal.</i>” ▪ Page 9 item 5.4.3 to read as “<i>It was suggested that the minutes of the previous meeting be looked at...</i>” 	Noted
4. 4.1	<p><u>Matters Arising from previous meeting</u></p> <p>The Chairperson informed the meeting that the DTI would join the meeting later that morning. She then suggested that those matters that need to be addressed by the DTI be dealt with later – refer to par. 6.3 below. She requested the Secretariat to respond to the other matters as listed on the document titled “List of actions from minutes of the Charter Steering Committee meeting held on 8 March 2007” (Annexure A) which was circulated to members at the beginning of the meeting.</p>	Noted

Item	Matters for discussion and approval	Action
4.2	<p><u>Item 5.1.4:</u> Ms. Tunzi reported that the Secretariat had not received any further written response from the Land Claims Commission on whether land transferred under restitution will receive ownership recognition in the scorecard. Mr. Edwards pointed out that the interpretation given in the Charter to this matter is crucial for the industry. Lack of clarity on this matter might hamper the signing of the Charter document. Mr. Zako made the comment that this matter was not specific to the forest sector and that having no response from the Lands Claim Commission should not have any impact on the signing of the Charter. Mr. Edwards pointed out that there was also confusion amongst officials with regard to the interpretation of this matter.</p> <p>Mr Barton proposed the inclusion of a statement in par. 8.1 of the Charter that “Included in the 30% (ownership target) is all land that is released through the land restitution process, but will not include any land that will change ownership through government expropriation”. The meeting did not agree to this.</p> <p>The meeting decided that Mr Edwards would forward a written concern about this issue for the Secretariat’s use to secure a written response from the Commission. The Secretariat was tasked to forward the response to the members as soon as it is available.</p>	<p>Noted</p> <p>Noted</p> <p>Agreed Mr Edwards & Secretariat</p>
4.3	<p><u>Item 5.3.6.6:</u> Ms. Tunzi informed the meeting that the document, which is a forestry development protocol for the Eastern Cape, was received from Ms. Filani and has been included in the documentation circulated to members at the beginning of the meeting. The Chairperson enquired about the status of the document. Ms. Tunzi responded by saying that the document is still a draft as it has not been signed off by the parties listed in the document. Mr Mike Edwards reported that he attended the Eastern Cape Licensing Advisory meeting where the document was discussed and critiqued. He pointed out that the guidelines presented in the document are not consistent with the Charter undertakings and that this needs to be rectified.</p> <p>Mr Nsuntsha suggested that the DWAF National Office assists in ensuring that the proposed protocol is consistent with the Charter. The meeting agreed that DWAF would ensure that the document is aligned to the Charter.</p>	<p>Noted</p> <p>DWAF</p>
4.4	<p><u>Item 8.7:</u> Ms. Tunzi reported that DWAF and the DLA have not met as yet to discuss the drafting of the guidelines on how land reform beneficiaries can benefit from the Charter. The meeting agreed that this will be a time</p>	<p>Noted</p>

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4.5	<p>consuming task and that the matter should be referred to the Charter Council for follow-up.</p> <p><u>Item 11.3:</u> Ms. Tunzi reported that translation of the Charter document will be done once the document has been finalised.</p>	<p>Charter Council</p> <p>Agreed</p>
<p>5</p> <p>5.1</p> <p>5.2</p> <p>5.2.1</p> <p>5.2.1.2</p> <p>5.2.1.3</p>	<p><u>Matters for discussion</u></p> <p>Outcomes of the public consultation process</p> <p>The Chairperson mentioned that the document titled “Summary of the results of the stakeholder consultation process on the draft Forest Sector Charter” (Annexure 1) was sent to members prior to the meeting. The meeting noted the contents of the document.</p> <p>Response to comments received on the Charter document during the stakeholder consultations</p> <p>The Chairperson led the discussion by requesting members to provide comment on the 9 items listed on the document titled “Discussion document on comments received on Forest Sector Charter” (Annexure 2).</p> <p><u>The inclusion of furniture industry in the Forest Sector Charter</u></p> <p>The pros and cons of including the furniture industry in the Charter and the need to further consult with the industry before this could be done was extensively debated. Mr. Hunt suggested that this matter should be referred to the Charter Council to pursue the possible inclusion of the furniture industry. Mr. Kgowedi and Mathye supported the inclusion of the furniture especially with the furniture hub that is planned for the Eastern Cape. Mr. Mathye informed the meeting that the Furniture Action Group no longer exists but the DTI would be willing to assist the Charter Council in investigating whether furniture should be included in this Charter or not.</p> <p>It was agreed that this matter would be referred to the Charter Council.</p>	<p>Noted</p> <p>Noted</p> <p>Charter Council</p>
<p>5.2.2</p> <p>5.2.2.1</p>	<p><u>The lowering of the threshold for exempted micro enterprises.</u></p> <p>Mr. Edwards informed the members that the AgriBEE Steering Committee has conducted research on the threshold and they have decided to continue with the present threshold subject to further investigation. He further said that if the threshold for Agriculture and Forestry is not the same, it will pose problems for farmers who are operating in both these sectors.</p>	<p>Noted</p>

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5.2.2.2	Mr. Barton (supported by Mr. Currie) pointed out the need to quantify the impact of lowering the threshold as it is believed that such a step would add greatly to the administrative burden for the small businesses.	Noted
5.2.2.2	Dr. Simelane pointed out the lowering of the threshold depends on what one wants to achieve. Earlier in the Charter process the Steering Committee agreed that a turnover threshold of R 1.5m for exempted micro enterprises and R10m for qualifying small enterprises would be appropriate for the Sector. He further pointed out that the DTI Codes provide for sector charters to set their own thresholds and suggested that the Steering Committee should do so. He questioned the members whether the current threshold would really transform the sector and pointed out that Government would like to see as many businesses as possible participating in the scorecard to ensure transformation.	Noted
5.2.2.3	Mr. Dladla noted that, in the calculations presented in the discussion document on the impact of different thresholds, the issue of the distance between the timber source and the market has not been taken into consideration.	Noted
5.2.2.3	Mr. Mncube made the point that if the Steering Committee is to make an informed decision to deviate from the threshold norm, facts need to be presented on how many businesses would be affected by the change to the threshold. He also pointed out that the complaints against the DTI published thresholds affect all sectors and not only the forestry sector. Since this matter affects all the sectors it is incumbent upon the DTI to review this matter and not the Steering Committee.	Noted
5.2.2.4	Mr. Steenkamp noted that forestry contracting businesses with an annual turnover of R5m or less are hardly able to survive and that a lower threshold for this sub-sector would not be appropriate.	Noted
5.2.2.5	The meeting agreed to maintain the thresholds as proposed in the draft Charter and to request the Charter Council to investigate and review the matter.	Agreed Charter Council
5.2.3	<p><u>The role of Forest Sector Charter in the supply of medicinal plants.</u></p> <p>The meeting agreed with the proposals presented in the discussion document – par. 3 of Annexure 2.</p>	Agreed Secretariat
5.2.4	<p><u>Establishment of provincial offices for the Charter Council.</u></p> <p>The meeting did not support the establishment of provincial offices for the Charter Council. It was agreed that the Council would remain a national structure, but that it should be requested to work with existing local and</p>	Agreed Charter Council

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	provincial structures (such as DWAF forestry offices) to ensure that correct information is disseminated to stakeholders.	
5.2.5	<p><u>Capacity Building and skills development</u></p> <p>Members agreed that there is a need to strengthen the training institutions and to ensure that these are accessible in all forestry provinces. However the proliferation of training institutions must be avoided. Mr Steenkamp pointed out that many people are not aware of the training opportunities available in the various provinces. The meeting agreed that Mr. Steenkamp would assist in reformulating the inputs required for this in the Charter Companion document.</p>	Agreed Jaap Steenkamp
5.2.6	<p><u>Role of SAFCOL</u></p> <p>The Secretariat requested the DPE to update the undertaking with regard to SAFCOL in the Charter, but no response had been received as yet. The Chairperson pointed out that it has already been decided that SAFCOL will be disbanded and that there is no need to retain the reference to SAFCOL in the Charter. The meeting agreed that the paragraph in the Charter document be deleted.</p>	Noted Agreed
5.2.7	<p><u>Forestry enterprise development</u></p> <p>The following changes were made to the Charter text based on the discussions related to this item:</p> <p><i>“Implement after consultation with Treasury, the establishment of a Forest Enterprise Development Fund that provides for a Forestry Grant aimed at increasing the tempo of forest enterprise development, particularly given the long timeframes involved in growing trees; and.....”</i></p>	Agreed
5.2.8	<p><u>Sector growth strategy and action plan</u></p> <p>Dr. Simelane proposed a rephrasing of the undertaking since DWAF is the lead Department in reporting on this matter. The members agreed with the change proposed to the Charter document, which is in line with the wording in the Industrial Policy Action Plan.</p> <p>The paragraph would read:</p> <p>“Government, through the DTI and DWAF, undertake to finalise and implement the sector growth strategy and action plan for the forestry, pulp and paper and furniture industries”.</p>	Agreed
5.2.9	<u>Framework for the settlement of land claims</u>	

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	The meeting agreed with proposal to refer to a “ <i>framework</i> ” rather than a “ <i>strategy</i> ” for the settlement of land claims.	Agreed
<p>5.3</p> <p>5.3.1</p> <p>5.3.2</p> <p>5.3.3</p> <p>5.3.4</p>	<p>Finalisation of the Charter document</p> <p><u>Par 5.3:</u> Mr. Buiten informed the meeting that comment was received that the Charter should present a more positive link between BEE and Growth than is currently reflected in par. 5.3 of the draft Charter. The meeting agreed to change the text as follows:</p> <p>“The scope and sustainability of B-BBEE will depend in large measure on growth in the sector <i>and visa versa</i>. Being exposed to global markets, the sector needs to maintain its competitiveness and profitability to secure long-term sustainable growth. <i>Growth linked transformation needs to provide for the expansion of the country’s limited plantation resource, increased productivity, value-adding and SMME development in making B-BBEE work for the poor</i>”.</p> <p><u>Par 11.2.1</u> The meeting agreed with the changes proposed by FIETA and the emphasis placed on “<i>Empower beneficiaries of the land reform process to sustainably develop and manage forest enterprises.</i>”</p> <p>The meeting also agreed to change the 3rd bullet in (a) to read as follows:</p> <p>“Promote skills development opportunities for youth, <i>women</i> and new entrants in the Forest Sector”.</p> <p><u>Par 13.1:</u> Aubrey Nsuntsha requested that greater emphasis be placed on SMME’s as the vehicle for growth in the forest sector. The meeting agreed on the inclusion of the following in this paragraph:</p> <p>“The development of sustainable black and black women owned enterprises is critical in promoting equity with growth in the sector. <i>The important role of SMME development in underpinning economic growth and ensuring that black economic empowerment is broad-based, will be emphasised in this regard</i>”.</p> <p><u>Par 13.2.2.</u> The meeting took the view that par. 13.2.2 (b) should not be prescriptive in terms of the delivery model for enterprise development support. The meeting agreed that the paragraph be changed as follows:</p> <p>“<i>Provide forest enterprise development support services to small, micro and medium enterprises throughout the</i></p>	<p>Noted</p> <p>Agreed</p> <p>Agreed</p> <p>Agreed</p> <p>Noted</p> <p>Agreed</p> <p>Agreed</p>

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5.3.5	<p><i>forestry value chain</i>".</p> <p><i>Par 15.1:</i> DWAF requested that it be made clear that support to emerging enterprises also covers non-timber forest products (includes support to the medicinal plant industry). The meeting agreed that the following changes be made to par. 15.1 :</p> <p>(a) "... beneficiation in the forestry value chain, <i>including non-timber forest products</i>.</p> <p>(b) To improve the living conditions and livelihood opportunities for the rural poor, including Forest Sector workers and their families, in forestry areas.</p> <p><i>The Charter Council will develop guidelines for the implementation of these targets</i>".</p>	<p>Noted</p> <p>Agreed</p>
5.4 5.4.1 5.4.2 5.4.3	<p>Process for securing signatories</p> <p>The Chairperson suggested that a media briefing with the Minister be considered for the signing "event". This suggestion was accepted by the members and the Secretariat was tasked to ensure that all the relevant people have signed the Charter and then arrange for the media briefing.</p> <p>The following additions to the list of signatories were presented at the meeting: TWK, SANPARKS, Sawmilling South Africa and SAUPA (South African Utility Pole Associations). The meeting agreed that the "non-affiliated stakeholder groups" should either be named or removed from the list. Members were requested to advise the Secretariat of any other names that should be included as signatories.</p> <p>The meeting requested the Secretariat to check with Sawmilling South Africa whether they will sign on behalf of all the sawmilling companies listed or whether individual companies should also still sign the Charter.</p>	<p>Agreed Secretariat</p> <p>Agreed Committee members & Secretariat</p> <p>Agreed Secretariat</p>
5.5 5.5.1 5.5.2	<p>Process for finalising the appointment of the Charter Council</p> <p>Ms. Tunzi reported that, following the previous meeting of the Steering Committee, the Secretariat wrote letters to stakeholders listed in the Charter Council document asking them to present their nominations. The nominations received have been submitted to the Minister for consideration and appointment.</p> <p>The following problems were highlighted in the industry nominations</p> <ul style="list-style-type: none"> ▪ Three nominations, instead of one, have been received for the sawmilling sub-sector (i.e. Ms. 	<p>Noted</p> <p>Noted</p>

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5.5.3	<p>Makongolo, Mr. Motlana and Mr. Qomoyi) and</p> <ul style="list-style-type: none"> ▪ The Charcoal representative was not included in the industry list of nominees. <p>The Steering Committee was requested to provide guidance on how to deal with the above. The Committee agreed that the Charcoal representative must be included in the list. Regarding the sawmilling nominations, Mr. Mudimeli informed the meeting that Mr. Motlana has since withdrawn his name. Mr. Edwards suggested that since the sawmillers have a newly formed organisation, it must be approached to submit one nomination.</p>	Agreed/ Secretariat
5.5.4	<p>The Chairperson noted that the industry nominations do not show sufficient commitment to transformation in that only one woman was nominated by the industry to serve on the Council.</p>	Noted
5.5.5	<p>Mr Mncube pointed out the dilemma faced by industry in that there are very few women in senior positions and the industry was asked to nominate candidates that occupy senior positions.</p>	Noted
5.5.6	<p>It was agreed that since the nominations have been submitted to the Minister, she will have to make a decision and if she raises concerns with the industry nominations, the industry will need to consider that.</p>	Agreed
5.5.6	<p>Mr. Barton suggested that the Minister considers the appointment of a representative from the financial services sector on the Charter Council, for example the IDC. He indicated that such a representative could add great value in facilitating the implementation of the Charter.</p>	Noted
5.6	<p>Process for finalising the Charter</p> <p>The Chairperson outlined the process to be followed for the finalisation of the Charter document, namely:</p>	
5.6.1	<ul style="list-style-type: none"> ▪ The Secretariat will amend the Charter document as per discussion and circulate it to members together with minutes of the meeting to members by the 21st of November 2007. The Secretariat must ensure that the document is sent to all the organisations and companies that have been identified as signatories to the Charter. 	Secretariat
5.6.2	<ul style="list-style-type: none"> ▪ She requested members to provide comment within two weeks (5 December 2007). 	Members
5.6.3	<ul style="list-style-type: none"> ▪ The Secretariat will revise the Companion document and also circulate it to members for their final comments. 	Secretariat/ Members
5.6.4	<ul style="list-style-type: none"> ▪ The Secretariat will then ensure that the Charter is subjected to analysis by an Independent Third Party and that it is signed stakeholders. 	Secretariat

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5.6.5	<ul style="list-style-type: none"> ▪ The document will then be submitted to Minister and Cabinet and gazetted under Sections 12 and 9 of the B-BBEE Act. 	Secretariat
<p>6.</p> <p>6.1</p> <p>6.1.1</p> <p>6.1.2</p>	<p><u>Any other business</u></p> <p>Licensing process</p> <p>Mr. Barton pointed out that that target dates for implementation of the Charter undertakings are set as timeframes after the signing of the Charter. The fact that there have been delays in finalising the Charter means that deadlines agreed to are in fact being extended. This is a matter of concern for those undertakings necessary to expedite the afforestation authorisation process, which was set as one year after the signing of the Charter. He asked that this date be pinned down to January 2008. Mr. Edwards added that licensing is the single biggest concern of the industry.</p> <p>In debating the matter it was agreed that it would more effective to pursue the matter directly with the Minister rather than changing the timeframes in the Charter. It was agreed that a letter be sent the Minister raising industry's concerns in this regard and that Mr. Barton would assist in preparing the letter.</p>	<p>Noted</p> <p>Agreed</p> <p>Mr. Barton</p>
6.2	<p>Press Statement</p> <p>The meeting agreed that since this is the last meeting of the Committee and the Charter text has been agreed to by all, it would be proper to prepare a press statement to inform the stakeholders that the Charter has been finalised. Mr. Nyathi was tasked to provide assistance to the Committee to prepare the statement.</p>	<p>Agreed</p> <p>Mr. Nyathi</p>
<p>6.3</p> <p>6.3.1</p> <p>6.3.2</p>	<p>Response from the DTI</p> <p>The Chairperson informed the meeting that the DTI had contacted the Secretariat to submit their apology for not being able to attend the meeting as promised due to an earlier commitment that morning which continued longer than anticipated.</p> <p>The meeting agreed that the DTI should be requested to respond to the matters arising from the previous meeting in writing (refer to par. 4.1 above). The Secretariat will circulate their response to Steering Committee members.</p>	<p>Noted</p> <p>Agreed/ DTI & Secretariat</p>
8.	<p>Closure</p> <p>The Chairperson thanked everyone present and stated that the Charter has been concluded it is now up to the government to take it forward. She then declared the meeting formally closed.</p>	Noted