

BBBEE CHARTER PROGRESS REPORT

April 2006

Despite working on tight timeframes, the Forestry BBBEE Charter has made quite significant progress thus far. The Second Draft Charter Scorecard has been developed and is currently being reviewed. The Steering Committee has established the finance, skills development and the government's commitment task teams whose mandates are to consolidate different working instruments and come up with proposals to the Steering Committee. The secretariat has also managed to secure DLA and Labour (trade union) representatives into the Steering Committee and these have also been instrumental in the working group meetings. The five working groups have met twice this year to finalise their scorecard and identify initiatives under the residual element.

Task Teams

The Finance task team met on the 23rd of February and will be meeting again on the 20th of April to finalise their input on the financial instruments to the Steering Committee on the 25th of April. The Industrial Development Corporation (IDC) which has set aside R100million for forestry-related transactions is also part of this task team. The challenge that the task team is faced with is the establishment and funding of the Forest Enterprise Development Agency (FEDA) i.e., the type of facility required and funding arrangements within the sector.

The Skills Development task team has met three times in 2006 and has made inroads in identifying different skills development programmes within the sub-sectors. They have come up with a proposal on the instruments to be tabled at the next Steering Committee meeting. The challenges facing the task team was the focus on learnerships by the Charter targets and not on other skills programme such as internships, short courses, and apprenticeships which could have a greater impact on enhancing management control and employment equity targets.

The Government Task Team with assistance from the Secretariat is busy with consultations with different government Departments that have an impact on the Charter. Agreements have been reached with the Department of Land Affairs on the Land Reform process involving forestry land. The DWAF has also developed and agreed on the water licensing issues for afforestation. Other negotiations with the Departments of Trade and Industry, Public Enterprise and Public Works are being pursued to seek government support on Government undertakings to the Charter.

Working Groups

All the working groups have managed to finalise their scorecards except for the Fibre Working Group. The ownership element was much contested in this sub-sector with industry arguing for a 15% weighting (down from the DTI's generic of 20%) and 15% target (down from the DTI's generic of 25%+1). The sub-sector cited the high capital intensiveness of the sector. However, after vigorous debate on this, the industry agreed to up the 15% target to 25%+1. The Fibre working group chairperson still has to meet with other industry players to agree on the weightings, resolve the employment equity figures which have been revised upwards in the DTI's current Code of Good Practice and to also come up with a list of relevant enterprise development initiatives that the sector would want to support/develop. In addition to that, the working group has to

provide a list of corporate social investment and industry specific initiatives under the residual element.

The Growers working group held its meeting on the 3rd of April to finalise the scorecard. They have also come up with social investment and industry specific initiatives which they will table at the next Steering Committee meeting. The challenge facing the working group (and the sector) is the classification of Forestry under Agriculture within the Code of Good Practice. The working group has requested that they present a proposal to the DTI for a separate classification. The working group members have argued against the tight timeframes for completing the Charter and the date of the launch of the Charter. The Charter, they argue is a very significant agreement that all industries will eventually have to comply with and should also implement. As such, if the process is hurried with no regard of the technical issues (funding and skills) and peculiarities of the sector, then the process could undermine the transformation of the sector.

Challenges facing the working groups revolve around the DTI changing its Code of Practice as the working groups had to revise their scorecards according to the latest (December) DTI Codes. In addition to that, previously there was no scorecard on Qualifying Small Enterprises (QSE) and working groups had incorporated these into the 'bigger' scorecard. This means that the working groups have to consider including this scorecard into the Charter as many enterprises in the forestry and charcoal sub-sectors fall under this scorecard (something which has not been well interrogated and integrated)

Poor participation in the sawmilling, pole and charcoal working groups prompted the secretariat to undertake further regional consultation meetings in Limpopo, Mpumalanga, Southern Cape and KwaZulu Natal between the 7th and 14th of March 2006. These were well attended and the issues raised have been captured into the Second draft Charter document.

The secretariat is expected to come up with an updated 'Final Charter' document by the 20th of April 2006 with all the inputs from the task teams and working groups. The Steering Committee is to review the draft document on the 25th of April 2006.