

Issues and
Opportunities for
Small scale
Sawmilling in
South Africa
An Eastern Cape
case study

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About this report: This report is one of a series prepared as part of a collaborative research project on instruments for sustainable private sector forestry in South Africa. The reports in this series are listed below.

Instruments for sustainable private sector forestry, South Africa – report series

Overview and synthesis

- Mayers, J., Evans, J. and Foy, T. 2001. Raising the stakes: impacts of privatisation, certification and partnerships in South African forestry. This report draws on all the studies below and widespread consultation in South Africa. It analyses the impacts to date of privatisation, certification, outgrower schemes and company-community partnerships and presents conclusions and a set of options and next steps for all the main stakeholder groups.

Redistribution of opportunities and assets in forestry

- Khosa, M. 2000. *Forestry contracting in South Africa*. This study of trends in outsourcing and contracting in the South African forest industry seeks to deepen understanding of the national context within which contracting is an increasing practice, and examines possible options for outsourcing.
- Heyl, L., von Maltitz, G., Evans, J. and Segole, R. 2000. *Issues and opportunities for small-scale sawmilling in South Africa: an Eastern Cape case study*. This report describes the scale, structure and market niche of the small sawmilling subsector, with a focus on the Eastern Cape Province.
- Horn, J. 2000. *The role of small-scale sawmilling in household and community livelihoods: case studies in the Eastern Cape*. This study focuses on the livelihoods of small-scale sawmillers in the Eastern Cape, using a case study approach.
- Bethlehem, L. 2001. *Bringing democracy to the forests: developments in South Africa's forestry policy and legislation*. This paper describes the policy and legislative changes in the forest sector, and sets recent initiatives in the context of a drive towards sustainable and equitable forest management.

Forest certification in South Africa

- Frost, B., Mayers, J. and Roberts, S. 2002. *Growing credibility: impact of certification on forests and people in South Africa*. This is an overview of all the certification studies with additional supply chain analysis.
- Scott, D. 2000. *Environmental aspects of the forest management certification process*. This report by a member of FSC certification audit teams examines the audit inspection instrument and provides commentary on how it is used.
- Clarke, J. 2000. *Social and environmental aspects of the forest management certification process: a discussion of social assessment components in South Africa*. This report, drawing on audit experience, tackles the ability of FSC certification and the certification process to improve the wellbeing of workers and communities dependent on plantations.

- Hamman, J. 2000. *Forestry certification: social aspects*. Also by a member of FSC inspection teams, this report analyses the composition and focus of the audit teams and highlights issues which can compromise the positive impact of certification.
- Dunne, N 2000. *The Impact of Environmental Certification on the South African Forest Products Supply Chain*. This study traces the route of FSC certified timber from mill to market, seeking to understand the impact of certification on traders and retailers in South Africa and the UK.
- von Maltitz, G. 2000. *The impacts of the ISO 14000 management system on sustainable forest management in South Africa*. This is a study focussing on one company's decision to adopt ISO accreditation, comparing the impacts of the ISO system with those of FSC certification.
- Crawford Cousins, C. 2000. *The impacts of stakeholder consultation in the FSC certification process on sustainable forest management in South Africa*. Focussing on the Stakeholder consultation process within FSC certification, this report highlights key assumptions about the efficacy of consultation.

Outgrower schemes and community-company partnerships

- Zingel, J. 2000. *Between the woods and the water: tree outgrower schemes in KwaZulu-Natal - the policy and legislative environment for outgrowing at the regional level*. This report discusses the environment surrounding trends in outgrower development, both past and future.
- Cairns, R. 2000. *Outgrower timber schemes in KwaZulu-Natal: do they build sustainable rural livelihoods and what interventions should be made?* Focussing on case studies of outgrower households, this examines the role played by schemes in rural livelihoods.
- Ojwang, A. 2000. *Community-company Partnerships in forestry in South Africa: an examination of trends*. This is a broad overview of types of partnerships in Southern Africa, with comparisons between forestry and other sectors.
- Andrew, M., Fabricius, C. and Timmermans, H. 2000. *An overview of private sector community partnerships in forestry and other natural resources in Eastern Cape*. Focussing at a provincial level, this report captures partnership trends in the Eastern Cape, drawing on five case studies.
- Sisitka, L. 2000. *Private sector community forestry partnerships in the Eastern Cape: the Lambazi case study*. This case study examines the relationships between stakeholders and actors in a corporate-initiated scheme
- Cocks, M., Matsiliza, B. and Fabricius, C. 2000. *Private sector community forestry partnerships in the Eastern Cape: the Longweni woodlot case study*. This report examines community preferences and options for the use of a woodlot in the context of opportunities provided in the forest restructuring process.
- Sisitka, L. 2000. *Private sector community forestry partnerships in the Eastern Cape: the Umzimkulu case study*. This is a study of a corporate-community joint venture project in a part of the province that has good afforestation potential.
- Cocks, M., Matsiliza, B. and Fabricius, C. 2000. *Private sector community forestry partnerships in the Eastern Cape: the Manubi woodlot case study*. This study examines issues around partnerships and joint forest management around a state-conserved indigenous forest
- Ham, C. 2000. *The importance of woodlots to local communities, small scale entrepreneurs and indigenous forest conservation*. Comparing issues and opportunities arising around two woodlots, this study highlights the relative importance of government-planted woodlots to different community interest groups.

Copies of the CD containing the above reports can be obtained from:

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1. OVERVIEW OF THE SOFTWOOD SAWMILLING INDUSTRY IN SOUTH AFRICA

1.1 Size and Structure of the Sawmilling Industry

The average log intake in the late 1990s, by softwood sawmillers amounted to about 4,1 million m³ per annum. The major suppliers of softwood sawlogs are:

- Safcol (42% of total supply).
- DWAF (18% of total supply).
- Mondi (16% of total supply).
- Other (24% of total supply).

The latter category includes some medium-sized plantation owners, local authorities as well as a large range of small farming entities.

Although the focus of this study is on the softwood sawmilling industry it is perhaps of interest to briefly refer to the local hardwood sawn timber industry. The local hardwood sawn timber industry consumes an average of 260 000 m³ of hardwood logs (90% Saligna) to produce a range of sawn hardwood products. Local production of hardwood sawn timber is estimated at 120 000 m³ of which about half is used in mining applications. The market is dominated by Hans Merensky Holding (HMH) which produces about 70% of all hardwood timber. Mondi is the second largest supplier with an estimated market share of 20%. The bulk of hardwoods used for the furniture and joinery industries is imported with total imports amounting to about 220 000 m³ per annum.

The output of the local softwood sawmilling industry is estimated at 1.75 million m³ per annum. There are an estimated 330 sawmillers active in the market. The bulk of these are small-scale sawmillers and a breakdown of sawmills by size class is given in Table 1.1. Sawmills range in size from extremely large operations with a log intake in excess of 200 000 m³ p.a. to small-scale mills (including bushmills) with an intake of less than 5 000 m³ p.a.

**TABLE 1.1
BREAKDOWN OF SAWMILLS BY SIZE CLASS (1998/99)**

Log Intake (m³ p.a.)	Number of Mills	Estimated total log intake (m³ p.a.)
< 5000	220	450 000
5 000-20 000	45	450 000
20 000-50 000	40	950 000
50 000-100 000	15	900 000
>100 000	10	1 350 000
Total	330	4 100 000

Although the small-scale mills account for almost 67% of the total number of establishments, they only process about 11% of the softwood sawlogs. The ten largest sawmills account for an estimated 33% of total production throughput.

The Mondi group is the major supplier of softwood sawn timber accounting for an estimated 25% of total supply. A breakdown of supply by sawmilling group is presented in Table 1.2.

TABLE 1.2
ESTIMATED MARKET SHARES OF SAWMILLING GROUPS
(Late 1990s)

Group	% of Total Supply
Mondi	25
Hans Merensky	15
Sappi	13
Safcol	8
Yorkcor	5
Small Scale Mills	11
Other/Independents	23
Total	100

1.2 Regional Activity

Softwood sawmilling is concentrated in the north-eastern and south-eastern parts of Mpumalanga. These regions account for an estimated 44% of total sawmilling activity. A breakdown of activity by major region, based on log intake, is presented in Table 1.3.

TABLE 1.3
REGIONAL BREAKDOWN OF SOFTWOOD
SAWMILLING ACTIVITY

Region	Log intake (000 m ³)	% of Total
Northern Province	400	10
Mpumalanga	1 800	44
Kwazulu-Natal	600	15
Eastern Cape	750	18
Western/Southern Cape	550	13
Total	4 100	100

Small-scale mills are normally more predominant in areas that are far removed from major pulp mills and other operations consuming pulpwood. In these areas such as the Northern Province, the Eastern Cape and South Western Cape areas, the small-scale mills take in small wood such as thinnings and A-class logs which are normally not considered as suitable raw material for the larger sawmills. The regional distribution of small-scale sawmilling therefore differs considerably from the distribution shown above. Table 1.4 presents an estimated breakdown of small-scale sawmilling by region.

**TABLE 1.4
REGIONAL LOCATION OF SSMs**

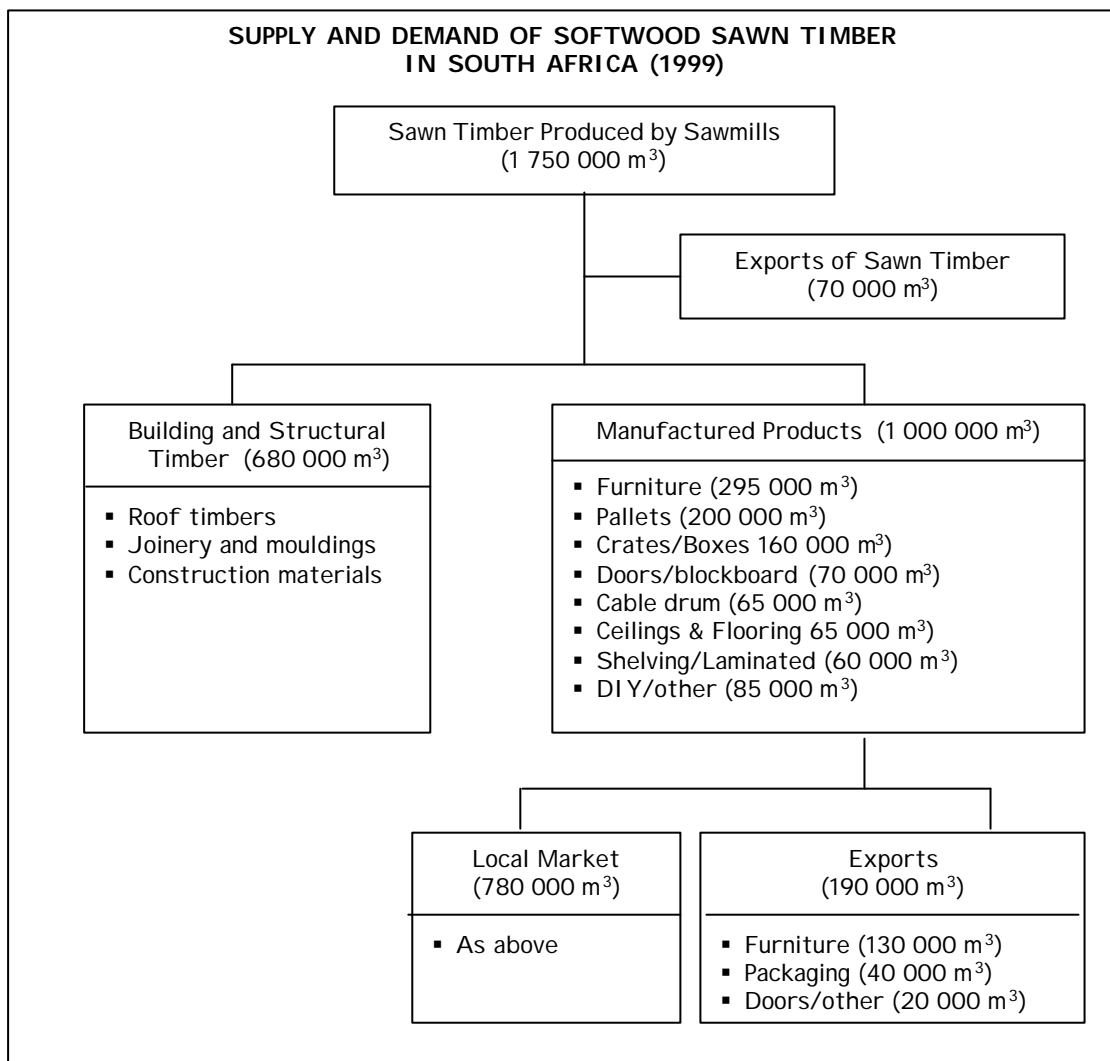
Region	Number of Mills	Log intake (m³ p.a.)	% of Total
Northern Province	15	30 000	7
Mpumalanga	60	120 000	27
Kwazulu-Natal	35	65 000	14
Eastern Cape	85	190 000	42
South Western/ Western Cape	25	45 000	10
	220	450 000	100

It is clear that the Eastern Cape dominates with about 40% of the number of establishments situated in this region. It accounts for 42% of the total log intake by small-scale sawmillers. Based on the information supplied in Table 1.4 it can be concluded that the average small-scale mill processes about 2 000 m³ of sawlogs each year.

2.3 Markets for Sawn Timber

Local softwood sawmills produce a range of sawn timber products. At an average yield of 43% the annual output is estimated to be 1.75 million m³. A breakdown of sawn timber by major end-use application is presented schematically in Figure 1.1 below.

**FIGURE 1.1
OVERVIEW OF SOFTWOOD SAWN TIMBER**



About 60% of sawn timber production is further processed into a range of final products; 4% of sawn timber production is exported with the balance finding application as structural timber in the building and construction industry. Industrial timber is supplied to downstream manufacturers which produce the products listed in Figure 1.1. The major products are furniture, pallets, packaging materials and value added building materials. Structural timber is mostly supplied to building merchants, which supply the builders' market. Some of the major merchant groups add further value by producing pre-fabricated roof trusses, mouldings, laminated products, etc.

An estimated 7% of sawmill output is converted, in-house, to final products. These products produced by sawmills include shelving, laminated beams, flooring, ceilings etc. This production is included in the estimated 1 million m³ (shown in Figure 1.1) that is processed into value added products. Of the products produced, an estimated equivalent volume of about 200 000 m³ is exported.

1.4 Market Trends

Over the past decades we have seen a continuous shift away from structural applications to value adding applications for softwood sawn timber. The ratio between building timber and industrial timber used to be 50/50; this has now shifted to 60/40 in favour of industrial timber. It should be noted, however, that some of the manufactured products such as ceilings and flooring, shelving and doors finally find application in the building sector. The building and construction sector therefore accounts for about 50% of the final demand for all softwood sawn timber produced in South Africa.

The sawmilling sector has remained fairly static over the past decade and has shown very little growth over the past 20 to 30 years. It is generally not considered to be an attractive investment area and because of this, large operators tend to restrict expansion and further major investments in sawmilling. This to some extent opened up the market for small-scale sawmillers that are more flexible to supply in the fluctuating demand for sawn timber.

When analysing the data presented in Figure 1.1 it is clear that the following economic segments are the key drivers for sawn timber demand:

- Building and construction sector: 50% of demand.
- Manufacturing: 30% of demand (pallets, packaging, etc.).
- Consumer expenditure: 20% of demand (furniture, do-it-yourself, etc.).

The growth trends in these sectors in essence drive the demand for softwood sawn timber. It should, however, be kept in mind that replacement is taking place in most of the markets where sawn timber used to dominate such as in certain building applications, packaging applications, etc. This tends to further restrict the growth potential for sawn timber. Based on historic trends and likely future developments the longer term growth in demand for softwood sawn timber is forecast to be between 1% and 2% per annum – thus it is likely to remain a low growth market.

1.5 Summary

The softwood sawmilling industry processes approximately 4.1 million m³ of pine logs every year. Small-scale sawmillers which account for 67% of the total number of establishments process only about 11% of the annual log intake. The major drivers for softwood sawn timber demand are the building and construction, manufacturing and consumer expenditure sectors of the economy.

The industry is characterised by mature products and low growth. This low growth pattern has been in place for decades. Cyclical upswings occur from time to time, but essentially growth is dependent on trends in local (domestic) consumption. Notwithstanding periods of increased building activity, palletisation of fruit and citrus exports, continued emphasis on product development, etc., the capacity of the domestic economy to create a substantial “pull” effect is considered extremely limited.

Growth in domestic demand has averaged 1-2% per annum for decades, and many

past prognoses of a “kick-start” in this growth pattern have been widely off the mark.

Growth in export demand has been more promising. In respect of commodity lumber, the high transportation cost to key world markets makes it difficult to be competitive. However, according to international experts, South Africa still has some major cost advantage in appearance grade lumber – a fact supported by current exporters of furniture who indicate that overseas demand outstrips local supply.

2. OVERVIEW OF SMALL-SCALE SAWMILLING IN SOUTH AFRICA

This section is based on detailed LHA research undertaken amongst small-scale sawmilling in 1997, data obtained from Crickmay Erasmus and Associates and a sample survey (10 sawmillers) that was undertaken in July 2000 as part of this project. The consultants used their best judgement, based on the available data to construct a clear picture of the small-scale sawmilling sector.

Detailed information obtained from the sample of 10 sawmills is presented in Appendix 1.

2.1 Size and Structure of the Small-Scale Sawmilling Sector

As has been indicated in Section 1, small-scale sawmilling accounts for about 11% of the South African softwood sawmilling industry. Some salient statistics for this industry are presented in Table 2.1.

**TABLE 2.1
A PROFILE OF THE SMALL-SCALE SAWMILLING SECTOR**

Description	Quantity
Number of establishments	220
Number in the Eastern Cape	85
Total log intake	450 000 m ³ p.a.
Sawn timber production	180 000 m ³ p.a.
Value added products such as pallets, fencing, etc	20 000 m ³ p.a.
Total employment	3 200
% Female	25%
Total wages and salaries paid	R23,0 million p.a.
Average annual wage/employee	R7 000 p.a.
Value of output	R98,0 million p.a.
Cost of raw materials	R24,0 million p.a.
Average price paid for sawlogs	R60 per m ³
Capital investment	R80,1 million
Value added/contribute to GDP	R35,0 million
Annual gross profit	R11,0 million

From the data provided it is clear that small-scale sawmillers make a meaningful contribution to the economy. This sector provides significant employment, especially in deep rural areas. Although it accounts for only 11% of sawlog intake it provides for

about 15% of all jobs in the sawmilling sector. Small-scale mills are generally labour intensive. A comparison, based on previous LHA research, of the labour requirements of various mill size categories is:

- Large Sawmills (> 100 000 m³p.a.) = 4 people/1 000 m³ intake
- Medium Mills (20 000 – 100 000 m³p.a.)= 6 people/1 000 m³ intake
- Small Mills (< 5 000 m³p.a.) = 9 people /1 000 m³ intake

The industry seems to be profitable with small-scale sawmillers reporting a 12% gross profit margin. Its profitability is partly a result of the sector's flexibility and low cost structures.

2.2 Profile of a Typical Small-Scale Sawmill

From the data gathered it is possible to construct a profile for a typical small-scale sawmill in the Eastern Cape. This profile is based on data obtained by means of questionnaires, personal interviews and previous LHA research in the region.

TABLE 2.2
PROFILE OF A TYPICAL SMALL-SCALE SAWMILL IN THE EASTERN CAPE

Log Intake	
Average annual log intake = 2 000 m ³ .	
A + B class logs = 80% of total.	
C + D class logs = 20% of total.	
Average yield obtained = 40%.	
Safcol and DWAF are key log suppliers.	
Logs are supplied, standing and the miller does his own harvesting.	
Contracts are ad-hoc or short term 1 year or 2 year contracts.	
Products Produced	
Supply mainly wet-off saw ungraded timber.	
Building timber sizes account for 40% of output.	
Industrial timber sizes account for 45% of output.	
Final products, including pallets, fencing, packaging, etc, account for 10% of output.	
Average price obtained for sawn timber = R600/m ³ .	
Sell to hardware stores, builders' merchants and downstream processors.	
Equipment and Technology	
Harvesting, transport and sawing equipment with an estimated value of R300 000.	
Limited timber drying – mostly air drying if drying is done.	
Some mobile sawing capacity to process timber in plantations.	
Employment	
Permanent staff per mill	= 20
% Female	= 25%
Seasonal staff	= 5
Average annual wage /employee	= R7 000
Business Structure and Financing	

Capital employed per mill	= R410 000
Business funding through own financing, bank loans and overdrafts and family funds.	
Average annual turnover	= R520 000
Average gross profit	= R62 000
Business operated as a Close Corporation.	
Years in operation	= 5 years
Do not belong to any Industry or Trade Associations.	

The typical problems faced by small-scale sawmillers, the products produced, barriers and constraints to further development, opportunities, etc., are discussed in subsequent paragraphs.

2.2.1 Log Supply

In the Eastern Cape, small-scale sawmillers obtain the bulk of their sawlog supplies from either Safcol or DWAF. Timber is sold standing and sawmillers therefore have to undertake their own harvesting and extraction. Most of the supply is provided in terms of ad hoc or short-term (1 year) contracts. This presents one of the key problems experienced by small-scale sawmillers in that it is difficult to plan future operations due to the uncertainty of supply. In many cases small-scale sawmillers only have access to thinnings and timber in burnt out areas where they harvest the utilisable timber. In the course of this investigation small-scale sawmillers indicated that some of them will have to close down operations due to the lack of available raw materials or the uncertainty of future supplies. General problems experienced with sawlog supply included:

- (i) The larger sawmills in the Eastern Cape have long-term contracts with DWAF/Safcol and thus have the monopoly on all available sawlogs. The smaller sawmillers always have to take second best and this is normally either thinnings, burnt out timber or standing timber that are on difficult terrain and difficult to extract.
- (ii) Small-scale sawmillers are concerned about the DWAF/Safcol restructuring process and believe that if this is not correctly handled it may jeopardise future supplies of logs to them. They feel that special attention should be given to the plight of small-scale sawmillers and any restructuring process should result in more freely available sawlog supply – accessible by all processors.
- (iii) Small-scale sawmillers complain that the larger mills with longer-term contracts use their position to keep small millers out of the market. Even where burnt timber or thinnings are available, small-scale sawmillers are often refused access to such sources of raw material.
- (iv) Small-scale sawmillers do not always have the means and equipment to undertake harvesting and log transport. In some cases mobile saws are used to process timber in the plantations.

- (v) Small-scale sawmillers believe that they generally get poorer quality timber, smaller logs, and timber that is far removed from the processing locations. All of this adds unnecessarily to the cost structure of small-scale sawmilling operations.

2.2.2 Output of Small-scale Sawmillers

The bulk of the timber produced by small-scale sawmillers is wet-off-saw, mostly ungraded. Of the sample mills covered, 60% do no drying, 30% do air drying of some of the output and only one sawmiller has drying kilns.

Generally it could be stated that small-scale sawmillers sell ungraded wet-off-saw timber. The major markets supplied include:

- (i) The formal and informal building industry in surrounding areas. This includes ungraded building materials such as purlins, rafters, roof truss materials and other construction materials. It is estimated that about 40% of the output of small-scale sawmillers in the Eastern Cape is building timber that is supplied to the formal and information building sector.
- (ii) Another 50% of output is supplied in the form of industrial (ungraded) timber which is supplied to downstream manufacturers such as pallet producers, manufacturers of doors and doorframes, laminated products etc.
- (iii) Some of the small-scale sawmillers (about 30% of our sample) add value to sawn timber output by producing a range of products such as pallets, picket fencing, kennels, wendyhouses, trellises, fascia-boards etc. It is estimated that 10% of sawn timber output is converted to final products by sawmills themselves. Some of these producers have established markets and the irregularity of log supply is of great concern, threatening the continued viability of their businesses.
- (iv) The small-scale sawmillers generally play a very important role in the regional economy of the Eastern Cape. Not only do they supply the regional markets with building timber and final products such as pallets, wendyhouses etc., but they are also major suppliers of industrial timber to downstream processors. Some of these such as WP Timber Products, which is exporting a substantial part of its door production, is fully dependent on supplies obtained from small-scale sawmillers. The Eastern Cape region is unique in the sense that a range of small-scale sawmillers, utilising small logs, thinnings and some logs from burnt out areas provide a valuable raw material for the local markets and downstream processing activities.
- (v) Generally all processors in the region, including some of the larger sawmills indicated that there is a under-supply of sawlogs. Great uncertainty exists concerning the future availability of sawlogs especially from DWAF plantations in the region. Fires have destroyed large plantation areas and this adds to the uncertainty about future log supplies. Small-scale sawmillers believe that if the restructuring process, especially regarding Category B plantations, is not correctly handled it could lead to further raw material supply problems which could threaten the viability of their businesses.

2.2.3 Other Value-adding Opportunities

Small-scale sawmillers listed the following value-adding opportunities as possible areas for business expansion:

- ❑ Doors and door frames.
- ❑ Laminated boards and beams.
- ❑ Building products such as window frames and trusses for low cost housing.
- ❑ Coffins.
- ❑ Furniture and furniture components.
- ❑ Pine ceilings, flooring and packaging materials.

The major reasons quoted for not developing these value-added opportunities included:

- ❑ Lack of funding.
- ❑ Lack of skills and infrastructure.
- ❑ Lack of marketing contacts and expertise.

2.2.4 Market Trends and Opportunities

The following comments were made by small-scale sawmillers regarding the current status of the market.

- ❑ The market is generally down and this follows a downward trend which started in 1999.
- ❑ The market demand cannot always be met due to a under supply of sawlogs. If more sawlogs were available the market could be expanded considerably.
- ❑ The market for wet-off-saw timber is limited. A significant market exists in the region for kiln and dried and graded timber and for value-added products.

With regard to market opportunities sawmillers commented as follows:

- ❑ There are many market opportunities in value-added products and for graded and dried timber. We cannot develop these opportunities as we are not sure of future supplies. The lack of funding limits the extent to which we could develop and explore new markets.
- ❑ Due to the slow-down in demand there is currently a price war amongst sawn timber suppliers. It is difficult to develop markets under these conditions.
- ❑ We believe that the big sawmillers are keeping us out of the market by limiting our access to sawlog supplies.
- ❑ The general quality of logs that we (small-scale sawmillers) obtain is poor, and this limits the scope to create new markets that require higher grade timber.

2.2.5 Training Requirements

It would seem that most training in the small-scale sawmilling sector is done in a

informal way consisting of on-the-job training. The requirement is for qualified drivers, harvesting equipment operators and saw operators.

Respondents generally agreed that there is a need for training in this sector but could not specifically identify training requirements or programmes. This aspect needs further investigation and should be followed up during workshops.

2.2.6 Industry Organisation

Generally small-scale sawmillers operate independently and do not belong to any industry or trade organisations. Only two sawmillers reported membership of the Eastern Cape Forestry Association. This association does not cater specifically for the requirements of small-scale sawmillers. Sawmillers however agreed almost unanimously that there is a need for an industry association representing the small-scale sawmiller. They feel that such an association should act on their behalf with regard to:

- ❑ Securing sawlog supplies – now and in the future.
- ❑ Obtain a fair dispensation for small millers in the restructuring process of DWAF and Safcol plantations.
- ❑ Assist with marketing and even exports of timber products – a co-operative approach was suggested.
- ❑ Assist with the development of suitable training programs that could benefit the small-scale industry as a whole.

2.2.7 Constraints and Opportunities

The constraints identified for the development of small-scale sawmilling in South Africa include:

- ❑ The non-availability of sufficient volumes and higher quality sawlogs.
- ❑ The perceived interference of bigger mills to restrict small sawmills' access to available timber resources.
- ❑ The shortage of funding for forward integration into value-added products.
- ❑ The lack of representation of the industry to address key issues facing the industry.

Generally the opportunities perceived by the industry include:

- ❑ Forward integration into the production of value-added products such as furniture components, low cost housing components, doors, windows, window frames and similar building products.
- ❑ The possibility to enter into the export market. For this a joint effort and cooperation between small millers will be required. An industry association representing small-scale sawmillers could possibly play a role in this regard.

Generally small-scale sawmillers feel that there is not enough consultation between the industry and DWAF/Safcol and that the issues regarding long-term contracts, the dominant position of larger mills in the region and the restructuring of state owned plantations should be addressed.

2.2.8 The Importance of the Small-Scale Sawmilling Industry

Small sawmillers believe that they make the following important contributions to the regional economy:

- ❑ They supply building timber and products to the rural market at affordable prices. If these products had to be sourced from major mills the prices could be substantially higher.
- ❑ Because the industry is labour intensive it employs a significant number of people in deep rural areas; it is also a major employer of females.
- ❑ In many areas of the Eastern Cape small-scale sawmilling is the only economic activity and as such sustains a considerable number of rural households. One sawmill that is now not operating because of a lack of log supply, used to support up to 30 families.
- ❑ Small-scale sawmillers in some instances use small logs and logs from burnt out areas and convert this into useable timber products. These raw materials are generally not utilisable by larger sawmills.

Small-scale millers are however concerned about the long term future and viability of the industry and believe that certain actions are required to sustain the industry. These include:

- ❑ The current restructuring process should ensure that sawlogs will be available to small-scale sawmillers in the Eastern Cape region.
- ❑ The new dispensation should be fair and not be designed to favour the larger mills and was the case in the past.
- ❑ Small-scale sawmillers should have access/ownership of the forests in the area and a plan should be construed to make this possible.

Small sawmillers pointed out that the restructuring of Category A plantations favoured the bigger players leaving out the small-scale sawmillers. The Category B plantations should be restructured in a way to ensure the long term viability of the small-scale sawmilling sector.