

SAWPA CHAIRMAN'S REPORT
FOR THE 2011/12 year

Dear Members of SAWPA,

At the end of yet another challenging year in the continued wake of a struggling global economy, and one in which our local industry remained under pressure to adjust to these challenges, I can once again report that the South African Wood Preservers Association remains healthy and strong.

Membership: I can report that SAWPA's membership status remained stable at 72%, as far as treatment plants is concerned, when viewed as a percentage of all the Class 1 treater members, i.e. certified treatment plants. The past year has seen the closure and resignation of 4 of our treater members due to the poor economic climate. This was offset as we were privileged to obtain 2 new members, being a new plant and an existing plant. The current Class 1 treater membership stands at 85 out of a possible 118 versus the 87 from 121 at the time of the AGM in 2011. The Class 1 chemical supplier membership is still at 4 from a possible 5 with positive signs of the 5th chemical supplier re-considering their membership. As far as our Class 2 membership is concerned the two categories i.e. a) companies/individuals who have an interest in wood preservation but do not fall in the definition of Class 1 members, and b) supplemental and remedial utility pole inspection companies, stands at 15 and 8 respectively. As always SAWPA strives to grow its membership, the main focus being on the 27 treatment plants not affiliated with an industry representative body.

Industry matters: The economic climate is still limiting growth in the local markets and it seems that it is felt more in the preservative pole sector of the industry than in the preservative treated sawn timber sector. The building and fencing pole and transmission and telephone pole sectors are where the main portion of business is seemingly focused, being the export markets to our neighbouring and sub-Saharan countries.

The shortage in creosote is still a problem for the increased demand for creosote treated commodities, and although measures were taken by FFS Refiners towards the end of 2011 to alleviate the shortage, plant constraints at ArcelorMittal has for the first part of the year placed a further damper on uninterrupted supply to industry. The problem has been inflated by the seasonal slowdown in the Ferro Chrome industries due to high energy costs in the colder winter periods which led to a reduction in feedstock supply to FFS Refiners. On the positive side ArcelorMittal has now also arranged similar measures as FFS to up its production levels by adding a bought-in creosote extender from SASOL. However there are still some underlying plant glitches as well as some internal teething problems with the extender that need to be addressed before any positive impact can be seen on relieving the shortage. The shortage of creosote is a big concern in this sector and hopefully it would not have a long term effect on the market share of creosote treated commodities. The upside to this is that a large portion of the demand was taken up by conversion to WCCA preservative treated alternatives, where these were acceptable. Accordingly, the rise in SAWPA's monthly levies from CCA sales from August 2011 were clearly evident.

At the beginning of this year, SAWPA was made aware of the use of treated wood waste material as a fuel source by the informal caterers in some of the informal settlements of the Western Cape. This is a matter of great concern for SAWPA, and recently a dissertation was received by SAWPA on the occurrence and extent of the use of treated waste in the informal urban and peri-urban areas of Cape Town and surrounding areas, as well as a preliminary medical surveillance report. We have already engaged with the relevant parties at UCT who are doing research on the matter and working in the areas to counter the problem through social and welfare projects. SAWPA has already committed to take an active part in informing and educating the informal catering industry and their clients on the danger of using waste wood products as a fuel wood by developing leaflets for distribution. The leaflets will be simple in its content by using visual pictograms and photos as well as relaying the wording in the local languages of the area. SAWPA is also considering various other

ways of participation into alternative supplies of fuel and energy efficient wood stoves, as well as look into further research to determine the extent of similar occurrences in other coastal metropolitan areas etc.

Promotion: Promotion is one of the main objectives as stated in the Constitution of the Association and therefore SAWPA remains committed to promote wood preservation and the use of preservative treated wood by means of various methods. The calendar remains a highlight of our annual promotions and is circulated widely to architects, local authorities, retailers, co-ops and our members. However, we were not pleased with the huge amount of calendars that were returned to us. Many of the postal addresses were current, which reflects poorly on the South African postal services. We have already started the planning and development phase of the 2013 calendar and have collected various photos for possible themes in which to showcase the use of treated timber. We have also published information leaflets that contain the Handling, safety and disposal warnings for CCA Treated Wood with supporting articles published in Wood SA and the Wood Foundation Newsletter on this matter. Other articles published include an editorial in the March edition of The Home Handyman on “how to build a garden shed” using treated wood, and the June edition of the recently launched Timber IQ magazine included a 4 page editorial on “understanding wood preservation”.

SAWPA continued with further educational sessions in Limpopo and Mpumalanga on the Consumer Protection Act and the implications on our industry and its products. We were extremely fortunate to retain the expert services of Mr Januz Luterek, a registered Pr.Eng and Attorney, and senior partner at Hahn and Hahn Attorneys, who specialises in the CPA.

A highlight of our promotional efforts was the inaugural 2012 Woodex for Africa Exhibition and conference that ran from the 22nd to the 24th of March. SAWPA was proud to be one of the main supporters and was listed on all the related marketing and promotional material. In partnership with the other industry Associations members of The Wood Foundation, together we manned 5 neighbouring stands, one of which was totally dedicated to SAWPA for promoting wood preservation. Although in its infancy, the Exhibition has been received by many as a huge success. It provides a platform where we as an Industry Association can introduce and promote ourselves, our members, wood preservation and the use of preservative treated timber to a wider audience ranging from the trade to specifiers to the man in the street. SAWPA was also very fortunate to be able to deliver a presentation in the conference program.

As far as the WOOD FOUNDATION is concerned we remain committed to its cause. The year's progress and achievements may be viewed by many as slow and small, but the ability of the Foundation to make the impact we all would like to see in promoting the industry, was once again hampered by a lack of resources. SAWPA was one of the few entities who committed and contributed a voluntary amount of R25 000 to its funding. With this said there has been some progress as the first of the planned quarterly newsletters were sent out in November 2011 and there has already been a follow up in May 2012 for the first quarter. The fund raising idea of a “Business to Business Loyalty Program” was shelved due to difficulties experienced in achieving meaningful buy-in from potential participants. The focus has now been placed on an “Industry Awards” event which is slowly but surely developing into a not too distant reality. I would like to make use of this opportunity to appeal to our members to join the Wood Foundation as independent private business members as your support and membership fees will also assist the Foundation in achieving its objectives which will greatly benefit the industry.

Financial: As far as SAWPA's financials are concerned, the annual financial statement has been received favourably by the auditors and the executive, and will be tabled for the members' approval today. I am happy to report that for the period 1 April 2011 to 31 March 2012 SAWPA achieved an

excellent performance with our actual income once again outperforming the budget, in line with the previous year. Fortunately the legal cost provision was again not required, which meant that we underspent on total budgeted expenditure, further boosting our cash flow and financial reserves standing.

Regulatory and other government related issues: The NRCS and their long expected regulating of VC 9092 has virtually come to a standstill as the approvals process has not yet been finalised. The gazetted levy of R1.04 that became effective on the 5th of February, and which was supposed to become due at the end of June, has fortunately not yet been claimed by the NRCS. We were however able to get some assistance from individuals at the NRCS in addressing some of the illegal treaters reported, albeit it being very limited and not very effective to date due to follow-up constraints within the NRCS.

Regretfully the development of a protocol to assist our members obtaining phytosanitary certificates in a less complicated and costly manner has also not seen any progress over the last year. This has not been due to a lack of trying from SAWPA's side as all our efforts of communication and setting up meetings with the relevant department at DAFF has been virtually ignored.

As was reported a year ago, there has still been no outcome on the Class I Red Label Review for CCA, and SAWPA has decided to let the matter rest until further advice from DAFF.

STANDARDS: SAWPA and its members again took an active role in the field of standardization with the amendments to SANS 1288 – Preservative treated timber, SANS 457-3 – Wooden poles, droppers, guardrail posts and spacer blocks: Hardwood species, and SANS 754 – Eucalyptus poles for power distribution and telecommunication. The amendments proposed by the working groups were circulated in November 2011 and agreed on by the industry at the SABS TC 218 meeting in March 2012 and should, if not yet, be published soon. The main changes resulting in the removal of class H4Y3 from SANS 1288, the inclusion of specific Vineyard pole requirements in SANS 457-3 and the revision of the strength and relating test requirements in SANS 754, were relayed and discussed at the recent regional meetings. Thanks to the efforts of the CCA representatives in the Chemical Forum and in keeping with advancement and international practice, work has also been started on the inclusion of XRF and ICP analyses methods in the SANS 673 CCA product specification.

Acknowledgments: I wish to once again thank the staff of SAWPA, Bruce Breedt, and Sue Kindervater for their consistent efforts in overseeing and performing the day to day operation of the association and keeping their finger on industry related matters of importance. I would like to thank the members of the Chemical Forum and Executive Committee of SAWPA for their dedication on these committees and last but not least, I would like thank all the members for their continued support of the Association over this last year. Without all the aforementioned efforts SAWPA would not be able to continue striving for and achieving its objectives for the benefit of its members and ultimately, the whole of the wood preservation industry. I wish you all the very best for the 2012/13 year, a year which also marks the 3rd decade since the official launch of SAWPA by name on the 1st of April 1983.

Dave Mullin
Chairman of SAWPA