



FOREST SECTOR
CHARTER COUNCIL

ANNUAL REPORT

2024/2025

The Forest Sector Charter Council

Vision

"A transformed and sustainable Forest Sector fully compliant with the Forest Sector Code."

Mission

"To support, promote, guide and monitor transformation of the Forest Sector by securing stakeholders' compliance with the requirements of the Forest Sector Code."

Values

The Council operates with the following values:

Good governance

Transparency

Commitment to service (responsiveness is implied)

People-centred

Dynamism

Respect for integrity

Respect for confidentiality

Trust among and between stakeholders



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Chairperson's Message FY2024/2025

Our modus operandi is enshrined in both our vision and mission statements sanctioning us to continue to reimagine and rebuild the sector's commitments to inclusive growth and sustainable transformation. This calls us to reflect deeper with no reservation on both what has been achieved or has been assumed to be legislatively impossible and to use such grounded and illuminated insights with depth and clarity. This should also be backed up by our axiom of success requiring persistent and collaborative efforts from small countless actions, combined with both dedication and determination.

In my opening remarks during the 15th year anniversary in October 2024, marking a decade and a half of transformation in the Forest Sector, I reiterated on the concept of transformation being "A JOURNEY, AND NOT A DESTINATION AND THAT IT CANNOT BE ACHIEVED IN ISOLATION". The 15th year event pierced through the silence of statistics and policy platitudes revealing the textures of experiences and transformation expectations. It also provided us with an opportunity to interrogate the persistent failures of transformation, some synthetic while others an outcome of omission in implementation thoughts and opinions. The most rewarding perspective was that we were able to extract the hard-won lessons to shape our Code Review and realignment process prioritised for the year 2025/26. While this investment will require ratification by both the Department of Forestry, Fisheries & the Environment (DFFE) and the Department of Trade, Industry and Competition (dtic), for us as the Forest Sector Charter Council (FSCC), it will be a useful instrument to bring about revised practical targets, principles and best practices intended to enforce meaningful Broad-Based Black Economic Empowerment (B-BBEE) compliance within the Forest Sector.

The adopted Marketing Strategy, prioritising certain activities is deeply enriching our visibility objectives, and I believe it will help us reach and connect with our target audiences objectively. One is pleased with the rejuvenated website which we hope will deliver outstanding benefits for our

stakeholders while improving our visibility outlook. I can only wait in anticipation of the other projects that will be undertaken to promote transformation and the FSCC brand.

The status report will now offer two sets of reports, one abridged while the other will be as comprehensive as possible with an addendum of evidence supporting the performances commissioned through the Online Reporting System which has been integrated into website for ease of reporting purposes. This approach will qualify our position of gaining insights beyond the scorecard and record accomplishments using a framework that will be of value add in professionalising the evidence of B-BBEE implementation.

The negative attention we have been getting about B-BBEE policies internally and externally is no doubt a potential to upset the course and achievement gained so far. One thing for sure is for us to use such proclamations positively to propel our commitment to deliver even much more. I believe the recorded level 3 for the third consecutive year is both inspiring and a confirmation that we are still in the right trajectory of achieving the pledged level 2 as detailed in 2023/28 Strategic Plan.

This may however require that we learn anew, change our mindset and expedite our efforts and targeted committed options to address the two main challenges mainly being inconsistent reporting and noncompliance. As I mentioned

in my 15th year address, also “only by identifying and acknowledging where we are and how far we have come, can we start to seek sustainable solutions and define clear goals for the future”.

I am also honoured to have learnt that we have fulfilled our reporting mandate to both the dtic and DFFE for the past year. The complete focus anticipated is the constructive feedback from the dtic to augment the report as a way forward. This would also validate that collaboration and professional integrity are both a catalyst and foundation to transformation, an ideal accolade for realising a fully-fledged transformed Forest Sector.

It would be amiss of me to ignore the outcomes of the DFFE Deputy Minister’s progressive summit. While this was not necessarily a FSCC event, matters of significance were outlined. Of key importance were the affirmations, ground truth exposed, and commitments pledged, including the support of small businesses for their sustainable growth. I believe there is still much more room for the sector to earn the other transformation returns sooner than later, cementing this as an appealing option in uncertain markets.

With our corporate governance obligation, we seek to continuously strengthen the way in which we remain relevant in terms of policies and company’s cultures and

operations. I am delighted to say that both our revisions to the Companies & Intellectual Property Commission (CIPC) process and Memorandum of Incorporation (Mol) have finally materialised, marking a special milestone, which will not only serve as reference for our governing operations but will also provide us with a renewed manual for our activities and accountability prospects.

As I conclude, my appreciation and gratitude goes to the entire Council members for their visionary support and aptitude to the responsibilities bestowed upon us. We can only continue to facilitate for meaningful transformation if our agendas continue to align. I thank you for your immense understanding in particular this financial year as our schedule became much more frantic and sometimes unmanageable. To our employees being led by the exceptional Executive Director, you have proven that we can continue to depend on you and well done for diligently carrying the fort throughout the year.

I look forward to another successful term as we prepare for our second term in action.

Yours Truly

Nelly Ndlovu

FSCC: Chairperson

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Council & Committees

The Forest Sector Charter Council (FSCC)

The Forest Sector Charter Council, "FSCC" acknowledges that healthy values are critical components of good social and corporate governance and financial management, and these contribute to the long-term success of the Council. Underpinning all this is sound corporate governance and highest standards of ethical leadership and transparency which rides on the Council's mandate. Oversight, governance and leadership are all attributes bestowed on the Council. Council works closely with the Executive Director who is responsible for the execution of the resolutions, strategy, policies and management of the Council.

Council is committed to the principles being partnership, sound deliberation and synergy establishment, consensus etc and made it clear that it will not deviate from these. Council's mandate is evidently defined in the B-BBEE Act as Amended. Council is authorised to present annually the status of transformation in the sector specifying the industry trends and achievements towards the set targets. As a sequel, it is expected to report to the Ministers of DFFE and the dtic on progress attained to advance transformation in the Forest Sector as well as the B-BBEE Presidential Advisory Council. It is encouraging that in the 2024/25 financial year, Council fulfilled its reporting mandate. The FY2023/24 Status report has been submitted in time to the both the Ministers as well as the B-BBEE Commission for reference and further interrogation purposes.

Despite that the schedule for physical meeting was not always permitting, the Council adhered to the quarterly meeting as required, objectively deliberating on key matters. A number of resolutions taken were executed accordingly underscoring the importance of these quarterly meetings and intentions. The Annual General Meeting was also held successfully with all key reports endorsed for both for compliance and reporting expectations.

Council Committees

Council has three standing Committees namely' Audit and Risk, Human Resources and Finance Committees. Each Committee may co-opt expertise and subject to need meet every quarter with all meeting minutes recorded and rectified accordingly. The meeting agendas are guided by the structured Work Plans approved at the beginning of each financial and deliberating on the key outcomes from

each meeting. Feedback Reports detailing the content of the committee discussion as well as the recommendations are then presented by each Committee to Council for ratification.

Audit and Risk Committee (ARC)

The Audit and Risk Committee, (ARC) is responsible for ensuring that the risk management processes are in place, adequate and effective. The ARC managed to thoroughly assess the efficacy of internal controls and ranked the identified risks for management purposes. All risks were then presented with mitigation plans accordingly to the relevant committees for further interrogation. In addition, the Committee also continued to monitor both inherent and residual risks throughout the financial year with the aim of reducing any and all red signals that could have the potential to negatively impact the delivery of the Council's Strategic Plan and Business Plan.

Of another key importance was the drafting of the Asset Disposal Policy (yet to be endorsed by Council) justified by the fact that that Council' assets depreciates and would require replacement once fully depreciated.

Finance Committee (Fincom)

The Finance Committee (Fincom) plays an integral part in providing financial oversight. As per the required standard, Fincom prepares and manages the operational annual budget detailing the cost implication for the planned activities. All expected income revenues were collected accordingly with some minor disruption resulting from non- affiliation, which may indicate the need to further assess this scenario. Financial transactions were authorised monthly, through a schedule detailing the cost and associated budget line item. Quarterly feedback reports on the Management Accounts showed consistent income collection and expenditure patterns. The rationale for inconsistent patterns were also presented to the Council for both transparent and approval purposes. The risks identified and associated with the misappropriation of funds and as well as the possible delayed payments were assessed and mitigated appropriately.

The Audit process considering that it was certified by a newly appointed auditor was undertaken seamlessly with a recognition of the excellent FSCC protocols and policies proving to be realistic, responsive, and relying on matured financial control measures. The two matters of concern from the Management Letter were resolved objectively.

Human Resource Committee (HRC)

The Human Resources Committee (HR Committee) is a committee of the Council tasked to oversee all HR matters including strategies and policies to ensure that Council has sufficient capacity to execute its mandate. The HRC continued with its mandate of overseeing matters relating to policies and the employment environment. As alluded previously, the job grading exercise was concluded in the 2024/25 financial year with the outcome confirming that the remuneration package for Council's employees is both competitive and aligned to the market.

The other fundamental matter to the retention strategy expressing the desire to attract and retain talent was contextualised in two phases. Phase one was based on the commissioning of Psychometric tests for all staff members intended to predict the capability and personality traits while outlining both gaps and areas for improvements. This led to the phase two implementation, proposing the personal developmental or professional plans to augment the capabilities for high performance for each staff member. Encouragingly the Committee mitigated all related risks hence the filling up of all vacancies.

Names	Council Meetings				AGM
	6 Jun 2024	4 Sep 2024	29 Nov 2024	20 Feb 2025	17 July 2024
Ms Nelly Ndlovu (Chairperson)	√	√	√	√	√
Ms Makhosazana Mavimbela	√	√	√	√	√
Mr Bruce Breedt	√	X	√	√	√
Mr Roger Johnston	√	√	√	√	√
Ms Lindiwe Mavundla	√	√	√	√	√
Ms Kwena Komape	√	P	P	P	X
Mr Lulamile Xate	X	X	√	√	X
Mr Michael Peter	P	√	√	P	P
Mr Penwell Lunga	√	√	X	P	√
Mr. Philani Xulu	√	√	√	√	√
Mr Pierre Tullis	√	√	√	√	X
Ms Pumeza Nodada	√	P	P	√	P
Mr Roy Southey	√	X	√	√	√
Ms Tanucia Coopasamy	X	√	√	√	√
Ms Thandi Mokoena	√	√	√	√	√
Ms Thembisa Mpengesi	√	√	√	√	√
Mr. Tshepo Makhene	√	√	√	√	√
Mr Tyrone Hawkes (Fincom)	√	√	√	√	√
Mr. Wade Parker	√	√	√	√	√

√ – Present

X – Absent

P – Represented by proxy

The tables below show the attendance of members to Committee meetings.

Audit & Risk Committee (ARC)

Members	Meetings		
	28 May 2024	15 August 2024	6 Feb 2025
Erika Donker (Chairperson)	√	√	√
Bruce Breedt	√	√	√
Pumeza Nodada	√	√	P
Siyabonga Mthanti	√	√	√

Finance Committee (Fincom)

Members	Meetings			
	15 May 2024	8 Aug 2024	5 Nov 2024	6 Feb 2025
Tyrone Hawkes (Chairperson)	√	√	√	√
Kwena Komape	X	X	P	X
Lulamile Xate	X	X	X	√
Nelly Ndlovu	X	X	X	√
Thandi Mokoena	√	√	√	√
Makhosazana Mavimbela	√	√	√	√

Human Resource Committee (ARC)

Members	Meetings			
	10 May 2024	27 Aug 2024	20 Nov 2024 (meeting deferred)	6 Feb 2025 (meeting resolutions approved via round robin)
Penwell Lunga (Chairperson)	√	√	√	√
Lindiwe Mavundla	√	√	X	X
Tanucia Coopasamy	√	X	X	X
Tshepo Makhene	√	√	√	√

Proxy Members

Ms Erika Donker - FSA

Ms Onica Zikhali - DFFE

Mr. Nkhangweleni Ramashia - DALRRD

Mr. Siyabonga Mthanthi - SAFCA

New Appointment



*Ms Eutricia Nkuna
Research Assistant*

FSCC employs a new Research Assistant

The Council is excited to announce the appointment of Ms Eutricia Nkuna as the Research Assistant, replacing Mr. Thabo Dlangamandla who has moved the ladder to occupy the Researcher's position. Eutricia is a qualified forester, a qualification she obtained from the University of Venda in 2020 which will enable her to navigate her new portfolio in B-BBEE. Her determination to learn has set her above together with her enthusiasm to serving and supporting the Council in executing its mandate. The Council is confident that her appointment will be valuable as she brings also with her the skills, knowledge and expertise she gained while serving as an intern in the Department of Forestry, Fisheries and the Environment. The Council welcomes her and sends her well wishes as she adapts to the Council's work principles and culture and believes she will execute her duties and responsibilities with due diligence and as per the Council's value system.

Council Activities 2024/25

Honouring 15 Years of Sector Transformation - and Looking Beyond

On Wednesday, 9 October 2024, the Radisson Blu in Gauteng the Forest Sector Charter Council welcomed forestry guests to celebrate 15 years of the Forest Sector Transformation. The event offered a moment to reflect objectively on how far the FSCC and the sector as a whole has progressed in meeting the transformation targets outlined in the Amended Forest Sector Code (FSC), while acknowledging areas requiring renewed focus or a shift in approach.

Crucially, the event underscored the importance of facilitating, rather than merely auditing, transformation. A key highlight was the launch of the long-awaited Online Reporting System, aimed at streamlining the reporting process.

Transformation messaging was brought to life through specially commissioned videos that connected transformation beneficiaries with the audience. Panel discussions, guest speakers, story corners, and multimedia infographics created a rich and immersive experience that showcased the sector's transformation journey.

These elements were cohesively woven together in a keynote address by the Deputy Minister of DFFE Ms B Swartz, a welcoming address by the Chairperson Ms Nelly Ndlovu as well as a presentation by FSCC Executive Director, Makhosazana Mavimbela. In her presentation, she explored the impact of the revised 2017 scorecard, its condensed elements and adjusted thresholds on B-BBEE reporting and transformation objectives. Analysing reporting trends, she reflected on the journey so far and charted a forward-looking agenda for the next five years.

In total, 80 attended the event in person, which generated 10 media articles (seven online, three in print) with a combined reach of 112,934 and an estimated advertising value of R146,754. The event was deemed a resounding success by all FSCC stakeholder groups, including government, industry, youth, and beneficiaries. It also received high praise from other Charter Councils, many of whom expressed interest in replicating the model.

FSCC's Marketing Strategy results in revamped website

As part of FSCC's forward looking and in the context of branding taking centre stage in the Council's conversations, a comprehensive Marketing Strategy intended to drive the branding exercise whilst enhancing the visibility outlook of the Council was approved in 2024.

The approved Marketing Strategy was also meant to guide the FSCC in selecting strategic initiatives and providing a clear framework of focus in order to achieve the branding goals beyond the Council's deliverables. The several initiatives that have been prioritised have considered the target audience, the relating message and the communicating means and channels.

The initial implementation of the Marketing Strategy warranted the revision and improvement of the website while asking questions like, "Is it informative, delightful and interactive" to the broader stakeholders. The assessment resulted into a revamped website hosted under the HubSpot portal, showing an evolution from an ordinary website to one that is more informative and comprehensive. A number of relevant publications including the abridged version of the Annual Status Report, videos and articles building a reliable information resource base and creating awareness on developments and planned initiatives have been posted into the website establishing a vibrant online presence. This has also delivered value to the broad range of stakeholders in relating the right message to promote and facilitate transformation.

Accreditation of SAFCOL as a B-BBEE Facilitator

In July 2024, the long-awaited accreditation of SAFCOL as a B-BBEE Facilitator finally materialised. This is a critical distinction for SAFCOL considering the application and approved requirements.

Given SAFCOL's role as a Schedule 2 state-owned forestry company, the anticipated gain for SAFCOL is to comply accordingly with the gazette in ensuring that its accreditation supports the black industrialist programme and creates the 100 black owned businesses over the set period of time. Additionally, it would be of benefit for the B-BBEE compliant entities relying on SAFCOL to have their procurement and ownership points recognised. An important feature though of SAFCOL's accreditation as a B-BBEE Facilitator is that the application of this certification will be approved by case to case. Such prospect will be monitored very closely by the dtic which will also provide technical depth, transformative insights and proficiencies required for the effectiveness of this accreditation.

The tireless lobbying by the Sector members, DFFE and SAFCOL with solid support from the dtic should be acknowledged for this achievement. This precise combination of collaboration and coherence has enabled the sustained momentum to have SAFCOL accredited as a B-BBEE Facilitator.

FSCC partners with stakeholders to orient small-scale Growers and Charcoal producers in the Eastern Cape

The FSCC remains committed to supporting small scale businesses across the forestry value chain. This revolves around knowledge sharing on key subjects necessary for their long-term economic growth and meaningful inclusion and participation in the forest economy. In the year under review, the FSCC partnered with the Department of Forestry, Fisheries, and the Environment (DFFE), LIMA, Local Municipality and Sappi in the Eastern Cape, and hosted a productive workshop for both small scale Charcoal producers and Growers from Matatiele in the Eastern Cape.

Significantly was the intention of workshop in creating awareness about the B-BBEE concept and required annual reporting, the update on the Forestry Masterplan by DFFE and prevailing opportunities as well as the support initiatives provided by Sappi and Local Municipalities and Local Economic Development (LED). In addition, was the fundamental training exposure provided about Charcoal Production as an alternative business opportunity. It is credited that through the in-depth discussions, these entities were equipped with both knowledge, skills and resources necessary to grow their forestry-based businesses forward.

The value of this initiative has once again demonstrated the fundamentals to collaborations and special thanks to the DFFE, LIMA as well as SAPPI and the Local municipalities who made the workshop a success.

FSCC Partners with FSA & DFFE and continues to provide seedling support

The FSCC participated in some of the Forestry South Africa's (FSA) District and Provincial Executive Committee meetings meant to discuss fundamental matters influencing the sustainability of small-scale growers. The critical meetings brought together key stakeholders to collaborate and converse on important matters, including water use billing concerns raised with the Department of Water and Sanitation (DWS) and category B and C forests by the Department of Forestry, Fisheries and the Environment (DFFE). Other discussed matters focused on market access, annual B-BBEE compliance and reporting, seedling provision and support as well as training and skills exposure provided by the FP&M Seta.

While this initiative provides an opportunity to explore reliable networks, it also exposes the respective needs compromising the growth of such small growers. Particularly in the Limpopo province is the minimal forestry footprint disadvantaging small growers from benefiting exclusively from established companies on items such as seedlings etc.

As such and part of the FSCC's commitment to fostering growth and inclusion, the FSCC again in 2024 donated 105 trays of *Eucalyptus grandis* seedlings to Vhembe District's small-scale timber growers. The donation is a sector specific contribution meant to address both the seedling and inconsistent reporting challenge amongst small growers while also demonstrating the importance of structured support in advancing transformation and broadening economic participation.

FSA is highly acknowledged for the success of these meetings and in ensuring that the needs of small growers are considered for economic empowerment purposes.





Industry Happenings

She Is Forestry SA: Shining a light on others and making the Sector immensely proud

The true beauty of She Is Forestry SA (SIFSA) is the collaborative spirit it ignites in everyone involved. This year 2024 was no different. Over 400 individual IP addresses, many bringing the live feed to classrooms full of students or conference rooms full of colleagues, turned on to watch ordinary women share their stories. Women who are not famous, or billionaires, but who never-the-less capture the audience's attention as they share the lessons they have learnt juggling family life with a career in forestry. In the year under review, it was Pamela Naidoo, newly appointed Executive Director of the Forestry and Agriculture Training Organisation (FATO), who stepped up to give the Keynote Address. Her involvement

in the training of over 27 000 women across the sector is an incredible accomplishment and her message that we all need to become actively involved in the coaching and mentoring of the next generation aligns beautifully with SIFSA 5-year roadmap being launched at this year's (2025) webinar when SIFSA celebrates 5 years of promoting women in forestry.

This was matched by four exceptional women and inspirational role models, who willingly shared their stories and how their rural upbringing, did not stop them from creating a successful career in forestry. Their demonstration of perseverance, resilience, willingness to work hard and courage to back themselves against the odds was and should be an inspiration to all. Certainly, it has been for the girls at Phindizwe High School, KZN, one of the beneficiary schools of the She is Forestry SA initiative. Huddled in a small classroom,

missing ceiling boards and windows, the girls were clearly captivated by what they saw. As one girl succinctly put it, 'I am inspired, I am excited, if she was raised by a single mother and now has a business, then I can too.'

Hope is a beautiful thing, but it becomes truly powerful when paired with tangible action. That was the focus of other section where the focus was on the Enterprise Development initiatives driven by three exceptional women from forest companies and how their involvement in these are changing the lives and livelihoods of individuals and whole rural communities. She Is Forestry SA is taking a more proactive step in showcasing the opportunities for enterprising individuals, as we believe this is an aspect of forestry where the only limitations are an individual's imagination.

She Is Forestry SA former Awards winner, Dr Noxolo Ndlovu, presented the student awards. Sharing the spotlight was the focus of this year's webinar, highlighting the need to empower individuals based on more than simply gender and the shared responsibility of shining the spotlight on others. As we only truly succeed together, this sentiment was supported by another fantastic back a buddy campaign, which saw over R32 000 raised for maths study guides. This ensured that every child in the five schools, male and female, each received either a core maths or maths literacy guide to help them achieve their maths potential.

The true success of the webinar is hard to measure, as it is the impact it has on the hearts, minds, approaches and dreams of those involved that is its greatest accomplishment. The team behind, however should be praised on the 2024' webinar as it received the largest audience numbers, raised the most amount of money through sponsorship, R230 000, and published in 17 print and digital articles and generated just shy of half a million Rand in media coverage. It showcased the strength, passion and dedicated found within our sector, and the drive to make a difference and leave our mark.

DFFE's response to Master Plan Challenges

Collaboration between role players is key in driving transformation and economic growth in each economic sector. The Department of Forestry, Fisheries and the Environment (DFFE) has been instrumental in the driving and delivering on the commitments of the Masterplan committed four years ago. has been. A number of both tailwinds have propelled the departments to record a number of successes giving them the edge to recognise the barriers and present corrective measures against these challenges.

One worth acknowledging is the DFFE's post settlement support workshop which was responding to the realities on the ground. During the workshop key stakeholders like Labour, Forestry South Africa, Land Commission and the FSCC pledged their intentional support and provided valuable insights and options to address the matter at hand. Encouragingly was the agreed plan which if implemented accordingly will bring about progressive and desired outcomes.

The summit summoned by the Deputy Minister of DEFF for both the private and public sector stakeholders also offered some perceptions key to improve the sector's transformation and growth objectives linked to the success of the Forestry Masterplan. The reflection was no doubt a useful means to also forge collaborations and partnerships that will drive the sector forward and sustainably.

Although this was not formally an FSCC event, several significant matters were discussed. This related to the pace of transformation in particular on ownership and control trends, enforcement of the B-BBEE legislation with options to use the licensing platform, legislation exploitation and or non-compliance to legislation with issues of safety and skills gap resulting in the employment of unskilled personnel. Also of key importance was the support of small enterprises which seems to be lagging resulting in their stagnant growth. All the matters related were to be considered for the planned review and realignment process to be undertaken in the FY2025/26.

Dtic oversight role in Transformation

The dtic continued to play an important oversight role towards transformation within the various economic sectors. The dtic prioritised productive deliberations with all sector Councils meant to enhance B-BBEE implementation, reporting and compliance across all sectors and assess records of achieved progress even in the 2024/25 financial year. Deep reflections on the approach to reporting and compliance remained part of the agenda suggesting a need to quantify or interrogate the impact of B-BBEE implementation and related outcomes as resolved previously.

Updates on technical matters, policy and strategy developments relating to B-BBEE could not be spared and so was the quarterly and theme-based reporting expectations of Council to the Sector Forum, the dtic and B-BBEE Commission, of course this depending on the recipient institution.

In addition, the reaffirmations of the B-BBEE policy also upheld in the statement of intent of the Government of National

Unity (GNU) with anticipated amendments to strengthen not only its application but also the comprehension, legal imperative and impact was welcomed, considering the economic outlook and the broader objectives of B-BBEE.

FP&M Seta' sets new Priorities

The Fibre, Processing and Manufacturing (FP&M) Seta executive management team together with the Board held a strategic planning workshop in September 2024. The theme was on the Medium-Term Development Plan (MTDP) priorities of government emphasising on subjects such as the Department of Higher Education and Training (DHET) expectations for SETAs with an emphasis on the National Skills Development Plan (NSDP) priorities as well as the impact of Covid on the FP&M Seta initiatives.

Also of importance was the reflection on the FP&M Seta Sector Plan and the research commissioned on forestry and the furniture sub-sectors as well as the impact analysis of the seta. Various presentation including one from the FSCC on the progressed achieved under the skills development element were instrumental in forging constructive conversations and in establishing some of the collaborated led interventions. The executive team and the Board had an in-depth reflection analysing its response mechanism and resilience prospects to the referenced presentations and developments while also establishing consensus on key matters. The diverse views properly considered also led to the identification of

immediate needs and different interventions to reform the training and skills landscape for policy coherence and to a certain extent bring about the valuable aspects of job and business creation across the various subsectors.

Encouragingly was the responsive outcome leading to the substantial twenty million one thousand and forty-eight two hundred and forty (R20 148 240) rands grant funding secured from the FP&M Seta for forestry, meant to leverage and provide a concrete foundation for the development of essential skills and establish businesses and create employment for unemployed forestry graduates. Forestry South Africa (FSA) has been entrusted as a reliable partner to manage and coordinate the disbursement of the grant funding. We are optimistic that with FSA's good track record, it will ensure the intended effect and benefits are realised. Appreciation goes to the incredible CEO, Dr Felleng Yende and the board for bringing such structural, legislative and operational reforms and priorities which have no doubt enhanced the efficacy of the FP&M Seta.

ECRDA host a Forestry Dialogue in the Eastern Cape Province

The Eastern Cape Rural Development Agency (ECRDA), mandated to lead integrated and sustainable rural development in the province, continues to play a catalytic role in transforming key economic sectors through collaborative stakeholder engagement. In September 2024, the Agency



successfully convened the Forestry Dialogue, aligning with its 2025–2030 Strategic Plan's focus on forestry and timber processing as one of five high-impact catalytic interventions. The session brought together strategic partners, including the Forest Sector Charter Council (FSCC), the Department of Forestry, Fisheries, and the Environment (DFFE), and Forestry South Africa (FSA), to explore pathways for inclusive growth and transformation in the sector.

This engagement served as a platform for knowledge exchange and partnership-building, while also highlighting the province's afforestation potential and positioning within national forestry transformation agendas. The FSCC underscored the importance of the sector's five transformation pillars and reaffirmed the Eastern Cape's strategic role in driving inclusive rural economic renewal. The commitment to expanding afforestation in the province aligns with ECRDA's vision of cultivating prosperity and fostering sustainability through job creation and enterprise development. The FSCC acknowledges and extends appreciation to ECRDA Board & its Management, and stakeholders for their ongoing support in implementing its transformative mandate.

FATO initiates a Field Day and Training Indaba in response to the QCTO Transition

The Forestry and Agricultural Training Organisation (FATO), known for providing specialized training programmes and educational resources for professionals and organisations within the forestry and agricultural sectors, organised a Forestry Field Trip and Training Indaba in October 2024. The Forestry Field Trip saw the coming together of Mondi, Sappi and their harvesting and silviculture contractors and SAFCOL to induct QCTO management into the world of forestry and its uniqueness as a Sector, especially with the implementation of skills development initiatives. This immersive experience highlighted the critical importance of operations in the forestry value chain, offering QCTO and FP&M Seta representatives a deeper understanding of the challenges and innovations shaping the industry. By connecting theoretical knowledge with on-the-ground practices, the Forestry Field Day underscored the sector's commitment to growth, sustainability, and skills development.



The Forestry and Training Indaba brought together industry leaders, workers, and innovators at Welverdiend, Piet Retief, to address the evolving demands of South Africa's forestry sector. Focusing on "Navigating the New Skills Development Landscape," the event included expert presentations, practical infield demonstrations, and meaningful teambuilding activities. Speakers from QCTO and FPMSETA explored the sector's readiness to tackle skills gaps, emphasizing collaboration between training institutions and industry stakeholders.

The Indaba intended at unpacking the Quality Council for Trades and Occupations ("QCTO") landscape and the readiness of the forestry sector. The QCTO was introduced by the government in an attempt to address the misalignment of skills within economic sectors whose potential of job creation cannot be overlooked.

The conversation of the day reflected not only on the QCTO programmes and evolution but also on the peculiarity and uniqueness of the sector being exposed through the field trip highlighting the disconnection and inefficiencies of some of their policies and requirements, and the considerations that could be integrated seamlessly for the forestry sector. The collective efforts and objective discussion throughout the indaba signalled a renewed commitment to the transition by all stakeholders including the training facilitators and assessors.

With the upcoming review of the Amended FSC, this matter may need to be considered and so are the key insights shared which could serve as a lever for the Skills Development element in addressing key challenges pertaining to skills development and training in the sector. Special thanks to FATO management and affiliations for showing leadership on this important subject in consideration of its influence to job creation and retentions.

Forest Science Symposium organised in 2024

Forestry South Africa (FSA), in collaboration with the South African Institute of Forestry (SAIF) as custodians of the biennial Forest Science Symposium and in partnership with the Institute for Commercial Forest Research (ICFR), hosted the first in-person Forestry Science Symposium since 2017. Held in November 2024 in Hilton, the event was significantly over-subscribed, with 228 registrations received far exceeding the initial target of 180 attendees. The Organising Committee also received far more presentation submissions than could be accommodated, underscoring the convincing demand for this important forum for scientific discourse in the South African Forestry Sector.

It was pleasing to see a diverse group of attendees. The event was attended by some of the stalwarts and research and development mentors of the Sector, as well as excellent representation of the Sector's research community. These attendees represented not only our Higher Education and research institution, but also researchers representing corporate and medium growers. The organisers were also grateful to host representation from the Forest Sector Charter Council (FSCC), National Forestry Advisory Council (NFAC) and the Department of Science, Technology and Innovation (DSTI). All in attendance we treated to world class research presentations and stimulating discussions.

FSA extends its sincere thanks to our partner institutions, presenters, and all attendees for contributing to the success of the event. The programme and presentations are available on the Symposium website: <https://icfr.co.za/forestry-science-symposium>. The next event is scheduled to take place in 2026.

SANAS host B-BBEE Workshops for Verification Agencies

SANAS is an accreditation body responsible for accrediting Verification Agencies (VAs) whose mandate is to assess the transformation initiatives and contributions of also forest companies implementing B-BBEE as legally obligated. In the year under review, the FSCC was privileged to have collaborated with SANAS on matters of importance and relating to the Forest Sector's scorecard peculiarities and application.

The interaction with SANAS accredited VAs focused on the Forest Sector's key principles, scorecard deviations and concepts, offering valuable insights to guide the verification processes of forest enterprises. Emphasis was placed on the technical principles deviating from the generic scorecard for ease of comprehension and application.

Other areas of discussions were on the information required on the scorecard report and certificate for ease of reporting, SAFCOL's accreditation as a B-BBEE Facilitator, the defined Measurement period and reporting expectations as well as the commissioned Online Reporting System which will be used to load and validate scorecard reports etc. Also of importance was the clarity around the gazetted Employment Equity Targets with reference to the forest sector targets.

Special acknowledgement was made in recognition of the voluntary support provided by most VAs in submitting the scorecard reports of the forest entities assessed and SANAS together with the Joint Technical Committee (JTC) who have been instrumental in this discourse.

Report of Progress made in the Implementation of the Forest Sector Charter Undertakings

The Amended FSC lists commitments for both industry and government. These obligations are intended to provide an enabling environment for B-BBEE compliance and enforcement. The achievements for the year 2024/25 are outlined in the section below.

INSTRUMENTS TO SUPPORT OWNERSHIP TARGETS

Funding facility for B-BBEE transactions

As previously reported, the concept note on Blended Finance intended to support small entrepreneurs was finalised in collaboration with the Department of Rural Development and Land Reform (DRDLR) and the Industrial Development Corporation (IDC). The priority for the year has been to engage and lobby key institutions such as the Department of Trade, Industry and Competition (dtic) and National Treasury to secure funding for the implementation of the scheme.

In support of the afforestation programme, the Bid Evaluation Committee (BEC) recommended the appointment of an Environmental Impact Assessment (EIA) specialist for the 47,000 hectares of new afforestation projects. These recommendations were presented to the Bid Adjudication Committee (BAC), which resulted in successful negotiations with the selected bidders. The Service Level Agreements are currently being finalised by the Legal Services unit.

Furthermore, a total of eight (8) plantations have been successfully transferred to communities. The Community Forestry Agreements (CFAs) for Mpeko, Mtamo, Ngunduzi, Julukuqu, Bencuti, Sapompolo, Dwabe, and Sulenkama plantations were approved and signed by the Minister, marking a significant milestone in advancing community-based forest management and inclusive economic development. Furthermore, Section 42 approvals for the transfer of assets related to these plantations were signed by the Director-General on 27 March 2025.

INSTRUMENTS TO SUPPORT PREFERENTIAL PROCUREMENT TARGETS

In addition to the various industry-led Enterprise & Supplier Development initiatives, 6 forestry companies have ring-

fenced business opportunities for unemployed forestry graduates through the Forestry Graduate Employment Programme (F-GEP).

INSTRUMENTS TO SUPPORT SKILLS DEVELOPMENT TARGETS

Sector Skills Plan for the Forest Sector

In 2024, the Fibre, Processing and Manufacturing Sector Education and Training Authority (FP&M SETA) published a 5-year Sector Skill Plan (SSP). As required, the Industry and Department of Forestry, Fisheries and the Environment (DFFE) will provide regular and annual input to the SSP. As conceived in the report, the FP&M SETA has established a skills development committee comprised of Industry participants.

The Paper Manufacturers Association of South Africa (PAMSA), on behalf of the Forestry Sector, is leading in the development of a Forestry Value Chain Sector Skills Plan (SSP). As part of this initiative, each subsector (e.g., Forestry, Pulp and Paper, etc.) will establish a dedicated subcommittee to support the process. The development is kindly co-funded by the FP&M SETA.

Considering the training needs of the beneficiaries of the transferred plantations, DFFE approved Terms of Reference for the provision of training in the Eastern Cape, outlining requirements for the appointment of suitable service providers. Although a tender was subsequently advertised, all potential bidders were disqualified by the Bid Evaluation Committee (BEC).

Following this, in November 2024, the Forestry Branch of DFFE submitted a collaboration proposal to FP&M SETA requesting funding to support the training of SMMEs and new entrants in the forestry sector. The SETA approved a grant of R5.41 million, which is expected to train 541 learners across five provinces: Limpopo, KwaZulu-Natal, Free State, Western Cape, and Eastern Cape. A total of one hundred and eighty-two (182) participants, are undergoing training. Of these, sixty-seven (67) are from the Eastern Cape, thirty (30) from the Western Cape, sixty (60) from KwaZulu Natal with the remaining twenty (25) from Limpopo.

As reported previously, the Skills Audit Report was successfully completed, leading to the establishment of a Skills Development Committee by FP&M SETA. The Committee is composed of representatives from Government,



FP&M SETA, industry associations, organised labour, higher education institutions, and community representatives. The Committee's mandate is to review the recommendations of the audit report and provide strategic direction for future skills development initiatives within the forestry sector.

INSTRUMENTS TO SUPPORT ENTERPRISE AND SUPPLIER DEVELOPMENT TARGETS

Access to Funds and Financial Services for Emerging Black Entrepreneurs

Industry through FSA supports the efforts of the Department of Forestry, Fisheries and the Environment (DFFE) to establish a Blended Finance instrument in the Masterplan for Commercial Forestry processes to assist small and emerging black enterprises wishing to establish, expand and grow their forestry businesses.

The industry has committed to contributing to the drafting of documents that will be used in the submission to the National Treasury and/ or International Funding instruments with a development mandate.

The industry has set up a programme to improve the employability and entrepreneurial mindset of unemployed forestry graduates. The Forestry Graduate Employment Programme (F-GEP), Training for Employability and Entrepreneurship, will see 140 currently unemployed

graduates enrolled in the blended programme of about 60 - 80% internship hosted by forestry entities and 20 - 40% short learning interventions to improve identified skill gaps. In addition to being hosted by commercial forestry entities, the graduates will be attached to industry experts for coaching and mentoring in any scarce and critical skill of their choice. Forestry entities, companies, contractors, and family-owned farms will use the programme for succession planning and sharpening new talent for the sector. The F-GEP is co-funded by the National Skills Fund with a grant of R20,148,240.

Capacity Building and Business Support for Emerging Black Entrepreneurs

Part of the Grant received by FSA in March 2025 will be used to assist unemployed forestry graduates in setting up enterprises to explore opportunities ring-fenced by industry role-players in the Forestry Graduate Employment Programme (F-GEP). FSA members will coach and mentor the entrepreneurs.

Expedite the Authorisation Process for Afforestation and Paper and Sawmilling Facilities

During the 2024/25 financial year, a total of 135 Water Use Licence Applications (WULAs) were received from Historically Disadvantaged Individuals (HDIs) across the country,

including those submitted under the Stream Flow Reduction Activity (SFRA) and from KwaZulu-Natal (Pongola, Mzimkhulu, and Durban). Of these, 41 licences were issued, 7 applications were declined, and 5 were closed without issuance. The remaining 82 applications were still in progress at the end of the reporting period, including one under initial assessment. Out of all finalized applications, 47 were completed within 90 working days, demonstrating a 96% compliance rate with the department's turnaround time standards. All finalized afforestation-related applications were also processed within this timeframe, reflecting the department's commitment to efficient service delivery and to advancing transformation in the forestry and water use sectors.

FSA together with the Department of Water and Sanitation (DWS) established a bilateral team to unlock licensing and authorisation issues before they spiral out of control. So far, the bilateral team has managed to collaboratively contribute to a clear communication of the outcomes of the Court case to the DWS Regional Offices and Catchment Management Authorities (CMAs).

The FSA-DWS bilateral task team also resolved the impulse regarding the frequency of external auditing (i.e., once every 5 years vs. 10 years) on the amendment to an EXISTING Water Use Licence template, and the insistence of one CMA claiming ignorance, on the application for a NEW WUL instead of following the agreed process for an amendment.

INSTRUMENTS TO SUPPORT INDUSTRY-SPECIFIC INITIATIVES

Transport Infrastructure Development in support of Forestry

Industry, as led by FSA, has successfully lobbied the South African Revenue System (SARS) for a special dispensation for small producers on issues of refunds and diesel rebates as indicated previously. The new Diesel Rebate Scheme will take effect from 01 April 2026. The new rebate scheme will be decoupled from the Value Added Tax (VAT) system and will simplify the administration of the refund system. Forestry, Mining and Agriculture businesses will be able to claim back all of the general fuel and Road Accident Fund levies they pay on their diesel purchases. Currently, these businesses qualify for a refund of those levies for only 80% of their eligible diesel fuel prices. SARS will incorporate several long-requested concessions, following lobbying from FSA, such as being able to claim empty return trips from the mill and wattle bark transport.

In addition to these requests, FSA is lobbying for the inclusion of labour transport costs associated with transporting workers to and from their workplaces. This additional relief would

further ease the financial burden on forestry companies and enhance their operational efficiency.

Strengthening Representative Industry Structures

FSA continues to have a more than equitable representation of Small-Scale Growers (SSGs) in all of its decision-making structures. In all 9 FSA regional meetings, all growers were represented, and in addition, 11 SSG-specific consultation meetings across the country were held to ensure that SSG-specific issues were properly captured.

Sector's Growth Strategy

The feasibility study on promoting the use of timber in construction has been completed. The final report, conducted by EUP on behalf of the Department of Trade, Industry, and Competition (Dtic), was submitted to Trade and Industry Policy Strategies (TIPS) in October 2024. The study assessed the viability of expanding timber usage in the construction sector and produced key policy recommendations. These recommendations are now being integrated into the implementation phase of the Forestry Master Plan.

Forest protection services

The Forest Protection Services priorities for the year under review were meant to capacitate the Judiciary system on crimes and the prosecution of related to veld fires and students, interns, and new appointees on the provision of the National Veld and Forest Fire Act (NVFFA) and its application. This is also intended on sensitizing stakeholders about the risks of fires so as to minimize and reduce the incidents of veld and forest fires and losses associated with them.

During the 2024/25 financial year, a range of stakeholders were trained and engaged on fire protection and the National Veld and Forest Fire Act (NVFFA) across various provinces. These included 19 Fire Advisors and Managers, 16 Police Officers, and 76 Expanded Public Works Programme (EPWP) workers. Collaborative sessions also included participation from Agri-SA and ESKOM. A total of 43 members of the Intsika Yethu Fire Protection Association (FPA) and local community members in the Eastern Cape were trained on the prospects of the NVFFA. In support of skills development, 33 students from Fort Cox College and 5 interns, along with 36 students from the University of Venda, also received training. Furthermore, on 12 March 2025, 55 members of the Mnquma Mbhashe Fire Protection Association (FPA) from the Colosa Community in the Eastern Cape were trained. These capacity-building interventions reflect the department's continued efforts to

strengthen fire protection awareness, enhance community resilience, and ensure multi-stakeholder alignment with the NVFFA.

Fire Protection Association (FPAs) Support Strategy

The Fire Protection Association (FPAs) Support Strategy intended to ensure that FPA'S are compliant, functional, and sustainable has been amended to incorporate comments received. It is scheduled to be tabled before Working Group 10 in the first quarter of 2025. The Working Group 10 is expected to recommend for the approval and gazetting of the FPAs Support Strategy to MINTECH/MEC so that it could be implemented.

Forest Sector Research & Development Strategy in South Africa

Industry through FSA is actively engaging with government departments to clarify the phytosanitary mandate for the forestry sector. Key achievements and ongoing efforts that have protected forestry resources and market access for small private growers who would otherwise not be able to protect themselves using in-house resources include:

Clarifying Mandates: FSA participation in the National Forest Pest and Disease Committee (NFPDC) has highlighted confusion between the Department of Agriculture's National Plant Protection Organisation of South Africa (NPPOZA) and the forestry sector regarding phytosanitary measures.

Legislative Clarity: The new Phytosanitary Act (Act 35 of 2024) provides clarity on the NPPOZA's mandate, which includes forestry. However, organisational structure challenges remain.

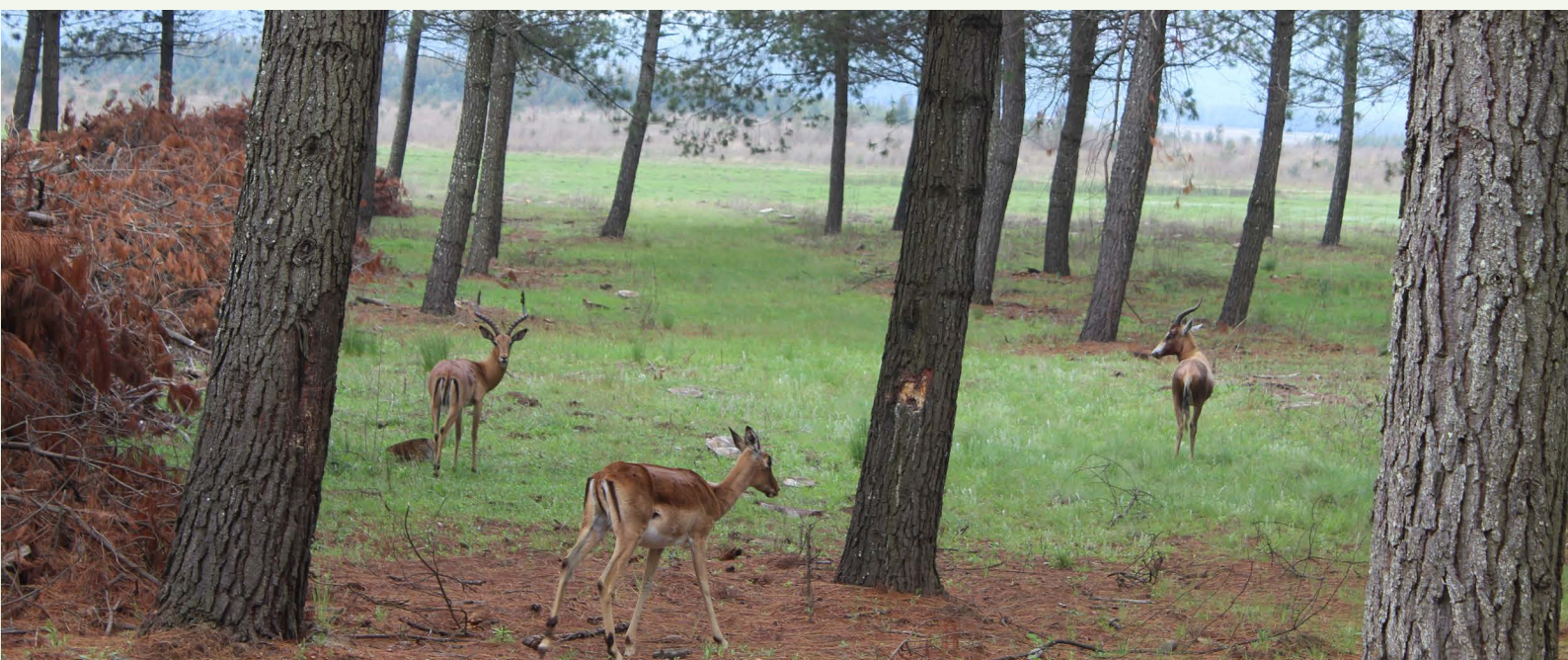
Sector Benefits: FSA's efforts aim to ensure the forestry sector has a coordinated phytosanitary strategy approach,

through continuous constructive engagement with NPPOZA through various platforms, including the NFPDC and National Biosecurity Hub.

Expediting restitution claims on forest land

During the 2024/25 financial year, significant progress was made in advancing land reform processes and supporting communities through post-settlement development. Two land claims were transferred: the Qelane claim in the Eastern Cape and the St Paul claim in KwaZulu-Natal, collectively covering five (5) properties. Additionally, the Kaapschehoop claim in Mpumalanga was transferred on 26 February 2025, covering 1,199.4149 hectares.

A number of preparatory activities were undertaken to support further land restitution. This included a workshop on the CPA Constitution held with the Mpheko Community in the Eastern Cape, and a draft Section 42D submission was completed for the Mpheko, Mbolompo, and Baziya communities. In KwaZulu-Natal, preparatory work included five engagements with the Ngome community and Nomatshila family, as well as the approval of a Rule 3 Research Report for the Bonginhlahla Moses Zunguobo Kwajosi community. Rule 5 Research Reports were approved for the Ncube family (KwaZulu-Natal), Shanzha family (Limpopo), and the Setlare and Dladla communities (Mpumalanga). Financial compensation offers were submitted to the Regional Land Claims Commissioner (RLCC) for the Yende family in Mpumalanga. A hybrid report was approved and gazetted for the Hlatswayo and Zulu families in Mpumalanga. These initiatives reflect the department's sustained commitment to resolving outstanding land claims, supporting restitution beneficiaries, and facilitating inclusive rural development across multiple provinces.



Status Report- FY2024/25 Summarised version of the Annual Status of Transformation

Transformation in the forest context is assessed using the five (5) scorecard as detailed in the Amended Forest Sector Code (FSC). These elements may also be referred to as transformation pillars and both Medium and Large Enterprises (MLEs) and unenhanced Qualifying Small Enterprises (QSEs) are measured against. Enhanced QSEs and Exempted Micro Enterprises (EMEs) submit affidavits instead.

Encouragingly, the FY2024/25 report was finalised using the Online Reporting System (ORS). The ORS is fully functional,

and reporting entities will be required to load their B-BBEE certificates and reports from now onwards. Exempted enterprises can also generate their affidavit using the ORS.

In the year under review, a total of 158 reporting entities reported, as shown in Figure 1 below. This shows a noticeable decline from the 191 submissions received from the previous year with the largest decline from observed under the EME category.

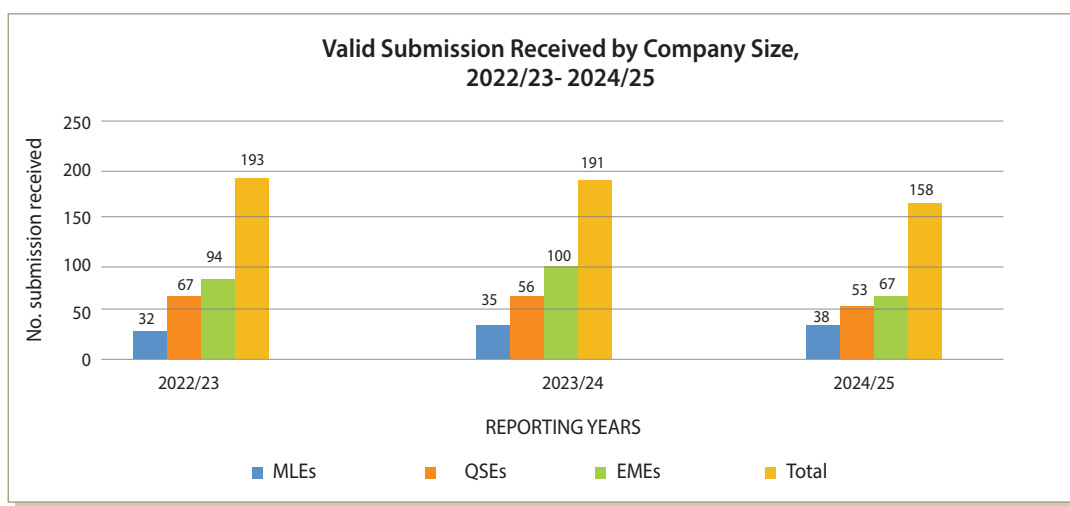


Figure 1: Valid Submissions received from Reporting Entities

The Amended FSC clearly defines the six (6) sub-sectors which are required by law to comply accordingly and submit annually their B-BBEE reports, certificates and affidavits. Figure 2 below shows the representation of the reporting entities across the sub-sectors. Similarly to previous years, most of the submissions are collected from Contractors confirming that some if not most of the forest operations are outsourced to the contracting companies. Hence are mostly likely to have their B-BBEE reports and affidavits both as a standard requirement from the larger companies and also for ease of points allocation under the Enterprise & Supplier Development element.

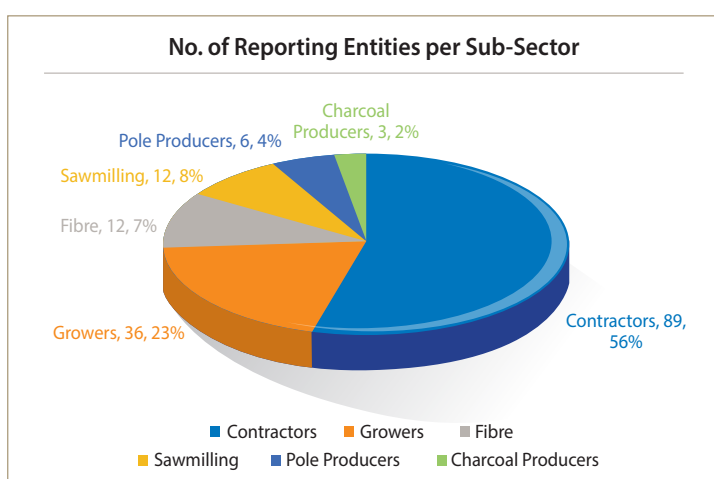


Figure 2: No of Reporting Entities per Sub-sector

Additionally, is the improvement of reporting entities from the Growers sub-sector proving the efficiency in collaboration between the FSCC and the Growers sub-sector represented by Forestry South Africa (FSA). Some of the sub-sectors continue to be least represented validating

the approach to engage their representative Associations so as to gauge the challenges associated and improve and promote consistent reporting as required by the B-BBEE Act as Amended.

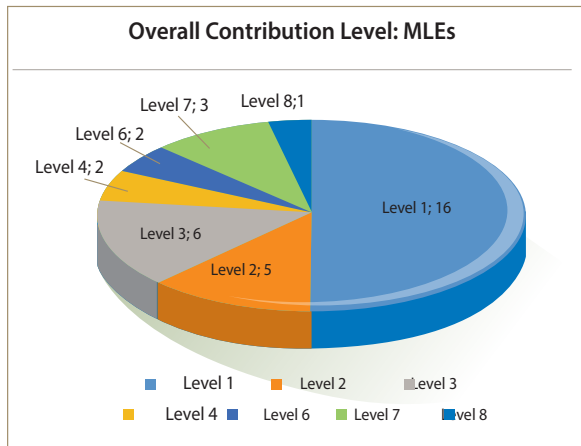


Figure 3: Achieved B-BBEE levels by MLEs

Medium and Large Enterprises (MLEs)

Each of the five elements is allocated weighting points which are computed to give each MLE a B-BBEE level ranging from a level 1 to an 8. The best levels are levels 1-4 as they have a cascading effect on the recognition levels and procurement points received. Such entities are also mostly likely to secure procurement opportunities or authorisations and licenses from government departments. Figure 3 below shows the B-BBEE levels achieved by the reporting MLEs.

The mode for MLEs continues to be a B-BBEE level 1 as displayed in Figure 3 above, with 88% of these representing the reliable reporting entities. Notably also, is that there were more MLEs achieving either a B-BBEE level 2, 3 or 4 when compared to the higher levels. Only six (6) accounting for 16% achieved a level lower than 4 making these entities unfavourable to receive contractual businesses as they would offer a lower procurement recognition.

The total points received amongst the reporting MLEs are aggregated to an overall score. The scores are compared

periodically to assess the trends and possibly imply the cause effect. Figure 4 below contrasts the performance of the reporting MLEs across the 5 elements. It should be noted that the scores are also correlated to the number of reporting MLEs in each year and also on the level of consistency.

Figure 4 above compared the performance of MLEs on the five scorecard elements over a three-year reporting period. The performance shows a similar trend to previous reports, with Socio-Economic Development (SED) regarded as the element where the sector outperforms. While there was a slight decline under the Enterprise and Supplier Development (ESD), the sector still recorded a good score. The sector showed an upward improvement on the Ownership element. Other declines were observed in Skills Development (SD) and Management Control (MC). Promisingly, was that the sector did not achieve a lower score than the average in all the elements. Only 6 MLEs were downgraded as a result of Ownership, with one of these failing also to achieve the minimum eight (8) points under the Skills Development element.

Qualifying Small Enterprises (QSEs)

Qualifying Small Enterprises are either Enhanced or Unenhanced and are assessed inversely. Enhanced QSEs are majority black owned having a black profile of more than 51% and only validated using an affidavit. Unenhanced QSEs undergo a similar verification process to the MLEs. Figure 5 below shows the levels achieved by all reporting QSEs.

Remarkably, a majority of the QSEs are enhanced, automatically achieving a level 1 or 2 B-BBEE rating. Only four B-BBEE levels were recorded (being 1, 2, 3 & non-compliant) amongst QSEs with 48 (91%) achieving either a level 1, 2 or 3 with the remaining five (9%) achieving a non-compliant status as displayed on figure 5 above. Most of these QSEs receiving a non-compliant status were discounted as a consequence for not achieving

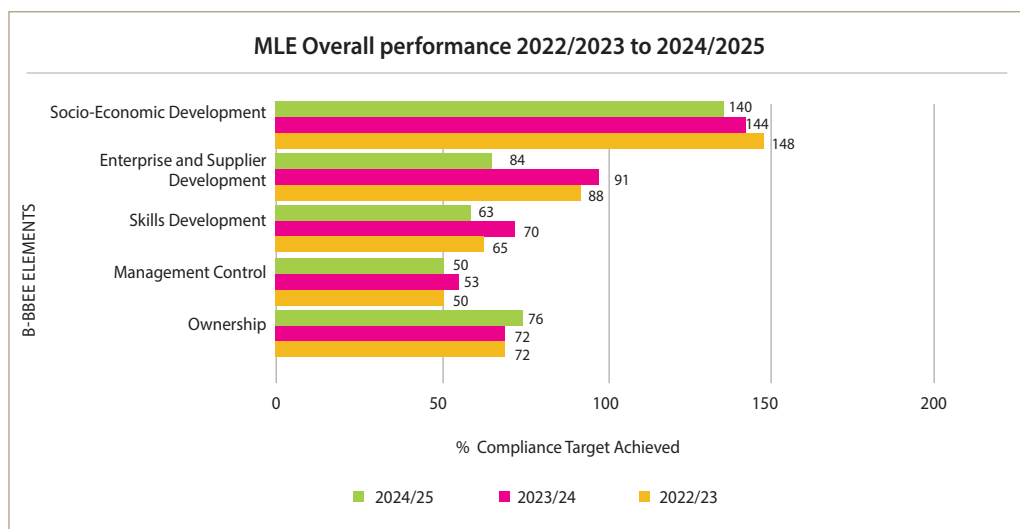


Figure 4: 3-year MLE scorecard performance

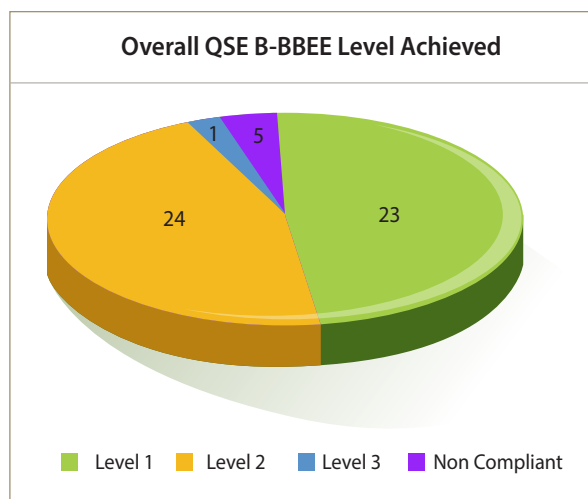


Figure 5: Achieved B-BBEE levels by QSEs

the minimum targets under the priority elements and would qualify to be regarded as inconsistent reporters.

QSEs are in most cases regarded as the medium sized businesses and usually offer contractual services to the larger entities. The submitting QSEs are also classified into the six (6) sub-sectors represented. Figure 6 below illustrates the reporting sub-sectors amongst QSE.

The submissions from the QSEs were received from 4 of the 6 sub-sectors as illustrated in figure 6 above. Similarly, to the previous year, the Contractors sub-sector continues to be well represented in terms of reporting. Very few submissions were received from the other sub-sectors validating the suggestion to understanding the proportionality of the active entities amongst QSEs within the different sub-sectors. A majority of the submissions received were from the enhanced QSEs, with a majority of them achieving a level 2 B-BBEE rating, hence the analysis of the scorecard elements was based on only nine (9) unenhanced QSEs.

Unenhanced QSEs are also required to comply with the scorecard elements. However, their targets are lower when

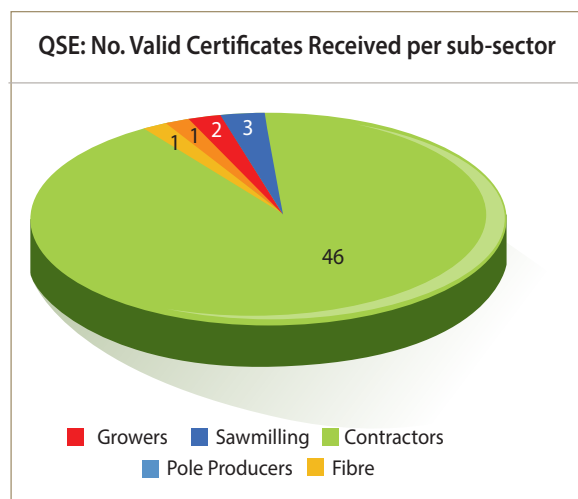


Figure 6: Valid submissions received from QSEs/ sub-sector

compared to the MLEs. In the year under review the number of reporting Unenhanced QSEs improved from five (5) to nine (9). Of these 9, 5 are consistent reporters. Considering the glaring inconsistencies amongst unenhanced QSEs, it is unlikely that a year-to-year comparison would result in an objective conclusion. Figure 7 below reveals the performance of Unenhanced QSEs for the year under review.

Unenhanced QSEs performed poorly across all 5 elements as shown in figure 7 above. This is mainly attributable to that 4 (44%) of the inconsistent Unenhanced QSEs attained very discouraging scores across all the scorecard the elements, hence lowering the averages. Inversely a comparison between the consistent and inconsistent reporters show that the consistent reporting Unenhanced QSEs would have achieved above 90% towards the Ownership and Skills Development elements and the target on both the Socio-Economic Development and Enterprise and Supplier Development. The lowest score but still good would be 73% towards the Management Control target, a contrast observation when compared to the overall Management Control score of 4.86

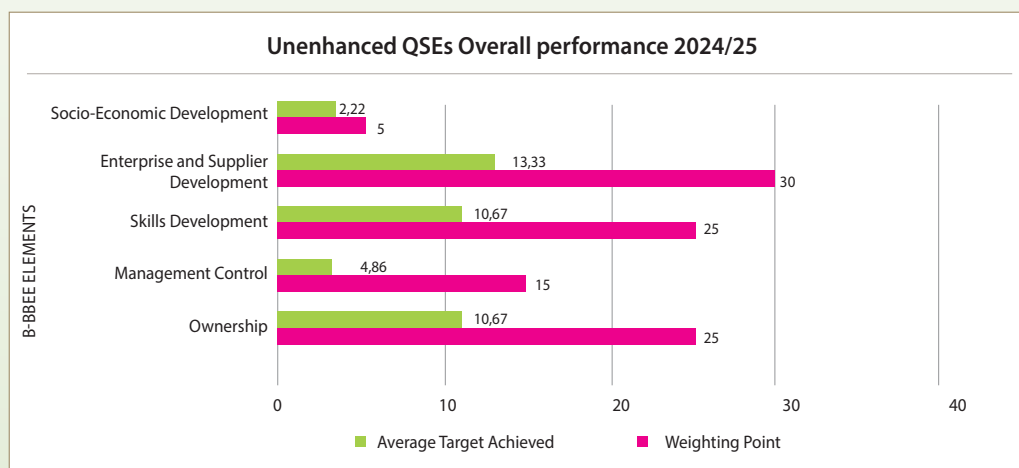


Figure 7: QSE scorecard performance

as shown in figure 7 above. This is no doubt a matter worth interrogating as the average scores achieved in the 2024/25 in figure 7 above are much lower even when compared to the previous year's report and would be misrepresenting to the exceptional performers.

Exempted Micro Enterprise (EMEs)

All Exempted Micro Enterprises are exempted from compliance with the scorecard elements and are automatically regarded as a level 4 contributor if unenhanced. Correspondingly to the QSEs, the enhancement principle also applies to EMEs, regarding majority black owned EMEs as either a level 1 or 2 contributors. Figure 8 compares the number of reporting EMEs within the last 3 reporting periods.

Only sixty-seven (67) EMEs submitted their affidavits in the year under review showing a sizable drop of about 33% as indicated on figure 8 above. This decline confirms that the EMEs are mostly incompatible with their reporting requirement as in most cases the submissions from this category are not received voluntarily. It is usually when there is either a reminder from the FSCC or mobilisation through the industry Association. This is concerning as the conclusion drawn on the establishment of these entities could be misleading as the expectation is that these will also be the beneficiaries of the ESD element.

Figure 9 below illustrates the B-BBEE levels achieved by reporting EMEs in the year under review.

As evidently shown on figure 9 above, most EMEs are enhanced attaining either a level 1 or 2 respectively. The mode is level 1 and this trend is in contrast to the observation on the enhanced QSEs, suggesting that the level of Black Ownership amongst EMEs is higher than in QSEs. Very few EMEs are minority black owned.

In conclusion, the total number of reporting entities declined significantly in the 2024/25 reporting period with only MLEs having improved in terms of the number of submissions when compared to the previous years, proving the efficient collaboration with Verification agencies. The concern relating to the declines validate the suggestion to consider the proportionality when drawing the conclusion

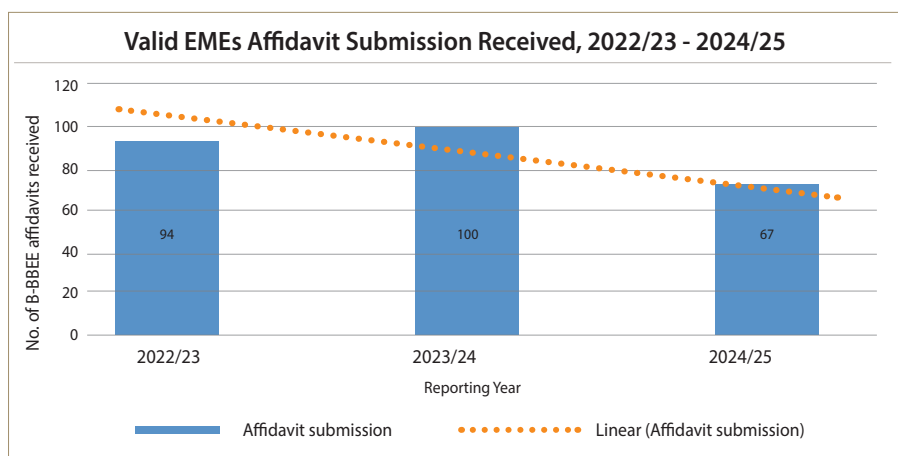


Figure 8: Valid EMEs Affidavit Submission Received, 2022/23 - 2024/25

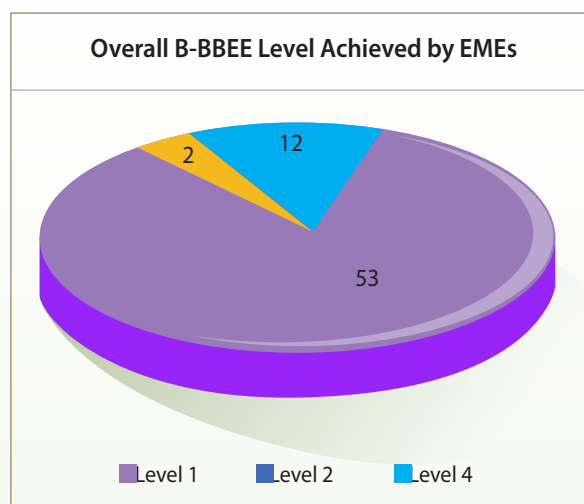


Figure 9: B-BBEE level achieved by EMEs

on the consistency element. The sector maintained a level 3 B-BBEE with QSEs and EMEs also attaining a level 2 for the last 3 consecutive years. The mode for MLEs continues to be a B-BBEE level 1, with about 16 MLEs of the total 38 attaining this level. A majority of QSEs achieved level 2 while EMEs attained level 1 a trend observed even in the previous reporting year. MLEs continued to record exceptional scores in SED and ESD with an improvement on the Ownership element. Slight declines were observed under the SD and MSC elements. Unenhanced QSEs were disadvantaged by the fact that most of entities received a non-compliant status. Only six (6) MLEs were discounted mostly as a result of the Ownership element while five unenhanced QSEs were downgraded as a result. Most entities in the MLE category also achieved the bonus points allocated. SAFCOL's performance was remarkable showing it maintained the level 2 rating.

FY2024/25 B-BBEE Reported Entities

MLEs			
<ul style="list-style-type: none"> Amathole Baltic Timber Company Bedrock Mining Support Braecroft Timbers Cintasign Corruseal Corrugated KZN Dalisu Holdings Everest Corrugated Proprietary Limited Gauteng Pallets CC 	<ul style="list-style-type: none"> Golden Era Group Imishini Contracting Services Imphisi Harvesting Industrial Timber Supplies Iningi Investment 143 Kanyilanga Trading Khulani Timber Industries Kishugu Holdings Merensky Mondi Limited 	<ul style="list-style-type: none"> Mpact Operations MTO Forestry Natal Forest Products NCT Durban Woodchips NeoPak NHR Investment Normandien Farms PG Bison Pride Pak Packaging SAFCOL 	<ul style="list-style-type: none"> Safire Charka Sappi Southern Africa Limited Somusa Forestry Sonae Aauco South Africa Proprietary Limited Timrite Tzaneng Treated Timbers Vuka Timbers PTY LTD White River Sawmill York Timbers Holdings Limited

QSEs			
<ul style="list-style-type: none"> Amahlathi Ethu Trading (PTY) Ltd Apple Blossom Trading (PTY) Ltd Base Engineering and Projects (Pty) Ltd Basic stock (PTY) Ltd Bill and Judi Thomson Black Forest Harvesting Can Do Timbers (PTY) Ltd Devonix (Pty) Ltd Double D 207 (PTY) Ltd Enviro-Mulch (PTY) Ltd Fandas Forestry Services (Pty) Ltd GDH Timber Harvesting Hlanganani Forestry (PTY) Ltd 	<ul style="list-style-type: none"> Iswepe Silvicultural Services Ithaba Holdings (PTY) Ltd Ingulule Road Maintenance CC Khula Forestry (Pty) Ltd Lens Forestry Contractors (Illusive Dream Trading) Masibambisane Harvesting (PTY) Ltd Mhlambanyathi Fire fighting Mhlekezi Forestry (Pty) Ltd Micloo Forestry Services (Pty) Ltd Mooiplaas Forestry Contracting (Pty) Ltd Mooiplaas Silviculture Services (Pty) Ltd Mzilazembe Forestry Services 	<ul style="list-style-type: none"> Natal Box Factory CC Ndukude Trading Enterprise New Forestry Solutions Ngwenya Forestry Pty Ltd Nsiva General Trading Projects (Pty) Ltd Paulpietersburg Timbers Polkadraai Nursery (PTY) Ltd Rally business consulting Pty Ltd Ringomode (PTY) Ltd Sakhisizwe Bush Control CC Sihle Sive Trading Silvicultrix (PTY) Ltd Siyakhula Forestry Management CC Siyavuka Forestry (PTY) Ltd 	<ul style="list-style-type: none"> Siyaya Contracting (Pty) Ltd SOS Eucs (PTY) Ltd SOS Harvesting (PTY) Ltd SOS Silviculture (PTY) Ltd The Extraordinary Trading and Construction (Pty) Ltd Thuthugani Contractors (PTY) Ltd Thuthuka Forestry (PTY) Ltd Tingasmart (PTY) Ltd TR Mabuza Contractors Cc Umvuni Solutions (Pty) Ltd WBS Transport CC Welverdiend Forestry (PTY) Ltd Ziyawa Forestry CC Zanokuhle Forestry (PTY) Ltd

EMEs

- | | | | |
|---|---|--|---|
| <ul style="list-style-type: none"> • Abakwa Mvuleni Trading Enterprise • ART Farm (Zwothe Agribusiness Enterprises) • Dan.Joyce Family Plantation • Dinoko Sulie Trading (Pty) • Dubell Harvesting • Dzivhuluwani Colbert Trading Enterprise • Flepu Hardworkers (Pty) Ltd • Forestry Mechanical Services • Glosam Agriculture Primary Cooperative Limited • Goobs Forestry (PTY) Ltd • Harold Alwin Luck • Hi Rope industries (PTY) Ltd • Illovo Contractors • Ingwenya Forestry Services • Joram Agricultural Primary Co-operative Limited • Kholwi Agricultural Primary Co-operative Limited | <ul style="list-style-type: none"> • Khunda Community Project • Kwamahlathi Training Services • Kwanatal Contractors CC • Libol Pty Ltd • Liyemithemba Multi Traders • LotLog CC • Mamahlola communal properties association (Pty) Ltd • MATMT Timber Primary Co-operative Limited • Madebe Harvesting and Manufacturing CC • Madindini Plantation • Maovhelwane Timber Growing • Masihambe Transport • Masonga Contractors • Matombotsuka Woodlots & Poultry Cooperation • Meyer Forestry (PTY) Ltd • Midnight Spark Trading 397 CC • MMphagane Agricultural Primary Co-operative Limited | <ul style="list-style-type: none"> • Modau Family Business • Mulaudzi N.E Timber growing • Munzhedzi Agricultural Primary Co-operative • Musolwa Agricultural Co-operative • Mutshinyalo Multi-Purpose Primary Cooperative Limited • Mvuleni Mvula (Pty) Ltd • Netshiavha General Sewing • NBR Harvesting CC • Ontika Forestry • PAMSA • Pat Nel Timber and Agriculture (PTY) Ltd • Philasande Gardening Services (RGHK Trading) • RS and SS Plant Hire CC • Samuel Ratshilumela Timber Growing • SA Fine-Tuned Trading • SA Forestry Management | <ul style="list-style-type: none"> • SAFCA • SC Forestry Contractors • Sekoz Forestry Enterprise (Pty) Ltd • Siaga Plantation • Simunye Sihambisane (Pty) Ltd • Sizanani Village Maintenance CC • SS Three (PTY) Ltd • Takhe Trasnsport (Pty) Ltd • The Hill Trading Industry • Thiathu Agricultural Primary Co-operative Limited • Thivhalemi Agriculture Primary Cooperative • THT Forestry (Pty) Ltd • Top ASH Trading • Tshinetise Plantation • Tshitongwe Family Plantation Co-operative • Tumisho Developers • Zana Co-operative • Zumda Trading CC |
|---|---|--|---|







**Annual Financial Statements
*for the year ended 31 March 2025***



General Information

Country of incorporation and domicile	South Africa
Registration Number	2009/006567/08
Nature of business and principal activities	Oversight over and facilitation of the implementation of the Forest Sector Code which, as its main objective, seeks to promote Broad-Based Black Economic Empowerment in and through the Forest Sector.
Councillors	<p>Nelisiwe Harrison</p> <p>Tyrone Hawkes</p> <p>Lulamile Xate</p> <p>Roy Southey</p> <p>Victor Breedt</p> <p>Michael Peter</p> <p>Pumeza Nodada</p> <p>Makhosazana Mavimbela</p> <p>Pierre Tullis</p> <p>Roger Johnston</p> <p>Sibusiso Lunga</p> <p>Tshepo Makhene</p> <p>Tanucia Coopasamy</p> <p>Thandi Mokoena</p> <p>Thembisa Mpengesi-Mvinjwa</p> <p>Philani Xulu</p> <p>Wade Parker</p> <p>Kwena Komape</p> <p>Lindiwe Mavundla</p>
Registered Office	<p>Unit 4, Woodview Office Park</p> <p>1 Humber Road</p> <p>Woodmead</p> <p>2191</p>
Bankers	First National Bank (FNB)
Auditors	<p>Matshoba Chartered Accountants</p> <p>27 Garden Road</p> <p>Midrand</p> <p>1686</p>

Index

The reports and statements set out below comprise the annual financial statements presented to the shareholders:

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Statement of Changes in Equity	34
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Councillors' Responsibilities and Approval

The councillors are required by the Companies Act of South Africa to maintain adequate accounting records and are responsible for the content and integrity of the annual financial statements and related financial information included in this report. These annual financial statements have been prepared in accordance with the IFRS for SMEs[®] Accounting Standard as issued by the International Accounting Standards Board (IASB[®]) and it is their responsibility to ensure that the annual financial statements satisfy the financial reporting standards with regards to form and content and present fairly the statement of financial position, results of operations and business of the Council, and explain the transactions and financial position of the business of the Council at the end of the financial year. The annual financial statements are based upon appropriate accounting policies consistently applied throughout the Council and supported by reasonable and prudent judgements and estimates.


The councillors acknowledge that they are ultimately responsible for the system of internal financial control established by the Council and place considerable importance on maintaining a strong control environment. To enable the councillors to meet these responsibilities, the councillors set standards for internal control aimed at reducing the risk of error or loss in a cost effective manner. The standards include the proper delegation of responsibilities within a clearly defined framework, effective accounting procedures and adequate segregation of duties to ensure an acceptable level of risk. These controls are monitored throughout the Council and all employees are required to maintain the highest ethical standards in ensuring the Council's business is conducted in a manner that in all reasonable circumstances is above reproach.

The focus of risk management in the Council is on identifying, assessing, managing and monitoring all known forms of risk across the Council. While operating risk cannot be fully eliminated, the Council endeavours to minimise it by ensuring that appropriate infrastructure, controls, systems and ethical behaviour are applied and managed within predetermined procedures and constraints.

The councillors are of the opinion, based on the information and explanations given by management, that the system of internal control provides reasonable assurance that the financial records may be relied on for the preparation of the annual financial statements. However, any system of internal financial control can provide only reasonable, and not absolute, assurance against material misstatement or loss. The going-concern basis has been adopted in preparing the financial statements. Based on forecasts and available cash resources the councillors have no reason to believe that the Council will not be a going concern in the foreseeable future. The annual financial statements support the viability of the Council.

The financial statements have been audited by the independent auditing firm, Matshoba Chartered Accountants, who have been given unrestricted access to all financial records and related data, including minutes of all meetings of the councillors, the councillors and committees of the councillors. The councillors believe that all representations made to the independent auditor during the audit were valid and appropriate. The external auditor's unqualified audit report is presented on pages 30 to 31.

The financial statements set out on pages 32 to 42, and the supplementary information set out on page 43 which have been prepared on the going concern basis, were approved by the councillors and were signed on 26 June 2025 on their behalf by:



Nelisiwe Harrison

Tyrone Hawkes

Councillors' Report

The councillors present their report for the year ended 31 March 2025.

1. Review of activities

Main business and operations

The Council provides oversight over and facilitation of the implementation of the Forest Sector Code which, as its main objective, seeks to promote Broad- Based Black Economic Empowerment in and through the Forest Sector.

The operating results and statement of financial position of the Council are fully set out in the attached financial statements and do not in our opinion require any further comment.

2. Events after reporting date

The councillors are not aware of any matter or circumstance arising since the end of the financial year to the date of this report that could have a material effect on the financial position of the Council.

3. Councillors

The councillors of the Council during the year and up to the date of this report are as follows:

Nelisiwe Harrison
Tyrone Hawkes
Lulamile Xate
Roy Southey
Victor Breedt
Michael Peter
Pumeza Nodada
Makhosazana Mavimbela
Pierre Tullis
Roger Johnston
Sibusiso Lunga
Tshepo Makhene
Tanucia Coopasamy
Thandi Mokoena
Thembisa Mpengesi-Mvinjwa
Philani Xulu
Wade Parker
Kwena Komape
Lindiwe Mavundla

4. Independent Auditors

Matshoba Chartered Accountants were the independent auditors for the year under review.



**MATSHOBA
CHARTERED
ACCOUNTANTS**

INTEGRITY • EXCELLENCE • PASSION

72 Garden Road, Midrand, 1686
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duncan@matshoba.co.za
www.matshoba.co.za

Independent Auditor's Report

To the Councillors of Forest Sector Charter Council NPC

Opinion

We have audited the financial statements of Forest Sector Charter Council NPC set out on pages 7 to 18, which comprise the statement of financial position as at 31 March 2025, and the statement of comprehensive income, the statement of changes in equity and the statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the financial statements present fairly, in all material respects, the financial position of Forest Sector Charter Council NPC as at 31 March 2025, and its financial performance and cash flows for the year then ended in accordance with the IFRS for SMEs Accounting Standard as issued by the International Accounting Standards Board and the requirements of the Companies Act of South Africa.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Council in accordance with the Independent Regulatory Board for Auditors' Code of Professional Conduct for Registered Auditors (IRBA Code) and other independence requirements applicable to performing audits of financial statements in South Africa. We have fulfilled our other ethical responsibilities in accordance with the IRBA Code and in accordance with other ethical requirements applicable to performing audits in South Africa. The IRBA Code is consistent with the corresponding sections of the International Ethics Standards Board for Accountants' International Code of Ethics for Professional Accountants (including International Independence Standards). We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other Information

The councillors are responsible for the other information. The other information comprises the information included in the document titled "Forest Sector Charter Council NPC Financial Statements for the year ended 31 March 2025", which includes the Councillors' Report, and the statement of Councillors' Responsibilities and Approval as required by the Companies Act of South Africa, which we obtained prior to the date of this report, and the supplementary information set out on pages 19 to 20. The other information does not include the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information and we do not express an audit opinion or any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Councillors for the Financial Statements

The councillors are responsible for the preparation and fair presentation of the financial statements in accordance with the IFRS for SMEs Accounting Standard as issued by the International Accounting Standards Board and the requirements of the Companies Act of South Africa, and for such internal control as the councillors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.



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In preparing the financial statements, the councillors are responsible for assessing the Council's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the councillors either intend to liquidate the Council or to cease operations, or have no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Council's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the councillors.
- Conclude on the appropriateness of the councillors' use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Council's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Council to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the councillors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Matshoba Chartered Accountants

26 June 2025

Per: D.D. Matshoba
 CA (SA), RA
 Registered Auditor

27 Garden Road
 Midrand
 1686

Statement of Financial Position

Figures in Rand	Note(s)	31 March 2025	31 March 2024
Assets			
Non-Current Assets			
Property, plant and equipment	2	55,186	90,894
Current Assets			
Trade and other receivables	3	21,320	19,220
Cash and cash equivalents	4	13,254,242	13,140,325
Total Current Assets		13,275,562	13,159,544
Total Assets		13,330,748	13,250,438
Equity and Liabilities			
Equity			
Accumulated Surplus		13,267,835	13,231,456
Liabilities			
Current Liabilities			
Trade and other payables	5	62,913	18,983
Total Equity and Liabilities		13,330,748	13,250,438

Statement of Comprehensive Income

Figures in Rand	Note(s)	31 March 2025	31 March 2024
Revenue		5,018,207	4,779,271
Other income		89,767	-
Operating expenses		(5,932,687)	(5,168,065)
Deficit from operating activities		(824,713)	(388,794)
Finance income	7	861,093	805,150
Surplus for the year		36,380	416,356

Statement of Changes in Equity

Figures in Rand	Accumulated surplus
Balance at 1 April 2023	12,815,099
Changes in equity	
Surplus for the year	416,356
Total comprehensive income for the year	416,356
Balance at 31 March 2024	13,231,455
Balance at 1 April 2024	13,231,455
Changes in equity	
Surplus for the year	36,380
Total comprehensive income for the year	36,380
Balance at 31 March 2025	13,267,835

Statement of Cash Flows

Figures in Rand	Note(s)	31 March 2025	31 March 2024
Net cash flows used in operations	8	(743,676)	(525,938)
Interest received		861,093	805,150
Net cash flows from operating activities		117,417	279,212
Cash flows used in investing activities			
Purchase of property, plant and equipment		(3,500)	(43,425)
Cash flows used in investing activities		(3,500)	(43,425)
Net increase in cash and cash equivalents		113,917	235,787
Cash and cash equivalents at beginning of the year		13,140,325	12,904,538
Cash and cash equivalents at end of the year	4	13,254,242	13,140,325

Accounting Policies

1. Basis of preparation and summary of significant accounting policies

The financial statements of Forest Sector Charter Council NPC have been prepared in accordance with the IFRS for SMEs Accounting Standard as issued by the International Accounting Standards Board and the Companies Act of South Africa. The financial statements have been prepared under the historical cost convention, as modified by the revaluation of investment property, certain property, plant and equipment, biological assets and derivative financial instruments at fair value. They are presented in South African Rand.

The preparation of financial statements in conformity with the IFRS for SMEs Accounting Standard as issued by the International Accounting Standards Board requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Council's accounting policies.

The principal accounting policies applied in the preparation of these annual financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

1.1 Property, plant and equipment

Property, plant and equipment is stated at historical cost less accumulated depreciation and any accumulated impairment losses. Historical cost includes expenditure that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by the councillors.

The Council adds to the carrying amount of an item of property, plant and equipment the cost of replacing parts of such an item when that cost is incurred if the replacement part is expected to provide incremental future benefits to the Council. The carrying amount of the replaced part is derecognised. All other repairs and maintenance are charged to surplus or deficit during the period in which they are incurred.

The estimated useful lives range as follows:

Asset class	Useful life / depreciation rate
Fixtures and fittings	6 years
Office equipment	6 years
Computer equipment	3 years

1.2 Financial instruments

Trade and other receivables

Most sales are made on the basis of normal credit terms and the receivables do not bear interest. Where credit is extended beyond normal credit terms, receivables are measured at amortised cost using the effective interest method. At the end of each reporting period, the carrying amounts of trade and other receivables are reviewed to determine whether there is any objective evidence that the amounts are not recoverable. If so, an impairment loss is recognised immediately in surplus or deficit.

Trade and other receivables are classified as debt instruments and loan commitments at amortised cost.

Cash and cash equivalents

Cash and cash equivalents includes cash on hand, demand deposits and other short-term highly liquid investments with original maturities of three months or less. Bank overdrafts are shown in current liabilities on the statement of financial position.

Trade and other payables

Trade payables are obligations on the basis of normal credit terms and do not bear interest.

Accounting Policies

Basis of preparation and summary of significant accounting policies continued...

1.3 Revenue

Revenue is measured at the fair value of the consideration received or receivable. Revenue is shown net of value-added tax. Revenue, which comprises forestry sector member contributions and a government subsidy, is measured at the fair value of the consideration received or receivable.

Interest is recognised, in profit or loss, using the effective interest rate method.

1.4 Employee benefits

Short-term employee benefits

Compensation paid to employees for the rendering of services are recognised at the undiscounted amount paid or expected to be paid in the accounting period in which the services were rendered.

Where employees accumulate entitlement for paid absences, an expense is recognised as the additional amount that the entity expects to pay as a result of the unused entitlement that has accumulated at the end of the reporting period. In the case of non-accumulating paid absences, the expense is recognised only when the absences occur.

Notes to the Annual Financial Statements

Figures in Rand	31 March 2025	31 March 2024
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2. Property, plant and equipment

Balances at year end and movements for the year

Reconciliation for the year ended 31 March 2025

Balance at 1 April 2024

	Fixtures and fittings	Office equipment	Computer equipment	Total
At cost	46,889	58,176	125,765	230,830
Accumulated depreciation	(46,889)	(6,090)	(86,957)	(139,936)
Carrying amount	-	52,086	38,808	90,894

Movements for the year ended 31 March 2025

Additions	3,500	-	-	3,500
Depreciation	(340)	(9,698)	(29,170)	(39,208)

Property, plant and equipment at the end of the year

3,160	42,388	9,638	55,186
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Closing balance at 31 March 2025

At cost	50,389	58,176	125,765	234,330
Accumulated depreciation	(47,229)	(15,788)	(116,127)	(179,144)
Carrying amount	3,160	42,388	9,638	55,186

Reconciliation for the year ended 31 March 2024

Balance at 1 April 2023

At cost	-	22,548	117,968	140,516
Accumulated depreciation	-	(626)	(47,205)	(47,831)

Carrying amount

-	21,922	70,763	92,685
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Movements for the year ended 31 March 2024

Additions	-	35,628	7,797	43,425
Depreciation	-	(5,464)	(39,752)	(45,216)

Property, plant and equipment at the end of the year

-	52,086	38,808	90,894
----------	---------------	---------------	---------------

Closing balance at 31 March 2024

At cost	46,889	58,176	125,765	230,830
Accumulated depreciation	(46,889)	(6,090)	(86,957)	(139,936)
Carrying amount	-	52,086	38,808	90,894

3. Trade and other receivables

Trade and other receivables comprise:

Trade receivables	9,970	7,869
Deposits	11,350	11,350
Total trade and other receivables	21,320	19,219

Notes to the Annual Financial Statements

Figures in Rand	31 March 2025	31 March 2024
4. Cash and cash equivalents		
4.1 Cash and cash equivalents included in current assets:		
Cash		
Balances with banks	13,254,242	13,140,325
4.2 Detail of cash and cash equivalent balances		
Bank balances		
FNB Current account	2,309,176	3,056,352
FNB Flexi notice	10,945,066	10,083,973
Total	13,254,242	13,140,325
5. Trade and other payables		
Trade and other payables comprise:		
Trade payables	1,741	18,983
Accrued liabilities	61,172	-
Total trade and other payables	62,913	18,983
6. Depreciation and amortisation		
Depreciation and amortisation comprises:		
Depreciation	39,208	45,216
Property, plant and equipment	39,208	45,216
7. Finance income		
Finance income comprises:		
Interest received	861,093	805,150
8. Cash flows from operating activities		
Surplus for the year	36,380	416,356
Adjustments for:		
Finance income	(861,093)	(805,150)
Depreciation and amortisation expense	39,208	45,216
Change in operating assets and liabilities:		
Adjustments for (increase) / decrease in trade accounts receivable	(2,101)	11,316
Adjustments for decrease in trade accounts payable	(17,242)	(193,676)
Adjustments for increase in other operating payables	61,172	-
Net cash flows used in operations	(743,676)	(525,938)

Notes to the Annual Financial Statements

Figures in Rand	31 March 2025	31 March 2024
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9. Related parties

9.1 Members of the Forest Industry

Entity name

Paper Manufacturers Association of South Africa (PAMSA)
Forestry South Africa (FSA)
Sawmilling South Africa (SSA)
South African Wood Preservers Association (SAWPA)
South African Utility Pole Association (SAUPA)
South African Forestry Contractors Association (SAFCA)
Department of Forestry, Fisheries and the Environment (DFFE)
Neopak (Pty) Ltd

9.2 Compensation paid to councillors

31 March 2025

Name	Attendance fees	Expense allowances	Total remuneration
Nelisiwe Harrison	93,000	12,000	105,000
Tshepo Makhene	58,120	6,000	64,120
Thandi Mokoena	47,710	6,000	53,710
Thembisa Mpengesi-Mvinjwa	40,370	6,000	46,370
Philani Xulu	44,040	6,000	50,040
Wade Parker	33,030	6,000	39,030
Total compensation paid to councillors and prescribed officers	316,270	42,000	358,270

31 March 2024

Name	Attendance fees	Expense allowances	Total remuneration
Tshepo Makhene	58,720	8,012	66,732
Nelisiwe Harrison	134,994	12,973	147,967
Tshepo Makhene	58,720	8,012	66,732
Thandi Mokoena	58,720	8,012	66,732
Total compensation paid to councillors and prescribed officers	252,434	28,997	281,431

Notes to the Annual Financial Statements

Figures in Rand	31 March 2025	31 March 2024
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9. Related parties continued

9.3 Related party transactions and balances

	PAMSA	FSA	SSA	SWPA	SAUPA	SAFCA	Neopak	DFFE	Total
Year ended 31 March 2025									
Related party transactions									
Revenue	1,327,918	570,197	97,901	29,561	29,561	20,148	9,480	2,933,442	5,018,207
Outstanding balances for related party transactions									
Amounts receivable	-	-	389	-	-	-	9,480	-	9,869
Period ended 31 March 2024									
Related party transactions									
Revenue	1,273,738	543,044	93,239	28,153	28,153	19,188	-	2,793,754	4,779,269
Outstanding balances for related party transactions									
Amounts receivable	-	-	7,769	-	-	-	-	-	7,769

Notes to the Annual Financial Statements

Figures in Rand	31 March 2025	31 March 2024
10. Income statement by project and function		
Total income	5,969,067	5,584,421
B-BBEE Online Reporting System	(287,500)	(287,500)
CEO Visit	(4,650)	(33,694)
Community outreach programme	(185,103)	(102,985)
Women in Forestry Initiative	(246,124)	(142,767)
Forestry Professional	(65,160)	(88,736)
Knowledge sharing and transfer programmes	(196,574)	(303,222)
Employee costs	(2,837,238)	(2,754,963)
Other operating expenses	(2,110,338)	(1,454,287)
	36,380	416,267

Detailed Income Statement

Figures in Rand	Note(s)	31 March 2025	31 March 2024
Revenue			
Government contribution - Department of Forestry, Fisheries and the Environment		2,933,442	2,793,754
Industry contributions - Members of the Forestry Sector		2,084,765	1,985,517
		5,018,207	4,779,271
Other income			
Other income		89,767	-
Operating expenses			
15 Years Celebration		(737,655)	-
Accounting fees		(228,761)	(242,254)
Advertising		(86,858)	(97,576)
Annual report		(34,316)	(31,395)
Auditors remuneration - Fees		(80,500)	(80,500)
Bank charges		(5,328)	(5,371)
BBBEE Reporting System		(287,500)	(287,500)
Catering		(4,603)	(31,823)
Cleaning		(23,510)	(23,202)
Computer expenses		(132,000)	(152,387)
Consulting fees		(40,683)	(18,820)
Consumables		(9,243)	(11,149)
Courier & Postage		(15,220)	(1,348)
Depreciation - property, plant and equipment		(39,208)	(45,216)
Electricity and water		(29,380)	(21,735)
Employee costs - salaries		(2,745,180)	(2,738,423)
Entertainment		(2,166)	(2,838)
Fines and penalties		-	(55,986)
Gifts		-	(6,131)
Green Project		(22,483)	(33,798)
Insurance		(23,301)	(20,977)
Management fees		(368,122)	(300,675)
Operating lease expenses		(132,556)	(135,691)
Printing and stationery		(2,947)	(70,831)
Security		(1,652)	(31,539)
Staff welfare		(51,308)	(2,925)
Subscriptions		(19,770)	(4,440)
Telecommunication		(82,448)	(68,280)
Training		(71,448)	(19,515)
Travel and Accommodation		(566,245)	(474,132)
Women/She in forestry		(88,296)	(151,608)
		(5,932,687)	(5,168,065)
Deficit from operating activities		(824,713)	(388,794)
Finance income	7		
Interest received		861,093	805,150
Surplus for the year		36,380	416,356



Appreciation

What began as an idea quickly turned into reality, and we will all recall that our biggest highlight for 2024/25 was the 15th anniversary celebration. The first few months of planning were both worrying and exciting, as the vision behind it became more pronounced as we progressed from one month to the next. The enthusiasm was obvious, though with uncertainties of what was to become and what a journey it has been.

The 15th anniversary celebration was intended to reflect on the sector's strides towards transformation and to gather dominant narratives and ideas of what has worked, what has not worked, and what needs to be changed to revolutionise and achieve better transformation targets. The comprehension of these would undoubtedly be a great win for the forest sector.

Besides the connections and networks reinforced with our stakeholders, large or small etc, the engagements and insights from the stakeholders and partners during this event showcased the unified vision for the future, building a distinctive momentum for transformation in the Forest Sector. Another valuable takeaway was the forward-looking strategic direction, promising long-term gains of impactful and meaningful transformation.

Our focus for 2025 and beyond became very distinct and was to be continuously shaped by purpose. This reignited our relentless aspiration to constantly champion transformation through initiatives that are focused and impact-based. The reports submitted from the Business Plan projects for the 2024/25 explained both our progress and challenges associated, calling for the restructuring and setting even clearer priorities from now onwards. One believes this is achievable with the example of the reporting that has since

been innovatively reformed through the introduction of the Online Reporting System and reporting methodology.

We are also beyond grateful for the financial and non-financial support received from the industry associations and government departments, particularly DFFE in the year under review. This also goes to our generous sponsors for the 15th year event which certainly was a demonstration of the good partnerships we have established over the years.

As I conclude, I wish to express our special thanks to the Council under the leadership of Ms Nelly Ndlovu, who gave us the confidence to do our work with due diligence. The achievements acknowledged would not have been realised without a clear directive and support from the Council and the work of all the FSCC staff members.

Lastly, a big thank you to my colleagues who despite some staff shortages, stepped up and proved that they are not only dependable but that their dedication goes beyond. We probably learnt as a team that we have to embrace both opportunities and setbacks to ensure we come out stronger on the other side. Our pledge is to continue to contribute to the success of the Council, a responsibility we deeply cherish.

Makhosazana Khosi Mavimbela

FSCC: Executive Director

Acronyms

AGM	Annual General Meeting	JCT	Joint Technical Committee
ARC	Audit and Risk Committee	KZN	Kwa Zulu Natal
BAC	Bid Adjudicating Committee	LED	Local Economic Development
B-BBEE	Broad-Based Black Economic Empowerment	MC	Management Control
BEE	Black Economic Empowerment	MLE	Medium and Large Enterprises
BEC	Bid Evaluation Committee	MOI	Memorandum of Incorporation
CFA	Community Forestry Agreements	MTDP	Medium-Term Development Plan
CMA	Catchment Management Authorities	NFPDC	National Forest Pest and Disease Committee
COP	Community Outreach Programme	NPPOZA	National Plant Protection Organisation of South Africa
CIPC	Companies and Intellectual Property Commission	NFAC	National Forestry Advisory Council
DFFE	Department of Forestry, Fisheries and Environment	NSDP	National Skills Development Plan
DHET	Department of Higher Education and Training	NVFFA	National Veld and Forest Fire Act
DLRRD	Department of Land Reform and Rural Development	PAMSA	Paper Manufacturers Association of South Africa
DSTI	Department of Science, Technology and Innovation	QSE	Qualifying Small Enterprises
DTIC	Department of Trade, Industry and Competition	QTCO	Quality Council for Trades and Occupations
DWS	Department of Water and Sanitation	RLCC	Regional Land Claims Commissioner
ECRDA	Eastern Cape Rural Development Agency	ORS	Online Reporting System
EIA	Environmental Impact Assessment	SAFCA	South African Forestry Contractors Association
EME	Exempted Micro-Enterprises	SAFCOL	South African Forestry Company Limited
ESD	Enterprise and Supplier Development	SAIF	South African Institute of Forestry
EPWP	Expanded Public Works Programme	SANAS	South African National Accreditation System
EXCO	Executive Committee	SARS	South African Revenue Service
FATO	Forestry and Agricultural Training Organisation	SAWPA	South African Wood Preservers Association
FINCOM	Finance Committee	SAUPA	South African Utility Pole Association
F-GEP	Forestry Graduate Employment Programme	SD	Skills Development
FPA	Fire Protection Association	SED	Socio Economic Development
FP&M	Fibre Processing and Manufacturing	SFRA	Stream Flow Reduction Activity
FSA	Forestry South Africa	SIFSA	She is Forestry South Africa
FSC	Forest Sector Code	SSA	Sawmilling South Africa
FSCC	Forest Sector Charter Council	SSG	Small Scale Growers
GNU	Government of National Unity	SSP	Sector Skills Plan
HDI	Historically Disadvantaged Individuals	TIPS	Trade and Industry Policy Strategies
HRC	Human Resources Committee	WULA	Water Use License Application
ICFR	Institute for Commercial Forest Research	VA	Verification Agencies
IDC	Industrial Development Corporation	VAT	Value Added Tax



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