

ANNUAL REPORT 2023/2024



FOREST SECTOR
CHARTER COUNCIL

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



Unit 4 Woodview Office Park
1 Humber Road, Woodmead
Sandton, 2191

Telephone: 011 392 1394

Email: info@forestsectorcharter.co.za

Design and layout:  Artworks | www.artworks.co.za

Table of Contents

Chairperson's Message	2
Council & Committees.....	4
The Forest Sector Charter Council (FSCC).....	4
Audit and Risk Committee (ARC).....	4
Finance Committee (Fincom).....	4
Human Resource Committee (HRC)	5
Audit & Risk Committee (ARC)	5
Finance Committee (Fincom).....	6
Human Resource Committee (ARC).....	6
Proxy Members	6
New Appointments	7
Council Activities	8
Council engages CEOs and Captains of the forest industry	8
FSCC engages Small scale Gowers Limpopo and KZN Provinces.....	8
FSCC partners with Funding institutions and orients small-scale Charcoal producers	8
FSCC collaborates with ABP.....	8
The dtic collaboration with the Sector Council Forum.....	9
Social Media Posts (Skills Village Radio, Twitter and LinkedIn)	9
Industry' Happenings	10
Council's partnership with the entire Forest Sector on gender equality goes from strength-to-strength	10
DFFE's successes in the implementation Forestry Masterplan	11
Webinar on Employment tools for Unemployed Forestry Graduates.....	11
FP&M Seta's collaboration with the Forest Sector Charter Council.....	12
International Day of Forest (IDF)	12
MTO Group embraces Women Voices in the Workplace (approved).....	12
The dividends of the FOREST21 Project.....	13
Report of Progress made in the Implementation of the Forest Sector Charter Undertakings	14
Instruments To Support Ownership Targets.....	14
Instruments To Support Preferential Procurement Targets.....	14
Instruments To Support Skills Development Targets	14
Instruments To Support Enterprise And Supplier Development Targets.....	14
Instruments To Support Industry-Specific Initiatives.....	15
Status Report- FY2023/24 Summarised version of the Annual Status of Transformation	18
Medium and Large Enterprises (MLEs)	19
Qualifying Small Enterprises (QSEs).....	19
Exempted Micro Enterprise (EMEs).....	21
FY2023/24 B-BBEE Reported Entities	22
Annual Financial Statements for the year ended 31 March 2024	25
General Information	26
Councillors' Responsibilities and Approval	28
Councillors' Report.....	29
Independent Auditor's Report.....	30
Statement of Financial Position as at 31 March 2024.....	32
Statement of Comprehensive Income.....	33
Statement of Changes in Reserves	34
Statement of Cash Flows	35
Accounting Policies	36
Notes to the Annual Financial Statements.....	38
Detailed Income Statement	44
Appreciation	46

Chairperson's Message

"An experience packed first year!"

"Transformation is not about the definition, it is about the impact, influence, reach of initiatives aimed at transforming the lives, livelihoods and futures of those crafting a career in the forestry sector and the individuals and communities living alongside."

While 2023/24 has not been an easy year to navigate as Chair of the Forest Sector Charter Council (FSCC), especially as my first year, it has never-the-less been a privilege and an opportunity for great personal growth.

This past year has seen many challenges from slowdown in global economic growth, characterized by stubborn inflation, rising interest rates and heightened uncertainties. Closer to home we continued to face challenges of high unemployment, slowing global demand, with multiple domestic structural constraints, such as ongoing energy crisis and logistics bottlenecks. All of these have had a material impact on our forest industry and require high degree of resilience and agility from us all as we navigate.

2023/24 also brought with it the first year of implementation of the revised FSCC Strategic Plan and associated objectives to further improve the transformation progress of the forest sector. As a Council, we remain fully committed to transformation objectives set out in the Code and are driven to ensure sustainable and visible felt economic and social impact or empowerment built on a shared value principle.

The year under review has also been filled with exciting initiatives that continue to map a way forward for the FSCC. First and foremost, I am pleased to have witnessed the comprehension of the Council's vision, realized through robust and outcomes driven discussions within the Council and with all key stakeholders at large. What also is most inspiring is the level of commitment evidenced through

support of initiatives like She is Forestry, driving gender diversity and inclusion within the sector, strong focus on community outreach programs and skills development amongst many initiatives. The wealth of knowledge also from each member, a characteristic that cannot be underrated and



will continue to benefit the entire forest sector tremendously over the coming years

One area of critical strategic priorities identified by the Council during 2023/24 was FSCC alignment with the entire sector across a variety of key areas: compliance, transformation gaps and consistency of focus or resourcing matters. This took shape through CEO deliberations across all sub sectors, where constructive and objective dipstick over the actions of FSCC and its role in reshaping the forest sector' transformation future was undertaken. Through these interactions, we aligned on strategic priorities and key deliveries and levers to sustain and grow the transformation results, whilst at the same time the FSCC gained a greater understanding of expectations of the stakeholders with a view to foster stronger and results-driven relationships.

“

Transformation is not about the definition, it is about the impact, influence, reach of initiatives aimed at transforming the lives, livelihoods and futures of those crafting a career in the forestry sector and the individuals and communities living alongside.

”

Following a comprehensive reflection of our activities over the last 15 years, FSCC has developed a Marketing and Strategic Plan, that we believe will guide it through the next 15 years, increasing the Council's visibility, influencing and ultimately aiding it to better facilitate transformation of the forest sector. While this will be an ongoing project, for multiple years to come, its initiation is one we as the Council should celebrate as it marks a change of pace in both our activities and role.

I am also proud to report that the FSCC's efforts of incentivising small growers have begun to bear some fruits. During this year we have seen a number of small growers reporting on their B-BBEE credentials, an observation that I fully believe is worth acknowledging. Also, the recognized approach by the Department of Forestry, Fisheries and Forestry (DFFE) in handing out some plantations in the Eastern Cape has proven their commitment to inclusive growth. I am confident that all these multi-party efforts and initiatives within the sector will lead to sustainable growth of small timber growers and will facilitate increased access to markets for these key players in the sector.

After receiving level 3 B-BBEE in 2022/2023, our sights are now set on level 2. This, however, is not a short-term target and will require the Council together with all sector and sub-sector stakeholders to intentionally spearhead transformative initiatives in line with our Charter undertakings, drawing on lesson learnt, improvement areas and new opportunities identified.

To conclude, it's been a challenging yet rewarding journey and experience being part of such a forward-thinking, growth and impact driven FSCC, committed to the transformation agenda. A special welcome to Ms Thembisa Mpengesi, Mr. Wade Parker and Mr. Philani Xulu who have joined the Council in the year. I believe they will enjoy being part of the FSCC. Most importantly my greatest appreciation goes to the great support of the Council, staff members, the entire industry and the various government departments including DFFE, dtic, DALRRD. An organization like FSCC is only as strong as the sum of its parts, and in this respect, we are extremely fortunate.



Council & Committees

The Forest Sector Charter Council (FSCC)

In the year 2023/24 Council continued with its agenda and focused on areas to enhance its ability to execute its mandate. Council's powers are conferred in the Memorandum of Incorporation (Mol) and the B-BBEE Act as Amended.

Council subscribes and embodies the true spirit of corporate governance, and it is committed to the highest standards of ethical leadership and accountability. This requires Council to be clear of its mandate, roles and responsibilities and show respect for the stakeholders. The Council's value approach has always been on collaboration, consultation and partnership, with its value system being the cornerstone for achieving excellence.

In terms of the B-BBEE Act as Amended, Council is empowered to assess and report on the annual status of transformation in the Forest Sector. 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.

As per the standard Council managed to hold its quarterly meetings successfully as well as the Annual General Meeting (AGM). Attendance in some meetings was concerning and expectedly so as this was the first full operational calendar of the Council's existence. In all meetings, the matters of deliberations were encouraging, and all decisions were taken independently and on consensus basis.

Council maintained a standard agenda in all meetings, focusing mostly on Council's business routine, strategy execution, operations in terms of finances and staff components feedback and updates on projects commissioned, and industry and government related matters in support of meaningful transformation. Of key importance was the discussion on the progress achieved on the B-BBEE scorecard and dissection of each indicator of the scorecard elements, the amendment to the Employment Equity Act with proposed targets to achieve equity within the different management categories as well as the sector's position based on the Workplace Skills Plan (WSP), Annual Training Reports (ART) submissions, skills planning and research etc.

Council acknowledges its responsibilities in ensuring that each of its committees execute its statutory mandate effectively and independently. The three standing committees namely the Audit and Risk Committee (ARC), Finance Committee (Fincom) and the Human Resources Committee (HRC) have been crucial in enhancing the functionality and independency of Council. All committees endorsed a functional workplan intended guide the key matters of deliberations in each meeting. Feedback reports detailing the resolutions adopted in all committees were tables to Council for endorsement and or support. The Executive Committee (EXCO) of Council is constituted by all committee chairpersons and chaired by Chairperson of Council. In EXCO meetings, the Chairpersons of committees are expected to brief the Council Chair of the deliberations and objective recommendations supported by each Committee and requiring approval by the Council.

Audit and Risk Committee (ARC)

The Audit and Risk Committee (ARC) undertook a holistic review of its functions together and adopted a new Risk Register and Assessment Framework of the risks identified. The new functions were incorporated into the FSCC's Committee Policy document. The refined risk assessment process was intended at improving the effectiveness of risk control and management methods. Identified and new risks will be evaluated based on severity and the probability and the rationale for the final score was also to be tabled. The Committee also endorsed Fincom's selected external Auditor.

Finance Committee (Fincom)

The Finance Committee (Fincom) continued to monitor the Council's financial patterns so as to ensure that the financial controls were effective, stable and sustainable. All financial transactions were authorised monthly, and where required for an unjustified expenditure, a qualified explanation to support the pattern was given. Quarterly feedback on the Management Accounts were given to the Council for endorsement. Fincom also undertook a vetting process and facilitated for the appointment of a new auditor. As such a clean audit was received also on the 2023/24 Financial Statements.

Human Resource Committee (HRC)

The Human Resources Committee (HRC) focused on critical matters relating to employee's welfare. Such matters included a review and adoption of a framework for the payment of annual increases and incentives meant to recognise excellent performance and proposing for a review in the next three years. This would ensure that the Framework is relevant and accurate with the market benchmarks. A job grading exercise was also commissioned to verify the payment packages of

the current employees in alignment to the market. In terms of the organogram, no changes were made but a consensus was reached to consider building a capacity pool through the internship process for potential future appointments. In relation to the succession plan, the job shadowing exercise was supported so as to expose all employees to the different portfolios. This will be only affected once all portfolios have been filled.

The meeting attendance for the financial year ending 31 March 2024 is shown in the table below.

Names	Council Meetings				AGM
	26 May 2023	30 Aug 2023	17 Nov 2023	7 March 2024	
Ms Nelly Ndlovu	√	√	√	√	√
Ms Makhosazana Mavimbela	√	√	√	√	√
Mr Bruce Breedt	X	√	√	√	√
Mr Dwayne Marx	P	P	Resigned	Resigned	P
Ms Lindiwe Mavundla	X	X	√	√	√
Ms Kwenza Komape	√	√	P	P	P
Mr Lulamile Xate	X	√	√	X	X
Mr Michael Peter	√	√	P	√	√
Mr Penwell Lunga	P	√	√	√	√
Mr. Philani Xulu	NM	NM	NM	√	√
Mr Pierre Tullis	√	√	√	√	X
Ms Pumeza Nodada	P	P	P	X	√
Mr Roy Southey	X	X	√	√	√
Ms Tanucia Coopasamy	√	√	√	√	X
Ms Thandi Mokoena	√	√	√	√	√
Ms Thembisa Mpengesi	NM	NM	NM	√	NM
Mr. Tshepo Makhene	X	√	√	X	√
Mr Tyrone Hawkes (Fincom	X	X	√	√	√
Mr. Wade Parker	NM	NM	NM	X	NM

√ – Present

X – Absent

P – Represented by proxy

NM – Not a Member

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

Audit & Risk Committee (ARC)

Members	Meetings		
	16 Aug 2023	13 Nov 2023	9 Feb 2024
Erika Donker (Chairperson)	√	√	√
Bruce Breedt	√	√	√
Pumeza Nodada	X	X	√
Siyabonga Mthanti	√	√	√

Finance Committee (Fincom)

Members	Meetings			
	2 May 2023	1 Aug 2023	24 Oct 2023	16 Feb 2024
Tyrone Hawkes (Chairperson)	✓	✓	✓	✓
Kwena Komape	✓	X	X	P
Lulamile Xate	✓	X	✓	✓
Nelly Ndlovu	X	✓	X	✓
Thandi Mokoena	✓	X	✓	✓
Makhosazana Mavimbela	✓	✓	✓	✓

Human Resource Committee (ARC)

Members	Meetings			
	8 May 2023	2 Aug 2023	2 Nov 2023	6 Feb 2024
Penwell Lunga (Chairperson)	✓	✓	✓	✓
Lindiwe Mavundla	X	✓	✓	X
Tanucia Coopasamy	✓	X	✓	✓
Tshepo Makhene	✓	✓	✓	✓

Proxy Members

Ms Erika Donker- FSA

Ms Onica Zikhali- DFFE

Mr. Mr. Nkhangweleni Ramashia- DALRRD

Mr. Siyabonga Mthanthi- SAFCA

New Appointments

The Council welcomes the appointment of.

The Council wishes to welcome with excitement the appointment of Ms Thembisa Mpengesi, Mr. Philani Xulu and Mr. Wade Parker. We are confident that through their forestry business acumen and experience, they will be able to contribute comprehensively to the FSCC's dialogue.



Mr. Philani Xulu



Ms Thembisa Mpengesi



Mr. Wade Parker



Council Activities

Council engages CEOs and Captains of the forest industry

Council acknowledges that its success is also driven by the solid relationship it has with the entire forest sector. In the year under review, Council prioritised deliberations with industry captains from the different sub-sectors. The intention was to share the latest B-BBEE performance of the sector and deliberate on possible ways to improve and or maintain the encouraging and achieved level 3 B-BBEE status. The newly formulated strategic priorities agreed upon from the revised Strategic Plan of the Council were also shared to inform the captains about Council's plans and direction for alignment and collaboration purposes.

The engagement platform also served as a barometer for gauging the sector's key concerns and matters requiring Council's reaction. This perspective is so crucial in developing a flexible ecosystem for the sector tailored to drive meaningful transformation and B-BBEE implementation in the forest sector.

The Council is pleased with the outcomes from these engagement as they will assist in setting new priorities of common objectives and trajectory for the sector to achieve a realistic and convincing outlook of B-BBEE and transformation in the sector. Many thanks to all industry captains and to DFFE and industry associations for facilitating these engagements.

FSCC engages Small scale Growers Limpopo and KZN Provinces

The findings from the previous Annual status of Transformation showed that inconsistent and or low reporting amongst small entities in particular growers was prevalent. In response to the observation, the Forest Sector Charter Council (FSCC) prioritised engagements with some of the small-scale timber growers through the Forestry South Africa (FSA) organised district regional meetings held in Limpopo and Kwa-Zulu Natal provinces. The collaboration facilitated an opportunity for Council to reinforce the understanding of B-BBEE concept, associated opportunities and benefits, and the importance of annual compliance and reporting while enabling the small growers to also elaborate on their expectations. The FSCC takes such interactions very seriously, as the FSCC's visibility is enhanced and so is the reporting requirement expectation

from small businesses operating in the forest sector. Such meetings are of significance in building sustainable relationships and creating engagement channels so as to create more awareness about the reporting requirements and the FSCC mandate.

FSCC partners with Funding institutions and orients small-scale Charcoal producers

The Forest Sector Charter Council, "FSCC" is invested in the development and facilitating for expressive transformation of small businesses across the forestry value chain. In the year under review, the FSCC partnered with the Department of Forestry, Fisheries, and the Environment (DFFE), Fibre Processing and Manufacturing Sector Education and Training Authority (FP&M Seta), the Department of Trade, Industry and Competition, (dtic Black Industrialist Programme & Agro-Processing Support Scheme), Small Enterprise Finance Agency (SEFA) and the South African Charcoal Association (SACA) and hosted a productive workshop for charcoal producers from Matatiele in the Eastern Cape. Of key importance from the workshop, was the exposure and orientation of the Charcoal producers on the funding schemes and other support provided by these institutions so as to help them grow and become independent and part of the economic value chain. Moreso was the valuable information shared about the Charcoal Association' constitution and associated membership benefits. Special thanks to all the Departments and Institutions who made the event a success.

FSCC collaborates with ABP

The Association of B-BBEE Verification Professionals (ABP) was established to lead the B-BBEE verification and consultancy industry. Its mandate is intended at facilitating the accreditation of qualifying BEE Verification Agencies. In the year under review, the FSCC was privileged to have collaborated with ABP on the key matters of the Forest Sector's scorecard peculiarities and application. The interaction with ABP was designed to unpack the Forest Sector's key principles, scorecard deviations and concepts, offering valuable insights to guide the verification processes

of forest enterprises. Proposed deviations yet to be gazetted were also presented as part of a consultation process. Moreso the collective knowledge and inputs led to an open and comprehensive discussion on specific matters such as the application and verification of certain elements, definitions and submission of certificates and reports (also endorsed by SANAS) imperatives. Special thanks to the ABP and their members for this engagement as it led to an improved submission of reports through the Verification Agencies, a commitment that has been adhered to even without a legal requirement. The FSCC will continue to provide support to ABP in ensuring that the interpretation that is shared with the market is aligned and similar. Both parties intended to sign a Memorandum of Understanding (MOU) that will establish a long-time relationship that continues to push transformation beyond individuals.

The dtic collaboration with the Sector Council Forum

the dtic continued to work together with Sector Charter Councils through the Sector Council Forum to which the FSCC is a member of. the dtic chaired the Sector Council Forum meetings where value add matters relating to expressive, progressive and evidence-based transformation remained the principal discussion points. Other priorities of the Sector Council Forum engagements were the business activities intended to enhance B-BBEE compliance and reporting and updates on new and draft amended sector codes developed by various sectors of the economy and submitted to the Minister of dtic for approval and gazette, B-BBEE strategy and related matters by and to each Sector Council. Of significant highlight was the strategic plan facilitated by the dtic

reflecting on the mandate of each Sector Council as defined in the B-BBEE Policy Framework as well as the peculiarities and challenges experienced, justifying policy improvements and modifications. The obvious conclusion from this session to preserve and defend B-BBEE was befitting to the course and very encouraging. The Council also found value in the dtic and SANAS B-BBEE Joint Technical Committees (JTC), conversations where important matters of B-BBEE application and implications, technical content and interpretation were deliberated in depth.

Social Media Posts (Skills Village Radio, Twitter and LinkedIn)

The Council acknowledges that their audience varies and so is their preference in terms of communication modes. The Council continued to use the social media platforms as a valuable tool to educate, engage and connect to the stakeholders. Valuable contents highlighting the Council, industry & government news, events and references to the status of transformation were posted weekly on the social media podiums. Encouragingly was the beneficial thoughts and viewpoints in response to some of the postings. Most importantly was the partnership between Council and the Innovative Entrepreneurs Skills Village Radio Hub, where subject matters of B-BBEE importance were elaborated on during the radio shows. Special thanks to Mr. Tebogo Aubrey Poopedi (Mr Taps), Ms Arlene and the entire team who showed much interest and talent to the Forest Sector's transformation matters. Considering the approved Marketing Strategy, the Council believes, it will be able to magnify its knowledge and sharing exercise as means of expanding its footprint and visibility amongst the key stakeholders.





Industry' Happenings

Council's partnership with the entire Forest Sector on gender equality goes from strength-to-strength

The She Is Forestry SA initiative continued to build momentum with their 2023 webinar themed, "Your Time To Shine" firmly placing the contribution of women across the Forest Sector in the spotlight once more.

The theme of the webinar was inspired by a plea from our sponsor schools, chosen in collaboration with the Department of Education as the worst performing High Schools in their respective provinces, for role models and career advice for their female learners who are dropping out of school at alarming rates. To address this, She Is Forestry SA commissioned a series of 3-minute role model videos, each featuring a single young woman from across the sector who talks not only about her career in forestry and future aspirations, but also her journey into the industry and the challenges she faces. By creating a series of relatable and inspirational role models, showcasing the career opportunities found within the Forest Sector, we hope to awaken the female learners at our five schools and many, many more to the plethora possibilities ahead of them.

Using this as a source of inspiration, the rest of the webinar programme was crafted around the theme of inspiring others and included an inspirational leadership keynote address by

Mondi CEO Vivien McMenamin, an uplifting speech by She Is Forestry 2022 Award winner Zimbili Sibiyi and a fascinating presentation on entrepreneurship in a forestry context by Itumeleng Langeni, teamed up with a short video showing the industrious and entrepreneurial nature of small-scale growers.

Following up from the success of last year's She Is Forestry SA Awards, an additional category was added: Resounding contribution to forestry science and research. Once again it was almost impossible to select a single winner from so many worthy nominees, which illustrates the depth of talent found within the forestry sector. The support for this initiative in terms of the number of nominations received, the feedback during the webinar in the chat and later from nominees, winners, colleagues and forestry stakeholders was overwhelming and testament to the importance of such an initiative. Despite the economic downturn and the numerous challenges, the sector had to navigate during 2023, financial support of this initiative through sponsorship exceeded not only last year's figures but all expectations. The generosity of the sector, and individuals as part of the back-a-buddy appeal, clearly knows no limits. As part of the organising committee, FSCC is humbled and proud of the generosity shown by the sector it serves. It is also evidence of the sector's intentions and commitment to gender equality and the importance placed on the She Is Forestry SA initiative, in particular the webinar,

by the Sector. The webinar was once again exceptionally and collectively planned and coordinated, ensuring it once again secured a record number of participants from across the sector and the globe. This too is a testament of the ovation this initiative has received.

Special thanks to the planning team, the Directors, sponsors, participants, forest companies, government departments and the entire forest sector who have built on the incredible foundations put down over the past few years to make 2023 overwhelming success for gender equality, women in forestry and the forest sector in general.

DFFE's successes in the implementation Forestry Masterplan

The Department of Forestry, Fisheries, and the Environment (DFFE), in collaboration with its social partners namely industry, labour, and other government departments, has continued the successful implementation of the five-year Forestry Masterplan. The implementation of the Forestry Masterplan has achieved notable successes, particularly in investment growth, resource expansion, and skills development. These achievements underscore the effective collaboration between the DFFE and its social partners, highlighting the importance of continued commitment to the Masterplan's objectives for the sustainable growth and transformation of the forestry sector. The key achievements that can be noted are as follows:

- Despite initial challenges, the sector has seen remarkable investment growth with R28 billion of the R30 billion target invested by the end of the 2023/24 financial year. This excludes investment by government on the different deliverables of the Masterplan as part of providing a conducive environment for the sector to thrive.
- The recapitalization of DFFE managed State plantations including the recommissioning of Western Cape plantations were prioritized. To date, 27 plantations covering 6,213.58 hectares have been transferred to communities through the Community Forestry Agreement Model.
- In terms of new Afforestation, approximately 47,000 hectares of land in KwaZulu-Natal and the Eastern Cape have been earmarked for new afforestation. The DFFE is in the process of finalizing Environmental Impact Assessments to facilitate the issuance of Water Use Licenses for planting.
- A significant legislative milestone includes the President's signing of the amended National Veld and Forest Fire Bill into law. This amendment facilitates the formation of Fire Protection Associations, crucial

for managing veld and forest fires effectively.

- A comprehensive Skills Audit Report has been developed to identify gaps and redundant skills in forestry processing and production. Additionally, a Skills Forum has been established to create and deliver short courses for landowners, SMME contractors, and small sawmillers. Courses focus on essential roles such as Forestry Production Supervisor, Safety Inspector, and Safety, Health, and Environmental Officer. Over 60 learners have enrolled, with 21 completing their training.
- To promote the use of locally manufactured timber products, the dtic, in collaboration with the industry, has implemented a monitoring tool to oversee timber tenders specifying local products. This initiative supports local industries and reduces reliance on imports. Furthermore, Stellenbosch University has developed timber construction courses, with additional courses in development at the University of Pretoria. The FP&M SETA has approved R1.46 million for capacity building in this area.
- Efforts to encourage the adoption of agroforestry practices among small growers have commenced, with a Professional Service Provider developing Agroforestry Best Practice Guidelines.

Webinar on Employment tools for Unemployed Forestry Graduates

Considering the high unemployment rate and the unfavourable economic status, Forestry South Africa (FSA), in collaboration with the Forestry and Wood Science Department at Stellenbosch University and the Forest Sector Charter Council (FSCC), hosted an employment Webinar in 2023 for forestry graduates. The Webinar aimed to inform participants about tools, tips and techniques for self-evaluating their skills, identifying and communicating their skills effectively as relevant to the job they are applying to. The compact yet impactful 90-minute session covered essential aspects such as self-evaluation, skill naming, and self-awareness. Participants gained invaluable insights into evaluating their skills, understanding their strengths and weaknesses, and acquiring the ability to communicate their unique capabilities, a valuable characteristic required in this day and age. The webinar fostered a focused discussion on self-perception, confidence, and self-expression, empowering participants to boost their professional presence. Additionally, the session emphasized the importance of active learning, inspiring participants to explore their interests, set learning goals, and develop new skills. Although brief, this dynamic webinar left attendees with practical strategies that can be applied to

enhance their skills assessment and identification to ensure they present themselves well through their CV's, Cover letters and interviews in today's competitive job market. Special thanks to Ms Zimbili Sibiya from Stellenbosch University for her passion on the subject and for her enlightening and encouraging insights.

FP&M Seta's collaboration with the Forest Sector Charter Council

The Fibre Processing & Manufacturing Sector Education and Training Authority (FP&M Seta) is mandated to facilitate skills development in all 13-fibre processing and manufacturing sub-sectors, including Forestry. The FP&M Seta also pays Mandatory grants to Skills Development Levy paying employers that submit and implement an approved Workplace Skills Plan (WSP) and Annual Training Report (ATR). The WSPs together with the ATRs are required for the verification of the B-BBEE Skills Development elements and are critical in setting priorities of upskilling the workforce and unemployed individuals entering the labour market.

In the year 2023, the FP & M Seta invited key stakeholders including the Forest Sector Charter Council to their Strategic Planning review session. The session facilitated an exchange of views, and proposals for effective skills development (SD) as a transformative pillar. The discussions were objective and led to the delivery of a very practical Strategic Plan with precise and innovative interventions in pursuit of designing SD initiatives to suit the evolving forest sector.

Dr Felling Yende usually says, "we need to work in complete alignment" with our strategic partners. Indeed, she has lived to her words and through her support, the Sawmilling industry in the year 2023 received funding for their skills development focus. The FP&M Seta's funding support to the Sawmilling industry could not have come at a better time. As a sequel, the Sawmilling industry managed to prioritise the implementation of some critical courses including the Sawdoctor, enabling the sub-sector to complete this initiative that it had initiated some few years ago and was proving to be impossible to conclude. Dr Yende's leadership and her transformative attitude to the success of the forest industry is highly appreciated.

International Day of Forest (IDF)

The International Day of Forests was hosted by the Department of Forestry, Fisheries and the Environment in collaboration with key stakeholders. It was hosted under the theme, " Forests and Innovation", adopted from the United

Nations Forum on Forests for the 2024 celebrations. Since the theme was focusing on innovation in forestry the focus was on institutions of higher learning offering forestry. As such the event took form of a seminar whereby stakeholders and postgraduate students were able to share recent trends and papers on forests and innovation.

The Deputy Minister of Forestry, Fisheries and the Environment delivered a keynote address at the seminar. In addition, the following stakeholders participated: Academic personnel, students, learners from surrounding schools, National Forestry Advisory Council, Forestry Sector Charter Council, Western Cape Forestry Sector Forum.

The seminar concluded with a proposal for a biannual Forestry Indaba that will address among other key issues matters affecting institutions of higher learning. Special thanks to the Department of Forestry, Fisheries and the Environment for organising such a well-expressive and successful event.

MTO Group embraces Women Voices in the Workplace (approved)

Embracing women's month has become a beacon of progress in the forest sector with women inclusion and gender diversity conversations seemingly gaining some momentum. In the spirit of celebrating women and their contributions, MTO had a dialogue with women from all their workstations in the month of August 2023. The theme for the day was, "Giving Women a Voice" which featured a brief inspirational presentation by FSCC's Executive Director Ms Khosi Mavimbela on the importance of cherishing women's voices in the workforce. MTO's efforts and intentions to not only amplify women voices in the company but to create a system that is supportive of women who speak up cannot be underestimated, as research has proven that advancing gender equality and inclusion can also be beneficial to the company's success and progress. A number of women from the different workstations not only shared their encouraging insights and what it means to be given a "Voice" but also the value of being heard. Such a view should be enlarged by the reaction that follows which should be augmented by a solid, reasonable and flexible attitude. MTO is congratulated for hosting this significant conversation and comprehending that Women's recognition of their voices goes beyond symbolism. It is the belief that this is also a confirmation of MTO's efforts in calibrating and strengthening the inclusion of women and more so adapting a new course of giving them a "Voice" and creating a sense of belonging. Demonstrating the significant value of women in the workforce should also be highly appreciated and so is the position embraced by MTO.

The dividends of the FOREST21 Project

The FOREST21 project co-ordinated by Forestry South Africa, (FSA) continued to provide opportunities for crucial conversations among forestry students in the South African Forestry Tertiary Institutions with their European counterparts from Finland and Norway. This collaborative project involves five Higher Education Institutions (HEIs) in South Africa involved in forestry. The Forest21 project is intended in providing student with a platform to converse on important matters relating to knowledge development, transfer and engagement, critical thinking skills, climate smart forestry and entrepreneurial innovation in forestry education. By integrating these elements into the educational framework, the program seeks to prepare future forestry professionals to tackle industry challenges innovatively and sustainably and contribute to job creation practices.

The Forest Sector Charter Council (FSCC) has been actively involved in initiatives to promote transformation and address challenges within the South African forestry sector. As an associate partner of FOREST21, the FSCC, represented by Mr. Thabo Dlangamandla participated in two of important conversations, namely; *"The South African Legislative Framework and Policies enacted to redress the historic alienation of black communities from participating in the Management of timber plantations"*, which was hosted by Fort Cox Agriculture and Forestry Training Institute (Fort Cox), and topic of the TUT-led student challenge, themed *"Forestry enterprise development for youth inclusion and timber theft"*.

The contribution of the FSCC in these discussions to co-generate sustainable solutions was based on insights about the legislative and compliance requirements and matters related to transformation in the forest sector emphasizing the importance of policies in enabling black communities to engage more actively and equitably in the management of timber plantations. Furthermore, the FSCC raised more awareness about the potential for youth development and meaningful participation in forestry through the Enterprise and Supplier Development (ESD) element of B-BBEE during the challenge that was led by TUT and hosted by SAFCOL. Leveraging Enterprise and Supplier Development (ESD) within the Broad-Based Black Economic Empowerment (B-BBEE) framework made part of the solutions to combat timber and forestry equipment theft (underscoring the sector's efforts to enhance the security and sustainability of timber resources) specifically in Mbombela. Economic Crime is one of the inhibitors in the forestry sector that is adequately highlighted in the Commercial Forestry Masterplan.

Successes recorded through this collaboration to cogenerate sustainable solutions for an equitable, thriving, and sustainable South African forestry sector can never be over-emphasized.



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 section below indicates progress achieved on these commitments, for the year 2023/24.

INSTRUMENTS TO SUPPORT OWNERSHIP TARGETS

Funding facility for B-BBEE transactions

The leveraging of forest assets to support black ownership in the forest sector has also been prioritised in the Forestry Masterplan. In relation to the development of the Blended Finance instrument, a concept note has been developed and consultations are ongoing with stakeholders.

As mentioned before, the appointment process of a Service Provider to conduct EIA in Eastern Cape and KwaZulu Natal is underway. The area earmarked totals 47 000 hectares.

INSTRUMENTS TO SUPPORT PREFERENTIAL PROCUREMENT TARGETS

The forest sector is committed to decent employment practices, which would mean compliance with the labour and employment laws and payment of minimum wages. The industry in partnership with labour and government in the commercial forestry masterplan processes developed a charter to outline decent work.

INSTRUMENTS TO SUPPORT SKILLS DEVELOPMENT TARGETS

The Fibre, Processing and Manufacturing Seta (FP& M Seta) publishes a 5-year Sector Skill Plan (SSP). As required the Department of Forestry, Fisheries and the Environment (DFFE) provides regular and annual input to the SSP. DFFE acknowledges the need to train the beneficiaries of transferred plantations so that they can be prepared to

manage the plantations sustainably and, in this case, being the two communities in the Eastern Cape Province i.e. Lehana and Makhoba in Mount Fletcher, Matatiele, Mthatha and Lusikisiki. As a sequel, DFFE has appointed a Capacity Building Service Provider to train 72 beneficiaries on basic and essential forestry skills needs analysis.

Additionally, the Skills Audit report commissioned through the Forestry Masterplan, led by DFFE has been completed. The report identified existing skills gaps and areas requiring improvements for equitable representation in the workforce in the forest sector. The subsequent action will be for FP&M Seta to establish a skills development committee in partnership with DFFE and industry to explore means to action the suggested recommendations.

INSTRUMENTS TO SUPPORT ENTERPRISE AND SUPPLIER DEVELOPMENT TARGETS

Access to Funds and Financial Services for Emerging Black Entrepreneurs

Funding remains the biggest barrier for small and emerging black enterprises wishing to expand and grow their businesses. Through submissions made by industry under DAFF (now DFFE), DALRRD resourced the grant component of the IDC's Agri-Industrial Fund, the only blended finance instrument that funds forestry operations so far. Through the IDC's Agri-Industrial Fund, four pure forestry projects among other mixed projects have benefitted with some in the pipeline to receive the support. As a sequel, the industry has motivated that DALRRD funds be increased in this instrument.

Industry is also engaging the IDC and the Department of Small Business Development to establish a fund instrument to cater for smaller forestry projects that require less than a Million Rands that are not funded through the Agri-Industrial Fund. This fund will close the gaps and could be a wholesale fund for very small forestry operations.

In consideration of the high unemployment amongst forestry graduates, the industry in partnership with the Forest Sector Charter Council continues to run empowerment workshops for unemployed Forestry Graduates. In addition, the industry participated in the design of the new framework for the UK-SA Skills for Work Programme and has applied for funding with the UK-SA Skills for Work to assist unemployed forestry graduates in establishing their own forestry businesses.

Capacity Building and Business Support for Emerging Black Entrepreneurs

Industry continues to provide numerous skills training programmes which are co-funded by the FP&M SETA. FSA is also leading a process to develop a Public - public-private partnership Model (Academia, Industry, Society and Government) to enable higher education to contribute to an innovative and sustainable forestry sector. The project is co-funded by the United Nations Industrial Development Organisation (€ 500, 000).

Expedite the Authorisation Process for Afforestation and Paper and Sawmilling Facilities

In relation to the Water Use Licence Applications (WULA), A total of 154 applications were received from Historically Disadvantaged Individuals (HDIs). Fifty-two (52) were issued and eighty-six (86) were declined due to various reasons. Only sixteen (16) are being processed. DFFE is expected to provide more information on the Licensing Advisory and Assessment Committee (LAAC) engagements. Of worth acknowledgement, is that all finalised afforestation applications from HDIs were processed within 90 working days as mentioned in the 2023 State of Nation Address (SONA) and this approach has significantly reduced the waiting time for approvals of these applications.

INSTRUMENTS TO SUPPORT INDUSTRY-SPECIFIC INITIATIVES

Integrated Forest Sector Development in Provincial & Municipal Planning

Industry participated in the development of Forestry Strategies for Local Municipalities in the Eastern Cape and KwaZulu-Natal (e.g., Ingquza-Hill, Umzimkulu). Industry through FSA has also assisted the KZN Provincial Government to include forestry in their Provincial Agricultural Masterplan.

As a sequel, FSA submitted a Provincial customized PPGI for the KZN Province to the KZN Growth Coalition for the eventual attention of the Office of the Premier.

Transport Infrastructure Development in support of Forestry

Industry, as led by FSA, engaged the Department of Transport (DOT), Transnet, National Treasury (NT) and the Department of Trade, Industry and Competition (DTIC), concerning the National Road Freight Strategy that targets 2 million tons of timber (an 80% increase) to be migrated to rail but TFR's target is just a 3% per year increase. Through the engagement, TFR committed to realistically increase the target for timber on the rail. In addition, Industry motivated for the continuation of the use of PBS in Mpumalanga and KwaZulu-Natal. Following the continuation of PBS Vehicles, the Industry can prove that in addition to being economical, the significant reduction in carbon emissions per ton of timber moved is a huge benefit from the PBS and rail pilot projects led by FSA.

FSA has also successfully lobbied SARS for a special dispensation of small producers on issues of refunds and diesel rebates.

In addition, Industry through FSA succeeded in persuading the KZN DoT to remove the irregular speed humps on the R603. The speed bumps have annually cost the industry (and other road users) millions of Rands in damages through wear and tear and prolonged trip times

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 the 9 FSA regional meetings all growers were represented, and an additional 12 SSG-specific consultation meetings across the country were held to ensure that SSG-specific issues were properly captured. FSA continued to train all SGG representatives across the country to use Microsoft Teams, Zoom, and Google Meet for online meetings.

Sector's Growth Strategy

The Sector's Growth Strategy is meant to promote the use of timber in the construction industry. A draft report addressing and highlighting the challenges relating to availability, capacity and budget perceptions against the use of timber in construction has been submitted with some deliverables already achieved.

Forest protection services

The following Law Enforcement Authorities were trained (non-accredited training) within various provinces on the provisions of the National Forests Act and National Veld and Forest Fire Act respectively. These are the National Prosecuting Authority (NPA, 63), Magistrates (23) and the South African Police Services (SAPS, 69).

Fire Protection Association (FPAs) Support Strategy

The Fire Protection Association (FPAs) Support Strategy was approved for public comments. Following the comments, it will be finalised for implementation. In relation to Disaster Relief with particular reference to pests and diseases, a concept document was submitted to the National Disaster Management Centre for inputs.

Forest Sector Research & Development Strategy in South Africa

DFFE will be reviewing the Forest Sector's R&D strategy to ensure its relevance and ease of implementation. The terms of reference (ToR) to appoint a service provider to revise the R&D strategy were presented to the Bid Adjudication Committee (BAC) committee in February 2024 and are currently undergoing revision. It is anticipated that the strategy will be finalized in the financial year 2025/26.

Maintenance of Forest Resources: Pests and Diseases

The National Forest Pest and Disease Committee (NFP&DC) has been established. The Terms of Reference, detailing the scope of work for this committee were adopted in March 2024.





Status Report- FY2023/24

Summarised version of the Annual Status of Transformation

The Amended Forest Sector Code (FSC) published under the B-BBEE Act as Amended detail the manner in which transformation and empowerment must be measured in the forest sector. Reporting entities from Medium and Large Enterprises, (MLEs), Qualifying Small Enterprises (QSEs) report to the Forest Sector Charter Council based on the scorecard scores and Enhanced QSEs and Exempted Micro Enterprises (EMEs) submit affidavits instead.

In the reporting year 2023/24, a total of 191 entities reported, as shown in Figure 1 below. The recordings shows slight increases from the MLE and EME category with an obvious decline recorded on the QSE grouping.

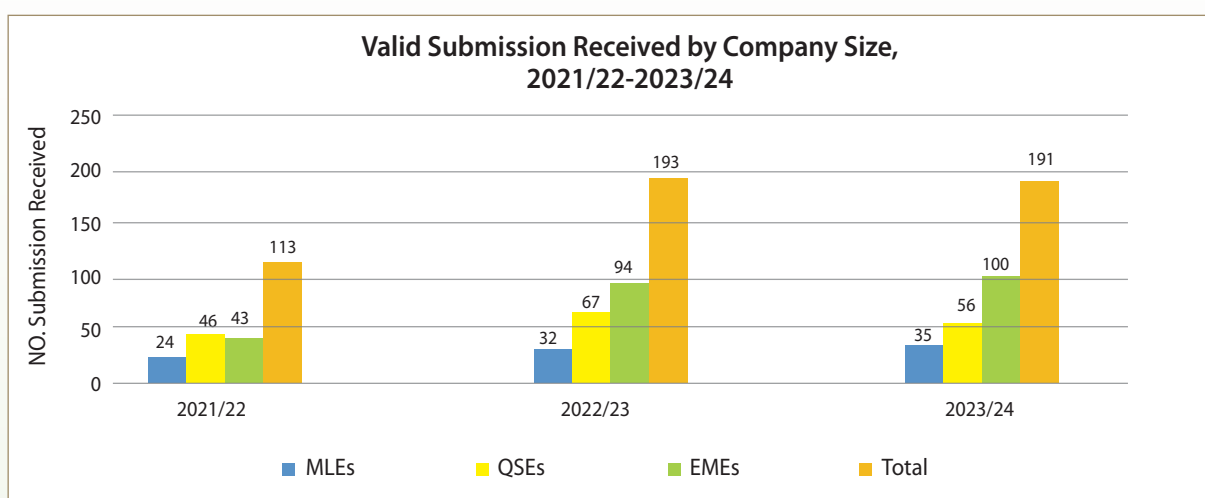


Figure 1: Valid Submissions received from Reporting Entities

The reporting entities were further classified into the 6 reporting sub-sectors as per the scope of application sectioned in the Amended FSC. Figure 2 below presents the number of reporting entities from each sub-sector. A majority of the submissions were received from Contractors a trend observed in the previous year as well. Further observations show that less than half of the received certificates and or affidavits were from the other five sub-sectors, suggesting a need to encourage reporting from these sub-sectors.

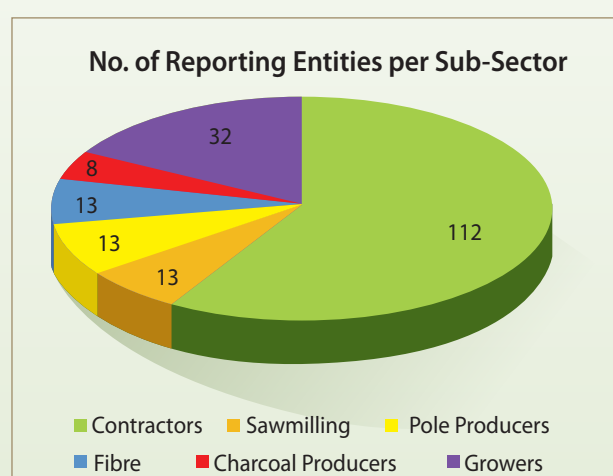


Figure 2: No of Reporting Entities per Sub-sector

Medium and Large Enterprises (MLEs)

MLEs report based on the five scorecard elements. Each MLE is awarded a level based on the total points achieved with levels 1-4 regarded as the best. An entity that obtains this level is preferred mostly for procurement opportunities and points as the score is linked to the recognition level. The B-BBEE levels achieved by the reporting MLEs is displayed in Figure 3.

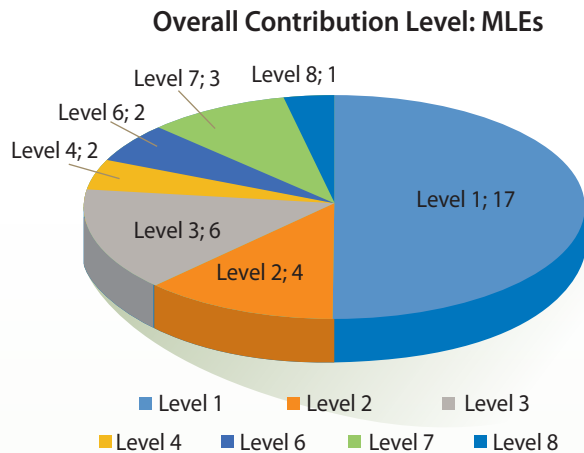


Figure 3: Achieved B-BBEE levels by MLEs

The mode for MLEs is a B-BBEE level 1 as shown in Figure 3 above and most of the MLEs attaining a level 1 are regarded as consistent reporters. Levels 2, 3 and 4 B-BBEE rating was achieved by more MLEs when compared to the higher levels. About 4 MLEs improved in terms of the B-BBEE level achieved when compared to the previous reporting period. There were five new entities with most of them achieving a good B-BBEE level rating. In total only, 6 MLEs were discounted.

period. The sector performed exceptionally in Socio-Economic Development (SED), Enterprise and Supplier Development (ESD), Ownership and Skills Development (SD). In Management Control (MC), an average score of 53% was attained showing progressive improvement. Similar to the previous year, the Skills Development showed the greatest improvement when compared to the five scorecard elements. Only 6 MLEs were downgraded as a result of failure to achieve the 40% minimum on the priority elements being Ownership, Skills Development and Enterprise and Supplier Development.

Qualifying Small Enterprises (QSEs)

Qualifying Small Enterprises can be either enhanced or unenhanced. The defining feature between these two is the ownership profile which is also used to determine the B-BBEE level. Figure 5 below compares the levels achieved by all reporting QSEs. Further analysis shows that a majority of the QSEs are enhanced, automatically achieving a level 1 or 2 B-BBEE rating. Only five B-BBEE levels were recorded amongst QSEs with one 1 being discounted as result of non compliance to the priority elements.

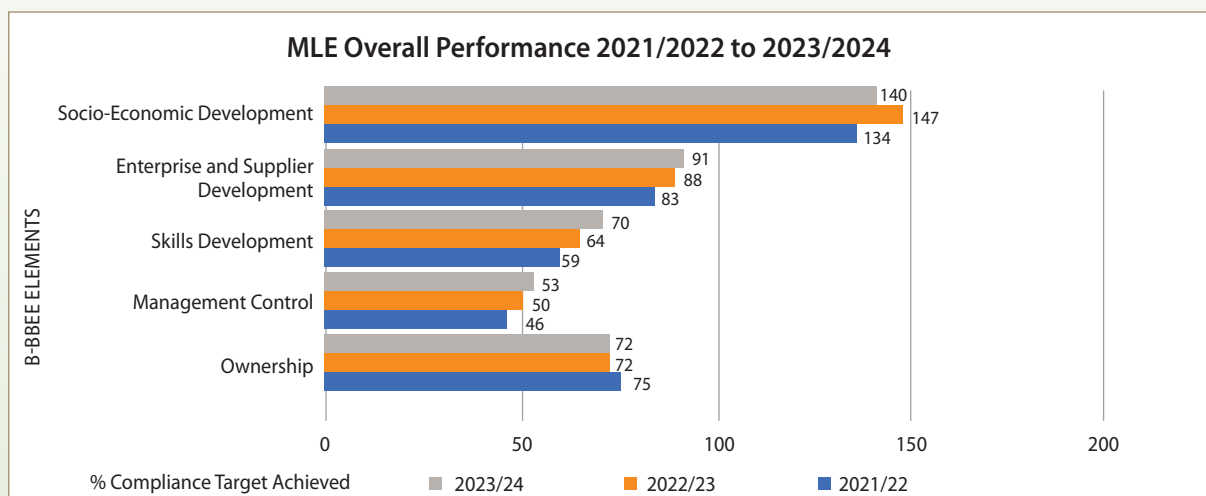


Figure 4: 3-year MLE scorecard performance

Figure 4 above compared the performance of MLEs on the five scorecard elements over a three-year reporting

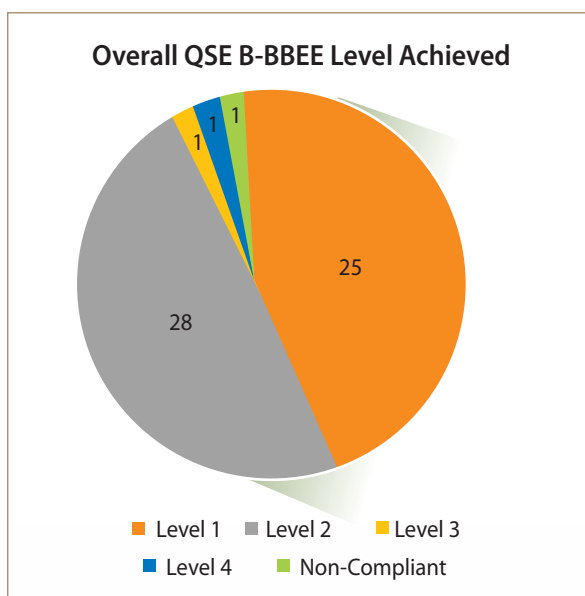


Figure 5: Achieved B-BBEE levels by QSEs

The submitting QSEs are further categorised to the sub-sectors represented. In most cases, the presentation reflects on the business types reporting entities are engaged in. Figure 6 below reveals the reporting sub-sectors amongst QSE.

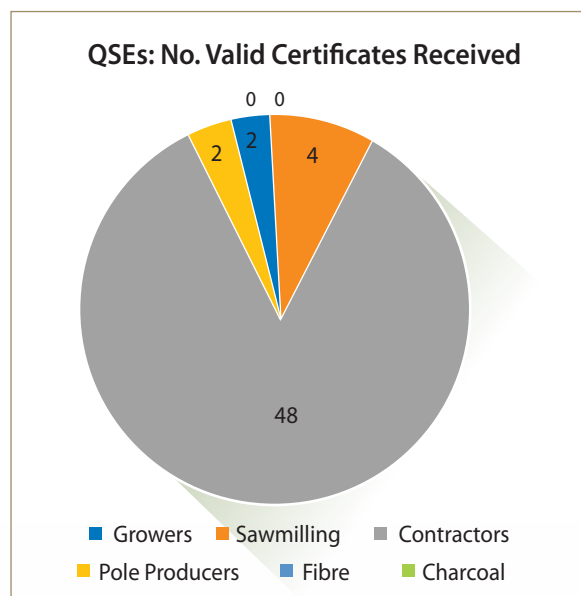


Figure 6: Valid submissions received from QSEs/ sub-sector

The submissions from the QSEs were received from 4 of the 6 sub-sectors as illustrated in Figure 5 above. Similarly, to the previous year, the Contractors sub-sector is well represented in terms of reporting. 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 5 Unenhanced QSEs.

Unenhanced QSEs are also required to comply with the scorecard elements. However, their targets are lower when compared to the MLEs. Due to the low numbers of submissions from this category, a yearly analysis is also preferred over a 3year comparison. The performance of Unenhanced QSEs for the year under review is illustrated in Figure 7 below.

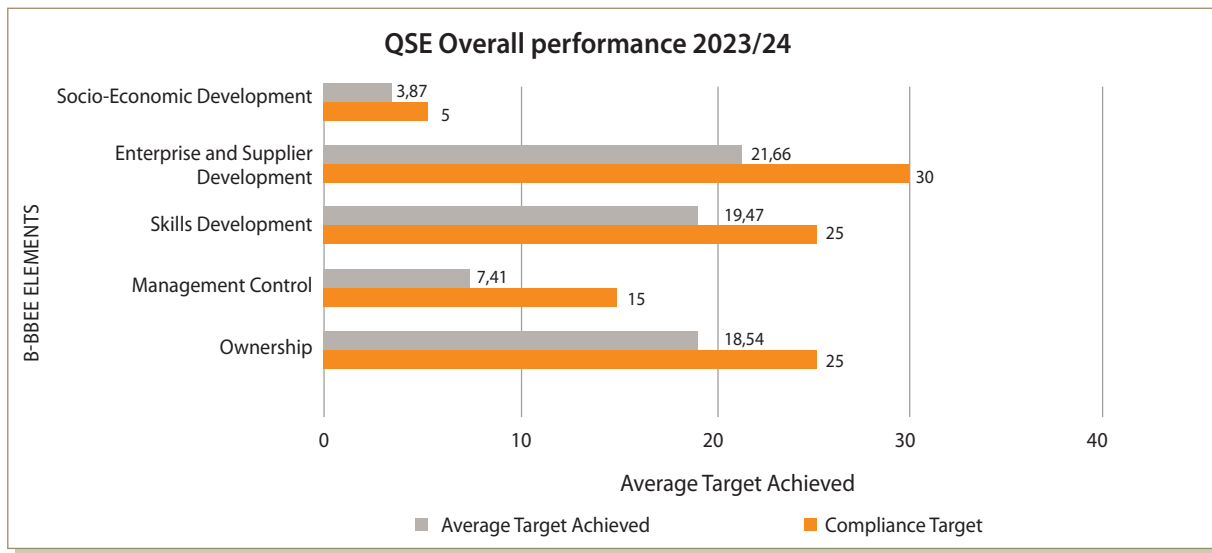


Figure 7: QSE scorecard performance

QSEs achieved good scores in 4 of the 5 elements namely: Skills Development, Socio-Economic Development, Enterprise and Supplier Development and Ownership. However, average performances recorded were lower in all the elements except for Ownership which showed the greatest improvement. A low score was recorded for the Management Control which is a reverse of the previous year observation. The trend on the Management Control may suggest that these Unenhanced QSEs are family owned where management is reversed.

Exempted Micro Enterprise (EMEs)

EMEs are exempted from compliance with the scorecard and automatically regarded as a level 4 contributor if unenhanced. The enhancement principle also applies to EMEs similarly to QSEs. The level achieved amongst EMEs is demonstrate in Figure 8 below. Based on Figure 8, most EMEs are enhanced attaining either a level 1 or 2 respectively. The mode is level 1 and this trend differs from the Enhanced QSEs, suggesting that the level of Black Ownership amongst EMEs is higher than in QSEs.

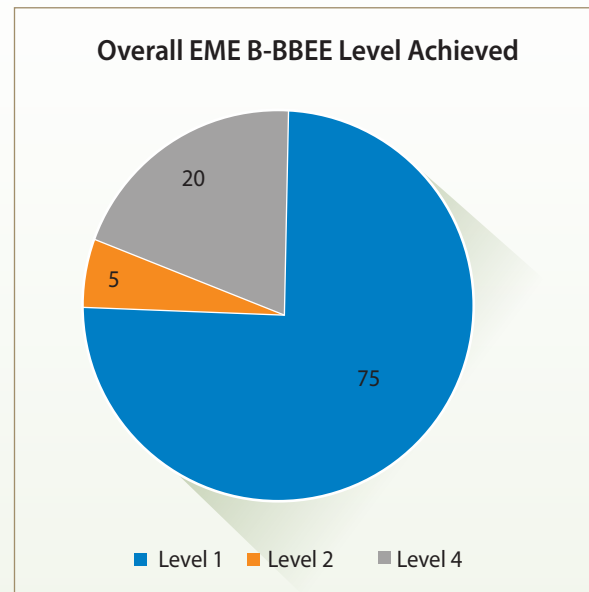


Figure 8: B-BBEE level achieved by EMEs

In conclusion, the sector maintained a level 3 B-BBEE. QSEs and EMEs also maintained a level 2 for the 3 last consecutive years. The mode for MLE's is a B-BBEE level 1, QSEs a level 2 and EMEs a level 1. Very few reporting entities from both the MLEs and the QSEs achieved a level lower than level 4 with some entities even improving in the overall B-BBEE level attained. A few QSEs were upgraded to MLEs and EMEs to QSEs. Reliability in terms of submissions shows worrying trends as some entities from the three business categories didn't report. Encouragingly was that there were new MLEs that reported in the year under review. Most entities in the MLE category also achieved the bonus points allocated. SAFCOL's performance was remarkable showing that they maintained the level 2 rating.

FY2023/24 B-BBEE Reported Entities

MLEs				
York Timbers	Natal Forest Products	Corruseal Corrugated KZN	Sappi	R and F Tissue Mills
Vuka Timbers	Mpact Operations	Dalisu Holdings	PG Bison	Braecroft Timbers
Tingasmart	Mondi	Boxlee	MTO Forestry	NHR Investment
Timrite	Maqhilika Timber	Everest Corrugated	Merensky	Low Creeks Treated Timber
Cintasign	kanyi Ilanga Trading	R & B Timbers	Lion Match Company	Normandien Farms
Ringomode	Iningi Investment 143	SAFCOL	Bedrock Mining Support	Khulani Timber Industries
Pride Pak Packaging	Imishini Contracting Services	Industrial Timber Supplies	Amathole	Sonae Auco South Africa Proprietary Limited

QSEs			
Apple Blossom Trading (Pty) Ltd	Can Do Timbers PTY (Ltd)	Black Forest Harvesting	BW Forestry (Pty) Ltd
Welverdiend Forestry Pty Ltd	Edumbe Sawmill	Double D 207 (Pty) LTD (Malvern Farm)	Colaborare (PTY) Ltd
Winnie Logging Services (Pty) Ltd	Gauteng Pallets East CC	Enviromech Logging (Pty) Ltd	Imphisi Harvesting
UG Timbers	Indwe Security	Lens Forestry Contractors (Illusive Dream Trading)	Micloo Forestry Services (Pty) Ltd
Brits Pallets CC	Khula Forestry (Pty) Ltd	Mooiplaas Silviculture Services (Pty) Ltd	Mzilazembe Forestry Services
Mkhoba Forestry (Pty) Ltd	Natal Box Factory CC	New Forestry Solutions	Siyakhula Forestry Contractors (Pty) Ltd
Paulpietersburg Timbers	Thuthugani Contractors (Pty) Ltd	SS Three (PTY) Ltd	Siyaya Contracting (Pty) Ltd
Amahlathi Ethu Trading (PTY) Ltd	Makarapa Holdings (Pty) Ltd	Pine, Timber & Board Express CC	Takhe Transport
CR Bosboedery	Mhlekezi Forestry (Pty) Ltd	Sibsa Group (Pty) Ltd	The Extraordinary Trading And Construction (Pty) Ltd
Devonix (Pty) Ltd	Mooiplaas Forestry Contracting (Pty) Ltd	Silvicultrix (Pty) Ltd	Timber Logging Solutions CC
Iswepe Silvicultural Services	Sakhisizwe Bush Control CC	Thuthuka Forestry (Pty) Ltd	Timbermech (Pty) Ltd
Siyakhula Forestry Management CC	GDH Timber Harvesting	Hlanganani Forestry (Pty) Ltd	TR Mabuza Contractors Cc
WBS Transport CC	Mhlambanyathi Group Pty Ltd	Masibambisane Harvesting (Pty) Ltd	Tshecwa Timber Contractor (Pty) Ltd
ACG Shared Services (PTY) Ltd	Zanokuhle Forestry (Pty) Ltd	Umvuni Solutions (Pty) Ltd	Ziyawa Forestry CC
Siyakhula Forestry Management CC			

EMEs			
Abakwa Mvuleni Traadining Enterprise	Goobs Forestry (PTY) Ltd	Kitolwi Agricultural Primary Co-operative Limited	Mandlezile Trading CC
ART Farm (Zwothe Agribusiness Enterprises)	Imameleng Sole Trader	Khula BN Trading (Pty) Ltd	Mapiribiri Project
Baballang Tlholeho (Pty) Ltd	IsiQiniseko Holdings	Kwanatal Contractors CC	Mthombeni Promotions (Pty) Ltd
Buffalo Packaging & Pallets (Pty) Ltd	Jadens Suppliers (Pty) Ltd	Lawgav Trading (Pty) Ltd	Matombotsuka
Dalindyebo Construction CC	Jos Forest Contractors and Silviculture cc	Lemaemo Trading	Mlondi Joy (Pty) Ltd
Dinoko Sulie Trading (Pty)	Juram Agricultural Primary Co-operative Limited	Libol Pty Ltd	Mmatshela Trust
Ditlake Holdings (PTY) Ltd	K Fox 2nd Couture Board Company (Pty) Ltd	Liyemithemba Multi Traders	Mhlambanyathi Fire Fighting
Devonix (Pty) Ltd	Kabos Sole Trader	Maimi Timber Primary Co-operative Limited	Modau Family Agricultural Primary Co-operative
Flepu Hardworkers (Pty) Ltd	Kgolanang Trading Enterprise	Malihambe Forestry Contractors	Mogapilinc Trading (Pty) Ltd
Glosam Agriculture Primary Cooperative Limited	Khenpru General Trading	Madebe Harvesting and Manufacturing CC	Mphagane Agricultural Primary Co-operative Limited
Munzhedzi Agriculture Primary Co-operative	Ngwenya Forestry Services (Pty) Ltd	Sika Forestry Solution	Tshitongwe Family Plantation Co-operative
Muofhe Family	Noma PJV Joint Venture	Sekoz Forestry Enterprise (Pty) Ltd	Tshiwsa Business Enterprise (Pty) Ltd
Musolwa Agricultural Co-operative	Pat Nel Timber and Agriculture (PTY) Ltd	South Coast Forestry	Tsidi and Daughter Trading
Mutsharini Agricultural Primary Cooperative	Philasiphile Contractors (Pty) Ltd	Sibsa Weed Services	Vakomati Hivuyeriwele Agri Project Primary Co-operative
Mutshinyate Multi-Purpose Primary Cooperative Limited	Pheeha Communal Property Association (CPA)	Marian and Lilian Transport (PTY) LTD	Zana Co-operative
Ndukude Trading Enterprise	PJV Forestry Services	The Hill Trading Industry Morumotsho Charcoal	Zwetha Contractors CC
Nephithidi Thusanani Woodlots	Rally Business Consulting (Pty) Ltd	Thiathu Agricultural Primary Co-operative Limited	Kwamahlati Training Services
Nkombele Security (Pty) Ltd	SC Forestry Contractors	Thivhalemi Agriculture Primary Co-operative	Illovo Contractors
M Essentials (PTY) LTD	Servimate 93 CC	Top ASH Trading	Mfezi Security Guarding Services CC
Noma Consultants	SHE-RE Timbers (Pty) Ltd	Tshifhumulo Business Enterprise	RGHK Trading
AC Higgs Timber Harvesting	Forestry Mechanical Services	LotLog CC	Otto Firepro Services (PTY) Ltd
Dargle Poles (Pty) Ltd	Fynbos Logging CC	Meyer Forestry (PTY) Ltd	PAMSA
Dubell Harvesting	Harold Alwin Luck	Mykatrade/Simms Harvesting Equipment	Pieter Joubert Forestry/ Log X
SAFCA	Sabie Poles cc	Steel and Ropes CC	Zululand Fire Protection Association
Fibre Cycle	HI Rope Industries (Pty) Ltd	Next Level Pallets (Pty) Ltd	RS AND SS Plant Hire CC



Annual Financial Statements for the year ended 31 March 2024



General Information

Country of incorporation and domicile

South Africa

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

Nelly Ndlovu
Makhosazana Mavimbela
Tyrone Hawkes
Penwell Lunga
Bruce Breedt
Dwayne Marx
Kwena Komape
Lindiwe Mavundla
Lulamile Xate
Michael Peter
Pierre Tullis
Pumeza Nodada
Roy Southey
Tanucia Coopasamy
Thandi Mokoena
Tshepo Makhene
Thembisa Mpengesi
Wade Parker

Business address

Unit 4, Woodview Office Park
1 Humber Road
Woodmead Sandton
2191

Postal address

Unit 4, Woodview Office Park
1 Humber Road
Woodmead Sandton
2191

Auditors

Matshoba Chartered Accountants
Registered Auditors

Index

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

	Page
Councillors' Responsibilities and Approval	3
Councillors' Report	4
Independent Auditor's Report	5 - 6
Statement of Financial Position	7
Statement of Comprehensive Income	8
Statement of Changes in Reserves	9
Statement of Cash Flows	10
Accounting Policies	11 - 12
Notes to the Annual Financial Statements	13 - 18
The following supplementary information does not form part of the annual financial statements and is unaudited:	
Detailed Income Statement	19 - 20

Level of assurance

These annual financial statements have been audited in compliance with the applicable requirements of the Companies Act of South Africa.

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. It is their responsibility to ensure that the annual financial statements fairly present the state of affairs of the company as at the end of the financial year and the results of its operations and cash flows for the period then ended, in conformity with the International Financial Reporting Standard for Small and Medium-sized Entities. The external auditors are engaged to express an independent opinion on the annual financial statements.

The annual financial statements are prepared in accordance with the International Financial Reporting Standard for Small and Medium-sized Entities and are based upon appropriate accounting policies consistently applied 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 Council sets 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 councillors have reviewed the Council's cash flow forecast for the year to 31 March 2024 and, in the light of this review and the current financial position, they are satisfied that the Council has or has access to adequate resources to continue in operational existence for the foreseeable future.

The external auditors are responsible for independently auditing and reporting on the Council's annual financial statements. The annual financial statements have been examined by the Council's external auditors and their report is presented on page 5 - 6.

The annual financial statements set out on pages 7 to 18, which have been prepared on the going concern basis, were approved by the Council on 2024 and were signed on its behalf by:

Approval of annual financial statements

Tyrone Hawkes

Lulamile Xate

The councillors have pleasure in submitting their report on the annual financial statements of Forest Sector Charter Council NPC for the year ended 31 March 2024.

The annual financial statements have been prepared in accordance with International Financial Reporting Standard for Small and Medium-sized Entities and the requirements of the Companies Act of South Africa. The accounting policies have been applied consistently compared to the prior year.

2. Councillors

Councillors

Council members		Changes
Nelly Ndlovu	(Chairperson)	Appointed Saturday, 01 October 2022
Makhosazana Mavimbela	(Executive)	Appointed Saturday, 01 October 2022
Tyrone Hawkes	(Chairperson - Finance Committee)	Appointed Saturday, 01 October 2022
Penwell Lunga	(Chairperson-Human Resources Committee)	Appointed Saturday, 01 October 2022
Bruce Breedt		Appointed Saturday, 01 October 2022
Dwayne Marx		Appointed Saturday, 01 October 2022 – Resigned September 2023
Kwena Komape		Appointed Saturday, 01 October 2022
Lindiwe Mavundla		Appointed Saturday, 01 October 2022
Lulamile Xate		Appointed Saturday, 01 October 2022
Michael Peter		Appointed Saturday, 01 October 2022
Pierre Tullis		Appointed Saturday, 01 October 2022
Pumeza Nodada		Appointed Saturday, 01 October 2022
Roy Southey		Appointed Saturday, 01 October 2022
Tanucia Coopasamy		Appointed Saturday, 01 October 2022
Thandi Mokoena		Appointed Saturday, 01 October 2022
Tshepo Makhene		Appointed Saturday, 01 October 2022
Thembisa Mpengesi		Appointed Thursday, 29 February 2024
Wade Parker		Appointed Thursday, 29 February 2024
Philani Xulu		Appointed Thursday, 29 February 2024

The councillors are not aware of any material event which occurred after the reporting date and up to the date of this report that might materially influence the appreciation of the financial statements.



**MATSHOBA
CHARTERED
ACCOUNTANTS**

INTEGRITY • EXCELLENCE • PASSION

72 Garden Road, Midrand, 1686
+27 (82) 940 1336
duncan@matshoba.co.za
www.matshoba.co.za

Independent Auditor's Report

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 2024, and the statement of profit or loss and other comprehensive income, statement of changes in equity and 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 2024, and its financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards for Small Medium Enterprise (IFRS for SME) 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 company 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 International Ethics Standards Board for Accountants Code of Ethics for Professional Accountants (Parts A and B). 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 Councillors' Report as required by the Companies Act of South Africa. 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 International Financial Reporting Standards 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.

In preparing the financial statements, the Councillors are responsible for assessing the company'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 company or to cease operations, or have no realistic alternative but to do so.



**MATSHOBA
CHARTERED
ACCOUNTANTS**

INTEGRITY • EXCELLENCE • PASSION

72 Garden Road, Midrand, 1686
+27 (82) 940 1336
duncan@matshoba.co.za
www.matshoba.co.za

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 company'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 company'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 company 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
D.D. Matshoba
Partner

Registered Auditor
28 June 2024
Midrand

Statement of Financial Position as at 31 March 2024

Figures in Rand	Note(s)	2024	2023
Assets			
Non-Current Assets			
Property, plant and equipment	2	90 894	92 685
Current Assets			
Trade and other receivables	3	19 220	30 536
Cash and cash equivalents	4	13 140 325	12 904 538
		13 159 544	12 935 074
Total Assets		13 250 438	13 027 759
Reserves and Liabilities			
Reserves			
Retained income		13 231 456	12 815 100
Liabilities			
Current Liabilities			
Trade and other payables	5	18 983	212 659
Total Reserves and Liabilities		13 250 438	13 027 759

Statement of Comprehensive Income

Figures in Rand	Note(s)	2024	2023
Revenue	6	4 779 271	5 668 623
Other income	7	-	29 219
Operating expenses	8	(5 168 064)	(6 690 562)
Operating (deficit)/surplus		(388 793)	(992 720)
Investment revenue	12	805 150	531 680
Surplus/(deficit) for the year		416 357	(461 040)
Other comprehensive income		-	-
Total comprehensive surplus/(deficit)/ for the year		416 357	(461 040)

Statement of Changes in Reserves

Figures in Rand	Retained income	Total equity
Balance at 01 April 2022	13 276 140	13 276 140
Deficit for the year	(461 040)	(461 040)
Other comprehensive income	-	-
Balance at 01 April 2023	12 815 100	12 815 100
Surplus for the year	416 357	416 357
Other comprehensive income	-	-
Total comprehensive surplus for the year	416 357	416 357
Balance at 31 March 2024	13 231 456	13 231 456

Statement of Cash Flows

Figures in Rand	Note(s)	2024	2023
Cash flows from operating activities			
Cash receipts from customers		4 790 587	8 414 033
Cash paid to suppliers and employees		(5 316 525)	(6 462 707)
Cash (used in) generated from operations	14	(525 938)	1 951 326
Interest income		805 150	531 680
Net cash from operating activities		279 212	2 483 006
Cash flows from investing activities			
Purchase of property, plant and equipment	2	(43 425)	(48 724)
Proceeds from sale of property, plant and equipment	2	-	3 804
Net cash from investing activities		(43 425)	(44 920)
Total cash movement for the year		235 787	2 438 086
Cash and cash equivalents at the beginning of the year		12 904 538	10 466 452
Total cash at end of the year	4	13 140 325	12 904 538

Accounting Policies

1. Basis of preparation and summary of significant accounting policies

The annual financial statements have been prepared on a going concern basis in accordance with the International Financial Reporting Standard for Small and Medium-sized Entities, and the Companies Act of South Africa. The annual financial statements have been prepared on the historical cost basis, except for biological assets at fair value less point of sale costs, and incorporate the principal accounting policies set out below. They are presented in South African Rands.

These accounting policies are consistent with the previous period.

1.1 Property, plant and equipment

Property, plant and equipment are tangible assets which the company holds for its own use or for rental to others and which are expected to be used for more than one period.

Property, plant and equipment is initially measured at cost.

Cost includes costs incurred initially to acquire or construct an item of property, plant and equipment and costs incurred subsequently to add to, replace part of, or service it. If a replacement cost is recognised in the carrying amount of an item of property, plant and equipment, the carrying amount of the replaced part is derecognised.

Expenditure incurred subsequently for major services, additions to or replacements of parts of property, plant and equipment are capitalised if it is probable that future economic benefits associated with the expenditure will flow to the company and the cost can be measured reliably. Day to day servicing costs are included in profit or loss in the period in which they are incurred.

Property, plant and equipment is subsequently stated at cost less accumulated depreciation and any accumulated impairment losses, except for land which is stated at cost less any accumulated impairment losses.

Depreciation of an asset commences when the asset is available for use as intended by management. Depreciation is charged to write off the asset's carrying amount over its estimated useful life to its estimated residual value, using a method that best reflects the pattern in which the asset's economic benefits are consumed by the company.

The useful lives of items of property, plant and equipment have been assessed as follows:

Item	Depreciation method	Average useful life
Office equipment	Straight line	6 years
IT equipment	Straight line	3 years
Computer software	Straight line	6 years

When indicators are present that the useful lives and residual values of items of property, plant and equipment have changed since the most recent annual reporting date, they are reassessed. Any changes are accounted for prospectively as a change in accounting estimate.

Impairment tests are performed on property, plant and equipment when there is an indicator that they may be impaired. When the carrying amount of an item of property, plant and equipment is assessed to be higher than the estimated recoverable amount, an impairment loss is recognised immediately in profit or loss to bring the carrying amount in line with the recoverable amount.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its continued use or disposal. Any gain or loss arising from the derecognition of an item of property, plant and equipment, determined as the difference between the net disposal proceeds, if any, and the carrying amount of the item, is included in profit or loss when the item is derecognised.

1.2 Financial instruments

Initial measurement

Financial instruments are initially measured at the transaction price (including transaction costs except in the initial measurement of financial assets and liabilities that are measured at fair value through profit or loss) unless the arrangement constitutes, in effect, a financing transaction in which case it is measured at the present value of the future payments discounted at a market rate of interest for a similar debt instrument.

Accounting Policies

1.2 Financial instruments (continued) Financial instruments at amortised cost

These include loans, trade receivables and trade payables. They are subsequently measured at amortised cost using the effective interest method. Debt instruments which are classified as current assets or current liabilities are measured at the undiscounted amount of the cash expected to be received or paid, unless the arrangement effectively constitutes a financing transaction.

At each reporting date, the carrying amounts of assets held in this category are reviewed to determine whether there is any objective evidence of impairment. If there is objective evidence, the recoverable amount is estimated and compared with the carrying amount. If the estimated recoverable amount is lower, the carrying amount is reduced to its estimated recoverable amount, and an impairment loss is recognised immediately in profit or loss.

1.3 Impairment of assets

The company assesses at each reporting date whether there is any indication that property, plant and equipment or intangible assets or goodwill or investment property on the cost model may be impaired.

If there is any such indication, the recoverable amount of any affected asset (or group of related assets) is estimated and compared with its carrying amount. If the estimated recoverable amount is lower, the carrying amount is reduced to its estimated recoverable amount, and an impairment loss is recognised immediately in profit or loss.

If an impairment loss subsequently reverses, the carrying amount of the asset (or group of related assets) is increased to the revised estimate of its recoverable amount, but not in excess of the amount that would have been determined had no impairment loss been recognised for the asset (or group of assets) in prior years. A reversal of impairment is recognised immediately in profit or loss.

1.4 Employee benefits

Short-term employee benefits

The cost of short-term employee benefits, (those payable within 12 months after the service is rendered, such as leave pay and sick leave, bonuses, and non-monetary benefits such as medical care), are recognised in the period in which the service is rendered and are not discounted.

1.5 Revenue

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.

Notes to the Annual Financial Statements

Figures in Rand

2024

2023

2. Property, plant and equipment

	2024			2023		
	Cost or	Accumulated	Carrying value	Cost or	Accumulated	Carrying value
	revaluation	depreciation		revaluation	depreciation	
Furniture and fixtures	46 889	(46 889)	-	46 889	(46 889)	-
Office equipment	58 176	(6 090)	52 087	22 548	(626)	21 922
IT equipment	125 765	(86 957)	38 808	117 968	(47 205)	70 763
Computer software			-			-
Total	230 830	(139 935)	90 895	187 405	(94 720)	92 685

Reconciliation of property, plant and equipment - 2024

	Opening balance	Additions	Disposals	Depreciation	Closing balance
Furniture and fixtures	-				-
Office equipment	21 922	35 628	-	(5 464)	52 087
IT equipment	70,763	7,797	-	(39 752)	38 808
	92,685	43,425	-	(45 215)	90 895

Reconciliation of property, plant and equipment - 2023

	Opening balance	Additions	Disposals	Depreciation	Closing balance
Furniture and fixtures	1			(1)	
Office equipment	1	22 548	(2)	(625)	21 922
IT equipment	75 909	26 176	(2)	(31 320)	70 763
	75 911	48 724	(4)	(31 946)	92 685

Figures in Rand

2024

2023

3. Trade and other receivables

Trade receivables	7 870	19 186
Deposits	11 350	11 350
	19 220	30 536

Notes to the Annual Financial Statements

Figures in Rand	2024	2023
4. Cash and cash equivalents		
Cash and cash equivalents consist of:		
Bank balances	3 056 352	3 625 715
Interest yielding bank balances	10 083 973	9 278 823
	13 140 325	12 904 538
5. Trade and other payables		
Trade payables	17 959	163 856
Other payables	1 024	48 803
	18 983	212 659

Notes to the Annual Financial Statements

Figures in Rand	2024	2023
6. Revenue		
Industry contributions - Members of the Forestry Sector	1 985 517	1 855 623
Government contribution - Department of Forestry, Fisheries and the Environment	2 793 754	3 813 000
	4 779 271	5 668 623
7. Other income		
Profit on sale of assets and liabilities	-	3 800
Insurance claim recovery	-	23 319
Telkom contract recoveries	-	2 100
	-	29 219
8. Operating expenses		
Operating expenses include the following expenses:		
Operating lease charges		
Lease rentals on operating lease -		
• Contractual amounts	135 691	117 300
Depreciation and amortisation	45 215	31 946
Employee costs	2 735 448	2 598 781
9. Auditor's remuneration		
Fees	80 500	72 450
10. Employee cost		
Employee costs		
Basic	1 987 824	1 899 549
PAYE, UIF and SDL	747 623	699 232
	2 735 448	2 598 781
11. Depreciation, amortisation and impairments		
The following items are included within depreciation, amortisation and impairments:		
Depreciation		
Property, plant and equipment	45 215	31 946
12. Investment revenue		
Interest revenue		
Bank	805 150	531 680

Notes to the Annual Financial Statements

Figures in Rand	2024	2023
-----------------	------	------

13. Taxation

Non provision of tax

The Council's income and accruals are exempt from income tax under exemption number 930068132.

14. Cash (used in) generated from operations

Net surplus/(deficit)	416 357	(461 040)
Adjustments for:	45 215	31 946
Depreciation, amortisation, impairments and reversals of impairments	-	(3 800)
Profit on sale of assets and liabilities		
Investment income	(805 150)	(531 680)
Changes in working capital:		
(Increase) decrease in trade and other receivables	11 316	2 719 991
Increase (decrease) in trade and other payables	(193 676)	195 909
	(525 939)	1 951 326

(Registration number 2009/006567/08)

Annual Financial Statements for the year ended 31 March 2024

Notes to the Annual Financial Statements

Figures in Rand	2024	2023
15. Related parties		
Relationships		
Members of the Forest Industry	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)	
Related party balances and transactions		
Balances:		
Amounts included in Trade receivables		
SAFCA		17 933
SAUPA		1 253
Sawmilling SA	7 769	-
Total	7 769	19 186
Amounts included in Trade payables		
FSA	-	9 000
PAMSA	-	14 798
SAFCA	-	396
Total	-	24 194
Transactions:		
Revenue received from related parties		
PAMSA	1 273 738	1 190 410
FSA	543 044	507 518
Sawpa	28 153	26 311
Sawmilling South Africa	93 239	87 139
Saup	28 153	26 312
Safca	19 188	17 933
DFFE	2 793 754	3 813 000
	4 779 271	5 668 623
Portion of bad debts attributable to related parties		
DFFE	-	2 610 986

Notes to the Annual Financial Statements

Figures in Rand

16. Councillors' remuneration

Non-executive

2024

Councillors' remuneration	Attendance fees	Expense allowances	Total
Nelly Ndlovu	134 994	12 973	147 967
Thandi Mokoena	58 720	8 012	66 732
Tshepo Makhene	58 720	8 012	66 732
	<u>252 434</u>	<u>28 998</u>	<u>281 431</u>

2023

Councillors' remuneration	Attendance fees	Expense allowances	Total
Nelly Ndlovu	23 250	3 000	26 250
Thandi Mokoena	14 680	1 500	16 180
Tshepo Makhene	14 680	1 500	16 180
	<u>52 610</u>	<u>6 000</u>	<u>58 610</u>

Figures in Rand

2024

2023

17. Income statement by project and function

Total income	5 584 421	6 229 522
BBBEE Online Reporting System	(287,500)	-
CEO Visit	(33,694)	-
Community outreach programme (Phase 2 & 3)	(102,895)	(44 705)
Women in Forestry Initiative	(142,767)	(172 314)
Forestry Professional	(88,736)	(24 031)
Knowledge sharing and transfer programmes	(303,222)	(173 053)
Employee costs	(2 754 963)	(2 657 405)
Other operating expenses	(1 454 287)	(3 619 054)
	<u>416 357</u>	<u>(461 040)</u>

(Registration number 2009/006567/08)

Annual Financial Statements for the year ended 31 March 2024

Detailed Income Statement

Figures in Rand	Note(s)	2024	2023
Revenue			
Government contribution - Department Forestry, Fisheries and the Environment		2 793 754	3 813 000
Industry contributions - Members of the Forestry Sector		1 985 517	1 855 623
	6	4 779 271	5 668 623
Other income			
Insurance claim recovery		-	23 319
Telkom recoveries		-	2 100
Gains on disposal of assets		-	3 800
-		-	29 219
Expenses (Refer to page 20)		(5 168 064)	(6 690 562)
Operating (deficit)/surplus		(388 793)	(992 720)
Investment income	12	805 150	531 680
(Surplus)/ deficit for the year		416 357	(461 040)

Detailed Income Statement

Figures in Rand	Note(s)	2024	2023
Operating expenses			
Accounting fees		(242 254)	(236 707)
Advertising and branding	9	(97 576)	(40 543)
Annual report		(31 395)	(28 660)
Audit fees		(80 500)	(72 450)
Bad debts		-	(2 610 986)
Bank charges		(5 371)	(4 974)
BBBEE Reporting System		(287 500)	-
Catering		(31 823)	(2 888)
Cleaning		(23 201)	(21 810)
Computer expenses		(152 386)	(96 591)
Depreciation, amortisation and impairments		(45 215)	(31 946)
Donations		-	(9 000)
Electricity & Water		(21 735)	(14 437)
Employee costs		(2 735 448)	(2 598 781)
Entertainment		(2 838)	-
Forestry Professionals		(14 635)	-
Gifts		(6 131)	(640)
Green Project costs		(33 798)	(25 450)
Insurance		(23 953)	(19 677)
Meeting and workshop venues		(48 241)	(29 132)
Meeting attendance costs		(252 434)	(58 610)
Office consumables		(11 149)	(7 346)
Operating lease - office equipment		(36 896)	(55 164)
Operating lease - premises		(135 691)	(117 300)
Postage		(1 348)	(4 696)
Printing and stationery		(33 935)	(25 868)
Repairs and maintenance		-	(684)
SARS penalties and interest		(55 986)	-
Secretarial Services		(18 820)	-
Staff training		(19 515)	(58 623)
Strategic planning facilitation		(30 000)	(30 000)
Subscriptions		(4 440)	(3 876)
Telephone and fax		(59 942)	(35 552)
Travel and accommodation		(431 404)	(320 186)
Travel and subsistence claims - council members		(3 498)	(4 854)
Travel and subsistence claims - staff		(42 158)	(33 577)
Website hosting		(9 876)	(5 654)
Women/She in forestry		(136 973)	(83 900)
		(5 168 064)	(6 690 562)



Appreciation

In the year 2023/24, the economic environment continued to present unique challenges to the success of B-BBEE imperatives in the forest sector, similarly to all economic sectors. Nonetheless, this did not deter or derail us from our strategic objectives as clearly defined in the revised and endorsed Strategic Plan of 2023/28.

Our activities sought to generally expedient solutions and create a buy in for cooperation and collaborations. The provision of data for unemployed forestry graduates, the supply of seedling to some growers in Limpopo and of course the partnership with the Innovative Entrepreneurs Skills Village Radio Hub led by a previously disadvantaged black person living with a disability to name a few, are a demonstration of our expressive approach to facilitating sustainable transformation in the sector. We are also pleased about the newly commissioned Online Reporting System and are beginning to see its value in validating the scorecard report information.

As we commemorate our 15th year anniversary, the focus should be, to reflect more on the successes that will demonstrate that community and beneficiaries' involvement is not disconnected from the sector's transformative vision. Unveiling the success stories as supported by the Industry Captains as one of the takeaway task is a "Must" and so is doing great things in a great way to transform the sector

more sustainably. This would at least assist in validating the forest sector's level 3 B-BBEE status achieved even in the year 2023/24.

To our Council, led by Ms Nelly, Ndlovu, we express our many thanks and appreciation to your leadership. We are thankful that we experienced valuable and immense support and commitment from all members and more so from our stakeholders as well. Special thanks to the funders of the FSCC, being DFFE and the entire forest industry, even during the depressed economy. Prioritising the FSCC continued to confirm your alignment to the transformation objectives and agenda on course.

Lastly to my colleagues, I am appreciative that we continued to comprehend our responsibility very well. We worked tirelessly as a collective and together we can only do better and achieve more accomplishments.

Makhosazana Khosi Mavimbela

FSCC: Executive Director





FOREST SECTOR
CHARTER COUNCIL

Unit 4 Woodview Office Park
1 Humber Road, Woodmead
Sandton, 2191
Telephone: 011 392 1394
Email: info@forestsectorcharter.co.za