Established in 1949, NCT Forestry Co-operative Limited is a timber marketing co-operative catering to the needs of private and independent timber growers. It is recognised as an international supplier of quality round-wood timber, hardwood pulp chips and the largest forestry marketing organisation in southern Africa.
Mission

NCT assists its members to achieve their full forestry potential and thereby optimise financial results on a sustainable basis.

Service vision

To win and maintain the unreserved confidence and support of all its members, customers and employees.

Strategy

With the strength inherent in co-operative principles and using motivated staff and appropriate technology, the NCT mission will be achieved by:

- Marketing timber through:
  - Sales negotiation
  - Buying, selling and logistic activities
  - Financial administration of trading activities
  - Expansion of market opportunities
  - Keeping members informed
  - Servicing customers
  - Quality awareness
  - Extension and planning services.
- When necessary, securing additional supplies of timber through the management, harvesting or purchasing of plantations.
- Facilitating the harvesting & transportation of timber where possible.
- Managing NCT’s assets to the benefit of members.
- Distributing available surpluses to members in proportion to their patronage on an equitable basis.
- Interaction with all appropriate industry and governmental organisations.
- Encouraging sustainable forestry stewardship.
- Promoting value adding activities.

Culture

NCT strives to be a dynamic and competent organisation delivering quality products and services. In fulfilling this, the directors and staff will act with pride and integrity while adapting to changing circumstances.
Highlights

Achieves 1.8 million tonnes in timber sales

Celebrates ten years of success at its wood chipping mill in Durban

Supplies its first wood chips to China and India

Secures the assets and land of a fourth wood chipping facility

Introduces the first third-generation Performance Based Standards (PBS) vehicles in South Africa

Launches a real-time, web-based load scheduling system for road and rail

Impacts on 23 rural communities through its social programme
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Across the world, 2013 was another difficult year for the global economy: Chinese and Indian economies were cooling off with lower than expected growth numbers, Eurozone woes continued well into the year with some countries slipping back into recession, while the USA’s fiscal problems were hitting the headlines once again. The South African economy grew slowly due to various domestic constraints, such as challenges in labour relations, infrastructure deficiencies, political and policy uncertainty and weak business confidence.

The global paper and pulp industry generates significant business around the world. The industry continues on its path of recovery from the global economic downturn in 2009, when industry revenue fell by a sharp 19.2% due to a severe drop in pricing and shipment volumes. This resulted in structural changes in the use of paper.

Lower spending on advertising, a move towards digital media, decreased consumer spending and reduced industrial production all contributed to the high levels of wood chip stock and uncertainty of sales into the traditional market which NCT encountered.
at the start of the year under review. Reduced order allocations were the order of the day. This resulted in major financial constraints on the cash flow of members, especially for *Eucalyptus* suppliers.

**Factors impacting on the business**

The abovementioned situation presented NCT’s board and management with a substantial challenge in the quest to fulfill NCT’s mission of assisting members to achieve their full forestry potential and thereby optimise financial results on a sustainable basis. It is during difficult times like these that the following becomes applicable:

*Letting others set your standards is a dangerous game, because the race to the bottom is pretty easy to win. Setting your own standards and living up to them, is a better way to profit. Not to mention a better way to make your day worth all the effort you put into it.*
– Seth Godin

Sometimes a simple formula is all that is needed for the complicated world we live in. In the 65 years of NCT’s existence our own set of standards played a very important role: relevance, confidence and patronage. It is these same standards that we had to live up to during the last year.

The board followed an aggressive pricing strategy to free NCT of all excess wood chip stock to improve members’ access to orders. This was possible due to the weakening of the Rand against the US Dollar. NCT’s healthy relationship with its customers meant that its marketing team could break into new markets and re-establish old ones, locally and internationally.

NCT acts as a cushion against the effect of currency fluctuations. This was the case during the past year where prices paid to members could be maintained despite the substantial reduction in the selling price of our wood chips. However, the cost squeeze as experienced by all timber growers, due to higher than inflationary increases of input costs, underlines the importance of increased timber prices to secure long-term sustainability of a vital industry. It further confirms the importance of pursuing value-adding opportunities on behalf of members.

**Performance**

As would be expected, the increased sales in the latter half of the year, improved NCT’s cash flow position. A healthy set of financial results as presented in this report confirms that.

**Operational matters**

Last year it was reported that NCT declined to put in an offer for the purchase of Silvacel as a going concern from Mondi. At the time, the board decided that it would be more beneficial to make changes to NCT’s current operations. Other parties had shown interest, and despite some advanced negotiations, no sale was
concluded. Mondi then again put the assets of Silvacel back onto the market, and this time unencumbered, NCT’s board opted to put in an offer.

It is with pleasure that I can report that agreement was reached and that NCT has secured the land and other assets. This gives your organisation the opportunity to optimise the facilities in Richards Bay to the benefit of members, and, at the same time, address some of the market demands. The process of restructuring the Richards Bay operations is due to start in the second half of 2014.

Composition of the board & management team

During 2013, Philip Day was elected vice-chairman of NCT. He also took over the chairmanship of the BayFibre and ShinCel boards. In June 2013, Danny Knoesen joined as a valuable addition to the NCT management team as General Manager: NCT Chipping Operations.

Outlook and challenges

Market and demographic trends bode well for the global wood fibre industry in the future. Demand for paper products is steadily rising throughout Asia, despite an increasing transition to the digital media. Added to the traditional basket of wood chip buyers, is the growing interest from, and investment in, the wood bio-energy industry. Sustainability continues to be a defining trend. Limited natural resources are leading paper producers and bio-energy operations to increase their reliance on renewable resources such as pulpwood plantations.

Some areas to keep a watchful eye on and where collectively, the NCT team has to find solutions, include:

• The financial position, and therefore sustainability, of members due to the static and even-reducing timber prices in real terms, together with higher than inflation operational cost increases.

• Improving the logistics chain from stump-to-mill which has come a long way in recent years, remains a priority for NCT.

• Bringing the market to timber growing areas where the cost of logistics has created islands of marginal tree farming.

• The expansion of mutually beneficial agreements with other role players in the South African forestry industry.

• Continued and increased aid to forestry support organisations such as Forestry South Africa (FSA), the Institute for Commercial Forestry Research (ICFR) and the Forestry & Agricultural Biotechnology Institute (FABI), especially with regard to pests and diseases and improving public understanding of the importance of the forestry industry in the South
African macro-economic context.

- Ever-changing dynamics in the demands and needs of the buyers for the trees we grow.
- Skills transfer.

**Appreciation**

The NCT team consists of members, board of directors and staff. The board of directors, appointed by members, continues to determine policies in the best interest of all members. To implement these policies your organisation needs competent, dedicated and committed staff members. On behalf of the board and members of NCT, I express our appreciation to our General Manager, Patrick Kime, and all staff members of the co-operative and its subsidiaries.

NCT has a wonderful foundation of loyal and understanding members to complete a formidable team. For your organisation to be successful the board and management have to ensure that members are fully informed of developments and as a result of transparency have the confidence in their co-operative.

The board appreciates all views, comments and interest shown in this regard by members and looks forward to a continuing close relationship between members, the board and management.

**HARALD NIEBUHR**  
Chairman
Whilst there were serious challenges in marketing *Eucalyptus* wood chips out of Richards Bay for the first six months of the period under review, the year ended on a positive note.

**Notable highlights are:**

- Pulpwood sales increased by 30% over the previous year through successful marketing to new customers of mixed *Eucalyptus*, *E. smithii* and *Acacia* wood chips in Japan, China and India.
- A three-year *Eucalyptus* pulpwood supply contract was successfully concluded with Sappi.
- During the year, reasonable price increases to members were again initiated for both *Eucalyptus* and *Acacia* pulpwood.
- An *Acacia* price enhancement was paid for the 2012/2013 wattle season.
- An agreement to purchase Mondi’s wood chipping facilities in Richards Bay, previously known as SilvaCel, was concluded. These assets will bring new options and enhance NCT’s operational flexibility in Richards Bay in the future.
- The co-operative, together with its wood chipping and tree farming subsidiaries, all showed profits.

The international market for wood chips was generally accepted to be in an over-supply position for the
year. Despite this, NCT was able to increase wood chip sales volumes through a strategy of intensified marketing together with acceptance of some limited price reductions, in US Dollar terms, that improved competitiveness in the international market.

Suppliers of *Eucalyptus* to Richards Bay suffered poor sales for some months at the start of the year after NCT’s largest Japanese customer ceased to use South African mixed *Eucalyptus* wood chips. Following the conclusion of various contracts with new markets, however, the outlook for marketing both *Eucalyptus* and *Acacia* wood chips looks positive.

A fortuitous weakening of the Rand during the year enabled NCT to raise local mill prices despite the lowered US Dollar prices of wood chips. Once again, these prices were followed in the local market by other buyers of pulpwood, mining timber and poles.

Total timber sales marketed through NCT amounted to 1.775 million tonnes, an increase of 32.58% on the previous year. Hardwood pulpwood sales into wood chip markets rose 28.09% to 1.405 million tonnes. Sales into local non-pulpwood markets increased by 45.94% (245 681 tonnes) compared to last year. By genus, sales for the year comprised 47.35% *Eucalyptus*; 48.61% *Acacia* and 4.01% *Pinus*.

NCT continues to identify and engage with potential local and international role-players in the solid bio-fuels industry. Analysis of the economic viability and sustainability of various proposed projects is being carried out. Such projects may rely on volume commitments from NCT and its members. If successful, the benefits to growers will be two-fold: the creation of an additional income stream from plantation residues and higher prices for the same resource.

**Member supplies**

The 2012/13 Guaranteed Supply Contract (GSC) results measured against actual supply reflect the challenging market conditions that prevailed in parts during the course of the supply year. Analysis of the collective actual *Eucalyptus* supply of 594 000 tonnes against a collective Guaranteed Supply Tonnage (GST) of 798 000 tonnes (74%), indicates that members located in the north were hardest hit in terms of low *Eucalyptus* market access. Northern members only achieved 60% of their GST. For the greater part of the year, NCT’s Richards Bay mills experienced severe *Eucalyptus* intake limitations given low market off-take and high wood chip stockpiles.

In determining *Eucalyptus*-related Guaranteed Supply Premiums (GSP), the litmus test of comparing allocation against GST was applied. *Eucalyptus* allocation fell below GST indicating that a market incapable of accommodating the full GST had prevailed. NCT accordingly allowed a concession to northern *Eucalyptus* suppliers, by accepting the
greater of their supply performance measured against GST or allocation received. This was measured against a sliding scale reduced to start at 60%. While Eucalyptus suppliers in the south, where NCT Durban Wood Chips and Sappi Saiccor provided the dominant markets, experienced a slightly stop-start supply season, general performance levels over the supply year deemed no intervention necessary.

Acacia displayed greater overall access to market in the north and south supply catchments than Eucalyptus, with an overall hit rate of 92%. The same allocation over GST was applied and the results showed that adequate market access had prevailed. No Acacia premium-related concessions were therefore applied in either north or south.

**Engaging with members**

As markets started to show greater signs of recovery, members were reminded of measures to prevent timber theft and also to secure chain-of-custody of timber moving along the supply chain. Keeping accurate records and having a consciously greater awareness of all timber available from field to mill, goes a long way towards stifling opportunistic timber loss through theft.

The popular series of small-scale grower workshops continued throughout the year in the Richards Bay area. The key topic pertained to timber specifications and the real need for growers to provide timber of mature age, with as few 5cm thin-end diameters as possible.
As *Eucalyptus* grows rapidly in Zululand given its favourable conditions, the temptation there is to fell too young. This immature timber does not have the required density quality. The workshops have resulted in improvements of timber quality receipts at mill.

Adding further value to this initiative, Richards Bay mills implemented dye tests to check on the heartwood percentage and therefore age of timber received. Mill displacement density tests enabling records to be kept of density levels in timber received from the array of geographical timber sources were also implemented.

**Adding value to small-scale growers**

The Ozwathini *Acacia* demonstration plots run in conjunction with NCT, SANBI Grasslands Initiative and UCL continued with great support from the community beneficiaries. Valuable lessons and observations in the sustainable practice of growing a commercial commodity within a natural biome are providing critical tools to a community reliant on what their immediate environment can produce. NCT regards this initiative as a jewel within its empowerment venture.

For the benefit of small-scale growers, NCT operates two depots in the KZN midlands which serve as point of sale to those growers with logistical constraints and small loads. The depots reflected a total throughput of 16 077 tonnes for the year and assisted 144 small-scale growers by connecting the rural KZN midlands with main road and rail networks to the coastal mills.

**Logistics**

NCT continued to provide a loading and transport brokering service to members and spent R140 million on various logistical services during the year under review.

**Rail**

NCT was successful in negotiating a fair 5.3% rail tariff increase on branch lines for the year beginning 1 April 2013. Mainline traffic was adjusted with an inflationary linked increase of 8.3%. Discussions also took place with Transnet and the KwaZulu-Natal Department of Transport aimed at revitalising the branch-line services and attracting more volumes back onto rail.

**Road**

NCT continues to contribute to the Road Traffic Management System (RTMS), a country-wide initiative aimed at eradicating over-loading on roads.

During the year under review, NCT spearheaded the development and deployment of two new third generation Performance Based Standards (PBS) vehicles to its road brokerage fleet. The design and development of these vehicles have been supported and largely funded by NCT, working closely with the KwaZulu-Natal Department of Transport. The vehicles are the culmination of extensive research and development, including comprehensive simulation exercises which were performed in Australia, where the PBS concept originates.
These PBS vehicles carry a 20% bigger payload than standard timber trucks. Their use reduces the direct cost to growers and the number of trips carried out on our country’s roads, a win-win for farmers, for the environment and other road users.

**Scheduling system**

NCT continues to improve the supply chain from farm to final destination by reducing congestion at mills and long terminal times for vehicles. This was achieved through the introduction of a web-based load-scheduling system that provides visibility to all registered users.

The system enhances two-way communication, supply planning, rateable supplies and reductions in off-loading times at mills.

**Subsidiaries**

**NCT Tree Farming (Pty) Limited**

NCT Tree Farming managed 30 contracts in the financial year. These totalled a planted area of 25 155ha of which 17 915ha is owned or leased by NCT Forestry and its subsidiaries while the balance of 7 240ha are managed on behalf of members.
Unfortunately the management agreement for Tweefontein farm was terminated after many years due to the sale of the farm. Despite this, NCT Tree Farming accounts reflect a better net income than budgeted. This was mainly due to unplanned standing timber purchases, higher profit share as well as some savings on overhead expenditure.

**Contribution to NCT**

During the first part of the financial year, *Eucalyptus* supplies from the northern farms were restricted to allow NCT members priority access in a low demand situation with high volumes of wood chip stocks at Richards Bay mills. As demand improved, owned farms were called upon to increase supplies of *Eucalyptus* pulp logs to assist with orders from Richard Bay mills. The *E. smithii* logs supplied from mainly Lenjane assisted NCT and northern members to complete the first single species shipment from Richards Bay successfully.

*Eucalyptus* supplies from Tree Farming in the south contributed to fulfilling contractual obligations to Saiccor. *Acacia* supplies from the southern-owned farms were cut back to 85% of budget enabling members to supply their *Acacia* requirement.

NCT Tree Farming continues to contribute towards the establishment and maintenance of research plots and seed orchards over a variety of site classes situated on the northern and southern farms.

**Challenges**

A major challenge during the year was to contain production costs after the steep increase in the minimum wage levels from 1 April 2013 as well as regular fuel price increases. Managers concentrate on efficiency and productivity by assessing own and contract labour work study norms. Participation in the Forestry Economic Services (FES) cost benchmarking exercise is carried out on an annual basis.

NCT Tree Farming continues to investigate potential management agreements with land claim recipients with the help of the NCT Development Services department.

**NCT Durban Wood Chips (Pty) Limited**

Due to the increase in the demand from this mill’s customer, 14 shipments were exported to Japan compared to 11 in the previous year.

The year was also marked by the mill’s tenth year in operation achieving its four millionth tonne export to Japan.

In January 2014, the mill undertook a major maintenance overhaul. It replaced the chipper disk with the refurbishment of the screw conveyors and weighbridges. This resulted in 10 days of down-time. All repair work was carried out by the mill engineering team and local engineering workshops.
DWC earned additional revenue by assisting Transnet Port Terminals (TPT) Agriport with the loading of maize.

**ShinCel (Pty) Limited**

**BayFibre Central Timber Co-operative (Pty) Limited**

The new general manager, Danny Knoesen, joined NCT during the year and took over the Richards Bay chipping operations in June.

The Richards Bay wood chip mills exported 262 000 tonnes of *Eucalyptus* and 508 000 tonnes of *Acacia* for a combined total 770 000 tonnes during the 2013/2014 financial year – 45% up on the preceding year.

The start of the year proved challenging, with very quiet markets, and the first six months resulted in only 34% of the year’s final export number.

The year was also characterised by South Africa’s first export of wood chips to India, in October. NCT has subsequently exported several shipments to the west and east coast of India, and continues to engage with key Indian stakeholders.

Several key shipments were made to China during the year, marking the first time NCT has exported to Japan, India and China in the same financial year. These new markets, combined with consistent demand from Japan for *Acacia* raised the total tonnes exported significantly in the latter part of the year.

The year also saw the world’s largest dedicated wood chip vessel, the Batavia Express, call on Richards Bay.

**B-BBEE**

**Broad-based Black Economic Empowerment**

During the year under review, the NCT group spent in excess of R3.5 million on various BEE programmes. A key project was the promotion of BEE among members in which NCT paid over R1 million to assist members to cover the costs of acquiring their BEE certificates.

Twenty-three community projects also benefited from NCT’s social budget in excess of R400 000. Beneficiaries to these projects are predominantly found in areas where NCT members operate.

NCT further responded to the call for the skills shortage in the country. NCT’s student learnership project offered 29 female learners the opportunity to study towards a business administration/new venture creation diploma, 12 of whom are physically-challenged. A total amount of R1 million was spent on skills development.

**Forest Certification**

The influence of forest certification has penetrated most wood-based product markets and has become an important tool for market access. The majority of NCT’s wood chips are sold to Japanese pulp and paper companies where there is a growing interest in FSC™-certified products. This demand is being driven by large buyer groups requesting FSC products as part of their good governance (environmental) programmes.
NCT offers an FSC group certification scheme which allows members to achieve the FSC standard under group management. The scheme has remained relatively stable over the past few years and currently has a membership of 73 management units covering 75 000ha of plantations.

In the year ending February 2014, 39% of all timber marketed through NCT was FSC-certified. In addition, NCT has systems in place that allows for most non-FSC-certified timber to be marketed as controlled wood. The FSC standard for non-FSC-certified controlled wood has been designed to encourage companies to avoid trading in illegally harvested wood, wood harvested in violation of traditional and civil rights, wood harvested in forests where high conservation values are threatened by management activities and wood from forests in which genetically modified trees are planted. The controlled wood standard allows companies to mix FSC-certified timber with timber from controlled sources.

During 2013, NCT was issued with an FSC Chain-of-Custody certificate which allows NCT to market all sources of FSC-certified timber under one certificate.

One of the challenges with the FSC system is that it is not always scale appropriate. NCT is currently leading an industry project to make FSC certification more accessible to small and community-type operations. The project is being funded by the FSC, Forestry SA and industry contributions. This project should result in more FSC-certified timber becoming available for marketing.

NCT is also investigating alternative certification systems that could assist with selling timber to various customers. The Programme for Endorsement of Forest Certification Systems (PEFC) is widely recognised and could be used for marketing to both Japanese and Chinese customers. This system is based on endorsing a locally developed standard and has the advantage of ensuring that the standard is relevant to both scale and plantation forests.

**Pests & Diseases**

Pests and diseases continue to have a significant negative impact on the productivity of South African plantations.

New introductions of insect pests during the past few years have resulted in increased damage in *Eucalyptus* plantations. The gall wasp (*Leptocybe invasa*) has spread through all sub-tropical and warm temperate areas. *Eucalyptus grandis* and GC hybrid clones have proved to be the most susceptible commercially-grown genotypes but many other species and clonal hybrids are affected to a lesser extent.

Biological control of these pests offers the best long-term solution. During 2013 many releases of the
*Leptocybe* parasitoid wasp, *Seltrichoides neseri*, were made and early evidence suggests that this control agent is well established. The first releases of the control agent for *Thaumastocoris peregrinus* (bronze bug) were conducted in late 2013 and early 2014. The parasitoid, *Chleruchoides noackii*, is being bulked up by Tree Protection Co-operative Programme (TPCP) and releases will continue into the future.

Another insect pest causing severe damage in *Eucalyptus* plantations is the snout beetle (*Gonipterus spp*). This insect is one of the longest known introduced pests of *Eucalyptus* species in South Africa. Until recently, it had been successfully managed by an introduced egg parasitoid (*Anaphes nitens*). Increasing damaged caused by this pest has resulted in research work which indicates that there have been many re-introductions of this pest into the country. This has resulted in a high degree of genetic diversity and is likely that there are more than one species involved. The TPCP is investigating the possibility of introducing new control agents for *Gonipterus*.

During the summer months of 2013/2014, severe damage occurred in many *Acacia* plantations in the KwaZulu-Natal midlands. Initial research indicates that the causal agent is a rust disease. The *Acacia* industry is initiating projects to ensure that this new threat can be managed.

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**Tree Improvement**

Since 2000 NCT has increased investment into South African tree improvement programmes. Through research organisations such as the Council for Scientific and Industrial Research (CSIR) and the Institute for Commercial Forestry Research (ICFR), NCT has made significant financial contributions to the field of tree breeding in South Africa.

This investment was undertaken to firstly increase growth rates of trees growing on NCT members’ land holdings and secondly to improve the quality of products supplied to NCT customers through improved wood properties. Increased growth rates benefit both NCT as a marketing organisation and NCT members. By increasing harvestable tonnages members’ land holdings become more productive allowing for a more profitable operation and, as a result, more timber is available to the industry thus easing supply pressures in a very competitive South African market.

The improvement of wood properties is important for NCT to maintain market share in the competitive international wood chip market. However improvement of timber qualities alone is not enough and a major challenge of the NCT tree improvement
programme is to ensure that improved material is made available to independent timber farmers. This is done through clone cuttings produced by nurseries or by supplying these nurseries with seed.

The ultimate goal of the NCT tree improvement programme is to supply NCT members with improved genetic material. This is a multi-faceted goal which requires improved genetics to be captured through seed or clone production and distributed and marketed to NCT growers.

Accreditation

The 2013 ISO audit was a re-assessment and all aspects of NCT’s ISO system were checked in detail by auditors from the certification body, TUV. Although two minor non-compliances were raised, the certificate was renewed for a further three years. All systems and procedures are well-entrenched in NCT with good buy-in from staff. The inter-departmental procedures are ensuring continuity in responsibilities between departments. ISO forms part of the induction programme for all new staff at NCT and the ISO procedures play an essential role in ensuring stability in the services that we offer members when new staff join NCT.

The commitment from internal auditors is commendable and their constructive contributions add to the value of NCT’s ISO systems.

Timber Resource

The foundation on which NCT’s business is built, is the resource base of its members’ plantations which accounts for over 300 000ha (21%) of afforested land in South Africa. Planted land owned or leased by NCT totals 17 915ha.

NCT’s shareholding membership stands at approximately 2 000 made up of members who own timber farms, growers who farm in tribal areas, and contractors.

NCT and subsidiary-owned farms are all FSC-certified. The farms serve as timber reservoirs to be drawn upon to supplement member supplies to wood chipping plants in Richards Bay and Durban as well as other NCT corporate customers. However, the NCT board agreed at a meeting in December 2013 to the following minimum targets regarding timber produced from owned farms in relation to total sales by NCT:

- Mixed *Eucalyptus* 15% – approximately 150 000 tonnes
- *Acacia* 5% – approximately 45 000 tonnes
- *E.smithii* 50% – approximately 68 000 tonnes
- FSC-certified timber 30% – approximately 210 000 tonnes

The reservoir will be used strategically to supplement member supplies in order to fulfill contractual obligations and enter into sales agreements.
Human Resources

NCT aims to create a positive corporate culture in which employees understand their roles and are inspired to perform. The organisation continues to prioritise the development of its employees with special focus on the overall well-being of employees to maintain an efficient and productive working environment.

The total number of NCT employees as at the end of the financial year, was 542 made up of 114 salaried staff, 399 wage earners and 29 learnership students.

Employee development

NCT places significant importance on the development of its staff offering them the opportunities to grow and develop through studies.

Employees who wish to study towards a diploma or degree relevant to their work profile have the option of applying for a study bursary through NCT. Two employees have taken up such an opportunity during this reporting period.

The annual training report and workplace skills plan were successfully submitted to the Fibre, Processing & Manufacturing (FP&M) Seta. As a result, NCT received over R180 000 in skills refunds, which was used to supplement the organisation’s training budget.

In addition, NCT funds an off-site student learnership programme whereby 29 female learners are studying towards business administration/new venture creation diplomas. Twelve of these learners are physically-challenged.

NCT’s forestry programme through the Nelson Mandela Metropolitan University (NMMU) in George continues to be successful. An NCT student funded by the co-operative for the last three years graduated from NMMU and has been appointed as an estate forester on the NCT-owned Melmoth Estate.

A new NCT student started his national diploma in forestry at NMMU this year.

Employment equity

NCT continued with a fully functioning Employment Equity committee established in 1999. This committee ensures that previously disadvantaged staff have opportunities to grow and advance in the organisation.

NCT also submitted the requisite employment equity reports to the Department of Labour as it has for the past 14 years.

Attempts during the year to engage new committee members have resulted in a more representative committee which embarked on a full day training session covering the duties & functioning of the committee.
Employee wellness
During the year under review, another well-supported wellness day was held, hosted by NCT and Discovery Health. Qualified health-care professionals were available to measure and guide staff members on individual health issues.

The objective of the day is to create awareness among employees of their current state of health measured against accepted norms for their age group and then assist them by providing wellness programmes.

Corporate Responsibility
NCT’s approach to corporate social responsibility focuses on the promotion of prosperity and improving the lives of rural communities, conserving our natural heritage and reducing our environmental footprint.

Climate change
In view of current global environmental concerns regarding climate change, the organisation’s Green policy encourages the sustainable use of natural resources, recycling of materials and reduction of waste. NCT promotes the practice of Reduce, Reuse, Recycle.

The policy is two-pronged: first to educate and encourage members to implement environmentally-friendly systems on farms; and second to encourage all employees to be environmentally conscious.

Biodiversity conservation & responsible forestry
Since 2002, NCT has been involved in the conservation of the endangered Oribi antelope and plays an active role in ensuring that its members are encouraged to preserve natural grassland habitats. Education, awareness and translocation of Oribi form the basis of the working group’s programme.

NCT recently received US$50 000 from the Critical Ecosystem Partnership Fund (CEPF) to establish a 750ha protected area in Ozwathini, in the KwaZulu-Natal (KZN) midlands. The planned protected area contains valuable scarp forests and the most significant remaining patch of endangered KZN Sandstone Sourveld. The project will involve developing a management plan and training the community in the fundamentals of grassland management. It forms part of an FSC funded project to get growers FSC-certified using a radical new landscape approach.

In addition to this, NCT has applied to the Global Environmental Facility (GEF) for R8 million funding to train and develop small to medium-scale timber growers in the Umgungundlovu district municipality. This will involve employing mentors and trainers to develop the capacity of communities, land reform beneficiaries and small-scale farmers to improve their timber production and their capacity to manage the ecosystems. The project will also test various new farming approaches.
Community programmes
NCT invests 1% of its pre-tax profit in community programmes.

The year under review marks a milestone in NCT’s social investment programme, impacting on 23 communities in KwaZulu-Natal and Mpumalanga.

All projects are assessed prior to approval, on a case-by-case basis and are required to have documented objectives.

Projects focus on:
• Literacy and education with particular focus on early childhood development;
• Welfare of the most vulnerable especially orphans and HIV infected children.
• Special needs equipment for the physically- and mentally-challenged.
• Food security with the establishment of vegetable gardens.
• Small-business development.
• Basic infrastructure at schools and home run crèches.

In conclusion
The establishment of new markets both locally and abroad, and especially the emergence of China and India as significant wood chip importing countries, bodes well for NCT and its members. Members can continue to grow trees with confidence in the long-term future.

PATRICK KIME
General Manager