



ForestrySA

ANNUAL REPORT 2015-16



ABOUT US



FORESTRYSA: PLANTATION AND NATIVE FOREST MANAGER

The South Australian Forestry Corporation was established on 1 January 2001 under the South Australian Forestry Corporation Act 2000.

The corporation trades as ForestrySA and is subject to the provisions of the South Australian Public Corporations Act 1993.

ForestrySA's combined role remains the management of 11,350 hectares of commercial pine plantations and the management of 23,000 hectares of Native Forest Reserves across South Australia.

Native Forest Reserves are managed for conservation and recreation.

As a commercial forest manager, ForestrySA's focus is the production of log, which is used to produce sawn timber, industrial sawlog, pulp log and posts.

These products are both supplied locally and exported.

All forests, plantation and native, under ForestrySA management are widely used and valued by the community for recreational activities.

ForestrySA is committed to the responsible and sound environmental management of plantation and native forest and maintains a Forest Management System certified to the internationally recognised Australian Forestry Standard (AS 4708).

The Mount Lofty Ranges and Green Triangle forests are certified to this standard.

The Mid North estate is not certified, but continues to be managed in accordance with ForestrySA's Forest Management System.

The ForestrySA Charter sets out the South Australian Government's priorities and requirements.

A copy of the charter can be found on the ForestrySA website: www.forestry.sa.com.au.

CONTENTS

About ForestrySA	
Contents	
From the Chairman	1
From the Chief Executive	2
ForestrySA Board	3
Board and governance	4
Executive team	6
Plantation management	7
Planning and production	8
Market and sales	9
Research and forest health	10
Fire	11
Community forestry	12
Supporting our communities	13
Financial Report	14

Statement of Comprehensive Income	15
Statement of Financial Position	16
Statement of Cashflows	17
Statement of Changes in Equity	18
Notes to the Financial Statements	19
Certification of the Financial Statements	50
Independent Audit Report	51
Mandatory Reporting	53
Contents	54
ForestrySA and SA's Strategic Plan	55
Human Resources	56
Freedom of Information Statement	60
Further reporting items	61
Glossary	62

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BOARD, GOVERNANCE AND EXECUTIVE



FROM THE CHAIRMAN

The financial year 2015-16 was a period of significant change for ForestrySA.

The early internalisation of the management of the OneFortyOne Plantations Pty Ltd (OFO) forest estates in the Green Triangle on 30 September 2015, was a major change in the role of ForestrySA and for its staff.

The internalisation by OFO effectively ended the corporation's commercial plantation responsibilities in the Green Triangle region and placed renewed emphasis on the commercial forests in the Mount Lofty Ranges region.

The ForestrySA Board and Executive have all contributed to the range of inter-agency work required to successfully complete this transition to a new business model.

While the future options for the ForestrySA plantations in the Mid North region of South Australia are still being assessed within Government, ForestrySA continues to manage both the plantation and Native Forest Reserve areas.

Major fire events in recent years have decimated these commercial plantations. ForestrySA has worked with the Government to achieve the best possible economic and social outcomes, and continued to assist the public by the provision of information, local community support and public safety management.

I commend the staff of ForestrySA for their unwavering commitment to their work during a very difficult, often dissonant, period of restructuring the organisation.

They have and are maintaining a focus on the crucial role that they play as the public face of both the Government's plantation forest business, and the management of Native Forest Reserve areas, that span 23,000ha across the state.

A very important responsibility is the management of fire risk, which is especially important to local residents and landowners.

As a business, ForestrySA performed above budget expectations with a sharp focus on extracting value through innovation. It is now firmly on a path to managing the Government's forest assets within a commercially driven, yet publicly approachable and responsible organisation.

Under the evolving nature of the responsibilities of ForestrySA, Board members have assisted the organisation greatly with their interest, dedication and support, for which I thank them.

The Board membership has now been reduced to three persons. I wish to thank the former Board members for the effort and wisdom they applied to oversight of an organisation undergoing a major structural change.

The changes at ForestrySA have had a major impact on the future roles of staff that remained in ForestrySA or transferred to OFO and they managed through that process in a manner of which they should be proud.



A handwritten signature of Ian Kowalick in black ink, written in a cursive style.

Ian Kowalick
FORESTRYSA BOARD CHAIRMAN

FROM THE CHIEF EXECUTIVE

ForestrySA experienced a period of change in 2015-16.

The primary objective for ForestrySA moving forward is to improve the operational performance of the Mount Lofty Ranges Forest estate. Significant work has been done to restructure the operations and relocate core support activities to the Mount Lofty Ranges.

The Mount Lofty Ranges is a significant forestry operation for both ForestrySA and its shareholder the South Australian Government. Its location in close proximity to Adelaide is experiencing 100,000-plus community visits to its native vegetation and plantation estate for a range of activities that include horse riding, mountain biking, camping and recreational facility visits.

This has been ably supported by our promotion of the area as a horse riding destination through sponsorship of the Adelaide International 3 Day Event and working with BikeSA to develop the Mount Lofty Ranges as a world class mountain biking destination.

Operationally, a range of significant milestones were achieved in the Mount Lofty Ranges during the financial year. Salvage of timber burnt during the 2015 Sampson Flat fire has been completed, with the clearing of remnant trees and replanting of burnt areas the only tasks remaining. The export program in the Mount Lofty Ranges has provided the ability for ForestrySA to make its salvage operations commercially viable and realise profitable sales on low value timber without a domestic market. This has allowed the forest estate to progress its delayed thinning operations and return the forest to health.

The future of the Mid North forest estate has progressed further, with the ongoing community consultation process led by PIRSA and supported by myself as a representative of ForestrySA. Expressions of interest for future forest use were called for, in a bid to provide the best possible outcome for the state, with special consideration for the local Wirrabara and Bundaleer communities.

ForestrySA concluded the year by delivering on the South Australian Government's long term commitment to Native Forest Reserve management, community fire protection and ensuring continued public access to Crown plantation land now managed by OneFortyOne Plantations Pty Ltd.

Following a public announcement in July 2015, the final steps in transitioning plantation management to OFO was completed. ForestrySA is pleased that the staff transition and remaining operations, although disruptive, were successfully completed and delivered a new look and more focused ForestrySA in the Green Triangle.

I would like to take this opportunity to thank all staff for their ongoing support in this period of immense change. Without the loyal and dedicated work of these individuals, ForestrySA would never have been able to achieve such a positive outcome for all concerned.

The Board of ForestrySA has also been a key supporter throughout this process. A number of Directors completed their terms at the end of 2015 and the Board was resized to suit the new ForestrySA operation. I extend my thanks to all past and present Directors for their support during this time.

The future challenge for the organisation will be the transition of core responsibilities to the Mount Lofty Ranges forest district.



A handwritten signature in blue ink, consisting of a stylized 'J' followed by a horizontal line that ends in a small dot.

Jerome Coleman
FORESTRYSA CHIEF EXECUTIVE

FORESTRYSA BOARD

The ForestrySA Board consists of three independent, non-executive directors, including the Chairman.

The current Board was appointed to serve from 1 January 2016 to 31 December 2016.



IAN KOWALICK

BSc (Hons), BEc

Board Chairman

Ian has tertiary qualifications in Engineering, Science and Economics. He has had a diverse employment background in the private and public sectors. Ian is Chair of Arafura Resources Ltd and Medvet Sciences Pty Ltd.



JUNE ROACHE

BAcc, GradCertMgt(Monash), FAICD, FCPA, FAIM

Board member

June is an independent director with extensive business experience, having held several senior executive positions and a number of corporate governance roles. She currently holds non-executive director positions with the SA Health and Medical Research Institute, Essential Services Commission of SA, SA Football Commission and History Trust of SA. June is the chair of ForestrySA's Audit and Risk Committee.



STUART WEST

BSc (Forestry)

Board member

Stuart has 26 years' experience working in the South Australian forestry industry. He has been the Executive Director of the State Government's forestry portfolio since its creation in 2006. He also has 15 years' experience as an executive in forestry and related industries, working on state, national and international forestry matters.

BOARD AND GOVERNANCE

RESPONSIBILITIES OF THE BOARD

The Board has overall responsibility for the corporate governance, direction and performance of ForestrySA.

In discharging its responsibilities, the Board has established a Strategic Plan and monitors performance against the plan as well as overseeing the establishment of internal controls and risk management strategies.

The Board approves and monitors performance against budgets and business strategies prepared by management. It also provides leadership and support to the Chief Executive in the exercise of general management functions.

The Board is committed to the principles of sound corporate governance.

The Board delegates to the Acting Chief Executive, responsibility for implementing the Strategic Plan, for the day to day management of ForestrySA and to ensure management and employees adopt high ethical standards in all aspects of ForestrySA business.

BUSINESS SUSTAINABILITY

The Board is committed to the long term sustainability of ForestrySA's business activities, operations and renewable forest resources to optimise the economic, environmental and social benefits to all ForestrySA stakeholders within its legislative parameters.

The Board is committed to the maintenance of ForestrySA's quality, environmental and safety management systems and to the retention of certification to the Australian Forestry Standard AS 4708 in the Green Triangle and Mount Lofty Ranges.

BOARD MEETING ATTENDANCE

	Board members July 2015 – June 2016	Meetings attended	Eligible for attendance
Ian Kowalick Chairman		8	8
June Roache Member		8	8
Julie Obst Member 1 July - 31 December 2015		5	5
Mark Darras Member 1 July - 31 December 2015		4	5
Alice McCleary Member 1 July - 31 December 2015		5	5
Stuart West Member 1 January - 30 June 2016		3	3

During the year no benefit was received by any member of the Board, from any interest or involvement in ForestrySA's operations or activities, apart from approved Board remuneration.

BOARD AND GOVERNANCE CONTINUED

AUDIT AND RISK COMMITTEE

The South Australian Forestry Corporation Audit and Risk Committee was established to assist the Board.

This Committee is maintained by the Board as a commitment to sound corporate governance and to comply with the requirements of the *Public Corporations Act 1993*. The committee operates under Terms of Reference approved by the Board.

The Audit and Risk Committee conducts an assessment of systems and practices to facilitate the development and maintenance of effective internal control, continuous improvement and risk management.

The Board has engaged Ernst & Young to provide an internal audit function to assist the Audit and Risk Committee and management in providing independent advice on ForestrySA's business processes, internal controls and risk management.

In addition, the Audit and Risk Committee has the responsibility to review ForestrySA's annual financial statements to ensure that the statements represent a fair and true view of the affairs of ForestrySA consistent with the requirements of accounting standards and statutory reporting requirements and to provide the Board with assurance of the reliability of financial information and financial reports.

The committee also liaises with Auditor-General's staff regarding the external audit program and the resolution of matters arising from annual and periodic audits.

AUDIT AND RISK COMMITTEE MEETING ATTENDANCE

Audit and Risk Committee members July 2015 – June 2016	Meetings attended	Eligible for attendance
Alice McCleary Chair 1 July - 31 December 2015	3	3
June Roache Chair 1 January - 30 June 2016	6	6
Ian Kowalick Member	5	6
Mark Darras Member 1 July - 31 December 2015	2	3
Julie Obst Member 1 July - 31 December 2015	3	3
Stuart West Member 1 January - 30 June 2016	3	3

EXECUTIVE TEAM AT 30 JUNE 2016



JEROME COLEMAN

CPA, BComm, MBA

Chief Executive

Leadership
Strategic planning and vision
Performance delivery
Risk management
Governance
Resourcing and staff culture



JULIAN SPEED

B.App.Sci, MBA, GAICD

General Manager Business Operations

Finance
Forest and silviculture management
Community and recreation
Commercial sales and business development
Business assurance and contracts



JIM O'HEHIR

BSc Forestry, MFSc, PhD

General Manager Planning and Development

Research
Forestry technical and management systems
Fire policy and management

PLANTATION MANAGEMENT

Commercial plantation management is undertaken on behalf of the State Government in the Mount Lofty Ranges and Mid North. ForestrySA's primary role is the management of 11,350 ha within these regions.

South Australia experienced particularly warm conditions throughout summer with early autumn rainfall and incidents of damaging winds.

Heavy rainfall in March and May resulted in above average rainfall for several areas across the Mount Lofty Ranges.

Commercial salvage harvesting operations throughout the Sampson Flat fire area concluded as timber quality deteriorated.

Site preparation and cultivation operations followed directly after harvesting operations preparing the site for the largest planting program in the Mount Lofty Ranges since Ash Wednesday.

A total of 525 ha was planted during 2015-16 and insufficiently stocked areas from the previous year's

plantings have been refilled. A total of 153 ha has also been planted in the Mid North, completing a Ministerial directive to re-establish an area of plantation.

An integrated approach to noxious weed control continues within both plantation and native forest reserves.

Several strategies maximise this effort, including the use of biological controls, selective herbicides and manual techniques.

Planning and execution of operations undertaken across the estate continues through an integrated plantation management and record keeping system. This ensures all aspects of the Australian Forestry Standard (AS 4708) are adhered to. These standards include protecting indigenous, heritage and biological values across the estate while progressing industry leading and appropriate forestry practices.

FOREST STATISTICS

	At 30 June 2016 (ha)	At 30 June 2015 (ha)
Standing plantation area		
Radiata pine	10,231	10,412
Other	1,119	1,119
TOTAL	11,350	11,531
Natural features area		
Proclaimed Native Forest Reserves	16,077	16,077
Natural features	6,963	6,946
TOTAL	23,040	23,023
Owned land area		
Plantation	15,803	15,245
Natural features	22,823	23,023
Non-forest	4,949	4,089
TOTAL	43,575	42,357

PLANNING AND PRODUCTION

PLANTATION RESOURCE PLANNING

Plantation resource planning involves estimating the future availability of log products for strategic, tactical and operational purposes.

During 2015-16, preparations commenced for undertaking plantation inventory to support the preparation of a new database to be used for woodflow planning and forest valuation. The work conducted during 2015-16 involved identifying and prioritising plantation areas needing new inventory, defining the data to be collected and identifying potential service providers.

As part of adopting best practice forest inventory methods ForestrySA is also collating Permanent Sample Plot data specific to the Mount Lofty Ranges to develop the new biometrics that will be required and update existing biometrics.

The outcome of this work will be more appropriate and precise models for predicting growth and yield. This facilitates better matching of the plantation resource capability with customer requirements.

TOTAL LOG PRODUCT

Product	Mount Lofty Ranges		Mid North	
	2015-16 (m3)	2014-15 (m3)	2015-16 (m3)	2014-15 (m3)
Sawlog	77,360	82,689	13,012	44,049
Industrial	47,212	42,834	9,272	3,208
TOTAL LOG	124,572	125,523	22,286	47,257
Pulpwood	41,231	36,498	-	-
Preservation	6,109	4,496	3,313	1,379
TOTAL PULP	47,341	40,994	3,314	1,379
TOTAL	171,913	166,517	25,599	48,635

MARKET AND SALES

OUTLOOK

The first half of financial year 2015-16 saw the continuation of the extensive salvage operations following the Sampson Flat fire in January 2015.

The harvest of burned plantation areas was a major disruption to the Mount Lofty Ranges forest estate, and necessitated rescheduling of woodflows across the domestic sawmill customer base as well as the export campaign.

The export campaign from Port Adelaide's Inner Harbour was originally scheduled as an interim project to allow for the marketing of pulp log, which had accumulated while thinning programs were delayed.

The ongoing harvest of burned logs, of which the surplus to local requirements is actively marketed overseas, has now extended this export activity into its third year.

ForestrySA successfully exported more than 80,000 tonnes of logs over four vessels during 2015-16.

While international markets remain relatively flat, the net results have been positive, including for the sale of pulpwood, and have allowed for several forest health regimes to be followed as a result.

With the log resource of the Mid North forest estates previously decimated by fire, the economic impact has been significant.

Following the salvage activity, total Mid North log sales fell more than 50% in the 2015-16 year.

The continued focus on the critical fire recovery efforts also contributed to a slight increase in overall sales from the Mount Lofty Ranges region (up 3.2% to 172,000 tonnes.)

A major customer sawmill fire also impacted sawlog intake as in the previous year; sawlog sales finished 6% below 2014-15 levels at 77,000 tonnes.

ForestrySA continued taking steps towards better utilisation of forest resources through several strategic partnerships aimed at delivering commercial returns for forest residue.

Viably reducing the burden of handling high levels of forest residues (previously unwanted wood remaining post-harvest) is high on the ForestrySA agenda for several reasons.

Like all natural resources, wood fibre has an emerging variety of possible uses and the exploration of these further opportunities is one of the drivers behind a new and exciting era for ForestrySA.

RESEARCH AND FOREST HEALTH

FOREST RESEARCH

Improving the quality, health and outputs from radiata pine plantations in South Australia remains a key aim of ForestrySA.

Research programs are conducted to improve the understanding and knowledge that underpins operations. This includes ensuring social and environmental performance is also maintained at high levels.

Research highlights for 2015-16 include:

- Development of a Forest and Wood Products Australia (FWPA) and industry supported project to capture and protect historic permanent sample plot data that will support the development of improved growth and yield modelling of radiata pine.
- Ongoing support of water monitoring and use by plantations particularly in the Mount Lofty Ranges.
- The FWPA project on remote sensing of evapotranspiration in the Green Triangle, presented a draft final report in the second half of 2015-16. This project has potential to significantly improve the understanding of plantation water use in relation to other land uses.

FOREST HEALTH

Healthy plantations are a major factor underpinning a sustainable plantation industry in South Australia.

The nationally approved eradication program for the Giant pine scale (*Marchalina hellenica*) has been supported through the year with field staff being made aware of the pest's presence with inspections of trees in plantations and along roads being undertaken.

The Adelaide eradication program appears to have been successful, while the Melbourne program experienced significant difficulties. The future of the national program will be reviewed early in the new financial year along with any long-term management impacts for the plantation industry, should the status of the eradication effort be altered.

- Conversion of the ForestrySA-developed WeedChem system into a secure, web-based application that will be made available to the broader industry in the second half of 2016.
- Commencement of activities to capture ForestrySA research trial meta-data and individual tree data in a format suitable for long-term retention to protect historical data against future loss.
- The first full measure and assessment of the four *E. leucoxyton* South Australian family trials that were established in 2010. Following analysis some or all of these will be converted to seed orchards to provide genetically improved seed.
- Development of biochar proposals that will examine interactions with potting mix, forest nursery applications, broad field use and water treatment applications.
- Commencement of relationship building with UniSA which brings an array of research contacts that will support new forest research structures being developed.

The Sirex Woodwasp biological control program continues to add value. Sirex numbers remained low with little damage reported in 2015-16.

The annual aerial surveillance program covered all plantations managed by ForestrySA. No major problems were found.

Despite establishment in north east Victoria of the Diaretus wasp that controls Monterey Pine Aphid it is yet to be found in South Australian plantations.

FIRE

FOREST FIRE PROTECTION

The 2015-16 fire season was exceptionally hot and dry with several Total Fire Ban Days called in South Australia. This contributed to increased fire standby for staff but fortunately, fires incidents were minimal.

The transfer of many ForestrySA staff to OFO resulted in a cooperative arrangement between the two organisations to ensure fire protection activities were managed to the required standard. ForestrySA's Mount Lofty Ranges and Mid North estates were largely unaffected by the transfer and continued to crew and respond to incidents as required.

The fire scar left by the Sampson Flat fire and the impact of the Bangor fire continue to provide reduced fuel loads across large parts of the northern estates.

The impact has reduced ForestrySA's treatable area for prescribed burns.

ForestrySA continued to undertake prescribed burning in its Native Forest Reserves in order to meet fuel reduction objectives and for the ecological management of the reserves.

COMMUNITY FIRE PROTECTION

Prescribed burns reduce hazard in areas of native forest, help to protect adjoining assets and contribute towards biodiversity conservation objectives. The autumn burns season closed early in 2016 due to early rainfall, without any burns being undertaken. Two prescribed burns totalling 104.2 hectares were undertaken in the Green Triangle along with three burns totalling 52 hectares in the Mount Lofty Ranges.

ForestrySA is a member of three Fire Cooperatives – South East, Southern Flinders and Mount Lofty Ranges.

ForestrySA continues to work with other fire and emergency services agencies and committees by actively contributing to fuel reduction burning and fire management within the Mount Lofty Ranges, Mid North and Green Triangle regions and through membership of a number of local, state and national committees.

ForestrySA fire crews attending 27 fires for the season. A total of six of the fires attended were on land not owned or managed by ForestrySA.

ForestrySA operates seven fire towers in the Green Triangle region and one in the Mount Lofty Ranges for early fire detection. Due to the dry conditions experienced over the 2015-16 fire season, the towers were operated on 116 days – slightly higher than average.

Forest region	Fires attended
Green Triangle	12
Mount Lofty Ranges	13
Mid North	2
TOTAL	27

ForestrySA provided assistance to the following events during 2015-16:

- Participated in level 3 incident management teams at the Pinery Fire.
- Assisted CFS with Mosquito Hill Fire, by tree felling.
- Assisted CFS at Kyeema fire by establishing fire breaks with a bulldozer.

COMMUNITY FORESTRY

Performance measures	2015-16	2014-15
Forest visitors (recorded)	119,727	116,870
Permits issued	17,052	14,290
Forest events	163	150
Ranger FTE delivered	7	7
Field days, tours and presentations to the public providing information and interpretation of natural history and forest management	8	7
Groups actively engaged	31	36
Community engagement hours recorded	13,838 (approx)	19,869 (approx)
Forest education programs supported	5	5
Area of watercourse and wetland buffer zones	116.3 ha	116.95ha

COMMUNITY SERVICE OBLIGATIONS

As a Government Business Enterprise, ForestrySA is mandated by the Charter of the South Australian Forestry Corporation to undertake a number of specific, non-commercial activities.

ForestrySA receives a Community Service Obligation contribution to fund the delivery of these activities managed through an administrative agreement with PIRSA. The main performance measures are identified below:

- Native forest management
- Community use of forest reserves
- Forestry industry development
- Community protection (including fire) and forest industry support activities.

NATIVE FOREST MANAGEMENT

ForestrySA employees and contractors have continued to undertake works to enhance biodiversity values through the removal of pest plants and animals from priority sites within the 23,000 ha of native forest managed by ForestrySA. A wide range of native plants and animals are found within the ForestrySA managed areas of native forest. These reserves contribute significantly to biodiversity conservation in South Australia.

COMMUNITY USE OF FOREST RESERVES

ForestrySA continues to promote passive recreational activities such as hiking, horse riding and camping, and coordinate large-scale planned events such as music festivals and car rallies.

Mountain biking activities continue to increase in popularity with Cudlee Creek Forest Reserve offering world class trails through ex-plantation areas. ForestrySA continues to work with government, other organisations and volunteer groups to promote the sport and develop Adelaide and the Mount Lofty Ranges as an international destination for cycling. Updated visitor information signage and brochures continue to be reviewed and provided to the public.

The Friends of the Forests volunteer group the Human Projectiles have worked with ForestrySA to attract funding for trail development and signage to improve the mountain bike experience.

SUPPORTING OUR COMMUNITIES

PROUDLY SUPPORTING OUR LOCAL COMMUNITIES

ForestrySA maintains an annual sponsorship program and is very proud to support the communities in the areas that we do business, across the Mount Lofty Ranges, Green Triangle and Mid North.

	Recipient	Event / cause
Adelaide International 3 Day Event		Supply of timber for course construction
Timber Communities Australia		Sponsorship of the new national Young Ambassador Program
Pines Enduro 2015		Forest access permit fees waived and in-kind support provided for off-road racing event held in the Mount Burr Forest
Wirrabara Publican's Golf Day 2015		Donation to the annual community event which raises money for the Royal Flying Doctor Service
Gottstein Trust		Patron
Women in Business and Regional Development		Bronze sponsorship of the Mount Gambier-based group
Christmas Party for Special Children 2015		Donation to allow two South East children to attend the event at the Adelaide Zoo

FINANCIAL REPORT



STATEMENT OF COMPREHENSIVE INCOME
SOUTH AUSTRALIAN FORESTRY CORPORATION FOR THE YEAR ENDED 30 JUNE 2016

	Note	Year ended 30 June 2016 \$'000	Year ended 30 June 2015 \$'000
Income			
Sales - timber products		18,742	18,436
Wood sales - back to back		30,447	42,157
Sales - management services		3,276	13,089
Revenues from SA Government	5(i)	6,539	7,554
Interest	5(ii)	563	626
Other income	5(iii)	1,588	538
Net gain from the disposal of non-current assets	5(iv)	282	144
Total income		61,437	82,544
Expenses			
Employee benefits	7	5,300	11,274
Contractors		12,607	13,286
Wood purchases - back to back		30,447	42,157
Depreciation and amortisation	14, 16	1,714	1,987
Materials		742	946
Equipment and vehicle costs		1,225	1,840
Council rates		283	291
Impairment of assets		563	-
Other expenditure	5(v)	8,556	10,763
Total expenses		61,437	82,544
Trading profit before revaluation of standing timber			
Net change in value of standing timber	13	(1,969)	13,285
Profit/(loss) before income tax equivalent		(1,969)	13,285
Income tax equivalent expense	6	-	-
Profit/(loss) after income tax equivalent	9(ii)	(1,969)	13,285
Other comprehensive income			
Land revaluation recorded in asset revaluation surplus	14	-	7,345
Impairment of property, plant and equipment prior to restructure	14	(724)	-
Property, plant and equipment recorded in asset revaluation surplus	14	(354)	-
Total other comprehensive income		(1,078)	7,345
Total comprehensive result		(3,047)	20,630

The profit/(loss) after income tax equivalents and total comprehensive result are attributable to the SA Government as owner.

STATEMENT OF FINANCIAL POSITION
SOUTH AUSTRALIAN FORESTRY CORPORATION AS AT 30 JUNE 2016

	Note	2016 \$'000	2015 \$'000
Current assets			
Cash and cash equivalents	9	19,759	18,376
Receivables	10	6,513	7,614
Inventories	11	591	759
Standing timber	13	4,208	3,145
Assets classified as held for sale	12	276	-
Total current assets		31,347	29,894
Non-current assets			
Standing timber	13	41,780	44,812
Property, plant and equipment	14	54,460	61,642
Intangible assets	16	1,159	1,484
Total non-current assets		97,399	107,938
Total assets		128,746	137,832
Current liabilities			
Payables	17	2,390	6,437
Employee benefits	18	571	1,269
Deferred income	19	351	304
Other provisions	20	265	227
Total current liabilities		3,577	8,237
Non-current liabilities			
Payables	17	109	296
Employee benefits	18	704	1,744
Deferred income	19	971	848
Other provisions	20	576	851
Total non-current liabilities		2,360	3,739
Total liabilities		5,937	11,976
Net assets		122,809	125,856
Equity			
Other reserves		80,177	83,300
Retained earnings		42,632	42,556
Total equity		122,809	125,856
Commitments and contingencies			
Unrecognised contractual commitments	23		
Contingent liabilities and assets	23		

STATEMENT OF CASHFLOWS

SOUTH AUSTRALIAN FORESTRY CORPORATION FOR THE YEAR ENDED 30 JUNE 2016

	Note	2016 Inflows (Outflows) \$'000	2015 Inflows (Outflows) \$'000
Cash flows from operating activities			
Receipts from customers		57,537	76,779
Payments to suppliers and employees		(65,095)	(92,717)
Interest received		563	648
Receipts from SA Government		4,353	8,358
GST remitted to Australian Taxation Office		(133)	(756)
Net cash flows from operating activities	9 (ii)	(2,775)	(7,688)
Cash flows from investing activities			
Purchase of property, timber, plant & equipment		(342)	(350)
Purchase of intangible assets		(313)	(1,352)
Proceeds from sale of assets		4,813	383
Net cash flows from investing activities		4,158	(1,319)
Net increase/(decrease) in cash held		1,383	(9,007)
Cash and cash equivalents at the beginning of the period		18,376	27,383
Cash and cash equivalents at the end of the period	9 (i)	19,759	18,376

STATEMENT OF CHANGES IN EQUITY

SOUTH AUSTRALIAN FORESTRY CORPORATION FOR THE YEAR ENDED 30 JUNE 2016

	Asset revaluation surplus \$'000	Standing timber reserve \$'000	Retained earnings \$'000	Total \$'000
Balance at 30 June 2014	32,975	29,695	42,556	105,226
Gain/(loss) on revaluation of property, plant and equipment	7,345	-	-	7,345
Net income/expense recognised directly in equity	7,345	-	-	7,345
Profit/(loss) for the period	-	-	13,285	13,285
Total comprehensive result for 2014-15	7,345	-	13,285	20,630
Transfers to/(from) equity	-	13,285	(13,285)	-
Total change for the period	7,345	13,285	-	20,630
Balance at 30 June 2015	40,320	42,980	42,556	125,856
Impairment of property, plant and equipment prior to restructure	(724)	-	-	(724)
Gain/(loss) on revaluation	(354)	-	-	(354)
Net income/expense recognised directly in equity	(1,078)	-	-	(1,078)
Profit/(loss) for the period	-	-	(1,969)	(1,969)
Total comprehensive result for 2015-16	(1,078)	-	(1,969)	(3,047)
Transfers to/(from) equity	(76)	(1,969)	2,045	-
Total change for the period	(1,154)	(1,969)	76	(3,047)
Balance at 30 June 2016	39,166	41,011	42,632	122,809

All changes in equity are attributable to the SA Government as owner.

NOTES TO THE FINANCIAL STATEMENTS

SOUTH AUSTRALIAN FORESTRY CORPORATION FOR THE YEAR ENDED 30 JUNE 2016

1 CORPORATE INFORMATION

Role and function of the South Australian Forestry Corporation

The South Australian Forestry Corporation (ForestrySA) was established under the South Australian Forestry Corporation Act 2000 on 1 January 2001. ForestrySA is subject to the provisions of the Public Corporations Act 1993.

Key responsibilities of ForestrySA are to:

- Manage plantation forests for commercial production in line with best practice standards for forestry operations and environmental management;
- Provide high quality management services to its customers;
- Undertake and where appropriate commercialise forestry related research for the benefit of ForestrySA and the State;
- Maximise the value of ForestrySA;
- Encourage and facilitate regionally based economic activities based on forestry and other industries;
- Support regional forest resource protection initiatives and programs;
- Support the concept of environmental sustainability which assists in the protection of natural assets and market accessibility; and
- Support research activities within the forestry industry.

In addition to subsidies of its business operations, ForestrySA receives funding from the South Australian (SA) Government for the provision of certain community service obligations (CSOs). These are:

- Community protection (including fire protection)
- Community use of forests; and
- Native forest management.

Green Triangle agency arrangement

Up to 30 September 2015 ForestrySA managed the forest plantations for OneFortyOne Plantations Pty Ltd (OFO). OFO engaged the SA Treasurer to manage the plantations under a Plantation Management Agreement (PMA) in return for a management fee. Under a Memorandum of Administrative Arrangements, ForestrySA was required to perform the obligations of the Treasurer in accordance with the PMA.

- Under the PMA, ForestrySA managed silviculture operations for OFO in return for a fee comprising two components:
 - I. Direct charges. While some silviculture expenses were paid directly by OFO, other expenses were incurred and paid by ForestrySA on behalf of OFO. These are recognised as expenses of ForestrySA in the Statement of Comprehensive Income.

- II. General Overhead Charges (GOC) were paid by OFO to ForestrySA.

Recoveries of expenses and GOC from OFO under the PMA are disclosed in the Statement of Comprehensive Income as sales - management services.

- The operations deed between the Treasurer and OFO requires the performance, among other things, of specified fire management functions. ForestrySA provided these functions to OFO under the PMA.
- ForestrySA has required funding from the SA Government in order to continue its Community Service Obligations activities (particularly fire response) and the performance of its obligations under the PMA as negotiated by the Treasurer as part of the forward sale. The arrangement for the provision of this funding resulted in a trading result of nil in 2015-16 before the revaluation of standing timber.

ForestrySA arrangements with OneFortyOne Plantations Pty Ltd (OFO) from 1 October 2015

On 22 July 2015 changes to ForestrySA's agency arrangement were announced and a Restructure Deed was entered into by ForestrySA and OFO. From 1 October 2015 OFO took over plantation management from ForestrySA.

ForestrySA's operations in the Mid North and Mount Lofty Ranges were not affected by this change. There was also no impact on fire management. OFO has provided the same level of fire protection and management within its forest estates, and ForestrySA has continued to provide fire protection and management outside the estates.

The State Government retains ownership of the forest land, water, and carbon rights, and ForestrySA maintains a staff presence in the South East.

During 2015-16 a number of employees were transferred to OFO following employment offers made to ForestrySA employees in the South East who were predominantly involved in providing plantation management. The transferred employees' accrued entitlements to annual leave, leave loading, personal/carer's leave, retention leave and long service leave (less those entitlements already taken or paid) were assumed by and recognised in their employment with OFO. Out of the 62 employment offers made ForestrySA employees by OFO, 54 were accepted.

A number of assets owned by ForestrySA and ForestrySA's IT system license were purchased by OFO during 2015-16. Assets were purchased by OFO at their written down book value.

A number of lease agreements have been entered into between ForestrySA and OFO including leasing of corporate offices, depots and seed orchards from ForestrySA. The terms of the leases varies from 5 to 67 years with right of renewal.

As part of the Restructure Deed OFO agreed to honour commercial contracts which were in place but did not expire prior to the completion date of the restructure.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(a) Statement of compliance

ForestrySA has prepared these financial statements in compliance with section 23 of the Public Finance and Audit Act 1987. The financial statements are general purpose financial statements, prepared in accordance with applicable Australian Accounting Standards and Treasurer's Instructions and Accounting Policy Statements promulgated under the provision of the Public Finance and Audit Act 1987.

ForestrySA has applied Australian Accounting Standards that are applicable to for-profit entities, as ForestrySA is a for-profit entity. Australian accounting standards and interpretations that have recently been issued or amended but are not yet effective have not been adopted by ForestrySA for the reporting period ended 30 June 2016. These are outlined in Note 2(f).

NOTES TO THE FINANCIAL STATEMENTS

SOUTH AUSTRALIAN FORESTRY CORPORATION FOR THE YEAR ENDED 30 JUNE 2016

(b) Basis of preparation

The preparation of the financial statements requires:

- the use of certain accounting estimates and management to exercise its judgement in the process of applying ForestrySA's accounting policies. The areas involving a higher degree of judgement, or where assumptions and estimates are significant to the financial statements, are outlined in the applicable notes.
- accounting policies are selected and applied in a manner which ensures that the resulting financial information satisfies the concepts of relevance and reliability, thereby ensuring that the substance of the underlying transactions or other events are reported.
- compliance with Accounting Policy Statements issued pursuant to section 41 of the Public Finance and Audit Act 1987. In the interest of public accountability and transparency, the Accounting Policy Statements require the following note disclosures that have been included in these financial statements:
 - i. revenues, expenses, financial assets and liabilities where the counterparty/transaction is with an entity within the SA Government as at reporting date, classified according to their nature. A threshold of \$100,000 for separate identification of these items applies. Refer to Note 27.
 - ii. expenses incurred as a result of engaging consultants (as reported in the Statement of Comprehensive Income);
 - iii. employee targeted voluntary separation package information; and
 - iv. employees whose normal remuneration is equal to or greater than the base executive remuneration level (within \$10,000 bandwidths) and the aggregate of the remuneration paid or payable or otherwise made available, directly or indirectly by the entity to those employees.

ForestrySA's Statement of Comprehensive Income, Statement of Financial Position and Statement of Changes in Equity have been prepared on an accrual basis and are in accordance with the historical cost convention, except for certain assets that were valued in accordance with the applicable valuation policy.

The Statement of Cash Flows has been prepared on a cash basis.

The financial report has been prepared based on a 12 month operating cycle and presented in Australian currency.

The accounting policies set out below have been applied in preparing the financial statements for the year ended 30 June 2016 and the comparative information presented.

(c) Reporting entity

The financial report covers ForestrySA as an individual reporting entity. It is a statutory authority of the State of South Australia, established pursuant to the *South Australian Forestry Corporation Act 2000*.

ForestrySA does not control any investees, has no joint arrangements and no interests in unconsolidated structured entities.

(d) Comparative information

The presentation and classification of items in the financial statements are consistent with prior periods except where a specific accounting standard or accounting policy statement has required a change.

Where presentation or classification of items in the financial statements have been amended, comparative amounts have been reclassified unless reclassification is impracticable.

The restated comparative amounts do not replace the original financial statements for the preceding period.

(e) Rounding

All amounts in the financial statements and accompanying notes have been rounded to the nearest thousand dollars (\$'000).

(f) New and revised accounting standards

Australian accounting standards and interpretations that have recently been issued or amended but are not yet effective, have not been adopted by the authority for the period ending 30 June 2016. ForestrySA has assessed the impact of the new and amended standards and interpretations and considers there will be no impact on the accounting policies or its financial statements.

ForestrySA did not voluntarily change any of its accounting policies during 2015-16.

(g) Taxation

ForestrySA is liable for income tax equivalent payments, payroll tax, fringe benefits tax and goods and services taxes, as well as the emergency services levy, land tax and local government rates.

i. Income tax equivalent

ForestrySA is an income tax exempt body. As ForestrySA engages in trading activities in competition with private sector enterprises, a payment in lieu of income tax is paid to the South Australian Government Consolidated Account. The tax calculation method is prescribed by Treasurer's Instruction 22 and the tax equivalent payment is calculated on the accounting profits model.

Under the accounting profits model, no future tax assets or future tax liabilities are recognised except for tax assets or tax liabilities in relation to timing differences in the payment of tax equivalent payments.

ii. Goods and Services Tax (GST)

Income, expenses, liabilities and assets are recognised net of the amount of GST, except where the amount of GST incurred by ForestrySA as a purchaser that is not recoverable from the Australian Taxation Office is recognised as part of the cost of acquisition of an asset or as part of an item of expense.

Receivables and payables are stated with the amount of GST included.

The net GST receivable or payable to the Australian Taxation Office has been recognised as a receivable/payable in the Statement of Financial Position.

NOTES TO THE FINANCIAL STATEMENTS

SOUTH AUSTRALIAN FORESTRY CORPORATION FOR THE YEAR ENDED 30 JUNE 2016

Cash flows are included in the Statement of Cash Flows on a gross basis and the GST component of cash flows arising from investing and financing activities, which is recoverable from, or payable to, the Australian Taxation Office is classified as part of operating cash flows.

Unrecognised contractual commitments and contingencies are disclosed net of the amount of GST recoverable from, or payable to, the Australian Taxation Office. If GST is not payable to, or recoverable from, the Australian Taxation Office, the commitments and contingencies are disclosed on a gross basis.

(h) Income

Income is recognised in ForestrySA's Statement of Comprehensive Income when and only when the flow of economic benefits has occurred and can be reliably measured.

Income has been classified according to its nature and has not been offset unless required or permitted by a specific accounting standard, or where offsetting reflects the substance of the transaction or other event.

Revenues from SA Government comprise funding for the:

- operation of the Government radio network and provision of Community Service Obligation activities, including community forestry, community fire protection and forestry industry development. This funding is recognised where there is reasonable assurance that the funding will be received and ForestrySA will comply with all attached conditions;
- purchase of CSO assets. This funding is recognised as a deferred income liability and progressively recognised as income in the Statement of Comprehensive Income on a straight line basis over the expected lives of the related assets;
- accounting losses incurred prior to taking into account the revaluation of standing timber. This funding arrangement was implemented by the SA Government to enable ForestrySA to undertake its operations after the forward sale of ForestrySA's harvesting rights. The arrangement resulted in a trading result of nil for 2015-16 before the revaluation of standing timber. Funding received in excess of the accounting losses is recognised as a payable back to the SA Government.

Revenue from the sale of timber is recognised when there has been a transfer of risks and rewards to the customer, no further work or processing is required, the quantity and quality of the goods has been determined and the price is fixed.

Interest revenue is recorded on an accrual basis, with interest calculated on the average daily balance of the account.

The gain or loss on disposal of assets, including revalued assets, is determined as the difference between the book value of the asset at the time of disposal and the proceeds of disposal and is included in the results in the year of disposal. When revalued assets are sold, the revaluation increments are transferred to retained earnings in accordance with Accounting Policy Framework III *Asset Accounting Framework* APS 3.19.

(i) Expenses

Expenses are recognised in ForestrySA's Statement of Comprehensive Income when and only when the flow of economic benefit has occurred and can be reliably measured.

Expenses have been classified according to their nature and have not been offset unless required or permitted by a specific accounting standard, or where offsetting reflects the substance of the transaction or other event.

Finance costs are recognised as an expense on an accrual basis.

ForestrySA and the SA Superannuation Board entered into an arrangement at the time of incorporation to allow existing officers and employees of ForestrySA, who were immediately before incorporation of ForestrySA, contributors to the State Superannuation Scheme, to remain contributors under the Superannuation Act 1988. The amount charged to the Statement of Comprehensive Income represents the contributions made by ForestrySA to the superannuation plan in respect of current ForestrySA staff, as well as additional contributions to the SA Superannuation Board in relation to the defined benefit funding deficit. The Department of Treasury and Finance centrally recognises the superannuation liability in the whole-of-government financial statements. Note 23 provides further detail.

(j) Current and non-current classification

Assets and liabilities are characterised as either current or non-current in nature. ForestrySA has a regular operating cycle of 12 months. Standing timber that is expected to be harvested within 12 months after the reporting date has been classified as a current asset, while standing timber expected to be harvested more than 12 months after the reporting date, has been classified as a non-current asset. Other assets and liabilities that are sold, consumed or realised as part of the normal operating cycle - even when they are not expected to be realised within 12 months after the reporting date or are held primarily for the purpose of being traded - have been classified as current assets or current liabilities. All other assets and liabilities are classified as non-current.

Where asset and liability line items combine amounts expected to be realised within twelve months and more than twelve months, ForestrySA has separately disclosed the amounts expected to be recovered or settled after more than twelve months.

(k) Cash and cash equivalents

Cash and cash equivalents in the Statement of Financial Position comprise cash at bank and in hand, and short-term deposits with an original maturity of three months or less that are readily convertible to cash and subject to insignificant risk of changes in value.

For the purposes of the Statement of Cash Flows, cash and cash equivalents include cash at bank and deposits at call that are readily convertible to cash and used in the cash management function on a day-to-day basis.

Cash is measured at nominal value.

NOTES TO THE FINANCIAL STATEMENTS

SOUTH AUSTRALIAN FORESTRY CORPORATION FOR THE YEAR ENDED 30 JUNE 2016

(l) Receivables

Receivables include trade receivables, GST input tax credits recoverable, prepayments and other revenue accruals. Receivables are recorded at amounts due to ForestrySA, less a provision for doubtful debts.

Trade receivables arise in the normal course of selling goods and services. Trade receivables are due within one month after the issue of an invoice, or if the goods or services have been provided under contractual arrangements. Other debtors arise outside the normal course of selling goods and services to the public.

If payment has not been received within the terms and conditions of the contractual arrangement, ForestrySA is able to charge interest at commercial rates as specified until the whole amount of the debt has been paid.

ForestrySA determines the provision for doubtful debts based on a review of balances within trade receivables that are unlikely to be collected.

(m) Fair Value Measurement

AASB 13 *Fair Value Measurement* defines fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants, in the principal or most advantageous market, at the measurement date.

ForestrySA classifies fair value measurement using the following fair value hierarchy that reflects the significance of the inputs used in making the measurements, based on the data and assumptions used in the most recent revaluation.

- Level 1 - traded in active markets and is based on unadjusted quoted prices in active markets for identical assets or liabilities that the entity can access at measurement date.
- Level 2 – not traded in an active market and are derived from inputs (inputs other than quoted prices included within level 1) that are observable for the asset, either directly or indirectly.
- Level 3 – not traded in an active market and are derived from unobservable inputs

For the 30 June 2016 valuation ForestrySA engaged Indufor Asia Pacific Ltd to establish the valuation for its plantation estate in the Mt Lofty Ranges. Indufor is a New Zealand based company providing forest and forest industry valuation services internationally. ForestrySA determined the value of its other plantation estates internally.

The valuation processes and fair value changes are reviewed by the Board at each reporting date.

Non-financial assets

In determining fair value, ForestrySA has taken into account the characteristics of the asset (e.g. condition and location of the asset and any restrictions on the sale or use of the asset); and the asset's highest and best use that is physically possible, legally permissible and financially feasible.

ForestrySA's current use is the highest and best use of the asset unless other factors suggest an alternative use is feasible. For the biological assets ForestrySA did not identify any factors to suggest an alternative use and therefore fair

value measurement was based on current use. For the land assets the Valuer General adjusted the highest and best use, corrected for legal and constructive restrictions over the use of the land.

The carrying amounts of non-financial assets with a "fair value at the time of acquisition that was less than \$1 million or had an estimated useful life that was less than three years" are deemed to approximate fair value.

Refer to Notes 13, 14, and 15 for disclosure regarding fair value measurement techniques and inputs used to develop fair value measurements for non-financial assets.

(n) Inventories

Inventories are valued at the lower of cost and net realisable value in accordance with AASB 102 Inventories.

Net realisable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and those necessary to make the sale.

Inventories of export log are valued on initial recognition at their fair value less costs to sell at point of harvest.

(o) Biological Assets

Biological Assets (Standing timber) are valued under the Net Present Value (NPV) income approach. This policy is in accordance with the requirements of AASB 141 Agriculture and all amounts are calculated in pre-tax dollars. The income or NPV approach is considered appropriate for the valuation of standing timber and is consistent with industry best practice for standing timber valuation. ForestrySA has assessed the highest and best use for the standing timber as the current use which is the sale of saw log and the associated lower value products that are produced as a by-product to this process.

The methodology was approved by the Acting Treasurer in 2013-14 consistent with APF III *Asset Accounting Framework* APS 3.9.

Under the NPV methodology, valuation changes mainly arise from:

- Changes in timber volume associated with growth and also changes to the overall estate as a result of annual planting and harvesting activity;
- Changes in timber prices;
- Changes in silvicultural costs; and
- Changes in the discount rate used in the discounted cash flow calculation

Assumptions underpinning the NPV calculation are:

- Forest valuations are based on the expected volumes of merchantable timber that will be realised from existing stands, given current management strategies and timber recovery rates;
- Only the current crop is valued. The cash flow analysis is based on the anticipated timing of the harvest of existing stands, which has been developed in the context of sustained yield management;
- Volume increments/decrements are determined both by periodic re-measurement of forest samples and by modelling growth from the date of the most recent measurement to date of harvest;

NOTES TO THE FINANCIAL STATEMENTS

SOUTH AUSTRALIAN FORESTRY CORPORATION FOR THE YEAR ENDED 30 JUNE 2016

- Prices used in the NPV calculation are reflective of estimated future prices, based on current understanding of the market forces impacting historical prices.

The NPV approach takes the real cashflows from the sale of standing timber over a single rotation, 35 years. The existing market price for the sales of timber is assumed less reasonable costs to sell the standing timber into the market. ForestrySA has allowed an appropriate amount for the overheads (including fire protection) which has also been included in the cash flows of the valuation.

The replanting expenses have not been included under the guidance of the accounting standards and the value of land is considered separately. The NPV approach used to value the standing timber does not include a terminal value.

The discount rate used is 8.5% (2015: 8.5%) (pre-tax real) which incorporates ForestrySA's assessment of the risk free rate and the risk weighting of forestry. The use of a 'real' discount rate effectively allows for all prices and costs to be expressed in current dollar terms.

The difference between the fair value of the standing timber held at the reporting date and the fair value at the previous reporting date, after allowing for standing timber acquired and purchased standing timber harvested, is recognised in the Statement of Comprehensive Income as the net change in value of standing timber. All forest expenditure is recognised as an expense in the year it is incurred. The change in valuation is disclosed in Note 13.

The net change in the value of standing timber is accounted for in the standing timber reserve.

The volume of standing timber is estimated using a model that simulates forest growth. Actual growth will invariably differ from growth predicted by the model resulting in periodic adjustments for these growth variations. The model uses sample inventory data as the base line from which to start growth simulations. Inventory data is continuously being collected from sample inventory plots with the complete forest estate being covered in five yearly intervals. The inventory master database is updated every three to five years and on these occasions the model simulations are repeated. For the Mount Lofty Ranges and Mid North forests, the master database was last updated as at January 2015.

There is inherent uncertainty in the standing volume estimate and resultant standing timber valuation. This is endemic to all forest valuations and best practice methodology is used to generate reliable estimates.

(p) Property, plant and equipment

i. Recognition and measurement

Assets are initially recorded at cost plus any incidental costs involved with the acquisition. Where assets are acquired without cash consideration they are recorded at their fair value in the Statement of Financial Position.

ForestrySA individually capitalises all non-current physical assets with a value of \$1,000 or greater and a low value pool is created for assets worth between \$300 and \$1,000. Where an asset comprises significant components with differing useful lives, those components are recorded separately.

Plant and equipment and roads and land improvements are stated at cost less accumulated depreciation and impairment losses.

Buildings and structures are measured at fair value less accumulated depreciation on buildings and structures and impairment losses recognised after the date of the revaluation. Fair value represents the value that is able to be achieved in an active and liquid market. Where an active and liquid market does not exist, the asset will be brought to account at its current written down cost.

Land is measured at fair value using valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs. ForestrySA engaged the Valuer General as an expert valuer to value its land assets.

ii. Impairment

The carrying values of property, plant and equipment are reviewed for impairment at each reporting date, with the recoverable amount being estimated when events or changes in circumstance indicate that the carrying value may be impaired.

The recoverable amount of plant and equipment is the higher of fair value less costs to sell and value in use.

An impairment exists when the carrying value of an asset exceeds its estimated recoverable amount. The asset is then written down to its recoverable amount.

For property, plant and equipment, impairment losses are recognised in the Statement of Comprehensive Income except for re-valued assets where impairment losses are treated as a revaluation decrement to the extent that a revaluation amount exists for the impaired asset.

iii. Non-current assets held for sale

Assets held for sale are separately disclosed and measured at the lower of the carrying amount and fair value, less cost to sell.

iv. Revaluation

Land was revalued as at 30 June 2015, while buildings and structures were re-valued as at 30 June 2016, in accordance with APF III *Asset Accounting Framework*. Assets in other asset classes are deemed to have been revalued to their fair values immediately following recognition at cost.

The basis of the revaluation of land performed by the Valuer General is the market approach under AASB 13 *Fair Value Measurement*.

In its assessment it uses the asset's highest and best use that is physically possible, legally permissible, financially feasible, taking into account restrictions imposed on the use of the land by the various legislation under which ForestrySA operates. ForestrySA land generally has restrictions on use imposed by the Forestry Act 1950, by statute or regulation, impacting the fair value measurement of the asset. In South Australia the Valuer

NOTES TO THE FINANCIAL STATEMENTS

SOUTH AUSTRALIAN FORESTRY CORPORATION FOR THE YEAR ENDED 30 JUNE 2016

General determines the site and capital values on an annual basis as at 1 January each year. These statutory values are derived from available market evidence around the date of valuation, and are considered to provide a suitable basis from which to derive selected values under fair value measurement. Adjustments are then applied to reflect the restrictions on potential highest and best use imposed by legislation associated with the operations of ForestrySA.

In accordance with this policy, land was revalued using valuations provided by the Valuer General in 2015. In 2016 the Board has made the assessment that they believe land remains to be recorded at fair value and no adjustment to the value of land was required.

In accordance with APF III APS 3.18, ForestrySA has elected to take revaluation adjustments to the asset revaluation surplus on an individual asset basis for all assets excluding land.

At least every five years, an independent valuation appraisal of ForestrySA's buildings and structures will be performed. However, if at any time management considers that the carrying amount of an asset class materially differs from its fair value, then the asset class will be revalued regardless of when the last valuation took place. ForestrySA undertook an independent valuation appraisal of its buildings and structures in June 2016.

Non-current physical assets that are acquired between revaluations and are below the revaluation threshold (fair value at the time of acquisition greater than \$1 million and useful life greater than three years), as per APF III, will be deemed to have been revalued to their fair values immediately following recognition at cost, until revaluation will take place, when they are revalued to fair value.

Any revaluation increment is credited to the asset revaluation surplus, except to the extent that it reverses a revaluation decrement of the same asset, in which case the increase is recognised as income.

Any revaluation decrease is recognised as an expense, except to the extent that it offsets a previous revaluation increase for the same asset, in which case the decrease is debited directly to the asset revaluation surplus to the extent of the credit balance existing in the revaluation surplus for that asset.

Any accumulated depreciation as at the revaluation date is eliminated against the gross carrying amounts of the assets and the net amounts are restated to the revalued amounts of the asset.

Upon disposal or derecognition, any revaluation surplus relating to that asset is transferred to retained earnings.

v. Depreciation and amortisation of non-current assets

All non-current assets having a limited useful life are systematically depreciated or amortised over their useful lives in a manner that reflects the consumption of their service potential. Amortisation is used in relation to intangible assets, while depreciation is applied to physical assets such as property, plant and equipment.

The useful lives of all major assets held by ForestrySA are reassessed on an annual basis.

Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset are accounted for prospectively by changing the time period or method, as appropriate, which is a change in accounting estimate.

The value of leasehold improvements, included in plant and equipment, is amortised over the estimated useful life of each improvement, or the unexpired period of the relevant lease, whichever is shorter.

Land and assets held for sale are not depreciated.

The depreciation / amortisation for non-current assets is determined as follows:

Class of asset	Depreciation method	Useful life (years)
Buildings and structures	Straight line	25-60
Leasehold improvements	Straight line	life of lease
Roads and land improvements	Straight line	20-25
Plant and equipment	Straight line	3-25

(q) Intangible assets

Intangible assets include purchased software and development costs for software tools. An intangible asset is an identifiable non-monetary asset, without physical substance. Intangible assets are measured at cost less accumulated amortisation and impairment losses.

The acquisition or internal development of software is capitalised when the expenditure meets the definition and recognition criteria of an asset outlined in AASB 138 *Intangible Assets* and when the amount of expenditure is greater than or equal to \$1,000.

All research and development costs that do not meet the capitalisation criteria outlined in AASB 138 *Intangible Assets* are expensed.

Capitalised software is amortised over the useful life of the asset, with a maximum time limit for amortisation of five years using the straight line method. If an impairment indication arises, the recoverable amount is estimated and an impairment loss is recognised to the extent that the recoverable amount is lower than the carrying amount.

(r) Trade and other payables

Payables include creditors, accrued expenses, GST payable, deposits held and employment on-costs.

Payables are recorded at the agreed amounts at which the liabilities are to be settled. They are recorded when the goods and services have been provided.

Creditors represent the amounts owing for goods and services received prior to, but remaining unpaid, at the end of the reporting period. Creditors include all unpaid invoices received relating to the normal operations of ForestrySA.

Accrued expenses represent goods and services provided by other parties during the period that are unpaid at the end of the reporting period and where an invoice has not been received. All amounts are measured at their nominal amount and are normally settled within 30 days after invoice date.

NOTES TO THE FINANCIAL STATEMENTS

SOUTH AUSTRALIAN FORESTRY CORPORATION FOR THE YEAR ENDED 30 JUNE 2016

Employment on-costs include superannuation contributions and payroll tax with respect to outstanding liabilities for salaries and wages, long service leave, annual leave and retention leave.

ForestrySA makes contributions to several SA Government and externally managed superannuation schemes. These contributions are treated as an expense when they are incurred. There is no liability for payments to beneficiaries. The only liability outstanding at the end of the reporting period relates to any contributions due but not yet paid.

(s) Employee benefits

Employee benefits accrue for employees as a result of services up to the reporting date that remain unpaid. Long term employee benefits are measured at present value and short-term employee benefits are measured at nominal amounts.

No provision has been made for sick leave, as this is non-vesting and the average sick leave taken in future years by employees is estimated to be less than the annual sick leave entitlement.

The liability for salary and wages is measured as the amount unpaid at the reporting date at remuneration rates current at the reporting date. The liability for annual leave reflects the value of total annual leave entitlements of all employees as at the reporting date and is measured at the undiscounted amount expected to be paid. The liability for retention leave reflects the value of total retention leave entitlements of all employees as at the reporting date and is measured at the undiscounted amount expected to be paid.

The liability for long service leave is measured at the present value of expected future payments to be made in respect of services provided by employees up to the end of the reporting period using the projected unit credit method.

The estimated liability for long service leave is based on actuarial assumptions over expected future salary and wage levels, experience of employee departures and periods of service. These assumptions are based on employee data over SA Government entities. Expected future payments are discounted using market yields at the end of the reporting period on government bonds with duration that match, as closely as possible, the estimated future cash outflows.

ForestrySA classifies a portion of long service leave provision as current based on its history of settlements.

As described in note 1 a number of employees were transferred to OFO upon the sale of ForestrySA operations to OFO. The transferred employees' accrued entitlements to annual leave, leave loading, personal/carer's leave, retention leave and long service leave (less those entitlements already taken or paid) were assumed by and recognised in their employment with OFO.

(t) Leases

ForestrySA has entered into operating leases but has not entered into any finance leases.

In respect of operating leases, the lessor effectively retains substantially the entire risks and benefits incidental to ownership of the lease items. Operating lease payments are charged to the Statement of Comprehensive Income on a

straight line basis, which is representative of the pattern of benefits derived from the leased assets.

(u) Insurance

ForestrySA has arranged, through the SA Government Captive Insurance Corporation (SAICORP), to insure all its major insurable property and liability risks. The excess payable under this arrangement is \$250,000 from an event or occurrence covered by the agreement.

ForestrySA is self-insured for major fire losses of the forest. In addition, ForestrySA is self-insured for workers compensation.

(v) Provisions

ForestrySA self-insures its workers compensation obligations. The workers compensation provision is based on an actuarial assessment of estimated existing and potential unsettled workers compensation claims provided by the Office for the Public Sector.

(w) Unrecognised contractual commitments and contingent assets and liabilities

Commitments include operating and outsourcing arrangements arising from contractual sources and are disclosed at their nominal value.

Contingent assets and liabilities are not recognised in the Statement of Financial Position, but are disclosed by way of a note and, if quantifiable, measured at nominal value.

3 FINANCIAL RISK MANAGEMENT

Risk management is managed by ForestrySA's corporate services section and its risk management policies are in accordance with the Risk Management Policy Statement issued by the Premier and Treasurer and the principles established in the Australian Standard Risk Management Principles and Guidelines.

ForestrySA is exposed to financial risk – liquidity risk, credit risk and market risk. There have been no changes in risk exposure since the last reporting period.

ForestrySA has significant non-interest bearing assets (receivables) and liabilities (payables) and interest bearing assets (deposits). Exposure to market risk and cash flow interest rate risk is in accordance with the risk management policies and procedures approved by the ForestrySA Board.

The nature and location of ForestrySA's forestry operations cause concentration of credit risk in relation to trade receivables, as 81% of the value of transactions for the financial year were transactions with the four largest of ForestrySA's customers (2015: 88% for the four largest).

As part of its financial risk management policies, ForestrySA manages and monitors log supply commitments to ensure the commitments are within the long term forest yield forecasts.

4 SEGMENT INFORMATION

ForestrySA has provided segment information in Note 22 to the accounts.

NOTES TO THE FINANCIAL STATEMENTS

SOUTH AUSTRALIAN FORESTRY CORPORATION FOR THE YEAR ENDED 30 JUNE 2016

5 REVENUE, OTHER INCOME AND EXPENSES

(i) Revenues from SA Government

	2016 \$'000	2015 \$'000
Community Service Obligation funding ¹	3,709	3,895
Other revenues from SA Government	2,392	3,237
Government Radio Network funding	389	380
Deferred revenues from SA Government ¹	49	42
Revenues from SA Government	6,539	7,554

¹ Community Service Obligation (CSO) funding received for capital expenditure is recognised in revenue over the life of the asset.

(ii) Interest received or receivable

	2016 \$'000	2015 \$'000
Interest received or receivable related to cash balances	402	479
Interest received or receivable related to trade receivables	161	147
Interest revenue	563	626

(iii) Other income

	2016 \$'000	2015 \$'000
Other revenue from non SA Government entities	1,588	538
Other income	1,588	538

NOTES TO THE FINANCIAL STATEMENTS
SOUTH AUSTRALIAN FORESTRY CORPORATION FOR THE YEAR ENDED 30 JUNE 2016

5 REVENUE, OTHER INCOME AND EXPENSES CONT.

(iv) Net gain/(loss) from disposal of assets

	Note	2016 \$'000	2015 \$'000
Land and buildings			
Net proceeds from disposal		52	-
Less net book value of assets disposed	14	(51)	-
Net (loss) from disposal of land and buildings		1	-
Plant and equipment			
Net proceeds from disposal		4,782	22
Less net book value of assets disposed	14	(4,472)	(7)
Net gain / (loss) from disposal of plant and equipment		310	15
Assets classified as held for sale			
Net proceeds from disposal	12	-	361
Less net book value of assets disposed		-	(232)
Net (loss) from disposal of assets held for sale		-	129
Roads and land improvements			
Net proceeds from disposal	14	-	-
Less net book value of assets disposed		(8)	-
Net gain/(loss) from disposal of assets held for sale		(8)	-
Total assets			
Net proceeds from disposal		4,834	383
Less expenses on disposal		(21)	-
Less net book value of assets disposed		(4,531)	(239)
Net gain/(loss) from disposal of total assets		282	144

(v) Other expenditure

	Note	2016 \$'000	2015 \$'000
Doubtful debt provision / write down	10	(204)	137
Export - shipping		3,201	3,623
Export - marketing and other		2,780	3,067
Consultants ¹		-	95
Other		2,779	3,841
		8,556	10,763

¹ Includes payments to nil (2015:seven) consultants.

NOTES TO THE FINANCIAL STATEMENTS

SOUTH AUSTRALIAN FORESTRY CORPORATION FOR THE YEAR ENDED 30 JUNE 2016

6 INCOME TAX EQUIVALENT

ForestrySA uses the Accounting Profits Model to calculate the income tax equivalent payment, in accordance with Treasurer's Instruction 22 Tax Equivalent Payments. Under the Accounting Profits Model, the rate of company income tax is applied to the audited accounting profit. The accounting profit is the net result from operations determined in accordance with AASB 101 Presentation of Financial Statements.

Income tax equivalent

Accounting for income tax for the financial year is based on the tax equivalent calculations under the Accounting Profits Model prescribed in the State Tax Equivalent Regime (STER) and the applicable accounting standards (see note 2, not including AASB 112 Income Taxes). As ForestrySA does not report a trading profit the STER does not apply and no deferred tax asset is generated.

The Treasurer has provided ForestrySA with written approval to exclude gains and losses relating to standing timber revaluations from the accounting profit before ForestrySA calculates its income tax equivalent payment.

The income tax equivalent expense was nil for the reporting period (2015: nil).

7 EMPLOYEE BENEFITS EXPENSES

	2016 \$'000	2015 \$'000
Salaries and wages	4,245	8,340
Long service leave	(195)	392
Retention leave	93	30
Annual leave	320	653
Employment on-costs - superannuation	587	1,287
Targeted Voluntary Separation Packages	-	79
Employment on-costs - other	250	493
	5,300	11,274
Targeted Voluntary Separation Packages (TVSPs)		
Amount paid or payable during the reporting period to separated employees:		
TVSPs	-	79
Annual leave and long service leave paid or payable to those employees	-	236
Recovery from the Department of Treasury and Finance related to TVSP	-	(315)
Net cost to ForestrySA	-	-

The number of employees who received or are entitled to receive TVSPs during the reporting period was nil (2015: nil). The number of employees who received adjustments to their TVSP entitlements in 2016 was nil (2015: 3).

NOTES TO THE FINANCIAL STATEMENTS

SOUTH AUSTRALIAN FORESTRY CORPORATION FOR THE YEAR ENDED 30 JUNE 2016

7 EMPLOYEE BENEFITS EXPENSES CONT.

	2016 number	2015 number
Compensation of employees whose income was over the base executive remuneration level		
The number of employees whose income, excluding TVSP, was within the following bands:		
\$141,500 - \$151,499	1	2
\$151,500 - \$161,499	-	1
\$161,500 - \$171,499	-	1
\$171,500 - \$181,499	1	3
\$181,500 - \$191,499	-	1
\$191,500 - \$201,499	1	-
\$261,500 - \$271,499	-	1
\$291,500 - \$301,499	1	-
\$391,500 - \$401,499 ¹	-	1
Total number of employees	4	10

¹ Includes termination payments.

The table includes all employees who received or are entitled to receive remuneration equal to or greater than the base executive remuneration level during the year. Remuneration of employees reflects all costs of employment including salaries and wages, payments in lieu of leave, superannuation contributions, fringe benefit tax and any other salary sacrifice benefits. The total remuneration received by these employees for the year was \$800,000 (2015: \$2.0 million).

8 AUDITOR'S REMUNERATION

	2016 \$'000	2015 \$'000
Audit fees paid / payable to the Auditor-General's Department relating to the audit of the financial statements.	68	197
	68	197

Other services

No other services were provided by the Auditor-General's Department.

There are no auditor's remuneration costs for 2016 recognised in the Statement of Comprehensive Income under 'Other expenses' relating to prior year audit services provided by the Auditor-General's Department (2015:\$36,000 relating to 2013-14).

NOTES TO THE FINANCIAL STATEMENTS

SOUTH AUSTRALIAN FORESTRY CORPORATION FOR THE YEAR ENDED 30 JUNE 2016

9 CASH AND CASH EQUIVALENTS

	2016 \$'000	2015 \$'000
Cash	1	1
Deposits	8,866	4,243
Cash Management Fund	10,892	14,132
	19,759	18,376

Deposits and Cash Management Fund

Deposits include funds held with the Commonwealth Bank of Australia (CBA). The balance of these funds is not available for general use, i.e. funds can only be used in accordance with the Treasurer's/Under Treasurer's approval. Cash Management Fund (CMF) deposits are lodged with SAFA and earn interest at the respective CMF rate.

Cash flows reconciliation

(i) Reconciliation of cash and cash equivalents at the end of the reporting period

	2016 \$'000	2015 \$'000
Cash and cash equivalents as per statement of financial position	19,759	18,376
Cash and cash equivalents as per statement of cash flows	19,759	18,376

(ii) Reconciliation of profit after income tax equivalent payments to net cash flow from operating activities

	2016 \$'000	2015 \$'000
Net profit/(loss) after income tax equivalents	(1,969)	13,285
Non cash items	1,969	(13,285)
Net change in value of standing timber - other	563	-
Impairment of assets	1,714	1,987
Depreciation and amortisation	-	141
Other asset transactions	(282)	(144)
Gain on disposal of assets	3,964	(11,301)
Changes in operating assets and liabilities		
Decrease/(Increase) in receivables	1,101	3,000
Decrease/(Increase) in inventories	168	816
(Decrease)/Increase in payables	(4,234)	(5,684)
(Decrease)/Increase in provisions	(237)	(187)
(Decrease)/Increase in employee benefits	(1,738)	(7,998)
Decrease/(Increase) in deferred income	170	381
Net cash flows from changes in operating balances	(4,770)	(9,672)
Net cash flows from operating activities	(2,775)	(7,688)

NOTES TO THE FINANCIAL STATEMENTS

SOUTH AUSTRALIAN FORESTRY CORPORATION FOR THE YEAR ENDED 30 JUNE 2016

10 RECEIVABLES

	2016 \$'000	2015 \$'000
CURRENT		
Trade receivables	6,157	7,551
Less doubtful debts	(31)	(247)
Accrued revenue	32	35
Prepayments	355	275
	6,513	7,614

Receivables are raised for all goods and services provided for which payment has not been received.

Receivables are normally settled within 30 days. Trade receivables and accrued revenues are non-interest bearing until after 30 days. It is not anticipated that counterparties will fail to discharge their obligations. The carrying amount of receivables approximates net fair value due to being receivable on demand.

For details of credit and interest rate risks refer to note 28.

As at 30 June 2016 \$1.4 million of trade receivables were overdue (2015: \$1.6 million).

Movement in the allowance for doubtful debts

The allowance for doubtful debts (allowance for impairment loss) is recognised when there is objective evidence (i.e. calculated on past experience and current and expected changes in client credit rating) that a receivable is impaired. An allowance for impairment loss has been recognised in 'Other expenses' in the Statement of Comprehensive Income for specific debtors and debtors assessed on a collective basis for which such evidence exists.

	2016 \$'000	2015 \$'000
Movement in the allowance for doubtful debts (impairment loss)		
Carrying amount at the beginning of the period	247	111
Increase in allowance recognised in profit or loss	-	136
Amounts written off	-	-
Amounts recovered during the year	(216)	-
Carrying amount at the end of the period	31	247

11 INVENTORIES

	2016 \$'000	2015 \$'000
CURRENT		
Roading rubble	-	29
Export log	526	566
Materials and stores	65	164
	591	759

NOTES TO THE FINANCIAL STATEMENTS

SOUTH AUSTRALIAN FORESTRY CORPORATION FOR THE YEAR ENDED 30 JUNE 2016

12 ASSETS CLASSIFIED AS HELD FOR SALE

	2016 \$'000	2015 \$'000
Non-current assets classified as held for sale		
Land and buildings, property, plant and equipment	276	-
	276	-

13 STANDING TIMBER

	2016 \$'000	2015 \$'000
Opening balance	47,957	34,672
Other Revaluation / Impairment	(1,969)	13,285
Net change recorded in statement of comprehensive income	(1,969)	13,285
Closing balance	45,988	47,957
Unrealised (loss)/gain for the period included in the Statement of Comprehensive Income	(1,969)	13,285

ForestrySA has adopted the Discounted Cash Flow method to value the current standing timber. For the 2016 financial year ForestrySA has engaged Indufor Asia Pacific to provide this DCF valuation for its plantations. ForestrySA is recognising the single rotation forest valuation, being \$45,988,000 (2015: \$47,957,000). The DCF for multiple rotations is valued at \$30,971,000 (2015: \$29,309,000) per Indufor.

The standing timber comprises the following:		
Fair Value		
Standing timber as held to maturity	45,988	47,957
Total fair value	45,988	47,957
CURRENT ASSET		
Current portion of standing timber valuation	4,208	3,145
NON-CURRENT ASSET		
Non-current portion of standing timber valuation	41,780	44,812

NOTES TO THE FINANCIAL STATEMENTS
SOUTH AUSTRALIAN FORESTRY CORPORATION FOR THE YEAR ENDED 30 JUNE 2016

14 PROPERTY, PLANT AND EQUIPMENT

	Land \$ '000	Buildings and structures \$ '000	Roads and land improvements \$ '000	Plant and equipment \$ '000	Total \$ '000
Year ended 30 June 2015					
As at 1 July 2014, net of accumulated depreciation and impairment	31,795	10,746	2,561	10,446	55,548
Additions / transfers	-	8	224	43	275
Disposals	-	-	-	(7)	(7)
Assets reclassified to assets held for sale	-	-	-	-	-
Revaluation increments	7,345	-	-	-	7,345
Revaluation decrements	-	-	-	-	-
Impairment	-	-	-	-	-
Depreciation charge for the year	-	536	(187)	(866)	(1,589)
Transfers within asset classes	-	-	-	70	70
Net of accumulated depreciation and impairment	39,140	10,218	2,598	9,686	61,642
At 30 June 2015					
Cost or fair value	31,140	12,276	4,982	21,459	77,857
Accumulated depreciation and impairment	-	(2,058)	(2,384)	(11,773)	(16,215)
Net carrying amount	39,140	10,218	2,598	9,686	61,642
Year ended 30 June 2016					
As at 1 July 2015, net of accumulated depreciation and impairment	39,140	10,218	2,598	9,686	61,642
Additions / transfers	-	-	277	65	342
Disposals	-	(51)	(8)	(4,472)	(4,531)
Assets reclassified to assets held for sale	-	-	-	(276)	(276)
Revaluation increments	-	-	-	-	-
Revaluation decrements	-	(354)	-	-	(354)
Impairment	-	(1,144)	(127)	(16)	(1,287)
Depreciation charge for the year	-	(425)	(175)	(476)	(1,076)
Transfers within asset classes	-	-	-	-	-
Net of accumulated depreciation and impairment	39,140	8,244	2,565	4,511	54,460
At 30 June 2016					
Cost or fair value	39,140	8,812	4,989	9,973	62,914
Accumulated depreciation and impairment	-	(568)	(2,424)	(5,462)	(8,454)
Net carrying amount	39,140	8,244	2,565	4,511	54,460

NOTES TO THE FINANCIAL STATEMENTS

SOUTH AUSTRALIAN FORESTRY CORPORATION FOR THE YEAR ENDED 30 JUNE 2016

14 PROPERTY, PLANT AND EQUIPMENT CONT

Revaluation of land and buildings and structures

ForestrySA uses the services of the Valuer General in SA to determine the fair value of its land. Fair value is determined by reference to market-based evidence, which is the amount for which the asset could be exchanged between a knowledgeable willing buyer and a knowledgeable willing seller in an arm's length transaction as at the valuation date. Land was revalued using valuations provided by the Valuer General in 2015. In 2016 the Board has made the assessment that they believe land remains to be recorded at fair value and no adjustment to the value of land was required.

In 2016 ForestrySA engaged Herron Todd White, an accredited independent valuer, to determine the fair value of its buildings and structures. The effective date of the revaluation of the buildings and structures was 30 June 2016. The valuer valued on the basis of the amount for which an asset could be exchanged, or a liability settled, between knowledgeable, willing parties in an arm's length transaction, assuming the probable use of an asset which is physically possible, appropriately justified, legally permissible, financially feasible and which results in the highest value of the asset valued. The valuation was based on a combination of internal records, specialised knowledge and the acquisition/transfer costs.

Carrying amount of plant and equipment

All items of plant and equipment had a 'fair value at the time of acquisition that was less than \$1 million or had an estimated useful life that was less than three years', and have not been revalued in accordance with APF III. The carrying value of these items are deemed to approximate fair value. These assets are classified in level 3 as there have been no subsequent adjustments to their value, except for management assumptions about the assets' condition and remaining useful life.

Plant and equipment includes \$72,000 of fully depreciated (to salvage value) property still in use (2015: \$106,000).

Impairment

Prior to the acquisition of some property, plant and equipment by OFO as part of the sale assets were tested for impairment. There were no additional indications of impairment of roads and land improvements and plant and equipment assets at 30 June 2016.

15 FAIR VALUE MEASUREMENT

The fair value of non-financial assets must be estimated for recognition and measurement or for disclosure purposes. ForestrySA categorises non-financial assets measured at fair value into hierarchy based on the level of inputs used in measurement.

Fair value recognised in the balance sheet are categorised into level 2 for land and level 3 for other assets at 30 June 2016. Land was valued by the Valuer General and was recategorised to a Level 2 valuation, based on a thorough analysis of the data applied for valuation.

ForestrySA's policy is to recognise transfers into and out of fair value hierarchy levels as at the end of the reporting period.

Assets held for sale were revalued as the fair value less costs to sell was lower than the carrying amount.

Fair value measurements at 30 June 2016

	Note	2016 \$ '000	Level 2 \$ '000	Level 3 \$ '000
Recurring fair value measurements				
Standing timber	13	45,988	-	45,988
Land	14	39,140	39,140	-
Buildings and structures	14	8,244	-	8,244
Roads and land improvements	14	2,565	-	2,565
Plant and equipment	14	4,511	-	4,511
Total recurring fair value measurements		100,448	39,140	61,308
Non-recurring fair value measurements				
Assets held for sale	12	276	-	276
Total non-recurring fair value measurements		276	-	276

NOTES TO THE FINANCIAL STATEMENTS

SOUTH AUSTRALIAN FORESTRY CORPORATION FOR THE YEAR ENDED 30 JUNE 2016

15 FAIR VALUE MEASUREMENT CONT.

Fair value measurements at 30 June 2015

	Note	2015 \$ '000	Level 2 \$ '000	Level 3 \$ '000
Recurring fair value measurements				
Standing timber	13	47,957	-	47,957
Land	14	39,140	39,140	-
Buildings and structures	14	10,218	-	10,218
Roads and land improvements	14	2,598	-	2,598
Plant and equipment	14	9,686	-	9,686
Total recurring fair value measurements		109,599	39,140	70,459
Non-recurring fair value measurements				
Assets held for sale	12	-	-	-
Total non-recurring fair value measurements		-	-	-

Valuation techniques and inputs

Valuation techniques used to derive level fair values are in Notes 13 and 14.

Although unobservable inputs were used in determining fair value, and are subjective, ForestrySA considers that the overall valuation would not be materially affected by changes to the existing assumptions.

The following table is a reconciliation of fair value measurements using significant unobservable inputs (level 3).

	2016 \$ '000	2015 \$ '000
Total valuation gains and losses		
Standing timber	(1,969)	13,285
Land	-	7,345
Property, plant and equipment	(354)	-
Total valuation gain/(loss) for the year	(2,323)	20,630

NOTES TO THE FINANCIAL STATEMENTS

SOUTH AUSTRALIAN FORESTRY CORPORATION FOR THE YEAR ENDED 30 JUNE 2016

15 FAIR VALUE MEASUREMENT CONT.

Quantitative information about fair value measurement using significant unobservable inputs (level 3)

Description	Valuation technique	Unobservable inputs
Standing timber	Discounted Cash Flow	Discount rate (pre-tax real) - 8.5% (2015: 8.5%)
		Estimated timber prices derived from available market projections
		Estimated yield per hectare and site quality
		Area-based and volume-based indirect and overhead costs
Land ¹	Market approach	Valuer General's statutory valuation derived from available market evidence.
		Discount factors for legal restrictions - GT 40% (2015: 40%), MLR 65% (2015: 70%), MN 55% (2014: 65%)
Buildings and structures	Market approach	External valuation report
Roads and improvements	Cost approach	Useful life - 20-25 years
Plant and equipment	Cost approach	Useful life - 3-25 years
Assets held for sale	Fair value less costs of disposal	Market assessment

¹ Fair value of land with restricted use was determined using an adjusted market price of surrounding unrestricted land.

Sensitivity analysis standing timber

ForestrySA has adopted the Discounted Cash Flow method related to the current standing timber. For the 2016 financial year ForestrySA has engaged Indufor Asia Pacific to provide this DCF valuation for its plantations in the Mount Lofty Ranges (2015: Indufor Asia Pacific.)

ForestrySA is recognising the single rotation forest valuation, being \$45,988,000. The DCF for multiple rotations is valued at \$30,971,000 per Indufor's valuation.

For ForestrySA's plantations in the Mid North of the state, their DCF valuation was determined internally.

The effects of modifying a range of input variables is demonstrated in this sensitivity analysis:

Factor level	90 %	95%	100%	105%	110%
	AUD \$ million				
Revenue	34.034	40.011	45.988	51.965	57.943
Production costs	49.569	47.779	45.988	44.198	42.408
Transport costs	48.398	47.193	45.988	44.784	43.579
Operational expenditure	46.362	46.175	45.988	45.802	45.615
Capital expenditure	45.988	45.998	45.988	45.988	45.988
Area based SG&A expenditure	46.980	46.484	45.988	45.492	44.996
	7.5%	8.0%	8.5%	9.0%	9.5%
Discount rates	50.532	48.167	45.988	43.978	42.120

NOTES TO THE FINANCIAL STATEMENTS

SOUTH AUSTRALIAN FORESTRY CORPORATION FOR THE YEAR ENDED 30 JUNE 2016

15 FAIR VALUE MEASUREMENT CONT.

Reconciliation of fair value measurements

	Standing timber	Land	Buildings and structures	Roads and land improvements	Plant and equipment
Opening balance at 1 July 2015	47,957	39,140	10,218	2,598	9,686
Acquisitions	-	-	-	277	65
Disposals	-	-	(51)	(8)	(4,472)
Transfer out of level 3	-	-	-	-	-
Transfer into level 2	-	-	-	-	-
Assets reclassified to assets held for sale	-	-	-	-	(276)
Depreciation	-	-	(425)	(175)	(476)
Impairment	-	-	(1,144)	(127)	(16)
Transfers within asset classes	-	-	-	-	-
	-	-	(1,620)	(33)	(5,175)
Total gains / (losses) for the period in other comprehensive income:					
Revaluation increment / (decrement)	(1,969)	-	(354)	-	-
	(1,969)	-	(354)	-	-
Closing balance at 30 June 2016	45,988	39,140	8,244	2,565	4,511
Opening balance at 1 July 2014	34,672	31,795	10,746	2,561	10,446
Acquisitions	-	-	8	224	43
Disposals	-	-	-	-	(7)
Transfer out of level 3 ¹	-	(31,795)	-	-	-
Transfer into level 2 ¹	-	31,795	-	-	-
Transfers within asset classes	-	-	-	-	70
Depreciation	-	-	(536)	(187)	(866)
	-	-	(528)	37	(760)
Total gains / (losses) for the period in other comprehensive income:					
Revaluation increment / (decrement)	13,285	7,345	-	-	-
	13,285	7,345	-	-	-
Closing balance at 30 June 2015	47,957	39,140	10,218	2,598	9,686

¹ Land transferred from level 3 to level 2 as per Valuer General's report.

NOTES TO THE FINANCIAL STATEMENTS

SOUTH AUSTRALIAN FORESTRY CORPORATION FOR THE YEAR ENDED 30 JUNE 2016

16 INTANGIBLE ASSETS

	2016 \$ '000	2015 \$ '000
COMPUTER SOFTWARE		
As at 1 July, net of accumulated amortisation and impairment	1,484	530
Additions	313	1,352
Disposals	-	-
Amortisation charge for the year	(638)	(398)
Total computer software, net of accumulated amortisation and impairment	1,159	1,484
As at 30 June:		
Cost or fair value	2,476	3,310
Accumulated amortisation and impairment	(1,317)	(1,826)
Net Carrying Amount	1,159	1,484

The intangible assets consist of software for operational systems and water licences.

ForestrySA has no contractual commitments for the acquisition of intangible assets.

There were no indications of impairment of intangible assets at 30 June 2016.

17 PAYABLES

	2016 \$ '000	2015 \$ '000
CURRENT		
Trade payables	1,587	6,009
Accrued expenses	725	284
Employee benefit on-costs	78	144
	2,390	6,437
NON-CURRENT		
Employee benefit on-costs	109	296
	109	296

As a result of an actuarial assessment performed by the Department of Treasury and Finance, the proportion of long service leave taken as leave has changed from the 2015 rate (37%) to 40% and the average factor for the calculation of employer superannuation cost on-cost has also changed from the 2015 rate (10.3%) to 10.2%. These rates are used in the employment on-cost calculation.

Interest rate and credit risk

Creditors and accruals are raised for all amounts billed but unpaid. Sundry creditors are normally settled within 30 days. Employment on-costs are settled when the respective employee benefit that they relate to is discharged. All payables are non-interest bearing. The carrying amount of payables represents fair value due to the amounts being payable on demand.

Categorisation of financial instruments and risk exposure information - please refer to Note 28.

NOTES TO THE FINANCIAL STATEMENTS

SOUTH AUSTRALIAN FORESTRY CORPORATION FOR THE YEAR ENDED 30 JUNE 2016

18 EMPLOYEE BENEFITS

	2016 \$ '000	2015 \$ '000
CURRENT		
Accrued salaries and wages	67	359
Targeted Voluntary Separation Packages	-	79
Long service leave	184	223
Retention leave	34	47
Banking of time	17	28
Annual leave	269	533
	571	1,269
NON-CURRENT		
Long service leave	704	1,744
	704	1,744

The Targeted Voluntary Separation Packages (TVSPs) paid during 2014-15 relates to ForestrySA employees that were offered and accepted TVSPs at or before year end 2015.

AASB 119 contains the calculation methodology for long service leave liability. The actuarial assessment performed by the Department of Treasury and Finance has provided a basis for the measurement of long service leave. AASB 119 requires the use of the yield on long-term Commonwealth Government bonds as the discount rate in the measurement of the long service leave liability. The yield on long-term Commonwealth Government bonds has decreased from 2015 (3%) to 2016 (2%).

The decrease in bond yield, which is used as the rate to discount future long service leave cash flows, results in an increase in the reported long service leave liability. The net financial effect of the changes in the current financial year is an increase in the long service leave liability of \$56,000 and employee benefits expense of \$56,000. The impact on future periods is impracticable to estimate as the long service leave liability is calculated using a number of factors and assumptions – a key assumption is the long-term discount rate.

The actuarial assessment performed by the Department of Treasury and Finance left the salary inflation rate a 4% for long service leave liability and 3% for annual leave and skills, experience and retention leave liability. As a result, there is no net financial effect resulting from changes in the salary inflation rate.

Transfer of employee benefits

As part of the plantation management sale, 54 FSA staff accepted offers from OFO and from 1 October 2015 became employees of OFO. The transferred employees' accrued entitlements to annual leave, leave loading, personal/carer's leave, retention leave and long service leave (less those entitlements already taken or paid) were assumed by and recognised in their employment with OFO.

19 DEFERRED INCOME

	2016 \$ '000	2015 \$ '000
CURRENT		
Deferred income	351	304
	351	304
NON-CURRENT		
Deferred income	971	848
	971	848
Movement in deferred income		
Carrying amount at the beginning of the period	1,152	771
Received during the year	416	754
Recognised as income in the Statement of Comprehensive Income	(246)	(373)
Carrying amount at the end of the period	1,322	1,152

NOTES TO THE FINANCIAL STATEMENTS

SOUTH AUSTRALIAN FORESTRY CORPORATION FOR THE YEAR ENDED 30 JUNE 2016

20 OTHER PROVISIONS

	2016 \$ '000	2015 \$ '000
CURRENT		
Workers compensation	265	227
	265	227
Opening balance	227	246
Payments	(365)	(506)
Increments in provision	403	487
Closing balance	265	227
NON-CURRENT		
Workers compensation	576	851
	576	851
Movement in other provisions		
Opening balance	851	1,019
Payments	-	-
Increments/(decrements) in provision	(275)	(168)
Closing balance	576	851

The provision is recognised to reflect unsettled workers compensation claims based on an actuarial assessment performed by the Office of the Public Sector.

21 EQUITY

Equity represents the residual interest in the net assets of ForestrySA. The South Australian Government holds the equity interest in ForestrySA on behalf of the community. Since 2006 the requirements of the ownership framework for ForestrySA indicate that ForestrySA shall pay an annual contribution to Government consisting of a dividend calculated as 90 percent of after tax profit, adjusted for standing timber revaluation gains and losses, plus an income tax equivalent payment. ForestrySA has not declared any special dividend or other dividend in 2016 or 2015.

22 SEGMENT INFORMATION

For management purposes ForestrySA has been organised into three forest regions and the Community Service Obligations portfolio. The reportable segments are:

- Mount Lofty Ranges (MLR): includes the Mt Crawford, Kuitpo and the Second Valley Forests which operate as a single commercial operation.
- Green Triangle (GT): Includes the Forest Management services provided to OneFortyOne Plantations Pty Ltd.
- Mid North (MN): This region has two forests, located at Wirrabara and Bundaleer.
- Community Service Obligations (CSO): ForestrySA performs under its charter non-commercial operations for the South Australian Government.

The funded CSO activities are administered under a MoAA with PIRSA, and predominantly include native vegetation management, forest industry research and community fire protection.

Note on the MN forests: The replanting of some sections of the MN forests was considered non-commercial, and this activity required a Ministerial Directive to proceed. As a result, this expenditure has been included within the CSO segment for the 2015/16 financial year. It should also be noted that other necessary activities in the MN region, not captured in the CSO reporting segment, were also outside of or in excess of the usual ongoing commercial forestry operating costs. These expenses include:

- MN Contractor expenses of \$365,000 including clearing and preparation of fire-affected areas not being replanted, and various public access, perception and safety measures.
- Negotiations, legal and consulting costs, tendering costs and probity advice associated with the supply of log to local MN customers.
- A higher level of management overhead relating to the strategic direction of the MN, via the Mid North Forests Future Strategy (MNFFS.)

ForestrySA's responsibilities for managing the OneFortyOne Plantations Pty Ltd commercial forests in the GT ceased on 1 October 2015. In previous financial years, the Corporate accounting segment captured expenses primarily associated with Forest Management services in the GT region. With Forest Management services now discontinued and the Corporate unit no longer required, these expenses were allocated accordingly to the Regional Segments for Q1 of the 2015/2016 financial year. For Q2-Q4, all expenses are reasonably allocated to the remaining business units. This will continue for future reporting, with the GT accounting segment also to be discontinued following the changes at 1 October 2015. The executive and board of ForestrySA monitor the operating results of its business units separately for the purpose of making decisions about resource allocation and performance assessment. Segment performance is evaluated based on operating profit or loss and is measured consistently with profit or loss in the financial statements.

NOTES TO THE FINANCIAL STATEMENTS
SOUTH AUSTRALIAN FORESTRY CORPORATION FOR THE YEAR ENDED 30 JUNE 2016

22 SEGMENT INFORMATION CONT.

Year ended 30 June 2016	Green Triangle '\$000	Mount Lofty Ranges '\$000	Mid North '\$000	CSO '\$000	Total '\$000
Income					
Sales - timber products	-	17,607	1,135	-	18,742
Wood purchases - back to back	30,447	-	-	-	30,447
Sales - Management Services	3,276	-	-	-	3,276
Comm Service Obligation funding	-	-	-	3,709	3,709
Revenues from SA Government	243	265	136	(170)	474
Interest	166	317	80	-	563
Other income	762	247	172	407	1,588
Net gain from the disposal of non-current assets	202	76	3	1	282
Total income before other revenues from SA Government	35,096	18,512	1,526	3,947	59,081
Expenses					
Employee benefits	(1,648)	(1,840)	(487)	(1,325)	(5,300)
Contractors	(349)	(8,973)	(636)	(2,649)	(12,607)
Wood purchases - back to back	(30,447)	-	-	-	(30,447)
Depreciation and amortisation	(711)	(481)	(160)	(362)	(1,714)
Materials	(8)	(509)	-	(225)	(742)
Equipment and vehicle costs	(245)	(380)	(48)	(552)	(1,225)
Council rates	(7)	(256)	(20)	-	(283)
Impairment of assets	(563)	-	-	-	(563)
Other expenditure	(1,100)	(6,974)	(391)	(91)	(8,556)
Total Expenses	(35,078)	(19,413)	(1,742)	(5,204)	(61,437)
Segment Profit					
Trading profit before revaluation of standing timber and other revenues from SA Government	18	(901)	(216)	(1,257)	(2,356)
Other revenues from SA Government	(18)	901	216	1,257	2,356
Trading profit before revaluation of standing timber	-	-	-	-	-
Net change in value of standing timber	-	(1,969)	-	-	(1,969)
Impairment of property, plant and equipment prior to restructure	(724)	-	-	-	(724)
Property, plant and equipment recorded in asset revaluation surplus	(354)	-	-	-	(354)
Total Comprehensive Result	(1,078)	(1,969)	-	-	(3,047)

The profit/(loss) after income tax equivalents and total comprehensive result are attributable to the SA Government as owner.

NOTES TO THE FINANCIAL STATEMENTS
SOUTH AUSTRALIAN FORESTRY CORPORATION FOR THE YEAR ENDED 30 JUNE 2016

22 SEGMENT INFORMATION CONT.

Year ended 30 June 2015	Green Triangle '\$000	Mount Lofty Ranges '\$000	Mid North '\$000	CSO '\$000	Corporate '\$000	Total '\$000
Income						
Sales - timber products	-	13,403	5,033	-	-	18,436
Wood purchases - back to back	42,157	-	-	-	-	42,157
Sales - Management Services	8,110	-	-	-	4,979	13,089
Comm Service Obligation funding	-	-	-	3,895	-	3,895
Revenues from SA Government	(8)	(1)	-	(276)	380	95
Interest	-	148	-	-	478	626
Other income	258	28	50	191	11	538
Net gain from the disposal of non-current assets	109	11	-	21	3	144
Total income before other revenues from SA Government	50,626	13,589	5,083	3,831	5,851	78,980
Expenses						
Employee benefits	(3,956)	(1,311)	(148)	(1,720)	(4,139)	(11,274)
Contractors	(1,079)	(7,172)	(3,064)	(1,342)	(629)	(13,286)
Wood purchases - back to back	(42,157)	-	-	-	-	(42,157)
Depreciation and amortisation	(814)	(245)	(37)	(383)	(508)	(1,987)
Materials	(412)	(436)	(35)	(59)	(4)	(946)
Equipment and vehicle costs	(1,206)	(445)	(47)	(128)	(14)	(1,840)
Council rates	(22)	(249)	(20)	-	-	(291)
Other expenditure	(871)	(4,666)	(2,141)	(479)	(2,606)	(10,763)
Total Expenses	(50,517)	(14,524)	(5,492)	(4,111)	(7,900)	(82,544)
Segment Profit						
Trading profit before revaluation of standing timber and other revenues from SA Government	109	(935)	(409)	(280)	(2,049)	(3,564)
Other revenues from SA Government	(109)	935	409	280	2,049	3,564
Trading profit before revaluation of standing timber	-	-	-	-	-	-
Net change in value of standing timber	-	13,285	-	-	-	13,285
Land revaluation recorded in asset revaluation surplus	398	4,594	1,235	1,118	-	7,345
Total Comprehensive Result	398	17,879	1,235	1,118	-	20,630
The profit/(loss) after income tax equivalents and total comprehensive result are attributable to the SA Government as owner.						

NOTES TO THE FINANCIAL STATEMENTS

SOUTH AUSTRALIAN FORESTRY CORPORATION FOR THE YEAR ENDED 30 JUNE 2016

23 COMMITMENTS AND CONTINGENCIES

a) Commitments

	2016 \$ '000	2015 \$ '000
i) Operating lease commitments		
Non cancellable operating leases contracted for but not capitalised in the accounts:		
Due not later than one year	222	339
Due later than one year but not later than five years	138	201
Total operating lease commitments	360	540
These operating lease commitments are not recognised in the financial report as liabilities. The operating lease commitments are related to the light vehicle fleet.		
ii) Other commitments		
Due not later than one year	5,213	3,963
Due later than one year but not later than five years	12,660	3,823
Total other commitments	17,873	7,786

ForestrySA's contracting commitments are for agreements for the harvesting and transport of log. The nature of the calculations to derive the amounts presented, which are based on a range of simplified assumptions about variables that will impact the future dollar outcome of the commitments to ForestrySA, is such that the presented figures only provide an indicative amount.

ForestrySA has also entered into supply agreements to sell timber that is harvested. The terms and conditions of these agreements vary.

b) Contingent Liabilities

Defined Benefit Plans - Superannuation Board payments

ForestrySA and the SA Superannuation Board entered into an arrangement at the time of incorporation of ForestrySA to allow officers and employees of ForestrySA, who were immediately before incorporation of ForestrySA contributors to the State Superannuation Scheme, to remain contributors under the Superannuation Act 1988.

ForestrySA was notified by the SA Superannuation Board in 2015 of a \$2.8 million actuarially assessed funding deficit relating to defined benefit members employed by ForestrySA as at 1 July 2014, requiring additional contributions over 15 years. In addition to regular contributions in relation to current superannuation benefits ForestrySA has expensed \$91,000 (2015: \$455,000) being the amount paid during the current financial year in relation to the benefit funding deficit. A liability has not been recognised for the remaining balance.

The annual deficit payment is increased by 4% annually until the schedule is updated at the next actuarial review. This review will be performed as at 30 June 2016. A revised schedule of payments should be effective from 1 July 2017.

c) Contingent Assets

Various banks have issued bank guarantees for ForestrySA customers to ForestrySA, which form a security in case of default on payment.

NOTES TO THE FINANCIAL STATEMENTS

SOUTH AUSTRALIAN FORESTRY CORPORATION FOR THE YEAR ENDED 30 JUNE 2016

24 EXECUTIVE DISCLOSURES

(a) Details of key management personnel

Executive	
J.P. Coleman	Acting Chief Executive
J. Jagger (ceased 30 September 2015)	General Manager Commercial GT
O.P. Le Roux (ceased 30 October 2015)	Chief Operations Officer
J. Speed (appointed 1 October 2015)	General Manager Business Operations
G. Pearson (appointed 1 October 2015)	Manager Forest and C&R
J.F. O'Hehir	General Manager Planning and Development
G.K. Saunder (ceased 30 September 2015)	General Manager Silviculture and Protection
E. Thorpe (ceased 30 September 2015)	General Manager Human Resources
J.F. Zwijnenburg (ceased 30 September 2015)	Acting Chief Financial Officer
S. Ware (appointed 9 November 2015)	Finance Manager
N. Winkley (appointed 1 October 2015)	Manager External Services
P. Ginn (appointed 1 October 2015)	Manager Commercial Sales

(b) Compensation of key management personnel

	2016 \$ '000	2015 \$ '000
Short term employee benefits paid or due and payable to or on behalf of key management personnel	1,236	1,299
Termination payments paid or due and payable to or on behalf of key management personnel	10	121
Superannuation benefits paid or due and payable to or on behalf of key management personnel	149	211
Total	1,395	1,631

NOTES TO THE FINANCIAL STATEMENTS

SOUTH AUSTRALIAN FORESTRY CORPORATION FOR THE YEAR ENDED 30 JUNE 2016

25 DIRECTORS AND RELATED PARTY DISCLOSURES

The following persons held the position of director of the Corporation during the financial year:

I.J. Kowalick - Chairman
A. Darras (ceased 31 December 2015)
A. McCleary (ceased 31 December 2015)
J. Obst (ceased 31 December 2015)
J. Roache
S. West (appointed 1 January 2016)

Transactions between ForestrySA and its directors are made at arm's length. There have been no such transactions in the financial year (2015: nil).

	2016 \$ '000	2015 \$ '000
Directors' remuneration		
Income paid or due and payable to or on behalf of directors, excluding superannuation benefits	126	191
Superannuation benefits paid or due and payable to or on behalf of directors	14	18
Total	140	209

In accordance with the Premier and Cabinet Circular No. 016, SA Government employees did not receive an remuneration for governing board duties during the financial year.

The number of directors whose income was within the following bands:

	2016	2015
\$0 - \$9,999	1	-
\$10,000 - \$19,999	3	1
\$30,000 - \$39,999	1	-
\$40,000 - \$49,999	-	3
\$50,000 - \$59,999	1	-
\$60,000 - \$69,999	-	1
	6	5

26 RELATED PARTIES

Related parties include parties that control or have an interest in the entity that gives it significant influence over ForestrySA.

ForestrySA is controlled by the SA Government. Transactions and balances between ForestrySA and related parties (other SA Government controlled entities) are disclosed in note 27.

NOTES TO THE FINANCIAL STATEMENTS

SOUTH AUSTRALIAN FORESTRY CORPORATION FOR THE YEAR ENDED 30 JUNE 2016

27 TRANSACTIONS WITH SA GOVERNMENT

The following table discloses revenues, expenses, financial assets and liabilities where the counterparty/transaction is with an entity within the SA Government as at the reporting date, classified according to their nature.

	Note	SA Government		Non-SA Government		Total	
		2016 \$'000	2015 \$'000	2016 \$'000	2015 \$'000	2016 \$'000	2015 \$'000
Income							
Sales - timber products		-	-	18,742	18,436	18,742	18,436
Wood sales - back to back		-	-	30,447	42,157	30,447	42,157
Sales - Management Services		-	-	3,276	13,089	3,276	13,089
Comm Service Obligation Funding		3,709	3,895	-	-	3,709	3,895
Other Revenues from SA Government		2,392	3,237	-	-	2,392	3,237
GRN Funding		389	380	-	-	389	380
CSO Deferred Income		49	42	-	-	49	42
Revenues from SA Government	5(i)	6,539	7,554	-	-	6,539	7,554
Interest	5(ii)	402	479	161	147	563	626
Other income	5(iii)	-	-	1,588	538	1,588	538
Net gain from the disposal of non-current assets	5(iv)	-	-	282	144	282	144
Total Income		6,941	8,033	54,496	74,511	61,437	82,544
Expenses							
Employee benefits	7	72	726	5,228	10,548	5,300	11,274
Contractors		-	-	12,607	13,286	12,607	13,286
Wood purchases - back to back		-	-	30,447	42,157	30,447	42,157
Depreciation and amortisation	14, 16	-	-	1,714	1,988	1,714	1,988
Materials and equipment		99	147	1,868	2,639	1,967	2,786
Council rates		-	-	283	291	283	291
Impairment of assets		-	-	563	-	563	-
Other expenditure	5(v)	974	1,027	7,582	9,736	8,556	10,763
Total Expenses		1,145	1,900	60,292	80,645	61,437	82,544
Trading profit before revaluation of standing timber		5,796	6,133	(5,796)	(6,134)	-	-
Net change in value of standing timber	13	-	-	(1,969)	13,285	(1,969)	13,285
Land revaluation recorded in asset revaluation surplus	14	-	-	-	7,345	-	7,345
Impairment of property, plant and equipment prior to restructure	14	-	-	(724)	-	(724)	-

Continued next page

NOTES TO THE FINANCIAL STATEMENTS
SOUTH AUSTRALIAN FORESTRY CORPORATION FOR THE YEAR ENDED 30 JUNE 2016

27 TRANSACTIONS WITH SA GOVERNMENT CONT.

	Note	SA Government		Non-SA Government		Total	
		2016 \$'000	2015 \$'000	2016 \$'000	2015 \$'000	2016 \$'000	2015 \$'000
Property, plant and equipment recorded in asset revaluation surplus	14	-	-	(354)	-	(354)	-
Total comprehensive result		5,796	6,133	(8,843)	14,496	(3,047)	20,630
The profit/(loss) after income tax equivalents and total comprehensive result are attributable to the SA Government as owner.							
Financial Assets							
Cash and cash equivalents	9	10,892	14,132	8,867	4,244	19,759	18,376
Receivables	10	3,836	(182)	2,677	7,795	6,513	7,613
Total current financial assets		14,728	13,950	11,544	12,039	26,272	25,989
Total financial assets		14,728	13,950	11,544	12,039	26,272	25,989
Financial liabilities							
Payables	17	277	295	2,113	6,142	2,390	6,437
Employee benefits	18	-	-	571	1,269	571	1,269
Deferred income	19	67	60	284	244	351	304
Other provisions	20	265	227	-	-	265	227
Total current financial liabilities		609	582	2,968	7,655	3,577	8,237
Non-current financial liabilities							
Payables	17	-	-	109	296	109	296
Employee benefits	18	-	-	704	1,744	704	1,744
Deferred income	19	902	757	69	91	971	848
Other provisions	20	576	851	-	-	576	851
Total non-current financial liabilities		1,478	1,608	882	2,131	2,360	3,739
Total financial liabilities		2,087	2,190	3,850	9,786	5,937	11,976
Total net financial assets		12,641	11,760	7,694	2,253	20,335	14,013

NOTES TO THE FINANCIAL STATEMENTS

SOUTH AUSTRALIAN FORESTRY CORPORATION FOR THE YEAR ENDED 30 JUNE 2016

28 FINANCIAL INSTRUMENTS

(i) Credit risk exposures

The credit risk on financial assets of the economic entity which have been recognised in the Statement of Financial Position, is generally the carrying amount, net of any doubtful debts.

The nature and location of ForestrySA's forestry operations cause concentration of credit risk in relation to trade receivables as 81% of the value of transactions for the financial year were transactions with the four largest (Non SA Government) of ForestrySA's customers (2015: 88%).

Credit risk in trade receivables is managed in the following ways:

- payment terms are 30 days unless otherwise agreed in the terms and conditions of individual contracts.
- a risk assessment process is used for customers with balances over \$10,000.
- bank guarantees are obtained for specific customers (see also note 23).
- interest is charged on overdue balances.

(ii) Foreign currency risk exposures

As at 30 June 2016 ForestrySA's exposure to foreign currencies is Nil (2015: USD 35,000).

(iii) Interest rate risk exposures

The economic entity's exposure to interest rate risk and the effective weighted average interest rate for each class of financial assets and financial liabilities is set out in the following table.

	Floating rate \$'000	Non-interest bearing \$'000	Fixed interest maturing			2016 Total \$'000	2015 Total \$'000
			1 year or less \$'000	1-5 years \$'000	Over 5 years \$'000		
Financial assets:							
Cash and cash equivalents	19,759	-	-	-	-	19,759	18,376
Receivables ¹	-	6,158	-	-	-	6,158	7,339
	19,759	6,158	-	-	-	25,917	25,715
Financial liabilities:							
Payables ²	-	2,201	-	-	-	2,201	6,122
	-	2,201	-	-	-	2,201	6,122
Net Financial assets/ (liabilities)	19,759	3,957	-	-	-	23,716	19,593

¹ Other than prepayments.

² Other than employee on-costs and statutory payables.

A separate sensitivity analysis for movements in interest rates has been undertaken for the interest rate risk of ForestrySA. However, results of the analysis have determined the possible impact on profit and loss from fluctuations in interest rates to be immaterial.

NOTES TO THE FINANCIAL STATEMENTS

SOUTH AUSTRALIAN FORESTRY CORPORATION FOR THE YEAR ENDED 30 JUNE 2016

28 FINANCIAL INSTRUMENTS CONT.

(iv) Ageing analysis of financial assets

	Carrying Amount \$'000	Not past due and not impaired \$'000	Overdue for less than 30 days \$'000	Overdue for 30-60 days \$'000	Overdue for more than 60 days \$'000	Impaired financial assets \$'000
2016						
Cash and cash equivalents	19,759	19,759	-	-	-	-
Receivables ¹	6,158	4,771	868	182	337	31
	25,917	24,530	868	182	337	31
2015						
Cash and cash equivalents	18,376	18,376	-	-	-	-
Receivables ¹	7,339	5,958	550	378	453	247
	25,715	24,334	550	378	453	247

¹Receivable amounts disclosed here exclude amounts relating to statutory receivables (amounts owing from Government). They are carried at cost.

(v) Net fair value of financial assets and liabilities

The net fair value of cash, trade receivables (excluding accrued revenue) and trade creditors approximates their carrying amount.

Short-term accrued revenue: The carrying amount approximates fair value because of their short term to maturity.

(vi) Hedging instruments

Hedges of specific instruments

ForestrySA has no open hedging instruments.

(vii) Liquidity risk

Liquidity risk relates to difficulties that ForestrySA may encounter in meeting obligations associated with its financial liabilities. ForestrySA manages this risk by maintaining a strong working capital position and having appropriate financing arrangements in place. ForestrySA's exposure to liquidity risk is insignificant based on past experience and current assessment of risk.

29 EVENTS AFTER REPORTING DATE

Adjustments are made to amounts recognised in the financial statements, where an event occurs after 30 June and before the date the financial statements are authorised for issue, where those events provide information about conditions that existed at 30 June.

There were no events that required adjustments.

SOUTH AUSTRALIAN FORESTRY CORPORATION

Certification of the Financial Statements

We certify that the attached general purpose financial statements of the South Australian Forestry Corporation (ForestrySA):

- Comply with the relevant Treasurer's Instructions issued under section 41 of the Public Finance and Audit Act 1987, and relevant Australian accounting standards;
- Are in accordance with the accounts and records of ForestrySA; and
- Present a true and fair view of the financial position of ForestrySA as at 30 June 2016 and the results of its operation and cash flows for the financial year.

We certify that the internal controls employed by ForestrySA over its financial reporting and its preparation of the general purpose financial statements have been effective throughout the reporting period and there are reasonable grounds to believe ForestrySA will be able to pay its debts as and when they become due and payable, with the continued support of the SA Government to maintain the current community service obligations and subsidy payments.

Signed in accordance with a resolution of the Board Members.



Jerome Coleman
CHIEF EXECUTIVE
SOUTH AUSTRALIAN FORESTRY CORPORATION
15 September 2016



Julian Speed
GENERAL MANAGER – BUSINESS OPERATIONS
SOUTH AUSTRALIAN FORESTRY CORPORATION
15 September 2016



Ian Kowalick
CHAIRMAN
SOUTH AUSTRALIAN FORESTRY CORPORATION
15 September 2016



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To the Chairman of the Board South Australian Forestry Corporation

As required by section 31(1)(b) of the *Public Finance and Audit Act 1987* and section 32 (4) of the *Public Corporations Act 1993*, I have audited the accompanying financial report of the South Australian Forestry Corporation for the financial year ended 30 June 2016. The financial report comprises:

- a Statement of Comprehensive Income for the year ended 30 June 2016
- a Statement of Financial Position as at 30 June 2016
- a Statement of Changes in Equity for the year ended 30 June 2016
- a Statement of Cash Flows for the year ended 30 June 2016
- notes to and forming part of the financial statements
- a Certificate from the Chairman, the Chief Executive and the General Manager Business Operations.

The Board's responsibility for the financial report

The Directors of the Board are responsible for the preparation of the financial report that gives a true and fair view in accordance with the Treasurer's Instructions promulgated under the provisions of the *Public Finance and Audit Act 1987* and Australian Accounting Standards, and for such internal control as the Directors of the Board determine is necessary to enable the preparation of the financial report that is free from material misstatement, whether due to fraud or error.

Auditor's responsibility

My responsibility is to express an opinion on the financial report based on the audit. The audit was conducted in accordance with the requirements of the *Public Finance and Audit Act 1987* and Australian Auditing Standards. The auditing standards require that the auditor comply with relevant ethical requirements and that the auditor plan and perform the audit to obtain reasonable assurance about whether the financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of the financial report that gives a true and fair view in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of accounting estimates made by the Directors of the Board, as well as evaluating the overall presentation of the financial report.

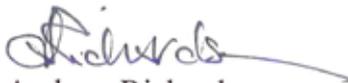
INDEPENDENT AUDITOR'S REPORT CONTINUED

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

My report refers only to the financial statements described above and does not provide assurance over the integrity of publication of the financial report on the South Australian Forestry Corporation's website nor does it provide an opinion on any other information which may have been hyperlinked to/from these statements.

Opinion

In my opinion, the financial report gives a true and fair view of the financial position of the South Australian Forestry Corporation as at 30 June 2016, its financial performance and its cash flows for the year then ended in accordance with the Treasurer's Instructions promulgated under the provisions of the *Public Finance and Audit Act 1987* and Australian Accounting Standards.



Andrew Richardson

Auditor-General

21 September 2016

MANDATORY REPORTING



CONTENTS

ForestrySA and SA's Strategic Plan	55
Workplace diversity - age and gender profile	56
Workplace adaptation - disability	56
Executives - by gender, classification and status	57
Leave management	57
Performance development - employee review	57
Leadership and management development	57
Work Health Safety and Injury Management	58
Work Health and Safety	58
Injury management	59
Disability access and inclusion	59
Employment opportunity programs	59
Freedom of Information Statement	60
Regional Impact Assessment Statements	61
Overseas travel	61
Contractual arrangements	61
Whistleblowers' Protection Act	61
Use of consultants	61
Fraud	61
Public complaints	61

FORESTRYSA AND SA'S STRATEGIC PLAN

South Australia's Strategic Plan	Measure or actions by ForestrySA
Improve quality of life of all South Australians through maintenance of a healthy work-life balance. (Target 13 Work-life balance)	ForestrySA allows staff to accrue and use flexitime, providing flexible working hours and the potential for an improved work-life balance
Maintain a high level of formal and informal volunteering in South Australia at 70% participation rate or higher. (Target 24 Volunteering)	ForestrySA recorded approximately 13,838 hours of volunteer and community engagement during 2015-16.
Increase the number of women on all State Government boards and committees to 50% on average by 2014, and maintain thereafter by ensuring that 50% of women are appointed, on average, each quarter. (Target 30 Boards and committees)	One of the three ForestrySA Board members is a woman.
Increase the number of women chairing State Government boards and committees to 50% by 2014. (Target 31 Chairs of boards and committees)	ForestrySA's Board sub-committee, the Audit and Risk Committee, is chaired by a woman.
Increase by 10% the number of people with a disability employed in South Australia by 2020. (Target 50: People with disability)	A total of 2.7% of ForestrySA's workforce is made up of people with a disability.
Increase participation of Aboriginal people in the South Australian public sector, spread across all classifications and agencies, to 2% by 2014 and maintain or better those levels through to 2020. (Target 53: Aboriginal employees)	An estimated 2.7% of ForestrySA's workforce is made up of people of Aboriginal / Torres Strait Islander heritage.
Achieve the Kyoto target by limiting the State's greenhouse gas emissions to 108% of 1990 levels during 2008-2012, as a first step towards reducing emissions by 60% (to 40% of 1990 levels) by 2050. (Target 59 Greenhouse gas emissions reduction)	Carbon sequestered by 2015-16 in ForestrySA's Kyoto-compliant plantations was 15,005 tonnes. Sequestered carbon in ForestrySA plantations has increased significantly over the last 10 years.
Improve the energy efficiency of government buildings by 30% by 2020. Milestone of 25% by 2014. (Target 61 Energy efficiency – government buildings)	ForestrySA's Mount Gambier Corporate Office building is rated "5 Star Green Star – Office Design" by the Green Building Council of Australia.
Develop regional climate change adaptation plans in all State Government regions by 2016. (Target 62 Climate change adaptation)	ForestrySA is on the steering committee of a FWPA funded three-year CSIRO project that aims to develop industry capacity to examine risks and impacts of climatic variability, through predictions of changing risk and impact over the next 20 to 50 years, development of tools for site or regional assessment and examination of adaptive strategies to manage risk and impact.
Lose no native species as a result of human impacts. (Target 69 Lose no species)	None were lost in ForestrySA native forest areas during 2015-16.
Increase participation in nature conservation activities by 25% by 2015. (Target 72 Nature conservation)	ForestrySA recorded 13,838 community engagement hours during 2015-16, with volunteers participating in a range of activities across all forest districts.

HUMAN RESOURCES

WORKPLACE DIVERSITY - AGE AND GENDER PROFILE 2015-16

Age bracket	Male	Female	Total	% of total	Workforce Benchmark (%)*
15-19	-	-	-	-	2.2
20-24	-	-	-	-	8.0
25-29	2	1	3	8.1	12.1
30-34	3	4	7	18.9	11.5
35-39	2	-	2	5.4	10.6
40-44	2	1	3	8.1	11.7
45-49	4	-	4	10.8	11.2
50-54	4	3	7	18.9	13.8
55-59	5	2	7	18.9	10.0
60-64	1	1	2	5.4	6.5
65+	2	-	2	5.4	2.0
TOTAL	25	12	37	100	100

*Source: Australian Bureau of Statistics Australian Demographic Statistics, 6291.0.55.001 Labour Force Status (ST LM8) by sex, age, state, marital status – employed – total from Feb78 Supertable, South Australia at November 2013

WORKPLACE ADAPTATION - DISABILITY

	Male	Female	Total	% of ForestrySA
	-	1	1	2.7
Disability	Male	Female	Total	% of ForestrySA
Disability requiring workplace adaptation	-	-	-	0
Physical	-	1	1	2.7
Intellectual	-	-	-	0
Sensory	-	-	-	0
Psychological / psychiatric	-	-	-	0

HUMAN RESOURCES CONTINUED

EXECUTIVES - BY GENDER, CLASSIFICATION AND STATUS

Class	Ongoing		Term tenured		Term untenured		Other (casual)		Total				
	Male	Female	Male	Female	Male	Female	Male	Female	Male	%	Female	%	Total
Exec A	-	-	-	-	-	1	-	-	-	-	1	11	1
Exec B	-	-	1	-	6	-	-	-	7	78	-	-	7
Exec C	-	-	-	-	1	-	-	-	1	11	-	-	1
Total	-	-	1	-	7	1	-	-	8	89	1	11	9

Please note: All Executives employed by ForestrySA during 2015-16 are represented above, including those employed prior to the transition of Green Triangle Forest estate management to OneFortyOne Plantations in October 2015.

LEAVE MANAGEMENT

Leave type: Average days' leave per Full Time Equivalent employee	2015-16	2014-15
Sick leave	4.3	4.26
Family carer's leave	1.8	1.1
Miscellaneous special leave	1.0	3.4

PERFORMANCE DEVELOPMENT - EMPLOYEE REVIEW

Documented review of individual performance. Employees who have undergone a review:	Employees
Within the past 12 months	32
More than 12 months ago	5

LEADERSHIP AND MANAGEMENT DEVELOPMENT

Training and development	Total cost \$	% of total salary expenditure
Total leadership and management development expenditure	\$49,584	1

HUMAN RESOURCES CONTINUED

WORK HEALTH SAFETY AND INJURY MANAGEMENT

Work Health and Safety Prosecutions, Notices and Corrective Action taken	Number		
Notifiable incidents pursuant to WHS Act Part 3	0		
Notices served pursuant to WHS Act Section 90, Section 191 and Section 195 (Provisional improvement, improvement and prohibition notices)	0		
Prosecutions pursuant to WHS Act Part 2 Division 5	0		
Enforceable undertakings pursuant to WHS Act Part 11	0		
Gross expenditure	2015-16 (\$)	2014-15 (\$)	Variation (\$)
Income maintenance	82,340	146,923	- 64,583
Redemptions - sec 42	111,469	65,500	+ 45,969
Lump sum settlements, permanent disability - sec 43	70,531	271,075	- 200,544
Medical / hospital costs combined	35,597	32,798	+ 2,799
Other costs associated with injury management	47,756	69,881	- 22,125
Total claim expenditure	347,693	586,177	- 289,076

WORK HEALTH AND SAFETY

ForestrySA continues to demonstrate commitment to managing Work Health and Safety (WHS).

We recognise the importance of and are committed to, providing a safe and healthy working environment for all employees, the public, contractors, clients and visitors to our work sites. We endeavour to improve the culture and climate of the organisation through continuous improvement and provide skilled personnel with the competence necessary to see that our services are routinely delivered to a safe and professional standard.

While management has a duty to provide and maintain a safe and healthy work environment, health and safety in the workplace is a responsibility shared by all employees.

ForestrySA is committed to the continuous improvement of our WHS performance, through the ongoing development of the Safety Management System, consultation with our employees, and a focus on the health and safety issues that affect all employees, the public, contractors, clients and visitors.

The ForestrySA Leadership Team continues to actively demonstrate their involvement and commitment to WHS by monitoring, reviewing, challenging and participating in the organisations WHS programs.

Regular communication with key stakeholders and involvement in incident investigations are key areas which involve all members of the Leadership Team.

HUMAN RESOURCES CONTINUED

INJURY MANAGEMENT

A focus on the importance of early intervention and reporting of work related injuries continued throughout the year with education programs run at each ForestrySA worksite.

The Employee Assistance Program continued to provide support to our employees and family members accessing the program for a range of services such as confidential counselling and physiotherapy. Assistance was also provided to help employees suffering non-work related injuries to return to and / or remain in the work place.

Our focus on continual improvement and a holistic approach to claims management is supported by the key stakeholders. This is maintained by our positive safety culture which has been established through communication and a shared perception of all employees and the importance of safety in our business. Senior management level engagement in the promotion, monitoring and review of our system and its performance, sends a positive message to all employees.

DISABILITY ACCESS AND INCLUSION

ForestrySA has a number of processes and procedures in place to ensure equity for people with disabilities:

- The ForestrySA Fair Treatment Program continues to promote Equity and Diversity within the workplace and to raise the level of awareness and reinforce the strong commitment to a workplace culture which fosters an environment free from all forms of bullying, harassment and discriminatory behaviours.
- Employees returning to work from injury are provided with the support and necessary resources to undertake the requirements of their positions.
- All Injury Management claims and associated activities are managed in accordance with relevant equity and diversity principles, which are incorporated into all policies and practices relating to these activities. All return to work plans, alternate duties and rehabilitation plans are supported by the respective standards.
- ForestrySA ensures business activities and supporting procedures do not discriminate against people with disabilities.

EMPLOYMENT OPPORTUNITY PROGRAMS

ForestrySA ensures its recruitment and selection processes do not discriminate against any applicant.

It remains an active member of national, industry-owned forest, wood, paper and timber product industry organisation, ForestWorks, which offers services to support the skills development within the industry.

The ForestrySA Human Resource Manual and Injury Management Manual continue to support the Human Resources function within ForestrySA with their comprehensive detail and inclusion of all Disability Discrimination Act 1992 and Equal Opportunity Act 1991 requirements.

FREEDOM OF INFORMATION STATEMENT

This statement is published in accordance with subsection 9 (2) of the *Freedom of Information Act 1991* (FOI Act). Subject to certain restrictions, the FOI Act gives members of the public a legally enforceable right to access information held by the South Australian Government. A comprehensive introduction to freedom of information can be found on the State Records website at www.archives.sa.gov.au/content/foi-in-sa.

AGENCY STRUCTURE AND FUNCTIONS

The structure and functions of the South Australian Forestry Corporation are set out within the Annual Report and on the ForestrySA website.

INFORMATION SUMMARY

Documents held by ForestrySA fall broadly into the categories described below. While most are available in hard copy, it should be noted that some are only available electronically. The listing of these categories does not necessarily mean all documents are accessible in full or in part under the Act. Types of documents held by ForestrySA:

- Administrative files (indexed on electronic database)
- Tender and contract documentation
- Operational records
- Policy documents and procedure manuals
- Research reports and publications
- Brochures, publications, photographs, information sheets and posters

DOCUMENTS AVAILABLE FREE OF CHARGE

These can be obtained from www.forestrysa.com.au, or by calling 08 8724 2888.

- Brochures
- Fact sheets
- Selected maps
- Information packs
- Policy documents
- Media releases
- Annual reports

ACCESSING DOCUMENTS

Access to documents or requests for information under the FOI Act is via the Freedom of Information Officer. Restrictions to certain documents may apply. In accordance with the FOI Act, applications for access to documents held by an agency must:

- Be made in writing (either by letter or application form which can be found at: www.archives.sa.gov.au/content/foi-forms)
- Specify that the application is made under the Freedom of Information Act 1991
- Be accompanied by the prescribed application fee of \$33.50 (exemptions apply)
- Specify an address in Australia to which information can be sent
- Clearly identify the documents being sought or the matter to which they pertain
- Specify whether the documents contain information of a personal nature
- Specify the desired type of access to the document, such as inspection of the document at an arranged location or having a copy made.

Additional charges may be levied to process your request. If you are able to prove that you are financially disadvantaged, all fees will be waived. This charge is determined by the Freedom of Information (Fees and Charges) Regulations 2003 and is subject to change. Please consult these regulations before submitting requests.

Freedom of Information enquiries should be addressed to: Freedom of Information Officer - ForestrySA
PO Box 162
MOUNT GAMBIER SA 5290

FURTHER REPORTING ITEMS

REGIONAL IMPACT ASSESSMENT STATEMENTS

No Regional Impact Assessment Statements were required to be prepared by ForestrySA during 2015-16.

OVERSEAS TRAVEL

For information regarding overseas travel, please contact ForestrySA.

CONTRACTUAL ARRANGEMENTS

For information regarding procurement contracts please contact ForestrySA. Further information is also available from the SA Tenders and Contracts website, www.tenders.sa.gov.au.

WHISTLEBLOWERS' PROTECTION ACT

On no occasion during 2014-15 were matters of public interest disclosed to the ForestrySA Responsible Officer appointed under the Whistleblowers' Protection Act 1993.

USE OF CONSULTANTS

	Value	Consultant	Purpose	Number	Total (\$)
Below \$10,000		-	-	-	-
\$10,000 - \$50,000		-	-	-	-

FRAUD

No instances of fraud were detected by ForestrySA during 2015-16, as outlined in the Public Sector Regulations 2010.

PUBLIC COMPLAINTS

ForestrySA received a total of eight complaints in 2015-16, representing a 35% decrease compared with the previous year.

ForestrySA continues to work with a formal Stakeholder Engagement Plan outlining ForestrySA's responsibilities which includes the complaint management process.

A reduction in staff numbers and operational activities across the state contributed towards the decrease.

All complaints received were addressed appropriately and recorded in the Forest Management System database. Relevant processes, procedures and documentation were reviewed and updated as required.

Category of complaints	2015-16 (\$)
Harvesting - dust, noise, other impact	0
Operations - fire and land management	6
Recreational facilities and information	1
Recreational forest use	1
Staff behaviour	0
Other	0
Total complaints	8

GLOSSARY

Australian Forestry Standard (AFS)	The internationally recognised forestry standard (AS 4708) to which ForestrySA is certified in the Green Triangle and Mount Lofty Ranges	LiDAR	Light Detection and Ranging. A remote sensing technology adapted by ForestrySA to assess the productivity of forest plantations
Biodiversity	Includes genetic diversity, reflecting the diversity within each species (species diversity and the variety of species) and ecosystem diversity (the diversity different communities formed by living organisms and the relationships between them)	LTIFR	Lost Time Injury Frequency Rate. Refers to the number of incidents per million working hours incurred where the injured employee is off work for the whole of the following day
Carbon sequestration	The process by which trees and other plants take up carbon dioxide from the atmosphere and store it as organic carbon in leaves, branches, stems and roots. Plants sequester carbon dioxide as part of the growing process	Native forest	Forest consisting of native tree and other species that are endemic to South Australia
CFS	Country Fire Service	Native Forest Reserve	An area of proclaimed Forest Reserve that has been further proclaimed as a Native Forest Reserve under the <i>Forestry Act 1950</i> specifically for the conservation of native flora and fauna
CSIRO	Commonwealth Scientific and Industrial Research Organisation	OFO	OneFortyOne Plantations Pty Ltd
Conservation	The management of the natural environment to ensure its survival. A term covering preservation, maintenance, restoration and enhancement of the environment	PIRSA	Department of Primary Industries and Resources South Australia
CSO	Community Service Obligation	Prescribed burning	The planned use of fire in a predetermined area, with an intensity and rate of spread designed to achieve specific results, including promoting biological diversity, reducing the volume of flammable fuels
DEWNR	Department of Environment, Water and Natural Resources	Pulpwood	Logs below sawlog quality but suitable for manufacturing pulp, paper and panel products
DTF	Department of Treasury and Finance	Recovery log	Short length, small diameter sawlog
FMS	Forest Management System. This system covers all processes involved in the management and protection of native forests, the provision of services to private forestry and establishment, and the maintenance and harvesting of the plantation estate	SAFC	South Australian Forestry Corporation
Forest Reserve	An area of State forest, formally gazetted under the <i>Forestry Act 1950</i> for long-term intent, to be managed for production, recreational, scientific, aesthetic, and environmental or protection purposes	SASP	South Australia's Strategic Plan
FWPA	Forest and Wood Products Australia	SA Water	South Australian Water Corporation
GIS	Geographic Information System	Sawlog	A log for processing into sawn timber
ha	Hectare/s	Silviculture	The cultivation of forest including both native forest and plantations
Hardwood	Timber from broad-leaved flowering trees irrespective of physical hardness. Includes eucalypts, wattles and most rainforest species	Softwood	Timber of coniferous or cone-bearing trees irrespective of physical hardness. Includes radiata pine
HSE	Health, Safety and Environment Committee	Standing plantation	The area of standing plantation, less areas that have been clear felled
ICT	Information and Communications Technology	Thinning	Removing some trees in a forest to reduce competition and thus improve or maintain the growth and health of the remaining trees
IM	Injury Management	Timber	The general term used to describe sawn wood suitable for building and other purposes
IMT	Incident Management Team	TVSP	Targeted Voluntary Separation Package
		Watercourse and wetland buffer zone	An area of land designed to protect a wetland or watercourse
		WHS	Work Health and Safety

ForestrySA

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