

CHARTER

of the

SOUTH AUSTRALIAN FORESTRY CORPORATION

1. INTRODUCTION

- 1.1. This Charter has been prepared by the Minister for Forests and the Minister for Finance, following consultation with the South Australian Forestry Corporation, in accordance with Section 12 of the *Public Corporations Act 1993*.
- 1.2. This Charter should be read in conjunction with:
 - *The Public Corporations Act 1993*
 - *The South Australian Forestry Corporation Act 2000*
 - *The Forestry Act 1950*
 - *The Public Finance and Audit Act 1987*.
- 1.3. Expressions used in this Charter have the same meaning as in the *Public Corporations Act 1993*.
- 1.4. In this Charter, the South Australian Forestry Corporation is referred to as "the Corporation".
- 1.5. This Charter sets out the Government's strategic objectives, priorities and requirements for the Corporation.

PART 1: STRATEGIC POSITION

2. BOARD RESPONSIBILITIES

- 2.1. The Board of a public corporation is responsible to its Minister for Forests for overseeing the operations of the corporation with the goal of:
 - 2.1.1. securing continuing improvements of performance
 - 2.1.2. encouraging and facilitating regionally based economic activities based on forestry and other industries by protecting the long term viability of the corporation and the Crown's financial interest in the corporation for the benefit of the people and economy of the State.

3. STRATEGIC-COMMERCIAL DIRECTIONS

- 3.1. The Government requires the Corporation, in fulfilling its statutory functions as set out in the *South Australian Forestry Corporation Act 2000*, to be a business enterprise with the principal responsibility to manage State-owned plantation forests to the benefit of the people and economy of the State, manage plantation forests for other forest owners and pursue the following strategic commercial directions:
 - 3.1.1. Manage State-owned plantation forests for commercial production in line with best practice standards for forestry operations and environmental management.

3.1.2. Undertake, and where appropriate commercialise, forestry related research for the benefit of the Corporation and the State.

3.1.3 Maximise the value of the Corporation whilst achieving other key requirements of Government set out herein.

4. ECONOMIC DIRECTIONS

The Government is committed to the ongoing development of the South Australian economy through mechanisms that foster:

- economic growth, investment and reinvestment in South Australia
- development of exports and entry to overseas markets
- research, development and commercialisation of technology
- Implementing a strong information technology base.

To this end, the Corporation shall:

- 4.1. encourage and facilitate regionally based economic activities based on forestry and other industries
- 4.2. support regional resource protection initiatives and programs
- 4.3. support the concept of environmental sustainability which assists in the protection of natural assets and market accessibility
- 4.4. support cooperative research activities within the forestry industry.

5. GOVERNMENT POLICIES

5.1. In pursuing the strategic objectives in the context of the Government's directions, and undertaking its functions and exercising its powers, the Corporation shall act in accordance with the Government's:

- 5.1.1. governance framework for public corporations
- 5.1.2. policies generally applying to its commercial agencies
- 5.1.3. policies specifically applying to the Corporation.

5.2. The Corporation in developing its operating policies shall have regard to other Government policies and strategies, and the roles and responsibilities of other Government agencies.

PART 2: THE CORPORATION'S OPERATIONS

6. COMMERCIAL OPERATIONS

- 6.1. **General**
For the purposes of the *Public Corporations Act 1993*, all operations of the Corporation are commercial operations, except for those operations referenced as non-commercial operations in Section 7.
- 6.2. **Scope of Operations**
The Corporation's principal operations will be based in South Australia.
- 6.3. **Subsidiaries, Joint Ventures and Other Arrangements**
With the approval of the Minister for Finance and the Minister for Forests, the Corporation may pursue commercial opportunities through subsidiaries, joint ventures or other appropriate arrangements, provided that the services delivered under the arrangements relate to forestry or ancillary services.
- 6.4. **Investment Activities**
The Corporation may invest:
- 6.4.1. In the development and continuation of the Corporation's business, consistent with this Charter and directly related to its legislative functions
- 6.4.2. surplus funds so as to maximise the return in accordance with sound investment practices appropriate to the nature of the funds invested.

7. NON-COMMERCIAL OPERATIONS

- 7.1. The Corporation's non-commercial operations, in terms of the *Public Corporation Act 1993*, include those operations which are:
- 7.1.1. Listed in Schedule 1 to this Charter.
- 7.1.2. Subject to an agreement between the Corporation and a purchasing Minister.
- 7.1.3. Agreed to be non-commercial by the Minister for Forests and the Minister for Finance.
- 7.2. The Corporation is required to perform all non-commercial operations efficiently.
- 7.3. Non-commercial operations are to be costed and funded in accordance with arrangements determined by the Minister for Forests and Minister for Finance.

PART 3: FINANCIAL AND COMMERCIAL MANAGEMENT

8. FINANCIAL AND COMMERCIAL MANAGEMENT

- 8.1. Performance Targets**
The financial and commercial targets to be met by the Corporation shall be those set out in the annual Performance Statement.
- 8.2. Form and Content of Accounts and Financial Statements**
The Corporation must prepare financial statements based on Australian Accounting Standards, generally accepted accounting principles and practices, including the Financial Management Toolkit and other applicable instructions of the Treasurer issued under the *Public Finance and Audit Act 1987*.
- 8.3. Accounting and Internal Auditing Systems and Practices**
The Corporation must establish and maintain:
- 8.3.1. financial and accounting processes, practices and systems in accordance with appropriate standards of practice**
 - 8.3.2. effective internal auditing of its operations in accordance with appropriate standards of practice and the *Public Corporations Act 1993*.**
- 8.4. Reports on Operations**
In addition to statutory reporting, the Corporation must provide the following reports to the ForestrySA Board, and therefore enable review by the Treasurer's Representative of:
- 8.4.1. Quarterly performance monitoring report, including Statement of Comprehensive Income, Statement of Financial Position, Capital Investment Statement and Statement of Cash Flows and a quarterly report detailing the Corporation's operations for year to date, detailing actual year to date performance against year to date revised budget and full year estimated performance against full year revised budget and full year original budget for revenue and expenditure items.**
 - 8.4.2. Other information as requested from time-to-time by the Minister for Forests, Treasurer or the Minister for Finance.**
 - 8.4.3. Exception reports on any other information which in the opinion of the Board should be provided.**
- 8.5. Asset Management**
- 8.5.1. The Corporation must develop Asset Management Plans reflecting prudent commercial practice.**
 - 8.5.2. The Corporation shall consult other agencies and take account of any Government requirements in the disposal of surplus land (excluding easements) and buildings.**
 - 8.5.3. The Corporation will undertake appropriate risk management actions.**

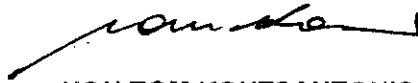
9. DATE OF OPERATION

This Charter comes into operation upon the signature of the Minister for Forests and the Minister for Finance, and is binding on the Corporation.



HON LEON BIGNELL MP
MINISTER FOR FORESTS

Date *20/12/2016*



HON TOM KOUTSANTONIS MP
MINISTER FOR FINANCE

Date *21/2/2017*

SCHEDULE ONE

NON-COMMERCIAL OPERATIONS

The following activities of a non-commercial nature shall be performed by the Corporation:

- Native forest management
- Community use
- Forestry industry development
- Community protection (including fire) and forest industry support activities
- Other activities as directed by the Minister for Forests
- Management of the Mid North forests