

# ForestrySA

ANNUAL REPORT 2020-21



ForestrySA



Government  
of South Australia



Responsible  
Wood  
RW1-204

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## Annual Report 2020-21

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Cover image:

Reopening ride at the Fox Creek Bike Park, Cudlee Creek Forest Reserve 11 April 2021.

Image courtesy of Anita Smith.

# BOARD, GOVERNANCE AND EXECUTIVE



# FROM THE CHAIR AND CHIEF EXECUTIVE

On behalf of the ForestrySA Board, and in accordance with the *Public Corporations Act 1993* and the *South Australian Forestry Corporation Act 2000*, we submit the 2020-21 Annual Report on ForestrySA's operations during the year.

In 2020-21, ForestrySA met its statutory functions including:

- managing plantation forests for commercial production;
- encouraging and facilitating regionally based economic activities in forestry and other industries; and
- conducting research related to the growing of wood for commercial purposes.

As at 30 June 2021, ForestrySA managed 38,350ha of land of which the commercial plantation forest estate spanned nearly 10,500ha in the Mount Lofty Ranges region. Of the balance, most land was managed for high conservation values including more than 16,000ha of proclaimed native forest reserves.

The entire estate is managed as a sustainable asset, incorporating public access for recreational purposes. All plantation area harvested during the year is subsequently replanted in the winter months on an annual cycle. Both commercial plantation and native forest areas are certified by Responsible Wood to the Australian Standard for Sustainable Forest Management (AS 4708).

“Responsible Wood has certified ForestrySA's entire plantation and native forest reserve estate to the Australian Standard for Sustainable Forest Management.”

## Commercial Plantation Management

During the year, revenue from the sale of timber totalled \$12.6m, a slight increase compared with the previous year, operating expenditure was reduced compared with last year, and statutory profit after income tax equivalent was \$1.36m. The key driver for the statutory profit result was an increase in the value of the forest assets. Since the reduction in managed plantation area to its current scale in 2015, ForestrySA has for the second year in a row returned a cash profit from its commercial operations.

“ForestrySA maintains a strong commitment to supporting South Australia's wood processing industry.”

ForestrySA is committed to supporting the domestic wood processing industry and supplied approximately 132,000t of ForestrySA log to South Australian customers in 2020-21.

During the year the Board commissioned a quantification of the economic impact of ForestrySA's log sales to the wood processing industry. The outcome was that for each dollar spent by sawmill customers, \$3.63 was contributed to the regional South Australian economy.

Severe bushfire events in recent years resulted in increased shortages of log and timber supplies in South Australia, particularly for structural grade timber used by home builders. ForestrySA has increased its commitment to local industry with a target to supply a minimum of 80% of its available sawlog to the South Australian wood processing industry in future years while ensuring the sustainability of the plantation estate.

A smaller volume of log products, primarily lower-value pulp log and fire-affected wood fibre, is directed to alternative markets. These other markets include animal husbandry applications (sawdust, wood shavings) as well as landscaping projects (woodchip) and local firewood markets.

ForestrySA continues to explore alternative revenue streams through initiatives such as residue wood sales.

## Non-Commercial Services

ForestrySA's non-commercial activities are community service obligations carried out on behalf of government. Total funding of \$4.2m was provided by government during the year for community service obligations.

Under a four-year partnership arrangement that expired on 30 June 2021, ForestrySA administered government's role in funding and monitoring forestry industry research and development, via Forestry Research Mount Gambier, a business unit within the University of South Australia.

# FROM THE CHAIR AND CHIEF EXECUTIVE

“ForestrySA’s management of native forest reserves is shaped by conservation values.”

ForestrySA’s other non-commercial activities included the management of native forest reserves for conservation and recreation, with specific attention paid to the high conservation values of our native forest reserves including active pest plant and animal control programs.

Public access to, and use of, all of South Australia’s forest reserve land including ForestrySA plantations and the estate leased by OneFortyOne Plantations in the Green Triangle region is managed by ForestrySA. During the year, a record number of visitors, estimated at more than 450,000, experienced the benefits of this public access.

The ever-present fire risks posed by the forest environment makes it necessary for fire protection to be a significant part of ForestrySA’s operations. Our capabilities in plantation forest and bushland fire protection are valued by local communities.

## Other Initiatives

In a specific effort to maximise the benefits of early detection and response to forest fires, ForestrySA is funding a \$1.1 million project in the Green Triangle region. This involves collaboration with industry partners and government agencies for ongoing fire protection including the development of an alternative fire detection system for the future. The project commenced in December 2020 and will conclude mid-2022.

ForestrySA’s assets suffered significant damage from the Cudlee Creek bushfire in December 2019. In early 2021, under the Local Economic Recovery program, co-funded by the Australian and South Australian governments under the national Bushfire Recovery Fund, ForestrySA received a \$2.5m grant to rebuild and enhance Fox Creek Bike Park, devastated by the Cudlee Creek Bushfire. Extensive consultation with mountain biking enthusiasts, local community members and volunteers has occurred, and will continue to occur, to ensure the precinct is fully restored and improved to attract more recreational activity.

## The Future

The market demand for sustainable and renewable products continues to strengthen, and with forestry being the ultimate renewable, further opportunities will be explored.

The COVID-19 pandemic has increased demand for safe outdoor recreation spaces and ForestrySA is well positioned to provide rewarding experiences for the public.

“Unique opportunities in a truly multiple-use forest environment.”

ForestrySA is committed to continuous improvement and demonstrating best practice from both a commercial and non-commercial perspective. We are also seeking effectiveness and efficiencies in all our operations to drive our profitability.

On behalf of the Board, we acknowledge, appreciate and thank all staff, customers, contractors, suppliers and volunteers for their contribution to ForestrySA and look forward to their commitment again in 2021-22.



June Roache  
Chair



Julian Speed  
Chief Executive

# FORESTRYSA BOARD AT 30 JUNE 2021

The ForestrySA Board consists of three independent directors, including the Chair.



**JUNE ROACHE** *BAcc, GradCertMgt, FAICD, FCPA, FIML*

## **Board Chair**

Ms June Roache was appointed as Chair and Board Member of ForestrySA on 1 January 2018, having previously served as a Board Member and Chair of the Audit and Risk Committee. Ms Roache is an independent non-executive director with extensive business experience, having held chief executive roles and several governance roles in South Australia, nationally and internationally. Her experience extends to commercial, regulatory and not-for-profit organisations in the gambling, health and wellbeing, sports and arts sectors. She is currently a Commissioner of the Essential Services Commission of South Australia and a Board Member of the History Trust of SA. Ms Roache has a Degree in Accounting from the University of SA, a Graduate Certificate in Management from Monash Mt Eliza Business School, and is a Fellow of the Australian Institute of Company Directors, CPA Australia and the Institute of Managers and Leaders.



**GRANT PELTON** *BSc (Zoology Botany), GradDip (Ecology Management)*

## **Board member**

Mr Grant Pelton grew up in the Mid North of South Australia and has a Bachelor of Science degree majoring in Zoology and Botany, as well as a Graduate Diploma in Ecology and Management, from Adelaide University. He has worked in the Department for Environment and Water (DEW) since January 2004 in multiple roles including Fire Management, special projects, and from 2012-2018 as Director of Regional Programs. These include Fire Management, Visitor Services, Asset Management, Compliance, Marine Parks and the coordination of DEW's Volunteer Support Programs. Mr Pelton is currently the Director responsible for the delivery of the Department's asset management and infrastructure delivery programs



**TIM STOLLZNOW** *BE (Hons Electrical), GradDipMan (Technology), FAICD*

## **Board member**

Mr Tim Stollznaw was appointed as a ForestrySA Board Member and Chair of the Audit and Risk Committee in April 2019. Mr Stollznaw is an independent non-executive director with extensive board experience across a diverse portfolio of commercial and not-for-profit organisations. His background includes business and management experience in research and development, manufacturing, quality control and export development, predominantly in the information technology and electronics sector. He has worked in Australia and in the United States. Mr Stollznaw currently serves as a director and consultant to numerous unrelated commercial organisations. He is Chairman of Yirara College and Finke River Mission, both based in the Northern Territory, as well as a Board Member of the Prostate Cancer Foundation (SA). Mr Stollznaw has an Honours Degree in Engineering from the University of Adelaide, a graduate Diploma in Management from Deakin University and is a Fellow of the Australian Institute of Company Directors.

# BOARD AND GOVERNANCE

## RESPONSIBILITIES OF THE BOARD

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

In discharging its responsibilities, the Board has worked with management on the establishment of a Strategic Plan. The Board monitors the performance of the organisation against the Strategic Plan as well as overseeing internal controls and risk management strategies.

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

The Board is committed to the principles of sound corporate governance, delegating responsibility to the Chief Executive for implementation of the Strategic Plan, day-to-day business management and ensuring all staff continue to work to high ethical standards.

## BUSINESS SUSTAINABILITY

ForestrySA markets and trades in forest products and forest and land management services consistent with the South Australian Forestry Corporation Charter. The Board is committed to the long-term sustainability of ForestrySA's business activities, operations, land stewardship and renewable forest resources, for the benefit of South Australia.

Maintaining ForestrySA's quality, environmental and safety management systems, and Responsible Wood certification of plantations and native forest reserves continues to be a key priority of the Board.

# BOARD AND GOVERNANCE CONTINUED

## BOARD MEETING ATTENDANCE

Board members July 2020 – June 2021	Meetings attended	Eligible for attendance
<b>June Roache</b> Board Chair	8	8
<b>Grant Pelton</b> Board Member	7	8
<b>Tim Stollznaw</b> Board Member	8	8

Eight ForestrySA Board Meetings were held during the 2020-21 year.

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.

In accordance with the *Public Corporations Act 1993* (the Act), all ForestrySA directors are required to disclose full and accurate details of direct or indirect personal or pecuniary interests in any matter under consideration by the Board.

A conflict of interest declaration is called at each Board meeting and any issues regularly reviewed to ensure full compliance with the Act.

The Board noted that June Roache, as a Commissioner of the Essential Services Commission of South Australia (ESCOSA), responsible for SA Water's revenue determination, would absent herself from any consideration or decision-making in relation to ForestrySA plantations on which SA Water's Zero Cost Energy Future development may occur.

Grant Pelton, as Director Investing Project Delivery, Department for Environment and Water (DEW), the Government agency responsible for managing the state's parks and reserves under the *National Parks and Wildlife Act 1972 (NPW)*, and the agency responsible for administering *Crown Lands Management Act 2009*, has a potential conflict of interest in any decisions to transition lands to these Acts and will be removed from considering or approving any decisions to transition lands to these Acts.

# BOARD AND GOVERNANCE CONTINUED

## AUDIT AND RISK COMMITTEE

The Audit and Risk Committee (Committee) has been established to assist the ForestrySA Board in fulfilling its governance and oversight responsibilities in relation to financial planning and reporting, internal and external audit, internal control processes, risk management systems, compliance, fraud control and continuous improvement.

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 the Terms of Reference approved by the Board.

The Board engaged Bentleys (SA) Pty Ltd to provide the 2020-21 internal audit program that assists the Committee and management in providing independent advice on ForestrySA's business processes, internal controls and risk management.

In addition, the 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 2020 – June 2021	Meetings attended	Eligible for attendance
<b>Tim Stollznow</b> Chair	6	6
<b>June Roache</b> Member	6	6
<b>Grant Pelton</b> Member	6	6

Six Audit and Risk Committee Meetings were held during the 2020-21 year.

# FORESTRYSA CHARTER

In accordance with the requirements of the *Public Corporations Act 1993*, the following Charter for ForestrySA was effective for the reporting period 2020-21.

## 1. INTRODUCTION

- 1.1. This Charter has been prepared by the Minister for Primary Industries and Regional Development and the Treasurer, 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:
  - *Public Corporations Act 1993 (SA)*
  - *South Australian Forestry Corporation Act 2000*
  - *Forestry Act 1950 (SA)*
  - *Public Finance and Audit Act 1987 (SA)*
  - *Work Health and Safety Act 2012 (SA)*
  - *Native Vegetation Act 1991 (SA)*
  - *Fire and Emergency Services Act 2005 (SA)*
- 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 is responsible to its Minister for Primary Industries and Regional Development 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 to protect 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, manage plantation forests for other forest owners and pursue the following strategic commercial directions:

# FORESTRYSA CHARTER CONTINUED

- 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 directly or with industry partners 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; and
- 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; and
- 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 Public Corporations
- 5.2. The Corporation in developing its operating policies shall have regard to other Government strategies and policies, 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 of this Charter.

# FORESTRYSA CHARTER CONTINUED

- 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 Primary Industries and Regional Development and the Treasurer, 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 accordance with the *Public Corporations Act 1993*, are:
  - 7.1.1. Listed below:
    - i. Native forest management
    - ii. Community use of forests
    - iii. Forestry industry development
    - iv. Community fire protection and forest industry support activities
    - v. Other activities as directed by the Minister for Primary Industries and Regional Development
    - vi. Management of the Mid North forest reserves
  - 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 Primary Industries and Regional Development and the Treasurer.
- 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 Primary Industries and Regional Development and the Treasurer.

## 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*.

# FORESTRYSA CHARTER CONTINUED

## 8.3. Accounting and Internal Auditing Systems and Practices

The Corporation must establish and maintain:

8.3.1. an Audit Committee

8.3.2. financial and accounting processes, practices and systems in accordance with appropriate standards of practice

8.3.3. 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 at least:

8.4.1. Quarterly performance monitoring reports, including Statement of Comprehensive Income, Statement of Financial Position, Capital Investment Statement and Statement of Cash Flows detailing the Corporation's actual performance year to date against budget and forecast.

8.4.2. Other information as requested from time-to-time by the Minister for Primary Industries and Regional Development or the Treasurer.

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 Primary Industries and Regional Development and the Treasurer, and is binding on the Corporation.

# PERFORMANCE TARGETS

The ForestrySA Charter mandates that all financial and commercial targets to be met by the Corporation are set out in an annual Performance Statement.

ForestrySA's 2020-21 performance targets and outcomes are listed below:

	Performance targets 2020-21	Performance outcomes 2020-21
Equity Contribution Funding	\$nil	\$nil
Forest Assets Revaluation Increment	\$1.0m	\$1.764m
Notifiable Incidents - EPA	0	0
Notifiable Incidents - Work Health and Safety	0	0
Lost Time Injuries (ForestrySA staff)	0	1
Maintain Responsible Wood certification for the Mount Lofty Ranges forest estate	Yes	Yes
Area of Gazetted Native Forest Reserve covered by a Management Plan	100%	100%
Community fire protection - callout response rate in brigade zones	100%	100%

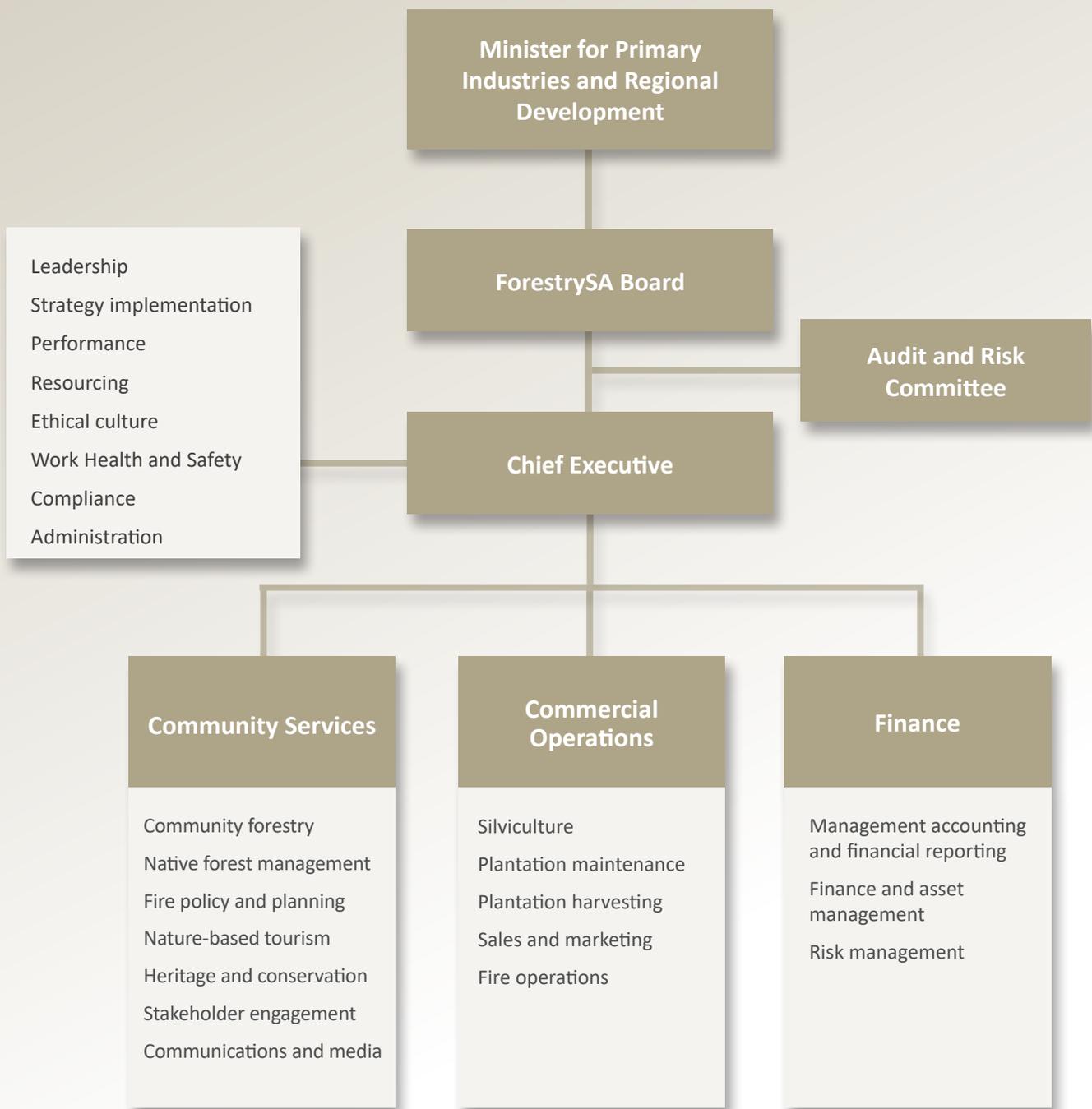
# FORESTRYSA OBJECTIVES

Each of the South Australian Government's key objectives is supported by one or more of the Strategic Pillars within the ForestrySA Strategic Plan.

Whole of Government key objective	ForestrySA's Strategic Pillars
MORE JOBS	<ul style="list-style-type: none"><li>• To develop and contribute to regional economic activity</li><li>• To foster and contribute to forest industry development</li></ul>
LOWER COSTS	<ul style="list-style-type: none"><li>• To optimise the commercial value of the forests</li></ul>
BETTER SERVICES	<ul style="list-style-type: none"><li>• To be recognised for responsible land stewardship</li><li>• To increase community engagement and recreational participation in South Australia's forests</li><li>• To protect our community and our assets</li></ul>

# ORGANISATIONAL STRUCTURE

AT 30 JUNE 2021



# FORESTRYSA OPERATIONS



# PLANTATION MANAGEMENT

ForestrySA's sustainable forest management program involves management of a 10,452ha radiata pine plantation estate in the Mount Lofty Ranges.

Commercial harvest operations continued to focus on clearfall of mature plantation and on-time thinning of intermediate age plantations during 2020-21.

Follow-up salvage operations continued in fire-affected plantation, as part of fire recovery programs in the wake of the 2019 Cudlee Creek and 2021 Cherry Gardens bushfires.

Minimal clearfall of mixed species plantations was carried out due to prioritisation of fire salvage operations.

Average rainfall conditions were experienced across most of the Mount Lofty Ranges, with the 2020-21 year featuring normal winter conditions which extended into an early summer. This was then followed by a period of lower than average rainfall, broken by a wet start to winter 2021.

**“A total of 233ha of radiata pine plantation was planted during 2020-21.”**

Relatively low refilling of understocked 2019 plantations was carried out, with the exception of several Mount Crawford plantations which required a higher level of remedial refilling.

The late start to summer and generally mild conditions throughout encouraged tree survival in 2020 plantations.

An average seedling survival rate of 93% was achieved across the Mount Lofty Ranges, thanks to a pleasing 99% survival at Second Valley, 94% at Kuitpo and 89% at Mount Crawford.

General weed control programs in plantation areas, however, were not favoured by this weather pattern.

In late autumn, a drone platform was trialled to apply herbicide in sensitive application buffer zone areas of selected 2021 plantations.

A total of 16ha of radiata pine plantation was lost as a result of the Cherry Gardens bushfire.

Replanting of pine forest lost during the Cudlee Creek bushfire began in winter 2021 and will be completed in 2022.

Minimal young age plantation instability issues were experienced during the year.

ForestrySA's integrated weed control program continued to deliver reasonable outcomes within both plantation and native forest areas. Targeted weed species included cape broom, gorse, boneseed, blackberry and pine wildings.

ForestrySA's Forest Management System remains certified to the internationally recognised Australian Standard for Sustainable Forest Management (AS 4708), administered by Responsible Wood.

This ensures ongoing protection of Indigenous, heritage, social and environmental values during commercial harvesting, plantation establishment and maintenance operations.

# FOREST AREA STATISTICS (ha)

Forest region	Standing commercial plantation		Natural features estate		Other <sup>3</sup>	Proclaimed Forest Reserve
	ForestrySA land	SA Water land	Proclaimed Native Forest Reserves	Natural features		
Mount Lofty Ranges <sup>1</sup>	9,050	744	3,996	2,443	4,085	19,564
Mid North <sup>2</sup>	0	0	0	896	1,396	6,519
Green Triangle	43	0	12,059	384	288	12,773
<b>TOTAL</b>	<b>9,093</b>	<b>744</b>	<b>16,055</b>	<b>3,712</b>	<b>5,769</b>	<b>38,856</b>

<sup>1</sup> Mount Lofty Ranges commercial plantation includes 891ha managed by ForestrySA as commercial forestry which is located upon SA Water land, of which 744ha is standing commercial plantation. This area is not included in the Proclaimed Forest Reserve total.

<sup>2</sup> Mid North Proclaimed Forest Reserve includes 4,227ha under long term Crown Lease.

<sup>3</sup> Includes all Proclaimed Forest Reserve that is not commercial plantation or natural features estate (i.e. depots, fire breaks).

## PLANNING AND PRODUCTION

Further progress was made to transition ForestrySA's internal growth and yield prediction systems towards a more industry-standard approach during the 2020-21 year.

A substantial features inventory program was undertaken during the summer months. Work to map ineffective areas of plantation using drone imagery continued and will provide improved accuracy and precision of resource planning data in future.

Investment in inventory work has enabled ForestrySA to optimise both wood flow and commercial outcomes from what is a highly variable Mount Lofty Ranges plantation estate.

Further progress was also made to retire older, less productive plantations within the Mount Crawford and Second Valley Forest Reserves, transitioning to shorter plantation rotations. The on-time harvesting of post-Ash Wednesday fire replant plantations within the Kuitpo Forest Reserve also continued.

First and second thinning activity was carried out predominantly within the Mount Crawford Forest Reserve. Third thinning operations occurred at both Mount Crawford and Kuitpo, and are being used to further extend the rotation length of selected high-performing plantations.

# MARKET AND SALES

Demand for premium log grades during the second half of 2020-21 was heavily driven by severe structural timber shortages.

On the contrary, demand for low-grade log was heavily disrupted by the loss of the China log export market in late 2020. Compounding this situation, the sale of residue log to local customers weakened considerably.

ForestrySA's commercial sales program continued to fulfil log supply commitments with the relatively small, yet dependent local sawmill and wood processing sector.

On balance, 2020-21 log sales to local customers were comparable to sales results achieved the previous year in terms of volume. The per-unit revenue position was weakened by the sale of significant volumes of fire-affected log following completion of the Cudlee Creek fire salvage program.

“ForestrySA has significantly improved the overall commercial performance of its log sales program, selling surplus parcels of log through successive competitive Request for Proposal programs.

This initiative, combined with a highly buoyant domestic market for sawn timber, has generated unprecedented interest in ForestrySA log sales. This interest has come from both existing local customers and new or emerging Green Triangle and interstate based wood processors.

This development has introduced new opportunities for ForestrySA's log sales program and promoted high competition for ForestrySA log within the local marketplace.

Significant progress has been made to overcome longstanding historic impediments, including the sale of low-quality log from plantation thinning programs and fire salvage operations, during the last two years. As a result, ForestrySA has found itself much better placed to reach log pricing more commensurate of industry benchmarks.

High-quality sawlog supply in 2020-21 slightly exceeded the prior two periods. Large diameter sawlog sales have remained strong, promoted by ForestrySA's continued focus on the final felling of old mature plantations.

Industrial log sales have increased over the last 12 months, impacted positively by demand for small industrial log from local sawmills.

Pulp log sales were heavily impacted by export log sales to China ceasing and the emergence of new alternate markets being hampered by COVID-19 pandemic-related issues.

Preservation log sales (for rails, posts, fence strainers) decreased by around 24% from the highs of the previous 12-month period, heavily impacted by the prevailing weak pulp log sales market.



improved  
commercial  
performance

strong  
demand  
for premium log  
amid structural timber  
shortage

# MARKET AND SALES CONTINUED

Additional log sales persisted as a direct result of the requirement to market fire-affected log following the Cudlee Creek bushfire. This program was suspended due to the onset of winter conditions during May and June 2020.

Log quality and yield recovery deteriorated noticeably around one year after the fire event. Following completion of the 14 month salvage program at Cudlee Creek, salvaging effort was directed to Mount Bold North following the Cherry Gardens bushfire.

Activity in residue log sales reduced considerably following the Cudlee Creek bushfire with customers sourcing alternative product from the clearance of burnt trees across the fire-affected area.

This situation was compounded by one customer withdrawing from the local shavings market.

Customers are expressing high optimism that the current market environment will continue. Export log sales are expected to remain subdued for the next 12 to 24 months.

The importance of managing the Mount Lofty Ranges commercial pine plantation estate sustainably, encouraging varied use of the forest estate, maintaining a social licence to operate and staying at the cutting edge of an innovative and modern industry, remains front and centre to ForestrySA's ongoing commercial interest.

## TOTAL LOG SALES, MOUNT LOFTY RANGES

Product	Domestic log sales, Mount Lofty Ranges		
	2020-21 (m <sup>3</sup> )	2019-20 (m <sup>3</sup> )	2018-19 (m <sup>3</sup> ) <sup>1</sup>
Sawlog	90,348	85,283	85,847
Industrial	42,019	42,403	34,458
<b>Total log</b>	<b>132,367</b>	<b>127,686</b>	<b>120,305</b>
Pulpwood	5,432	23,487	11,272
Preservation	6,918	9,084	7,591
<b>Total pulp</b>	<b>12,350</b>	<b>32,571</b>	<b>18,863</b>
<b>Other log</b>	<b>81,533</b>	<b>57,934</b>	<b>16,862</b>
<b>TOTAL</b>	<b>226,250</b>	<b>218,191</b>	<b>156,030</b>

<sup>1</sup> Non-inclusive of export log sales carried over from 2018-19 due to ship movement delays.

# FOREST HEALTH

Focus remained on concurrent management of commercial and native forest health during 2020-21.

ForestrySA recognises the importance of actively managing a range of damaging agents. This is particularly important in many of our native forest reserves where specific communities are rare or under-represented.

Monitoring forest health and implementing associated work programs involved consideration of a variety of risks including weed invasion, pests and diseases, wildfire, recreational access pressures, firewood cutting, rubbish dumping and other illegal activities.

The effect of severe drought stress, driven by persistent below average rainfall over the past two to three years, remains evident in commercial plantation areas. This pressure is being mitigated by undertaking weed control programs, on-time thinning regimes in mid-rotation plantations and the clearfall of older mature plantations.

The sirex wood wasp (*Sirex noctillo*) inoculation program continues to control the pest across the Mount Lofty Ranges region. Despite the very favourable conditions for sirex population growth, no increase to the annual incidence of Sirex infestation was detected during 2020-21.

ForestrySA continued working within an industry cooperative to respond to risks presented by giant pine scale. In-house staff and contractor awareness training, with insight provided by Biosecurity SA, have been supported within the past 12 months. Ensuring there is an effective inspection program in place and early detection can be achieved is considered ForestrySA's most effective defence against infestation. There were no known giant pine scale infestations on ForestrySA land during 2020-21.

# FOREST RESEARCH

Forest Research Mount Gambier continues to progress nationally significant projects for the benefit of the whole forest industry.

During 2020-21, ForestrySA continued to provide support through financial contributions from Community Services Obligation funding and collaboration in areas of interest, including:

- Solutions for the optimal use of remotely acquired, high-resolution data by the forestry sector
- Scoping an automated forest fire detection and suppression framework for the Green Triangle
- Development and implementation of forest health and biosecurity systems and protocols based on quantitative pest risk and economic impact assessment
- Options for operating efficiently and sustainably within forest water licence rules
- Development of best-practice fatigue management for the Australian forestry industry
- Characterising softwood sawn products in Australia
- Optimising the management of plantation, water, and environmental assets
- Wearable Sensors for Improving Occupational Health and Safety of Workers in the Forestry Industry: A Pilot Prototype for Harvesting and Processing Operations.

Other research activities of note:

- ForestrySA continues to work with other organisations to assist Spring Gully Foods with their Manuka honey trial site in Wirrabara.
- In partnership with Tree Breeding Australia, ForestrySA is sponsoring a genetics gain trial in the Mount Crawford Forest with the objective of identifying progeny best suited to drier areas.
- A *Eucalyptus leucoxylon* seed source trial continued, to determine suitability for farm forestry application.

# FIRE MANAGEMENT

During 2020-21 ForestrySA continued to play a key role in fire management on public lands and remained an active participant in national and state fire management strategy, policy, and initiatives to enhance public safety.

ForestrySA is a member of a number of groups, including:

- The Australasian Fire and Emergency Services Authorities Council (AFAC) and its Rural Land Management Group
- Forest Fire Management Group
- State Bushfire Coordination Committee
- Relevant bushfire management committees
- Heads of Agencies Steering Committee for Fire Management on Public Lands in South Australia
- Other associated regional fire cooperatives

Work commenced on delivery of actions from the independent review of the South Australian 2019-20 bushfire season, known as the “Keelty Review”. This focussed on the Automated Vehicle Location project and improvements to incident management teams, including identifying suitably trained and qualified forest industry professionals to assist with decision making.

As a member of the State Bushfire Coordination Committee, ForestrySA contributed to the development of the new State Bushfire Management Plan.

In 2020 ForestrySA prepared a second submission for the Royal Commission into National Natural Disaster Arrangements as a result of the Black Summer fires of 2019-20.

As an industry body, ForestrySA maintained strong partnerships with the Forest Owners Conference and the Green Triangle Fire Alliance, supporting a cooperative approach to forest fire management across the South East of South Australia and Western Victoria.

In November 2020, the Minister for Primary Industries and Regional Development announced a two-year funding boost for the Green Triangle.

“Investment of \$1.1m of ForestrySA funds to upgrade fire surveillance and prevention across forestry assets in the South East of South Australia was announced.”

ForestrySA worked closely with PIRSA and the industry on a draft plan for advanced fire detection to protect our forest industries and communities to deliver fire tower maintenance, fire management and an alternative fire detection system during the 2020-21 period.

In May 2021, the Australasian Fire and Emergency Services Authorities Council, held its national memorial service at the National Emergency Services Memorial in Canberra, to honour the courage and sacrifice of fire and emergency service personnel.

ForestrySA sponsored the attendance of Mr Ben Treloar, the grandson of Mr Maurice William Treloar who perished in the 1958 Wandilo forest fire. Mr MW Treloar’s name was already inscribed on the national memorial wall however, his family had not previously been presented with a medal in his honour.

# FIRE MANAGEMENT CONTINUED

In addition to reviewing its Fire Management doctrine, ForestrySA maintained forest management plans as part of managing its commercial plantation investment and its Community Protection obligation, incorporating risk mitigation measures for fire management and protection of forest and native forest reserves.

All required industry standards for plantation maintenance and broader pre-season fire preparedness measures were implemented during 2020-21, including on-ground works, slash burning and prescribed burning to manage fire hazard, native vegetation, protect biodiversity, and ensure sustainability in our forest reserves.

“Slash burns and prescribed burns were conducted during 2020-21, reducing fuel hazard across 409 hectares of forest reserve.”

This included four prescribed burns completed across 24ha within the Second Valley Forest Reserve for ecological outcomes and asset protection.

Through the Heads of Agencies and associated regional fire cooperatives, ForestrySA continued to contribute to a program of strategic fuel reduction and bushfire response on public and private land across South Australia.

In partnership with the Minderoo Foundation, a 250,000L fire water tank was installed at ForestrySA's Mount Crawford depot for ForestrySA, CFS and other agencies to use during fire incidents.

During 2020-21, there was a focus on improvements to all training standards and procedures. A training matrix was developed to identify individual staff training development pathways. In response to insights from the Cherry Gardens fire, there was an additional focus on crew situational awareness.

Amid COVID-19 restrictions, ForestrySA fire crews remained available to the CFS to assist in bushfire response and other specialist activities in the event of a bushfire on public or private land.

ForestrySA crews responded to 17 fires across the Mount Lofty Ranges and assisted with three fires in the Green Triangle.

The largest incident was the Cherry Gardens fire which started on 25 January 2021 and burnt 2,700ha including almost 30ha of ForestrySA-owned pine plantation within Mount Bold Reservoir Reserve.

ForestrySA responded to this bushfire immediately with firefighters on the fire ground for two days. After the fire was contained, crews monitored the fireground for a month.

On 20 December 2020, ForestrySA staff reminisced and paid their respects at the Cudlee Creek fire one-year commemoration ceremony in Lobethal.

**250,000L**

Fire water tank installed at Mount Crawford

**ForestrySA fire crews**

responded to 17 fires in the Mount Lofty Ranges, 3 in the Green Triangle

# COMMUNITY FORESTRY



# COMMUNITY FORESTRY

During 2020-21, ForestrySA managed public access and nature-based recreation across 33,000 hectares of forest reserves in the Mount Lofty Ranges and Limestone Coast. Our staff also continued to manage public recreational access to more than 80,000 hectares of pine plantation leased by OneFortyOne Plantations in the Green Triangle.

The 2020-21 year was a busy one for the community forestry team as a result of ongoing challenges brought about by the continuing COVID-19 pandemic.

ForestrySA forest reserves continued to be a highly valued community asset, particularly with international and interstate travel restrictions leading to a focus on local and regional areas of South Australia as a place to visit.

“Forest visitation leapt by a staggering 221% in 2020-21, with an estimated 467,871 people visiting our forests reserves in the Mount Lofty Ranges and Limestone Coast.”

This figure compares to an estimated total of 145,647 in 2019-20 (impacted by COVID-19 restrictions) and 263,522 in 2018-19.

Enquiries to our staff also increased significantly to 16,453, an increase of 37% from 12,081 in 2019-20

Of the visitors recorded, 24,849 people attended organised events and activities, despite COVID-19 lockdowns and restrictions causing the postponement and cancellation of events on several occasions during the year.

Significant events included the 20th anniversary Bike SA Dirty Weekend at Fox Creek Bike Park, the fourth annual Nature Play Forest Festival at Rocky Creek Hut Kuitpo, the Heysen 105 Ultra Marathon beginning in Kuitpo Forest and the JLF (Jodi Lee Foundation) Trek through forest at Mount Crawford and Pewsey Vale.

ForestrySA administered over 18,500 permits for forest activities such as camping, horseriding, fossicking and adventure caving in 2020-21. The camping season opened on 1 March 2021 with campgrounds, accommodation and facilities in the Mount Lofty Ranges rapidly booked out on weekends for weeks and months in advance.

This once again highlighted the importance of the natural forest environment for social and mental health and wellbeing, as well as for a range of recreational activities and events, and conservation.



# COMMUNITY FORESTRY CONTINUED

Aligned to strong forest visitation in 2020-21 was a notable increase in compliance-related incidents, including firewood theft, illegal camping and fires, aggressive dog incidents, vandalism and unauthorised motorbike and vehicle access. The Community Forestry team targeted an approach to compliance, maintaining a “no tolerance” focus on activities which posed a higher risk to public safety, and conservation and commercial values of forest reserves.

In response to significant illegal wood cutting in the Limestone Coast, a strategy was developed with a focus on the protected native red gum forests within the Penola region.

In 2020-21 the Forestry Regulations 2013 were reviewed in support of the Government’s commitment to provide new nature-based recreational and tourism opportunities, and address discrepancies. Amendments were made to the regulations and fees for camping, horseriding, fossicking and other activities. On 4 February 2021, new fees were introduced to reflect these amendments and changes made to both regulated and non-regulated fees. New dog on-lead zones were implemented to improve community awareness and address public safety concerns.

Planning for the extremely popular Ghost Mushroom Lane event commenced in February 2021, after being postponed in 2020 due to COVID-19 restrictions. The site was upgraded to cater for greater visitor numbers and public safety, with improvements to car parking and traffic management, signage and a new visitor pass and tour booking system implemented.

Although it was a slow start to the season, the mushrooms appeared in the thousands by the second week of May, and it was one of the best years for fungi in the forests.

“50% of visitors to Ghost Mushroom Lane came from outside the Limestone Coast region and 10% from interstate, creating a positive flow-on effect for the local economy.”

The popular visitor event also attracted national attention and was referenced in the CSIRO’s 2021 publication “Wild Mushrooming; A Guide for Foragers”, in what is perhaps Australia’s first example of myco-tourism.

In early 2021, the Opening up our Reservoirs Taskforce allocated funds for the development of a new hike-in campground within Kersbrook Forest Reserve as part of the Southern Barossa Reservoirs project and ForestrySA led the design work.

Multiple forest management and visitor infrastructure upgrades were implemented across the Limestone Coast including:

- Visitor and safety signage at recreation caves and cave diving sites
- Redesign of Native Forest Reserve totem signs
- New car park, interpretive signs, picnic table, maps and walking trails at Dry Creek.

In the Mount Lofty Ranges, infrastructure initiatives included:

- New signage at information centres and popular visitor sites such as Ingalalla Falls, Fox Creek Bike Park, Kersbrook Bike Park, Bennett’s Reserve and Jack’s Paddock campground
- Installation of new picnic sites at Chookarloo Campground and The Avenues picnic area
- Repairs and upgrades to Thomas Hill House following the 2019 Cudlee Creek bushfire
- Upgrades to Mount Crawford Information Centre
- Repairs and upgrades to horseriding facilities including the Tinjella Hut and Jack’s Paddock horse yards, and the Rocky Creek and Knott’s Hill carparks.

# COMMUNITY FORESTRY CONTINUED

Strong emphasis was placed on providing up-to-date information and meaningful online engagement with forest users. The ForestrySA website and social media platforms were regularly updated to ensure current information was available and to enhance community education and awareness of commercial and community forestry. To enhance outreach, several engagements included community interaction and prizes.

“ForestrySA’s growing social media profile remains an important communication tool, providing meaningful engagement with forest visitors, and connection with fellow land managers, government, business and stakeholders.”

ForestrySA’s Facebook reach increased by 1,800% during the year, while an official Instagram account was launched in May 2021, where a following is quickly beginning to build.

A Fox Creek Bike Park-branded website, Facebook and Instagram accounts were also published in late 2020.

These sites provide an easy-to-access, reliable suite of information for thousands of mountain bikers and clubs eager to return to Fox Creek following its closure after the devastating Cudlee Creek Bushfire in December 2019. Regularly updated, it provides frequently requested detail on trail development and reopenings, forest operations and temporary closures, events, volunteer opportunities, grant funding and more.

ForestrySA’s positive relationship with South Australia’s film industry and support of the growth of this important sector was highlighted with the worldwide release of the American martial arts fantasy action feature *Mortal Kombat* in April 2021.

The picturesque Mount Crawford Forest Reserve was a key location for filming of the Warner Brothers production in late 2019, and ForestrySA staff involved in the production were invited to attend the premiere screening.

Following its release, fans flocked to the Rocky Paddock Campground to re-enact the first seven minutes of the movie filmed at that location.

Work continued to develop a draft Mount Lofty Ranges Recreation and Tourism Strategy to guide direction and investment in future years. Aligned to the Charter and Strategic Plan, ForestrySA continued to actively explore new partnerships to enhance environmentally sensitive nature-based tourism and recreation opportunities.

Licence agreements were established with commercial operators providing glamping, wellness tours, mountain bike tours, uplift and shuttle services.

In June 2021, after many months of planning and consultation, and with a highly favorable response, ForestrySA and TreeClimb announced plans for the development of an aerial adventure course at Kuitpo Forest, supported by funding from the Government’s Nature-based Tourism Co-investment Fund.

ForestrySA continued to work with volunteer groups to develop and maintain bike trail networks at Pewsey Vale, Mount Gawler and Kuitpo in the Mount Lofty Ranges and at Mount Burr and Cave Range Forests in the Limestone Coast. Gravity Enduro South Australia received a grant from Responsible Wood with matching sponsorship funding from ForestrySA to build exciting new bike trails at Bennett’s Forest Reserve.

With support from Ranger staff, the Willunga Basin Trail volunteers completed a new section of a 130km, five-day loop trail within Kuitpo Forest, and the multi-use 10km Onkeeta Trail was completed.

# COMMUNITY FORESTRY CONTINUED

During 2020-21, fire recovery continued at the Cudlee Creek Forest Reserve with a focus on removal of dangerous trees, creation of new fuel-reduced zones, repairing fire tracks and fencing, conservation management and weed control. The harvest of fire-affected plantations was completed in March 2021, and the popular Fox Creek Bike Park reopened shortly after on 11 April 2021, much to the delight of the local mountain bike fraternity.

In February 2021, the Government announced ForestrySA had received \$2.5 million via the Local Economic Recovery Program through the joint Commonwealth and State Disaster Recovery Funding Arrangements, to help rebuild the park.

Works soon began to redevelop Fox Creek Bike Park as a state hub and national destination, bringing much-needed social and economic benefit to the fire-affected community.

ForestrySA continued to strengthen its partnership with the District Council of Yankalilla to develop council's Track and Trails Strategic Action Plan, with a focus on recreational opportunities and infrastructure development within the Second Valley Forest Reserve.

During this period, two multi-use loop trails were planned for Second Valley Forest Reserve. In support, the District Council of Yankalilla Council commenced planning a new visitor carpark with horse float parking.

In 2020-21, the popular Ingalalla Falls picnic area was visited by more than 48,000 people - an increase of 41% on the previous year. Discussions continued with council regarding facility development at the site.

ForestrySA receives a broad range of event applications from community groups and commercial operators every year. In the 2020 season, with greater interest in events, partly driven by the lifting of restrictions during the COVID-19 pandemic, approximately 200 event applications were approved.

Demand for events in forest reserves increased quickly and considerably and by May 2021, ForestrySA had already received more than 200 event applications for the 2021 season.

This included the Forest Festival (Nature Play SA), the Bike SA Dirty Weekend, trail running and trekking events, movie filming, scout, school, TAFESA and university camps, trailbike events, the Adelaide Hills Car Rally, and the Pines Enduro in the Limestone Coast. As a result, event applications were closed for the remainder of the season to sustainably manage resources and forest capacity.

ForestrySA continued to support the State Emergency Service, CFS, South Australia Police and the military, providing access to the forests for driver, orienteering and rescue training.

In late 2020, in response to an unfortunate fire incident, ForestrySA offered the South Australian-based veteran's services charity, Heroes on the Homefront, a new home base at Bennett's Forest Reserve.

An old workshop was transformed to support veterans and emergency services personnel through activities such as woodworking. Planning also commenced to host the annual Walk for a Veteran with PTSD fundraising event at the site in 2021-22.

**48,000**

Visits to Ingalalla Falls Second Valley Forest

**200**

events on ForestrySA land

**\$2.5m**

funding to build back better at Fox Creek

# COMMUNITY FORESTRY CONTINUED

The popular FireKing firefighting platform was welcomed at the Lobethal Fire Expo in November 2020 where ForestrySA promoted fire safety and awareness, while in April 2021, ForestrySA staff were kept busy speaking with attendees at the Walking SA Hiking Expo.

Throughout this period, ForestrySA continued to support the transition to new management arrangements for the Mid North Forests, primarily through a caretaker agreement with the Bundaleer Forest Community Areas Association (BFCAA). Funding went towards new trail posts and signs, interpretative signage, a bore licence, and additional fire prevention works.

**For more detailed information about the many community activities and events held on ForestrySA land during 2020-21, download our Community Forest Management Annual Report from [www.forestrysa.com.au/publications](http://www.forestrysa.com.au/publications).**

Performance measures	2020-21	2019-20 <sup>1</sup>	2018-19
Forest visitors (estimated)	467,871	145,647	263,522
People covered by permits	77,178	25,020	59,934
Forest events	242 <sup>2</sup>	172	244
Ranger FTE delivered	8	5	6
Visitor enquiries	16,453	12,081 <sup>2</sup>	8,089
Groups actively engaged	28	26	26
Community engagement hours recorded (approximate volunteer hours)	12,410	9,777	9,625
Area of watercourse and wetland buffer zones	117.2ha	122ha	126.7ha

<sup>1</sup> Figures were lower in 2019-20 due to the 2019 bushfires affecting the Cudlee Creek Forest Reserve (and Fox Creek Bike Park) and restrictions due to the COVID-19 pandemic, resulting in cancellation of large forest festivals and camping and accommodation bookings.

<sup>2</sup> Includes registered community events only. Does not include general group activities which do not require submission of an event application.

# NATIVE FOREST MANAGEMENT

ForestrySA managed Native Forest Reserves across 16,500ha in the Mount Lofty Ranges and Limestone Coast during 2020-21.

During this period the control of feral animals and weeds remained a high priority. Noxious weed control was conducted in conservation and plantation areas in 83 locations over 10,000ha, with a focus on controlling weed intrusions in the Cudlee Creek fire recovery area, asparagus weeds of significance, and coastal wattle, feral pine and blackberry control within Native Forest Reserves in the Limestone Coast.

Cooperative multi-agency pest animal control programs achieved substantial outcomes around the Cudlee Creek Forest Reserve, continuing on from work in 2019-20 with the Department for Environment and Water and SA Water. Two operations removed 1,454 goats from the fire-recovering landscape. The success of this integrated program prompted a total grazing pressure forum in June 2021. The forum involved all public land managers and explored other coordinated pest animal control efforts in the Mount Lofty Ranges.

In the Limestone Coast, the focus was on monitoring feral deer populations in Penola and Wandilo Forests and fox control in the Mount Burr and Mount Gambier forests.

Threatened flora conservation had some exciting gains with a new population of a regionally endangered rare guinea flower (*Hibbertia hirsuta*) found in Bells Gully Forest Reserve at Kuitpo. Known from Tasmania, with some records from the 1800s for the Mount Lofty Ranges, the species was presumed extinct until 2014 when it was found on private land adjacent to Bells Gully.

ForestrySA continued its long history of supporting ecological research, with work carried out within a number of Native Forest Reserves throughout the year. This included a large survey across 13 forest reserves in the Mount Lofty Ranges, for the nationally vulnerable Bassian thrush (*Zoothera lunulata*), where it is estimated only 4,200 individuals remain. An annual monitoring program was also run by the University of South Australia to monitor permanent pitfall traps for small mammals and reptiles, at Bagdad Native Forest Reserve in the Limestone Coast.

ForestrySA's schools program continued to deliver positive biodiversity conservation outcomes in the Limestone Coast for specific initiatives such as the Red-tailed Black Cockatoo Recovery Program. ForestrySA also supported a project with La Trobe University and the Cave Diving Association Australia to research moonmilk in Snowflake Cave.

The schools program also led to attendance at educational days, with a Forest Ranger attending Millicent High School's Native Wells cultural site inspection and welcome, Glencoe Primary School's Lake Edward cultural and water field days, and revegetation activities with students of Glenburnie Primary School. This included educational and cultural activities with local Indigenous elders.

Community use of forest reserves remained high during 2020-21 with solid progress made in community engagement, partnerships, and programs such as the Friends of The Forest. Approximately 6,950 volunteer hours and significant recreation, conservation and heritage outcomes were delivered.

**16,500ha**

Native Forest Reserves  
in the Mount  
Lofty Ranges and  
Limestone Coast

**6,950**  
volunteer  
hours  
recorded

**Noxious weed  
control completed  
across  
10,000ha**

# SUPPORTING OUR COMMUNITIES

ForestrySA maintains an annual sponsorship program, supporting projects, programs and events which align with ForestrySA's recreation, conservation and sustainable forest management values and practices. Through targeted sponsorships, we support organisations and events which will enhance ForestrySA's brand awareness and increase community engagement, education, and recreational participation within forest reserves, delivering positive environmental, economic, and social outcomes for the people of South Australia.

Multiple requests are received for financial contributions toward a variety of causes both in the Mount Lofty Ranges and the Limestone Coast regions. Criteria were developed to ensure sponsorship allocations are distributed objectively, while also aligning to the applicable objectives of our Strategic Plan Pillars and Marketing and Promotion Strategy outcomes.

Recipients of sponsorship allocations must clearly identify and formally recognise and promote the level of assistance provided by ForestrySA in all publications, promotional materials, media releases and newsletters, as well as at program launches and/or the event itself (i.e., via speeches and placards).

ForestrySA provides in-kind contributions wherever possible and in circumstances where financial support is not deemed appropriate or is unavailable.

2020-21 Recipient	Event / cause
Christmas Party for Special Children 2020	Provide gifts to children with special needs. For over 10 years, ForestrySA has provided a small contribution to allow two children with special needs to attend an annual Christmas Party at the Adelaide Zoo
WalkingSA	Event Partner for Hiking Expo 2021
Nature Play SA	Event Partner for Forest Festival 2021, held at Rocky Creek Hut Kuitpo Forest
Sam Middleton (Local artist and conservationist)	Celebrating Red Gums – Eco-Arts Red Gum Trail contribution to community workshops
South Australian Volunteer Firefighters Museum, Naracoorte	Support ongoing maintenance and enhancement of the museum
Nangwarry Forestry Museum	Support volunteers who maintain the building and the exhibits
Tenison Woods College, Mount Gambier	Support the upgrade of the school nursery. Funds will go toward the purchase of materials (i.e. pots, soil, irrigation, hand tools, PPE) and excursions to native corridors within forest reserves in which students undertake revegetation works
Walk for a Veteran Inc.	Support the 2021 Walk for a Veteran with PTSD event held at Mount Crawford Forest, with all money raised going to four charities dedicated to psychosocial support services for veterans and emergency services personnel (i.e., firefighters)



# FINANCIAL REPORT



Our ref: A21/258

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27 September 2021

Ms J Roache  
Chair  
South Australian Forestry Corporation  
Private Mail Bag 2  
Meadows SA 5201

Dear Ms Roache

**Audit of South Australian Forestry Corporation  
for the year to 30 June 2021**

We have completed the audit of your accounts for the year ended 30 June 2021. Two key outcomes from the audit are the:

- 1 Independent Auditor's Report on your agency's financial report
- 2 audit management letter recommending you address identified weaknesses.

**1 Independent Auditor's Report**

We are returning the financial statements for South Australian Forestry Corporation, with the Independent Auditor's Report. This report is unmodified. The *Public Finance and Audit Act 1987* allows me to publish documents on the Auditor-General's Department website. The enclosed Independent Auditor's Report and accompanying financial statements will be published on that website on Tuesday, 12 October 2021.

**2 Audit management letter**

During the year, we sent you an audit management letter detailing the weaknesses we noted and improvements we considered you need to make.

Significant matters related to internal controls over the review of financial delegations in JD Edwards.

We have received responses to our letter and will follow these up in the 2021-22 audit.

### **What the audit covered**

Our audits meet statutory audit responsibilities under the *Public Finance and Audit Act 1987* and the Australian Auditing Standards.

Our audit covered the principal areas of the agency's financial operations and included test reviews of systems, processes, internal controls and financial transactions. Some notable areas were:

- sales of timber products
- expenditure resulting from the harvest and transport of timber products
- fixed assets
- forest assets
- payroll and other general expenditure
- general ledger.

I would like to thank the staff and management of your agency for their assistance during this year's audit.

Yours sincerely



Andrew Richardson  
**Auditor-General**

enc



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## To the Chair of the Board South Australian Forestry Corporation

### Opinion

I have audited the financial report of South Australian Forestry Corporation for the financial year ended 30 June 2021.

In my opinion, the accompanying financial report gives a true and fair view of the financial position of the South Australian Forestry Corporation as at 30 June 2021, its financial performance and its cash flows for the year then ended in accordance with relevant Treasurer's Instructions issued under the provisions of the *Public Finance and Audit Act 1987* and Australian Accounting Standards.

The financial report comprises:

- a Statement of Comprehensive Income for the year ended 30 June 2021
- a Statement of Financial Position as at 30 June 2021
- a Statement of Changes in Equity for the year ended 30 June 2021
- a Statement of Cash Flows for the year ended 30 June 2021
- notes, comprising significant accounting policies and other explanatory information
- a Certificate from the Chair and the Chief Executive.

### Basis for opinion

I conducted the audit in accordance with the *Public Finance and Audit Act 1987* and Australian Auditing Standards. My responsibilities under those standards are further described in the 'Auditor's responsibilities for the audit of the financial report' section of my report. I am independent of the South Australian Forestry Corporation. The *Public Finance and Audit Act 1987* establishes the independence of the Auditor-General. In conducting the audit, the relevant ethical requirements of APES 110 *Code of Ethics for Professional Accountants (including Independence Standards)* have been met.

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

## **Responsibilities of the Chief Executive and members of the Board for the financial report**

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

In preparing the financial report, the Chief Executive is responsible for assessing the entity's ability to continue as a going concern. The Chief Executive is also responsible for disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the assessment indicates that it is not appropriate.

The members of the Board are responsible for overseeing the entity's financial reporting process.

## **Auditor's responsibilities for the audit of the financial report**

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 financial report of the South Australian Forestry Corporation for the financial year ended 30 June 2021.

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

As part of an audit in accordance with Australian Auditing Standards, I exercise professional judgement and maintain professional scepticism throughout the audit. I also:

- identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control
- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the South Australian Forestry Corporation's internal control

- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Chief Executive
- conclude on the appropriateness of the Chief Executive's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the entity's ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify the opinion. My conclusion is based on the audit evidence obtained up to the date of the auditor's report. However, future events or conditions may cause an entity to cease to continue as a going concern
- evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.

My report refers only to the financial report described above and does not provide assurance over the integrity of electronic publication by the entity on any website nor does it provide an opinion on other information which may have been hyperlinked to/from the report.

I communicate with the Chief Executive and members of the Board about, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that I identify during the audit.



Andrew Richardson

**Auditor-General**

27 September 2021

**South Australian Forestry Corporation**

**Financial Statements  
for the year ended  
30 June 2021**

## South Australian Forestry Corporation

### Certification of the 2020/21 Financial Statements

We certify that the:

- financial statements of the South Australian Forestry Corporation (ForestrySA):
  - are in accordance with the accounts and records of ForestrySA;
  - comply with the relevant Treasurer's Instructions;
  - comply with relevant Australian accounting standards; and
  - present a true and fair view of the financial position of ForestrySA at the end of the financial year and the results of its operations and cash flows for the financial year.
- internal controls employed by ForestrySA for the financial year over its financial reporting and its preparation of financial statements have been effective.



Julian Speed  
CHIEF EXECUTIVE  
SOUTH AUSTRALIAN FORESTRY CORPORATION

 23 September 2021



June Roache  
CHAIR  
SOUTH AUSTRALIAN FORESTRY CORPORATION

 23 September 2021

South Australian Forestry Corporation  
Statement of Comprehensive Income  
For the year ended 30 June 2021

	Note	2021 \$'000	2020 \$'000
<b>Income</b>			
Sales - timber products	2.1	12,589	12,431
Revenues from SA Government	2.2	4,712	4,628
Interest	2.3	44	213
Net gain from the disposal of property, plant and equipment	2.4	-	5
Other income	2.5	1,267	1,296
<b>Total income</b>		<b>18,612</b>	<b>18,573</b>
<b>Expenses</b>			
Employee benefits	3.3	3,878	4,210
Contractors		8,616	9,332
Materials		498	418
Equipment and vehicle costs		360	490
Council rates		301	292
Depreciation and amortisation	4.1	1,303	1,243
Borrowing costs	4.2	20	23
Net loss from the disposal of property, plant and equipment	2.4	89	-
Other expenses	4.3	4,003	3,416
<b>Total expenses</b>		<b>19,068</b>	<b>19,424</b>
<b>Trading profit/(loss) before revaluation of non-current assets</b>		<b>(456)</b>	<b>(851)</b>
Net change in value of forest assets	5.5	1,764	9,145
<b>Profit/(loss) before income tax equivalent</b>		<b>1,308</b>	<b>8,294</b>
Income tax equivalent expense		-	-
<b>Profit/(loss) after income tax equivalent</b>		<b>1,308</b>	<b>8,294</b>
<b>Other Comprehensive Income</b>			
<b>Items that will not be reclassified to profit and loss</b>			
Changes in land revaluation surplus	5.2	(1,934)	6,665
Changes in property, plant and equipment asset revaluation surplus	5.2	49	-
<b>Total other comprehensive income</b>		<b>(1,885)</b>	<b>6,665</b>
<b>Total comprehensive result</b>		<b>(577)</b>	<b>14,959</b>

The accompanying notes form part of these financial statements. The net result and total comprehensive result are attributable to the SA Government as owner.

South Australian Forestry Corporation  
Statement of Financial Position  
As at 30 June 2021

	Note	2021 \$'000	2020 \$'000
<b>Current assets</b>			
Cash and cash equivalents	6.1	23,320	20,005
Receivables	6.2	5,317	4,607
Inventories	5.6	54	199
Forest assets	5.5	6,776	6,323
Assets classified as held for sale	5.7	7,629	7,073
<b>Total current assets</b>		<b>43,096</b>	<b>38,207</b>
<b>Non-current assets</b>			
Receivables	6.2	53,592	-
Forest assets	5.5	49,736	48,425
Property, plant and equipment	5.1	46,168	49,291
Intangible assets	5.4	28	93
<b>Total non-current assets</b>		<b>149,524</b>	<b>97,809</b>
<b>Total assets</b>		<b>192,620</b>	<b>136,016</b>
<b>Current liabilities</b>			
Payables	7.1	1,894	1,531
Financial liabilities	7.2	118	141
Contract liabilities	7.3	3,594	2,899
Employee benefits	3.4	436	493
Other provisions	7.4	217	108
Other liabilities	7.5	2,532	405
<b>Total current liabilities</b>		<b>8,791</b>	<b>5,577</b>
<b>Non-current liabilities</b>			
Payables	7.1	77	92
Financial liabilities	7.2	432	513
Contract liabilities	7.3	53,592	-
Employee benefits	3.4	503	601
Other provisions	7.4	1,049	393
Other liabilities	7.5	5,048	5,135
<b>Total non-current liabilities</b>		<b>60,701</b>	<b>6,734</b>
<b>Total liabilities</b>		<b>69,492</b>	<b>12,311</b>
<b>Net Assets</b>		<b>123,128</b>	<b>123,705</b>
<b>Equity</b>			
Retained earnings		26,661	27,117
Other reserves		96,467	96,588
<b>Total Equity</b>		<b>123,128</b>	<b>123,705</b>

The accompanying notes form part of these financial statements. The net result and total comprehensive result are attributable to the SA Government as owner.

South Australian Forestry Corporation  
Statement of Changes in Equity  
For the year ended 30 June 2021

	Note	Asset revaluation surplus \$'000	Forest assets reserve \$'000	Retained earnings \$'000	Total Equity \$'000
Balance at 1 July 2019		40,152	40,626	27,968	108,746
<b>Net result for 2019-20</b>					
Gain/loss on revaluation of land	5.2	6,665	-	-	6,665
Profit/(loss) for the period		-	-	8,294	8,294
<b>Total comprehensive result for 2019-20</b>		<b>6,665</b>	<b>-</b>	<b>8,294</b>	<b>14,959</b>
Transfer between equity components		-	9,145	(9,145)	-
<b>Balance at 30 June 2020</b>		<b>46,817</b>	<b>49,771</b>	<b>27,117</b>	<b>123,705</b>
<b>Net result for 2020-21</b>					
Gain/loss on revaluation of land	5.2	(1,934)	-	-	(1,934)
Gain/loss on revaluation of plant and equipment	5.2	49	-	-	49
Profit/(loss) for the period		-	-	1,308	1,308
<b>Total comprehensive result for 2020-21</b>		<b>(1,885)</b>	<b>-</b>	<b>1,308</b>	<b>(577)</b>
Transfer between equity components		-	1,764	(1,764)	-
<b>Balance at 30 June 2021</b>		<b>44,932</b>	<b>51,535</b>	<b>26,661</b>	<b>123,128</b>

The accompanying notes form part of these financial statements. The net result and total comprehensive result are attributable to the SA Government as owner.

South Australian Forestry Corporation  
Statement of Cash Flows  
For the year ended 30 June 2021

	Note	2021 \$'000	2020 \$'000
<b>Cash flows from operating activities</b>			
<i>Cash inflows</i>			
Receipts from customers		17,606	17,199
Receipts from SA Government		4,725	4,628
Interest received		48	193
GST recovered from the ATO		(666)	(527)
<b>Cash generated from operations</b>		<b>21,713</b>	<b>21,493</b>
<i>Cash outflows</i>			
Employee benefits payments		(4,033)	(4,204)
Payments for supplies and services		(13,503)	(15,029)
Interest paid		(20)	(23)
<b>Cash used in operations</b>		<b>(17,556)</b>	<b>(19,256)</b>
<b>Net cash provided by/(used in) operating activities</b>	8.2	<b>4,157</b>	<b>2,237</b>
<b>Cash flows from investing activities</b>			
<i>Cash inflows</i>			
Proceeds from the sale of property, plant and equipment		60	5
<b>Cash generated from investing activities</b>		<b>60</b>	<b>5</b>
<i>Cash outflows</i>			
Purchase of property, plant and equipment		(649)	(188)
Purchase of intangible assets		(109)	(93)
<b>Cash used in investing activities</b>		<b>(758)</b>	<b>(281)</b>
<b>Net cash provided by/(used in) investing activities</b>		<b>(698)</b>	<b>(276)</b>
<b>Cash flows from financing activities</b>			
<i>Cash outflows</i>			
Repayment of leases		(144)	(150)
<b>Cash used in financing activities</b>		<b>(144)</b>	<b>(150)</b>
<b>Net cash provided by/(used in) financing activities</b>		<b>(144)</b>	<b>(150)</b>
<b>Net increase/(decrease) in cash and cash equivalents</b>		<b>3,315</b>	<b>1,811</b>
<b>Cash and cash equivalents at the beginning of the period</b>		<b>20,005</b>	<b>18,194</b>
<b>Cash and cash equivalents at the end of the period</b>	8.2	<b>23,320</b>	<b>20,005</b>

The accompanying notes form part of these financial statements.

South Australian Forestry Corporation  
Notes to the Financial Statements  
For the year ended 30 June 2021

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## 1 About 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 state-owned plantation forests for commercial production in line with best practice standards for forestry operations and environmental management;
- Undertake directly, or with industry partners, and, where appropriate, commercialise forestry related research for the benefit of the Corporation and the State;
- Maximise the value of the Corporation whilst achieving other key requirements of government;
- Encourage and facilitate regionally based economic activities based on forestry and other industries;
- Support regional resource protection initiatives and programs;
- Support the concept of environmental sustainability which assists in the protection of natural assets and market accessibility; and
- Support cooperative research activities within the forestry industry.

### Green Triangle agency agreement

The South Australian Government retains obligations in the Green Triangle region as stipulated under the Operations Deed related to the South Australian Plantation Lease Agreement with OneFortyOne Plantations Pty Ltd (OFO). These include community forestry and fire protection activities performed by ForestrySA on behalf of government under a Memorandum of Administrative Arrangement for delivery of Community Service Obligations.

### 1.1 Basis of preparation

The financial statements are general purpose financial statements prepared in compliance with:

- section 23 of the *Public Finance and Audit Act 1987*;
- Treasurer's Instructions and Accounting Policy Statements issued by the Treasurer under the *Public Finance and Audit Act 1987*; and
- relevant Australian Accounting Standards.

For the purposes of preparing the financial statements, Forestry SA is a for-Profit entity. The financial statements are prepared based on a 12 month reporting period and presented in Australian currency. The historical cost convention is used unless a different measurement basis is specifically disclosed in the note associated with the item measured.

Income, expenses and assets are recognised net of the amount of GST except:

- when the GST incurred on a purchase of goods or services is not recoverable from the Australian Taxation Office, in which case the GST is recognised as part of the cost of acquisition of the asset or as part of the expense item applicable; and
- receivables and payables, which are stated with the amount of GST included.

Assets and liabilities that are to be sold, consumed or realised as part of the normal operating cycle 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 12 months and more than 12 months, ForestrySA has separately disclosed the amounts expected to be recovered or settled after more than 12 months.

South Australian Forestry Corporation  
Notes to the Financial Statements  
For the year ended 30 June 2021

1.2 Segment reporting

For management purposes ForestrySA is organised into two segments. The reportable segments are:

- Commercial: plantation operations etc, establishment activities and all overheads.
- Non-commercial: operations performed for the South Australian Government under ForestrySA's Charter.

Statement of Comprehensive Income by Operating Segment  
For the year ended 30 June 2021

	Commercial		Non-Commercial		Total	
	2021	2020	2021	2020	2021	2020
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
<b>Income</b>						
Sales - timber products	12,589	12,431	-	-	12,589	12,431
Revenues from SA Government	-	-	4,712	4,628	4,712	4,628
Interest	44	213	-	-	44	213
Other income	786	1,296	481	-	1,267	1,296
Net gain from the disposal of property, plant and equipment	-	5	-	-	-	5
<b>Total income</b>	<b>13,419</b>	<b>13,945</b>	<b>5,193</b>	<b>4,628</b>	<b>18,612</b>	<b>18,573</b>
<b>Expenses</b>						
Employee benefits	2,135	2,305	1,743	1,905	3,878	4,210
Contractors	7,359	8,104	1,257	1,228	8,616	9,332
Depreciation and amortisation	832	773	471	470	1,303	1,243
Materials	315	342	183	76	498	418
Equipment and vehicle costs	64	93	296	397	360	490
Council rates	301	292	-	-	301	292
Other expenses	2,170	2,401	1,833	1,015	4,003	3,416
Net loss from the disposal of property, plant and equipment	89	-	-	-	89	-
Borrowing costs	2	2	18	21	20	23
<b>Total expenses</b>	<b>13,267</b>	<b>14,312</b>	<b>5,801</b>	<b>5,112</b>	<b>19,068</b>	<b>19,424</b>
<b>Net result</b>	<b>152</b>	<b>(367)</b>	<b>(608)</b>	<b>(484)</b>	<b>(456)</b>	<b>(851)</b>
Net change in value of forest assets	1,764	9,145	-	-	1,764	9,145
<b>Net result before income tax equivalent</b>	<b>1,916</b>	<b>8,778</b>	<b>(608)</b>	<b>(484)</b>	<b>1,308</b>	<b>8,294</b>
Income tax equivalent expense	-	-	-	-	-	-
<b>Net result after income tax equivalent</b>	<b>1,916</b>	<b>8,778</b>	<b>(608)</b>	<b>(484)</b>	<b>1,308</b>	<b>8,294</b>
<b>Other Comprehensive Income</b>						
Items that will not be reclassified to net result						
Changes in land revaluation surplus	(1,934)	6,665	-	-	(1,934)	6,665
Changes in property, plant and equipment asset revaluation surplus	49	-	-	-	49	-
<b>Total other comprehensive income</b>	<b>(1,885)</b>	<b>6,665</b>	<b>-</b>	<b>-</b>	<b>(1,885)</b>	<b>6,665</b>
<b>Total comprehensive result</b>	<b>31</b>	<b>15,443</b>	<b>(608)</b>	<b>(484)</b>	<b>(577)</b>	<b>14,959</b>

### 1.3 Impact of COVID-19 pandemic

With market demand remaining positive, the COVID-19 pandemic has had little impact on the operations of ForestrySA despite minor interruptions to logistics and contractor availability.

### 1.4 Significant transactions with government related entities

Significant transactions with the SA Government are identifiable throughout this financial report.  
In addition:

- ForestrySA receives funding from the SA Government for the provision of certain non-commercial operations. These are the community service obligations (CSOs):
  1. Native forest management,
  2. Community use of forests,
  3. Forest industry development, and
  4. Community fire protection and forest industry support activities.
- Lease payments relate to vehicles supplied by Fleet SA.

## 2 Income

### 2.1 Revenues from sales - timber products

	2021 \$'000	2020 \$'000
Revenue from log sales	12,558	12,431
Revenue from other timber sales	31	-
<b>Total revenues from sales - timber products</b>	<b>12,589</b>	<b>12,431</b>

All revenue from the sales of goods and services is revenue recognised from contracts with customers.

AASB 15 Revenue from Contracts with Customers has had an impact on the financial statements since its adoption on 1 July 2018. This is because some Log Sales Agreements contain a clause which guarantees 85% of the value of the Contracted Annual Log Supply as income to ForestrySA, even if the customer does not achieve the agreed monthly purchase volumes. Under the definitions within AASB 15, guaranteed volumes of log sales classify as an 'unconditional right to consideration' and are recorded as a receivable (asset). An offsetting contract liability is also recognised. (Refer to Notes 6.2 and 7.3 respectively for these disclosures.) As the contract liability offsets the receivable, there is no net impact on equity.

<b>Contract balances</b>	<b>2021 \$'000</b>	<b>2020 \$'000</b>
Receivables from contracts with customers, included in Receivables (Note 6.2)		
Contract receivables	57,186	2,899
Contract liabilities	57,186	2,899

Income is recognised as performance obligations are met i.e. logs are delivered, or when ForestrySA realises its right to income for customers not achieving their required monthly log purchase.

ForestrySA has entered into new long-term log sale agreements with two customers commencing 1 July 2021.

South Australian Forestry Corporation  
Notes to the Financial Statements  
For the year ended 30 June 2021

2.2 Net revenues from SA Government

	2021 \$'000	2020 \$'000
<b>Revenues from SA Government</b>		
Community Service Obligation funding (1)	4,218	4,116
Government radio network funding	440	429
Deferred revenues from SA Government (1)	54	83
<b>Net revenues from SA Government</b>	<b>4,712</b>	<b>4,628</b>

(1) CSO funding used for capital expenditure is recognised in revenue over the life of the asset.

Revenues from SA Government comprise funding from the Department of Primary Industries and Regions for the operation of the Government radio network and provision of Community Service Obligation (CSO) activities, including community forestry, community fire protection and forestry industry research and development. This funding is recognised where there is reasonable assurance that the funding will be received and ForestrySA will comply with all attached conditions. There are no unfulfilled conditions or other contingencies attached to this funding.

2.3 Interest Revenue

	2021 \$'000	2020 \$'000
Interest received	44	213
<b>Total interest revenue</b>	<b>44</b>	<b>213</b>

2.4 Net gain/(loss) from the disposal of property, plant and equipment

	2021 \$'000	2020 \$'000
<b>Plant and equipment:</b>		
Proceeds from disposal	60	5
Less carrying amount of assets disposed	(149)	-
<b>Net gain/(loss) from disposal of plant and equipment</b>	<b>(89)</b>	<b>5</b>
<b>Total assets:</b>		
Total proceeds from disposal	60	5
Less total carrying amount of assets disposed	(149)	-
<b>Total net gain (loss) from disposal of assets</b>	<b>(89)</b>	<b>5</b>

2.5 Other income

	2021 \$'000	2020 \$'000
Leases and Licences	414	619
Other revenue from non SA Government entities	602	670
Grant funding	251	7
<b>Other income</b>	<b>1,267</b>	<b>1,296</b>

**Leases and Licences**

Income from licences for grazing or other activities on forest reserves, leases for commercial tenancies in the office building in Mt Gambier and Crown leases on land in the Mid North region.

**Other Revenue**

Other revenue includes income from recreational activities, weighbridge and recoupment of costs relating to the commercial lease of the office building.

**Grant Funding**

Grant funding includes income received from the Commonwealth Government National Bushfire Recovery Fund via the Local Economic Recovery Program for the redevelopment of the Fox Creek Bike Park. The funding is initially recorded as a liability until project expenditure has occurred at which time an offsetting amount is recorded as revenue.

3 Board, committees and employees

3.1 Key management personnel

Key management personnel of ForestrySA include the Minister for Primary Industries and Regional Development, Board, committee members, the Chief Executive and the members of the Leadership Team.

Total compensation for key management personnel was \$904,000 in 2020-21 and \$936,000 in 2019-20.

The compensation disclosed in this note excluded salaries and other benefits the Minister for Primary Industries and Regional Development receives. The Minister's remuneration and allowances are set by the *Parliamentary Remuneration Act 1990* and the Remuneration Tribunal of SA respectively and are payable from the Consolidated Account (via the Department of Treasury and Finance) under section 6 the *Parliamentary Remuneration Act 1990*.

	2021 \$'000	2020 \$'000
<b>Compensation</b>		
Salaries and other short term employee benefits	811	803
Post-employment benefits	76	74
Termination Benefits	17	59
<b>Total</b>	<b>904</b>	<b>936</b>

Transactions with key management personnel and other related parties

ForestrySA did not enter into any transactions with key management personnel or their close families during the financial year that were not consistent with the normal course of business.

3.2 Board and committee members

Members during the 2020-21 financial year were:

**Board**

J. Roache (Chair)  
T. Stollznow  
G. Pelton\*

**Audit and Risk Committee**

T. Stollznow (Chair)  
J. Roache  
G. Pelton\*

Board and committee remuneration	2021 \$'000	2020 \$'000
<b>The number of governing board members whose remuneration received or receivable falls within the following bands:</b>		
\$0 - \$19,999*	1	1
\$40,000 - \$59,999	2	2
<b>Total number of members</b>	<b>3</b>	<b>3</b>

\*In accordance with the Department of Premier and Cabinet Circular No. 016, government employees did not receive any remuneration for board/committee duties during the financial year.

The total remuneration received and receivable by those governing board members was \$98,000 (2020: \$98,000) which includes fringe benefits and superannuation contributions.

South Australian Forestry Corporation  
Notes to the Financial Statements  
For the year ended 30 June 2021

3.3 Employee benefits expenses

	2021 \$'000	2020 \$'000
Salaries and wages	2,993	3,166
Long service leave	74	57
Skills and experience retention leave	9	10
Annual leave	240	248
Employment on-costs - superannuation	313	558
Targeted Voluntary Separation Packages	85	-
Employment on-costs - other	164	171
<b>Total employee benefits expenses</b>	<b>3,878</b>	<b>4,210</b>

**Employment on-costs – superannuation**

The superannuation employment on-cost charge represents ForestrySA's contributions to superannuation plans in respect of current services of current employees.

**Executive remuneration**

	2021 No	2020 No
<b>The number of employees whose remuneration received or receivable falls within the following bands:</b>		
\$154,001 to \$174,000	1	2
\$254,001 to \$274,000	1	1
<b>Total number of employees</b>	<b>2</b>	<b>3</b>

The total remuneration received by executive employees for the year was \$0.418 million (2020: \$0.583 million).

The table includes all employees who received 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, salary sacrifice benefits and fringe benefits and any fringe benefits tax paid or payable in respect of those benefits.

**Targeted Voluntary Separation Packages (TVSPs)**

The number of employees who received or are entitled to receive TVSPs during the reporting period was 1 (2020: nil).

	2021 \$'000	2020 \$'000
Amount paid to separated employees:		
Targeted Voluntary Separation Packages	85	-
Leave paid to separated employees	25	-
<b>Net cost</b>	<b>110</b>	<b>-</b>

3.4 Employee benefits liability

	2021 \$'000	2020 \$'000
<b>Current</b>		
Accrued salaries and wages	115	114
Annual leave	199	234
Long service leave	113	133
Skills and experience retention leave	9	12
<b>Total current employee benefits</b>	<b>436</b>	<b>493</b>
<b>Non-current</b>		
Long service leave	503	601
<b>Total non-current employee benefits</b>	<b>503</b>	<b>601</b>
<b>Total employee benefits</b>	<b>939</b>	<b>1,094</b>

Employee benefits accrue as a result of services provided 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.

**Salaries and wages, annual leave, skills and experience retention leave (SERL) and sick leave**

The liability for salaries and wages is measured as the amount unpaid at the reporting date at remuneration rates current at the reporting date.

The annual leave liability and the SERL liability in full is expected to be payable within 12 months and is measured at the undiscounted amount expected to be paid.

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

**Long service leave**

The liability for long service leave is measured as 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. Details about the measurement of long service leave liability is provided at note 10.1.

**4 Expenses**

Employee benefits expenses are disclosed in note 3.3.

**4.1 Depreciation and amortisation**

	2021 \$'000	2020 \$'000
Buildings and structures	559	582
Plant and equipment	337	315
Right-of-use vehicles	151	160
Roads and land improvements	175	164
Intangible assets	81	22
<b>Total depreciation and amortisation</b>	<b>1,303</b>	<b>1,243</b>

All non-current assets, with a limited useful life, are systematically depreciated/amortised over their useful lives in a manner that reflects the consumption of their service potential.

**Useful life**

Depreciation and amortisation are calculated on a straight-line basis. Property, plant and equipment and intangible assets depreciation are calculated over the estimated useful life as follows:

Class of asset	Useful life (years)
Buildings and structures	25-60
Plant and equipment	3-25
Right-of-use plant and equipment	Lease term
Road and land improvements	10-25
Intangibles	1-3

**Review of accounting estimates**

Assets' residual values, useful lives and amortisation methods are reviewed and adjusted, if appropriate, on an annual basis. Changes in the expected 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. There were no changes during the year.

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4.2 Borrowing costs

	2021 \$'000	2020 \$'000
Interest expense on lease liabilities	20	23
<b>Total borrowing costs</b>	<b>20</b>	<b>23</b>

ForestrySA does not capitalise borrowing costs.

4.3 Other Expenses

	2021 \$'000	2020 \$'000
Consultants	61	23
Information and communications technology	846	691
Government Radio Network	440	429
Workers compensation	901	340
University of South Australia Research Agreement	500	500
Short term leases	-	7
Legal and professional fees	155	120
Utilities	126	149
Building and facility maintenance	235	252
Insurance	92	83
Sponsorship and membership fees	143	88
Employee expenses	110	115
External audit fees	70	71
Other	324	548
<b>Total other expenses</b>	<b>4,003</b>	<b>3,416</b>

**Consultants**

The number of consultancies and the dollar amount paid/payable (included in other expenses) to consultants that fell within the following bands:

	No	2021 \$'000	No	2020 \$'000
Below \$10,000	3	12	2	10
Above \$10,000	3	49	1	13
<b>Total</b>	<b>6</b>	<b>61</b>	<b>3</b>	<b>23</b>

Audit fees paid / payable to the Auditor-General's Department relating to work performed under the *Public Finance and Audit Act* were \$70,000 (2020: \$71,000). No other services were provided by the Auditor-General's Department.

4.4 Taxation

In accordance with Treasurer's Instruction 22, Tax Equivalent Payments are required to be paid by ForestrySA to the Treasurer if a profit is achieved. When applicable, income tax equivalent is calculated as 30% of profit before tax, adjusted for forest assets revaluation gains or losses and after deducting any approved forest operating costs which have been capitalised to the forest assets. Land revaluation increments included in Comprehensive Income are also excluded from tax calculations.

5 Non-financial assets

5.1 Property, plant and equipment by asset class

Property, plant and equipment comprises owned and right-to-use (leased) tangible assets that do not meet the definition of investment property.

	2021 \$'000	2020 \$'000
<b>Land and buildings</b>		
Land at fair value	36,343	39,201
Buildings at fair value	6,578	6,578
Accumulated depreciation at the end of the period	(1,622)	(1,063)
<b>Total land and buildings</b>	<b>41,299</b>	<b>44,716</b>
<b>Road and land improvements</b>		
Road and land improvements at fair value	4,162	3,883
Accumulated depreciation at the end of the period	(2,397)	(2,223)
<b>Total road and land improvements</b>	<b>1,765</b>	<b>1,660</b>
<b>Plant and equipment</b>		
Plant and equipment at fair value	3,610	3,469
Accumulated depreciation at the end of the period	(1,408)	(1,198)
<b>Total plant and equipment</b>	<b>2,202</b>	<b>2,271</b>
<b>Right-of-use plant and equipment</b>		
Right-of-use plant and equipment at cost	804	787
Accumulated depreciation at the end of the period	(271)	(143)
<b>Total right-of-use plant and equipment</b>	<b>533</b>	<b>644</b>
<b>Work in progress</b>		
Work in progress at cost	369	-
<b>Total work in progress</b>	<b>369</b>	<b>-</b>
<b>Total property, plant and equipment</b>	<b>46,168</b>	<b>49,291</b>

5.2 Property, Plant and equipment owned by Forestry SA

Property, plant and equipment owned by ForestrySA with a value equal to or in excess of \$10,000 is capitalised, otherwise it is expensed. Property, plant and equipment owned by ForestrySA is recorded at fair value. Detail about ForestrySA's approach to fair value is set out in note 10.2.

Plant and equipment includes \$315,000 of fully depreciated plant and equipment still in use.

**Impairment**

Property, plant and equipment owned by ForestrySA has not been assessed for impairment as they are non-cash generating assets, that are specialised in nature and held for continual use of their service capacity.

Revaluation of property, plant and equipment is undertaken on a regular cycle as detailed in Note 10.2. If at any time management considers that the carrying amount of an asset materially differs from its fair value, then the asset will be revalued regardless of when the last valuation took place.

**Reconciliation 2020-21**

	Land \$'000	Buildings and structures \$'000	Roads and land improvements \$'000	Plant and equipment \$'000	Work in progress \$'000	Total \$'000
Carrying amount at 1 July 2020	39,201	5,515	1,660	2,271	-	48,647
Additions / transfers	-	-	280	-	369	649
Disposals	-	-	-	(149)	-	(149)
Assets reclassified to/from assets held for sale	-	-	-	368	-	368
Revaluation increments	-	-	-	49	-	49
Revaluation decrements*	(2,858)	-	-	-	-	(2,858)
Depreciation charge for the year	-	(559)	(175)	(337)	-	(1,071)
<b>Carrying amount at 30 June 2021</b>	<b>36,343</b>	<b>4,956</b>	<b>1,765</b>	<b>2,202</b>	<b>369</b>	<b>45,635</b>

**Reconciliation 2019-20**

	Land \$'000	Buildings and structures \$'000	Roads and land improvements \$'000	Plant and equipment \$'000	Work in progress \$'000	Total \$'000
Carrying amount at 1 July 2019	33,388	6,055	1,715	2,533	-	43,691
Additions / transfers	-	43	107	38	-	188
Transfers between classes	-	(1)	2	(1)	-	-
Assets reclassified to/from assets held for sale	-	-	-	16	-	16
Revaluation increments*	5,813	-	-	-	-	5,813
Revaluation decrements	-	-	-	-	-	-
Impairment	-	-	-	-	-	-
Depreciation charge for the year	-	(582)	(164)	(315)	-	(1,061)
<b>Carrying amount at 30 June 2020</b>	<b>39,201</b>	<b>5,515</b>	<b>1,660</b>	<b>2,271</b>	<b>-</b>	<b>48,647</b>

**\*Reconciliation of changes in land revaluation surplus**

	2021 \$'000	2020 \$'000
Revaluation (decrement)/increment per Statement of Comprehensive Income	(1,934)	6,665
Made up of:		
Revaluation (decrement)/increment of land classified as property, plant and equipment	(2,858)	5,813
Revaluation increment of land classified as held for sale (note 5.7)	924	852
	(1,934)	6,665

**5.3 Property, plant and equipment leased by ForestrySA**

Property, plant and equipment leased by ForestrySA is recorded at cost. Additions to leased property, plant and equipment during 2020-21 were \$45,000 (2019-20: \$118,000).

Short-term leases of 12 months or less and low value leases where the underlying asset value is less than \$15,000 are not recognised as right-of-use assets. The associated lease payments are recognised as an expense and are disclosed in note 4.3.

ForestrySA has a limited number of leases:

- 22 motor vehicle leases with the South Australian Government Financing Authority (SAFA). Motor vehicle leases are non-cancelled, with rental payments monthly in arrears. Motor vehicle lease terms can range from 3 years (60,000km) up to 5 years (100,000km). No contingent rental provisions exist within the lease agreements and no options exist to renew the leases at the end of their term.

The lease liabilities related to the right-of-use assets are disclosed in note 7.2. ForestrySA's maturity analysis of its lease liabilities is disclosed in note 10.3. Expenses related to leases, including depreciation and interest expenses, are disclosed in note 4. Cash outflows related to leases are disclosed in note 8.2.

**Impairment**

Property, plant and equipment leased by ForestrySA has been assessed for impairment. There was no indication of impairment. No impairment loss or reversal of impairment loss was recognised.

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5.4 Intangible assets

	2021 \$'000	2020 \$'000
<b>Computer software</b>		
Purchased computer software	2,701	2,592
Accumulated amortisation	(2,673)	(2,592)
<b>Total computer software</b>	<u>28</u>	<u>-</u>
<b>Work in Progress</b>		
Additions	-	93
<b>Total work in progress</b>	<u>-</u>	<u>93</u>
<b>Total intangible assets</b>	<u>28</u>	<u>93</u>

Intangible assets are initially measured at cost and are tested for indications of impairment at each reporting date. Following initial recognition, intangible assets are carried at cost less accumulated amortisation and any accumulated impairment losses.

The acquisition of or internal development of software is capitalised only when the expenditure meets the definition and recognition criteria and when the amount of expenditure is greater than or equal to \$10,000.

*Reconciliation 2020-21*

	Total \$'000
Carrying amount at 1 July 2020	93
Additions	16
Amortisation charge for the year	(81)
<b>Carrying amount at 30 June 2021</b>	<u>28</u>

*Reconciliation 2019-20*

	Total \$'000
Carrying amount at 1 July 2019	22
Additions	93
Amortisation charge for the year	(22)
<b>Carrying amount at 30 June 2020</b>	<u>93</u>

5.5 Forest assets

Forest assets are recorded at fair value. Detail about ForestrySA's approach to fair value is set out in note 10.2.

	2021 \$'000	2020 \$'000
<b>Current</b>		
Current portion of forest assets valuation	6,776	6,323
<b>Total current forest assets</b>	<u>6,776</u>	<u>6,323</u>

	2021 \$'000	2020 \$'000
<b>Non-current</b>		
Non-current portion of forest assets valuation	49,736	48,425
<b>Total non-current forest assets</b>	<u>49,736</u>	<u>48,425</u>

*Reconciliation 2020-21*

	Total \$'000
Carrying amount at 1 July 2020	54,748
Other revaluation (impairment) recorded in statement of comprehensive income	1,764
<b>Carrying amount at 30 June 2021</b>	<u>56,512</u>

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<i>Reconciliation 2019-20</i>	Total \$'000
Carrying amount at 1 July 2019	45,603
Other revaluation (impairment) recorded in statement of comprehensive income	9,145
<b>Carrying amount at 30 June 2020</b>	<b>54,748</b>

ForestrySA recognises the multiple rotation forest valuation, being \$56,512,000 (2020: \$54,748,000). More information is provided at Note 10.2.

5.6 Inventories

	2021 \$'000	2020 \$'000
<b><u>Current – held for distribution at no or nominal amount</u></b>		
Materials at cost	13	20
<b>Total current inventories held for distribution at no or nominal amount</b>	<b>13</b>	<b>20</b>
<b><u>Current – held for sale</u></b>		
Materials at cost	41	179
<b>Total current other inventories – other than those held for distribution at no or nominal amount</b>	<b>41</b>	<b>179</b>
<b>Total inventories</b>	<b>54</b>	<b>199</b>

Inventories held for distribution at no or nominal consideration are measured at cost and adjusted when applicable for any loss of service potential. Inventories held for sale are measured at the lower of cost or their net realisable value.

Cost for all other inventory is measured based on the first-in, first-out method. Net realisable value is determined using the estimated sales proceeds less costs incurred in marketing, selling and distribution to customers.

5.7 Non-current assets classified as held for sale

	2021 \$'000	2020 \$'000
Land	7,327	6,403
Buildings	151	142
Property, plant and equipment	151	528
<b>Total non-current assets classified as held for sale</b>	<b>7,629</b>	<b>7,073</b>

Non-current assets are classified as held for sale and stated at the lower of their carrying amount or fair value less costs to sell if their carrying amount will be recovered principally through a sale transaction rather than through continuing use. This condition is regarded as met only when the sale is highly probable and the asset's sale is expected to be completed one year from the date of classification, except for events or circumstances beyond the entity's control where it is still committed to sell the asset.

Land held for sale relates to the divestment of commercial forest reserve in the Mid North Region in accordance with the Mid North Forests Future Strategy. Most of the parcels held for sale are currently under Crown Leases with individuals and businesses aiming to establish a range of commercial uses for the land at Wirrabara and Bundaleer.

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6 Financial assets

6.1 Cash and cash equivalents

	2021 \$'000	2020 \$'000
Cash	-	1
Deposits	5,538	4,253
Cash Management Fund	17,782	15,751
<b>Total cash and cash equivalents</b>	<b>23,320</b>	<b>20,005</b>

**Deposits and cash management fund**

Deposits include funds held with the Commonwealth Bank of Australia (CBA). These funds are used for operational purposes 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.

6.2 Receivables

	2021 \$'000	2020 \$'000
<b>Current</b>		
Trade receivables - SA Gov	2	15
Trade receivables - Non SA Gov	1,407	1,848
Contract receivables - guaranteed log volume sales	3,594	2,899
Less impairment loss on receivables	(15)	(218)
Accrued revenue	111	5
Prepayments	218	58
<b>Total current receivables</b>	<b>5,317</b>	<b>4,607</b>
	<b>2021 \$'000</b>	<b>2020 \$'000</b>
<b>Non-current</b>		
Contract receivables non current- guaranteed log volume sales	53,592	-
<b>Total non-current receivables</b>	<b>53,592</b>	<b>-</b>

Trade receivables arise in the normal course of selling goods and services to other government agencies and to the public. Trade receivables are normally settled within 30 days after the issue of an invoice or the goods/services have been provided under a contractual arrangement.

Under the definitions within AASB 15, guaranteed volumes of log sales classify as an 'unconditional right to consideration' and are recorded as a receivable (asset). An offsetting contract liability is also recognised (refer to note 7.3).

Other than as recognised in the allowance for impairment loss on receivables, it is anticipated that counterparties will discharge their obligations. The carrying amount of receivables approximates net fair value due to being receivable on demand. There is no concentration of credit risk.

Refer to note 10.3 for further information on risk management.

Statutory receivables do not arise from contracts with customers. They are recognised and measured similarly to contractual receivables (except impairment) but are not classified as financial instruments for disclosure purposes.

Receivables, prepayments and accrued revenues are non-interest bearing. Receivables are held with the objective of collecting the contractual cash flows and they are measured at amortised cost.

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<i>Allowance for impairment loss on receivables</i>	2021	2020
	\$'000	\$'000
Carrying amount at the beginning of the period	218	30
Increase / (Decrease) in allowance recognised in profit or loss	(203)	188
<b>Carrying amount at the end of the period</b>	<b>15</b>	<b>218</b>

All the above impairment losses are from receivables arising from contracts with customers and licences with licensees.

Refer to note 10.3 for details regarding credit risk and the methodology for determining impairment.

**7 Liabilities**

Employee benefits liabilities are disclosed in note 3.4.

**7.1 Payables**

	2021	2020
	\$'000	\$'000
<b>Current</b>		
Trade payables	944	1,237
Accrued expenses	621	90
<b>Statutory payables</b>		
GST payable	280	146
Employment on-costs	49	58
<b>Total current payables</b>	<b>1,894</b>	<b>1,531</b>
<b>Non-current</b>		
<b>Statutory payables</b>		
Employment on-costs	77	92
<b>Total non-current payables</b>	<b>77</b>	<b>92</b>
<b>Total payables</b>	<b>1,971</b>	<b>1,623</b>

Payables and accruals are raised for all amounts owing but unpaid. Sundry payables are normally settled within 30 days from the date the invoices is first received. All payables are non-interest bearing. The carrying amount of payables represents fair value due to their short-term nature.

Statutory payables do not arise from contracts.

The net amount of GST recoverable from the ATO is included as part of receivables. However, if a net GST payable arises then this amount would be disclosed in this Payables note.

**Employment on-costs**

Employment on-costs include payroll tax, Return to Work SA levies and superannuation contributions and are settled when the respective employee benefit that they relate to is discharged.

ForestrySA contributes to several State Government and externally managed superannuation schemes. These contributions are treated as an expense when they occur. There are no liabilities for payments to beneficiaries as they have been assumed by the respective superannuation schemes. The only liability outstanding at reporting date relates to any contributions due but not yet paid to the South Australian Superannuation Board.

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As a result of an actuarial assessment performed by the Department of Treasury and Finance, the proportion of long service leave taken as leave is 42% (2020: 42%). The average factor for the calculation of employer superannuation on-costs has increased to 10.1% (2020: 9.8%). These rates are used in the employment on-cost calculation. The net financial effect of the changes in the current financial year is immaterial.

7.2 Financial liabilities

	Note	2021 \$'000	2020 \$'000
<b>Current</b>			
Lease liabilities	5.3	118	141
<b>Total current financial liabilities</b>		<b>118</b>	<b>141</b>
<b>Non-current</b>			
Lease liabilities	5.3	432	513
<b>Total non-current financial liabilities</b>		<b>432</b>	<b>513</b>
<b>Total financial liabilities</b>		<b>550</b>	<b>654</b>

ForestrySA measures financial liabilities at amortised cost.

All lease liabilities relate to right-of-use vehicle assets.

7.3 Contract liabilities

	2021 \$'000	2020 \$'000
<b>Current</b>		
Contract liability	3,594	2,899
<b>Total current contract liabilities</b>	<b>3,594</b>	<b>2,899</b>
<b>Non-current</b>		
Contract liability	53,592	-
<b>Total non-current contract liabilities</b>	<b>53,592</b>	<b>-</b>
<b>Total contract liabilities</b>	<b>57,186</b>	<b>2,899</b>

Under the definitions within AASB 15, guaranteed volumes of log sales classify as an 'unconditional right to consideration'. A contract liability has been recognised to reflect ForestrySA's obligation to meet the terms of the log sale contracts. An offsetting receivable is also recognised (refer to note 6.2).

7.4 Other provisions

	2021 \$'000	2020 \$'000
<b>Current</b>		
Provision for workers compensation	217	108
<b>Total current provisions</b>	<b>217</b>	<b>108</b>
<b>Non-current</b>		
Provision for workers compensation	1,049	393
<b>Total non-current provisions</b>	<b>1,049</b>	<b>393</b>
<b>Total provisions</b>	<b>1,266</b>	<b>501</b>

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<i>Movement in provisions</i>	2021 \$'000
Carrying amount at the beginning of the period	501
Additional provisions recognised	765
<b>Carrying amount at the end of the period</b>	<b>1,266</b>

A provision has been reported to reflect unsettled workers compensation claims. The workers compensation provision is based on actuarial assessment of the outstanding liability as at 30 June 2021 provided by a consulting actuary engaged through the Office of the Commissioner for Public Sector Employment. The provision is for the estimated cost of ongoing payments to employees as required under current legislation. The movement in the provision has been recorded as an expense and is disclosed in Note 4.3.

ForestrySA is responsible for payment of workers compensation claims.

7.5 Other liabilities

	2021 \$'000	2020 \$'000
<b>Current</b>		
Unearned revenue	2,532	405
<b>Total current other liabilities</b>	<b>2,532</b>	<b>405</b>
<b>Non-current</b>		
Unearned revenue	5,048	5,135
<b>Total non-current other liabilities</b>	<b>5,048</b>	<b>5,135</b>
<b>Total other liabilities</b>	<b>7,580</b>	<b>5,540</b>

ForestrySA has leases and licences for which payment has been received in advance, \$4,341,000 of which relates to Crown Leases over land in the Mid North of South Australia (2020: \$4,386,000).

Forestry SA received grant funding of \$2,500,000 from the Commonwealth Government National Bushfire Recovery Fund via the Local Economic Recovery Program for the redevelopment of the Fox Creek Bike Park. The funding is initially recorded as a liability until project expenditure has occurred at which time an offsetting amount is recorded as revenue. As at 30 June 2021 ForestrySA has recorded \$223,000 of income related to this funding. Grant funding is disclosed in Note 2.5.

<i>Movement in deferred income</i>	2021 \$'000	2020 \$'000
Carrying amount at the beginning of the period	5,540	5,731
Received during the year	3,138	525
Recognised as income in the Statement of Comprehensive Income	(1,098)	(716)
<b>Carrying amount at the end of the period</b>	<b>7,580</b>	<b>5,540</b>

8 Other disclosures

8.1 Equity

The asset revaluation surplus is used to record increments and decrements in the fair value of property and plant and equipment to the extent that they offset one another. Relevant amounts are transferred to retained earnings when an asset is derecognised.

The forest assets reserve is used to record increments and decrements in the fair value of forest assets to the extent that they offset one another.

## 8.2 Cash flow

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

Leases	2021 \$'000	2020 \$'000
Plant and equipment - right-of-use vehicles	228	232
<b>Total cash outflow for leases</b>	<b>228</b>	<b>232</b>
<b>Cash flow reconciliation</b>	<b>2021 \$'000</b>	<b>2020 \$'000</b>
<b>Reconciliation of cash and cash equivalents at the end of the reporting period</b>		
Cash and cash equivalents disclosed in the Statement of Financial Position	23,320	20,005
<b>Balance as per the Statement of Cash Flows</b>	<b>23,320</b>	<b>20,005</b>
<b>Reconciliation of net cash provided by operating activities to net result</b>		
Net cash provided by/(used in) operating activities	4,157	2,237
<b>Add/less non-cash items</b>		
Depreciation and amortisation expense of non-current assets	(1,303)	(1,243)
Reclassified work in progress	(93)	-
(Gain)/loss on sale or disposal of non-current assets	(89)	5
(Gain)/loss on revaluation of forest assets	1,764	9,145
(Gain)/loss on revaluation of other non-current assets	-	-
<b>Movement in assets and liabilities</b>		
Increase/(decrease) in receivables	54,302	(4,717)
Increase/(decrease) in inventories	(145)	39
(Increase)/decrease in payables	(348)	(20)
(Increase)/decrease in employee benefits	155	(6)
(Increase)/decrease in provisions	(765)	(235)
(Increase)/decrease in contract liabilities	(54,287)	2,899
(Increase)/decrease in other liabilities	(2,040)	190
<b>Net result</b>	<b>1,308</b>	<b>8,294</b>

## 9 Outlook

### 9.1 Unrecognised commitments

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

Capital commitments	2021 \$'000	2020 \$'000
Within one year	1,707	-
Later than one year but not longer than five years	200	-
<b>Total capital commitments</b>	<b>1,907</b>	<b>-</b>

Forestry SA's capital commitments are for the refurbishment of four fire trucks and for the redevelopment of the Fox Creek Bike Creek including reinstating the trail network, building works on restrooms, shelters, road surfacing and fencing.

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Expenditure commitments	2021 \$'000	2020 \$'000
Within one year	6,189	5,819
Later than one year but not longer than five years	417	5,240
<b>Total expenditure commitments</b>	<b>6,606</b>	<b>11,059</b>

ForestrySA's contracting commitment include agreements for the harvesting and transport of log and associated logistics. The calculations, based on assumptions about variables that impact the future dollar outcome of the commitments to ForestrySA, are indicative amounts.

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

Lease receivable commitments	2021 \$'000	2020 \$'000
<b><u>Commitments in relation to leases contracted for at the reporting date but not recognised as receivables are as follows:</u></b>		
Within one year	246	294
Later than one year but not longer than five years	570	1,013
Later than five years	-	61
<b>Total lease receivable commitments</b>	<b>816</b>	<b>1,368</b>

Lease receivable commitments relate to the office building located in Mt Gambier where two tenants lease office space from ForestrySA.

## 9.2 Contingent assets and liabilities

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

ForestrySA has contingent assets in the form of bank guarantees issued by various banks for ForestrySA customers.

ForestrySA and the SA Superannuation Board entered 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*.

In April 2017, ForestrySA was notified by the SA Superannuation Board of a \$2 million actuarially assessed funding deficit as at 30 June 2016 relating to defined benefit members employed by ForestrySA as at 1 July 2014. The funding deficit was expected to be funded over the next 10 to 12 years by making additional contributions to the fund. Results of an actuarial review conducted as at 30 June 2019 and provided to ForestrySA in October 2020 indicated a \$4,000 deficit. It was recommended that no additional contributions were made. Consequently ForestrySA made no further payments in the current financial year related to the benefit funding deficit (2020: \$249,000). On 30 June 2021 the SA Superannuation Board resolved to close the Forestry SA employer account on the basis that there was only one contributing defined benefit member remaining who will be transferred to the SSS Scheme and ForestrySA's funding deficit was close to nil. Super SA has since notified ForestrySA that they will be paying an amount equal to the last four payments made to Super SA after 30 June 2019. The estimated amount to be received by ForestrySA is \$200,000 however Super SA is yet to calculate the final amount to be paid.

## 9.3 Impact of standards not yet effective

ForestrySA has assessed the impact of new and changed Australian Accounting Standards Board Standards and Interpretations not yet effective and has assessed there will be no impact on ForestrySA.

**9.4 COVID-19 pandemic outlook**

The COVID-19 pandemic may impact the operations of ForestrySA in 2021-22. The key expected impacts are:

- The availability of contractors to perform various activities.
- Potential impacts on the log market.

**9.5 Events after the reporting period**

There were no events after the reporting period that required adjustments.

**10 Measurement and risk**

**10.1 Long service leave liability - measurement**

AASB 119 *Employee Benefits* 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 and is based on actuarial assumptions on 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.

AASB 119 *Employee Benefits* 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 increased from 2020 (0.75%) to 2021 (1.25%).

This increase in the bond yield, which is used as the rate to discount future long service leave cash flow, results in a decrease in the reported long service leave liability.

The net financial effect of the changes to actuarial assumptions in the current financial year is a decrease in the long service leave liability of \$65,000 and employee benefits expense of \$65,000. The impact on future periods is impracticable to estimate as the long service leave liability is calculated using several demographical and financial assumptions – including the long-term discount rate.

The actuarial assessment performed by the Department of Treasury and Finance maintained the salary inflation rate at 2.5% for long service leave liability. As a result, there is no net financial effect resulting from changes in the salary inflation rate.

Current long service leave reflects the portion of leave expected to be settled within the next 12 months, based on previous experience.

**10.2 Fair value**

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.

**Initial recognition**

Non-current tangible assets are initially recorded at cost or at the value of any liabilities assumed, plus any incidental cost involved with the acquisition.

Where assets are acquired at no value, or minimal value, they are recorded at fair value in the Statement of Financial Position. However, if the assets are acquired at no or nominal value as part of a restructure of administrative arrangements, then the assets are recognised at book value (i.e. the amount recorded by the transferor public authority immediately prior to the restructure).

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**Revaluation**

Property, plant and equipment are subsequently measured at fair value after allowing for accumulated depreciation.

The revaluation process is reviewed by the Chief Finance Officer and Audit and Risk Committee as required.

Non-current tangible assets are valued at fair value and revaluation of non-current assets or a group of assets is only performed when fair value at the time of acquisition is greater than \$1.5 million and estimated useful life is greater than three years.

Revaluation is undertaken on a regular cycle as detailed below. If at any time management considers that the carrying amount of an asset materially differs from its fair value, then the asset will be revalued regardless of when the last valuation took place.

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.

**Fair value hierarchy**

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.

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

During 2021 and 2020, ForestrySA had no valuations categorised into level 1; there were no transfers of assets between level 1 and 2 fair value hierarchy levels and there were no changes in valuation technique.

**Fair value classification – non-financial assets at 30 June 2021**

	Note	Level 2 \$'000	Level 3 \$'000	Total \$'000
<b>Recurring fair value measurements</b>				
Forest assets	5.5	-	56,512	56,512
Land	5.1	36,343	-	36,343
Buildings and structures	5.1	-	4,956	4,956
Roads and land improvements	5.1	-	1,765	1,765
Plant and equipment	5.1	-	2,202	2,202
<b>Total recurring fair value measurements</b>		<b>36,343</b>	<b>65,435</b>	<b>101,778</b>
<b>Non-recurring fair value measurements</b>				
Assets held for sale	5.7	-	7,629	7,629
<b>Total non-recurring fair value measurements</b>		<b>-</b>	<b>7,629</b>	<b>7,629</b>
<b>Total</b>		<b>36,343</b>	<b>73,064</b>	<b>109,407</b>

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*Fair value classification – non-financial assets at 30 June 2020*

	Note	Level 2 \$'000	Level 3 \$'000	Total \$'000
<b>Recurring fair value measurements</b>				
Forest assets	5.5	-	54,748	54,748
Land	5.1	39,201	-	39,201
Buildings and structures	5.1	-	5,515	5,515
Roads and land improvements	5.1	-	1,660	1,660
Plant and equipment	5.1	-	2,271	2,271
<b>Total recurring fair value measurements</b>		<b>39,201</b>	<b>64,194</b>	<b>103,395</b>
<b>Non-recurring fair value measurements</b>				
Assets held for sale	5.7	-	7,073	7,073
<b>Total non-recurring fair value measurements</b>		<b>-</b>	<b>7,073</b>	<b>7,073</b>
<b>Total</b>		<b>39,201</b>	<b>71,267</b>	<b>110,468</b>

**Forest assets**

ForestrySA engaged Indufor to establish the valuation for its plantation estate in the Mt Lofty Ranges as at 30 June 2021.

Indufor considered the "income" and "comparable sales" methods in deriving the fair value for the forest plantation assets and used an appropriate weighting of these two valuation methods with the latter recognising Implied Discount Rates demonstrated by wider evidence. Through this device, both approaches to valuation involve a Discounted Cash Flow methodology which is based on the same set of projected cashflows. The discount rate applied to the projected cash flows was 7.5% (2020:7.0%). The cash flows are those for multiple rotations extending across a 60-year period.

This value opinion is considered to be compliant with Australian Accounting Standards Board (AASB) 141 Agriculture and International Accounting Standards (IAS) 41 Agriculture, AASB 13 and International Financial Reporting Standards (IFRS) 13 Fair Value Measurement and Uniform Standards of Professional Appraisal Practice 2018-19 (USPAP) market value. This value assumes that the asset will have received full exposure to the market over a period of one year.

The valuation assumes that the commercial plantation land has no value because it is not freehold land and cannot be traded in an open and competitive market. It is reserved by the state in perpetuity for production forestry or public reserve as Crown land, thereby negating any fair market value. No notional land rental has been applied.

The difference between the fair value of Forest Assets held at the reporting date and the fair value at the previous reporting date is recognised in the Statement of Comprehensive Income as the net change in the value of Forest Assets. All forest expenditure is recognised as an expense in the year it is incurred. The change in value is also disclosed in note 5.5.

The net change in the value of Forest Assets is accounted for in the Forest Assets reserve.

**Sensitivity analysis for forest assets**

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	37.616	47.064	56.512	65.96	75.409
Production Costs	63.132	59.822	56.512	53.202	49.892
Transport Costs	60.041	58.277	56.512	54.748	52.983
Operational Expenditure	57.723	57.117	56.512	55.907	55.302
SG&A Expenditure	58.398	57.455	56.512	55.569	54.626
Discount Rate	7.00%	7.25%	7.50%	7.75%	8.00%
	60.957	58.655	56.512	54.514	52.646

#### Land

An independent valuation of land owned by ForestrySA was performed by a Certified Practising Valuer from the State Valuation Office, as at 30 June 2021.

Fair value of land has been determined using the market approach. Relevant general and economic factors were considered in arriving at a value opinion, including investigation of recent sales of comparable properties. Discounts by region were applied to reflect restrictions on potential highest and best use imposed by legislation on land operated by ForestrySA. The discount rates used this year are Mount Lofty Ranges 60% (2020: 60%), Green Triangle 45% (2020: 45%) and Mid North 55% (2020: 55%).

#### Buildings and structures

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 2019.

#### Plant and equipment

All items of plant and equipment owned by ForestrySA had a fair value at the time of acquisition less than \$1.5 million or had an estimated useful life less than three years. Plant and equipment has not been revalued in accordance with APS 116.D, with the exception of seven items which were internally valued by ForestrySA. A revaluation increment of \$48,000 was recorded in the Statement of Comprehensive Income. The carrying value of the remaining items of plant and equipment are deemed to approximate fair value.

#### Reconciliation of level 3 recurring fair value measurements as at 30 June 2021

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

	Forest assets	Buildings and structures	Roads and land improvements	Plant and equipment
	\$'000	\$'000	\$'000	\$'000
Opening balance at the beginning of the period	54,748	5,515	1,660	2,271
Acquisitions	-	-	280	-
Disposals	-	-	-	(149)
Assets reclassified to or out of assets held for sale	-	-	-	368
<b>Gains/(Losses) for the period recognised in net result:</b>				
Revaluation increment / (decrement)	1,764	-	-	-
Depreciation	-	(559)	(175)	(337)
<b>Total gains/(losses) recognised in net result</b>	<b>1,764</b>	<b>(559)</b>	<b>105</b>	<b>(118)</b>
<b>Carrying amount at the end of the period</b>	<b>56,512</b>	<b>4,956</b>	<b>1,765</b>	<b>2,153</b>
Revaluation increments/(decrements)	-	-	-	49
<b>Total gains/(losses) recognised in OCI</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>49</b>
<b>Carrying amount at the end of the period</b>	<b>56,512</b>	<b>4,956</b>	<b>1,765</b>	<b>2,202</b>

**Reconciliation of level 3 recurring fair value measurements as at 30 June 2020**

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

	Forest assets \$'000	Buildings and structures \$'000	Roads and land improvements \$'000	Plant and equipment \$'000
Opening balance at the beginning of the period	45,603	6,055	1,715	2,533
Acquisitions	-	43	107	38
Assets reclassified to or out of assets held for sale	-	-	-	16
Transfers within asset classes	-	(1)	2	(1)
<b>Gains/(Losses) for the period recognised in net result:</b>				
Revaluation increment / (decrement)	9,145	-	-	-
Depreciation	-	(582)	(164)	(315)
<b>Total gains/(losses) recognised in net result</b>	<b>9,145</b>	<b>(540)</b>	<b>(55)</b>	<b>(262)</b>
<b>Carrying amount at the end of the period</b>	<b>54,748</b>	<b>5,515</b>	<b>1,660</b>	<b>2,271</b>
Revaluation increments/(decrements)	-	-	-	-
<b>Total gains/(losses) recognised in OCI</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Carrying amount at the end of the period</b>	<b>54,748</b>	<b>5,515</b>	<b>1,660</b>	<b>2,271</b>

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

### 10.3 Financial instruments

#### Financial risk management

Risk management is overseen by the Audit and Risk Committee. ForestrySA's 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.

Forestry SA's exposure to financial risk (liquidity risk, credit risk, and market risk) is low due to the nature of the financial instruments held.

#### Liquidity risk

ForestrySA maintains a strong working capital position so current liquidity risk is low.

#### Credit risk

ForestrySA has policies and procedures in place to ensure that transactions occur with customers with appropriate credit history.

Bank guarantees or cash deposits are obtained for specific customers.

#### Impairment of financial assets

Loss allowances for receivables are measured at an amount equal to lifetime expected credit loss (ECL) using the simplified approach in AASB 9. ForestrySA uses an allowance matrix to measure the expected credit loss of receivables from non-government debtors which comprise a small number of large balances and a few small balances.

To measure the expected credit losses, receivables are grouped based on shared risk characteristics and the days past due. When estimating expected credit loss, ForestrySA considers reasonable and supportable information that is relevant and available without undue cost of effort. This includes both quantitative and qualitative information and analysis, based on ForestrySA's historical experience and informed credit assessment, including forward-looking information.

The maximum period considered when estimating expected credit losses is the maximum contractual period over which ForestrySA is exposed to credit risk.

The expected credit loss of government debtors is nil based on the external credit ratings and nature of the counterparties.

Loss rates are calculated based on the probability of a receivable progressing through stages to write off based on the common risk characteristics of the transaction and debtor.

The following table provides information about the exposure to credit risk and ECL for non-government debtors.

	Debtor unsecured carrying amount \$'000	Loss %	Lifetime expected losses \$'000
Current (non past due)	432	2.79%	11
1-30 days past due	39	5.00%	2
31-60 days past due	1	99.97%	1
61-90 days past due	1	100.00%	1
90+ days past due	0	0.00%	-
<b>Loss allowance</b>			<b>15</b>

Loss rates are based on actual history of credit loss. These rates have been adjusted to reflect difference between previous economic conditions, current conditions and ForestrySA's view of the forecast economic conditions over the expected life of the receivables.

Impairment losses are presented as net impairment losses within net result; subsequent recoveries of amounts previously written off are credited against the same line item.

Receivables are written off when there is no reasonable expectation of recovery.

ForestrySA considers that its cash and cash equivalents have low credit risk due to financial security held for customers with material contracts.

The allowance was recognised when there was objective evidence that a receivable was impaired. The allowance for impairment was recognised in other expenses for specific debtors and debtors assessed on a collective basis for which such evidence existed.

No impairment losses were recognised in relation to contract receivables during the year.

#### Market risk

ForestrySA does not trade in foreign currency, nor enter transactions for speculative purposes, nor for hedging. ForestrySA does not undertake any hedging in relation to interest or foreign currency risk.

Exposure to interest rate risk related to interest bearing liabilities or borrowings is minimal and only related to right-of-use vehicle assets managed through the South Australian Government Financing Authority (SAFA).

Some forest product sales are made to customers with exposure to international market risks including foreign currencies, hence ForestrySA maintains a level of market risk related to its core business of forest product sales.

There have been no changes in risk exposure since the last reporting period.

#### Categorisation of financial instruments

Details of the significant accounting policies and methods adopted including the criteria for recognition, the basis of measurement, and the basis on which income and expenses are recognised with respect to each class of financial asset, financial liability and equity instrument are disclosed in the respective financial asset note and financial liability note per below.

#### Classification of financial instruments

ForestrySA measures all financial instruments at amortised cost.

Category of financial asset and financial liability	Note	2021 Carrying amount / Fair value (\$'000)	Contractual maturities *		
			Within 1 year (\$'000)	1-5 years (\$'000)	More than 5 years (\$'000)
<b>Financial assets</b>					
<b>Cash and cash equivalents</b>					
Cash and cash equivalents	6.1	23,320	n/a	n/a	n/a
<b>Financial assets at amortised cost</b>					
Receivables **	6.2	58,691	5,100	28,590	25,001
<b>Total financial assets</b>		<b>82,011</b>	<b>5,100</b>	<b>28,590</b>	<b>25,001</b>
<b>Financial liabilities</b>					
<b>Financial liabilities at amortised cost</b>					
Payables **	7.1	1,565	1,565	-	-
Lease liabilities	7.2	550	118	349	83
Other financial liabilities	7.3	57,186	3,595	28,590	25,001
<b>Total financial liabilities</b>		<b>59,301</b>	<b>5,278</b>	<b>28,939</b>	<b>25,084</b>

Category of financial asset and financial liability	Note	2020 Carrying amount / Fair value (\$'000)	2020 Contractual maturities *		
			Within 1 year (\$'000)	1-5 years (\$'000)	More than 5 years (\$'000)
<b>Financial assets</b>					
<b>Cash and cash equivalents</b>					
Cash and cash equivalents	6.1	20,005	n/a	n/a	n/a
<b>Financial assets at amortised cost</b>					
Receivables **	6.2	4,549	n/a	n/a	n/a
<b>Total financial assets</b>		<b>24,554</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Financial liabilities</b>					
<b>Financial liabilities at amortised cost</b>					
Payables **	7.1	1,327	1,327	-	-
Lease liabilities	7.2	654	141	363	150
Other financial liabilities	7.3	2,899	2,899	-	-
<b>Total financial liabilities</b>		<b>4,880</b>	<b>4,367</b>	<b>363</b>	<b>150</b>

\*Maturities analysis is presented using the undiscounted cash flows and therefore may not total to equal the carrying amount/fair value of the financial instrument.

\*\* Total amounts disclosed here exclude statutory amounts. Receivables do not include prepayments as these are not financial instruments. Prepayments are presented in note 6.2.

#### Statutory receivables and payables

The receivable and payable amounts disclosed here exclude amounts relating to statutory receivables and payables. This includes Commonwealth, State and Local Government taxes and equivalents, fees and charges; Auditor-General's Department audit fees. This is in addition to employee related payables, such as payroll tax, Fringe Benefits Tax, Pay As You Go Withholding and ReturnToWorkSA levies. In government, certain rights to receive or pay cash may not be contractual but have their source in legislation and therefore, in these situations, the disclosure requirements of AASB 7 will not apply. The standard defines contract as enforceable by law. All amounts recorded are carried at cost.

# STATUTORY REPORTING ITEMS



# HUMAN RESOURCES

## WORK HEALTH, SAFETY AND RETURN TO WORK PROGRAMS

ForestrySA is committed to providing a safe and healthy working environment for all staff, contractors, customers, volunteers, community members and other visitors.

We endeavour to optimise the culture and climate of the organisation through continuous improvement and provide skilled personnel with the competence necessary to deliver our services safely and to high professional standards.

While management has a duty to provide and maintain a safe and healthy work environment, health and safety in the workplace are responsibilities and commitments shared by all employees. In the past 12 months, ForestrySA's performance is reflective of the programs and systems that have been implemented.

The ForestrySA Lead Team actively demonstrates its dedication to a safe work environment by monitoring, reviewing, challenging and reporting on safety including regular communication with key stakeholders. An active incident management system is supported and monitored by the Lead Team, with incidents and reports regularly reviewed by the ForestrySA Board.

Program name	Performance
<b>ForestrySA Contractor Management System</b> Implementation of a new online system allowing staff to review and manage their own contractors and access compliance information while out in the field.	Higher level of compliance among contractors working on ForestrySA land. Increased visibility for all contract managers, allowing easy access to contract status and compliance information.
<b>ForestrySA log haulage requirements update</b> A new document outlining updates to truck minimum specifications and implementation deadlines.	Improvements to truck and general road user safety. Timelines implemented for installation of additional safety features on log haulage trucks.
<b>ForestrySA Mental Health Wellness Survey</b> A survey designed to assess the mental wellness of staff who are working from home and socially isolated during the COVID-19 pandemic.	Survey undertaken to understand the level of wellness in the workplace. A confidential employee assistance program is available around the clock, to all employees and their families for mental health assistance.
<b>Work Health Safety Committee</b> Providing a forum for safety issue discussion, a conduit between staff and management, and assists in the monitoring of ForestrySA's safety program.	The committee continues to meet and address concerns raised by employees and has been integral in assisting those experiencing difficulty during a trying year of COVID-19 lockdowns and restrictions.
<b>ForestrySA Disability Access and Inclusion Plan 2020-2023</b> Development and implementation of a new Disability Access and Inclusion Plan for 2020-2023 to support and promote a safe and accessible environment for staff and the community.	Actions allocated in accordance with Inclusive SA: State Disability Inclusion Plan 2019–2023 priority areas.
<b>ForestrySA Diversity and Inclusion Plan 2020-2023</b> Development and implementation of a new Diversity and Inclusion Plan 2020-2023 to support and promote a diverse workforce with an inclusive culture.	Actions allocated to general and priority focus areas, and a review of recruitment processes to ensure diversity is addressed.

# HUMAN RESOURCES CONTINUED

## WORKPLACE INJURY CLAIMS

Workplace injury claims	2020-21	2019-20	% Change
Total new workplace injury claims <sup>1</sup>	2	3	-33
Fatalities	0	0	0
Seriously injured workers <sup>2</sup>	0	0	0
Serious injuries <sup>3</sup> <i>Where lost time exceeds a working week, expressed as per worker</i>	0	1	-100

<sup>1</sup> Includes all new claims, regardless of acceptance, deferment or withdrawal.

<sup>2</sup> Number of claimants assessed during the reporting period as having a whole person impairment of 30% or more under the Return to Work Act 2014 (Part 2 Division 5).

<sup>3</sup> Based on SIMS system data at 30 June 2021.

## WORK HEALTH AND SAFETY REGULATIONS

Work health and safety regulations	2020-21	2019-20	% Change
Number of notifiable incidents <i>WHS Act 2012, Part 3</i>	0	0	0
Number of provisional improvement, improvement and prohibition notices <i>WHS Act 2012, Sections 90, 191 and 195</i>	3	0	300

## RETURN TO WORK COSTS

Return to work costs <sup>1</sup>	2020-21	2019-20	% Change
Total gross workers compensation expenditure (\$)	47,745	111,587	-57.2
Income support payments - gross (\$)	0	3,216	-100

<sup>1</sup> Before third party recovery and based on SIMS system data at 30 June 2021.

# HUMAN RESOURCES CONTINUED

## EMPLOYMENT OPPORTUNITIES

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

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

The ForestrySA Human Resource Manual and Recruitment 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.

## PERFORMANCE MANAGEMENT AND DEVELOPMENT

Performance management and development	Performance
Biannual staff performance reviews	A total of 33 staff (80%) completed reviews during 2020-21

## EXECUTIVE EMPLOYMENT

Executive classification	Number
Exec C	1

## CONSULTANCIES

The following is a summary of external consultants engaged by ForestrySA, the nature of work undertaken and the actual payments made for the work undertaken during the financial year.

Consultancies	Purpose	Actual payment (\$)
<b>Consultancies with a contract value below \$10,000 each</b>		
All consultancies below \$10,000 each - combined	Various	12,070
<b>Consultancies with a contract value above \$10,000 each</b>		
Birdseye Studios	Fox Creek Bike Park planning and design	\$18,870
One Eighty SLS	Mount Lofty Ranges Recreation Strategy	\$12,950
Boulton and Co	Consulting and survey	\$16,975.50

# FURTHER REPORTING ITEMS

## PUBLIC INTEREST DISCLOSURE

On no occasion during 2020-21 was public interest information disclosed to a ForestrySA responsible officer under the *Public Interest Disclosure Act 2018*.

## FRAUD

ForestrySA has a zero tolerance to fraud and corruption and has implemented a number of strategies and controls to prevent fraud. Preventative measures include:

Strategies and controls to prevent fraud	
<b>Financial controls</b>	<ul style="list-style-type: none"> <li>• Financial Management Compliance Program that addresses compliance of ForestrySA's controls for income, expenditure, assets and liabilities, and budgeting and reporting</li> <li>• Investigation of all allegations of fraud</li> <li>• Annual attestation overseen by the Chief Executive and Leadership Team in relation to adherence to the ForestrySA Compliance Register</li> </ul>
<b>Communications</b>	<ul style="list-style-type: none"> <li>• Adoption of the South Australia Public Sector Fraud and Corruption Control Policy</li> <li>• Adoption of the Code of Ethics for the South Australian Public Sector</li> <li>• Regular communication and encouragement for staff to report and act on any suspected fraud or corruption concerns</li> <li>• Annual declarations (covering Fraud, Corruption and Conflicts of Interest) signed by all relevant staff</li> <li>• Related Party Transaction declarations signed annually by Key Management Personnel including Board members</li> <li>• Declarations by Lead Team members at monthly meetings on whether any members have fraud concerns or suspicions</li> </ul>
<b>Audit and Risk Committee</b>	<ul style="list-style-type: none"> <li>• Assessment of the likelihood of fraud risk is conducted quarterly</li> <li>• Fraud as a standing agenda item at ForestrySA Board meetings</li> <li>• Fraud and Corruption Report reviewed quarterly</li> <li>• Review and evaluation of the effectiveness of internal controls, conducted annually</li> <li>• Review of financial management governance and corporate policy documents conducted annually. ForestrySA responds to external (Auditor-General) audit process requests and subsequent report findings</li> </ul>
<b>Risk</b>	<ul style="list-style-type: none"> <li>• ForestrySA has implemented the SAFA RiskConsole system as its Corporate Risk Register, reviewed and updated quarterly</li> <li>• Implementation of an ongoing risk treatment program</li> <li>• Ongoing Internal Audit Program including periodic examination of the risks of fraud</li> </ul>

During 2020-21 there were no suspected, alleged or actual instances of fraud to report.

# GLOSSARY

AFAC	Australian Fire and Emergency Services Authorities Council	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
Community Service Obligations (CSO)	Funding for agreed non-commercial activities provided via ForestrySA's purchasing arrangement with the Minister for Primary Industries and Regional Development and the Treasurer	PIRSA	The Department of Primary Industries and Regions South Australia
Conservation	The management of the natural environment to ensure its survival. A term covering preservation, maintenance, restoration and enhancement of the environment	Prescribed burning	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
COVID-19 pandemic	A global health crisis which impacted Australia from March 2020	Preservation log	Small diameter log used for the production of posts
Cudlee Creek bushfire	A significant fire event which occurred in December 2019, affecting more than 102ha of ForestrySA plantation and 350ha of native bushland and resulting in \$1m damage and closure of the popular Fox Creek Bike Park and Cudlee Creek Forest Trails	Pulpwood/log	Logs below sawlog quality but suitable for manufacturing pulp, paper and panel products
DEW	Department for Environment and Water	Residue burning	Post-harvest burns carried out in commercial forest to reduce fuel loads and prepare the site for the next crop
EPA	Environment Protection Authority	Responsible Wood	The internationally recognised forestry standard (AS 4708), to which ForestrySA is certified in the Green Triangle and Mount Lofty Ranges
FOC	Forest Owners Conference	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	Salvage operations	Harvest operations carried out in areas affected by fire
Fox Creek Bike Park	A key bike riding destination containing 48km of multi-use trails and attracting 20,000 visitors a year. Work is underway to reopen and improve the bushfire-damaged site	SA Water	South Australian Water Corporation
FWPA	Forest and Wood Products Australia	Sawlog	A log for processing into sawn timber
Giant pine scale ( <i>Marchalina hellenica</i> )	A pest insect which attacks by sucking the sap from pine trees, posing significant economic threat to the plantation pine industry	SBCC	State Bushfire Coordination Committee
GTFA	Green Triangle Fire Alliance	Sirex woodwasp ( <i>Sirex noctilio</i> )	A pest insect which attacks pine trees, devastating plantations. Effective biological control measures have kept sirex at low levels
ha	Hectare/s	Thinning	Removing some trees within a plantation to reduce competition and thus improve or maintain growth and health of those remaining
Industrial log	A secondary grade, behind prime sawlog	Timber	The general term used to describe sawn wood suitable for building and other purposes
ICT	Information and Communications Technology	Watercourse and wetland buffer zone	An area of land designed to protect a wetland or watercourse
Lead Team	ForestrySA's key management personnel	WHS	Work Health and Safety
LiDAR	Light Detection and Ranging. A remote sensing technology adapted by ForestrySA to assess the productivity of forest plantations		

# ForestrySA

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