

# ForestrySA

ANNUAL REPORT 2021-22

# ACKNOWLEDGEMENT OF COUNTRY

ForestrySA acknowledges the Traditional Custodians of the Country throughout South Australia on which we live and work.

This includes the land of the Kurna, Peramangk, Ngarrindjeri and Boandik people.

We pay respect to them, their cultures and contributions, and to Elders past, present and emerging and through them to all Aboriginal and Torres Strait Islander peoples within our organisation and across Australia.

We recognise their ongoing spiritual connection to the land, waters and community.

**Always was, always will be.**

Reconciliation matters greatly to ForestrySA because of who we are and what we do.

Almost 150 years ago back in 1875, our organisation was established to plant trees for sustainable wood production to reduce land clearance practices which were occurring at the time.

These early efforts to better care for the land has contributed to a movement of balancing the protection of native vegetation and sustainable plantation forestry across the landscape of South Australia.

**Working with and on Country is what we do.**



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## Annual Report 2021-22

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# 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 Annual Report on ForestrySA's operations during the 2021-22 year.

## Background

The South Australian Forestry Corporation (ForestrySA) is a statutory corporation with the principal responsibility of managing plantation forests for commercial production for the benefit and economy of South Australia. In addition, other functions are to encourage and facilitate regionally based economic activities based on forestry and other industries, and conduct research related to the growing of wood for commercial purposes.

The Corporation is also empowered under the *Forestry Act 1950* to control and manage all Forest Reserves in South Australia.

ForestrySA has custodianship of approximately 39,000ha of land comprised as follows:

- 10,000ha of standing pine plantation interspersed with 4,000ha of Native Forest Reserve, 2,500ha of natural features and 4,000ha of other land in the Mount Lofty Ranges region
- 12,000ha of proclaimed Native Forest Reserves in the Green Triangle region (South East of South Australia)
- 6,500ha of remnant forest reserves (mainly former plantations) in the Mid North region of South Australia. These areas are in the process of being divested for alternative future use by public and private entities following historic plantation losses due to bushfires in 2013 and 2014.

ForestrySA's key commercial function is the management of the pine plantation estate in the Mount Lofty Ranges region. All plantation area harvested during the year is subsequently replanted in the winter months on an annual cycle, with plans closely monitored for sustainability purposes under ForestrySA's environmental, social and governance (ESG) commitments.

Of the forest reserve area not designated for commercial production, most is managed for high conservation values. This includes 16,000ha of proclaimed Native Forest Reserves, and many smaller areas zoned as conservation and managed sustainably in accordance with established forest management plans.

The forest management approach of ForestrySA prioritises sustainability, both in terms of management practices and environmental outcomes.

Importantly, land management practices consider and incorporate public access for recreational purposes. Both commercial plantation and native forest areas are certified by Responsible Wood to the Australian Standard for Sustainable Forest Management (AS 4708).

“The sustainability of ForestrySA's certified plantation management program is closely monitored as part of its ESG commitments.”

## Commercial Plantation Management

ForestrySA's commercial performance from plantation management activities further improved during 2021-22.

Revenue from the sale of log products totalled \$15m, a 19% increase on the previous year. Operating expenditure also increased, primarily for harvesting and transport and the Fox Creek Bike Park rebuild. The net result was \$609k compared with \$107k in the previous year. Driven mainly by an increase of \$52.024m in the valuation of the forest assets (or tree crop), the Net Result after income tax equivalent was \$52.576m. For the third year in a row, ForestrySA achieved a cash profit from its commercial operations. This profit amounted to \$1.233m.

Several new long-term agreements for the supply of log to commercial sawmilling businesses underpinned the increase in asset value. These agreements are with South Australian processors, providing an increased volume of ForestrySA's premium sawlog products being processed locally.

# FROM THE CHAIR AND CHIEF EXECUTIVE

Demand for wood products, particularly high-quality construction timber, continued to strengthen during the year across South Australia, reflecting the national trend. Increased recognition of the value of timber as a sustainable material, and the demand for timber for new housing construction, underpinned strong outcomes for ForestrySA that will continue to serve the organisation well into the future.

“Through increased commitments to South Australian sawmills, ForestrySA’s contribution to the local wood processing sector has increased.”

ForestrySA’s obligations as a State public corporation for economic activities within the forest and wood products sector, and in regional South Australia more generally has continued. More than 144,000t of log was harvested and transported to South Australian customers in 2021-22, an increase of 9% over the previous year.

The employment and economic contributions of ForestrySA and its supply chain partners were again significant when considered in the context of a 2021 SA Centre for Economic Studies report commissioned by the Board. This indicated that for each dollar invested by domestic customers in ForestrySA log products, \$3.63 is returned to the South Australian economy.

## **Non-Commercial Operations**

ForestrySA’s non-commercial activities include community service obligations carried out on behalf of government. Total funding of \$3.9m was provided by government during the year for those obligations.

Critical services provided by ForestrySA in 2021-22 included the provision of community fire protection, beyond that required for the protection of commercial plantations. Although the fire danger season was relatively benign, ForestrySA’s capabilities in plantation forest and bushland fire protection remain highly valued by our neighbours and local communities. During the year, ForestrySA installed five new fire water tanks, strategically positioned throughout the Mount Lofty Ranges region to further improve fire response.

“100% of South Australia’s Native Forest Reserves are certified by Responsible Wood to the Australian Standard for Sustainable Forest Management.”

During the 2021-22 year, ForestrySA maintained responsibilities for the management of around 16,000ha of Native Forest Reserves for conservation and recreation. Under its Responsible Wood certification, ForestrySA undertook specific ecological monitoring and reporting to protect the high conservation values attributable to these areas. These activities, often with assistance from volunteers, included active pest plant and animal control programs. Other parts of the forest estate, not gazetted as Native Forest Reserves but regarded highly for their conservation values, were also supported by specific forest management plans.

A key component of ForestrySA’s non-commercial activities is facilitating public access for visitors to South Australia’s forest reserves. As a public land manager, maintaining natural assets and their historical cultural values is critical. Visitor experiences are enhanced by quality facilities, and the maintenance of these. With visitor numbers rising rapidly, ForestrySA has completed upgrades to several camping and toilet facilities at Mount Crawford and Kuitpo Forests.

During 2021 the Board commissioned an independent research project to quantify the economic impacts associated with community participation in forest reserves in the Mount Lofty Ranges region. Given the direct and indirect downstream activity generated within the regional economy by visitor expenditure, the total impacts were estimated at \$7.8m in gross regional product (GRP) and 130 full-time equivalent jobs in the previous year. This equates to a local economy return between \$7 and \$8 for each dollar invested by government in ForestrySA’s community service obligation programs, in addition to the employment benefits.

# FROM THE CHAIR AND CHIEF EXECUTIVE

## Other Initiatives

Concluding on 30 June 2022, ForestrySA funded a \$1.1m fire-related project in the Green Triangle region. Aimed at enhancing fire protection for the forestry industry and surrounding communities, the project also explored future options for early fire detection and response. Industry partners and government agencies worked collaboratively to develop a roadmap now expected to assist in future fire detection and resource allocation for the region.

Fox Creek Bike Park, within the Mount Crawford Forest Reserve, has been developed further during a major rebuild phase and continues to attract local and visiting mountain biking enthusiasts. The \$2.5m project, co-funded by the Commonwealth and South Australian governments under the National Bushfire Recovery Fund, has transformed the precinct since the devastating Cudlee Creek fires in December 2019.

Increased demand for public recreation in forest reserves has prompted expansion of ForestrySA's offerings to visitors. A broader range of organised events was held across forest reserves in the past year, and ForestrySA continues to explore initiatives to balance its sustainability objectives with the increase in and attraction of outdoor activities.

In 2021-22 ForestrySA successfully established licence agreements with two new commercial partners to commence operations in the Kuitpo Forest Reserve. TreeClimb SA will establish an aerial adventure course adjacent ForestrySA's popular Chookarloo campground, while new luxury overnight stays within the forest reserve will be facilitated by off-grid tiny accommodation provider CABN.

## The Future

ForestrySA is ideally positioned. Public interest in sustainable and renewable products and business models continue to strengthen, and opportunities for an organisation with "green" credentials will continue to be explored.

Several key obligations and initiatives relating to ESG are now embedded in ForestrySA's renewed strategic plan, which highlights a commitment to continuous improvement. Sustainability is the cornerstone of all future initiatives. Evolving areas include enhanced wood fibre utilisation, public-private partnerships for plantation forestry and the range of emerging opportunities relating to carbon sequestration and abatement.

On behalf of the Board, we acknowledge and thank all staff, customers, contractors, suppliers and volunteers for their ongoing support of ForestrySA and we look forward to their contribution in the future.



June Roache  
Chair



Julian Speed  
Chief Executive

# FORESTRYSA BOARD AT 30 JUNE 2022

The ForestrySA Board consists of three independent directors.



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

## **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 Stollznov was appointed as a ForestrySA Board Member in April 2019. He served as Chair of the Audit and Risk Committee from April 2019 to December 2021.

Mr Stollznov 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 Stollznov 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 Stollznov 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 South Australian Forestry Corporation 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, key performance indicators 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 provides 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, safety management systems and Responsible Wood certification in the Mount Lofty Ranges are key priorities of the Board.

# BOARD AND GOVERNANCE CONTINUED

## BOARD MEETING ATTENDANCE

Board members July 2021 – June 2022	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 SAFC Board Meetings were held during the 2021-22 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 are regularly reviewed to ensure full compliance with the Act.

June Roache, as a Commissioner of the Essential Services Commission of South Australia (ESCOSA), which has a regulatory function relating to SA's ports, declared a potential perceived conflict of interest and removed herself from considering or approving any decisions involving a subsidiary company of Qube Holdings Pty Ltd.

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

Grant Pelton, as Director Investing Project Delivery, DEW, declared a potential conflict of interest in relation to any decisions in relation to any decisions regarding the transfer of management of Green Triangle Forest Reserves and was removed from considering or approving any decisions to transfer Green Triangle Forest Reserves.

# BOARD AND GOVERNANCE CONTINUED

## AUDIT AND RISK COMMITTEE

The Audit and Risk Committee (Committee) has been established to assist the South Australian Forestry Corporation Board in fulfilling its governance and oversight responsibilities in relation to financial planning and reporting, internal and external audit, internal control processes, risk management, 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 Pty Ltd to provide the 2021-22 internal audit program that assists the Committee and management in providing independent assurance 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 2021 – June 2022	Meetings attended	Eligible for attendance
<b>Tim Stollznow</b> Chair	3	3
<b>Simon Rodger</b> Chair	4	4
<b>June Roache</b> Member	7	7
<b>Grant Pelton</b> Member	6	7

Seven Audit and Risk Committee Meetings were held during the 2021-2022 year.

Tim Stollznow, Chair and member, resigned from the Audit and Risk Committee effective 31 December 2021.

Simon Rodger *B.Econ (Comm)* was appointed as a member and Chair of the Audit and Risk Committee effective 1 January 2022.

# 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 (SA)*.
- 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)*
  - Forestry Regulations 2013
  - *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)*
  - *Landscape South Australia Act 2019*
  - *Native Title (South Australia) Act 1994*
  - *Aboriginal Heritage Act 1988 (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 the 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.

# FORESTRYSA CHARTER CONTINUED

## 3. STRATEGIC-COMMERCIAL DIRECTIONS

- 3.1. 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:
  - 3.1.1. Manage State-owned plantation forests for commercial production in line with best practice standards for forestry operations and environmental management to maximise value whilst ensuring the protection of Aboriginal, environmental and social values and heritage.
  - 3.1.2. 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;
- 4.4. support cooperative research activities within the forestry industry; and
- 4.5. pursue and adopt new and innovative technologies.

## 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.

# FORESTRYSA CHARTER CONTINUED

## 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.

#### 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 are:

##### 7.1.1. Listed below:

- i. Native forest management
- ii. Community use of forests
- iii. Community fire protection and forest industry support activities
- iv. Other activities as directed by the Minister for Primary Industries and Regional Development
- v. Management of the Mid North forest reserves

7.1.2. Subject to an agreement between the Corporation and the Minister for Primary Industries and Regional Development.

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.

# FORESTRYSA CHARTER CONTINUED

## PART 3: FINANCIAL AND COMMERCIAL MANAGEMENT

### 8. FINANCIAL AND COMMERCIAL MANAGEMENT

- 8.1. Performance Targets  
The financial and commercial targets to be met by the Corporation shall be those set out in the annual Performance Statement.
- 8.2. Form and Content of Accounts and Financial Statements  
The Corporation must prepare financial statements based on Australian Accounting Standards, generally accepted accounting principles and practices, including the Financial Management Toolkit and other applicable instructions of the Treasurer issued under the *Public Finance and Audit Act 1987*.
- 8.3. Accounting and Internal Auditing Systems and Practices  
The Corporation must establish and maintain:
  - 8.3.1. 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  
As a minimum, and in addition to statutory reporting requirements, the Chief Executive must provide the following reports to the Board, and therefore enable review by the Treasurer's Representative:
  - 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. Fees and Charges
  - 8.5.1. The Corporation's Fees and Charges will be established in accordance with the *Forestry Act 1950 (SA)* and Forestry Regulations 2013 and in accordance with the Department of Treasury and Finance Fees and Charges Guidelines 2021-22.
  - 8.5.2. For operations not subject to the *Forestry Act 1950 (SA)* and Forestry Regulations 2013, fees and charges will be established in accordance with regard to the Corporation's revenue targets and the costs it incurs in relation to the commercial activity.
- 8.6. 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.

# FORESTRYSA CHARTER CONTINUED

## 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

In accordance with the ForestrySA Charter, the financial and commercial targets to be met by the Corporation are those set out in the annual Performance Statement.

ForestrySA's 2021-22 performance targets and outcomes are listed below:

	Performance targets 2021-22	Performance outcomes 2021-22
Equity Contribution Funding	\$nil	\$nil
Forest Assets Revaluation Increment	\$1.0m	\$52.02m
Notifiable Incidents - EPA	0	0
Notifiable Incidents - Work Health and Safety	0	0
Lost Time Injuries (ForestrySA staff)	0	0
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%

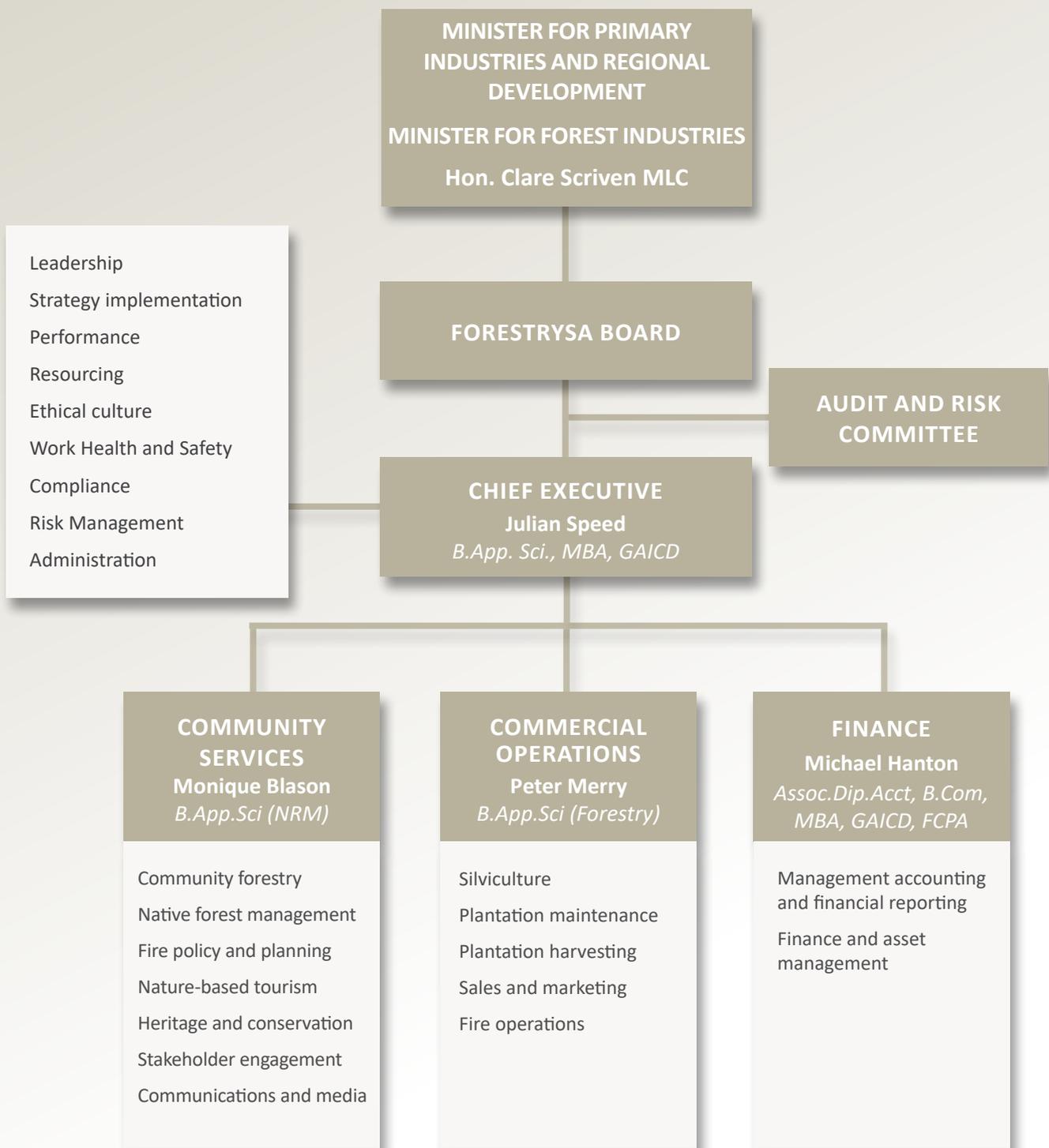
# FORESTRYSA OBJECTIVES

The South Australian Government’s key objectives are supported by Strategic Pillars within the ForestrySA Strategic Plan.

ForestrySA’s Strategic Pillars	Government objective	Outcome
To optimise the commercial value of the forests	Obligations for ForestrySA under its Charter	Material increase in the value of the Mount Lofty Ranges forest assets
To be recognised for responsible land stewardship	Environment - funding for Landcare, science and biodiversity and conservation initiatives	ForestrySA’s commercial forests are managed for long-term, sustainable timber production, while native forest areas are protected for biodiversity conservation. All forests are certified to Responsible Wood’s Australian Standard for Sustainable Forest Management (AS 4708)
To develop and contribute to regional economic activity	Local procurement - local jobs	ForestrySA’s log sales program is focused on log supply to the South Australian wood processing industry
To foster and contribute to forest industry development	Development of a forest products domestic manufacturing and infrastructure masterplan	ForestrySA remains an active member of Forest and Wood Products Australia and its Growers Research Advisory Committee, contributing to a range of collaborative projects, prioritised according to industry needs.
To protect our community and our assets	Replace fire towers with new technologies to provide landscape level fire detection	ForestrySA completed its self-funded \$1.1m Advanced Fire Protection project, enhancing fire preparedness and detection for Limestone Coast forest industries and communities
To increase community engagement and recreational participation in South Australia’s forests	Boost tourism marketing Escape to reality tourism, supporting nature-based tourism	Increase in social media outreach and community engagement. Major projects include Fox Creek Bike Park redevelopment and applications via the Nature-based Tourism Co-investment fund

# ORGANISATIONAL STRUCTURE

AT 30 JUNE 2022



# FOREST OPERATIONS



# PLANTATION MANAGEMENT

ForestrySA's commercial plantation interest centres around the sustainable management of 10,473ha of radiata pine plantation estate across the Mount Lofty Ranges from Williamstown in the north to Parawa in the south.

During 2021-22, forest products were commercially harvested from clearfall of mature plantations and thinning of intermediate age plantations across the estate. Log sales were underpinned by delivered, roadside and stumpage log sale arrangements with customers.

Salvage of remaining fire-affected plantation and harvesting of mixed pine species continued in the Mount Bold North precinct, as a result of the 2021 Cherry Gardens bushfire.

The market environment for low grade log remained soft. This situation influenced harvest scheduling and imposed restrictions on plantation thinning, where production of low grade log was inherently high.

Above average rainfall was experienced across the Mount Lofty Ranges during the 2021-22 period. Rainfall persisted into late spring across the Mount Crawford, Kuitpo and Second Valley Forest Reserves, causing some disruption to plantation establishment and maintenance work programs and pushing work back later than normal.

A total of 347ha of radiata pine plantation was planted in winter 2021.

Areas targeted for replanting included plantation lands impacted by the 2019 Cudlee Creek fire, enabling the re-establishment of trails within the Fox Creek Bike Park. A reasonably low requirement for the refilling of understocked 2020 plantations was realised.

A later than average start to summer and generally mild conditions encouraged high tree survival within 2021-planted plantations, with an average of 91% recorded across the Mount Lofty Ranges estate. A 98% survival rate was recorded at Kuitpo, 86% at Mount Crawford and 92% at Second Valley.

No radiata pine plantation was lost to fire during the relatively mild 2021-22 fire season, while minimal young age plantation instability issues were experienced throughout the year.

ForestrySA's integrated weed control program continued to deliver reasonable outcomes within both plantation and native forest areas. General weed control programs in plantation areas were challenged by persistent wet weather, which delayed operations until summer. The onset of rain in early autumn enabled the delivery of on-time weed control, with optimal outcomes across both plantation weed control and chemical trespass management.

Priority works undertaken on ForestrySA plantation land and SA Water reserves targeted woody weed species including cape broom, gorse, boneseed, blackberry, wild lavender and pine wildings.

Average  
seedling survival  
rate of  
**91%**

**347ha**  
of forests  
planted

**All forests  
sustainably  
managed**

**10,452ha**  
of radiata pine  
plantation across the  
Mount Lofty Ranges

# PLANTATION MANAGEMENT CONTINUED

ForestrySA's forest management system is verified by systematic external auditing and certified under the Responsible Wood Certification Scheme. This ensures protection of Indigenous, heritage, social and environmental values during commercial harvest, plantation establishment and maintenance operations.

Impact of the COVID-19 pandemic and increasing labour shortage pressure caused disruption to plantation management programs. Some scheduled works were not fully implemented, with works delayed until the 2022-23 period. Prioritisation of essential work programs meant significant disruption was able to be avoided.

Plantation management input costs increased substantially during 2021-22, fuelled by significant increases in energy and insurance costs and general inflation. Inflation is placing pressure on ForestrySA to realise increased efficiencies and reduce waste across all aspects of plantation management.

A significant procurement project was implemented during the second half of 2021-22, allowing ForestrySA to secure industry standard harvesting and log transport services beyond June 2022, for a five year term.

## 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>	9,080	628	3,996	2,429	4,055	19,560
Mid North <sup>2</sup>	0	0	0	896	5,623	6,519
Green Triangle	0	0	12,059	384	288	12,731
<b>TOTAL</b>	<b>9,080</b>	<b>628</b>	<b>16,055</b>	<b>3,708</b>	<b>9,966</b>	<b>38,810</b>

**Note 1:** Mount Lofty Ranges commercial plantation includes 876ha managed by ForestrySA as commercial forestry which is located upon SA Water land of which 628ha is standing commercial plantation, this area is not included in the proclaimed Forest Reserve Total.

**Note 2:** Mid North proclaimed Forest Reserve includes 4,227ha under long term Crown lease.

**Note 3:** Includes all Proclaimed Forest Reserve that is not standing commercial plantation or natural feature estate (i.e. includes, for example, depots, fire breaks).

# PLANNING AND PRODUCTION

ForestrySA's internal growth and yield prediction system continues to transition towards a more industry-standard approach, as use of forest yield analysis software increases across plantation areas.

YTGen is now being used to generate yield information for 37% of ForestrySA's planted area, up from 18% in the previous reporting period. The use of this software provides more accurate data and its use will continue to increase over the next 12 months.

A large planning challenge has been encountered, due to a large proportion of the the estate being less than 13 years of age, and unthinned, and there is heavy reliance on previous rotation data for modelling purposes. Ongoing work is being carried out to improve the stocking data integrity of plantations at three years of age by replacing survival stocking data with that generated from drone imagery.

Extending from the 1,435ha of inventory undertaken during the past 12 months, identified trends relate to an overall modest positive change in average stem volume across all operation types. However, first thinning operations have been an exception to this, confirming an increase in waste variables.

“Inventory investment is providing crucial feedback, enabling ForestrySA to optimise future wood flow planning and commercial outcomes from the highly variable Mount Lofty Ranges plantation estate.”

The combined result of recent fire events, the commitment to convert mixed species plantations to radiata pine, the retirement of underperforming over-mature plantations and subsequent lag time to replant these areas, means the area awaiting replanting has increased to around 1,100ha.

ForestrySA's transition to a shorter plantation lifecycle continues, with on-time harvesting of 1983 Ash Wednesday replant areas increasing at Kuitpo Forest Reserve.

First, second and third thinning operations were carried out at Mount Crawford and Kuitpo during 2021-22.

Third thinnings continue to be used as an opportunity to further extend the rotation length of selected high performing plantations, reducing clearfall. An increased thinning regime will gain momentum over the next five years, considerably increasing log volume harvested from thinning operations and further reducing clearfall.

# MARKET AND SALES OUTLOOK

The 2021-22 year saw unprecedented demand for premium log - a trend expected to continue as the structural timber shortage continues across Australia.

Demand for low grade log remained heavily constrained by the collapse of the log export market into China during 2021 and challenges associated with securing viable sales into alternative markets in Southeast Asia.

ForestrySA's log sales program remained focused on its log supply commitments with the relatively small yet dependent local sawmill and wood processing industry.

Year-on-year, log sales to local customers fell during 2021-22, in comparison with the previous year's volumes. However, revenue increased, positively influenced by the proportion of higher grade logs sold and an increase in log pricing consistent with industry trends.

Two new log sale agreements with local customers commenced on 1 July 2021. This marked the conception of a future low-grade log sawmill project to be based at Monarto South and beginning of a long-term log sales program with a Limestone Coast-based sawmill.

This was made possible by customers' integrated logistics programs and subsequent improvements in transport costs.

ForestrySA's market approach over the past two years has resulted in a major strengthening of the corporation's business continuity interests, maintaining diversity in the log sales program, retention of regional jobs and local economic activity, and advancing sustainable partnerships with local customers.

Significant progress has been made in ForestrySA's commitment to reach log prices commensurate with industry benchmarks.

Following the completion of important resource management projects and significant advances in marketing, ForestrySA's sales program will soon align with the estate's long-term sustainable annual cut level of 150,000m<sup>3</sup> to 160,000m<sup>3</sup> per annum.



# TOTAL LOG SALES, MOUNT LOFTY RANGES

Product	Domestic log sales, Mount Lofty Ranges		
	2021-22 (m <sup>3</sup> )	2020-21 (m <sup>3</sup> )	2019-20 (m <sup>3</sup> )
Sawlog	101,399	90,348	85,283
Industrial	36,009	42,019	42,403
<b>Total log</b>	<b>137,408</b>	<b>132,367</b>	<b>127,686</b>
Pulpwood	19,427	5,432	23,487
Preservation	5,682	6,918	9,084
<b>Total pulp</b>	<b>25,109</b>	<b>12,350</b>	<b>32,571</b>
<b>Other log</b>	<b>53,741</b>	<b>81,533</b>	<b>57,934</b>
<b>TOTAL</b>	<b>216,258</b>	<b>226,250</b>	<b>218,191</b>

Sawlog supply into local markets increased in comparison with the last two periods, encouraged by customers requesting 100% of their contractual log volume allocation. Large diameter sawlog sales have flowed sporadically as final felling of old mature plantations continues.

Industrial log sales over the past 12 months remained reasonably strong, with ForestrySA servicing contractual requirements with local sawmills who produce predominantly packaging grade timber products.

One of ForestrySA's customers has successfully produced timber bearers for use in the storage and transportation of large concrete segment rings being manufactured for the Snowy 2.0 scheme in Cooma, New South Wales.

Pulp log sales were subdued for the duration of 2021-22, while alternate markets emerged slowly, hampered by issues associated with the COVID-19 pandemic. Sales of pulp log into the local shavings market added buoyancy to the overall pulp log sales result.

Preservation log sales (for rails, posts, fence strainers) were restricted by the subdued pulp log sales market.

Additional log sales were pursued during the year, enabling ForestrySA to market fire-affected plantation resources from the 2021 Cherry Gardens fire, along with ongoing sale of mixed species log and clearfall of mature unthinned plantations.

The program was interrupted late in the year, when the customer containerising and exporting log suspended its Adelaide operation due to sustained reduction in low-grade log prices and elevated container hire costs.

Customers are optimistic the current domestic structural timber market will continue into 2022-23. Sale of pulp log and other low-grade products into the local market is likely to remain tight until the start-up of the new Monarto South sawmill. This exciting project was held up following planning and design delays, with operations now scheduled to begin during 2023.

# FOREST HEALTH

Relatively mild seasonal conditions experienced over the past two years have encouraged recovery and improved forest health across commercial plantation and native forest environments.

Plantation growth and general productivity has remained strong over the past 12 months. This trend is evident in young age plantation growth plots data, with most plantations aged five years or less growing at or above average.

Several outlier results in 2021 plantation seedling survival numbers tarnished an otherwise strong overall result. These outlier results can be explained by a suspected localised frost issue at Mount Pleasant, in the Mount Crawford Forest, and weed control issues at Jaggers, Second Valley Forest, where excess seedlings were planted at a sub-optimally prepared site late in the season.

“Concerted effort has been placed on the advancement of general forest health during the past 12 months.”

Priority works programs geared towards active management of damaging agents including weed invasion, pest and diseases, wildfire, windthrow, recreational access pressures, unauthorised firewood cutting, rubbish dumping and other illegal activities have been implemented in line with identified pressures.

Although the seasonal outlook for 2022-23 is for continuing average to above average rainfall conditions, focus is being directed towards improving resilience of plantation and native forest areas for future years where the cycle is likely to change and revert back into less favourable conditions.

Continuous improvement is being realised in the deployment of optimal weed control outcomes through maintaining strong working relationships with local contractors. Multiple collaborative projects with South Australian Government agencies are continuing, allowing the pooling of resources and focus on projects such as the control of vertebrate pests, responding rapidly to bushfire events, improving fire water accessibility, and controlling illegal access, and use of forest reserves.

Key focus areas in maintaining healthy commercial plantations remain and include:

- Deployment of advanced genetics and robust containerised seedlings as part of the annual replanting program
- Undertaking young age fertilisation targeting site specific nutritional needs and poor early growth expression areas
- On-time thinning of mid-rotation age plantations while working within market constraints
- A steady reduction in the average plantation clearfall age to around 34 years.

ForestrySA supports an active sirex wood wasp (*Sirex noctillo*) management program across the Mount Lofty Ranges estate.

No increase in the incidence of the pest was observed during 2021-22, while there remains no known incidence of giant pine scale (*Marchalina hellenica*) on ForestrySA land.

# FOREST RESEARCH

ForestrySA contributes to a wide range of topical industry research projects that have national significance and benefit the whole of the industry.

Projects supported during 2021-22 include:

- Advanced Fire Protection project for the Green Triangle forest industry, including support for the Green Triangle Fire Alliance
- Sponsorship of multiple genetic gain trials at Mount Crawford Forest to identify progeny best suited to drier areas, in partnership with Tree Breeding Australia
- Ongoing work with other organisations to assist Spring Gully Foods with its Manuka honey trial site in Wirrabara Forest.

ForestrySA, in line with the wider forest and forest products industry's surging interest, is committed to seeking out and participating in emerging research projects directed towards reducing carbon emissions, promoting green energy projects and encouraging carbon sequestration in plantation and native forest ecosystems. Initiatives include:

- Innovation in value realisation through the supply chain
- Development of a portfolio of alternative weed control methods
- Harnessing the power of airborne high spatial resolution hyperspectral imagery.

ForestrySA remains an active member of Forest and Wood Products Australia and its Growers Research Advisory Committee, contributing to a range of collaborative projects, prioritised according to industry needs.

# FIRE MANAGEMENT

ForestrySA remained an active participant in national and state fire management strategy, policy, and initiatives during 2021-22, helping to enhance public safety and playing a key role in fire management on public lands in the Mount Lofty Ranges, Fleurieu Peninsula and Limestone Coast (Green Triangle) regions.

Key memberships included the Australasian Fire and Emergency Services Authorities Council and its Rural Land Management Group, the Forest Fire Management Group, State Bushfire Coordination Committee and relevant bushfire management committees, and the Heads of Agencies Steering Committee for Fire Management on Public Lands in South Australia and associated regional fire cooperatives.

Delivery of actions from the Independent Review of the South Australian 2019-20 Bushfire Season, known as the “Keelty Review”, continued during the year, with ForestrySA contributing to the Automated Vehicle Location project and improvements to Incident Management Team organisation.

“ForestrySA contributed to the rollout of the new Australian Fire Danger Rating System, as it pertained to pine plantations and commercial forest managers.”

Work was also carried out with the South Australian Metropolitan Fire Service to implement improvements to the South Australian Computer-aided Dispatch system and improve internal notification of incidents and response.

As an industry body, ForestrySA maintained strong cooperation with the Green Triangle Fire Alliance, supporting a cooperative approach to forest fire management across the south-east of South Australia.

ForestrySA completed the self-funded \$1.1m Advanced Fire Protection project, enhancing fire preparedness and detection for forest industries and communities in the Limestone Coast.

As ForestrySA progressed its staged withdrawal from the Limestone Coast region, it entered a fire and land management agreement (MoAA) with DEW to ensure continuity of critical works ahead of the 2021-22 fire season.

In addition to reviewing its fire management doctrine, ForestrySA maintained forest management plans as part of managing both its commercial plantation investment and 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 2021-22, including on-ground works, slash burning and prescribed burning to manage fire hazards, native vegetation, protect biodiversity and ensure sustainability within forest reserves.

Fire recovery continued as a result of the 2019 Cudlee Creek bushfire, with significant enhancements to the fire track and fire break network in the Cudlee Creek Forest Reserve and Fox Creek Bike Park, and improvements to emergency response mechanisms.

“ForestrySA installed five 216,000L water tanks at key locations in the Mount Crawford, Kuitpo and Second Valley Forests, significantly improving communal access to water and fire emergency response capabilities.”

# FIRE MANAGEMENT

“Slash burns reduced fuel hazard across 700ha of forest reserve in the Mount Lofty Ranges during autumn 2022.”

Two prescribed burns were completed across 29ha in Watts Gully Forest Reserve and a further 135ha at Nangwarry Native Forest Reserve for ecological outcomes and asset protection, with the latter completed in collaboration with DEW under the MoAA.

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.

During 2021-22, 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 2021 Cherry Gardens fire, additional focus centred on crew situational awareness.

Amidst continuing COVID-19 restrictions, ForestrySA instigated district quarantine requirements for staff and fire crews to ensure personnel remained available to the SA Country Fire Service in the event of a bushfire and for other specialist activities.

ForestrySA crews responded to 33 fires across the Mount Lofty Ranges and assisted with one fire in the Limestone Coast region.

In early September 2021, a residue burn at the Second Valley Forest flared up during an unexpected weather episode, burning 171ha of ForestrySA and surrounding land.

The largest incident was the Coles fire in the Limestone Coast which started on 19 January 2022 and burnt 3,877ha. Firefighters responded to this bushfire immediately and ForestrySA provided liaison to the Incident Management Team.

During the 2021-22 fire danger season, ForestrySA targeted education and awareness regarding campfires, including response to unattended and illegal fires.

Public advice and information was also provided ahead of Total Fire Ban days and resultant forest closures, prescribed burning and targeted compliance activities.

**33 fires**  
responded to by  
ForestrySA crews  
in the Mount  
Lofty Ranges

**\$1.1M Advanced Fire  
Protection Action Plan  
completed**  
Enhancing fire preparedness  
and detection in the  
Limestone Coast

**Illegal  
campfire**  
education and  
awareness  
targeted

# NATIVE FOREST MANAGEMENT

ForestrySA managed Native Forest Reserves across 16,055ha in the Mount Lofty Ranges and Limestone Coast (Green Triangle) during 2021-22.

The ForestrySA Schools Biodiversity Program continued into its 14th year in the Green Triangle forests, with a focus on collecting seeds from threatened species to restore rare plant communities within local biodiversity corridors. School students successfully propagated threatened button grass (*Gymnoschoenus sphaerocephalus*) and paper bark (*Melaleuca squarrosa*), for planting within the Mount Lyon corridor in forest near the township of Glencoe.

The South East Biodiversity Corridors Plan was produced by ForestrySA in 2003 and planning and planting of 20 corridors has continued since that time.

An estimated 60,000 volunteer hours have been provided to establish the corridors to date, with another five corridors planned for future years.

A number of Aboriginal cultural activities took place in ForestrySA's Green Triangle forests throughout the year, involving First Nations people and their descendants at several sites across the Limestone Coast district. This involved undertaking a "junior ranger" session and "cultural perspective on country day" for school students already engaged in ForestrySA's schools program.

The initiative allowed First Nations representatives and students to develop a better understanding of Native Forest Reserve protection and connection to country. Collaboration continued between ForestrySA and the Landscape Board's Aboriginal Focus Group regarding sites in the forest throughout the year.

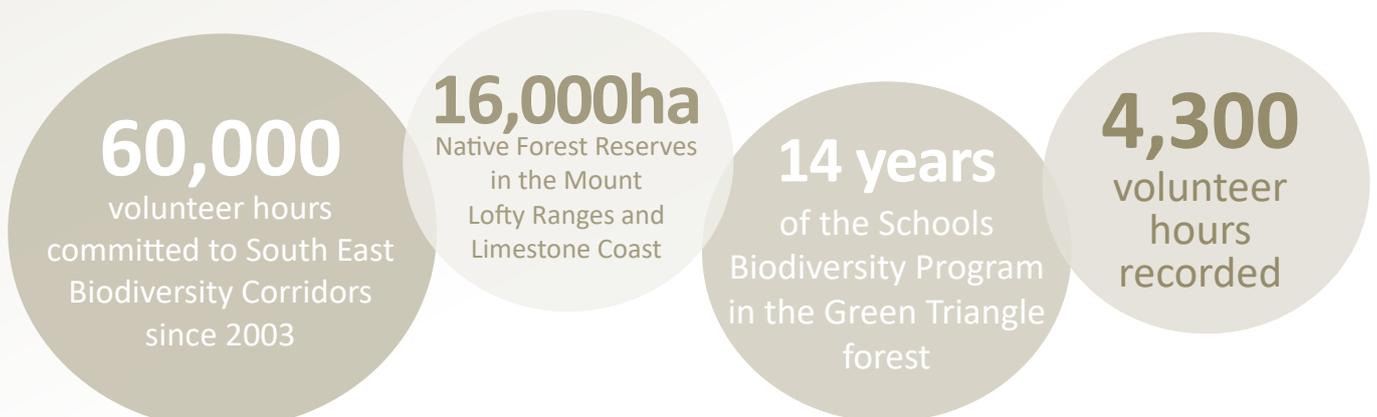
ForestrySA continues to support the planting of the nationally endangered orchid, *Thelymitra cyanapicata* at sites at Knott Hill and Meadow Flat in the Mount Lofty Ranges.

Approximately 260 orchids were planted during the year, with more plantings planned for later in 2022. Forest surveys located additional remnant plants at Knott Hill, extending the known range and number of the species significantly.

Two other threatened plant finds during the year included new records for *Glycine latrobeana* at Mount Pleasant and *Erynium ovinum* at Kennedys. Records were submitted to the Biological Database of South Australia.

ForestrySA also continues to support the propagation of the nationally endangered orchid *Caladenia argocalla*. These orchids will be planted at Little Mount Crawford in an effort to increase species numbers.

In the Mount Lofty Ranges, weed control occurred across 982ha, prioritising areas of high conservation value and plantation areas adjacent to remnant vegetation.



# NATIVE FOREST MANAGEMENT CONTINUED

Cooperative multi-agency pest animal control programs achieved substantial outcomes around the Cudlee Creek Forest Reserve and adjacent public and private land continuing from work in 2019 -2020. The program, involving the Hills and Fleurieu Landscape Board, DEW and SA Water, saw an aerial control operation in March 2022 remove 323 goats, six deer and three sheep from the fire-recovering landscape.

A \$50,000 grant received via the Hills and Fleurieu Landscape Board allowed an expansion of work to capitalise on primary weed control done immediately after the 2019 Cudlee Creek bushfire. This allowed for a greatly reduced weed seed bank for gorse, watsonia and English broom within a number of priority areas.

“Blackberry, wild pine and wattle were targeted during the year, with 1,290ha of native vegetation treated across six Native Forest Reserves and biodiversity corridors in the Limestone Coast.”

After two years of work, a new management plan was approved by the Native Vegetation Council for exemption under the Native Vegetation Regulations 2017 to allow for clearance of native vegetation to maintain existing forestry land use.

Volunteers continue to play an ongoing important role in feral animal control in the Mount Lofty Ranges controlling 230 deer for the year during 381 hours of volunteer time.

Feral deer were also the focus in Green Triangle forests and across the broader Limestone Coast in 2021-22. The Landscape SA Feral Deer Aerial Control Program removed 660 feral deer across the local area, covering seven Native Forest Reserves and surrounding plantations, conservation parks and private landholdings.

Community use of forest reserves remained high during the year, with solid progress made in community engagement, partnerships and programs such as the Friends of the Forests initiative.

Approximately 8,300 volunteer hours were provided and significant recreation, conservation and heritage outcomes were delivered.

# FORESTS AND COMMUNITIES



# COMMUNITY FORESTRY

During 2021-22, ForestrySA managed public access and nature-based recreation across more than 32,291ha of forest reserves in the Mount Lofty Ranges and Limestone Coast.

Our staff also continued to facilitate public recreational access in over 80,000ha of Green Triangle pine plantation areas leased to OneFortyOne, in the Limestone Coast.

With continuing international and interstate travel restrictions providing a focus on local and regional tourism attractions of South Australia, our forest reserves continued to be a highly valued community asset. Community forestry was popular with events and recreational activities facing fewer restrictions than in previous years associated with the COVID-19 pandemic.

“Forest visitation is estimated to have reached 1,030,359 in 2021-22, more than twice the number recorded the previous year.”

Public enquiries dropped by 50% from 16,453 in 2020-21 to 8,206 in 2021-22. This can be attributed to an increased public understanding of new online accommodation and camping booking and permit systems, improvements to information available via the ForestrySA website, increased social media presence and a reduction in the impacts of COVID-19 restrictions on events and activities.

Approximately 17,400 people attended more than 200 organised events and activities held on ForestrySA land during the year. This number was achieved in spite of occasional COVID-19 lockdowns, border closures and associated disruptions.

Large events included the DownDuro at Fox Creek Bike Park as part of the Festival of Cycling, Race at the Ressie, Nature Play SA's Forest Festival, the Ultra Series 100km and a Trail Running SA event at Mount Misery, which lived up to its name by providing miserable weather for hundreds of participants on the day.

Community event applications continued to stream in to our office throughout 2021-22, for events such as trail running and trekking, movie filming, Scout events, school, TAFESA and university camps, orienteering and rogaining, laser skirmish, horse riding and motor bike events.

ForestrySA continued to support the State Emergency Service, Country Fire Service, SA Police and Australian Defence Force, by providing forest access for driving, navigation, chainsaw and rescue training.

During 2021-22, ForestrySA provided more than 13,350 permits for forest activities such as camping, horse riding, fossicking and adventure caving. Campgrounds, accommodation, and hut facilities were rapidly booked out on weekends for weeks and months in advance.

This highlights the importance of ForestrySA's multiple-use forests for social and mental health and wellbeing, as well as for a range of recreational activities and events and conservation.

1,030,359  
forest  
visitors

212  
organised  
forest events and  
activities, attended by  
17,400 people

13,350  
permits issued  
for forest  
activities

# COMMUNITY FORESTRY CONTINUED

ForestrySA authorised officers addressed multiple compliance-related incidents, including illegal camping and fires, aggressive dog incidents, firewood theft, vandalism and unauthorised motor bike and vehicle access during 2021-22.

A targeted approach to compliance continued, with staff maintaining a “no tolerance” focus on activities posing a higher risk to public safety, conservation and the commercial value of our forest reserves.

An exciting new hike-in campground was constructed within the Kersbrook Forest Reserve to provide a stopover for visitors using walking trails of the Forest and Reservoirs northern trails network. Located within an important Kurna and Peramangk trading area, the Karawirra-Tya-Illa Campground was named, and blessed with a Welcome to Country and smoking ceremony by a Peramangk-Kurna Elder. It will be open to the public in time for the 2023 walking season.

Ghost Mushroom Lane again proved to be an extremely popular tourist attraction in the Limestone Coast. Although a later than average season, the mushrooms soon appeared in the thousands in what was one of the best years for fungi in the forests.

“An estimated 1,600 enquiries and 1,000 Ghost Mushroom Lane access passes were issued, for a season total of 10,000 visitors to the popular forest attraction.”

Of these visitors, 50% came from outside the region and 10% from interstate, delivering a substantial flow-on effect to the local economy.

Multiple forest management and visitor infrastructure upgrades were implemented across the Limestone Coast during the year, 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 Native Forest Reserve.

In the Mount Lofty Ranges, infrastructure initiatives included:

- Installation of a new toilet block at Chookarloo Campground
- Redesign of sites in Chalks Campground to better accommodate trailers and caravans
- Repairs and stonemasonry work at Rossiter’s Hut on the Heysen Trail
- Installation of signage and step-overs to open the Wilampa Trail and Jones Journey multi-use trails in Second Valley Forest
- Repairs to the Rocky Paddock Campground entrance and installation of safety signage.

ForestrySA focused on community and volunteer groups which indicated strong interest and commitment to develop and maintain trail networks and recreational facilities at Mount Burr and Cave Range Forests in the Limestone Coast and across the Mount Lofty Ranges.

Members of the Willunga Basin Trail Incorporated worked with ForestrySA staff to maintain a section of the Willunga Basin Trail through Bone Gully and Knott Hill, in Kuitpo Forest. The 130km, five-day loop trail is now in the final stages of completion.

# COMMUNITY FORESTRY CONTINUED

In November 2021, ForestrySA again attracted national forest industry attention with partner community groups being awarded two out of five grants on offer through Responsible Wood's 2021-22 Small Grants Program. The program aims to support local communities develop, design and implement small community-based projects in their local area in conjunction with their local Responsible Wood certified forestry company.

With additional sponsorship funding from ForestrySA, the Friends of the Heysen Trail and the Human Projectiles Mountain Bike Club worked to repair Rossiter's Hut on the Heysen Trail and install shelters and picnic tables at Fox Creek Bike Park.

During the year, 2020-21 grant recipient Gravity Enduro South Australia mountain bike club also finalised a project to develop two new mountain bike trails within Bennett's Forest Reserve.

Work continued on the redevelopment of Fox Creek Bike Park as a state hub and national destination, bringing much-needed social and economic benefit to the fire-affected community. This followed the 2021 announcement that ForestrySA had received \$2.5m via the 2019-20 Local Economic Recovery Program through the Australian and State Government's Disaster Recovery Funding Arrangements.

“Approximately 160,000 visits to Fox Creek Bike Park were recorded during 2021-22, with two commercial shuttles working most weekends and a number of large scale trail running and bike events held.”

During 2021-22, ForestrySA continued to strengthen its partnership with the District Council of Yankalilla to develop its Track and Trails Strategic Action Plan, with a focus on recreational opportunities and infrastructure development within the Second Valley Forest Reserve. In late 2021, two new multi-use loop trails and a visitor carpark with horse float parking were officially opened under Stage One of the Action Plan's Second Valley Forest Shared Stewardship Sustainable Trails project.

With support from ForestrySA, council secured funding for the project's second stage and commenced design and planning for toilet facilities and a new carpark at ForestrySA's popular Ingalalla Falls picnic area, with construction scheduled for 2022-23.

In February 2022, ForestrySA extended an agreement to continue to provide South Australian-based veterans' services charity, Heroes on the Homefront, a homebase at Bennett's Forest Reserve.

From the site, the group provides veterans and emergency services personnel with a range of psychosocial services, such as woodworking. ForestrySA also hosted the annual Walk for a Veterans with PTSD (post-traumatic stress disorder) fundraising event at the site during the year, which was well attended and raised important funds for four charities.

ForestrySA staff got out and about in the local area during 2021-22 to promote community forestry and protection. In early December 2021, staff held a stall at the opening of the Happy Valley Reservoir, in support of the inter-agency effort to open reservoirs for public use and promote new cross-tenure recreational opportunities.

In January and March ForestrySA staff attended the 2022 Tour Down Under Festival of Cycling and the Adelaide Hills Council "Discover, Play, Bikeway!" event to promote Fox Creek Bike Park and other riding and multi-use trail opportunities available in the forest.

In April, for a second year running, ForestrySA was an event partner for the annual Walking SA Hiking Expo at Belair National Park. The stall again proved very popular, with staff kept busy answering multiple questions about forest trails and one lucky participant winning a weekend of free accommodation at a ForestrySA venue of their choice.

During this same month, ForestrySA provided on-ground support and assisted with event activities for the Nature Play SA Forest Festival, Kuitpo Wirra inparri. Specially created for connecting young children with nature and forest environments, ForestrySA is a key partner in this highly successful event.

# COMMUNITY FORESTRY CONTINUED

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.

ForestrySA also entered a land management agreement with DEW to manage remaining Mid North Forests land Mount Ellen and Block 9, facilitated ongoing grazing access to Mount Ellen and implemented pre-fire danger season inspection of areas under Crown lease.

Excitingly, ForestrySA Ranger Kieran Gosden was the recipient of the Richard Stanton Award during 2021.

This award is designed to recognise individuals who have contributed significantly to either forest management or chain of custody certification, under the Responsible Wood certification scheme.

Kieran was recognised for her involvement with BirdLifeOz in preserving the endangered red-tailed black cockatoo, establishing biodiversity corridors and her involvement with the Ghost Mushroom Lane and dry cave experience initiatives in the Limestone Coast region. She received a \$2,000 bursary which was put towards further studies.

In December 2021, a group of ForestrySA firefighters were presented with National Emergency Medals in recognition of their efforts during the 2019 Cudlee Creek bushfire. The medals were approved by the Governor-General and presented by the Minister for Primary Industries and Regional Development on what was a very proud day for ForestrySA. Congratulations and thank you to all firefighters who work so selflessly to protect our community.

ForestrySA held a commemorative walk to Lone Gum on the second anniversary of the Cudlee Creek fire in December 2021, as the people and landscape continued to recover from the bushfires which devastated the local area.

The tree which inspired this event has survived at least three devastating bushfires over the last century, and sitting on top of a hill overlooking the forest, is viewed as a beacon of hope and symbol of resilience by many.

**10,000**

visitors to Ghost  
Mushroom Lane

**Karawirra-tya-illa  
Campground**

established in Old  
Kersbrook  
Forest

**8,300**

volunteer hours

**160,000**

visits to  
Fox Creek  
Bike Park

# COMMUNITY FORESTRY CONTINUED

Performance measures	2021-22	2020-21	2019-20 <sup>1</sup>
Forest visitors (estimated)	1,030,359	467,871	145,647
People covered by permits	44,228	77,178	25,020
Forest events	212	242 <sup>2</sup>	172
Ranger FTE delivered	8.8	8.0	5.0
Visitor enquiries	8,206	16,453	12,081 <sup>2</sup>
Number of groups actively engaged	22	28	26
Community engagement hours recorded (approximate volunteer hours)	8,300	12,410	9,777

<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.

**For more detailed information about the many community activities and events held on ForestrySA land during 2021-22, download our Community Forest Management Annual Report from [www.forestrysa.com.au/publications](http://www.forestrysa.com.au/publications).**

# NATURE-BASED BUSINESS DEVELOPMENT

ForestrySA continued to develop existing partnerships and explore new initiatives during 2021-22, to enhance environmentally sensitive nature-based tourism and recreation opportunities, as aligned with its Charter and Strategic Plan.

ForestrySA worked closely with recreation and tourism providers in development of a new commercial licence agreement, to ensure compliance and provide equitable access to these operators.

The new agreement, specific to commercial operators, is now a standard requirement for ForestrySA's commercial partners. Eight commercial operators have now entered licence agreements, with a further two in negotiation.

“ForestrySA executed a licence agreement with nature escape provider CABN, for the establishment of up to 14 off-grid cabins in the Kuitpo and Mount Crawford Forests.”

ForestrySA formalised a commercial partnership with TreeClimb SA during the year. A licence agreement was established for development of an aerial adventure course at Kuitpo Forest and a development application has since progressed.

# RECONCILIATION ACTION PLAN

ForestrySA registered with Reconciliation Australia during 2021-22 to set up a Reconciliation Action Plan Working Group and begin development of its first Reconciliation Action Plan (RAP).

During the year, ForestrySA focused on implementing elements of a RAP in various forms.

This included the sharing of important cultural information to staff and contractors, promoting and celebrating National Reconciliation Week and NAIDOC Week, promoting positive race relations through the ForestrySA Diversity and Inclusion Plan, and identifying and engaging with Aboriginal stakeholders and organisations within the local area and sphere of influence.

In May 2022, ForestrySA, SA Water and DEW staff attended a Welcome to Country and Smoking Ceremony with Peramangk and Kurna Elder Ivan Copley at ForestrySA's new Karrawirra-tya-illa Campground.

“Developing a Reconciliation Action Plan provides ForestrySA with a structured and measurable approach to work already underway, while further improving relations with local First Nations groups.”

ForestrySA's RAP focuses on the core areas of respect, relationships, opportunities and responsibilities, to make positive and meaningful change. It demonstrates a clear commitment and determination for genuine equity and reconciliation.

ForestrySA's new Reflect RAP is available via [www.forestry.com.au/about-us/aboriginal-culture-and-heritage/](http://www.forestry.com.au/about-us/aboriginal-culture-and-heritage/)

# COMMUNICATIONS AND MEDIA

ForestrySA continued to capitalise on its growing social media following to ensure delivery of current information and meaningful engagement with stakeholders, forest user groups and community members.

The ForestrySA Facebook and Instagram pages were used for regular communication, with information posted on a range of topics during the year. This included safety, education and awareness for forest visitors, commercial forestry and silvicultural operation advice, prescribed burning and Total Fire Ban forest information, conservation and environmental work and promotion of community events and activities.

The social media post with the greatest reach during 2021-22 was the announcement that Ghost Mushroom Lane would reopen for the 2022 season, after a two year hiatus due to COVID-19.

This post captured almost 40,000 views, followed by the opening of Second Valley Forest's new Jones Journey and Wilampa multi-use trails with 12,025 and the Fox Creek Bike Park commitment with 9,450. Fox Creek Bike Park has its own social media profiles, with an established following and large average post reach.

Platform	User reach	Site and page visits	New page likes and follows
<b>Facebook</b> @ForestrySouthAustralia	89,316	6,556	585
<b>Instagram</b> @forestrysa	4,399	1,887	336
<b>Website</b> www.forestrysa.com.au	132,143	468,086	Not applicable

ForestrySA actively sought to cross-promote initiatives and campaigns from allied partners and groups during the year, to boost education and awareness of forestry, conservation and recreation.

This included Responsible Wood's photography competition, the Adelaide Hills Wellness Wander and the Wellbeing SA's "A Walk Can Work Wonders" campaign, all of which were promoted via ForestrySA social media platforms.

# COMMUNICATIONS AND MEDIA CONTINUED

Content and layout on the ForestrySA website was reviewed and restructured during 2021-22, to better meet user demand, following high enquiry levels and commonly asked questions primarily related to community use.

“Media interest in our commercial forests, recreational access and infrastructure, community initiatives and environmental work continued during 2021-22, highlighting the growing understanding and interest in what we do.”

Formal media responses were provided for around 20 media enquiries, with interviews conducted with radio, newspaper and online outlets.

These related mostly to ForestrySA recreational endeavours including camping in the Mount Lofty Ranges, walking trails in the Green Triangle forests, Ghost Mushroom Lane, the Fox Creek Bike Park rebuild and the new Karrawirra-Tya-illa Campground.

Efforts were also made to improve ForestrySA information published on external websites, with a focus on government agency, tourism and peak recreation body publications.

ForestrySA has been included in the new Adelaide Hills Tourism Magazine, with feature articles on the Fox Creek Bike Park, TreeClimb and multiuse forest trails.

# SUPPORTING OUR COMMUNITIES

ForestrySA maintains an annual sponsorship program, supporting projects, programs and events which align with our recreation, conservation and sustainable forest management values and practices.

We support organisations and events through targeted sponsorships, allowing us to enhance brand awareness and increase community engagement, education, and recreational visitation to our forest reserves.

Multiple requests are received for financial contributions toward a variety of causes both in the Mount Lofty Ranges and the Limestone Coast regions. 2021-22 criteria were developed to ensure sponsorship allocations are allocated 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 assistance provided by ForestrySA in all publications, promotional materials, media releases and newsletters, as well as at program launches and the event itself where possible.

For certain requests, ForestrySA may consider an in-kind contribution where financial support is deemed not appropriate or is unavailable.

2021-22 sponsorship recipient	Event / cause
WalkingSA	Event Partner - Hiking Expo 2022
Nature Play SA	Event Partner - Forest Festival 2022, held at Rocky Creek Hut Kuitpo Forest
South Australian Ranger Association	Event Partner - Fun Run for Rangers, raising funds for The Thin Green Line Foundation
RISE Racing Team	In-kind support - use of Fox Creek Bike Park shelters for events
ROAR (Reservoir Outdoor Adventure Race)	Waiving of fees for inaugural race event
Nature Conservation Society	Support of the annual Mount Lofty Ranges Woodland Bird monitoring program
Human Projectiles	Financial support for Fox Creek Bike Park furniture, as part of Responsible Wood's Community Grant Project
Friends of the Heysen Trail and Other Walking Trails Incorporated	Financial support for Rossiter's Hut restoration work, as part of Responsible Wood's Community Grant Project

# FINANCIAL REPORT



OFFICIAL



Government of South Australia  
Auditor-General's Department

Level 9  
State Administration Centre  
200 Victoria Square  
Adelaide SA 5000  
Tel +618 8226 9640  
Fax +618 8226 9688  
ABN 53 327 061 410  
audgensa@audit.sa.gov.au  
www.audit.sa.gov.au

Our ref: A22/258

Ms J Roache  
Chair  
South Australian Forestry Corporation  
Private Mail Bag 2  
MEADOWS SA 5201  
email: jrroache@gmail.com

Dear Ms Roache

**Audit of the South Australian Forestry Corporation  
for the year to 30 June 2022**

We have completed the audit of your accounts for the year ended 30 June 2022. 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 report for the 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 report will be published on that website on Tuesday, 18 October 2022.

**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 following:

- review of financial delegations in JD Edwards
- review of bank reconciliations
- employee leave recording in JD Edwards.

We have received responses to our letter and will follow these up in the 2022-23 audit.

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### **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



Daniel O'Donohue  
**Assistant Auditor-General (Financial Audit)**

28 September 2022

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## INDEPENDENT AUDITOR'S REPORT



Government of South Australia  
Auditor-General's Department

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200 Victoria Square  
Adelaide SA 5000  
Tel +618 8226 9640  
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### To the Chair of the Board South Australian Forestry Corporation

#### Opinion

I have audited the financial report of the South Australian Forestry Corporation for the financial year ended 30 June 2022.

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 2022, 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 2022
- a Statement of Financial Position as at 30 June 2022
- a Statement of Changes in Equity for the year ended 30 June 2022
- a Statement of Cash Flows for the year ended 30 June 2022
- notes, comprising material accounting policies and other explanatory information
- a Certificate from the Chair, Chief Executive and the Chief Financial Officer.

#### 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 2022.

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.

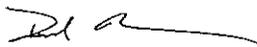
As part of an audit in accordance with Australian Auditing Standards, I exercise professional judgement and maintain professional scepticism throughout the audit. I also:

- 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.



Daniel O'Donohue  
**Assistant Auditor-General (Financial Audit)**

28 September 2022

**South Australian Forestry Corporation**

**Financial Statements  
for the year ended  
30 June 2022**

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## South Australian Forestry Corporation

### Certification of the 2021-22 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.



June Roache

**CHAIR**

**SOUTH AUSTRALIAN FORESTRY CORPORATION**

21 September 2022



Julian Speed

**CHIEF EXECUTIVE**

**SOUTH AUSTRALIAN FORESTRY CORPORATION**

21 September 2022



Michael Hanton

**CHIEF FINANCIAL OFFICER**

**SOUTH AUSTRALIAN FORESTRY CORPORATION**

21 September 2022

**South Australian Forestry Corporation**  
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**For the year ended 30 June 2022**

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**South Australian Forestry Corporation**  
**Statement of Comprehensive Income**  
**For the year ended 30 June 2022**

	Note	2022 \$'000	2021 \$'000
<b>Income</b>			
Sales - timber products	2.1	15,004	12,589
Revenues from SA Government	2.2	4,331	4,712
Interest	2.3	32	44
Other income	2.5	3,267	1,222
<b>Total income</b>		<b>22,634</b>	<b>18,567</b>
<b>Expenses</b>			
Employee benefits	3.3	4,413	3,878
Contractors	4.1	11,582	8,616
Materials		934	498
Equipment and vehicle costs		483	360
Council rates		309	301
Depreciation and amortisation	4.2	1,192	1,303
Borrowing costs	4.3	12	20
Net loss from the disposal of property, plant and equipment	2.4	943	89
Other expenses	4.4	3,781	4,003
<b>Total expenses</b>		<b>23,649</b>	<b>19,068</b>
<b>Trading profit/(loss) before revaluation of non-current assets</b>		<b>(1,016)</b>	<b>(501)</b>
Net change in value of forest assets	5.5	52,024	1,764
Net revaluation decrement of other non-current assets	5.7	(57)	-
<b>Profit/(loss) before income tax equivalent</b>		<b>50,952</b>	<b>1,263</b>
Income tax equivalent expense		-	-
<b>Profit/(loss) after income tax equivalent</b>		<b>50,952</b>	<b>1,263</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	1,410	(2,636)
Changes in property, plant and equipment asset revaluation surplus	5.2	-	49
<b>Total other comprehensive income</b>		<b>1,410</b>	<b>(2,587)</b>
<b>Total comprehensive result</b>		<b>52,361</b>	<b>(1,324)</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 2022

	Note	2022 \$'000	2021 \$'000
<b>Current assets</b>			
Cash and cash equivalents	6.1	20,834	23,320
Receivables	6.2	13,580	5,317
Inventories	5.6	129	54
Forest assets	5.5	8,718	6,776
Assets classified as held for sale	5.7	1,959	2,074
<b>Total current assets</b>		<b>45,220</b>	<b>37,542</b>
<b>Non-current assets</b>			
Receivables	6.2	110,688	53,592
Forest assets	5.5	99,818	49,736
Property, plant and equipment	5.1	46,625	46,168
Intangible assets	5.4	30	28
<b>Total non-current assets</b>		<b>257,161</b>	<b>149,524</b>
<b>Total assets</b>		<b>302,381</b>	<b>187,066</b>
<b>Current liabilities</b>			
Payables	7.1	1,507	1,894
Financial liabilities	7.2	125	118
Contract liabilities	7.3	11,867	3,594
Employee benefits	3.4	489	436
Other provisions	7.4	232	217
Other liabilities	7.5	191	2,487
<b>Total current liabilities</b>		<b>14,410</b>	<b>8,746</b>
<b>Non-current liabilities</b>			
Payables	7.1	47	77
Financial liabilities	7.2	238	432
Contract liabilities	7.3	110,688	53,592
Employee benefits	3.4	502	503
Other provisions	7.4	1,110	1,049
Other liabilities	7.5	1,117	759
<b>Total non-current liabilities</b>		<b>113,702</b>	<b>56,412</b>
<b>Total liabilities</b>		<b>128,112</b>	<b>65,157</b>
<b>Net Assets</b>		<b>174,269</b>	<b>121,908</b>
<b>Equity</b>			
Retained earnings		25,738	26,761
Other reserves		148,531	95,146
<b>Total Equity</b>		<b>174,269</b>	<b>121,908</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 2022

	Note	Asset revaluation surplus \$'000	Forest assets reserve \$'000	Retained earnings \$'000	Total Equity \$'000
Balance at 1 July 2020		46,199	49,771	27,262	123,232
<b>Net result for 2020-21</b>					
Gain/loss on revaluation of land	5.2	(2,636)	-	-	(2,636)
Gain/loss on revaluation of plant and equipment	5.2	49	-	-	49
Net income or expense relating to non-current assets classified as held for sale		-	-	-	-
Profit/(loss) for the period		-	-	1,263	1,263
<b>Total comprehensive result for 2020-21</b>		<b>(2,587)</b>	<b>-</b>	<b>1,263</b>	<b>(1,324)</b>
Transfer between equity components			1,764	(1,764)	-
<b>Balance at 30 June 2021</b>		<b>43,612</b>	<b>51,535</b>	<b>26,761</b>	<b>121,908</b>
<b>Net result for 2021-22</b>					
Gain/loss on revaluation of land	5.2	1,410	-	-	1,410
Gain/loss on revaluation of plant and equipment	5.2	-	-	-	-
Profit/(loss) after income tax equivalent		-	-	50,952	50,952
<b>Total comprehensive result for 2021-22</b>		<b>1,410</b>	<b>-</b>	<b>50,952</b>	<b>52,361</b>
Transfer between equity components		(49)	52,024	(51,976)	-
<b>Balance at 30 June 2022</b>		<b>44,973</b>	<b>103,559</b>	<b>25,738</b>	<b>174,269</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 2022**

	Note	2022 \$'000	2021 \$'000
<b><u>Cash flows from operating activities</u></b>			
<i>Cash inflows</i>			
Receipts from customers		18,623	17,606
Receipts from SA Government		4,322	4,725
Interest received		22	48
GST recovered from the ATO		(646)	(666)
<b>Cash generated from operations</b>		<b>22,321</b>	<b>21,713</b>
<i>Cash outflows</i>			
Employee benefits payments		(4,362)	(4,033)
Payments for supplies and services		(19,108)	(13,503)
Interest paid		(12)	(20)
<b>Cash used in operations</b>		<b>(23,481)</b>	<b>(17,556)</b>
<b>Net cash provided by/(used in) operating activities</b>	8.2	<b>(1,160)</b>	<b>4,157</b>
<b><u>Cash flows from investing activities</u></b>			
<i>Cash inflows</i>			
Proceeds from the sale of property, plant and equipment		116	60
<b>Cash generated from investing activities</b>		<b>116</b>	<b>60</b>
<i>Cash outflows</i>			
Purchase of property, plant and equipment		(1,295)	(649)
Purchase of intangible assets		(21)	(109)
<b>Cash used in investing activities</b>		<b>(1,316)</b>	<b>(758)</b>
<b>Net cash provided by/(used in) investing activities</b>		<b>(1,200)</b>	<b>(698)</b>
<b><u>Cash flows from financing activities</u></b>			
<i>Cash outflows</i>			
Repayment of leases		(133)	(144)
<b>Cash used in financing activities</b>		<b>(133)</b>	<b>(144)</b>
<b>Net cash provided by/(used in) financing activities</b>		<b>(133)</b>	<b>(144)</b>
<b>Net increase/(decrease) in cash and cash equivalents</b>		<b>(2,492)</b>	<b>3,315</b>
<b>Cash and cash equivalents at the beginning of the period</b>		<b>23,320</b>	<b>20,005</b>
<b>Cash and cash equivalents at the end of the period</b>	8.2	<b>20,828</b>	<b>23,320</b>

The accompanying notes form part of these financial statements.

## 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;
- 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 native forest management, community use of forests, community fire protection and forest industry support activities performed by ForestrySA on behalf of government under a Memorandum of Administrative Arrangement for delivery of Community Service Obligations.

### Dividend payments

In the event ForestrySA makes a profit it is required to pay a dividend to Government. When applicable, the dividend is calculated as 90% of the net profit after tax adjusted for forest 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 dividend calculations.

### 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.

Tax Equivalent Payments are required to be paid by ForestrySA to the Treasurer, in accordance with Treasurer's Instruction 22, 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.

## 1.2 Change in accounting treatment and restatement of prior year comparatives

Mid North Crown Leases previously recognised in Assets and Deferred income have been de-recognised as they have been reassessed as needing to be accounted for as a finance lease through application of AASB 117 & AASB 16 in 2018 & 2019.

A lease is classified as a finance lease if it transfers substantially all the risks and rewards incidental to ownership. Analysis of the agreements and the substance of the transaction has concluded that it meets this definition based on the following:

- the lessee has the option to purchase the asset at a price that is expected to be sufficiently lower than the fair value at the date the option becomes exercisable for it to be reasonably certain, at the inception of the lease, that the option will be exercised;
- at the inception of the lease the present value of the minimum lease payments amounts to at least substantially all of the fair value of the leased asset;
- although legal title has not transferred the satisfaction of transferring the title is considered incidental to the overall agreement. This is because the normal responsibility for the risk and rewards of ownership have transferred through contractual terms.

Where agreements meet the definition of a finance lease, the appropriate accounting treatment would have been:

1. On commencement of the lease:
  - Derecognise land subject to the lease agreement;
  - Recognise a finance lease receivable measured at an amount equal to the net investment in the lease;
  - Recognise the difference between the carrying value of the land and the value of the financial lease receivable as a gain/loss on disposal of the land (or similar description).
2. On receipt of cash subject to lease:
  - Derecognise the finance lease receivable on receipt of cash.

The affects of making this change on the financial statements of ForestrySA are shown below:

	Note	Originally reported 2021	Impact	Restatement 2021
<b>Statement of Comprehensive Income</b>				
<u>Income</u>				
Other income (Leases & Licenses)	2.5	1,267	(45)	1,222
<b>Profit/(loss) after income tax equivalent</b>		<b>1,308</b>	<b>(45)</b>	<b>1,263</b>
<u>Other Comprehensive Income</u>				
Items that will not be reclassified to profit and loss				
Changes in land revaluation surplus	5.2	(1,934)	(702)	(2,636)
<b>Total comprehensive result</b>		<b>(577)</b>	<b>(747)</b>	<b>(1,324)</b>
<b>Statement of Financial Position</b>				
<u>Current assets</u>				
Assets classified as held for sale	5.7	7,629	(5,555)	2,074
<b>Total assets</b>		<b>192,620</b>	<b>(5,555)</b>	<b>187,066</b>
<u>Current liabilities</u>				
Other liabilities	7.5	2,532	(45)	2,487
<u>Non-current liabilities</u>				
Other liabilities	7.5	5,048	(4,289)	759
<b>Total liabilities</b>		<b>69,492</b>	<b>(4,335)</b>	<b>65,157</b>
<b>Net Assets</b>		<b>123,128</b>	<b>(1,220)</b>	<b>121,908</b>
<u>Equity</u>				
Retained earnings		26,661	101	26,762
Other reserves		96,467	(1,321)	95,146
<b>Total Equity</b>		<b>123,128</b>	<b>(1,220)</b>	<b>121,908</b>

## Statement of Changes in Equity

		Asset revaluation surplus \$'000	Forest assets reserve \$'000	Retained earnings \$'000	Total Equity \$'000
Balance at 1 July 2020	Originally reported 2021	46,817	49,771	27,117	123,705
Balance at 1 July 2020	Restatement 2021	46,199	49,771	27,262	123,232

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1.3 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 2022

	Commercial		Non-Commercial		Total	
	2022	2021	2022	2021	2022	2021
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
<b>Income</b>						
Sales - timber products	15,004	12,589	-	-	15,004	12,589
Revenues from SA Government	-	-	4,331	4,712	4,331	4,712
Interest	32	44	-	-	32	44
Other income	1,123	741	2,144	481	3,267	1,222
Net gain from the disposal of property, plant and equipment	-	-	-	-	-	-
<b>Total income</b>	<b>16,159</b>	<b>13,374</b>	<b>6,475</b>	<b>5,193</b>	<b>22,634</b>	<b>18,567</b>
<b>Expenses</b>						
Employee benefits	2,517	2,136	1,896	1,743	4,413	3,878
Contractors	8,089	7,359	3,493	1,257	11,582	8,616
Depreciation and amortisation	624	832	568	471	1,192	1,303
Materials	485	315	449	183	934	498
Equipment and vehicle costs	201	64	283	296	483	360
Council rates	309	301	-	-	309	301
Other expenses	2,382	2,170	1,399	1,833	3,781	4,003
Net loss from the disposal of property, plant and equipment	943	89	-	-	943	89
Borrowing costs	1	2	11	18	12	20
<b>Total expenses</b>	<b>15,550</b>	<b>13,267</b>	<b>8,099</b>	<b>5,801</b>	<b>23,649</b>	<b>19,068</b>
<b>Net result</b>	<b>609</b>	<b>107</b>	<b>(1,624)</b>	<b>(608)</b>	<b>(1,016)</b>	<b>(501)</b>
Net change in value of forest assets	52,024	1,764	-	-	52,024	1,764
<b>Net result before income tax equivalent</b>	<b>52,576</b>	<b>1,871</b>	<b>(1,624)</b>	<b>(608)</b>	<b>50,952</b>	<b>1,263</b>
Income tax equivalent expense	-	-	-	-	-	-
<b>Net result after income tax equivalent</b>	<b>52,576</b>	<b>1,871</b>	<b>(1,624)</b>	<b>(608)</b>	<b>50,952</b>	<b>1,263</b>
<b>Other Comprehensive Income</b>						
Items that will not be reclassified to net result						
Changes in land revaluation surplus	1,410	(2,636)	-	-	1,410	(2,636)
Changes in property, plant and equipment asset revaluation surplus	-	49	-	-	-	49
<b>Total other comprehensive income</b>	<b>1,410</b>	<b>(2,587)</b>	<b>-</b>	<b>-</b>	<b>1,410</b>	<b>(2,587)</b>
<b>Total comprehensive result</b>	<b>53,986</b>	<b>(716)</b>	<b>(1,624)</b>	<b>(608)</b>	<b>52,361</b>	<b>(1,324)</b>

South Australian Forestry Corporation  
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1.4 Impact of COVID-19 pandemic

With market demand remaining positive, the COVID-19 pandemic has had little impact on the financial result of ForestrySA, however interruptions to logistics and contractor availability have delayed capital works projects related to Fire vehicle upgrades, the Fox Creek rebuild Grant and some non plantation commercial opportunities.

1.5 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. Community fire protection.
- Lease payments relate to vehicles supplied by Fleet SA.
- Funding for use of the Government Radio Network (GRN)
- MoAA with Department for Environment and Water for the sub-contracting of land and fire management requirements in the Green Triangle region.

2 Income

2.1 Revenues from sales - timber products

	2022 \$'000	2021 \$'000
Revenue from log sales	14,976	12,558
Revenue from other timber sales	27	31
<b>Total revenues from sales - timber products</b>	<b>15,004</b>	<b>12,589</b>

All revenue from timber product sales 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.

Contract balances	2022 \$'000	2021 \$'000
Receivables from contracts with customers, included in Receivables (Note 6.2)		
Contract receivables	122,555	57,186
Contract liabilities	122,555	57,186

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 a new long-term sales agreement with one customer commencing 1 July 2022.

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2.2 Net revenues from SA Government

	2022 \$'000	2021 \$'000
<b>Revenues from SA Government</b>		
Community Service Obligation funding (1)	3,823	4,218
Government radio network funding	451	440
Deferred revenues from SA Government (1)	57	54
<b>Net revenues from SA Government</b>	<b>4,331</b>	<b>4,712</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 native forest management, community use of forests, community fire protection and forest industry support. 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

	2022 \$'000	2021 \$'000
Interest received	32	44
<b>Total interest revenue</b>	<b>32</b>	<b>44</b>

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

	2022 \$'000	2021 \$'000
<b>Land and buildings:</b>		
Proceeds from disposal	-	-
Less expenses on disposal	-	-
Less carrying amount of assets disposed	(919)	-
<b>Net gain/(loss) from disposal of land and buildings</b>	<b>(919)</b>	<b>-</b>
<b>Plant and equipment:</b>		
Proceeds from disposal	46	60
Less expenses on disposal	-	-
Less carrying amount of assets disposed	(70)	(149)
<b>Net gain/(loss) from disposal of plant and equipment</b>	<b>(24)</b>	<b>(89)</b>
<b>Roads and land improvements</b>		
Proceeds from disposal	-	-
Less expenses on disposal	-	-
Less carrying amount of assets disposed	-	-
<b>Net gain/(loss) from disposal of plant and equipment</b>	<b>-</b>	<b>-</b>
<b>Total assets:</b>		
Total proceeds from disposal	46	60
Less expenses on disposal	-	-
Less total carrying amount of assets disposed	(989)	(149)
<b>Total net gain (loss) from disposal of assets</b>	<b>(943)</b>	<b>(89)</b>

2.5 Other Income

	2022 \$'000	2021 \$'000
Leases and Licences	372	347
Other revenue from non SA Government entities	751	623
Grant funding	2,143	251
<b>Other income</b>	<b>3,267</b>	<b>1,222</b>

**Leases and Licences**

Income from licences for grazing or other activities on forest reserves and leases for commercial tenancies in the office building in Mt Gambier.

**Other Revenue**

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

**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 and Minister for Forest Industries, Board, committee members, the Chief Executive and the members of the Leadership Team.

Total compensation for key management personnel was \$805,000 in 2021-22 and \$904,000 in 2020-21.

The compensation disclosed in this note excludes salaries and other benefits the Minister for Primary Industries and Regional Development and Minister for Forest Industries 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*.

	2022 \$'000	2021 \$'000
<b>Compensation</b>		
Salaries and other short term employee benefits	732	811
Post-employment benefits	73	76
Termination Benefits	-	17
<b>Total</b>	<b>805</b>	<b>904</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 2021-22 financial year were:

Board

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

Audit and Risk Committee

T. Stollznov (Chair) (resigned 31-12-2021)  
S. Rodger (Chair) (commenced 01-01-2022)  
J. Roache  
G. Pelton\*

\*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.

Board and committee remuneration	2022 \$'000	2021 \$'000
<b>The number of members whose remuneration received or receivable falls within the following bands:</b>		
\$0 - \$19,999	2	1
\$20,000 - \$39,999	1	-
\$40,000 - \$59,999	1	2
<b>Total number of members</b>	<b>4</b>	<b>3</b>

The total remuneration received and receivable by those governing members was \$98,000 (2021: \$98,000) which includes fringe benefits and superannuation contributions.

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3.3 Employee benefits expenses

	2022 \$'000	2021 \$'000
Salaries and wages	3,448	2,993
Long service leave	80	74
Skills and experience retention leave	10	9
Annual leave	270	240
Employment on-costs - superannuation	365	313
Targeted Voluntary Separation Packages & Public Sector Rejuvenation Termination Payments	50	85
Employment on-costs - other	189	164
<b>Total employee benefits expenses</b>	<b>4,413</b>	<b>3,878</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**

	2022 No	2021 No
<b>The number of employees whose remuneration received or receivable falls within the following bands:</b>		
\$154,001 to \$157,000*	-	1
\$157,001 to \$177,000	1	-
\$257,001+	1	1
<b>Total number of employees</b>	<b>2</b>	<b>2</b>

\* This band has been included for the purpose of reporting comparative figures based on the executive base level remuneration rate for 2020-21.

The total remuneration received by those employees for the year was \$0.434 million (2021: \$0.418 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) and Public Sector Rejuvenation packages**

The number of employees who received or are entitled to receive Separation Packages during the reporting period was 1 (2021: 1).

	2022 \$'000	2021 \$'000
Amount paid to separated employees:		
Targeted Voluntary Separation Packages & Public Sector Renewal Termination Payments	50	85
Leave paid to separated employees	36	25
<b>Net cost</b>	<b>86</b>	<b>110</b>

3.4 Employee benefits liability

	2022 \$'000	2021 \$'000
<b>Current</b>		
Accrued salaries and wages	176	115
Annual leave	195	199
Long service leave	106	113
Skills and experience retention leave	12	9
<b>Total current employee benefits</b>	<b>489</b>	<b>436</b>
<b>Non-current</b>		
Long service leave	502	503
<b>Total non-current employee benefits</b>	<b>502</b>	<b>503</b>
<b>Total employee benefits</b>	<b>990</b>	<b>939</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.

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**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 Contractors**

	2022 \$'000	2021 \$'000
Log Harvesting	3,124	2,664
Log Transport	3,347	2,516
Inter Governmental	908	-
Fox Creek Bike Park rebuild	1,109	183
Advanced Fire Protection project	427	121
Other Contractors	2,667	3,133
<b>Total contractors</b>	<b>11,582</b>	<b>8,616</b>

Log harvesting and transport have been impacted by higher log sales volumes as well as operating cost increases such as diesel.

Inter governmental contractors relate to the MoAA with Department for Environment & Water for the sub-contracting of land & fire management requirements in the Green Triangle region.

The redevelopment of the Fox Creek Bike Park is funded via a grant received from the Commonwealth Government National Bushfire Recovery Fund via the Local Economic Recovery Program.

Advanced fire protection project was a Government initiative for improved fire prevention and detection in the Green Triangle region funded by ForestrySA across the 2020-21 and 2021-22 financial years.

**4.2 Depreciation and amortisation**

	2022 \$'000	2021 \$'000
Buildings and structures	551	562
Plant and equipment	323	335
Right-of-use vehicles	114	151
Roads and land improvements	185	173
Intangible assets	20	81
<b>Total depreciation and amortisation</b>	<b>1,192</b>	<b>1,303</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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4.3 Borrowing costs

	2022	2021
	\$'000	\$'000
Interest expense on lease liabilities	12	20
<b>Total borrowing costs</b>	<b>12</b>	<b>20</b>

ForestrySA does not capitalise borrowing costs.

4.4 Other Expenses

	2022	2021
	\$'000	\$'000
Consultants	87	61
Information and communications technology	725	846
Government Radio Network	451	440
Workers compensation	124	901
University of South Australia Research Agreement	-	500
Short term leases	-	7
Legal and professional fees	416	161
Utilities	119	127
Building and facility maintenance	214	235
Insurance	107	92
Sponsorship and membership fees	96	143
Employee expenses	78	111
External audit fees	73	70
Fox Creek Bike Park Rebuild	608	-
Bad & Doubtful Debts	140	13
Forest valuation including tree measuring costs	115	87
Settlements in relation to legal disputes	92	-
Miscellaneous other costs	335	210
<b>Total other expenses</b>	<b>3,781</b>	<b>4,003</b>

**Legal and professional fees**

Costs driving the increase in legal and professional fees in order of significance are employment advice, Mid North land disposal, advice and assistance implementing the new Internal Procurement Framework (IPF) and legal disputes.

**External audit fees**

Audit fees paid / payable to the Auditor-General's Department relating to work performed under the *Public Finance and Audit Act* were \$73,800 (2021: \$70,000). No other services were provided by the Auditor-General's Department.

**Other**

Legal dispute settlements and increased activity required for transferring forest management data from current system to new system have been the primary driver of higher costs within this category.

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.

	2022 \$'000	2021 \$'000
<b>Land and buildings</b>		
Land at fair value	36,822	36,343
Buildings at fair value	6,939	6,579
Accumulated depreciation at the end of the period	(2,176)	(1,622)
<b>Total land and buildings</b>	<b>41,585</b>	<b>41,299</b>
<b>Road and land improvements</b>		
Road and land improvements at fair value	4,266	4,162
Accumulated depreciation at the end of the period	(2,581)	(2,396)
<b>Total road and land improvements</b>	<b>1,685</b>	<b>1,766</b>
<b>Plant and equipment</b>		
Plant and equipment at fair value	3,611	3,609
Accumulated depreciation at the end of the period	(1,731)	(1,408)
<b>Total plant and equipment</b>	<b>1,881</b>	<b>2,201</b>
<b>Right-of-use plant and equipment</b>		
Right-of-use plant and equipment at cost	587	804
Accumulated depreciation at the end of the period	(234)	(271)
<b>Total right-of-use plant and equipment</b>	<b>353</b>	<b>533</b>
<b>Work in progress</b>		
Work in progress at cost	1,122	369
<b>Total work in progress</b>	<b>1,122</b>	<b>369</b>
<b>Total property, plant and equipment</b>	<b>46,625</b>	<b>46,168</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.

**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.

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Reconciliation 2021-22

	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 2021	36,343	4,957	1,765	2,202	369	45,635
Additions	-	358	104	2	753	1,216
Disposals	(919)	-	-	-	-	(919)
Assets reclassified to/from assets held for sale	-	-	-	-	-	-
Revaluation increments	1,398	-	-	-	-	1,398
Depreciation charge for the year	-	(551)	(185)	(323)	-	(1,059)
Carrying amount at 30 June 2022	36,822	4,763	1,685	1,881	1,122	46,272

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	39,200	5,519	1,559	2,268	-	48,646
Additions	-	-	280	-	369	649
Disposals	-	-	-	(149)	-	(149)
Assets reclassified to/from assets held for sale	-	-	-	370	-	370
Revaluation increments*	-	-	-	49	-	49
Revaluation decrements	(2,858)	-	-	-	-	(2,858)
Depreciation charge for the year	-	(562)	(173)	(335)	-	(1,071)
Carrying amount at 30 June 2021	36,343	4,957	1,765	2,202	369	45,635

\*Reconciliation of changes in land revaluation surplus

	2022 \$'000	2021 \$'000
Revaluation (decrement)/increment per Statement of Comprehensive Income	1,410	(2,636)
Made up of:		
Revaluation (decrement)/increment of land classified as property, plant and equipment	1,398	(2,858)
Revaluation increment of land classified as held for sale (note 5.7)	12	222
	1,410	(2,636)

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 2021-22 were \$34,997 (2020-21: \$45,000).

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 4.4.

ForestrySA has a limited number of leases:

- 18 motor vehicle leases with the South Australian Government Financing Authority (SAFA). Motor vehicle leases are non-cancellable, 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

	2022 \$'000	2021 \$'000
<b>Computer software</b>		
Purchased computer software	2,722	2,701
Accumulated amortisation	(2,693)	(2,673)
<b>Total computer software</b>	<u>30</u>	<u>28</u>
<b>Total intangible assets</b>	<u>30</u>	<u>28</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.

	Total \$'000
<b>Reconciliation 2021-22</b>	
Carrying amount at 1 July 2021	28
Additions	21
Amortisation charge for the year	(20)
<b>Carrying amount at 30 June 2022</b>	<u>30</u>

	Total \$'000
<b>Reconciliation 2020-21</b>	
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>

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.

	2022 \$'000	2021 \$'000
<b>Current</b>		
Current portion of forest assets valuation	8,718	6,776
<b>Total current forest assets</b>	<u>8,718</u>	<u>6,776</u>

	2022 \$'000	2021 \$'000
<b>Non-current</b>		
Non-current portion of forest assets valuation	99,818	49,736
<b>Total non-current forest assets</b>	<u>99,818</u>	<u>49,736</u>

	Total \$'000
<b>Reconciliation 2021-22</b>	
Carrying amount at 1 July 2021	56,512
Other revaluation (impairment) recorded in statement of comprehensive income	52,024
<b>Carrying amount at 30 June 2022</b>	<u>108,536</u>

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<i>Reconciliation 2020-21</i>	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>	<b>56,512</b>

ForestrySA recognises the multiple rotation forest valuation, being \$108,536,000 (2021: \$56,512,000). More information is provided at Note 10.2.

5.6 Inventories

	2022 \$'000	2021 \$'000
<b>Current – held for distribution at no or nominal amount</b>		
Materials at cost	34	13
<b>Total current inventories held for distribution at no or nominal amount</b>	<b>34</b>	<b>13</b>
<b>Current – held for sale</b>		
Materials at cost	95	41
<b>Total current other inventories – other than those held for distribution at no or nominal amount</b>	<b>95</b>	<b>41</b>
<b>Total inventories</b>	<b>129</b>	<b>54</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

*Reconciliation 2021-22*

	Land \$'000	Buildings and structures \$'000	land improvements \$'000	Plant and equipment \$'000	Total \$'000
Carrying amount at 1 July 2021	1,715	151	57	151	2,074
Disposals	-	-	-	(70)	(70)
Revaluation increments	12	-	-	-	12
Revaluation decrements	-	-	(57)	-	(57)
<b>Carrying amount at 30 June 2022</b>	<b>1,727</b>	<b>151</b>	<b>-</b>	<b>81</b>	<b>1,959</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 forest reserve in the Mid North region in accordance with the Mid North Forests Future Strategy. It is expected this land will be divested from ForestrySA during the 2022-23 financial year.

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6 Financial assets

6.1 Cash and cash equivalents

	2022 \$'000	2021 \$'000
Deposits	3,039	5,538
Cash Management Fund	17,795	17,782
<b>Total cash and cash equivalents</b>	<b>20,834</b>	<b>23,320</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

	2022 \$'000	2021 \$'000
<b>Current</b>		
Trade receivables - SA Gov	10	2
Trade receivables - Non SA Gov	1,575	1,407
Contract receivables - guaranteed log volume sales	11,867	3,594
Less impairment loss on receivables	(155)	(15)
Accrued revenue	48	111
Prepayments	235	218
<b>Total current receivables</b>	<b>13,580</b>	<b>5,317</b>
	2022 \$'000	2021 \$'000
<b>Non-current</b>		
Contract receivables non current- guaranteed log volume sales	110,688	53,592
<b>Total non-current receivables</b>	<b>110,688</b>	<b>53,592</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>	2022 \$'000	2021 \$'000
Carrying amount at the beginning of the period	15	218
Increase / (Decrease) in allowance recognised in profit or loss	140	(203)
<b>Carrying amount at the end of the period</b>	<b>155</b>	<b>15</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**

	2022 \$'000	2021 \$'000
<b>Current</b>		
Trade payables	811	944
Accrued expenses	611	621
<b>Statutory payables</b>		
GST payable	42	279
Employment on-costs	43	49
<b>Total current payables</b>	<b>1,507</b>	<b>1,894</b>
<b>Non-current</b>		
<b>Statutory payables</b>		
Employment on-costs	47	77
<b>Total non-current payables</b>	<b>47</b>	<b>77</b>
<b>Total payables</b>	<b>1,554</b>	<b>1,971</b>

Payables and accruals are raised for all amounts owing but unpaid. Sundry payables are normally settled within 30 days from the date the invoice 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 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% (2021: 42%). The average factor for the calculation of employer superannuation on-costs is 10.1% (2021: 10.1%). 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	2022 \$'000	2021 \$'000
<b>Current</b>			
Lease liabilities	5.3	125	118
<b>Total current financial liabilities</b>		<b>125</b>	<b>118</b>
<b>Non-current</b>			
Lease liabilities	5.3	238	432
<b>Total non-current financial liabilities</b>		<b>238</b>	<b>432</b>
<b>Total financial liabilities</b>		<b>363</b>	<b>550</b>

ForestrySA measures financial liabilities at amortised cost.

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

7.3 Contract liabilities

	2022 \$'000	2021 \$'000
<b>Current</b>		
Contract liability	11,867	3,594
<b>Total current contract liabilities</b>	<b>11,867</b>	<b>3,594</b>
<b>Non-current</b>		
Contract liability	110,688	53,592
<b>Total non-current contract liabilities</b>	<b>110,688</b>	<b>53,592</b>
<b>Total contract liabilities</b>	<b>122,555</b>	<b>57,186</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).

The timing of satisfaction of the contract liabilities and corresponding contract asset is expected to align with the table detailed in note 10.3 for the contractual maturities

The significant increase in contract liabilities and the corresponding contract receivable (note 6.2) is due to the large increase in commercial log prices and the signing of a major log sales contract.

	2022 \$'000	2021 \$'000
Revenue recognised in the reporting period that was included in the contract liability balance at the beginning of the period.	3,594	2,899
Revenue recognised in the reporting period from performance obligations satisfied in previous reporting period.	-	-

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7.4 Other provisions

	2022 \$'000	2021 \$'000
<b>Current</b>		
Provision for workers compensation	232	217
<b>Total current provisions</b>	<b>232</b>	<b>217</b>
<b>Non-current</b>		
Provision for workers compensation	1,110	1,049
<b>Total non-current provisions</b>	<b>1,110</b>	<b>1,049</b>
<b>Total provisions</b>	<b>1,342</b>	<b>1,267</b>
<b>Movement in provisions</b>		
		2022 \$'000
Carrying amount at the beginning of the period		1,267
Additional provisions recognised		76
<b>Carrying amount at the end of the period</b>		<b>1,342</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 2022 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 4.4.

ForestrySA is responsible for payment of workers compensation claims.

7.5 Other liabilities

	2022 \$'000	2021 \$'000
<b>Current</b>		
Unearned revenue	191	2,487
<b>Total current other liabilities</b>	<b>191</b>	<b>2,487</b>
<b>Non-current</b>		
Unearned revenue	1,117	759
<b>Total non-current other liabilities</b>	<b>1,117</b>	<b>759</b>
<b>Total other liabilities</b>	<b>1,308</b>	<b>3,246</b>

ForestrySA has leases and licences for which payment has been received in advance

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 2022 ForestrySA has recorded \$2,070,000 of income related to this funding. Grant funding is disclosed in Note 2.5.

	2022 \$'000	2021 \$'000
<b>Movement in deferred income</b>		
Carrying amount at the beginning of the period	3,246	5,540
Received during the year	4,274	3,138
Recognised as income in the Statement of Comprehensive Income	(6,212)	(5,432)
<b>Carrying amount at the end of the period</b>	<b>1,308</b>	<b>3,246</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. A gain or loss arising on initial recognition of a biological asset at fair value less costs to sell and from a change in fair value less costs to sell of a biological asset shall be included in profit or loss for the period in which it arises.

### 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	2022 \$'000	2021 \$'000
Plant and equipment - right-of-use vehicles	137	228
<b>Total cash outflow for leases</b>	<b>137</b>	<b>228</b>
<b>Cash flow reconciliation</b>	<b>2022 \$'000</b>	<b>2021 \$'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	20,834	23,320
<b>Balance as per the Statement of Cash Flows</b>	<b>20,834</b>	<b>23,320</b>
<b>Reconciliation of net cash provided by operating activities to profit/loss after income tax equivalent</b>		
Net cash provided by/(used in) operating activities	(1,160)	4,157
<b>Add/less non-cash items</b>		
Depreciation and amortisation expense of non-current assets	(1,192)	(1,303)
Reclassified work in progress	(15)	(138)
(Gain)/loss on sale or disposal of non-current assets	(943)	(89)
(Gain)/loss on revaluation of forest assets	52,024	1,764
(Gain)/loss on revaluation of other non-current assets	(57)	-
<b>Movement in assets and liabilities</b>		
Increase/(decrease) in receivables	65,360	54,302
Increase/(decrease) in inventories	75	(145)
(Increase)/decrease in payables	417	(348)
(Increase)/decrease in employee benefits	(51)	155
(Increase)/decrease in provisions	(76)	(765)
(Increase)/decrease in contract liabilities	(65,369)	(54,287)
(Increase)/decrease in other liabilities	1,938	(2,040)
<b>Profit/loss after income tax equivalent</b>	<b>50,952</b>	<b>1,263</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	2022 \$'000	2021 \$'000
Within one year	1,623	1,707
Later than one year but not longer than five years	250	200
<b>Total capital commitments</b>	<b>1,873</b>	<b>1,907</b>

Forestry SA's capital commitments are for the refurbishment of four fire trucks and property plant and equipment in line with the budgeted capital requirements of the organisation.

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Expenditure commitments	2022 \$'000	2021 \$'000
Within one year	6,633	6,189
Later than one year but not longer than five years	27,884	417
<b>Total expenditure commitments</b>	<b>34,517</b>	<b>6,606</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	2022 \$'000	2021 \$'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	253	246
Later than one year but not longer than five years	317	570
Later than five years	-	-
<b>Total lease receivable commitments</b>	<b>570</b>	<b>816</b>

Lease receivable commitments relate to the office building located in Mt Gambier where space is leased 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*.

**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 continue to impact the operations of ForestrySA in 2022-23. 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 2021 (1.25%) to 2022 (3.50%).

This increase in the bond yield, which is used as the rate to discount future long service leave cash flow, reduces the increase 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 \$100k and employee benefits expense of \$109k. The impact on future periods is impracticable to estimate as the long service leave liability is calculated using a number of 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.

A gain or loss arising from a change in fair value less costs to sell of a biological asset shall be included in profit or loss for the period in which it arises

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 2022 and 2021, 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 2022**

	Note	Level 2 \$'000	Level 3 \$'000	Total \$'000
<b>Recurring fair value measurements</b>				
Forest assets	5,5	-	108,536	108,536
Land	5,1	36,822	-	36,822
Buildings and structures	5,1	-	4,763	4,763
Roads and land improvements	5,1	-	1,685	1,685
Plant and equipment	5,1	-	1,881	1,881
<b>Total recurring fair value measurements</b>		<b>36,822</b>	<b>116,865</b>	<b>153,687</b>
<b>Non-recurring fair value measurements</b>				
Assets held for sale	5,7	-	1,959	1,959
<b>Total non-recurring fair value measurements</b>		<b>-</b>	<b>1,959</b>	<b>1,959</b>
<b>Total</b>		<b>36,822</b>	<b>118,824</b>	<b>155,646</b>

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*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	-	4,957	4,957
Roads and land improvements	5.1	-	1,765	1,765
Plant and equipment	5.1	-	2,201	2,201
<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	-	2,074	2,074
<b>Total non-recurring fair value measurements</b>		<b>-</b>	<b>2,074</b>	<b>2,074</b>
<b>Total</b>		<b>36,343</b>	<b>67,510</b>	<b>103,852</b>

**Forest assets**

ForestrySA engaged Indufor to establish the valuation for its plantation estate in the Mt Lofty Ranges as at 30 June 2022.

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 methodology, both approaches to valuation involve a discount rate applicable to the same set of projected cashflows. The discount rate applied to the projected cash flows was 7.5% (2021:7.5%). 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	83.322	95.929	108.536	121.142	133.749
Production Costs	115.582	112.059	108.536	105.012	101.489
Transport Costs	112.781	110.658	108.536	106.413	104.29
Operational Expenditure	109.646	109.091	108.536	107.981	107.426
SG&A Expenditure	110.493	109.514	108.536	107.557	106.578
	<b>7.00%</b>	<b>7.25%</b>	<b>7.50%</b>	<b>7.75%</b>	<b>8.00%</b>
Discount Rate	116.163	112.218	108.536	105.090	101.860

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**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 2022.

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% (2021: 60%), Green Triangle 45% (2021: 45%) and Mid North 55% (2021: 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. 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 2022**

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	56,512	4,956	1,765	2,202
Acquisitions	-	358	104	2
Disposals	-	-	-	-
Assets reclassified to or out of assets held for sale	-	-	-	-
<b>Gains/(Losses) for the period recognised in net result:</b>				
Revaluation increment / (decrement)	52,024	-	-	-
Depreciation	-	(551)	(185)	(323)
<b>Total gains/(losses) recognised in net result</b>	<b>52,024</b>	<b>(193)</b>	<b>(81)</b>	<b>(321)</b>
<b>Carrying amount at the end of the period</b>	<b>108,536</b>	<b>4,762</b>	<b>1,684</b>	<b>1,881</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>108,536</b>	<b>4,762</b>	<b>1,684</b>	<b>1,881</b>

*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
Transfers within asset classes	-	-	-	-
<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>

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 managed by ForestrySA's corporate services section. ForestrySA's risk management policies are in accordance with the SA Government Risk Management Guide 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)	51	0.00%	-
1-30 days past due	17	100.00%	17
31-60 days past due	108	100.00%	108
61-90 days past due	30	100.00%	30
90+ days past due	0	0.00%	-
<b>Loss allowance</b>			<b>155</b>

Losses detailed above relate primarily to a single customer. Negotiations are ongoing with a positive expectation to recover all monies in the first quarter of 2022-23.

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.

#### 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.

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Category of financial asset and financial liability	Note	2022 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	20,834	n/a	n/a	n/a
<b>Financial assets at amortised cost</b>					
Receivables **	6.2	124,034	13,346	55,344	55,344
<b>Total financial assets</b>		<b>144,867</b>	<b>13,346</b>	<b>55,344</b>	<b>55,344</b>
<b>Financial liabilities</b>					
<b>Financial liabilities at amortised cost</b>					
Payables **	7.1	1,349	1,349	-	-
Lease liabilities	7.2	363	125	232	6
Other financial liabilities	7.3	122,555	11,867	55,344	55,344
<b>Total financial liabilities</b>		<b>124,267</b>	<b>13,341</b>	<b>55,576</b>	<b>55,350</b>

Category of financial asset and financial liability	Note	2021 Carrying amount / Fair value (\$'000)	2021 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>

\*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 Management 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 Management Team, with incidents and reports regularly reviewed by the ForestrySA Board.

Program name	Performance
<p><b>ForestrySA Contractor Management System</b> The Contractor Management System has been vastly improved with the use of the online management system. This allows staff to review and manage contractors and access compliance information while operating in the field.</p>	<p>Higher level of compliance among contractors working on ForestrySA land. The online contractor management system provides a reporting mechanism for statistical data analysis and identifies focus points for strategic planning. Compliance is continually monitored through site inspections and the contractor auditing process.</p>
<p><b>ForestrySA log haulage requirements update</b> Log Haulage requirements have been mandated for all trucks operating on ForestrySA sites. The Log Haulage document stipulates the minimum specifications required.</p>	<p>All trucks operating onsite have installed the additional safety features required, for log truck haulage. Compliance is monitored through site inspections and contractor auditing processes.</p>
<p><b>ForestrySA Mental Health Wellness</b> In 2022 the focus has been on high-risk ForestrySA personnel who interface with the public on a regular basis. Our Employee Assistance Program provider has been engaged to conduct regular wellbeing checks on our personnel, which serves to help employees defuse tensions and address emotional problems in the early stages.</p>	<p>Employees are phoned by a psychologist or a social worker to respectfully check in on their wellbeing. The calls offer a confidential platform for expression and reflection of emotional and/or relationship challenges. Pathways and coping strategies are explored to assist the person manage their current stressors.</p>
<p><b>Work Health Safety Committee</b> The committee provides a forum for safety issue discussion, a conduit between staff and management. The committee continues to assist in the development and monitoring of Forestry SA's safety management system.</p>	<p>The committee continues to meet and address any concerns raised by employees. The committee has been integral in implementing new safety initiatives to enhance the safety management system.</p>
<p><b>ForestrySA Disability Access and Inclusion Plan 2020-2023</b> A Disability Access and Inclusion Plan has been implemented and actioned for 2020-2023 to support and promote a safe and accessible environment for staff and the community.</p>	<p>Actions allocated in accordance with Inclusive SA: State Disability Inclusion Plan 2019–2023 priority areas.</p>
<p><b>ForestrySA Diversity and Inclusion Plan 2020-2023</b> The Diversity and Inclusion Plan 2020-2023 has been implemented and actioned to support and promote a diverse workforce with an inclusive culture.</p>	<p>Actions have been allocated to general and priority focus areas, with a continuous review of recruitment processes to ensure diversity is maintained.</p>

# HUMAN RESOURCES CONTINUED

## WORKPLACE INJURY CLAIMS

Workplace injury claims	2021-22	2020-21	% Change
Total new workplace injury claims <sup>1</sup>	0	2	-100
Fatalities	0	0	0
Seriously injured workers <sup>2</sup>	1	0	100
Serious injuries <sup>3</sup> Where lost time exceeds a working week, expressed as per worker	0	0	0

<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). Assessments from current period may include historic claims.

<sup>3</sup> Based on SIMS system data at 30 June 2022.

## WORK HEALTH AND SAFETY REGULATIONS

Work health and safety regulations	2021-22	2020-21	% Change
Number of notifiable incidents WHS Act 2012, Part 3	0	0	0
Number of provisional improvement, improvement and prohibition notices WHS Act 2012, Sections 90, 191 and 195	0	3	-300

## RETURN TO WORK COSTS

Return to work costs <sup>1</sup>	2021-22	2020-21	% Change
Total gross workers compensation expenditure (\$)	489,927	47,745	926.13
Income support payments - gross (\$)	297,512	0	100

<sup>1</sup> Before third party recovery and based on SIMS system data at 30 June 2022.

# HUMAN RESOURCES CONTINUED

## EMPLOYMENT OPPORTUNITIES

A total of 25 new employees were recruited during the 2021-22 period to fulfil statutory responsibilities, manage increased visitor numbers and support parental leave periods. These included 12 seasonal fire fighters, six community forestry and native forest management roles and seven administration and finance roles.

ForestrySA ensures its recruitment and selection processes do not discriminate against any applicant and promotes diversity, inclusion and flexibility within the workplace. The ForestrySA Human Resource Manual and Recruitment Manual continue to support the organisation's human resources function, thanks to comprehensive detail and inclusion of *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 2021-22

## EXECUTIVE EMPLOYMENT

Executive classification	Number
Exec A	1
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 2021-22 financial year.

Consultancies	Purpose	Actual payment (\$)
<b>Consultancies with a contract value below \$10,000 each</b>		
All consultancies below \$10,000 - Combined	Various	9,000
<b>Consultancies with a contract value above \$10,000 each</b>		
Boulden & Co	Fox Creek Bike Park rebuild	12,625
Destination Trails Pty Ltd	Fox Creek Bike Park	51,672
The University of Adelaide	Mount Lofty Ranges Community Participation report	13,225

# FURTHER REPORTING ITEMS

## PUBLIC INTEREST DISCLOSURE

On no occasion during 2021-22 was public interest information disclosed to the 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 Management 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 management 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 at least quarterly</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 maintains a Corporate Risk Register, reviewed regularly and reported to the Audit and Risk Committee at least 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 2021-22 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
AVL	Automatic Vehicle Location	Native Forest Reserve	An area of proclaimed Forest Reserve that has been gazetted as a Native Forest Reserve under the <i>Forestry Act 1950</i> , specifically for the conservation of native flora and fauna
CFS	Country Fire Service	PIRSA	The Department of Primary Industries and Regions South Australia
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	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
Conservation	The management of the natural environment to ensure its survival. A term covering preservation, maintenance, restoration and enhancement of the environment	Preservation log	Small diameter log used for the production of posts
COVID-19 pandemic	A global health crisis which impacted Australia from March 2020	Pulp log	Logs below sawlog quality but suitable for manufacturing pulp, paper and panel products
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 Reserve and trails	Residue burning	Post-harvest burns carried out in commercial forest to reduce fuel loads and prepare the site for the next crop
DEW	Department for Environment and Water	Radiata pine	<i>(Pinus radiata)</i> . A fast growing, versatile softwood tree species, grown across ForestrySA's commercial forest estate for the production of log
EPA	South Australia's independent environment protection regulator	RAP	Reconciliation Action Plan
ESG	Environmental, Social and Governance commitments	Responsible Wood	The internationally recognised forestry standard (AS 4708), to which ForestrySA is certified in the Mount Lofty Ranges and Green Triangle forests regions
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	SAFC	South Australian Forestry Corporation
Fox Creek Bike Park	South Australia's premier community bike riding destination, located in the Cudlee Creek Forest Reserve	Salvage operations	Harvest operations carried out in areas affected by fire
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	SA Water	South Australian Water Corporation
Green Triangle	ForestrySA forest region located in the south east of South Australia, known as the Limestone Coast	Sawlog	A log for processing into sawn timber
GRP	Gross regional product	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	WHS	Work health and safety
Mount Lofty Ranges	ForestrySA forest region spanning the Adelaide Hills and Fleurieu Peninsula and home to our Kuitpo, Mount Crawford and Second Valley Forest Reserves.	YTGen	Analysis software used to generate forest yield and timber production estimates
MoAA	Memorandum of Administrative Agreement		

# ForestrySA

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