



ForestrySA



Government
of South Australia



Responsible
Wood
RW12014

ForestrySA 2022-23

ANNUAL REPORT



ACKNOWLEDGEMENT OF COUNTRY



WORKING WITH AND ON COUNTRY IS WHAT WE DO

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.

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FROM THE CHAIR



“ForestrySA continues to deliver on its Charter for the benefit of South Australians as the state-owned corporation responsible for managing plantation forests in the Mount Lofty Ranges and delivering a range of Community Service Obligations across the state.”

The Corporation continued its strong financial performance during the year with an operating profit (excluding the Green Triangle Fire Tower Funding Project) of \$1.955m. Other highlights are set out below.

A key role for ForestrySA is its engagement with the community, and our forest reserves of 33,000ha provide the setting for various recreation, educational, cultural heritage and tourism experiences. Activities that take place in our forests include camping, hiking, biking, horse riding, dog walking and wildlife watching with more than 800,000 visitors welcomed into our forests during the year.

We are constantly looking for ways to safely enhance the use of our forests by the public and during the year TreeClimb SA established an aerial adventure course adjacent to the popular Chookarloo Campground. This activity has proved to be popular with people of all ages, while new luxury overnight stay options within the forest reserve are also now available, facilitated by an off-grid tiny-accommodation provider.

FROM THE CHAIR

ForestrySA has continued work on its Reconciliation Action Plan, which focuses on recognising and celebrating Aboriginal and Torres Strait Islander cultures, building greater participation in our workforce, and reflecting on and improving our relationships with Indigenous communities. The reality of the plan is that it will take time, because it is building a relationship with the Traditional Owners of the land on which our forests sit.

ForestrySA has conducted forestry for the past 148 years, was the first in Australia and will nationally contribute to celebrating 150 years in 2025. We have continued to manage our commercial forests with sustainable harvesting and have replanted some 400ha during the year. Our plantation forests now total 10,399ha. ForestrySA's commercial plantation and native forest areas are certified by Responsible Wood to the Australian Standard for Sustainable Forest Management. Sustainable timber can play a key role in a net-zero carbon future.

Fire remains a constant risk to be managed. To that end ForestrySA continued a \$1.5m upgrade program of its key firefighting vehicle platform, the very well-regarded FireKing. ForestrySA took delivery of 2 refurbished vehicles with a further 2 scheduled to be completed prior to the 2023-24 fire season.

Our commitment to the forestry community extends across the state and at the end of the 2023 financial year ForestrySA provided funding of \$2.346m for the upgrade of fire towers in the Green Triangle. The funding allows the trialling of new camera technologies for fire detection, as well as maintaining existing towers for the upcoming fire season. The project also will transition the ongoing operations and maintenance of the fire towers and fire detection program to OneFortyOne Plantations. The Department of Primary Industries and Regions (PIRSA) is administering this program.

ForestrySA works and collaborates with various agencies to provide its services, manage fire risks and work to conserve the native forest reserves. These partners include PIRSA, the Department for Environment and Water, the Country Fire Service (CFS), landscape boards, local councils and many others. I want to recognise their work and contribution to our success.

I would like to thank the Minister for Primary Industries and Regions and the Minister for Forest Industries, the Hon Claire Scriven MLC, for her support and guidance during the year. I would also like to thank my fellow Board members for their commitment, dedication and professionalism. The Board has been strengthened and refreshed this year with the additional appointments of Liz McKinnon, Hayley Neumann and Ric Sinclair who bring broad and relevant experience across a range of sectors.

Also, I extend the Board's appreciation to all staff for their continued and valued contribution to ForestrySA's success during the past year.

Finally, I take this opportunity to thank outgoing Chief Executive Julian Speed for his work over the past few years, and at same time welcome incoming Chief Executive Tim Ryan. Tim brings a breadth of public and private sector experience to this role as well as prior experience in executive and chief executive roles. A key objective for the coming year is setting our strategic direction. The Board looks forward to working with Tim on formulating our plan for the future.

ForestrySA is proud of its achievements in the 2022-23 financial year and looks forward to continuing its role as a leader and innovator in sustainable plantation forestry and community service delivery in the year ahead.



June Roache
BOARD CHAIR

FROM THE CHIEF EXECUTIVE



In ordinary circumstances, the Chief Executive's report would traverse the achievements of the year past and look to the opportunities in the year ahead. Having been appointed in the new financial year, I'll leave it to the Chair's report to cover those achievements.

As a public corporation, ForestrySA plays a dual role by providing services to the community and managing a commercial forestry business. ForestrySA's charter seeks to ensure proper commercial management of the forest, with an eye to forest industry development in the interest of the state economy, while also providing various community facilities and management of native forest reserves on behalf of the people of South Australia.

The state's forests therefore represent both a valuable community and important commercial resource, which needs to be managed so they can be enjoyed well into the future. In seeking to balance these aims, I am fortunate to have a team of passionate, hardworking staff who are committed to delivering excellent community services and commercial outcomes.

This annual report describes the various operations of ForestrySA and the list of its activities is long and complex.

Of the various challenges ahead, however, ForestrySA has one in common with every other organisation, adapting to climate change. As this fire season approaches, with the forecast hotter and drier conditions, it is a timely reminder of the present and continuing effects of climate change. All organisations will need to get to net zero and this presents a challenge as well as a potential opportunity for ForestrySA.

In the year ahead, I look forward to working with the Board to develop and deliver a new strategic plan for ForestrySA, one that will address the challenges ahead and explore the opportunities to increase our impact and realise the value of our forests.

A handwritten signature in blue ink, appearing to read 'T. N. Ryan'.

Tim Ryan
CHIEF EXECUTIVE

WHO WE ARE



OUR CORPORATION

ABOUT US

The South Australian Forestry Corporation (ForestrySA) is a statutory corporation with the principal responsibility of managing commercial plantation and conserving native forest reserves for the benefit and economy of South Australia.

In addition, other functions are to:

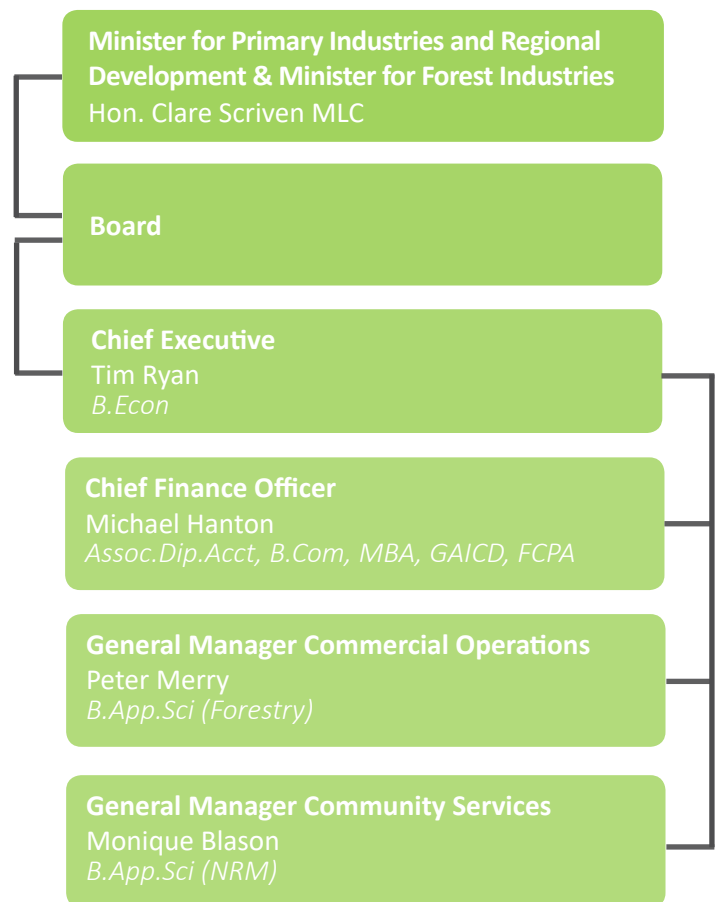
- Encourage and facilitate regionally based economic activities based on forestry and other industries
- Undertake directly or with industry partners and, where appropriate, commercialise forestry-related research for the benefit of the Corporation and the State

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

Importantly, land management practices consider and incorporate public access for community use purposes.

Both commercial plantation and native forest areas are certified by Responsible Wood to the Australian Standard for Sustainable Forest Management (AS 4708).

OUR STRUCTURE



OUR ECONOMIC DIRECTIONS

Capitalising on the global green transition

Support sustainability through the management of natural assets and the supply of carbon-positive building products and ecosystem services;

Being a partner of choice in an insecure world

Facilitate regionally focused forest management economic initiatives and activities based on wood products and eco-tourism; and

Building South Australia's talent

Support cooperative research activities within the forest industry, embrace technologies and drive innovation that will build a future-focused, skilled workforce.

OUR CORPORATION

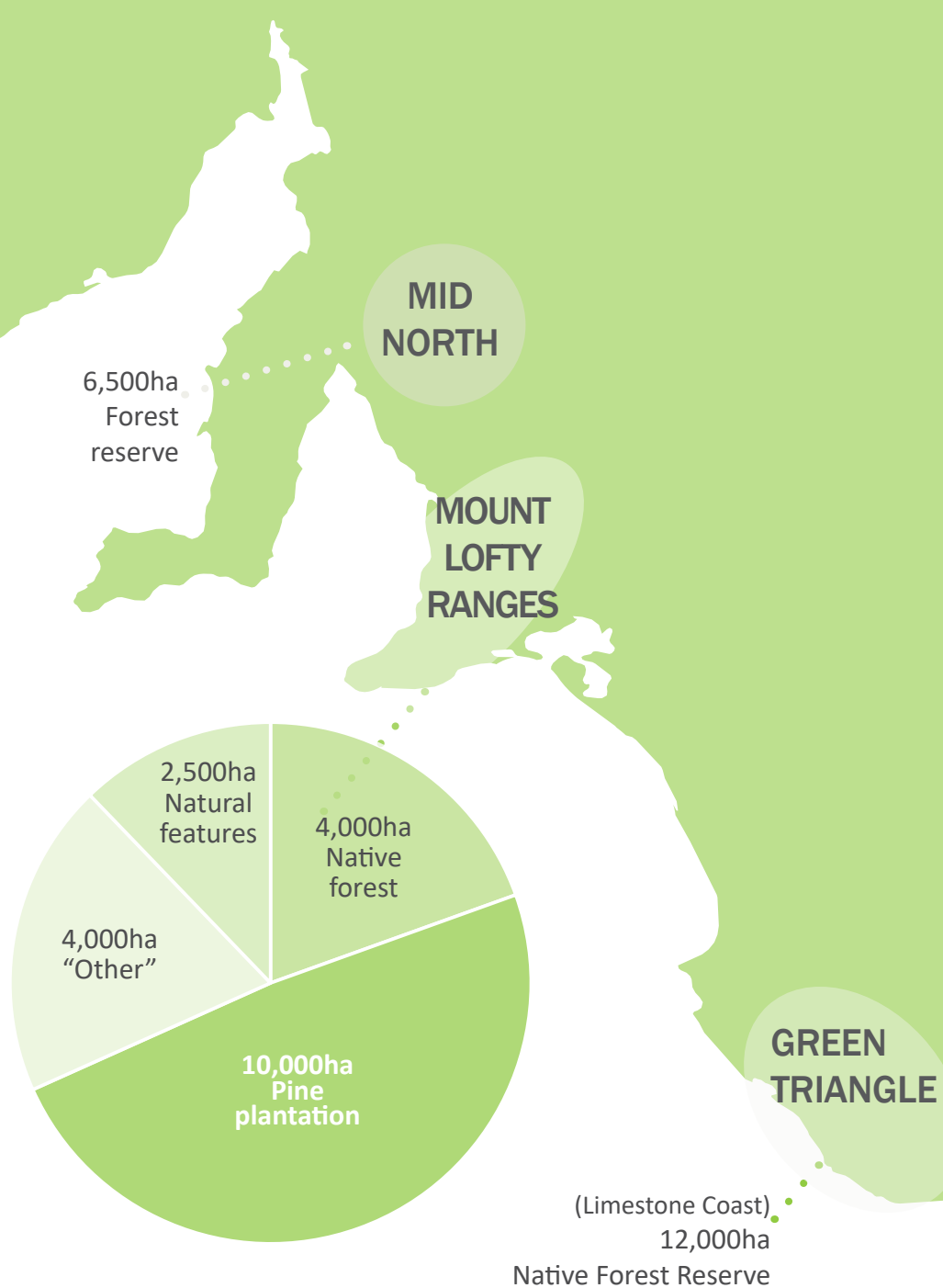
WHAT WE MANAGE

ForestrySA's key commercial function is the management of the pine plantation estate in South Australia's Mount Lofty Ranges region.

All plantation area harvested during the year is subsequently replanted in the winter months on an annual cycle. Plans are 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 16,000 hectares of Proclaimed Native Forest Reserves and many smaller areas zoned as conservation and managed in accordance with established forest management plans.

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



OUR CORPORATION

AT A GLANCE

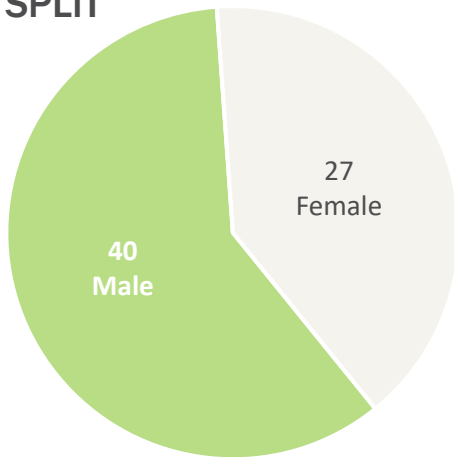
EMPLOYEE DEMOGRAPHICS

AVERAGE AGE **44**

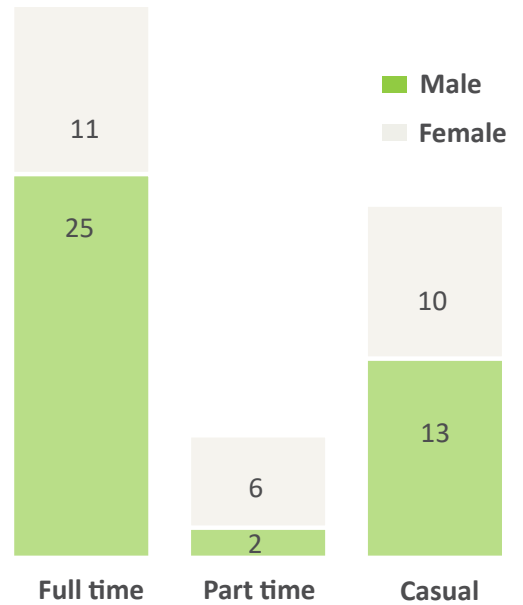
FULL TIME EQUIVALENT **45**

HEAD COUNT **67**

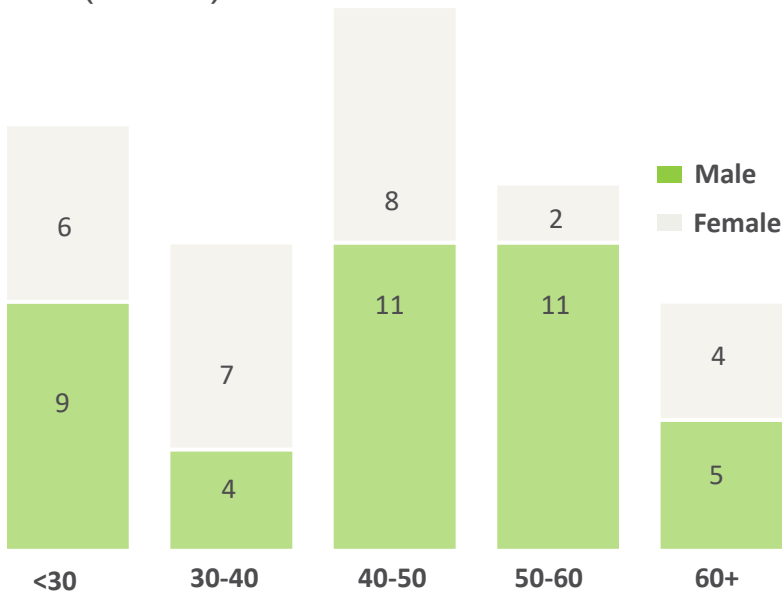
GENDER SPLIT



EMPLOYMENT



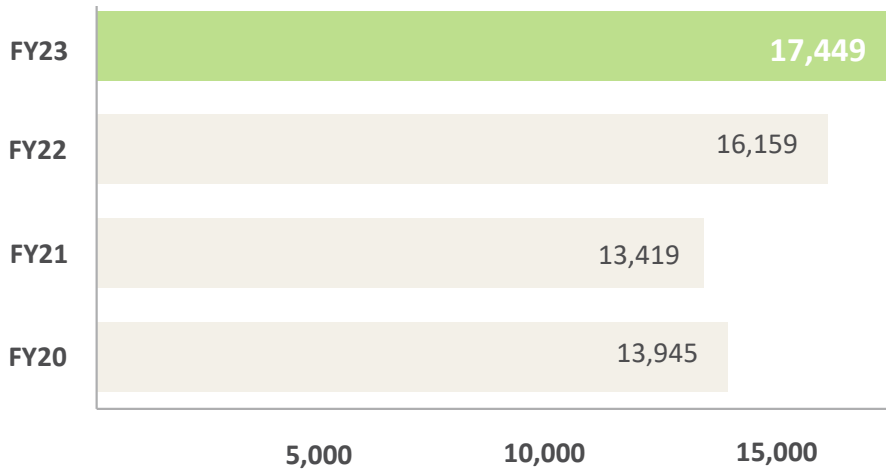
AGE (YEARS)



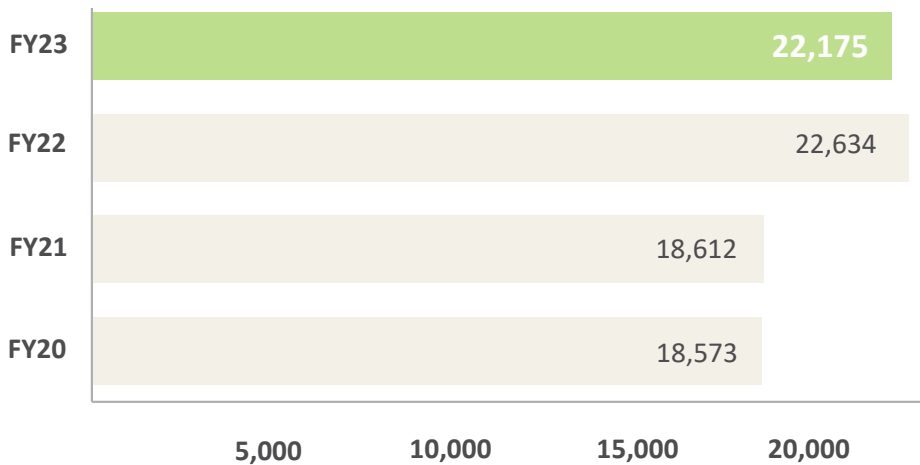
OUR CORPORATION

FINANCIAL HIGHLIGHTS

COMMERCIAL REVENUE (\$000s)



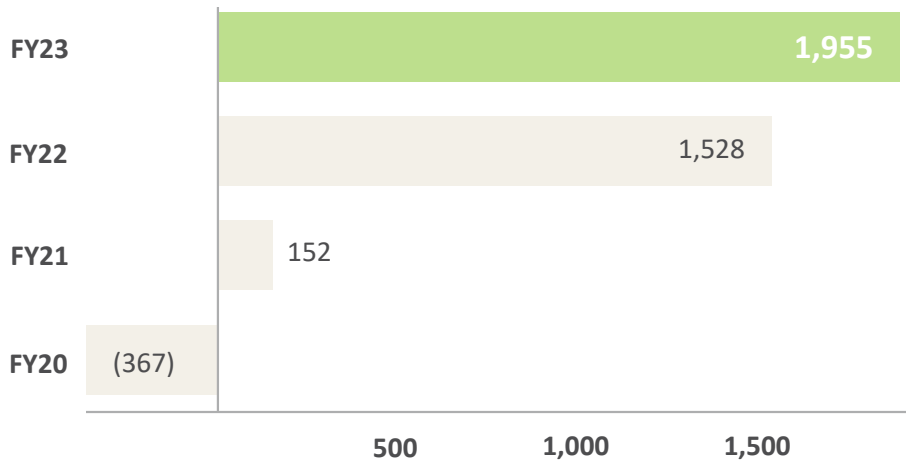
TOTAL REVENUE (\$000s)



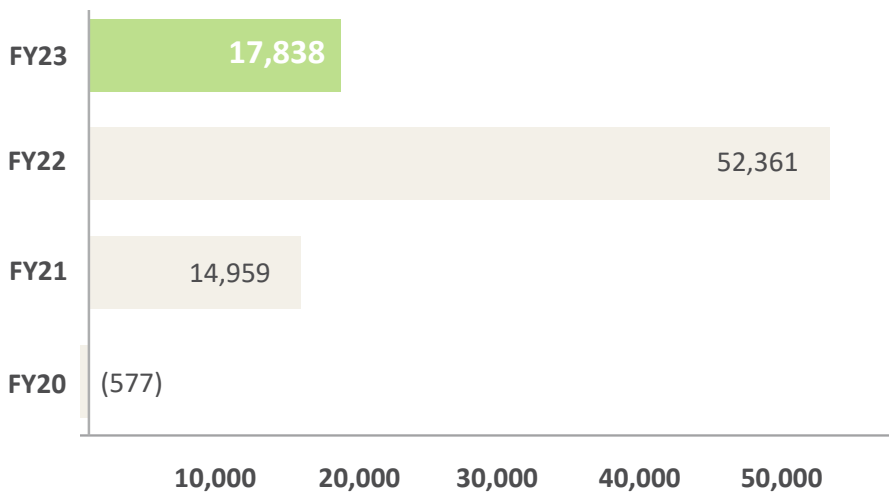
OUR CORPORATION

FINANCIAL HIGHLIGHTS

COMMERCIAL OPERATING PROFIT (\$000s)



COMPREHENSIVE RESULT (\$000s)



OUR CORPORATION

FINANCIAL HIGHLIGHTS

KEY FINANCIAL DATA (\$)

	FY23	FY22	FY21	FY20
Revenue	22,175	22,634	18,612	18,573
Comprehensive profit	17,838	52,361	14,959	(577)
Capital spending	911	1,295	649	188
Biological assets	123,619	108,536	56,512	54,748

“ForestrySA’s commercial performance from plantation management activities continued to improve during 2022-23.”

OUR CORPORATION

THE FUTURE

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

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.

Although we are seeing some softening in short-term demand due to multiple interest rate rises affecting consumer and business confidence, long-term outlooks from industry bodies highlights potential growth for local production due to the anticipated demand. Additionally, global factors like severe fires in Canada and the war in Ukraine will only increase pressure on the global supply of timber.

With the current focus nationally on the housing crisis, there will be heightened focus on increasing the rate of housing construction over the next decade from governments and the private sector. Timber from plantations will be a key strategic input into solving this national problem.

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 contributions in the future.

An aerial photograph of a lush green forest landscape. A dirt road winds through the center of the image, flanked by dense green trees. In the background, there are rolling hills and fields under a clear sky. The text 'BOARD, GOVERNANCE, EXECUTIVE' is overlaid in large white letters on the upper left portion of the image.

BOARD, GOVERNANCE, EXECUTIVE

OUR BOARD



JUNE ROACHE - BOARD CHAIR

BAcc, GradCertMgt, FAICD, FCPA, FIML

Ms June Roache was appointed as Chair and Director 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 Presiding Member of the South Australian Superannuation Board, Presiding Member of the Southern Select Super Corporation and a Board Member of the History Trust of South Australia. 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 - BOARD MEMBER

BSc (Zoology Botany), GradDip (Ecology Management)

Mr Grant Pelton was appointed as a Director of ForestrySA on 9 August 2019.

Mr Pelton has worked in the Department for Environment and Water (DEW) since January 2004 and has two decades of experience in multiple roles including Fire and Emergency Management, special projects, Visitor Services, Asset Management, Compliance, Marine Parks, Crown Lands, Pastoral Land Management Protected Area Policy, and the coordination of DEW's Volunteer Support Programs.

Mr Pelton has been a member of the Department's Executive; and the DEW Agency Security Executive; he has represented DEW on the State Emergency Management Committee, the State Bushfire Coordination Committee, and the State Recovery Committee. He also chaired the Department's Work Health and Safety, Diversity and Inclusion and Capital Investment Committees.

Mr Pelton is currently the Director, Strategic Projects in the Office of the Chief Executive, responsible for the delivery of the 79 election commitments the state government has allocated to DEW. In late 2022, he was tasked by the Chief Executive to coordinate DEW's response to the recent River Murray food and the subsequent recovery program. Mr Pelton has a Bachelor of Science degree (Zoology and Botany) and a Graduate Diploma (Ecology and Management), from the University of Adelaide.



RIC SINCLAIR - BOARD MEMBER

BSc (Forestry), MBA

Mr Ric Sinclair was appointed as a Director of ForestrySA on 1 January 2023.

Mr Sinclair initially worked in forest operations, but soon found his passion in communications, marketing and strategy. For over 13 years, Mr Sinclair was managing director of Forest and Wood Products Australia Limited, the sector's Research and Development and marketing organisation, where he delivered world leading initiatives such as WoodSolutions and The Ultimate Renewable™.

Mr Sinclair was previously director of the Gippsland Centre Against Sexual Assault, Louise Multicultural Centre and the Gottstein Education Trust. He is currently managing director of CarbonAbility Pty Ltd, which provides advice on the development and implementation of carbon offsetting strategies for large corporations.

Mr Sinclair has a Bachelor of Science, Forestry, from the Australian National University and a Master of Business Administration from the University of British Columbia.

OUR BOARD



LIZ MCKINNON - BOARD MEMBER

Ms Liz McKinnon was appointed as Director of ForestrySA on 1 January 2023.

She has held senior management roles in government and the forestry sector and has significant experience in public relations and communications, working as a journalist, editor and media advisor.

Ms McKinnon was the inaugural manager of the Green Triangle Forest Industries Hub, delivering significant research projects to support government policy outcomes with a focus on strengthening the sector. Prior to this she was the Economic Development Manager at

Glenside Shire Council and previously acted as a media advisor to former Victorian premier Dr Denis Napthine MP in his role as Member for South West Coast.

Ms McKinnon has significant board experience, with former roles as Chair of the Casterton Memorial Hospital and member of the Regional Development Australia Limestone Coast.



HAYLEY NEUMANN - BOARD MEMBER

BCom CPA

Ms Hayley Neumann was appointed as Director of ForestrySA on 1 April 2023.

Ms Neumann has worked as an accountant since 2005 and joined Sinclair Wilson in 2017, becoming a principal in 2022.

Ms Neumann is an active member of the business community, leading the Mount Gambier Chamber of Commerce as President for over 3 years. Ms Neumann completed the Limestone Coast Leadership Program in 2020. She currently sits on the Steering Committee for the

Regional Development Australia Limestone Coast Leadership Program.

Ms Neumann is a Certified Practising Accountant (CPA) and has a Bachelor of Commerce from the University of South Australia.

BOARD AND GOVERNANCE

RESPONSIBILITIES OF THE BOARD

The South Australian Forestry Corporation Board is the governing body of ForestrySA and sets the strategic direction and corporate policy of ForestrySA. The Board has overall responsibility for the corporate governance, direction and performance of ForestrySA.

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 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

BOARD MEETING ATTENDANCE

Board members July 2022 – June 2023	Meetings attended	Eligible for attendance
June Roache Board Chair	10	10
Grant Pelton Board Member	10	10
Tim Stollznaw Board Member	3	4
Ric Sinclair Board Member	5	5
Liz McKinnon Board Member	5	5
Hayley Neumann Board Member	2	2

Ten SAFC Board Meetings were held during the 2022-23 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 (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.

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

BOARD AND GOVERNANCE

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 systems, compliance, fraud control and continuous improvement.

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

The Board engaged Bentleys to provide the 2022-23 internal audit program that assists the Committee and management in providing independent advice on ForestrySA's business processes, internal controls and risk management.

In addition, the Committee has the responsibility of reviewing 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 the 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 2022 – June 2023	Meetings attended	Eligible for attendance
Simon Rodger Chair	5	5
June Roache Member	3	3
Grant Pelton Member	5	5
Ric Sinclair Member	2	2
Liz McKinnon Member	2	2

Five Audit and Risk Committee Meetings were held during the 2022-23 year.

June Roache, Member, resigned from the Audit and Risk Committee effective 31 January 2023.

Simon Rodger was reappointed as the Chair and Member of the Audit and Risk Committee for a 1-year term effective 1 January 2023.

BOARD AND GOVERNANCE

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 2022-23 performance targets and outcomes are listed below:

	Performance targets 2022-23	Performance outcomes 2022-23
Equity Contribution Funding	\$nil	\$nil
Forest Assets Revaluation Increment	\$1.0m	\$15.08m
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 CHARTER

This Charter is prepared by the Minister for Primary Industries and Regional Development and the Treasurer, following consultation with the South Australian Forestry Corporation, and in accordance with Section 12 of the *Public Corporations Act 1993*.

The document sets out the government's priorities and requirements for ForestrySA.

The Charter is available for download via our website, at www.forestry.sa.gov.au/about-us/corporate-overview-strategic-plan-charter.

BOARD AND GOVERNANCE

SUSTAINABLE FOREST CERTIFICATION

ForestrySA is strongly committed to the economic, environmental and social aspects of sustainable forest production.

Our Forest Management System is certified by Responsible Wood's Australian Standard for Sustainable Forest Management (AS 4708:2013), which requires compliance with internationally accepted criteria.

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

More information about our certification and policy for Sustainable Forest Management is available via our website, at www.forestrysa.com.au/forest-management.

FOREST OPERATIONS



PLANTATION MANAGEMENT



ForestrySA's commercial program includes the sustainable management of 10,399ha of radiata pine plantations across the Mount Lofty Ranges, spread from the southern Barossa to the southern Fleurieu Peninsula.

These plantations were originally established in the late 1800s. Their significant differences in topography, site productivity, fragmented semi-urban to rural settings, unique market profile and multiple-use forestry landscape, presents both diversity and management complexity.

During 2022-23, forest products were harvested from a range of mature plantations and intermediate-age plantations across the estate. Log sales were primarily underpinned by delivered log sales and minor quantities of log sold by stumpage and roadside log sale arrangements.

Continuous improvement in ForestrySA's estate management practices will strengthen the future wood security interests of local industry, while encouraging multiple-use forestry opportunities.

ForestrySA has increased focus on supporting its South Australian customer base during 2022-23. This is an important commitment in the context of local industry responding to recent supply chain shortages in the structural timber market.

Contractual log supply commitments have been upheld during the year, with 100% of log harvested being directed to local and South Australian-based customers.

The market environment for premium structural-grade log remained predominantly strong, while the environment for low-grade log sales weakened considerably during the last half of the year.

This influenced harvest scheduling and imposed restrictions on planned plantation thinning, where low-grade log production is inherently high.

High rainfall was experienced across the region during 2022-23, with around 130% above average recorded.

PLANTATION MANAGEMENT

Rainfall persisted into late spring 2022, causing significant disruption to plantation establishment and maintenance work programs. This pushed back the completion of some works and postponed others.

The impact of weather on plantation harvesting was equally problematic, causing additional challenges with the transport of harvested log from plantation to roadside.

A total of 357ha of new radiata pine plantation was established in 2022.

This increased re-establishment program has come about in response to a recent focus on clearfall of over-mature plantation, salvage of burnt plantations and consequential increase in fallow area.

Re-establishment will continue at this higher rate over the next few years, until the percentage of fallow area becomes more balanced and sustainable.

The re-filling requirement for understocked 2021 plantations was higher during the year, as a result of localised low survival rates. Lower-than-target seedling survival was recorded in sections of plantations affected by waterlogging, frost and poor weed control.

As a result, 2022 plantation survival was lower than target with an average survival rate of 89%. Mount Crawford Forest Reserve recorded 88% and Second Valley 89%.

A relatively uneventful 2022-23 fire season led to the loss of 0.4ha of plantation at Kuitpo in January 2023.

Minimal young age plantation instability issues were experienced during 2022-23. Some localised tree straightening work was required in 2–3-year-old plantation areas, while minor windthrow damage was identified in a mature plantation at Mount Hayfield plantation, in the Second Valley forest.

ForestrySA's integrated weed control program continued to deliver reasonable outcomes within both plantation and native forest.

10,399ha
PLANTATION ESTATE

357ha
FORESTS
REPLANTED

ALL FORESTS
SUSTAINABLY
MANAGED

89%
AVERAGE
SEEDLING
SURVIVAL

PLANTATION MANAGEMENT

General weed control programs in plantation areas were challenged by persistent wet weather into late spring and early summer. The onset of rain in early autumn enabled on-time weed control and successful outcomes in both plantation weed control and chemical trespass management.

Ongoing weed control in forest reserves and on SA Water land continued to target woody weed species such as cape broom, gorse, boneseed, blackberry, African daisy, wild lavender and pine wildings.

Contractor labour shortage pressures continued to cause business disruption during the year, primarily relating to truck drivers and skilled harvest machine operators.

However, the largest impact was on the log sales program. Lower levels of plantation thinning operations led to higher dependency on clearfell, with plantation establishment and maintenance programs more heavily checked by challenging seasonal conditions.

Plantation management input costs continued to increase during 2022-23, fuelled by significant inflationary pressure. This has affected ForestrySA's ability to evaluate opportunities for efficiency gains and waste reduction across the plantation management program.

A significant procurement project was implemented during the second half of the year, securing new service agreements with local contractors for plantation establishment and maintenance works for the next 3 years.

FOREST AREA STATISTICS

Forest region	Standing commercial plantation (ha)		Natural features estate (ha)		Other (ha) ³	Proclaimed Forest Reserve
	ForestrySA land	SA Water land	Proclaimed Native Forest Reserves	Natural features		
Mount Lofty Ranges ¹	9,178	620	4,002	2,429	3,957	19,566
Mid North ²	0	0	0	896	1,396	6,538
Green Triangle	0	0	12,059	384	234	12,674
TOTAL	9,178	620	16,061	3,706	5,587	38,778

¹ Mount Lofty Ranges commercial plantation includes 876ha, which is managed as commercial forestry on SA Water land and includes 620ha of standing commercial plantation. This area is not included in the proclaimed Forest Reserve Total.

² Mid North proclaimed Forest Reserve includes 4,246ha under long term Crown lease.

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.

Currently, 55% of all planted area has yield tables generated by YTGen, up by a further 18% on the previous year. This trend will continue to increase in future.

A large planning challenge relates to the reasonably large volume of plantation estate that is less than 13 years old, unthinned and reliant on previous rotation data for modelling. Ongoing work is continuing to improve stocking data and effective plantation area integrity of plantations at 3 years of age, by replacing survival stocking data with information generated from drone imagery.

Extending from the 1,400ha of inventory data collected during the past 12 months, ongoing trends identified relate to an overall modest positive change in average stem volume across all operation types except for first thinning. This provides confirmation of an increase to waste variables across all operation types.

“Investment in inventory will continue to provide crucial feedback and allow ForestrySA to optimise both wood flow planning, sustainable annual cut recommendations and future commercial outcomes.”

The current age class profile of the estate will drive an increase in thinning operations and by default, steer product outcomes towards smaller diameter sawlog, shorter rotation lengths and increased volumes of low grade log production. Log volume produced from plantation thinning has almost doubled in the last 12 months.

On-time harvesting of post-Ash Wednesday fire re-plant areas, particularly within Kuitpo Forest, are increasing. In the interest of placing downward pressure on net fallow area and smoothing future wood flow, third and fourth thinning programs continue to be undertaken to extend the life of productive middle-to-late-age plantations.

A non-conventional harvesting program will be introduced in early 2023-24 to ensure remnant over-mature plantations continue to be retired, stabilising future wood flows and steadily increasing the net productivity of the Mount Lofty Ranges plantation estate overall.

First, second and third thinning operations were carried out predominantly within the Mount Crawford and Kuitpo Reserves during 2022-23. This was biased by transport capacity shortcomings and continued support of delivered sales to customer log yards north of Mount Crawford Forest.

First and second thinning operations are scheduled to increase significantly during 2023-24.

Significant improvements have been made in a bid to extract maximum value from the plantation resource during harvest. The use of APT files, routine reconciliation of harvest machine data and collaboration with contractors and customers is helping to get the most out of every tree for the benefit of all parties.

MARKET AND SALES OUTLOOK

Demand for premium structural log grades remained strong for the duration of the year. However, the market has showed signs of slowing in 2023 and is currently forecast to remain flat over the next 12 months to two years.

Direct market feedback has shown some concern over negative growth for the remainder of the year and into 2024. But the local backlog of new housing and structural developments – off the back of a severe Australia-wide structural timber shortage and variable timber import activity – continues to provide some degree of resistance.

Domestic demand for low-grade log remained constrained by factors including delays with the Monarto South sawmill development, stalling of the local preservation market and the steady decline in packaging material sales.

ForestrySA customers are pursuing log on-selling opportunities in a bid to provide further positive stimulus. Customer diversity is likely to provide a reasonable degree of buffering while the market is exposed to a number of challenges over the next 12–24 months.

On balance, ForestrySA's log sales program remained closely aligned to fulfilling log supply commitments with the local sawmill and wood processing industry.

Year-on-year, revenue increased on a per-volume basis; however, log sales to local customers reduced by 60% predominantly due to large volumes of fire-damaged and low-grade log sales during 2021-22. Revenue was positively influenced by the proportion of higher-grade structural logs sold and log price increase consistent with the wider industry trend. The targeted realignment of log sales with the estate's long-term sustainable annual cut level of 150,000–160,000m³ per annum is regarded as business critical.

Three new Log Sale Agreements began with local South Australian customers during 2022-23. This is significant on the basis that more log is now being committed to the local processing industry compared with previous years. All radiata pine log produced is now committed into the local market over the next 3 years, with the vast majority of log committed to the local market through to 2031.

ForestrySA's market approach over the past 3 years has resulted in a major strengthening of the corporation's business continuity interests, maintaining diversity in the log sales program, retention of South Australian regional jobs and economic activity, and advancing sustainable partnerships with local customers.

100%
OF LOG
SUPPLIED
TO LOCAL
CUSTOMERS

Progress has also been ongoing in terms of ForestrySA reaching log pricing commensurate to the industry benchmark, in turn providing local customers with the opportunity to firm up long-term log security interests and pursue their own business investment agendas.

ForestrySA is currently seeking new zero-waste marketing options for forest residue material, in a bid to create additional regional development in downstream processing and further enhance the sustainability credentials of the commercial log sales program.

It is envisaged significant inroads will be made during the next 12 months, with both current and emerging customers.

**STRONG
DEMAND
FOR PREMIUM LOG**

TOTAL LOG SALES

Sawlog supply into the local market was well below the last two financial year periods overall, but closely aligned to budget, the planned reduction of harvesting activity and the long-term sustainable annual cut level.

Significantly less low-grade log was sold during 2022-23 because of local market constraints. Significant effort must be directed towards reversing this trend and the consequent level of thinning activity within the commercial plantation estate.

Premium sawlog sales remained fairly consistent compared with the two previous years, with customers seeking their full log sale agreement volume allocation. A combination of increased thinning activity, harvesting and transport capacity and seasonal challenges no doubt had a dampening effect on sawlog production and sales. Large diameter sawlog flowed sporadically in line with the activity level of the final felling mature plantations.

Industrial log sales were consistent with recent years, with log being processed by sawmill customers producing packaging grade timber products. Log sales have shown reasonable resilience to weakening timber sales; however, market forces led to the suspension of preservation sales (for posts, strainers and rails) towards the end of the year. This had an impact on first thinning.

Stumpage sales involving the sale of mixed-species softwood log remained slow during 2022-23, affected by a soft log export market.

LOG SALES, MOUNT LOFTY RANGES

Product	2022-23 (m ³)	2021-22 (m ³)	2020-21 (m ³)
Sawlog	94,471	101,399	90,348
Industrial	41,362	36,009	42,019
Total log	135,833	137,408	132,367
Pulpwood	3,710	19,427	5,432
Preservation	4,449	5,682	6,918
Total pulp	8,159	25,109	12,350
Other log	1,869	53,741	81,533
TOTAL	145,861	216,258	226,250

FOREST HEALTH



Above-average rainfall led to a significant increase in growth and general productivity across the plantation estate.

Young plantation growth development in particular was boosted by the optimal growing environment over the past year and on the back of relatively mild seasonal conditions for the past 4 successive years.

The growth plot data measurement and monitoring program covering close to 1,000ha of young-age plantations from ages 2.5 to 4.5 years (2018 to 2020 plantations) expressed in most cases average to above average growth over the past 12 months.

Noteworthy exceptions to the strong growth trend appeared in young age plantations within the Big Flat and Goat Farm localities, Mount Crawford Forest, where long-term salinity issues are known to exist. Effective plantation boundaries in young-age plantings receded in localised areas, returning to previous rotation boundaries.

A number of drowning deaths were surveyed in 2021 and 2022 plantings, in localised low-lying areas where surface water persisted for several months during winter.

For the second consecutive year, weed control at Second Valley Forest's Jagers plantation was challenged by the late end to wet conditions and immediate transition to drier conditions. Significant refilling was required within the 2022 planting area.

Fertilisation of young-age plantings was postponed from spring 2022 to autumn 2023, due to the persistence of high rainfall, associated soil water-logging and high risk of off-site movement of fertiliser. Due to the early autumn break, delayed implementation of the program is unlikely to have significantly affected plantation development.

Priority works oriented towards active management of damaging agents including pest and diseases, weed invasion, windthrow, recreational access pressures, unauthorised firewood cutting, dumping of rubbish and other illegal activities continued.

FOREST HEALTH

High precipitation over the past 12 months has been followed by more average winter rainfall, consistent with a return to normal following La Niña and negative Indian Ocean Dipole events influencing climate across Australia.

The seasonal outlook is for the development of below-average rainfall, average to above-average temperatures and a return of evaporation pressure.

Ongoing forest stewardship efforts continue through implementation of weed control programs commitments via ongoing engagement of local contractors with considerable estate knowledge.

Collaborative land management projects with South Australian Government agencies are also continuing to deliver strong operational outcomes for vertebrate pest control, bushfire prevention, illegal firewood collection, and managing illegal access and use of public land.

Ongoing focus areas for maintaining healthy commercial plantation include:

- Developing the market for low-grade harvest residue materials, reducing the need for residue burning
- Replanting harvested plantations with high-quality highly productive new plantations
- Implementing targeted weed control programs on a site-specific basis
- Identifying poor early-growth expression and rectifying through young-age fertilisation treatment
- Targeting on-time thinning of mid-rotation plantations
- Supporting an average plantation clearfall age of 34 years across the estate.

ForestrySA's long-term commitment to managing Sirex woodwasp (*Sirex noctilio*) continues with no concerning new trends identified during the past 12 months.

Giant pine scale (*Marchalina hellenica*) is a pest of concern for the plantation pine industry as well as amenity tree plantings across the greater Adelaide region. Its presence re-emerged in the suburb of Highbury in late April 2023 and ForestrySA is now collaborating with other stakeholders and performing a key operational role to help manage known incursion areas, prevent further spread and eradicate the exotic pest in South Australia.

FOREST RESEARCH

ForestrySA continues to actively collaborate in and contribute towards the advancement of national and local priority research projects.

Projects supported during 2022-23 include:

- Working with Flinders University in Kuitpo Forest to develop SAR and LiDAR imaging technologies
- International Tree Root Microbiome Program, sampling the full extent of radiata pine in all states of Australia and internationally, focusing on understanding the intricate relationship between tree-root microbiomes and tree health in a changing environment.
- Ongoing 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 continues to promote the industry’s environmental and sustainability credentials.”

ForestrySA is pursuing emerging opportunities aligned with reducing carbon emissions, promoting green energy projects and encouraging carbon sequestration in commercial plantation and native forest ecosystems.

Multiple-use forestry projects promoting sustainable recreation, wellness, community education and safety in the workplace are also being encouraged.

FIRE MANAGEMENT



ForestrySA has a close working relationship and history of positive collaboration with the Country Fire Service (CFS). This has helped keep communities safe and protect South Australia's plantation and native forest areas across the Mount Lofty Ranges and Limestone Coast (Green Triangle) districts for decades. Mutual respect underpins this strong working relationship, which has continued to grow during 2022-23.

“ForestrySA's bushfire management program covers all activities directed towards prevention, preparedness, response and recovery.”

As relatively mild conditions prevailed throughout the fire season, resourcing was able to be directed towards non-response-oriented programs, including increased contribution on regional Bushfire Management Committees and development of the Adelaide Hills Bushfire Mitigation Strategy.

The new Australian Fire Danger Rating System was implemented during the year, with introduced changes leading to implications at an operational level. Organisationally, decisions were made on a day-to-day level, resulting in daily reactions commensurate with previous seasons.

ForestrySA crews responded to a total of 20 fire incidents. The most significant fire incident threatened Rocky Creek plantation, Kuitpo Forest Reserve. This incident had the potential to significantly affect plantation assets, but due to the quick response of ForestrySA and CFS crews, it was contained with minimal impact.

ForestrySA's presence in the Limestone Coast region was well serviced through an Memorandum of Administrative Agreement (MoAA) between ForestrySA and DEW. There were no major incidents of concern in the Limestone Coast region.

ForestrySA's response capability was bolstered significantly during the season following the major refurbishment of its FireKing appliances. Work included overhauling all major mechanical, hydraulic and electrical componentry with the objective of improving both the capacity and the reliability of the FireKing fleet for the next 2 decades. The fire packs of 3 bulk water carriers were also refurbished, bringing them up to a standard consistent with CFS units.

The completion of the refurbished appliances has modernised the existing fleet and increased ForestrySA's future response capabilities for fires affecting both forest reserves and surrounding communities.

FIRE MANAGEMENT

ForestrySA staff acknowledged the 40th anniversary of the devastating 1983 Ash Wednesday fires in 2023. The devastation of one of Australia's deadliest bushfire events remains a poignant lesson in resilience, innovation, and forest firefighting decades after the event.

ForestrySA continues to reflect on this event, which had such a significant impact on the local forestry industry, staff and local communities. The recovery program following the Ash Wednesday fires has had a marked impact on driving advancement of fire crew safety, prevention preparedness and protection protocols and general fire organisation maturity levels.

Staff attended the annual South Australian Fire Fighters Memorial event at Naracoorte in April. Here they paid their respects to the 8 Woods and Forests staff who tragically lost their lives battling the Wandilo forest fire on 5 April 1958, and their CFS counterparts who have given the ultimate sacrifice while protecting their communities over the years.

Harvest residue and prescribed burning activity was heavily affected by seasonal constraints in the Mount Lofty Ranges Forest Reserves during the year. This meant limited opportunity to burn, due to a combination of above-average rainfall and unfavourable wind direction. As a result, residue burning was completed across 370ha – just over half of what was planned.

One prescribed burn was undertaken in Kay Native Forest Reserve in the Limestone Coast by DEW with assistance from OneFortyOne, under the current MoAA.

Seasonal constraints also heavily affected the timing and approach to ForestrySA's annual firebreak and access track maintenance program.

The firebreak spraying program was restricted, which required increased slashing works, and the implementation of the overall program was delayed. Strategic landscape level firebreak remedial work continues at Cudlee Creek; however, it was again affected by weather and access constraints.

**20 FIRES
RESPONDED TO**

**FIREKING
APPLIANCES
REFURBISHED**

**370ha
FUEL
REDUCTION
BURNING**

**TOTAL
FIRE BAN
PUBLIC
EDUCATION
CONTINUING**

FIRE MANAGEMENT

ForestrySA supported the Australasian Fire Authorities Council (AFAC) Conference in Adelaide in August 2022, as a member of the organising committee. A FireKing was showcased, staff were made available and an in-field visit hosted as part of the event. Following the successful conference, ForestrySA resigned from AFAC to focus on state and regional committees but remains represented on the Rural Land Management and Forest Fires Management Groups.

During 2022-23, the Head of Agencies Steering Committee determined the end of its useful life, aligned to the strategic re-set of the State Bushfire Coordination Committee and adoption of the State Bushfire Management Plan 2021-2025.

The committee endorsed the retirement of the Code of Practice for Fire Management on Public Land and agreed to meet twice yearly as an informal group to share and collaborate.

ForestrySA's Fire Management program has continued its development in a number of essential areas. The training and development program has strengthened individual staff development and remains a focus. The training matrix in place has opened pathways to further enhance staff skills and qualifications, with ForestrySA staff being recognised by other agencies for their expertise in plantation firefighting.

“ForestrySA has continued its strong relationship with partner agencies to raise awareness around fire prevention and suspicious fire activity.”

This ongoing collaboration also aims to help educate the public around the implications of illegal campfires and the potential fire risk they present.

Work also continues to educate and inform the public around forest closures on Total Fire Ban days, via social media.



NATIVE FOREST MANAGEMENT



ForestrySA managed Native Forest Reserves across 16,500ha in the Mount Lofty Ranges and Limestone Coast in 2022-23.

“ForestrySA continues to be a leader in threatened flora and fauna species protection and cultural heritage conservation.”

During this period, Aboriginal cultural restoration activities took place in the Limestone Coast at Rock Shelter Native Forest Reserve in partnership with Burrendies Aboriginal Corporation and the Landscape Boards’ Aboriginal Focus Group. This included treatment of blackberry adjacent to the historic shelter and preparation for further access for rehabilitation works. Burrendies also undertook weed control at Topperwein and The Heath Native Forest Reserves.

Threatened orchids received a special focus during the year, in partnership with the Botanic Gardens Seed Conservation Centre.

Further enclosures were established across the Mount Lofty Ranges forest reserves with nationally significant species planted, including the white-beauty spider-orchid (*Caladenia argocalla*), the blue-top sun-orchid (*Thelymitra cyanapicata*) and the Fleurieu leek orchid (*Prasophyllum murfetii*).

The enclosures provided protection from grazing, allowing the plants to mature and set seed, and will permit monitoring of individuals over time.

The biodiversity values of the Native Forest Reserves continued to expand during this period, with the discovery of new records of *Cullen australasica* at Cudlee Creek and Ingalalla Falls, and *Olearia grandiflora* at Mount Gawler and Coralinga.

During 2022-23, a plant database was developed to capture a significant amount of old flora survey data collected from the forest estate. Data input has now begun and it is envisaged the new database will contribute to future planning and management of native forests and conservation areas.

In the Mount Lofty Ranges, 2022-23 fauna monitoring focussed on landscape-scale programs. This included monitoring of the square-tailed kite, swamp wallaby, Bassian thrush and southern brown bandicoot. One square-tailed kite, was tracked from its home near Mount Crawford Forest to far north Western Australia, while flocks of yellow-tailed black cockatoo continue to migrate across the Fleurieu Peninsula and Mount Lofty Ranges, living and feeding in pine plantation and native forest.

NATIVE FOREST MANAGEMENT

“An estimated 30,000 volunteers have provided a combined total of more than 60,000 hours since 2003 to help establish biodiversity corridors in the Limestone Coast.”

This work has been conducted as part of the the South East Biodiversity Corridors Plan, which was produced by ForestrySA during 2003 to guide the planning and planting of 20 corridors across the region. Work is continuing in 2023, with another 5 corridors planned for future years.

Weed control operations were carried out across 650ha in the Mount Lofty Ranges during the year, prioritising areas of high conservation value and plantation next to remnant native vegetation.

A second \$50,000 bushfire recovery grant funding allocation from the Hills and Fleurieu Landscape Board allowed for an expansion of work to capitalise on primary weed control completed immediately after the 2019 Cudlee Creek bushfire. This enabled a large reduction in the weed seed bank in priority areas for gorse, watsonia and English broom.

Cooperative, multi-agency pest animal control programs achieved substantial outcomes across the Mount Lofty Ranges and the Limestone Coast during 2022-23. ForestrySA joined other land management agencies and landscapes boards to form the South Australian Pest Animal Aerial Culling Steering Committee to provide governance and oversight of aerial shooting operations on government land.

In March 2023, ForestrySA continued its involvement in the Cudlee Creek program, involving the Hills and Fleurieu Landscape Board, DEW and SA Water, removing 323 goats, 6 deer and 3 sheep from the fire-recovering landscape. ForestrySA also facilitated a second program at the Mount Bold Reservoir to control 286 deer and 26 goats.

A further 2 aerial deer control programs were undertaken in the Second Valley Forest and in the Limestone Coast by PIRSA and Landscape SA. More than 2,300 deer were successfully removed from the Second Valley forest and neighbouring properties. A further 1,600 deer were removed from 46 Native Forest Reserves, surrounding conservation parks and private land in the Limestone Coast.

Volunteers continued to play an important role in feral animal control in the Mount Lofty Ranges, contributing more than 470 hours of volunteer time and assisting in the control of 250 deer and 100 goats.

Planning and scoping work began on a new management plan proposed to include 4 existing Native Forest Reserves in Mount Crawford Forest. This preparatory work involved strategic review of existing plans, Responsible Wood accreditation and Program for Endorsement of Forest Certification requirements. An initial draft was prepared, covering conservation, recreation, heritage and fire management.

Work was completed on prescribed burn assessments at Watts Gully Native Forest Reserve in anticipation of an ecological and fuel reduction burn during 2023-24.

After 14 years of operation in the Limestone Coast, ForestrySA's popular Schools Biodiversity Program came to a close. This program had seen hundreds of school children contribute to the protection and conservation of native habitat and species in the region and revegetate forest areas with thousands of native plants to improve biodiversity values.

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.

Approximately 3,300 volunteer hours and significant recreation, conservation and heritage outcomes were delivered.

FORESTS AND COMMUNITIES



COMMUNITY FORESTRY



ForestrySA managed conservation, public access and nature-based recreation across 33,000ha of forest reserves in the Mount Lofty Ranges and Limestone Coast during 2022-23. Our staff also continued to facilitate public recreational access in over 80,000ha of pine plantation areas leased by OneFortyOne Plantations in the Green Triangle.

“Forest reserves continued to be a highly valued community asset, with events and recreational activities free to take place following years of restriction due to COVID-19.”

Visitation is estimated to have reached approximately 833,651 visitors in 2022-23, compared with more than 1 million the previous year. With the new phase of eased restrictions, South Australians are now increasingly holidaying overseas and interstate, which has caused a shift in forest visitation numbers with numbers falling slightly overall.

However, new key tourist attractions such as TreeClimb Kuitpo Forest and CABN Kuitpo Forest have experienced high visitation levels since opening in early 2023, welcoming over 20,000 climbers and hosting 225 stays respectively during their first 6 months of operation.

Community event applications continued to stream in throughout 2022-23, including for trail running and trekking, dog sledding, movie filming, scout, school, TAFESA and university camps, orienteering and rogaining, laser skirmish, mountain bike riding, gravel riding, horse riding, and motor bike events.

Events and group activity numbers rose, with approximately 19,668 people attending 342 registered events and group activities, predominantly across the Mount Lofty Ranges. Large community events included the Nature Play SA Forest Festival, numerous mountain bike races and the BikeSA Dirty Weekend at Fox Creek Bike Park, motorbike trail rides, the Pines Enduro, the Heysen 105 Ultra Series and ROAR Barossa.

COMMUNITY FORESTRY

The ever popular Ghost Mushroom Lane after-dark visitor experience received high demand during May, however forest management operations combined with seasonal weather provided a challenge for the site, causing both a late start and an untimely early finish to the season. The event, which previously experienced up to 20,000 visitors over 2 months, had around 800 visitors in the short time the site was able to remain open in 2023.

Positively, public enquiries dropped again from 8,206 in 2021-22 to 5,411 this year. This shift is directly attributable to improvements to information available on the ForestrySA website, social media alerts and online booking and permit systems, plus a reduction in COVID-19 impacts on community events and activities and a decrease in overall visitation due to changes in travel trends.

In May 2023, ForestrySA again facilitated the Run for Rangers run in partnership with the Avenues Parkrun and the South Australian Rangers Association. This annual event at Kuitpo Forest is attended by ForestrySA and National Parks and Wildlife Service, staff, families and community members. The event raises much-needed funds for the Thin Green Line Foundation, which provides vital support to park rangers in developing nations, conflict zones and marginalised communities worldwide.

ForestrySA's forest reserves continued to provide an important location for school outdoor education camps, with 1,940 students attending 24 camps throughout the year. A new "information for schools" resource was made available via the ForestrySA website during the year, providing maps, frequently asked questions, information and advice to assist schools plan their trip to the forest.

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

More than 9,220 permits were administered for forest activities such as camping, horse riding, fossicking and adventure caving during 2022-23.

This reduced number of permits can be attributed to the early closure of Ghost Mushroom Lane and an overall reduction in forest visitor numbers. Despite this, campgrounds, accommodation and hut facilities continued to be booked out on weekends for weeks and months in advance.

COMMUNITY FOREST
ACCESS ACROSS
33,000ha

830,000
FOREST
VISITORS

9,000+
PERMITS
ISSUED

342
FOREST
EVENTS

COMMUNITY FORESTRY

Online booking system improvements were implemented to allow more efficient and flexible year-round camping and accommodation reservations, removing the rush to secure bookings at the start of each season.

“Statistics collected during the year once again highlighted the importance of ForestrySA’s multiple-use forests for social and mental health and wellbeing, recreational activities, community events and conservation.”

ForestrySA continued to identify and upgrade visitor infrastructure to facilitate safe and enjoyable forest visits. In the Limestone Coast this included installation of new NFR totem signs.

In the Mount Lofty Ranges infrastructure initiatives included:

- Redesign of The Avenues picnic area, with installation of signage and new parking bays
- Repairs to Thomas Hill House, Old School House, Fromms Farm and Cromer Shed
- Installation of updated signage on the Tinjella Trail in Kuitpo Forest
- Installation of interchangeable visitor signage at Chookarloo Campground.

A picturesque new hike or ride-in campground within the Kersbrook Forest Reserve, Karrawirra-tya-illa, was successfully opened to the public to provide a stopover for visitors using trails within the national parks, forest and reservoirs northern trails network.

2022-23 was the second year of the reinvigorated Koala Food Project in Kuitpo Forest, with volunteers attending regular sessions to maintain and enhance a eucalyptus plantation which provides long-term food supply for koalas at Cleland Wildlife Park.

During this period, Friends of Heysen Trail volunteers worked with staff to maintain and re-direct sections of the Heysen Trail through Second Valley, Kuitpo and Mount Crawford Forests. This 1,200km walk traverses numerous forest reserves and the partnership with the volunteer group plays an important role in maintaining the trail and supporting the thousands of forest visitors who use it each year.

Public meetings were held for horse riders during February and May, to discuss improving forest access and facilities for horses at Kuitpo and Second Valley Forests.

Volunteer trail carers worked tirelessly to build and maintain popular bike trails at Fox Creek Bike Park and other mountain bike trail networks across the Mount Lofty Ranges during the year. Staff supported volunteers to ensure sound work health and safety practices, and to ensure bike trails remain safe, sustainable and of high quality.

Aligned with the community-use program, staff attended various external community engagement opportunities to inform and educate about sustainable multi-use forestry, including the Fleurieu Ag Fest, Tour Down Under Festival of Cycling, Adelaide Hills Council “Discover, Play, Bikeway!” and the Meadows Fair.

ForestrySA was an event partner for the annual Walking SA Hiking Expo for a third consecutive year at Belair National Park in April. Staff attended the launch of the Statewide Trails Strategy 2023-2033 during the event and were kept busy providing information to attendees on forest trails and things to do. They even had the chance to award one lucky participant with a lucky door prize, consisting of a TreeClimb voucher and 2-night stay at Chookarloo Campground.

COMMUNITY FORESTRY



The fire recovery grant to redevelop the Fox Creek Bike Park (above) as a state hub and national destination was finalised during June 2023. Two commercial shuttle operators and several smaller mobile operators based themselves at the park and the Trail Hub kiosk opened under license. Visitation to the bike park increased significantly to 280,000 and the bike park continued to attract substantial trail run and bike events.

During this period, the Human Projectile MTB Club was successful in securing significant grant funding through the Office for Recreation, Sport and Racing, to fund two new adaptive mountain biking (aMTB) trails to be built in 2023-24, positioning the park as the South Australia's home of aMTB.

ForestrySA continued its strong partnership with the District Council of Yankalilla, rolling out the second stage of the Track and Trails Strategic Action Plan. This included a new toilet facility at Ingalalla Falls to support the 70,000 visitors who visit the popular site every year. Planning also began for installation of 2 new walking trails and a carpark, with construction scheduled to begin next year.

Forest wardens addressed multiple compliance-related incidents, including illegal camping and fires, use of chainsaws and firewood theft, vandalism and unauthorised motor bike and vehicle access. A targeted approach to compliance continued, maintaining a "no tolerance" focus on activities posing a higher risk to public safety, conservation and commercial values of Forest Reserves. This included a successful prosecution, which led to a member of the public who entered an NFR on a day of Total Fire Ban receiving a Magistrate's order to pay significant fines. Another incident, supported on-ground by South Australia Police, saw evidence, vehicles and equipment confiscated after a major illegal wood-cutting operation was uncovered in the Limestone Coast.

Throughout 2022-23, ForestrySA continued to support the transition to new management arrangements for the Mid North Forests. This included work with the Bundaleer Forest Community Areas Association, facilitation of grant support letters, promotion of activities and continued oversight of an agreement with DEW to manage remaining Mid North Forests land, Mount Ellen and Block 9, facilitation of the expiration of grazing access to Mount Ellen and pre-fire danger season inspections of areas under license.

COMMUNITY FORESTRY

Performance measures	2022-23	2021-22	2020-21
Forest visitors (estimated)	833,651	1,030,359	467,871
People covered by permits	46,827	44,228	77,178
Forest events	324 ²	212	242 ¹
Ranger Full Time Equivalent delivered	8	8.8	8.0
Visitor enquiries	5,411	8,206	16,453
Number of groups actively engaged	28	22	28
Community engagement hours recorded (approximate volunteer hours)	3,064	8,300	12,410

¹ For registered community events only. Does not include general group activities which do not require submission of an event application

² Includes both community events and group activity registrations. Many commercial operators are now on License Agreements, requiring activity registrations rather than event applications to enable process efficiencies.

For more detailed information about the many community activities and events held on ForestrySA land during 2022-23, visit our website.

NATURE-BASED BUSINESS DEVELOPMENT



“ForestrySA continues to play an active part in government initiatives to position South Australia as a world-class eco-tourism destination, by encouraging and facilitating environmentally sensitive nature-based tourism and recreation opportunities.”

ForestrySA has partnered with CABN Life to create an exciting new eco-tourism experience, with 3 cabins launched in Kuitpo Forest during December 2022. These cabins proved to be the most popular in the CABN range during the first 6 months of operation, with over 255 guest bookings. Planning has commenced for a further 6 cabins at Kuitpo and 5 at Mount Crawford Forest.

TreeClimb Kuitpo Forest opened in January 2022, with more than 20,000 visitors recorded during the first 6 months. The initiative hosts 6 aerial courses, including Australia’s first inclusive aerial net course to enable users with disabilities to participate unharnessed and accompanied by family or carers. TreeClimb employs 35 staff at the Kuitpo site, most of whom are local residents and under 25 years of age, and actively promotes ForestrySA’s role as a sustainable plantation manager.

A total of 14 commercial operators were under compliant license agreements with ForestrySA during the year, for business activities such as accommodation, glamping, tour operators, wellness providers, bike hire, bike transport and trademark licensing.

Business development growth at Fox Creek Bike Park continued to increase, with 6 agreements in place during the year.

A Business Development Manager was employed in February 2023 to look at new placemaking initiatives and tourism investment across the Mount Lofty Ranges estate. Enhancement of Fox Creek Bike Park is a key priority and plans are in place to develop new investment structures and opportunities during 2023-24.

RECONCILIATION

DELIVERING OUR RECONCILIATION ACTION PLAN

ForestrySA began delivery of its Reflect Reconciliation Action Plan (RAP) during 2022-23, with full endorsement from Reconciliation Australia.

To enable effective delivery of RAP actions, a working group met regularly to carry out meaningful actions and report on outcomes. This included the sharing of important cultural information with ForestrySA staff and contractors, promoting and celebrating National Reconciliation Week and NAIDOC Week, promoting positive race relations through our Diversity and Inclusion Plan, and identifying and engaging with Aboriginal stakeholders and organisations locally and across our networks.

In October, staff attended a Walk on Country in Kuitpo Forest with Nature Play SA and Kurna Elder Uncle Tamaru as part of the 2022 Nature Festival.

Staff also attended an Intergenerational Gathering with Elders and youth at Laratinga Wetlands in Mount Barker and a Ngarrindjeri cultural tour with Uncle Mark Koolmatrie near Second Valley Forest, as part of community events held during National Reconciliation Week and NAIDOC Week.

“An important part of ForestrySA’s first ever RAP, has been the establishment of genuine, ongoing relationships with key community members of the Kurna, Ngarrindjeri and Peramangk Nations.”

This provides strong key connections and communication pathways, as ForestrySA continues its reconciliation journey in the Mount Lofty Ranges.

We look forward to continuing this important journey as our working group continues actions from 2022-23 and begins preparations for a new RAP in the coming 12 months.

ForestrySA’s Reflect RAP is available for download via our website, at www.forestrysa.com.au/about-us/aboriginal-culture-and-heritage.

SUPPORTING OUR COMMUNITIES

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

Through targeted sponsorships, we support organisations and events that will enhance ForestrySA's brand awareness and increase community engagement, education, and recreational participation within forest reserves, delivering positive environmental, economic, and social outcomes for the people of South Australia.

Multiple requests were received for financial or in-kind support towards a variety of causes in the Mount Lofty Ranges, Limestone Coast and Mid North regions. During 2022-23, ForestrySA supported 10 successful applicants through this program, through both in-kind and financial contributions.

ForestrySA facilitated and provided in-kind and financial contributions to the delivery of two projects funded by the Responsible Wood Community Grant Program. These were the refurbishment of Rossiter's Hut on the Heysen Trail in partnership with the Friends of the Heysen Trail and the installation of forest furniture at Fox Creek Bike Park, in partnership with the Human Projectile Mountain Bike Club.

SPONSORSHIP ALLOCATION SUMMARY

2022-23 sponsorship recipient	Event / cause
Walking SA	Event partner – Hiking Expo
Nature Play SA	Event partner – Forest Festival, Rocky Creek Hut, Kuitpo Forest
SA Ranger Association	Event partner – Fun Run for Rangers, Kuitpo Forest Supporting The Thin Green Line Foundation
ROAR (Reservoir Outdoor Adventure Race)	Support of event in Mount Crawford Forest
RISE Racing Team	Use of Fox Creek Bike Park shelters for events and promotion
Native Orchid Society of South Australia	Upgrade to nursery to grow threatened orchids
Meadows Country Fair	Support of annual local event
Inside Line Mountain Bike Club	Support chainless charity event
Nature Conservation Society	Support for the annual Mount Lofty Ranges Woodland Bird Monitoring Program
Bundaleer Forest Community Areas Association Inc.	Bundaleer 150 years commemorative timeline, in support of Responsible Wood grant
BikeSA	Support of 24-hour Dirty Weekend event at Fox Creek Bike Park

FINANCIAL REPORT





Our ref: A23/258

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South Australian Forestry Corporation
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Dear Ms Roache

Audit of the South Australian Forestry Corporation for the year to 30 June 2023

We have completed the audit of your accounts for the year ended 30 June 2023. 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 17 October 2023.

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 IT general controls over the SAGE Intacct environment including:

- changes to SAGE Intacct are not tested in a local environment prior to release into the production environment
- administrator changes made in SAGE Intacct are not reviewed
- users can raise and approve a transaction in SAGE Intacct.

We have received responses to our letter and will follow these up in the 2023-24 audit.

What the audit covered

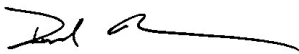
Our audits meet statutory audit responsibilities under the *Public Finance and Audit Act 1987* and the Australian Auditing Standards.

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

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

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

Yours sincerely



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

28 September 2023

enc



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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 2023.

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 2023, 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 2023
- a Statement of Financial Position as at 30 June 2023
- a Statement of Changes in Equity for the year ended 30 June 2023
- a Statement of Cash Flows for the year ended 30 June 2023
- notes, comprising material accounting policy information and other explanatory information
- a Certificate from the Chair, Chief Executive and the Chief Finance 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 2023.

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 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 2023

South Australian Forestry Corporation

**Financial Statements
for the year ended
30 June 2023**

South Australian Forestry Corporation

Certification of the 2022-23 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.

Timothy Ryan

CHIEF EXECUTIVE

SOUTH AUSTRALIAN FORESTRY CORPORATION

Michael Hanton

CHIEF FINANCE OFFICER

SOUTH AUSTRALIAN FORESTRY CORPORATION

June Roache

CHAIR

SOUTH AUSTRALIAN FORESTRY CORPORATION

Date: **27** September 2023

South Australian Forestry Corporation

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Statement of Comprehensive Income

For the year ended 30 June 2023

	Note	2023 \$'000	2022 \$'000
Income			
Sales - timber products	2.1	15,936	15,004
Revenues from SA Government	2.2	4,469	4,331
Interest	2.3	611	32
Other income	2.5	1,159	3,267
Total income		22,175	22,634
Expenses			
Employee benefits	3.3	4,956	4,407
Contractors	4.1	9,835	11,582
Materials		523	934
Equipment and vehicle costs		883	577
Council rates		302	309
Depreciation and amortisation	4.2	990	1,192
Borrowing costs	4.3	8	12
Net loss from the disposal of property, plant and equipment	2.4	76	943
Green Triangle Fire Tower Funding Project	4.5	2,346	-
Other expenses	4.4	2,646	3,693
Total expenses		22,565	23,649
Trading profit/(loss) before revaluation of non-current assets		(390)	(1,015)
Net change in value of forest assets	5.5	15,083	52,024
Net revaluation decrement of other non-current assets	5.7	-	(57)
Profit/(loss) before income tax equivalent		14,693	50,952
Income tax equivalent expense		-	-
Profit/(loss) after income tax equivalent		14,693	50,952
Other Comprehensive Income			
Items that will not be reclassified to profit and loss			
Changes in land revaluation surplus	5.2	3,145	1,410
Changes in property, plant and equipment asset revaluation surplus	5.2	-	-
Items that will be reclassified subsequently to net result when specific conditions are met			
Gains or losses recognised directly in equity			
Total other comprehensive income		3,145	1,410
Total comprehensive result		17,838	52,362

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

Statement of Financial Position

As at 30 June 2023

	Note	2023 \$'000	2022 \$'000
Current assets			
Cash and cash equivalents	6.1	19,258	20,834
Receivables	6.2	2,264	1,714
Inventories	5.6	63	129
Forest assets	5.5	11,574	8,718
Assets classified as held for sale	5.7	2,299	1,959
Total current assets		35,458	33,354
Non-current assets			
Forest assets	5.5	112,045	99,818
Property, plant and equipment	5.1	49,385	46,625
Intangible assets	5.4	4	30
Total non-current assets		161,434	146,474
Total assets		196,892	179,828
Current liabilities			
Payables	7.1	1,011	1,507
Financial liabilities	7.2	129	125
Employee benefits	3.4	332	489
Other provisions	7.3	315	232
Other liabilities	7.4	277	191
Total current liabilities		2,064	2,544
Non-current liabilities			
Payables	7.1	46	47
Financial liabilities	7.2	168	238
Employee benefits	3.4	648	501
Other provisions	7.3	1,033	1,110
Other liabilities	7.4	826	1,117
Total non-current liabilities		2,721	3,013
Total liabilities		4,785	5,558
Net Assets		192,107	174,270
Equity			
Retained earnings		25,348	25,739
Other reserves		166,759	148,531
Total Equity		192,107	174,270

The accompanying notes form part of these financial statements.

Statement of Changes in Equity

For the year ended 30 June 2023

	Note	Asset revaluation surplus \$'000	Forest assets reserve \$'000	Retained earnings \$'000	Total Equity \$'000
Balance at 1 July 2021		43,612	51,535	26,761	121,908
Net result for 2021-22					
Gain/loss on revaluation of land	5.2	1,410	-	-	1,410
Profit/(loss) for the period		-	-	50,952	50,952
Total comprehensive result for 2021-22		1,410	-	50,952	52,362
Transfer between equity components		(49)	52,024	(51,975)	-
Balance at 30 June 2022		44,973	103,559	25,739	174,270
Net result for 2022-23					
Gain/loss on revaluation of land	5.2	3,145	-	-	3,145
Profit/(loss) after income tax equivalent		-	-	14,693	14,693
Total comprehensive result for 2022-23		3,145	-	14,693	17,838
Transfer between equity components		-	15,083	(15,083)	-
Transactions with SA Government as owner					
Balance at 30 June 2023		48,118	118,642	25,348	192,107

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

Statement of Cash Flows
For the year ended 30 June 2023

	Note	2023 \$'000	2022 \$'000
Cash flows from operating activities			
<i>Cash inflows</i>			
Receipts from customers		19,859	18,623
Receipts from SA Government		2,508	4,322
Interest received		565	22
GST recovered from the ATO		(555)	(646)
Cash generated from operations		22,377	22,321
<i>Cash outflows</i>			
Employee benefits payments		(4,966)	(4,362)
Payments for supplies and services		(15,572)	(19,102)
Green Triangle Fire Tower funding to PIRSA		(2,346)	
Interest paid		(8)	(12)
Cash used in operations		(22,892)	(23,475)
Net cash provided by/(used in) operating activities	8.2	(515)	(1,154)
Cash flows from investing activities			
<i>Cash inflows</i>			
Proceeds from the sale of property, plant and equipment		(84)	116
Cash generated from investing activities		(84)	116
<i>Cash outflows</i>			
Purchase of property, plant and equipment		(911)	(1,295)
Purchase of intangible assets		-	(21)
Cash used in investing activities		(911)	(1,316)
Net cash provided by/(used in) investing activities		(995)	(1,200)
Cash flows from financing activities			
<i>Cash inflows</i>			
Proceeds from borrowings		78	
Cash generated from financing activities		78	-
<i>Cash outflows</i>			
Repayment of leases		(144)	(133)
Cash used in financing activities		(144)	(133)
Net cash provided by/(used in) financing activities		(66)	(133)
Net increase/(decrease) in cash and cash equivalents		(1,576)	(2,486)
Cash and cash equivalents at the beginning of the period		20,834	23,320
Cash and cash equivalents at the end of the period	8.2	19,258	20,834

The accompanying notes form part of these financial statements.

Notes to the Financial Statements
For the year ended 30 June 2023

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 (MoAA) for delivery of Community Service Obligations.

Dividend payments

In the event ForestrySA makes a profit it is required to pay a dividend to Government.

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 Goods and Services Tax (GST) except:

- when the GST incurred on a purchase of goods or services is not recoverable from the Australian Taxation Office (ATO), 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 an accounting profit is achieved. When applicable, income tax equivalent is calculated as 30% of accounting 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.

Notes to the Financial Statements
For the year ended 30 June 2023

1.2 Changes in Accounting Policy

Upon review of asset useful lives the span of lives detailed in note 4.2 has been expanded to account for the varying nature of assets within these classes. There has been no material affect to the financial statements as a result of this change.

Some log sales agreements contain a clause which guarantees 85% of the value of the contracted annual log supply, even if the customer does not achieve the agreed monthly purchase volumes.

The accounting policy has been changed such that these guaranteed volumes of log sales are no longer considered an unconditional right to consideration under AASB15 Revenue from Contracts with Customers. Contract receivables and contract liabilities as at 30 June 2022 have been derecognised. The resulting effect on the financial statements is detailed below

Receivables (2021-22 note 6.2)

	2022 \$'000	Previously Reported \$'000
Current		
Trade receivables - SA Gov	10	10
Trade receivables - Non SA Gov	1,575	1,575
Contract receivables - guaranteed log volume sales	-	11,867
Less impairment loss on receivables	(155)	(155)
Subsidies	48	48
Accrued revenue	235	235
Prepayments	1,713	13,580
Non-current		
Contract receivables non current- guaranteed log volume sales	-	110,688
Total non-current receivables	-	110,688

Contract liabilities (2021-22 note 7.3)

	2022 \$'000	Previously Reported \$'000
Current		
Contract liability	-	11,867
Total current contract liabilities	-	11,867
Non-current		
Contract liability	-	110,688
Total non-current contract liabilities	-	110,688
Total contract liabilities	-	122,555

Notes to the Financial Statements
For the year ended 30 June 2023

1.3 Segment reporting

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

- Commercial: plantation operations, other commercial activities, 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 2023

	Commercial		Non-Commercial		Total	
	2023 \$'000	2022 \$'000	2023 \$'000	2022 \$'000	2023 \$'000	2022 \$'000
Income						
Sales - timber products	15,936	15,004	-	-	15,936	15,004
Revenues from SA Government	76	-	4,393	4,331	4,469	4,331
Interest	611	32	-	-	611	32
Other income	826	1,123	333	2,144	1,159	3,267
Net gain from the disposal of property, plant and equipment	-	-	-	-	-	-
Total income	17,449	16,159	4,726	6,475	22,175	22,634
Expenses						
Employee benefits	3,551	2,511	1,405	1,896	4,956	4,407
Contractors	7,993	8,089	1,842	3,493	9,835	11,582
Depreciation and amortisation	794	624	196	568	990	1,192
Materials	464	485	59	449	523	934
Equipment and vehicle costs	762	294	121	283	883	577
Council rates	302	309	-	-	302	309
Green Triangle Fire Tower Funding Project	-	-	2,346	-	2,346	-
Other expenses	1,619	2,294	1,027	1,399	2,646	3,693
Net loss from the disposal of property, plant and equipment	(0)	24	76	919	76	943
Borrowing costs	8	1	-	11	8	12
Total expenses	15,493	14,632	7,072	9,018	22,565	23,649
Trading profit/(loss) before revaluation of non-current assets	1,955	1,528	(2,346)	(2,543)	(390)	(1,015)
Net change in value of forest assets	15,083	52,024	-	-	15,083	52,024
Net revaluation decrement of other non-current assets	-	-	-	(57)	-	(57)
Net result before income tax equivalent	17,038	53,552	(2,346)	(2,600)	14,693	50,952
Income tax equivalent expense	-	-	-	-	-	-
Net result after income tax equivalent	17,038	53,552	(2,346)	(2,600)	14,693	50,952
Other Comprehensive Income						
Items that will not be reclassified to net result						
Changes in land revaluation surplus	3,145	1,410	-	-	3,145	1,410
Total other comprehensive income	3,145	1,410	-	-	3,145	1,410
Total comprehensive result	20,184	54,961	(2,346)	(2,600)	17,838	52,362

Notes to the Financial Statements
For the year ended 30 June 2023

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 (DEW) for the sub-contracting of land and fire management requirements in the Green Triangle region.
- Funding for the Green Triangle fire tower project administered by Department of Primary Industries and Regions (PIRSA).

2 Income

2.1 Revenues from sales - timber products

	2023	2022
	\$'000	\$'000
Revenue from log sales	15,932	14,976
Revenue from other timber sales	4	28
Total revenues from sales - timber products	15,936	15,004

All revenue from timber product sales is revenue recognised from contracts with customers.

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.

**Notes to the Financial Statements
For the year ended 30 June 2023**

2.2 Revenues from SA Government

	2023 \$'000	2022 \$'000
Revenues from SA Government		
Community Service Obligation funding (1)	3,931	3,823
Government radio network funding	462	451
Deferred revenues from SA Government (1)	76	57
Net revenues from SA Government	4,469	4,331

(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 (PIRSA) for the operation of the Government radio network (GRN) and provision of Community Service Obligation (CSO) activities, including native forest management, community use of forests, and community fire protection. 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

	2023 \$'000	2022 \$'000
Interest received	611	32
Total interest revenue	611	32

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

	2023 \$'000	2022 \$'000
Land and buildings:		
Proceeds from disposal	-	-
Less expenses on disposal	-	-
Less carrying amount of assets disposed	-	(919)
Net gain/(loss) from disposal of land and buildings	-	(919)
Plant and equipment:		
Proceeds from disposal	-	46
Less expenses on disposal	-	-
Less carrying amount of assets disposed	-	(70)
Net gain/(loss) from disposal of plant and equipment	-	(24)
Roads and land improvements		
Proceeds from disposal	-	-
Less expenses on disposal	-	-
Less carrying amount of assets disposed	(77)	-
Net gain/(loss) from disposal of plant and equipment	(77)	-
Total assets:		
Total proceeds from disposal	-	46
Less expenses on disposal	-	-
Less total carrying amount of assets disposed	(77)	(989)
Total net gain (loss) from disposal of assets	(77)	(943)

Losses relate to the divestment of forest reserve in the Mid North region in accordance with the Mid North Forests Future Strategy - Land \$0 2023 (2022: \$919k) roads and land improvements \$77k (2022: \$0).

Notes to the Financial Statements
For the year ended 30 June 2023

2.5 Other income

	2023	2022
	\$'000	\$'000
Leases and Licences	452	372
Other revenue from non SA Government entities	443	752
Grant funding	264	2,143
Other income	1,159	3,267

Leases and Licences

Income from licences for grazing or other activities on forest reserves, leases for commercial tenancies in the office building in Mt Gambier and recoupment of costs relating to the commercial lease of the office building .

Other Revenue

Other revenue includes income from recreational activities, weighbridge, 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, Chief Finance Officer, General Manager Operations and General Manager

Total compensation for key management personnel was \$921,000 in 2022-23 and \$805,000 in 2021-22.

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* .

	2023	2022
	\$'000	\$'000
Compensation		
Salaries and other short term employee benefits	775	732
Post-employment benefits	80	73
Termination Benefits	66	-
Total	921	805

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.

Notes to the Financial Statements
For the year ended 30 June 2023

3.2 Board and committee members

Members during the 2022-23 financial year were:

Board

J. Roache (Chair)
T. Stollznow (resigned 01-12-2022)
G. Pelton*
R. Sinclair (commenced 01-01-2023)
L. McKinnon* (commenced 01-01-2023)
H. Neumann (commenced 01-04-2023)

Audit and Risk Committee

S. Rodger (Chair)
J. Roache (to 31-01-2023)
G. Pelton*
R. Sinclair (commenced 01-02-2023)
L. McKinnon* (commenced 01-02-2023)

*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	2023	2022
	\$'000	\$'000

The number of members whose remuneration received or receivable falls within the following bands:

\$0 - \$19,999	6	2
\$20,000 - \$39,999	-	1
\$40,000 - \$59,999	1	1
Total number of members	7	4

The total remuneration received and receivable by those governing members was \$101,000 (2022: \$98,000) which includes fringe benefits and superannuation contributions.

3.3 Employee benefits expenses

	2023	2022
	\$'000	\$'000
Salaries and wages	4,057	3,448
Long service leave	15	80
Skills and experience retention leave	15	10
Annual leave	255	270
Employment on-costs - superannuation	415	365
Targeted Voluntary Separation Packages & Public Sector Rejuvenation Termination Payments	-	50
Employment on-costs - other	199	184
Total employee benefits expenses	4,956	4,407

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

	2023	2022
	No	No

The number of employees whose remuneration received or receivable falls within the following bands:

\$157,001 to \$160,000*	-	1
\$160,001 to \$180,000	1	-
\$260,001+	1	1
Total number of employees	2	2

* This band has been included for the purpose of reporting comparative figures based on the executive base level remuneration rate for 2021-22.

The total remuneration received by those employees for the year was \$510,000 (2022: \$418,000).

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.

Notes to the Financial Statements
For the year ended 30 June 2023

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 0 (2022: 1).

	2023	2022
	\$'000	\$'000
Amount paid to separated employees:		
Targeted Voluntary Separation Packages & Public Sector Renewal Termination Payments	-	50
Leave paid to separated employees	-	36
Net cost	-	86

3.4 Employee benefits liability

	2023	2022
	\$'000	\$'000
Current		
Accrued salaries and wages	55	176
Annual leave	205	195
Long service leave	60	106
Skills and experience retention leave	12	12
Total current employee benefits	332	489
Non-current		
Long service leave	648	501
Total non-current employee benefits	648	501
Total employee benefits	980	990

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

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

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

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

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

Long service leave

The liability for long service leave is measured as the present value of expected future payments to be made in respect of services provided by employees up to the end of the reporting period using the projected unit credit method. Details about the measurement of long service leave liability is provided at note 10.1.

Notes to the Financial Statements
For the year ended 30 June 2023

4 Expenses

Employee benefits expenses are disclosed in note 3.3.

4.1 Contractors

	2023	2022
	\$'000	\$'000
Log Harvesting	3,141	3,124
Log Transport	3,063	3,347
Inter Governmental	1,064	908
Project expenditure - Incl Fox Creek Bike Park rebuild	244	1,109
Advanced Fire Protection project	-	427
Other Contractors	2,323	2,667
Total contractors	9,835	11,582

Inter governmental contractors relate to the MoAA with Department for Environment & Water (DEW) for the sub-contracting of land & fire management requirements in the Green Triangle region as part of the organisations community fire protection program.

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.

The 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

	2023	2022
	\$'000	\$'000
Buildings and structures	233	551
Plant and equipment	356	322
Right-of-use vehicles	142	114
Roads and land improvements	233	185
Intangible assets	26	20
Total depreciation and amortisation	990	1,192

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	1-60
Plant and equipment	1-25
Right-of-use plant and equipment	Lease term
Road and land improvements	1-25
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. A review of depreciation was conducted during the transfer of assets to a new financial reporting system with some amendments being made to useful life.

The span of useful lives of asset classes have been expanded to allow for the varying nature of assets held by the organisation within each class of asset.

Notes to the Financial Statements
For the year ended 30 June 2023

4.3 Borrowing costs

	2023	2022
	\$'000	\$'000
Interest expense on lease liabilities	8	12
Total borrowing costs	8	12

ForestrySA does not capitalise borrowing costs.

4.4 Other Expenses

	2023	2022
	\$'000	\$'000
Consultants	16	87
Information and communications technology	602	725
Government Radio Network	462	451
Workers compensation	257	130
Legal and professional fees	322	416
Utilities	104	119
Building and facility maintenance	196	215
Insurance	129	107
Sponsorship and membership fees	83	96
Employee expenses	160	78
External audit fees	73	73
Fox Creek Bike Park Rebuild	4	608
Bad & Doubtful Debts	(125)	140
Forest inventory, including tree measuring costs	95	115
GIS Services	69	81
Settlements in relation to legal disputes	-	92
Miscellaneous other costs	199	160
Total other expenses	2,646	3,693

Legal and professional fees

Costs driving legal and professional fees in order of significance are employment advice, Internal Audit services, Forest Valuation services, Mid North land disposal, general services and legal advice.

External audit fees

Audit fees paid / payable to the Auditor-General's Department relating to work performed under the *Public Finance and Audit Act 1987* were \$70,000 (2022: \$73,000). No other services were provided by the Auditor-General's Department.

Notes to the Financial Statements
For the year ended 30 June 2023

4.5 Green Triangle Fire Tower Funding Project

	2023 \$'000	2022 \$'000
Green Triangle community fire protection initiatives	2,346	-
Total	2,346	-

The State has the responsibility for maintenance of Fire Towers in the GT under its Operations Deed with One Forty One Plantations Pty Ltd (OFO). This has historically been delegated to ForestrySA. Over two years and concluding in June 2022 ForestrySA provided \$1.1m in funding for the advanced fire protection project in the GT region (refer note 4.1).

At the end of the 2023 financial year ForestrySA provided funding of \$2.346m for the upgrade of fire towers in the Green Triangle, and to transition ongoing operations and maintenance for the fire towers and fire detection program to OFO. The Project involves replacing fire towers with new technologies such as camera technology to provide a landscape level fire detection program whilst ensuring existing fire towers are serviceable during the transition period. The administration of the funds is being undertaken by the Department of Primary Industries and Regions.

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.

	2023 \$'000	2022 \$'000
Land and buildings		
Land at fair value	39,627	36,822
Buildings at fair value	6,928	6,939
Accumulated depreciation at the end of the period	(2,407)	(2,176)
Total land and buildings	44,149	41,585
Road and land improvements		
Road and land improvements at fair value	4,082	4,266
Accumulated depreciation at the end of the period	(2,531)	(2,581)
Total road and land improvements	1,551	1,685
Plant and equipment		
Plant and equipment at fair value	4,500	3,611
Accumulated depreciation at the end of the period	(1,994)	(1,730)
Total plant and equipment	2,506	1,881
Right-of-use plant and equipment		
Right-of-use plant and equipment at cost	597	587
Accumulated depreciation at the end of the period	(317)	(234)
Total right-of-use plant and equipment	280	353
Work in progress		
Work in progress at cost	898	1,122
Total work in progress	898	1,122
Total property, plant and equipment	49,385	46,625

Notes to the Financial Statements
For the year ended 30 June 2023

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

Fire towers in the GT region have had an impairment entry to bring their value in the books of ForestrySA to Nil. The value of the adjustment was \$45,000

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

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

Reconciliation 2022-23

	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 2022	36,822	4,763	1,685	1,881	1,122	46,272
Additions	-	-	-	-	927	927
Disposals (net of depreciation)	-	-	(77)	-	-	(77)
Transfers between classes	-	(10)	177	982	(1,150)	-
Revaluation increments	2,805	-	-	-	-	2,805
Depreciation charge for the year	-	(188)	(233)	(356)	-	(777)
Impairment	-	(45)	-	-	-	(45)
Carrying amount at 30 June 2023	39,627	4,521	1,551	2,507	898	49,104

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)
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 of changes in land revaluation surplus**

	2023 \$'000	2022 \$'000
Revaluation (decrement)/increment per Statement of Comprehensive Income	3,145	1,410
<i>Made up of:</i>		
Revaluation (decrement)/increment of land classified as property, plant and equipment	2,805	1,398
Revaluation increment of land classified as held for sale (note 5.7)	340	12
	3,145	1,410

Notes to the Financial Statements
For the year ended 30 June 2023

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 2022-23 were \$78,000 (2021-22: \$35,000).

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:

- 20 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 2 years (40,000km) 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.

5.4 Intangible assets

	2023 \$'000	2022 \$'000
Computer software		
Purchased computer software	2,722	2,722
Accumulated amortisation	(2,718)	(2,692)
Total computer software	4	30
Total intangible assets	4	30

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

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

Reconciliation 2022-23	Total \$'000
Carrying amount at 1 July 2022	30
Additions	-
Amortisation charge for the year	(26)
Carrying amount at 30 June 2023	4

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

Notes to the Financial Statements
For the year ended 30 June 2023

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.

	2023	2022
	\$'000	\$'000
Current		
Current portion of forest assets valuation	11,574	8,718
Total current forest assets	11,574	8,718
	2,023	2022
	\$'000	\$'000
Non-current		
Non-current portion of forest assets valuation	112,045	99,818
Total non-current forest assets	112,045	99,818
Reconciliation 2022-23		Total
		\$'000
Carrying amount at 1 July 2022		108,536
Harvested timber transferred to inventory		(6,204)
Change in the discount rate		(8,373)
Change in fair value due to growth and pricing		29,660
Carrying amount at 30 June 2023		123,619
Reconciliation 2021-22		Total
		\$'000
Carrying amount at 1 July 2021		56,512
Harvested timber transferred to inventory		(6,471)
Change in fair value due to growth and pricing		58,495
Carrying amount at 30 June 2022		108,536

ForestrySA recognises the multiple rotation forest valuation, being \$123.619m (2022: \$108.536m). More information is provided at Note 10.2.

Notes to the Financial Statements
For the year ended 30 June 2023

5.6 Inventories

	2023 \$'000	2022 \$'000
Current – held for distribution at no or nominal amount		
Materials at cost	24	34
Total current inventories held for distribution at no or nominal amount	24	34
Current – held for sale		
Materials at cost	39	95
Total current other inventories – other than those held for distribution at no or nominal amount	39	95
Total inventories	63	129

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 2022-23

	Land \$'000	Buildings and structures \$'000	land improvements \$'000	Plant and equipment \$'000	Total \$'000
Carrying amount at 1 July 2022	1,727	151	-	81	1,959
Disposals	-	-	-	-	-
Transfers between classes	-	-	-	-	-
Assets reclassified to/from assets held for sale	-	-	-	-	-
Revaluation increments	340	-	-	-	340
Revaluation decrements	-	-	-	-	-
Carrying amount at 30 June 2023	2,067	151	-	81	2,299

	2023 \$'000	2022 \$'000
Land	2,067	1,727
Buildings	151	151
Roads and land improvements	-	-
Property, plant and equipment	81	81
Total non-current assets classified as held for sale	2,299	1,959

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 2023-24 financial year.

Notes to the Financial Statements
For the year ended 30 June 2023

6 Financial assets

6.1 Cash and cash equivalents

	2023	2022
	\$'000	\$'000
Deposits	2,485	3,039
Cash Management Fund	16,773	17,795
Total cash and cash equivalents	19,258	20,834

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

	2023	2022
	\$'000	\$'000
Current		
Trade receivables - SA Gov	45	11
Trade receivables - Non SA Gov	1,961	1,575
Less impairment loss on receivables	(30)	(155)
Accrued revenue	57	48
Prepayments	134	235
GST receivable	97	-
Total current receivables	2,264	1,714

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.

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.

Allowance for impairment loss on receivables	2023	2022
	\$'000	\$'000
Carrying amount at the beginning of the period	155	15
Increase / (Decrease) in allowance recognised in profit or loss	(125)	140
Carrying amount at the end of the period	30	155

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.

Notes to the Financial Statements
For the year ended 30 June 2023

7 Liabilities

Employee benefits liabilities are disclosed in note 3.4.

7.1 Payables

	2023 \$'000	2022 \$'000
Current		
Trade payables	806	811
Accrued expenses	130	611
Other Payables	27	-
Statutory payables		
GST payable	-	42
Employment on-costs	48	43
Total current payables	1,011	1,507
Non-current		
Statutory payables		
Employment on-costs	46	47
Total non-current payables	46	47
Total payables	1,057	1,554

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

Statutory payables do not arise from contracts.

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

Employment on-costs

Employment on-costs include payroll tax 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 Superannuation funds.

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 43% (2022: 42%). The factor for the calculation of employer superannuation on-costs is 11.0% (2022: 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.

**Notes to the Financial Statements
For the year ended 30 June 2023**

7.2 Financial liabilities

	Note	2023 \$'000	2022 \$'000
Current			
Lease liabilities	5.3	129	125
Total current financial liabilities		129	125
Non-current			
Lease liabilities	5.3	168	238
Total non-current financial liabilities		168	238
Total financial liabilities		297	363

ForestrySA measures financial liabilities at amortised cost.

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

7.3 Other provisions

	2023 \$'000	2022 \$'000
Current		
Provision for workers compensation	315	232
Total current provisions	315	232
Non-current		
Provision for workers compensation	1,033	1,110
Total non-current provisions	1,033	1,110
Total provisions	1,348	1,342
Movement in provisions		
		2023 \$'000
Carrying amount at the beginning of the period		1,342
Additional provisions recognised		6
Carrying amount at the end of the period		1,348

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 2023 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.

Notes to the Financial Statements
For the year ended 30 June 2023

7.4 Other liabilities

	2023	2022
	\$'000	\$'000
Current		
Unearned revenue	277	191
Total current other liabilities	277	191
Non-current		
Unearned revenue	826	1,117
Total non-current other liabilities	826	1,117
Total other liabilities	1,103	1,308

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

Projects funded via the CSO and later capitalised have a corresponding unearned revenue amount recognised in the accounts. This is recognised in income over the life of the asset in line with it's depreciation.

<i>Movement in deferred income</i>	2023	2022
	\$'000	\$'000
Carrying amount at the beginning of the period	1,308	3,246
Received during the year	4,393	4,274
Recognised as income in the Statement of Comprehensive Income	(4,598)	(6,212)
Carrying amount at the end of the period	1,103	1,308

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.

Notes to the Financial Statements
For the year ended 30 June 2023

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	2023	2022
	\$'000	\$'000
Plant and equipment - right-of-use vehicles	143	137
Total cash outflow for leases	143	137
Cash flow reconciliation	2023	2022
	\$'000	\$'000
Reconciliation of cash and cash equivalents at the end of the reporting period		
Cash and cash equivalents disclosed in the Statement of Financial Position	19,258	20,834
Balance as per the Statement of Cash Flows	19,258	20,834
Reconciliation of net cash provided by operating activities to profit/loss after income tax equivalent		
Net cash provided by/(used in) operating activities	(515)	(1,154)
Add/less non-cash items		
Depreciation and amortisation expense of non-current assets	(990)	(1,192)
Reclassified work in progress	-	(21)
(Gain)/loss on sale or disposal of non-current assets	(76)	(943)
(Gain)/loss on revaluation of forest assets	15,083	52,024
(Gain)/loss on revaluation of other non-current assets	-	(57)
Movement in assets and liabilities		
Increase/(decrease) in receivables	550	65,361
Increase/(decrease) in inventories	(66)	75
(Increase)/decrease in payables	497	417
(Increase)/decrease in employee benefits	9	(51)
(Increase)/decrease in provisions	(6)	(76)
(Increase)/decrease in contract liabilities	-	(65,369)
(Increase)/decrease in other liabilities	205	1,938
Profit/loss after income tax equivalent	14,692	50,952

Notes to the Financial Statements
For the year ended 30 June 2023

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	2023	2022
	\$'000	\$'000
Within one year	294	1,623
Later than one year but not longer than five years	-	250
Total capital commitments	294	1,873

ForestrySA'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.

Expenditure commitments	2023	2022
	\$'000	\$'000
Within one year	8,524	6,633
Later than one year but not longer than five years	36,458	27,884
Total expenditure commitments	44,982	34,517

ForestrySA's contracting commitment include agreements for the harvesting and transport of log and associated logistics.

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

Lease receivable commitments	2023	2022
	\$'000	\$'000

Commitments in relation to leases contracted for at the reporting date but not recognised as receivables are as follows:

Within one year	261	253
Later than one year but not longer than five years	56	317
Total lease receivable commitments	317	570

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.

Notes to the Financial Statements
For the year ended 30 June 2023

9.4 COVID-19 pandemic outlook

The COVID-19 pandemic may continue to impact the operations of ForestrySA in 2023-24. The key expected impacts are:

- The availability of contractors to perform various activities.

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 2022 (3.5%) to 2023 (4.0%).

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 an increase in the long service leave liability of \$100k. 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 increased the salary inflation rate to 3.5% (2.5% 2022) for long service leave liability. As a result, there is no material 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.

Notes to the Financial Statements For the year ended 30 June 2023

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).

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 2023 and 2022, 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.

Notes to the Financial Statements
For the year ended 30 June 2023

Fair value classification – non-financial assets at 30 June 2023

	Note	Level 2 \$'000	Level 3 \$'000	Total \$'000
Recurring fair value measurements				
Forest assets	5.5	-	123,619	123,619
Land	5.1	39,627	-	39,627
Buildings and structures	5.1	-	4,521	4,521
Roads and land improvements	5.1	-	1,551	1,551
Plant and equipment	5.1	-	2,507	2,507
Total recurring fair value measurements		39,627	132,197	171,824
Non-recurring fair value measurements				
Assets held for sale	5.7	-	2,299	2,299
Total non-recurring fair value measurements		-	2,299	2,299
Total		39,627	134,496	174,123

Fair value classification – non-financial assets at 30 June 2022

	Note	Level 2 \$'000	Level 3 \$'000	Total \$'000
Recurring fair value measurements				
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
Total recurring fair value measurements		36,822	116,865	153,687
Non-recurring fair value measurements				
Assets held for sale	5.7	-	1,959	1,959
Total non-recurring fair value measurements		-	1,959	1,959
Total		36,822	118,824	155,646

Notes to the Financial Statements
For the year ended 30 June 2023

Forest assets

ForestrySA engaged Indufor to establish the valuation for its plantation estate in the Mt Lofty Ranges as at 30 June 2023.

Indufor has adopted the marked based valuation approach which involves a combination of the sales comparison method and income approach under a discounted cash flow framework. The discount rate applied by Indufor to the projected cash flows was 8.0% (2022:7.5%). 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.

Significant unobservable inputs

- Growth and yield
- Forest management, production, sales, general, and administration costs
- Log and wood products markets and prices
- Discount rate calculation - evidence based and theoretical costs of capital
- Annual harvest volume (165,000 - 218,000 m3, weighted average 190,000 m3)

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 which is used to store the change in the value of the forest asset.

Sensitivity analysis for forest assets

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

<i>Factor level*</i>	<i>90%</i>	<i>95%</i>	<i>100%</i>	<i>105%</i>	<i>110%</i>
	AUD million				
Revenue	97,242	110,430	123,619	136,807	149,996
Production Costs	130,254	126,937	123,619	120,301	116,983
Transport Costs	128,125	125,872	123,619	121,366	119,112
Operational Expenditure	124,771	124,195	123,619	123,043	122,466
SG&A Expenditure	125,339	124,479	123,619	122,759	121,898
	<i>7.50%</i>	<i>7.75%</i>	<i>8.00%</i>	<i>8.25%</i>	<i>8.50%</i>
Discount Rate	131,992	127,667	123,619	119,821	116,252

Notes to the Financial Statements
For the year ended 30 June 2023

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 2023.

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% (2022: 60%), Green Triangle 45% (2022: 45%) and Mid North 55% (2022: 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. A valuation process will be performed in the 2023-24 financial year in line with this policy.

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 2023

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	108,536	4,763	1,685	1,881
Acquisitions	-	-	-	-
Disposals	-	-	(77)	-
Assets reclassified to or out of assets held for sale	-	-	-	-
Transfers within asset classes	-	(10)	177	982
Gains/(Losses) for the period recognised in net result:				
Revaluation increment / (decrement)	15,083	-	-	-
Depreciation	-	(188)	(233)	(356)
Total gains/(losses) recognised in net result	15,083	(198)	(134)	626
Carrying amount at the end of the period	123,619	4,565	1,551	2,507

Notes to the Financial Statements
For the year ended 30 June 2023

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	4,957	1,765	2,202
Acquisitions	-	358	104	2
Gains/(Losses) for the period recognised in net result:				
Revaluation increment / (decrement)	52,024	-	-	-
Depreciation	-	(551)	(185)	(323)
Total gains/(losses) recognised in net result	52,024	(193)	(81)	(321)
Carrying amount at the end of the period	108,536	4,763	1,685	1,881

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.

Notes to the Financial Statements
For the year ended 30 June 2023

	Debtor unsecured carrying amount \$'000	Loss %	Lifetime expected losses \$'000
Current (non past due)	1706	0.00%	-
1-30 days past due	290	6.80%	19
31-60 days past due	0	100.00%	0
61-90 days past due	0	100.00%	0
90+ days past due	11	100.00%	11
Loss allowance			30

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 is recognised when there is objective evidence that a receivable is impaired. The allowance for impairment is 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.

Notes to the Financial Statements
For the year ended 30 June 2023

Classification of financial instruments

ForestrySA measures all financial instruments at amortised cost.

Category of financial asset and financial liability	Note	2023 Carrying amount / Fair value (\$'000)	Contractual maturities *		
			Within 1 year (\$'000)	1-5 years (\$'000)	More than 5 years (\$'000)
Financial assets					
Cash and cash equivalents					
Cash and cash equivalents	6.1	19,258	n/a	n/a	n/a
Financial assets at amortised cost					
Receivables **	6.2	2,032	2,032	-	-
Total financial assets		21,290	2,032	-	-
Financial liabilities					
Financial liabilities at amortised cost					
Payables **	7.1	861	861	-	-
Lease liabilities	7.2	297	130	167	-
Total financial liabilities		1,158	991	167	-

Category of financial asset and financial liability	Note	2022 Carrying amount / Fair value (\$'000)	2022 Contractual maturities *		
			Within 1 year (\$'000)	1-5 years (\$'000)	More than 5 years (\$'000)
Financial assets					
Cash and cash equivalents					
Cash and cash equivalents	6.1	20,834	n/a	n/a	n/a
Financial assets at amortised cost					
Receivables **	6.2	1,478	1,478	-	-
Total financial assets		22,312	1,478	-	-
Financial liabilities					
Financial liabilities at amortised cost					
Payables **	7.1	1,349	1,349	-	-
Lease liabilities	7.2	363	125	232	6
Total financial liabilities		1,712	1,474	232	6

*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.

OTHER REPORTING ITEMS

An aerial photograph of a forest clearing. In the center, a small, dark-colored cabin with a light-colored roof sits on a patch of cleared ground. A dirt path leads from the bottom left towards the cabin. The surrounding area is filled with tall, thin trees, likely pines, with a dense canopy of green needles. The ground is a mix of brown soil and fallen pine needles.

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 Executive 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 Executive, with incidents and reports regularly reviewed by the ForestrySA Board.

Program name	Performance
<p>ForestrySA Contractor Management System 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>ForestrySA log haulage requirements update 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 haulage. Compliance is monitored through site inspections and contractor auditing processes.</p>
<p>ForestrySA Mental Health Wellness In 2022, the focus was on high-risk ForestrySA personnel who interface with the public on a regular basis. Our Employee Assistance Program provider was 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>Work Health Safety Committee 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>ForestrySA Disability Access and Inclusion Plan 2020-2023 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 have been allocated in accordance with Inclusive SA: State Disability Inclusion Plan 2019–2023 priority areas.</p>
<p>ForestrySA Diversity and Inclusion Plan 2020-2023 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

WORKPLACE INJURY CLAIMS

	2022-23	2021-22	% Change
Total new workplace injury claims ¹	2	0	-
Fatalities	0	0	0
Seriously injured workers ²	1	1	0
Serious injuries ³ <i>Where lost time exceeds a working week, expressed as per worker</i>	0	0	0

¹ Includes all new claims, regardless of acceptance, deferment or withdrawal.

² 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.

³ Based on SIMS system data at 30 June 2023.

WORK HEALTH AND SAFETY REGULATIONS

	2022-23	2020-21	% Change
Number of notifiable incidents <i>Work Health and Safety Act 2012, Part 3</i>	0	0	0
Number of provisional improvement, improvement and prohibition notices <i>Work Health and Safety Act 2012, Sections 90, 191 and 195</i>	0	0	0

RETURN TO WORK COSTS

Return to work costs ¹	2022-23	2021-22	% Change
Total gross workers compensation expenditure (\$)	65,587	489,927	-87
Income support payments – gross (\$)	50,791	297,512	-83

¹ Before third party recovery and based on SIMS system data at 30 June 2023.

HUMAN RESOURCES

EMPLOYMENT OPPORTUNITIES

A total of 11 new employees were recruited into existing positions during the 2022-23 period, including 9 seasonal firefighting personnel, 1 community services role and 1 role in finance. During the period, 4 new positions were created including 1 commercial operations role and 3 roles in contracts and procurement and business support.

ForestrySA ensures its recruitment and selection processes do not discriminate against any applicant, and supports diversity, inclusion and flexibility within the workplace.

The ForestrySA Human Resource Manual and Recruitment Manual continue to support the Human Resources function within ForestrySA with their 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 41 staff (93%) completed reviews during 2022-23

EXECUTIVE EMPLOYMENT

Executive classification	Number
Exec A	2
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 2022-23 financial year.

Consultancies	Purpose	Actual payment (\$)
Consultancies with a contract value below \$10,000 each		
All consultancies below \$10,000 – Combined	Various	\$16,000
Consultancies with a contract value above \$10,000 each		
-	-	-

FURTHER REPORTING ITEMS

PUBLIC INTEREST DISCLOSURE

On no occasion during 2022-23 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.

Strategies and controls to prevent fraud

Financial controls	<ul style="list-style-type: none"> • Financial Management Compliance Program that addresses compliance of ForestrySA's controls for income, expenditure, assets and liabilities, and budgeting and reporting • Investigation of all allegations of fraud • Annual attestation overseen by the Chief Executive and Management Team in relation to adherence to the ForestrySA Compliance Register
Communications	<ul style="list-style-type: none"> • Adoption of the South Australia Public Sector Fraud and Corruption Control Policy • Adoption of the Code of Ethics for the South Australian Public Sector • Regular communication and encouragement for staff to report and act on any suspected fraud or corruption concerns • Annual declarations (covering fraud, corruption and conflicts of interest) signed by all relevant staff • Related party transaction declarations signed annually by key management personnel, including Board members • Declarations by management team members at monthly meetings on whether any members have fraud concerns or suspicions
Audit and Risk Committee	<ul style="list-style-type: none"> • Assessment of the likelihood of fraud risk conducted at least quarterly • Fraud and Corruption Report reviewed quarterly • Review and evaluation of the effectiveness of internal controls, conducted annually • Review of financial management governance and corporate policy documents conducted annually. ForestrySA responds to external (Auditor-General) audit process requests and subsequent report findings
Risk	<ul style="list-style-type: none"> • Maintenance of a Corporate Risk Register, reviewed regularly and reported to the Audit and Risk Committee at least quarterly • Implementation of an ongoing risk treatment program • Ongoing internal audit program, including periodic examination of the risks of fraud

During 2022-23 there were no suspected, alleged or actual instances of fraud to report.

GLOSSARY

AFAC	Australian Fire Authorities Council	Native forest	Forest consisting of native trees and other species that are endemic to South Australia
aMTB	Adaptive Mountain Biking, for riders who cannot use a standard mountain bike or trail	Native Forest Reserve	Area of proclaimed Forest Reserve that has been gazetted under the <i>Forestry Act 1950</i> , specifically for the conservation of South Australian native flora and fauna
CFS	Country Fire Service	PIRSA	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
Cudlee Creek bushfire	A significant fire event that 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	Pulpwood	Logs below sawlog quality but suitable for manufacturing pulp, paper and panel products
DEW	Department for Environment and Water	Residue burning	Post-harvest burns carried out in commercial forest to reduce fuel loads and prepare the site for the next crop
EPA	Environment Protection Authority; South Australia's independent environment protection regulator	Radiata pine (<i>Pinus radiata</i>)	(<i>Pinus radiata</i>). A fast growing, versatile softwood tree species, grown across ForestrySA's commercial forest estate for the production of log
ESG	Environmental, social and governance commitments	RAP	Reconciliation Action Plan
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	Responsible Wood	The internationally recognised forestry standard (AS 4708), to which ForestrySA is certified in the Mount Lofty Ranges and Green Triangle forests regions
Fox Creek Bike Park	South Australia's premier community bike riding destination, located in the Cudlee Creek Forest Reserve	SAFC	South Australian Forestry Corporation, a business enterprise owned by the South Australian Government that trades as ForestrySA
Giant pine scale (<i>Marchalina hellenica</i>)	A pest insect that attacks by sucking the sap from pine trees, posing significant economic threat to the forest industry	SAR	Synthetic Aperture Radar, remote sensing technology
Green Triangle	ForestrySA forest region located in the south east of South Australia, also known as the Limestone Coast	SA Water	South Australian Water Corporation
ha	Hectare/s	Sawlog	A log for processing into sawn timber
Industrial log	A secondary grade, behind prime sawlog	Sirex woodwasp (<i>Sirex noctilio</i>)	A pest insect that attacks pine trees, devastating plantations. Effective biological control measures have kept sirex at low levels
ICT	Information and communications technology	Thinning	Removing some trees within a plantation, to reduce competition and thus improve or maintain the growth and health of those that remain
LiDAR	Light Detection and Ranging, remote sensing technology	Timber	The general term used to describe sawn wood suitable for building and other purposes
Mount Lofty Ranges	ForestrySA forest region spanning the Adelaide Hills and Fleurieu Peninsula, and home to the Kuitpo, Mount Crawford and Second Valley Forest Reserves.	WHS	Work health and safety
MTB	Mountain bike/biking	YTGen	Analysis software used to generate forest yield and timber production estimates
MoAA	Memorandum of Administrative Agreement		

ForestrySA

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