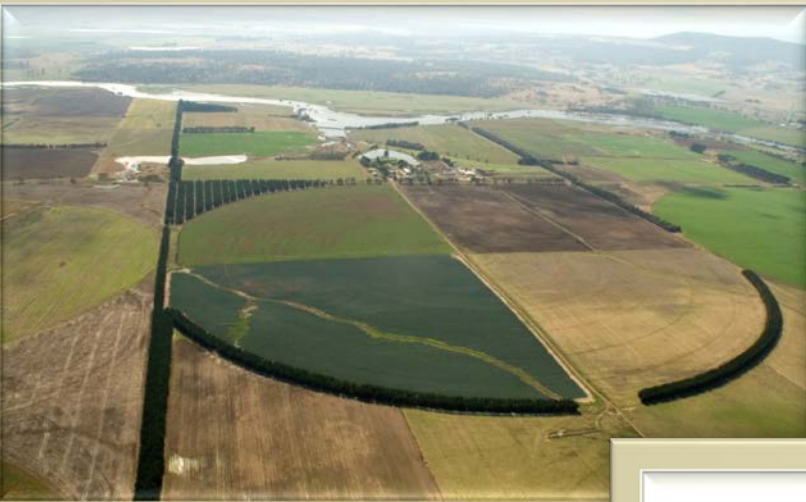




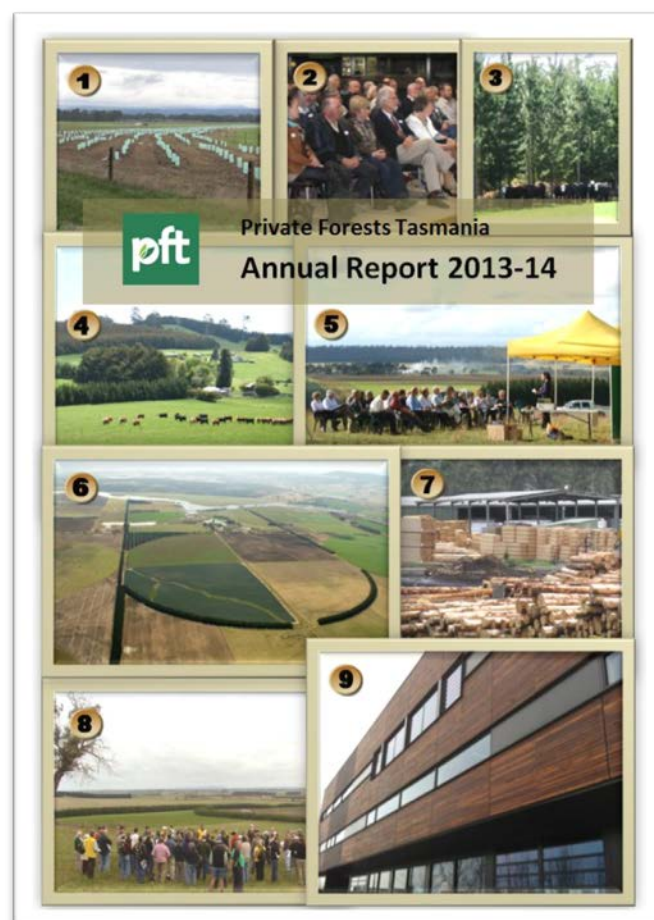
Private Forests Tasmania Annual Report 2013-14



A brief reflection of typical PFT activities and areas of work

Cover Page

1. Biodiversity planting on irrigated farms provide environmental and economic benefits.
2. Attendees at one of PFT's popular Farm Forestry Seminars.
3. Radiata pine provides livestock shelter.
4. Trees integrated into the landscape provide production, conservation and amenity benefits for rural communities.
5. Field days are an important way for PFT to efficiently provide information.
6. Commercial trees planted around a pivot irrigator provide benefits to the irrigated crops as well as income when eventually harvested.
7. Sawmills continue to provide benefits to regional communities and markets for logs from private forests (photo credit; Craig Heerey, ABC News).
8. Farmers and forest owners at a PFT field day in the Northern Midlands.
9. The Library at The Dock, Docklands Victoria – an example of a public building utilising engineered and recycled wood.





**PRIVATE FORESTS
TASMANIA**

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27th October 2014

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Paul Harriss
Minister for Resources
Parliament House
HOBART TAS 7000

Dear Minister

ANNUAL REPORT FOR YEAR ENDED 30 JUNE 2014

In accordance with section 32E of the *Private Forests Act 1994*, I hereby submit for your information and presentation to Parliament the Annual Report of Private Forests Tasmania for the year ended 30 June 2014.

Yours Sincerely

Mark Leech
DEPUTY CHAIRMAN

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Deputy Chairman's Perspective

I am pleased to present the Annual Report of Private Forests Tasmania (PFT) for the year ending 30th June, 2014. A clear demonstration of how a well lead, restructured small organisation can punch well above its weight and deliver value, first to the private forest estate and to the State as a whole.

It is a new day and this has been clearly demonstrated in the brief time that the new Government has been in place. The new Minister for Resources, the Hon. Paul Harriss MP has welcomed input from PFT, recognising the knowledge and skills within the Organisation and the importance of the private forest sector in the new forestry landscape.

While we are not completely out of the uncertainty that pervaded our recent past, there are definite signs of an improving forest economy. Total sales have significantly increased from 2013, predominantly from some of the former MIS and industrial private plantations as their new owners consolidate. PFT has continued to provide advice both at the highest level with the Ferguson Hardwood Plantation inquiry with significant input from CEO Tom Fisk, to continued unbiased advice to all affected parties. The private native forest estate, more significant than ever, managed on a sustainable long term basis provides for multiple values and high value outputs.

Of continuing concern is the closure and buy out of local and regional sawmills that have provided for relatively close cart sales for private native forest sawlog over the history of our industry. The lack of a southern opportunity for residue sales due to the closure of the Triabunna export facility has had a significant effect on the private forest sector in the east and south of the State. The support of the Huon and Dorset resource groups continued and was underwritten by the private estate resource modelling, a PFT initiative. These groups have shown tremendous initiative in providing leadership, innovation and hope to their communities.

The new structure of PFT has demonstrated that vision gives pain a purpose. The Organisation has delivered an exceptional financial result with particular thanks to the CEO and the Finance and Administration Manager, Jeff Battersby. The continuum of restructure has seen some services contracted out providing increased benefits to the Organisation, State and Federal Governments and the grower base. PFT's role as a facilitator of information and liaison with innovators is to be commended. There are emerging opportunities for resource use from innovation in building construction including cross laminated timber panels, a potential user of lower quality sawn plantation wood, to the bio-economy: biofuels, bioenergy, biochar and bioplastics, all potential users of wood fibre. These need an entrepreneurial driver and risk capital to establish, supported by resource models and a sustainable resource management.

The Farm Forestry Dinners continue to have an important role in the carriage of excellence and innovation in the private forest sector. While occurring in the new financial year, the attendance by the new Minister for Resources and staff, together with a federal forestry adviser and other political leaders, at the recent Farm Forestry seminars, is most welcomed and provides forest owners and other industry players with the confidence that they are being recognised. The seminars are a vehicle for showcasing, informing and leading with an emphasis on providing a much needed networking opportunity. Clearly, this is a new day and with vision and innovation the sector can be rebuilt to once again be a leader of excellence.

PFT's Agroforestry Vision, a model for high level extension and reintroduction of trees in the agricultural landscape, will provide for peer lead increases in the forest estate based on the value of trees to agriculture. Plant the appropriate species in the appropriate site to provide a net gain to agricultural production while ultimately delivering a future resource for both on-farm use and industry. This model will be delivered across the State via case study farms relevant to different agricultural systems. It is an initiative for which PFT is to be congratulated.

Certification of the non-industrial private forest estate is now more competitive with the success of a northern company gaining certification under the Australian Forestry Standard. Competition is important for the maintenance of standards and the delivery of excellence to the grower base. PFT facilitates unbiased representation of service providers by way of its web site listing and continues to pursue certification options for growers who may want to be independent of third party forest managers.

I wish to thank Wendy Bowman our long serving Executive Assistant to the CEO who has transferred to the Department of State Growth. Wendy has provided many years of dedicated and loyal service to the Organisation, helping our CEO's throughout the journey.

I congratulate all our staff who have continued to champion the private forest estate, demonstrated commitment, delivered excellence and embraced change as we move forward. The Organisation is in a stronger financial position thanks to the skill, perseverance and dedication of Jeff Battersby our Finance Manager who, working together with the CEO, has delivered an excellent financial outcome given the years of difficulty in the sector.

PFT's CEO, Tom Fisk, has lead the charge for change, delivering a well-positioned and appropriately restructured organisation that is delivering great value to the private forest sector. He has secured the future of the Organisation, demonstrating his ability to input at high levels providing significant value to governments, while delivering leadership to the Organisation and the private forest sector more generally - thank you Tom. To my fellow non-executive directors, Brett Hooper and Arnold Willems, thank you for your continued support, guidance and invaluable contribution.

As this is my last report as Deputy Chair and a Director, I wish to acknowledge the tremendous support of all the staff of the Organisation both past and present and the dedication of the private forest growers of Tasmania for having faith in the future of our industry.

Mark Leech
Deputy Chairman

Year in Review

This year the results of PFT's progressive restructuring program which commenced in 2010 have started to pay dividends. Our new structure has moved the Organisation away from its traditional regional operating model, providing predominantly low level extension services, to a functional model that focuses on business development opportunities that will add value to private forests and high level extension activities. It is designed to ensure that PFT is positioned to more effectively champion the cause of our forestry stakeholders in a changing operating environment. In addition, and very importantly, our new structure is now ensuring maximum value is achieved from the ongoing government support we receive and greatly appreciate. I remain absolutely committed to achieving maximum impact from our diminished resources and adding value to the private forestry sector well beyond the cost of providing the service - and I now see clear evidence that this is occurring.

Tasmanian private forest owners are in a unique situation of having an organisation like PFT available to them – this is not the case in other parts of Australia – and a major objective of mine is for PFT to touch the lives of many more private forest owners than we have done in the past. Private land provides the only opportunity to expand our forest estate and private forests stand to play an even more important role in emerging forest-based activities and industries. Add to that the positive impact trees can have on agricultural production and farm values and we have a multitude of compelling reasons for the realignment and refocus of our activities in order to help realise the opportunities that are available.

Progressively, the full impact of our new operating structure and focus is being realised but there is still some distance to travel in this regard. This is to be expected because, in part, these changes have required a shift in the work practices and responsibilities of some staff who have been diligently going about their activities in the same way for many years. For some, change is not easy, for others, it is exciting and stimulating. I understand this and I would like to take this opportunity to thank all PFT staff members for their largely positive acceptance of the need to change and refocus.

Apart from the broad 'service provision' realignment described above, another compelling reason to restructure the Organisation related to our prevailing financial instability at that time. It is no news to anyone that the sale of forest products across Tasmania from all tenures of forest has been at historical lows over the last five years and even now continues to be negatively impacted by lower market demand in conventional forest products markets. PFT has not been isolated from this impact. Historically, up to 20% (~\$400k) of PFT's income has come from the Private Forest Service Levy (the levy) which is directly related to forestry activity in private forests and this plunged to a low of \$42k in 2011-12, rising slightly to \$56k in 2012-13. I am pleased to report that during 2013-14 levy income continued its upward trend with \$136k being received (7.8% of our total income). That said, this resulted largely from an increase in hardwood plantation pulpwood sales with the private native forest resource remaining severely under-utilised.

An important component of the process of realigning and refocusing PFT is the rebranding of the Organisation that occurred during the year. We now have a new logo, that is used throughout this document and on all our communication mediums and, importantly, we have a new and substantially updated website that is proving to be a popular and effective communications tool for

us. In addition, we have embraced 'social media' and have a presence on LinkedIn and Facebook. While the management team was keen to pursue these initiatives it is appropriate that I acknowledge the person who has driven this process so efficiently and effectively and that is Tracey King. Tracey is one of our valuable Administration Officers and I can say with confidence that without Tracey's drive, tenacity and skills, these initiatives would not have been delivered. I take this opportunity to congratulate her and thank her for a job well done because the initiatives that she has delivered are important components of PFT claiming a position as a valued service provider to the forestry sector.

Chapter 1 of this report provides some statistics on the private forest estate and reminds us of the significance of this estate for Tasmania. At 1,114,883 hectares, the private forest estate comprises approximately 33% of Tasmania's reported forest area¹, the native forest component (857,751 hectares) comprises slightly over 28% of the State's reported native forest area and the plantation component (257,132 hectares) comprises 83% of the State's reported plantation area. These statistics emphasise why the private forest estate (across all categories and ownership classes) is such an important asset for the forestry sector in particular and for the general economic, social and environmental well-being of Tasmania as a whole. It truly is a 'sleeping giant' (as it was described some years ago) with, as yet, considerable untapped potential across all forest types and ownership categories but in particular the hardwood plantation estate which has the potential to treble its harvest capacity in the near foreseeable future.

An aspect of the data reported in Chapter 1 that saddens me in particular is the ongoing restricted log off-take from the substantial private native forest estate. This estate is very important to the economic and social stability of regional Tasmanian communities. While a 16% increase was recorded over last year, the volumes are still very low (~ 90k tonnes) and miniscule when compared to the high volumes experienced in the 1999-2000 year. The major contributing factor to this lack of sales continues to be the inability to sell native forest pulpwood and the residues from sawmills, in particular in the south of the State.

Unfortunately, these low native forest volumes are associated with many primary processing plant closures. Of the 67 processors contacted this year for private log off-take data, 8 reported that they had closed their business during the year. Alarming, this brings to 28 the number of primary processors who have ceased operating over the last six years – a very sad reflection of the demise of a once proud industry and, importantly, more evidence of the impact of this decline on our regional communities.

On a more positive note, however, a substantial increase in hardwood plantation pulpwood exports (+270% to 820k tonnes) during the year resulted in an increase in total private forest harvest of 34% over the previous year, to 1.94m tonnes. As indicated above, the contribution of this as yet still young plantation estate will increase even more over the next few years. This is a truly good news story.

The focus on forestry in Tasmania is always dominated by issues relating to the state-owned forests managed by Forestry Tasmania. However, the reality is that the private forest estate across all ownership and management types is now the dominant supplier of forest products to our processing

¹ This year we have included privately owned plantation on Crown land for the first time.

sector. It is pleasing to report that the welcome trend commenced two years ago of an increased contribution has continued. From a low of 34% in 2010-11, it increased to 46.5% in 2011-12, to 58.5% in 2012-13 - a level that was maintained this year (58.4%). This is a welcome statistic, driven of course by the increase in hardwood plantation harvesting activity which will continue to climb. Indications are that in time the private estate will contribute ~75% of the total State harvest. However, a major challenge remains and that is to realise the potential of the private native forest estate – a truly environmentally benign way to sustainably produce forest products.

Chapter 2 of this report highlights some of the specific activities of our Business Development group and I refer you to this chapter for greater detail. That said I will briefly mention some highlights here.

Our certification project remains an important focus albeit that progress has continued to be impacted by the general downturn in native forest activities with many potential clients of this project still adopting a “wait and see” attitude. However, I can now report that in the latter part of the year we commenced discussions with a small group of private native forest owners keen to investigate an independent group certification option (not tied to forest management companies or wood brokers) that is currently not available to them. Where this will lead is hard to predict but regardless we are bound to assist in investigating the option. Ultimately, it is PFT’s objective that a range of cost-effective certification options exist that satisfies the needs of private forest owners who choose to actively manage their forests.

While our other Business Development activities are quite diverse a major focus has been researching and promoting new market opportunities for wood – because without markets it is pointless engaging in our other business priority of promoting an expansion of the private forest estate. From a new market perspective we are concentrating on market opportunities for pulpwood quality material. Without markets for this ubiquitous product the asset value of the private forest estate is severely compromised and in some situations totally destroyed. This work is of particular importance for private forests (both hardwood plantations and native forests) in the south of the State where, since the closure of the Triabunna export facility, minimal harvesting activity has occurred. If a solution is not found soon the substantial hardwood plantation estate in this region will be virtually worthless (its current status) and the private native forests in this region (comprising more than half the Tasmanian private native forest estate) will continue to be at risk of serious decline as many continue to become liabilities rather than assets for their owners. This could have serious social, environmental and economic consequences for that region in particular and the State in general.

I am particularly proud of our activities in this space and acknowledge the leadership of our Business Development Manager, Ian Ravenwood, who has forged strong working relationships with other government agencies and private businesses to deliver outcomes. PFT is not of a scale that enables us to have big impacts on our own but together with our partners we are making good progress in facilitating initiatives that in time will add considerable value to not only private forests but Tasmania’s total commercial forest estate.

Chapter 3 of this report highlights some of the many activities performed by our Services group during the year and I refer you to this chapter for greater detail.

It is in this area of our business where the biggest challenges have occurred as a result of our restructuring and refocusing program. This is because our Services staff are mainly long-serving employees who have been diligently deploying their skills and professionally servicing their 'clients' for many years under what has now become an out-dated operating model. It is appropriate that I acknowledge the leadership of our Services Manager, Arthur Lyons, in supporting his staff during this time as they progressively merge into a new operating model while continuing to provide high quality services. There is no doubt that our new structure, in which the Services Manager has state-wide responsibilities delivered through regional representation, is ensuring a more efficient use of our in-house skills and consistency of service provision.

The overarching objective of our Services group is to provide services to our stakeholders that will add value to their forest based enterprises - the nature of the assistance and advice we provide is diverse. One would have thought that with ongoing relatively low levels of activity in some sectors of the industry the demand for our services would have diminished but this has not been the case. During the year Services staff responded to 823 inquiries on a range of matters in relation to private forestry. This is a similar level of inquiries to the previous year and some 30% higher than historical levels.

In addition to responding to this high level of inquiries, Services staff continued to provide ongoing services to long-term clients. These services are diverse and included activities such as (but not limited to) the facilitation of thinning operations in small farm woodlots, assisting private forest owners find markets for their wood, conducting field days in our own right and jointly with other organisations. In addition, we once again conducted two well attended farm forestry seminars/dinners that provided opportunities for our stakeholders to come together to hear presentations on, and engage in discussions about, topics of interest and relevance.

A new and key strength of our Services group is the alliance we have developed with Esk Mapping & GIS (Esk), a group of highly skilled individuals who provide us with a broad range of resource information services. During the year our association with Esk has blossomed and it has provided us with a greatly enhanced skill set in this highly technical area. This has underpinned our capacity to participate in resource development project evaluations and the provision of advice in this field in a far more professional way than was previously possible. Importantly, the cost of this enhanced capacity has come at a cost at or below that of our previous internally resourced capabilities.

An important and ongoing aspect of the work of the Services group is collaborating with other organisations in order to maximise the benefits of our complementary services and skills in projects that deliver good outcomes for private forest owners. This occurred again this year through the ongoing delivery of several projects in association with other organisations, in particular the NRM groups in the north of the State.

Progressively, the work of the Services group is becoming more focussed on higher level service provision rather than traditional 'one-on-one' advice provision. It is my objective that ultimately, while our Services staff will continue to respond to requests for assistance and advice, their work will be focussed on evaluating the real (not the anecdotal) dollar value that trees integrated into agricultural systems add to the value of agricultural production and use this data to convince more farmers to grow more trees. I remain absolutely convinced that this is appropriate work for PFT to

champion because in the end it delivers a win-win for agriculture and forestry – improved farm incomes, expanded resource for the forestry industry.

In relation to our financial performance I refer you to the Financial Statements at the end of this report for greater detail.

I am particularly proud of our financial performance this year and of the position of financial stability that we have now achieved and I acknowledge the leadership and support of our Finance and Administration Manager, Jeff Battersby, in assisting me deliver this outcome. This hasn't come easily as it has taken five years of commitment to tight financial controls and the introduction of measures to ensure we continue to provide quality services from considerably diminished resources to achieve this outcome. While the management team, with support from the Board, have lead the charge to achieve this outcome all staff have contributed and I thank them for that, because the process has, I acknowledge, caused some anguish and pain along the way.

The Statement of Comprehensive Income reveals a turnaround in our financial performance this year compared to last of a little over \$0.5m – last year we incurred a loss of \$257k, this year a surplus of \$250k. On a budget income of only (order of) \$1.7m – this is an excellent result. This outcome is a result of many contributing factors – some that we can control and some that we can't – but importantly the result adds to our reserves and underpins our financial stability going forward.

The Board has continued to function well during the year without a full time Chairperson, and with two vacant Director positions. There is no doubt that the appointment of Mark Leech as Deputy Chair has continued to provide stability and consistency for Board activities. We face some issues in relation to the viability of the Board at the end of this calendar year when one of the Directors has to retire and is ineligible for reappointment. The situation has been discussed with the Minister and steps will be taken to address it as the year progresses. I would like to take this opportunity to thank my fellow Directors, Mark Leech, Arnold Willems and Brett Hooper, for their support, guidance and input during the year with a special 'thank you' to Mark for his unerring personal support.

While PFT continues to face challenges in balancing the demands and expectations of our many stakeholders during what still remains to be considerably challenging times for some sectors of our industry, I am comfortable that we are now better positioned than we were this time last year. The progressive transformation of the Organisation achieved through our ongoing restructuring and refocusing process, together with our (now) financial stability, position us to continue to meet the expectations of our stakeholders, albeit with diminished resources. In this regard I once again acknowledge the contributions of the Board and all the staff in getting us to this position.

I remain positive about the opportunities we see emerging for the private forestry sector and commit PFT to continuing to play an active role in pursuing these opportunities to the benefit of private forest owners and Tasmania as a whole.

Tom Fisk
CHIEF EXECUTIVE OFFICER

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Private Forests Tasmania – Introduction

Private Forests Tasmania (PFT) was established in 1994 under the *Private Forests Act 1994* with governance responsibilities that recognise the economic, environmental and social importance of Tasmania’s private forests.

The objective of PFT as set out in Schedule 1 of the *Private Forests Act 1994* is:

“...to facilitate and expand the development of the private forest resource in Tasmania in a manner which is consistent with sound forest land management practice”.

PFT’s core functions and powers are set out in Sections 6 and 7 of the Act, and can be broadly summarised as follows:

- *to develop and advocate strategic and policy advice to the Minister responsible for forestry on all matters relating to private forestry in Tasmania;*
- *to work in partnership with private forest owners and users by providing advice on all aspects of forest management; and*
- *to initiate extended or new market opportunities.*

The Organisation now has a functional rather than a geographically based administrative and operational structure but maintains regional representation in order to facilitate good access for stakeholders to the Organisation. In addition, this new structure enables the Organisation to more efficiently utilise in-house skills and resources.

The operating costs of PFT are underpinned by three income streams – State Government appropriation, the Private Forest Service Levy and fees for services. State Government appropriation provides the bulk of the income with the other two sources being variable and largely dependent on the industry activity – which can be problematic for the Organisation. Underpinning fixed costs with variable income is not an ideal model, particularly considering that assistance is often most in need when the operating environment is most challenging.

The majority of the services PFT provides are quite obvious to our stakeholders – collection, collation and reporting of data on the private forest estate, advice to private forest owners in relation to the sustainable management of their forests and the provision of advice to Government on matters relating to private forestry. However, activities that often go unnoticed are those that occur behind the scenes without our stakeholders even being aware of them and it should not be underestimated how much of the Organisation’s resources are directed towards these activities. Broadly, they are activities that directly or indirectly benefit all private forest owners who choose to actively manage their forests including, but not limited to, the following:

- PFT representation on Boards and committees that feed directly into state and national forest policy formulation of relevance to private forest owners and forest operations

regulation (e.g. Forest Practices Advisory Council, Vegetation Management Policy Advisory Group, and the Forests and Forest Products Committee);

- direct input to government forest policy matters either direct to the Minister or via Department of Infrastructure, Energy and Resources' (DIER) Forest Policy Unit (DIER became part of the new Department of State Growth on 1 July 2014);
- playing an advocacy role for private forest owners generally and specifically in meetings with the Minister and his staff and as appropriate with other state and federal politicians;
- assisting landowners with test case forest management issues in the Forest Practices Tribunal;
- field days open to all;
- researching and developing new business opportunities of direct relevance to private forest owners;
- research activities from which the results are freely available; and
- securing grant funds that directly benefit private growers.

There can be no doubt that without PFT's involvement in these activities, the operating environment for private forest owners who actively manage their forests would be very different.

Ongoing budget constraints have necessitated all staff members to accept the need for review and analysis of our activities and operational methods in order to find the most cost effective way to deliver our services. As a result PFT has now attained a stable financial position and with a refocussed operational model is well positioned to retain its role as a valued service provider to the forestry sector.

This Annual Report on the operations of PFT provides a review of the Organisation's activities and the audited financial statements for the year ended 30 June 2014. It also includes production and area-based statistics related to the private forest estate – both industrial and non-industrial. The Organisation's operations are reported on under chapters that reflect our new operating structure which focuses on business development opportunities that have the potential to directly benefit private forest owners and service provision, together with a chapter providing an overview of Administration and Finance and a separate section containing the Financial Report for the 2013-14 financial year.

Chapter 1

Reporting on the Private Forest Estate

One of PFT's functions is to collect, collate and report forest related statistics in relation to the private forest estate. This includes data related to the extent of the estate and conventional forest products harvesting statistics. PFT has been collecting, collating and reporting these statistics since 1994 and since the 2012 Annual Report we have included some data that dates back to this time in order to display longer term trends. The efficient collection of some of these statistics is dependent on the co-operation and good will of many individuals and organisations throughout the private forestry sector. It is PFT's hope that this co-operation ultimately benefits those who participate because the information provided assists PFT design and implement activities and initiatives designed specifically to benefit our stakeholders – be they private forest owners or forest products processors– and represent the interests of these stakeholders in appropriate forums.

The Extent of the Private Forest Estate

PFT maintains a spatial dataset of the extent of the private forest estate. This dataset is updated annually and the extent of the update depends on data availability and PFT's resources. Updating data related to the industrial estate is streamlined by data exchange agreements PFT has with the industrial forestry companies. On the other hand, updating the non-industrial estate data is considerably more challenging because this component of the estate, which is owned by thousands of individual forest owners (largely farmers), can only be achieved using remote sensing technology which is time consuming and not particularly accurate. Importantly, this component of the estate, which is largely native forest, is fragmented and comprises nearly 857,751 hectares or 77% of the private forest estate.

The private forest estate spatial dataset is used by other agencies to update state-wide data on forest extent and forest type. The only increase to the size of the private forest estate in the 2013-14 year was a result of approximately 40,700 ha of pine and 1,500 ha of hardwood plantations previously owned and managed by Forestry Tasmania, transferring to private ownership. These additions have been included in the private forest area summary for the reported years (refer Table 1).

The Australian Government's Department of Agriculture, Fisheries and Forestry, through its Australian Bureau of Agricultural and Resource Economics (ABARES) agency, annually reports statistics relating to the extent of forest areas across Australia and individual states. PFT provides data to ABARES for use in this process. The total Tasmanian private forest estate continues to comprise approximately 33% of Tasmania's reported forest area. The private native forest estate comprises slightly over 28% of the State's reported native forest area and the private plantation estate (i.e. privately owned plantation regardless of land tenure) comprises 83% of the State's reported plantation area. These statistics emphasise why the private forest estate (across all categories and ownership classes) is such an important asset for the forestry sector in particular and for the general economic, social and environmental well-being of Tasmania as a whole.

Table 1: Composition of the Private Forest Estate to 31 December 2013

Forest Group	Area (hectares) (As at 31 December 2013)
Eucalypt low forest	649,328
Eucalypt tall forest	160,491
Rainforest	16,554
Other native forest	31,378
Total Native Forests	857,751
Plantation - hardwood	194,310
Plantation - softwood	62,822
Total Plantations	257,132
Total native forests and plantations	1,114,883

Harvest Summary for the Private Forest Estate

Each year PFT collects and collates quantitative data on the private forest estate harvest in order to track the contribution that it makes to the supply of conventional forest products to the Tasmanian forestry sector. Our Annual Report provides summarised data to the Government and other stakeholders and is an important indicator of the contribution the private estate makes to employment and wealth generation throughout regional Tasmania and the State as a whole.

The collection of this information is entirely dependent on the co-operation and goodwill of others - in this case the many forest products processors (including log exporters) throughout the State who willingly provide PFT with information on their forest products intake. PFT acknowledges the participation of these processors and is proud of the relationship of trust that has been developed between us and the many companies and individuals involved. Importantly, the processors provide this information to PFT on the understanding that the raw data will be aggregated for reporting purposes and that the confidentiality of each individual processor's data will be strictly maintained. It is important to remember that the provision of the data is on a voluntary basis and, while PFT cannot control the accuracy of it, we do carry out a validation process.

Of the 67 individual forest products processing businesses throughout the State contacted this year, 57 responded to the request for data on log products harvested from private forests that were delivered to their mills. The ten that did not respond are very small operators and any private forest harvest they may have processed is considered to have no real effect on the overall results. Thirty five of the responding processors reported that they did not receive logs from private forests during 2013-14 with another eight reporting that they closed during the year. This continues a long term trend, bringing the total to 28 primary wood processors that PFT is aware of ceasing operation in the last six years.

The four largest volume businesses processed almost 90% of Tasmania's private forest harvest during 2013-14. When the next four are included, the proportion is over 99%.

Wood Production Statistics

In 2012-13 we witnessed a levelling off of the precipitous decline in Tasmania's total private wood harvest that commenced in 2008-09, resulting primarily from an increase in hardwood plantation harvest (see Table 2 and Figure 1). While preparing last year's annual report during September 2013 we noted that increased export wood chip vessel loading was being observed and speculated that a significant turnaround may have commenced. That increased activity continued through the balance of 2013-14 and the total private forest harvest increased 34% from the prior year to close at 1.94 million tonnes. The total private harvest has now returned to the levels last seen in the mid 1990s, although compared to then it now includes around 600,000 additional tonnes from the privatisation of the ex-Forestry Tasmania pine estate.

Native Forests

From a very low base private native forest harvest increased around 16% to around 90 thousand tonnes. An almost halving of sawlog volume was offset by a 20 thousand tonne increase on pulpwood volumes. The 2013-14 total is still a miniscule volume when compared to the record 2.6 million tonnes in 1999-2000.

Hardwood Plantations

From 1999 to 2008 the harvest from private hardwood plantations steadily increased, roughly in line with the rate at which the associated new plantings had been increasing twelve to sixteen years earlier. However, harvest volumes declined significantly after 2008, bottoming out in 2013, even though the rate at which the new private hardwood plantations had been established had continued to increase significantly. We believe this has now created a backlog of wood that was ready for harvest but has been held on the stump.

The 2013 harvest was so low that it was comparable with the first few years of Tasmanian hardwood plantation harvest (1999 and 2000) of around 0.2 million tonnes. We are now pleased to report, however, that hardwood plantation harvest volumes recovered significantly in 2013-14, increasing 270% from 0.22 million tonnes to 0.82 million tonnes. All but 300 tonnes was export pulpwood, either as chip or log.

Softwood Plantations

The private softwood harvest decreased around 0.1 million tonnes from the year before to 1.0 million tonnes in 2013-14. This is the second year the private softwood harvest data includes the fully privatised ex-Forestry Tasmania pine estate and there may still be some residual allocation errors when processors report their private wood inputs.

Contribution to Overall Tasmanian Forestry Production

Production statistics for the state-owned forests (provided by Forestry Tasmania) have been combined with the private estate figures detailed above. In 2012-13 the private estate contributed more than half of the State's total wood harvest (58.5%) for the first time. That proportion barely changed for the 2013-14 year (58.4%). This may be heralding a new era in Tasmanian forestry - one in which the private, rather than the public, estate is the dominant wood supplier.

Over the last 20 years we have witnessed a profound change in the type of Tasmanian private forest being harvested (Figure 2), largely driven by the expansion of the private plantation estate that commenced in the 1980s. This has led to the proportion of wood harvested from private native forests diminishing and that from plantations steadily increasing. By 2005-06 the plantation harvest exceeded the native forest harvest for the first time and we have now reached a point where the native forest harvest share has dropped to less than 5%.

As the plantation proportion increased during those two decades, the proportion of the harvest by industrial growers has also increased and that from non-industrial wood owners (e.g. farmers) has decreased, reflecting their respective holdings in plantations and native forests.

It is also worthy of note that very little of the increase in plantation wood harvested to date has been as a result of plantings established under Managed Investment Schemes, the majority of which are yet to reach harvest age.

Table 2: Private Forests Harvest Volumes 2009-10 to 2013-14 (tonnes)

	2009-10	2010-11	2011-12	2012-13	2013-14
NATIVE HARDWOOD					
Native Sawlog, Veneer & Ply	54,067	54,133	28,894	21,110	12,355
Hardwood Pulpwood	537,740	426,650	105,064	57,202	76,632
Minor Log Products	1,250	321	84	36	55
Fuel Wood	1,170	800	4,812	1,325	1,486
Total NF including fuel wood	594,227	481,904	138,854	79,674	90,529
Total NF excluding fuel wood	593,057	481,104	134,042	78,349	89,043
PLANTATION HARDWOOD					
Hardwood, Sawlog, Veneer & Ply	3,712	4,514	364	1,264	0
Hardwood Pulpwood	807,411	741,124	252,657	220,790	820,228
Minor Log Products	0	181	1,500	0	0
Fuel Wood	0	0	0	0	300
Total HW including fuel wood	811,123	745,819	254,520	222,054	820,528
Total HW excluding fuel wood	811,123	745,819	254,520	222,054	820,228
PLANTATION SOFTWOOD					
Softwood Sawlog, Veneer & Ply	64,991	125,495	384,601	547,909	522,689
Pulpwood	230,646	268,655	327,972	585,133	507,108
Minor Log Products	339	901	2,968	10,179	2,156
Fuel Wood	2,320	0	40	1,212	1,724
Total SW including fuel wood	298,296	395,051	715,581	1,144,433	1,033,677
Total SW excluding fuel wood	295,976	395,051	715,541	1,143,221	1,031,953
GRAND TOTAL including fuel wood	1,703,646	1,622,774	1,108,955	1,446,161	1,944,734
GRAND TOTAL excluding fuel wood	1,700,156	1,621,974	1,104,103	1,443,624	1,941,224

Figure 1: Private Forests Harvest Volumes (including fuel wood)

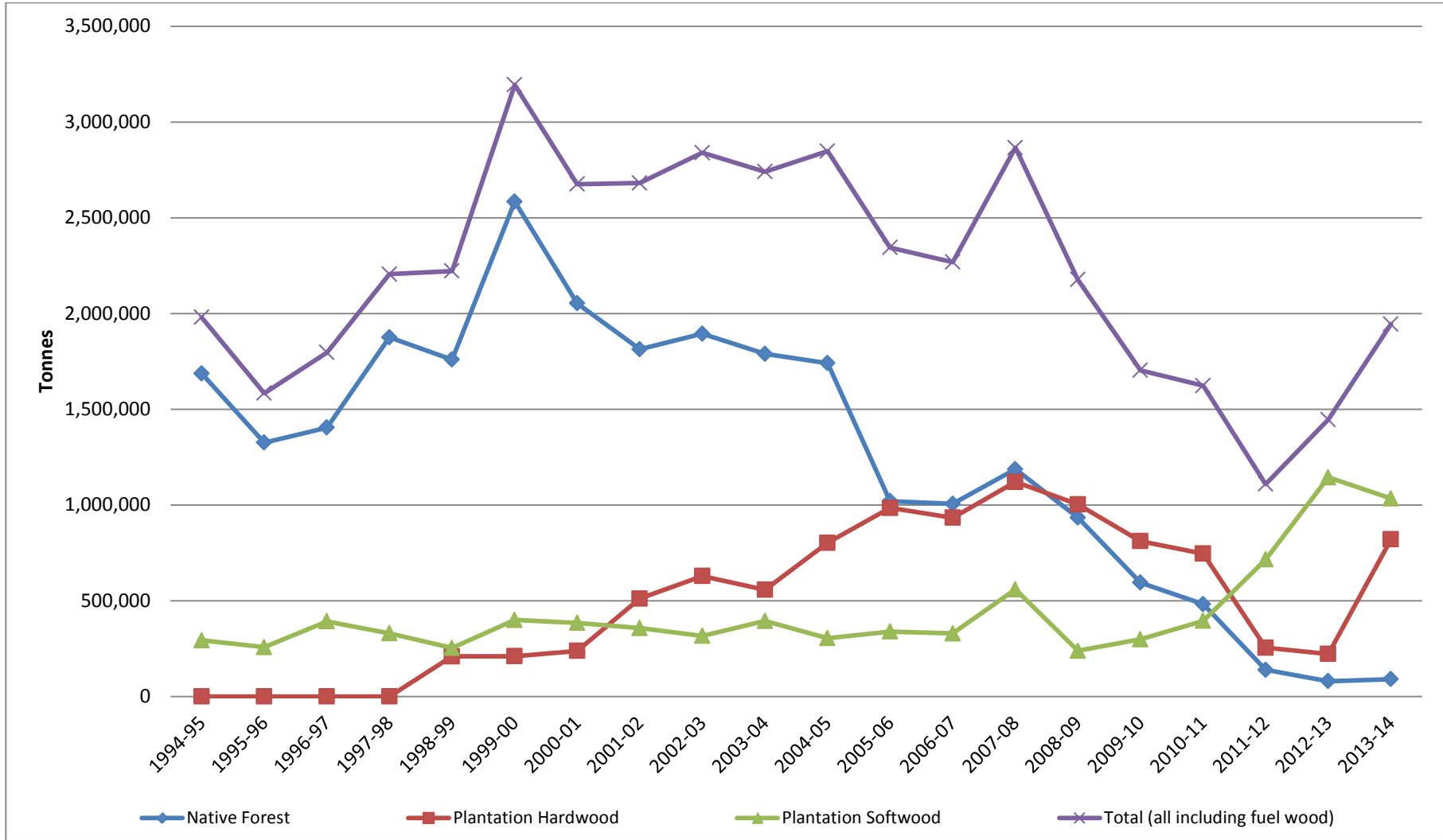
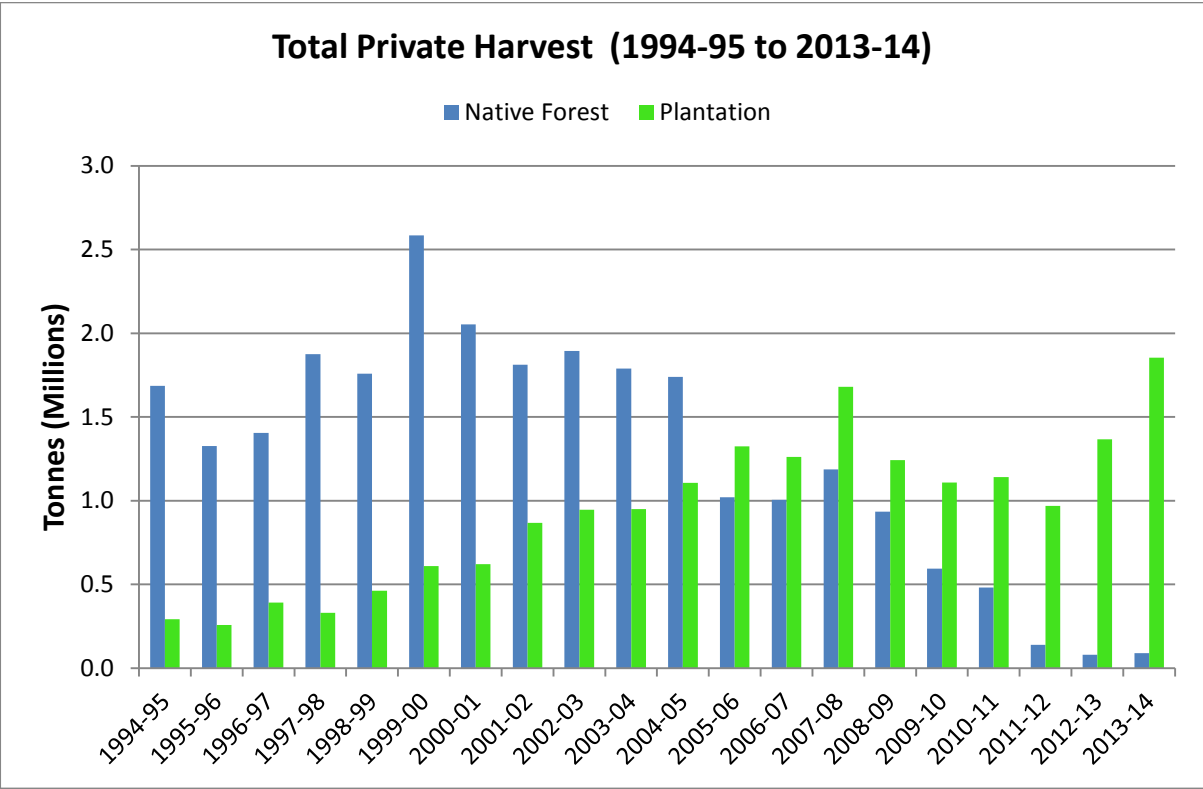


Figure 2: Native Forest and Plantation (softwood and hardwood) Harvest from Private Forests



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Chapter 2

Business Development – Adding Value to the Private Forest Estate

PFT actively researches and develops business development opportunities in relation to the management and use of private forests throughout Tasmania, seeking to add value to the private estate and hence be of direct benefit to private forest owners. This includes activities as diverse as initiatives that secure the role of private forests in the forest products market place, researching and promoting new market opportunities for forest products, addressing the many impediments that stand in the way of integrating more trees into the agricultural landscape and developing innovative systems to attract investment to expand the private forest estate.

Business Development Initiatives

Forest Management Certification

Forest management certification is a system of private voluntary standards for sustainable forest management developed and managed by independent bodies (*i.e.* “third-parties”). The standards are made up of environmental, economic and social criteria and associated performance expectations. Owners of forests with certified forest management agree to abide by that standard. An enterprise’s compliance with the criteria, regularly audited by accredited certifying bodies, transforms the standard into on-ground practices.

Chain of custody certification schemes operate in conjunction with forest management certification. They allow the accurate and verifiable tracking of certified wood from the forest, through the changes of custodianship at the primary and secondary processors, on to the manufacturer and finally to the retail product in an outlet, eco-labelled with the scheme’s label or logo. That label provides the ultimate assurance to consumers that a wood-based product has come from sustainable sources and that claim has been verified by a third party.

In Australia we have two main performance based forest certification schemes, the Australian Forestry Standard (the AFS or AS 4708:2013) and Forest Stewardship Council (FSC) certification. AFS is, in turn, recognised by the international mutual recognition scheme ‘Program for the Endorsement of Forest Certification’ (PEFC). Both these schemes have a chain of custody component. Participation by forest owners and processors in either scheme is voluntary.

Only a few thousand of Tasmania’s 857,751 hectares of non-industrial private forests (NIPF) estate is currently certified and to maintain market access many smaller NIPF owners may also need to follow the certification pathway. However, this is complicated by forest management certification being expensive to achieve and then maintain. Unfortunately, the impact of this expense on the forest owner’s business is currently unlikely to be recovered, as certification

has rarely resulted in a price premium being paid to forest owners for their timber anywhere in the world.

Very few NIPF owners in Tasmania are large enough to justify going alone with certification on their own. However, some will find they are certified by default when industrial forest growers with forest management certification have retained legally definable management control over the forest on their land and include it in their total certified forest management unit. An example would be share farms, in which industrial forestry organisations like Norske Skog or Forico have management control as well as an equity interest in the trees in conjunction with the landowner.

In 2010 the Tasmanian Government allocated funds to PFT to assist the Organisation to lead more NIPF owners down the certification pathway showing the Government's strong support for this initiative. As we said last year, this project has been progressed in a very difficult economic environment and an especially difficult one for NIPF owners who had almost no market, particularly for pulpwood.

Activities undertaken in relation to this priority project during the year include:

Development of a Framework for an Independent Tasmanian Group Forest Management Certification Process

In a group scheme an individual forest owner (or 'group member') doesn't get certified – it is the 'group manager' that is certified. Group members' forests become a component of the total certified forest area of the group manager and only a sample of members' forests is audited annually. The group manager establishes and oversees processes and procedures, maintains group records and overall manages the membership and their performance.

An independent group scheme can fill a gap in the Tasmanian marketplace of forest management certification options currently available. Such a scheme would give some NIPF owners the increased independence in forest management and wood marketing they desire compared to that offered by the current multi-site options that are available. An independent group scheme will ensure certification costs are transparent and will significantly reduce costs by spreading the high fixed cost over more hectares.

PFT convened a meeting of leading private forest owners in 2014 to explain how an independent group forest certification works and to gauge what interest there was in it. The other options, such as multi-site certification that some forest management companies have, were also canvassed. We now believe there may be a core group of larger forest owners that could form the nucleus of an independent group scheme and PFT is preparing an outline of what it might look like.

Tasmanian FSC Group Chain of Custody Scheme

There is a critical mass of small to medium-size primary wood processors and manufacturer/retailers in the State who have AFS chain of custody certification,

particularly through the Fine Timbers Tasmania (FTT) group scheme. However, there are no small to medium size processors with FSC chain of custody certification.

In June 2012 PFT initiated a project in partnership with SFM Forest Products and FTT to assist with the development of a FSC chain of custody option to complement the AFS scheme. Once again we were confronted with the impact of the forest industry downturn.

One saw mill out of a large number approached agreed to participate and a FSC Chain of Custody system was developed in conjunction with them, including identification of changes that would be needed to the FTT manuals to make them compliant with the FSC Chain of Custody standard.

We now have templates ready for a group or individual mill FSC Chain of Custody certification when Tasmanian mills are able and ready to go down this path.

Market Update

Private forest owners need to be as fully informed as possible about the market for their logs to achieve the best outcomes from harvest on their land. PFT is one of their few remaining sources of neutral advice and works to make forestry easier for NIPF owners. A number of small projects were maintained:

PFT Website

PFT's website is now an easy access source of information for Tasmanian private forest growers. In 2013-14 our aging website, which had become difficult to maintain, was completely redesigned. As well as being a useful source of information about PFT, it also provides our stakeholders with access to a range of information: events (*e.g.* field days and seminars); advice and forms relating to private timber reserves; and publications including market information.

The PFT website also includes a 'Hardwood Plantation Portal'. In late 2013 the panel established by the Tasmanian Government to review the State's private hardwood plantation estate following the insolvency of a number of forestry companies, recommended PFT host the portal. It is a source for the information that was requested by participants in community forums which the panel held around the State in early 2014. The Portal continues to be relevant and includes background on the panel process as well as information on removing Forestry Rights; plantation insurance; sources of information on the Gunns liquidation process; and information on forest management companies who could assist landowners who have 'inherited' an interest in ex-lease plantations.

List of Tasmanian Primary Wood Processors and Log Exporters

PFT maintains a reliable record of Tasmania's primary wood processors and log exporters. This confidential database is very fluid as the number of Tasmanian businesses engaged in primary wood processing, especially at the smaller end of the scale, continues to decrease. We use this information to identify businesses for inclusion in the annual harvest survey.

Directory of Tasmanian Primary Wood Processors

PFT first prepared a Directory of Tasmanian Wood Processors in 2012. It is regularly updated and currently lists the 44 primary wood processors and log exporters who provided their consent to be included in this public document. It includes information on each organisation's location, business address, contact person including phone numbers and email, type of mill operated, log types purchased, products produced and chain of custody certification status.

The Directory is now publicly available on PFT's website as a handy reference for private forest owners looking for information on potential outlets for their forest products.

Other Activities Assisting Private Forest Owners

Small Harvest Operations Plans/Long-term Forest Practices Plans

PFT continued to progress the concept of a scaled-down forest practices plan that can be used for small plantation woodlots in non-contentious locations. The current Tasmanian Forest Practices Regulations mandate the need for a full Forest Practices Plan (FPP) if the area on a property being harvested in any year is greater than one hectare or if over 100 tonnes of wood will be harvested before the one hectare limit is reached. However, there are many hundreds of plantation woodlots and shelterbelts on Tasmanian farms that are up to one hectare in size but, with yields over 300 tonnes per hectare being common, easily exceed the 100 tonne threshold. The wood volume is, however, too small to effectively recover the cost of preparing the mandated FPP from the harvest proceeds, especially when the other impediments of small-scale harvest, such as the size of harvesting equipment, are taken into account. Two potential models for a Small Harvest Operation Plan have now been developed and are awaiting resolution. Although PFT continues to push for this, unfortunately it is still a 'work-in-progress'.

In discussions with many forest owners PFT has also identified the need for more flexibility in the overall design of a FPP. Private forest owners often cite a FPP's short-term (usually 2-5 years) and apparent single operation as being inflexible to the market dynamics that the non-industrial forest owner contends with. The same area of forest can often end up with multiple FPPs, each with high preparation and compliance costs (e.g. fees, charges, Certificates of Compliance, etc.).

The current Tasmanian *Forest Practices Act* requires a FPP to include the *'period during which forest practices of the plan overall are to be carried out'* without explicitly limiting the length of time that an FPP should cover. It is anticipated that long-term FPPs (of, for example, 10 years duration) could alleviate some of the issues created for forest owners by the current FPP structure and better align the current system with the framework for forest certification. In 2013-14 PFT commenced investigating ways to advance the concept.

Biomass

Biomass processing continues to capture worldwide attention and can be defined as any organic material, including wood, which has stored sunlight in the form of chemical energy. Biomass is often subdivided into three main areas of interest:

1. bioenergy - renewable heat energy made available by combusting biomass;
2. biofuels – usually liquid or gaseous fuels made from biomass, e.g. ethanol, biodiesel, biogas (e.g. methane from landfill) and synthesis gas (syngas); and
3. biorefinery - the processing of biomass into a range of bio-based products (food, feed, chemicals, materials). The focus is often on the higher value chemicals that are equivalent to, or fulfil the same role as those produced in petroleum refineries and form the building blocks for plastics and other products.

Any new potential uses for NIPF wood are important to PFT's stakeholders as it has the potential to provide another market for pulp quality wood and residues. For this reason PFT keeps a watching brief on Australian and international developments in this area and continues to provide support and advice to parties interested in potential biomass processing initiatives in Tasmania. We also work closely with the Resources and Energy group in the Department of Infrastructure, Energy and Resources (from 1st July 2014, the group will be part of the Department of State Growth) who also have an interest in this area.

Engineered Woods

Glue laminated wood (Glulam) and cross-laminated timber (CLT) are examples of engineered woods. They also have potential to use lower grade wood. In addition to biomass processing, PFT has recognised that engineered woods may represent a future opportunity for NIPF owners. Australian interest in engineered wood, and in particular CLT, has been reinvigorated by the recent construction in Melbourne's Docklands precinct of the Forte building, then the world's tallest timber building. The Dockland's library and community centre has also become another exemplar of engineered wood use.

Resource Modelling

In 2012 PFT developed a generic private forest resourcing model with the report freely available on our website (*"Private Forest Resourcing Model 2012: where are the best locations for a hypothetical Tasmanian wood processing plant"*). It was deliberately pitched to provide

information that would be useful to project proponents in need of a quantitative basis for choosing initial plant locations for further evaluation.

This initial work gave rise to two related projects that were initiated by the then Department of Economic Development, Tourism and Arts (DEDTA became part of the Department of State Growth on 1 July 2014). The projects aim to assist two separate community groups based in the Dorset and Huon Valley local government areas that are promoting local biomass based industries. PFT was engaged by DEDTA to carry out a detailed regional inventory of potential woody biomass resources surrounding Scottsdale and Huonville respectively. The regional inventory built on the 2012 work by developing a much more comprehensive landscape-level model of existing reserves and covenants on private freehold land, sustainable harvest and regeneration practices and the harvesting restrictions imposed by the Forest Practices System. Experienced forest harvest planners then carried out a detailed desktop analysis to validate the outputs of this model.

These studies have provided strategic estimates of resource availability from the private forest estate that have allowed the Dorset and Huon Valley groups to further develop their projects.

Research Program

Tasmania's private, non-industrial land base now provides the most acceptable option to increase Tasmania's forest estate and in the future small-scale forests integrated into agricultural systems are likely to become more important sources of forest products. PFT continues to champion the forestry interests of private landowners and confront the unique challenges of small-scale forestry. To this end one of our business development initiatives is a small forest research and development program that forges alliances with researchers and supports projects that are of specific relevance to private forest owners.

Australian Forest Operations Research Alliance (AFORA)

PFT was one of the 20 or so founding members of AFORA, an organisation formed after the conclusion of the Cooperative Research Centre for Forestry in 2012. AFORA continues to research into the management and control of operational costs for existing and new harvest systems, planning and managing value recovery within harvest operations and optimising the efficiency of system and supply chains. Membership gives us the opportunity to encourage new research into operational farm forestry related challenges that will benefit NIPF owners.

AFORA has continued to develop practical tools and produce new industry reports, many of which that can help improve farm forestry economics.

Agroforestry Program

The positive impact of trees in agricultural landscapes has been extensively researched within Australia and overseas. Most of the benefit comes from the shelter they provide to livestock

and crops. There is clear evidence that, in addition to the revenue generated when they are harvested, commercial plantings of trees on farms also improve the net profitability of the rest of the farm enterprise.

Tasmania has an ideal climate to grow trees of commercial value and forestry continues to be an important part of Tasmania's economy. Commercial block and shelterbelt style plantings sensibly integrated into a property's agricultural system, are one of the few remaining ways to significantly increase the State's commercial forest resource.

PFT has, therefore, embarked on a significant new program to increase the extent of commercial tree plantings on farms. However, this will not be an easy task.

We know that apart from a small and passionate group of farm forestry devotees, the planting of commercial woodlots on farms is still not a well-established 'matter of course' activity for Tasmanian farmers. We also know that presenting research results from other states and countries will not necessarily change farmers' views. For example, a lot of research has shown that increasing farm tree cover to 10% can increase overall enterprise profitability yet it is not universally happening in Tasmania.

Anecdotal evidence of the benefits also abounds in Australia and New Zealand but we believe there needs to be even more compelling local evidence before we will see adoption rates increase. Therefore, we will be working closely with progressive and innovative landowners, many who have participated in past PFT projects and have existing woodlots on their properties or others who are willing to plant new woodlots, to collect and collate productivity and financial data from paddocks adjoining woodlots. Over time these case studies will build a compelling demonstration to other farmers of the direct dollar impact on the benefits trees provide when sensibly integrated into the whole farming enterprise.

The next step will be to progressively use these trials and plantings, with their collected data and financial analysis, for field days where information on agroforestry can be shared. Uptake by other farmers is more likely using a peer-to-peer approach and PFT will encourage the landowners to provide the main commentary.

This program is now a major focus and commitment for PFT staff. In 2014-15 we will also be significantly building our capacity to drive this initiative.

Adaption Strategies to Manage Risk in Australia's Plantations

The Manager Business Development continued as a member of the steering committee for the Forest and Wood Products Australia (FWPA) funded research project that is looking at ways climate change impacts can be managed. This project has drawn to a close but the outputs will assist PFT in its agroforestry program.

Non-toxic Wood Preservatives

PFT has agreed to provide some financial support for a research project being conducted by the University of Tasmania which is focused on adding value to small-diameter logs from private forests. The researcher is developing low-toxicity or non-toxic wood preservatives with a range of applications, but significantly they will be safe enough to be used in low-technology application systems on farms for treating roundwood for use as posts and poles. Some of these preservatives may also include fire retardants.

Research Trials

PFT maintains a range of demonstration plantings and trials throughout the State to provide data that helps underpin the advice it provides to plantation owners. They evaluate and demonstrate pruning, thinning and fertiliser options for the production of high-quality wood products.

There is a focus on expanding plantation development into areas of cleared private land not traditionally considered suitable for commercial plantations and where potential climate change impacts may be mitigated. These trials provide valuable baseline data to underpin that initiative.

Data from the five eucalypt plantation silvicultural trials (planted between 2000 and 2005) at Cressy, Blackwood Creek, Poatina, Rosevale and Carrick and two of three similar Radiata pine silvicultural trials (planted between 2000 and 2005) at Rosevale, Carrick and Hagley were analysed and the first published reports will be presented at the National Farm Forestry Conference in October 2014.

Acacia melanoxylon (Blackwood) silvicultural trials at Sheffield and Abbotsham have been maintained and the long term data analysed. The published results of the Sheffield trial will also be presented at the National Farm Forestry Conference in October 2014. This work shows that Blackwood can be successfully grown with a sacrificial *E. nitens* nurse crop for potential high quality timber production.

One hundred and thirty five permanent sample plots are maintained across the north of the State to monitor tree growth of Radiata pine, eucalypt and special species plantations. They are regularly measured under a long term assessment schedule. The data collected will allow staff to better predict plantation site suitability and likely products that plantations should be managed for, depending on the prevailing site conditions. These plots are located across a variety of soil types, from leached sands in the Midlands to basaltic soils in the north-west, with annual rainfall varying from 500mm to 1,600mm.

We have encouraged the expansion of farm forestry in these areas to meet land holder demand and have been continually monitoring tree performance over the last 16 years to better estimate plantation productivity and economic viability. New opportunities for expansion of integrated farm forestry across farms and broader landscapes may result following the development and expansion of irrigation.

In conjunction with Forestry Tasmania and two participating landholders, PFT continued to maintain and monitor four trial sites planted on two properties at White Hills and Blackwood Creek in 2010. These trials field-test a number of local and introduced tree species, including *Eucalyptus globulus* (blue gum), deemed suitable for commercial wood production. Seed for these trials was collected by PFT from native forest in areas above 500 metres altitude, with low rainfall and subject to frost, as well as some provided by Forestry Tasmania from selected seed lots. Monitoring shows some *E. globulus* seedlots have performed very well at White Hills. Consequently, some of the seedlots were used to propagate trees for planting in late 2013 and 2014 on sites in the Biodiversity in Irrigated Landscape project.

The Wattle Grove, 'Willow Bend Farm' project, established in 2007 and 2008 by the landowner and PFT, aims to improve stream water quality and increase habitat for native fauna and flora by excluding livestock from riparian areas and revegetating stream-sides. CSIRO, an original project partner, who undertook a scientific analysis of the effects of streamside vegetation on water quality and published some preliminary findings, is no longer involved in the project. PFT has monitored and managed the *E. globulus*, *E. nitens* and *A. melanoxylon* plantation trees for timber production and trees have been pruned and thinned for production of hardwood clearwood and blackwood speciality timber.

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Chapter 3

Services – Engaging with our Stakeholders

PFT's Services Group brings together our entire forestry stakeholder servicing activities including Resource Information Management, Forestry Services and Communications. It includes state-wide responsibilities delivered through regional representation to ensure a more efficient use of our in-house skills and capabilities.

It is the specific intent of the Services Group to engage with PFT's many forestry stakeholders (individuals and organisations) and provide services to those stakeholders that will add value to their forest based enterprises. The Services Group is also the conduit for the delivery of the outcomes of some of the Business Development Initiatives outlined in Chapter 2. While the full benefits of the operational restructure are still to be realised there can be no doubt that a service provision model with state-wide responsibilities will ultimately ensure a more streamlined and consistent service delivery program.

PFT's service provision model operates at a variety of levels including: the development and maintenance of in-house systems, tools and models that support the provision of advice to stakeholders; direct interaction with private forest owners and forest owner representative groups; the delivery of services through collaborative projects with other organisations; conducting field days, seminars, and farm forestry dinners; and organising other events. In participating in all of these activities PFT has a simple objective – to ensure that private forest owners have access to impartial and reliable information and advice to assist them to sustainably and profitably manage their forests.

Resource Information Services

The Geographic Information System (GIS) continues to be a key resource for PFT. Combined with a spatial data management system, the GIS is a vital tool used to provide advice and assistance to landowners and advice to the Minister and others. Collection and collation of information on changes to the private forest estate is obtained through links with other data collectors, the use of satellite imagery and from direct on-ground interaction with private forest clients. This information is shared with other organisations and in particular, the Land Information System Tasmania (the LIST) and the Australian Government.

PFT uses spatial datasets created by others, in particular datasets under the custodianship of the the LIST managed by the Department of Primary Industries, Parks, Water and Environment (DPIPWE). During the year the Tasmanian Spatial Information Council and the Tasmanian Government Spatial Committee, on which PFT is represented, have been active in implementing effective governance arrangements for spatial information across the public sector.

ESK Mapping & GIS has been engaged by PFT to deliver its GIS requirements which has proved to be an excellent arrangement. PFT's GIS services play an important role in the collation and reporting of forest extent statistics related to the private forest estate as reported elsewhere in

this Annual Report. The collation of this data involves the bringing together of information provided by our industrial forestry stakeholders and spatial data produced in-house from a variety of sources relating to the non-industrial private estate. While much of this work is routine, the output continues to be used in one-off projects such as the Dorset and Huon Valley woody biomass studies mentioned in Chapter 2.

There can be no doubt that the private forest estate, in particular the non-industrial component of that estate, will become an even more important asset for a newly emerging forest based industry. This will in turn increase the demand for access to quality data on this important forest asset.

On occasions, PFT enters into commercial arrangements to provide spatial data and imagery of a variety of types to external parties. The extent of this is governed by the provisions of the data exchange agreements PFT has with, in particular, the industrial forestry companies that provide PFT with extensive data sets for consolidation and reporting purposes.

Forestry Services

Stand History and Management Information Systems

SHAMAS (Stand History and Management Assessment System) is a PFT database tool which enables us to record work undertaken by forest owners to manage their plantations and to assist PFT staff in advising the forest owner on the scheduling of important silvicultural operations such as thinning and pruning. This ensures that non-industrial private forest owners continue to manage plantations to industry standards and schedules. Over 500 stands covering 1,850 hectares of plantation forest are recorded in SHAMAS.

During the year PFT provided landholders with information on timing and quality of pruning and thinning operations for a small number of stands, facilitated contract pruning and monitored the quality of operations. Most pine plantations recorded in SHAMAS have now reached or are reaching final pruning age and the management focus is on commercial thinning operations.

In addition, data in this system enabled PFT to facilitate thinning of plantations at a time of general downturn in demand for pine and hardwood. Despite reduced demand and low prices, limited markets for small quantities of pine pulp have provided a small return to some growers for immature thinning material, which is not traditionally saleable. In the summer of 2013-14 three plantations, 8–12 years old, and small shelterbelts and woodlots were harvested. PFT's strong connections with industrial processors helped to facilitate a reasonable level of sales of these products in order to assist in the maintenance of stand health and ongoing growth of higher quality products. In order to improve the cost effectiveness of these small scale harvesting operations PFT liaised with harvesting contractors to facilitate coordinated wood sales from local areas, reducing the overall operational costs and helping to make what would normally be sub-optimal harvesting

operations, viable. These markets for small quantities of pine pulpwood provide a small return to growers at a time when the industry has been depressed, they assist in maintaining interest in trees as a supplementary income stream for farmers.

There can be no doubt that this PFT service assists forest owners to maximise their chances of achieving best possible returns in what is often a difficult market.

The Farm Forestry Toolbox

The Farm Forestry Toolbox is a computer based tool that is the culmination of over 10 years of work by PFT and Bushlogic, assisted by a series of Australian Government grants. Bushlogic and PFT continue to improve the Toolbox as PFT identifies improvements to it through routine use. Toolbox users can model forest management regimes, carbon sequestration and financial returns in sub-tropical and temperate plantations. Such regimes include traditional plantation forests, woodlots, wide-spaced trees in agroforestry enterprises and, for the first time, shelterbelts. The completed product and online tutorials are available through PFT's web site. The Toolbox site has received over 820 visits from all Australian States, New Zealand, USA, Canada and Asia and the software has been downloaded 75 times. The Toolbox is now considered an international tool and is known to be used in universities in Germany, Thailand, Portugal, Ireland, Spain and Australia. PFT will promote the Toolbox at the Australian Forest Growers Biennial National Farm Forestry Conference at Lismore in October 2014.

To further improve the Toolbox modelling capability on sites previously considered marginal for plantations, PFT has now assembled detailed and substantial data on commercial tree growth in the north of the State.

Strategic Alliances – Farm Forestry and other Organisations

Other organisations PFT liaises with include Australian Forest Growers (AFG), Tasmanian Farmers and Graziers Association, Forestry Tasmania, Private Forest Service Queensland and to a lesser extent the New Zealand Farm Forestry Association. Here communication is largely information sharing and in the case of the AFG, co-ordination of activities such as annual field days, farm forestry dinners and the biennial AFG Tree Farmer Award in Tasmania.

A close liaison is maintained with regional NRM bodies and sub-regional NRM facilitators. PFT is represented on, or has an association with, the NRM North Association, NRM South, Cradle Coast NRM, Tamar NRM Association and Management Committee and the Meander Valley NRM group. During the reporting period PFT provided technical and other advice on a range of proposed and existing projects involving woody vegetation and forests at both property and landscape levels.

Collaborative Projects

PFT engages with other groups in order to ensure the interests and aspirations of private forest owners are adequately represented and to provide opportunities for them to come together to share knowledge and experiences and be exposed to experts in various fields of relevance to the management of their forests. These include:

NRM North

PFT entered a contract with NRM North to deliver the second year of a two year project to assist landholders to establish plantations on their farms under the 'Biodiversity in Irrigated Landscapes' project. This project strategically reforests areas on farms in irrigation areas in the northern Midlands and includes plantings in riparian areas, shelterbelts and blocks. PFT, in close consultation with participating landholders, planned on-ground works and operational plans, laid out projects, developed site specific operation prescriptions to meet best management practices consistent with the Forest Practices Code and brought professional knowledge and expertise to manage and supervise the initial on-ground works to deliver the projects effectively and efficiently. Over 36,400 trees were planted on 17 sites (totaling 33 hectares) on nine properties. Devonfield Enterprises, a registered provider under the National Disability Insurance Scheme, again provided an outstanding tree planting service. Surveys in 2013 showed that trees planted in the first year of the project (2012-13) had established successfully.

Forestry Tasmania

PFT commissioned Forestry Tasmania to determine the cause of pine trees dying on farms in the Cressy area. The report, *Mortality of Pinus radiata in shelterbelts in the northern Midlands* identified salinity, based on soil and tissue analysis and dieback symptoms, as the potential cause of tree mortality.

Client Servicing

The delivery of client services is a major focus of the PFT Services Group. The nature of service provision can range from simple advice over the phone to field visits and extensive field-based analysis and report preparation by way of consultancies. It may also include the provision of long term support to many private forest owners. The value of this service is reinforced by new landholders seeking advice and assistance and the repeat business from long term clients who need to be fully informed about all aspects of their forestry activities including harvesting and markets. PFT is one of the few remaining sources of independent advice and this is particularly valued given the increasing complexity and sophistication of forest management, forest practices regulation and changing market conditions.

Enquiries received increased from 656 in 2011-12 to 854 in 2012-13 and in 2013-14, 823 enquiries were received. Of these, 67% were existing clients and 33% were new clients. It is pleasing that enquiries have been maintained considering the fall in forestry activity and the high level of uncertainty among private forest owners about the future of the industry. PFT provides a high level of service and of these enquiries, 77% were serviced immediately, 16% the following day and 7% within 2-5 days. Staff conducted over 127 field visits as a result of initial enquiries. Table 3 lists the nature of client service inquiries.

Table 3: Client Services Enquiries

Topic	Percentage of Calls Received		
	2011/12	2012/13	2013/14
Environmental Services	12%	14%	10%
Forest Practices	20%	16%	14%
Markets	5%	4%	3%
Native Forests	9%	7%	9%
Plantations	31%	22%	32%
Policy/Legislation	1%	2%	2%
Projects	7%	9%	2%
Other	15%	26%	28%

Of note is that PFT has continued to assist affected landowners through the 'Refusal to Certify a Forest Practices Plan' compensation process within the *Nature Conservation Act 2002*. The process is complex and very demanding for private forest owners to navigate. PFT assisted private forest owners by: providing the Compensation Panel with background information of the Refusal to Certify the FPP; providing data to DPIPW to assist in the collation of the necessary conservation covenant; and collating and processing applications to revoke private timber reserves to facilitate the compensation process.

Case Studies (demonstration farms)

Over many years PFT has developed strong relationships with many private forest owners and a considerable number of these persons are well recognised as leaders and peer group farmers or business people. On these properties PFT has established both long term monitoring plots to assess plantation growth and trials to assess management options. This relationship, while not formalised but based on trust and goodwill, enables the farm forestry activities on the properties to be promoted in various ways and for data to be collected and promoted as case studies of good practice. This research provides information and practical demonstration to share with other private forest owners and forest managers on appropriate plantation practices, management regimes and financial options. There is considerable

evidence to show that this type of peer-group experience sharing results in other landowners establishing trees in their farming landscape.

While much of this work over the years falls under a general 'agroforestry' umbrella, our new agroforestry initiative referred to in Chapter 3 is designed to specifically target a significant increase in commercial tree plantings on farms. Services staff will progressively become engaged as it is rolled out next year.

Tree Farmer of the Year Award

For a number of years innovative landholders have been publicly recognised and promoted through the State and National Tree Farmer Awards. In August 2013 the PFT-nominated candidates, Richard and Rebecca Johnston, farmers and forest owners at Westwood were awarded the AFG Tasmanian Tree Farmer of the Year Award 2013 at the Annual Farm Forestry Dinner. This award recognises the efforts of landowners and private forest managers to establish or maintain areas of forest on their property for the purpose of: sustainable commercial forest production; protection for catchments, crops or livestock; conserving biodiversity; or protecting a particular forest ecosystem – or a combination of these reasons. The Johnstons have expertly and skilfully combined native forest management with integrated plantations and biodiversity plantings on their two farms to diversify farm income in the long term. The Johnstons and their achievements were promoted through the ABC, rural press and nationally through the Australian Forest Grower magazine.

Farm Forestry Dinners and Field Days

The direct delivery of information to large numbers of clients and other interested stakeholders is undertaken through field days, farm forestry seminars and dinners. These activities promote sustainable, best-management forestry practices, inform growers of market intelligence and new market opportunities and highlight excellence in farm forestry. Below is a list of the events that occurred during the year.

Farm Forestry Dinners

The annual farm forestry dinners were held in Launceston on 8th August 2013 and in Burnie on 9th August 2013. Guest numbers increased from the year before and totalled 95 and 61 persons respectively. Feedback revealed over 90% of guests found the evening and the speakers very informative and were particularly interested in biofuel development opportunities.

Presentations included:

- *Forest Certification for Privately Owned Forests*, Suzette Weeding, SFM Forest Products - types of certification and opportunities for private forest owners.

- *'X' Marks the Spot - Using GIS to Model Forest Resource Availability*, Jeremy Wilson, Esk Mapping & GIS (on behalf of Private Forests Tasmania) - GIS models and methods to validate forest resource availability for Dorset and Huon Valley biofuel development projects.
- *Renewable Wood Based Energy for Fuel, Heat and Power*, Alan Ashbarry, Huon Valley Diversified Industries Incorporated - potential opportunities to utilise wood for bio-energy in the Huon Valley including Ethtec technologies to establish an ethanol plant and also combined heat and power plants on a local scale and ready markets for wood biomass.
- *Developing a Biofuels Plant for the Dorset Region*, David Hamilton, Chairman, Dorset Renewable Industries Pty Ltd – development of a new industry based on new technology with a focus on the 'triple bottom line' of community benefits, economic viability and environmental benefits.

Carbon Farming Initiative Field Day

PFT assisted with the delivery of a field day at Westwood under the *Tasmanian Farming Futures; Reducing land sector emissions and affecting the Carbon Farming Initiative in Tasmania* project. The field day targeted agricultural consultants and farmers. Over 42 persons, including 18 agricultural consultants attended. It provided PFT with an opportunity to promote its activities through a farm walk which show cased opportunities for the integration and management of commercial trees on farms for wood production, carbon sequestration and shelter.

Biodiversity in Irrigated Landscapes Field Day

PFT and NRM North jointly organised a field day to promote integration of trees on irrigated farms in the Northern Midlands. We promoted the benefits of trees on farms and demonstrated key principles, activities and on-ground works as well as distributed a technical guide to successful plantation establishment.

Farm Forestry Field Day

PFT conducted a field day in the Tamar Valley with the assistance of Tamar NRM, TFGA Tamar Valley Branch, Australian Forest Growers, AKS Forestry Solutions and the University of Tasmania to promote farm forestry options for private land owners and farmers. Over 44 persons attended and viewed pine, eucalypt and cypress woodlots and extensive and well integrated eucalypt shelterbelts on two private properties. Information on management, costs and returns and benefits of trees on farms was provided. Timely information on 'forests and wind risk' to minimise wind damage in plantations and particularly at harvest was explained. Senator Richard Colbeck, Parliamentary Secretary to the Minister for Agriculture, spoke at the end of the day and

the ABC conducted interviews with the two property hosts. The post-field day survey revealed a very high level of information transfer and learning amongst attendees.

Huon Show

PFT jointly participated in the annual Huon Show with Huon Resource Development Group/Timber Communities Australia Huon and the Huon Diversified Industries Group. PFT promoted GIS modelling to estimate wood resources for emerging industries as well as the growing of commercial plantations in riparian areas on farms using the 'Willowbend' demonstration project as an example. Over 100 persons attended the display and were provided with information including relevant brochures.

Other Services Provided by PFT

Forest Practices Plans

The Forest Practices System in Tasmania is regarded as one of the more effective forest operations regulatory systems in the world. However, it is complex and often challenging for private forest growers to step through the system efficiently. During the year PFT assisted private forest growers in this regard by preparing both certified and non-certified Forest Practices Plans, the latter for small-scale farm forestry; and assisting the Forest Practices Authority in a number of investigations into alleged breaches of Forest Practices Plans.

Equipment Hire

PFT continued to hire mound ploughs and a smudger to landholders to assist establish and maintain plantations, as well as demonstration of equipment at field days. The mound plough generated \$3,771 income in 2013-14 compared to \$970 the previous year.

Pruned Stand Certification

The Pruned Stand Certification (PSC) scheme is promoted by PFT to help add value to private plantations managed for high value clearwood. This certification process is administered by the Australian Forest Growers (AFG) nationally to provide smaller growers with a certified audit process that verifies pruned log quality, providing assurance to future log buyers. As a consequence tree growers with PSC are more likely to receive a higher stumpage price for their logs at the time of sale. PFT, under consultancy to AFG, conducts national PSC training courses and oversees and approves all PSC assessments for certification. This year no assessments or audits were conducted nationally and only one PSC assessment and three audits were conducted in Tasmania. PSC has continued to decline because large industrial companies have not pursued PSC. The relatively high cost of PSC for smaller forest owners in times of market uncertainty is also a deterrent.

Consultancies

In 2013-14 consultancies generated \$7,793 compared to \$3,336 in 2012-13; these consultancies included advice on private timber reserves and plantation valuations.

A contract with NRM North to implement the on-ground works (excluding plant and materials) for the 'Biodiversity in Irrigated Landscapes' project generated \$20,000 in 2013-14.

NRM Advice and Information

PFT provides a range of information to related property management based projects led by other groups including TAMAR NRM, NRM North, Cradle Coast NRM and the TFGA, and sought opportunities for private landowners to be involved.

Communications

A variety of mechanisms are employed to communicate with our target audiences. Direct communications with landowners via the phone, email and in person comprised over 823 contacts during the year. This does not include the numerous contacts at field days, seminars and workshops; and farm forestry dinners. In order to more broadly engage with the wider community PFT utilises opportunities as appropriate to advertise our services or engage in topical issues in relation to the private forestry sector. To that end topical advertisements, editorials and advertorials were placed in *The Examiner*, *Tasmanian Country*, and *The Advocate* newspapers and the TFGA's electronic newsletter *Fastnews* as well as articles in the quarterly national *Australian Forest Grower* journal. Radio and television interviews were conducted by staff on a range of matters relevant to forest owners.

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Chapter 4

The Regulatory Regime

Forestry operations or practices on all land in Tasmania are subject to the regulatory regime created by the *Forest Practices Act 1985*, regulations to the Act, the Forest Practices Code created under the Act, and administrative instructions issued by the Forest Practices Authority. The *Private Forests Act 1994* also contains some regulatory-type powers impacting on private forest growers, such as the private forest service levy.

There is a number of other Acts and associated regulations that regulate various aspects of forestry as a land use and these are provided in the list below.

- **Aboriginal Relics Act 1975**
Provides for the identification and protection of all Aboriginal relics (sites).
- **Agricultural and Veterinary Chemicals (Control of Use) Act 1995**
Regulating chemical use and applications.
- **Environmental Management and Pollution Control Act 1994**
Establishes duty of care on everyone to prevent or minimise environmental harm.
- **Fire Services Act 1979**
Provides for the control and use of fire in the urban and rural environment.
- **History Cultural Heritage Act 1995**
To identify, assess and protect historic (post-settlement) cultural heritage.
- **Land Use Planning and Approvals Act 1993**
Establishes the Resource Management and Planning System for Tasmania and local government planning schemes that regulate land use and development.
- **Nature Conservation Act 2002**
Provides for the conservation management of scheduled threatened native vegetation communities.
- **Threatened Species Protection Act 1995**
Provides for the conservation management of scheduled threatened species of flora and fauna;
- **Weed Management Act 1999**
Management of weed control.
- **Work Health and Safety Act 2012**

There is a number of agreements between Australian and state governments and policies created under legislation, or otherwise, that regulate forestry as a land use. The most pertinent are listed below.

▪ **Tasmanian Regional Forest Agreement 1997**

A legally binding 20 year agreement, with a five-yearly review period, that applies to all of Tasmania and provides specific actions which create a balance between the environmental, social, economic and heritage values found in forested areas.

▪ **Tasmanian Community Forest Agreement 2005**

A supplement to the RFA increasing the reserve system and revitalising the timber industry.

▪ **State policy on the Protection of Agricultural Land 2009**

This policy created under the State Policies and Projects Act 1993, aims to foster sustainable agriculture in Tasmania by ensuring the continued productive capacity of the State's agricultural land resource. Under the revised policy, new plantation forestry must not be established on prime agricultural land unless a planning scheme reviewed in accordance with this policy provides otherwise. Planning scheme provisions must take into account the operational practicalities of plantation management, the size of the areas of prime agricultural land, their location in relation to areas of non-prime agricultural land and existing plantation forestry and any comprehensive management plans for the land.

▪ **Permanent Native Forest Estate Policy 2007**

In February 2007 a policy was issued to meet the requirement of Clause 45 of the Tasmanian Community Forest Agreement requiring that a policy be developed to describe the agreed approach to the phasing out of broad scale clearing and conversion of native forest in Tasmania. The original policy has been changed to provide an orderly phase-out of broad-scale conversion on private land by 2015, while maintaining the policy commitment to maintain the state wide level of native forest above 95 per cent of the 1996 area. The policy sets threshold levels by forest community for the maintenance of a permanent native forest estate at both the bioregional and state levels and comprises areas of native forest managed on a sustainable basis both within formal reserves and within multiple-use forests across public and private land. In September 2011 the Policy was further revised to clarify terminology and implementation mechanisms.

Private Timber Reserves

The concept of private timber reserves (PTRs) was created by the Tasmanian Parliament in 1985 to enable landowners to have their land dedicated for long term forest management. The legislation provides that forestry activities on the land are subject to a single, consistent, state-wide system of planning and regulation through the *Forest Practices Act 1985*, rather than to variable systems that may be applied under different planning schemes through the *Land Use Planning and Approvals Act 1993*.

Details on PTR applications during 2013-14 and to-date progressive totals are summarised in Table 4.

Table 4: PTR Applications 2013-14

Period	1 July 2013 to 30 June 2014	Progressive total to 30 June 2014*
Applications advertised	3	2206
Applications approved by the Board of the Forest Practices Authority	6	2146
Private timber reserves revoked	31	265
Total area gazetted (hectares)	34	449,444

Progressive total contains adjustments to figures in previous periods. Progressive totals are adjusted primarily because original applications to declare areas as private timber reserves have been followed in later years with an application to revoke part or all of the area declared as a private timber reserve. When a part of a private timber reserve is revoked the original application is split and recorded as two applications in the database, hence inflating the progressive totals of the number of applications approved by the Board of the Forest Practices Authority and the number revoked.

The total area gazetted during 2013-14 was 34 hectares. During the same period 22,657 hectares of previously gazetted PTRs were revoked. As a consequence, the overall area of current private timber reserves decreased by 22,623 hectares in 2013-14. The average area gazetted annually since 1994-95 to the present is 16,568 hectares.

The history of annual PTR gazettals is outlined in Table 5.

Private Forest Service Levy

Private Forests Tasmania (PFT) is empowered to raise funds from private forest owners through the private forest service levy (the levy) as a means of securing private sector funding contributions to support the operations of PFT. The levy was introduced in 2001-02 after

consultation with the Forest Industries Association of Tasmania and the Tasmanian Farmers and Graziers Association.

The levy is calculated on the net area of a forest operation permitted pursuant to the certification of a forest practices plan by the Forest Practices Authority. Forest owners have six months from the date of certification of their forest practices plan in which to pay the levy.

Pursuant to the provisions of Section 251 of the *Private Forests Act 1994*, by 30 June each year the Minister must determine the levy rate for the financial year commencing 1 July of that year. The Minister must determine the rate after consulting with forest owners' organisations. On 23 June 2011, the Minister increased the rate from \$14 to \$15 per hectare, for the 2011-12 year, representing the first increase in the rate since the levy was introduced in 2001. On the recommendation of the Board of PFT, the Minister maintained the rate at \$15 per hectare for 2013-14 and that rate will continue to apply in 2014-15.

The levy generated \$135,428 during 2013-14. This result represents an important turnaround from the previous two years and reflects a modest increase in activity within the forestry industry in Tasmania. Over the course of the past five years, the levy has generated an average yearly income of \$120,869 as displayed in Table 6.

Table 5: PTR Gazettals 1994-95 to 2013-14

Period	Annual area gazetted (hectares)	Progressive total (hectares)
1994-1995	6,524	168,212
1995-1996	36,037	204,249
1996-1997	38,620	242,869
1997-1998	40,800	283,669
1998-1999	6,190	289,859
1999-2000	23,813	313,672
2000-2001	11,570	325,242
2001-2002	31,813	357,055
2002-2003	14,370	371,425
2003-2004	5,783	377,208
2004-2005	26,101	403,309
2005-2006	22,590	425,899
2006-2007	9,261	430,019
2007-2008	12,709	441,734
2008-2009	17,758	457,793
2009-2010	7,949	458,328
2010-2011	13,088	471,255
2011-2012	5,262	475,321
2012-2013	1,097	472,067
2013-2014	34	449,444

Table 6: Service Levy Income

Financial Year	Income generated from private forest service levy
2009-2010	\$252,392
2010-2011	\$117,842
2011-2012	\$42,123
2012-2013	\$56,561
2013-2014	\$135,428
5 year average	\$120,869

Note: since the private forest service levy was introduced in 2001-02, the average annual return over this 13 year period is \$257,242.

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Chapter 5

Administration and Finance

Board of Directors

The Board of Directors consists of the Chief Executive Officer, and five Directors appointed by the Minister. Directors other than the CEO are appointed pursuant to Part 3 of the *Private Forests Act 1994* and the powers, functions, responsibilities and operating procedures of the Board are set out in that Part and Schedule 2 and 3 to the Act. By resolution of the Board, meetings are held monthly.

Chairperson

The Board appointed Mark Leech as Deputy Chairperson in July 2012.

Members

Member with practical knowledge of and experience in industry, commerce or economic development:

Position vacant.

Member with expertise in forest or related sciences:

Mr Mark Leech, from 31 December 2012 to 30 June 2014, and 1 July 2014 to 30 December 2014.

Member representing industrial private forest growers:

Mr Arnold Willems, from 8 February 2011 to 31 January 2016.

Members representing non-industrial private forest growers (2):

Mr Brett Hooper, from 15 March 2012 to 28 February 2017.

Second position – vacant

Chief Executive Officer:

Mr Tom Fisk, from 15 June 2009 to 14 June 2014, and 15 June 2014 to 14 June 2019.

Member Profiles

Mr Arnold Willems B.Sc. (Forestry) (Hons)

Member representing industrial private forest growers.

Fibre, Supply and Logistics Manager, Norske Skog.

Arnold has worked in the forestry industry for over 30 years with extensive experience in managing many aspects of a large forestry business and associated manufacturing industry including forest planning, road construction, harvesting, silviculture, procurement, contract management and manufacturing.

Mr Brett Hooper, Dip. Farm Management (MOFAC)

Member representing non-industrial private forest growers.

Chairman TFGA Forestry Committee; Chairman Tamar Valley Weed Strategy; Secretary TFGA Tamar Valley Branch; Member Tamar Natural Resource Management Group. Brett is a primary producer in partnership with his wife, Elizabeth, at Mt Direction, managing cattle, sheep and forestry.

Mr Mark Leech B.Sc. (Forestry) M.I.F.A

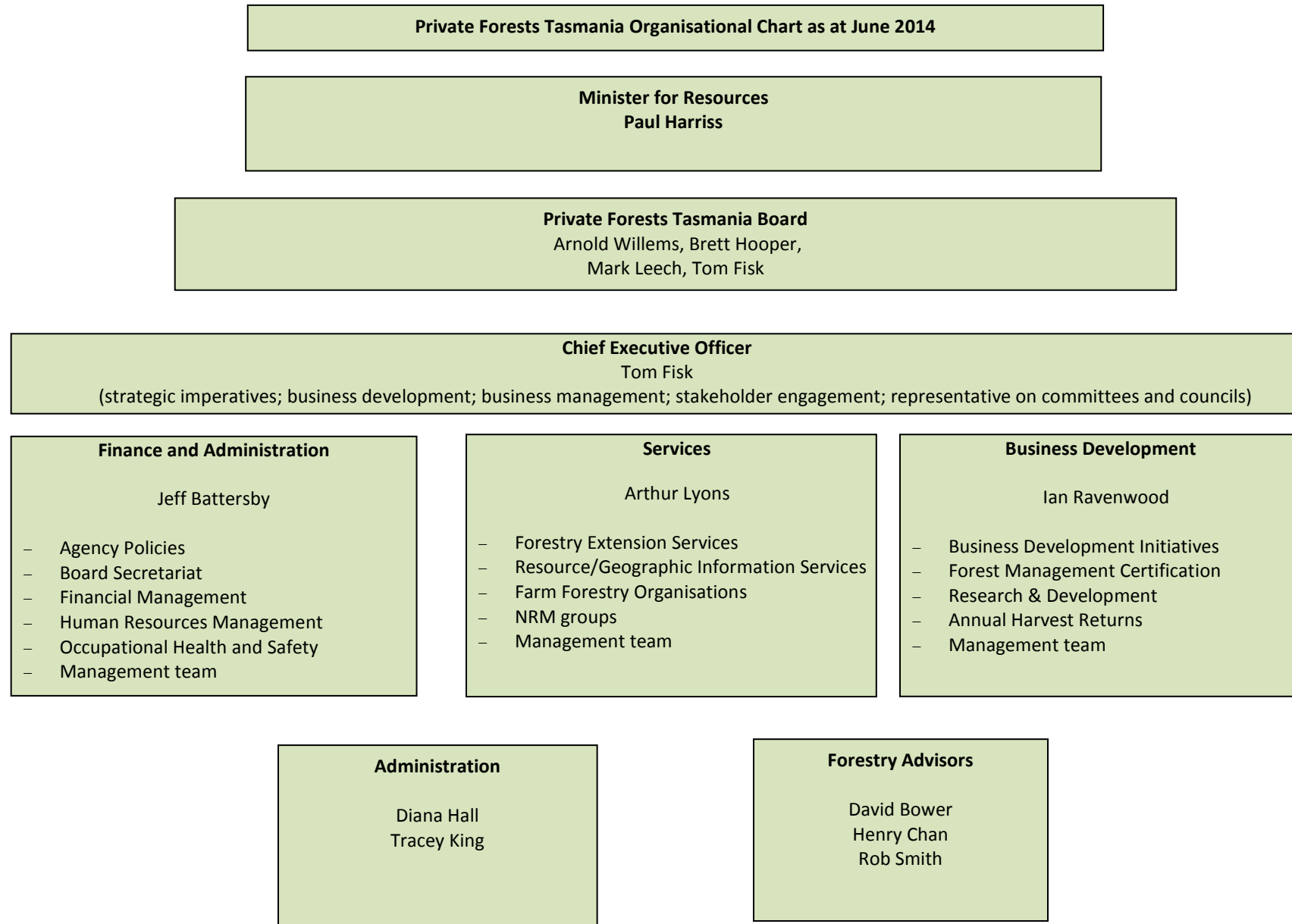
Member with expertise in forest or related sciences.

Director of the Forest Practices Authority to 31st January 2009; Winner 2001 Tasmanian World Forestry Day Award. Mark is a former Regional Private Forester with PFT and is currently a consultant specialising in private forestry, special timbers and the apiary industry. He has a particular interest in the promotion of excellence in both the Tasmanian forestry industry and Tasmania in general; and is passionately involved in humanitarian work in Africa and Haiti.

Mr Tom Fisk B.Sc. (Forestry) (Hons 1)

Chief Executive Officer of PFT, 15 June 2009 – 14 June 2014, 15 June 2014 to 14 June 2019. Tom completed his studies at ANU Forestry School in 1976 and has subsequently worked in the forestry industry for over 34 years. He has worked in a variety of forestry roles including research, operational management, business development, industry engagement and consulting at the ANU, Conservation Commission of the NT, APPM / North Forest Products (Tas) and the CRC for Forestry (Tas). He has also spent a period of time outside the forestry industry owning and operating a small business in Hobart.

Figure 3: Organisation Chart



Human Resource Management

Staff

Permanent and fixed-term (project) officers undertake the functions of the Authority and work from three offices located in Hobart, Launceston and Camdale. These officers work closely with private landowners and major stakeholders.

Staff by category 30 June 2014

Category	No
Administration incl policy & strategy	2.7
Services	3.5
Business Development	2
Total FTE's	8.2

Staff numbers reduced by a further one FTE during 2013-14 because one staff member working in Administration transferred to another department.

Occupational Health and Safety and Managing Diversity

PFT is committed to maintaining high standards of performance in respect to occupational health and safety and equal employment opportunity. All employees are expected to participate in maintaining safe working conditions and practices and to promote and uphold the principle of fair and equitable access to employment/promotion, personal development and training, and the elimination of workplace harassment and discrimination.

There were no worker's compensation claims submitted in 2013-14.

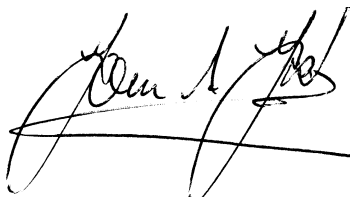
Staff Training and Professional Development

During 2013-14 PFT staff were involved in professional development courses and attendance at conferences, including:

- WorkSafe Tasmania Month
- First Aid Course
- Geographic Information Systems (GIS)
- CPA Congress 2013
- Forest Investment and Market Outlook Conference
- Planned Burning on Private Land Seminar
- ABARES Regional Outlook Conference
- Plantation management and wind risk
- Boosting Tasmanian Agriculture Prospering in a Global Market Place

Superannuation Declaration

I, Tom Fisk, hereby certify that Private Forests Tasmania has met its obligations under the *Superannuation Guarantee (Administration) Act 1992 (Commonwealth)* in respect of any employee who is a member of a complying superannuation scheme to which PFT contributes.



T Fisk
Chief Executive Officer
30 June 2014

Representing PFT and Private Forest Owners

During 2013-14 PFT staff represented PFT and the interests of private forest owners by consulting with, being representatives on, or members of:

State

- Forest Practices Advisory Council (representative).
- Natural Resource Management Committees (representatives).
- Tourism/Forestry Protocol Committee (representative).
- Vegetation Management Policy Advisory Group (representative).
- Huon Diversified Industries Group (member and representative).
- Huon Resource Development Group (member and representative).
- Tasmanian Government Spatial Committee (representative).
- Residues Solutions Advisory Group.
- Forest Industries Association of Tasmania.
- Department of Primary Industries, Parks, Water and Environment.
- Tasman Landcare.
- Greening Australia, Tasmania.
- Tasmanian Farmers and Graziers Association.
- Tasmanian Agricultural Productivity Group.
- Tasmanian Farming Futures: Reducing land sector emissions and effecting the Carbon Farming Initiative in Tasmania Reference Group.

National

- Primary Industries Ministerial Council Standing Committee - Forestry and Forest Products Committee (representative).
- Australian Forest Growers (member).
- CSIRO.
- Australian Forest Operations Research Alliance (member).

Right to Information Statistics

During the 2013-14 year PFT received no requests under the *Right to Information Act 2009*.

Public Interest Disclosure

The *Public Interest Disclosures Act 2002* came into effect on 1 January 2004. The purpose of the Act is to encourage and facilitate the making of disclosures about the improper conduct of public officers or public bodies.

PFT is committed to the aims and objectives of the Act. The Organisation also recognises the value of transparency and accountability in our administrative and management practices. PFT supports the making of disclosures that reveal corrupt conduct, conduct involving a substantial mismanagement of public resources, or conduct involving a substantial risk to public health and safety or the environment.

PFT does not tolerate improper conduct by our employees, nor the taking of reprisals against those who come forward to disclose such conduct. The Organisation will take all reasonable steps to protect people who make such disclosures from any detrimental action in reprisal for making the disclosure. PFT will also afford natural justice to any person who is the subject of a disclosure.

During 2013-14 there were no Public Interest Disclosure reports.

Legislation administered by Private Forests Tasmania

The Department of Infrastructure, Energy and Resources is responsible for administering the *Private Forests Act 1994*. From 1 July 2014, the Act will be administered by the Department of State Growth.

PFT undertakes the functions of this Act and has delegated authority under the *Forest Practices Act 1985* to undertake processing of Private Timber Reserve applications.

Statement of Corporate Intent

The Vision Statement

That the Tasmanian private forestry sector is well informed, respected, sustainable, environmentally sound and a major driver in the Tasmanian economy; operates in a collaborative and communicative manner; utilises best-practices approaches; is at the forefront of the adoption of appropriate technologies; and works within a sound regulatory environment.

This vision statement is for the Tasmanian private forestry sector. Various individuals, private and public organisations fulfil various roles or missions, who together seek to achieve this vision.

Our Mission

The mission of Private Forests Tasmania, as a government authority, is to facilitate the sustainable management of native forests and plantations on private land in Tasmania by:

- providing advice and information to governments and forest owners;
- working collaboratively to ensure the adoption of best practices; and
- supporting a sound regulatory environment.

Strategic Actions

PFT's six strategic actions are:

1. Provision of advice to all levels of government on matters affecting the private forestry sector.
2. Provision of advice to the private forest sector to ensure sound stewardship of the private forest estate.
3. Maintain role as independent authority providing accurate and timely advice on private forest matters to stakeholder, including growers, processors and the community.
4. Maintain a leadership role in forest data collection and analysis of the private forest estate.
5. Provision of extension services to enable private forest owners to continuously improve the management of forests.
6. Act under delegation from the Forest Practices Authority to administer the private timber reserve application process.

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Financial Statements

For the year ended 30 June 2014



**PRIVATE FORESTS
TASMANIA**

Statement by Directors

In the opinion of the Directors of Private Forests Tasmania:

(a) the financial statements are drawn up so as to give a true and fair view of the results and cash flows for the year ended 30 June 2014 and the state of affairs at 30 June 2014 of Private Forests Tasmania;

(b) the accounts are drawn up in accordance with the provisions of the *Private Forests Act 1994*;

(c) as at the date of this statement, there are reasonable grounds to believe that the Authority will be able to pay its debts as and when they fall due.

The financial statements are drawn up in accordance with the applicable Australian Accounting Standards including Australian Accounting Interpretations.

Signed in accordance with a resolution of the Directors.



M Leech
Deputy Chairperson
15/8/2014



T Fisk
Chief Executive Officer
15/8/2014

Statement of Comprehensive Income FOR THE YEAR ENDED 30 JUNE 2014

NOTES	2014 \$'000	2013 \$'000
Revenue and other income from transactions		
Appropriation revenue – recurrent	1,432	1,414
Other Non-Government Grants	20	20
Commonwealth Grants	0	0
Private Forest Service Levy	136	56
Interest on investments	63	143
Interest on pine loans	6	9
Private Timber Reserve Fees	1	4
Other	75	57
Total Revenue and other income from transactions	1,733	1,703
Expenses from transactions		
Employee entitlements	893	1,375
Motor vehicle and travel	49	55
Depreciation and amortisation	3	16
Directors allowances & expenses	8	83
Interest on pine loans	6	9
Consultancies & contractors	117	49
Office rental	147	168
Provision for impairment	2.2	(11)
Communication & information technology	99	102
Other	85	114
Total expenses from transactions	1,483	1,960
Total Comprehensive Result for the year	250	(257)

The above statement is to be read in conjunction with the accompanying notes

Statement of Financial Position

AS AT 30 JUNE 2014

	NOTES	2014 \$'000	2013 \$'000
Current Assets			
Cash & deposits	2.1	1,456	1,250
Receivables	2.2	131	110
Total Current Assets		1,587	1,360
Non-Current Assets			
Property, plant & equipment	3	3	6
Receivables	2.2	70	108
Total Non-Current Assets		73	114
TOTAL ASSETS		1,660	1,474
Current Liabilities			
Creditors and accrued expenses	4	60	55
Provisions	5	172	202
Borrowings	6	14	25
Total Current Liabilities		246	282
Non-Current Liabilities			
Borrowings	6	639	675
Provisions	5	77	69
Total Non-Current Liabilities		716	744
TOTAL LIABILITIES		962	1,026
NET ASSETS		698	448
Equity			
Accumulated Surplus (Deficit)		698	448
TOTAL EQUITY		698	448

The above statement is to be read in conjunction with the accompanying notes

Statement of Changes In Equity FOR THE YEAR ENDED 30 JUNE 2014

	2014 \$'000	2013 \$'000
Accumulated Surplus		
Balance at beginning of financial year	448	705
Increase (decrease) in net assets resulting from operations	<u>250</u>	<u>(257)</u>
Comprehensive result at the end of financial year	<u>698</u>	<u>448</u>

The above statement is to be read in conjunction with the accompanying notes

Statement of Cash Flows

FOR THE YEAR ENDED 30 JUNE 2014

	NOTES	2014 \$'000	2013 \$'000
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash receipts from customers		204	134
Cash receipts from government		1,432	1,414
Interest received		65	145
GST received from Taxation Authority		237	187
Total Cash Received		1,938	1,880
Payments to suppliers and employees		(1,492)	(1,938)
GST Paid to Taxation Authority		(240)	(190)
Total Cash Used		(1,732)	(2,128)
NET CASH PROVIDED BY OPERATING ACTIVITIES	10	206	(248)
CASH FLOWS FROM INVESTING ACTIVITIES			
Payments for acquisition of equipment		0	(0)
NET CASH FLOWS USED IN INVESTING ACTIVITIES		0	(0)
CASH FLOWS FROM FINANCING ACTIVITIES			
Loan repayments for private forestry		56	17
Tasmanian State Government loan repayments		(56)	(19)
NET CASH FLOWS USED IN FINANCING ACTIVITIES		0	(2)
NET INCREASE (DECREASE) IN CASH HELD		206	(250)
Cash at the beginning of the financial year		1,250	1,500
CASH AT THE END OF THE FINANCIAL YEAR		1,456	1,250

The above statement is to be read in conjunction with the accompanying notes

Notes to and Forming Part of the Financial Statements For the Year Ended 30 June 2014

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Private Forests Tasmania was established on 1 July 1994 as a statutory authority by the *Private Forests Act 1994*. It is not required to pay guarantee fees, tax-equivalent payments or to pay a dividend to the Tasmanian government.

Private Forests Tasmania has taken over the assets, liabilities, functions and responsibilities previously managed by the Private Forestry Division of the former Forestry Commission. This is in accordance with Sections 6 and 7 of Schedule 5 to the *Private Forests Act 1994*, which provides for Private Forests Tasmania to take over matters covered by Division II of Part IIA, and, Part IIB of the *Forestry Act 1920*.

The objective of the Authority is to facilitate and expand the development of the private forest resource in Tasmania in a manner which is consistent with sound forest land management practice.

The Authority is dependent on appropriations from the Parliament of Tasmania and external funds for its continued existence and ability to carry out its normal activities.

(a) Basis of accounting

The financial statements are required by Part 5A, clause 32B of the *Private Forests Act 1994*. This financial statement is a general purpose financial report that consists of a Statement of Comprehensive Income, Statement of Financial Position, Statement of Changes in Equity, Statement of Cash Flows, and notes accompanying these financial statements.

The general purpose financial report has been prepared in accordance with:

- Australian Accounting Standards, including Australian Accounting Interpretations; and
- Other authoritative pronouncements of the Australian Accounting Standards Board.

Financial Statement complies with AIFRS

Australian Accounting Standards include Australian equivalents to International Financial Reporting Standards (AIFRS). Some Australian equivalents to IFRS's contain requirements specific to not-for-profit entities that are inconsistent with IFRS requirements.

These financial statements have been prepared on the accrual and going concern basis and in accordance with the historical cost convention, except where specifically stated. The accounting policies are generally consistent with the previous year except for those changes outlined in Changes in Accounting Policies. The Authority has determined that it does not have profit as a prime objective. Consequently, where appropriate, the Authority has elected to apply options and exemptions within accounting standards that are

applicable to not-for-profit entities. As a result this financial report does not comply with International Financial Reporting Standards.

Assets and liabilities are recognised in the Statement of Financial Position when and only when it is probable that future economic benefits will flow and the amounts of the assets or liabilities can be reliably measured.

Revenues and expenses are recognised in the Statement of Comprehensive Income when and only when the flow or consumption or loss of economic benefits has occurred and can be reliably measured.

Changes in Accounting Policies

(i) Impact of new and revised Accounting Standards

In the current year the Authority has adopted all of the new and revised Standards and Interpretations issued by the Australian Accounting Standards Board that are relevant to its operations and effective for the current annual reporting period. These include:

- AASB 13 Fair Value Measurement – This standard provides for a precise definition of fair value and a single source of fair value disclosure requirements for use across Accounting Standards however does not change when fair value is required or permitted.

The Authority holds assets at cost per AASB 13), therefore fair value requirements do not apply

- AASB 119 Employee Benefits (2011-10 Amendments to Australian Accounting Standards arising from AASB 119) – This Standard supersedes AASB 119 Employee Benefits, introducing a number of changes to accounting treatments. The Standard was issued in September 2013.

The entity has adopted the amendments to AASB 119, no material impacts have been identified.

(ii) Impact of new and revised Accounting Standards yet to be applied

The following applicable Standards have been issued by the AASB and are yet to be applied:

- AASB 9 Financial Instruments – This Standard supersedes AASB 139 Financial Instruments: recognition and Measurement, introducing a number of changes to accounting treatments. The Standard was reissued in December 2010. The Standard was issued in August 2011 and is available from 1 January 2017 for application by not-for-profit entities. Initial review has indicated that there is not expected to be a significant impact on the Authority's financial statements.

- AASB 1031 Materiality - (effective from reporting periods beginning on or after 1 January 2014). The objective of this standard is to make cross-references to other

standards and the Framework for the Preparation and presentation of Financial Statements (as identified in AASB 1048 Interpretations of Standards) that contain guidance on materiality. No material impact is anticipated.

Capital Management

The Authority manages its capital to ensure that it will be able to continue as a going concern. This management of capital, including reserves, and including the receipt of recurrent funding from consolidated revenue and the setting and receipt of fees and charges ensures it has adequate revenue to cover anticipated expenditure.

The capital structure of the Authority consists of cash and cash equivalents and equity. The Authority is subject to borrowing limits established under the *Private Forests Act 1994*.

Operating cash flows are used to maintain and expand the Authority's property plant and equipment as well as to meet routine recurrent expenditure.

There were no changes in the Authority's approach to capital management during the year.

Judgements and Assumptions

In the application of Australian Accounting Standards, the Authority is required to make judgements, estimates and assumptions about carrying values of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods.

Judgements made by the Authority that have significant effects on the Financial Statements are disclosed in the relevant notes to the Financial Statements.

The Authority has made no assumptions concerning the future that may cause a material adjustment to the carrying amounts of assets and liabilities within the next reporting period. Judgements made by the Authority that have significant effects on the financial report are disclosed in note 1 (b).

(b) Income from Transactions

Income is recognised in the Statement of Comprehensive Income when an increase in future economic benefits related to an increase in an asset or a decrease of a liability has arisen that can be measured reliably.

Revenue from Government

Appropriations, whether recurrent or capital, are recognised as revenues in the period in which the Authority gains control of the appropriated funds.

Grants

Grants payable are recognised as revenue when the Authority gains control of the underlying assets. Where grants are reciprocal, revenue is recognised as performance occurs under the grant.

Non-reciprocal grants are recognised as revenue when the grant is received or receivable. Conditional grants may be reciprocal or non-reciprocal depending on the terms of the grant.

Private Forest Service Levy

Revenue from the private forest service levy is recognised when an obligation to pay arises, pursuant to the issue of an assessment.

Fees

Revenue from fees is recognised when obligation to pay arises, pursuant to the issue of an assessment.

Interest

Interest on funds invested is recognised as it accrues using the effective interest rate method.

Other Revenue

Revenue from sources other than those identified above are recognised in the Statement of Comprehensive Income when an increase in future economic benefits related to an increase in an asset or a decrease of a liability has arisen that can be measured reliably.

Impairment – Financial assets

Financial assets are assessed at each reporting date to determine whether there is any objective evidence that there are any financial assets that are impaired. A financial asset is considered to be impaired if objective evidence indicates that one or more events have had a negative effect on the estimated future cash flows of that asset.

An impairment loss, in respect of a financial asset measured at amortised cost, is calculated as the difference between its carrying amount, and the present value of the estimated future cash flows discounted at the original effective interest rate.

All impairment losses are recognised in the Statement of Comprehensive Income.

An impairment loss is reversed if the reversal can be related objectively to an event occurring after the impairment loss was recognised. For financial assets measured at amortised cost and available-for-sale financial assets that are debt securities, the reversal is recognised in the income statement.

(c) Employee Entitlements

Provisions

A provision arises if, as a result of a past event, the Authority has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a rate that reflects current market assessments of the time value of money and the risks specific to the liability. Any right to reimbursement relating to some or all of the provision is recognised as an asset when it is virtually certain that the reimbursement will be received.

Liabilities for wages and salaries and annual leave are recognised when an employee becomes entitled to receive a benefit. Those liabilities expected to be realised within 12 months are measured as the amount expected to be paid. Other employee entitlements are measured as the present value of the benefit at 30 June 2014, where the impact of discounting is material, and at the amount expected to be paid if discounting is not material.

A liability for long service leave is recognised, and is measured as the present value of expected future payments to be made in respect of services provided by employees up to the reporting date. Expected future payments are discounted using interest rates attaching, as at the reporting date, to Commonwealth Government guaranteed securities with terms to maturity that match, as closely as possible, the estimated future cash outflows.

Superannuation

New public sector superannuation arrangements, commencing on 1 July 1994, were introduced with the proclamation of the *Retirement Benefits Act 1993*. One consequence of this Act is that superannuation arrangements previously covered by the Retirement Benefits and Superannuation Accumulation Funds, as well as the Retiring and Death Allowances scheme, are now replaced by one fund, i.e., the Retirement Benefits Fund, and administered by the Retirement Benefits Fund Board.

As the Authority is funded from Consolidated Fund, the Government will assume liability for past, present and future employees. The Authority's superannuation obligation is met by regular remittances to the Department of Treasury and Finance where contributions are held in the Special Deposits and Trust Fund. Consequently, a provision for superannuation is not included in the financial statements.

Sick Leave

No accrual is made for sick leave as the Authority's experience indicates that on average, sick leave taken in each reporting period is less than the entitlement accruing in that period, and this experience is expected to recur in future reporting periods. The Authority does not make payment for sick leave entitlements which have not been taken.

(d) Cash and Deposits

Cash and deposits includes cash on hand, deposits held at call with a bank or financial institution and highly liquid investments with maturities of six months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of change in value. Term deposits are held to maturity and are measured at amortised cost using the effective interest method less any impairment losses subsequent to initial recognition.

(e) Taxation

The Authority is exempt from all forms of taxation except Fringe Benefits Tax and the Goods and Services Tax.

Goods and Services Tax (GST)

Revenues, expenses and assets are recognised net of the amount of goods and services tax (GST), except where the amount of GST incurred is not recoverable from the Australian Taxation Office (ATO). In these circumstances the GST is recognised as part of the cost of acquisition of the asset or as part of an item of expense. Receivables and creditors are recognised with the amount of GST included. The net amount of GST recoverable from, or payable to, the ATO is included as a current asset or liability in the Statement of Financial Position. Cash flows are included in the Statement of Cash Flows on a gross basis. The GST components of cash flows arising from investing and financing activities which are recoverable from, or payable to, the ATO are classified as operating cash flows.

(f) Property, Plant and Equipment

Acquisition

The purchase method of accounting is used for all transactions of assets, being the fair value of assets provided as consideration at the date of acquisition plus any incidental costs attributable to the acquisition. Fair value is the amount for which the asset could be exchanged between knowledgeable willing parties in an arm's length transaction.

The asset capitalisation threshold adopted by the Authority is \$5,000. Assets valued at less than \$5,000 are charged to the Statement of Comprehensive Income in the year of purchase (other than where they form part of a group of similar items which are material in total).

Impairment Amount

The carrying amount of all non-current assets are reviewed at least annually and are not stated at amounts in excess of their impairment amount. All non-financial assets are assessed to determine whether any impairment exists. Impairment exists when the recoverable amount of an asset is less than its carrying amount. Recoverable amount is the higher of fair value less costs to sell and value in use.

All impairment losses are recognised in the Statement of Comprehensive Income.

Depreciation

Depreciation is calculated on a straight-line basis to write off the net cost of items of property, plant and equipment over their expected useful lives. Assets are depreciated from the date of acquisition. The expected useful lives are:

Furniture, Equipment, software and satellite imagery	3 – 15 years
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Valuation

The Authority has adopted the cost basis for the valuation of property, plant and equipment.

Leases

The Authority has entered into a number of operating lease agreements for property, plant and equipment where the lessors effectively retain all the risks and benefits incidental to ownership of the items leased. Equal instalments of lease payments are charged to the Comprehensive Income Statement over the term of the lease.

(g) Functional and Presentation Currency

These financial statements are presented in Australian dollars, which is the Authority's functional currency.

(h) Rounding

Amounts have been rounded to the nearest \$1,000.

2. ASSETS

	2014 \$0,000	2013 \$'000
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2.1 CASH AND DEPOSITS

Cash on hand	201	143
Term deposits	1,255	1,107
Total Cash and Deposits	1,456	1,250

2.2 RECEIVABLES

Current

Trade Debtors	93	82
Less: provision for impairment	(12)	(17)
	81	65
Accrued Revenue	23	9
GST Debtor	3	3
Prepayments	5	5
Loans for private forestry	19	28
Total Current Receivables	131	110

Non-Current

Loans for private forestry	70	108
Total Non-Current Receivables	70	108

Movements in provision for Impairment of Receivables

Balance at beginning of year	(17)	(56)
Movement in provision	(3)	11
Amounts provided for and written off as uncollectable	8	28
Balance at end of year	(12)	(17)

3. PLANT AND EQUIPMENT

Property Plant and Equipment Movement

Item	Plant/ Equipment & Other \$'000		Office Equipment \$'000		Total \$'000	
	2014	2013	2014	2013	2014	2013
Gross Value at 1 July	625	646	97	253	722	899
Additions-Purchase of Assets	0	0	0	0	0	0
Disposals	0	(21)	0	(156)	0	(177)
Gross Value at 30 June	625	625	97	97	722	722
Accumulated Depreciation/ Amortisation at 1 July	621	627	95	250	716	877
Depreciation/amortisation charge for the year	2	15	1	1	3	16
Accum Dep - Disposals	0	(21)	0	(156)	0	(177)
Accumulated Depreciation/ Amortisation at 30 June	623	621	96	95	719	716
Net Book Value as at 30 June	2	4	1	2	3	6

4. CREDITORS AND ACCRUED EXPENSES

	2014 \$0,000	2013 \$'000
Creditors	18	22
Accrued expenses	42	33
Total Creditors & Accrued Expenses	60	55

5. PROVISIONS

<i>Current</i>	2014 \$'000	2013 \$'000
Employee entitlements:		
Annual Leave	79	91
Long Service Leave	93	99
On-costs	0	12
	172	202

	2014 \$0'000	2013 \$0,000
<i>Non-current</i>		
Employee entitlements:		
Long Service Leave	77	65
On-costs	0	4
	77	69
Total Provisions	249	271
Employee Numbers	9	10

6. BORROWINGS

<i>Current</i>		
Tasmanian Government	14	25
<i>Non-current</i>		
Tasmanian Government	639	675
Total Borrowings	653	700

7. AUDITORS REMUNERATION

Amounts received or due and receivable by the Auditors	11	10
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8. DIRECTORS' REMUNERATION

Amounts received or due and receivable by the Directors of the Authority.	81	83
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Total remuneration paid to non-executive Directors of Private Forests Tasmania fall within the following bands:

\$20,000	\$29,999	2	2
\$30,000	\$39,999	1	1

Remuneration for the Chief Executive Officer falls in the following band:

\$140,000	\$149,000	1	1
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9. RELATED PARTIES

Directors

The Directors of the Authority during the year were Mr Brett Hooper (5/3/2012 to 28/2/2017), Mr Mark Leech (31/12/2012 to 30/6/2014, 1/7/2014 to 30/12/2014), Mr Arnold Willems (8/2/2011 to 31/1/2016), and Mr Tom Fisk, Chief Executive Officer (15/6/2009 to 14/6/2014, 15/6/2014 to current).

Where applicable, the Authority conducts business with all of the Directors on the same terms and conditions as those entered into with other individuals and organisations.

During the financial year, Norske Skog had a number of transactions with the Authority totalling \$10,264 for the private forest service levy. A Willems, is a Director of the Authority, and, is an employee of Norske Skog.

10. CASH FLOW RECONCILIATION

Reconciliation of operating surplus (deficit) to Net Cash from Operating Activities	2014 \$'000	2013 \$'000
Net operating surplus (deficit)	250	(257)
Depreciation & amortisation	3	16
Provision for impairment in receivables	3	(11)
Change in assets and liabilities:		
Increase (decrease) in provisions	(22)	9
Increase (decrease) in creditors & accrued expenses	5	5
(Increase) decrease in receivable	14	(3)
Increase (decrease) in loan liabilities	(47)	(7)
Net Cash provided by operating activities	206	(248)

11. FINANCIAL INSTRUMENTS

Accounting policy, terms and conditions

Financial instruments	Accounting policy	Terms and conditions
<i>Financial assets</i>		
Cash and deposits	<p>Cash on hand, at bank and in cash management accounts are valued at face value.</p> <p>Interest is recognised as it accrues. Investments are held to maximise interest returns of surplus cash.</p>	<p>On call deposits interest rate at balance date was 2.75% (3.85% in 2012/2013).</p> <p>Term deposit interest rate at balance date was 3.46%.</p>
Receivables	<p>A provision for impairment is recognised on other debtors when there is objective evidence that an impairment loss has occurred.</p> <p>Collectability of overdue accounts is assessed on an ongoing basis.</p>	<p>General debtors are unsecured and arrears do not attract interest.</p>
<i>Financial liabilities</i>		
Creditors	<p>Liabilities are recognised for amounts to be paid in the future for goods and services provided to the Authority as at balance date whether or not invoices have been received.</p>	<p>General Creditors are unsecured, not subject to interest charges and are normally settled within 30 days of invoice receipt.</p>
Borrowings	<p>Loans are carried at their principal amounts, which represent the present value of future cash flows associated with servicing the debt.</p> <p>Interest is accrued over the period it becomes due and recognised as part of payables.</p>	<p>Borrowings are unsecured.</p> <p>The interest rate on borrowings is 7%.</p>

Interest Rate Risk

The exposure to interest rate risk and the effective interest rates of financial assets and financial liabilities, both recognised and unrecognised, at balance date are as follows:

2014	Fixed Interest maturing in:				Non-Interest Bearing	TOTAL
	Floating Interest rate	One year or less	Over 1 to 5 years	More than 5 years		
Financial Assets	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Cash and deposits	503	752	0	0	201	1,456
Other financial Assets	0	19	60	10	0	89
Receivables	0	0	0	0	81	81
Accrued revenue	0	0	0	0	26	26
Total Financial Assets	503	771	60	10	308	1,652
Financial Liabilities						
Creditors	0	0	0	0	18	18
Other liabilities	0	0	0	0	42	42
Borrowings	0	14	62	577	0	653
Total Financial Liabilities	0	14	62	577	60	713
Net financial assets (liabilities)	503	757	(2)	(567)	248	939

2013	Fixed Interest maturing in:				Non Interest Bearing	TOTAL
	Floating Interest rate	One year or less	Over 1 to 5 years	More than 5 years		
Financial Assets	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Cash and deposits	407	700			143	1,250
Other financial Assets	0	28	75	33	0	136
Receivables	0	0	0	0	65	65
Accrued revenue	0	0	0	0	12	12
Total Financial Assets	407	728	75	33	220	1,463
Financial Liabilities						
Creditors	0	0	0	0	22	22
Other liabilities	0	0	0	0	33	33
Borrowings	0	25	105	570	0	700
Total Financial Liabilities	0	25	105	570	55	755
Net financial assets (liabilities)	407	703	(30)	(537)	165	708

Net Fair Values

The fair values of financial assets and liabilities, together with the carrying amounts shown in the Statement of Financial Position, are as follows:

Fair Values	30 June 2014		30 June 2013	
	Carrying Amount \$'000	Net Fair Value \$'000	Carrying Amount \$'000	Net Fair Value \$'000
Financial Assets				
Cash and Deposits	1,456	1,456	1,250	1,250
Receivables	81	81	65	65
Other Financial Assets	89	89	136	136
Accrued Revenue	26	26	12	12
	1,652	1,652	1,463	1,463
Financial Liabilities				
Creditors	18	18	22	22
Borrowings	653	653	700	700
Other Liabilities	42	42	33	33
	713	713	755	755
Net Financial Assets	939	939	708	708

Carrying Amounts Classified As:	30 June 2014 \$'000	30 June 2013 \$'000
Financial Assets		
Cash and Deposits	1,456	1,250
Loans and Receivables	196	213
	1,652	1,463
Financial Liabilities		
Financial liabilities measured at amortised cost	713	755
	713	755
Net financial assets / (liabilities)	939	708

The basis for determining fair values is disclosed in Note 1.

Credit Risk

The maximum exposure to credit risk at balance date in relation to each class of recognised financial asset is represented by the carrying amount of those assets as indicated in the Statement of Financial Position.

Risks and Mitigation

The risks associated with our main financial instruments and our policies for minimising these risks are detailed below.

Market Risk

Market risk is the risk that the fair value or future cash flows of our financial instruments will fluctuate because of changes in market prices. The Authority's exposures to market risk are primarily through interest rate risk with only insignificant exposure to other price risks and no exposure to foreign currency risk. Components of market risk to which we are exposed are discussed below.

Interest Rate Risk

Interest rate risk refers to the risk that the value of a financial instrument, or cash flows associated with the instrument, will fluctuate due to changes in market interest rates. Interest rate risk arises from interest bearing financial assets and liabilities that we use. Non derivative interest bearing assets are predominantly short term liquid assets. Our interest rate liability risk arises primarily from long term loans and borrowings at fixed rates which exposes us to fair value interest rate risk.

Investment of surplus funds is made with approved financial institutions in accordance with the provisions of the *Private Forests Act 1994*. We manage interest rate risk by adopting an investment policy that ensures:

- conformity with State and Federal regulations and standards,
- capital protection,
- appropriate liquidity,
- monitoring of return on investment.

Credit Risk

Credit risk is the risk that a contracting entity will not complete its obligations under a financial instrument and cause the Authority to make a financial loss. The Authority has exposure to credit risk on some financial assets included in our Statement of Financial Position. To help manage this risk:

- we only invest surplus funds with financial institutions in accordance with the provisions of the *Private Forests Act 1994*.

Credit risk arises from the Authority's financial assets, which comprise cash and cash equivalents, and receivables. The Authority's exposure to credit risk arises from potential default of the counterparty, with a maximum exposure equal to the carrying amount of these instruments. Exposure at balance date is addressed in each applicable note.

The Authority generally trades with recognised, creditworthy third parties, and as such collateral is generally not requested, nor is it the Authority's policy to securitise its receivables.

In addition, receivable balances are monitored on an ongoing basis with the result that the Authority's exposure to bad debts is not significant.

Ageing of trade and other receivables

The following table provides an ageing of the Authority's Current trade and loan receivables at the reporting date.

	Gross 2014 \$'000	Impairment 2014 \$'000	Gross 2013 \$'000	Impairment 2013 \$'000
Not past due	83	0	59	0
Past due 0-30 days	2	0	1	0
Past due 31-90 days	2	0	3	0
More than 90 days	25	(12)	47	(17)
	112	(12)	110	(17)

A provision for impairment loss is recognised when there is objective evidence that an individual receivable is impaired.

Liquidity Risk

Liquidity risk includes the risk that, as a result of our operational liquidity requirements:

- we will not have sufficient funds to settle a transaction on the date;
- we will be forced to sell financial assets at a value which is less than what they are worth;
or
- we may be unable to settle or recover a financial asset at all.

To help reduce these risks we:

- have a liquidity policy which targets a minimum and average level of cash and cash equivalents to be maintained;
- monitor budget to actual performance on a regular basis.

The Authority's exposure to liquidity risk is deemed insignificant based on prior periods' data and current assessment of risk.

The Tasmanian Government provided funds via loan agreements for the initial purpose of assisting in the establishment of *Pinus radiata* plantations on private land, and, secondly, for improvements to these plantations. The life span of these loan agreements is 30 years. Plantation owners may defer the repayment of their loan for the first 10 years, thereafter they have 20 years to repay the loan balance. It is noted that interest is capitalised on the loan balance each year during the first 10 years. The current interest rate on the loan is 7%. Loan instalments are raised by the Authority and repayments received each year are then remitted to the Department of Treasury and Finance.

The table below lists the contractual maturities for Financial Liabilities. These amounts represent undiscounted gross payments including both principal and interest amounts.

	<i>Less than 1 year</i>	<i>1-2 years</i>	<i>2-5 years</i>	<i>More than 5 years</i>	<i>Total contractual cash flows</i>	<i>Carrying amount</i>
30 June 2014	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Payables	18	0	0	0	18	18
Other Liabilities	42	0	0	0	42	42
Borrowings	19	19	38	577	653	653
Total	79	19	38	577	713	713

30 June 2013						
Payables	22	0	0	0	22	22
Other Liabilities	33	0	0	0	33	33
Borrowings	34	25	71	570	700	700
Total	89	25	71	570	755	755

The Authority has not defaulted on or breached the conditions of any loans payable recognised at balance date.

Sensitivity Disclosure Analysis

Taking into account past performance, future expectations, economic forecasts, and management's knowledge and experience of the financial markets, the Authority believes the following movements are 'reasonably possible' over the next 12 months (base rates are sourced from Reserve Bank of Australia):

- A parallel shift of +1% and -1% in market interest rates (AUD) from year-end rates of 3.1%.

The table below discloses the impact on net operating result and equity for each category of financial instruments held by the Authority at year-end, if the above movements were to occur.

	2014 Profit & Loss \$'000	2014 Equity \$'000	2013 Profit & Loss \$'000	2013 Equity \$'000
+ 1% (100 basis points)	15	15	12	12
- 1% (100 basis points)	(15)	(15)	(12)	(12)

12. COMMITMENTS

	2014 \$'000	2013 \$'000
By Type		
Lease Commitments		
Operating Lease Commitments	243	377
Total lease commitments	243	377
By Maturity		
Operating Lease Commitments		
One Year or Less	127	157
From one to five years	116	220
More than five years	0	0
Total operating lease commitments	243	377

NB: Commitments are shown as GST exclusive.

The majority of the Authority's leases are represented by land and building rental costs and vehicle lease costs. The total lease commitment exclude local government and other executory costs where they are paid directly to a party other than the lessor. These costs are included elsewhere in the Authority's expenditures.

The Authority also has entered into contingent rental arrangements. Contingent rental costs relate to land and building leases, and in the main comprise local government charges and the periodic escalation of leases by the Consumer Price Index. Since Contingent Rentals cannot be reliably determined, they have been excluded in the calculations of Total Lease Commitments.

The Authority does not have any purchase rights flowing from the lease of the land and buildings. Some buildings have renewal options exercisable by the lessee. There are no building leases that have renewal rights exercisable at the sole discretion of the lessor.

13. SUBSEQUENT EVENTS

There were no subsequent events.

Auditor's Report



Independent Auditor's Report

To Members of the Tasmanian Parliament

Private Forests Tasmania

Financial Report for the Year Ended 30 June 2014

Report on the Financial Report

I have audited the accompanying financial report of Private Forests Tasmania (the Authority), which comprises the statement of financial position as at 30 June 2014 and the statements of comprehensive income, changes in equity and cash flows for the year ended on that date, a summary of significant accounting policies, other explanatory notes and the statement by the Directors of the Authority.

Auditor's Opinion

In my opinion the Authority's financial report:

- (a) presents fairly, in all material respects, its financial position as at 30 June 2014, and its financial performance, cash flows and changes in equity for the year then ended
- (b) is in accordance with the *Private Forests Act 1994* and Australian Accounting Standards.

The Responsibility of the Directors for the Financial Report

The Directors are responsible for the preparation and fair presentation of the financial report in accordance with Australian Accounting Standards and Section 32B of the *Private Forests Act 1994*. This responsibility includes establishing and maintaining internal controls relevant to the preparation and fair presentation of the financial report that is free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditor's Responsibility

My responsibility is to express an opinion on the financial report based upon my audit. My audit was conducted in accordance with Australian Auditing Standards. These Auditing Standards require that I comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance as to whether the financial report is free of material misstatement.

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An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on my judgement, including the assessment of risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, I considered internal control relevant to the Directors' preparation and fair presentation of the financial report in order to design audit procedures that are appropriate to the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Authority's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Directors, as well as evaluating the overall presentation of the financial report.

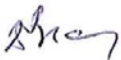
I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

Independence

In conducting this audit, I have complied with the independence requirements of Australian Auditing Standards and other relevant ethical requirements. The *Audit Act 2008* further promotes independence by:

- providing that only Parliament, and not the executive government, can remove an Auditor-General
- mandating the Auditor-General as auditor of State Entities but precluding the provision of non-audit services, thus ensuring the Auditor-General and the Tasmanian Audit Office are not compromised in their role by the possibility of losing clients or income.

Tasmanian Audit Office



H M Blake
Auditor-General

Hobart
11 September 2014

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