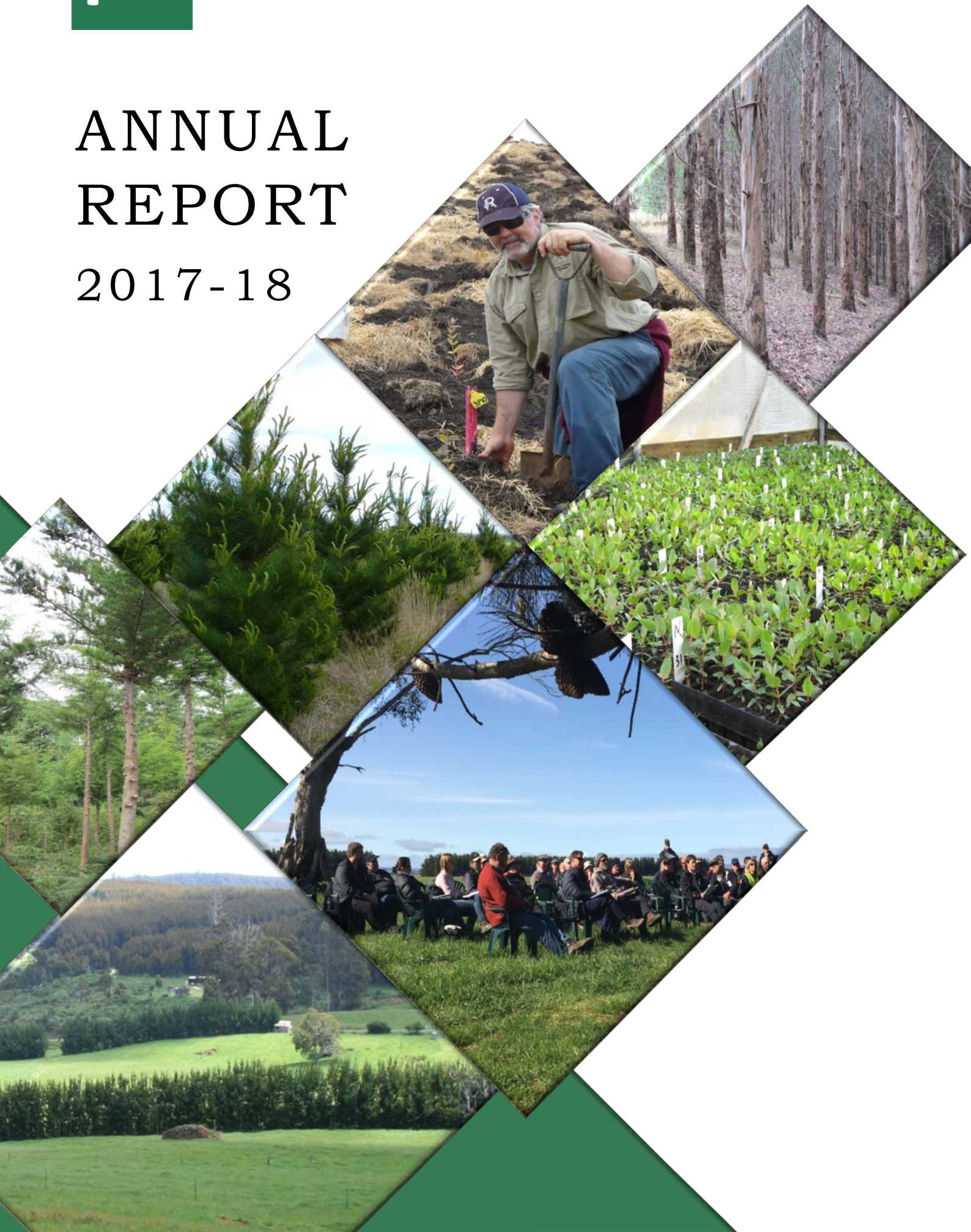




Private Forests Tasmania

# ANNUAL REPORT 2017-18



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**PRIVATE FORESTS  
TASMANIA**

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9 October 2018

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Hon. Guy Barnett  
Minister for Resources  
Parliament House  
HOBART TAS 7000

Dear Minister

ANNUAL REPORT FOR THE YEAR ENDED 30 JUNE 2018

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 2018.

Yours sincerely

Evan Rolley  
Chair

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## *Message from the Chair and the Chief Executive Officer*

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On behalf of the Board of Private Forests Tasmania, we are pleased to present the Annual Report for 2017-18.

Private Forests Tasmania (PFT) continued to provide a wide range of professional advice and services to its stakeholders during the year under the able direction of its acting Chief Executive Officer Jeff Battersby. PFT continued to build new, and strengthen current relationships with companies and stakeholder groups; and worked with a range of organisations to research, pursue and promote new market opportunities for wood. PFT also continued initiatives targeting an expansion of the private forest estate; collected valuable data to underpin industry reporting and provided input and advice to government on matters of relevance to the private forestry sector.

The private forest estate continues to underpin further growth in the forest products processing sector with associated benefits in economic growth for regional communities and the State more generally.

At 1,104,000 hectares, the private forest estate comprises approximately 33% of Tasmania's reported forest area. The native forest component (841,000 hectares) comprises 25% of the State's reported native forest area and the plantation component (264,000 hectares) comprises 87% of the State's reported plantation area. These metrics 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.

In 2017-18, the total private forest harvest rose for the sixth consecutive year eclipsing last year's record high, increasing a further 9% on last year to supply 4.25 million tonnes of logs to the market. This is the first time the private forest estate has delivered over 4 million tonnes of logs to market and is nearly four times larger than the low of 2011-12 (1.11 million tonnes).

The dominance of the plantation based sector continued with logs supplied from plantations comprising 97% (4.11 million tonnes) of the total Tasmanian private forest harvest, the highest proportion recorded to date. Plantation logs have comprised >90% of the Tasmanian private forest harvest since 2012-13 having steadily risen from 15% in 1994-95. In 2017-18 the plantation harvest comprised 69% hardwood (2.85 million tonnes) and 31% softwood (1.26 million tonnes).

A further modest increase in log supply from hardwood plantations is expected next year. However, a reduction in the hardwood plantation area of 4,000 ha occurred in 2017-18 and further reductions are likely as second rotations are consolidated around higher performing sites close to markets leaving some uneconomic ex MIS plantations unlikely to be replanted. While the overall impact on future plantation yield is difficult to predict, given that poorly performing plantation areas will comprise a significant proportion of this un-replanted area, the impact of these sites is anticipated to be relatively minor if productivity improvements in second rotation can be realized.

At 1.26 million tonnes the private softwood harvest level is considered to be within a long term sustainable yield range that is being maintained by replanting of harvested areas. Minor year to year fluctuations are expected, including the decrease of 17,000 tonnes (1%) in 2017-18 compared to 2016-17.

The private estate's contribution to State forestry production continues to increase. In 2012-13, through to 2014-15, the contribution had risen to, and remained at, 58%. During 2015-16 the contribution rose to 67%. In 2016-17 the private forest estate's contribution increased to 73% and in

2017-18 it further increased to 74%, confirming, once again the estate's dominance in the market place and its strategic importance to Tasmania's forest products sector.

A highlight of 2017-18 for PFT was the outcome of the State Government funded Agrivision 2050 Agroforestry Project. The project was developed with the principle objective of increasing the extent of commercial tree plantings on Tasmanian farms. PFT partnered with the University of Tasmania in collaboration with CSIRO to implement this keystone project.

Project results demonstrate that the addition of well-planned treed shelter into agricultural areas can significantly increase agricultural production in a manner that more than offsets losses from the area trees occupy. These gains can be large and were estimated to be 2-3 times the value of timber grown. In the Tasmanian examples, incorporating trees into agricultural landscapes potentially increased farm enterprise profits by up to \$3,000 per hectare per year.

PFT has continued to maintain networks and associations with a range of organisations and stakeholder representative groups in order to enhance the services provided to private forest growers. Along with collaborative activities and projects, PFT has also continued to provide field days and forums to provide information to private growers and assist in connecting growers to market opportunities.

PFT has continued its role in collecting, maintaining and reporting forest resource information. This data and information is a vital tool in underpinning PFT's capacity to provide advice and assistance to private forest owners and government, and to assist in research, optimisation and other studies of potential value to the forestry sector as a whole.

PFT's financial performance has continued to improve recording an operating surplus of \$503k reflecting the improving private forestry activity levels and the close monitoring of expenditure.

With the retirement of Tom Fisk in late 2016, Jeff Battersby has been acting Chief Executive Officer for the majority of 2017-18, until Penny Wells was appointed as CEO from 4 June 2018. We would like to thank Jeff for very capably holding the fort during a challenging year with limited staff and Board resources.

During the year PFT's Manager Services, Arthur Lyons retired. Arthur has contributed exceptional services to PFT and its stakeholders throughout his 21 years with the Organisation. The Board and staff of PFT would like to take this opportunity to thank Arthur for his outstanding dedication and contribution to PFT in performing its roles and functions.

The Board has continued to operate during the year without a full-time Chairperson, and with vacant Director Positions. In early 2018, one of the vacant positions was filled with Alice Herbon joining the Board in January 2018. At the end of 2017-18 there remained one vacancy on the Board. The process of recruitment and associated consultation with grower organisations had commenced by June 2018, culminating with the appointment of Evan Rolley in August 2018 who was also appointed as Chair of the PFT Board.

We would like to thank the Board members and would especially like to acknowledge and thank all PFT staff for their valued contribution, dedication and commitment throughout the year.

Our capacity to report on the character and yield from the private forest estate is totally reliant on the goodwill of forest owners/managers and primary wood processors and we will continue to work hard to maintain trusting relationships with these individuals and organisations. We take this opportunity



to once again thank them for their co-operation.

As new appointees, we see the role of PFT being crucial to assisting the growth and development of the private forest estate. PFT will play an active role in communicating and pursuing opportunities that benefit private forest owners, the forestry sector generally and Tasmania as a whole. In doing this we aim to deliver a clear value proposition for private forest levies and other investments. Our strategic planning for 2018-19 seeks to ensure that the maximum value is delivered from the ongoing government and private financial support PFT receives.



Evan Rolley  
Chair



Penny Wells  
Chief Executive Officer



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## Private Forests Tasmania – Introduction

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Private Forests Tasmania (PFT) was established as a Statutory Authority 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 in summary include promoting, fostering and assisting the private forestry sector on forestry matters, providing strategic and policy advice to Government on private forestry issues, and representing private forest owners’ interests at a local, state and national level.

The Authority has a small number of staff, mostly located in offices in Launceston (Prospect) and Hobart, with one staff member located in Burnie. Regional representation facilitates ongoing access for stakeholders to the organisation, while the operating structure enables the organisation to more efficiently utilise in-house skills and resources while ensuring consistency of service provision across the State.

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 significant proportion of the income, with the other two sources being variable and largely dependent on the industry activity. The Authority underpins its fixed costs with State Government appropriation and tailors project work and new initiatives commensurate with the level of resources generated from industry activity.

The majority of the services PFT provides are 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 and commercial management of their forests and the provision of advice to Government on matters relating to private forestry. However, significant PFT resources are directed at activities that are less obvious, with stakeholders often unaware of the Authority’s role and impact. 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:

- representation on boards and committees that provides advice directly into state and national forest policy formulation and forest operations regulation of relevance to private forest owners;
- direct input to government forest policy matters either directly to the Minister or via the Department of State Growth Resources Policy Branch;
- undertaking 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;
- field days, seminars, workshops, forums and conferences open to all;
- facilitating and promoting business opportunities of direct relevance to private forest owners;
- research activities from which the results are freely available; and
- fostering and promoting multiple benefits and diverse income streams available from private forests.

Without PFT's involvement in many of these activities, the operating environment for private forest owners who actively manage their forests would likely be very different.

Ongoing budget constraints have necessitated that all staff members 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 maintained a stable financial position and is well positioned to retain its role as a valued and independent service provider to the private 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 2018. It also includes production and area-based metrics related to the private forest estate – both industrial and non-industrial. The organisation's operations are reported under chapters that reflect its operating structure which, in 2017-18, has focussed on commercial and production 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 2017-18 financial year.

## Chapter 1

### Reporting On the Private Forest Estate

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One of PFT's functions is to collect and collate data that enables us to describe the private forest estate and the quantities of logs of varying grades extracted from these forests. We commenced collecting data in 1994 and, since the 2012 Annual Report, have included some data that dates back to this time enabling longer term trends to be shown. The collection of data is dependent on the cooperation and goodwill of many individuals and organisations throughout the private forestry sector. PFT is thankful to those organisations and hopes that this cooperation ultimately benefits those who participate through developing a greater understanding of the private forest sector and by enabling PFT to better support participants. Provided information allows PFT to design and implement activities and initiatives 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 Tasmanian private forest estate that facilitates reporting on this estate at a state and national level. This dataset is updated annually to reflect changes in the estate over time, the degree of updating being dependent on data availability. Updates related to the industrial estate are facilitated by data licencing agreements PFT has with the forestry companies. On the other hand, updating the non-industrial estate area (which comprises the majority and is owned by thousands of individual forest owners, largely farmers) is done with remote sensing technology, which is considerably more challenging.

Our private forest estate spatial dataset is used by other agencies to update statewide and national data on forest extent and forest type. For example, The Australian Government's Department of Agriculture, Fisheries and Forestry, through its Australian Bureau of Agricultural and Resource Economics and Science (ABARES) agency, annually reports statistics on the extent of forests across Australia and individual states. PFT provides data to ABARES to support this reporting process.

Tasmania's private forest estate covers 1,104,000 ha (Table 1) and comprises approximately 33% of Tasmania's reported forest area. The total includes both forest on private land, as well as privately owned/managed forest on public land. The area has undergone a relatively minor increase of approximately 5,000 ha over the previous year. The net increase is the result of both additions and subtractions from the private forest estate. A key addition has been the transfer of management of 25,000 ha of eucalypt plantations from the public to the private sector. This increase has been partially offset by changes in tenure type - where 17,000 ha of native forest is no longer classified as privately owned native forest - and a small net decrease in plantation area. The reductions in plantation area were predominantly from the privately owned hardwood plantation area on private land, which is discussed below.

Privately owned native forest occupies 841,000 ha, approximately 25% of the State's reported native forest area. Privately owned native forest is dominated by eucalypt forest (both low and tall) that occupies 793,000 ha, leaving 48,000 ha supporting rainforest and other less common forest types.

The private plantation estate covers 264,000 ha, which is 87% of the State's reported plantation area across all ownership classes including that owned by Sustainable Timber Tasmania. Hardwood plantations comprise 72% (191,000 ha) and softwood plantations 28% (73,000 ha) of the private

plantation estate. The area of privately owned/managed hardwood plantation on private land reduced by 4,000 ha due to areas being harvested and not yet replanted. The area of softwood plantations has remained steady over recent years despite the reported increase this year. The small reported increase in the softwood plantation area compared to recent years is due to a lag in reporting with some 2015 and 2016 plantings being included for the first time this year.

Importantly, the private forest estate (across all categories and ownership classes) is a significant asset for the Tasmanian forestry sector that makes a strong contribution to Tasmania's economy, often regionally, and is important to Tasmania both socially and environmentally.

**Table 1: Composition of privately owned/managed forests at 31 December 2017**

Forest Group	Privately owned/managed forest on private land	Privately owned/managed forest on crown Land	Total privately owned/managed forest on all tenures
	Area (hectares *)		
Eucalypt low forest	638,000	0	638,000
Eucalypt tall forest	155,000	0	155,000
Rainforest	17,000	0	17,000
Other native forest	31,000	0	31,000
<b>Total Native Forests</b>	<b>841,000</b>	<b>0</b>	<b>841,000</b>
Plantation – hardwood	163,000	28,000	191,000
Plantation – softwood	24,000	49,000	73,000
<b>Total Plantations</b>	<b>187,000</b>	<b>77,000</b>	<b>264,000</b>
<b>Total native forests and plantations</b>	<b>1,027,000</b>	<b>77,000</b>	<b>1,104,000</b>

\* Area figures are rounded to nearest 1,000.

Sources: DPIPWE provided information on tenure and PFT provided information on forest group.

## Harvest Summary for the Private Forest Estate

PFT summarises and reports on harvesting activity in the private forest estate from data collected from wood processors and exporters. From this, the contribution of forest products from the private forest estate to the total Tasmanian forestry sector is estimated. Our Annual Report provides a summary of collected data to the Government and other stakeholders. These summaries provide an important measure of the contribution the private estate makes to employment and wealth generation throughout regional Tasmania and the State as a whole.

The collection of data describing private forest harvesting activity in Tasmania is entirely dependent on the cooperation of many forest products processors and log exporters 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 the confidentiality of each individual processor's data will be strictly maintained.

Forty nine individual Tasmanian forest products processing businesses were known to be operating in 2016-17, forty seven of which were contacted (two do not participate in the survey). Forty two responded to the request for data on log products harvested from private forests that were delivered to their mills or yards. The five that did not respond or participate are small operators and any private forest harvest they may have processed is unlikely to have any material impact on the summary totals.

Sixteen of the responding processors reported that they did not receive any logs sourced from private forests during 2017-18. Two new primary processors commenced operations in Tasmania during 2017-18. The six largest volume businesses processed 96% of Tasmania's private forest harvest during 2017-18.

## Wood Production Statistics

The total private forest harvest increased for the sixth consecutive year in 2017-18, delivering a record 4.25 million tonnes of logs to the market, the highest harvest level achieved since 1994-95 when PFT began collecting data. The new 2017-18 high eclipsed last year's record high by 9% or 342,000 tonnes. This is the first year the private forest estate has provided greater than 4 million tonnes of logs to the market and there is every indication that this level will be maintained and even increased in the future. The 2017-18 wood production level is 3.83 times larger than the 2011-12 low of 1.11 million tonnes.

The increase in production was from increased production of logs sourced from hardwood plantations which masked minor reductions in the supply of logs from softwood plantations and native forest.

The dominance of the plantation based sector continues with logs supplied from plantations comprising 97% of the total Tasmanian private forest harvest, the highest proportion recorded to date (Figure 2). Plantation logs have comprised >90% of the Tasmanian private forest harvest since 2012-13 having steadily risen from 15% in 1994-95.

### *Native Forests*

At 123,000 tonnes, the private native forest harvest fell by 20% when compared to 2016-17, but is still above that achieved during 2011-12 to 2014-15 (Figure 1). Furthermore, it remains a fraction of the previous harvest levels that were commonly greater than 1.0 million tonnes (1994-95 to 2007-08). With no material change in the private native forest area, this forest still has the potential to supply 1.0 million tonnes of wood, or more on an annual basis. An increase in exported native forest logs of almost 17,000 tonnes, predominantly as wood chips or export pulp logs was masked by larger reductions in domestically processed native forest logs, with the largest reduction in the supply of domestic sawlogs of 34,000 tonnes. Increases in exported native forest logs are likely in the next few years and there remains potential to increase supply to domestic mills.

### **Hardwood Plantations**

At 2.85 million tonnes, the private hardwood plantation estate provided the market with the highest volume of logs on record (Figure 1). Harvesting of hardwood plantations increased from the 2016-17 high by 390,000 tonnes, or 16%. This is the third year in a row where private hardwood plantations have provided greater than 1.75 million tonnes of logs to the market and the second year in a row where the private hardwood plantations have provided greater than two million tonnes of logs to the market.

There was an increase of 388,000 tonnes of logs exported and a slight increase of 2,500 tonnes of logs supplied to domestic mills. The increase in exported volumes was primarily from unpruned veneer logs (0.19 million tonnes), unpruned sawlogs (0.14 million tonnes), and woodchips (0.11 million tonnes) masking a decrease in pruned hardwood sawlog exports (0.05 million tonnes) when compared to 2016-17 production levels.

A further modest increase in log supply from hardwood plantations is expected next year. However, a reduction in the hardwood plantation area of 4,000 ha occurred in 2017-18 and further reductions are likely as second rotations are consolidated around higher performing sites close to markets leaving some uneconomic ex MIS plantations unlikely to be replanted. While the overall impact on future plantation yield is difficult to predict, given that poorly performing plantation areas will comprise a significant proportion of this un-replanted area, the impact of these sites is anticipated to be relatively minor if productivity improvements in second rotation can be realized.

### **Softwood Plantations**

At 1.26 million tonnes (Figure 1) the private softwood harvest level is considered to be within a long term sustainable yield range that is being maintained by replanting of harvested areas. Minor year to year fluctuations are expected, including the decrease of 17,000 tonnes (1%) in 2017-18 compared to 2016-17.

## **Contribution to Overall Tasmanian Forestry Production**

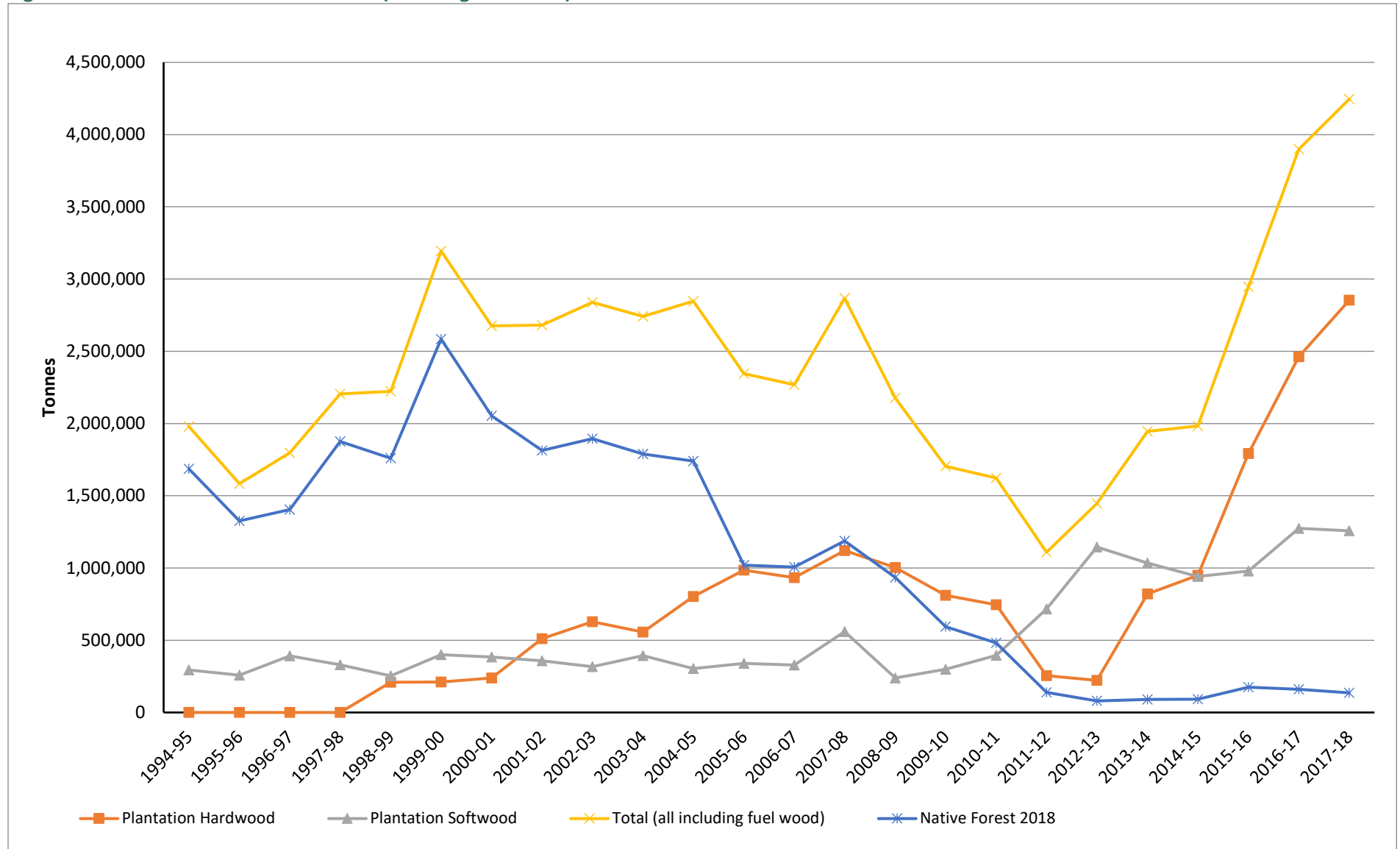
By combining production statistics for the State owned forests (provided by Sustainable Timbers Tasmania) with the private estate figures detailed above, we can estimate the annual contribution of the private forest estate to total state forestry production. In 2012-13 the private estate, for the first time, contributed more than half (58%) of the State's total wood harvest. The contribution remained at this level until 2014-15. In 2015-16 the contribution increased significantly to two thirds (67%) of Tasmania's wood harvest. In 2016-17 the private forest estate's contribution increased to 73% and in 2017-18 it further increased to 74%, confirming, once again, the estate's dominance in the market place and its immense strategic importance to Tasmania's forest products sector.



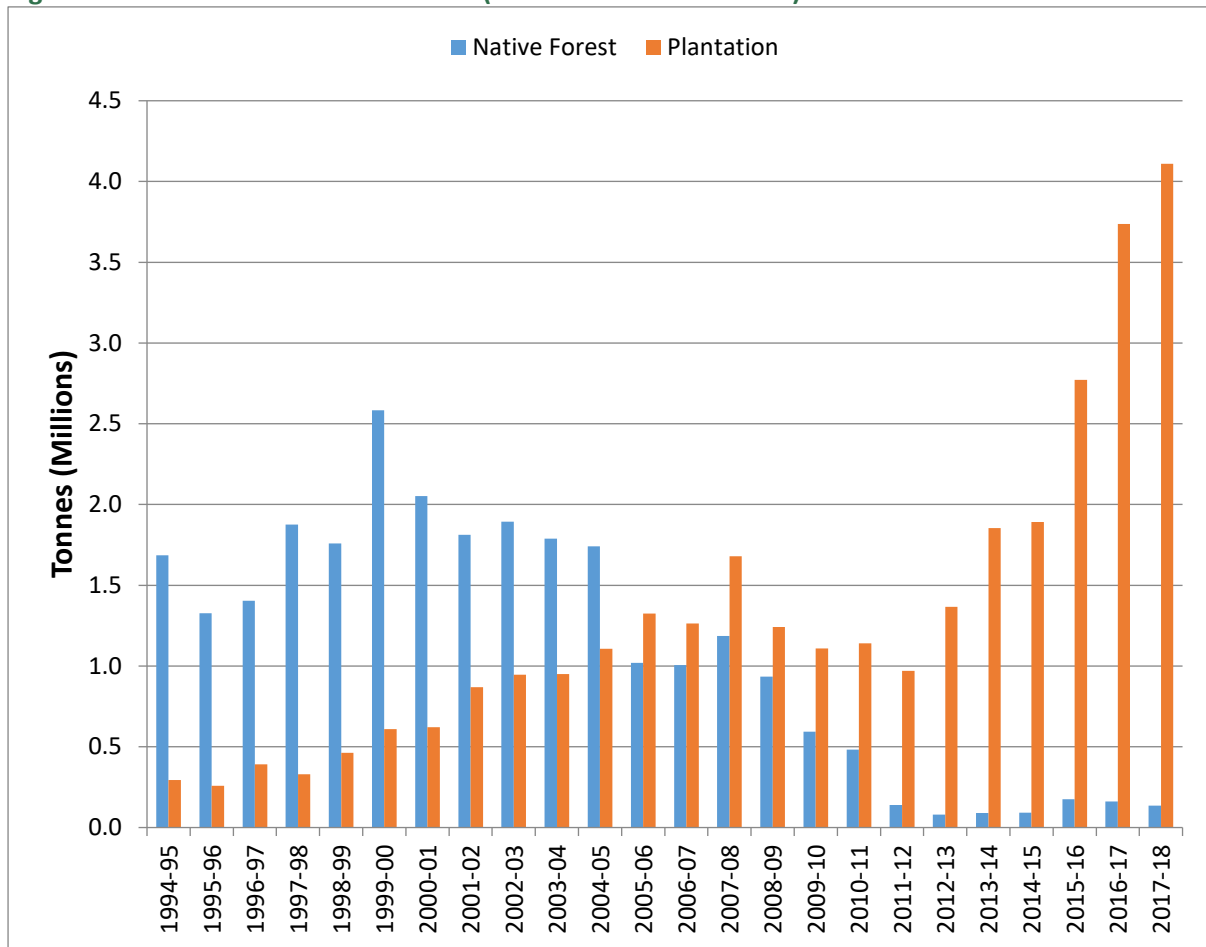
**Table 2: Private Forests Harvest Volumes 2013-14 to 2017-18 (tonnes)**

	2013-14	2014-15	2015-16	2016-17	2017-18
<b>NATIVE HARDWOOD</b>					
Native Sawlog, Veneer & Ply	12,355	10,694	61,801	53,763	22,731
Hardwood Pulpwood	76,632	79,661	106,665	100,357	100,503
Minor Log Products	55	278	247	29	58
Fuel Wood	1,486	863	6,487	6,877	11,950
<b>Total NF including fuel wood</b>	<b>90,529</b>	<b>91,496</b>	<b>175,200</b>	<b>161,026</b>	<b>135,241</b>
<b>Total NF excluding Fuel Wood</b>	<b>89,043</b>	<b>90,633</b>	<b>168,713</b>	<b>154,149</b>	<b>123,291</b>
<b>PLANTATION HARDWOOD</b>					
Hardwood, Sawlog, Veneer & Ply	0	37,466	71,611	363,834	643,437
Hardwood Pulpwood	820,228	910,414	1,719,770	2,097,776	2,208,720
Minor Log Products	0	0	0	734	65
Fuel Wood	300	1,090	1,240	492	661
<b>Total HW including fuel wood</b>	<b>820,528</b>	<b>948,970</b>	<b>1,792,621</b>	<b>2,462,836</b>	<b>2,852,883</b>
<b>Total HW excluding Fuel Wood</b>	<b>820,228</b>	<b>947,880</b>	<b>1,791,381</b>	<b>2,462,344</b>	<b>2,852,222</b>
<b>PLANTATION SOFTWOOD</b>					
Softwood Sawlog, Veneer & Ply	522,689	568,979	561,378	698,076	688,636
Pulpwood	507,108	371,314	407,185	566,374	565,704
Minor Log Products	2,156	773	10,828	9,852	2,685
Fuel Wood	1,724	921	0	0	0
<b>Total SW including fuel wood</b>	<b>1,033,677</b>	<b>941,988</b>	<b>979,391</b>	<b>1,274,302</b>	<b>1,257,025</b>
<b>Total SW excluding fuel wood</b>	<b>1,031,953</b>	<b>941,067</b>	<b>979,391</b>	<b>1,274,302</b>	<b>1,257,025</b>
<b>GRAND TOTAL including fuel wood</b>	<b>1,944,734</b>	<b>1,982,454</b>	<b>2,947,212</b>	<b>3,898,164</b>	<b>4,245,149</b>
<b>GRAND TOTAL excluding fuel wood</b>	<b>1,941,224</b>	<b>1,979,580</b>	<b>2,939,485</b>	<b>3,890,795</b>	<b>4,232,539</b>

Figure 1: Private Forest Harvest Volumes (including fuel wood) 1994-95 to 2017-18



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



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## Chapter 2

### Adding Value to the Private Forest Estate

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PFT actively pursues business development opportunities related to the management and use of private forests throughout Tasmania, seeking to add value to the private estate and hence benefit private forest owners. Opportunities explored are diverse and include working toward securing 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. Key initiatives are discussed below.

#### Forest 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'). Owners of forests with certified forest management accreditation agree to abide by accrediting forest management standards. An enterprise's compliance with the standard, regularly audited by accredited certifying bodies, flows through to on-ground practices.

Forest certification includes Forest Management Certification and Chain of Custody Certification. Certification is increasingly required to access markets, however it is expensive to achieve and then maintain, adding costs to forest managers. There are several certification options available to Tasmanian private forest growers and while all industrially managed forests are certified, only small areas of non-industrially managed private forests (NIPF) are certified. PFT has developed an information sheet on certification options available to NIPF (see: [https://www.pft.tas.gov.au/\\_data/assets/pdf\\_file/0009/175914/Forest\\_Certification\\_publication.pdf](https://www.pft.tas.gov.au/_data/assets/pdf_file/0009/175914/Forest_Certification_publication.pdf)) and has also supported the development of an independent group scheme suitable for owners of private forests who are 'hands-on' and capable managers, and marketers of their own forest products.

PFT has largely completed the template documentation needed for a Tasmanian independent group forest management certification option under the Responsible Wood certification scheme. This documentation has been provided to six parties interested in exploring group certification and is available to other parties (through PFT) who are interested in exploring independent group certification. One party has developed a group certification scheme in Tasmania supported by the PFT documentation.

PFT also actively participates in the certification stakeholder consultation processes related to initial certification audits, annual surveillance audits and recertification audits that typically occur annually for each certificate holder.

#### Accessible Information

PFT seeks to provide private forest owners and government with access to relevant and helpful information. A number of initiatives are maintained to help us achieve this outcome:

## ***PFT Website and Social Media***

The PFT website is an easily accessed source of information for Tasmanian private forest owners and other stakeholders. In 2017-18 the website was visited by 4,190 users, 16.2% were new visitors and 83.87% were returning visitors.

Common pages viewed include the contact page (916 views), services (521), market information (243) that provides information on how to sell privately owned wood, and the Agroforestry program (378).

We also now have a presence on both LinkedIn and Facebook, providing us with another way to provide information to stakeholders and other interested parties on PFT events such as field days and seminars.

Other additions to the website in 2017-18 included:

- 14 Private Forests Information Sheets on establishing, managing and planning your plantation.
- All Private Timber Reserve forms were made electronic for easier completion.
- Publications - 'Managing coppice regeneration in eucalypt plantations' and 'Management of natural regeneration in eucalypt plantation'.
- Publication – agroforestry case study - 'Planting trees in the midlands'.
- Field day notes - 'Business of Trees on Farms'.
- Publication – 'Appropriate technologies for small-scale forest harvesting operation in Tasmania' (85 visits).
- Publication – 'Shelter improves Lucerne yield'.

## ***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. One primary processor closed in the last year and two processors commenced operating. 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 40 primary wood processors and log exporters. With the relevant organisation's consent, the directory 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 publicly available on PFT's website and now includes a web map, as a handy reference for private forest owners looking for information on potential outlets for their forest products.

## ***Biomass energy***

Tasmania has an enormous potential to provide society with bioenergy and generate new markets for private forest growers. Currently about 400,000 tonnes of bone dry forest biomass are used for producing energy in Tasmania. This is equivalent to about 6% of Tasmania's total primary energy supply, predominantly for generating heat, mostly for domestic space heating. About one-third is used for industrial heating. A 2015 study indicates considerable opportunity to expand the amount of energy generated from forest biomass, estimating that 1.8 million tonnes of bone dry forest biomass is potentially available for energy production (Rothe, A., Moroni, M.T., Neyland, M., Wilnhammer, M., 2015. Current and potential use of forest biomass for energy in Tasmania. *Biomass and Bioenergy* 80: 162-172).

Any new markets for low quality logs and residues, such as bioenergy, are important to PFT's stakeholders. 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. Dr Martin Moroni is a member of the project team for the Meander Valley Council's Valley Central Bioenergy Hub initiative and is a member of Bioenergy Australia's Heat and Power Committee that is promoting the use of biomass for the production of heat and power. There are several publications on PFT's website which indicate where wood is potentially available from both the public and private forests that could be used for energy production.

## ***Australian Biomass for Bioenergy Assessment (ABBA) Program***

In 2016, PFT supported a successful application for funding from the Department of State Growth to participate in the Australian Biomass for Bioenergy Assessment (ABBA) Project. The project has provided PFT's data on forest residues to a national map showing where biomass can potentially contribute to bioenergy. The ABBA project was established to engage state teams to collect, prepare and maintain data on the locations, volumes and availability of biomass resources, to be displayed on the Australian Renewable Energy Mapping Infrastructure (AREMI) platform as geospatial datasets nationwide. This platform will contribute to the long term interest and investment in the renewable energy sector by providing relevant spatial data to assist investors in their understanding of the extent and availability of renewable resources in Australia. Data on availability of forestry, agricultural and urban residues has been uploaded. A proposal to the Federal Government for the continuation of the ABBA project is in development. In 2017-18 the ABBA data was used to support a consultant's report examining anaerobic digestion at a proposed bioenergy hub. The ABBA project also funded two consultant reports into bioenergy adoption in Tasmania.

## ***Massive Timber Construction***

Massive timber construction is a growing phenomenon around the world. Products such as cross laminated timber (CLT), laminated veneer lumber (LVL) and glue laminated timber (glulam) are being increasingly used to build larger and taller buildings. As of May 2016 the National Construction Code was modified to allow timber buildings to reach 8 stories or 25m in height. This increases the opportunity for more wood to be used in construction and PFT recognises that this developing construction method has the potential to generate new markets for Tasmanian timber. We encourage parties interested in new uses for Tasmanian timber to consider massive timber as an option. In March 2018 Dr Martin Moroni and Huon

Commissioner Adriana Taylor organised a tour of massive timber buildings in Melbourne and bioenergy facilities near Ballarat for interested architects, builders and energy users from Tasmania.

## Extension and Research Program

Private Forests Tasmania supports a range of programs and initiatives that have the potential to increase the area of the private forest estate or increase its value. Tasmania's private, non-industrial land base provides the most likely option to increase Tasmania's forest estate.

### *Agroforestry*

Private Forests Tasmania is quantifying the benefit of incorporating trees into agricultural landscapes on farm enterprise profitability. Early results demonstrate the addition of well-planned treed shelter into agricultural areas can significantly increase agricultural production in a manner that more than offsets losses from the area trees occupy. These gains can be large and were estimated to be 2-3 times the value of timber grown. In the Tasmanian examples, incorporating trees into agricultural landscapes potentially increased farm enterprise profits by up to \$3,000 per hectare per year.

Gains in agricultural productivity provide returns to landowners long before trees are harvested, increasing cash flow and providing high (12%) internal rates of return on the costs of planting trees. PFT has demonstrated that incorporating well planned treed shelter is simply a good business decision, and since returns are greatest from increased agricultural production, we challenge the notion that trees are best incorporated into marginal land. Rather, they will often provide better returns when incorporated into fertile land where cropping benefits from shelter will be greatest.

The new Plantation Forestry method for the Emissions Reduction Fund provides the potential for those establishing new shelterbelts to earn carbon credits. Eligible plantings can receive cash from carbon credits as planted trees grow and accumulate carbon. Carbon credits can be received long before trees are harvested with carbon credits making a significant contribution to establishment costs. In combination with increased agricultural production, significant returns from planting trees occur soon after trees are planted, making the establishment of trees far more attractive than when wood flow alone is considered.

In 2014-15 PFT received funding from the State Government's Agrivision 2050 Plan for a three year Private Forest Development Program with the principle objective of increasing the extent of commercial tree plantings on Tasmanian farms. PFT partnered with the University of Tasmania and CSIRO to deliver against this project. Four farms, one in southern Tasmania and three in northern Tasmania were selected for study. All sites comprise pasture adjacent to established shelterbelts. Pasture growth and environmental variables were collected in transects perpendicular to shelterbelts that provided shelter against prevailing winds. A range of Agroforestry fact sheets and publications have been produced from this work and are available on the PFT website that expand on the above findings. Measurements were largely completed in 2017-18 and the Agrivision 2050 project will be closed out in 2018-19. The CSIRO has leveraged the PFT Agroforestry project to receive a Commonwealth Grant for Research for Profit entitled 'Lifting farm gate profit through high value modular agroforestry', for which PFT



is a partner. This project will enhance the outputs from the PFT Agroforestry Project and supports the continuation of some measurements beyond the Agrivision 2050 program.

Field data and socio-economic data collected well places PFT to extend our research findings and promote the expansion of the private forest estate while providing multiple benefits to primary producers and Tasmania in general.

### ***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 carry out 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 supply chains. Membership gives us the opportunity to encourage new research into operational challenges, including around agroforestry. AFORA has continued to develop practical tools and produce new industry reports, many of which can improve farm forestry economics.

### ***Non-toxic Wood Preservatives***

In 2013-14 PFT agreed to provide some financial support for a research project being conducted by a PhD candidate at 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 round wood for use as posts and poles. Some of these preservatives may also act as fire retardants. The PhD thesis is expected to be completed May 2019. Early results indicate new chemicals that suppress fungi and contain fire retardants, yet have low human toxicity, have been identified allowing wood to be installed with soil contact.

### ***Research Trials***

PFT maintains a range of demonstration plantings and trials throughout the State to provide data that helps underpin the information we provide to woodlot/plantation owners. The trials are designed to evaluate and demonstrate various silvicultural treatments including pruning, thinning and fertiliser regimes, across different landscapes and environments. Some of the trials are located in areas not normally considered suitable for commercial plantations and some of these areas are suffering (to a greater or lesser degree) from 'tree decline'. There is considerable interest in addressing this environmental challenge through the introduction of appropriate commercial tree species. The sites, and data collected from them are used to support field days and extension. In addition, the following activities continue to be undertaken:

- Eight silvicultural trials, five eucalypt trials at Cressy, Blackwood Creek, Poatina, Rosevale and Carrick and two radiata pine trials at Carrick and Hagley are part of the Permanent Sample Plot (PSP) program. These trials and other PSP assessments help inform landowners about silvicultural management and potential tree growth rates.

- *Acacia melanoxylon* (Blackwood) silvicultural trials at Sheffield and Abbotsham are periodically monitored for tree health and growth as part of the PSP program. The sites demonstrate that Blackwoods can be successfully established and grown with a sacrificial *Eucalyptus nitens* nurse crop for (potentially) high quality timber production.
- Permanent sample plots are maintained across the north of the State to monitor tree growth of radiata pine in particular across a range of site conditions with a focus on low rainfall areas common to much of Tasmania's private agricultural land. They are regularly measured under a long term assessment schedule. The data collected allows PFT to better predict woodlot/plantation site suitability and likely products they should be managed for, depending on the prevailing site conditions.
- PFT oversees four trial sites established in 2010 on two properties at White Hills and Blackwood Creek that measure growth of local and introduced tree species, including *Eucalyptus globulus* (blue gum), which may be suitable for commercial wood production on challenging Tasmanian sites.
- The Wattle Grove, 'Willow Bend Farm' project was established in 2007 and 2008 by the landowner and PFT to improve stream water quality and increase habitat for native fauna and flora by excluding livestock from riparian areas and revegetating stream-sides in a cleared agricultural landscape. The CSIRO published findings describing the increase in water quality that followed tree planting. PFT continues to monitor the *E. globulus*, *E. nitens* and *A. melanoxylon* for timber production under a pruning regime.

### ***National Institute for Forest Products Innovation***

The National Institute for Forest Products Innovation (NIFPI) was established in December 2017, funded jointly by the Australian and Tasmanian Governments and supported by Tasmania's forest industry.

The first call for projects by NIFPI was announced in June 2018. PFT has worked with a range of forest industry partners to either sponsor or support six different project proposals fostering innovation across the private forest sector in particular. The project proposals include topics covering integrated pest management, optimising the value chain for harvest residue utilisation, optimising machinery configurations for small scale plantations, forest resource characterisation and feasibility studies for residue utilisation for industrial heating.

By supporting projects such as these PFT aims to improve productivity and reduce barriers to investment in private forestry, both seen as critical for private growers and the communities they live in, as well as assisting PFT meet its legislated objective to facilitate and expand the development of the private forest resource in Tasmania.

## Chapter 3

### Engaging with our Stakeholders

PFT's Services group brings together our forestry stakeholder servicing activities including forestry, resource information management and communications. The group engages with PFT's many forestry stakeholders (individuals, organisations and representative groups) to provide services that are the conduit of information and advice designed to add value to their forests and/or their forest based enterprises. As PFT's operating model matures, more of the outcomes of the business development initiatives outlined in Chapter 2 will be delivered through these engagement pathways. Other services provided are underpinned by the experience of the forestry professionals within the organisation.

#### Forestry Services

PFT's service provision includes 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, forums and farm forestry dinners; and, the development and maintenance of in-house systems, tools and models that support the provision of advice to stakeholders. In all 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 meet their objectives, including the sustainable and profitable management of their forests.

#### Client Servicing

There were 619 enquiries from stakeholders received this year, an 18% increase from the 2016-17 year. Of the 619 enquires, 27% were new clients, similar to that in the preceding year. Table 3 lists the range of enquiry types over the last four years.

**Table 3: Client Services Enquiries**

Topic	Percentage of Calls Received			
	2014-15	2015-16	2016-17	2017-18
Environmental Services	7%	20%	18%	12%
Forest Practices	22%	5%	9%	6%
Markets	4%	6%	5%	1%
Native Forests	5%	7%	6%	6%
Plantations	26%	23%	36%	32%
Policy/Legislation	2%	1%	1%	<1%
Projects	13%	5%	1%	1%
Other	21%	33%	24%	43%

## **Stand Management Tools**

PFT uses two tools to provide advice to private forest owners, SHAMAS and the Farm Forestry Toolbox.

SHAMAS is a PFT database that contains information on over 500 individual woodlots/plantations, the majority being over 8 years old, which collectively cover an area of 1,850 hectares in the north of the State. This database provides private forest resource information including details of stand history and silvicultural treatments applied over time (e.g. thinning and pruning). Importantly, this tool enables PFT to pro-actively advise forest owners on the timing of relevant silvicultural activities appropriate for the forest management and stand health objectives of the individual woodlot/plantation owner.

The Farm Forestry Toolbox is a computer based tool where users can model forest management regimes, carbon sequestration and financial returns in temperate and sub-tropical plantations. Such regimes include traditional plantation forests, woodlots, wide-spaced trees in agroforestry enterprises and shelterbelts. The Toolbox has 343 registered users from around the world and is known to be used in universities in Germany, Thailand, Portugal, Ireland, Spain and Australia.

## **Strategic Alliances – Farm Forestry and other Organisations**

PFT maintains networks and associations with a range of organisations and stakeholder representative groups in order to enhance the services we provide to private forest owners. To that end, during the year PFT actively engaged with the Australian Forest Growers (AFG), Tasmanian Farmers and Graziers Association (TFGA), Sustainable Timber Tasmania (STT), Private Forest Service Queensland (PFSQ), Institute of Foresters of Australia (IFA), Tasmanian Agricultural Productivity Group (TAPG), Australian Agroforestry Foundation (AAF) and the New Zealand Farm Forestry Association (NZFFA). The nature of our interaction with these organisations varies as appropriate, but it all has one objective in mind – supporting private forest owners and expanding the private forest estate. PFT has traditionally maintained a close working relationship with the AFG around activities such as annual field days, farm forestry dinners and the biennial AFG Tree Farmer of the Year Award in Tasmania. PFT also maintains close contact with the State's regional Natural Resource Management (NRM) bodies and sub-regional NRM facilitators.

## **Collaborative Projects**

PFT engages with other groups in order to ensure the interests and aspirations of private forest owners are adequately catered for across a wide range of areas. During the year the following activities occurred:

- PFT entered into a \$20,000 contract with NRM North, 'Provision of Technical Advice and Logistics for Revegetation Projects' under the Australian Government's 20 Million Trees Program. The project, from July 2016 to March 2018, assisted 10 landowners to strategically reforest areas on farms in the northern Midlands with biodiversity plantings in riparian areas, shelterbelts and blocks. PFT planned and implemented initial on-ground works consistent with the Forest Practices Code on nearly all project sites, which were 0.8 to 5.5 hectares in size.

## *Case Studies (Demonstration Farms)*

PFT has developed strong relationships with many private forest owners, many recognised as peer group leaders. Consequently, we have been able to establish demonstration plots within their forests, measured to estimate woodlot/plantation growth and response to silvicultural and management options. This enables the demonstration of the benefits of planting trees on private land. These demonstration sites are used for field days and for host tours for visitors.

PFT's agroforestry program, reported in Chapter 2, has added four case study sites that supported numerous site visits during the year and new published case studies. This year PFT Services staff have supported CSIRO with on-ground maintenance and monitoring of the four Agroforestry Project research trials.

Five Agroforestry Case Studies are now available on the PFT website:

1. Strategic tree planting to restore eroded gullies and improve farm productivity, 'Willowbend' - Cygnet, Huon Valley.
2. Planting trees in the harsh Midlands provides much needed shelter, 'Bowsden' - Jericho, Southern Midlands.
3. Shelter improves Lucerne yield, 'Woorak' - Epping Forest, Northern Midlands.
4. Agroforestry improves enterprise income, 'Formosa' - Cressy Road, Cressy.
5. Shelter increased pasture production by 30%, 'Formosa' - Cressy Road, Cressy.

## *Events and Field Days*

The direct delivery of information to a large number 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 PFT organised during the year:

- Annual farm forestry dinner 'Eucalypt plantations – markets and marketing', Launceston, 24<sup>th</sup> August 2017, where speakers; the Hon Guy Barnett, Minister for Resources, Mr Darren Davis, Chief Operating Officer, Forico, Mr Nigel Calvert, farmer and owner of 'Benbullen' and Mr Wally Vinaev, General Manager, Marketing and International Trade, Pentarch Forestry, addressed 102 forest owners and industry representatives on aspects of private forest management.
- The inaugural southern private forestry forum was held on 11<sup>th</sup> July, 2017 at the Hobart Showground, Glenorchy to discuss 'Opportunities for Southern Tasmania' with over 82 attendees. Keynote speaker was Hon Guy Barnett, Minister for Resources, and Minister for Building and Construction. Panel Members were Mr Dan Ryan, Forest Operations Manager (Certification), SFM Forest Products, Mr Shane Rice, General Manager, Majestic Timbers Australia Pty Ltd, Dr Mark Hunt, Professor of Forestry Science, University of Tasmania and Director ARC Centre for Forest Value, Mr Heath Blair, Procurement and Business Development Manager, NSFP SmartFibre and Mr George Harris, President of Huon Resource Development Group Inc.

- A field day was held on 7<sup>th</sup> September, 2017 in conjunction with NRM North 'Business of trees on farms'. This event was held at two properties in Cressy, 'Forest Vale' and 'Formosa' with 45 attendees.

## Resource Information Management

Collecting, maintaining and reporting private forest resource information is a key activity for PFT and a statutory obligation under the *Private Forests Act 1994*. Combined with a spatial data management system, our Geographic Information System (GIS) is a vital tool that underpins our capacity to provide advice and assistance to forest owners, government and, importantly, to engage in resource modelling studies of potential value to the forestry sector.

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 which were current at 31 December 2017. The collation of this data involves bringing together 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.

## Other Services

PFT provided a range of other services during the year including:

### *Forest Practices Plans*

The Forest Practices System in Tasmania is regarded as one of the more environmentally effective forest operations regulatory systems in the world. However, it is complex and often challenging for private forest owners to step through the system efficiently. During the year PFT assisted private forest owners in this regard by advising on preparation of certified Forest Practices Plans (FPPs) and other informal plans (the latter for small-scale farm forestry).

### *Equipment Hire*

PFT continued to hire our three mound ploughs and smudger to landholders to assist in the establishment of woodlots/plantations. Forestry equipment of this type is not readily available for hire for small-scale applications and this service is greatly appreciated by landowners and particularly farmers who are planting shelterbelts and small woodlots of commercial species. The equipment was hired 16 times (compared to 41 times in the previous year). Approximately 70% of the activity was in the north of the State and particularly the northern midlands. The reduced number of hires from the previous year may be related to the reduced project funding opportunities available to landowners.

## Communications

We connect with forest owners via phone, email, social media and in person. Of growing importance are the contacts we establish at field days and seminars. The PFT Facebook and LinkedIn sites had 242 likes and 64 followers respectively.

In order to more broadly engage with the wider community, PFT utilises opportunities to advertise our services or engage in topical issues in relation to the private forestry sector. Advertisements, editorials and advertorials are, from time to time, placed in The Mercury, The Examiner, Tasmanian Country and The Advocate newspapers and the TFGA's electronic newsletter Fastnews. In addition, articles are occasionally provided for inclusion in the joint quarterly national Australian Forest Grower / Institute of Foresters of Australia e-bulletin.

PFT maintains publications and reports, including field day notes, on our website and the Farm Forestry Toolbox software can be download from this site (free of charge).

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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*, its regulations and Forest Practices Code and administrative instructions issued by the Forest Practices Authority. The *Private Forests Act 1994* also contains some regulatory powers impacting on private forest growers, such as the private forest service levy.

There are a number of other regulatory and policy mechanisms that regulate various aspects of forestry as a land use and contribute to the protection and management of Tasmanian's forests. These are described in the Department of State Growth document '*Tasmania's Forest Management System: An Overview (2017)*' - see

[https://www.stategrowth.tas.gov.au/\\_data/assets/pdf\\_file/0018/154620/5\\_Overview\\_Tasmania\\_Forest\\_Management\\_System\\_2017.pdf](https://www.stategrowth.tas.gov.au/_data/assets/pdf_file/0018/154620/5_Overview_Tasmania_Forest_Management_System_2017.pdf).

### 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 2017-18 and to-date progressive totals are summarised in Table 4.

**Table 4: PTR Applications 2017-18**

Period	1 July 2017 to 30 June 2018	Progressive total to 30 June 2018*
Applications advertised	14	2,115
Applications approved by the Board of the Forest Practices Authority	14	2,062
Private timber reserves revoked	58	421
Total area gazetted (hectares)	97	437,434

\* 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 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 advertised, approved by the Board of the Forest Practices Authority and the number revoked.

The total area gazetted during 2017-18 was 97 hectares. During the same period a total area of 6,092 hectares of previously gazetted PTRs was revoked. The average area gazetted annually since 1994-95 to the present is 14,044 hectares. Since the peak area of gazetted PTRs in 2011-12, the area of PTR has decreased by almost 38,000 hectares.

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

**Table 5: PTR Gazettals 1994-95 to 2017-18**

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
2014-2015	308	444,206
2015-2016	1,196	442,623
2016-2017	4,093	444,129
2017-2018	97	437,434

## Private Forest Service Levy

Private Forests Tasmania 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 to pay the levy.

Pursuant to the provisions of Section 25I 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 owner 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 (after consultation with forest owner organisations) the Minister maintained the rate at \$15 per hectare for 2017-18 and that rate will continue to apply in 2018-19.

Activity within the private forestry sector declined markedly for at least four years commencing in 2008-09, due to a variety of issues, resulting in a dramatic decline in levy income for PFT during this time. To quantify the impact, levy income reduced from \$0.466m in 2008-09 to a low of \$0.042m in 2011-12. Since that time levy income progressively rose for four years to \$0.248m, followed by a minor decrease between 2016-17 and 2017-18 to \$0.242m, overall reflecting the ongoing increase in sustainable private forestry activity.

Further details on levy income is provided in Table 6.

**Table 6: Service Levy Income**

Financial Year	Income generated from private forest service levy
2013-2014	\$135,428
2014-2015	\$121,795
2015-2016	\$236,676
2016-2017	\$247,795
2017-2018	\$241,822
<b>5 year average</b>	<b>\$196,703</b>

Note: since the private forest service levy was introduced in 2001-02, the average annual return over this 17 year period is \$246,602.

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## Chapter 5

### Administration and Finance

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#### 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 position was vacant as at 30 June 2018.

#### Members

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

Mr Andrew Morgan, from 23 May 2016 to 22 May 2017.

Mr Morgan was re-appointed for a term of three years from 27 June 2017 to 26 June 2020.

##### Member representing industrial private growers:

The position was vacant as at 30 June 2018.

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

Mr Michael Kelly was appointed for a term of three years from 27 June 2017 to 26 June 2020 and Ms Alice Herbon, from 16 January 2018 until 15 January 2021.

##### Member with expertise in forest or related sciences:

Mr Anthony (Tony) Cannon, from 23 May 2016 to 22 May 2017.

Mr Cannon was re-appointed for a term of three years from 27 June 2017 to 26 June 2020.

##### Acting Chief Executive Officer:

Mr Jeff Battersby was appointed the Acting Chief Executive Officer on 1 December 2016 until 1 June 2018.

##### Chief Executive Officer:

Ms Penny Wells was appointed Chief Executive Officer for a term of 5 years from 4 June 2018 until 3 June 2023.

## **Member Profiles**

### **Mr Andrew Morgan, B.Sc. (Hons) Vegetation Ecology, B.Sc. Plant Science, Zoology**

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

Andrew graduated from the University of Tasmania with a Bachelor of Science with Honours in the fields of Forest Ecology and Management. Andrew is the Managing Director at SFM Environmental Solutions Pty Ltd and Hydrowood. SFM provides a range of land and forest management solutions across Australia. Andrew is also a Director of the Forest Industry Association of Tasmania, Oak Tasmania, and is a member of the Forest Practices Advisory Council. Andrew maintains a range of professional management and scientific skills having assessed, produced and managed a variety of projects and programs. Andrew has overseen the diversification and growth of SFM into a national forestry company and was heavily involved in the development of the company's Forest Stewardship Council Certification and Hydrowood.

### **Michael Kelly**

*Member representing non-industrial private forest growers*

Michael is a 3<sup>rd</sup> generation forester in Tasmania and has over 30 years' experience in the forestry industry. Michael is a passionate industry supporter who has extensive experience in harvesting, cartage, plantation establishment, private landowner negotiations, planning and industry compliance.

Michael is the Managing Director of a sawmill in the north of Tasmania, where his son is the lead bench man, becoming the 4<sup>th</sup> generation of Kelly's in the industry.

Michael is a long serving member of the Tasmanian Farmers and Graziers Association Forestry Committee, and is currently the Deputy Mayor of the Meander Valley Council.

### **Ms Alice Herbon**

*Member representing non-industrial private forest growers*

Alice is a commercial lawyer with the Hobart International Airport and has a strong interest in agribusiness as well as maintaining an active role in the management of a private forestry company with plantations in the north east of the State.

Alice has assisted landowners on legal and strategic issues involving the collapse of forestry MIS schemes, negotiations in the forestry sector with property access arrangements and the drafting of documents for the sale and purchase of agricultural operations, produce, harvest, supply and management agreements.

With a long family history in agriculture and a natural understanding of the sector, Alice has been able to develop and maintain longstanding relationships with a number of stakeholders by assisting growers with a broad range of legal issues.

### **Mr Anthony (Tony) Cannon, B.Sc. Forestry, MAICD**

*Member with expertise in forest or related sciences*

Tony graduated from the Australian National University in 1976 and has worked in the forestry industry for over 35 years, including the establishment of Forest Enterprises Tasmania. Forestry roles have included harvest supervision, plantation establishment and reforestation, asset procurement, forest practices officer and consulting services. Tony is a life member of the Australian Forest Growers and has had a number of roles at a local and national level including National President and Treasurer. Tony currently manages a range of family investments and provides a forestry consultancy service.

## ***Penny Wells***

### *Chief Executive Officer*

Penny has over thirty years' experience in the forestry sector in Tasmania, having been involved in forest planning, policy and management with both the Tasmanian Government and forest industry since the late 1980's.

During this time she has been joint owner of a small family sawmill (processing special species timbers), has worked with land management and development agencies within the Tasmanian Government, and worked with Forestry Tasmania as a forest planner.

Penny was part of the team who negotiated the original Regional Forest Agreement (RFA) for Tasmania in 1997, led the negotiations to extend the RFA in 2017 and worked with the forest industry to develop the 2017 forest industry growth strategy.

She has experience on the Board of the Forest Practices Authority, is currently chair of the National Forestry and Forest Products Committee, and for the four years prior to her appointment as PFT CEO in 2018, was the Director of Forest Policy in the Department of State Growth.

## **Human Resource Management**

### ***Staff***

Permanent officers undertake the various functions of the Authority and work from regional offices located in Hobart and Launceston. These officers work closely with private landowners and other stakeholders.

### ***Staff by category 30 June 2018***

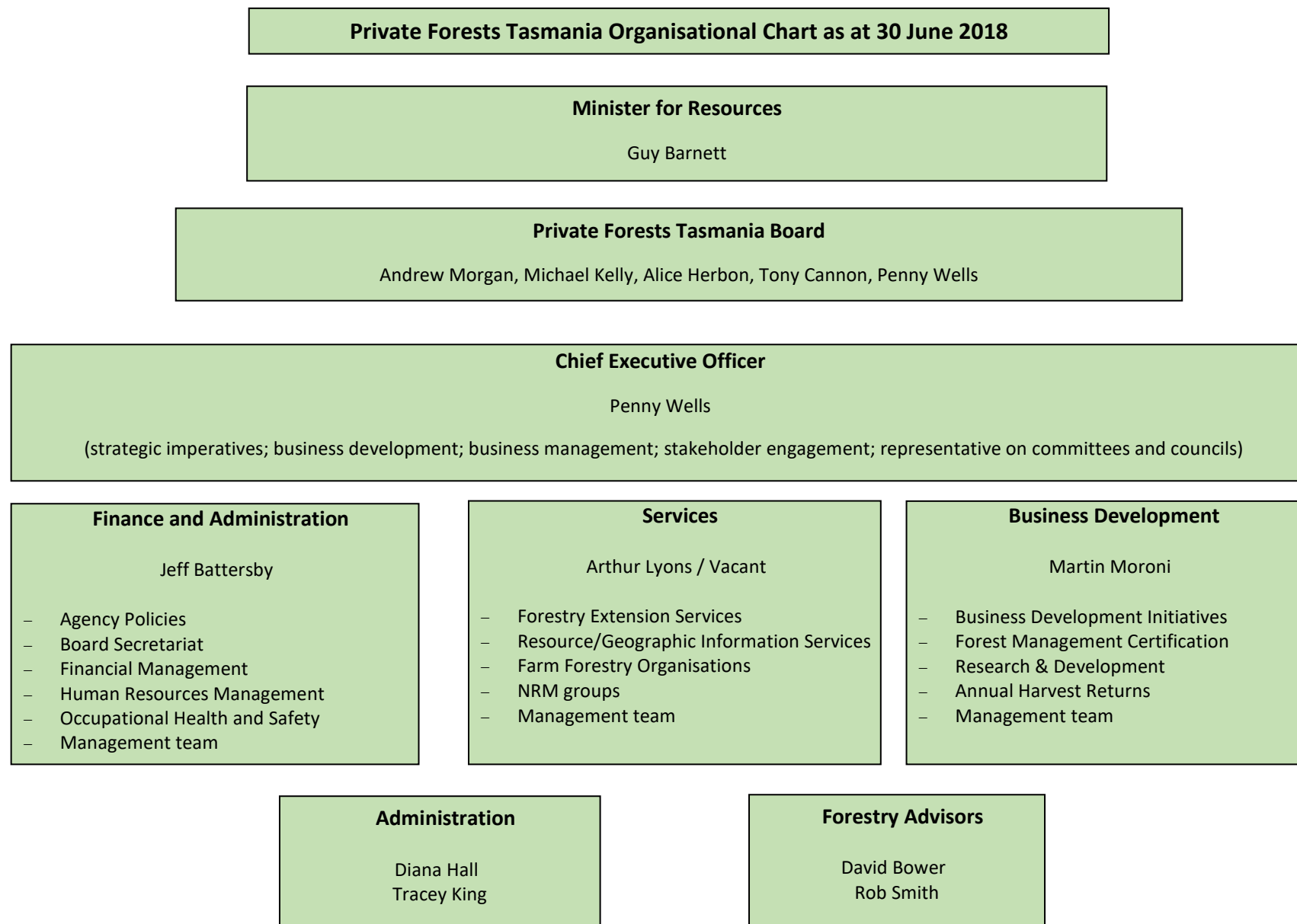
<b>Category</b>	<b>No.</b>
<b>Administration incl. policy &amp; strategy</b>	2.2
<b>Services</b>	2.2
<b>Business Development</b>	2.0
<b>Total FTE's</b>	6.4

### ***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 2017-18.

Figure 3: Organisation Chart





## Superannuation Declaration

I, Penny Wells, 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.



P Wells  
Chief Executive Officer  
30 June 2018

## Representing PFT and Private Forest Owners

During 2017-18 PFT staff represented PFT and the interests of private forest owners by consulting with, being representatives on, or members of:

### *State*

- Ministerial Advisory Council on Forestry (representative)
- Forest Practices Advisory Council (representative)
- Natural Resource Management Committees (representatives)
- Huon Diversified Industries Group (member and representative)
- Huon Resource Development Group (member and representative)
- Tasmanian Government Spatial Committee (representative)
- University of Tasmania
- Residues Solutions Advisory Group
- RFA Implementation 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
- Bioenergy Australia Heat and Power Committee (representative)

### *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 2017-18 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 2017-18 there were no Public Interest Disclosure reports.

## Legislation Administration

The Department of State Growth is responsible for administering the *Private Forests Act 1994*.

PFT undertakes the functions of this Act and also 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 and development of native forests and plantations on private land in Tasmania by:

- Providing advice and information to governments and forest owners;
- Pursuing initiatives that add value to, and the expansion of, the private forest estate;
- 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 an independent authority providing accurate and timely advice on private forest matters to stakeholders, including growers, processors and the community.
4. Maintain a leadership role in forest data collection and analysis of the Tasmanian 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 2018*

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**PRIVATE FORESTS  
TASMANIA**

## Certification

The accompanying financial statements of Private Forests Tasmania are in agreement with the relevant accounts and records and have been prepared in accordance with:

- Australian Accounting Standards;
- *Private Forests Act 1994*.

I believe that, in all material respects, the financial statements present a view which is consistent with my understanding of Private Forests Tasmania's financial position as at 30 June 2018, and its financial performance and cash flows for the year then ended.

At the date of signing this certification, I am not aware of any circumstances which would render the particulars included in the financial statements misleading or inaccurate.



P Wells  
Chief Executive Officer/Director  
**13/8/2018**

## Statement of Comprehensive Income FOR THE YEAR ENDED 30 JUNE 2018

	NOTES	2018 \$'000	2017 \$'000
<b>Revenue and other income from transactions</b>			
Appropriation revenue – recurrent		1,637	1,607
Other Non-Government Grants		2	20
Private Forest Service Levy		242	248
Interest on investments		52	49
Interest on pine loans		1	1
Private Timber Reserve Fees		8	11
Other		103	50
<b>Total Revenue and other income from transactions</b>		<b>2,045</b>	<b>1,986</b>
<b>Expenses from transactions</b>			
Employee entitlements		817	915
Motor vehicle and travel		49	39
Depreciation and amortisation	3	1	0
Directors allowances	8	83	78
Interest on pine loans		1	1
Consultancies & contractors		216	140
Agroforestry program	14	55	110
Office rental		117	105
Provision for impairment	2.2	3	9
Communication & information technology		77	72
Other		123	104
<b>Total expenses from transactions</b>		<b>1,542</b>	<b>1,573</b>
<b>Net operating surplus for the year</b>		<b>503</b>	<b>413</b>
<b>Total Comprehensive Result for the year</b>		<b>503</b>	<b>413</b>

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

## Statement of Financial Position

### AS AT 30 JUNE 2018

	NOTES	2018 \$'000	2017 \$'000
<b>Current Assets</b>			
Cash & deposits	2.1	2,681	2,162
Receivables	2.2	215	219
<b>Total Current Assets</b>		<b>2,896</b>	<b>2,381</b>
<b>Non-Current Assets</b>			
Property, plant & equipment	3	12	0
Receivables	2.2	0	9
<b>Total Non-Current Assets</b>		<b>12</b>	<b>9</b>
<b>TOTAL ASSETS</b>		<b>2,908</b>	<b>2,390</b>
<b>Current Liabilities</b>			
Creditors and accrued expenses	4	47	46
Provisions	5	181	192
Borrowings	6	9	8
<b>Total Current Liabilities</b>		<b>237</b>	<b>246</b>
<b>Non-Current Liabilities</b>			
Borrowings	6	575	582
Provisions	5	31	0
<b>Total Non-Current Liabilities</b>		<b>606</b>	<b>582</b>
<b>TOTAL LIABILITIES</b>		<b>843</b>	<b>828</b>
<b>NET ASSETS</b>		<b>2,065</b>	<b>1,562</b>
<b>Equity</b>			
Accumulated Surplus (Deficit)		2,065	1,562
<b>TOTAL EQUITY</b>		<b>2,065</b>	<b>1,562</b>

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



## Statement of Changes in Equity FOR THE YEAR ENDED 30 JUNE 2018

	2018 \$'000	2017 \$'000
<b>Accumulated Surplus</b>		
Balance at beginning of financial year	1,562	1,149
<b>Increase (decrease) in net assets resulting from operations</b>	<u>503</u>	<u>413</u>
Comprehensive result at the end of financial year	<u>2,065</u>	<u>1,562</u>

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

## Statement of Cash Flows

### FOR THE YEAR ENDED 30 JUNE 2018

	NOTES	2018 \$'000	2017 \$'000
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Cash receipts from customers		357	274
Cash receipts from government		1,637	1,607
Interest received		54	51
GST received from Taxation Authority		54	386
<b>Total Cash Received</b>		<b>2,102</b>	<b>2,318</b>
Payments to suppliers and employees		(1,508)	(1,643)
GST Paid to Taxation Authority		(62)	(396)
<b>Total Cash Used</b>		<b>(1,570)</b>	<b>(2,039)</b>
<b>NET CASH PROVIDED BY OPERATING ACTIVITIES</b>	10	<b>532</b>	<b>279</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Payments for acquisition of equipment		13	0
<b>NET CASH FLOWS USED IN INVESTING ACTIVITIES</b>		<b>13</b>	<b>0</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Loan repayments for private forestry		9	9
Tasmanian State Government loan repayments		(9)	(9)
<b>NET CASH FLOWS USED IN FINANCING ACTIVITIES</b>		<b>0</b>	<b>0</b>
<b>NET INCREASE IN CASH HELD</b>		<b>519</b>	<b>279</b>
<b>Cash at the beginning of the financial year</b>		<b>2,162</b>	<b>1,883</b>
<b>CASH AT THE END OF THE FINANCIAL YEAR</b>		<b>2,681</b>	<b>2,162</b>

*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 2018

## 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 except for where Not-for-Profit standards have been applied**

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.

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.

### (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:

- *Standards arising from AASB 9 (December 2014)* - the objective of these Standards is to amend AASB 9 *Financial Instruments* and 2014-7 *Amendments to Australian Accounting* to establish principles for the financial reporting of financial assets and financial liabilities that will present relevant information to users of financial statements for their assessment of the amounts, timing, uncertainty of an entity's future cash flows, and to make amendments to various accounting standards as a consequence of the issuance of AASB 9. These standards apply to annual reporting periods beginning on or after 1 January 2018. These standards have been assessed and there is not expected to be any financial impact.
- *AASB 15 Revenue from Contracts with Customers* – The objective of this Standard is to establish the principles that an entity shall apply to report useful information to users of financial statements about the nature, amount, timing, an uncertainty of revenue and cash flows arising from a contract with a customer. In accordance with 2015-8 *Amendments to Australian Accounting Standards - Effective Date of AAS 15*, this Standard applies to annual reporting periods beginning on or after 1 January 2019. Where an entity applies the Standard to an earlier annual reporting period, it shall disclose that fact. The standard has been assessed and at this time there are no contracts with customers and the financial impact is immaterial.
- *2014-5 Amendments to Australian Accounting Standards arising from AASB 15* – The objective of this Standard is to make amendments to Australian Accounting Standards and Interpretations arising from the issuance of AASB 15 *Revenue from Contracts with Customers*. This Standard applies when AASB 15 is applied, except that the amendments to AASB 9 (December 2009) and AASB 9 (December 2010) apply to annual reporting periods beginning on or after 1 January 2019. This Standard shall be applied when AASB 15 is applied. The Standard has been

assessed and it has been determined that there is no material financial impact at this time.

- *2016-3 Amendments to Australian Accounting Standards - Clarifications to AASB 15* - The objective of this Standard is to clarify the requirements on identifying performance obligations, principal versus agent considerations and the timing of recognising revenue from granting a licence. This Standard applies to annual periods beginning on or after 1 January 2019. The impact is enhanced disclosure in relation to revenue. The Standard has been assessed and it has been determined that there is no material financial impact at this time.
- *AASB 16 Leases* – The objective of this Standard is to introduce a single lessee accounting model and require a lessee to recognise assets and liabilities for all leases with a term of more than 12 months, unless the underlying asset is of low value. This Standard applies to annual reporting periods beginning on or after 1 January 2019. The Standard will result in most of the Authority's leases being brought onto the Statement of Financial Position and additional note disclosures. The calculation of the lease liability will take into account appropriate discount rates, assumptions about the lease terms, and required lease payment. A corresponding right to use assets will be recognised, which will be amortised over the term of the lease. The impact of leases on the Statement of Comprehensive Income will be through amortisation and interest charges. The impact of lease payments on the Statement of Cash Flows will be disclosure as cash flows from financing activities instead of operating activities. The Authority's current operating lease commitments are shown in note 12.
- *AASB 1058 Income of Not-for-Profit Entities* - The objective of this Standard is to establish principles for not-for-profit entities that apply to transactions where the consideration to acquire an asset is significantly less than fair value principally to enable a not-for-profit entity to further its objectives, and the receipt of volunteer services. This Standard applies to annual reporting periods beginning on or after 1 January 2019. The impact is enhanced disclosure in relation to income of not-for-profit entities. The Standard has been assessed and there is no material financial impact at this time.

## 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), (c) & (f)

## **(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 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.

## 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 2018, 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**

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**

	<b>2018</b>	2017
	<b>\$'000</b>	\$'000
<b>2.1 CASH AND DEPOSITS</b>		
Cash at bank	<b>481</b>	662
Term deposits	<b>2,200</b>	1,500
	<hr/>	<hr/>
<b>Total Cash and Deposits</b>	<b>2,681</b>	2,162
<b>2.2 RECEIVABLES</b>		
<i>Current</i>		
Trade Debtors	<b>182</b>	183
Less: provision for impairment	<b>(12)</b>	(9)
	<hr/>	<hr/>
	<b>170</b>	174
Accrued Revenue	<b>20</b>	27
GST Debtor	<b>16</b>	10
Loans for private forestry	<b>9</b>	8
	<hr/>	<hr/>
<b>Total Current Receivables</b>	<b>215</b>	219
<i>Non-Current</i>		
Loans for private forestry	<b>0</b>	9
	<hr/>	<hr/>
<b>Total Non-Current Receivables</b>	<b>0</b>	9
<b>Movements in provision for Impairment of Receivables</b>		
Balance at beginning of year	<b>(9)</b>	0
Movement in provision	<b>(3)</b>	(9)
Amounts provided for and written off as uncollectable	<b>0</b>	0
<b>Balance at end of year</b>	<b>(12)</b>	(9)

### 3. PLANT AND EQUIPMENT

#### Property Plant and Equipment Movement

Item	Plant/ Equipment & Other \$'000		Office Equipment \$'000		Total \$'000	
	2018	2017	2018	2017	2018	2017
<b>Gross Value at 1 July</b>	625	625	97	97	722	722
Additions-Purchase of Assets	13	0	0	0	13	0
Disposals, written off	(516)	0	0	0	(516)	0
<b>Gross Value at 30 June</b>	122	625	97	97	219	722
<b>Accumulated Depreciation/ Amortisation at 1 July</b>	625	625	97	97	722	722
Depreciation/amortisation charge for the year	1	0	0	0	1	0
Accum Dep – Disposals, written off	(516)	0	0	0	(516)	0
<b>Accumulated Depreciation/ Amortisation at 30 June</b>	110	625	97	97	207	722
<b>Net Book Value as at 30 June</b>	12	0	0	0	12	0

### 4. CREDITORS AND ACCRUED EXPENSES

	2018 \$'000	2017 \$'000
Creditors	34	33
Accrued expenses	13	13
	<hr/>	<hr/>
Total Creditors & Accrued Expenses	47	46

### 5. PROVISIONS

#### Current

Employee entitlements:		
Annual Leave	50	65
Long Service Leave	131	127
	<hr/>	<hr/>
	181	192

	<b>2018</b> <b>\$'000</b>	2017 \$0,000
<i>Non-current</i>		
Employee entitlements:		
Long Service Leave	<u>31</u>	<u>0</u>
	<b>31</b>	<b>0</b>
<b>Total Provisions</b>	<b>212</b>	<b>192</b>
<b>Employee Numbers</b>	<b>7</b>	<b>7</b>

## 6. BORROWINGS

<i>Current</i>		
Tasmanian Government	<b>9</b>	<b>8</b>
<i>Non-current</i>		
Tasmanian Government	<u>575</u>	<u>582</u>
<b>Total Borrowings</b>	<b>584</b>	<b>590</b>

## 7. AUDITORS REMUNERATION

Amounts received or due and receivable by the Auditors	<b>11</b>	<b>11</b>
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## 8. KEY MANAGEMENT PERSONNEL REMUNERATION

### Non-Executive Directors

- Short-term employee benefits	<b>76</b>	71
- Post-employment benefits	<b>7</b>	7
- Long-term benefits	<b>0</b>	0
- Termination benefits	<b>0</b>	0
<b>Total</b>	<b>83</b>	<b>78</b>

### Chief Executive Officer, and Acting Chief Executive Officer

- Short-term employee benefits	<b>171</b>	205
- Post-employment benefits	<b>24</b>	34
- Long-term benefits	<b>6</b>	(27)
- Termination benefits	<b>0</b>	141
<b>Total</b>	<b>201</b>	<b>353</b>

## 9. RELATED PARTIES

### Directors

The Directors of the Authority during the year were Mr Tony Cannon and Mr Andrew Morgan who were re-appointed for a term of three years from 27/6/2017 until 26/6/2020. Mr Michael Kelly was appointed as a Director for a term of three years from 27/6/2017 until 26/6/2020. Ms Alice Herbon was appointed as a Director for a term of three years from 16/1/2018 until 15/1/2021. Mr Jeff Battersby was appointed Acting Chief Executive Officer from 1/12/2016 until 1 June 2018. Ms Penny Wells was appointed as Chief Executive Officer for a term of 5 years from 4/6/2018 until 3/6/2023.

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.

Private Forests Tasmania has received declarations from its responsible Minister, Hon Guy Barnett, and all its directors and there are no applicable related party transactions with the Authority for the year ended 30 June 2018.

## 10. CASH FLOW RECONCILIATION

<b>Reconciliation of operating surplus (deficit) to Net Cash from Operating Activities</b>	<b>2018</b>	2017
	<b>\$'000</b>	\$'000
<b>Net operating surplus (deficit)</b>	<b>503</b>	413
Depreciation & amortisation	<b>1</b>	0
Provision for impairment in receivables	<b>3</b>	9
<b>Change in assets and liabilities:</b>		
Increase (decrease) in provisions	<b>20</b>	(46)
Increase (decrease) in creditors & accrued expenses	<b>1</b>	(43)
(Increase) decrease in receivables	<b>11</b>	(41)
(Increase) decrease in non-current assets	<b>0</b>	0
Increase (decrease) in loan liabilities	<b>(7)</b>	(13)
<b>Net Cash provided by operating activities</b>	<b>532</b>	279
<b>Reconciliation of liabilities arising from financing activities</b>	<b>2018</b>	
	<b>Interest bearing loans</b>	<b>Other liabilities</b>
<b>Balance as at 1 July 2017</b>	<b>18</b>	<b>572</b>
Transfer to other Government entity		
Non-cash item		<b>3</b>
Changes from financing cash flows:		
Cash received	<b>(9)</b>	
Cash repayments	<b>0</b>	<b>0</b>
<b>Balance as at 30 June 2018</b>	<b>9</b>	<b>575</b>

## 11. FINANCIAL INSTRUMENTS

### *Accounting policy, terms and conditions*

<b>Financial instruments</b>	<b>Accounting policy</b>	<b>Terms and conditions</b>
<b><i>Financial assets</i></b>		
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 1.05% (1.05% in 2016/2017).</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>
<b><i>Financial liabilities</i></b>		
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:

<b>2018</b>	Fixed Interest maturing in:				Non-Interest Bearing	TOTAL
	Floating Interest rate	One year or less	Over 1 to 5 years	More than 5 years		
<b>Financial Assets</b>	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Cash and deposits	0	2,200	0	0	481	2,681
Other financial Assets	0	9	0	0	0	9
Receivables	0	0	0	0	170	170
Accrued revenue	0	0	0	0	36	36
<b>Total Financial Assets</b>	<b>0</b>	<b>2,209</b>	<b>0</b>	<b>0</b>	<b>687</b>	<b>2,896</b>
<b>Financial Liabilities</b>						
Creditors	0	0	0	0	34	34
Other liabilities	0	0	0	0	13	13
Borrowings	0	9	0	575	0	584
<b>Total Financial Liabilities</b>	<b>0</b>	<b>9</b>	<b>0</b>	<b>575</b>	<b>47</b>	<b>631</b>
<b>Net financial assets (liabilities)</b>	<b>0</b>	<b>2,200</b>	<b>0</b>	<b>(575)</b>	<b>640</b>	<b>2,265</b>

<b>2017</b>	Fixed Interest maturing in:				Non-Interest Bearing	TOTAL
	Floating Interest rate	One year or less	Over 1 to 5 years	More than 5 years		
<b>Financial Assets</b>	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Cash and deposits	0	1,500	0	0	662	2,162
Other financial Assets	0	8	9	0	0	17
Receivables	0	0	0	0	174	174
Accrued revenue	0	0	0	0	37	37
<b>Total Financial Assets</b>	<b>0</b>	<b>1,508</b>	<b>9</b>	<b>0</b>	<b>873</b>	<b>2,390</b>
<b>Financial Liabilities</b>						
Creditors	0	0	0	0	33	33
Other liabilities	0	0	0	0	13	13
Borrowings	0	8	9	573	0	590
<b>Total Financial Liabilities</b>	<b>0</b>	<b>8</b>	<b>9</b>	<b>573</b>	<b>46</b>	<b>636</b>
<b>Net financial assets (liabilities)</b>	<b>0</b>	<b>1,500</b>	<b>0</b>	<b>(573)</b>	<b>827</b>	<b>1,754</b>

## 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 2018		30 June 2017	
	Carrying Amount \$'000	Net Fair Value \$'000	Carrying Amount \$'000	Net Fair Value \$'000
<b>Financial Assets</b>				
Cash and Deposits	2,681	2,681	2,162	2,162
Receivables	170	170	174	174
Other Financial Assets	9	9	17	17
Accrued Revenue	36	36	37	37
	<b>2,896</b>	<b>2,896</b>	<b>2,390</b>	<b>2,390</b>
<b>Financial Liabilities</b>				
Creditors	34	34	33	33
Borrowings	584	584	590	590
Other Liabilities	13	13	13	13
	<b>631</b>	<b>631</b>	<b>636</b>	<b>636</b>
<b>Net Financial Assets</b>	<b>2,265</b>	<b>2,265</b>	<b>1,754</b>	<b>1,754</b>

Carrying Amounts Classified As:	30 June 2018 \$'000	30 June 2017 \$'000
<b>Financial Assets</b>		
Cash and Deposits	2,681	2,162
Loans and Receivables	215	228
	<b>2,896</b>	<b>2,390</b>
<b>Financial Liabilities</b>		
Financial liabilities measured at amortised cost	631	636
	<b>631</b>	<b>636</b>
<b>Net financial assets / (liabilities)</b>	<b>2,265</b>	<b>1,754</b>

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.

	<b>Gross 2018 \$'000</b>	<b>Impairment 2018 \$'000</b>	<b>Gross 2017 \$'000</b>	<b>Impairment 2017 \$'000</b>
Not past due	101	0	131	0
Past due 0-30 days	10	0	14	0
Past due 31-90 days	9	0	11	0
More than 90 days	71	(12)	44	(9)
	<b>191</b>	<b>(12)</b>	<b>200</b>	<b>(9)</b>

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>
<b>30 June 2018</b>	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Payables	34	0	0	0	34	34
Other Liabilities	13	0	0	0	13	13
Borrowings	9	0	0	575	584	584
<b>Total</b>	<b>56</b>	<b>0</b>	<b>0</b>	<b>575</b>	<b>631</b>	<b>631</b>

<b>30 June 2017</b>						
Payables	33	0	0	0	33	33
Other Liabilities	13	0	0	0	13	13
Borrowings	8	9	0	573	590	590
<b>Total</b>	<b>54</b>	<b>9</b>	<b>0</b>	<b>573</b>	<b>636</b>	<b>636</b>

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 1.05 %.

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.

	<b>2018 Profit &amp; Loss \$'000</b>	<b>2018 Equity \$'000</b>	<b>2017 Profit &amp; Loss \$'000</b>	<b>2017 Equity \$'000</b>
+ 1% (100 basis points)	<b>27</b>	<b>27</b>	22	22
- 1% (100 basis points)	<b>(27)</b>	<b>(27)</b>	(22)	(22)

## 12. COMMITMENTS

	2018 \$'000	2017 \$'000
<b>By Type</b>		
Lease Commitments		
Operating Lease Commitments	310	355
<b>Total lease commitments</b>	<b>310</b>	<b>355</b>
<b>By Maturity</b>		
Operating Lease Commitments		
One Year or Less	110	92
From one to five years	200	263
More than five years	0	0
<b>Total operating lease commitments</b>	<b>310</b>	<b>355</b>

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.

## 14. AGROFORESTRY PROGRAM

Private Forests Tasmania leads an agroforestry project that includes the University of Tasmania and the CSIRO as partners. The objective of the project is to increase the extent of commercially orientated tree plantings on farms by the provision of compelling evidence to farmers of the contribution these plantings can make to sustainable land use and the value that can accrue to their other agricultural activities prior to commercial harvest of the trees. The project is funded primarily by PFT funds and a grant of \$350,000 from the Government's 2050 Agrivision Plan. The \$350,000 grant is payable in instalments over 4 years, with the final instalment paid in 2017-18. PFT has contracted the University and CSIRO as part of the project delivery program.

**Independent Auditor's Report**

**To the Members of Parliament**

**Private Forests Tasmania**

**Report on the Audit of the Financial Report**

**Opinion**

I have audited the financial report of Private Forests Tasmania (the Authority), which comprises the statement of financial position as at 30 June 2018 and statements of comprehensive income, changes in equity and cash flows for the year then ended, notes to the financial statements, including a summary of significant accounting policies and the statement of certification by the directors.

In my opinion, the accompanying financial report:

- (a) presents fairly, in all material respects, the financial position of the Authority as at 30 June 2018 and its financial performance and its cash flows for the year then ended
- (b) is in accordance with the *Private Forests Act 1994* and Australian Accounting Standards.

**Basis for Opinion**

I conducted the audit in accordance with Australian Auditing Standards. My responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Report* section of my report. I am independent of the Authority in accordance with the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants* (the Code) that are relevant to my audit of the financial report in Australia. I have also fulfilled my other ethical responsibilities in accordance with the Code.

The *Audit Act 2008* further promotes the independence of the Auditor-General. The Auditor-General is the auditor of all Tasmanian public sector entities and can only be removed by Parliament. The Auditor-General may conduct an audit in any way considered appropriate and is not subject to direction by any person about the way in which audit powers are to be exercised. The Auditor-General has for the purposes of conducting an audit, access to all documents and property and can report to Parliament matters which in the Auditor-General's opinion are significant.

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

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## Responsibilities of Management and the Directors for the Financial Report

Management is responsible for the preparation and fair presentation of the financial report in accordance with Australian Accounting Standards, and the financial reporting requirements of the *Private Forests Act 1994* and for such internal control as they determine is necessary to enable the preparation of the financial report that is free from material misstatement, whether due to fraud or error.

In preparing the financial report, management is responsible for assessing the Authority's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Authority is to be dissolved by an Act of Parliament, or management intends to cease operations, or have no realistic alternative but to do so.

The directors are responsible for overseeing the Authority's financial reporting process.

## Auditor's Responsibilities for the Audit of the Financial Report

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

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

- Identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Authority's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Authority's ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify my opinion. My conclusion is based on the audit

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evidence obtained up to the date of my auditor's report. However, future events or conditions may cause the Authority to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.

I communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that I identify during my audit.



Rob Luciani  
Director Financial Audit Services  
Delegate of the Auditor-General

Tasmanian Audit Office

27 September 2018  
Hobart

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