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To the Chair of the Board South Australian Forestry Corporation

Opinion

I have audited the financial report of the South Australian Forestry Corporation (the Corporation) for the financial year ended 30 June 2025.

In my opinion, the accompanying financial report gives a true and fair view of the financial position of the Corporation as at 30 June 2025, its financial performance and its cash flows for the year then ended in accordance with relevant Treasurer's Instructions issued under the provisions of the *Public Finance and Audit Act 1987* and Australian Accounting Standards.

The financial report comprises:

- a Statement of Comprehensive Income for the year ended 30 June 2025
- a Statement of Financial Position as at 30 June 2025
- a Statement of Changes in Equity for the year ended 30 June 2025
- a Statement of Cash Flows for the year ended 30 June 2025
- notes, comprising material accounting policy information and other explanatory information
- a Certificate from the Chair, Chief Executive and the Chief Finance Officer.

Basis for opinion

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

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

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

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

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

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

Auditor's responsibilities for the audit of the financial report

As required by section 31(1)(b) of the *Public Finance and Audit Act 1987* and section 32(4) of the *Public Corporations Act 1993*, I have audited the financial report of the Corporation for the financial year ended 30 June 2025.

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

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

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

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

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

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



Daniel O'Donohue
Deputy Auditor-General

24 September 2025

South Australian Forestry Corporation

Financial Statements

30 June 2025

South Australian Forestry Corporation

Certification of the 2024-25 Financial Statements

We certify that the:

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



Tim Ryan

CHIEF EXECUTIVE

SOUTH AUSTRALIAN FORESTRY CORPORATION



Michael Hanton

CHIEF FINANCE OFFICER

SOUTH AUSTRALIAN FORESTRY CORPORATION



June Roache

CHAIR

SOUTH AUSTRALIAN FORESTRY CORPORATION

Date 17 September 2025

South Australian Forestry Corporation

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South Australian Forestry Corporation
Statement of Comprehensive Income
For the year ended 30 June 2025

	Note	2025 \$'000	2024 \$'000
Income			
Sales - timber products	3.1	12,872	17,202
Revenues from SA Government	3.2	4,921	5,664
Interest	3.3	923	878
Other income	3.5	1,116	1,200
Total income		19,832	24,944
Expenses			
Employee related expenses	4.1	5,773	5,628
Contractors	4.2	9,395	11,076
Materials		371	446
Equipment and vehicle costs		589	512
Council rates		292	289
Depreciation and amortisation	5.5 / 5.8	1,261	1,169
Borrowing costs	4.4	1	7
Net loss from the disposal of property, plant and equipment	3.4	10	2,258
Community projects	4.6	-	860
Other expenses	4.5	1,333	2,677
Total expenses		19,025	24,922
Trading profit/(loss) before revaluation of non-current assets		807	22
Net change in value of forest assets	5.9	1,543	(6,476)
Net revaluation increment of other non-current assets		-	335
Profit/(loss) before income tax equivalent		2,350	(6,119)
Income tax equivalent expense		242	-
Profit/(loss) after income tax equivalent		2,108	(6,119)
Other Comprehensive Income			
Items that will not be reclassified to profit and loss			
Changes in land revaluation surplus		2,555	2,748
Changes in property, plant and equipment asset revaluation surplus		-	2,582
Items that will be reclassified subsequently to net result when specific conditions are met			
Gains or losses recognised directly in equity		-	-
Total other comprehensive income		2,555	5,330
Total comprehensive result		4,663	(789)

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

South Australian Forestry Corporation
Statement of Financial Position
As at 30 June 2025

	Note	2025 \$'000	2024 \$'000
Current assets			
Cash and cash equivalents	5.1	20,144	24,387
Receivables	5.2	3,894	2,565
Inventories	5.3	71	202
Forest assets	5.9	8,602	9,977
Total current assets		32,711	37,131
Non-current assets			
Forest assets	5.9	110,084	107,165
Property, plant and equipment	5.5	58,495	56,116
Total non-current assets		168,579	163,282
Total assets		201,290	200,412
Current liabilities			
Payables	6.2	904	3,534
Financial liabilities	6.1	-	61
Employee related liabilities	6.3	536	524
Other provisions	6.4	284	113
Other liabilities	6.5	479	464
Total current liabilities		2,203	4,696
Non-current liabilities			
Financial liabilities	6.1	-	24
Employee related liabilities	6.3	869	764
Other provisions	6.4	319	1,386
Other liabilities	6.5	1,917	2,222
Total non-current liabilities		3,105	4,396
Total liabilities		5,308	9,092
Net Assets		195,982	191,320
Equity			
Retained earnings		26,580	26,015
Other reserves		169,402	165,305
Total Equity		195,982	191,320

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

South Australian Forestry Corporation
Statement of Changes in Equity
For the year ended 30 June 2025

	Note	Asset revaluation surplus \$'000	Forest assets reserve \$'000	Retained earnings \$'000	Total Equity \$'000
Balance at 1 July 2023		48,118	118,642	25,349	192,108
Net result for 2023-24					
Gain/(loss) on revaluation of land	5.5	2,748	-	-	2,748
Gain/loss on revaluation of plant and equipment	5.5	2,582	-	-	2,582
Profit/(loss) after income tax equivalent		-	-	(6,119)	(6,119)
Transfer between equity components		(309)	(6,476)	6,785	-
Transactions with SA Government as owner					
Equity contribution received		-	-	-	-
Equity contribution repaid		-	-	-	-
Dividends paid		-	-	-	-
Balance at 30 June 2024		53,139	112,166	26,015	191,320
Net result for 2024-25					
Gain/(loss) on revaluation of land	5.5	2,555	-	-	2,555
Gain/(loss) on revaluation of property, plant and equipment		-	-	-	-
Profit/(loss) after income tax equivalent		-	-	2,108	2,108
Total comprehensive result for 2024-25		2,555	-	2,108	4,663
Transfer between equity components		-	1,543	(1,543)	-
Transactions with SA Government as owner					
Equity contribution received		-	-	-	-
Equity contribution repaid		-	-	-	-
Dividends paid		-	-	-	-
Balance at 30 June 2025		55,694	113,709	26,580	195,982

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

South Australian Forestry Corporation

Statement of Cash Flows

For the year ended 30 June 2025

	Note	2025 \$'000	2024 \$'000
Cash flows from operating activities			
<i>Cash inflows</i>			
Receipts from customers		15,155	22,139
Receipts from SA Government		4,314	5,146
Interest received		928	872
GST recovered from the ATO		-	597
Other receipts		-	-
Cash generated from operations		20,397	28,753
<i>Cash outflows</i>			
Employee related expense payments		(5,656)	(5,414)
Payments for supplies and services		(17,473)	(14,852)
Community Projects		-	(860)
Interest paid		(1)	(7)
GST paid to the ATO		(329)	-
Other payments		-	-
Cash used in operations		(23,459)	(21,134)
Net cash provided by/(used in) operating activities	7.2	(3,062)	7,619
Cash flows from investing activities			
<i>Cash inflows</i>			
Proceeds from the sale of property, plant and equipment		-	88
<i>Cash outflows</i>			
Purchase of property, plant and equipment		(1,115)	(2,278)
Cost on disposal of property, plant and equipment		(10)	-
Cash used in investing activities		(1,125)	(2,278)
Net cash provided by/(used in) investing activities		(1,125)	(2,190)
Cash flows from financing activities			
<i>Cash inflows</i>			
Proceeds from borrowings		-	21
<i>Cash outflows</i>			
Repayment of leases		(56)	(320)
Net cash provided by/(used in) financing activities		(56)	(300)
Net increase/(decrease) in cash and cash equivalents		(4,243)	5,130
Cash and cash equivalents at the beginning of the period		24,387	19,258
Cash and cash equivalents at the end of the period	5.1 / 7.2	20,144	24,387

The accompanying notes form part of these financial statements.

Notes to the Financial Statements
For the year ended 30 June 2025

1 About the South Australian Forestry Corporation

The South Australian Forestry Corporation (ForestrySA) was established under the *South Australian Forestry Corporation Act 2000* on 1 January 2001. ForestrySA is subject to the provisions of the *Public Corporations Act 1993*.

Key responsibilities of ForestrySA are to:

- Manage state-owned plantation forests for commercial production in line with best practice standards for forestry operations and environmental management;
- Support regional resource protection initiatives and programs;
- Support the concept of environmental sustainability which assists in the protection of natural assets and market accessibility; and
- Support cooperative research activities within the forestry industry.

Green Triangle agency agreement

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

Dividend payments

Pursuant to Section 30 of the Public Corporations Act 1993 (SA), ForestrySA must, before the end of each financial year, recommend by writing to the Treasurer, that ForestrySA pay a dividend (or not pay a dividend) for that financial year, as ForestrySA considers appropriate.

In the event ForestrySA makes an accounting profit after adjusting for changes in the value of the forest asset it is required to pay a dividend to SA Government.

1.1 Basis of preparation

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

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

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

All amounts in the financial statements and accompanying notes are rounded to the nearest thousand dollars (\$'000).

Notes to the Financial Statements
For the year ended 30 June 2025

Income, expenses and assets are recognised net of the amount of Goods and Services Tax (GST) except:

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

Cash flows are included in the Statement of Cash Flows on a gross basis. However, the GST components of cash flows arising from investing and financing activities recoverable from, or payable to, the ATO are classified as operating cash flows.

Assets that are to be sold, consumed or realised as part of the normal operating cycle have been classified as current assets. Liabilities that are due to be settled within 12 months after the end of the reporting period or for which ForestrySA has no right to defer the settlement for at least 12 months after the end of the reporting period are classified as current liabilities. All other assets and liabilities are classified as non-current.

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

1.2 Segment reporting

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

- Commercial: plantation operations, other commercial activities, establishment activities and all overheads.
- Non-commercial: community service obligations performed for the SA Government under ForestrySA's Charter.

Notes to the Financial Statements
For the year ended 30 June 2025

Statement of Comprehensive Income by Operating Segment
For the year ended 30 June 2025

	Commercial		Non-Commercial		Total	
	2025	2024	2025	2024	2025	2024
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Income						
Sales - timber products	12,872	17,202	-	-	12,872	17,202
Revenues from SA Government	(1)	872	4,922	4,791	4,921	5,664
Interest	923	878	-	-	923	878
Other income	1,116	1,200	-	-	1,116	1,200
Net gain from the disposal of property, plant and	-	-	-	-	-	-
Total income	14,910	20,152	4,922	4,791	19,832	24,944
Expenses						
Employee related expenses	4,234	4,111	1,539	1,517	5,773	5,628
Contractors	7,993	9,661	1,402	1,415	9,395	11,076
Depreciation and amortisation	985	893	276	276	1,261	1,169
Materials	349	423	23	23	371	446
Equipment and vehicle costs	465	367	123	145	589	512
Council rates	292	289	-	-	292	289
Community projects	-	-	-	860	-	860
Other expenses	(227)	1,262	1,560	1,416	1,333	2,677
Net loss from the disposal of property, plant and equipment	10	2,258	-	-	10	2,258
Borrowing costs	1	7	-	-	1	7
Total expenses	14,103	19,271	4,922	5,651	19,025	24,922
Trading profit/(loss) before revaluation of non-current assets	807	881	-	(860)	807	21
Net change in value of forest assets	1,543	(6,476)	-	-	1,543	(6,476)
Net revaluation decrement of other non-current assets	-	335	-	-	-	335
Net result before income tax equivalent	2,350	(5,260)	-	(860)	2,350	(6,119)
Income tax equivalent expense	242	-	-	-	242	-
Net result after income tax equivalent	2,108	(5,260)	-	(860)	2,108	(6,119)
Other Comprehensive Income						
Items that will not be reclassified to net result						
Changes in land revaluation surplus	2,555	2,748	-	-	2,555	2,748
Changes in property, plant and equipment asset	-	2,582	-	-	-	2,582
Items that will be reclassified subsequently to net result when specific conditions are met	-	-	-	-	-	-
Gains or losses recognised directly in equity	-	-	-	-	-	-
Total other comprehensive income	2,555	5,330	-	-	2,555	5,330
Total comprehensive result	4,663	70	-	(860)	4,663	(789)

Notes to the Financial Statements
For the year ended 30 June 2025

1.3 Significant transactions with SA Government related entities

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

- ForestrySA receives funding from the SA Government for the provision of certain non-commercial operations. These are the Community Service Obligations (CSOs):
 1. Native forest management,
 2. Community use of forests,
 3. Community fire protection.
- Lease payments relate to vehicles supplied by Fleet SA.
- Funding for use of the Government Radio Network (GRN).
- MoAA with Department for Environment and Water (DEW) for the sub-contracting of land and fire management requirements in the Green Triangle region.

2 Board, committees and employees

2.1 Key management personnel

Key management personnel of ForestrySA include the Minister for Primary Industries and Regional Development and Minister for Forest Industries, the Board, committee members, the Chief Executive, Chief Finance Officer, General Manager Commercial Operations and General Manager Community Services. Total compensation for key management personnel for 2024-25 was \$940,000 (2023-24: \$880,000).

The compensation disclosed in this note excludes salaries and other benefits the Minister receives. The Minister's remuneration and allowances are set by the Parliamentary Remuneration Act 1990 and the Remuneration Tribunal of SA respectively and are payable from the Consolidated Account under section 6 the Parliamentary Remuneration Act 1990.

	2025	2024
	\$'000	\$'000
Compensation		
Salaries and other short term employee related expenses	940	793
Post-employment benefits	-	87
Total	940	880

Transactions with key management personnel and other related parties

ForestrySA did not enter into any transactions with key management personnel or their close families during the financial year.

Notes to the Financial Statements
For the year ended 30 June 2025

2.2 Board and committee members

Members during the 2024-25 financial year were:

Board	Audit and Risk Committee
J. Roache (Chair)	J. Roache (from 01-01-2025)
G. Pelton*	G. Pelton*
R. Sinclair	R. Sinclair (Chair)
L. McKinnon** (to 31-12-2024)	L. McKinnon** (to 31-12-2024)
H. Neumann	H. Neumann

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

** L McKinnon was in an SA Government role until 22-12-2023 and in accordance with the Department of the Premier and Cabinet Circular No. 016, as a SA Government employees did not receive any remuneration for board/committee duties up to this date. Following this she was remunerated in accordance with the Boards and Committees remuneration framework.

Board and committee remuneration	2025 \$'000	2024 \$'000
The number of members whose remuneration received or receivable falls within the following bands:		
\$0	1	1
\$1 - \$19,999	1	2
\$20,000 - \$39,999	1	1
\$40,000 - \$59,999	2	2
Total number of members	5	6

The total remuneration received and receivable by those governing members was \$156,000 (2024: \$153,000) which includes fringe benefits and superannuation contributions.

3 Income

3.1 Revenues from sales - timber products

	2025 \$'000	2024 \$'000
Revenue from log sales	12,872	17,201
Revenue from other timber sales	-	1
Total revenues from sales - timber products	12,872	17,202

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

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

Notes to the Financial Statements
For the year ended 30 June 2025

3.2 Revenues from SA Government

	2025	2024
	\$'000	\$'000
Revenues from SA Government		
Community Service Obligation funding	4,156	4,042
Government Radio Network funding	490	474
Deferred revenues relating to CSO assets (1)	276	276
Giant Pine Scale reimbursement	(1)	872
Net revenues from SA Government	4,921	5,664

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

Revenues from SA Government comprise funding from the Department of Primary Industries and Regions (PIRSA) for the operation of the Government Radio Network (GRN) and provision of Community Service Obligation (CSO) activities, including native forest management, community use of forests, and community fire protection. There are no unfulfilled conditions or other contingencies attached to this funding.

Remediation of Giant Pine Scale (GPS) infestations on Department for Environment and Water (DEW), SA Water and Department for Trade and Investment (DTI) lands was undertaken in consultation with the land managers during 2023-24 to mitigate the bio security risk to ForestrySA plantations. Those land managers fully reimbursed ForestrySA for expenses (\$872k).

3.3 Interest revenue

	2025	2024
	\$'000	\$'000
Interest received	923	878
Total interest revenue	923	878

Notes to the Financial Statements
For the year ended 30 June 2025

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

	2025 \$'000	2024 \$'000
Land and buildings:		
Proceeds from disposal	-	-
Less expenses on disposal	-	-
Less carrying amount of assets disposed	-	(2,218)
Net gain/(loss) from disposal of land and buildings	-	(2,218)
Plant and equipment:		
Proceeds from disposal	-	-
Less expenses on disposal	-	-
Less carrying amount of assets disposed	(10)	-
Net gain/(loss) from disposal of land and buildings	(10)	-
Roads and land improvements		
Proceeds from disposal	-	-
Less expenses on disposal	-	-
Less carrying amount of assets disposed	-	(30)
Net gain/(loss) from disposal of roads and land improvements	-	(30)
Right of Use Assets		
Proceeds from disposal	-	88
Less expenses on disposal	-	-
Less carrying amount of assets disposed	-	(98)
Net gain/(loss) from disposal of Right of Use Assets	-	(10)
Total assets:		
Total proceeds from disposal	-	88
Less expenses on disposal	-	-
Less total carrying amount of assets disposed	(10)	(2,346)
Total net gain (loss) from disposal of assets	(10)	(2,258)

Right of Use assets were no longer recognised under AASB 16 in line with SAFA and DTF advice on a change in the treatment of leases to operating leases for light vehicles. 2024 losses relate to the divestment of forest reserve in the Mid North region in accordance with the Mid North Forests Future Strategy - Land \$2,218k roads and land improvements \$30k.

Notes to the Financial Statements
For the year ended 30 June 2025

3.5 Other income

	2025	2024
	\$'000	\$'000
Leases and Licences	567	660
Other revenue from non SA Government entities	487	459
Gain on derecognition of SAFA leases	10	-
Grant funding	52	81
Other income	1,116	1,200

Leases and Licences

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

Other Revenue

Other revenue includes income from recreational activities and other rechargeable commercial work.

Grant Funding

Grant funding includes deferred income where the funding is initially recorded as a liability until project expenditure has occurred at which time an offsetting amount is recorded as revenue.

4 Expenses

4.1 Employee related expenses

	2025	2024
	\$'000	\$'000
Salaries and wages	4,536	4,557
Long service leave	104	90
Skills and experience retention leave	25	15
Annual leave	341	258
Employment on-costs - superannuation	531	484
Employment on-costs - other	236	224
Total employee related expenses	5,773	5,628

Employment on-costs – superannuation

The superannuation expense represents ForestrySA's contributions to superannuation plans in respect of current services of current employees.

Notes to the Financial Statements
For the year ended 30 June 2025

Employee remuneration	2025 No	2024 No
The number of employees whose remuneration received or receivable falls within the following bands:		
\$166,001 to \$171,000 *	-	1
\$171,001 to \$191,000	1	1
\$191,001 to \$211,000	1	-
\$211,001 to \$231,000	-	1
\$231,001 to \$251,000	1	-
Total number of employees	3	3

* This band has been included for the purpose of reporting comparative figures based on the executive base level remuneration rate for 2023-24.

The total remuneration received by those employees for the year was \$783,000 (2024: \$727,000).

The table includes all employees whose normal remuneration was equal to or greater than the base executive remuneration level during the year. Remuneration of employees reflects all costs of employment including salaries and wages, payments in lieu of leave, superannuation contributions, salary sacrifice benefits and fringe benefits and any fringe benefits tax paid or payable in respect of those benefits as well as any termination benefits for employees who have left the ForestrySA.

4.2 Contractors

	2025 \$'000	2024 \$'000
Log Harvesting	3,554	3,621
Log Transport	2,670	3,080
Inter Governmental	1,122	1,147
Project expenditure (1)	-	865
Other Contractors	2,049	2,363
Total contractors	9,395	11,076

(1) Remediation of Giant Pine Scale (2024).

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

Notes to the Financial Statements
For the year ended 30 June 2025

4.3 Expenditure – SA Business and Non-SA Business

The following table includes all expenditure in relation to contracts above \$55,000 (GST inclusive) resulting from a procurement as defined in Treasurer's Instructions 18 – Procurement (TI 18). Arrangements between public authorities and arrangements with other Governments are not included.

Expenditure is inclusive of non-recoverable GST.

	2025 \$'000	Proportion SA and non-SA Businesses
Total expenditure with South Australian businesses	9,819	97%
Total expenditure with non-South Australian businesses	317	3%
Total expenditure	10,136	100%

Classification as SA business or non-SA business is generally based on circumstances as at the time of entering into a contract. For contracts entered into before 20 February 2023, where sufficient evidence of an assessment made under previous procurement requirements is known to ForestrySA, this was used to determine classification. For contracts where such evidence of prior assessment is not available and for all other contracts, classification is based on the definition of an SA business provided in TI 18.

TI 18 defines a business as being South Australian where it operates in South Australia and more than 50% of the workforce delivering the contract resulting from the procurement on behalf of the business are South Australian residents.

The disclosure for expenditure with SA businesses reflects the total spent on contracts within the TI 18 definition and in some instances includes the cost of goods sourced from outside South Australia.

In many cases, the determination has been made on the basis of representations made by suppliers at a point in time which has not been subject to independent verification.

4.4 Borrowing costs

	2025 \$'000	2024 \$'000
Interest expense on lease liabilities	1	7
Total borrowing costs	1	7

ForestrySA does not capitalise borrowing costs.

Notes to the Financial Statements
For the year ended 30 June 2025

4.5 Other expenses

	2025	2024
	\$'000	\$'000
Consultants	43	30
Information and communications technology	486	553
Government Radio Network	490	474
Workers compensation	(1,094)	181
Legal and professional fees	115	189
Utilities	127	109
Building and facility maintenance	253	221
Insurance	187	137
Sponsorship and membership fees	117	109
Employee related expenses	112	116
External audit fees	54	80
Bad & Doubtful Debts	(11)	-
Forest inventory, including tree measuring costs	90	89
GIS Services	129	75
Miscellaneous other costs	235	316
Total other expenses	1,333	2,677

External audit fees

Audit fees paid / payable to the Audit Office of South Australia relating to work performed under the *Public Finance and Audit Act 1987* were \$54,400 (2024: \$60,600). No other services were provided by the Audit Office of South Australia.

Notes to the Financial Statements
For the year ended 30 June 2025

4.6 Community projects

	2025	2024
	\$'000	\$'000
Bundaleer Picnic Grounds grant	-	860
Total	-	860

As part of the implementation of the SA Government's Mid North Forests Future Strategy, at the end of the 2024 financial year ForestrySA provided funding of \$860k to PIRSA for the Bundaleer Forest Community Areas Association to fund water infrastructure, boundary fencing and amenity upgrades to the Bundaleer Picnic Grounds.

5 Financial assets

5.1 Cash and cash equivalents

	2025	2024
	\$'000	\$'000
Deposits	1,881	6,886
Cash Management Fund	18,263	17,501
Total cash and cash equivalents	20,144	24,387

Deposits and cash management fund

Deposits include funds held with the commercial banks under the whole of SA Government banking agreement. These funds are used for operational purposes in accordance with the Treasurer approval. Cash Management Fund (CMF) deposits are lodged with SAFA and earn interest at the respective Cash Management Fund (CMF) rate.

5.2 Receivables

	2025	2024
	\$'000	\$'000
Current		
Contractual receivables		
Trade receivables - SA Gov	1,170	562
Trade receivables - Non SA Gov	2,417	1,815
Less impairment loss on receivables	(19)	(30)
Accrued revenue	58	63
Total contractual receivables	3,626	2,409
Prepayments	268	156
Total current receivables	3,894	2,565

All receivables are non-interest bearing. They are held with the objective of collecting contractual cash flows. Trade receivables arise in the normal course of selling goods and services to other SA Government agencies and to the public. Trade receivables are normally settled within 30 days after the issue of an invoice or the goods/services have been provided under a contractual arrangement.

Notes to the Financial Statements
For the year ended 30 June 2025

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

Refer to note 10.2 for further information on risk management.

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

<i>Allowance for impairment loss on receivables</i>	2025	2024
	\$'000	\$'000
Carrying amount at the beginning of the period	30	30
Increase / (Decrease) in allowance recognised in profit or loss	(11)	-
Carrying amount at the end of the period	19	30

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

Refer to note 10.2 for details regarding credit risk and the methodology for determining impairment.

5.3 Inventories

	2025	2024
	\$'000	\$'000
Current – held for distribution at no or nominal amount		
Materials at cost	19	20
Total current inventories held for distribution at no or nominal amount	19	20
Current – held for sale		
Materials at cost	52	182
Total current other inventories – other than those held for distribution at no or nominal amount	52	182
Total inventories	71	202

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

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

5.4 Depreciation and amortisation

Useful life

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

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

Review of accounting estimates

Assets' residual values, useful lives and amortisation methods are reviewed and adjusted, if appropriate, on an annual basis. Changes in the expected life or the expected pattern of consumption of future economic benefits embodied in the asset are accounted for prospectively by changing the time period or method, as appropriate.

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

Depreciation and amortisation expenses are presented in the reconciliation tables in note 5.5 and note 5.8.

Notes to the Financial Statements
For the year ended 30 June 2025

5.5 Property, plant and equipment by asset class

Property, plant and equipment comprises tangible assets owned. The assets presented below do not meet the definition of investment property.

Reconciliation 2024-25

	Land \$'000	Buildings and structures \$'000	Roads and land Upgrades \$'000	Plant and equipment \$'000	Right of use assets \$'000	Work in progress \$'000	Total \$'000
Carrying amount at 1 July 2024	42,375	8,448	1,746	3,407	66	75	56,116
Additions	900	17	190			8	1,115
Disposals & derecognition	-	-	-	(10)	(19)	-	(29)
Transfers between classes	-	10	-	65		(75)	-
Assets reclassified to/from assets held for sale	-	-	-	-		-	-
Revaluation increments	2,555	-	-	-		-	2,555
Revaluation decrements	-	-	-	-		-	-
Depreciation charge for the year	-	(564)	(207)	(443)	(47)	-	(1,261)
Impairment	-	-	-	-		-	-
Carrying amount at 30 June 2025	45,829	7,910	1,729	3,019	-	8	58,495

Reconciliation 2023-24

	Land \$'000	Buildings and structures \$'000	Roads and land Upgrades \$'000	Plant and equipment \$'000	Right of use assets \$'000	Work in progress \$'000	Total \$'000
Carrying amount at 1 July 2023	39,627	4,521	1,551	2,507	280	898	49,384
Additions	-	1,495	393	17	21	354	2,279
Disposals	-	-	(30)	-	(98)	-	(129)
Transfers between classes	-	279	109	789		(1,177)	-
Assets reclassified to/from assets held for sale	-	-	-	81		-	81
Revaluation increments	2,748	2,582	-	335		-	5,665
Revaluation decrements	-	-	-	-		-	-
Depreciation charge for the year	-	(429)	(277)	(322)	(137)	-	(1,165)
Impairment	-	-	-	-		-	-
Carrying amount at 30 June 2024	42,375	8,448	1,746	3,407	66	75	56,116
Gross Carrying Amount	45,829	9,536	4,714	5,922	-	8	66,010
Accumulated Depreciation	-	(1,627)	(2,985)	(2,903)	-	-	(7,515)
Carrying amount	45,829	7,910	1,729	3,019	-	8	58,495

5.6 Property, plant and equipment owned by ForestrySA

Property, plant and equipment owned by ForestrySA with a value equal to or in excess of \$10,000 is capitalised, otherwise it is expensed. Property, plant and equipment owned by ForestrySA is recorded at fair value. Detail about ForestrySA's approach to fair value is set out in note 10.1.

All non-current assets not held for sale with a limited useful life are systematically depreciated/amortised over their useful lives in a manner that reflects the consumption of their service potential.

Impairment

Revaluation of property, plant and equipment is undertaken on a regular cycle as detailed in Note 10.1. If at any time management considers that the carrying amount of an asset materially differs from its fair value, then the asset will be revalued regardless of when the last valuation took place.

5.7 Property, plant and equipment leased by ForestrySA

Property, plant and equipment leased by ForestrySA is recorded at cost.

Short-term leases of 12 months or less and low value leases where the underlying asset value is less than \$15,000 are not recognised as right-of-use assets. The associated lease payments are recognised as an expense under equipment and vehicle costs on the statement of comprehensive income.

ForestrySA has a limited number of leases:

- 18 motor vehicle leases with the South Australian Government Financing Authority (SAFA). Motor vehicle leases are non-cancellable, with rental payments monthly in arrears. Motor vehicle lease terms can range from 2 years (40,000km) up to 5 years (100,000km). No contingent rental provisions exist within the lease agreements and no options exist to renew the leases at the end of their term.

In April 2025, SAFA changed the lease terms for all light vehicle leases. These changes eliminated the requirement to recognise these leases under AASB 16 and all Right of Use assets related to these leases were derecognised.

The lease liabilities related to the right-of-use assets for prior year are disclosed in note 6.1. ForestrySA's maturity analysis of its lease liabilities is disclosed in note 10.2. Expenses related to leases, including depreciation and interest expenses, are disclosed in note 5.5 and note 4.4. Cash outflows related to leases are disclosed in note 7.2.

Notes to the Financial Statements
For the year ended 30 June 2025

5.8 Intangible assets

<i>Reconciliation 2024-25</i>	Total \$'000
Carrying amount at 1 July 2024	-
Additions	-
Amortisation charge for the year	-
Carrying amount at 30 June 2025	-
 <i>Reconciliation 2023-24</i>	 Total \$'000
Carrying amount at 1 July 2023	4
Additions	-
Amortisation charge for the year	(4)
Carrying amount at 30 June 2024	-

	Computer software 2025 \$'000	Computer software 2024 \$'000
Gross carrying amount	2,722	2,722
Accumulated amortisation	(2,722)	(2,722)
Total carrying amount	-	-

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

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

Notes to the Financial Statements
For the year ended 30 June 2025

5.9 Forest assets

Forest assets are recorded at fair value. Detail about ForestrySA's approach to fair value is set out in note 10.1.

	2025 \$'000	2024 \$'000
Current		
Current portion of forest assets valuation	8,602	9,977
Total current forest assets	8,602	9,977

	2025 \$'000	2024 \$'000
Non-current		
Non-current portion of forest assets valuation	110,084	107,165
Total non-current forest assets	110,084	107,165

Reconciliation 2024-25	Total \$'000
Carrying amount at 1 July 2024	117,143
Other valuation (Impairment) in recorded in statement of comprehensive income	1,543
Movement in forest asset	1,543
Carrying amount at 30 June 2025	118,686

Reconciliation 2023-24	Total \$'000
Carrying amount at 1 July 2023	123,619
Other valuation (Impairment) in recorded in statement of comprehensive income	(6,476)
Movement in forest asset	(6,476)
Carrying amount at 30 June 2024	117,143

ForestrySA recognises the multiple rotation forest valuation, being \$118.686m (2024: \$117.143m). More information is provided at Note 10.1.

Notes to the Financial Statements
For the year ended 30 June 2025

6 Liabilities

Employee related liabilities are disclosed in note 6.3.

6.1 Financial liabilities

	Note	2025 \$'000	2024 \$'000
Current			
Lease liabilities	5.7	-	61
Total current financial liabilities		-	61
Non-current			
Lease liabilities	5.7	-	24
Total non-current financial liabilities		-	24
Total financial liabilities		-	85

ForestrySA measures financial liabilities at amortised cost.

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

6.2 Payables

	2025 \$'000	2024 \$'000
Current		
Contractual payables		
Trade payables	675	3,228
Accrued expenses	16	67
Other Payables	29	13
Statutory payables		
Accrued expenses	80	107
GST payable	104	119
Total current payables	904	3,534

Payables and accrued expenses are recognised for all amounts owing but unpaid. All payables are non-interest bearing.

Contractual Payables

Contractual payables are normally settled within 15 days from the date the invoice is first received.

Statutory Payables

Statutory payables do not arise from contracts. Statutory payables include government taxes and equivalents as well as statutory fees and charges.

The net amount of GST payable to the ATO is included as part of statutory payables.

Notes to the Financial Statements
For the year ended 30 June 2025

6.3 Employee related liabilities

	2025 \$'000	2024 \$'000
Current		
Accrued salaries and wages	50	11
Annual leave	322	296
Long service leave	62	120
Skills and experience retention leave	9	15
Employment on-costs	93	82
Total current employee related liabilities	536	524
Non-current		
Long service leave	808	707
Employment on-costs	61	57
Total non-current employee related liabilities	869	764
Total employee benefits	1,405	1,288

Employee related liabilities are accrued as a result of services provided up to the reporting date that remain unpaid. Apart from long service leave liability, employee related liabilities are measured at nominal amounts.

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

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

The annual leave liability and the SERL liability are expected to be paid within 12 months and are measured at the undiscounted amounts expected to be paid.

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

Long service leave

The liability for long service leave is measured as the present value of expected future payments to be made in respect of services provided by employees up to the end of the reporting period using the projected unit credit method. The expected timing and amount of long service leave payments is determined through whole-of-government actuarial calculations, which are based on actuarial assumptions on expected future salary and wage levels, experience of employee departures and periods of service. These assumptions are based on employee data over SA Government entities.

The discount rate used in measuring the liability is reflective of the yield on long-term Commonwealth Government bonds. The yield on long-term Commonwealth Government bonds has remained unchanged from 2024 (4.25%) to 2025 (4.25%).

Notes to the Financial Statements
For the year ended 30 June 2025

The actuarial assessment performed by the Department of Treasury and Finance left the salary inflation rate at a 3.5% for long service leave liability. As a result, there is no net financial effect resulting from changes in the salary inflation rate.

The current portion of employee related liabilities reflects the amount for which the department does not have right to defer settlement for at least 12 months after reporting date. For long service leave, the amount relates to leave approved before year end that will be taken within 12 months, expected amount of leave to be approved and taken by eligible employees within 12 months, and expected amount of leave to be paid on termination to eligible employees within 12 months.

Employment on-costs liabilities

Employment on-costs liabilities include payroll tax, Fringe Benefits Tax, Pay As You Go Withholding, ReturnToWorkSA levies and superannuation contributions. They are settled when the respective employee benefits that they relate to are discharged. These on-costs liabilities primarily relate to the balance of leave owing to employees. The estimated proportion of long service leave to be taken as leave, rather than to be paid on termination, affects the amount of on-costs liabilities recognised as a consequence of long service leave liabilities.

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

As a result of an actuarial assessment performed by the Department of Treasury and Finance, the proportion of long service leave taken as leave is 44% (2024: 44%). The factor for the calculation of employer superannuation on-costs is 12.0% (2024: 11.5%). These rates are used in the employment on-cost calculation. The net financial effect of the changes in the current financial year is immaterial. The impact on future periods is impracticable to estimate.

Notes to the Financial Statements
For the year ended 30 June 2025

6.4 Other provisions

<i>Movement in provisions</i>	2025	
	\$'000	
Carrying amount at the beginning of the period	1,499	
Remeasurement of workers compensation provision	(1,138)	
Tax equivalent liability	242	
Carrying amount at the end of the period	603	

	2025	2024
	\$'000	\$'000
Current		
Provision for workers compensation	42	113
Tax equivalent liability	242	-
Total current provisions	284	113
Non-current		
Provision for workers compensation	319	1,386
Total non-current provisions	319	1,386
Total provisions	603	1,499

A provision has been reported to reflect unsettled workers compensation claims. The workers compensation provision is based on actuarial assessment of the outstanding liability as at 30 June 2025 provided by a consulting actuary engaged through the Office of the Commissioner for Public Sector Employment. The provision is for the estimated cost of ongoing payments to employees as required under current legislation. The movement in the provision has been recorded as an expense and is disclosed in Note 4.5.

ForestrySA is responsible for payment of workers compensation claims.

Notes to the Financial Statements
For the year ended 30 June 2025

6.5 Other liabilities

	2025 \$'000	2024 \$'000
Current		
Unearned revenue	479	464
Total current other liabilities	479	464
Non-current		
Unearned revenue	1,917	2,222
Total non-current other liabilities	1,917	2,222
Total other liabilities	2,396	2,686

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

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

7 Other disclosures

7.1 Equity

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

The forest assets reserve is used to record increments and decrements in the fair value of forest assets. A gain or loss arising on initial recognition of a biological asset at fair value less costs to sell and from a change in fair value less costs to sell of a biological asset shall be included in profit or loss for the period in which it arises.

Notes to the Financial Statements
For the year ended 30 June 2025

7.2 Cash flow

Cash flow reconciliation	2025 \$'000	2024 \$'000
Net cash provided by/(used in) operating activities	(3,062)	7,619
Add/less non-cash items		
Depreciation and amortisation expense of non-current assets	(1,261)	(1,169)
Gain/(loss) on sale or disposal of non-current assets	(10)	(2,258)
Gain/(loss) on revaluation of forest assets	1,543	(6,476)
Gain/(loss) on revaluation of other non current assets	-	335
Movement in assets and liabilities		
Increase/(decrease) in receivables	1,330	301
Increase/(decrease) in inventories	(131)	139
Increase/(decrease) in other assets	-	(86)
(Increase)/decrease in payables	2,629	(2,576)
(Increase)/decrease in employee related liabilities	(117)	(214)
(Increase)/decrease in provisions	896	(152)
(Increase)/decrease in other liabilities	291	(1,583)
Profit/loss after income tax equivalent	2,108	(6,119)

Notes to the Financial Statements
For the year ended 30 June 2025

8 Changes in accounting policy

No material accounting policy changes were made in the period

9 Outlook

9.1 Unrecognised commitments

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

Capital commitments	2025	2024
	\$'000	\$'000
Within one year	900	-
Later than one year but not longer than five years	-	-
Total capital commitments	900	-

ForestrySA has entered into an agreement to purchase a log harvester which will be paid for in July 2025.

Expenditure commitments	2025	2024
	\$'000	\$'000
Within one year	8,421	8,101
Later than one year but not longer than five years	9,619	18,040
Total expenditure commitments	18,040	26,141

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

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

Lease receivable commitments	2025	2024
	\$'000	\$'000
Commitments in relation to leases contracted for at the reporting date but not recognised as receivables are as follows:		
Within one year	131	275
Later than one year but not longer than five years	61	190
Total lease receivable commitments	192	465

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

Notes to the Financial Statements
For the year ended 30 June 2025

9.2 Contingent assets and liabilities

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

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

ForestrySA and the SA Superannuation Board entered an arrangement at the time of incorporation of ForestrySA to allow officers and employees of ForestrySA who were immediately before incorporation of ForestrySA contributors to the State Superannuation Scheme, to remain contributors under the *Superannuation Act 1988*.

9.3 Impact of standards not yet effective

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

9.4 Events after the reporting period

As a profit was achieved as at 30 June and in line with the performance statement the Board has resolved to recommend to the Treasurer that a dividend of \$564k is paid. As a dividend had not been approved at the end of the reporting period this has not been brought to account in the current report in accordance with AASB 110.

10 Measurement and risk

10.1 Fair value

AASB 13 *Fair Value Measurement* defines fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants, in the principal or most advantageous market, at the measurement date.

Initial recognition

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

Where assets are acquired at significantly less than fair value, they are recorded at fair value in the Statement of Financial Position. However, if the assets are acquired at significantly less than fair value as part of a restructure of administrative arrangements, then the assets are recognised at book value (i.e. the amount recorded by the transferor public authority immediately prior to the restructure).

Revaluation

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

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

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

Any accumulated depreciation as at the revaluation date is eliminated against the gross carrying amounts of the assets and the net amounts are restated to the revalued amounts of the asset.

Notes to the Financial Statements
For the year ended 30 June 2025

Fair value hierarchy

ForestrySA classifies fair value measurement using the following fair value hierarchy that reflects the significance of the inputs used in making the measurements, based on the data and assumptions used in the most recent

- Level 1 – traded in active markets and is based on unadjusted quoted prices in active markets for identical assets or liabilities that the entity can access at measurement date.
- Level 2 – not traded in an active market and are derived from inputs (inputs other than quoted prices included within level 1) that are observable for the asset, either directly or indirectly.
- Level 3 – not traded in an active market and are derived from unobservable inputs.

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

During 2025 and 2024, ForestrySA had no valuations categorised into level 1; there were no transfers of assets between level 1 and 2 fair value hierarchy levels and there were no changes in valuation technique.

Fair value classification – non-financial assets at 30 June 2025

	Note	Level 2 \$'000	Level 3 \$'000	Total \$'000
Recurring fair value measurements				
Forest assets	5.9	-	118,686	118,686
Land	5.5	45,829	-	45,829
Buildings and structures	5.5	-	7,910	7,910
Roads and land improvements	5.5	-	1,729	1,729
Plant and equipment	5.5	-	3,019	3,019
Total recurring fair value measurements		45,829	131,344	177,173

Fair value classification – non-financial assets at 30 June 2024

	Note	Level 2 \$'000	Level 3 \$'000	Total \$'000
Recurring fair value measurements				
Forest assets	5.9	-	117,143	117,143
Land	5.5	42,375	-	42,375
Buildings and structures	5.5	-	8,448	8,448
Roads and land improvements	5.5	-	1,746	1,746
Plant and equipment	5.5	-	3,407	3,407
Total recurring fair value measurements		42,375	130,743	173,118

Notes to the Financial Statements
For the year ended 30 June 2025

Forest assets

ForestrySA engaged Indufor to establish the valuation for its plantation estate in the Mt Lofty Ranges as at 30 June 2025.

Indufor has adopted the market based valuation approach which involves a combination of the sales comparison method and income approach under a discounted cash flow framework. The discount rate applied by Indufor to the projected cash flows was 8.0% (2024:8.0%). The cash flows are those for multiple rotations extending across a 60-year period.

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

Significant unobservable inputs

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

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

The difference between the fair value of Forest Assets held at the reporting date and the fair value at the previous reporting date is recognised in the Statement of Comprehensive Income as the net change in the value of Forest Assets. All forest expenditure is recognised as an expense in the year it is incurred. The change in value is also disclosed in note 5.9.

The net change in the value of Forest Assets is accounted for in the Forest Assets reserve which is used to store the change in the value of the forest asset.

Notes to the Financial Statements
For the year ended 30 June 2025

Sensitivity analysis for forest assets

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

<i>Factor level*</i>	<i>90%</i>	<i>95%</i>	<i>100%</i>	<i>105%</i>	<i>110%</i>
	AUD million				
Revenue	92,503	105,595	118,686	131,777	144,869
Production Costs	125,974	122,330	118,686	115,042	111,398
Transport Costs	122,890	120,788	118,686	116,584	114,482
Operational Expenditure	119,669	119,178	118,686	118,194	117,703
SG&A Expenditure	120,525	119,605	118,686	117,767	116,847

	<i>7.50%</i>	<i>7.75%</i>	<i>8.00%</i>	<i>8.25%</i>	<i>8.50%</i>
Discount Rate	127,274	122,834	118,686	114,804	111,164

Land

An independent valuation of land owned by ForestrySA was performed by a Certified Practising Valuer from the State Valuation Office, as at 30 June 2025.

Fair value of land has been determined using the market approach. Relevant general and economic factors were considered in arriving at a value opinion, including investigation of recent sales of comparable properties. Discounts by region were applied to reflect restrictions on potential highest and best use imposed by legislation on land operated by ForestrySA. The discount rates used this year are Mount Lofty Ranges 60% (2024: 60%) and Green Triangle 45% (2024: 45%).

Buildings and structures

At least every five years, an independent valuation appraisal of ForestrySA's buildings and structures will be performed. However, if at any time management considers that the carrying amount of an asset class materially differs from its fair value, then the asset class will be revalued regardless of when the last valuation took place. ForestrySA undertook an independent valuation appraisal of its buildings and structures in June 2024. Refer note 5.5.

Plant and equipment

All items of plant and equipment owned by ForestrySA had a fair value at the time of acquisition less than \$1.5 million or had an estimated useful life less than three years. Plant and equipment has not been revalued in accordance with APS 116.D. The carrying value of the remaining items of plant and equipment are deemed to approximate fair value.

Notes to the Financial Statements
For the year ended 30 June 2025

Reconciliation of level 3 recurring fair value measurements as at 30 June 2025

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

	Forest assets	Buildings and structures	Roads and land upgrades	Plant and equipment
	\$'000	\$'000	\$'000	\$'000
Opening balance at the beginning of the period	117,143	8,448	1,746	3,407
Acquisitions	-	17	190	-
Disposals	-	-	-	(10)
Assets reclassified to or out of assets held for sale	-	-	-	-
Transfers within asset classes	-	10	-	65
Gains/(Losses) for the period recognised in net result:				
Revaluation increment / (decrement)	1,543	-	-	-
Depreciation	-	(564)	(207)	(443)
Total gains/(losses) recognised in net result	1,543	(538)	(17)	(388)
Carrying amount at the end of the period	118,686	7,910	1,729	3,019
Revaluation increments/(decrements)	-	-	-	-
Total gains/(losses) recognised in OCI	-	-	-	-
Carrying amount at the end of the period	118,686	7,910	1,729	3,019

Reconciliation of level 3 recurring fair value measurements as at 30 June 2024

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

	Forest assets	Buildings and structures	Roads and land upgrades	Plant and equipment
	\$'000	\$'000	\$'000	\$'000
Opening balance at the beginning of the period	123,619	4,521	1,551	2,507
Acquisitions	-	1,495	393	17
Disposals	-	-	(30)	-
Assets reclassified to or out of assets held for sale	-	-	-	81
Transfers within asset classes	-	279	109	789
Gains/(Losses) for the period recognised in net result:				
Revaluation increment / (decrement)	(6,476)	2,582	-	335
Depreciation & impairment	-	(429)	(277)	(322)
Total gains/(losses) recognised in net result	(6,476)	3,927	195	900
Carrying amount at the end of the period	117,143	8,448	1,746	3,407

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

10.2 Financial instruments

Financial risk management

Risk management is managed by ForestrySA's corporate services section. ForestrySA's risk management policies are in accordance with the SA Government Risk Management Guide and the principles established in the Australian Standard Risk Management Principles and Guidelines.

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

Liquidity risk

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

Credit risk

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

Bank guarantees or cash deposits are obtained for specific customers.

Impairment of financial assets

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

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

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

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

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

Notes to the Financial Statements
For the year ended 30 June 2025

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

	Debtor unsecured carrying amount \$'000	Loss %	Lifetime expected losses \$'000
Current (non past due)	56	0.00%	-
1-30 days past due	49	0.00%	-
31-60 days past due	0	100.00%	-
61-90 days past due	0	100.00%	-
90+ days past due	19	100.00%	19
Loss allowance			19

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

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

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

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

Cash and debt investments

ForestrySA considers that its cash and cash equivalents have low credit risk based on the external credit ratings of the counterparties and therefore the expected credit loss is nil.

Notes to the Financial Statements
For the year ended 30 June 2025

Market risk

ForestrySA does not trade in foreign currency, nor enter into transactions for speculative purposes, nor for hedging. ForestrySA does not undertake any hedging in relation to interest or foreign currency risk and manages its risk as per the government's risk management strategy articulated in TI 23 Management of Foreign Currency Exposures.

Exposure to interest rate risk may arise through its interest bearing liabilities, including borrowings. The South Australian Forestry Corporation's interest bearing liabilities are managed through the South Australian Government Financing Authority (SAFA) and any movement in interest rates are monitored on a daily basis. There is no exposure to foreign currency or other price risks.

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

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

Categorisation of financial instruments

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

Notes to the Financial Statements
For the year ended 30 June 2025

Classification of financial instruments

ForestrySA measures all financial instruments at amortised cost.

Category of financial asset and financial liability	Note	2025	Contractual maturities *		
		Carrying amount / Fair value (\$'000)	Within 1 year (\$'000)	1-5 years (\$'000)	More than 5 years (\$'000)
Financial assets					
Cash and cash equivalents					
Cash and cash equivalents	5.1	20,144	n/a	n/a	n/a
Financial assets at amortised cost					
Receivables **	5.2	3,626	3,626	-	-
Total financial assets		23,770	3,626	-	-
Financial liabilities					
Financial liabilities at amortised cost					
Payables **	6.2	717	717	-	-
Lease liabilities	6.1	-	-	-	-
Total financial liabilities		717	717	-	-

Category of financial asset and financial liability	Note	2024 Carrying amount / Fair value (\$'000)	2024 Contractual maturities *		
			Within 1 year (\$'000)	1-5 years (\$'000)	More than 5 years (\$'000)
Financial assets					
Cash and cash equivalents					
Cash and cash equivalents	5.1	24,387	n/a	n/a	n/a
Financial assets at amortised cost					
Receivables **	5.2	2,409	2,409	-	-
Total financial assets		26,796	2,409	-	-
Financial liabilities					
Financial liabilities at amortised cost					
Payables **	6.2	3,328	3,328	-	-
Lease liabilities	6.1	85	61	24	-
Total financial liabilities		3,413	3,389	24	-

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

** Total amounts disclosed here exclude statutory amounts. Receivables do not include prepayments as these are not financial instruments.