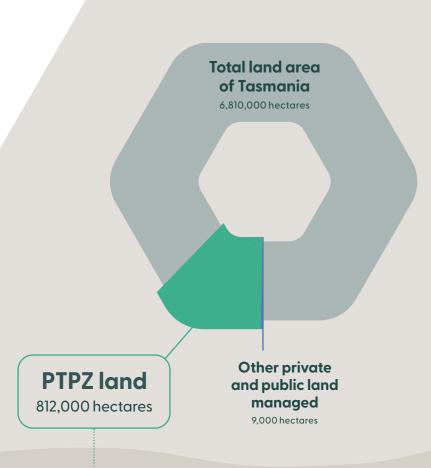


# What we manage



# Land

Sustainable Timber Tasmania is responsible for the management of **821,000** hectares of land. That's just over 12% of Tasmania's total land area (6.8m hectares).

The majority of areas we manage are on Permanent Timber Production Zone (PTPZ) land, totalling 812.000 hectares.

This includes land available for wood production. as well as land managed for reservation.

# Available for Managed for wood production reservation 683,000 hectares 129,000 hectares **Plantations Native forests** (including scrub, moorland, farmland, rock and lakes) 110,000 hectares 700.000 hectares

# PTPZ land

Of the 812,000 hectares of PTPZ land managed, we care for various types of forests including native (some of which are old growth) forests and plantations.

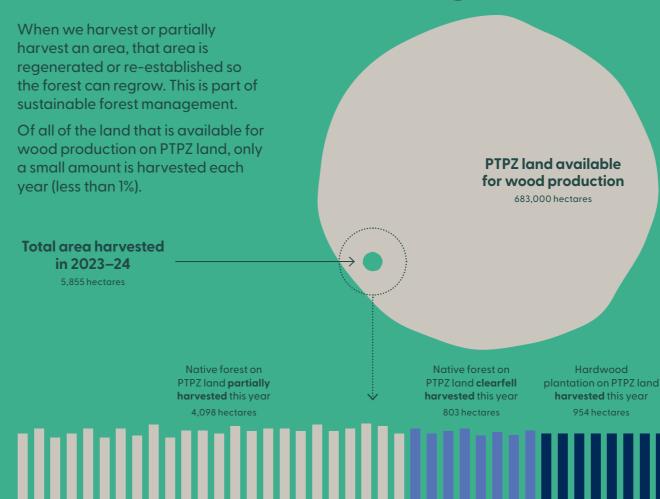
Some of the forest we manage is available for wood production, and some is protected in reserves.

# Old growth forests

Most of Tasmania's old growth forest is protected in reserves. Sustainable Timber Tasmania manages 8% of Tasmania's old growth forests on PTPZ land, of which 2.2% is available for wood production.

Note: Data on these pages is rounded and subject to minor differences to the Information Tables of the Annual Report 2024 (pages 90-97).

# What we harvest and regenerate

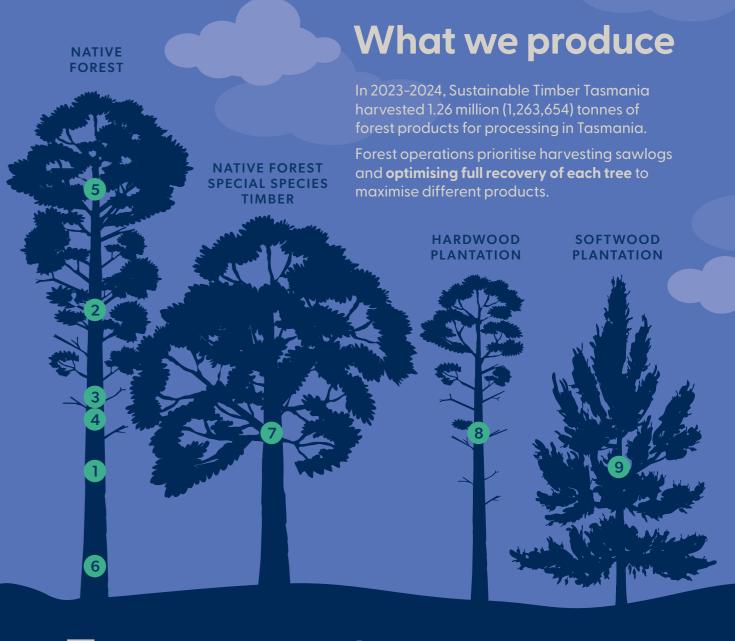


# What we protect

As the public production forest manager, we also maintain roads, undertake firefighting and manage biodiversity.



Want to learn more about what we do and how we do it? takeacloserlooksttas.com.au





**Native forest** high-quality sawlog END USE

Flooring, skirting boards, joinery and furniture

2.3%

END USE

mulch and sawdust



Firewood and other products (bark, sawdust)

Firewood, garden



5.7%

sawlog

END USE

**Native forest** 

House framing

0.7% **Special species** timber and craftwood END USE



bridges and posts

14.2%

0.3%

**Native forest** 

poles, posts

and piles

Power poles,

END USE

Boatbuilding, craft products and furniture



Hardwood plantation solid log and pulpwood

2.3.%

Native forest

high grade

END USE Engineered wood products, paper, tissues, cardboard and toilet paper



Softwood plantation sawlog and pulpwood

54%

Native forest

Paper, tissues,

cardboard, toilet

paper and pallets

pulpwood

END USE

END USE House frame timber, paper, tissues, cardboard and toilet paper



# **Contents**

4

Report from Sustainable Timber Tasmania's Chair and CEO

8

Our stories

16

Our Board

20

Corporate Governance

24

Statement of Corporate Intent

25

Statement of Compliance

26

Financial Summary

**27** 

**Financial Statements** 

92

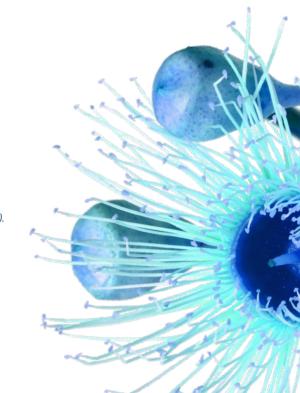
Information Tables

100

Snapshot

Sustainable Timber Tasmania works on the land of the palawa/pakana people, the traditional and continuing custodians of lutruwita truwana (Tasmania). We acknowledge their deep history and culture, and pay respect to elders past and present.

2024 Annual Report ISSN 0918 4797 Published October 2024



# We manage Tasmania's public production forests with care and respect

Sustainable Timber Tasmania is a Tasmanian **Government Business Enterprise responsible** for the management of approximately 812,000 hectares of public production forest.

Our responsibility is twofold: to maintain and promote the health of Tasmania's production forests and to supply high-quality timber to customers throughout Tasmania.

We take pride in our sustainable and responsible management of public production forests.

# Our core activities

- Land management
- Sale of forest products
- Fire management
- Forestry road construction and maintenance

# Our corporate objectives

- Professionally manage public production forests to maintain wood resource and other environmental, cultural and economic values
- Achieve zero harm to our people and contractors
- Efficiently and effectively make available agreed wood volumes and other services to our customers
- Achieve and maintain financial sustainability

# Our values

# Respect

We create safe spaces

## Responsibility

We take ownership

### Growth

We create sustainable value

## Excellence

We make it happen



**Sustainable Timber Tasmania is supporting** Tasmania in contributing towards meeting the United Nations Sustainable Development Goals, and delivering climate-smart forests for future generations.

#### **WORKING FORESTS**









#### **CLIMATE**





















## **CIRCULARITY**







#### **PEOPLE**







#### **WATER**







# **BIOECONOMY**









#### **PROCUREMENT**







Sustainable Timber Tasmania acknowledges the **wbcsd** Forest Sector Sustainable Development Goals road map.

# From our Chair and CEO

# Rob de Fégely AM and Steve Whiteley

We are pleased to present Sustainable **Timber Tasmania's Annual Report for** 2023-2024.

As we reflect on the past year, we are pleased to report that Sustainable Timber Tasmania has had a successful year, marked by significant achievements that continue to advance our purpose and reinforce our commitment to Tasmania's forests and communities.

We extend our gratitude to employees, contractors, customers, Shareholder Ministers, Sustainable Timber Tasmania's Board of Directors. and the Tasmanian community. Your support and active engagement have been instrumental in driving our progress and success.

This year, we have made substantial progress in enhancing our engagement with stakeholders and local communities. One notable initiative, the "Take a Closer Look" platform, exemplifies our commitment to building stronger connections and greater transparency. Actively inviting questions and feedback from the community is helping to inform our communications, operations and processes.

SUSTAINABLE TIMBER TASMANIA | ANNUAL REPORT 2024

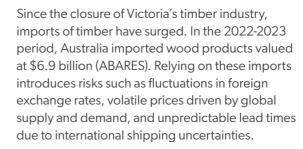


The current market dynamics highlight the necessity of a mixed forest landscape to meet diverse domestic and industrial needs effectively.

Sustainable Timber Tasmania is focused on delivering a balanced approach that respects the production and management of native forests and plantations. This dual focus is vital for fostering sustainability, enhancing biodiversity, and supporting community well-being.

Sustainable Timber Tasmania manages a native forest estate spanning approximately 700,000 hectares, with a portion allocated for production and the remainder set aside as informal reserves or other conservation areas. Each year, we sustainably harvest around 6,000 hectares of native forest less than 1% of our total managed land—focusing primarily on providing high-quality sawlogs for local processing industries.

In 2023-2024, we sowed 149 million seeds across 5,000 hectares to regenerate native forest, using locally sourced seeds from native species. This forest regeneration process promotes the health of the forest for future generations.



By choosing Tasmanian timber, individuals and industries are prioritising sustainability, quality, and ethical practices whilst supporting the local economy and employment. This year, \$65.5 million was paid to harvesting and transport contractors for over 1.2 million tonnes of forest products. This included 180,288 cubic metres of eucalypt sawlog and 8,889 cubic metres of special species timbers for on island processing.

Stakeholders from various sectors—such as local sawmills, architects, joiners, builders, and wholesalers—can depend on a reliable, locally sourced timber supply. This commitment not only meets the needs of our customers but also aligns with the values of many Tasmanians who prioritise sustainable timber sources for their homes.





We are equipping our employees and contractors with the skills needed to excel in their roles and go home safe and well every day. This year, more than 1,500 training occurrences statewide. We introduced a new Code of Conduct, shaped by best practices, and communicated it to all employees and Board members.

This year, our team conducted nearly twice as many "Take 5" safety assessments than the previous year, demonstrating our dedication to risk awareness and the effective use of new technology to identify and address potential hazards in the field.

For seven consecutive years, since our restructure in 2017, Sustainable Timber Tasmania has operated profitably. In the 2023-2024 financial year, we achieved a total comprehensive income of \$0.3 million, a net profit after tax of \$0.2 million, and positive operating cash flows of \$6.5 million.

Despite navigating supply chain challenges, market volatility, and shifting customer demands, we continued to firmly support Tasmania's economy. This year, we proudly paid \$139 million (up from \$120 million in 2022-2023) to 621 Tasmanian goods and services providers.

We maintain financial stability and continue to have no borrowings while delivering a return to the Tasmanian Government. This year, we paid a dividend and recommended one for FY25, demonstrating our commitment to balancing fiscal responsibility with delivering value to Tasmanian communities.

Sustainable Timber Tasmania has become a member of the Business Council for Sustainable Development Australia. Our focus on implementing climatesmart forest management practices aims to secure the health and resilience of Tasmania's production forests for future generations, whilst promoting a low-carbon, circular approach to natural resource management. As we embark on this journey, we are actively working to integrate these principles throughout our organisation.



We are working to further the development of #digitalforests, a cutting-edge environmental monitoring solution. Last fire season, Al-driven fire cameras were deployed along Tasmania's east coast, providing 24/7 coverage over 4,900 square kilometres. These cameras supported detection of 1,580 fires, significantly enhancing response times and operational efficiency.

By replacing traditional methods with digital technology, we are not only increasing data accuracy but also reducing risks to our people by minimising their time on the road and in the forest. The impact of this technology extends beyond forest safety. By reducing fire risks and improving response times, we are also protecting critical infrastructure like power lines, communications towers, and homes.

In the past year we have expanded the use of digital fuel moisture sensors and weather stations to further improve situational awareness and support our planned burning programs.



As one of Tasmania's fire management organisations, Sustainable Timber Tasmania worked alongside the Tasmania Fire Service and Tasmania Parks and Wildlife Service. Through the statewide Fuel Reduction Program, and despite unfavourable seasonal conditions, we provided 317 person days of assistance to 16 Tasmania Fuel Reduction Program operations completed by other organisations and completed 8 fuel reduction burns on production forests to help people, property and the environment.

After several moderate fire seasons, our firefighting capacity was called upon to provide a significant response to the Bradys Lake bushfires. At a cost of \$3.5 million over two months in early 2024, this investment supported aircraft resources and equipment.

This year, Sustainable Timber Tasmania was a respondent to several legal challenges related to the scrutiny of our legal forest operations. We are unwavering in our commitment to maintaining safe and lawful forest management practices and will continue to uphold the integrity of our operations against any unlawful interference.

As we look toward the future, Sustainable Timber Tasmania is focused on delivering a sustainable and balanced approach to forest management. Goals for the coming year and beyond include continuing to fulfil our existing wood supply contracts, developing new long-term agreements based on plantation and regrowth forests, and investing in our people and systems to improve performance across the organisation.

We look forward to the opportunities ahead and remain dedicated to working alongside our stakeholders to sustainably manage Tasmania's public production forests for the benefit of the Tasmanian community.



# **Our stories**





# The latest in forest innovation

With 29 research projects currently underway and partnerships with more than 40 organisations, Sustainable Timber Tasmania is a leader in forest innovation.

We are driving progress in digital technology, forest regeneration, fire management and carbon accounting.

This year, we completed 10 important projects which focused on advancing timber science, residue management and climate-smart forestry. Our research efforts highlight our commitment to driving sustainable progress in the forest industry.



# **Cutting-edge monitoring** to boost conservation outcomes

# A major initiative undertaken this year was the advancement of acoustic monitoring with 48 new recorders statewide.

Acoustic monitoring involves using sophisticated machine learning technology to recognise the calls of individual bird species including the swift parrot. This allows large volumes of data to be collected on bird presence and breeding activity to help us better manage their potential habitat. It demonstrates our ongoing commitment to incorporating cutting-edge monitoring and evaluation into adaptive forest management practices.

Our efforts with this acoustic technology focus on detecting swift parrots and Tasmanian masked owls.

Acoustic monitoring complements other monitoring in the field. Over the past year, we conducted extensive fieldwork, surveying over 270 forest areas in 56 days along with detailed monitoring in more than 22 forest coupes as part of our Swift Parrot Monitoring Program.

Sustainable Timber Tasmania's substantial financial and resource investment has been further strengthened by the support of Forest and Wood Products Australia (FWPA) and other project partners. Collaboratively, these investments amount to \$1.27 million, significantly advancing this important work.

the University of Tasmania, HVP Plantations, Forico, Industries, the Department of Natural Resources and Environment Tasmania, the Forest Practices



# **Providing local** community benefits

# Sustainable Timber Tasmania is proud to continue providing value to local communities.

This year, we established a lease agreement with the Central Coast Council for Castra Falls in Tasmania's north-west.

Under the new agreement, the area is now managed by the Council for recreation and the enjoyment and benefit of the community.

We engaged extensively with Council members and the local community to make sure our goal aligned with the community's priorities.

After listening to feedback, we included specific elements in the lease agreement relating to environmental stewardship and community collaboration. This helped to foster a partnership grounded in transparency and mutual trust.

Pictured above from left: Sustainable Timber Tasmania Communications Advisor north-west Abbey Lewtas, Central Coast Council Mayor Cheryl Fuller, Central Coast Council Chief Executive Officer Barry Omundson and Sustainable Timber Tasmania Assistant General Manager Operations Stephen Rymer.





15 million seeds sown to support regeneration after Central Highlands **bushfires** 

In February 2024, bushfires impacted over 5,600 hectares of forest near Bradys Lake in the Central Highlands, including 4,000 hectares of public production forests.

In response, Sustainable Timber Tasmania launched an extensive effort to restore the area to its pre-fire condition.

We fast-tracked natural rehabilitation by using aerial observations from helicopters, spatial data mapping and ground surveys to assess the damage and identify restoration needs.

Partnering with Tasmanian Helicopters, our foresters carried out an aerial sowing operation across 250 hectares of bushfire affected forest. This involved dispersing around 15 million seeds to support regeneration of the area, including gum-top stringy bark and mountain white gum that are native to the region.

Early recovery signs are encouraging, with natural regeneration and green shoots emerging on damaged trees.

This operation is expected to result in around 600,000 new trees, significantly advancing the long-term recovery of the Central Highlands' forests.

These efforts build on our previous successful regeneration projects, including those following the 2019 Lake Echo bushfires.



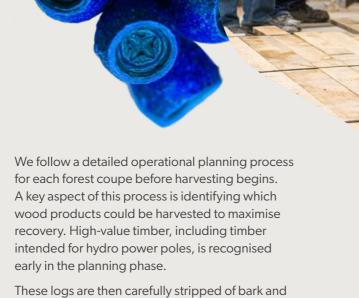
# **High-value regrowth** forests supply crucial infrastructure

Timber harvested from Tasmania's public production forests are essential for state infrastructure.

Sustainable Timber Tasmania is the leading supplier of timber for power poles to Koppers Wood Products, providing around 80% of their pole supply across Tasmania.

High-value regrowth forest at Wielangta has been instrumental in fulfilling customer demand for this product.

17 SUSTAINABLE TIMBER TASMANIA | ANNUAL REPORT 2024



cut to precise lengths for their specific purposes.

The processed logs are supplied to Tasmanian customers such as Koppers, where they undergo treatment and finishing. These logs are then distributed to major clients, including TasNetworks and other utility providers, for use in infrastructure projects across the state.



# **Celebrating Tasmania's** future foresters

Sustainable Timber Tasmania is proud to champion the foresters of tomorrow! Our trainees are key to shaping the future management of Tasmania's public production forests.

Emily Gee and Emily Skromanis are two of our trainees making remarkable strides in their field. This year, they were honoured as joint winners of the 'Trainee of the Year' award at the Tasmanian Timber Awards.

As the next generation of foresters, they demonstrate a strong commitment to advancing industry standards and practices while serving as role models for others. Positively, both Emilys have recently advanced to permanent Forest Officer positions with Sustainable Timber Tasmania.

Their recognition highlights a bright future for Sustainable Timber Tasmania and the broader forest industry.





# **Preserving wooden** boatbuilding traditions

Sustainable Timber Tasmania supports the tradition of wooden boatbuilding by managing the Wooden Boat Board Bank, which currently houses and maintains over 1,200 individual boat boards.

This impressive collection includes prized timbers such as Huon pine, Celery top pine, and King Billy pine. This resource is essential for Tasmanian boatbuilders, reflecting Sustainable Timber Tasmania's commitment to preserving and advancing this important craft.





# **Building inclusivity** and respect

Sustainable Timber Tasmania is taking steps to deepen engagement and connection with Aboriginal and Torres Strait Islander communities through the development of our Reflect Reconciliation Action Plan (RAP).

The RAP sets the foundation for respectful relationships, by integrating Indigenous perspectives into our activities and business.

The RAP is the first step in our ongoing commitment to a more inclusive approach to land management and community engagement. We're finalising the RAP with Reconciliation Australia and we are dedicated to building on this strong foundation.



**Conservation and** long-term ecological resilience

Sustainable Timber Tasmania is investing in a major environmental initiative on Bruny Island. We are establishing a 55-hectare forest to support the island's diverse birdlife on land that was previously used for grazing.

By 2025, we will have planted 30,000 black gum and blue gum seedlings in the area to create vital habitat for threatened species like the swift parrot and other Tasmanian endemic birds. We have collaborated with forest and species experts and selected seeds from several places including Sustainable Timber Tasmania's own seedbank at our Perth Nursery.

This initiative demonstrates Sustainable Timber Tasmania's dedication to supporting key species on Bruny Island and achieving positive biodiversity outcomes.

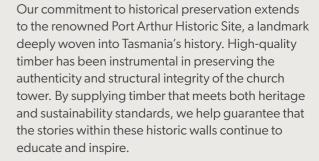
The project is registered under the Australian Carbon Credit Unit (ACCU) scheme. It will also serve as a research platform to evaluate viability of seed zones under changing environmental conditions. This highlights our commitment to both immediate conservation results and long-term ecological resilience.



**Reviving Tasmania's** historic landmarks

Sustainable Timber Tasmania is proud to support Tasmania's heritage by sourcing timber from Permanent Timber Production Zone land to contribute to the meticulous restoration of some of our oldest and most remarkable buildings. This supports the ongoing vitality and historical continuity of our island.

This year, locally sourced timber was used to restore the historic Ceres cottage near Oatlands. The Ceres cottage, with its rustic charm, showcases the craftsmanship of Tasmanian settlers of the early 19th century. Tasmanian native timber, carefully selected for its durability and aesthetic qualities, was used to replace weathered elements. This preserved the building's heritage so it can continue to be a vibrant part of Tasmania's cultural history for generations.



A highlight has been the restoration of the iconic Tunbridge Bridge, an important part of Tasmania's infrastructure history. Spanning the Blackman River, this 19th century bridge is a testament to early engineering and craftsmanship. Sustainably sourced Tasmanian native timber is being used to restore the bridge, seeing that it remains both a functional crossing and a historical landmark.





# Rob de Fégely AM

Chair

BSc (Forestry), MSc (Forest Business Management), FFA, FAICD

Rob de Fégely has worked in the Australian forest industry for over 40 years. He is a Registered Professional Forester with a Bachelor of Science, Forestry from the Australian National University and a Master of Science, Forest Business Management from Aberdeen University in the United Kingdom.

Rob has worked in plantation development and forestry consulting and was a founding Director of Margules Groome Consulting Pty Ltd until he retired on 30 June 2024.

Rob is a Fellow of Forestry Australia and of the Australian Institute of Company Directors.

Rob is a non-executive director of Sustainable Timber Tasmania.

# Kathryn Westwood

BCom, GAICD, FIPA, ASA, MRMIA

Kathryn Westwood is a highly experienced non-executive director, Chair and committee member with over 20 years' experience in commercial, finance and risk management roles within forestry, water, metals processing, insurance industries and government in Tasmania.

Kathryn is currently the Chair of Blue Line Laundry Inc. and a non-executive director of Tasmanian Water and Sewerage Corporation Pty Ltd (TasWater).

Kathryn has a Bachelor of Commerce from the University of Tasmania and is a Graduate of the Australian Institute of Company Directors.

Kathryn is a non-executive director of Sustainable Timber Tasmania.

### **Professor Rod Keenan**

PhD, BSc (Forestry), GAICD

Professor Rod Keenan has extensive experience in ecosystem science, forest management and resilience.

Rod has a Bachelor of Science, Forestry, from the Australian National University and a PhD in forest ecology from the University of British Columbia, with research interests in forests and climate change, forest ecosystem services and forest and environmental policy.

Previously, Rod was Professor and Chair of Forest and Ecosystem Sciences at the University of Melbourne and Director of the Victorian Centre for Climate Change Adaption Research, a research partnership between Victorian universities, and Chair of the United Nations Food and Agriculture Organization Advisory Group for the Global Forest Resource Assessment.

Rod has worked as a research scientist and science adviser in several Australian states and with the Australian Government, and has undertaken research projects across Australia, Canada, Papua New Guinea and south-east Asia.

Rod is a non-executive director of Sustainable Timber Tasmania.

# Therese Ryan

LLB, GAICD

Therese Ryan has extensive experience in commercial, legal and governance roles and has been a professional non-executive director for over 10 years. She has served on various ASX, superannuation, government, and not-for-profit boards.

Therese is currently the Chair of Hancock Victoria Plantations, Chair of Mine Lands Rehabilitation Authority and a non-executive director of listed entity Korvest Ltd.

Therese also serves on the Buxton Contemporary Museum Management Committee.

Therese has a Bachelor of Law from the University of Melbourne and is a Graduate of the Australian Institute of Company Directors.

Therese is a non-executive director of Sustainable Timber Tasmania.

# Kathy Schaefer

PSM, GAICD, MBA

Kathy Schaefer has over 30 years' experience working across government portfolio areas of economic and industry development, infrastructure and major projects delivery, tourism, education, training and employment, land use planning and local government.

Kathy is currently a non-executive Director of TasNetworks and the Tasmania Devils Football Club.

Kathy is also a Commissioner on the Tasmanian State Grants Commission, a Divisional Council Member for the AICD Tasmanian Division, and Chair of the Audit and Risk Committee for the Department of Treasury and Finance, Tasmania.

Kathy holds a Master of Business Administration, a Bachelor of Education, and is a Graduate of the Australian Institute of Company Directors.

Kathy is a non-executive director of Sustainable Timber Tasmania.

# **Jane Bennett**

FAICD

Jane Bennett has extensive experience as a non-executive director and in building and nurturing premium Tasmanian food brands including Ashgrove Cheese, Meander Valley Dairy, Betta Milk and Pyengana Dairy.

Jane has over 30 years' experience working in agrifood businesses across Tasmania and the United Kingdom and was the Managing Director of Ashgrove Cheese and TasFoods Ltd.

Previously, Jane chaired the Tasmanian Food Industry Council for eight years and was a nonexecutive director at the Australian Broadcasting Corporation, CSIRO, Tasmanian Ports, and the Australian Farm Institute.

Currently, Jane chairs the Board of Hop Products Australia and Nuffield Australia and is a non-executive director of Grain Growers Ltd.

Jane was named 2010 Tasmanian Telstra Business Woman of the Year, 1997 Australian ABC Rural Woman of the Year, and 1994 Tasmanian Rural Achiever of the year.

Jane is a non-executive director of Sustainable Timber Tasmania.



# **Our Board**

# Board and committee composition and meeting attendance

As at 30 June 2024, the Board has three committees in operation:

Finance, Audit and Risk Management Committee (FARMC); People, Culture and Care Committee (PCCC) and the Environment and Social Impact Committee (ESIC). PCCC and ESIC were established in April 2024.

In March 2024, the Environment, Safety and Health Committee (ESHC); Remuneration and Board Nomination Committee (RBNC) and the Communications and Stakeholder Engagement Committee (CSEC) were retired.

Meeting attendance during the year:

	Jul 2023 – Jun 2024			Jul 2023 – Mar 2024				Apr 2024 – Jun 2024						
	Во	ard	FAR	FARMC		ESHC		RBNC		CSEC		ESIC		CC
	Ε	Α	Ε	Α	E	Α	E	Α	E	Α	E	Α	E	Α
Mr Rob de Fégely AM	13	13	-	4	-	2	3	3	-	2	-	1	2	2
Ms Kathryn Westwood	13	13	5	5	2	2	3	3	-	-	-	-	2	2
Ms Therese Ryan	13	12	-	5	-	2	3	3	-	1	1	1	2	2
Ms Kathy Schaefer	13	13	5	5	2	2	3	3	2	2	-	1	2	2
Prof Rod Keenan	13	12	-	3	2	1	3	3	2	2	1	1	-	-
Ms Jane Bennett	13	12	5	4	-	-	3	3	2	2	1	1	-	1

SUSTAINABLE TIMBER TASMANIA | ANNUAL REPORT 2024 24

E = eligible

A = attended

# **Corporate Governance**

Sustainable Timber Tasmania is a Government Business Enterprise with a Board of Directors responsible to Tasmania's Minister for Business, Industry and Resources and the Treasurer for the achievement of Sustainable Timber Tasmania's objectives.

The primary legislation governing Sustainable Timber Tasmania's management and operations are the *Government* Business Enterprises Act 1995 and the Forest Management Act 2013.

The Board operates a governance framework that meets the *Tasmanian Government*Corporate Governance Guidelines and is consistent with the ASX Corporate

Governance Principles (4th edition):

# PRINCIPLE 1

Lay solid foundations for management and oversight

The Board is responsible for Sustainable Timber Tasmania's overall direction, management, operation, performance and corporate governance. The Board has an approved Charter which together with the *Government Business Enterprises Act 1995*, describes the roles and responsibilities of the Board, Chair, individual directors, committees and the Chief Executive Officer. The content of the Board Charter meets the recommended content under Principle 1. An Authorisations Policy is in place to formalise delegations from the Board to the Chief Executive Officer and management.

Each year, through its Remuneration and Board Nomination Committee (now the People, Culture and Care Committee [PCCC]), the Board evaluates its own performance, and periodically seeks an independent review of its performance, the performance of the Chief Executive Officer and the performance of the General Management Team with the Chief Executive Officer.



# Structure the Board to add value

In line with the Tasmanian Government's Board Appointments Guidelines and Procedures, directors' terms are generally three years. Directors are appointed by the Shareholding Ministers on recommendation from the Remuneration and Board Nomination Committee of the Board of Directors. The recommendation for appointment is made in line with the guidelines. The Board has a skills matrix and succession plan to achieve a Board with a range of skills that will add the best value.

The Chief Executive Officer is not a member of the Board, and the positions of Board Chair and Chief Executive Officer are held by different people.

The independence of each director was assessed against the recommended criteria in Principle 2 during the year, and the status of independence is recorded in each director's biography.

Sustainable Timber Tasmania's director induction and professional development programs are based on the Tasmanian Government's *Director Induction*, *Education and Training Guidelines*.

# PRINCIPLE 3

# Instil a culture of acting lawfully, ethically and responsibly

Sustainable Timber Tasmania has a Board approved People and Culture Strategy and Values which instil and reinforce a culture of acting lawfully, ethically and responsibly. The Board actively monitors the culture through reporting from the Chief Executive Officer.

The Board Charter commits the Board to acting with the highest ethical standards and directors are expected to model both the spirit and intent of Sustainable Timber Tasmania's Code of Conduct. The content of the Code, combined with that of other charters and policies in place, enables Sustainable Timber Tasmania to meet the recommended content of ASX Principle 3.

Sustainable Timber Tasmania is also committed to complying with all relevant legislation, lawful directives of shareholders and company policies.

Sustainable Timber Tasmania is subject to the *Right* to *Information Act 2009* and the *Public Interest Disclosures Act 2002*. An Information Disclosure Policy is published on Sustainable Timber Tasmania's website which describes the policy and procedure for obtaining information with the requirements of both Acts.





#### PRINCIPLE 4

# Safeguard integrity of corporate reporting

The Board Finance, Audit and Risk Management Committee comprises three members, all of whom are non-executive directors. The Committee Chair is not the Board Chair but is an independent non-executive director, and the Committee comprises members with financial qualifications. The qualifications, skills and expertise of Committee members meet the suggested ASX Corporate Governance Principles' criteria for an Audit Committee.

The Charter of the Committee is approved by the Board and meets the recommended content for audit committees. The process for approving the annual financial statements includes declarations from the Chief Executive Officer and General Manager Corporate Services (Chief Financial Officer equivalent) in relation to the proper maintenance of the financial records and the accurate representation of Sustainable Timber Tasmania's financial performance and position. Reference to these declarations is included in the Board's certification of financial statements at the end of the Annual Report.

Both internal and external auditors attend Committee meetings as necessary, and the Committee meets with both auditors without management present throughout the year.

## PRINCIPLE 5

# Make timely and balanced disclosure

Under its Charter, one of the Board's key functions is to engage and communicate effectively with shareholders. This is conducted in accordance with the Tasmanian Government Businesses Reporting Guidelines published by the Department of Treasury and Finance. In addition, continual disclosures of material matters occur via routine briefings. The Board has processes in place to identify and escalate matters of significance, including those that may affect the value of Sustainable Timber Tasmania or may require shareholders to comment.

## **PRINCIPLE** 6

# Respect the rights of security holders

The Government Business Enterprises Act 1995 prescribes the rights and powers of shareholders while the Ministerial Charter specifies the shareholders' expectations of the Board and Sustainable Timber Tasmania, and the Statement of Corporate Intent summarises the key performance measures to be achieved each year. Requirements of the Tasmanian Government's Reporting Guidelines are incorporated into Sustainable Timber Tasmania's systems and processes so that shareholders are fully informed of financial and operating performance throughout the year.

## PRINCIPLE 7

# Recognise and manage risk

Risk management is monitored and overseen by the Finance, Audit and Risk Management Committee on behalf of the Board. The Committee's Charter meets the recommended content of Principle 7.

The Committee reviews the enterprise risk management framework to test whether it adequately identifies and mitigates actual and emerging risks for Sustainable Timber Tasmania, and reports to the Board on these issues at least annually.

Oversight of internal control systems, internal and external audit, and the insurance program also fall within the Finance, Audit and Risk Management Committee's responsibilities.

The Environment and Social Impact Committee (formerly Environment, Safety and Health Committee) assists the Board to manage Sustainable Timber Tasmania's environmental and social impact risks. This Committee works within the approved risk management frameworks to ensure that these important areas are sufficiently monitored, reviewed and controlled. The People, Culture and Care Committee assists the Board to manage Sustainable Timber Tasmania's culture, safety and wellbeing risks.

#### PRINCIPLE 8

# **Remunerate fairly** and responsibly

The Board has a People, Culture and Care Committee comprising non-executive directors and is chaired by a non-executive director. The Committee's role is to assist the Board in relation to executive remuneration strategies and policies, and to support both the Board and the directors Selection Advisory Panel in relation to Board appointments. The content of the Committee's Charter meets the relevant aspects of Principle 8.

Remuneration for non-executive directors is determined directly by shareholders in accordance with the Tasmanian Government Board and Committee Remuneration Framework. Sustainable Timber Tasmania's Executive Remuneration Policy is based on the Tasmanian Government's Directors and Executive Remuneration Guidelines. The guidelines specify the permissible components of executive remuneration, incentive programs, links to performance, and reporting and disclosure requirements. The People, Culture and Care Committee reviews and recommends to the Board all matters related to the Chief Executive Officer's remuneration, including short-term incentives, and the remuneration of the General Management Team.



# Statement of **Corporate Intent**

The Statement of Corporate Intent sets out the key financial and non-financial performance targets to be met by Sustainable Timber Tasmania in 2023–2024. The targets are agreed with Sustainable Timber Tasmania's shareholders. The 2023–2024 results compared to targets are presented in the following table.

# Financial and Non-Financial Performance Targets

Target	Target 2023–24	Result 2023–24	Comment
Underlying net profit <sup>1</sup> (\$ million)	(3.12) <sup>2</sup>	0.8	Met target
Net cash flow from operations (\$ million)	7.8	6.5	Target not met
High quality eucalypt sawlog <sup>3</sup> (cubic metres)	120,000	107,927	Met customer demand
Special species sawlog (cubic metres)	8,400	8,889	Met target
Native forest regenerated <sup>4</sup> (hectares)	4,700	5,002	Met target
Plantations re-established (hectares)	600	230	Met required needs
Forestry road construction to deliver customer commitments (kilometres)	up to 55	33.1	Met target
Forestry road maintenance to deliver customer requirements, plus non-commercial maintenance to provide continued public access (kilometres)	Up to 4,000	3,177	Met target
Contribution to state prevention, preparation and detection of bushfires (percentage of employees trained and available)	>=70%	73%	Met target
Lost time injury frequency rate – employees	<=4	6.54	Target not met
Lost time injury frequency rate – contractors	<=10	13.7	Target not met

<sup>1</sup> Underlying net profit is defined as the operating revenue less the operating expenditure.



1 October 2024

The Hon. Eric Abetz Minister for Business, Industry and Resources House of Assembly, Parliament House Hobart TAS 7000

# **Statement of Compliance**

Dear Minister,

In accordance with Section 55 of the Government Business Enterprises Act 1995, we hereby submit for your information and presentation to Parliament, the Annual Report of Sustainable Timber Tasmania for the year ended 30 June 2024.

The Report has been prepared in accordance with the provisions of the Government Business Enterprises Act 1995.

Yours faithfully,

Rob de Fégely AM

Board of Sustainable Timber Tasmania

**Steve Whiteley** Chief Executive Officer Sustainable Timber Tasmania

<sup>2</sup> Refer to 'Investing for the Future' in the Statement of Corporate Intent on Sustainable Timber Tasmania's website.

<sup>3</sup> Supply chain impacts during the financial year.

<sup>4</sup> Native forest regenerated is total site area prepared for regeneration.



# **Financial Statements**

2023-2024

#### SUSTAINABLE TIMBER TASMANIA AND ITS SUBSIDIARIES

AS AT 30 JUNE 2024

irectors' Report	26
uditor's Independence Declaration	27
onsolidated Statement of Comprehensive Income	28
onsolidated Statement of Financial Position	29
onsolidated Statement of Cash Flows	30
onsolidated Statement of Changes in Equity	3
ection A: Corporate Information and Basis for Preparation	32
ection B: Details on Financial Performance	34
ection C: The Forest Estate	43
ection D: Details on Financial Position Items	46
ection E: Employee Entitlements	59
ection F: Financial Instruments and Risk Management	68
ection G: Other Disclosures	8
ection H: Certification of Financial Statements	86
ndependent Auditor's Report	87

# **Directors'** Report

The Directors' Report for Forestry Tasmania trading as Sustainable Timber Tasmania (the "Organisation") for the financial year ended 30 June 2024 has been prepared in accordance with the requirements of the Government Business Enterprises Act 1995.

The Directors' Report should be read in conjunction with the Organisation's audited financial statements.

#### **Directors**

The Directors of the Organisation at any time during or since the end of the financial year are:

<b>Board Members</b>	Position	Start Term	<b>End Tern</b>
Mr Rob de Fégely AM	Chair	1 June 2016	N/A
Ms Kathryn Westwood	Director	1 August 2018	N/A
Ms Therese Ryan	Director	1 July 2019	N/A
Ms Kathy Schaefer	Director	1 February 2020	N/A
Prof. Rod Keenan	Director	18 July 2022	N/A
Ms Jane Bennett	Director	14 June 2023	N/A

#### **Principal Activities**

The Organisation's principal purpose is to manage and control all Permanent Timber Production Zone land and to undertake forest operations on Permanent Timber Production Zone land for the purpose of selling forest products.

#### **Basis of Presentation**

The consolidated financial statements are presented in Australian dollars, which is the functional currency of the Group. All values are rounded to the nearest thousand unless otherwise stated.

The consolidated financial statements are compared to the consolidated financial statements for the prior 12-month period ended 30 June 2023.

#### Results

The Organisation recorded total comprehensive income of \$342,000 for the financial year ended 30 June 2024 as compared to the total comprehensive income of \$7,539,000 for the financial year ended 30 June 2023.

### **Going Concern Basis for the Preparation** of the Annual Financial Statements

The Board has resolved that it is appropriate to prepare the financial statements on a Going Concern basis.

#### **Director and Executive Remuneration**

The Organisation has complied with the Guidelines for Tasmanian Government Businesses - Director and Executive Remuneration.

#### **Dividends**

The Organisation paid an Ordinary Dividend of \$600,000 under section 84 of the Government Business Enterprises Act 1995 on 20 November 2023.

The Board will advise the Treasurer and the Portfolio Minister of its recommendation for a dividend payable by the Organisation in respect of the 2023-2024 financial year within 60 days of the end of the financial year.

#### **Events Subsequent to Balance Date**

There have not been any matters or circumstances since the end of the financial year that have significantly affected or may have significantly affected the operations of the Organisation, the results of those operations or the state of affairs of the Organisation.

## **Indemnification and Insurance of Officers**

The Organisation has paid insurance premiums in respect of Directors' and Officers' liability. The terms of the insurance policy prohibit disclosure of the total amount of the premiums and the nature of the liabilities covered.

Dated at Hobart, this 12th day of August 2024.

Signed in accordance with a resolution of Directors:

Rob de Fégely AM

12 August 2024

Kothere Schark **Kathy Schaefer** 

12 August 2024

Director



# **Auditor's** Independence **Declaration**

**FOR THE YEAR ENDED 30 JUNE 2024** 

12 August 2024

The Board of Directors Forestry Tasmania trading as Sustainable Timber Tasmania Level 1, 99 Bathurst Street **HOBART TAS 7000** 

# **Auditor's Independence Declaration**

Dear Board Members

In relation to my audit of the financial report of Forestry Tasmania, trading as Sustainable Timber Tasmania, for the financial year ended 30 June 2024, I declare that to the best of my knowledge and belief, there have been no contraventions of:

- (a) the auditor independence requirements of Australian Auditing Standards in relation to the audit;
- (b) any applicable code of professional conduct in relation to the audit.

As agreed with the Finance, Audit and Risk Management Committee, a copy of this declaration must be included in the Annual Report.

Yours sincerely

**Martin Thompson** 

Auditor-General

# Consolidated Statement of Comprehensive Income

#### SUSTAINABLE TIMBER TASMANIA AND ITS SUBSIDIARIES

FOR THE YEAR ENDED 30 JUNE 2024

	Note	2024 \$'000	2023 \$'000
Revenue			
Revenue	B1(a)	142,207	122,215
Gain on sale of assets	B1(i)	839	1,739
Finance income	B1(h)	1,182	1,092
Biological asset valuation increment	C1	-	8,029
Total revenue		144,227	133,075
Expenses			
Expense from operations	B1(b), (e), (f), (g), C1	(141,608)	(124,661)
Finance expense	B1(h)	(1,823)	(2,614)
Biological asset valuation decrement	C1	(266)	-
Total expenses		(143,697)	(127,275)
Net profit/(loss) before tax		530	5,800
Income tax (expense)/benefit on net profit/(loss)	B2	(256)	(1,743)
Net profit/(loss) after tax		274	4,057
Other comprehensive income			
Items that will not be reclassified to profit or loss			
Gain/(loss) on the revaluation of land and buildings	D4	597	3,167
Gain/(loss) on remeasurement of defined benefit liability	E4	(917)	1,577
Gain/(loss) on remeasurement of equity instruments designated at fair value	D6	387	225
Income tax on revaluation of land and buildings	B2	(179)	(946)
Income tax on remeasurement of defined benefit liability	B2	275	(473)
Income tax on remeasurement of equity instruments designated at fair value	B2	(96)	(68)
Total items that will not be reclassified to profit or loss		67	3,482
Total comprehensive income/(expense) for the year attributable to the equity holders of the parent		342	7,539

The Consolidated Statement of Comprehensive Income is to be read in conjunction with the accompanying notes to the financial statements.

# Consolidated Statement of Financial Position

SUSTAINABLE TIMBER TASMANIA AND ITS SUBSIDIARIES

AS AT 30 JUNE 2024

	Note	2024 \$'000	2023 \$'000
Current assets			
Biological assets	C1	13,109	14,175
Cash and cash equivalents	D1(a)	2,426	10,739
Trade and other receivables	D2	7,962	5,879
Inventories	D3	20,673	18,300
Financial assets	D6	10,079	13,468
Other assets	D7	1,867	1,624
Total current assets		56,116	64,186
Non current assets			
Biological assets	C1	197,283	194,225
Trade and other receivables	D2	60	60
Property, plant and equipment	D4	58,245	53,281
Intangible assets	D5	581	-
Financial assets	D6	6,983	2,966
Total non current assets		263,152	250,532
Total assets		319,269	314,718
Current liabilities			
Re-establishment provision	C2	2,989	3,473
Trade and other payables	D8	15,622	11,801
Lease liabilities	D9	1,204	1,012
Contract liabilities	D10	908	1,202
Employee benefits	E2	4,150	3,805
Total Current Liabilities		24,873	21,293
Non current liabilities			
Deferred tax liability	B2	33,082	32,826
Re-establishment provision	C2	5,516	7,089
Lease liabilities	D9	5,680	4,886
Contract liabilities	D10	6,068	6,124
Employee benefits	E3	23,907	22,099
Total non current liabilities		74,253	73,024
Total liabilities		99,126	94,317
Net assets		220,143	220,401
Equity			
Contributed equity		381,518	381,518
Reserves		8,842	8,133
Retained earnings/(Accumulated losses)		(170,217)	(169,250)
Total Equity		220,143	220,401

 $The \ Consolidated \ Statement \ of \ Financial \ Position \ is \ to \ be \ read \ in \ conjunction \ with \ the \ accompanying \ notes \ to \ the \ financial \ statements.$ 

# Consolidated Statement of Cash Flows

#### SUSTAINABLE TIMBER TASMANIA AND ITS SUBSIDIARIES

FOR THE YEAR ENDED 30 JUNE 2024

	Note	2024 \$'000	2023 \$'000
Cash flows from operating activities			
Inflows:			
Cash receipts from customers		133,631	118,338
Government funding		12,128	12,000
Interest received		1,182	1,116
Outflows:			
Cash paid to suppliers and employees		(139,956)	(127,486)
Interest paid on leases		(459)	(355)
Net cash provided by/(used in) operating activities	D1(b)	6,526	3,614
Cash flows from investing activities			
Inflows			
Proceeds from sale of property, plant and equipment	B1(i)	950	2,052
Proceeds from investment in financial assets	D5	1,800	4,600
Outflows			
Payments to suppliers for biological assets	C1	(2,258)	(871)
Payments for property, plant and equipment and other assets	D4	(11,043)	(10,968)
Payments for intangible assets	D5	(402)	-
Payments for investment in financial assets	D6	(5,409)	(3,761)
Net cash provided by/(used in) investing activities		(16,363)	(8,948)
Cash flows from financing activities			
Inflows:			
Proceeds from sale of other financial assets		3,338	6,405
Outflows:			
Payments for other financial assets		-	(3,691)
Lease payments	D1(c)	(1,213)	(767)
Ordinary dividend	В3	(600)	(1,000)
Net cash provided by/(used in) financing activities		1,524	947
Net increase/(decrease) in cash and cash equivalents held		(8,313)	(4,387)
Cash and cash equivalents at the beginning of the year	D1(a)	10,739	15,126
Cash and cash equivalents at the end of the year	D1(a)	2,426	10,739

# Consolidated Statement of Changes in Equity

SUSTAINABLE TIMBER TASMANIA AND ITS SUBSIDIARIES

FOR THE YEAR ENDED 30 JUNE 2024

	Contributed Equity \$'000	Asset Revaluation Reserve \$'000	Retained Earnings/ (Accumulated Losses) \$'000	Total Equity \$'000
Balance at 1 July 2022	381,518	5,755	(173,411)	213,862
Total comprehensive income for the year				
Profit or (loss)	-	-	4,057	4,057
Other comprehensive income				
Gain/(loss) on the revaluation of land and buildings	-	2,221	-	2,221
Gain/(loss) on remeasurement of defined benefit liability	-	-	1,104	1,104
Gain/(loss) on remeasurement of equity instruments designated at fair value		157	-	157
Total other comprehensive income	-	2,378	1,104	3,482
Total comprehensive income for the year	-	2,378	5,161	7,539
Transactions with owners, recorded directly in equity				
Contributions by and distributions to owners				
Transfer of capital to equity holders	_	-	_	-
Dividends to equity holders	-	-	(1,000)	(1,000)
Total contributions by and distributions to owners	-	-	(1,000)	(1,000)
Balance at 30 June 2023	381,518	8,133	(169,250)	220,401
Balance at 1 July 2023	381,518	8,133	(169,250)	220,401
Total comprehensive income for the year				
Profit or (loss)	-	-	274	274
Other comprehensive income				
Gain/(loss) on the revaluation of land and buildings	-	418	-	418
Gain/(loss) on remeasurement of defined benefit liability	-	-	(642)	(642)
Gain/(loss) on remeasurement of equity instruments designated at fair value	-	291	-	291
Total other comprehensive income	-	709	(642)	67
Total comprehensive income for the year	-	709	(367)	342
Transactions with owners, recorded directly in equity				
Contributions by and distributions to owners				
Dividends to equity holders		_	(600)	(600)
Total transactions with owners	_	_	(600)	(600)
Balance at 30 June 2024	381,518	8,842	(170,217)	220,143
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The Consolidated Statement of Cash Flows is to be read in conjunction with the accompanying notes to the financial statements.

 $The \ Consolidated \ Statement \ of \ Changes \ in \ Equity \ is \ to \ be \ read \ in \ conjunction \ with \ the \ accompanying \ notes \ to \ the \ financial \ statements.$ 

# Section A: Corporate Information and Basis for Preparation

#### SUSTAINABLE TIMBER TASMANIA AND ITS SUBSIDIARIES

FOR THE YEAR ENDED 30 JUNE 2024

#### Al Details of reporting entity

The consolidated financial statements and notes thereto relate to Forestry Tasmania trading as Sustainable Timber Tasmania (the "Organisation") and its subsidiaries (collectively referred to as the "Group"). For the purposes of preparing the consolidated financial statements, the Organisation is a for-profit entity.

The Organisation is a State-owned Government Business Enterprise. The Organisation's principal purpose is to manage and control all Permanent Timber Production Zone land and to undertake forest operations on Permanent Timber Production Zone land for the purpose of selling forest products. The Organisation's Head Office is located at 99 Bathurst Street, Hobart, Tasmania. The Organisation also has regional offices throughout Tasmania.

The accounting policies set out below, unless specifically noted otherwise in individual notes, have been applied consistently to all periods presented in these financial statements.

#### A2 Statement of compliance

The consolidated financial statements of the Group are general purpose financial statements and have been prepared in accordance with Australian Accounting Standards (AASBs) (including Australian Interpretations) adopted by the Australian Accounting Standards Board (AASB), the *Government Business Enterprises Act 1995* and applicable Treasurer's Instructions. They have been prepared on the basis that the Group operates on a going concern basis.

The consolidated financial statements for the year ended 30 June 2024 were authorised for issue by the Board of Directors on 12 August 2024.

#### A3 Basis of preparation

The consolidated financial statements are prepared on the historical cost basis except for the following:

- Biological assets are measured at fair value less costs to sell in note C1;
- Land under buildings are measured at fair value in note D4:
- Investments in bonds, debentures and equities included in Financial assets are measured at amortised cost in note D6;
- Superannuation liabilities are included in Employee benefits in note E1 and E4.

The consolidated financial statements are presented in Australian dollars, which is the functional currency of the Group. All values are rounded to the nearest thousand unless otherwise stated.

The consolidated financial statements are compared to the consolidated financial statements for the prior 12-month period ended 30 June 2023.

#### A4 Basis of consolidation

The Group's financial statements consolidate those of the parent entity and its controlled entities (subsidiaries) as at 30 June 2024. For information about subsidiaries see note G4. All subsidiaries have a reporting date of 30 June.

All transactions and balances between Group companies are eliminated on consolidation, including unrealised gains and losses on transactions between group companies. Where unrealised losses on intra-group asset sales are reversed on consolidation, the underlying asset is also tested for impairment from the Group's perspective.

Amounts reported in the financial statements of subsidiaries have been adjusted where necessary for consistency with the accounting policies adopted by the Group.

Profit or loss and other comprehensive income of subsidiaries acquired or disposed of during the year are recognised from the effective date of acquisition, or up to the effective date of disposal, as applicable.

The Group attributes total comprehensive income or loss of subsidiaries between the owners of the parent and the non-controlling interests based on their respective ownership interests.

# A5 Critical estimates, judgements and prior period errors

The preparation of financial statements requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amount of assets, liabilities, income and expenses. 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 revision and future periods if the revision affects both current and future periods.

## **Section A: Corporate Information and Basis for Preparation (continued)**

#### SUSTAINABLE TIMBER TASMANIA AND ITS SUBSIDIARIES

FOR THE YEAR ENDED 30 JUNE 2024

# A5 Critical estimates, judgements and prior period errors (continued)

#### Significant estimates and judgements

The following significant judgements, estimates and assumptions are included in the financial statements:

- Note B1 describes the process applied to determine the timing of satisfaction of performance obligations and recognition of revenue;
- Note C1 describes the methodology applied to estimate the value of Biological assets;
- Note C2 describes the basis applied to estimate the value of the Re-establishment provision;
- Note D4 describes depreciation, amortisation, impairment and revaluation of Property, plant and equipment;
- Note D5 describes amortisation and impairment of Intangible assets;
- Note D9 describes the process applied by the Group to satisfy the recognition of Lease liabilities;
- Note E4 describes the methodology applied to estimate the value of defined benefit obligations (employee benefits) and other employee benefits;
- Note F1 describes the use of judgement to assess indicators of impairment for Financial assets.

#### A6 New standards adopted as at 1 July 2023

Accounting pronouncements which have become effective from 1 July 2023 and have therefore been adopted do not have a significant impact on the Group's financial performance or position.

#### A7 New standards not yet adopted

At the date of authorisation of the financial statements, there are no new or revised Standards and Interpretations issued by the Australian Accounting Standards Board (AASB) that are relevant or material to its operations and effective for the accounting period that commenced on or after 1 July 2023.

Similarly, the Group has not applied the following new and revised Australian Accounting Standards, Interpretations and amendments that have been issued, but are not yet effective:

Standard/Interpretation	Summary	Effective for annual reporting periods beginning on or after	Expected to be initially applied in the financial year ending	Impact on financial report
AASB 2020-1 Amendments to Australian Accounting Standards – Classification of Liabilities as Current or Non-Current and AASB 2022-6 Amendments to Australian Accounting Standards – Non-current liabilities with Covenants.	Requires a liability to be classified as current when a company does not have a substantive right to defer settlement at the end of the reporting period.	1 January 2024	30 June 2024	The assessment has indicated that there will be no change required to how we classify current and non current liabilities.

# Section B: Details on Financial Performance

#### SUSTAINABLE TIMBER TASMANIA AND ITS SUBSIDIARIES

FOR THE YEAR ENDED 30 JUNE 2024

# B1 Operating profit B1(a) Disaggregated revenue

#### Accounting policy

Revenue arises from the sale of forest products, lease agreements, licences and other forest management services and the performance of Community Service Obligations.

To determine whether to recognise revenue, the Group follows a 5-step process:

- 1 Identifying the contract with a customer;
- 2 Identifying the performance obligations;
- 3 Determining the transaction price;
- 4 Allocating the transaction price to the performance obligations; and
- 5 Recognising revenue when/as performance obligation(s) are satisfied.

The total transaction price for a contract is allocated to the various performance obligations based on their relative standalone selling prices. The transaction price for a contract excludes any amounts collected on behalf of third parties.

Revenue is recognised either at a point in time or over time, when (or as) the Group satisfies performance obligations by transferring the promised goods or services to its customers. The Group recognises contract liabilities for consideration received in respect of unsatisfied performance obligations and reports these amounts as other liabilities in the Statement of Financial Position. Similarly, if the Group satisfies a performance obligation before it receives the consideration, the Group recognises either a contract asset or a receivable in its Statement of Financial Position, depending on whether something other than the passage of time is required before the consideration is due.

#### Sale of forest products

Revenue from the sale of forest products is recognised when the Group has transferred control of the assets to the customer. The transfer of control of the assets to the customer is deemed to be either when the timber is loaded at the landing or delivered to the mill door.

Revenue for products sold 'Free on Board' (FOB) is recognised when the ship departs port. Revenue for products sold 'Cost and Freight' (CFR) is recognised when the goods reach the destination port.

#### Sale of leases, licences and other forest management services

Revenue from leases, licenses and other forest management services is recognised in proportion to the stage of completion of the transaction at the reporting date. The revenue received for the allocation of forestry rights are amortised over the term of the right and recognised in the period the obligation is performed.

#### Performance of Community Service Obligations

Government funding is received from the State to contribute towards the performance of Community Service Obligations. Revenue received for the performance of Community Service Obligations is recognised in profit and loss on a systematic basis over the periods in which the Group recognises as expenses the related costs for which the funding is intended to compensate.

#### Other government funding

The Group undertakes eligible activities as part of the Australian Government's Emissions Reduction Fund for which the Clean Energy Regulator grants the Group the respective number of emissions certificates (Australian carbon credit units).

The Group recognises an unconditional government grant upon receipt of each instalment of Australian carbon credit units. Grants of emissions certificates are recognised in profit or loss in the period in which they are received (see note D3).

## **Section B: Details on Financial Performance (continued)**

#### SUSTAINABLE TIMBER TASMANIA AND ITS SUBSIDIARIES

FOR THE YEAR ENDED 30 JUNE 2024

# **B1** Operating profit (continued)

#### B1(a) Disaggregated revenue (continued)

During the year, the Group received sales revenue of \$14,709,000 from the sale of forest products pursuant to co-mingled sales agreements (2023: \$8,635,000). The revenue is included in sale of forest products. The Group also incurred expenses of \$14,709,000 pursuant to the same sales agreements (2023: \$8,635,000). The expenses are included in Contractor and freight expenses at note B1(e).

	Note	Sale of forest products 2024 \$'000	Sale of leases, licences, insurance proceeds and other forest management services 2024 \$'000	Performance of Community Service Obligations 2024 \$'000	Other Government funding 2024 \$'000	Total 2024 \$'000
Type of goods or services						
Australia		123,129	6,916	12,128	34	142,207
		123,129	6,916	12,128	34	142,207
Timing of revenue recognition						
Goods transferred at a point in time		123,129	-	-	-	123,129
Certificates received at a point in time		-	-	-	-	-
Services transferred over time		-	6,915	12,128	34	19,077
Insurance proceeds	B1(d)	-	1	-	-	1
		123,129	6,916	12,128	34	142,207

	Note	Sale of forest products 2023 \$'000	Sale of leases, licences, insurance proceeds and other forest management services 2023 \$'000	Performance of Community Service Obligations 2023 \$'000	Other Government funding 2023 \$'000	Total 2023 \$'000
Type of goods or services						
Australia		103,043	6,873	12,000	299	122,215
		103,043	6,873	12,000	299	122,215
Timing of revenue recognition						
Goods transferred at a point in time		103,043	183	-	-	103,226
Certificates received at a point in time		-	-	-	299	299
Services transferred over time			6,690	12,000	-	18,690
		103,043	6,873	12,000	299	122,215

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#### SUSTAINABLE TIMBER TASMANIA AND ITS SUBSIDIARIES

FOR THE YEAR ENDED 30 JUNE 2024

#### Bl Operating profit (continued)

#### B1(a) Disaggregated revenue (continued)

During the year, the Group did not receive any emissions certificates (2023: \$299,000). The revenue is included in Other government funding. The emissions certificates are recognised at fair value in Inventory at note D3.

Performance of Community Service Obligations includes:

	2024 \$'000	2023 \$'000
Land management	8,000	8,000
Fuel reduction	2,000	2,000
Fire prevention	2,000	2,000
Reimbursement of net firefighting costs	128	-
Total revenue from the performance of Community Service Obligations	12,128	12,000

#### B1(b) Net expense incurred in implementing Tasmanian forestry initiatives

	2024 \$'000	2023 \$'000
State Government's on-island processing program and physical upgrades to sawmills and timber companies	1,170	1,170
Net costs incurred in funding forestry-related election commitments	1,170	1,170

In 2021, the State Government implemented a range of initiatives relating to the Tasmanian forestry industry with a total estimated cost of \$11,700,000 over five years. The State Government directed the Group to contribute 50 per cent of the estimated cost (\$5,850,000) and determined that the Group's contribution would be paid to the Department of Natural Resources and Environment Tasmania. During the year, the Group paid a third instalment of \$1,170,000 to the Department of Natural Resources and Environment Tasmania which represents a further contribution towards the State Government's on-island processing program and physical upgrades to sawmills and timber companies.

#### B1(c) Net expense incurred in the performance of fire prevention Community Service Obligations

	2024 \$'000	2023 \$'000
Fire prevention	3,403	2,919
Net firefighting costs	3,573	359
Net costs incurred in the performance of fire prevention Community Service Obligations	6,976	3,278

Revenue received from performance of fire prevention Community Service Obligations is included in revenue at B1(a). Expenses incurred in the performance of fire prevention Community Service Obligations is included in expenses from operations at B1(e), B1(f) and B1(g).

# **Section B: Details on Financial Performance (continued)**

#### SUSTAINABLE TIMBER TASMANIA AND ITS SUBSIDIARIES

FOR THE YEAR ENDED 30 JUNE 2024

# **B1** Operating profit (continued)

#### B1(d) Net income/(expense) from insurance proceeds

	2024 \$'000	2023 \$'000
Insurance proceeds	1	-
Expenses incurred in repairing and reinstating insured assets	(1)	-
Net income/(expense) from insurance proceeds	-	-

Revenue received from insurance proceeds is included in revenue at B1(a). Expenses incurred in repairing and reinstating insured and uninsured assets is included in expenses from operations at B1(e).

#### B1(e) Expenses from operations

	Note	2024 \$'000	2023 \$'000
Contractor and freight expenses		98,040	79,916
Vehicle lease and associated costs		853	856
Property rental		213	86
Professional services		3,259	2,662
Consultancies		154	196
Local government rates		1,922	1,564
Property management		1,084	1,068
Equipment purchases and rentals		847	806
Office expenses		1,079	1,027
Information technology expense		1,996	1,965
Travel and accommodation		350	298
Operating lease rentals		518	753
Expected credit losses/(reversal of prior period credit losses) – trade receivables	D2	(43)	321
Impairment of non current assets	D4, D5	455	12
Re-establishment provision increment/(decrement)	C2	(2,057)	1,327
Other expenses		2,238	3,234
		110,908	96,091

#### B1(f) Depreciation and amortisation expense

	Note	2024 \$'000	2023 \$'000
Roads	D4	3,342	2,699
Buildings	D4	380	311
Right-of-use assets	D4	815	847
Plant and equipment	D4	1,054	1,033
Vehicles	D4	1,682	1,321
Intangible assets	D5	16	
		7,289	6,211

#### SUSTAINABLE TIMBER TASMANIA AND ITS SUBSIDIARIES

FOR THE YEAR ENDED 30 JUNE 2024

#### **B1** Operating profit (continued)

#### B1(g) Employee benefits expense

Note	2024 \$'000	2023 \$'000
Salaries and wages	19,393	18,343
Other employment related expenses	251	361
Contribution to accumulation superannuation funds	2,012	1,808
Employee service cost for defined benefit scheme E4	585	677
	22,241	21,189
Total expenses incurred in implementing Tasmanian Forestry initiatives, operations, depreciation, amortisation and employee benefits expense	141,608	124,661

#### B1(h) Finance income and expense

#### Accounting policy

Finance income comprises gains on financial assets that are recognised in profit or loss (see notes D6 and F1). Finance income is recognised in profit or loss as it accrues using the effective interest method.

Finance expense comprises finance charges recognised on operating leases, interest costs associated with the defined benefit liability and losses on hedging instruments. All finance expenses are recognised in profit or loss using the effective interest method, unless they relate to a qualifying asset, in which case they are capitalised.

Note	2024 \$'000	2023 \$′000
Recognised in profit or loss:		
Dividend income	151	23
Interest income	1,031	1,069
Total finance income	1,182	1,092
Foreign exchange losses	(111)	(1,063)
Defined benefit liability interest costs E4	(1,251)	(1,196)
Finance charges – leased assets	(459)	(355)
Interest expense	(2)	-
Total finance expense	(1,823)	(2,614)

### B1(i) Gain/(loss) on sale or disposal of assets

	2024 \$'000	2023 \$'000
Gain/(loss) on sale or disposal of assets	839	1,739
	839	1,739
Reconciliation of sale of assets		
Proceeds from sale	950	2,052
Written down value	(111)	(313)
Gain/(loss) on sale or disposal of assets	839	1,739

## **Section B: Details on Financial Performance (continued)**

#### SUSTAINABLE TIMBER TASMANIA AND ITS SUBSIDIARIES

FOR THE YEAR ENDED 30 JUNE 2024

#### **B2** Taxation

#### Accounting policy

Income tax expense/(benefit) includes current and deferred tax. Income tax expense/(benefit) is recognised in profit or loss except to the extent that it relates to items recognised directly in equity. The charge for current income tax expense is based on the profit/(loss) for the year adjusted for any non-assessable or non-deductible items or any adjustment to tax payable in respect to previous years. It is calculated using the tax rates that have been enacted or are substantively enacted by legislation at the balance date.

Deferred tax is calculated using the balance sheet liability method in respect of temporary differences arising between the tax base of assets and liabilities and their carrying amounts in the financial statements. No deferred income tax will be recognised from the initial recognition of an asset or liability, excluding a business combination, where there is no effect on accounting or taxable profit or loss. Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets and they relate to income taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realised simultaneously.

Deferred tax is calculated at the tax rates that are expected to apply to the period when the asset is realised or liability is settled.

Deferred tax is credited in the profit and loss except where it relates to items that may be credited directly to equity, in which case the deferred tax is adjusted directly against equity.

Deferred income tax assets are recognised to the extent that it is probable that future tax profits will be available against which deductible temporary differences can be utilised. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

The Organisation and its wholly-owned Australian resident entities are members of a tax-consolidated group under Australian tax law. The Organisation is the head entity within the tax-consolidated group. In addition to its own current and deferred tax amounts, the Organisation also recognises the current tax liabilities and assets and deferred tax assets arising from unused tax losses and relevant tax credits of the members of the tax-consolidated group.

Amounts payable or receivable under the tax-funding arrangement between the Organisation and the entities in the tax consolidated group are determined using a 'separate taxpayer within group' approach to determine the tax contribution amounts payable or receivable by each member of the tax-consolidated Group. This approach results in the tax effect of transactions being recognised in the legal entity where that transaction occurred, and does not tax effect transactions that have no tax consequences to the Group. The same basis is used for tax allocation within the tax-consolidated group.

#### B2(a) Current tax (expense)/benefit

	2024 \$'000	2023 \$'000
Increase/(decrease) in deferred tax asset	616	(449)
(Increase)/decrease in deferred tax liability	(871)	(2,782)
Movement posted direct to other comprehensive income	275	473
Movement posted direct to equity reserve	(275)	1,014
	(256)	(1,743)

## SUSTAINABLE TIMBER TASMANIA AND ITS SUBSIDIARIES

FOR THE YEAR ENDED 30 JUNE 2024

# **B2** Taxation (continued)

# B2(b) Reconciliation between tax (expense)/benefit and pre tax net profit/(loss)

	2024 \$'000	2023 \$'000
Profit/(loss) before tax	530	5,800
Income tax (expense)/benefit using the tax rate of 30% (2023:30%)		
Expenditure not allowable for income tax purposes	(159)	(1,740)
Add prior year under/over provision	(3)	(3)
Other	(4)	-
Income tax (expense)/benefit on pre tax net profit	(88)	-
	(256)	(1,743)

## B2(c) Deferred tax balances

	2024 \$'000	2023 \$'000
Assets		
Non current	29,314	28,698
Liabilities		
Non current	(62,396)	(61,525)
Net deferred tax asset/(liability)	(33,082)	(32,827)

# **Section B: Details on Financial Performance (continued)**

## SUSTAINABLE TIMBER TASMANIA AND ITS SUBSIDIARIES

FOR THE YEAR ENDED 30 JUNE 2024

# **B2** Taxation (continued)

## B2(d) Reconciliation of deferred tax balances

			202	4		
	Opening balance \$'000	Under/Over \$'000	Charged to Statement of Comprehensive Income \$'000	Transferred from subsidiary \$'000	Charged to equity \$'000	Closing balance \$'000
Deferred tax assets						
Employee benefits	7,771	-	573	-	-	8,344
Other	5,826	-	(770)	-	-	5,056
Property, plant, equipment and land	5,226	(15)	243	-	(130)	5,324
Deferred tax losses	9,403	11	716	-	-	10,130
Provision for doubtful debts	473	-	(13)	-	-	460
Transfer – deferred tax liability	(29,147)	-	(166)	-	-	(29,313)
Total	(449)	(4)	583	-	(130)	-
Deferred tax liabilities						
Biological assets	(59,475)	-	(598)	-	-	(60,073)
Accrued revenue	(17)	-	15	-	-	(2)
Inventories	(1,965)	-	(143)	-	-	(2,108)
Property, plant, equipment and land	-	-	-	-	(49)	(49)
Investment in equity instruments	(68)	-	-		(96)	(164)
Transfer – deferred tax asset	29,147	-	166	-	-	29,313
Total	(32,377)	-	(560)	-	(145)	(33,082)
Net deferred tax assets/(liabilities)	(32,826)	(4)	23	-	(275)	(33,082)

	2023					
	Opening balance \$'000	Under/Over \$'000	Charged to Statement of Comprehensive Income \$'000	Transferred from subsidiary \$'000	Charged to equity \$'000	Closing balance \$'000
Deferred tax assets						
Employee benefits	7,908	-	(137)	-	-	7,771
Other	5,388	-	438	-	-	5,826
Property, plant, equipment and land	7,054	-	(882)	-	(946)	5,226
Deferred tax losses	8,399	-	1,004	-	-	9,403
Provision for doubtful debts	398	-	75	-	-	473
Transfer – deferred tax liability	(29,147)	-	-	-	-	(29,147)
Total	-	-	498	-	(946)	(449)
Deferred tax liabilities						
Biological assets	(56,805)	-	(2,670)	-	-	(59,475)
Accrued revenue	-	-	(17)	-	-	(17)
Inventories	(1,938)	-	(27)	-	-	(1,965)
Property, plant, equipment and land	-	-	-	-	-	-
Investment in equity instruments	-	-	-	-	(68)	(68)
Transfer – deferred tax asset	29,147	-	-	-	-	29,147
Total	(29,597)	-	(2,714)	-	(68)	(32,377)
Net deferred tax assets/(liabilities)	(29,597)	-	(2,216)	-	(1,014)	(32,826)

#### SUSTAINABLE TIMBER TASMANIA AND ITS SUBSIDIARIES

FOR THE YEAR ENDED 30 JUNE 2024

#### **B3** Dividends

#### Accounting policy

The Organisation may declare an ordinary dividend in accordance with its statutory requirements as determined under Part 11, Division 2 of the *Government Business Enterprises Act 1995*.

An ordinary dividend of \$600,000 was paid during the 2023-24 financial year in relation to 2022-23 results (2023: \$1,000,000).

The Board will advise the Treasurer and the Minister for Business, Industry and Resources of its recommendation in respect of a dividend payable by the Organisation, if any, in respect of the 2023–24 financial year within 60 days of the end of the financial year.

# Section C: The Forest Estate

SUSTAINABLE TIMBER TASMANIA AND ITS SUBSIDIARIES

FOR THE YEAR ENDED 30 JUNE 2024

#### C1 Biological assets

#### Accounting policy

The Biological asset comprises standing timber on Permanent Timber Production Zone (PTPZ) land and freehold land acquired between 1997 and 2004.

The Group does not hold freehold title over the majority of PTPZ land but is deemed to control the land pursuant to the *Forest Management Act 2013*. Any value attributed to PTPZ land is therefore discounted to a nil value.

The value of freehold land is measured at historical cost and included in note D4.

The value of roads is also measured at depreciated historical cost and is also included in note D4.

The standing timber is measured at fair value less costs to sell, with any changes in value recognised in the Statement of Comprehensive Income under 'Biological asset valuation increment/(decrement)'.

An independent market valuation is performance based on a net present value (NPV) calculation. NPV is calculated as the net of the future cash inflows and outflows associated with forest production activities discounted back to current values at the appropriate discount rate. Key assumptions underpinning the NPV calculation include:

- Forest valuations are based on the expected volumes of saleable timber that will be realised from existing stands, having considered management strategies and estimated timber recovery rates;
- Only the current crop (standing timber) is valued. The cash flow analysis is based on the optimised timing of the harvest of existing stands which has been developed in the context of sustainable yield management and the quantities available for harvest under the Forest Management Act 2013;
- Ancillary income earned from activities such as the leasing of land and other occupancy rights is added to the net harvest revenues.

A market derived discount rate of 8.5% (2023: 8.5%) is then used to discount the net annual income to determine a present value of the existing forest crop in accordance with the requirements of AASB 141 Agriculture to value the biological asset.

Rights to plantations at harvest date pursuant to Tree Farm Agreements are valued using the same methodology.

Biological assets are classified as current if it is anticipated they will be harvested within 12 months from balance date.

#### **Biological assets**

	2024 \$'000	2023 \$′000
Current		
Standing timber at valuation	13,109	14,175
Non current		
Standing timber at valuation	197,283	194,225
	197,283	194,225
	210,392	208,400

# **Section C: The Forest Estate (continued)**

#### SUSTAINABLE TIMBER TASMANIA AND ITS SUBSIDIARIES

FOR THE YEAR ENDED 30 JUNE 2024

## C1 Biological assets (continued)

#### Reconciliation of biological assets:

	Standing timber \$'000	Total \$'000
Carrying amount as at 1 July 2023	208,400	208,400
Additions	2,258	2,258
Change in fair value	(266)	(266)
	1,992	1,992
Carrying amount as at 30 June 2024	210,392	210,392
Carrying amount as at 1 July 2022	199,500	199,500
Additions	871	871
Change in fair value	8,029	8,029
	8,900	8,900
Carrying amount as at 30 June 2023	208,400	208,400

Biological assets are classified as level 3 on the fair value hierarchy. There were no transfers between level 1, 2 or 3 on the fair value hierarchy.

The following table summarises the sensitivity in relation to the significant unobservable inputs used in recurring level 3 fair value measurement:

Description	Fair value at 30 June 2024 \$'000	Unobservable inputs	Inputs	Relationship of unobservable inputs to fair value
Forest estate incorporating	210,392	Price	5% increase	value increases \$65.8m
biological asset		Discount rate	1% increase	value decreases \$17.0m
		Discount rate	1% decrease	value increases \$19.9m
		Harvest and haulage cost	5% increase	value decreases \$37.8m

# **Section C: The Forest Estate (continued)**

#### SUSTAINABLE TIMBER TASMANIA AND ITS SUBSIDIARIES

FOR THE YEAR ENDED 30 JUNE 2024

#### **C2** Re-establishment provision

#### Accounting policy

The Group recognises an obligation to re-establish harvested coupes at the conclusion of harvesting activities by setting aside a provision equivalent to the expected costs of re-establishment. The provision is based on harvested area and estimated treatment costs. Re-establishment is assessed and costs are estimated during the 3-year period from completion of harvesting activities. A market derived discount rate of 8.5% is then used to determine the present value of the expected costs of re-establishment.

The provision is apportioned between current and non current liabilities based on the expected timing of re-establishment activities. Any increase/(decrease) in the provision is recognised in note B1 (e) Expenses from operations as a reestablishment provision (increment)/decrement.

The Group has also issued forestry rights and has an obligation to re-establish coupes when the land has been handed back at the expiry of the right.

	2024 \$'000	2023 \$'000
Current	2,989	3,473
Non current	5,516	7,089
	8,505	10,562

#### Reconciliation of movement through the year:

	\$'000	\$'000
Carrying amount as at 1 July 2023	10,562	9,235
Additional provision made during the year	2,017	5,883
Utilisation of provision	(221)	(3,671)
Unused amounts reversed during the period	(2,881)	(885)
Adjustment for change in discount rate	(971)	-
Carrying amount as at 30 June 2024	8,505	10,562

2024

2022

# Section D: Details on Financial Position Items

#### SUSTAINABLE TIMBER TASMANIA AND ITS SUBSIDIARIES

FOR THE YEAR ENDED 30 JUNE 2024

#### D1 Cash and cash equivalents

#### Accounting policy

Cash and cash equivalents are classified as available-for-sale financial assets and measured at fair value subsequent to initial recognition, which is the face value of the cash. Cash and cash equivalents comprise cash at bank, cash on hand and short-term deposits with an original maturity date of 90 days or less. Term deposits with an original maturity date of between 91 days and 365 days are included in other financial assets at D6. Bank overdrafts that are repayable on demand and form part of the Group's cash management are included as a component of cash and cash equivalents for the purpose of the Statement of Cash Flows.

#### D1(a) Reconciliation of cash and cash equivalents

	2024 \$'000	2023 \$'000
For the purposes of the cash flow statements, cash and cash equivalents comprise the following as at 30 June:		
Cash at bank	2,270	8,712
Short-term deposits	153	2,024
Floats and advances	3	3
	2,426	10,739

#### D1(b) Reconciliation of comprehensive income/(expense) after tax to net cash flows from operations

	2024 \$'000	2023 \$'000
Net profit/(loss) after tax	274	4,057
Add/(less) items classified as investing/financing activities:		
(Profit)/loss on disposal of non current assets	(839)	(1,739)
(Profit)/loss on other financial assets	-	24
Add/(less) non-cash items:		
Biological asset valuation (increment)/decrement	266	(8,029)
Depreciation and amortisation	7,289	6,211
Impairment of non current assets	455	-
Expected credit loss – trade receivables	(43)	321
Changes in assets and liabilities:		
(Increase)/decrease in trade and other receivables	(2,083)	2,906
(Increase)/decrease in other assets	(243)	(116)
(Increase)/decrease in inventories	(2,373)	(3,511)
Increase/(decrease) in trade and other payables	3,821	(614)
Increase/(decrease) in contract liabilities	(350)	3
Increase/(decrease) in deferred tax	256	3,232
Increase/(decrease) in provisions	97	870
Net cash provided by operating activities	6,526	3,614

## **Section D: Details on Financial Position Items (continued)**

#### SUSTAINABLE TIMBER TASMANIA AND ITS SUBSIDIARIES

FOR THE YEAR ENDED 30 JUNE 2024

#### D1 Cash and cash equivalents (continued)

## D1(c) Reconciliation of liabilities arising from financing activities

Liabilities arising from financing activities are liabilities for which cash flows were, or future cash flows will be, classified in the Statement of Cash Flows as cash flows from financing activities.

	Lease liabilities \$'000	Total \$'000
Carrying amount as at 1 July 2022	7,158	7,158
Changes from financing cash flows:		
Cash payments	(767)	(767)
Non-cash changes		
Lease additions	-	-
Lease disposals	(493)	(493)
Balance as at 30 June 2023	5,898	5,898

	Lease liabilities \$'000	Total \$'000
Carrying amount as at 1 July 2023	5,898	5,898
Changes from financing cash flows:		
Cash payments	(1,213)	(1,213)
Non-cash changes		
Lease additions	2,177	2,177
Lease disposals	-	-
Lease adjustments	21	21
Balance as at 30 June 2024	6,884	6,884

#### D2 Trade and other receivables

#### Accounting policy

Trade and other receivables are recognised on performance of the Group's obligations and measured at fair value. The net carrying value of trade receivables is considered a reasonable approximation of fair value. Collection terms are generally 30–60 days for trade receivables (2023: 30–60 days). The average debtor days at 30 June 2024 was 16 days (2023: 16 days).

The Group's trade and other receivables have been reviewed for expected credit losses. Certain trade receivables were found to be impaired and a reversal of prior period allowances of \$42,000 (2023: allowance \$321,000) has been recognised within other expenses at note B1(b).

Additional information on the accounting policy for trade and other receivables and provision for expected credit loss is disclosed in Section F Financial Instruments and Risk Management.

#### SUSTAINABLE TIMBER TASMANIA AND ITS SUBSIDIARIES

FOR THE YEAR ENDED 30 JUNE 2024

#### D2 Trade and other receivables (continued)

	2024 \$'000	2023 \$'000
Current		
Trade and other receivables	9,138	7,154
Less provision for expected credit loss	(1,534)	(1,576)
Accrued revenue	357	435
Less provision for expected credit loss	-	(134)
Total current receivables	7,962	5,879
Non current		
Other	60	60
Total non current receivables	60	60

#### **D3** Inventories

#### Accounting policy

Inventories are measured at the lower of cost and net realisable value. Net realisable value is determined based on each inventory line's normal selling pattern. Costs of inventory include those expenses incurred in bringing inventory items to their present location and condition and include the following:

- Raw materials purchase cost or costs of direct materials and labour and a proportion of overheads;
- Finished goods and work in progress costs of direct materials and labour and a proportion of overheads;
- Emissions certificates fair value determined by the market price of certificates traded on the platform at the date the certificate is issued.

The Group undertakes eligible activities as part of the Australian Government's Emissions Reduction Fund for which the Clean Energy Regulator grants the Group the respective number of emissions certificates (Australian carbon credit units).

The Group recognises emissions certificates as inventories. Emissions certificates received from the government are initially measured at deemed cost which is equal to fair value and is determined based on the market price of certificates traded on the platform at that date.

The cost of emissions certificates is based on the first-in, first-out allocation method. Emissions certificates are subsequently measured at the lower of cost and net realisable value.

During the year, the Group did not receive any emissions certificates (2023: \$299,000).

Initial fair value of emissions certificates received from government are recognised in revenue as government grants (see note B1).

	2024 \$'000	2023 \$'000
Gravel stocks at cost	3,477	3,010
Seed and seedlings at cost	3,337	3,115
Harvested timber at cost	13,345	11,547
Stores general at cost	215	329
Australian carbon credit units	299	299
	20,673	18,300

2024

## **Section D: Details on Financial Position Items (continued)**

#### SUSTAINABLE TIMBER TASMANIA AND ITS SUBSIDIARIES

FOR THE YEAR ENDED 30 JUNE 2024

#### D4a Property, plant and equipment

#### Accounting policy

#### Freehold land

The Group does not hold freehold title over the majority of PTPZ land but is deemed to control the land pursuant to the *Forest Management Act 2013*. Any value attributed to PTPZ land is therefore discounted to a nil value.

The Group holds title to freehold land purchased between 1997 and 2004. The carrying value of freehold land is determined using the historical cost method.

#### Roads

The carrying value of roads is determined using the historical cost method.

Depreciation is recognised in profit or loss on a straight-line basis over the estimated useful life of each road. Depreciation methods, useful lives and residual values are reviewed at each reporting date.

The estimated useful life for the current and comparative periods for roads and road structures ranges between 1 and 20 years.

#### Buildings and land under buildings

Buildings and land under buildings are measured at fair value less accumulated depreciation and accumulated impairment losses recognised after the date of the revaluation. Land under buildings and buildings are classed as level 2 assets under the fair value measurement standard.

Non current assets measured at fair value are revalued with sufficient regularity to ensure the carrying amount of each asset does not differ materially from fair value at reporting date. Periodic reviews are completed for specifically identified land and buildings by an independent valuer. Other land and building assets are valued using Capital Value Adjustment Factors supplied from the office of the Valuer General. Revaluation increments are recognised in the asset revaluation reserve except for amounts reversing a decrement previously recognised as an expense, which are recognised as revenues in other comprehensive income. Revaluation decrements are only offset against revaluation increments relating to the same asset. Any excess is recognised as an expense.

#### Right-of-use assets

Right-of-use assets are recognised at cost less accumulated depreciation and accumulated impairment losses.

The Group recognises a right-of-use asset and a lease liability at the commencement date of the contract for all leases conveying the right to control the use of an

identified asset for a period of time. The commencement date is the date on which a lessor makes an underlying asset available for use by the Group.

The right-of-use assets are initially measured at cost, which comprises:

- the amount of the initial measurement of the lease liability:
- any lease payments made at or before the commencement date, less any lease incentives;
- any initial direct costs incurred by the lessee;
- an estimate of costs to be incurred by the lessee in dismantling and removing the underlying assets or restoring the site on which the assets are located.

After the commencement date, the right-of-use assets are measured at cost less any accumulated depreciation and any accumulated impairment losses and adjusted for any remeasurement of the lease liability.

<u>Plant and equipment, vehicles and capital work in progress</u> Plant and equipment, vehicles and capital work in progress are recognised at cost less accumulated depreciation and accumulated impairment losses.

Cost includes expenditure that is directly attributable to the acquisition of the asset. Borrowing costs related to the acquisition or construction of qualifying assets are included as directly attributable to the cost of the asset.

When parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

The cost of replacing part of an item of property, plant and equipment is recognised in the carrying amount of the item if it is probable that the future economic benefits embodied within the part will flow to the Group and its cost can be measured reliably. The carrying amount of the replaced part is derecognised. The costs of the day-to-day servicing of property, plant and equipment are recognised in profit or loss as incurred.

The capitalisation threshold for plant and equipment is \$1,000 and \$5,000 for all other classes of non current assets.

An item of property, plant and equipment is derecognised upon disposal or when no further future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the profit or loss (in other income) in the year the asset is derecognised. When revalued assets are sold, the amounts included in the revaluation reserve are transferred to retained earnings.

#### SUSTAINABLE TIMBER TASMANIA AND ITS SUBSIDIARIES

FOR THE YEAR ENDED 30 JUNE 2024

# D4 Property, plant and equipment (continued)

#### Accounting policy (continued)

Impairment of property, plant and equipment

At each reporting date, the Group reviews the carrying amounts of its property, plant and equipment to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated to determine the extent of the impairment loss (if any).

Where the asset does not generate cash flows that are independent from other assets, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs. When a reasonable and consistent basis of allocation can be identified, corporate assets are also allocated to individual cash-generating units, or otherwise they are allocated to the smallest group of cash-generating units for which a reasonable and consistent allocation basis can be identified. Recoverable amount is the higher of fair value less costs of disposal and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease and to the extent that the impairment loss is greater than the related revaluation surplus, the excess impairment loss is recognised in profit or loss. Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or cash-generating unit) in prior years, a reversal of an impairment loss is recognised immediately in profit or loss to the extent that it eliminates the impairment loss which has been recognised for the asset in prior years. Any increase in excess of this amount is treated as a revaluation increase.

#### Depreciation of property, plant and equipment

Other than for vehicles, depreciation is recognised in profit or loss on a straight-line basis over the estimated useful life of each part of an item of property and equipment. Depreciation of vehicles has been recognised in profit or loss on a diminishing value basis.

Assets under lease are amortised over the shorter of the lease term and the useful life unless it is reasonably certain that the Group will obtain ownership by the end of the lease term. Depreciation methods, useful lives and residual values are reviewed at each reporting date.

The estimated useful lives for the current and comparative periods are as follows:

- Land is not depreciated;
- Roads 1 to 20 years;
- Buildings 10 to 40 years;
- Right-of-use assets 3 to 20 years;
- Plant and equipment 2 to 15 years;
- Vehicles 3 years.

If the lease transfers ownership of the underlying asset to the Group by the end of the lease term or if the cost of the right-of-use asset reflects that the Group will exercise a purchase option, the Group depreciates the right-of-use asset from the commencement date to the end of the useful life of the underlying asset. Otherwise, the Group depreciates the right-of-use asset from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term.

## **Section D: Details on Financial Position Items (continued)**

#### SUSTAINABLE TIMBER TASMANIA AND ITS SUBSIDIARIES

FOR THE YEAR ENDED 30 JUNE 2024

## D4 Property, plant and equipment (continued)

### D4(a) Reconciliation of property, plant and equipment assets

	Freehold land \$'000	Roads \$'000	Land under buildings \$'000	Buildings \$'000	Right -of-use assets \$'000	Plant & equipment \$'000	Vehicles \$'000	Capital work in progress \$'000	Total \$'000
Carrying amount	10 507	10.616	0.000	0.435	6.005	4.045	1,000	1.571	46.175
at 1 July 2022	10,537	10,616	2,286	9,415	6,225	4,245	1,280	1,571	46,175
Additions	- ()	4,836	-	-	-	924	1,731	4,858	12,349
Disposals	(89)	-	(180)	-	(493)	(32)	(13)	-	(806)
Reallocation	-	-	-	-	-	-	-	-	-
Revaluation	-	-	1,024	2,142	-	-	-	-	3,166
Movement in work in progress	343	736	-	-	-	-	-	(2,460)	(1,381)
Impairment	-	-	-	(12)	-	-	-	-	(12)
Depreciation	-	(2,699)	-	(311)	(847)	(1,034)	(1,321)	-	(6,211)
Carrying amount at 30 June 2023	10,791	13,489	3,130	11,235	4,885	4,104	1,678	3,969	53,281
Carrying amount at 1 July 2023	10,791	13,489	3,130	11,235	4,885	4,104	1,678	3,969	53,281
Additions	-	6,012	250	4,403	2,177	629	1,944	5,240	20,655
Disposals	(94)	-	-	-	-	(11)	(6)	-	(111)
Reallocation – intangible assets	-	-	-	-	-	(195)	-	-	(195)
Other reallocations	1	-	2	-	22	6	-	(7)	24
Revaluation	-	-	1,096	(499)	-	_	-	-	597
Movement in work in progress	-	(1,181)	-	-	-	-	-	(7,098)	(8,279)
Impairment	-	-	-	(455)	-	-	-	-	(455)
Depreciation	-	(3,342)	-	(380)	(815)	(1,054)	(1,682)	-	(7,273)
Carrying amount at 30 June 2024	10,698	14,979	4,478	14,304	6,269	3,479	1,933	2,104	58,245
Carrying value of assets under the cost model at 30 June 2024	10,698	24,018	1,749	11,101	-	3,479	1,933	-	52,978

#### SUSTAINABLE TIMBER TASMANIA AND ITS SUBSIDIARIES

FOR THE YEAR ENDED 30 JUNE 2024

#### D5 Intangible assets

#### Accounting policy

#### Intangible assets acquired separately

Intangible assets with finite useful lives that are acquired separately are carried at cost less accumulated amortisation and accumulated impairment losses. Amortisation is recognised on a straight-line basis over their estimated useful lives. The estimated useful life and amortisation method are reviewed at the end of each reporting period, with the effect of any changes in estimate being accounted for on a prospective basis. Intangible assets with indefinite useful lives that are acquired separately are carried at cost less accumulated impairment losses.

# Internally-generated intangible assets – research and development expenditure

Expenditure on research activities is recognised as an expense in the period in which it is incurred.

An internally-generated intangible asset arising from development (or from the development phase of an internal project) is recognised if, and only if, all of the following conditions have been demonstrated:

- the technical feasibility of completing the intangible asset so that it will be available for use or sale;
- the intention to complete the intangible asset and use or sell it;
- the ability to use or sell the intangible asset;
- how the intangible asset will generate probable future economic benefits;
- the availability of adequate technical, financial and other resources to complete the development and to use or sell the intangible asset;
- the ability to measure reliably the expenditure attributable to the intangible asset during its development.

The amount initially recognised for internally-generated intangible assets is the sum of the expenditure incurred from the date when the intangible asset first meets the recognition criteria listed above. Where no internally-generated intangible asset can be recognised, development expenditure is recognised in profit or loss in the period in which it is incurred.

Subsequent to initial recognition, internally-generated intangible assets are reported at cost less accumulated amortisation and accumulated impairment losses, on the same basis as intangible assets that are acquired separately.

An intangible asset is derecognised on disposal, or when no future economic benefits are expected from use or disposal. Gains or losses arising from derecognition of an intangible asset, measured as the difference between the net disposal proceeds and the carrying amount of the asset, are recognised in profit or loss when the asset is derecognised.

#### Impairment of intangible assets

At each reporting date, the Group reviews the carrying amounts of its intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated to determine the extent of the impairment loss (if any).

Where the asset does not generate cash flows that are independent from other assets, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs. When a reasonable and consistent basis of allocation can be identified, corporate assets are also allocated to individual cash-generating units, or otherwise they are allocated to the smallest group of cash-generating units for which a reasonable and consistent allocation basis can be identified.

Intangible assets with an indefinite useful life are tested for impairment at least annually and whenever there is an indication at the end of a reporting period that the asset may be impaired.

Recoverable amount is the higher of fair value less costs of disposal and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease and to the extent that the impairment loss is greater than the related revaluation surplus, the excess impairment loss is recognised in profit or loss. Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or cash-generating unit) in prior years, a reversal of an impairment loss is recognised immediately in profit or loss to the extent that it eliminates the impairment loss which has been recognised for the asset in prior years. Any increase in excess of this amount is treated as a revaluation increase.

# **Section D: Details on Financial Position Items (continued)**

#### SUSTAINABLE TIMBER TASMANIA AND ITS SUBSIDIARIES

FOR THE YEAR ENDED 30 JUNE 2024

#### D5 Intangible assets (continued)

	Note	2024 \$'000	2023 \$'000
Cost			
Cost at 1 July		-	-
Transfer from plant and equipment	D4	261	-
Additions from internal development*		402	-
Disposals		(66)	-
Cost at 30 June		597	-
Amortisation			
Amortisation at 1 July		-	-
Transfer from plant and equipment	D4	(66)	-
Charge for the year		(16)	-
Disposals		66	-
Amortisation at 30 June		(16)	-
Carrying amount			
Carrying amount at 1 July		-	-
Transfer from plant and equipment	D4	195	-
Movement for the year		386	-
Carrying amount at 30 June		581	-

<sup>\*</sup>Internal development includes software that is separately identifiable and has been acquired, significantly modified, developed and tested for internal use by the Organisation. The software supports business operations and asset management.

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#### SUSTAINABLE TIMBER TASMANIA AND ITS SUBSIDIARIES

FOR THE YEAR ENDED 30 JUNE 2024

#### **D6** Financial assets

#### Accounting policy

The accounting policy for financial assets is disclosed in note F1. A general description of each category of financial assets follows.

#### Prepayments

Prepayments represent amounts paid to suppliers for services that are delivered over a term of up to 12 months. Prepayments are measured at amortised cost.

#### Term deposits

Term deposits are fixed interest term deposits with an original maturity date of between 91 days and 365 days.

Term deposits with an original maturity date 90 days or less are disclosed as cash and cash equivalents at note D1.

Term deposits are held-to-maturity assets and measured at amortised cost. Interest on term deposits is recognised in profit or loss as a gain on Financial assets at note B1(i) as it accrues using the effective interest method.

#### Bonds and debentures

Bonds and debentures include government and corporate issued debt instruments.

Bonds and debentures are held-to-maturity assets and measured at amortised cost. Interest is recognised in profit or loss as a gain on financial assets at note B1(h) as it accrues using the effective interest method.

#### Other financial assets

Other financial assets represent timber purchased under agreement where the seller has the enforceable option to repurchase the timber within 15 months of sale. The gain on financial assets is recognised in profit and loss at note B1(h) as it accrues using the effective interest method.

# Equity investments measured at fair value through profit or loss

Equity investments measured at fair value through profit or loss represents an equity investment held in an Australian unlisted public company. Dividends are recognised in profit or loss as a gain on financial assets at note B1(h) at fair value.

# <u>Equity investments measured at fair value through other</u> comprehensive income

Equity investments measured at fair value through other comprehensive income include investments in real assets, domestic equities and international equities. Dividends are recognised in profit or loss as a gain on financial assets at note B1(h) at fair value. Gains/(losses) that arise on measurement at fair value are recognised in other comprehensive income.

The accounting policy for financial assets is disclosed in Section F Financial Instruments and Risk Management.

	Note	2024 \$'000	2023 \$'000
Current			
Other term deposits		7,500	9,300
Bonds and debentures		2,579	800
Other financial assets		-	3,369
Total current financial assets		10,079	13,468
Non current			
Investments in equity instruments designated at fair value through profit or loss	D6 (a)	5	5
Investments in equity instruments designated at fair value through other comprehensive income	D6 (a)	6,978	2,961
Total non current financial assets		6,983	2,966

# D6(a) Reconciliation of movement in investments in equity instruments designated at fair value through other comprehensive income

	2024 \$'000	2023 \$'000
Carrying amount at 1 July	2,966	5
Additions	4,404	2,736
Change in fair value	387	225
Carrying amount at 30 June	6,983	2,966

## **Section D: Details on Financial Position Items (continued)**

#### SUSTAINABLE TIMBER TASMANIA AND ITS SUBSIDIARIES

FOR THE YEAR ENDED 30 JUNE 2024

#### **D7** Other assets

	2024 \$'000	2023 \$'000
Current		
Prepayments	1,867	1,624
	1,867	1,624

#### D8 Trade and other payables

#### Accounting policy

The accounting policy for trade and other payables is disclosed in note F1.

Trade and other payables are stated at their amortised cost and are considered to be a reasonable approximation of fair value. Trade payables are short-term, non-interest bearing and are generally settled within 30-day terms.

	2024 \$'000	2023 \$'000
Current		_
Trade creditors and other payables	11,823	8,424
Accrued expenses	3,799	3,377
Total current payables	15,622	11,801

#### SUSTAINABLE TIMBER TASMANIA AND ITS SUBSIDIARIES

FOR THE YEAR ENDED 30 JUNE 2024

#### **D9** Lease liabilities

#### Accounting policy

The Group recognises a lease liability at the commencement date of the contract for all leases conveying the right to control the use of an identified asset for a period of time. The commencement date is the date on which a lessor makes an underlying asset available for use by a lessee. The lease liability is initially measured at the present value of the lease payments that are not paid at that date. These include:

- fixed payments, less any lease incentives receivable;
- variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date;
- amounts expected to be payable by the lessee under residual value guarantees;
- the exercise price of a purchase option if the lessee is reasonably certain to exercise that option; and
- payments of penalties for terminating the lease, if the lease term reflects the lessee exercising an option to terminate the lease.

The lease payments exclude variable elements which are dependent on external factors such as, for example, sale volume in the point of sale leased. Variable lease payments not included in the initial measurement of the lease liability are recognised directly in the profit and loss.

The lease payments are discounted using the Group's incremental borrowing rate or the rate implicit in the lease contract. The lease term determined by the Group comprises:

- non-cancellable period of lease contracts;
- periods covered by an option to extend the lease if the lessee is reasonably certain to exercise that option;
- periods covered by an option to terminate the lease if the lessee is reasonably certain not to exercise that option.

After the commencement date the Group measures the lease liability by:

- increasing the carrying amount to reflect interest on the lease liability;
- reducing the carrying amount to reflect lease payments made; and

2024

\$'000

2023

\$'000

 re-measuring the carrying amount to reflect any reassessment or lease modifications.

Current	1,204	1,012
Non current	5,680	4,886
	6,884	5,898
Reconciliation of movement through the year:		
Carrying amount at 1 July	5,898	7,158
Additions	2,177	-
Disposals	-	(493)
Adjustments	21	-
Interest expense	459	355
Payments	(1,672)	(1,122)
Carrying amount at 30 June	6,884	5,898
	2024 \$'000	2023 \$'000
Maturity analysis		
Year 1	1,204	962
Year 2	1,109	985
Year 3	897	910
Year 4	823	698
	842	624
Year 5		
Year 5 Onwards	4,793	4,159
	4,793 (2,785)	4,159 (2,441)

## **Section D: Details on Financial Position Items (continued)**

#### SUSTAINABLE TIMBER TASMANIA AND ITS SUBSIDIARIES

FOR THE YEAR ENDED 30 JUNE 2024

#### **D10 Contract liabilities**

#### Accounting policy

Contract liabilities include deferred income pursuant to Forestry Rights over a 99-year term where income is proportionally recognised in comprehensive income over the term of the right. The deferred income was received in October 2017.

Other contract liabilities generally include deferred income pursuant to property leases and rights where income is received in advance and proportionally recognised in comprehensive income over the term of the contract.

There were no significant changes in the contract liability balances during the reporting period.

	2024 \$'000	2023 \$'000
Current	908	1,202
Non Current	6,068	6,124
	6,976	7,326
	2024 \$'000	2023 \$'000
Deferred income – Forestry Rights		
Opening balance	6,122	6,188
Receipts	-	-
Revenue recognised in comprehensive income	(66)	(66)
Closing balance	6,056	6,122
Other contract liabilities		
Opening balance	1,204	1,135
Receipts	440	350
Revenue recognised in comprehensive income	(724)	(281)
Closing balance	920	1,204
Closing balance 30 June 2024	6,976	7,326

#### SUSTAINABLE TIMBER TASMANIA AND ITS SUBSIDIARIES

FOR THE YEAR ENDED 30 JUNE 2024

#### D11 Interest bearing liabilities

#### Accounting policy

The accounting policy for financial liabilities is disclosed in note F1.

Under the Tasmanian *Public Finance Corporation Act* 1985, the Government has provided a guarantee of the Organisation's borrowings from the Tasmanian Public Finance Corporation. As at 30 June 2024, this support was limited to a maximum amount of \$5,000,000.

The facility is secured by a floating charge over the Group's trade and other receivables.

The carrying amount of trade and other receivables which the Group has pledged as security is \$9,496,000 (2023: \$7,154,000).

The facility limit was undrawn and remains in place at 30 June 2024.

The Group also has a \$2,000,000 multi-currency overdraft facility to facilitate foreign currency transactions (2023: \$2,000,000) and a \$500,000 credit card facility limit.

The overdraft facility was undrawn at 30 June 2024 (2023: undrawn). The credit card facility was drawn in the amount of \$137,000 at 30 June 2023 (2023: \$15,000).

The full amount payable on credit cards is included in current liabilities as this is payable within 31 days before interest is charged. After this date, the payable bears interest at 18.50% pa (2023: 18.50% pa) payable monthly.

	2024 \$'000	
Financing arrangements		
The Organisation has access to the following lines of credit:		
Total facilities available:		
Credit cards	500	500
Mult-currency overdraft facility	2,000	2,000
Loan facility – secured	5,000	5,000
	7,500	7,500
Facilities used at balance date:		
Credit cards	133	7 15
Multi-currency overdraft facility		
Loan facility – secured		
	133	7 15
Facilities not used at balance date:		
Credit cards	363	485
Mult-currency overdraft facility	2,000	2,000
Loan facility – secured	5,000	5,000
	7,363	7,485

# Section E: Employee Entitlements

SUSTAINABLE TIMBER TASMANIA AND ITS SUBSIDIARIES

FOR THE YEAR ENDED 30 JUNE 2024

#### El Employee benefits

#### Accounting policy

#### Superannuation

A Defined Contribution Plan is a post-employment benefit plan under which an entity pays fixed contributions into a separate entity and will have no legal or constructive obligation to pay further amounts. Obligations for contributions to defined contribution plans are recognised as a salary and wage expense in profit or loss when they are due.

A Defined Benefit Plan is a post-employment benefit plan other than a defined contribution plan. The Group's net obligation in respect of defined benefit plans is calculated separately for each plan by estimating the amount of future benefit that employees have earned in return for their service in the current and prior periods. That benefit is then discounted to determine its present value. Any unrecognised past service costs and the fair value of any plan assets are deducted.

An independent actuarial assessment of the Group's unfunded superannuation liability has determined the overall obligation to current and past employees. The actuary uses the 'Projected Unit Credit' method to determine the unfunded superannuation liability.

The discount rate is the yield at the reporting date based on AA credit-rated or government bonds that have maturity dates approximating the terms of the Group's obligations and that are denominated in the same currency in which the benefits are expected to be paid. The calculation is performed annually by a qualified actuary using the projected unit credit method. When the calculation results in a benefit to the Group, the recognised asset is limited to the net total of any unrecognised past service costs and the present value of any future refunds from the plan or reductions in future contributions to the plan. An economic benefit is available to the Group if it realisable during the life of the plan, or on settlement of the plan liabilities.

The accounting standard states that the discount rate used to value employee benefit liabilities should be based on the yield on high quality corporate bonds if a deep market for these bonds exists (if not, the discount rate should be based on government bond yields). It has been determined that a liquid market does exist. On this basis the Defined Benefit Obligation at 30 June 2024 is based on a corporate bond yield of 5.55% (2023: 5.70%).

The Group recognises as an expense in the current period the cost of contributions and the detailed expense figures as advised by the actuary. The actuarial gains and losses for the period are recognised in other comprehensive income.

The defined benefit obligation recognised in the Statement of Financial Position represents the present value of the defined benefit obligation, adjusted for unrecognised past service cost, net of the fair value of the plan assets. The superannuation liability is determined by Mercer (Australia) Pty Ltd who was appointed by the Department of Treasury and Finance.

#### Annual leave

Liabilities for annual leave expected to be settled within 12 months of the year end represent present obligations resulting from employees' services provided to reporting date, calculated at undiscounted amounts based on wage and salary rates that the business expects to pay as at reporting date including related on-costs.

#### Long service leave

The provision for employee entitlements to long service leave represents the present value of the estimated future cash outflows to be made resulting from employees' services provided up to balance date.

In calculating the liability, consideration has been given to future increases in wage and salary rates, including on-costs, and considers the Group's experience with staff departures. The discount rates utilised in the calculation of the liability are provided by Treasury and are equivalent to an Australian Government bond rate.

All vested long service leave is shown as a current liability.

## Worker's compensation

The Group is a self-insurer for workers compensation. The provision for workers compensation is set at a level to cover estimated medical expenses, compensation payments and likely common law settlements for reported claims as at 30 June 2024. The provision also includes an allowance for incurred but unreported claims at 30 June 2024.

#### Sick leave

No liability has been recognised for sick leave as any entitlement to sick leave is non-vesting.

# **Section E: Employee Entitlements (continued)**

## SUSTAINABLE TIMBER TASMANIA AND ITS SUBSIDIARIES

FOR THE YEAR ENDED 30 JUNE 2024

## **E2** Current employee benefits

	2024 \$'000	2023 \$'000
Annual leave	1,252	1,225
Long service leave	2,094	1,878
Superannuation defined benefit scheme	735	643
Workers compensation	69	59
	4,150	3,805

# E3 Non current employee benefits

	2024 \$'000	2023 \$'000
Long service leave	242	319
Superannuation defined benefit scheme	23,665	21,780
	23,907	22,099
Assumed rate of increase in wages and salaries	3.50%	3.50%
Discount rate used in the calculation of the long service leave provision ranges from $2.47\%$ to $4.01\%$ (2023 range $2.47\%$ to $4.01\%$ ).		
Settlement terms (years) – long service leave	10 years	10 years

# **Section E: Employee Entitlements (continued)**

## SUSTAINABLE TIMBER TASMANIA AND ITS SUBSIDIARIES

FOR THE YEAR ENDED 30 JUNE 2024

# **E4** Superannuation liability

2024 \$'000	2023 \$'000
5.70%	5.35%
5.70%	5.35%
3.50%	5.50%
3.50%	3.50%
3.50%	5.50%
5.55%	5.70%
5.55%	5.70%
3.50%	3.50%
3.50%	3.50%
3.50%	3.50%
•	\$'000 5.70% 5.70% 3.50% 3.50% 5.55% 5.55% 3.50% 3.50%

#### Sensitivity analysis

Scenario A – 1.0% pa lower discount rate assumption

Scenario B – 1.0% pa higher discount rate assumption

Scenario C – 1.0% pa lower expected pension increase rate assumption

Scenario D – 1.0% pa higher expected pension increase rate assumption

	Base Case	Scenario A	Scenario B	Scenario C	Scenario D
Discount rate (pa)	5.55%	4.55%	6.55%	5.55%	5.55%
Pension increase rate (pa)	2.50%	2.50%	2.50%	1.50%	3.50%
Defined benefit obligation (A\$'000s)	29,240	33,313	25,945	26,988	31,970

Profit or loss impact	2024 \$'000	2023 \$'000
Current service cost	585	677
Net interest	1,251	1,196
Defined benefit cost recognised in profit or loss	1,836	1,873
Other comprehensive income		
Actuarial (gains) losses	795	(1,784)
Actuarial return on plan assets less interest income	122	207
Total remeasurements recognised in other comprehensive income	917	(1,577)
Reconciliation of the net defined benefit liability/(asset)		
Defined benefit obligation	29,240	27,029
Fair value of plan assets	(4,840)	(4,606)
Deficit/(surplus)	24,400	22,423
Net defined benefit liability/(asset)	24,400	22,423
Current net liability	735	643
Non current net liability	23,665	21,780

# **Section E: Employee Entitlements (continued)**

## SUSTAINABLE TIMBER TASMANIA AND ITS SUBSIDIARIES

FOR THE YEAR ENDED 30 JUNE 2024

# **E4** Superannuation liability (continued)

	2024	2023
	\$'000	\$'000
Reconciliation of the fair value of scheme assets		
Fair value of plan assets at beginning of the year	4,606	4,433
Interest income	266	241
Actual return on plan assets less interest income	(122)	(207)
Employer contributions	776	724
Contributions by plan participants	313	336
Benefits paid	(990)	(912)
Taxes, premiums and expenses paid	(9)	(9)
Fair value of plan assets at end of the year	4,840	4,606
	2024	2023
	\$′000	\$'000
Reconciliation of the defined benefit obligation		
Present value of defined benefit obligation at beginning of the year	27,029	27,284
Current service cost	585	677
Interest cost	1,517	1,437
Contributions by plan participants	313	336
Actuarial (gains)/losses arising from changes in demographic assumptions	-	(106)
Actuarial (gains)/losses arising from changes in financial assumptions	539	(1,148)
Actuarial (gains)/losses arising from liability experience	256	(530)
Benefits paid	(990)	(912)
Taxes, premiums and expenses paid	(9)	(9)
	29,240	27,029

Fair value of scheme assets		Quoted prices in active markets for identical	Significant observable	Unobservable inputs
Asset Category	Total	assets – Level 1	inputs – Level 2	-Level 3
Australian equities	847	-	847	-
International equities	1,050	-	1,050	-
Infrastructure	760	-	194	566
Diversified fixed interest	1,080	-	1,080	-
Property	755	-	77	678
Alternative investments	348	-	348	-
Total	4,840	-	3,596	1,244

The weighted average duration of the defined benefit obligation at 30 June 2024 is 14.6 years (30 June 2023: 13.8 years).

Expected employer contributions for the year ended 30 June 2024 are \$735,000 (30 June 2023: \$643,000).

# **Section E: Employee Entitlements (continued)**

## SUSTAINABLE TIMBER TASMANIA AND ITS SUBSIDIARIES

FOR THE YEAR ENDED 30 JUNE 2024

# **E4** Superannuation liability (continued)

Current service cost		
Cult Citt Sci Vice Cost		
1 Total current service cost at beginning of year	(841)	(952)
2 Interest for the year	(48)	(51)
3 Expected contributions tax and expenses	(9)	(10)
4 Expected employee contributions	313	336
5 Expected change in contributions tax provision	-	-
6 Accumulation contributions met from surplus	-	-
7 Current service cost	(585)	(677)
Interest expense		
1 Defined benefit obligation at beginning of year	27,029	27,284
2 Expected distributions	(821)	(825)
a. Weighted timing	(411)	(413)
3 Average defined benefit obligation (1-2a)	26,618	26,871
4 Discount rate	5.70%	5.35%
5 Interest expense (3 x 4)	(1,517)	(1,437)
Interest income		
1 Fair value of plan assets at beginning of year	4,606	4,433
2 Expected employer contributions	643	655
a. Weighted for timing	322	328
3 Expected employee contributions	313	336
a. Weighted for timing	157	168
4 Expected distributions during year	821	825
a. Weighted for timing	411	413
5 Expected expenses, tax and insurance premiums	9	10
a. Weighted for timing	5	5
6 Average expected fair value of assets (1+2a+3a-4a-5a)	4,670	4,511
7 Discount rate	5.70%	5.35%
8 Interest income (6 x 7)	266	241
Net interest		
1 Interest expense	(1,517)	(1,437)
2 Interest income	266	241
3 Net interest (1-2)	(1,251)	(1,196)
Actuarial (gains)losses (recognised in other comprehensive income)		
1 Actuarial (gain)/loss on defined benefit obligation – experience	256	(530)
2 Actuarial (gain)/loss on defined benefit obligation – change in demographic assumptions	_	(106)
3 Actuarial (gain)/loss on defined benefit obligation – change in financial assumptions	539	(1,148)
4 Actuarial (gain)/loss (1+2+3)	795	(1,784)

## **Section E: Employee Entitlements (continued)**

#### SUSTAINABLE TIMBER TASMANIA AND ITS SUBSIDIARIES

FOR THE YEAR ENDED 30 JUNE 2024

#### E5 Key management personnel compensation and other disclosures

#### Remuneration principles

Key management personnel are determined to be the Organisation's directors and the members of the General Management Team.

#### Non-executive director remuneration

Non-executive directors are appointed by the Governor-in-Council on the joint recommendation of the Treasurer and Portfolio Minister. Each instrument of appointment is for a maximum period of three years and prescribes the relevant remuneration provisions. Directors can be reappointed in accordance with the relevant *Guidelines for Tasmanian Government Businesses – Board Appointments*. The level of fees paid to non-executive directors is determined by the Department of Premier and Cabinet, as are additional fees paid in respect of their work on Board committees.

Superannuation is paid at the appropriate rate as prescribed by superannuation guarantee legislation. No other leave, termination or retirement benefits are accrued or paid to directors. Directors are entitled to reimbursement of reasonable expenses incurred. Non-executive directors' remuneration is reviewed periodically with increases subject to approval by the Treasurer and Portfolio Minister.

#### Executive remuneration

Remuneration levels for key management personnel are set in accordance with the *Guidelines for Tasmanian Government Businesses – Director and Executive Remuneration Guidelines*. Under these guidelines, remuneration bands for chief executive officers (CEOs) are determined by the Government Business Executive Remuneration Advisory Panel, reflect the principles outlined in the guidelines, and broadly align with State Service heads of agency. Positioning within the bands depends on the complexity and size of the business and the environment in which the business operates. Remuneration for other senior executives is set with reference to the CEO's salary.

The CEO is appointed by the Premier and Portfolio Minister following selection and recommendation by the Board. The Board consults with the Government Business Executive Remuneration Advisory Panel when determining the CEO's remuneration package.

Remuneration levels for the Organisation's General Management Team are set to attract and retain appropriately qualified and experienced senior executives. The People, Culture and Care Committee obtains independent advice on the appropriateness of remuneration packages, given trends in comparative entities both locally and interstate and the objectives of the Organisation's remuneration policy.

The remuneration structures take into account the capability and experience of the General Management Team, the General Management Team's ability to control the Organisation's overall performance and the achievement of the Organisation's strategic initiatives.

The employment terms and conditions of the General Management Team are contained in individual employment contracts and related documents which prescribe total remuneration, superannuation, annual and long service leave, and vehicle and salary sacrifice provisions. In addition to their salaries, the Organisation may also provide nonmonetary benefits and contributes to post-employment superannuation funds on their behalf.

The performance of each senior executive, including the Chief Executive Officer, is reviewed annually, which includes a review of the remuneration package. The terms of employment of each senior executive, including the Chief Executive Officer, contain a termination clause that requires the senior executive or the Organisation to provide a minimum notice of between 3 and 6 months prior to termination of the contract or make redundancy payments if relevant. While not automatic, contracts can be extended.

Chief Executive Officer contracts for GBEs include a set term consistent with the requirements of the *Government Business Enterprises Act 1995*. Service contracts have duration not exceeding 5 years but can be extended based on the Organisation's requirements.

No key management personnel appointed during the period received a payment as part of their consideration for agreeing to hold the position. The Organisation has not made any loans with any member of the Board of Directors, the General Management Team or their related parties.

Key management personnel remuneration meets the Department of Treasury and Finance's *Guidelines for Tasmanian Government Businesses – Director and Executive Remuneration* reporting requirements and is prepared in accordance with Treasurer's Instruction GBE 08-55-06 Annual Report and Statement of Compliance for GBEs and the Member's Direction of June 2014 to SOCs.

Other key management personnel are determined to be the members of the Organisation's General Management Team. The Organisation's General Management Team comprises 5 members at 30 June 2024 (2023: 5 members).

The People, Culture and Care Committee of the Board is responsible for determining and reviewing compensation arrangements for members of the General Management Team.

## **Section E: Employee Entitlements (continued)**

#### SUSTAINABLE TIMBER TASMANIA AND ITS SUBSIDIARIES

FOR THE YEAR ENDED 30 JUNE 2024

#### E5 Key management personnel compensation and other disclosures (continued)

When members of key management personnel are unable to fulfil their duties, consideration is given to appointing other members of senior staff to their position during their period of absence. Individuals are considered members of key management personnel when acting arrangements are for more than a period of one month.

There were no overseas trips completed by directors or senior management (members of the General Management Team) during the year (2023: Nil). During the year, no employees of the business travelled overseas (2023: 8).

The aggregate compensation to key management personnel of the Organisation is set out below:

	<b>Director Remuneration</b>		Executive	<b>Executive Remuneration</b>		Consolidated	
	2024 \$'000	2023 \$'000	2024 \$'000	2023 \$'000	2024 \$'000	2023 \$'000	
Short-term employee benefits	415	403	1,483	1,441	1,897	1,843	
Post-employment benefits	44	41	170	157	213	198	
Other long-term benefits	-	-	21	29	21	29	
Termination benefits	-	-	-	-	-	-	
	459	444	1,673	1,627	2,132	2,070	

For director remuneration, short-term employment benefits includes Director fees, Committee fees and Other benefits. Post-employment benefits represents superannuation contributions.

For executive remuneration, short-term employment benefits includes salary, short-term incentive payments, other monetary benefits, vehicle benefits and other non-monetary benefits. Post-employment benefits represents superannuation contributions and long-term employee benefits includes leave movements. Termination benefits are as provided for below.

The following tables disclose the remuneration details for each person that acted as a Director during the current and previous financial year:

#### 2024 Director remuneration<sup>1</sup>

Name	Position	Start Term	End Term	Directors Fees \$'000	Committee Fees \$'000	Other Benefits <sup>2</sup> \$'000	Superannuation <sup>3</sup> \$'000	Total \$'000
Mr R de Fégely AM	Chair	01-Jun-2016		110	-	2	12	124
Mrs K A Westwood	Director	01-Aug-2018		52	6	2	6	67
Mrs T Ryan	Director	01-Jul-2019		52	3	2	6	63
Ms K Schaefer	Director	01-Feb-2020		52	9	7	7	75
Prof. R Keenan	Director	18-Jul-2022		52	5	2	6	65
Ms J Bennett	Director	14-Jun-2023		52	4	2	6	64
Total				371	27	17	44	459

# **Section E: Employee Entitlements (continued)**

#### SUSTAINABLE TIMBER TASMANIA AND ITS SUBSIDIARIES

FOR THE YEAR ENDED 30 JUNE 2024

### E5 Key management personnel compensation and other disclosures (continued)

#### 2023 Director remuneration<sup>1</sup>

Name	Position	Start Term	End Term	Directors Fees \$'000	Committee Fees \$'000	Other Benefits <sup>2</sup> \$'000	Superannuation <sup>3</sup> \$'000	Total \$'000
Mr R de Fégely AM	Chair	01-Jun-2016		111	-	1	12	123
Ms S Baker	Director	15-Dec-2015	13-Jun-2023	50	3	1	6	60
Ms K A Westwood	Director	01-Aug-2018		52	7	1	6	66
Ms T Ryan	Director	01-Jul-2019		52	4	1	6	64
Ms K Schaefer	Director	01-Feb-2020		52	7	4	6	69
Prof. R Keenan	Director	18-Jul-2022		50	3	1	6	60
Ms J Bennett	Director	14-Jun-2023		3	-	-	-	3
Total				370	24	9	41	444

#### **Board remuneration notes and statements**

- 1 Amounts are all forms of consideration paid, payable or provided by the entity, i.e. disclosure is made on an accruals basis as at 30 June.
- 2 Other benefits include mileage allowances paid to compensate directors for travel expenses incurred to attend Board meetings and the taxable value of meal entertainment expenses.
- 3 Superannuation means the contribution to the superannuation fund of the individual, including accrued superannuation.

#### 2024 Executive remuneration

The following tables disclose the remuneration details for each person that acted as a senior executive during the current and previous financial year:

Name	Salary <sup>1</sup> \$'000	Short-Term Incentive Payments <sup>2</sup> \$'000	Other Monetary Benefits <sup>3</sup> \$'000	Vehicle Benefits <sup>4</sup> \$'000	Other Non- Monetary Benefits <sup>5</sup> \$'000	Superannuation <sup>6</sup> \$'000	Reported Remuneration <sup>7</sup> \$'000	Other Long-Term Benefits <sup>8</sup> \$'000	Termination Benefits <sup>9</sup> \$'000	Total \$'000
Mr S Whiteley – Chief Executive Officer	423	-	-	(1)	1	54	476	(6)	-	471
Mr C Brookwell – GM Corporate Services	321	-	-	-	1	35	357	9	-	366
Mr G Hickey – GM Operations	259	-	-	3	1	29	292	8	-	300
Mrs S Weeding – GM Conservation and Land Management	238	-	-	1	1	26	266	6	-	272
Mr D Bartlett – GM Commercial	234	-	-	-	1	26	261	3	-	264
Sub-total	1,475	-	-	3	5	170	1,652	21	-	1,673
Total	1,475	-	-	3	5	170	1,652	21		1,673

# **Section E: Employee Entitlements (continued)**

#### SUSTAINABLE TIMBER TASMANIA AND ITS SUBSIDIARIES

FOR THE YEAR ENDED 30 JUNE 2024

## E5 Key management personnel compensation and other disclosures (continued)

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#### **2023 Executive Remuneration**

Name	Salary¹ \$'000	Short-Term Incentive Payments <sup>2</sup> \$'000	Other Monetary Benefits <sup>3</sup> \$'000	Vehicle Benefits <sup>4</sup> \$'000	Non- Monetary Benefits <sup>5</sup> \$'000	Superannuation <sup>6</sup> \$'000	Reported Remuneration <sup>7</sup> \$'000	Other Long-Term Benefits <sup>8</sup> \$'000	Termination Benefits <sup>9</sup> \$'000	Total \$'000
Mr S Whiteley – Chief Executive Officer	410	-	-	(1)	2	51	462	5	-	467
Mr C Brookwell  – Company Secretary	315	-	-	-	1	33	349	1	-	350
Mr G Hickey – GM Operations	246	-	-	(1)	2	26	273	11	-	284
Mrs S Weeding – GM Conservation and Land Management	226	-	_	14	2	24	265	10	_	275
Mr D Bartlett – GM Commercial	224	-	-	-	1	24	248	2	-	250
Sub-total	1,421	-	-	12	8	157	1,598	29	-	1,627
Total	1,421	-	-	12	8	157	1,598	29	-	1,627

#### **Executive remuneration notes and statements**

Amounts are all forms of consideration paid, payable or provided by the entity, i.e. disclosure is made on an accruals basis and includes all accrued benefits at 30 June.

- 1 Salary includes all forms of consideration paid and payable for services rendered and compensated absences during the period.
- 2 Short-term incentive payments are non-recurrent amounts paid or payable which depend on achieving specified performance goals within specified timeframes. These payments are capped at 15% of base salary as per the Guidelines for Tasmanian Government Businesses Director and Executive Remuneration. There were no short-term incentive payments paid or payable to executives.
- $3\quad \textit{There are no other monetary benefits paid or payable to executives}.$
- 4 Vehicle benefits include the personal use component of the total cost of providing and maintaining a vehicle for an executive's use, including registration, insurance, fuel and other consumables and maintenance costs and the reportable fringe benefits tax payable in relation to the vehicle. During the year ended 30 June 2024, the FY23 fringe benefit tax return and individual payment summaries were amended to correct an error in the calculation of fringe benefits tax. Vehicle benefits paid to key management personnel in FY23 has also been updated to disclose the correct costs.
- 5 Other non-monetary benefits paid or payable to executives includes the taxable value of car parking benefits and meal entertainment expenses. Executives also participate in further education in accordance with the Organisation's Professional Development Guidelines. The cost of executive's participation in further education is not included in Other non-monetary benefits. The Guidelines are applicable to all employees of the Organisation.
- - for individuals in an accumulation superannuation scheme, the amount of superannuation contributions paid and accrued;
- for individuals in a defined benefit superannuation scheme, superannuation includes the relevant notional employer contributions calculated using a notional cost base of salary.
- 7 Reported remuneration includes the individual's salary, short-term incentive payments, other monetary benefits, vehicle benefits, other non-monetary benefits and superannuation. For the purpose of assessing compliance with the Guidelines, other long-term employee benefits and termination benefits are not included in the Reported remuneration amount.
- 8 Other long-term benefits include movements in annual and long service leave provisions
- 9 Termination benefits include all forms of benefits paid or accrued as a consequence of termination.

# Section F: Financial Instruments and Risk Management

#### SUSTAINABLE TIMBER TASMANIA AND ITS SUBSIDIARIES

FOR THE YEAR ENDED 30 JUNE 2024

#### F1 Financial assets and liabilities

#### Accounting policy

#### **Financial assets**

#### Classification of financial assets

Debt instruments that meet the following conditions are measured subsequently at amortised cost:

- The financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows; and
- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

By default, all other financial assets are measured subsequently at fair value through profit or loss (FVTPL).

Despite the foregoing, the Group may make the following irrevocable election/designation at initial recognition of a financial asset and the Group may irrevocably elect to present subsequent changes in fair value of an equity investment in other comprehensive income if certain criteria are met [see (ii) below].

(i) Amortised cost and effective interest method

The effective interest method is a method of calculating the amortised cost of a debt instrument and of allocating interest income over the relevant period.

For financial assets other than purchased or originated credit-impaired financial assets (i.e. assets that are credit impaired on initial recognition), the effective interest rate is the rate that exactly discounts estimated future cash receipts (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) excluding expected credit losses, through the expected life of the debt instrument, or, where appropriate, a shorter period, to the gross carrying amount of the debt instrument on initial recognition. For purchased or originated credit-impaired financial assets, a creditadjusted effective interest rate is calculated by discounting the estimated future cash flows, including expected credit losses, to the amortised cost of the debt instrument on initial recognition.

The amortised cost of a financial asset is the amount at which the financial asset is measured at initial recognition minus the principal repayments, plus the cumulative

amortisation using the effective interest method of any difference between that initial amount and the maturity amount, adjusted for any loss allowance. The gross carrying amount of a financial asset is the amortised cost of a financial asset before adjusting for any loss allowance.

Interest income is recognised using the effective interest method for debt instruments measured subsequently at amortised cost. For financial assets other than purchased or originated credit-impaired financial assets, interest income is calculated by applying the effective interest rate to the gross carrying amount of a financial asset, except for financial assets that have subsequently become credit-impaired (see below). For financial assets that have subsequently become credit-impaired, interest income is recognised by applying the effective interest rate to the amortised cost of the financial asset. If, in subsequent reporting periods, the credit risk on the credit-impaired financial instrument improves so that the financial asset is no longer credit-impaired, interest income is recognised by applying the effective interest rate to the gross carrying amount of the financial asset.

For purchased or originated credit-impaired financial assets, the Group recognises interest income by applying the credit-adjusted effective interest rate to the amortised cost of the financial asset from initial recognition. The calculation does not revert to the gross basis even if the credit risk of the financial asset subsequently improves so that the financial asset is no longer credit impaired.

Interest income is recognised in profit or loss and is included in the 'Interest income' line item [note B1(h)].

(ii) Equity instruments designated as at fair value through other comprehensive income (FVTOCI)

On initial recognition, the Group may make an irrevocable election (on an instrument-by-instrument basis) to designate investments in equity instruments as at FVTOCI. Designation at FVTOCI is not permitted if the equity investment is held for trading or if it is contingent consideration recognised by an acquirer in a business combination.

Investments in equity instruments at FVTOCI are initially measured at fair value plus transaction costs.

Subsequently, they are measured at fair value with gains and losses arising from changes in fair value recognised in other comprehensive income and accumulated in the investments revaluation reserve. The cumulative gain or loss is not reclassified to profit or loss on disposal of the equity investments, instead, it is transferred to retained earnings.

# **Section F: Financial Instruments and Risk Management (continued)**

#### SUSTAINABLE TIMBER TASMANIA AND ITS SUBSIDIARIES

FOR THE YEAR ENDED 30 JUNE 2024

# F1 Financial assets and liabilities (continued)

Dividends on these investments in equity instruments are recognised in profit or loss in accordance with AASB 9 Financial Instruments unless the dividends clearly represent a recovery of part of the cost of the investment. Dividends are included in the 'Dividend income' line item [note B1(h)] in profit or loss.

The Group designated all investments in equity instruments that are not held for trading as at FVTOCI on initial recognition (see note D6).

#### (iii) Financial assets at FVTPL

Financial assets that do not meet the criteria for being measured at amortised cost or FVTOCI [see (i) above] are measured at FVTPL. Specifically,

- Investments in equity instruments are classified as at FVTPL, unless the Group designates an equity investment that is not held for trading as at FVTOCI on initial recognition [see (ii) above];
- Debt instruments that do not meet the amortised cost criteria or the FVTOCI criteria [see (i) and (ii) above] are classified as at FVTPL. In addition, debt instruments that meet either the amortised cost criteria or the FVTOCI criteria may be designated as at FVTPL upon initial recognition if such designation eliminates or significantly reduces a measurement or recognition inconsistency (so called 'accounting mismatch') that would arise from measuring assets or liabilities or recognising the gains and losses on them on different bases. The Group has not designated any debt instruments as at FVTPL.

Financial assets at FVTPL are measured at fair value at the end of each reporting period, with any fair value gains or losses recognised in profit or loss. The net gain or loss recognised in profit or loss includes any dividend or interest earned on the financial asset and is included in the 'Other financial income' line item [Note B1(h)].

# Foreign exchange gains and losses

The carrying amount of financial assets that are denominated in a foreign currency is determined in that foreign currency and translated at the spot rate at the end of each reporting period. Specifically:

- For financial assets measured at amortised cost that are not part of a designated hedging relationship, exchange differences are recognised in profit or loss in the 'Other gains and losses' line item [note B1(h)];
- For financial assets measured at FVTPL that are not part of a designated hedging relationship, exchange differences are recognised in profit or loss in the 'Other gains and losses' line item as part of the fair value gain or loss [note B1(h)];

 For equity instruments measured at FVTOCI, exchange differences are recognised in other comprehensive income in the investments revaluation reserve.

#### Impairment of financial assets

The Group recognises a loss allowance for expected credit losses on investments in debt instruments that are measured at amortised cost or at FVTOCI and trade receivables.

The amount of expected credit losses is updated at each reporting date to reflect changes in credit risk since initial recognition of the respective financial instrument.

The Group always recognises lifetime expected credit losses (ECL) for trade receivables. The ECL on these financial assets are estimated using a provision matrix based on the Group's historical credit loss experience, adjusted for factors that are specific to the debtors, general economic conditions and an assessment of both the current as well as the forecast direction of conditions at the reporting date, including time value of money where appropriate.

For all other financial instruments, the Group recognises lifetime ECL when there has been a significant increase in credit risk since initial recognition. However, if the credit risk on the financial instrument has not increased significantly since initial recognition, the Group measures the loss allowance for that financial instrument at an amount equal to 12-month ECL.

Lifetime ECL represents the expected credit losses that will result from all possible default events over the expected life of a financial instrument. In contrast, 12-month ECL represents the portion of lifetime ECL that is expected to result from default events on a financial instrument that are possible within 12 months after the reporting date.

#### (i) Significant increase in credit risk

In assessing whether the credit risk on a financial instrument has increased significantly since initial recognition, the Group compares the risk of a default occurring on the financial instrument at the reporting date with the risk of a default occurring on the financial instrument at the date of initial recognition. In making this assessment, the Group considers both quantitative and qualitative information that is reasonable and supportable, including historical experience and forward-looking information that is available without undue cost or effort. Forward-looking information considered may include the future prospects of the industries in which the Group's debtors operate, obtained from economic expert reports, financial analysts, governmental bodies, relevant think tanks and other similar organisations, as well as consideration of various external sources of actual and forecast economic information that relate to the Group's core operations.

#### SUSTAINABLE TIMBER TASMANIA AND ITS SUBSIDIARIES

FOR THE YEAR ENDED 30 JUNE 2024

# F1 Financial assets and liabilities (continued)

In particular, the following information is considered when assessing whether credit risk has increased significantly since initial recognition:

- An actual or expected significant deterioration in the financial instrument's external (if available) or internal credit rating;
- Significant deterioration in external market indicators
  of credit risk for a particular financial instrument, e.g.
  a significant increase in the credit spread, the credit
  default swap prices for the debtor, or the length of time
  or the extent to which the fair value of a financial asset
  has been less than its amortised cost;
- Existing or forecast adverse changes in business, financial or economic conditions that are expected to cause a significant decrease in the debtor's ability to meet its debt obligations;
- An actual or expected significant deterioration in the operating results of the debtor;
- Significant increases in credit risk on other financial instruments of the same debtor;
- An actual or expected significant adverse change in the regulatory, economic, or technological environment of the debtor that results in a significant decrease in the debtor's ability to meet its debt obligations.

Irrespective of the outcome of the above assessment, the Group presumes that the credit risk on a financial asset has increased significantly since initial recognition when contractual payments are more than 30 days past due, unless the Group has reasonable and supportable information that demonstrates otherwise.

Despite the foregoing, the Group assumes that the credit risk on a financial instrument has not increased significantly since initial recognition if the financial instrument is determined to have low credit risk at the reporting date. A financial instrument is determined to have low credit risk if:

- The financial instrument has a low risk of default;
- The debtor has a strong capacity to meet its contractual cash flow obligations in the near term;
- Adverse changes in economic and business conditions in the longer term may, but will not necessarily, reduce the ability of the borrower to fulfil its contractual cash flow obligations.

The Group considers a financial asset to have low credit risk when the asset has an external credit rating of 'investment grade' in accordance with the globally understood

definition or if an external rating is not available, the asset has an internal rating of 'performing'. 'Performing' means that the counterparty has a strong financial position and there are no past due amounts.

The Group regularly monitors the effectiveness of the criteria used to identify whether there has been a significant increase in credit risk and revises them as appropriate to ensure that the criteria are capable of identifying significant increase in credit risk before the amount becomes past due.

#### (ii) Definition of default

The Group considers the following as constituting an event of default for internal credit risk management purposes as historical experience indicates that financial assets that meet either of the following criteria are generally not recoverable:

- When there is a breach of financial covenants by the debtor;
- Information developed internally or obtained from external sources indicates that the debtor is unlikely to pay its creditors, including the Group, in full (without considering any collateral held by the Group).

Irrespective of the above analysis, the Group considers that default has occurred when a financial asset is more than 90 days past due unless the Group has reasonable and supportable information to demonstrate that a more lagging default criterion is more appropriate.

#### (iii) Credit-impaired financial assets

A financial asset is credit-impaired when one or more events that have a detrimental impact on the estimated future cash flows of that financial asset have occurred. Evidence that a financial asset is credit-impaired includes observable data about the following events:

- Significant financial difficulty of the issuer or the borrower;
- A breach of contract, such as a default or past due event [see (ii) above];
- The lender(s) of the borrower, for economic or contractual reasons relating to the borrower's financial difficulty, have granted to the borrower a concession(s) that the lender(s) would not otherwise consider;
- It is becoming probable that the borrower will enter bankruptcy or other financial reorganisation;
- The disappearance of an active market for that financial asset because of financial difficulties.

# **Section F: Financial Instruments and Risk Management (continued)**

#### SUSTAINABLE TIMBER TASMANIA AND ITS SUBSIDIARIES

FOR THE YEAR ENDED 30 JUNE 2024

# F1 Financial assets and liabilities (continued)

### (iv) Write-off policy

The Group writes off a financial asset when there is information indicating that the debtor is in severe financial difficulty and there is no realistic prospect of recovery, i.e. when the debtor has been placed under liquidation or has entered into bankruptcy proceedings, or in the case of trade receivables, when the amounts are over two years past due, whichever occurs sooner. Financial assets written off may still be subject to enforcement activities under the Group's recovery procedures, taking into account legal advice where appropriate. Any recoveries made are recognised in profit or loss.

#### (v) Measurement and recognition of expected credit loss

The measurement of expected credit loss is a function of the probability of default, loss given default (i.e. the magnitude of the loss if there is a default) and the exposure at default. The assessment of the probability of default and loss given default is based on historical data adjusted by forward-looking information as described above. As for the exposure at default, for financial assets, this is represented by the assets' gross carrying amount at the reporting date.

For financial assets, the expected credit loss is estimated as the difference between all contractual cash flows that are due to the Group in accordance with the contract and all the cash flows that the Group expects to receive, discounted at the original effective interest rate.

If the Group has measured the loss allowance for a financial instrument at an amount equal to lifetime expected credit loss in the previous reporting period, but determines at the current reporting date that the conditions for lifetime expected credit loss are no longer met, the Group measures the loss allowance at an amount equal to 12-month expected credit loss at the current reporting date, except for assets for which the simplified approach was used.

The Group recognises an impairment gain or loss in profit or loss for all financial instruments with a corresponding adjustment to their carrying amount through a loss allowance account and does not reduce the carrying amount of the financial asset in the Statement of Financial Position.

### Derecognition of financial assets

The Group derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. If the Group neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Group recognises its retained interest in the asset and an associated liability

for amounts it may have to pay. If the Group retains substantially all the risks and rewards of ownership of a transferred financial asset, the Group continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

On derecognition of a financial asset measured at amortised cost, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognised in profit or loss. On derecognition of an investment in an equity instrument which the Group has elected on initial recognition to measure at FVTOCI, the cumulative gain or loss previously accumulated in the investments revaluation reserve is not reclassified to profit or loss, but is transferred to retained earnings.

#### Financial liabilities and equity

#### Classification as debt or equity

Debt and equity instruments are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

#### **Equity instruments**

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by the Group are recognised at the proceeds received, net of direct issue costs.

Repurchase of the Organisation's own equity instruments is recognised and deducted directly in equity. No gain or loss is recognised in profit or loss on the purchase, sale, issue or cancellation of the Organisation's own equity instruments.

#### Financial liabilities

All financial liabilities are measured subsequently at amortised cost using the effective interest method.

# ${\it Financial liabilities measured subsequently at amortised cost}$

Financial liabilities that are not (i) contingent consideration of an acquirer in a business combination, (ii) held for trading, or (iii) designated as at FVTPL are measured subsequently at amortised cost using the effective interest method.

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial liability, or (where appropriate) a shorter period, to the amortised cost of a financial liability.

#### SUSTAINABLE TIMBER TASMANIA AND ITS SUBSIDIARIES

FOR THE YEAR ENDED 30 JUNE 2024

# F1 Financial assets and liabilities (continued)

### Derecognition of financial liabilities

The Group derecognises financial liabilities when, and only when, the Group's obligations are discharged, cancelled or have expired. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable is recognised in profit or loss.

#### **Derivative financial instruments**

The Group uses derivative financial instruments including foreign exchange forward contracts to manage its exposure to foreign exchange rate risks. Derivatives are recognised initially at fair value at the date a derivative contract is entered into and are subsequently remeasured to their fair value at each reporting date. The resulting gain or loss is recognised in profit or loss immediately unless the derivative is designated and effective as a hedging instrument, in which event the timing of the recognition in profit or loss depends on the nature of the hedge relationship.

Hedge effectiveness is determined at inception of the hedge relationship and at every reporting period end through the assessment of the hedged items and hedging instruments to determine whether there is still an economic relationship between the two.

The critical terms of the foreign currency forward entered into exactly match the terms of the hedged item. As such the economic relationship and hedge effectiveness are based on the qualitative factors and the use of a hypothetical derivative where appropriate.

Hedge ineffectiveness may arise where the critical terms of the forecast transaction no longer meet those of the hedging instrument, for example if there was a change in the timing of the forecast receipt of USD from what was initially estimated or if the volume of currency in the hedged item was below expectations leading to over-hedging.

The hedged items and the hedging instrument are denominated in the same currency and as a result the hedging ratio is ordinarily one to one.

All derivative financial instruments used for hedge accounting are recognised initially at fair value and reported subsequently at fair value in the Statement of Financial Position. To the extent that the hedge is effective, changes in the fair value of derivatives designated as hedging instruments in cash flow hedges are recognised in other comprehensive income and included within the cash flow hedge reserve in equity. Any ineffectiveness in the hedge relationship is recognised immediately in profit or loss.

At the time the hedged item affects profit or loss, any gain or loss previously recognised in other comprehensive income is reclassified from equity to profit or loss and presented as a reclassification adjustment within other comprehensive income.

If a forecast transaction is no longer expected to occur, any related gain or loss recognised in other comprehensive income is transferred immediately to profit or loss. If the hedging relationship ceases to meet the effectiveness conditions, hedge accounting is discontinued, and the related gain or loss is held in the equity reserve until the forecast transaction occurs.

Other forward exchange contracts are considered by management to be part of economic hedge arrangements but have not been formally designated.

# Classes and categories of financial instruments and their fair values

The following table combines information about:

- Classes of financial instruments based on their nature and characteristics;
- The carrying amounts of financial instruments;
- Fair values of financial instruments (except financial instruments when carrying amount approximates their fair value);
- Fair value hierarchy levels of financial assets and financial liabilities for which fair value was disclosed.

Fair value hierarchy levels 1 to 3 are based on the degree to which the fair value is observable:

- Level 1 fair value measurements are those derived from quoted prices (unadjusted) in active markets for identical assets or liabilities;
- Level 2 fair value measurements are those derived from inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices);
- Level 3 fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs).

# **Section F: Financial Instruments and Risk Management (continued)**

#### SUSTAINABLE TIMBER TASMANIA AND ITS SUBSIDIARIES

FOR THE YEAR ENDED 30 JUNE 2024

# F1 Financial assets and liabilities (continued)

		Fin	ancial as	sets	Financial lia		Fair value				
	Note	Amortised cost \$'000	FVTPL \$'000	FVTOCI – designated \$'000	Amortised cost \$'000	FVTPL \$'000	Total \$'000	Level 1 \$'000	Level 2 \$'000	Level 3 \$'000	Total \$'000
As at 30 June 2024											
Financial assets											
Cash and cash equivalents	D1	2,426	-	-	-	-	2,426				
Trade and other receivables	D2	8,022	-	-	-	-	8,022				
Other term deposits	D6	7,500	-	-	-	-	7,500				
Bonds and debentures	D6	2,579		-	-		2,579				
Other financial assets	D6	-	-	-	-	-	-				
Investments in equity instruments designated at fair value through profit or loss	D6		5			_	5	_	_	5	5
Investments in equity instruments designated at fair value through other comprehensive income	D6		_	6,978			6,978	6,978	_		6,978
meome	50	20,527	5	6,978	-	_	27,511	6,978	-	5	6,983
Financial liabilities		5/5_5		5,576				-,573			-,200
Trade and other payables	D8	_	_	_	(15,622)	_	(15,622)	_	-	_	_
. 1 7		-	-	-	(15,622)		(15,622)	-	-	-	-
		20,527	5	6,978	(15,622)	-	11,889	6,978	-	5	6,983

#### SUSTAINABLE TIMBER TASMANIA AND ITS SUBSIDIARIES

FOR THE YEAR ENDED 30 JUNE 2024

#### Financial assets and liabilities (continued)

		Financial assets			Financial lia	Financial liabilities				Fair value			
	Note	Amortised cost \$'000	FVTPL \$'000	FVTOCI – designated \$'000	Amortised cost \$'000	FVTPL \$'000	Total \$'000	Level 1 \$'000	Level 2 \$'000	Level 3 \$'000	Total \$'000		
As at 30 June 2023													
Financial assets													
Cash and cash equivalents	D1	10,739	-	-	-	-	10,739						
Trade and other receivables	D2	5,939	-	-	-	-	5,939						
Other term deposits	D6	9,300	-	-	-	-	9,300						
Bonds and debentures	D6	800	-	-	-	-	800						
Other financial assets	D6	3,369	-	-	-	-	3,369						
Investments in equity instruments designated at fair value through profit or loss	D6	_	5	_	-	-	5	-	-	5	5		
Investments in equity instruments designated at fair value through other comprehensive income	D6		_	2,961			2,961	2,961	_		2,961		
	20	30,147	5	2,961	_	_	33,113	2,961	-	5	2,966		
Financial liabilities Trade and				, , ,			,						
other payables	D8	-	-	-	(11,801)	-	(11,801)	-	-	-			
		-	-	-	(11,801)	-	(11,801)	-	-	-			
		30,147	5	2,961	(11,801)	-	21,312	2,961	-	5	2,966		

# **Section F: Financial Instruments and Risk Management (continued)**

#### SUSTAINABLE TIMBER TASMANIA AND ITS SUBSIDIARIES

FOR THE YEAR ENDED 30 JUNE 2024

# F2 Financial risk management objectives

The Group's finance function provides services to the business, coordinates access to domestic and international financial markets, monitors and manages the financial risks relating to the operations of the Group through internal risk reports which analyse exposures by degree and magnitude of risks. These risks include market risk (including currency risk, interest rate risk and price risk), credit risk and liquidity risk.

The Group may seek to minimise the effects of these risks by using derivative financial instruments to hedge these risk exposures. The use of financial derivatives is governed by the Group's policies approved by the Board of Directors, which provide written principles on foreign exchange risk, interest rate risk, credit risk, the use of financial derivatives and nonderivative financial instruments, and the investment of excess liquidity.

The Group does not enter into or trade financial instruments, including derivative financial instruments, for speculative purposes.

The finance function reports periodically to the Group's Finance, Audit and Risk Management Committee (FARMC) that monitors risks and policies implemented to mitigate risk exposures.

#### Market risk

The Group's activities expose it primarily to the financial risks of changes in foreign currency exchange rates and interest rates (see below). The Group enters into a variety of derivative financial instruments to manage its exposure to foreign currency risk, including forward foreign exchange contracts to hedge the exchange rate risk arising on the sale of forest product where revenue is denominated in a foreign currency.

There has been no change to the Group's exposure to market risks or the manner in which these risks are managed

#### (i) Foreign currency risk management

The Group undertakes transactions denominated in foreign currencies and, consequently, exposures to exchange rate fluctuations arise. Exchange rate exposures are managed within approved policy parameters utilising forward foreign exchange contracts.

The carrying amounts of the Group's foreign currency denominated monetary assets and monetary liabilities at the reporting date are as follows:

Note	2024 \$'000	2023 \$'000
Currency: United States Dollars (USD)	USD	USD
Financial assets		
Trade and other receivables D2	18	54
	18	54
Financial liabilities  Trade and other payables  D8		30
rrade and other payables		30

# Forward exchange contracts

It is the policy of the Group to enter into foreign exchange forward contracts to manage the foreign currency risk associated with anticipated sales out to 6 months for up to 100% of the exposure generated.

81 SUSTAINABLE TIMBER TASMANIA | ANNUAL REPORT 2024 SUSTAINABLE TIMBER TASMANIA | ANNUAL REPORT 2024

## SUSTAINABLE TIMBER TASMANIA AND ITS SUBSIDIARIES

FOR THE YEAR ENDED 30 JUNE 2024

### F2 Financial risk management objectives (continued)

(ii) Interest rate risk management

The Group is exposed to interest rate risk on financial assets.

The Group's policy is to minimise interest rate cash flow risk exposures on long-term financing.

Term deposits are therefore usually at fixed rates for up to 12 months with diversification of maturity within the term.

The following table illustrates the sensitivity of profit and equity to a reasonably possible change in interest rates of  $\pm$ 0. 5% (2023:  $\pm$ 0.5%).

	Note	Fair value at 30 June 2024 \$'000	Unobservable inputs	Inputs	Relationship of unobservable inputs to Profit and Equity
Financial assets					
Other term deposits	D6	7,500	Interest rate	0.5% increase	Profit and equity increases 0%
				0.5% decrease	Profit and equity decreases 0%
Bonds and debentures	D6	2,579	Interest rate	0.5% increase	Profit and equity increases 0%
				0.5% decrease	Profit and equity decreases 0%
		10,079			
	Note	Fair value at 30 June 2023 \$'000	Unobservable inputs	Inputs	Relationship of unobservable inputs to Profit and Equity
Financial assets					
Other term deposits	D6	9,300	Interest rate	0.5% increase	Profit and equity increases 0%
				0.5% decrease	Profit and equity decreases 0%
Bonds and debentures	D6	800	Interest rate	0.5% increase	Profit and equity increases 0%
				0.5% decrease	Profit and equity decreases 0%
		10,100			

#### (iii) Commodity price risk

Commodity price risk in the Group primarily arises from price fluctuations and the availability of solid wood products.

# (iv) Other price risks

The Group is exposed to equity price risks arising from equity investments. Equity investments in unlisted entities are held for strategic rather than trading purposes. The Group does not actively trade these investments.

The Group invested in a portfolio of listed shares which are held with the objective to generate higher investment returns over a longer-term horizon (5–10 years).

# **Section F: Financial Instruments and Risk Management (continued)**

#### SUSTAINABLE TIMBER TASMANIA AND ITS SUBSIDIARIES

FOR THE YEAR ENDED 30 JUNE 2024

# F2 Financial risk management objectives (continued)

#### Credit risk management

In order to minimise credit risk, the Group has adopted a policy of only dealing with creditworthy counterparties and obtaining sufficient collateral, where appropriate, as a means of mitigating the risk of financial loss from defaults. Investments in financial instruments, bonds, debentures and redeemable notes as detailed in note D6, where the counterparties have a minimum BBB- credit rating, are considered to have low credit risk for the purpose of impairment assessment. The credit rating information is supplied by independent rating agencies where available and, if not available, the Group uses other publicly available financial information and its own trading records to rate its major customers. The Group's exposure and the credit ratings of its counterparties are continuously monitored and the aggregate value of transactions concluded is spread amongst approved counterparties.

Before accepting any new customer, a dedicated team responsible for the determination of credit limits uses external credit sources to assess the potential customer's credit quality and defines credit limits by customer. Limits and scoring attributed to customers are reviewed monthly by the Debt Management Committee.

Credit approvals and other monitoring procedures are also in place to ensure that follow-up action is taken to recover overdue debts. Furthermore, the Group reviews the recoverable amount of each trade debt and debt investment on an individual basis at the end of the reporting period to ensure that adequate loss allowance is made for irrecoverable amounts.

Trade receivables consist of a small number of customers in the forestry industry in Tasmania. Ongoing credit evaluation is performed on the financial condition of trade receivable where there is credit risk after considering the financial collateral and security in place. The Group has not procured any credit guarantee insurance in respect of trade receivables at reporting date.

Of the trade receivables balance at the end of the year, \$1,084,000 (2023: \$612,000) is due from the Group's fourth largest customer in 2024. Apart from this, the Group does not have significant credit risk exposure to any single counterparty or any group of counterparties having similar characteristics.

The Group defines counterparties as having similar characteristics if they are related entities. Concentration of credit risk related to the Group's largest customer did not exceed 20% of gross monetary assets at any time during the year. Concentration of credit risk to any other counterparty did not exceed 5% of gross monetary assets at any time during the year. The concentration of credit risk is limited because the customer base is unrelated.

The credit risk on liquid funds and derivative financial instruments is limited because the counterparties are banks with high credit ratings assigned by international credit-rating agencies.

The Group's maximum exposure to credit risk and the measurement bases used to determine expected credit losses is detailed at (ii) below.

(i) Collateral held as security and other credit enhancements

The Group holds collateral and other credit enhancements to cover its credit risks associated with its trade receivables. The Group is not permitted to sell or repledge the collateral in the absence of default by the debtor.

There have not been any significant changes in the quality of the collateral held for trade receivables.

The Group considers collateral held and other credit enhancements when evaluating any loss allowance for trade receivables.

(ii) Overview of the Group's exposure to credit risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Group. At reporting date, the Group's maximum exposure to credit risk without taking into account any collateral held or other credit enhancements which will cause a financial loss to the Group due to failure to discharge an obligation by the counterparties, is derived from the carrying amount of the respective recognised financial assets as stated in the Consolidated Statement of Financial Position.

# SUSTAINABLE TIMBER TASMANIA AND ITS SUBSIDIARIES

FOR THE YEAR ENDED 30 JUNE 2024

# F2 Financial risk management objectives (continued)

The Group's current credit risk grading framework comprises the following categories:

Category	Description	Basis for recognising expected credit losses
Performing	The counterparty has a low risk of default and does not have any past-due amounts.	12-month ECL
Doubtful	Amount is >30 days past due or there has been a significant increase in credit risk since initial recognition.	Lifetime ECL – not credit impaired
In default	Amount is >90 days past due or there is evidence indicating the asset is credit impaired.	Lifetime ECL – credit impaired
Write-off	There is evidence indicating that the debtor is in severe financial difficulty and the Group has no realistic prospect of recovery.	Amount is written off

The tables below detail the credit quality of the Group's financial assets as well as the Group's maximum exposure to credit risk by credit risk rating grades where applicable.

	Note	External credit rating	Internal credit rating	12-month or lifetime ECL	Gross Carrying amount \$'000	Loss allowance \$'000	Net Carrying amount \$'000
As at 30 June 2024							
Financial assets							
Cash and cash equivalents	Dì	N/A	Performing	Lifetime ECL (not credit impaired)	2,426	-	2,426
Trade and other receivables	D2	N/A	Performing	Lifetime ECL (simplified approach)	8,022	(1,534)	6,488
Other term deposits	D6	AA-	Performing	12 month ECL – low credit risk assets	7,500	-	7,500
Bonds and debentures	D6	BBB-	Performing	12 month ECL – low credit risk assets	2,579	-	2,579
Other financial assets	D6	N/A	Performing	Lifetime ECL (simplified approach)	-	-	-
Investments in equity instruments designated at fair value through profit or loss	D6	N/A	Performing	12 month ECL – low credit risk assets	5	-	5
Investments in equity instruments designated at fair value through other comprehensive income	D6	N/A	Performing	12 month ECL – low credit risk assets	6,978	-	6,978
					27,511	(1,534)	25,977

# **Section F: Financial Instruments and Risk Management (continued)**

# SUSTAINABLE TIMBER TASMANIA AND ITS SUBSIDIARIES

FOR THE YEAR ENDED 30 JUNE 2024

# F2 Financial risk management objectives (continued)

	Note	External credit rating	Internal credit rating	12-month or lifetime ECL	Gross Carrying amount \$'000	Loss allowance \$'000	Net Carrying amount \$'000
As at 30 June 2023							
Financial assets							
Cash and cash equivalents	D1	N/A	Performing	Lifetime ECL (not credit impaired)	10,739	-	10,739
Trade and other receivables	D2	N/A	Performing	Lifetime ECL (simplified approach)	5,939	(1,710)	4,229
Other term deposits	D6	AA-	Performing	12 month ECL – low credit risk assets	9,300	-	9,300
Bonds and debentures	D6	BBB-	Performing	12 month ECL – low credit risk assets	800	-	800
Other financial assets	D6	N/A	Performing	Lifetime ECL (simplified approach)	3,369	-	3,369
Investments in equity instruments designated at fair value through profit or loss	D6	N/A	Performing	12 month ECL – low credit risk assets	5	-	5
Investments in equity instruments designated at fair value through other comprehensive income	D6	N/A	Performing	12 month ECL – low credit risk assets	2,961	-	2,961
					33,113	(1,710)	31,403

For trade receivables the Group has applied the simplified approach in AASB 9 to measure the loss allowance at lifetime ECL. The Group determines the expected credit losses on these items by using a provision matrix, estimated based on historical credit loss experience based on the past-due status of the debtors, adjusted as appropriate to reflect current conditions and estimates of future economic conditions. Accordingly, the credit risk profile of these assets is presented based on their past-due status in terms of the provision matrix.

# Liquidity risk management

Ultimate responsibility for liquidity risk management rests with the Board of Directors. The Group manages liquidity risk by maintaining adequate reserves, banking facilities and reserve borrowing facilities, by continuously monitoring forecast and actual cash flows and by matching the maturity profiles of financial assets and liabilities. Details of additional undrawn facilities that the Group has at its disposal to further reduce liquidity risk are set out at note D8.

#### SUSTAINABLE TIMBER TASMANIA AND ITS SUBSIDIARIES

FOR THE YEAR ENDED 30 JUNE 2024

### F2 Financial risk management objectives (continued)

#### Capital risk management

The Group manages its capital to ensure that entities in the Group will be able to continue as going concerns while maximising the return to shareholders through the optimisation of the debt and equity balance.

The capital structure of the Group consists of net debt and equity of the Group.

Debt is defined by the Group as long- and short-term borrowings and lease liabilities as disclosed in notes D8 and D9. Net debt is defined as debt after deducting cash and cash equivalents.

Equity includes capital, reserves and retained earnings as disclosed in the Consolidated Statement of Changes in Equity.

The Group is not subject to any externally imposed capital requirements. The Group's FARMC reviews the capital structure on an annual basis. As part of this review, the committee considers the cost of capital and the risks associated with each class of capital.

	Note	2024 \$'000	2023 \$'000
Gearing ratio			
The gearing ratio at reporting date is as follows:			
Debt			
Lease liabilities	D9	6,884	5,898
		6,884	5,898
Cash and cash equivalents	D1	2,426	10,739
Net debt (debt less cash and cash equivalents)		4,458	(4,841)
Equity		220,143	220,401
Net debt to equity ratio		2%	-

# Section G: Other Disclosures

#### SUSTAINABLE TIMBER TASMANIA AND ITS SUBSIDIARIES

FOR THE YEAR ENDED 30 JUNE 2024

### **G1** Expenditure commitments

# G1(a) Capital expenditure commitments

	2024 \$'000	2023 \$'000
TasGRN Network		
Not longer than one year	-	(104)
Between one and five years	-	(1,044)
Later than five years	-	(1,357)
	-	(2,506)
Land and buildings		
Not longer than one year	-	(1,319)
Between one and five years	-	-
	-	(1,319)
	-	(3,825)

Capital expenditure commitments related to the TasGRN Network at 30 June 2023 are included in Lease liabilities in note D9 at 30 June 2024.

# **G2** Contingent liabilities

#### Accounting policy

Indemnities have been provided to directors and senior management of the Group in respect of liabilities to third parties arising from their positions, except where the liability arises out of conduct involving a lack of good faith. No monetary limit applies to these agreements and there are no known obligations outstanding at 30 June 2024.

The Group has an obligation pursuant to a Forestry Right to purchase future standing timber at the fair market value in the year 2116. The obliging event is equally unperformed by both parties at balance date and the future obligation does not apply until the expiration of the Forestry Right in the year 2116, and therefore it is difficult to reliably quantify any obligation.

At various anniversary dates of the Plantation sale and purchase agreement, the Purchaser is able to surrender the relevant part of the Forestry Right where they deem the land Unproductive Area (unsuitable and/or uneconomical for future commercial plantation forestry). The Group may be entitled to receive a Regeneration Payment from the Purchaser as part of the surrender where the Purchaser has harvested timber or the area is damaged by fire. The Group has an obligation to regenerate the Unproductive Area pursuant to the requirements of the Forest Practices Code. This is a legal obligation and the Group must complete the regeneration activity in accordance with contemporary forestry standards. There is no indication as to whether any Unproductive Area will be handed back to the Group. An estimate of the financial effect is impractical having considered the uncertainties relating to the amount and timing of any outflow.

# **Section G: Other Disclosures (continued)**

#### SUSTAINABLE TIMBER TASMANIA AND ITS SUBSIDIARIES

FOR THE YEAR ENDED 30 JUNE 2024

### **G3** Parent entity information

#### Accounting policy

The accounting policies of the parent entity, which have been applied in determining the financial information shown below, are the same as those applied in the consolidated financial statements except as set out below. Please revisit note 1 for a summary of the significant accounting policies relating to the Group.

Investments in subsidiaries are accounted for at cost. Dividends received from subsidiaries are recognised in profit or loss when a right to receive the dividend is established provided that it is probable that the economic benefits will flow to the parent entity and the amount of income can be measured reliably.

Information relating to Sustainable Timber Tasmania:

	2024 \$'000	2023 \$'000
Statement of Comprehensive Income		
Revenue	143,505	131,088
Expenses	(142,899)	(125,302)
Net profit/(loss) before tax	606	5,786
Income tax (expense)/benefit	(189)	(1,739)
Net profit/(loss)	417	4,047
Other comprehensive income	(47)	3,442
Total comprehensive income	370	7,489
Statement of Financial Position		
Current assets	55,824	58,248
Non current assets	263,391	256,447
Total assets	319,215	314,695
Current liabilities	24,863	21,288
Non current liabilities	74,918	73,742
Total liabilities	99,781	95,030
Net assets/(liabilities)	219,434	219,665
Equity		
Issued capital	381,518	381,518
Retained earnings	(170,505)	(169,679)
Reserves:		
– Asset revaluation	8,421	7,826
Total equity	219,434	219,665

The parent entity has not guaranteed any debts of the controlled entities and does not have any capital expenditure commitments or contingent liabilities.

The Organisation and its wholly-owned Australian resident entities are members of a tax-consolidated group under Australian tax law. The Organisation is the head entity within the tax-consolidated group. In addition to its own current and deferred tax amounts, the Organisation also recognises the current tax liabilities and assets and deferred tax assets arising from unused tax losses and relevant tax credits of the members of the tax-consolidated group.

Amounts payable or receivable under the tax-funding arrangement between the Organisation and the entities in the tax consolidated group are determined using a 'separate taxpayer within group' approach to determine the tax contribution amounts payable or receivable by each member of the tax-consolidated Group. This approach results in the tax effect of transactions being recognised in the legal entity where that transaction occurred and does not tax effect transactions that have no tax consequences to the Group. The same basis is used for tax allocation within the tax-consolidated group.

# **Section G: Other Disclosures (continued)**

#### SUSTAINABLE TIMBER TASMANIA AND ITS SUBSIDIARIES

FOR THE YEAR ENDED 30 JUNE 2024

#### **G4** Controlled entities

The controlled entities within the Group comprise:

	Percentage of Shares	
	2024	2023
Parent: Forestry Tasmania		
Newood Holdings Pty Limited (ACN: 103 220 426)	100%	100%
Parent: Newood Holdings Pty Ltd (ACN: 103 220 426)		
Newood Huon Pty Limited (ACN: 103 219 861)	100%	100%
Newood Smithton Pty Limited (ACN: 103 219 843) (In Liquidation) <sup>1</sup>	100%	100%
Newood Energy Pty Limited (ACN: 129 980 061) (In Liquidation) <sup>2</sup>	100%	100%

- 1 Newood Smithton Pty Ltd was placed into Members Voluntary Liquidation on 17 June 2024.
- 2 Newood Energy Pty Ltd was placed into Members Voluntary Liquidation on 12 March 2024.

Each entity is domiciled and incorporated in Australia and is located at Level 1, 99 Bathurst Street, Hobart Tasmania. The principal activities of each entity include the management operation of the sites and necessary infrastructure required for the Huon Wood Centre and Smithton Wood Centre and to undertake Sustainable Timber Tasmania's business development activities.

The controlled entities are members of the tax-consolidated group. Sustainable Timber Tasmania is the head entity within the tax-consolidated group. The controlled entities have entered into a deed of cross guarantee with Sustainable Timber Tasmania pursuant to ASIC Corporations (Wholly-owned Companies) Instrument 2016/785 and are relieved from the requirement to prepare and lodge an audited financial report.

Information related to Newood Holdings Pty Ltd:

mornation related to Newboar Iolanigot ty Etc.		
	2024 \$'000	2023 \$'000
Statement of Comprehensive Income		
Revenue	807	672
Expenses	(586)	(658)
Net profit/(loss) before tax	222	14
Income tax (expense)/benefit	(66)	(4)
Net profit/(loss)	155	10
Other comprehensive income	-	-
Total comprehensive income	155	10
Statement of Financial Position		
Current assets	6,820	8,600
Non current assets	1,302	1,233
Total assets	8,123	9,833
Current liabilities	6,542	13
Non current liabilities	547	9,054
Total liabilities	7,088	9,067
Net assets/(liabilities)	1,035	767

Related party information:

	Sales to related parties		Purchas related		Amounts related	-	Amounts related	
	2024 \$'000	2023 \$'000	2024 \$'000	2023 \$'000	2024 \$'000	2023 \$'000	2024 \$'000	2023 \$'000
Parent								
Newood Holdings Pty Ltd	-	-	12	12	7,065	8,756	-	-

# **Section G: Other Disclosures (continued)**

#### SUSTAINABLE TIMBER TASMANIA AND ITS SUBSIDIARIES

FOR THE YEAR ENDED 30 JUNE 2024

#### **G5** Auditors' remuneration

	2024 \$'000	2023 \$'000
Amounts paid and payable to the Tasmanian Audit Office for auditing the financial statements of the Organisation	120	116
Amounts paid and payable to other service providers for internal and other regulatory audit services	257	83
	377	199

#### **G6** Events subsequent to balance date

There have not been any matters or circumstances since the end of the financial year that have significantly affected or may have significantly affected the operations of the Group, the results of those operations or the state of affairs of the Group.

# **G7** Operating segments

The Group does not have any reportable operating segments that meet the definition of AASB 8 Operating segments.

Revenues from major products and services

The Group's revenues from its major products and services is disclosed in note B1(a).

Geographical information

The Group's revenue from external customers by geographical location is detailed below:

	2024 \$'000	2023 \$'000
Revenue		
Australia	144,227	133,075
Total revenue	144,227	133,075

All non current assets are located within Australia.

Information about major customers

Included in revenues arising from the sale of forest products, lease agreements, licences and other forest management services and the performance of Community Service Obligations are revenues of \$49,445,000 (2023: \$36,841,000) which arose from the sale of forest products to the Group's largest customer, \$12,899,000 (2023: \$2,343,000) which arose from the sale of forest products to the Group's second largest customer and \$10,149,000 (2023: \$17,510,000) which arose from the sale of forest products to the Group's fourth largest customer in 2024.

No other single customer contributed 10% or more to the Group's revenue in either 2024 or 2023.

# **Section G: Other Disclosures (continued)**

#### SUSTAINABLE TIMBER TASMANIA AND ITS SUBSIDIARIES

FOR THE YEAR ENDED 30 JUNE 2024

# **G8** Other accounting policies

#### Accounting policy

#### Goods and services tax

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 Tax 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 the expense.

Receivables and payables are stated 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.

## Foreign currency transactions

Foreign currency transactions are translated to Australian currency at the rates of exchange ruling at the date of the transactions.

Amounts receivable and payable in foreign currencies at balance date are translated at the rates of exchange ruling on that date.

Exchange differences relating to amounts payable and receivable in foreign currencies are brought to account within finance income or expense as exchange gains or losses in the profit and loss in the financial year in which they occur. Foreign currency gains and losses are reported on a net basis.

# Reserves

Property revaluation reserve – The Group's land under buildings and building assets are valued at fair value with any changes in the values of the asset taken to the reserve.

Financial asset revaluation reserve – The Group's equity investments designated at FVTOCI are valued at fair value with any changes in the values of the asset taken to the reserve.

# Section H: Certification of Financial Statements

#### SUSTAINABLE TIMBER TASMANIA AND ITS SUBSIDIARIES

FOR THE YEAR ENDED 30 JUNE 2024

It is the opinion of the directors of Sustainable Timber Tasmania that:

- a) the financial statements and notes of the Group are in accordance with the *Government Business Enterprises Act 1995*, including:
  - I. giving a true and fair view of the results and cash flows for the financial year ended 30 June 2024 and the financial position as at 30 June 2024; and
  - II. complying with Australian Accounting Standards and Interpretations and with the Treasurer's Instructions.
- b) there are reasonable grounds to believe that Sustainable Timber Tasmania will be able to pay its debts as and when they fall due.

This declaration has been made after receiving the following declaration from the Chief Executive Officer and the General Manager Corporate Services of Sustainable Timber Tasmania:

a) the financial records of Sustainable Timber Tasmania for the financial year ended 30 June 2024 have been properly maintained in accordance with Section 52 of the *Government Business Enterprises Act 1995*; and

Kothere Schack

b) the financial statements and notes for the financial year ended 30 June 2024 give a true and fair view.

Signed in accordance with a resolution of the directors.

Rob de Fégely AM

Chair

12 August 2024

**Kathy Schaefer** 

Director

12 August 2024



# Independent Auditor's Report

**FOR THE YEAR ENDED 30 JUNE 2024** 

# **Independent Auditor's Report**

To the Members of Parliament Forestry Tasmania Report on the Audit of the Financial Report

### **Opinion**

I have audited the consolidated financial report of Forestry Tasmania, trading as Sustainable Timber Tasmania (STT) and its subsidiaries (the Group), which comprises the consolidated statement of financial position as at 30 June 2024, the consolidated 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 signed by the directors.

In my opinion, the accompanying financial report is in accordance with the *Government Business Enterprises Act 1995*, including:

(a) giving a true and fair view of the Group's financial position as at 30 June 2024 and of its financial performance and its cash flows for the year then ended;

(b) complying with 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 Group in accordance with the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 Code of Ethics for Professional Accountants (including Independence Standards) (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 confirm that the independence declaration provided to the directors of STT on 12 August 2024, would be in the same terms if provided to the directors at the time of this auditor's report.

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

# **Key Audit Matters**

Key audit matters are those matters that, in my professional judgement, were of most significance in my audit of the financial report of the current period. These matters were addressed in the context of my audit of the financial report as a whole, and in forming my opinion thereon, and I do not provide a separate opinion on these matters.

# Independent Auditor's Report

(continued)

Why this matter is considered to be one of the most significant matters in the audit

Audit procedures to address the matter included

# Forest Estate – Valuation of biological assets

Refer to notes A5, C1

STT relied upon the work of an independent valuation expert to value forest estate at \$210.39 million as at 30 June 2024. The forest state comprised current and non-current standing timber of \$13.11 million and \$197.28 million, respectively.

The valuation methodology applied to value the forest estate involves an income capitalisation approach using a discounted cash flow model which estimates the net annual income derived from the existing native forest, hardwood plantation and softwood planation tree crops. A market derived discount rate is applied to discount the annual net incomes to arrive at a present value for the existing forest estate.

The calculation is complex and subject to numerous assumptions. Changes in market conditions, discount rate and key assumptions are inherently subjective and significantly impact the value of the forest estate.

- Assessing the scope of work, expertise, and independence of the expert engaged by STT to value the forest estate.
- Reviewing the validity of the valuation method used, including its compliance with the accounting framework, specifically AASB 141 Agriculture.
- Reviewing the basis of the underlying assumptions used.
- Validating the accuracy of data, including prices, volumes and costs provided by STT to the expert.
- Evaluating management's and the director's review and adoption of the valuation.
- Verifying the accounting treatment for changes in the value of biological assets and assessing the adequacy of relevant disclosures in the financial report.

#### **Other Information**

The directors are responsible for the other information. The other information comprises the information included in the STT's Directors' Report for the year ended 30 June 2024, but does not include the financial report and my auditor's report thereon.

My opinion on the financial report does not cover the other information and accordingly I do not express any form of assurance conclusion thereon.

In connection with my audit of the financial report, my responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or my knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work I have performed, I conclude that there is a material misstatement of this other information, I am required to report that fact. I have nothing to report in this regard.

#### **Responsibilities of the Directors for the Financial Report**

The directors of STT are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards, and the *Government Business Enterprises Act 1995* and for such internal control as the directors determine 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 directors are responsible for assessing the Group'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 directors either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

# Independent Auditor's Report

(continued)

### **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 Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' 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 Group'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 evidence obtained up to the date of my auditor's report. However, future events or conditions may cause the Group 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.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the financial report. I am responsible for the direction, supervision and performance of the Group audit. I remain solely responsible for my audit opinion.

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.

I also provide the directors with a statement that I have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on my independence, and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated with the directors, I determine those matters that were of most significance in the audit of the financial report of the current period and are therefore the key audit matters. I describe these matters in my auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, I determine that a matter should not be communicated in my report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

**Martin Thompson** 

Auditor-General, Tasmanian Audit Office

4 August 2024, Hobart

# Information Tables 2023–24

## **Table 1: Emissions**

Direct and indirect greenhouse gas emissions from Sustainable Timber Tasmania

Scope	Description	Unit	Tonnes
Scope 1	Direct emissions from owned or controlled sources (petrol and diesel)	Carbon dioxide equivalents (tonnes)	1,059
Scope 2	Indirect emissions from the generation of purchased electricity		192
Total			1,251

# **Table 2: Forest practices**

All forest operations must be carried out according to a certified Forest Practices Plan. A proportion of these plans are independently audited by the Forest Practices Authority (FPA).

Forest Practices System requirements	Result
Submitted the Three Year Wood Production Plan to FPA and made publicly available	Achieved
Forest Practices Plan reporting compliance	100%
Forest Practices Plans audited by the FPA:	13
Number of individual questions	1,084
% individual questions which achieved highest possible rating	97%

# **Table 3: Stakeholder engagement activity**

Stakeholder groups*	Engagements	Number of individual stakeholders
Community	88	58
Tourism	77	45
Neighbour	121	66
Businesses	38	28
Environmental non- government organisation	51	21
Commercial users	24	20
Recreational users	19	13
Government	28	18
Other	40	282
Total	486	551

<sup>\*</sup>Reported stakeholder groups do not include customers, contractors or regulatory bodies. These figures also do not reflect proactive communications by Sustainable Timber Tasmania.

# Table 4: Education, research and community funding

	Amount (\$)
Forest Education Foundation	316,000
Tasmanian Forests and Forest Products Network	24,000
Arbre Forest Industries Training and Careers Hub	22,715
Tasmanian Timber Awards	12,689
Forestry Australia	12,500
Biochar Industry Group	5,000
Australia Forest Product Association	1,850
Australia Fire & Emergency Service Authorities	1,000
Huon Resource Development Group Inc	1,000
Total	396,754

<sup>1</sup> Figures are GST exclusive.

# **Table 5: Buy local and payment of accounts**

Buylocal	
Percentage of purchases made from Tasmanian businesses	97%
Payments to Tasmanian businesses (\$ million)	139
Number of Tasmanian businesses paid	621
Payment of accounts	
Creditor days	10
Number of accounts due for payment	7,312
Number of accounts paid on time	5,928
Amount due for payment (\$ million)	142
Amount paid on time (\$ million)	123
Number of payments of interest on overdue accounts	-
Interest paid on overdue accounts	-

## **Table 6: Overseas travel**

Number of overseas trips by directors or employees	-
Total cost of overseas trips (\$)	-

# **Table 7: Superannuation**

#### Superannuation certification

Sustainable Timber Tasmania complied with its obligations under the *Superannuation Guarantee* (Administration) Act 1992 in respect of employees of Sustainable Timber Tasmania who are members of complying superannuation schemes.

#### **Table 8: Professional services and consultancies**

Valued at more than \$50,000 (excluding GST)

Name	Location	Description	Period of Engagement	Amount (\$)
Safety Circle	Tasmania	Work health and safety programs	Jul 2023 – Jun 2024	510,320
Abetz Curtis Lawyers and Advisers	Tasmania	Legal services	Jul 2023 – Jun 2024	488,436
SBA Law	Victoria	Contract development	Jul 2023 – Jun 2024	158,818
Before Creative	Tasmania	Creative and graphic design services	Jul 2023 – Jun 2024	142,361
Remsoft Inc	Canada	Development of plantation systems	Nov 2023 – May 2024	129,004
The Fifth Estate Consultancy Pty Ltd	New South Wales	Stumpage price review and contract	Jul 2023 – Jun 2024	114,251
Indufor Asia Pacific (Australia) Pty Ltd	Victoria	Forest valuation	Jul 2023 – Jun 2024	104,789
Aurion Corporation Pty Ltd	Queensland	Payroll technical support	Jul 2023 – Jun 2024	101,656
Virtual Twin Tas Pty Ltd	Tasmania	Plantation tree inventory		96,000
Flexible Contracting Services Pty Ltd	Tasmania	Information technology services	Jul 2023 – Jun 2024	94,490
KPMG	Tasmania	Audit and tax advisory	Jul 2023 – Jun 2024	90,094
Peopleworks Pty Ltd	Tasmania	Employee Assistance Program	Jul 2023 – Jun 2024	79,926
Trimble Forestry Corporation	New Zealand	Development of plantation systems	Jul 2023 – Feb 2024	74,940
AusSpan Pty Ltd	Tasmania	Structure and bridge inspections	Jul 2023 – Jun 2024	74,084
Enabled Solutions Pty Ltd	South Australia	Development of plantation systems	Apr 2024 – Jun 2024	67,200
Apogee (Tas) Pty Ltd	Tasmania	Construction project management	Jul 2023 – Jun 2024	65,115
TAS City Building Pty Ltd	Tasmania	Redevelopment of Perth site	Jul 2023 – Jun 2024	62,977
Indicium Dynamics Pty Ltd	Tasmania	Cloud-based data management	Jul 2023 – Jun 2024	62,802
Healthy Business Performance Group Pty Ltd	Tasmania	Work health and safety programs	Jul 2023 – Jun 2024	61,367
Deloitte Touche Tohmatsu	Tasmania	Project management planning	Jul 2023 – Jun 2024	57,021
JBWere Limited	Victoria	External investment advice	Jul 2023 – Jun 2024	55,442
Aquila Institute Pty Ltd	New South Wales	Budget review process	Apr 2024 – Jun 2024	55,017
Total				2,746,110

## Valued at less than \$50,000 (excluding GST)

Number	Total (\$)¹
65	1,073,960

<sup>1</sup> This includes capital expenditure items.

### **Table 9: Information disclosures**

Right to Information disclosure	Number
Applications for assessed disclosure received	8
Applications for assessed disclosure refused*	1
Applications for assessed disclosure relating to exempt information in full or part. Exempt information provisions: Section 27 (1); Section 35 (1); Section 36 (4)	4
Applications reviewed internally and the outcome of the reviews upheld in full	2
Applications reviewed internally and the outcome of the reviews upheld in part	1

Public interest disclosures	Number
Public interest disclosures	0
Assessed disclosures	0
Active disclosures	0
Required disclosures	0
Routine disclosures	0
Public interest disclosures investigated by Sustainable Timber Tasmania	0
Disclosed matters referred to the Ombudsman	0
Disclosed matters taken over by the Ombudsman	0
Disclosed matters that Sustainable Timber Tasmania decided not to investigate	0
Disclosed matters substantiated on investigation and action taken	0
Recommendations of the Ombudsman under this Act that relate to Sustainable Timber Tasmania	0

<sup>\*</sup>Refused refers to applications which were actively disclosed or Sustainable Timber Tasmania informed the applicant it intended to refuse unless the scope of the request was refined.

# **Table 10: Community Service Obligations**

Obligation	Government revenue for services (\$ million)
Permanent Timber Production Zone land continues to be managed, accessible and available for multiple uses.	8
Contributing to statewide fuel reduction burning and fire management	2
Provide assistance with state fire management in the prevention, preparation and detection of bushfires; supervising and conducting bushfire suppression on non-production forest and adjoining lands.	2

# **Table 11: Safety performance**

Number of workers compensation claims	6
Cost of workers compensation claims	\$24,200
Cost of claims as a proportion of gross wages	0.10
Lost time injury frequency rate (LTIFR)	7
Medical treatment injury frequency rate (MTIFR)	13
Harvesting contractors LTIFR	14

#### **Table 12: Plantation area statement**

	Area (he	ectares)
Ownership at 30 June 2024	Softwood	Hardwood
Sustainable Timber Tasmania plantation on Permanent Timber Production Zone (PTPZ) land	2,511	24,352
Sustainable Timber Tasmania plantation on private land	-	165
Sustainable Timber Tasmania joint venture on PTPZ land	7,128	122
Sustainable Timber Tasmania joint venture on private land	97	151
Tassie Trees Trust plantation on PTPZ land	299	373

43,201

53,236

28,922

54,085

# **Table 13: Hardwood plantation thinning**

Private plantation on PTPZ land

Total

Total area thinned (hectares)	Proportion meeting quality standard (%)
N/A¹	N/A

<sup>1</sup> Sustainable Timber Tasmania's statewide hardwood plantation thinning program is complete.

## **Table 14: Pesticide usage**

Purpose of application	Area treated (hectares)
Plantation insect control	0
Plantation thinning	0
Plantation post-plant weed control	132
Plantation pre-plant weed control	876
Native forest pre-burn fine fuel treatment	26
Firebreak maintenance	0

Active ingredient	Amount applied (kilogram of active ingredient)
Aminopyralid	0.63
Clopyralid	5.71
Dicamba	0.01
Glyphosate <sup>1</sup>	2,468
Halixyfop – methyl	0
MCPA	0.05
Mesulfuron methyl	16.92
Oxyfluorfen	96.29
Picloram	0.79
Sulfometuron methyl	0
Triclopyr	183.20
Triclopyr as ester	129.44

Note: Excludes nursery applications.

1 The increase in Glyphosate use from the previous year is due to the recommencement of plantation establishment activities.

Water quality sampling	Number
Pesticide operations sampled	13
Water quality samples submitted for independent analysis	34
Exceedances of Australian Drinking Water Guidelines	0

## **Table 15: Fertiliser usage**

Nutrient type	Amount applied (kilogram of active ingredient)
Nitrogen	852
Phosphorus	196
Potassium	506

# **Table 16: Fuel and chemical spills**

Number of fuel or chemical spills

#### **Table 17: Forest health**

Plantation area identified with moderate or severe impact	Area (hectares)		
Health issue	Moderate	Severe	
Soil fertility/site	0	0	
Insect damage <sup>1</sup>	377	174	
Multiple causes <sup>2</sup>	306	68	
Climate/environmental <sup>3</sup>	131	0	
Silvicultural	0	0	
Mammal damage	104	0	
Fungal diseases <sup>4</sup>	101	39	
Weeds <sup>5</sup>	248	151	

- Damage ascribed solely to leaf beetle (Paropsisterna spp)

  defoliation
- 2 Elevation effects, grass competition, defoliation due to the combined effects of leaf beetle (Paropsisterna spp) feeding and fungal foliar pathogens (Teratosphaeria spp).
- 3 Primarily seedling desiccation and windthrow.
- 4 Mainly Teratosphaeria leaf disease and native root rot pathogen
  Armillaria
- 5 Area of intra-plantation competition from native weeds such as silver wattle or wildlings (65 new records for declared or environmental weeds on PTPZ land managed by Sustainable Timber Tasmania).

Leaf beetle IPM System	Area (hectares)
Area monitored <sup>1</sup>	0
Area monitored that was above control threshold	0
Area monitored above threshold and treated with alpha-cypermethrin	0
Total area treated	0
Area monitored above threshold with effective natural control	0
Area monitored above threshold and not treated	0
% monitored area sprayed	0

 No monitoring was conducted this year due to the plantation estate being outside the target age range.

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# **Table 17: Forest health (continued)**

$\textbf{Long-term retention areas on PTPZ land health and integrity assessment}^{1}$	Presen	%)		
Damage symptom	None	Low	Moderate	Severe
Burnt – old/historical	14.6	58.3	25.0	2.1
Burnt – recent	100.0	0.0	0.0	0.0
Overstorey wind	91.7	8.3	0.0	0.0
Midstorey wind	91.7	8.3	0.0	0.0
Understorey wind	91.7	6.3	2.1	0.0
Weeds (incidence)	64.6	31.3	4.2	0.0
Illegal harvest	93.8	6.3	0.0	0.0
Other	93.8	4.2	2.1	0.0
Overstorey canopy/tree condition	6.3	75.0	18.8	0.0
Midstorey canopy/vegetation condition	47.9	45.8	4.2	2.1
Understorey vegetation condition	60.4	35.4	4.2	0.0
Average	68.8	25.4	5.5	0.4
Gross reserve area sampled (hectares)				7,270

<sup>1</sup> Reassessment of reserves in the north-east: Goulds Country, Gladstone and Moorina; originally assessed in 2019.

# **Table 18: Native forest harvested**

Native forest type harvested	Harvest type	Area harvested (hectares)
Regrowth	Partial	3,644
Old growth	Partial	115
Regrowth	Clearfell	560
Old growth	Clearfell <sup>1</sup>	0.4

Note: Total area is accounted for in the year each coupes is completed.

# **Table 19: Hardwood plantation production**

Product	Quantity	Unit
Pruned and unpruned plantation log	29,631	tonnes
Pulpwood	149,991	tonnes
Export log	0	tonnes
Posts, poles and piles	340	tonnes

# **Table 20: Softwood plantation production**

Product	Quantity	Unit
Sawlog	3,685	cubic metres
Pulpwood	147,641	tonnes

**Table 21: Special species production** 

Volume (cubic metres)
7,332
11
145
22
46
2
728
8,287

Note: Production figures do not include craftwood or Huon pine in stockpiles. Sustainable Timber Tasmania does not harvest live Huon pine.

Table 22: Special species production by grade and volume

Species	Grade	Volume (cubic metres)
Blackwood	Utility	630
	Outspec	3,884
	Cat 4	2,817
Celery top pine	Outspec	8
	Cat 4	3
Myrtle	Outspec	112
	Cat 4	2
	Utility	31
Blackheart sassafras	Outspec	21
	Cat 4	2
Silver wattle	Cat 4	46
Sassafras	Outspec	1
	Cat 4	1
Other species (incl. musk, tea tree)	Outspec, Utility and Cat 4	728
Total		8,287

Note: Figures above do not include craftwood.

**Table 23: Native forest wood production** 

Category	Sub-category	Quantity	Unit
High quality sawlog	Appearance grade sawlog (Cat 1 & 3)	102,547	cubic metres
	Construction grade sawlog (Cat 1 & 3)	4,773	cubic metres
	Sliced veneer grade	607	cubic metres
	Total	107,927	cubic metres
Sawlog	Sawlog (Cat 2 & 8)	72,361	cubic metres
Posts, poles and piles		3,790	units
Export log		-	tonnes
Domestic peeler billets		28,943	tonnes
Pulpwood		681,624	tonnes
Firewood		9,707	tonnes
Other products (e.g bark, sawdust)		19,123	tonnes
Special species timber and craftwood		8,889	cubic metres

**Table 24: Regrowing native forest** 

Site preparation type	Area assessed (hectares)	Proportion meeting quality standard (hectares)
Clearfell	1,658	1,599
Partial harvest	3,416	3,403
Total	5,074	5,002
Seed sown		
Area sown (hectares) <sup>1</sup>		1,641
Quantity sown (kilograms)		1,553
Proportion of seed collected from on-site %		24
Proportion of seed collected from in-zone %		76
Proportion of seed collected out-of-zone		0
		Million
Number of seeds sown		149

<sup>1</sup> Seed is only applied to areas where natural seedfall is likely to be insufficient for regrowing the forest.

#### Regrowing success

#### Area stocked (hectares)

	0-	0-	40-	65-	85-	
Forest type	9%	39%	64%	84%	100%	Hectares
Dry eucalypt <sup>1</sup>	0	0	385	624	0	1,009
Wet eucalypt <sup>1</sup>	0	0	57	2,567	348	2,972
High altitude E. delegatensis <sup>1</sup>	0	0	0	872	283	1,155
Total			442	4,063	631	5,136

	76
Proportion of area stocked	98.9

<sup>1</sup> Reported at age three years.

# **Table 25: Access to production forests**

Roading activity	Length (kilometres)
New roads constructed	33
Roads maintained	3,177
Leases and licences on PTPZ land	Number
Total leases, licences and easements	672
Leases, licences and easements currently subject to negotiation	88
Apiary sites on PTPZ land	298
Forest Activity Assessments conducted	112

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<sup>1</sup> Where mapped old growth is less than 25% of coupe, and figures are reported across multiple coupes.

# Table 26: Forest type ('000s hectares)

		Tasmania	a	Publi	cly manage	ed land²	Р	ermanent	Timber Pro	duction Zon	e land³
	Total (ha)	Area reserved (ha)	Area reserved (%)	Total (ha)	Area reserved (ha)	Area reserved (%)	Total	Area reserved (ha)	Area reserved (%)	Non- production (ha)	Production (ha)
Tall native eucalypt forest: Eucalypt forest with current or potential height of 34 metres or more	904	457	51	742	447	60	336	51	15	76	209
Short native Eucalypt forest: Eucalypt forest with current or potential height of less than 34 metres	1,554	757	49	859	684	80	185	36	19	46	103
Rainforest: Cool temperate rainforest with no significant Eucalypt or Acacia spp.	568	494	87	540	492	91	62	17	27	26	19
Other native forest: Including Acacia, Melaleuca spp. etc	156	89	57	129	89	69	36	9	25	18	9
Hardwood plantation	111	0	0	56	0	0	56		0	2	52
Softwood plantation	82	1	1	57	1	2	57		0	1	55
Non forest <sup>1</sup> : Including scrub, moorland farmland, rock and lakes	3,417	1,568	46	1,757	1,536	87	79	16	20	50	15
Total	6,792	3,366	50	4,140	3,249	78%	811	129	16	219	462

Note: Private property forest areas are as advised by Private Forests Tasmania (PFT), and generally reflect forest mapping as at December 2014.

Please be advised: All areas are rounded to thousands of hectares – figures in the 'Total' rows are not the sum of the columns but the rounded actual totals. The areas for forest are derived from detailed forest type mapping, which is continually updated; generally mapping on PTPZ land is updated annually, but remapping of other tenures is less frequent. Areas reported in this table include land, inland waterbodies and islands; Macquarie Island, sea and marine estuaries are excluded.

Table 27: Forest values management on Permanent Timber Production Zone land

Special Management Zone within wood production areas	Area (hectares)
Biodiversity	46,893
Cultural heritage	15,178
Geo-conservation	37,177
Landscape	63,204
Soil and geo-conservation management	
Designated unavailable for wood production due to erosion risk	36,581
Managed for soil and geo-conservation values	61,954

# Table 28: Landscape Context Planning System performance

Metric	Achieved (%)
Coupes meeting dispersal metric prescription	98
Coupes meeting the long-term retention metric prescription	94
Average % of forest retained for the long term within one kilometre radius surrounding harvested coupes	37

## **Table 29: Bushfire management**

Bushfire	Area (hectares)
PTPZ land burnt by bushfires	4,251

Contribution to state bushfire fighting effort	Control effort (person hours)
General firefighting activities as crew members, strike team leaders, heavy tanker drivers and tree fallers	7,878
Incident management teams as incident controllers, and in planning roles such as mapping, resourcing and behaviour prediction	3,952
Divisional or Sector Commander	2,394
Firefighting activities undertaken by forest contractors	2,670
Total	16,894

**Table 30: Planned burning** 

Planned burns conducted on PTPZ land	Number	Area (hectares)
Fuel reduction and ecological	8	1,063
Low-intensity regeneration	29	1,937
High-intensity regeneration	80	1,858
High-intensity plantation	7	391

Air quality monitoring	Number
Planned burning season Spring 24/9/23 – 4/10/23 Autumn 31/3/24 – 20/6/24	
Smoke events above the PM2.5 air quality standard at BLANKeT sites during burning seasons	53
Smoke events above PM2.5 air quality standard that Sustainable Timber Tasmania planned burning may have contributed to	0
Air quality complaints received by Environmental Protection Agency (EPA) during planned burning seasons	14
Air quality complaints that Sustainable Timber Tasmania planned burning may have contributed to	0

Note: BLANKeT is the Base Line Air Network of EPA Tasmania.

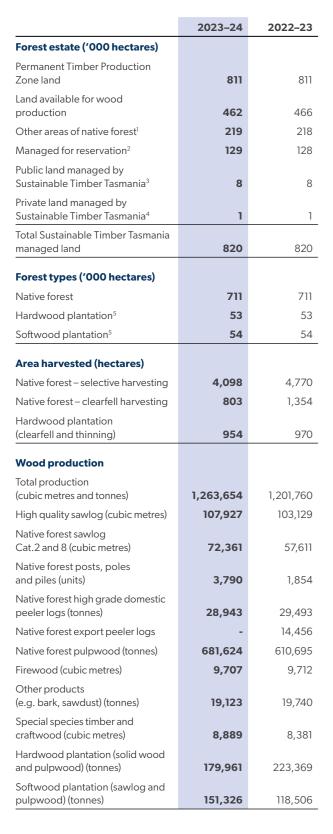
sustainable timber tasmania | annual report 2024

<sup>1</sup> This table is derived from spatial integration of independently compiled datasets and some spatial discrepancies have been inherited. Areas where neither Private Forests Tasmania or Sustainable Timber Tasmania forest data extends to the Natural Resources Tasmania coastline are recorded as 'Non forest'.

<sup>2 &#</sup>x27;Publicly managed land' includes land owned by, or vested in, the HEC, Sustainable Timber Tasmania and the Commonwealth and Tasmanian Governments, municipal reserves; and municipal and private lands managed by the Wellington Park Management Trust.

<sup>3</sup> Permanent Timber Production Zone land as defined under the Forest Management Act 2013.

# **Snapshot**



	2023-24	2022-23
Fire management		
Number of bushfires attended	65	30
Permanent Timber Production Zone land burnt by bushfires (hectares)	4,251	121
Hours devoted to firefighting	16,894	2,453
Net cost of suppression (\$'000)	3,572	420
Fuel reduction burns completed on Permanent Timber Production Zone land (hectares)	1,063	1,363
Access to the forest (kilometres)		
New roads constructed	33.1	39.3
Roads maintained	3,177	3,262

- 1 Areas not part of the eucalypt wood resource due to factors including non-commercial forest, excessive slope, streamside reserves, inaccessibility, etc.
- 2 Permanent Timber Production Zone land managed by Sustainable Timber Tasmania for conservation values as part of the Tasmanian Comprehensive, Adequate, Representative (CAR) system.
- 3 Areas on Buckland Military Training Area managed by Sustainable Timber Tasmania.
- 4 Plantations on private land fully or jointly owned by Sustainable
- 5 Plantation figures include plantations over which Sustainable Timber Tasmania has no management control.

	2023-24	2022-23
Finance – Comprehensive income (\$'000)		
Revenue		
Revenue from sale of forest products	123,129	103,043
Government funding	12,128	12,000
Other income	7,788	8,911
Finance income	1,182	1,092
Forest valuation increase	-	8,029
Total revenue	144,227	133,075
Expenses		
Expenses from operations	(141,608)	(124,661)
Forest valuation decrease	(266)	-
Finance expense	(1,823)	(2,614)
Total expenses	(143,697)	(127,275)
Net profit/(loss) before tax	530	5,800
Income tax (expense)/	(256)	/1 740)
benefit on net profit/loss	(256)	(1,743)
Net profit/(loss) after tax	274 67	4,057 3,482
	n/	
Finance – Financial position	342	
Total comprehensive income  Finance – Financial position (\$'000)		
Total comprehensive income  Finance – Financial position (\$'000)  Borrowings (net of cash)	342	7,539
Total comprehensive income  Finance – Financial position (\$'000)		7,539
Total comprehensive income  Finance – Financial position (\$'000)  Borrowings (net of cash)	342	7,539
Total comprehensive income  Finance – Financial position (\$'000)  Borrowings (net of cash)  Net assets	342	7,539
Total comprehensive income  Finance – Financial position (\$'000)  Borrowings (net of cash)  Net assets  Finance – Cash flow (\$'000)	342 - 220,143	7,539 220,401 3,614
Total comprehensive income  Finance – Financial position (\$'000)  Borrowings (net of cash)  Net assets  Finance – Cash flow (\$'000)  Operating cash flows	220,143 6,526	7,539 220,401 3,614
Total comprehensive income  Finance – Financial position (\$'000)  Borrowings (net of cash)  Net assets  Finance – Cash flow (\$'000)  Operating cash flows  Investing cash flows	220,143 6,526	7,539 220,401 3,614 (8,948)
Total comprehensive income  Finance – Financial position (\$'000)  Borrowings (net of cash)  Net assets  Finance – Cash flow (\$'000)  Operating cash flows  Investing cash flows  Employment	342 - 220,143 6,526 (16,363)	7,539 220,401 3,614 (8,948)
Total comprehensive income  Finance – Financial position (\$'000)  Borrowings (net of cash)  Net assets  Finance – Cash flow (\$'000)  Operating cash flows  Investing cash flows  Employment  Number of employees (head count)  Number of employees	342 - 220,143 - 6,526 (16,363)	7,539 220,401 3,614 (8,948)
Total comprehensive income  Finance – Financial position (\$'000)  Borrowings (net of cash)  Net assets  Finance – Cash flow (\$'000)  Operating cash flows  Investing cash flows  Employment  Number of employees (head count)  Number of employees (full time equivalents)  Lost time injury frequency rate	342 - 220,143 - 6,526 (16,363)	7,539 220,401 3,614 (8,948)
Total comprehensive income  Finance – Financial position (\$'000)  Borrowings (net of cash)  Net assets  Finance – Cash flow (\$'000)  Operating cash flows  Investing cash flows  Employment  Number of employees (head count)  Number of employees (full time equivalents)  Lost time injury frequency rate (employees)  Tasmanian businesses  Payments to Tasmanian businesses	342 - 220,143 - 6,526 (16,363) - 167 - 162 - 6.54	7,539 220,401 3,614 (8,948) 169
Total comprehensive income  Finance – Financial position (\$'000)  Borrowings (net of cash)  Net assets  Finance – Cash flow (\$'000)  Operating cash flows  Investing cash flows  Employment  Number of employees (head count)  Number of employees (full time equivalents)  Lost time injury frequency rate (employees)  Tasmanian businesses	342 - 220,143 - 6,526 (16,363)	7,539  220,401  3,614 (8,948)  169
Total comprehensive income  Finance – Financial position (\$'000)  Borrowings (net of cash)  Net assets  Finance – Cash flow (\$'000)  Operating cash flows  Investing cash flows  Employment  Number of employees (head count)  Number of employees (full time equivalents)  Lost time injury frequency rate (employees)  Tasmanian businesses  Payments to Tasmanian businesses (\$ million)	342 - 220,143 - 6,526 (16,363) - 167 - 162 - 6.54	7,539 7,539 220,401 3,614 (8,948) 169 163





# employer of choice





