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To the Chair of the Board South Australian Forestry Corporation

Opinion

I have audited the financial report of the South Australian Forestry Corporation (the Corporation) for the financial year ended 30 June 2026.

In my opinion, the accompanying financial report gives a true and fair view of the financial position of the Corporation as at 30 June 2026, its financial performance and its cash flows for the year then ended in accordance with relevant Treasurer's Instructions issued under the provisions of the *Public Finance and Audit Act 1987* and Australian Accounting Standards.

The financial report comprises:

- a Statement of Comprehensive Income for the year ended 30 June 2026
- a Statement of Financial Position as at 30 June 2026
- a Statement of Changes in Equity for the year ended 30 June 2026
- a Statement of Cash Flows for the year ended 30 June 2026
- notes, comprising material accounting policy information and other explanatory information
- a Certificate from the Chair, Chief Executive and the Chief Finance Officer.

Basis for opinion

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

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

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

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

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

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

Auditor's responsibilities for the audit of the financial report

As required by section 31(1)(b) of the *Public Finance and Audit Act 1987* and section 32(4) of the *Public Corporations Act 1993*, I have audited the financial report of the Corporation for the financial year ended 30 June 2026.

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

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

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

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

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

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



Daniel O'Donohue
Deputy Auditor-General

23 September 2026

South Australian Forestry Corporation

Financial Statements

30 June 2026

South Australian Forestry Corporation

Certification of the 2025-26 Draft Financial Statements

We certify that the:

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



Nathan Paine

CHIEF EXECUTIVE

SOUTH AUSTRALIAN FORESTRY CORPORATION



Michael Hanton

CHIEF FINANCE OFFICER

SOUTH AUSTRALIAN FORESTRY CORPORATION



Alaric Sinclair

CHAIR

SOUTH AUSTRALIAN FORESTRY CORPORATION

Date 16 September 2026

South Australian Forestry Corporation
Statement of Comprehensive Income
For the year ended 30 June 2026

	Note	2026 \$'000	2025 \$'000
Income			
Sales - timber products	3.1	15,600	12,872
Revenues from SA Government	3.2	5,036	4,921
Interest	3.3	788	923
Other income	3.5	1,469	1,116
Total income		22,893	19,832
Expenses			
Employee benefits expenses	4.1	6,293	5,773
Supplies and services	4.2	13,189	11,658
Depreciation and amortisation	5.6	1,177	1,261
Borrowing costs	4.3	-	1
Net loss from the disposal of property, plant and equipment	3.4	-	10
Other expenses	4.4	1,600	322
Total expenses		22,259	19,025
Trading profit/(loss) before revaluation of forest assets		634	807
Net change in value of forest assets	5.9	(4,054)	1,543
Profit/(loss) before income tax equivalent		(3,420)	2,350
Income tax equivalent expense		190	242
Profit/(loss) after income tax equivalent		(3,610)	2,108
Other Comprehensive Income			
Items that will not be reclassified to profit and loss			
Gain/(loss) in land revaluation surplus		813	2,555
Total other comprehensive income		813	2,555
Total comprehensive result		(2,797)	4,663

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

South Australian Forestry Corporation
Statement of Financial Position
As at 30 June 2026

	Note	2026 \$'000	2025 \$'000
Current assets			
Cash and cash equivalents	5.2	20,901	20,144
Receivables	5.3	4,844	3,894
Inventories	5.4	108	71
Forest assets	5.9	7,935	8,602
Total current assets		33,788	32,711
Non-current assets			
Forest assets	5.9	106,697	110,084
Property, plant and equipment	5.6	59,258	58,495
Total non-current assets		165,955	168,579
Total assets		199,743	201,290
Current liabilities			
Payables	6.2	2,220	904
Employee related liabilities	6.3	578	536
Provisions	6.4	1,032	284
Other liabilities	6.5	449	479
Total current liabilities		4,279	2,203
Non-current liabilities			
Employee related liabilities	6.3	913	869
Provisions	6.4	223	319
Other liabilities	6.5	1,707	1,917
Total non-current liabilities		2,843	3,105
Total liabilities		7,122	5,308
Net Assets		192,621	195,982
Equity			
Retained earnings		26,461	26,580
Other reserves		166,160	169,402
Total Equity		192,621	195,982

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

South Australian Forestry Corporation
Statement of Changes in Equity
For the year ended 30 June 2026

	Note	Asset revaluation surplus \$'000	Forest assets reserve \$'000	Retained earnings \$'000	Total Equity \$'000
Balance at 1 July 2024		53,139	112,166	26,015	191,320
Gain on revaluation of land	5.6	2,555	-	-	2,555
Profit/(loss) after income tax equivalent		-	-	2,108	2,108
Total comprehensive result for 2024-25		2,555	-	2,108	4,663
Transfer between equity components		-	1,543	(1,543)	-
Balance at 30 June 2025		55,694	113,709	26,580	195,982
Gain on revaluation of land	5.6	813	-	-	813
Profit/(loss) after income tax equivalent		-	-	(3,610)	(3,610)
Total comprehensive result for 2025-26		813	-	(3,610)	(2,797)
Transfer between equity components		(2)	(4,054)	4,055	-
Transactions with SA Government as owner					
Dividends provided/paid		-	-	(564)	(564)
Balance at 30 June 2026		56,505	109,655	26,461	192,621

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

South Australian Forestry Corporation

Statement of Cash Flows

For the year ended 30 June 2026

	Note	2026 \$'000	2025 \$'000
Cash flows from operating activities			
<i>Cash inflows</i>			
Receipts from customers		19,509	15,155
Receipts from SA Government		4,074	4,314
Interest received	3.3	778	928
Cash generated from operations		24,361	20,397
<i>Cash outflows</i>			
Employee related expense payments		(6,207)	(5,656)
Payments for supplies and services		(15,637)	(17,473)
Interest paid	4.3	-	(1)
GST paid to the ATO		(633)	(329)
Cash used in operations		(22,477)	(23,459)
Net cash provided by/(used in) operating activities	7.2	1,884	(3,062)
Cash flows from investing activities			
<i>Cash outflows</i>			
Purchase of property, plant and equipment		(1,127)	(1,115)
Cost on disposal of property, plant and equipment		-	(10)
Cash used in investing activities		(1,127)	(1,125)
Net cash provided by/(used in) investing activities		(1,127)	(1,125)
Cash flows from financing activities			
<i>Cash outflows</i>			
Repayment of leases		-	(56)
Cash used in financing activities		-	(56)
Net cash provided by/(used in) financing activities		-	(56)
Net increase/(decrease) in cash and cash equivalents		757	(4,243)
Cash and cash equivalents at the beginning of the period		20,144	24,387
Cash and cash equivalents at the end of the period	5.2	20,901	20,144

The accompanying notes form part of these financial statements.

Notes to the Financial Statements
For the year ended 30 June 2026

1 About the South Australian Forestry Corporation

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

Key responsibilities of ForestrySA are to:

- Manage state-owned plantation forests for commercial production in line with best practice standards for forestry operations and environmental management;
- Maximise the value of the Corporation whilst achieving other key requirements of SA Government;
- Encourage and facilitate regionally based economic activities based on forestry and other industries;
- Support regional resource protection initiatives and programs;
- Support the concept of environmental sustainability which assists in the protection of natural assets and market accessibility; and
- Support cooperative research activities within the forestry industry.

Green Triangle agency agreement

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

Dividend payments

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

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

1.1 Basis of preparation

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

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

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

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

Notes to the Financial Statements
For the year ended 30 June 2026

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

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

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

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

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

1.2 Segment reporting

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

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

Notes to the Financial Statements
For the year ended 30 June 2026

Statement of Comprehensive Income by Operating Segment
For the year ended 30 June 2026

	Commercial		Non-Commercial		Total	
	2026	2025	2026	2025	2026	2025
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Income						
Sales - timber products	15,600	12,872	-	-	15,600	12,872
Revenues from SA Government	-	(1)	5,036	4,922	5,036	4,921
Interest	788	923	-	-	788	923
Net gain from the disposal of property, plant and equipment	-	-	-	-	-	-
Other income	1,469	1,116	-	-	1,469	1,116
Total income	17,857	14,910	5,036	4,922	22,893	19,832
Expenses						
Employee benefits expenses	4,900	4,234	1,393	1,539	6,293	5,773
Supplies and services	10,445	9,606	2,744	2,052	13,189	11,658
Depreciation and amortisation	911	985	266	276	1,177	1,261
Borrowing costs	-	1	-	-	-	1
Net loss from the disposal of property, plant and equipment	-	10	-	-	-	10
Other expenses	467	(733)	1,133	1,055	1,600	322
Total expenses	16,723	14,103	5,536	4,922	22,259	19,025
Trading profit/(loss) before revaluation of forest assets	1,134	807	(500)	-	634	807
Net change in value of forest assets	(4,054)	1,543	-	-	(4,054)	1,543
Net result before income tax equivalent	(2,920)	2,350	(500)	-	(3,420)	2,350
Income tax equivalent expense	190	242	-	-	190	242
Net result after income tax equivalent	(3,110)	2,108	(500)	-	(3,610)	2,108
Other Comprehensive Income						
Items that will not be reclassified to net result						
Changes in land revaluation surplus	813	2,555	-	-	813	2,555
Total other comprehensive income	813	2,555	-	-	813	2,555
Total comprehensive result	(2,297)	4,663	(500)	-	(2,797)	4,663

Notes to the Financial Statements
For the year ended 30 June 2026

1.3 Significant transactions with SA Government related entities

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

Notably:

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

2 Board and committees

2.1 Key management personnel

Key management personnel of ForestrySA include the Minister for Primary Industries and Regional Development and Minister for Forest Industries, the Board, committee members, the Chief Executive, Chief Finance Officer, General Manager Commercial Operations and General Manager Community Services. Total compensation for key management personnel for 2025-26 was \$942,000 (2024-25: \$940,000).

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

	2026	2025
	\$'000	\$'000
Compensation		
Salaries and other short term employee related expenses	785	843
Post-employment benefits	93	97
Other long-term employment benefits	62	-
Termination Benefits	2	-
Total	942	940

Transactions with key management personnel and other related parties

Apart from the remuneration for key management personnel, ForestrySA did not have any material transactions with key management personnel, their close family members and/or their controlled or jointly controlled entities in 2024-25 and 2025-26.

Notes to the Financial Statements
For the year ended 30 June 2026

2.2 Board and committee members

Members during the 2025-26 financial year were:

Board

R. Sinclair (Chair from 01-10-2025)

G. Pelton*

H. Neumann

J. Roache (Chair until 30-09-2025)

Audit and Risk Committee

H. Neumann (Chair from 01-11-2025)

G. Pelton*

R. Sinclair (Chair until 31-10-2025)

J. Roache

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

Board and committee remuneration	2026	2025
The number of members whose remuneration received or receivable falls within the following bands:		
\$0	1	1
\$1 - \$19,999	-	1
\$20,000 - \$39,999	-	1
\$40,000 - \$59,999	3	2
Total number of members	4	5

The total remuneration received and receivable by those governing members was \$140,000 (2025: \$156,000) which includes fringe benefits and superannuation contributions.

3 Income

3.1 Sales - timber products

	2026	2025
	\$'000	\$'000
Revenue from log sales	15,599	12,872
Revenue from other timber sales	1	-
Total revenues from sales - timber products	15,600	12,872

All revenue from log sales is revenue recognised from contracts with customers.

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

Notes to the Financial Statements
For the year ended 30 June 2026

3.2 Revenues from SA Government

	2026	2025
	\$'000	\$'000
Revenues from SA Government		
Community Service Obligation funding	4,272	4,156
Government Radio Network funding	498	490
Deferred revenues relating to CSO assets*	266	276
Giant Pine Scale reimbursement	-	(1)
Net revenues from SA Government	5,036	4,921

*In line with AASB 120 CSO funding used for capital expenditure recognises the funding as deferred income that is recognised in profit or loss on a systematic basis over the useful life of the asset.

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

3.3 Interest

	2026	2025
	\$'000	\$'000
Interest revenue	788	923
Total interest revenue	788	923

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

	2026	2025
	\$'000	\$'000
Plant and equipment:		
Proceeds from disposal	-	-
Less expenses on disposal	-	-
Less carrying amount of assets disposed	-	(10)
Net gain/(loss) from disposal of plant and equipment	-	(10)
Total assets:		
Total proceeds from disposal	-	-
Less expenses on disposal	-	-
Less total carrying amount of assets disposed	-	(10)
Total net gain (loss) from disposal of assets	-	(10)

Notes to the Financial Statements
For the year ended 30 June 2026

3.5 Other income

	2026	2025
	\$'000	\$'000
Leases and Licences	919	567
Other revenue from non SA Government entities	550	487
Gain on derecognition of SAFA leases	-	10
Grant funding	-	52
Other income	1,469	1,116

Leases and Licences

Income from licences for grazing or other activities on forest reserves, leases for commercial tenancies in the office building in Mt Gambier and recoupment of costs relating to the commercial lease of the office building. Additional revenues in 2026 relate to harvest equipment leased to contractors.

Other Revenue

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

Grant Funding

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

Notes to the Financial Statements
For the year ended 30 June 2026

4 Expenses

4.1 Employee related expenses

	2026	2025
	\$'000	\$'000
Salaries and wages	4,986	4,536
Long service leave	77	104
Skills and experience retention leave	17	25
Annual leave	373	341
Superannuation	579	531
Employment on-costs - other	261	236
Total employee related expenses	6,293	5,773

Superannuation

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

Employee remuneration

	2026	2025
	No	No
The number of employees whose remuneration received or receivable falls within the following bands:		
\$177,001 to \$197,000	2	1
\$197,001 to \$217,000	1	1
\$217,001 to \$237,000	-	1
Total number of employees	3	3

The total remuneration received by those employees for the year was \$569,000 (2025: \$622,000).

The table includes all employees whose normal remuneration was equal to or greater than the base executive remuneration level during the year. Remuneration of employees reflects all costs of employment including salaries and wages, payments in lieu of leave, superannuation contributions, salary sacrifice benefits and fringe benefits and any fringe benefits tax paid or payable in respect of those benefits as well as any termination benefits for employees who are no longer with ForestrySA.

Notes to the Financial Statements
For the year ended 30 June 2026

4.2 Supplies and services

	2026	2025
	\$'000	\$'000
Community Projects	500	-
Contractors	3,273	3,171
Information and communications technology	439	486
Legal and professional fees	105	115
Log harvesting	3,919	3,481
Log transport	2,887	2,670
Materials	752	445
Minor works, maintenance and equipment	881	820
Other	324	359
Utilities	109	111
Total services and supplies	13,189	11,658

Community Projects

PIRSA is leading a biosecurity response to an outbreak of Giant Pine Scale (GPS) in Adelaide's northeastern suburbs for the benefit of urban amenity trees and South Australia's softwood industries.

Forestry SA has committed to contributing towards the cost of PIRSA's response to the GPS outbreak. As at 30 June 2026 \$500,000 of this commitment had been paid.

No Giant Pine Scale has been detected in ForestrySA plantations. Contributions to prevent an incursion into commercial plantations are warranted as Giant Pine Scale presents a significant biosecurity risk to South Australia's plantation estate and the broader wood processing industry.

4.3 Borrowing costs

	2026	2025
	\$'000	\$'000
Interest expense on lease liabilities	-	1
Total borrowing costs	-	1

ForestrySA does not capitalise borrowing costs.

Notes to the Financial Statements
For the year ended 30 June 2026

4.4 Other expenses

	2026	2025
	\$'000	\$'000
Bad & Doubtful Debts	(16)	(11)
Consultants	26	43
Employee expenses	174	112
Government Radio Network	498	490
Insurance	209	187
Other	383	288
Rates and taxes	331	307
Workers compensation	(5)	(1,094)
Total other expenses	1,600	322

Workers compensation

A significant reduction in workers compensation costs was recorded in 2025 due to changes in the allocation from the whole of Government actuarial calculation for compensation liabilities.

External audit fees

Audit fees paid / payable to the Audit Office of South Australia included in other relating to work performed under the *Public Finance and Audit Act 1987* were \$55,900 (2025: \$54,400). No other services were provided by the Audit Office of South Australia.

5 Assets

5.1 Financial assets

	2026	2025
	\$'000	\$'000
Cash and cash equivalents	20,901	20,144
Contractual receivables	4,614	3,626
Total financial assets	25,515	23,770

All financial assets are measured at amortised cost.

Notes to the Financial Statements
For the year ended 30 June 2026

5.2 Cash and cash equivalents

	2026	2025
	\$'000	\$'000
Deposits	1,932	1,881
Cash Management Fund	18,969	18,263
Total cash and cash equivalents	20,901	20,144

Deposits and cash management fund

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

5.3 Receivables

	2026	2025
	\$'000	\$'000
Current		
Contractual receivables		
Trade receivables	4,549	3,587
Less impairment loss on receivables	(3)	(19)
Accrued revenue	68	58
Total contractual receivables	4,614	3,626
Statutory receivables		
GST receivable	49	-
Total statutory receivables	49	-
Prepayments	181	268
Total current receivables	4,844	3,894

Contractual receivables

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

Notes to the Financial Statements
For the year ended 30 June 2026

5.3 Receivables (cont)

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

Refer to note 10.2 for further information on risk management.

<i>Allowance for impairment loss on receivables</i>	2026	2025
	\$'000	\$'000
Carrying amount at the beginning of the period	19	30
Increase / (Decrease) in allowance recognised in profit or loss	(16)	(11)
Carrying amount at the end of the period	3	19

Statutory receivables

Statutory receivables do not arise from contracts with customers. They are related to taxes and equivalents as well as statutory fees and charges. Statutory receivables are recognised and measured similarly to contractual receivables. Statutory receivables are not financial assets

The net amount of GST receivable in 2025-26 is included as part of statutory receivables.

No impairment loss was recognised in relation to statutory receivables.

5.4 Inventories

	2026	2025
	\$'000	\$'000
Current – held for distribution at no or nominal amount		
Materials at cost	27	19
Total current inventories held for distribution at no or nominal amount	27	19
Current – held for sale		
Materials at cost	81	52
Total current other inventories – held for sale	81	52
Total inventories	108	71

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

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

5.5 Useful life and depreciation of non-financial assets

Useful life

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

Class of asset	Useful life (years)
Buildings and structures	1-40
Plant and equipment	1-25
Road and land improvements	1-25
Intangibles	1-3

Review of accounting estimates

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

Depreciation and amortisation expenses are presented in the reconciliation tables in note 5.6 and note 5.8.

Notes to the Financial Statements
For the year ended 30 June 2026

5.6 Property, plant and equipment by asset class

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

Reconciliation 2024-25

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

Reconciliation 2025-26

	Land	Buildings and structures	Roads and land Upgrades	Plant and equipment	Right of use assets	Work in progress	Total
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Carrying amount at 1 July 2025	45,829	7,910	1,729	3,019	-	8	58,495
Additions	-	-	-	-	-	1,127	1,127
Transfers between classes	-	58	95	899	-	(1,052)	-
Revaluation increments	813	-	-	-	-	-	813
Depreciation	-	(561)	(191)	(425)	-	-	(1,177)
Carrying amount at 30 June 2026	46,642	7,407	1,633	3,493	-	83	59,258
Gross Carrying Amount	46,642	9,593	4,809	6,822	-	83	67,949
Accumulated Depreciation	-	(2,186)	(3,176)	(3,329)	-	-	(8,691)
Carrying amount	46,642	7,407	1,633	3,493	-	83	59,258

Notes to the Financial Statements
For the year ended 30 June 2026

5.7 Property, plant and equipment owned by ForestrySA

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

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

Revaluation and impairment

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

5.8 Intangible assets

	2026	2025
	\$'000	\$'000
Gross carrying amount	2,722	2,722
Accumulated amortisation	(2,722)	(2,722)
Total carrying amount	-	-

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

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

Notes to the Financial Statements
For the year ended 30 June 2026

5.9 Forest assets

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

	2026	2025
	\$'000	\$'000
Current		
Current portion of forest assets valuation	7,935	8,602
Total current forest assets	7,935	8,602

	2026	2025
	\$'000	\$'000
Non-current		
Non-current portion of forest assets valuation	106,697	110,084
Total non-current forest assets	106,697	110,084

Reconciliation 2025-26	Total
	\$'000
Carrying amount at 1 July 2025	118,686
Net change in value of forest asset	(4,054)
Movement in forest asset	(4,054)
Carrying amount at 30 June 2026	114,632

Reconciliation 2024-25	Total
	\$'000
Carrying amount at 1 July 2024	117,143
Net change in value of forest asset	1,543
Movement in forest asset	1,543
Carrying amount at 30 June 2025	118,686

ForestrySA recognises forest valuation on a single rotation basis, being \$114.632m (2025: \$118.686m). More information is provided at Note 10.1.

Notes to the Financial Statements
For the year ended 30 June 2026

6 Liabilities

6.1 Financial liabilities

	2026	2025
	\$'000	\$'000
Current		
Contractual payables	2,076	721
Total financial liabilities	2,076	721

ForestrySA measures financial liabilities at amortised cost.

6.2 Payables

	2026	2025
	\$'000	\$'000
Current		
Contractual payables	2,076	721
Statutory payables	144	183
Total current payables	2,220	904

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

Contractual Payables

Contractual payables are liabilities that arise from contracts. They include trade payables and accrued expenses. Accrued expenses are expenses incurred but not yet invoiced or paid. The balances are transferred to trade payables when invoices are received.

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

Statutory Payables

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

The net amount of GST payable in 2024-25 to the ATO is included as part of statutory payables.

Notes to the Financial Statements
For the year ended 30 June 2026

6.3 Employee related liabilities

	2026	2025
	\$'000	\$'000
<u>Current</u>		
Accrued salaries and wages	79	50
Annual leave	333	322
Long service leave	62	62
Skills and experience retention leave	13	9
Employment on-costs	91	93
Total current employee related liabilities	578	536
<u>Non-current</u>		
Long service leave	848	808
Employment on-costs	65	61
Total non-current employee related liabilities	913	869
Total employee related liabilities	1,491	1,405

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

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

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

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

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

Long service leave

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

The discount rate used in measuring the liability is reflective of the yield on long-term Commonwealth Government bonds. The yield on long-term Commonwealth Government bonds has changed from 2025 (4.25%) to 2026 (4.75%).

This increase in the bond yield results in a decrease in the reported long service leave liability.

6.3 Employee related liabilities (cont)

The net financial effect of the changes to actuarial assumptions in the current financial year is an decrease in the long service leave liability of \$28,000 and employee related expense of \$28,000. The impact on future periods is impracticable to estimate as the long service leave liability is calculated using a number of demographical and financial assumptions – including the long-term discount rate.

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

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

Employment on-costs liabilities

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

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

As a result of an actuarial assessment performed by the Department of Treasury and Finance, the proportion of long service leave taken as leave remains unchanged from the 2025 rate (44%) and the average factor for the calculation of employer superannuation cost on-costs is also unchanged from the 2025 rate (12%). These rates are used in the employment on-cost calculation. There is no net financial effect in the current financial year. The impact on future periods is impracticable to estimate.

Notes to the Financial Statements
For the year ended 30 June 2026

6.4 Provisions

	2026	2025
	\$'000	\$'000
Current		
Workers compensation	36	42
Dividend payable	564	-
Tax equivalent liability	432	242
Total current provisions	1,032	284
Non-current		
Provision for workers compensation	223	319
Total non-current provisions	223	319
Total provisions	1,255	603

<i>Movement in provisions</i>	Tax	Dividend	Workers	Total
	Equivalent		Compensation	
	2026	2026	2026	2026
	\$'000	\$'000	\$'000	\$'000
Carrying amount at the beginning of the period	242	-	361	603
Payments	-	-	(171)	(171)
Additions	190	564	35	789
Remeasurement	-	-	34	34
Carrying amount at the end of the period	432	564	259	1,255

A provision has been reported to reflect unsettled workers compensation claims. The workers compensation provision is based on actuarial assessment of the outstanding liability as at 30 June 2026 provided by a consulting actuary engaged through the Office of the Commissioner for Public Sector Employment. The valuation of liabilities under the Return to Work Act 2014 and for Additional Compensation claims is undertaken in aggregate across all South Australian Government agencies. The liability is then allocated to individual agencies, according to agencies' size and risk characteristics. The movement in the provision has been recorded through expenses and is disclosed in Note 4.4.

ForestrySA is responsible for payment of workers compensation claims.

Notes to the Financial Statements
For the year ended 30 June 2026

6.5 Other liabilities

	2026	2025
	\$'000	\$'000
Current		
Unearned revenue	449	479
Total current other liabilities	449	479
Non-current		
Unearned revenue	1,707	1,917
Total non-current other liabilities	1,707	1,917
Total other liabilities	2,156	2,396

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

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

7 Other disclosures

7.1 Equity

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

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

Notes to the Financial Statements
For the year ended 30 June 2026

7.2 Cash flow

Cash flow reconciliation	2026	2025
	\$'000	\$'000
Reconciliation of net cash provided by operating activities to profit/loss after income tax equivalent		
Net cash provided by/(used in) operating activities	1,884	(3,062)
Add/less non-cash items		
Depreciation and amortisation expense of non-current assets	(1,177)	(1,261)
Gain/(loss) on sale or disposal of non-current assets	-	(10)
Gain/(loss) on revaluation of forest assets	(4,054)	1,543
Movement in assets and liabilities		
Increase/(decrease) in receivables	950	1,330
Increase/(decrease) in inventories	37	(131)
(Increase)/decrease in payables	(1,316)	2,629
(Increase)/decrease in employee related liabilities	(86)	(117)
(Increase)/decrease in provisions	(88)	896
(Increase)/decrease in other liabilities	240	291
Profit/(loss) after income tax equivalent	(3,610)	2,108

8 Changes in accounting policy

In 2025-26 ForestrySA changed its accounting policy in relation to the valuation of Forest Assets. The valuation was previously based on a perpetual rotation and is now based on a single rotation. The change in accounting policy has been applied prospectively and comparative information in relation to the 2024-25 financial year has not been restated. There has been no material change in value from this change.

Notes to the Financial Statements
For the year ended 30 June 2026

9 Outlook

9.1 Unrecognised commitments

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

Contractual commitments to acquire property, plant and equipment	2026	2025
	\$'000	\$'000
Within one year	118	900
Total capital commitments	118	900

Commitments represents purchase orders and contracts raised but not completed at the reporting date.

Other contractual commitments	2026	2025
	\$'000	\$'000
Within one year	10,218	8,421
Later than one year but not longer than five years	638	9,619
Total expenditure commitments	10,856	18,040

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

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

Operating lease maturity analysis	2026	2025
	\$'000	\$'000
Commitments in relation to leases contracted for at the reporting date but not recognised as receivables are as follows:		
Within one year	163	131
Later than one year but not longer than five years	374	61
Total lease receivable commitments	537	192

The above table sets out a maturity analysis of operating lease payments receivable, showing the undiscounted lease payments to be received after the reporting date. The future lease receivables from operating leases are not recognised in the 2025-26 financial statements.

9.2 Contingent assets and liabilities

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

ForestrySA does not have any contingent assets or liabilities.

9.3 Impact of standards not yet effective

ForestrySA has assessed the impact of new and changed Australian Accounting Standards Board Standards and

Notes to the Financial Statements
For the year ended 30 June 2026

Interpretations not yet effective, AASB 18 will come into effect for the reporting period 2027-28 and will impact the presentation of financial statements. No other standards have been assessed as having an impact on ForestrySA.

9.4 Events after the reporting period

After removing movements in forest valuation a profit was achieved as at 30 June and in line with the performance statement the Board has resolved to recommend to the Treasurer that a dividend of \$444k is paid. As a dividend had not been approved at the end of the reporting period this has not been brought to account in the current report in accordance with AASB 110.

10 Measurement and risk

10.1 Fair value

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

Initial recognition

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

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

Revaluation

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

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

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

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

A gain or loss arising from a change in fair value less costs to sell of a biological asset shall be included in profit or loss for the period in which it arises.

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

Notes to the Financial Statements
For the year ended 30 June 2026

Fair value hierarchy

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

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

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

During 2026 and 2025, ForestrySA had no valuations categorised into level 1; there were no transfers of assets between level 1 and 2 fair value hierarchy levels and there were no changes in valuation technique.

Fair value classification – non-financial assets at 30 June 2026

	Note	Level 2 \$'000	Level 3 \$'000	Total \$'000
Recurring fair value measurements				
Forest assets	5.9	-	114,632	114,632
Land	5.6	46,642	-	46,642
Buildings and structures	5.6	-	7,407	7,407
Roads and land improvements	5.6	-	1,633	1,633
Plant and equipment	5.6	-	3,493	3,493
Total recurring fair value measurements		46,642	127,165	173,807

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

	Note	Level 2 \$'000	Level 3 \$'000	Total \$'000
Recurring fair value measurements				
Forest assets	5.9	-	118,686	118,686
Land	5.6	45,829	-	45,829
Buildings and structures	5.6	-	7,910	7,910
Roads and land improvements	5.6	-	1,729	1,729
Plant and equipment	5.6	-	3,019	3,019
Total recurring fair value measurements		45,829	131,344	177,173

Notes to the Financial Statements
For the year ended 30 June 2026

Forest assets

ForestrySA engaged Indufor to establish the valuation for its plantation estate in the Mt Lofty Ranges as at 30 June 2026.

The prevailing financial reporting standard, AASB 141, requires that the value be expressed on the basis of the projected cashflows attributable to the existing tree crop. At a discount rate of 8.288% applied to the existing tree crop, the derived value is AUD 114.632 million (expressed on a real, EBITDA basis).

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

Significant unobservable inputs

- Growth and yield.
- Forest management, production, sales, general, and administration costs.
- Log and wood products markets and prices.
- Discount rate calculation - evidence based and theoretical costs of capital.
- Annual harvest volume (158,000 - 200,000 m³, average 180,000 m³).

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

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

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

Notes to the Financial Statements
For the year ended 30 June 2026

Sensitivity analysis for forest assets

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

<i>Factor level*</i>	-10%	-5%	100%	+5%	+10%
	AUD million				
Revenue	90,648	102,640	114,632	126,624	138,616
Production Costs	121,590	118,111	114,632	111,153	107,674
Transport Costs	118,596	116,614	114,632	112,650	110,668
Operational Expenditure	114,735	114,683	114,632	114,581	114,529
SG&A Expenditure	116,128	115,380	114,632	113,884	113,136

	-0.50%	-0.25%	8.29%	+0.25%	+0.50%
Discount Rate	122,133	118,288	114,632	111,154	107,842

Land

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

Fair value of land has been determined using the market approach. Relevant general and economic factors were considered in arriving at a value opinion, including investigation of recent sales of comparable properties. Discounts by region were applied to reflect restrictions on potential highest and best use imposed by legislation on land operated by ForestrySA. The discount rates used this year are Mount Lofty Ranges 60% (2025: 60%) and Green Triangle 45% (2025: 45%).

Buildings and structures

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

Plant and equipment

All items of plant and equipment owned by Forestry SA that had a fair value at the time of acquisition less than \$1.5 million or had an estimated useful life of less than three years have not been revalued. The carrying value of these items is deemed to approximate fair value.

Notes to the Financial Statements
For the year ended 30 June 2026

Reconciliation of level 3 recurring fair value measurements as at 30 June 2026

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

	Forest assets	Buildings and structures	Roads and land upgrades	Plant and equipment
	\$'000	\$'000	\$'000	\$'000
Opening balance at the beginning of the period	118,686	7,910	1,729	3,019
Transfers between asset classes	-	58	95	899
Gains/(Losses) for the period recognised in net result:				
Revaluation increment / (decrement)	(4,054)	-	-	-
Depreciation	-	(561)	(191)	(425)
Total gains/(losses) recognised in net result	(4,054)	(561)	(191)	(425)
Carrying amount at the end of the period	114,632	7,407	1,633	3,493

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

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

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

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

10.2 Financial instruments

Financial risk management

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

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

Liquidity risk

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

Credit risk

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

Bank guarantees or cash deposits are obtained for specific customers.

Impairment of financial assets

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

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

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

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

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

Notes to the Financial Statements
For the year ended 30 June 2026

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

	Debtor unsecured carrying amount \$'000	Loss %	Lifetime expected losses \$'000
Current (non past due)	317	0.00%	-
1-30 days past due	25	0.00%	-
31-60 days past due	-	100.00%	-
61-90 days past due	-	100.00%	-
90+ days past due	3	100.00%	3
Loss allowance			3

Loss rates are based on actual history of credit loss, these rates have been adjusted to reflect differences between previous economic conditions, current conditions and ForestrySA's view of the forecast economic conditions over the expected life of the contractual receivables.

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

Contractual receivables are written off when there is no reasonable expectation of recovery. Indicators that there is no reasonable expectation of recovery include the failure of a debtor to enter into a payment plan with ForestrySA.

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

Impairment losses on ForestrySA's contractual receivables arising from ForestrySA's contracts with customers were \$3,000 in 2026 (2025: \$19,000).

Cash and debt investments

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

Market risk

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

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

Some forest product sales are made to customers with exposure to international market risks including foreign

Notes to the Financial Statements
For the year ended 30 June 2026

currencies, hence ForestrySA maintains a level of market risk related to its core business of forest product sales.

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

Notes to the Financial Statements
For the year ended 30 June 2026

Categorisation of financial instruments

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

Classification of financial instruments

ForestrySA measures all financial instruments at amortised cost.

Maturity analysis of financial instruments

		2026 Carrying amount / Fair value	2026 Contractual maturities *		
	Note	(\$'000)	Within 1 year (\$'000)	1-5 years (\$'000)	More than 5 years (\$'000)
<u>Financial liabilities</u>					
Financial liabilities at amortised cost					
Contractual payables	6.2	2,076	2,076	-	-
Total financial liabilities		2,076	2,076	-	-

		2025	2025 Contractual maturities *		
		Carrying amount / Fair value	Within 1 year	1-5 years	More than 5 years
	Note	(\$'000)	(\$'000)	(\$'000)	(\$'000)
<u>Financial liabilities</u>					
Financial liabilities at amortised cost					
Contractual payables	6.2	721	721	-	-
Total financial liabilities		721	721	-	-

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