AUSTRALIAN FOREST PRODUCTS ASSOCIATION

afpa

TREES | WOOD | PAPER

ANNUAL REPORT

2018 -2019


ANNUAL REPORT
2010–2011
Annual Report
2011-12
Annual Report
2012-13
Annual Report
2013-14
2014-15
ANNUAL REPORT
2015-16
ANNUAL REPORT
2016-17
ANNUAL REPORT
AUSTRALIAN FOREST PRODUCTS ASSOCIATION
ANNUAL REPORT
2017-2018
AUSTRALIAN FOREST PRODUCTS ASSOCIATION

CONTENTS

AFPA MEMBERS

INCLUDES SA AND ASSOCIATE MEMBERS

African Mahogany Australia

Allied Natural Wood Exports

Allied Timber Products NSW

Allied Timber Products QLD

Altus Renewables

Appita

Associated Kiln Driers (AKD Softwoods)

Australian Forest Contractors Association

Australian Paper

Australian Sustainable Hardwoods

Auswest Timbers

Boral Timber

Borg Manufacturing

Circa Group

CO2 Australia

Engineered Wood Products Assoc. of Australasia

Fennell Forestry

Forico

Forest Industries Association of Tasmania

Forest Industries Federation WA

Forest Products Commission WA

Forestry Corporation of NSW

ForestrySA

Global Forest Partners Group:

- Australian Bluegum Plantations
- Hume Forests
- Green Triangle Forest Products

HQPlantations

HVP Plantations

Hyne Timber

Institute of Foresters of Australia/ Australian Forest Growers

Kangaroo Island Plantation Timbers

Kimberly-Clark Australia

Koppers Australia

Lonza Wood Protection

Midway

NewForests Asset Management

Neville Smith Forest Products

NF McDonnell & Sons

Norske Skog Australasia

OneFortyOne Plantations

OneFortyOne Wood Products

Pentarch Forest Products

PF Olsen

Plantation Treated Timber

Roundwood Solutions

SA Pine

SFM Asset Management

SFM Environmental Solutions

Softwoods Working Group

South East Pine Sales

Sustainable Timber Tasmania

Tabeel Trading

Timberlands Pacific

Timber NSW

Timber Queensland

Timberlink

Van Schaik's Bio Gro

VicForests

Victorian Association of Forest Industries

Visy Industries

WA Blue Gum Limited

WA Plantation Resources

Weathertex

Wesbeam

Wespine Industries

Whiteheads Timber Sales

Greg McCormack
Chair

> ***"It was so positive that AFPA was able to achieve commitments from both the Coalition and the ALP."***

The past year has confirmed yet again just how vital the decision to form the Australian Forest Products Association (AFPA) was when, almost a decade ago, forest industries right across the value chain resolved to come together to ensure our collective voice was heard more loudly in the policy and political space.

The highlight of the year was clearly the Federal election held in May. AFPA, with support from all our members, undertook a strong campaign with a focus on that most fundamental need for all of us; securing our renewable resource base.

Without natural forests, harvested sustainably and regenerated, and without plantations (hardwood and softwood), Australia would have no sawmills, panel makers, paper and cardboard manufacturing and all the downstream processors of fibre.

Issues such as energy costs, dumping of imported products below cost, bio-security, certification and I could name many others are also being dealt with by our Chamber and sub-committee processes, but it is the increasing wood fibre availability which binds us all together. And with good cause.

It has not been a very positive picture and AFPA has a mission to change this; after all we still are not even self-sufficient in wood fibre products running a persistent approx. $2 billion trade deficit.

Australia has 132 million hectares of native or natural forest. Of that, less than 0.06% is harvested each year and always regenerated ensuring an industry so sustainable it can continue indefinitely.

There has been a massive reduction in the available timber from natural forests over the last twenty years. Which is why it was so positive that AFPA was able to achieve commitments from both the Coalition and the Australian Labor Party (ALP) during the Federal election campaign that there would be no further loss of the net sustainable harvestable area.

When it comes to plantation resource it has also been a very challenging story. After peaking at about 2.1 million hectares, the area under trees has continued to decline and is now closer to 1.9 million hectares.

AFPA pursued the matter of unlocking potential carbon payments for plantation forestry very hard in the last year and the Government committed to a target of an additional billion trees. It was very pleasing that both major Parties supported this goal and made bold undertakings during the campaign. The ALP supported AFPA's goal of removing the discriminatory regulatory restriction which exists against production trees in Australia's carbon market whilst the Coalition provided $500 million of low interest concessional loans.

Our CEO, Ross Hampton, and our team continue to work diligently and most effectively to deliver sound policy outcomes for our current and future Industry.

Thank you for your continued support for our national Association.

Greg McCormack
Chair

Ross Hampton

Chief Executive Officer

> *"There is now a great deal of work to do to ensure the momentum is not lost."*

AFPA's vision is to have the most profound and positive impact on our forest, wood and paper industries in Australia and we do this by operating energetically in the policy and political space.

After all, decisions taken in these areas can have a very large negative or positive impact on our members outside any of the normal operational challenges of exchange rates, markets, bushfires, recessions and competition from other non-renewable materials.

For AFPA, Federal election years are very high intensity periods, and certainly this was the case in 2019.

The AFPA staff produced and executed a sophisticated campaign designed to ensure that our forest industries were well heard and responded to during the lead up to polling day.

The campaign included elements such as billboards in key seats, polling, a national debate, paid media and free media. The outcome was a very strong and positive positioning of our industries providing enormous traction for us as we entered the term of the returned Morrison Government.

There is now a great deal of work to do to ensure the momentum is not lost.

Perhaps the largest change to the forest industries landscape, which is now being manifested on the ground, is the roll out by the Federal government of Regional Forest Industry Hubs. The idea of focusing future industry growth in the areas where it made the most sense was first promoted by AFPA four years ago and it is extremely gratifying to see it becoming reality.

Initially, nine regional areas, which already have a strong tree growing or processing heritage, are being provided $1m each by the Federal government to allow them to plan their participation in the Government's 'One billion new production trees' program.

The AFPA quarterly industry gatherings have continued to grow in importance and the Chamber meetings are undertaking important sectoral work but always of course staying well way from any market anti-competitive activity.

AFPA also organises a range of other activities which are always about underpinning the policy and political change which we are seeking. Some of the highlights of the past year are found in this annual report.

I would like to commend the hard-working AFPA staff for an extremely successful 2018/19 year.

I would also like to thank the AFPA Directors, led by Chair Mr Greg McCormack, who dedicate enormous time and effort to ensuring AFPA remains focused on its core business and continues to represent the full value chain of our industries.

Ross Hampton
Chief Executive Officer

AFPA BOARD 2018/19

Greg McCormack (Chair) - Midway

Jean-Yves Nouaze (Vice Chair) - Visy Pulp & Paper

Ian Telfer (Treasurer) - WA Plantation Resources

Diana Gibbs - Principal, Diana Gibbs and Partners

Jon Kleinschmidt - Hyne Timber

James Malone - Wesbeam

Paul Michael - Weathertex

Ian Tyson - Timberlink

Glen Rivers - OneFortyOne Plantations

Mark Rogers - NewForests

Steve Whiteley - Sustainable Timber Tasmania

Peter Williams - Australian Paper

OBSERVER

Stacey Gardiner - Australian Forest Contractors Association

Back row (L-R) Diana Gibbs, Mark Rogers, Peter Williams, Ian Telfer (Treasurer), Glen Rivers, Stacey Gardiner, Jon Kleinschmidt, Steve Whiteley,

Front row (L-R) Greg McCormack (Chair), Ian Tyson & Paul Michael **Not pictured:** James Malone and Jean-Yves Nouaze (Vice Chair)

ABOUT AFPA

The Australian Forest Products Association (AFPA) represents the full value chain of forest industries, from the growers and managers of Australia's plantations and native forests, to timber processors and manufacturers of forest related products. Whether it's member companies or organisations, or the tens of thousands of Australians who work across the value chain, AFPA fights for the interests of those involved in forest industries.

AFPA MEMBERS' FORUM

The AFPA Members' Forum is the consultative body made up of all AFPA members. The Forum meets quarterly to hear from politicians, experts, senior public servants and to discuss industry policy positions.

AFPA CHAMBERS

All AFPA members are provided the opportunity to participate in more specific discussions through their membership of one of the four sub-groups called Chambers. Each Chamber meets quarterly and Sub-committees report back to each respective Chamber to ensure more detailed work proceeds between meetings.

HARDWOOD PROCESSING CHAMBER

Tony Price
Chamber Chair

Victor Violante
Chamber Manager

The Hardwood Processing Chamber was established in 2016 and includes hardwood woodchip processors, hardwood sawmillers, hardwood timber cladding manufacturers, and State forest industry associations representing their respective hardwood members. The Chamber meets quarterly to discuss policy issues that impact them.

The hardwood sector is a major employer in regional Australia, underpinning tens of thousands of jobs across the full value chain and an integral link in the broader forest products industry. Australia processes more than 12 million cubic metres of hardwood logs annually, using timber from the sustainably-managed native forest estate as well as hardwood plantations.

Much of Australia's hardwood sawn timber (84%) is sourced from our native forests. Australia has 132 million hectares of native or natural forest, of which less than 0.06% is harvested each year and always regenerated and regrown, ensuring an industry so sustainable it can continue indefinitely.

A major focus of the Chamber is developing a national strategy to secure the long-term timber resource from Australia's sustainably managed native forest estate, which is an essential resource for the sector.

During the 2019 Federal Election campaign, AFPA secured bipartisan support for Regional Forest Agreements and for native forestry more broadly. However, there is more work to be done at a State and community level to provide long-term security for our hardwood industry.

In the coming year, the Chamber will focus on the development of a strategic document to highlight the long-term sustainability and social purpose of our native hardwood sector, for the next century and beyond. This publication will underpin a political and media engagement plan to maximise its reach.

Other policy priorities for the Chamber include:

- Promoting the recognition of Australia's two forestry certification schemes – Responsible Wood and Forestry Stewardship Council (FSC) Australia
- A whole-of-landscape approach to managing threatened species in our native forests
- Recognition of carbon stored in our sustainably managed production forests and the wood products derived from them
- Energy and renewable energy policy including bioenergy and renewable heat
- Bushfire mitigation and the role of mechanical fuel reduction in reducing bushfire risk.

GROWERS CHAMBER

Islay Robertson
Chamber Chair

Natalie Heazlewood
Chamber Manager

The Growers Chamber covers all of the major plantation owners and Government Business Enterprises managing native forests, as well as leading plantation management services companies and environmental service companies such as those focused on carbon sequestration. Combined, the Growers Chamber members own and/or manage over 80% of the plantation resource, and a similar proportion of the multiple-use public forests.

The plantation estate, split almost evenly between softwood and hardwood, provides more than 87% of total wood production, or 33.1 million cubic metres (in 2016-17).

The Growers Chamber has four subcommittees which address areas of specific interest to the chamber and consider current issues and develop policy. They operate under the AFPA formal structure with AFPA providing secretarial services, and have Terms of Reference, detailed agendas and agreed minutes. The four subcommittees are:

1. Human Resources Subcommittee
Advises the Chamber on a range of human resources topics across the forest industries from marketing, recruiting, staff wellbeing and equity.

2. Work Health Safety Subcommittee
Advises the Chamber on matters relating to work health and safety across the forestry industry.

3. Forest Certification & Chain of Custody Subcommittee
Advises the Chamber on Forest Management certification and Chain of Custody certification across the forest industries.

4. Forest Health & Biosecurity Subcommittee
Advises the Chamber on forest health and biosecurity across the forestry industry.

The Growers Chamber is an important forum where members meet four times across the year in Canberra to drive policy development and progress a range of initiatives in relation to Growers interests across a range of areas such as:

- National Forestry Biosecurity
- Forest Industry Safety
- Log Haulage Code of Practice
- Giant Pine Scale
- Modernising the log scanner code of practice
- Further development of industries relationship with Australia's two forestry certification schemes - Responsible Wood and Forestry Stewardship Council Australia.

Photo by: Australian Paper ©

PULP, PAPER & BIOPRODUCTS CHAMBER

Rotating Chair
Chamber Chair

Kevin Peachey
Chamber Manager

The Australian pulp and paper industry is a diverse sector producing a range of paper and paperboard products, including tissue, printing and writing papers, newsprint and packaging papers. The members of this chamber are also moving rapidly into adjacent areas of bioproducts.

The Pulp, Paper and Bioproducts Chamber (PPB) meets to discuss broad policy issues that impact the Australian pulp, paper and packaging sector.

The sector creates products from renewable sources with carbon storage and recycling benefits. Paper recycling rates in Australia are amongst the highest in the world with more than 69% of all paper and paperboard consumed being recovered.

Two subcommittees have been established under the PPB to consider specific policy challenges and recommend actions. They operate under the AFPA formal structure with AFPA providing secretarial services, and have Terms of Reference, detailed agendas and minutes. The two subcommittees are:

1. Energy Subcommittee
The Energy Subcommittee advises the PPB on matters relating to the sector's energy issues. Members of Energy Subcommittee are nominated by the PPB and are company experts in energy issues.

2. Pulp, Paper, Tissue and Packaging Leadership Dialogue
The PPTPLD is a group of sector leaders who are brought together to manage cross-industry issues such as trade and energy policy. The activities of the PPTPLD are reported back to the PPB.

The PPB has formally met four times during the reporting period, and in these meeting members network, share learnings and progress initiatives in key policy areas including:

- Energy and renewable energy policy including bioenergy and renewable heat
- Circular economy and recycling policy
- Forest Industry Regional Hubs and plantation investment
- Climate change and emissions reduction policies
- Trade agreements and anti-dumping
- Research and development
- Forest Certification
- Industry sustainability reporting
- Industry training

Photo by: AKD ©

SOFTWOOD MANUFACTURING CHAMBER

Ian Tyson
Chamber Chair

Gavin Matthew
Chamber Manager

The Softwood Manufacturing Chamber (SMC) was established in 2016 and includes softwood processors, engineered wood product producers, and softwood timber exporters. The SMC meets to discuss broad policy issues that impact the Australian softwood manufacturing sector. Softwood manufacturers provide renewable products for construction, fibre and energy.

Three subcommittees have been established under the SMC to consider specific policy challenges and recommend actions. They operate under the AFPA structure with AFPA providing secretarial services, and have Terms of Reference, agendas and minutes.

1. Market development sub-committee
The MKDS advises the SMC on market development issues. Members are nominated by the SMC and are company experts in sales and marketing.

2. Solid Wood Processing Technical Committee
The SWPTC advises the SMC relating to timber product technical development issues. Members are nominated by the SMC and are company technical experts.

3. Workplace Health & Safety interest group
The WHSIG advises the SMC and Forest & Wood Products Australia (FWPA) on industry sector WHS issues. Members are nominated by the SMC and are experts in WHS management.

FWPA provides additional secretarial services.

From its relatively recent formation as a separate Chamber under AFPA, the SMC has become an important driver of policy development in AFPA. The SMC met face to face four times this year, networking, sharing learnings and progressing initiatives in key policy areas including:

- Forest Industry Regional Hubs and plantation investment
- Climate change and emissions reduction policies
- Recognition of carbon stored in wood products and new buildings
- Energy and renewable energy policy, including bioenergy and renewable heat
- Industry contributions to timber product and building standards and codes
- Improvements to structural performance and treatment frameworks for timber and engineered wood products
- Industry timber framing messaging, including building on FWPA's Ultimate Renewable campaign

AFPA SOUTH AUSTRALIA

John Sergeant

Strategic Guidance Council Chair

Leon Rademeyer

Branch Manager

The AFPA South Australia Branch was established in 2016 to address an advocacy gap. Despite its very large and important forest industries sector, SA was the only State which had no local group seeking better policy and political outcomes for the SA industry.

From modest beginnings the AFPA SA branch has continued to mature and grow and is now a well established presence in SA, especially strong in the state's south-east.

At June 2019 the AFPA SA Branch had a membership of 21. The governing body for the branch is the Strategic Guidance Council, elected by the SA membership.

The members of the SGC during the 2018/19 year were:

Chair: John Sergeant
(Managing Director: Kangaroo Island Plantation Timbers)

Treasurer: Wendy Fennell
(Managing Director: Fennell Forestry)

Greg Kenny
(Facility Manager Panels: Borg Manufacturing)

Willie van Niekerk
(General Manager Business Development: OneFortyOne)

Jason Wilson
(Chief Operations Officer: Timberlink Australia)

The AFPA SA Branch has had a strong year unifying and progressing the State's forest industries in the face of a number of challenges including a governmental review of forest water allocation policy and proposed changes to biosecurity, emergency services and farm trespass legislation.

The AFPA SA Branch has been active in many areas including:

- State Government Timber Industry Inquiry
- Lower Limestone Coast Water Allocation Plan (LLC WAP)
- Primary producers trespass legislation
- Fire and Emergency Services Amendment Bill (2018)
- New SA Biosecurity Act
- Giant Pine Scale in South Australia
- AFPA/AFCA Safe & Skilled
- Improving Road Transport for Forestry Project
- SA Parliamentary Friends of Forestry
- Primary Producers SA

A SNAPSHOT OF AUSTRALIA’S FOREST INDUSTRIES IN 2018/19

Forest industries are the keystone employer* in more than 17 regional towns

Forest industries planted more than 70,000,000 plantation trees last year

AFPA members are 100% sustainable & globally certified

Renewable timber products helped build more than 220,000 homes last year

There are 1.9 million hectares of forest plantations (hardwood and softwood) in Australia

Forest industries provided direct employment for 80,000 people & indirect employment for 100,000 people

Our forestry operations are carbon positive & our plantations store 171 million tonnes of carbon

Forest industries contributed $24 billion to Australia’s economy

Australia has a trade deficit in forest products of more than $2 billion a year

There is 132 million hectares of native forest in Australia, of which less than 0.06% is harvested each year & always regenerated

*more than 4% of the workforce

HIGHLIGHTS OF 2018/19

Launch of the National Forest Industries Plan September 2018 by Assistant Minister Senator Richard Colbeck

Growing a Better Australia – A billion trees for jobs and growth was delivered at the National Press Club and saw the Morrison Government commit to planting 1 billion new plantation trees.

Safe and Skilled Launch September 2018

AFPA teamed up with the Australian Forest Contractors Association to launch Safe and Skilled in a united approach to lift safety standards across the board.

Parliamentary Friends of Forest Industries Christmas Drinks November 2018

AFPA hosted the annual Christmas drinks in Parliament House for the Federal Parliamentary Friends of Forest Industries featuring both real and CLT Christmas trees! Our Hosts were the Co-convenors of the group the Hon Joel Fitzgibbon and Member for Barker Tony Pasin.

Australian forest industries trade delegation to Japan December 2018 led by Parliamentary Friends Co-convenor Member for Barker Tony Pasin

AFPA led an Australian forest industries delegation to Japan to meet with Japanese industry leaders and government officials to forge stronger trade ties and to reinforce Australia's sustainable forest management practices.

Climate Proofing Australia launch February 2019 with Agriculture Minister Hon David Littleproud and Shadow minister for Climate Change Hon Mark Butler

AFPA launched a partnership with Greening Australia, Farmers for Climate Action and the Red Meat Advisory Council to advocate for a whole-of-landscape approach to tackle climate change with a focus on tree planting.

Women in Forest Industries Workshop March 2019

More than 100 people attended the first AFPA Women in Forest Industries workshop in Old Parliament House. The facilitated event saw the top priorities for industry identified.

Farm Forestry Field Trip March 2019

AFPA invited the National Farmers Federation to attend a field trip to Jigsaw Farms in the Western District of Victoria, a property which has doubled its fat lamb production but also gained carbon neutrality and is producing production timber by combining tree planting with its primary production.

Federal Election Campaign May 2019

AFPA campaigned in key regional forestry seats gaining commitments from the major parties on native forest resource security and plans to sustainably expand the plantation estate. Commitments were also received for an accelerated rollout of Regional Forest Industry Hubs and more funding for National Institute for Forest Products Innovation centres.

AFPA OPERATIONS

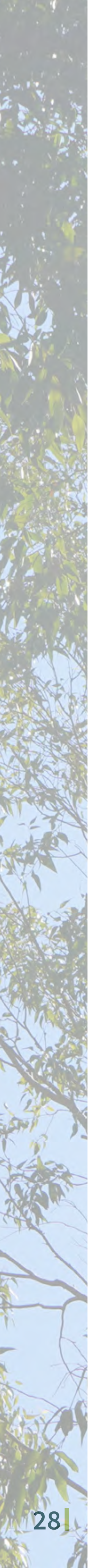
AFPA members own Forest Industries House in Deakin ACT, just a few kilometres from Australia's Parliament House. Since its formation in 2010, AFPA has proven it is one of the most effective industry advocacy organisations, zealously championing issues affecting the full forest industries value chain and delivering outcomes for members. AFPA is staffed by a team of professionals dedicated to advancing the interests of all members.

STAFF 2018/19

Emily Blacker	Bookkeeper
Natalie Heazlewood	Policy Manager
Beth Malmberg	Company Secretary & EA
Gavin Matthew	Senior Policy Manager
Kevin Peachey	Policy Manager
Fairlie Pearce	Digital & Design Officer & Events Coordinator
Joe Prevedello	Communications Manager
Leon Rademeyer	SA Branch Manager
Victor Violante	Senior Policy Manager

OBJECTS OF THE ASSOCIATION

- Be a vehicle for effective and efficient communication between various sectors within the industry.
- Shape and drive industry and government policy development for the benefit of industry.
- Secure the best outcomes for the industry in important policy development through effective lobbying and other targeted representation.
- Raise the profile of the industry with community opinion leaders, for the purpose of making the industry relevant, profitable and sustainable.
- Encourage and facilitate education on issues relevant to the sustainable growth of the industry.
- Develop and maintain cohesive and positive working relationships with other bodies within the industry.

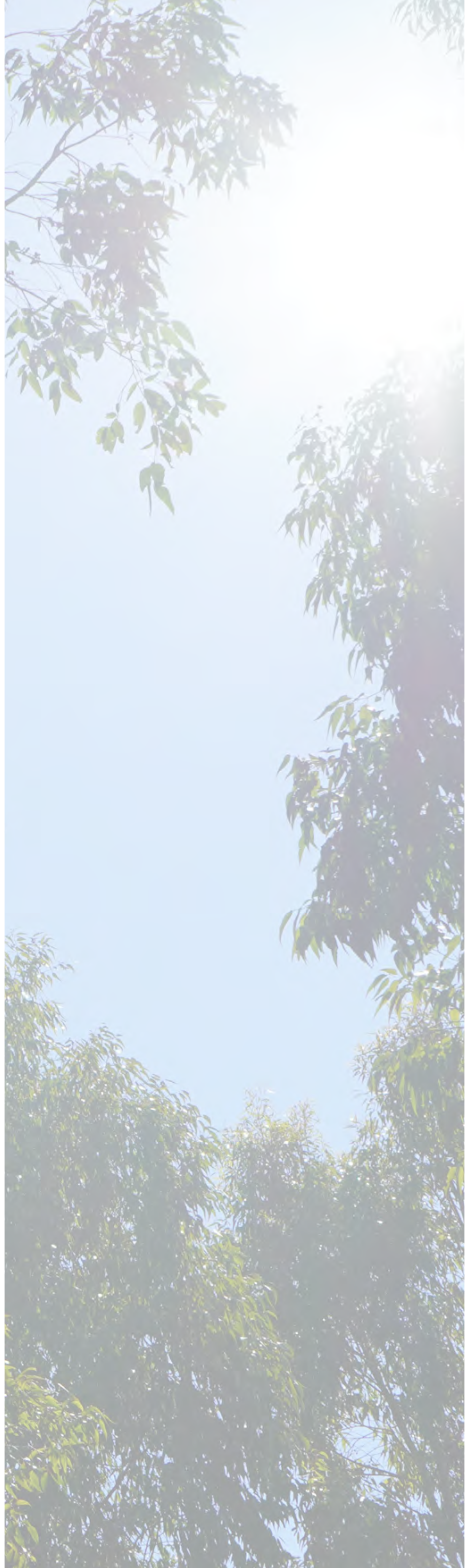


AUSTRALIAN FOREST PRODUCTS ASSOCIATION LIMITED

ABN: 40008 621 510

FINANCIAL STATEMENTS

For the Year Ended 30 June 2019



Australian Forest Products Association Limited
ABN: 40 008 621 510

Directors' Report

For the Year Ended 30 June 2019

The directors present their report on Australian Forest Products Association Limited for the financial year ended 30 June 2019.

Directors

The names of the directors in office at any time during, or since the end of, the year are:

Names	Appointed/Resigned
Gregory Henry McCormack	Appointed; 1 November 1991
Ian Tyson	Appointed: 16 September 2015
Paul Michael	Appointed: 7 September 2016
Jonathan Kleinschmidt	Appointed: 7 September 2016
James Malone	Appointed: 24 November 2016
Ian Telfer	Appointed: 24 November 2016
Glen Rivers	Appointed: 13 September 2017
Jean -Yves Nouaze	Appointed: 17 October 2017
Mark Rogers	Appointed: 16 January 2018
Steve Whiteley	Appointed: 13 September 2018
Peter Williams	Appointed: 13 September 2018
Diana Gibbs	Appointed: 2 May 2019

Directors have been in office since the start of the financial year to the date of this report unless otherwise stated.

Principal activities

The principal activities of Australian Forest Products Association Limited during the financial year were:

- gathering and disseminating information on commercial, environmental and political issues relating to the forest industries and their development;
- liaison with politicians and their advisers;
- liaison with various government departments on matters affecting the industries;
- development of ties with other forest based associations;
- speeches to industry gatherings;
- liaison with associated groups both within the forest industries and the wider economy; and
- liaison with media and preparation of articles for journals and newspapers.

No significant changes in the nature of the Company's activities occurred during the financial year.

Directors' Report
For the Year Ended 30 June 2019

Objectives of the company

The Company's short term objectives are to:

- be a vehicle for effective and efficient communication between various sectors with the forest industry;
- shape and drive forest industry and government policy development for the benefit of the forest industry;
- secure the best outcomes for the forest industry with important policy development through effective lobbying and other targeted representations;
- raise the profile of the forest industry with community opinion leaders, for the purpose of making the forest industry relevant, profitable and sustainable;
- develop and champion environmental, social, ethical and other standards for adoption within the forest industry;
- encourage and facilitate education on issues relevant to the sustainable growth of the forest industry; and
- develop and maintain cohesive and positive working relationships with other bodies with the forest industry.

Strategy for achieving the objectives

To achieve these objectives, the Company has adopted the following strategies:

- consulting with industry and industry representatives to identify emerging political, commercial and environmental issues;
- liaison with politicians and their advisers to convey the identified concerns of industry;
- prepare the submissions to governments on proposals which might affect the industry; and
- public comment and presentations regarding aspects effecting or having the potential to affect the viability of the industry using electronic and print media.

Performance measures

The following measures are used within the Company to monitor performance:

- consultation with industry and industry representatives to identify emerging political, commercial and environmental issues;
- liaison with politicians and their advisers to convey the identified concerns of industry; and
- public comment and presentations regarding aspects effecting or having the potential to affect the viability of the industry using electronic and print media.

Australian Forest Products Association Limited
ABN: 40 008 621 510

Directors' Report
For the Year Ended 30 June 2019

Members guarantee

Australian Forest Products Association Limited is a company limited by guarantee. In the event of, and for the purpose of winding up of the company, the amount capable of being called up from each members and any person or association who ceased to be a member in the year prior to the winding up, is limited to $ 20. At 30 June 2019 there were 76 members (2018: 62).

At 30 June 2019 the collective liability of members was $ 1,520 (2018: $ 1,240).

Operating results

The surplus of the Company amounted to $48,440 (2018: $126,893).

Meetings of directors

During the financial year, 4 meetings of directors (including committees of directors) were held. Attendances by each director during the year were as follows:

	Directors' Meetings	
	Number eligible to attend	Number attended
Gregory Henry McCormack	4	3
Ian Tyson	4	2
Paul Michael	4	4
Jonathan Kleinschmidt	4	4
James Malone	4	4
Ian Telfer	4	4
Glen Rivers	4	3
Jean-Yves Nouaze	4	3
Mark Rogers	4	3
Steve Whiteley	3	3
Peter Williams	4	3
Diana Gibbs	2	2

Australian Forest Products Association Limited
ABN: 40 008 621 510

Directors' Report
For the Year Ended 30 June 2019

Auditor's independence declaration

The auditor's independence declaration in accordance with section 307C of the *Corporations Act 2001*, for the year ended 30 June 2019 has been received and can be found on page 5 of the financial report.

Signed in accordance with a resolution of the Board of Directors:

Director: .... Director: ....

Date:..........14/10/2019..

Hardwickes
more than accounting

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Hardwickes
ABN 35 973 938 183

Hardwickes Partners Pty Ltd
ABN 21 008 401 536

Liability limited by a scheme approved under Professional Standards Legislation

Auditors Independence Declaration under Section 307C of the Corporations Act 2001 to the Directors of Australian Forest Products Association Limited

I declare that, to the best of my knowledge and belief, during the year ended 30 June 2019, there have been:

(i) no contraventions of the auditor independence requirements as set out in the *Corporations Act 2001* in relation to the audit; and

(ii) no contraventions of any applicable code of professional conduct in relation to the audit.

Hardwickes

Hardwickes
Chartered Accountants

Robert Johnson FCA
Partner

Date: 14 October 2019

Canberra

CHARTERED ACCOUNTANTS AUSTRALIA + NEW ZEALAND

5

Australian Forest Products Association Limited
ABN: 40 008 621 510

Statement of Profit or Loss and Other Comprehensive Income
For the Year Ended 30 June 2019

	Note	2019 $	2018 $
Revenue and other income	4	**2,671,402**	2,417,580
Depreciation	5(a)	**(50,867)**	(31,917)
Election Package Expenses		**(148,496)**	-
Employee benefits expense		**(1,601,679)**	(1,482,963)
Other expenses		**(639,459)**	(657,055)
Property costs		**(67,284)**	(118,752)
SA Expenses		**(115,177)**	-
Current year surplus before income tax		**48,440**	126,893
Tax expense	3(c)	**-**	-
Net current year surplus		**48,440**	126,893
Other comprehensive income			
Fair value adjustment to buildings		-	165,314
Total other comprehensive income for the year		-	165,314
Total comprehensive income for the year		**48,440**	292,207

The accompanying notes form part of these financial statements.

Australian Forest Products Association Limited
ABN: 40 008 621 510

Statement of Financial Position
As At 30 June 2019

	Note	2019 $	2018 $
ASSETS			
CURRENT ASSETS			
Cash and cash equivalents	6	**1,470,482**	1,017,783
Trade and other receivables	7	**191,735**	99,627
Other financial assets	8	**150,000**	-
Prepayments	9	**58,514**	30,961
TOTAL CURRENT ASSETS		**1,870,731**	1,148,371
NON-CURRENT ASSETS			
Property, plant and equipment	5	**1,740,364**	1,780,674
TOTAL NON-CURRENT ASSETS		**1,740,364**	1,780,674
TOTAL ASSETS		**3,611,095**	2,929,045
LIABILITIES			
CURRENT LIABILITIES			
Trade and other payables	10	**223,203**	186,520
Employee benefits	11	**198,941**	105,776
Other liabilities	12	**634,319**	105,801
TOTAL CURRENT LIABILITIES		**1,056,463**	398,097
NON-CURRENT LIABILITIES			
Employee benefits	11	**5,433**	30,189
TOTAL NON-CURRENT LIABILITIES		**5,433**	30,189
TOTAL LIABILITIES		**1,061,896**	428,286
NET ASSETS		**2,549,199**	2,500,759
EQUITY			
Asset revaluation reserve		**1,207,939**	1,207,939
Retained earnings		**1,341,260**	1,292,820
TOTAL EQUITY		**2,549,199**	2,500,759

The accompanying notes form part of these financial statements.

Australian Forest Products Association Limited
ABN: 40 008 621 510

Statement of Changes in Equity
For the Year Ended 30 June 2019

2019

	Retained Earnings	Asset Revaluation Reserve	Total
	$	$	$
Balance at 1 July 2018	**1,292,820**	**1,207,939**	**2,500,759**
Net current year surplus	**48,440**	-	**48,440**
Balance at 30 June 2019	**1,341,260**	**1,207,939**	**2,549,199**

2018

	Retained Earnings	Asset Revaluation Reserve	Total
	$	$	$
Balance at 1 July 2017	1,165,927	1,042,625	2,208,552
Net current year surplus	126,893	-	126,893
Total other comprehensive income for the year	-	165,314	165,314
Balance at 30 June 2018	1,292,820	1,207,939	2,500,759

The accompanying notes form part of these financial statements.

Australian Forest Products Association Limited
ABN: 40 008 621 510

Statement of Cash Flows
For the Year Ended 30 June 2019

	Note	2019 $	2018 $
CASH FLOWS FROM OPERATING ACTIVITIES:			
Receipts from customers		**3,429,830**	2,234,869
Payments to suppliers and employees		**(2,824,498)**	(2,535,746)
Interest received		**7,924**	4,910
Net cash provided by (used in) operating activities	17	**613,256**	(295,967)
CASH FLOWS FROM INVESTING ACTIVITIES:			
Purchase of property, plant and equipment	5(a)	**(10,557)**	(70,092)
Payment for held-to-maturity investments		**(150,000)**	-
Net cash used by investing activities		**(160,557)**	(70,092)
Net (decrease) increase in cash and cash equivalents held		**452,699**	(366,059)
Cash and cash equivalents at beginning of year		**1,017,783**	1,383,842
Cash and cash equivalents at end of financial year	6	**1,470,482**	1,017,783

The accompanying notes form part of these financial statements.

Notes to the Financial Statements
For the Year Ended 30 June 2019

The financial statements are for Australian Forest Products Association Limited as an individual entity, incorporated and domiciled in Australia. Australian Forest Products Association Limited is a not-for-profit Company limited by guarantee.

1 Basis of Preparation

These general purpose financial statements have been prepared in accordance with the Corporations Act 2001 and Australian Accounting Standards and Interpretations of the Australian Accounting Standards Board. The Entity is a not-for-profit entity for financial reporting purposes under Australian Accounting Standards. Material accounting policies adopted in the preparation of these financial statements are presented below and have been consistently applied unless stated otherwise.

The financial statements, except for the cash flow information, have been prepared on an accrual basis and are based on historical costs, modified, where applicable, by the measurement at fair value of selected non-current assets, financial assets and financial liabilities. The amounts presented in the financial statements have been rounded to the nearest dollar.

2 Change in Accounting Policy

Financial Instruments - Adoption of AASB 9

The Company has adopted AASB 9 *Financial Instruments* for the first time in the current year with a date of initial adoption of 1 July 2018.

As part of the adoption of AASB 9, the Company adopted consequential amendments to other accounting standards arising from the issue of AASB 9 as follows:

- AASB 101 *Presentation of Financial Statements* requires the impairment of financial assets to be presented in a separate line item in the statement of profit or loss and other comprehensive income. In the comparative year, this information was presented as part of other expenses.
- AASB 7 *Financial Instruments: Disclosures* requires amended disclosures due to changes arising from AASB 9, these disclosures have been provided for the current year.

The key changes to the Company's accounting policy and the impact on these financial statements from applying AASB 9 are described below.

Changes in accounting policies resulting from the adoption of AASB 9 have been applied retrospectively except the Company has not restated any amounts relating to classification and measurement requirements including impairment which have been applied from 1 July 2018.

Classification of financial assets

The financial assets of the Company have been reclassified into one of the following categories on adoption of AASB 9 based on primarily the business model in which a financial asset is managed and its contractual cash flow characteristics:

- Measured at amortised cost
- Fair value through profit or loss (FVTPL)
- Fair value through other comprehensive income - equity instruments (FVOCI - equity).

Australian Forest Products Association Limited
ABN: 40 008 621 510

Notes to the Financial Statements
For the Year Ended 30 June 2019

2 Change in Accounting Policy

Financial Instruments - Adoption of AASB 9

Impairment of financial assets

The incurred loss model from AASB 139 has been replaced with an expected credit loss model in AASB 9 for assets measured at amortised cost, contract assets and fair value through other comprehensive income. This has resulted in the earlier recognition of credit loss (bad debt provisions).

Classification of financial assets and financial liabilities

The table below illustrates the classification and measurement of financial assets and liabilities under AASB 9 and AASB 139 at the date of initial application.

	Note	Classification under AASB 139	Classification under AASB 9	Carrying amount under AASB 139	Carrying amount under AASB 9
				$	$
Financial assets					
Trade and other receivables	7	Loans and receivables	Amortised cost	99,627	99,627
Cash and cash equivalents	6	Loans and receivables	Amortised cost	1,017,783	1,017,783
Total financial assets				1,117,410	1,117,410
Financial liabilities					
Trade payables	10	Other financial liabilities	Other financial liabilities	42,012	42,012
Total financial liabilities				42,012	42,012

3 Summary of Significant Accounting Policies

(a) Accounts Payable and Other Payables

Accounts payable and other payables represent the liabilities for goods and services received by the company that remain unpaid at the end of the reporting period. The balance is recognised as a current liability with the amounts normally paid within 30 days of recognition of the liability.

(b) Comparative Amounts

Comparatives are consistent with prior years, unless otherwise stated.

(c) Income Tax

No provision for income tax has been raised as the Company is exempt from income tax under Div 50 of the *Income Tax Assessment Act 1997*.

3 Summary of Significant Accounting Policies

(d) Critical Accounting Estimates and Judgements

The directors evaluate estimates and judgements incorporated into the financial statements based on historical knowledge and best available current information. Estimates assume a reasonable expectation of future events and are based on current trends and economic data, obtained both externally and within the company.

Finance leases are capitalised by recording an asset and a liability at the lower of the amounts equal to the fair value of the leased property or the present value of the minimum lease payments, including any guaranteed residual values. Lease payments are allocated between the reduction of the lease liability and the lease interest expense for that period.

Leased assets are depreciated on a straight-line basis over their estimated useful lives where it is likely that the Company will obtain ownership of the asset or otherwise over the term of the lease whichever is shorter.

Lease payments for operating leases, where substantially all of the risks and benefits remain with the lessor, are charged as expenses on a straight-line basis over the life of the lease term.

Key judgements

(i) Employee benefits

For the purpose of measurement, AASB 119: *Employee Benefits* (September 2011) defines obligations for short-term employee benefits as obligations expected to be settled wholly before 12 months after the end of the annual reporting period in which the employees render the related services. The company expects most employees will take their annual leave entitlements within 24 months of the reporting period in which they were earned, but this will not have a material impact on the amounts recognised in respect of obligations for employees' leave entitlements.

(ii) Provision for impairment of receivables

The receivables at reporting date have been reviewed to determine whether there is any objective evidence that any of the receivables are impaired. An impairment provision is included for any receivable where the entire balance is not considered collectible. The impairment provision is based on the best information at the reporting date.

(iii) Building valuation

An independent valuation of property (land and buildings) carried at fair value was obtained in 2018. The valuation is an estimation which would only be realised if the property is sold.

(e) Revenue and other income

Revenue is recognised when the amount of the revenue can be measured reliably, it is probable that economic benefits associated with the transaction will flow to the entity and specific criteria relating to the type of revenue as noted below, has been satisfied.

All revenue is stated net of the amount of goods and services tax (GST).

Interest revenue

Interest is recognised using the effective interest method.

Australian Forest Products Association Limited
ABN: 40 008 621 510

Notes to the Financial Statements
For the Year Ended 30 June 2019

3 Summary of Significant Accounting Policies

(e) Revenue and other income

Rental income

Investment property revenue is recognised when invoiced in terms of the relevant lease agreements.

(f) Goods and Services Tax (GST)

Revenue, expenses and assets are recognised net of the amount of GST, except where the amount of GST incurred is not recoverable from the Australian Taxation Office (ATO).

Receivables and payables are stated inclusive of the amount of GST receivable or payable. The net amount of GST recoverable from, or payable to, the ATO is included as part of receivables or payables in the statement of financial position.

Cash flows in the statement of cash flows are presented on a gross basis. The GST component of cash flows arising from investing and financing activities which is recoverable from, or payable to the ATO, are presented as operating cash flows included in receipts from customers or payments to suppliers.

(g) Property, Plant and Equipment

Classes of property, plant and equipment are measured using the cost or revaluation model as specified below.

Where the cost model is used, the asset is carried at its cost less any accumulated depreciation and any impairment losses. Costs include purchase price, other directly attributable costs and the initial estimate of the costs of dismantling and restoring the asset, where applicable.

Assets measured using the revaluation model are carried at fair value at the revaluation date less any subsequent accumulated depreciation and impairment losses. Revaluations are performed whenever there is a material movement in the value of an asset under the revaluation model.

Land and buildings

Land and buildings are measured using the revaluation model.

Plant and equipment

Plant and equipment that have been contributed at no cost, or for nominal cost are valued and recognised at the fair value of the asset at the date it is acquired.

Depreciation

The depreciable amount of buildings is depreciated on a straight line basis and all other plant and equipment, except for leasehold land is depreciated on a reducing balance method from the date that management determine that the asset is available for use.

3 Summary of Significant Accounting Policies

(g) Property, Plant and Equipment

The economic life used for each class of depreciable asset are shown below:

Fixed asset class	Economic Life
Buildings	40 years
Plant and Equipment	5 to 10 years

At the end of each annual reporting period, the depreciation method, useful life and residual value of each asset is reviewed. Any revisions are accounted for prospectively as a change in estimate. When an asset is disposed, the gain or loss is calculated by comparing proceeds received with its carrying amount and is taken to profit or loss.

(h) Financial instruments

Initial recognition and measurement

For current year

Financial instruments are recognised initially on the date that the Company becomes party to the contractual provisions of the instrument.

On initial recognition, all financial instruments are measured at fair value plus transaction costs (except for instruments measured at fair value through profit or loss where transaction costs are expensed as incurred).

Financial assets

All recognised financial assets are subsequently measured in their entirety at either amortised cost or fair value, depending on the classification of the financial assets.

Classification

On initial recognition, the Company classifies its financial assets into the following categories, those measured at:

- amortised cost
- fair value through profit or loss - FVTPL
- fair value through other comprehensive income - equity instrument (FVOCI - equity)

Financial assets are not reclassified subsequent to their initial recognition unless the Company changes its business model for managing financial assets.

3 Summary of Significant Accounting Policies

(h) Financial instruments

Financial assets

Amortised cost

Assets measured at amortised cost are financial assets where:

- the business model is to hold assets to collect contractual cash flows; and
- the contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

The Company's financial assets measured at amortised cost comprise trade and other receivables and cash and cash equivalents in the statement of financial position.

Subsequent to initial recognition, these assets are carried at amortised cost using the effective interest rate method less provision for impairment.

Interest income and impairment are recognised in profit or loss. Gain or loss on derecognition is recognised in profit or loss.

Fair value through other comprehensive income

Equity instruments

The Company has no strategic investments in listed and unlisted entities over which they do not have significant influence nor control.

Financial assets through profit or loss

All financial assets not classified as measured at amortised cost or fair value through other comprehensive income as described above are measured at FVTPL.

The Company does not hold any assets that fall into this category.

Impairment of financial assets

Impairment of financial assets is recognised on an expected credit loss (ECL) basis for the following assets:

- financial assets measured at amortised cost

When determining whether the credit risk of a financial assets has increased significantly since initial recognition and when estimating ECL, the Company considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis based on the Company's historical experience and informed credit assessment and including forward looking information.

The Company uses the presumption that an asset which is more than 30 days past due has seen a significant increase in credit risk.

3 Summary of Significant Accounting Policies

(h) Financial instruments

Financial assets

The Company uses the presumption that a financial asset is in default when:

- the other party is unlikely to pay its credit obligations to the Company in full, without recourse to the Company to actions such as realising security (if any is held); or
- the financial assets is more than 90 days past due.

Credit losses are measured as the present value of the difference between the cash flows due to the Company in accordance with the contract and the cash flows expected to be received. This is applied using a probability weighted approach.

Trade receivables

Impairment of trade receivables have been determined using the simplified approach in AASB 9 which uses an estimation of lifetime expected credit losses. The Company has determined the probability of non-payment of the receivable and multiplied this by the amount of the expected loss arising from default.

The amount of the impairment is recorded in a separate allowance account with the loss being recognised in finance expense. Once the receivable is determined to be uncollectable then the gross carrying amount is written off against the associated allowance.

Where the Company renegotiates the terms of trade receivables due from certain customers, the new expected cash flows are discounted at the original effective interest rate and any resulting difference to the carrying value is recognised in profit or loss.

Other financial assets measured at amortised cost

Impairment of other financial assets measured at amortised cost are determined using the expected credit loss model in AASB 9. On initial recognition of the asset, an estimate of the expected credit losses for the next 12 months is recognised. Where the asset has experienced significant increase in credit risk then the lifetime losses are estimated and recognised.

Financial liabilities

The Company measures all financial liabilities initially at fair value less transaction costs, subsequently financial liabilities are measured at amortised cost using the effective interest rate method.

The financial liabilities of the Company comprise of trade payables.

3 Summary of Significant Accounting Policies

(h) Financial instruments

Initial recognition and measurement

For comparative year

Financial instruments are recognised initially using trade date accounting, i.e. on the date that the Company becomes party to the contractual provisions of the instrument.

On initial recognition, all financial instruments are measured at fair value plus transaction costs (except for instruments measured at fair value through profit or loss where transaction costs are expensed as incurred).

Financial assets

Financial assets are divided into the following categories which are described in detail below:

- loans and receivables;
- financial assets at fair value through profit or loss;
- available-for-sale financial assets; and
- held-to-maturity investments.

Financial assets are assigned to the different categories on initial recognition, depending on the characteristics of the instrument and its purpose. A financial instrument's category is relevant to the way it is measured and whether any resulting income and expenses are recognised in profit or loss or in other comprehensive income.

All income and expenses relating to financial assets are recognised in the statement of profit or loss and other comprehensive income in the 'finance income' or 'finance costs' line item respectively.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They arise principally through the provision of goods and services to customers but also incorporate other types of contractual monetary assets.

After initial recognition these are measured at amortised cost using the effective interest method, less provision for impairment. Any change in their value is recognised in profit or loss.

The Company's trade and other receivables fall into this category of financial instruments.

In some circumstances, the Company renegotiates repayment terms with customers which may lead to changes in the timing of the payments, the Company does not necessarily consider the balance to be impaired, however assessment is made on a case-by-case basis.

3 Summary of Significant Accounting Policies

(h) Financial instruments

Financial assets

Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss include financial assets:

- acquired principally for the purpose of selling in the near future
- designated by the Company to be carried at fair value through profit or loss upon initial recognition or
- which are derivatives not qualifying for hedge accounting.

Assets included within this category are carried in the statement of financial position at fair value with changes in fair value recognised in finance income or expenses in profit or loss.

Any gain or loss arising from financial instruments is based on changes in fair value, which is determined by direct reference to active market transactions or using a valuation technique where no active market exists.

Held-to-maturity investments

Held-to-maturity investments are non-derivative financial assets with fixed or determinable payments and fixed maturity. Investments are classified as held-to-maturity if it is the intention of the Company's management to hold them until maturity.

Held-to-maturity investments are subsequently measured at amortised cost using the effective interest method, with revenue recognised on an effective yield basis. In addition, if there is objective evidence that the investment has been impaired, the financial asset is measured at the present value of estimated cash flows. Any changes to the carrying amount of the investment are recognised in profit or loss.

Available-for-sale financial assets

Available-for-sale financial assets are non-derivative financial assets that do not qualify for inclusion in any of the other categories of financial assets or which have been designated in this category.

All available-for-sale financial assets are measured at fair value, with subsequent changes in value recognised in other comprehensive income.

Gains and losses arising from financial instruments classified as available-for-sale are only recognised in profit or loss when they are sold or when the investment is impaired.

In the case of impairment or sale, any gain or loss previously recognised in equity is transferred to the profit or loss.

3 Summary of Significant Accounting Policies

(h) Financial instruments

Financial liabilities

Financial liabilities are classified as either financial liabilities 'at fair value through profit or loss' or other financial liabilities depending on the purpose for which the liability was acquired.

The Company's financial liabilities include borrowings, trade and other payables (including finance lease liabilities), which are measured at amortised cost using the effective interest rate method.

Impairment of Financial Assets

At the end of the reporting period the Company assesses whether there is any objective evidence that a financial asset or group of financial assets is impaired.

Financial assets at amortised cost

If there is objective evidence that an impairment loss on financial assets carried at amortised cost has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of the estimated future cash flows discounted at the financial assets original effective interest rate.

Impairment on loans and receivables is reduced through the use of an allowance account, all other impairment losses on financial assets at amortised cost are taken directly to the asset.

Subsequent recoveries of amounts previously written off are credited against other expenses in profit or loss.

Available-for-sale financial assets

A significant or prolonged decline in value of an available-for-sale asset below its cost is objective evidence of impairment, in this case, the cumulative loss that has been recognised in other comprehensive income is reclassified from equity to profit or loss as a reclassification adjustment. Any subsequent increase in the value of the asset is taken directly to other comprehensive income.

(i) Impairment of non-financial assets

At the end of each reporting period the Company determines whether there is any evidence of an impairment indicator for non-financial assets.

Where this indicator exists and regardless for goodwill, indefinite life intangible assets and intangible assets not yet available for use, the recoverable amount of the assets is estimated.

Where assets do not operate independently of other assets, the recoverable amount of the relevant cash-generating unit (CGU) is estimated.

The recoverable amount of an asset or CGU is the higher of the fair value less costs of disposal and the value in use. Value in use is the present value of the future cash flows expected to be derived from an asset or cash-generating unit.

Where the recoverable amount is less than the carrying amount, an impairment loss is recognised in profit or loss.

Notes to the Financial Statements
For the Year Ended 30 June 2019

3 Summary of Significant Accounting Policies

(i) Impairment of non-financial assets

Reversal indicators are considered in subsequent periods for all assets which have suffered an impairment loss, except for goodwill.

(j) Cash and cash equivalents

Cash and cash equivalents include cash on hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less and bank overdrafts. Bank overdrafts are shown within short-term borrowings in current liabilities on the statement of financial position.

(k) Employee benefits

Provision is made for the Company's liability for employee benefits arising from services rendered by employees to the end of the reporting period. Employee benefits that are expected to be settled within one year have been measured at the amounts expected to be paid when the liability is settled.

Employee benefits payable later than one year have been measured at the present value of the estimated future cash outflows to be made for those benefits. In determining the liability consideration is given to employee wage increases and the probability that the employee may not satisfy vesting requirements. Those cash outflows are discounted using market yields on national government bonds with terms to maturity that match the expected timing of cashflows.

Contributions are made by the Company to an employee superannuation fund and are charged as expenses when incurred.

Employee benefits are presented as current liabilities in the statement of financial position if the Company does not have an unconditional right to defer settlement of the liability for at least 12 months after the reporting date regardless of the classification of the liability for measurement purposes under AASB 119.

Notes to the Financial Statements
For the Year Ended 30 June 2019

3 Summary of Significant Accounting Policies

(l) New Accounting Standards for Application in Future Periods

The AASB has issued new and amended Accounting Standards and Interpretations that have mandatory application dates for future reporting periods. The Company has decided not to early adopt these Standards. The following table summarises those future requirements, and their impact on the Company where the standard is relevant:

Standard Name	Effective date for entity	Requirements	Impact
AASB 16: Leases	1 July 2019	When effective, this Standard will replace the current accounting requirements applicable to leases in AASB 117: Leases and related Interpretations. AASB 16 introduces a single lessee accounting model that eliminates the requirement for leases to be classified as operating of finance leases. The main changes introduced by the new Standard are as follows: - new lessee accounting requirements for leases at significantly below-market terms and conditions (commonly known as "peppercorn leases) principally to enable the lessee to further its objectives. This requires the lessee to recognise the leased asset/right-of-use asset at fair value per AASB 13, the lease liability per AASB 117/AASB 16 and the residual as income (after related amounts) at the inception of the lease per AASB 1058; - recognition of a right-of-use asset and liability for all eases (excluding short-term leases with less than 12 months of tenure and leases relating to low-value assets); - depreciation of right-of-use assets in line with AASB 116: Property, Plant and Equipment in profit or loss and unwinding of the liability in principal and interest components; - inclusion of variable lease payments that depend on an index or a rate in the initial measurement of the lease liability using the index or rate at the commencement date; - application of a practical expedient to permit a lessee to elect not to seperate non-lease components as a lease; and - inclusion of additional disclosure requirements.	The Entity does not expect any significant impact on its financial statements arising from the adoption of AASB 16.

Notes to the Financial Statements
For the Year Ended 30 June 2019

3 Summary of Significant Accounting Policies

(l) New Accounting Standards for Application in Future Periods

Standard Name	Effective date for entity	Requirements	Impact
AASB 1058: Income of Not-for-Profit Entities	1 July 2019	The significant accounting requirements of AASB 1058 are as follows: -Income arising from an excess of the initial carrying amount of an asset over the related contributions by owners, increases in liabilities, decreases in assets and revenue should be immediately recognised in profit or loss. For this purpose, the assets, liabilities and revenue are to be measured in accordance with other applicable Standards. -Liabilities should be recognised for the excess of the initial carrying amount of a financial asset (received in a transfer to enable the entity to acquire or construct a recognisable non-financial asset that is to be controlled by the entity) over any related amounts recognised in accordance with the applicable Standards. The liabilities must be amortised to profit or loss as income when the entity satisfies its obligations under the transfer. An entity may elect to recognise volunteer services or a class of volunteer services as an accounting policy choice if the fair value of those services can be measured reliably, whether or not the services would have been purchased if they had not been donated. Recognised volunteer services should be measured at fair value and any excess over the related amounts (such as contributions by owners or revenue) immediately recognised as income in profit or loss. The transitional provisions of this Standard permit an entity to either: restate the contracts that existed in each prior period presented in accordance with AASB 108 (subject to certain practical expedients); or recognise the cumulative effect of retrospective application to incomplete contracts on the date of initial application. For this purpose, a completed contract is a contract or transaction for which the entity has recognised all of the income in accordance with AASB 1004 Contributions.	The entity is yet to undertake a detailed assessment of the impact of AASB 1058. However, based on the entity's preliminary assessment, the Standard is not expected to have a material impact on the transactions and balances recognised in the financial statements when it is first adopted for the year ending 30 June 2019.
AASB 2016-8 Amendments to Australian Accounting Standards - Australian Implementation Guidance for Not-for-Profit Entities	1 July 2019	AASB 2016-8 inserts Australian requirements and authoritative implementation guidance for not-for-profit (NFP) entities into AASB 9 Financial (2014) and AASB 15 Revenue from Contracts with Customers. This guidance will assist not-for-profit entities in applying those Standards. NFP entities generally apply AASB 15 where an agreement creates enforceable rights and obligations and includes sufficiently specific promises to transfer goods or services to the customer or third party beneficiaries.	The Entity does not expect any significant impact on its financial statements arising from the adoption of AASB 2016-8

Notes to the Financial Statements
For the Year Ended 30 June 2019

4 Revenue and Other Income

	2019 $	2018 $
- Rental income	103,840	95,076
- Project income	32,682	-
- Member subscriptions	2,238,909	2,175,423
- SA Membership income	171,000	-
- Other income	117,048	142,171
- Interest received	7,924	4,910
	2,671,403	2,417,580

5 Property, plant and equipment

	2019	2018
Land and Buildings		
At fair value	1,755,000	1,755,000
Accumulated depreciation	(43,875)	-
Total land and buildings	1,711,125	1,755,000
Plant and equipment		
At cost	61,182	61,182
Accumulated depreciation	(54,269)	(53,469)
Total plant and equipment	6,913	7,713
Furniture, fixtures and fittings		
At cost	34,703	33,837
Accumulated depreciation	(33,146)	(32,659)
Total furniture, fixtures and fittings	1,557	1,178
Office equipment		
At cost	134,170	124,479
Accumulated depreciation	(113,401)	(107,696)
Total office equipment	20,769	16,783
Total property, plant and equipment	1,740,364	1,780,674

Notes to the Financial Statements
For the Year Ended 30 June 2019

5 Property, plant and equipment

(a) Movements in carrying amounts of property, plant and equipment

Movement in the carrying amounts for each class of property, plant and equipment between the beginning and the end of the current financial year:

	Buildings	Plant and Equipment	Furniture, Fixtures and Fittings	Office Equipment	Total
	$	$	$	$	$
Year ended 30 June 2019					
Balance at the beginning of year	1,755,000	7,713	1,178	16,783	1,780,674
Additions	-	-	866	9,691	10,557
Depreciation expense	(43,875)	(800)	(487)	(5,705)	(50,867)
Balance at the end of the year	1,711,125	6,913	1,557	20,769	1,740,364

	Buildings	Plant and Equipment	Furniture, Fixtures and Fittings	Office Equipment	Total
	$	$	$	$	$
Year ended 30 June 2018					
Balance at the beginning of year	1,573,814	-	364	3,008	1,577,186
Additions	42,474	8,000	1,072	18,545	70,091
Depreciation expense	(26,602)	(287)	(258)	(4,770)	(31,917)
Revaluation increase recognised in equity	165,314	-	-	-	165,314
Balance at the end of the year	1,755,000	7,713	1,178	16,783	1,780,674

(b) Land and Building valuation

The Company's land and buildings were revalued at 30 June 2018 by Egan National Valuers. Valuations were made on the basis of fair value for value in use. There is a crown lease purpose clause restriction that "not less than fifty percentage of the gross floor area of the building will be used and occupied only by the Association as the National Secretariat of the Association". Because of this restriction the valuer has assessed a lease impairment at $515,000 that would need to be deducted from the $1,755,000 value if the current useage was varied.

Notes to the Financial Statements
For the Year Ended 30 June 2019

6 Cash and cash equivalents

	2019	2018
	$	$
Cash at bank	428,467	329,360
Short-term bank deposits	1,042,015	688,423
	1,470,482	1,017,783

Reconciliation of cash

Cash and Cash equivalents reported in the statement of cash flows are reconciled to the equivalent items in the statement of financial position as follows:

	2019	2018
	$	$
Cash and cash equivalents	1,470,482	1,017,783

7 Trade and other receivables

	2019	2018
	$	$
Trade receivables	191,735	116,127
Expected credit loss	-	(16,500)
	191,735	99,627

The following table details the Company's trade and other receivables exposure to credit risk (prior to collateral and other credit enhancements) with ageing analysis and impairment provided for thereon. Amounts are considered as 'past due' when the debt has not been settled, within the terms and conditions agreed between the Company and the customer or counter party to the transaction. Receivables that are past due are assessed for impairment by ascertaining solvency of the debtors and are provided for where there is objective evidence indicating that the debt may not be fully repaid to the Company.

The balances of receivables that remain within initial trade terms (as detailed in the table) are considered to be of high credit quality.

	Gross amount	Past due but not impaired (days overdue) < 30	31-60	61-90	> 90
	$	$	$	$	$
2019					
Trade and term receivables and other debtors	191,735	27,096	-	143,640	20,999
Total	191,735	27,096	-	143,640	20,999
2018					
Trade and term receivables and other debtors	116,127	39,247	2,589	57,576	16,715
Total	116,127	39,247	2,589	57,576	16,715

The carrying value of trade receivables is considered a reasonable approximation of fair value due to the short-term nature of the balances.

Notes to the Financial Statements
For the Year Ended 30 June 2019

7 Trade and other receivables

The maximum exposure to credit risk at the reporting date is the fair value of each class of receivables in the financial statements.

8 Other Financial Assets

	2019	2018
	$	$
Term deposit	150,000	-
	150,000	-

9 Prepayments

	2019	2018
	$	$
Prepayments	56,089	30,961
Accrued income	2,425	-
	58,514	30,961

10 Trade and other payables

	2019	2018
	$	$
Trade payables	45,596	42,012
Other payables	64,099	48,443
GST payable	53,461	43,530
Accrued expenses	60,047	52,535
	223,203	186,520

All amounts are short term and the carrying values are considered to be a reasonable approximation of fair value.

11 Employee Benefits

	2019	2018
	$	$
Current liabilities		
Long service leave	69,540	24,207
Provision for annual leave	129,401	81,569
Balance at 30 June 2019	198,941	105,776

	2019	2018
	$	$
Non-current liabilities		
Long service leave	5,433	30,189
Balance at 30 June 2019	5,433	30,189

Notes to the Financial Statements
For the Year Ended 30 June 2019

12 Other liabilities

	2019	2018
	$	$
Amounts received in advance	25,000	20,000
FSC Principal 2 Workers Right	32,075	-
Giant Pine Scale Project	545,394	45,102
Growers HR Committee	25,000	-
Log Haulage Code of Conduct	6,850	40,699
	634,319	105,801

13 Tenant Leasing Commitments

	2019	2018
	$	$
Minimum lease payments receivable under non-cancelable operating leases:		
- not later than one year	55,432	74,536
- between one year and five years	19,676	25,680
	75,108	102,216

The company has entered into commercial property leases of its surplus office space. Lease payments are increased on an annual basis to reflect market rentals.

14 Financial Risk Management

The Company is exposed to a variety of financial risks through its use of financial instruments.

The Company's overall risk management plan seeks to minimise potential adverse effects due to the unpredictability of financial markets.

The most significant financial risks to which the Company is exposed to are described below:

Specific risks

- Liquidity risk
- Credit risk
- Market risk - interest rate risk

Notes to the Financial Statements
For the Year Ended 30 June 2019

14 Financial Risk Management

Financial instruments used

The principal categories of financial instrument used by the Company are:

- Trade receivables
- Cash at bank
- Trade and other payables

The totals for each category of financial instruments, measured in accordance with AASB 9: *Financial Instruments* as deailed in the accounting policies to these financial statements, are as follows:

		2019	2018
		$	$
Financial assets			
Cash and cash equivalents	6	-	1,017,783
Trade and other receivables	7	-	99,627
Held at amortised cost			
Cash and cash equivalents	6	**1,470,482**	-
Other financial assets	8	**150,000**	-
Trade and other receivables	7	**191,735**	-
Total financial assets		**1,812,217**	1,117,410
Financial liabilities			
Trade payables	10	-	42,012
Financial liabilities at fair value			
Trade payables	10	**45,596**	-
Total financial liabilities		**45,596**	42,012
Total		**1,766,621**	1,075,398

The Company has not restated comparatives when initially applying AASB 9, the comparative information has been prepared under AASB 139 *Financial Instruments: Recognition and Measurement.*

Risk management is carried out by the Company's executive committee under the delegated power from the Board of Directors. The Finance Manager has primary responsibility for the development of relevant policies and procedures to mitigate the risk exposure of the Company, these policies and procedures are then approved by the executive committee and tabled at the board meeting following their approval.

Reports are presented at each Board meeting regarding the implementation of these policies and any risk exposure which the executive committee believes the Board should be aware of.

Specific information regarding the mitigation of each financial risk to which the Company is exposed is provided below.

Australian Forest Products Association Limited
ABN: 40 008 621 510

Notes to the Financial Statements
For the Year Ended 30 June 2019

14 Financial Risk Management

Specific financial risk exposures and management

The main risks Australian Forest Products Association Limited is exposed to through its financial instruments are credit risk, liquidity risk and market risk consisting of interest rate risk.

Interest Rate Risk

The Company's exposure to interest rate risk, which is the risk that a financial instruments value will fluctuate as a result of changes in market interest rates and the effective weighted average interest rates on classes of financial assets and financial liabilities, is as follows:

	Maturing within 1 Year	
	2019	2018
	$	$
Financial Assets:		
Cash and cash equivalents	1,470,482	1,017,783
Total Financial Assets	**1,470,482**	1,017,783

Liquidity risk

Liquidity risk arises from the possibility that the Company might encounter difficulty in settling its debts or otherwise meeting its obligations in relation to financial liabilities. The Company manages this risk through the following mechanisms:

- preparing forward-looking cash flow analyses in relation to its operating, investing and financing activities;
- maintaining a reputable credit profile; and
- comparing that maturity profile of financial liabilities with the realisation profile of financial assets.

Liquidity needs are monitored in various time bands, on a day-to-day and week-to-week basis, as well as on the basis of a rolling 30-day projection. Long-term liquidity needs for a 180-day and a 360-day period are identified monthly.

At the reporting date, these reports indicate that the Company expected to have sufficient liquid resources to meet its obligations under all reasonably expected circumstances and will not need to draw down any of the financing facilities.

Notes to the Financial Statements
For the Year Ended 30 June 2019

14 Financial Risk Management

Liquidity risk

The table below reflects the undiscounted contractual maturity analysis for financial liabilities.

Cash flows realised from financial assets reflect management's expectation as to the timing of realisation. Actual timing may therefore differ from that disclosed. The timing of cash flows presented in the table to settle financial liabilities reflects the earliest contractual settlement dates.

Financial liability and financial asset maturity analysis

	Within 1 Year		Total	
	2019	2018	2019	2018
	$	$	$	$
Financial liabilities due for payment				
Trade and other payables (excluding estimated annual leave)	223,203	186,520	223,203	186,520
Total expected outflows	223,203	186,520	223,203	186,520
Financial assets - cash flows realisable				
Cash and cash equivalents	1,470,482	1,017,783	1,470,482	1,017,783
Term deposits	150,000	-	150,000	-
Trade and other receivables	191,735	99,627	191,735	99,627
Total anticipated inflows	1,812,217	1,117,410	1,812,217	1,117,410
Net (outflow)/inflow expected on financial instruments	1,589,014	930,890	1,589,014	930,890

Credit risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in a financial loss to the Company.

Credit risk arises from cash and cash equivalents and deposits with banks and financial institutions, as well as credit exposure to customers, including outstanding receivables and committed transactions.

The Company has adopted a policy of only dealing with creditworthy counterparties as a means of mitigating the risk of financial loss from defaults. The utilisation of credit limits by customers is regularly monitored by line management. Customers who subsequently fail to meet their credit terms are required to make purchases on a prepayments basis until creditworthiness can be re-established.

15 Members' Guarantee

The Company is incorporated under the *Corporations Act 2001* and is a Company limited by guarantee. If the Company is wound up, the constitution states that each member is required to contribute a maximum of $ 20 each towards meeting any outstandings and obligations of the Company. At 30 June 2019 the number of members was 76 (2018: 62).

16 Contingencies

In the opinion of the Directors, the Company did not have any contingencies at 30 June 2019 (30 June 2018:None).

Notes to the Financial Statements
For the Year Ended 30 June 2019

17 Cash Flow Information

(a) Reconciliation of result for the year to cashflows from operating activities

Reconciliation of net income to net cash provided by operating activities:

	Note	2019 $	2018 $
Surplus/(deficit) for the year		48,440	126,893
Non-cash flows in profit:			
- depreciation	5(a)	50,867	31,917
Changes in assets and liabilities:			
- (increase)/decrease in trade and other receivables		(92,108)	90,402
- (increase)/decrease in prepayments		(27,553)	(24,855)
- increase/(decrease) in income in advance		528,518	(524,068)
- increase/(decrease) in trade and other payables		26,752	(14,289)
- increase/(decrease) in GST creditor		9,931	(3,019)
- increase/(decrease) in employee benefits		68,409	21,052
Cashflow from operations		613,256	(295,967)

18 Events Occurring After the Reporting Date

No matters or circumstances have arisen since the end of the financial year which significantly affected or may significantly affect the operations of the Company, the results of those operations or the state of affairs of the Company in future financial years.

19 Company Details

The registered office of and principal place of business of the company is:

Australian Forest Products Association Limited
24 Napier Close
Deakin ACT

Australian Forest Products Association Limited
ABN: 40 008 621 510

Directors' Declaration

The directors of the entity declare that:

1. The financial statements and notes, as set out on pages 6 to 31, are in accordance with the *Corporations Act 2001* and:

   (a) comply with Australian Accounting Standards; and

   (b) give a true and fair view of the financial position as at 30 June 2019 and of the performance for the year ended on that date of the entity.

2. In the directors' opinion, there are reasonable grounds to believe that the entity will be able to pay its debts as and when they become due and payable.

This declaration is made in accordance with a resolution of the Board of Directors.

Director ....

Director ....

Date:..............14/10/2019..

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Hardwickes
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Hardwickes Partners Pty Ltd
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Independent Audit Report to the members of Australian Forest Products Association Limited

Report on the Financial Report

Opinion

We have audited the accompanying financial report of Australian Forest Products Association Limited, which comprises the statement of financial position as at 30 June 2019, the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration.

In our opinion the financial report of Australian Forest Products Association Limited is in accordance with the *Corporations Act 2001*, including:

(a) giving a true and fair view of the Company's financial position as at 30 June 2019 and of its performance for the year ended on that date; and

(b) complying with Australian Accounting Standards and the *Corporations Regulations 2001*.

Basis for Opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Report* section of our report. We are independent of the Company in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110: *Code of Ethics for Professional Accountants* (the Code) that are relevant to our audit of the financail report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

We confirm that the independence declaration required by the *Corporations Act 2001*, which has been given to the directors of the company, would be in the same terms if given to the directors as at the time of the auditor's report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Information Other than the Financial Report and Auditor's Report Thereon

The directors are responsible for the other information. The other information comprises the information included in the Company's annual report for the year ended 30 June 2019, but does not include the financial report and our auditor's report thereon. Our opinion on the financial report does not cover the other information and accordingly we do not express any form of assurance conclusion thereon. In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsitent with the financial report or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

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Independent Audit Report to the members of Australian Forest Products Association Limited

Responsibilities of the Directors for the Financial Report

The directors of the Company are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* 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 ability of the Company 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 Company or to cease operations, or have no realistic alternative but to do so.

Auditor's Responsibility for the Audit of the Financial Report

Our 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 our 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 as 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, we exercise professional judgement and maintain professional scepticism throughout the audit. We 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 our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than 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 Company's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.

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Independent Audit Report to the members of Australian Forest Products Association Limited

- 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 Company's ability to continue as a going concern, If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company 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.

We 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 we identify during our audit.

Hardwickes

Hardwickes
Chartered Accountants

R Johnson

Robert Johnson FCA
Partner

Canberra

Date: 14 October 2019

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