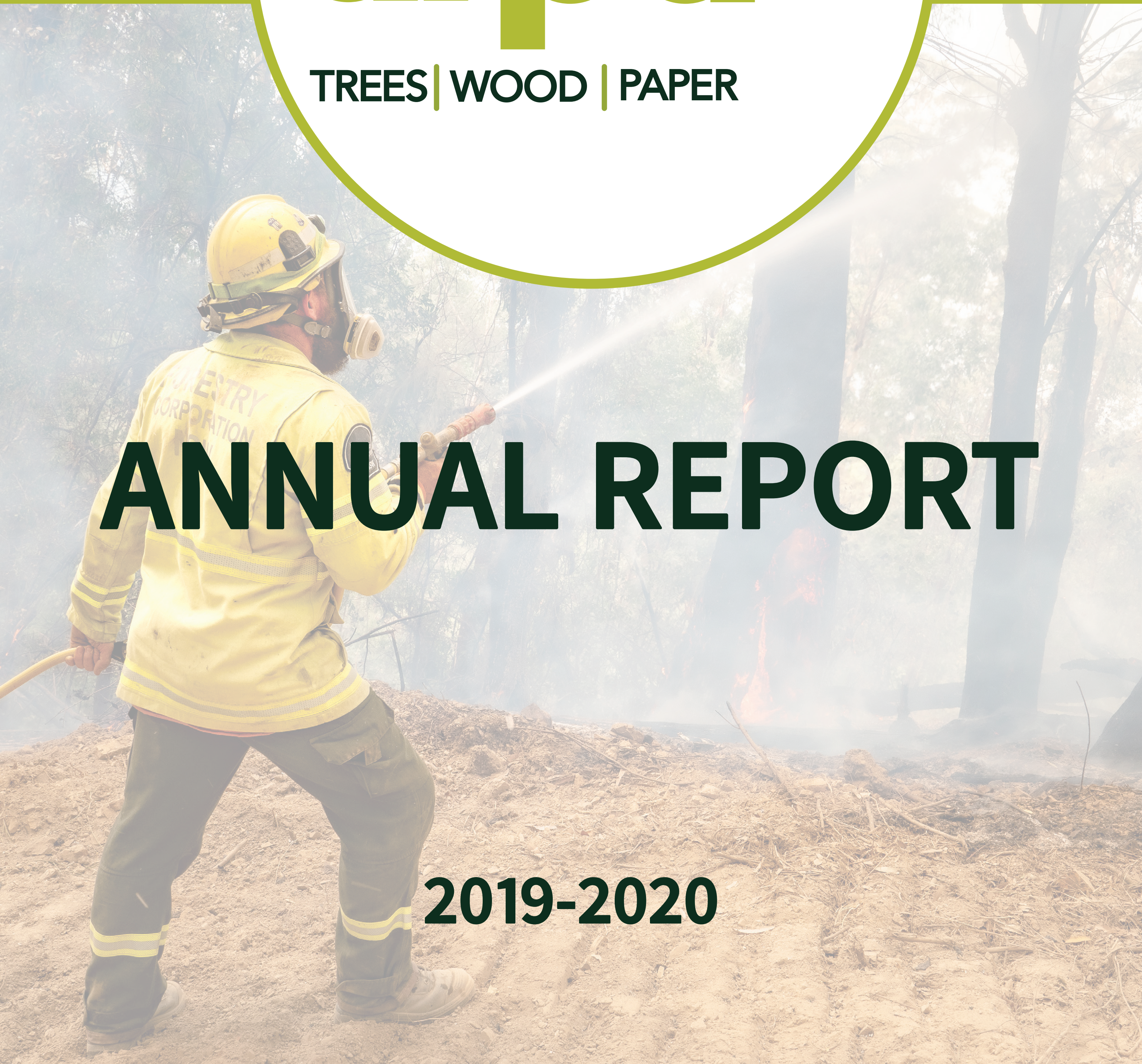
AUSTRALIAN FOREST PRODUCTS ASSOCIATION

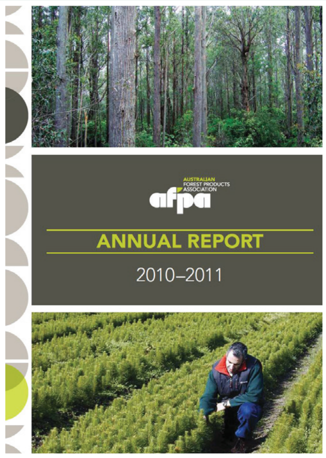
afpa

TREES | WOOD | PAPER

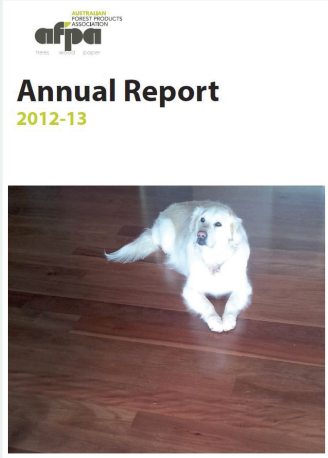


ANNUAL REPORT

2019-2020


ANNUAL REPORT
2010–2011


Annual Report
2011-12


Annual Report
2012-13


Annual Report
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2014-15
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REPORT


2015-16
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2016-17
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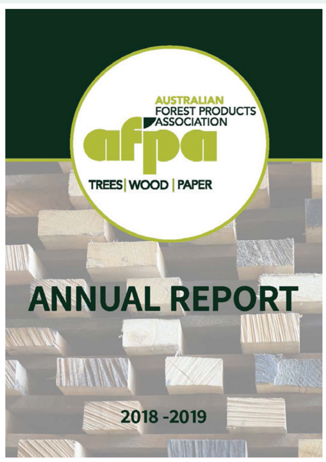
AUSTRALIAN
FOREST PRODUCTS
ASSOCIATION
TREES | WOOD | PAPER
ANNUAL REPORT
2018 -2019

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Report Details:
Cover: 300gsm Botany Board
Inside: 120gsm Precision Laser Australian Made

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 Carbon Farming

Australian Forest Contractors Association

Australian Sustainable Hardwoods

Boral Timber

Borg Manufacturing

Capital Battens

CO2 Australia

Engineered Wood Products Assoc. of Australasia

Fennell Forestry

Fenning Timbers

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

Margules Groome Consulting

Midway

NewForests Asset Management

Neville Smith Forest Products

NF McDonnell & Sons

Norske Skog Australasia

Oji Fibre Solutions

OneFortyOne Plantations

OneFortyOne Wood Products

Opal Group

Pentarch Forest Products

PF Olsen

Reliance Forest Fibre

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

Tiwi Plantation Corporation

Van Schaik's Bio Gro

VicForests

Victorian Association of Forest Industries

Visy Industries

WA Blue Gum Limited

WA Plantation Resources

Walkers Sawmill

Weathertex

Wesbeam

Wespine Industries

Whiteheads Timber Sales

Members as at 30 June 2020

Photo: HQ PLANTATIONS

Photo: AFPA

Photo: VISY

Photo: HYNE

Greg McCormack
Chair

> ***"It is no overstatement to say it has been one of the most challenging years for our industry that I can remember."***

When I think back on the Chair report last year, we had just emerged from the Federal election campaign and were looking forward to seeing promises delivered and more initiatives to grow the industry as negotiated by our Association. None of us knew that before the end of last year our world would be seismically impacted; first by devastating bushfires and then by the global COVID-19 pandemic.

The 'Black Summer' of bushfires began on the north coast of NSW in the later part of calendar 2019 and, as the summer wore on, flared up right down the east coast and into South Australia, taking lives, homes, businesses and livelihoods.

By the time the autumn rains finally put the blazes out we had lost vast resources. About 130,000 hectares of plantations were affected and 8 million hectares of native forestry, including about 1 million hectares of multiple use forest.

The fires hit hardest on the far north coast of NSW, around the southern NSW towns of Tumut, Tumbarumba, Bombala and Eden, into north eastern Victoria, and Kangaroo Island in South Australia. Although recovery harvesting began in earnest on the burnt plantations, the sad truth is that much timber will not be able to be processed before it is unusable and the losses have left a significant hole in future wood supplies. In the native forestry areas, the fires have been used by activist groups to mount a ferocious attack on our sustainably managed native forest industries and the usual post bushfire access to coupes has been severely curtailed.

Then, before we had even properly assessed the bushfire damage, the global COVID-19 pandemic arrived on our shores. Our industries had to adjust rapidly to the new 'COVID-safe' world, urgently implementing social distancing and sanitising measures. We were successful in arguing that, as the economy was wound down to reduce virus transmission, our industries were 'essential' and we were allowed to keep operating. It is still to be seen whether the $680 million

'HomeBuilder' stimulus package, which AFPA helped deliver, will avert the cliff of lost new home demand which had been forecast. It will certainly assist greatly.

In addition, there have been downturns in the global woodchip demand, which have left many in that part of our industry value chain having to reduce operations dramatically, and in Victoria, the short-sighted decision by the Andrews Government to close down native forestry by 2030. The Victorian Opposition says it will reverse this policy should it win the next election and we will keep the pressure on the Andrews Government to see sense. In the pulp, paper and packaging space, the Morrison Government has continued to move forward with its ban on export of recyclables. This is a ban we support but it is presenting large challenges for the sector.

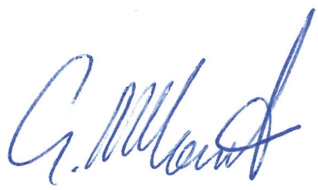
It is no overstatement to say it has been one of the most challenging years for our industry that I can remember.

It is also no overstatement to say we have all been very well served by the decision taken some ten years ago to unite under one national Association umbrella.
I truly think that decision has paid enormous dividends.

From the bushfire relief funding, through to being deemed 'essential' and securing stimulus measures, through to the Bushfire Royal Commission, through to implementing Regional Forest Industry Hubs, another National Institute for Forest Products Innovation centre, and of course, finally, the changes to the Carbon Farming Initiative we have fought so long and hard for; the achievements go on.

As I do every year I thank every one of those in the long list of member companies for continuing to support our Association. It is more vital than ever that we continue to advocate as a full value chain.

I thank my fellow Directors for their insightful dedicated service and the AFPA team, led by CEO Ross Hampton, that has worked so hard and effectively for the Industry.



Greg McCormack
Chair

Ross Hampton

Chief Executive Officer

> ***"We still have much to do to help the most badly affected businesses through the difficult times ahead. "***

As the Chair has observed it has been a challenging and demanding year for so many of our members. Many of us fought the fires with little sleep over those long summer months and watched despairingly as the bush and plantations went up in flames. There was much immediate loss to lament but also, all of us who work in our industries, knew we were also watching the incineration of so many carefully laid personal and business plans. We knew that when the newspapers were tallying up the costs, they were not including the impact on our industry through loss of future timber resource. Although AFPA was able to play a role in helping secure a $140 million package (which included forest industries) from the NSW Government and another $50million from the Federal Government, we know that no money or policy can make trees appear overnight. We still have much to do to help the most badly affected businesses through the difficult times ahead.

And the arrival of the COVID-19 pandemic so soon after, made it so much more difficult. Businesses which had been desperately trying to use as much burnt timber as they could, now had to overlay that with 'COVID-safe' measures such as splitting workforces and enforcing social distancing and sanitary measures. It has been a very trying period.

Fortunately AFPA built full mobility into its systems some years ago to allow our staff to work on-line from wherever they were in the country. This meant that, whilst we have lost a little in terms of personal interactions, moving to a 'work from home' model has not come at the expense of AFPA's advocacy efforts in each of the Chambers. 'Zoom' and 'Teams' virtual meetings have filled much of the communications gap! It has been very disappointing that we have not been able to hold the June gathering in person and that we had to defer the Gala dinner to June next year. These, however, are relatively small prices to pay for ensuring all our people remain safe and healthy.

The beginning of the year was taken up with working with the Government and Departments to see implemented the Federal election commitments. Key were the continuation of Regional Forest Agreements (RFA) and the rolling out of 'Regional

Forest Industry Hubs' to support the Government's National Forest Industries Plan and its goal of 'One Billion' more plantation trees. Ten Regional Forest Industry Hubs have now been announced, with nine to receive $1 million each to enable them to plan and produce strategies to ensure that plantation growth in these areas is strategic and strongly supported by their communities. There is more work to do to ensure all key forest industry regions are covered.

Notwithstanding the challenges which have emerged after the fires in terms of future resource, and the massive budget deficit which the Morrison Government has been forced to rack up in economy-wide support measures, there are large opportunities which are emerging.

The nation is far more attuned to domestic processing and the necessity of making things on shore. This will be a good thing for Australia's forest industries. It was one of the reasons that we agreed to join the 'Australian Made' campaign and are promoting 'Buy Aussie Timber First' in 2020.

Our social purpose challenges continue to be the area where we have much more work to do. Activist groups, including some academics apparently more interested in a public policy outcomes than science, continue to misrepresent sustainably managed native forestry in this country. This has to be countered in a cool and evidence based fashion.

The plantation base of the industry also requires a great deal of care and support from AFPA to help ensure that social purpose is maintained.

The FWPA research which produced the moniker 'The Ultimate Renewable' has been a major positive for all sectors of the value chain in the last year. It is easy to understand and, no matter where the sticker is applied, is completely true. Which, of course, is what makes it such a perfect unifying phrase.

I thank the Board of Directors of AFPA, led so ably by Chair Greg McCormack, who all give their time and energies selflessly for the good of the Association.

I also thank the AFPA staff who work tirelessly and effectively in each of their roles to ensure your Association continues to deliver for all Members.

Ross Hampton
Chief Executive Officer

INDUSTRY SNAPSHOT

Forest industries are the keystone employer in many regional towns

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

Forest industries plant more than 70 million plantation trees each year

Our forestry operations are carbon positive & our plantations store 258 million tonnes of carbon

AFPA members are 100% globally certified

Forest industries contribute $24 billion a year to Australia's economy

Renewable timber products help build more than 162,000 homes a year

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

There are almost 2 million hectares of forest plantations (hardwood and softwood) in Australia

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

MAKING THE PRODUCTS YOU LOVE...

NATIVE FOREST TIMBER MAKES...

Floorboards, staircases and furniture, while the residues and secondary timbers are used to make pallets, paper and packaging, replacing single use plastics. Timber production for appearance-grade hardwood timber products occurs in designated areas that almost always have been either previously harvested. After harvest, these areas are regenerated, with no net loss of forest over time.

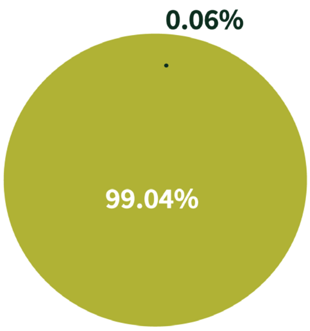
PLANTATION FOREST TIMBER MAKES...

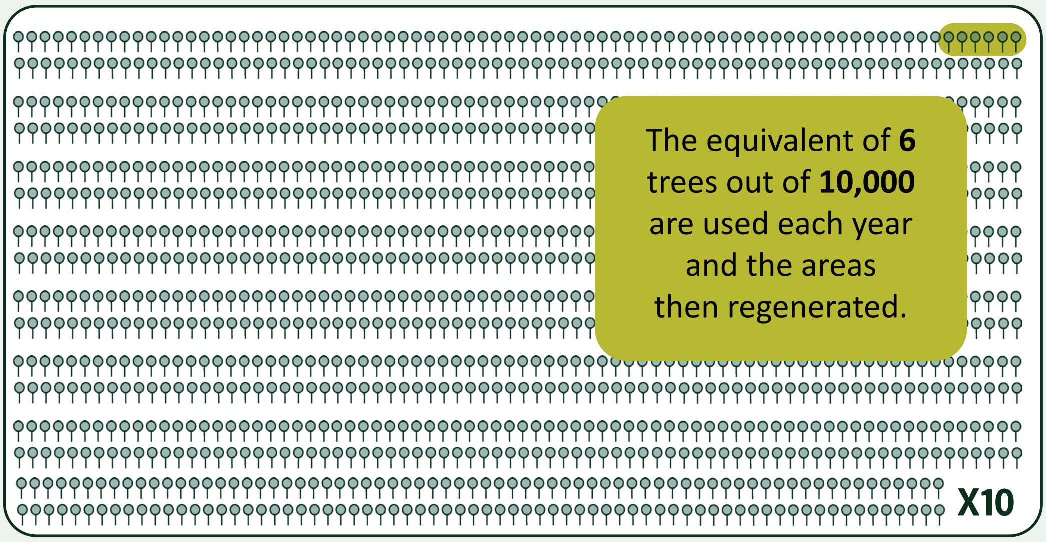
The timber frames for our homes, engineered wood products used to build new multi-storey residential and commercial buildings, wood-based panels for our kitchens, landscape products for our gardens, and wood fibre used to manufacture magazines, paper boxes and packaging, replacing single use plastics. In addition, residues go into making potting mix, mulches, composts and landscaped products for our gardens.

...FROM CERTIFIED, SUSTAINABLY MANAGED NATIVE FORESTS AND PLANTATIONS

NATIVE FORESTRY

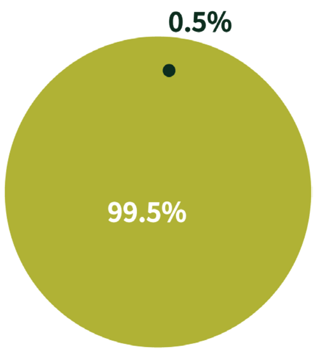
Australia has 132 million hectares of native forest. Just 78,000 hectares - or 0.06 per cent - is harvested for timber production annually, and then regenerated by law.

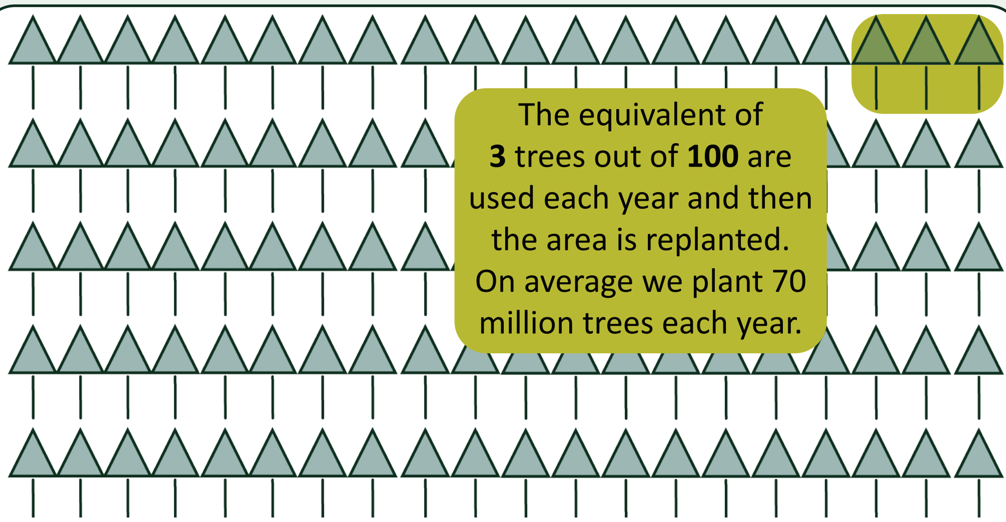




PLANTATION FORESTRY

There are 385 million hectares of agricultural land in Australia. Plantations occupy around 1.9 million hectares or about 0.5%.





KEY MOMENTS

Parliamentary Friends of Forest Industries Christmas Drinks

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. The event attracted a great turn out of federal politicians from across all parties with an address by Assistant Minister for Forestry and Fisheries Senator Jonathon Duniam.

Leading the fight against the Victorian Government's plan to close down native forest industries

AFPA is assisting our industries, VAFI and AFCA to fight against the Victorian Government's decision to end native forestry by 2030. We have helped organise rallies and protests in Melbourne and Lakes Entrance, and we are working with other stakeholders to have this decision overturned.

Securing Government support after the Black Summer bushfires

AFPA was at the forefront of the community debate of how to better manage Australia's landscape in the wake of the unprecedented Black Summer bushfires, and secured significant State and Federal Government recovery packages for bushfire-affected forest industries. AFPA also succeeded in calling for land-management to be included in the Terms of Reference of the Bushfire Royal Commission, and continues to keep members, the public and political leaders informed on the impact on our industry, and the role of forest industries in suppressing and mitigating against bushfires. AFPA's advocacy helped secure bushfire recovery packages of $50 million from the Federal Government and $140 million from the NSW government.

Australian forest industries recognised as essential

Following the COVID-19 outbreak, AFPA began an advocacy campaign to let both the public and policy makers know that our renewable forest industries were providing an essential service to all Australians, by providing essential timber and paper products used in homes and businesses every day. This essential status was recognized by both Federal and State governments and our renewable industries have been largely able to continue to manufacture essential products throughout the pandemic.

New home building stimulus to underpin COVID-19 recovery

The timber processing sector is facing a forecast drop in construction and associated timber demand due to COVID-19 restrictions. AFPA joined industry groups HIA and the MBA to successfully campaign for Federal and State governments to put in place stimulus measures to boost new home demand. The Federal government then announced the 'HomeBuilder' program which with State government measures is showing signs of kickstarting construction, and the economy. AFPA has focused on making processing industries in Australia more resilient by advocating for Australian's to buy Aussie timber products.
AFPA has also joined the Australian Made campaign and promoted a new 'Buy Aussie Timber Framing First' campaign (www.buyaussietimberfirst.com.au)

Regional Forestry Industry Hubs

AFPA has been campaigning for funding to create regional forestry hubs across Australia for the past six years as a strategic measure to grow and optimise Australia's forest industries in key geographic areas. The hubs are a part of the 'right trees in the right places in the right scale' goal. In the past year the Federal Government has recognised and funded ten hubs in South West WA, Green Triangle – SA and VIC, North and North West TAS, South TAS, North East NSW, South West Slopes NSW, Central West NSW, Gippsland VIC, South East QLD and North QLD.

Plantation Forestry can now fully participate in the Emission Reduction Fund (ERF) in some Regional Forest Industry Hubs

After five years of advocacy AFPA was successful in seeing the Federal Government amend the Carbon Farming Initiative (CFI) regulation, which will now allow forest managers to fully participate in Emission Reduction Fund (ERF) auctions in declared forest industry regions. The resulting carbon payments will help establish new commercial forest plantations and provide significant emissions reductions to meet Australia's international climate targets. More work remains to ensure all Hubs have the same opportunities.

Eden-Monaro by-election

AFPA was active in the lead-up to the 4 July 2020 by-election in the marginal NSW seat of Eden-Monaro – a federal electorate in which forest industries are the biggest regional employer. During the campaign AFPA held roundtables in Tumut with the three major parties' candidates and AFPA
members in Eden-Monaro, giving candidates the opportunity to hear directly from industry about their priorities and challenges post-bushfires, and to focus the media and politicians' attention on the importance of forest industries to the electorate.

AFPA BOARD 2019/20

Greg McCormack (Chairman) - Chairman, Midway Limited

Jean-Yves Nouaze (Deputy Chairman) - Executive General Manager, Visy Pulp & Paper

Ian Telfer (Treasurer) - Chief Executive Officer, WA Plantation Resources

Craig Dunn - General Manager, Public Relations & Sustainability, Opal Group (from May 2020**)**

Stacey Gardiner - General Manager, Australian Forest Contractors Association

Diana Gibbs - Principal, Diana Gibbs and Partners

Jon Kleinschmidt - Chief Executive Officer, Hyne Timber

James Malone - Chief Executive Officer, Wesbeam

Paul Michael - Executive Chairman, Weathertex

Islay Robertson - Chief Operating Officer, HQPlantation

Mark Rogers - Managing Director, New Forests

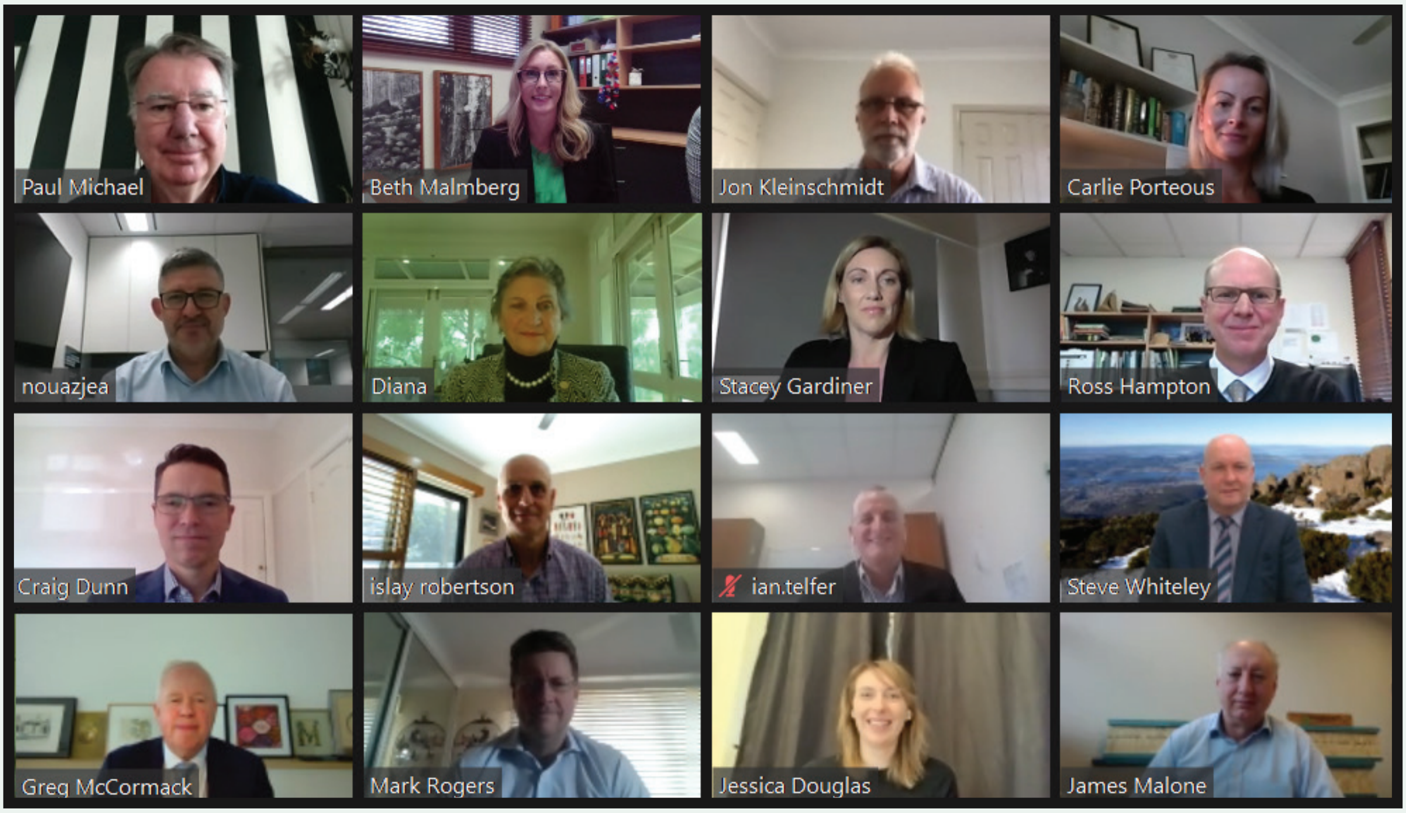
Steve Whiteley - Chief Executive Officer, Sustainable Timber Tasmania

Peter Williams - Chief Operating Officer, Australian Paper (to April 2020)

OBSERVERS

Jessica Douglas - Director, External Affairs OneFortyOne
Carlie Porteous - Manager, Fibre & Forestry Compliance, Visy Pulp & Paper

Beth Malmburg - Company Secretary



Zoom meeting due to COVID-19 restrictions

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 full 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 permanent Subcommittees or adhoc Working Groups report back to each respective Chamber to ensure more detailed work proceeds between meetings.

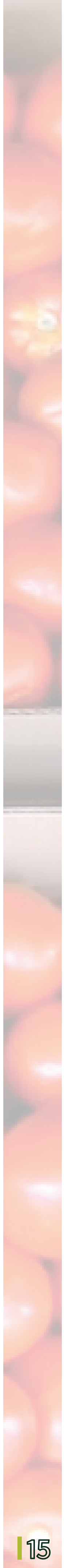


Photo: ASH

HARDWOOD PROCESSING CHAMBER

Tony Price
Chamber Chair

Victor Violante
Chamber Manager

The Hardwood Processing Chamber includes hardwood sawmillers, hardwood woodchip processors, 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. This is the equivalent of just six trees in every 10,000 across the native forest estate.

2019-20 was a challenging year for the native hardwood industry nationally, especially in Victoria. In November Victorian Premier Daniel Andrews announced the Victorian Government will end native forestry harvesting in the state-owned forest by 2030, with significant reductions in timber allocations from 2024. AFPA has been at the forefront of industry's fightback against this short-sighted decision, working with members and other industry and community allies to have the decision overturned.

Meanwhile, bushfires over the summer burnt about 8 million hectares of native forest across NSW and Victoria including about 1 million hectares of multi-use production forests, which will have profound impacts on future timber availability. AFPA has been active in explaining the role of forestry in fighting bushfires and managing the forests to mitigate against bushfires, in the face of relentless attacks from anti-forestry groups.

AFPA advocated for a Commonwealth Royal Commission into the bushfires, and we succeeded in having land management included in the terms of reference. AFPA gave evidence to the commission about the need for a whole-of-land-scape approach to land management, which should include mechanical fuel reduction and active forest management across all land tenures.

In the coming year, the Chamber will focus on the development of a strategic plan to highlight the long-term sustainability and social purpose of our native hardwood sector, for the next century and beyond.

Photo: FORICO

GROWERS CHAMBER

Islay Robertson

Chamber Chair

Natalie Heazlewood

Chamber Manager

The Growers Chamber covers all the major plantation owners and Government Business Enterprises managing native forests, as well as plantation management services companies and companies which also provide environmental services such as carbon sequestration.

Combined, the Growers Chamber members own or manage more than 80% of the nation's plantation trees, and a similar proportion of the multiple-use public forests.

In 2018-19 the plantation estate, split almost evenly between softwood and hardwood provided 28.8 million cubic metres of total wood production.

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 AFPA's formal structures 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 Growers Chamber on a range of human resources topics across forest industries from marketing, recruitment, staff wellbeing and equity.

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

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

4. Forest Health & Biosecurity Subcommittee advises the Growers Chamber on forest health and biosecurity across the across forestry industries.

In the last year the Growers Chamber met twice in Canberra and, due to the COVID-19 outbreak, twice via telephone conference. At these meetings issues facing members, policy development and a range of initiatives were discussed such as:

- The impacts of the 2019/20 Bushfire season and COVID-19 on businesses.
- An initial proposal to increase levies across research and development, operations and biosecurity was agreed to with a formal process now underway.
- A proposal to appoint a Grower Chamber funded Forest Industry Safety Manager was agreed by members but has been postponed due to the outbreak of COVID-19.
- The National Forestry Biosecurity Coordinator would be funded by the Chamber for an additional financial year until April 2021.
- The draft Log Haulage Code of Practice was approved to be submitted to the NHVR for nationwide adoption.

Photo by: NORSKE SKOG

PULP, PAPER & BIOPRODUCTS CHAMBER

Jean-Yves Nouaze

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) met both face to face and virtually four times throughout the year, to discuss broad policy issues that impact the Australian pulp, paper and packaging sector and progress initiatives in key policy areas, including:

- The circular economy, waste to energy and the COAG Waste Export Ban.
- COVID-19 and essential industry classification.
- Bushfire recovery activities.
- Climate change, emissions reduction, and renewable energy policies, including bioenergy and renewable heat.
- The Federal Government's Technology Investment Roadmap and the Bioenergy Roadmap.
- Trade agreements.
- Forest product stewardship.
- Industry skills and training.
- Research and development.
- Forest Industry Regional Hubs and plantation investment.

An Energy Subcommittee has been established under the PPB to advise on the sector's energy issues.

Members of Energy Subcommittee are nominated by the PPB and are company experts in energy issues.

This Subcommittee operates under the AFPA formal structure with AFPA providing secretarial services, and have Terms of Reference, detailed agendas and minutes.

Photo: HYNE

SOFTWOOD MANUFACTURING CHAMBER

Ian Tyson

Chamber Chair

Gavin Matthew

Chamber Manager

The Softwood Manufacturing Chamber (SMC) of AFPA includes softwood sawmillers and processors, engineered wood product manufacturers, and softwood timber product exporters. SMC members meet to discuss broad policy issues that impact the Australian softwood manufacturing sector. From our renewable forest plantations, SMC member companies provide essential jobs and innovative products for housing, construction, fibre and energy.

Three SMC Subcommittees have been established 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 agreed minutes.

The three Subcommittees are:

1. Market development Subcommittee (MKDS) The MKDS advises the SMC on matters relating to market development issues. Members of MKDS are nominated by the SMC and are company experts in sales and marketing.

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

3. Workplace Health & Safety interest group (WHSIG) TThe WHSIG advises the SMC on matters relating to industry sector WHS issues. Members of WHSIG are nominated by the SMC and are experts in WHS management.

The SMC met both face to face and virtually five (5) times sharing learnings and progressing initiatives in key policy areas, including:

- COVID-19 and bushfire recovery activities, including new home stimulus measures.
- Forest Industry Regional Hubs and plantation investment.
- Climate change, emissions reduction, and renewable energy policies, including bioenergy and renewable heat initiatives.
- Recognition of carbon stored in wood products and new buildings.
- 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 product messaging including ‘Timber Framing – The Ultimate Renewable™’ and ‘Buy Aussie Timber Framing First’ campaigns.

Photo: ONEFORTYONE

Photo: ONEFORTYONE

Photo: AFPA

SOUTH AUSTRALIAN BRANCH

Greg Kenny

Strategic Guidance Council Chair

Leon Rademeyer

Branch Manager

The AFPA South Australia Branch was established in 2016 to address an advocacy gap. From modest beginnings the AFPA SA branch was able to become a well-established presence for industry.

The AFPA SA Branch had a strong year unifying and progressing the State's forest industries issues 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 was active in many areas including:

- Lower Limestone Coast Water Allocation Plan (LLC WAP).
- PIRSA/Forest Industries Working Group: COVID-19 pandemic.
- Independent Bushfire Review 2019/20 Stakeholder Group.
- New SA Biosecurity Act.
- Green Triangle Plantation Crime Prevention Working Group
- SA Parliamentary Friends of Forestry

In early 2020 South Australian forest product industries' decided that it was ready to evolve past being an AFPA branch and to establish a stand-alone Association marking an important new phase in the sector's state-focused policy advocacy. Leon Rademeyer was the SA branch manager until the 1st of July and we thank him for his work over the past two years.

The new association will be the South Australian Forest Products Association (SAFPA) and it is expected to take several months to finalise, including recruitment of the first Chief Executive Officer. Keith Lamb is the Chair of the Interim Governing Council of SAFPA and is leading the process of creating the new Association with the assistance of an able Council of forest industries representatives.

AFPA will continue to work closely with the new Association, as we do with all state forest industries associations around Australia.

AFPA OPERATIONS

AFPA members own Forest Industries House in Deakin ACT, just a few kilometres from Australia's Parliament House. Since its formation in 2011, 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 strong team dedicated to advancing the interests of all members.

STAFF AT JUNE 2020

Sandi Grant	Bookkeeper
Natalie Heazlewood	Policy Manager
Beth Malmberg	Company Secretary & EA
Gavin Matthew	Senior Policy Manager
Kevin Peachey	Policy Manager
Fairlie Pearce	Digital & Design Officer
Campbell Cooney	Senior Communications Manager
Victor Violante	Senior Policy Manager
Ross Hampton	Chief Executive Officer

OBJECTS OF THE ASSOCIATION

- Be a vehicle for effective and efficient communication between various sectors within the industry.
- To shape and drive industry and government policy development for the benefit of industry and secure the best outcomes for the industry in important policy development through effective lobbying and other targeted representation.
- To raise the profile of the industry with community opinion leaders, for the purpose of making the industry relevant, profitable and sustainable.
- Encouraging and facilitating education on issues relevant to the sustainable growth of the industry and developing and maintaining 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

Photo: HYNE

Directors' Report
For the Year Ended 30 June 2020

The directors present their report on Australian Forest Products Association Limited for the financial year ended 30 June 2020.

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	Resigned: 29 November 2019
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	Resigned: 29 November 2019
Jean -Yves Nouaze	Appointed: 17 October 2017
Mark Rogers	Appointed: 16 January 2018
Steve Whiteley	Appointed: 13 September 2018
Peter Williams	Resigned: 2 April 2020
Diana Gibbs	Appointed: 2 May 2019
Stacey Gardiner	Appointed: 29 November 2019
Islay Robertson	Appointed: 29 November 2019
Craig Dunn	Appointed: 5 May 2020

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 2020

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.

Directors' Report

For the Year Ended 30 June 2020

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 2020 there were 70 members (2019: 76).

At 30 June 2020 the collective liability of members was $ 1,400 (2019: $ 1,520).

Operating results

The surplus of the Company amounted to $187,967 (2019: $48,440).

Meetings of directors

During the financial year, 8 meetings of directors (including committees of directors) were held. Attendances by each director during the year were as follows:

	Directors' Meetings		Subcommittee Meetings		Total
	Number eligible to attend	Number attended	Number eligible to attend	Number attended	Number attended
Gregory Henry McCormack	5	5	1	2	6
Jean-Yves Nouaze	5	4	1	1	5
Ian Telfer	5	4	3	3	7
Jonathan Kleinschmidt	5	4	2	2	6
Stacey Gardiner	5	5	-	-	5
Diana Gibbs	5	5	-	-	5
James Malone	5	4	-	-	4
Paul Michael	5	5	-	-	5
Islay Robertson	5	5	-	-	5
Mark Rogers	5	5	2	2	7
Steve Whiteley	5	5	-	-	5
Peter Williams	4	3	-	-	3
Craig Dunn	1	1	-	-	1

Australian Forest Products Association Limited

ABN: 40 008 621 510

Directors' Report

For the Year Ended 30 June 2020

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 2020 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: ....
Gregory Henry McCormack

Director: ....
Ian Telfer

Date: 20 October 2020

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PO Box 322 Curtin ACT 2605

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www.hardwickes.com.au

Hardwickes
ABN 35 973 938 183

Hardwickes Partners Pty Ltd
ABN 21 008 401 536

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 2020, 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

R Johnson

Robert Johnson FCA
Partner

Date: 20 October 2020

Canberra

CHARTERED ACCOUNTANTS
AUSTRALIA + NEW ZEALAND

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 2020

	Note	2020 $	2019 $
Revenue and other income	4	**2,758,587**	2,671,402
Depreciation	5(a)	**(52,089)**	(50,867)
Election package expenses		**(17,450)**	(148,496)
Employee benefits expense		**(1,624,376)**	(1,601,679)
Other expenses		**(644,847)**	(639,459)
Property costs		**(41,477)**	(67,284)
SA expenses		**(164,666)**	(115,177)
TAS expenses		**(25,715)**	-
Current year surplus before income tax		**187,967**	48,440
Tax expense	3(c)	**-**	-
Net current year surplus		**187,967**	48,440
Other comprehensive income			
Total comprehensive income for the year		**187,967**	48,440

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 2020

	Note	2020 $	2019 $
ASSETS			
CURRENT ASSETS			
Cash and cash equivalents	6	**1,732,367**	1,470,482
Trade and other receivables	7	**329,694**	191,735
Other financial assets	8	**150,000**	150,000
Prepayments	9	**74,825**	58,514
TOTAL CURRENT ASSETS		**2,286,886**	1,870,731
NON-CURRENT ASSETS			
Property, plant and equipment	5	**1,695,600**	1,740,364
TOTAL NON-CURRENT ASSETS		**1,695,600**	1,740,364
TOTAL ASSETS		**3,982,486**	3,611,095
LIABILITIES			
CURRENT LIABILITIES			
Trade and other payables	10	**243,772**	223,203
Employee benefits	11	**196,643**	198,941
Other liabilities	12	**789,865**	634,319
TOTAL CURRENT LIABILITIES		**1,230,280**	1,056,463
NON-CURRENT LIABILITIES			
Employee benefits	11	**15,040**	5,433
TOTAL NON-CURRENT LIABILITIES		**15,040**	5,433
TOTAL LIABILITIES		**1,245,320**	1,061,896
NET ASSETS		**2,737,166**	2,549,199
EQUITY			
Asset revaluation reserve		**1,207,939**	1,207,939
Retained earnings		**1,529,227**	1,341,260
TOTAL EQUITY		**2,737,166**	2,549,199

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 2020

2020

	Retained Earnings	Asset Revaluation Reserve	Total
	$	$	$
Balance at 1 July 2019	**1,341,260**	**1,207,939**	**2,549,199**
Net current year surplus	**187,967**	**-**	**187,967**
Balance at 30 June 2020	**1,529,227**	**1,207,939**	**2,737,166**

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

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 2020

	Note	2020 $	2019 $
CASH FLOWS FROM OPERATING ACTIVITIES:			
Receipts from customers		**3,094,119**	3,429,830
Payments to suppliers and employees		**(2,833,452)**	(2,824,498)
Interest received		**8,543**	7,924
Net cash provided by operating activities	17	**269,210**	613,256
CASH FLOWS FROM INVESTING ACTIVITIES:			
Purchase of property, plant and equipment	5(a)	**(7,325)**	(10,557)
Purchase of term deposits		**-**	(150,000)
Net cash (used in) investing activities		**(7,325)**	(160,557)
Net increase in cash and cash equivalents held		**261,885**	452,699
Cash and cash equivalents at beginning of year		**1,470,482**	1,017,783
Cash and cash equivalents at end of financial year	6	**1,732,367**	1,470,482

The accompanying notes form part of these financial statements.

Notes to the Financial Statements
For the Year Ended 30 June 2020

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

Revenue from Contracts with Customers - Adoption of AASB 15

The Company has adopted AASB 15 *Revenue from Contracts* with Customers and AASB 1058 *Income of Not-for-Profit Entities* for the first time in the current year with a date of initial application of 1 July 2019.

The Company has applied AASB 15 and AASB 1058 using the cumulative effect method which means the comparative information has not been restated and continues to be reported under AASB 111, AASB 118, AASB 1004 and related interpretations. All adjustments on adoption of AASB 15 and AASB 1058 have been taken to retained earnings at 1 July 2019.

The key changes to the Company's accounting policies and the impact on these financial statements from applying AASB 15 and AASB 1058 are described below.

Transfer of control to a customer - over time or at a point in time

AASB 15 has specific criteria regarding whether control is transferred over time or at a point in time. The Company has reviewed its contracts and concluded that the criteria for recognition over time is not met in some circumstances. In such cases, revenue and related production costs will be recognised at the delivery of each performance obligation instead of over the contract using a single margin.

There is no material impact on these financial statements from applying AASB 15 and AASB 1058.

Leases - Adoption of AASB 16

The Company has adopted AASB 16 *Leases* using the modified retrospective (cumulative catch-up) method from 1 July 2019 and therefore the comparative information for the year ended 30 June 2019 has not been restated and has been prepared in accordance with AASB 117 *Leases* and associated Accounting Interpretations.

2 Change in Accounting Policy

Leases - Adoption of AASB 16

Impact of adoption of AASB 16

The impact of adopting AASB 16 is described below:

Company as a lessee

Under AASB 117, the Company assessed whether leases were operating or finance leases based on its assessment of whether the significant risks and rewards of ownership had been transferred to the Company or remained with the lessor. Under AASB 16, there is no differentiation between finance and operating leases for the lessee and therefore all leases which meet the definition of a lease are recognised on the statement of financial position (except for short-term leases and leases of low value assets).

The Company has elected to use the exception to lease accounting for short-term leases and leases of low value assets, and the lease expense relating to these leases are recognised in the statement of profit or loss on a straight line basis.

Practical expedients used on transition

AASB 16 includes a number of practical expedients which can be used on transition, the Company has used the following expedients:

- contracts which had previously been assessed as not containing leases under AASB 117 were not re-assessed on transition to AASB 16;
- lease liabilities have been discounted using the Company's incremental borrowing rate at 1 July 2019;
- right-of-use assets at 1 July 2019 have been measured at an amount equal to the lease liability adjusted by the amount of any prepaid or accrued lease payments;
- a single discount rate was applied to all leases with similar characteristics;
- the right-of-use asset was adjusted by the existing onerous lease provision (where relevant) at 30 June 2019 rather than perform impairment testing of the right-of-use asset;
- excluded leases with an expiry date prior to 30 June 2020 from the statement of financial position and lease expenses for these leases have been recorded on a straight-line basis over the remaining term;
- used hindsight when determining the lease term if the contract contains options to extend or terminate the lease;
- for leases which were classified as finance leases under AASB 117, the carrying amount of the right-of-use asset and the lease liability at 1 July 2019 are the same value as the leased asset and liability on 30 June 2019.

Notes to the Financial Statements

For the Year Ended 30 June 2020

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 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*.

(d) Critical Accounting Estimates and Judgements

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

For comparative year

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).

3 Summary of Significant Accounting Policies

(e) Revenue and other income

Interest revenue

Interest is recognised using the effective interest method.

Rental income

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

Revenue from contracts with customers

For current year

The core principle of AASB 15 is that revenue is recognised on a basis that reflects the transfer of promised goods or services to customers at an amount that reflects the consideration the Company expects to receive in exchange for those goods or services. Revenue is recognised by applying a five-step model as follows:

1. Identify the contract with the customer

2. Identify the performance obligations

3. Determine the transaction price

4. Allocate the transaction price to the performance obligations

5. Recognise revenue as and when control of the performance obligations is transferred

Generally the timing of the payment for sale of goods and rendering of services corresponds closely to the timing of satisfaction of the performance obligations, however where there is a difference, it will result in the recognition of a receivable, contract asset or contract liability.

None of the revenue streams of the Company have any significant financing terms as there is less than 12 months between receipt of funds and satisfaction of performance obligations.

Specific revenue streams

The revenue recognition policies for the principal revenue streams of the Company are:

Interest revenue

Interest is recognised using the effective interest method.

Rental income

Rental income is recognised on a straight-line basis over a period of the lease term so as to reflect a constant periodic rate of return of the net investment.

3 Summary of Significant Accounting Policies

(e) Revenue and other income

Specific revenue streams

Memberships subscriptions

Revenue from the provision of membership subscriptions is recognised on a straight line basis over the financial year.

(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 are measured using the cost model.

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

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.

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 are solely payments of principal and interest on the principal amount outstanding.

3 Summary of Significant Accounting Policies

(h) Financial instruments

Financial assets

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 significant 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.

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.

3 Summary of Significant Accounting Policies

(h) Financial instruments

Financial assets

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 and other payables.

(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.

Notes to the Financial Statements
For the Year Ended 30 June 2020

3 Summary of Significant Accounting Policies

(i) Impairment of non-financial assets

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

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.

(l) Adoption of new and revised accounting standards

The Company has adopted all standards which became effective for the first time at 30 June 2020, the adoption of these standards has not caused any material adjustments to the reported financial position, performance or cash flow of the Company or refer to Note 2 for details of the changes due to standards adopted.

3 Summary of Significant Accounting Policies

(m) 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 2018-7 Amendments to Australian Accounting Standards - Definition of Material	1 July 2020	The amendments refine the definition of material in AASB 101 to clarify the definition of material and its application by improving the wording and aligning the definition across AASB Standards and other publications. The amendment also includes some supporting requirements in AASB 101 in the definition to give it more prominence and clarifies the explanation accompanying the definition of material.	Unlikely to be any impact on the reported financial position, performance or cash flows in the financial statements.
AASB 2020-1 Amendments to Australian Accounting Standards - Classifications of Liabilities as Current or Non-Current	1 July 2022	This Standards amends AASB 101 to clarify requirements for the presentation of liabilities in the statement of financial position as current or non-current. For example, the amendments clarify that a liability is classified as non-current if an entity has the right at the end of the reporting period to defer settlement of the liability for at lease 12 months after the reporting period. The meaning of settlement of a liability is also clarified.	Little impact expected but entities should consider the appropriate classification of liabilities as current or non-current.

Notes to the Financial Statements

For the Year Ended 30 June 2020

4 Revenue and Other Income

	2020	2019
	$	$
- Interest received	**8,543**	7,924
- Member subscriptions	**2,311,182**	2,238,909
- Other income	**124,815**	117,048
- Project income	**40,000**	32,682
- Rental income	**103,547**	103,840
- SA Membership income	**170,500**	171,000
	2,758,587	2,671,403

5 Property, plant and equipment

	2020	2019
	$	$
Land and Buildings		
At fair value	**1,755,000**	1,755,000
Accumulated depreciation	**(87,750)**	(43,875)
Total land and buildings	**1,667,250**	1,711,125
Plant and equipment		
At cost	**61,182**	61,182
Accumulated depreciation	**(55,069)**	(54,269)
Total plant and equipment	**6,113**	6,913
Furniture, fixtures and fittings		
At cost	**36,203**	34,703
Accumulated depreciation	**(33,754)**	(33,146)
Total furniture, fixtures and fittings	**2,449**	1,557
Office equipment		
At cost	**139,995**	134,170
Accumulated depreciation	**(120,207)**	(113,401)
Total office equipment	**19,788**	20,769
Total property, plant and equipment	**1,695,600**	1,740,364

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 2020					
Balance at the beginning of year	1,711,125	6,913	1,557	20,769	1,740,364
Additions	-	-	1,500	5,825	7,325
Depreciation expense	(43,875)	(800)	(608)	(6,806)	(52,089)
Balance at the end of the year	1,667,250	6,113	2,449	19,788	1,695,600

	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

(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 usage was varied.

Notes to the Financial Statements
For the Year Ended 30 June 2020

6 Cash and cash equivalents

	2020	2019
	$	$
Cash at bank	534,634	428,467
Short-term bank deposits	1,197,733	1,042,015
	1,732,367	1,470,482

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:

	2020	2019
	$	$
Cash and cash equivalents	1,732,367	1,470,482

7 Trade and other receivables

	2020	2019
	$	$
Trade receivables	334,919	191,735
Expected credit loss	(5,225)	-
	329,694	191,735

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.

			Past due but not impaired (days overdue)			
	Gross amount	Past due and impaired	< 30	31-60	61-90	> 90
	$	$	$	$	$	$
2020						
Trade and term receivables and other debtors	334,919	(5,225)	261,785	179	64,430	8,525
Total	334,919	(5,225)	261,785	179	64,430	8,525
2019						
Trade and term receivables and other debtors	191,735	-	39,247	2,589	57,576	16,715
Total	191,735	-	39,247	2,589	57,576	16,715

Notes to the Financial Statements

For the Year Ended 30 June 2020

7 Trade and other receivables

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

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

	2020	2019
	$	$
Term deposit	**150,000**	150,000
	150,000	150,000

9 Prepayments

	2020	2019
	$	$
Prepayments	**60,974**	56,089
Accrued income	**13,851**	2,425
	74,825	58,514

10 Trade and other payables

	2020	2019
	$	$
Trade payables	**51,575**	45,596
Other payables	**104,489**	64,099
GST payable	**69,762**	53,461
Accrued expenses	**17,946**	60,047
	243,772	223,203

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

Notes to the Financial Statements
For the Year Ended 30 June 2020

11 Employee Benefits

	2020	2019
	$	$
Current liabilities		
Long service leave	**78,429**	69,540
Provision for annual leave	**118,214**	129,401
Balance at 30 June 2020	**196,643**	198,941

	2020	2019
	$	$
Non-current liabilities		
Long service leave	**15,040**	5,433
Balance at 30 June 2020	**15,040**	5,433

12 Other liabilities

	2020	2019
	$	$
Amounts received in advance	**45,455**	25,000
FSC Principal 2 Workers Right	**2,333**	32,075
Giant Pine Scale Project	**502,747**	545,394
Growers HR Committee	**-**	25,000
Log Haulage Code of Conduct	**-**	6,850
MGP Project	**134,250**	-
Timber Framing Camp	**100,983**	-
VIC Crisis Research	**4,097**	-
	789,865	634,319

13 Tenant Leasing Commitments

	2020	2019
	$	$
Minimum lease payments receivable under non-cancellable operating leases:		
- not later than one year	**93,195**	55,432
- between one year and five years	**35,572**	19,676
	128,767	75,108

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

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 detailed in the accounting policies to these financial statements, are as follows:

	Note	2020 $	2019 $
Financial assets			
Held at amortised cost			
Cash and cash equivalents	6	**1,732,366**	1,470,482
Other financial assets	8	**150,000**	150,000
Trade and other receivables	7	**329,694**	191,735
Total financial assets		**2,212,060**	1,812,217
Financial liabilities			
Financial liabilities at fair value			
Trade payables	10	**243,772**	223,203
Total financial liabilities		**243,772**	223,203
Total		**1,968,288**	1,589,014

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*.

Notes to the Financial Statements
For the Year Ended 30 June 2020

14 Financial Risk Management

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.

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	**2019**
	$	**$**
Financial Assets:		
Cash and cash equivalents	1,732,366	1,470,482
Total Financial Assets	**1,732,366**	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 2020

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	
	2020	2019	2020	2019
	$	$	$	$
Financial liabilities due for payment				
Trade and other payables (excluding estimated annual leave)	**243,772**	223,203	**243,772**	223,203
Total expected outflows	**243,772**	223,203	**243,772**	223,203
Financial assets - cash flows realisable				
Cash and cash equivalents	**1,732,366**	1,470,482	**1,732,366**	1,470,482
Term deposits	**150,000**	150,000	**150,000**	150,000
Trade and other receivables	**329,694**	191,735	**329,694**	191,735
Total anticipated inflows	**2,212,060**	1,812,217	**2,212,060**	1,812,217
Net (outflow)/inflow expected on financial instruments	**1,964,988**	1,589,014	**1,964,988**	1,589,014

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 2020 the number of members was 70 (2019: 76).

16 Contingencies

In the opinion of the Directors, the Company did not have any contingencies at 30 June 2020 (30 June 2019:None).

Notes to the Financial Statements
For the Year Ended 30 June 2020

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	2020 $	2019 $
Surplus/(deficit) for the year		**187,967**	48,440
Non-cash flows in profit:			
- depreciation	5(a)	**52,089**	50,867
Changes in assets and liabilities:			
- (increase)/decrease in trade and other receivables		**(137,959)**	(92,108)
- (increase)/decrease in prepayments		**(16,311)**	(27,553)
- increase/(decrease) in income in advance		**155,545**	528,518
- increase/(decrease) in trade and other payables		**4,268**	26,752
- increase/(decrease) in GST creditor		**16,302**	9,931
- increase/(decrease) in employee benefits		**7,309**	68,409
Cashflow from operations		**269,210**	613,256

18 Events Occurring After the Reporting Date

The financial report was authorised for issue on 20 October 2020 by the Board of Directors.

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: 40 006 621 510

Directors' Declaration

The directors of the entity declare that:

1. The financial statements and notes, as set out on pages 6 to 28, 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 2020 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.

G. McCormack

Director ....

Gregory Henry McCormack

Ian Telfer

Director ....

Ian Telfer

Date :20 October 2020

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Hardwickes Partners Pty Ltd
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Liability limited by a scheme
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Standards Legislation

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

Report on the Audit of 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 2020, 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 2020 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 financial 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 2020, but does not included 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 inconsistent 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.

CHARTERED ACCOUNTANTS
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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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– 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: 20 October 2020

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