

A close-up photograph of a plant with green leaves and a small, developing flower bud. The background is blurred, showing more foliage and a person's hand holding the plant. A large green diagonal shape covers the bottom half of the page.

# Annual Report

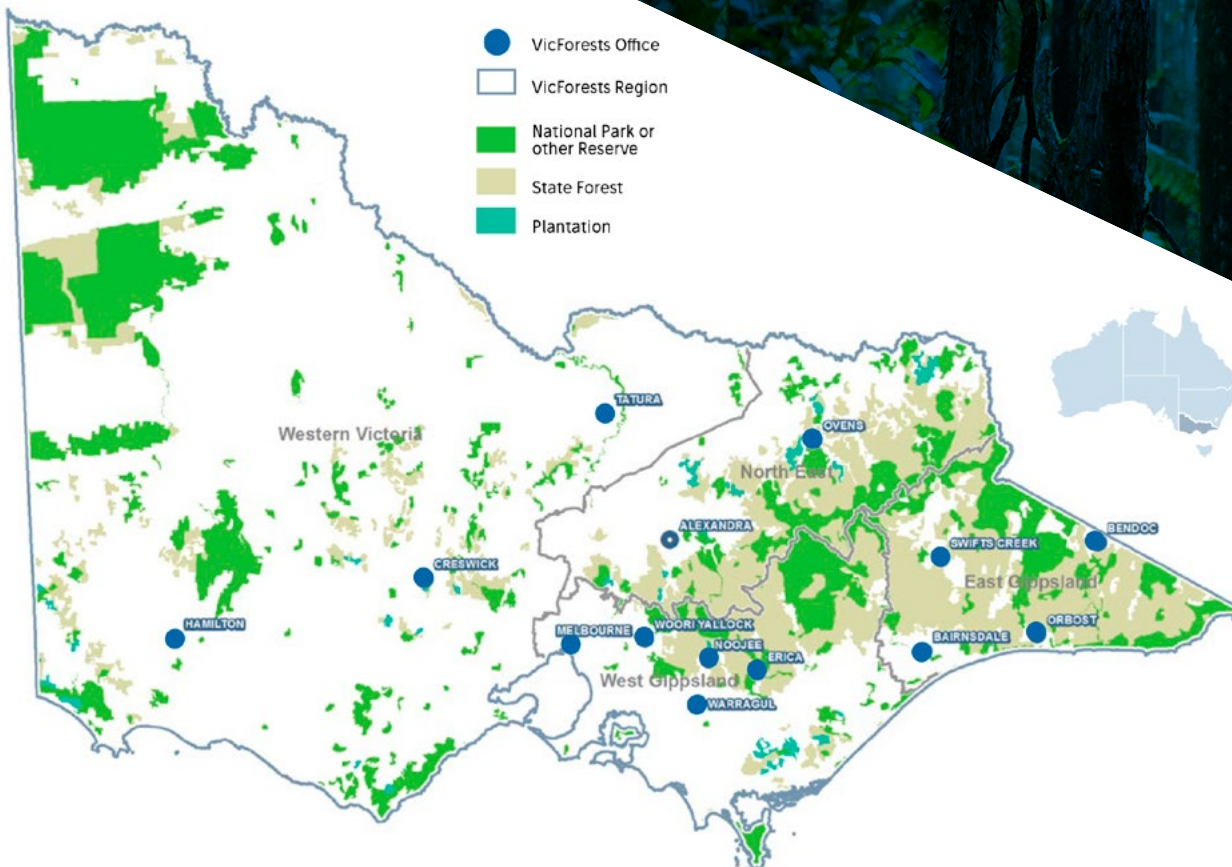
VICFORESTS 2023-24

## Acknowledgement of Traditional Owners

VicForests respectfully acknowledges Aboriginal people as the First Peoples and Traditional Owners and Custodians of the land and water on which we rely. We also pay our respects to ancestors and Elders, past and present.

First Nations peoples have actively cared for and managed Australian landscapes for millennia.

VicForests is committed to tangible partnerships with Traditional Owners to ensure their knowledge influences our practices and that our land management activities reinforce their Custodianship and assist them in caring for Country. We are also committed to providing opportunities for Traditional Owners to benefit from the management and use of resources on their Country.





Department of Energy, Environment  
and Climate Action

PO Box 500, East Melbourne,  
Victoria 8002 Australia

SBR-240800221

The Hon. Ros Spence MP  
Minister for Agriculture  
Level 1, 2 Treasury Place  
EAST MELBOURNE VIC 3002

Dear Minister

**VicForests 2023-24 Annual Report**

In accordance with the *Financial Management Act 1994*, I am pleased to present VicForests' Annual Report for the year ended 30 June 2024.

Yours sincerely

A handwritten signature in blue ink, appearing to read 'John Bradley'.

**John Bradley**  
Secretary

Date: 24/10/2024



Official

## Introductory note

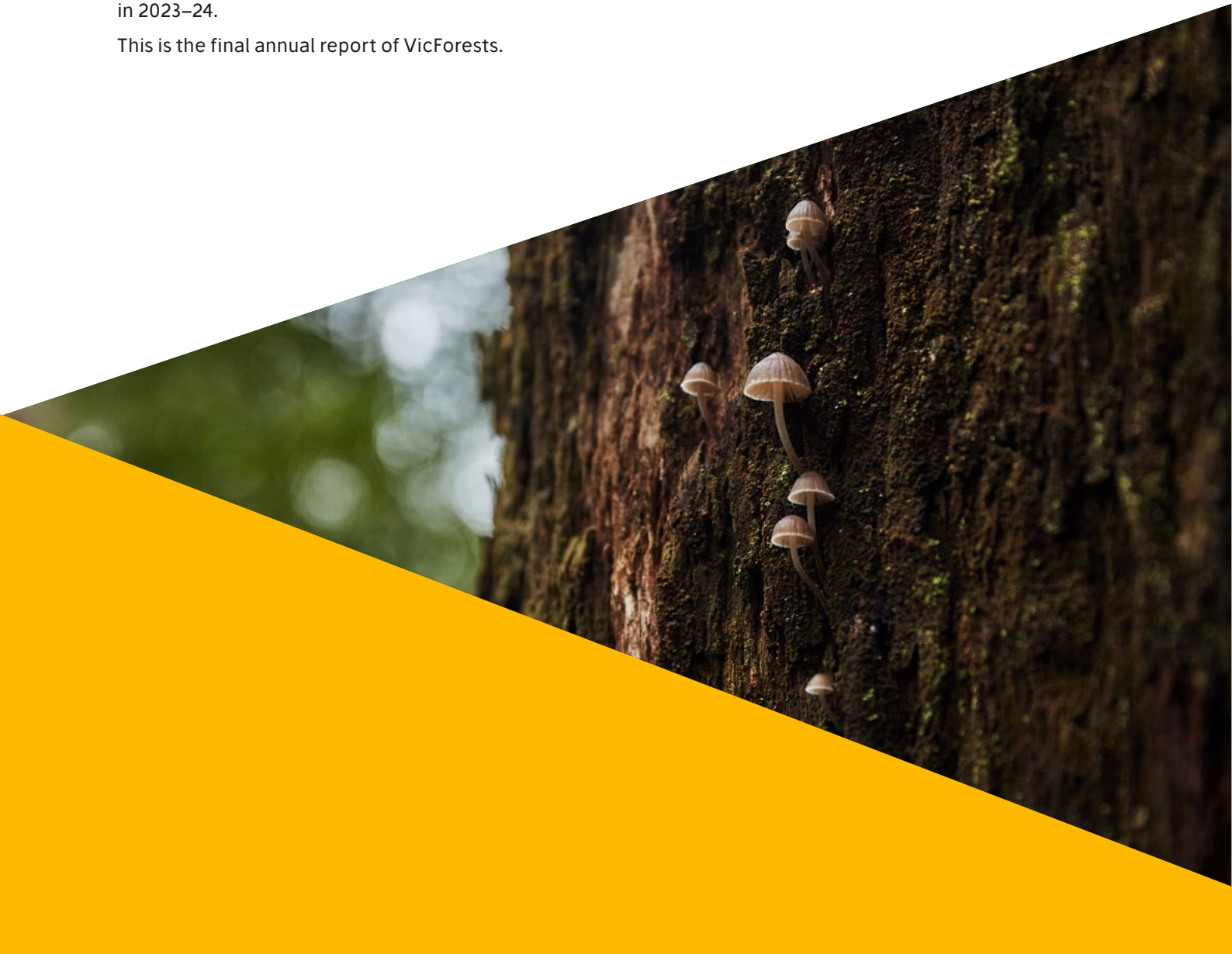
Following prolonged legal action, court decisions and the end of native timber harvesting on 1 January 2024, VicForests closed on 30 June 2024.

VicForests was abolished through legislation on 1 July 2024, facilitated by the *Sustainable Forests (Timber) Repeal Act 2024*. A group of VicForests' staff were seconded to DEECA in late 2023 to assist with transition activities.

Functions like forest planning, spatial mapping, seed collection and forest regeneration became the responsibility of the Department of Energy, Environment and Climate Action (DEECA) in May and June 2024.

VicForests worked alongside DEECA on this staffing transition and to deliver the smooth closure of VicForests by 30 June 2024. The closure of VicForests has been the key area of our focus during this reporting period, which provides context for assessing our achievements in 2023–24.

This is the final annual report of VicForests.



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# Chair report

The 2023-24 financial year was the final chapter in VicForests' history.

VicForests was established in 2003 under the *State Owned Enterprises Act 1992* to manage the harvest, sale and regeneration of native timber in State forests on behalf of the Victorian Government.

Since its inception, VicForests' harvesting operations occurred in over 80,000 hectares of forest. About 60,000 hectares of forest required regeneration, and as of February 2024, about 57,500 hectares had been successfully regenerated, with the remainder still being regrown – all independently monitored and audited. In this time our harvesting operations resulted in 25.9 million m<sup>3</sup> of timber being sold to customers and generated around \$1.8 billion in direct revenue for the State and countless jobs in the industry across the Victorian supply chain.

In recent years, Victoria's timber industry has been impacted by repeated bushfires and litigation outcomes limiting the supply available to harvest and severely impacting log supply to customers. Throughout this challenging period of operations, VicForests remained committed to supporting its customers to continue to operate.

After a significant period of uncertainty, the Victorian Government announced that the end of native timber harvesting would be brought forward to 1 January 2024. As a result, VicForests' primary role to harvest and sell timber was no longer required and VicForests closed on 30 June 2024. I recognise the impact that these decisions had on VicForests staff, industry, and the regional communities where timber harvesting has been prominent.

The 2023-24 financial year was particularly challenging, with VicForests facing enormous change culminating in the closure of the business. Yet, our people demonstrated professionalism, adaptiveness and resilience throughout.

VicForests received funding from the Victorian Government to sufficiently acquit its outstanding liabilities ahead of its closure. This enabled VicForests to continue administering contracts with harvest contracting businesses for forest land management works and enable community forestry operations to continue through to February 2024. The funding provided in 2024-25 State Budget was used to settle liabilities (losses) that arose in prior years as well as those arising in the current year. The comprehensive operating result for the year end 30 June 2024 was therefore a profit of \$53.015 million. This covered prior year losses for operational costs incurred as a result of permanent injunctions placed on timber harvesting. Without this additional funding, VicForests would not have been able to continue its business activities this financial year and acquit its obligations to timber industry businesses and other contracts with sawmills and suppliers.

Business activities that were able to continue in 2023-24 included progressing the Gippsland Farm Forestry Program with the release of new grants, pre- and post-harvest survey programs, water monitoring, seed collection activities and the management of plantations established prior to the government selecting a delivery partner under the Gippsland Plantations Investment Program (GPIP).

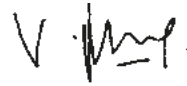
VicForests continued to work with the Department of Energy, Environment and Climate Action (DEECA) to re-establish safe access for the public and firefighters, as well as reducing longer-term bushfire risks in areas impacted by the 2021 and 2024 storms. As a partner agency of Forest Fire Management Victoria (FFMVic) we worked on fire preparedness and management activities.

Our focus on science and technology to build on our understanding of native forest ecosystems continued in 2023-24, this included the expansion of the drone pre- and post-harvest survey program developed in collaboration with the University of Melbourne.

During 2023-24 the Directors of the VicForests Board have provided stability and leadership. I am grateful for their expertise, dedication, and the time they have given to the organisation and to the industry. I particularly want to acknowledge the contribution of my predecessor, Mr Benjamin (Ben) Hubbard, who concluded his term on 31 March 2024 and provided a wealth of knowledge and experience. Dr Kim McGrath also concluded her term on 31 March 2024, I appreciate her extremely significant contribution during her six years on the Board. Mr Stephen Creaney and Mr Michael Allen's terms concluded on 30 June 2024, and I am grateful to have their leadership and support as the Board oversaw the wind down of VicForests and the operational matters associated with this.

I have valued the insights of VicForests Chief Executive Officer, Ms Monique Dawson, during my time on the Board as Director and Chair and her commitment to staff and the industry. She has shown compassion and strength of character while steering the organisation through the transition and closure.

I want to express my sincere gratitude to the VicForests professional foresters, scientists and administration and support staff for their significant contribution and dedication to the management of our native forests and to the organisation for over 20 years.



**Phuong Tram**  
**Chair**

1 April to 30 June 2024



# About VicForests

## VicForests values

### Sustainable

We respect and care for our environment and the communities in which we operate

### Customer focused

We are responsible in our commercial dealings

### Respect

We treat others in a manner that we would like to be treated

### Professional

We operate in an ethical, efficient, and accountable manner

### Safe

We aim for zero harm in all that we do

For over 20 years, VicForests was responsible for delivering sustainable forest management on behalf of the Victorian Government. In this time, we managed the harvest, sale, and regrowing of timber from Victoria's State forests.

We undertook our operations in a safe, efficient, and sustainable manner, keeping our staff, the community, and the environment in mind in all we did. We were an active member of the communities in which we operated. We were committed to giving stakeholders the opportunity to have input into our forestry practices.

VicForests respected that Traditional Owners are the original custodians of the land and resources in Victoria and honoured their special and enduring connection to Country.

On 5 September 2023 VicForests ceased being a State business corporation and was declared by the Governor in Council a reorganising body under the State Owned Enterprises Act 1992. This change explicitly removed the requirement for VicForests to be commercially focused but VicForests otherwise remained a State body under that Act.

VicForests was abolished on 1 July 2024.

The Treasurer during the 2023–24 reporting period was the Hon Tim Pallas MP. The responsible Ministers during the 2023–24 reporting period were the Hon Gayle Tierney, Minister for Agriculture (1 July 2023 to 2 October 2023) and the Hon Ros Spence MP, Minister for Agriculture (2 October 2023 to 30 June 2024).



# Corporate governance

## Board of directors

### Phuong Tram

Chair | BComm (Hons)

Ms Tram is an experienced government finance executive and former deputy chief financial officer of the Department of Environment, Land, Water and Planning (DELWP) (now the Department of Energy, Environment and Climate Action (DEECA)).

As Acting Deputy Secretary of DEECA's Forestry Transition Group, Ms Tram is responsible for guiding the forestry sector and associated communities through significant change. She brings to the Board a critical perspective on the future of Victorian forestry.

Ms Tram is Chair of the Forestry Transition Implementation Reference Group, and draws on significant expertise in relationship management, structural reform and organisational governance to foster a collaborative approach to forestry transition.

Ms Tram joined the VicForests Board on 1 December 2023 and was appointed as Chair on 1 April 2024.

### Michael Allen

Non-Executive Director | BEc

Mr Allen is a public sector employee and accomplished senior executive with established credentials leading public sector organisations (both Commonwealth and State). He possesses significant knowledge and practical experience in public sector financial risk management and budget processes.

Mr Allen is currently Executive Director of the Shareholder Entities and Community Housing Group in the Department of Treasury and Finance and has an established record of leading and providing strategic and operational guidance in large and complex organisations and teams to deliver successful outcomes.

Mr Allen joined the VicForests Board on 1 December 2023.

### Stephen Creaney

Non-Executive Director | BEng (Mechanical Engineering)

Mr Creaney is an established public sector executive with 19 years' experience providing him with a breadth of knowledge including human resources, change management and safety.

Mr Creaney is the Executive Director, People and Culture in DEECA, providing him with an extensive understanding of organisational and people strategies and safety and wellbeing. Mr Creaney's nominal position as Executive Director, Transformation, DEECA provides him with significant change management experience.

Mr Creaney joined the VicForests Board on 1 December 2023.

### Ben Hubbard

Former Chair | BCOM, MPUBPOL, FAICD

Mr Hubbard was appointed to the VicForests Board (as Chair) on 31 May 2022 and resigned as Chair and director from 1 April 2024.

### Dr David Cochrane

Former Non-Executive Director | DBA, MBA, BEc, ACCA

Dr Cochrane joined the VicForests Board on 1 January 2016 and his tenure ended on 31 August 2023.

### Angeleen Jenkins

Former Non-Executive Director | BA (Psych), FAICD, FGIA, MInstD

Ms Jenkins joined the VicForests Board on 1 January 2016 and her tenure ended on 31 August 2023.

### Dr Kim McGrath

Former Non-Executive Director | LLB, BA, MAICD

Dr McGrath joined the VicForests Board on 1 June 2018 and resigned as a director from 1 April 2024.

## Board committees

Board committees assisted and advised the VicForests Board across a comprehensive range of issues.

Each committee operated under a charter approved by the Board and met periodically.

During 2023–24 the decision was taken to disband sub-committees, however work continued to be progressed through the Audit, Finance and Risk Committee and the Board.

### Audit, Finance and Risk

The Audit, Finance and Risk Committee oversaw and advised the Board on matters of accountability relating to financial accounting practices, risk management, internal control systems, external financial reporting and the internal and external audit functions. The Committee maintained effective communication with internal and external auditors and considered recommendations made by them.

In fulfilling its role, the Committee ensures VicForests met the requirements of the Standing Directions 2018 under the *Financial Management Act 1994*.

This committee was abolished on 19 June 2024.

### Executive remuneration

The role of the Executive Remuneration Committee was to review and approve executive remuneration in accordance with Victorian Public Sector Commission Executive Remuneration policy.

This committee was abolished on 19 June 2024.

### People, safety and culture

The role of the People, Safety and Culture Committee was to assist the Board to fulfil its oversight responsibilities in relation to the health, wellbeing and safety of VicForests' staff and contractors and the organisation's culture.

This committee was abolished on 30 August 2023.

## Board and committee chairs

	Chair
<b>Board</b>	Phuong Tram
<b>Audit, Finance and Risk Committee</b>	Michael Allen
<b>Executive Remuneration Committee</b>	Ben Hubbard
<b>People, Safety and Culture Committee</b>	Angeleen Jenkins



## Board and committee attendance

### Board

	Eligible	Attended
Ben Hubbard	8	8
David Cochrane	3	3
Kim McGrath	8	8
Angeleen Jenkins	3	2
Phuong Tram (Chair)	5	5
Michael Allen	5	5
Stephen Creaney	5	5

### Audit Finance and Risk Committee

*(Abolished on 19 June 2024)*

	Eligible	Attended
Michael Allen (Chair)	2	2
Kim McGrath	1	1
David Cochrane	0	0
Ben Hubbard	1	1
Angeleen Jenkins	0	0
Peter Lewinsky	2	2
Mark Peters	2	1

### Executive Remuneration Committee

*(Abolished on 19 June 2024)*

*(Note: No meetings held during 2023-24)*

	Eligible	Attended
Ben Hubbard (Chair)	0	0
David Cochrane	0	0

### People Safety and Culture Committee

*(Abolished on 30 August 2023)*

	Eligible	Attended
Angeleen Jenkins (Chair)	1	1
Kim McGrath	1	1

## Executive team

**Monique Dawson**  
Chief Executive Officer  
LLB, GDipLegPrac

**Natalie Naylor (redundant from 21 June 2024)**  
General Manager,  
Environmental and Legal Services  
LLB, BCom, GDipCompLaw

**Stephen Gatley**  
Chief Financial Officer  
BCom, CA

**Charles Stansfield  
(transferred to DEECA on 24 June 2024)**  
General Manager, Operations BAppScAg,  
AssocDipAppScAg, DipWHS

**Jason Hellyer  
(seconded from VicForests to DEECA 24 July 2023, resigned 31 December 2023)**  
General Manager, Organisational Performance

**Anna Stefanatos  
(resigned from 19 April 2024)**  
General Manager, Communications and  
People and Culture, BA (Hons)

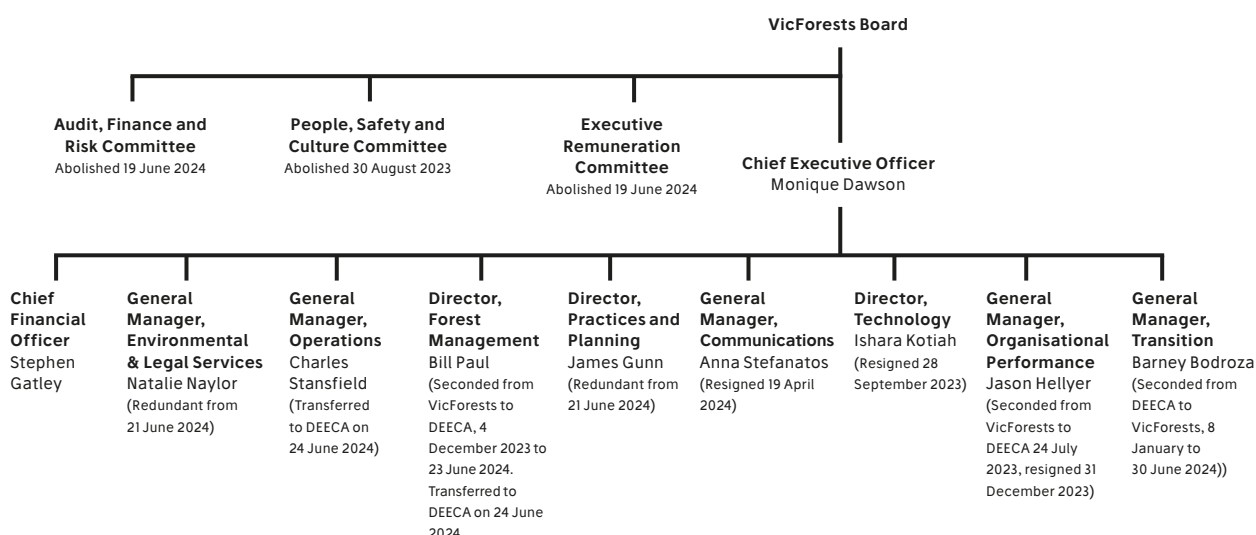
**James Gunn (redundant from 21 June 2024)**  
Director, Practices and Planning BFor

**Barney Bodroza  
(seconded to VicForests from DEECA  
8 January – 30 June 2024)**  
General Manager, Transition BBus

**Bill Paul  
(seconded from VicForests to DEECA,  
4 December 2023 to 23 June 2024. Transferred  
to DEECA on 24 June 2024)**  
Director, Forest Management  
BForSc, MBA (Technology Management)

**Ishara Kotiah (resigned 28 September 2023)**  
Director, Technology BSc (Land Surveying)

## Organisational structure



# A year in review



## Government and forestry services

### Farm forestry

In 2021, as part of the Victorian Forestry Plan, the Victorian Government invested \$10 million over four years to develop and deliver the Gippsland Farm Forestry Program (GFFP).

Three years on, the farm forestry program continues to support landholders to establish trees on farms, specifically grown for future timber supply. During spring of 2023 almost 200 hectares of farm forestry and small plantations were established, directly resulting from the GFFP.

In 2023–24, activities that were completed or progressed under the GFFP included:

- releasing the third round of grants to landholders to establish farm forestry plantings across Gippsland
- continuing to develop an online farm forestry information platform to assist farm tree growers to make informed decisions regarding establishing and managing their farm forestry projects
- providing technical farm forestry and marketing advice to Gippsland growers
- coordinating and delivering farm forestry educational events
- attending field days and seminars to promote farm forestry
- continuing to build relationships, partnerships and networks with key stakeholders.

From 6 May 2024, the Gippsland Farm Forestry Program was administered by DEECA under the Forestry Transition division.

### Seed management

In 2023–24 VicForests supplied around 40 kilograms of seed to DEECA, 4 kilograms to Parks Victoria and 93 kilograms to Powelltown Sawmills (for private native forest harvesting regeneration). This is markedly lower than the preceding 3 years where sales averaged 2,300 kilogram per annum.

Collection and sales were low due to very poor seed crops. Seed crops in Alpine Ash, DEECA's target species, were non-existent. Crops in other species have been very poor and generally not considered viable to collect. Seed crops are naturally cyclical and this period is not unusual. Crops are forecast to remain poor until autumn 2025, after which there is expected to be widespread seed available until at least winter 2027.

The VicForests–DEECA seed management agreement was extended until 30 June 2024. Although seed sales under this agreement have been minimal this year, VicForests staff conducted extensive seed searching work and VicForests was able to recover these costs under the agreement.

### Gippsland Plantations Investment Program plantation

Various activities have been conducted in 2023–24 as part of an ongoing management regime of the Blue Gum and radiata pine plantings established by VicForests while government undertook market processes to select a delivery partner for the program. This has included further post-planting weed control to minimise competition to saplings and to control noxious weeds.

Other works have included pine wilding control and maintenance of roads, tracks, and firebreaks within the 520 hectares plantation estate.

### Debris and management and recovery services

VicForests continued to support the storm recovery effort in Central Victoria and the Dandenong Ranges following the 2021 storm events. During the 2023–24 financial year VicForests continued to work with DEECA to re-establish safe access for the public and firefighters, as well as reducing longer-term bushfire risks.

A significant storm event in Mirboo North during 2024 also saw VicForests provide support via its contractors and staff.

#### Traditional owner partnerships

The ability for works to be undertaken under the Forest Recovery Timber Utilisation Plan in partnership with the Dja Dja Wurrung Clans Aboriginal Corporation and the Wadawurrung Traditional Owners Aboriginal Corporation to assist in restoring their Country were significantly impacted by litigation. Despite this, collaboration on management of these areas has remained positive and ongoing during the reporting period.

# Operations

## Sales and supply

With the cessation of commercial native forest harvesting in Victorian State forests on 1 January 2024, many of VicForests' sawlog customers had already, or were in the process of exiting their timber supply contracts via one of DEECA's two sawmill exit programs being the Opt-out Scheme for Sawmills and the Sawmill Voluntary Transition Program.

In the first six-month period, harvesting was limited to the storm recovery operations in the Wombat State Forest and recovery of the last of the fire salvage timber in North East Victoria. The small volume of sawlog available from these sources was sold to those remaining customers who had chosen not to exit via one of DEECA's programs. These operations also produced sought after firewood log which was placed in local markets.

VicForests also commenced a program of work under an agreement with DEECA for the provision of debris management services. This work included hazardous tree removal, creation of strategic firebreaks and storm debris clean up.

Compensation for under-supply was payable by VicForests to those customers whose contract entitlements were not met in 2023–24. From 30 June 2024, all sawlog and firewood log supply agreements had expired or became the responsibility of DEECA.

In 2023–24 the volume of timber sold, excluding from VicForests' Community Forestry program, was 2,517 m<sup>3</sup> of sawlog and 12,646 m<sup>3</sup> of firewood log. VicForests generated \$1,195,479 in gross sales revenue (excluding Community Forestry, excluding GST) in 2023–24.

## Forest contracting

Most harvest and haulage contractors continued to operate under amended contracts to account for prolonged stand down periods. The contracts were originally amended to account for stand downs incurred because of Court Orders reducing the availability of areas for harvest. These amendments provided a structured methodology for paying contractors during stand down at up to 100 per cent of their rates based on the availability of their equipment and workers and allowed for pass through of payments to workers and principal sub-contractors.

The amended contracts also provided a methodology for providing contractors with alternative work instead of being stood down. Several opportunities for alternative work were provided and included debris recovery works in the Wombat State Forest and Mirboo North after storm damage and the creation of strategic fire breaks in a range of locations.

Contractors who opted not to amend their contracts continued to be paid stand down rates at 67 per cent of their base rates.

After the decision to end native timber harvesting on 1 January 2024, the amended contracts remained effective in maintaining contracting capacity until contractors could be given the opportunity to move to new Forest & Fire Management Service Agreements with DEECA commencing on 1 July 2024.

No new standard harvest and haulage contracts were entered into during 2023–24. However, five contracts due to expire on 30 September 2023 were extended to 30 June 2024 to align these contracts with the expiry of all other harvest and haul contracts so those contractors would not be disadvantaged against other contractors during the forest transition process.

All Roding Panel contracts expired on or before 30 June 2024. There were no new contractors added to the Roding Panel in 2023–24.

## VicForests in the community

### Community forestry operations

The Community Forestry Program was managed by VicForests on behalf of the Victorian Government. Operations in community forestry were characterised by their low impact with a focus on the use of thinning and selection practices in most instances. The program directly supported over 50 businesses or groups in regional Victoria.

Community Forestry operations produced a wide range of products which were typically produced and used by businesses and people in surrounding communities. Products generated included firewood and fencing materials, with high-quality timber being used for such products as musical instruments, counters, furniture, appearance-grade and fire-rated cladding and specialised railway timbers.

Revenue generated from VicForests' Community Forestry operations in 2023–24 was under \$0.1 million against a program cost of \$1.46m. Revenue was significantly impacted by operational delays associated with legal challenges directed towards Community Forestry operations, packages offered to industry by DEECA and the early closure of Community Forestry operations.

### Stakeholder engagement

Stakeholder engagement remained a priority for VicForests as we strove to maintain transparency and build strong relationships with our stakeholders. By actively engaging with a diverse range of stakeholders, including local councils, industry partners, Members of Parliament, government agencies and non-government organisations, we continued to improve our understanding of the social, ecological and economic factors that impact our operations.

Activities this year included:

- online and face-to-face briefings with key stakeholders, including local environment groups, councils and associations
- field trips with government and local stakeholders
- local community field days with a focus on Farm Forestry educational field trips and online presentations with 7 schools
- an educational timber use project with Powelltown Mill and Ranges Tec
- regular updates to industry stakeholders
- regular updates to the VicForests website
- provision of timely and informative response to queries about VicForests.

VicForests also collaborated with research institutions such as the University of Melbourne to further research and innovation in sustainable forestry practices. This collaborative approach allowed us to make informed decisions that balanced the needs of stakeholders while ensuring sustainability of Victoria's forests.

### Traditional Owners' engagement and Reconciliation Action Plan

Following the announcements of the end of native timber harvesting on 1 January 2024, and the closure of VicForests on 30 June 2024, the Reconciliation Action Plan was not progressed further in this reporting period.

VicForests continued to work with Traditional Owner groups across Victoria, although this was limited with only a small number of operations able to be undertaken. Works were restricted by a legal challenge to operations being undertaken in collaboration with Traditional Owners in Western Victoria.





# Forest management

## Independent audit results

The Forest Audit Program is conducted by an independent, accredited environmental auditor on behalf of DEECA, and assesses VicForests' conformance with the Code of Practice for Timber Production and the associated Management Standards and Procedures for timber harvesting operations in Victoria's State Forests (Code).

The 2023 audit assessed 32 coupes across the Central Highlands, East Gippsland, Gippsland and North East Regional Forest Agreement (RFA) regions that had harvesting activity reported in 2021–22. As in previous years, the coupes were selected on a risk-based approach with coupes with higher risk features (e.g. stream crossings, special protection zones) being targeted. This means that the results are not statistically representative of VicForests' operations overall, nor can they be reliably compared between years. The overall level of conformance in the 2023 audit averaged 94 per cent against relevant Code requirements.

The regulatory compliance criteria considered in this audit included Code mandatory actions relating to:

- protection of soil, water and river health
- conservation of biodiversity
- operational planning and record keeping
- coupe infrastructure for timber harvesting operations.

## Forest conservation program

VicForests collaborated in 2022–23 with the University of Melbourne to develop a survey methodology for arboreal species using drone technology. Used by VicForests in different forest types throughout the State, the results from such new technology have been invaluable and balance species identification with health and safety matters. VicForests has focused on training and equipping its own staff to survey. VicForests' knowledge and resources has been transitioned to DEECA.

## Certification

VicForests was certified to the Australian Standard for Sustainable Forest Management (AS 4708) operated through the Responsible Wood Certification Scheme under the PEFC certification system – the largest forest certification system in the world. VicForests maintained its certification including a transfer of accreditation to the updated Australian Standard for Sustainable Forest Management AS/NZS 4708:2021. VicForests remained certified until closure.

## Sustainability charter

The Victorian Government's Sustainability Charter for Victoria's State Forests lists seven objectives for the sustainable management of state forests. These include the maintenance and conservation of biodiversity, soil, and water, while maintaining and enhancing the many socio-economic benefits of state forests to Victorian communities. In accordance with the *Sustainable Forests (Timber) Act 2004*, VicForests developed initiatives to meet these objectives. Reporting against these initiatives is set out below, but critically, with the cessation of the native timber industry by 1 January 2024, and the abolition of the *Sustainable Forests (Timber) Act 2004* in this reporting period VicForests ceased focus on initiatives related to timber harvesting.

## Objective 1:

### To maintain and conserve biodiversity in State forests

Progress initiative:

- Adherence to VicForests' Sustainable Forest Management System:
  - VicForests expanded the use of drones to conduct pre-harvest and post-harvest arboreal species surveys.
  - VicForests continued to undertake post-harvest fauna surveys on a series of harvested sites under differing silvicultural treatments from Regrowth Retention Harvesting, Variable Retention 1, Variable Retention 2 and selection harvesting operations.
  - VicForests further developed the post-harvest survey program that used thermal cameras on drones at around 60 sites at different stages since harvest, as well as unharvested controls. These sites included earlier silvicultural systems which were predominately clearfell and seed tree operations plus some thinned regrowth sites to determine species recovery in harvested areas. Early results showed species listed as threatened, and common species, are being found in and adjacent to harvested area within the State Forest being studied. Threatened arboreal species such as the Leadbeater's Possum were detected in 10-, 20-, 30 – and 40-year-old regrowth sites. Greater Gliders were detected in some 40-year-old regrowth sites and in the most recent variable retention harvested sites, both in the harvested area and buffers. It is hoped this critical research in examining species persistence will continue at DEECA.



### Objective 2:

#### To maintain and improve the capacity of forest ecosystems to produce wood and non-wood products

Progressed initiatives:

- Regeneration of harvested forest to the standards within the Code of Practice of Timber Production 2014 (as amended 2022) (the Code).
- VicForests staff supported Forest Fire Management Victoria (FFMVic) on fuel management, fire prevention and suppression activities.
- Engaged with traditional owners to promote forest health, rehabilitation and productivity.

### Objective 3:

#### To promote healthy forests by actively managing disturbance

Progressed initiatives:

- Worked collaboratively with research partners including universities to finalise projects by 30 June 2024.
- Worked with partner agencies and traditional owners to remove high fuel loads from forest following windthrow and storm damage.
- Regeneration of harvested forest to the standards of the Code.

### Objective 4:

#### To maintain and conserve the soil and water resources of State forests

Progressed initiatives:

- Mapped remaining VicForests stream crossings and roads which may require rehabilitation.
- Continued to implement and expand the water testing and monitoring programs at certain watercourse locations downstream of timber harvesting operations, which included the development of monitoring controls.

### Objective 5:

#### To maintain and better understand the role of Victoria's State forests in global carbon cycles

Not progressed

### Objective 6:

#### To maintain and enhance the socio-economic benefits of State forests to Victorian communities

Progressed initiative:

- Worked collaboratively with and provided ongoing support to DEECA to assist in the transition of the forest industry before and post 1 January 2024.

### Objective 7:

#### To ensure Victoria's legal, institutional and economic frameworks effectively support the sustainable management of State forests

Progressed initiatives:

- Provided input, feedback and advice to DEECA regarding forest management regulatory frameworks, forest policy, economic and forest management activities.
- Worked with the Office of the Conservation Regulator and the Environment Protection Authority on matters of concern and proactively sought guidance from both regulators on compliance issues.



# Financial summary

## Summary of financial results

	2019-20	2020-21	2021-22	2022-23	2023-24
Sales volume (m <sup>3</sup> )	956,689	925,575	954,997	177,784	16,905
<b>\$'000</b>					
<b>Income from sale of forest products</b>	<b>84,792</b>	<b>85,576</b>	<b>88,351</b>	<b>17,901</b>	<b>1,368</b>
Stumpage <sup>(i)</sup>	19,405	15,312	16,692	(1,273)	(3,871)
<i>% of sales revenue</i>	<i>22.9%</i>	<i>17.9%</i>	<i>18.9%</i>	<i>-7.1%</i>	<i>-283.0%</i>
<b>Net result from transactions before income tax</b>	<b>(8,746)</b>	<b>(16,194)</b>	<b>(32,911)</b>	<b>(37,486)</b>	<b>53,447</b>
<i>% of sales income</i>	<i>-10.3%</i>	<i>-18.9%</i>	<i>-37.3%</i>	<i>-209.4%</i>	<i>3906.9%</i>
<b>Net result from continuing operations after income tax</b>	<b>(10,098)</b>	<b>(4,726)</b>	<b>(54,179)</b>	<b>(60,107)</b>	<b>53,015</b>
<i>% of sales income</i>	<i>-11.9%</i>	<i>-5.5%</i>	<i>-61.3%</i>	<i>-335.8%</i>	<i>3875.4%</i>
Net cash flow from operating activities	17,329	(8,292)	(10,926)	(31,071)	49,877
Total assets	81,819	84,316	54,567	80,163	5,438
Total liabilities	26,156	33,086	57,516	144,289	16,549
Net worth	55,663	51,230	(2,949)	(64,126)	(11,111)
Net debt <sup>(ii)(iii)</sup>	(8,145)	1,910	17,377	49,970	-
<b>Gearing (net debt/(net debt plus net worth))</b>	<b>N/A</b>	<b>3.6%</b>	<b>120.4%</b>	<b>-353.0%</b>	<b>N/A</b>

Notes:

- (i) Stumpage = income from sale of forest products less production expenses
- (ii) Net debt = short-term debt plus long-term debt less cash and deposits
- (iii) With the adoption of AASB 16 Leases on 1 July 2019, net debt includes lease liabilities.

## Financial and business performance

VicForests returned a net profit from continuing operations of \$53.0m (2023: \$60.1m loss). However, this was after receipt of \$177.2m from the Victorian Government, including \$107.7m for refinancing. Excluding the re-financing grant, VicForests would have reported a net loss of \$54.7m. The loss is attributable to VicForests' inability to access timber resources for harvest, ahead of the cessation of native timber harvesting in the Victorian state forests from 1 January 2024. This resulted in a decrease in income (other than Government grants) of 86.7% compared to the prior period.

In contrast, expenses remained at elevated levels due to the ongoing need to compensate contracted customers and harvest and haulage contractors due to the lack of timber, along with termination payments to employees and some other suppliers upon the closure of VicForests.

In respect of the Balance sheet, total assets decreased in value by 93.2% to \$5.4m as operations were wound down ahead of closure of the business from 1 July 2024. In respect of total liabilities, a decrease of 88.5% to \$16.5m was recorded, as the business was wound down and borrowings repaid. The net profit reduced the accumulated deficit in net worth to \$11.1m.

In respect of the cashflow, a \$49.9m inflow was generated from operating activities, inclusive of the \$107.7m refinancing grant received from the Victorian Government. A net \$0.141m investing cash outflow was incurred predominately in investing in existing plantation assets. A \$54.5m net cash outflow in financing activities was attributable to the repayment of borrowings.



## Workforce data

### Occupational health and safety

Zero harm continued to be a cornerstone of VicForests' safety culture and employee and contractor conduct.

With contractor activity at a minimum, the occupational health and safety (OHS) focus was on staff mental health and wellbeing initiatives and the maintenance of VicForests' high OHS standards, performance and reporting. The quarterly OHS Consultative Committee meetings continued to be well attended and engaging meetings with tangible outcomes, with the final meeting being held on 18 April 2024.

### Wellbeing

Wellbeing continued to be a significant focus of VicForests to support employees during this reporting period.

To ensure support across all work centres, VicForests' Employee Assistance Provider (EAP), Converge International, was engaged to provide a holistic wellbeing service specialising in change. This service included integrated onsite support, telephone consultation services, career transition workshops, peer support refresher training and change management leadership training. Additional onsite support was also provided, these coincided with crucial milestones and announcements.

As part of program a health and wellbeing hub was created on the VicForests SharePoint to provide a one-stop location for information, additional resources and services available to staff.

Access to the VicForests EAP provider was extended to all departed VicForests employees until 28 February 2025.

### Injuries and investigation

There were no lost time injuries experienced by VicForests employees and contractors during 2023–24. This is a result of VicForests' continued commitment to zero harm as well as the reduced contractor activity during this period.

Safety alerts and incident overviews from interagency departments were shared with VicForests employees, along with VicForests' Hazard Alerts to ensure maintenance of a vigilant safety culture. Reporting of near misses and use of the Site Safety Survey App were also reinforced to support VicForests' strong safety culture.

### Employment and conduct principles

VicForests maintained a workplace environment that prioritised safety, respect, and customer service, enabling employees to express themselves freely and carry out their work without the fear of discrimination or harassment.

VicForests ensured employees had multiple avenues to raise concerns and queries with managers and the VicForests leadership team, particularly in relation to the transition activities. This included a platform for employees to raise concerns and issues in a secure and confidential way. VicForests regularly updated a Q&A page on SharePoint as new information came to hand, or new questions were raised.

Managers' visibility of mandatory training within the learning management system (LMS) was improved via dashboard reporting. This enabled managers to monitor completion rates of annual required training as it was identified that completion rates were dropping on refresher training.

In 2023–24 VicForests did not conduct the People Matter survey. In 2022 it was agreed the survey would be conducted every second year with the next one due in 2024–25.



## Learning and development

Training and learning opportunities continued to be a focus across the organisation, including:

- mandatory and legislated refresher and retraining courses
- learning opportunities through Forestry Australia
- personal skills development
- group and individual wellbeing education and support.

A review of the internal learning library was undertaken which included a review and roll out of updated OHS modules, diversity and inclusion training, and other core learning modules. An OHS role mapping activity was undertaken for all VicForests roles to identify mandatory training requirements for staff based on their roles and responsibilities. This ensured any knowledge gaps were mitigated and training compliance was adhered to.

Support was also provided to employees in furthering their professional development through external training providers.

## Diversity and inclusion

Diversity and inclusion continued as a crucial focus of the people and culture team to ensure different perspectives, experiences and backgrounds were respected and acknowledged.

In line with legislative updates, VicForests gender equity, diversity and inclusion policy review was undertaken, along with roll out of new Bullying, discrimination and harassment, Sexual and sex-based harassment awareness and prevention, and Diversity in the workplace training modules to all VicForests employees via the LMS.

The people and culture team reviewed the VicForests recruitment instructions and internal processes to ensure diversity and inclusion principals were embedded and upheld through VicForests' recruitment and hiring practices.



## Employment details

The following table discloses the headcount and full-time staff equivalent (FTE) of all employees of VicForests. Details of employment levels in June 2023 and June 2024.

**Table 1 – Headcount and FTE**

Gender	All Employees Number (Headcount)		All Employees FTE <sup>(i)</sup>		Ongoing Full-Time (Headcount)		Ongoing Part-Time (Headcount)		Ongoing FTE <sup>(i)</sup>		Fixed Term & Casual Number (Headcount)		Fixed Term & Casual FTE <sup>(i)</sup>	
	2023	2024	2023	2024	2023	2024	2023	2024	2023	2024	2023	2024	2023	2024
Female	58	4	52.51	4.00	39	4	10	0	46.52	4.00	9	0	5.99	0.00
Male	99	3	96.60	3.00	89	3	6	0	93.00	3.00	4	0	3.60	0.00
Self-described	0	0	0.00	0.00	0	0	0	0	0.00	0.00	0	0	0.00	0.00
<b>Grand Total</b>	<b>157</b>	<b>7</b>	<b>149.11</b>	<b>7.00</b>	<b>128</b>	<b>7</b>	<b>16</b>	<b>0</b>	<b>139.52</b>	<b>7.00</b>	<b>13</b>	<b>0</b>	<b>9.59</b>	<b>0.00</b>

Age	2023		2024		2023		2024		2023		2024		2023		2024	
	2023	2024	2023	2024	2023	2024	2023	2024	2023	2024	2023	2024	2023	2024	2023	2024
15-24	8	0	6.20	0.00	6	0	1	0	6.20	0.00	1	0	0.00	0.00	0.00	0.00
25-34	42	0	40.56	0.00	37	0	2	0	38.40	0.00	3	0	2.16	0.00	0.00	0.00
35-44	30	2	28.20	2.00	24	2	4	0	27.00	2.00	2	0	1.20	0.00	0.00	0.00
45-54	39	1	37.35	1.00	29	1	4	0	32.12	1.00	6	0	5.23	0.00	0.00	0.00
55-64	28	4	27.20	4.00	24	4	3	0	26.20	4.00	1	0	1.00	0.00	0.00	0.00
65+	10	0	9.60	0.00	8	0	2	0	9.60	0.00	0	0	0.00	0.00	0.00	0.00
<b>Grand Total</b>	<b>157</b>	<b>7</b>	<b>149.11</b>	<b>7.00</b>	<b>128</b>	<b>7</b>	<b>16</b>	<b>0</b>	<b>139.52</b>	<b>7.00</b>	<b>13</b>	<b>0</b>	<b>9.59</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>

Career Level <sup>(ii)</sup>	2023		2024		2023		2024		2023		2024		2023		2024	
	2023	2024	2023	2024	2023	2024	2023	2024	2023	2024	2023	2024	2023	2024	2023	2024
1	0	0	0.00	0.00	0	0	0	0	0.00	0.00	0	0	0.00	0.00	0.00	0.00
2	18	0	15.60	0.00	14	0	2	0	15.00	0.00	2	0	0.60	0.00	0.00	0.00
3	34	0	32.48	0.00	29	0	3	0	31.32	0.00	2	0	1.16	0.00	0.00	0.00
4	50	1	48.20	1.00	42	1	5	1	45.60	1.00	3	0	2.60	0.00	0.00	0.00
5	33	2	31.60	2.00	27	2	6	2	31.60	2.00	0	0	0.00	0.00	0.00	0.00
6	14	3	14.00	3.00	13	3	0	3	13.00	3.00	1	0	1.00	0.00	0.00	0.00
7	4	1	3.23	1.00	3	1	0	1	3.00	1.00	1	0	0.23	0.00	0.00	0.00
Executive <sup>(iii)</sup>	4	0	4.00	0.00	0	0	0	0	0.00	0.00	4	0	4.00	0.00	0.00	0.00
<b>Grand Total</b>	<b>157</b>	<b>7</b>	<b>149.11</b>	<b>7.00</b>	<b>128</b>	<b>7</b>	<b>16</b>	<b>7</b>	<b>139.52</b>	<b>7.00</b>	<b>13</b>	<b>0</b>	<b>9.59</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>

Notes:

- (i) FTE = full time equivalent on paid working hours of 38 ordinary hours per week over the 52 weeks for a reporting period
- (ii) Career level classifications as per VicForests Enterprise Agreement 2020
- (iii) Executives includes the Accountable Officer (CEO) who is a paid full-time employee of VicForests

VicForests acknowledges that diversity and inclusion must be a focus across every level of the business – from the operational staff to the Executive Management to the Board. Throughout 2023-24 we can report 75 per cent of the Executive Management Team on Executive Pay Packages, including the Accountable Officer (CEO) was female, and that the Board was 42.5 per cent female.

## Annualised total salary, by \$20,000 bands, for executives and other senior non-executive staff

The following table discloses the annualised total salary for senior employees of VicForests, excluding the Accountable Officer (CEO), categorised by classification. The salary amount is reported as the full-time annualised salary.

**Table 2 – Annualised salary**

Income Band (salary) <sup>(i)</sup>	Executives	Other <sup>(ii)</sup>
\$160,000 – \$179,999	–	1
\$180,000 – \$199,999	–	4
\$200,000 – \$219,999	1	–
\$220,000 – \$239,999	–	–
\$240,000 – \$259,999	1	–
\$260,000 – \$279,999	1	–
<b>Total<sup>(iii)</sup></b>	<b>3</b>	<b>5</b>

Notes:

- (i) The salaries reported above are for the full financial year at a 1.0 FTE rate and exclude superannuation and termination benefits.
- (ii) Other Non-Senior Executive staff paid at career level classification 7 as per VicForests Enterprise Agreement 2020.
- (iii) The total reimbursement received or receivable by the Accountable Officer in connection with the management of VicForests during the reporting period is separately disclosed in Note 8.2 of the Financial Statements.

## Workplace Inclusion Policy

Consistent with the Gender Equality Act 2020, VicForests had a target of at least 50 per cent women on the executive's gender profile.

The following table outlines VicForests actual progress against this target in 2023–24.

**Table 3 – Gender profile at executive levels**

Workplace inclusion policy initiative	Target	Actual progress in 2023–24	Actual progress in 2022–23
Gender profile at executive levels <sup>(i)</sup>	Executive Officers:	Executive Officers:	Executive Officers:
	50 per cent women	75 per cent women	75 per cent women
	50 per cent men	25 per cent men	25 per cent men

Notes:

- (i) The self-described category is nil.

## Executive Data

A member of the Senior Executive Service (SES) is defined as a person employed as an executive under Part 3 of the Public Administration Act 2004 (PAA) or a person to whom the Victorian Government's Public Entity Executive Remuneration Policy applies. All figures reflect employment levels at the last full pay period in June of the current and corresponding previous reporting year.

The definition of SES does not include an Accountable Officer.

The table below discloses the total number of SES for VicForests, broken down by gender.

**Table 4 – Total number of SES for VicForests, broken down into gender**

Class (i)	All		Women		Men		Self-described	
	No.	Var.	No.	Var.	No.	Var.	No.	Var.
SES1	0	-2	0	-1	0	-1	0	0
SES2	0	-1	0	-1	0	0	0	0
<b>Total</b>	<b>0</b>	<b>-3</b>	<b>0</b>	<b>-2</b>	<b>0</b>	<b>-1</b>	<b>0</b>	<b>0</b>

Notes:

- (i) Does not include the Accountable Officer
- (ii) The 'variations', denoted by 'var', between the current and previous reporting periods

The number of executives in the report of operations is based on the number of executive positions that are occupied at the end of the financial year. Note 8.3 in the Financial Statements lists the actual number of SES and the total remuneration paid to SES over the course of the reporting period. The financial statements note does not include the Accountable Officer, nor does it distinguish between executive levels or disclose separations. Separations are executives who have left VicForests during the relevant reporting period. To assist readers, these two disclosures are reconciled below.

**Table 5 – Reconciliation of executive numbers**

	2024	2023
Executives (per Financial statements Note 8.3)	3	6
Accountable Officer (Chief Executive Officer)	1	1
Less separations	-4	-3
<b>Total executive numbers at 30 June</b>	<b>0</b>	<b>4</b>

## Other disclosures

### Local Jobs First

The *Local Jobs First Act 2003* introduced in August 2018 brought together the Victorian Industry Participation Policy (VIPP) and the Major Project Skills Guarantee (MPSG) Policy which were previously administered separately.

Departments and public-sector bodies are required to apply the Local Jobs First Policy in all projects valued at \$3 million or more in metropolitan Melbourne or for state-wide projects, or \$1 million or more for projects in regional Victoria.

MPSG applies to all construction projects valued at \$20 million or more.

The MPSG guidelines and VIPP guideline will continue to apply to MPSG applicable and VIPP applicable projects respectively where contracts have been entered prior to 15 August 2018.

During 2023–24, VicForests' Local Jobs First outcomes were as follows:

Local Jobs First Standard		Number	Value	Local content
Contracts commenced where a VIPP or LIDP(i) was required	Metropolitan	Nil	N/A	N/A
	Regional	Nil	N/A	N/A
	State-wide	Nil	N/A	N/A
Contracts completed where a VIPP or LIDP(i) was required	Metropolitan	Nil	N/A	N/A
	Regional	31	\$202,031,788	91%
	State-wide	Nil	N/A	N/A
Contracts commenced where a VIPP or LIDP(i) was not required	Local by nature	Nil	N/A	N/A
	International by nature	Nil	N/A	N/A
Small to medium sized businesses engaged as either principal contractor or part of the supply chain		392	Nil	N/A
No grant or design contracts were entered into			N/A	N/A

Note: (i) LIDP = Local Industry Development Plan

VicForests did not enter into any Local Jobs First Strategic projects (\$50 million or more) or any MPSG projects (\$20 million or more) during the 2023–24 financial year.

### Government advertising expenditure

No government advertising expenditure was incurred by VicForests during the reporting period.

### Social procurement

Social procurement activities and commitments	
Reporting period:	2023–24
Reporting entity:	VicForests
Number of social benefit suppliers engaged during the reporting period:	12
Total amount spent with social benefit suppliers (direct spend) during the reporting period (\$ GST exclusive):	\$225,547
Total number of mainstream suppliers engaged that have made social procurement commitments in their contracts with the Victorian Government:	Nil
<b>Total number of contracts that include social procurement commitments:</b>	<b>Nil</b>

## Information and communication technology expenditure

For the 2023-24 reporting period, VicForests had a total information and communication technology (ICT) expenditure of \$1,455,126 with the details shown below.

Total ICT expenditure(i)	BAU ICT expenditure (ii)	Total Non-BAU ICT expenditure	Non-BAU ICT expenditure related to projects to create or enhance ICT capabilities <sup>(iii)</sup>	
			Non-BAU ICT operational expenditure (OPEX)	Non-BAU ICT capital expenditure (CAPEX)
\$'000	\$'000	\$'000	\$'000	\$'000
1,392	1,374	18	18	–

Notes:

- (i) ICT expenditure refers to VicForests' costs in providing business enabling ICT services within the current reporting period. It comprises Business as Usual (BAU) ICT expenditure and Non-Business as Usual (Non-BAU) ICT expenditure.
- (ii) BAU ICT expenditure is all remaining ICT expenditure which primarily relates to ongoing activities to operate and maintain the current ICT capability.
- (iii) Non-BAU ICT expenditure relates to extending or enhancing VicForests' current ICT capabilities.

## Consultancy expenditure

### Details of consultancies (valued at \$10,000 or greater)

In 2023-24, there were 2 consultancies where the total fees payable to the consultant was \$10,000 or greater. The total expenditure incurred during the 2023-24 period in relation to these consultancies was \$161,953 (excluding GST). Details are outlined below.

Consultant	Purpose of consultancy	Total approved project fee	Expenditure 2023-24	Future expenditure
		\$'000	\$'000	\$'000
Indufor Asia Pacific (Australia)	VicForests Farm Forestry Program	27	27	–
Indufor Asia Pacific (Australia)	Timber Market Survey Project 2023	23	11	–
University of Melbourne	Research on implications of active forest management for arboreal fauna	42	42	–
University of Melbourne	Pilot study for regrowth monitoring and evaluation	409	82	–
		501	162	–

### Details of consultancies (valued under \$10,000)

In 2023-24, there were no consultancy engaged during the year, where the total fee payable to the individual consultancy was less than \$10,000 (excluding GST).

## Disclosure of major contracts

There were no new timber sale contracts entered into in 2023–24 with a value over \$10 million.

There were no new harvest or haulage contracts entered into in 2023–24 with a value over \$10 million.

## Legal proceedings

All the cases against VicForests were based on allegations that VicForests has or will breach its regulatory obligations contained in the Code of Practice for Timber Production 2014 (as it stood at the time the particular case was commenced), and associated documents. The allegations concerned matters that are under the regulation and control of DEECA and the Office of the Conservation Regulator.

VicForests defended the actions brought against it in accordance with the Model Litigant Guidelines for Victorian Government entities.

In September 2023 a new action was commenced against VicForests by Wombat Forestcare Inc. The action was initially directed at VicForests operations under the State's Community Forestry program recovering storm blown timber from the forest floor in the Wombat State Forest. Recovered timber predominantly provided firewood for local communities via firewood suppliers. Recovery of the storm blown timber also contributed to the State's management of bushfire risk.

In December 2023, VicForests Board resolved to end all community forestry operations and operations ceased by 5 February 2024.

In this year, two proceedings that had been before the Supreme Court for a number of years, that brought against DEECA and VicForests by Fauna and Flora Research Collective Inc and that brought against VicForests by Wildlife of the Central Highlands Inc, were discontinued with the consent of the parties. Judgement was not delivered in these matters.

VicForests has resolved costs with the successful parties to litigation in all but one matter. VicForests has two orders for costs in its favour against MyEnvironment Inc and Binginwarri Friends of the Jack and Albert River Catchment Area Inc. With the passage of the *Sustainable Forests (Timber) Repeal Bill 2024*, these rights transferred to the Crown.

## Freedom of information

*The Freedom of Information Act 1982* allows the public a right of access to documents held by VicForests. The purpose of the Act is to extend as far as possible the right of the community to access information held by government departments, local councils, Ministers, and other bodies subject to the Act.

An applicant has a right to apply for access to documents held by VicForests. This comprises documents created by VicForests or supplied to VicForests by an external organisation or individual. Information about the type of material produced by VicForests is available on VicForests' website under the Legal section.

The Act allows VicForests to refuse access, either fully or partially, to certain exempt documents or information. Examples of documents that may be exempt include: some internal working documents; documents subject to privilege such as legal advice; personal information about other people; and information about a business of a commercial or financial nature that would be likely to unreasonably expose that business to disadvantage.

Freedom of Information (FoI) requests must be determined within 30 days. In some cases, this time may be extended.

If an applicant is not satisfied with a decision made by VicForests, under section 49A of the Act, they have the right to seek a review by the Office of the Victorian Information Commissioner (OVIC) within 28 days of receiving a decision letter.

### Making a request

Prior to 1 July 2024, FOI requests could be made by mail or email to the VicForests Freedom of Information Officer. From 1 July 2023 an application fee of \$31.80 applied to each request in the 2023–24 reporting period.

### Freedom of information statistics and timeliness

In 2023–24 VicForests received seven applications. Of these requests, there were four where access was provided in full or part, two were withdrawn or not proceeded with by the applicant and one where no documents were found to be responsive to the request. There were no requests where access was denied or a document was considered wholly exempt and there were no requests ongoing at the end of the reporting period. Further, no requests were transferred to another department.

During 2023–24 there were no requests reviewed by OVIC.

Further information regarding the operation and scope of FOI can be obtained from the Act, regulations made under the Act, and [www.ovic.vic.gov.au](http://www.ovic.vic.gov.au).

## Compliance with the *Building Act 1993*

VicForests does not own or control any government buildings and consequently is exempt from notifying its compliance with the building and maintenance provisions of the *Building Act 1993*.

## Competitive neutrality policy

Competitive neutrality requires government businesses to ensure that where services compete, or potentially compete with the private sector, any advantage arising solely from their government ownership be removed if it is not in the public interest. Government businesses are required to cost and price these services as if they were privately owned. Competitive neutrality policy supports fair competition between public and private business and provides government businesses with a tool to enhance decisions on resource allocation. This policy does not override other policy objectives of government and focuses on efficiency in the provision of service.

VicForests complied with the requirements of the National Competition Policy.

## Compliance with the *Public Interest Disclosures Act 2012*

The *Public Interest Disclosures Act 2012* encourages and assists people in making disclosures of improper conduct by public officers and public bodies. It provides protection to people who make disclosures in accordance with the Act and establishes a system for matters disclosed to be investigated and rectified.

VicForests does not tolerate improper conduct by employees, nor the taking of reprisals against those who have come forward to disclose such conduct. VicForests was committed to ensuring transparency and accountability in its administrative and management practices and supported the making of disclosures that reveal corrupt conduct, conduct involving a substantial mismanagement of public resources, or conduct involving a substantial risk to public health and safety or the environment.

VicForests was not authorised to receive public interest disclosures.

### Reporting procedures

Disclosures of improper conduct or detrimental action by VicForests or any of its employees and/or officers may be made to the Independent Broad-Based Anti-Corruption Commission (IBAC):

Level 1, North Tower  
459 Collins Street  
Melbourne VIC 3000

Website: [www.ibac.vic.gov.au](http://www.ibac.vic.gov.au).

Email: See the website above for the secure email disclosure process, which also provides for anonymous disclosures.

To ensure independence and integrity, VicForests cannot receive disclosures made under the Public Interest Disclosures Act. All such disclosures should therefore be made directly to IBAC.

### Further information

VicForests' position on Public Interest Disclosures was available on VicForests' website [www.vicforests.com.au/protected-disclosures-1](http://www.vicforests.com.au/protected-disclosures-1)

## Disclosures under the *Public Interest Disclosures Act 2012*

VicForests is not aware that any assessable disclosures were made during the 2023–24 reporting period (2022–23: Nil).



## Additional information available on request

In compliance with the requirements of the Standing Directions 2018 under the *Financial Management Act 1994*, details in respect of the items listed below have been retained by VicForests and are available on the archived VicForests website (link provided below).

- a statement that declarations of pecuniary interests have been duly completed by all relevant officers.
- details of shares held by a senior officer as nominee or held beneficially in a statutory authority or subsidiary.
- details of publications produced by the entity about itself, and how these can be obtained.
- details of changes in prices, fees, charges, rates and levies charged by the entity.
- details of any major external reviews carried out on the entity.
- details of major research and development activities undertaken by the entity.
- details of overseas visits undertaken including a summary of the objectives and outcomes of each visit.
- details of major promotional, public relations and marketing activities undertaken by the entity to develop community awareness of the entity and its services.
- details of assessments and measures undertaken to improve the occupational health and safety of employees.
- a general statement on industrial relations within the entity and details of time lost through industrial accidents and disputes.
- a list of major committees sponsored by the entity, the purposes of each committee and the extent to which the purposes have been achieved.
- details of all consultancies and contractors including:
  - consultants/contractors engaged
  - services provided
  - expenditure committed to for each engagement.

This and previous VicForests Annual Reports can be found here: <https://archive.vicforests.com.au/publications-media/corporate-documents/annual-reports>

## Attestation for financial management compliance with Standing Direction 5.1.4

I, John Bradley, on behalf of the Responsible Body, certify that VicForests has no Material Compliance Deficiencies with respect to the applicable Standing Directions of the Minister for Finance under the Financial Management Act 1994 and Instructions. The DEECA Risk and Audit Committee has reviewed the Attestation.



**John Bradley**  
Secretary

Department of Energy, Environment,  
and Climate Action

24 October 2024

## Compliance with DataVic access policy

Consistent with the DataVic Access Policy issued by the Victorian Government in 2012, VicForests has made datasets available on the DataVic website in 2023–24. Information included in this Annual Report will also be available at [www.data.vic.gov.au](http://www.data.vic.gov.au) in electronic readable format. Compliance with model financial report

## Compliance with model financial report

This report references the streamlined 2023–24 Model Report for Victorian Government Departments (the Model). Use of the Model by public sector agencies promotes consistency and comparability and it has been used as a guide by VicForests, where and to the extent applicable, for the 2023–24 reporting period.



# Financial statements

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## Certification of the financial statements

The attached financial statements for VicForests have been prepared in accordance with Direction 5.2 of the Standing Directions of the Assistant Treasurer under the *Financial Management Act 1994*, applicable Financial Reporting Directions, Australian Accounting Standards including Interpretations, and other mandatory professional reporting requirements.

We further state that, in our opinion, the information set out in the comprehensive operating statement, balance sheet, statement of changes in equity, cash flow statement and accompanying notes, presents fairly the financial transactions during the year ended 30 June 2024 and the financial position of VicForests at 30 June 2024.

At the time of signing, we are not aware of any circumstance which would render any particulars included in the financial statements to be misleading or inaccurate.

We authorise the attached financial statements for issue on 24 October 2024.

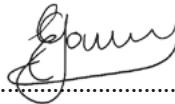
Signed  .....

**John Bradley**

*Secretary*

Department of Energy, Environment  
and Climate Action Melbourne

Date: 24 October 2024

Signed  .....

**Etienne Gouws**

*Executive Director Finance, Infrastructure and  
Procurement Services (Chief Financial Officer)*

Department of Energy, Environment  
and Climate Action Melbourne

Date: 24 October 2024

## Independent Auditor's Report



Victorian Auditor-General's Office

### Independent Auditor's Report

#### *To the Secretary of Department of Energy, Environment and Climate Action*

<b>Opinion</b>	<p>I have audited the financial report of VicForests (the entity) which comprises the:</p> <ul style="list-style-type: none"> <li>• balance sheet as at 30 June 2024</li> <li>• comprehensive operating statement for the year then ended</li> <li>• statement of changes in equity for the year then ended</li> <li>• cash flow statement for the year then ended</li> <li>• notes to the financial statements, including material accounting policy information</li> <li>• certification of the financial statements.</li> </ul> <p>In my opinion the financial report presents fairly, in all material respects, the financial position of the entity as at 30 June 2024 and its financial performance and cash flows for the year then ended in accordance with the financial reporting requirements of Part 7 of the <i>Financial Management Act 1994</i> and applicable Australian Accounting Standards.</p>
<b>Basis for Opinion</b>	<p>I have conducted my audit in accordance with the <i>Audit Act 1994</i> which incorporates the Australian Auditing Standards. I further describe my responsibilities under that Act and those standards in the <i>Auditor's Responsibilities for the Audit of the Financial Report</i> section of my report.</p> <p>My independence is established by the <i>Constitution Act 1975</i>. My staff and I are independent of the entity in accordance with the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 <i>Code of Ethics for Professional Accountants</i> (the Code) that are relevant to my audit of the financial report in Victoria. My staff and I have also fulfilled our other ethical responsibilities in accordance with the Code.</p> <p>I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.</p>
<b>Secretary's responsibilities for the financial report</b>	<p>The Secretary of the entity is responsible for the preparation and fair presentation of the financial report in accordance with Australian Accounting Standards and the <i>Financial Management Act 1994</i>, and for such internal control as the Secretary determines is necessary to enable the preparation and fair presentation of a financial report that is free from material misstatement, whether due to fraud or error.</p> <p>In preparing the financial report, the Secretary is responsible for assessing the entity's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless it is inappropriate to do so.</p>

**Auditor's responsibilities for the audit of the financial report**

As required by the *Audit Act 1994*, my responsibility is to express an opinion on the financial report based on the audit. My objectives for the audit are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

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

- identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control
- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Secretary
- conclude on the appropriateness of the Secretary's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the entity's ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my auditor's report. However, future events or conditions may cause the entity to cease to continue as a going concern.
- evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.

I communicate with the Secretary regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that I identify during my audit.

MELBOURNE  
25 October 2024



Simone Bohan  
as delegate for the Auditor-General of Victoria

## Comprehensive operating statement

for the financial year ended 30 June 2024

	Notes	2024 \$'000	2023 \$'000
<b>Continuing operations</b>			
<b>Income from transactions</b>			
Income from sale of forest products	2.2	1,368	17,901
Other income from Victorian Government entities	2.3, 8.4	177,236	164,193
Other income from Harvest and Haulage for third parties		998	1,565
Other income		297	573
<b>Total income from transactions</b>	2.1	<b>179,899</b>	<b>184,232</b>
<b>Expenses from transactions</b>			
Production expenses	3.2	(5,817)	(19,174)
Employee benefits expenses	3.3	(23,355)	(21,496)
Roading expenses	3.4	(2,616)	(7,316)
Other operating expenses	3.5	(93,098)	(169,652)
Amortisation and depreciation expenses	4.3	(1,566)	(4,080)
<b>Total expenses from transactions</b>		<b>(126,452)</b>	<b>(221,718)</b>
<b>Net result from transactions before income tax</b>		<b>53,447</b>	<b>(37,486)</b>
Income tax (expense) on net result from transactions	3.6	–	(11,263)
<b>Net result from transactions after income tax</b>		<b>53,447</b>	<b>(48,749)</b>
<b>Other economic flows included in net result</b>			
Net (loss) on non-financial assets <sup>(a)</sup>	8.1	(643)	(16,365)
Net (loss) on financial instruments <sup>(b)</sup>	8.1	–	(7)
Net gain from other economic flows	8.1	211	147
<b>Other economic flows included in net result before income tax</b>		<b>(432)</b>	<b>(16,225)</b>
Income tax benefit relating to other economic flows	3.6	–	4,867
<b>Total other economic flows included in net result after income tax</b>		<b>(432)</b>	<b>(11,358)</b>
<b>Net result from continuing operations after income tax</b>	6.2	<b>53,015</b>	<b>(60,107)</b>
<b>Other economic flows – other comprehensive income: items that will not be reclassified to net result</b>			
Changes in physical asset revaluation surplus, net of income tax	6.4	–	(1,070)
<b>Total other economic flows – other comprehensive income</b>		<b>–</b>	<b>(1,070)</b>
<b>Comprehensive result</b>		<b>53,015</b>	<b>(61,177)</b>

The accompanying notes form part of these financial statements.

Notes:

(a) Net (loss) on non-financial assets' includes unrealised and realised gains/(losses) from revaluations, impairments and disposals of all physical assets, except where these are taken through the physical asset revaluation surplus.

(b) The net (loss) on financial instruments' includes doubtful debts from other economic flows.

## Balance Sheet

as at June 30 2024

	Notes	2024 \$'000	2023 \$'000
<b>Assets</b>			
<b>Financial assets</b>			
Cash and deposits	6.2	–	4,799
Receivables	5.1	27	65,480
<b>Total financial assets</b>		<b>27</b>	<b>70,279</b>
<b>Non-financial assets</b>			
Biological assets	4.2	1,765	1,662
Inventories	5.4	2,354	2,526
Property, plant and equipment	4.1, 7.3	703	3,637
Tax assets	5.6	–	1,125
Other non-financial assets		589	934
<b>Total non-financial assets</b>		<b>5,411</b>	<b>9,884</b>
<b>Total assets</b>		<b>5,438</b>	<b>80,163</b>
<b>Liabilities</b>			
Payables	5.2	535	31,205
Borrowings	6.1	–	54,769
Employee related provisions	3.3	1,717	5,714
Other provisions	5.3	14,297	46,368
Tax liabilities	5.6	–	1,125
Contract liabilities	5.7	–	5,108
<b>Total liabilities</b>		<b>16,549</b>	<b>144,289</b>
<b>Net (liabilities)</b>		<b>(11,111)</b>	<b>(64,126)</b>
<b>Equity</b>			
Contributed capital		45,000	45,000
Physical asset revaluation reserve	6.4	1,212	1,212
Accumulated (deficit)		(57,323)	(110,338)
<b>Net worth</b>		<b>(11,111)</b>	<b>(64,126)</b>

The accompanying notes form part of these financial statements.



## Cash flow statement

for the financial year ended June 30 2024

	Notes	2024 \$'000	2023 \$'000
<b>Cash flows from operating activities</b>			
<b>Receipts</b>			
Receipts from Victorian Government entities		254,312	114,549
Other receipts		2,146	1,503
Receipts from sale of forest products		1,810	26,802
Interest received from non-Victorian Government entities		-	17
<b>Total receipts</b>		<b>258,268</b>	<b>142,871</b>
<b>Payments</b>			
Payments to customers, suppliers and employees		(205,050)	(174,905)
Interest and other costs of finance paid		(4,744)	(1,554)
Goods and services tax refund from the Australian Tax Office (ATO) <sup>(a)</sup>		1,403	2,517
<b>Total payments</b>		<b>(208,391)</b>	<b>(173,942)</b>
<b>Net cash inflows/(outflows) from operating activities</b>	6.2	<b>49,877</b>	<b>(31,071)</b>
<b>Cash flows from investing activities</b>			
Payments for capitalised plantation timber assets		(103)	(96)
Purchases of property, plant and equipment		(44)	(721)
Purchases of intangible assets		(2)	(184)
Proceeds from sale of property, plant and equipment		8	1
<b>Net cash flows used in investing activities</b>		<b>(141)</b>	<b>(1,000)</b>
<b>Cash flows from financing activities</b>			
Proceeds from borrowings		117,059	136,129
Repayment of borrowings		(169,759)	(103,369)
Repayment of principal portion of lease liabilities <sup>(b)</sup>		(1,835)	(1,510)
<b>Net cash inflows/(outflows) from financing activities</b>		<b>(54,535)</b>	<b>31,250</b>
<b>Net (decrease) in cash and deposits</b>		<b>(4,799)</b>	<b>(821)</b>
Cash at the beginning of the financial year		4,799	5,620
<b>Cash at the end of the financial year</b>	6.2	<b>-</b>	<b>4,799</b>

The accompanying notes form part of these financial statements.

Notes:

- (a) The GST paid to the ATO is presented on a net basis.
- (b) VicForests has recognised payments for the principal portion of lease payments as financing activities, cash payments for the interest portion as operating activities consistent with the presentation of interest payments for leases and short-term lease payments for leases as operating activities.

## Statement of changes in equity

for the financial year ended 30 June 2024

	Contributed capital	Physical asset revaluation reserve	Accumulated (deficit)/ surplus	Total equity
	\$'000	\$'000	\$'000	\$'000
<b>Balance at 1 July 2022</b>	45,000	2,282	(50,231)	(2,949)
Net result from continuing operations after income tax for the year	–	–	(60,107)	(60,107)
Other economic flows – other comprehensive income after income tax for the year	–	(1,070)	–	(1,070)
<b>Balance at 30 June 2023</b>	<b>45,000</b>	<b>1,212</b>	<b>(110,338)</b>	<b>(64,126)</b>
<b>Balance at 1 July 2023</b>	45,000	1,212	(110,338)	(64,126)
Net result from continuing operations after income tax for the year	–	–	53,015	53,015
Other economic flows – other comprehensive income after income tax for the year	–	–	–	–
<b>Balance at 30 June 2024</b>	<b>45,000</b>	<b>1,212</b>	<b>(57,323)</b>	<b>(11,111)</b>

The accompanying notes form part of these financial statements.

## 1 About this report

### Corporate information

Until 5 September 2023, VicForests operated as a State business corporation, first established on 28 October 2003 by the Governor in Council acting under Section 14 of the *State-Owned Enterprises Act 1992*, having commenced operations on 1 August 2004.

On 5 September 2023, the declaration of VicForests as a State business corporation was revoked, and VicForests was constituted as a reorganising body under Section 7(1) of the Act effective immediately.

The Board of VicForests was directly accountable to the Victorian Government through the Minister of Agriculture, and the Treasurer.

Following the passing of the *Sustainable Forests (Timber) Repeal Act 2024* in June 2024, VicForests ceased to exist from 1 July 2024, with the assets, rights, and liabilities (including contractual, financial and other reporting obligations) transferred to the Crown.

Its principal address was:

VicForests  
Level 12, 461 Bourke Street  
Melbourne Victoria 3000

A description of the nature of VicForests operations and its principal activities is included in the 'A year in review' Report which does not form part of these financial statements.

### Basis of preparation

These financial statements are in Australian dollars, the functional and presentation currency of VicForests, and the historical cost convention is used unless a different measurement basis is specifically disclosed in the note associated with the item measured on a different basis.

The accrual basis of accounting has been applied in preparing these financial statements, whereby assets, liabilities, equity, income, and expenses are recognised in the reporting period to which they relate, regardless of when cash is received or paid.

Consistent with the requirements of AASB 1004 *Contributions*, contribution by owners (that is, contributed capital and its repayment) are treated as equity transactions and, therefore, do not form part of the income and expenses of VicForests.

Accounting policies selected and applied in these financial statements ensure that the resulting financial information satisfies the concepts of relevance and reliability.

Judgements, estimates, and assumptions are required to be made about financial information being presented. The significant judgements made in the preparation of these financial statements are disclosed in the notes where amounts affected by those judgements are disclosed. Estimates and associated assumptions are based on professional judgements derived from historical experience and various other factors that are believed to be reasonable under the circumstances. Actual results may differ from these estimates.

Revisions to accounting estimates are recognised in the period in which the estimate is revised and in future periods that are affected by the revision. There have been no judgements or assumptions made by management in applying the Australian Accounting Standards (AAS) that have resulted in significant effects on the financial statements for the current reporting period.

These financial statements cover VicForests as an individual reporting entity and incorporate all activities of VicForests. VicForests has not provided segment information in relation to its operations as its operations are limited to the sustainable harvest, commercial sale, and regrowing of timber from Victoria's state forests; those operations being predominantly confined to Victoria.

VicForests is a for profit entity for the purposes of preparing these financial statements.

All amounts in the financial statement have been rounded to the nearest \$1,000 unless otherwise stated.

### Goods and services tax (GST)

- Income, expenses and assets (excluding trade receivables) are recognised exclusive of GST, except where the amount of GST incurred is not recoverable from the Australian Taxation Office (ATO). In these circumstances the GST is recognised as part of the cost of acquisition of the asset or as part of an item of expense.
- Trade receivables and trade payables are stated inclusive of GST. The net amount of GST recoverable from, or payable to, the ATO is included as a statutory receivable or statutory payable respectively in the balance sheet.
- Cash flows arising from investing and financing activities are disclosed in the cash flow statement on a net basis, i.e. exclusive of GST. The GST component of cash flows from investing and financing activities is included in the operating cash flows.

## Compliance information

These general-purpose financial statements have been prepared in accordance with the *Financial Management Act (FMA) 1994*, including the Financial Reporting Directions (FRD), and applicable AAS's which include Interpretations issued by the Australian Accounting Standards Board (AASB).

In particular, they are presented in a manner consistent with the requirements of AASB 1049 *Whole of Government and General Government Sector Financial Reporting*.

Accounting policies selected and applied for these financial statements ensure that the resulting financial information satisfies the concepts of relevance and reliability, thereby ensuring that the substance of the underlying transactions or other events is reported.

## Going concern

On 5 September 2023, the Governor in Council under section 17 of the *State-Owned Enterprises Act 1992* revoked the declaration of VicForests as a State business corporation, and reconstituted VicForests as a reorganising body effective immediately.

On 25 June 2024, the *Sustainable Forest (Timber) Repeal Act 2024* was given Royal Assent and came into force on 1 July 2024. The Act abolished VicForests and transferred all of VicForests assets, rights, and liabilities (including contractual, financial and other reporting obligations) to the Crown. The State of Victoria as represented by the Department of Energy, Environment and Climate Action (DEECA) assumed these rights and obligations from 1 July 2024.

The going concern basis was not used to prepare the financial statements as the substantive functions of VicForests will not continue under DEECA. However, VicForests has continued to apply the normal recognition and measurement requirements of the AAS in preparing these financial statements because the assets and liabilities of VicForests at 30 June 2024, were transferred to DEECA on 1 July 2024 at their carrying amounts.

The annual financial statements were authorised for issue by DEECA on 24 October 2024.

## 2 Funding delivery of our services

### Introduction

This note provides an account of the income that funds the delivery of VicForests' services. Income is received from a variety of sources, including the receipt of specific purpose grants to support the delivery of Victorian Government policy objectives.

### Structure

This note includes:

- 2.1 Summary of income that funds the delivery of our services
- 2.2 Income from sale of forest products
- 2.3 Other income from Victorian Government entities

#### 2.1 Summary of income that funds the delivery of our services

	Notes	2024 \$'000	2023 \$'000
Income from sale of forest products	2.2	1,368	17,901
Other income from Victorian Government entities	2.3	177,236	164,193
Other income from Harvest and Haulage for third parties		998	1,565
Other income		297	573
<b>Total income from transactions</b>		<b>179,899</b>	<b>184,232</b>

#### 2.2 Income from sale of forest products

	2024 \$'000	2023 \$'000
Sale of other products	1,037	1,014
Sale of sawlogs	331	8,022
Sale of residual logs	–	8,865
<b>Total income from sale of forest products</b>	<b>1,368</b>	<b>17,901</b>

Income from sale of forest products is generated from the sale of graded and ungraded sawlogs, residual logs and other products including bearer logs, green firewood, poles, piles, posts, and seed.

This income arises from contracts with customers and is recognised as and when VicForests satisfies or fulfils the specific performance obligations in the contracts. The income that is recognised is an amount that can be reliably measured and reflects the consideration to which VicForests is entitled in exchange for transferring the forest products or services to the customer. The amounts disclosed are net of returns.

A transaction price is allocated to each performance obligation and the income is then recognised when the obligations are satisfied.

For the majority of forest product sales, the performance obligation is when the product is delivered to the buyer's facility. The transaction price for these sales is inclusive of harvest and haulage costs recoverable (as applicable).

For the remainder of the forest product sales the performance obligation is generally satisfied when the customer collects the product from VicForests. The transaction price for these sales varies. Where standing timber is sold, the sale price does not include harvest or haulage costs recoverable, whereas 'on-truck' log sales include harvesting costs recoverable.

The substantial decrease in income from sale of forest products from the prior year is primarily because harvesting activities predominantly remained suspended in the current period due to legal proceedings (See Note 5.3 – Other provisions).

### 2.3 Other income from Victorian Government entities

	Notes	2024 \$'000	2023 \$'000
<b>Specific purpose grants recognised under AASB 15</b>			
Farm forestry establishment		653	554
Nursery establishment		(15)	199
Plantation funding		–	134
<b>Subtotal</b>		<b>638</b>	<b>887</b>
<b>Other income</b>			
Refinancing deposit		107,725	–
Reimbursement of customer compensation and contractor stand-down expenses		66,769	149,033
Reimbursement of employee benefits expenses for firefighting and other secondments, and leave transfers		1,431	430
Interest income		396	194
Sale of roading materials, seed and associated management services		265	2,008
Undertaking of Storm recovery works		12	1,141
Provision of non-commercial, community and environmental services		–	10,500
<b>Subtotal</b>		<b>176,598</b>	<b>163,306</b>
<b>Total other income from Victorian Government entities</b>	8.4	<b>177,236</b>	<b>164,193</b>

VicForests has determined that specific purpose grant income received from other Victorian Government entities as included in the above table has been earned under arrangements that are enforceable and with sufficient specific performance obligations, to be accounted for as income from contracts with customers under AASB 15 *Revenue from Contracts with Customers*. Income is recognised progressively as VicForests satisfies the performance obligation outlined in the agreements and to the extent that it is highly probable a significant reversal of the income will not occur. The funding payments are normally received in advance of the relevant obligation being satisfied.

Due to the cessation of VicForests from 1 July 2024, a refinancing deposit was received from DEECA in the current reporting period. This allowed VicForests to repay outstanding borrowings, prior to cessation.

In respect of other income received, from 1 July 2022 VicForests was reimbursed for the amounts VicForests was contractually obligated to pay customers and harvest and haulage contractors respectively, in compensation for harvest volume shortfalls arising from legal proceedings.

VicForests also provided other services or goods to other Victorian Government entities or was reimbursed for various expenditures. Such activities were primarily with DEECA and the Department of Jobs, Skills, Industry and Regions (DJSIR) (See Note 8.4 – Related parties).

### 3 The cost of delivering services

#### Introduction

This note provides an account of the operating expenses incurred by VicForests in delivering services and outputs and certain assets and liabilities associated with those expenses. In Note 2 – Funding delivery of our services, the funds that enable the delivery of our services were disclosed and in this note the operating costs associated with the delivery of those services are provided.

#### Structure

This note includes:

- 3.1 Summary of expenses incurred in the delivery of services
- 3.2 Production expenses
- 3.3 Employee benefits expenses
- 3.4 Roding expenses
- 3.5 Other operating expenses
- 3.6 Taxation

#### 3.1 Summary of expenses incurred in the delivery of services

	Notes	2024 \$'000	2023 \$'000
Production expenses	3.2	5,817	19,174
Employee benefits expenses	3.3	23,355	21,496
Roding expenses	3.4	2,616	7,316
Other operating expenses	3.5	93,098	169,652
<b>Total expenses incurred in the delivery of services</b>		<b>124,886</b>	<b>217,638</b>

#### 3.2 Production expenses

	2024 \$'000	2023 \$'000
Harvest	4,937	9,591
Haulage	628	8,817
Other	252	766
<b>Total production expenses</b>	<b>5,817</b>	<b>19,174</b>

Harvest expenses primarily comprise costs incurred with external contractors to harvest standing and salvage timber, tidy up storm debris, create strategic firebreaks, and remove hazardous trees. Harvest expenses also include the costs incurred with external contractors to provide pre-harvest environmental surveys, security, traffic control, and other harvesting supplies.

Haulage expenses primarily comprise costs incurred with external contractors to haul the resultant timber to the point-of-sale, normally the buyer's facility. Haulage expenses also include the costs of operating intermediate log-storage facilities.

Stand-down payments to harvest and haulage contractors are included in Note 3.5 – Other operating expenses.

Other production expenses comprise the cost of roding materials and seed sold, and the cost of timber purchased from external parties including royalty payments to traditional owners.

The substantial decrease in production expenses from the prior year is primarily because harvesting of standing timber predominantly remained suspended in the current period due to legal proceedings (See Note 5.3 – Other provisions).

### 3.3 Employee benefits expenses

#### Employee benefits expenses in the comprehensive operating statement

	2024 \$'000	2023 \$'000
Salaries and wages, annual leave, and long service leave	14,835	17,960
Termination benefits	4,896	79
Superannuation expense	2,061	2,035
Employment related taxes and levies	1,563	1,422
<b>Total employee benefits expenses</b>	<b>23,355</b>	<b>21,496</b>

Employee benefits expenses comprises:

- all direct costs related to employment including salaries, leave entitlements, directors' fees and committee's fees;
- payment of termination benefits and ex-gratia expenses (if any);
- superannuation; and
- employment related taxes and levies including payroll tax, fringe benefits tax (FBT) and WorkCover insurance levies.

Termination benefits are payable when employment is terminated before normal retirement date, or when an employee accepts an offer of benefits in exchange for the termination of employment. Termination benefits are recognised when VicForests is demonstrably committed to terminating the employment of current employees according to a detailed formal plan without possibility of withdrawal or providing termination benefits as a result of an offer made to encourage voluntary redundancy.

In the final quarter of the current reporting period 2023-24, 79 employees were transferred to DEECA (inclusive of their leave entitlements) and 54 employees terminated. As at 30 June 2024, 7 employees remained who were subsequently transferred to DEECA on 1 July 2024 on a fixed term basis. Provision has been made for termination payments up to reporting date for those 7 employees, which will ultimately be payable at the end of their fixed terms with DEECA.



**Superannuation contributions**

	<b>Paid contributions</b>	
	<b>2024</b>	<b>2023</b>
	<b>\$'000</b>	<b>\$'000</b>
<b>Defined contribution plans</b>		
VicSuper – part of Aware Super	937	929
Other	1,000	1,010
<b>Subtotal</b>	<b>1,937</b>	<b>1,939</b>
<b>Defined benefit plans</b>		
Emergency Services Superannuation (New Scheme)	124	96
<b>Total</b>	<b>2,061</b>	<b>2,035</b>

Employees (including Directors) of VicForests are entitled to receive superannuation benefits. The amount recognised in the comprehensive operating statement is the employer contributions for members of both defined contribution and defined benefit superannuation plans that are paid or payable in the reporting period. There were no contributions outstanding as at 30 June 2024 (30 June 2023: \$Nil).

The defined benefit plan(s) provides benefits based on years of service and final average salary. VicForests does not recognise any further defined benefit liabilities because it has no legal or constructive obligation to pay future benefits relating to its employees; its only obligation is to pay superannuation contributions as they fall due. Instead, the Department of Treasury and Finance (DTF) discloses in its annual financial statements the net defined benefit cost related to the members of these plans as an administered liability (on behalf of the State as the sponsoring employer). Refer to the DTF's annual financial statements for more detailed disclosures in relation to these plans.

**Employee related provisions in the balance sheet**

	2024 \$'000	2023 \$'000
<b>Current provisions</b>		
<b>Employee benefits</b>		
Accrued salaries, unused purchased leave and paid parental leave	8	668
Termination provision	1,178	–
Annual leave		
• unconditional and expected to settle within 12 months	182	1,053
• unconditional and expected to settle after 12 months	–	185
Long service leave		
• unconditional and expected to settle within 12 months	349	256
• unconditional and expected to settle after 12 months	–	2,242
<b>Total employee benefits</b>	<b>1,717</b>	<b>4,404</b>
<b>Employee benefits on-costs</b>		
• unconditional and expected to settle within 12 months	–	232
• unconditional and expected to settle after 12 months	–	470
<b>Total employee benefits on-costs</b>	<b>–</b>	<b>702</b>
<b>Total current employee benefits and on-costs</b>	<b>1,717</b>	<b>5,106</b>
<b>Non-current provisions</b>		
Employee benefits	–	510
Employee benefits on-costs	–	98
<b>Total non-current employee benefits and on-costs</b>	<b>–</b>	<b>608</b>
<b>Total employee related provisions</b>	<b>1,717</b>	<b>5,714</b>
<b>Reconciliation of movement in on-cost provision</b>		
Opening balance	800	742
(Used)/additional provisions recognised	(800)	58
<b>Closing balance</b>	<b>–</b>	<b>800</b>
Represented by:		
Current	–	702
Non-current	–	98

Provision is made for benefits accruing to employees in respect of salaries, purchased and parental leave, salary increases rendered, annual leave, long service leave and termination entitlements.

No provision has been made for sick leave as all sick leave is non-vesting and it is not considered probable that the average sick leave taken in the future will be greater than the benefits accrued in the future. Sick leave is recognised in the comprehensive operating statement as it is taken.

Provisions for accrued salaries, purchased and parental leave, are recognised in the balance sheet at remuneration rates which are current at the reporting date. Provisions for salary increases rendered are recognised at the agreed remuneration rates. These amounts are not discounted, as VicForests does not have an unconditional right to defer settlement of the entitlement, and therefore expects to wholly settle these liabilities within 12 months of reporting date.

In calculating provisions in respect of annual leave and long service leave, VicForests has made a number of assumptions for employee related provisions. These include the likely tenure of existing employees, patterns of leave claims, future salary movements and discount rates that are independently calculated and supplied by the DTF.

- **Annual leave**

Provisions for annual leave are measured at:

- nominal value – if VicForests expects to settle wholly within 12 months; or
- present value – if VicForests does not expect to wholly settle within 12 months.

Any gain or loss following revaluation of the present value of the annual leave provision, is recognised in the 'Net result from transactions after income tax', except to the extent that a gain or loss arises due to change in bond rates for which it is then recognised in the net result as an other economic flow. (See Note 8.1 – Other economic flows included in net result).

Provisions for annual leave, however measured, are recognised in the provision for employee benefits as 'current provisions' because VicForests does not have an unconditional right to defer settlements of these liabilities.

- **Long service leave (LSL)**

Provisions for LSL are measured at:

- nominal value – if VicForests expects to settle wholly within 12 months; or
- present value – if VicForests does not expect to wholly settle within 12 months.

Any gain or loss following revaluation of the present value of the LSL provision is recognised in the 'Net result from transactions after income tax', except to the extent that a gain or loss arises due to change in bond rates for which it is then recognised in the net result as an other economic flow. (See Note 8.1 – Other economic flows included in net result).

Where an employee has completed the pre-requisite number of years of service to be unconditionally entitled to LSL, the unconditional amount, however measured, is disclosed in the notes to the Financial statements as a current provision, even where VicForests does not expect to settle the liability within 12 months because VicForests does not have the unconditional right to defer the settlement of the entitlement should an employee take LSL within 12 months.

Where an employee has not completed the pre-requisite number of years of service to be unconditionally entitled to LSL, the conditional amount, is disclosed in the notes to the Financial statements as a non-current provision.

- **On-costs**

On-costs such as superannuation, payroll tax, and WorkCover insurance levies are recognised separately.

### 3.4 Roading expenses

	2024 \$'000	2023 \$'000
Road maintenance and rehabilitation	2,616	6,388
Timber haulage toll	–	928
<b>Total roading expenses</b>	<b>2,616</b>	<b>7,316</b>

DEECA owns the Forest Road Network (FRN) within the Victorian state forests from which VicForests harvests timber. The roading expenses relate to the costs incurred to be able to utilise this network for the haulage of timber. This was undertaken by means of an agreement with DEECA whereby VicForests determines, manages, and funds maintenance of the roads, and occasional and additional works associated with timber haulage on the FRN. Additional works are normally long-term improvements VicForests has made to DEECA FRN which are recognised as separate assets owned by VicForests (See Note 4.1 – Property, plant and equipment). Roads within the FRN need to be determined by both parties as to if they are a part of the Timber Haulage Network (THN).

The roads comprising the THN are then categorised into two categories; either non-tolled or tolled.

- **Road maintenance and rehabilitation**

In respect of the non-tolled roads VicForests is primarily responsible for the maintenance, occasional and additional works undertaken within DEECA THN, in order to enable haulage of forest products over the THN. VicForests engages external contractors to undertake these works, with the maintenance costs being expensed as incurred. VicForests also expends the cost of constructing, maintaining and ultimately rehabilitating temporary access roads specifically constructed for the purpose of connecting roads on the THN to timber harvesting areas. (See Note 5.3 – Other provisions).

- **DEECA Timber haulage toll**

Timber haulage tolls are payable to DEECA on the tolled roads within the THN. The toll amount is calculated in order to ensure that DEECA receive sufficient funds to cover the full and true costs of delivering an agreed maintenance program in order to enable VicForests haulage of forest products over these tolled roads.

### 3.5 Other operating expenses

	Note	2024 \$'000	2023 \$'000
Harvest and haulage contractor stand-down compensation		41,857	40,783
Customer delivery shortfalls compensation		32,227	109,511
Borrowing expenses		4,433	1,752
Legal expenses		3,783	5,042
Regeneration expenses		2,959	3,160
Motor vehicle expenses (including insurance)		2,027	1,264
Information and communications technology (ICT)		1,392	1,788
Facilities		1,144	1,063
Contractors		757	1,721
Insurance – other		428	483
Audit			
Internal and other		210	217
Financial	8.5	94	95
Other operational and administrative expenses		1,787	1,896
Net change in overheads allocated to logs in storage		-	877
<b>Total other operating expenses</b>		<b>93,098</b>	<b>169,652</b>

A significant portion of other operating expenses comprise stand-down compensation payments to harvest and haulage contractors and compensation payments to customers due to customer delivery shortfalls. This is primarily as a result of harvest operations being disrupted by legal proceedings which has meant that minimum contractual obligations to harvest and haulage contractors and customers could not be met (See Note 5.3 – Other provisions). Customer compensation decreased in the current reporting period due to the expiration of several timber sales agreements in the prior year.

All other operating expenses generally represent day-to-day running costs incurred in normal operations and are recognised as an expense in the reporting period in which they are incurred.

### 3.6 Taxation

VicForests was subject to the National Tax Equivalent Regime (NTER), which is administered by the ATO. In accordance with this legislation, VicForests was required to pay to the Victorian Government Consolidated Fund amounts determined to be equivalent to the amounts that would be payable by VicForests to the Australian Government if it was subject to the *Income Tax Assessment Act 1936* (Cth) and *Income Tax Assessment Act 1997* (Cth). However, VicForests was deregistered from the NTER effective from 1 July 2023. Therefore, no income tax expense was calculated for the current reporting period.

The 2023 income tax expense or benefit for the period is the tax payable or receivable on the period's taxable income, based on the applicable Australian tax rate of 30%, adjusted by changes in deferred tax assets and liabilities, attributable to temporary differences between the tax bases of assets and liabilities and their carrying amounts in the financial statements, and to unused tax losses (including research and development offsets).

#### Income tax expense in the comprehensive operating statement

The income tax expense for the reporting period differs from the amount calculated on the net result. The differences are reconciled as follows:

#### Components of income tax expense

	Note	2024 \$'000	2023 \$'000
Deferred tax		-	6,396
<b>Income tax expense / (benefit)</b>		<b>-</b>	<b>6,396</b>

Deferred income tax expense included in income tax expense comprises:

Decrease in deferred tax asset	5.6	1,125	6,302
(Decrease) in deferred tax liability	5.6	(1,125)	(366)
Decrease in physical asset revaluation reserve	5.6	-	460
		<b>-</b>	<b>6,396</b>

#### Reconciliation of prima facie tax payable to income tax expense

	2024 <sup>(a)</sup> \$'000	2023 \$'000
Net result from transactions before income tax expense		(37,486)
<b>Income tax (benefit) at tax rate of 30% (2023: 30%)</b>		<b>(11,246)</b>
Add current year deferred tax asset on temporary differences not recognised		24,333
Add current year revenue losses not recognised		443
Add non-deductible expenses for income tax purposes		4
Add/(deduct) under/(over) provision of prior year income tax		(2,271)
<b>Income tax expense on net result from transactions</b>		<b>11,263</b>
Other economic flows included in net result before income tax		(16,225)
<b>Income tax (benefit) at tax rate of 30% (2023: 30%)</b>		<b>(4,867)</b>
<b>Total income tax expense/(benefit)</b>	<b>-</b>	<b>6,396</b>

Note:

(a) Not reported due to deregistration from the NTER effective from 1 July 2023.

## 4 Key assets available to support output delivery

### Introduction

VicForests controls productive trees in Victorian Government commercial native forests and property, plant and equipment which are utilised in fulfilling its objectives and conducting its activities. They represent the key resources that have been entrusted to VicForests to be utilised for delivery of goods (predominantly forest products) and services.

### Significant judgement: Fair value measurement

Where the assets included in this note are carried at fair value, additional information is disclosed in Note 7.3 – Fair value determination in connection with how those fair values were determined.

### Structure

This note includes:

- 4.1 Property, plant and equipment
- 4.2 Biological assets
- 4.3 Amortisation and depreciation expenses
- 4.4 Impairment

#### **4.1 Property, plant and equipment**

Property, plant and equipment represents non-current physical assets comprising land, buildings, leasehold improvements, roads and bridges, plant and equipment, motor vehicles and assets under construction, used by VicForests in its operations. More specifically:

- Land comprises a block of land upon which a plantation has been established.
- Buildings comprise office premises leased from non-Victorian Government entities. All these leases were terminated in the current reporting period.
- Leasehold improvements comprise office alterations and fittings in offices leased from DEECA and non-Victorian Government entities and fittings in a seed processing and storage facility leased from DEECA. The majority of these assets were disposed of in the current reporting period as the office leases were terminated.
- Roads and permanent bridges primarily comprise long-term improvements that VicForests has made to DEECA THN in order to allow improved economics of timber haulage. Also included are access roads that VicForests has constructed from the THN to timber harvesting areas. In the prior reporting period, the roads and bridges were subject to a fair value adjustment (See Note 7.3 – Fair value determination).
- Plant and equipment comprise communications equipment, computers, furniture, office equipment, scientific equipment and other tools, and portable bailey bridges. Any plant and equipment not required by DEECA was disposed of in the current reporting period.
- Motor vehicles comprised vehicles leased from a non-Victorian Government entity. All these leases were terminated in the current reporting period.

### Recognition and measurement of property, plant and equipment

Items of property, plant and equipment, are measured initially at cost and subsequently revalued at fair value less accumulated depreciation and impairment. Items with a cost or value in excess of \$5,000 (30 June 2023: \$1,000) (capitalisation threshold) and a useful life of more than 1 year are recognised as assets. The capitalisation threshold (was increased to \$5,000 in the current reporting period to align with DEECA's capitalisation threshold with all existing assets that costs between \$1,000 and \$5,000 expensed in the current reporting period). All items with a cost or value less than \$5,000 are expensed as acquired. Where an asset is acquired for nominal cost, the cost is its fair value at the date of acquisition. Cost includes all expenditure that is directly attributable to the acquisition of the asset.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to VicForests and the cost of the item can be measured reliably. All other subsequent costs are expensed as incurred.

Routine maintenance, repair costs and minor renewal costs are expensed as incurred. Where the repair relates to the replacement of a component of an asset, the repair will provide future economic benefit, the cost can be measured reliably, and the cost exceeds the capitalisation threshold, the cost is capitalised and depreciated over the remaining life of the asset.

### Gross and net carrying amounts of property, plant and equipment

	Land at fair value		Buildings at fair value		Leasehold improvements at fair value		Roads and bridges at fair value		Plant and equipment at fair value		Motor vehicles at fair value		Assets under construction at cost		Total property, plant and equipment	
	2024	2023	2024	2023	2024	2023	2024	2023	2024	2023	2024	2023	2024	2023	2024	2023
Gross carrying amount	472	472	-	1,694	32	1,386	-	-	803	2,434	-	2,412	-	-	1,307	8,398
Accumulated depreciation	-	-	-	(750)	(14)	(889)	-	-	(590)	(1,853)	-	(1,269)	-	-	(604)	(4,761)
<b>Net carrying amount</b>	<b>472</b>	<b>472</b>	<b>-</b>	<b>944</b>	<b>18</b>	<b>497</b>	<b>-</b>	<b>-</b>	<b>213</b>	<b>581</b>	<b>-</b>	<b>1,143</b>	<b>-</b>	<b>-</b>	<b>703</b>	<b>3,637</b>

### Reconciliation of carrying amounts of property, plant and equipment

	Land at fair value		Buildings at fair value		Leasehold improvements at fair value		Roads and bridges at fair value		Plant and equipment at fair value		Motor vehicles at fair value		Assets under construction at cost		Total property, plant and equipment	
	2024	2023	2024	2023	2024	2023	2024	2023	2024	2023	2024	2023	2024	2023	2024	2023
<b>Opening balance</b>	<b>472</b>	<b>825</b>	<b>944</b>	<b>1,404</b>	<b>497</b>	<b>62</b>	<b>-</b>	<b>2,723</b>	<b>556</b>	<b>556</b>	<b>1,143</b>	<b>1,322</b>	<b>-</b>	<b>7</b>	<b>3,637</b>	<b>6,899</b>
Additions	-	-	-	94	-	485	-	-	11	247	-	739	-	-	11	1,565
Transfer in/(out) of assets under construction	-	-	-	-	-	7	-	-	-	-	-	-	-	(7)	-	-
Disposals	-	(323)	(420)	-	(430)	(27)	-	-	(201)	(9)	(530)	-	-	-	(1,581)	(359)
Revaluation <sup>(a)</sup>	-	-	-	-	-	-	-	(2,279)	-	-	-	-	-	-	-	(2,279)
Depreciation	-	(30)	(524)	(554)	(49)	(30)	-	(444)	(178)	(213)	(613)	(918)	-	-	(1,364)	(2,189)
<b>Closing balance</b>	<b>472</b>	<b>472</b>	<b>-</b>	<b>944</b>	<b>18</b>	<b>497</b>	<b>-</b>	<b>-</b>	<b>213</b>	<b>581</b>	<b>-</b>	<b>1,143</b>	<b>-</b>	<b>-</b>	<b>703</b>	<b>3,637</b>

Note:

(a) See Note 7.3 – Fair value determination.



### Right-of-use assets and leases

VicForests previously leased land, buildings, plant and equipment and motor vehicles, which are included under their relevant categories, as above. The lease contracts are typically made for fixed periods of 1-5 years with an option to renew the lease after that date. Lease payments for buildings are typically renegotiated every five years to reflect market rentals. All leases were terminated in the current reporting period.

VicForests has elected to not recognise right-of-use assets and lease liabilities for leases where the contract terms are 1 year or less, or the lease is of low value (less than \$10,000).

#### **Total right-of-use assets: Land, buildings, plant and equipment and motor vehicles**

The following tables are subsets of land, buildings, plant and equipment and motor vehicles for right-of-use assets.

Gross carrying amount	Land		Buildings		Plant and Equipment		Motor Vehicle		Total	
	2024	2023 <sup>(a)</sup>	2024	2023	2024	2023	2024	2023	2024	2023
<b>Opening balance</b>	-	357	1,694	1,600	-	8	2,412	2,297	4,106	4,262
Additions	-	-	-	94	-	-	-	739	-	833
Lease modifications (terminated/disposed)	-	(357)	(1,694)	-	-	(8)	(2,412)	(624)	(4,106)	(989)
<b>Closing balance</b>	-	-	-	1,694	-	-	-	2,412	-	4,106
<b>Accumulated Depreciation</b>										
<b>\$'000</b>	<b>2024</b>	<b>2023<sup>(a)</sup></b>	<b>2024</b>	<b>2023</b>	<b>2024</b>	<b>2023</b>	<b>2024</b>	<b>2023</b>	<b>2024</b>	<b>2023</b>
<b>Opening balance</b>	-	(4)	(750)	(196)	-	(7)	(1,269)	(975)	(2,019)	(1,182)
Depreciation during the year	-	-	(524)	(554)	-	-	(613)	(918)	(1,137)	(1,472)
Lease modification (terminated/disposed)	-	4	1,274	-	-	7	1,882	624	3,156	635
<b>Closing balance</b>	-	-	-	(750)	-	-	-	(1,269)	-	(2,019)
<b>Net carrying amount</b>	-	-	-	944	-	-	-	1,143	-	2,087

Note:

(a) This lease terminated early effective 28 June 2023.

**Right-of-use asset acquired by lessees – Initial measurement**

VicForests recognises a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for:

- any lease payments made at or before the commencement date less any lease incentive received; plus
- any initial direct costs incurred; and
- an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located.

**Right-of-use asset – Subsequent measurement**

The right-of-use asset is subsequently depreciated using the straight-line method from the lease commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. The estimated useful lives of right-of-use assets are determined on the same basis as those of property, plant and equipment. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

The table below describes the nature of VicForests' leasing activities by type of right-of-use asset recognised on the balance sheet.

2023 Right-of-use asset	No. of assets leased	Range of remaining term	No. of leases with renewal options	No. of leases with termination options
Land <sup>(a)</sup>	0	0 years	0	0
Buildings	5	0.08 to 3.72 years	5	5
Plant and equipment	0	0 years	0	0
Motor vehicles	81	0.02 to 3.63 years	81	81

Note:

(a) This lease terminated effective 28 June 2023.

As at 30 June 2024, there were zero assets leased.

## 4.2 Biological assets

### Reconciliation of movements in carrying amounts of biological assets

	2024 \$'000	2023 \$'000
<b>Native timber</b>		
<b>Carrying amount at beginning of period</b>	-	14,700
Decrease due to harvest amortisation	-	(1,800)
Decrease due to fair value adjustment	-	(12,900)
<b>Carrying amount at end of period</b>	-	-
<b>Plantation timber at cost</b>		
<b>Carrying amount at beginning of period</b>	1,662	1,584
Increase due to capitalisation of expenditure	103	78
<b>Carrying amount at end of period</b>	1,765	1,662
<b>Total carrying amount at end of period</b>	1,765	1,662
Biological assets measured at fair value	-	-
Biological assets measured at cost	1,765	1,662
<b>Total biological assets</b>	1,765	1,662
Represented by:		
Current	-	-
Non-current	1,765	1,662

Biological assets are measured at fair value less costs to sell, with any changes recognised in the comprehensive operating statement – 'other economic flows'. Costs to sell include all costs that would be necessary to sell the assets, including haulage and direct selling costs (See Note 7.3 – Fair value determination).

The biological assets are comprised of two assets. Productive trees in Victorian Government commercial native forests, vested to VicForests through an Allocation Order pursuant to the *Sustainable Forests (Timber) Act 2004*, are recognised as native timber, and separately VicForests is developing plantation timber.

The native timber is valued at each reporting date and is measured at fair value less costs to sell in accordance with the requirements of *AASB 13 Fair Value Measurement*. The native timber was valued at \$0 (30 June 2023: \$Nil) (See Note 7.3 – Fair value determination).

The plantation timber component comprises the costs incurred to date in establishing plantation timber, excluding the cost of any land. The plantation timber is not subject to revaluation under *AASB 13 Fair Value Measurement* until such time as the timber is available for sale. Given no plantation timber will be available for harvest in the next reporting period, all plantation timber is classified as a non-current biological asset.

### 4.3 Amortisation and depreciation expenses

#### Amortisation and depreciation expenses schedule

	2024	2023
	\$'000	\$'000
<b>Amortisation</b>		
Biological assets	-	1,800
Intangible assets	202	91
<b>Total amortisation expenses</b>	<b>202</b>	<b>1,891</b>
<b>Depreciation</b>		
Land (Leasehold)	-	30
Buildings	524	554
Leasehold improvements	49	30
Road and bridges	-	444
Plant and equipment	178	213
Motor vehicles	613	918
<b>Total depreciation expenses</b>	<b>1,364</b>	<b>2,189</b>
<b>Total amortisation and depreciation expenses</b>	<b>1,566</b>	<b>4,080</b>

#### Amortisation of biological assets

The current value of the native timber held at the prior reporting date, is fully amortised in the current reporting period.

#### Amortisation of intangible assets

All intangible assets that have finite useful lives are amortised using the straight-line method to allocate their cost or revalued amounts, net of their estimated residual values, over their estimated useful lives, commencing from the time the asset is held ready for use.

### **Depreciation**

All leasehold land, buildings, plant and equipment and other non-financial assets that have finite useful lives are depreciated. Depreciation is calculated on a straight-line basis, at rates that allocate the asset's value, less any estimated residual value, over its estimated useful life.

Leasehold improvements and right-of-use assets are depreciated over the shorter of the lease term and their useful lives. Typical estimated useful lives for the different asset classes for current and prior reporting periods are included in the table below:

<b>Asset Class</b>	<b>Useful Life (Years)</b>
Buildings	Term of leases: 1-5
Leasehold improvements	Term of leases: 1-5
Roads and permanent bridges	5-9
Plant and equipment	3-20
Motor vehicles	Term of leases: 3-4

The estimated useful lives, residual values and depreciation method are reviewed at the end of each reporting period, and adjustments are made when appropriate.

### **4.4 Impairment**

As per AASB 136 *Impairment of Assets*, VicForests assesses impairment of property, plant and equipment and intangible assets at each reporting date by evaluating conditions specific to VicForests and to the particular asset that may lead to impairment. These include judgements in relation to obsolescence or physical damage, technology, economic and political environments and future income expectations. If an impairment trigger exists, the recoverable amount of the asset is determined.

At 30 June 2024 no impairment was identified for property, plant and equipment and intangible assets (30 June 2023: \$Nil).

## 5 Other assets and liabilities

### Introduction

This section details other assets and contract liabilities that arose from VicForests' operations.

### Structure

This section includes:

- 5.1 Receivables
- 5.2 Payables
- 5.3 Other provisions
- 5.4 Inventories
- 5.5 Dividend payable
- 5.6 Taxation
- 5.7 Contract liabilities

### 5.1 Receivables

	Note	2024 \$'000	2023 \$'000
<b>Contractual receivables</b>			
Trade receivables		23	1,419
Victorian Government entities – Contractor stand-down and customer delivery shortfall compensation		-	61,943
Victorian Government entities – Other		-	1,785
<b>Subtotal – Victorian Government entities</b>	8.4	-	<b>63,728</b>
<b>Subtotal – Contractual receivables</b>		<b>23</b>	<b>65,147</b>
Provision for loss allowance on contractual receivables		-	-
<b>Net contractual receivables</b>		<b>23</b>	<b>65,147</b>
<b>Statutory receivables</b>			
Receivables due from the ATO		4	333
<b>Net statutory receivables</b>		<b>4</b>	<b>333</b>
<b>Total receivables</b>		<b>27</b>	<b>65,480</b>
Represented by:			
Current		27	65,480

Receivables comprise contractual receivables and statutory receivables.

**Contractual receivables** comprise:

- Trade receivables originating from the sale of forest products and other goods and services including penalty interest where applicable, which were billed and unpaid at reporting date.
- Receivables due from Victorian Government entities primarily arise from government reimbursement of customer delivery shortfalls compensation and harvest and haulage contractor stand-down expenses that VicForests has incurred.

Contractual receivables are recognised initially at fair value of the consideration received or receivable and subsequently measured at amortised cost, less an allowance for impaired receivables.

A range of trading terms are in place but do not normally exceed thirty days from date of invoice rendered. Special trading terms have been granted to selected customers in line with VicForests' Customer Credit Policy. VicForests trading terms allow for interest to be charged on unpaid amounts that are not settled within normal trading terms. The interest rate is the current rate prescribed as per the *Penalty Interest Rate Act 1983* or otherwise agreed. No interest is receivable on amounts due from Victorian Government entities.

Contractual receivables are classified as financial instruments as they arise from a contract (See Note 7.1 – Financial instruments specific disclosures). The carrying value of contractual receivables is equal to the fair value due to the short – term maturities of these instruments. Details about VicForests impairment policies, VicForests' exposure to credit risk and the calculation of the loss allowance are set out in Note 7.1 – Financial instruments specific disclosures.

**Statutory receivables** comprise FBT refundable, Fuel Tax Credits, and GST refundable from the ATO. These are not classified as financial instruments as they do not arise from a contract.

**5.2 Payables**

	Note	2024 \$'000	2023 \$'000
<b>Contractual</b>			
Trade and other payables		390	8,533
Customer delivery shortfalls compensation and harvest and haulage contractors' compensation		-	20,876
Victorian Government entities <sup>(a)</sup>	8.4	(63)	1,417
<b>Total contractual payables</b>		<b>327</b>	<b>30,826</b>
<b>Statutory</b>			
Payables due to the ATO		208	257
Payroll tax payable to the State Revenue Office (SRO)	8.4	-	122
<b>Total statutory payables</b>		<b>208</b>	<b>379</b>
<b>Total payables</b>		<b>535</b>	<b>31,205</b>
Represented by:			
Current		535	31,205

Note:

(a) Net refund due to VicForests.

Due to their short-term nature, payables are measured at amortised cost and are not discounted. The amounts are unsecured and are usually paid within 30 days of recognition.

Payables consist of contractual payables and statutory payables.

**Contractual payables** comprise:

- Trade and other payables originating from the purchase of goods and services which were billed and unpaid at reporting date; and
- Outstanding compensation claims payable to both customers and harvest and haulage contractors due to VicForests failure to meet contractual volume obligations.

The above figures include accrued payables whereby the goods or services have been received or obligation incurred as at reporting date, but not yet billed.

No interest is generally paid on contractual payables. However, interest may be payable at varying rates per annum if credit terms are exceeded. No interest is payable on amounts due to Victorian Government entities for purchase of supplies and services.

Contractual payables are classified as financial instruments (See Note 7.1 – Financial instruments specific disclosures), (including the maturity analysis of contractual payables).

**Statutory payables** comprise FBT payable, GST payable and PAYG withholding tax payable to the ATO, and payroll tax payable to the SRO. Statutory payables are not classified as financial instruments as they do not arise from a contract.



### 5.3 Other provisions

	2024	2023
	\$'000	\$'000
Provision for customer delivery shortfalls compensation	-	35,988
Provision for road rehabilitation	7,665	5,110
Provision for regeneration	6,280	4,280
Provision for settlement of legal costs	352	990
<b>Total other provisions</b>	<b>14,297</b>	<b>46,368</b>
Represented by:		
Current	14,297	42,074
Non-current	-	4,294

#### **Significant judgements**

Other provisions are recognised when VicForests has a present obligation, the future sacrifice of economic benefits is probable, and the amount of the provision can be measured reliably. The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at reporting date, considering the risks and uncertainties surrounding the obligation.

As such, a number of assumptions are required whereby a change in anyone of the assumptions may materially effect the overall provisions in respect of amounts or timing. Further detail is provided below, in respect of the assumptions used for each provision.

#### **Provision for customer delivery shortfalls compensation**

In the previous reporting period, VicForests was involved in several legal proceedings before the Courts which caused significant ongoing disruptions to its operations, meaning VicForests could not deliver minimum contractual timber volumes to customers as stipulated in their respective Timber Sales Agreements (TSA's). As a consequence, VicForests was contractually bound to provide compensation payments to customers.

In the current reporting period, all agreed compensation payments were paid in full. However, in the previous reporting period, whilst some compensation payments were paid in full, and others in part, some compensation amounts were still to be confirmed. In accordance with AASB 137 *Provisions, Contingent Liabilities and Contingent Assets*, in order to recognise this obligation, a provision was created based on VicForests best estimate of the amounts required to settle outstanding claims, having regard to the compensation clauses stipulated in each respective TSA.

VicForests has not provided for any other customer claims relating to the current or prior reporting reports, because management's assessment is that VicForests has discharged all its obligations in full, in respect of customer claims for those periods. Consistent with AASB 137 *Provisions, Contingent Liabilities and Contingent Assets*, no provision has been recognised at reporting date for further customer compensation claims for delivery shortfalls, arising in future reporting periods.

For the same reasons as outlined above in respect of customers, VicForests was also unable to provide minimum contractual volumes of timber for harvest and haulage contractors as stipulated in their respective harvest and haulage contracts. Consequently, VicForests was contractually bound to provide compensation payments to these contractors.

Compensation payments to all harvest and haulage contractors were paid monthly in line with these agreements, in both the prior and current reporting periods. Therefore, at reporting date no further provisions were required in respect of harvest and haulage contractor compensation.

Consistent with AASB 137 *Provisions, Contingent Liabilities and Contingent Assets*, no provision has been recognised at reporting date for further harvest and haulage compensation claims for delivery shortfalls, as all existing contracts were either terminated or novated to DEECA prior to reporting date.

### **Provision for road rehabilitation**

At the conclusion of harvesting, VicForests was obligated under the requirements of the *Code of Practice for Timber Production 2014* (as amended 2022) to rehabilitate temporary access roads (including coupe driveways) specifically constructed for the purpose of connecting roads on the Timber Haulage Network (THN) to timber harvesting areas, so that forest regeneration can occur. To recognise this obligation, a provision was created based on all the current areas of forest roads previously built that were still to be rehabilitated at reporting date, in accordance with AASB 137 *Provisions, Contingent Liabilities and Contingent Assets*.

These areas were multiplied out at the expected cost per hectare of the remaining works required to determine the amount of the provision required. Further, the expected employee costs and other overheads involved to facilitate the remaining rehabilitation works were also factored into the provision. A change in any one of the cost assumptions may materially affect the overall rehabilitation provision.

### **Provision for regeneration**

At the conclusion of harvesting, VicForests was obligated to regenerate the areas harvested under the requirements of the *Code of Practice for Timber Production 2014* (as amended 2022). To recognise this obligation, a provision was created based on all the current areas of forest for which regeneration works are still to be completed at reporting date, in accordance with AASB 137 *Provisions, Contingent Liabilities and Contingent Assets*.

These areas are multiplied out at the expected cost per hectare of the remaining works required to determine the amount of the provision required. Further, the expected employee costs and other overheads involved to facilitate the remaining rehabilitation works are also factored into the provision.

### **Significant assumptions relating to the amount or timing in relation to the regeneration provision**

The provision for regeneration is dependent on several assumptions, the major ones including:

- Seasonal weather conditions are consistent with long-term averages – weather conditions impact ability to perform regeneration, and the success of some regeneration activity.
- Suitably qualified contractors being available to undertake these works, at costs in line with the underlying assumptions.
- The need to re-treat regenerated areas in any one year due to seed failure or other events is consistent with long-term averages of 5-6%.
- An estimate for restocking is built into the cost estimates to allow for remedial works where a crop does not successfully regenerate to the required standard

A change in any one of the assumptions may materially affect the overall rehabilitation provision.

### **Provision for settlement of legal costs**

During the reporting period, VicForests was involved in several legal proceedings before the Courts. In some cases, costs were awarded against VicForests. At reporting date, the quantum of costs payable in one case was yet to be determined (30 June 2023 – five cases). To recognise this obligation, a provision has been created based on VicForests best estimate of the costs, in accordance with AASB 137 *Provisions, Contingent Liabilities and Contingent Assets*. It is expected that these costs will be settled in the next reporting period.

### **Reconciliation of movements in carrying amounts of other provisions**

	2024	2023
	\$'000	\$'000
<b>Balance at beginning of year</b>	<b>46,368</b>	<b>6,771</b>
Reductions arising from payments/other sacrifices of future economic benefits	(38,715)	(3,222)
Reductions resulting from remeasurement or settlement without cost	(2,581)	(3,636)
Additional other provisions recognised	9,225	46,455
<b>Net movement</b>	<b>(32,071)</b>	<b>39,597</b>
<b>Balance at end of year</b>	<b>14,297</b>	<b>46,368</b>

## 5.4 Inventories

	2024	2023
	\$'000	\$'000
<b>Supplies and consumables</b>		
Seed – at net realisable value	2,251	2,350
Roading materials – at net realisable value	99	148
Regeneration materials – at cost	4	28
<b>Total inventories</b>	<b>2,354</b>	<b>2,526</b>
Represented by:		
Current	2,354	2,526

VicForests collects and holds seed in order to subsequently regenerate harvested areas, or where surplus seed varieties are available, for sale to DEECA. The seed inventory was previously valued at cost assigned to seed stock quantities on hand at reporting date on a weighted average cost basis. However, commencing in the prior reporting period any seed varieties that has been deemed surplus to VicForests future regeneration requirements, or are unlikely to be required by DEECA was written down.

Roading materials in inventory comprise culvert pipes and crushed gravel that have been purchased and stockpiled for use in the construction and maintenance of forest roads, to facilitate the harvest and haulage of standing timber. These materials have previously all been valued on a weighted average cost basis. However, commencing in the prior reporting period the value of the gravel has been written down to its estimated net realisable value, based on the estimated sale price.

Regeneration materials in inventory comprise materials that have been purchased and stockpiled for use in the regeneration of previously harvested areas. These materials have been valued on a weighted average cost basis.

## 5.5 Dividend payable

VicForests pays dividends in accordance with a determination of the Treasurer of Victoria under the *State-Owned Enterprises Act 1992*. The obligation to pay a dividend arises after consultation between the VicForests' Board of Directors, the Minister for Agriculture and the Treasurer. Following this consultation process, the Treasurer makes a formal determination. Dividends declared on or before reporting date but unpaid as at reporting date are recognised as a liability.

At 30 June 2024, the Treasurer, in consultation with the Minister for Agriculture, has made no determination in relation to a dividend payable for the year ending 30 June 2024 (30 June 2023: \$Nil).

## 5.6 Taxation

Effective 1 July 2023, VicForests was deregistered from the National Tax Equivalent Regime (NTER), which is administered by the ATO. In accordance with this legislation, VicForests was required to pay to the Victorian Government Consolidated Fund amounts determined to be equivalent to the amounts that would be payable by VicForests to the Australian Government if it was subject to the *Income Tax Assessment Act 1936* (Cth) and *Income Tax Assessment Act 1997* (Cth).

\$Nil income tax payments/(receipts) have been made/(received) during the year ended 30 June 2024 (30 June 2023: \$Nil).

### Tax assets and liabilities in the balance sheet

Prior to the deregistration, deferred tax assets and liabilities were recognised for temporary differences at the tax rates expected to apply when the assets are recovered, or liabilities are settled, based on those tax rates which are enacted or substantially enacted. The relevant tax rates (30 June 2024: 30%, 30 June 2023: 30%) were applied to the cumulative amounts of deductible and taxable temporary differences to measure the deferred tax assets or liabilities.

#### Deferred tax asset

	Note	2024 \$'000	2023 \$'000
<b>Movement in amounts recognised in comprehensive operating statement</b>			
Biological timber asset		-	1,665
Customer claims provision		-	(2,532)
Lease liabilities		-	(3,057)
Legal fees – timing differences current year		-	(1,529)
Employee benefits		-	(5,325)
Over/(under) provision of prior year income tax – legal fees prior year		-	6,056
Other		-	(60)
Write off tax losses carried forward		(3,750)	-
<b>Subtotal</b>		<b>(3,750)</b>	<b>(4,782)</b>
Multiply by 30% tax rate		(1,125)	(1,435)
<b>Movements in amounts recognised in other economic flows</b>		-	<b>(16,225)</b>
Multiply by 30% tax rate	3.6	-	(4,867)
<b>Total deferred tax asset movement</b>		<b>(1,125)</b>	<b>(6,302)</b>
<b>Movements during the year</b>			
<b>Balance at beginning of year</b>		<b>1,125</b>	<b>7,427</b>
(Credited) to the net result from continuing operations		-	(3,252)
Over provision of prior year income tax		-	1,817
Write off prior year revenue losses		(1,125)	-
Subtotal – movement recognised in net result from continuing operations		(1,125)	(1,435)
Recognised in other economic flows		-	(4,867)
<b>Net movement</b>	3.6	<b>(1,125)</b>	<b>(6,302)</b>
<b>Balance at end of year</b>		<b>-</b>	<b>1,125</b>
<b>The balance comprises temporary differences attributable to:</b>			
Other		-	626
Inventories		-	499
<b>Balance at end of year</b>		<b>-</b>	<b>1,125</b>

A deferred tax asset is recognised only if it is probable that future taxable amounts will be available to utilise these temporary differences and losses. Current and deferred tax is recognised in the comprehensive operating statement.

**Deferred tax liability**

	Note	2024 \$'000	2023 \$'000
<b>Movements during the year</b>			
<b>Balance at beginning of year</b>		<b>(1,125)</b>	<b>(1,491)</b>
Biological assets		500	(24)
Other depreciating assets		625	(70)
<b>Subtotal – movement included in income tax expense</b>		<b>1,125</b>	<b>(94)</b>
Movement included in physical asset revaluation reserve	3.6	-	460
<b>Net movement</b>	<b>3.6</b>	<b>1,125</b>	<b>366</b>
<b>Balance at end of year</b>		<b>-</b>	<b>(1,125)</b>

The balance comprises temporary differences attributable to:

Biological assets		-	(500)
Other depreciating assets		-	(625)
<b>Balance at end of year</b>		<b>-</b>	<b>(1,125)</b>

**Net tax asset**

	2024 \$'000	2023 \$'000
The balance comprises:		
Deferred tax asset	-	1,125
<b>Total tax assets</b>	<b>-</b>	<b>1,125</b>
Deferred tax liability	-	(1,125)
<b>Total tax liabilities</b>	<b>-</b>	<b>(1,125)</b>
<b>Net tax asset <sup>(a)</sup></b>	<b>-</b>	<b>-</b>

Note:

(a) In 2023, a deferred tax asset has only been recognised up to the equivalent deferred tax liability balance. This is because a deferred tax asset is only recognised if it is probable that future tax amounts will be available to utilise this temporary differences.

## 5.7 Contract liabilities

Deferred Victorian Government Grants \$'000	Note	Farm forestry		Nursery		Total	
		2024	2023	2024	2023	2024	2023
<b>Opening balance</b>		<b>3,648</b>	<b>4,202</b>	<b>1,014</b>	<b>1,213</b>	<b>4,662</b>	<b>5,415</b>
Grant received		2,300	-	-	-	2,300	-
Recognised as income under AASB 15		(653)	(554)	15	(199)	(638)	(753)
Grant refunded		(5,295)	-	(1,029)	-	(6,324)	-
<b>Subtotal</b>	8.4	<b>-</b>	<b>3,648</b>	<b>-</b>	<b>1,014</b>	<b>-</b>	<b>4,662</b>
<b>Other deferred liabilities</b>		<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>446</b>
<b>Closing balance</b>		<b>-</b>	<b>3,648</b>	<b>-</b>	<b>1,014</b>	<b>-</b>	<b>5,108</b>
Represented by:							
Current						-	5,014
Non-current						-	94

VicForests received Victorian Government Grants to undertake various activities. As the funding payments were received in advance of the relevant obligation being satisfied, the funds received were initially recognised as a contract liability.

In the current reporting period, all unspent grant monies were refunded to DEECA.

## 6 Financing our operations

### Introduction

This section provides information on the sources of finance utilised by VicForests for its operations, along with interest expenses (the cost of borrowings) and other information related to financing the activities of VicForests. This section includes disclosures of balances that are financial instruments (such as borrowings and cash balances). Also see Note 7.1 – Financial instruments specific disclosures.

### Structure

This section includes:

- 6.1 Borrowings
- 6.2 Cash flow information and cash balances
- 6.3 Commitments for expenditure
- 6.4 Equity

### **6.1 Borrowings**

	Note	2024 \$'000	2023 \$'000
Loan facility – Treasury Corporation of Victoria (TCV)	8.4	-	52,700
Lease liabilities		-	2,069
<b>Total borrowings</b>		<b>-</b>	<b>54,769</b>
Represented by:			
Current		-	53,877
Non-current		-	892

Borrowings are classified as financial instruments and are initially recognised at fair value, net of transaction costs incurred. Borrowings refer to interest bearing liabilities raised through an at-call floating rate borrowing facility with the TCV, and lease liabilities. Outstanding borrowings are recorded at amortised cost using the effective interest method. The lease liabilities are associated with the right-of-use assets that are recognised under AASB 16 *Leases*.

For maturity analysis of borrowings and the interest rate risk on borrowings, see Note 7.1 – Financial instruments specific disclosures.

**Defaults and breaches:** During the current reporting period, there were no defaults and breaches of any of the borrowings (30 June 2023: \$Nil).

**Financing facilities**

VicForests, except for a working capital account and two prepaid grant accounts held with an Australian bank, is required to invest and borrow exclusively with the TCV as per the Victorian Government Centralised Treasury and Investment Policy. The amounts of financial accommodation that VicForests can obtain from the TCV is approved by the Treasurer of Victoria pursuant to the *Borrowing and Investment Powers Act 1987*. VicForests is unable to exceed the approval limits set by the Treasurer of Victoria.

	2024	2023
	\$'000	\$'000
<b>Unsecured loan facility with the TCV, payable at call</b>		
Principal drawn	-	52,700
Interest accrued	-	170
Amount unused	-	47,130
<b>Total facility</b>	<b>-</b>	<b>100,000</b>

The 2024 facility expired on 30 June 2024, and was not renewed.



## 6.2 Cash flow information and cash balances

Cash at bank comprises cash held at an Australian bank. The carrying value of cash is equal to the fair value due to its short-term maturity. For cash flow statement presentation purposes, cash and cash equivalents include bank overdrafts, which are included as current borrowings on the balance sheet, as indicated in the reconciliation below.

	2024	2023
	\$'000	\$'000
Cash and deposits – working capital	-	65
Cash and deposits – Farm forestry grant <sup>(a)</sup>	-	3,709
Cash and deposits – Nursery establishment grant <sup>(a)</sup>	-	1,025
<b>Cash and deposits balance as per balance sheet</b>	<b>-</b>	<b>4,799</b>
<b>Cash and deposits balance as per cash flow statement</b>	<b>-</b>	<b>4,799</b>

Note:

(a) As per the terms of these grants, these funds were quarantined in separate bank accounts until expenditure on these programs was incurred. In the current reporting period, any unspent grant monies were repaid to DEECA, and these two accounts were closed.

For credit quality and the interest rate risk on cash and deposits, see Note 7.1 – Financial instruments specific disclosures.

### **Reconciliation of net result from continuing operations after income tax for the year to net cash flows from operating activities**

	2024	2023
	\$'000	\$'000
<b>Net result from continuing operations after income tax for the year</b>	<b>53,015</b>	<b>(60,107)</b>
<b>Non-cash movements:</b>		
Amortisation and depreciation	1,566	4,080
Loss on revaluation of biological assets	-	12,900
Provision for (gain)/loss allowance on contractual receivables	-	(6,173)
Write-down to NRV of inventories	22	2,679
Loss on revaluation of roading assets	-	1,209
Loss on disposal of non-financial assets	621	35
(Gain) arising from revaluation of long-service leave liability	(211)	(147)
<b>(Increase)/decrease in assets:</b>		
Receivables	65,456	(48,348)
Inventories	151	1,297
Tax assets	1,125	6,302
Non-financial assets	949	-
Other non-financial assets	140	(12)
<b>Increase/(decrease) in liabilities:</b>		
Payables	(30,867)	16,362
Employee related provisions	-	144
Other provisions	(35,857)	39,597
Tax liabilities	(1,125)	(366)
Other liabilities	(5,108)	(523)
<b>Net cash inflows/(outflows) from operating activities</b>	<b>49,877</b>	<b>(31,071)</b>

### 6.3 Commitments for expenditure

Future commitments include operating and capital commitments arising from non-cancellable contracts. These commitments are disclosed at their nominal value and are inclusive of GST payable. These future commitments cease to be disclosed as commitments once the related liabilities are recognised in the balance sheet.

	Less than 1 year	1 to 5 years	Total
	\$'000	\$'000	\$'000
<b>2024 Nominal amounts</b>			
<b>Production expense commitments</b>			
Harvest and haulage services	-	-	-
Other production expense commitments	-	-	-
<b>Total Production expense commitments</b>	-	-	-
Other commitment for expenditure	-	-	-
<b>Total commitments payable (inclusive of GST)</b>	-	-	-
Less GST recoverable from the ATO	-	-	-
<b>Total commitments payable (exclusive of GST)</b>	-	-	-

	Less than 1 year	1 to 5 years	Total
	\$'000	\$'000	\$'000
<b>2023 Nominal amounts</b>			
<b>Production expense commitments</b>			
Harvest and haulage services	55,560	-	55,560
Other production expense commitments	3	-	3
<b>Total Production expense commitments</b>	<b>55,563</b>	-	<b>55,563</b>
Other commitment for expenditure	2,223	702	2,925
<b>Total commitments payable (inclusive of GST)</b>	<b>57,786</b>	<b>702</b>	<b>58,488</b>
Less GST recoverable from the ATO	(5,253)	(64)	(5,317)
<b>Total commitments payable (exclusive of GST)</b>	<b>52,533</b>	<b>638</b>	<b>53,171</b>

Further claims for customer delivery shortfall compensation may still arise for future periods, given VicForests inability to deliver minimum contractual timber volumes in respect of one remaining Timber Sales Agreement. Any potential amounts payable cannot be reliably measured at the date of this report, and as such no amounts have been recognised in the above commitments.

## 6.4 Equity

### Contribution by owners

Contributed capital represents the Victorian Government's investment in VicForests. Consistent with applicable AAS and the *Financial Management Act 1994*, transfers and appropriation for additions of net assets between VicForests and the State designated as contributed capital, are recognised as capital transactions.

### Physical asset revaluation reserve

	2024 \$'000	2023 \$'000
<b>Roads and bridges</b>		
<b>Balance at beginning of year</b>	<b>1,212</b>	<b>2,282</b>
Decrement upon revaluation	-	(1,528)
Income tax benefit on revaluation decrement	-	458
<b>Net movement</b>	<b>-</b>	<b>(1,070)</b>
<b>Balance at end of year</b>	<b>1,212</b>	<b>1,212</b>

### Revaluations

Revaluation increments or decrements arise from differences between an asset's carrying value and fair value. Revaluation increments are credited directly to equity in the physical asset revaluation reserve, net of applicable tax, except that, to the extent that an increment reverses a revaluation decrement in respect of the same asset previously recognised as an expense in determining the net result, the increment is recognised as an other economic flow in determining the net result.

Revaluation decrements are recognised immediately as an other economic flow in the net result, except that, to the extent that a credit balance exists in the physical asset revaluation reserve in respect of the same class of asset, they are debited to the physical asset revaluation reserve, net of applicable tax.

VicForests' non-financial physical assets are valued at fair value with any revaluation increments or decrements to the values of the assets recognised in the physical asset revaluation reserve, net of applicable income tax (See Note 7.3 – Fair value determination).

## 7 Risks and contingencies

### **Introduction**

VicForests is exposed to risk from its activities and outside factors. In addition, it is often necessary to make judgements and estimates associated with recognition and measurement of items in the financial statements. This section sets out financial instrument specific information, including exposures to financial risk, as well as those items which are contingent in nature or require a higher level of judgement to be applied, which for VicForests relate mainly to fair value determination.

### **Structure**

This section includes:

- 7.1 Financial instruments specific disclosures
- 7.2 Contingent assets, contingent liabilities and guarantees
- 7.3 Fair value determination

### **7.1 Financial instruments specific disclosures**

#### **Introduction**

Financial instruments arise out of contractual agreements that give rise to a financial asset of one entity and a financial liability or equity instrument of another entity. Certain financial assets and financial liabilities arise under statute rather than a contract (i.e. taxes). Such assets and liabilities do not meet the definition of financial instruments in AASB 132 *Financial Instruments: Presentation*. VicForests applies AASB 9 *Financial Instruments* and classifies all its financial assets based on the business model for managing the assets and its contractual terms.

#### **Categories of financial assets**

Financial assets are measured at amortised cost if both of the following criteria are met, and the assets are not designated as fair value through net result:

- the assets are held by VicForests to collect the contractual cash flows; and
- the assets' contractual terms give rise to cash flows that are solely payments of principal and interest.

These assets are initially recognised at fair value plus any directly attributable transaction costs and subsequently measured at amortised cost using the effective interest method less any impairment.

VicForests recognises the following assets in this category:

- cash and deposits; and
- receivables (excluding statutory receivables).

#### **Categories of financial liabilities**

Financial liabilities at amortised cost are initially recognised on the date they are originated. They are initially measured at fair value plus any directly attributable transaction costs. Subsequent to initial recognition, these financial instruments are measured at amortised cost with any difference between the initial recognised amount and the redemption value being recognised in profit and loss over the period of the interest-bearing liability, using the effective interest rate method

VicForests recognises the following liabilities in this category:

- payables (excluding statutory payables);
- borrowings; and
- lease liabilities.

**Derecognition of financial assets:**

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is derecognised when:

- the rights to receive cash flows from the asset have expired; or
- VicForests retains the right to receive cash flows from the asset, but has assumed an obligation to pay them in full without material delay to a third party under a 'pass through' arrangement; or
- VicForests has transferred its rights to receive cash flows from the asset and either:
  - has transferred substantially all the risks and rewards of the asset; or
  - has neither transferred nor retained substantially all the risks and rewards of the asset but has transferred control of the asset.

Where VicForests has neither transferred nor retained substantially all the risks and rewards or transferred control, the asset is recognised to the extent of VicForests' continuing involvement in the asset.

**Derecognition of financial liabilities**

A financial liability is derecognised when the obligation under the liability is discharged, cancelled or expired.

When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised as an 'Other economic flows' in the comprehensive operating statement.

## Financial instruments: Categorisation

	Cash and deposits \$'000	Financial assets at amortised cost \$'000	Financial liabilities at amortised cost \$'000	Total \$'000
<b>2024</b>				
<b>Contractual financial assets</b>				
Cash and deposits	-	-	-	-
Trade receivables	-	23	-	23
Trade receivables – Victorian Government entities	-	-	-	-
<b>Total contractual financial assets <sup>(a)</sup></b>	-	23	-	23
<b>Contractual financial liabilities</b>				
<b>Payables</b>				
Customer delivery shortfalls and harvest and haulage contractors' compensation	-	-	-	-
Trade and other payables	-	-	390	390
Victorian Government entities <sup>(b)</sup>	-	-	(63)	(63)
<b>Borrowings</b>				
Loan facility – TCV	-	-	-	-
Lease liabilities	-	-	-	-
<b>Total contractual financial liabilities <sup>(a)</sup></b>	-	-	327	327
<b>2023</b>				
<b>Contractual financial assets</b>				
Cash and deposits	4,799	-	-	4,799
Trade receivables	-	1,419	-	1,419
Trade receivables – Victorian Government entities	-	63,728	-	63,728
<b>Total contractual financial assets <sup>(a)</sup></b>	4,799	65,147	-	69,946
<b>Contractual financial liabilities</b>				
<b>Payables</b>				
Customer delivery shortfalls and harvest and haulage contractors' compensation	-	-	20,876	20,876
Trade and other payables	-	-	8,533	8,533
Victorian Government entities	-	-	1,417	1,417
<b>Borrowings</b>				
Loan facility – TCV	-	-	52,700	52,700
Lease liabilities	-	-	2,069	2,069
<b>Total contractual financial liabilities <sup>(a)</sup></b>	-	-	85,595	85,595

Notes:

(a) The total amounts disclosed here exclude statutory amounts (e.g. amounts owing from/to Government for indirect taxes).

(b) Net refund due to VicForests.

### Financial risk management objectives and policies

The main purpose in holding financial instruments is to prudentially manage VicForests' financial risks within the Victorian Government policy parameters. VicForests' main financial risks include credit risk, liquidity risk and market risk.

VicForests manages its financial risk in accordance with its risk management framework. The Board of Directors of VicForests has overall responsibility for the establishment and oversight of the risk management framework. The risk management framework seeks to minimise the potential adverse effects from risk on VicForests' financial performance.

Under the framework VicForests' management is responsible for identifying risks and recording them in VicForests' Risk Register. The Audit, Finance and Risk Committee (a sub-committee of the Board) is responsible for grouping the risks and developing and monitoring risk management instructions for each risk grouping. Instructions developed to identify, analyse and manage financial risk include a Customer Credit Instruction and a Treasury Management Instruction. These financial risk instructions set appropriate risk limits and controls, and the mechanism for monitoring adherence to the limits and controls. The Audit, Finance and Risk Committee oversees how senior management monitors compliance with VicForests' risk management instructions and is assisted in this task by internal audit.

### Credit risk

Credit risk arises from the contractual financial assets of VicForests, which comprises cash and deposits and non-statutory receivables. VicForests' major exposure to credit risk arises from that portion of the non-statutory receivables, due from a number of business and individual customers to whom VicForests has sold timber. Credit risk is measured at fair-value and is monitored on a regular basis.

Provision for impairment of contractual financial assets is recognised when there is objective evidence that VicForests may not be able to collect a receivable (Loss allowance 30 June 2024: \$Nil; 30 June 2023: \$Nil).

### Credit quality of financial assets

	Financial institutions (double-A credit rating) \$'000	Victorian Government agencies (double-A credit rating) \$'000	Other (un- rated) \$'000	Total \$'000
<b>2024</b>				
Cash and deposits	-	-	-	-
Contractual receivables applying the simplified approach for impairment	-	-	23	23
<b>Total contractual financial assets (a)</b>	<b>-</b>	<b>-</b>	<b>23</b>	<b>23</b>
<b>2023</b>				
Cash and deposits	4,799	-	-	4,799
Contractual receivables applying the simplified approach for impairment	-	63,728	1,419	65,147
<b>Total contractual financial assets (a)</b>	<b>4,799</b>	<b>63,728</b>	<b>1,419</b>	<b>69,946</b>

Note:

(a) The total amounts disclosed here exclude statutory amounts (e.g. amounts owing from Government for indirect taxes, if any).

**Liquidity risk**

Liquidity risk arises from being unable to meet financial obligations as they fall due. VicForests operates under the Victorian Government fair payments policy of settling financial obligations within 30 days and in the event of a dispute, making payments within 30 days from the date of resolution. VicForests is exposed to liquidity risk mainly through the financial liabilities as disclosed in the face of the balance sheet and the amounts related to financial guarantees.

VicForests manages its liquidity risk by:

- close monitoring of its short-term and long-term borrowings by senior management, including monthly reviews on current and future borrowing levels and requirements;
- maintaining an adequate level of uncommitted funds that can be drawn at short notice to meet its short-term obligations;
- careful maturity planning of its financial obligations based on forecasts of future cash flows;
- working closely with DEECA and DTF to consider and assess any additional funding requirements;
- holding a Letter of Support from the Treasurer; and
- a high credit rating for the State of Victoria (Moody's Investor Services and Standard & Poor's double-A, which assists in accessing debt market at a lower interest rate).

The carrying amount detailed in the following table of contractual financial liabilities as recorded in the financial statements, and \$115,858 (30 June 2023: \$132,935) in relation to financial guarantees granted for loans to other entities (See Note 7.2 – Contingent assets, contingent liabilities and guarantees), represents VicForests maximum exposure to liquidity risk.



**Maturity analysis of contractual financial liabilities**

	Carrying amount \$'000	Nominal amount \$'000	< 1 month \$'000	1-3 months \$'000	3 months – 1 year \$'000	1-10 years \$'000
<b>2024</b>						
<b>Payables</b>						
Customer delivery shortfalls and harvest and haulage contractor compensation	-	-	-	-	-	-
Trade and other payables	390	390	390	-	-	-
Victorian Government entities <sup>(a)</sup>	(63)	(63)	(63)	-	-	-
<b>Borrowings</b>						
Loan facility – TCV	-	-	-	-	-	-
Lease liabilities	-	-	-	-	-	-
<b>Total</b>	<b>327</b>	<b>327</b>	<b>327</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>2023</b>						
<b>Payables</b>						
Customer delivery shortfalls and harvest and haulage contractor compensation	20,876	20,876	20,876	-	-	-
Trade and other payables	8,533	8,533	8,415	118	-	-
Victorian Government entities	1,417	1,417	1,417	-	-	-
<b>Borrowings</b>						
Loan facility – TCV	52,700	52,700	52,700	-	-	-
Lease liabilities	2,069	2,069	109	211	858	891
<b>Total</b>	<b>85,595</b>	<b>85,595</b>	<b>83,517</b>	<b>329</b>	<b>858</b>	<b>891</b>

Note:

(a) Net refund due to VicForests.

**Market risk**

Market risk is the risk that changes in market prices will affect the fair value or future cash flows of financial instruments. Market risk comprises foreign exchange risk, inflationary pressures and interest rate risk. Market risk comprises foreign exchange risk, interest risk, and other price risk. VicForests has no material exposure to market risk.

**Interest rate risk**

Cash flow interest rate risk is the risk that the future cash flows of a financial instrument will fluctuate because of changes in market interest rates. VicForests has minimal exposure to cash flow

interest rate risks through cash at bank/(bank overdraft) that are at floating rate. VicForests management has concluded that the cash at bank/(bank overdraft) can be left at the floating rate without necessarily exposing VicForests to significant interest rate risk.

Interest may be applied to certain contractual receivables; the rate being per the *Penalty Interest Rate Act 1983*. The rate, whilst variable, has been 10% since 1 February 2017. The carrying amounts of financial assets and financial liabilities that are exposed to interest rates and VicForests sensitivity to interest rate risk are immaterial.

**Interest rate exposure**

	Interest rate (%) on interest bearing portion	Carrying amount \$'000	Interest rate risk sensitivity		
			Fixed interest rate \$'000	Variable interest rate \$'000	Non- interest bearing \$'000
<b>2024</b>					
<b>Financial assets</b>					
Cash and deposits		-	-	-	-
<b>Contractual receivables</b>					
Trade receivables	10.00%	23	-	23	-
Victorian Government entities		-	-	-	-
<b>Total financial assets</b>		<b>23</b>	<b>-</b>	<b>23</b>	<b>-</b>
<b>Financial liabilities</b>					
<b>Contractual payables</b>					
Customer delivery shortfalls and harvest and haulage contractors' compensation		-	-	-	-
Trade and other payables		390	-	-	390
Victorian Government entities		(63)	-	-	(63)
<b>Borrowings</b>					
Loan facility – TCV		-	-	-	-
Lease liabilities		-	-	-	-
<b>Total financial liabilities</b>		<b>327</b>	<b>-</b>	<b>-</b>	<b>327</b>
<b>2023</b>					
<b>Financial assets</b>					
Cash and deposits	4.25%	4,799	-	-	4,799
<b>Contractual receivables</b>					
Trade receivables	10.00%	1,419	-	1,419	-
Victorian Government entities		63,728	-	-	63,728
<b>Total financial assets</b>		<b>69,946</b>	<b>-</b>	<b>1,419</b>	<b>68,527</b>
<b>Financial liabilities</b>					
<b>Contractual payables</b>					
Customer delivery shortfalls and harvest and haulage contractors' compensation		20,876	-	-	20,876
Trade and other payables		8,533	-	-	8,533
Victorian Government entities		1,417	-	-	1,417
<b>Borrowings</b>					
Loan facility – TCV	4.265%	52,700	-	52,700	-
Lease liabilities	2.81%	2,069	2,069	-	-
<b>Total financial liabilities</b>		<b>85,595</b>	<b>2,069</b>	<b>52,700</b>	<b>30,826</b>

**Interest rate risk sensitivity**

	Interest rate risk sensitivity		
	Carrying amount \$'000	-100 basis points Net result \$'000	+100 basis points Net result \$'000
<b>2024</b>			
<b>Contractual financial assets</b>			
Cash and deposits	-	-	-
<b>Total impact</b>	-	-	-
<b>Contractual financial liabilities</b>			
Borrowings	-	-	-
<b>Total impact</b>	-	-	-
<b>2023</b>			
<b>Contractual financial assets</b>			
Cash and deposits	4,799	(48)	48
<b>Total impact</b>		<b>(48)</b>	<b>48</b>
<b>Contractual financial liabilities</b>			
Borrowings	52,700	(527)	527
<b>Total impact</b>		<b>(527)</b>	<b>527</b>

The above table summarises the sensitivity of VicForests' financial assets and financial liabilities to interest rate risk. It illustrates the impact on the net result of VicForests. A 100 basis points (1%) movement up (and down) in market interest rates on cash and deposits and bank overdraft has been used to show sensitivities to interest rates at both the reporting date of 30 June 2024 and the comparative year of 30 June 2023.

Whilst the above sensitivity analysis was based on the reporting date balances, it needs to be acknowledged that the balances with the bank and the TCV fluctuate within any month. The actual risk exposure could vary and might not exist for a whole month or year. The above analysis is therefore considered to be realistic and confirms that the market risk exposure is not material.

## 7.2 Contingent assets, contingent liabilities and guarantees

Contingent assets and contingent liabilities are not recognised in the balance sheet, but are disclosed by way of a note and, if quantifiable, are measured at nominal value. Contingent assets and liabilities are presented exclusive of GST receivable or payable respectively.

### Contingent assets

Contingent assets are possible assets that arise from past events, whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of VicForests.

These are classified as either quantifiable, where the potential economic benefit is known, or non-quantifiable.

**Quantifiable contingent assets:** During the year ended 30 June 2015, the Supreme Court ordered that MyEnvironment pay VicForests the sum of \$1,235,500 for legal costs following its unsuccessful litigation. This court order may be enforced during a period of 15 years. A balance of \$1,235,500 remains unpaid as at 30 June 2024 (30 June 2023: \$1,235,500). In addition, a further \$1,140,163 has accrued in penalty interest as at 30 June 2024 (30 June 2023: \$1,016,613). Legal action would likely be required to recover these amounts.

During the previous reporting period the Supreme Court ordered Binginwarri Friends of the Jack and Albert River Catchment Inc pay VicForests the sum of \$93,800 (30 June 2023: \$93,800) for legal costs following its unsuccessful litigation. In addition, a further \$12,644 has accrued in penalty interest as at 30 June 2024 (30 June 2023: \$3,264). As noted above, a court order of this nature may be enforced during a period of 15 years. To date, Binginwarri has failed to engage with VicForests on its liability. Legal action would likely be required to recover these amounts.

With the passage of the *Sustainable Forests (Timber) Repeal Act 2024*, the right to recover each of these debts was transferred to the Crown on 1 July 2024. Any future legal action to recover these amounts will be a matter for the State of Victoria.

**Non-quantifiable contingent assets:** At 30 June 2024 \$Nil (30 June 2023: \$Nil).

### **Contingent liabilities and guarantees**

Contingent liabilities are:

- possible obligations that arise from past events, whose existence will be confirmed only by the occurrence or non – occurrence of one or more uncertain future events not wholly within the control of the entity; or
- present obligations that arise from past events but are not recognised because:
  - it is not probable that an outflow of resources embodying economic benefits will be required to settle the obligations;
  - the amount of the obligations cannot be measured with sufficient reliability.

Contingent liabilities are also classified as either quantifiable or non-quantifiable.

#### **Quantifiable contingent liabilities:**

Bank guarantees issued	30 June 2024			30 June 2023		
	Government \$	Other \$	Total \$	Government \$	Other \$	Total \$
<b>Opening balance</b>	-	132,935	<b>132,935</b>	-	189,365	<b>189,365</b>
New guarantees issued	-	-	-	-	-	-
Guarantees withdrawn	-	(17,077)	<b>(17,077)</b>	-	(56,430)	<b>(56,430)</b>
<b>Closing balance</b>	-	<b>115,858</b>	<b>115,858</b>	-	<b>132,935</b>	<b>132,935</b>

VicForests has a potential obligation to pay the bank in the event the guarantees are called upon by the beneficiary of the guarantee. The existence of an obligation will be confirmed only by the occurrence of one or more uncertain future events.

**Non-quantifiable contingent liabilities:** During the current reporting period, several legal proceedings in which VicForests was the Defendant were concluded through the Courts. These cases brought by third party groups opposed to sustainable native timber harvesting were founded on claims that VicForests has or will breach its regulatory obligations flowing from the *Code of Practice for Timber Production 2014* (as amended 2022).

All the cases were based on allegations relating to obligations that are subject to the regulatory powers of the Conservation Regulator. In some instances, these cases included claims about matters that have already been investigated by the regulator.

VicForests defended these actions in accordance with the Model Litigant Guidelines for Victorian Government entities.

Given all these matters have been concluded, (except for the quantification of costs in one matter see Note 5.3 – Other provisions) there is no non-quantifiable contingent liabilities at reporting date.

### 7.3 Fair value determination

#### Significant judgements

Fair value determination requires judgement and the use of assumptions. This section discloses the most significant assumptions used in determining fair values. Changes to assumptions could have a material impact on the results and financial position of VicForests.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

Consistent with AASB 13 *Fair Value Measurement*, VicForests determines the policies and procedures for fair value measurement for financial reporting purposes for the following assets and liabilities:

- financial instruments;
- biological assets; and
- property, plant and equipment.

In addition, the fair values of other assets and liabilities that are carried at amortised cost, also need to be determined for disclosure purposes.

#### Fair value hierarchy

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy based on the lowest level input that is significant to the fair value measurement as a whole.

The levels are described below:

- Level 1 – quoted (unadjusted) market prices in active markets for identical assets or liabilities;
- Level 2 – valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable; and
- Level 3 – valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

For the purpose of fair value disclosures, VicForests has determined classes of assets and liabilities based on the nature, characteristics and risks of the assets or liability and the level of the fair value hierarchy as explained above. The fair value of each class of financial instruments approximates their carrying value as at 30 June 2024.

In addition, VicForests determines whether transfers have occurred between levels in the hierarchy by re-assessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period. There have been no transfers between levels during the reporting period.

#### **Fair value determination of biological assets – native timber**

AASB 141 *Agriculture* determines fair value as the amount which could be expected to be received from the disposal of the asset in an active and liquid market less the costs expected to be incurred in realising the proceeds of such a disposal.

The fair value of a biological asset is based on its present location and condition. If an active market exists for a biological asset in its present location and condition, the quoted price in that market is the appropriate basis for determining the fair value of that asset. Where access exists to different markets then the most relevant market is referenced.

In the event that market determined prices or values are not available for a biological asset in its present condition, the present value of the expected net cash flows from the asset, discounted at a current market determined rate is utilised to determine fair value. The expected net cash flows take into account the expected yield of the forest at harvest, expected sale prices, and expected harvesting and haulage expenses to market and incorporate possible variations in the net cash flows. (Compliant with AASB 141 *Agriculture*, regeneration expenses are excluded).

### Significant judgements relating to the biological assets valuation

Management considers the income approach to be the most appropriate valuation technique to determine the fair value of native timbers at reporting date, given there is no active market for the asset to determine the quoted price for the asset.

In the current period, management has assessed the fair value of the asset to be \$Nil (30 June 2023: \$Nil) using the same income approach as the revaluation method as consistent with previous periods. This is due to native timber harvesting having ceased in Victoria's state forest from 1 January 2024.

The net decrement to the fair value of the biological asset as a result of applying the above core assumption was recognised in the comprehensive operating statement as an Other economic flow.

### Fair value measurement hierarchy of biological assets – native timber

	Net carrying amount	Fair value measurement at end of reporting period using:		
		Level 1	Level 2	Level 3
	\$'000	\$'000	\$'000	\$'000
As at 30 June 2024	-	-	-	-
As at 30 June 2023	-	-	-	-

**Fair value measurement hierarchy of property, plant and equipment**

	Net carrying amount	Fair value measurement at end of reporting period using:		
		Level 1	Level 2	Level 3
	\$'000	\$'000	\$'000	\$'000
<b>As at 30 June 2024</b>				
Land at fair value	472	-	472	-
Buildings at fair value	-	-	-	-
Leasehold improvements at fair value	18	-	-	18
Plant and equipment at fair value	213	-	-	213
Motor vehicles at fair value	-	-	-	-
<b>Fair value total at end of year <sup>(a)</sup></b>	<b>703</b>	<b>-</b>	<b>472</b>	<b>231</b>
<b>As at 30 June 2023</b>				
Land at fair value	472	-	472	-
Buildings at fair value	944	-	-	944
Leasehold improvements at fair value	497	-	-	497
Plant and equipment at fair value	581	-	-	581
Motor vehicles at fair value	1,143	-	-	1,143
<b>Fair value total at end of year <sup>(a)</sup></b>	<b>3,637</b>	<b>-</b>	<b>472</b>	<b>3,165</b>

Note:

(a) Assets under construction (See Note 4.1 – Property, plant and equipment) are excluded as they are measured at cost.



### **Valuation of property, plant and equipment**

All property, plant and equipment are recognised initially at cost and subsequently revalued at fair value less accumulated depreciation and impairment in accordance with the requirements of FRD 103 *Non-Financial Physical Assets*. For all assets measured at fair value, the current use is considered the highest and best use.

This revaluation process occurs every five years, based upon the asset's classification under the Victorian Government Purpose Classification, but may occur more frequently if fair value assessments indicate material changes in values.

Revaluations are conducted either independently (as required under FRD 103 *Non-Financial Physical Assets*) or using management expertise and classified as a management revaluation. Any accumulated depreciation at the date of revaluation is eliminated against the gross carrying value of the asset and the net amount is restated to the revalued amount of the asset.

In accordance with FRD 103 *Non-Financial Physical Assets*, an independent revaluation of VicForests roads and permanent bridges was performed by the Valuer-General Victoria as at 30 June 2021. The assets were valued by desktop valuation due to COVID-19 restrictions at that time which meant no site inspections could be undertaken. Management has determined that a revaluation exercise for all other assets is not required as fair value and cost are considered to approximate each other.

There were no changes in valuation techniques throughout the reporting period.

- **Land**

Land is valued using the market approach, whereby assets are compared to recent comparable sales or sales of comparable assets that are considered to have nominal value. To the extent that this non-specialised land does not contain significant, unobservable adjustments, these assets are classified as Level 2 under the market approach. No valuation was performed in the current reporting period.

- **Buildings and motor vehicles**

VicForests acquires, uses and depreciates these right-of-use assets solely for their service potential and not to generate profits from their resale. The depreciation rate used reflects the lease term. The assets are returned to the lessor at the expiration of the lease term.

- **Leasehold improvements and plant and equipment**

Management has determined the fair value of leasehold improvements and plant and equipment on the basis of the current replacement cost to approximate their fair value. VicForests acquires, uses and depreciates these assets solely for their service potential and not to generate profits from their resale.

- **Roads and bridges**

Roads and bridges were previously valued at fair value using the current replacement cost (CRC) method. The CRC method has been used as the improvements are of a specialised nature, and there is no active and liquid market as the asset is rarely sold. This cost generally represents the replacement cost of the improvements to a modern equivalent standard in order to replace the service capacity of an asset after applying depreciation rates on a useful life basis. VicForests has previously undertaken a revaluation of all road assets as of 30 June 2021 in accordance with the five-year cycle that VicForests was on. Given the cessation of native harvesting in state forests from 1 January 2024, management assessment of the fair value of the road and bridge assets at 30 June 2024 was \$Nil. (30 June 2023: \$Nil). The revaluation has informed the fair value recorded within the financial statements.

## 8 Other disclosures

### Introduction

Other disclosures comprise additional material required by accounting standards or otherwise, for the understanding of these financial statements.

### Structure

This section includes:

- 8.1 Other economic flows included in net result
- 8.2 Responsible persons
- 8.3 Remuneration of executives
- 8.4 Related parties
- 8.5 Remuneration of auditors
- 8.6 Subsequent events
- 8.7 Australian Accounting Standards issued that are not yet effective

### **8.1 Other economic flows included in net result**

Other economic flows are changes in the value of an asset or liability that arise from changes in market remeasurements, and not as a result of transactions.

	2024	2023
	\$'000	\$'000
<b>(Loss) on non-financial assets</b>		
Loss on revaluation of biological assets	-	(12,900)
Loss on write down of inventories	(22)	(2,679)
Loss on revaluation of roads and bridges	-	(751)
Loss on disposal of non-financial physical and intangible assets	(621)	(35)
<b>Total (loss) on non-financial assets</b>	<b>(643)</b>	<b>(16,365)</b>
<b>(Loss) on financial instruments</b>		
Loss on financial instruments	-	(7)
<b>Total (loss) on financial instruments</b>	<b>-</b>	<b>(7)</b>
<b>Gain from other economic flows</b>		
<b>Net gain arising from revaluation of long service liability<sup>(a)</sup></b>	<b>211</b>	<b>147</b>
<b>Total other economic flows before income tax</b>	<b>(432)</b>	<b>(16,225)</b>
Income tax benefit relating to other economic flows	-	4,867
<b>Total other economic flows included in net result after income tax</b>	<b>(432)</b>	<b>(11,358)</b>

Note:

(a) Revaluation gain due to change in bond rates.

## 8.2 Responsible persons

In accordance with the Ministerial Directions issued by the Assistant Treasurer, under the *Financial Management Act 1994*, the following disclosures are made regarding responsible persons for the reporting period.

### **Names**

The responsible persons who held the positions of Minister, Directors and Accountable Officer in VicForests at any time during the reporting period were as follows:

<b>Position</b>	<b>Name</b>	<b>Date range</b>
Minister for Agriculture	The Hon Gayle Tierney MLC	1 July 2023 to 1 October 2023
Minister for Agriculture	The Hon Ros Spence	2 October 2023 to 30 June 2024
Director, Chair	Ben Hubbard	1 July 2023 to 31 March 2024
Director	Angeleen Jenkins	1 July 2023 to 31 August 2023
Director	Dr David Cochrane	1 July 2023 to 31 August 2023
Director	Dr Kim McGrath	1 July 2023 to 31 March 2024
Director (Chair – from 1 April 2024)	Phuong Tram <sup>(a)</sup>	1 December 2023 to 30 June 2024
Director	Michael Allen <sup>(a)</sup>	1 December 2023 to 30 June 2024
Director	Stephen Creaney <sup>(a)</sup>	1 December 2023 to 30 June 2024
Accountable Officer, Chief Executive Officer	Monique Dawson	1 July 2023 to 30 June 2024

Note:

(a) These 3 directors were Executive officers of DEECA or DTF.

### **Remuneration**

The total remuneration (inclusive of the payment of all accumulated leave and termination benefits) received or receivable by the Accountable Officer in connection with the management of VicForests during the reporting period was in the range \$680,000 – \$689,999 (30 June 2023: \$380,000 – \$389,999).

### 8.3 Remuneration of executives

#### Remuneration of executives

The number of executive officers, other than ministers and accountable officers, and their total remuneration during the reporting period are shown in the table below. Total annualised employee equivalents are based on the time fraction worked over the reporting period.

Remuneration comprises employee benefits in all forms of consideration paid, payable or provided by VicForests, in exchange for services rendered, and is disclosed in the following categories:

- **Short-term employee benefits** – include amounts such as salaries, paid annual and long-service leave, and sick leave, as well as non-monetary benefits such as allowances and free or subsidised goods and services;
- **Post-employment benefits** – consists of superannuation entitlements;
- **Other long-term employee benefits** – consists of long service leave provided; and
- **Termination benefits** – consists of payments in lieu of notice.

<b>Remuneration</b>	<b>2024</b>	<b>2023</b>
	<b>\$'000</b>	<b>\$'000</b>
Short-term employee benefits	806	1,111
Post-employment benefits	63	133
Other long-term employee benefits	-	31
Termination benefits	88	79
<b>Total remuneration (a)</b>	<b>957</b>	<b>1,354</b>
<b>Total number of executives during the reporting period</b>	<b>3</b>	<b>6</b>
<b>Total annualised employee equivalents (b)</b>	<b>2.30</b>	<b>5.39</b>

Notes:

(a) The total number of executive officers includes persons who meet the definition of Key Management Personnel (KMP) of VicForests under AASB 124 Related Party Disclosures and are also reported within the Related Parties note disclosure. (See Note – 8.4 Related parties).

(b) Annualised employee equivalent is based on paid working hours of 38 ordinary hours per week over the 52 weeks for a reporting period.

## 8.4 Related parties

VicForests is a wholly owned and controlled entity of the State of Victoria.

Related parties of VicForests include:

- all cabinet ministers and their close family members;
- all departments and public sector entities that are controlled and consolidated into the whole of state consolidated financial statements; and
- all key management personnel and their close family members and personal business interests (controlled entities, joint ventures and entities they have a significant influence over).

### **Significant transactions with government-related entities**

VicForests booked significant income and expenses, associated receivables, payables and borrowings and other assets/liabilities recognised with the following related parties:

	Note	2024		2023	
		Income	Receivables at 30 June	Income	Receivables at 30 June
		\$'000	\$'000	\$'000	\$'000
<b>Significant income and receivables</b>					
Department of Energy, Environment and Climate Action		176,837	-	14,982	14,018
Department of Jobs, Skills, Industry and Regions <sup>(a)(b)</sup>		-	-	148,034	49,705
Department of Treasury and Finance		396	-	194	1
Parks Victoria		3	-	-	-
Melbourne Water		-	-	983	4
<b>Total significant income and receivables</b>	<b>2.3, 5.1, 7.1</b>	<b>177,236</b>	<b>-</b>	<b>164,193</b>	<b>63,728</b>

Notes:

(a) DJSIR paid on behalf of DEECA whilst they completed the 2023 Machinery of Government (MoG) changes

(b) In addition, DJSIR paid \$2.3m in respect of Farm Forestry Grants to VicForests in 2024.

2024	Notes	Expenses	Contractual payables at 30 June	Statutory payables at 30 June	Borrowings at 30 June	Contract liabilities at 30 June	Commitments for expenditure
		\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
<b>Significant expenses and liabilities</b>							
Centre for IT Excellence (CenITex)		(765)	63 <sup>(a)</sup>	-	-	-	-
Department of Energy, Environment and Climate Action <sup>(b)</sup>		(3,228)	-	-	-	-	-
Department of Treasury and Finance		(586)	-	-	-	-	-
Melbourne Water <sup>(c)</sup>		(53)	-	-	-	-	-
State Revenue Office		(1,050)	-	-	-	-	-
Treasury Corporation of Victoria		(3,573)	-	-	-	-	-
Victorian Managed Insurance Authority		(584)	-	-	-	-	-
<b>Total significant expenses and liabilities</b>	<b>5.2, 5.7, 6.1, 7.1</b>	<b>(10,797)</b>	<b>63</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>

## Notes:

(a) Net refund due to VicForests.

(b) Includes \$2.536m in leave transfers the majority of which was accrued in prior periods. In addition to the \$3.228m above, a further \$6.324m in contract liabilities comprising unspent grant monies was refunded to DEECA.

(c) Includes \$53k for leave transfers, the majority of which was accrued in prior periods.

	Note	Expenses \$'000	Contractual payables at 30 June \$'000	Statutory payables at 30 June \$'000	Borrowings at 30 June \$'000	Contract liabilities at 30 June \$'000	Commitments for expenditure \$'000
<b>2023</b>							
<b>Significant expenses and liabilities</b>							
Centre for IT Excellence (CenITex)		(897)	(32)	-	-	-	(14)
Department of Energy, Environment and Climate Action		(1,691)	(833)	-	-	(4,662)	-
Department of Jobs, Skills, Industry and Regions		(57)	-	-	-	-	-
Department of Treasury and Finance		(235)	(62)	-	-	-	-
East Gippsland Water		(52)	(11)	-	-	-	-
Melbourne Water		(412)	(309)	-	-	-	-
State Revenue Office		(1,036)	-	(122)	-	-	-
Treasury Corporation of Victoria		(1,445)	(170)	-	(52,700)	-	-
Victorian Managed Insurance Authority		(640)	-	-	-	-	-
<b>Total significant expenses and liabilities</b>	<b>5.2, 5.7, 6.1, 7.1</b>	<b>(5,429)</b>	<b>(1,417)</b>	<b>(122)</b>	<b>(52,700)</b>	<b>(4,662)</b>	<b>(14)</b>

**Related party loss allowances on receivables expense and impaired receivables**

No expense was recognised during the year ended 30 June 2024 in respect of loss allowances on receivables due from related parties (30 June 2023: \$Nil).

### **Key management personnel (KMP)**

AASB 124 *Related Party Disclosures* defines key management personnel (KMP) as those persons with the authority and responsibility for planning, directing and controlling the activities of VicForests, directly or indirectly, i.e. those charged with decision making responsibilities.

KMP of VicForests include the Portfolio Minister, members of the VicForests Board of Directors and members of the VicForests Executive Team. KMP names and position titles are as follows:

<b>Position</b>	<b>KMP Name</b>	<b>Date range</b>
Minister for Agriculture	The Hon Gayle Tierney MLC	1 July 2023 to 1 October 2023
Minister for Agriculture	The Hon Ros Spence	2 October 2023 to 30 June 2024
Director, Chair	Ben Hubbard	1 July 2023 to 31 March 2024
Director	Angeleen Jenkins	1 July 2023 to 31 August 2023
Director	Dr David Cochrane	1 July 2023 to 31 August 2023
Director	Dr Kim McGrath	1 July 2023 to 31 March 2024
Director (Chair – from 1 April 2024)	Phuong Tram	1 December 2023 to 30 June 2024
Director	Michael Allen	1 December 2023 to 30 June 2024
Director	Stephen Creaney	1 December 2023 to 30 June 2024
Accountable Officer, Chief Executive Officer	Monique Dawson	1 July 2023 to 30 June 2024
Executive Officer, General Manager, Communications	Anna Stefanatos	1 July 2023 to 19 April 2024
Executive Officer, General Manager, Environment and Legal Services	Natalie Naylor	1 July 2023 to 21 June 2024
Executive Officer, General Manager, Organisational Performance	Jason Hellyer	1 July 2023 to 31 December 2023
Director of Technology	Ishara Kotiah	1 July 2023 to 29 September 2023
Director, Forest Management	Bill Paul	1 July 2023 to 23 June 2024
Chief Financial Officer	Stephen Gatley	1 July 2023 to 30 June 2024
Acting Director, Practices and Planning	James Gunn	1 July 2023 to 21 June 2024
Acting General Manager, Operations	Charles Stansfield	1 July 2023 to 23 June 2024
General Manager, Transformation	Barney Bodroza	8 January 2024 to 30 June 2024



### **Compensation of remuneration of key management personnel**

The compensation detail below excludes the salaries and benefits the Portfolio Minister receives. The Minister's remuneration and allowances is set by the *Parliamentary Salaries and Superannuation Act 1968* and is reported within the State's Annual Financial Report.

	<b>2024</b>	<b>2023</b>
	<b>\$'000</b>	<b>\$'000</b>
<b>Compensation of KMPs</b>		
Short-term employee benefits	2,545	2,370
Post-employment benefits	203	252
Other long-term employee benefits	6	58
Termination benefits	353	79
<b>Total compensation (a) (b) (c) (d)</b>	<b>3,107</b>	<b>2,759</b>

Notes:

- (a) The accountable officer's remuneration has also been reported in Note 8.2 – Responsible persons.
- (b) The executives' remuneration has also been reported in Note 8.3 – Remuneration of executives.
- (c) The remuneration of non-executive employees acting in KMP roles, is disclosed from the commencement of the acting arrangement.
- (d) Barney Bodroza was on secondment, from DEECA at DEECA's cost. .

### **Transactions and balances with KMP and other related parties**

Outside of normal citizen type transactions with the Victorian public sector, the following related party transactions, exclusive of GST, that involved KMPs were incurred:

	2024	2023
	\$'000	\$'000
<b>Transactions with KMP related parties</b>		
Anne Geary, Executive Officer (Resigned from VicForests 31 December 2022), was a director of Wood Products Victoria Ltd (Resigned 6 February 2023) to which VicForests paid membership levies	-	10
Anna Stefanatos, Executive Officer was appointed 27 February 2023 as a director of Wood Products Victoria Ltd to which VicForests paid membership levies	10	10
<b>Total transaction with KMP related parties</b>	<b>10</b>	<b>20</b>

No provision has been required, nor any expense recognised, for impairment of receivables from KMPs or their related parties.

### **Loans with KMPs**

There have been no loans entered into during or since the end of the reporting period to or from KMPs.

### **8.5 Remuneration of auditors**

	Note	2024	2023
		\$'000	\$'000
<b>Victorian Auditor-General's Office (VAGO)</b>			
Audit or review of the financial statements	3.5	94	95
<b>Total amount</b>		<b>94</b>	<b>95</b>

### **8.6 Subsequent events**

Following the passing of the *Sustainable Forests (Timber) Repeal Act 2024*, VicForests ceased to exist from 1 July 2024, with the assets and liabilities at that date transferred to the Crown. The State of Victoria as represented by the Department of Energy, Environment and Climate Action (DEECA) assumed these rights and obligations from 1 July 2024.

In accordance with FRD119 *Transfers Through Contributed Capital*, the transfer of all assets and liabilities to DEECA is recognised as a direct adjustment to equity and designated as Contributions by Owners.

- The transfer took effect on 1 July 2024, reallocating all VicForests' assets and liabilities to DEECA.
- There was no change in the carrying amounts of assets or liabilities between 30 June 2024 (reporting date), and 1 July 2024 (being the date of abolishment of VicForests).
- The carrying amount are disclosed in the Balance Sheet as at 30 June 2024 included in these financial statements.

From 1 July 2024, Mr John Bradley – Secretary and Accountable Officer of DEECA, became responsible for the preparation and declaration of these financial statements.

### **8.7 Australian Accounting Standards issued that are not yet effective**

Certain new and revised accounting standards have been issued but are not effective for the 2023-24 reporting period. None of these standards are applicable to VicForests.

## Appendix 1: Disclosure index

The annual report of VicForests is prepared in accordance with all relevant Victorian legislations and pronouncements. This index has been prepared to facilitate identification of VicForests' compliance with statutory disclosure requirements.

Legislation	Requirement	Page reference
<b>Standing Directions (SDs) and Financial Reporting Directions (FRDs)</b>		
<b>Report of operations</b>		
<b>Charter and purpose</b>		
FRD 22	Manner of establishment and the relevant Ministers	6, 41
FRD 22	Purpose, functions, powers and duties	6
FRD 8	VicForests' objectives, indicators and outputs	6
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<b>Management and structure</b>		
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FRD 8	Performance against output performance measures	4-5, 20-21
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FRD 22	Application and operation of the <i>Public Interest Disclosures Act 2012</i>	30
FRD 22	Compliance with building and maintenance provisions of <i>Building Act 1993</i>	30
FRD 22	Details of consultancies over \$10,000	28
FRD 22	Details of consultancies under \$10,000	28
FRD 22	Disclosure of government advertising expenditure	27
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<b>Legislation</b>	<b>Requirement</b>	<b>Page reference</b>
<b>Compliance attestation and declaration</b>		
SD 5.4.1	Attestation for compliance with Ministerial Standing Direction	31
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<b>Financial statements</b>		
<b>Declaration</b>		
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<b>Other requirements under Standing Directions 5.2</b>		
SD 5.2.1(a)	Compliance with Australian accounting standards and other authoritative pronouncements	42
SD 5.2.1(a)	Compliance with Standing Directions	41
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<b>Other disclosures as required by FRDs in notes to the financial statements</b>		
FRD 11	Disclosure of Ex-Gratia Expenses	N/A
FRD 21	Disclosures of Responsible Persons, Executive Officers and other Personnel (Contractors with Significant Management Responsibilities) in the Financial Report	94-95
FRD 103	Non-Financial Physical Assets	53-59, 65
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<b>Legislation requiring a specific disclosure statement</b>		
	<i>Building Act 1993</i>	30
	<i>Financial Management Act 1994</i>	31
	<i>Freedom of Information Act 1982</i>	29-30
	<i>Local Jobs Act 2003</i>	27
	<i>Public Interest Disclosures Act 2012</i>	30
<b>Other legislation VicForests is subject to includes:</b>		
	<i>Aboriginal and Torres Strait Islander Heritage Protection Act 1984 (Cth)</i>	
	<i>Aboriginal Heritage Act 2006</i>	
	<i>Accident Compensation Act 1985</i>	
	<i>Australian Consumer Law and Fair Trading Act 2012</i>	
	<i>Borrowing and Investment Powers Act 1987</i>	
	<i>Catchment and Land Protection Act 1994</i>	
	<i>Competition and Consumer Act 2010 (Cth)</i>	
	<i>Conservation, Forests and Lands Act 1987</i>	
	<i>Corporations Act 2001 (Cth)</i>	
	<i>Crown Land (Reserve) Act 1978</i>	

**Other legislation VicForests is subject to includes:**

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*Emergency Management Act 2013*

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*Environment Protection Act 2017*

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*Environment, Protection and Biodiversity Conservation Act 1999 (Cth)*

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*Fair Work Act 2009 (Cth)*

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*Flora and Fauna Guarantee Act 1988*

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*Forests Act 1958*

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*Forests (Wood Pulp Agreement) Act 1996*

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*Gender Equality Act 2020*

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*Health Records Act 2001*

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*Health Records Act 2012 (Cth)*

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*Income Tax Assessment Act 1936 (Cth)*

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*Income Tax Assessment Act 1997 (Cth)*

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*Independent Broad-Based Anti-Corruption Commission Act 2011*

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*Long Service Leave Act 2018*

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*Multicultural Victoria Act 2004*

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*Native Title Act 1993 (Cth)*

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*Occupational Health and Safety Act 2004*

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*Owner Drivers and Forestry Contractors Act 2005*

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*Parliamentary Budget Officer Act 2017*

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*Payroll Tax Act 2007*

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*Penalty Interest Rate Act 1983*

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*Personal Property Securities Act 2009 (Cth)*

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*Privacy and Data Protection Act 2014*

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*Public Administration Act 2004*

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*Public Health and Wellbeing Act 2008 (Authorising Provision of the Pandemic (Workplace) Orders and the Pandemic (Public Safety) Order 2022)*

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*Public Records Act 1973*

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*Regional Forests Agreement Act 2002 (Cth)*

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*Road Management Act 2004*

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*Road Safety Act 1986*

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*State Owned Enterprises Act 1992*

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*Superannuation Guarantee (Administration) Act 1992 (Cth)*

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*Superannuation Industry (Supervision) Act 1993*

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*Sustainable Forests (Timber) Act 2004*

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*Sustainable Forests (Timber) Repeal Act 2024*

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*Traditional Owner Settlement Act 2010*

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*Wildlife Act 1975*

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*Workplace Injury Rehabilitation and Compensation Act 2013*

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## Table of Acronyms

Acronym	Definition
AAS	Australian Accounting Standards
AASB	Australian Accounting Standards Board
ATO	Australian Taxation Office
Code	Code of Practice of Timber Production 2014 (as amended 2022)
CRC	Current Replacement Cost
DEECA	Department of Energy, Environment and Climate Action
DELWP	Department of Environment, Land, Water and Planning
DJPR	Department of Jobs, Precincts and Regions
DJSIR	Department of Jobs, Skills, Industry and Regions
DTF	Department of Treasury and Finance
FBT	Fringe Benefits Tax
FFMVic	Forest Fire Management Victoria
FMA	Financial Management Act 1994
FoI	Freedom of Information
FoLP	Friends of Leadbeater's Possum Inc
FRD	Financial Reporting Direction
FRN	Forest Road Network
FTE	Full-time Equivalent
FVLCTS	Fair value less costs to sell
GST	Goods and Services Tax
IBAC	Independent Broad-Based Anti-Corruption Commission

Acronym	Definition
ICT	Information and Communication Technology
KMP	Key Management Personnel
LBP	Leadbeater's possum
LIDAR	Light Detection and Ranging
LIDP	Local Industry Development Plan
LSL	Long Service Leave
MoG	Machinery of Government
NRV	Net Realisable Value
NTER	National Tax Equivalent Regime
OHS	Occupational Health and Safety
OCR	The Office of the Conservation Regulator
OVIC	Office of the Victorian Information Commissioner
RAP	Reconciliation Action Plan
RFA	Regional Forest Agreement
SD	Standing Direction
SRO	State Revenue Office
TCV	Treasury Corporation of Victoria
THN	Timber Haulage Network
VAGO	Victorian Auditor-General's Office
VIPP	Victorian Industry Participation Policy



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