

New Zealand Forest Industry Safety Council Trust

Performance Report

for the year ended 31 December 2021

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Entity Information

Independent Forestry Safety Review in 2014 delivered a range of recommendations including the creation of a pan-industry body to spearhead injury prevention activities. With the backing of industry, government and unions, New Zealand Forest Industry Safety Council Trust (also known as and further referred to as FISC) was set up.

Settlers of the Trust: The New Zealand Forest Owners Association Incorporated ('FOA') and The New Zealand Farm Forestry Association Incorporated ('NZFFA'), and the Founding Trustees: Warwick Foran of Wellington, General Manager at Crown Forestry, Ian Jackson of Canterbury, NZFFA President, Robert Reid of Auckland, General Secretary of FIRST Union Incorporated, Kevin Ihaka of Whangarei, Managing Director of FPS Forestry, Brian Neil Thomas of Dunedin, Director of ForestSafe Limited, Lee William Edmonds of Rotorua, Director of Tuakiri Limited, and Kirstie Hewlett of Wellington, General Manager Strategy and Stakeholder Engagement of WorkSafe New Zealand have agreed to establish a trust for charitable purposes. FISC was incorporated on 30 July 2015 under the Charitable Trusts Act 1957.

Registration Number 2629711

The mission of FISC is to reduce the rates of injuries and deaths in the New Zealand plantation forest sector, with an ultimate goal of eliminating serious injuries and deaths in the sector.

FISC is administered by the Council comprising the Trustees. The Council shall be comprised of no less than six and no more than 15 Trustees representing WorkSafe NZ (WSNZ), Accident Compensation Corporation (ACC), First Union Incorporated, Forest Industry Contractors Association Incorporated, FOA, NZFFA, worker representatives that work in the New Zealand plantation forest industry, one person to represent the interests of iwi having interests in the forest industry and include an Independent Chair.

This organisation was founded on two key principles to greatly strengthen its effectiveness – collaboration and leadership.

FISC developed an initial three-year work programme that reflected the recommendations in the Review and the requirements of the new Health and Safety at Work Act. It focused on leadership, communication, competency, health and safety reforms and performance management. A subsequent three year tranche of work has been developed to continue this work with the sector.

The entity uses a mix of government funding through ACC and WorkSafe and commodity levy (harvested wood material) administered by the Forest Growers Levy Trust. Funding is provided pursuant to funding agreements that detail an annually approved work programme, deliverables and due dates.

FISC overall programme is approved by the FISC Council. It is developed with the help of an Operational Advisory Group (OAG), which includes representatives from forestry companies, contractors, WorkSafe, First Union, independent forestry workers and industry training organisation Competenz.

Technical Action Groups (TAGs) are set up to implement project work as required, again made up of representatives from our key stakeholders. FISC is reliant on partnerships with workers, industry and government as the work programme is being delivered in close consultation with the industry and stakeholders.

NZ Forest Industry Safety Council Trust

Statement of Service Performance

as at 31 December 2021

Description of the Entity's Outcomes

The overall industry objective is zero fatalities and serious harm: Together towards zero.

There is a real opportunity to work in partnership and embrace the new H&S legislation as a way to think differently about achieving safe outcomes.

FISC will work with our stakeholders to provide appropriate support, tools and resources to empower the industry to achieve this objective. In delivering our objective we will also improve the overall public image of the forestry industry and raise the industry profile as an employer, and career, of choice.

Description of the Entity's Outputs

Target area

Developing H&S Leadership via a cross Industry Supply Chain.

Achievements

- A series of case studies were developed that reflect the industry shift to doing "better work".
- Engagement with the Business Leaders Health and Safety forum and continued interactions with Forestry CEO's.
- Frontline Leadership and Team Up training developed and delivered to 617 participants since 2019.
- KYND app continues to help workers with their health, and the industry to aggregate health statistics. This included the distribution of 560 health cards in 2021.
- The forestry industry was severely impacted by Covid-19, in terms of both the supply chain disruption and the NZ lockdown. Covid-19 resulted in the FISC NSD, communications and other resources being redirected into developing industry safe working protocols in conjunction with the Ministry of Primary Industries. These protocols were endorsed by WorkSafe and directly led to forestry harvesting, silviculture and activities being able to resume immediately under Level 3 restrictions.

Develop and Leverage effective Industry Communication.

- Safetree website was further developed as a connector to forest workers and industry - 3,357 registrations for the National Safety Director updates and 3,003 Facebook followers.
- Tailgate meeting cards were delivered to 166 frontline crew in 2021. The daily debrief leadership resource was developed and released to the Safetree website.
- Delivered four regional workshops in 2021: Te Araroa (11 March), Waikato/Tokoroa (21-22 July), Far North/Awanui (3-4 August), and Gisborne (13-16 December).
- Continue to monitor MBIE's Plant, Structures and Working at Heights Health and Safety Regulatory Review.

NZ Forest Industry Safety Council Trust

Statement of Service Performance

as at 31 December 2021

Industry H&S Governance and
Performance Management

- Industry quarterly performance dashboard published on Safetree.
- Industry incident database produced four reports of incidents.

Capability Development -
People, processes and systems

- Safetree professional forest workers certification increased to 423.
- Safetree contractor certification increased to 285 companies (an increase of 183 since 2018), with 185 currently moving towards certification. A significant industry led review of Certification was undertaken in 2021 with a new business case being accepted by the FISC Council for implementation in 2022.

Industry H&S Reform is led
and informed by Good
Practice and Learning

- There were 3 industry stories (case studies) developed highlighting industry best practice.

NZ Forest Industry Safety Council Trust

Statement of Financial Performance

for the year ended 31 December 2021


| | Note | Actual the year ended 31 December 2021 | Budget the year ended 31 December 2021 | Actual the year ended 31 December 2020 |
|---|------|--|--|--|
| Revenue | 1 | | | |
| Forest Industry funding | | 804,586 | 789,224 | 685,843 |
| Government funding | | 875,759 | 1,280,041 | 720,571 |
| Interest | | 1,100 | 1,920 | 3,040 |
| Other | | 0 | 0 | 10,000 |
| Total Revenue | | 1,681,445 | 2,071,185 | 1,419,454 |
| Expenses | | | | |
| Costs related to providing goods and services | 2 | 1,142,148 | 1,474,402 | 888,841 |
| Administration and overhead costs | 2 | 110,137 | 137,152 | 94,872 |
| Employee related costs | | 427,790 | 454,800 | 433,411 |
| Total Expenses | | 1,680,074 | 2,066,354 | 1,417,124 |
| Surplus/(Deficit) for the period | | 1,371 | 4,831 | 2,330 |
| Income tax | 8 | 1,208 | 0 | 1,427 |
| Surplus/(Deficit) after tax | | 163 | 4,831 | 903 |


NZ Forest Industry Safety Council Trust

Statement of Financial Position

as at 31 December 2021

| | Note | Actual 2021 \$ | Actual 2020 \$ |
|--|------|----------------------|----------------------|
| ASSETS | | | |
| Current Assets | | | |
| Bank Accounts & Cash | | 862,079 | 617,980 |
| Debtors | | 70,523 | 55,083 |
| Prepayments | | 112,862 | 11,223 |
| Total Current Assets | | 1,045,464 | 684,286 |
| Non-Current Assets | | | |
| Property, Plant & Equipment | 3 | 876 | 998 |
| Total Non-Current Assets | | 876 | 998 |
| Total ASSETS | | 1,046,340 | 685,284 |
| LIABILITIES | | | |
| Current Liabilities | | | |
| Creditors & Accrued Expenses | | 231,076 | 113,656 |
| Income Received in Advance | | 792,383 | 548,504 |
| Employee Costs Payable | | 17,861 | 18,266 |
| Total Current Liabilities | | 1,041,320 | 680,426 |
| Total LIABILITIES | | 1,041,320 | 680,426 |
| Total Assets less Total Liabilities | | 5,020 | 4,858 |
| Accumulated Funds | | | |
| Accumulated surplus (deficit) | | 5,010 | 4,848 |
| Capital contributed by Settlers | | 10 | 10 |
| Total Accumulated Funds | | 5,020 | 4,858 |


 Simon O'Grady
 Chair of Trustees
 15 March 2022


 Fiona Ewing
 National Safety Director
 15 March 2022

NZ Forest Industry Safety Council Trust

Statement of Cash Flows

for the year ended 31 December 2021

| | for the year ended 31 December 2021 | the year ended 31 December 2020 |
|---|---|------------------------------------|
| Cash Flows from Operating Activities | | |
| Cash was received from: | | |
| Forest Industry Funding | 786,899 | 775,535 |
| Other funding | 1,123,600 | 981,160 |
| Net GST | 0 | 0 |
| Cash was applied to: | | |
| Payments to suppliers and employees | 1,658,480 | 1,472,737 |
| Net GST | 8,914 | 2,942 |
| Net cash flows from operating activities | 243,105 | 281,016 |
| Cash Flows from Investing and Financing Activities | | |
| Cash was received from: | | |
| Interest | 994 | 3,470 |
| Cash was applied to: | | |
| Payments to acquire property, plant and equipment | 0 | 0 |
| Net Cash from Investing and Financing Activities | 994 | 3,470 |
| Net increase/(Decrease) in Cash | 244,099 | 284,486 |
| Opening Cash | 617,980 | 333,494 |
| Closing Cash | 862,079 | 617,980 |
| This is represented by: | | |
| Bank Accounts and Cash | 862,079 | 617,980 |

NZ Forest Industry Safety Council Trust

Statement of Accounting Policies

for the year ended 31 December 2021

Basis of Preparation

The entity has elected to apply PBE SFR-A (NFP) Public Benefit Entity Simple Format Reporting - Accrual (not-For-Profit) on the basis that it does not have public accountability and has total annual expenses of equal to or less than \$2,000,000. All transactions in the Performance Report are reported using the accrual basis of accounting. All amounts are presented in NZ dollars and rounded to the nearest dollar.

The Performance Report is prepared under the assumption that the entity will continue to operate in the foreseeable future. Commodity levy funding is approved annually and 2022 funding has been secured. FOA, in its absolute discretion and with approval from Forest Growers Levy Trust's board, may advance FISC further amounts from the next year's Annual Levy Budget to satisfy any shortfall or address any negative equity position, as applicable, either in whole or in part.

Goods and Services Tax (GST)

FISC is registered for GST. All amounts are recorded exclusive of GST, except for Debtors and Creditors which are stated inclusive of GST.

Bank Accounts and Cash

Bank Accounts and Cash in the Statement of Cash Flows comprise cash balances and bank balances.

Property, Plant and Equipment

Property, Plant and Equipment is measured at cost less accumulated depreciation and accumulated impairment losses (if any).

Debtors

Debtors are measured at the amount owed less any amounts that are impaired.

Changes in Accounting Policies

There have been no changes in accounting policies during the financial year.

Comparative Information

Comparative information for the work-streams is shown according to the general headings only. The projects within the work-streams are not comparable year by year. Once a project is implemented, the ongoing costs are reported as running costs of health and safety systems and applications.

NZ Forest Industry Safety Council Trust

Statement of Accounting Policies

for the year ended 31 December 2021

Revenue

Revenue is recognised to the extent that it is probable that the economic benefit will flow to the entity and revenue can be reliably measured.

Revenue is measured at the fair value of the consideration received. The following specific recognition criteria must be met before revenue is recognised.

Forest Industry Funding and Government Funding are recognised in the month costs related to providing goods and services are incurred. Additional funding is regularly received to cover Administration, Overhead and Employee related costs and are recognised when received as those costs are being incurred regularly as well.

Interest revenue is recognised as it accrues, using the effective interest method.

NZ Forest Industry Safety Council Trust

Notes to the Performance Report

for the year ended 31 December 2021

| Analysis | | for the year ended 31 December 2021 | the year ended 31 December 2020 |
|------------------------------------|--|---|------------------------------------|
| Note 1. Analysis of Revenue | | | |
| Forest Industry Funding | New Zealand Forest Owners Association (FOA) is contracted by Forest Growers Levy Trust Inc. to manage the levy funded Work Programme. Health and Safety forms a part of the levy funded Work Programme. Since formation of FISC, FISC is responsible for delivery of the health and safety section of the Work Programme and receives levy funding to do that. | 804,586 | 685,843 |
| Government Funding | WorkSafe, ACC and MPI provide further project funding to supplement industry funding on a business case basis. | | |
| | ACC funding | 378,109 | 156,712 |
| | WorkSafe funding | 407,650 | 563,859 |
| | MPI funding | 90,000 | 0 |
| Interest | Bank interest | 1,100 | 3,040 |
| Other | Conference contribution | 0 | 10,000 |
| | Re-imbursement of office costs | 0 | 0 |
| | Total Revenue | 1,681,445 | 1,419,453 |

NZ Forest Industry Safety Council Trust

Notes to the Performance Report

for the year ended 31 December 2021

| Analysis | for | |
|----------|------------------------------------|------------------------------------|
| | the year ended 31 December 2021 | the year ended 31 December 2020 |

Note 2. Analysis of Expenses

Costs related to providing goods and services TAGs in charge of implementing each of the five work-streams (comparative figures for the work-streams are shown according to the general headings only):

| | | |
|--|------------------|----------------|
| Leadership | 32,845 | 157,162 |
| Engagement | 499,173 | 353,779 |
| Performance Management | 5,975 | 10,675 |
| Competency | 246,464 | 107,683 |
| Health and Safety Reform | 127,540 | 14,179 |
| Overall programme management | 94,305 | 93,980 |
| Total TAG costs | 1,006,303 | 737,457 |
| Running costs for health and safety systems and applications | 113,297 | 127,050 |

| | | |
|--|------------------|----------------|
| Travel costs related to providing goods and services (travel costs for OAG and Council members are included under Administration and overhead costs) | 22,548 | 24,334 |
| Total costs related to providing goods and services | 1,142,148 | 888,841 |

Administration and overhead costs

| | | |
|--|----------------|---------------|
| Council | 40,254 | 27,722 |
| Operations Advisory Group (OAG) | 10,258 | 12,496 |
| Communications | 10,380 | 16,257 |
| Other office costs | 49,244 | 38,397 |
| Total Administration and Overhead Costs | 110,137 | 94,872 |

NZ Forest Industry Safety Council Trust

Notes to the Performance Report

for the year ended 31 December 2021

Note 3. Property, Plant and Equipment

At 31 December 2021

| Asset Class | Opening Carrying Amount | Purchases | Sales/Disposals | Current Year Depreciation and Impairment | Closing Carrying Amount |
|-----------------------------------|-------------------------|-----------|-----------------|--|-------------------------|
| Computers (incl software) | 0 | 0 | 0 | 0 | 0 |
| Office equipment (incl furniture) | 998 | 0 | 0 | 122 | 876 |
| Total property, plant & equipment | 998 | 0 | 0 | 122 | 876 |

At 31 December 2020

| Asset Class | Opening Carrying Amount | Purchases | Sales/Disposals | Current Year Depreciation and Impairment | Closing Carrying Amount |
|-----------------------------------|-------------------------|-----------|-----------------|--|-------------------------|
| Computers (incl software) | 0 | 0 | 0 | 0 | 0 |
| Office equipment (incl furniture) | 1,120 | 0 | 0 | 122 | 998 |
| Total property, plant & equipment | 1,120 | 0 | 0 | 122 | 998 |

Computers (including software) are depreciated on a straight-line basis at the rate of 40%.
Office equipment is depreciated on a straight-line basis at the rate of 8.5% & 10.5%.

Note 4. Goods and Services in Kind Provided to the Entity

FOA staff is provided to support FISC with office management and accounting services.

Note 5. Commitments and Contingencies

There are no commitments as at balance date. (2020: nil)

There are no contingent liabilities or guarantees as at balance date. (2020: Nil)

NZ Forest Industry Safety Council Trust

Notes to the Performance Report

for the year ended 31 December 2021

Note 6. Related Party Transactions

FOA, FGLT and FISC have members of key management personnel in common. FISC manages the Health & Safety section of the Work Programme approved by the Forest Growers Levy Trust Board. During the year FISC received funding for projects of \$230,544 from FGLT and funding to cover its administrative expenses of \$574,042 from FGLT. The funding amount outstanding as accounts receivable at year end was \$70,405 from FGLT.

FOA staff is provided in kind to support FISC with office management and accounting services.

In November 2017 FISC relocated its offices to Level 9, The Terrace where FOA is the main tenant. During the year FOA charged FISC for rent and related occupancy expenses \$17,376 in cost recovery. All expenditure incurred has been repaid by FISC except for the amount of \$1,569 outstanding as accounts payable at year end.

Note 7. Covid-19

The impact of Covid-19 could potentially have an impact beyond the control of the FISC Board. The government have stated, due to the level of vaccinations in NZ, further lockdowns are not envisaged, but cannot be completely ruled out. Under the traffic light system, forestry can operate at all levels, which compares favorably with the previous system where forestry was not allowed to operate at level 4.

This financial year saw a lockdown, which affected the levy income during that period. Both lockdowns, 2020 and 2021, have shown that forestry can recover quite quickly once the lockdown is lifted. It should be noted the forestry sector could be negatively affected by a lockdown in China. FISC has income received in advance that in the short to medium term can keep the project work going.

FISC receives funding from three sources - FGLT, ACC and WorkSafe. Contracts with ACC and WorkSafe are in place through to 30 June 2022. FGLT has agreed funding for 2022 and in the event they are forced to reduce their funding, FISC would likely manage any reduction in funding by reducing expenses. FGLT do have reserves that can also be drawn on.

Due to these factors, the Council considers that FISC is a going concern and the financial statements have been prepared on that basis.

| Note 8. Income Tax | 2021 | 2020 |
|---------------------------------------|-------------|-------------|
| Taxable Income/(loss carried forward) | 3,661 | 4,325 |
| Taxation @ 33% | 1,208 | 1,427 |

Note 9. Credit facilities

At balance date FISC had BNZ visa business cards available for its use. The limit on this facility is \$20,000. This was not fully utilised at balance date.

