

New Zealand Forest Industry Safety Council Trust

Performance Report

for the year ended 31 December 2019

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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 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 WSNZ and commodity levy (harvested wood material) through FOA. Funding is provided pursuant to funding agreements that detail 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, WorkSafe, First Union, independent forestry workers and industry training organisation Competenz.

Technical Action Groups (TAGs) have been set up to implement project work with each of the five work-streams, again made up of representatives from our key stakeholders.

FISC is reliant on partnership with workers, industry and government as the work programme is being delivered in close consultation with the industry and stakeholders including WorkSafe. Industry representatives are involved at all levels of work – from being council members to participating in the Technical Action Groups.

NZ Forest Industry Safety Council Trust

Statement of Service Performance

as at 31 December 2019

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

- Growing our Safety Culture tool further developed with 967 people having participated since its launch in 2018. In 2019 553 people joined the programme.
- 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 by The Learning Wave to 268 participants.
- Safetree conference 2019 in Christchurch had 150 industry participants.
- KYND app developed to help workers with their health, and the industry to aggregate health statistics.

Develop and Leverage effective Industry Communication.

- Safetree website was further developed as a connector to forest workers and industry - 3751 registrations for the National Safety Director updates and 2192 Facebook followers.
- Tailgate meeting cards developed for frontline crew. 274 distributed in 2019.
- There were 6 Regional Workshops attended by 85 participants. Focus on worker health and good business practices.
- Delivered Safetree certification information to 111 participants on the MPI Forestry Workforce Roadshow.
- Participated in 4 regional forestry industry gatherings with 40 participants.
- High level industry communications plan developed to improve industry engagement.
- Submission to MBIE's Plant, Structures and Working at Heights Health and Safety Regulatory Review.

Industry H&S Governance and Performance Management

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

NZ Forest Industry Safety Council Trust

Statement of Service Performance

as at 31 December 2019

Capability Development -
People, processes and systems

- Safetree professional forest workers certification increased to 326.
- Safetree contractor certification increased to 193 companies (an increase of 101 since 2018), with 187 currently moving towards certification.

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 2019

	Note	Actual the year ended 31 December 2019	Budget the year ended 31 December 2019	Actual the year ended 31 December 2018
Revenue	1			
Forest Industry funding		899,834	1,000,000	747,002
Government funding		380,761	248,000	512,692
Interest		485	0	24
Other		0	0	266
Total Revenue		1,281,080	1,248,000	1,259,984
Expenses				
Costs related to providing goods and services	2	860,476	781,250	886,822
Administration and overhead costs	2	134,736	135,900	150,104
Employee related costs		284,153	306,010	218,977
Total Expenses		1,279,366	1,223,160	1,255,903
Surplus/(Deficit) for the period		1,714	24,840	4,081
Income tax	8	879	0	1,745
Surplus/(Deficit) after tax		835	24,840	2,335

NZ Forest Industry Safety Council Trust

Statement of Financial Position

as at 31 December 2019

	Note	Actual 2019 \$	Actual 2018 \$
ASSETS			
Current Assets			
Bank Accounts & Cash		333,494	5,113
Debtors		189,621	42,069
Prepayments		28,869	26,377
Total Current Assets		551,984	73,559
Non-Current Assets			
Property, Plant & Equipment	3	1,120	667
Total Non-Current Assets		1,120	667
Total ASSETS		553,104	74,227
LIABILITIES			
Current Liabilities			
Creditors & Accrued Expenses		212,187	64,684
Income Received in Advance		325,919	0
Employee Costs Payable		11,042	6,422
Total Current Liabilities		549,148	71,106
Total LIABILITIES		549,148	71,106
Total Assets less Total Liabilities		3,956	3,121
Accumulated Funds			
Accumulated surplus (deficit)		3,946	3,111
Capital contributed by Settlers		10	10
Total Accumulated Funds		3,956	3,121



Alison Paterson
Chair of Trustees
29 April 2020



Fiona Ewing
National Safety Director
29 April 2020

NZ Forest Industry Safety Council Trust

Statement of Cash Flows

for the year ended 31 December 2019

	for the year ended 31 December 2019	the year ended 31 December 2018
Cash Flows from Operating Activities		
Cash was received from:		
Forest Industry Funding	799,889	740,267
Other funding	660,013	567,347
Net GST	23,005	2,535
Cash was applied to:		
Payments to suppliers and employees	1,154,023	1,306,238
Net cash flows from operating activities	328,883	3,910
Cash Flows from Investing and Financing Activities		
Cash was received from:		
Interest	42	24
Cash was applied to:		
Payments to acquire property, plant and equipment	544	724
Net Cash from Investing and Financing Activities	-502	-700
Net increase/(Decrease) in Cash	328,381	3,210
Opening Cash	5,113	1,903
Closing Cash	333,494	5,113
This is represented by:		
Bank Accounts and Cash	333,494	5,113

NZ Forest Industry Safety Council Trust

Statement of Accounting Policies

for the year ended 31 December 2019

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 2020 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 2019

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 2019

Analysis	for	
	the year ended 31 December 2019	the year ended 31 December 2018

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 through FOA.	899,834	747,002
Government Funding	WorkSafe and ACC provide further project funding to supplement industry funding on a business case basis.		
	ACC funding	244,892	440,852
	WorkSafe funding	135,869	71,840
Interest	Bank interest	485	24
Other	Income from training	0	266
	Re-imburement of office costs	0	0
	Total Revenue	1,281,080	1,259,984

NZ Forest Industry Safety Council Trust

Notes to the Performance Report

for the year ended 31 December 2019

Analysis	for the year ended 31 December 2019	the year ended 31 December 2018
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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	174,404	87,122
Engagement	55,189	305,426
Performance Management	55,000	110,010
Competency	157,395	158,350
Health and Safety Reform	189,425	17,500
Overall programme management	50,109	39,299
Total TAG costs	681,521	717,707

Running costs for health and safety systems and applications	143,594	133,952
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Travel costs related to providing goods and services (travel costs for OAG and Council members are included under Administration and overhead costs)	35,361	35,164
Total costs related to providing goods and services	860,476	886,822

Administration and overhead costs

Council	43,266	43,121
Operations Advisory Group (OAG)	21,088	17,308
Communications	7,715	12,195
Other office costs	62,667	77,481
Total Administration and Overhead Costs	134,736	150,104

NZ Forest Industry Safety Council Trust

Notes to the Performance Report

for the year ended 31 December 2019

Note 3. Property, Plant and Equipment

At 31 December 2019

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)	667	544	0	91	1,120
Total property, plant & equipment	667	544	0	91	1,120

At 31 December 2018

Asset Class	Opening Carrying Amount	Purchases	Sales/Disposals	Current Year Depreciation and Impairment	Closing Carrying Amount
Computers (incl software)	459	0	0	459	0
Office equipment (incl furniture)	0	724	0	57	667
Total property, plant & equipment	459	724	0	516	667

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. (2018 \$9,034)

There are no contingent liabilities or guarantees as at balance date. (2018: Nil)

NZ Forest Industry Safety Council Trust

Notes to the Performance Report

for the year ended 31 December 2019

Note 6. Related Party Transactions

FOA and FISC have members of key management personnel in common. FISC manages the Health & Safety section of the Work Programme approved by Forest Growers Levy Trust Board. During the year FISC funding from FOA includes \$360,670 for projects and \$539,163 to cover its administrative expenses. The funding amount \$61,211 was outstanding as accounts receivable at year end.

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 \$15,909 in cost recovery. All expenditure incurred has been repaid by FISC except for the amount of \$1,680 outstanding as accounts payable at year end.

Note 7. Events after the Balance Date

At the reporting date a number of cases of a new virus, COVID-19 (which is also known as Coronavirus), had been reported in the Wuhan province of China. This did not impact FISC and consequently the financial statements for the current period are not impacted by COVID-19.

Subsequent to the reporting date, COVID-19 was declared a pandemic by the World Health Organisation. The result of this pandemic has been a substantial reduction in economic activity throughout the world. At the time of signing these financial statements, the New Zealand Government has ordered that all non-essential businesses cease trading for at least four weeks. Forestry companies and FISC are not considered essential businesses and consequently our physical office is closed. FISC staff continue to work from home, however two projects which involve face to face contact with industry stakeholders have been deferred.

FISC receives funding from three sources - the Forest Growers Levy Trust ("FGLT"), ACC and WorkSafe. All three funders have confirmed that the level of funding committed to for the 2020 financial year will not be impacted upon by the COVID-19 pandemic. However, it is anticipated that COVID-19 will impact the revenue of forestry companies and that consequently the revenues of FGLT and the funding provided to FISC by FGLT in the 2021 calendar year may be reduced. FISC will likely be able to manage any reduction in funding by reducing expenses. In addition, the FGLT Board has contingency measures in place to ensure that the work it supports continues. Due to these factors, the Council considers that FISC is a going concern and the financial statements have been prepared on that basis. (2018: Nil)

Note 8. Income Tax	2019	2018
Taxable Income/(loss carried forward)	2,663	5,290
Taxation @ 33%	879	1,745

Note 9. Credit facilities

At balance date FISC had BNZ visa business card available for its use. The limit on this facility is \$10,000. This was not fully utilised at balance date.

INDEPENDENT ASSURANCE PRACTITIONER'S REVIEW REPORT

To the Trustees of New Zealand Forest Industry Safety Council Trust ("the Trust")

We have reviewed the accompanying performance report of the New Zealand Forest Industry Safety Council Trust, which comprise the entity information and statement of financial position as at 31 December 2019, the statement of service performance, the statement of financial performance, and the statement of cash flows for the year ended 31 December 2019, and the statement of accounting policies and other explanatory information.

Trustee's Responsibility for the Performance Report

The Trustee is responsible on behalf of the entity for:

- a) Identifying outcomes and outputs, and quantifying the outputs to the extent practicable, that are relevant, reliable, comparable and understandable, to report in the statement of service performance;
- b) the preparation and fair presentation of the performance report on behalf of the Trust which comprises:
 - the entity information;
 - the statement of service performance; and
 - the statement of financial performance, statement of financial position, statement of cash flows, statement of accounting policies and notes to the performance reportin accordance with Public Benefit Entity Simple Format Reporting - Accrual (Not-For-Profit) issued by the New Zealand Accounting Standards Board, and
- c) for such internal control as the Trustee determine is necessary to enable the preparation of the performance report that is free from material misstatement, whether due to fraud or error.

Emphasis of Matter - Subsequent event

We draw attention to Note 7 to the performance report, which describes the impact of the COVID-19 outbreak on the Trust. Our opinion is not modified in respect of this matter.

Assurance Practitioner's Responsibility

Our responsibility is to express a conclusion on the performance report. We conducted our review of the statement of financial performance, statement of financial position, statement of cash flows, statement of accounting policies and notes to the performance report in accordance with International Standard on Review Engagements (New Zealand) (ISRE (NZ)) 2400 (Revised) *Review of Historical Financial Statements Performed by an Assurance Practitioner who is not the Auditor of the Entity*, and the review of the entity information and the statement of service performance in accordance with the International Standard on Assurance Engagements (New Zealand) (ISAE (NZ) 3000 (Revised)). Those standards require us to conclude whether anything has come to our attention that causes us to believe that the performance report, taken as a whole, is not prepared in all material respects in accordance with the Public Benefit Entity Simple Format Reporting - Accrual (Not-For-Profit). Those standards also require that we comply with ethical requirements.

A review of the performance report in accordance with ISRE (NZ) 2400 (Revised) and ISAE (NZ) 3000 (Revised) is a limited assurance engagement. The assurance practitioner performs procedures, primarily consisting of making enquiries of management and others within the entity, as appropriate, and applying analytical procedures, and evaluates the evidence obtained.

The procedures selected depend on our judgement, including the areas identified where a material misstatement is likely to arise and includes performing procedures to obtain evidence and evaluating whether the reported outcomes and outputs, and quantification of the outputs to the extent practicable, are relevant, reliable, comparable and understandable.

The procedures performed in a review are substantially less than those performed in an audit conducted in accordance with International Standards on Auditing (New Zealand) and ISAE (NZ) 3000 (Revised). Accordingly, we do not express an audit opinion on the performance report.

Other than in our capacity as assurance practitioner we have no relationship with, or interests in, the Trust.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that:

- a) the reported outcomes and outputs, and quantification of the outputs to the extent practicable, are not suitable;
- b) the performance report does not present fairly, in all material respects,
 - the entity information for the year ended 31 December 2019
 - the service performance for the year then ended; and
 - the financial position of the Trust as at 31 December 2019, and its financial performance and cash flows for the year then ended.

in accordance with Public Benefit Entity Simple Format Reporting - Accrual (Not-For-Profit) issued by the New Zealand Accounting Standards Board.

Our review was completed on 29 April 2020 and our conclusion is expressed as at that date.

BDO Wellington Audit Limited

BDO Wellington Audit Limited
Wellington
New Zealand
29 April 2020