

ICANZ release exposure draft of accounting standard for forestry

In April, the Institute of Chartered Accountants of New Zealand (ICANZ) released Exposure Draft ED-90 Agriculture. The proposed new Financial Reporting Standard deals with the accounting treatment and financial statement disclosures related to agricultural activity – including forestry. The draft draws heavily on the International Accounting Standards Board (IASB) accounting standard IAS 41 Agriculture and also has similarities to the Australian standard AASB 1037/AAS 35 Self-Generating and Regenerating Assets.

Some features of the standard:

- Assets to be measured at fair value less estimated sale costs;
- Fair value to be determined as the quoted price in the market if an active market exists;
- When market-determined prices or values are not available for an asset in its present condition, the fair value is determined as the present value of expected net cash flows from the asset, discounted at a current market-determined pre-tax rate;
- An entity does not include any cash flows for financing the assets, taxation or re-establishing the assets after harvest (e.g. the cost of replanting trees in a

plantation after harvest);

- Costs may sometimes approximate fair value (e.g. the initial growth in a 30-year pine plantation production cycle);
- A gain or loss arising from changes in the value of assets must be included in the statement of financial performance in the period in which it arises;
- Entities encouraged to separately disclose changes in value due to physical changes and price changes.

The standard, when finalised, is likely to have a major impact on forest accounting in New Zealand. The NZIF Forest Valuation Working Party will be reviewing the draft and making a submission on behalf of the Institute – obviously we are concerned that the accounting standard articulates with the NZIF Forest Valuation Standards. Members are invited to send their comments about ED-90 to:

Bruce Manley, Convenor, NZIF Forest Valuation Working Party (b.manley@fore.canterbury.ac.nz).

Interested members can download the Exposure Draft from the ICANZ web-site (www.icanz.co.nz). Submissions to ICANZ close on 31 July.

New group raising Otago/Southland's forest products profile

The Otago Southland Forest Industries Profile launched in March aims to encourage and promote sustainable economic development of the forest products industry in these regions.

The Profile, believed to be the first of its kind for the region, has identified that wood flows will continue to increase to 2020. While the region's processing industry has increased capacity to meet this growing wood harvest, there are niche opportunities for further processing and manufacturing. This initiative is seen as a catalyst to enhance awareness of potential opportunities, both nationally and internationally for forestry within the region.

The Otago Southland Forest Products Group is a unique grouping in New Zealand. Set up in 2001, OSFPG acts on a number of common issues impeding forestry development in the region and to improve communication between the forest products industry, national and regional interest groups and the local community. Membership includes major forest owners, larger wood processing and manufacturing companies, port authorities for Otago and Southland and economic development agencies of local Councils. Altogether this group represents some 90 000 hectares of planted production forests with an annual harvest of some 1.3 million cubic metres, well-developed international export infrastructures and supportive local government offices.

Local companies fund this independent industry group. The Industry Profile and other activities are

guided by the local forest products industry. Further projects initiated by OSFPG include developing a methodology to accurately assess the quantity and quality of the wood resource within the region, particularly the private forest estate; and to improve the public perception of forestry within the region. Further information can be obtained from Matthew Hitchings, Chairperson OSFPG, Blue Mountain Lumber at (03) 204 8444; email: m.hitchings@bluemountain.co.nz.

Five-yearly Reviews

The following have applied to have their five-yearly consultant review:

Julian Kohn
Don Hammond
Jim Park
Mike Marren
Robin Webster
Mike Colley
Ian Wallace
Lindsay Vaughan

**The Registrar, NZIF Registration Board,
PO Box 1860, WHANGAREI**