

Credit at Forestry Corporation

Fact sheet

Forestry Corporation offers credit to approved customers. Credit terms are often included in contracts and customers should refer to their contract as the primary source of information on how credit relates to their account.

The Forestry Corporation Credit Policy will help new or existing customers by providing a flexible range of options allowing customers and State Forestry Corporation of NSW to negotiate the most suitable option.

This fact sheet is a summary of the Credit Policy. It is general information and does not override any contract.

What are the credit categories?

Forestry Corporation has four credit categories:

- Category 1 – Unsecured credit
- Category 2 – Partially secured credit (cash security bond / term deposit/ bank guarantee)
- Category 3 – Fully secured credit (cash security bond / term deposit/ bank guarantee)
- Category 4 – No credit – payment in advance prior to delivery or service provided.

How are credit applications assessed?

Forestry Corporation will evaluate applications for credit based on evaluation criteria including:

- Nature of the contract being a Wood Supply Agreement (WSA) or a sales agreement
- Payment history

- Estimated annual sales forecast
- Independent credit assessment (applies for Category, 1, 2 & 3)

Specific evaluation criteria will vary according to the credit category you are applying for.

When is a credit assessment required?

Customer who wish to apply or progress to an unsecured, partially secured or fully secured credit arrangement will require an independent credit assessment.

The process may involve Forestry Corporation engaging a third party to gather key financial information that points towards a customer's ability to service the debt level indicated. Key items considered may include profitability; gearing and repayment capability; interest coverage; and liquidity and cashflow, creditor exposure and activity, industry position.

A customer's credit grading will be reassessed periodically or if circumstances change.

Customers who prefer to deal with Forestry Corporation on payment in advance terms or provide 100% of their set credit limit determined by annual sales forecast and agreement, will not require a credit assessment.



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What security is suitable for Forestry Corporation and how will the security level be worked out?

Security is required for Category 2 and 3. The forms of security acceptable include:

- Bank guarantee
- Security bonds from acceptable financial institutions
- Cash deposits

The security level will be based on the estimated maximum value of two months of trade or terms stipulated in sales agreement.

What are Forestry Corporation payment terms?

Customers have a duty to let Forestry Corporation know of any changes in their circumstances. This may include changes in partnership arrangements or restructure activities. Unsecured or partially secured credit customers may need to supply financial statements periodically for independent review or financials accessed provided to the public.

What if FCNSW refuses my credits application?

Forestry Corporation is not obliged legally or otherwise to extend credit to its customers. If credit terms are not extended, Category 4 would apply with payment in advance prior to delivery or service provided.

For more information

Contact your local sales manager or the Forestry Corporation Credit Controller: **02 9407 4231**

Email: accountsreceivable@fcnsw.com.au

