

## Achievements 1998-99

DPI Forestry achieved an operating **profit** (earnings before interest, tax and timber revaluation) of \$15.9m, up 15% on 1997-98.

**Returns** to Queensland in the form of dividends, debt servicing and tax from the year's trading were \$17m.

In accordance with its **Enterprise Agreement**, DPI Forestry staff made excellent progress towards achieving productivity improvements, worth \$10m by the end of the agreement next year.

DPI Forestry supplied more than 80% of the **log timber** used by Queensland's timber processing industry, comprising:

- 1.42m m<sup>3</sup> of **plantation** timber (down 6% on 1997-98); and
- 383 000 m<sup>3</sup> of **native forest** timber (about the same as 1997-98).

**Quarry** material sales, largely supporting infrastructure development projects throughout Queensland, were up 2% on 1997-98 to 2.05m m<sup>3</sup>.

To replace harvested plantation trees and provide for future **timber supplies**, DPI Forestry planted 4691 ha of timber plantations, a 21% increase on the 1997-98 figure.

DPI Forestry supported Queensland Government processes to develop a **Regional Forest Agreement** for native forests in south-east Queensland by providing scientifically based forest-resource information to government, community and industry stakeholders. Consistent with an Interim Forest Management Agreement protecting conservation options pending development of the RFA, DPI Forestry maintained timber supplies to affected native forest sawmills to avoid mill closures and job losses.

Good progress was made towards enhancing DPI Forestry's **Environmental Management System** for independent certification to ISO 14001 Standard by 2000. Certification will assist DPI Forestry's timber processing customers towards eco-labelling of their products and maintain competitive advantages, particularly in export markets.

During 1998-99, DPI Forestry and the timber industry formed **the Araucaria Australia Group Inc.** to manage a market development program aimed at re-positioning hoop pine as a premium timber species in domestic and export markets.

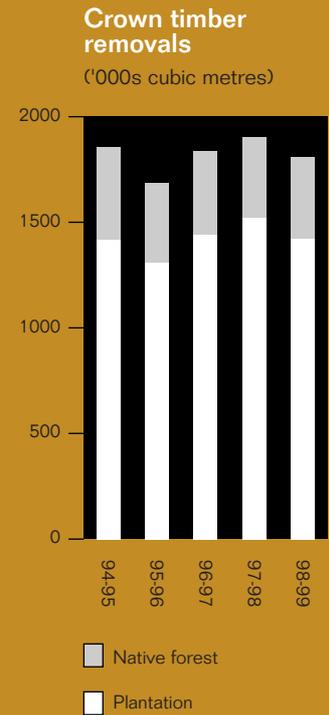
In partnership with Birkdale Nursery, DPI Forestry's Queensland Forestry Research Institute (QFRI) was selected by the Royal Botanic Gardens (Sydney) to undertake the worldwide commercialisation of **Wollemi pine**, a rare primitive tree discovered 150 km north-west of Sydney in 1994. This project is expected to generate 50 jobs and has the potential to be a significant export earner.

DPI Forestry's Queensland Forestry Research Institute undertook **cooperative research and development projects** with industry and other research bodies, including projects to underpin private forestry-based plantation hardwoods and to improve timber processing technology and value adding.

# Performance Summary

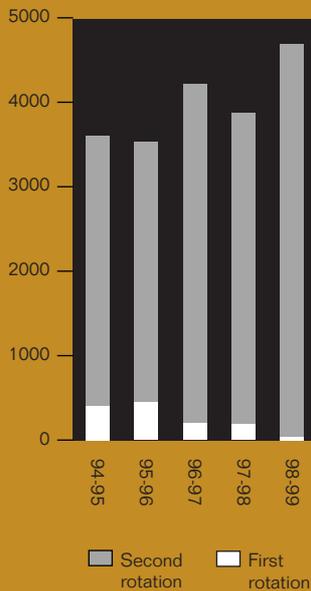
Financial summary	95-96	96-96	96-96	96-96
Operating revenue	\$85m	\$86m	\$84.5m	<b>\$83.4m</b>
Earnings before interest, tax and timber revaluation (EBITR)	\$17.6m	\$16.9m	\$13.8m	<b>\$15.9m</b>
Profit after tax	\$9.3m	\$7.8m	\$5.5m	<b>\$9.8m</b>
Profit (EBITR) margin on sales	20.7%	19.6%	16.3%	<b>19.1%</b>
Return on assets	10%	6.5%	(12.3%)*	<b>6.5%</b>
Dividend	\$9m	\$5.1m	\$3.9m	<b>\$4.6m</b>
Debt to equity ratio	7.6%	7.9%	8.8%	<b>7.8%</b>
Interest on borrowings	\$8.3m	\$9m	\$8.2m	<b>\$6.1m</b>
Interest cover ratio	2.1	1.9	1.7	<b>2.6</b>
Current ratio	1.3	1.1	1.2	<b>1.8</b>
Revenue per employee (full-time equivalents)	\$89,771	\$89,062	\$89,262	<b>\$91,456</b>

\* Reflects a net reduction in the value of plantation growing timber owing to temporary price discounts on hoop pine sales introduced during the year to enhance industry competitiveness.



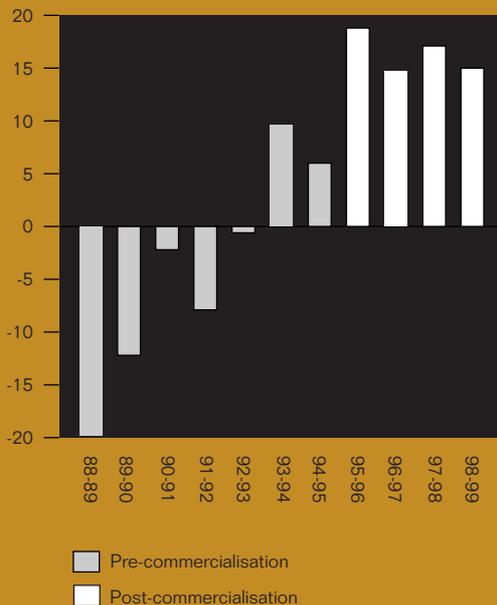
### DPI Forestry plantation establishment

(hectares)



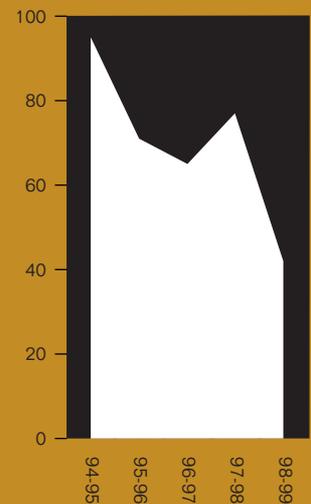
### Net cash flow from Crown forest production

(millions of dollars)



### Employee safety - Lost time injuries

(number of injuries)



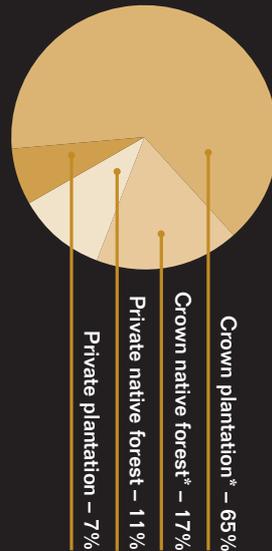
Note. DPI Forestry established as a commercial entity on 1 July 1995.

## Executive Director's Report



DPI Forestry Executive Director Ron Beck

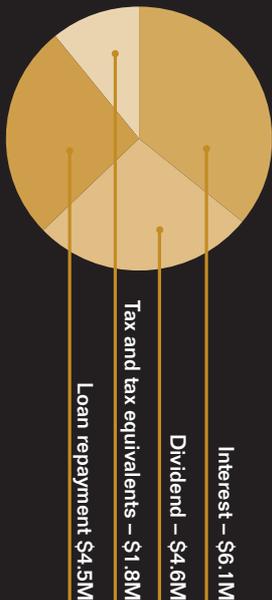
### Queensland forest production



State total – 2.2m m<sup>3</sup>

\* DPI Forestry

### Returns to State from commercial operations



Total \$17M

Queensland's forest and timber industry experienced significant challenges during 1998-99, including strong competition in timber markets, uncertainty about future timber supplies from some State-owned native forests and protracted wet weather affecting forest production in many areas of the State.

As the State's principal forest grower, DPI Forestry worked closely with the timber industry and other stakeholders to keep timber supplies flowing to customers, while seeking to position Queensland's forest and timber industry for strong growth and increased competitiveness. Significant advances were made towards:

- developing the State's plantation resource base;
- increasing forest production efficiency to underpin an internationally competitive processing sector;
- enhancing timber marketing arrangements;
- further improving the environmental integrity of forest production activities; and
- applying DPI Forestry's scientifically based forestry expertise to increase profitability across the industry.

DPI Forestry aims to significantly expand coastal exotic pine plantations in south-east Queensland and north Queensland through the purchase of suitable privately owned land and through joint ventures with private sector partners. DPI Forestry reviewed a range of land-purchase options for plantation expansion during the year, commencing negotiations for acquisition next year of significant areas of land to augment the existing 178 000 ha of State-owned plantation estate. In June 1999, DPI Forestry entered into a landmark joint venture with Allied Timber Products Pty Ltd, of Burpengary, to establish a

187 ha exotic pine plantation at Beerburrum. Under the joint venture, the timber resource will be shared by the parties, based on each party's financial input.

To help meet industry demand for timber, DPI Forestry offered for sale about 124 000 m<sup>3</sup> of uncommitted log timber from plantations in the Tuan-Toolara area, between Gympie and Maryborough. This allowed local timber processors to maintain or raise their existing levels of operation, assisting economies of scale and therefore competitiveness, and delivering economic and employment benefits. DPI Forestry also sold significant quantities of log timber from plantations in the Byfield area, near Rockhampton, for processing at Maryborough and in the central coast area. Significant volumes of pulpwood were also sold, to be chipped in-field and transported to Gladstone for export.

DPI Forestry released a discussion paper on possible future timber supply arrangements to meet strong industry demand for State-owned plantation exotic pine timber resources in south-east Queensland. Based on consultation with industry, DPI Forestry expects to recommend a revised policy to the Minister in the 1999-2000 financial year for allocating this major exotic pine resource.

In recent years, increased competition from imported radiata pine in traditional hoop pine markets (for mouldings, furniture timber and boards) has significantly challenged Queensland's hoop pine processing industry. To help restore industry competitiveness, DPI Forestry and the timber industry formed the Araucaria Australia Group Inc. (AAG). The group will manage a market research and development program, and has pursued a number of key marketing initiatives. These include a marketing plan to re-position hoop pine as a premium timber species in domestic and export markets; a market-focused research and development plan for the hoop pine processing industry; and an industry tour of China and Japan to gain an insight into market requirements and opportunities.



Caribbean pine (*Pinus caribaea*) plantation viewed from DPI Forestry's Abergowrie fire observation platform (Ingham forestry district). Many advances in plantation resource development were made during 1998-99.

Research Overseer Nick Kelly works on pollination control at the Wongabel Clonal Seed Orchard (Atherton forestry district). The seed orchard provides for DPI Forestry's northern hoop pine planting programs from stock derived from north Queensland and Papua New Guinea.



To support State Government processes to develop a Regional Forest Agreement for State-owned native forests in south-east Queensland, DPI Forestry supplied scientifically based information on timber resources and forest management. At the same time, DPI Forestry maintained timber supplies to affected native forest sawmills in the region to avoid mill closures and job losses. This was done in accordance with the amended Interim Forest Management Agreement protecting conservation options, pending finalisation of the RFA early in 1999-2000.

Security of access to State-owned native cypress pine resources was a key issue for sawmillers and communities in south-west Queensland. By year's end, DPI Forestry was close to finalising arrangements to support a commitment by the Minister for Primary Industries to offer 15-year wood-supply agreements to the industry.

Both in Australia and overseas, forest growers and timber processors have experienced difficult trading conditions over the last couple of years brought about by ongoing pressure for efficiency reform in both growing and conversion sectors; reduced demand for timber products, owing to the Asian economic crisis; and increased competition in domestic markets.

These competitive pressures have significantly affected DPI Forestry and its timber processing customers. This has been exacerbated by the relatively low levels of dwelling construction over the last three years in Queensland, which has largely missed the building recovery experienced in southern States.

Despite these market pressures, DPI Forestry's earnings before interest and tax (EBIT) were up 15% on the 1997-98 figure to \$15.9m. The improved profit result is largely attributable to effective cost control across all operational areas. In accordance with DPI Forestry's Commercialisation Charter, a scheduled review of its capital structure was finalised in cooperation with Queensland Treasury and independent auditors. As a result, DPI Forestry will retain its existing capital structure, which includes borrowings from the Queensland Treasury Corporation (QTC) of \$76m. However, from July

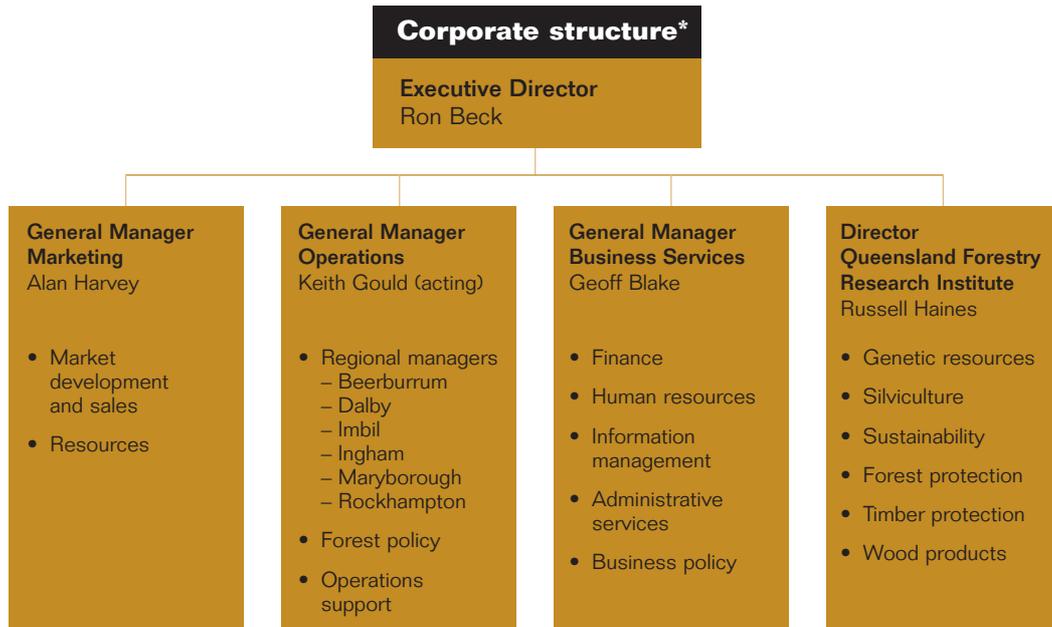


**Native Forest Resources Overseer Arthur Johnson measures a turpentine (*Syncarpia glomulifera*) log in State Forest 194 (Atherton forestry district).**

1999 to June 2001, a temporary interest-only regime (with no principal repayments) will be applied to this debt. This will reduce DPI Forestry's annual debt servicing outlays by more than \$4m, facilitating planned investment, particularly to expand coastal exotic pine plantations, and securing its cash position in an uncertain operating environment.

As another outcome of the review, the dividend payable to the State Government for 1998-99, was set at \$4.6m, or 50% of profit after tax, less the QFleet dividend for vehicle hire. The dividend will be paid in equal instalments in November 1999 and May 2000. Returns to the State as dividends, debt servicing and tax equivalents from the year's trading are expected to total \$17m.

Each year, DPI Forestry supplies more than 80% of the log timber used by Queensland's timber processing industry. As such, the timber industry relies on DPI Forestry's ability to produce and sell timber, efficiently and competitively. To enhance its commercial focus and production efficiency,

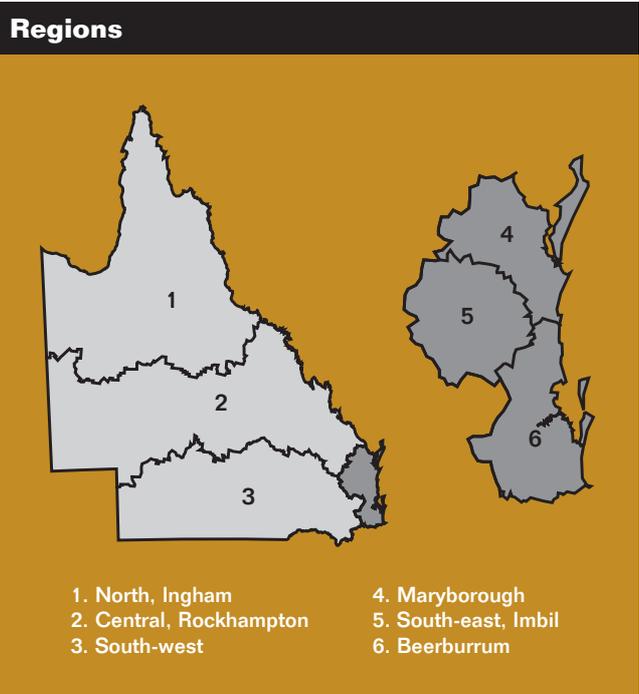


\* Effective from 1 July, 1999.

DPI Forestry instigated a major review of its management practices in plantation establishment and maintenance, road construction and maintenance, research and development, and business support activities. The review resulted in significant efficiency improvements in 1998-99, with increased savings expected to flow over the next few years.

DPI Forestry's Enterprise Agreement is also providing a strong basis for continuous performance improvement in collaboration with staff. Excellent progress was made towards achieving productivity improvements totalling \$10m by the end of the agreement next year. Under a program to develop a commercial customer service culture in the organisation, DPI Forestry surveyed its customers to identify current satisfaction levels and how customer service can be improved. As a result, a more commercially oriented customer service policy will be introduced in 1999-2000, supported by customer service improvement initiatives.

During the year, organisational changes were made to further separate commercial activities from industry development functions within the Department of Primary Industries. In particular, the Forest Industries Development Division – whose role encompasses private forestry and industry development – was transferred to the DPI's Agriculture Industry Development Group, in August 1998. DPI Forestry also streamlined its internal organisational structures to enable more effective and efficient coordination of research and development, silvicultural and marketing policy development, and field operations.



Gravelling a section of Dalrymple Road in Abergowrie State Forest (Ingham forestry district). DPI Forestry undertook a review of its road practices during 1998-99, including road construction and maintenance, to improve productivity.





Senior Extension Entomologist Dr Judy King counts bark beetles (*Hyberdrectonus piniorus*) in hoop pine (*Araucaria cunninghamii*) trash.

Through its Queensland Forestry Research Institute, DPI Forestry continued cooperative research and development programs with Queensland's timber industry to improve the quality and competitiveness of Queensland's timber products. QFRI's research into timber grading, gluing, moisture content, and joint and drying design contributed to the successful launch of a new range of high-quality furniture products using native hardwood. In a project for the Department of Natural Resources and community landholder groups, QFRI expanded its hardwood research to include western Queensland timbers. The project is expected to be extended in 1999-2000 and will encourage sustainable use of these landholders' timbers. To support an expansion of native hardwood plantations, QFRI is undertaking comprehensive hardwood research into the genetics, silviculture, pests and diseases, and wood products of hardwood species.

Senior Timber Technician Gary Hopewell using a wind speed analyser in a solar kiln.



Research Scientist Waldemar "Waldec" Bartnikowski, with a QFRI developed moisture metre. Through QFRI, DPI Forestry continued a range of cooperative research and development programs with Queensland's timber industry.

To assist DPI Forestry's timber-processing customers towards eco-labelling of their products and maintaining a competitive advantage, particularly in export markets, DPI Forestry continued to enhance its Environmental Management System to enable independent certification to ISO 14001 Standard. To facilitate this process, DPI Forestry engaged an external certification agency to undertake an initial Gap Analysis Audit. New Sound Practice Indicators, with an enhanced focus on environmental management, were put into practice.

DPI Forestry also took a major step forward in commercially applying its advanced tropical and subtropical forestry expertise. In partnership with Birkdale Nursery, DPI Forestry was selected by the Royal Botanic Gardens (Sydney) to undertake the worldwide commercialisation of Wollemi pine, a rare primitive tree discovered 150 km north-west of Sydney in 1994. Using QFRI expertise, more than two million plants will be produced annually for sale within five years, mainly into export markets. DPI Forestry's role in the project is to propagate and supply plants for sale by its joint venture partner. The project is expected to be a significant export earner.

Over the next few years, DPI Forestry will significantly increase its operational implementation of major advances in clonal forestry achieved by QFRI. Superior exotic pine clones will be increasingly included in the south-east Queensland annual planting program, promising a quantum leap in plantation productivity, timber quality and product uniformity, and a significant boost for industry competitiveness.

This important initiative was enthusiastically supported and promoted by Dr Gary Bacon, DPI Forestry's former Executive Director, who retired on 2 December 1998. Dr Bacon, as a tireless advocate of Queensland's forest industry, successfully steered DPI Forestry through its early commercial period from 1996. I know that Dr Bacon also greatly appreciated the enthusiasm and dedication of Forestry staff. Having acted as Executive Director for most of the period since his departure, I can only echo his sentiments and add my thanks for the ongoing commitment and support of staff during the year.

It is significant that in 2000, Queensland will celebrate 100 years of sustainable forest management. This long experience of continued evolution and growth of a diverse and sophisticated forest and timber industry provides a strong foundation for confidence in the future potential and growth of these industry sectors. DPI Forestry will continue to work cooperatively with industry and other stakeholders to help realise that potential.



**Ron Beck**  
Executive Director



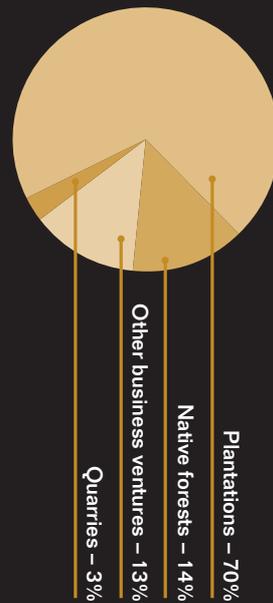
Research Officer Grant White with a Wollemi pine (*Wollemia nobilis*). DPI Forestry was selected by the Royal Botanic Gardens (Sydney) to undertake worldwide commercial propagation of Wollemi pines, in partnership with Birkdale Nursery (Brisbane).

F1 Hybrid clones. Superior exotic pine clones are being used increasingly for DPI Forestry's plantation planting programs.



## DPI Forestry in Profile

### Revenue contribution of business segments



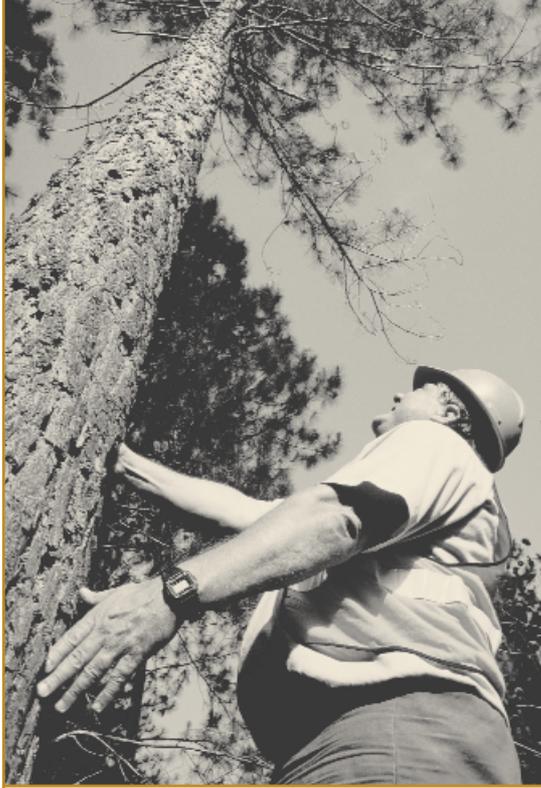
Total revenue \$83.4m

On 1 July 1995, DPI Forestry was established as a commercial business group of the Department of Primary Industries. Its business goal is to "maximise the market value of its assets while observing all regulatory (including environmental) requirements to which it is subject". DPI Forestry's assets are vested in the Primary Industries Corporation under the control of the Minister for Primary Industries. To ensure competitive neutrality with the private sector, DPI Forestry is also required to pay income and other taxes under Queensland's tax equivalents regime. In the first four years of commercialisation, DPI Forestry has returned more than \$79m to the State in dividends, debt servicing payments, tax and tax equivalents.

### Core business

DPI Forestry's core business segments comprise four major areas of activity:

- the establishment, management and marketing of the State's forest plantations;
- the management and marketing of production from native forests on State-owned land;
- the management and marketing of quarry materials on State-owned lands; and
- the management and promotion of intellectual property generated by forest and timber research and development activities.



Forest Ranger in Charge Jeff Mundt inspects one of DPI Forestry's major softwood plantation species, the Caribbean pine (Ingham forestry district).



General Forest Worker Jim Gough undertakes pre-commercial thinning in the Lannercost State Forest (Rockhampton forestry district). Thinnings are provided to roundwood and board producers in the plantation's early rotation years.

## Plantations

DPI Forestry's plantation estate is the second largest in Australia, covering more than 178 000 ha. In 1998-99, just over 1.42m<sup>3</sup> of timber was harvested from these plantations, enough to build about 100 000 average-sized homes. Almost 90% of Queensland's plantation forests are in the State's south-east, with the largest concentration in the Gympie-Beerburrum areas within 200 km of Brisbane. Almost all of Queensland's State-owned plantations are softwood based, the major species being:

- slash pine (*Pinus elliottii*) – an exotic species grown in the coastal lowlands between the New South Wales-Queensland border and Maryborough, and accounting for about 26% of DPI Forestry's total softwood resource;
- Caribbean pine (*Pinus caribaea*) – also an exotic species predominantly grown in coastal north and central Queensland, and constituting about 31% of the resource; and
- native species, mainly hoop pine (*Araucaria cunninghamii*) and small pockets of eucalypts such as Gympie messmate (*Eucalyptus cloeziana*), making up a further 26% of the resource.

DPI Forestry's research and development have produced hybrids between slash pine and Caribbean pine that possess superior attributes of both parent trees. These hybrids make up the remaining 17% of the resource. However, by 2002, all new plantings in south-east Queensland will be hybrids, because these superior trees provide major benefits, in terms of silvicultural characteristics and timber quality.

Most of DPI Forestry's plantation timber is sold under 10- to 20-year contracts through a competitive proposition process, with the remaining timber sold through short-term sales. Harvesting is predominantly clear fall at the end of a 30- to 45-year rotation, although significant volumes of thinnings are provided to roundwood and board producers in the early rotation years.

## Native Forests

DPI Forestry produces more than half of Queensland's annual native forest wood supplies, amounting to about 383 000 m<sup>3</sup> of timber in 1998-99. Eucalypts and cypress pine are the dominant commercial timber species. Unlike most other Australian States, a large proportion (85%) of native forest removals in Queensland are sawlogs, mainly for the building and construction industry. The remaining timber is used for fencing material, railway sleepers, poles, fuelwood and roundwood. Operations in native forests are conducted according to strict environmental guidelines and codes of practice.

Timber removals from native forests are determined by a system of allocations and are conducted using selective harvesting. These measures are aimed at maintaining sustainable levels of production. There is no clearfelling of native forests by DPI Forestry and no export of woodchips from native forests. On average, DPI Forestry removes as few as eight trees a hectare every 30 years from designated areas of the State's native forests.

**Forest Ranger (Native Forests) Geoff Pearce measures a blackbutt (*Eucalyptus pilularis*) for possible harvest (Beerburum forestry district). Timber removals from native forest are determined by a system of allocations and are removed by sustainable selective harvesting methods.**



**Hard rock benches of The Rocks Quarry, operated by Burdekin Quarrying Company (Ingham forestry district). DPI Forestry's quarries provide about 8% of Queensland's total quarry material supplies.**

## Quarries

DPI Forestry manages and markets quarry materials from State-owned lands. It provides about 8% of Queensland's total quarry material supplies, with products such as sand, gravel, road base, crushed aggregate and landscaping rock.

## Research and development

Research and development carried out by the Queensland Forestry Research Institute (QFRI), a key component of DPI Forestry, underpin the ongoing success of DPI Forestry's forest production program.

QFRI has long been acknowledged as a leader in tropical and subtropical forest and timber research. It is involved in research projects around the world and is committed to providing high-quality research, development and advisory services directed toward the enhancement of economic, environmental and social values of natural and planted forests.

An emphasis on tropical and subtropical forestry distinguishes QFRI from other forest research groups in Australia. QFRI's vision has traditionally been focused on forestry issues in Queensland. However, with forestry issues becoming more global in their importance and impact, its vision has rapidly extended to other areas of the tropics, in particular the Asia-Pacific region.

QFRI's timber research supports forest production and timber processing and utilisation. It aims to enhance the market share, reputation and reliability of timber and wood products by providing research and services to improve overall wood quality and processing technology, helping develop new products and improving the efficient use of timber.



### Queensland's forest industry

Queensland's forest industry is one of the top 10 contributors to the Queensland economy and ranks as the State's seventh largest manufacturing sector. Industry segments include forest growing, log sawmilling, re-sawn and dressed timber processing, preservative treatment of timber, joinery and furniture manufacturing, paper and paperboard production, and reconstituted board manufacturing.

The industry is one of the main sources of employment in many regional centres and consists of almost 400 sawmills and associated processing facilities, which employ more than 17 000 people. In economic terms, for every dollar spent on the raw timber resource, a further \$11.30 is injected into Queensland's economy. For every 10 jobs the industry creates directly, a further 8.5 jobs are created in the State's wider community. In direct terms, the industry's annual value is estimated at \$1.7 billion. However, when flow-on impacts are considered, this value rises to \$3.3 billion.

(Source: Centre for Agricultural Economics, 1998.)

**Top left:** Assistant Forest Ranger In Charge (Byfield) Dave Hinz (left) and Sunchip Operations Manager Damian Roberts check details for a load of clearfall slash pine (*Pinus elliottii*) in the Rockhampton forestry district.

**Top right:** Seeds Officer Lester Perkins (left) discusses forest mulch products with Enviro Soils principal Alan King (Rockhampton forestry district). These products are destined for the horticulture plant nursery industry and home garden outlets.

**Above right:** Forestry Overseer Wayne Shackleton with clear-felled slash pine logs to be milled at Maryborough and Boondoola (Rockhampton forestry district).

## DPI Forestry Staff

At 30 June 1999, DPI Forestry employed 955 people, more than 80% of whom were located close to customers in Queensland's regional areas. The total full-time equivalent (FTE) figure was 917 comprising 385 salary and 532 wages staff. The end-of-year staff profile also showed 181 female officers (22.5% of the total), and six Aboriginal and Torres Strait Islander personnel.

### Training and skills development

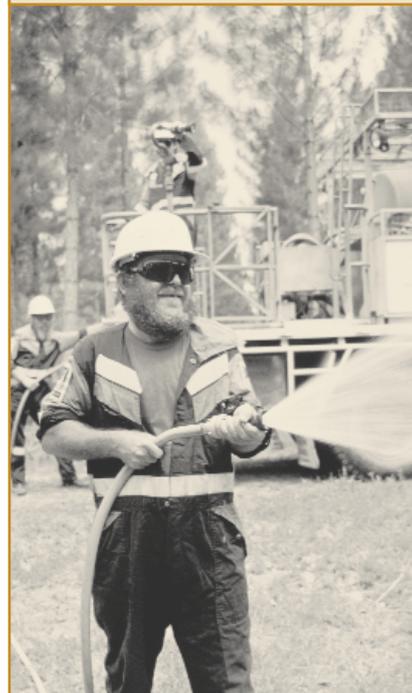
DPI Forestry's success as the State's principal forest grower is predicated on the skills, dedication and enthusiasm of its staff. DPI Forestry's employees are multi-skilled and extremely versatile, and staff have year-round ready access to workplace training and skills development. Through the DPI's Study and Research Assistance Scheme, six staff were assisted with their chosen tertiary degree programs.

A significant milestone in forestry training in 1998-99 was a national training package in forest growing and management, which the Australian National Training Authority approved early in 1999. A considerable amount of work was undertaken to customise the package for use across DPI Forestry's statewide operations. This included working with DPI Forestry's district workplace assessors to develop job assessment materials. Competency units within the training package cover the full range of work DPI Forestry carries out in forest growing and management, and address the need for accredited training sought by the Forestry Employees Award. By 30 June 1999, trainers had begun delivering the package on a statewide basis.



Finance Officer Adrian Wilson completed his Bachelor of Business with assistance from DPI Forestry through the Department of Primary Industries' Study and Research Assistance Scheme (SARAS).

General Forest Worker Jack Murray testing the purpose-built fire fighting equipment at Cardwell (Ingham forestry district).





Administration Officer Dianne White uses the latest modem technology to access SAP finance programs in DPI Forestry's regional offices (Rockhampton forestry district).

### Human resource systems development

During 1998-99, DPI Forestry's human resources computer system was converted to the SAP suite of programs, involving new systems modules, the transfer of staff records to these modules, and the training of staff in the use of the new system. SAP's implementation is (almost) government-wide. The main driver for the change is the need for Queensland Government computer systems to be Year 2000 compliant.

DPI Forestry's human resources unit contributed to the ongoing development of the DPI Forestry Intranet (known as FORWEB). A Human Resources Reference Manual was developed and placed on the Intranet, providing straightforward, easily understood text about conditions of employment. This initiative will enable employees to find answers to routine inquiries, immediately and at their own work sites. The reference manual includes built-in hyperlinks to more detailed policies and procedures on the Intranet.

### Occupational health and safety

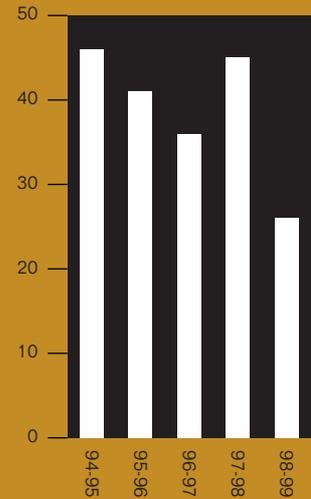
In 1998-99, DPI Forestry began developing a workplace occupational health and safety (OHS) reference manual to support its workplace health and safety officers and others. The reference manual is just one part of an organisation-wide review of DPI Forestry's OHS systems, in which external audit tools are being updated and revised to fit the AS/NZS Standard 4801 on OHS management systems. This "audit toolbox" will include processes that allow the benchmarking of OHS performance across workplaces.

Complete and correct safety clothing and equipment, as worn by Forest Ganger Allan Scott, has helped lower the incidence of injuries to workers in Queensland State forests (Ingham forestry district).



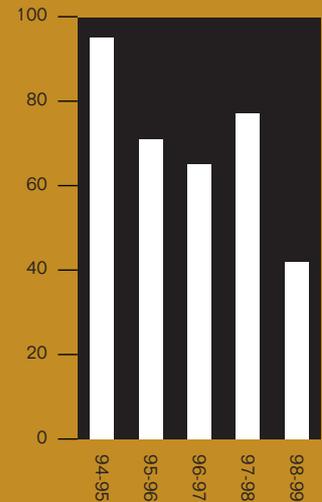
### Accident frequency

Accidents per million work hours



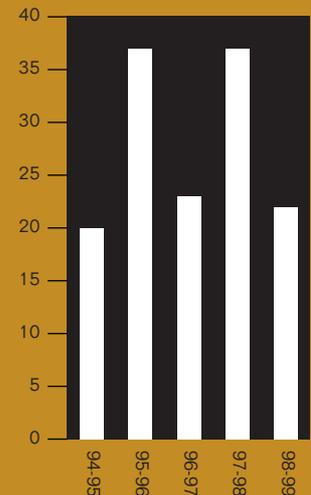
### Lost time injuries

Number of Injuries



### Lost time duration

Average days lost owing to injury

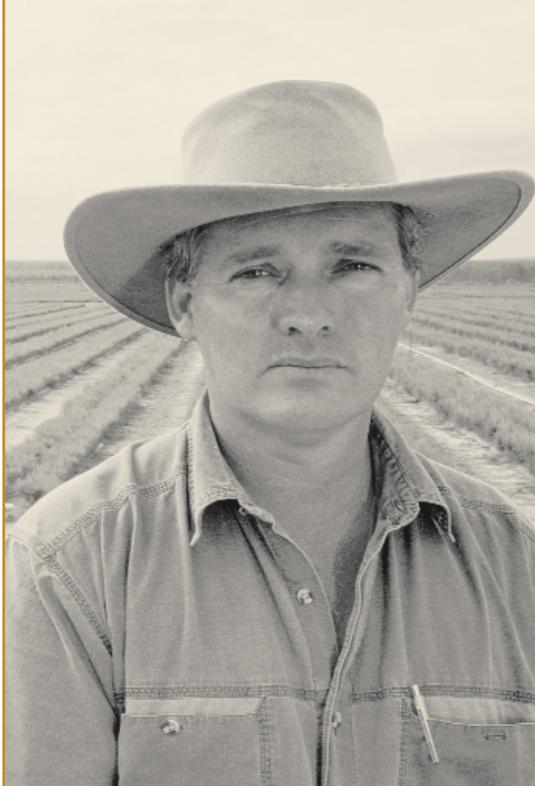


## Enterprise bargaining

In December 1997, DPI Forestry signed a three-year Enterprise Agreement with staff and unions, providing for staged pay increases totalling 12%, plus a one-off bonus payment at the end of the agreement. Pay increases were subject to the achievement of agreed performance improvement targets drawn from DPI Forestry's Business Plan. As part of this agreement, four Business Improvement Programs were developed, the fourth of which – a Workforce Enhancement Program – dealt with reforming workplace practices to place DPI Forestry on a more commercial footing and provide more flexible and equitable conditions for the organisation and its staff.

During 1998-99, Workforce Enhancement Program initiatives were developed into the implemented policies outlined below:

- Staff movement register. This register records employees who are interested in moving to another position. By registering, an employee can receive preference in moving to an upcoming vacancy.
- Overlap of classification stream. This allows salaried employees to be paid at a higher salary where a position is evaluated higher than its current classification, but where a higher classification is not recognised.
- Banked time. A number of changes were made to the banked time arrangements after a review, including provision to carryover a week's banked time from one month to another.
- TOIL (time off In lieu). This system is an equivalent to banked time and is made available to wages employees. In this system, accrued hours can be used to take time off work rather than being paid as overtime.
- DPI Forestry promotion scheme. This scheme allows employees to be promoted when their position is reclassified, without going through an open merit selection process. The Queensland Government recognised this initiative as an example of best practice in employment conditions.



Nursery Forest Ranger Mal Baxter was the first DPI Forestry employee to be promoted through the organisation's Overlap Scheme (Maryborough forestry district).



Accountant Fraser Blines was the first DPI Forestry employee to be promoted through the organisation's Promotion Scheme.



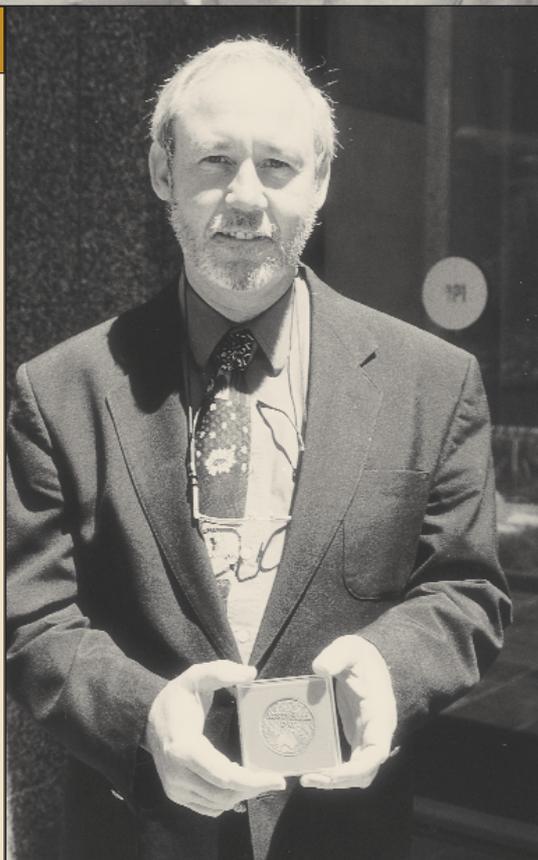
### Research staff net honours

The Queensland Forestry Research Institute (QFRI) is a world leader in tropical and subtropical research. During 1998-99, a number of its staff were honoured for outstanding research and development work.

More than four decades of service to the forest industry was recognised in the Queen's Birthday honours when QFRI Principal Scientist Dr Garth Nikles was awarded the Public Service Medal. Dr Nikles was also awarded a Meritorious Service Award, during Primary Industries Week.

In the Australia Day honours, Forest Protection Program Leader Dr Ross Wylie was awarded an Achievement Medallion recognising 30 years of work in forest entomology, forest quarantine and tree care.

QFRI Timber Engineer Amanda Yeates secured a Gottstein Fellowship to study the use of plantation hardwood thinnings in round wood construction, and Wood Quality Laboratory Senior Scientist Dr Kevin Harding received an International Timber Organisation Fellowship Award.



**Top:** The Governor of Queensland, His Excellency Major General Peter Arnison, AO, presents the Public Service Medal to Principal Tree Breeding Scientist Dr Garth Nikles.

**Above:** Forest Protection Program Leader Dr Ross Wylie received an Australia Day Achievement Medal for his service during more than 30 years of scientific work in entomology, forest quarantine and tree care.



## Glossary of QFRI funders and collaborators

ACIAR Australian Centre for International Agricultural Research

CALM Conservation and Land Management (Western Australia)

CRC SPF Cooperative Research Centre for Sustainable Production Forestry

CRC TREM Cooperative Research Centre for Tropical Rainforest Ecology and Management.

CSIRO Commonwealth Scientific and Industrial Research Organisation

DNR Queensland Department of Natural Resources

DNR&E Victorian Department of Natural Resources and Energy

DPI Queensland Department of Primary Industries

FWPRDC Forest and Wood Products Research and Development Corporation

NHT Natural Heritage Trust

QFRI Queensland Forestry Research Institute

RIRDC Rural Industries Research and Development Council

TRADAC Queensland Timber Research and Development Advisory Council

## Acknowledgements

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Design and layout: Rebecca Stack

Photography: Russ Boadle, Paul Fanali, John Young, Ian Poole, Alistair Bett, Margaret Brennan, Kieran Lewis, Cameron Coward, Ray Perry, Ann Single and Stephen Walker.

Our thanks to the many DPI staff who contributed to this Yearbook, including Ralph Allan, Kieran Lewis, Ann Single, Geoff Kent, Evonne Leow, Martin Crevatin, Russ Boadle, Garth Nikles, Keith Fraser, Ken Bubb, Ann Thompson, Alan Unkles, Russell Jack, Mila Bristow and Martin Schultz.

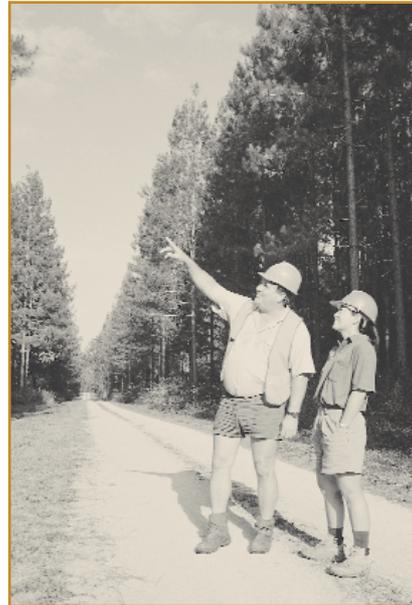
## Positioning DPI Forestry for timber industry growth

In 1998-99, DPI Forestry, as the State's principal forest grower, reviewed its business strategies to position itself to underpin an increasingly vibrant, competitive and growing forest and timber industry beyond 2000. In particular, a new five-year business plan mapped key strategies that will further increase the efficiency, environmental integrity, and scale of State-owned forest production based increasingly on plantations.

Queensland's forest industry, including DPI Forestry, faces significant challenges and opportunities, both now and in the coming decades. The industry operates in an increasingly competitive and globalised marketplace whose short- to medium-term prospects depend heavily on sustained recovery in the Asian economies. At the same time, supplies of plantation pine, in both New Zealand and Australia, are continuing to expand, while access to native forest resources is being progressively reduced. Continuing technological change and new product development in forest growing and processing will underpin these trends.

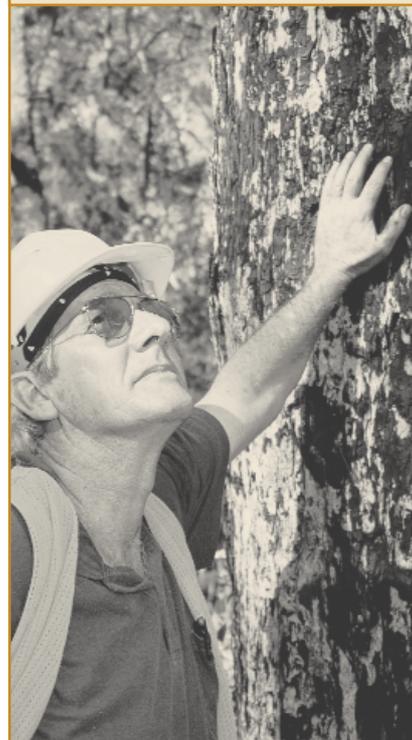
Longer term, the projected emergence of global hardwood and softwood supply shortfalls, and growing consumer demand for timber from sustainably managed forests present major growth opportunities for Queensland's forest industry.

DPI Forestry has significant strengths to meet these emerging market challenges and opportunities. It has distinctive timber species in both plantations and native forests, with appearance and utilisation attributes that are of recognised value to processors and end-users. The organisation's forest-growing business is backed by the Queensland Forestry Research Institute's world-class



Forest Ranger in Charge Jeff Mundt and Forester Evonne Leow at Carribean pine plantation SF 591 (Ingham forestry district). A projected global softwood supply shortfall presents growth opportunities for the State's forest and timber industry.

Native Forest Resources Overseer Arthur Johnson considers tree marking a red mahogany (*Eucalyptus resinifera*) for harvest from State Forest 194 (Atherton forestry district). Strict controls through codes of practice help ensure sustainable native forest production in Queensland.





F1 hybrid clonal cuttings. Clonal forestry promises a major boost to product quality and productivity over coming decades.

Forest Technician Ken Robson surveys the progress of a *Eucalyptus grandis* x *Eucalyptus camaldulensis* hybrid hardwood trial on private land at Mareeba (Atherton forestry district). DPI Forestry is undertaking comprehensive hardwood research to support an expansion of native hardwood plantations.



research and development expertise in tropical and sub-tropical forestry, holding the potential for a developing competitive advantage for Queensland's forest industry. In particular, advances in tree breeding, clonal forestry, vegetative propagation and nursery systems promise a major boost to product quality and productivity over coming decades.

To build on these strengths and respond effectively to the market opportunities and challenges it faces, DPI Forestry is implementing a set of innovative and progressive business strategies.

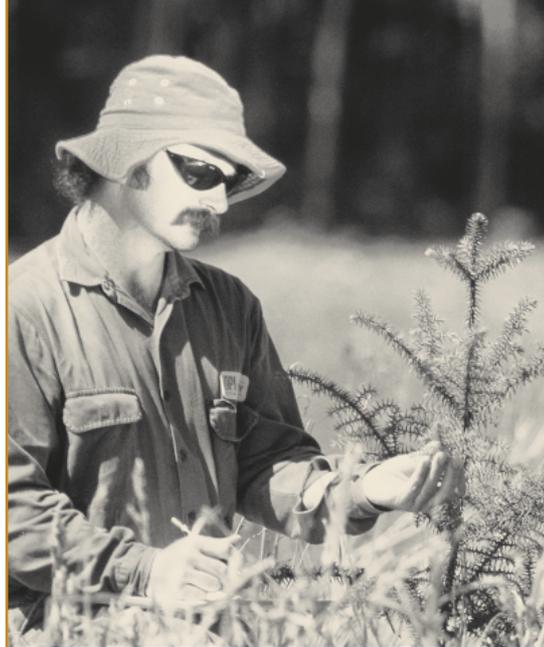
Firstly, DPI Forestry is aiming to expand significantly its coastal exotic pine plantations in south-east Queensland and north Queensland. Although publicly owned land for plantation development is limited, DPI Forestry will seek to buy suitable private land close to markets and existing operational centres. It will also work with the private sector and other interested parties in establishing plantations, either directly or through joint-venture arrangements. In addition, DPI Forestry will support the expansion of hardwood plantations as a substitute for native forest resources in the longer term, through direct involvement in plantation establishment and expanded research and development into plantation hardwood growing and processing.

Secondly, clonal planting stock developed by DPI Forestry's Queensland Forestry Research Institute (QFRI) will, by 2002, be used for all operational exotic pine plantings in south-east Queensland, promising greater product uniformity and processing efficiency. And, as a major boost to productivity, DPI Forestry will progressively develop and propagate superior clonal stock over the next decade to produce trees suitable for sawlog production after shorter periods of growth than the current 30 years.

In relation to its plantation hoop pine resource, DPI Forestry will continue to work with its customers to reposition hoop pine as a premium species, particularly in export markets. To further enhance the value of the resource, DPI Forestry will also move to a fully pruned direct regime (that is, no thinnings) for all new hoop pine plantings.

Priority will also be placed on further improving cost-effectiveness and productivity across the organisation. DPI Forestry will continue to compare key operational and business support performance against relevant industry and commercial benchmarks and pursue necessary improvements. In particular, DPI Forestry will seek to significantly reduce plantation establishment costs, particularly for hoop pine, by reducing the period during which trees are intensively tended to control weed growth after planting. Road construction costs are also being addressed through operational efficiencies and revisions of policies on the standard, location and timing of road construction. In addition, DPI Forestry will seek to build on the very impressive productivity improvements, achieved in collaboration with staff under its current Enterprise Agreement, when it negotiates a new agreement to apply from July 2000.

To enhance resource security for the native forest timber industry, DPI Forestry will work to quickly finalise 15-year wood-supply agreements with cypress pine customers and will implement wood supply guarantees, as determined under the Regional Forest Agreement for south-east Queensland.



Plantation Overseer Barry Heilbronn inspects a ten month old second rotation hoop pine for signs of herbicide impact (Atherton forestry district). DPI Forestry is reducing the period during which young trees need to be intensively tended as part of an overall strategy to reduce plantation costs.



General Forest Worker Keith Tosswill marks a cypress pine (*Callitris* spp.) for harvesting in the Dunmore State Forest (Dalby forestry district).



Truck Driver Trevor Brown with gravel for road construction through Toolara State Forest (Maryborough forestry district). Costs for roading are being addressed through a revision of policies dealing with road standards and the timing and location of road construction.



Forest Ranger In Charge Jeff Mundt (left) with Ingham Sawmill Manager John Pelleri (Ingham forestry district). DPI Forestry works in cooperation with industry and stakeholders to ensure the growth of Queensland's forest and timber sector.

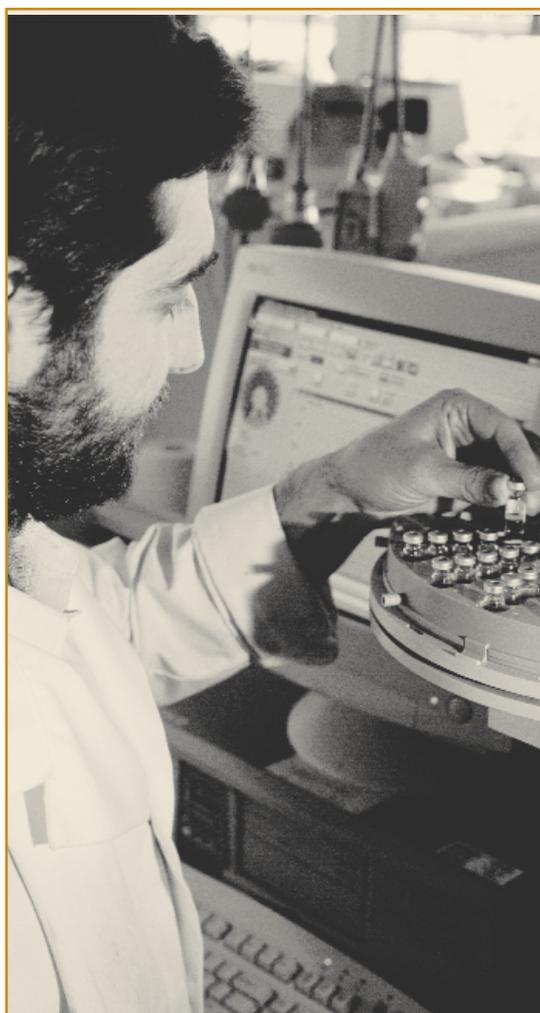


Technical Assistant Matthew Craven uses the Queensland Forestry Research Institute-developed universal timber strength tester. Through QFRI, DPI Forestry continues to improve timber processing technology.

DPI Forestry's Queensland Forestry Research Institute will continue its cooperative research and development projects with industry to develop new value-added products, improve timber processing technology and enhance market acceptance of timber products. In addition, the competitive advantage of timber products sourced from State-owned forests will be given a major boost when DPI Forestry's Environmental Management System is independently certified to ISO14001 Standard by 2000. This will assist customers towards eco-labelling of their products, particularly for sales into export markets.

To support these developments, DPI Forestry will progressively implement internal organisational restructuring (see corporate structure on page 7), including changes to support more effective and efficient coordination of research and development, silvicultural and marketing policy development, and field operations. Emphasis will also be placed on improved customer service, particularly through a greater awareness of customers' business needs, faster decision making, and improved advice on product quality and availability.

The prospects for the continuing development and growth of Queensland's forest and timber industry are bright, and DPI Forestry is positioning itself to work cooperatively with industry and other stakeholders to build an industry confidently competing in world markets.



Research Chemist Dan Ferlazza undertakes organic chemical analysis as part of DPI Forestry's wood preservation research.

## Profitability

### Goal

To maximise the market value of DPI Forestry's assets and achieve targeted rates of return.

### Performance targets

1. Earnings before interest, tax and timber revaluation (EBITR) of \$11.8m
2. Improve productivity by reducing costs and expanding sales

### Outcomes

1. Earnings before interest, tax and timber revaluation of \$15.9m were achieved, 35% more than was targeted and 15% more than 1997-98 earnings.
2. DPI Forestry's improved profit performance was underpinned by effective cost control measures across the organisation, including significant productivity improvements under its Enterprise Agreement.

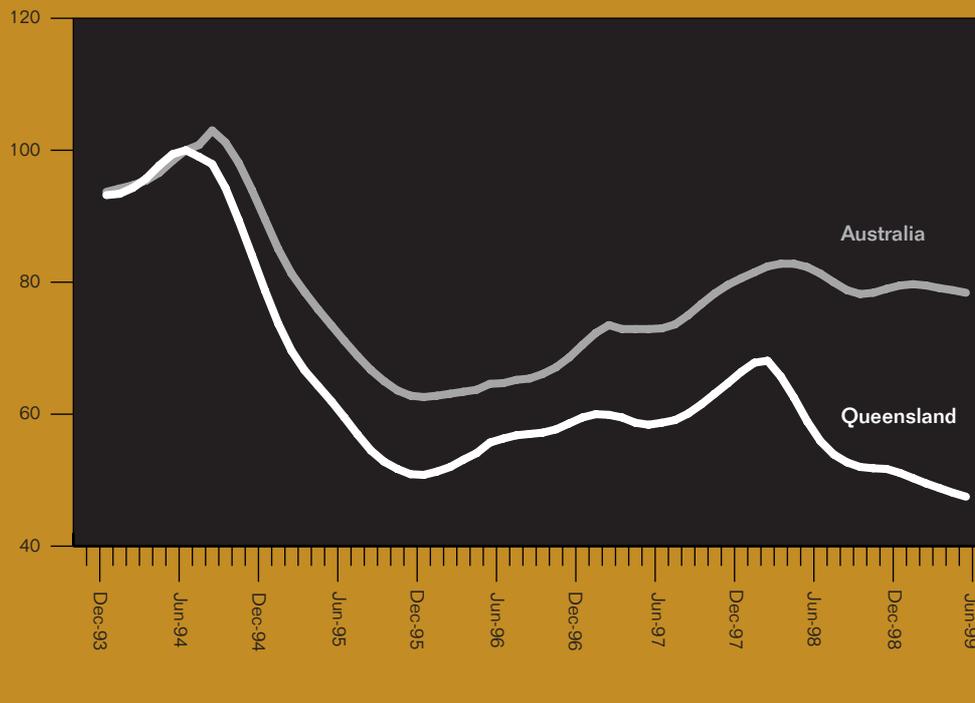
In 1998-99, DPI Forestry recorded a stronger-than-expected profit performance, with earnings before interest, tax and timber revaluation (EBITR) up 35% against target (and up 15% against the 1997-98 figure) to \$15.9m and with profit after tax (PAT) up 124% against target (and up 79% against the 1997-98 figure) to \$9.8m. These results contributed to a sound 7.4% economic rate of return being achieved.

The improved profit performance is largely attributable to effective cost control measures across the organisation, together with some reduced outlays associated with field work delays after extended wet weather conditions in major production areas of the State. Productivity savings achieved by staff under DPI Forestry's three-year Enterprise Agreement were particularly pleasing, with strong progress being achieved towards securing the full \$10m of targeted savings by 30 June 2000.

On the revenue side, total operating revenue was down about 1% on the 1997-98 figure to \$83.4m. Of this, specialised forest industry services revenue was down 21% to \$6.9m, owing mainly to the Forest Industry Services Division's transfer to the DPI Agricultural Industry Development Group early in the year, although this was balanced by a similar reduction in costs. A significant decline in customer demand for research and related services was also experienced. On the positive side, sales of quarry material recovered strongly to \$2.6m, up 30% on the 1997-98 figure, while seeds and seedlings sales increased 41% to \$1.6m.

## New dwelling approvals trend series index

(June 1994 = 100)



Timber sales were down slightly on the 1997-98 figure to \$68m. Timber demand is closely tied to building industry trends, particularly for new houses and extensions. Over the last few years, relatively low levels of dwelling construction have been experienced in Queensland, which has missed the cyclical upturn of other States owing to reduced interstate migration and a continuing oversupply of housing stock. Sustained growth in building construction is not expected to resume until 2001-02, although a building surge may occur in 1999-2000 in anticipation of expected price rises when the Goods and Services Tax (GST) is introduced on 1 July 2000.

### Plantations

The plantation business segment is DPI Forestry's main product area, accounting for 70% of overall operating revenue. Despite a \$0.8m reduction in plantation timber sales during 1998-99, the operating surplus (operating revenue minus operating costs) for the plantation segment increased 4% on the 1997-98 figure to \$18.5m.

This improved result was achieved through a 10% reduction in costs flowing from ongoing productivity improvement initiatives under DPI Forestry's Enterprise Agreement and continuing enhancements to operational policies and practices in areas such as road construction and weed control.

Poor weather conditions also affected timber removals in certain areas of the State. Although operational staff worked hard to keep timber supplies flowing to customers, some sales of exotic pine sawlog were affected, particularly in the Beerburrum district north of Brisbane. Total exotic pine removals were down 8% on the 1997-98 figure to 1.1m m<sup>3</sup>, owing to wet weather constraints and lower pulpwood sales.

Nevertheless, demand for exotic pine sawlog remained strong, with long-term contracts again augmented by short-term spot sales to help meet the production requirements of local processors (spot sales totalling 124 000 m<sup>3</sup> were made from the Tuan and Toolara plantations between Gympie and Maryborough). DPI Forestry also finalised a number of short-term sales of uncommitted resource from plantations in the Byfield area, near Rockhampton, including a major sale of 35 000 m<sup>3</sup> of timber to a timber processor at Maryborough. Discussions also continued with the Department of Main Roads about upgrading the Yeppoon-Byfield Road to enable further expansion of sales from the Byfield plantations.

Existing exotic pine customers in south-east Queensland have expressed a desire to access major additional volumes of exotic pine sawlog in the immediate future to allow them to improve their economies of scale and remain competitive against interstate and overseas imports. In response, DPI Forestry undertook a comprehensive strategic review of its ability to meet this demand, examining a range of plantation management options. These options were aimed at maximising the availability of final crop sawlog while supporting the current diversity of processing facilities and providing opportunities for growth in the various industry sub-sectors.

The resource review confirmed DPI Forestry's potential to meet sawlog demand, conditional on a reduction in the harvest of thinnings material. Processors of thinnings material could compensate for this reduction by increasing their uptake of processing and field residues from the harvesting of final crop. The adoption of higher utilisation standards for sawlog would also increase sawlog availability.

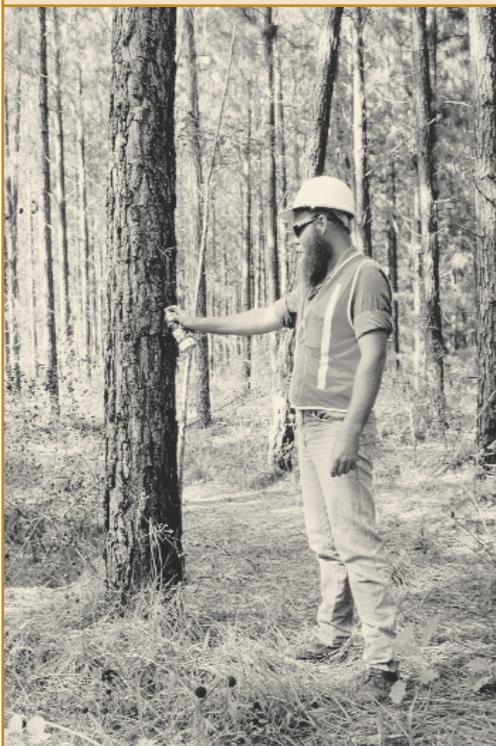
A whole-of-government approach is now being taken to an allocation policy to identify how existing long-term sale agreements will be treated on their expiry and how the additional resource will be made available.

DPI Forestry also continued to support the establishment of a modern, high-technology sawmill at Ingham by Ingham Sawmills, based on 100 000 m<sup>3</sup> a year of available State-owned Caribbean pine in the area. In December 1997,



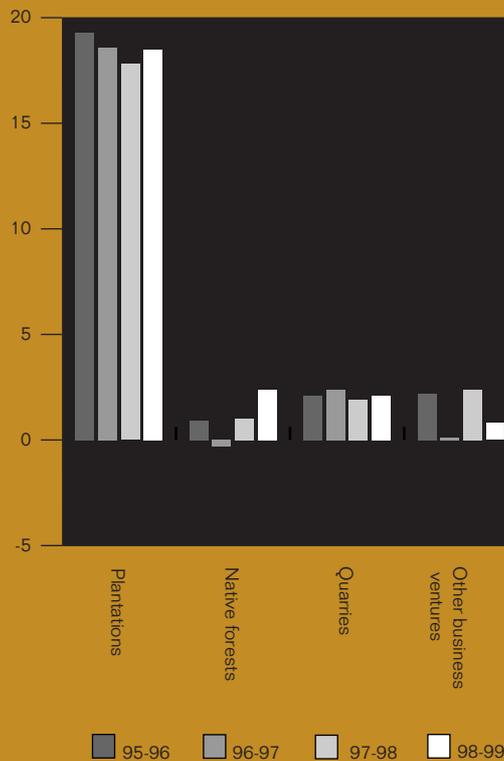
Byfield Forest Ranger in Charge Kent Mapes supervises progress of clearfall harvesting, with a saw-log processor operating in the background debarking and cutting sawlogs to size for road transport. A major sale of uncommitted resource at Byfield was made during the year.

General Forest Worker Michael Hayes marks a tree for thinnings harvesting in Abergowrie State Forest (Ingham forestry district).



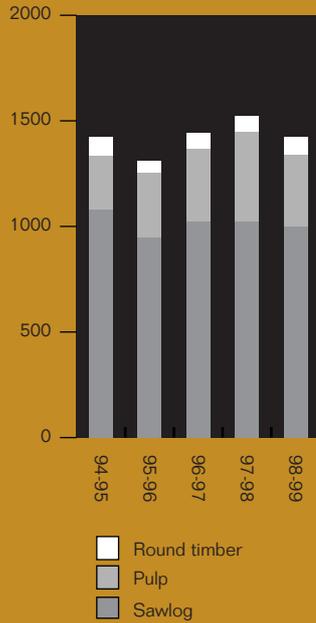
### Operating surplus\* of business segments

(millions of dollars)



\*Operating revenue minus operating expenses - excludes certain corporate costs and revenue.

**Crown plantation  
timber removals**  
(’000s cubic metres)



State Cabinet approved a conditional offer to sell this resource to the company, subject to its securing necessary finance. To ensure that Ingham Sawmills had sufficient time and opportunity to obtain investment capital, DPI Forestry extended the finalisation date of the agreement several times, and at 30 June 1999 was awaiting confirmation or otherwise of financing arrangements.

A sale of uncommitted hoop pine thinnings resource, together with significant price discounts for final crop sawlog, contributed to a 2% increase, to 308 000 m<sup>3</sup>, in hoop pine sawlog sales. Temporary price and utilisation changes, estimated to be the equivalent of a price discount of at least 25%, were provided by DPI Forestry in 1997-98 to enhance the industry's profitability in the face of intense competition from imported radiata pine.

In response to continuing industry concerns about the state of the hoop pine sawn timber market, DPI Forestry reached agreement with the industry to continue the existing freeze on sawlog prices until 30 June 2002 and negotiated a permanent change to utilisation standards. This is in addition to a joint industry/DPI Forestry funded and managed market development program to reposition hoop pine as a premium timber species through the newly-formed Araucaria Australia Group Inc. The revised pricing arrangements, coupled with a unified approach to export market development, provide the best opportunity for the hoop pine processing sector to re-build high-value markets for the future.



Rolls of *Araucaria cunninghamii* peeled from hoop pine logs at D.G. Brims & Sons sawmill at Yeerongpilly are turned into hoop pine plywood boards.

Hoop pine has been re-branded as Araucaria to give the species a better position in both domestic and international markets.



## Native forests

DPI Forestry's operating surplus (operating revenues minus operating expenses) for the native forest segment of its operations continued its trend of steady improvement to \$2.4m for 1998-99. Increased cypress sawlog sales, with removals up 8% on the 1997-98 figure, and effective cost control were key factors underpinning this result. Overall native forest sales volumes of 383 000 m<sup>3</sup> were slightly up on the 1997-98 figure.

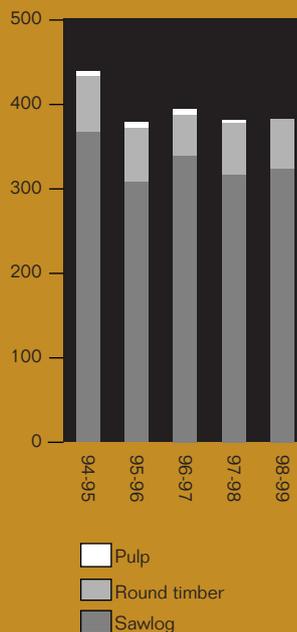
During the year, significant progress was achieved on a number of fronts to address key industry concerns about security of access to native forest timber resources.

One such concern related to potential National Competition Policy and Trade Practices Act impacts on the Native Forest Sawlog Allocation System under which DPI Forestry sells most of the State-owned native forest hardwood and cypress sawlog on a non-competitive basis. This issue was resolved with the finalisation of a Public Benefits Test enabling the system to be maintained in the public interest.

For the cypress industry in south-west Queensland, this cleared the way for the Minister for Primary Industries to offer 15-year wood-supply agreements to cypress sawlog allocation holders, thereby reducing uncertainty about future timber supplies and encouraging further investment in the industry. In line with the Minister's commitment, DPI Forestry immediately began discussions with the industry on appropriate timber supply agreements.

By the publication date of this Yearbook, the Queensland Government had announced an historic agreement to protect jobs, regional communities and State native forests in south-east Queensland. This culminated detailed negotiations with industry and conservationists, undertaken through the Government's Timber Industry Taskforce, led by the Minister for State Development, to develop a common position on a Regional Forest Agreement (RFA) for south-east Queensland. DPI Forestry extensively supported this process by supplying a large quantity of scientifically based information on timber resources and forest management options. DPI Forestry also maintained timber supplies to native forest sawmills in the region, in accordance with the amended Interim Forest Management Agreement, protecting conservation options pending the RFA's finalisation.

**Crown native forest timber removals**  
('000s cubic metres)



To help Queensland's sandalwood industry recover from a major slump in sales volumes and prices over recent years, DPI Forestry is implementing a new sandalwood marketing strategy after extensive industry and legal consultation. As a key element of this policy, DPI Forestry appointed Austasean Pty Ltd, after calling for expressions of interest, to provide harvesting, processing and selling services for sandalwood on State-owned land.

**Telgem Sandalwood representative Brian Chambers (right) and Hughenden Forest Ranger David Jardine inspect processed sandalwood heartwood logs at Richmond (Rockhampton forestry district).**





Fine silica sand quarry operated by Marathon Quarries (Ingham forestry district).

### Quarries

The operating surplus on State-owned quarry material sales increased 12% over the 1997-98 figure to \$2.1m, mainly as a result of increased sales from quarries in DPI Forestry's Beerburrum district.

During 1998-99, DPI Forestry operated under new work procedures, developed under the Department for Premier and Cabinet's guidance, to ensure native title was fully considered in its sales of forest products, particularly quarry material. DPI Forestry's ability to approve new hard rock sales expeditiously, particularly in the State's north and west, has been significantly affected by native title requirements.

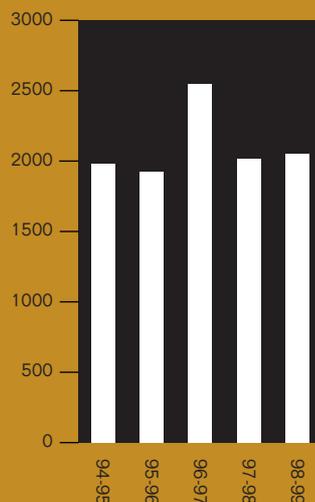
### Other business ventures

DPI Forestry continued to sell other products and services to a wide range of customers. These services included:

- seed and seedling sales to Australian and international customers;
- forest and timber research and development services to industry customers;
- forest management services to the Department of Natural Resources;
- laboratory services to industry customers;
- radio network services to government agencies and other bodies; and
- plant hire and mechanical workshop services to external plant users.

The operating surplus on these services was \$0.8m, down on the 1997-98 figure. Although seed and seedling sales improved significantly to \$1.6m, overall revenue declined. This was due to the transfer in August 1998 of the Forest Industry Development Division (providing forest industry development services) to the DPI's Agriculture Industry Development Group and to a reduced demand for research and related services.

Crown quarry material removals ('000s cubic metres)



Seeds Officer Lester Perkins checks the drying of spotted gum (*Corymbia citriodora*) seeds to be used in DPI Forestry's hybrid plant breeding and seed production program (Rockhampton forestry district).



## Business Growth

### Goal

To expand DPI Forestry's asset and resource base to maximise commercial returns.

### Performance targets

1. Expand the productive plantation area through direct investment or joint ventures.
2. Expand the marketing of intellectual property products and services on a commercial basis.

### Outcomes

1. The State-owned plantation area increased by almost 1% to 178 000 ha, and further joint ventures for expansion of plantation forests on private lands were established.
2. Landmark Wollemi pine commercialisation project initiated and strong progress made on a range of continuing cooperative research projects.

### Plantation expansion

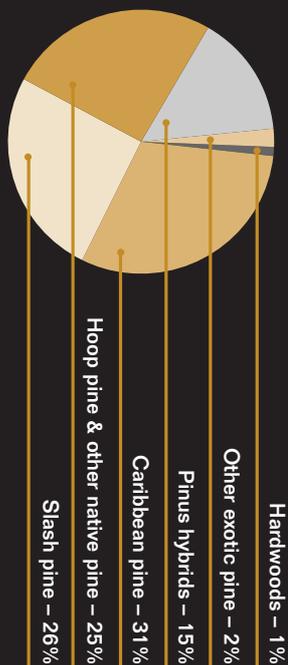
During 1998-99, DPI Forestry further increased the planted area of its State-owned plantation estate, by almost 1%, to 178 000 ha. Planting of first and second rotation sites, predominantly with exotic and native hoop pine, increased 21% on the 1997-98 figure to 4691 ha.

To grow its plantation business and contribute to the Plantations Australia Vision 2020 initiative of trebling the national plantation estate, DPI Forestry stepped up its efforts to acquire suitable privately owned land and participate in joint ventures with private landowners for plantation establishment. Land purchase options for expansion of coastal exotic pine plantations were assessed. Action to acquire desirable blocks will be pursued during 1999-2000 and beyond.

Potential also exists to re-establish formerly forested land on Bribie Island, north of Brisbane. DPI Forestry has expressed interest in replanting 2500 ha of original plantation, established and harvested without replanting by the CSR Timber Products Group, under a lease agreement with the Department of Natural Resources. This agreement terminates in 2005. In October 1998, DNR released its draft *Bribie Island State Land Allocation Plan* in which the reforestation of this land was described as a "desired outcome".

A 187-ha exotic pine plantation is to be established in south-east Queensland, in a landmark joint venture that is a significant shift from the traditional State-owned forest model. Under the agreement, signed on 30 June 1999, DPI Forestry and Allied Timber Products Pty Ltd, of Burpengary, will share "ownership" of the plantation, based on

Composition of the Crown plantation estate



Queensland Primary Industries Minister Henry Palaszczuk, (left) and Allied Timber Products Director Col Galley plant an F1 seedling to mark Allied Timber's joint venture with DPI Forestry.

each organisation's financial input. A plantation area of *Pinus elliottii* x *Pinus caribaea* F1 hybrid will be established on DPI Forestry land, with Allied Timbers meeting establishment and maintenance costs. Joint-venture arrangements such as this assist DPI Forestry by freeing cash resources for further investment in plantations and other growth opportunities.

These plantations will also contribute significantly to securing Allied Timbers' future resource supply.

Planting of a seed orchard of native species was begun in an environmental buffer-strip surrounding the Stanwell Power Station, 28 km west of Rockhampton, through a joint-venture arrangement with DPI Forestry and the Stanwell Corporation. The orchard will give DPI Forestry the special genetic stock it needs to establish plantations in drier Queensland areas (in the 600-800 mm rainfall zone), while the Stanwell Power Station gains a vital tool to help meet its greenhouse emissions targets.

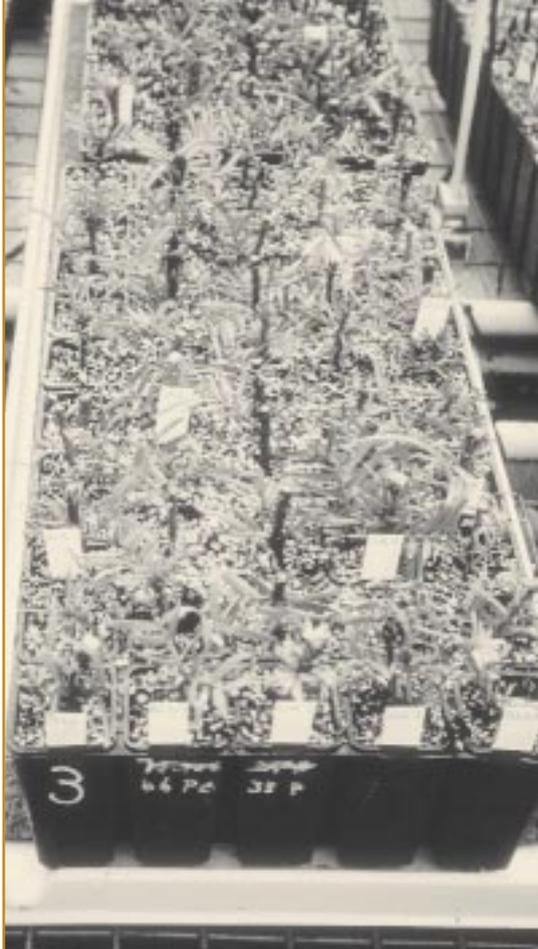
Stanwell Power Station is establishing its seed orchard on this site, providing an environmental buffer-strip, a greenhouse emission tool and seed stock for western forest plantations.



### Marketing of intellectual property

A major step forward was taken in the commercial application of DPI Forestry's advanced tropical and sub-tropical forestry expertise. In March 1999, DPI Forestry, in partnership with Brisbane's Birkdale Nursery, won exclusive rights to commercialise Wollemi pine, on behalf of the Royal Botanic Gardens, Sydney. Wollemi pine is a rare primitive tree discovered in the Wollemi National Park, 150 km north-west of Sydney, in 1994.

The Royal Botanic Gardens is commercialising Wollemi pine to help preserve it and discourage illegal trade in propagules. After a two-year search in Australia and overseas for a suitable company to propagate Wollemi pines for sale, the Royal Botanic Gardens selected the DPI Forestry-Birkdale Nursery partnership from a shortlist of five organisations. DPI Forestry will invest \$6m over a number of years to develop the species and will begin its propagation program with a \$200 000 purpose-built facility that includes temperature-controlled glass houses. Sales are expected to begin within five years and are projected to reach two million plants annually when full production is reached. Birkdale Nursery will market the Wollemi pine domestically and internationally. The pine is expected to have enormous potential as a household plant, especially in the lucrative Japanese market.



Wollemi pine (*Wollemia nobilis*) propagation is poised to make a major impact on the international ornamental plant market.



Research Officer Grant White with Wollemi pine stock for DPI Forestry's purpose-built Wollemi pine nursery facility in Gympie.



Wollemi pine's distinctive and attractive leaves are one of the features that ornamental plant experts predict will be a major selling point for the species.

In 1998-99, the Queensland Forestry Research Institute (QFRI) secured Natural Heritage Trust funding for widespread hardwood trials and Australian Centre for International Agricultural Research (ACIAR) funding for a three-year study to develop sustainable forest management practices for private native forests in Queensland's wet tropics region. QFRI is also finding ways to grow red cedar commercially while protecting it from the cedar tip moth that has devastated previous attempts to propagate this species in plantations. The institute has begun a RIRDC-funded project in north Queensland and projects in south-east Queensland and South-East Asia funded by ACIAR.

The DPI's Forest Industry Services Division is funding extensive trials of red mahogany (*Eucalyptus pellita*) in the wet tropics region of north Queensland. Seven trials are in progress. The value of the trials is enhanced by the potential for electricity co-generation in north Queensland sugar mills that purchase thinnings from the hardwood plantations to provide "green energy". The impetus for this is the red mahogany's outstanding growth rate in these regions, allowing thinnings to be harvested relatively early in the growth cycle. And at Monto, landowners are working with DPI Forestry to establish trial hardwood plantations as a supplement to resource supply, after south-east Queensland's Regional Forest Agreement (see boxed text).

As part of its ongoing collaborative research within the Cooperate Research Centre for Sustainable Production Forestry, QFRI is providing many research benefits in such areas as genetic improvements, silvicultural decision-support systems, and soils and sustainability. Future research will include hybrid breeding strategies to produce increasingly streamlined production of better quality hybrids. Visiting international scientists are also sponsored through this program.



Private Forestry Development Officer Daryl Killin with red mahogany (*Eucalyptus pellita*) trials in the Atherton forestry district. This and similar trials are demonstrating successful hardwood plantation establishment, maintenance and harvesting techniques, and are encouraging landholders to invest in private hardwood ventures.



### Hardwoods to support a viable native forest industry

With south-east Queensland's Regional Forest Agreement in mind, Monto landowners are looking to hardwood plantations as a supplement to a viable forest industry. The town's enthusiasm for hardwoods follows DPI Forestry's calls early in 1999 in Monto for expressions of interest from landowners with suitable cleared land for hardwood trials. Seven sites within the district and an additional site at Theodore were selected for the trials, which, ultimately, will provide information on the suitability of hardwood species for plantation forestry.

Monto District Forester, Tom Hughson, said the area had significant potential for hardwood plantations. "As a rural district, Monto has large parcels of agricultural land that could become available for plantations and there are no urban pressures to compete with traditional land uses," Tom said.

He said the trials, once established, would be used as demonstration plantings to promote and encourage tree planting and farm forestry. Developed and managed by the Queensland Forestry Research Institute, the trials will quantify the effects of different establishment practices on the survival and early growth of different tree species across seven different soil types. The trials include 20 different species selected for their suitability for marginal sites, ranging from woodchip species to eucalypt hybrids.

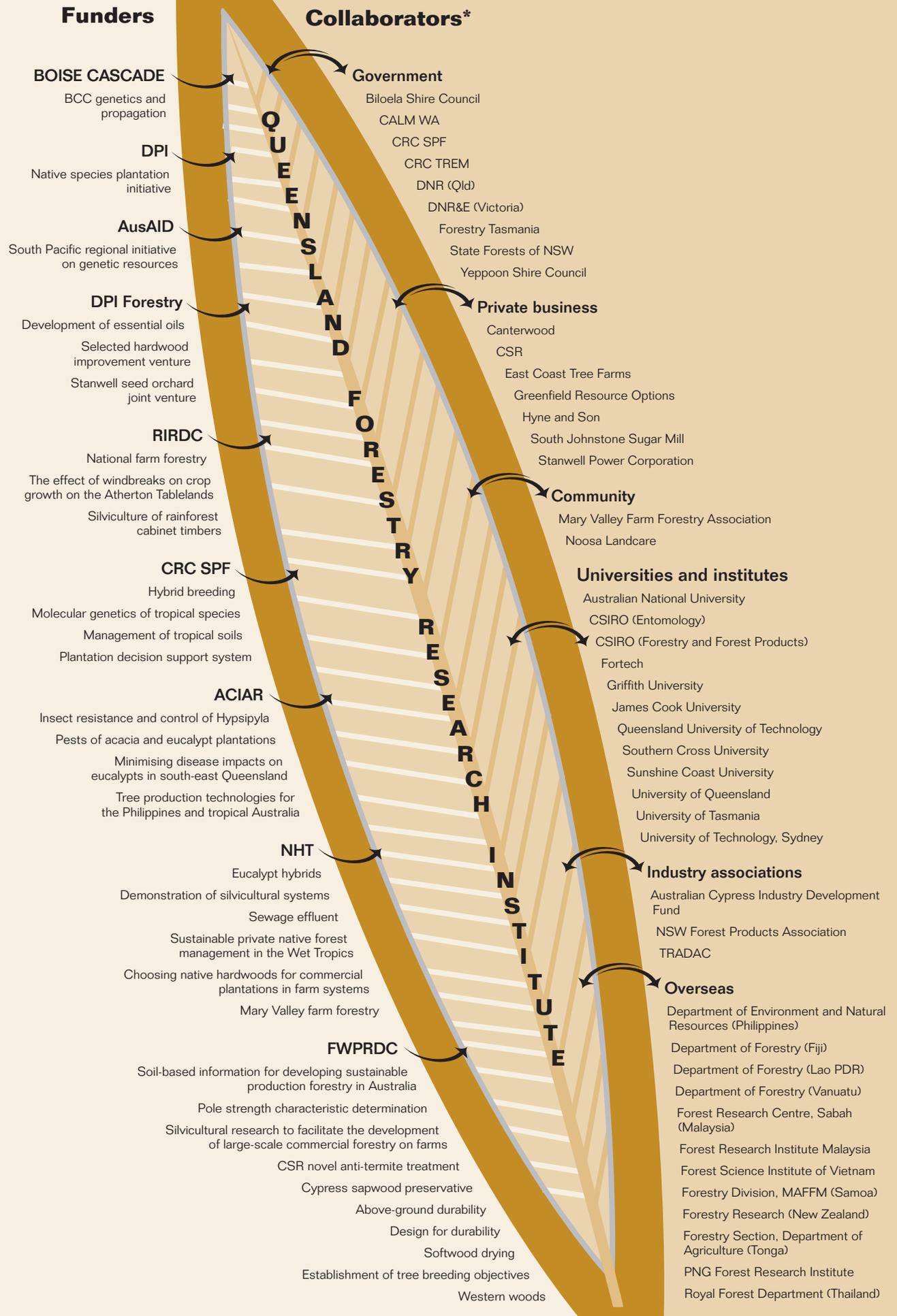


**Top:** Hardwood Silviculture Scientist Geoff Dickinson is part of the scientific team establishing hardwood trials in the Monto region (Monto forestry district).

**Centre:** Regional Manager (Monto) Tom Hughson takes tree measurements in one of seven sites selected for hardwood trials in the Monto region. These plantations, when established, will promote and encourage local tree planting and farm forestry.

**Above:** Forest Worker Jaiben Baker plants hardwoods on the property of Ian Loutitt, near Monto (Monto forestry district).

# QFRI Major Collaborative Projects 1998-99



\*See Glossary on p.71



## Glossary of QFRI funders and collaborators

ACIAR Australian Centre for International Agricultural Research

CALM Conservation and Land Management (Western Australia)

CRC SPF Cooperative Research Centre for Sustainable Production Forestry

CRC TREM Cooperative Research Centre for Tropical Rainforest Ecology and Management.

CSIRO Commonwealth Scientific and Industrial Research Organisation

DNR Queensland Department of Natural Resources

DNR&E Victorian Department of Natural Resources and Energy

DPI Queensland Department of Primary Industries

FWPRDC Forest and Wood Products Research and Development Corporation

NHT Natural Heritage Trust

QFRI Queensland Forestry Research Institute

RIRDC Rural Industries Research and Development Council

TRADAC Queensland Timber Research and Development Advisory Council

## Acknowledgements

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Design and layout: Rebecca Stack

Photography: Russ Boadle, Paul Fanali, John Young, Ian Poole, Alistair Bett, Margaret Brennan, Kieran Lewis, Cameron Coward, Ray Perry, Ann Single and Stephen Walker.

Our thanks to the many DPI staff who contributed to this Yearbook, including Ralph Allan, Kieran Lewis, Ann Single, Geoff Kent, Evonne Leow, Martin Crevatin, Russ Boadle, Garth Nikles, Keith Fraser, Ken Bubb, Ann Thompson, Alan Unkles, Russell Jack, Mila Bristow and Martin Schultz.

## Environmental Integrity

### Goal

To conduct all forest product operations in accordance with legislative requirements, codes of practice and internal procedures for ecologically sustainable use.

### Performance targets

1. Implement an Environmental Management System (EMS) to a stage suitable for independent certification to ISO 14001.
2. Participate as a stakeholder in developing a Regional Forest Agreement (RFA) for south-east Queensland and codes of practice for commercial forest production.
3. Undertake research and development to ensure the ecological sustainability of wood production operations.

### Outcomes

1. Independent auditors found DPI Forestry's Environmental Management System to be soundly based, requiring only fine-tuning for certification to ISO 14001.
2. Native forest timber supplies were maintained to regional sawmillers during the RFA negotiations, and wood flow and other information was provided to RFA stakeholders during the negotiation process.
3. The Queensland Forestry Research Institute continued its research into the ecological sustainability of wood production, including work on biodiversity, habitats and forest regeneration.

In 1998-99, DPI Forestry continued to work on a number of fronts to demonstrate and enhance the environmental integrity of its forest production operations. This is important to Queensland's timber industry in helping it to secure competitive advantage in international markets. Increasingly, these markets are demanding timber products sourced from sustainably-managed forests.

In 1997, DPI Forestry's Environmental Management System (EMS), based on International Standard 14001, was implemented to support this aim. The EMS provides a management framework that enables DPI Forestry to:

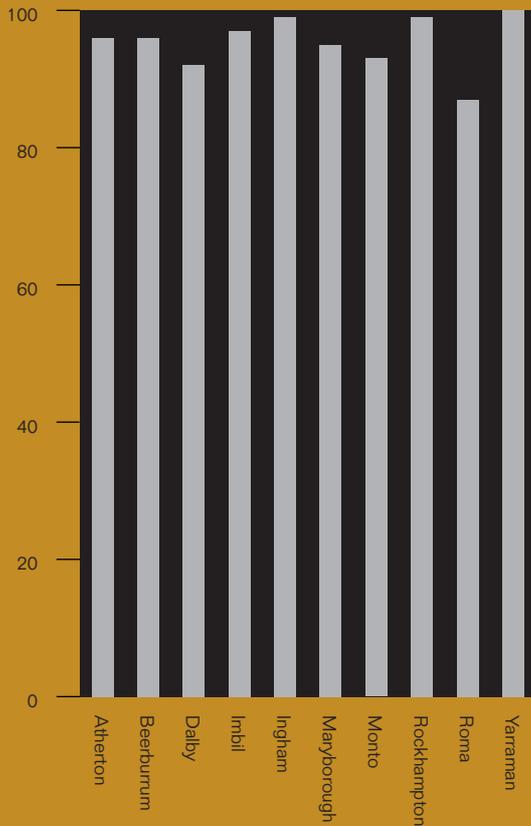
- optimise and maintain long-term forest productivity;
- minimise on- and off-site adverse environmental impacts;
- improve environmental operations by adopting commercial best practice;
- facilitate environmental certification of timber products by its timber processing customers; and
- enhance public acceptance of sustainable wood production.

Significant improvements were made to the EMS. Documentation of relevant systems and procedures was further upgraded and environmental awareness training was provided to staff and contractors.

DPI Forestry, through its system of Sound Practice Indicators (SPI), routinely checks operational compliance with procedural requirements and achievement of appropriate outcomes in the field. As demonstrated by the high pass rates under the SPI system (see chart), DPI Forestry's operational staff performed strongly in relation to the environmental aspects of forest production and marketing activities.

### District implementation of environmental procedures

Percentage pass rate against environmental sections of new sound practice indicators



SPI requirements were also refined and a comprehensive review of associated silvicultural procedures was begun, with further refinements to be implemented in 1999-2000.

In addition, an international quality and environmental management certification agency, selected to carry out a third-party audit of DPI Forestry's EMS, completed an initial EMS Gap Analysis Audit in June 1999. The auditors found DPI Forestry's existing systems to be soundly-based, requiring only fine tuning in some areas to meet requirements for certification to ISO 14001. The auditors considered this goal achievable within six months, given the level of commitment demonstrated to the process.

The Environmental Protection Agency (EPA) also carried out an Environmental Protection Act licence-compliance audit in Atherton district. The EPA raised no issues with DPI Forestry from this audit.

### Regional forest agreement

By the publication date of this *Yearbook*, the Queensland Government had released its position, agreed to by industry and environmental groups, on a Regional Forest Agreement (RFA) for native forests in south-east Queensland. This featured:

- substantial additions to the conservation estate;
- a phase-out of logging in State-owned native forests in south-east Queensland over a 25- year period;
- a guarantee of ongoing timber supplies for most sawmills in the region;
- a major injection of funds for hardwood plantation establishment; and
- increased support for industry value adding.

To protect conservation values pending the RFA's finalisation while avoiding forced mill closures and resultant job losses, DPI Forestry maintained native forest timber supplies to sawmills in the region, in accordance with an amended Interim Forest Management Agreement. During 1998-99 and in the lead-up to the announcement of the Queensland Government's position on the RFA, DPI Forestry also provided a large amount of information to help the various stakeholders analyse wood flows and consider alternative forest management options.

**Nursery Ganger Jill Heilbronn with silver quandong (*Elaeocarpus angustifolius*) seedlings at Walkamin Nursery (Atherton forestry district). As well as raising stock for DPI Forestry plantations, the nursery produces specific tree species for QFRI research projects, for private forest operations, and for the general public.**



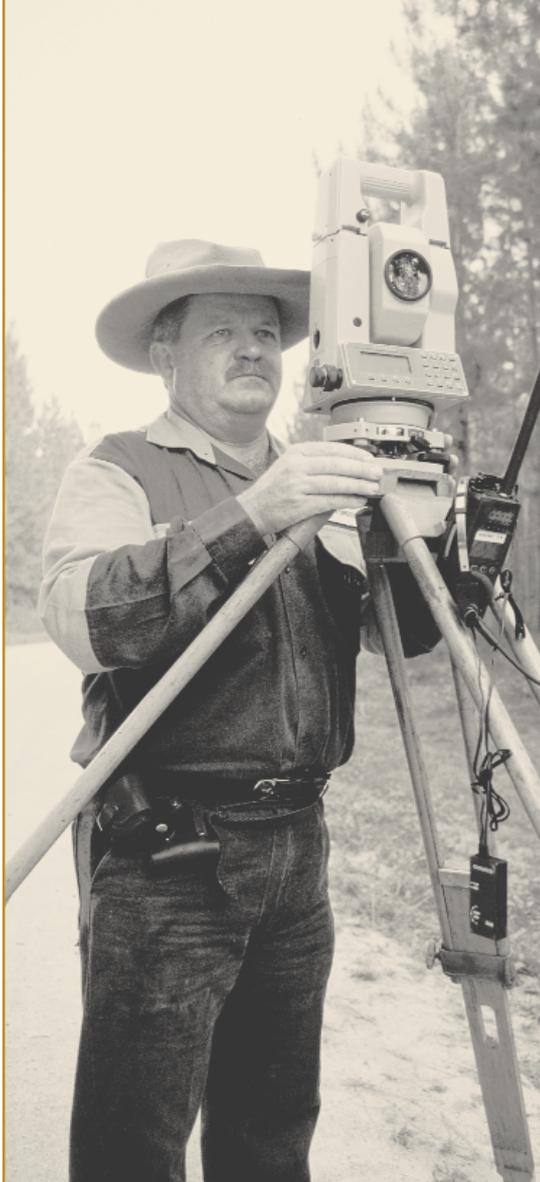
### Codes of practice

DPI Forestry's forest production operations are subject to environmental codes of practice and other land management requirements established by the Department of Natural Resources (DNR). During the year, DPI Forestry continued to work with DNR, industry and other agencies to develop and implement codes of practice enabling sustainable and economically viable timber production in native forests and plantations in Queensland.

Beginning in October 1998, a provisional Code of Practice for Native Forest Timber Production, developed by DNR, was implemented by DPI Forestry and the timber industry for all new native forest timber sales in south-east Queensland. DNR is likely to further refine the code in light of the outcomes of the south-east Queensland's Regional Forest Agreement, to be finalised in 1999-2000.

DNR conducted formal audits of DPI Forestry's native forest harvesting operations in all districts. The audits focused on compliance with National Forest Policy principles, and, where applicable, on application of the Code of Practice for Native Forest Timber Production. Although 23 issues of non-conformance were identified over 18 sale areas, the compliance level provides a satisfactory baseline against which DPI Forestry can pursue improved performance under future audits.

DPI Forestry also continued to contribute to a DNR-managed process that produced a draft Code of Practice for Plantation Wood Production. Commonwealth export controls on plantation-grown wood will be lifted when the Commonwealth Government finalises and ratifies the code. Meanwhile, DPI Forestry contributed to a joint Commonwealth-State process to develop indicators for sustainable forest management, involving regional-level criteria for sustainability based on agreed international criteria.



Forest Survey Officer Mark Allen undertakes site preparation using sophisticated equipment and based on strict environmental requirements (Ingham forestry district).

### Sustainability research

The scientific arm of DPI Forestry, the Queensland Forestry Research Institute, continues to conduct research into the sustainability of native forest management operations.

Research into the impacts of logging, prescribed fire and cattle grazing on forest biodiversity formed the core of two projects funded by the Department of Natural Resources. The ecology of regeneration in dry open forests was researched in a student project with the University of Queensland. The sustainability of softwood plantation forestry was also addressed in a project investigating ways of monitoring the impacts of management on riparian vegetation and aquatic habitats. The information from these studies will be used to assess the short- and long-term effects of forestry management, and help to further develop codes of practice for native forest management.



### Study shows forest operations have little impact on water quality

A four-year scientific study in a 904-ha coastal water catchment area at Toolara shows that DPI Forestry's plantation operations negligibly effect water quality in the surrounding environment.

Conducted by DPI Forestry hydrologist Dr Ken Bubb, the research is part of the Queensland Forestry Research Institute's work on soil-based information to aid sustainable plantation forestry. The project involved constructing two stream-monitoring stations and a network of wells in the catchment area to study the impacts of exotic pine plantation management (including clearfall, thinning and plantation re-establishment) on water quality and stream yield.

"Our results show that DPI Forestry's plantation operations have had no detectable effect on stream-water quality indicators of total nitrogen, nitrate, ammonia; or total phosphorous, orthophosphate; or suspended solid levels," Ken said.

"The lack of effect on suspended solids, particularly, suggests DPI Forestry's operations had no apparent effect on erosion during the study period, a good result given the record flooding that occurred in the area in February 1999."

The study also shows DPI Forestry's operations do not effect the nitrogen and phosphorus concentration in the catchment's groundwater.

The study will continue for a further 12 months and, when complete, will provide a reference data set for streams in the coastal lowlands area adjacent south-east Queensland's Great Sandy Strait.



**Top:** Hydrologist Dr Ken Bubb uses a pluviometer to measure rainfall intensity.

**Above:** Laboratory Technician Andreea Stoenescu analyses chemical and nutrient levels in plantation run-off to determine the environmental effects of DPI Forestry's silvicultural practices.

## Customer and Community Relations

### Goal

To enhance commercial collaboration with the forest industry and other customers, and customer and community appreciation of DPI Forestry as a reliable commercial supplier of quality products from sustainably managed forests.

### Performance targets

1. Enhance customer relations and community perceptions of the forest industry.
2. Improve processing technology and value adding for timber products through continued cooperative research projects.

### Outcomes

1. A customer service policy was implemented with greater emphasis of customers' business needs, faster decision making and improved advice on product quality and availability. Public education and forest promotional campaigns, involving media where appropriate, were conducted on an ongoing basis.
2. Queensland Forestry Research Institute research advanced hardwood and plantation knowledge; knowledge of improved pest and disease treatments; and processes for enhancing the strength and durability of timber products. QFRI's Salisbury Research Centre obtained third-party accreditation to ASNZ 4063, certifying its methods for evaluating the structural properties of timber.

### Enhancing customer service

Through its Enterprise Agreement, DPI Forestry is undertaking a major program to develop a more commercially oriented and responsive customer service culture within the organisation. Improved communication with, and feedback from customers are critical to this program's success. With this in mind, DPI Forestry employed external consultants to conduct a comprehensive customer survey, supplemented by a series of in-depth interviews, to identify current levels of satisfaction with DPI Forestry's customer service. The survey provided feedback and baseline data on customer satisfaction and enabled priority areas for attention to be identified.

As a result, a new customer service policy, which emphasises greater awareness of customers' business needs, faster decision making and improved advice on product quality and availability, was developed for implementation and continuous improvement from 1999-2000 onward.

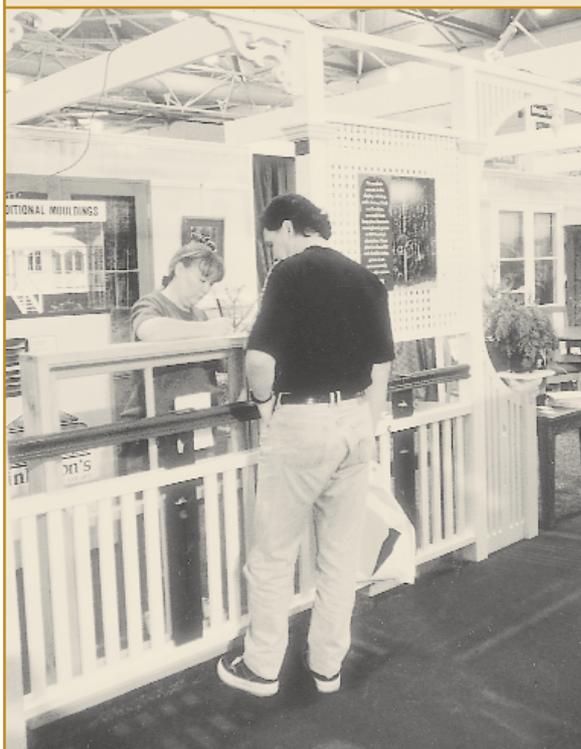
A notable example of DPI Forestry's work to improve product advice to customers is a new computer-based, dynamic format Plantation Resource Outlook System (see boxed text), which is available over the Internet. Customers can download the system onto their own computers, allowing them to access plantation resource data in formats of their choosing, including the grouping of data by regional or other resource characteristics and the generation of information in graphical format.

### Community relations

Throughout 1998-99, DPI Forestry continued with an energetic campaign of industry-focused promotion and education. Many activities were undertaken with the help of the industry's peak associations, including the Queensland Timber Board (QTB) and the Timber Research and Development Advisory Council (TRADAC). The Queensland Forestry Research Institute, meanwhile, held regular field days throughout Queensland for clients and potential clients to help ensure it continued to meet industry needs.

Over the last two years, DPI Forestry has worked with Brisbane's Channel 7 to produce two one-hour documentaries on the Queensland timber industry, for broadcast on the network's World Around Us program. *Behind Every Queensland II* was screened on 20 March 1999, as part of

DPI Forestry joined with industry partner Finlayson Timber and Hardware Pty Ltd to show 66 000 visitors to the Brisbane Home Show the beauty, durability and environmental friendliness of timber products.



Media Liaison Officer Margaret Brennan, left, and Administration Officer Pam Jeppeson with part of DPI Forestry's "Behind Every Queenslander" display for the Brisbane Home Show.

DPI Forestry's World Forestry Day celebrations, and became Channel 7's highest-rating locally produced documentary, attracting 320 000 viewers in south-east Queensland alone. *Behind Every Queenslander III* is in production and will be screened in March 2000. It will be the final documentary of the series. The complete set of documentaries will then be marketed as a trilogy.

Working with one of its industry partners, Finlayson Timber and Hardware Pty Ltd, DPI Forestry had a major presence at Queensland's premier Home Show, at the Brisbane Convention Centre in October 1998. The display's theme – "Behind Every Queenslander" – was based on the DPI Forestry/Channel 7 documentary series and celebrated the beauty and versatility of plantation-grown timbers for home construction. More than 66 000 visitors saw the display over the show's five days.

Other DPI Forestry promotions in 1998-99 included displays at the Timber Information Centre in Brisbane; sponsoring the Best Overall Business Award at the annual Timber Industry and Merchants Business Awards; undertaking television and radio interviews; and promoting Queensland's forest and timber industry at a number of public events.

### Improved technology and value adding

The Queensland Forestry Research Institute's continuing intensive research has advanced hardwood plantation knowledge. Detailed studies are investigating 10 eucalyptus species and hybrid eucalypts, and genetically broad-based seed orchards have been established as bases for long-term genetic improvement and enhanced profitability. QFRI is also gathering data from its extensive field trials, which will form the basis of prescriptions for successful hardwood plantation management. Major pests and diseases of these plantations have been identified and a major foundation study to determine the main problems limiting the recovery of marketable timber has been completed.

Continuing research also resulted in the discovery of three different processes to make cypress suitable for vacuum-pressure treatment with natural cypress extractive solution. This work into the use of natural cypress extractive compounds to increase the durability of cypress products is funded by the Forest and Wood Products Research and Development Corporation (FWPRDC), the Australian Cypress Industry Development Fund, State Forests of New South Wales, the NSW Forest Products Association and DPI Forestry.

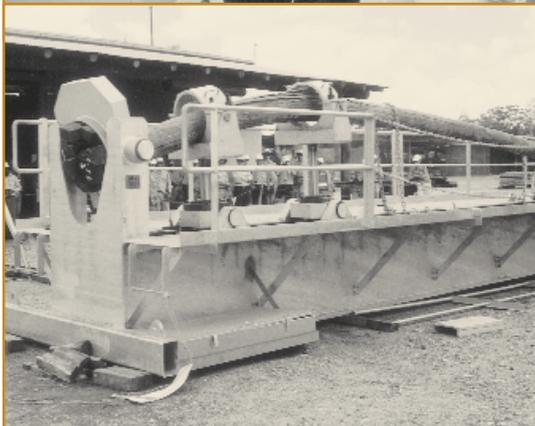
Timber's reliability and reputation were further enhanced in a FWPRDC-funded project studying the strength and durability of timber power poles. Data being finalised will help to provide comprehensive grading rules, reliable information on utility pole characteristic strength, and guidelines for identifying poles needing replacement. Electricity providers in Queensland and New South Wales are backing the project.

QFRI's Salisbury Research Centre became accredited with the Australian and New Zealand Standard ASNZ 4063 that certifies its methods for evaluating the structural properties of timber.



Research Technician (Atherton) Mark Annandale checks log damage from borers and fungi as part of a NHT-funded project to improve sustainable practices in privately-owned native forests.

Below: The Queensland Forestry Research Institutes's pole strength testing rig, designed by QFRI engineer Amanda Yeates (pictured with State Primary Industries Minister Henry Palaszczuk), provides valuable timber strength data for Institute clients in Queensland and interstate.



## Plantation resource data go on-line

DPI Forestry's current and prospective timber processing customers now have ready access to comprehensive, up-to-date information on plantation resources, after the development of a new sophisticated web site and supporting database.

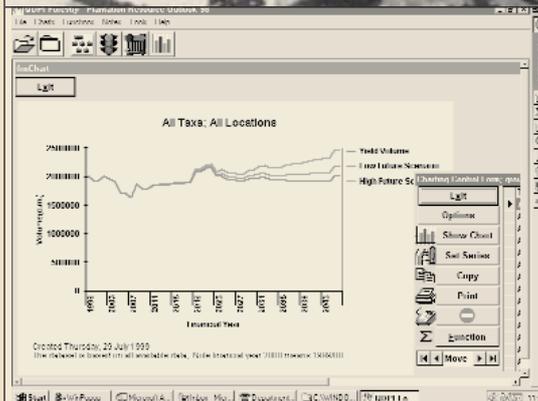
Titled the Plantation Resource Outlook, the database includes information on wood flows, yields and current sale commitments. A set of help screens cover marketing practices, an overview of the major plantation species and a location guide to the plantation estate. The information can be viewed as a graph or as raw data, and can be downloaded to personal systems for inclusion in business documents or for further analysis. In addition to its data summation and graphical functions, the system also includes the estimated impact of current tree breeding and silvicultural programs on future wood flows. Productivity scenarios are mapped into the system and are overlaid on the base resource calculations.

DPI Forestry's Resources Manager, Chris Bragg, said the Plantation Resource Outlook database represented a move away from presenting information in a static format to one that was dynamic and allowed users to select how the data would be grouped.

"It will allow users to localise information by region or examine other resource characteristics, such as area planted by age class, and assist them to make decisions about their business," Chris said.

He said the new system would be updated annually to coincide with a 12-month cycle of major resource reviews for plantation timber and would provide DPI Forestry with an additional channel for communicating with its customers in marketing its products.

People with access to the Internet can visit the Plantation Resource Outlook site and download the system and data to their PCs. It can be found at [www.forests.qld.gov.au/forind/forestry/plantres.htm](http://www.forests.qld.gov.au/forind/forestry/plantres.htm).



Top: Aerial view of hoop plantation, Atherton.

Middle: The computer interface for Plantation Resource Outlook.

Above: DPI Forestry's Resources Manager, Chris Bragg.

## Best Practice Business Management

### Goal

To pursue best practice standards in all areas of forestry operations.

### Performance targets

1. Progressively develop and implement enhanced commercial systems.
2. Implement a commercially oriented Enterprise Agreement.

### Outcomes

1. Organisational structures and systems were streamlined to better meet business needs.
2. Strong progress was made under the current Enterprise Agreement, leading to agreed pay increases to employees for achieving progressive performance targets.

### Enhanced business systems

DPI Forestry's ability to perform as an efficient forest grower underpinning an internationally competitive timber industry depends largely on the quality of its business management systems. To this end, a sharper commercial focus was applied to the way in which DPI Forestry manages and controls its business activities.

For example, in August 1988, the separation of non-commercial from commercial Government forestry functions was taken a step further with the transfer of the DPI Forestry's Forest Industry Development Division, responsible for publicly funded private forestry and forest industry development, to the DPI's Agriculture Industry Development Group. DPI Forestry continues to provide certain forestry-related services to this group on a fee-for-service basis.

In a further streamlining of DPI Forestry's organisational structure, initial steps were taken to create a new Operations Division, to bring together the former Production division and regional and district operations into a single management unit. When formalised, the new Division will combine production, policy, development, technical support and district operations under the one umbrella to provide a clearer focus and enable more effective coordination of forest production activities. In an associated move, certain district management activities were realigned along product lines. Closer management lines were established between Imbil and Yarraman districts (hoop pine producing areas), and responsibility for the Pechey State Forest Group was transferred from the Yarraman District to the Dalby District (both producing exotic pine).

Additionally, a small Forest Policy Group was established, to become part of the new Operations Division when this is formalised. Designed to work with the Queensland Forestry Research Institute under a purchaser-provider framework, the group will secure priority commercial research and development outcomes for DPI Forestry and facilitate "technology transfer" from research and development to field operations. The Forest Policy Group worked with researchers and operational managers to realign forest production-oriented research programs to better support DPI Forestry's business directions and needs.

DPI Forestry also strengthened the Queensland Forestry Research Institute (QFRI) by extending its developmental role, thereby enhancing its potential to operate as a commercial, semi-autonomous business unit. This was achieved by integrating the formerly separate Forest Development Group into QFRI, as recommended by a 1997 independent review of the institute.

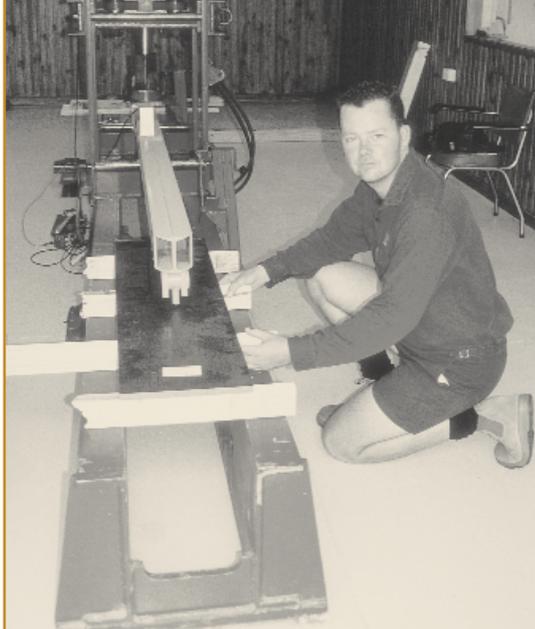
QFRI also invested more than \$100 000 in upgrading its Salisbury Research Centre to gain accreditation to ASNZS 4063 by the National Association of Training Authorities (NATA) in March 1999.

The Salisbury Research Centre specialises in wood processing and seasoning, timber engineering and use, and wood quality improvement. More than 70% of its work is for external clients.

A draft DPI Forestry Customer Service Policy was finalised, based on issues raised through client satisfaction surveys carried out with the assistance of external management consultants. The new policy addresses DPI Forestry's responsiveness to its customers and aligns DPI Forestry customer-service activities with shared goals of the organisation and its customers.

DPI Forestry also continued to upgrade its plant and equipment, with an investment of nearly \$2m to buy five dozers and a dual-purpose fire-fighting unit. Valued at \$1.4m, the dozers are being used for plantation development in south-east Queensland, while the new fire unit is based in Ingham.

DPI Forestry plans to upgrade its fire-fighting units statewide by 2005.



Technician Glenn Spring tests hardwood flooring at Salisbury Mill, part of the Salisbury Research Centre complex that obtained NATA certification in 1999.



A new dual-purpose fire-fighting unit was bought and is based in Ingham. DPI Forestry plans to upgrade its fire-fighting units statewide by 2005.

Good progress was made in converting key elements of DPI Forestry's financial and human resources computer systems to the (almost) government-wide SAP system. Among other benefits, this conversion will ensure that these important business systems are insulated from the millennium, or "Y2K", bug (SAP being Y2K compliant). Ongoing roll-outs of SAP modules progressed and extensive training was undertaken in DPI Forestry's central office, its South-East Region, and its North and West Region. The complete roll-out of SAP is expected to be finalised by the end of 1999. DPI Forestry's information management branch continued with a comprehensive computer testing and replacement program to ensure Y2K compliance.

### Enterprise Agreement

DPI Forestry's Enterprise Agreement, which runs to 30 June 2000, establishes a contract with employees to achieve performance targets under four business improvement programs, linked to key result areas in DPI Forestry's Corporate Plan. The programs are:

- the Competitive Performance Program, targeting \$10m in productivity improvements over three years;
- the Environmental and Quality Management Program, aiming to upgrade DPI Forestry's Environmental Management System to ISO 14001 Standard;
- the Customer Service Program, seeking to develop a commercial customer service culture; and
- the Workforce Enhancement Program, seeking to implement more commercially focused and flexible employment conditions.

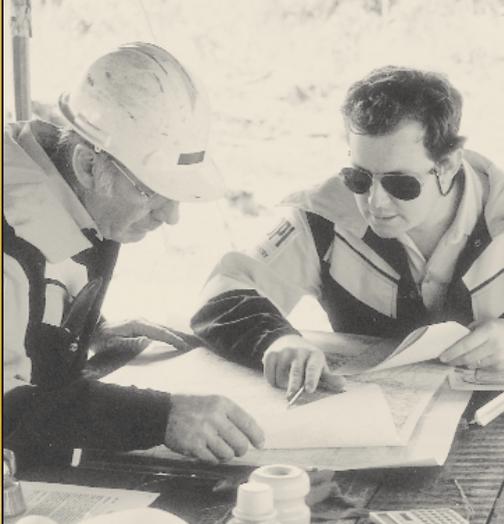
DPI Forestry's employees strongly progressed achievement of performance milestones and targeted productivity improvements under the Agreement. In recognising this, DPI Forestry recommended paying its employees the full Stage 3 pay increase of 4% from November 1999. A Stage 2 increase of 4% had been paid from November 1998 for achieving progressive performance targets during 1997-98.



Workshop Supervisor David Adcock was "relaxed" knowing that regional computer systems were assured "Y2K" compliant, after DPI Forestry's comprehensive computer testing and replacement program (Ingham forestry district).

General Forest Worker Alan Rowe conducts "carry up" pruning with a polesaw (Ingham forestry district).





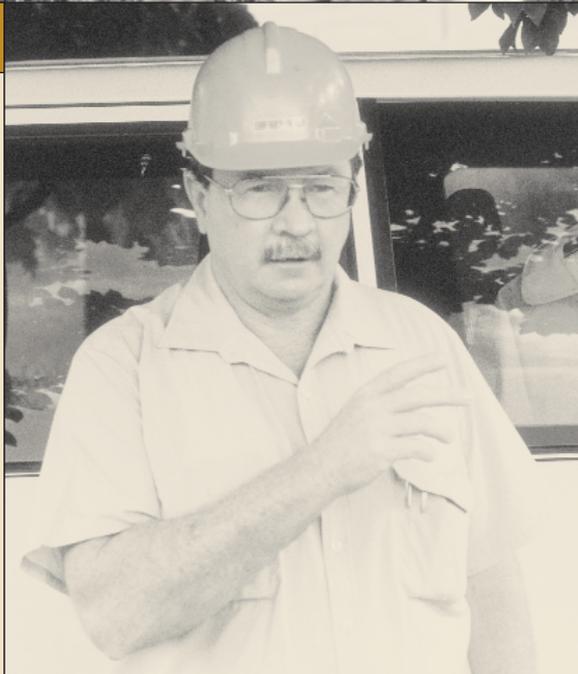
### Fire exercise a State standard

In July 1998, a second multi-agency forest fire exercise hosted by DPI Forestry helped place this annual activity as a standard exercise for south-east Queensland fire authorities.

Kandanga '98 saw DPI Forestry fire crews joined by representatives from the Department of Natural Resources, the Department of Environment, the Department of Emergency Services, the National Parks and Wildlife Service, and rural firefighting agencies. The exercise aimed to refine core fire-fighting skills and ensure effective cooperation between fire agencies in the event of a real fire. During the day-long exercise, fire crews competed in a round-robin of activities, which included manual fire-line construction, emergency first aid and rescue, navigation and fire observation, fire equipment maintenance and repairs under field conditions, and fire investigation.

The exercise's chief marshal, Forest Ranger in Charge at Gallangowan, Keith Fraser, said Kandanga '98 provided valuable training for all staff. "I think they learned a lot from the exercise," he said.

Kandanga '98 followed an equally successful Toolara '97 and was a prelude to Beerburum '99 and Dalby 2000.



Top left: General Forest Worker (Barakula) Bob Hodgson and Forest Ranger In Charge (Injune) John Ludlow study their maps during Kandanga '98.

Top right: Queensland Primary Industries Minister Henry Palaszczuk (left) and Ganger Keith Pearce (Amamoor) construct a fire line during Kandanga '98.

Above left: Former DPI Forestry Executive Director Dr Gary Bacon (third from left) presents the Kandanga '98 trophy to the winning fire crew "Beerburum One", from left: Tony Barbler, Dean Adams, Neil Buss, Barry Thompson and Corey Vine.

Above: Kandanga '98 Chief Marshal, Forest Ranger in Charge (Gallangowan) Keith Fraser.



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## Disclaimer

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# Profit and Loss Statement

(for the financial year ended 30 June 1999)

	Notes*	1999 (000 \$)	1998 (000 \$)
<b>Operating revenue</b>			
Sale of timber	3(a)	68,168	68,429
Specialised forest industry services		6,939	8,832
Quarries		2,609	1,995
Seeds and seedlings		1,614	1,142
External workshop charges		898	843
Profit on disposals of non-current assets		96	65
Other revenue	3(b)	3,044	3,189
<b>Total operating revenue</b>		<b>83,368</b>	<b>84,495</b>
<b>Operating expenses</b>			
Salaries, wages and related costs		31,085	32,373
Interest and loan guarantee fee		6,099	8,247
Contracted forestry, professional, technical and other services		8,582	9,117
Depreciation on property, plant and equipment		5,075	5,424
Hire of plant and equipment		2,214	2,226
Superannuation contributions		3,514	3,573
Provision for employee entitlements		3,225	3,590
Motor vehicle expenses		2,473	2,482
Occupancy costs		2,926	2,648
Forest maintenance expenses		2,029	2,437
Materials		1,874	1,787
Travel expenses		1,013	1,182
Workers' compensation costs		498	925
Postage, printing and stationery		612	542
Computer operating expenses		563	744
Auditor's remuneration		120	120
Doubtful debts expense		-	102
Bad debts written off		53	8
Other operating expenses		1,576	1,430
<b>Total operating expenses</b>		<b>73,532</b>	<b>78,957</b>
<b>Operating profit before income tax and abnormal items</b>		<b>9,836</b>	<b>5,538</b>
Income tax equivalents attributable to operating profit	5	-	-
<b>Operating profit after Income tax equivalents before abnormals</b>		<b>9,836</b>	<b>5,538</b>
Abnormal items	4	-	(15,667)
Income tax equivalents attributable to abnormal items	5	-	-
<b>Operating profit/(loss) after income tax equivalents and abnormal items</b>		<b>9,836</b>	<b>(10,129)</b>
Retained profits at the beginning of the financial year		(10,842)	3,155
Total available for appropriation		(1,006)	(6,974)
Dividend provided for	13,15	(4,633)	(3,868)
<b>Retained profit/(accumulated loss) at the end of the financial year</b>		<b>(5,639)</b>	<b>(10,842)</b>

\*The accompanying notes on pages 47–57 form an integral part of the financial statements.



# Balance Sheet

as at 30 June 1999

	Notes*	1999 (000 \$)	1998 (000 \$)
<b>Current assets</b>			
Cash	6	8,215	7,858
Receivables	7	12,735	9,052
Inventories	8	2,715	2,880
<b>Total current assets</b>		<b>23,665</b>	<b>19,790</b>
<b>Non-current assets</b>			
Receivables	7	424	583
Property, plant and equipment	9	66,222	68,817
<b>Total non-current assets</b>		<b>66,646</b>	<b>69,400</b>
<b>Self generating and regenerating assets</b>			
Plantation growing timber	10	980,952	930,826
<b>Total assets</b>		<b>1,071,263</b>	<b>1,020,016</b>
<b>Current liabilities</b>			
Creditors	11	3,997	4,705
Borrowings	12	-	3,928
Provisions	13	8,935	8,167
<b>Total current liabilities</b>		<b>12,932</b>	<b>16,800</b>
<b>Non-current liabilities</b>			
Borrowings	12	76,420	76,935
Provisions	13	8,050	7,930
<b>Total non-current liabilities</b>		<b>84,470</b>	<b>84,865</b>
<b>Total liabilities</b>		<b>97,402</b>	<b>101,665</b>
<b>Net assets</b>		<b>973,861</b>	<b>918,351</b>
<b>Equity</b>			
Capital	14	927,571	928,065
Retained profits/(accumulated losses)		(5,639)	(10,842)
Reserves			
- Asset revaluation	14	1,803	1,128
- Plantation growing timber revaluation	14	50,126	-
<b>Total equity</b>		<b>973,861</b>	<b>918,351</b>

\*The accompanying notes on pages 47–57 form an integral part of the financial statements.



# Statement of Cash Flows

(for the year ended 30 June 1999)

	Notes*	1999 (000's)	1999 (000's)	1998 (000's)	1998 (000's)
		Inflows (Outflows)	Inflows (Outflows)	Inflows (Outflows)	Inflows (Outflows)
<b>Cash flows from operating activities</b>					
Receipts from customers		79,311		85,748	
Payments to suppliers and employees		(62,318)		(64,759)	
Interest received		419		362	
Interest and loan guarantee fees paid on borrowings		(6,121)		(8,884)	
Sales taxation equivalents paid		(235)		(307)	
Grants and subsidies paid		(599)		(317)	
Grants and subsidies received		388		64	
<b>Net cash provided by operating activities</b>	16		<b>10,845</b>		<b>11,907</b>
<b>Cash flows from investing activities</b>					
Payments for property, plant and equipment		(3,557)		(5,607)	
Proceeds from sale of property, plant and equipment		1,380		1,619	
<b>Net cash used in investing activities</b>			<b>(2,177)</b>		<b>(3,988)</b>
<b>Cash flows from financing activities</b>					
Repayment of borrowings		(4,443)		(4,959)	
Dividends paid		(3,868)		(5,060)	
<b>Net cash (used in) financing activities</b>			<b>(8,311)</b>		<b>(10,019)</b>
Net Increase/(Decrease) in Cash Held			357		(2,100)
Cash at the Beginning of the Financial Year			7,858		9,958
<b>Cash at the end of the financial year</b>	6		<b>8,215</b>		<b>7,858</b>

\*The accompanying notes on pages 47–57 form an integral part of the financial statements.



# Notes to and forming part of the Financial Statements

for the financial year ended 30 June 1999

## 1. Constitution

By Cabinet Decision number 4637 dated 15 May 1995, the DPI Forest Service was restructured to operate as a commercial business group (DPI Forestry) from 1 July 1995. DPI Forestry is part of the Department of Primary Industries.

## 2. Statement of significant accounting policies

The significant accounting policies, which have been adopted in the preparation of these financial statements, are as follows:

### 2.1 Basis of preparation of the accounts

The financial statements are a general purpose financial report that have been prepared in accordance with applicable Australian Accounting Standards, the Financial Management Standard 1997 issued pursuant to the *Financial Administration and Audit Act 1977* and other mandatory professional reporting requirements (Urgent Issues Group Consensus Views). The accounts have been prepared on an accrual basis and except where stated otherwise, in accordance with the historical cost convention.

### 2.2 Receivables

Receivables are reported net of any doubtful debts.

### 2.3 Bad debts

All known bad debts are written off.

### 2.4 Borrowings

Borrowings are reported at their book value as determined by the Queensland Treasury Corporation.

### 2.5 Inventories

Inventories are valued at lower of cost and net realisable value.

### 2.6 Library assets

Purchase of library materials are expensed as incurred.

### 2.7 Leasehold improvements

Leasehold improvements are expensed as incurred.

### 2.8 Intangibles

Costs of all intangible items, including acquisition and development costs of computer software, have been expensed as incurred.

However, to promote uniformity in accounting policies with DPI Forestry's parent entity (the Department of Primary Industries), which has moved to recognise and report on Intangible Assets as at 30 June 1999, and in recognition of the increasing significance of computer systems within Forestry's business processes, this policy will be reassessed in the year ending 30 June 2000. A review will be undertaken to identify any significant intangible items which meet the recognition criteria set out in Statement of Accounting Concepts 4 "Definition and Recognition of the Elements of Financial Statements". Any such items would then be disclosed as assets, forming part of the "Intangibles" asset class, in future reporting periods.

### 2.9 Property, plant and equipment

#### Recording of property, plant and equipment

All items of property, plant and equipment with a value of \$500 or more are capitalised, and items under this threshold are recorded as an expense in the year of acquisition. Items or components, which form an integral part of an asset, are recognised as a single asset and the capitalisation threshold is applied to the aggregate cost of the asset.

#### Depreciation on property, plant and equipment

Depreciation on depreciable assets is calculated on a straight-line basis so as to allocate the cost, or other value, of each depreciable asset, progressively over its estimated useful life.

For each class of depreciable asset, the following depreciation periods were used:

Asset class	Average estimated useful life in years
Land improvements	32
Buildings	21
Access roads	41
Plant and equipment	8



### Profit and loss on disposal of assets

Any gain or loss on the disposal of property, plant and equipment has been taken into account in determining the profit for the year.

### Valuation of property, plant and equipment

Non-current physical assets are valued on the "deprival" basis, in accordance with the Queensland Treasurer's guidelines entitled *Recording and Valuation of Non-Current Physical Assets in the Queensland Public Sector*. Under the deprival value concept, assets are valued at an amount that represents the entire loss that might be expected to be incurred if DPI Forestry was deprived of the future economic benefits of these assets at reporting date. Additions of non-current physical assets acquired during the year are recorded at the acquisition cost.

For the purpose of revaluation of non-current physical assets, the Department established the following revaluation thresholds by class of assets.

Asset Class	\$
Land	200,000
Land improvements	700,000
Buildings	100,000
Access roads	1,000,000
Plant and equipment	1,000,000

The carrying values of property, plant and equipment are reviewed annually.

Non-current physical assets having an estimated value greater than the appropriate revaluation threshold, and an estimated useful life of three years or more, are periodically revalued. A comprehensive revaluation of these assets is performed at five-year intervals with annual indexation between full revaluations.

Capital works in progress represent costs incurred in respect of assets under construction.

### 2.10 Plantation growing timber

The Net Realisable Value (NRV) methodology has been adopted by DPI Forestry for the valuation of Plantation Growing Timber. NRV is the amount that could be expected to be received from the disposal of an asset in an orderly market, after deducting costs expected to be incurred in realising the proceeds of such a disposal. Under this methodology, value changes arise mainly from:

- changes in timber volume associated with growth and also changes to the overall estate as a result of annual planting and harvesting activity;
- changes in timber prices.

Volume increments are determined both by periodic re-measurement of samples of plantations and by modelling growth from the date of the most recent measurement to the valuation date. The market valuation is prepared by appropriately qualified staff employed by DPI Forestry using advanced modelling techniques/methods accepted by the forestry industry. Current market prices have been applied in determining the plantation growing timber valuation. Realisation costs are based on weighted average costs of existing sales.

Only merchantable stands of timber have been included in the valuation and comprise stands 20 years and older for hoop pine and 15 years and older for exotic pine species. Other plantation areas considered unmerchantable for the purposes of the valuation include:

- plantations containing minor species, which previous marketing experience suggests are likely to be unmerchantable or of problematic value;
- areas subject to experimental treatments, which previous marketing experience suggests are likely to be unmerchantable or of problematic value; and
- small, fragmented plantation areas likely to be unmerchantable or of problematic value.

Costs incurred in relation to pine plantations establishment and maintenance are expensed as incurred with the exception of access roads construction and upgrade, which are capitalised.

DPI Forestry revalues plantation growing timber annually. The change in net realisable value from the beginning to the end of the year is not recognised in the Profit and Loss Statement, but is treated as an adjustment to the Plantation Growing Timber Revaluation Reserve. The only exception to this treatment is where a decrement in value exceeds the balance of the Plantation Growing Timber Revaluation Reserve. In this case the amount to be adjusted in excess of the balance is expensed in the Profit and Loss statement. This treatment of the change in net realisable value varies from that of some other forest growing agencies and needs to be borne in mind in any comparative analysis of profits.

### 2.11 Native forests

DPI Forestry's asset in native forests is its right to harvest forest products on certain Crown-owned native forests to further its commercial objectives. Valuation difficulties arise as a consequence of the need to assess volume and growth characteristics across an extensive range of forest types and areas. In addition, ongoing resource

availability depends upon the finalisation of both the Regional Forest Agreement process and associated State Forest management planning. These factors raise reliability problems for any asset valuation approach and have resulted in native forest property rights not being valued in the financial statements for the year ended 30 June 1999. The volume of timber harvested from native forests approximates annual forest growth; i.e. the forests are managed on a sustained yield basis. Accordingly, costs are expensed on the basis that these costs are incurred to maintain the constant forest resource.

### 2.12 Land

DPI Forestry carries out its forestry establishment, management and marketing operations principally on Crown land allocated for forest production purposes by the Department of Natural Resources (DNR). While DNR retains control over this land, DPI Forestry is granted access to carry out its operations in accordance with the *Forestry Act 1959*.

Only land controlled by DPI Forestry has been brought to account. This land includes specified freehold and Crown land parcels held for operational purposes.

### 2.13 Quarries

DPI Forestry obtains royalties from quarry operators for the extraction of quarry materials located on Crown land and identified freehold land. Revenues are taken to account when received and any expenditure when incurred. The extent of quarry resources has not been quantified and, accordingly, a value for these assets has not been included in the accounts.

### 2.14 Employee entitlements

Employee entitlements relate to amounts expected to be paid to employees for accrued recreation leave and long service leave, and accrued salaries and wages. In addition, associated on-costs and outstanding employer contributions to employee superannuation schemes have also been recorded.

Recreation leave liability is based on each employee's statutory entitlement based on current salary and wages rates.

A liability for long service leave is recognised and is measured by the use of a shorthand method derived by the Queensland State Actuary. The result of this method does not differ materially from that which would be arrived at should a calculation be performed estimating the present value of expected future payments to be made in respect of services provided by employees up to the reporting date. The method used incorporates consideration of expected future wage and salary levels, experience of employee departure and periods of service. The assumed rate

of salary inflation and the discount rate are based on Commonwealth Government bond yields at the reporting date and the expected long-term gap between salary inflation and investment return.

Sick leave is charged as an expense in the period in which it is taken.

Employer contributions for employee superannuation are expensed as incurred. No liability is shown for superannuation benefits in the balance sheet, as the liability is held by the Government Superannuation Office.

### 2.15 Research and development

Research and development costs are charged to operating profit before income tax equivalents as incurred. Research and development costs will be deferred only to the extent that future benefits are expected, beyond any reasonable doubt, to equal or exceed those costs, any previously deferred costs, and any future costs necessary to give rise to the future benefits.

### 2.16 Taxation

DPI Forestry, as a commercialised business unit, is subject to the payment of income tax equivalents and sales tax equivalents, in accordance with the requirements of the Queensland Tax Equivalents Regime.

Pursuant to Australian Accounting Standard AAS 3 "Accounting for Income Tax (Tax-effect Accounting)", Income Tax Equivalent expense is calculated on the operating profit in the profit and loss statement after adjusting for permanent differences. The tax effect of timing differences, which arise from items being brought to account in different periods for income tax and accounting purposes, is carried forward as a future tax equivalent benefit or a provision for deferred tax equivalent.

Future tax equivalent benefits are not brought to account unless realisation of the benefit is virtually certain.

No liability has been provided for the payment of future Capital Gains Tax Equivalents that may arise on the disposal of assets. Such liability is provided at the time of disposal of the assets. Where assets are revalued, no provision for potential Capital Gains Tax Equivalents has been made.

### 2.17 Insurance

In accordance with Government policy, assets are not insured, and losses are treated as an expense as they are incurred. Workers' Compensation premiums are paid to Workcover Queensland.



## 2.18 Financial reporting by segments

DPI Forestry operates principally in the forestry industry within Queensland.

## 2.19 Interests in joint ventures

DPI Forestry currently has a financial interest in a number of joint ventures involving the production of self-generating and regenerative assets.

Contributions by DPI Forestry are expensed as incurred, consistent with DPI Forestry's policy of not capitalising plantation establishment and maintenance costs (refer note 2.10). Details of DPI Forestry's interests are disclosed at note 18.

## 2.20 Deposits held in trust

Security, tender and other deposits administered by DPI Forestry in a trust capacity are not recognised in the financial statements, but are disclosed for information purposes in note 22.

## 2.21 Comparative figures

Where necessary, comparative figures have been restated to comply with the current year's presentation of the accounts.

## 2.22 Rounding

Amounts included in the financial statements have been rounded to the nearest one thousand dollars, unless specifically stated to be otherwise.

## 3. Revenue

	1999 \$'000	1998 \$'000
<b>(a) Sale of timber comprised:</b>		
Plantations - native pine	22,126	21,612
- exotic pine	35,229	36,913
- hardwood	480	162
Native forests - cypress	3,676	3,224
- hardwood	6,503	6,355
- sandalwood	98	23
Freehold selections - timber revenue	56	140
<b>Total timber revenue</b>	<b>68,168</b>	<b>68,429</b>
<b>(b) Other revenue comprised:</b>		
Fees and permits	191	181
Interest	383	353
External plant hire	403	441
Other sundry revenue	2,067	2,214
<b>Total other revenue</b>	<b>3,044</b>	<b>3,189</b>

## 4. Abnormal items

	1999 \$'000	1998 \$'000
Revaluation decrement		
- Plantation Growing Timber	-	(15,667)

## 5. Income tax equivalents

	1999 \$'000	1998 \$'000
Operating profit	9,836	5,538
Prima facie tax equivalent expense (calculated at 36% of operating profit)	3,541	1,994
<b>Tax effect of permanent differences:</b>		
Acquired timber felled - Queensland		
Income Tax Equivalents Ruling 95/4	(12,314)	(14,373)
Research and development concession	(171)	(234)
Entertainment - non-deductible	3	2
Depreciation - non-deductible	34	23
Capital gains tax	20	71
Other	23	(16)
<b>Total tax equivalent benefit</b>	<b>(8,864)</b>	<b>(12,533)</b>
<b>Total income tax equivalent benefit comprises movements in:</b>		
Net tax equivalent benefit	(9,405)	(13,800)
Provision for deferred tax equivalent	538	1,485
Future tax equivalent benefit	3	(218)
<b>Total tax equivalent benefit</b>	<b>(8,864)</b>	<b>(12,533)</b>

A future tax equivalent benefit has not been brought to account as an asset of DPI Forestry, as realisation of the benefit cannot be regarded as being virtually certain. Accumulated future tax equivalent benefits attributable to tax losses carried forward amount to \$40,734,290 as at 30 June 1999, and will be obtained only if:

- DPI Forestry derives future assessable income of a nature and of an amount sufficient to enable the benefit from the deductions for the losses to be realised;
- DPI Forestry continues to comply with the conditions for deductibility imposed by the law; and
- no changes in tax legislation adversely affect DPI Forestry in realising the benefit from the deductions for the losses.

## 6. Cash

	1999 \$'000	1998 \$'000
Cash on hand	34	31
Cash at bank	(900)	110
Cash other - Forestry Fund	9,081	7,717
<b>Total cash</b>	<b>8,215</b>	<b>7,858</b>

## 7. Receivables

	1999 \$'000	1998 \$'000
<b>Current</b>		
Trade debtors	11,203	8,421
Freehold selection debtors (1)	245	327
	<b>11,448</b>	<b>8,748</b>
Less - Provision for doubtful debts (1)	(123)	(127)
	<b>11,325</b>	<b>8,621</b>
Interest receivable	-	36
Other debtors	1,410	395
	<b>12,735</b>	<b>9,052</b>
<b>Non-Current</b>		
Freehold selection debtors (1)	424	583
<b>Total receivables</b>	<b>13,159</b>	<b>9,635</b>

Freehold selection debtors arise where Crown Land under lease is converted to freehold. Debtors represent the value of unpaid instalments due on the timber component of the property sold. Included in the total doubtful debt provision is an amount of \$4,470 (\$6,360, 1997-98) for freehold selection debtors. The Department of Natural Resources manages the freehold selection debtors.

## 8. Inventories

	1999 \$'000	1998 \$'000
<b>Finished goods:</b>		
Seeds and seedlings (1)	1,467	1,379
Harvested timber on hand	-	92
	<b>1,467</b>	<b>1,471</b>
<b>Work in progress</b>		
Seedlings (1)	73	98
<b>Raw materials and stores:</b>		
Fertilisers, chemicals and herbicides	359	391
Saleable publications	177	169
Fuel	48	68
Miscellaneous	591	683
	<b>1,175</b>	<b>1,311</b>
<b>Total inventories</b>	<b>2,715</b>	<b>2,880</b>

The basis for valuation of inventories is set out in note 2.5.

(1) Seeds and seedlings held for resale are taken up as inventory. Seedlings produced for DPI Forestry's plantation production are not recognised as inventory.

## 9. Property, plant and equipment

	1999 \$'000	1998 \$'000
<b>Land</b>		
At cost	3,209	3,209
At valuation (1)	1,085	1,085
	<b>4,294</b>	<b>4,294</b>
<b>Buildings</b>		
At cost	638	569
At valuation (2)	17,997	18,115
Accumulated depreciation	(2,867)	(2,231)
	<b>15,768</b>	<b>16,453</b>
<b>Land improvements</b>		
At cost	1,345	968
At valuation (2)	2,006	2,202
Accumulated depreciation	(979)	(679)
	<b>2,372</b>	<b>2,491</b>
<b>Access roads</b>		
At cost	1,107	1,195
At valuation (2)	31,609	29,973
Accumulated depreciation	(4,854)	(3,601)
	<b>27,862</b>	<b>27,567</b>
<b>Plant and equipment (3)</b>		
At cost	20,226	19,033
At valuation	9,188	12,879
Accumulated depreciation	(15,236)	(15,722)
	<b>14,178</b>	<b>16,190</b>
<b>Capital works in progress</b>		
At cost	1,748	1,822
<b>Property, plant and equipment</b>		
At cost	28,273	26,796
At valuation	61,885	64,254
Accumulated depreciation	(23,936)	(22,233)
<b>Total property, plant and equipment - net book value</b>	<b>66,222</b>	<b>68,817</b>

### Valuation of property, plant and equipment

All property, plant and equipment have been valued at deprival value, in accordance with the Queensland Treasurer's guidelines entitled *Recording and Valuation of Non-Current Physical Assets in the Queensland Public Sector*.

(1) Land was valued as at 1 January 1996 by the following independent expert valuers:  
Australian Valuation Office  
R N Mullins, FVLE (Val) LLB and  
A Roberts AVLE (Val)

(2) Buildings, Land Improvements and Access Roads were valued as at 1 January 1995 by the following independent expert valuers:  
Australian Valuation Office  
J F McAuliffe, LFFVLE (Val & Econ) ,  
C J Tuttle, Dip Val., FVLE (Val & Econ) and  
R N Mullins, FVLE (Val) LLB

(3) *Plant and Equipment* with an historical cost or current replacement cost over \$50,000 was revalued by the following independent expert valuer as at 30 June 1997.

Edward Rushton Australia Pty. Ltd.  
S Greenstock, FVLE (P & M)

DPI Forestry undertook an analysis of its other plant and equipment assets and concluded that the historical cost or management valuation assigned to these assets reasonably represents deprival value.

*Interim revaluations (by indexation)* of assets above the established revaluation thresholds and with an estimated useful life of three years or more (refer note 2.9) were carried out as at 30 June 1999.

## 10. Plantation growing timber

	Note	1999 \$'000	1998 \$'000
Balance as at 1 July		930,826	1,090,873
Net increment/(decrement) for the year	4,14	50,126	(160,047)
Balance as at 30 June		980,952	930,826

## 11. Creditors

	1999 \$'000	1998 \$'000
<b>Current</b>		
Trade creditors	583	1,054
Accrued loan guarantee fee		
- Queensland Treasury Corporation Loan	393	415
Accrued staff-related expenses	597	739
Tax payable - Payroll	153	130
- Sales	235	235
Land purchase		700
Accrued expenses	420	644
Prepaid royalties, grants & other revenue received in advance	973	524
Miscellaneous	643	264
<b>Total creditors</b>	<b>3,997</b>	<b>4,705</b>

## 12. Borrowings

	1999 \$'000	1998 \$'000
<b>Current</b>		
Queensland Treasury Corporation Loan (1)	-	3,928
		<b>3,928</b>
<b>Non-current</b>		
Queensland Treasury Corporation Loan [market value as at 30 June \$78.314m] (1)	76,420	76,935
	<b>76,420</b>	<b>76,935</b>
<b>Total borrowings as at 30 June</b>	<b>76,420</b>	<b>80,863</b>

(1) No part of this loan has been reported as "current" as a consequence of the Treasurer approving that the loan be adjusted to an "interest only" basis for a period of two years commencing in 1999-2000. The loan term has been extended for a period of two years.

## 13. Provisions

	Notes	1999 \$'000	1998 \$'000
<b>Current</b>			
Provision for dividend	15	4,633	3,868
Recreation leave		3,475	3,485
Long service leave (1)		827	814
		<b>8,935</b>	<b>8,167</b>
<b>Non-current</b>			
Long service leave (1)		8,050	7,930
<b>Total provisions</b>		<b>16,985</b>	<b>16,097</b>

(1) As explained in note 2.14, long service leave entitlement is measured by use of a shorthand method derived by the Queensland State Actuary. This method is equivalent to the calculation of the present value of payments expected to arise in the future in respect of services provided by employees up to the reporting date, assuming:

- weighted average rates of increase in annual employee entitlements to settlement of the liabilities of 3.73%;
- weighted average discount rate of 6.23% pa; and
- weighted average term to settlement of the liabilities at 14 years.

### 13(a) aggregate employee Entitlements

	1999 \$'000	1998 \$'000
<b>(i) Current</b>		
Recreation leave	3,475	3,485
Long service leave	827	814
Accrued staff-related expenses (1)	597	739
<b>Total current</b>	<b>4,899</b>	<b>5,038</b>
<b>(ii) Non-current</b>		
Long service leave	8,050	7,930
<b>Total employee entitlements</b>	<b>12,949</b>	<b>12,968</b>

(1) Accrued staff related expenses are disclosed in the financial statements as Current Liabilities – Creditors (refer Note 11).

## 14. Movement in capital and reserves

	Capital		Asset revaluation reserve		Plantation growing timber revaluation reserve	
	1999 \$'000	1998 \$'000	1999 \$'000	1998 \$'000	1999 \$'000	1998 \$'000
Balance as at 1 July	928,065	928,167	1,128	4,229	-	144,380
Increment/(Decrement) on revaluation						
– Land improvements and buildings			93	104		
– Access roads			591	201		
– Plant and equipment			(9)	(3,406)		
– Plantation growing timber					50,126	(144,380)
(Prior period) Adjustment to non-current assets (1)	(494)	(102)				
<b>Balance as at 30 June</b>	<b>927,571</b>	<b>928,065</b>	<b>1,803</b>	<b>1,128</b>	<b>50,126</b>	<b>-</b>

(1) Represents adjustments processed during 1998-99 to correct opening asset balances taken up as at 1 July 1995 when DPI Forestry commenced operations as a Commercial Business Group.

## 15. Dividend

The dividend of \$4,633,243 (\$3,868,000, 1997-98) provided for is payable to the Queensland Government.

## 16. Reconciliation of net cash provided by operating activities to operating profit after tax equivalent

	1999 \$'000	1998 \$'000
Operating profit after income tax equivalents	9,836	5,538
Depreciation on property, plant & equipment	5,075	5,424
Non-current assets written off/(on)	13	(44)
Provision for doubtful debts	(4)	102
Bad debts written off	53	8
Internal transfer of costs for assets constructed	-	(380)
Profit on disposal of non-current assets	(98)	(65)
Capitalised interest	-	863
Increase/(decrease) in employee entitlements	124	505
(Increase)/decrease in inventories	165	(182)
(Increase)/decrease in receivables	(3,574)	1,873
Increase/(decrease) in unearned revenue & prepaid royalties	449	(242)
Increase/(decrease) in creditors	(1,194)	(1,493)
<b>Net cash provided by operating activities</b>	<b>10,845</b>	<b>11,907</b>

## Reconciliation of cash

For the purpose of the Statement of Cash Flows, cash includes cash on hand and deposits at call, which are readily convertible to cash and which are used in the day-to-day cash management function of DPI Forestry. Cash at the end of the reporting period as shown in the Statement of Cash Flows is reconciled to the related items in the Balance Sheet as detailed in Note 6.

## 17. Financing facilities

### Standby arrangements to provide funds and support facilities

	1999 \$'000	1998 \$'000
Credit facility	3,000	3,000
Amount utilised	-	-
Unused credit facility	3,000	3,000

The credit facility is arranged with the Queensland Treasury Department, with the general terms and conditions being set and agreed upon from time to time. The provider of this credit facility is Queensland Treasury Corporation.



## 18. Interests in joint ventures

DPI Forestry holds an interest in a number of joint ventures (refer note 2.19). These currently fall into two primary categories, namely:

- (1) *Private Forestry Plantations Ventures*. Designed to establish commercially viable timber plantations on private land. For 1998-99, contributions to these joint ventures totalled \$632,057 (\$549,721, 1997-98).
  - (2) *Seed Orchard Venture*. Designed to produce and sell improved tree seed from an orchard established for the purpose. For 1998-99, contributions to this joint venture totalled \$57,578 (nil, 1997-98).
- No output was derived from the joint venture operations during 1998-99 (nil, 1997-98).
  - Total contributions towards both types of joint venture operations to 30 June 1999 amounted to \$1,436,526. Of this amount \$638,512 has been provided as "New Initiative" funding in the State Budget.

## 19. Contingent liabilities

- a) DPI Forestry was self-insured for workers compensation before 1 July 1995. Four matters relating to this period of self-insurance remain unresolved. Claims made by employees for injuries sustained on or after 1 July 1995 in the course of carrying out their employment duties are fully covered by insurance through Workcover Queensland.

There are two other matters relating to personal injury claims to non-employees and one breach of contract claim currently outstanding, to which DPI Forestry is a party.

The incidents giving rise to the above matters occurred before the end of the financial year. The jurisdiction of all contingent liability matters is as follows:

Supreme Court	5
District Court	2
Anticipated matters	0

DPI Forestry's legal advisers and management believe that it would be misleading to estimate the final amounts payable, if any, in respect of the litigation filed in the courts.

## 20. Year 2000 compliance

The Year 2000 issue concerns the potential failure of computer systems, personal computers and the wide variety of devices utilising microprocessors due to dates being programmed in only two digits, resulting in an ambiguity at the turn of the century or at times prior.

In July 1997, a Year 2000 Project was established to facilitate and coordinate the Year 2000 activities, including modification of existing programs and developing contingency plans to ensure continuity of critical systems operations. These activities are scheduled to be completed by 1 December 1999.

The project includes reviewing computer hardware and software applications to determine the rectification work required to ensure that computer systems are Year 2000 compliant. DPI Forestry's parent entity (the Department of Primary Industries) has estimated that the liability for the entire Department in relation to the Year 2000 activities is \$253,600 based upon the expected cost to rectify non-compliant systems.

## 21. Commitments for capital expenditure

Commitments for capital expenditure - plant and equipment payable within 1 year: \$123,396 (\$191,809, 1997-98).

## 22. Deposits held in trust

Security, tender and other deposits are held by DPI Forestry in trust, primarily as guarantees for performance under timber sales agreements and contracts. Deposits held as at 30 June 1999 amounted to \$705,473 ( \$751,672, 30 June 1998). These deposits are not recognised in the financial statements, but are reported for information purposes.

Transactions and balances relating to these deposits are subject to audit by the Auditor-General.



## 23. Financial instruments

### 23 (a) Terms, conditions and accounting policies

DPI Forestry's accounting policies, including terms and conditions of each class of financial asset and financial liability, are as follows:

#### (i) Financial assets

Recognised financial instruments	Balance sheet notes	Accounting policies	Terms and conditions
Cash	6	Cash includes cash on hand, cash at bank and deposits at call. Interest is included in other revenue.	Cash deposited with the Queensland Treasury Department earns interest at the Treasury monthly benchmark rate.
Receivables (trade debtors)	2.2, 2.3 & 7	Trade debtors are carried at nominal amounts due, less any provision for doubtful debts. A provision for doubtful debts is recognised when collection of the full nominal amount is no longer probable.	Trade sales require payment within 30 days from end of month in which a sale is invoiced. All trade debtors are secured by cash deposit or other financial guarantee.
Receivables (other than trade debtors)	7	Amounts (other than trade debtors) are carried at nominal amounts.	All other receivables are net 30 day terms.

#### (ii) Financial liabilities

Recognised financial instruments	Balance sheet notes	Accounting policies	Terms and conditions
Trade creditors and accruals	11	Liabilities are recognised for amounts to be paid in the future for goods and services received, whether or not billed to DPI Forestry.	Trade liabilities are normally settled on 7-, 14- or 30-day terms.
Borrowings	2.4 & 12	Loans are carried at the book value. Interest is charged as an expense as it accrues.	All borrowings are with the Queensland Treasury Corporation (QTC). The loan is repayable quarterly with the expected final instalment due 5 May 2012. Interest is charged at a weighted average market rate.
Dividend payable	13 & 15	Dividends payable are recognised when declared by DPI Forestry.	Dividends payable are declared at a negotiated percentage (currently 50%) of operating profit after tax equivalents less QFleet dividend allowance. The dividend is payable to the Queensland Government.



## 23 (b) Interest rate risk

Financial Instruments	Floating rate		Fixed rate maturing in:						Non interest bearing		Total		Average rate:			
			1 year or less		1 to 5 years		Greater than 5 years						Fixed		Floating	
	1999 \$'000	1998 \$'000	1999 \$'000	1998 \$'000	1999 \$'000	1998 \$'000	1999 \$'000	1998 \$'000	1999 \$'000	1998 \$'000	1999 \$'000	1998 \$'000	1999 %	1998 %	1999 %	1998 %
<b>Financial assets</b>																
Cash	9,081	7,717	-	-	-	-	-	-	(866)	141	8,215	7,858	-	-	4.00	3.13
Receivables - (trade debtors)	-	-	-	-	-	-	-	-	11,084	8,300	11,084	8,300	-	-	-	-
Receivables (other than trade debtors)	-	-	-	-	-	-	-	-	2,075	1,335	2,075	1,335	-	-	-	-
<b>Total financial assets</b>	<b>9,081</b>	<b>7,717</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>12,293</b>	<b>9,776</b>	<b>21,374</b>	<b>17,493</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Financial liabilities</b>																
Trade creditors and accruals	-	-	-	-	-	-	-	-	3,997	4,705	3,997	4,705	-	-	-	-
Queensland Treasury Corporation Loan	-	-	-	3,928	15,266	19,163	61,154	57,772	-	-	76,420	80,863	5.52*	7.77	-	-
Dividend payable	-	-	-	-	-	-	-	-	4,633	3,868	4,633	3,868	-	-	-	-
<b>Total financial liabilities</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>3,928</b>	<b>15,266</b>	<b>19,163</b>	<b>61,154</b>	<b>57,772</b>	<b>8,630</b>	<b>8,573</b>	<b>85,050</b>	<b>89,436</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>

\*This rate represents the book rate applicable to a two-year interest only borrowing. Thereafter, an approximate book rate of 7.5% will apply.

## 23 (c) Net fair values

Financial instruments	Total carrying amount as per balance sheet		Net fair value	
	1999 \$'000	1998 \$'000	1999 \$'000	1998 \$'000
<b>Financial assets</b>				
Cash	8,215	7,858	8,215	7,858
Receivables (trade debtors)	11,084	8,300	11,084	8,300
Receivables (other than trade debtors)	2,075	1,335	2,075	1,335
<b>Total financial assets</b>	<b>21,374</b>	<b>17,493</b>	<b>21,374</b>	<b>17,493</b>
<b>Financial liabilities</b>				
Trade creditors and accruals	3,997	4,705	3,997	4,705
Queensland Treasury Corporation Loan	76,420	80,863	78,314	86,730
Dividend payable	4,633	3,868	4,633	3,868
<b>Total financial liabilities</b>	<b>85,050</b>	<b>89,436</b>	<b>86,944</b>	<b>95,303</b>

The fair value of borrowings is the market value, as advised by Queensland Treasury Corporation.

## 23 (d) Credit risk exposure

DPI Forestry's maximum exposure to credit risk at balance date in relation to each class of recognised financial asset is the carrying amount of those assets as indicated in the balance sheet.

Credit risk in respect of trade debtors is managed in the following ways:

- payment within 30 days from end of month in which a sale is invoiced; and
- all trade debtors are secured by cash deposit or other financial guarantee.

## Certificate of DPI Forestry

for the year ended 30 June 1999

We have prepared the foregoing annual financial statements pursuant to section 40 of the *Financial Administration and Audit Act 1977* and other prescribed requirements and certify that -

In our opinion:

the prescribed requirements in respect of the establishment and keeping of accounts have been complied with in all material respects; and

the foregoing annual financial statements have been drawn up so as to present a true and fair view, in accordance with prescribed accounting standards and other prescribed requirements, of the transactions of DPI Forestry for the financial year ended 30 June 1999 and of the financial position as at the end of that year.

Dr W A Hoey  
Director-General

R Beck  
Acting Executive Director  
(DPI Forestry)

20th September 1999



# Independent Audit Report

## DPI Forestry

for the year ended 30 June 1999

### Scope

I have audited the financial statements of DPI Forestry for the year ended 30 June 1999. The financial statements comprise the Profit and Loss Statement, Balance Sheet, Statement of Cash Flows, Notes to and forming part of the financial statements and certificates given by the Accountable Officer and person responsible for financial administration as required by the *Financial Administration and Audit Act 1977*.

The Accountable Officer is responsible for the preparation and the form of presentation of the financial statements and the information they contain. I have audited the financial statements in order to express an opinion on them.

The audit has been conducted in accordance with QAO Auditing Standards, which incorporate the Australian Auditing Standards, to provide reasonable assurance as to whether the financial statements are free of material misstatement. Audit procedures included the examination, on a test basis, of evidence supporting the amounts and other disclosures in the financial statements and the evaluation of accounting policies and significant accounting estimates. These procedures have been undertaken to form an opinion as to whether, in all material respects, the financial statements are presented fairly in accordance with prescribed requirements which include Australian Accounting Standards so as to present a view which is consistent with my understanding of the entity's financial position, the results of its operations and its cash flows.

The year 2000 issue has been addressed only in the context of my existing audit responsibility under Australian Auditing Standards to express an opinion on the financial statements. Plans and associated actions to address the year 2000 issue have been reviewed for action taken to date, but the adequacy of those plans has not been assessed. Accordingly, the audit of the financial statements does not provide specific assurance, nor is a specific opinion expressed that the systems of DPI Forestry or other systems such as those of suppliers, vendors, service providers, customers, associates, joint venture parties or third parties are year 2000 compliant.

The audit opinion expressed in this report has been formed on the above basis.

### Audit Opinion

In accordance with the provisions of the *Financial Administration and Audit Act 1977*, I certify that I have received all the information and explanations I have required and, in my opinion-

the prescribed requirements in respect of the establishment and keeping of accounts have been complied with in all material respects; and

the statements have been drawn up so as to present a true and fair view in accordance with prescribed accounting standards and other prescribed requirements of the transactions of DPI Forestry for the financial year ended 30 June 1999 and of the financial position as at the end of that year.

### P G Shipperley

Assistant Auditor-General - Audit  
(Delegate of the Auditor-General)

Queensland Audit Office  
Brisbane





## Statistical Appendices

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DPI Forestry quarry materials and minor  
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### Statistical Appendix 6

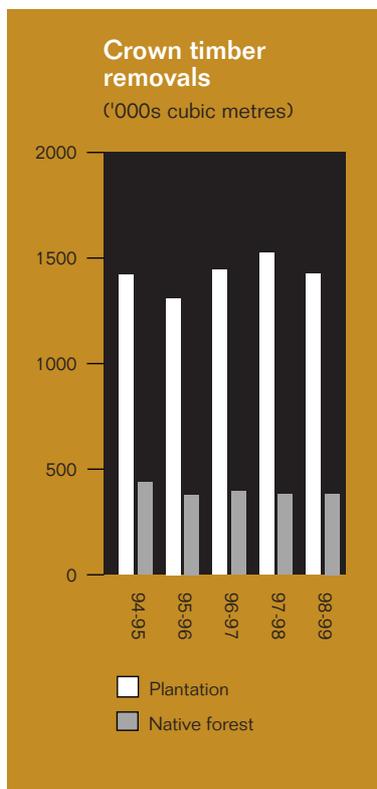
DPI Forestry area of plantation **69**

### Statistical Appendix 7

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# DPI Forestry plantation timber removals 1998-99 (cubic metres)

Product	Atherton	Beerburrum	Dalby*	Imbil	Ingham	Maryborough	Monto	Rockhampton	Yarraman*	Total 98-99	Total 97-98
<b>Sawlog</b>											
Native pine	20,585	5,114		187,433		253	20,810		74,137	<b>308,331</b>	301,708
Exotic pine	182	190,988	26,937	11,487	2,317	409,054	1	13,727	34,043	<b>688,737</b>	713,499
Non-conifers	297			473					264	<b>1,033</b>	6,765
<b>Total sawlog</b>	<b>21,064</b>	<b>196,102</b>	<b>26,937</b>	<b>199,393</b>	<b>2,317</b>	<b>409,306</b>	<b>20,811</b>	<b>13,727</b>	<b>108,444</b>	<b>998,101</b>	<b>1,021,971</b>
Pulpwood		20,578	382	15,394		261,667	1,155	40,082	2,116	<b>341,374</b>	423,800
<b>Miscellaneous</b>											
Plantation roundwood		2,429				81,373			1,517	<b>85,318</b>	75,777
Plantation poles											1,028
<b>Totals 98-99</b>	<b>21,064</b>	<b>219,110</b>	<b>27,319</b>	<b>214,787</b>	<b>2,317</b>	<b>752,346</b>	<b>21,966</b>	<b>53,809</b>	<b>112,077</b>	<b>1,424,794</b>	
Totals 97-98	21,212	249,623	23,871	171,733	4,416	848,515	23,127	41,159	138,922		1,522,577



\*Pechey State Forest  
Group transferred  
from Yarraman District to Dalby District  
in 1998-99.

## DPI Forestry native forest timber removals 1998-99 (cubic metres)

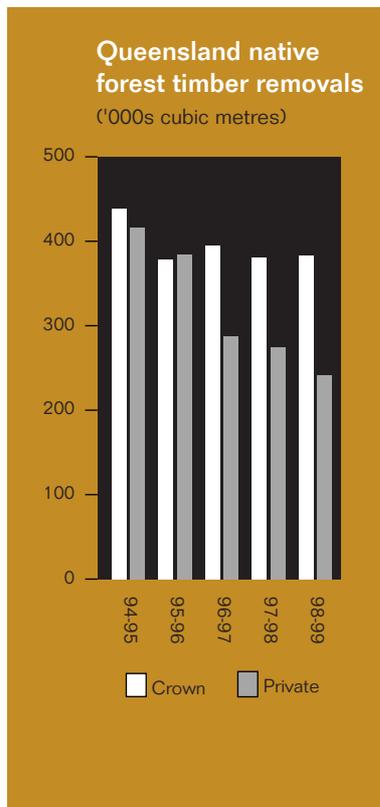
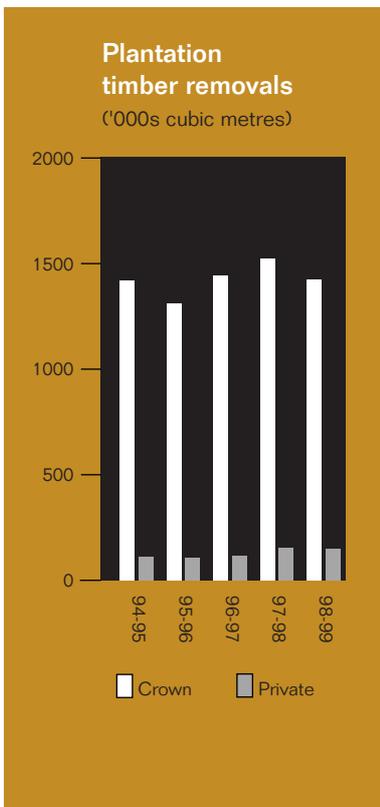
	Atherton	Beerburum	Dalby*	Imbil	Ingham	Maryborough	Monto	Rockhampton	Roma	Yarraman*	Total 98-99	Total 97-98
<b>Product</b>												
<b>Sawlog</b>												
Hardwoods	4,118	29,541	13,019	13,554	4,740	30,983	38,049	40,960	4,501	12,335	<b>191,801</b>	193,537
Cypress			49,894				1,638	1,432	79,450		<b>132,414</b>	122,775
Other pine	10			42							<b>51</b>	216
<b>Total sawlog</b>	<b>4,128</b>	<b>29,541</b>	<b>62,914</b>	<b>13,596</b>	<b>4,740</b>	<b>30,983</b>	<b>39,687</b>	<b>42,392</b>	<b>83,951</b>	<b>12,335</b>	<b>324,265</b>	<b>316,528</b>
Pulpwood**												480
<b>Miscellaneous</b>												
Railway sleepers and like timber	13		256		2,515		8				<b>2,791</b>	3,401
Landscaping and fencing timber	531	1,709	1,691	6,547	84	3,484	4,748	7,459	965	1,017	<b>28,236</b>	30,989
Mining timber								1,057			<b>1,057</b>	950
Girders, corbels, piles and sills	1,855	324	160	759	17	2,190	266	768		490	<b>6,829</b>	8,339
Hardwood poles		474	5	2,379		4,679	307	3		62	<b>7,908</b>	8,547
Other hardwood round timber	542	108	1,790	204	265	966	30	7,169	225	59	<b>11,358</b>	12,123
Sandalwood					107						<b>107</b>	124
<b>Totals 98-99</b>	<b>7,069</b>	<b>32,156</b>	<b>66,815</b>	<b>23,484</b>	<b>7,728</b>	<b>42,302</b>	<b>45,045</b>	<b>58,848</b>	<b>85,141</b>	<b>13,963</b>	<b>382,551</b>	
Totals 97-98	7,871	32,627	61,049	26,160	5,362	35,749	46,056	64,844	81,135	20,628		381,483

\*Pechey State Forest Group transferred from Yarraman District to Dalby District in 1998-99.

\*\* Pulpwood obtained from forest harvesting residue and silvicultural thinnings.

# Queensland milling timber removals from private forests 1998-99 (cubic metres)

Product	Atherton	Beerburum	Dalby	Imbil	Ingham	Maryborough	Monto	Rockhampton	Roma	Yarraman	Total 98-99	Total 97-98*
<b>Private native forests</b>												
Hardwoods and scrubwoods	5,903	55,227	17,466	5,501	4,043	36,594	37,593	22,617	84	20,173	205,201	231,635
Cypress	42	12	19,426				380	94	11,922	24	31,901	40,267
Other pine	23	858	95			3,352	8			545	4,881	3,033
<b>Total 98-99</b>	<b>5,968</b>	<b>56,097</b>	<b>36,987</b>	<b>5,501</b>	<b>4,043</b>	<b>39,947</b>	<b>37,981</b>	<b>22,711</b>	<b>12,006</b>	<b>20,742</b>	<b>241,983</b>	
Total 97-98*	8,298	58,785	38,620	4,371	4,296	42,108	39,657	34,343	19,767	24,689		274,935
<b>Private plantations</b>												
Native pine		180		309		598				1,002	2,088	4,091
Exotic pine	33	121,744	9,927		880	5,932		195		5,786	144,497	149,050
Broadleaf		282						3			285	
<b>Total 98-99</b>	<b>33</b>	<b>122,205</b>	<b>9,927</b>	<b>309</b>	<b>880</b>	<b>6,530</b>		<b>198</b>		<b>6,788</b>	<b>146,870</b>	
Total 97-98*	179	133,955	10,981	554	1,009	1,078	14			5,371		153,141



Note. This Appendix shows removals from privately owned forests by other forest growers. See Appendices 1 and 2 for DPI Forestry's removals.

\*Revised figures.

## DPI Forestry quarry materials and minor forest product removals 1998-99

Product	District	Atherton	Beeburrum	Dalby*	Imbil	Ingham	Maryborough	Monto	Rockhampton	Roma	Yarraman*	Total 98-99	Total 97-98
Quarry materials (cubic metres)**		183,614	843,635	30,081	4,251	283,004	27,165	12,269	607,211	56,076	1,378	<b>2,048,684</b>	2,017,178
Minor forest products (\$)***		15,036	69,756	2,427	6,769	357	31,260	234	36,658	1,074	1,161	<b>164,732</b>	242,501

\*Pechey State Forest Group transferred from Yarraman District to Dalby District in 1998-99.

\*\*Includes sand, gravel, fill, hard rock and like material.

\*\*\*Includes seed, wildflowers and foliage, epiphytes, small trees, miscellaneous wood.

## Area of Crown plantation established (ha) 1998-99

Type	District	Atherton	Beerburrum	Dalby*	Imbil	Ingham	Maryborough	Monto	Rockhampton	Yarraman*	Total 98-99	Total 97-98
<b>Native pine</b>												
First rotation										8	8	23
Second rotation		25			263			49		164	501	545
<b>Subtotal</b>		<b>25</b>			<b>263</b>			<b>49</b>		<b>172</b>	<b>509</b>	<b>568</b>
<b>Exotic pine</b>												
First rotation						6					6	84
Second rotation			1,997	200	46		1,746		62		4,051	3,145
<b>Subtotal</b>			<b>1,997</b>	<b>200</b>	<b>46</b>	<b>6</b>	<b>1,746</b>		<b>62</b>		<b>4,057</b>	<b>3,229</b>
<b>Hardwoods</b>												
			23	4	31		67				125	80
<b>Total 98-99</b>		<b>25</b>	<b>2,019</b>	<b>204</b>	<b>340</b>	<b>6</b>	<b>1,813</b>	<b>49</b>	<b>62</b>	<b>172</b>	<b>4,691</b>	
Total 97-98		17	1,397	92	291	71	1,539	28	91	351		3,877

Note. Plantation established during the year comprises new planted areas (first rotation) and replanting (second rotation) of harvested plantation areas.

\* Pechey State Forest Group transferred from Yarraman District to Dalby District in 1998-99.

## DPI Forestry – area of plantation at 30 June 1999 (hectares)

	District	Atherton	Beeburrum	Dalby*	Imbil	Ingham	Maryborough	Monto	Rockhampton	Yarraman*	Total 98-99	Total 97-98
<b>Product</b>												
<b>Native pine</b>												
Hoop pine		1,001	1,599	6	20,871	4	918	4,050	261	15,975	44,685	45,131
Other native pine		104	8		295	1	24	5	2	88	527	531
<b>Total native pine</b>		<b>1,105</b>	<b>1,607</b>	<b>6</b>	<b>21,166</b>	<b>5</b>	<b>942</b>	<b>4,055</b>	<b>263</b>	<b>16,063</b>	<b>45,212</b>	45,662
<b>Exotic pine</b>												
Slash pine		1	5,990	498	3		38,621	12	600	2	45,727	48,001
Caribbean pine		2,273	3,076	393	101	9,978	31,975	3	6,563	1	54,363	54,380
Pinus hybrids			9,222	2		52	16,790		302		26,368	22,761
Other exotic pine		41	256	3,387	204	93	161	9	55	61	4,267	4,355
<b>Total exotic pine</b>		<b>2,315</b>	<b>18,544</b>	<b>4,280</b>	<b>308</b>	<b>10,123</b>	<b>87,547</b>	<b>24</b>	<b>7,520</b>	<b>64</b>	<b>130,725</b>	129,497
<b>Hardwoods**</b>		184	280	3	119	22	746	1	1	58	1,414	1,686
<b>Miscellaneous***</b>		14	23	11	40	30	92		6	19	235	259
<b>Total 98-99</b>		<b>3,618</b>	<b>20,454</b>	<b>4,300</b>	<b>21,633</b>	<b>10,180</b>	<b>89,327</b>	<b>4,080</b>	<b>7,790</b>	<b>16,204</b>	<b>177,586</b>	
Total 97-98		3,722	19,125	2,340	21,907	10,181	89,633	4,141	7,768	18,287		177,104

\*Pechey State Forest Group transferred from Yarraman District to Dalby District in 1998-99.

\*\*Mostly eucalypt and native rainforest species.

\*\*\*Mostly small research plantings.

## DPI Forestry operational statistics 1998-99 (hectares)

	Total 98-99	Total 97-98
<b>Operation</b>		
<b>Plantation establishment/re-establishment (ha)</b>		
Native pine	509	568
Exotic pine	4,057	3,229
Hardwoods	125	80
<b>Plantation weed control (ha)</b>		
Native pine	9,075	13,848
Exotic pine	21,486	21,758
<b>Fertilising (ha)</b>		
Established	1,631	1,773
Maintenance	117	1,311
<b>Pruning (ha)</b>		
	5,960	4,697
<b>Native forest treated (ha)</b>		
Eucalypt	235	67
Cypress	163	227
<b>Wildfires on State forests (hectares burnt)</b>		
Native forest	1,487	37,317
Plantation	24	362
<b>Prescribed burning (ha)</b>		
Native forest - eucalypt	24,021	69,371
Native forest - cypress	33,932	17,123
Plantation - exotic pine	9,178	8,820

Note. Statistics for wildfires and prescribed burning relate only to DPI Forestry activity on State forests. The Department of Natural Resources may also have separately recorded wildfires or conducted prescribed burning.