

DPI FORESTRY YEARBOOK 1999-2000



*Looking to the future*



**Queensland Government**  
Department of Primary Industries

## **Our vision**

*DPI Forestry is a successful and innovative forestry business  
that the community and staff are proud to support.*

## **Our mission**

*DPI Forestry will responsibly manage commercial forestry activities  
on behalf of the State of Queensland.*

## **Our business goal**

*To maximise the market value of DPI Forestry assets  
within a sustainable development framework.*

## **Our values**

*Responsiveness to business challenges and opportunities,  
and the needs of the forest industry and the wider community.*

*Recognition of the achievements and needs of our staff.*

*Professionalism in all our dealings.*

*Innovation through continuous business improvement.*

*Reliability in delivering agreed outcomes.*

## About DPI Forestry

Established on 1 July 1995, DPI Forestry is a commercial business group of the Department of Primary Industries (DPI) with core business focused on:

- management and marketing associated with forest production from the State's plantation investments and areas of State-owned native forest allocated for this purpose;
- managing and marketing State-owned quarry materials and managing grazing and bee-keeping on identified areas of State forest and timber reserves;
- viable commercial joint-venture or partnership activities associated with producing and marketing forest products or quarry materials; and
- value adding and other forestry-related activities, as sanctioned or directed from time to time.

## About this Yearbook

This *Yearbook* reports on DPI Forestry's achievements during 1999-2000 and on financial and non-financial performance against targets set out in DPI Forestry's Performance Contract for the year between the Treasurer of Queensland and the Minister for Primary Industries and Rural Communities.

The *Yearbook* augments financial and non-financial information set out in the *Department of Primary Industries 1999-2000 Annual Report*.

Copies of the *Yearbook* can be obtained by telephoning DPI Forestry Corporate Affairs on (07) 3225 2617.

It can also be accessed through the Department of Primary Industries web site at [www.dpi.qld.gov.au](http://www.dpi.qld.gov.au)

This site links to the *Forestry in Queensland* web site, where extensive information on the forest and timber industry in Queensland is located.

## Downloadable PDF's

(See attached sites - refer to home page)

### *The Year in Review*

- 1999-2000 Achievements
- Performance summary
- Executive Director's report

### *Business Profile*

- DPI Forestry in profile
- DPI Forestry staff
- Revitalising south-east Queensland's hardwood timber industry

### *Key Result Areas*

- Commercial performance
- Business growth
- Environmental integrity
- Customer service
- Business systems development

### *Financial statements and*

### *Statistical appendices index*

DPI Forestry



## Acknowledgements

The writing, design, printing and distribution of the *DPI Forestry 1999-2000 Yearbook* was coordinated by the DPI Forestry Corporate Affairs unit, telephone (07) 3225 2617, fax (07) 3836 0009, e-mail to [lewisk@dpi.qld.gov.au](mailto:lewisk@dpi.qld.gov.au).

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*Our thanks to the many DPI Forestry staff who contributed to this Yearbook, particularly to regional staff for their assistance with photography and captioning.*

DPI Forestry

## Key Achievements 1999-2000

- Record profit results posted, with earnings before interest and tax of \$24.3m and profit after interest and tax of \$19.6m.
- A record dividend of \$10m to be paid to the State.
- Plantation timber sales up 15% on the previous year's sales to a record 1.64m m<sup>3</sup>.
- Major new sales of uncommitted exotic and hoop pine (460 000 m<sup>3</sup>) and cypress pine (100 000 m<sup>3</sup>) timber resources made to customers.
- Excellent progress achieved towards implementing the South-East Queensland Forests Agreement under a multi-agency program coordinated by the Department of State Development.
- DPI Forestry's environmental credentials demonstrated when it became the first State forest management agency in Australia to achieve independent certification of its environmental management system (to AS/NZS ISO 14001).
- Expansion of State-owned softwood plantations boosted with the purchase of an additional 1100 ha of freehold land adjacent to existing State-owned plantations at Byfield, near Yeppoon.
- Fifteen-year wood-supply agreements negotiated with 19 cypress sawmillers in south-west Queensland, giving them secure access to State-owned resources.
- New price arrangements, utilisation standards and more flexible operating arrangements negotiated with hoop pine customers, helping to boost competitiveness in the sector.
- DPI Forestry's three-year EB2 Enterprise Agreement successfully finalised, delivering productivity savings of more than \$10m, a new customer service policy and more flexible and commercially focused employment practices.
- The Queensland Forestry Research Institute (QFRI) and its 135 staff, formerly part of DPI Forestry, transferred to the DPI's new Agency for Food and Fibre Sciences.
- The new tax system and Goods and Services Tax (GST) successfully implemented, and cost savings from eliminating the Wholesales Sales Tax passed on to customers through price reductions.

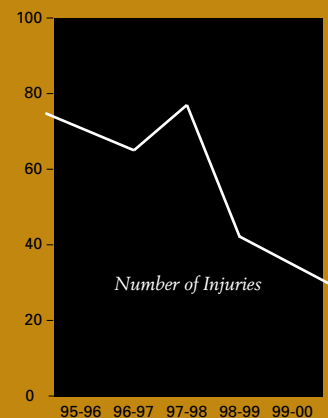
# Performance summary

|  | 95-96                | 96-97                | 97-98                | 98-99                | 99-00                |
|--|----------------------|----------------------|----------------------|----------------------|----------------------|
| Operating revenue  | \$85m                | \$86m                | \$84.5m              | \$83.4m              | \$94.2m              |
| Earnings before interest, tax and timber revaluation (EBITR) | \$17.6m              | \$16.9m              | \$13.8m              | \$15.9m              | \$24.3m              |
| Profit after tax   | \$9.3m               | \$7.8m               | \$5.5m               | \$9.8m               | \$19.6m              |
| Profit (EBITR) margin on sales                               | 20.7%                | 19.6%                | 16.3%                | 19.1%                | 26%                  |
| Return on assets   | 10%                  | 6.5%                 | (12.3%)*             | 6.5%                 | 5.2%                 |
| Dividend   | \$9m                 | \$5.1m               | \$3.9m               | \$4.6m               | \$10m                |
| Debt to equity ratio   | 7.6%                 | 7.9%                 | 8.8%                 | 7.8%                 | 7.5%                 |
| Interest on borrowings                                       | \$8.3m               | \$9m                 | \$8.2m               | \$6.1m               | \$4.7m               |
| Current ratio  | 1.3                  | 1.1                  | 1.2                  | 1.8                  | 2                    |
| Revenue per employee (full-time equivalents)                 | \$89,771             | \$89,062             | \$89,262             | \$91,456             | \$116,729            |
| Plantation establishment on State-owned land                 | 3,531ha              | 4,215ha              | 3,877ha              | 4,691ha              | 3,343ha              |
| Plantation timber sales                                      | 1.37m m <sup>3</sup> | 1.44m m <sup>3</sup> | 1.52m m <sup>3</sup> | 1.42m m <sup>3</sup> | 1.64m m <sup>3</sup> |
| Native forest timber sales                                   | 0.38m m <sup>3</sup> | 0.39m m <sup>3</sup> | 0.38m m <sup>3</sup> | 0.38m m <sup>3</sup> | 0.35m m <sup>3</sup> |
| Quarry material sales  | 1.9m m <sup>3</sup>  | 2.6m m <sup>3</sup>  | 2.0m m <sup>3</sup>  | 2.0m m <sup>3</sup>  | 2.0m m <sup>3</sup>  |

\*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.

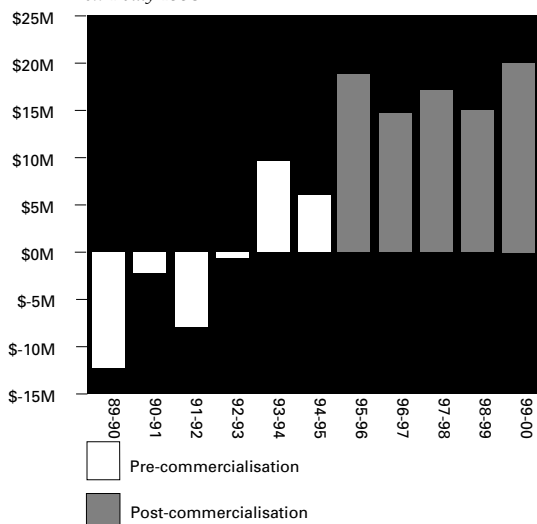
## Employee Safety

Lost time injuries



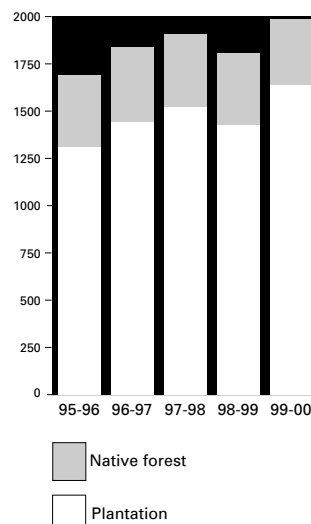
## Net Cash Flow from State-Owned Forest Production

Note: DPI forestry established as a commercialised entity on 1 July 1995



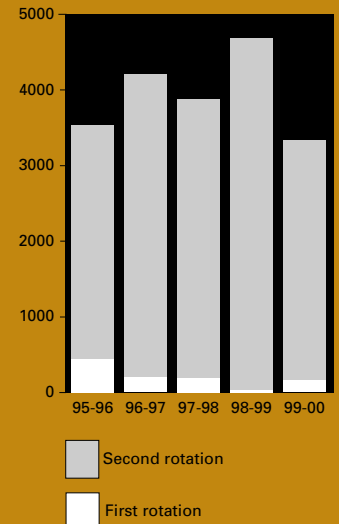
## State-Owned Timber Removals

('000s cubic metres)



## DPI Forestry Plantation Establishment on State-owned land

(Hectares)



## Executive Director's Report

I am pleased to report that major advances were made during 1999–2000 towards a secure, sustainable and expanding forest and timber industry in Queensland, with DPI Forestry playing a key role, particularly in the practical implementation of many of the developments.

The main development was the State Government's South-East Queensland Forests Agreement (SEQFA), finalised in September 1999 with key industry and conservation stakeholders. This agreement provides a plan for a 25-year transition for the south-east Queensland hardwood industry from State-owned native forests to plantations. Key elements of the agreement are the addition of more than 400 000 ha of native forest to the conservation estate in south-east Queensland and a 25-year timber supply guarantee to hardwood sawmillers in the region, thereby providing investment security for their regionally based businesses.

Under a multi-agency SEQFA program coordinated by the Department of State Development and supported by a four-year Government funding package of \$29m, DPI Forestry has worked quickly to achieve key milestones under the agreement, in collaboration with other stakeholders. By year's end, our achievements included:

- finalising timber production on the 400 000-plus ha set aside for addition to conservation reserves;
- sourcing native forest timber supplies at previous levels from other State-owned resources;

- establishing secure 25-year sales permits with eligible hardwood sawmillers in the region, together with fairer, market-based sawlog pricing arrangements;
- initiating a four-year 5000 ha hardwood plantation program in collaboration with other landholders through establishment work on 880 ha;
- starting a four-year, \$8m hardwood research, development and extension program, 'Hardwoods Queensland', through the Queensland Forestry Research Institute (QFRI).

These SEQFA actions are clearly aimed at stimulating business confidence and private investment in the sector.

The investment climate in the south-west Queensland cypress sector was also greatly enhanced when DPI Forestry, in line with a Government commitment, finalised 15-year wood-supply agreements with most sawmillers in the region, providing them with secure access to State-owned cypress resources.

The year also proved a very good one for DPI Forestry commercially, with the posting of a record profit (earnings before interest and tax) of \$24.3m, by far the largest since the organisation was commercialised in 1995.

This underpinned an economic rate of return for the year of 7.1% – a strong return on funds invested in the business – and it will enable us to pay our largest dividend yet to the State of \$10m. Total returns to the State for the year, in dividends, debt servicing and tax equivalents, will be almost \$17m, bringing the total for the last five years to more than \$93m.



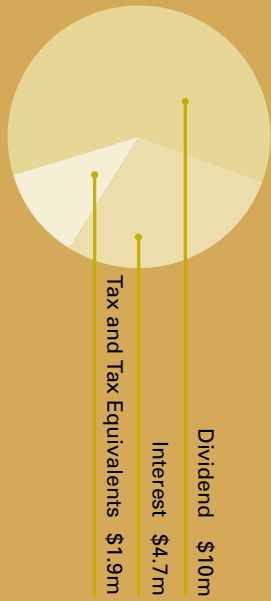
*DPI Forestry Executive Director, Ron Beck.*

***"1999-2000 was a record year for DPI Forestry..."***

*Ron Beck*

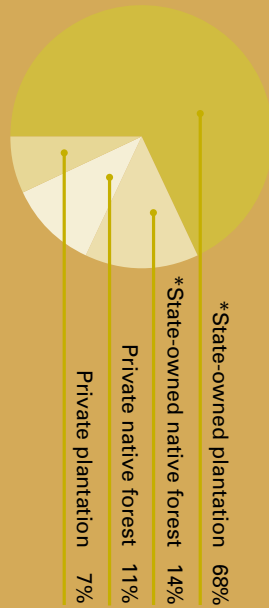
**Returns to the State from Commercial Operations**

Total \$16.6m



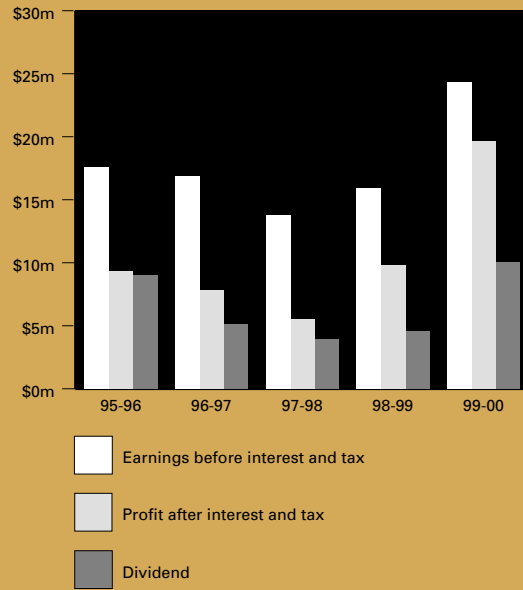
**Queensland Forest Production**

State total 2.4m m<sup>3</sup>



\* DPI Forestry

**DPI Forestry Commercial Performance**



Demand for timber was particularly strong, buoyed by a pre-Goods and Services Tax surge in building activity, a reduction in imports and a recovery in the hoop pine processing sector, (aided by a package of measures to enhance competitiveness, implemented in cooperation with the industry).

As a result of this increased demand, DPI Forestry's plantation timber sales reached a record level of 1.64m m<sup>3</sup>, up 15% on the previous year's sales.

To help our customers meet present and future demand, we offered, and sold, large volumes of uncommitted timber resources, including 460 000 m<sup>3</sup> of exotic and hoop pine in south-east and central Queensland and 100 000 m<sup>3</sup> of uncommitted cypress pine resources in the State's south-west.

In line with our commitment to enhance the competitiveness of Queensland's timber industry, we continued to contain and reduce costs through efficiency improvement measures across all areas.

I was particularly pleased with our staff's success in achieving productivity savings of more than \$10m over three years, under the DPI Forestry EB2 Enterprise Agreement, successfully finalised on 30 June 2000. Forestry staff also benefited through improved working conditions, pay increases totalling 12% over three years and a final bonus payment recognising their excellent achievements under the agreement.

Our commitment to environmentally responsible forest production was recognised when DPI Forestry became the first State forest management agency in Australia to achieve independent certification of its environmental management system to international standard. Certification is helping our customers access new markets and provides a firm foundation for the processing sector to pursue chain-of-custody certification systems for its products.





DPI Forestry continued its plantation expansion program by buying an additional 1100 ha of freehold land adjacent to existing State-owned plantations at Byfield, near Yeppoon. We are also using our strengths as a commercialised forest grower to partner private sector investors and landowners in establishing new hardwood and softwood plantations.

During the year, the State Government created the Agency for Food and Fibre Sciences within the Department of Primary Industries to more effectively implement and coordinate Government policy for the consumers of food and fibre products. As a result of this initiative, the Queensland Forestry Research Institute (QFRI) and its 135 staff, formerly part of DPI Forestry, were transferred to the Agency on 1 July 2000.

QFRI's research has placed Queensland at the leading edge of forestry science, particularly in growing high-value, short-

rotation plantations of both hardwood and softwood species. We will continue to work closely with QFRI in these and related areas to secure a competitive advantage for Queensland's forest and timber industry in years to come.

Queensland's forest industry has an exciting future, built around sustainable management, innovation and growth. DPI Forestry, through its dedicated staff and its industry links, will continue to be at the forefront of efforts to enhance economic, social and environmental outcomes for the industry and the wider community.

Ron Beck

*Executive Director*

▲  
*Exotic pine logs, mainly Carribbean pine (Pinus caribaea), with a backdrop of native hoop pine (Araucaria cunninghamii), felled in the Lake logging area of the Danbulla State Forest near Tinaroo Dam (Atherton forestry district).*

# DPI Forestry in Profile

DPI Forestry was established as a commercial business group of the Department of Primary Industries on 1 July 1995. Its business goal is to maximise the market value of its assets within a sustainable development framework. In the five years since commercialisation, DPI Forestry has returned more than \$93m to the State in dividends, debt servicing, tax and tax equivalents.

DPI Forestry manages State-owned production forests as a renewable resource for future generations and maintains high standards of environmental integrity in all its forest production activities. To this end, its management practices are subject to a quality environmental management system based on, and externally certified to, the international standard AS/NZS ISO 14001.

## Core business

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

- management and marketing associated with forest production from the State's plantation investments and areas of State-owned native forest allocated for this purpose;
- managing and marketing State-owned quarry materials and managing grazing and bee-keeping on identified areas of State forest and timber reserves;
- viable commercial joint-venture or partnership activities associated with producing and marketing forest products or quarry materials; and
- value adding and other forestry-related activities, as sanctioned or directed from time to time.

## Plantations

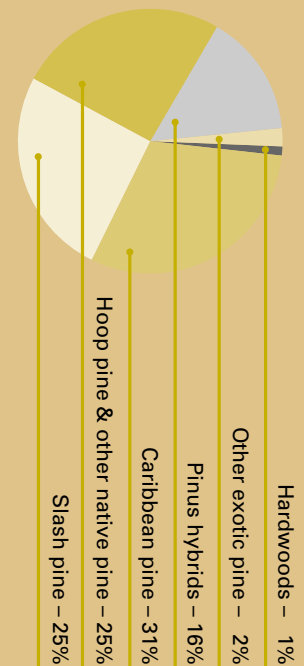
DPI Forestry's plantation estate is one of the largest in Australia covering more than 178 000 ha. In 1999-2000, just over 1.6m m<sup>3</sup> of timber was harvested from these plantations, enough to build more than 100 000 average-size homes. Almost 90% of DPI Forestry's plantation forests are in the State's south-east, with the largest concentration in the Gympie and 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 elliotti*) – an exotic species grown in the coastal lowlands between the New South Wales-Queensland border and Maryborough, accounting for about 25% of DPI Forestry's total softwood resource;
- Caribbean pine (*Pinus caribaea*) – an exotic species predominantly grown in coastal north and central Queensland, constituting about 31% of the resource;
- native species, mainly hoop pine (*Araucaria cunninghamii*), making up a further 26% of the resource; and
- hybrids of slash pine and Caribbean pine, possessing superior attributes of both parent trees (16%) and other species (2%).

In addition, DPI Forestry is increasingly planting native hardwood species to underpin a future hardwood timber industry based on high-value, short-rotation plantations.

## Composition of State-Owned Plantation Estate\*

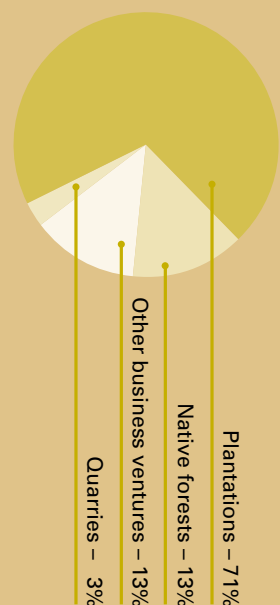
Total planted area 178,000 hectares

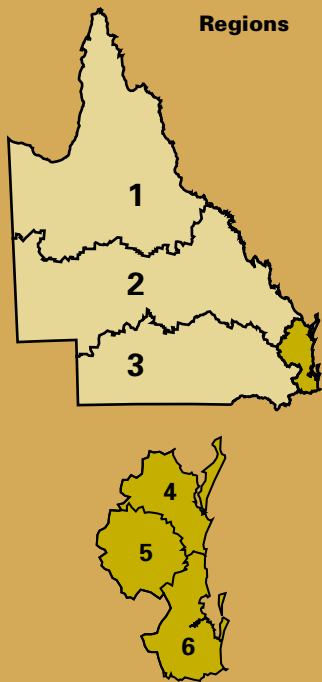


\* Excludes joint ventures

## Revenue Contribution of Business Segments

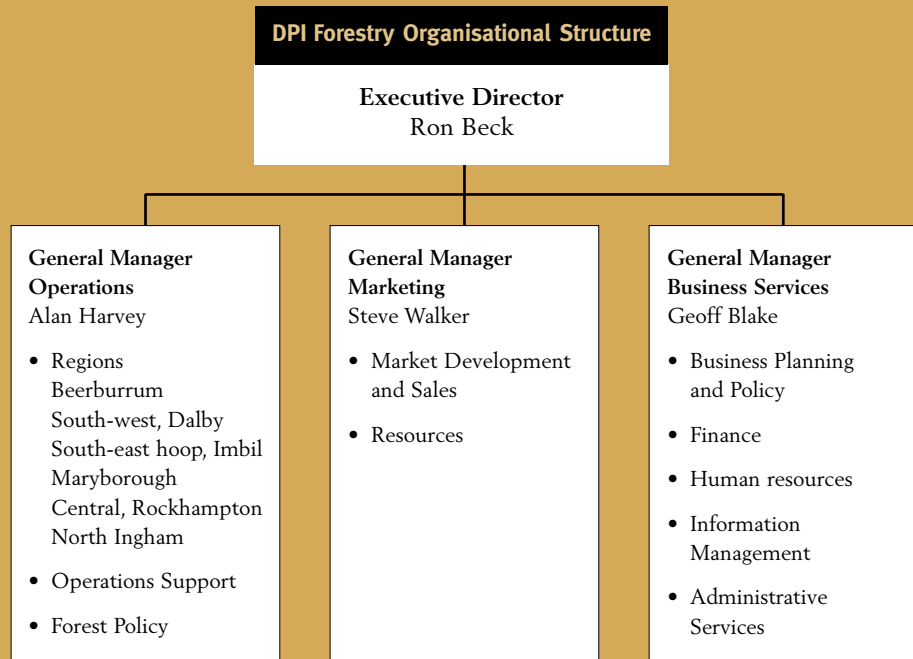
Total revenue \$94.2m





Regions

**DPI Forestry Organisational Structure**



- 1. North, Ingham
- 2. Central, Rockhampton
- 3. South-west
- 4. Maryborough
- 5. South-east, Imbil
- 6. Beerburrum

**Native forests**

In 1999-2000, DPI Forestry produced 349 000 m<sup>3</sup> of native forest log timber, more than half of Queensland’s annual native forest wood supplies. The dominant commercial species, eucalypts and cypress, provide timber with distinctive characteristics related to strength, durability and appearance. Sandalwood, a timber valued for its aromatic oil, is also harvested and exported into Asian markets.

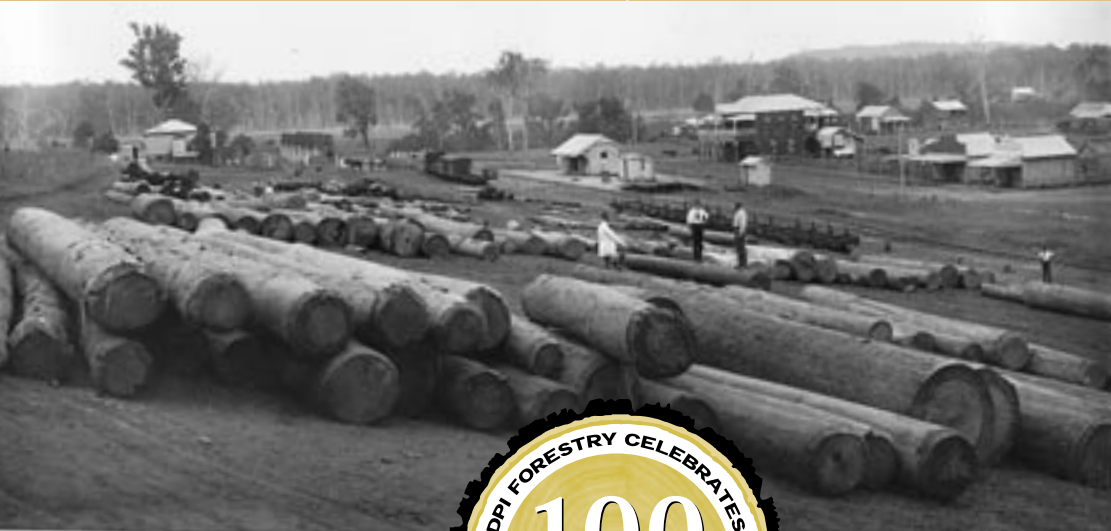
A large proportion (85%) of native forest removals in Queensland are sawlogs, mainly for the building industry’s use. The remaining timber is used in a variety of applications, including landscaping, fencing, railway sleepers, girders and poles.

**Quarries**

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

**Research and development**

DPI Forestry’s success as a forest grower is underpinned by innovative research and development conducted by the Queensland Forestry Research Institute (QFRI), a world leader in tropical and subtropical forest and timber research. Formerly a part of DPI Forestry, QFRI was transferred to the DPI’s new Agency for Food and Fibre Sciences on 1 July 2000. DPI Forestry is continuing its close collaboration with QFRI to help develop and maintain a competitive advantage for Queensland’s forest industry.



## 100 Years of forestry

The year 2000 marked 100 years of 'official' forest management in Queensland. In 1900, a Forestry Branch was set up in the Department of Public Lands. Leonard Board, the then Land Commissioner for the Gympie, Maryborough, Bundaberg and Gladstone districts, was appointed the State's first Inspector of Forests and took up his position as head of the new Forestry Branch on 1 August 1900.

Mr Board and his successors were true conservationists, often going against the grain of contemporary thinking, which saw timber as an infinite resource or a natural impediment that needed to be cleared to make way for better development. Thanks to the foresight of these early visionaries and other like-minded people, Queensland now has an enviable forest and timber industry built upon sustainable forest management both in plantations and native forests. This includes a modern and dynamic plantation softwood industry – an industry that did not exist 50 years ago – based on extensive State-owned plantation resources underpinned by decades of intensive research and development.

DPI Forestry saw the 100th anniversary of Queensland forestry as a way to honour the early architects of the State's forest and

timber industry and those who progressed the profession down the years. The year 2000 also marked the 25th anniversary of the Queensland Parks and Wildlife Service (which was formed from the former Forestry Department in 1975) and the 70th anniversary of the National Parks Association of Queensland.

From late 1999 and through 2000, DPI Forestry coordinated a series of statewide celebratory events to mark its centenary. Queensland Government agencies that now manage the State's government-owned forests and timber reserves, including the Queensland Parks and Wildlife Service and the Department of Natural Resources, were involved. The community-based National Parks Association of Queensland, the timber industry through its peak association the Queensland Timber Board, and the Australian Institute of Foresters also were involved.

DPI Forestry is proud of the vision and accomplishments of its predecessors and is seeking to emulate them by helping to create a vibrant and growing forest industry for the 21st century.



*Logs of hoop pine (Araucaria cunninghamii) and bunya pine (Araucaria bidwillii) await rail transportation at Imbil in 1917. At that time, Imbil was chosen for Australia's first forestry school, a plan thwarted because many skilled foresters, including the school's principal, were serving on the front lines of World War I.*



*This picture of the Forest Service Showroom, in George Street, Brisbane, was taken in 1939. Although the role of running display centres such as these has been taken over by industry, DPI Forestry continues to promote timber as "the most environmentally-friendly building product".*

## DPI Forestry Staff

At 30 June 2000, DPI Forestry employed 914 people, more than 80% of whom were located close to customers in Queensland's regional areas.

This figure included 190 female officers (21% of the total) and seven Aboriginal and Torres Strait Islander personnel.

The expertise and enthusiasm of DPI Forestry staff are the key ingredients in making the organisation such a successful commercial forest grower. During the year, their sustained commitment was formally acknowledged with the presentation of long-service plaques to 220 officers throughout the State.

On 1 July 2000, the Queensland Forestry Research Institute and its 137 staff were transferred to the DPI's new Agency for Food and Fibre Sciences (see **Business Systems Development**), reducing DPI Forestry's staff numbers to 777.

### Training and skills development

To ensure multi-skilling and versatility, DPI Forestry staff have year-round access to workplace training and skills development. For example, the Department of Primary Industries Study and Research Assistance Scheme (SARAS) assisted eight DPI Forestry salary employees with their chosen tertiary study programs in 1999-2000 (including financial assistance and assistance with leave and other arrangements). These study programs ranged from diplomas to PhDs.

However, SARAS benefits do not apply to wages employees and, to cover this anomaly, DPI Forestry developed the

Study Assistance for Wages Employees program (SAWS) during 1999-2000. In its first year, SAWS assisted three wages employees with their study programs.

### Enterprise bargaining

A major achievement for DPI Forestry and its staff during the year was the successful completion of its three-year Enterprise Agreement (EB2). Staff met all key productivity targets for EB2, drawn from DPI Forestry's Business Plan, including targets under a Workforce Enhancement Program.

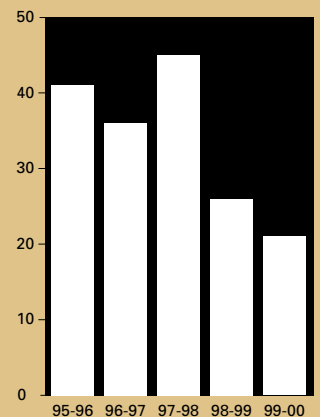
This dealt with reforming workplace practices to place DPI Forestry on a more commercial footing while providing more flexible and equitable conditions for the organisation and its staff.

In July 2000, as a result of the successful completion of EB2, full-time DPI Forestry staff were paid a one-off bonus of \$400. Temporary and casual staff also received this bonus, on a pro-rata basis.

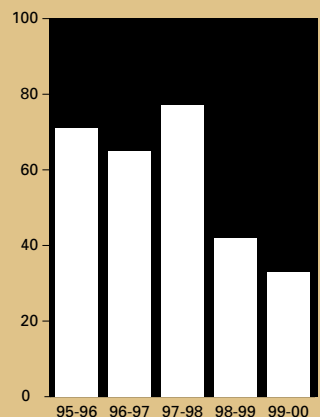
Workforce development initiatives implemented under EB2 included:

- a *forestry incentive-based appointment scheme (FIBAS)*, allowing DPI Forestry to offer additional remuneration and other incentives to attract staff to regional locations;
- a *cultural leave arrangement*, allowing DPI Forestry employees from all cultures and religions to obtain special leave for cultural or religious reasons;
- a *staff movement register*, recording employee preference for upcoming DPI Forestry vacancies;

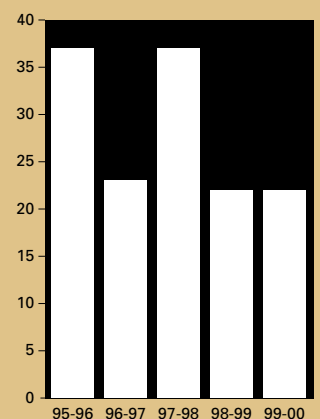
**Accident Frequency**  
Accidents per million work hours



**Lost Time Injuries**  
Number of injuries



**Lost Time Duration**  
Average days lost due to injury





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*General Forest Workers (from left), Ann Kordonsky, Jodie Turnbull and John Robinson, undergo firefighting training in the Nikles Logging Area of the Beerburrum State Forest.*

- *a classification overlap scheme*, allowing employees to be paid at a higher salary if a position is evaluated higher than its classification;
- *a promotion scheme*, allowing employees to be promoted without going through an open merit selection process when their positions are reclassified. (During 1999-2000, 11 DPI Forestry employees had their increased work responsibilities and performance recognised through these two schemes.);
- *improvements to banked time arrangements*, increasing the benefits of this system to employees; and
- *circulation of a dependant care survey*, allowing DPI Forestry to gather data on family and other dependant-related responsibilities of staff and develop working arrangements for employees to help them to balance work and family responsibilities.

During the year, DPI Forestry also began work on an EB3 agreement to build on the progress made under EB2. By publication date, agreement had been reached with unions on the EB3 package for submission to a staff ballot.

### **Human resource systems development**

During the year, DPI Forestry's Human Resources unit conducted statewide information sessions to improve employees' and managers' understanding of DPI Forestry's human resource policies, systems and procedures. These sessions included information and training on new human resource initiatives, including those delivered under EB2.

DPI Forestry's human resources computer system was converted to the SAP suite of programs, involving a new system, the Human Resources Information System (HRIS). This development flowed from a near government-wide implementation of SAP computer programs in 1998-99, as part of the Queensland Government's 'Year 2000' computer compliance program.



### Medals for DPI Forestry staff

Two DPI Forestry employees received prestigious medals for their dedication, commitment and achievement to forestry in Queensland.

In October 1999, Dr Garth Nickles, Principal Scientist and Breeding Strategist with the Queensland Forestry Research Institute, received the Commonwealth Forestry Association (CFA) South-East Asia Pacific Regional Medal for Excellence; and, in April 2000, Neil Halpin, Private Forestry Development Officer, was awarded the Public Service Medal. Between them, Garth and Neil have more than 80 years' service to forestry in Queensland.

Tasmanian Governor, Sir Guy Green, presented the CFA medal to Garth at the Institute of Foresters of Australia's biennial conference in Hobart. Garth celebrated 50 years in DPI Forestry in February 2000 and his contribution to the forestry profession was also recognised by a Public Service Medal and the Primary Industries Meritorious Service Award, both presented in late-1999.

Thirty-three years of service to forestry were recognised when Queensland Governor, Major-General Peter Arnison, presented the Public Service Medal to Neil Halpin at Government House on 7 April.

Neil began his career at Yarraman in February 1967 and, after expressing a strong interest in research work, was appointed a ganger (research) in December 1976. He has been involved in all aspects of hoop pine research work, particularly in genetic improvements. After transferring to Beerwah in 1981, Neil was responsible for a major research field program and was actively involved with fire suppression activities in the Beerburrum State Forest plantations. He has been DPI's Private Forestry Development Officer since 1997.

▲  
*Dr Garth Nikles (centre) is congratulated by (from left) DPI Director-General Dr Warren Hoey, DPI Forestry Executive Director Ron Beck, Deputy Director-General Terry Johnston and QFRI Director Dr Russell Haines, after receiving his Public Service Medal at a presentation ceremony at QFRI's Indooroopilly research facility.*

## Revitalising south-east Queensland's hardwood timber industry

In September 1999, the Queensland Government reached agreement with key industry and conservation stakeholders on a plan for a seamless transition in south-east Queensland from harvesting of State-owned native forests to use of high-value, short-rotation plantation resources over a 25-year period. At the same time, the agreement, known as the South-East Queensland Forests Agreement (SEQFA), provided for more than 400 000 ha of State-owned native forest to be added to the conservation estate in the region.

The SEQFA was made possible by the willingness of both industry and the conservation movement to seek common ground and solutions. The stakeholders generally recognised that, in the absence of any agreement, the hardwood timber industry faced major reductions in wood supply and on-going uncertainty.

The agreement provides a comprehensive framework for industry support and development over both the medium and long term, and an unprecedented 25-year guarantee of State-owned native hardwood supply at current levels, pending the availability of timber planted under the hardwood plantation program.

This guarantee of long-term resource security is designed to stimulate business confidence and investment, and generate employment in the regionally based hardwood timber industry. Already, the industry is responding positively to the investment climate underpinned by the agreement, with Wondai Saw and

Planing's new processing facilities being but one example.

DPI Forestry moved quickly to carry out its key role in the multi-agency SEQFA implementation coordinated by the Department of State Development. Its achievements for the first year of a four-year program, supported by a Government funding package to the Department of \$29m, included:

- finalising timber production on the more than 400 000 ha set aside for addition to conservation reserves;
- sourcing native forest timber supplies at previous levels from other State-owned resources;
- establishing secure 25-year sales permits with eligible hardwood sawmillers in the region, together with fairer, market-based sawlog pricing arrangements (see **Commercial Performance**);
- initiating a four-year 5000 ha hardwood plantation program through establishment work on 880 ha under joint venture arrangements with other landholders and planting on State-owned land;
- starting a four-year, \$8m hardwood research, development and extension program, 'Hardwoods Queensland', through the Queensland Forestry Research Institute to build on the existing knowledge base supporting successful hardwood plantation growing and processing; and



*...long-term resource security will stimulate investment and generate employment in the hardwood timber industry.*





▲  
*Principal Forest Officer (Operations), Leigh Kleinschmidt (left) and Private Forestry Development Officer, Neil Halpin, inspect a hardwood plantation in the Brisbane Valley for evidence of insect and pathogen damage.*

*DPI Forestry is implementing the Queensland Government's \$18 million, four-year Hardwood Plantation Program to establish 5000 ha of hardwood plantations in south-east Queensland by 2003.*

- continuing road maintenance, fire protection and pest management on the proposed conservation estate until full management responsibility is taken by the Department of Natural Resources and the Queensland Parks and Wildlife Service, after necessary tenure changes.

A key SEQFA element was the plan to grant long-term sales permits to all eligible hardwood sawmillers affected by the agreement. Through its marketing division, DPI Forestry negotiated with eligible sawmillers from September 1999, and 29 formal offers for the sales permits were made on 20 March 2000. By the end of the 1999-2000 financial year, 28 permits had been accepted and signed. (The 29th agreement was accepted and signed in September 2000.)

Features of the 25-year permits are their transferability, if ownership of the sawmill changes within the period, and compensation provisions, if the

State is unable to supply the agreed volume of timber.

The sales permits provide surety to millers, giving them the confidence to invest in additional plant and equipment to ensure their competitiveness and to maintain their status as major employers in many rural and regional towns in south-east Queensland.

Another key element of the agreement is the Hardwood Plantation Program, being funded by the State Government with \$18m over four years (see **Hardwood Plantation Program**). The program aims to establish 5000 ha of hardwood plantations in south-east Queensland by 2003 as a basis for a future hardwood plantation industry and to stimulate continuing private sector plantation investment. The program is already generating a high level of private sector interest and involvement in establishing hardwood plantations in the region.



The Queensland Forestry Research Institute is also conducting the \$8m Hardwoods Queensland Research Program. The results of this program will underpin a successful plantation hardwood industry by making marketable timbers from short, economically viable rotation lengths a reality. Hardwood plantations were trialed in climate zones throughout Queensland under a previous hardwoods research initiative. Data from this research are providing enormous benefits for the current program.

Using its wealth of genetic material from suitable native tree species and its leading expertise and technology in softwoods, QFRI is addressing the research and development continuum for hardwood plantations, including:

- genetics;
- silviculture;
- pests and diseases;
- wood quality; and
- processing and marketing.

The program's objectives are to develop and further improve high-yielding varieties and make these available to the industry in Queensland. A particular target is to combine good productivity with pest tolerance and superior wood qualities in the new varieties.

As a further support for the industry, DPI Forestry is implementing a sawlog haulage rebate scheme. This will compensate several south-east Queensland sawmills that are required to transport logs longer distances as a result of harvesting ceasing, under the SEQFA, in some native forest areas.

These and other industry adjustment and development initiatives of the Department of State Development promise to inject substantial public and private sector investment into a revitalised hardwood industry in south-east Queensland.

*The South-East Queensland Forests Agreement provides industry support and development, and guarantees long-term resource security to stimulate business confidence.*

*New processing facilities, like these at Wondai Saw and Planing Mills, are the result of industry responding positively to the investment climate provided by the agreement.*

***...the hardwood sector is being positioned for a major expansion in future years.***



## Hardwood Plantation Program

▲  
*Under the gaze of Mt Beerwah, one of the Glasshouse Mountains, Joint Venture Establishment and Maintenance Supervisor (Beerburrum), Fred Langford, checks the growth of a young blackbutt (Eucalyptus pilularis).*

*The tree is in a newly established 25 ha hardwood plantation, planted in January 2000, in the Swains logging area of the Beerburrum State Forest.*

***...five million trees  
will be planted...***

A newspaper advertisement in Queensland's *Courier-Mail* of 1 December 1999, for the propagation of half a million eucalypt seedlings, marked the start of the State's push for extensive hardwood plantations under the South-East Queensland Forests Agreement.

Under this agreement, reached by the timber industry, conservationists and the State Government in 1999, south-east Queensland's hardwood industry will move from a native forest base to a plantation base over the next 25 years. The Queensland Government has committed \$18m for hardwood plantations, supported by a further \$8m for a comprehensive research and development program.

DPI Forestry has the role of project managing south-east Queensland's hardwood plantations, and, during 1999-2000, it set up a Hardwood Plantation Development Group, with former Beerburrum Regional Manager, Ian (Chick) Robb, as project manager.

Over the next four years, 5000 ha of hardwood plantations are to be established. Hardwood plantations are to be grown on both private land, through joint-venture arrangements, and on public land. Planting is occurring in four locations: Miriam Vale; the Boonah-Beaudesert region; Caboolture to Bundaberg; and the region comprising the Kilcoy, Lockyer and Brisbane valleys.



By 30 June 2000, DPI Forestry had secured 961 ha of land for plantation establishment, including 257 ha of private land. At that stage, negotiations were continuing to establish an additional 730 ha, placing the organisation well on the way towards its target.

Tree species planted included blackbutt (*Eucalyptus pilularis*), Gympie messmate (*E. cloeziana*), spotted gum (*E. variegata*), Chinchilla white gum (*E. argophloia*), Dunn's White gum (*E. dunnii*) and a hybrid between rose gum and river red gum (*E. grandis camaldulensis*).

Overall, five million hardwood trees will be planted under the program. Seedlings for these plantations are being propagated by private nurseries in Queensland and New South Wales.

DPI Forestry is undertaking a promotional campaign for the Hardwood Plantation Program, including field days, exhibits at regional events such as local shows, and press and electronic media advertisements. More than 3000 brochures have been distributed and a hardwood plantation web site has been set up. Through this web site, interested joint-venture partners can submit their expression-of-interest forms on-line.

Benefits accruing from the Hardwood Plantation Program include a secure future for Queensland's hardwood industry, growth in the nursery industry, regional employment generation and the opportunity for private citizens to gain direct commercial benefit backed by a major Government initiative.

▲  
*Private Forestry Development Officer, Neil Halpin, works to secure land for joint-venture hardwood plantations.*

*Here he inspects land at Northbrook, east of the Wivenhoe Dam in the Brisbane Valley, a major site for hardwood plantings in 2000-01.*

## Commercial Performance

### Goal

*Maximise the market value of DPI Forestry  
and achieve a commercial rate of return.*

### Key Performance Targets

*Economic rate of return (ERR) of 6.7%.*

*Earnings before interest, tax and timber revaluation (EBITR) of \$14.7m.*

*Profit after interest and tax (PAIT) of \$8.3m.*

*Plantation timber sales of 1.42m m<sup>3</sup>.*

### Results

*ERR of 7.1%.*

*EBITR up 65% against target to a record \$24.3m.*

*PAIT up 136% against target to a record \$19.6m.*

*Plantation timber sales up 14% against target to a record 1.64m m<sup>3</sup>.*

## Commercial Performance

### A record year for Forestry

During 1999-2000, DPI Forestry recorded by far its best commercial performance since its establishment as a commercialised business group in 1995.

Earnings before interest, tax and timber revaluation (EBITR) were \$24.3m, up 65% against target and 54% on the previous year's figure, while profit after interest and tax (PAIT) was \$19.6m, double the previous year's result. This underpinned an economic rate of return for the year of 7.1%, a strong return on invested funds. Business segment results are shown in the graph below.

As a result, DPI Forestry will pay a record dividend to the State of \$10m. Overall payments to the State, including debt servicing and tax equivalents, are expected to be almost \$17m.

These excellent results reflect both increased revenue and lower costs.

Forest product sales were up \$7m on the previous year's figure, buoyed by strong customer demand for timber owing to the pre-GST building boom, a reduction in imports and a recovery in the hoop pine sector. Costs were contained through continuing efficiency improvements across all areas, including substantial productivity improvements (worth more than \$10m over the past three years) achieved by staff under DPI Forestry's enterprise agreement (see **Business Systems Development**).

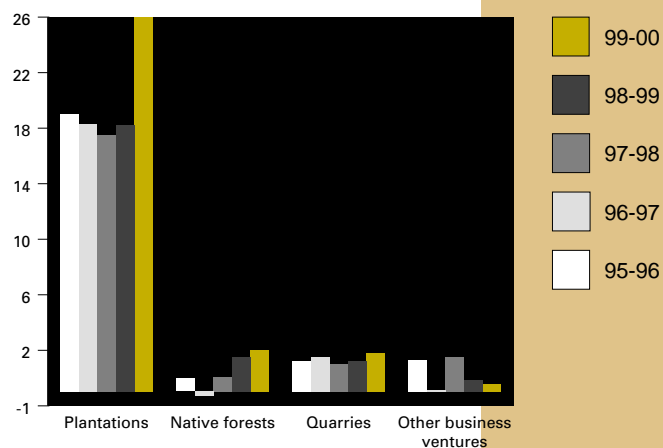
For a number of years, Queensland's timber industry has been encouraging DPI Forestry's efforts, as Queensland's

principal forest grower, to improve the competitiveness of its forest production activities against private sector benchmarks, both in Australia and internationally. DPI Forestry's success in improving the efficiency of its operations was applauded by Queensland Timber Board General Manager, Rod McInnes, in a letter to the Minister for Primary Industries and Rural Communities, as being vital to the continued viability of the timber industry and its many dependent communities throughout the State.

Notwithstanding these improvements, DPI Forestry remains subject to public sector administrative and operating requirements, which serve various Government and public sector policy needs, but which represent a significant non-commercial impost. These arrangements include public sector reporting and administrative requirements, and tied arrangements with certain public sector service providers.

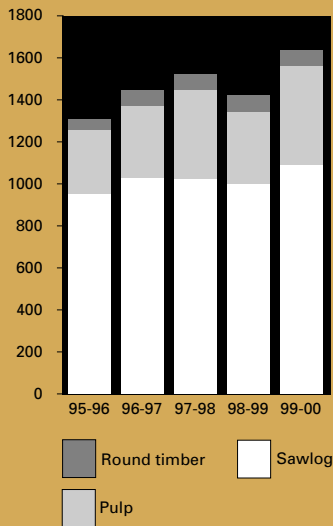
*...excellent results reflect both increased revenue and lower costs.*

**Operating Surplus\* of Business Segments**  
(\$ Millions)

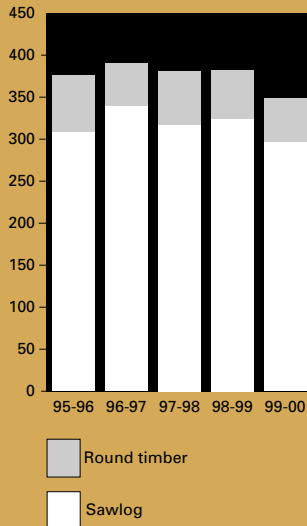


\*Operating revenue minus operating expenses; excludes certain corporate costs and revenue.

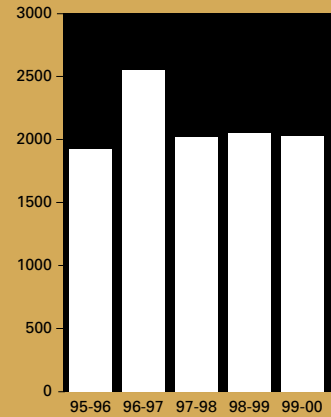
**State-Owned Plantation Timber Removals**  
(’000s cubic metres)



**State-Owned Native Forest Timber Removals**  
(’000s cubic metres)



**State-Owned Quarry Material Removals**  
(’000s cubic metres)



*...plantation timber sales were a record*

**1.64m m<sup>3</sup>.**

**Forest product sales**

The pre-GST building boom during the year benefited the local processing industry through increased sales volume and firmer prices. DPI Forestry endeavoured to meet demand for additional resource by offering spot sales of softwood sawlogs in the Byfield and Gympie-Maryborough areas (see **Business Growth**).

Overall plantation timber sales were particularly strong, with removals up 15% on the previous year’s figure to a record 1.64m m<sup>3</sup>. Native forest timber removals also remained firm at 0.35m m<sup>3</sup>, 9% below the previous year’s figure, but up 2.5% against target.

Sales of State-owned quarry materials, such as sand, gravel, fill and hard rock, remained at about 2m m<sup>3</sup>, 7% above target for the year.

DPI Forestry’s softwood plantation re-establishment program was down 30% on expectation to 3088 ha, owing to protracted wet weather conditions in key plantation centres. To reduce the planting backlog and to establish newly acquired land (see **Business Growth**), DPI Forestry is planning a 5500 ha planting program during 2000-01, the largest commercially funded planting program undertaken since commercialisation.

DPI Forestry is revising its allocation policy for exotic pine sawlog and round timber in south-east Queensland. This is because of the impending expiry of some major final-crop sawlog sales agreements and the desire of some DPI Forestry customers to access additional resource so they can grow their businesses and improve their marketplace competitiveness.



Because of the industry's importance to the State, a whole-of-government approach to the policy has been adopted and extensive consultation with the exotic pine processing sector has occurred.

Industry is seeking access to a significantly greater volume of resource than is currently harvested, under sale terms that encourage long-term investment. DPI Forestry has developed resource supply options with the greatest potential to meet industry needs. The draft policy is subject to legal review, particularly for Trade Practices Act compliance, before being finalised and approved by the State Government.

From 1 January 2000, a new Crown hardwood sawlog pricing system, prepared in consultation with industry, was progressively implemented statewide.

The new system meets commitments for improved pricing arrangements in the South-East Queensland Forests Agreement finalised during the year (see **Revitalising south-east Queensland's hardwood timber industry**).

The new pricing system embraces regional base-sawlog prices and sawlog haul allowances, and provides for regular market-based price indexation and reviews of base-sawlog prices. This will simplify hardwood sawlog sale processes, eliminate perceived regional anomalies in prices and better recompense DPI Forestry for the economic cost of the resource and its management.

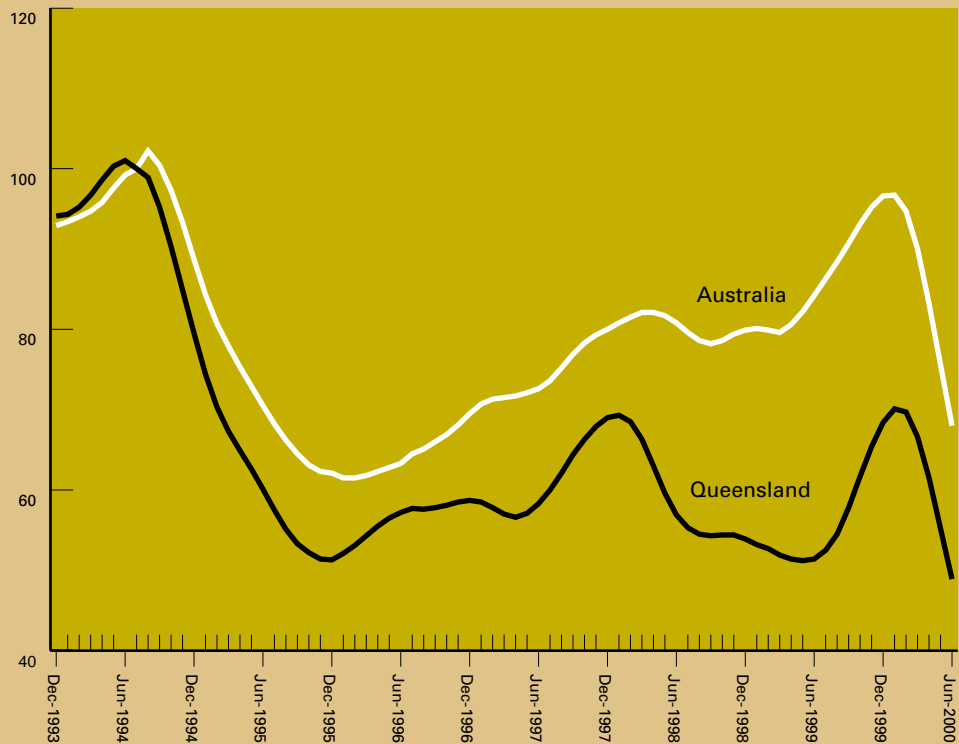
▲  
Contract hauler, Bradley Jones, talks with Regional Sales Officer (Beerburum), Stan Ward, during slash pine (*Pinus elliottii*) harvesting from the Toorbul logging area of the Beerburum State Forest.

The 30-year-old slash pine was headed for Weyerhaeuser Australia Pty Limited's mill at Caboolture.





**New Dwelling Approvals Trend Series Index**  
 ( July 1994 = 100 )



▲  
 The approaching introduction of a Goods and Services Tax in Australia on 1 July 2000 gave rise to a surge in dwelling construction towards the end of the 1999-2000 financial year.

**Future prospects**

During 2000-01, business conditions in the State's forest and timber industry are likely to be less favourable than in the previous year.

Despite the surge in dwelling construction during 1999-2000, a decline in Queensland dwelling approvals had set in by the year's third quarter.

This downward trend, reducing demand for timber products, is expected to continue during 2000-01, owing to cyclical factors in the industry and the lagged effects of recent interest rate increases.

Nevertheless, demand from local timber processors for DPI Forestry's timber resources should remain robust, with total forest product sales, although down on the record results of 1999-2000, continuing their longer-term upward trend.

Given these lower sales expectations and a planned 80% boost in commercially funded plantation establishment during the year, DPI Forestry is projecting a reduced, but strong, profit figure (earnings before interest, tax and timber revaluation) for 2000-01 of \$15.7m.



### Twenty-year rotation research

Over recent years, DPI Forestry has pursued a competitive advantage for Queensland's forest industry through a major research and development initiative to shorten the rotation period (the time from planting to harvesting) of its plantation softwoods and hardwoods, without compromising wood quality.

By identifying and propagating superior clones that combine excellence in wood quality with high growth rates and good form, QFRI researchers are developing genetic material capable of producing high quality wood over rotations of less than 20 years (down from the current 30-35 years). This research, based on the successful slash pine/Caribbean pine hybrid, is coupled with tree establishment and management systems that enhance productivity while minimising costs. For example, spot

cultivation equipment has been developed for environmentally sensitive and poorly drained sites, and trials are under way to evaluate alternative herbicides designed to improve application efficiency.

Meanwhile, computer-based 'decision support tools' are being developed to evaluate different plantation management strategies in terms of costs, revenues, productivity and profitability.

The research has the potential to make Queensland's exotic pine plantations the most efficient in Australia, while ensuring industries based on Queensland's exotic pine remain internationally competitive. Similar concepts are also being applied to increase the productivity and value of emerging hardwood plantations.



*Planning the plantation design for a second rotation tree crop covering 3500 ha of the Byfield State Forest were (from left): Forester in Training (Rockhampton), Maria Vandergeest; Forest Ranger in Charge (Rockhampton), Kent Mapes; and Manager Central Region (Rockhampton), Ray Robinson.*



*Above left. These five-year-old Pinus elliottii x Pinus caribaea hybrids in the Beerburrum State Forest represent the trees of the future.*

*Cloned for near-perfect timber (and each tree as perfect as the next), these superior trees will combine the highest quality timber with shortest possible growing times.*

## Business Growth

### Goal

*Expand the asset and resource base to maximise commercial returns.*

### Key Performance Targets

*Expand Queensland's plantation estate on*

*both State and privately owned land.*

*Sell uncommitted State-owned timber resources*

### Results

*1100 ha of land bought adjacent to existing State-owned plantations*

*at Byfield near Yeppoon.*

*Hardwood plantation establishment work undertaken on*

*880 ha of State-owned and private land under the*

*South-East Queensland Forests Agreement.*

*460 000 m<sup>3</sup> of uncommitted plantation resources and 100 000 m<sup>3</sup>*

*of uncommitted cypress pine resources sold.*

## Business Growth

DPI Forestry is committed to growing its core business activities through a balanced portfolio of investment initiatives. These range from direct and leveraged investment with external partners in plantation expansion to the marketing of research, development and intellectual property arising from DPI Forestry's partnership with the Queensland Forestry Research Institute (QFRI).

### Key investments

In line with the State's commitment to the Plantations Australia 2020 Vision to treble Australia's plantation estate, DPI Forestry is working to significantly expand the area of commercially viable softwood and hardwood plantations in Queensland.

DPI Forestry already manages 180 000ha of State-owned plantations, one of the largest plantation estates in Australia. Plantation expansion is being pursued through the purchase of suitable freehold land and through joint-venture and partnership arrangements with private landholders and investors. DPI Forestry has identified and is pursuing possible sites for plantation expansion in key centres.

During the year, DPI Forestry continued its land acquisition program with the purchase of an additional 1100 ha of freehold land adjacent to existing State-owned plantations at Byfield, near Yeppoon (see **Byfield estate doubles**), and will start planting softwood species on this land during 2000-01. Further land purchases in key areas of the State are planned during 2000-01.

DPI Forestry is also working closely with the Department of State Development to foster plantation expansion by local and international investors seeking to establish plantations as carbon sinks. Interest is growing in the potential of plantations to provide tradeable carbon sequestration credits to offset, in some degree, greenhouse gas emissions from industry.

As part of the South-East Queensland Forest Agreement finalised by the State Government during the year (see **Revitalising south-east Queensland's hardwood timber industry**),

DPI Forestry is also managing a major expansion of hardwood plantations as a future substitute for native forest resources. In the last nine months of 1999-2000, DPI Forestry coordinated plantation establishment work on the first 880 ha of a planned 5000 ha four-year hardwood plantation program through joint-venture and partnership arrangements with other landholders and through planting on State-owned land.

Under an agreement with the Royal Botanical Gardens, Sydney, DPI Forestry and the Queensland Forestry Research Institute are working in partnership with Birkdale Nursery on a project to commercialise the Wollemi pine, a rare primitive tree discovered in 1994, 150 km north-west of Sydney. During the year, DPI Forestry successfully undertook planned capital investment to develop the capability for propagating plants that, ultimately, will be supplied to the joint-venture partner for sale in the marketplace.



*DPI Forestry is working to expand commercially viable softwood and hardwood plantations in Queensland.*

►  
*General Forest Worker,  
Gordon Hutchison, plants an F1 hybrid  
in the Twins logging area of the  
Beerburrum State Forest.*

*The hybrid will be used for  
all exotic pine plantings in south-east  
Queensland by 2002.*

### New timber sales

During the year, DPI Forestry sought to meet strong customer demand for timber resources through further sales of uncommitted plantation resources, including:

- 102 000 m<sup>3</sup> of exotic pine final-crop material from Tuan/Toolara near Maryborough under a short-term spot sale;
- 20 000 m<sup>3</sup> of exotic pine thinnings from Elliott River near Bundaberg;
- 120 000 m<sup>3</sup> of exotic pine final crop and thinnings material from Byfield near Yeppoon; and
- 200 000 m<sup>3</sup> of hoop pine thinnings and 20 000 m<sup>3</sup> of surplus hoop pine tops from south-east Queensland.

A Government commitment to enhance sawmillers' security of access to State-owned cypress resources was also fulfilled when DPI Forestry finalised 15-year wood-supply agreements with 19 cypress sawmillers in south-west Queensland. Business confidence and employment opportunities in the industry were further enhanced when DPI Forestry offered an additional 100 000 m<sup>3</sup> (over 12 years) of uncommitted cypress sawlog to a major sawmiller in the region, who proposes to establish a new mill at Tambo to process the resource. This followed calls for expressions of interest in the timber in mid-1999.



In late 1997, after an expression of interest process, DPI Forestry made a conditional offer of sale for 100 000 m<sup>3</sup> a year of uncommitted State-owned plantation resources in the Ingham area to a local company. Unfortunately, this project will not proceed because the company was unable to demonstrate the project's financial viability.

Despite this setback, DPI Forestry's commitment to a processing operation based on this resource remains firm. As a result, DPI Forestry proposes to offer a short-term sale for part of the resource to provide ongoing employment for DPI Forestry staff in the area and a boost to the local economy. In addition, a whole-of-government approach is being pursued to secure a long-term, regionally based processing plant for the resource, which is well suited to a range of products, including high value-added applications.



### Byfield estate doubles

Purchases of private land by DPI Forestry over the last financial year and planned future purchases will almost double the present size of the Byfield plantation near Yeppoon.

At present, 6900 ha are planted with exotic pine, and this may increase to more than 11 000 ha, representing one of the largest plantation expansions through land purchases that DPI Forestry has undertaken.

Two blocks of former grazing land, totalling 1100 ha, were bought in June 2000, with the first 300 ha of these being prepared for planting in the 2000 summer. Another block of private land was bought in October 2000, bringing an additional net area for plantation of 509 ha. A further large block should be settled by December 2000. (Net area refers to the land available for forest planting and excludes mountains, ridges

and other areas, such as land beside watercourses, that are set aside for environmental reasons.)

All these lands are contiguous and are situated on the southern boundary of the Byfield estate. The new plantations will be known as the Blue Knobs logging area, after the nearby Blue Knobs hills. The Byfield forest plantations support exotic pines, with Caribbean pine planted on the drier sites and the successful slash pine/Caribbean pine hybrid on the wetter sites.

In April 2000, a 4 ha hardwood trial was also established at Blue Knobs. This trial consists of 2 ha of hardwood species, suitable for paper pulp, established in conjunction with Canterwood Pty Ltd; and 2 ha of high-quality hardwood for eventual sale to sawmillers in central Queensland.

▲  
*Byfield Forest Ranger, Roger Anderson, with the Byfield State Forest as a panoramic background.*

*The 6900ha estate is set to almost double through land purchases undertaken by DPI Forestry.*

## Environmental Integrity

### Goal

*Conduct commercial forest production operations in accordance with legislative requirements and codes of practice for sustainable forest use.*

### Key Performance Targets

*Enhance DPI Forestry's Environmental Management System (EMS) to a standard suitable for independent certification by 30 June 2000.*

*Monitor environmental impacts and implement necessary improvements.*

*Support State Government initiatives towards a Regional Forest Agreement in relation to State-owned native forests in south-east Queensland.*

### Results

*EMS independently certified to AS/NZS ISO 14001, making DPI Forestry the first State forest management agency in Australia to achieve such certification.*

*Audits and studies indicate that DPI Forestry's environmental practices satisfy legislative requirements and codes of practices for sustainable use.*

*A firm foundation laid in implementing the South-East Queensland Forests Agreement with:*

- cessation of harvesting in the proposed 400 000 ha plus conservation estate;*
- maintenance of native forest hardwood sawlog supplies at previous levels under secure 25-year sales permits;*
- hardwood plantation establishment work on an initial 880 ha; and*
- good progress on a supporting plantation hardwood research and development program.*

# Environmental Integrity

## Environmental Management System

In December 1999, DPI Forestry became the first State forest management agency in Australia to gain independent environmental certification, when its Environmental Management System (EMS) was certified by DNV Certification Pty Ltd against international standard AS/NZS ISO 14001.

The certification covers management of environmental aspects and impacts associated with:

- selective harvesting in native forests;
- establishing, developing and harvesting plantations; and
- establishing forestry infrastructure (such as roads) and associated works.

These activities are conducted on about 180 000 ha of plantations and 1.4m ha of native forests owned by the State and currently zoned for timber production.

This achievement reflects DPI Forestry's commitment to sustainable forest management and culminates four years of dedicated work by forestry staff throughout the State to refine environmental policies, procedures and practices.

The EMS is based on legislative requirements, environmental codes of practice independently established by the Department of Natural Resources, sound scientific principles, applied research and development, and environmentally sound, documented and auditable policies and procedures.

As such, it provides a management framework that:

- optimises and maintains long-term forest productivity;
- minimises adverse impacts of forest operations, both on and off site;
- improves environmental operations through adopting commercial best practice;
- enhances public acceptability of forest products and forestry activities; and
- facilitates environmental certification of timber products by industry.

DPI Forestry's demonstrated commitment to, and implementation of, environmentally responsible forest production practices will help its timber processing customers sell their products into export markets that increasingly demand timber sourced from sustainably managed forests.

Certification of DPI Forestry's EMS is also a firm foundation for the processing sector to pursue chain-of-custody certification systems for its products.

To facilitate increased market access for the forest industry, DPI Forestry has produced an Environmental Management brochure, promoting its Environmental Management System, for customers to use both within Australia and overseas. In partnership with the Department of State Development, the brochure has been translated into Japanese for customers with export interests in Japan.

DPI Forestry will continue to improve its EMS and maintain independent certification through routine performance monitoring, regular internal and external audits, and ongoing research and development.



▲  
DPI Forestry Executive Officer, Erwin Epp, discusses the use of a Bell harvester for harvesting cypress pine (*Callitris spp.*) with harvesting contractor, Doug Redding, in the Dunmore State Forest (Dalby forestry district).

*Use of these harvesters allows greater directional control for falling and bunching logs before snigging to ramp, and results in fewer environmental impacts than chainsaw cutting and manual snigging.*





▲  
*From front to rear,  
Forest Overseer, Barry Heilbronn,  
General Forest Worker, Glen Johnson,  
and Forestry Ganger, Don Martin,  
spray weeds in a compartment of  
clear-felled plantation in the Wongabel  
State Forest (Atherton forestry district).*

*Such operations are monitored  
to ensure they meet all  
environmental requirements.*

### Environmental monitoring and research

To ensure that environmentally sound forest management practices are being implemented effectively in the field, DPI Forestry routinely monitors forest operations and impacts, and acts promptly to correct any identified problems and to improve procedures where necessary.

To check compliance with set procedures and achievement of desired outcomes, field supervisors routinely use DPI Forestry's system of Sound Practice Indicators (SPIs), which have been enhanced over the last two years to better reflect environmental aspects. The SPI results for 1999-2000 (see chart) show good implementation of sound environmental practices across a range of significant field activities. Further refinement of the SPI system and improved compliance is being pursued.

In addition, during the year the Department of Natural Resources

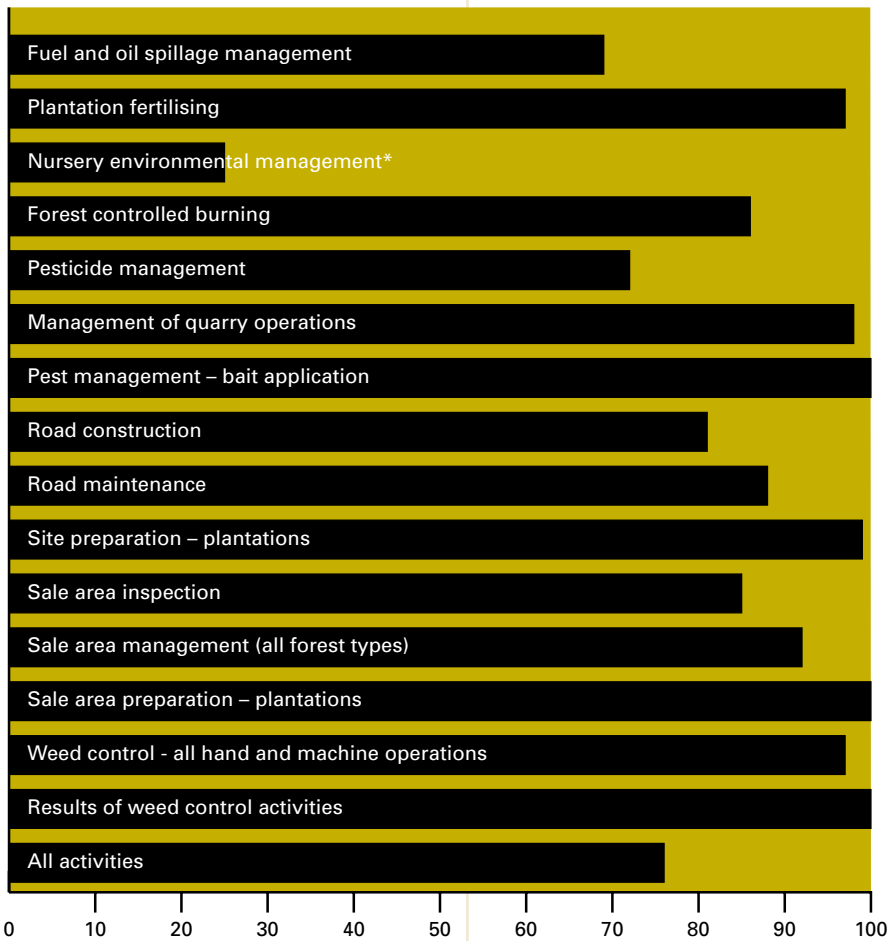
conducted 28 external audits of DPI Forestry's forest management operations throughout the State. Only eight corrective action requests (CARs) resulted from these audits compared with 23 CARs from 18 audits during the previous year.

DPI Forestry also continued to monitor the environmental impacts of its forest management activities and improve its management practices through Queensland Forestry Research Institute research projects. Projects include research into:

- the effect on water and groundwater of herbicides applied to pine plantations;
- the impact of site preparation on run-off, soil and nitrogen status during the establishment phase in hoop pine plantations;
- soil compaction in hoop pine plantations;

**Statewide Environmental Management**

*% pass rate on sound practice indicators*



*\* No major shortcomings in environmental management; low pass rate reflects inappropriate interpretation of checklist criteria.*

- the effect of plantation operations on soil chemical properties;
- off-site effects in a catchment of best management practice;
- control of hillslope erosion in hoop pine plantations;
- determination of aquatic bio-indicators; and
- residue management for maintenance of site productivity in exotic pine plantations.

DPI Forestry is taking particular care to minimise the off-site impacts of its extensive plantation production operations by using management strategies that include retention of buffer strips on streams and careful

management of harvesting, site disturbance and roading. The success of these strategies has been demonstrated by a four-year scientific study in a 904 ha coastal water catchment area in State-owned plantations at Toolara near Gympie. The study showed that thinning, clearfall harvesting and replanting activities had no detectable effect on stream-water quality indicators of total nitrogen, nitrate, ammonia or total phosphorous, orthophosphate or suspended solid levels, despite record flooding in the area. The study also showed that DPI Forestry's operations do not effect the nitrogen and phosphorous concentration in the catchment's groundwater.

***DPI Forestry is taking particular care to minimise off-site impacts...***



*DPI Forestry Executive Officer, Erwin Epp, inspects a forest red gum (Eucalyptus tereticornis) animal habitat tree during an Environmental Management System audit in the Barakula State Forest (Dalby forestry district).*

*Habitat trees are retained at regular intervals throughout logging areas in all State native forests in Queensland.*

### South East Queensland Forests Agreement

In September 1999, the State Government reached agreement with key industry and conservation stakeholders on a plan for a seamless transition of the hardwood timber industry in south-east Queensland: from harvesting of State-owned native forests to use of high-value, short-rotation plantation resources over a 25-year period.

Within a multi-agency program coordinated by the Department of State Development, DPI Forestry moved quickly during 1999-2000 to implement key elements of the agreement, including:

- finalising timber production on the more than 400 000 ha set aside for addition to conservation reserves;
- sourcing native forest timber supplies at previous levels from other State-owned resources;
- establishing secure 25-year sales permits with eligible hardwood sawmillers in the region, together with fairer, market-based sawlog pricing arrangements (see **Commercial Performance**);

- initiating a four-year 5000 ha hardwood plantation program through establishment work on 880 ha under joint-venture arrangements with other landholders and planting on State-owned land;
- starting a four-year, \$8m hardwood research, development and extension program, 'Hardwoods Queensland', through the Queensland Forestry Research Institute to build on the existing knowledge base supporting successful hardwood plantation growing and processing.

In addition, DPI Forestry is continuing road maintenance, fire protection and pest management on the proposed more than 400 000 ha conservation estate until full management responsibility is taken, after necessary tenure changes, by the Department of Natural Resources and the Queensland Parks and Wildlife Service (see **Revitalising south-east Queensland's hardwood timber industry**).



### Plantation sustainability

Through the Queensland Forestry Research Institute (QFRI), DPI Forestry continued its work on forest plantation sustainability in 1999-2000, with ongoing research into the effects on catchment hydrology from exotic pine plantations on the coastal lowlands of south-east Queensland.

Most (130 000 ha) of Queensland's State-owned exotic pine plantations are in the State's south-east and a significant proportion of these are affected by extended periods of waterlogging. The extent and duration of waterlogging frequently increase after harvest operations (when there are fewer trees to remove water from the soil). These conditions are a considerable challenge in achieving harvesting, silvicultural, roading and drainage systems that are workable, yet still meet all requirements for protecting soil and water.

Since 1988, QFRI researchers have been undertaking a long-term paired catchment study in upper tributaries of the Mary River, within the exotic pine plantations of the Toolara State Forest.

The study monitored runoff, streamflow and groundwater storage for a 10-year period, before and after harvest operations. Results from this study found that about 7% of annual rainfall became streamflow, while the remaining 93% was returned to the atmosphere through evaporation and use by the standing plantation. The removal of trees by harvest operations increased streamflow for about 5 years. However, this was minor compared with increases in groundwater levels. Because of the flat relief of the coastal lowlands and the high clay content of the soil containing the groundwater, little groundwater is likely to move out of the catchment. This restricted movement of groundwater, along with generally low streamflows, leads scientists to believe that the movement of nutrients from the exotic pine plantations within the study area is limited.

The data generated from this study are being used to calibrate a water balance model that can be used as a predicative tool for assessing hydrological impacts of plantation management on landscapes wider than the current study.



*This view of hoop pine plantations at Amamoor, in the Imbil forestry district, shows environmental requirements for sustainable forest production in practice, with standing timber left on watercourses and water catchments, and contour planting on sloping land to minimise erosion.*

## Customer service

### Goal

*Collaborate on a commercial basis with industry customers to enhance the competitive position of Queensland's timber industry.*

*Develop a customer service culture consistent with sound business practice in the private sector.*

### Key Performance Targets

*Enhance the competitive position of Queensland's timber industry through collaborative initiatives.*

*Implement customer service development plans.*

### Results

*Increased resource security provided for native forest sectors.*

*Hoop pine promoted in export markets.*

*Customer service enhanced through customer service development plans at a work-unit level.*

## Customer service

### Collaborative initiatives with customers

Sales in the hoop pine processing sector staged a significant recovery during the year, increasing DPI Forestry's log timber sales by more than 15%. This partly reflects the hoop pine processing industry's improved competitive position, bolstered by a package of measures implemented by DPI Forestry in cooperation with the industry.

Over the past few years, the hoop pine processing sector has experienced intense competition in its traditional sawn timber markets, leading to significant erosion of market prices for these products. To help address these problems DPI Forestry, the Queensland Timber Board and key timber processors reached agreement on new price arrangements, utilisation standards and more flexible operating arrangements.

In addition, 10 members of the joint industry-DPI Forestry Araucaria Australia Group Incorporated (AAG ) undertook an 11-day tour of China and Japan, as part of continuing efforts to re-position hoop pine as a premium species. The team visited value-adding timber operations in Guandong in southern China, Dilian in northern China and Osaka in Japan, gaining insights into market requirements and giving presentations on hoop pine and timber import processes to potential buyers at each location.

DPI Forestry also worked with the native forest timber industry in south-east and western Queensland to develop and implement long-term timber supply arrangements, providing buyers with much more secure access to timber resources.

Fifteen-year timber supply agreements were implemented with cypress sawmillers (see **Business Growth**), and, under the South-East Queensland Forests Agreement, 25-year sales permits were signed-off with hardwood sawmillers (see **Revitalising south-east Queensland's hardwood timber industry**).

Already, indications are clear that these measures are helping to stimulate business confidence and investment in these sectors.

### Improving customer service

DPI Forestry is committed to continuously improving the quality of service to its wide range of customers, who include the timber processing industry, quarry operators, graziers and pastoralists, foliage collectors, apiarists, research organisations, other Government agencies and the wider community.

To this end, a new customer service policy, to foster a more commercially focused customer-service culture in the organisation, was ratified early in the year (see **DPI Forestry's Customer Service Policy**).

The new policy was developed through a customer-service improvement program under the DPI Forestry EB2 Enterprise Agreement. Conducted with the help of external consultants, this program included a comprehensive customer survey – supplemented by a series of in-depth interviews – to identify base-line data on customer satisfaction and priority areas for attention.

The new policy is being implemented through customer service improvement plans at work unit-level across the organisation.



▲  
*Private Forestry Development Officer, Neil Halpin, discusses joint-venture hardwood plantation options and seedling growth with landowner, Shirley Pechey of Pechey.*



*Weyerhaeuser Australia Pty Limited  
Resources Manager, Craig Morris,  
converses with Regional Sales Officer  
(Beerburrum), Stan Ward, at  
Weyerhaeuser's Caboolture mill.*

*Liaison and consultation between  
DPI Forestry, as the State's largest  
commercial timber supplier,  
and the State's 400 sawmills are  
features of the organisation's operation  
throughout Queensland.*

### **DPI Forestry's customer service policy**

To enhance its standing as an internationally competitive supplier of forest products from sustainably managed forests and quarry material, DPI Forestry will:

#### ***Quality and value***

- provide products of a consistent and reliable quality that are appropriately valued.
- provide quality service that meets customers' needs;

#### ***Responsiveness***

- actively seek an understanding of customers' needs and promote initiative in business dealings and mutual awareness;
- respond promptly to customers' issues and concerns by making timely and informed decisions;

#### ***Communication***

- engage in open, accurate and effective communication with customers;

#### ***Relationships***

- be helpful, courteous and professional in providing services and products.

## Plantation expansion wins Client Service Award

Work on major plantation expansions earned DPI Forestry's Beerburum Regional Manager, Ian (Chick) Robb, Assistant Regional Manager, Barry Stark, and their team a Department of Primary Industries Client Service Award in November 1999.

Chick's and Barry's submission was titled 'Growing the Business' and centred on Beerburum's work on major plantation expansion through a joint venture with Allied Timbers, of Burpengary, and the re-establishing of 2700 ha of forest plantation on Bribie Island.

The Allied Timbers exotic pine joint venture, covering 187 ha, represents a significant shift in thinking towards plantation establishment. While the trees will be planted on DPI Forestry land, Allied Timbers will meet the plantation establishment and maintenance costs – bringing resource security for that firm, while freeing up cash flow for DPI Forestry that can then be invested on further plantation expansion.

For almost two years, Chick and Barry also worked on a proposal under the Department of Natural Resources-sponsored 'Bribie Island Land Allocation Plan'. Their submission rested on two critical outcomes: the use of 2700 ha for re-establishing pine plantations on the island (earlier plantations, established by Australian Paper Mills, were privately harvested by CSR Caboolture, but were not replanted) and the conversion of more than 3000 ha of 'environmentally sensitive habitat' to national park. Residents and community groups on Bribie Island have supported DPI Forestry's moves, and the proposal recently obtained Department of Natural Resources' assent.



## Documentary wins award

In November 1999, DPI Forestry's Corporate Affairs unit won a Primary Industries Achievement Award for its 1999 timber industry documentary *Behind Every Queenslander II*, screened on Queensland's Channel 7 television network in March that year.

The eight categories in the annual Primary Industries Achievement Awards are judged by industry and are the highlight of Primary Industries Week, an event held in March each year.

The documentary was the sequel to *Behind Every Queenslander*, which aired in March 1998.

The *Behind Every Queenslander* documentary series, made for Channel 7's 'World Around Us' program, concluded on 25 March 2000 with the premiere screening of *Behind Every Queenslander III*.

Forestry's Senior Corporate Affairs Officer, Kieran Lewis, said that the last instalment looked at 100 years of forestry in Queensland and the future of the State's forest and timber industry.

All three documentaries attracted huge prime-time ratings on Channel 7 and provided entertaining and educational profiles of Queensland's timber industry.



▲  
Top. DPI Forestry Executive Director, Ron Beck (centre), with a Primary Industries Achievement Award won by the DPI Forestry Corporate Affairs team (from left): Ian Hatcher, Rebecca Stack, Pam Jeppesen, Kieran Lewis and Cameron Coward.

▲  
Bottom. DPI Forestry Executive Director, Ron Beck (left), congratulates Beerburum Assistant Regional Manager, Barry Stark (centre) and Beerburum Regional Manager, Ian Robb, on their DPI Client Service Award.



## **Business systems development**

### **Goal**

*Develop workforce and business system capabilities to effectively and efficiently support business goals and foster a safe, equitable and rewarding workplace.*

### **Key Performance Targets**

*Implement DPI Forestry's Enterprise Agreement.*

*Manage key business risk issues on a commercial basis.*

*Implement enhanced business structures, systems and processes.*

### **Results**

*Enterprise Agreement successfully finalised on 30 June 2000 with all key targets met.*

*New tax system (GST) successfully implemented and potential Y2K problems avoided.*

*Strategic focus and business management enhanced through improved management arrangements.*

## Business systems development

### Enterprise Agreement

DPI Forestry's three-year EB2 Enterprise Agreement was successfully finalised on 30 June 2000. All key targets under the agreement were met, including:

- savings of more than \$10m (over three years) in plantation and native forest field operations, long-term plantation productivity and business support functions;
- refinement of environmental management systems and practices enabling DPI Forestry to achieve independent certification of its Environmental Management System (see **Environmental Integrity**);
- implementation of a commercial customer service policy (see **Customer Service**); and
- introduction of more flexible and commercially focused employment practices (see **DPI Forestry Staff**).

These are important outcomes for DPI Forestry and reflect its staff's positive contributions to continuous improvement.

In recognition of these achievements, a scheduled 4% pay increase was paid to staff in November 1999, bringing total pay increases under the agreement to 12%. In July 2000, a final bonus payment of \$400 for full-time employees (and a pro-rata amount for part-time employees and casual workers employed during the year) was made.

DPI Forestry also began discussion with relevant central agencies of Government and with unions towards an EB3 agreement, to build on the advances for the organisation and staff made under EB2.

### Enhanced business systems

DPI Forestry successfully established necessary systems and procedures to meet the requirements of the new tax system and implement the Goods and Services Tax (GST) from 1 July 2000. These arrangements included registering a separate ABN.

In addition, DPI Forestry modelled the anticipated cost savings from eliminating the Wholesales Sales Tax (WST) from 1 July 2000, consulting with the Australian Competition and Consumer Commission on the relevant provisions of the Trade Practices Act. Costs savings associated with eliminating the WST were estimated at 1.1% on the sale of forest products. After Pricewaterhouse Coopers independently reviewed the issue, DPI Forestry advised its customers that the savings would be passed on to them in full from 30 June 2000.

During the year, DPI Forestry was assigned responsibility for new and ongoing forestry joint ventures with private investors and landholders arising from the South-East Queensland Forests Agreement and previous Departmental private forestry initiatives.

To provide an effective reporting service to joint-venture partners, DPI Forestry reviewed its systems and policies to account for and report joint-venture operations and is continuing to further refine these in consultation with the Queensland Audit Office.



▲  
General Forest Worker, Rob Everingham, and Forestry Ganger, Stephen Shaw, collect lancewood seed from DPI Forestry's Byfield seed orchard.

The 6 ha orchard supports a mix of wattle and eucalypts that provide seed for (among other purposes) central Queensland's Bowen Basin coal mine site rehabilitation work.

**...cost savings from eliminating the Wholesales Sales Tax were passed onto customers.**



▲  
*DPI Forestry Senior Human Resources Consultant, Alan Unkles, uses the SAP HR module to maintain position details of employees.*

*The data stored in the system are used not only for payroll purposes but also for all variations of DPI Forestry's corporate reporting.*

As a result of concerted action taken to manage 'Year 2000' computer risks, including migration to new systems such as the Government's SAP financial management system, DPI Forestry had a smooth transition to the year 2000 and experienced no significant disruptions or service problems.

Other developments included converting DPI Forestry's human resources computer system to the SAP suite of programs, using a new system, the Human Resources Information System (HRIS). Financial reports generated by the SAP system were also upgraded to better support operational field management.

For 2000-01, DPI Forestry must report year-end financial performance, in accordance with the new Australian Accounting Standard on Self Generating and Regenerating Assets (AAS35). This may require major changes to the methodologies for recognising revenues and valuing assets, which could impact significantly on DPI Forestry's reported profits and asset valuations. DPI Forestry is working with Treasury and the Queensland Audit Office to develop policies, systems and procedures to enable year-end reporting in accordance with the new standard.

### **Restructuring**

During the year, a new business group, the Agency for Food and Fibre Sciences, was created within the DPI to more effectively coordinate the activities of DPI research institutes, including the Queensland Forestry Research Institute (QFRI), for the consumers of food and fibre products.

Consequently, QFRI's finances, accounting systems and administrative arrangements were separated from DPI Forestry and integrated into broader

departmental systems, enabling the transfer of QFRI and its 135 staff to the Agency to be completed by 1 July 2000. Continued close links between DPI Forestry and QFRI are vital to the core business and success of each agency. Accordingly, robust protocols and arrangements are being implemented for the purchase and supply of contracted R&D services, management of joint intellectual property and utilisation of resources used by both agencies.

DPI Forestry's management processes were further strengthened through quarterly senior management group (SMG) meetings in key regional centres, focusing on business planning and associated performance monitoring. SMG meetings were held at Dalby, Rockhampton and Beerburrum. The new arrangements are helping to enhance communication and coordination across the organisation, particularly between central office and regional managers. Associated field inspections enable managers to talk face-to-face with local staff and assess on-the-ground impacts of business strategies.

Business operations were also streamlined with the transfer and outsourcing of certain finance, human resource management and information management processing and support functions, together with associated staff, to the Corporate Services Agency and DPI's Information Strategy and Systems division.

Refurbishment of DPI Forestry's central office accommodation in Forestry House, Brisbane, was successfully finalised. Staff now work from modern modular work stations, and DPI Forestry is achieving significant cost savings after consolidating from five to three floors.



### Fire fighting exercises hone skills

During 1999-2000, DPI Forestry hosted two major fire fighting exercises: at Beerburrum on 5 August 1999 and at Dunmore, near Dalby, on 24 and 25 May 2000.

These annual exercises, which began in 1997, bring together firefighters from DPI Forestry, the Department of Natural Resources, the Department of Emergency Services, the National Parks and Wildlife Service and rural firefighting agencies. Their aim is to ensure effective cooperation between fire agencies in a real fire.

At Beerburrum and Dunmore, fire fighting teams competed in activities that tested their skills in fire fighting, fire equipment maintenance, effective radio communications, navigation and fire observation, first aid and rescue, and effective liaison with news media.

The two exercises, known as 'Beerburrum 99' and 'Dunmore Double Zero', also provided an opportunity for firefighters to experience the difference between conditions on the coastal lowlands, the base of DPI Forestry's

exotic pine plantations, and western Queensland, where the main resource is the native cypress pine. (Most forest firefighters are used to plantation-based fire protection on the Queensland coast.)

Showing that local experience counts, a Beerburrum DPI Forestry crew won the Beerburrum exercise and a Dalby DPI Forestry crew won the Dunmore exercise. The best external agency in both exercises represented the Department of Natural Resources.

Generally, DPI Forestry relies on a system of firefighter training, firebreaks, controlled burning, surveillance and rapid fire suppression to control the threat of wild fires.

Stray cigarette butts, sparks from a worn trailer axle, power lines blown together by winds, careless campers and arsonists have all caused losses to Queensland's forests. Through sound fire management policies and proven environmental management, however, DPI Forestry ensures that losses to the State's forest resource through wild fires are minimised.

▲  
*The successful Dalby DPI Forestry firefighting team were (from left): General Forest Worker, Dennis Wolff; Forest Overseer Mark Taylor, (the team captain, with the winner's Gold Rakehoe award); Forest Overseer, Stephen Watson (with the Best Overall DPI Forestry Firefighting Team award); and General Forest Worker, Carl Sutherland.*

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Certificate of DPI Forestry

Independent Audit Report

## Disclaimer

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The electronic versions are provided solely on the basis that users will take responsibility for verifying their accuracy, completeness and currency.

Although considerable resources are used to prepare and maintain the electronic versions, DPI Forestry accepts no liability for any loss or damage that may be incurred by any person acting in reliance on the electronic versions.

*For the  
financial year  
ended  
30 June 2000*



*For the  
financial year  
ended  
30 June 2000*

## Profit and loss statement

|  | Notes* | 2000<br>\$'000 | 1999<br>\$'000 |
|--|--------|----------------|----------------|
| <b>Operating revenue</b>   |        |                |                |
| Sale of timber   | 3(a)   | 75,203         | 68,168         |
| Specialised forest industry services                                       |        | 8,973          | 6,939          |
| Quarries   |        | 2,997          | 2,609          |
| Seeds and seedlings  |        | 1,149          | 1,614          |
| External workshop charges  |        | 812            | 898            |
| Gain on disposals of non-current assets                                    |        | -              | 96             |
| Other revenue  | 3(b)   | 5,066          | 3,044          |
| <b>Total operating revenue</b>   |        | <b>94,200</b>  | <b>83,368</b>  |
| <b>Operating expenses</b>  |        |                |                |
| Salaries, wages and related costs  |        | 31,815         | 31,085         |
| Interest and Loan guarantee fee  |        | 4,721          | 6,099          |
| Contracted forestry, professional, technical and other services            |        | 11,249         | 8,582          |
| Depreciation and Amorisation   |        | 5,278          | 5,075          |
| Hire of plant and equipment  |        | 2,147          | 2,214          |
| Superannuation contributions   |        | 3,478          | 3,514          |
| Provision for employee entitlements  |        | 2,621          | 3,225          |
| Motor vehicle expenses   |        | 2,991          | 2,473          |
| Occupancy costs  |        | 2,722          | 2,926          |
| Forest maintenance expenses  |        | 1,653          | 2,029          |
| Materials  |        | 1,995          | 1,874          |
| Travel expenses  |        | 989            | 1,013          |
| Workers' compensation costs  |        | 606            | 498            |
| Postage, printing and stationery   |        | 558            | 612            |
| Computer operating expenses  |        | 229            | 563            |
| Auditor's remuneration   |        | 146            | 120            |
| Doubtful debts expense   |        | (1)            | -              |
| Bad debts written off  |        | 15             | 53             |
| Loss on disposals of non-current assets                                    |        | 168            | -              |
| Grants and Subsidies   |        | 456            | 599            |
| Other operating expenses   |        | 782            | 977            |
| <b>Total operating expenses</b>  |        | <b>74,618</b>  | <b>73,532</b>  |
| <b>Operating profit before Income tax</b>                                  |        | <b>19,582</b>  | <b>9,836</b>   |
| Income tax equivalents attributable to Operating profit                    | 4      | -              | -              |
| <b>Operating profit after Income tax equivalents</b>                       |        | <b>19,582</b>  | <b>9,836</b>   |
| Transfers from Asset Revaluation Reserve                                   | 14(ii) | 719            | -              |
| Retained profits at the beginning of the financial year                    |        | (5,639)        | (10,842)       |
| <b>Total available for appropriation</b>                                   |        | <b>14,662</b>  | <b>(1,006)</b> |
| Dividend provided for  | 13,15  | (10,000)       | (4,633)        |
| <b>Retained profit/(accumulated loss) at the end of the financial year</b> |        | <b>4,662</b>   | <b>(5,639)</b> |

*\*This Profit & Loss Statement  
should be read in conjunction with  
the accompanying notes.*



## Balance sheet

|  | Notes*   | 2000<br>\$'000   | 1999<br>\$'000   |
|--|----------|------------------|------------------|
| <b>Current Assets</b>                          |          |                  |                  |
| Cash   | 5        | 18,221           | 8,215            |
| Receivables                                    | 6        | 14,658           | 12,735           |
| Inventories                                    | 7        | 3,175            | 2,715            |
| <b>Total current assets</b>                    |          | <b>36,054</b>    | <b>23,665</b>    |
| <b>Non-Current Assets</b>                      |          |                  |                  |
| Receivables                                    | 6        | 329              | 424              |
| Property, plant and equipment                  | 8        | 63,364           | 66,222           |
| Intangibles                                    | 9        | 102              | -                |
| <b>Total non-current assets</b>                |          | <b>68,795</b>    | <b>66,646</b>    |
| <b>Self Generating and Regenerating Assets</b> |          |                  |                  |
| Plantation Growing Timber                      | 10       | 1,012,617        | 980,952          |
| <b>Total Assets</b>                            |          | <b>1,117,466</b> | <b>1,071,263</b> |
| <b>Current Liabilities</b>                     |          |                  |                  |
| Creditors                                      | 11       | 4,552            | 3,997            |
| Provisions                                     | 13       | 13,623           | 8,935            |
| <b>Total current liabilities</b>               |          | <b>18,175</b>    | <b>12,932</b>    |
| <b>Non-Current Liabilities</b>                 |          |                  |                  |
| Borrowings                                     | 12       | 76,420           | 76,420           |
| Provisions                                     | 13       | -                | 8,050            |
| <b>Total non-current liabilities</b>           |          | <b>76,420</b>    | <b>84,470</b>    |
| <b>Total Liabilities</b>                       |          | <b>94,595</b>    | <b>97,402</b>    |
| <b>Net Assets</b>                              |          | <b>1,022,871</b> | <b>973,861</b>   |
| <b>Equity</b>                                  |          |                  |                  |
| Capital  | 14 (i)   | 935,186          | 927,571          |
| Retained profits/(accumulated losses)          |          | 4,662            | (5,639)          |
| Reserves                                       |          |                  |                  |
| - Asset revaluation                            | 14 (ii)  | 1,232            | 1,803            |
| - Plantation Growing Timber revaluation        | 14 (iii) | 81,791           | 50,126           |
| <b>Total Equity</b>                            |          | <b>1,022,871</b> | <b>973,861</b>   |

*As at*  
**30 June 2000**

*\*This Balance Sheet  
should be read in conjunction with  
the accompanying notes.*



For the  
financial year  
ended  
30 June 2000

## Statement of cash flows

|   | Notes*    | 2000                  |                       | 1999                  |                       |
|---|-----------|-----------------------|-----------------------|-----------------------|-----------------------|
|   |           | Inflows<br>(outflows) | Inflows<br>(outflows) | Inflows<br>(outflows) | Inflows<br>(outflows) |
|   |           | \$'000                | \$'000                | \$'000                | \$'000                |
| <b>Cash Flows from Operating Activities</b>                 |           |                       |                       |                       |                       |
| Receipts from customers                                     |           | 89,191                |                       | 79,311                |                       |
| Payments to suppliers and employees                         |           | (63,921)              |                       | (62,318)              |                       |
| Interest received   |           | 435                   |                       | 419                   |                       |
| Interest, loan guarantee fees and other costs<br>of finance |           | (3,703)               |                       | (6,121)               |                       |
| Sales taxation equivalents paid                             |           | (235)                 |                       | (235)                 |                       |
| Grants and subsidies paid                                   |           | (675)                 |                       | (599)                 |                       |
| Grants and subsidies received                               |           | 1,305                 |                       | 388                   |                       |
| <b>Net cash provided by operating activities</b>            | <b>16</b> |                       | <b>22,397</b>         |                       | <b>10,845</b>         |
| <b>Cash Flows from Investing Activities</b>                 |           |                       |                       |                       |                       |
| Payments for property, plant and equipment                  |           | (6,830)               |                       | (3,557)               |                       |
| Proceeds from sale of property, plant<br>and equipment      |           | 449                   |                       | 1,380                 |                       |
| <b>Net cash used in investing activities</b>                |           |                       | <b>(6,381)</b>        |                       | <b>(2,177)</b>        |
| <b>Cash Flows from Financing Activities</b>                 |           |                       |                       |                       |                       |
| Repayment of borrowings                                     |           | -                     |                       | (4,443)               |                       |
| Dividends paid  |           | (4,633)               |                       | (3,868)               |                       |
| Equity returned - Long Service Leave                        | 13        | (1,377)               |                       | -                     |                       |
| <b>Net cash used in financing activities</b>                |           |                       | <b>(6,010)</b>        |                       | <b>(8,311)</b>        |
| Net increase/(decrease) in cash held                        |           |                       | 10,006                |                       | 357                   |
| Cash at the beginning of the financial year                 |           |                       | 8,215                 |                       | 7,858                 |
| <b>Cash at the end of the financial year</b>                | <b>5</b>  |                       | <b>18,221</b>         |                       | <b>8,215</b>          |

\*This Statement of Cash Flows  
should be read in conjunction with  
the accompanying notes.





# Notes to and forming part of the Financial Statements

*For the  
financial year  
ended  
30 June 2000*

## 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 and 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*, Statements of Accounting Concepts, Urgent Issues Group Abstracts and other mandatory professional reporting requirements.

The accounts have been prepared on an accrual basis and except where stated otherwise, in accordance with the historical cost convention. The accounting policies adopted are generally consistent with those of the previous year except in respect of Intangible Assets, Employee Long Service Leave Entitlements and Leasehold Improvements. Further disclosure in respect to these items has been provided where appropriate.

### 2.2 TRADE AND OTHER RECEIVABLES

Trade receivables are recognised and carried at original invoice amount less a provision for any uncollectable debts. An estimate for doubtful debts is made when collection of the full amount is no longer probable. Bad debts are written-off as incurred. Settlement on trade debtors is within 30 days from the end of the month in which the sale is invoiced, while other receivables are net 30 day terms.

### 2.3 CREDITORS

Creditors are recognised at the amount to be paid for the goods and services received.

### 2.4 BORROWINGS

Loans payable are recognised at the face value of the principal outstanding with interest being expensed as it accrues. Loans are also disclosed at their fair market value in Note 12.



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## 2.5 INVENTORIES

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

Costs incurred in bringing each product to its present location and condition are accounted for as follows:

- Raw materials – purchase cost on a weighted average basis; and
- Finished goods and work-in-progress – cost of direct material and labour and a proportion of overheads.

## 2.6 INTANGIBLES

All intangible assets with a cost or value greater than \$50,000 are recognised as assets, items with a lesser value are expensed. Each intangible asset is amortised over its estimated useful life. The average estimated useful life is presently 15 years.

### *Change in Accounting Policy.*

Prior to the current financial year expenditure on all intangible items, including acquisition and development costs of computer software, were expensed as incurred.

During the year a review was undertaken to identify any significant intangible items which met the recognition criteria set out in Statement of Accounting Concepts 4 “*Definition and Recognition of the Elements of Financial Statements*”. All items meeting these criteria and exceeding the threshold set have been capitalised and disclosed within these financial statements (Refer to Note 9).

## 2.7 LIBRARY ASSETS

Purchases of library materials are expensed as incurred.

## 2.8 LEASEHOLD IMPROVEMENTS

### *Change in Accounting Policy*

During the current financial year the Policy on accounting for the cost of Leasehold Improvements was changed. The new policy is to capitalise the expenditure incurred on Leasehold Improvements that meet the definition and recognition criteria for assets as set out in Statement of Accounting Concepts (SAC) 4 “*Definition and Recognition of the Elements of Financial Statements*”. Previously, the expenditure on Leasehold Improvements was expensed in the period in which it was incurred.

However, its application is being phased in with all Leasehold Improvements meeting the asset recognition criteria to be recognised by 30 June 2001. Consequently, for the year ended 30 June 2000, only current year’s expenditure has been capitalised.

Leasehold Improvements with a cost, or other value, of \$1,000 or greater, are capitalised in the year of acquisition. All other items with a cost, or other value, less than the asset recognition threshold, are expensed. Each asset is amortised over its estimated useful life.

Other significant leasehold improvements will be investigated during the financial year ending 30 June 2001, to determine whether they qualify for capitalisation as an asset in terms of the established policy.



## 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.

Any expenditure that increases the originally assessed capacity or service potential of an asset is capitalised and the new depreciable amount is depreciated over the remaining useful life 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 (Years) |
|------------------------|---------------------------------------|
| Land Improvements      | 20                                    |
| Buildings              | 22                                    |
| Access Roads           | 28                                    |
| Leasehold Improvements | 10                                    |
| Plant and Equipment    | 6                                     |

### *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.

In December 1999, the Australian Accounting Standards Board issued two new accounting standards – AAS38 – *Revaluation of Non-Current Assets* and AAS10 – *Recoverable Amount of Non-Current Assets*. These standards introduce the concept of valuing non-current assets at 'fair value'. At present, the entity's non-current physical assets are valued in accordance with the deprival value methodology prescribed by the Financial Management Standard. Due to the uncertainty within the accounting profession of the impact of applying a valuation based on fair value, in lieu of the deprival value methodology currently prescribed, it is not possible at present to determine the consequential impact of the application of these standards (when prescribed) on asset values as reported in these financial statements.

## *Notes to and forming part of the Financial Statements*



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For the purpose of revaluation of non-current physical assets, DPI Forestry has adopted the departmentally established 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 represents 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; and
- 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 excluded for the purposes of the valuation are:

- 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;
- small, fragmented plantation areas likely to be unmerchantable or of problematic value; and
- hardwood plantations of merchantable age which have in the main been withdrawn from the valuation process pending the outcome of the Regional Forest Agreement (RFA). Such resources will not be valued until future access is determined through the RFA process.

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 of the Reserve Account 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.

Refer Note 22 for events subsequent to balance date.

### **2.11 NATIVE FORESTS**

DPI Forestry's asset in native forests is its right to harvest forest products in certain crown owned native forests in order 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 is dependent upon the outcome of various regional forest management studies and the progressive implementation of environmental standards and controls such as harvesting "Codes of Practice". 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 2000.

### **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 free of charge 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.

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**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**

*Wages, Salaries, Annual Leave and Sick leave.*

Liabilities for wages, salaries and annual leave are recognised in the Balance Sheet and are measured as the amount unpaid at the reporting date in respect of all employees' services, and include on-costs.

Sick leave is non-vesting and is expensed when incurred.

*Long Service Leave.*

In 1999-2000, a new long service leave scheme became operative whereby a levy is made on DPI Forestry to cover this expense and amounts paid to employees for long service leave are claimed from the scheme as a reimbursement. The balance of the provision for long service leave that existed at 30 June 1999 has been adjusted (as at the commencement of the current reporting period) primarily against equity, with the post commercialisation component (ie post 1 July 1995) of the liability being remitted in cash to the Government Superannuation Office which administers the scheme.

*Superannuation*

Employer contributions for employee superannuation are expensed as incurred. No liability is shown for superannuation benefits in the balance sheet as the Government Superannuation Office holds the liability on a Whole of Government basis.

**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 only be deferred 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.



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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 Queensland Treasury's policy "*Guidelines on Risk Management and Insurance*", DPI Forestry's assets are not insured. 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 regenerating assets (SGARA's).

Contributions by DPI Forestry are expensed as incurred. This is consistent with DPI Forestry's asset accounting policy for SGARA's which is based on net realisable value of merchantable timber rather than a capitalisation of historic 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 21.

#### **2.21 COMPARATIVE FIGURES**

Where necessary and practicable, comparative figures have been restated in order 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.



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**3. REVENUE**

|  | 2000          | 1999          |
|--|---------------|---------------|
|  | \$'000        | \$'000        |
| <b>(a) Sale of Timber comprised:</b>                 |               |               |
| Plantations  |               |               |
| - Native pine  | 24,282        | 22,126        |
| - Exotic pine  | 40,112        | 35,229        |
| - Hardwood   | 183           | 480           |
| Native forests                                       |               |               |
| - Cypress  | 3,558         | 3,676         |
| - Hardwood   | 6,012         | 6,503         |
| - Sandalwood   | 148           | 98            |
| Freehold selections - timber revenue                 | 908           | 56            |
| <b>Total timber revenue</b>                          | <b>75,203</b> | <b>68,168</b> |
| <b>(b) Other Revenue comprised:</b>                  |               |               |
| Fees and permits                                     | 171           | 191           |
| Interest   | 621           | 383           |
| External plant hire                                  | 329           | 403           |
| Grants & Subsidies                                   | 1,305         | 388           |
| Fitout of Forestry House (provided below fair value) | 1,137         | -             |
| Other sundry revenue                                 | 1,503         | 1,679         |
| <b>Total other revenue</b>                           | <b>5,066</b>  | <b>3,044</b>  |

**4. INCOME TAX EQUIVALENTS**

|   | 2000           | 1999           |
|---|----------------|----------------|
|   | \$'000         | \$'000         |
| Operating profit  | 19,582         | 9,836          |
| Prima facie tax equivalent expense<br>(calculated at 36% of operating profit) | 7,051          | 3,541          |
| <b>Tax effect of permanent differences:</b>                                   |                |                |
| Acquired timber felled - Queensland<br>Income Tax Equivalents Ruling 95/4     | (12,912)       | (12,314)       |
| Research and development concession   | -              | (171)          |
| Entertainment - non-deductible  | 9              | 3              |
| Depreciation - non-deductible   | 51             | 34             |
| Capital gains tax   | -              | 20             |
| Other   | 50             | 23             |
| <b>Total tax equivalent benefit</b>   | <b>(5,751)</b> | <b>(8,864)</b> |
| <b>Total income tax equivalent benefit comprises movements in:</b>            |                |                |
| Net tax equivalent benefit  | (6,589)        | (9,405)        |
| Provision for deferred tax equivalent   | 389            | 538            |
| Future tax equivalent benefit   | 449            | 3              |
| <b>Total tax equivalent benefit</b>   | <b>(5,751)</b> | <b>(8,864)</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. As at 30 June 2000, accumulated future tax equivalent benefits attributable to tax losses carried forward amount to \$41,441,649 (calculated at the appropriate tax rate of 30%) and will only be obtained if:

- a) 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;
- b) DPI Forestry continues to comply with the conditions for deductibility imposed by the law; and
- c) No changes in tax legislation adversely affect DPI Forestry in realising the benefit from the deductions for the losses.





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**5. CASH**

|                   | <b>2000</b>   | <b>1999</b>   |
|-------------------|---------------|---------------|
|                   | <b>\$'000</b> | <b>\$'000</b> |
| Cash on hand      | 34            | 34            |
| Cash at bank      | 18,187        | 8,181         |
| <b>Total cash</b> | <b>18,221</b> | <b>8,215</b>  |

**6. RECEIVABLES**

|   | <b>2000</b>   | <b>1999</b>   |
|---|---------------|---------------|
|   | <b>\$'000</b> | <b>\$'000</b> |
| <b>Current</b>                          |               |               |
| Trade debtors                           | 13,671        | 11,851        |
| Freehold selection debtors (1)          | 167           | 245           |
|   | <b>13,838</b> | <b>12,096</b> |
| Less - Provision for doubtful debts (1) | (123)         | (123)         |
|   | <b>13,715</b> | <b>11,973</b> |
| Interest receivable                     | 186           | -             |
| GST Receivable                          | 5             | -             |
| Other debtors                           | 752           | 762           |
|   | <b>14,658</b> | <b>12,735</b> |
| <b>Non-Current</b>                      |               |               |
| Freehold selection debtors (1)          | 329           | 424           |
| <b>Total receivables</b>                | <b>14,987</b> | <b>13,159</b> |

- 1) 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 \$3,449 (\$4,470, 1998-99) for freehold selection debtors. The Department of Natural Resources manages the freehold selection debtors.

**7. INVENTORIES**

|                                  | <b>2000</b>   | <b>1999</b>   |
|----------------------------------|---------------|---------------|
|                                  | <b>\$'000</b> | <b>\$'000</b> |
| <b>Finished goods:</b>           |               |               |
| Seeds and seedlings (1)          | 1,641         | 1,467         |
| <b>Work in progress</b>          |               |               |
| Seedlings (1)                    | 113           | 73            |
| <b>Raw materials and stores:</b> |               |               |
| Saleable publications            | 171           | 177           |
| Miscellaneous                    | 1,250         | 998           |
|                                  | <b>1,421</b>  | <b>1,175</b>  |
| <b>Total inventories</b>         | <b>3,175</b>  | <b>2,715</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.



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**8. PROPERTY, PLANT AND EQUIPMENT**

|   |                          | 2000          | 1999          |
|---|--------------------------|---------------|---------------|
|   |                          | \$'000        | \$'000        |
| Land  | At cost                  | 660           | 3,209         |
|   | At valuation (2)         | 4,220         | 1,085         |
|   |                          | <b>4,880</b>  | <b>4,294</b>  |
| Buildings   | At cost                  | 1,496         | 638           |
|   | At valuation (2)         | 21,014        | 17,997        |
|   | Accumulated depreciation | (6,137)       | (2,867)       |
|   |                          | <b>16,373</b> | <b>15,768</b> |
| Land improvements   | At cost                  | 1,477         | 1,345         |
|   | At valuation (2)         | 2,063         | 2,006         |
|   | Accumulated depreciation | (1,141)       | (979)         |
|   |                          | <b>2,399</b>  | <b>2,372</b>  |
| Leasehold improvements                                      | At cost                  | 644           | -             |
|   | Accumulated amortisation | (9)           | -             |
|   |                          | <b>635</b>    | <b>-</b>      |
| Access roads  | At cost                  | 1,156         | 1,107         |
|   | At valuation (2)         | 32,365        | 31,609        |
|   | Accumulated depreciation | (5,947)       | (4,854)       |
|   |                          | <b>27,574</b> | <b>27,862</b> |
| Plant and equipment (1)                                     | At cost                  | 22,842        | 20,226        |
|   | At valuation             | 7,511         | 9,188         |
|   | Accumulated depreciation | (15,769)      | (15,236)      |
|   |                          | <b>14,584</b> | <b>14,178</b> |
| Capital works in progress                                   | At cost                  | 1,919         | 1,748         |
| Total Property, plant and equipment                         | At cost                  | 30,194        | 28,273        |
|   | At valuation             | 67,173        | 61,885        |
|   | Accumulated depreciation | (29,003)      | (23,936)      |
| <b>Total property, plant and equipment - net book value</b> |                          | <b>68,364</b> | <b>66,222</b> |

**Valuation of Property, Plant and Equipment**

All Property, Plant and Equipment has 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"

- The following independent expert valuer revalued Plant and Equipment with an historical cost or current replacement cost over \$50,000 as at 30 June 1997.  
Edward Rushton Australia Pty. Ltd.
- Land, Land Improvements, Access Roads and Buildings with a historical cost or replacement value above the relevant revaluation threshold were revalued as at 30 June 2000, by the following independent expert valuers: Australian Valuation Office, R N Mullins, FAPI LLB

The comparative figures are based on independent valuations undertaken by the same valuers during 1995 and 1996.

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) are considered annually based on the materiality of price movements in the reporting period.



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**9. INTANGIBLES**

|                              | 2000<br>\$'000 | 1999<br>\$'000 |
|------------------------------|----------------|----------------|
| <b>Internal use software</b> |                |                |
| At cost                      | 339            | -              |
| Accumulated amortisation     | (237)          | -              |
| <b>Total Intangibles</b>     | <b>102</b>     | <b>-</b>       |

**10. PLANTATION GROWING TIMBER**

|  | 2000<br>\$'000   | 1999<br>\$'000 |
|--|------------------|----------------|
| Balance as at 1 July                   | 980,952          | 930,826        |
| Net increment/(decrement) for the year | 14 (iii) 31,665  | 50,126         |
| <b>Balance as at 30 June</b>           | <b>1,012,617</b> | <b>980,952</b> |

**11. CREDITORS**

|   | 2000<br>\$'000 | 1999<br>\$'000 |
|---|----------------|----------------|
| <b>Current</b>  |                |                |
| Trade creditors   | 724            | 583            |
| Accrued interest, loan guarantee fee and other costs of finance | 1,463          | 393            |
| Long Service Leave Levy Payable                                 | 113            | -              |
| Accrued staff related expenses                                  | 115            | 597            |
| Tax payable   | 166            | 153            |
| - Payroll   | 166            | 153            |
| - Sales   | 228            | 235            |
| - GST   | 2              | -              |
| Accrued expenses  | 645            | 420            |
| Prepaid royalties, grants & other revenue received in advance   | 775            | 973            |
| Miscellaneous   | 321            | 643            |
| <b>Total creditors</b>  | <b>4,552</b>   | <b>3,997</b>   |

**12. BORROWINGS**

|  | 2000<br>\$'000 | 1999<br>\$'000 |
|--|----------------|----------------|
| <b>Non-Current</b>   |                |                |
| Queensland Treasury Corporation Loan -<br>(market value as at 30 June \$78.314M) (1) | 76,420         | 76,420         |
| <b>Total Borrowings</b>  | <b>76,420</b>  | <b>76,420</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 this financial year. The loan term has been extended for a period of two years.



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**13. PROVISIONS**

|                         | 2000          | 1999          |
|-------------------------|---------------|---------------|
|                         | \$'000        | \$'000        |
| <b>Current</b>          |               |               |
| Provision for dividend  | 15            | 10,000        |
| Recreation leave        |               | 3,623         |
| Long service leave (1)  |               | -             |
|                         |               | 827           |
|                         | <b>13,623</b> | <b>8,935</b>  |
| <b>Non-current</b>      |               |               |
| Long service leave (1)  |               | -             |
|                         |               | 8,050         |
| <b>Total provisions</b> | <b>13,623</b> | <b>16,985</b> |

1) Refer Note 2.14 - Long service leave. Of the closing balance of the prior period's provision for long service leave, \$7,500,000 was adjusted against capital and \$1,377,000 against cash at bank. It is not practicable to determine the cumulative financial effect up to the end of the preceding reporting period of the change in accounting policy. Refer also Note 14(i).

**Aggregate employee entitlements** for 1999-2000 amounted to \$3,853,000 (\$12,949,000, 1998-99) being leave provisions at Note 13, accrued long service leave levies and staff related expenses at Note 11.

**14. MOVEMENT IN CAPITAL AND RESERVES**

|  | 2000           | 1999           |
|--|----------------|----------------|
|  | \$'000         | \$'000         |
| <b>(i) Capital</b>   |                |                |
| Balance as at 1 July   | 927,571        | 928,065        |
| Adjustment due to elimination of opening balance of provision for long service leave (1) | 7,500          | -              |
| (Prior period) Adjustment to non-current assets (2)                                      | 115            | (494)          |
| <b>Balance as at 30 June</b>   | <b>935,186</b> | <b>927,571</b> |
| <b>(ii) Asset Revaluation Reserve</b>  |                |                |
| Balance as at 1 July   | 1,803          | 1,128          |
| Increment/(Decrement) on revaluation   |                |                |
| Land, Land improvements and Buildings  | 228            | 93             |
| Access Roads   | -              | 591            |
| Plant and Equipment  | (80)           | (9)            |
| Transfer to Retained Profit  | (719)          | -              |
| <b>Balance as at 30 June</b>   | <b>1,232</b>   | <b>1,803</b>   |
| <b>(iii) Plantation Growing Timber Revaluation Reserve</b>                               |                |                |
| Balance as at 1 July   | 50,126         | -              |
| Increment/(Decrement) on revaluation of Plantation Growing Timber                        | 31,665         | 50,126         |
| <b>Balance as at 30 June</b>   | <b>81,791</b>  | <b>50,126</b>  |

1) Refer Notes 2.14 and 13.

2) Represents adjustments processed to correct assets balances taken up as at 1 July 1995 when DPI Forestry commenced operations as a Commercial Business Group.



**15. DIVIDEND**

The dividend of \$10,000,000 (\$4,633,243, 1998-99) provided for is payable to the Queensland Government.

**16. RECONCILIATION OF NET CASH PROVIDED BY OPERATING ACTIVITIES TO OPERATING PROFIT AFTER TAX EQUIVALENT**

|   | 2000<br>\$'000 | 1999<br>\$'000 |
|---|----------------|----------------|
| <b>Operating profit after income tax equivalents</b>    | 19,582         | 9,836          |
| <b>Non-cash items</b>                                   |                |                |
| Depreciation and Amortisation                           | 5,278          | 5,075          |
| Asset writedowns and decrements                         | -              | 13             |
| Goods received below fair value                         | (1,078)        | -              |
| Bad and doubtful debts                                  | (14)           | 49             |
| Inventory written off                                   | (319)          | (111)          |
| Liabilities transferred/(assumed)                       | (57)           | -              |
| (Gain)/loss on disposal of non-current assets           | 168            | (98)           |
| <b>Changes in assets and liabilities</b>                |                |                |
| (Increase)/decrease in inventories                      | (140)          | 276            |
| (Increase)/decrease in net receivables                  | (1,906)        | (3,550)        |
| (Increase)/decrease in GST input tax credits receivable | (5)            | -              |
| (Increase)/decrease in prepayments and other assets     | 99             | (24)           |
| Increase/(decrease) in employee provisions              | (1,237)        | 124            |
| Increase/(decrease) in unearned revenue                 | (198)          | 449            |
| Increase/(decrease) in GST payable                      | 2              | -              |
| Increase/(decrease) in creditors                        | 2,222          | (1,194)        |
| <b>Net cash provided by operating activities</b>        | <b>22,397</b>  | <b>10,845</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 5.

*Notes to and  
forming part of the  
Financial  
Statements*



*Notes to and  
forming part of the  
Financial  
Statements*

## 17. FINANCING FACILITIES

### Standby arrangements to provide funds and support facilities

|                               | 2000<br>\$'000 | 1999<br>\$'000 |
|-------------------------------|----------------|----------------|
| Credit facility               | 3,000          | 3,000          |
| Amount utilised               | -              | -              |
| <b>Unused credit facility</b> | <b>3,000</b>   | <b>3,000</b>   |

At 30 June 2000, a credit facility with the Queensland Treasury Corporation was in place with a limit of \$3,000,000. This facility remained fully undrawn at balance date and is available for use in the next reporting period.

## 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 and crown lands. For 1999-00 contributions to these joint ventures totalled \$790,055 (\$632,057, 1998-99).
2. *Seed Orchard Venture:*  
Designed to produce and sell improved tree seed from an orchard established for the purpose. For 1999-00 contributions to this joint venture totalled \$72,244 (\$57,578, 1998-99).
  - No output was derived from the joint venture operations during 1999-00 (nil, 1998-99).
  - Total contributions to joint venture operations at 30 June 2000 amounted to \$2,298,825 (\$1,436,526, 1998-99). Of this amount \$ 1,408,189 (\$638,512, 1998-99) has been provided from State funding external to DPI Forestry.

While joint venture assets are not yet reported in the financial statements (in line with valuation policies) the value of such assets is expected to exceed the compounded input values over the life of the ventures.

## 19. CONTINGENT LIABILITIES

DPI Forestry was self-insured for workers' compensation prior to 1 July 1995. Two matters relating to this period of self-insurance remains 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.



*Notes to and  
forming part of the  
Financial  
Statements*

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

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

|   |   |
|---|---|
| Supreme Court                                     | 3 |
| District Court                                    | 2 |
| Other Jurisdictions including anticipated matters | 1 |

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. COMMITMENTS FOR EXPENDITURE

|  | 2000      | 1999      |
|--|-----------|-----------|
| Capital expenditure                          |           |           |
| - plant and equipment payable within 1 year: | \$401,003 | \$123,396 |
| Grants and subsidies expenditure             |           |           |
| - milestone payments payable within 1 year:  | \$45,000  | Nil       |

## 21. 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.

|                             | 2000      | 1999      |
|-----------------------------|-----------|-----------|
| Deposits held as at 30 June | \$710,556 | \$705,473 |

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.

## 22. EVENTS SUBSEQUENT TO BALANCE DATE

Effective 1 July 2000, DPI Forestry will implement Australian Accounting Standard AAS 35 dealing with Self-Generating and Regenerating Assets (SGARA's) to its Plantation Growing Timber. This standard which deals comprehensively with valuation, accounting, presentation and disclosure requirements for SGARA's is expected to result in significant changes to DPI Forestry's valuation, accounting and reporting of these assets.

Effective 1 July 2000, DPI Forestry transferred its research function, known as the Queensland Forestry Research Institute, to the Agency for Food and Fibre Sciences (AFFS) within DPI. The balances of all related assets and liabilities were transferred at that date.



*Notes to and  
forming part of the  
Financial  
Statements*

## 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                                   | 5                   | 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 4% calculated on daily balances. Overdraft balances attract an 8% penalty interest charge.   |
| Receivables (Trade debtors)            | 2.2 & 6             | 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) | 2.2 & 6             | Amounts (other than trade debtors) are carried at nominal amounts.   | All other receivables are net 30 day terms except Freeholding debtors which are generally of a longer term nature.  |

#### (ii) Financial liabilities

| Recognised Financial Instruments | Balance Sheet Notes | Accounting Policies   | Terms and Conditions  |
|----------------------------------|---------------------|---|---|
| Trade creditors and accruals     | 2.3 & 11            | Recognition – upon receipt of goods or services irrespective of whether an invoice has been received.<br>Measurement – based on agreed purchase/contract price. | Trade liabilities are normally settled on 7, 14 or 30 day terms.  |
| Borrowings                       | 2.4 & 12            | Loans are carried at the value. Interest is charged as an expense as it accrues.  | All borrowings are with the Queensland Treasury Corporation. The loan is repayable quarterly with the expected final instalment due 10 October 2012. Interest is charged at a weighted average market rate. |
| Dividend payable                 | 13 & 15             | Dividend payable is 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. FINANCIAL INSTRUMENTS *(continued)*

### 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  |           |  |
|  | 2000<br>\$'000 | 1999<br>\$'000 | 2000<br>\$'000          | 1999<br>\$'000 | 2000<br>\$'000 | 1999<br>\$'000 | 2000<br>\$'000       | 1999<br>\$'000 | 2000<br>\$'000       | 1999<br>\$'000 | 2000<br>\$'000 | 1999<br>\$'000 | 2000<br>%     | 1999<br>% | 2000<br>% | 1999<br>% |  |
| <b>Financial Assets</b>                  |                |                |                         |                |                |                |                      |                |                      |                |                |                |               |           |           |           |  |
| Cash                                     | 18,187         | 9,081          | -                       | -              | -              | -              | -                    | -              | 34                   | (866)          | 18,221         | 8,215          | -             | -         | 4.00      | 4.00      |  |
| Receivables - (trade debtors)            | -              | -              | -                       | -              | -              | -              | -                    | -              | 13,551               | 11,732         | 13,551         | 11,732         | -             | -         | -         | -         |  |
| Receivables - (other than trade debtors) | -              | -              | -                       | -              | -              | -              | -                    | -              | 1,436                | 1,427          | 1,436          | 1,427          | -             | -         | -         | -         |  |
| <b>Total Financial Assets</b>            | <b>18,187</b>  | <b>9,081</b>   | <b>-</b>                | <b>-</b>       | <b>-</b>       | <b>-</b>       | <b>-</b>             | <b>-</b>       | <b>15,021</b>        | <b>12,293</b>  | <b>33,208</b>  | <b>21,374</b>  | <b>-</b>      | <b>-</b>  | <b>-</b>  | <b>-</b>  |  |
| <b>Financial Liabilities</b>             |                |                |                         |                |                |                |                      |                |                      |                |                |                |               |           |           |           |  |
| Trade creditors and accruals             | -              | -              | -                       | -              | -              | -              | -                    | -              | 4,552                | 3,997          | 4,552          | 3,997          | -             | -         | -         | -         |  |
| Queensland Treasury Corporation Loan     | -              | -              | -                       | -              | 20,563         | 15,266         | 55,857               | 61,154         | -                    | -              | 76,420         | 76,420         | 5.52*         | -         | -         | 7.08      |  |
| Dividend payable                         | -              | -              | -                       | -              | -              | -              | -                    | -              | 10,000               | 4,633          | 10,000         | 4,633          | -             | -         | -         | -         |  |
| <b>Total Financial Liabilities</b>       | <b>-</b>       | <b>-</b>       | <b>-</b>                | <b>-</b>       | <b>20,563</b>  | <b>15,266</b>  | <b>55,857</b>        | <b>61,154</b>  | <b>14,552</b>        | <b>8,630</b>   | <b>90,972</b>  | <b>85,050</b>  | <b>-</b>      | <b>-</b>  | <b>-</b>  | <b>-</b>  |  |

### 23 (c) Net fair values.

| Financial instruments                  | Total carrying amount as per the balance sheet |                | Net fair value |                |
|--|--|----------------|----------------|----------------|
|  | 2000<br>\$'000                                 | 1999<br>\$'000 | 2000<br>\$'000 | 1999<br>\$'000 |
| <b>Financial Assets</b>                |  |                |                |                |
| Cash                                   | 18,221   | 8,215          | 18,221         | 8,215          |
| Receivables trade debtors              | 13,551   | 11,732         | 13,551         | 11,732         |
| Receivables (other than trade debtors) | 1,436  | 1,427          | 1,436          | 1,427          |
| <b>Total Financial Assets</b>          | <b>33,208</b>                                  | <b>21,374</b>  | <b>33,208</b>  | <b>21,374</b>  |
| <b>Financial Liabilities</b>           |  |                |                |                |
| Trade creditors and accruals           | 4,552  | 3,997          | 4,552          | 3,997          |
| Queensland Treasury Corporation Loan   | 76,420   | 76,420         | 78,314         | 78,314         |
| Dividend payable                       | 10,000   | 4,633          | 10,000         | 4,633          |
| <b>Total Financial Liabilities</b>     | <b>90,972</b>                                  | <b>85,050</b>  | <b>92,866</b>  | <b>86,944</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.

\* This rate represents the book rate applicable to a two year interest only borrowing. The loan reverts to principal and interest on 1/7/2001, where an approximate book rate of 7.40% will apply.



*Certificate of  
DPI Forestry*

*The foregoing financial statements have been prepared pursuant to section 40 of the Financial Administration and Audit Act 1977 and other prescribed requirements.*

*We certify that:*

*in our opinion –*

- (i) the prescribed requirements for the establishment and keeping of the accounts have been complied with in all material respects; and*
- (ii) the statements have been drawn up to present a true and fair view, in accordance with prescribed accounting standards, of the transactions of DPI Forestry for the financial year ended 30 June 2000 and of the financial position as at the end of that year.*

DR W A HOEY  
Director-General

R BECK  
Executive Director (DPI Forestry)

*15th September 2000*



## SCOPE

*I have audited the general purpose financial statements of DPI Forestry for the year ended 30 June 2000 in terms of the provisions of the Financial Administration and Audit Act 1977. 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 Director-General and Executive Director.*

*DPI Forestry 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 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, 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 1 July 1999 to 30 June 2000 and of the financial position as at the end of that year.*



P G SHIPPERLEY

Assistant Auditor-General

(Delegate of the Auditor-General)

Queensland Audit Office

Brisbane

*Independent*

*Audit*

*Report*

*DPI Forestry*



*DPI Forestry*  
1999-2000

## Plantation timber removals (cubic metres)

| District                | Atherton      | Beerburum      | Dalby         | Inhail         | Ingham       | Maryborough    | Monto         | Rockhampton    | Yarraman       | Total 1999-2000  | Total 1998-1999  |
|-------------------------|---------------|----------------|---------------|----------------|--------------|----------------|---------------|----------------|----------------|------------------|------------------|
| <b>Product</b>          |               |                |               |                |              |                |               |                |                |                  |                  |
| <b>Sawlog</b>           |               |                |               |                |              |                |               |                |                |                  |                  |
| Native pine             | 15,815        | 2,675          |               | 204,586        |              | 291            | 25,684        | 1,231          | 104,381        | 354,663          | 308,331          |
| Exotic pine             | 9,720         | 210,828        | 30,386        |                | 3,658        | 423,206        | 87            | 55,576         | 609            | 734,070          | 688,737          |
| Non-conifers            | 945           |                |               | 145            |              |                |               |                |                | 1,090            | 1,033            |
| <b>Total Sawlog</b>     | <b>26,480</b> | <b>213,503</b> | <b>30,386</b> | <b>204,731</b> | <b>3,658</b> | <b>423,497</b> | <b>25,771</b> | <b>56,807</b>  | <b>104,990</b> | <b>1,089,823</b> | <b>998,101</b>   |
| <b>Pulpwood</b>         |               |                |               |                |              |                |               |                |                |                  |                  |
|                         |               | 21,702         | 995           | 7,599          |              | 387,647        | 2,007         | 47,658         | 126            | 467,734          | 341,374          |
| <b>Miscellaneous</b>    |               |                |               |                |              |                |               |                |                |                  |                  |
| Plantation<br>roundwood |               | 2,713          |               |                |              | 73,571         |               |                | 1,868          | 78,152           | 85,318           |
| Plantation poles        |               |                |               |                |              | 119            |               |                |                | 119              |                  |
| <b>Totals 99-00</b>     | <b>26,480</b> | <b>237,918</b> | <b>31,381</b> | <b>212,330</b> | <b>3,658</b> | <b>884,834</b> | <b>27,778</b> | <b>104,465</b> | <b>106,984</b> | <b>1,635,828</b> |                  |
| <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> |

# DPI Forestry native forest timber removals

(cubic metres)

DPI Forestry

1999-2000

| Product                           | Atherton     | Beerburum     | Dalby         | Inhbil        | Ingham       | Maryborough   | Monto         | Rockhampton   | Roma          | Yarraman      | Total 1999-2000 | Total 1998-1999 |
|-----------------------------------|--------------|---------------|---------------|---------------|--------------|---------------|---------------|---------------|---------------|---------------|-----------------|-----------------|
| <b>Sawlog</b>                     |              |               |               |               |              |               |               |               |               |               |                 |                 |
| Hardwoods                         | 5,341        | 27,020        | 12,414        | 11,163        | 3,898        | 31,191        | 28,830        | 34,986        | 2,625         | 8,559         | 166,028         | 191,801         |
| Cypress                           |              | 68            | 48,343        |               |              |               |               | 2,910         | 78,446        |               | 129,767         | 132,414         |
| Other pine                        |              | 16            |               | 20            |              |               | 1             |               |               |               | 36              | 51              |
| <b>Total Sawlog</b>               | <b>5,341</b> | <b>27,104</b> | <b>60,757</b> | <b>11,182</b> | <b>3,898</b> | <b>31,191</b> | <b>28,831</b> | <b>37,896</b> | <b>81,071</b> | <b>8,559</b>  | <b>295,831</b>  | <b>324,265</b>  |
| <b>Pulpwood</b>                   |              |               |               |               |              |               |               |               |               |               |                 |                 |
| <b>Miscellaneous</b>              |              |               |               |               |              |               |               |               |               |               |                 |                 |
| Railway sleepers and like timber  | 6            |               | 33            |               | 1,636        |               |               |               |               |               | 1,675           | 2,791           |
| Landscaping and fencing timber    | 459          | 619           | 2,002         | 1,898         | 32           | 7,775         | 5,023         | 5,397         | 863           | 379           | 24,446          | 28,236          |
| Mining timber                     |              |               |               |               | 3            |               |               |               |               |               | 3               | 1,057           |
| Girders, corbels, piles and sills | 1,297        | 814           | 339           | 607           | 268          | 2,477         | 215           | 832           |               | 306           | 7,155           | 6,829           |
| Hardwood poles                    |              | 574           | 3             | 305           |              | 6,676         | 60            |               |               |               | 7,618           | 7,908           |
| Other hardwood round timber       | 312          | 195           | 1,926         | 6             | 8            | 1,178         | 36            | 8,112         | 232           | 12            | 12,018          | 11,358          |
| Sandalwood                        |              |               |               |               | 256          |               |               |               |               |               | 256             | 107             |
| <b>Totals 99-00</b>               | <b>7,415</b> | <b>29,307</b> | <b>65,060</b> | <b>13,998</b> | <b>6,101</b> | <b>49,297</b> | <b>34,165</b> | <b>52,237</b> | <b>82,166</b> | <b>9,256</b>  | <b>349,002</b>  |                 |
| <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>  |

DPI Forestry  
1999-2000

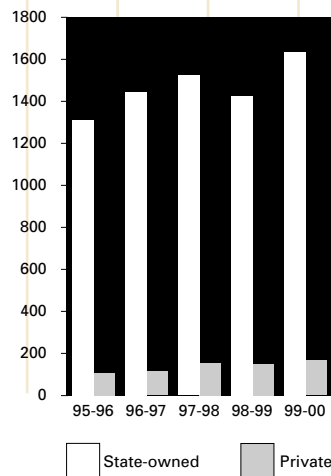
# Queensland milling timber removals from private forests (cubic metres)

| District                      | Atherton     | Beerburrum     | Dalby         | Inchbil      | Ingham       | Maryborough   | Monto         | Rockhampton   | Roma          | Yarraman      | Total 1999-2000 | Total 1998-1999* |
|-------------------------------|--------------|----------------|---------------|--------------|--------------|---------------|---------------|---------------|---------------|---------------|-----------------|------------------|
| <b>Private native forests</b> |              |                |               |              |              |               |               |               |               |               |                 |                  |
| Hardwoods                     | 5,392        | 60,137         | 23,419        | 6,406        | 3,441        | 39,007        | 41,097        | 28,737        | 190           | 16,566        | 224,392         | 226,610          |
| Cypress                       | 7            |                | 29,219        |              |              | 1             | 570           | 1             | 20,560        | 100           | 50,458          | 35,618           |
| Other pine                    |              | 1,145          | 117           |              |              | 1,008         |               | 2             | 85            | 1,350         | 3,707           | 4,909            |
| <b>Total 99-00</b>            | <b>5,399</b> | <b>61,282</b>  | <b>52,755</b> | <b>6,406</b> | <b>3,441</b> | <b>40,016</b> | <b>41,667</b> | <b>28,740</b> | <b>20,835</b> | <b>18,016</b> | <b>278,557</b>  |                  |
| <b>Total 98-99*</b>           | <b>7,192</b> | <b>66,815</b>  | <b>44,063</b> | <b>5,501</b> | <b>4,043</b> | <b>40,714</b> | <b>37,131</b> | <b>26,114</b> | <b>12,114</b> | <b>23,450</b> |                 | <b>267,137</b>   |
| <b>Private plantations</b>    |              |                |               |              |              |               |               |               |               |               |                 |                  |
| Native pine                   |              | 1,111          |               |              |              |               |               |               |               | 6,761         | 7,872           | 4,306            |
| Exotic pine                   | 35           | 140,945        | 10,392        | 22           | 1,215        | 5,743         |               | 32            |               |               | 158,384         | 144,879          |
| Broadleaf                     |              |                |               |              |              |               |               | 44            |               |               | 44              | 285              |
| <b>Totals 99-00</b>           | <b>35</b>    | <b>142,056</b> | <b>10,392</b> | <b>22</b>    | <b>1,215</b> | <b>5,743</b>  |               | <b>76</b>     |               | <b>6,761</b>  | <b>166,300</b>  |                  |
| <b>Totals 98-99*</b>          | <b>33</b>    | <b>122,788</b> | <b>9,727</b>  | <b>309</b>   | <b>880</b>   | <b>6,530</b>  |               | <b>198</b>    |               | <b>9,005</b>  |                 | <b>149,470</b>   |

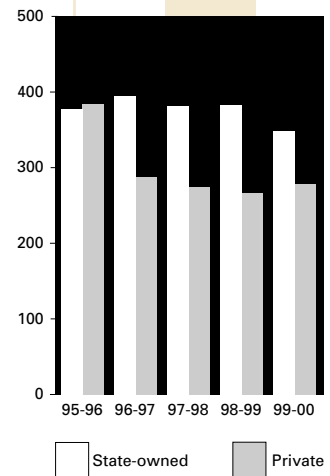
Note: This Appendix shows removal from privately owned forests by other forest growers. See Appendices 1 and 2 for DPI Forestry's removals.

\* Revised figures.

**Queensland Plantation  
Timber Removals**  
(’000s cubic metres)



**Queensland Native Forest  
Timber Removals**  
(’000s cubic metres)



## DPI Forestry quarry materials and minor forest product removals

*DPI Forestry*

*1999-2000*

| <b>District</b>                               | Atherton | Beeburrum | Dalby  | Imbil | Ingham  | Maryborough | Monto  | Rockhampton | Roma   | Yarraman | Total 1999-2000 | Total 1998-1999 |
|---|----------|-----------|--------|-------|---------|-------------|--------|-------------|--------|----------|-----------------|-----------------|
| <b>Product</b>                                |          |           |        |       |         |             |        |             |        |          |                 |                 |
| <b>Quarry materials</b><br>(cubic metres)*    | 133,566  | 809,398   | 69,529 | 1,380 | 430,865 | 50,526      | 20,617 | 474,560     | 33,912 | 1,400    | 2,025,752       | 2,048,864       |
| <b>Minor forest</b><br><b>Products (\$)**</b> | 24,930   | 123,558   | 11,814 | 4,498 | 1,178   | 51,628      | 3,599  | 26,092      | 3,926  | 1,680    | 252,903         | 164,732         |

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

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

*DPI Forestry*  
1999-2000

## DPI Forestry area of State-owned plantation established (hectares)

| District            | Atherton  | Beeburrum    | Dalby      | Inhail     | Ingham    | Maryborough  | Monto     | Rockhampton | Yarraman   | Total 1999-2000 | Total 1998-1999 |
|---------------------|-----------|--------------|------------|------------|-----------|--------------|-----------|-------------|------------|-----------------|-----------------|
| <b>Type</b>         |           |              |            |            |           |              |           |             |            |                 |                 |
| <b>Native pine</b>  |           |              |            |            |           |              |           |             |            |                 |                 |
| First rotation      |           |              |            |            |           |              |           |             |            |                 | 8               |
| Second rotation     | 17        |              |            | 312        |           |              | 48        |             | 135        | 512             | 501             |
| <b>Subtotal</b>     | <b>17</b> |              |            | <b>312</b> |           |              | <b>48</b> |             | <b>135</b> | <b>512</b>      | <b>509</b>      |
| <b>Exotic pine</b>  |           |              |            |            |           |              |           |             |            |                 |                 |
| First rotation      |           |              |            |            | 11        |              |           |             |            | 11              | 6               |
| Second rotation     | 15        | 1,008        |            |            | 14        | 1,371        |           | 156         |            | 2,564           | 4,051           |
| <b>Subtotal</b>     | <b>15</b> | <b>1,008</b> |            |            | <b>25</b> | <b>1,371</b> |           | <b>156</b>  |            | <b>2,575</b>    | <b>4,057</b>    |
| <b>Hardwoods</b>    |           | 102          | 6          | 64         |           |              | 29        |             | 54         | 255             | 125             |
| Miscellaneous       |           |              | 2          |            |           |              |           |             |            |                 |                 |
| <b>Totals 99-00</b> | <b>32</b> | <b>1,110</b> | <b>8</b>   | <b>376</b> | <b>25</b> | <b>1,371</b> | <b>77</b> | <b>156</b>  | <b>189</b> | <b>3,343</b>    |                 |
| <b>Totals 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>    |

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

## Area of plantation established in joint venture with other landowners (hectares)

|                     |           |          |  |  |  |           |  |  |           |            |
|---------------------|-----------|----------|--|--|--|-----------|--|--|-----------|------------|
| Hardwoods           | 28        | 9        |  |  |  | 40        |  |  | 41        | 118        |
| Miscellaneous       |           |          |  |  |  | 3         |  |  |           | 3          |
| <b>Totals 99-00</b> | <b>28</b> | <b>9</b> |  |  |  | <b>43</b> |  |  | <b>41</b> | <b>121</b> |



## DPI Forestry area of State-owned plantation as at 30 June 2000

(hectares)

DPI Forestry

1999-2000

| Type                     | Atherton     | Beeburrum     | Dalby        | Imbil         | Ingham        | Maryborough   | Monto        | Rockhampton  | Yarraman      | Total 1999-2000 | Total 1998-1999 |
|--------------------------|--------------|---------------|--------------|---------------|---------------|---------------|--------------|--------------|---------------|-----------------|-----------------|
| <b>Native pine</b>       |              |               |              |               |               |               |              |              |               |                 |                 |
| Hoop pine                | 983          | 1,597         | 6            | 20,756        | 4             | 918           | 4,066        | 260          | 15,770        | 44,359          | 44,685          |
| Other native pine        | 104          | 8             |              | 301           | 1             | 24            | 5            | 2            | 62            | 507             | 527             |
| <b>Total native pine</b> | <b>1,087</b> | <b>1,605</b>  | <b>6</b>     | <b>21,057</b> | <b>5</b>      | <b>942</b>    | <b>4,071</b> | <b>262</b>   | <b>15,832</b> | <b>44,866</b>   | <b>45,212</b>   |
| <b>Exotic pine</b>       |              |               |              |               |               |               |              |              |               |                 |                 |
| Slash pine               | 1            | 5,358         | 488          | 2             |               | 37,421        | 11           | 380          | 2             | 43,662          | 45,727          |
| Caribbean pine           | 2,288        | 3,011         | 394          | 102           | 9,990         | 31,929        | 3            | 6,551        | 1             | 54,268          | 54,363          |
| Pinus hybrids            |              | 10,223        | 1            | 1             | 52            | 18,062        |              | 445          |               | 28,784          | 26,368          |
| Other exotic pine        | 41           | 255           | 3,340        | 210           | 93            | 158           | 9            | 37           | 32            | 4,175           | 4,267           |
| <b>Total exotic pine</b> | <b>2,330</b> | <b>18,847</b> | <b>4,223</b> | <b>315</b>    | <b>10,135</b> | <b>87,570</b> | <b>23</b>    | <b>7,413</b> | <b>35</b>     | <b>130,889</b>  | <b>130,725</b>  |
| <b>Hardwoods*</b>        | 190          | 398           | 33           | 267           | 22            | 826           | 68           | 1            | 116           | 1,921           | 1,414           |
| <b>Miscellaneous**</b>   | 14           | 23            | 8            | 9             | 30            | 92            | 2            | 6            | 17            | 201             | 235             |
| <b>Totals 99-00</b>      | <b>3,620</b> | <b>20,872</b> | <b>4,269</b> | <b>21,648</b> | <b>10,192</b> | <b>89,430</b> | <b>4,164</b> | <b>7,682</b> | <b>16,000</b> | <b>177,877</b>  |                 |
| <b>Totals 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>  |

\* Mostly eucalypt and native rainforest species. \*\* Mostly small research plantings.

## Area of joint venture plantation as at 30 June 2000

(hectares)

|                     |            |            |           |           |  |            |           |  |            |              |            |
|---------------------|------------|------------|-----------|-----------|--|------------|-----------|--|------------|--------------|------------|
| Hoop pine           | 58         | 71         |           | 9         |  |            | 29        |  | 132        | 299          | 299        |
| Hardwoods           | 101        | 289        | 30        | 32        |  | 199        | 6         |  | 49         | 706          | 587        |
| Miscellaneous       |            |            |           |           |  | 3          |           |  |            | 3            |            |
| <b>Totals 99-00</b> | <b>159</b> | <b>360</b> | <b>30</b> | <b>41</b> |  | <b>202</b> | <b>35</b> |  | <b>181</b> | <b>1,008</b> |            |
| <b>Totals 98-99</b> | <b>159</b> | <b>331</b> | <b>21</b> | <b>41</b> |  | <b>158</b> | <b>35</b> |  | <b>141</b> |              | <b>886</b> |

## DPI Forestry

1999-2000

## DPI Forestry operational statistics (hectares)

| Operation   | Total 99-00 | Total 98-99 |
|---|-------------|-------------|
| <b>Plantation establishment/re-establishment (ha)</b> |             |             |
| Native pine   | 512         | 509         |
| Exotic pine   | 2,575       | 4,057       |
| Hardwoods   | 255         | 90          |
| <b>Plantation weed control (ha)</b>                   |             |             |
| Native pine   | 6,669       | 9,075       |
| Exotic pine   | 18,949      | 21,486      |
| <b>Fertilising (ha)</b>                               |             |             |
| Established   | 2,457       | 3,256*      |
| Maintenance   | 1,904       | 1,749*      |
| <b>Pruning (ha)</b>                                   | 3,841       | 5,960       |
| <b>Native forest treated (ha)</b>                     |             |             |
| Eucalypt  | 160         | 235         |
| Cypress   |             | 163         |
| <b>Wildfires on State forests (hectares burnt)</b>    |             |             |
| Native forest   | 24,489      | 1,487       |
| Plantation  | 257         | 24          |
| <b>Prescribed burning (ha)</b>                        |             |             |
| Native forest - Eucalypt                              | 29,024      | 24,021      |
| Native forest - Cypress                               | 43,403      | 33,932      |
| Plantation - exotic pine                              | 8,547       | 9,178       |

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.

\* Revised figures