

DPI FORESTRY



DPI Forestry
Yearbook
2001-2002

*A record of
achievement*



**Queensland
Government**
Department of
Primary Industries



Our vision

DPI Forestry is a successful and innovative forestry business that the community and its 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 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 this yearbook

This yearbook reports on DPI Forestry's achievements during 2001-2002 and its financial and non-financial performance against targets set out in the organisation'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 Annual Report 2001-2002*. Copies of the *DPI Forestry Yearbook 2001-2002* can be obtained by telephoning DPI Forestry Corporate Affairs on (07) 3225 2617.

The yearbook can also be accessed through the Queensland Department of Primary Industries website at www.dpi.qld.gov.au/forestry.

Front page

DPI Forestry's Forest Overseer (Hardwood Plantation Development) Russell Vance, at the Amamoor Dam south-west of Gympie, the site of 750 hectares of DPI Forestry's 5000-hectare south-east Queensland Hardwood Plantation Program. The land base for this program has been secured well ahead of the June 2003 target date.

Acknowledgements

"A Record of Achievement"

DPI Forestry Yearbook 2001-2002

This yearbook's production was coordinated by DPI Forestry Corporate Affairs, telephone (07) 3225 2617; fax (07) 3836 0009.

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Our thanks

DPI Forestry Corporate Affairs thanks the many DPI Forestry staff who contributed to this yearbook, particularly regional staff for their assistance with photography and text.

www.dpi.qld.gov.au/forestry

DPI Forestry Yearbook 2001-2002 Downloadable PDFs

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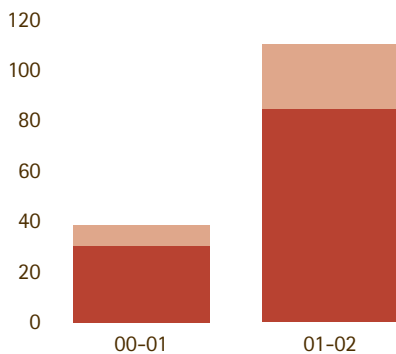
Performance Summary

	97-98	98-99	99-00	00-01	01-02
Revenue from ordinary activities ¹	-	-	-	\$111.4m ¹	\$186.7m ¹
Profit from ordinary activities after income tax ²	-	-	-	\$38.5m ²	\$110.6m ²
Sales and receipts	\$84.5m	\$83.4m	\$94.2m	\$81.3m	\$102.5m
Earnings before interest, tax and timber revaluation (EBITR) ³	\$13.8m	\$15.9m	\$24.3m	\$12.9m	\$30.8m
Profit after tax ³	\$5.5m	\$9.8m	\$19.6m	\$8.2m	\$26.1m
Profit (EBITR) margin on sales ³	16.3%	19.1%	26%	15.9%	25.5%
Return on assets	(12.3%)	6.5%	5.2%	3.4%	11.4%
Dividend	\$3.9m	\$4.6m	\$10m	\$3.8m	\$11m
Debt to equity	8.8%	7.8%	7.5%	8.6%	7.7%
Interest on borrowings	\$8.2m	\$6.1m	\$4.7m	\$4.7m	\$4.7m
Current ratio	1.2	1.8	2	2.9	2.8
Softwood plantation establishment on state-owned land	3,797 ha	4,566 ha	3,088 ha	5,381 ha	4,257 ha
Hardwood plantation establishment ⁴	-	-	299 ha	1,057 ha	2,396 ha
Plantation timber sales	1.52m m ³	1.42m m ³	1.64m m ³	1.67m m ³	1.75m m ³
Native forest timber sales	0.38m m ³	0.38m m ³	0.35m m ³	0.34m m ³	0.36m m ³
Quarry material sales	2.0m m ³	2.0m m ³	2.0m m ³	2.2m m ³	2.3m m ³

- 1 Revenue includes the net increment in the net market value of plantation growing timber (partially unrealised) in accordance with Australian Accounting Standard (AAS) 35 'Self-Generating and Regenerating Assets'. This standard was adopted by DPI Forestry from 1 July 2000.
- 2 Calculated in accordance with AAS 35.
- 3 Figures calculated in accordance with accounting protocols applicable before the adoption of AAS 35. Provided for comparative purposes.
- 4 Hardwood Plantation Program plantings on public and private land under the South East Queensland Forests Agreement. Previous years' figures revised.

DPI Forestry - Profit from ordinary activities after income tax equivalents

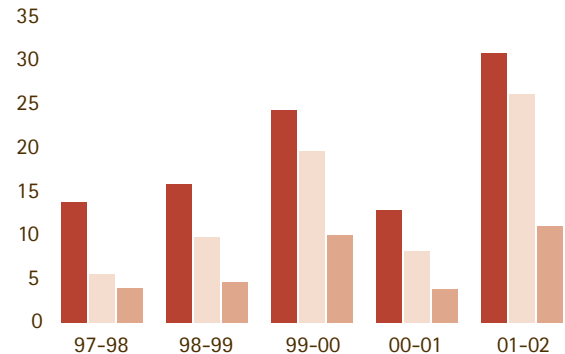
\$ millions



Dark area represents unrealised component due to revaluation of plantation growing timber. Profit determined in accordance with Australian Accounting Standard 35 'Self-Generating and Regenerating Assets' adopted from 1 July 2000.

DPI Forestry Commercial performance

\$ millions



Expressed in accordance with accounting protocols applicable prior to (AAS) 35 introduction.

DPI Forestry 2001-2002 key achievements

DPI Forestry's key achievements for the year help deliver on the Queensland Government's priority initiatives for the state.

More jobs for Queenslanders

- Achieved record commercial results in 2001-2002 with:
 - an 11.4 per cent return on assets
 - a \$110.6 million profit from ordinary activities after income tax equivalents, 187 per cent higher than the previous year, and
 - an \$11 million dividend payable to the Queensland Government, 188 per cent higher than the previous year.
- Achieved \$86.7 million from forest product sales, 19 per cent higher than the previous year, with plantation and native forest timber removals of 2.1 million cubic metres, 4.5 per cent higher than the previous year.



The Smart State

- Achieved a long-term goal of converting DPI Forestry's annual exotic pine operational planting program in south-east Queensland to clonal planting stock during the year. Cloned trees hold the promise of significantly improved profitability for timber processors and DPI Forestry through faster tree growth, better log quality and uniformity and the ability to vary rotation length to suit industry needs.

Building Queensland's regions

- Finalised land acquisitions for the 5000-hectare Hardwood Plantation Program, a key initiative of the Queensland Government's South East Queensland Forests Agreement. During the year, 2396 hectares of new hardwood plantation were planted, bringing total plantation establishment under the program to 3752 hectares.
- Established and re-established a record 6653 hectares of softwood and hardwood plantation, a 5 per cent increase on the previous year's plantings. This comprised 4257 hectares of softwood (araucaria and exotic species) and 2396 hectares of hardwood under the South East Queensland Forests Agreement.

Valuing the environment

- Undertook a state-wide program to increase operational staff's environmental awareness as part of DPI Forestry's continuous improvement of its Environmental Management System.

Safer and more supportive communities

- To improve forest harvesting worker safety, revised DPI Forestry's Harvesting Safety Policy in consultation with the timber industry and conducted seminars in 13 regional centres to brief industry on the new policy's requirements.

Community engagement and a better quality of life

- Introduced community engagement and adjoining neighbour policies to enable wider community awareness and consultation in relation to forest management operations.

A RECORD OF ACHIEVEMENT



Our thanks to DPI Forestry staff

for a year of record achievement





“A record of achievement”

“DPI Forestry’s staff are ‘working smarter’ to maximise the market value of the organisation’s assets within a sustainability framework.

This yearbook is a record of their commitment, energy and achievement.”

- DPI Forestry Executive Director, Ron Beck

A record of achievement

It gives me great pleasure to introduce a yearbook that records the outstanding successes by DPI Forestry and its staff during 2001-2002 – a year when we achieved record results and major advances in the areas of commercial performance, business growth, sustainability and development of our workforce and business systems. I am particularly proud of the organisation's commercial performance for the year, obtaining a \$110.6 million profit from ordinary activities (after income tax equivalents), a 187 per cent profit increase on the previous year, which helped DPI Forestry deliver a record \$11 million dividend to the Queensland Government, representing another large increase – 188 per cent – on the dividend paid in the previous year. Driving these results have been record timber sales: 2.1 million cubic metres, including plantation timber sales of 1.75 million cubic metres.

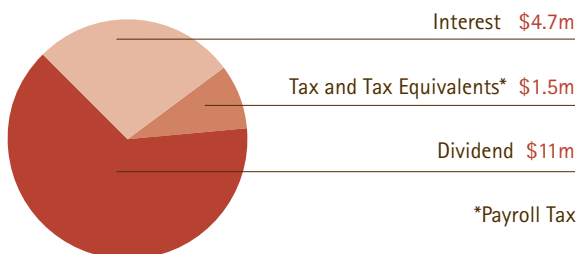
And DPI Forestry's 2001-2002 scorecard shows further record performance:

- an 11.4 per cent return on assets
- establishment of 6653 ha of softwood and hardwood plantations, and
- low lost time injuries, down to 33 with average days lost due to injury reduced to 20.

In a year full of achievements, our highpoints have also included finalising acquisition of the targeted 5000-hectare land base for hardwood plantations under the South East Queensland Forests Agreement. This achievement, combined with favourable planting conditions, should ensure these plantations are established well before the target date of June 2003. DPI Forestry has also successfully converted its 4000-hectare south-east Queensland exotic pine planting program to clonal planting stock, an achievement that promises faster tree growth and better log quality and uniformity.

DPI Forestry - Returns to State

Total \$17.2m



We have also introduced community engagement and adjoining neighbour initiatives to enable wider community consultation and involvement in planning and implementing forest management activities and upgraded DPI Forestry's harvesting safety policy, in consultation with the timber industry, to improve safety for people working in timber harvesting operations.

With internationally recognised credentials for its environmental management, DPI Forestry this year conducted a state-wide program to increase its operational staff's environmental awareness to enable them to attain accreditation to National Competency Unit FPIC 1009A, which covers forest management "in an environmentally responsible manner". At the same time, DPI Forestry actively contributed to key Queensland Government initiatives including the Statewide Forests Process, which is reviewing the long-term use of state-owned native forests in various regions and a project under the government's Aligning Services and Priorities process examining ways to improve the delivery of forest management services across Queensland Government departments and agencies.

Internally, DPI Forestry has moved from a six-region to a four-region structure aligning regional operations more strongly with major products to improve responsiveness to customers and operational efficiency. To further strengthen accountability for results, DPI Forestry's 2002-2007 Business Plan has also been focused on product outcomes with product leaders assigned to coordinate product strategy and performance.

In these and many other ways, DPI Forestry's staff are "working smarter" to maximise the market value of the organisation's assets within a sustainability framework. This yearbook is a record of their commitment, energy and achievement.

Ron Beck

Executive Director



“An outstanding commercial success”

DPI Forestry's success as a commercial forest grower has returned more than \$105 million to Queensland (as dividends and other payments) since 1995.

Marketing and Native Forests Forest Ranger (Beerburrum), Geoff Pearce, right, is shown with Native Forest Overseer (Beerburrum) Darren Rogers, left, and harvesting contractor Ken Thompson in the Beerburrum State Forest's Mooloolah logging area where brush box, rose gum, grey gum and grey ironbark have been harvested for milling at Eudlo.

DPI Forestry in profile

DPI Forestry is a Queensland Department of Primary Industries commercial business group and is Queensland's principal forest grower, supplying 86 per cent of domestic log timber.

DPI Forestry's role

DPI Forestry was established as a Queensland Department of Primary Industries (DPI) commercial business group on 1 July 1995. Its business goal is to achieve a commercial rate of return from forest production within a sustainable development framework.

DPI Forestry is Queensland's principal forest grower. It supplies 86 per cent of domestically produced log timber used each year by Queensland's regionally based timber industry. The industry includes sawmilling, resawn and dressed timber processing, timber preservative treatment, joinery and furniture production, paper and paperboard production and reconstituted board manufacturing.

Queensland's forest and timber industry contributes more than \$500 million in value adding to the state's economy each year and supports the equivalent of 10,000 full-time jobs. Many of these jobs are in regional areas. DPI Forestry helps strengthen the industry's international competitiveness by continuously improving its forest-growing efficiency and the quality of its products, based on applied research and development through the Queensland Forestry Research Institute (QFRI), part of DPI's Agency for Food and Fibre Sciences (AFFS).

DPI Forestry's success as a commercial forest grower has returned more than \$105 million to Queensland (as dividends and other payments) since 1995. In its pivotal role with Queensland's forest and timber industry, DPI Forestry also delivers on Queensland Government priorities by supporting regional areas, generating employment, using skills and innovation to help build the "Smart State" and by valuing the environment.

Core business

DPI Forestry's core business includes:

- managing forest production and associated timber marketing from Queensland's plantations and state-owned native forest areas designated for this purpose
- managing and marketing state-owned quarry materials and managing grazing and bee-keeping on state-owned forests, and

- pursuing viable commercial joint ventures and partnerships associated with producing and marketing forest products and quarry materials.

Sustainable development

DPI Forestry is committed to managing state-owned production forests, both plantations and designated native forest areas, as renewable resources for future generations. To this end, its forest management practices are subject to a quality-controlled Environmental Management System (EMS) based on the international environmental standard AS/NZS ISO 14001:1996.

The EMS was certified to this standard following an independent audit in 1999, making DPI Forestry the first state forest management agency in Australia to gain independent environmental certification. The Queensland Government's Environmental Protection Agency (EPA) also conducts regular environmental audits of DPI Forestry's operations. In addition to complying with these external requirements, DPI Forestry's EMS is continuously improved to reflect the findings of comprehensive research and development programs aimed at minimising the on- and off-site impacts of forest operations and maintaining forest productivity in the long-term.

Plantations

DPI Forestry's plantation estate is one of Australia's largest, covering 185,000 hectares, with further expansion planned through ongoing land acquisitions. DPI Forestry currently harvests more than 1.7 million cubic metres of softwood from these plantations, enough to build more than 100,000 new homes.

Major plantation species are:

- slash pine (*Pinus elliottii*), 21 per cent of the estate
- Caribbean pine (*Pinus caribaea*), 29 per cent of the estate
- native species, mainly araucaria (hoop pine, *Araucaria cunninghamii*), 24 per cent of the estate
- slash pine and Caribbean pine hybrids, possessing superior attributes of both trees, 20 per cent of the estate
- other exotic pines, 2 per cent of the estate, and
- hardwoods, mainly eucalypt and corymbia species, 2 per cent of the estate.

(Note: Approximately 2 per cent of the estate remains unplanted at any particular time.)



Exotic pine

Araucaria

Hardwood Plantation

Native forest hardwood

Cypress pine

Exotic pine

Queensland exotic pine production occurs in four locations: south-east Queensland, at Beerburrum, Tuan, Toolara, Wongi and Elliott River; north Queensland, at Ingham, Cardwell and Atherton; inland from the south-east coast, at Passchendaele, Gambubal, Pechey and Esk; and in central Queensland at Byfield.

The central Queensland resource, although relatively small, plays an important role in supplementing resource supply to south-east Queensland processors. South-east Queensland exotics support a large and sophisticated softwood industry with a diversified cross-section of processing facilities that can use all the exotic softwood that DPI Forestry makes available. The scale of south-east Queensland's exotic resource has greatly assisted industry growth and competitiveness. North Queensland's exotic resource currently records lower product sales and removals because it has only recently reached maturity and large-scale final crop harvesting only recently started with an August 2002 sale of 200,000 cubic metres of exotic pine from plantations around Cardwell (see "Cardwell timber sale" in the "Commercial performance" section).

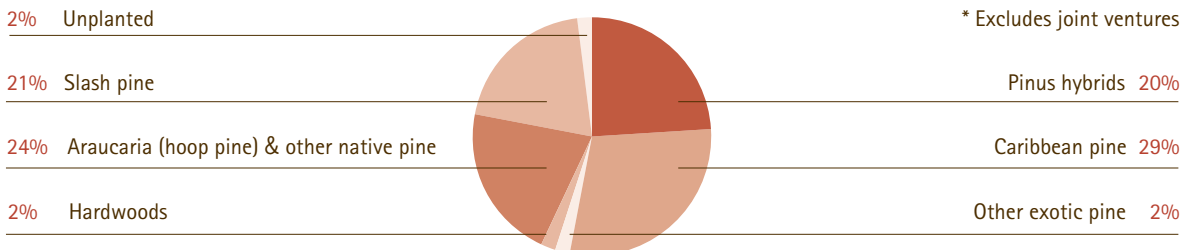
Araucaria

Queensland's araucaria resource represents, in the global context, one of the few examples of a native rainforest species grown in environmentally sustainable plantations. DPI Forestry's araucaria plantations are primarily in the Mary and Brisbane valleys (around Imbil, Jimna, Gallangowan and Yarraman) in south-east Queensland and in smaller plantations in central Queensland (around Kalpowar) and north Queensland (around Atherton). They support a diverse processing sector producing high-grade plywood, sawn wood products for domestic and export markets, sawn wood and residue material for domestic commodity products (such as pallets, door skins and medium-density fibreboard) and export woodchip. DPI Forestry's araucaria marketing efforts have paid dividends in recent years, with sales, particularly for araucaria thinnings, now exceeding the high levels recorded in the mid-1990s.

Unlike DPI Forestry's exotic pine, all araucaria plantations are pruned, between age five and seven years, to ensure a maximum amount of clearwood (that is, wood without knots) is available when mature trees are harvested.

DPI Forestry - Composition of plantation estate*

Total area 187,500ha



* Excludes joint ventures



DPI Forestry provides araucaria customers with a quality certificate guaranteeing a specified amount of clearwood per stand. To ensure this guarantee can be met in future, DPI Forestry undertook one of its largest araucaria pruning programs in 2001-2002, more than 1000 hectares, or almost double that of previous programs. The high level of pruning reflects the major araucaria plantings of the mid-1990s.

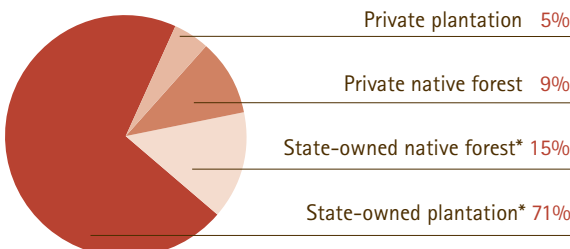
Hardwood plantations

DPI Forestry is also managing a Hardwood Plantation Program (a key initiative of the Queensland Government's South East Queensland Forests Agreement – the SEQFA – signed by the state government and industry and conservation representatives in 1999) to enable a transition from Crown native forest harvesting to hardwood plantation harvesting by 2024. DPI Forestry expects to establish more than 5000 hectares of hardwood plantations in south-east Queensland well before the program's June 2003 target date (see "SEQFA/Hardwood Plantation Program" in the "Business growth" section). These plantations are being planted on suitable cleared private land obtained through land purchase, land rental and joint-venture arrangements and on state-owned land.

Queensland forest production

State total 2.5m m³

* via DPI Forestry



Native forest hardwoods

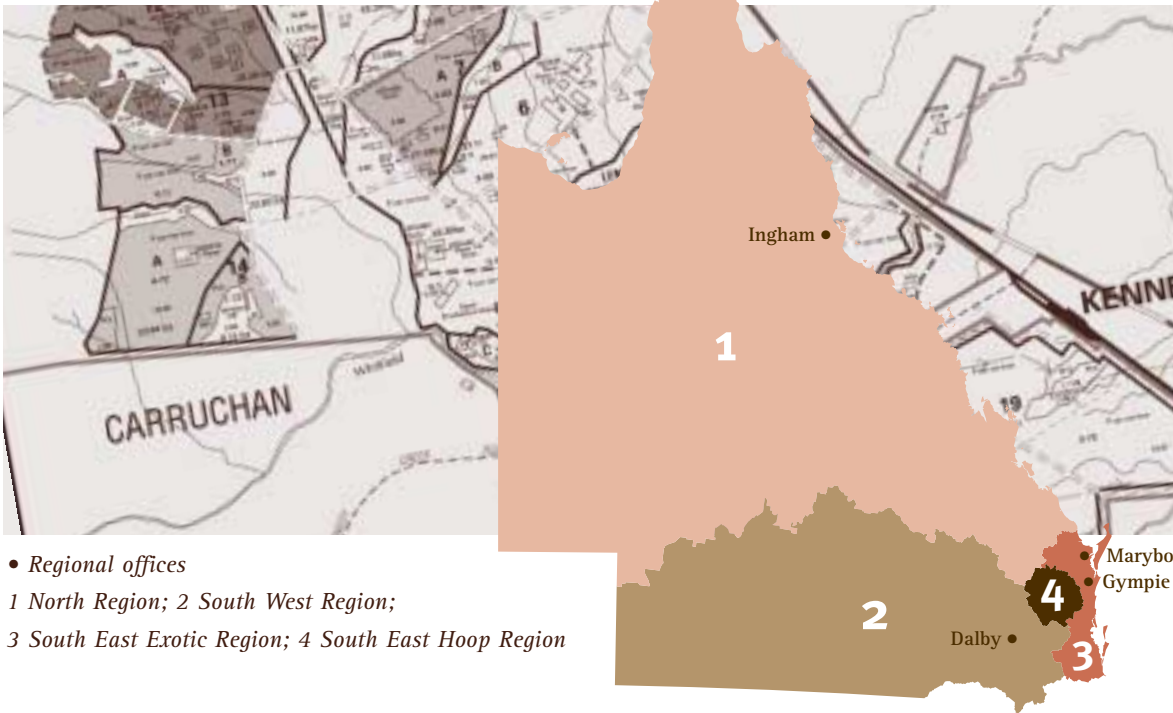
Hardwoods from Queensland's state-owned native forests are marketed by DPI Forestry and account for more than half of the state's native forest hardwood supplies, the remainder being supplied from private land. The dominant commercial species are spotted gum, ironbarks and other eucalyptus and corymbia species. Queensland's commercial native hardwood forests are scattered across the state, predominantly to the east of the Great Dividing Range around Maryborough, Theodore, Mundubbera, Monto, Duaringa, Emerald and Hughenden. As part of the SEQFA, significant native hardwood forest areas in south-east Queensland have been placed into reserves and are no longer available for commercial timber production. Most native forest hardwood sales in Queensland are sawlogs for the building industry, but other applications include landscaping, fencing, railway sleepers, girders and poles. Sandalwood, a timber valued for its aromatic oils, is exported to Asian markets.

Cypress pine

Cypress pine, a native conifer, occurs in natural stands on state forests, timber reserves and other Crown lands around Inglewood, Millmerran, Chinchilla, Yuleba, Roma, Injune, Mitchell and Tambo (see "Tambo sawmill" in the "Business growth" section). Cypress pine occurs in pure stands and mixed bloodwoods, angophora and ironbark forests and is prized for its light and knotty appearance, its durability (cypress pine is harder than many hardwoods) and its natural resistance to pests and disease. Cypress pine is traditionally supplied to the domestic timber market for products including flooring, scantling, cladding, decking and fence material. Export markets are being established in Japan and the United States, however, and some Queensland mills now export up to 60 per cent of their cypress pine production.

Quarries

DPI Forestry manages and markets quarry materials from state lands and provides about 8 per cent of Queensland's total quarry material supplies through products like sand, gravel, road base, crushed aggregate and landscaping rock. About 35 per cent of quarry materials sold are from state forests, mostly from the Beerburrum area in south-east Queensland. Quarry material demand is driven mainly by infrastructure development and maintenance projects.



• Regional offices

1 North Region; 2 South West Region;

3 South East Exotic Region; 4 South East Hoop Region

Other business activities

Over recent years the Queensland public and private sectors have shown increasing interest in the value of trees for environmental purposes (such as salinity management and erosion and greenhouse gas control) and for commercial returns. Consequently, DPI Forestry provides its extensive forestry expertise through commercial partnerships for forest growing and wood production ventures with government agencies and the private sector in Australia and internationally.

Accountability and reporting

The Executive Director, DPI Forestry, is a member of DPI's senior executive team and is accountable through the Director-General to the Minister for Primary Industries and Rural Communities. In common with other departmental business groups, DPI Forestry's performance against the department's corporate plan and whole-of-government priorities is reported in the *Department of Primary Industries Annual Report 2001-2002*.

DPI Forestry's financial and non-financial targets for the year are also set out in the organisation's performance contract between the Treasurer of Queensland and the Minister for Primary Industries and Rural Communities. This yearbook provides a comprehensive report of DPI Forestry's achievements against this performance contract

Management structure

DPI Forestry's forest production is managed by its Operations Division - through a state-wide four-region structure - in close coordination with the organisation's Marketing Division, Business Services Division and Executive Services Unit.

Management and governance accountabilities under this structure are supported through the following strategic committees:

- *Executive Team* - meets monthly and focuses on governance, strategic leadership and performance management
- *Senior Management Group* - meets quarterly in various locations throughout the state for business planning and performance review in the context of emerging business issues and opportunities
- *Budget Committee* - meets monthly to oversee the preparation, monitoring and review of the organisation's finance plan
- *Risk Management Coordinating Committee* - meets quarterly to monitor and review risk management across the organisation, and the
- *Information Steering Committee* - meets quarterly to oversee the strategic direction of DPI Forestry's information systems and technology.



DPI Forestry's Senior Management Group

DPI Forestry's Senior Management Group (pictured above in cypress forest outside Chinchilla in May 2002) is, standing at rear from left: *Ralph Allan* (Executive Services Manager); *Brian McCormack* (South East Hoop Regional Manager); *Geoff Kent* (North Regional Manager); *Erwin Epp* (Executive Officer); *Geoff Blake* (Business Services General Manager); *Ron Beck* (Executive Director); *Peter Male* (South West Regional Manager); *Stephen Walker* (Marketing General Manager); *Alan Harvey* (Operations General Manager); *Ian "Chick" Robb* (Hardwood Plantation Program Manager); *Stuart Sanderson* (Finance Manager); and *Peter Locos* (South East Exotic Regional Manager). In front are *Ian Last* (Forest Policy Manager), left, and *David West* (Business Planning and Policy Manager).

DPI Forestry organisational structure

Executive Director - Ron Beck

Operations Division

General Manager - Alan Harvey

- Regions
 - North
Regional Manager - Geoff Kent
 - South West
Regional Manager - Peter Male
 - South East Exotic
Regional Manager - Peter Locos
 - South East Hoop
Regional Manager - Brian McCormack
- South-East Queensland Hardwood Plantation Program
- Operations Support
- Forest Policy Unit

Marketing Division

General Manager - Stephen Walker

- Marketing Development and Sales
- Resources
- Mapping and Geographical Information

Business Services Division

General Manager - Geoff Blake

- Finance
- Business Planning & Policy
- Information Management
- Human Resources

Executive Services

- Strategic Business
- Risk and Environmental Management
- Operational Review
- Legal
- Corporate Affairs
- Governance



“All about sustainability”

Many DPI Forestry plantations, like the scenic Danbulla State Forest surrounding Lake Tinaroo on the Atherton Tableland, above, are in sensitive environments in the upper reaches of water catchments or adjacent marine ecosystems. Recognising this, DPI Forestry's environmental research helps develop sustainable plantation management systems with minimal off-site impacts and appropriate aquatic monitoring techniques.

DPI Forestry's environmental commitment

Environmental integrity (responsible, sound environmental management) is a DPI Forestry core value and is essential to its future commercial success.

DPI Forestry's operations have been independently certified to the international environmental standard AS/NZS ISO 14001:1996. The organisation obtained this certification in December 1999, and was the first state forest management agency in Australia to do so.

Through its Environmental Management Policy, DPI Forestry is committed to ensuring and demonstrating that its production systems can be sustained over time, based on sound scientific principles, applied research and community standards. DPI Forestry conducts all its operations in accordance with legislative and other requirements and continually aims to improve its operations to enhance production and prevent waste and pollution by adopting appropriate commercial and environmental procedures.

Environmental management

DPI Forestry is Queensland's principal forest grower and is a leader in sustainable forest management. Its record on environmental protection and sustainable use of commercial forest resources is on show in well-managed state forests and the organisation continues to improve its management practices through applied research and development and through self-regulation.

DPI Forestry's management practices are subject to an Environmental Management System (EMS) based on and externally certified to AS/NZS ISO 14001:1996. The EMS has streamlined licensing required under the Environmental Protection Act and provides the basis for ongoing environmental auditing.

The EMS provides a management framework that:

- optimises and maintains long-term productivity
- minimises adverse impacts on- and off-site
- improves environmental operations and commercial best practice
- enhances public acceptance of forest products and DPI Forestry activities, and
- facilitates industry's environmental certification of timber products.

Sustainability research

DPI Forestry continues to investigate the sustainability of its forest management practices through its partnership with QFRI, which conducts research to minimise impacts, especially on water quality, plus other studies into forest soils, vegetation and hydrology and biodiversity assessment.

The impacts of other forest management practices such as controlled burning and cattle grazing are also continually monitored. These projects help develop a better understanding of forest management impacts on ecological processes and lead to enhanced management practices.

Codes of practice

DPI Forestry contributes to the external development of codes of practice for timber production and harvesting to support ecologically sustainable forest management and development. These codes ensure sound commercial practice and environmental protection by continually reviewing and improving harvesting and other operational procedures.

Sustainable timber production

Purchasers of forest products processed from timber grown in DPI Forestry-managed forests can be assured that sound practices, based on objectively evaluated research, are implemented to maintain essential ecological processes and ensure the sustainability of timber production.





“A strong commercial performance”

DPI Forestry's impressively strong commercial performance in 2001-2002 can be attributed to a major increase in forest product sales, particularly exotic pine final crop sawlogs and araucaria sales, combined with effective expenditure controls.

Marketing Overseer (Imbil) Natalie Pringle is shown recording araucaria growth data in the Imbil State Forest's Derrier logging area.



Commercial Performance

Goal

To maximise the market value of DPI Forestry and achieve a commercial rate of return

Key performance targets

- \$30 million profit from ordinary activities after income tax equivalents
- \$70 million from forest product sales
- A fully clonal exotic pine planting program in south-east Queensland by 2002

Results

- \$110.6 million profit from ordinary activities after income tax equivalents, a 187 per cent increase on the previous financial year and representing an 11.4 per cent return on assets
- \$86.7 million from forest product sales, a 19 per cent increase on the previous financial year
- Fully clonal exotic pine planting program for south-east Queensland in place



Financial performance

DPI Forestry posted record commercial results for the year with a \$110.6 million profit from ordinary activities after income tax equivalents (including an \$84.5 million increment in standing plantation timber value), 187 per cent higher than the previous year. As a result, DPI Forestry's return on assets for the year was a healthy 11.4 per cent.

This strong commercial performance is attributable to a major increase in sales along with effective expenditure control. Forest product sales were particularly strong, up 19 per cent on the previous year to \$86.7 million, buoyed by increased timber demand from a surge in dwelling commencements during the year. This was driven by strong interstate migration to Queensland, a downward trend in interest rates during 2001 and the effects of the Federal Government's first home owners grant scheme.

Significantly increased exotic pine sawlog sales (up 43 per cent on 2000-2001 to 898,000 cubic metres) were the biggest contributor to improved sales. Final crop exotic pine sawlog sales increased 51 per cent on the previous financial year, offsetting to a significant degree a fall in exotic pine pulpwood thinnings sales. Increased sawlog sales and the fall in pulpwood thinnings sales reflect in part DPI Forestry's progress in implementing a revised south-east and central Queensland plantation exotic pine allocation policy that was approved by State Cabinet in December 2000.

A key feature of this policy is a "fibre substitution" process that allows final crop purchasers to increase their take-up of timber by entering into fibre exchange arrangements with pulpwood purchasers who agree to the partial relinquishment of thinning and pulpwood entitlements.



DPI Forestry's Finance Manager Stuart Sanderson (left) and Operations General Manager Alan Harvey.

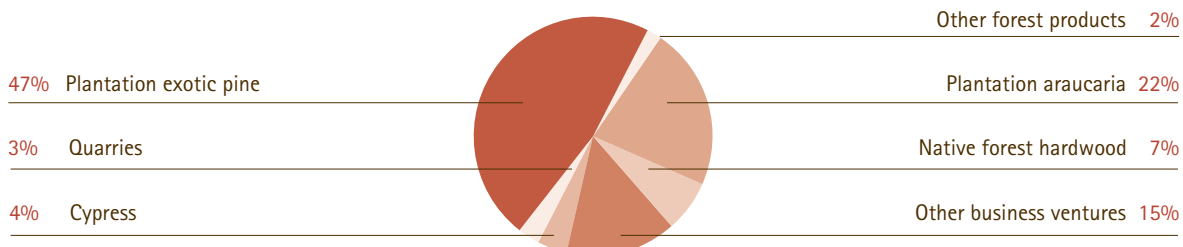
Increased araucaria sales, up 9 per cent on the previous year, were also an encouraging development. Over recent years, DPI Forestry has implemented reductions in log timber values and changed utilisation standards to help the araucaria industry combat increased competition in traditional markets from imported radiata pine.

Native forest timber sales improved 4.7 per cent on the previous year with native forest hardwood removals up 9.5 per cent and cypress removals down 1.7 per cent. Quarry material removals were up 4.5 per cent on the previous year.

DPI Forestry also trimmed its operational expenses through continuous improvement processes and through lower than projected plantation establishment costs, mainly due to seasonal conditions that, among other things, lowered weed control and other associated planting costs.

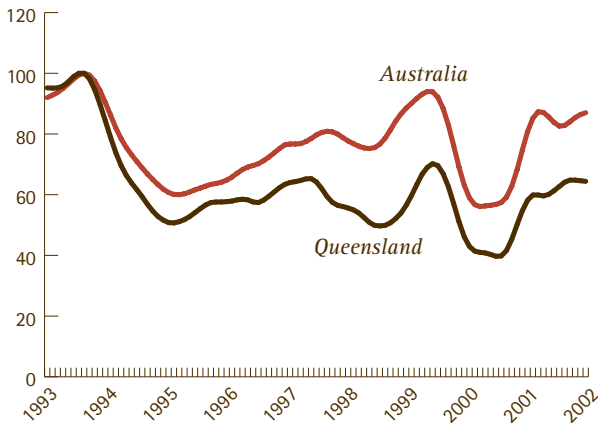
Sales contribution of key products

Total sales and receipts - \$102.5m



New dwelling approvals trend series index

July 1994 = 100



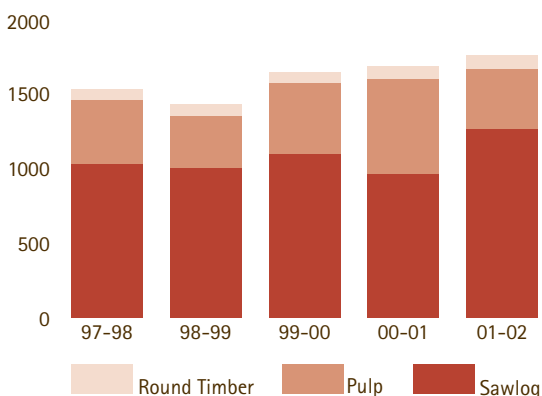
Cardwell timber sale

A major sale of plantation-grown softwood from Cardwell region state forests was arranged during 2001-2002 and completed in August 2002. The sale was for 12 lots of mainly Caribbean pine representing around 200,000 cubic metres of sawlog. A Melbourne-based forest products company purchased the timber for export to south-east Asian markets. Harvesting will commence during 2002-2003 and should be completed by December 2004.

The sale was a successful outcome to DPI Forestry's ongoing efforts to find a purchaser for the resource. It will mean continued employment for many who depend on forestry and will allow DPI Forestry to replant some 600 hectares of plantation forest around Cardwell with improved exotic timber species. DPI Forestry sees the sale as a short-term strategy, however, while it seeks a long-term local processor for north Queensland's forest resources.

**DPI Forestry
Plantation timber removals**

'000s cubic metres



Strategic reviews

Aligning forestry services

Queensland's Department of the Premier and Cabinet is leading a project to improve government services to industry and the wider community by considering options for consolidating and improving government forest management. Queensland's Cabinet Budget Review Committee commissioned the project as part of the Queensland Government's Aligning Services and Priorities (ASAP) process.

As forest management responsibilities in the state are exercised by a number of Queensland Government departments and agencies, senior officers from these departments and agencies, including DPI Forestry, are represented in this process.

By the end of 2001-2002, the steering committee leading the process was well advanced in developing a new "framework for forestry" to be considered by the Queensland Government in 2002-2003.

Araucaria processing review

Greater alignment of araucaria pricing with resource characteristics, a better system for forecasting araucaria prices over time and the means to realise the species' high-growth and high-return potential are just some of the outcomes of an ongoing review of the araucaria processing sector. As reported in 2000-2001, DPI Forestry began an independent review of the sector in May 2001 with a view to defining market values for its araucaria resource more correctly and developing a robust market-based pricing model to calculate araucaria log values over time.

The review involved an independent reference group, with government and industry stakeholders, guided by a consultant and an independent facilitator. However, in the absence of final agreement between the parties on pricing methodology, DPI Forestry initiated a further industry consultation process under general value review provisions in araucaria final crop sales agreements with revised values being applied in south-east Queensland on 1 July 2002 and values for other locations to be determined by 1 July 2003.



Stage 1 Inventory Crew at Sunrise Creek Camp, north of Weipa.

From left: Forest Manager (Atherton) Andy Page, Willie Mallie, Jade Charger, Thomas Wales, Jerry Wapau, Forest Ranger (Resource Inventory, Atherton) Peter Annable, Forester (Ingham) Maria Van Der Geest and Forest Ranger in Charge (Native Forests, Atherton) Greg Deambrogio

Inland exotics review

A review of DPI Forestry's inland exotic resource, comprising a relatively small 3592-hectare estate of primarily radiata pine at Passchendaele, Gambubal and Pechey in the state's south-west, was conducted by the organisation's Forest Policy Unit and South West Region staff in 2001-2002. Land around Passchendaele, Gambubal and Pechey is notorious for the difficulties it poses for silviculture, the state forested area consisting of highly variable sites with granite outcrops affecting soil depth and drainage. Generally, the inland exotic resource reflects this, being scattered and of variable quality, and making it a difficult marketing proposition. However, sawmill operators continue to harvest a reasonable amount of the 30,000 cubic metres per year volume the resource provides. As such, DPI Forestry remains committed to supporting local processors and using the resource to supplement the larger and more profitable south-east Queensland exotic resource.

To this end, DPI Forestry will replace radiata pine, a subtropical species grown more profitably in southern states, with *Pinus taeda* on its inland exotic second rotation plantation sites. *Pinus taeda* is more suited to the region as it is generally more frost, drought, fire, wind and disease-tolerant than radiata pine. *Pinus taeda* also performs better financially and will allow DPI Forestry to lower its establishment and annual maintenance costs for these sites.

Cape York timber inventory

DPI Forestry began an inventory of native forest timber on Comalco and Alcan mining leases on Cape York in June 2002 to quantify native forest timber volumes cleared each year for mining purposes. Field staff from DPI Forestry's North Region are undertaking the timber inventory and a report on the project is expected later in 2002.

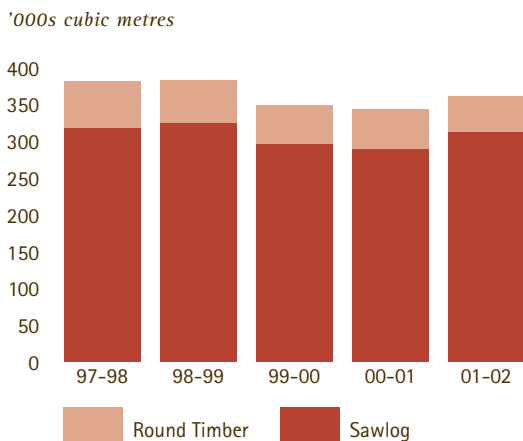
The inventory also presented an opportunity to train members of the Napranum aboriginal community in forest inventory techniques and include them in project fieldwork. The Department of State Development (DSD) and the Napranum Business Enterprise, which operates a small sawmill at Napranum, near Weipa, will use the data to explore better uses for the resource.

The project is a part of DPI's overall involvement in whole-of-government indigenous initiatives. DPI Forestry is represented on the DPI Indigenous Management Committee, which guides the department's responses and input to Queensland Government indigenous initiatives including the Cape York Partnerships Plan, the Cape York Justice Study and cultural heritage and native title programs. It is the Cape York Partnerships Plan that has identified as a priority the more efficient use of native timber from these mining leases.

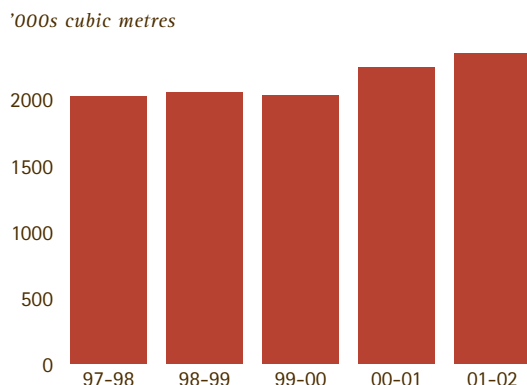
Statewide Forests Process

A state-wide native forest resources review, the Statewide Forests Process, is looking to provide the timber industry outside south-east Queensland with the same industry security and conservation outcomes as those delivered by the SEQFA. The review follows a call by industry and conservation stakeholders for a state-wide framework to allow long-term strategic planning for future uses of Crown native forests outside the SEQFA. In late 2001, the Queensland Government approved funding for a DSD project – with input from DPI Forestry and the EPA – to review the long-term use of Crown native forests in various regions with the highest priority being hardwood forests south of Mackay. DPI Forestry’s main role in the project is to provide hardwood resource data, industry profiling and to manage research and development aimed at improving existing resource use. It is also responsible for managing interim hardwood sawlog supply arrangements while the review is taking place.

DPI Forestry Native forest timber removals



DPI Forestry Quarry material removals



The EPA, meanwhile, is providing forest conservation and heritage values data. Preliminary advice shows that options are available that can support a sizeable native forest industry into the future. The DSD’s Timber Task Force, in consultation with DPI Forestry and key industry stakeholders, has developed interim arrangements for sawlog supply to allocation holders in the regions being reviewed. Timeframes and milestones for the Statewide Forest Process remain flexible, but it is anticipated that options for some forest regions will be available for discussion by early 2003.

Road impacts

A Memorandum of Understanding (MOU) between DPI Forestry, the Department of Main Roads (DMR) and the Local Government Association of Queensland, allowing these organisations to deal cooperatively with plantation forest harvesting impacts on local government- and state-controlled roads, was drawn up during 2001-2002.

The MOU follows a joint report by DPI Forestry and DMR that looked at possible road impacts from plantation forestry-related activities over the coming 20 years. Delivered in early 2001, this report was itself a response to the Queensland Government’s *Policy for Dealing with Road Impacts from Industry Development Activities*. The MOU will enhance communication between DPI Forestry, DMR and local governments on road impact issues. It sets in place a process to trigger a road impact study in areas where new forest harvesting exceeds 20,000 tonnes per year, one of the outcomes of this being an assessment of whether the impacts are negligible or whether they require some modification to construction or maintenance programs.

Commercial research & development

DPI Forestry’s Forest Policy Unit, based in Gympie, is responsible for coordinating forest research and development conducted on its behalf through QFRI. In 2001-2002, DPI Forestry invested more than \$3.6 million on research to improve its forest estate’s commercial performance and sustainability. Commercial research and development achievements for the year related to genetic improvements, propagation enhancements and product quality of the organisation’s exotic pine, araucaria and native forest estates. Full details on these achievements are given in this yearbook’s “Research and Development” section.



Principal Nursery Supervisor (Beerburum) Trevor Kamp, left, and Forest Manager (Beerburum) Leigh Kleinschmidt with three million exotic pine clonal cuttings being prepared for south-east Queensland planting.

Clonal forestry

All-clonal plantings in south-east Queensland will produce commercial yields of high-quality sawn timber and lead to dramatic improvements in DPI Forestry's plantation profitability.

DPI Forestry has achieved a key goal of its Business Plan 2000-2005 by implementing a fully clonal exotic pine program for south-east Queensland's 130,000-hectare exotic pine estate.

The broad scale implementation of clonal forestry for new plantings throughout south-east Queensland, and on poorly drained sites in central Queensland, is based on the *Pinus elliottii* var. *elliottii* (PEE) x *P. caribaea* var. *hondurensis* (PCH) hybrid and is set to produce commercial yields of high-quality sawn timber when these plantings are first harvested in around 20 years, leading to dramatic improvements in plantation profitability.

The PEE x PCH hybrid, resulting from more than four decades of tree improvement research, brings major benefits to DPI Forestry and its customers. From a silvicultural perspective, it combines slash pine's good all-round growth performance, tolerance of wetter sites and wind firmness with Caribbean pine's straightness, finer branching and more uniform wood density. And it can be planted on all sites. From an industry perspective, the hybrid brings consistent wood quality, with straightness, smaller knots and more useable timber from each log.

Working together, DPI Forestry and QFRI have achieved many research milestones over the past year to underpin the fully clonal planting program. This included trials to improve the quality and reduce the cost of raising clones in DPI Forestry's nurseries. Overall, rapid advances in nursery technology have enabled the highly cost-effective mass production of more than three million clonal cuttings per year.

DPI Forestry's innovative clonal forestry program will deliver a superior product to the organisation's customers and the timber industry at large. As well, by adopting clonal technologies, DPI Forestry has positioned itself at the forefront of commercial pine forestry, nationally and internationally.



“Enhancing environmental forest management”

Forest Survey Officer (Gympie) Frank Ronlund, left, and Survey Assistant Tim Lee are shown operating a computerised theodolite during site preparation in the Toolara State Forest.

Careful site preparation enhances environmental outcomes by, among other things, minimising erosion and water run-off.



Sustainability

Goal

To conduct commercial forest production operations in line with community expectations for sustainable forest use

Key performance targets

- Continually improve DPI Forestry's independently certified EMS
- Cooperate with other stakeholders in planning and managing forestry operations
- Maintain long-term forest sustainability by progressively enhancing forest management practices

Results

- Environmental awareness assessment and training program enables operational staff to gain accreditation to National Competency Unit FPIC 1009A
- New Community Engagement and Adjoining Neighbour policies implemented
- Forest management enhanced through sustainability research and development in the areas of forest management impacts, off-site environmental impacts, plantation health, soils and nutrition and forest regeneration



Environmental Management System (EMS)

DPI Forestry is committed to ensuring and demonstrating that its production systems can be sustained over time, based on sound scientific principles, applied research and community standards. Its management practices are subject to a quality-controlled EMS, which is itself based on the international environmental standard AS/NZS ISO 14001:1996. The certification covers management of the environmental aspects of selective harvesting in native forests; establishing, growing and harvesting forest plantations; and establishing infrastructure such as forestry roads and associated works. DPI Forestry's EMS and practices are closely monitored by internal and external environmental auditors and the following audits were conducted in 2001-2002:

- Two certification surveillance audits conducted by DNV Certification Pty Ltd (who certified the EMS to AS/NZS ISO 14001:1996 in 1999) resulted in six minor non-conformances identified and corrected
- Thirty-two native forest harvesting code of practice audits conducted by the EPA resulted in 15 non-conformances identified and addressed, and
- Seven internal audits of regional and central office centres resulted in 5 non-conformances identified and addressed.

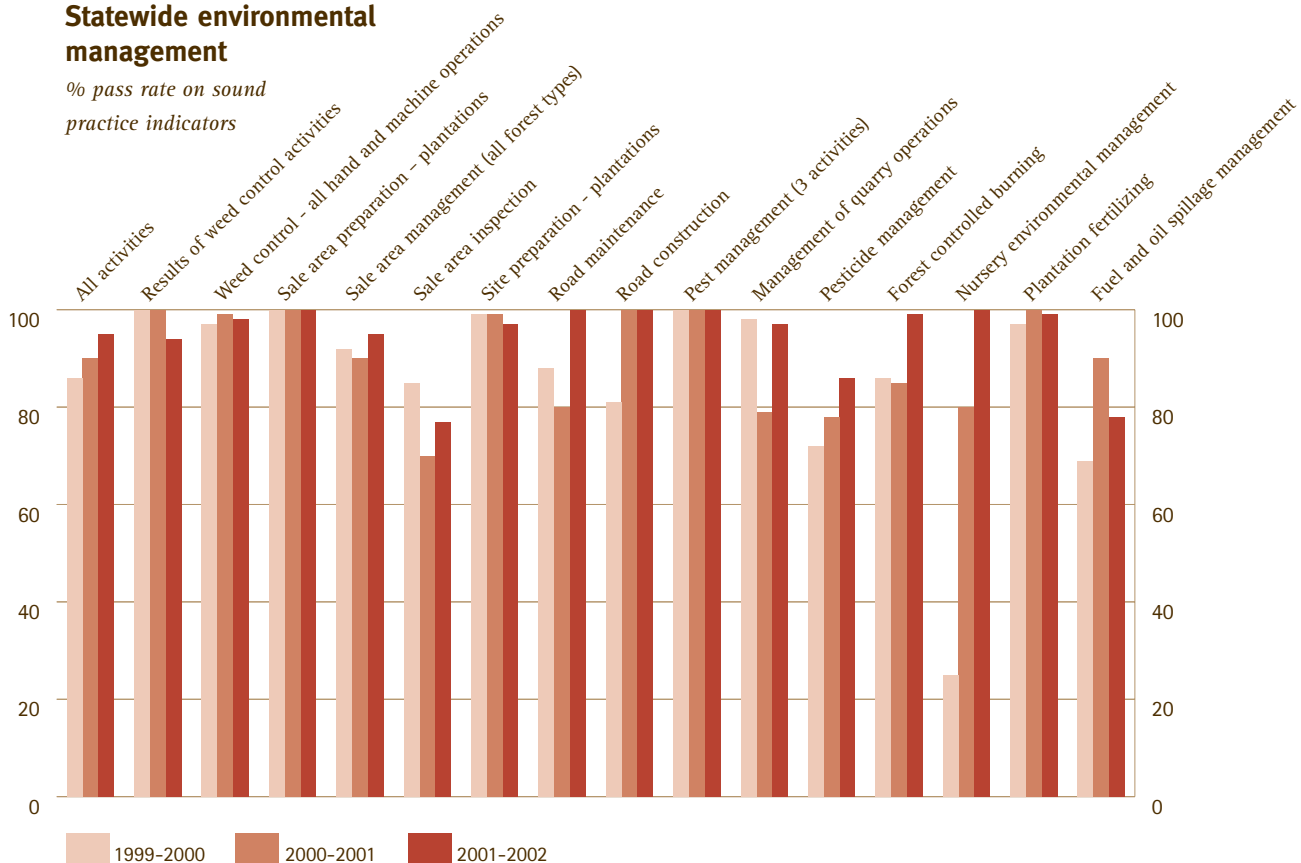
This ongoing system of audits is proving to be a valuable tool in reinforcing environmental requirements and improving overall environmental outcomes.

To check compliance with set environmental procedures and desired environmental outcomes, DPI Forestry's field supervisors also use a Sound Practice Indicators (SPI) system covering a range of forestry field procedures from plantation tending to harvest management. Generally, good SPI pass rates (refer chart) were recorded during 2001-2002, with the overall result of 95 per cent being up on the previous year.

DPI Forestry also undertook a program to increase its operational staff's environmental awareness to the point where they can attain accreditation to National Competency Unit FPIC 1009A (which deals in operating "in an environmentally responsible manner"). This was one of five continuous improvement initiatives under DPI Forestry's third enterprise agreement, with progress linked to staff bonus payments. The target to assess the environmental awareness of 50 per cent of operational staff throughout the state was exceeded and the associated accreditation and training program will be completed during 2002-2003.

Statewide environmental management

% pass rate on sound practice indicators



Australian Forestry Standard

Over recent years, there has been a strong international and national focus on developing and implementing forestry standards and associated certification systems to provide internationally recognised systems for guaranteeing forest production sustainability. To this end, an Australian Forestry Standard (AFS) was recently launched and work is also proceeding on possible national Forestry Stewardship Council (FSC) standards. DPI Forestry has provided input at a national level to AFS and FSC standards development and is working to align its EMS with their requirements to allow future transition to a standard that best meets Queensland's forest industry needs.

Cooperative forest management

Community engagement

During the year, DPI Forestry developed a new Community Engagement Strategy to enable wider community input to forest management planning activities and to meet the requirements of emerging forestry standards, such as the AFS. As part of this initiative, each of DPI Forestry's four regions is developing its own community engagement plan reflecting local and forestry-wide issues.

With a plantation estate of more than 100,000 hectares valued at more than \$500 million, DPI Forestry's South East Exotic Region has been to the fore in community consultation under the Community Engagement Strategy, mainly because south-east Queensland is the state's most populous region, is the most productive forestry region and has the most competing land uses. Key issues being considered by the region include the "triggers" for community engagement processes, the levels of the processes themselves and indigenous issues. Through its Beerburrum office, for example, the South East Exotic Region has been involved in the Pumicestone Region Catchment Coordinating Association that focuses on the area's water quality and wildlife corridors. This association has in turn recommended to the Australian Society of Soil Science's Queensland Branch that it (the society) considers DPI Forestry an example of best practice when looking at issues of water quality, erosion and nutrient management impacts.

DPI Forestry's South West Region's community engagement plan recognises the large and dispersed nature of forestry operations in that region and seeks to acknowledge other groups' involvement in such exercises, such as the Maranoa-Balonne Catchment Management Association's current deliberations about cypress pine on leasehold lands. Other community engagement issues being considered by the region include indigenous issues, local government issues and the balance between forest production and environmental outcomes.

DPI Forestry's South East Hoop Region is looking at various Queensland Government agencies' forest responsibilities within the region and these agencies' interaction with DPI Forestry as well as the broad location and scope of the region's proposed future forest management activities. The region intends to measure the effectiveness of its strategy by, among other things, evaluating the number and nature of community concerns raised.

DPI Forestry's North Region's community engagement objectives are to increase community awareness and understanding of DPI Forestry's operations and to provide planning, decision-making and operational transparency while meeting all environmental management and business requirements. The region has developed a list of target groups with engagement levels to match each group. The region's strategy looks at coordinating meetings with stakeholder groups; undertaking extension by communicating with community groups, school groups and industry; representing DPI Forestry at local and regional working groups; providing comment on local and regional plans; monitoring public opinion; and responding to concerns in a timely and professional manner. The region has set performance indicators for the strategy. These include an increase in positive feedback coupled with a decrease in adverse comments from stakeholder groups and the community and an increase in regionally initiated community engagement activities and invitations to participate in relevant community forums.



Forest Ranger in Charge (Barakula) Gary Alsemgeest with Mother of Millions in the Barakula State Forest's Mudwall logging area.

Adjoining Neighbour Policy

As part of its community engagement commitment, DPI Forestry developed an Adjoining Neighbour Policy during the year. The policy seeks to ensure that DPI Forestry's activities have minimal impact on adjoining neighbours, that adjoining neighbours are informed of potentially impacting activities, that adjoining neighbours' concerns and questions are promptly responded to and, overall, that a relationship between DPI Forestry and its adjoining neighbours is developed that provides an open communication channel between them.

Impacts that DPI Forestry considers may apply under the policy include (but are not limited to) such things as noise, dust, fire and smoke, increased traffic, pests, animals and weeds. DPI Forestry started implementing the policy in July 2002 by developing a database of neighbours that adjoin key plantation centres, conducting assessments to identify potential impacts on those neighbours and developing effective and timely communication strategies from individual consultation through to broad-scale information dissemination through field demonstrations and media campaigns.

Environmental work in south-west forests

Working to eradicate a noxious weed in south-west Queensland's native forests, examining the status of two "rare and threatened" plants in the south-west and preserving one of Australia's most threatened butterflies are examples of DPI Forestry's work (through its South West Region) with the EPA in 2001-2002 to boost forest production and protect the environment.

Imported from Madagascar at the turn of last century, Mother of Millions has the potential to create havoc in DPI Forestry's productive cypress pine forests in south-west Queensland. Mother of Millions, a noxious plant under the Rural Lands Protection Act, was a feature in many early outback settlers' gardens as it withstood dry conditions and grew an attractive flower. But the weed was poisonous, killed stock and spread rapidly when seeds were carried by streams, rivers, floods and animals.

It now appears in many cypress forests and has resulted in harvests being suspended until management plans are developed. Harvesting costs are also increased, as equipment needs to be cleaned each time an infested area is encountered. The EPA has made the control of Mother of Millions a priority in the state's south-west and DPI Forestry will continue working with the agency to achieve this.



Queensland's tallest and opened in 1977, the 47-metre Jimna fire tower is listed on Queensland's Heritage Register but still plays a vital fire detection role. It is one of DPI Forestry's 49 fire towers.

Meanwhile, DPI Forestry's work on "rare and threatened" plants has seen a number of them removed from listings in Queensland's *Nature Conservation Act 1992*, thereby removing harvesting restrictions in certain areas. Two of these plants, *Dodonaea biloba* and *Dodonaea macrossanii* (both commonly known as Hop Bush), are abundant in south-west Queensland's cypress forests. DPI Forestry enlisted the services of a University of Southern Cross student, in January and February 2002, to investigate the plants' status. This resulted in a detailed submission to the EPA in April 2002 recommending the plants be removed from the Act's "rare and threatened" list. In May 2002 the agency said that, in response to DPI Forestry's detailed investigation and report, the species would be recommended for deletion from the Act.

DPI Forestry is also working with the EPA to preserve the Bull Oak Jewel Butterfly, a rare and endangered butterfly species. It is found in small patches of bushland near Millmerran, Cecil Plains and Goondiwindi, including areas where DPI Forestry has cypress forests. The butterfly depends on old growth oak trees to propagate. While these trees are not affected by harvesting operations, the butterfly also uses a particular ant species to protect its larvae from predators and it is suggested that harvesting operations may impact on the ants. The EPA has been identifying butterfly locations and numbers in 2001-2002 and DPI Forestry will look at modifying harvesting operations to help protect the species if butterfly habitats in production forests are located.

Cultural heritage

A further DPI Forestry/EPA collaboration aims to identify non-indigenous Queensland state forest cultural heritage sites. A working group comprising representatives from the two organisations was set up in 2002 to look at state forest sites that might be considered for listing on the state's Heritage Register and to ensure ongoing management issues are taken into account. Heritage listing does not necessarily mean sites are locked away, but it does require cultural heritage values to figure in future planning and decision-making. As part of this project, the EPA has drafted a cultural heritage manual that prescribes how both organisations can effectively respond to cultural heritage issues. It is anticipated that the manual will be completed in 2002-2003.

Wild dog baiting

DPI Forestry has joined with NRM and the EPA to check increasing wild dog populations on state lands, following an announcement by the Minister for Natural Resources and Mines in April 2002 that the Queensland Government would undertake a one-off, large-scale aerial 1080 baiting campaign to cull wild dog numbers. Primary producers have expressed concern that wild dog numbers have increased in recent seasons and are causing greater than their usual annual damage. State-owned lands are seen as a refuge for the dogs to breed before attacking livestock. The baiting will occur through late 2002 with DPI Forestry being responsible for baiting in state plantation forests.

Sustainability research and development

DPI Forestry procedures and practices were enhanced during the year through sustainability research and development related to forest management impacts, off-site environmental impacts, plantation health, soils and nutrition and forest regeneration across the exotic pine, araucaria and native forest estates. Full details on these achievements are given in this yearbook's "Research and development" section.



From this - the slasher as a rusty wreck - to this - Beerburrum forestry mechanic Marco Venturi with the reborn slasher outside the Beerburrum forestry workshop.

Monster slasher

In the spirit of recycling, DPI Forestry has taken old equipment and turned it into an efficient and effective modern forestry tool.

It's a monster. It came from Tuan Forest Ranger in Charge Gordon Pratt's idea, got the nod of approval from Operations Support Manager Ian Lynch, was redesigned by Senior Technical Officer Norm Poole, was rebuilt by George Ramke, Marco Venturi and the DPI Forestry Beerburrum workshop team, and it now razes forest regrowth at a rapid rate – but in the interest of protecting, not damaging, the environment.

In the 1980s, Gordon was an Elliott River forest officer who noted that firebreaks in his area were overgrown and were difficult and costly to clear. But his neighbours, a local irrigation firm, were using a huge slasher to clear regrowth from cattle properties. Some “over-the-fence” bargaining ensued and before long Gordon had hired the slasher and found he could effectively and efficiently clear Elliott River's firebreaks with it.

Fast-forward to the late 1990s and Gordon, now in Tuan, noticed that area's firebreaks heading the same way, with forest workers facing the same problem – costly clearing. He remembered the monster slasher from years before and, with a few enquiries, located it, albeit in a considerable state of disrepair. But, aware of its potential, DPI Forestry purchased the slasher for a nominal amount and work began on its rebirth. With Norm Poole's redesign and the Beerburrum workshop team's excellent repair and fabrication work over two years, the reborn monster slasher was ready for work in 2002.

The slasher differs from conventional machines of its type, mainly because of its leviathan dimensions. It has twin belt-driven cutting heads, for example, and cannot be connected to a tractor via normal three-point linkages. Rather, it has to be towed by the tractor's draw bar and on its own trailing wheels. It uses the tractor's hydraulic system for height adjustment. But it works a treat.

The slasher had its first trial run at Tuan in August 2002 and, apart from some minor glitches, shows promise of working even better than the original.



“Can do”

DPI Forestry will build on its “can do” ethos to become an even more innovative and responsive commercial business. One innovation this year was to align key products to customers by consolidating the organisation’s former six regions into four, based on product lines. South East Hoop Regional Forester Michelle McAndrew is shown with one of DPI Forestry’s key products, high-quality araucaria, and haulage contractor Glenn Warren in the Imbil State Forest’s Little Derrier logging area.



Workforce development

Goal

To enhance workforce culture, capabilities and competencies to meet existing and emerging business needs

Key performance targets

- Undertake a comprehensive DPI Forestry Workforce Plan review
- Enhance communication and coordination across the organisation
- Implement continuous improvement and workforce initiatives under DPI Forestry's enterprise agreement

Results

- A new Workforce Plan, better integrated to business needs, in place
- Improved communication and coordination processes realised across the organisation
- Key enterprise agreement initiatives implemented, including a continuous improvement program, a new occupational health and safety manual consistent with Australian standard AS4801 and new wage and salary structures



Staff profile

At 30 June 2002, DPI Forestry employed 767 staff (699 full-time equivalents), more than 80 per cent of whom worked close to customers in regional Queensland. This total included 169 female staff (22 per cent of total staff), an increase of 30 on the previous year's total. The average age of DPI Forestry staff in 2001-2002 was 44 years.

DPI Forestry staff's acknowledged expertise and enthusiasm are the key ingredients in making the organisation a successful commercial forest grower. During the year their sustained commitment was formally acknowledged with 13 staff receiving long-service plaques. As well, a commitment to improved occupational health and safety has allowed DPI Forestry to post record low statistics for the number of accidents and the average time lost owing to injury.

Workforce Plan

During 2001-2002, DPI Forestry comprehensively reviewed its Workforce Plan to better integrate workforce strategies with commercial business needs. The revised Workforce Plan recognises that, notwithstanding the significant productivity advances made to date, DPI Forestry must continue to improve its forest growing efficiency to maintain its competitive position in the face of dramatically increasing log timber supplies in southern states and New Zealand over coming years. As a commercialised agency, DPI Forestry must also pursue this goal within the context of key Queensland Government policies fostering employment security and regional development.

To achieve this, DPI Forestry's new Workforce Plan is built around a "Working Smarter" strategy - pursuing greater workforce productivity through continuous improvement, increased workforce flexibility, restructuring as low-impact opportunities arise, training and development and rewards for effort. Through such measures, DPI Forestry will build on its strong "can-do" organisational culture to become an even more innovative and responsive organisation with an increased commitment to business outcomes at all levels. Achievements during the year under DPI Forestry's enterprise agreement made a strong contribution to this strategy - in particular, a successful continuous improvement program and new wage and salary structures.

Regional operations are also designed to "work smarter" under a new regional structure implemented in August 2001 that consolidates DPI Forestry's former six regions into four: South East Exotic, South East Hoop, North and West. The new regional structure, which is being progressively implemented to ensure minimal disruption to existing regional offices and staff, features a stronger alignment with key products, improving responsiveness to customers and helping to streamline operational procedures and costs. Similarly, in a joint effort with DPI InfoResearch, DPI Forestry integrated its extensive forestry library collection and services with those of the wider departmental library service. From 1 July 2002, DPI InfoResearch began delivering library services to DPI Forestry staff under a service agreement, enhancing cost-effective access to online and other information resources.

To foster positive cultural change, DPI Forestry enlisted the services of organisational psychologist Phil Harker during 2001-2002 to deliver workshops throughout the state. These workshops help participants examine and challenge individual and organisational operating styles and assumptions as a basis for building more satisfying and productive roles, relationships and teams. Dr Harker has delivered presentations to the DPI Forestry executive, Senior Management Group and key managers, supervisors and administrative staff in the South East Hoop and South East Exotic regions, with the South West and North regions to receive the presentations in late 2002.

DPI Forestry also endorsed personal, organisational and team development programs in 2001-2002. These included the "Leadership In Action" and "Experiential Leadership Development" programs offered by the Office of Public Service Merit and Equity and supervisor training courses offered by DPI's Gympie Training Centre. Over time, many DPI Forestry general, regional and unit managers will have attended these programs.

In 2001, the Australian National Training Authority approved a national forest growing and management training package. The package helps forestry trainees by enabling their qualifications to be recognised nationally and helps DPI Forestry workplace assessors by providing a national standard as a benchmark. This training is also available to industry and during the year DPI Forestry staff worked with forest and timber industry personnel to ensure such training was delivered and required competencies were met.

DPI Forestry staff also have year-round access to workplace training and skills development to ensure multi-skilling and versatility. To help staff achieve their potential, DPI's study and research assistance scheme (SARAS) and DPI Forestry's study assistance scheme for wages employees (SAWS) continued to support employees with study programs.

Internal communication

Effective internal communication, up, down and across the organisation, is a vital ingredient in engendering workforce commitment and coordinating effort towards quality service delivery to customers. Recognising this, DPI Forestry is improving internal communication and coordination.

Senior Management Group (SMG) meetings, held quarterly in locations across Queensland, are proving to be a very useful mechanism to develop a shared understanding of issues facing the organisation. During 2001-2002, SMG meetings were held at Caloundra, Kingaroy, Brisbane and Chinchilla and included field trips and discussions with local staff. A staff forum held with the Brisbane SMG meeting was particularly useful in highlighting and addressing issues that concerned staff.

Regular field visits by senior management and more frequent work team meetings, thematic workshops, cross-functional relieving arrangements and social outings are helping to improve communication across the organisation. In addition, a new database-driven intranet, to be implemented during the second half of 2002 (see "Online information" in the "Business systems" section), is being developed to ensure staff have access to up-to-date information on the widest possible range of relevant topics.

Enterprise agreement

In January 2001, DPI Forestry certified its third enterprise bargaining agreement (EB3) between management, staff and unions, in accordance with Queensland's Industrial Relations Act, the agreement taking effect from 1 July 2000. A scheduled 4 per cent pay increase under EB3 was paid in July 2001. Wage and salary structure adjustments foreshadowed in the agreement were also implemented from January 2002. Achievements under EB3 are outlined below.

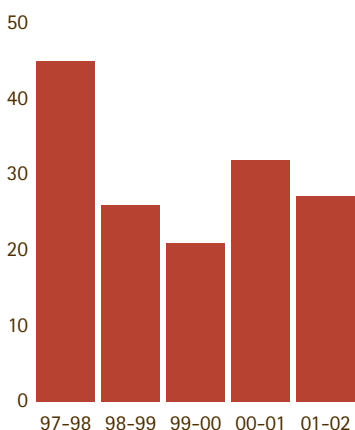
Continuous improvement program

Among other things, EB3 matched performance bonus payments with outcomes achieved by staff under a continuous improvement program comprising the following five initiatives:

- Enhancement of environmental outcomes – increased awareness of environmental requirements by staff through formalised competency assessment and training as necessary
- Workplace health and safety – reduced the impact of injury through greater employee awareness and suggestions for improvement
- Barriers to productivity – identified 19 projects delivering improved administrative and business support systems and practices
- Internal communication – improved communication processes across the organisation, and
- Better use of intranet-based information – focused effort on developing DPI Forestry's intranet-based information resources.

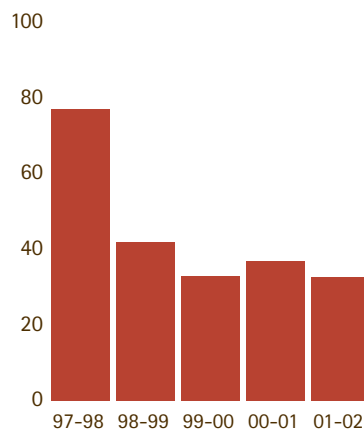
Accident frequency

Accidents per million work hours



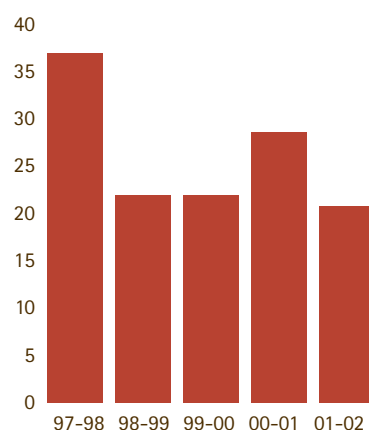
Lost time injuries

Number of injuries



Lost time duration

Average days lost due to injury





Better workplace health and safety - DPI Forestry welder Ken Brown at DPI Forestry's Gympie workshop.

Following successful achievements under these initiatives, in 2001-2002 staff received two six-monthly \$150 bonus payments (with pro-rata payments for part-time staff) in December 2001 and June 2002.

Occupational health and safety

DPI Forestry's new occupational health and safety management system and manual, meeting the new Australian occupational health and safety standard AS4801, were put in place during 2001-2002 under the aegis of EB3. The new management system and manual were developed after a DPI Forestry working group (with Queensland Government Corporate Services Agency assistance) consulted state-wide with staff. The management system and manual draw together formerly discrete DPI Forestry occupational health and safety procedures, including noise management procedures and procedures for handling hazardous substances and dangerous goods. The management system and manual were trialled throughout DPI Forestry's regions and in its Brisbane central office during 2001-2002. Following these trials, it was agreed further work was needed in relation to personal protective equipment issues and procedures and policies for these are now being redeveloped.

New wage and salary structure

After lengthy consultation with staff and unions, DPI Forestry this year implemented a salary and wage structure more relevant to its commercial environment.

The new structure formalises two streams for its wages and salaried staff. For wages staff, a forest worker (FW) stream was created, aligning pay levels to the Australian Qualification Framework. For salaried staff, a single forest officer (FO) stream replaces the previous four streams of administration officer (AO), technical officer (TO), professional officer (PO) and Operational Officer (OO). The new structure was implemented in early January 2002 with revised pay scales applied from 1 November 2001.

Code of Conduct

DPI Forestry's Code of Conduct review, undertaken in 2001-2002, was driven by a need to have a code that was simple for staff to read and use. The new code supports the more general DPI Code of Conduct and is specific to work situations likely to be faced by DPI Forestry staff. The code was included in DPI Forestry's Workplace Conduct Program presented through the year to all regional staff by DPI Forestry regional human resource officers. The Workplace Conduct Program covers discrimination, conduct, workplace harassment and sexual harassment. Training for Brisbane central office staff will continue to December 2002.

Improved employment arrangements

DPI Forestry employs degree and diploma graduates each year, recruited from various Australian universities (see "Forestry welcomes graduates" at the end of this section). As trainees, they are employed in one-year temporary forester and overseer positions at various DPI Forestry centres throughout the state. Under former standards, trainees who sought full-time employment with DPI Forestry were then required to apply and be interviewed through an open merit and selection process, often for the jobs they had been doing. However, under a new policy agreed by management and unions in 2002, trainees can become permanent staff after successfully completing their traineeship if there are positions available and other criteria are met.

EB3 also provided for long-term temporary and casual workers to be converted to permanent status. In 2001-2002, 15 Beerburrum workers, seven Toolara workers, six Tuan workers and a Bunya Nursery worker were converted from temporary and casual appointments to permanent forestry positions.



The Beerburrum Forestry team with their DPI Client Services Award, at rear from left: Principal Forest Officer (Forest Policy Unit) Barry Stark, General Forest Worker Mick Gorry, Overseer (Protection) John Elliott, Forest Ranger (Site Preparation) Russell Jack and Forest Ranger in Charge (Plantations) Denis Moloney; and in front from left: General Forest Worker Steve Black, General Forest Worker Steve Payne and Overseer (Store) Peter Venz.



(Above left) Tony Borg, left, and Neil Halpin.

(Above right) Minister for Primary Industries and Rural Communities Henry Palaszczuk, left, and Erwin Epp.

Staff awards

Awards presented to DPI Forestry staff in 2001-2002 highlight their commitment to environmentally sustainable forest management, fire protection and to general community well-being and safety.

Australia Day Achievement Medallion

Having received a DPI Client Service Award in 2000 for his commitment to sustainable forestry, DPI Forestry's Executive Officer Erwin Epp this year received an Australia Day 2002 Achievement Medallion for his efforts in ensuring DPI Forestry's operations are conducted to the highest environmental standards. Erwin's efforts over the last four years, particularly, have seen DPI Forestry become the first state forest management agency in Australia to gain independent certification of its EMS. Other recent highlights of Erwin's career include developing and implementing DPI Forestry's new harvesting safety policy and overseeing productivity improvements under the organisation's enterprise bargaining agreements. Overall, Erwin has worked in many positions in regional areas and Brisbane during his continuous 38 years' service with DPI Forestry.

Client Service Award

Staff from DPI Forestry's Beerburrum office won a DPI 2001 Client Service Award for their part in protecting the organisation's \$100 million plantation forest resource around Beerburrum and the Sunshine Coast hinterland from the threat of wildfires.

The 100-strong Beerburrum team won the Outstanding General Service and Support Award for its fire management initiatives that included high-level training, developing and using innovative fire-fighting equipment and establishing multi-agency collaborative arrangements to ensure rapid and coordinated wildfire responses.

Bravery awards

Proving that their involvement in the community extends well beyond their forestry duties, DPI Forestry's Hardwood Development Officer (Beerburrum) Neil Halpin and Seeds Officer (Beerwah) Tony Borg this year received bravery citations for their part in saving five abseilers trapped on Mt Tibrogargan in 1998. Tony and Neil were cited in their roles as volunteer members of the State Emergency Service. They were part of a six-person team that conducted the rescue at night and during one of the worst thunderstorms to hit the area. Along with the rest of their team, they received their citations from the Queensland Governor, Major General Peter Arnison, at a ceremony at Government House in April.



Forestry welcomes graduates

DPI Forestry has employed 47 forestry graduates since 1997. So far, 30 have secured permanent positions after their training.

DPI Forestry welcomed eight forestry graduate trainees in January 2002.

They were, pictured above from left, Dave Lawler, Paula Ibell, Andrew Wallis, Daniel O'Regan, Jason Laverty, Stephen Pohlmann, Melanie Niblett and Aaron Van Winden. Aaron, Andrew, Daniel, Jason, Paula and Stephen started as trainee foresters. Melanie and Dave started as trainee overseers.

Stephen Pohlmann is DPI Forestry's first graduate from the Queensland University's Bachelor of Environmental Management (Tropical Forestry) degree. Stephen, from Dalby, headed back to that centre for his first posting.

Dave Lawler, from Brisbane, graduated from the University of Queensland's Gatton College with a Diploma in Applied Science (Forestry) and began his forestry work at Imbil. Dave also has a Bachelor of Applied Science (Crops and Range Lands) degree.

Paula Ibell, also from Brisbane and with a Bachelor of Applied Science (Forestry) degree gained from Southern Cross University, started her training in Roma.

Andrew Wallis, from Logan, has a Bachelor of Applied Science (Forestry) degree from Southern Cross University, and stayed in Brisbane to work in DPI Forestry's Marketing division.

Daniel O'Regan, from Phillip Island in Victoria, attended Melbourne University, graduated with a combined science/forest science degree, and headed off to Yarraman.

Jason Laverty, from Wodonga in Victoria, has a Bachelor of Science (Chemistry & Human Physiology) from Monash University and a Bachelor of Forest Science (Honours) from Melbourne University, to match his Diploma in Forestry (also from Melbourne University) and started his forestry career in Maryborough.

Melanie Niblett, originally from Cardiff in Wales, obtained her Diploma in Applied Science (Forestry) from the University of Queensland's Gatton College and went to Dunmore. Melanie also has a Bachelor of Applied Science (Protected Area Management) degree.

Aaron Van Winden, from Bright in Victoria, was the group's only Australian National University graduate. He has a Bachelor of Science degree and started work in Ingham.

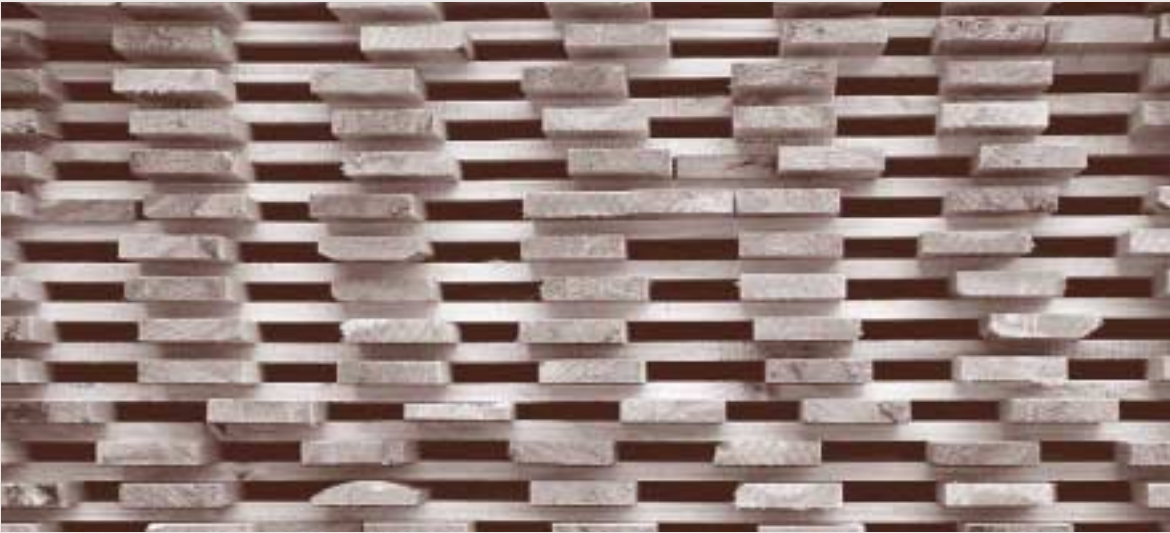
DPI Forestry has employed 47 graduates since its graduate placement program started in 1997. Thirty graduates have taken on permanent positions with the organisation after their training.



“Best practice business systems”

DPI Forestry's business systems meet best practice, nationally and internationally.

During the year, for example, DPI Forestry revised its harvesting safety policy to ensure it met with Australia's new national Forest Harvesting Industry Code of Practice and coordinated field-based industry training to ensure harvesting contractors conducted their operations in line with best practice. Harvest contractor Alain Blowers is shown marking a felled spotted gum with a wheel hammer in the Tuan State Forest's Tiaro logging area.



Business systems

Goal

To develop business systems that effectively and efficiently support business goals and strategies

Key performance targets

- Enhance commercial business operations through best-practice systems and policies
- Enhance electronic information resources and management systems

Results

- New product-focused business planning and performance management system introduced and a new harvesting safety policy developed and introduced
- Enhanced intranet and a dynamic mapping website readied for full implementation



Business systems and policies

Business planning

During the year, DPI Forestry carried out a comprehensive review of its business planning and management processes to further strengthen the organisation's focus on performance and accountability. In the past, DPI Forestry has structured its business planning and reporting processes – and the associated annual performance contract between the Queensland Treasurer and the Minister for Primary Industries and Rural Communities – around five key result areas as set out in this yearbook: commercial performance, business growth, sustainability, workforce development and business systems. In its 2002-2007 Business Plan, all of these elements have been integrated into a planning framework focused on specific performance targets in DPI Forestry's seven key product areas: exotic pine plantations, araucaria (hoop pine) plantations, hardwood plantations, native hardwood, cypress, quarries and forest services (management and investment).

As product performance depends on inputs from across the organisation, each product has been assigned a product leader to coordinate product strategy and performance. New product-based financial reports and performance indicators have also been developed to support product management. The new planning framework has been integrated into DPI Forestry's 2002-2003 Performance Contract and future yearbooks will be structured to report product performance.

Hardwood sawlog general price review

The terms of supply agreements under the SEQFA require DPI Forestry to review pricing structures for its native forest hardwood sawlog resource every five years. The first of these reviews began in 2002 and is due for completion in January 2003. The Director of DSD's Timber Taskforce is chairing a review panel that is overseeing the review process. While the SEQFA is the main driver of the review, in the interests of equity it has been agreed with industry that the review's pricing recommendations would apply state-wide.



Harvest safety review

DPI Forestry reviewed its harvesting safety policy in 2001-2002 in response to the introduction of the national Forest Harvesting Industry Code of Practice in 2000. The Forest Harvesting Industry Code of Practice sets out measures to prevent injury to people working in harvesting operations. Preventative measures include safety and harvesting planning, wearing of personal protective equipment and knowledge and skills training to national competency standards.

Harvesting in state-owned forests is carried out by contractors or agents engaged by DPI Forestry's timber industry customers. In 2001-2002, and in conjunction with the Department of Industrial Relations (DIR), DPI Forestry conducted seminars in 13 regional centres to brief more than 220 industry representatives on the new policy's requirements.

Field-based industry training and accreditation leading from the review is being delivered by DPI's Gympie Training Centre, a recognised training organisation, with DPI Forestry assistance and partial funding from Queensland's Forest Industries Training and Advisory Body. As part of this process, Queensland's timber industry has also been made aware of other requirements external to DPI Forestry, such as machinery registration requirements.

The Forest Harvesting Industry Code of Practice requires that procedures specified in the code are complied with, or that others that provide equal or better protection are employed. During 2002-2003, DIR and DPI Forestry will audit compliance with the Act – DIR from a regulatory perspective and DPI Forestry from a contractual perspective.



Principal Project Manager (Marketing) Chris Bragg, left, with Mapping and Geographic Information Manager Col Reugebrink.

DPI Forestry's mapping website prototype.

Risk management

A revised DPI Forestry risk management manual was approved in December 2001 to support the organisation's risk management policy, itself based on the international standard AS/NZS 4630. The policy sets high health and safety standards and regularly reviews organisational performance against these to avoid negligence, to maximise environmental management and minimise financial loss and to comply with relevant legislation, codes, procedures and other risk management requirements. It also requires DPI Forestry's work units to undertake periodic risk assessments relevant to their business area.

During 2001-2002, DPI Forestry's Risk Management Coordination Committee, which meets quarterly, dealt with risk management issues including past 245T use, Lyngbya, plantation fire protection and fire preparedness, staff safety, forestry roads, native title impacts and corporate risk. A DPI Forestry-wide incident reporting protocol was also developed. An internal audit using the Queensland Audit Office's risk management self-assessment program, meanwhile, showed that DPI Forestry's risk management system remained sound. This followed an independent, comprehensive and wide-ranging risk management review in 2000-2001 that concluded DPI Forestry had practices "superior to best practice in the risk management field". That audit also showed the organisation had "a risk management culture at all levels".

Information resources

Mapping website prototype

An innovative use of leading-edge geographic information software and intranet technology is allowing DPI Forestry staff throughout Queensland to access up-to-date high-level mapping data through their personal computers. DPI Forestry's Mapping and Geographic Information Unit developed the prototype mapping website system during 2001-2002, in cooperation with colleagues from DPI's Animal and Plant Health Services business group who had purchased specialised intranet mapping hardware and software.

Through the new system, forestry staff can access mapping data online and can view a specific forest plantation compartment or native forest management unit by entering their request on screen. A map is brought up and can be zoomed in or out and overlaid with a range of information from other forestry databases as required, then printed on local printers. The information available includes plantation compartment detail, up-to-date detail on compartment status (such as first or second rotation, standing timber and fallow land), forest office and other asset locations, native forest management data and, particularly useful for native forest operations, data on native title.

Trials in remote forestry areas through 2001-2002 have shown the system to be very successful. DPI Animal and Plant Health staff are presently training DPI Forestry mapping and geographic information staff in mapping software development with a view to having the project move from prototype status to full implementation in the near future.



Loading araucaria in the Imbil State Forest –an innovative use of information technology has delivered better strategic and operational planning for DPI Forestry's South East Hoop Region.

Linking spatial mapping and PRA data

DPI Forestry's South East Hoop Region worked with the organisation's Mapping and Geographic Information Unit in 2001-2002 to digitally link the region's plantation resource assessment (PRA) data with the unit's spatial mapping data. This is a major improvement on what were formerly two discrete data sets and brings better strategic and operational planning. The linked data sets, for example, allow South East Hoop regional staff to quickly identify (and print on maps) not only the type of land in the region (such as steep slopes or other "unconventional" terrain identified by spatial mapping data), but the timber volume on that land as well (identified through PRA data). Linking the two means better operational planning. Plantation harvesting is almost always more costly on unconventional terrain, for example, and knowing the timber quantity involved helps more efficient resource use and better strategic planning as the overall growing costs and final values of araucaria from specific areas can be more accurately calculated. The linked data sets also mean more cost-effective updating as information from one set can now be readily transferred to the other.

Records management

Outdated technology, particularly in managing electronic records, was the main driver behind DPI Forestry's decision to employ external consultants to review its record management system in 2001-2002.

The consultant's report recommended a new system be adopted that would use Keyword AAA as its management protocol. Keyword AAA is a national standard adopted by the Queensland Government. It allows records to be managed across the state from a central computer server and can effectively manage electronic documents and e-mail. DPI Forestry went to tender for such a system in July 2002. It will have responses evaluated by December 2002 and is planning to have a fully redeveloped records management system in place by March 2003.

Online information

DPI Forestry started upgrading its FORWEB intranet in 2001-2002, following an EB3 commitment to enhance internal communication. Consultants reviewed the original FORWEB site, developed in 1997, and recommended the intranet's technology be upgraded to provide a dynamic database-driven site. This technology brings multiple benefits, including the ability to link state-wide DPI Forestry data sets and allow multiple authoring and content approval. The new intranet will also allow users to view information to their requirements on request. A commercial decision was made to synergise with DPI's own upgrade of its intranet site, which faced similar issues. External consultants delivered the new FORWEB intranet site in June 2002, with content to be transferred through the remainder of the year.



“Product-focused research boosts commercial outcomes and sustainability”

In collaboration with the Queensland Forestry Research Institute, DPI Forestry’s product-focused research is directed at improving the commercial performance and sustainability of the organisation’s forest estate. QFRI Overseer Mark McDonald, left, and DPI Forestry Propagation Coordinator Murray Keys are shown discussing clonal trials for DPI Forestry’s softwood clonal tree improvement program.

Research and development

DPI Forestry invested more than \$3.6 million on research in 2001-2002 to improve its forest estate's commercial performance and sustainability.

DPI Forestry's Forest Policy Unit, based in Gympie, is responsible for coordinating forest research and development through QFRI and collaboration with research partners and industry. In 2001-2002, DPI Forestry invested more than \$3.6 million on research to improve its forest estate's commercial performance and sustainability. Major research outcomes were product-focused, centring on exotic pine, araucaria, native forest timbers and plantation hardwoods.

Exotic pine research and development

Genetic improvement

An integrated research program supported DPI Forestry's full clonal plantings in its south-east Queensland softwood plantation estate in 2002 (see "Clonal forestry" in the "Commercial performance" section), with research contributions coming from several areas, including:

- refining overall testing and selection strategies
- assessing existing and developing new clonal tests
- assessing wood quality traits in the clonal "parent" selection process
- refining nursery production techniques and supporting health surveillance
- proving concept work relating to micro-propagation techniques, and
- providing expert advice and recommendations for clonal deployment.

Large-scale genetic gain trials were established across six coastal plantation sites in south-east and central Queensland in 2001-2002 to assess the best six Series II clones' performance compared with F1 hybrid family cuttings, F2 hybrid seedlings and *Pinus caribaea* var. *hondurensis* (PCH) seedlings. A major PCH breeding values review was also completed with results to guide future breeding strategies and support new clonal seed orchards to be set up at Byfield in late 2002. Results should deliver significant gains for new plantations in terms of tree height, diameter, stem straightness and wind firmness.

In collaboration with Southern Cross University, meanwhile, QFRI researchers applied advanced molecular genetic analysis techniques, including DNA fingerprinting, to confirm exotic pine hybrid family identity.



The results highlighted the importance of confirming the true parentage of selected hybrid trees and hedges before embarking on large-scale multiplication programs.

Propagation

Experiments were conducted to improve the cost effectiveness and quality of hybrid clones raised in nurseries at Toolara and Beerburrum. Key findings related to shoot nutrition in clonal production hedges, hormone treatment effects, micro-cutting screening, potting mix screening and nursery spacing when transferring cuttings from shade houses to full sun. Recommendations have been included in DPI Forestry's nursery prescriptions.

Evaluations of inter-variety hybrids – such as PCH x *Pinus caribaea* var. *caribaea* (PCC) and PCH x *Pinus caribaea* var. *bahamensis* (PCB) – continued during the year, including assessments of trials in south-east, central and north Queensland. The most interesting comparison, that of PCH with the PCH x PCC hybrid, displays very little difference in wood properties. This encouraging result lends further support for the potential for PCH x PCC to replace PCH on certain cyclone-prone central and north Queensland coastal sites, where its superior wind firmness is a distinct advantage.

Preliminary results from a Beerburrum trial examining nursery form and planting technique effects on subsequent "bendy" clones' field performance were presented at a Tree Form and Uniformity field day at Beerburrum in February 2002. Preliminary results suggest that initial nursery form, *per se*, is unlikely to be significant in the longer term. Trial monitoring will continue.

Work commenced during 2001-2002 on a small-scale micro-propagation laboratory within the Gympie research nursery complex. This facility will be operational in late 2002. Combined with training and relevant protocols being developed in collaboration with Forest Research (NZ), QFRI will soon have a local capacity to conduct the multiplication, cool storage, conditioning and rooting of *in vitro* PEE x PCH clonal shoots. This will enable DPI Forestry to store sample clones cost effectively while field tests progress. Following selection of the best few clones, these will be rapidly multiplied for field deployment over an extended period without significant juvenility loss. Juvenility loss limits how many years selected clones can be used, since multiplication and rooting gradually decline with age.

Product quality

WoodFest 2002, a technology transfer forum sponsored by DPI Forestry and the Cooperative Research Centre for Sustainable Production Forestry (CRC-SPF), was held in Gympie in April 2002. The seminar presented information on recent advances in genetic control of wood properties in slash and Caribbean pines and their hybrid, including implications for related breeding and clonal testing programs. Subsequent to WoodFest 2002, QFRI trialled different acoustic testing tools that can potentially predict stiffness in sawn timber based on acoustic signals from standing trees and logs. Refining these tools and applying them to DPI Forestry's clonal selection process will improve timber industry confidence in the future quality of DPI Forestry's timber for structural applications.

Investigations to evaluate correlations between external tree symptoms and resin defect in sawn timber continued during 2001-2002. A highlight of this collaborative work, involving QFRI, DPI Forestry and S&S Timbers, a Gympie-based plantation softwood sawmill, was an industry forum held at Gympie in December 2001 where preliminary findings were presented and proposals for future research and funding discussed. The successful segregation of resin-affected logs prior to downstream processing will greatly improve sawmill productivity. Collaborative trials will continue in 2002-2003.



In collaboration with Hyne & Son and Boral Hancock, QFRI also evaluated the Cardwell PCH resource's suitability for structural sawn timber, veneer and laminated veneer lumber. The study sampled 24- and 25-year-old trees from sites of varying quality. Preliminary results are very encouraging, showing that basic density appears to be around 5 per cent higher compared with similar age PCH in south-east Queensland.

Silvicultural systems

During the next decade, an increasing clearfall proportion will comprise sites that were established using high-mounding techniques on hard-setting soils in the first rotation. Compared with nil or low-mounded sites that have been harvested since the mid-1980s, these sites present additional challenges for replanting since there is little flexibility to change the original row direction and mound profile. A typical site at Tuan was harvested in 2001 and debris management and site preparation treatments have been implemented to evaluate their practicality, cost effectiveness and environmental impact.

Decision support systems

DPI Forestry and CRC-SPF developmental work in 2001-2002 saw excellent progress on sophisticated decision support systems (DSS) software. A Software Tool for Evaluating Plantation Scenarios (STEPS) was released in March 2002. STEPS has subsequently been used in several silvicultural reviews. With user-defined assumptions regarding growing costs, log prices, site productivity estimates and initial stand data, STEPS can simulate numerous plantation management outcomes (such as spacing, thinning and pruning) in terms of product volumes, profitability and log sizes.



Site preparation in the Beerburum State Forest's Toorbul logging area. Strict controls ensure these sorts of activities impact minimally on the environment and include the use of specialised equipment such as this chopper roller.

Sustainability, soils and nutrition

Intensive plantation-based forest operations, particularly those associated with harvesting and re-establishment, have the potential to impact on the environment. Additionally, many of DPI Forestry's plantations are located in sensitive environments in the upper reaches of water supply catchments or adjacent to marine ecosystems or other conservation reserves. Accordingly, DPI Forestry's environmental research aims to:

- develop sustainable plantation management systems based on improved understanding of impacts on soil properties and processes
- evaluate off-site impacts of plantation management activities and inputs such as herbicides and fertilisers, and
- evaluate aquatic macro-invertebrate monitoring techniques as plantation sustainability indicators.

Several key outcomes relating to these were achieved in 2001-2002.

Following an extensive review of 20 trials, for example, a report and recommendations were submitted regarding fertiliser prescriptions for third rotation replant areas burnt in an October 2001 Beerburum wildfire. The results recommended reduced fertiliser application on certain sites, representing a significant saving in fertiliser and application costs compared with routine operations.

A major report on using aquatic macro-invertebrates as bio-indicators in exotic pine plantations was completed, based on preliminary results from monitoring in and around the Beerburum forest estate. The study's results indicate plantation streams are not significantly different compared with "pristine" reference sites and other sites with similar or greater levels of disturbance caused by activities other than plantation forestry. A collaborative project between QFRI, the Queensland University of Technology and DPI Forestry to examine forestry road impacts on water quality in a harvested catchment, meanwhile, was started at Beerburum in 2001. A nearby catchment has also been selected and equipment installed for long-term water quality monitoring.

As a major land manager in the Pumicestone Passage catchment area, DPI Forestry is a partner in and a sponsor of an Australian Research Council project examining the toxic cyanobacteria *Lyngbya majuscula*. This project should provide a better understanding of *Lyngbya* algal blooms causes.



Slash pine harvesting in the Toolara State Forest.

Plantation health

DPI Forestry staff received training in 2001-2002 to manage the emerging threat of *Sirex* wood wasp incursions into Queensland's exotic pine plantations. Without proper management the wasp has the potential to devastate pine plantations. The wasp may be in Queensland in two years. Scientists have discovered biological control agents for the wasp and DPI Forestry is keeping a "watching brief" for incursions in its plantations near the Queensland/New South Wales border by setting up "trap trees" near Gambubal, Stanthorpe, Passchendaele and Pechey. Pine billets are also being tested to see whether the wasp infests tropical pine species as easily as southern species.

A report on F1 hybrid susceptibility to subterranean termites, based on Beerburum and Townsville field trials, was completed in 2002. The results indicate F1 hybrid heartwood is resistant to damage by the subterranean termites *Coptotermes acinaciformis* and *Mastotermes darwiniensis* when used in "H2" hazard conditions, that is, where the timber is above ground and weather protected but exposed to termites. Accordingly, QFRI will pursue the removal of Australian standards and state regulations that prevent using the unpenetrated heartwood of slash pine and Caribbean pine hybrids in "H2" hazard situations.

Araucaria research and development

Genetic improvement

The very best trees identified in DPI Forestry's araucaria breeding population are grafted into specially designed orchards of wide-spaced trees for superior seed production for future timber plantations. Qualities such as vigorous growth, stem straightness and longer distance between branches (inter-node length) are all favoured in araucaria tree breeding. During the year, grafting work was completed at two new seed orchards near Yarraman. The plantations developed from these orchards should surpass all existing araucaria plantations in terms of growth, stem straightness and inter-node length.

Product and market development

During 2001-2002, DPI Forestry continued its support for Araucaria Australia Group Incorporated research and development activities to foster domestic and international product and market development for high-quality araucaria. This research included comparative studies with other species and research into kiln-drying, brown stain, gluing, hardness, ply manufacture and tree characteristics that might affect wood quality.

The research looked at araucaria's performance in terms of planing, sanding, shaping, boring, mortising and turning compared with European beech and Philippine kauri. After rigorous tests, araucaria performed as well as these species in all tests except planing and boring, where defects were easily removed by sanding. These results augur well for araucaria's market position compared with competing products.



High-quality araucaria, bound for domestic and international markets, is milled at Hyne & Son's Melawondi Mill.

One issue facing araucaria is its tendency to stain under certain kiln-drying conditions. Previous studies had tried to solve this problem by changing kiln-drying processes and log storage times, but these met with limited success. Research this year took a different track by investigating araucaria's underlying chemistry to try to find a solution to the issue. Chemical compounds were identified, but they are yet to be confirmed as contributors to staining. Work on this project will continue through 2002-2003. Brown staining, meanwhile, has been noted in some araucaria heartwood when the timber is stored wet, causing drying difficulties and limiting marketability. While causes are yet to be identified, research during the year showed that the problems worsen in timber sourced from higher rainfall areas and from southern aspects of steeper slopes. Studies showed no structural, machining or gluing differences in araucaria affected by brown stain compared with unaffected timber. However, the affected timber's aesthetics make it difficult to market. Research into the issue will continue in 2002-2003.

Finger-jointing and edge-gluing shorter lengths of araucaria to manufacture longer and wider boards assists commercially by allowing more non-structural applications for the timber and environmentally by allowing industry to minimise waste. However, many araucaria export markets are in countries that have hot and humid climates that affect glue stability.

During the year, research identified glues that provide bond strengths similar to solid wood without breaking down in hot and humid conditions. Increasing araucaria's hardness, meanwhile, has been trialled by injecting the timber with resins at varying concentrations and depths. The trials found the process works successfully, but at this stage treatment costs remain relatively high. Similarly related to strength, a preliminary study investigating log source impact on araucaria ply's mechanical properties showed that juvenile and mature araucaria can be mixed with minimal impact on the ply's strength. In 2001-2002, a comprehensive report summarising the current knowledge of various araucaria wood properties as they impact on wood quality was also produced. This will assist industry to evaluate the potential impact of reduced rotation length or tree size on product performance.

Silvicultural systems

Field practice changes will be introduced following a trial that evaluated rainfall depth and timing impact on residual herbicide recovery and application techniques on herbicide droplet patterns. The trial showed that flat fan spray systems delivered a more reliable herbicide quantity to a specific area compared with the sparser droplet pattern from more commonly used sprinkler spray systems.



(Above) S & S Timbers' Liz Straker and DPI Forestry's Forest Manager (Maryborough) Dennis Rolfe.

(Above right) Contract forest worker Shaun Robertsen pruning hoop pine in the Imbil State Forest's Fraser logging area.

Sustainability, soils and nutrition

Researchers and students at Brisbane's Griffith University supported DPI Forestry's sustainability research during 2001-2002. The university is a partner with DPI Forestry in the CRC-SPF. Research highlights for the year related to harvesting impacts, site preparation impacts, nitrogen fertiliser and stream flow studies. QFRI and CRC-SPF researchers and students presented research findings at the annual Hoop Pine Soils and Nutrition field day in Imbil in March 2002. Results of these studies, including procedural guidelines and field practices, will feed into DPI Forestry's EMS.

A simulated harvesting experiment was set up at Yarraman to measure soil compaction in wet weather by log forwarders that transport cut timber from the forest to roadside transports. Trial results will be used to refine harvesting guidelines under wet soil conditions to ensure that long-term sustainability is maintained. The effectiveness of post-harvesting cultivation treatments in ameliorating soil compaction is also under investigation, as is the impact of cultivation on nitrogen cycling and availability, an essential element for successful plantation growth.

During the year CRC-SPF researchers compared the effect of broad-acre windrow residue retention in the first two years after araucaria site preparation and used rainfall simulations to measure windrow effectiveness in reducing sediment in water run-off. The studies found that residue retention maintained soil moisture and limited soil sediment runoff.

Researchers also found that when ground cover is low, the windrow itself became an effective erosion buffer.

Based on data from earlier experiments combined with the STEPS decision support software, QFRI researchers conducted a review of nitrogen fertiliser application in south-east Queensland araucaria plantations and recommended against such application to stands that would be pre-commercially thinned. The review also recommended continued monitoring and a re-evaluation in five years. Meanwhile, a small weir was installed on a creek within an araucaria plantation near Amamoor in the Mary Valley to monitor water quality prior to clearfall operations. However, severe drought conditions have limited useful data to date.

Plantation health

DPI Forestry continued its araucaria plantation health research during the year, focusing particular attention on root rot diseases and forest health surveillance. Root rot causes significant tree losses in araucaria plantations and monitoring sites have been established in several young second-rotation plantation areas to gain a better understanding of mechanisms that spread the fungus. Researchers are developing cost-effective techniques to apply naturally occurring fungal decay organisms that will out-compete the root rot fungi. Work on the project will continue in 2002-2003.

DPI Forestry's forest health surveillance program continued throughout the year, meanwhile, with ongoing visits to araucaria plantation sites and reports from the visits being presented to relevant forestry managers.

Native forest research and development

Cypress pine

Cypress pine research during 2001–2002 focused on DPI Forestry's ongoing cypress silviculture and sawing studies, long-term silviculture experiments, regeneration and fire management.

A project to investigate silvicultural management effects on cypress pine timber quality, and to look at cypress pine pests and diseases, has been ongoing since 1999 and is jointly funded by DPI Forestry and the Forest Wood Products Research and Development Corporation. The project looks at the attributes of nine cypress pine locations spread over three general sites (two in Queensland and one in New South Wales) that have undergone, variously, enhanced silvicultural management, some management and no management whatsoever. During 2001–2002, 270 logs from these sites were harvested and processed and showed that on some sites the amount of recoverable timber from each tree is influenced by forest management practices. A comprehensive report from this study will be completed in 2002–2003. In April 2002, QFRI developed a comprehensive list of all current cypress pine and western hardwoods silvicultural experiments, providing experiment numbers, locations and detailed information on treatments, measures and outcomes. These long-term experiments form the basis of Queensland cypress pine silvicultural practice and, as such, are a critical ongoing information source.

It is ironic that the fecundity of cypress pine forests, which makes them commercially productive, also threatens the forests' future growth. Cypress regeneration can occur on a massive scale given favourable conditions, with the young growth becoming "locked up" in the understorey of older trees. Thinning has been the most successful way of ensuring vigorous forest regrowth and this was usually undertaken by chainsaw gangs. However, chainsaw thinning is expensive and a trial at Umbercollie State Forest (near Goondiwindi) is evaluating other thinning methods.

To provide data on the effect fire has on cypress forests, an experiment started near Barakula in July 2001 to determine how controlled burning might be achieved with minimal impact on the species.

The study so far shows that good wildfire fuel reduction and low mortality levels can be achieved if certain practices are followed. Further work is planned during 2002–2003 to assist DPI Forestry field staff to develop standard cypress pine prescribed burning practices.

Sandalwood

DPI Forestry's sandalwood resource is scattered throughout Queensland's north-west. Although removals are low, the species provides high commercial returns as it is much sought after throughout Asia for aromatic oil and joss stick production. Growth and yield plots have been set up on several Crown holdings, representing sandalwood's natural distribution, including areas in the Gulf country around Normanton and the "basalt wall" near Hughenden. The plots will obtain accurate growth rate, size, regeneration and wood quality data. Reports for all sites are being prepared and preliminary results will be made available through 2002–2003. Meanwhile, harvesting trials were set up near Hughenden (in early 2000) and Normanton to study sandalwood's regenerative response to various harvesting methods. A third study looks at sandalwood's flowering and fruiting patterns to gain a better understanding of environmental factors influencing its regeneration. DPI Forestry field staff at Hughenden are carrying out observations with the information being collated by QFRI for inclusion in a report to be released later in 2002.

Hardwood research and development

QFRI undertakes significant hardwood plantation research and this is reported on in DPI annual reports. DPI Forestry is, however, undertaking native eucalypt forest regeneration research to investigate harvesting effects on coastal eucalypt regeneration. This study started in 1999 and shows individual species regeneration is sufficient to regenerate the entire forest.



“All about accuracy”

DPI Forestry’s Plantation Overseer (Atherton) Barry Heilbronn, centre, and General Forest Workers Luke Carroll, left, and Bob Grant undertake a volume table verification analysis on a felled araucaria in the Danbulla State Forest’s Lake logging area.

Volume tables allow quick calculation of timber volumes by measuring tree diameter and length and are verified regularly to ensure accuracy.



DPI Forestry Financial Statements for the financial year ended 30 June 2002

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Statement of Financial Performance
for the financial year ended 30 June 2002

	* Notes	2002 \$'000	2001 \$'000
Revenues from Ordinary Activities			
Net increment in valuation of plantation timber	3(a)(i)	155,699	88,710
Forest Product sales - non-plantation timber	3(b)	12,393	11,323
Specialised forest industry services		8,493	4,508
Quarry materials		2,856	2,723
Other revenue	3(c)	7,236	4,160
Total revenues from ordinary activities		186,677	111,424
Expenses from Ordinary Activities excluding borrowing costs expense			
Employee Expenses	6	34,245	31,574
Contracted forestry, professional, technical and other services		17,778	16,706
Depreciation and Amortisation	8	3,667	3,807
Hire of plant and equipment		2,332	2,523
Motor vehicle expenses		3,204	3,162
Occupancy costs		1,919	1,853
Forest maintenance expenses		2,851	3,107
Materials		1,849	1,907
Other operating expenses	7	3,512	3,567
Total expenses from ordinary activities excluding borrowing costs expense		71,357	68,206
Borrowing costs expense	5	4,690	4,704
Profit from ordinary activities before income tax equivalents		110,630	38,514
Income tax equivalents relating to ordinary activities	9	-	-
Profit from ordinary activities after income tax equivalents	19(ii)	110,630	38,514
Valuation increment - Asset Revaluation Reserve	19(iii)	7,335	50
Adjustment on adoption of new Accounting Standard AASB1041 - "Revaluation of Non-Current Assets" for reduction in Land value	19(ii)	(111)	-
Total valuation adjustments recognised directly in equity		7,224	50
Total changes in equity other than those resulting from transactions with owners as owners	19(vi)	117,854	38,564

* This Statement of Financial Performance should be read in conjunction with the accompanying notes.



Statement of Financial Position
as at 30 June 2002



	* Notes	2002 \$'000	2001 \$'000
Current Assets			
Cash assets	10	34,273	16,133
Receivables	11	15,143	14,174
Inventories	12	2,777	2,706
Total current assets		52,193	33,013
Non-Current Assets			
Receivables	11	177	283
Property, plant and equipment	14	51,583	40,651
Intangibles	13	75	89
Total non-current assets		51,835	41,023
Self - Generating and Regenerating Assets			
Plantation Growing Timber	15	982,252	897,761
Total Assets		1,086,280	971,797
Current Liabilities			
Payables	16	4,779	4,475
Provisions	18	14,070	6,779
Total current liabilities		18,849	11,254
Non-Current Liabilities			
Interest-bearing Liabilities	17	76,420	76,420
Total non-current liabilities		76,420	76,420
Total Liabilities		95,269	87,674
Net Assets		991,011	884,123
Equity			
Capital	19 (i)	844,284	844,271
Retained Surpluses	19 (ii)	24,138	9,065
Reserves			
- Asset Revaluation	19 (iii)	7,787	476
- Plantation Growing Timber Unrealised Revenue	19 (iv)	114,802	30,311
Total Equity	19 (vi)	991,011	884,123

* This Statement of Financial Position should be read in conjunction with the accompanying notes.

Statement of Cash Flows
for the financial year ended 30 June 2002

	* Notes	2002 \$'000	2001 \$'000
Cash Flows from Operating Activities			
Inflows:			
Receipts from customers		110,296	87,627
Interest received		906	1,139
Grants and subsidies received		-	23
Outflows:			
Payments to suppliers and employees		(71,194)	(66,410)
Borrowing Costs		(4,706)	(4,723)
Sales taxation equivalents paid		-	(258)
Grants and subsidies paid		(5)	(12)
GST remitted to ATO		(6,066)	(3,790)
Net cash provided by operating activities	21	29,231	13,596
Cash Flows from Investing Activities			
Inflows:			
Proceeds from sale of property, plant and equipment		1,003	771
Outflows:			
Payments for property, plant and equipment		(8,280)	(6,455)
Net cash used in investing activities		(7,277)	(5,684)
Cash Flows from Financing Activities			
Outflows:			
Dividends paid		(3,814)	(10,000)
Net cash used in financing activities		(3,814)	(10,000)
Net increase / (decrease) in cash held		18,140	(2,088)
Cash at the beginning of the financial year		16,133	18,221
Cash at the end of the financial year	10	34,273	16,133

* 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 2002

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 consistent with those of the previous year except for the accounting policy with respect to the revaluation of non-current physical assets. DPI Forestry has adopted the Accounting Standard AASB 1041 *Revaluation of Non-Current Assets* and Queensland Treasury's *Non-Current Asset Accounting Guidelines for the Queensland Public Sector*. Refer also note 2.12 for further disclosure in respect of items affected by this policy change.

2.2 CASH ASSETS

For the purposes of the Statement of Financial Position and the Statement of Cash Flows, cash assets include all cash and cheques received but not banked as well as deposits at call with financial institutions.

2.3 TRADE AND OTHER RECEIVABLES

Trade debtors 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. All trade debtors are secured by cash deposit or other financial guarantee.

Other receivables generally arise from transactions outside the usual operating activities of DPI Forestry and are recognised at their assessable values. Terms are net 30 days, except for Freeholding debtors, which are generally of a longer-term nature.

2.4 PAYABLES

Trade Creditors are recognised upon receipt of the goods or services ordered and are measured at the agreed purchase/contract price gross of applicable trade and other discounts. Amounts owing are generally settled on 7, 14 or 30-day terms.

2.5 INTEREST-BEARING LIABILITIES

Borrowings are recognised at the face value of the principal outstanding with interest being expensed as it accrues. Borrowings are also disclosed at their fair market value in Note 17.



2.6 DIVIDEND PAYABLE

Dividend payable is recognised when declared by DPI Forestry.

The dividend payable is declared at a negotiated percentage (currently 50%) of profit from ordinary activities after income tax equivalents and after adjustment for plantation timber valuation increments (net of sales) [Note 3(a)(iii)]. Adjustment for a Qfleet dividend allowance is also made. The dividend is payable to the Queensland Government.

2.7 INVENTORIES

Inventories are valued at the lower of cost and net realisable value. Cost is assigned on a weighted average basis and includes expenditure incurred in acquiring the inventories and bringing them to their existing condition. Net realisable value is determined on the basis of DPI Forestry’s normal selling pattern. Expenses associated with marketing, selling and distribution are deducted to determine net realisable value.

2.8 ACQUISITION OF ASSETS

Cost is used for the initial recording of all acquisitions of assets controlled by DPI Forestry. Assets acquired at no cost or for nominal considerations are recognised at their fair value at date of acquisition in accordance with AAS 21 *Acquisition of Assets*.

Cost is determined as the value given as consideration plus costs incidental to the acquisition, including all other costs incurred in getting the assets ready for use, including architects’ fees and engineering design fees.

2.9 PROPERTY, PLANT AND EQUIPMENT

All items of property, plant and equipment, except intangibles, with a cost, or other value, equal to or in excess of \$1,000 are recognised in the financial statements in the year of acquisition. Items with a lesser value are expensed in the year of acquisition.

2.10 INTANGIBLES

All intangible assets with a cost or value greater than \$50,000 are recognised in the financial statements, while items with a lesser value are expensed. Each intangible asset is amortised over its estimated useful life.

2.11 DEPRECIATION OF PROPERTY, PLANT AND EQUIPMENT AND AMORTISATION OF INTANGIBLES

Land is not depreciated as it has an unlimited useful life.

Depreciation on property, plant and equipment is calculated on a straight-line basis so as to write-off the net cost or revalued amount of each depreciable asset, less its estimated residual value, progressively over its estimated useful life. Work-in-Progress is not depreciated until it has reached service delivery capacity.

Where assets have separately identifiable components that are subject to regular replacement, these components are assigned useful lives distinct from the asset to which they relate. 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 to DPI Forestry.

The depreciable amount of improvements to or on leasehold property is allocated progressively over the estimated useful lives of the improvements or the unexpired period of the lease, whichever is shorter.

For each class of depreciable asset the following estimated useful lives were used:

Asset Class:	Average Estimated Useful Life (Years)
Land Improvements	23
Buildings	29
Access Roads	37
Leasehold Improvements	10
Plant and Equipment	6
Intangibles:	Average Amortisation Period (Years)
Software	7.5



2.12 REVALUATIONS OF NON-CURRENT PHYSICAL ASSETS

From 1 July 2001 land, buildings and access roads are measured at fair value in accordance with AASB 1041 *Revaluation of Non-Current Assets* and Queensland Treasury's *Non-Current Asset Accounting Guidelines for the Queensland Public Sector*.

All other non-current assets, principally plant and equipment and intangibles, are measured at cost.

Non-current physical assets measured at fair value are comprehensively revalued at least once every five years with interim valuations, using appropriate indices, being otherwise performed on an annual basis.

Only those assets, the total values of which are material, compared to the value of the class of assets to which they belong, are comprehensively revalued.

Separately identified components of assets are measured on the same basis as the assets to which they relate.

Change in Accounting Policy

DPI Forestry is applying the new accounting standard AASB 1041 and Queensland Treasury's *Non-Current Asset Accounting Guidelines for the Queensland Public Sector* for the first time in this financial reporting period.

In prior financial periods, all non-current physical assets were valued on the deprival basis in accordance with the Financial Management Standard and Queensland Treasury's guidelines "*Recording and Valuation of Non-Current Physical Assets in the Queensland Public Sector*". Under this concept, assets were valued at an amount that represented the loss that might be expected to have been incurred if DPI Forestry was deprived of the future economic benefits of the assets at the reporting date. Non-current physical assets having an estimated value greater than the revaluation threshold for the relevant class and an estimated useful life of more than three years were required to be revalued on a regular basis.

The values of assets in classes which are not to be reported at Fair Value have been deemed to be their cost of acquisition. Asset values in these classes have not been adjusted back to original cost even where this was known.

In classes to be reported at Fair Value, that is land, buildings and access roads, all assets were valued at their fair values as at 1 July 2001 by independent valuers. There are now no revaluation thresholds applied in the selection of items to be revalued.

The financial effect of changing to the Fair Value basis is an increase in value of \$2.1 million. This is the result of revaluing items to Fair Value that were previously excluded from revaluation because of revaluation thresholds.

2.13 LEASES

A distinction is made in the financial statements between finance leases that effectively transfer from the lessor to the lessee substantially all the risks and benefits incidental to ownership, and operating leases under which the lessor retains substantially all risks and benefits.

Where a non-current physical asset is acquired by means of a finance lease, the asset is recognised at an amount equal to the present value of the minimum lease payments. The liability is recognised at the same amount. Lease payments are allocated between the principal component of the lease liability and the interest expense.

Operating lease payments are representative of the pattern of benefits derived from the leased assets and accordingly, are expensed in the periods in which they are incurred.

Incentives received on entering into operating leases are recognised as liabilities. Lease payments are allocated between rental expense and reduction of the liability.

2.14 LIBRARY ASSETS

Purchases of library materials are expensed as incurred.



2.15 SELF-GENERATING AND REGENERATING ASSETS.

Under Australian Accounting Standard AAS 35 '*Self-Generating and Regenerating Assets*' (operative since 1 July 2000), Self-generating and regenerating assets (SGARA's) are defined as 'non-human living assets'. In implementing this standard DPI Forestry adopted Net Market Value (NMV) for the valuation of its assets under this category. NMV is the amount that could be expected to be received from the disposal of an asset in an active and liquid market after deducting the costs expected to be incurred in realising the proceeds of such a disposal.

As there is no observable active and liquid market for DPI Forestry's forest assets, DPI Forestry has, in accordance with the provisions of AAS 35, adopted the Net Present Value (NPV) methodology as the most appropriate alternative for estimating the net market value of its SGARA's.

DPI Forestry assets falling into this category consist mainly of plantation and native forest timber resources.

Plantation Growing Timber

DPI Forestry's plantation growing timber resources are comprised principally of exotic and native pine species distributed along the eastern seaboard of Queensland with the majority located in South East Queensland.

All current stands of plantation growing timber have been included in the valuation with the exception of:

- Plantings of minor species, small and fragmented plantation areas and areas subject to experimental treatments which previous marketing experience suggests are likely to be unmerchantable or have a value considered to be unreliable; and
- Hardwood plantations of merchantable and unmerchantable age which are immaterial to the valuation.

Native Forests

DPI Forestry's asset in State owned native forests is its right to harvest forest products from certain forest areas on a sustained yield basis in accordance with section 33(1) of the *Forestry Act 1959*.

Restrictions on native forest operations.

As a consequence of the signing of the South East Queensland Forest Agreement (SEQFA), DPI Forestry has secure access to a defined quantity of wood from native forests in South East Queensland (SEQ) for a period of 25 years expiring on 31 December 2024. All harvesting of native forests in SEQ will cease after this date.

Current cash flows associated with these native forest products have been examined and on the basis of this information the net value of DPI Forestry's access rights are considered to be immaterial at this point in time. Accordingly the value of access rights to native forest products has not been recognised in the Statement of Financial Position. This position will be re-assessed annually but is not expected to change.

Reliability of volumes and prices for Cypress forest resources extends only for 5 years. Accordingly this limited resource information would restrict the reliability of any asset valuation undertaken.

Other Self-Generating and Regenerating Assets

The SGARA assets represented by tree seed orchards, tree hedges and nursery seedlings have been assessed and, on the basis that these assets are not material in the context of financial reporting by DPI Forestry, they have not been recognised. This position will be re-assessed annually but is not expected to change.



Valuation of SGARA's

The NPV Methodology.

NPV is calculated as the net of the future cash inflows and outflows associated with forest production activities discounted back to current values at the specified Weighted Average Cost of Capital (WACC).

Under the NPV methodology, valuation changes arise mainly from:

- Changes in timber volume associated with growth and also changes to the overall estate as a result of annual planting and harvesting activity;
- Changes in timber prices;
- Changes in forest production costs; and
- Changes in the WACC rate used in the discounted cash flow calculation.



Assumptions underpinning the NPV calculation are:

- Forest valuations are based on the expected volumes of merchantable timber that will be realised from existing stands, given current management strategies and stand recovery rates.
- Only the current crop is valued. The cash flow analysis is based on the anticipated timing of the harvest of existing stands which has been derived from harvest plans developed for the entire estate.
- 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 date of harvest.
- Prices used in the NPV calculation are based on current selling prices at balance date unless market intelligence indicates that such prices are not indicative of future trends.
- The estimated cost of growing the existing stand until maturity is taken to account in determining the net cash flows.
- Costs used in the NPV analysis are three year rolling averages of actual costs for individual plantation operations, inflation adjusted to the current period. Three year averages also eliminate significant annual variations caused by things such as variable climatic, topographic and/or silvicultural factors (for example high rainfall years increase the weed spectrums to be controlled). It is also assumed that current (3 year rolling average) costs are the best indicator of future costs.
- Notional costs, particularly imputed land usage charges relating to State owned plantation land which DPI Forestry currently accesses at no charge (refer Note 2.17), have not been included in the calculation.
- All costs incurred in developing and managing the trees in forests are recognised as cash outflows in the NPV calculation except for capital items (e.g. buildings, major roads, heavy plant) which are deemed to have a life independent of the plantation. Usage of these assets is recognised through the application of an annual capital usage charge which is treated as a cash outflow for the purposes of the plantation valuation.
- The discount rate used is based on the Weighted Average Cost of Capital formula in conjunction with the Capital Asset Pricing Model. The discount rate is expressed in real terms, before income tax, and has been set with reference to benchmarked forestry industry risk margins relative to overall market risk margins. The use of 'real' discount rates effectively assumes that both prices and costs will rise over time in line with inflation and allows for all prices and costs to be expressed in current dollar terms.

Source of valuation of SGARA's.

The net market valuation (based on Net Present Value) of the plantation growing timber has been prepared by appropriately qualified staff employed by DPI Forestry using advanced modelling techniques/methods. The net present value calculations utilised for the forest valuation are underpinned by a computerised plantation decision support system.

The modelling component of the system used for plantation valuation has been reviewed by an independent expert [Dr. Jerry Leech, Dip For., M.Sc., Ph.D. (2002 and 1997)] who found the system including the growth and yield modelling components to be 'robust, complete, coherent and consistent, and in line with best practice'. Results derived from the system are extensively tested on an on-going basis by appropriately qualified DPI Forestry personnel.

2.16 RESERVING POLICY FOR UNREALISED REVENUE

DPI Forestry revalues its plantation growing timber annually and recognises the change in net present value as revenue or an expense in the Statement of Financial Performance in accordance with the treatment required in AAS35 “*Self-Generating and Regenerating Assets*”. A reserve account has been created to isolate unrealised revenue within the equity account. Unrealised revenue is transferred to the Plantation Growing Timber Unrealised Revenue Reserve until the revenue is realised (through timber sales) and becomes available for distribution. The reserve is adjusted annually for the net movement in unrealised revenue and the realisation of prior periods’ revenue through current year sales.

2.17 LAND

DPI Forestry carries out its forestry establishment, management and marketing operations principally on Crown land allocated for forest production purposes by either the Department of Natural Resources and Mines (NR&M) or the Environmental Protection Agency (EPA). While these agencies retain control over the 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 recognised as an asset in the Statement of Financial Position. This land includes specified freehold and Crown land parcels held for operational purposes.

2.18 QUARRIES

DPI Forestry obtains royalties from quarry operators for the extraction of quarry materials located on Crown land and identified freehold land. Revenues are brought 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.

2.19 EMPLOYEE ENTITLEMENTS

Wages, Salaries, Annual Leave and Sick leave

Wages, salaries and annual leave due but unpaid at reporting date recognised in the Statement of Financial Position include related on-costs such as payroll tax, workcover premiums and employer superannuation contributions.

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

Long Service Leave

Under the State Government’s long service leave scheme a levy is made on DPI Forestry to cover this expense. Amounts paid to employees for long service leave are claimed from the scheme as and when leave is taken.

No provision for long service leave is recognised in the financial statements, the liability being held on a whole-of-Government basis and reported in the financial report prepared pursuant to AAS 31 *Financial reporting by Governments*.

Superannuation

Employer superannuation contributions are paid to QSuper, the superannuation plan for Queensland Government employees at rates determined by the State Actuary.

No liability is recognised for accruing superannuation benefits in these financial statements, the liability being held on a whole-of-Government basis and reported in the financial report prepared pursuant to AAS 31 *Financial Reporting by Governments*.

2.20 RESEARCH AND DEVELOPMENT

Research and development costs are expensed 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.



2.21 TAXATION

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

Pursuant to Australian Accounting Standard AAS 3 *“Income Taxes”*, Income Tax Equivalent expense is calculated on the profit from ordinary activities in the Statement of Financial Performance after adjusting for permanent differences. The tax effect of timing differences, which arise from items being brought to account in different periods for income tax and accounting purposes is carried forward as a future tax equivalent benefit or a provision for deferred tax equivalent.

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

No liability has been brought to account as a provision for deferred tax equivalents. Such liabilities are currently wholly offset by an excess of future tax equivalents benefits.

Details of DPI Forestry’s tax position are disclosed at Note 9.

2.22 INSURANCE

DPI Forestry’s non-current physical assets and other risks are insured through the Queensland Government Insurance Fund, premiums being paid on a risk assessment basis. In addition DPI Forestry pays premiums to Workcover Queensland in respect of its obligations for employee compensation.

2.23 FINANCIAL REPORTING BY SEGMENTS

DPI Forestry operates principally in the forestry industry within Queensland.

2.24 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 towards the SGARA’s are expensed as incurred in line with DPI Forestry’s SGARA asset accounting policy (refer Note 2.15). The assets embodied in DPI Forestry’s share of the joint venture outputs have been assessed and, on the basis that these assets are not material, have not been recognised in the Statement of Financial Position. This position will be re-assessed annually. Details of DPI Forestry’s interests are disclosed at Note 23.

2.25 NON-RECIPROCAL TRANSFERS OF ASSETS AND LIABILITIES

Non-reciprocal transfers of assets and liabilities between wholly-owned Queensland public sector entities are accounted for as adjustments to capital in accordance with UIG Abstract 38 *Contributions by Owners Made to Wholly Owned Public Sector Entities*.

2.26 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 27.

2.27 BORROWING COSTS

Borrowing costs are recognised as expenses in the period in which they are incurred, except where they are included in the costs of qualifying assets.

Borrowing costs include:

- Interest on short-term and long-term borrowings;
- Ancillary administration charges; and
- Loan guarantee charges.

2.28 ROUNDING AND COMPARATIVES

Amounts included in the financial statements have been rounded to the nearest \$1000 or, where that amount is \$500 or less, to zero.

Comparative information has been restated where necessary to be consistent with disclosures in the current reporting period.



	2002 \$'000	2001 \$'000
3 REVENUE		
3(a)(i) Net increment in valuation of plantation timber		
Net increment in net market value of plantation timber recognised as revenue:-		
Plantation timber - Native Pine	29,926	26,435
- Exotic Pine	125,773	62,275
Net increment in valuation of plantation timber (1)	155,699	88,710
3(a)(ii) Proceeds from disposal.		
Proceeds from the disposal of plantation timber during the financial year at net market value:-		
Plantation timber - Native Pine	22,932	21,379
- Exotic Pine	48,276	37,020
Total proceeds from disposal of plantation timber	71,208	58,399
3(a)(iii) Unrealised revenue.		
Unrealised revenue transferred to the plantation growing timber unrealised revenue reserve	84,491	30,311

1) During 2001-02 several of the key determinants of revenue (i.e. net increment in plantation asset value) varied sufficiently to deliver an increase significantly above that achieved during the 2000-01 financial year.

In addition to the expected plantation growth the following items contributed to the significant and unanticipated increase reported:

- A modest reduction in the weighted average cost of capital applied in the NPV calculation; and
- Unexpected upward movements in exotic pine price indices used by DPI Forestry in setting timber prices.

	2002 \$'000	2001 \$'000
3(b) Forest product sales - Non-plantation Timber		
Native forest timber - Cypress	3,762	3,990
- Hardwood	7,190	6,172
- Sandalwood	154	162
Other hardwood timber sales	79	125
Seeds and seedlings	1,203	1,090
Freehold selection timber	5	(216)
Total forest product sales - non-plantation timber	12,393	11,323

	2002 \$'000	2001 \$'000
3(c) Other revenue		
Hardwood Plantation Establishment Initiative - land purchase	3,616	-
External Workshop Charges	677	889
Fees and permits	439	348
Interest	927	1,229
External plant hire	357	414
Grants & Subsidies	-	2
Gain on disposal of plant and equipment (1)	175	-
Other sundry revenue	1,045	1,278
Total other revenue	7,236	4,160

- 1) Gain on disposal comprised of:-
- | | | |
|---|-------|---|
| Proceeds from sale of plant and equipment | 1,000 | - |
| Carrying value of assets sold | (825) | - |
| Gain on disposal of plant and equipment | 175 | - |

4 INDICATIVE PHYSICAL QUANTITIES OF PLANTATION TIMBER AND NET VALUATION INCREMENT RECOGNISED AS REVENUE

	Hectares	Volume M ³	Change in net Market Value	Hectares	Volume M ³	Change in net Market Value
	2002 ' 000	2002 ' 000	2002 \$'000	2001 '000	2001 '000	2001 \$'000
Plantation timber - Native Pine	43	22,105	29,926	43	22,957	26,435
- Exotic Pine	128	49,216	125,773	127	48,328	62,275
Total	171	71,321	155,699	170	71,285	88,710

5 BORROWING COST

	2002 \$'000	2001 \$'000
Borrowing costs comprised:		
Interest expense - QTC loan	4,223	4,238
Administration charges - QTC Loan	85	84
Loan Guarantee Fee - QTC loan	382	382
Total borrowing costs	4,690	4,704

6 EMPLOYEE EXPENSES AND NUMBER OF EMPLOYEES

	2002 \$'000	2001 \$'000
Employee expenses:		
Wages and Salaries	28,901	26,647
Employer superannuation contributions	2,895	2,714
Payroll Tax	1,556	1,559
Long service leave levy	433	372
Termination & Ex-gratia payments	115	11
Other	345	271
Total employee expenses	34,245	31,574
Number of employees: The number of employees includes both full-time and part-time employees measured on a full-time equivalent basis.	709	668

7 OTHER EXPENSES

	2002 \$'000	2001 \$'000
Other expenses		
Travel expenses	794	619
Workers' Compensation Expense	832	501
Bad & Doubtful debts	4	(51)
Audit fees	148	134
Loss on disposals of plant and equipment (1)	-	931
Other	1,734	1,433
Total other expenses	3,512	3,567

- 1) Loss on disposal comprised of:-
- | | | |
|---|---|---------|
| Proceeds from sale of plant and equipment | - | 314 |
| Carrying value of assets sold | - | (1,245) |
| Loss on disposals of plant and equipment | - | (931) |



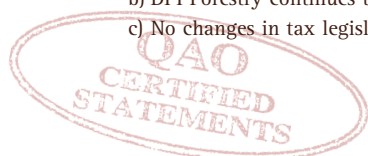
8 DEPRECIATION AND AMORTISATION	2002 \$'000	2001 \$'000
Depreciation and amortisation incurred in respect of:		
Access Roads	368	230
Buildings & Building Improvements	488	734
Computer Equipment	435	470
Furniture & Fittings	94	93
Heavy Plant	982	994
Land Improvements	136	140
Motor Vehicles	507	513
Office Equipment	159	165
Staff Amenities	1	1
Plant & Equipment - Other	418	394
Amortisation - Software Developed In-House	14	14
Leasehold Improvements	65	59
Total Depreciation and Amortisation	3,667	3,807

9 INCOME TAX EQUIVALENT	2002 \$'000	2001 \$'000
Profit from ordinary activities	110,630	38,513
Prima facie tax equivalent expense calculated at 30% (2001: 34%) of profit from ordinary activities	33,189	13,094
Tax effect of permanent differences:		
Acquired timber felled - Queensland Income Tax Equivalents Ruling 95/4 -ITAA97 Sec 70-120	(13,971)	(13,664)
Revaluation of Growing Timber	(25,347)	(10,306)
Entertainment - non-deductible	6	9
Depreciation - non-deductible	135	(5)
Other	118	2
Income tax equivalent expense (benefit) adjusted for permanent differences	(5,870)	(10,870)
Current year tax losses and timing differences not brought to account (1)	5,870	10,870
Total tax equivalent expense (benefit)	-	-

1) A future tax equivalent benefit related to carry forward losses has not been brought to account as an asset of DPI Forestry, as realisation of the benefit cannot be regarded as being virtually certain. These carry forward losses encompass the effect of the above permanent and timing differences. Accumulated future tax equivalent benefits attributable to tax losses carried forward as at 30 June 2002 are \$57,816,150 (at 30%.)

These benefits 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.



	2002 \$'000	2001 \$'000
10 CASH		
Cash on hand	27	29
Cash at bank	34,246	16,104
Total cash	34,273	16,133

	2002 \$'000	2001 \$'000
11 RECEIVABLES		
Current		
Trade debtors	13,205	12,708
Freehold selection debtors (1)	115	196
	13,320	12,904
Less - Provision for doubtful debts	(6)	(5)
	13,314	12,899
Interest receivable	297	276
Other debtors	1,532	999
	15,143	14,174
Non-Current		
Freehold selection debtors (1)	177	283
Total receivables	15,320	14,457

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.

The Department of Natural Resources and Mines manages the freehold selection debtors.

	2002 \$'000	2001 \$'000
12 INVENTORIES		
Finished goods:		
Seeds and seedlings - at cost	1,472	1,429
Raw materials and stores:		
Miscellaneous - at cost	1,305	1,277
Total inventories	2,777	2,706

	2002 \$' 000	2001 \$'000
13 INTANGIBLES		
Internal use software		
At Management valuation	339	339
Accumulated amortisation	(264)	(250)
Total intangibles	75	89



	2002 \$'000	2001 \$'000
14 PROPERTY, PLANT AND EQUIPMENT		
Land		
At fair value (1)	10,267	6,765
Buildings		
At fair value (1)	24,588	16,360
Accumulated depreciation	(12,501)	(5,195)
	12,087	11,165
Land improvements		
At cost	3,592	3,741
Accumulated depreciation	(1,084)	(1,236)
	2,508	2,505
Leasehold improvements		
At cost	648	644
Accumulated amortisation	(139)	(74)
	509	570
Access roads		
At fair value (1)	17,494	7,964
Accumulated depreciation	(5,220)	(1,486)
	12,274	6,478
Plant and equipment		
At cost	27,563	26,370
Accumulated depreciation	(13,971)	(13,771)
	13,592	12,599
Capital works in progress		
At cost	346	569
Total Property, plant and equipment		
At cost	32,149	31,324
At fair value	52,349	31,089
Accumulated depreciation	(32,915)	(21,762)
Total property, plant and equipment – net book value	51,583	40,651

Valuation of Property, Plant and Equipment

All Land, Buildings and Access Roads are carried at fair value, while all other asset classes are carried at cost in accordance with Queensland Treasury's *Non-Current Asset Accounting Guidelines for the Queensland Public Sector*.

- 1) *Land, Access Roads and Buildings* were revalued using fair value principles as at 1 July 2001, by the following independent expert valuers:
Australian Valuation Office, R N Mullins, FAPI LLB



Property, Plant and Equipment Reconciliation

Reconciliation of carrying amount of asset classes	Land	Buildings	Land Improvements	Leasehold Improvements	Access Roads	Plant and Equipment	Capital Works in Progress	Total
	2002 \$000	2002 \$000	2002 \$000	2002 \$000	2002 \$000	2002 \$000	2002 \$000	2002 \$000
Carrying amount at start of year	6,765	11,165	2,505	570	6,478	12,599	569	40,651
Acquisitions	3,617	5	36	4	-	4,140	509	8,311
Disposals	(4)	(80)	(13)	-	(10)	(724)	(45)	(876)
Transfer between classes	-	116	116	-	281	174	(687)	-
Revaluation:-								
Increments / (decrements)	(111)	1,368	-	-	5,893	-	-	7,150
Depreciation / Amortisation	-	(487)	(136)	(65)	(368)	(2,597)	-	(3,653)
Carrying amount at end of year	10,267	12,087	2,508	509	12,274	13,592	346	51,583

15 PLANTATION GROWING TIMBER

	2002 \$'000	2001 \$'000
Balance at the beginning of the financial year	897,761	1,012,617
Adjustment at 1 July 2001 upon adoption of new Accounting Standard AAS35 - "Self-Generating and Regenerating Assets"	-	(145,167)
Valuation increment/(decrement) net of plantation timber sales	84,491	30,311
Balance at the end of the financial year	982,252	897,761

On 1 July 2000, AAS 35, "Self Generating and Regenerating Assets" was adopted by DPI Forestry for the first time and required the implementation of a new valuation methodology (net present value of cash flows). Details of this change in accounting policy including the key assumptions used in the asset valuation are outlined in Note 2.15.

16 PAYABLES

	2002 \$'000	2001 \$'000
Current		
Trade creditors	747	420
Accrued interest, loan guarantee fee and other costs of finance	1,456	1,460
Long Service Leave Levy Payable	109	93
Accrued staff related expenses	221	214
Tax payable - Payroll	113	114
- GST Payable	1,045	808
- Less GST Receivable	(392)	(480)
Accrued expenses	947	595
Prepaid royalties, grants & other revenue received in advance	51	202
Miscellaneous	482	1,049
Total payables	4,779	4,475



	2002 \$'000	2001 \$'000
17 INTEREST-BEARING LIABILITIES		
Non-current		
Queensland Treasury Corporation Loan (1) - [market value as at 30 June \$83.291M]	76,420	76,420
Total borrowings	76,420	76,420

1) No part of this loan has been reported as 'current' as the loan is 'interest only'. After approval from the Treasurer the 'interest only' terms have been extended a further year until 30 June 2003. The period of the loan has also been extended a year. Queensland Treasury Corporation provides the loan. The interest rate is 5.5%. The market value represents the value of the debt if DPI Forestry repaid the debt at 30 June 2002. As DPI Forestry intends to hold the loan for its term, no provision has been made in these accounts for the margin between book and market value. Refer note 5 for information relating to borrowing costs associated with this loan.

	2002 \$'000	2001 \$'000
18 PROVISIONS		
	Note	
Current		
Provision for dividend	20	10,979
Recreation leave		3,091
Total provisions		14,070

Aggregate employee entitlements for 2001-02 amounted to \$3,421,0000 (2001: \$3,272,000) being leave provisions at Note 18, accrued long service leave levies and staff related expenses at Note 16.

	2002 \$'000	2001 \$'000
19 CHANGES IN EQUITY		
	Note	
(i) Capital		
Balance at the beginning of the financial year		844,271
<i>Adjustment at 1 July 2000 on adoption of new Accounting Standard AAS35 - "Self-Generating and Regenerating Assets"</i>		935,186
- Decrement in the value of the Plantation Growing Timber		-
- Elimination of C & D class access roads		(145,167)
- Reclassification of nursery seedling inventory		(21,928)
- Transfers from reserves		(146)
Non-reciprocal transfer of assets and liabilities		82,583
	13	(6,257)
Balance at the end of the financial year		844,284
(ii) Retained Profits		
Balance at the beginning of the financial year		9,065
Net Profit for the period (1)		4,662
Dividend provided for	18,20	110,630
Adjustment on adoption of new Accounting Standard AASB1041 - "Revaluation of Non-Current Assets" for reduction in Land value		(10,979)
Transfer from Asset Revaluation Reserve	19(iii)	(111)
Unrealised revenue transferred to Plantation Growing Timber Unrealised Revenue Reserve	3(a)(iii)	24
		14
Balance at the end of the financial year		24,138



19 CHANGES IN EQUITY (continued)	Note	2002 \$'000	2001 \$'000
(iii) Asset Revaluation Reserve			
Balance at the beginning of the financial year		476	1,232
Increment/(Decrement) on revaluation			
- Access Roads		5,893	-
- Land, Land improvements and Buildings		1,442	50
Transfer to Capital upon adoption of new Accounting Standard AAS35 - "Self-Generating and Regenerating Assets" for access roads		-	(792)
Transfer to Retained Profits	19(ii)	(24)	(14)
Balance at the end of the financial year		7,787	476
(iv) Plantation Growing Timber Unrealised Revenue Reserve			
Balance at the beginning of the financial year		30,311	-
Unrealised revenue transferred from Retained Profits (1)	3(a)(iii)	84,491	30,311
Balance at the end of the financial year		114,802	30,311
(v) Plantation Growing Timber Revaluation Reserve			
Balance at the beginning of the financial year		-	81,791
Transfer to Capital on adoption of new Accounting Standard AAS35 - "Self-Generating and Regenerating Assets"		-	(81,791)
Balance at the end of the financial year		-	-
(vi) Total Equity			
Balance at the beginning of the financial year		884,123	1,022,871
Changes in equity recognised in the Statement of Financial Performance		117,854	38,564
<i>Transactions with Owners as Owners</i>			
- Adjustment on adoption of AAS35		-	(167,241)
- Non-reciprocal transfer of assets and liabilities		13	(6,257)
- Dividends		(10,979)	(3,814)
Balance at the end of the financial year		991,011	884,123

(1) The profit figure for the period contains the net increment in the value of standing timber in DPI Forestry's plantations. Under Accounting Standard AAS35, DPI Forestry must bring to account as revenue the increment in the value of its plantations regardless of whether the plantation timbers have been sold or not. This treatment has given rise to the creation and use of the Plantation Growing Timber Unrealised Revenue Reserve, which sets aside the unrealised portion of the increment in plantation growing timber (refer note 2.16). This unrealised revenue is not available for distribution. Calculation details of the unrealised revenue amount can be found at note 3(a)(iii).



20 DIVIDEND

The dividend of \$10,978,608 (2001: \$3,814,440) provided for is payable to the Queensland Government. Refer note 2.6.

Note. Applicable to this financial year only, an agreement was reached with Queensland Treasury to exclude funding provided for land purchases under the Hardwood Plantation Establishment Initiative (refer note 3(c) from the calculation of dividend payable.

21 RECONCILIATION OF NET CASH PROVIDED BY OPERATING ACTIVITIES TO PROFIT AFTER INCOME TAX EQUIVALENTS

	Note	2002 \$'000	2001 \$'000
Profit from ordinary activities after income tax equivalents		110,630	38,514
Non-cash items:			
Unrealised plantation growing timber revenue	3(a)(iii)	(84,491)	(30,311)
Depreciation and Amortisation		3,667	3,807
Asset write-downs and decrements		74	-
(Gain)/loss on disposal of non-current assets		(174)	942
Changes in assets and liabilities:			
(Increase)/decrease in inventories		(71)	114
(Increase)/decrease in net receivables		(752)	486
(Increase)/decrease in GST input tax credits receivable		88	(475)
(Increase)/decrease in prepayments & other assets		(111)	38
Increase/(decrease) in employee provisions		139	51
Increase/(decrease) in unearned revenue		(151)	(573)
Increase/(decrease) in GST payable		237	806
Increase/(decrease) in creditors		146	197
Net cash provided by operating activities		29,231	13,596

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 Statement of Financial Position as detailed in Note 10.

22 FINANCING FACILITIES

	2002 \$'000	2001 \$'000
Standby arrangements to provide funds and support facilities		
Credit facility	3,000	3,000
Amount utilised	-	-
Unused credit facility	3,000	3,000

At 30 June 2002, 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.



23 INTERESTS IN JOINT VENTURES

DPI Forestry holds an interest in a number of joint ventures (Refer Note 2.24). These currently fall into two primary categories, namely;

23 (a) Joint Venture Operations.

Inputs to these joint ventures are recorded and accumulated over the life of the venture with the outputs being shared in proportion to the investment. Investments in these ventures are currently classified by output as follows:

Private Forestry Plantations Ventures:

Designed to establish commercially viable timber plantations on private and crown lands. Contributions to these joint ventures for 2001-02 totalled \$998,722 (2001: \$992,268).

Seed Orchard Venture:

Designed to produce and sell improved tree seed from an orchard established for the purpose.

Contributions to this joint venture for 2001-02 totalled \$23,880 (2001: \$30,535).

- No output was derived from the joint venture operations during the year (2001: \$nil).
- Total contributions to joint venture operations at 30 June 2002 amounted to \$4,321,451 (2001: \$3,298,842). Of this amount \$3,232,064 (2001: \$2,314,622) has been provided from State funding external to DPI Forestry.

23 (b) Joint Venture Entity.

A company (Wollemi Australia Pty Ltd) was established on 28 May 2001 to manage the propagation and worldwide marketing of the Wollemi pine under licence from the Royal Botanic Gardens in Sydney. The State of Queensland has a 50% interest in this company (1 share at \$1), which will conduct its business primarily via sub-licensing arrangements.

As at 30 June 2002 this company had not commenced trading.

24 CONTROLLED ENTITY

In August 2001, with the approval of the Treasurer, DPI Forestry formed Qfor Pty. Ltd., and acquired a 100% interest (10 shares at a \$1) in the company. The company was formed as a suitable corporate vehicle from which to conduct certain commercial joint ventures, particularly the Wollemi Joint Venture. See note 23(b).

As investment to date has been minor and the company has not yet commenced trading, the entity is considered immaterial for reporting purposes and has not been consolidated into DPI Forestry's financial statements.

The Auditor-General of Queensland has been appointed as the company's auditor.



25 CONTINGENT LIABILITIES

DPI Forestry was self-insured for workers' compensation prior to 1 July 1995. There are no outstanding damages actions relating to this period. Claims made by employees for injuries sustained on or after 1 July 1995 in the course of carrying out their employment duties are fully covered by insurance through Workcover Queensland.

There are two matters relating to personal injury claims to non-employees, one breach of contract claim and one negligence claim 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	2
District Court	2

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.

DPI Forestry has insurance cover with the Queensland Government Insurance Fund. The costs of any successful claims against DPI Forestry may, depending on the circumstances, be met by the insurer.

26 COMMITMENTS FOR EXPENDITURE

Capital expenditure - plant and equipment payable within 1 year: \$71,117 (2001: \$420,006).

27 DEPOSITS HELD IN TRUST

Security, tender and other deposits are held by DPI Forestry in trust primarily as guarantees for performance under timber sales agreements and contracts. Deposits held as at 30 June 2002 amounted to \$727,369 (30 June 2001 \$712,304). 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.



28 FINANCIAL INSTRUMENTS

28 (a) Interest rate risk.

Financial Instruments	Floating Rate		Fixed Rate Maturing in								Average Rate:					
			1 year or less		1 to 5 years		Greater than 5 years		Non-Interest Bearing		Total		Fixed		Floating	
	2002	2001	2002	2001	2002	2001	2002	2001	2002	2001	2002	2001	2002	2001	2002	2001
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	%	%	%	%
Financial Assets																
Cash	34,246	16,104	-	-	-	-	-	-	27	29	34,273	16,133	-	-	3.74	5.00
Receivables -trade debtors	-	-	-	-	-	-	-	-	13,205	12,708	13,205	12,708	-	-	-	-
Receivables (other than trade debtors)	-	-	-	-	-	-	-	-	2,115	1,749	2,115	1,749	-	-	-	-
Total Financial Assets	34,246	16,104	-	-	-	-	-	-	15,347	14,486	49,593	30,590	-	-	-	-
Financial Liabilities																
Payables	-	-	-	-	-	-	-	-	4,779	4,475	4,779	4,475	-	-	-	-
Interest-bearing liabilities	-	-	-	-	24,148	29,524	52,272	46,896	-	-	76,420	76,420	5.52 *	5.52	-	-
Dividend payable	-	-	-	-	-	-	-	-	10,979	3,814	10,979	3,814	-	-	-	-
Total Financial Liabilities	-	-	-	-	24,148	29,524	52,272	46,896	15,758	8,289	92,178	84,709	-	-	-	-

* This rate represents the book rate applicable to an interest only borrowing. The loan reverts to principal and interest on 1 July 2003, at which time an approximate book rate of 6.15% will apply.

28 (b) Net fair values.

Financial Instruments	Total carrying amount as per the Statement of Financial Position		Net fair value	
	2002	2001	2002	2001
	\$'000	\$'000	\$'000	\$'000
Financial Assets				
Cash	34,273	16,133	34,273	16,133
Receivables -trade debtors	13,205	12,708	13,205	12,708
Receivables (other than trade debtors)	2,115	1,749	2,115	1,749
Total Financial Assets	49,593	30,590	49,593	30,590
Financial Liabilities				
Payables	4,779	4,475	4,779	4,475
QTC Borrowings	76,420	76,420	83,291	82,010
Dividend payable	10,979	3,814	10,979	3,814
Total Financial Liabilities	92,178	84,709	99,049	90,299

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

28 (c) 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 Statement of Financial Position.

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

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



CERTIFICATE OF DPI FORESTRY

The foregoing financial statements have been prepared pursuant to the provisions 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 2002 and of the financial position as at the end of that year.

DR W A HOEY
Director-General

R BECK
Executive Director (DPI Forestry)

27th August 2002



INDEPENDENT AUDIT REPORT

To the Director-General of the Department of Primary Industries.

Scope

I have audited the General Purpose Financial Statements of DPI Forestry, a Commercialised Business Unit of the Department of Primary Industries prepared by DPI Forestry for the year ended 30 June 2002 in terms of s.40 of the *Financial Administration and Audit Act 1977*. The financial statements comprise the Statement of Financial Performance, Statement of Financial Position, Statement of Cash Flows, Notes to and forming part of the financial statements and certificates given by the Director-General and officer responsible for the financial administration of DPI Forestry.

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 Australian Auditing Standards to provide reasonable assurance as to whether the financial statements are free of material misstatement. Audit procedures included examination, on a test basis, of evidence supporting the amounts and other disclosures in the financial statements and the evaluation of 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 the 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 and 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 section 40 of the *Financial Administration and Audit Act* I certify that -

- (a) I have received all the information and explanations which I have required; and
- (b) in my opinion -
 - (i) the prescribed requirements in respect of the establishment and keeping of accounts have been complied with in all material respects; and
 - (ii) the Statements have been drawn up so as to present a true and fair view in accordance with the prescribed accounting standards, of the transactions of DPI Forestry for the financial year 1 July 2001 to 30 June 2002 and of the financial position as at the end of that year.

M.R.HYMAN, CA

Acting Assistant Auditor-General

(As Delegate of the Auditor-General)



Queensland Audit Office

Brisbane

Statistical Appendix 1

DPI Forestry plantation timber removals (cubic metres) - 2001/2002 financial year

PRODUCT	NORTH REGION				SOUTH WEST REGION		SOUTH EAST EXOTIC REGION			SOUTH EAST HOOP REGION			TOTAL		
	Atherton	Ingham	Rockhampton	Monto	TOTAL	Dalby	TOTAL	Beerburrum	Maryborough	TOTAL	Imbil	Yarraman	TOTAL	2001-2002	2000-2001
SAWLOG															
Native Pine	3,711	7,968	64	28,914	40,657						231,162	84,573	315,735	356,392	326,857
Exotic Pine	4,775	9,655	48,896		63,326	22,524	22,524	200,161	607,419	807,580	4,402	223	4,625	898,055	629,727
Non-Conifers	411				411						209		209	620	657
Total	8,897	17,623	48,960	28,914	104,394	22,524	22,524	200,161	607,419	807,580	235,773	84,796	320,569	1,255,067	957,241
PULPWOOD															
Pulpwood			21,170	6,321	27,491			19,275	332,813	352,088	15,829	7,368	23,197	402,776	631,258
Total			21,170	6,321	27,491			19,275	332,813	352,088	15,829	7,368	23,197	402,776	631,258
MISCELLANEOUS															
Roundwood								1,854	90,470	92,324	19		19	92,343	86,139
Poles															
Total								1,854	90,470	92,324	19		19	92,343	86,139
TOTAL															
2001/02	8,897	17,623	70,130	35,235	131,885	22,524	22,524	221,290	1,030,702	1,251,992	251,621	92,164	343,785	1,750,186	
2000/01	6,591	15,008	86,709*	36,409*	144,717	19,811	19,811	152,739	1,054,615	1,207,354	217,010	85,745	302,755		1,674,638

* Revised figures

Statistical Appendix 2

DPI Forestry native forest timber removals (cubic metres) - 2001/2002 financial year

PRODUCT	NORTH REGION					SOUTH WEST REGION			SOUTH EAST EXOTIC REGION			SOUTH EAST HOOP REGION		TOTAL		
	Atherton	Ingham	Rockhampton	Monto	TOTAL	Dalby	Roma	TOTAL	Beerburum	Maryborough	TOTAL	Imbil	Yarraman	TOTAL	2001-2002	2000-2001
SAWLOG																
Hardwoods	5,874	2,593	43,567	51,240	103,274	2,537	5,444	7,981	10,184	39,676	49,860	435	6,480	6,915	168,030	142,711
Cypress			6,424		6,424	48,549	88,230	136,779	165		165		138	138	143,506	146,031
Other Pine																11
Total	5,874	2,593	49,991	51,240	109,698	51,086	93,674	144,760	10,349	39,676	50,025	435	6,618	7,053	311,536	288,753
PULPWOOD						363		363							363	955
Total						363		363							363	955
MISCELLANEOUS																
Railway sleepers & like timber		1,317	31		1,348										1,348	1,379
Landscaping & fencing timber	397	31	12,500	5,685	18,613	671	649	1,320	383	4,953	5,336	446	150	596	25,865	29,337
Mining timber			45		45										45	314
Girders, corbels, piles, & sills	431	19	1,452	216	2,118	7		7	67	1,983	2,050	2	44	46	4,221	5,121
Hardwood poles	28		27	761	816				1,084	6,024	7,108				7,924	8,003
Other hardwood round timber	658	69	4,921	56	5,704	1,359	92	1,451	84	675	759	3	7	10	7,924	9,020
Sandalwood		275			275										275	279
Total	1,514	1,711	18,976	6,718	28,919	2,037	741	2,778	1,618	13,635	15,253	451	201	652	47,602	53,453
TOTAL 2001/02	7,388	4,304	68,967	57,958	138,617	53,486	94,415	147,901	11,967	53,311	65,278	886	6,819	7,705	359,501	
TOTAL 2000/01	6,271	6,634	58,512	47,529	118,946	62,656	93,233	155,889	15,590	47,195	62,785	3,182	2,362	5,544		343,161

Statistical Appendix 3

Queensland private milling timber removals (cubic metres) - 2001/2002 financial year

PRODUCT	NORTH REGION					SOUTH WEST REGION				SOUTH EAST EXOTICS REGION			SOUTH EAST HOOP REGION		TOTAL	
	Atherton	Ingham	Rockhampton	Monto	TOTAL	Dalby	Roma	TOTAL	Beerburrrum	Maryborough	TOTAL	Imbil	Yarraman	TOTAL	2001-2002	2000-2001*
NATIVE FORESTS																
Hardwood & Scrubwood	2,303	3,200	15,753	28,720	49,976	24,704	31	24,735	60,330	27,349	87,679	10,270	17,750	28,020	190,410	220,969
Cypress			281		281	27,796	6,884	34,680					90	90	35,051	39,713
Other Pine	4				4	675	390	1,065	841	1	842		880	880	2,791	1,188
Total	2,307	3,200	16,034	28,720	50,261	53,175	7,305	60,480	61,171	27,350	88,521	10,270	18,720	28,990	228,252	261,870
PLANTATIONS																
Native Pine	16				16				5,130	174	5,304		2,368	2,368	7,688	1,674
Exotic Pine	114	1,502	41		1,657	1		1	123,583	1,699	125,282				126,940	115,497
Broadleaf	300		10		310										310	655
Total	430	1,502	51		1,983	1		1	128,713	1,873	130,586		2,368	2,368	134,938	117,826
TOTAL																
2001/02	2,737	4,702	16,085	28,720	52,244	53,176	7,305	60,481	189,884	29,223	219,107	10,270	21,088	31,358	363,190	
2000/01*	5,628	3,629	23,440	37,466	70,163	60,600	13,208	73,808	170,612	36,315	206,927	6,614	22,039	28,653		379,696

Note: This appendix shows removals from privately-owned forests by other forest growers. See appendices 1 and 2 for DPI Forestry removals. * Revised figures

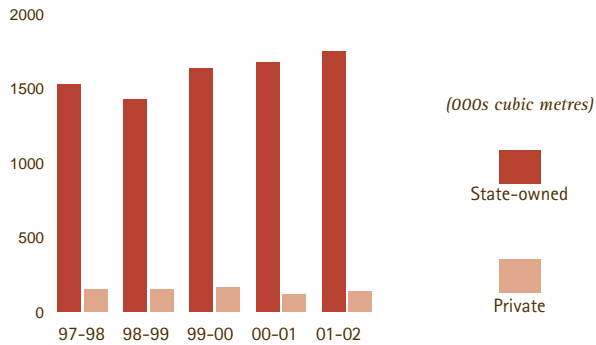
Statistical Appendix 4

DPI Forestry quarry materials (m³) and minor forest products removals (\$) - 2001/2002 financial year

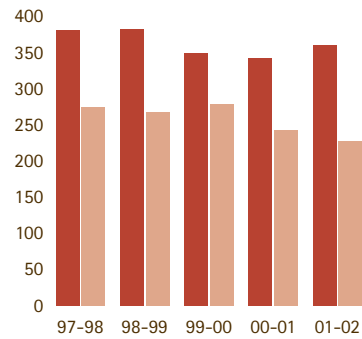
PRODUCT	NORTH REGION					SOUTH WEST REGION			SOUTH EAST EXOTIC REGION			SOUTH EAST HOOP REGION		TOTAL		
	Atherton	Ingham	Rockhampton	Monto	TOTAL	Dalby	Roma	TOTAL	Beerburrum	Maryborough	TOTAL	Imbil	Yarraman	TOTAL	2001-2002	2000-2001
QUARRY MATERIALS* (m³)																
Quarry Materials	118,032	639,318	651,153	34,229	1,442,732	74,822	104,211	179,033	704,395	17,918	722,313	5	5	2,344,083	2,242,690	
Total	118,032	639,318	651,153	34,229	1,442,732	74,822	104,211	179,033	704,395	17,918	722,313	5	5	2,344,083	2,242,690	
MINOR FOREST PRODUCTS** (\$)																
Native Forest	32,957	965	12,086	296	46,304	7,967	3,532	11,499	110,349	1,044	111,393	1,212	563	1,775	170,971	180,258
Plantation	1,000		15,258		16,258				27,508	71,617	99,125	747	38	785	116,168	78,635
Total	33,957	965	27,344	296	62,562	7,967	3,532	11,499	137,857	72,661	210,518	1,959	601	2,560	287,139	258,893

* Includes sand, gravel, fill, hard rock and like material ** Includes seed, wildflowers and foliage, epiphytes, small trees and miscellaneous wood.

Queensland plantation timber removals



Queensland native forest timber removals



Statistical Appendix 5

Area of state-owned plantation established by DPI Forestry (ha) - 2001/2002 financial year

PRODUCT	NORTH REGION				SOUTH WEST REGION			SOUTH EAST EXOTIC REGION			SOUTH EAST HOOP REGION			TOTAL	
	Atherton	Ingham	Rockhampton	Monto	TOTAL	Dalby	TOTAL	Beechburrum	Maryborough	TOTAL	Imbil	Yarraman	TOTAL	2001-2002	2000-2001
NATIVE PINE															
First Rotation															
Second Rotation	28			36	64						318	151	469	533	576
Total	28			36	64						318	151	469	533	576
EXOTIC PINE															
First Rotation		13	277		290									290	300
Second Rotation		13	119		132	51	51	910	2,323	3,233				3,416	4,448
Total		26	396		422	51	51	910	2,323	3,233				3,706	4,748
HARDWOODS															
First Rotation				340	340				70	70	750	540	1290	1,700	456
Second Rotation									7	7				7	149
Total				340	340				77	77	750	540	1290	1,707	605
MISCELLANEOUS															
First Rotation											1		1	1	7
Second Rotation			1		1			6		6		10	10	17	51
Total			1		1			6		6	1	10	11	18	58
TOTAL 2001/02	28	26	397	376	827	51	51	916	2,400	3,316	1,069	701	1,770	5,964	
TOTAL 2000/01	23	22	492	56	593	209	209	1,738	2,699	4,437	386	361	747		5,987

Statistical Appendix 6

Area of state-owned plantation managed by DPI Forestry (ha)* - as at 30 June 2002

PRODUCT	NORTH REGION					SOUTH WEST REGION		SOUTH EAST EXOTICS REGION			SOUTH EAST HOOP REGION		TOTAL		
	Atherton	Ingham	Rockhampton	Monto	TOTAL	Dalby	TOTAL	Beerburrum	Maryborough	TOTAL	Imbil	Yarraman	TOTAL	2001-2002	2000-2001
NATIVE PINE															
Hoop Pine	962	4	247	4,043	5,256	1	1	1,588	918	2,506	20,739	15,925	36,664	44,427	44,440
Other Native Pine	102	1	1	5	109			7	24	31	302	62	364	504	503
Total	1,064	5	248	4,048	5,365	1	1	1,595	942	2,537	21,041	15,987	37,028	44,931	44,943
EXOTIC PINE															
Slash Pine	1		158	4	163	479	479	4,605	33,430	38,035	2	2	4	38,681	41,382
Caribbean Pine	2,282	9,995	6,782	3	19,062	398	398	2,963	31,827	34,790	105	1	106	54,356	54,256
Pinus Hybrids		52	926		978	164	164	12,391	23,272	35,663	1		1	36,806	33,403
Other Exotic Pine	38	90	33	9	170	3,149	3,149	223	128	351	218	25	243	3,913	4,127
Total	2,321	10,137	7,899	16	20,373	4,190	4,190	20,182	88,657	108,839	326	28	354	133,756	133,168
HARDWOODS TOTAL	187	22	5	406	620	83	83	527	913	1,440	1,062	836	1,898	4,041	2,355
MISCELLANEOUS TOTAL	13	22	13	2	50	5	5	26	92	118	10	25	35	208	251
UNPLANTED															
Fallow	33	46	147	19	245	343	343	846	1,665	2,511	371	242	613	3,712	3,966
Other	18	40	12	24	94	66	66	13	315	328	101	237	338	826	818
Total	51	86	159	43	339	409	409	859	1,980	2,839	472	479	951	4,538	4,784
TOTAL 2001/02	3,636	10,272	8,324	4,515	26,747	4,688	4,688	23,189	92,584	115,773	22,911	17,355	40,266	187,474	
TOTAL 2000/01	3,652	10,262	8,102	4,177	26,193	4,738	4,738	23,025	92,546	115,571	22,169	16,826	38,995		185,501

* Excludes joint ventures

Statistical Appendix 7

Plantation established under joint-ventures between DPI Forestry and other landowners (ha) - 2001/2002 financial year

PRODUCT	NORTH REGION					SOUTH WEST REGION			SOUTH EAST EXOTICS REGION			SOUTH EAST HOOP REGION		TOTAL	
	Atherton	Ingham	Rockhampton	Monto	TOTAL	Dalby	TOTAL	Beerburum	Maryborough	TOTAL	Imbil	Yarraman	TOTAL	2001-2002	2000-2001
HARDWOODS															
First Rotation						90	90	97	68	165	37	417	454	709	514
Second Rotation															
Total						90	90	97	68	165	37	417	454	709	514
MISCELLANEOUS															
First Rotation						3	3	1		1		3	3	7	3
Second Rotation															
Total						3	3	1		1		3	3	7	3
TOTAL															
2001/02						93	93	98	68	166	37	420	457	716	
2000/01				150	150	34	34	197	43	240	8	127	135		517

Statistical Appendix 8

Area of plantation managed under joint-ventures between DPI Forestry and other landowners (ha) - as at 30 June 2002

PRODUCT	NORTH REGION				SOUTH WEST REGION		SOUTH EAST EXOTICS REGION			SOUTH EAST HOOP REGION		TOTAL			
	Atherton	Ingham	Rockhampton	Monto	TOTAL	Dalby	TOTAL	Beerburrum	Maryborough	TOTAL	Imbil	Yarraman	TOTAL	2001-2002	2000-2001
NATIVE PINE															
Hoop Pine	69			29	98	10	10	71		71	8	134	142	321	321
Total	69			29	98	10	10	71		71	8	134	142	321	321
HARDWOODS															
Hardwoods	90			184	274	182	182	540	269	809	77	619	696	1,961	1,180
Total	90			184	274	182	182	540	269	809	77	619	696	1,961	1,180
MISCELLANEOUS															
Miscellaneous				2	2	3	3	1		1		3	3	9	3
Total				2	2	3	3	1		1		3	3	9	3
TOTAL															
2001/02	159			215	374	195	195	612	269	881	85	756	841	2,291	
2000/01	159			185	344	83	83	515	202	717	49	311	360		1,504