

ACT FORESTS

Objectives

ACT Forests is responsible for the growing, tending, harvesting and sale of forest products from its plantations on a commercial and sustainable basis. ACT Forests also operates in partnership with private growers to implement regional timber production and marketing strategies.

ACT Forests manages non-plantation areas for conservation purposes and is responsible for protecting natural and cultural heritage sites in conjunction with the protection of plantation resources. ACT Forests provides diverse forest-based recreational and educational opportunities for the ACT Community. The forests, which attract over one million recreational visitors a year, also provide a variety of world-class venues for international sporting events.

ACT Forests manage 26,900 hectares of land including 16,200 hectares of commercial pine and eucalypt plantations. The plantations provide the raw materials for local saw milling industries that produce construction timber for use in the ACT, Sydney and Brisbane markets.

2001-02 Highlights

Strategic and operational issues to be pursued in 2001-02 include:

- implementing a restructure of ACT Forests to improve its commercial and operational performance;
- establishing a Board of Commercial Advisors as a point of reference for implementing new business strategies and a stronger commercial focus;
- implementing a new strategic business plan for ACT Forests; and
- developing improved environmental management programs.

ACT Forests
Statement Of Financial Performance

2000-01 Budget \$'000		2000-01 Est.Outcome \$'000	2001-02 Budget \$'000	Var %	2002-03 Estimate \$'000	2003-04 Estimate \$'000	2004-05 Estimate \$'000
	Revenue						
9 717	User Charges - Non ACT Government	9 717	10 080	4	10 411	12 001	12 001
1 420	User Charges - ACT Government	1 420	2 230	57	2 170	2 170	2 170
11 137	Total Ordinary Revenue	11 137	12 310	11	12 581	14 171	14 171
	Expenses						
2 372	Employee Expenses	2 372	2 459	4	1 652	1 172	1 172
227	Superannuation Expenses	227	205	-10	152	93	93
9 634	Administrative Expenses	9 634	10 905	13	9 985	11 533	11 431
144	Depreciation and Amortisation	144	144	-	144	144	144
151	Borrowing Costs	151	151	-	151	151	151
12 528	Total Ordinary Expenses	12 528	13 864	11	12 084	13 093	12 991
-1 391	Operating Result Before Extraordinary Items	-1 391	-1 554	12	497	1 078	1 180
0	Injection for Operating Requirements	0	1 050	#	450	450	450
-1 391	Operating Result	-1 391	-504	64	947	1 528	1 630
0	Increase/(Decrease) in asset revaluation reserve	-16 896	0	100	0	0	0
0	Increase/(Decrease) in retained profits on the adoption of a new standard	52 337	0	-100	0	0	0
0	Change In Equity Other Than Those Resulting From Transactions With Owners As Owners	35 441	0	-100	0	0	0
56 265	Total Equity From Start of Period	58 147	92 347	59	92 083	93 030	94 558
150	Capital Injections	150	240	60	0	0	0
55 024	Total Equity At The End of Period	92 347	92 083	..	93 030	94 558	96 188

ACT Forests Statement Of Financial Position

Budget as at 30/6/01 \$'000		Est.Outcome as at 30/6/01 \$'000	Planned as at 30/6/02 \$'000	Var %	Planned as at 30/6/03 \$'000	Planned as at 30/6/04 \$'000	Planned as at 30/6/05 \$'000
Current Assets							
13	Cash	1	38	#	1 005	2 555	4 299
1 052	Receivables	1 467	1 309	-11	1 316	1 355	1 355
0	Investments	263	0	-100	0	0	0
4 002	Inventories	4 055	4 055	-	4 055	4 055	4 055
178	Other	128	128	-	128	128	128
5 245	Total Current Assets	5 914	5 530	-6	6 504	8 093	9 837
Non Current Assets							
38 937	Inventories	75 990	75 990	-	75 990	75 990	75 990
15 214	Property, Plant and Equipment	15 343	15 439	1	15 295	15 151	15 007
54 151	Total Non Current Assets	91 333	91 429	..	91 285	91 141	90 997
59 396	TOTAL ASSETS	97 247	96 959	..	97 789	99 234	100 834
Current Liabilities							
953	Creditors	1 447	1 598	10	1 592	1 622	1 622
30	Interest Bearing Liabilities	30	30	-	30	30	30
368	Employee Entitlements	431	361	-16	312	262	262
1 351	Total Current Liabilities	1 908	1 989	4	1 934	1 914	1 914
Non Current Liabilities							
2 063	Interest Bearing Liabilities	2 076	2 046	-1	2 015	1 985	1 955
910	Employee Entitlements	860	785	-9	754	721	721
48	Other Provisions	56	56	-	56	56	56
3 021	Total Non Current Liabilities	2 992	2 887	-4	2 825	2 762	2 732
4 372	TOTAL LIABILITIES	4 900	4 876	..	4 759	4 676	4 646
55 024	NET ASSETS	92 347	92 083	..	93 030	94 558	96 188
REPRESENTED BY FUNDS EMPLOYED							
35 590	Accumulated Funds	88 171	87 907	..	88 854	90 382	92 012
19 434	Reserves	4 176	4 176	-	4 176	4 176	4 176
55 024	TOTAL FUNDS EMPLOYED	92 347	92 083	..	93 030	94 558	96 188

ACT Forests Cashflow Statement

2000-01 Budget \$'000		2000-01 Est.Outcome \$'000	2001-02 Budget \$'000	Var %	2002-03 Estimate \$'000	2003-04 Estimate \$'000	2004-05 Estimate \$'000
594	CASH AT BEGINNING OF REPORTING PERIOD	295	1	-100	38	1 005	2 555
	CASH FLOWS FROM OPERATING ACTIVITIES						
	Receipts						
0	Cash from Government - Operating	0	1 050	#	450	450	450
11 425	User Charges	11 223	12 460	11	12 581	14 171	14 171
981	Other Revenue	981	1 023	4	1 027	1 140	1 179
12 406	Operating Receipts	12 204	14 533	19	14 058	15 761	15 800
	Payments						
2 519	Related to Employees	2 519	2 809	12	1 884	1 348	1 265
9 506	Related to Administration	9 174	10 746	17	9 999	11 542	11 430
19	Borrowing Costs	151	151	-	151	151	151
983	Other	981	1 023	4	1 027	1 140	1 180
13 027	Operating Payments	12 825	14 729	15	13 061	14 181	14 026
-621	NET CASH INFLOW/(OUTFLOW) FROM OPERATING ACTIVITIES	-621	-196	68	997	1 580	1 774
	CASH FLOWS FROM INVESTING ACTIVITIES						
	Receipts						
0	Proceeds from Sale/Maturities of Investments	287	263	-8	0	0	0
0	Investing Receipts	287	263	-8	0	0	0
	Payments						
80	Purchase of Property, Plant and Equipment	80	240	200	0	0	0
80	Investing Payments	80	240	200	0	0	0
-80	NET CASH INFLOW/(OUTFLOW) FROM INVESTING ACTIVITIES	207	23	-89	0	0	0
	CASH FLOWS FROM FINANCING ACTIVITIES						
	Receipts						
150	Capital Injection from Government	150	240	60	0	0	0

ACT Forests Cashflow Statement

2000-01 Budget \$'000		2000-01 Est.Outcome \$'000	2001-02 Budget \$'000	Var %	2002-03 Estimate \$'000	2003-04 Estimate \$'000	2004-05 Estimate \$'000
150	Financing Receipts	150	240	60	0	0	0
	Payments						
30	Repayment of Borrowings	30	30	-	30	30	30
30	Financing Payments	30	30	-	30	30	30
120	NET CASH INFLOW/(OUTFLOW) FROM FINANCING ACTIVITIES	120	210	75	-30	-30	-30
-581	NET INCREASE/(DECREASE) IN CASH HELD	-294	37	113	967	1 550	1 744
13	CASH AT THE END OF THE REPORTING PERIOD	1	38	#	1 005	2 555	4 299

Notes to the Budget statements

Significant variations are as follows:

Statement of Financial Performance

- user charges – ACT Government: the increase of \$0.810m in 2001-02 from the 2000-01 estimated outcome is primarily due to additional funding provided for community service obligations (CSO) (\$0.750m) and for the monitoring of firetowers (\$0.060m). A review of the CSO funding will be undertaken in 2001-02 to fully establish the appropriate base level of funding;
- administrative expenses: the increase of \$1.271m in 2001-02 from the 2000-01 estimated outcome is primarily due to planned increases in silviculture activities and an anticipated increase in log harvesting activity;
- injection for operating requirements: the increase of \$1.050m in 2001-02 from the 2000-01 estimated outcome reflects funding for redundancy packages and career assistance activities for staff exiting ACT Forests as part of the restructure of forestry operations to a more commercial basis; and
- increase/decrease in retained profits on the adoption of a new standard: the increase of \$52.337m in the 2000-01 estimated outcome is due to the introduction of Australian Accounting Standard 35 (AAS 35), effective from 30 June 2001, and applies from the 2000-01 financial year. This standard applies to any entity with self-generating assets (such as forestry plantation stock) and requires the revaluation of self-generating stock in accordance with a revised valuation methodology. The \$52.337m consists of a

revaluation increment of \$35.441m and an amount of \$16.896m relating to forestry stock which has been transferred out of the Asset Revaluation Reserve.

Statement of Financial Position

- current investments: the increase of \$0.263m in 2000-01 from the original budget is due to the flow-on effect from the 1999-2000 audited outcome (\$0.550m) offset by a redemption of investments to fund operating activities (\$0.287m);
- non current inventories: the increase of \$37.053m in 2000-01 from the estimated outcome is due to the adoption of a new accounting standard (AAS 35) and the associated revaluation of plantation stock. AAS 35 specifies that self-generating assets must be measured at their net market value at each reporting date; and
- current creditors: the increase of \$0.494m in 2000-01 from the original budget, and the increases in 2001-02 and the forward years are due to the use of additional contractor services for forestry operations.

Changes to Appropriation

Changes to Appropriation - Departmental

Capital Injection	2000-01 Est. Outc. \$'000	2001-02 Budget \$'000	2002-03 Estimate \$'000	2003-04 Estimate \$'000	2004-05 Estimate \$'000
2000-01 Budget	0	1 040	1 060	1 035	1 035
2001-02 Capital Works Program	0	240	0	0	0
Loan Injection not required	0	-1 040	-1 060	-1 035	-1 035
Injection for Operations – Business Restructure Program	0	1 050	450	450	450
2001-02 Budget	0	1 290	450	450	450

Note:

Capital Injection of \$0.150m in 2000-01 is appropriated through the Department of Urban Services and passed on to Forests.

OUTPUT CLASS 1: FORESTRY SERVICES
PRINCIPAL MEASURES

OUTPUT 1.1: FORESTRY SERVICES

Description: ACT Forests manages 26,900 hectares of land including 16,200 hectares of commercial pine and eucalypt plantations. ACT Forests is responsible for the growing, tending, harvesting and sale of forest products from its plantations on a commercial and sustainable basis. The forests, which attract over one million recreational visitors, provide diverse forest-based recreational and educational opportunities for the community including sites for international sporting events. ACT Forests manages non-plantation areas for conservation purposes and is responsible for protecting natural and cultural heritage sites.

Measures	2000-01 Targets	2000-01 Estimated Outcome	2001-02 Target
Quantity			
Volume of logs sold under long-term supply agreements ¹	-	-	120 000 m3
Volume of logs sold under short term sales ¹	-	-	30 000 m3
Target planting program achieved	400ha	403ha	500ha
Target non commercial thinning achieved ¹	-	-	600ha
Number of major recreational nodes serviced	21	21	21
Number of recreational sites upgraded ¹	-	-	5
Number of public use events facilitated ²	590	360	400
Number of booked visitor days ²	25 000	38,000	40 000
Area treated for environmental weeds ¹	-	-	1 000ha
Area treated for wildling pines ¹	-	-	120ha
Number of management plans under preparation for heritage sites ¹	-	-	4
Quality/Effectiveness			
Target tending program achieved ³	100%	-	-
Survival rate of previous year's plantings ¹	-	-	85%
Percentage of reject logs delivered to customers	<1%	-	-
<i>Revised to:</i> ⁴			
Percentage of logs accepted by customers	>99%	99%	99%
Percentage of agreed saw log quotas met ⁵	100%	90%	95%
Percentage of planned fuel management activities Implemented ¹	-	-	60%
Percentage of monitored water samples within specification ¹	-	-	90%
Timeliness			
Ministerials answered on time	100%	100%	100%
Percentage of site preparation completed by 30 April ¹	-	-	90%
Completion of annual environmental audit report ¹	-	-	31 March 2002
Cost			
Timber Sales and Marketing ⁶	\$6 480 708	\$6 480 708	-
Timber Harvesting and Marketing ⁷	-	-	\$7 839 391
Plantation Operations ⁸	\$3 259 610	\$3 259 610	-
Plantation Management Operations ⁷	-	-	\$2 998 148
Policy and Community Forestry ⁸	\$1 263 918	\$1 263 918	-
Community Service Obligations ⁷	-	-	\$1 654 168
Forest Planning	\$705 019	\$705 019	\$728 043
Regional Forestry ⁹	\$819 309	\$819 309	\$644,500
TOTAL COST¹⁰ (\$'000)	\$12 528	\$12 528	\$13 864

Notes

- (1) New measure.
- (2) The number of public use events and the booked visitor days is determined by public demand.
- (3) Measure discontinued.
- (4) The variation to the original measure will allow a more meaningful measure of performance.
- (5) The projected result reflects the impact of the unusually wet weather conditions experienced in the second quarter.
- (6) Measure discontinued.
- (7) New measure. A review of the CSO funding will be jointly undertaken by the Department of Treasury and ACT Forests in 2001-02 to fully establish the appropriate base level of funding.
- (8) Measure replaced by updated cost measure.
- (9) The variance between the 2000-01 estimated outcome and the 2001-02 target is due to lower than expected activity.
- (10) The increased costs included in the 2001-02 targets are attributable to the programmed restructuring of ACT Forests.

Capital Works Program

	Estimated Expenditure Total Cost	Previous Years	Estimated Expenditure 2001-02	2001-02 Financing	Estimated Completion Date
	\$'000	\$'000	\$'000	\$'000	
New Capital Works					
Public Use Works (Part A) - Stromlo and Kowen Districts	140	0	140	140	June 2002
Hume Weighbridge Upgrade	100	0	100	100	June 2002
Total Capital Works	240	0	240	240	