STATE FOREST RESOURCES BUSINESS UNIT

1995/96 ANNUAL REPORT

CONTENTS

1. INTRODUCTION

The State Forest Resources Business Unit (SFRBU) commenced in July 1994 to implement on a commercial basis the forest management strategies contained in the Forest Management Plan 1994-2003.

The unit operates as a vertically integrated business within CALM under the guidelines of the units Business Plan.

The annual report sets out the 1995/96 performance of the business unit compared to the goals and targets set out in the Business Plan in the main areas of management, log production, silviculture and financial achievement.

2. SUMMARY

- Total log production was 1,858,000 tonnes.
- Total sawlog production was 877,000 tonnes.
- 1,527 ha karri successfully regenerated.
- 30 ha of karri regrowth thinned.
- 4,421 ha jarrah thinned either commercially or non-commercially.
- 5,675 ha jarrah treated for release regeneration with further 633 ha harvested for regeneration release requiring no follow up treatment.
- 2,493 ha jarrah treated for regeneration establishment with further 693 ha harvested for regeneration establishment requiring no follow up treatment.
- Operating profit of $18.7 million on a accrual basis.
- Revenue surplus of $16.1 million on a cash flow expenditure of $66.5 million and revenue of $82.6 million.

3. STATE FOREST RESOURCES BUSINESS UNIT MISSION STATEMENT AND CORE BUSINESS

- **The Units Mission Statement**

  The SFRBU will achieve the forest structure and production objectives required under the Forest Management Plan 1994-2003 by manipulating forest structure and composition through commercial silviculture and harvesting practices and associated sale of forest produce.

- **The Units Core Business**

  The Unit will harvest and regenerate or harvest to thin native hardwood in State forest and supply a range of forest products approved by Government such that the net revenue earned contributes to the Department's net appropriation and debt reduction programs.

4. MANAGEMENT GOAL

To facilitate the sustainable supply on a commercial basis of forest resources from State forest and timber reserves.

To achieve this goal, the SFRBU will be cognisant of and comply with the following objectives contained in the Forest Management Plan 1994-2003 :

- Manage timber harvesting and ensure economic efficiency while sustaining other forest values and have regard to the social infrastructure of the forest regions

  Manage the science of silviculture to achieve specific forest regeneration, structure and composition.

- Manage operations in ways that sustain the beauty of the forest through the application of landscape planning and design principles.

- Develop, periodically update and implement codes of "best practice" for all forest based operations.

Effectiveness Indicator. The "Code of Harvesting Practice", "Manual of Harvesting Specifications", the Silviculture guidelines and contractural conditions and specifications contained in CALM contracts with private sector companies are the means by which forest harvesting, forest regeneration andother forest silviculture operations are implemented to achieve required objectives.

Measure : These documents will be reviewed periodically amended and reprinted as appropriate.

The Code of Harvesting Practice and Manual of Harvesting Specifications were reviewed, amended and reprinted to take effect 1 January 1996.

Silviculture Guidelines 1/95 and 2/95 were issued to take effect from December 1995 following review and amendments.

Silviculture Guidelines 1/95 - "Silvicultural Practice in the Jarrah Forest" supersedes Silviculture Specification 2/91.

Silviculture Guidelines 2/95 - "Silvicultural Practice in the Karri Forest" supersedes Silviculture Specification 6/89.

Harvesting, roading and silviculture based contracts were reviewed and amended.

5. PRODUCTION AND FINANCIAL GOAL

To maximise the financial return to the State from supply of forest resources.

To achieve this goal the SFRBU will undertake the following objectives:

- Supply the range of forest products consistent with demand at the sustainable levels approved by the Government.
- Ensure that all services involved in the production of forest resources are engaged at commercial rates.
- Continually review the forest products available and develop opportunities for new products and markets.
- Ensure that the maximum price is received for forest produce, consistent with demand.

Regenerate cost effectively harvested stands suited to regeneration.

- Provide efficient and courteous customer service.
- Maintain financial management and product quality expertise.

5.1 Log Production Performance Plan

1995/96 was characterised by a domestic market for sawn timber which was in the middle of a severe downturn mainly as a result of the lowest level of residential building activity since 1986-87. Whilst this created problems for log buyers the significant structural changes to the timber industry which have recently occurred in W.A. in moving from a mainly green structural base to a kiln dried value added base resulted in sawlog sales achieving close to budgeted levels.

877,000 tonnes sawlogs sold being 7.1% down on the budgeted 943,000 tonnes.

Total log production was 1,858,000 tonnes being 0.4% down on the budgeted 1,866,000 tonnes. This was a satisfactory result.

The level of log timber sales was assisted by five tenders and two auctions for first and second grade jarrah and karri sawlogs, feature grade sawlogs and firewood totalling approximately 30,000 tonnes.

Log production performance can be assessed using the effectiveness indicator and measure's below.

Effectiveness Indicator . The quantity of log timber harvested is regulated by sale contracts consistent with the Forest Management Plan sustained yield and market conditions.

Measure :

- The quantity of log timber harvested compared with the sustained yield.
- The actual quantity of sawlogs harvested compared with the quantities specified in sale contracts.
- The actual quantity of sawlogs, residue logs and other logs compared to the target quantities.

The following Tables show actual performance against the above measures.

Summary of 1995/96 Log Production Levels, actual compared to target.

1995/96 quantity of sawlogs harvested compared with quantities specified in sale contracts.

quantity harvested compared with sustained yield for financial years ending 1994, 1995 and 1996.

1995/96 cumulative and monthly log timber production statistics for sawlog, chiplog and total log production.

(See Page 11 for Section 5.2 - Silvicultural Performance Plan.)

Log Production Performance Plan

1995/96 LOG PRODUCTION LEVELS - Actual compare to Target
CALM PRODUCED (tonnes)

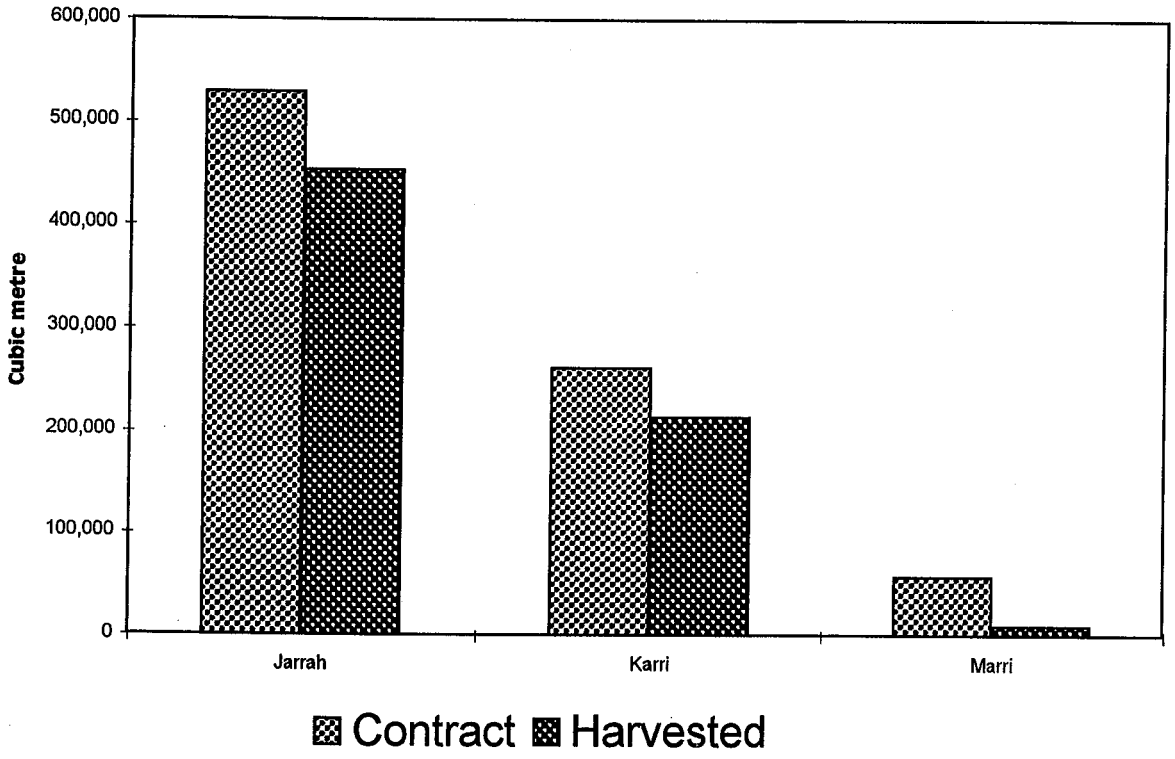
	CALM Target	Actual O/turn	Percentage Variation
Hardwood Sawlog Production	943,400	876,848	-7.1%
Hardwood Chiplog Production	741,500	815,470	10.0%
Hardwood Other log Production	181,300	166,005	-8.4%
TOTAL HARDWOOD	1,866,200	1,858,323	-0.4%

Log Production Performance Plan

Actual Quantity of Sawlog harvested compared with quantities specified in Sale Contracts

(cubic metres)

	Jarrah	Karri	Marri
Contract	528,322	260,623	56,500
Harvested	453,424	213,421	9,667

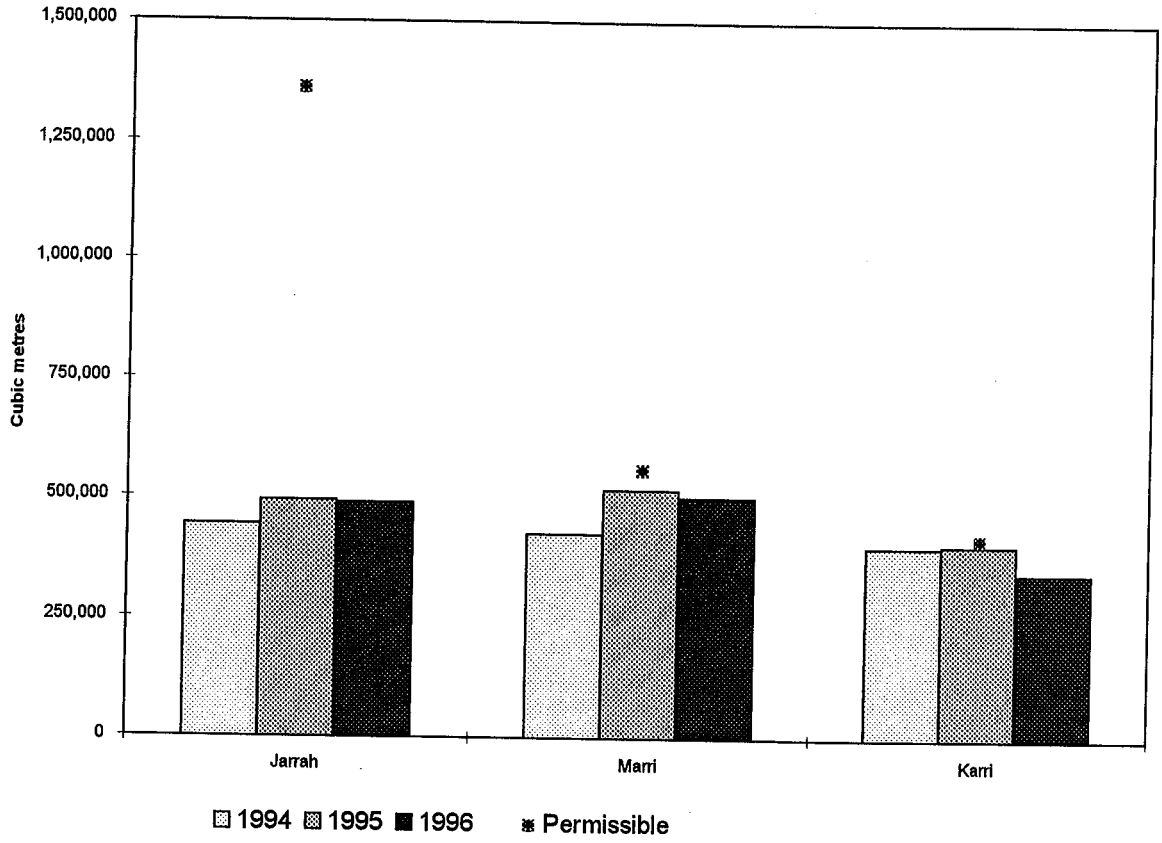


Log Production Performance Plan

Quantity Harvested compared with sustained yield

(cubic metres)

	Jarrah	Marri	Karri
1994	442,770	425,455	401,532
1995	492,616	517,476	404,725
1996	489,196	502,151	346,806
Permissible	1,360,000	559,000	417,000



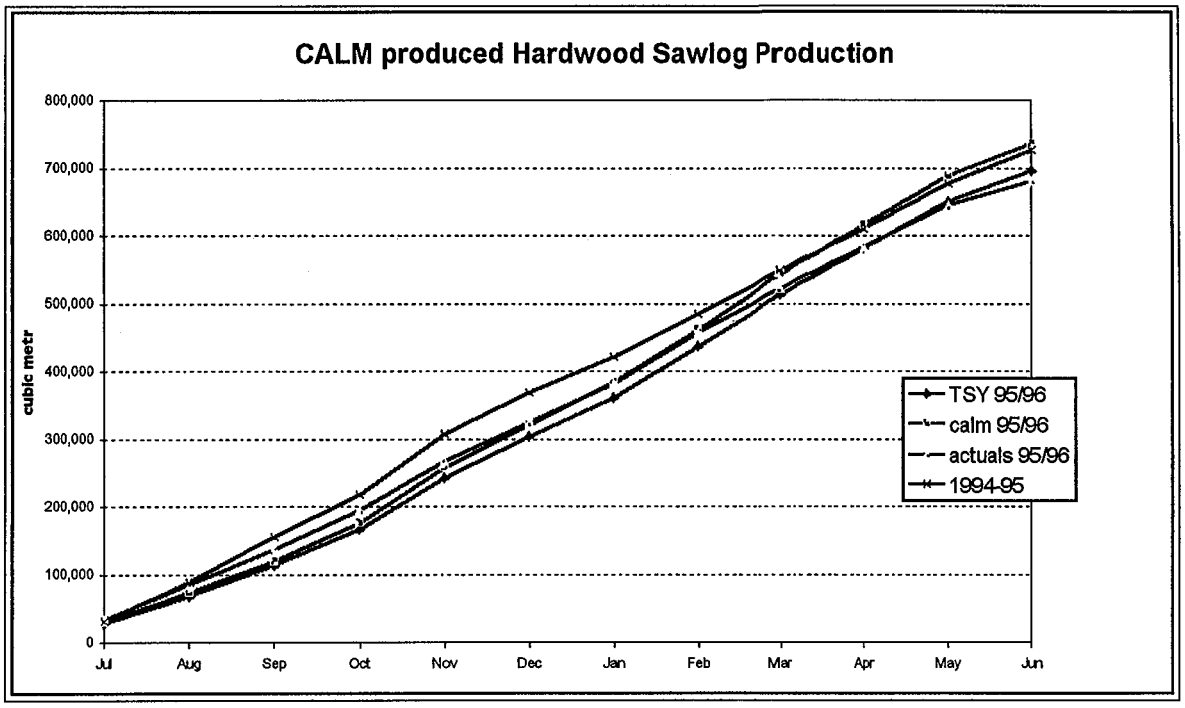
CALM Produced log timber production

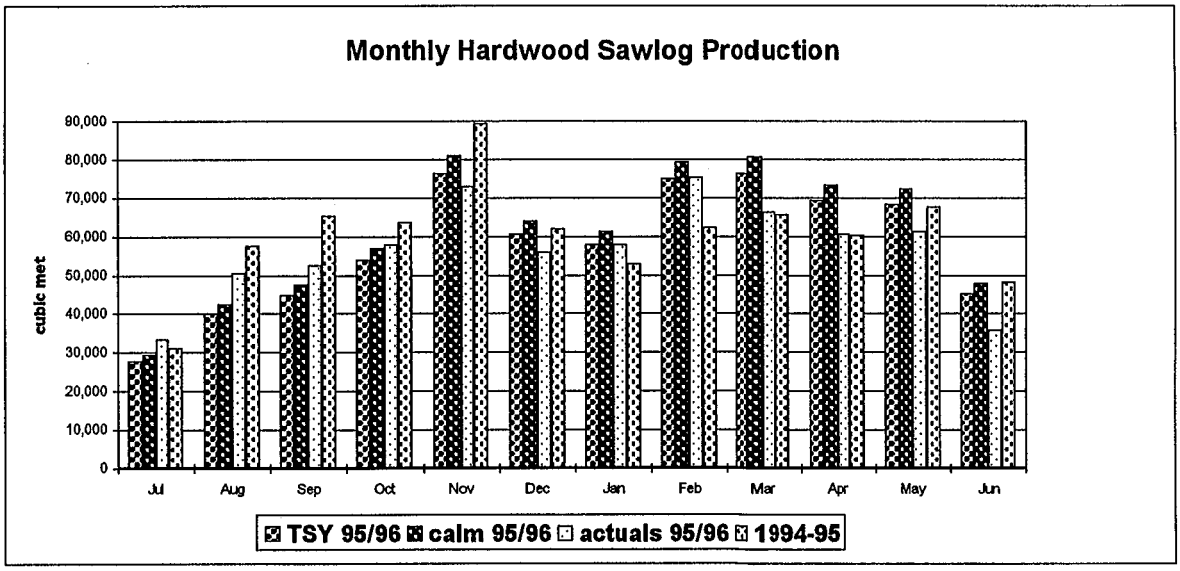
HARDWOOD SAWLOGS - per month

LOG YEAR	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Jul-Dec	Jan-Jun	Annual
TSY 95/96	27,684	40,298	44,842	53,754	76,448	60,523	57,844	74,971	76,418	69,185	68,287	45,078	303,548	391,783	695,331
calm 95/96	29,295	42,644	47,451	56,882	80,897	64,046	61,211	79,334	80,865	73,211	72,261	47,701	321,215	414,585	735,800
actuals 95/96	33,293	50,643	52,690	57,960	72,924	55,832	57,980	75,358	66,443	60,698	61,147	35,883	323,342	357,509	680,851
1994-95	30,955	57,681	65,411	63,593	89,433	61,972	52,720	62,151	65,474	60,345	67,647	48,189	369,045	356,526	725,571

HARDWOOD SAWLOGS - CUMULATIVE

LOG YEAR	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Jul-Dec	Annual	Annual
TSY 95/96	27,684	67,982	112,823	166,577	243,025	303,548	361,393	436,364	512,781	581,966	650,253	695,331	303,548	695,331	
calm 95/96	29,295	71,938	119,390	176,272	257,169	321,215	382,426	461,761	542,626	615,837	688,099	735,800	321,215	735,800	
actuals 95/96	33,293	83,936	136,626	194,586	267,510	323,342	381,322	456,680	523,123	583,821	644,968	680,851	323,342	680,851	
1994-95	30,955	88,635	154,046	217,639	307,073	369,045	421,765	483,916	549,390	609,735	677,382	725,571	369,045	725,571	





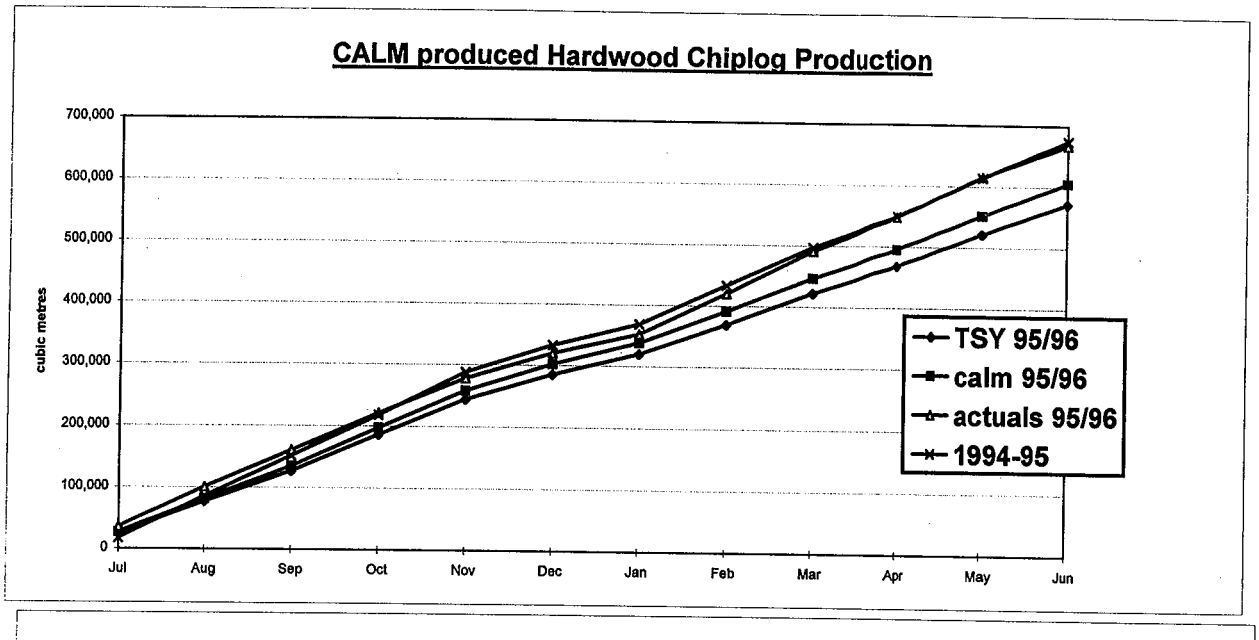
CALM Produced log timber production

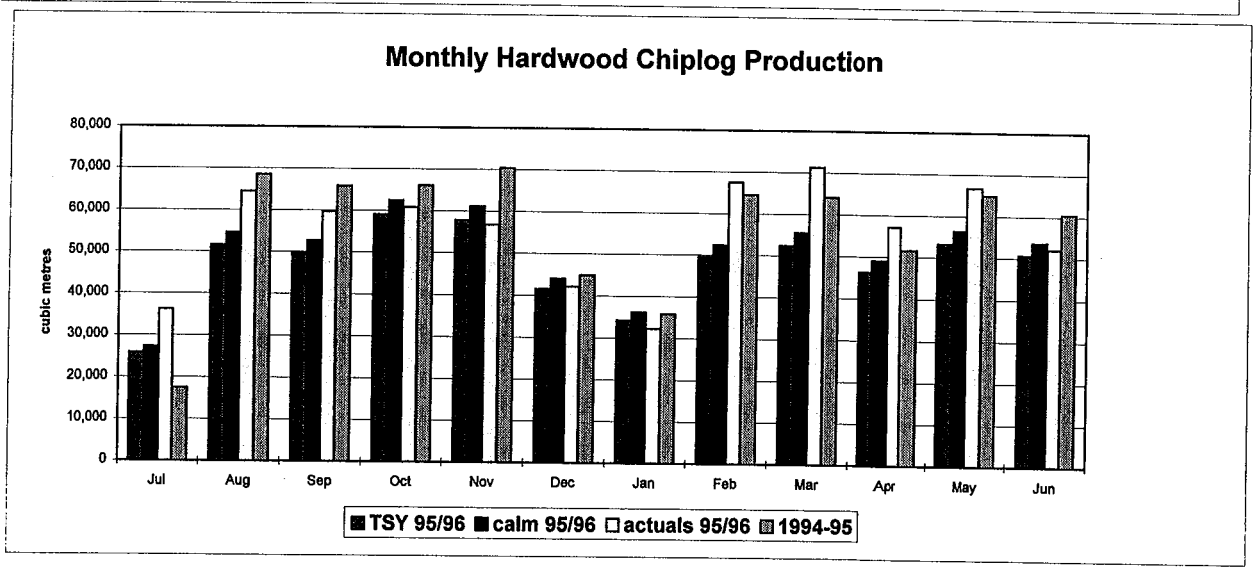
cubic metres HARDWOOD CHIPLOGS - per month

LOG YEAR	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Jul-Dec	Jan-Jun	Annual
TSY 95/96	25,779	51,609	49,825	59,005	57,798	41,588	34,232	49,561	52,460	46,361	53,291	50,690	285,603	286,595	572,198
calm 95/96	27,279	54,612	52,725	62,439	61,162	44,008	36,225	52,446	55,513	49,059	56,393	53,640	302,225	303,275	605,500
actuals 95/96	36,171	64,481	59,682	60,805	56,801	42,210	32,298	67,477	71,257	57,203	66,698	52,124	320,151	347,058	667,209
1994-95	17,442	68,477	65,836	66,078	70,405	44,920	35,833	64,477	64,097	51,638	64,949	60,497	333,159	341,490	674,649

HARDWOOD CHIPLOGS - CUMULATIVE

LOG YEAR	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Jul-Dec	Annual	Annual
TSY 95/96	25,779	77,388	127,212	186,218	244,015	285,603	319,836	369,397	421,857	468,217	521,508	572,198	285,603	572,198	
calm 95/96	27,279	81,891	134,616	197,056	258,217	302,225	338,450	390,896	446,409	495,468	551,860	605,500	302,225	605,500	
actuals 95/96	36,171	100,652	160,335	221,140	277,941	320,151	352,449	419,926	491,183	548,387	615,085	667,209	320,151	667,209	
1994-95	17,442	85,919	151,755	217,833	288,238	333,159	368,991	433,468	497,565	549,204	614,152	674,649	333,159	674,649	





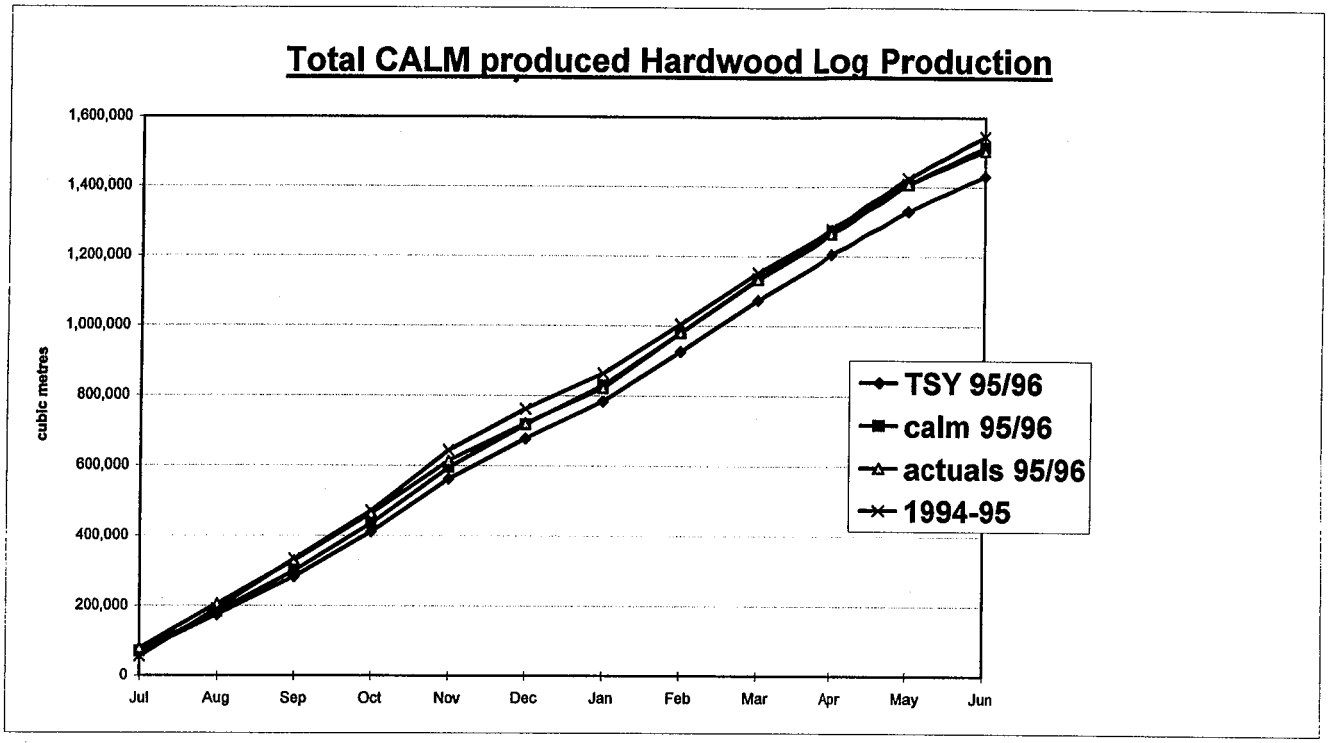
CALM Produced log timber production

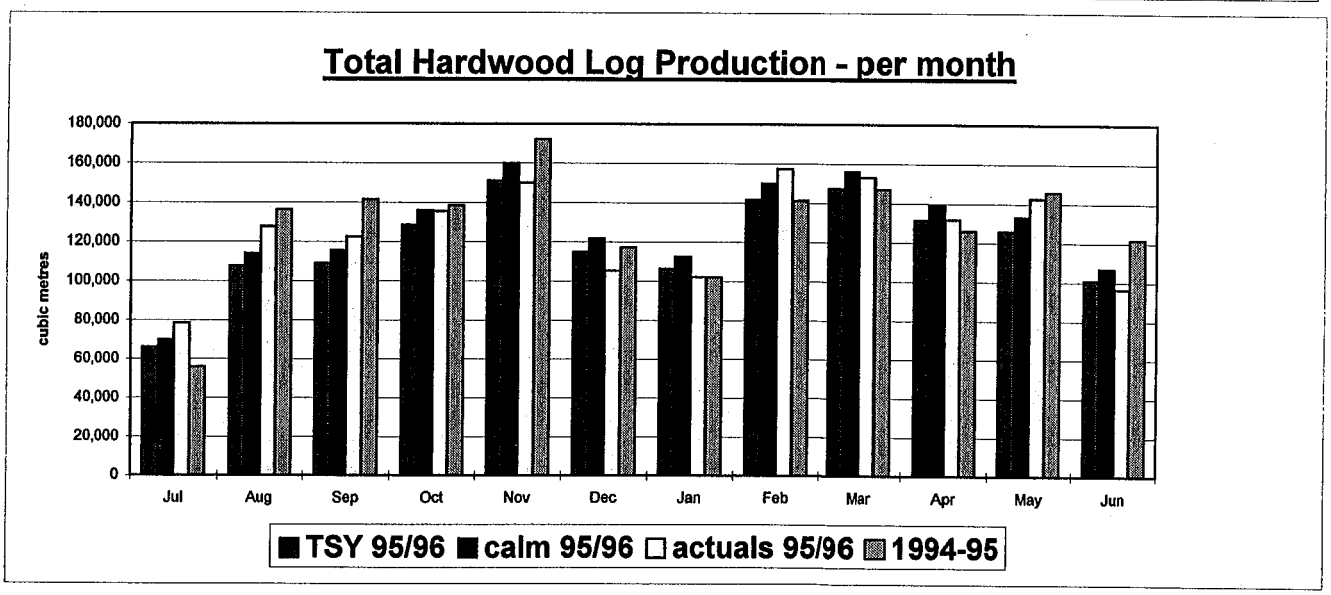
cubic metres Hardwood - All Logs - per month

LOG YEAR	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Jul-Dec	Jan-Jun
TSY 95/96	65,971	107,776	109,089	128,489	151,088	114,902	106,317	141,602	147,426	131,459	125,744	100,962	677,315	753,510
calm 95/96	69,810	114,049	115,438	135,967	159,882	121,589	112,504	149,844	156,007	139,110	133,062	106,838	716,735	797,365
actuals 95/96	78,493	127,614	122,419	135,492	150,008	105,379	102,154	157,452	153,202	131,879	142,605	96,642	719,405	783,933
1994-95	55,826	136,242	141,422	138,512	172,225	117,108	102,003	141,328	147,096	126,056	145,724	121,582	761,334	783,789

Hardwood - All Logs - CUMULATIVE

LOG YEAR	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Jul-Dec	Annual
TSY 95/96	65,971	173,747	282,836	411,325	562,413	677,315	783,632	925,234	1,072,660	1,204,120	1,329,863	1,430,825	677,315	1,430,825
calm 95/96	69,810	183,859	299,298	435,264	595,146	716,735	829,240	979,084	1,135,090	1,274,200	1,407,262	1,514,100	716,735	1,514,100
actuals 95/96	78,493	206,107	328,526	464,019	614,026	719,405	821,559	979,011	1,132,213	1,264,092	1,406,697	1,503,338	719,405	1,503,338
1994-95	55,826	192,067	333,490	472,001	644,226	761,334	863,337	1,004,665	1,151,761	1,277,817	1,423,541	1,545,123	761,334	1,545,123





5.2 Silvicultural Performance Plan

5.2.1 Summary of Performance

KARRI

Silvicultural performance of regenerated karri forest in the 1995 winter, improved significantly over performance in 1994.

Of all methods of regeneration, 97% of the area was successfully regenerated, (target 95%) with only 3% requiring infill.

This was partly due to failed seed tree regeneration again highlighting the need for closer monitoring of available seed crops where this regeneration technique is applied. Of 65 ha of seed tree regeneration, 30 ha will require infill planting. An area of 16 ha of planting in Brockman 11 in Pemberton district also failed due to one year old scrub competition.

93% of the area successfully regenerated achieved stocking rates at a level of optimum or adequate (target 85%).

At the end of the 1995 planting season 20 ha from 1993 harvesting remained unregenerated, ie greater than 2 years since harvest, and 524 ha from 1994 harvesting remained unregenerated, ie greater than 1 year since harvest. This represents a slight fall in performance from the position in 1994 and non achievement of performance criteria but remains at a manageable level.

Of the total area of regeneration only 4% was attempted using seed trees. This is below the target average of 30%. The average over the last 10 is 36%. The reduced area achieved is a reflection of availability of suitable seed crops, constraints imposed on the areas available for harvesting by external forces and the need to schedule harvesting of proposed seed tree coupes in dry soil to maintain a receptive seed bed in the absence of ripping.

Application of direct seeding has been considered to augment the area of regeneration achieved with seed tree regeneration. No areas were regenerated in 1995 by direct seeding due to limited available seed. No seed was collected during 1995/96 due to minimal areas carrying viable crops for collection. It is anticipated that viable seed crops will be available during 1996/97 for collection and direct seeding of some coupes may be possible in the coming regeneration year.

Thinning of karri regrowth recommenced during 1995/96. Thinning occurred in Mattaband and Warren totalling 30 ha. Required intensities were achieved.

Preparation of all planned areas for 1996 karri regeneration were achieved with the exception of one coupe in Walpole district totalling 50 ha.

JARRAH

Silvicultural performance of regenerated jarrah forest continued to improve with the third consecutive year showing an increase in area receiving regeneration treatments from the previous year. The total area receiving treatment passed 10,000 ha for the first time since the major review of jarrah silviculture occurred in 1985. (Refer Figure 4) However, the total area requiring treatment from this or previous years at the end of 1996 financial year increased due to an increase in the total area harvested in 1995 resulting mainly from increased shelterwood treatment.

Completion of the total regeneration program planned at the commencement of the 1995/96 financial year was again hampered by the availability of the CALM workforce in most districts. Non commercial thinning in Dwellingup district was again augmented by contracted labour, 600 ha completed by this method in 1995/96, to a high standard and competitive cost. Piecework non commercial thinning and culling was initiated in Blackwood district towards the end of the financial year to increase incentive and production at a competitive price.

This has been successful on both counts with approximately 170 ha completed at more than double the production rates of day work and at less than target unit cost.

A large proportion of the regeneration treatments were completed by contracted machines. This was largely successful although some problems were experienced with the late calling of one major contract in the Northern Forests Business Unit and the availability of contractor machines in the Central Forests Business Unit where this work was partly integrated with harvesting contracts. This resulted in a reduction in the total work achieved in 1995/96 over that initially planned. The other major factors which resulted in changes to the program initially proposed for 1995/96 were -

1. Postponement and rescheduling of regeneration burns to 1996/97 to take advantage of the availability of major seed crops.

2. Areas unavailable for treatment due to incompletion of harvesting.

Operational treatment of fire damaged jarrah regeneration was initiated during 1995/96. An area of approximately 12 ha of 14 year old regrowth was treated in Manjimup district using both cut stump and machine pushing. Early results show the cut stump operation to be the most promising. An area of approximately 40 ha of 60 year old regrowth was treated in Mundaring district by commercial salvage and pushing of fire damaged stems. Again the result is very promising in terms of rehabilitation of the fire damaged regrowth stand.

WANDOO

28 ha of wandoo thinning was completed in Mundaring district.

5.2.2 Achievements Compared to Performance Indicators

KARRI SILVICULTURE

Effectiveness Indicator 1. All stands harvested for regeneration are fully regenerated.

Measure :

1. All 'productive' stands will be 85% stocked at the rate of 1666 spha or more.

   (99% of all stands regenerated by planting (1503 ha) achieved stocking at the rate of 1666 spha or more.)

   (57% of all stands regenerated by seed trees (69 ha) achieved stocking at the rate of 1666 spha or more.)

   (97% of all regenerated stands (planted/seed trees) achieved stocking at 1666 spha or more. See Table 1.)

2. Original overstorey species will be represented in the regeneration.

   (Regeneration comprises 96% karri, 4% marri, 1% jarrah.)

3. No more than 5% of the area regenerated will require replant or refill.

   (3% required replant to achieve satisfactory regeneration - from 18% last year.)

4. The 'nominal backlog' of regeneration will have no areas >2 years since harvesting, and a maximum of 500 ha which are >1 year since harvesting.

   (At completion of the 1995 regeneration year 20 ha remain unregenerated at > 2 years since harvest.

   524 ha remain unregenerated at > 1 year but less than 2 years. (See Figure 1.)

Effectiveness Indicator 2. Karri regeneration is undertaken by the most cost-effective means.

Measure :

1. Average unit costs are at or less than target costs.

Karri Regeneration Efficiency :

Task	Activity	Area Achieved (ha)	Total Expenditure ($)	Unit Cost ($/ha)
Karri				
Seed forecast	441	345	4658	14
Ripping	442	1323	271121	205
Regen burning	443	1577	323134	205
Initial planting	444	1422	363048	255
Initial seeding	445	0	7604	0
Estab survey	446	2007	32826	16
Replant	447	293	76327	261
Seed	402	0	3474	0
Plants	426	0	198381	352
Landing rehab	448	80	37092	464
Other		0	0	0
Total Karri		0	1317665	0

2. An average of at least 30% of coupes will be regenerated by seed trees.

(3% of coupes in 1995 were successfully regenerated by seed trees. See Figure 2.)

Effectiveness Indicator 3. The condition of all regrowth stands is monitored to ensure that expectations of yield can be maintained or adjusted.

Measure :

1. Thinning conducted to specified intensities (Silviculture Specification 1/92).

30 ha of regrowth thinning was completed to specified intensities.

Area Thinned (ha)	30
Number of Density Samples	18
Number of Satisfactory Density Samples	18
Number of Naturally Understocked Samples	0
Percentage Satisfactory Stocked	100
Area Satisfactory Stocked	30

2. Areas of damaged regrowth forest (eg. by fire) are appraised for remedial measures within six months of the damage event.

(Two areas of regrowth forest (>2 ha) were damaged by fire, no remedial action is planned as it is anticipated these stands will recover.

JARRAH SILVICULTURE

Effectiveness Indicator 1. Maintain a record of jarrah forest structure following harvest/treatment.

Measure :

1. Record of structural status of all cutover/treated jarrah forest.

   (Record maintained. See Figure 3.)

Effectiveness Indicator 2. Regrowth stands are maintained within a range of densities specified for particular areas.

Measure :

1. Regrowth stands are crown thinned by age 20 as required.

   (No areas identified as requiring treatment.)

2. All regrowth stands subsequently thinned commercially are maintained at densities between about 10 and 24 m^2/ha according to age, site and management objective.

   (2441 ha were thinned commercially. 65 ha or 3% requires no follow-up treatment.)

3. Where surplus trees are non-commercial they will be removed by non-commercial means.

   (1980 ha of the area requiring non-commercial treatment from this or previous years was completed.)

Effectiveness Indicator 3. Fully regenerate all harvested stands that are suited to regeneration release or shelterwood.

Measure :

1. Areas of high and medium quality forest stocked with advance growth are harvested at sufficient intensity to release regeneration

   (6224 ha were harvested with the object of regeneration release. 633 ha or 1% requires no follow-up cull treatment.)

2. Where commercial harvesting does not result in a sufficient reduction in density of the overstorey to release regeneration, follow-up treatment will be applied within two years.

   (5675 ha available to treat from this or previous years harvesting was treated.)

3. Where areas are inadequately stocked with regeneration, cutting will maintain a shelterwood and the necessary pre- or post-logging treatment will be done to adequately stock with regeneration.

(5543 ha were harvested with the object of regeneration establishment. 693 ha or 1% required no follow-up machine treatment, 2493 ha or 45% received follow-up machine treatment.)

Efficiency of Jarrah Silvicultural Treatments :

Task	Activity	Area Achieved (ha)	Total Expenditure ($)	Unit Cost ($/ha)
Jarrah				
Seed forecast	459	335	974	3
Advance burn	460	11442	57783	5
Lignotuber survey	461	5034	70622	14
Shelterwood prep	462	2493	135055	54
Post logging burn	463	25046	239393	10
Planting	464	90	14403	160
Seeding	464	0	834	0
Machine culling	465	5675	483097	85
Thinning	467	1980	283648	143
Crown thinning	468	0	0	0
Mixed treatment	469	0	388	0
Landing rehab	474	175	44718	256
Plants	426	0	11154	208
Seed	402	0	0	0
Planting Preparation		60	7426	124
Total Jarrah		0	1349495	0
Wandoo		0	0	0
Regen prep	481	0	0	0
Regen burn	482	0	0	0
Plant/seed	483	0	0	0
Total Wandoo		0	0	0
Other Species		0	0	0
	500	0	0	0
		0	0	0
Total Other Sp		0	0	0

Summary of Program Success :

For work completed target costs were good. Shortfall in program completed compared to planned program has however increased the backlog of areas requiring treatment.

5.2.3 Financial Outcome for Silviculture Program

The silviculture program expenditure outcome contained in the capital component of Program 42 was under budget by approximately $1,115,000 for the following reasons.

KARRI

The karri regeneration program expenditure outcome was under budget by approximately $400,000 for 1995/96. This was the result of a extra-ordinary reorganisation of payments for seedling purchase to the Plant Propagation Centre. This new arrangement provides for a one third payment on order of seedling requirements (1995/96 financial year) with the remaining two thirds on delivery of seedlings to the field (1996/97 financial year). The 1995/96 budget provided for full payment of seedling requirements on confirmation of seedling orders. The delivery of 1996 seedling requirements and the ordering of 1997 seedling requirements in the 1996/97 financial year will require the provision of a full seedling budget.

JARRAH

The jarrah regeneration program expenditure outcome was under budget by approximately $715,000 for 1995/96. The main reasons for this were:

1. *Advance burning* - Program completed with below target unit costs.

2. *Lignotuber surveys* - Reduced program due to surveys not being required in all planned areas.

3. *Cull pushing/shelterwood preparation program* - A reduced program combined with below target unit costs for much of the work completed and failure to complete all planned areas. Almost half the total saving ($339,000) was in this area.

4. *Post logging burning* - A reduced program to take advantage of availability of seed crops and below target unit costs for works completed.

5. *Planting* - Failure to complete planned program due to inadequate pre planning and site preparation. The area initially proposed was over ambitious.

6. *Non-commercial thinning* - Incompletion of planned program. Average unit costs above target unit costs largely cancelled out from under-expenditures for this activity.

7. *Jarrah seedlings* - Reduced expenditure due to reorganisation of payments for seedling purchase from the Plant Propagation Centre as with karri. Expenditure for this activity was also reduced due to a credit carried forward from 1994/95 financial year of $43,000.

   Unit costs achieved for work completed were within acceptable limits in most instances.

TABLE 1

SUMMARY OF KARRI REGENERATION SUCCESS - 1995

			Method of Regeneration		
	District	Planted	Seed trees	Seeded	All Methods
Productive	Pemberton	707	0	0	707
Area being	Manjimup	693	42	0	734
Regenerated	Walpole	52	27	0	79
ha	Nannup	51	0	0	51
	Total	1503	69	0	1572
	Pemberton	692	0	0	692
Area	Manjimup	693	33	0	725
Successfully	Walpole	52	6	0	58
Regenerated	Nannup	51	0	0	51
ha	Total	1488	39	0	1527
	Pemberton	98%	nil	nil	98%
Percent	Manjimup	100%	78%	nil	99%
Successfully	Walpole	100%	23%	nil	73%
Regenerated	Nannup	100%	nil	nil	100%
	Total	99%	57%	nil	97%

Regeneration Standards		
	Optimum Stocking	>=3000 spha
	Adequate Stocking	1666-3000 spha
	Successful Regeneration	85% stocked at Adequate plus Optimum Stocking
Expected Performance standard		95 % of Productive area Successfully Regenerated in First Year

Stocking Status of Satisfactory Cells (exc ldgs)	District	Planted	Seed trees	Seeded	All Methods
% Optimum	Pemberton	27%	nil	nil	27%
% Adequate		65%	nil	nil	65%
% Optimum	Manjimup	36%	56%	nil	37%
% Adequate		58%	28%	nil	57%
% Optimum	Walpole	50%	nil	nil	50%
% Adequate		42%	nil	nil	42%
% Optimum	Nannup	66%	nil	nil	66%
% Adequate		27%	nil	nil	27%
% Optimum	Total	33%	56%	nil	33%
% Adequate		61%	28%	nil	60%
% Occupied by Landings	Pemberton	******	******	******	0%
	Manjimup	******	******	******	0%
	Walpole	******	******	******	0%
	Nannup	******	******	******	0%
	Total	******	******	******	0%
% Affected by Soil Damage	Pemberton	******	******	******	0%
	Manjimup	******	******	******	0%
	Walpole	******	******	******	5%
	Nannup	******	******	******	0%
	Total	******	******	******	1%
Species Mix of Regeneration	Karri	96%	87%	nil	96%
	Marri	3%	11%	nil	4%
	J/Other	1%	2%	nil	1%

nil = no cells completely successful.

FIGURE 1

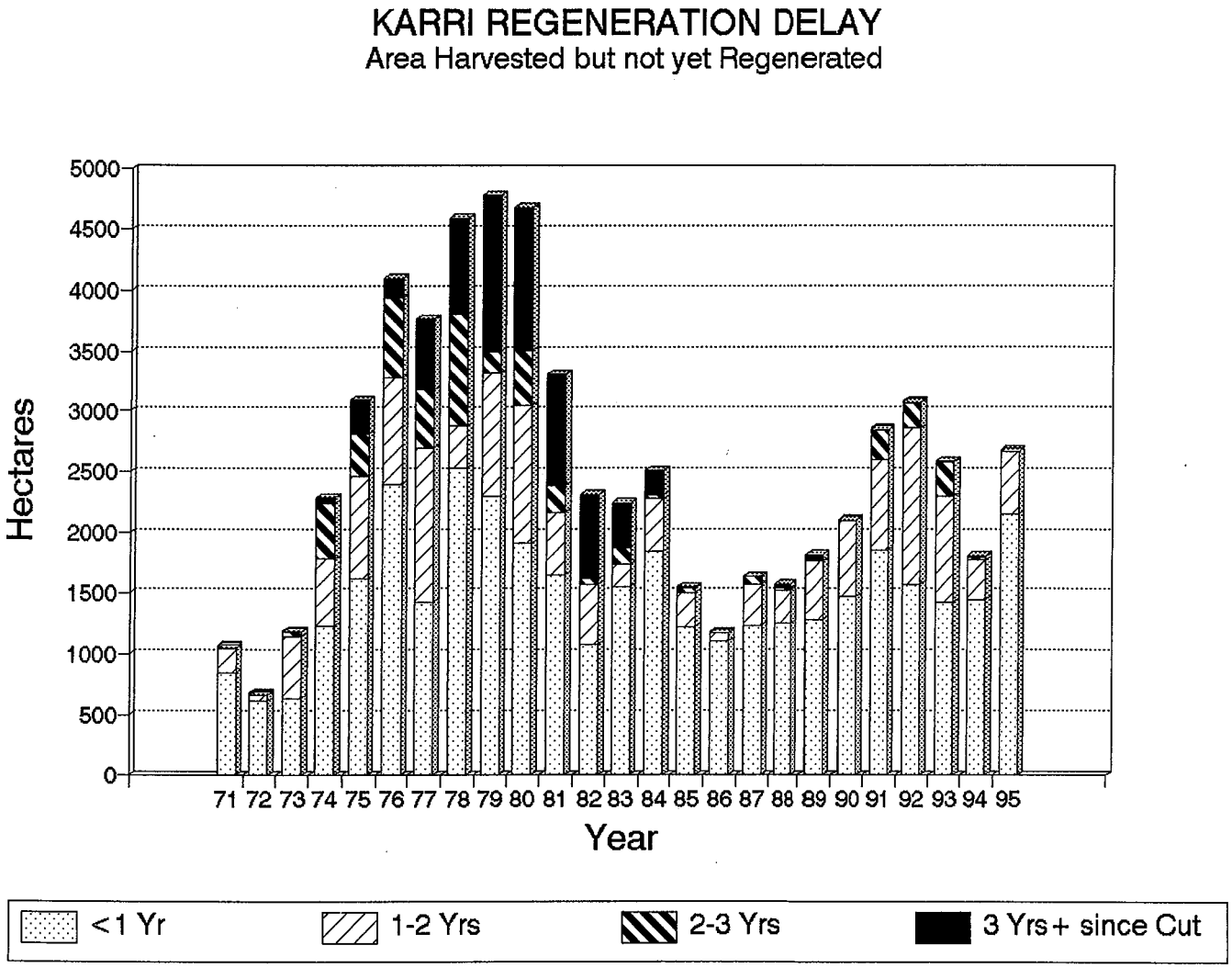

KARRI REGENERATION DELAY
Area Harvested but not yet Regenerated
Hectares
5000
4500
4000
3500
3000
2500
2000
1500
1000
500
0
71 72 73 74 75 76 77 78 79 80 81 82 83 84 85 86 87 88 89 90 91 92 93 94 95
Year
<1 Yr
1-2 Yrs
2-3 Yrs
3 Yrs+ since Cut

FIGURE 2

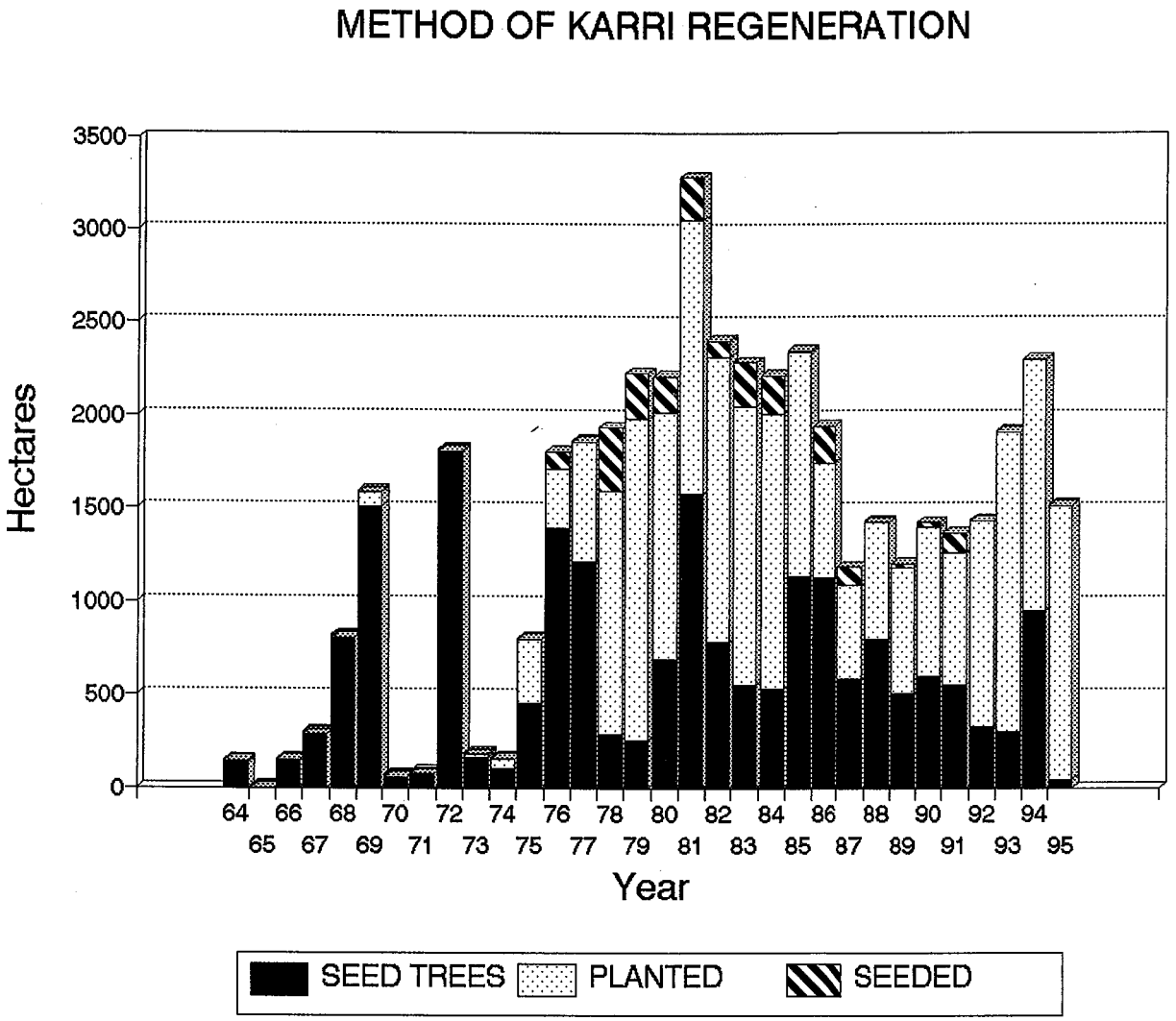

METHOD OF KARRI REGENERATION
Hectares
3500
3000
2500
2000
1500
1000
500
0
64 66 68 70 72 74 76 78 80 82 84 86 88 90 92 94
65 67 69 71 73 75 77 79 81 83 85 87 89 91 93 95
Year
SEED TREES
PLANTED
SEEDED

FIGURE 3

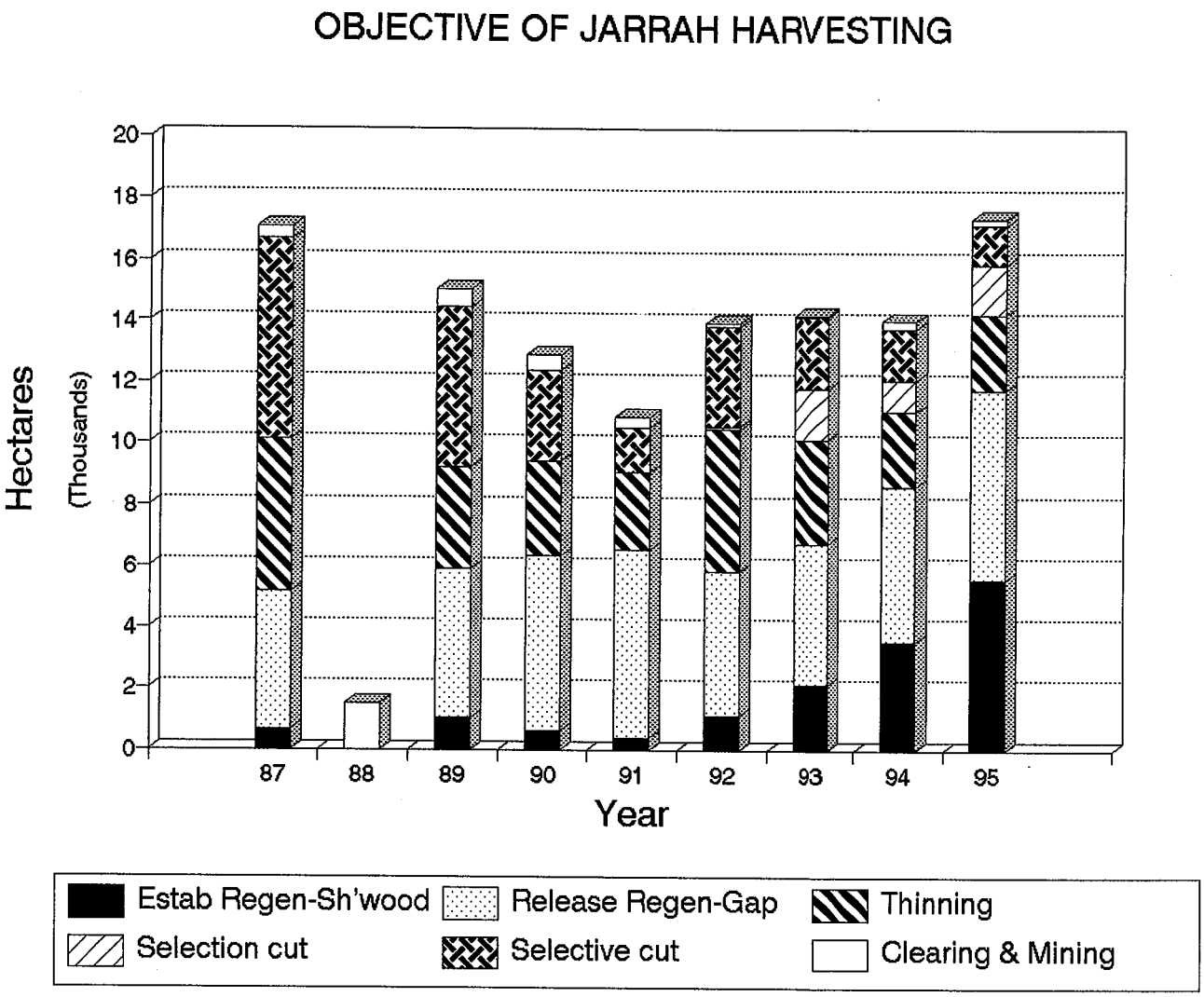
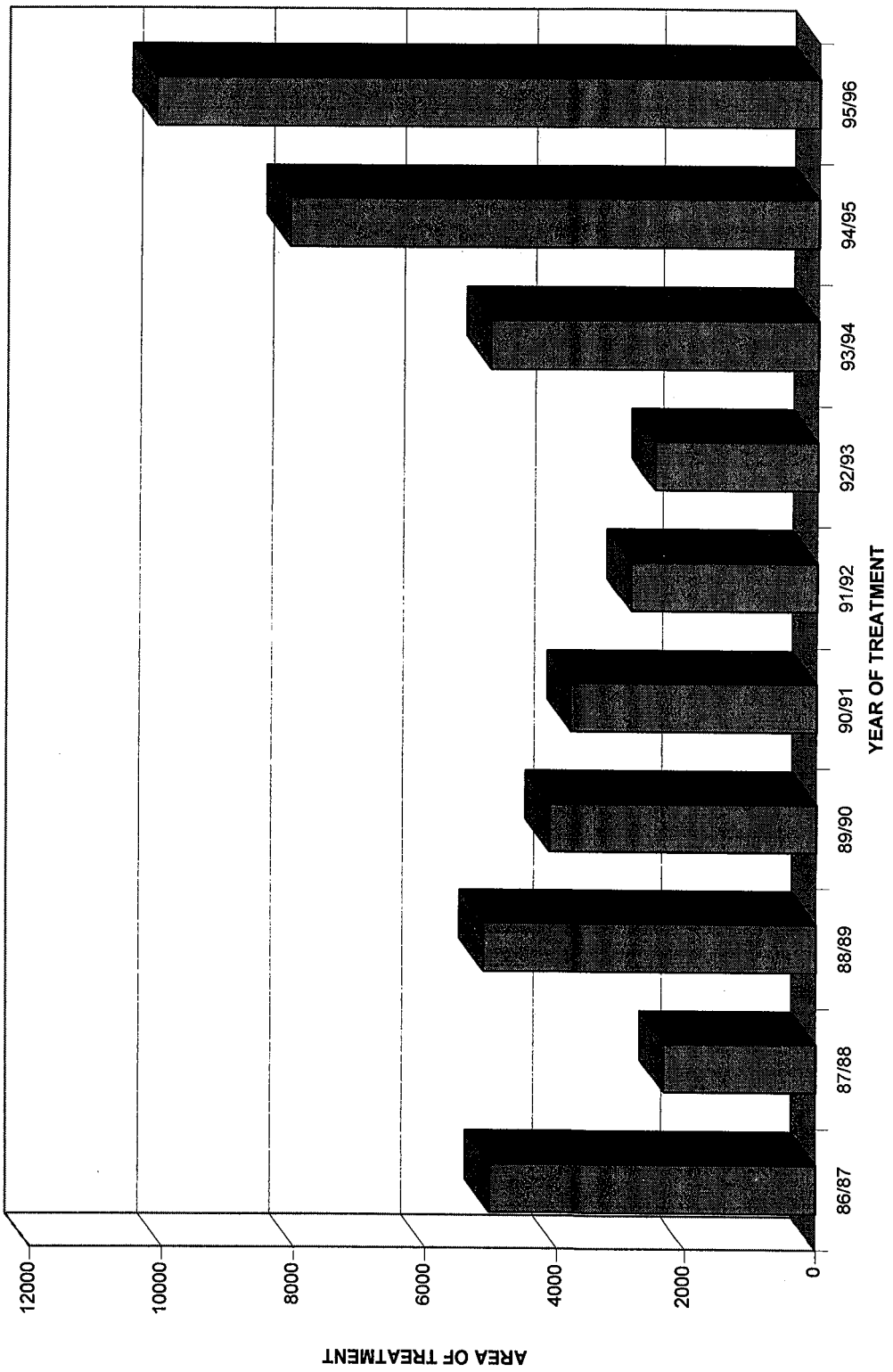

OBJECTIVE OF JARRAH HARVESTING
Hectares
(Thousands)
20
18
16
14
12
10
8
6
4
2
0
87
88
89
90
91
92
93
94
95
Year
Estab Regen-Sh'wood
Release Regen-Gap
Thinning
Selection cut
Selective cut
Clearing & Mining

FIGURE 4

AREA OF JARRAH FOREST RECEIVING SILVICULTURAL TREATMENT POST HARVEST



5.3 Financial Plan

Government has provided clear directives that the production and sale of log timber be conducted under full commercial principles.

The 1995/96 financial performance can be assessed using the effectiveness and efficiency indicators listed below.

Effectiveness Indicator 1. The SFRBU will be managed profitably.

Measure : The Net Operating Profit will achieve $15 million.

or

The Net Cash Flow Profit will achieve $15 million.

Efficiency Indicator 1. The cost of harvesting compared to the revenue from harvesting charges.

Measure 1 : The ratio of revenue (in-forest, production and delivery charges, administration and roading) to expenditure (Program 47) will not be less than 1.

Measure 2 : Harvesting revenue will not be less than the harvesting expenditure (Program 47).

Efficiency Indicator 2. The cost of regeneration, protection, forest management (Program 42) and return to government on equity compared to revenue from royalties.

Measure : The ratio of revenue from royalties to expenditure under Program 42 will be 1.5 or greater.

Efficiency indicator 3. Profit compared with total sales.

Measure : Profit as a percentage of total sales.

In summary the financial performance resulted in :

- The business unit was managed profitably and achieved Net Operating Profit on an accrual basis of $18.7 million and $16 million on a cash basis exceeding the target of $15 million.
- The harvesting revenue exceeded the harvesting cost.
- The ratio of revenue from royalties to expenditure under Program 42 was 1.8 exceeding the target of 1.5.

The following Tables show actual financial performance against the above measures.

- 1995/96 operating statement.
- Statement of 1995/96 actual cash flows compared to budget.

Sheet1

Native Forests Business Unit

Operating Statement

For Year Ended 30 June, 1996

Cost of Services	
Salaries and Wages	12,592,290
Super/W.Compensation	1,079,283
Depreciation	650,000
Interest	2,905,861
Administration Expenses	719,417
Operating Leases	799,483
Maintenance	800,265
Other	6,200,216
Harvesting	41,754,515
Total Cost of Services	67,501,330
Operating Revenues	
Royalties	35,661,839
Commercial Operations	46,743,082
Revenues Collected	82,404,921
Net Cost Of Services	14,903,591
Other Revenues	
Mining Compensation (80%)	2,248,804
State Recoups	1,025,699
Comonweal:h Recoups	558,369
	3,832,872
Change in Financial Position as a result of operations (Profit)	18,736,463

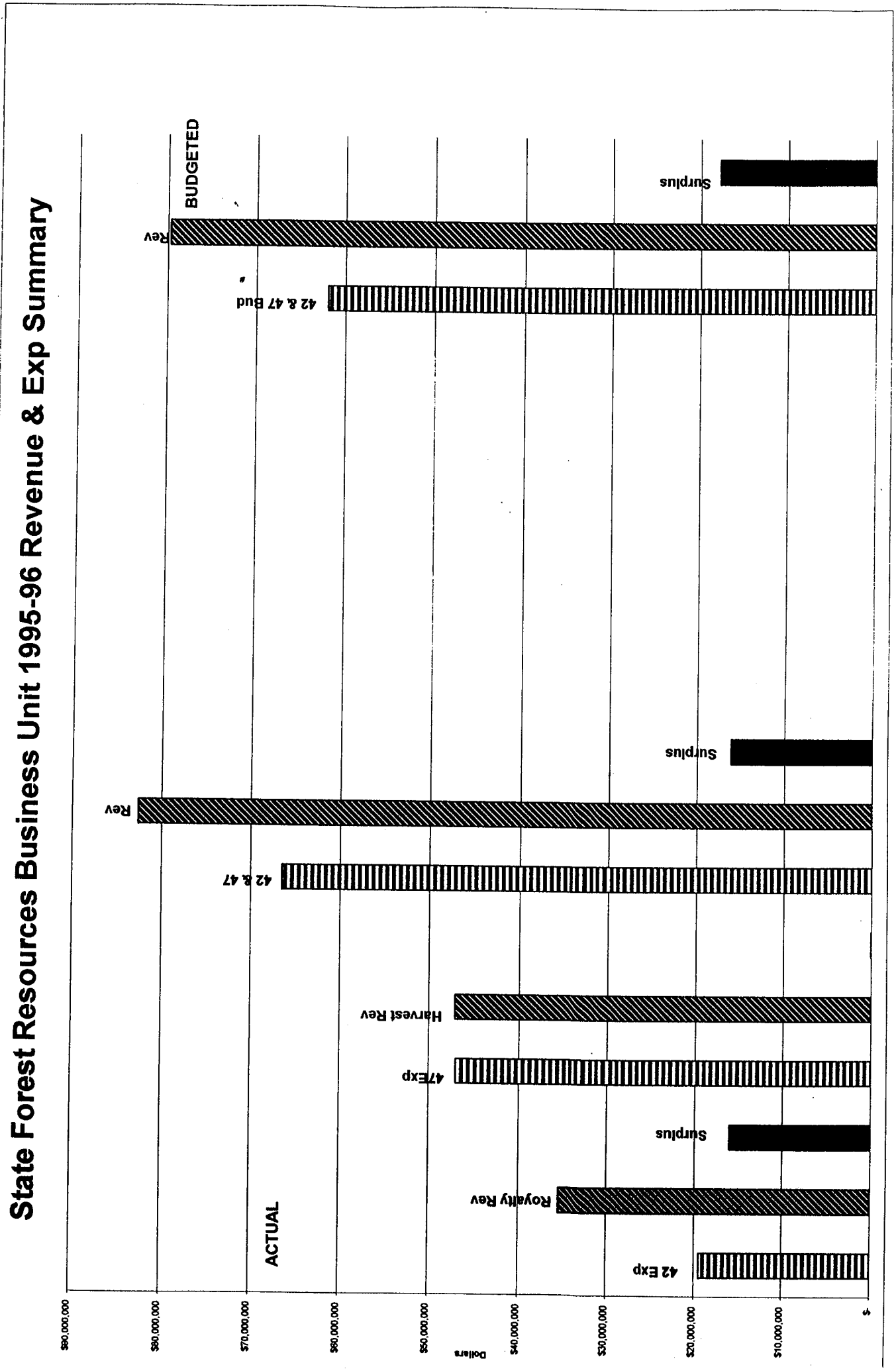
STATE FOREST RESOURCES BUSINESS UNIT 1995-96
FINANCIAL PERFORMANCE PLAN

1995/96 STATEMENT OF ACTUAL CASH FLOWS

PROGRAM	EXPENDITURE					REVENUE	Surplus
	FOREST REGIONS ($)	SFRBU 381 ($)	OTHER REGIONS ($)	OTHER COST CENTRES Exc Sandalwood & Debt Serv ($)	TOTAL ($)	($)	($)
42 RECURRENT	6,229,951	648,757	15,122	8,879,839	15,773,669		
42 CAPITAL	2,364,260	810,542	(156)	535,859	3,710,505		
Sub-Total Prog 42	8,594,211	1,459,299	14,966	9,415,698	19,484,174	35,497,109	16,012,935
47 HARVESTING	773,627	44,825,387	14,708	1,426,437	47,040,159	47,109,842	69,683
COMBINED TOTAL 42 & 47	9,367,838	46,284,686	29,674	10,842,135	66,524,333	82,606,951	16,082,618

1995/96 STATEMENT OF BUDGET EXPENDITURE & REVENUE

PROGRAM	EXPENDITURE					REVENUE	Surplus
	FOREST REGIONS ($)	SFRBU 381 ($)	OTHER REGIONS ($)	OTHER COST CENTRES Exc Sandalwood & Debt Serv ($)	TOTAL ($)	($)	($)
42 RECURRENT	4,243,200	491,300	500	6,452,000	11,187,000		
42 CAPITAL	2,811,400	1,548,400	0	300,000	4,659,800		
Sub-Total Prog 42	7,054,600	2,039,700	500	6,752,000	15,846,800	33,640,000	17,793,200
47 HARVESTING	2,101,200	42,130,900	22,000	1,845,900	46,100,000	46,100,000	0
COMBINED TOTAL 42 & 47	9,155,800	44,170,600	22,500	8,597,900	61,946,800	79,740,000	17,793,200


State Forest Resources Business Unit 1995-96 Revenue & Exp Summary
ACTUAL
42 Exp
Royalty Rev
Surplus
47Exp
Harvest Rev
42 & 47
Rev
Surplus
BUDGETED
42 & 47 Bud
Rev
Surplus
Dollars
$90,000,000
$80,000,000
$70,000,000
$60,000,000
$50,000,000
$40,000,000
$30,000,000
$20,000,000
$10,000,000
$
excel\temp\PLAN.XLS26/09/96
Note: Debt Servicing = $ 5,705,988