1 November 2001

The Hon P Lennon, MHA
Deputy Premier
Minister for Infrastructure, Energy and Resources
Level 10
Executive Building
15 Murray St
HOBART TAS 7000

Dear Minister

ANNUAL REPORT FOR THE YEAR ENDED 30 JUNE 2001

In accordance with section 32E of the Private Forests Act 1994, we hereby submit for your information and presentation to Parliament the Report of Private Forests Tasmania for the year ended 30 June 2001.

The Report has been prepared in accordance with the provisions of the Private Forests Act 1994.

Yours sincerely

P Downie
Chairman

D P King
Director/Chief Executive Officer
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LOCATIONS

Head Office
State Government Offices
Westbury Rd
PROSPECT

Postal Address
PO Box 180
KINGS MEADOWS 7249

Telephone:
(03) 6336 5300

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Branch Offices

Hobart
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HOBART

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Burnie
2-4 East Cam Rd
CAMDALE

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PO Box 68
BURNIE 7320

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Facsimile:
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BOARD of DIRECTORS

Chairman  Mr P Downie

Members

Member representing industrial private forest growers
Mr A White, from 1 July 1999 to 30 June 2002

Members representing non-industrial private forest growers
Mr T Leis, from 1 July 1997 to 30 June 2001
Mr I Dickenson, from 1 July 2000 to 30 June 2005
Mr P Downie, from 1 July 1998 to 30 June 2001

Member with expertise in forest or related sciences
Mr P Volker, from 1 July 1999 to 30 June 2002

Chief Executive Officer
Mr D King

CONTACT OFFICERS

Head Office

Chief Executive Officer  D King  (03) 6336 5299
Finance & Admin. Manager  J Battersby  (03) 6336 5298
Regional Private Forester  A Lyons  (03) 6336 5305
Trees in Land Management and Public Awareness Co-ordinator  M Castley  (03) 6336 5304

Branch Offices

Regional Private Forester  P Taylor  (03) 6233 7448
Regional Private Forester  A Warner  (03) 6434 6319
CHAIRMAN'S REPORT

The main feature of this year has been the acquisition of North Forest Products and Boral Timber by our local company Gunns Ltd. This should be seen as a big step forward for the industry as it allows an amalgamation of resource control that should see efficient new downstream processing emerge, something that is long overdue in our industry – an important challenge for Gunns and others.

It is still as important as ever that private growers are sent correct price signals for the product they grow. To this end the new amalgamation has no more monopolistic power than the previous structure. Private growers now have the added safeguard that the Competition and Consumer Commission will take notice to ensure that there is no anti-competitive behaviour.

This year has also seen the bubble burst on prospectus-based forestry plantations. Like any development, steady growth is preferable to boom and bust, but at least here has been a leap in our expected resource base. This has been at the unfortunate expense of some community anger.

With some recognising of priorities, Private Forests Tasmania still has the big issues of maintaining access to our native forests and facilitating new markets and industry development. The organisation continues to provide advice and incentives for those wishing to embrace farm forestry as part of their farming activities.

My term as Chairman has now expired and I would like to thank the Board and Staff for their support over the last seven years. I am sure that together we have laid the foundations for a healthy private forest industry for Tasmania.

I thank the State Government and our current Minister Paul Lennon for his consistent and solid support for our activities.

P Downie
CHAIRMAN of the BOARD
INTRODUCTION

This Annual Report describes the functions and operations of Private Forests Tasmania and includes the audited financial statements of the Authority for the year ended 30 June 2001. The Report focuses on matters relating to the organisation and management of resources available to the Chief Executive Officer during the year, and is submitted to Parliament in accordance with the annual reporting requirements of the Private Forests Act 1994.

STATEMENT OF CORPORATE INTENT

The Statement of Corporate Intent has been prepared pursuant to Section 19F of the Private Forests Act 1994.

Business Definition

The objective of the Authority is to facilitate and expand the development of the private forest resource in Tasmania in a manner which is consistent with sound forest land management practice, including:

- promote the development of private forestry in Tasmania;
- foster competitive markets for private forest growers;
- provide strategic planning and policy direction for private forestry in Tasmania;
- foster progressive and incremental funding from all private forest growers to fund the Authority;
- foster commercial wood production forestry on private land in Tasmania;
- foster the use and values of trees in sustainable land management.

The responsibilities, duties and objectives of the Authority are outlined in the Private Forests Act 1994.

Administration of Legislation

Private Forests Tasmania is responsible for administering the following legislation:

- Private Forests Act 1994
- Delegated authority under the Forest Practices Act 1985

The Minister for Infrastructure, Energy and Resources is the Minister of the Crown responsible for this legislation. The Minister gave no directions during the year.
STRATEGIC DIRECTIONS

Private Forests Tasmania (PFT) was established by an Act of Parliament that became effective from 1 July 1994. Prior to this date, the Authority was a division of the Forestry Commission (now Forestry Tasmania).

PFT is unique in Australia. It is the only independent authority established under its own legislation with a specific charter to promote, foster and assist the private forest sector to sustainably manage native forests and encourage the expansion of plantations on private lands.

The Private Forests Act provides PFT with clear governance responsibilities that recognise the economic and environmental importance of Tasmania’s private forests and the significant contribution and potential they have for the overall industry.

PFT’s core roles are:

- to develop and advocate strategic and policy advice to the Minister for Infrastructure, Energy and Resources and forestry partners on all matters relating to private forestry in Tasmania; and

- to work in partnership with growers, managers, investors and industry to develop and manage Tasmania’s private forests and to initiate extended or new market opportunities.

PFT is managed by a Board of appointed independent Directors with skills and experience in forestry. It has a Chief Executive and regional management and field staff.

Even though PFT is a small organisation, its legislative charter sets it apart from other existing forest, development, and land management organisations.

The charter also provides a clear distinction between PFT’s governance function and Forestry Tasmania’s (FT) charter to be a competitive forest manager and responsible for the commercial delivery of the multiple-use benefits from State forests. While FT is an active player in developing forestry on private land, PFT, in addition, has the clear and separate responsibility to provide strategic and policy advice to Government on private forestry.

Notwithstanding that the PFT Board comprises Directors with private forest sector and industry expertise, its charter clearly distinguishes it from other organisations that represent, advocate and lobby for private forest interests - such as the Forest Industries Association of Tasmania; the Tasmanian Farmers and Graziers Association; and other logging, sawmilling and timber associations. Importantly, the charter also clarifies that PFT is not a forest owner, land manager or developer in its own right, nor is it a marketing or sales organisation.

Similarly, PFT’s mission separates its role from that of the Forest Practices Board, notwithstanding that PFT provides advice to Government on the appropriate regulatory framework for private forestry.
PFT Vision for Tasmanian Private Forestry

PFT’s vision is:

To ensure private forestry realises its full potential as an integral and crucial part of Tasmanian life, the mainstay of a healthy rural environment and a major driver of jobs growth and income for Tasmania’s economy.

The vision provides a simple yet fundamental commitment to sustainable growth of private forestry as an integral part of the development of Tasmanian forestry and the Tasmanian community and economy.

Implicitly, the vision recognises the unique capacity of forestry, as a renewable and expandable resource-based industry, to realise this growth potential and generate not only sustainable economic outcomes, such as jobs and income, but also better environmental and community outcomes that benefit all Tasmanians.

The vision also reinforces the importance of the forestry growth cycle and the four interdependent stages of growing trees; harvesting and processing trees into value-added wood and related products; selling the products in the marketplace and developing new or expanded market and product opportunities.

It is by working this cycle that forestry will generate growth and positive outcomes for the Tasmanian community.

PFT Mission

The mission for PFT is:

To provide leadership and support to ensure a positive environment for the private sector to sustainably develop, manage, market and optimise returns from forestry on private lands in Tasmania.

This mission reinforces PFT’s governance role and the need to work strategically to achieve the vision and make a positive contribution that value adds to the development of forestry in Tasmania. It highlights PFT’s role to ensure the forestry growth cycle works by taking action, with industry partners if required, to facilitate and secure positive results.

PFT is the only organisation with the legislative framework and capacity to deliver this vision for private forestry.
Strategic Direction for PFT to 2002

There are significant development and market opportunities for private forestry in Tasmania to grow substantially over the next three years.

The strategic direction for PFT is to take a proactive and focussed approach to directly assist and facilitate growth faster than might otherwise occur by:

- ensuring effective governance of private forestry to ensure this potential is realised; and

- intervening, where appropriate, with other partners to make a significant difference to substantially increase private forestry’s productive and marketing potential.

The strategic direction target, based on ABARE Report on Tasmanian Forest Industry Growth Potential to 2010 and 2020, is to increase:

- the current private forestry value added output of $390 million by an additional $125 million per annum in the short term; and

- the $1.2 billion productive value of private forestry in 2020 by an additional projected $225 million per annum.

The four specific strategic priorities for PFT to address in the life of its corporate plan are as follows:

(1) Taking an active leadership and governance role in the development and implementation of forestry growth strategies and policies and promoting community awareness of the benefits of forestry.

(2) Increasing the area and quality of native forest under active management and increasing the area and quality of the plantation estate on private land.

(3) Encouraging and facilitating market development and increased returns for growers.

(4) Developing and improving its internal corporate management, administration and financial performance.
REVIEW OF OPERATIONS

Strategic Priority 1  Take an active leadership and governance role in the development and implementation of forestry growth strategies and policies and promote community awareness of the benefits of forestry.

PFT staff have co-ordinated the compilation and distribution of two Farm Forestry Pricing and Market Analysis bulletins to assist private landowners access information that may help in determining options for their plantation and native forest resource. This project is supported by Commonwealth Natural Heritage Trust funding.

PFT staff have continued to play a facilitating role in developing information sheets to enable State and local government members and staff to become better informed on plantation establishment, management and development, especially on cleared agricultural land.

PFT facilitates several land-holder based Farm Forestry Networks to increase land-holder forestry knowledge and skills. These networks have significantly increased PFT’s client base and active network members in the North Central and North-east Tasmania exceed 100 indicating the success of this project.

There have been successful farm forestry field days and information sessions, with a highlight being another successful Somerset farm forestry evening in North-west Tasmania. Over 90 people attended to hear a range of speakers give short illustrated presentations.

At the national level PFT continues to represent private forest growers nationally on the Montreal Implementation Group (MIG). The Group commissioned a number of research and scoping studies and reports from those studies are providing an insight to the issues associated with reporting against a range of Montreal criteria and indicators. The Group is planning for the preparation of the 2003 Country Report. A draft will be produced by December 2001 and a final report by April 2002.

PFT is supporting Australian Forest Growers in the development of the Australian Forestry Standard (AFS). PFT’s principal interest in this process is to ensure that the finally agreed framework for certification provides the opportunity for small forest owners to participate. The Standard is being developed as an Australian Standard and is being sponsored by a number of organisations. PFT staff represent private forest growers on both the Steering Committee and the Technical Reference Committee for the development of the AFS. The Steering Committee has engaged a Project Manager and oversees the administration necessary to meet the guidelines for standards development under the AFS. The Technical Reference Committee provides input to the Project Manager on the actual Standard and will vote on the Standard. The Technical Reference Committee has wide stakeholder representations. A public expose draft will be released in August 2001.

The Chief Executive Officer of PFT participated in the 7th International Forest Industry Roundtable Conference held at Marysville, Victoria, in October 2000. Forest industry representatives from twelve different countries and country groupings attended this conference. The principal objective of this conference was to progress the concept of mutual recognition of the respective certification of sustainable forest management systems and processes that are being developed by the various member countries.
Further development of the Farm Forestry Toolbox concept saw the launch of Version 3 with substantial updates and new options including useful information on tree pests and diseases. The Toolbox is a PFT initiative supported by Natural Heritage Trust Farm Forestry funding to provide a set of user friendly tools in a software package that can be run on any home computer. The tools help landowners to better measure, manage and evaluate options for both plantations and native forest.

AGFEST again provided a major venue for promotion by PFT. This year's theme was directed towards the marketing side, where landowners were encouraged to think past the log to the final product. Support was provided by Gunns Ltd., Australian Forest Growers, Co-operative Research Centre, Koppers, Fenton's Timbers, Home Ideas, Carins Bros., and TruLine Doors.

Five issues of the Farm Forestry Newsletter were prepared and mailed out to clients, and included on the PFT WEB site. Advertisements, articles, features, graphics and images were provided for newspapers, publications, pamphlets, displays, meetings and field days.

Staff expertise was in demand for a range of activities including:- providing expert input into the State Assessment Panel for the Natural Heritage Trust; presentation of a paper to the State Firewood Conference; presentation of a paper on blackwood plantations at a national Blackwood seminar held in Tasmania; presentation to investors; and presentations to dairy, farm forestry, business and forest industry groups to promote sustainable forestry practices on private land. One staff member was awarded a prestigious Churchill Fellowship to study farm forestry extension methods in South-eastern USA. The findings from the study tour are being integrated into existing PFT activities and assisting in the development of new services.

PFT staff co-ordinated or assisted with research projects in:- site establishment and species selection; technology transfer of research outcomes to the farm forestry audience through information sheets, the PFT newsletter and the production of web-site information; support for field trial locations; establishment and monitoring of fertiliser and weed control research trials; input into seminars; review of research papers; and provision of aggregated forestry data sets for research projects. PFT has also been a member of the Co-operative Research Centre for Sustainable Production Forestry. As part of participating in the national Australian Low Rainfall Tree Improvement Group, two trials to evaluate Pinus pinaster have been established, one of which is recognised as the best in Australia.

PFT has continued to develop stronger links with New Zealand forestry. The similarities between our climates and the importance of private farm forestry and its success in New Zealand have been relevant factors. PFT is a member of the New Zealand Forest and Farm Plantation Management Co-operative and attendance at the annual meeting provided access to research results, valuable contacts and specialised advice. Field inspections directly relevant to Tasmania covered alternatives to pines, small sawmill processing plants, successful agroforestry, and blackwood plantation development. Two New Zealand farm forestry speakers were sponsored by PFT to provide three evening seminars for landowners in the North-West.
PFT represented private forest growers on a National Firewood Taskforce providing advice on the development of a National Approach to Firewood Collection and Use. The final report has been released.

PFT expertise is also represented on the National Farm Forest Inventory Steering Committee, to help develop implementable processes at a national level.

**Strategic Priority 2  **Increase the area and quality of native forest under active management and increase the area and quality of the plantation estate on private land.

PFT plays a key role in initiating and facilitating projects, maintains co-operation with a diverse range of stakeholders, and continues its involvement with the Commonwealth Farm Forestry Programme. The goal of this programme is to encourage the incorporation of commercial tree growing and management into farming systems for the purpose of wood and non-wood production, increasing agricultural productivity and sustainable natural resource management. Projects were funded to cover skills development, training, education and awareness raising; strategic planning; and investigation, surveys, trials and demonstrations.

The major farm forestry project, *The Integrated Farm Forestry Planning and Forest Establishment Project – Stage 1* is a well-accepted and established State-wide project producing farm forestry development plans for private land-holders. Plans are prepared in close consultation with land-holders for plantation establishment on cleared land and are supported by a Forest Planning Manual and Geographic Information System and planning data base systems. Over 60 plans, which integrate forestry with other land uses, have been delivered to land-holders. These plans cover an average area of 10ha with an average rainfall of 860 mm. The primary objective is often wood production, even so half of the plans have objectives related to increased sustainability and productivity of the property and the remainder have environmental objectives such as salinity, erosion and weed control. A number of plans specifically protect remnant vegetation, or vulnerable species.

The Farm Forestry Devolved Grants Project, *(The Integrated Farm Forestry Planning and Forest Establishment Project – Stage 2)* is a $1.6million, two year, State-wide project which commenced in February 2001 and is supported by the Natural Heritage Trust. The project will provide assistance to over 120 land-holders to establish over 1,200 hectares of plantations on cleared agricultural land. Assistance to land-holders is based on the environmental benefits tree growing brings to the wider community including, salinity control, improved water quality, soil conservation and bio-diversity values. The project has already attracted 80 applicants, many with farm forestry plans prepared under Stage 1, with 60%, 20% and 10% of applications being from the North-East, North-West and Southern Tasmania respectively.

*A Tasmanian Farm Forestry Marketing and Financial Analysis* project provides land-holders and forest owners with regular information on wood markets and prices. The first two reports have been released in both paper and electronic format and have been widely acclaimed.
The Farm Forestry Tool Box – An Aid to Growing Trees on Farms is a state of the art, user friendly, computer programme to assist land managers, consultants and investors to manage farm forests (shelter-belts, plantations and native forests) and determine the economic feasibility of farm forestry options. It is designed for easy use by farmers. Training courses for land-owners have been provided by PFT staff as part of this NHT supported project.

**Key Farm Forestry Demonstration Sites for Education, Awareness and Training Programs** provides land-holders with skills and knowledge as well as demonstration forests to increase adoption of farm forestry. Achievements include development of establishment systems suitable for farmers; establishment of small scale farm forests; development of wild life proof fencing for plantations; production of educational modules on different aspects of plantation forestry; demonstrated suitability of a variety of species including cypress and eucalypt hybrids for forestry and salinity control; and field cays and demonstrations for land-holders. Demonstrations of plantation establishment, based on whole farm planning principles, on farm land on a wide range of different sites and land uses have resulted in an expansion of regional farm plantation resources which are often integrated into farm enterprises and land systems.

One trial and one demonstration site have been established to evaluate eucalypt hybrids for use in saline areas as part of a national program overseen by Saltgrow, a division of Yates Botanical Pty Ltd. Over 100 genotypes of *Eucalyptus camaldulensis* X *globulus* and *E. camaldulensis* X *grandis* have been established and early growth rates are impressive. PFT, in partnership with Yates Botanical Pty Ltd and Department of Primary Industries Water & Environment, submitted an NHT application for $71,000 to establish 10 similar trials across Tasmania in 2001/2002 using the 50 most promising genotypes. DPIWE will undertake ground water and salinity monitoring.

Demonstration sites in the North-West have proven successful as a focus for landowner discussion and well-attended field days. The emphasis has been on highlighting the benefits of using trees on steeper slopes where more traditional agricultural uses are uneconomic or environmentally undesirable.

The development of a Farm Forestry and Plantation Strategy for the *Farm and Plantation Strategy and Regional Profile* has progressed well. A background information paper is completed and a draft strategy has been developed. Additional information sheets on issues of concern have been developed and distributed widely. The information sheets are available on the PFT web site and were distributed as CD ROMs to all Councils in Tasmania.

A *North West Tasmanian Survey on Community Attitudes Towards Farm Forestry Expansion* provided information on farming community attitudes to plantation expansion, to assist monitor attitudes over the long term, and to assist local and regional catchment planning for farm forestry. The survey process was developed in close consultation with participating stakeholders including farmers and local government, with extensive feedback throughout the North-West.

*Investigation into Low Rainfall Farm Forestry Systems* included testing of silvicultural regimes across a range of different species on various sites. Management included estimation of most profitable management regimes and the adoption of the national Pruned Stand Certification scheme.
Training and Networking for Industry Professionals provides opportunities for persons working in the forest industry to both train and network to ensure the best knowledge they require is available. A needs survey to identify industry training requirements has been developed.

PFT is represented on both the steering and editorial committees for the Farm Forestry Technical and Business Handbook and is a contributing member. This project has brought together a very diverse range of disciplines and organisations to ensure that information is provided in a co-ordinated manner on all environmental and economic aspects of private forestry. The focus is on sustainable systems and addresses soil, water, flora and fauna, geomorphological, archaeological, landscape and heritage value issues to minimise environmental impacts of forestry. It promotes best forestry practices and sustainability of farm forestry enterprises with due consideration to environmental and economic issues.

Stakeholder consultation has been prominent across projects. Major Natural Heritage Trust projects have established project reference groups, steering and/or co-ordinating committees. At the very least, these include representatives from the forest industry, local government and land-holders. Projects requiring scientific study have input from institutions such as the Co-operative Research Centre for Sustainable Production Forestry. Two of these major regional projects in North-East Tasmania focus on natural resource management in which PFT has been involved in policy development and project assessment. These projects are hailed as national models for delivery of regional strategies that include forestry outcomes.

Direct Seeding has been the major function of Trees in Land Management staff. Many community groups have requested PFT assistance, as a result of increased awareness of the practical application of this method. A large NHT project at Ross has been initiated. The 2000/01 summer was very hard on direct seeding projects and most germinals failed in the excessively dry conditions. This has highlighted the need for the continued presence of a consistent long-term authority to work in this area to allow for follow-up and continuity of practical management options to landowners.

Private Timber Reserves (PTR’s) declared under the Forest Practices Act 1985 give legal status and recognition to areas of private forest set aside for timber production. Private forest owners voluntarily apply for declaration. PTR’s are declared by authority of the Governor-in-Council, notified in the Government Gazette and are registered on the land title.

The following table provides details on applications dealt with in 2000 - 2001.

<table>
<thead>
<tr>
<th>Description</th>
<th>2000-2001</th>
<th>Progressive total to 30/6/2001</th>
</tr>
</thead>
<tbody>
<tr>
<td>Applications advertised</td>
<td>82</td>
<td>1,257</td>
</tr>
<tr>
<td>Applications approved by Forest Practices Board</td>
<td>109</td>
<td>1,223</td>
</tr>
<tr>
<td>Private Timber Reserves revoked</td>
<td>6</td>
<td>31</td>
</tr>
<tr>
<td>Total area gazetted (hectares)</td>
<td>14,124</td>
<td>334,142</td>
</tr>
</tbody>
</table>

PTR applications that have been gazetted are now listed on PFT’s website.
A Tactical Forest Planning and Native Forest Management Project funded by the Regional Forest Agreement has produced twenty-seven forest management plans in close consultation with land-holders such that forest productivity and sustainable management is improved. Plans include management recommendations for native forest totalling 12,899ha. A range of silvicultural treatments such as regrowth thinning and selective harvesting are recommended as well as consideration of participation in the Private Forest Reserve Program. Plan development has strengthened PFT and land-holder relationships with the forest industry. This project has been run in conjunction with the Integrated Farm Forestry Planning and Forest Establishment Project – Stage 1 and is supported by Geographic Information Systems and planning databases.

The Geographic Information Systems Officer position has enabled PFT to substantially progress the collation of state-wide spatial data that now provides the basis for information provided to local, State and federal agencies and governments, as well as area specific queries. PFT is playing an important role in facilitating the development of a cost-effective and timely data-set of general information on private forest areas in Tasmania. Summary data on Private Timber Reserves and major forest types is now publicly available via the State’s web-based LIST system.

The Chief Executive Officer represents the Tasmanian private forestry on the Standing Committee on Forests (SCF) and the Private Forests Consultative Committee (PFCC) which is a sub-committee of the SCF. The PFCC was established to advise the Federal Government via the SCF on issues relating to the promotion and management of private forestry. Its principal focus initially is to oversee the implementation of the Plantations for Australia: the 2020 Vision which is a joint initiative of the Federal and State Governments together with three peak forest industry bodies. However, in future it will also take a lead role in co-ordinating the support for the Regional Plantation Committees (RPC) which have become established in most States of Australia.

**Strategic Priority 3. Encourage and facilitate market development and increased returns for growers.**

The organisation continues to work with other agencies and entities with a focus on the development of expanded market opportunities.

In particular, appropriate private forestry data has been provided to support an expression of interest in conducting a pre-feasibility study into the establishment of a Bleached Kraft Pulpmill in Tasmania. PFT has also closely monitored developments relating to carbon trading and bio-energy market options.

Continued support is being provided to Farmwood Tasmania and other grower groupings in both domestic and export market development with strengthening ties being established between these groups and Chinese interests in particular. PFT also organised field visits for the representative of a South African timber products manufacturing company interested in relocating to Tasmania, and has provided information to two other such South African companies. Whilst no decision has yet been taken by any of these entities to relocate, contact is being maintained.
The Chief Executive Officer (CEO) represents private forestry interests on the China Traders Forum, an information exchange group initiated by Department of State Development but now managed out of the Forest and Forest Industries Council (FFIC). The CEO also participated in the second Korea-Australia Co-operative Committee Meeting and forest industry tours held in Canberra and Tasmania during March 2001.

PFT’s involvement with the FFIC also allows input into the wide range of sawmill and solid wood product development projects managed by FFIC.

**Strategic Priority 4  Develop and improve its internal corporate management, administration and financial performance.**

PFT has continued to focus on providing information on all aspects of forestry through the development of a number of products including information sheets, marketing bulletins, field days and courses on specific topics. Where individual clients have requested specific information or services, these requests have been provided on a fee for service basis, which is part of PFT’s aim to establish a broader funding base.

Work has continued throughout the year to comply with a Government directive to introduce a private forests service levy to partially fund certain activities of PFT. Following extensive consultations, agreement has now been reached with representatives of the Tasmanian Farmers and Graziers Association and the Forest Industries Association of Tasmania to introduce a private forests service levy. The levy will be paid to PFT within six months of a private forest owner having a forest practices plan certified for the establishment of a forest or the harvesting of timber. The levy amount for 2001-2002 is $14 per hectare. The levy is anticipated to raise around $300,000 in a full financial year. Legislation is expected to be introduced into Parliament before the end of 2001.

**HUMAN RESOURCE MANAGEMENT**

<table>
<thead>
<tr>
<th>Staff by Category</th>
<th>30 June 2001</th>
</tr>
</thead>
<tbody>
<tr>
<td>Executive Management</td>
<td>1</td>
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<tr>
<td>Regional Private Foresters</td>
<td>3</td>
</tr>
<tr>
<td>Technical Foresters</td>
<td>6</td>
</tr>
<tr>
<td>Project Officers (Externally funded)</td>
<td>9</td>
</tr>
<tr>
<td>Administration Staff</td>
<td>4</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>23</strong></td>
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</tbody>
</table>

<table>
<thead>
<tr>
<th>Breakdown of Staff by Gender</th>
<th>2001</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Male</td>
</tr>
<tr>
<td>Permanent</td>
<td>11</td>
</tr>
<tr>
<td>Project</td>
<td>7</td>
</tr>
<tr>
<td>Casual</td>
<td>0</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>18</td>
</tr>
</tbody>
</table>

*Annual Report 2000-2001*
SUPERANNUATION

In accordance with the provisions of the Public Sector Superannuation Reform Act 1999, PFT has met the requirements of the Superannuation Guarantee (Administration) Act 1992 in respect of those employees who are not covered by the provisions of the Retirement Benefits Act 1993 or the Tasmanian Accumulation Scheme.

OCCUPATIONAL HEALTH AND SAFETY AND MANAGING DIVERSITY

The Authority is committed to maintain high standards of performance in respect to occupational health and safety, and equal employment opportunity. All employees are expected to participate in maintaining safe working conditions and practices, and to promote and uphold the principle of fair and equitable access to employment/promotion, personal development and training, and the elimination of workplace harassment and discrimination.

One worker's compensation claim was submitted in 2000-01 with no loss of time due to injury.

Staff expertise was used to carry out consultancies in:

- Direct seeding
- Pruned Stand Certification
- Forest Practices System planning
- Private Timber Reserve special values assessment
- General farm forestry planning and management

Staff training and development activities included:

- The Farm Forestry Toolbox (farm forestry management and planning skills)
- Workplace First Aid
- Geographic Information Systems (electronic mapping skills and systems)
- Forest Practices Code (specialist planning skills)
- Private Timber Reserve System Update (legislative functions and planning)
- Workplace Behaviour
- Will and the Way involvement
- Occupational Health & Safety
- Information Technology

INvolvement with Organisations/Committees

- ANZECC Firewood Taskforce
- Australian Forest Growers
- Australian Forestry Standard Steering Committee
- Australian Forestry Standard Technical Reference Committee
- Australian Institute of Horticulture State Management Committee
- Australian Low Rainfall Tree Improvement Group
- Bio Energy Australia
- Bushcare Landcare Rivercare Reference Panel
- Co-operative Research Centre for Sustainable Production Forestry – Blackwood Research Meeting
Plantation Establishment to reverse Tree Decline in the Midlands -
Steering Committee
Blackwood Industry Group
Farm Forestry Handbook Editorial Committee
Farm Forestry Handbook Steering Committee
Department of Geography and Environmental Studies -
Remnant Bush Management Committee
FARMWOOD Tasmania
Farm Forestry Devolved Grant Reference Group
Forest and Wood Products Research & Development Corporation
Forest Carbon Group
Forest Practices Advisory Council
Forest Industries clubs
Tasmanian World Forestry Day Awards
Forests and Forest Industry Council
Greenhouse Consultative Committee
Greenhouse Strategy Group
Greening Australia (Tasmania)
Institute of Foresters of Australia
Integrated Farm Forestry Project Reference Group
Interdepartmental Committee on Firewood
Interdepartmental Committee of Natural Resource Management
International Forest Industry Round Table
Launceston City Council Heritage Forest Committee
Meander Valley Natural Resource Management Committee
Meander Valley Vegetation Management Strategy Sub Committee
Meander Valley Scenic Management Steering Committee
Meander Valley Scenic Management Technical Assessment Panel
Montreal Implementation Group
National Association of Forest Industries - Working Group on Accreditation
and Sustainability Criteria
National Farm Forest Inventory Steering Committee
New Zealand Forest and Farm Plantation Co-operative
Northwest Treegrowers
Pampas Grass Steering Committee
Plantation Timber Association of Australia (PTAA)
Private Land CAR Advisory Committee
Private National Forest Inventory Workgroup
Regional Implementation Group
RFA Implementation Review Working Group
State Assessment Panel Natural Heritage Trust -
Technical Assessment Panel for Farm Forestry NHT
Tamar Valley Natural Resource Management Reference Group Committee
Tamar Valley Natural Resource Management Technical Assessment Panel
Tasmanian Log Segregation Study
Tasmanian Technical Committee for Soil Conservation
Technical Working Committee on Rural Tree Decline
TFGA Forestry Committee
Vegetation Management Subgroup
Wildlife Animal Management Browsing Group
PRIVATE FORESTS TASMANIA

FINANCIAL STATEMENTS

2000-2001
### STATEMENT OF FINANCIAL PERFORMANCE

**FOR THE YEAR ENDED 30 JUNE 2001**

<table>
<thead>
<tr>
<th>NOTES</th>
<th>2001 $'000</th>
<th>2000 $'000</th>
</tr>
</thead>
<tbody>
<tr>
<td>Revenues from Ordinary Activities</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Consolidated Fund</td>
<td>1,250</td>
<td>995</td>
</tr>
<tr>
<td>Commonwealth Grants</td>
<td>687</td>
<td>551</td>
</tr>
<tr>
<td>Interest on Bank</td>
<td>123</td>
<td>90</td>
</tr>
<tr>
<td>Interest on pine loans</td>
<td>102</td>
<td>122</td>
</tr>
<tr>
<td>Private Timber Reserve Fees</td>
<td>29</td>
<td>13</td>
</tr>
<tr>
<td>Other</td>
<td>82</td>
<td>87</td>
</tr>
<tr>
<td><strong>Total Revenues from Ordinary Activities</strong></td>
<td><strong>2,273</strong></td>
<td><strong>1,858</strong></td>
</tr>
<tr>
<td>Expenses from Ordinary Activities</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Salary &amp; Wages</td>
<td>1,032</td>
<td>837</td>
</tr>
<tr>
<td>Employee entitlements</td>
<td>176</td>
<td>131</td>
</tr>
<tr>
<td>Motor vehicle &amp; travel</td>
<td>179</td>
<td>160</td>
</tr>
<tr>
<td>Depreciation and amortisation</td>
<td>60</td>
<td>41</td>
</tr>
<tr>
<td>Directors expenses</td>
<td>58</td>
<td>57</td>
</tr>
<tr>
<td>Interest on pine loans</td>
<td>102</td>
<td>125</td>
</tr>
<tr>
<td>Other</td>
<td>594</td>
<td>619</td>
</tr>
<tr>
<td><strong>Total expenses from Ordinary Activities</strong></td>
<td><strong>2,201</strong></td>
<td><strong>1,970</strong></td>
</tr>
</tbody>
</table>

**Total Changes in equity other than those resulting from Transactions with Owners as Owners** | 72 | (112) |

**Accumulated profits/(loss) at the beginning of the Financial Year** | 133 | 245 |

**Accumulated Profits at the end of the financial year** | 205 | 133 |

The Statement of Financial Performance is to be read in conjunction with the accompanying notes to the financial statements.
STATEMENT OF FINANCIAL POSITION

FOR THE YEAR ENDED 30 JUNE 2001

<table>
<thead>
<tr>
<th>NOTES</th>
<th>2001</th>
<th>2000</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>$'000</td>
<td>$'000</td>
</tr>
<tr>
<td>CURRENT ASSETS</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Cash</td>
<td>4</td>
<td>595</td>
</tr>
<tr>
<td>Investments</td>
<td>5</td>
<td>1,900</td>
</tr>
<tr>
<td>Receivables</td>
<td>3</td>
<td>221</td>
</tr>
<tr>
<td>TOTAL CURRENT ASSETS</td>
<td>2,716</td>
<td>2,169</td>
</tr>
<tr>
<td>NON-CURRENT ASSETS</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Property, plant &amp; equipment</td>
<td>6</td>
<td>192</td>
</tr>
<tr>
<td>Receivables</td>
<td>3</td>
<td>1,390</td>
</tr>
<tr>
<td>Other</td>
<td></td>
<td></td>
</tr>
<tr>
<td>TOTAL NON-CURRENT ASSETS</td>
<td>1,582</td>
<td>1,736</td>
</tr>
<tr>
<td>TOTAL ASSETS</td>
<td>4,298</td>
<td>3,905</td>
</tr>
<tr>
<td>CURRENT LIABILITIES</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Payables</td>
<td>7</td>
<td>1,813</td>
</tr>
<tr>
<td>Provisions</td>
<td>8</td>
<td>239</td>
</tr>
<tr>
<td>Interest-bearing liabilities</td>
<td>9</td>
<td>161</td>
</tr>
<tr>
<td>TOTAL CURRENT LIABILITIES</td>
<td>2,213</td>
<td>1,757</td>
</tr>
<tr>
<td>NON-CURRENT LIABILITIES</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Interest-bearing liabilities</td>
<td>9</td>
<td>1,856</td>
</tr>
<tr>
<td>Provisions</td>
<td>8</td>
<td>24</td>
</tr>
<tr>
<td>TOTAL NON-CURRENT LIABILITIES</td>
<td>1,880</td>
<td>2,015</td>
</tr>
<tr>
<td>TOTAL LIABILITIES</td>
<td>4,093</td>
<td>3,772</td>
</tr>
<tr>
<td>NET ASSETS</td>
<td>205</td>
<td>133</td>
</tr>
<tr>
<td>EQUITY</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Accumulated Surplus (Deficit)</td>
<td>205</td>
<td>133</td>
</tr>
<tr>
<td>TOTAL EQUITY</td>
<td>205</td>
<td>133</td>
</tr>
</tbody>
</table>

The Statement of Financial position is to be read in conjunction with the accompanying notes to the financial statements.
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 30 JUNE 2001

<table>
<thead>
<tr>
<th></th>
<th>2001</th>
<th>2000</th>
</tr>
</thead>
<tbody>
<tr>
<td>CASH FLOWS FROM OPERATING ACTIVITIES</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Cash receipts from customers</td>
<td>199</td>
<td>221</td>
</tr>
<tr>
<td>Cash receipts from government</td>
<td>2,370</td>
<td>1,918</td>
</tr>
<tr>
<td>Interest received</td>
<td>144</td>
<td>84</td>
</tr>
<tr>
<td>GST received from Taxation Authority</td>
<td>73</td>
<td></td>
</tr>
<tr>
<td>Total Cash Received</td>
<td>2,786</td>
<td>2,223</td>
</tr>
<tr>
<td>Payments to suppliers and employees</td>
<td>(2,170)</td>
<td>(1,849)</td>
</tr>
<tr>
<td>GST Paid to taxation Authority</td>
<td>(9)</td>
<td></td>
</tr>
<tr>
<td>Total Cash Used</td>
<td>(2,179)</td>
<td>(1,849)</td>
</tr>
<tr>
<td>NET CASH PROVIDED BY OPERATING ACTIVITIES</td>
<td>607</td>
<td>374</td>
</tr>
</tbody>
</table>

CASH FLOWS FROM INVESTING ACTIVITIES

<table>
<thead>
<tr>
<th></th>
<th>2001</th>
<th>2000</th>
</tr>
</thead>
<tbody>
<tr>
<td>Payments for investments</td>
<td>(50)</td>
<td>(1,000)</td>
</tr>
<tr>
<td>Payments for acquisition of equipment</td>
<td>(68)</td>
<td>(83)</td>
</tr>
<tr>
<td>NET CASH FLOWS USED IN INVESTING ACTIVITIES</td>
<td>(118)</td>
<td>(1,083)</td>
</tr>
</tbody>
</table>

CASH FLOWS FROM FINANCING ACTIVITIES

<table>
<thead>
<tr>
<th></th>
<th>2001</th>
<th>2000</th>
</tr>
</thead>
<tbody>
<tr>
<td>Pine Loan advances</td>
<td>(5)</td>
<td>(4)</td>
</tr>
<tr>
<td>Loan repayments</td>
<td>278</td>
<td>368</td>
</tr>
<tr>
<td>State Government loans repaid</td>
<td>(278)</td>
<td>(371)</td>
</tr>
<tr>
<td>NET CASH FLOWS USED IN FINANCING ACTIVITIES</td>
<td>(5)</td>
<td>(7)</td>
</tr>
</tbody>
</table>

NET INCREASE (DECREASE) IN CASH HELD

<table>
<thead>
<tr>
<th></th>
<th>2001</th>
<th>2000</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cash at the beginning of the financial year</td>
<td>111</td>
<td>827</td>
</tr>
<tr>
<td>CASH AT THE END OF THE FINANCIAL YEAR</td>
<td>595</td>
<td>111</td>
</tr>
</tbody>
</table>

Reconciliation of net cash provided by operating activities to Operating profit

<table>
<thead>
<tr>
<th></th>
<th>2001</th>
<th>2000</th>
</tr>
</thead>
<tbody>
<tr>
<td>Operating profit(loss)</td>
<td>72</td>
<td>(112)</td>
</tr>
<tr>
<td>Plus(minus) non cash items:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Depreciation &amp; amortisation</td>
<td>60</td>
<td>41</td>
</tr>
<tr>
<td>Change in assets and liabilities:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Increase (decrease) in provisions</td>
<td>37</td>
<td>14</td>
</tr>
<tr>
<td>Increase (decrease) in creditors</td>
<td>(2)</td>
<td>32</td>
</tr>
<tr>
<td>Increase (decrease) in accrued expenses</td>
<td>9</td>
<td>12</td>
</tr>
<tr>
<td>Increase (decrease) in borrowings</td>
<td></td>
<td>4</td>
</tr>
<tr>
<td>Increase (decrease) in unexpended grants</td>
<td>433</td>
<td>372</td>
</tr>
<tr>
<td>(Increase) decrease in receivables</td>
<td>(23)</td>
<td>(7)</td>
</tr>
<tr>
<td>(Increase) decrease in prepayments</td>
<td>0</td>
<td>(2)</td>
</tr>
<tr>
<td>(Increase) decrease in other non-current assets</td>
<td>21</td>
<td>20</td>
</tr>
<tr>
<td>Net cash provided by operating activities</td>
<td>607</td>
<td>374</td>
</tr>
</tbody>
</table>

Credit Standby Arrangements
A Visa Card facility of $10,000 was available to the Authority at 30 June 2001. As at that date, $1,050 was outstanding.

The Statement of Cash Flows is to be read in conjunction with the accompanying notes to the financial statements.
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2001

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(a) Basis of accounting

The financial statements are required by Part 5A, clause 32B of the Private Forests Act 1994.

The general purpose statements have been prepared in accordance with:

- Australian Accounting Standards;
- other authoritative pronouncements of the Australian Accounting Standards Board;
- Urgent Issues Group Consensus Views.

The Statements of Financial Performance and Financial Position have been prepared on an accrual basis and are in accordance with the historical cost convention, except for certain assets which are at current valuation. Except where stated, no allowance is made for the effect of changing prices on the results or the financial position.

Assets and liabilities are recognised in the Statement of Financial position when and only when it is probable that future economic benefits will flow and the amounts of the assets or liabilities can be reliably measured. Assets and liabilities under agreements equally proportionately unperformed are however not recognised unless required by an Accounting Standard. On 1 July 2000 the Authority, in accordance with Statement of Accounting Standards AAS 38 "Revaluation of Non-Current Assets", elected to continue to adopt the cost basis for the valuation of property, plant and equipment.

Revenues and expenses are recognised in the statement of Financial performance when and only when the flow or consumption or loss of economic benefits has occurred and can be reliably measured.

(b) Changes in Accounting Policy

The accounting policies used in the preparation of these financial statements are consistent with those used in 1999-2000.

(c) Revenue

Interest revenue is recognised when it is received or can be reliably measured in the period to which it relates.

Revenue from the provision of goods and services is recognised upon the delivery of goods and services to clients.

Government appropriations are recognised as revenue to the extent they have been received into the Authority's bank account or are entitled to be received by the Authority at year end.

(d) Employee Entitlements

Leave

The liability for employee entitlements includes provision for annual leave and long service leave. No provision has been made for sick leave as all sick leave is non-vesting and the average sick leave taken in future years by employees of the Authority is estimated to be less than the annual entitlement for sick leave.
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2001

The liability for annual leave reflects the value of total annual leave entitlements of all employees at 30 June 2001 and is recognised at its nominal amount.

The liability for long service leave is the present value of expected future payments (including on-costs) to be made in respect of service provided by employees up to balance date. Consideration is given, when assessing future payments to expected future departures and wage and salary levels, experience of employee departures and periods of service. Expected future payments are discounted using the appropriate indicative mid-rates on selected Commonwealth Government Securities.

Superannuation
New public sector superannuation arrangements, commencing on 1 July 1994, were introduced with the proclamation of the Retirement Benefits Act 1993.

One consequence of this Act is that superannuation arrangements previously covered by the Retirement Benefits and Superannuation Accumulation Funds, as well as the Retiring and Death Allowances scheme, are now replaced by one fund, i.e., the Retirement Benefits Fund, administered by the Retirement Benefits Fund Board.

As Private Forests Tasmania is funded from Consolidated Fund, the Government will assume liability for past, present and future employees. The Authority’s superannuation obligation is met by regular remittances to the Department of Treasury and Finance where contributions are held in the Special Deposits and Trust Fund. Consequently, a provision for superannuation is not included in the financial statements.

Accumulated Leave Credits
The Authority has brought to account a provision for accumulated leave credits at 30 June 2001. This policy reflects the excess hours accumulated for work that is additional to the award based hours. This has the effect of increasing salary and wages by $20k and increasing the current employee provisions by the same amount.

(e) Grants
Government grants received by the Authority as contributions to operating expenses are recognised as revenue in the year the expense was incurred, in accordance with the Treasurer’s Instructions.

(f) Cash
Cash means notes and coins held and any deposits held at call with a bank or financial institution.

(g) Goods and Services Tax (GST)
Revenues, expenses and assets are recognised net of the amount of goods and services tax (GST), except where the amount of GST incurred is not recoverable from the Australian Taxation Office (ATO). In these circumstances the GST is recognised as part of the cost of acquisition of the asset or as part of an item of expense. Receivables and payables are recognised with the amount of GST included. The net amount of GST recoverable from, or payable to, the ATO is included as a current asset or liability in the statement of financial position. Cash flows are included in the statement of cash flows on a gross basis. The GST components of cash flows arising from investing and financing activities which are recoverable from, or payable to, the ATO are classified as operating cash flows.
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2001

(h) Property, Plant and Equipment

_Acquisition_
All acquisitions of assets are recorded at the cost of acquisition, being the purchase consideration
determined as at the date of acquisition plus costs incidental to acquisition.

_Recoverable Amount_
The carrying amount of all non-current assets are reviewed at least annually and are not stated at
amounts in excess of their recoverable amount. Except where stated, recoverable amounts are not
determined using discounted cash flows.

_Depreciation_
Depreciation is calculated on a straight-line basis to write off the net cost of items of property, plant and
equipment over their expected useful lives. The expected useful lives are:

<table>
<thead>
<tr>
<th>Asset Type</th>
<th>Useful Life</th>
</tr>
</thead>
<tbody>
<tr>
<td>Leasehold improvements</td>
<td>50 years</td>
</tr>
<tr>
<td>Furniture, Equipment &amp; software</td>
<td>3 – 15 years</td>
</tr>
</tbody>
</table>

Assets are depreciated from the date of acquisition and where they have been revalued, depreciation is
charged on the revalued amount.

(i) **Income Tax Equivalent**

Private Forests Tasmania is not required to pay an income tax equivalent

(j) **Comparative Figures**

Comparative figures have been adjusted to conform to changes in presentation in these financial
statements where required

(k) **Rounding**

Amounts have been rounded to the nearest $1,000.

(l) **Private Forests Tasmania**

Private Forests Tasmania was established on 1 July 1994 as a statutory authority by the Private Forests
Act 1994. It is not required to pay guarantee fees, tax-equivalent payments nor to pay a dividend to the
Tasmanian government.

Private Forests Tasmania has taken over the assets, liabilities, functions and responsibilities previously
managed by the Private Forestry Division of the former Forestry Commission. This is in accordance
with Sections 6 and 7 of Schedule 5 to the Private Forests Act 1994, which provides for Private Forests
Tasmania to take over matters covered by Division II of Part IIA, and, Part IIB of the Forestry Act
1920.

The objective of the Authority is to facilitate and expand the development of the private forest resource
in Tasmania in a manner which is consistent with sound forest land management practice.

The Authority is dependent on appropriations from the Parliament of Tasmania and external funds for
its continued existence and ability to carry out its normal activities.

The Authority employed 23 staff at 30 June 2001.
2. REVENUE FROM ORDINARY ACTIVITIES

<table>
<thead>
<tr>
<th>Commonwealth grants:</th>
<th>2001</th>
<th>2000</th>
</tr>
</thead>
<tbody>
<tr>
<td>National Heritage Trust - Landcare</td>
<td>$687</td>
<td>$156</td>
</tr>
<tr>
<td>National Heritage Trust – Other</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Farm Forestry</td>
<td></td>
<td>220</td>
</tr>
<tr>
<td>Other</td>
<td></td>
<td>134</td>
</tr>
<tr>
<td><strong>Total Operating Grants</strong></td>
<td><strong>687</strong></td>
<td><strong>551</strong></td>
</tr>
</tbody>
</table>

3. RECEIVABLES

**Current**
- Trade Debtors | 53 | 30 |
- Prepayments | 7 | 7 |
- Loans for private forestry | 161 | 171 |
- **Total current receivables** | **221** | **208** |

**Non-current**
- Loans for private forestry | 1,400 | 1,562 |
- Provision for doubtful debts | (10) | (10) |
- Other |  |  |
- **Total non-current receivables** | **1,390** | **1,552** |

4. CASH
- Cash at Bank and on hand | 595 | 111 |

5. INVESTMENTS
- Term Deposits | 1,900 | 1,850 |

6. PLANT AND EQUIPMENT

<table>
<thead>
<tr>
<th>Property Plant and Equipment Movement</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Item</strong></td>
</tr>
<tr>
<td></td>
</tr>
<tr>
<td>Gross Value at 1 July 2000</td>
</tr>
<tr>
<td>Additions-Purchase of Assets</td>
</tr>
<tr>
<td>Gross Value at 30 June 2001</td>
</tr>
<tr>
<td>Accumulated Depreciation/ Amortisation at 1 July 2000</td>
</tr>
<tr>
<td>Depreciation/amortisation charge for the year</td>
</tr>
<tr>
<td>Accumulated Depreciation/ Amortisation at 30 June 2001</td>
</tr>
<tr>
<td>Net Book Value as at 30 June 2001</td>
</tr>
<tr>
<td>Net Book Value as at 1 July 2000</td>
</tr>
</tbody>
</table>
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2001

2001        2000

S'000        S'000

Plant & equipment at cost        71    31
Less accumulated depreciation    (12)  (11)
                                  59    20

Office Equipment at cost         353   325
Less accumulated depreciation    (255) (196)
                                  98    129

Leasehold improvements           38    38
Less accumulated amortisation    (3)   (3)
                                  35    35

Total Plant & Equipment          192   184

7. PAYABLES
Unexpended Grants:
Trees Tasmania                  45    46
RFA Tactical Planning Project   343   483
National Heritage Trust – Other 1,328  605
Farm Forestry                   31
Inventory maintenance           118
Total unexpended grants         1,716  1,283
Trade creditors                 56    58
Accrued expenses                32
Total Payables                  1,813  1,373

8. PROVISIONS
Current
Employee entitlements:
Annual leave                     97    84
Long service leave               122   110
Accumulated leave credits        20    19
                                239   213
Non-current
Employee entitlements:
Long service leave               24    13
Total Provisions                 263   226

9. INTEREST-BEARING LIABILITIES
Current
Tasmanian Government            161   171
Non-current
Tasmanian Government            1,856  2,002
Total Interest-Bearing liabilities 2,017  2,173

The Tasmanian Government provided funds via loan agreements for the initial purpose of assisting in the establishment of Pinus radiata plantations on private land, and, secondly, for improvements to these plantations. The life span of these loan agreements is 30 years. Plantation owners may defer the repayment of their loan for the first 10 years, thereafter they have 20 years to repay the loan balance. It is noted that
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2001

interest is capitalised on the loan balance each year during the first 10 years. The current interest rate on the
loan is 7%. The interest rate is determined by the Board and is to be a rate not less than half the State rate
prevailing at that time. The State rate at 1 July 2000 and 1 July 2001 is 11.4% and 9.87% respectively.

<table>
<thead>
<tr>
<th></th>
<th>2001</th>
<th>2000</th>
</tr>
</thead>
<tbody>
<tr>
<td>$'000</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

10. AUDITORS REMUNERATION

Amounts received or due and receivable by the auditors

4
4

11. DIRECTORS' REMUNERATION

Amounts received or due and receivable by the Directors of the Authority.

Total remuneration paid to non-executive Directors of Private Forests Tasmania fall within the following bands:

<table>
<thead>
<tr>
<th></th>
<th>$0</th>
<th>$9,999</th>
<th>$10,000</th>
<th>$19,999</th>
</tr>
</thead>
<tbody>
<tr>
<td>2001</td>
<td>4</td>
<td>4</td>
<td>1</td>
<td>1</td>
</tr>
<tr>
<td>2000</td>
<td>57</td>
<td>57</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Remuneration for the Chief Executive Officer falls in the following band:

<table>
<thead>
<tr>
<th></th>
<th>$80,000</th>
<th>$89,999</th>
</tr>
</thead>
<tbody>
<tr>
<td>2001</td>
<td>1</td>
<td>1</td>
</tr>
<tr>
<td>2000</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

12. RELATED PARTIES.

Directors
The Directors of the Authority during the year were Mr Peter Downie (1/7/98 to 30/6/2001), Mr Andrew White (1/7/99 to 30/6/2002), Mr Trevor Leis (1/7/97 to 30/6/2001), Mr Ian Dickenson (1/7/2000 to 30/6/2005), Mr Pete: Volker (1/7/99 to 30/6/2002), and Mr Desmond King, Chief Executive Officer.

There were no transactions conducted with Directors during the financial year.

13. FINANCIAL INSTRUMENTS

Credit risk exposures
The credit risk on financial assets of the entity which have been recognised on the Statement of Financial Position is generally the carrying amount, net of any provisions for loss.

Interest Rate Risk Exposures
The entity's exposure to interest rate risk and the effective weighted average interest rate for each class of financial assets and financial liabilities is set out below.

Exposures arise predominantly from assets and liabilities being variable interest rates as the entity intends to hold fixed rate assets and liabilities to maturity.
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2001

<table>
<thead>
<tr>
<th>WAEIR 2001</th>
<th>WAEIR 2000</th>
</tr>
</thead>
<tbody>
<tr>
<td>Floating Interest Rate $'000</td>
<td></td>
</tr>
<tr>
<td>Financial Assets</td>
<td></td>
</tr>
<tr>
<td>Cash</td>
<td>3.7%</td>
</tr>
<tr>
<td>Investments</td>
<td>5.1%</td>
</tr>
<tr>
<td>Receivables</td>
<td></td>
</tr>
<tr>
<td>Loans receivable</td>
<td>7%</td>
</tr>
<tr>
<td>Total</td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>1999/00</th>
</tr>
</thead>
<tbody>
<tr>
<td>111</td>
</tr>
<tr>
<td>Trade creditors</td>
</tr>
<tr>
<td>Accrued expenses</td>
</tr>
<tr>
<td>Unexpended grants</td>
</tr>
<tr>
<td>Borrowings</td>
</tr>
<tr>
<td>Net Financial Assets/Liabilities</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>1999/00</th>
</tr>
</thead>
<tbody>
<tr>
<td>111</td>
</tr>
<tr>
<td>1,850</td>
</tr>
</tbody>
</table>

WAEIR - weighted average effective interest rate.
Net Fair Value of Financial Assets and Liabilities

The net fair value of cash and cash equivalents and non-interest bearing monetary financial assets and liabilities approximates their carrying value.

The net fair value of other monetary financial assets and financial liabilities is based on market prices where a market exists or by discounting expected future cash flows by the current interest rates for assets and liabilities with similar risk properties.

The carrying amounts and net fair values of financial assets and liabilities at balance date are as follows:

<table>
<thead>
<tr>
<th>2001</th>
<th>2000</th>
</tr>
</thead>
<tbody>
<tr>
<td>Carrying Amount</td>
<td>Net Fair Value</td>
</tr>
<tr>
<td>Financial Assets</td>
<td></td>
</tr>
<tr>
<td>Cash</td>
<td>595</td>
</tr>
<tr>
<td>Investments</td>
<td>1,900</td>
</tr>
<tr>
<td>Receivables</td>
<td>53</td>
</tr>
<tr>
<td>Loans receivable</td>
<td>1,551</td>
</tr>
<tr>
<td>Total</td>
<td>4,099</td>
</tr>
<tr>
<td>Financial Liabilities</td>
<td></td>
</tr>
<tr>
<td>Trade creditors</td>
<td>56</td>
</tr>
<tr>
<td>Accrued expenses</td>
<td>41</td>
</tr>
<tr>
<td>Unexpended grants</td>
<td>1,716</td>
</tr>
<tr>
<td>Borrowings</td>
<td>2,017</td>
</tr>
<tr>
<td>Total</td>
<td>3,830</td>
</tr>
</tbody>
</table>
STATEMENT BY DIRECTORS

In the opinion of the Directors of Private Forests Tasmania:

(a) the financial statements are drawn up so as to give a true and fair view of the results and cash flows for the year ended 30 June 2001 and the state of affairs at 30 June 2001 of Private Forests Tasmania;

(b) the accounts are drawn up in accordance with the provisions of the Private Forests Act 1994;

(c) as at the date of this statement, there are reasonable grounds to believe that the Authority will be able to pay its debts as and when they fall due.

The financial statements are drawn up in accordance with the applicable Australian Accounting Standards and Urgent Issues Group Consensus Views.

Signed in accordance with a resolution of the Directors.

P Downie
Director/Chairman of the Board
30/8/2001

D P King
Director/Chief Executive Officer
30/8/2001
INDEPENDENT AUDIT REPORT

TO THE DIRECTORS OF PRIVATE FORESTS TASMANIA

Scope

I have audited the financial report of Private Forests Tasmania for the year ended 30 June 2001 comprising Statement of Financial Performance, Statement of Financial Position and Statement of Cash Flows and accompanying notes. The Directors of Private Forests Tasmania are responsible for the financial report. I have conducted an independent audit of the financial report in order to express an opinion on it to the Directors.

The audit has been conducted in accordance with Australian Auditing Standards to provide reasonable assurance whether the financial report is free of material misstatement. My procedures included examination, on a test basis, of evidence supporting the amounts and other disclosures in the financial report, and the evaluation of accounting policies and significant accounting estimates. These procedures have been undertaken to form an opinion whether, in all material respects, the financial report is presented fairly in accordance with Australian Accounting Standards and other mandatory professional reporting requirements so as to present a view which is consistent with my understanding of the financial position of Private Forests Tasmania, the results of its operations and cash flows.

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

Audit Opinion

In my opinion the financial report presents fairly in accordance with the Private Forests Act 1994, Accounting Standards and other mandatory professional reporting requirements, the financial position of Private Forests Tasmania as at 30 June 2001, and the results of its operations and cash flows for the year then ended.

R Luciani
Assistant Director, Financial Audit
TASMANIAN AUDIT OFFICE
Deputy Auditor-General

9 October 2001
LAUNCESTON