

# Forests NSW Facts and Figures 2008-09

Forests NSW is a public trading enterprise  
within Industry & Investment NSW



## Forests NSW – A leader in safe, ecologically sustainable forest management

Forests NSW operates as a public trading enterprise within Industry & Investment NSW, which was created in July 2009 through the amalgamation of a number of government departments.

Forests NSW main functions:

- Conserve and utilise State forests and the timber within them to the best advantage of the State
- Provide adequate supplies of timber for various purposes
- License timber processing and forest workers
- Encourage the use of State forests for recreation
- Provide natural resource environmental services

While Forests NSW receive funding for specific public services, such as education and recreational facilities, the organisation's primary source of funds is through revenue associated with provision of contracted services and the sale of timber.



## Within the bigger picture: forestry statistics

Description	Australia	NSW	Forests NSW
Total land area (million ha)	770	80	2.4
Total population (million)	21	7	n/a
Forests as a percentage of land area	19%	33%	99%
Total forest area (million ha)	149	26.5	2.4
Native forest area (million ha) <sup>1</sup>	147	26.2	2.1
Native forest area in formal nature conservation reserves (million ha)	22	5.1	0.02
Area of forest available for timber harvesting (million ha)	113	19.9	1.3
Multiple-use public native forests (million ha)	9.4	2.1	
Area of native production forest harvested annually <sup>2</sup>	<1%	n/r	1.6%
Net plantation forest area (million ha)	1.82	0.34	0.28
New area of plantation planted ha/year (average 2002-2006) <sup>3</sup>	60 120	13 645	7 210
Number of people employed in forestry and forest product industries <sup>4</sup>	47 071	12 744	888
Net amount of carbon sequestered (million tonnes) by managed native forests per annum (CO <sub>2</sub> )	43.5	n/r	4.1
Value of turnover in forest products industries (billion)	19	n/r	0.3

Description	Australia
Total exports of wood products	\$2.4 billion
Major exports to	Japan (38%), New Zealand (17%) & China (16%)
Total imports of wood products	\$4.3 billion
Major imports from	New Zealand (19%), China (10%), Indonesia (8%)
Forests contribution to GDP	1%

<sup>1</sup> Includes native forest remnants within planted forest estate for Forests NSW

<sup>2</sup> Forest NSW only removes a proportion of the trees over the harvested tract, except for Cypress pine

<sup>3</sup> Australia's Plantations 2008 Inventory figure for NSW in 2007

<sup>4</sup> Based on forestry and primary processing industries selected from the 2006 Census data

### Sources:

DAFF State of the Forests Report 2008; Forests NSW Seeing Report 2007-08; Australian Bureau of Statistics; DAFF National Plantation Inventory 2008

## Economic benefits

- 2.9 million m<sup>3</sup> of sawlogs and 1.6 million tonnes of pulpwood supplied to industry - Over \$260 million revenue generated from timber sales and delivery
- 1 million hectares of native State forest available for timber harvesting
- Over 10 000 hectares of softwood plantation established
- Over 1 500 hectares of hardwood plantation established
- More than 660 000 greenhouse gas abatement certificates created, representing the equivalent number of tradable tonnes of CO<sub>2</sub> stored

	Timber production for 2007-08			
	New South Wales <sup>1</sup>		Forests NSW	
	'000 m <sup>3</sup>	\$M	'000 m <sup>3</sup>	Percent of total
Broadleaved native	1 706	146	1 174	69%
Broadleaved plantation	229	12	217	95%
Coniferous <sup>2</sup>	4 071	221	3 402	84%
Total	6 005	379	4 793	80%

<sup>1</sup> Source: ABARE

<sup>2</sup> Includes native Cypress pine

Note that 56% of total NSW production is Forests NSW plantations by volume

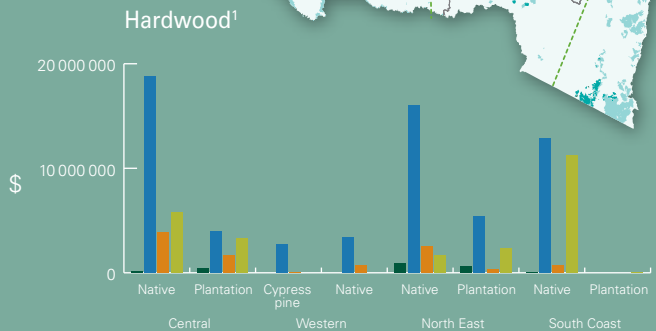
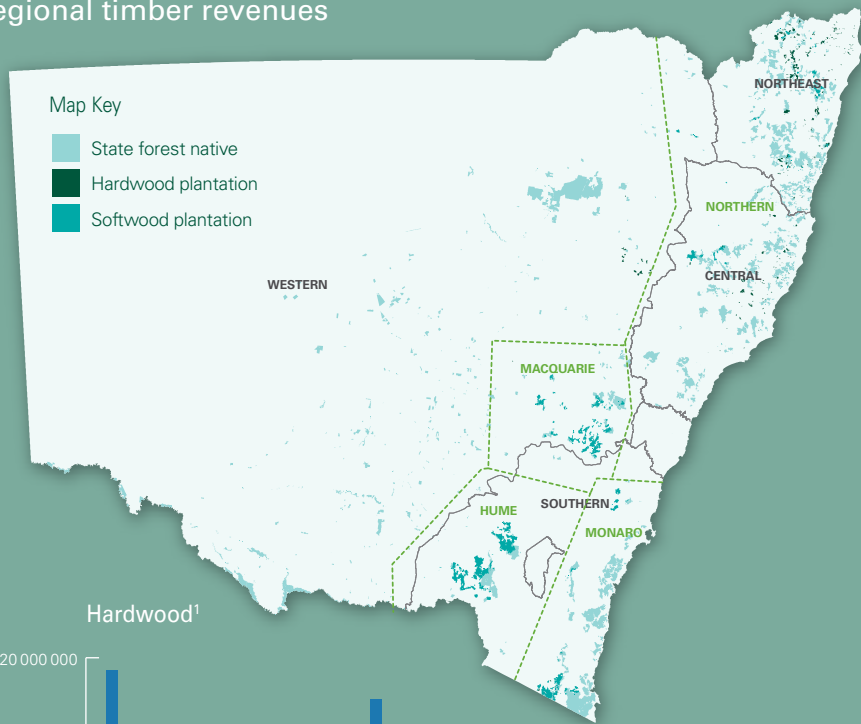
## Product mix of timber harvested

Sawlog product mix from hardwood forests (native and plantation)	1995-96	2007-08	Sawlog product mix from softwood plantation	1995-96	2007-08
	%	%		%	%
Product			Product		
Dry structural	21	7	House framing	71	73
Floorboards	22	48	Joinery/Furniture	2	1
Joinery/Furniture	1	6	Decking/Panelling	1	6
Decking & panelling	4	6	Floorboards/Bearers/Joists	3	3
House framing	30	14	Fencing/Landscape	7	6
Pallets	12	9	Other preservation	1	4
High strength structural	2	2	Unseasoned	14	7
Fencing/Landscape	8	8			

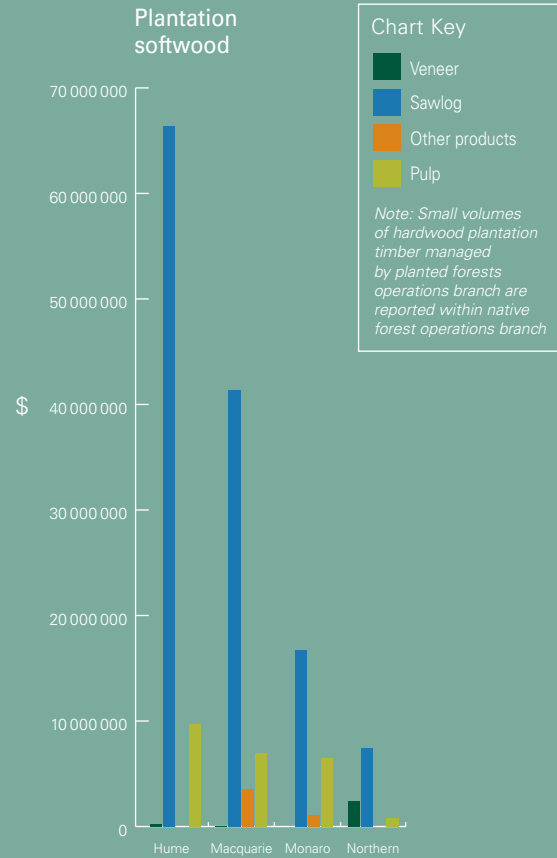
## Forests NSW major customers

Manufacture area	Customer	Products/Services
Plywood	Ausply, Big River Timbers and Carter Holt Harvey	Plywood flooring & stairs, structural bracing, Formply (concrete construction) and external cladding
Major softwood sawmillers	Auswest, Carter Holt Harvey, Colenden, Dale & Meyers, Highland Pine, Hynes & Son, McVicars Timber Group, Penrose Pine, Tarmac and Willmott Forest Products	Structural softwood timber for dwelling construction and renovation markets, internal joinery (e.g. windows and architraves) and furniture timbers, landscape timbers, treated softwood poles and treated decking
MDF and particleboard	Carter Holt Harvey	Medium Density Fiberboard used for various products including flooring, cabinets, bench tops and furniture
Softwood preservation	Pacpine, Penrose Pine and Willmott Timbers	Treated timber for outdoor applications such as decks, pergolas and landscape timbers
Pulp and paper	Midway, Sawmillers Export, Norske Skog, Pentarch, Queensland Commodity Exports, South East Fibre Exports and Visy	Newsprint, writing paper, cardboard, tissues and paper towels
Major hardwood sawmillers	Australian Solar Timbers, Big River Timbers, Blue Ridge Hardwoods, Boral, Coffs Harbour Hardwoods, Davis & Herbert, Grants Holdings, Gulpa Sawmill, Gunnedah Timbers, Hurfords, ITC Timber, Koppers, Notaras and Thora	Kiln dried and green structural timber, strip flooring, furniture and joinery timber, bridge and engineering timber products, power poles, plywood products and external cladding decking
Investors	Agriwealth, Maslen Plantation Management and ST Microelectronics	Plantation investment
Utilities and infrastructure	Country Energy, Crown Castle, Optus, Telstra and Vodafone	Telecommunications and electricity supplier

# Regional timber revenues



<sup>1</sup> Or Cypress pine (native)



**Chart Key**

- Veneer
- Sawlog
- Other products
- Pulp

*Note: Small volumes of hardwood plantation timber managed by planted forests operations branch are reported within native forest operations branch*

## Three year comparison as at 30 June 2009<sup>1</sup>

	2007 \$'000	2008 \$'000	2009 \$'000
<b>Revenue</b>	270 550	293 795	286 259
<b>Profit</b>			
Trading profit	28 037	14 499	(16 389)
Significant items and biological assets rev.	(166 357)	19 356	(30 284)
<b>Profit(Loss) from ordinary activities (before tax)</b>	<b>(138 320)</b>	<b>33 855</b>	<b>(46 673)</b>
<b>Distribution to Government</b>			
Distribution payable	16 000	1 000	-
<b>Capital expenditure</b>	<b>45 039</b>	<b>10 242</b>	<b>8 230</b>
<b>Balance sheet</b>			
Value of biological assets	1 403 831	625 000	670 000
Total assets	2 703 913	1 891 823	1 871 865
Borrowings	159 743	169 489	165 209
Total equity	1 921 105	1 365 299	1 308 222
<b>Ratios % (excl Abnormals &amp; MVI)</b>			
Return on equity	1.46%	1.06%	-1.25%
Return on assets	1.04%	0.77%	-0.88%
Debt to equity	8.32%	12.41%	12.63%
Return on equity (including MVI)	-7.53%	3.13%	2.49%
<b>Sawlogs ('000 of cubic metres)</b>			
Native forest hardwood sawlogs	567	610	593
Plantation hardwood sawlogs	106	122	151
Plantation softwood sawlogs	1 955	2 071	1 918
Cypress pine sawlogs	58	49	56
Other products	48	47	161
<b>Total</b>	<b>2 734</b>	<b>2 899</b>	<b>2 879</b>
<b>Pulp (tonnes)</b>			
Native forest hardwood	552	500	465
Plantation hardwood pulpwood	65	77	99
Plantation softwood pulpwood	1 188	1 169	1 083
<b>Total</b>	<b>1 805</b>	<b>1 746</b>	<b>1 647</b>

<sup>1</sup> For notes associated with this table see the Forests NSW Annual Report 2008-09

## Revenue sources 2008-09



## Social benefit

- 888 people directly employed by Forests NSW and more than 12 000 forest-dependent jobs in NSW
- \$4.6 million spent on research and \$2.6 million on education
- Over 800 regional forums attended by Forests NSW staff
- \$57 000 in corporate sponsorships and support
- Over 4 000 people participating in programs at Cumberland State Forest and around 5000 attending the biennial fair
- 205 cultural heritage surveys undertaken



State forests dependant employment <sup>1</sup>	2008-09
Apiary	354
Eco-tourism	39
Forest management	888
Grazing	489
Harvesting & haulage	1 131
Other	54
Primary processing	4 325
<b>Total</b>	<b>7 280</b>
NSW forestry employment <sup>2</sup>	
Distribution	1 446
Forest management & harvesting	5 124
Primary processing	5 343
Support	831
<b>Total</b>	<b>12 744</b>

<sup>1</sup> based on corporate data and regional estimates

<sup>2</sup> derived from 2006 Census data

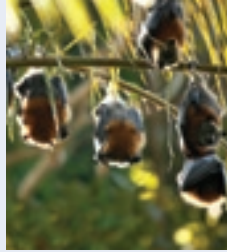
## Forests NSW safety performance

Recordable Incident Rate is a recognised indicator of safety performance. Forests NSW has committed to a target rate of less than one.

Date	Recordable Incident Rate	Total incidents	Hours worked
2005-06	7.8	77	1 957 186
2006-07	8.8	86	1 946 671
2007-08	11.3	103	1 819 576
2008-09	4.9	42	1 712 378

## Environmental benefits

- Total forest estate over 2.4 million hectares
- \$1.8 million spent to find and protect species prior to harvesting
- 3105 sightings of targeted species during pre-harvest surveys
- Almost \$10 million spent on firefighting and bushfire prevention
- More than \$1.5 million spent on feral animal and weed control
- 12.5 million seedlings grown in Forests NSW nurseries



## Carbon in State forests

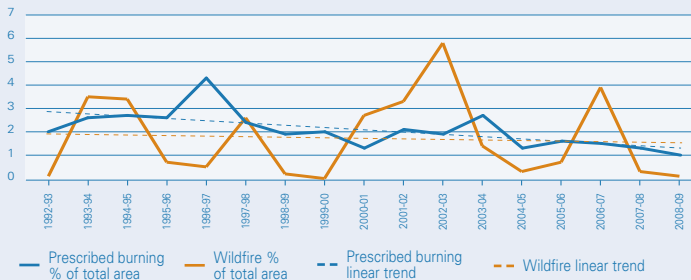
### Estimated native forests carbon balance

Measured in millions of tonnes (Mega tonnes)	2008-09
Total standing volume CO <sub>2</sub>	920
Annual CO <sub>2</sub> sequestered forest growth	6.35
Annual CO <sub>2</sub> harvest storage in hardwood products	0.53
Annual CO <sub>2</sub> harvest emissions	1.26
Annual CO <sub>2</sub> fire emissions	0.51
Annual non CO <sub>2</sub> fire emissions (primarily CH <sub>4</sub> )	0.02

### Estimated State forests carbon sequestration

Annual sequestration (Mega tonnes)	2008-09
Native forests (CO <sub>2</sub> )	4.06
Softwood plantations (CO <sub>2</sub> e)	3.56
Hardwood plantations (CO <sub>2</sub> e)	0.56

## Wildfires and prescribed burns trend as percentage of Forest NSW estate



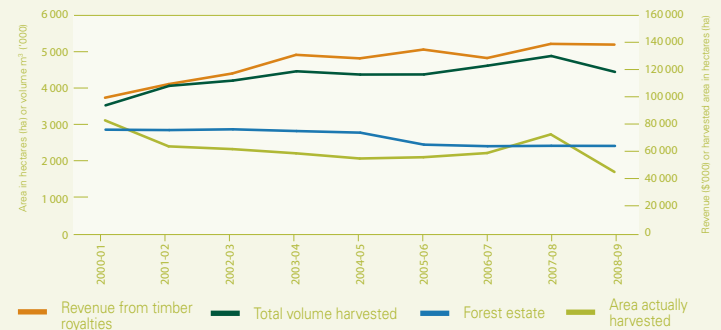
## Sustainability benefits

- 11% of new softwood plantation established requiring restocking after 1 year
- Actual annual yield of high quality sawlogs as a percentage of allowable volume was: 80% native hardwood forests; 93% cypress and 73% softwood plantations
- Forests NSW committed to achieving a cash neutral or better financial outcome for native forest operations within a three-year period
- Reduced expected debt levels by \$5 million and interest costs by \$2 million, thanks to the business generating a \$7 million cash surplus
- Trading loss of \$16.4 million reflecting the impact of wet weather, the Global Financial Crisis and accounting policy changes

## What does sustainability mean for Forests NSW?

Managing State forests for the long term and retaining opportunities for future generations to meet their needs and expectations, while providing for the present.

### Forest productivity



The management of State forests is independently certified to the internationally recognised Australian Forestry Standard (AS 4708:2007).

Forest management certification is a market-based, voluntary forest management tool designed to recognise and promote environmentally responsible forestry and sustainability of forest resources.



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