

ACT FORESTS

Objectives

ACT Forests operates as a public trading enterprise providing forest products to various forest industries. It manages 26,900 hectares of land including 16,200 hectares of commercial pine and eucalypt plantations. The plantations provide the raw materials for local saw milling industries that produce construction timber for use in the ACT, Sydney and Brisbane markets. The forests, which attract over one million recreational visitors a year, also provide a variety of world-class venues for international sporting events.

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

It manages non-plantation areas for conservation purposes and is responsible for protecting natural and cultural heritage sites in conjunction with the protection of plantation resources. It provides diverse forest-based recreational and educational opportunities for the ACT Community.

2000-01 Highlights

Strategic and operational issues to be pursued in 2000-01 are:

- maintaining log sales to customers at contracted levels;
- implementing thinning operations for the Glenloch Cork Oaks;
- continuing a five to ten year program to address a major backlog in silvicultural works and road maintenance; and
- preparation of a new strategic business plan for ACT Forests.

ACT Forests Operating Statement

1999-00 Budget \$'000		1999-00 Est.Outcome \$'000	2000-01 Budget \$'000	Var %	2001-02 Estimate \$'000	2002-03 Estimate \$'000	2003-04 Estimate \$'000
Revenue							
11 971	User Charges - Non ACT Government	10 624	9 717	-9	9 716	9 718	9 717
1 420	User Charges - ACT Government	1 459	1 420	-3	1 420	1 420	1 420
5	Interest	16	0	-100	0	0	0
4	Other Revenue	36	0	-100	0	0	0
13 400	Total Revenue	12 135	11 137	-8	11 136	11 138	11 137
Expenses							
2 404	Employee Expenses	2 434	2 372	-3	2 372	2 372	2 372
229	Superannuation Expenses	247	227	-8	227	227	227
11 068	Administrative Expenses	9 418	9 634	2	9 484	9 484	9 484
172	Depreciation and Amortisation	172	144	-16	144	144	144
140	Interest	140	151	8	151	151	151
14 013	Total Expenses	12 411	12 528	1	12 378	12 378	12 378
-613	Operating Result	-276	-1 391	-404	-1 242	-1 240	-1 241
36 757	Accumulated Funds - Start of Period	36 767	36 831	..	35 590	35 388	35 208
340	Capital Injections	340	150	-56	1 040	1 060	1 035
36 484	Accumulated Funds - End of Period	36 831	35 590	-3	35 388	35 208	35 002

ACT Forests
Statement Of Financial Position

Budget as at 30/6/00 \$'000		Est.Outcome as at 30/6/00 \$'000	Planned as at 30/6/01 \$'000	Var %	Planned as at 30/6/02 \$'000	Planned as at 30/6/03 \$'000	Planned as at 30/6/04 \$'000
Current Assets							
118	Cash	594	13	-98	0	12	0
1 364	Receivables	1 138	1 052	-8	1 049	1 049	1 049
4 038	Inventories	4 002	4 002	-	4 002	4 002	4 002
223	Other	225	178	-21	178	178	178
5 743	Total Current Assets	5 959	5 245	-12	5 229	5 241	5 229
Non Current Assets							
40 434	Inventories	38 937	38 937	-	38 937	38 937	38 937
11 845	Property, Plant and Equipment	15 278	15 214	..	15 070	14 926	14 782
52 279	Total Non Current Assets	54 215	54 151	..	54 007	53 863	53 719
58 022	TOTAL ASSETS	60 174	59 396	-1	59 236	59 104	58 948
Current Liabilities							
636	Creditors	592	953	61	945	945	945
30	Borrowings	30	30	-	30	30	30
420	Employee Entitlements	368	368	-	368	368	368
52	Other Provisions	36	0	-100	0	0	0
0	Other	44	0	-100	0	0	0
1 138	Total Current Liabilities	1 070	1 351	26	1 343	1 343	1 343
Non Current Liabilities							
341	Creditors	340	472	39	472	472	472
1 621	Borrowings	1 621	1 591	-2	1 561	1 530	1 500
893	Employee Entitlements	830	910	10	990	1 069	1 149
290	Other Provisions	48	48	-	48	48	48
3 145	Total Non Current Liabilities	2 839	3 021	6	3 071	3 119	3 169
4 283	TOTAL LIABILITIES	3 909	4 372	12	4 414	4 462	4 512
53 739	NET ASSETS	56 265	55 024	-2	54 822	54 642	54 436
REPRESENTED BY FUNDS EMPLOYED							
36 484	Accumulated Funds	36 831	35 590	-3	35 388	35 208	35 002
17 255	Reserves	19 434	19 434	-	19 434	19 434	19 434
53 739	TOTAL FUNDS EMPLOYED	56 265	55 024	-2	54 822	54 642	54 436

ACT Forests Cashflow Statement

1999-00 Budget \$'000		1999-00 Est.Outcome \$'000	2000-01 Budget \$'000	Var %	2001-02 Estimate \$'000	2002-03 Estimate \$'000	2003-04 Estimate \$'000
182	CASH AT BEGINNING OF REPORTING PERIOD	91	594	553	13	0	12
	CASH FLOWS FROM OPERATING ACTIVITIES						
	Receipts						
12 297	User Charges	11 148	11 425	2	11 134	11 137	11 137
5	Interest Received	16	0	-100	0	0	0
0	Other Revenue	0	981	#	975	975	975
12 302	Operating Receipts	11 164	12 406	11	12 109	12 112	12 112
	Payments						
2 527	Related to Employees	2 645	2 519	-5	2 519	2 519	2 519
10 469	Related to Administration	8 659	9 506	10	9 494	9 485	9 484
22	Finance Costs	22	19	-14	151	151	151
62	Other	81	983	#	968	975	975
13 080	Operating Payments	11 407	13 027	14	13 132	13 130	13 129
-778	NET CASH INFLOW/(OUTFLOW) FROM OPERATING ACTIVITIES	-243	-621	-156	-1 023	-1 018	-1 017
	CASH FLOWS FROM INVESTING ACTIVITIES						
	Receipts						
4	Proceeds from Sale of Property, Plant & Equipment	36	0	-100	0	0	0
700	Proceeds from Sale/Maturities of Investments	700	0	-100	0	0	0
704	Investing Receipts	736	0	-100	0	0	0
	Payments						
0	Purchase of Property, Plant and Equipment	0	80	#	0	0	0
300	Purchase of Investments	300	0	-100	0	0	0
300	Investing Payments	300	80	-73	0	0	0
404	NET CASH INFLOW/(OUTFLOW) FROM INVESTING ACTIVITIES	436	-80	-118	0	0	0
	CASH FLOWS FROM FINANCING ACTIVITIES						
	Receipts						
340	Capital Injection from Government	340	150	-56	1 040	1 060	1 035
340	Financing Receipts	340	150	-56	1 040	1 060	1 035
	Payments						
30	Repayment of Borrowings	30	30	-	30	30	30
30	Financing Payments	30	30	-	30	30	30
310	NET CASH INFLOW/(OUTFLOW) FROM FINANCING ACTIVITIES	310	120	-61	1 010	1 030	1 005
-64	NET INCREASE/(DECREASE) IN CASH HELD	503	-581	-216	-13	12	-12
118	CASH AT THE END OF THE REPORTING PERIOD	594	13	-98	0	12	0

Notes to the Budget Statements

Significant variations are as follows:

Operating Statement

- user charges – non ACT Government: the decrease of \$1.347m in 1999-2000 from the original budget is due to lower export sales. The decrease of \$0.907m in 2000-01 from the 1999-2000 estimated outcome is due to lower expected log sales caused by a reduced availability of logs from ACT Forests. This will be partially offset by increased fee-for-service revenues from regional plantation establishment;
- administrative expenses: the decrease of \$1.650m in 1999-2000 from the original budget is primarily due to reduced harvesting volumes associated with lower log sales. The increase of \$0.216m in 2000-01 from the 1999-2000 estimated outcome is mainly due to:
 - higher costs of services sold by ACT Forests for regional plantation establishment;
 - increased plantation establishment program in ACT Forests' estate;
- depreciation and amortisation: the decrease in 2000-01 of \$0.028m is primarily a result of plant and equipment assets being fully depreciated; and
- The projected operating results for 2001-02 to 2003-04 are shown as being identical as ACT Forests is subject to an extensive review which may significantly change its operation and estimated outcome.

Statement of Financial Position

The valuation of the plantations is based on the current accounting policy which records the market value of the standing volume of trees over 15 years of age, being those of merchantable age. Under this policy no account is taken of the net increase in the area planted as a result of the plantation rehabilitation program. The impact of AAS 35 "Self-Generating and Regenerating Assets" is not incorporated into this budget because a number of significant valuation and accounting policy issues are still to be worked through. AAS 35 has an application date of 30 June 2001.

- receivables: the decrease of \$0.226m in 1999-2000 from the original budget is due to lower log sales. The decrease of \$0.086m in 2000-01 is due to lower expected log sales, partially offset by unclaimed GST credits;
- property, plant and equipment: the increase of \$3.433m in the 1999-2000 estimated outcome compared to the original budget is due to the planned revaluation of land and other assets on 30 June 2000;
- creditors (current): the increase of \$0.361m in 2000-01 is due to higher operating expenses and unremitted GST collected from customers; and
- creditors (non-current): the increase of \$0.132m in 2000-01 is due to accruing interest owed on borrowings from the Central Financing Unit.

Changes to Appropriations

Changes to Departmental Appropriations

Capital Injection	1999-00 Est. Outc. \$'000	2000-01 Budget \$'000	2001-02 Estimate \$'000	2002-03 Estimate \$'000	2003-04 Estimate \$'000
1999-2000 Budget	340	100	0	0	0
2000-2001 Draft Budget	340	100	0	0	0
Correct capital transfer for DUS	0	-150	0	0	0
Loan injection to offset overdraft	0	0	1 040	1 060	1 035
Transfer capital works funding for Cork Oak Plantation	0	50	0	0	0
2000-2001 Budget	340	0	1 040	1 060	1 035

OUTPUT CLASS 1: ACT FORESTS PRINCIPAL MEASURES

OUTPUT 1.1: ACT FORESTS

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

Measures	1999-2000 Targets	1999-2000 Est. Outcome	2000-01 Target
Quantity			
Target planting program achieved	480	285	400 ha
Number of major recreational nodes serviced	20	20	21
Number of public use events facilitated	550	500	590
Number of booked visitor days	23,000	22,000	25,000
Quality/Effectiveness			
Target tending program achieved	N/A		100%
Percentage of reject logs delivered to customers	N/A		< 1%
Percentage of agreed saw log quotas met	100%	100%	100%
Timeliness			
Ministerials answered on time	100%	100%	100%
Cost			
Timber Sales and Marketing	\$8 997 984	\$7 687 826	\$6 480 708
Plantation Operations	\$3 155 628	\$2 650 093	\$3 259 610
Policy and Community Forestry	\$1 114 387	\$1 225 438	\$1 263 918
Forest Planning	\$659 981	\$751 025	\$705 019
Regional Forestry	\$85 178	\$96 572	\$819 309
TOTAL COST (\$'000)	\$14 013	\$12 411	\$12 528