

interact



CONTENTS

Changes to our Reporting	04
Who is Forests NSW?	
– Our Business	05
Transparent reporting for	
Continual Improvement	06
Social	07
Environmental	10
Economic	14
Sustainability	16
Appendices	21

Message from the Minister



The Hon. Ian Macdonald, MLC
Minister for Natural Resources
Minister for Primary Industries
Minister for Mineral Resources

I am pleased to read the positive results presented in this Seeing Report. Forests NSW Seeing Report continues to be a leader in sustainability reporting for Australia. The report applies performance measures to demonstrate the sustainability of State forests in New South Wales and shows how strong economic performance can be achieved alongside major environmental and social benefits.

The reputation of Forests NSW as a sustainable forest manager has been further enhanced with the certification of its Environmental Management System (EMS) to the Environmental Management Systems Standard of the International Organisation for Standardisation, ISO 14001:2004 by Det Norske Veritas, a major international independent auditor. In addition, five Ecologically Sustainable Forest Management plans for Regional Forest Agreement areas have been completed, covering 1.5 million hectares of State forest. These plans are a critical piece of the control documentation for Forests NSW EMS.

Forests NSW also played a major role in the Murray-Darling Basin Commission's 'Living Murray' program in 2005-06. Some 500 gigalitres of environmental water were released into the internationally significant Barmah-Millewa Forest (listed under the Ramsar Convention). As a result, the area experienced widespread forest regeneration and an explosion of bird breeding.

In addition to ensuring the sustainability of the forests, a goal of this Government has been to support regional communities through resource decisions that allow for both security of employment and the protection of our natural resources now and for future NSW generations.

The NSW Government has provided \$80 million for job creation, timber industry development and conservation management of the unique woodlands of the Brigalow and Nandewar bioregions. As a result of the Government's decision last year, 20-year wood supply agreements were signed with the remaining timber mills and funding provided for up to five years for a major cypress thinning program to ensure sustained timber yields in the future.

These achievements place Forests NSW in a good position for further success in the future. With its EMS certified under ISO 14001, Forests NSW will proceed to seek certification of its forest products under the Australian Forestry Standard (AFS) AS 4708:2003 by the end of 2006. I congratulate Forests NSW and NSW Department of Primary Industries on these achievements and thank all Forests NSW staff for contributing their knowledge and skills with dedication and hard work.



Ian Macdonald MLC
Minister for Primary Industries

Sustainable forest management and our reporting

Forests NSW operates as a public trading enterprise within NSW Department of Primary Industries. Our principal role is to sustainably manage State forests for the benefit of current and future generations. Forests NSW manages an area of approximately 2.4 million hectares of native forests and planted forests of pine and native species.

These forests provide a wide range of social, environmental and economic benefits. We are accountable to the community for the realisation and protection of these values and this document is a key instrument by which we report on our performance in discharging that responsibility. Forests NSW has been producing the Social, Environmental and Economic (Seeing) Report for the past nine years.

This year is the second time that we have produced the Seeing Report, Annual Report and Facts and Figures as an integrated series of three documents. The information presented in this report is intended to communicate how we have performed against widely accepted sustainability performance measures. Participation in international forums, reviews of internal systems, biennial external verification and staff and stakeholder input all contribute to ensuring that our performance measures are robust and our results transparent and verifiable.

Stewardship and sustainable management of forests is about delivering to people all the benefits that accrue from the protection of biodiversity and natural and cultural heritage, nurturing the environment and natural processes, enjoyment of safe interaction with nature and the prosperity that comes from wise use of forest resources. This continues to be our guiding philosophy in managing a business that delivers all these values plus a financial dividend to the community.

The independent certification of our Environmental Management System (EMS) to the ISO 14001:2004 standard of the International Organisation for Standardisation is a testament to the huge effort made by all Forest NSW employees in finalising and implementing new systems under the EMS, particularly over the last twelve months.

We would also like to acknowledge the very significant contribution that Peter Duncan, the former CEO of Forests NSW, made to achieving Forests NSW sustainability goals and the results outlined in this report.



Alastair Howard
Acting Chief Executive Officer
Forests NSW



Barry Buffier
Commissioner for Forests
Director-General, NSW Department of Primary Industries



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Forests NSW is a public trading enterprise within NSW Department of Primary Industries

Changes to our reporting

Forests NSW now produces the Annual Report, Seeing Report and Facts and Figures as an integrated package. This year we have again used the sustainable management themes that describe our business – nurture, interact and prosper. As custodians of State forests, Forests NSW use these reports to inform our stakeholders on how we wisely use and preserve natural resources for NSW communities today and into the future.

All of these reports are available in a number of formats including CD, hard copy or online (pdf format) at NSW Department of Primary Industry (DPI) Forests NSW webpage. The complete Seeing Report dataset for previous reporting years is available on CD or on-line.

Our Seeing Report is continually evolving to innovatively present our indicators in a manner that promotes clarity and transparency, and provides mechanisms for our stakeholders to provide feedback on our management and reporting (See page 35 (last page) – Feedback Section).

Forests NSW is committed to providing an open and transparent report to inform stakeholders about its forest management. Land managers globally are grappling with voluntary and compulsory reporting and are searching for emerging trends from indicators to inform future management. Importantly, land managers are looking for ways to integrate this information into management decision making processes. To continue to improve forest management, Forests NSW will review its current indicators and complete trend analysis of our long-term data.

This report is broken up into four key result areas:

-  Social – building partnerships and generating economic and social benefits within the community, especially for rural and regional communities; developing and valuing staff (Appendices 1-10).
-  Environmental – ecologically sustainable management of native and planted forests to protect and enhance environmental and conservation values and to help meet the demands of future markets for environmental services (Appendices 11-21).
-  Economic – ensuring an adequate return to the Government and community from the marketing of a range of values from native forests and plantations; developing innovative products, services and mechanisms to facilitate investment in new planted forests and environmental values of forests (Appendices 22-24).
-  Sustainability – managing State forests for the long-term and retaining opportunities for future generations to meet their needs and expectations, while providing for the present (Appendices 25-31).

Across these four key result areas we continue to report on ten forest values that were selected on the basis of:


- ▲ values recognised corporately;
- ▲ input from representative stakeholder groups;
- ▲ input from staff;

- ▲ reference to internationally recognised methods of measuring progress towards sustainable forest management through triple bottom line accounting; and
- ▲ consistency with state (eg State of the Environment), national (eg Regional Forest Agreement) and international (eg Montreal Process) reporting requirements.

Our performance against these forest values is measured using a range of indicators. This year we continue to report on indicators used in previous reports however, two additional elements have been added to Indicator 24 (Forests NSW Carbon Accounting). Our report structure has remained relatively unchanged other than the use of the symbols associated with reporting trends.




The data for the indicators are included in the Appendices (starting on page 21).

Forests NSW is committed to having the Seeing Report verified by external, independent auditors biennially to give the public confidence in the accuracy of the information provided. Our last external verification was for the 2004/05 Seeing Report, while this year we have internally verified our data to obtain a measure of its accuracy.

Information on our policy framework, governance structure, codes of practice, the regulation of forestry activities, full details of Forests NSW reporting framework, an assessment of how Forests NSW framework compares to global reporting and indicator definitions can be found on the Forests NSW website at www.dpi.nsw.gov.au/forests .

The following symbols are used in the report:

Symbol Interpretation

	Target achieved
	On track to meeting target
	Target not achieved – action required
	More information available at www.dpi.nsw.gov.au/forests
	Social indicator
	Environmental indicator
	Economic indicator
	Sustainability indicator
n/a	Not applicable
n/d	No data available in that year
n/r	Not reported as an indicator in that year

Forest NSW – Our business

A public trading enterprise operating within NSW Department of Primary Industries, Forests NSW is responsible for managing approximately 2.4 million hectares of native and plantation State forests on behalf of the people of New South Wales.

Forests NSW is a trading name established under the *Forestry Act 1916*, with the primary objective of providing a sustainable supply of timber into the future in conjunction with a range of social, environmental and economic benefits consistent with community expectations.

Our operations are located throughout the state, with ten main regional centres and a corporate centre in Sydney. More details on our office locations and structure are included in our Annual Report [@](#).

This financial year 2,822,376 m³ of sawlogs, veneer logs and 1,526,990 tonnes of pulp wood were produced from State forests generating in excess of \$259 million. A dividend of \$26.3 million was returned to government.

In addition to realising a financial return through the sale of timber, Forests NSW has embarked on a mission to explore and capitalise on marketing ecosystem services. As a result, last year Forests NSW became the first Government agency in the world to trade forest-based carbon credits from a registered trading scheme (NSW Greenhouse Gas Abatement Scheme). It is anticipated that Forests NSW will realise about \$7 million in the next financial year from this scheme.

Our regulatory framework

To maintain the environment, Forests NSW activities are conducted under a range of statutory licences and codes of practice that set conditions to protect soil and water, fauna and flora, fish habitat, cultural heritage and other values consistent with good environmental outcomes and stakeholder expectations.

Some of the major regulations under which we operate our timber harvesting business include Integrated Forestry Operations Approval (IFOA), Environment Protection Licence, Threatened Species Licence for flora and fauna, Fisheries Licence and erosion mitigation guidelines for harvesting native forests of inland NSW.

Forests NSW codes of practice specify best management practice conditions for timber harvesting in plantations, native forests, plantation establishment and maintenance and forest roads and fire trails.

External regulatory agencies and our own internal audits are conducted on a regular basis to ensure compliance with appropriate licences and codes. A systematic approach to planning, implementing and monitoring has been further strengthened with the implementation of our ISO14001 certified Environmental Management System.

Forest NSW Finances

	2006 \$'000	2005 \$'000	2004 \$'000	2003 \$'000
Revenue	259,747	247,546	240,634	219,515
Profit				
Operating Profit	31,116	36,819	37,860	23,959
Abnormals and MVI	-19,696	-29,163	17,392	-11,805
Operating Profit (before tax)	11,420	7,656	55,252	12,154
Distribution to Government				
Dividend payable	26,322	32,544	13,096	4,162
Capital expenditure	31,451	31,531	36,315	32,235
Forests NSW productivity measures				
Indicator	2006	2005	2004	2003
Employee numbers (30 June)	1,069	1,039	1,112	1,146
Timber sales by volume (m ³)	4,414,591	4,338,255	4,489,397	4,133,719
Timber sales per employee (m ³)	4,129.7	4,175.4	4,037.2	3,607
Timber sales/employee (\$'000)	126	123.38	117.61	102.2

Forests NSW – in the national context

There are 164 million hectares of forests in Australia covering 21% of the continent. Although the total cover is not the highest in the world, Australia has one of the highest areas per capita in the world with 8.2 hectares of forest per person with the world average being 0.6 hectares per capita (State of the Forests Report 2003).

Over the past five years, Regional Forest Agreements were signed between the New South Wales and Commonwealth Governments. The result of these agreements is a world class reserve system and a framework for ecologically sustainable forest management in our native forests.

About 9% of forests in NSW are managed as multiple use forests, with more than 16% being managed as nature conservation reserves. Leasehold and private tenures comprise the remainder.

The New South Wales Government is the largest plantation owner in Australia, with a significant amount of timber sourced from our plantation estate – a trend expected to continue into the future. Of the 1,929,678 ha of native forest managed by Forests NSW, 2.27% is harvested annually to supply timber to industry and the community.

Transparent reporting for continual improvement

Forests NSW has a number of reporting obligations, both statutory and voluntary to satisfy internal, state, national and international requirements.

Forests NSW has been producing this voluntary sustainability report for nine years. The report is designed to communicate the outcomes of performance on a range of values considered important by Forests NSW and its stakeholders. The database used for this report, known as SEEDS, forms the basis of other statutory and non statutory reports.

At the state level, Forests NSW is also required to report on and contribute to other reports associated with the Commonwealth/State Regional Forest Agreements (RFA), the state Forest Agreements (FA), the Integrated Forestry Operations Approvals (IFOA), the Ecologically Sustainable Forest Management (ESFM) Plan and the State of the Environment Report (SoE).

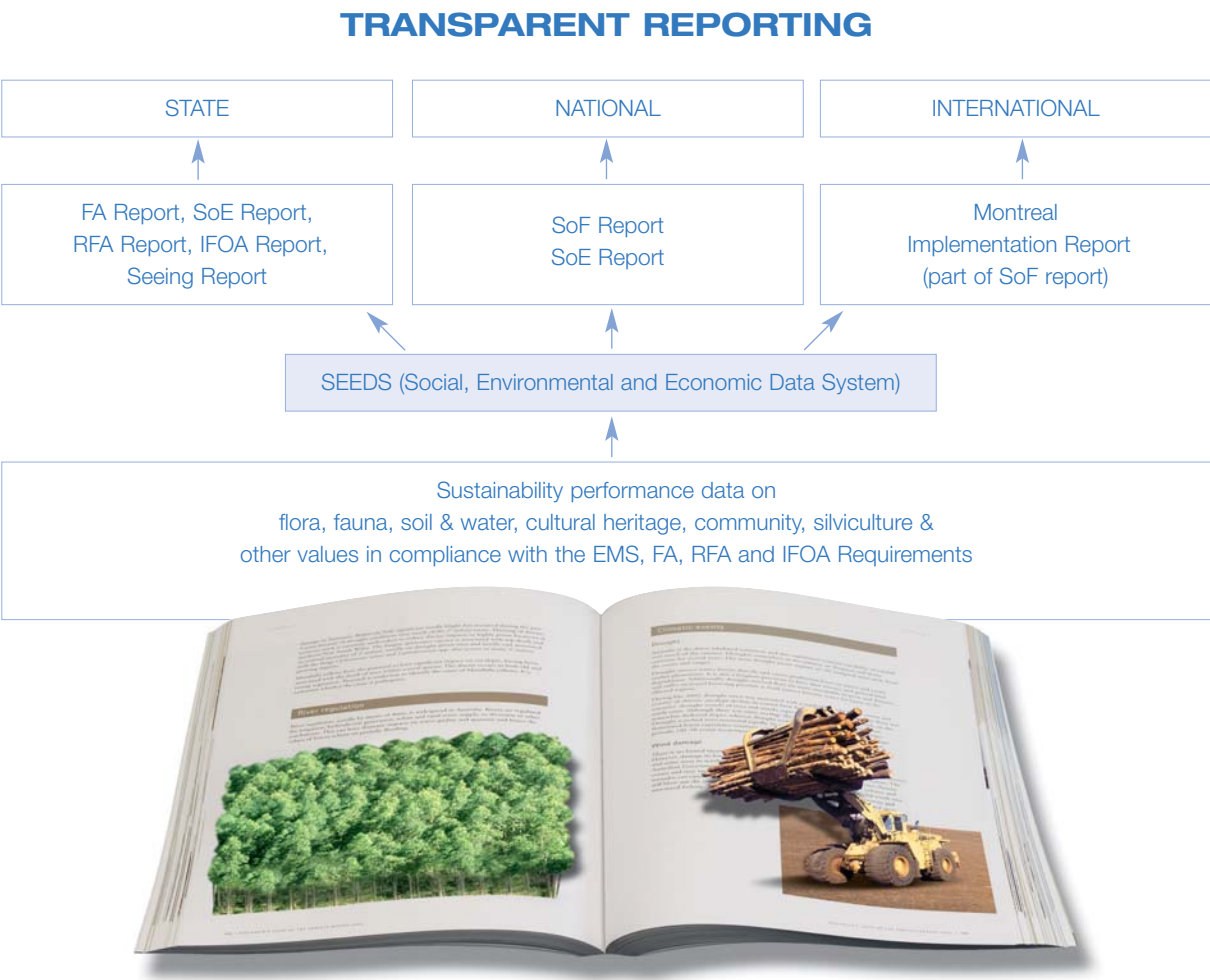
At the national and international level Forests NSW contributes to the State of the Forests (SoF) report produced every five years.

Forests NSW sustainability reporting, both voluntary and statutory is based on the international Montreal Process Criteria and Indicators.

These social, environmental and economic performance indicators were agreed at the State, National and International level in 1998, however a review was conducted in 2005/06 with a range of stakeholders with a view to simplify and eliminate duplication. Indicators have been revised to reflect performance measures that are more meaningful and provide information consistent with stakeholder expectations. The revised set of Indicators have been endorsed by the Montreal Process Working Group (MPWG) at the international level. In light of the revised indicators, Forests NSW will commence an internal review of sustainability reporting with a view to implementing the outcomes in future reporting.






































Forests NSW new Environmental Management System (EMS) certified to ISO 14001:2004 sets the framework for achieving and continually improving our environmental performance by introducing a systematic approach to measuring and monitoring. Central to the EMS is the Forests NSW environment policy, supported by the Ecologically Sustainable Forest Management (ESFM) plans that outline broad strategies, performance indicators and defined outcomes.

The diagram below shows Forests NSW commitment to sustainability reporting (from one data source) at the state, national and international level on values associated with our business.



SOCIAL

Building partnerships and generating economic and social benefits within the community, especially for regional and rural communities. Developing and valuing our staff.

Indicator @	Page		Objective or target	Results	Performance*
Forest Value: Community Benefits @					
1. Social responsibility	21		Increase volunteer activities in non-operational business areas	19 volunteer programs with 192 participants	
2. Public participation	21	  	Increase opportunities for stakeholder participation in planning decisions	967 regional community forums attended; 98% of complaints resolved	 
3. Recreation and tourism	22	  	a) Maintain well managed facilities b) Increase opportunities for events and partnerships	257 recreational facilities managed 274 formal events; 26 agreements with groups	 
4. Research and education	22	  	a) Cost-effective research services from DPI and within Forests NSW b) Provide a strategic education program	\$6.9 million on research \$4.21 million on education, over 5,500 participants in education	 
5. Regional employment	23	 	Increase opportunities for employment in forest dependent industries	7,709 people employed over 14,493 jobs generated	
6. Other forest products	24	  	Access maintained to State forests for apiary, grazing and other products	Continued provision of products	
Forest Value: Staff @					
7. Quality of management	24	 	Maintain staff levels for effective and efficient operations	1,069 people directly employed by Forests NSW; over \$1.34 million on human resource management	
8. Management and training	25	  	Forestry operations implemented by appropriately trained and accredited staff	Over \$1.92 million on training; Over 1,534 staff and contractors trained	
9. Health and safety	25	 	Implement the safety management system and achieve lost time incident frequency rate of zero	Lost time incident rate of 13.3.	
Forest Value: Cultural Heritage @					
10. Management of cultural heritage	25		a) Identify and protect all significant cultural heritage sites b) Ensure all employees and contractors are trained in cultural heritage awareness	133 sites of cultural significance protected this year; 78 additional employees and forest workers were trained	 

* Please refer to symbol interpretation key on page 4.

Focus on safety continues

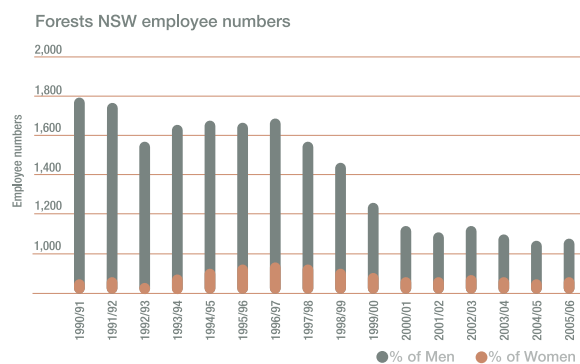
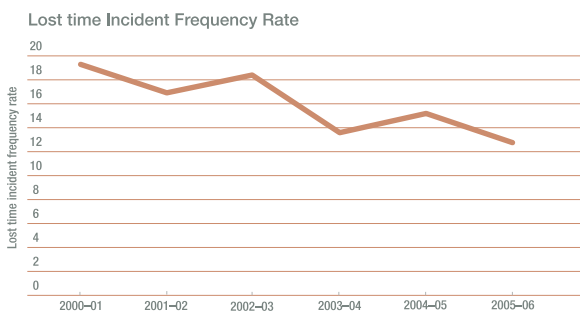
Forests NSW is committed to the highest possible safety standards in the pursuit of an injury-free workplace. To us, safety is more important than cost or convenience and we take our obligations to ensure work is conducted without risk to employees, contractors and visitors very seriously.

In 2005/06, less than 100 workers compensation claims were submitted, continuing a downward trend. Our lost time incident frequency rate also reached an all time low of 13.3. These significant achievements were the result of all staff focusing on having healthy and safe places of work, stemming from the introduction of our 'Think Safe, Act Safe, Stay Safe' campaign in 2004/05.

An audit of Forests NSW safety management system by the government agency responsible for occupational health and safety in NSW, WorkCover, identified areas of improvement for our system to ensure we could maintain our status as a self insurer for workers' compensation purposes.

An improvement plan was subsequently prepared, aiming to advance and better integrate health and safety systems within existing processes, further enhancing the assimilation of safety into overall management systems and day-to-day business activities.

Continuous improvement across all facets of Forests NSW business is vital, and is expected in our health and safety and injury management. In 2006/07, we will be focused on health and safety, return-to-work functions and injury management as the average severity of injuries has increased in recent times.



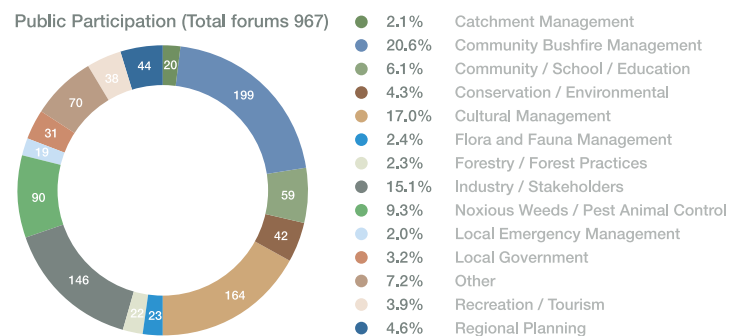
Literature, music and sport

Written as an independent review of many aspects of forest management and related industries in Australia, 'In the Living Forest' was published in late 2005.

The book provides an insight into the transformation of forestry to today's vibrant, modern industry committed to sustainability, innovation and world class efficiency. As a major supporter of the book, Forests NSW sees it filling a significant gap in literature about modern forestry, and fostering informed public debate about forest management. Forests NSW donated a copy of the book to over 500 NSW public high schools. Staff are working with NSW Department of Education and Training on resources to support the use of the book by teachers in the classroom.

Sponsored by Forests NSW since its beginnings in 1999, the Kendall National Violin Competition gives young violinists the opportunity to win a concert violin made from Australian timbers by renowned luthier Graham Caldersmith. The final of the event is held in Kendall on the mid north coast, a town with a rich history of timber milling and a strong association with Forests NSW.

Forests NSW has for the last nine years supported the Polaris Mountain Bike Challenge, a two day event that attracts over 1,200 riders to one of our State forests in March each year. The destination is revealed only weeks before the event, with the all important maps for this mountain bike orienteering challenge provided by Forests NSW.



Protecting Aboriginal cultural heritage

Aboriginal artefacts and sites in State forests are the cultural heritage of Aboriginal people, and continue to hold meaning and significance for Aboriginal communities today.

Forests NSW staff are involved in training and education programs, cultural development initiatives and liaison with local Aboriginal communities across New South Wales as part of our ongoing commitment to foster awareness and connection with cultural heritage (See Indicator 10A, page 25).

Aboriginal cultural heritage encompasses more than physical evidence of Aboriginal occupation and use of forests. It is important that Aboriginal people who hold cultural knowledge are involved in identifying cultural resources, determining significance of heritage items and places, and the protection required.

To work closely with local Aboriginal representatives in identifying and protecting places with heritage significance, Forests NSW has cultural heritage officers at Grafton, Coffs Harbour, Kempsey, Taree and Maitland, with Aboriginal co-ordinators at Batemans Bay and Tumut.

On the mid north coast, our cultural heritage officers run Aboriginal training programs for state agencies including the Department of Corrective Services and the NSW Police.

On the central coast, the Warre Warren project between Forests NSW and Darkinjung Local Aboriginal Land Council involves the construction of a walking trail, viewing platform, fencing and bush tucker plantings within McPherson State Forest. Near Tumut, an amphitheatre for an Aboriginal youth dance group was officially opened in December 2005. A joint venture between Forests NSW and the local Aboriginal community, the site has been named 'Birramai Waga' meaning 'bush dance' in the local Wiradjuri language.

In the Riverina, a TAFE Institute and Yarkuwa Indigenous Knowledge Centre Aboriginal Corporation project for indigenous land management in Deniliquin State Forest won a bronze award in the 2005 Premier's Public Sector Awards. Forests NSW role includes forest surveys and restoring native flora and fauna, particularly native food and medicine plants.

Gathering of global foresters and researchers

Australia had the honour of hosting the 22nd International Union of Forestry Research Organisation's (IUFRO) World Congress, held in Brisbane in August 2005. The aim of the union is to promote international cooperation in scientific studies and research related to forests and trees.

Staged for the first time in the Southern Hemisphere, twelve staff from Forests NSW and NSW Department of Primary Industries joined close to 2,000 delegates from 160 countries at the Congress. Forests NSW was an event sponsor, member of the organising committee, and had several staff present papers.

The atmosphere within the trade exhibition was bustling during breaks in the busy congress program, with delegates taking the chance to visit stands from forestry agencies around the world.

Forests NSW joined the trade exhibition with an impressively designed stand, planned to inform delegates of the leading-edge position of Forests NSW in carbon trading, sustainability reporting and tree improvement research. International delegates were especially interested in Forests NSW world's first sale of carbon credits through an approved greenhouse gas emission trading scheme.

The IUFRO conference is held every five years, with the 23rd Congress to be held in Korea in 2010.

'Communities in forests' flourishing

Forests NSW and Conservation Volunteers Australia (CVA) innovative partnership, badged 'Communities in Forests', continues to go from strength to strength.

Established in 2004, the program aims to maximise the involvement of communities and volunteers in conservation management programs in State forests. Teams of volunteers undertake a variety of projects across the state, with on-ground works continuing in State forests on the central, lower north and south coasts, in the southern highlands and south west slopes.

To date, CVA has dedicated 577 volunteer days, working with Forests NSW staff to construct 2,100 metres of walking track and repair and upgrade more than 7 kilometres of existing track.





































The volunteers have also undertaken surveys for 13 key species of native wildlife; constructed seven ponds for threatened frogs; planted 300 trees; removed over half a tonne of rubbish; and removed noxious weeds from more than 1,310m² of forest.

During 2005/06, Forests NSW also signed a Memorandum of Understanding (MOU) with the Orienteering and Rogaining Association of NSW, a document that establishes the basis for a co-operative working relationship between the organisations. Other MOUs are also being progressed with CVA and the Confederation of Australian Motor Sports. Co-operative discussions have also taken place with the Range Rover Club of NSW regarding how Forests NSW and the club can work collaboratively. Several regional partnerships and initiatives are also under development.

Forests NSW will continue to explore opportunities for active partnerships with community groups, including recreational forest users and tourism operators. (See Indicator 3B, page 22).








ENVIRONMENTAL

Ecologically sustainable management of native and planted forest to protect and enhance environmental functions and conservation values. Expanding the plantation estate to help meet future market needs.

Indicator @	Page	Objective or target	Results	Performance*
Forest Value: Biodiversity @				
11. Extent of forest type**	26	  The Forestry Act requires that 3,250,000ha of State Forests is managed	Total forest estate managed 2,441,997 ha.	
Native forests		a) Maintain area of native forest for the sustainable supply of timber.	1,929,678 ha of native forest estate	
Planted forests		b) Manage not less than 600,000ha of land for afforestation with exotic softwood species	260,000 ha of established plantation 211,000 ha of future plantation & protection	
12. Native forest structure	27	   Ecosystems maintained over a range of successional growth stages and forest management zones	25% Regrowth, 28% Mature, 5% HCV Old Growth, 4% Rainforest and 38% unassigned	
13. Surveyed species	27	 Threatened species at risk from forestry operations identified and adaptive management applied	41 targeted species found with 2,712 sightings	
Forest Value: Forest Health @				
14. Pests and weeds	27	   Manage weeds and animal pests through active coordinated and cooperative programs	\$1.21 million spent on feral animal and weed control	
15. Plantation health	27	  Monitor and address plantation health issues – 0% of plantation affected by health issues	Less than 3 % of hardwood plantation and <25% of softwood plantation affected by significant health issues	 
16. Fire fighting and prevention	28	   Managed through integrated and cooperative fire hazard management and wildfire suppression programs	Less than 0.7% of State forests burnt by wildfire 25% of State forests treated by management strategies \$8.9 million spent on fire prevention & control	  
Forest Value: Soil and Water Quality @				
17. Protection of soil and water	29	  Ecological processes associated with soil and water maintained		
		a) Assess all areas to be harvested for risks to soil and water quality	100% (117,190 ha) of forest assessed	
		b) Protect water catchment values in socially strategic or environmentally sensitive locations	10.2% of State forests primarily managed to protect water catchments	
Forest Value: Compliance @				
18. Regulatory compliance	29	  Achieve a 100% compliance rate with zero prosecutions and fines	Compliance: 99.99% Fines issued: 4 Prosecutions: 0	
Forest Value: Environmental services @				
19. Carbon sequestration	30	   Maintain a positive contribution to Australia's net emission reduction program for carbon dioxide	4.25 million tonnes of CO ₂ sequestered by plantations	

* Please refer to symbol interpretation key on page 4.



Indicator @	Page		Objective or target	Results	Performance*
Forest Value: Environmental services @					
20. Energy consumption	30	 	a) Reduce greenhouse gas emissions and increase energy sourced from green power b) Optimising fleet composition to meet business needs in a cost-effective and environmentally responsible manner	Less than 10,000 tonnes of CO ₂ emitted and 14% of electricity sourced from green power Reduced fleet size by 1.9% Fuel consumption remained stable Fleet CO ₂ emissions remained stable	 
21. Material consumption and recycling	31	 	Increase recycling of products consumed, and purchase more products with recycled content	74% of waste recycled or reused; 22% of product purchased with recycled content	

* Please refer to symbol interpretation key on page 4.

** Although the forest estate size has been reduced, new wood supply agreements are in place consistent with the reduced estate size.

Managing red gum forests and wetlands

The largest breeding event of water birds in the past five years, the growth of thousands of red gum seedlings and vibrant leaf growth on established trees was the result of managed flooding in the Barmah-Millewa State Forests in spring 2005.

Forests NSW staff managed the allocation of 500 gigalitres of water to river red gum forests and wetlands. Known as 'environmental flows', the water was taken from the Murray River via regulators (gates) across creeks. It was a complex operation designed to maximise the benefits to the forest wetland ecosystems, with success in combating the effects of drought evident in just a few months.

Reduced water flows have been impacting on the health of river red gum forests, with Forests NSW keen to see more water flowing into this precious ecological asset.

The project was a key aspect of the 'Living Murray' program, with Forests NSW working with the Murray Darling Basin Commission and other partners to restore the iconic river and associated ecological assets.

Forests NSW is committed to the long term management of native forests and projects like environmental flows, that is an adaptive management process contributing to the protection of threatened and endangered species and is an important part of our forest management strategy.

Forests NSW also implements surveys and management prescriptions for threatened species prior to harvesting operations. This year 41 targeted species were found, with a total of 2712 wildlife sightings during surveys.

Forests NSW leads the way in forests and greenhouse

Forests NSW pioneering work in the carbon accounting arena was recognised in 2005/06, with the organisation named as a finalist in the 2006 Banksia Awards for its 'Counting Carbon' system. It is a valuable recognition for the environmental services of forestry and Forests NSW. In 1999, the Kyoto Protocol on greenhouse emissions recognised the role of forestry in greenhouse emissions abatement. This decision prompted Forests NSW to begin to explore marketing planted forests as carbon sinks. To be successful, potential customers would need to be

reliably informed on just how much carbon would be sequestered in their investments, thus work on our carbon accounting began.

Carbon accounting systems may prove to be of enduring value as emission trading evolves. Forests NSW is continuing to work with existing partners and looking for new partners who wish to offset their greenhouse gas emissions by supporting the planting of new forests. In turn, more new forests will be planted – not only for carbon abatement but also for re-forestation, repairing degraded landscapes, reducing salinity and enhancing biodiversity.

Forests NSW will continue to explore the potential for future sales of certificates in carbon credits as issued by NSW Greenhouse Gas Abatement Scheme. Forests NSW has also become involved in the development of investment schemes and the establishment of plantations for third party investors.

Research delivers improved planting stock

Forest NSW staff at the Grafton Forest Technology Centre continue to carry out research aimed at improving plantation establishment.

In one project, researchers found that applying a gel that helps to retain water will improve the survival of seedlings in the critical one month period after they are planted. The group is also looking into cost effective ways of applying this gel when the seedlings are mechanically planted.

In other research trials, staff have determined that the root condition called 'j-roots' is linked to transplantation methods, and demonstrated that direct sowing of seed can overcome this problem and thereby improve plantation establishment. The group also continues to successfully investigate the most appropriate propagation methods for particular species, whether this is reproduction by seed, cutting or tissue culture.

Where trials yield 'elite' individuals that are superior for traits such as increased volume, improved form, disease tolerance or wood quality properties, 'clonal seed orchards' have been established. In this way, the first genetically improved seed of Blackbutt (*Eucalyptus pilularis*) has been harvested from a Clonal seed orchard near Coffs Harbour and is expected to give significant increases in tree volume in plantations.

These outcomes and other continuing research ensure the delivery of genetically improved planting stock to Forests NSW commercial plantations.

Key Inputs and Outputs of Forest Management



Forests and water

Ongoing drought conditions across New South Wales have highlighted the importance of water to our everyday lives, with many communities concerned about the availability and quality of water in our rivers. State forests in the headwaters of catchments play a filtering role to maintain downstream water quality and supply.

Forests NSW water quality monitoring team is undertaking long term trials to compare water quality and quantity in harvested and non-harvested catchments in State forests.

First commenced close to 30 years ago, with additional research designed in conjunction with NSW Department of Environment and Conservation, the program is focused on determining identifiable impacts on water quality and/or quantity from forestry operations and if so, to quantify the level of that impact. Study results suggest that harvesting in native forests and pine plantations can have a slight but hardly noticeable impact on suspended sediment concentrations and turbidity for six to twelve months, after which it is not noticeable. In State forests near Dungog, eight research catchments have been monitored since 1976. Our researchers are assessing the effects of thinning and harvesting programs on stream flows to determine the best harvesting practices to maintain water values.

The results of our hydrology research demonstrate the effectiveness of soil and water protection measures and silviculture in ensuring the quality and quantity of water that flows from managed forests.

Forests NSW will continue to work with our regulator NSW Department of Environment and Conservation and others in the scientific community to ensure our water research is focused on filling knowledge gaps and to ensure the best possible scientific basis for management of water in forests.

Forests NSW compliance

Forests NSW has implemented a 4 tiered audit system to monitor compliance with the regulatory and non regulatory conditions. At the first tier audit, in excess of 120,000 potential compliance checks were made with 1,142 non compliance incidents reported resulting in a compliance rate of 99.99 %. Most of the non compliance had relatively minor environmental impacts.

Although the fines (associated with soil and water) have increased in the last financial year, the implementation of the Road System Manual and the roll out of the Environmental System is expected to minimise these breaches.

Forests NSW compliance

	1999/00	2000/01	2001/02	2002/03	2003/04	2004/05	2005/06
Potential compliance checks covered by check sheets *	204,636	117,699	120,338	133,156	110,122	124,108	120,037
Number of non-compliance incidents (NCI) recorded by Forests NSW supervision*	2,039	1,538	2,242	1,810	1,668	1,615	1,142
Fines issued to Forests NSW by regulators	3	5	4	1	1	1	4

*Relates to Forests NSW Tier 1 audits only.

ECONOMIC

Ensuring an adequate return from the marketing of wood products from the state's native forests and plantations, while also developing innovative commercial products and services to facilitate private investment in new planted forests

Indicator @	Page		Objective or target	Results	Performance*
Forest Value: Marketing and Sales @					
22. Volume of timber harvested	31		Meet market demands for wood products	2.89 million m ³ of logs and 1.53 million tonnes of pulpwood harvested	
23. Product mix of timber harvested	31		Increase the % of wood harvested going to high value products	Increased % of hardwood floorboards	
24. Forests NSW carbon accounting	32		Forests NSW will increase its number of created Greenhouse Certificates	541,200 National Greenhouse Abatement Certificates (NGAC) were created	
			Forests NSW will register its plantation under the NGAC scheme	24,019 ha of plantation is accredited for carbon trading	NEW

* Please refer to symbol interpretation key on page 4.

Product diversity

Forests NSW became the first body in the world to trade carbon credits arising from forests under the New South Wales Greenhouse Gas Abatement Scheme (GGAS) in 2005.

Mandatory benchmarks are in place for electricity retailers operating in NSW and the Australian Capital Territory to offset the number of tonnes of carbon dioxide they produce, and as a result they buy certificates under the scheme. As an accredited abatement certificate provider, each Forests NSW certificate represents one tonne of carbon dioxide in sequestered planted forests.

Building on this success, we continued to investigate opportunities to expand financial markets for carbon credits and pursue innovative approaches to business diversification. Our sales confirm a growing market for tradeable carbon certificates and gives incentives for companies to invest in new plantations.

This year, after endorsement of Forests NSW carbon sequestration calculation methods by an independent audit, the GGAS administrator formally amended Forests NSW conditions of accreditation to include sequestration of carbon from an additional 13,000 hectares of eligible softwood plantation. This now expands the managed forest estate from the initial 10,000 hectares of planted hardwood forest.

In 2006-07, Forests NSW will generate around \$7 million from the sale of NGACs registered during 2005-06.

Log pricing review

Forests NSW initiated a review of pricing for NSW public native forest and hardwood plantation log products in 2005/06. The review is being staged to address industry concerns, assess pricing principles and systems currently used and reset log prices where warranted.

The review is overseen by a steering committee with representatives of industry, NSW Treasury, NSW Department of Primary Industries, Forests NSW and an independent business advisor. Two independent consultants have jointly been engaged by the steering committee to assist with the review.

A discussion paper was prepared and distributed to all Forests NSW contractors and customers, as well as key industry representatives, in May 2006. The review was a comprehensive consultation process, including a number of meetings around the state at which industry stakeholders made verbal submissions on the discussion paper, with written submissions received up until 30 June 2006.



The review is expected to be completed before December 2006.

Consideration and implementation of the outcomes of the review will involve consultation with our customers and contractors and be consistent with provisions in existing wood supply agreements.

Efficiency gains for profitability

The development of new revenue streams, maximising the productivity of the State forest estate, reducing overheads and administrative duplication, capital expenditure savings and continued rationalisation of organisational structures underpinned Forests NSW financial performance in 2005/06.

With a downturn in the housing market, financial controls, improvements in operational performance and systems development were vital to achieving financial targets.

Initiatives implemented included:

- ▲ Upgraded web-based information to our harvest and haulage contractors and sales customers
- ▲ Strengthened approval processes for major operational and capital expenditure
- ▲ Extensive consultation on the implementation of a new organisational structure involving regional amalgamations and the establishment of business service centres in Sydney, Coffs Harbour and Albury
- ▲ Co-locations and other efficiencies gained through integration with NSW Department of Primary Industries, including shared office accommodation in Deniliquin, Yanco, Dareton, Grafton and Maitland
- ▲ Introduction of a new management system in maintenance workshops, linked to the central fleet management database
- ▲ Introduction of an electronic timesheet system for employees, linked to the corporate payroll system.

Innovative planning for wood flows

Forests NSW, as a public trading enterprise, is utilising advancements in technologies and new systems to enhance, automate and streamline the way we do business.

The conceptual design, development and application of a high-tech plantation management system won Forests NSW a gold award in the 2005 NSW Premier's Public Sector Awards.

Using the latest technology, the system forecasts the flow of softwood plantation timber from forest to customer. It predicts where wood is going to grow and where it will be transported, improving long-term forest management by ensuring the best trees are harvested at the right time.

Mainly used by Forests NSW in softwood plantations on the south west slopes, the system may be adapted for long-term planning in native forests. It is already being used for even-aged regrowth native forests on the far south coast.

Streamlined planning and forecasting means more efficient management of staff time, road networks and heavy machinery. The system allows Forest NSW to maximise efficiencies and at the same time provide customers with sawlogs to maximise their revenue.

Approximately two thirds of Forests NSW business is now on a 'delivered-sales' basis, with the organisation responsible for growing, harvesting and hauling wood right to the mill door.













The new system allows planning across a 50 to 200 year period – the lifecycle of a forest – with advantages for both environmental and commercial performance.

Forests NSW major customers

Manufacture Area	Customer	Products/Services
Plywood	Norply, Big River Timbers, Ausply, Carter Holt Harvey	Plywood flooring, structural bracing, Formply (concrete construction), external cladding
Major softwood sawmillers	Weyerhaeuser, Carter Holt Harvey, Hyne & Son, Boral Timber, Integrated Forest Products, Auswest, Penrose Pine, Mesray, Colenden, Willmott Forest Products, Summers	Structural softwood timber for dwelling construction and renovation markets, internal joinery (eg windows and architraves), furniture timbers, landscape timbers, treated softwood poles, treated decking
MDF and particleboard	Carter Holt Harvey, Monsbent	Medium Density flooring and particleboard products components such as flooring, cabinets, benchtops, furniture
Softwood preservation	Wilmott Timbers, Penrose Pine, Blayney Treated Pine, Pacpine	Treated timber for outdoor applications such as decks, pergolas, landscape timbers
Pulp and paper	Norske Skog, Visy, South East Fibre Exports	News print, writing paper, cardboard, personal hygiene paper products
Major hardwood sawmillers	Boral, South East Fibre Exports, Koppers, Blue Ridge, Gunnedah Timbers, Baradine Sawmills, Coffs Harbour Hardwoods, Ford Timbers, Hurfords, Big River Timbers, Thora	Kiln dried and green structural timber, strip flooring, furniture and joinery timber, bridge and engineering timber products, power poles, plywood products, external cladding decking
Investors	Rothschild, ST Microelectronics, TEPCO	Plantation investment, carbon credit
Utilities and infrastructure	Optus, Vodafone, Telstra, Crown Castle, Country Energy	Telecommunications, electricity supply

SUSTAINABILITY

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

Indicator @	Page	Objective or target	Results	Performance*
Forest Value: Productivity @				
25. Forest management**	32	a) Net area of forest land available for timber production maintained b) Large areas of significant value are conserved for those values c) Ecological functions are maintained during harvesting	1,251,290 hectares available for timber production 528,000 hectares in State forest reserves 655,000 hectares of other forest managed for ecological function	  
26. Plantation establishment	33	a) Plantations established to maintain the timber supply strategy b) New plantations are effectively established	6,547 hectares of softwood plantation and 264 ha of new hardwood plantation established 94% of softwood plantation and 100% of hardwood plantation successfully established	 
27. Mean annual growth of planted softwood forest	33	Plantations growth rates are at acceptable levels to achieve future productivity	Softwood plantations 16.3m ³ /ha/yr and 13.6m ³ /ha/yr hardwood plantations	 
28. Native forest regeneration	33	100% of surveyed harvested area effectively regenerated	53 surveys and 74% of surveyed harvested area successfully regenerated	
Forest Value: Maintainability @				
29. Sustainable yield	34	Harvesting of wood products from forests is within allowable levels	Actual annual yield of high quality sawlogs as % of allowable volume: - 83% from native hardwood forests - 96% from cypress - 96% from softwood plantations	
30. Forest certification***	N/A	EMS is accredited under ISO 14001 by June 2006. Operational State forests certified to AFS by 2006.	Forests NSW obtained its EMS certification in June 2006 Forests NSW on target for completion in 2006/07	 
31. Trading profit	34	Increasing management efficiency is achieved as profit per employee increases	\$29,100 profit per employee generated	

* Please refer to symbol interpretation key on page 4.

** As a result of Government decision to increase reserve areas in Western NSW, the net area for harvesting, conservation and ecological function has decreased.

*** Australian forestry standard – AS 1708 (int) 2003.



Sustainability and us

While many businesses are focused on plans for the next five years or perhaps the next decade, the management of NSW State forests is focused many generations ahead. Our business has been operating for 90 years, with millions of trees harvested and regrown over this time to support the development of our cities and towns.

Forest sustainability is about maintaining biodiversity and ecological processes, the formation of soils, energy flows and carbon, nutrient and water cycles. It is about meeting our current needs and expectations while retaining opportunities for future generations to meet theirs.

As a community, we need timber to build our homes and infrastructure like bridges, railways and wharves. But at the same time, we want to maintain the presence of our unique native plants and animals, conserve and be inspired by Aboriginal cultural heritage, have clean water to drink and enjoy four-wheel driving, camping, bushwalking and other recreational activities in our State forests.

Forests NSW is faced with the complex task of balancing commercial performance as a business while ensuring the maintenance of our State forests' many social, environmental and economic values. Many of our stakeholders have divergent views on using, harvesting and protecting our forests. Our ongoing, adaptive management means that broad community expectations can be met, ensuring both the sustainability of our forests and of our business.

The diagram overleaf illustrates the many aspects of our forest management over an average lifetime. Harvesting occurs at different times for various timber products and to ensure best growth, while cultural, environmental, social and ecological values are maintained.

Plan to achieve sustainable forest management

Ecologically Sustainable Forest Management (ESFM) Plans for the Upper North East, Lower North East, Eden, South Coast and Tumut have been approved for implementation. The plans cover over 1.5 million hectares of native forest and it is expected that ESFM plans to cover Western and Riverina native forests and all planted forests will be completed next year.

Our goal is to conserve and protect a range of forest values from biodiversity, soil and water, forest productivity and to the ability of forests to act as carbon sinks and for the many recreational and cultural values that they provide.

These plans outline broad strategies on how we are going to provide for forest uses such as timber supply, grazing, honey production, access, regional infrastructure and recreation while maintaining the ecological processes and environmental values. The plans also specify how Forests NSW will maintain forest health by protecting the forest from bushfires, insects, diseases, weeds and pests.



A key component of the ESFM Plan is to measure performance. Using the Montreal criteria and indicators, the sustainability of forest practices will be monitored, reviewed and reported over time.

The plans will introduce a consistent way of sustainably managing our forests and form a key part of Forests NSW Environmental Management System.

Environmental Management System certified

One of the most important developments in forestry across the world over the past decade has been the strong shift toward independent certification of forest management activities.

Forests NSW recently reached a major milestone in obtaining such independent and internationally recognised certification, with our environmental management system passed to the International Organisation for Standardisation (ISO) 14001:2004 standard.

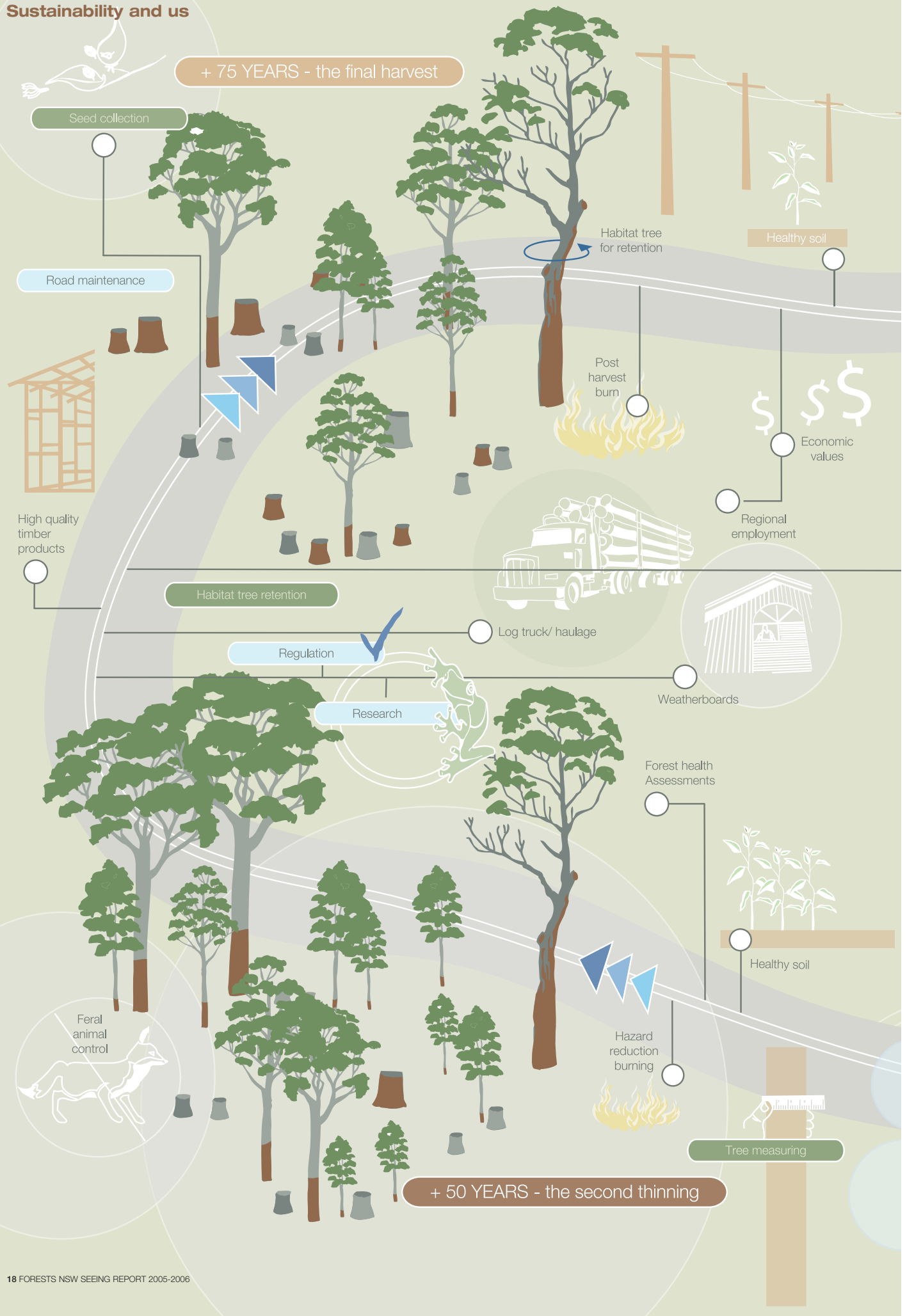
Our drive towards certification arose from a desire to be a sustainable and responsible business and to provide assurance of this sustainability to our customers and, in turn, their customers that use wood and paper products – the people of NSW and elsewhere.

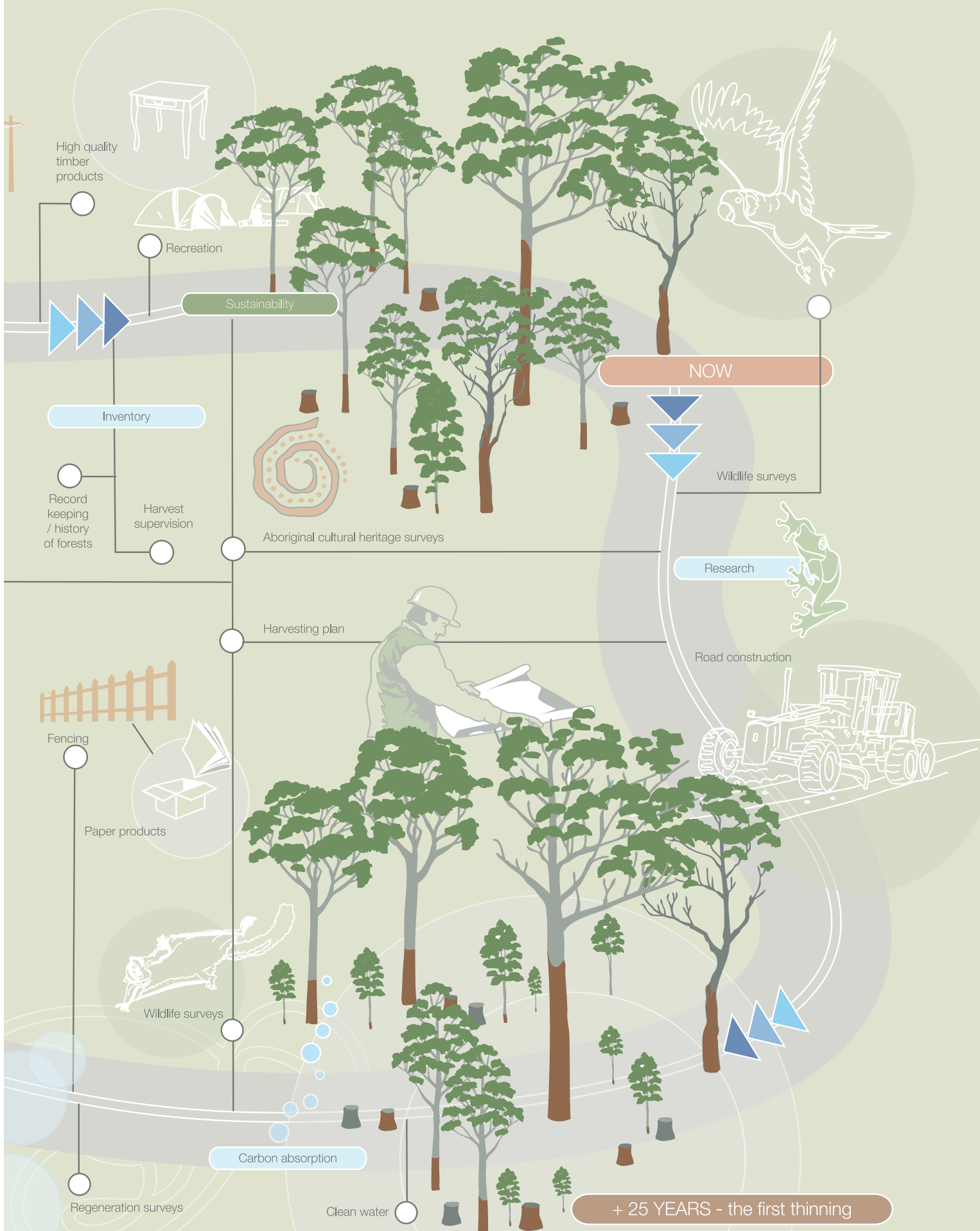
Forests NSW is charged with the stewardship of the state's native and plantation forests. Community expectations of what State forests are used for are many and complex, providing us as forest managers with challenging requirements encouraging innovative management.

Our Environmental Management System is about ensuring that we comply with our legal obligations, minimising the environmental impacts of our activities, improving operational efficiency and fostering a culture of continual improvement.

With our EMS now internationally recognised, work is continuing on achieving forest certification. This will give independent assurance to our customers and consumers of timber products that NSW public forests are sustainably managed. Forests NSW aims to be certified under the Australian Forestry Standard in 2006/07.

Sustainability and us





Community conservation areas in western NSW

Over the last year, Forests NSW has worked extensively with the timber industry and other agencies to implement the Government's decision on the Brigalow Belt South (& Nandewar) Regional Assessment, which was announced in May 2005. The decision permanently conserves 352,000 hectares of forest stretching from Dubbo to the Queensland border, including 328,000 in a Community Conservation Area (CCA) and has delivered a strong future for cypress regrowth in the Pilliga State Forests.

Community Conservation Area is a new land tenure created as part of the assessment process and they are divided into different zones that allow for differing land uses and intensity of human management eg conservation, aboriginal cultural heritage, mineral exploration and extraction and forestry.

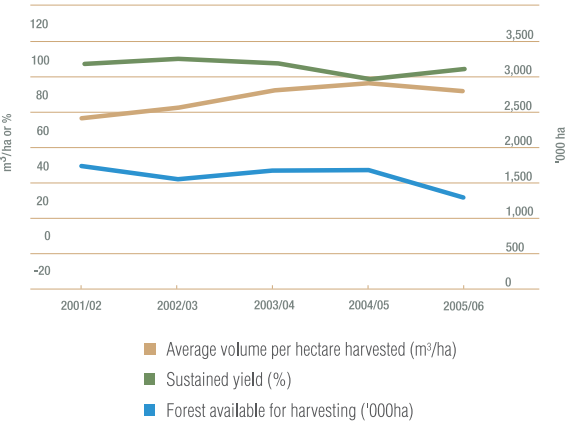
The Community Conservation Council (CCC) established under the Brigalow and Nandewar Community Area Act 2005 will oversee the new CCAs and be advised by three new community-based advisory committees based on existing management areas. The CCC supported Forests NSW proposal for cypress thinning, inventory and accessing

private property timber to improve biodiversity and timber values. As a result, funding of \$12 million will be provided over five years to create up to 45 additional jobs in the region including affected timber and forest workers as well as opportunities for employment in rural towns and Aboriginal communities.

Up to 57,000 m³ per annum, of cypress sawlogs have been allocated on 20 year Wood Supply Agreements signed with Gunnedah Timbers, Baradine Sawmilling, Grants Sawmilling at Narrandera and Condobolin, Gulargambone Sawmilling and Austins Sawmill at Quirindi to ensure continued maintenance of the timber industry in the region.

Noting the importance to the community on the availability of firewood from State forests, the Government's decision provided for a review of firewood operations in the context of the NSW Firewood Action Plan. Forests NSW completed the firewood review with reference to the NSW and national firewood strategies. Consultation is underway with the Department of Environment and Conservation and the Department of Natural Resources, through the Community Conservation Council, about the future management of firewood operations and Forests NSW has discussed future options with commercial firewood operators.

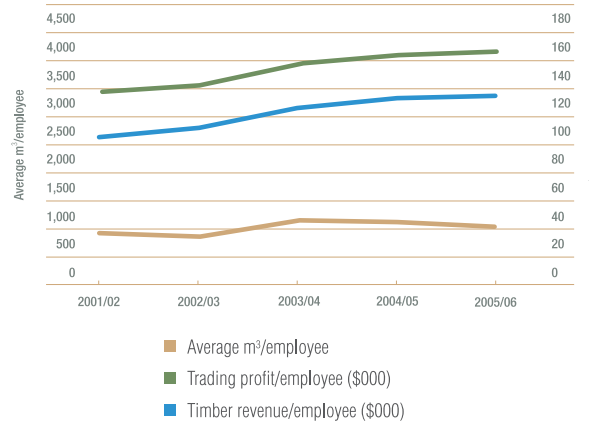
Forest sustainability*



* The average volume harvested per hectare is strongly influenced by harvesting of the plantation estate. Similarly the decline in the area available for harvesting is reducing as a result of land tenure changes and prescriptions associated with timber harvesting operations in the native forest estate. Detail of volumes harvested are reported under Indicator 22. Changes in the forest estate are reported under Indicator 25.

Sustained yields in RFA regions may vary by 25% in any one year and by as much as 5% over a 5 year period.

Productivity Measures*



* Information about changes in the number of Forest NSW employees is provided in Indicator 7.

Forest management*

	1999/00	2004/05	2005/06
a) Forests available for timber production (ha)	1,965,720	1,442,120	1,251,290
b) Forests in State forest reserves (ha)** (not available for timber production)	555,000	571,427	528,000
c) Forests in protection zones for ecological functions (ha) *** (not available for timber production)	552,600	778,573	655,000

* Refer to Indicator 25 (page 32) for more details. Due to forest tenure change in the West and Southern forests as a result of Government decision, a decrease in area has occurred in the forest reserve and protection (Ecological functions) zones.

** Indicates forest in dedicated (FMZ 1) and informal (FMZ 2 and 3A) reserves.

*** Includes forest not available for harvesting in forest with special prescriptions (FMZ 3B), general management native forest (FMZ 4), hardwood planted forest (FMZ 5), softwood planted forest (FMZ 6), and non forestry use (FMZ 7).

Strategic Area: Social Forest Value: Community Benefits Indicator Name: Social Responsibility Indicator Number: 1

Indicator 1 – Social responsibility			
Corporate sponsorships, donations and waived fees	2000/01	2004/05	2005/06
Number	>50	424	394
Amount (\$)	97,924	174,053	115,510
Volunteering programs			
Number of programs	n/r	27	19
Number of participants	n/r	239	192

Strategic Area: Social Forest Value: Community Benefits Indicator Name: Public Participation Indicator Number: 2

Indicator 2 – Public participation			
Community forum categories	1999/00	2004/05	2005/06
Catchment management	126	68	20
Community bushfire management	363	195	199
Community/school/education	752	89	59
Conservation/environmental	104	62	42
Cultural management	214	191	164
Feral animals/noxious weed control	72	98	90
Flora and fauna management	30	18	23
Forestry/forest practices	47	31	22
Industry/stakeholders	110	268	146
Local emergency management	14	25	19
Local government	72	39	31
Other	37	41	70
Recreation/tourism	64	46	38
Regional planning/RFA	94	44	44
Total	2,099	1,215	967

Within NSW all current Regional forest assessments have been completed thus decreasing the need for as many community/industry forums. In addition, due to Forests NSW amalgamation with DPI, arrangements have been developed including shared attendance at community forums.

APPENDICES

* Please refer to symbol interpretation key on page 4 for all Appendix tables (if required)



Strategic Area: Social Forest Value: Community Benefits Indicator Name: Recreation and Tourism Indicator Number: 3A

Indicator 3A – Recreation and tourism			
Recreational facilities provided	1997/98	2004/05	2005/06
Beaches	n/r	25	25
Roadside rest areas/picnic areas	160	50	60
Forest drives (marked)	30	16	24
Forest walks (marked)	90	42	35
Forest walks (un-marked)	n/r	1	2
Lookouts	84	17	17
Camping areas	308	79	78
Camps/huts /cottages	17	16	16
Mountainbike tracks (km)	n/r	105	107
Total facilities	691	246	257

The total number of recreation facilities has been declining as additional areas of State forest have been transferred to national parks and reserves, most recently as a result of the Brigalow Belt Bioregion regional assessment. However, this year Forests NSW increased the number of recreational facilities to the community by providing additional rest areas, mountain bike tracks (km) and marked forest trails in State forests.

Strategic Area: Social Forest Value: Community Benefits Indicator Name: Recreation and Tourism Indicator Number: 3B

Indicator 3B – Recreation and tourism			
Permits for organised recreation activities	1997/98	2004/05	2005/06
Eco tourism/4x4 tours	54	33	12
Horse, trail and endurance rides	32	31	23
Car rallies /go carts	38	30	28
Motor bike rallies	6	13	16
Mountain bike rallies	30	31	16
Orienteering/mountain runs/triathlon	37	21	14
Bushwalking	23	16	14
Bowhunting/archery	60	2	0
Other	22	62	55
Education/outdoor education schools	27	33	27
Training/exercises	152	45	43
Total activities	481	317	248
Area zoned primarily for recreation (ha)	n/r	3,147	4,323
Expenditure on recreation (\$000)*	n/r	1,918	2,409
Recreation Agreements		22	26

The number of permits issued for recreation and tourism continues to fluctuate annually including this year. In line with our *Living, Working, Playing ...* Forests Strategy, there was an increase in the number of agreements with stakeholders for access to State forests for recreation.

Strategic Area: Social Forest Value: Community Benefits Indicator Name: Research and Education Indicator Number: 4A

Indicator 4A – Research and education		
	Research (\$M)	Education (\$M)
1998/99	7.2	n/d
2004/05	9.1	4.5
2005/06	6.9	4.2

Forests NSW expenditure on education and research has increased over the past 7 years however, this year a reduction has occurred as a result of shared management and administrative costs with DPI.

Strategic Area: Social Forest Value: Community Indicator Name: Research and Education Indicator Number: 4B

Indicator 4B – Number of people participating in programs at Cumberland State Forest			
Activity	2000/01	2004/05	2005/06
School – lower primary	993	474	735
School – upper primary	2,059	4,672	3,791
School – secondary	906	423	263
School holiday activities	1,112	770	784
Information services – by phone	2,730	12,740	17,554
Information services – by email	1,823	3,500	5,347

In the last few years as a result of Forests NSW publications (Bush Telegraph), the Internet and the information services provided by the Cumberland Forest Centre (West Pennant Hills) the community have become more aware of Forests NSW business.

Strategic Area: Social Forest Value: Community Indicator Name: Regional Employment Indicator Number: 5

Indicator 5 – Regional employment			
Forest sector	1997/98	2004/05	2005/06
Harvesting/Haulage	1,132	1,083	1,292
Primary processing*	4,328	5,234	5,306
Apiary	302	305	294
Grazing	165	767	552
Eco-tourism	88	91	37
Other**	136	343	228
Total	6,150	7,823	7,709

Employment in primary processing industries continues to grow annually, principally as a result of value adding processes. The continuation of drought conditions in NSW has resulted in consistent demand for grazing and apiary industries as for previous year.

*Processing undertaken at a site where the input is raw material supplied by Forests NSW

** Includes plantation establishment contractors, gravel extraction, other forest product removal and miscellaneous other timber harvesting.

Strategic Area: Social Forest Value: Community Benefits Indicator Name: Other Forest products Indicator Number: 6

Indicator 6 – Other forest products			
Forest product	1997/98	2004/05	2005/06
Grazing (gross ha)	768,946	607,218	652,699
Apiculture (sites)	3,843	3,421	3,371
Leaf /oil (kg)	8,013	0	0
Seed (kg)	969	301	53
Bark (tonnes)	1,109	0	0
Firewood (tonnes)	75,615	85,607	41,941
Broombush (tonnes)	1,977	1,909	3,611
Charcoal (tonnes)	119	1,939	1,594
Craft Timber (m³)	33	10	1,677
Misc native plants pieces (no.)	1,219	103,352	3,820
Burls (tonnes)	44	315	9
Wood blocks (no.)	0	0	3,750
Film /documentary (permits)	3	7	12
Communication sites (permits)	126	145	134
Other structures (permits)	227	195	168
Powerlines/cables/pipelines (km)	2,886	678	5,286
Gravel / sand / rock (tonnes)	69,495	128,072	88,952
Research (permits)	215	71	58
Nursery seedlings to public # (no.)	1,148,000	885,000	1,096,806
Maps sold to public (no.)	5,491	19,599*	6,213
Total Value (\$'000)	n/r	6,745	6,242

Does not include plantation stock sold to private plantation owners

* This included maps sold to distributors that were not collected in the previous years

In addition to timber sales, Forests NSW continues to manage its estate to supply other forest products, which are often cyclic in nature. Firewood sales, for example, decreased by 50% last year as a result of a warm winter, loss of State forests, changed regulatory licence conditions for harvesting firewood and consumers converting to other competitive heating sources.

Strategic Area: Social Forest Value: Staff Indicator Name: Quality of management Indicator Number: 7

Indicator 7 – Quality of management							
Year	Men	Women	REERM*	Persons with disability	Aboriginal Torres Strait Islanders	Total staff**	Expenditure on HR mgmt (\$M)***
1999/00	965	253	45	74	26	1218	n/r
2004/05	846	193	80	71	23	1039	2.38
2005/06	860	209	78	70	25	1069	1.34

* REERM is an acronym for "Racial, Ethnic and Ethno/Religious Minority Groups".

** Excludes casual staff.

*** HR is an acronym for human resources.



Strategic Area: Social Forest Value: Staff Indicator Name: Training Indicator Number: 8

Indicator 8 – Training*		
Course	2004/05	2005/06
Computer skills	232	41
Cultural Heritage	239	78
Environmental	47	87
Fire	382	103
Flora and Fauna identification and management	3	4
Forest Harvest Operator	205	162
Forest Management, Inventory and Silviculture	25	27
HR Management	45	49
Induction	34	112
Legal and Administration	20	9
Maps reading and Airphoto interpretation	45	0
"OH&S – including chainsaw, 4WD training and first aid"	997	707
Pest and Weed control	6	8
Product Identification and Assessment	19	26
Roading and road survey	20	0
Soil and water	161	121
Total	2,481	1,534
Expenditure on Training (\$M)	\$2.92	\$1.92

* Number of employees and contractors trained.

The skills of our staff and contractors are critical to responsibly manage our business including environmental, cultural, administration, social and safety management training. We have dedicated significant resources in the last few years to train Forests NSW employees and contractors in OH &S and Environmental management to minimise the potential for workplace injuries and to minimise any environmental impacts.

Strategic Area: Social Forest Value: Staff Indicator Name: Health and Safety Indicator Number: 9

Indicator 9 – Health and safety			
OH&S Issue	2000/01	2004/05	2005/06
Number of safety meetings held	76	74	80
Number of lost time incidents	42	30	26
No. Days Lost Due to LTI's	1,203	233.6	380
Lost time incident frequency rate	18.6	14.6	13.3
Provision of health or fitness services	n/r	174	121
Provision of specialised equipment or clothing	n/r	377	261
Risk assessments	n/r	431	356
Training*	n/r	342	277
Voluntary audits	n/r	183	173

* This is a subset of Occupational Health and Safety (OH & S) training reported under Indicator 8.

Our focus on health and safety in the workforce is contributing to improved performance in this area. Management, staff and contractors are continuously looking for ways to improve our risk assessment systems and by the end of 2006, Version 3 of the Safety Management System 2006–2009 will be implemented.

Strategic Area: Social Forest Value: Cultural Heritage Indicator Name: Management of Cultural Heritage Indicator Number: 10A

Indicator 10A – Management of cultural heritage			
Protection of cultural heritage sites	1998/99	2004/05	2005/06
Total Aboriginal sites found	174	242	133
Number of cultural heritage surveys	n/d	300	260
Total Heritage sites (post settlement) managed	509	689	271
Area managed for cultural heritage	n/d	11,584	4,234
Agreements for Co-management of Land (No.)	n/d	5	4
Agreements for Co-management of Land (Ha)	n/d	54,187	55,022
Partnerships	n/d	10	11

The reduction in the area managed for cultural heritage is primarily due to the transfer of State forests to National Park as a result of the Western Regional Assessment.

Strategic Area: Social Forest Value: Cultural Heritage Indicator Name: Management of Cultural Heritage Indicator Number: 10B

Indicator 10B – Management of cultural heritage			
Training in cultural heritage awareness	1998/99	2004/05	2005/06
Number of employees and contractors trained	n/d	239	78

Strategic Area: Environment Forest Value: Biodiversity Indicator Name: Extent of Forest type Indicator Number: 11A

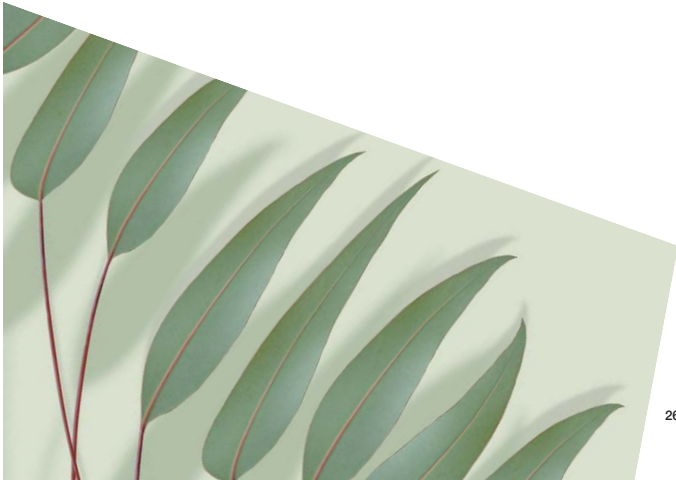
Indicator 11A – Extent of forest type			
Percent of native forest type	1997/98	2004/05	2005/06
Alpine Ash forest	n/d	1%	1%
Blackbutt forest	6%	5%	6%
Blue Gum forest	8%	5%	6%
Messmate forest	11%	10%	10%
Mixed coastal eucalypt	8%	8%	12%
non eucalypt forest	2%	1%	1%
non forest	n/d	10%	7%
other inland eucalypt types	2%	16%	8%
Rainforest	4%	4%	4%
River Red Gum forest	3%	5%	5%
Snow Gum woodland	1%	1%	1%
Spotted Gum forest**	7%	8%	9%
Stringybark forest	13%	10%	11%
un-classified	34%	5%	11%
White Cypress Pine forest	1%	11%	8%
Total	100%	100%	100%

The change in the representation of native forest types is directly related to the change in land tenure associated with the Western Regional Assessment in 2004/05, particularly the White Cypress Pine and inland eucalypt forest types.

Strategic Area: Environment Forest Value: Biodiversity Indicator Name: Extent of Forest type Indicator Number: 11B

Indicator 11B – Extent of planted forest types*			
Plantation type	1999/00	2004/05	2005/06
Softwood (Pinus spp)	57%	41%	47%
Hardwood (Eucalyptus spp)	14%	10%	11%
Total planted area	71%	51%	58%
Retained vegetation and infrastructure	21%	43%	41%
Land for future planting	8%	5%	5%
Other Exclusions	n/r	1%	1%
Total planted forest estate	100%	100%	100%

* This figure includes State Forest, joint venture and annuities. Areas for hardwood plantation include pre-1994 plantations that may or may not be accredited are also included.



Strategic Area: Environment Forest Value: Biodiversity Indicator Name: Native forest structure Indicator Number: 12

Indicator 12 – Native forest structure								Percent of Total Native Forest		
Forest Management Zoning (FMZ) Type 2005/06								1997/98	2004/05	2005/06
Structure class	Dedicated reserve (FMZ 1)	Informal reserve special management (FMZ 2)	Informal reserve harvest exclusion (FMZ 3A)	Special prescription (FMZ 3B)	General management (FMZ 4)	Non forestry use (FMZ 7)	Further assessment (FMZ 8)			
HCV Old Growth	0.8%	36.6%	58.4%	0.3%	3.3%	0.1%	0.5%	n/d	4.1%	4.6%
Rainforest	3.0%	34.7%	37.3%	0.6%	19.3%	0.1%	5.0%	n/d	3.9%	4.3%
Mature	2.5%	10.5%	14.1%	3.2%	61.1%	0.2%	8.5%	28.0%	24.0%	28.0%
Regrowth	1.4%	5.6%	5.9%	3.1%	77.5%	0.3%	6.2%	16.0%	22.7%	25.6%
Not Assigned	0.9%	6.1%	13.5%	2.2%	63.0%	0.7%	13.6%	56.0%	45.3%	37.5%
Percentage of total native forest	1.4%	9.9%	14.8%	2.5%	61.3%	0.4%	9.6%	100.0%	100.0%	100.0%

Strategic Area: Environment Forest Value: Biodiversity Indicator Name: Sightings of Surveyed Species Indicator Number: 13

Indicator 13 – Sightings of surveyed species*			
Target species	1997/ 98	2004 / 05	2005 / 06
Arboreal mammals	268	789	1,040
Ground mammals	195	94	77
Frogs	204	1,668	937
Bats	93	101	121
Raptors	86	169	154
Non raptor birds	110	1,815	380
Reptiles	0	2	3
Flora	0	300	756
Total	956	4,638	2,712
Number of Fauna surveys	n/r	1,971	1491
Sightings per Survey	n/r	2.4	1.82
Expenditure on Surveys (\$000)	n/r	1,603	1,482

Ecologists carry out pre-operational surveys for threatened species for every operation. These are done using innovative methods agreed with regulatory agencies to improve our knowledge and understanding of these species to allow us to better manage them. Seasonal conditions can affect species presence and their activity in the forest, however improvements in survey techniques have resulted in increased detection of some species.

* Surveys for threatened flora are also undertaken before harvesting occurs however, these are not reported here.

Strategic Area: Environment Forest Value: Forest Health Indicator Name: Pests and Weeds Indicator Number: 14

Indicator 14 – Expenditure on pest animals and weed control			
Year	1997/98	2004/05	2005/06
Weeds	\$1,325,000	\$962,744	\$669,365
Pest animals	\$328,000	\$687,788	\$546,268
Total	\$1,653,000	\$1,650,532	\$1,215,633

Forests NSW is a participant in coordinated control programs. e.g. Forests NSW is a major contributor to control programs for foxes, dogs, goats, pigs, cattle, blackberries, willow, serrated tussock, horehound, lantana and patersons curse.

Strategic Area: Environment Forest Value: Forest Health Indicator Name: Plantation Health Indicator Number: 15A

Indicator 15A – Hardwood plantation*			
Agent	1998/99	2004/05	2005/06
Herbivorous and sap-sucking insects	23.80%	2.00%	2.00%
Stem borers (insects)	7.50%	0.25%	0.00%
Soil pathogens (fungi)	1.00%	0.00%	0.00%
Frost Damage	n/r	0.00%	0.00%
Leaf and shoot fungi	n/r	0.50%	2.00%

Strategic Area: Environment Forest Value: Forest Health Indicator Name: Plantation Health Indicator Number: 15B

Indicator 15B – Softwood plantation			
Agent	1998/99	2004/05	2005/06
Dothistroma (Needle blight)	1%	0.25%	0.25%
Sphaeropsis (fungus)	3%	0.01%	0.01%
Boron deficiency	4%	<0.01%	0.01%
Sirex (insect)	0%	<0.01%	0.01%
Possum damage	0%	0.50%	0.01%
Essigella Aphid	n/r	15%	<25%

As reported last year on the discovery of the Monterey Pine Aphid (*Essigella californica*), Forests NSW has joined a national project investigating biological control agents for Essigella, including public and private growers from NSW, Qld, ACT, Victoria, South Australia and Tasmania. We expect results within 5 years. Also, as part of the forestry Cooperative Research Centre program we are investigating the use of remotely sensed data to assist in mapping Essigella damage and determine productivity losses.

Strategic Area: Environment Forest Value: Forest Health Indicator Name: Fire Fighting and prevention Indicator Number: 16

Indicator 16 – Fire fighting and prevention			
Wild fire	1999/00	2004/05	2005/06
Percent of total State forest estate	0.04%	0.3%	0.7%
Expenditure (\$M)	n/r	\$1.4	\$2.2
Fuel management			
Hazard reduction (ha)*	n/r	35,921	38,008
Grazing (ha) **	n/r	497,378	535,213
Expenditure (\$M)	n/r	\$6.8	\$6.7

* includes pre and post harvest burning

** This area refers to an estimate of actual grazed for fuel reduction.

Last seasons timely rainfalls coupled with extensive effort in fuel management resulted in an average incidence of wildfire over the 05/06 fire season. Significant effort and resources have been invested in bringing employee training and preparedness up-to-date.

Strategic Area: Environment Forest Value: Soil and Water Quality Indicator Name: Soil and Water management Indicator Number: 17A

Indicator 17A – Soil and water management			
	1999/00	2004/05	2005/06
Area assessed for soil and water (ha)	n/r	92,510	117,190
Number of soil and water surveys	n/r	316	340
Expenditure on harvesting supervision and environmental compliance (\$'000)	n/r	6,157	6,009
Area of native forest harvested	56,900	42,923	43,709
Area of softwood plantation harvested	14,000	11,820	11,930
Area of hardwood plantation harvested	2,000	0	0
Total area harvested	73,000	54,743	55,639
Percent of forest estate harvested	2.4	2.0	2.2
Soil and water non-compliance incidents self reported	1,255	724	284
Fines received in relation to soil and water	3	1	4

Strategic Area: Environment Forest Value: Soil and Water Quality Indicator Name: Soil and water management Indicator Number: 17B

Indicator 17B – Soil and water management			
Land primarily assigned for catchment protection*	1999/00	2004/05	2005/06
Fully protected land (ha)**	290,700	231,334	196,049
Partly protected land*** (ha)	30,200	95,162	53,587
Total	320,900	326,496	249,636
Percent of Total area	10.5%	11.7%	10.2%

* Excludes substantial tracts of land otherwise zoned primarily for natural and cultural protection which also provide a catchment protective function.

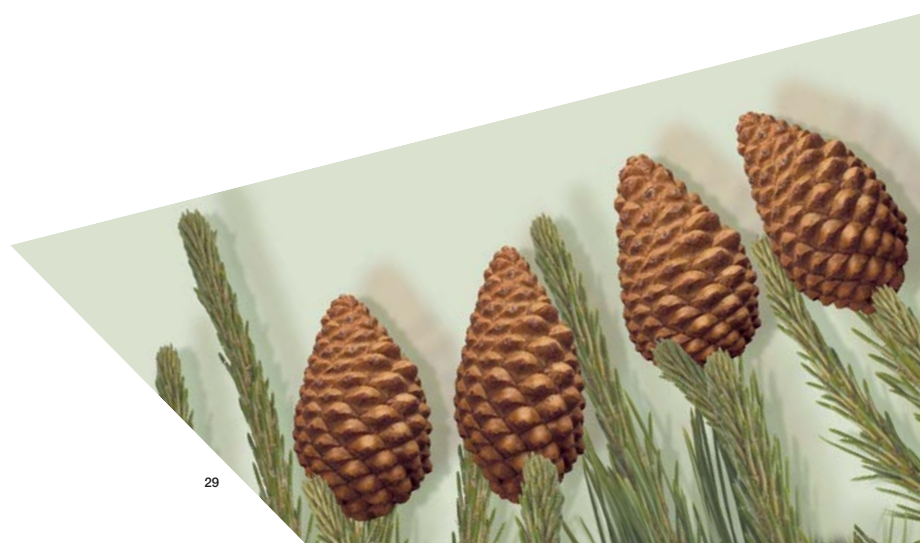
** Includes Wetlands, Filter strips reserved from harvesting and areas with extreme risk of erosion or water pollution hazard.

*** Includes Forest Management Zone "Catchment" and filter strips protected in areas where modified harvesting methods are permitted.

Strategic Area: Environment Forest Value: Compliance Indicator Name: Regulatory Compliance Indicator Number: 18

Indicator 18 – Regulatory compliance			
Number of compliance check sheets conducted	1999/00	2004/05	2005/06
- 1st tier supervision checks	5,428	3,292	3,184
- 2nd tier supervision checks	420	391	347
- 3rd tier supervision checks	0	14	27
- 4th tier supervision checks	0	4	0
Total	5,848	3,701	3,558
<i>Potential compliance checks covered by check sheets</i>	204,635.6	124,108.4	120,036.8
Number of non-compliance incidents (NCI) recorded by Forests NSW supervision for corrective action			
- NCI's related to soil erosion & water quality	1,255	724	284
- NCI's related to flora and fauna	469	394	281
- NCI's related to fish habitat & passage	1	0	0
other NCI issues (e.g. safety)	314	497	577
Total	2,039	1,615	1,142
<i>Compliance rate (%)</i>	99.99%	99.99%	99.99%
Number of fines issued to Forests NSW by regulators			
Fines from DEC (NPWS)	0	0	0
Fines from DEC (EPA)	3	1	4
Fines DPI Fisheries	0	0	0
Total	3	1	4
Number of prosecutions recorded against Forests NSW			
Prosecutions by NPWS	1	0	0
Prosecutions by EPA	0	1	0
Prosecutions by NSW Fisheries	0	0	0
Total	1	1	0

During the implementation of our Environmental Management Systems (EMS), senior staff reviewed all areas of our business to minimise the potential for significant impact. As a result of this, a number of our internal planning and corporate systems were modified. Our ISO 14001 EMS was certified this year by an External Certified Auditor.



Strategic Area: Environment Forest Value: Environmental Services Indicator Name: Carbon Sequestration Indicator Number: 19

Indicator 19 – Carbon sequestration			
Planted forest type	2002/03	2004/05	2005/06
Softwood (t)	3,654,974	3,638,173	3,672,765
Hardwood (t)	585,331	574,802	575,571

* Assumptions: CO₂ sequestered (tonnes CO₂e) = net plantation area x MTBI x CP x CCF where:

MTBI = SBI + CBI + RBI where:

SBI (Stem Biomass Increment) = TSVI x BD where:

TSVI (Total Stem Volume increment) - softwood = 16m³/ha/year and hardwood = 15m³/ha/yr

BD (Basic Density) – softwood = 0.42 t/m³ and hardwood = 0.55t/m³

CBI (Canopy Biomass Increment) = SBI x .1765

RBI (Root Biomass Increment) = (SBI + CBI) x .2

CP (Carbon Proportion) = 0.5

CCDF (Carbon to Carbon dioxide factor) = 3.667

Net plantation area = Net Stocked Area in State Forest and Joint Venture plantations (refer Indicator 27)

Strategic Area: Environment Forest Value: Environmental Services Indicator Name: Energy Consumption Indicator Number: 20A

Indicator 20A – Energy consumption			
Year	Total Energy (GJ)	CO ₂ Emissions	Green energy purchased (% of total energy)
1998/99	111,893	10,419	7.6%
2004/05	99,988	9,035	13.3%
2005/06	99,018	9,031	14.0%

Strategic Area: Environment Forest Value: Environmental Services Indicator Name: Energy Consumption Indicator Number: 20B

Indicator 20B – Fleet				
Fleet	Fuel Type	2000/01	2004/05	2005/06
Light vehicles	Diesel	573	452	478
	Petrol	239	125	122
	LPG	n/a	1	1
	Hybrid		1	1
Total		812	579	602
Trucks and light plant	Diesel	139	207	206
	Petrol	11	4	6
	LPG	n/a	4	4
Total		150	215	216
Heavy plant	Diesel	86	62	55
	Petrol	0	0	0
Total		86	62	55



Strategic Area: Environment Forest Value: Environmental Services Indicator Name: Material consumption and recycling Indicator Number: 21

Indicator 21 – Material consumption and recycling			
	2002/03	2004/05	2005/06
Percent of waste recycled or re-used	53%	72%	74%
percent of product with recycled content	20%	22%	22%

Strategic Area: Economic Forest Value: Marketing and Sales Indicator Name: Volume of Timber Harvested Indicator Number: 22

Indicator 22 – Volume of timber harvested			
Product	1999/00	2004/05	2005/06
Sawlogs and veneer logs (m³)			
Native forest hardwood sawlogs	786,774	638,855	664,778
Hardwood plantation sawlogs	55,466	73,933	64,364
Cypress pine sawlogs	101,881	93,876	70,974
Plantation softwood sawlogs	1,648,790	1,828,938	1,964,487
Plantation softwood veneer logs	70,919	76,807	44,464
Native forest hardwood veneer logs	10,600	9,462	10,118
Hardwood plantation veneer logs	2,819	3,061	3,191
Total sawlogs and veneer logs	2,677,249	2,724,932	2,822,376
Poles, piles and girders (m³)			
Native forest hardwood	28,432	23,246	25,984
Plantation hardwood	5,479	8,636	11,535
Total poles, piles and girders	33,911	31,882	37,519
Round timber (m³)			
Preservation plantation softwood	56,422	34,895	27,706
Other native forest hardwood	11,169	0	0
Total round timber	67,591	34,895	27,706
Pulpwood (tonnes)			
Native forest hardwood pulpwood	503,546	467,810	504,259
Plantation hardwood pulpwood	82,660	32,057	39,433
Plantation softwood pulpwood	636,058	1,042,458	983,298
Total Pulpwood	1,222,264	1,542,325	1,526,990
Other (tonnes)			
Other Forest Products (t)	7,575	54,203	30,833
Total other	7,575	54,203	30,833

Strategic Area: Economic Forest Value: Marketing and Sales Indicator Name: Product Mix of Timber Harvested Indicator Number: 23A

Indicator 23A – Sawlog product mix from hardwood forests (native and plantation)			
Product	1995/6	2004/05	2005/06
Dry structural	21%	10.2%	8.0%
Floorboards	22%	47.0%	48.0%
Joinery/furniture	1%	2.9%	5.0%
Decking & panelling	4%	4.8%	3.0%
House framing	30%	17.1%	15.0%
Pallets	12%	8.8%	10.0%
High strength structural	2%	2.3%	2.0%
Fencing/landscape	8%	6.8%	9.0%

Strategic Area: Economic Forest Value: Marketing and Sales Indicator Name: Product Mix of Timber Harvested Indicator Number: 23B

Indicator 23B – Sawlog product mix from softwood plantation			
Product	1995/6	2004/05	2005/06
House framing	71%	73.7%	73.0%
Joinery/furniture	2%	2.0%	2.0%
Decking/panelling	1%	3.2%	4.0%
Floorboards/bearers/joists	3%	2.3%	2.0%
Fencing/landscape	7%	7.7%	8.0%
Other preservation	1%	2.9%	4.0%
Unseasoned	14%	8.1%	7.0%

Strategic Area: Economic Forest Value: Marketing and Sales Indicator Name: Forests NSW Carbon Accounting Indicator Number: 24

Indicator 24 – Forests NSW carbon accounting*		
	2004/05	2005/06
Number of certificates created **	166,005	541,200
Area of plantation eligible for carbon trading	n/r	27,019 ha
Area of plantation accredited for carbon trading	n/r	24,019 ha

* Note this indicator does not related to indicator reporting net atmospheric carbon sequestration in planted forests.

** For every certificate created one tonne of carbon dioxide is removed from the atmosphere.

Strategic Area: Sustainability Forest Value: Productivity Indicator Name: Forest Management Indicator Number: 25

Indicator 25 – Forest management						
Forest Management Intent	Land Not Available for Harvesting (ha)			Land available for harvesting (ha)		
	1999/00	2004/05	2005/06	1999/00	2004/05	2005/06
Dedicated Reserve	33,500	25,094	28,958	0	0	
Informal Reserve – Special Management	322,500	227,086	200,019	0	0	
Informal Reserve – Harvest Exclusion	199,000	319,247	298,879	0	0	
Special Prescription	54,500	29,460	26,138	13,500	34,950	24,904
General Management Native Forest	387,500	519,196	394,283	1,368,000	983,066	845,854
Hardwood planted forest estate*	0	48,018	49,194	46,000	54,888	54,395
Softwood planted forest estate*	102,600	170,800	177,406	201,720	231,735	231,324
Non forestry use	8,000	11,099	8,267	0	0	
Land for further assessment	0	0		326,500	137,480	94,813
Total forest estate	1,107,600	1,350,000	1,183,145	1,965,720	1,442,120	1,251,290

* Includes State forest (including pre 1994 plantations), joint venture and annuities

The reduction in area this year by 359,000 ha, was a result of the finalisation of the Western Regional assessment and the Southern icon areas. The tenure changes have affected almost all areas of Forests NSW Forest Management Zones as reported in this table.



Strategic Area: Sustainability Forest Value: Productivity Indicator Name: Plantation Establishment and Survival Indicator Number: 26

Indicator 26 - Plantation establishment and survival						
Year	Area Planted (ha)			Cost (\$'000)	Percent with successful stocking after 1 year	
	Softwood plantation	Hardwood plantation	Total		Softwood plantation	Hardwood plantation
1995	4,732	941	5,673	n/r	n/r	n/r
2005	6,764	1,164	7,928	\$8,246	93%	100%
2006	6,547	264	6,814	\$13,310	94%	100%

Third party investor plantings such as TEPCO are included.

Strategic Area: Sustainability Forest Value: Productivity Indicator Name: Mean Annual Growth in Plantations Indicator Number: 27

Indicator 27 - Mean annual growth in plantations			
Softwood Plantation	2000/01	2004/05	2005/06
Annual increment* (m3)	3,465,000	3,568,612	3,431,262
Net stocked area** (ha)	205,007	209,151	210,006
Mean annual increment*** (m3/ha/yr)	16.9	16.48	16.34
Hardwood Plantation#	2000/01	2004/05	2005/06
Annual increment* (m3)	n/d	365,035	342,990
Net stocked area** (ha)	n/d	26,915	25,173
Mean annual increment*** (m3/ha/yr)	n/d	13.6	13.6

As a result of Forests NSW continual review of its forest inventory processes and development of yield growth tables, the MAI for the Softwood plantation has been conservatively adjusted.

* Annual increment is the change in volume of the planted estate.

** Net stocked area is the area of the estate where trees are planted (i.e. does not include roads, environmental exclusion areas, area awaiting regeneration etc) as at the end of the financial year.

*** Mean annual increment (MAI) is an indication of the productive potential of an average hectare within the estate. The silvicultural and harvesting regimes adopted can influence this figure considerably, so calculating MAI over a 15 year timeframe gives a more balanced figure.

relates to post 1994 hardwood plantations only.

Strategic Area: Sustainability Forest Value: Productivity Indicator Name: Native Forest Regeneration Indicator Number: 28

Indicator 28 - Native forest regeneration			
Regeneration surveys	1999/00	2004/05	2005/06
No. of regeneration surveys undertaken	28	349	53
Area surveyed (ha)*	3,644	4,670	3,870
Percent with effective regeneration	98%	83%	74%
Expenditure on Silviculture and Inventory (\$000)	n/r	\$3,718	\$4,342

Seedling regeneration is a critical step in the long term sustainability of our Native forest resource. The decline of effective regeneration this year can be attributed to the consistently dry weather conditions experienced from 2003/04 until now.

* Does not report regeneration "cypress release" surveys undertaken in cypress forests prior to harvesting.



Strategic Area: Sustainability Forest Value: Maintainability Indicator Name: Sustainable Yield Indicator Number: 29

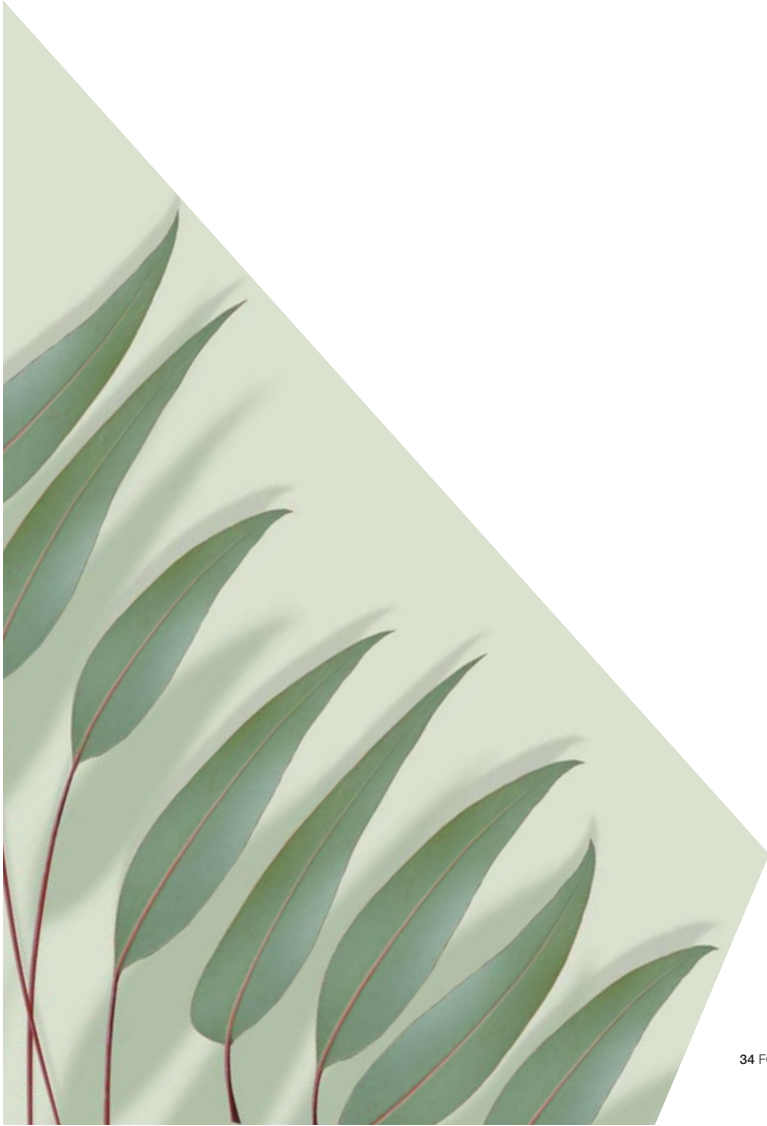
Indicator 29 - Removal of major products compared to allowable volume			
Forest type	1999/00	2004/05	2005/06
Native hardwood forest	95%	81%	83%
Native cypress forest	97%	88%	96%
Softwood planted forest	95%	92%	96%
Total Pulpwood	102%	89%	94%
Native Pulpwood	100%	94%	104%

The harvesting of major products remained well within allowable limits mainly due to the slow down in the housing and construction markets.

Strategic Area: Sustainability Forest Value: Maintainability Indicator Name: Operating Profit (after tax) Indicator Number: 31

Indicator 31 - Operating profit			
Year	1999/00	2004/05	2005/06
Value (\$'000)*	29,541	36,819	31,116
\$'000 per employee	24.3	35.4	29.1

* exclusive of forest revaluation, capital grants, superannuation fund interest and abnormals



Acknowledgement

This report was written and compiled by Forests NSW.
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Feedback

We hope that you found this Seeing report valuable, informative and easy to digest. We would like you to let us know what you think of our report and what you think could be included in our future reporting.

A feedback form of your opinions and comments is available on our website at www.dpi.nsw.gov.au/forests or please feel free to contact us via any Forests NSW office, send us a letter or email your suggestions to DPI (Forests NSW).

Thank you.

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November 2006
7041 Seeing Report



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Facts and Figures 2005-06



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