



VicForests 2011 Resource Outlook

Introduction

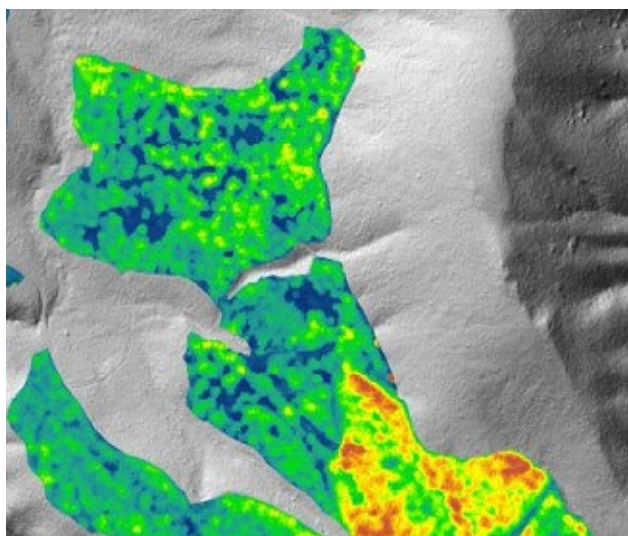
VicForests' Resource Outlook Briefing has been developed to provide the timber industry with the most up to date predictions regarding medium to long-term resource availability. The briefings are being presented widely to ensure that all stakeholders receive information that is current and consistent.

Background

This Resource Outlook represents VicForests' best endeavours to determine future timber supplies. This is a difficult task and the results contain an inherent level of uncertainty. VicForests uses a range of systems and techniques to produce these predictions and continually incorporates updated knowledge and technology.

VicForests' current resource predictions are presented in the 2011 Resource Outlook Briefing. The 2011 outlook has improved on previous predictions due to incorporation of:

- The 2009 fires impacts
- Improved modelling of operational constraints



LiDAR image showing elevation and volume estimates.

Resource Outlook Time Horizons

VicForests models resource availability over a 20 and 100 year time horizon.

100 Year Predictions

The 100 year resource model illustrates trends in the resource level but does not provide accurate predictions of future harvest levels. For this reason the 100 year predictions are presented on a relative scale rather than by absolute volumes.

20 Year Predictions

The 20 year resource model incorporates operational constraints such as:

- Minimum coupe area
- Maximum coupe area
- Economic harvest volumes
- Coupe shape

Additional Considerations

Results from the 20 year resource model are also considered in conjunction with VicForests' Tactical Planning field assessments and, where appropriate, additional operational constraints may be included. This is particularly where the model has difficulty distinguishing operable coupes, species mixes and product classification.

Future Directions

VicForests is continuing to incorporate new technology and systems into its resource modelling processes. The current initiatives include:

- Improved incorporation of operational constraints
- Introduction of LiDAR remote sensing to improve the accuracy of the forest description and standing volume estimates
- Improved growth models for mixed species in East Gippsland
- Change to a coupe-based model for medium-term planning

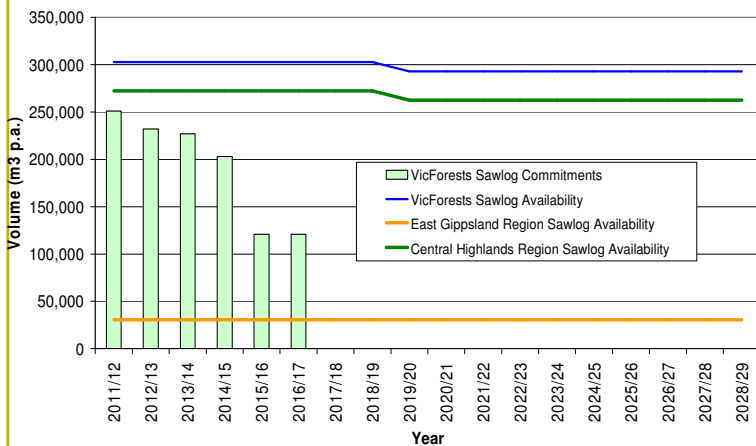
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Ash Outlook

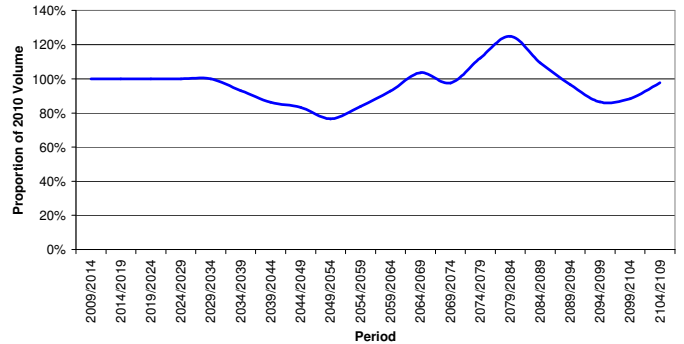
The 20 year ash sawlog (D+) outlook is relatively stable and above current commitments.

The 100 year ash sawlog outlook predicts a decline in available resource beyond 2030. This decline is driven by the delayed effects of the three major fires (2003, 2006/07 and 2009).

VicForests Ash Sawlog Outlook (20 Year)



VicForests Ash Sawlog 100 Year Trend



Opportunities to Explore Solutions

Identification of this issue 20 years in advance allows focus on solutions. More work is required to definitively confirm alternatives.

These may include:

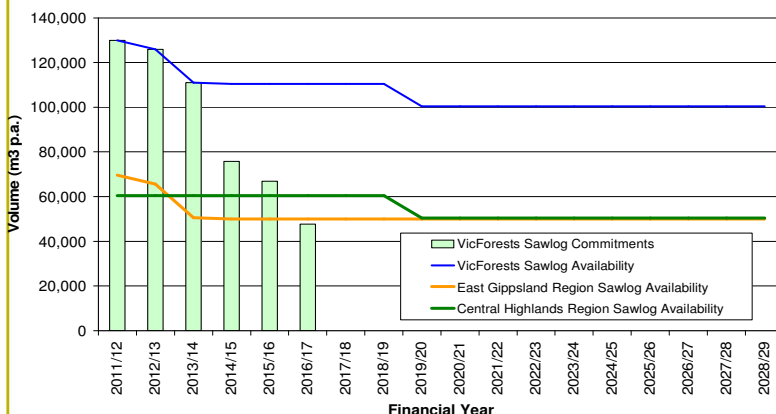
- Review of delivered log specification including potential to move to smaller wood
- Maximise the capacity of thinnings to contribute to available volume
- Continue to review alternative sources of wood

Mixed Species Outlook

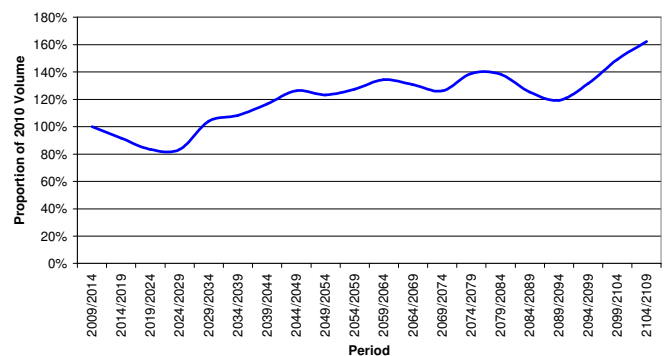
The 20 year Mixed Species sawlog (D+) outlook illustrates the substantial decline in available sawlog within East Gippsland to 50,000m³ p.a.

This is not a true reflection of the available fibre. However, it is recognition of the capacity of the available forest to produce sawlog quality logs. VicForests continues to work on market development of alternative low grade products to utilise this resource.

VicForests Mixed Species Sawlog Outlook (20 Year)



VicForests Mixed Species Sawlog 100 Year Trend



The resource availability estimates for the East Gippsland region are lower than previously estimated. This is due to:

- The creation of the Old Growth / Icon reserves
- The use of operational reductions to take account of the heavily fragmented and uneven aged resource
- The very low yield of sawlogs achieved from many of the mixed species stands