

Snapshot of 2008/09 Annual Results

- In 2008/09 VicForests made a loss of \$5 million
- This result was affected severely by the series of wildfires which commenced in February 2009
- During this period 430,000 hectares was burnt throughout Victoria and VicForests lost seven weeks of production in the Central Highlands.
- The downturn in market conditions as a result of the global economic crisis led to a reduction in demand for our products
- Without the effects of the fires, VicForests would have returned a positive result after tax
- It is expected VicForests will return to profit in 2009/10

Key Achievements

- The awarding of 175 separate contracts to contractors via a competitive tender for harvesting and haul work for the next two to five years, with an annual value of around \$84 million
- The contribution of the majority of VicForests' staff and 36 contractors to the fire suppression effort over summer
- A salvage harvesting program set up in March, following the fires, to recover burnt but commercially viable timber
- The largest seed sowing program ever conducted by VicForests and the Victorian Government Department of Sustainability and Environment (DSE) during autumn and early winter, covering almost 3,800 hectares
- A significant reduction in VicForests' OH&S claim costs from 2007/08 to 2008/09
- A 60% reduction in log truck incidents over the period

Future Plans

- A low grade log sales project is in progress to develop new markets and end uses for some of VicForests low grade logs
- Greater focus on stakeholder engagement through the implementation of a 'Stakeholder Engagement Strategy' to strengthen existing relationships and educate our key stakeholders about the forestry industry
- A feasibility study of supply of biomass for energy production with potential customers
- Development of a Lean Management process improvement framework to provide management and staff with tools to review processes, improve efficiencies and eliminate waste
- Implementation of a modern supply chain management system
- Aim for 10% reduction, annually, in lost time injuries for staff and contractors