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VicForests announces 2010/11 profit

VicForests has announced a net profit of more than \$2.3 million for the 2010/11 Financial Year.

VicForests' Acting CEO, Robert Green, said the positive financial result is a significant achievement given the difficult global market conditions faced by the timber industry.

"VicForests is pleased to have posted an operating profit for the second straight year," Mr Green said.

"This performance is particularly notable given that overall market conditions, including weaker growth in the housing sector, continue to challenge the industry.

"The high value of the Australian dollar has also made the price of imported products more competitive and placed additional pressure on local sawmills and manufacturers.

"VicForests' Annual Report highlights many of our organisation's achievements for 2010/11 including a high level of compliance against DSE's expanded Forest Audit Program, reflecting our ongoing commitment to continuous improvement.

"Our Community Support Program has provided assistance to over 40 local community groups, while the appointment of a specialist Conservation Biologist has further enhanced VicForests' management of biodiversity," he said.

Mr Green said an improvement in pricing saw VicForests' operating revenue remain stable, despite production volumes dropping slightly.

"Like the majority of large businesses, VicForests maintains a short-term overdraft facility to meet its day to day expenses. The amount outstanding against this facility with the Treasury Corporation of Victoria increased at June 30th 2011 by just under \$6 million compared to the previous year," he said.

"A pricing dispute and delayed payment from customers due to market conditions has impacted on VicForests' cash flow in the past twelve months. Without these delays, VicForests would have returned a positive operating cash flow in 2011.

"Recovering outstanding debts remains a focus, with a number of customers having made substantial payments already in the new Financial Year.

"Additional expenses of \$5.9m incurred as part of the program to salvage timber killed by the 2009 bushfires has been offset by a salvage grant from the State Government.

"I would like to thank VicForests' staff, customers and contractors for their hard work and effort during what has been another successful year," Mr Green said.

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