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VicForests rejects claims

VicForests has dismissed recent claims from an unnamed financial analyst regarding the organisation's viability.

VicForests' acting CEO, Nathan Trushell, said the claims did not present an accurate picture of VicForests' financial situation.

"VicForests remains a stable and profitable business which posted a positive financial result for 2009/10 of \$3.6 million," Mr Trushell said.

"Critics of the timber industry have incorrectly attempted to draw a link between this result and a grant received by VicForests to help meet unbudgeted expenses following a government request to salvage timber killed by the 2009 bushfires.

"This funding did not go to VicForests' bottom line.

"Instead it was passed on to forest contractors allowing them to meet the additional maintenance, haulage and relocation costs associated with what has been a difficult, but very successful, salvage harvesting program.

"This type of government support for industry in the wake of a significant natural disaster is not uncommon and assisted the economic recovery of the timber industry and communities affected by the fires," he said.

Mr Trushell said all of VicForests' accounting practices are audited annually by the Victorian Auditor General's Office (VAGO).

"As a State Government Enterprise, VicForests continues to maintain a short-term overdraft facility with the Treasury Corporation of Victoria," he said.

"A higher amount shown outstanding against this facility in VicForests' latest Annual Report reflects additional investment over the last 12 months in assets such as seed for forest regeneration and the stockpiling of timber from salvage operations for future sales.

"VicForests has also updated the way it recognises the cost of regenerating forests after harvesting to show this as an investment in an asset, rather than as an expense. This change is in line with Australian Accounting Standards and has been approved by VAGO.

"The previous method for recognising this cost had negatively affected VicForests' financial performance by more than \$13 million over the last five years.

"It was unfortunate that VicForests was not asked for comment by The Age prior to an article regarding our financial position appearing in a recent edition.

"For opponents of the industry to try and condemn our organisation for making a profit while complying with government legislation appears to be criticism for criticism's sake," Mr Trushell said.

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