

## B u s i n e s s P r o f i l e

The year 2001-02 was the first full year of operations for the Forest Products Commission which has responsibility for the commercial production, allocation and sale of forest products from Western Australia's State-owned and managed plantations and native forests.

Established by the Western Australian Government in November 2000, the Commission reports to the Minister for Agriculture,

Forestry and Fisheries through a seven-member Commission. It operates as a Government Trading Enterprise and is expected to operate profitably and return dividends to its shareholders - the people of Western Australia.

The agency's day-to-day operations is led by a General Manager who oversees divisions for Plantation Operations, Native Forest Operations and Corporate Services.

As required under the *Forest Products Act 2000*, the Commission aims to ensure that a profit consistent with planned targets is made from the use of forest products while ensuring:

- the long-term viability of the forest products industry; and
- the principles of ecologically sustainable forest management are applied in the management of indigenous forests located on public land.

## O u r F o r e s t R e s o u r c e s

*Western Australia produces an array of unique timbers from native forests as well as sought-after timbers from an increasing number of plantations.*

There are approximately 2.5 million hectares of publicly-managed native forest in the South-West region and the Commission has access to approximately 990,000 hectares of native forest. Consistent with Government policy, all old growth forest has been placed in reserves, or is otherwise "protected" and unavailable for timber production.

The forest sector extends across the South-West of Western Australia. These areas include native forest species such as karri and jarrah, which have a dark colour and consistent grain pattern that make them significantly different from other Australian eucalypt timbers. Their distinct features have great appeal in highly visible products such as furniture and flooring.

Increasing amounts of softwood resources are now being developed on plantations in the South-West. These timbers are used primarily in structural applications such as roofing or in panels such as medium density fibreboard and particleboard. Extensive areas of privately-owned hardwood plantations for export pulpwood markets are also being established in the State's South-West and South Coast regions.

Sandalwood and arid timbers grow throughout the semi-arid to dry areas of the State and there is considerable potential for development of this resource. Sandalwood, for instance, is found over an area of 161 million hectares, with 79 million hectares totally excluded from any form of harvesting. New research indicates strong potential for new pharmaceutical applications, which could provide the basis for new, high-technology industries in Western Australia.

Tropical plantations are also being established in the Ord River irrigation area near Kununurra.

## O u r C u s t o m e r s

*The Commission supplies forest products to a wide range of businesses in Western Australia and, to a lesser extent, overseas.*

In producing and delivering these products, the Commission uses the services of a large number of contractors for harvesting, transport, road construction and maintenance, plantation establishment and tending.

Ultimately, the Commission and our clients work together to serve the needs of our end customers - the community of Western Australia and its trading partners.



*Measuring moisture levels of timber.*

## O u r L i n k s w i t h G o v e r n m e n t



*Maritime pine plantation at Pinjar with timber destined for the new laminated veneer lumber plant at Neerabup.*

The Commission interacts with a number of Government agencies on common issues, but is also a customer of the:

- Conservation Commission;
- Department of Conservation and Land Management;
- Water and Rivers Commission;
- Water Corporation;
- Department of Industry and Technology;
- Department of Petroleum and Mineral Resources Office of Major Projects;
- Austrade; and
- WA Government Trading Office.

## 2 0 0 2 H i g h l i g h t s

In its first full year of operation, the Forest Products Commission has achieved or played an important role in:

- ISO14001 certification for environmental management systems, which validates the fact that the Commission assesses its impact on the environment, has objectives to manage that, is effective in implementing its environmental systems, and monitors and reviews its performance.
- The first shipment of plantation woodchips from Commission - managed plantations from Albany to Japan. The shipment heralded the establishment of a new timber industry and export income for Western Australia with positive flow-on effects in terms of employment and economic activity for the industry and the region.
- Final negotiations to establish a laminated veneer lumber plant at Neerabup, which will enable the Forest Products Commission to move ahead with the clearing of the Gnangara mound, increasing water production and opening up the area for conservation and recreation purposes.
- Working with farmers and water and land management agencies to make considerable progress in developing new eucalypt sawlog plantations. The first of the project's trees were planted in winter 2002 in the lower rainfall areas of the water resource recovery catchments in the Warren-Tone and Kent River catchments.
- The development of eucalypt hybrid cuttings at the Plant Propagation Centre that will provide greater profit when established in plantations on marginally saline lands, with greater survival and growth in drier climates and stronger disease resistance.
- The successful negotiation to secure a research partnership between Western Australia and Canada with the potential to greatly improve the profitability and productivity of pine plantations. The Commission's reputation was a major factor in the Canadian forest biotechnology company's decision to select Western Australia to test its leading edge tissue culture technology.
- The selection of short-listed proponents for the future use of jarrah sawlogs, each demonstrating a commitment to value adding, employment and maximum recovery at every stage of the supply chain.
- The implementation of the Government's "Protecting Our Old Growth Forests" policy and the industry restructuring required within it.
- Providing assistance to the Furniture Industry Association of Australia (FIAA) in developing international markets, in particular sponsoring the National Furniture Awards held at the Burswood International Resort in November 2001, and in participating in the FIAA tradeshow at the San Francisco Furniture Mart in January 2002.
- Arranging the sale through auction of 15 tonnes of sawn specialty Goldfields timbers (including gimlet, native currant and beefwood and specialty timbers from the South-West including curly jarrah, sheoak, peppermint and jarrah burl) at the Commission's first specialty timber auction. The auction was aimed at people who might otherwise have trouble obtaining the harder-to-find timbers.
- Collaboration with Murdoch University to establish a study into the relationship between native marsupials such as the woylie and the distribution of sandalwood seed. Information from the 12-month study will build on knowledge and the silvicultural practices used by the Commission.



*Planting eucalypt plantations in the Kent River catchment.*



*The first shipment of woodchips for Japan from the Albany port.*

## T h e F u t u r e

In the year ahead, the Forest Products Commission expects to:

- Progress, in association with Commonwealth Government programs and industry partners, a farmland reforestation program which will deliver a range of environmental management benefits as well as providing a long-term and sustainable alternative timber source.
- Work with communities and other stakeholders to develop an action plan to battle salinity and achieve other objectives within a viable industry structure.
- Continue to restructure the indigenous forest products industry under the Government's forest policy.
- Develop contracts for the Pemberton Sawmill to maintain employment levels.
- Develop contracts from some or all of the 10 industry proposals for the future use of jarrah sawlogs.
- Increase production from the State's managed softwood plantations.
- Hold more specialty timber auctions in regional areas to improve access to Western Australia's valuable timber resources.



*Plantations provide diversification and multiple benefits for farmers in terms of shade and shelter for stock and crops, income from grazing, better control of salinity and improved visual appearance.*