

C e r t i f i c a t i o n   O f   T h e  
F i n a n c i a l   S t a t e m e n t s

The accompanying financial statements of the Forest Products Commission have been prepared in compliance with the provisions of the *Financial Administration and Audit Act 1985*, from proper accounts and records to present fairly the financial transactions for the financial year ending 30 June 2002 and the financial position as at 30 June 2002.

At the date of signing we are not aware of any circumstances which would render any particulars included in the financial statements misleading or inaccurate.



**Murray Jorgensen**  
Chairman



**Dr Marilyn Clark-Murphy**  
Commissioner



**Gary Downes**  
Divisional Manager  
Corporate Services

21 November 2002

**S t a t e m e n t o f F i n a n c i a l  
P e r f o r m a n c e f o r t h e y e a r e n d e d 3 0 J u n e 2 0 0 2**

	Note	2002 (\$'000)	2001 (33 weeks) (\$'000)
<b>REVENUE</b>			
<b>Revenues from ordinary activities</b>			
<i>Revenue from operating activities</i>			
Revenue from natural resource assets	3.1	108,566	78,356
Correction of fundamental errors	4	10,205	-
Revenue from commercial sharefarm operations	5	3,550	10,382
Commonwealth grants & contributions	6	185	7
Other revenue	7	163	106
<i>Revenue from non-operating activities</i>			
Other revenue	7	1,428	1,297
<b>Total revenue from ordinary activities</b>		<b>124,097</b>	<b>90,148</b>
<b>EXPENSES</b>			
<b>Expenses from ordinary activities</b>			
Decrement in net market value of natural resource assets and forest infrastructure	8	1,223	10,295
Expenses from natural resource assets	3.2	54,426	35,909
Employee expenses	9	11,950	7,855
Supplies and services	10	31,472	30,353
Depreciation expense	11	1,952	628
Borrowing costs expense	12	6,405	4,798
Administration expenses	13	1,142	343
Accommodation expenses	14	559	319
<b>Total expenses from ordinary activities</b>		<b>109,129</b>	<b>90,500</b>
Profit/(loss) from ordinary activities before grants and subsidies from Government		14,968	(352)
Grants and subsidies from Government	16	500	-
<b>Profit/(loss) from ordinary activities before income tax equivalent expense</b>		<b>15,468</b>	<b>(352)</b>
Income tax equivalent expense	36	(2,158)	(2,063)
<b>Net profit/(loss) from ordinary activities after income tax equivalent expense</b>		<b>13,310</b>	<b>(2,415)</b>
<b>Total change in equity other than from transactions with WA State Government as owners</b>	28	<b>13,310</b>	<b>(2,415)</b>

The statement of financial performance should be read in conjunction with the accompanying notes.

# Statement of Financial Position as at 30 June 2002

	Note	2002 (\$'000)	2001 (\$'000)
<b>Current Assets</b>			
Cash assets	29.1	4	3
Inventories	17	13,457	7,590
Receivables	18	15,054	15,173
Other assets	19	2,947	2,765
<b>Total Current Assets</b>		<b>31,462</b>	<b>25,531</b>
<b>Non - Current Assets</b>			
Land and buildings	20.1	3,068	3,109
Plant, equipment and vehicles	20.2	11,479	12,156
Forest infrastructure	21	16,627	17,508
Natural resource assets	22	276,263	269,081
Deferred tax assets	36	1,023	675
<b>Total Non - Current Assets</b>		<b>308,460</b>	<b>302,529</b>
<b>Total Assets</b>		<b>339,922</b>	<b>328,060</b>
<b>Current Liabilities</b>			
Payables	23	3,444	6,842
Interest bearing liabilities	24	4,738	1,677
Tax liabilities	36	109	2,728
Provisions	25	1,725	1,590
Other liabilities	26	10,191	11,518
<b>Total Current Liabilities</b>		<b>20,207</b>	<b>24,355</b>
<b>Non - Current Liabilities</b>			
Interest bearing liabilities	24	77,652	75,312
Provisions	25	842	773
Other Liabilities	26	1,436	2,873
<b>Total Non - Current Liabilities</b>		<b>79,930</b>	<b>78,958</b>
<b>Total Liabilities</b>		<b>100,137</b>	<b>103,313</b>
<b>NET ASSETS</b>		<b>239,785</b>	<b>224,747</b>
<b>Equity</b>			
Contributed equity	27	228,872	228,830
Reserves	28	18	-
Retained profits/(accumulated losses)	28	10,895	(4,083)
<b>TOTAL EQUITY</b>		<b>239,785</b>	<b>224,747</b>

The statement of financial position should be read in conjunction with the accompanying notes.

# Statement of Cash Flows

## for the year ended 30 June 2002

	Note	2002 (\$'000)	2001 (33 weeks) (\$'000)
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
<b>Receipts</b>			
Sale of goods and services		111,124	72,017
Recoupable works		-	786
Commonwealth grants and contributions		185	7
Interest received		42	27
GST receipts on sales of goods and services		8,219	5,819
GST received from Taxation Authority		1,304	-
Other receipts		151	1,004
<b>Payments</b>			
Employee expenses		(11,805)	(6,073)
Supplies and services		(36,662)	(26,231)
Borrowing expenses		(7,122)	(3,024)
Harvesting expenses		(53,307)	(35,266)
GST payments on purchases		(7,629)	(5,385)
GST payments to Taxation Authority		(1,262)	(2,024)
Taxation equivalents paid		(2,869)	-
<b>Net cash provided by operating activities</b>	29.3	<b>369</b>	<b>1,656</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Proceeds from sale of non-current assets:			
~ Plant and equipment		-	8
Purchase of non-current assets:			
~ Plant and equipment		(291)	(507)
~ Plantation Reforestation Programme investment costs		(5,186)	(3,421)
<b>Net cash used in investing activities</b>		<b>(5,477)</b>	<b>(3,920)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Repayment of borrowings		(472)	(594)
Proceeds from borrowings		4,800	-
<b>Net cash provided by / (used in) financing activities</b>		<b>4,328</b>	<b>(594)</b>
<b>CASH FLOWS FROM/(TO) GOVERNMENT &amp; OTHER INSTITUTIONS</b>			
Grants and Subsidies from Government		500	-
Repayment of Treasurer's liability		(1,437)	-
Peel B land sale proceeds		1,355	(96)
Repayments to CALM for annual and long-service leave		(710)	-
<b>Net cash provided to Government &amp; other institutions</b>		<b>(292)</b>	<b>(96)</b>
<b>Net decrease in cash held</b>	29.1	<b>(1,072)</b>	<b>(2,954)</b>
Cash (liability)/asset at the beginning of the financial year	29.1	(1,238)	1,716
<b>Cash liability at the end of the financial year</b>		<b>(2,310)</b>	<b>(1,238)</b>

The statement of cash flows should be read in conjunction with the accompanying notes.

# Notes To The Financial Statements for the year ended 30 June 2002

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## **1 COMMISSION'S MISSION AND FUNDING**

The Forest Products Commission (the Commission) is the Western Australian trading enterprise responsible for the allocation and sale of forest products from the State's native forests and from State-owned and State-managed plantations. The Commission is principally a self funded entity.

The Commission's mission is to contribute to Western Australian economic and regional growth by developing the sustainable use of the State's native and plantation timber resources, promoting local value adding for these resources and achieving appropriate returns to the State for the use of publicly-owned and Commission-managed timber resources.

The Commission came into existence on 16 November 2000 as a consequence of the *Forest Products Act 2000*, having previously existed as a division of the Western Australian Government's Department of Conservation and Land Management (CALM).

## **2 SIGNIFICANT ACCOUNTING POLICIES**

The following accounting policies have been adopted in the preparation of the financial statements. These policies are consistent with those adopted in the previous financial period.

### **2.1 General Statement**

The financial statements constitute a general purpose financial report which has been prepared in accordance with Australian Accounting Standards, Statements of Accounting Concepts, other authoritative pronouncements of the Australian Accounting Standards Board, and Urgent Issues Group (UIG) Consensus Views as applied by the Treasurer's Instructions. Several of these are modified by the Treasurer's Instructions to vary application, disclosure, format and wording. The Financial Administration and Audit Act and the Treasurer's Instructions are legislative provisions governing the preparation of financial statements and take precedence over Australian Accounting Standards, Statements of Accounting Concepts and other authoritative pronouncements of the Australian Accounting Standards Board and UIG Consensus Views. The modifications are intended to fulfill the requirements of general application to the public sector, together with the need for greater disclosure and also to satisfy accountability requirements.

If any such modification has a material or significant financial effect upon the reported results, details of that modification and where practicable the resulting financial effect, are disclosed in individual notes to these financial statements.

The statements have been prepared on the accrual basis of accounting using the historical cost convention, with the exception of certain non-current assets which subsequent to initial recognition, have been measured on the fair value basis in accordance with the option under AASB1041(5.1). Additions to non-current physical assets since valuation are stated at cost.

Forestry assets and inventories have been valued in accordance with AASB1037 *Self-Generating and Regenerating Assets (SGARA)*.

### **2.2 Grants and Other Contributions Revenue**

Grants, donations, gifts and other non-reciprocal contributions are recognised as revenue when the Commission obtains control over the assets comprising the contributions.

Contributions are recognised at their fair value. Contributions of services are only recognised when a fair value can be reliably determined and the services would be purchased, if not donated.

### **2.3 Depreciation of Non-Current Assets**

All non-current assets having a limited useful life are systematically depreciated over their useful lives in a manner which reflects the consumption of their future economic benefits.

Depreciation is provided for on the straight line basis using rates which are reviewed annually. Useful lives for each class of depreciable asset are:

	2002	2001
Buildings	20 to 40 years	20 to 40 years
Computer equipment	4 years	4 years
Heavy fleet vehicles	5 years	5 years
Infrastructure	20 years	20 years
Motor vehicles	3 to 7 years	3 to 7 years
Office equipment	6 to 7 years	6 to 7 years
Office furniture	6 to 7 years	6 to 7 years
Plant and machinery	4 to 10 years	4 to 10 years

## 2.4 Valuation of Non-Current Assets

The Commission has adopted by resolution the valuations ascribed to all non-current assets.

### *Natural resource assets*

In accordance with the Australian Accounting Standards Board's Accounting Standard 1037(AASB1037) applicable to self-generating and regenerating assets, the net present value method has been used by the Commission to estimate the net market value of the natural resource assets.

Increments/decrements in natural resource assets values have been taken to account as revenue/expenses in the Statement of Financial Performance, as required by AASB1037.

The Commission's investments in the Plantations reforestation program, entered into as part of the Government's Salinity Action Plan, was previously valued on a historic cost basis. As the Plantations reforestation program project has now been underway for a number of years, the Commission has brought this project's valuation methodology in line with the methodology applied to the remainder of the Commission's natural resource assets as set out above.

Discount rates used for valuations are set out in the notes. These are based on the Commission's cost of capital and weighted for increased risk specific to asset categories. Rates are subject to independent verification every three years, and were verified this financial year by Ernst and Young.

Non-commercial values inherent in natural resource assets are not accounted for in the calculation of net market values.

### *Forestry infrastructure*

Current forestry infrastructure expenditure is written off as expenditure is incurred - refer to accounting policy note on Roads and Bridges expenditure below. Due to the absence of a practicable net market value for forestry infrastructure, forestry infrastructure in use at year-end is valued at written down replacement cost. This value is deducted from the net present value of the natural resource assets which it supports, to allow for separate disclosure of self generating and non-self generating assets, as required by AASB1037.

### *Land, buildings and infrastructure*

The Commission values land, buildings and infrastructure at fair value as per AASB1041 (Revaluation of Non-Current Assets). A revaluation of the Commission's land, undertaken by the Valuer General's Office for the Government Property Register, is recognised in the financial statements. Buildings and infrastructure are revalued every four years and are due for revaluation in the 2002-2003 financial year.

## 2.5 Inventories

Inventories have been valued at the lower of cost and net realisable value as per AASB1019. The cost of inventories is deemed to be the net market value immediately after it becomes non-living, as per AASB1037 paragraph 5.6.

## 2.6 Receivables

Accounts receivable are recognised at the amounts receivable by the Commission, as they are due for settlement no more than 30 days from the date of recognition.

Collectability of receivables is reviewed on an ongoing basis. Debts which are known to be uncollectible are written off. A provision for doubtful debts is raised where some doubt as to collection exists.

## 2.7 Research and Development Costs

Research and development costs are charged against revenue in the Statement of Financial Performance as incurred.

## 2.8 Revenue Recognition

Revenue is recognised to the extent that it is probable that the associated economic benefits will flow to the Commission and the revenue can be reliably measured. The following specific recognition criteria apply:

Native forest and softwood timber revenues are recorded when timber is delivered to sawmills. A revenue accrual is made for services supplied to certain sharefarming investors who are invoiced on a three monthly basis, and for seedlings delivered but not invoiced at the end of the financial year.

Other revenues, such as proceeds from the sale of motor vehicles and miscellaneous revenues, are recognised when control of the goods has passed to the purchaser.

## 2.9 Employee Entitlements

### *Annual leave*

This entitlement is recognised at current remuneration rates and is measured at the amount unpaid at the reporting date in respect to employees' service up to that date.

### *Long service leave*

A liability for long service leave is recognised and accrued from the commencement of employment. It is measured as the present value of expected future payments to be made in respect of services provided by employees up to the reporting date. Consideration is given, when assessing expected future payments, to expected future wage and salary levels, experience of employee departures and periods of service. Expected future payments are discounted to identify the estimated present value of future cash outflows.

### *Superannuation*

Staff may contribute to the Pension Scheme, a defined benefits pension scheme now closed to new members, or to the Gold State Superannuation Scheme, a defined benefit lump sum scheme now also closed to new members. All staff who do not contribute to either of these schemes become non-contributory members of the West State Superannuation Scheme, an accumulation fund complying with the *Commonwealth Government's Superannuation Guarantee (Administration) Act 1992*.

The liabilities for superannuation charges under the Gold State Superannuation Scheme and West State Superannuation Scheme are extinguished by fortnightly payments of employer contributions to the Government Employees Superannuation Board.

Accrued superannuation represents the Commission's liability at the end of year for employer superannuation contributions to the Government Employees Superannuation Board's Gold State Fund. The Commission receives fortnightly invoices in arrears.

The disclosure note required by paragraph 6.10 of AASB 1028 (being the employer's share of the difference between employees' accrued superannuation benefits and the attributable net market value of plan assets) has not been provided, as State scheme deficiencies are recognised by the State in its "Whole of Government" reporting. Given the above, the Commission has adopted paragraph 6.10.1 of AASB 1028 which allows non-disclosure if the relevant amounts are not provided.

## 2.10 Accrued Logging Costs

Accrued logging costs represents the amount owing to harvesting and delivery contractors for timber delivered to sawmills but not yet recorded in the Commission's Accounts Payable system.

### **2.11 Accrued Salaries**

Accrued salaries represent the amount due to staff but unpaid at the end of the financial year, where the end of the last pay period for the financial year does not coincide with the end of the financial year.

### **2.12 Payables**

Payables, including accruals not yet billed, are recognised in the accounts payable system when the Commission becomes obliged to make future payments as a result of a purchase of assets or services. Payables are generally settled within 30 days.

### **2.13 Treasurer's liability**

The Treasurer's liability is in respect of a liability incurred in constructing the Manjimup Plant Propagation Centre, which is being repaid over a four year period in equal instalments, repayment having commenced in June 2001. No interest is being charged.

### **2.14 Interest-bearing liabilities**

Western Australian Treasury Corporation loans are recorded at an amount equal to the outstanding balances owing at the end of each reporting period. Borrowing costs associated with these loans have been recognised on an accruals basis. \$75,748,000 of this amount represents liabilities ceded to the Commission on its formation, for which associated assets have not been transferred - refer notes.

### **2.15 Leases**

The Commission has no finance leases.

The Commission has entered into a number of operating lease arrangements for buildings, motor vehicles, plant and office equipment where the lessors effectively retain all of the risks and benefits incidental to ownership of the items held under the operating leases. Equal instalments of the lease payments are charged to the Statement of Financial Performance over the lease term as this is representative of the pattern of benefits to be derived from the leased property.

### **2.16 Roads and Bridges Expenditure**

Forestry road and bridge expenditure is expensed as it is incurred. These costs form part of the ongoing operations of the Commission and are incurred regularly.

### **2.17 Western Australian Tax Equivalent Regime**

Section 43 of the *Forest Products Act 2000* makes the Commission liable for all duties, rates and taxes prescribed by law. Although the Commission is exempt from income tax under section 23(d) of the Income Tax Assessment Act, as a result of section 5 of the *State Enterprises (Commonwealth Tax Equivalents) Act 1996*, the Commission is subject to the *West Australian Tax Equivalent Regime (Income Tax)*. This in effect requires the Commission to account for income tax as if it were not exempt.

### **2.18 Income Tax**

The Commission adopts the liability method of tax-effect accounting, as a result of the effect of the West Australian Tax Equivalent Regime. Therefore income tax attributable to operating profit shown in the Statement of Financial Performance is based on the profit from ordinary activities adjusted for any permanent differences. The provision for deferred income tax liability and the future income tax benefit represent the effect of timing differences in the treatment of items for income taxation and accounting purposes.

Permanent differences are those differences between taxable income and operating profit before income tax which arise and will not reverse. Timing differences are those differences between taxable income and operating profit which arise as a result of the different periods in which items are deductible or assessable for income tax purposes. A future income tax benefit is an amount of income tax recoverable by the Commission in future reporting periods, whereas a deferred income tax liability is an amount of income tax to be settled in a future period.

### **2.19 Recognition of transferred Assets and Liabilities**

Assets and liabilities transferred to the Commission from CALM have been brought to account by the Commission at the values they were carried at in the books of CALM as at the date of transfer to the Commission. These amounts are regarded as being at fair value at the time of transfer. Transfers between the Commission and CALM are regarded as equity adjustments as per Urgent Issues Group Abstract 38 Contributions by Owners Made to Wholly-Owned Public Sector Entities - paragraph 7 b and c.

### **2.20 Comparative Figures**

The period to 30 June 2001 was the first period of operation for the Forest Products Commission. The comparative figures are therefore for a period of 33 weeks, from the date of commencement of the Commission to 30 June 2001. Certain comparative figures are, where appropriate, reclassified so as to be comparable with the figures presented in the current financial year.

### **2.21 Fair Value**

As defined by AASB1041, fair value is regarded as the amount for which an asset could be exchanged or a liability settled between knowledgeable, willing parties in an arms length transaction.

### **2.22 Goods and Services Tax**

The Commission accounts for the Goods and Services Tax (GST) as required by UIG 31. This states that all revenues, expenses and assets must be recognised net of the amount of GST, except for receivables and payables which are stated inclusive of GST. The Commission accounts for GST on an accruals basis and accounts for the net amount of GST recoverable from or payable to the taxation authority as a part of receivables or payables in the Statement of Financial Position.

### **2.23 Segment Reporting**

Segment information is prepared in conformity with the accounting policies of the entity as disclosed in note 2 and the segment reporting Accounting Standard AASB1005 "Segment Reporting".

Segment revenues, expenses, assets and liabilities are allocated on the basis of direct attribution and reasonable estimates of usage. Segment assets and liabilities include income tax equivalent assets and liabilities.

### **2.24 Rounding**

Amounts in the financial statements have been rounded to the nearest thousand dollars, or in certain cases, to the nearest dollar.

### **2.25 Fundamental errors**

During the year the Commission discovered that errors had been made in the preparation of the prior year annual financial statements. These errors had a material impact on the interpretation of the prior year annual financial statements. The amounts have been brought to account in the current financial year's statement of financial performance in accordance with the format prescribed by AASB1018 "Statement of Financial Performance", and have been detailed in note 4 to the accounts.

### **2.26 Agency sharefarming revenue and expenses**

The Commission operates two types of sharefarm arrangements - as principal and as agent. Where the Commission operates as agent, revenues and expenses associated with the sharefarm arrangement are not recognised as revenues and expenses of the Commission, as these revenues and expenses do not comply with the recognition requirements of revenues and expenses set out in SAC4 "Definition and Recognition of the Elements of Financial Statements" prepared by the Public Sector Accounting Standards Board of the Australian Accounting Research Foundation and by the Australian Accounting Standards Board. These revenues and expenses were processed through the Commission's Statement of financial performance in the period to 30 June 2001, and the effect has been disclosed in note 4 to the accounts.

	2002 (\$'000)	2001 (33 weeks) (\$'000)
<b>3 Revenue and expenses from natural resource assets</b>		
<b>3.1 Revenue from natural resource assets</b>		
Revenue from commercial harvesting operations (self generating and regenerating assets):		
- Native Forest Division timber products revenue	20,958	20,044
- Plantation Division timber products revenue	19,026	7,784
- Sandalwood revenue	6,209	4,047
- Plant Propagation Centre revenue	5,124	940
Total revenue from commercial harvesting operations	<u>51,317</u>	<u>32,815</u>
Revenue from cost recovery: <sup>1</sup>		
- Recovery of Native Forest Division harvesting costs	26,709	27,771
- Recovery of Sandalwood harvesting costs	5,947	2,348
- Recovery of Plantation Division harvesting costs	24,593	15,422
Total revenue from cost recovery	<u>57,249</u>	<u>45,541</u>
Total revenues from natural resource assets	<u>108,566</u>	<u>78,356</u>
<b>3.2 Expenses from natural resource assets</b>		
- Harvesting costs <sup>1</sup>	53,307	39,493
- Write-down of inventory to net realisable value	1,517	-
- Less increase in valuation of inventory on hand	(398)	(3,584)
Total expenses from natural resource assets	<u>54,426</u>	<u>35,909</u>

<sup>1</sup>Revenue from cost recovery exceeds harvesting costs due to harvesting related staff and overhead costs included in employee and supplies and services expenses.

#### 4 Fundamental errors

##### 4.1 Fundamental error in inventory valuation

Cost of sales for the 2001-2002 financial year includes the effect of the following adjustment which arose due to the under-valuation of Sandalwood and Plant Propagation Centre inventories as at 30 June 2001. The error resulted from the incorrect application of AASB 1019 "Inventories". Paragraph 5.6 of AASB 1037 "Self Generating and Regenerating Assets" deems "cost" for the purpose of AASB 1019 to be the net market value of inventory immediately after such inventory becomes non-living, while in the 2000-2001 accounts cost was based on average cost.

Restated inventory values are as follows:	Valuation: Incorrect (\$'000)	Valuation: Correct (\$'000)	Net increase in inventory value (\$'000)
<b>Inventory valuations as at 30 June 2001:</b>			
Sandalwood	1,759	5,559	3,800
Plant Propagation Centre	4,290	7,476	3,186
	<u>6,049</u>	<u>13,035</u>	<u>6,986</u>
Income tax equivalent expense			-
Net increase in inventory valuation			<u>6,986</u>

This error had the effect of understating assets and revenue in 2000-2001 by the net increase in inventory value above. The pro-forma statement of financial performance and the restatement of retained profits below show the information that would have been disclosed had this error not occurred.

#### 4.2 Fundamental error in valuation of natural resource assets

A calculation error in the June 2001 valuation of commercial forestry operations resulted in the valuation being understated by \$ 3,219,000.

Restated natural resource assets valuation is as follows:	Valuation: Incorrect (\$'000)	Valuation: Correct (\$'000)	Net increase in valuation (\$'000)
<b>Natural resource assets valuation as at 30 June 2001:</b>			
Plantation natural resource assets valuation	196,098	199,317	3,219
	196,098	199,317	3,219
Income tax equivalent expense			-
Net increase in valuation after income tax equivalent expense			3,219

This error had the effect of understating assets and overstating expenses in 2000-2001 by the net increase in valuation above. The pro-forma statement of financial performance and the restatement of retained profits below show the information that would have been disclosed had this error not occurred.

#### 4.3 Fundamental error in recognition of sharefarm revenue and expenses

The 2001 annual financial statements included revenues and expenses associated with agency sharefarming arrangements as revenues and expenses of the Commission (refer to accounting policies note on sharefarming revenues and expenses). While the net effect of these inclusions on operating profits was nil, as a result of the inclusion of these amounts in the Commission's revenues and expenses, the Commission's revenues and expenses were each overstated by \$9,227,000. The effect of these inclusions is set out in the note below:

	2002 (\$'000)	2001 (33 weeks) (\$'000)
<b>Misstatement of revenues and expenses:</b>		
Overstatement of revenue from commercial sharefarm operations	-	(9,217)
Overstatement of net other revenues	-	(10)
Overstatement of harvesting costs	-	5,644
Overstatement of supplies and services expenses	-	3,583
Misstatement of revenues and expenses before income tax equivalent expense:	-	-
Income tax equivalent expense	-	-
Net misstatement of revenues and expenses	-	-

#### 4.4 Pro-forma statement of financial performance

Restated financial information for the 2000-2001 and 2001-2002 financial years is presented below as if the errors had not occurred.

	2002 (\$'000)	2001 (33 weeks) (\$'000)
<b>Pro forma Statement of Financial Performance</b>		
<b>REVENUE</b>		
<b>Revenues from ordinary activities</b>		
<i>Revenue from operating activities</i>		
Revenue from natural resource assets	108,566	78,356
Revenue from commercial sharefarm operations	3,550	1,155
Commonwealth grants & contributions	185	7
Other revenue	163	106
<i>Revenue from non-operating activities</i>		
Other revenue	1,428	1,297
<b>Total revenue from ordinary activities</b>	<b>113,892</b>	<b>80,921</b>
<b>EXPENSES</b>		
<b>Expenses from ordinary activities</b>		
Decrement in net market value of natural resource assets	1,223	7,076
Expenses from natural resource assets	54,426	23,279
Employee expenses	11,950	7,855
Supplies and services	31,472	26,770
Depreciation expense	1,952	628
Borrowing costs expense	6,405	4,798
Administration expenses	1,142	343
Accommodation expenses	559	319
<b>Total expenses from ordinary activities</b>	<b>109,129</b>	<b>71,068</b>
<b>Profit from ordinary activities before grants and subsidies from Government</b>	<b>4,763</b>	<b>9,853</b>
Grants and subsidies from Government	500	-
<b>Profit from ordinary activities before income tax equivalent expense</b>	<b>5,263</b>	<b>9,853</b>
Income tax equivalent expense	(2,158)	(2,063)
<b>Net profit from ordinary activities after income tax equivalent expense</b>	<b>3,105</b>	<b>7,790</b>
<b>Restatement of retained profit/(loss):</b>		
Previously reported retained loss at the end of the previous reporting period	(4,083)	-
<i>Correction of fundamental errors:</i>		
Correction of error in inventory valuation net of income tax equivalent expense (\$nil)	6,986	-
Correction of error in plantations valuation net of income tax equivalent expense (\$nil)	3,219	-
Restated retained profit at the end of the previous reporting period	6,122	-
Profit from ordinary activities after income tax equivalent expense	3,105	7,790
Statutory dividend	1,668	(1,668)
<b>Restated retained profits at reporting date</b>	<b>10,895</b>	<b>6,122</b>

	2002 (\$'000)	2001 (33 weeks) (\$'000)
<b>5 Revenue from commercial sharefarm operations</b>		
Revenue from commercial sharefarm operations (refer note 4.3)	3,550	10,382
	<b>3,550</b>	<b>10,382</b>
<b>6 Commonwealth grants and contributions</b>		
Commonwealth grant for RIRDC <sup>1</sup> research	185	7
	<b>185</b>	<b>7</b>
<sup>1</sup> Rural Industry Research and Development Corporation		
<b>7 Other revenues from ordinary activities</b>		
<b>Other revenues from operating activities</b>		
Interest received on late payments	46	27
Proceeds on sale of non-current assets (refer note 15)	-	8
Other revenue	117	71
Total other revenue from operating activities	<b>163</b>	<b>106</b>
<b>Other revenues from non-operating activities</b>		
Treasury Department reappropriation from the Consolidated Fund of Peel 'B' Baldivis land sale proceeds	1,355	1,270
Treasurer's contribution to unfunded superannuation liability	61	27
Interest from Investments	12	-
Total other revenue from non-operating activities	<b>1,428</b>	<b>1,297</b>
<b>8 Net decrement in net market value of natural resource assets and forest infrastructure</b>		

Net decrement in net market value of natural resource assets and forest infrastructure, along with other essential operating data related to natural resource assets, is provided in the table below.

	2002			2001		
	m <sup>3</sup>	Net increment/ (decrement) in net market value (\$'000)	Net market value of felled logs (\$'000)	m <sup>3</sup>	Net increment/ (decrement) in net market value (\$'000)	Net market value of felled logs (\$'000)
Natural resource assets and forest infrastructure						
<i>Native forest</i>						
Native forest infrastructure		-			(14,024)	
Native forest natural resource asset <sup>1</sup>	674,992	66,534	20,958	672,344	-	20,044
Sandalwood natural resource asset <sup>2</sup>	2,246	(44,195)	6,209	1,013	5,687	4,047
Total Native Forest Division	<b>677,238</b>	<b>22,339</b>	<b>27,167</b>	<b>673,357</b>	<b>(8,337)</b>	<b>24,091</b>
<i>Plantations</i>						
Plantation natural resource assets and Plant propagation centre	808,243	(1,967)	24,150	457,670	(1,958)	8,724
Plantation reforestation program <sup>3</sup>	-	(18,376)	-	-	-	-
Total Plantations Division	<b>808,243</b>	<b>(20,343)</b>	<b>24,150</b>	<b>457,670</b>	<b>(1,958)</b>	<b>8,724</b>
Totals	<b>1,485,481</b>	<b>1,996</b>	<b>51,317</b>	<b>1,131,027</b>	<b>(10,295)</b>	<b>32,815</b>
Less effect of fundamental error (note 4)		(3,219)			-	
<b>Net decrement in net market value of natural resource assets</b>		<b>(1,223)</b>			<b>(10,295)</b>	

	2002 (\$'000)	2001 (33 weeks) (\$'000)
<sup>1</sup> The increase in valuation in 2001-2002 for native forests is due to a reduction in attributable management and protection costs. <sup>2</sup> The decrease in valuation in 2001-2002 is due to increased silviculture expenditure. <sup>3</sup> Decrease in valuation in 2001-2002 is due to change in valuation method from cost to net market value this financial year - refer note 2.4.		
<b>9 Employee expenses</b>		
Wages and salaries	8,447	6,212
Superannuation (refer note 2.9)	972	495
Annual leave	827	381
Other leave	458	212
Long service leave	291	134
Payroll tax	647	360
Workers' compensation	257	61
Fringe Benefits Tax	51	-
	<b>11,950</b>	<b>7,855</b>
<b>10 Supplies and services</b>		
Consultants and contractors		
~ Management and other consultants	375	252
~ Other contractors	26,089	26,593
Materials	2,129	878
Repairs and maintenance	106	97
Travel	381	207
Operating lease rentals	2,392	2,326
	<b>31,472</b>	<b>30,353</b>
<b>11 Depreciation</b>		
Plant, equipment and vehicles	947	441
Buildings	123	59
Forest infrastructure	882	128
Total depreciation	<b>1,952</b>	<b>628</b>
<b>12 Borrowing costs</b>		
Interest on WA Treasury Corporation loans	6,352	4,798
Interest on overdraft	53	-
	<b>6,405</b>	<b>4,798</b>
<b>13 Administration expenses</b>		
Telephone, postage, communications	309	163
Audit fees	44	40
Doubtful debts	650	57
Disposal of non-current assets	9	2
Other administration costs	130	81
	<b>1,142</b>	<b>343</b>
<b>14 Accommodation expenses</b>		
Lease rentals and travel accommodation	407	229
Other property	152	90
	<b>559</b>	<b>319</b>
<b>15 Revenue on sale of non-current assets</b>		
Plant & equipment	-	8
	<b>-</b>	<b>8</b>
<b>16 Grants and subsidies received from Government:</b>		
Community Service Obligation - grant for Jarrah Enhancement Program	500	-
	<b>500</b>	<b>-</b>

	2002 (\$'000)	2001 (\$'000)
<b>17 Inventories</b>		
<i>Current</i>		
Inventories held for resale:		
- Plant Propagation Centre <sup>1</sup>	5,519	4,290
- Sandalwood <sup>1</sup>	7,505	1,759
- Timber on forest landings	261	1,370
- Timber technology stocks	172	171
	<u>13,457</u>	<u>7,590</u>
At cost <sup>2</sup>	13,457	5,831
At net realisable value	-	1,759
	<u>13,457</u>	<u>7,590</u>

<sup>1</sup> Inventory values have increased over 2000-2001 due to the issues noted in note 4.

<sup>2</sup> The provisions of AASB1037 deem cost to be the market value of inventories at the time the inventories become non-living - refer note 2.5.

The aggregate carrying amount of inventories recognised and included in the financial statements is as follows:

- Current	13,457	7,590
- Non-Current	-	-
	<u>13,457</u>	<u>7,590</u>

## 18 Receivables

Trade debtors	15,761	15,230
Provision for doubtful debts <sup>1</sup>	(707)	(57)
	<u>15,054</u>	<u>15,173</u>

<sup>1</sup> Provision for doubtful debts has increased this financial period due to the current state of the timber industry.

## 19 Other assets

<i>Current</i>		
Prepayments	29	30
GST refundable	347	978
Accrued revenue <sup>1</sup>	2,571	1,757
	<u>2,947</u>	<u>2,765</u>

<sup>1</sup> Accrued revenue represents revenue that has been earned but has yet to be invoiced - refer note 2.8.

	2002 (\$'000)	2001 (\$'000)
<b>20 Property, plant, equipment and vehicles</b>		
<b>20.1 Land and buildings</b>		
Freehold land at fair value <sup>1</sup>	728	710
	<b>728</b>	<b>710</b>
Buildings at cost <sup>2</sup>	425	359
Accumulated depreciation	(29)	(7)
	<b>396</b>	<b>352</b>
Buildings at fair value - category A <sup>1</sup>	835	840
Buildings at fair value - category B <sup>2</sup>	1,263	1,260
Total buildings at fair value	2,098	2,100
Accumulated depreciation	(154)	(53)
	<b>1,944</b>	<b>2,047</b>
Total land and buildings	<b>3,068</b>	<b>3,109</b>

<sup>1</sup>Freehold land, land improvements and category A buildings are revalued as at 30 June each year in accordance with an independent valuation by the Valuer General's Office, which reflects market values. Market value is regarded as fair value.

<sup>2</sup>Category B buildings and Buildings at cost are subject to revaluation every four years - refer note 2.4

#### **20.2 Plant, equipment and vehicles**

Nursery infrastructure at cost	9,484	9,484
Accumulated depreciation	(709)	(235)
	<b>8,775</b>	<b>9,249</b>
Plant, equipment and vehicles at cost	2,555	2,383
Accumulated depreciation	(441)	(139)
	<b>2,114</b>	<b>2,244</b>
Office equipment at cost	826	729
Accumulated depreciation	(236)	(67)
	<b>590</b>	<b>662</b>
Total plant, equipment and vehicles	<b>11,479</b>	<b>12,156</b>

### 20.3 Reconciliations

Reconciliations of the carrying amounts of property, plant, equipment, and vehicles at the beginning and end of the financial period are set out below.

	2002					
	Freehold land (\$'000)	Buildings (\$'000)	Nursery inf'cture (\$'000)	Plant equipment and vehicles (\$'000)	Office equipment (\$'000)	Total (\$'000)
Carrying amount at start of period	710	2,399	9,249	2,244	662	15,264
Transfers from CALM	-	52	-	-	2	54
Additions	-	12	-	173	113	298
Reclassifications	-	-	-	17	(17)	-
Disposals	-	-	-	(3)	(2)	(5)
Transfers to other Government depts	-	-	-	(11)	(1)	(12)
Revaluation increment	18	-	-	-	-	18
Depreciation	-	(123)	(474)	(306)	(167)	(1,070)
<b>Carrying amount at end of period</b>	<b>728</b>	<b>2,340</b>	<b>8,775</b>	<b>2,114</b>	<b>590</b>	<b>14,547</b>

	2001					
	Freehold land (\$'000)	Buildings (\$'000)	Nursery inf'cture (\$'000)	Plant equipment and vehicles (\$'000)	Office equipment (\$'000)	Total (\$'000)
Carrying amount at start of period	-	-	-	-	-	-
Transfers from CALM	710	2,253	9,484	2,150	602	15,199
Additions	-	206	-	234	129	569
Disposals	-	-	-	(1)	(2)	(3)
Depreciation	-	(60)	(235)	(139)	(67)	(501)
<b>Carrying amount at end of period</b>	<b>710</b>	<b>2,399</b>	<b>9,249</b>	<b>2,244</b>	<b>662</b>	<b>15,264</b>

<b>2002</b>	<b>2001</b>
<b>(\$'000)</b>	<b>(\$'000)</b>

### 21 Forest Infrastructure

Native Forests	11,869	12,493
Plantations	4,758	5,015
<b>Total forest infrastructure</b>	<b>16,627</b>	<b>17,508</b>

A reconciliation of the carrying amounts of forest infrastructure at the beginning and end of the financial period is set out below.

Carrying amount at the start of the period	17,508	-
Transfer from CALM	-	31,660
Revaluation decrement		(14,024)
Depreciation	(881)	(128)
<b>Carrying amount at the end of the period</b>	<b>16,627</b>	<b>17,508</b>

Due to the absence of a practicable net market value for forestry infrastructure, the written down replacement cost of forestry infrastructure is deducted from the net present value of the natural resource assets as a whole, to provide separate disclosure of forest infrastructure.

	2002 (\$'000)	2001 (\$'000)
<b>22 Natural resource assets</b>		
<i>Natural resource assets at valuation<sup>1</sup></i>		
<i>Native forest</i>		
Native forest standing timber	66,534	-
Standing Sandalwood	28,788	72,983
Total native forest natural resource assets	<u>95,322</u>	<u>72,983</u>
<i>Plantations</i>		
Plantations standing timber	175,027	176,994
Plantations reforestation Program <sup>2</sup>	5,914	-
Total plantations natural resource assets	<u>180,941</u>	<u>176,994</u>
Total natural resource assets at valuation	<u>276,263</u>	<u>249,977</u>
<i>Natural resource assets at cost</i>		
<i>Plantations</i>		
Plantations reforestation Program <sup>2</sup>	-	19,104
Total natural resource assets at cost	-	<u>19,104</u>
Total natural resource assets at valuation and cost	<u>276,263</u>	<u>269,081</u>

A reconciliation of the carrying amounts of natural resource assets at the beginning and end of the financial period is set out below.

Carrying amount at the start of the period	269,081	-
Transfers from CALM	-	261,859
Additions	5,186	3,493
Revaluation increments - refer note 8	1,996	3,729
Carrying amount at the end of the period	<u>276,263</u>	<u>269,081</u>

#### Discount rates<sup>3</sup>:

The following (pre-tax, real) discount rates have been applied in the calculation of net market values:

<i>Native forest</i>		
Native forest standing timber	10%	10%
Standing Sandalwood	7%	7%
<i>Plantations</i>		
Plantations standing timber	7%	7%
Plantations reforestation program <sup>2</sup>	10%	n/a

<sup>1</sup> Refer note 8 for details on valuation movements.

<sup>2</sup> This investment was carried at cost in 2000-2001. The Commission changed the accounting methodology for Plantations reforestation program this financial year to conform with the policies applied to the remainder of the Commission's natural resource assets - refer note 2.4.

<sup>3</sup> Discount rates have been independently verified this financial year by Ernst and Young.

Details of the timber volumes data and the net present value calculations upon which these valuations are based, are contained in the Commission's working papers.

#### 22.1 Source of valuation of natural resource assets

The net market value of the natural resource assets has been determined in accordance with a Commissioner's valuation.

			2002 (\$'000)	2001 (\$'000)
			Increase/ (decrease)	Increase/ (decrease)
<b>22.2 Sensitivity analysis</b>				
Sensitivity of the net market value of the commercial forestry operation to changes in significant assumptions:				
Discount rate:	+ 3%	Total natural resource assets at valuation	(75,792)	(47,954)
	- 3%	Total natural resource assets at valuation	129,458	136,190
Future costs:	+ 3%	Total natural resource assets at valuation	(78,265)	(10,253)
	- 3%	Total natural resource assets at valuation	64,265	70,845
Future income:	+ 3%	Total natural resource assets at valuation	289,567	183,432
	- 3%	Total natural resource assets at valuation	(133,281)	(55,612)
			2002 (\$'000)	2001 (\$'000)

## 23 Payables

### *Current*

Trade payables

3,444

6,842

**3,444**

**6,842**

### *Non-Current*

Trade payables

-

-

## 24 Interest bearing liabilities

### *Current*

Bank overdraft <sup>1</sup>

2,314

1,241

Western Australian Treasury Corporation loan <sup>2</sup>

2,424

436

**Total current**

**4,738**

**1,677**

### *Non-Current*

Western Australian Treasury Corporation loan <sup>2</sup>

77,652

75,312

**Total non-current**

**77,652**

**75,312**

**Total interest bearing liabilities <sup>3</sup>**

**82,390**

**76,989**

<sup>1</sup> Operating overdraft facility with the Commonwealth Bank of Australia.

<sup>2</sup> \$75,748,000 of this amount was ceded to the FPC on 16th November 2000 from CALM. Associated assets, mainly land, acquired with these funds remained with CALM, adversely affecting the Commission's gearing. Negotiations are currently underway to secure transfer of these assets to the Commission.

<sup>3</sup> Refer note 35 for interest rate analysis.

	2002 (\$'000)	2001 (\$'000)
<b>25 Provisions</b>		
<i>Current</i>		
Annual leave	936	878
Long service leave	789	712
	<b>1,725</b>	<b>1,590</b>
<i>Non-current</i>		
Long service leave	842	773
	<b>842</b>	<b>773</b>

*Employee Entitlements (refer note 2.9)*

The aggregate employee entitlement liability recognised and included in the financial statements is as follows:

Provision for employee entitlements:

Current:

- Provisions	1,725	1,590
- Accrued salaries and wages (refer note 26)	255	710

Non-current:

- Provisions	842	773
	<b>2,822</b>	<b>3,073</b>

The Commission considers the carrying amount of employee entitlements to approximate fair value - refer note 2.21.

**26 Other liabilities**

*Current*

Payroll tax accrual	50	360
Accrued expenses		
~ Accrued logging costs	2,337	2,445
~ Compensation for logging contractors	47	47
~ Other commitments	2,104	2,292
Accrued interest	1,366	1,774
Accrued salaries and wages	255	710
Unearned revenue <sup>2</sup>		
~ Manjimup nursery	98	480
~ Southwest sharefarm project	232	296
Statutory dividend	-	1,668
Deferred tax liability	2,266	10
Treasurer's liability <sup>1</sup>	1,436	1,436
	<b>10,191</b>	<b>11,518</b>

*Non-Current*

Treasurer's liability <sup>1</sup>	1,436	2,873
	<b>1,436</b>	<b>2,873</b>

<sup>1</sup> Comprises Treasurer's liability for funding the construction of the

Manjimup Plant Propagation Centre

Less: repayment during the period

Total Treasurer's liability

4,309	5,745
(1,436)	(1,436)
<b>2,873</b>	<b>4,309</b>

<sup>2</sup> Unearned revenue is attributable to cash having been received or risk having passed, while the service/product has not yet been invoiced - refer Note 2.8.

	2002 (\$'000)	2001 (\$'000)
<b>27 Equity</b>		
Contribution by owners, the Western Australian State Government, represents amounts transferred on establishment of the Commission, and net contributions since establishment, transferred from the Department of Conservation and Land Management (CALM).		
The following assets and liabilities have been contributed to equity:		
<i>Assets transferred from CALM</i>		
Natural resource assets	-	261,859
Forest infrastructure	-	31,660
Plant & equipment	-	12,237
Buildings	-	2,083
Land	-	710
Inventories	-	3,006
Cash to compensate for the current portion of annual & long service leave provision transferred	-	1,712
Petty cash	-	4
Total assets transferred to the Commission	-	313,271
<i>Liabilities transferred from CALM</i>		
Western Australian Treasury Corporation debt	-	(75,748)
Current portion of annual & long service leave provision	-	(1,712)
Non-current portion of annual & long service leave provision	-	(813)
Total liabilities transferred to the Commission	-	(78,273)
Total net contributed equity transferred from CALM on formation of the Commission:	-	<b>234,998</b>
<i>Contributions/(distributions) since formation of the Commission</i>		
Buildings	-	171
Other assets	42	-
Treasurer's advance re the Manjimup Plant Propagation Centre	-	(5,745)
Debt adjustment	-	(594)
Total contribution by owners <sup>1</sup>	<b>42</b>	<b>228,830</b>
<b>Reconciliation:</b>		
Contribution by owners at the beginning of the financial period	228,830	-
Amounts contributed during the financial period	54	228,830
Amounts refunded during the financial period	(12)	-
<b>Contribution by owners at the end of the financial period</b>	<b>228,872</b>	<b>228,830</b>

<sup>1</sup> The amounts recorded above represent the fair value of assets and liabilities transferred from CALM. The fair values of these assets and liabilities may have changed during the period to yield values accounted for at the financial period end. The amounts transferred have been treated as equity as per Urgent Issues Group (UIG) Abstract 38 - Contributions by Owners Made to Wholly-Owned Public Sector Entities - paragraph (7) (b) and (c).

	2002 (\$'000)	2001 (\$'000)
<b>28 Reserves</b>		
<i>Asset Revaluation Reserve</i>		
Opening balance	-	-
Net revaluation increments <sup>1</sup> :		
Land	<u>18</u>	-
Closing balance	<u>18</u>	-
<i>Retained profits/(accumulated losses)</i>		
Opening balance	(4,083)	-
Net profit/(loss) for the period	13,310	(2,415)
Movement in provision for statutory dividend	<u>1,668</u>	<u>(1,668)</u>
Closing balance	<u>10,895</u>	<u>(4,083)</u>

<sup>1</sup>Revaluations as per the Office of the Valuer General - refer note 20.

	2002 (\$'000)	2001 33 weeks (\$'000)
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## 29 Notes to the Statement of Cash Flows

### 29.1 Reconciliation of cash

For the purpose of the Statement of Cash Flows, cash includes bank overdraft, cash at bank and petty cash. Cash at the beginning of the 2001 financial year constitutes the receipt of a payment from the Department of Conservation and Land Management for the then current portion of the Annual and Long Service Leave Liability which was transferred to the Commission at 16 November, 2000. Cash at the end of the financial year as shown in the Statement of Cash Flows is reconciled to the related items in the Statement of Financial Position as follows:

Cash assets	4	3
Bank Overdraft - refer note 24	<u>(2,314)</u>	<u>(1,241)</u>
	<u>(2,310)</u>	<u>(1,238)</u>

### 29.2 Non-cash financing and investing activities

During the financial period assets and liabilities were either transferred or assumed but are not reflected in the Statement of Cash Flows - refer note 27.

Assets acquired	42	313,442
Liabilities acquired	-	(84,612)
Equity contributed by owners	<u>42</u>	<u>228,830</u>

	2002	2001
	(\$'000)	33 weeks (\$'000)
<b>29.3 Reconciliation of profit from ordinary activities after income tax equivalents to net cash flows provided by/(used in) operating activities</b>		
Profit / (Loss) from ordinary activities after income tax equivalents	13,310	(2,415)
<i>Non-cash items:</i>		
Depreciation expense	1,952	628
Doubtful debt expense	650	57
Amounts credited for proceeds on sale of Peel B land	(1,355)	(1,270)
Amounts credited for remuneration of logging contractors	-	(70)
Amounts debited for payments of liability due to Treasurer	-	1,436
Revenue on disposal of non-current assets	-	(8)
Disposal of non-current assets	9	2
Amounts for income tax equivalents	2,158	2,063
Revaluation of timber assets and infrastructure	(1,996)	10,295
<i>(Increase)/decrease in assets:</i>		
Current receivables <sup>1</sup>	(531)	(14,025)
Current inventories	(5,867)	(4,584)
Other current assets	-	(30)
Non-current assets		
Accrued revenues	(814)	(1,757)
<i>Increase/(decrease) in liabilities:</i>		
Current payables <sup>1</sup>	(3,398)	6,116
Provisions	(1,011)	336
Other current liabilities	-	5,858
Grants and Subsidies from Government	(500)	-
Net GST receipts <sup>2</sup>	631	(977)
Taxation equivalents paid	(2,869)	-
Net cash provided by operating activities	<b>369</b>	<b>1,656</b>

<sup>1</sup> Note - Australian Taxation Office amounts receivable/payable in respect of GST and amounts receivable/payable in respect of the sale/purchase of non-current assets are not included in these items as they are not cash transactions and do not form part of the Statement of Cash Flows.

<sup>2</sup> Net GST received in cash in the period.

#### **29.4 Borrowing facilities**

At 30th June 2002 the Commission had fully drawn on all financing facilities, details of which are disclosed in the financial statements, except for a \$61,297 (2001 \$ 5.52m) approval for the Capital Works Program, which was not drawn down at 30th June and which expired at that date.

### **30 Resources provided free of charge**

During the financial year and in the period to 30 June 2001, no resources were provided to other agencies free of charge for functions outside the normal operations of the Commission.

2002 (\$'000)	2001 (\$'000)
------------------	------------------

## 31 Commitments for expenditure

### 31.1 Expenditure commitments

Expenditure commitments, being contracted expenditure additional to the amounts reported in the financial statements, are payable as follows:

Within 1 year	5,120	1,430
Later than 1 year and not later than 5 years	15,780	7,183
Later than 5 years	-	15,352
	<b>20,900</b>	<b>23,965</b>

The commitments are exclusively in support of the Wood Processing (WESFI) Agreement Act 2000 - Plantations reforestation program, to be funded by way of loans from Western Australian Treasury Corporation.

### 31.2 Lease commitments

Commitments in relation to leases contracted for at the reporting date but not recognised as liabilities, are payable as follows:

Within 1 year	1,847	2,056
Later than 1 year and not later than 5 years	7,168	6,694
Later than 5 years	3,393	5,083
	<b>12,408</b>	<b>13,833</b>
Non-cancellable operating leases	<b>12,408</b>	<b>13,833</b>

These commitments are inclusive of GST

Contingent rental payments have been determined based on existing rental agreements, escalation clauses, payments and lease periods. Renewal options, where applicable, have not been brought to account.

### 31.3 Guarantees and undertakings

The Commission has no guarantees and/or undertakings that have not been provided for in the Statement of Financial Position other than those disclosed in this note.

## 32 Contingencies

### 32.1 Liabilities

The Commission has no contingent liabilities as at 30 June 2002 (nil at 30 June 2001).

## 33 Events occurring after reporting date

There were no events that occurred after balance date, other than events for which the financial effects have already been brought to account, that will have a material effect on the Statement of Financial Position or Statement of Financial Performance as at 30 June 2002.

## 34 Explanatory statement

### 34.1 Comparison of 2001-2002 actual results to 2000-2001 actual results

Explanations on any line item with a variance of greater than ten percent have been provided. The Commission's 2000-2001 financial period was 33 weeks. For the purposes of this analysis the results for the 2000-2001 financial period have been annualised where applicable, to facilitate comparative analysis between the two years. Significant variations between actual revenues and expenditures for the financial year and annualised revenues and expenditures for the immediately preceding financial period to 30 June 2001 are as follows:

	2002 (\$'000)	2001 Annualised (\$'000)	Variance %	Notes
<b>Note 3 to the statement of financial performance</b>				
<b>Revenue and expenses from natural resource assets</b>				
<b>3.1 Revenue from natural resource assets</b>				
- Native Forest Division timber products revenue	20,958	31,584	-34%	1
- Plantation Division timber products revenue	19,026	16,867	13%	2
- Sandalwood revenue	6,209	6,377	-3%	
- Plant Propagation Centre revenue	5,124	3,524	45%	3
Total revenue from commercial harvesting operations	<b>51,317</b>	<b>58,352</b>	-12%	
Revenue from cost recovery:				
- Recovery of Native Forest Division harvesting costs	26,709	43,760	-39%	4
- Recovery of Sandalwood harvesting costs	5,947	4,510	32%	5
- Recovery of Plantation Division harvesting costs	24,593	19,700	25%	6
Total revenue from cost recovery	<b>57,249</b>	<b>67,970</b>		
Total revenues from natural resource assets	<b>108,566</b>	<b>126,323</b>		
<b>3.2 Expenses from natural resource assets</b>				
- Harvesting costs	53,307	62,231	-14%	7
- Write-down of inventory to net realisable value	1,517	-		
- Less increase in valuation of inventory on hand	(398)	(3,584)	-89%	8
Total expenses from natural resource assets	<b>54,426</b>	<b>58,647</b>	-7%	

	2002 (\$'000)	2001 Annualised (\$'000)	Variance %	Notes
<b>Statement of financial performance</b>				
<b>REVENUE</b>				
<b>Revenues from ordinary activities</b>				
<i>Revenue from operating activities</i>				
Revenue from natural resource assets	108,566	126,323		see above
Correction of fundamental errors	10,205	-	n/a	9
Revenue from commercial sharefarm operations	3,550	16,364	-78%	10
Commonwealth grants & contributions	185	7	2543%	11
Other revenue	163	164	-1%	
<i>Revenue from non-operating activities</i>				
Other revenue	1,428	1,297	10%	
Total revenue from ordinary activities	<b>124,097</b>	<b>144,155</b>		
<b>EXPENSES</b>				
<b>Expenses from ordinary activities</b>				
Decrement in net market value of natural resource assets	1,223	10,295	-88%	12
Expenses from natural resource assets	54,426	58,647	-7%	see above
Employee expenses	11,950	12,378	-3%	
Supplies and services	31,472	47,829	-34%	13
Depreciation expense	1,952	990	97%	14
Borrowing costs expense	6,405	7,560	-15%	15
Administration expenses	1,142	540	111%	16
Accommodation expenses	559	503	11%	17
Total expenses from ordinary activities	<b>109,129</b>	<b>138,742</b>		
<b>Profit/(loss) from ordinary activities before grants and subsidies from Government</b>	<b>14,968</b>	<b>5,412</b>		

	2002 (\$'000)	2001 Annualised (\$'000)	Variance %	Notes
<b>Statement of financial performance</b>				
<b>EXPENSES Continued:</b>				
Grants and subsidies from Government	500	-	n/a	18
<b>Profit/(loss) from ordinary activities before income tax equivalent expense</b>	<b>15,468</b>	<b>5,412</b>		
Income tax equivalent expense	(2,158)	(3,251)	-34%	19
<b>Net profit/(loss) from ordinary activities after income tax equivalent expense</b>	<b>13,310</b>	<b>2,161</b>		

**Notes:**

- 1 Variance reflects reduction in Native Forest Division's harvesting activities resulting from Government's Old Growth Policy, Regional Forest Agreement and business early exits.
- 2 Variance reflects increase in Plantations Division harvesting activities in line with FPC strategy.
- 3 Variance due to previous year's actual being distorted by the seasonal nature of nursery revenues. A large proportion of 2000-2001 nursery fell within the period prior to 16th November 2000 and annualisation of the Commission's revenues for 2000-2001 does not fully correct for this factor.
- 4 As per note 1 above.
- 5 Variance due to increase in Sandalwood logging activities in 2001-2002 and increased costs associated with increased silvicultural activities.
- 6 As per note 2 above.
- 7 As per note 1 above.
- 8 Stock increase in 2000-2001 due to seasonal effects, with low stocks on hand as at 16th November 2000.
- 9 Refer to statement of financial performance note 4 "Fundamental errors".
- 10 Variance due to decrease in sharefarming agency operations and distortion relating to reporting of agency revenues incorrectly reported in 2000-2001 annual financial statements. Refer to note 4.3 to statement of financial performance.
- 11 Variance attributable to a considerable portion of 2001-2002 revenues relating to transfer of balances from CALM, which had not yet been finalised at 30th June 2001.
- 12 Refer to note 8 of statement of financial performance - "Increment/(decrement) in net market value of natural resource assets".
- 13 As per note 1 and note 11 above.
- 14 Native forest infrastructure depreciation not charged in 2000-2001, due to write-down. (Refer note 8 to statement of financial performance).
- 15 Variance attributable to decrease in interest rates and improved cash management.
- 16 Variance due to increase in provision for doubtful debts. (Refer note 18 to the statement of financial position)
- 17 Variance due to cost allocation changes.
- 18 Funds received for Community Service Obligations.
- 19 Higher annualised tax equivalent charge in the financial period to 30 June 2001 due to the incorrect treatment of depreciation on infrastructure in 2001, as well as the deduction in the period to 30 June 2002 of roading and bridges expenditure previously not claimed for tax equivalent expenditure purposes.

### 34.2 Comparison of 2001-2002 actual results to estimated results

Explanations for significant variations greater than ten percent between estimated and actual revenues and expenditures have been provided.

	2002 (\$'000)	2002 estimate (\$'000)	Variance %	Notes
<b>Note 3 to the statement of financial performance</b>				
<b>Revenue and expenses from natural resource assets</b>				
<b>3.1 Revenue from natural resource assets</b>				
- Native Forest Division timber products revenue	20,958	23,043	-9%	
- Plantation Division timber products revenue	19,026	18,713	2%	
- Sandalwood revenue	6,209	6,053	3%	
- Plant Propagation Centre revenue	5,124	3,166	62%	1
Total revenue from commercial harvesting operations	<u>51,317</u>	<u>50,975</u>	1%	
Revenue from cost recovery:				
- Recovery of Native Forest Division harvesting costs	26,709	27,410	-3%	
- Recovery of Sandalwood harvesting costs	5,947	5,947	0%	
- Recovery of Plantation Division harvesting costs	24,593	23,023	7%	
Total revenue from cost recovery	<u>57,249</u>	<u>56,381</u>		
Total revenues from natural resource assets	<u>108,566</u>	<u>107,355</u>	1%	
<b>3.2 Expenses from natural resource assets</b>				
- Harvesting costs	53,307	50,175	6%	
- Write-down of inventory to net realisable value	1,517	-	100%	
- Less increase in valuation of inventory on hand	(398)	-	-100%	
Total expenses from natural resource assets	<u>54,426</u>	<u>50,175</u>	8%	

	2002 (\$'000)	2002 estimate (\$'000)	Variance %	Notes
<b>Statement of financial performance</b>				
<b>REVENUE</b>				
<b>Revenues from ordinary activities</b>				
<i>Revenue from operating activities</i>				
Revenue from natural resource assets	108,566	107,355	1%	see above
Correction of fundamental errors	10,205	-	n/a	
Revenue from commercial sharefarm operations	3,550	3,702	-4%	
Commonwealth grants & contributions	185	-	n/a	
Other revenue	163	-	n/a	
<i>Revenue from non-operating activities</i>				
Other revenue	1,428	1,287	11%	
Total revenue from ordinary activities	<b>124,097</b>	<b>112,344</b>	10%	
<b>EXPENSES</b>				
<b>Expenses from ordinary activities</b>				
Decrement in net market value of natural resource assets	1,223	-	n/a	2
Expenses from natural resource assets	54,426	50,175	8%	
Employee expenses	11,950	11,596	3%	
Supplies and services	31,472	35,925	-12%	3
Depreciation expense	1,952	1,959	0%	
Borrowing costs expense	6,405	6,952	-8%	
Administration expenses	1,142	389	193%	4
Accommodation expenses	559	380	47%	5
Total expenses from ordinary activities	<b>109,129</b>	<b>107,376</b>	2%	
<b>Profit from ordinary activities before grants and subsidies from Government</b>				
	<b>14,968</b>	<b>4,968</b>	201%	
Grants and subsidies from Government	500	500	0%	
<b>Profit from ordinary activities before income tax equivalent expense</b>				
	<b>15,468</b>	<b>5,468</b>	183%	
Income tax equivalent expense	(2,158)	(202)	968%	6
<b>Net profit from ordinary activities after income tax equivalent expense</b>				
	<b>13,310</b>	<b>5,266</b>	153%	

**Notes:**

- 1 Conservative approach taken at the time of budget preparation due to market uncertainty.
- 2 These result from the application of complex valuation models. Valuation results do not form part of the Commission's operational measures. Increments/decrements are therefore not budgeted for.
- 3 Attributable to reductions in Native Forest Division's activities and savings in discretionary expenditure.
- 4 Variance attributable to increase in doubtful debts provision. Refer note 18 to statement of financial position.
- 5 Inadequate budget provision for Rivervale and Kalgoorlie offices.
- 6 Due to timing differences on deduction of expenses for income tax and accounting purposes.

## 35 Financial instruments

### 35.1 Interest rate risk exposure

The following table details the Commission's exposure to interest rate risk as at the reporting date.

2002							
	Weighted Average Effective Interest Rate %	Variable Interest Rate \$'000	Fixed Interest Rate - Maturity			Non Interest Bearing \$'000	Total \$'000
			Less than 1 Year \$'000	1 to 5 Years \$'000	More than 5 Years \$'000		
<b>Financial Assets</b>							
Cash assets						4	4
Receivables						15,401	15,401
Accrued revenue						2,571	2,571
	<b>Nil</b>	<b>Nil</b>	<b>Nil</b>	<b>Nil</b>	<b>Nil</b>	<b>17,976</b>	<b>17,976</b>
<b>Financial Liabilities</b>							
Payables						3,444	3,444
Bank overdraft	8.35	2,314					2,314
WATC	8.05		2,424	10,254	67,398		80,076
Finance lease liabilities							Nil
Accrued interest						1,366	1,366
Treasurer's liability						2,872	2,872
		<b>2,314</b>	<b>2,424</b>	<b>10,254</b>	<b>67,398</b>	<b>7,682</b>	<b>90,072</b>

2001							
	Weighted Average Effective Interest Rate %	Variable Interest Rate \$'000	Fixed Interest Rate - Maturity			Non Interest Bearing \$'000	Total \$'000
			Less than 1 Year \$'000	1 to 5 Years \$'000	More than 5 Years \$'000		
<b>Summary:</b>							
Cash assets						3	3
Receivables						16,151	16,151
Accrued revenue						1,757	1,757
Loans and advances							Nil
Other							Nil
<b>Financial Assets</b>	<b>Nil</b>	<b>Nil</b>	<b>Nil</b>	<b>Nil</b>	<b>Nil</b>	<b>17,911</b>	<b>17,911</b>
<b>Financial Liabilities</b>							
Payables						6,842	6,842
Bank overdraft	-					1,241	1,241
WATC	8.95		436	23,456	51,856		75,748
Finance lease liabilities							Nil
Accrued interest				1,774			1,774
Amounts due to the Treasurer						4,309	4,309
<b>Financial Liabilities</b>		<b>Nil</b>	<b>436</b>	<b>25,230</b>	<b>51,856</b>	<b>12,392</b>	<b>89,914</b>

2002  
(\$'000)

2001  
(\$'000)

### Summary

Financial assets	17,976	17,911
Financial liabilities	90,072	89,914

### 35.2 Credit risk exposure

Accounts receivable largely consists of timber debtors, for which deposits and securities equivalent to an average of 6 weeks deliveries are required to be lodged in favour of the Commission under timber contracts of sale. These deposits and securities are held in trust until the expiry or default of contracts. However, as at 30 June 2002, the value of overdue accounts exceeded deposits and securities by \$ 1.3million (2001 \$1.3million).

In addition to securities, protection of the Commission's interests is provided in that forest produce is the property of the Crown until forest produce charges are paid. In the instance of default of payment, forest produce may be seized and disposed of under a statutory retention right.

The Commission's credit risk exposure at 30 June 2002 is illustrated by the aged debtors table below:

	2002 Number of customers	2002 Value overdue <sup>1</sup> : (\$'000)	2001 Number of customers	2001 Value overdue <sup>1</sup> : (\$'000)
1 to 30	28	1,419	53	823
31 to 60	12	853	38	779
Greater than 60	44	1,431	41	921
All overdue accounts	<b>84</b>	<b>3,703</b>	<b>132</b>	<b>2,523</b>

<sup>1</sup>Overdue beyond the Commission's 30 day trading terms.

The likelihood of recovery as at 30 June 2002, was estimated and factored into the amount of \$707,000 (2001 \$57,000) provided for doubtful debts (refer note 18).

### 35.3 Fair values

The carrying amount of financial assets and financial liabilities recorded in the financial statements are not considered materially different from their fair values, determined in accordance with the accounting policies disclosed in Note 2 to the financial statements, in particular Note 2.21

The Commission's borrowings of \$80.076M (2001 \$75.748M) from the Western Australian Treasury Corporation (WATC) have been assessed by the WATC to have a net fair value of \$84.916M (2001 \$82.442M) as at 30 June 2002. The net fair value of a financial liability is the amount at which the liability could be settled in a current transaction after allowing for the premium required if debt is settled prior to the due date.

	2002 (\$'000)	2001 (33 weeks) (\$'000)
<b>36 Taxation equivalent</b>		
The prima facie income tax equivalent <sup>1</sup> on pre-tax accounting profit reconciles to the income tax equivalent in the statement of financial performance as follows:		
Profit/(Loss) from ordinary activities before income tax equivalents	15,468	(352)
Income tax equivalent expense calculated at 30% (2001 34%) of operating profit	4,640	(120)
<i>Permanent differences: (refer Note 2.18)</i>		
Non-deductible legal expenses	-	1
Non-deductible travel expenses	7	4
Research and development concession	(78)	(225)
Devaluation of natural resource assets	367	3,502
Depreciation on forest infrastructure	(210)	-
Portion of fundamental error due to error in revaluation of natural resource assets	(966)	-
Capitalised Plantations reforestation program expenditure	(1,556)	(1,187)
Change in tax rate 2001-2002	(46)	89
Income tax equivalent expense attributable to profit from ordinary activities	<b>2,158</b>	<b>2,063</b>
Income tax equivalent expense comprises movements in:		
Provision for tax equivalent expense	250	2,728
Provision for deferred tax equivalent expense	2,256	10
Future tax equivalent expense benefit	(348)	(675)
Total income tax equivalent expense	<b>2,158</b>	<b>2,063</b>
	<b>2002 (\$'000)</b>	<b>2001 (\$'000)</b>
<i>Deferred tax assets (refer Note 2.18)</i>		
Future income tax benefit - timing differences	1,023	675
Reconciliation:		
Reconciliations of the carrying amounts of future income tax equivalent benefits at the beginning and end of the current financial period are set out below.		
Carrying amount at start of period	675	-
Amount arising during the period	348	675
Carrying amount at end of period	<b>1,023</b>	<b>675</b>
<i>Deferred tax liabilities (refer Note 2.18)</i>		
Provision for deferred income tax equivalent liabilities	2,266	10
Reconciliation:		
Reconciliations of the carrying amounts of deferred income tax equivalent liabilities at the beginning and end of the current financial period are set out below.		
Carrying amount at start of period	10	-
Amount arising during the period	2,256	10
Carrying amount at end of period	<b>2,266</b>	<b>10</b>
<i>Provision for income tax equivalent expense</i>		
Provision for income tax equivalent at start of period	2,728	-
Income tax equivalent expense paid in period	(2,869)	-
Income tax equivalent expense for the period	2,158	2,063
Effect of future income tax equivalent benefit arising in the period	348	675
Effect of provision for deferred income tax equivalent arising in the period	(2,256)	(10)
Provision for income tax equivalent expense at end of period	<b>109</b>	<b>2,728</b>

<sup>1</sup>Western Australian National Taxation Equivalent Regime - refer note 2.18

	2002 (\$'000)	2001 (\$'000)
<b>37 Provision for statutory dividend</b>		
Requested statutory dividend	-	1,668

	2002 (\$'000)	2001 (33 weeks) (\$'000)
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### 38 Remuneration of Members of the Accountable Authority and Senior Officers

#### *Remuneration of Members of the Accountable Authority*

The number of Members of the Accountable Authority (Commissioners) whose total of fees, salaries, superannuation<sup>1</sup> and other benefits received, or which are due and receivable, for the financial year (2001 33 week period) which fall within the following bands, is as follows:

\$	2002	2001
5,000 - 10,000	-	6
10,000 - 20,000	4	1
20,000 - 30,000	2	-
30,000 - 40,000	1	-
	<b>7</b>	<b>7</b>

The total remuneration of Members of the Accountable Authority for the financial period was:

<b>129</b>	<b>58</b>
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<sup>1</sup>No Commissioner is a member of the Pension Scheme.

#### *Remuneration of Senior Officers*

The number of Senior Officers (members of the Commission's Corporate Executive), other than Members of the Accountable Authority, whose total of fees, salaries, superannuation and other benefits received, or which are due and receivable, for the financial year (2001 33 week period) which fall within the following bands is as follows:

\$	2002	2001
20,000 - 30,000	2	-
50,000 - 60,000	-	4
70,000 - 80,000	1	-
90,000 - 100,000	-	1
100,000 - 110,000	2	-
150,000 - 160,000	1	-
	<b>6</b>	<b>5</b>

The total remuneration of Senior Officers for the financial period was:

<b>493</b>	<b>308</b>
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### 39 Related/affiliated bodies

The Commission has no "related" or "affiliated" bodies as defined by TI 951 (3) to (6)

### 40 Remuneration of auditor

The total fees due and payable to the Auditor General for the financial period is as follows:

Auditing the accounts, financial statements and performance indicators	44	40
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	2002 (\$'000)	2001 (33 weeks) (\$'000)
<b>41 Funds held in trust</b>		
Funds held in trust <sup>1</sup> on behalf of customers/suppliers as security on logging contracts. These funds are repayable to customers on completion of the contract.		
Opening Balance	123	-
Receipts <sup>2</sup>	762	123
Payments	-	-
Closing Balance	885	123

<sup>1</sup>Trust funds do not form part of the assets of the Commission, and are held in a separate trust fund established for that purpose. Interest accruing on these funds accumulates for the benefit of customers/suppliers.

<sup>2</sup>\$694,000 of the current year receipts is attributable to a transfer from CALM this financial year, relating to deposits on hand prior to 16th November 2000

#### 42 Supplementary information

42.1 Write-offs	Nil	Nil
42.2 Losses through theft, defaults and other causes	Nil	Nil
42.3 Gifts of public property	Nil	Nil

#### 43 Segment information

Segment information has been disclosed by output.

The two key segments of the Commission are:

##### Segment 1: Native Forest Operations Division

The Native Forest Operations Division is responsible for the planning, harvesting and sale of forest products from indigenous forests on State owned land.

##### Segment 2: Plantations Operations Division

The Plantation Operations Division has three main operating arms - the Plantation Branch which covers State-owned plantations; the Sharefarms Branch, which has the responsibility of sharefarming agreements with landowners; and the Propagation Branch, which produces seedlings for internal needs as well as for external customers.

The Commission operates within one geographical segment (Western Australia).

	2002			2001 (33 weeks)		
	Total (\$'000)	Native Forests (\$'000)	Plantations (\$'000)	Total (\$'000)	Native Forests (\$'000)	Plantations (\$'000)
<b>REVENUE</b>						
<b>Revenues from ordinary activities</b>						
Revenue from Natural resource assets	108,566	59,823	48,743	78,356	54,210	24,146
Correction of fundamental error	10,205	3,800	6,405	-	-	-
Revenue from commercial sharefarm operations	3,550	-	3,550	10,382	-	10,382
Commonwealth grants & contributions	185	-	185	7	-	7
Other revenue	163	102	62	106	77	29
Increment in net market value of natural resource assets and forest infr.	22,339	22,339	-	-	-	-
Non operating other revenue	1,428	67	1,361	1,297	13	1,284
Inter-divisional sales	2,793	-	2,793	3,756	-	3,756
<b>Total revenue from operating activities</b>	<b>149,229</b>	<b>86,131</b>	<b>63,099</b>	<b>93,904</b>	<b>54,300</b>	<b>39,604</b>
<b>EXPENSES</b>						
<b>Expenses from ordinary activities</b>						
Decrement in net market value of natural resource assets and forest infr.	23,562	-	23,562	10,295	8,337	1,958
Expenses from natural resource assets	54,426	29,215	25,212	35,909	25,187	10,722
Employee expenses	11,950	6,138	5,812	7,855	3,766	4,089
Supplies and services	34,265	19,872	14,393	34,109	12,816	21,293
Depreciation expense	1,952	271	1,681	628	120	508
Borrowing costs expense	6,405	1,186	5,219	4,798	1,703	3,095
Administration expenses	1,142	403	739	343	232	111
Accommodation expenses	559	297	262	319	176	143
<b>Total expenses from ordinary activities</b>	<b>134,261</b>	<b>57,383</b>	<b>76,880</b>	<b>94,256</b>	<b>52,337</b>	<b>41,919</b>
<b>Profit/(loss) from ordinary activities before grants and subsidies from Government</b>	<b>14,968</b>	<b>28,748</b>	<b>(13,780)</b>	<b>(352)</b>	<b>1,963</b>	<b>(2,315)</b>
Grants and subsidies from Government	500	500	-	-	-	-
<b>Profit/(loss) from ordinary activities before income tax equivalents</b>	<b>15,468</b>	<b>29,248</b>	<b>(13,780)</b>	<b>(352)</b>	<b>1,963</b>	<b>(2,315)</b>
Income tax equivalent expense	(2,158)	(1,763)	(395)	(2,063)	(4,781)	2,718
<b>Net profit</b>	<b>13,310</b>	<b>27,486</b>	<b>(14,175)</b>	<b>(2,415)</b>	<b>(2,818)</b>	<b>403</b>
Segment Assets	339,922	138,162	201,760	328,060	105,388	222,672
Unallocated Assets	-	-	-	-	-	-
<b>Total assets</b>	<b>339,922</b>	<b>138,162</b>	<b>201,760</b>	<b>328,060</b>	<b>105,388</b>	<b>222,672</b>
Segment liabilities	100,137	27,677	72,460	103,313	33,410	69,904
<b>Total liabilities</b>	<b>100,137</b>	<b>27,677</b>	<b>72,460</b>	<b>103,313</b>	<b>33,410</b>	<b>69,904</b>
Unallocated liabilities	-	-	-	-	-	-
<b>Total liabilities</b>	<b>100,137</b>	<b>27,677</b>	<b>72,460</b>	<b>103,313</b>	<b>33,410</b>	<b>69,904</b>
Return on total assets before natural resource assets revaluations and fundamental errors	3.79%	3.11%	4.26%	4.49%	11.39%	1.23%

	2002			2001		
	(\$'000)	(\$'000)	(\$'000)	(\$'000)	(\$'000)	(\$'000)
	Total	Native Forests	Plantns	Total	Native Forests	Plantns
<b>Acquisition of property, plant and equipment and other non-current segment assets</b>						
Transfers from other government departments	54	52	2	15,199	12,258	2,941
Additions	301	153	148	569	350	219
<b>Non-cash revenues/ expenses other than depreciation:</b>						
Non-cash revenues:						
- Increment in net market value of Natural resource assets	22,339	22,339	-	-	-	-
Total non-cash revenues	22,339	22,339	-	-	-	-
Non-cash expenses:						
- decrement in net market value of Natural resource assets	23,562	-	23,562	10,295	8,337	1,958
Doubtful debts expense	650	113	537	57	54	3
Amount for income tax equivalents	2,158	1,763	395	2,063	4,781	(2,718)
Total non-cash expenses	26,370	1,876	24,494	12,415	13,172	(757)
Net non-cash revenues/(expenses)	(4,031)	20,463	(24,494)	(12,415)	(13,172)	757

2002

2001  
(33 weeks)

#### 44 Advertising and communication expenditure

Information required in terms of S175 ZE of the Electoral Act (1907)

##### Advertising expenditure:

Supplier:	Service:		
Marketforce Productions	Tenders/Auctions/Vacancies	21,346	24,967
Executive Media Pty Ltd	Tenders/Auctions/Vacancies	1,636	1,018
Media Decisions - TV Advertising	TV Advertising Sharefarms	10,125	11,961
Company Directors	Tenders/Auctions/Vacancies	2,000	-
Premier and Cabinet	Tenders/Auctions/Vacancies	4,821	-
Sector Vision Consulting	Tenders/Auctions/Vacancies	2,625	-
Sundry other (less than \$1,500.00 per supplier) Various		5,339	-
Total		<b>47,892</b>	<b>37,946</b>

##### Consultancy:

Supplier:	Service:		
One 2 One Communications	Communication consultants	47,510	82,668
Total		<b>47,510</b>	<b>82,668</b>

#### 45 Additional information

The following additional information is provided in terms of the requirements of AASB1034 5.1

**Domicile and legal form:**

The Forest Products Commission is a Government Trading Enterprise domiciled in Western Australia.

**Principal office:**

Level 1/117 Great Eastern Highway, Rivervale, Perth, Western Australia, Australia

**Operations and principal activities:**

The Forest Products Commission is responsible for the commercial production, allocation and sale of forest products from Western Australia's native forests and from State-owned and managed plantations.

**Parent entity:**

Government of Western Australia.

**Number of employees at year end:**

	2002	2001
Number of employees <sup>1</sup> :	187	199

<sup>1</sup>Refer Our People report in Volume 1.