

Review

During our first two years the Forest Products Commission has been working hard to deliver on major elements of government policy.

Significant milestones were achieved during 2002/03 in the development of new plantations for timber and environmental services such as salinity, erosion control and carbon sequestration, and in the establishment of a new manufacturing industry, particularly furniture, using the State's wonderful South-West timbers.



First export shipment of pine logs for Pentarch Forest Products is readied at the port of Bunbury.

In the area of plantations and tree farming, the Commission unveiled its new brand, Infinitree™. The brand, launched by the Premier of Western Australia, Dr Geoff Gallop, on 6 June 2003, is the new public face of the Commission's tree farming program. Infinitree now provides the Commission with an identifiable image to attract external investment and a focus for our interaction with farming communities. Use of the Infinitree brand will also help to promote the benefits of tree farming amongst the broader Western Australian community. A full description of Infinitree is contained on page 16.

The timing of Infinitree coincides with the successful completion of what was Australia's first major bluegum project for an overseas investor. In 1993, the State Government successfully attracted new investment into bluegum plantations through Albany Plantation Forestry Limited (APFL), representing a consortium of investors from Japan. The Share Farming units of the Department of Conservation and Land Management (DCLM) were set the task of planting 20,000 hectares of bluegum for APFL over ten years. As part of the Commission, those units have not only completed this task, but exceeded it, and by the time the last planting transpires during the 2003 winter, a total of 23,724 hectares will have been planted for APFL in the Albany region. During

this time, the Share Farm units and the Plant Propagation Branch have demonstrated an ability to develop new ways of operating in partnership with agricultural land owners, building methods for efficient mass production of seedlings, and an ability to deliver on commitments to an external investor. This winter, the last year of work for APFL, will be a moment of sadness for some, but will also be recognised as the completion of a great achievement.

The year 2002/03 also saw the start-up of pine log exports from Commission plantations. This also signalled an important milestone in the development of Western Australia's plantation industry. A market for log exports provides growers with an opportunity to sell log grades and quantities that are surplus to the needs of local industry. An agreement between the Commission and Pentarch Forest Products has led to the building of log export facilities at Bunbury, and it is hoped, shortly at Albany.

In the area of South-West timbers, the Commission continued to work closely with other agencies to achieve government policy, the development of high-value manufacturing from the timber volumes authorised under the next Forest Management Plan. This has been a lengthy and stressful time for communities and agencies, but we have been extremely pleased with the level of interaction with

companies, industry bodies and community groups to try and achieve the best possible outcome from the available timber volumes. During this time, we have seen Western Australia's furniture industry continue to grow in terms of its confidence in its ability and the quality of its product. Western Australia dominated the national furniture awards in November 2002, an event that the Commission was proud to support. The 2003/04 financial year will see the finalisation of new contracts and the start of new investment by the sawmilling and furniture industry, and we look forward to a close, ongoing relationship during this time.

As the detail in the later section of this report highlights, the Commission has shown a solid financial result with an operating profit and dividend payment to government in line with budget expectations.

During a time of reducing revenue from native forests, and an expansion phase for tree farming, this reflects on the quality of financial management in all divisions of the agency. The bottom line profit and loss result continues to be influenced by the sensitivity of standing timber valuation, and this is explained in detail in the financial reports.

Other notable achievements include:

- a very good health and safety performance for the year
- increases in local sandalwood processing for its oil, along with innovations in sandalwood harvesting and regeneration methods; and
- continuing good results from external audits of our ISO 14001 Environmental Management System.

These achievements have been accomplished through the effort and dedication of staff throughout the Commission. Our staff continue to operate at the highest levels, running the finance and commercial systems, managing operations on the ground, and at the same time, contributing to the protection of lives, property and forest values during another busy and dangerous fire season. The State of Western Australia has reason to be proud of their efforts.



Murray Jorgensen
CHAIRMAN



Paul Biggs
GENERAL MANAGER



Loading harvested bluegum for transport.