



Minister for Water; Sport and Recreation; Forestry

Our ref: 52-08864

Hon Rick Mazza MLC
Chair
Estimates and Financial Operations Committee
Parliament House
PERTH WA 6000

Dear Chair

Rick

2015/16 ANNUAL REPORT HEARINGS – ADDITIONAL QUESTIONS

Thank you for your letter dated 1 November 2016 regarding questions taken on notice and an additional question for the Forest Products Commission.

Please find attached the responses from the Forest Products Commission with the answer to the additional question asked by Hon Sally Talbot MLC.

An extension was granted to provide the answers to the Committee by Friday 18th November 2016.

Yours sincerely

Hon Mia Davies MLA
MINISTER FOR WATER

Att

17 NOV 2016

ESTIMATES AND FINANCIAL OPERATIONS COMMITTEE

Forest Products Commission

Hon Sally Talbot asked:

1) Supplementary Information No. F1

a) What is the value of the remaining 2,900 hectares at Northcliffe?

Answer: It is estimated that about 700,000 cubic metres of karri timber were severely affected by the 2015 Northcliffe fire. A suitable market has yet to be identified and therefore it is not possible to provide a financial value of the timber. The cost to regenerate this area is estimated at \$7.5 million

b) What is the potential value of that, if you can find buyers for the salvaged timber?

Answer: Based on potential low grade markets it is be expected that this timber could be supplied for \$25 - \$30 million including harvest and delivery costs.

Hon Sally Talbot asked:

2) Supplementary Information No. F2

a) Given that it is a new program, what are your projections for the next 12 months or the next five years?

Answer: The development of a trainee program will hopefully evolve into a progressive improvement in employment opportunities for Aboriginal people in the broader forest industry. The short term objective is to increase Aboriginal employment in the Forest Products Commission.

b) How would you like to see a program like this operating? Aboriginal traineeships

Answer: The FPC's Workforce and Diversity Plan 2014 – 19 identified that the Forest Products Commission does not have staff who identify themselves as being Aboriginal. The Aboriginal traineeship program is part of our broader objective to provide employment opportunities to all sectors of the community. Over time the Forest Products Commission would like to see a change in its diversity profile (as well as the broader the timber industry workforce) to see inclusion of greater numbers of Aboriginals and other groups.

Hon Alanna Clohesy asked:

3) Supplementary Information No. F3

When did the Treasurer provide the Commission with an indication that Treasury was no longer considering selling a component of the Forest Products Commission?

Answer: Budget Paper No.3 was presented to the Legislative Assembly on 12 May 2016 stating (page 52):

"Forest Products Commission

A review has been undertaken to provide additional information, legal analysis and a risk assessment of a potential sale of the Forest Products Commission's softwood plantation assets. Based on this analysis, it is proposed not to progress the sale of softwood plantation assets at this time. However, additional recommendations and actions to improve operational efficiencies and risk management will be pursued."

Hon Alanna Clohesy asked:

4) Supplementary Information No. F4

a) When did the Treasurer provide the commission with formal advice?

Answer: Formal advice was provided by the Minister for Forestry who wrote to the Chairman of the Forest Products Commission informing him of that decision on 12 May 2016.

b) When did the Treasurer provide the commission with advice initially to ready itself for divestment? When did that occur?

Answer: It is understood that the Treasurer's intention was only that the Forest Products Commission be investigated for sale. On 14 May 2015 it was announced that the Forest Products Commission (among several government assets) had been identified for further investigation as part of the second tranche of the government's asset sales program.

The Chair asked:

5) Supplementary Information No. F5

a) If you can provide for us the actual shortfall in the number of power poles.

Answer: In 2015/16 the Forest Products Commission produced approximately 10,500 poles but is not aware of the total quantity of poles used in Western Australia.

b) The percentage of the total power poles that Western Power uses.

Answer: The Commission is not aware of the total number of poles used by Western Power.

c) How many cubic metres or the actual value of a power pole?

Answer: Power poles contain about on average 1 cubic metre of wood. The Commission's average selling price for poles is approximately \$140 per pole.

Hon Sally Talbot asked:

6) Supplementary Information No. F6

As of today, what is the current potential shortfall of pine resources by volume and value?

Answer: In accordance with Section 82 Financial Management Act 2006, this information is commercial-in-confidence and unable to be disclosed.