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Minister for Water; Forestry

Our ref: 52-02011

Hon Ken Travers MLC
Chair
Estimates and Financial Operations Committee
Parliament House
PERTH WA 6000

Dear Chair

QUESTIONS PRIOR TO HEARING – 2013/14 AGENCY ANNUAL REPORT HEARINGS

Thank you for your letter dated 9 October 2014 regarding Questions Prior to Hearing submitted by Members of the Legislative Council for the Forest Products Commission.

Please find attached the responses from the Forest Products Commission.

Yours sincerely

Hon Mia Davies MLA
MINISTER FOR FORESTRY

Att

27 OCT 2014

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ESTIMATES AND FINANCIAL OPERATIONS COMMITTEE

QUESTIONS ON NOTICE SUPPLEMENTARY INFORMATION

Wednesday, 5 November 2014

Forest Products Commission

Hon Lynn MacLaren MLC asked –

(1) *I refer to the "Executive Summary" on page 5 of the Annual report and "Significant issues impacting the agency" on page 22 of the Annual Report, and ask -*

(a) As the clearing of the Gnangara mound continues, what should be done for supply of softwood? Where will land be found?

Answer: The decision to clear pines from the Gnangara Mound was made in 1996.

There is likely to be a reduction in the supply of softwood from State plantations and the Forest Products Commission (FPC) will continue working with industry to ensure that there are State-wide strategies for plantation development.

(b) What is the central forest region being utilised for softwood plantations? Where will there be expansion of plantation estate? What time frame and how much land will this expansion require?

Answer: Softwood from the central forest region is largely being supplied to Wespine (sawlogs) and Laminex (industrial wood). Timber surplus to their requirements is sold to smaller local markets and for export. The FPC is replanting State land with pines.

Options to maintain the plantation estate are currently under evaluation. The rate of any new planting will need to be linked to future demand for timber. Additional timber would only become available 12 years after planting for industrial wood and 20+ years after for sawlogs.

(c) *What major sawmilling and timber processing business closed? What were the factors leading to that closure?*

Answer: Blueleaf Corporation Pty Ltd t/as Whittakers Timber Products indicated in June 2013 that it would close. At the time the Company expressed concern about a number of resource and market issues prior to their announcement of closure.

(d) *What is the change in the international market price of hardwood woodchips, per year, over the past ten years? What are the factors behind the decline in this international market price?*

Answer: Hardwood chips are an internationally traded commodity and are subject to fluctuations associated with the competitive forces. The emergence of a number of suppliers (such as Vietnam) delivering into the two main markets (Japan and China) has increased competition on the supply side. More recently demand has also weakened. The FPC's pricing arrangements for woodchips also changed under the new contract commencing in 2014.

The prices over the past 10 years are indicated in the table below.

Average Price ($/bone dry tonne)

	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
WA	N/A	$172	$171	$175	$199	$202	$201	$201	$181	$187
Australia	$158	$161	$160	$167	$187	$181	$180	$182	$173	$163

Prices are reported by ABARE's (2014) Australian Forest and Wood Products Statistics – September and December quarters 2013

(e) *What steps can the FPC take to increase the value of hardwood beyond the international market for woodchips? and (f) What new markets is the FPC identifying?*

Answer: The FPC is exploring options for the sale of hardwood resources and for the development of new processing industries, including veneers, engineered wood products, charcoal and energy.

(2) *I refer to the "Agency overview" on page 10 of the Annual Report, and ask where are the statistics on gender diversity across the management tiers in the Department?*

Answer: Refer to page 28 of the Annual Report.