



Minister for Water; Forestry

Our ref: 52-02234

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

Dear Chair

QUESTIONS TAKEN ON NOTICE – 2013/14 AGENCY ANNUAL REPORT HEARINGS

Thank you for your letter dated 11 November 2014 regarding Questions Taken on Notice submitted by Members of the Legislative Council for the Forest Products Commission.

Please find attached the responses to the questions raised regarding the Forest Products Commission. There are 12 attachments that are being provided, but as some of these are in excess of 150 pages I have provided electronic copies.

Yours sincerely

Hon Mia Davies MLA
MINISTER FOR WATER; FORESTRY

Att

PUBLIC
23/02/15

**ESTIMATES AND FINANCIAL OPERATIONS COMMITTEE
QUESTIONS ON NOTICE SUPPLEMENTARY INFORMATION**

Wednesday, 5 November 2014

Forest Products Commission

Hon Rick Mazza asked –

1. Can the FPC provide the detail of any Pest Animal Control programs?

Answer: For native forests operations the Forest Products Commission (FPC) supplement the Department of Parks and Wildlife's fox baiting programme in areas where they determine that additional baiting is necessary to mitigate the risk of increased predation due to harvesting.

For sandalwood operations the FPC has a program of laying 700 kilograms of 1080 oat baits in 120 kilometres of trails in the Diemals and Lake Deborah vicinities for the reduction of rabbits.

For plantation operations the FPC undertakes operations to comply with the *Agriculture and Related Resources Protection (European House Borer) Regulations 2006*.

2. In regard to the FPC's Indemnity Insurance Policy for Board Members -

a) What is the excess payable on claims?

Answer: There is no excess payable on our current policy.

b) Where the policy is accessed due to negligence of a Director or Board Member, who is responsible for paying that excess?

Answer: Not applicable.

Hon Lynn MacLaren MLC asked –

3. I refer to page 22 of the Annual Report, "Significant issues impacting the agency", and ask –

a) Were any plantations established in 2013?

Answer: The FPC established 1 820 hectares of second rotation pine on existing plantation estate.

b) How is the FPC statement correct, that there is a decline in hardwood prices? While these figures are for hardwood wood chips from Tasmania, they surely wouldn't be different for WA hard wood?

c) Can you table the evidence for the decline in the international market price of hardwood wood chips?

Answer (b-c): Over the 10 years until 2014 the FPC's sales pricing for hardwood woodchips had been indexed by the consumer price index. By 2013 this had resulted in FPC's price being out of alignment with the international price. Sales in 2014 have been realigned to international pricing resulting in a significant adjustment. In the six months to December 2013 it was approximately \$70 per tonne, and in the six months to June 2014 it was \$52 per tonne. Supplementary Information No B2 provides the published international prices for woodchips.

4. *I refer to Page 38 of the Annual Report, with reference to contracts the FPC has or has had with Soil Association Woodmark, which conducted the consultation on the draft management plan for the karri forest, and ask –*
- a) *How much has Soil Association Woodmark been [paid] and on what dates under its contract awarded 27th November 2012 with a final expiry date 30th June 2013 or any other contract?*

Answer:

Date on invoice	Description	Amount (\$)
10/01/2013	Pre-certification assessment	6 950
11/03/2013	Main audit	13 943

- b) *Since 1st July 2013 how much has been and on what dates and how much remains to be paid to Soil Association Woodmark?*

Answer: The table below details how much Soil Association Woodmark has been paid since 1 July 2013. No commitments to pay additional costs have been made at this point.

Date on invoice	Description	Amount (\$)
9/09/2013	Additional expenses from pre and main audit	4 439
9/09/2013	CAR follow up audit	8 500
31/10/2013	Additional expenses from CAR follow-up audit	894
22/04/2014	CAR desk-based audit	2 200
12/06/2014	CAR field audit and undercharge from desk-based audit	15 666
6/10/2014	Additional expenses from CAR field audit	8 325

5. *I refer to page 40 of the Annual Report – Operational performance - South West native forests – A request for proposal process was completed to identify new markets for timber products. The process resulted in 76 new sales contracts being allocated to 48 regional and rural businesses, predominantly in the South West region. Importantly, a number of these proposals identified new options for residue timber products.*

- a) *What are the residue timber product options?*
- b) *Are these about biofuels or energy production?*

Answer (a-b): For firewood, charcoal production, energy generation, biofuels and animal bedding.

- c) *Isn't it time for the government to see other economic and social benefits? Tourism, improved rainfall, mitigation of climate change effects?*

Answer: The Forest Management Plan (FMP) 2014 – 2023 provides a balance between social, economic and environmental outcomes, including forest-based recreation and climate change. These were examined during the preparation and consultation processes used in the development of the FMP.

6. *I refer to page 40 of the Annual Report – Operational performance - South West native forests – karri regrowth, which states - There will be an increasing proportion of logs produced from even aged regrowth forests.*

a) *How will this effect forest health and habitat availability?*

Answer: Sound forest management practices are beneficial to forest health, particularly when faced with reducing rainfall. For example, thinning of forest has been considered to reduce the risk of “*declining tree health or tree mortality and ameliorating impacts on important aquatic ecosystems.*”¹

Habitat values are managed at three scales under the FMP.

- Whole of forest scale. Forest areas are included in major reserve systems covering the full range of forest types and conditions. Nearly 54 per cent of the karri forest is protected in this manner.
- Landscape scale. More localised areas which contain specific values that are protected through informal reserves comprising a further 12.5 per cent of the karri forest.
- Local scale. Within areas to be disturbed, specific values which provide habitat diversity or will take a long time to replace (such as old trees), are protected.

This regime maintains a high level of continuity of habitat values.

b) *What changes in technology and processing systems will be used?*

Answer: The development of technologies suited to processing smaller regrowth logs will be evaluated in relation to the resource, current and prospective markets as well as the available and emerging technologies. Karri regrowth logs appear to be highly suited to peeling technology, and are already being supplied for the manufacture of high strength laminated veneer lumber used in a range of construction applications. It has also been assessed as being suitable for use in engineered strand lumber, an engineered wood product.

7. *I refer to page 140 – Appendix 6 of the Annual Report – Log production from Crown land and private property in 2013-14 and ask –*

a) *What are the firewood and charcoal figures for the volume of wood the FPC anticipates generating from the planned logging each of Mowen 1 and Mowen 2?*

Answer: In excess of 5 000 cubic metres of other bole and residue products is expected.

b) *What other products will the FPC get from logging Mowen 1 and Mowen 2?*

Answer: The other products include first and second grade sawlog equivalent (delivered as bole sawlog and/or General Purpose sawlog).

c) *For each of these other products, what is the volume of wood from each of Mowen 1 and Mowen 2?*

Answer: Approximately 7, 000 cubic metres of first and second grade sawlog equivalent (delivered as bole sawlog and/or General Purpose sawlog).

¹ *Vulnerability of Forests in South-West Western Australia to Timber Harvesting Under the Influence of Climate Change* (2010) Maher et al.

8. *I refer to the Auditor General's Report 10, June 2013 – Supply and Sale of Western Australia's Native Forest Products - For records of incidents in relation to Fauna Habitat Zones management, how are incidents logged? By whom?*

Answer: The FPC operates an Environmental Management System (ISO 14001). This system identifies incidents which could have an impact on environmental and other outcomes. These incidents are recorded by FPC staff on a form, FPC80 – Incident / Non Compliance Report. Some incidents may be identified by officers from the Department of Parks and Wildlife. These incidents are also logged on this form. Incidents rated moderate and above are reported fortnightly to FPC's Executive.

9. *I refer to the Auditor General's Report 16, November 2013 Opinions on Ministerial Notifications - On the Ministerial decision not to provide information to Parliament in relation to contracts of sale with the Forest Products Commission, page 10, the AG found:*

...the advice from FPC to the Minister was deficient in that it:

- *failed to accurately reflect the contents of the non-disclosure clause in the contracts of sale. Specifically, that documents and other information related to the contracts can be made available to Parliament, and that some contract award information is made publicly available on Tenders WA;*
- *incorrectly advised there is no requirement at law for the requested information to be tabled. This advice did not reflect the requirements of section 81 of the Financial Management Act 2006;*
- *gave no reason for why the contracts of sale could not be tabled with commercially sensitive information redacted. The advice only referred to providing copies of the contracts with commercially sensitive information redacted if an application was made under the Freedom of Information Act 1992*
- *did not identify what contract information was considered commercially sensitive;*

Had the Minister accepted a recommendation by FPC to table the contracts with commercially sensitive information redacted, then our (OAG) investigation would have required us to further assess:

the tests and reasoning used to determine what is commercially sensitive information

the logic used to conclude that commercial disadvantage outweighed the public interest.

- a) *What changes have there been to address the second point, on providing correct advice on legal requirements on tabling information and reflecting the requirements of section 81 of the Financial Management Act 2006?*

Answer: The Office of the Auditor General provided a clarification in a subsequent report on Ministerial decisions – “*Opinion on Ministerial decision not to provide information to Parliament about funding for some - tourism events, Report 3: March 2014. Clarification relating to Report 16 November 2013 – Ministerial Decision not to provide information to Parliament in relation to contracts of sale with the Forest Products Commission – Page 6.*”

The Office of the Auditor General's clarification was as follows:

“Following tabling of the above report, it was drawn to our attention that the following wording could incorrectly suggest that we had formed the view that a Minister has a legal obligation to table documents.

“[The Commission] incorrectly advised there is no requirement at law for the requested information to be tabled. This advice did not reflect the requirements of section 81 of the Financial Management Act 2006.”

On reflection we agree that this wording, read in isolation, could convey an incorrect interpretation. The wording was intended to highlight the deficiency in advice provided to the Minister in that it did not refer to the expectation, reinforced by section 81 and 82 of the Financial Management Act 2006, that Parliamentary Questions would ordinarily be answered. It was not and is not our view that the Minister has a legal obligation to table the documents.”

- b) *What changes have there been in the FPC on providing information it considers to be commercially sensitive?*

Answer: The Minister for Forestry has recently tabled contracts in Parliament with the commercially sensitive information redacted.

- c) *How does the FPC view the public interest in these matters? To what degree does the FPC recognise that protection of forests and forest resources are of great interest to the WA public?*

Answer: The FPC understands that there is significant public interest in these matters. It has been actively engaged in the public consultation processes for the two most recent forest management plans, as well as for annual harvest plans and community forest inspections. The FPC also regularly consults the general public and its neighbours prior to commencing new operations.

- d) *The response for the FPC, on page 11, further discusses its concerns with contract negotiations, but not the question of public interest. How does the FPC assess the public interest in these cases or such questions in parliament?*

Answer: The FPC adopts the principle that in general there is public interest in transparency in the nature of its business transactions. The nature of these arrangements, including the quantities and types of timber contracted to individual companies and the standard commercial terms for timber sale, are fully disclosed. The FPC advertises and reports on the sale of forest products through the Tenders WA website. There are, however, some commercial matters that are specific to individual companies which, if disclosed, may adversely affect that company.

10. *For each of the contracts of sale for plantation products entered into by the FPC, will the minister please provide:*
- a) *Contract name*
 - b) *Contract number*
 - c) *Product (species and grade)*
 - d) *Quantity per annum*
 - e) *Current expiry date and*
 - f) *Final expiry date?*

Answer: Refer Attachment 1.

11. *Does the FPC have a contract of supply to fall, haul and transport native forest and/or plantations products with Giovanetti Transport Pty Ltd? If yes, please provide the:*
- a) *Contract name*
 - b) *Contract number*
 - c) *Product (species and grade)*
 - d) *Quantity per annum*
 - e) *Current expiry date and*
 - f) *Final expiry date?*

Answer: No, Giovanetti Transport Pty Ltd does not have a contract to fall, haul and transport native forest and /or plantations products.

12. *With reference to the FPC's announcement on its website that it had developed a draft management plan for karri forest and invited comment on the document, please supply the text in full of the announcement for the versions of the Plan released on the following dates:*

- a) *11th September 2013*

Answer: Refer Attachment 2

- b) *11th October 2013*

Answer: Refer Attachment 3

- c) *25th October 2013*

Answer: Refer Attachment 4

- d) *17th July 2014*

Answer: Refer Attachment 5

- e) *20th August 2014*

Answer: Refer Attachment 6

13. *Given that each version of the Karri Forest Management Plans placed on the FPC's website was accompanied by reference documents and maps that were later removed, would the Minister please supply copies of the reference documents and maps placed on the FPC website with the versions of the Plan released on the following dates:*

- a) *11th September 2013*

Answer: Refer Attachment 7

b) 11th October 2013

Answer: Refer Attachment 8

c) 25th October 2013

Answer: Refer Attachment 9

d) 17th July 2014

Answer: Refer Attachment 10

e) 20th August 2014

Answer: Refer Attachment 11

PUBLIC