

*Supplementary Information No B1: Hon Rick Mazza asks -**How many hectares of plantations are planted on environmentally sensitive areas?*

Answer: A range of areas were declared in 2005 to be Environmentally Sensitive Areas under the *Environmental Protection Act 1986*. This included the area of Crown land encompassing the Gngangara Mound. These plantations are currently being removed and approximately 11,000 hectares remain.

*Supplementary Information No B2: Hon Lynn MacLaren asks -**Provide with the change over the last ten years in the international market price of hardwood woodchips per year?**Also what are the factors behind the decline in the international market price of hardwood woodchips?*

Answer: The Australian Bureau of Agriculture and Resource Economics (ABARES) reports on the quantities of woodchip sold and their pricing. The table for Western Australian woodchips exported below is sourced from ABARES publication "*Australian Forest and Wood Products Statistics: March and June Quarters 2014*." The information for 2013 and 2014 is not available.

| | 2006 | 2007 | 2008 | 2009 | 2010 | 2011 | 2012 |
|----------------------|----------|----------|----------|----------|----------|----------|----------|
| Price per k/t | \$212.10 | \$170.96 | \$208.79 | \$189.60 | \$217.45 | \$172.32 | \$193.40 |

The international trade in hardwood woodchips has become increasingly competitive as supplies from South East Asia and South America have become more available. The 2011 tsunami in Japan damaged a number of pulp and paper plants, significantly affecting demand for woodchips for some time.

*Supplementary Information No B3: Hon Lynn MacLaren asks -**Do we have any further materials that indicate what you have done in this direction to brand our unique species?**What work have you done there?*

Answer: The timber industry undertakes promotional activities in relation to timber products.

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Supplementary Information No B4: Hon Ken Travers asked –

Provide a list of the operating profits over the last four years. Reconciliation with corporate

Answer: In each of the previous three years each of the forest sectors has operated profitably after the allocation of corporate costs.

Operating Profit²

| | South West Native Forest | Plantations | Sandalwood | Corporate | Total |
|----------------------|-------------------------------------|--------------------|-------------------|------------------|--------------|
| 2011 | | | | | |
| Operating Profit | 4 173 | 11 693 | 3 220 | (14 072) | 5 014 |
| Corporate Allocation | (2 846) | (2 373) | (1 413) | 6 632 | |
| Profit (Loss) | 1 327 | 9 320 | 1 807 | (7 440) | 5 014 |
| 2012 | | | | | |
| Operating Profit | 3 869 | 3 753 | 5 905 | (1 376) | 12 151 |
| Corporate Allocation | (1 896) | (1 581) | (941) | 4 418 | |
| Profit (Loss) | 1 973 | 2 172 | 4 964 | 3 042 | 12 151 |
| 2013 | | | | | |
| Operating Profit | 2 679 | 1 930 | 7 865 | (7 917) | 4 557 |
| Corporate Allocation | (2 152) | (1 802) | (1 075) | 5 029 | |
| Profit (Loss) | 527 | 128 | 6 790 | (2 888) | 4 557 |
| 2014 | | | | | |
| Operating Profit | (1 715) | 6 348 | 6 089 | (3 854) | 6 868 |
| Corporate Allocation | (2 197) | (1 885) | (1 002) | 5 029 | |
| Profit (Loss) | (3 912) | 4 463 | 5 087 | 1 230 | 6 868 |

The corporate segment provides corporate management, governance and business administration (human resources, contract administration and finance) support services to the operating arm of the business. Only a portion of these costs are allocated to the forest sectors.

The unallocated corporate costs includes activities of forest science, industry development, forest policy, Ministerial support, public information and stakeholder management. It also includes provision account movements and the proceeds received for settlement payments for wildfire and one off asset sales.

² Operating profit is the profit (or loss) before change in biological assets, onerous contracts and grants and subsidies from State Government.)

Supplementary Information No B5: Hon Ken Travers asked –

What is the cost of being a government trading enterprise?

Answer: The FPC does not separate its commercial from its non-commercial functions in its accounts therefore it is only able to provide an estimated cost of being a government trading enterprise. For FY 2014 this estimate is \$3 120 000. It is made up of the following functions:

- Forest Science and Industry Development
- Ministerial business
- Policy development
- Education, information and stakeholder management
- Government reporting

It was recommended in the Statutory Review of the *Forest Products Act 2000* that the FPC “retains responsibility for non-commercial activities and includes a full description of these in its annual Statement of Corporate Intent, identifying their cost, funding source and impact on the financial performance of the organisation.”

Supplementary Information No B6: Hon Peter Katsambanis asked –

Provide a response on all the action you have taken to address the issues raised in the June 2013 report [OAG Report]

Answer: The FPC’s progress on the implementation of the Report’s recommendations is contained in Attachment 12. The Public Accounts Committee has considered the Forest Product Commission’s response to the recommendations contained in *Report No. 10, 2013 Supply and Sale of Western Australia’s Native Forest Products* and has resolved to conclude its follow-up of the FPC.

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