



Forest Products Commission
Statement of Corporate Intent 2024-2025



About the FPC



Minister for Forestry

The record investment by Government of \$350 million dollars over ten years to secure WA's softwood pine plantations is moving into an exciting phase of growth. Not only are new plantations being established at increasing rates, but more freehold land continues to be purchased to ensure the longevity of WA's timber supply.

While pine from existing and new softwood plantations will ensure future timber supplies for WA homes, it is also helping in WA's climate change response through carbon capture.

In addition, the Government has delivered on its commitment to end commercial logging in WA's native forests from 2024, becoming one of the first Australian states to do so.

Under the new Forest Management Plan 2024-2033 (FMP), timber will only be taken from WA's native forests for ecological thinning to maintain forest health and from approved mine site operations. The new ecological thinning approach requires adaptability, with the FPC working under the guidance of the Department of Biodiversity, Conservation and Attractions (DBCA) to implement the prescriptions required to deliver the associated forest health outcomes.

The Forest Products Commission (FPC) continues to capably undertake its forestry activities, supporting the Government's goals and delivering much needed timber products while being a beneficial contributor to local communities.

HON JACKIE JARVIS MLC
MINISTER FOR FORESTRY



Chair

This SCI represents an agreement between the Minister for Forestry and the FPC on the expected performance for the 2024-25 financial year and meets the requirements of the *Forest Products Act 2000*.

Implementing the Government's \$350 million investment in the State's softwood plantation estate is already resulting in increased volumes of freehold land for plantation establishment while sequestering carbon that contributes to climate change response.

These plantations are an important asset for the State as they ensure the ongoing supply of sustainable wood products for the housing and construction industry. The opportunities linked to registering them as carbon projects also provides an additional revenue stream for the Western Australian community through carbon markets.

The FPC is also supporting the State Government's efforts to manage the impacts to forest health from climate change through its contribution to ecological thinning as prescribed by DBCA under the FMP 2024-2033. The FPC continues to adapt and transform its business to meet the requirements of the ecological thinning program.

I look forward to overseeing the positive impacts these changes have on our forests, our forestry industry, and our regional communities in the southwest of our State.

MS DEBRA BLASKETT
CHAIR

About the FPC



General Manager

This SCI outlines the vital role of the FPC in supporting the thousands of jobs in WA's timber and construction industry that depend on the renewable supply of Western Australian timber products.

The stability and efficiency of the FPC as a business is particularly important as we continue to invest in our State's softwood estate and drive optimisation and full utilisation of available wood products. We are working closely under the guidance of DBCA to deliver ecological thinning for forest health under the new FMP 2024-2033 and collaborate with relevant stakeholders to meet the associated objectives.

The safety of our employees, contractors and the public remain a priority focus of our strategy as we transform our business. We will continue to engage with the Forest Industry Federation of Western Australia (FIFWA), the Australian Forest Products Association and the Community and Public Sector Union/Civil Service Association on all Occupational Health and Safety matters.

Given the FPC undertakes its operations in our State's forests, we have much to learn from the Traditional Owners of this land. As we evolve as a business, the FPC will continue to develop and strengthen our relationships with First Nations people and walk on a shared path of reconciliation.

MR STUART WEST
GENERAL MANAGER



A key issue for the FPC is securing the State's plantation estate.

About the FPC

About the Forest Products Commission

The FPC is a Statutory Corporation and reports to the State Government through the Minister for Forestry. The FPC is governed by the *Forest Products Act (2000)*, the *Forest Products Amendment Act 2022* and the *Forest Products Regulations 2020*.

The FPC operates within the broader Government Policy Framework and contributes to achieving the State Government's goals by working with other Government departments and stakeholders to facilitate a vibrant and enduring forestry industry. It contributes to Western Australia's (WA) forest products sector using forest products from land owned and managed by the State or from other approved clearing activities.

In addition to establishing and managing the State's softwood plantation estate, the FPC also supports forest health outcomes through managing ecological thinning activities in accordance with the FMP 2024-2033.

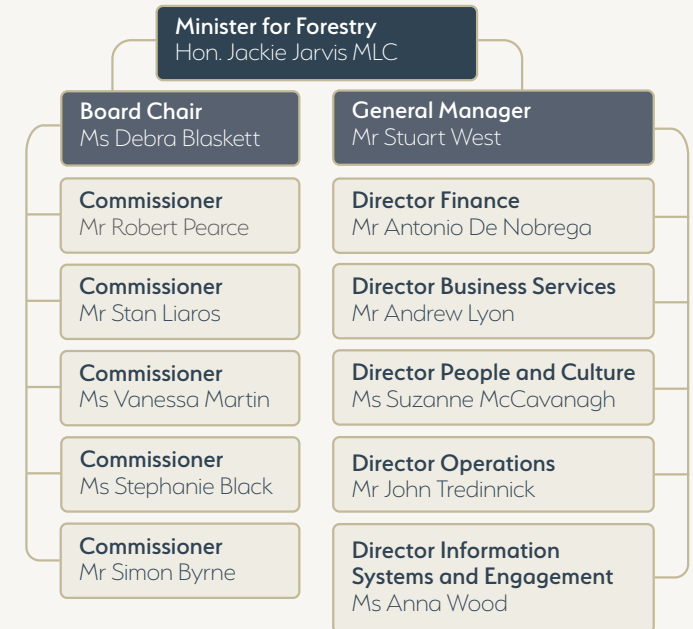
Increasing focus is also being placed on supporting Aboriginal economic development through the sandalwood industry and using newly established softwood plantations to sequester carbon and generate revenue through registered carbon projects.

Our vision

To build and maintain an environmentally and socially responsible forest products industry that is financially viable and provides economic and social benefits to the people of Western Australia, particularly in regional areas through:

- delivering healthy forests for future generations; and
- ensuring efficient, effective and safe delivery of business outcomes.

Our structure



About the FPC

Regulatory environment

The FPC's core activities of harvesting and managing pine plantations on public land are regulated by the Department of Biodiversity, Conservation and Attractions (DBCA). The FPC also undertakes ecological thinning for forest health in native forests under a Service Level Agreement with DBCA. The principal mechanism that sets management standards for the southwest forests of WA is the FMP 2024-2033, which is prepared by the Conservation and Parks Commission (CPC) and DBCA.

The FPC also operates on private land governed by various State and Federal laws, policies and industry codes of practice. Sandalwood harvesting is regulated under the *Biodiversity Conservation Act 2016* and the *Biodiversity Conservation Regulations 2018*.

Operating environment

The FPC's operations are across plantations and sandalwood business segments and also provide services to DBCA for their ecological thinning for forest health program, with unique pressures and influences for each segment that impact the associated operating environment. The FPC has pivoted our business model to the new operating environment under the FMP 2024-2033.

The FPC employs approximately 170 people to run its operations. There are also non-commercial functions such as ministerial support, policy development, forest education and sponsorship.

Our primary focus on softwood plantation establishment creates both employment and carbon offsets, while promoting the use of plantation timber for the construction of more energy efficient buildings aligns with the State's Wood Encouragement Policy and the WA Climate Policy.

Ecological thinning under FMP 2024-2033 and products salvaged from mine site clearing will provide an opportunity to support local processing, manufacturing and consumption, including structural Laminated Veneer Lumber (LVL), high purity silicon for semi-conductors and solar cells, along with the furniture, artisan and firewood markets. The FPC will implement contracting strategies from 1 January 2024 that provide maximum use and local benefit from all salvaged timber.

The Western Australia Sandalwood Taskforce has made recommendations to advance Aboriginal economic development using the wild-harvested sandalwood. These recommendations drive our initiatives in increasing engagement and improving opportunities for Aboriginal and Torres Strait Islander peoples in forestry through participation in the sandalwood industry.



Recommendations from the Western Australian Sandalwood Taskforce are driving our initiatives in increasing engagement and improving opportunities for Aboriginal and Torres Strait Islander peoples in forestry through participation in the sandalwood industry.

About the FPC

Workforce, systems and processes

Ongoing initiatives to support service improvement and efficiency are happening alongside strategic mapping to ensure the resources necessary to support the future business are in place.

Key strategic issues for the FPC are realigning workforce, technologies and processes with the new strategic directions of the FMP 2024-2033, as well as the expansion of the State's plantation estate. Skills for adapting FPC activities to the changing climate and for managing and reporting carbon sequestration in plantations and emissions from operations are being developed.

The FPC will continue to implement actions to develop its people and ensure a future-ready workforce. In addition, the FPC will work with state and national forest industry bodies to develop a Forest Operations Capability Framework that matches current and future needs.

Workplace safety and health

A priority issue for the wider forestry industry, including contractors and customers of the FPC, is the need to continuously improve workplace safety and health. The FPC will continue to work closely with industry stakeholders to ensure an increasing focus on safety as well as training and development to support the adoption of new technologies and systems.

The FPC will continue to collaborate with the AFPA Workplace Health and Safety Sub-committee to positively influence health and safety policy and practice across the whole forestry sector to develop a WA Forestry Health and Safety Code aligned with the WA WHS legislation.

This will be expanded to include silvicultural operations, fatigue management, alcohol and other drugs, and psycho-social hazards and will be supported by a Safety Management System aligned to ISO 45001:2018. Safety management systems will also be reviewed in the context of the impacts of climate change.

The Strategic OSH Committee will continue to focus on critical risks and the adoption of innovations in technology, machinery and equipment to further reduce these risks. The FPC will ensure they are informed of forest industry developments through industry events and networking with industry via the AFPA Growers Chamber and AFPS WHS Sub-committee.

Relationship to Government Goals

State Government goals

1: Strong and sustainable finances
Responsible, achievable, affordable budget management

2: WA jobs plan
Diversifying the WA economy, creating local jobs for the future

3: Investing in WA's future
Tackling climate action and supporting the arts, culture and sporting sectors to promote vibrant communities

Our strategic goals

G1: Perform functions in a responsible and cost-efficient manner

G2: Vibrant forest industry creating local jobs

G3: Healthy forests sequestering carbon

Key performance indicators

Outcome: Occupational Health and Safety

Time Injury and Disease Frequency Rate
Lost Time Injury and Disease Severity Rate

Outcome: Customer Service

Complaint Resolution Rate

Outcome: People and Diversity

Voluntary turnover rate
Aggregated Diversity Score

Outcome: Environmental Impact

Net greenhouse gas emissions

Outcome: Efficiency and Effectiveness

Operating margin
Return on assets

Relationship to Government Goals

Perform functions in a responsible and cost-efficient manner

Delivering outcomes: The FPC will continue to transition and invest in the long-term economic health of the industry.

Strategic Objectives	Outcomes	Key Actions 2024-2025
<p>Be financially self-sustaining.</p> <p>Forestry is a safe place to work.</p>	<p>The FPC's activities will result in:</p> <ul style="list-style-type: none"> • The FPC softwood plantation and sandalwood sectors being financially self-sustaining whilst contributing to the maintenance of forest health, fire risk reduction and delivering benefits to the community. • Adoption of new technologies and improved logistics for more efficient operations. • Contribution to a strong safety culture embedded at all levels of the industry. • Corporate IT, contracts and financial management systems that enable efficient operations. 	<p>The FPC will:</p> <ul style="list-style-type: none"> • Investigate new and emerging technologies in remote sensing to ensure improved plantation management and harvest planning. • Continued adoption of digital operations planning, implementation and recording to increase operational efficiency and reduce risk of errors or non-compliance. • Work with harvest and haulage contractors to increase driver and road safety. • Ensure contractor compliance with chain of responsibility legislation through advanced electronic delivery note monitoring.

Relationship to Government Goals

Vibrant forest industry creating local jobs

Vibrant forest industry: The FPC will contribute to vibrant and economically diverse regions and a sustainable industry at national, state and regional levels.

Strategic Objectives	Outcomes	Key Actions 2024-2025
<p>Community and industry are effectively engaged and trust the FPC to deliver ecologically sustainable forest management.</p> <p>Forestry adds value to local communities.</p> <p>The FPC contributes to the strength of the forest industry by playing a proactive role in policy development and industry leadership.</p>	<p>The FPC's activities will result in:</p> <ul style="list-style-type: none"> • A sustainable, effective, and efficient plantation forest industry. • Investment in the softwood plantation estate. • Harvesting of the FPC's sandalwood plantations, collaborative relationships with Aboriginal peoples and ongoing commitment to the FPC's Reconciliation Action Plan. 	<p>The FPC will:</p> <ul style="list-style-type: none"> • Continue to engage with stakeholders and ensure forestry activities are transparent and accountable through monitoring and reporting. • Continue to support ongoing investment in WA's plantation estate through the Softwood Investment Program. • Work with DBCA through an SLA to implement ecological thinning for forest health activities and ensure the recovery of available forest products. • Maximise productivity through the adoption of new technologies and silvicultural improvements. • Contribute to the development of forest management methods for forest health management, trial and optimise harvesting and haulage equipment. • Support farm forestry through the provision of information, technical support and initiatives such as the Farm Forestry Assist Program. • Contribute to support the Sandalwood Advisory Group through identifying and facilitating opportunities for Aboriginal economic development in the sandalwood industry.

Relationship to Government Goals

Healthy forests sequestering carbon

Healthy forests: The FPC will ensure that it upholds the principles of ecologically sustainable forest management.

Strategic Objectives	Outcomes	Key Actions 2024-2025
<p>Ensure planning and harvest activities optimise forest values and deliver sustainable forest management.</p> <p>Ensure sufficient mechanisms are in place to manage and respond to bushfire and other environmental risks.</p> <p>Contribute to state and national policies and projects on climate change mitigation and adaptation.</p>	<p>The FPC's activities will result in:</p> <ul style="list-style-type: none"> • Maintaining forest values including productivity, carbon sequestration and ensure pine resource for the future industry. • Maintaining internationally recognised certification for sustainable forest management. • Industry best practice fire management across the FPC estate and adjoining public land. • A significant contribution to the objectives of the State's Climate Policy. 	<p>The FPC will:</p> <ul style="list-style-type: none"> • Work with industry and DBCA to implement activities under the FMP 2024-2033 • Implement forest management practices which focus on ecological thinning for forest health outcomes under DBCA's prescriptions and guidance. • Review certification requirements for the future and adjust where necessary. • Continue to monitor forest management outcomes and implement improvements where required. • Work with DBCA and key stakeholders to implement fire mitigation programs. • Implement the FPC's Climate Change Adaptation Policy and supporting strategies and procedures.

Measuring our performance

The FPC is committed to continuous improvement and will proactively manage performance through the appropriate approved key performance indicators (KPIs).

In 2023, Treasury approved eight key performance indicators under five key themes for all Government Trading Enterprises. The 2024-25 financial year will be the first full financial year that reports against these new KPIs.

They are:

Occupational Health and Safety

Lost Time Injury and Disease Frequency Rate
Lost Time Injury and Disease Severity Rate

Customer Service

Complaint Resolution Rate

People and Diversity

Voluntary Turnover Rate
Aggregated Diversity Score

Environmental Impact

Net Greenhouse Gas Emissions

Efficiency and Effectiveness

Operating Margin
Return on Assets

Note: "Targets" and "Actuals" for each of the above indicators will be determined leading up to the end of 2023-24 reporting year.

The FPC is focused on forest management that delivers social, environmental and economic benefits to Western Australian communities.

This includes contributing to the achievement of the State Government Goals, adhering to the requirements of the Forest Management Plan 2024-2033 (FMP) and ensuring compliance requirements are met.

Copies of the FPC's core policy and operational documents are available on our website.



The FPC will continue adoption of digital technologies to enhance operations planning, management and data processing to improve operational efficiency and reduce risk of errors or non-compliance.

Financial tables

Table 1

Economic assumptions	Forecast 2024-25
Timber supply	
Native forest ('000 tonnes)	80
Plantation ('000 tonnes)	1,166
Sandalwood ('000 tonnes)	1.4
Forest activity	
Native forest harvested areas (ha)	800
Plantation establishment (ha)	3,500
Sandalwood seedlings (tonnes of seed)	22
Other	
\$A/ \$US exchange rate (cents)	65.00
Financial outcomes (\$ million)	
Total revenues	166.4
Total expenses	164.1
Net profit/ (loss) before tax	2.3
Net profit/ (loss) after tax	1.6
Closing cash balance	13.1
Dividend paid	-
Tax	-
Plantation establishment	17.6
Asset Investment Program ²	29.5
Performance indicators (%)	
Return on assets (Operating profit ¹ / total assets ³)	1.3%
Return on equity	0.4%
Operating profit to timber revenues	1.9%

Table 2

Asset investment program (\$ millions)	Forecast 2024-25
Computers, plant and equipment	1.81
Land	27.7

Table 3

Plantation establishment	Forecast 2024-25
Hectares	3,500
Estimated expenditure (\$ million)	
Afforestation	11.7
Reforestation	5.9
Total plantation establishment (\$ million)	17.6

1. Profit before change in biological asset valuation and tax
2. Includes purchase of land for Softwood Expansion Program
3. Total assets includes biological assets which is subject to fair value valuation measurement movements

Notes for financial accounts

Reporting to the Minister

The FPC monitors its performance based on the business activities listed in the Statement of Corporate Intent and the Strategic Development Plan.

The FPC provides a report to the Minister based on performance and financial outcomes in the Half Year and Annual Reports.

The Commission advises the Minister of any significant variation should it arise as required by section 17 of the Act. The FPC has reporting obligations to the Department of Treasury.

The FPC submits quarterly reports on its budgets.

Accounting policy

The FPC's financial statements are prepared in accordance with Australian Accounting Standards, the *Financial Management Act 2006* and the Treasurer's Instructions.

The *Financial Management Act 2006* and the Treasurer's Instructions are legislative provisions governing the preparation of financial statements and take precedence over the Accounting Standards, the Framework, Statements of Accounting Concepts and other authoritative pronouncements of the Australian Accounting Standards Board. The notes that accompany the financial report in the Annual Report outline the FPC's significant accounting policies.



The FPC will work with industry partners and contractors to prioritise safety of field operations and transportation.

Notes for financial accounts

Pricing arrangements

Pricing arrangements are determined by several factors including requirements under section 59 of the Act, which prescribe the costs that are to be factored into a price for forest products.

Dividend policy

Dividends are calculated at 75 percent of adjusted profit, i.e. net profit after tax adjusted for non-cash items of biological asset valuation, and onerous contracts revaluation. From 1 July 2014, the dividend calculation includes the impact of the FPC's investment in plantation establishment. Dividends are approved by the Commission and paid in the following financial year (normally in the December quarter).

Non-commercial activities

The FPC conducts ecological thinning for forest health activities for DBCA on non-commercial basis.

The FPC also undertakes a range of other activities to support the industry that are not directly related to its commercial functions. These activities include ministerial support, community engagement and education, policy development, outreach programs and sponsorship. These activities are funded from the profits the FPC creates from its commercial businesses.



