

FOREST PRODUCTS COMMISSION

PLANNING WORKSHOP

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RECORD OF IDEAS GENERATED

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REVIEW OF DRAFT DOCUMENT-- ISSUES FLAGGED

Table A

Mission statement

- Ecological → Environmental
- 'Landcare' term not holistically understood
- Suggest "sustainable forest products provide economic, environmental and social benefits to people of WA" (check)
- Possibility of 'regional' benefits rather than 'social' benefits

Flagging

- State the KRA is ways that we can measure eg. 'maximise' is difficult to measure
- "Promotion" is a big part of the FPC (in the bill) -- i) harvest and sale; ii) promotion of the industry. Reword KRA 2 to strengthen this role - as high level advocacy of timber industry - not the only source of promotion.
- Issue -- is it right for a Government agency/Government Trading Enterprise to speak up for an industry?

Mission statement

- Both written poorly, both content OK
- First one captures it all. Provides all the meaning, but clumsy
- Needs to be easily used
- Regional development needs to be checked that it's in at this level -- or accept that 'local' will cover

Principles

- Include the word 'plantation' in some areas. At present, the reference is only to 'indigenous' in the Principles. Plantation is not mentioned.
- Principle 2: "... new plantation and opportunity/expansion of forest processing industry..."

Re KRAs:

- KRA 4: Community support -- Include community acceptance of forest industry; and relationships with other Government agencies eg. Department of Conservation.
- Put in Principle Areas -- partners/agreements; customer; provider; auditor?

Table B

- Broadly captures ideas from first planning day

Vision and mission statements

- Include 'commercial viability'
- Is there an FPC role with landcare? Should it be in mission?
- Landcare should be in vision
- Delete "and to provide landcare", and add "and commercially viable"

Principles

- Must include "facilitating regional development and jobs in regional areas"

Values

- Be careful with use of "strive". Some are "we will".
- Empathy?

Re KRAs:

- 'Optimise' not maximise (under Sustainable land management and Financial performance)
- Production and Promotion

Table C

- Insufficient orientation to production
- "Landcare" is not a primary objective of FPC. Delete
- FPC cannot guarantee industry viability. It can provide the basis for it, through sustainable forest production
- "Local" industry orientation -- too constraining?

Values

- Delete "strive". FPC staff ...
- Re-order values -- Elevate Achievement
- Leadership -- light on. Is the value actually 'Innovation' rather than Leadership?
- Is 'Empathy' a value for FPC?
- Too many values?

Re KRAs:

- Re-order them -- 1) Production 2) Financial 3) Staff
- Sustainable Land Management -- delete? Imposed

Table D

Vision

- Add 'commercial'

Mission

- 2nd option preferred

Values

- Not "strive". "Will!"

Principles

- Delete "we will"

Re KRAs:

- Financial Performance -- revisit when developing KPIs

DEVELOPMENT OF OBJECTIVES AND STRATEGIES FOR EACH KEY RESULT AREA

Table E*KRA 2: Production*

Objectives	Strategies
<u>Native forests</u>	
Provide forest products to industry consistent with ESFM principles	<ul style="list-style-type: none"> • Deliver the range and volume of forest products set by management plans and contracts • Comply with relevant EMS (codes, manuals, prescriptions) • Understand the requirements of industry <ul style="list-style-type: none"> - Market surveys - Economic modelling - Econometric research - Financial viability (cost of provision of forest products) • Ensure resource security (within Govt policy) <ul style="list-style-type: none"> - Various instruments (contracts etc)
Plan for restructure of industry in line with Government policy	<ul style="list-style-type: none"> • Consultation with industry (at all levels) to reach agreement about the future shape and direction of industry • Implement the Govt's commitments and intent <ul style="list-style-type: none"> - Facilitate business exit - Implement incentives for restructure -- grants, loans etc (FISAP) • Research new technologies, products <ul style="list-style-type: none"> - Whole bole - Residues • Catalyse change to new technologies
Optimise the development of the native forest based timber industry and other forest products (oils, seeds, biotech, pharmaceuticals)	<ul style="list-style-type: none"> • Understand the resource <ul style="list-style-type: none"> - Inventory - Sustainable yield - Environmental constraints - Availability/Access • Develop the nature and technology of the products <ul style="list-style-type: none"> - Product and processing research • Understand the market <ul style="list-style-type: none"> - Examine global trends and opportunities - Develop investment opportunities - Enter into development arrangements (incubator approach) - Assist industry to understand markets and opportunities (link to product and processing research)

<u>Plantations (woody plants)</u>	
Provide advice and assist Government to determine the role of a GTE in relation to plantations	<ul style="list-style-type: none"> • Research and understand the profile and potential of the 'plantations' industry • Prepare a State strategy and seek Govt endorsement (and community support)
Meet commitments in the initial period (as for native forests)	

KRA 3: Community service obligations

- Are there any?
- Dealing with fire etc is part of meeting legal or organisational obligations (protecting assets)
- Dealing with weeds, ferals etc is part of meeting environmental constraints

KRA 4: Community support

Objectives	Strategies
To be successful in the role determined by Govt (survival)	<ul style="list-style-type: none"> • Plan and develop an effective communications plan (external) • Remain locally focused (hire and purchase locally) • Implement a participative and collaborative (with DC) forest management plan process to engender community support
Education about the source and use of forest products	<ul style="list-style-type: none"> • Establish the link between consumption of forest products and harvest of trees

KRA 5: Staff

Objectives	Strategies	KPIs
Be an "employer of choice"	<ul style="list-style-type: none"> • Quality supervisory support • Investment in T&D • Family friendly workplace policies • Excellent internal and two-way communications 	
Keep staff turnover to acceptable (industry) levels	<ul style="list-style-type: none"> • Remuneration and recognition of market competitiveness • Fair and equitable opportunity for career development 	<ul style="list-style-type: none"> • Market indices • Monitor the market
High levels of performance by staff	<ul style="list-style-type: none"> • Performance management system • Strong support for innovation 	<ul style="list-style-type: none"> • Annual review • Reward system in place

Table F (The writing on this group's charts was hard to read. Caris was on this table and may be able to decipher)

KRA 1: Sustainable land management

Objectives	Strategies
Meet requirements of ESFM	<ul style="list-style-type: none"> • Follow management plans • Monitoring systems • Codes of practice • Adaptive management • Research
Integrating Landcare within commercial constraints	<ul style="list-style-type: none"> • Location/site design of plantations • Incentives to establish plantations

KRA 2: Production

Objectives	Strategies
<u>Native forests</u>	
Overriding objective is to maximise benefits to the State	
Provide for removal of Timber Productions within ...?	<ul style="list-style-type: none"> • Three year harvest plan • Annual harvest plan • Contracts
Maximise value adding of products ..?	<ul style="list-style-type: none"> • Tender or auction • Encourage new technology (contracts)
Assist industry development	<ul style="list-style-type: none"> • TTC • Financial stability/restore confidence
Manage removal/? On a sustainable basis (ESFM)	<ul style="list-style-type: none"> • Regenerate • Protect • Supervision • Codes/manuals
<u>Plantations</u>	•
Improve/maximise returns on plantation species established to all	<ul style="list-style-type: none"> • R&D/TTC • Tree breeding • Fertilising • Products (?) • Region
Develop alternative species (linked to next objective)	<ul style="list-style-type: none"> • Markets • Marketing
Encourage/facilitate industry development	<ul style="list-style-type: none"> • Markets • Marketing
Meet contractual obligations (linked to next objective)	<ul style="list-style-type: none"> • Planting • ? • ? arrangements
Adequate timber products	

to meet demand	
Environmentally sound management	<ul style="list-style-type: none"> • Codes/manuals • Supervision
<u>Sandalwood</u> (refer to Sandalwood business plan)	
Improve maximum return (linked to next objective)	
Maximise value of products to State	<ul style="list-style-type: none"> • Marketing • Value-adding
Contractual obligations	
ESFM	
Removal within SY/MP production limits (?)	
Industry development	<ul style="list-style-type: none"> • R&D • Plantations
<u>Arid forests</u>	<i>Needs to be developed as with others</i>

KRA 3: Community service obligations

Objectives	Strategies
Support for fire prevention	<ul style="list-style-type: none"> • Assist Dept of Conservation • Support Brigade • Bushfires Act obligations
Provide base on which industry can develop	
Promote and manage within ESFM principles	

KRA 4: Community support

Objectives	Strategies
Improve community knowledge	<ul style="list-style-type: none"> • Promote ESFM strategies • Communication plan • Promote benefits
Neighbour relations	<ul style="list-style-type: none"> • Establish partnerships with community

KRA 6: Financial performance

Objectives	Strategies
Maximise return of products removed to WA Govt	<ul style="list-style-type: none"> • Minimise cost • Maximise price • Review structure/system • Marketing • R&D
Maximise value of balance sheet (assets and liabilities)	<ul style="list-style-type: none"> • Maximise rate of return • An efficient financial management accounts system

Table G*KRA 1: Sustainable land management (renamed Sound environmental performance)*

Objectives	Strategies
To be viewed as an environmentally responsible agency	<ul style="list-style-type: none"> • Montreal Std/plus FSC • ISO 14000 third party audit • Product/forest certification • Promote this for internal market advantage and recognition <p style="text-align: right;">Export</p>
To follow precise performance and environmental management criteria	<ul style="list-style-type: none"> • Get involved in development of these criteria • In interim, follow code of practice
Sponsor the Dockers?	

NB: These would go in Principles overlap.

KRA 2: Production

Objectives	Strategies
Increase value adding (plantation and native)	<ul style="list-style-type: none"> • High tech equipment • Redesign • Financial support (WAFISAP) • Contract obligations • Security of long term supply and availability • Treebreeding • Improve financial credibility of industry • Increase export of manufactured products • R&D new products
Viable level of forest products	<ul style="list-style-type: none"> • Long term management planning • Harvest plans • Effective MOU with DC • Risk analysis

	<ul style="list-style-type: none"> - Political - Fire, insects etc • Seek investment in new plantations (farm capital) • Effective inventory • Tree breeding • Effective silviculture
Effective marketing of products	<ul style="list-style-type: none"> • Intelligence/knowledge of market trends, prices, costs, competitors, substitutes • Promoting value-added products • Facilitate increased exports • Diversity of products -- carbon, salt, timber -- financial and environmental returns • State infrastructure (roads, regional development) • Develop appropriate standards and accreditation of products: Industry/environment • Promote the above • Broaden potential investment to international
Sustain effective/efficient contractor capabilities	<ul style="list-style-type: none"> • Setting standards/codes • Training to standards • Audit/safety and environmental • Competitive tenders • Viable contractor base • Security of work (scale/volume/time)

KRA 3: Community service obligations

- Can't second guess it.
- It would be a KRA if Government required FPC to do unprofitable things eg. plantations

KRA 6: Financial performance

Objectives	Strategies
Maximise operating profit consistent with Strategic Development Plan and statement of corporate intent	<ul style="list-style-type: none"> • Separate native forest -- plantation. • NF - Act p.12. Consistent with other values from NF <p><u>Costs:</u></p> <ul style="list-style-type: none"> • Identify costs of operating in native forests • Monitor cost/benefit to meet • Minimise costs of managing values other than timber • Minimise cost of regeneration • Competitive tendering • Monitor effectiveness of operations • Review staff vs external contractor works • Full and direct accountability for DC costs <p><u>Revenue -- Maximise revenue by:</u></p> <ul style="list-style-type: none"> • Competitive tendering • Price reviews • Renegotiating contracts

	<ul style="list-style-type: none"> • Develop additional products (carbon credits) • Become tax-smart -- active tax-effective accounting • Increase volume of sales (especially residues, arid timber and sandalwood) • Minimise product downgrade (bole logging for jarrah, variable length harvesting)
Effective reporting of financial performance to ensure accountability, transparency, trust and attract investment	<ul style="list-style-type: none"> • Use/design appropriate accounting system • High profile to audit • Promote performance to potential investors
Return on assets, ROI	<ul style="list-style-type: none"> • Same as for objective 1 (maximisation), plus dispose of underperforming assets

Table H*KRA 2: Production and promotion*

Objectives	Strategies	KPIs
<u>Production</u>		
Increased area of hardwood and softwood plantations to meet market opportunities	<ul style="list-style-type: none"> • Measure and forecast market • Adopt/encourage/facilitate/employ/support etc objectives of Vision 2020 • Agreements with private industry and land holders 	<ul style="list-style-type: none"> • Area planted per annum
Improved private forest and plantation management	<ul style="list-style-type: none"> • Develop partnerships with and provide practical assistance to private land ownership • Develop code of practice and management guidelines for active management of private forests 	<ul style="list-style-type: none"> • % of total products from private land • Volume/hectare
Optimised utilisation of forest product resources from harvested areas	<ul style="list-style-type: none"> • Implement whole bole management • Contractual incentives • Promote best practices 	<ul style="list-style-type: none"> • % recovery
Optimised value adding	<ul style="list-style-type: none"> • Negotiate new contracts with timber companies specifying value adding performance • Timber technology R&D (including sandalwood) 	<ul style="list-style-type: none"> • % value added • \$/cubic metre return • ratio of $\frac{\text{local products}}{\text{total products}}$ to local market need
Reduced dependence on imports of forest products into WA	<ul style="list-style-type: none"> • Facilitation with other government departments of getting new timber processing facilities in WA (pulp mill, LVL etc) 	<ul style="list-style-type: none"> • ? by a certain date • quantify
<u>Promotion</u>		
More wealth-creating	<ul style="list-style-type: none"> • Trade shows, leadership, 	<ul style="list-style-type: none"> • Increase in timber

industries from WA's forest resources	<p>facilitation, tech publications</p> <ul style="list-style-type: none"> • Applied research on timber properties and associated uses • Create community appreciation of intrinsic value of WA timbers • Awareness building among financial institutions 	<p>price index</p> <ul style="list-style-type: none"> • Sector net income • Sector employment (ratios to be devised)
New markets and products or service opportunities for FPC and WA industry	<ul style="list-style-type: none"> • Demand market research • Conduct trials of species and products • Encourage private sector innovations (awards etc) 	<ul style="list-style-type: none"> • Number and size of new markets • Annual R&D expenditure (or as % of?) • % growth in value-added sales (export and domestic) • Number and potential value of new products
Leadership in restructure of NF industry	<ul style="list-style-type: none"> • Provide guidelines and assistance for industry development (including business planning) • Secure confidence of industry • Encourage business exits where appropriate • FPC to utilise private sector wherever desirable • Customer surveys (industry) 	<ul style="list-style-type: none"> • Level of customer satisfaction with FPC leadership

KRA 3: Community service obligations

Objectives	Strategies
Contribute as required to overall Government initiatives with respect to the environment	<ul style="list-style-type: none"> • Identify non-commercial requirements of Govt • Adopt Western Power and AlintaGas principles for community service obligations • Performance and recoupment • Operate within Section 19 of Forest Products Bill

KRA 4: Community support

- KPI: level of positive perception/approval of FPC performance against values (by organisation reputation index)

KRA 5: Staff

Objectives	Strategies	KPIs
FPC is structured, and staff are suitably qualified, experienced and supported to deliver the objectives of this plan	<ul style="list-style-type: none"> • Prepare and implement an organisation-wide capabilities development program (includes performance management) • Provide training • Provide professional development opportunities relevant to FPC requirements • Promote open and two-way communication (internal communication program) • Flatness/accountable structure/devolved • Appropriate reward and recognition (include remuneration) 	<ul style="list-style-type: none"> • Profit per employee • Accident rate
FPC staff aligned with vision and mission	<ul style="list-style-type: none"> • Appropriate internal communication program (shared corporate values through communication) • Hold Commission meetings at regional centres • Devolved decision making and policy development etc to most appropriate level (as low as possible) • Inclusion of staff in all appropriate decisions 	<ul style="list-style-type: none"> • Organisational climate survey • Level of staff morale, alignment with corporate values

KRA 6: Financial performance

Objectives	Strategies	KPIs
Meet financial targets agreed with WA Govt	<ul style="list-style-type: none"> • Prepare Annual Statement of Corporate Intent • Undertake financial modelling • Set appropriate prices • Monitor and manage costs • Define and determine value of assets employed in business • Manage debt and equity • Manage liquidity • Effective internal audit 	<ul style="list-style-type: none"> • Achievement of targets agreed with WA Govt • ROA etc

DEVELOPMENT OF BROAD KEY PERFORMANCE INDICATORS FOR EACH KEY RESULT AREA

In 5 years' time in relation to Sustainable Land Management, FPC will have achieved:

Targets	Performance indicators
ISO1400 accreditation	ISO1400 accreditation
Recognition through awards	No. and calibre of awards ?
The development of commercially successful projects	No. of commercially successful projects ?
A code of practice	Implementation of a code of practice ?
Plantation targets 2020	Plantation targets 2020

In 5 years' time in relation to Production and Promotion, FPC will have achieved:

Targets	Performance indicators
Annual area planting targets	Planting targets
Regeneration targets	Regeneration targets
The meeting of all contractual arrangements	The contractual arrangements
Value-adding	% of product value-added TPI
Milestones for industry restructuring	FISAP
No adverse compliance reports	No. of compliance reports
Having instruments for resource security in place	Contracts/clauses Levels of Government funding
A set of publications re R&D goals	No. of publications % of sales spent on R&D
Sector employment levels	Sector employment levels ?

In 5 years' time in relation to Community Service Obligations, FPC will have achieved:

Targets	Performance indicators
Govt funding for community service obligations and role	Level of funding received ?
Clear agreement about FPC's community service obligations and role	

In 5 years' time in relation to Community Support, FPC will have achieved:

Targets	Performance indicators
Agreed level of positive support for FPC values	Organisational reputation index, eg. - Levels of public involvement - Media content analysis - Community surveys
Lower levels of negative feedback and coverage	Reducing targets for negative feedback and coverage
Successful implementation of Forest Management Plan process	Organisational reputation index
Higher level of security felt by sawmillers	Industry survey
Lower levels of annual expenditure on protest control	Reductions in annual expenditure on protest control ?

In 5 years' time in relation to Staff, FPC will have achieved:

Targets	Performance indicators
Appropriately skilled staff	Level of training and professional development
Status as "employer of choice"	No. of quality applications received Monitoring the exit process
Maintenance of staff turnover levels at industry standards	Industry standards for staff turnover
High staff morale and alignment with corporate values	Organisational climate surveys
High levels of staff performance	Productivity Profits/employee Rewards to employees Annual reviews

In 5 years' time in relation to Financial Performance, FPC will have achieved:

Targets	Performance indicators
Agreed financial performance targets with Govt	Eg. Rate of return targets, and measurement tools
Understanding of dividend expectations	Dividend targets
Disposal of under-performing assets	Eg. Rate of return targets, and measurement tools ?