

FOREST PRODUCTION COUNCIL

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DEPARTMENT OF CONSERVATION
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WESTERN AUSTRALIA

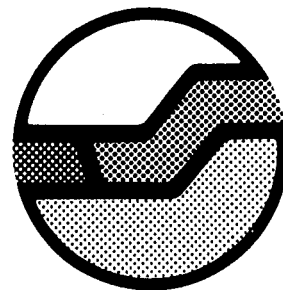
ANNUAL REPORT

1 July 1989 - 30 June 1990

HACKETT DRIVE CRAWLEY, WESTERN AUSTRALIA. TELEPHONE (09) 386 8811

All correspondence to be addressed to Department of Conservation and Land Management.
P.O. BOX 104, COMO 6152.

FOREST PRODUCTION COUNCIL



**HON MINISTER
FOR THE ENVIRONMENT**

In accordance with Section 62 of the Financial Administration and Audit Act 1985, I submit for your information and presentation to Parliament, the Annual Report of the Forest Production Council for the year ending 30 June 1990.

A handwritten signature in black ink, appearing to read 'Syd Shea'. The signature is written in a cursive, flowing style.

**Syd Shea
CHAIRMAN**

HACKETT DRIVE CRAWLEY, WESTERN AUSTRALIA. TELEPHONE (09) 386 8811

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CHAIRMAN'S REPORT

Proposed changes to the structure and membership of the Forest Production Council that were mooted in 1988 have again had to be deferred until the amendments to the CALM Act have been submitted to Parliament. The amendments were not able to be taken this year, and it is expected that these be dealt with in the Spring 1990 Session of Parliament.

Establishment of Council

The Forest Production Council was established under Section 24 of the Conservation and Land Management Act, 1984.

Functions of Council

Functions of the Council are determined by section 25 of the CALM Act, 1984. The functions are to advise the Minister:

- (a) generally on matters pertaining to production from State forest and timber reserves;
- (b) on the improvement of -
 - (i) such production in ways consistent with the maintenance of other forest values; and
 - (ii) the use, processing and marketing of forest produce;
- (c) on the need for, and form of, research to achieve or promote the objectives described in section 56 (1) (a) and (b);
- (d) on the contents of proposed management plans for State forest and timber reserves.

Membership of Council

Membership of the Council is determined by section 26 of the CALM Act, 1984 and comprises:

- (a) 2 *ex officio* members being -
 - (i) Dr S Shea, Executive Director (Chairman of the Council);
 - (ii) Mr D Keene, Director of Forests (Deputy Chairman of the Council); and
- (b) 12 persons appointed by the Governor on the nomination of the Minister of whom -
 - (i) one shall be a person who is a member of the Water Resources Council established by the Western Australian Water Resources Council Act 1982 (Mr S Shelton);
 - (ii) 7 shall be representative of timber industries or industries which are significant users of timber or timber products (Messrs A Gosatti, R Bunning, R McInnes, B Ray, G Shepherd, A Wheatley);
 - (iii) one shall be representative of primary producers, not coming within sub-paragraph (ii), associated with forests (Mr R Pollard);

- (iv) one shall be representative of bodies of persons the objects of which, or the members of which by reason of their profession, are concerned in the management of forests (Mr D Spriggins); *
 - (v) one shall be representative of country interests and be a person with special skill or experience relevant to the functions of the Council; ** and
 - (vi) one shall be a person having special experience in commercial forestry production (Mr P McNamara).
- * Mr F Gillman resigned on 18 April 1988. Replacement is pending proposed changes to the CALM Act.
- ** Mr Towie resigned on 13 June 1989. Replacement pending outcome of proposed changes to the CALM Act.

Funding of Council

All Council financial expenditure and administrative support is met by the Department of Conservation and Land Management.

Meetings of Council

During the reporting year Council met on four occasions.

Meetings are conducted at the Executive Office, Department of CALM, in Crawley.

Meetings were held on:

6 September 1989	
19 December 1989	
31 May 1990	(joint meeting with Lands and Forest Commission)
27 June 1990	(" " ")

Interaction with the Lands and Forest Commission

Council invited the Chairman and Directors of the LFC to attend two joint meetings. The objective of these joint meetings was to establish a closer working relationship between the Commission and the Council.

Improvement of the forest and forest product public image and acceptability was discussed. Both the Commission and the Council undertook to develop higher public profiles and to encourage the members of the forest industries to participate more actively and supportively on the public debate.

State of Trade in the Industry

Early in the 1989/90 financial year, the timber market was experiencing an unprecedented boom. Mills were having difficulty in keeping up with demand. In the latter half of the year however, demand has dropped off dramatically by up to 40 percent from boom levels as a result of the downturn in the housing industry. The activity as at June 1990 was about 20 percent below industry production average.

The softwood industry has been particularly badly hit due to competition from imports. The volume of sawn timber imported into Western Australia in 1989 has increased by over 100 percent on the previous year. It was reported that timber imports comprise up to one third of all timber used in house construction in Western Australia.

CALM Act Amendments

The Council was advised that the draft amendments to the CALM Acts which had been anticipated to be submitted to the Spring 1989 or the Autumn 1990 Sessions of State Parliament had been deferred to the Spring 1990 Session.

The draft amendments provide for a restructuring of the membership of the Council so that it be represented by a tripartite body incorporating Government, the Timber Industry and Unions.

Specialty Timber

Council was advised that expressions of interest for purchase of hardwood specialty logs were called and twenty-three different companies had responded with a variety of proposals for the purchase and processing of the following log products:

- Premium sawlogs
- Feature including Burls
- Sheoak logs
- Regrowth jarrah sawlogs suitable for processing into VALWOOD®

Expressions of interest resulted in applications for supply far exceeding the nominated volume of 30 000 cubic metres.

Only four submissions were received from the furniture industry. The Council was advised that this reflected the independent and small scale ventures of existing furniture operators and their ongoing reliance on the existing sawmilling industry.

Following a review of the applications, and interviews with the submitters, a number of tenders were called. As a result, tenders were let to four companies for the purchase of 10,000 cubic metres of hardwood premium logs. A VALWOOD® licence and a research and development contract was finalised, and 4 companies purchased sheoak logs.

Further developments include the commencement of a marri (*E. calophylla*) tree breeding programme with the aim of producing timber free of gum veins and other defects to increase its potential for structural and furniture timber.

National Forest Inventory

Council was informed of this program which is due for completion in 1992.

National Estate

Council was kept informed on the development of the National Estate nominations and likely impact on the forest products industry.

The Council was advised that the listing of areas on the National Estate Register was essentially an alerting mechanism by which the special values of the areas were brought to the attention of planners, managers and the general community. It was emphasised that the Register was not meant to be a land management decision system.

Resource Assessment Commission

Council was informed of the establishment and progress of the Resource Assessment Commission and was advised that CALM invited the Commission to visit the forests and to see forest management in Western Australia.

Council was advised that CALM had prepared a submission on behalf of the Government.

National Forest Strategy

Council was informed of initiatives undertaken by the Standing Committee on Forestry to the Australian Forestry Council to review and revise the National Forest Strategy. A discussion paper was prepared by CALM which included a strategy for hardwood plantations in Australia.

The Discussion Paper was subsequently agreed to by the Standing Committee and submitted to the Resource Assessment Commission. It will provide a basis to lead discussions within the community.

Forestry and Forest Products Industry Council

Council was informed of developments of the FAFPIC report on the competitiveness of Australia's forest products industry. Issues raised in the report included review of value added products, cooperation of secondary industry, and lack of industry support for hardwood plantations.

Western Australia, through its initiatives in research into value-added products and use of small size logs and hardwood plantation development, is highly regarded throughout Australia.

Demonstration Forests

Council was provided information on the establishment, development and funding of demonstration forests of Canada. The demonstration forests provided information on forest activities through a range of mediums including information displays, thinned forests and active management programmes.

Options for establishment of demonstration forests in Western Australia include the jarrah forests of Mundaring and Jarrahdale, the karri forests at Manjimup and Pemberton and the pine forest of Gngara plantations.

Tree Fund

The Council was kept informed of progress of the Tree Fund (formerly known as Tree Trust).

Former Premier, Hon P Dowding, attended a Council meeting to announce the formation of an independent commercial structure and autonomous company, being Tree Fund Ltd, which would implement the Government's initiative to plant 100 million trees in the south-west in the next decade.

The Council was informed that seed capital for the operation of the Tree Fund was being contributed to by timber companies Bunnings and Wesfi.

Public opposition to plantation development

Council was advised of localised opposition by some Shires and individuals to the establishment of hardwood and softwood plantations. Many of these were concerned with fire related issues such as fire breaks. Council was advised that such opposition was recognised as a nation-wide phenomena with plantation development virtually ceasing in some regions of New South Wales and Victoria.

In order to determine uniform fire break and fire equipment standards, Council resolved to meet with representatives of local government and management authorities (Bush Fires Board, CALM, Farmers Federation and AFDD).

Public Acceptability of Forest Industries

The Council expressed its concern at the current onslaught on the timber industry and CALM by extremists within the conservation movement.

Discussions were held at 3 of the Council's meetings on the need for professionally coordinated and focussed public awareness programs to improve the public image of the timber industry and forest management authority.

It was agreed that the anti-industry campaign would best be countered by a broadly based promotions campaign over 4 to 5 years which would result in a major improvement in the public image of forest management and the timber industry.

Council member, Mr Pat McNamara, prepared a draft paper outlining an approach to improving public acceptability of forest industries. This paper proposed that factual information on the role of the timber industry to the economy and welfare of Australia should be provided to both primary and secondary schools in a simple and clear manner. Three themes were proposed which include Forethought, Care and Skill. The paper was well received by the Council and forwarded to the National Association of Forest Industries (NAFI) for their use in the national awareness campaign.

Royalty Review

The Council was informed of progress on the timber royalty review which was completed in 1989. Council members' discussions provided significant contributions to this review.

The result of the review was that increased royalties were to apply from 1 January 1990, with an option to review royalties at any time in order to accommodate industry fluctuations. The outcome of the 1989 royalty review was that a graduated royalty system to adequately differentiate between different grades of logs would be fostered. Increases in target royalties of first grade sawlogs would be phased in with an initial increase to apply from 1 January 1990. The CPI would be used instead of the previous indicator, the timber price index (TPI), because it better reflected changes in the economy.

The royalty rates have been set to cover the cost of growing the resource and to provide a return to the Government on the capital invested in growing the forest (known as the internal rate of return). Periodic indexations of royalty maintain the monetary values in real terms that were established.