

JARRAH SAWLOG ALLOCATION, COMPANIES SHORT-LISTED

1454. Hon Jim Scott to the Minister for Agriculture, Forestry and Fisheries

- (1) What are the names of the companies that are currently short-listed for an allocation of 1<sup>st</sup> and 2<sup>nd</sup> grade jarrah sawlogs?
- (2) In relation to each of the short-listed companies -
  - (a) when did it begin operating as a sawmilling company in Western Australia;
  - (b) when did it begin buying sawlogs from the Forest Products Commission, or its predecessors, the Department of Conservation and Land Management and the Forests Department of WA;
  - (c) how many jarrah sawmills does it operate -
    - (i) in WA; and
    - (ii) elsewhere; and
  - (d) what volume of 1<sup>st</sup> and 2<sup>nd</sup> grade jarrah sawlogs did it buy from the FPC or CALM in each of the last five years?
- (3) In what position on the list is Sotico Pty Ltd, formerly Bunnings Forest Products Pty Ltd?
- (4) Why was Sotico Pty Ltd, WA's largest, most experienced and longest operating sawmilling company, with the highest level of employment and value-adding, not placed first on the list?
- (5) Do any of the short-listed companies not own and operate a sawmill in WA?
- (6) If yes to (5) -
  - (a) which one(s);
  - (b) why have they been short-listed for an allocation of 1<sup>st</sup> and 2<sup>nd</sup> grade jarrah sawlogs when other sawmilling companies have been or are being paid large amounts of money to exit the industry; and
  - (c) will they receive any payment from FISAP and if so, for what reason how much?
- (7) Have any of the short-listed companies owned and operated a sawmill in WA for -
  - (a) less than one year;
  - (b) less than two years; and
  - (c) less than five years?
- (8) If yes to (7) -
  - (a) which one(s) and why have they been short-listed for an allocation of 1<sup>st</sup> and 2<sup>nd</sup> grade jarrah sawlogs when other sawmilling companies have been or are being paid large amounts of money to exit the industry; and
  - (b) will they receive any payment from FISAP money and if so -
    - (i) for what reason; and
    - (ii) how much?

Hon KIM CHANCE replied:

Some aspects of the question relate to matters known only to the companies involved, and others would require a significant amount of work at a time when the Forest Products Commission (FPC) is very heavily committed to ensuring new contracts are in place, corresponding to the term of the new Forest Management Plan, in order that industry is able to continue in as seamless a manner as possible from the beginning of 2004. However, I trust that the following information covers the thrust of the question and is sufficient for the Hon Member's requirements.

- (1) Appadene Forest Products Pty Ltd  
Australian Craftwood and Timbers Pty Ltd (ACT)  
Inglewood Products Group  
Middlesex Mill Pty Ltd  
GW & NL Saunders

Sotico Pty Ltd  
Whiteland Milling  
Yornup Mill Pty Ltd

- (2) With the exception of ACT, all the short-listed companies have operated in Western Australia for some years and been customers of the FPC, or its predecessors, for nine years or more. ACT is a newly formed company but one of the principals, B A and C A Owens, has been a customer of the Commission and its predecessor for over three years and operated the mill at Manjimup that is to be used by ACT for some of that time. Sotico operates three sawmills and the other companies each operate one sawmill in Western Australia. A second principal of ACT has had long-term involvement in the sawmilling industry in Queensland.
- (3)-(4) While there has been considerable speculation, the positions of the short listed companies on the list have not been released for commercial reasons. The positions of all the short-listed companies were determined in accordance with pre-determined criteria that reflect the Government's commitment to a restructured industry based on local employment rich manufacturing of value added products including furniture, flooring and joinery. This process was overseen by an independent Probity Auditor.
- (5) See (2)
- (6) A key objective of industry restructuring under the Government's old growth forest policy was to stimulate innovation. This would not have been achieved with a "closed shop" approach among existing sawmills. It would also have compromised the competitive process. However, applications under the allocation process were dominated by existing companies, albeit often with different and innovative proposals. The short listed companies will be able to apply for industry development funding but the success of any application, and the level of funding provided will be determined in accordance with the criteria.
- (7) See (2)
- (8) See (6)