Forest Products Commission
Annual Report 2022-2023

THE GOVERNMENT OF WESTERN AUSTRALIA

fpc Forest Products Commission

Statement of compliance

Hon Jackie Jarvis MLC
Minister for Forestry

Statement of compliance

For year ended 30 June 2023

In accordance with section 63 of the *Financial Management Act 2006*, we hereby submit for your information and presentation to Parliament, the *Annual Report of the Forest Products Commission* for the reporting period ended 30 June 2023.

The Annual Report has been prepared in accordance with the provisions of the *Financial Management Act 2006* and any other relevant written law.

The financial statements comply with Australian Accounting Standards – Simplified Disclosures issued by the Australian Accounting Standards Board.

Ms Debra Blaskett
Chair
12 September 2023

Mr Stuart West
General Manager
12 September 2023

The FPC acknowledges the Aboriginal peoples of Western Australia as the traditional custodians of this land and we pay our respects to their Elders, past and present.

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September 2023

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This document is available in alternative formats upon request.

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Contents

2023–24 Key Performance Indicators

The FPC's Outcomes Based Management Framework will report against new Key Performance Indicators in 2023-24.

Chair's statement

This year we have advanced significant changes in the industry linked to native forest management and the plantation estate.

Efforts to establish the first plantations from the $350 million Softwood Plantation Investment Program have been notable and are critical to developing a secure pipeline of future timber for the housing and construction industry, while capturing carbon for the State's climate change response.

The Commission, Executive and staff have also been working collaboratively with other State agencies and stakeholders to prepare for the requirements of the new Forest Management Plan 2024-2033.

I wish to acknowledge former Minister for Forestry, Hon Dave Kelly MLA and current Minister Hon Jackie Jarvis MLC for their oversight and input into the industry. I also thank my fellow Commissioners for their contributions during the year, and General Manager Stuart West, his management team and the entire staff of the Forest Product Commission (FPC) for their efforts.

I look forward to continuing the work to evolve the business as we continue to deliver positive benefits for the industry and wider community.

MS DEBRA BLASKETT
CHAIR

General Manager's statement

The forestry industry in Western Australia is well on the journey towards a new era in forest management.

While this comes with challenges, there have been unique opportunities to make positive changes in how we deliver products and services to our community.

The FPC has been diligently working to understand and prepare for the transition from commercial logging in native forests to ecological thinning. This work, often behind the scenes, has been steadily building since the 2021 announcement to ensure a well-managed transition of our business and industry partners to deliver the new outcomes under the Forest Management Plan 2024-2033.

I commend staff across all business areas for their passion for forestry, commitment to the FPC and wider industry, and ongoing efforts during a time of transition and change.

MR STUART WEST
GENERAL MANAGER

Who we are

Our agency

Working in plantation and native forestry across the diverse environment of Western Australia, the FPC is a dedicated team committed to close engagement with communities, industry and government to support a vibrant and sustainable forestry industry. Delivering timber products and services across three business segments – plantations, native forest and sandalwood – the FPC is shaping the industry's future with our key priorities of timber production, forest health, and adapting to the challenges of climate change.

Our objective is supplying essential timber products for the housing and construction industry in Western Australia, for furniture, artisans, firewood and other uses.

The State Government's Softwood Plantation Investment Program is injecting $350 million over ten years to secure our softwood estate, while carbon sequestration from new plantations plays an important role in the State's response to climate change.

All FPC native forest operations are undertaken in accordance with the Forest Management Plan (FMP) 2014-2023. With the end of native forest commercial logging in Western Australia from 2024, our focus is shifting to supporting forest health outcomes. In line with the new FMP 2024-2033, how we manage our forests will evolve over time as new equipment and techniques are introduced to achieve positive outcomes.

We are proud to operate within an environment focused on care, industry support and innovation, ensuring that our forests remain a strategic and sustainable resource for the future.

Our vision

To build and maintain a sustainable and commercially viable forest products industry that provides economic and social benefits to the people of Western Australia.

Our mission

To contribute to Western Australia's economic and regional development.

Our values

'Each of us being our best and treating each other well. This is what we strive for at the FPC.'

Our values underpin and guide us in everything we do as we carry out our work. All interactions with colleagues, contractors, stakeholders, and members of the community reflect our values and expected behaviours.

Our organisational structure

Minister for Forestry
July to November 2022
Hon Dave Kelly MLA
From December 2022
Hon Jackie Jarvis MLC

Board Chair
Debra Blaskett

General Manager
Stuart West

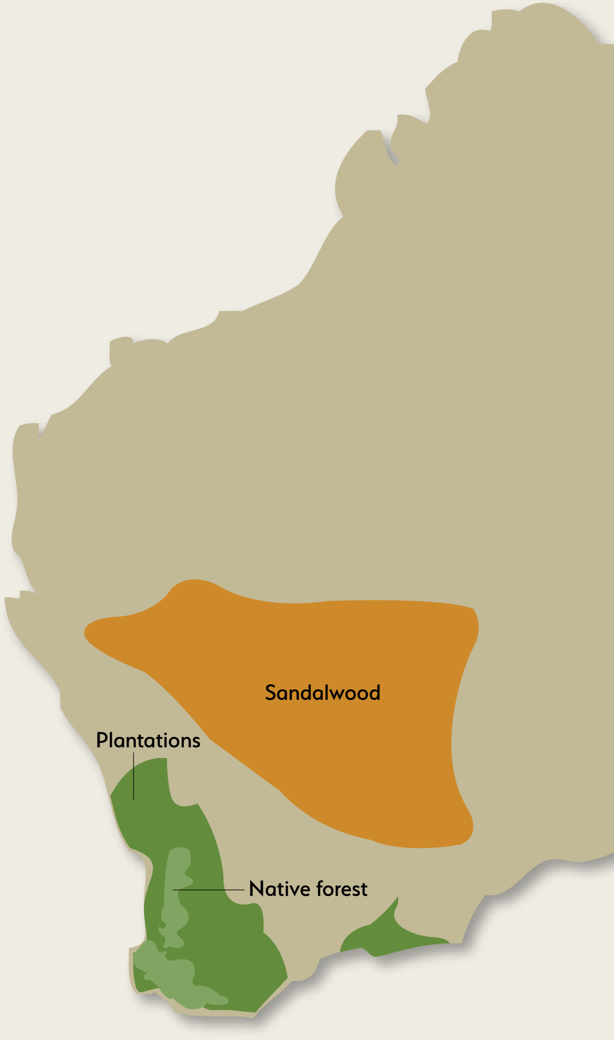
Director Finance
Antonio De Nobrega

Director Business Services
Andrew Lyon

Director People and Culture
Suzanne McCavanagh

Director New Business and Innovation
John Tredinnick

Director Operations
Islay Robertson
To December 2022
John Tredinnick
From January 2023



Our Commission

FPC Commissioners held their April meeting in Kalgoorlie and took the opportunity to visit three different sandalwood operations in the Goldfields, travelling nearly 450 kilometres in two days.

MS DEBRA BLASKETT
CHAIR | SUB-COMMITTEE - CHAIR PLANTATION INVESTMENT COMMITTEE

Appointed June 2021. Appointed Chair November 2021.

Debra Blaskett was previously an Executive at Perth Airport where she was responsible for Corporate Services including risk, governance, safety, environment, people and culture, and corporate affairs. Prior to joining Perth Airport, Debra held several senior positions in the Commonwealth public service across the portfolios of Australian External Territories Administration, and aviation, maritime and offshore oil and gas security regulation. Debra has also previously been the Deputy President of the Board of the Tourism Council of Western Australia and is a Commissioner with the WA Forest Products Commission. Debra is currently a Non-Executive Director at Fremantle Ports and holds a Bachelor of Jurisprudence, Bachelor of Laws, and Bachelor of Arts (Hons) degrees, and is a Graduate of the Australian Institute of Company Directors and a Fellow of the Governance Institute of Australia.

HON MELISSA PARKE
DEPUTY CHAIR | SUB-COMMITTEE - CHAIR PEOPLE, SAFETY AND ENVIRONMENT COMMITTEE

Appointed June 2021

The Hon Melissa Parke is a former Minister for International Development and former federal member for Fremantle (2007 to 2016). Prior to entering the Australian parliament, Melissa served as an international lawyer with the United Nations in Kosovo, Gaza, New York and Lebanon (1999 to 2007). Since her retirement from parliament, Melissa has served for the last four years as a member of the UN Group of Eminent Experts on Yemen for the UN Human Rights Council, investigating violations of international law committed by parties to the conflict in Yemen. Melissa has been an Ambassador for ICAN (International Campaign to Abolish Nuclear Weapons) since 2017. She is currently the Chair of the Western Australian Museum Board of Trustees and is also a board member of the East Metropolitan Health Service, BRAC (an international development NGO) and Animals Australia.

HON ROBERT PEARCE

COMMISSIONER | SUB-COMMITTEE - CHAIR AUDIT AND RISK COMMITTEE

Appointed November 2012

The Hon Robert Pearce started his career as a school teacher and was elected as a member of the Western Australian Legislative Assembly in 1977. He held a number of ministerial portfolios including environment (forestry), education and transport. Robert retired from Parliament in 1993 and from 1998 to 2012, he was the Executive Director of the Forest Industries Federation of Western Australia. Robert has been active in the forest industry, sitting on a range of committees and boards.

MR SIMON BYRNE

COMMISSIONER

Appointed June 2022

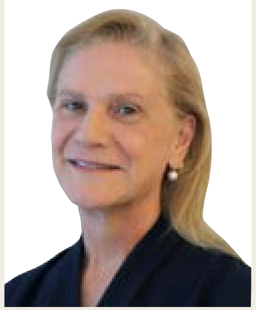
Simon Byrne is an executive manager with over eight years Executive Director board experience; a 35-year career in legal services and over 25 years' experience in utility businesses and environmental regulation. He has over 10 years' experience in company secretarial, procurement, risk and compliance and corporate services. Simon is currently General Counsel and Company Secretary for ATCO Australia Pty Ltd and ATCO Gas Australia.

MR STAN LIAROS

COMMISSIONER

Appointed June 2021

Stan Liaros is the CEO of the Apprentice and Traineeship Company, Chair of Aqwest (Bunbury Water Corporation) and Board Member of The Construction Training Fund. He is a former Chair of the Apprentice Employment Network WA, the South West Academy of Sport and was senior Vice-President of the South West Football league for five years. Stan is actively involved in business and community activities in the South West of WA where he strongly advocates for employment and training in that area.



MS VANESSA MARTIN

COMMISSIONER

Appointed November 2021

Vanessa Martin is a Noongar woman and a direct descendant from the Minang, Wudjari of the Wagyl Kaip and Nyoongar - Baaduk peoples east of Esperance on the South East Coast of WA. Vanessa has extensive experience in working in the public, private and not for profit sectors in various senior leadership roles. She is currently a Board member of Marr Mooditj Training Aboriginal Corporation, a Board member on the Perth Zoological Parks Authority, Chairperson of the Noongar Boodjar Language Cultural Aboriginal Corporation and the Chairperson of the Noongar Advisory Company which supports and provides advice to the Trustee on the Noongar Boodjar Trust for the Noongar Native Title Settlement. Vanessa has helped develop and manage the implementation of State Government and private sector company Aboriginal employment and training strategies, as well as play a significant role in liaison, consultation, and negotiation with key stakeholders in the State's Aboriginal community.

MS STEPHANIE BLACK

COMMISSIONER

Appointed June 2022

Stephanie Black is an experienced leader and has held executive positions within government and the private sector. Stephanie retired from her most recent role as Deputy Director General, Infrastructure and the Regions in the Department of Premier and Cabinet in July 2022. Prior to joining that Department she held senior positions in the Departments of Finance, Health and State Development. She has led large and small teams to achieve transformational change, excellent commercial outcomes, and complex business objectives. Stephanie has extensive governance, risk and financial management knowledge and is a member of the Board of the Art Gallery of Western Australia and Zonta House Refuge Association.

Our Executive

MR STUART WEST

BSc For, Fellow Gottstein Trust (2001) Fellow Governor's Leadership Foundation (2003)

GENERAL MANAGER

Stuart has an extensive background in the Australian forestry industry spanning over 30 years, holding executive responsibilities for almost 25 years. Stuart has extensive experience working in government-owned forestry businesses and with Australia's major forestry companies, leading transformational structural reform in a number of States. He has led initiatives to attract new manufacturing and generating new demand for products in a variety of sectors including food and agriculture, forestry and manufacturing.

MR ANTONIO DE NOBREGA

Hon, BCompt; MBA (UK); CAANZ; Adv,Dipl(Tax); GAICD

DIRECTOR FINANCE

With more than 30 years of working in Australia and internationally, predominantly in manufacturing, government trading entities, and the auditing sectors, Tony brings extensive experience in corporate services, strategic planning, risk management, financial management, tax, and auditing to the Director Finance role. Before joining the FPC in 2018, Tony was Chief Financial Officer for various mints worldwide and a financial consultant to the aged care industry.

MS SUZANNE MCCAVANAGH

BA Industrial Relations. GradDip Public Sector Management

DIRECTOR PEOPLE AND CULTURE

Suzanne joined the FPC in February 2020 as Director People and Culture. She has 25 years' experience in executive roles and has been a member of executive leadership teams in six public sector organisations. This experience has spanned industry sectors including WA Health, Transport and Infrastructure, and the TAFE sector. She has extensive expertise in leading transformational and cultural change programs, HR strategy, workforce planning, organisational re-design, organisational development and cultural change. Her early career was in industrial relations.

MR ANDREW LYON

BSc Env Mgt; MBA

DIRECTOR BUSINESS SERVICES

Andrew joined the FPC in 2008 and has been the Director Business Services since 2018. Andrew has enjoyed an international forestry career and was a Research Fellow at Edinburgh Napier University specialising in timber quality research. Andrew has extensive experience in the forest sector, incorporating strategic policy, land management, carbon policy, science and applied research. He is passionate about sustainable forest management policy and has been involved in the development of two Forest Management Plans in WA. Andrew is a member of many State and national organisations on forestry, carbon and sustainability.

MR JOHN TREDINNICK

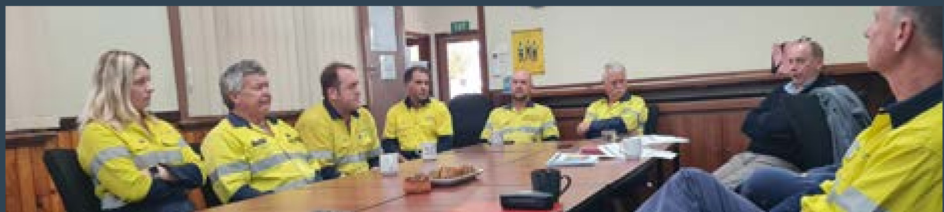
BSc For MSc

DIRECTOR NEW BUSINESS AND INNOVATION
DIRECTOR OPERATIONS (FROM JANUARY 2023)

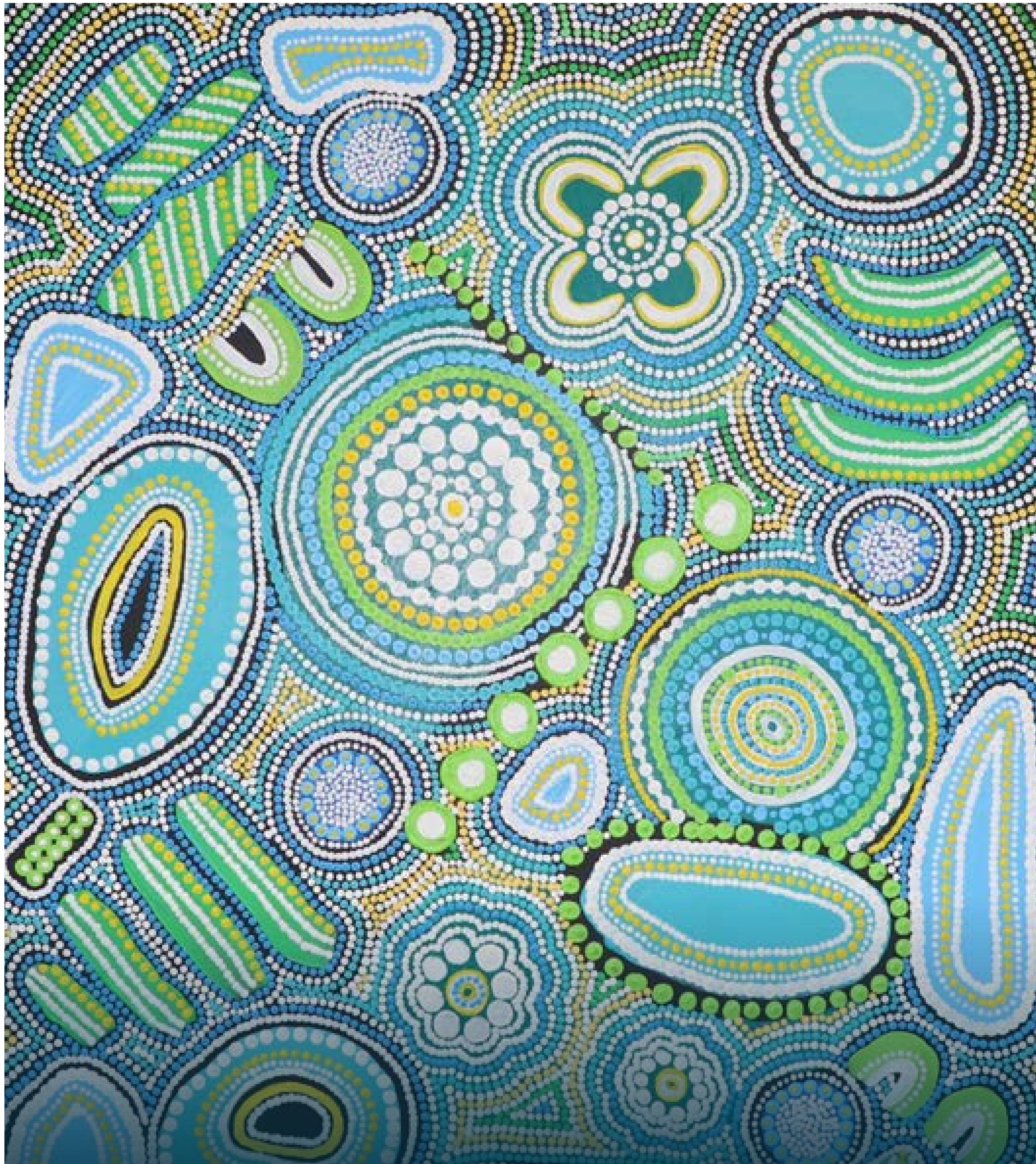
John has more than 30 years' experience working in Senior Management positions within Australia's forestry industry, and internationally. His experience includes forest management, timber processing and timber trading. John is leading a number of transformation and business development projects aimed at expanding the State's plantation estate and introducing efficiencies and innovation throughout the FPC's operations. He also has responsibility for the FPC's forest operations and management divisions.

Engaging with our people

Members of the Executive team are committed to staff communication and engagement. Linked to this approach, they regularly attend the FPC's People Engagement Group (PEG) to discuss issues of relevance with the members. The PEG comprises of a broad range of staff from across all FPC locations who work together to help shape and develop our key People Plan initiatives.



With staff spread across multiple offices throughout WA, connecting and communicating via online platforms has become standard practice. Virtual networks are used for Executive Conversation staff briefings (pictured above in Manjimup), Lunch and Learn sessions where staff can share about their work and other staff events such as the Men's Health Week workshop (pictured below in Bunbury).



Staff voted on their favourite artwork in the 2022 FPC Aboriginal Art Competition, with the staff choice award going to Diahane Riley, who is a Noongar Aboriginal woman, for her artwork titled 'Learning Together'.

Our highlights

Our people

Staff snapshot

We employ 185 people across our work sites with 64 per cent of our staff located in regional towns. This includes permanent full time and permanent part time employees, fixed term contract, casual employees and trainees.

Staff category	FTE	Headcount
Permanent full time employees*	129	129
Permanent part time employees	10.72	16
Fixed Term full time employees	14	14
Fixed Term part time employees	1.49	2
Casuals	17.96	23
Totals	**173.17**	**185**

Professional development, culture, health and wellbeing

The professionalism, resilience and dedication of our people has been a major contributing factor in our progress and positive outcomes in 2022-23.

As part of its commitment to the health and wellbeing of staff and setting them up for success, the FPC delivers a wide range of programs and initiatives to create a positive culture, health and wellbeing and a safe workplace.

We are investing in our people through good training and development to improve our workforce capability, performance and culture. We are also progressing other programs that support diversity and inclusion to strengthen our workforce and ensure we bring out the best in our people.

Embracing cultural diversity

The FPC is made up of people from diverse backgrounds, walks of life and cultures. We view our diversity as an asset that enriches our working life.

Harmony Week (20-26 March 2023) provided an opportunity to celebrate inclusivity, respect and belonging for our people. This was achieved by sharing foods from various cultures and telling the stories of staff about their cultural backgrounds and the ways multiculturalism enhances our workplace.

'Exposure to different cultures helps me to see vibrant diversity in my workplace and community, and appreciate the experience and learnings of others.'

Jessica
Financial Accountant (Operations)

Development and inclusion of women in our workforce

To demonstrate the FPC's commitment to diversity and inclusion of women in our workforce, women from 8 of our 11 locations participated in the Women in Public Sector Leadership Conference in November 2022 (pictured above).

In addition, 28 women have embarked on a Women in Leadership Training and Development program to support them in their professional leadership journey. There are three separate programs, allowing women at different career stages to participate in appropriately pitched skills development and networking.

Mental Health First Aid Training

Two-day Standard Mental Health First Aid Training Courses in Perth and Bunbury enabled the participants to build their mental health knowledge, provide skills to recognise warning signals of distress, and to provide practical assistance to colleagues in need.

Employee health and wellbeing

The FPC recognises the importance of employee health and wellbeing and is committed to supporting staff with specific services such as the Employee Assistance Program as well as promoting other campaigns during the year including:

- R U OK? Day
- Men's Mental Health Week webinar for staff on healthy habits
- 16 Days in WA campaign
- Optimising health through nutrition
- Positive thinking skills for work/life balance
- Essentials of financial health providing guidance and advice to support long-term financial wellbeing.

Training safer drivers

Over 100 FPC staff attended the 12 Defensive Driving training sessions held in 2022-23, representing 91% of staff who regularly drive vehicles as part of their role. Training includes a classroom session focussing on road and vehicle safety, followed by a practical afternoon session.

Keeping our people safe

We continued to engage with the Forest Industry Federation of Western Australia (FIFWA), the Australian Forest Products Association (AFPA), and the Community and Public Sector Union/Civil Service Association to improve Work Health and Safety (WHS) across the forest industry.

The FPC is a member of the AFPA WHS sub-committee. Its Safety, Health and Wellbeing Strategy 2022-2025 and Annual Works Plan includes the development of industry guidance documents and delivery of projects and research that focus on the use of technology to reduce risks and incidents.

The FPC is also collaborating with the WA forest industry to develop a new WA Forestry Code of Practice aligned with WA WHS legislation and modelled on Safe Work Australia Codes of Practice.

We undertook our annual OSHtober campaign for staff in October 2022. The theme was Work Health and Safety - think physical, think psychological, a reminder that under the WHS laws psychosocial health and safety is just as important as physical health and safety.

The FPC engaged a safety consultant to audit the FPC's Safety Management System to identify and progress best practice recommendations. Key priorities include the development of a Safety Management System framework aligned with ISO 45001.

The Graduates visited the Manjimup Nursery and Seed Centre as part of their regional induction tour.

2023 Graduate Program

The 2023 FPC Graduate Program commenced in February 2023 with five Graduate Officers based in Bunbury, Nannup and Manjimup. The program is designed to support succession and future skills requirements as the FPC repositions for the future.

Graduate officers are guided through structured training and development activities alongside coaching and mentoring from experienced forestry professionals. Rotational opportunities include forest management activities, silviculture, bushfire protection and remediation.

'I have enjoyed learning and gaining many invaluable skills, which I look forward to further developing in the extensive, diverse range of functions within the FPC.'

Mitchell
Graduate Officer

Our business

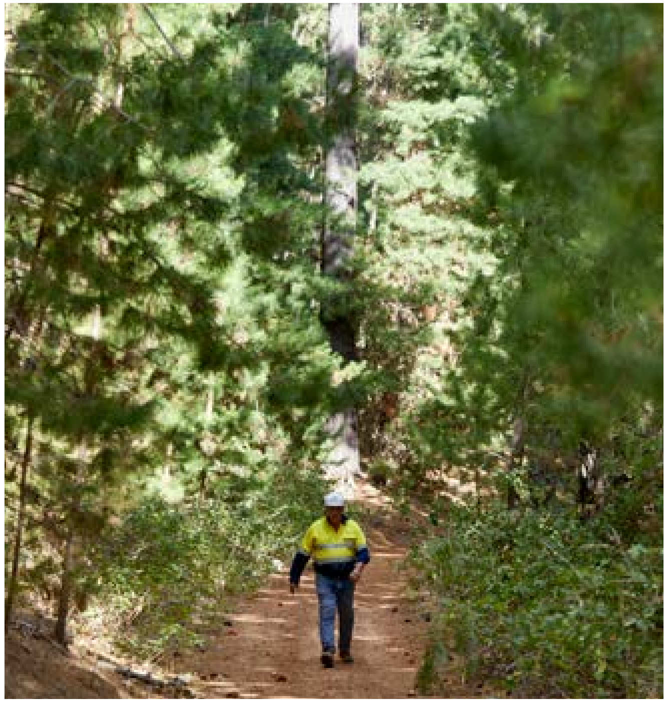
Sustainable forest management performance

During 2022-23 the FPC was externally audited against the International Standard ISO 14001:2015 (for an Environmental Management System) and the Australian Standard for Sustainable Forest Management (SFM) AS 4708:2013. The FPC's entire business is covered by ISO 14001:2015.

20 tonnes of sandalwood seed hand planted in **1,432 kilometres** of rip-lines seeded in the rangelands

More than **180,000** sandalwood seeds planted by Aboriginal and/or Torres Strait Islander people

33 different fauna species observed in monitored karri forests over the last year



3.3 million seedlings grown for the 2023 planting season

Plantations

The FPC's $350 million Softwood Plantation Investment Program is gathering momentum with 2022-23 seeing the acquisition of new properties for plantation establishment.

Plantings on these properties, located in the South West, will help secure the future of the softwood processing sector and support the State's housing and construction industry.

Carbon sequestration

The FPC has registered several of its new plantations as carbon sequestration projects under the Emissions Reduction Fund. We will be reporting on the projects in the second half of 2023 and expect to be issued with our first Australian Carbon Credit Units (ACCU's) in 2023-24. The Softwood Plantation Investment Program is expected to lead to the sequestration of up to 7 million tonnes of carbon dioxide equivalent making a significant contribution towards the State's target of becoming carbon neutral by 2050.

Partnerships

The FPC has also progressed plantation development projects on land owned by both public and private sector partners. In these projects the carbon credits generated will be retained by the owners while the timber products will contribute to the State's timber supply. Such partnership agreements effectively leverage the resources and forest management expertise of the FPC to increase the area of new plantation able to be established.

Farm Forestry Assist Grants Program

The FPC continues to support the integration of pine plantings on private land through the Farm Forestry Assist program. Under this program eligible landowners can receive pine seedlings from the FPC's nursery to establish a plantation on their land. As part of this program the FPC provides technical advice to the landowner as well as connection to plantation establishment contractors. The 2023 program awarded four grants totalling 136,000 seedlings.

Engaging with stakeholders at community events

Sharing information about the Softwood Plantation Investment Program and existing plantation estate management is important to ensure community awareness and understanding about this vital industry.

Attending community events such as the Balingup Small Farm Field Day and Brunswick Show were a useful conduit to share information about the program with regional stakeholders.

Education and engagement teach next generation about forestry

Opportunities such as the Bunbury Hidden Treasures of Mangrove Cove open learning day provide a fun and informative way for the FPC to connect with local communities.

The educational component teaches future generations about forestry and the lifecycle of pine from seedling to tree, then timber to products such as future homes. The activity aligns with the new Junior Forester children's activity book alongside the popular giveaway of pine 'Christmas tree' seedlings.

Sandalwood

Our sandalwood operations include the management of plantations across the Wheatbelt and Mid West, along with managing the harvesting and regeneration of wild sandalwood (*Santalum spicatum*) on Crown Land across the arid rangelands. During 2022-23, the FPC was successful in developing new markets for wild sandalwood products. As part of our strategy to integrate wild and plantation sandalwood, a new powder blend has been developed and was well received by the market.

Sandalwood Dreaming

Aboriginal and Torres Strait Islander peoples are an important contributor to our sandalwood operations. We continue to work with local First Nations Peoples on our wild sandalwood supply chain. The FPC has eight 'Sandalwood Dreaming' contracts with Aboriginal and Torres Strait Islander-owned businesses that harvest dead sandalwood and sow seed in remote areas.

The FPC is investigating opportunities to broaden these activities to include harvesting of green wood and further value adding of the resource.

Sandalwood Inventory Survey

This year we commenced a broadscale wood sampling survey within the FPC's 5,000 hectare plantation estate. The quantities and quality of sandalwood oil identified through this survey will be used to inform sales opportunities as the plantations mature and assist in steering silvicultural management to maximise commercial value.

Regeneration

Good rainfall fell across the rangelands over the 2022 winter, resulting in strong sandalwood establishment from the 2022 'Operation Woylie' mechanical seeding program with approximately 150,000 new sandalwood seedlings established. In the 2023 summer another 20 tonnes (6.5 million seeds) were sown.

Sandalwood in a nutshell at Forum

After a two-year hiatus due to COVID-19, the annual Sandalwood Contractors Forum was held in November 2022. Approximately 40 staff, stakeholders and contractors met in Kalgoorlie to learn and share knowledge and experiences about the sandalwood business.

Native forest

The native forest industry is currently adapting and responding to significant policy changes following the State Government's announcement in 2021 to end commercial native forestry from the end of 2023.
The FPC is working with the State Government and industry to implement these changes as the industry transitions to the new Forest Management Plan (FMP) 2024-2033.

Draft Forest Management Plan 2024-2033
Released in draft form for consultation in October 2022, the FMP will provide the framework for ecological thinning for forest health activities in Western Australia. In the interim, while waiting for the new FMP to be finalised, the FPC has been working with the Department of Biodiversity, Conservation and Attractions (DBCA), and industry to scope options for delivery of forest health outcomes under the new FMP.

Regeneration of native forests
The FPC continued to regenerate native forest areas post-harvest under the provisions of the current FMP 2014-2023.

Ecological thinning trials
Working in collaboration with DBCA, the FPC continues to improve the operational knowledge of ecological thinning through a number of small scale trials. Trials in native forest areas also continue to assist the FPC and the DBCA to better understand how the objectives of the new FMP 2024-2033 can be delivered.

The FPC is also canvassing the local and interstate industry, along with leading forest machinery manufacturers, for machinery solutions that best deliver ecological thinning for forest health outcomes. The FPC expects learnings from the development and implementation of ecological thinning to continue into the period of the FMP 2024-2033.

Fire prevention and protection

Effective fire protection of the State's plantation estate is critical to the long-term security of WA's timber resource. As the investment in the softwood estate increases over coming years, it is important that fire mitigation measures and appropriate response structures are in place to protect regional communities and the plantation estate from the threat of bush fire.

The FPC continues to provide the State's Interagency Fire Services with experienced fire staff to support response capabilities within DBCA, Department of Fire and Emergency Services and Local Government. The FPC maintained its level of commitment to these structures in 2022-23 and is exploring ways to enhance the internal capabilities of the FPC to support the new plantation estate. The FPC provided more than 130 FTE days to bushfire suppression this year and over 80 FTE days assisting DBCA with fuel reduction community protection burning programs.

The FPC continues to network with the broader timber industry through the Forest Industry Federation WA (FIFWA) to help develop the industry fire response skills and capabilities.

While some FPC plantations were unfortunately impacted by unplanned fire events in 2022-23, the associated loss against the broader plantation asset was relatively low with 451 hectares of the softwood estate impacted.

Community Fire Protection Grants boost fire safety

The FPC's Community Fire Protection grants were launched in 2023 and provide up to $10,000 per grant to support volunteer fire brigades and other relevant organisations with their fire prevention, preparedness, and response activities.

The program prioritised applications that align with the FPC's strategic focus linked to its Softwood Plantation Investment Program; that increase understanding of plantation fire management; and deliver the greatest benefits to local communities.

Grants totalling $66,630 were awarded to 11 recipients for telecommunications and firefighting equipment as well as water tanks and water pumping supplies. These grants provide resources over and above the existing funding arrangements available to volunteer fire brigades through the Emergency Services Levy.

Allanson Bush Fire Brigade with their new lighting towers for nighttime operations, thanks to their FPC grant.

Sharing knowledge and growing partnerships

As part of preparation for the bushfire season, the Lower Southwest Department of Fire and Emergency Service (DFES) region runs a preseason training exercise designed to develop and enhance support structures that underpin operational fire efforts in a bushfire event. The 2022-23 exercise took place in the Blackwood valley near Nannup, where the FPC has significant softwood plantations integrated with DBCA assets and local landowners. FPC staff were engaged to provide local knowledge and insight into the value of the plantations potentially impacted by fire threat and helped train local DFES and DBCA staff.

Another pre-season fire trip (pictured left) hosted by the FPC for DFES Emergency Fire Managers from the Southwest, Lower Southwest passed through the Boyup Brook, West Arthur and Collie shires, with the group travelling in convoy to various localities where a large part of our plantation investment is occurring. Field trips like these help with fire planning and mitigation and enable ongoing collaboration between local shires and emergency services, as well as broader industry partners.

Business improvements

The FPC is embracing digital innovation and technological advancement to improve forest management and business operations.

Remote Sensing
Remote sensing technology continues to reduce the requirement for physical assessment and validation when mapping vast areas. Trials using remote sensing technology are also testing how we can advance our activity and performance by combining new approaches with existing needs and methods.

Over the past 12 months, the FPC has carried out hyperspectral imaging trials to assist with estimating wild sandalwood stocking rates in the semi-arid Goldfields. In WA, wild sandalwood occurs over millions of hectares, so if this technology is successful, it will significantly reduce the amount of time and resources needed to physically assess sandalwood populations in these vast and remote areas.

Thermal imaging

A remote sensing research trial using thermal imagery was initiated in 2023 to explore whether sub-surface or shallow rocks could be detected using remote sensing technologies. Mapping these sub-surface rocks has the potential to help reduce fire risk from machinery sparking fires during operations and to extend the length of the season when operations can be undertaken in areas with high fire risk.

The Remote Sensing team also conducted a successful drone-based trial aimed at identifying live radiata seedlings in newly established plantations. The capture of high-resolution imagery was then mapped against existing methods for seedling detection and estimation of survival rates, demonstrating comparable results. This type of drone capture is an important step on the journey towards digital forestry and the ability to produce a digital twin of the plantation resource.

Tree Breeding Program
The FPC continues to identify the best genetically selected seed stock via its successful *Pinus radiata* tree breeding program. This program builds on over 50 years of scientific research in WA, as well as collaboration with Tree Breeding Australia. To ensure that superior qualities of *Pinus radiata* are maintained, the FPC sources seeds from specially designed seed orchards from the FPC's Manjimup Nursery and Seed Centre that contain elite genetic material.

Silviculture practices
In some South West pine plantations, the FPC examined the benefits of mechanically mulching harvest debris back into the ground before establishment of the next tree crop, versus the traditional site preparation method of heaping and burning the debris. Potential benefits of employing this technique include faster seedling establishment time and a reduced reliance on burning plantation debris.

Digital operations planning system
The implementation of a cloud-based forest operations planning system, Remsoft Operations, represents a significant investment into digital transformation this year. Remsoft integrates data from FPC core operations systems into a centralised cloud-based platform. Since going live in April 2023, Remsoft has enabled streamlining of a range of processes from crew and harvest scheduling to allocation of products and tracking supply to customer targets.

Aboriginal engagement

The FPC is committed to developing and strengthening relationships with Aboriginal and Torres Strait Islander peoples, engaging staff and stakeholders in reconciliation through our Innovate Reconciliation Action Plan (RAP) and business activities. RAP working group members participated in cultural awareness training and met during the year to support other RAP initiatives.

The FPC is a signatory to the Noongar Standard Heritage Agreement and Aboriginal heritage and cultural assessments are embedded in FPC operations across the South West and Goldfields.

Improvements that help Aboriginal businesses to become commercially sustainable are a priority for the FPC, particularly in regional areas of Western Australia.

Initiatives include:

- Continued success in the implementation and management of the Sandalwood Dreaming program, which supports Aboriginal businesses to work on country harvesting sandalwood.
- Continued support for training and financial management, particularly as new contractors commence work.
- Continuing to award contracts to Aboriginal businesses, with 12.5% of new FPC contracts entered in this reporting period being for Aboriginal businesses, which exceeds the WA State Government target of 3%.

Flying high during Reconciliation Week

The FPC was proud to support the reconciliation movement by sponsoring the inaugural Reconciliation Week Street Banner program. FPC banners were flown in Perth CBD, Dunsborough, Capel, Harvey, Manjimup and Kalgoorlie. Team members from the Perth office snapped a shot with the banner on St George's Terrace.

On country visits foster collaboration

FPC staff work closely with Aboriginal Sandalwood Dreaming contractors to support the development of commercial business opportunities. Visiting them on country is a positive way to foster collaboration and shared understanding to achieve best outcomes.

Supporting Aboriginal businesses

The FPC provides practical training and guidance for new and existing Sandalwood Dreaming contractor crews to support their operational and business activities.

Art creates better cultural understanding

The 2022 FPC Aboriginal Art Competition invited aspiring Aboriginal and Torres Strait Islander artists to submit an art piece in response to the brief, "What does forestry mean to you?" The competition was launched during NAIDOC week to engage with Aboriginal and Torres Strait Islander peoples and celebrate and recognise their history, culture, and achievements. Seven entries were received from artists across WA. Leticia Shaw, from Kalgoorlie, is pictured with her artwork "Environment – Bushland – Country" when she visited the Perth office to see the exhibition.

Supporting sustainability through innovation

Hard hats are standard items of Personal Protective Equipment (PPE) which require replacement every two years. A lack of recycling options meant that expired hard hats were previously sent to landfill.

FPC staff spearheaded an innovative recycling initiative. Joining forces with the FPC's Occupational Safety, Health and Environment branch, access to a new hard hat recycling service was organised, helping reduce both landfill and the FPC's carbon footprint.

'I look forward to seeing what other opportunities are available for us to pursue.'

Lindsay
GIS Officer

Climate Change

The Softwood Plantation Investment Program is a key action of the Western Australian Climate Policy 2021 and a major contribution by FPC to the State's target of net zero emissions by 2050.

The FPC is further contributing to climate change action through assessing the risk of climate change to the agency's business and establishing its first carbon account from which it will develop and implement an emissions reduction plan.

Cyber security

The FPC significantly enhanced its cyber security profile in line with the WA Government's Cyber Security Policy, reporting that we now meet seven of the 'Essential 8 Controls' of the Office of Digital Government at the end of the 2022 calendar year.

As part of its cyber security program of works the FPC has undertaken penetration testing, enforced multi-factor authentication (MFA), implemented a new vulnerability management tool and updated its patching procedures.

The FPC has also signed a Memorandum of Understanding (MOU) with the Office of Digital Government and integrated its Security and Information Event Management solution with the State's Security Operations Centre.

2023-24 Key Performance Indicators

With the end of commercial native forestry in 2024, the FPC will need to change the current Key Performance Indicators (KPI). The recent passing of the *Government Trading Enterprises Act 2023* which has been introduced to consolidate the governance requirements of GTEs which are presently contained in multiple instruments will also require changes to existing KPI's. The FPC has been working with Treasury to align new KPI's with the GTE Regulations and the FPC's Outcomes Based Management Framework will be changed to report against new Key Performance Indicators in 2023-24.

Performance summary

Financial performance

The FPC continues to provide a significant contribution to the economies of the State and many communities throughout the South West and Goldfields regions of Western Australia.

This financial year, the FPC reported an operating profit result of $5.7 million, before contribution income and amortisation of sandalwood licence and native forestry right-of-use assets.

The FPC has invested $35.5 million in building the State's softwood estate.

No dividend was paid to the State Government for the 2022-23 financial year.

Pricing arrangements

Pricing arrangements are determined by a variety of factors including requirements under the *Forest Products Act 2000*.

Section 59 of the Act prescribes the costs that are to be factored into a price for forest products. Contracts include indexation or an alternative escalation mechanism to minimise financial risk to the FPC.

The following table details a summary of our corporate performance against the financial outcomes and targets detailed in the Statement of Corporate Intent 2022-2023.

Financial performance

	Target 2022-23 ($ millions)	Actual 2022-23 ($ millions)	Variance ($ millions)
Financial targets			
Total expenses (sourced from Statement of Comprehensive Income)	156.4	128.2	28.2
Total income (sourced from Statement of Comprehensive Income)	143.8	134.3	(9.5)
Total equity (sourced from Statement of Financial Position)	282.6	311.1	28.5
Net increase / (decrease) in cash held (sourced from Statement of Cash Flows)	(0.4)	(1.5)	(1.1)
Financial outcomes			
Timber revenues	142.6	125.9	(16.7)
Operating profit	(12.7)	6.1	18.8
Net profit / (loss) after tax	(10.5)	26.9	37.4
Closing cash balance	16.6	15.5	(1.1)
Dividends paid	-	-	-
Performance measures			
Return on assets	-3.2%	7.7%	10.9%
Return on equity	-3.7%	8.7%	12.4%
Operating profit to timber revenues	-8.9%	4.9%	13.8%

Summary of audited key performance indicators

The KPIs are designed to measure the FPC's performance against our responsibilities. This includes a contribution to the achievement of State Government goals, adhering to the requirements of the Forest Management Plan 2014-2023 (FMP), and ensuring we meet compliance requirements. The FPC is focused on forest management delivering social, environmental and economic benefits to Western Australian communities. All the KPIs have a strong focus on sustainability.

An overview of the 2022-23 KPI results is provided below. Note that some KPIs are reported for the previous calendar year rather than financial year.

Key effectiveness indicators

			Target	Actual
1	**Quantity of native forest hardwood log timber harvested compared to FMP sustainable levels and targets**			
	First and second-grade jarrah and karri sawlogs	Jarrah – cumulative total from 2018 to 2022	1,188 (m^3 '000s)	633 (m^3 '000s)
		Karri – cumulative total from 2018 to 2022	531 (m^3 '000s)	406 (m^3 '000s)
	Other bole volume for jarrah, karri and marri	Jarrah - cumulative total from 2018 to 2022	2,628 (m^3 '000s)	1,626 (m^3 '000s)
		Karri - cumulative total from 2018 to 2022	1,476 (m^3 '000s)	1,152 (m^3 '000s)
		Marri - cumulative total from 2018 to 2022	1,260 (m^3 '000s)	113 (m^3 '000s)
2	**Harvest of sandalwood does not exceed harvest limits**			
		Green and dead wood sandalwood harvest	2,000 tonnes	577 tonnes actual dead 740 tonnes actual green Total 1,317 actual dead and green

		Target	Actual
3	**Effectiveness of forest regeneration**		
	Karri	95 per cent of the area regenerated not requiring remedial treatment	96 per cent
	Jarrah	90 per cent of areas cutover for regeneration completed in 30 months	69 per cent
	Sandalwood	Average of 50,000 seedlings established annually	56,000 seedlings Cumulative average of 12 years
4	**The achievement of thinning schedules**		
	Karri	1,230 hectares per annum of first thinning	567 hectares thinned
	Softwood plantations	95 per cent of softwood plantations are thinned within guidelines	74 per cent Actual percentage
	Sandalwood plantations	0 hectares thinned	0 hectares thinned
5	**All operations commence with required approvals**		
		100 per cent of pre-operation planning approvals completed and approved prior to commencement	99 per cent
6	**Independent certification maintained**		
		Certification maintained	The FPC has maintained appropriate certification

		Target	Actual
7	**Management of native forest fuel loads adjacent to priority pine plantations**		
		60 per cent Annual increase in the percentage of native forest fuel loads (adjacent to FPC's priority pine plantations) under six years of age	60 per cent
8	**Softwood plantations planted in the previous winter meet minimum stocking levels**		
		95 per cent of the total softwood plantations planted in the previous winter are compliant with minimum stocking levels	83 per cent
9	**First and second rotation softwood planting targets are achieved**		
		2,239 hectares (first and second rotation combined)	1,212 hectares
10	**Native forest resource processed locally (excluding any trials or research undertaken)**		
		100 per cent of native resource processed locally	100 per cent
11	**Log deliveries meet customer orders**		
	Plantations	Variance of no greater than 10 per cent	-1.37 per cent softwood (variance - orders versus deliveries)
	Native Forest	Variance of no greater than 10 per cent	-18.34 per cent native forest (variance - orders versus deliveries)
12	**Sandalwood sales orders**		
		100 per cent of sandalwood sales orders are met	98 per cent
13	**Green sandalwood roots as a percentage of green sandalwood harvested**		
		Total green volume includes 15 to 25 per cent roots	21 per cent

Key efficiency indicators

		Target	Actual
1	**Timeliness of response to stakeholder concerns or complaints**		
		95 per cent of responses provided on time	100 per cent on time
2	**Timeliness of initial response to Ministerial requests and Parliamentary Questions**		
		95 per cent of responses provided on time	96per cent of responses provided on time 4 per cent overdue
3	**Operating profit / (loss)**		
		($12,680,000)	$6,110,000
4	**Cost per dollar of revenue generated**		
	Native forest	Decrease over time	$1.35
	Plantations	Decrease over time	$0.76
	Sandalwood	Decrease over time	$1.07

Financial statements

Auditor General's report

INDEPENDENT AUDITOR'S REPORT 2023

FOREST PRODUCTS COMMISSION

To the Parliament of Western Australia

Report on the audit of the financial statements

Opinion

I have audited the financial statements of the Forest Products Commission (Commission) which comprise:

- the Statement of Financial Position at 30 June 2023, and the Statement of Comprehensive Income, Statement of Changes in Equity and Statement of Cash Flows for the year then ended
- Notes comprising a summary of significant accounting policies and other explanatory information.

In my opinion, the financial statements are:

- based on proper accounts and present fairly, in all material respects, the operating results and cash flows of the Forest Products Commission for the year ended 30 June 2023 and the financial position at the end of that period
- in accordance with Australian Accounting Standards (applicable to Tier 2 Entities), the *Financial Management Act 2006* and the Treasurer's Instructions.

Basis for opinion

I conducted my audit in accordance with the Australian Auditing Standards. My responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of my report.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

Responsibilities of the Commission for the financial statements

The Commission is responsible for:

- keeping proper accounts
- preparation and fair presentation of the financial statements in accordance with Australian Accounting Standards (applicable to Tier 2 Entities), the *Financial Management Act 2006* and the Treasurer's Instructions
- such internal control as it determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Commissioners are responsible for:

- assessing the entity's ability to continue as a going concern
- disclosing, as applicable, matters related to going concern
- using the going concern basis of accounting unless the Western Australian Government has made policy or funding decisions affecting the continued existence of the Commission..

Auditor's responsibilities for the audit of the financial statements

As required by the *Auditor General Act 2006*, my responsibility is to express an opinion on the financial statements. The objectives of my audit are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatements, whether due to fraud or error, and to issue an auditor's report that includes my opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Australian Auditing Standards will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations or the override of internal control.

A further description of my responsibilities for the audit of the financial statements is located on the Auditing and Assurance Standards Board website. This description forms part of my auditor's report and can be found at **https://www.auasb.gov.au/auditors_responsibilities/ar4.pdf**.

Report on the audit of controls

Opinion

I have undertaken a reasonable assurance engagement on the design and implementation of controls exercised by the Forest Products Commission. The controls exercised by the Commissioners are those policies and procedures established to ensure that the receipt, expenditure and investment of money, the acquisition and disposal of property, and the incurring of liabilities have been in accordance with the State's financial reporting framework (the overall control objectives).

In my opinion, in all material respects, the controls exercised by the Forest Products Commission are sufficiently adequate to provide reasonable assurance that the receipt, expenditure and investment of money, the acquisition and disposal of property and the incurring of liabilities have been in accordance with the State's financial reporting framework during the year ended 30 June 2023.

The Commissioners' responsibilities

The Commissioners are responsible for designing, implementing and maintaining controls to ensure that the receipt, expenditure and investment of money, the acquisition and disposal of property and the incurring of liabilities are in accordance with the *Financial Management Act 2006*, the Treasurer's Instructions and other relevant written law.

Auditor General's responsibilities

As required by the *Auditor General Act 2006*, my responsibility as an assurance practitioner is to express an opinion on the suitability of the design of the controls to achieve the overall control objectives and the implementation of the controls as designed. I conducted my engagement in accordance with Standard on Assurance Engagement *ASAE 3150 Assurance Engagements on Controls* issued by the Australian Auditing and Assurance Standards Board. That standard requires that I comply with relevant ethical requirements and plan and perform my procedures to obtain reasonable assurance about whether, in all material respects, the controls are suitably designed to achieve the overall control objectives and were implemented as designed.

An assurance engagement involves performing procedures to obtain evidence about the suitability of the controls design to achieve the overall control objectives and the implementation of those controls. The procedures selected depend on my judgement, including an assessment of the risks that controls are not suitably designed or implemented as designed. My procedures included testing the implementation of those controls that I consider necessary to achieve the overall control objectives.

I believe that the evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

Limitations of controls

Because of the inherent limitations of any internal control structure, it is possible that, even if the controls are suitably designed and implemented as designed, once in operation, the overall control objectives may not be achieved so that fraud, error or non-compliance with laws and regulations may occur and not be detected. Any projection of the outcome of the evaluation of the suitability of the design of controls to future periods is subject to the risk that the controls may become unsuitable because of changes in conditions.

Report on the audit of the key performance indicators

Opinion

I have undertaken a reasonable assurance engagement on the key performance indicators of the Forest Products Commission for the year ended 30 June 2023. The key performance indicators are the Under Treasurer-approved key effectiveness indicators and key efficiency indicators that provide performance information about achieving outcomes and delivering services.

In my opinion, in all material respects, the key performance indicators of the Forest Products Commission are relevant and appropriate to assist users to assess the Commission'sperformance and fairly represent indicated performance for the year ended 30 June 2023.

The Commissioners' responsibilities for the key performance indicators

The Commissioners are responsible for the preparation and fair presentation of the key performance indicators in accordance with the *Financial Management Act 2006* and the Treasurer's Instructions and for such internal controls as the Commissioners determines necessary to enable the preparation of key performance indicators that are free from material misstatement, whether due to fraud or error.

In preparing the key performance indicators, the Commissioners are responsible for identifying key performance indicators that are relevant and appropriate, having regard to their purpose in accordance with Treasurer's Instructions 904 *Key Performance Indicators*.

Auditor General's responsibilities

As required by the *Auditor General Act 2006*, my responsibility as an assurance practitioner is to express an opinion on the key performance indicators. The objectives of my engagement are to obtain reasonable assurance about whether the key performance indicators are relevant and appropriate to assist users to assess the entity's performance and whether the key performance indicators are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion. I conducted my engagement in accordance with Standard on Assurance Engagements ASAE 3000 *Assurance Engagements Other than Audits or Reviews of Historical Financial Information* issued by the Australian Auditing and Assurance Standards Board. That standard requires that I comply with relevant ethical requirements relating to assurance engagements.

An assurance engagement involves performing procedures to obtain evidence about the amounts and disclosures in the key performance indicators. It also involves evaluating the relevance and appropriateness of the key performance indicators against the criteria and guidance in Treasurer's Instruction 904 for measuring the extent of outcome achievement and the efficiency of service delivery. The procedures selected depend on my judgement, including the assessment of the risks of material misstatement of the key performance indicators. In making these risk assessments, I obtain an understanding of internal control relevant to the engagement in order to design procedures that are appropriate in the circumstances.

I believe that the evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

My independence and quality management relating to the report on financial statements, controls and key performance indicators

I have complied with the independence requirements of the *Auditor General Act 2006* and the relevant ethical requirements relating to assurance engagements. In accordance with ASQM 1 *Quality Management for Firms that Perform Audits or Reviews of Financial Reports and Other Financial Information, or Other Assurance or Related Services Engagements*, the Office of the Auditor General maintains a comprehensive system of quality management including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

Other information

The Commissioners are responsible for the other information. The other information is the information in the entity's annual report for the year ended 30 June 2023, but not the financial statements, key performance indicators and my auditor's report.

My opinions on the financial statements, controls and key performance indicators do not cover the other information and accordingly I do not express any form of assurance conclusion thereon.

In connection with my audit of the financial statements, controls and key performance indicators my responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements and key performance indicators or my knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work I have performed, I conclude that there is a material misstatement of this other information, I am required to report that fact. I did not receive the other information prior to the date of this auditor's report. When I do receive it, I will read it and if I conclude that there is a material misstatement in this information, I am required to communicate the matter to those charged with governance and request them to correct the misstated information. If the misstated information is not corrected, I may need to retract this auditor's report and re-issue an amended report

Matters relating to the electronic publication of the audited financial statements and key performance indicators

The auditor's report relates to the financial statements and key performance indicators of the Forest Products Commission for the year ended 30 June 2023 included in the annual report on the Commission's website. The Commission's management is responsible for the integrity of the Commission's website. This audit does not provide assurance on the integrity of the Commission's website. The auditor's report refers only to the financial statements, controls and key performance indicators described above. It does not provide an opinion on any other information which may have been hyperlinked to/from the annual report. If users of the financial statements and key performance indicators are concerned with the inherent risks arising from publication on a website, they are advised to contact the entity to confirm the information contained in the website version.

Grant Robinson

GRANT ROBINSON
ASSISTANT AUDITOR GENERAL FINANCIAL AUDIT
DELEGATE OF THE AUDITOR GENERAL FOR WESTERN AUSTRALIA

Perth, Western Australia
12 September 2023

Certification of financial statements

Certification of the financial statements

For the year ended 30 June 2023

The accompanying financial statements of the Forest Products Commission have been prepared in compliance with the provisions of the *Financial Management Act 2006* from proper accounts and records to present fairly the financial transactions for the financial year ended 30 June 2023 and the financial position as at 30 June 2023.

At the date of signing we are not aware of any circumstances which would render the particulars included in the financial statements misleading or inaccurate.

Ms Debra Blaskett
Chair
12 September 2023

Hon Robert Pearce
Commissioner
12 September 2023

Mr Antonio De Nobrega
Chief Finance Officer
12 September 2023

Statement of comprehensive income

For the year ended 30 June 2023

	Notes	2023 $000	2022 $000
Continuing operations			
Income and revenue			
Revenue from sale of forest products	3.2	125,870	125,008
Commonwealth grants and contributions	3.4	103	115
Interest income	3.5	446	41
Grants and subsidies from State Government	3.3	472	452
Other income	3.6	7,824	3,245
Gain on disposal of non-current assets	3.7	1	-
Gains from foreign exchange	3.7	91	115
Total income		**134,807**	**128,976**
Expenses			
Production expenses	4.2	77,258	84,775
Net movement of biological assets	5.4.1	(17,288)	9,453
Employee benefits expense	4.3.1	20,840	19,768
Supplies and services	4.6.1.(a)	21,166	21,615
Depreciation and amortisation expense	5.1.1; 5.2.1; 5.3.1	5,402	6,094
Finance costs	7.2	348	374
Accommodation expenses	4.6.1.(b)	837	920
Grants and subsidies	4.4	69	20
Loss on disposal of non-current assets	4.5	-	13
Other expenses	4.6.1.(c)	2,305	2,751
Onerous contracts	4.6.2	(31)	(321)
Total expenses		**110,906**	**145,462**
Net results from continuing operations before income tax		**23,901**	**(16,486)**
Income tax benefit/(expense)	4.7.1	3,034	(14,380)
Net results from continuing operations after income tax		**26,935**	**(30,866)**

The 'Statement of comprehensive income' should be read in conjunction with the accompanying notes.

	Notes	2023 $000	2022 $000
Other Comprehensive Income			
Items that will not be reclassified subsequently to profit or loss			
Remeasurements of defined benefit liability	4.3.2(c)	2	9
Changes in asset revaluation surplus	9.6.1	10,101	4,724
Deferred tax on items of other comprehensive income	9.6.1	(3,030)	(1,417)
Items that may be reclassified subsequently to profit or loss			
Changes in cashflow hedge reserve	9.6.2	12	(12)
Income tax on items of other comprehensive income	9.6.2	(3)	3
Total economic flows - other comprehensive income net of income tax		**7,082**	**3,307**
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		**34,017**	**(27,559)**

Statement of financial position

as at 30 June 2023

	Notes	2023 $000	2022 $000
ASSETS			
Current Assets			
Cash and cash equivalents	7.3.1	15,458	17,007
Inventories	6.1	9,039	7,603
Receivables	6.2	12,567	14,438
Biological assets	5.4	10,052	11,883
Other current assets	6.3	3,536	1,824
Total current assets		**50,652**	**52,755**
Non-current assets			
Infrastructure, property, plant and equipment	5.1	81,526	41,711
Deferred tax assets	4.7.3	-	-
Biological assets	5.4	210,479	186,258
Right of use assets	5.2	2,079	2,436
Intangible assets	5.3	3,770	3,313
Total non-current assets		**297,854**	**233,718**
Total assets		**348,506**	**286,473**
LIABILITIES			
Current Liabilities			
Payables	6.4.(a)	12,816	15,870
Lease liabilities	7.1	646	703
Employee related provisions	4.3.2.(a)	4,053	3,606
Other provisions	6.5.(a)	2,907	5,433
Deferred revenue	6.6.(a)	1,664	1,672
Total current liabilities		**22,086**	**27,284**

	Notes	2023 $000	2022 $000
Non-current liabilities			
Payables	6.4.(b)	2,806	3,133
Lease liabilities	7.1	1,462	1,789
Employee related provisions	4.3.2.(b)	805	771
Other provisions	6.5.(b)	4,380	1,461
Deferred revenue	6.6.(b)	5,906	8,475
Total non-current liabilities		**15,359**	**15,629**
Total liabilities		**37,445**	**42,913**
Net Assets		**311,061**	**243,560**
Equity			
Contributed Equity	9.6	323,993	290,508
Reserves	9.6.2	23,376	16,297
Accumulated deficit	9.6.3	(36,308)	(63,245)
Total Equity		**311,061**	**243,560**

The 'Statement of financial position' should be read in conjunction with the accompanying notes.

Statement of changes in equity

For the year ended 30 June 2023

	Notes	Contributed equity $000	Reserves $000	Accumulated deficit $000	Total equity $000
CONTRIBUTED EQUITY					
Balance at 1 July 2021	9.11	**276,245**	**12,999**	**(32,388)**	**256,856**
Net result after income tax for the year		-	-	(30,866)	(30,866)
Other comprehensive income for the year, net of income tax		-	3,298	9	3,307
Total comprehensive loss for the year		-	3,298	(30,857)	(27,559)
Transactions with owners in their capacity as owners:					
State contribution (equity injection)		14,263	-	-	14,263
Balance at 30 June 2022	9.6	**290,508**	**16,297**	**(63,245)**	**243,560**
Balance at 1 July 2022		**290,508**	**16,297**	**(63,245)**	**243,560**
Net result after income tax for the year		-	-	26,935	26,935
Other comprehensive income for the year, net of income tax		-	7,079	2	7,081
Total comprehensive income for the year		-	7,079	26,937	34,016
Transactions with owners in their capacity as owners:					
State contribution (equity injection)		33,485	-	-	33,485
Balance at 30 June 2023	9.6	**323,993**	**23,376**	**(36,308)**	**311,061**

The 'Statement of changes in equity' should be read in conjunction with the accompanying notes.

Statement of cash flows

For the year ended 30 June 2023

	Notes	2023 $000	2022 $000
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts			
Receipts from external customers		135,270	135,745
Interest received		309	32
Other receipts		3,603	729
Total receipts		**139,182**	**136,506**
Payments			
Payments for employee benefits		(20,201)	(19,868)
Payments to suppliers		(30,391)	(30,807)
Forest management expenditure		(87,416)	(87,556)
Total payments		**(138,008)**	**(138,231)**
Net cash from/(used in) operating activities	7.3.2	**1,174**	**(1,725)**
CASH FLOWS FROM INVESTING ACTIVITIES			
Receipts			
Proceeds from sale of non-current physical assets		1	-
Payments			
Purchase of non-current physical assets		(30,741)	(27)
Purchase of investments			
Investment in new plantations	5.4	(4,945)	(6,033)
Net cash used in investing activities		**(35,685)**	**(6,060)**
CASH FLOWS FROM FINANCING ACTIVITIES			
Payments			
Lease payments		(994)	(851)
Net cash used in financing activities		**(994)**	**(851)**

	Notes	2023 $000	2022 $000
CASH FLOWS FROM STATE GOVERNMENT			
State Contribution (equity injection)		33,484	14,263
Other grants and subsidies	3.3	472	452
Net cash provided from State Government		**33,956**	**14,715**
Net (decrease)/increase in cash and cash equivalents		(1,549)	6,079
Cash and cash equivalents at the beginning of the period		17,007	10,928
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	7.3.1	**15,458**	**17,007**

The 'Statement of Cash Flows' should be read in conjunction with the accompanying notes.

Index of notes to the financial statements

Notes to the financial statements

For the year ended 30 June 2023

1.0 CORPORATE INFORMATION AND BASIS FOR PREPARATION

Details of reporting entity

The Forest Products Commission (FPC) is a WA Government entity and is controlled by the State of Western Australia, which is the ultimate parent.

The FPC's principal purpose is to manage and control the harvesting of timber on Crown land in Western Australia, including native forest, plantation and sandalwood resources.

These annual financial statements were authorised for issue by the Board of Commissioners of the FPC on 12 September 2023.

Statement of compliance

These general purpose financial statements are prepared in accordance with:

1) The *Financial Management Act 2006* (**FMA**)

2) The Treasurer's Instructions (**the Instructions or TIs**)

3) Australian Accounting Standards (**AAS**) - Simplified Disclosure Requirements

4) Where appropriate, those **AAS** paragraphs applicable for not-for-profit entities have been applied.

The *Financial Management Act 2006* and the Treasurer's Instructions (the Instructions) take precedence over AAS. Several AAS are modified by the Instructions to vary application, disclosure format and wording. Where modification is required and has had a material or significant financial effect upon the reported results, details of that modification and the resulting financial effect are disclosed in the notes to the financial statements.

Basis of preparation

These financial statements are presented in Australian dollars applying the accrual basis of accounting and using the historical cost convention. Certain balances will apply a different measurement basis (such as the fair value basis). Where this is the case the different measurement basis is disclosed in the associated note. All values are rounded to the nearest thousand dollars ($000).

The FPC has adjusted the format of the Statement of Comprehensive Income to increase the comparability of information presented. There have been no adjustments to the figures reported, merely a removal of sub-totals.

Comparative figures are, where appropriate, reclassified to be comparable with the figures presented in the current financial year.

Revenues, expenses and assets are recognised net of the amount of goods and services tax (GST), except:

i. where the amount of GST incurred is not recoverable from the taxation authority, it is recognised as part of the cost of acquisition of an asset or as part of an item of expense; or

ii. for receivables and payables which are recognised inclusive of GST.

The net amount of GST recoverable from, or payable to, the taxation authority is included as part of receivables or payables.

Judgements and estimates

Judgements, estimates and assumptions are required to be made about financial information being presented. The significant judgements and estimates made in the preparation of these financial statements are disclosed in the notes where amounts affected by those judgements and/or estimates are disclosed. Estimates and associated assumptions are based on professional judgements derived from historical experience and various other factors that are believed to be reasonable under the circumstances.

Contributed equity

AASB Interpretation 1038 *Contributions by Owners Made to Wholly-Owned Public Sector Entities* requires transfers in the nature of equity contributions, other than as a result of a restructure of administrative arrangements, to be designated by the Government (the owner) as contributions by owners (at the time of, or prior to transfer) before such transfers can be recognised as equity contributions. Capital appropriations have been designated as contributions by owners by TI 955 *Contributions by Owners made to Wholly Owned Public Sector Entities* and have been credited directly to Contributed equity.

The transfers of net assets to/from other agencies, other than as a result of a restructure of administrative arrangements, are designated as contributions by owners where the transfers are non-discretionary and non-reciprocal.

2.0 FOREST PRODUCTS COMMISSION OUTPUTS

How the FPC operates

This section includes information regarding the nature of income that the FPC receives and how that income is utilised to achieve the FPC's objectives.

	Note
FPC objectives	2.1
Schedule of income and expenses by service	2.2

2.1 FPC objectives

Mission
To contribute to Western Australia's economic and regional development.

Segments
Segment information is prepared in conformity with Treasurer's Instruction (TI) 1101.

Segment income, expenses, assets and liabilities are allocated on the basis of direct attribution and reasonable estimates of usage.

A segment is a distinguishable component of the FPC that is engaged either in providing goods or services (business segment), or in providing products or services within a particular economic environment (geographical segment), which is subject to risks and rewards that are different from those of other segments.

The FPC's operations are comprised of the following main business segments:

Native forest – Responsible for harvesting and regeneration activities associated with native forestry in Western Australia.

Sandalwood – Responsible for harvesting and regeneration activities associated with sandalwood timber.

Plantations – Responsible for all harvesting, replanting and maintenance of the FPC's plantation estate as well as the maintenance of core sharefarm plantations. The objective of the core sharefarms is to maintain plantations that sustain and develop the timber industry.

Policy and industry development – This segment is responsible for policy, industry development and corporate support to Government.

Non-commercial – Activities that are non-core to the main operating segments and include sharefarms that are not required for long-term timber production.

The FPC operates in one geographical segment, being Western Australia.

2.2 SCHEDULE OF INCOME AND EXPENSES BY SERVICE

For the year ended on 30 June 2023

2023	Native Forest $000	Plantations $000	Sandalwood $000	Policy and Industry Development $000	Non Commercial $000	Eliminations $000	Total $000
Income							
Sales of forest products	32,241	80,530	13,099	-	-	-	125,870
Commonwealth grants and contributions	28	60	13	2	-	-	103
Interest	38	43	345	20	-	-	446
Other income	288	3,252	130	227	-	-	3,897
Gain on disposal of non-current assets	-	-	1	-	-	-	1
Gains from foreign exchange	-	-	91	-	-	-	91
Internal segment revenue	-	2,004	-	-	-	(2,004)	-
Total Income	**32,595**	**85,889**	**13,679**	**249**	**-**	**(2,004)**	**130,408**
Expenses							
Production expenses	(24,992)	(43,058)	(9,209)	1	-	-	(77,258)
Employee Expenses	(9,533)	(8,454)	(2,091)	(750)	(12)	-	(20,840)
Supplies and services	(8,381)	(11,504)	(2,394)	(565)	(326)	2,004	(21,166)
Depreciation and amortisation expense[1]	(369)	(1,358)	(135)	(63)	(7)	-	(1,932)
Finance costs	(11)	(310)	(19)	(6)	(2)	-	(348)
Accommodation expenses	(172)	(370)	(68)	(176)	(51)	-	(837)
Grants and subsidies	(16)	(26)	(9)	(18)	-	-	(69)
Other expenses	(496)	(563)	(660)	(579)	(7)	-	(2,305)
Total Expenses	**(43,970)**	**(65,643)**	**(14,585)**	**(2,156)**	**(405)**	**2,004**	**(124,755)**
Operating profit/(loss) before contribution income & amortisation of licences and forestry right-of-use assets[2]	**(11,375)**	**20,246**	**(906)**	**(1,907)**	**(405)**	**-**	**5,653**
Contribution income	-	-	3,927	-	-	-	3,927
Amortisation of sandalwood licence and native forest right-of-use asset	(2,161)	-	(1,309)	-	-	-	(3,470)
Operating profit / (loss)[3]	**(13,536)**	**20,246**	**1,712**	**(1,907)**	**(405)**	**-**	**6,110**

Continued.

2.2 SCHEDULE OF INCOME AND EXPENSES BY SERVICE (CONTINUED)

For the year ended on 30 June 2023

2023	Native Forest $000	Plantations $000	Sandalwood $000	Policy and Industry Development $000	Non Commercial $000	Eliminations $000	Total $000
Net movement in biological assets	-	17,288	-	-	-	-	17,288
Grants and subisdies from State Government	-	472	-	-	-	-	472
Onerous contracts	-	-	-	-	31	-	31
Profit / (Loss) before Tax	**(13,536)**	**38,006**	**1,712**	**(1,907)**	**(374)**	**-**	**23,901**
Allocation of Income Tax Equivalent	4,061	(11,402)	(514)	10,889	-	-	3,034
Profit / (Loss) for the year	**(9,475)**	**26,604**	**1,198**	**8,982**	**(374)**	**-**	**26,935**
Total Segment Assets	**11,077**	**274,954**	**136**	**-**	**62,339**	**-**	**348,506**
Total Segment Liabilities	**6,018**	**4,640**	**-**	**-**	**26,787**	**-**	**37,445**

[1] Excludes amortisation on sandalwood licences and native forest right-of-use assets.

[2] Excludes contribution income and amortisation of sandalwood licence and native forest right-of-use asset which are included below.

[3] Profit before change in biological assets valuation, onerous contracts and grants/subsidies from State Government.

2.2 SCHEDULE OF INCOME AND EXPENSES BY SERVICE (CONTINUED)

For the year ended on 30 June 2023

2022	Native Forest $000	Plantations $000	Sandalwood $000	Policy and Industry Development $000	Non Commercial $000	Eliminations $000	Total $000
Income							
Sales of forest products	35,924	67,660	21,424	-	-	-	125,008
Commonwealth grants and contributions	31	69	15	-	-	-	115
Interest	-	-	41	-	-	-	41
Other income	358	395	208	263	-	-	1,224
Gains from foreign exchange	-	-	115	-	-	-	115
Internal segment revenue	-	2,036	-	-	-	(2,036)	-
Total Income	**36,313**	**70,160**	**21,803**	**263**	**-**	**(2,036)**	**126,503**
Expenses							
Production expenses	(29,845)	(42,706)	(12,224)	-	-	-	(84,775)
Employee Expenses	(5,899)	(9,240)	(2,639)	(1,686)	(304)	-	(19,768)
Supplies and services	(8,996)	(10,717)	(2,422)	(1,262)	(254)	2,036	(21,615)
Depreciation and amortisation expense[1]	(324)	(1,298)	(186)	(80)	(24)	-	(1,912)
Finance costs	(7)	(257)	(94)	(15)	(1)	-	(374)
Accommodation expenses	(254)	(540)	(102)	57	(81)	-	(920)
Grants and subsidies	(5)	(5)	(5)	(5)	-	-	(20)
Loss on disposal of non-current assets	(3)	(3)	(3)	(5)	1	-	(13)
Other expenses	(224)	(615)	(736)	(1,167)	(9)	-	(2,751)
Total Expenses	**(45,557)**	**(65,381)**	**(18,411)**	**(4,163)**	**(672)**	**2,036**	**(132,148)**
Operating profit/(loss) before contribution income & amortisation of licences and forestry right-of-use assets[2]	**(9,244)**	**4,779**	**3,392**	**(3,900)**	**(672)**	**-**	**(5,645)**
Contribution income	-	-	2,021	-	-	-	2,021
Amortisation of sandalwood licence and native forest right-of-use asset	(2,161)	-	(2,021)	-	-	-	(4,182)
Operating profit / (loss)[3]	**(11,405)**	**4,779**	**3,392**	**(3,900)**	**(672)**	**-**	**(7,806)**

Continued.

2.2 SCHEDULE OF INCOME AND EXPENSES BY SERVICE (CONTINUED)

For the year ended on 30 June 2023

2022	Native Forest $000	Plantations $000	Sandalwood $000	Policy and Industry Development $000	Non Commercial $000	Eliminations $000	Total $000
Net movement in biological assets	-	(9,453)	-	-	-	-	(9,453)
Grants and subsidies from State Government	-	452	-	-	-	-	452
Onerous contracts	-	-	-	-	321	-	321
Profit / (Loss) before Tax	**(11,405)**	**(4,222)**	**3,392**	**(3,900)**	**(351)**	**-**	**(16,486)**
Allocation of Income Tax Equivalent	3,422	1,266	(1,018)	(18,050)	-	-	(14,380)
Profit / (Loss) for the year	**(7,983)**	**(2,956)**	**2,374**	**(21,950)**	**(351)**	**-**	**(30,866)**
Total Segment Assets	**6,982**	**224,118**	**70**	**-**	**55,303**	**-**	**286,473**
Total Segment Liabilities	**5,660**	**4,705**	**-**	**-**	**32,548**	**-**	**42,913**

[1] Excludes amortisation on sandalwood licences.

[2] Excludes contribution income and amortisation of sandalwood licence and native forest right-of-use asset which are included below.

[3] Profit before change in biological assets valuation, onerous contracts and grants/subsidies from State Government.

The 'Schedule of income and expenditure' by service should be read in conjunction with the accompanying notes.

3.0 FUNDING DELIVERY OF OUR SERVICES

Introduction

This section provides an account of the income that funds the delivery of the FPC's services. Income is received from a variety of sources, including the receipt of special purpose grants to support the delivery of Western Australian Government policy objectives.

Structure

This section includes:

- Note 3.1 Summary of income that funds the delivery of our services
- Note 3.2 Revenue from sale of forest products
- Note 3.3 Other income from Western Australian Government entities
- Note 3.4 Commonwealth grants and contributions
- Note 3.5 Interest income
- Note 3.6 Other income
- Note 3.7 Other gains

3.1 SUMMARY OF INCOME THAT FUNDS THE DELIVERY OF OUR SERVICES

	Notes	2023 $000	2022 $000
Revenue from sale of forest products	3.2	125,870	125,008
Other income from WA Government entities	3.3	472	452
Commonwealth grants and contributions	3.4	103	115
Interest income	3.5	446	41
Other income	3.6	7,824	3,245
Other gains	3.7	92	115
Total income from transactions		**134,807**	**128,976**

3.2 REVENUE FROM SALE OF FOREST PRODUCTS

	2023 $000	2022 $000
Harvesting operations	98,196	99,060
Recovery of harvesting costs	27,566	25,197
Plant propagation centre revenue	108	751
Total revenue from sale of forest products	**125,870**	**125,008**

This revenue is recognised when FPC transfers control of the timber to a customer, for the amount to which FPC expects to be entitled.

Under AASB 15, the sale of timber products is to be recognised at the point in time when the performance obligation of delivery of timber has been satisfied. This is judged to occur at the point of delivery to the buyers' premises, unless otherwise stated in an enforceable contract.

Revenue from forest products is generated from the sale of graded and ungraded sawlogs, residual logs and other products including sandalwood, firewood, poles, piles and posts, seed and seedlings.

This revenue is recognised when FPC transfers control of the products to a customer, for the amount to which FPC expects to be entitled.

Under AASB 15, the sale of these products is to be recognised at the point in time when the performance obligation of delivering harvested and transformed products to buyers has been satisfied.

Amounts are recognised net of returns and taxes paid.

3.3 OTHER INCOME FROM WESTERN AUSTRALIAN GOVERNMENT ENTITIES

	2023 $000	2022 $000
Special purpose grants:		
Government operating subsidy[1]	220	200
Farm forestry grant [2]	252	252
Total other income from Western Australian Government entities	**472**	**452**

[1] Subsidy for additional harvesting costs to be incurred as a result of rescheduling harvesting at Gnangara and the South West.

[2] Farm Forestry, Private Native Forestry and Indigenous Forestry grant allocation passed from the Federal to WA State Government under the Federation Funding Agreement.

Revenue is recognised at fair value when the FPC obtains control over the assets comprising the contributions, usually when cash is received.

3.4 COMMONWEALTH GRANTS AND CONTRIBUTIONS

	2023 $000	2022 $000
Commonwealth grants	103	115
Total Commonwealth grants	**103**	**115**

Commonwealth boosting apprenticeship commencements program funding.

3.5 INTEREST INCOME

	Notes	2023 $000	2022 $000
Interest on overdue trade receivables	6.2	2	-
Interest on cash at bank		444	41
Total interest income		**446**	**41**

Interest income is recognised under the effective interest method, under AASB 9.

3.6 OTHER INCOME

	2023 $000	2022 $000
Contracts and other revenue	198	148
Revenue from cost recovery operations[1]	3,519	813
Resources received free of charge	180	263
Contributional licence income	3,927	2,021
Total other income	**7,824**	**3,245**

[1] Revenue from cost recovery operations is due mainly to services and staff provided to Department of Biodiversity, Conservation and Attractions (DBCA) for fire support, the recoup of plantation maintenance costs and insurance premium adjustments. Expenses associated with these contributions are included in expenses from ordinary activities.

As the FPC does not provide any cash or service in exchange for harvesting rights to sandalwood, the amount of the contribution is equal to the fair value of the right to harvest sandalwood for the period of each licence.

Assets or services received free of charge or for nominal cost, that the FPC would otherwise purchase if not donated, are recognised as income at the fair value of the assets or services that can be reliably measured. A corresponding expense is recognised for services received. Receipts of assets are recognised in the Statement of Financial Position.

3.7 OTHER GAINS

	2023 $000	2022 $000
Gain on disposal of non-current assets		
Net proceeds from disposal of non-current assets:		
Plant, equipment and vehicles	1	-
Carrying amount of non-current assets disposed:		
Plant, equipment and vehicles	-	-
Gain on disposal of non-current assets		
Net gain	1	-
Other gains		
Gain on foreign currencies	91	115
Total gains		
	92	**115**

Realised and unrealised gains are usually recognised on a net basis. Gains and losses on the disposal of non-current assets are presented by deducting from the proceeds on disposal the carrying amount of the asset and related selling expenses. Gains and losses are recognised in profit or loss in the statement of comprehensive income (from the proceeds of sale).

4.0 THE COST OF DELIVERING SERVICES

Introduction

This section provides an account of the operating expenses incurred by the FPC in delivering services and outputs and certain assets and liabilities associated with those expenses. In section 3, the funds that enable the delivery of our services were disclosed and in this note the operating costs associated with the delivery of those services are provided.

Structure

This section includes:

- Note 4.1 Summary of expenses incurred in the delivery of services
- Note 4.2 Production expenses
- Note 4.3 Employee benefits expense
- Note 4.3.1 Employee benefits expense in the Statement of Comprehensive Income
- Note 4.3.2 Employee benefit provisions in the Statement of Financial Position
- Note 4.4 Grants and subsidies
- Note 4.5 Loss on disposal of non-current assets
- Note 4.6 Other expenditure
- Note 4.6.1 Other operating expenditure
- Note 4.6.2 Onerous contracts
- Note 4.7 Taxation

4.1 SUMMARY OF EXPENSES INCURRED IN THE DELIVERY OF SERVICES

	Notes	2023 $000	2022 $000
Production expenses	4.2	77,258	84,775
Employee benefits expense	4.3	20,840	19,768
Grants and subsidies	4.4	69	20
Loss on disposal of non-current assets	4.5	-	13
Other expenditure	4.6	24,308	25,286
Total expenses incurred in the delivery of services		**122,475**	**129,862**

4.2 PRODUCTION EXPENSES

	2023 $000	2022 $000
Harvesting	37,131	39,269
Haulage	30,638	30,845
Timber processing	4,217	4,067
Roading maintenance and construction	4,369	5,613
Movement in inventory	1,496	2,020
Other	(593)	2,961
Total production expenses	**77,258**	**84,775**

Production expenses comprise costs primarily incurred with external contractors, contracted to harvest standing timber and haul the resultant timber products to the point-of-sale, normally the buyer's facility.

Costs associated with the maintenance and construction of roads necessary to logging operations, for which the FPC engages external contractors, are expensed as incurred.

4.3 EMPLOYEE BENEFITS EXPENSE

4.3.1 EMPLOYEE BENEFITS EXPENSE IN THE STATEMENT OF COMPREHENSIVE INCOME

	2023 $000	2022 $000
Employment benefits	18,998	18,020
Superannuation - defined contribution plans[1]	1,841	1,747
Superannuation - defined benefit plans[2]	1	1
Total employee benefits expenses	**20,840**	**19,768**
Add: AASB 16 Non-monetary benefits[3]	74	65
Less: Employee Contributions	(20)	(21)
Net Employee benefits	**20,894**	**19,812**

[1] Defined contribution plans include West State Superannuation Scheme (WSS), Gold State Superannuation Scheme (GSS), Government Employees Superannuation Board Schemes (GESBs) and other eligible funds.

[2] Defined benefit plans may include Gold State Superannuation Scheme (GSS) members transferred from the former pension Scheme.

[3] AASB 16 Non-monetary benefits: Non-monetary employee benefits that are employee benefits expenses predominantly relate to the provision of vehicle and housing benefits are measured at the cost incurred by the FPC.

Employee benefits: Employee benefits: include wages, salaries and social contributions, accrued and paid leave entitlements and paid sick leave, and non-monetary benefits recognised under accounting standards other than AASB 16 (such as housing or cars) for employees.

Superannuation: the amount recognised in profit or loss of the Statement of Comprehensive Income comprises employer contributions paid to the GSS (concurrent contributions), the WSS, the GESBs or other superannuation funds.

AASB 16 non-monetary benefits: non-monetary employee benefits predominantly relating to the provision of vehicle and housing benefits that are recognised under AASB 16 which are excluded from the employee benefits expense.

Employee Contributions: contributions made to the FPC by employees towards employee benefits that have been provided by the FPC. This includes both AASB 16 and non-AASB 16 employee contributions.

4.3.2 EMPLOYEE BENEFIT PROVISIONS IN THE STATEMENT OF FINANCIAL POSITION

Provision is made for benefits accruing to employees in respect of wages and salaries, annual leave, and long service leave for services rendered up to the reporting date and recorded as an expense during the period the services are delivered.

4.3.2.(a) Current

Employee benefits provision	2023 $000	2022 $000
Annual leave (a)	1,615	1,484
Long service leave (b)	2,438	2,122
	4,053	**3,606**

4.3.2.(b) Non-current

Employee benefits provision	2023 $000	2022 $000
Long service leave (b)	773	737
Superannuation (c)	32	34
	805	**771**
Total employee benefit provisions	**4,858**	**4,377**

(a) **Annual leave liabilities:** Classified as current as there is no unconditional right to defer settlement for at least 12 months after the end of the reporting period. Assessments indicate that actual settlement of the liabilities is expected to occur as follows:

	2023 $000	2022 $000
Within 12 months of the end of the reporting period	1,133	1,134
More than 12 months after the end of the reporting period	482	350
	1,615	**1,484**

The annual leave liability is calculated at the present value of amounts expected to be paid in relation to services provided by employees up to the reporting date.

(b) **Long service leave liabilities:** Unconditional long service leave provisions are classified as current liabilities as the FPC does not have an unconditional right to defer settlement of the liability for at least 12 months after the end of the reporting period.

Pre-conditional long service leave provisions are classified as non-current liabilities as the FPC has a right to defer settlement of the liability until the employee has completed the requisite years of service.

Assessments indicate that actual settlement of the liabilities is expected to occur as follows:

	2023 $000	2022 $000
Within 12 months of the end of the reporting period	757	654
More than 12 months after the end of the reporting period	2,454	2,205
	3,211	**2,859**

The provision for long service leave liability is calculated at the present value as the FPC does not expect to wholly settle the amounts within 12 months. The present value is measured taking into account the present value of expected future payments to be made in relation to services provided by employees up to the reporting date. These payments are estimated using the remuneration rate expected to apply at the time of settlement, and discounted using market yields at the end of the reporting period on national government bonds with terms to maturity that match, as closely as possible, the estimated future cash outflows. For the year ended 30 June 2023 an actuarial assessment was provided by PricewaterhouseCoopers Securities Ltd (PwC).

Key sources of estimation uncertainty – long service leave

Key estimates and assumptions concerning the future are based on historical experience and various other factors that have a significant risk of causing a material adjustment to the carrying amount of assets and liabilities within the next financial year.

Several estimates and assumptions are used in calculating the Agency's long service leave provision. These include:

- Expected future salary rates
- Discount rates
- Employee retention rates
- Expected future payments

Changes in these estimations and assumptions may impact on the carrying amount of the long service leave provision.

Any gain or loss following revaluation of the present value of long service leave liabilities is recognised as employee benefits expense.

4.3.2.(c) Superannuation liabilities

Some former Pension Scheme members have transferred to Gold State Super. In respect of their transferred benefit the members receive a lump sum benefit at retirement, death or invalidity which is related to their salary during their employment and indexed during any deferral period after leaving public sector employment.

The Scheme operates under the *State Superannuation Act 2000 (Western Australia)* and the *State Superannuation Regulations 2001 (Western Australia)*.

	2023 $000	2022 $000
Movements in the present value of the defined benefit obligation in the reporting period were as follows:		
Liability at start of year	34	43
Included in profit or loss:		
Interest cost	1	-
	1	**-**
Included in other comprehensive income:		
Remeasurements loss (gain) recognised:		
financial assumptions	(2)	(9)
experience adjustments	-	-
	(2)	**(9)**
Contributions:		
Benefits paid	(1)	-
Liability at end of year	**32**	**34**

Employer contributions of $3,000 (2022: $3,000) are expected to be paid to the Gold State Superannuation Scheme in the subsequent annual reporting period.

4.4 GRANTS AND SUBSIDIES

	2023 $000	2022 $000
Total grants and subsidies provided[1]	**69**	**20**

[1] Grants provided to various community groups under a community grants program.

Transactions in which the FPC provides goods, services, assets (or extinguishes a liability) or labour to another party without receiving approximately equal value in return are categorised as 'Grant expenses'. Grants can either be operating or capital in nature.

Grants can be paid as general purpose grants which refer to grants that are not subject to conditions regarding their use. Alternatively, they may be paid as specific purpose grants which are paid for a particular purpose and/or have conditions attached regarding their use.

Grants and other transfers to third parties (other than contribution to owners) are recognised as an expense in the reporting period in which they are paid or payable. They include transactions such as: grants, subsidies, personal benefit payments made in cash to individuals, other transfer payments made to public sector agencies, local government, non-government schools, and community groups.

4.5 LOSS ON DISPOSAL OF NON-CURRENT ASSETS

Carrying amount of non-current assets disposed	2023 $000	2022 $000
Plant, equipment and vehicles	-	13
Loss on disposal of non-current assets	-	13
Net loss on disposal of non-current assets	**-**	**13**

4.6 OTHER EXPENDITURE

4.6.1 OTHER OPERATING EXPENDITURE

4.6.1.(a) Supplies and services	2023 $000	2022 $000
Travel	250	183
Insurance[1]	655	547
Short term and low value leases	821	758
Legal fees and consultants	1,162	621
DBCA service level agreements	7,507	7,558
Materials	849	910
Forest management expenses	7,845	6,894
Fire salvage and remedial works	2,025	1,782
Repairs and maintenance	309	302
Vehicle expenses	86	73
Other supplies and services[2]	(343)	1,987
Total supplies and services	**21,166**	**21,615**
4.6.1.(b) Accommodation expenses		
Office rental [3]	612	638
Cleaning	124	138
Other property	102	144
Total accommodation expenses	**837**	**920**
4.6.1.(c) Other		
Audit fees - Auditor General	197	197
Audit fees - Other[4]	139	100
Expected credit losses expense	59	185
Telephone, postage, communications	967	1,453
Employment on-costs	230	288
Other administration costs	533	265
Resources received free of charge	180	263
Total other expenses	**2,305**	**2,751**
	24,308	**25,286**

[1] Insurance includes payments to RiskCover.

[2] Other supplies and services includes professional IT and other temporary staff costs.

[3] Included within rental costs are short-term and low-value leases of up to $5,000. This excludes leases with another wholly-owned public sector entity lessor agency. Refer to note 7.4.1 for aggregate short-term and low-value lease expenses.

[4] Other audit fees include internal audit costs as well as environmental, certification, accreditation and grant audits.

Supplies and services

Supplies and services are recognised as an expense in the reporting period in which they are incurred. The carrying amounts of any materials held for distribution are expensed when the materials are distributed

Office rental

Office rental is expensed as incurred as Memorandum of Understanding Agreements between the FPC and the Department of Finance for the leasing of office accomodation contain significant substitution rights.

Other

Other operating expenditure generally represent the day-to-day running costs incurred in normal operations.

Expected credit losses

Expected credit losses is recognised for movement in allowance for impairment of trade receivables. Please refer to note 6.2.1 Reconciliation of change in the allowance for impairment of receivables.

4.6.2 ONEROUS CONTRACTS

A provision for onerous contracts is recognised when the expected benefits to be derived to the FPC from a contract are lower than the unavoidable cost of meeting its obligations under the contract. The position in relation to these contracts is assessed at the end of each reporting period. When contracts are no longer determined to be onerous, income is taken to profit or loss.

	2023 $000	2022 $000
Annuity obligations associated with non-core share farms considered onerous	(31)	(321)
	(31)	**(321)**

4.7 TAXATION

The FPC is subject to the National Tax Equivalent Regime (NTER), which is administered by the Australian Tax Office (ATO). In accordance with this legislation the FPC is required to pay to the Western Australian Treasury amounts determined to be equivalent to the amounts that would be payable by the FPC to the ATO if it was subject to the *Income Tax Assessment Act 1936* (Cth) and Income Tax Assessment Act 1997 (Cth).

The income tax expense or benefit for the period is the tax payable or receivable on the current period's taxable income, based on the applicable Australian tax rate of 30% (30 June 2022: 30%), adjusted by changes in deferred tax assets and liabilities, attributable to temporary differences between the tax bases of assets and liabilities and their carrying amounts in the financial statements, and to any unused tax losses.

Deferred tax assets and liabilities are recognised for temporary differences at the tax rates expected to apply when the assets are recovered, or liabilities are settled, based on those tax rates which are enacted or substantially enacted. The relevant tax rates are applied to the cumulative amounts of deductible and taxable temporary differences to measure the deferred tax asset or liability (30 June 2023: 30%, 30 June 2022: 30%).

No deferred tax asset or liability is recognised in relation to these temporary differences if they arose in a transaction that is not a business combination and that at the time of the transaction did not affect either accounting profit or taxable profit or loss. Deferred tax assets are recognised for deductible temporary differences and unused tax losses only if it is probable that future taxable amounts will be available to utilise those temporary differences and losses. The de-recognition of the net deferred tax asset of $9,142,000 (2022: $19,340,000) has arisen as its realisation was no longer considered probable. This assessment is reconsidered at each reporting date.

Current and deferred tax is recognised in the Statement of Comprehensive Income.

4.7.1 INCOME TAX EXPENSE IN THE STATEMENT OF COMPREHENSIVE INCOME

Income tax expense	Notes	2023 $000	2022 $000
Current tax		-	-
Current tax adjustments recognised for prior years		-	-
Deferred tax origination and reversal of temporary differences		10,194	(3,525)
Deferred tax origination and reversal of temporary differences via equity		(3,023)	(1,417)
Deferred tax origination and reversal of temporary differences recognised for prior years		(8)	(18)
(Recognition) / de-recognition of net tax assets		(10,197)	19,340
Income tax (benefit)/expense		**(3,034)**	**14,380**
Deferred income tax expense included in income tax expense comprises:			
Increase/(decrease) in deferred tax asset	4.7.3	(485)	2,497
(Increase)/decrease in deferred tax liability	4.7.3	(9,712)	1,050
Recognition / (de-recognition) of deferred tax		10,197	(19,340)
Income tax benefit		**-**	**(15,793)**
Reconciliation of prima facie tax payable to income tax expense			
Profit/(loss) from ordinary activities before income tax		23,903	(16,477)
Tax at the applicable Australian tax rate of 30% (2022: 30%)		7,171	(4,943)
Tax effect of amounts which are non-deductible for income tax purposes		-	1
Prior year adjustments		(8)	(18)
(Recognition) / de-recognition of deferred tax		(10,197)	19,340
Total income tax benefit		**(3,034)**	**14,380**

4.7.2 TAX ASSETS AND LIABILITIES IN THE STATEMENT OF FINANCIAL POSITION

Current tax asset/(liability)	2023 $000	2022 $000
Balance at beginning of year	**-**	**-**
Payments/(refunds) made	-	-
Net movement	**-**	**-**
Balance at end of year	**-**	**-**

4.7.3 DEFERRED TAX ASSET/(LIABILITY)

Comprises temporary differences attributable to:

Deferred tax asset	2023 $000	2022 $000
Receivables	206	199
Property, infrastructure, plant and equipment	170	54
Biological assets	-	-
Intangibles	2,041	2,041
Tax losses	8,660	8,053
Non-refundable tax offsets	-	610
Employee benefits	1,457	1,313
Sharefarm annuities and incentives	11,500	11,992
Deferred income	1,671	2,144
Restoration provisions	2,183	1,852
Auditing fees provision	65	64
Lease liability	632	748
Unrecognised net deferred asset	(21,381)	(2,041)
Total deferred tax assets	**7,204**	**27,029**
Deferred tax liability		
Property, infrastructure, plant and equipment	(7,878)	(5,092)
Biological assets	(7,790)	(894)
Intangibles	(1,733)	(1,703)
Total deferred tax liabilities	**(17,401)**	**(7,689)**
Net tax assets/(liabilities) - recognised	**10,197**	**-**
Net tax (liabilities)/assets - unrecognised	**-**	**19,340**
Movements:		
Opening balance	-	15,793
Credited to profit or loss	(7,175)	4,946
Credited to equity	(3,030)	(1,417)
Prior year adjustments	8	18
Recognition / (de-recognition) of deferred tax	10,197	(19,340)
Closing balance	**-**	**-**

5.0 KEY ASSETS AVAILABLE TO SUPPORT OUTPUT DELIVERY

Assets the FPC utilises for economic benefit or service potential

Introduction

The FPC utilises its assets in order to fulfill it's objectives and conduct its activities. They represent the key resources that have been entrusted to the FPC to be utilised for delivery of those outputs.

Structure This section includes:		**2023** **$000**	**2022** **$000**
– Note 5.1	Infrastructure, property, plant and equipment	81,526	41,711
– Note 5.2	Right-of-use assets	2,079	2,436
– Note 5.3	Intangible assets	3,770	3,313
– Note 5.4	Biological assets	220,531	198,141
		307,906	**245,601**

5.1 INFRASTRUCTURE, PROPERTY, PLANT AND EQUIPMENT

Year ended 30 June 2023 1 July 2022	Freehold land $000	Buildings $000	Nursery infrastructure $000	Plant equipment and vehicles $000	Office equipment $000	Total $000
Gross carrying amount	33,881	5,351	13,172	3,644	955	57,003
Accumulated depreciation	-	-	(11,033)	(3,507)	(751)	(15,291)
Carrying amount at start of period	**33,881**	**5,351**	**2,139**	**137**	**204**	**41,712**
Additions	30,517	90	-	172	14	30,793
Revaluation increments recognised in other comprehensive income	7,833	440	1,498	-	-	9,771
Accumulated depreciation written back	-	-	331	-	-	331
Depreciation expense	-	(270)	(659)	(54)	(98)	(1,081)
Carrying amount at 30 June 2023	**72,231**	**5,611**	**3,309**	**255**	**120**	**81,526**
Year ended 30 June 2022 **1 July 2021**						
Gross carrying amount	29,505	5,267	13,172	3,644	906	52,494
Accumulated depreciation	-	-	(10,374)	(3,444)	(649)	(14,467)
Carrying amount at start of period	**29,505**	**5,267**	**2,798**	**200**	**257**	**38,027**
Additions	-	-	-	-	47	47
Revaluation increments recognised in other comprehensive income	4,376	348	-	-	-	4,724
Transfers	-	-	-	-	2	2
Depreciation expense	-	(264)	(659)	(63)	(102)	(1,087)
Carrying amount at 30 June 2022	**33,881**	**5,351**	**2,139**	**137**	**204**	**41,712**

Initial recognition

Items of infrastructure, property, plant and equipment costing $5,000 or more are measured initially at cost. Where an asset is acquired for no or nominal cost, the cost is valued at its fair value at the date of acquisition. Items of infrastructure, property, plant and equipment costing less than $5,000 are immediately expensed direct to the Statement of Comprehensive Income (other than where they form part of a group of similar items which are significant in total).

The cost of a leasehold improvement is capitalised and depreciated over the shorter of the remaining term of the lease or the estimated useful life of the leasehold improvement.

Subsequent measurement

Subsequent to initial recognition of an asset, the revaluation model is used for the measurement of:

- land;
- buildings; and
- infrastructure.

Land is carried at fair value.

Buildings and infrastructure are carried at fair value less accumulated depreciation and accumulated impairment losses.

All other property, plant and equipment are stated at historical cost less accumulated depreciation and accumulated impairment losses.

Land and buildings are independently valued annually by the Western Australian Land Information Authority (Valuations and Property Analytics) and recognised annually to ensure that the carrying amount does not differ materially from the asset's fair value at the end of the reporting period.

Land and buildings were revalued as at 1 July 2022 by the Western Australian Land Information Authority (Valuations and Property Analytics). The valuations were performed during the year ended 30 June 2023 and recognised at 30 June 2023. In undertaking the valuation, fair value was determined by reference to market values for land: $51,924,700 (2022: $32,661,600) and buildings: $4,182,000 (2022: $4,059,000). Additional land was acquired after valuation date, at fair value. For the remaining balance, fair value of buildings was determined on the basis of current replacement cost and fair value of land was determined on the basis of comparison with market evidence for land with low level utility (high restricted use land).

Infrastructure is independently valued every 3 to 5 years by an independent property valuer. Infrastructure assets were independently revalued by McGarry Associates Pty Ltd as at 30 June 2023. The valuations were recognised at 30 June 2023 and remain carried at the amount that approximates their fair value at 30 June 2023.

Fair value for infrastructure assets is determined by reference to the cost of replacing the remaining future economic benefits embodied in the asset, i.e: the current replacement cost. Current replacement cost is generally determined by reference to the market observable replacement cost of a substitute asset of comparable utility and the gross project size specifications, adjusted for obsolescence. Obsolescence encompasses physical deterioration, functional (technological) obsolescence and economic (external) obsolescence.

Revaluation model:

(a) Fair Value where market-based evidence is available:
The fair value of land and buildings is determined on the basis of current market values determined by reference to recent market transactions. When buildings are revalued by reference to recent market transactions, the accumulated depreciation is eliminated against the gross carrying amount of the asset and the net amount restated to the revalued amount.

(b) Fair Value in the absence of market-based evidence:
Buildings and infrastructure are specialised or where land is restricted: Fair value of land, buildings and infrastructure is determined on the basis of existing use.

Existing use buildings and infrastructure: Fair value is determined by reference to the cost of replacing the remaining future economic benefits embodied in the asset, i.e. the current replacement cost. Where the fair value of buildings and infrastructure is determined on the current replacement cost basis, the gross carrying amount is adjusted in a manner that is consistent with the revaluation of the carrying amount of the asset and the accumulated depreciation is adjusted to equal the difference between the gross carrying amount and the carrying amount of the asset.

Restricted use land: Fair value is determined by comparison with market evidence for land with similar approximate utility (high restricted use land) or market value of comparable unrestricted land (low restricted use land).

Significant assumptions and judgements: The most significant assumptions and judgements in estimating fair value are made in assessing whether to apply the existing use basis to assets and in determining estimated economic life. Professional judgement by the valuer is required where the evidence does not provide a clear distinction between market type assets and existing use assets.

5.1.1 DEPRECIATION AND IMPAIRMENT

Charge for the period

Depreciation	2023 $000	2022 $000
Buildings	270	264
Infrastructure	659	659
Plant Equipment and vehicles	54	63
Office equipment	98	102
Total depreciation for the year	**1,081**	**1,087**

As at 30 June 2023 there were no indications of impairment to property, plant and equipment or infrastructure.

All surplus assets at 30 June 2023 have either been classified as assets held for sale or have been written-off.

Useful lives

All infrastructure, property, plant and equipment having a limited useful life are systematically depreciated over their estimated useful lives in a manner that reflects the consumption of their future economic benefits. The exceptions to this rule include assets held for sale, land and investment properties.

Depreciation is generally calculated on a straight line basis, at rates that allocate the asset's value, less any estimated residual value, over it's estimated useful life. Typical estimated useful lives for the different asset classes for current and prior years are included in the table below:

Asset	Useful life
Buildings	20 to 40 years
Computer equipment	4 years
Heavy fleet vehicles	5 years
Infrastructure	20 years
Motor vehicles	3 to 7 years
Office equipment	6 to 7 years
Office furniture	6 to 7 years
Plant and equipment	4 to 10 years

The estimated useful lives, residual values and depreciation method are reviewed at the end of each annual reporting period, and adjustments should be made where appropriate.

Land which is considered to have an indefinite useful life, is not depreciated. Depreciation is not recognised in respect of these assets because their service potential has not, in any material sense, been consumed during the reporting period.

Impairment

Non-financial assets, including items of property, plant and equipment and intangibles, are tested for impairment whenever there is an indication that the asset may be impaired. Where there is an indication of impairment, the recoverable amount is estimated. Where the recoverable amount is less than the carrying amount, the asset is considered impaired and is written down to the recoverable amount and an impairment loss is recognised.

Where an asset measured at cost is written down to recoverable amount, an impairment loss is recognised through profit and loss.

Where a previously revalued asset is written down to its recoverable amount, the loss is recognised as a revaluation decrement through other comprehensive income.

As the FPC is a not-for-profit entity, the recoverable amount of regularly revalued specialised assets is anticipated to be materially the same as fair value.

If there is an indication that there has been a reversal in impairment, the carrying amount shall be increased to its recoverable amount. However, this reversal should not increase the asset's carrying amount above what would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised in prior years.

The risk of impairment is generally limited to circumstances where an asset's depreciation is materially understated, where the replacement cost is falling or where there is a significant change in useful life. Each relevant class of assets is reviewed annually to verify that the accumulated depreciation/amortisation reflects the level of consumption or expiration of the asset's future economic benefits and to evaluate any impairment risk from declining replacement costs.

5.2 RIGHT-OF-USE ASSETS

Right-of-use assets	2023 $000	2022 $000
Buildings	1,051	1,249
Vehicles	650	772
Infrastructure	378	415
Net carrying amount at 30 June 2023	**2,079**	**2,436**

Additions to right-of-use assets during the 2023 financial year were $140,982 (2022: $1,279,985).

Initial recognition

Right-of-use assets are measured at cost including the following:

- the amount of the initial measurement of lease liability
- any lease payments made at or before the commencement date less any lease incentives received
- any initial direct costs, and
- restoration costs, including dismantling and removing the underlying asset.

The FPC has elected not to recognise right-of-use assets and lease liabilities for short-term leases (with a lease term of 12 months or less) and low value leases (with an underlying value of $5,000 or less). Lease payments associated with these leases are expensed over a straight-line basis over the lease term.

Subsequent measurement

The cost model is applied for subsequent measurement of right-of-use assets, requiring the asset to be carried at cost less any accumulated depreciation and accumulated impairment losses and adjusted for any re-measurement of lease liability.

Depreciation and impairment of right-of-use assets

Right-of-use assets are depreciated on a straight-line basis over the shorter of the lease term and the estimated useful lives of the underlying assets.

If ownership of the leased asset transfers to the FPC at the end of the lease term or the cost reflects the exercise of a purchase option, depreciation is calculated using the estimated useful life of the asset.

Right-of-use assets are tested for impairment when an indication of impairment is identified. The policy in connection with testing for impairment is outlined in note 5.1.1.

The following amounts relating to leases have been recognised in the Statement of Comprehensive Income:

5.2.1 DEPRECIATION CHARGE OF RIGHT-OF-USE ASSETS

	Note	2023 $000	2022 $000
Buildings		282	154
Vehicles		514	531
Infrastructure		55	53
Total right-of-use asset depreciation		**851**	**738**
Lease interest expense (included in finance costs)	7.2	73	76
Expenses relating to variable lease payments not included in lease liabilities (included in Other expenditure)		771	663
Short-term leases (included in Other expenditure)		-	78
Low-value leases (included in Other expenditure)		50	17

The total cash outflow for leases in 2023 was $994,399 (2022: $850,853).

The FPC's leasing activities and how these are accounted for:

The FPC has leases for vehicles, infrastructure and residential accommodations.

The FPC has also entered into a Memorandum of Understanding Agreements (MOU) with the Department of Finance for the leasing of office accomodation. These are not recognised under AASB 16 because of substitution rights held by the Department of Finance and are accounted for as an expense as incurred.

The FPC recognises leases as right-of-use assets and associated lease liabilities in the Statement of Financial Position.

The corresponding lease liabilities in relation to these right-of-use assets have been disclosed in note 7.1.

5.3 INTANGIBLE ASSETS

Software	2023 $000	2022 $000
Opening gross carrying amount	1,384	1,384
Opening accumulated amortisation	(1,313)	(1,227)
Carrying amount at start of year	**71**	**157**
Additions	-	-
Amortisation expense	-	(86)
Carrying amount at end of year	**71**	**71**
Right of use assets		
Sandalwood		
Opening gross carrying amount	-	-
Additions	3,927	2,021
Amortisation expense	(1,309)	(2,021)
Carrying amount at end of year	**2,618**	**-**
Native forest		
Opening gross carrying amount	11,886	11,886
Opening accumulated amortisation	(8,644)	(6,483)
Carrying amount at start of year	**3,242**	**5,403**
Amortisation expense	(2,161)	(2,161)
Carrying amount at end of year	**1,081**	**3,242**
Total intangibles carrying amount at end of year	**3,770**	**3,313**

Initial recognition

Acquisitions of intangible assets costing $5,000 or more and internally generated intangible assets costing $50,000 or more that comply with the recognition criteria as per AASB 138.57 (as noted below), are capitalised.

Costs incurred below these thresholds are immediately expensed directly to the Statement of Comprehensive Income.

Intangible assets are initially recognised at cost. For assets acquired at no cost or for nominal cost, the cost is their fair value at the date of acquisition.

An internally generated intangible asset arising from development (or from the development phase of an internal project) is recognised if, and only if, all of the following are demonstrated:

(a) the technical feasibility of completing the intangible asset so that it will be available for use or sale;

(b) an intention to complete the intangible asset, and use or sell it;

(c) the ability to use or sell the intangible asset;

(d) the intangible asset will generate probable future economic benefit;

(e) the availability of adequate technical, financial and other resources to complete the development and to use or sell the intangible asset; and

(f) the ability to measure reliably the expenditure attributable to the intangible asset during it's development;

Costs incurred in the research phase of a project are immediately expensed.

Licences

Licences have a finite useful life and are carried at cost less accumulated amortisation and accumulated impairment losses.

Development costs

Research costs are expensed as incurred. Development costs incurred for an individual project are carried forward when the future economic benefits can reasonably be regarded as assured and the total project costs are likely to exceed $50,000. Other development costs are expensed as incurred.

Computer Software

Software that is an integral part of the related hardware is recognised as property, plant and equipment and infrastructure. Software that is not an integral part of the related hardware is recognised as an intangible asset. Software costing less than $5,000 is expensed in the year of acquisition. The software capitalised does not represent software as a service asset.

Subsequent measurement

The cost model is applied for subsequent measurement of intangible assets, requiring the asset to be carried at cost less any accumulated amortisation and accumulated impairment losses.

Right of use assets

Native forest

The FPC is authorised to harvest native forest by the Department of Biodiversity, Conservation and Attractions (DBCA) and there are no conditions to be fulfilled in order for control of the licence to pass to the FPC.

The FPC does not provide any cash or services in exchange for the harvesting rights therefore the amount of the contribution is equal to the fair value of the right to harvest for the ten year term of the *Forest Management Plan for 2014 - 2023*.

Amortisation for the intangible asset over the useful life is calculated for the period of the expected benefit (expected useful life which is ten years in accordance with the terms of the licence) on a straight line basis.

Sandalwood

The FPC has received the right to harvest sandalwood in Western Australia for three years in exchange for no cash or services when licence(s) are issued by DBCA and there are no conditions to be fulfilled.

Amortisation for the intangible asset with a useful life of three years being the expected benefit period.

5.3.1 AMORTISATION AND IMPAIRMENT

Software	2023 $000	2022 $000
Opening accumulated amortisation	(1,313)	(1,227)
Amortisation expense for the year	-	(86)
Closing accumulated amortisation	**(1,313)**	**(1,313)**
Right of use assets		
Sandalwood		
Amortisation expense for the year	(1,309)	(2,021)
Closing accumulated amortisation	**(1,309)**	**-**
Native forest		
Opening accumulated amortisation	(8,644)	(6,483)
Amortisation expense for the year	(2,161)	(2,161)
Closing accumulated amortisation	**(10,805)**	**(8,644)**
Total amortisation expense for the year	(3,470)	(4,268)
Closing accumulated amortisation	**(13,427)**	**(9,957)**

The FPC held no goodwill or intangible assets with an indefinite useful life during the reporting period. At the end of the reporting period there were no intangible assets not yet available for use.

Amortisation of finite life intangible assets is calculated on a straight line basis at rates that allocate the asset's value over its estimated useful life. All intangible assets controlled by the FPC have a finite useful life and zero residual value. Estimated useful lives are reviewed annually.

The expected useful lives for each class of intangible asset are:

Software[(a)]	2.5 years
Right of use – native forest[(b)]	0.5 years (remaining)
Right of use - sandalwood[(c)]	2 years (remaining)

(a) Software that is not integral to the operation of any related hardware.

(b) Right of use for native forest reduces each year in line with the FMP.

(c) Right of use for sandalwood reduces over 3 years in line with the licence to harvest.

Impairment of intangible assets

As at 30 June 2023 there were no indications of impairment to intangible assets.

The policy in connection with testing for impairment is outlined in note 5.1.1.

5.4 BIOLOGICAL ASSETS

Current	2023 $000	2022 $000
Biological assets at valuation		
Plantations		
Plantations biological assets at valuation	10,052	11,883
Total biological assets at valuation current	**10,052**	**11,883**
Non-Current		
Biological assets at valuation		
Plantations		
Mature standing timbers	203,903	180,477
Plantation sandalwood	6,576	5,781
Plantations biological assets at valuation	210,479	186,258
Total biological assets at valuation non-current	**210,479**	**186,258**
Total biological assets at valuation	**220,531**	**198,141**
The plantations estate is represented by:		
Pine plantations standing timber	213,955	192,360
Plantation sandalwood	6,576	5,781
Total plantations biological assets at valuation	**220,531**	**198,141**

Reconciliation of changes in the carrying amount of biological assets at the beginning and the end of the year

	Notes	2023 $000	2022 $000
Carrying amount at start of year		**198,141**	**203,644**
Net movement in biological assets	5.4.1	17,288	(9,453)
Add Lewana provision (movement)		157	(2,083)
Add expenditure for new plantations		4,945	6,033
Carrying amount at end of year		**220,531**	**198,141**

Fair value hierarchy

The fair value for standing timber has been categorised as Level 3 fair values based on the inputs to the valuation technique used (a combination of the income approach and comparable sales approach under a discounted cash flow framework).

Initial recognition

The AASB 141 *Agriculture* requires that an entity shall recognise a biological asset or agricultural produce when and only when:

(a) the entity controls the asset as a result of past events;

(b) it is probable that future economic benefits associated with the asset will flow to the entity; and

(c) the fair value or cost of the asset can be measured reliably.

AASB 141 defines a group of biological assets as an aggregation of similar living animals or plants. Therefore, the FPC determines that it only 'holds' one type of biological assets: plantation timber.

Subsequent measurement

Under AASB 141 *Agriculture*, the FPC is required to value its biological assets annually.

FPC values its biological assets at fair value less costs to sell. Fair value is the amount for which an asset could be exchanged or a liability settled, between knowledgeable, willing parties in an arm's length transaction. A gain or loss on valuation is recognised in the Statement of Comprehensive Income.

Fair value of biological assets is based on their present location and condition. As a result, fair value is determined based on historical volume increases and historical cash flows, adjusted for known variances.

FPC's valuations of biological assets are for financial reporting purposes only. The FPC's valuations are not intended for estimating other values inherent in or provided by forests, such as unpriced goods or services and the forests' ecological benefits.

Plantation timber

The FPC values pine plantations that are managed across a broad geographic area of approximately 74,065 hectares. The value of the softwood plantation is based on a forest estate model that forecasts supply from all sources to each market. This model also forecasts the revenues and costs associated with the forest estate.

The FPC values sandalwood plantations that are managed across an area of approximately 5,648 hectares. The value of the sandalwood plantation is based on revenues and costs associated with the forest estate.

5.4.1 BIOLOGICAL ASSET INCREASE/(DECREASE)

The FPC values its biological assets at fair value less estimated point-of-sale costs and costs necessary to get the assets to market. Fair value is the amount for which an asset could be exchanged or a liability settled, between knowledgeable, willing parties in an arm's length transaction. A gain or loss on valuation is recognised in the Statement of Comprehensive Income.

The valuation as at 30 June 2023 and movements since 30 June 2022 are summarised as follows:

	2023 $000	2022 $000	Movement $000
Plantations (core)	213,955	192,360	21,595
Sandalwood (non-core plantations)	6,576	5,781	795
TOTAL	**220,531**	**198,141**	**22,390**
Expenditure for new plantations			(4,945)
Provision for replanting Lewana/ Harvey Coast			(157)
Net movement in biological asset			**17,288**

The valuation as at 30 June 2022 and movements since 30 June 2021 are summarised as follows:

	2022 $000	2021 $000	Movement $000
Plantations (core)	192,360	199,226	(6,866)
Sandalwood (non-core plantations)	5,781	4,418	1,363
TOTAL	**198,141**	**203,644**	**(5,503)**
Expenditure for new plantations			(6,033)
Provision for replanting Lewana			2,083
Net movement in biological asset			**(9,453)**

6.0 OTHER ASSETS AND LIABILITIES

Introduction

This section details other assets and liabilities that arose from the FPC's operations.

Structure This section includes:	Notes	2023 $000	2022 $000
Inventories	6.1	9,039	7,603
Receivables	6.2	12,567	14,438
Other current assets	6.3	3,536	1,824
Payables	6.4	15,622	19,003
Other provisions	6.5	7,287	6,894
Other liabilities	6.6	7,570	10,147

6.1 INVENTORIES

Current	2023 $000	2022 $000
Inventories held for resale at cost:		
– Plant propagation centre	1,345	895
– Sandalwood	6,824	5,872
– Timber on forest landings	870	836
	9,039	**7,603**

Cost is the net market value of inventories.

Inventories are measured at the lower of cost and net realisable value. Costs are assigned by the method most appropriate to each particular class of inventory, with the majority being valued on a weighted-average basis. Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and selling expenses.

Inventories not held for resale are measured at cost unless they are no longer required, in which case they are valued at net realisable value.

6.2 RECEIVABLES

Current	2023 $000	2022 $000
Trade and other receivables	13,271	15,149
Provision for expected credit loss	(704)	(711)
	12,567	**14,438**

Receivables are recognised at original invoice amount less an allowance for any uncollectible amounts (i.e. impairment). The carrying amount of net trade receivables is equivalent to fair value as it is due for settlement within 30 days.

Interest charges may apply to payments that exceed the due date, calculated by reference to the prevailing commercial business overdraft reference rate plus a 2 per cent premium to cover the FPC's increased cost of debt management.

The FPC holds security in the form of either cash or bank guarantees as collateral for some trade receivables.

6.2.1 RECONCILIATION OF CHANGE IN THE ALLOWANCE FOR IMPAIRMENT OF RECEIVABLES

	2023 $000	2022 $000
Balance at start of year	(711)	(531)
Amounts written off during the year	-	5
Expected credit loss reversal/(expense)	7	(185)
Balance at end of year	**(704)**	**(711)**

The maximum exposure to credit risk at the end of the reporting period for trade receivables is the carrying amount of the asset inclusive of any provision for expected credit losses (ECLs) as shown in the table at note 8.3 'Credit risk'.

For trade receivables the FPC recognises an allowance for ECLs measured at the lifetime expected credit losses at each reporting date. The FPC has established a provision matrix that is based on it's historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the environment. Please refer to note 4.6.1.(c) for the amount of ECLs expensed in this financial year.

6.3 OTHER CURRENT ASSETS

Current	2023 $000	2022 $000
Prepayments	1,138	1,117
Accrued revenue	2,398	707
	3,536	**1,824**

Other non-financial assets include prepayments which represent payments in advance of receipt of goods or services or that part of expenditure made in one accounting period covering a term extending beyond that period.

6.4 PAYABLES

6.4.(a) Current	2023 $000	2022 $000
Trade payables	6,723	8,920
GST (receivable)/payable	(89)	(281)
Payroll tax accrual	82	-
Accrued logging costs	696	3,478
Other accrued expenses	4,584	3,000
Accrued salaries and wages	409	331
Land annuity obligations	411	410
Hedge Contract	-	12
Total current	**12,816**	**15,870**
6.4.(b) Non-current		
Land annuity obligations	2,806	3,133
Total non-current	**2,806**	**3,133**
Balance at end of year	**15,622**	**19,003**

Payables are recognised at the amounts payable when the FPC becomes obliged to make future payments as a result of a purchase of assets or services. The carrying amount is equivalent to fair value as settlement is generally within 15–20 days.

Accrued salaries and wages represent the amount due to staff but unpaid at the end of the reporting period. Accrued salaries and wages are settled within a fortnight after the reporting period. The FPC considers the carrying amount of accrued salaries and wages to be equivalent to it's fair value.

Other accrued expenses include amounts due to contractors for which goods or services have been received as at reporting date, but not yet billed.

6.5 OTHER PROVISIONS

6.5.(a) Current	Notes	2023 $000	2022 $000
Provision for regeneration of native forest	6.5.1	2,549	4,199
Provision for replant (Lewana)	6.5.2	339	1,092
Unearned revenue	6.5.3	19	142
Total current		**2,907**	**5,433**
6.5.(b) Non-current			
Provision for regeneration of native forest	6.5.1	3,469	1,461
Provision for replant (Lewana)	6.5.2	911	-
Total non-current		**4,380**	**1,461**
Balance at end of year		**7,287**	**6,894**

Provisions represent the present value of the FPC's best estimate of the future outflow of economic benefits that will be required under the FPC's obligations of forests under the *FPC Act 2000*. The estimate has been made on the basis of historical trends and may vary as a result of events.

6.5.1 PROVISION FOR REGENERATION OF NATIVE FOREST

The FMP obligates the FPC to ensure that re-growth native forest harvested are restored.

A provision is recognised where the FPC has a legal or constructive obligation to undertake regeneration work. Estimates are based on the present value of expected future cash outflows.

6.5.2 PROVISION FOR REPLANT (LEWANA)

The FPC has also provided for the replanting of an area of the Lewana plantation that was destroyed by fires during the 2018/19 year.

6.5.3 UNEARNED REVENUE

Unearned revenue received is recognised by the FPC for the delivery of forestry services to be delivered in the future.

6.5.4 MOVEMENT IN PROVISIONS

Movements in each class of provisions during the period, other than employee benefits, are set out below:

Provision for regeneration of native forest	2023 $000	2022 $000
Carrying amount at start of year	5,660	4,541
Additional provisions recognised	1,252	2,142
Payments/other sacrifices of economic benefits	(894)	(1,023)
Carrying amount at end of year	**6,018**	**5,660**
Provision for replant (Lewana)		
Carrying amount at start of year	1,092	3,175
Additional provisions recognised/(reversed)	510	(1,765)
Payments/other sacrifices of economic benefits	(353)	(318)
Carrying amount at end of year	**1,250**	**1,092**
Unearned revenue		
Carrying amount at start of year	142	784
Reversals of provisions recognised	(123)	(642)
Carrying amount at end of year	**19**	**142**

6.6 OTHER LIABILITIES

Deferred revenue

6.6.(a) Current	2023 $000	2022 $000
Contractual obligations	144	144
Forward sold log supply	1,520	1,528
	1,664	**1,672**
6.6.(b) Non-current		
Contractual obligations	4,640	4,705
Forward sold log supply	1,266	3,770
	5,906	**8,475**
Balance at end of year	**7,570**	**10,147**

Deferred revenue is recognised as income proportionately as the contractual obligation conditions are met.

Forward sold log supply represents the value of timber to be supplied under a commercial contract with a specific customer.

7.0 FINANCING OUR OPERATIONS

Introduction

This section provides information on the sources of finance utilised by the FPC for its operations, along with interest expenses and other information related to financing the activities of the FPC.

Structure

This section includes:

- Note 7.1 Lease liabilities
- Note 7.2 Finance costs
- Note 7.3 Cash and cash equivalents
- Note 7.3.1 Reconciliation of cash
- Note 7.3.2 Reconciliation of loss from ordinary activities
- Note 7.4 Commitments
- Note 7.4.1 Lease commitments
- Note 7.4.2 Other expenditure commitments

7.1 LEASE LIABILITIES

Lease liabilities	2023 $000	2022 $000
Not later than one year	646	703
Later than one year and not later than five years	1,374	1,522
Later than five years	88	267
	2,108	**2,492**
Current	646	703
Non-current	1,462	1,789
	2,108	**2,492**

The FPC measures a lease liability, at the commencement date, at the present value of the lease payments that are not paid at that date. The lease payments are discounted using the interest rate implicit in the lease. If that rate cannot be readily determined, the FPC uses the incremental borrowing rate provided by Western Australia Treasury Corporation.

Lease payments included by the FPC as part of the present value calculation of lease liability include:

- Fixed payments (including in-substance fixed payments), less any lease incentives receivable;
- Variable lease payments that depend on an index or a rate initially measured using the index or rate as at the commencement date;
- Amounts expected to be payable by the lessee under residual value guarantees;
- The exercise price of purchase options (where these are reasonably certain to be exercised);
- Payments for penalties for terminating a lease, where the lease term reflects the FPC exercising an option to terminate the lease;
- Periods covered by extension or termination options are only included in the lease term by the FPC if the lease is reasonably certain to be extended (or not terminated).

The interest on the lease liability is recognised in profit or loss over the lease term so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period. Lease liabilities do not include any future changes in variable lease payments (that depend on an index or rate) until they take effect, in which case the lease liability is reassessed and adjusted against the right-of-use asset.

Variable lease payments, not included in the measurement of lease liability, that are dependant on sales are recognised by the FPC in profit or loss in the period in which the condition that triggers those payments occurs.

This section should be read in conjunction with note 5.2.

Subsequent measurement

Lease liabilities are measured by increasing the carrying amount to reflect interest on the lease liabilities; reducing the carrying amount to reflect the lease payments made; and remeasuring the carrying amount at amortised cost, subject to adjustments to reflect any reassessment or lease modifications.

This section should be read in conjunction with note 5.2

The FPC has not received any COVID-19 rent concessions and therefore has made no assessment of whether a concession is a lease modification. This assessment impacts the measurement of the liability and AASB 1060 requires additional consequential disclosures.

Lease expenses recognised in the Statement of comprehensive income	2023 $000	2022 $000
Lease Interest expense	73	76
Expenses relating to variable lease payments not included in lease liabilities	771	663
Short-term leases	-	78
Low-value leases	50	17
Losses/(gains) arising from sale and leaseback transactions	-	13

Short-term leases are recognised on a straight-line basis with a lease term of 12 months or less.

Low-value leases with an underlying value of $5,000 or less are recognised on a straight-line basis.

Variable lease payments that are not included in the measurement of the lease liability recognised in the period in which the event or condition that triggers those payments occurs.

7.2 FINANCE COSTS

Finance costs	2023 $000	2022 $000
Lease Interest	73	76
Interest on contract obligations	265	207
Foreign exchange loss	10	91
Finance costs expensed	**348**	**374**

Finance cost includes costs incurred in relation to interest costs attributable to forward sold log supply (See note 6.6 'Other liabilities') and gains and losses associated with foreign currency transactions.

7.3 CASH AND CASH EQUIVALENTS

7.3.1 RECONCILIATION OF CASH

Cash at the end of the financial year as shown in the Statement of Cash Flows is reconciled to the related items in the Statement of Financial Position as follows:

	2023 $000	2022 $000
Petty cash	2	2
Cash and cash equivalents	15,456	17,005
Balance at end of year	**15,458**	**17,007**

For the purpose of the Statement of Cash Flows, cash and cash equivalents (and restricted cash and cash equivalents) assets comprise cash on hand and short-term deposits with original maturities of three months or less that are readily convertible to a known amount of cash and which are subject to insignificant risk of changes in value.

7.3.2 RECONCILIATION OF LOSS FROM ORDINARY ACTIVITIES AFTER INCOME TAX EQUIVALENT TO NET CASH FLOWS PROVIDED BY OPERATING ACTIVITIES:

	Notes	2023 $000	2022 $000
Profit/(loss) from ordinary activities after income tax equivalent		26,935	(30,866)
Non-cash items:			
Depreciation and amortisation expense	5.1.1; 5.2.1; 5.3.1	5,402	6,094
Movement in provision for doubtful debts	6.2.1	(7)	180
Change in fair value of biological assets	5.4.1	(17,288)	9,453
Decrease/(increase) in assets:			
Current inventories		(1,436)	2,924
Current receivables		1,878	1,192
Other current assets		119	(5,050)
Other assets		(16,565)	15,123
Increase/(decrease) in liabilities:			
Payables		(3,054)	(1,684)
Unearned revenue and deferred income		2,700	2,265
Other liabilities		2,490	(1,356)
Net cash from/(used in) operating activities		**1,174**	**(1,725)**

7.4 COMMITMENTS

7.4.1 LEASE COMMITMENTS

	2023 $000	2022 $000
Commitments for minimum lease payments are payable as follows:		
Within 1 year	899	807
Later than 1 year and not later than 5 years	3,435	3,388
Later than 5 years	699	704
Non-cancellable leases	**5,033**	**4,899**

Payments for short-term and low value leases are expensed on a straight line basis over the lease term as this represents the pattern of benefits derived from the leased properties.

The FPC holds operating leases for head office and a number of branch office buildings under varying terms and conditions, which are not included within the statement of financial position, refer to note 5.2.

Judgements made by management in applying accounting policies – operating lease commitments

The FPC has entered into a number of leases for buildings for branch accommodation. Some of these relate to buildings of a temporary nature and it has been determined that the lessor retains substantially all the risks and rewards incidental to ownership. Accordingly, these leases have been classified as operating leases.

7.4.2 OTHER EXPENDITURE COMMITMENTS

	2023 $000	2022 $000
Expenditure commitments, being contracted expenditure additional to the amounts reported in the financial statements, are payable as follows:		
Within 1 year	1,151	960
Later than 1 year and not later than 5 years	3,683	3,302
	4,834	**4,262**

These commitments include future expenditures for core estate share farm agreements, and are inclusive of GST.

8.0 RISK, CONTINGENCIES AND VALUATION JUDGEMENTS

Introduction

The FPC is exposed to risk from its activities and outside factors. In addition, it is often necessary to make judgements and estimates associated with recognition and measurement of items in the financial statements. This section sets out financial instrument specific information, including exposures to financial risk, as well as those items which are contingent in nature or require a higher level of judgement to be applied, which for the FPC relate mainly to fair value determination.

Structure

This section includes:

- Note 8.1 Financial risk management objectives
- Note 8.2 Market risk
- Note 8.2.1 Currency risk
- Note 8.2.2 Price risk
- Note 8.3 Credit risk
- Note 8.4 Liquidity risk
- Note 8.5 Contingent assets and liabilities
- Note 8.5.1 Contingent assets
- Note 8.5.2 Contingent liabilities
- Note 8.6 Fair value measurements
- Note 8.6.1 Fair value measurements - land, buildings and infrastructure
- Note 8.6.2 Fair value measurements - biological assets
- Note 8.6.3 Discount rates

8.1 FINANCIAL RISK MANAGEMENT OBJECTIVES

The FPC has exposure to the following risks:

- Market risk
- Credit risk
- Liquidity risk

This note presents information about the FPC's exposure to each of the above risks, its objectives, policies and processes for measuring and managing risk, and the management of capital. Further quantitative disclosures are included throughout the financial report.

The FPC Commissioners have overall responsibility for the establishment and oversight of the risk management framework. The FPC has established the Audit and Risk Committee, which is responsible for reviewing and monitoring risk management policies and making recommendations to the Commissioners in relation to changes that may be considered necessary from time to time. The Audit and Risk Committee reports regularly to the Commissioners on its activities.

Risk management policies are established to identify and analyse the risks faced by the FPC, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions.

The FPC, through its training and risk management standards and procedures, aims to develop a disciplined and constructive control environment in which all employees understand their roles and obligations. The primary risk management document is the Risk Management Policy which describes the risks the FPC is exposed to. The FPC's overall risk management program focuses on managing the risks identified below.

The FPC's Audit and Risk Committee oversees how management monitors compliance with the FPC's risk management policies and procedures, and reviews the adequacy and effectiveness of the risk management framework in relation to the risks faced by the FPC. The FPC's Audit and Risk Committee is assisted in it's oversight role by Internal Audit. Internal Audit undertakes both regular and ad hoc reviews of risk management controls and procedures, the results of which are reported to the FPC Audit and Risk Committee.

8.2 MARKET RISK

Market risk is the risk that changes in market prices, such as foreign exchange rates and commodity prices, will affect the FPC's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return.

The FPC enters into derivatives in order to manage market risks around currency risk. All such transactions are carried out within the guidelines set by the FPC's Foreign Exchange Hedging Policy. Generally the FPC seeks to apply hedge accounting in order to manage volatility in profit or loss.

The FPC believe that commodity risk for sandalwood stock is minimal due to the non-perishable nature that enables the stock to be stored when market prices temporarily decline.

8.2.1 CURRENCY RISK

The FPC is exposed to currency risk on sales that are denominated in a currency other than the Australian dollar (AUD). The currencies in which these transactions primarily are denominated are the United States of America dollar (USD).

At any point in time the FPC may hedge up to 75 per cent of its estimated foreign currency exposure in respect of forecasted sales over the following fifteen months. The FPC uses forward exchange contracts to hedge its currency risk, most with a maturity of less than one year from the reporting date. When necessary, forward exchange contracts are rolled over at maturity.

	Average exchange rates		Reporting date exchange rates	
Australian dollars	**2023**	**2022**	**2023**	**2022**
USD	0.6734	0.7258	0.6630	0.6889

The carrying amount of the FPC's foreign currency denominated financial assets and financial liabilities at the reporting date was as follows:

	2023 $000	2022 $000
USD bank account	722	398

Sensitivity analysis - currency

The following table represents a summary of the currency sensitivities of the FPC's financial assets and liabilities at the end of the reporting period on the surplus for the period and equity for a 10 per cent change in exchange rates.

	Carrying	-10% change		+10% change	
2023	**amount ($000's)**	**Profit ($000's)**	**Equity ($000's)**	**Profit ($000's)**	**Equity ($000's)**
Financial Assets					
USD Bank Account	1,088	85	85	(69)	(69)

USD rate used in this analysis was the spot rate as at 30 June 2023: 1 AUD = 0.663

	Carrying	-10% change		+10% change	
2022	**amount ($000's)**	**Profit ($000's)**	**Equity ($000's)**	**Profit ($000's)**	**Equity ($000's)**
Financial Assets					
USD Bank Account	578	45	45	(37)	(37)

USD rate used in this analysis was the spot rate as at 30 June 2022: 1 AUD = 0.6889

8.2.2 PRICE RISK

The FPC is exposed to fluctuations in tender prices which may become a significant price risk. The risk of exposure to wood prices is discussed below.

Timber price risk

The FPC enters into contracts for the supply of timber products through either a competitive tender process or private treaty arrangements. Timber prices are established under the FPC's Forest Products Pricing Policy and in compliance with the *Forest Products Act 2000*.

The FPC is exposed to risks arising from fluctuations in the price and sales volumes of timber and the impacts of wildfire and extended dry seasons (force majeure) on the volume of timber in the plantation estate. The price and volume risk is managed via State Agreements and Contracts of Sale which include price indexation adjustments to manage the risks of cost escalation in selling and management costs.

Indexation and price reviews are critical for managing the long-term risk to the FPC from its pricing of forest products. The FPC indexes contracts in accordance with a range of methodologies, including:

- Consumer Price Index (CPI);
- Market value of end products; and
- Combination of market value, CPI and individual costs (e.g. fuel)

Sensitivity analysis – price	Range (weighted avge)	2023 $000	2022 $000
Discount rate (real, pre-tax):	+300 bpts	(61,421)	(57,377)
	- 300 bpts	146,245	144,029
Expected future sales values	+ 3%	37,251	33,127
	- 3%	(37,251)	(33,126)
Expected future costs	+ 3%	(26,807)	(18,621)
	- 3%	26,803	18,618

8.3 CREDIT RISK

Credit risk is the risk of financial loss to the FPC if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the FPC's receivables from customers. The FPC's exposure to credit risk can occur through the provision of trade credit (both within Australia and Internationally). The FPC Customer Credit Policy determines the levels of credit exposure the FPC can take to various categories of customers.

The FPC 's exposure to credit risk is influenced mainly by the individual financial characteristics of each customer. The demographics of the FPC's customer base, including the default risk of the industry and country in which customers operate, has less of an influence on credit risk. No significant percentage of the FPC's trade receivables are attributable to a single customer. Key geographical exposures to trade and other receivables are discussed further in this note.

The Board of Commissioners has approved a credit policy under which each new customer is analysed individually for creditworthiness before the FPC's standard payment and delivery terms and conditions are offered. The review includes external ratings, when available, and financial analysis. Credit and settlement limits are established for each customer, which represents the maximum open amount without requiring approval from the Board of Commissioners. These limits are reviewed when any variations occur. Customers that fail to meet the FPC's benchmark creditworthiness may transact with the FPC only on a prepayment basis or against the provision of acceptable security such as letters of credit, bank guarantees and other payment guarantees.

Receivables and advances to customers at fair value contains amounts owing from customers who have been delivered and have accepted timber products on deferred settlement terms, in accordance with the FPC's Customer Credit Policies, all of whom have settlement durations of one year or less from origination.

The FPC has established a provision for expected credit losses that represents its estimate of incurred losses in respect of trade and other receivables. The main components of this allowance are a specific loss component that relates to individually significant exposures, and a collective loss component established for the FPC of similar assets in respect of losses that have been incurred but not yet identified.

Timber products are sold subject to a Statutory Lien held by the FPC, so that in the event of non-payment the FPC may have a secured claim and assume control of the goods. The FPC may require collateral in respect of trade and other receivables in the form of cash deposits or bank guarantees.

The following table details the credit risk exposure on the FPC's trade receivables using a provision matrix.

			Days past due			
	Total $000	Current* $000	<30* days $000	31-60 days $000	61-90 days $000	>90 days $000
30 June 2023						
Expected credit loss rate		0.72%	2.5%	0.00%	14.29%	94.44%
Estimated total gross carrying amount at default	13,271	12,573	40	3	7	648
Expected credit losses	(704)	(90)	(1)	-	(1)	(612)
1 July 2022						
Expected credit loss rate		0.69%	73.33%	0.00%	0.00%	74.89%
Estimated total gross carrying amount at default	15,149	14,329	135	-	-	685
Expected credit losses	(711)	(99)	(99)	-	-	(513)

* Current and <30 day categories include green firewood customer debts on 365 day terms, for which provisions have been made for expected losses, against the current balances.

8.4 LIQUIDITY RISK

Liquidity risk management requires the FPC to maintain sufficient liquid assets (mainly cash and cash equivalents) and available borrowing facilities to be able to pay debts as and when they become due and payable.

The FPC manages liquidity risk by maintaining adequate cash reserves and available borrowing facilities by continuously monitoring actual and forecast cash flows and matching the maturity profiles of financial assets and liabilities.

The FPC had access to the following lines of credit as at reporting date:

	2023 $000	2022 $000
Credit cards	750	750
Bank overdraft facility[1]	9,000	9,000
	9,750	**9,750**
Facilities in use as at reporting date:		
Credit cards	40	36
	40	**36**
Available facilities not in use as at reporting date:		
Credit cards	710	714
Bank overdraft facility	9,000	9,000
	9,710	**9,714**

[1] A bank overdraft facility for $9m was re-established with the Western Australian Treasury Commission from 1 July 2018.

The following table details the FPC's interest rate exposure and the contractual maturity analysis of financial assets and financial liabilities. The maturity analysis section includes interest and principal cash flows. The interest rate exposure section analyses only the carrying amounts of each item.

	Notes	Effective interest rate%	Total	0 to 12 months	1 to 2 years	2 to 5 years	More than 5 years
2023							
Financial assets							
Commonwealth Bank Cash Management Account	7.3.1	3.30%	14,368	14,368	-	-	-
Commonwealth Bank USD Account	7.3.1	0.00%	1,088	1,088	-	-	-
Trade receivables	6.2	n/a	13,271	13,271	-	-	-
Provision for expected credit losses	6.2.1	n/a	(704)	(704)	-	-	-
Collateral security held - cash	9.8	n/a	4,253	4,253	-	-	-
Collateral security held - non cash		n/a	4,094	4,094	-	-	-
Total credit exposure - trade receivables			20,914	20,914	-	-	-
			36,370	36,370	-	-	-
Financial liabilities							
Trade payables	6.4	n/a	6,723	6,723	-	-	-
Foreign exchange contracts		n/a	-	-	-	-	-
Land annuities payable		n/a	3,955	420	420	1,260	1,855
			10,678	7,143	420	1,260	1,855
2022							
Financial assets							
Commonwealth Bank Cash Management Account	7.3.1	0.93%	16,428	16,428	-	-	-
Commonwealth Bank USD Account	7.3.1	0.00%	578	578	-	-	-
Trade receivables	6.2	n/a	15,149	15,149	-	-	-
Provision for expected credit losses	6.2.1	n/a	(711)	(711)	-	-	-
Collateral security held - cash	9.8	n/a	4,206	4,206	-	-	-
Collateral security held - non cash		n/a	5,925	5,925	-	-	-
Total credit exposure - trade receivables			24,569	24,569	-	-	-
			41,575	41,575	-	-	-
Financial liabilities							
Trade payables	6.4	n/a	8,920	8,920	-	-	-
Foreign exchange contracts		n/a	12	12	-	-	-
Land annuities payable		n/a	4,479	420	420	1,259	2,380
			13,411	9,352	420	1,259	2,380

Sensitivity analysis – Interest

The following table represents a summary of the interest rate sensitivities of the FPC's financial assets and liabilities at the end of the reporting period on the surplus for the period and equity for a 1 per cent change in rates. It is assumed the rates are held constant throughout the reporting period.

	Carrying amount ($000's)	-1% change Profit ($000's)	Equity ($000's)	+1% change Profit ($000's)	Equity ($000's)
2023					
Financial assets					
Cash and cash equivalents	15,456	(108)	(108)	108	108
Financial liabilities					
Land annuities payable	3,217	(99)	(99)	92	92
2022					
Financial assets					
Cash and cash equivalents	17,005	(119)	(119)	119	119
Financial liabilities					
Land annuities payable	3,543	(123)	(123)	114	114

8.5 CONTINGENT ASSETS AND LIABILITIES

Contingent assets and contingent liabilities are not recognised in the statement of financial position but are disclosed and, if quantifiable, are measured at the best estimate.

Contingent assets and liabilities are presented inclusive of GST receivable or payable respectively.

8.5.1 CONTINGENT ASSETS

There are no contingent assets as at reporting date.

8.5.2 CONTINGENT LIABILITIES

The following contingent liabilities are excluded from the liabilities included in the financial statements:

Resource shortfall

The FPC has identified a potential shortfall of current pine resources that would be available to meet future contracted supply commitments. As at the date of the financial statements, there is a high degree of uncertainty regarding the likelihood, timing and amount of any potential shortfall and the FPC is therefore unable to determine a reliable estimate of the amount of any potential obligation that may arise in the future.

The FPC is undertaking further analysis in order to develop and implement mitigation strategies if necessary and will continue to monitor the need for further disclosure, or a provision, at future reporting dates.

Contaminated sites

Under the *Contaminated Sites Act 2003* (Act), the FPC is required to report known and suspected contaminated sites to the Department of Water and Environment Regulation (DWER). In accordance with the Act DWER classifies these sites. DWER classifies these sites on the basis of the risk to human health, the environment and environmental values. Where sites are classified as *contaminated – remediation required or possibly contaminated - investigation required*, the FPC may have a liability in respect of investigation or remediation expenses.

The FPC currently has one site reported, on which it is an occupier for harvesting operation purposes and not an owner, which has been classified by DWER as '*possibly contaminated - investigation required*'. The site is owned by the DBCA who have an asbestos management plan in place.

8.6 FAIR VALUE MEASUREMENTS

Valuation processes

There were no changes in valuation techniques during the period. Native forests are valued on the rights to harvest over the life of the FMP while sandalwood is valued on the basis of a 36 month licence to harvest.

Transfers in and out of a fair value level are recognised on the date of the event or change in circumstances that caused the transfer. Transfers are generally limited to assets newly classified as non-current assets held for sale as Treasurer's Instructions require valuations of land, buildings and infrastructure to be categorised within Level 3 where the valuations will utilise significant Level 3 inputs on a recurring basis.

Basis of valuation

In the absence of market-based evidence, due to the specialised nature of some non financial assets, these assets are valued at Level 3 of the fair value hierarchy on an existing use basis. The existing use basis recognises that restrictions or limitations have been placed on their use and disposal when they are not determined to be surplus to requirements. These restrictions are imposed by virtue of the assets being held to deliver a specific community service and the FPC's enabling legislation.

8.6.1 FAIR VALUE MEASUREMENTS – LAND, BUILDINGS AND INFRASTRUCTURE

Assets measured at fair value:	Level 1 $000	Level 2 $000	Level 3 $000	Fair value at end of year $000
2023				
Land	-	-	72,231	72,231
Buildings	-	-	5,611	5,611
Infrastructure	-	-	3,309	3,309
Total land, buildings and infrastructure	**-**	**-**	**81,151**	**81,151**
2022				
Land	-	-	33,881	33,881
Buildings	-	-	5,351	5,351
Infrastructure	-	-	2,139	2,139
Total land, buildings and infrastructure	**-**	**-**	**41,371**	**41,371**

There were no transfers between Levels 1, 2 or 3 during the current and previous years.

Fair value measurements using significant unobservable inputs (Level 3)

2023	Land $000	Buildings $000	Infrastructure $000
Fair value at start of year	33,881	5,351	2,139
Additions	30,517	90	-
Revaluation increments recognised in other comprehensive income	7,833	440	1,829
Disposals	-	-	-
Depreciation expense	-	(270)	(659)
Fair value at end of year	**72,231**	**5,611**	**3,309**
Total gains or losses for the period included in profit or loss, under 'other gains'	-	-	-
2022			
Fair value at start of year	29,505	5,267	2,798
Additions	-		
Revaluation increments recognised in other comprehensive income	4,376	348	-
Disposals		-	
Depreciation expense	-	(264)	(659)
Fair value at end of year	**33,881**	**5,351**	**2,139**
Total gains or losses for the period included in profit or loss, under 'Other Gains'	-	-	-

Information about significant unobservable inputs (Level 3) in fair value measurements

Description	Fair value 30/06/2023 $000	Fair value 30/06/2022 $000	Valuation technique(s)	Unobservable inputs	Relationship of unobservable inputs to fair value
Land	72,231	33,881	Market approach	Selection of land with similar approximate utility	Higher value of similar land increases estimated fair value.
Buildings	5,611	5,351	Market approach	Consumed economic benefit/ obsolescence of asset	Greater consumption of economic benefit or increased obsolescence lowers fair value.
Infrastructure	3,309	2,139	Depreciated Replacement Cost	Consumed economic benefit/ obsolescence of asset	Greater consumption of economic benefit or increased obsolescence lowers fair value.

Land (Level 3 fair values)

Fair value for restricted use land is based on comparison with market evidence for land with low level utility (high restricted use land). The relevant comparators of land with low level utility is selected by the Western Australian Land Information Authority (Valuations and Property Analytics) and represents the application of a significant Level 3 input in this valuation methodology. The fair value measurement is sensitive to values of comparator land, with higher values of comparator land correlating with higher estimated fair values of land.

Buildings and Infrastructure (Level 3 fair values)

Fair value for existing use specialised buildings and infrastructure assets is determined by reference to the cost of replacing the remaining future economic benefits embodied in the asset, i.e. the current replacement cost. Current replacement cost is generally determined by reference to the market observable replacement cost of a substitute asset of comparable utility and gross project size specifications adjusted for obsolescence and economic (external) obsolescence.

Valuation using current replacement cost utilises the significant Level 3 input, consumed economic benefit/obsolescence of asset which is estimated by the Western Australian Land Information Authority (Valuations and Property Analytics). The fair value measurement is sensitive to the estimate of consumption/obsolescence, with higher values of the estimate correlating with lower estimated fair values of buildings and infrastructure.

8.6.2 FAIR VALUE MEASUREMENTS - BIOLOGICAL ASSETS

Assets measured at fair value:	Level 1 $000	Level 2 $000	Level 3 $000	Fair value at end of year $000
2023				
Plantations	-	-	220,531	220,531
Total biological assets	**-**	**-**	**220,531**	**220,531**
2022				
Plantations	-	-	198,141	198,141
Total biological assets	**-**	**-**	**198,141**	**198,141**

There were no transfers between Levels 1, 2 or 3 during the current and previous years.

Fair value measurements using significant unobservable inputs (Level 3)

	2023 $000	2022 $000
Fair value at start of period	198,141	203,644
Additions	5,102	3,950
Net movement in biological assets	17,288	(9,453)
Fair value at end of year	**220,531**	**198,141**

Valuation

The valuation of biological assets contain key estimates and assumptions made concerning the future, and other estimations of uncertainty at balance date. Variations to these estimates carry a risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

Calculations performed in assessing the value of the Biological assets incorporate uncertainty with discount rates, harvest yields and volumes that could be realistically marketed and sold.

Plantation timber

The FPC values its Pine Plantation estate on a fair value basis utilising the services of an independent valuer. For the year ended 30 June 2023 Margules Groome were contracted for this work (2022: Margules Groome).

The FPC values its sandalwood plantation estate on a fair value basis utilising the expectation of net cash to be derived from the forest estate in each year of the projected holding period of the asset discounted to a net present value. The discount rate adopted has been provided by an independent valuer (Margules Groome).

Biological assets (Level 3 fair values)

The fair value of the biological assets is calculated by estimating the future harvests after considering constraints imposed by sustainable management, contracts and markets. Next, in valuing each group of asset, revenue from the harvest of forest products and costs associated with the management, marketing and selling of the forest products are assessed to determine the value of the asset.

Finally, by applying a discount rate, the Net Present Value (NPV) of those cash flows is assessed. The NPV is an estimation of the amount that one would pay today to receive the future cash flows from the harvest of forest products and management of the asset until harvest. NPV is calculated as the net of the future cash inflows and outflows associated with forest production activities, discounted back to current values.

In determining the valuation of the assets, there are assumptions that must be reviewed annually. Valuation changes mainly arise from:

- changes in timber volume
- changes in timber prices
- changes in production costs, including management, marketing and selling costs
- changes in the discount rate
- changes in USD forward exchange rate

	2023 $000	2022 $000
Opening balance 1 July	198,141	203,644
Harvested timber recognised in profit or loss	(37,472)	(24,954)
Fire risk adjustment	(798)	2,112
Changes in fair value less estimated point of sale costs recognised in profit or loss due to:		
– change in discount rate	2,687	(33,999)
– changes in volume, prices and markets	57,178	49,975
Plantation sandalwood valuation movement	795	1,363
Closing balance 30 June	**220,531**	**198,141**

8.6.3 DISCOUNT RATES

The following discount rates have been applied in the calculation of net market values:

	2023	2022
Plantation pine	10.52%	10.70%
Plantation sandalwood	8.80%	8.80%

The discount rate is real and pre-tax.

9.0 OTHER DISCLOSURES

Introduction

This section includes additional material disclosures required by accounting standards or other pronouncements, for the understanding of this financial report.

Structure

This section includes:

- Note 9.1 Events occurring after the end of the reporting period
- Note 9.2 Key management personnel
- Note 9.3 Related party transactions
- Note 9.4 Related and affiliated bodies
- Note 9.5 Remuneration of auditor
- Note 9.6 Equity
- Note 9.7 Supplementary financial information
- Note 9.8 Funds held in trust
- Note 9.9 Future impact of Australian standards issued not yet effective
- Note 9.10 Explanatory statement

9.1 EVENTS OCCURRING AFTER THE END OF THE REPORTING PERIOD

There are no significant events occurring after balance date that materially impact the financial statements.

9.2 KEY MANAGEMENT PERSONNEL

The FPC has determined key management personnel to include cabinet ministers, members and senior officers of the FPC. The FPC does not incur expenditures to compensate Ministers and those disclosures may be found in the *Annual Report on State Finances*.

Total fees, salaries, superannuation, non-monetary benefits and other benefits for senior officers of the FPC for the reporting period are presented within the following bands:

Compensation of Members of the Accountable Authority

Compensation band ($)	2023	2022
50,001 - 60,000	1	-
40,001 - 50,000	-	1
20,001 - 30,000	6	7
10,001 - 20,000	-	1
0 - 10,000	1	-

	2023 $000	2022 $000
Total fees received by non-executive Commissioners	217	216

Compensation of Senior Officers

Compensation band ($)	2023	2022
300,001 - 350,000	1	-
250,001 - 300,000	-	1
200,001 - 250,000	1	1
150,001 - 200,000	13	8
100,001 - 150,000	1	6
50,001 - 100,000	-	2
0 - 50,000	1	-

	2023 $000	2022 $000
Short term employee benefits	2,435	2,617
Post employment benefits	256	262
Other long term benefits	-	-
Total compensation of Senior Officers	**2,691**	**2,879**

Total compensation includes the superannuation expense incurred by the FPC in respect of senior officers and members of the accountable authority.

9.3 RELATED PARTY TRANSACTIONS

The FPC is a wholly owned and controlled entity of the State of Western Australia.

Related parties of the FPC include:

- all cabinet ministers and their close family members, and their controlled or jointly controlled entities;
- all senior officers and their close family members, and their controlled or jointly controlled entities;
- other departments and statutory authorities, including related bodies that are included in the whole of government consolidated financial statements;
- associates and joint ventures of a wholly owned public sector entity; and
- the Government Employees Superannuation Board (GESB).

Significant transactions with government related entities

In conducting its activities, the FPC is required to transact with the State and entities related to the State.These transactions are generally based on the standard terms and conditions that apply to all agencies. Significant transactions include:

	2023 $000	2022 $000
– State Government contributions (Note 9.6);	33,484	14,263
– State Government operating subsidy (Note 3.3);	220	200
– State Government forestry grant (Note 3.3);	252	252
– Recoup of costs from DBCA (Note 3.6);	418	697
– Lease payments from Main Roads (Note 3.6);	185	-
– payments to DBCA (Note 4.6.1);	(3,992)	(3,543)
– payments to Treasury for works performed by DBCA (Note 4.6.1);	(6,263)	(12,824)
– superannuation payments to GESB (Note 4.3.1);	(232)	(233)
– insurance payments to the Insurance Commission of WA (Riskcover) (Note 4.6.1);	(770)	(860)
– payment for services provided by the Auditor General (Note 9.5);	(213)	(213)
– payment to the State Solicitors Office (SSO)*;	(29,683)	(39)
– payment for services provided by the Department of Finance (Note 4.6.1);	(971)	(746)
– payment for services provided by the Department of Primary Industries and Regional Development (Note 4.6.1);	(84)	(251)

* Includes payments for land purchases, using the SSO as a settlement agent.

Material transactions with related parties

Outside of normal citizen type transactions with the FPC there were no other related party transactions that involved key management personnel and/or their close family members and/or their controlled (or jointly controlled) entities.

9.4 RELATED AND AFFILIATED BODIES

The FPC has no related or affiliated bodies as defined by Treasurers Instruction TI 951 Related and Affiliated Bodies.

9.5 REMUNERATION OF AUDITOR

Remuneration paid or payable to the Auditor General in respect of the audit for the current financial year is as follows:

	2023 $000	2022 $000
Auditing the accounts, financial statements, controls and key performance indicators	197	197

9.6 EQUITY

The West Australian Government holds the equity interest in the FPC on behalf of the community. Equity represents the residual interest in the net asset of the FPC. The asset revaluation surplus represents that portion of equity resulting from the revaluation of non-current assets.

Contributed equity	2023 $000	2022 $000
Balance at start of the year	290,508	276,245
Contributions by owners		
Equity injection	33,485	14,263
Balance at end of the year	**323,993**	**290,508**

9.6.1 RESERVES

Asset revaluation surplus	2023 $000	2022 $000
Balance at start of the year	16,305	12,999
Net asset revaluation increase (Note 5.1)	10,101	4,724
Deferred tax on items of other comprehensive income (Note 4.7.3)	(3,030)	(1,417)
Balance at end of the year	**23,376**	**16,306**

9.6.2 CASHFLOW HEDGE RESERVE

Balance at start of the year	(9)	-
Net movement in reserve	12	(12)
Income tax on items of other comprehensive income	(3)	3
Balance at end of the year	**-**	**(9)**
Balance at end of the year	**23,376**	**16,297**

Forward exchange contracts are held to hedge against fluctuations in US dollars (Note 8.2.1).

9.6.3 ACCUMULATED DEFICIT

Balance at start of the year	(63,245)	(32,388)
Profit/(loss) for the year	26,937	(30,857)
Balance at end of the year	**(36,308)**	**(63,245)**

Provision is made for the amount of any dividend declared on or before the end of the financial year, but not distributed at the end of the reporting period.

A dividend liability is not recognised if the dividends are still to be approved (declared) at the end of the reporting period. "Declared" is considered to mean that the dividends are appropriately authorised and no longer at the discretion of the entity. Under current Western Australian legislative arrangements, dividends (other than interim dividends) are formally approved by the Minister after the year-end date and therefore would not meet the recognition criteria of a present obligation of a liability.

9.7 SUPPLEMENTARY FINANCIAL INFORMATION

(a) Write-offs

During the previous year, the Board approved nil (2020: Nil) of debtors to be written off.

	2023 $000	2022 $000
Debtors	-	5
Total	**-**	**5**

9.8 FUNDS HELD IN TRUST

Funds held in trust[1] as security for contract obligations. These funds are repayable upon completion of contracts.

	2023 $000	2022 $000
Opening balance	4,206	4,525
Receipts	111	320
Payments	(64)	(639)
Closing balance	**4,253**	**4,206**

[1] Trust funds do not form part of the assets of the FPC, and are held in a separate trust fund established for that purpose. Interest accruing on these funds accumulate for the benefit of security providers unless otherwise agreed, in which case, interest accrued accumulates for the benefit of the FPC.

9.9 FUTURE IMPACT OF AUSTRALIAN STANDARDS ISSUED NOT YET EFFECTIVE

The FPC cannot early adopt an Australian Accounting Standard unless specifically permitted by TI 1101 Application of Australian Accounting Standards and Other Pronouncements or by an exemption from TI 1101. Where applicable, the FPC plans to apply the following Australian Accounting Standards from their application date:

		Operative for reporting periods beginning on/after
AASB 2020-1	**Amendments to Australian Accounting Standards – Classification of Liabilities as Current or Non-current** This Standard amends AASB 101 to clarify requirements for the presentation of liabilities in the statement of financial position as current or non-current There is no financial impact.	1 Jan 2024
AASB 2021-2	**Amendments to Australian Accounting Standards – Disclosure of Accounting Policies and Definition of Accounting Estimates** This Standard amends: (a) AASB 7, to clarify that information about measurement bases for financial instruments is expected to be material to an entity's financial statements; (b) AASB 101, to require entities to disclose their material accounting policy information rather than their significant accounting policies; (c) AASB 108, to clarify how entities should distinguish changes in accounting policies and changes in accounting estimates; (d) AASB 134, to identify material accounting policy information as a component of a complete set of financial statements; and (e) AASB Practice Statement 2, to provide guidance on how to apply the concept of materiality to accounting policy disclosures. There is no financial impact.	1 Jan 2023
AAASB 2021-6	**Amendments to Australian Accounting Standards – Disclosure of Accounting Policies: Tier 2 and other Australian Accounting Standards** This Standard amends: (a) AASB 1049, to require entities to disclose their material accounting policy information rather than their significant accounting policies; (b) AASB 1054 to reflect the updated accounting policy terminology used in AASB 101 Presentation of Financial Statements; and (c) AASB 1060 to required entities to disclose their material accounting policy information rather than their significant accounting policy and to clarify that information about measurement bases for financial instruments is expected to be material to an entity's financial statements. There is no financial impact.	1 Jan 2023
AASB 2022-5	**Amendments to Australian Accounting Standards – Lease Liability in a Sale and Leaseback** This Standard amends AASB 16 to add measurement requirements for sale and leaseback transactions that satisfy the requirements in AASB 15 to be accounted for as a sale. There is no financial impact.	1 Jan 2024
AASB 2022-6	**Amendments to Australian Accounting Standards – Non-current Liabilities with Covenants** This Standard amends AASB 101 to improve the information an entity provides in its financial statements about liabilities arising from loan arrangements for which the entity's right to defer settlement of those liabilities for at least twelve months after the reporting period is subject to the entity complying with conditions specified in the loan arrangement. The Standard also amends an example in Practice Statement 2 regarding assessing whether information about covenants is material for disclosure. There is no financial impact.	1 Jan 2024

AASB 2022-7	**Editorial Corrections to Australian Accounting Standards and Repeal of Superseded and Redundant Standards** This Standard makes editorial corrections to various Australian Accounting Standards and AASB Practice Statement 2 Making Materiality Judgements. There is no financial impact.	**1 Jan 2023**
AASB 2022-9	**Amendments to Australian Accounting Standards – Insurance Contracts in the Public Sector** This Standard amends AASB 17 and AASB 1050 to include modifications with respect to the application of AASB 17 by public sector entities. This Standard also amends the following Standards to remove the temporary consequential amendments set out in AASB 2022-8 since AASB 4 and AASB 1023 do not apply to public sector entities for periods beginning on or after 1 July 2026: (a) AASB 1; (b) AASB 3; (c) AASB 5; (d) AASB 7; (e) AASB 9; (f) AASB 15; (g) AASB 119; (h) AASB 132; (i) AASB 136; (j) AASB 137; (k) AASB 138; (l) AASB 1057; and (m) AASB 1058. There is no financial impact.	**1 Jan 2026**
AASB 2022-10	**Amendments to Australian Accounting Standards – Fair Value Measurement of Non-Financial Assets of Not-for-Profit Public Sector Entities** This Standard amends AASB 13 including adding authoritative implementation guidance and providing related illustrative examples, for fair value measurements of non-financial assets of not-for-profit public sector entities not held primarily for their ability to generate net cash inflows. There is no financial impact.	**1 Jan 2024**

9.10 EXPLANATORY STATEMENT

Significant variations between estimates and actual results for 2023 and between the actual results for 2023 and 2022 are shown below. Narratives are provided for significant variations, which are considered to be those greater than 10% and $1.3 million for the Statement of Comprehensive Income and Statement of Cashflow and greater than 10% and $3.5 million for the Statement of Financial Position.

9.10.1 STATEMENT OF COMPREHENSIVE INCOME VARIANCES

	Variance note	Estimate 2023 $000	Actual 2023 $000	Actual 2022 $000	Variance Est to 2023 $000	Variance 2023–2022 $000
Continuing operations						
Operating income						
Sales of forest products	1	142,646	125,870	125,008	(16,776)	862
Commonwealth grants and contributions		-	103	115	103	(12)
Interest income		30	446	41	416	405
Other income	2, A	1,093	7,824	3,245	6,731	4,579
Gain on disposal of non-current assets		-	1	-	1	1
Gains from foreign exchange		-	91	115	91	(24)
Total operating income		**143,769**	**134,335**	**128,524**	**(9,434)**	**5,811**
Operating expenses						
Production expenses	3	100,197	77,258	84,775	22,939	7,517
Employee benefits expense	4	24,335	20,840	19,768	3,495	(1,072)
Supplies and services	5	23,060	21,166	21,615	1,894	449
Depreciation and amortisation expense	6	3,877	5,402	6,094	(1,525)	692
Finance costs		423	348	374	75	26
Accommodation expenses		1,190	837	920	353	83
Grants and subsidies		50	69	20	(19)	(49)
Loss on disposal of non-current assets		-	-	13	-	13
Other expenses		3,317	2,305	2,751	1,012	446
Total operating expenses		**156,449**	**128,225**	**136,330**	**28,224**	**8,105**
Operating profit / (loss)		**(12,680)**	**6,110**	**(7,806)**	**18,790**	**13,916**
Other economic flows included in net result						
Net movement in biological assets	7, B	(2,000)	17,288	(9,453)	19,288	26,741
Onerous contracts		(381)	31	321	412	(290)
Grants and subsidies from State Government		-	472	452	472	20
Other economic flows included in net result before income tax		**(2,381)**	**17,791**	**(8,680)**	**20,172**	**26,471**
Income tax benefit / (expense)	8, C	4,518	3,034	(14,380)	(1,484)	17,414
Net result from continuing operations after income tax		**(10,543)**	**26,935**	**(30,866)**	**37,478**	**57,801**

9.10.2 STATEMENT OF FINANCIAL POSITION VARIANCES

	Variance note	Estimate 2023 $000	Actual 2023 $000	Actual 2022 $000	Variance Est to 2023 $000	Variance 2023–2022 $000
ASSETS						
Current assets						
Cash and cash equivalents		16,636	15,458	17,007	(1,178)	(1,549)
Inventories		7,919	9,039	7,603	1,120	1,436
Receivables		14,662	12,567	14,438	(2,095)	(1,871)
Biological assets		11,883	10,052	11,883	(1,831)	(1,831)
Other current assets		1,824	3,536	1,824	1,712	1,712
Total current assets		**52,924**	**50,652**	**52,755**	**(2,272)**	**(2,103)**
Non-current assets						
Infrastructure, property, plant and equipment	A	74,623	81,526	41,711	6,903	39,815
Deferred tax assets	1	4,892	-	-	(4,892)	-
Biological assets	B	191,099	210,479	186,258	19,380	24,221
Right of use assets		1,290	2,079	2,436	789	(357)
Intangible assets		1,152	3,770	3,313	2,618	457
Total non-current assets		**273,056**	**297,854**	**233,718**	**24,798**	**64,136**
Total assets		**325,980**	**348,506**	**286,473**	**22,526**	**62,033**
LIABILITIES						
Current liabilities						
Payables		15,979	12,816	15,870	(3,163)	(3,054)
Lease liabilities		510	646	703	136	(57)
Employee related provisions		2,600	4,053	3,606	1,453	447
Other provisions	2	7,142	2,907	5,433	(4,235)	(2,526)
Deferred revenue		1,672	1,664	1,672	(8)	(8)
Total current liabilities		**27,903**	**22,086**	**27,284**	**(5,817)**	**(5,198)**
Non-current liabilities						
Payables		2,483	2,806	3,133	323	(327)
Lease liabilities		650	1,462	1,789	812	(327)
Employee related provisions		1,500	805	771	(695)	34
Other provisions		2,104	4,380	1,461	2,276	2,919
Deferred revenue		8,788	5,906	8,475	(2,882)	(2,569)
Total non-current liabilities		**15,525**	**15,359**	**15,629**	**(166)**	**(270)**
Total liabilities		**43,428**	**37,445**	**42,913**	**(5,983)**	**(5,468)**
Net assets		**282,552**	**311,061**	**243,560**	**28,509**	**67,501**
Equity						
Contributed equity	C	340,915	323,993	290,508	(16,922)	33,485
Reserves	3, D	16,297	23,376	16,297	7,079	7,079
Accumulated (deficit)/surplus	4, E	(74,660)	(36,308)	(63,245)	38,352	26,937
Total equity		**282,552**	**311,061**	**243,560**	**28,509**	**67,501**

9.10.3 STATEMENT OF CASH FLOW VARIANCES

	Variance note	Estimate 2023 $000	Actual 2023 $000	Actual 2022 $000	Variance Est to 2023 $000	Variance 2023–2022 $000
CASH FLOWS FROM OPERATING ACTIVITIES						
Receipts						
Receipts from external customers	1	142,360	135,270	135,745	(7,090)	(475)
Interest received		30	309	32	279	277
Other receipts	2, A	1,347	3,603	729	2,256	2,874
Total receipts		**143,737**	**139,182**	**136,506**	**(4,555)**	**2,676**
Payments						
Payments for employee benefits	3	(25,023)	(20,201)	(19,868)	4,822	(333)
Payments to suppliers		(32,766)	(30,391)	(30,807)	2,375	416
Forest management expenditure	4	(95,831)	(87,416)	(87,556)	8,415	140
Total payments		**(153,620)**	**(138,008)**	**(138,231)**	**15,612**	**223**
Net cash from/(used) in operating activities		**(9,883)**	**1,174**	**(1,725)**	**11,057**	**2,899**
CASH FLOWS FROM INVESTING ACTIVITIES						
Proceeds from sale of non-current physical assets		-	1	-	1	1
Purchase of non-current physical assets		(450)	(21)	(27)	429	6
Softwood estate expansion	B	(31,742)	(30,720)	-	1,022	(30,720)
Investment in new plantations	5	(8,131)	(4,945)	(6,033)	3,186	1,088
Net cash used in investing activities		**(40,323)**	**(35,685)**	**(6,060)**	**4,638**	**(29,625)**
CASHFLOWS FROM FINANCING ACTIVITIES						
Payments						
Lease payments		(572)	(994)	(851)	(422)	(143)
Net cash used in financing activities		**(572)**	**(994)**	**(851)**	**(422)**	**(143)**
CASH FLOWS FROM STATE GOVERNMENT						
State Contribution (equity injection)	6, C	50,407	33,484	14,263	(16,923)	19,221
Other grants and subsidies		-	472	452	472	20
Net cash provided from State Government		**50,407**	**33,956**	**14,715**	**(16,451)**	**19,241**
Net (decrease)/increase in cash and cash equivalents		(371)	(1,549)	6,079	(1,178)	(7,628)
Cash and cash equivalents at the beginning of the period		17,007	17,007	10,928	-	6,079
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD		**16,636**	**15,458**	**17,007**	**(1,178)**	**(1,549)**

9.10.4 SIGNIFICANT VARIANCES BETWEEN ESTIMATE AND ACTUAL FOR 2023 AND/OR BETWEEN ACTUALS FOR 2023 AND 2022:

Statement of Comprehensive Income

Variances between estimate and actual ($000's)

1) Sales income was lower than forecast due to a decline in International and Domestic sandalwood demand and lower than forecast volumes in native forest following the withdrawal of some customers from the market.
2) Other income was greater than forecast due to a legal contract settlement payment; and a previous change in accounting treatment for the annual sandalwood contributional income that is not yet included in estimates.
3) Lower production costs reflect the lower activity level associated with sales activity in native forest and reduced sandalwood sales.
4) Employee benefits expenses were underspent due to a number of positions that remained vacant during parts of the year.
5) Lower expenditure on consultants, professional services and forest maintenance, due to reduced contractor availability, resulted in lower than estimated costs for supplies and services.
6) Higher than budgeted amortisation due to the sandalwood right-of-use asset, not currently included in estimates.
7) A higher than budgeted increment in the valuation for Plantation biological assets, compared to an expected decrement for the year.
8) The lower than estimated tax benefit resulted from the higher net profit, offset by the de-recognition of net deferred tax in the current year..

Variances between 2023 and 2022 ($000's)

A) Other income was higher than the previous year due to an extension to 3 years for sandalwood contributional income

B) A higher increment in the valuation for Plantation biological assets, compared to a decrement for the previous year.

C) The higher tax expense in the previous year resulted from the de-recognition of the balance of net tax assets at the end of the year. This de-recognition of the net deferred tax asset arose as it's realisation was no longer considered probable.

Statement of Financial Position

Variances between estimate and actual ($000's)

1) The net deferred tax asset was de-recognised at the end of the previous financial year and is subsequently written down to nil.
2) Some provisions for replanting and regeneration have been moved to non-current , resulting in smaller current provision balances than previously estimated for the year.
3) An independent revaluation of land by Landgate in 2023 resulted in an unanticipated substantial increase in the reserve related to the land carrying value.
4) A better result than anticipated, combined with a substantial plantation revaluation, resulted in a reduction in accumulated losses instead of the anticipated increase.

Variances between 2023 and 2022 ($000's)

A) Land purchases for the expansion of the softwood estate increased the value of assets during the year.

B) As a result of an independent valuation of the plantation estate, the biological asset was revalued higher than in the previous valuation.

C) Higher contributed equity resulted from the injection of funds for the purchase of land for a plantation investment program.

D) An independent revaluation of land by Landgate in 2023 resulted in a substantial increase in the reserve related to the land carrying value.

E) The positive result in 2023, including a substantial plantation revaluation increment, resulted in a reduction in accumulated losses, compared to the larger income tax expense resulting from the derecognition of net deferred assets in 2022.

Statement of Cash Flows

Variances between estimate and actual ($000's)

1) Sales receipts were lower than estimated due to a decline in International and Domestic sandalwood demand, combined with lower than forecast volumes in native forest following the withdrawal of some customers from the market.
2) The receipt of a payment to settle a contract dispute resulted in an increase in other receipts, compared to estimated.
3) Employee benefits payments were reduced due to a number of vacant positions that remained unfilled during portions of the year.
4) Lower forest management costs reflect lower spending in regeneration and maintenance activities than originally planned due to contractor capacity constraints.
5) Delays to expected land acquisition resulted in less than expected expenditure on plantation establishment costs for new plantations during the year.
6) The delayed acquisition of land resulted in less than expected equity contributions to offset expenditure on new plantation areas.

Variances between 2023 and 2022 ($000's)

A) The receipt of a payment to settle a contract dispute resulted in an increase in other receipts, compared to the prior year.

B) Land acquisitions for the plantation expansion program began in the current year.

C) Additional equity injections to fund the plantation expansion program began in 2023.

Key performance indicators

Certification of the key performance indicators

Certification of the key performance indicators

We hereby certify that the key performance indicators are based on proper records, are relevant and appropriate for assisting users to assess the Agency's performance, and fairly represent the performance of the Agency for the financial year ended 30 June 2023.

Ms Debra Blaskett
Chair
12 September 2023

Hon Robert Pearce
Commissioner
12 September 2023

Contents

Changes to Future Key Performance Indicator Reporting

Government Trading Enterprises – New Key Performance Indicators Framework

With the end of commercial native forestry in 2024, the FPC will need to change the current Key Performance Indicators (KPI). The recent passing of the *Goverment Trading Enterprises Act 2023* which has been introduced to consolidate the governance requirements of GTEs which are presently contained in multiple instruments will also require changes to existing KPI's. The FPC has been working with Treasury to align new KPI's with the GTE Regulations and the FPC's Outcomes Based Management Framework will be changed to report against new Key Performance Indicators in 2023-24.

The new KPI's for all GTE's will be based on five areas OSH, Customer Service, People – Diversity, Environmental Impact, Efficiency and Effectiveness with KPI's associated with these areas.

AREA	KPI
Occupational Health and safety	Lost Time Injury and Disease Frequency Rate
	Lost Time Injury and Disease Severity Rate
Customer Service	Complaint Resolution Rate
People-Diversity	Aggregated Diversity Score
	Voluntary Turnover Rate
Environmental Impact	Net Greenhouse Gas Emissions
Efficiency and Effectiveness	Operating Margin
	Return on Assets

State Government goals

1: Sustainable finances
Responsible financial management and better service delivery

2: Future jobs and skills
Grow and diversify the economy, create jobs and support skills development

3: Strong communities
Safe communities and supported families

4: Better places
A quality environment with liveable and affordable communities and vibrant regions

Our strategic goals

G1: Facilitate a vibrant and sustainable forestry industry to deliver social and economic benefits, particularly in regional Western Australia

G2: Deliver healthy forests for future generations

G3: Ensure efficient, effective and safe delivery of business outcomes

Key performance indicators

Key effectiveness indicators

1) Quantity of native forest hardwood log timber harvested compared to FMP sustainable levels and targets
2) Harvest of sandalwood does not exceed licence limits
3) Effectiveness of forest regeneration
4) The achievement of thinning schedules
5) All operations commence with required approvals
6) Independent certification maintained
7) Management of native forest fuel loads adjacent to priority pine plantations
8) Softwood plantations planted in the previous winter meet minimum stocking levels
9) First and second rotation softwood planting targets are achieved
10) Native forest resource is processed locally (excluding any trials or research undertaken)
11) Log deliveries meet customer orders
12) Sandalwood sales orders
13) Green sandalwood roots as a percentage of green sandalwood harvested

Key efficiency indicators

1) Timeliness of response to stakeholder concerns or complaints
2) Timeliness of initial response to Ministerial requests and Parliamentary Questions
3) Operating profit
4) Cost per dollar of revenue generated

Key effectiveness indicators

1. Quantity of native forest hardwood log timber harvested compared to FMP sustainable levels and targets

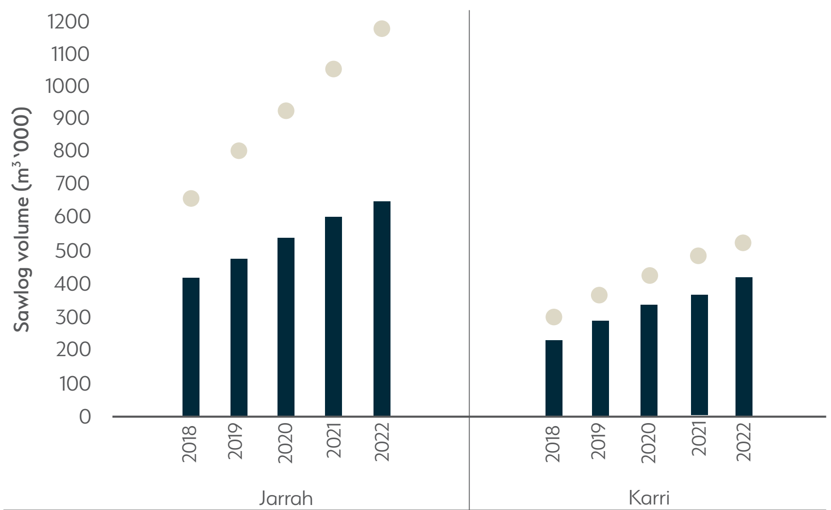
The *Forest Management Plan* (FMP) is developed by the Conservation and Parks Commission and sets the limits for the average annual allowable cut for the South West's native forest over a 10 year period.

The harvested volume may vary between years depending on the customer demand for log products, and the volumes harvested in previous years. The FPC monitors harvest levels to ensure volumes removed stay within cumulative allowable limits over the 10 year period of the FMP from 2014 to 2023.

For the purpose of reporting, the target for this KPI is calculated based on ten per cent of the cumulative ten-year total allowable cut being available in year one and thereafter a ten per cent increase per year to 100 per cent in the last year of the FMP. This KPI is measured in calendar years rather than financial year to be consistent with the FMP and timber harvested is reported in cubic metres (rather than tonnes) to enable comparison with the FMP annual allowable cut.

First and second-grade jarrah and karri sawlogs

Target: Native forest harvest level does not exceed the level prescribed in the FMP (2014-2023)

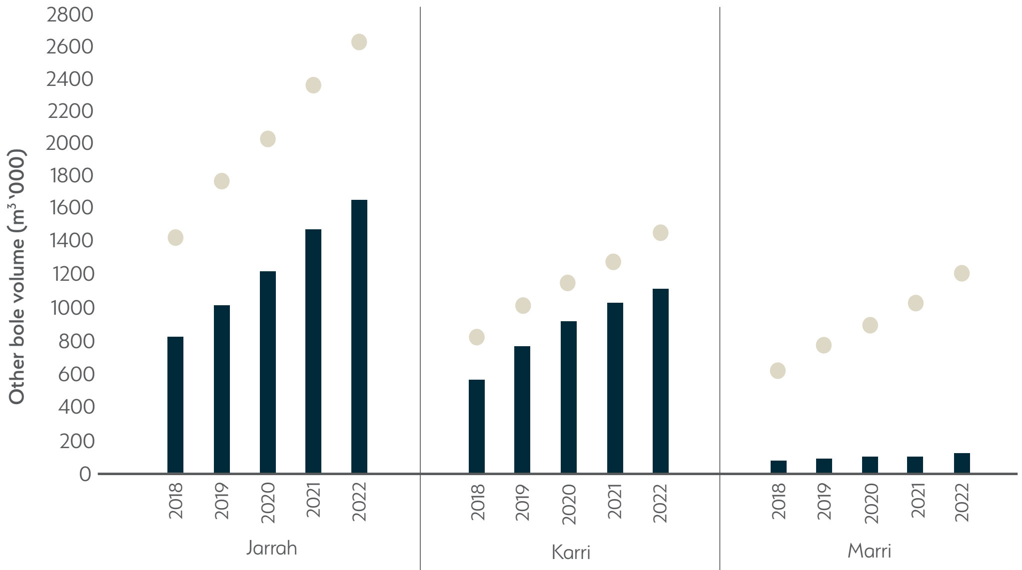


	Jarrah 2018	Jarrah 2019	Jarrah 2020	Jarrah 2021	Jarrah 2022	Karri 2018	Karri 2019	Karri 2020	Karri 2021	Karri 2022
Cum Allow SL (m^3)	660	792	924	1056	1188	295	354	413	472	531
Actual SL (m^3)	419	469	538	593	633	230	284	318	353	406

Other bole volume for jarrah, karri and marri

Target: Other bole volume harvest does not exceed the level prescribed in the FMP

Other bole volume is log product that does not meet first, or second grade sawlog standards as recognised under the FMP.



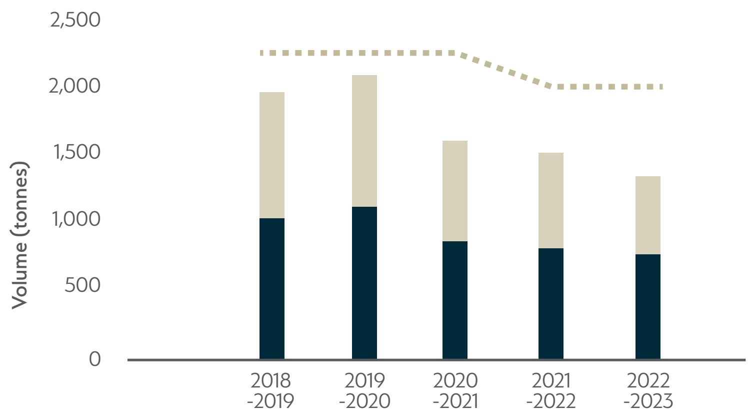
	Jarrah 2018	Jarrah 2019	Jarrah 2020	Jarrah 2021	Jarrah 2022	Karri 2018	Karri 2019	Karri 2020	Karri 2021	Karri 2022	Marri 2018	Marri 2019	Marri 2020	Marri 2021	Marri 2022
Cum Allow OBV (m^3)	1460	1752	2044	2336	2628	820	984	1148	1312	1476	700	840	980	1120	1260
Actual OBV (m^3)	820	998	1215	1412	1626	574	747	924	1053	1152	54	63	83	99	113

2. Harvest of sandalwood does not exceed harvest limits

Target: Sandalwood harvest does not exceed quota limits

In 2021-2022 the FPC's sandalwood harvest was reduced to 2,000 tonnes (from 2,250 tonnes) in line with the recommendations of the Sandalwood Taskforce. The quantity includes all parts of the tree except leaves, bark and small branches.

This KPI is reported by financial year. The graph below represents the quantities of green and dead wood harvested over each of the last five years, with levels not exceeding the quota available to FPC.



	2018 -2019	2019 -2020	2020 -2021	2021 -2022	2022 -2023
Green and dead wood limit (tonnes)	2250	2250	2250	2000	2000
Actual green (tonnes)	1007	1079	835	758	740
Actual dead (tonnes)	895	987	727	725	577

Harvest of sandalwood does not exceed licence limits

Note: 2021-2022 quota reduced from 2250 tonnes to 2000 tonnes in line with Sandalwood Taskforce recommendations.

3. Effectiveness of forest regeneration

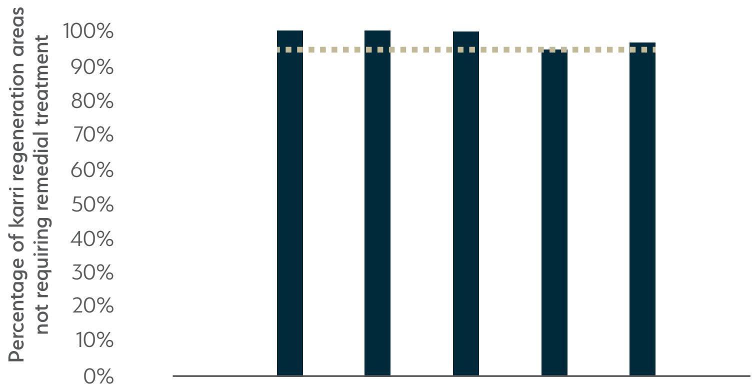
Regeneration works are carried out in accordance with relevant guidelines. Regeneration success is monitored, and remedial action taken as necessary. Remedial action may include infill planting, re-seeding (sandalwood) and/or protection of regeneration from browsing animals (e.g. rabbits). Karri and jarrah regeneration is monitored as part of meeting FMP requirements. Sandalwood regeneration is carried out as part of the FPC's Operation Woylie seeding program.

Karri

Target: 95 per cent of the area regenerated not requiring remedial treatment

Karri dominant forest is re-established through the planting of nursery raised seedlings. Regeneration surveys are completed on every hectare of karri forest at around six months following planting. The FPC's target is that at least 95 per cent of areas regenerated require no remedial action. The level of stocking (stems per hectare) required is set out in the DBCA's *Silvicultural Guidelines for Karri 2014*.

Data for this KPI is reconciled on a calendar year basis.



	2018	2019	2020	2021	2022
Target	95%	95%	95%	95%	95%
Actual	100%	100%	99%	95%	96%

Karri regeneration

Jarrah

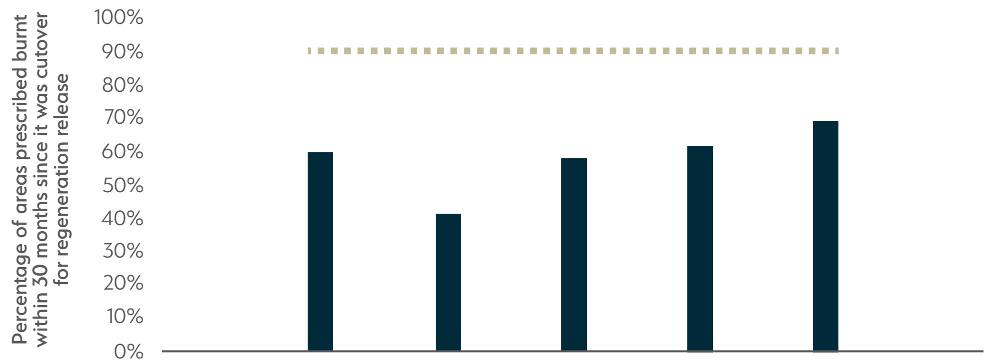
Target: 90 per cent of the areas cutover for regeneration are completed within 30 months

Jarrah forest consists of a mosaic of different forest structures. The silvicultural objective for each area of forest varies depending on its structure and a range of other factors such as forest condition in the surrounding landscape. Regeneration may require follow up treatment post-harvest where the harvesting operation has not achieved the desired silvicultural outcome.

Following jarrah harvesting, prescribed burning is carried out by DBCA, which is essential for reducing fuel loads (from harvest residue) and releasing nutrients back into the soil. Natural regeneration is stimulated from the prescribed burn and associated nutrient release, which supports the growth of ground coppice and seedlings. Areas cutover (for regeneration release) need to be prescribed burnt within 30 months.

Variance:

Weather conditions limited the opportunities for achieving target prescribed burn outcomes. However, there is a trend of improvement of this KPI against target over the last four years.



	2018 (cumulative result*)	2019 (cumulative result*)	2020 (cumulative result*)	2021 (cumulative result*)	2022 (cumulative result*)
Target	90%	90%	90%	90%	90%
Actual	60%	42%	58%	62%	69%

Jarrah regeneration

* The cumulative result uses data from areas cutover for regeneration release from January 2014.

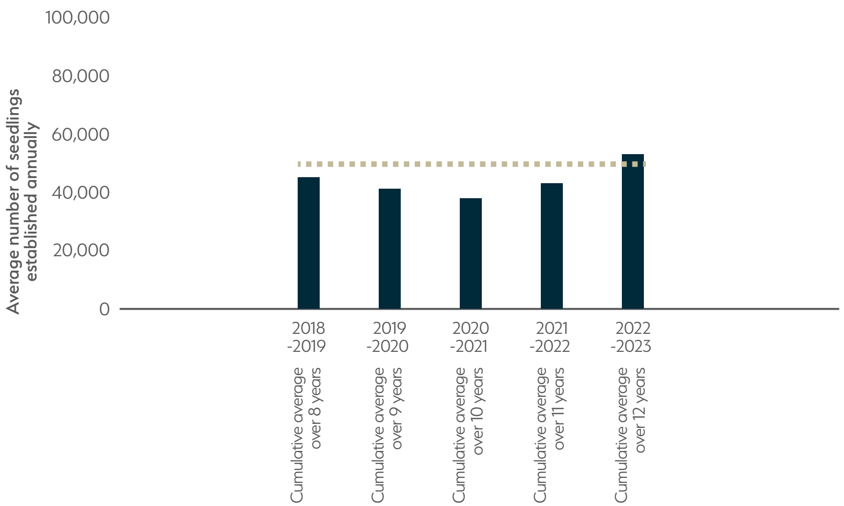
Sandalwood

Target: Average 50,000 seedlings established annually

Each year between September and April the FPC undertakes a significant direct seeding program in areas harvested for wild Western Australian sandalwood. Areas are selected for this regeneration program based on a number of criteria including fire risk and grazing pressure. Seedling survival is assessed in the summer after seeding to calculate the number of seedlings per kilometre successfully established.

Establishment success will vary from year to year due to rainfall and other factors. Therefore, this KPI is assessed over a cumulative average, with a target of 50,000 seedlings established annually. However, additional seeds may germinate in subsequent years as seeds remain viable for several years in the soil. Good rainfall in the winter of 2021 has resulted in good germination in the 2022-2023 season.

In the 2022-23 season the FPC planted/sowed 20.4 tonnes of sandalwood seed in 1,432 kilometres of rip line.



	2018-2019	2019-2020	2020-2021	2021-2022	2022-2023
Target	50000	50000	50000	50000	50000
Actual cum average	47000	42000	39000	46000	56000

Sandalwood seedling establishment

4. The achievement of thinning schedules

Thinning is important for forest health and productivity. By removing some of the standing trees, it reduces the competition for water, nutrients and light. It also helps protect catchments from a drying climate.

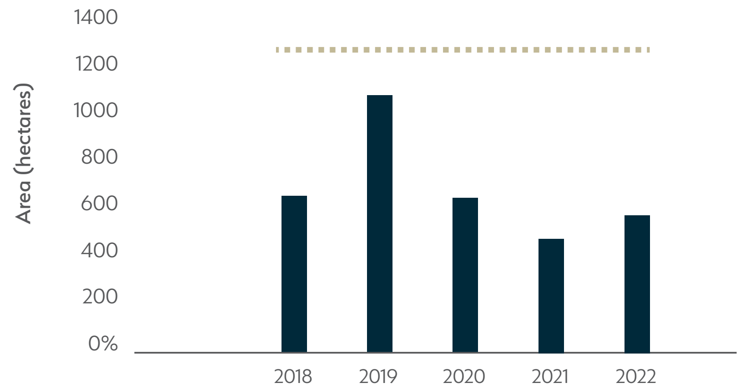
Karri

Target: Meet Forest Management Plan thinning schedules

The FMP prescribes a target area for first thinning of young karri forest. As the FMP schedule is based on a calendar year, this KPI is reported on a calendar year basis. The achievement of thinning targets is limited by both volume available under the FMP and by market demand for arising products.

Variance:

The under achievement of the thinning target over the last three years is reflective of difficulties maintaining contractor capacity in a competitive labour market.



	2018	2019	2020	2021	2022
FMP first thinning target (hectares)	1,230	1,230	1,230	1,230	1,230
Area thinned (hectares)	641	1,066	637	433	567

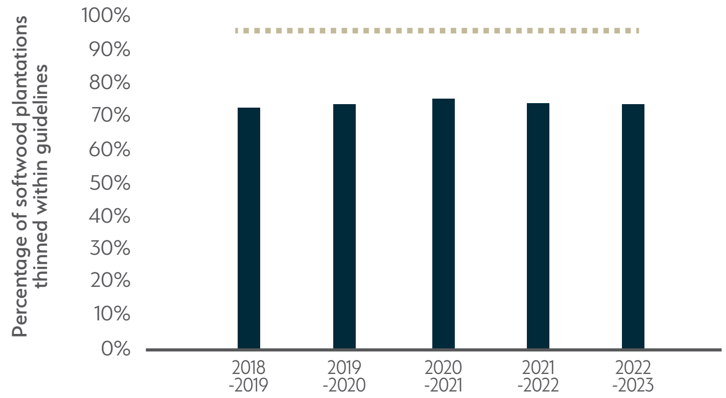
Softwood plantations

Target: 95 per cent of softwood plantations are thinned within guidelines

Softwood plantations are typically thinned twice during rotations. Through this KPI the FPC monitors if plantations are thinned within guidelines, which provides a two-year recommended timeframe whereby thinning is considered beneficial. At some sites, thinning is done prior to the recommended scheduled period, as thinning can be beneficial at an earlier age in some select higher productivity sites. In these cases, if thinning is done earlier, it is considered ahead of schedule and within guidelines. A 95 per cent target acknowledges some plantations do not grow at expected rates and that market conditions may not be favourable for commercial thinning since commercial markets are needed for arising products. The FPC continues its efforts to bring the plantation thinning schedule back in line with the guidelines.

Variance:

The under achievement of the thinning target is mainly due to insufficient contractor capacity. The FPC has initiated new softwood contracts in 2023 to increase capacity.



	2018-2019	2019-2020	2020-2021	2021-2022	2022-2023
Target	95%	95%	95%	95%	95%
Actual percentage	73%	74%	75%	74%	74%

Softwood plantation thinning

Sandalwood plantations

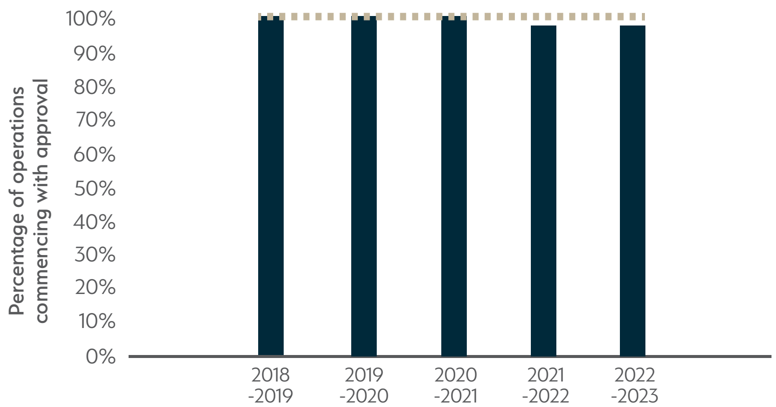
Target: Plantations stocking is assessed and, if required, thinned by 14 years of age.

During 2021-22, a new forest health assessment was conducted on sandalwood plantations. From this survey, approximately 1000 hectares of plantations, aged 10-17 years, were identified for a recommended thinning program. To carry out this work, a tender was released in March 2023. The FPC is planning to commence non-commercial thinning of these sandalwood plantations, mainly for forest health reasons, during 2023-24. This new thinning program is anticipated to run between 2023 and 2026.

5. All operations commence with required approvals

Target: 100 per cent of pre-operation planning approvals completed and approved prior to commencement

Prior to undertaking disturbance operations, the FPC ensures that approval has been obtained from internal and external parties. Approval is in the form of a signed and authorised planning document, which may also need to be renewed if an operation continues beyond the initial authorisation period. Approval to commence operations involves careful planning to ensure a range of forest values are protected and/ or accommodated. Values include environmental, economic, social and heritage values. For areas regulated by the DBCA, the FPC must obtain approval from the Parks and Wildlife Service of the DBCA.



	2018 -2019	2019 -2020	2020 -2021	2021 -2022	2022 -2023
Target	100%	100%	100%	100%	100%
Actual	100%	100%	100%	99%	99%

Pre-operation planning approvals completed

6. Independent certification maintained

Target: The FPC maintains appropriate certification

The FPC maintains certification to internationally recognised management standards. This provides independent verification that the FPC is managing its operations in accordance with standard requirements. The FPC's primary forest certification, Responsible Wood, is internationally recognised by the Program for the Endorsement of Forest Certification (PEFC).

In November 2022 the FPC was externally audited against the International Standard ISO 14001:2015 (for an Environmental Management System) and the Australian Standard for Sustainable Forest Management (SFM) AS 4708:2013. The FPC has been recertified to the SFM standard until 2025. In February 2023, the FPC was externally audited to Chain of Custody PEFC ST 2002:2013 for wild and plantation sandalwood.

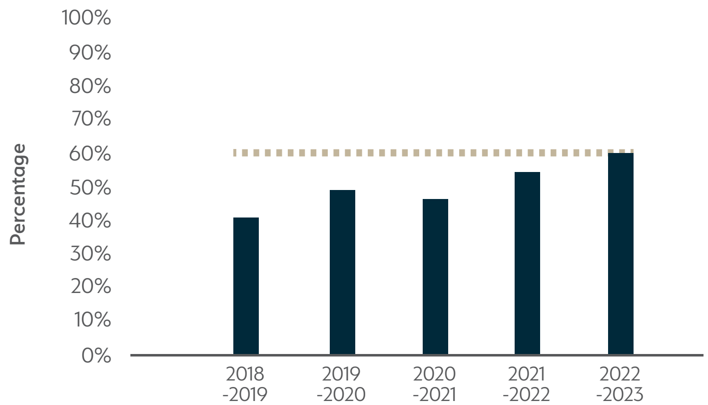
7. Management of native forest fuel loads adjacent to priority pine plantations

Target: There is an annual increase in the percentage of DBCA managed native forest fuel loads adjacent to the FPC's priority pine plantations being under six years of age, in pursuit of a target of 60 per cent

The FPC has defined priority pine plantations according to age class and size. Larger plantations and those containing critical age classes can then be prioritised in terms of managing their adjoining native forest fuel loads to reduce the threat of wildfire.

The FPC continues to work closely with DBCA fire managers to prioritise fuel reduction in areas posing the greatest risk to the FPC's softwood estate.

Results for each financial year are collated following the Autumn burn period.



	2018-2019	2019-2020	2020-2021	2021-2022	2022-2023
Target	60%	60%	60%	60%	60%
Actual	42%	50%	47%	54%	60%

Percentage of native forest fuel loads adjoining priority pine plantations that are under six years of age

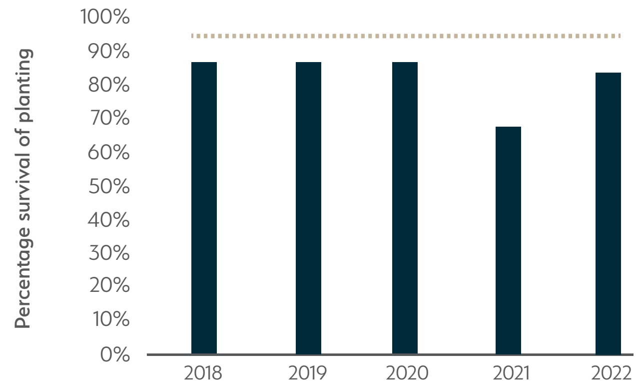
8. Softwood plantations planted in the previous winter meet minimum stocking levels

Target: 95 per cent of the total softwood plantations planted in the previous winter are compliant with minimum stocking levels

During Autumn each year areas that were planted in the previous winter are assessed for seedling survival. Infill planting may be necessary at the beginning of the next planting season if seedling survival is insufficient. Note that the results are for survival of seedlings planted in the previous calendar year (winter period), which has been assessed in the following Autumn.

Variance:

While overall seedling survival in 2022 was good, some mortality was experienced in the Harvey Coast where seedlings planted in sandy soils struggled due to a relatively dry spring. A delay in engaging an aerial spraying contractor also meant that weed competition in the Blackwood Valley resulted in some areas failing.



	2018	2019	2020	2021	2022
Target	95%	95%	95%	95%	95%
Actual	87%	87%	87%	69%	83%

Percentage of softwood plantations planted in the previous winter meeting minimum stocking levels

9. First and second rotation softwood planting targets are achieved

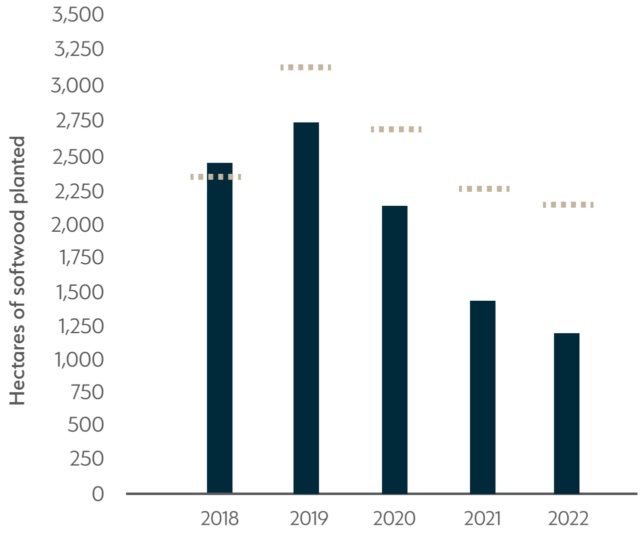
Target: First and second rotation softwood planting targets are achieved

The replanting of harvested pine plantations (as a second rotation – 2R), and the establishment of new plantations (first rotation – 1R) are critical to the achievement of a viable and sustainable softwood industry by providing a softwood resource into the future.

As the winter planting season crosses over into two financial years, this KPI is measured on a calendar year basis.

Variance:

Achievement of softwood establishment targets in 2022 was impacted by a larger than expected replant requirement in 2021 plantings which utilised seedling and contractor resources. Heavy debris loads in fire affected areas also slowed site preparation works resulting in some areas not being ready for planting in time. These areas were carried over for establishment in 2023.



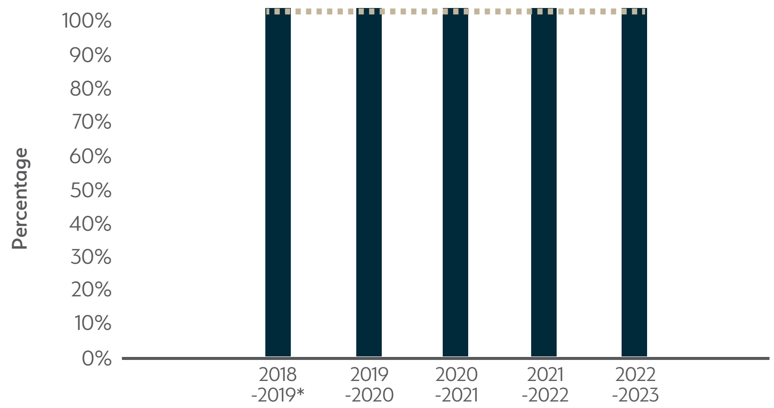
	2018	2019	2020	2021	2022
Target	2,308	3,174	2,714	2,292	2,239
Actual	2,460	2,775	2,177	1,474	1,212

First and second rotation softwood planting

10. Native forest resource processed locally (excluding any trials or research undertaken)

Target: 100 per cent of native forest resource is processed locally – excluding any trials or research undertaken

In order to support Western Australia's forest industry, the FPC seeks to ensure all native forest resource is processed within Western Australia. As such, all native forest contracts of sale include clauses requiring domestic processing.



	2018 -2019*	2019 -2020	2020 -2021	2021 -2022	2022 -2023
Target	100%	100%	100%	100%	100%
Actual	100%	100%	100%	100%	100%

Native forest resource processed locally

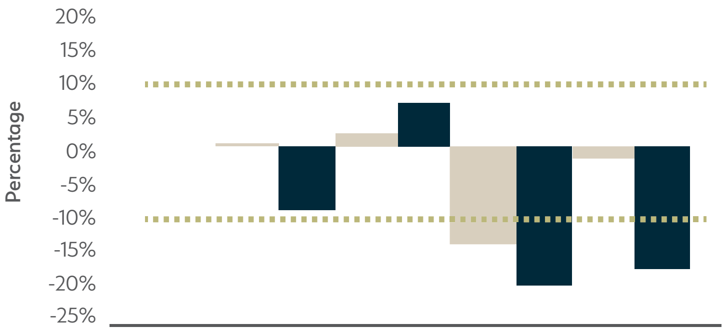
11. Log deliveries meet customer orders

Target: Overall deliveries compared with customer orders has a variance of no greater than 10 per cent

This KPI intends to monitor how well the FPC is fulfilling customer orders. Across each financial year, the total of customer orders is compared against the total customer deliveries. If the FPC deliveries have a variance of no greater than 10 per cent above or below the customers' total orders, the KPI has been achieved.

Variance:

The under achievement of the delivery targets over the last two years is reflective of issues maintaining contractor capacity in a competitive labour market.



	2019 -2020	2020 -2021	2021 -2022	2022 -2023
Softwood (variance - orders versus deliveries)	0.31%	1.61%	-13.13%	-1.37%
Native forest (variance - orders versus deliveries)	-8.71%	7.15%	-19.79%	-18.34%
Target variance	Within 10% to -10%			

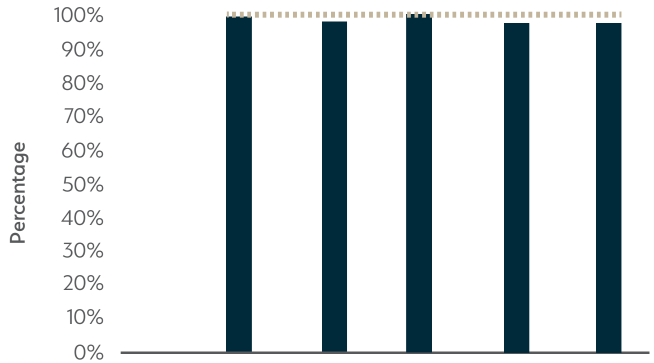
Total variance of overall deliveries compared with customer orders

12. Sandalwood sales orders

Target: 100 per cent of Sandalwood sales orders are met

During 2022-23, 98 per cent of all sandalwood sales orders were met.

The ability for the FPC to meet its 100 per cent sales targets is based on several factors, including resource availability, stock levels and the market environment across the domestic and export sectors.



	2018 -2019	2019 -2020	2020 -2021	2021 -2022	2022 -2023
Target	100%	100%	100%	100%	100%
Percentage sales met (international and domestic)	99%	98%	100%	98%	98%

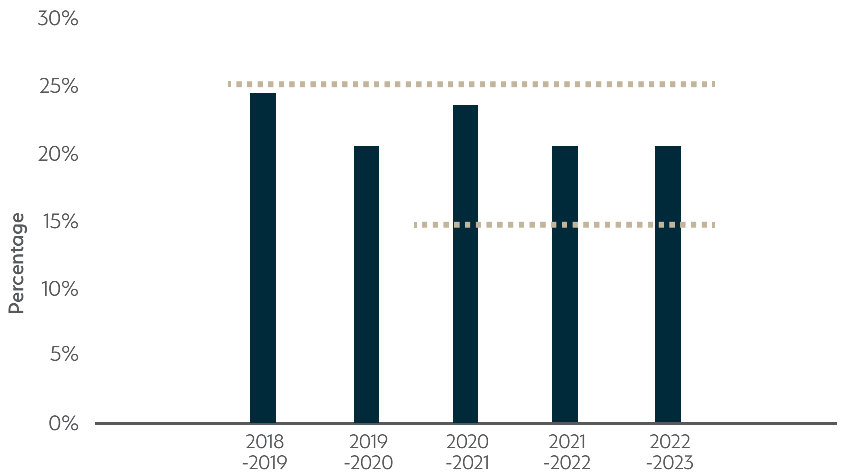
Sandalwood sales orders met

13. Green sandalwood roots as a percentage of green sandalwood harvested

Target: Total green volume includes 15 to 25 per cent roots

Recovery of sandalwood root material reduces the number of trees harvested. Therefore, it is important for the sustainability of the industry to achieve an optimal amount of root recovery. The target of 20 per cent in 2016-2017 was raised to 25 per cent from 2017-2018 financial year to capture opportunities for improvement in recovery through changes to harvesting techniques.

However, it was subsequently found that there was a link between the amount of roots collected and a decrease in oil quality that affected the quality and value of the product. As such for the 2020-2021 reporting year the target was amended to a range of 15-25% to enable a better balance between quality of product and utilisation.



	2018 -2019	2019 -2020	2020 -2021	2021 -2022	2022 -2023
Target	25%	25%	15 to 25%	15 to 25%	15 to 25%
Actual	24%	21%	23%	21%	21%

Percentage of sandalwood roots in green sandalwood harvested

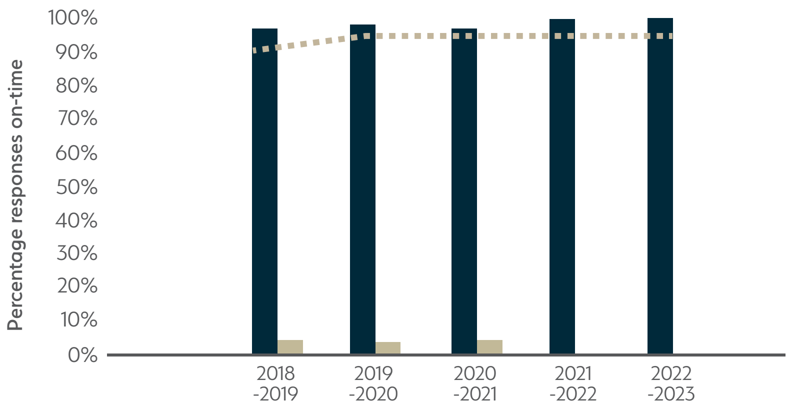
Key efficiency indicators

1. Timeliness of response to stakeholder concerns or complaints

Target: Response to 95 per cent of stakeholder concerns or complaints within 28 days (excluding the initial confirmation response)

Providing a timely response is an important part of effectively managing complaints and concerns from stakeholders. The FPC aspires to work constructively with all stakeholders to address any raised issues within a reasonable timeframe. Not all complaints or concerns will necessarily have an agreed resolution, and some arising actions will take more than 28 days to implement, but we aspire to have finalised the response or communicated the proposed actions in a timely manner.

In terms of reporting, the FPC has set a target that 95 per cent of responses will be done within 28 days of the initial receipt of the complaint or concern, which was achieved in 2022-23.



	2018 -2019	2019 -2020	2020 -2021	2021 -2022	2022 -2023
Target	90%	95%	95%	95%	95%
On-time	96%	97%	96%	100%	100%
Overdue	4%	3%	4%	0%	0%

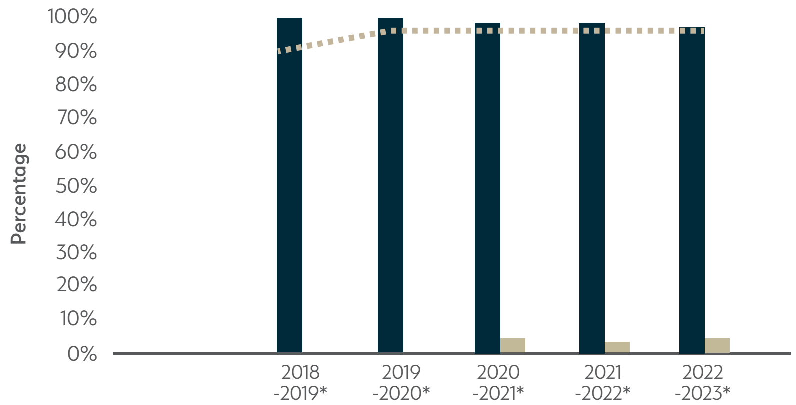
Timeliness of response to stakeholder concerns or complaints

2. Timeliness of initial response to Ministerial requests and Parliamentary Questions

Target: 95 per cent of responses provided on time

The FPC is committed to providing accurate and timely information to our Minister and Parliament to enable informed decisions to be made, and the effective functioning of our Government. It is also important that FPC operates with accountability and transparency.

The FPC will meet the KPI target if at least 95 per cent of Ministerial requests and Parliamentary Questions are responded to within the agreed timeframes.



	2018 -2019*	2019 -2020*	2020 -2021*	2021 -2022*	2022 -2023*
Target	90%	95%	95%	95%	95%
On-time	100%	100%	96%	97%	96%
Overdue	0%	0%	4%	3%	4%

Responses to Ministerial requests and Parliamentary Questions provided on time

* Note that results have been rounded to the nearest one per cent.

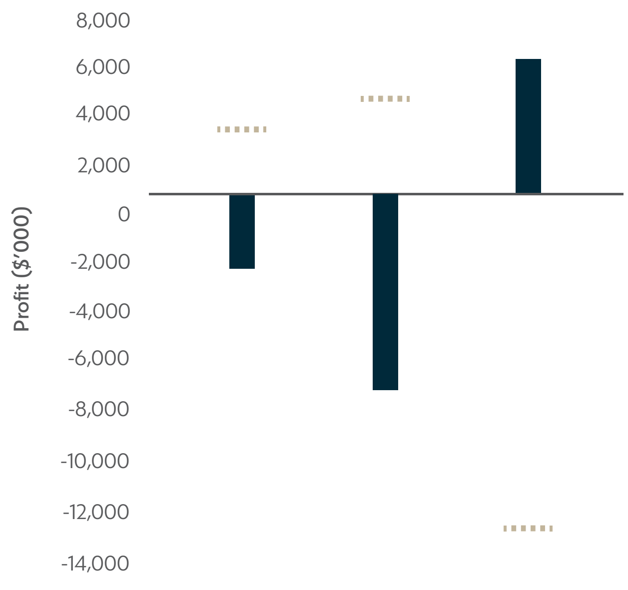
3 Operating profit

Target: The FPC achieves a profit before abnormal accounting items, grants and subsidies from State Government and movements in biological asset valuations

The FPC operating result for the 2022-23 year was a $6.1 million operating profit against a budgeted loss of $12.7 million.

Variance:

The variance between estimates and actuals was largely driven by an overestimation of the production and employment costs against the projected activity level for 2023. This is combined with a $20.2 million operating profit in plantations due to improved prices and demand for softwood timbers, as well as reduced forest management and overhead costs driven by a reduction in contractor capacity and staff vacancies.



	2020 -2021	2021 -2022	2022 -2023
Target	3,585	(4,517)	(12,680)
Actual	(2,104)	(7,806)	6,110

Operating profit

4. Cost per dollar of revenue generated

Target: The cost per dollar of revenue generated to decrease over time

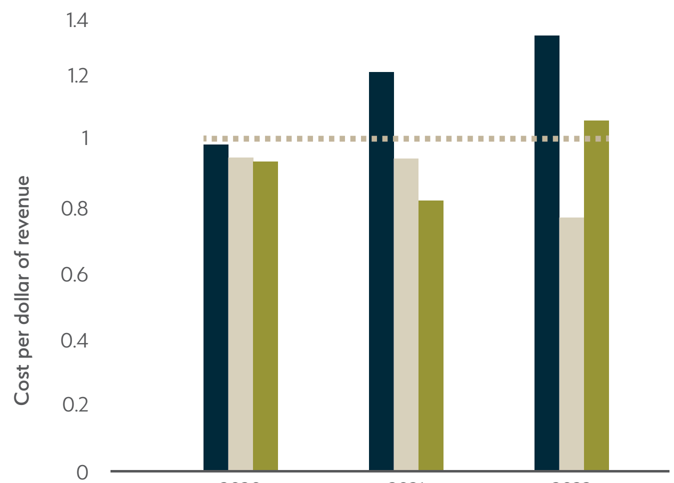
The figures below reflect revenues and costs excluding amortisation and contribution income on licences and forestry right-of-use assets, to reflect the true cost per dollar for native forest and sandalwood operations.

Variance:

Native Forest – The unit cost per dollar generated in 2022-23 continued to rise because of the transition to the next Forest Management Plan. Revenue is lower as sawmill customers exited the industry while contractor costs have increased due to changes in the product mix and type of forest harvested.

Plantation – The unit cost per dollar generated in 2022-23 was substantially lower than the previous two years because of higher prices resulting from an increased demand for construction products. Fixed costs and the variable costs (per unit of volume produced) of harvesting were stable.

Sandalwood – The unit cost per dollar generated in 2022-23 increased substantially due to a decrease in sales within both international and domestic markets. Although the market has been soft, the FPC has maintained its expenditure on key projects associated with regeneration and Aboriginal economic development.



	2020 -2021	2021 -2022	2022 -2023
Native forest	$0.99	$1.25	$1.35
Plantations	$0.94	$0.93	$0.76
Sandalwood	$0.92	$0.84	$1.07

Cost per dollar of revenue generated

Disclosures

Disclosures and legal compliance

Administered legislation

The FPC is governed by the *Forest Products Act 2000* (the Act) and the Forest Products Regulations 2020.

The Act outlines the functions undertaken by the FPC, including:

- performing commercial functions of growing,
- harvesting and selling forest products,
- supporting industry development, and
- advising the Minister for Forestry.

We comply with all other relevant legislation.

Ministerial directives

No Ministerial directives under the Act were received during the 2022–2023 reporting period.

Governance disclosures

Contracts with senior officers
At the date of reporting no senior officers had any interests in existing or proposed contracts with the FPC, other than normal employment contracts.

Commissioners
The FPC governing body is a Commission of seven Commissioners appointed by the Governor, on the Minister for Forestry's recommendation. The Governor appoints a Chair and Deputy Chair from the Commissioners. Commissioners may hold office for up to three years and are eligible to be reappointed. Profiles for the Commissioners can be found on the Commissioner's page.

Committees
Audit and Risk

The Audit and Risk Committee is responsible for making recommendations to the Commission on the adequacy of internal and external audit arrangements, financial statements, financial administration policies, internal control systems, business policies and practices, compliance with laws, monitoring business risk and reporting procedures. Members of the Committee are the Hon Bob Pearce (Chair), Ms Debra Blaskett; Ms Vanessa Martin; and Ms Stephanie Black.

People, Safety and Environment

The People, Safety and Environment Committee has oversight of the FPC People and Culture, Safety and Environment deliverables in line with contemporary best practice and strategic organisational needs. Members of the Committee included The Hon Melissa Parke (Committee Chair); Ms Debra Blaskett; Ms Vanessa Martin; Mr Stan Liaros and Mr Simon Byrne.

Plantations Investment

The Plantation Investment Committee has oversight of the Softwood Strategy, with an emphasis on estate investment requirements to ensure industry sustainability. Members of the Committee included Ms Debra Blaskett (Committee Chair); The Hon Bob Pearce; Ms Vanessa Martin (until 2 December 2022); The Hon Melissa Parke; Mr Simon Byrne (from 2 December 2022) and Ms Stephanie Black (from 2 December 2022).

The FPC Commissioners and staff visited Warwick and Dora at their Sandalwood Dreaming operation in April 2023.

Commission meetings and remuneration

The role and functions of the Commission are set out in the Act and the Commission is subject to the provisions within the *Statutory Corporations (Liability of Directors) Act 1996*. The Commission is responsible for the performance of the FPC's statutory functions and determines its strategic direction.

The Commission formally met six times throughout the year and also held two special Commission meetings. The Commissioners visited a variety of forestry field operations and met with key industry stakeholders.

The Act requires Commissioners to disclose the nature of all material of personal interest in a matter being considered, or about to be considered by the Commission, as soon as possible after the relevant facts have come to the knowledge of the Commissioner.

COMMISSION MEETINGS AND REMUNERATION					Commission		Audit and Risk Committee		People and Safety Committee		Plantation Investment Committee	
Number of meetings held					6		4		4		2	
Name	Period of membership	Type of remuneration	Base salary/ sitting fees	Gross annual remuneration	Attended	Eligible to attend	Attended	Eligible to attend	Attended	Eligible to attend	Attended	Eligible to attend
Ms Debra Blaskett (Chair)	1 July 2022 – 30 June 2023	Per annum	$50,000	$53,000	6	6	4	4	4	4	2	2
The Hon Melissa Parke	1 July 2022 – 30 June 2023	Per annum	$20,850	$23,850	6	6	N/A	N/A	3	4	2	2
The Hon Robert Pearce	1 July 2022 – 30 June 2023	Per annum	$20,850	$23,850	6	6	4	4	N/A	N/A	2	2
Mr Stan Liaros	1 July 2022 – 30 June 2023	Per annum	$20,850	$23,850	5	6	N/A	N/A	1	4	N/A	N/A
Ms Vanessa Martin	1 July 2022 – 30 June 2023	Per annum	$20,850	$23,449	6	6	2	4	4	4	1	1
Mr Simon Byrne	1 July 2022 – 30 June 2023	Per annum	$20,850	$24,492	6	6	N/A	N/A	4	4	1	1
Ms Stephanie Black	1 July 2022 – 30 June 2023	Per annum	$20,850	$23,449	5	6	4	4	N/A	N/A	0	1

Other legal requirements

Freedom of Information
The *Freedom of Information Act 1992* (FOI Act) enables the public to apply for access to documents held by the FPC. Guidance on how to apply and obtain requested documents is set out in the FPC's Information Statement, which is available to the public on the FPC website.

The Information Statement is prepared in accordance with the requirements of the FOI Act and provides guidance in obtaining access to documents held by the FPC.

The FPC received four FOI application(s) during the 2022-2023 financial year.

Public Interest Disclosure
In accordance with the *Public Interest Disclosure Act 2003*, a public interest disclosure (PID) is made when a person discloses to a proper authority, such as a PID officer, information that tends to show past, present or proposed future improper conduct by a public body in the exercise of public functions. Public Interest Disclosure Officers for the FPC have been appointed. Internal procedures relating to our obligations under the Act have been implemented. During the year, no public interest disclosures were received by the FPC.

Compliance with public sector standards and ethical codes
The Forest Products Commission works within the Public Sector's Integrity, Ethics and Accountability Framework. The FPC ensures compliance with the:

- FPC Code of Conduct.
- WA Public Sector Code of Ethics.
- Integrity Strategy for WA Public Authorities.
- Public Sector Standard in Human Resource Management.
- Relevant awards, agreements, and policies.

Information management
State Records Act 2000

The FPC has been actively focused on the management of digital information. This is reflected through the upgrading of the recordkeeping system to guarantee improved technology and to comply with required standards. The FPC is supporting change through the effective management of a web interface into the recordkeeping system.

The FPC's Recordkeeping Plan sets out the FPC's intention to further develop and implement policies and procedures for the management of digital records in conjunction with reviewing the FPC's business classification to incorporate it into the future digital landscape.

The following information is provided in accordance with the *State Records Act 2000* Section 61 and the State Records Commission Standard 2, Principle 6.

Efficiency and effectiveness of the FPC's Information Management Systems and Practices

Ongoing monitoring, reviewing and evaluation ensures the efficiency and effectiveness of the FPC's information management systems and practices.

Record keeping is regularly incorporated in our information management, environmental management system and independent forest certification external audits to ensure compliance with the relevant Standards. The audit requirements have been either met or highlighted areas for improvement.

Training and Induction Program

The FPC's in-house online training package provides an effective way of ensuring staff have an awareness of their roles and responsibilities in compliance with the Recordkeeping Plan.

Additionally, all new staff participate in recordkeeping training shortly after commencing with the FPC. The training incorporates:

- use of the electronic document and records management system (EDRMS); and
- completion of the online induction and training package.

Record-keeping policies, procedures and EDRMS user guides are available to everyone through the FPC's intranet. Provision of additional recordkeeping advice and training are also available.

Disability Access and Inclusion Plan 2020-2025
The FPC continues to commit to initiatives set out in the Disability Access and Inclusion Plan (DAIP 2020-2025) to ensure that people with disability have the same access to the FPC's buildings, information, stakeholder consultation and recruitment processes as anyone else. Measures include, for example, providing disability access to the FPC's buildings, raising awareness of people with disability in the FPC's induction process and ensuring that the FPC's website is accessible for people with disability.

Reportable expenditure

In accordance with section 175ZE of the *Electoral Act 1907*, the FPC incurred the following expenditure in advertising, market research, polling, direct mail and media advertising. Total expenditure for 2022-2023 was $29,871.77 (including GST).

EXPENDITURE TYPE	ORGANISATION	AMOUNT	TOTAL
Advertising agencies		$0	$0
Market research agencies		$0	$0
Polling organisations		$0	$0
Direct mail organisations		$0	$0
Media advertising organisations			
– Recruitment	Initiative Media Australia Pty Ltd	$16,179.19	
	LinkedIn Corporation	$108.78	**$16,287.97**
– Forest operations notices	Initiative Media Australia Pty Ltd	$3,299.80	
	Ryan Media Pty Ltd	$8,475.00	
	Timber Media Australasia Pty Ltd	$1,254.00	**$13,028.80**
– Other	West Australian Newspapers Limited	$555	**$555**
Total		**$29,871.77**	**$29,871.77**

Government policy requirements

Workforce profile

The FPC is committed to increasing the diversity of our workforce and have a range of plans and strategies in place to achieve this. As of June 2023, our workforce diversity profiles compared to the WA public sector are set out in the table below:

DIVERSITY GROUP	FPC	WA PUBLIC SECTOR
Women in Management Tier 2 & 3 combined	23.5%	51.9%
Indigenous Australians	3.4%	2.7%
People from culturally diverse backgrounds	11.8%	16.5%
People with a disability	3.6%	1.6%
Youth (aged 24 and under)	5.6%	5.4%
Mature (aged 45 and over)	64.4%	49.8%

WA Multicultural Policy Framework

The FPC Multicultural Plan 2021 – 2024 builds on the FPC's commitment to implement achievable actions to improve workforce outcomes for people from culturally and linguistically diverse (CaLD) diverse backgrounds.

The FPC Multicultural Plan 2021 – 2024 allows the continuation of strategies to promote and improve inclusiveness and meet the needs of people from CaLD backgrounds through ongoing and new initiatives, including a dedicated diversity and inclusion hub site for staff developed in 2023, days of significance calendar, awareness raising cultural events and learning and development.

Occupational safety, health and injury management

The FPC is committed to providing safe and healthy working conditions for the prevention of work-related injury and ill health; eliminating hazards and reducing occupational health and safety risks; and consultation and participation of workers. This commitment is embedded within FPC Policy 3 Work Health and Safety.

Our OHS committee is a three-tiered structure to ensure safety management is discussed at all levels with employee involvement – Strategic, Organisational and Local office OHS Committees. We recognise that safety is everyone's responsibility and have a range of strategies to optimise consultation and participation with FPC staff, contractors and industry including via safety alerts, toolbox meetings, site visits, training and workshops. Our Safety Team is supported by FPC's six Health and Safety Representatives.

Highlights in 2023 included:

- Engagement of a safety consultant to conduct an audit of the FPC's Safety Management System and progress best practice recommendations aligned with ISO 45001.
- Collaboration with the WA forest industry to develop a new Code of Practice aligned with the WA WHS legislation and modelled on Safe Work Australia Codes of Practice.

MEASURES	2019 -2020	2020 -2021	2021 -2022	2022 -2023	TARGETS
Number of fatalities	0	0	0	0	0
Lost time injury and disease incidence rate	1	3	1	2	0 or 10% reduction in incidence rate
Lost time injury and severity rate	50%	0%	0%	0%	0 or 10% reduction in severity rate
Percentage of injured workers returned to work within 13 weeks	100%	100%	100%	100%	Actual target to be stated
Percentage of injured workers returned to work within 26 weeks	100%	100%	100%	100%	Greater than or equal to 80%
Percentage of managers trained in occupational safety, health and injury management responsibilities, including refresher training within 3 years	N/A	19%	38%	38%*	Greater than or equal to 80%

* A training strategy has been developed for managers to undertake training as a priority over the next three years.

Unauthorised use of credit cards

Officers of the FPC hold corporate credit cards where their functions warrant usage of this facility. Despite each cardholder being reminded of their obligations annually under the FPC's credit card policy, one employee inadvertently utilised the corporate credit card for expenditure that was not taken in an official capacity. The matter was not referred for disciplinary action as the Chief Finance Officer noted prompt advice and settlement of the personal use amount, and, that the nature of the expenditure was immaterial and characteristic of an honest mistake.

	2022/2023 $
Number of instances the Western Australian Government Purchasing Cards have been used for personal purposes	1
Aggregate amount of personal use expenditure for the reporting period	39
Aggregate amount of personal use expenditure settled by the due date (within 5 working days)	39
Aggregate amount of personal use expenditure settled after the period (after 5 working days)	0
Aggregate amount of personal use expenditure remaining unpaid at the end of the reporting period	0
Number of referrals for disciplinary action instigated by the notifiable authority during the reporting period	0

Getting in touch with the FPC

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