

# Wesbeam starts production



THE single largest investment in Western Australia's timber industry is about to start bearing fruit at a vast factory at the Neerabup industrial estate, north of Wanneroo.

Trial production has just commenced at Wesbeam's \$85 million laminated veneer lumber plant.

And apart from a concessional land deal, it has all been accomplished without government support.

The first group of full-time production and maintenance staff will start employment next month and Wesbeam anticipates employing up to 140 people when it hits full production next year.

The plant, which boasts the latest production technology, is effectively a new industry in WA.

It will process 160,000 cubic metres of pine each year, turning it into veneer and high value engineered lumber for use in housing construction and other structural applications.

Chief executive James Malone said the company expected annual sales of more than \$50 million in both the domestic and export markets, with the first sales to Japan already secured.

The person behind the project is timber industry veteran and former Wesfi chairman Denis Cullity, who now has the rare distinction of having overseen construction of five



**UP AND RUNNING:** Wesbeam production manager David Gover and chief executive James Malone at the company's \$85 million plant, which has been financed entirely with private money. Photo: TIM VAN BRONSWIJK

major 'greenfields' factories in WA.

These include the Wespine sawmill in Dardanup, a particleboard plant also at Dardanup, and a medium density fibreboard plant at Welshpool.

Wesbeam became an autonomous company in 2001, when publicly listed Wesfi was taken over.

Mr Cullity has kept together most of the Wesfi management team, including Mr Malone.

He has also enjoyed the backing of a majority of Wesfi shareholders, who took up an offer to invest in Wesbeam after it was spun out of Wesfi.

Wesbeam's shareholders include a

number of institutions, with Mr Cullity's family retaining a 62 per cent stake.

Mr Malone says the construction and commissioning of the new plant was on time and on budget.

"Initial commissioning has gone well," he told *WA Business News*.

Mr Malone said the management team brought together a rare accumulation of industry expertise, which was crucial to the project's success. This was illustrated by their dealings with the international equipment suppliers.

"They have supplied the equipment but we did the detailed specifications because we have the

knowledge," Mr Malone said.

"We have also managed the commissioning with the help of their commissioning and construction engineers."

Another critical aspect of the project is Wesbeam's State agreement, which gives it access to pine logs, mainly from the Gngara mound north of Perth, for a period of 25 years.

"With this kind of investment, you just couldn't do it without resource security. We wouldn't have got banker support or shareholder support without that State agreement," Mr Malone told *WA Business News*.