



Strategic plan

2017 — 2022



Foreword

Forest and Wood Products Australia Limited operates in accordance with best corporate governance and reviews its 5-year strategic plan on an annual basis.

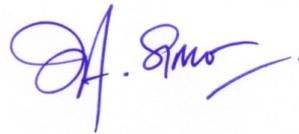
Last year, there was a substantive change in the strategic plan through a revision of the vision and mission, and a shift from functional programs (e.g., generic promotion, R&D) to the following five outcome-driven programs:

- Promoting the advantages of wood products
- Aligning products to market needs
- Assisting value chain optimisation
- Increasing resource availability and reducing risk
- Impacting decision making and industry capability

This year, the plan is a minor revision in response to some changes in the company's operating environment as well progress made with a number of strategic initiatives. While more detail is provided in the body of this plan, the following items are worth highlighting:

- Government election commitment to establish new research centres at Mt Gambier and Launceston
- Finalisation of independent performance review and the renegotiation of the Statutory Funding Agreement with the Australian Government
- Release of the Forest Industries Advisory Committee report
- Launch of the National Centre for Timber Durability and Design Life to be based at University of Sunshine Coast
- Introduction of a new two-tiered industry engagement structure consisting of Industry Advisory Groups and Interest Groups
- Ramp up of voluntary matching investments across the value chain
- Improved investment confidence in both plantations and downstream processing

The Australian forest and wood products sector is highly diverse in geographical coverage and product and market focus. To adequately service the sector, and the often competing interests of stakeholders, FWPA must identify and focus on the key strategic imperatives that will deliver outcomes of optimal benefit to the industry as a whole. We are confident that our commitment to good corporate governance and stakeholder engagement will ensure that this plan (and future amendments) identify the appropriate portfolio of programs and investments that support the industry into the future.



John Simon
Chairman

Contents

Foreword	2
Introduction	4
Overview of strategic framework	5
Industry vision	5
Mission	5
Desired Outcomes	5
Programs	5
Business model	6
Planning model	7
Outcomes and measures	8
Linking outcomes to programs	9
Programs for 2017-22	10
Program 1 - Promoting the advantages of wood products	10
Program 2 - Aligning products to market needs	11
Program 3 - Assisting value chain optimisation	12
Program 4 - Increasing resource availability and reducing risk	13
Program 5 - Impacting decision making and industry capability	15
Financial forecast	16
Operating context	17
Stakeholders	23
Development of the strategic plan	27
Environmental analysis	27
National and international collaboration	28
Industry capability	28
Current market conditions	28
Consultation with stakeholders	29
Strategic analysis	29
Alignment with Australian Government priorities	34

Introduction

In recent years, many parts of the forest and wood products sector have enjoyed buoyant market conditions due to record levels of housing construction and favourable exchange rates. These market conditions have lifted investment confidence and helped shift thinking to the longer-term prospects for the sector.

The report from the Forest Industries Advisory Council (FIAC) titled *Transforming Australia's Forest Sector* took the longterm view with the ambitious vision to triple the economic value of the sector by 2050. The Council identified three overarching objectives: (1) We will have the right trees in the right place at the right scale; (2) We will produce bioproducts using all parts of the tree to a cellular level; and (3) We will distinguish ourselves by being environmentally friendly, socially responsible and valued by the community. To achieve these objectives, FIAC went on to identify the required strategies and recommendations for both industry and government, which have significant implications for FWPA if adopted.

At the time of writing, industry bodies and government are still considering their response to the FIAC report, so it is noted but not acted upon within this strategic plan.

However, there is already some overlap and synergy between the FIAC report and FWPA's current strategic plan and there are no planned activities that are inconsistent with the FIAC recommendations.

FWPA is a vehicle for collaboration between government and industry, and within industry itself. Industry collaboration can occur within the value chain between growers, processors, distributors and end users and across value chains between traditionally competitive companies. As a consequence, FWPA occupies a unique role within the sector that requires it to operate with the utmost regard for all its stakeholders in a transparent and responsive manner.

This year will mark the 10-year anniversary of the formation of FWPA as a private company owned by its members and with a Board voted upon by its members with a mandate to provide a range of services to industry and government. This is a stark contrast to the predecessor organisation, which was a government statutory authority with a ministerially appointed board and a singular focus on research and development.

Over the past 10 years, the company has delivered some tangible outcomes to industry such as the changes to the National Construction Code, increased acceptance of wood products, industry statistics aggregation and new value adding technologies like new genetic markers, the resistograph and Cant Opti. These examples demonstrate that collaboration can, under the right circumstances, provide benefits that positively impact industry and government stakeholders.

A key requirement for the renewal of our statutory funding agreement with the Australian Government is a satisfactory independent performance review, which the company commissioned GHD to undertake, and was completed in February 2017.

The report was generally very complimentary of the company's governance and operations and made some minor recommendations for improvement, which will be fully implemented as part our commitment to pursuing best practice corporate governance.



Ric Sinclair

Managing Director

Overview of strategic framework

Industry vision

The forest and wood products industry will grow as a result of increased demand for its market-oriented, sustainable and competitive products and services.

Mission

We collaborate with industry stakeholders and Government to determine strategy and deliver programs designed to grow the market for forest and wood products, increase productivity (and implied profitability) across the value chain and ensure positive environmental and social outcomes.

Desired Outcomes

We work with FWPA members and levy payers, the Australian Government and other key stakeholders to secure the co-operation and collaboration required to deliver the outcomes that will be of optimal benefit to the industry as a whole:

- Increased demand
- Increased community acceptance
- Increased productivity
- Increased sustainability
- Increased capability

Programs

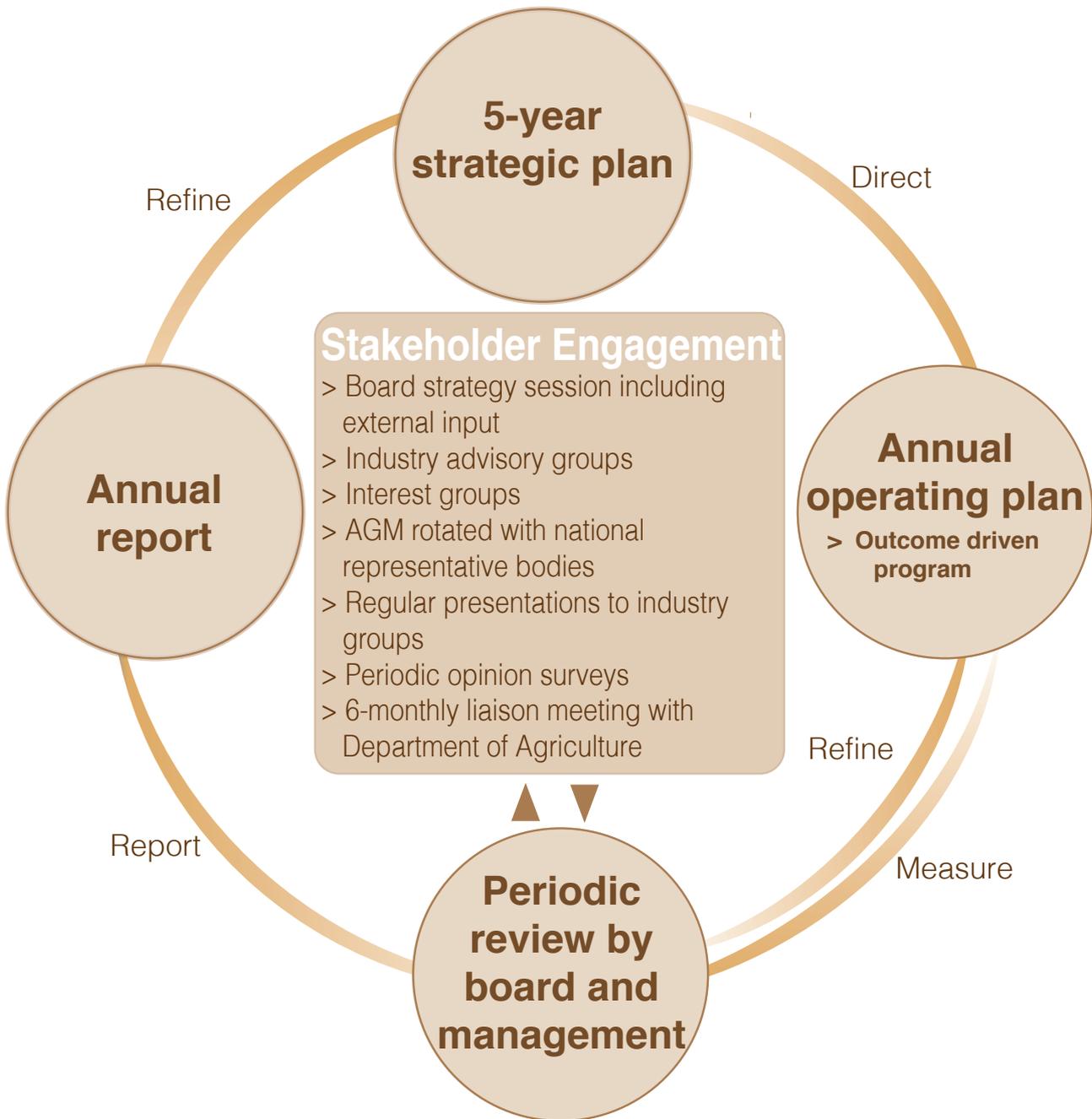
During the period of the plan, FWPA will deliver its mission through five thematic programs:

1. Promoting the advantages of wood products
2. Aligning products to market needs
3. Assisting value chain optimisation
4. Increasing resource availability and reducing risk
5. Impacting decision making and industry capability

Business model



Planning model



Outcomes and measures

Increased Demand	Increased Community Acceptance	Increased Productivity	Increased Sustainability Credentials	Increased Capability
<p>We will employ a range of strategies to boost demand, including:</p> <ul style="list-style-type: none"> • promoting the positive benefits of wood through education, promotion and advertising • improving the product knowledge of specifiers and consumers • addressing any perceived or real impediments to the use of wood in a range of applications. 	<p>We will increase the industry's social licence to operate by:</p> <ul style="list-style-type: none"> • using social research to inform strategy • implementing targeted educational and promotional programs • leveraging strategic partnerships • making effective use of social and traditional media 	<p>We will increase value chain productivity and implied profitability by:</p> <ul style="list-style-type: none"> • pursuing greater alignment between the initial resource and the finished product (tree to market) • improving market knowledge • ensuring products are fit for purpose, safe and durable with performance that meets user expectations • minimising strategic and operating risk. 	<p>We will enhance the sustainability credentials of forest and wood products by:</p> <ul style="list-style-type: none"> • assisting the industry to identify, measure and manage the environmental and social impact of products and management practices • engaging with the community to engender positive attitudes to the industry. 	<p>We will impact decision making by providing readily accessible information that assists current and future industry participants to:</p> <ul style="list-style-type: none"> • adapt to changes in the business environment • achieve better commercial outcomes.
<p>Key measures</p> <ul style="list-style-type: none"> • Increased consumption. • Increased consumer and building specifier perception that 'wood is good'. • Increased consumer awareness of advertising and/ or brand awareness and improved perceptions of wood as an environmentally positive and suitable material. • Greater understanding of the role of wood products in future construction applications. 	<p>Key measures</p> <ul style="list-style-type: none"> • Maintenance of social licence relating to production and harvesting of wood. • Uptake of relevant teaching resources. 	<p>Key measures</p> <ul style="list-style-type: none"> • Increased capital investment in forest growing and processing. • Increased productivity along the value chain. • Industry benefits from company's investments are at least double the investment (i.e. benefit-cost analyses (BCA) greater than 2). 	<p>Key measures</p> <ul style="list-style-type: none"> • Increased acceptance of the sustainability credentials of the sector by consumers and building specifiers. 	<p>Key measures</p> <ul style="list-style-type: none"> • Uptake and usage of information and analysis. • Industry support for skills development programs. • Attractiveness of the sector as a career opportunity.

Linking outcomes to programs

	Increased Demand	Increased Community Acceptance	Increased Productivity	Increased Sustainability Credentials	Increased Capability
Program 1 Promoting the advantages of wood products	✓	✓		✓	✓
Program 2 Aligning products to market needs	✓	✓	✓	✓	✓
Program 3 Assisting value chain optimisation	✓	✓	✓	✓	✓
Program 4 Increasing resource availability and reducing risk		✓	✓	✓	✓
Program 5 Impacting decision making and industry capability	✓	✓	✓	✓	✓

Programs for 2017-22

During the period of the plan, FWPA will pursue the stated outcomes through five integrated programs.

We accept accountability for the return on investment to our levy payers and other contributors. To that end, we provide a high level of transparency regarding our program activities through this plan, regular consultative forums, the FWPA website and our annual reporting. Our strong corporate governance ensures investors know how their money is being spent and what has been achieved.

Program 1 - Promoting the advantages of wood products

This program promotes the benefits and usage of forests and wood products in response to changing community attitudes.

Research will concentrate on increasing our ability to track and understand market attitudes to industry products, as well as on the environmental and design attributes of timber products in comparison to those of other materials.

Wood. Naturally Better includes both a consumer component that focuses on the benefits of wood and a component that provides linkages to industry and trade promotional activities. In addition, we will maintain a strategic partnership with Planet Ark, which runs its own program called 'Make It Wood'.

The ForestLearning activity focuses on embedding forestry and wood product topics into the national school curriculum and providing relevant resources for teachers, enabling them to successfully integrate forestry and wood product information into their classroom teaching.

Priorities for 2017-2022	Contribution to Outcomes
Continue current promotional activities aimed at the consumer that leverage off the partnership with Planet Ark and focus on a broad range of beneficial wood attributes.	Increased demand Increased community acceptance
Leverage the current promotional activities to include the non-structural (and non-decorative) use of wood - such as for landscaping and packaging - to respond to competition from alternative materials.	Increased demand Increased community acceptance
Increase the uptake and active use of teaching resources from the forestlearning.edu.au website.	Increased community acceptance
Ensure that the sector's investment in independent certification and other environmental credentials is not lost due to low market awareness.	Increased demand Increased community acceptance
Develop a targeted campaign to improve the community's understanding and acceptance of the environmental credentials of bio-energy from sustainably managed forests.	Increased demand Increased community acceptance Increased productivity and profitability
Develop structured methodologies, in conjunction with other primary industries, to measure and enhance the community acceptance (i.e. social licence) of wood products and associated industries	Increased demand Increased community acceptance

Program 2 - Aligning products to market needs

This program aims to ensure that the industry's products and services are fit for purpose, appropriately aligned to market needs and better communicated to key influencers.

Research will be undertaken to understand current market needs and trends with the aim of identifying information gaps and opportunities for new or modified products and systems for the built environment, industrial markets and other key segments. A key focus will be on better matching of product performance (i.e. strength, durability and aesthetics) to market needs.

Primary communication with key influencers is via WoodSolutions, the company's branded specifier platform of activities that provides accurate and relevant information about designing and using wood-based systems. This program is delivered through partnership arrangements with professional associations, technical design guides, a world-leading website and face-to-face presentations.

The industry's products and services are highly influenced by a suite of material and building standards, as well as by the regulatory environment. The program will work with industry to optimise the material and building standards to ensure a robust system that is evidence-based, inclusive and improves the market opportunity and competitiveness of wood products.

Priorities for 2017-2022	Contribution to Outcomes
Continue to develop the WoodSolutions platform, including website, lectures, conferences and in-house/on-site delivery of training and reference materials that cover a wide range of key influencers and market segments.	Increased demand Increased community acceptance
Develop a timber design life and durability system that is evidence-based, stakeholder-inclusive and improves the market opportunity and competitiveness of wood products compared to other materials.	Increased demand Increased community acceptance Increased productivity Increased sustainability Increased capability
Continue activities to remove unnecessary impediments to wood products in the National Construction Code and key building standards.	Increased demand Increased community acceptance Increased productivity Increased sustainability Increased capability
Continue activities to improve the efficiency and effectiveness of key timber material and design standards, including ancillary products like connectors, to increase the uptake of timber systems.	Increased community acceptance Increased productivity
Support skills development and product compliance mechanisms to ensure that timber systems are not undermined by poor practice.	Increased demand Increased community acceptance Increased productivity Increased sustainability Increased capability
Assist in the removal of unnecessary impediments to the export of forest and wood products.	Increased productivity Increased sustainability

The results will also help remove unjustifiable regulatory and market barriers to using timber products in domestic and commercial building applications.

Program 3 - Assisting value chain optimisation

This program is about increasing the value and volume recovery from existing resources to ensure that all wood fibre is utilised to its highest and best use.

The Australian forest and wood products sector has increasing availability of data along the value chain from forests to mills to markets but this information is often poorly integrated into decision support tools. The interconnectivity of data collection devices (i.e. 'Internet of Things') and improved data analytical tools (i.e. 'Big Data') have the potential to revolutionise the sector.

This will involve identifying and developing improvements to forest management, harvesting, transport, manufacturing processes, product development and information systems to provide value to all participants in the value chain.

Research areas will include improved understanding of wood properties, resource characterisation, wood handling and processing, manufacturing systems and improved fit-for-purpose products, and information capture, storage and dissemination along the value chain.

Identifying key knowledge gaps will involve industry and other stakeholders, as well as international liaison, to minimise unnecessary duplication of effort and to ensure the knowledge has a pathway to adoption.

Priorities for 2017-2022	Contribution to Outcomes
Develop and adopt improved techniques for the allocation of standing trees, logs, timber and fibre to the most appropriate use using new technologies and data analysis techniques (i.e. 'Big Data').	Increased productivity Increased sustainability Increased capability
Optimise product and building standards to increase the volume and value recovery along the value chain and to help ensure products are fit for purpose.	Increased community acceptance Increased productivity Increased sustainability Increased capability
Explore mechanisms for improved information capture and dissemination along the value chain that can contribute to more timely and relevant decision making.	Increased productivity Increased capability
Evaluate new market opportunities for forest and manufacturing residues.	Increased productivity Increased capability

Program 4 - Increasing resource availability and reducing risk

This program aims to increase the availability of wood fibre to support an expanding market and associated manufacturing capacity.

Increased resource availability is most likely to come from improved productivity and utilisation of the existing plantation and government-owned native forest estate. There are opportunities to expand production forests through greenfield plantations, especially in conjunction with the farm sector, and to expand management of privately owned native forests.

Research focused on improved genetics for existing and potential commercial species, better site selection, management inputs and practices, and the commercial and social operating environment can help increase the productivity of the current estate, improve integration with other land-uses, and reduce the impediments to an expanded estate.

In July 2016, under the terms of the plantation sector emergency pest and plant response plan, an additional levy was placed on softwood plantation logs to fund the collective government and industry response to the detection of Giant Pine Scale (*Marchalina hellenica*) in Victoria and South Australia. The emergence of Giant Pine Scale in Australia represents a substantial threat to the health and productivity of the softwood estate.

An industry working group of forest health specialists and entomologists has been established to assist the

industry to manage and respond to this threat, which will likely involve ongoing FWPA resourcing and support.

This incident has also highlighted the threat that unmanaged pests and diseases pose to the forest estate. A forest health and biosecurity framework is being developed by the Australian Forest Products Association's grower chamber. Once finalised and ratified, the framework plan will inform FWPA, industry and government commitments over future years to sustain a robust and best practice approach to the management of forest health from both exotic and endemic threats.

Forest growing is a long-term venture that is exposed to environmental risks (e.g. pests, fire, climate change) and occupational health and safety risks, as well as market and political risk. Improved knowledge and systems can help mitigate these risks and expand the economic and sustainable outcomes for the industry, including the provision of new environmental services. By raising awareness of best practice and new technologies, industry can build the capability to evolve commercial operations and reap the benefits of innovation.

Following several rounds of consultation, the major forest growers have agreed to explore opportunities for national forest research collaboration through a new Grower Research Advisory Committee (GRAC). This Committee will jointly develop and evaluate proposals for voluntary research funding by the grower sector. Contingent on sufficient funds being available, those projects may attract additional support under FWPA's voluntary funding program. During 2017/18, FWPA will recruit a program manager to provide national coordination of these activities.

Priorities for 2017-2022	Contribution to Outcomes
Develop and deploy improved genetic stock, including possible genetically modified varieties that can increase value recovery and reduce risk to plantation owners and their customers.	Increased community acceptance Increased productivity Increased sustainability Increased capability
Develop forest health and biosecurity systems that can minimise risk to forest owners and their customers.	Increased community acceptance Increased productivity Increased sustainability Increased capability
Ensure that forest management and forest operation tools deliver in-field practices that are scientifically sound, safe and compatible with international best practice.	Increased community acceptance Increased productivity Increased sustainability Increased capability
Investigate mechanisms to understand and monetise the environmental benefits (e.g. carbon, biodiversity, catchment values) from tree crops to assist in an expansion of the commercial estate.	Increased community acceptance Increased productivity Increased sustainability Increased capability
Improve national coordination of current and new forest grower research activities through the establishment of a Grower Research Advisory Committee and dedicated program manager.	Increased productivity Increased sustainability Increased capability

Program 5 - Impacting decision making and industry capability

This program will help ensure that the industry has the skills and systems necessary to support improved decision making by all players across the value chain.

Part of the answer to building capability may lie in recruiting from outside the industry. However, this program will focus on retaining and leveraging existing knowledge and expertise and strengthening the infrastructure necessary for effective decision making. We will pursue new approaches to capturing and disseminating accurate, timely and relevant information through both on-line and traditional channels.

Current and historical research findings need to be incorporated into practical tools that can be easily accessed, understood and updated on a regular basis.

Much of the key data required for better decisions that the sector needs resides at the individual company and organisational level. A major focus of the program is to

aggregate this information in a confidential manner and then provide it to participants in an accessible and easy-to-understand format.

The initial focus has been on the provision of national statistics that are publicly provided through a formal partnership with the Australian Bureau of Agricultural and Resource Economics and Sciences (ABARES). This means FWPA is now in a better position to assist with the strategic improvement of key industry statistics by working with individual segments to identify and aggregate information of key interest.

Targeted information and associated training will be developed to address specific audiences within the value chain to ensure that they have the data readily available to make timely and considered decisions.

Priorities for 2017-2022	Contribution to Outcomes
In conjunction with willing industry participants, develop systems to aggregate data for a range of key management indicators—while protecting confidentiality—and make these available in an easily accessible form.	Increased productivity Increased capability
Improve understanding of key market drivers, including competition from alternative materials, to improve forecasting of key market segments.	Increased productivity Increased capability
Provide ongoing support for the development and distribution of publicly available information, including that available through partnership with ABARES, that supports the economic, social and environmental contribution of the industry.	Increased community acceptance Increased productivity Increased sustainability Increased capability
Ensure that key historical data series are conserved and leveraged to improve current and future decision making.	Increased sustainability Increased capability
Provide professional development programs to ensure that current and future decision makers are using information that is evidence based and compatible with international best practice.	Increased community acceptance Increased productivity Increased sustainability Increased capability

Financial forecast

The 5-year forecast has been structured on the following key factors:

1. Levy income is estimated to increase at the historical average of 1-2% per annum
2. Continued access to Government matching payments
3. Nominal allocation of expenditure across the programs, which may be varied in future annual operating plans

4. Accelerated investment in forward years to utilise current cash reserves

5. A cash reserve target of \$4.6 million

The resultant forecast is shown below:

	2016/17 (\$m) Estimated	2017/18 (\$m) Budget	2018/19 (\$m) Budget	2019/20 (\$m) Budget	2020/21 (\$m) Budget	2021/22 (\$m) Budget
INCOME						
Processor Levy	3.443	3.489	3.524	3.559	3.595	3.631
Grower Levy	1.089	1.133	1.144	1.156	1.167	1.179
Voluntary Grower - States	0.437	0.454	0.459	0.463	0.468	0.472
Importer Charge	0.647	0.961	0.971	0.980	0.990	1.000
Total Levy	5.616	6.037	6.097	6.158	6.220	6.282
Interest and other revenues	0.306	0.312	0.299	0.281	0.281	0.281
Commonwealth Matching	4.637	4.282	4.001	4.028	4.067	4.106
Voluntary Contributions (inc. Mid-rise)	1.166	1.382	1.659	1.659	1.659	1.659
Voluntary Contribution Matching	1.152	1.382	1.659	1.659	1.659	1.659
Government Direct Project Funding	0.480	1.147	0.265	1.090	0.090	0.000
Total Income	13.357	14.542	13.981	14.876	13.976	13.987
EXPENDITURE						
Promoting advantage of wood products	2.309	2.356	2.247	2.262	2.284	2.305
Align products to market	5.094	4.698	4.483	4.513	4.557	4.601
Value chain optimisation	1.424	1.246	1.189	1.197	1.209	1.220
Increase resources & reducing risks	1.770	1.575	1.503	1.513	1.528	1.542
Decision making and capability	0.677	1.022	0.975	0.982	0.991	1.001
Voluntary contribution expenditure (inc. Mid-rise)	2.304	2.764	3.318	3.318	3.318	3.318
Government Direct Project Funding Exp	0.480	1.147	0.265	1.090	0.090	0.000
Total Expenditure	14.058	14.808	13.981	14.875	13.976	13.987
Net Surplus / (Deficit)	(0.701)	(0.266)	0.000	0.000	0.000	0.000
Closing Funds Balance	4.866	4.600	4.600	4.600	4.600	4.600

* Note : Board approved Reserve limit of \$4.6m with 2016 forecasted surplus of \$5.567m to be spent over 3 years.

Operating context

FWPA is one of 15 Australian rural research and development corporations (RDCs).

These RDCs are funded through compulsory levies on their industry sectors and receive matching funds from the Australian Government on eligible R&D expenditure up to a maximum limit equivalent to 0.5% of the respective industry's gross value of production (GVP). FWPA's industry sectors consist of Australia's private and government growers (plantation and native forests), domestic processors and importers. Currently, levies are not collected from domestic or imported pulp and paper or softwood woodchip exports.

State and Territory Governments make voluntary levy equivalent contributions direct to FWPA as the Commonwealth has no power to levy a State or Territory Government.

The industry's financial contribution is a fixed levy rate based on each company's volume of activity for each of the industry sectors. In addition, FWPA receives monies collected under the *Primary Industries (Customs) Charges Act 1999* from imported timber products. The rate varies dependent on the product type and related Ministerial determination.

In December 2015, the Commonwealth Parliament introduced regulations to allow FWPA to claim matching payments for voluntary contributions up to the following amounts over the period of this plan:

Financial Year	Funds currently unallocated	Maximum amount of matching payments for voluntary contributions
2017/18	\$1.382m	\$0.347m
2018/19	\$1.659m	\$0.742m
2019/20	\$1.659m	\$1.393m
2020/21	\$1.659m	\$1.659m
2021/22	\$1.659m	\$1.659m

Projects that have been funded to date under voluntary matching include the WoodSolutions mid-rise advisory program, African Mahogany silviculture, African Mahogany therapeutics, cross-laminated timber acoustics, koala detection using UAVs and an expanded genetics program.

FWPA recognises that continued access to the levies and matching payments is a responsibility and not an entitlement. The company has a statutory funding agreement (SFA) with the Commonwealth of Australia, managed on behalf of the Commonwealth Parliament by the Australian Government, which provides access to the levies and matching funding. In addition, the SFA establishes a number of obligations upon the company in terms of corporate governance, including stakeholder consultation, risk management and reporting.

The current SFA was signed in August 2012 and will expire in August 2017. A key requirement for the renewal of the SFA is a satisfactory independent performance review, which the company commissioned GHD to undertake and was completed in February 2017. The report has been published on the FWPA website and promoted via the ForWood newsletter.

The review found:

FWPA has met all of its obligations under the SFA and has also delivered benefits to levy payers and the industry generally, including communicating effectively with stakeholders. The Company is proactive in ensuring that its operational processes comply with the various policies it has established by regularly conducting system audits by external consultants and correcting the relatively minor issues identified. This approach is evidence of FWPA's philosophy of 'continuous improvement' in its operations to ensure the efficient and effective use of levy funds and matching government contributions.

The report made a number of recommendations for improvement and the Board of FWPA has agreed to implement all recommendations in a timely manner as part of its ongoing commitment to pursuing best practice corporate governance.

It is anticipated that a new SFA will be finalised with the Government to take effect from September 2017.

Policy framework

The sector has a number of key policy instruments at both a national and individual state level.

The primary national policies are the National Forest Policy Statement, which was signed by the Commonwealth and mainland State and Territory Governments in 1992, and by the Tasmanian Government in 1995, and Plantations for Australia: the 2020 Vision that was launched in 1997 and updated in 2007. Some State Governments have updated policy instruments for the sector, including the following:

- Queensland Forest and Timber Industry Plan (December 2013)
- Western Australian Forest Management Plan 2014–2023 (December 2013)
- Victorian Timber Industry Action Plan (December 2011)
- Blueprint for the Future South Australian Forest and Wood Products Industry, 2014–2040 (July 2014).

In 2014, the Commonwealth Government announced the formation of the Forest Industry Advisory Council (FIAC), and the managing director of FWPA is an observer participant. The report *Transforming Australia's Forest Products Industry – Recommendations from the Forest Industry Advisory Council* was released in early June 2016. The recommendations have not yet been considered by Government or industry and have not been addressed within this plan.

The report identified three overarching objectives: (1) We will have the right trees in the right place at the right scale; (2) We will produce bioproducts using all parts of the tree to a cellular level; and (3) We will distinguish ourselves by being environmentally friendly, socially responsible and valued by the community. To achieve these objectives, FIAC went on to identify the required strategies and recommendations for both industry and government, which have significant implications for FWPA if adopted.

However, there is already some overlap and synergy between the FIAC report and FWPA's current strategic plan and there are no planned activities that are inconsistent with the FIAC recommendations. For example, FWPA's program 1 supports the strategy to "Broaden community support for the industry" and programs 2 and 3 support the strategy to "Discover new and enhanced ways to use wood fibre".

There is growing recognition of the need to put in place mechanisms to support plantation expansion and the sustainable use of private and public native forests. The Governments of Western Australia and Victoria have made public commitments to provide funds for plantation expansion and the Australian Government is considering mechanisms for commercial forestry to be incorporated into the Emissions Reduction Fund auction process. In addition, the Australian Government and the Governments of Tasmania and South Australia have provided funds to support research centres to be based at Launceston and Mt Gambier as part of a move towards establishing a National Institute for Forest Products Innovation. FWPA is entering into a contract with the Australian Government to provide administrative support for the centres.

Government – industry interaction

Although independent of the Australian Government, FWPA recognises the crucial role of Government in providing public resources, advice on priorities, access to service providers, and the benefits of a wider community view to inform FWPA's operations.

Government – industry interaction within the Australian forest and wood products sector has undergone considerable change over the past decade. In simple terms, the sector can be categorised as once being highly influenced by state-based government enterprises and other public good organisations (e.g. CSIRO) but is now very much dominated by corporate entities, especially in the plantation sector.

These changes are in response to changes in public policy and organisational focus from some governments and are not dissimilar to trends in other parts of the economy (e.g. ports, electricity generation and distribution). However, the native forest sector remains largely influenced by wood supplies from government agencies.

One of the more obvious consequences of these changes has been the decline in support for public good and collaborative investments within the sector, especially focused on longer-term initiatives. As an example, Commonwealth and State Governments as well as private industry have substantially reduced the provision and funding of research activities.

The current situation has now been well chronicled and the sector faces a potential shortage in technical skills to address future problems and opportunities. Equally, there are also potential skill shortages in economics, policy development and technical representation, which is a consequence of the reduced investment in public good activities within the sector.

Corporate governance

FWPA's formation, activities, reporting and operational protocols are governed by the *Corporations Act 2001*, the FWPA Constitution, the Statutory Funding Agreement and associated legislation that enabled FWPA to be declared the industry services body for the forest and wood products industry. These provide FWPA's over-arching corporate governance requirements.

FWPA's governance systems are designed to ensure the disciplined, transparent and efficient operation of FWPA and its finances. They aim to protect and steward the committed assets of the industry and of government, including reputation. They seek to instil an overall culture and operating environment of continuous improvement, where the industry and the community will receive the optimum return on the investment of the funds under FWPA direction.

FWPA will be proactive in identifying the priorities of all stakeholders, particularly industry and government. The company will work cooperatively with the Australian Government to ensure timely adoption of any additional corporate governance requirements.

Under its constitution, FWPA's Board comprises between five and nine Directors, including the Managing Director, at least two of which are Non-Member Directors. At present, the Board has eight Directors.

The Board's governance responsibilities include:

- establishing FWPA's vision, goals and strategic direction
- commissioning the preparation of, and approving, a five-year strategic plan (this plan), annual operations plans, investment plans and annual reports
- ensuring the appropriate allocation of resources to strategies and priorities
- formulating and promulgating policies for the efficient operation of FWPA
- implementing business risk, and fraud management and intellectual property policies and frameworks
- overseeing audit procedures (internal and external)
- monitoring, evaluating and reporting on FWPA's performance, including that of its staff and the Board.

Monitoring, evaluation and reporting

FWPA recognises the critical importance of monitoring and evaluating all of its activities, so that:

- stakeholders can readily discern the value delivered by FWPA
- the organisation is continuously learning and improving what it does.

FWPA's monitoring and evaluation framework includes the following elements:

- Corporate governance through regular board and management reporting, delegated authorities and regular external auditing
- Industry advisory groups and project steering committees
- The WoodBase system for managing contracts allows for monitoring against technical deliverables, time and budget
- Ad hoc performance reviews of activities to capture key learnings examine aspects of delivery against plan and are used to inform the selection and management of future activities
- Detailed benefit/cost analyses of selected projects each year. The results of these analyses are reported in the Annual Report and inform the selection and management of future projects
- Bi-annual liaison meetings with the Department of Agriculture and Water
- Independent performance reviews as required under the Statutory Funding Agreement.

Existing channels of communication will be utilised wherever possible to ensure that all stakeholders have ready access to all program outcomes via the corporate website, webinars, regular electronic communication and staff engagement via conferences or site visits. In addition, FWPA will ensure there is timely and accessible information flow between it and the wider community, the market and linked industry groups.

Advantages of forest and wood products

The forest and wood products value chain ranges from the forests with their inherent environmental services through to wood processing, product development, consumer use, reuse, recycling and disposal.

The diverse properties of forest and wood products enable them to be used in a wide range of product types and applications, including building materials, landscaping, packaging, bio-energy, communication papers, and sanitary and personal hygiene products. This means that the industry affects all Australians, whether or not they are conscious of it.

Forest and wood products have some distinct advantages compared to alternatives:

- People like trees and they like wood
- Wood can be produced with a wide range of co-products (e.g. catchment protection, biodiversity, carbon storage).
- Wood can be stored 'on the stump' for extended periods.
- The logistics are predictable.
- Wood products are relatively easy to assemble and dis-assemble.
- There is opportunity to mix-and-match between different species and grades.
- By-products from forest management or processing can be a valuable feedstock for other processes, including renewable energy.

Increasingly, innovation in traditional building products and reconstituted products is creating market opportunities that were previously supplied by alternates. For example, cross-laminated timber and other 'massive' timber building systems are making timber medium-rise buildings a commercial reality. To this end, FWPA has secured a change in the National Construction Code to allow a deemed-to-satisfy solution for timber buildings up to 25 metres in height that covers both lightweight and massive timber construction.

In the area of residues, there is growing global interest in bio-plastics, wood-based precursor chemicals and new cellulose materials such as nano-crystalline cellulose. While such innovative materials are still in their infancy, their adoption by the market will largely be driven by a preference for renewable materials and the cost of alternative feedstocks.

Outlook for the sector

Overall the industry is positive about its collective longer-term future. There is a widely held view within the industry that its products will be the beneficiaries in a bio-economy. Other factors that often contribute to optimism in the longer term include the support of the industry's materials by consumers and specifiers, the growth in the Australian population and the belief that the scientific underpinnings of the sector will result in favourable government policy settings.

There is no doubt that Australian consumers view wood products as more environmentally benign than alternative building materials. FWPA's consumer tracking research has clearly demonstrated that the industry has strong environmental credentials, although there is a lack of knowledge about specific attributes such as carbon storage and independent certification of forest management.

In addition, there is an increasing awareness of the benefits of wood in offices, education and health facilities with the improved ambience leading to better outcomes. This has led to increased interest in the use of wood by building specifiers.

However, a positive future for the sector is not guaranteed. Other material groups, such as concrete, steel and plastic composites, are repositioning and redesigning their products to improve environment credentials and performance. The sector also has entrenched critics that continue to oppose industrial-scale forestry in native forests and the conversion of agricultural land to industrial plantations.

Forests provide society with a diversity of products and environmental services. The management of plantations and native forests to produce materials for human use, while protecting environmental values, is central to the development of a truly sustainable society. In the next decade and beyond, the forest and wood products sector, which grows, harvests, processes, imports and markets wood and wood fibre products, has the potential to increase its already substantial contribution to Australia's economy and environmental sustainability. The sector also has opportunities to develop new tree crops for carbon storage, energy and emerging new biomaterials.

Australian forest area	125 million hectares
Forest as a proportion of land area	16 per cent
Native forest area	123 million hectares
Forest area in nature conservation reserves	21.5 million hectares
Public native forests where timber production is permitted (gross area)	10.2 million hectares
Total carbon stored in forests	12.8 billion tonnes
Plantation forest area (2015-16)	1.97 million hectares
Total logs harvested (2015-16)	30.1 million m3
Total imports of wood products (2015-16)	\$5.5 billion
Total exports of wood products (2015-16)	\$3.1 billion
Total direct employment (2015-16)	64,300 people
Value of turnover in forest product industries (2014-15)	\$22.2 billion
Forestry and forest products industries contribution to GDP (2014-15)	0.5 per cent

Source: ABARES Forest and Wood Products Statistics

Stakeholders

To ensure that it delivers its mission, FWPA actively engages with a wide range of stakeholders within the forest and wood products sector, other primary industries, the built environment and innovation sectors.

Collaboration with stakeholders is fundamental to the company’s operations and this is supported by its core values of accountability, transparency, strategic focus and implementation.

Levy payers (i.e. forest growers, wood processors and importers) and governments provide financial resources, strategic direction and corporate governance to the company. Many levy payers are also voting members of the company, which is structured as a limited liability entity.

The following four national industry associations are recognised by the company as National Representative Bodies, which gives them a role in the director nomination process and in the strategic planning process:

- Australian Forest Growers
- Australian Forest Products Association
- Australian Timber Importers Federation
- Engineered Wood Products Association of Australasia.

In addition to the above, there are a number of state, segment and technical associations and service companies that the company will liaise with on a regular basis to assist in the delivery of programs and to avoid any unnecessary duplication.

Interaction with other primary industries is mostly through the Council of Rural Research and Development Corporations (CRRDC) or through direct dealings with other RDCs. As a relatively small RDC, FWPA values these interactions as means of understanding the broader policy environment and identifying industry trends and best practice, as well as creating leveraged investment opportunities.

National Partners

- Industry associations
- Other RDCs
- Research providers
- Professional associations
- Standards Australia
- Environmental groups



International Partners

- Research providers
- Government research consortia
- Wood promotional bodies

FWPA is a company, limited by guarantee, that is owned by its members. All levy payers have the opportunity to apply to become voting members of the company, although membership must be approved by the board of directors. Currently, the company has 160 voting members and a full list is published in the Annual Report.

A voting member is entitled to vote at the company's annual general meeting and thus has an opportunity to participate in corporate governance. In addition, members are provided with a free listing on the WoodSolutions website and access to the company's statistics and economic data dashboard.

The voting entitlement of each member is determined each year. For members who pay a domestic grower or processor log levy, the voting entitlement is determined by the Department of Agriculture and Water Resources, as they collect the levies on behalf of the company.

The timber importer charge is collected by Australian Customs, who provides these funds to the Department, which in turn passes the funds to FWPA. As the Department does not receive an account of individual timber importer charges, the voting entitlement is self-declared by timber importers.

The calculation of voting entitlements is based on the following table:

Levy Amount paid in the Previous Calendar Year	Voting entitlement
\$1 to \$100	1
\$101 to \$25,000	4
\$25,001 to \$50,000	8
\$50,001 to \$75,000	12
\$75,001 to \$100,000	16
\$100,001 to \$150,000	19
\$150,001 to \$200,000	23
\$200,001 to \$250,000	27
\$250,001 to \$300,000	31
\$300,001 to \$350,000	35
\$350,001 to \$400,000	39
\$400,001 to \$450,000	42
\$450,001 to \$500,000	46
\$500,001 plus	50

With the exception of self-declared import timber charges, FWPA's directors or staff do not have access to the amount of levies that are paid by members and the voting entitlements are treated as commercial-in-confidence information.

The distribution of members by voting entitlement class is shown below:

Voting entitlement	No. of members	Total number of votes
0	68	0
1	3	3
4	73	292
8	15	120
12	8	96
16	2	32
19	1	19
23	5	115
27	3	81
31	1	31
35	0	0
39	2	78
42	1	42
46	0	0
50	0	0
	Grand Total	909

It is estimated that FWPA's current voting membership would account for approximately 90–95% of the industry by volume and value. However, a number of small-to-medium levy payers have not yet exercised the opportunity to apply for membership of the company and communication with these levy payers remains an ongoing challenge.

Advisory Groups

To ensure greater engagement and ownership of FWPA's activities, a number of formal committees have been established to provide input into the company's investment decisions. The structure and composition of these committees have varied over time and have been variously based on product sectors and functional areas.

To reinforce the new program structure and the company's commitment to transparency, FWPA has restructured its industry engagement to create a two-tiered structure consisting of Industry Advisory Groups (IAGs) and Interest Groups (IGs) that will be aligned to the five programs. IAGs will be primarily focussed on providing advice on strategic direction and resource allocation and are open to all FWPA voting members with multiple participation available. IGs are open to all stakeholders, including associations, researchers and consultants, and will be responsible for information flow and developing investment proposals.

Communication

FWPA is committed to ensuring effective communication with all stakeholders as an essential prerequisite for the success of this strategic plan, and structured targeted communication activities will support all strategies.

The company delivers most of its communication via electronic means using the following periodic e-newsletters:

- ForWood
- R&DWorks
- Statistics Count
- WoodSolutions
- ForestLearning.

In addition, company members receive periodic updates and a copy of the 5-year strategic plan, annual operating plan and annual report. All newsletters, plans and reports are published on the company's websites.

The company is actively expanding its use of social media especially Facebook, Twitter, Instagram and LinkedIn.

Development of the strategic plan

This strategic plan has been structured to address the Government's requirements and to communicate to members and levy payers the strategic intent of the company. It provides direction for the Annual Operations Plan (AOP) that sets annual priorities and expenditure and income budgets and also informs the development of program work plans.

The strategic plan will be reviewed as part of each year's planning process and, following adoption by the Board, will be distributed to company members and made publicly available on the corporate website.

Environmental analysis

Social licence

Demographic changes are continuing to create a gap between the industry and key sections of the community, which affects the industry's social licence to operate. As urbanisation increases, fewer people grasp the link between consumption and the factors of production. In addition, the rise of social media has amplified both the reach and speed of dissemination of campaigns directed against primary production industries.

The domestic and international forest and wood products sector is dependent on community support for its continued access to both forested and non-forested land. At the same time as the community is demanding more access to sustainable wood products, it is also requiring that more forests be preserved. Balancing these competing demands and understanding and influencing community attitudes regarding the place of forestry - whether plantation-based or natural - will continue to require significant and sustained community engagement.

Product usage

To be successful, the industry needs a deeper understanding of traditional and new markets. It needs to know what the key decision makers are thinking, what their material preferences are and what customer preferences are emerging.

While many of the factors affecting traditional markets such as housing are outside the industry's control (macro-economic cycles, regulation, housing development density, protection from threats and affordability), some factors are within the scope of industry control (product design – including building systems, recyclability, reliability, utility and quality). Consumer demand for forest and wood products will

remain strong provided the industry stays abreast of and, wherever possible, ahead of these trends. To do this, it needs to monitor and understand current trends, undertake timely assessment, analysis and dissemination of market and product information, and effectively engage with regulators, standards bodies, specifiers, designers and product innovators.

Climate change

Climate change has profound implications and creates opportunities for Australia's forest and wood products industry. Current modelling shows that there is likely to be a significant impact on key forest-growing regions with some areas likely to have improved growth rates, while others may suffer a major decline. This will impact forest management regimes, including species selection and bushfire and biosecurity plans.

Increased use of sustainably sourced wood products can help reduce carbon dioxide emissions through increased sequestration and can avoid emissions from fossil fuels and more energy intensive materials. The potential impact of this good news story on the levels of community support for the industry should not be underestimated.

Competitiveness

The industry is competing in an increasingly broad and diverse marketplace affected by currency fluctuations, corporate consolidation, changing economies of scale, changes in logistics costs, and innovation and competitiveness of alternative materials. The forest and wood products market is becoming increasingly internationalised changes in supply and demand can ripple around the global market and the industry requires better and quicker market intelligence. There is growing competition for raw materials and other inputs such as water, land and energy. There is also a shift to new and alternative products and services.

Within this business environment, Australia's forest and wood products industry must continue to deliver value for money to its customers, including new or unique products and services, while maintaining an internationally competitive cost structure in relation to alternative materials and providing an adequate return for investors.

Sustainability

Society increasingly demands that its goods and services are provided from demonstrably environmentally sustainable sources. Within this context, the industry has considerable advantages and must be able to balance its inputs and product supply in order to meet market demands, provide adequate returns to investors and ensure a safe working environment.

While increasing forest resource flows to meet the economies of scale demanded by the modern market and population growth, the industry must simultaneously continue to demonstrate its sustainable management of ecological assets and processes, water, chemicals and energy and the protection of forests from fire and other hazards. Customers are also seeking more certainty on the provenance of the goods they buy—evidence of legal and ethical production, sustainability, utility and re-usability.

Demonstrating the industry's sustainable forest management and supply chain security, through processes such as independent certification, will be critical in assisting to maintain market confidence and support.

Investment

The current investment climate in the sector is challenging, largely influenced by macro-economic conditions outside the industry's control.

In prior years, plantation expansion has been mostly funded directly by governments or through tax-effective investment vehicles, although many of the resultant assets have now been acquired by timber investment management organisations (TIMOs). Plantation expansion has effectively stalled and some regions may undergo a significant decline in plantation area due to establishment failures and fire and wind damage, as well as conversion back to agriculture. This impacts on the attractiveness of investing in domestic processing.

Participants in each regionally based supply chain will need to consider the appropriate economies of scale to maintain or improve its competitiveness. This may require new sources and means of funding and increased collaboration along the supply chain.

National and international collaboration

Changes in information technology, harmonisation of markets and corporate consolidation are driving industry dynamics and creating opportunities for improved national and international collaboration. While competitive tensions will continue to exist, there is a growing need to maximise the effectiveness and efficiency of investments and minimise unnecessary duplication. Areas of national and international collaboration exist to support all five programs.

Industry capability

For an industry to be successful, it must be able to overcome its capability constraints. The current capability context is characterised by an increasingly mobile workforce, competition for high-quality personnel and evolving expectations of a modern workplace in relation to safety and work conditions as well as financial rewards. The forest and wood products industry will need to embrace more fully a culture of diversity and innovation, including knowledge generation and adoption, technical transfer, skill development, continuous improvement and international best practice and do these things in a consistent, continuous and sustained manner.

Current market conditions

Market demand for many forest and wood products has fallen slightly in the past year but demand remains relatively strong compared to five years ago. The notable exceptions would be domestic demand for communication papers (i.e. newsprint, printing papers) and some traditional hardwood products.

Market demand has been driven by strong domestic dwelling construction and improved demand and price competitiveness of Australian exports to northern Asia.

The reduction in the foreign exchange rate, especially against the USD, has improved the competitiveness of domestic producers and, as a corollary, has reduced the competitiveness of some importers. FWPA's stakeholders include both domestic producers and importers and so, while exchange rates are important, the primary impact will be a change in market shares.

The improved market conditions have encouraged capital investment in the wood processing, harvesting and haulage sectors but have not yet resulted in an expansion of the forest estate.

Despite the recent uplift in the trading conditions, it is recognised that there are some major structural weaknesses in the sector that are beyond the usual business cycles. An increasing number of traditional products are approaching the end of their lifecycle and Australian manufacturers face competition from overseas producers that have significant advantages in economies of scale.

Consultation with stakeholders

The FWPA Board views industry consultation and feedback from members and stakeholders as critical considerations in the formulation of strategy, program priorities and investment decisions. Such consultation is vital to maintain the forest and wood products sector's confidence in, and enthusiasm for, the activities of FWPA. It is also vital to the ability of these activities to contribute in a substantial way to both the future commercial prospects on the industry and the broader social and environment goals of the country.

Strategic analysis

In conjunction with the environmental analysis and stakeholder consultation, this 5-year strategic plan is based on a clear understanding of the company's internal strengths and weaknesses and the external opportunities and threats (i.e. SWOT).

The intersect between internal and external factors provides a different perspective to help identify the key strategies required to achieve the company's mission and the desired outcomes.

- Strengths and Opportunities (S/O) – Using strengths to take advantage of the opportunities
- Strengths and Threats (S/T) – Using strengths to avoid real and potential threats
- Weaknesses and Opportunities (W/O) – Using opportunities to overcome the weaknesses
- Weaknesses and Threats (W/T) – Minimise weaknesses and avoid threats

The key initiatives of this plan are shown within the following matrix:

	OPPORTUNITIES	THREATS
Strengths	<p>Continue current promotional activities aimed at the consumer that leverage off the partnership with Planet Ark and focus on a broad range of beneficial wood attributes. (S/O)</p> <p>Continue to develop the WoodSolutions platform including website, lectures, conferences and in-house/on-site delivery of training and reference materials that cover a wide range of key influencers and market segments. (S/O)</p> <p>Increase the uptake and active use of teaching resources from the forestlearning.edu.au website. (S/O)</p> <p>Increase the uptake of the new building code change by providing in-the-field information about key wood-building technologies to building specifiers and developers (WoodSolutions midrise team). (S/O)</p> <p>Continue activities to remove unnecessary impediments to wood products in the National Construction Code and key building standards. (S/O)</p> <p>Develop and adopt improved techniques for the allocation of standing trees, logs, timber and fibre to the most appropriate use using new technologies and data analysis techniques (i.e. "Big Data"). (S/O)</p> <p>Optimise product and building standards to increase the volume and value recovery along the value chain and to help ensure products are fit for purpose. (S/O)</p> <p>Explore mechanisms for improved information capture and dissemination along the value chain that can contribute to more timely and relevant decisionmaking. (S/O)</p> <p>Develop and deploy improved genetic stock, including possible genetically modified varieties that can increase value recovery and reduce risk to plantation owners and their customers. (S/O)</p> <p>In conjunction with willing industry participants, develop systems to aggregate data for a range of key management indicators - while protecting confidentiality - and make these available in an easily accessible form. (S/O)</p> <p>Provide ongoing support for the development and distribution of publicly available information, including that available through partnership with ABARES, that supports the economic, social and environmental contribution of the industry. (S/O)</p>	<p>Leverage the current promotional activities to include the non-structural (and non-decorative) use of wood such as for landscaping and packaging to respond to competition from alternative materials. (S/T)</p> <p>Ensure that the sector's investment in independent certification and other environmental credentials is not lost due to low market awareness. (S/T)</p> <p>Develop a targeted campaign to improve the community's understanding and acceptance of the environmental credentials of bio-energy from sustainably managed forests. (S/T)</p> <p>Ensure that key historical data series are conserved and leveraged to improve current and future decision making. (S/T)</p> <p>Improve understanding of key market drivers and competition from alternative materials, to improve forecasting of key market segments. (S/T)</p>

	OPPORTUNITIES	THREATS
Weakness	<p>Continue activities to improve the efficiency and effectiveness of key timber material and design standards, including ancillary products like connectors, to increase the uptake of timber systems. (W/O)</p> <p>Removing unnecessary impediments to the export of forest and wood products. (W/O)</p> <p>Develop decision support tools to assist the farm and private native forest sector to manage commercial tree crops as sustainable investment strategy. (W/O)</p> <p>Investigate mechanisms to understand and monetize the environmental benefits (e.g. carbon, biodiversity, catchment values) from tree crops to assist in an expansion of the commercial estate. (W/O)</p> <p>Improve national coordination of current and new forest grower research activities (W/O)</p> <p>Provide professional development programs to ensure that current and future decision makers are using information that is evidence-based and compatible with international best practice. (W/O)</p>	<p>Develop structured methodologies, in conjunction with other primary industries, to measure and enhance the community acceptance (i.e. social licence) of wood products and associated industries (W/T)</p> <p>Develop a timber design life and durability system that is evidence based, stakeholder-inclusive and improves the market opportunity and competitiveness of wood products compared to other materials. (W/T)</p> <p>Develop forest health and biosecurity systems that can minimise risk to forest owners. (W/T)</p> <p>Support skills development and product compliance mechanisms to ensure that timber systems are not undermined by poor practice. (W/T)</p> <p>Ensure that forest management and forest operation tools deliver in-field practices that are scientifically sound, safe and compatible with international best practice. (W/T)</p>

STRENGTHS	Importance (A/B/C)
Consistent and predictable revenue stream and confidence to make long-term commitments	A
High staff motivation and competency in delivering cross-disciplinary projects	A
Well-established systems for strategic planning, priority setting, project management, data aggregation and analysis	A
Strong brand management and communication skills	A
Strong networks within industry and across stakeholder groups	A
Track record of success	A
Good relationship between Board and management	A

WEAKNESSES	Importance (A/B/C)
Revenue is largely outside of the company's control and is not related to company performance	B
The company is highly reliant on industry's commitment and active involvement in collaborative activities that are often under-resourced and given low priority	B
There are insufficient funds and industry commitment to provide the technical capacity that is required for the longer-term	A
Ability to provide regular communication with senior industry executives, as well as operational staff, in their preferred format especially on a one-to-one basis	B
Time and cost involved in meeting statutory and other compliance requirements	B
Reliance on key suppliers	B
Speed of implementation	B

THREATS	Rank (H/M/L)	Prob (H/M/L)
Competitive action by other material groups capture key traditional and new markets for wood products	H	M
Key systems in the sector are under threat due to lack of technical capacity and industry support	H	H
Capacity/capability of research providers is declining and this may increase costs	H	H
Changing industry/demographics could impact on company support and opportunities for engagement	H	M
Lack of appreciation of R&D and innovation in industry reduces the relevance of the company's activities	M	M
Industry's social licence to operate continues to be challenged and this reduces the effectiveness of promotional activities	M	M
Product standards and non-compliant products could reduce market acceptance	M	M

Legend

Importance rankings

- A:** Critical to the future existence of the company
- B:** Important to longer-term stability and effectiveness of the company
- C:** Required as part of best practice and continuous improvement

Ranking

- H(igh):** High impact on FWPA
- M(edium):** Moderate impact on FWPA
- L(ow):** Low impact on FWPA

Probability of occurrence

- H(igh):** High likelihood to occur over the five-year plan
- M(edium):** May occur over the five-year plan
- L(ow):** Unlikely to occur over the five-year plan

Alignment with Australian Government priorities

The Australian Government is an important contributor to FWPA through matching payments for eligible R&D activities. The Government's priorities have been explicitly considered in the development of this plan.

The linkage between current government investment priorities and FWPA programs is shown below:

Increased Demand	Increased Community Acceptance	Increased Productivity
2. Soil and Water	Soil, water and managing natural resources Biosecurity	4. Increasing resource availability and reducing risk
3. Transport 5. Energy 7. Advanced manufacturing	Advanced technology Adoption of R&D	1. Promoting the advantages of wood products 2. Aligning products to market needs 3. Assisting value chain optimisation 5. Impacting decision making and industry capability