

# ANNUAL OPERATING PLAN 2015/16



## CONTENTS

<b>Key Initiatives for 2015/16</b>	<b>3</b>	<b>Program 3:</b>	
<b>SECTION ONE</b>	<b>4</b>	<b>Capacity and Education</b>	<b>25</b>
Introduction	4	Overview	25
Vision	5	Stakeholder benefits	25
Mission	5	Objectives	25
Programs	5	Planned activities for 2015/16	26
Strategic Plan	6	Measures of success	26
Commitment to transparency	7	Investment budget	26
2015/16 budget allocations	8	<b>Program 4:</b>	
Accountability to members and levy payers	9	<b>Building Codes and Standards</b>	<b>27</b>
Overview of priorities and programs 2015/16	10	Overview	27
<b>SECTION TWO</b>	<b>12</b>	Program themes of activity	27
<b>Program 1:</b>		Stakeholder benefits	27
<b>Generic Promotion</b>	<b>12</b>	Objectives	28
Overview	12	Current position	28
Program themes of activity	12	Planned activities for 2015/16	29
Stakeholder benefits	12	Measures of success	29
Current position	13	Investment budget	29
Objectives	15	<b>Program 5:</b>	
Planned activities for 2015/16	15	<b>Statistics and Economics</b>	<b>30</b>
Measures of success	17	Overview	30
Investment budget	17	Program themes of activity	30
<b>Program 2:</b>		Stakeholder benefits	30
<b>Research, Development and Extension</b>	<b>18</b>	Current position	31
Overview	18	Objectives	31
Industry and Government priorities	18	Planned activities for 2015/16	32
Stakeholder benefits	19	Measures of success	32
R&D project portfolio	19	Investment budget	32
R&D projects due for completion	21	<b>SECTION THREE</b>	<b>33</b>
New project investments	22	Corporate governance	33
Objectives	23	Compliance reporting	33
Planned activities for 2015/16	23	Proposed actions	34
Measures of success	24	Objectives	34
Investment budget	24	Measures of success	35
		<b>SECTION FOUR</b>	<b>36</b>
		<b>Collaborative activities and investments</b>	<b>36</b>
		Supporting the forest and wood products national research, development and extension framework	36
		Collaborative investment activities with research and development corporations	36
		Addressing rural research and national research priorities	36

### Photo Credits:

Front Cover:  
Drew Heath Architects

Report Design  
www.designgrant.com.au

ISSN 2202-3259 (Print)  
ISSN 2202-3267 (Online)

## KEY INITIATIVES FOR 2015/16

In line with the rolling 5-year strategic plan, FWPA programs will be a combination of both ongoing core activities and new activities to ensure continuous improvement in the delivery of outcomes to stakeholders.

During the 2015/16 financial year, the following new activities will be initiated:

- Development of new consumer advertising program that builds upon the highly successful “wood stores carbon” campaign that was initiated in 2009
- Expand the WoodSolutions program to include more focussed content for landscape designers, interior designers, quantity surveyors and building surveyors
- Improve access to the WoodSolutions website via mobile devices
- Develop and promote training materials for the proposed deemed-to-satisfy (DtS) solution for lightweight and massive timber buildings up to 25 metres height (if the DtS is adopted by the Australian Building Codes Board)
- Undertake a benefit-cost analysis of the generic marketing and standards programs
- Pilot program for technical transfer “field force” if the Government enacts the appropriate regulations and policies for the matching of voluntary contributions
- Develop proposals for Round 2 of the Government’s R&D for Profit Program
- Undertake another public call for open-ended research proposals
- Review and refresh five R&D investment plans
- Explore options for trans-Tasman research as a successor to the Solid Wood Innovations and the Structural Timber Innovation Company
- Develop an industry engagement campaign and toolkit for industry to deliver in schools to create stronger relationships between industry and schools
- Upgrade the statistics data portal to improve the user interface
- Accelerated release of ABARES forest and wood products statistics with the inclusion of provisional data
- Expansion of the statistics aggregation program to include forest grower and panel sectors.
- Develop a robust system for determining the market share of wood products versus other materials
- Initiation of market demand forecasting reports
- Undertake socio-economic studies of key forest growing and processing regions.

## INTRODUCTION

Forest and Wood Products Australia (FWPA) Limited is the industry-owned services company that works through structured programs to provide tangible benefits to company members and stakeholders. Some of the planned outcomes include the following:

- Increased consumption of forest and wood products, including in the commercial construction sector
- Improved community and market awareness of, and satisfaction with, forest and wood products
- Improved and new products matched to market needs
- Increased industry productivity and competitiveness
- Improved industry investment confidence through reduced risk
- Enhanced sustainability as measured in economic, social and environmental terms
- Development and uptake of new and existing industry-oriented educational programs or resources
- Improved market access and/or reduced barriers through standards and building codes
- Provision of timely and useful statistical-based information to assist business planning and decision-making
- Reduced direct and indirect business costs arising from the reduction of uncertainty associated with present mechanisms for data collection and analysis.

Under the 5-year strategic plan, which is approved by the FWPA Board, the company's vision, mission and programs are as follows:

### Vision

That forest and wood products are the preferred, sustainable material that meets the market needs.

### Mission

To work with stakeholders to identify and deliver collaborative programs that improve the competitiveness, and market and community preference for the industry's products.

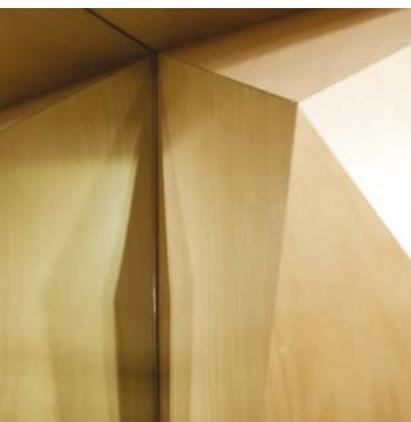
### Programs

The company will deliver its mission through the following five programs:

1. Promote the benefits and usage of forests and wood products, in accord with changing community attitudes, environmental awareness, and market trends (**Generic Promotion**)
2. Invest in and coordinate research and development, technology transfer and adoption to improve the industry's competitiveness, enhance investment, increase usage, and ensure the sustainability of forests, wood products and services (**Research, Development and Extension**)
3. Grow the industry's capacity and capability through focused education activities that support the industry and its products (**Capacity and Education**)
4. Coordinate the industry's management of consensus-based standards and building codes to maintain or improve market preference of the industry's products (**Building Codes and Standards**)
5. Coordinate the collection and analysis of key industry statistics and other economic analyses to support commercial decision-making and policy development within the sector (**Statistics and Economics**).

The company is responsible to its members, levy payers, and to the Australian Government. The company has a statutory funding agreement (SFA) with the Commonwealth of Australia, managed of behalf of the Commonwealth Parliament by the Australian Government, which provides access to compulsory levies collected from forest growers, wood processors, exporters and importers. It also provides access to Commonwealth matching payments for eligible expenditure such as R&D, tech transfer and education. In addition, the SFA also 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 2017.

The 2015/16 Annual Operating Plan (AOP) establishes the direction for services and solutions to be provided by the company over the next 12 months to deliver on its commitments to stakeholders and should be read in conjunction with the 2015-2020 Strategic Plan.



## Strategic Plan

As the forest and wood products industry's national service company, FWPA has consulted (and will continue to regularly consult) with member companies, levy payers and industry associations and other stakeholders about its operating environment, investment priorities and desired outcomes.

In recent years, FWPA has explored a number of mechanisms to improve engagement with key stakeholders. This included meetings with the boards of national associations, along with other key stakeholders, in 2012 and 2013. Summaries of the meetings have been published on the FWPA website.

One of the learnings from these meetings is the difficulty of developing meaningful dialogue at a national level due to the diversity in organisational size, ownership, type of forest resource and market focus.

As a consequence, the company has increased its focus on consulting on a one-on-one, small group and sectoral basis. The company has held sectoral meetings with hardwood sawmilling CEOs (2013), softwood sawmilling CEOs (2014), senior forest growers (2015) and engineered wood processors (2015). In addition, a two-day conference was held in conjunction with the Engineered Wood Products Association of Australasia to coincide with the company's annual general meeting in November 2014.

An opinion survey of industry participants was undertaken in early 2014. This survey was used to identify the key issues facing the sector, both prompted and unprompted, and to evaluate the effectiveness of various organisations in the sector. Based on the 253 responses, the top five issues for the sector were the following:

1. Innovation in products and processes
2. New investment
3. Improvement in productivity
4. Resource scarcity
5. Increased domestic demand

On a prompted and unprompted basis, FWPA was rated the most influential organisation in the sector.

In February 2015, the company called for direct feedback from members and interested stakeholders on its 5-year strategic plan via an online survey. While the response rate to the survey was relatively low (n=44), there was a wide range of views expressed, and where possible, these views have been incorporated in the revision of this plan. In some instances, stakeholders expressed mutually opposing views, so the default was continuation of the status quo. A summary of the survey results are shown in the 2015-2020 strategic plan.

The Australian Government is a major contributor to FWPA programs through matching R&D funding. The 5-year Strategic Plan demonstrates how the Company's investment priorities align with the Government's National Strategic Research Priorities and the Rural Research and Development Priorities. These priorities include:

- Enhancing the sustainability and efficiency of production systems
- Improving competitiveness through a whole-of-industry approach
- Maintaining and extending markets for wood products
- Responding to climate change and creating an innovative culture.

Reading the updated 5-year Strategic Plan in conjunction with this AOP will provide the strategic context in terms of drivers, programs, outputs and outcomes.

### **Commitment to transparency**

The Board and management of FWPA are committed to the disciplined, transparent and efficient operation of the Company and its finances. To this end, each program will be managed in accordance with clear objectives and stringent financial controls.

The success of the Company's strategies will be tracked using appropriate key performance indicators (KPIs). However, it needs to be recognised that the measurable success of the

Company's activities, especially outcomes from R&D programs, can only be evaluated over the long term.

This AOP will be available to all FWPA members and levy payers through the FWPA website.

## 2015/16 budget allocations

In accordance with the Company strategies, the AOP budget is based on an expenditure of \$9.01 million over the 2015/16 financial year, a 1.4% increase on 2014/15 levels. This is based on a projected income of \$9.01 million, an increase of \$0.11 million over 2014/15 income of \$8.90 million.

FWPA's income depends on economic activity, especially construction and levels of imports and levels of R&D expenditure. Total 2015/16 levy income is expected to increase 0.8% over the 2014/15 forecast. Government matching of \$3.58 million is based on half the budgeted eligible matchable activities as defined in the SFA of \$7.16 million. Indirect costs are allocated into project budgets in accordance with the company's costs allocation policy as required by the SFA.

	Forecast 2014/15 (\$m)	Budget 2015/16 (\$m)
<b>Revenues</b>		
<b>Levy revenues</b>		
Processor levy	3,004	3,004
Compulsory grower levy	822	838
State grower levy	424	433
Importer charge	996	1,016
<b>Total levy revenues</b>	<b>5,247</b>	<b>5,290</b>
<b>Other revenues</b>		
Commonwealth matching	3,400	3,582
Other revenues <sup>1</sup>	255	143
<b>Total revenues</b>	<b>8,902</b>	<b>9,016</b>
<b>Expenses</b>		
Generic promotion	3,346	3,506
Research development and extension	3,705	3,611
Capacity and education	289	282
Building codes and standards	744	781
Statistics and economics	806	832
<b>Total expenses</b>	<b>8,890</b>	<b>9,011</b>
<b>Net surplus / (deficit)</b>	<b>11</b>	<b>4</b>
<b>Accumulated fund movements</b>		
Accumulated funds as at 1 July	5,366	5,377
Net surplus for the year after income tax	11	4
<b>Accumulated funds as at 30 June</b>	<b>5,377</b>	<b>5,381</b>

<sup>1</sup> Includes penalties, unmatched project co-contribution, seminar costs recovery and interest.

---

### **Accountability to members and levy payers**

FWPA internally tracks and assigns benefits across projects and programs to allow monitoring against sector levy contributions for R&D programs and undertakes regular benefit cost analyses, in accordance with the 2009 protocols developed and endorsed by the Council of Rural Research and Development Corporations.

Given the significant lag between R&D projects and commercial outcomes, there will be renewed focus on the communication of past completed projects and 'hero' projects that have had a demonstrated impact on the sector.

It is proposed to undertake a benefit cost analysis of the generic marketing and standards programs with an apportionment of benefits along the value chain. These programs are now well established with a number of recognised measurable achievements and it is timely to undertake a comprehensive review.

## Overview of priorities and programs 2015/16

Program and funding	Highlights
<p><b>Generic Promotion</b> \$3.51m</p>	<ul style="list-style-type: none"> <li>• An updated consumer advertising program in partnership with Planet Ark</li> <li>• Ongoing support of WoodSolutions program including website, lectures, conferences and in house/ onsite delivery of training and reference materials to architects, engineers and builders</li> <li>• Expansion of promotional activities to include the non-structural use of wood such as interior design, landscaping and packaging</li> <li>• Development of a pilot program for the WoodSolutions field force to improve tech transfer to the built environment.</li> </ul>
<p><b>Research, Development and Extension</b> R&amp;D project investments are managed and reported under three programs representing the industry value chain:</p> <ol style="list-style-type: none"> <li>1. Market Access and Development</li> <li>2. Wood Products</li> <li>3. Sustainability and Resources.</li> </ol> <p>\$3.61m</p>	<ul style="list-style-type: none"> <li>• RD&amp;E projects that are designed to deliver industry-focused outcomes that specified in the company's R&amp;D investment plans (e.g., improved resource utilisation, improved profitability, market growth)</li> <li>• Improved uptake of research outcomes through active industry engagement via webinars, industry conferences, advisory groups and sectoral meetings</li> <li>• Increase investment in RD&amp;E by working with partners to secure funds through competitive grant processes (e.g., Rural R&amp;D for Profit, cooperative research centres) and/or use of FWPA's proposed capability to get Commonwealth matching payments for voluntary contributions</li> <li>• Improved alignment of industry and government funded research activities through the national RD&amp;E framework, support Australian Research Council programs, and any proposed research centres</li> <li>• Encouragement of new research capacity in the sector through engagement with international providers and public calls for research proposals that align with the company's research priorities.</li> </ul>

### Overview of priorities and programs 2015/16

Program and funding	Highlights
<p><b>Capacity and Education</b>  <i>\$0.28m</i></p>	<ul style="list-style-type: none"> <li>• Measure awareness and uptake of curricula materials and forestlearning.edu.au</li> <li>• Identify and fill gaps in the range of curricula materials provided</li> <li>• Create better engagement between industry, the schools system and forestlearning.edu.au</li> </ul>
<p><b>Building Codes and Standards</b>  <i>\$0.78m</i></p>	<ul style="list-style-type: none"> <li>• Improve coordination of industry input and engagement with Standards Australia to ensure that material standards are meeting the needs of the industry and the community</li> <li>• Develop proposed changes to the National Construction Code especially in the area of deemed-to-satisfy solutions that increase the allowable height of timber-frames for class 2, 3 and 5 buildings</li> <li>• Improve knowledge and skills within the industry in the area of material standards and building codes.</li> </ul>
<p><b>Statistics and Economics</b>  <i>\$0.83m</i></p>	<ul style="list-style-type: none"> <li>• Expand the industry statistics portal to include hardwood sawmilling, wood panels and forest growing</li> <li>• Develop data aggregation systems for a range of expanded datasets with willing industry participants</li> <li>• Develop a robust system for determining the market share of wood products versus other materials</li> <li>• Initiation of market demand forecasting reports.</li> </ul>

## 1

## PROGRAM ONE: Generic Promotion

### Overview

This program aims to promote the benefits and use of forest and wood products. Specifically, the program seeks to generate a positive disposition to the use of wood products and to have wood products used more widely in a range of applications, including construction, packaging and other bio-materials. This will be achieved by promoting the benefits of wood and addressing any real or perceived impediments to the use of wood.

Activities within the promotion program will often incorporate the results arising from FWPA-funded R&D projects and technology transfer activities, especially in the specifier information program, as well as outcomes from the building codes and standards program.

### Priority themes of activity

- Promote benefits of forest and wood products, with emphasis on environmental credentials, design life, buildability, aesthetics and emotional benefits
- Promote forest and wood products/applications over alternatives, and the use of new applications and services to meet emerging markets
- Engage with regulators, standards bodies, opinion leaders and specifiers to maximise the specification and use of wood products
- Develop a better understanding of the industry as a whole and its potential to significantly contribute to a sustainable, productive national economy.

### Stakeholder benefits

The Company's investments in generic promotion will deliver the following benefits to stakeholders:

- Improved market awareness of, and satisfaction with, forest and wood products
- Increased consumption of forest products and services
- Increased sequestration of carbon dioxide in the built environment (and other applications) through the carbon stored in wood products and avoiding emissions from more energy-intensive alternative materials
- Improved attractiveness of the sector as an investment opportunity.

# 1

## PROGRAM ONE: Generic Promotion

### Current position

The strategy for the generic promotion program is based on the results of market research, which found that lack of knowledge was a major barrier to consumer acceptance and increased use of wood in building construction.

To address this issue, FWPA developed three programs within this strategy. The following programs promote the positive benefits of wood and address any real or perceived impediments to the use of wood:

1. Wood. Naturally Better™. consumer program focuses on the benefits of wood
2. WoodSolutions specifier program provides information about designing and building with wood and wood products
3. Wood. Naturally Better™. partner program communicates to industry and trade

Each program has been reviewed and analysed to ensure activities integrate with the overall strategy for generic promotion and other corporate strategies.

### Consumer program

The Consumer program aims to change the attitudes of consumers by increasing their awareness of the positive attributes of wood. The primary message for the program to date has been that wood products help tackle climate change because wood stores carbon.

Attitudinal change is driven largely through advertising, trade show presence, carefully selected sponsorships and by building important alliances with like-minded organisations, such as Planet Ark.

The initial consumer advertising program has gone through several evolutions in response to consumer research to hone the messages and improve consumer recall.

In 2011, FWPA initiated a strategic promotional alliance with Planet Ark to promote the use of sustainably managed wood products as a way to help tackle climate change. Planet Ark is one of Australia's most trusted sources of information about environmental issues and the use of their brand on the Wood. Naturally Better™. Television commercial is considered to be a factor in the commercial's strong performance. Planet Ark's Make It Wood Campaign incorporates a range of activities including community service announcements (CSA's), an animated video program, print and bus advertising, consumer promotions and the introduction of the 'Wood Encouragement Policies' to local councils such as the Latrobe City Council. All activities are centred on the website – [www.makeitwood.org](http://www.makeitwood.org)

In previous years, the TV commercial campaign, featuring Grand Designs host Peter Maddison, highlights the key message that wood stores carbon and that by using more wood this has positive environmental benefits. Consumer research has shown this advertisement has been highly effective. A new consumer campaign will be developed to build upon the successes to date.

These activities have been highly successful in improving awareness of the role of wood products and climate change as measured by periodic research tracking. This success has built a strong platform to allow an expansion and evolution of our consumer messages.

# 1

## PROGRAM ONE: Generic Promotion

### **Specifier program**

The construction and packaging industry is the largest market for wood products and represents one of the best opportunities for growth in the use of wood products. The decision-making process for the choice of materials used in a construction project is complex, as there is a need to balance performance and appearance with cost and time.

The term 'specifier' refers to any professional involved in the building, design and construction process, including architects, engineers, building designers and other building professionals, such as quantity surveyors, building surveyors, landscape architects and sustainability assessors.

The Specifier program – branded WoodSolutions – aims to increase market consumption and industry returns for wood and wood products by improving the product knowledge and confidence of building specifiers for wood to be preferentially specified in building construction.

The Specifier program focuses on three areas:

- Inspiration – providing inspirational examples of wood in both structural and decorative construction applications
- Education – supporting tertiary education and continuing professional development (CPD) with relevant information about the use of wood
- Information – consolidating industry knowledge on building and designing with wood, making it easy for specifiers to find information through the website [www.WoodSolutions.com.au](http://www.WoodSolutions.com.au).

Activities to date include an authoritative website and knowledge database, personally delivered technical presentations – seminars and tutorials, aligned where possible with continuing professional development (CPD), design and specification information through our Technical Design Guides and carefully selected sponsorships, events and alliances with key professional associations.

The information and education components of the Specifier program draw on R&D project outputs from investments under the market access and development program. As this is a technology transfer and education activity, it is eligible for Commonwealth matchable payments under the Statutory Funding Agreement.

### **Partner program**

The wood and wood products industry is highly fragmented in comparison to other building material sectors. This creates barriers to an integrated approach for communication with the broad community and end-user markets. It has also inhibited generic promotion or branding in the markets, resulting in a proliferation of product and/or segment messages that have added to consumer and specifier confusion.

The free Partner program aims to address barriers by encouraging industry members to become licensed users of the Wood. Naturally Better.™ program. Partners are encouraged to use the logo in their communication with customers to create broader market awareness and a

# 1

## PROGRAM ONE: Generic Promotion

consolidated image for the industry. Promotional materials are provided to partners to support communication of the Wood. Naturally Better.™ brand and messages.

The program creates a communication channel to both industry and trade.

There has been enthusiastic support for the program with more than 1,000 industry organisations and individuals becoming members.

### Objectives

- Delivery of updated consumer advertising program in partnership with Planet Ark
- Ongoing support of WoodSolutions program including website, lectures, conferences and in house/onsite delivery of training and reference materials to architects, engineers and builders
- Expansion of promotional activities to include the non-structural use of wood such as interior design, landscaping and packaging.

### Planned activities for 2015/16

#### Consumer program marketing plan

##### Ongoing activities

- Strengthen and operated in alliance with Planet Ark to broaden the reach of program and messages
- Maintain periodic tracking research to measure attitudinal change to wood as a building material
- Sponsor relevant consumer-focused events
- Distribute promotional materials that support the advertising campaign
- Continue the development and support of the Consumer sub-program via the [www.naturallybetter.com.au](http://www.naturallybetter.com.au) website.

##### New initiatives

- Reference group established consisting of FWPA members
- Develop a new consumer campaign based on market research that builds upon the past successful activities.
- Undertake a benefit-cost analysis of past generic marketing investments.

# 1

## PROGRAM ONE: Generic Promotion

### **Specifier program marketing plan**

#### Ongoing activities

- Create case studies of inspirational designs and construction solutions featuring wood and publishing these on WoodSolutions.com.au
- Provide local and international speakers on the use of timber in the built environment to address and inform design and building professionals at specifier events through the timber tutorials program and guest speaker opportunities at specifier events
- Sponsor events that inform, educate or inspire building specifiers on how to use of wood in building and infrastructure projects
- Support the education of specifiers through the provision of education materials for tertiary institutes teaching architects, engineers and building professionals from the education micro-site (education.WoodSolutions.com.au)
- Promote the availability of the suite of timber design guides for specifiers
- Expand the on-line e-learning program, designed and marketed to target audiences of interest – specifiers and timber supply-chain participants.

#### New initiatives

- Expand the WoodSolutions program to include more focussed content (e.g., design guides, presentations, teaching materials) for landscape designers, interior designers, quantity surveyors and building surveyors
- Improve access to the WoodSolutions website via mobile devices
- Develop and promote training materials for the proposed deemed-to-satisfy (DtS) solution for lightweight and massive timber buildings up to 25 metres height (if the DtS is adopted by the Australian Building Codes Board)
- Undertake a benefit-cost analysis of past generic marketing investments
- Pilot program for R&D technical transfer (“field force”).

### **Partner program marketing plan**

#### Ongoing activities

- Continue to inform partners of the Wood. Naturally Better.™ program activities through regular issues of the newsletter
- Provide information and promotional materials for partner’s customers
- Sponsor carefully targeted events or programs that would be of benefit to program partners in general
- Market the new on-line e-learning system to timber supply-chain participants.

# 1

## PROGRAM ONE: Generic Promotion

	Measures of success	How measured	Status and results
1	Increased consumer awareness of advertising and/or brand awareness and improved perceptions of wood as environmentally positive and suitable material	Periodic consumer tracking surveys	Surveys have been undertaken on an annual basis and results published in the annual report, AGM and occasional webinars
2	Increased building specifier awareness of activities and improved perceptions of wood as environmentally positive and suitable material	Website tracking, participation in seminars and periodic opinion surveys	Surveys have been undertaken on an annual basis and results published in the annual report, AGM and occasional webinars
3	Greater understanding of the role of wood products in future construction applications	Periodic research into market issues and trends	Published on website
4	Industry support of generic promotion activities	Participation in the partner program (and use of logos and materials) and promotional activities, periodic opinion surveys and invitations to present the program at industry events	The number of program partners is published in the annual report  Stakeholder survey to be completed
5	Delivery of promotional activities in accordance with the annual operating plan, marketing plans and budget	Reviewed and reported in the annual report	Published in the annual report

### Investment budget

Investment program	Budget allocation (\$m)	Existing commitments at 30/6/15 (\$m)	Available expenditure for new projects (\$m)
Generic promotion	3.51	0.20	3.31



# 2

## PROGRAM TWO: Research, Development and Extension

### Overview

Activities within this program account for one-third of the forecast Company expenditure for 2014/15. R&D project investments are managed and reported through three sub-programs that represent the industry value chain:

1. Market Access and Development
2. Wood Products
3. Sustainability and Resources

Each sub-program is administered in collaboration with a Board-appointed industry advisory group made up of senior executives from FWPA member organisations.

Project selection and prioritisation decisions within each advisory group are guided and informed by a series of investment plans. These describe the industry outcomes and benefits sought through the delivery of successful research projects. Individual investment plans are developed by independent industry consultants through a broad consultation process covering industry, research providers and other key stakeholders to assist in the definition and prioritisation of preferred R&D outcomes.

### Industry and Government priorities

The principal outcome from the Market Access and Development sub-program is continued and expanded industry access to key forest and wood products markets.

Priority research areas include increased understanding of market attitudes to – and perceptions of – wood products, as well as quantification and reporting of key environmental and design attributes of timber building products. Industry uses the results of projects funded under this program to support the expansion of current product markets. The results also assist in removing regulatory and market barriers to using timber products in domestic and commercial building applications.

Projects funded under the Wood Products sub-program aim to identify and develop improvements to existing manufacturing processes to generate maximum value recovery from available resources. Priority areas include optimisation and reporting of the material properties of timber products, optimisation of process energy, chemical and water use, waste stream use and the development of new products, including hybrid materials, in response to market demands and opportunities.



# 2

## PROGRAM TWO: Research, Development and Extension

The Sustainability and Resources sub-program supports the generation of knowledge about the impacts of management decisions on the functional processes of forests principally managed for wood production. Industry objectives sought from this program include decision support systems for forest management, economically efficient and low environmental impact forest operations, and provision of new environmental services. Other priorities include: applied knowledge of the wood properties of the forest resource; development and adoption of improved techniques for the segregation of standing trees, logs, timber and fibre to the most appropriate use; and identification of methods to improve wood properties.

### Stakeholder benefits

It is anticipated that the company will be able to access matching payments from the Commonwealth Government for voluntary contributions for appropriate investments into RD&E in the 2015/16 financial year. The quantum and scope of these investments will depend upon discussions with possible investors.

The Company's R&D investments are required to deliver clear benefits to stakeholders (members, levy payers and the Commonwealth) through:

- Improved new products matched to market needs
- Increased industry profitability and efficient use of inputs throughout the industry's value chain
- Improved industry investment confidence through reduced risk
- Enhanced sustainability as measured in economic, social and environmental terms.

### R&D project portfolio

Current FWPA funding priorities in the Market Access and Development (MAD) sub-program are grouped around two priority areas identified by the MAD advisory group:

- Timber construction in commercial and industrial buildings
- Wood products in sustainable buildings.

Ongoing projects within the Wood Products program focus on the overall performance and yield of timber products and these will be primarily delivered through FWPA's ongoing investment in the joint Australia-New Zealand Solid Wood Innovations research consortia, which is scheduled to finish by 30th June 2016. Work is underway to build support for a replacement program.

Project investments within the Sustainability and Resources sub-program are aligned to the following active FWPA investment priorities:

- Maximising product yields and values from current resources
- Improving wood quality and yield, and tools for forest management
- Forest biosecurity and preparedness
- Mitigation of and adaptation to climate change and the management of the carbon cycle in plantations and native forests.



# 2

## PROGRAM TWO: Research, Development and Extension

In practice, FWPA also accepts project funding proposals not implicitly linked to the endorsed R&D priorities on a case-by-case basis. To secure FWPA support, these projects must demonstrate direct relevance to industry needs and deliver sufficient public good benefit to be approved by exception. Funding opportunities to use voluntary contributions will also be explored, but even then, priority will be given to projects that are consistent with published investment plans or any investment policy that is accepted by the Board.

Each year a subset of R&D projects completed over the previous five years are randomly selected for benefit-cost assessment in accordance with the evaluation protocol developed by the Council of Rural Research and Development Corporations. The assessments are undertaken by independent economists in close consultation with research providers and industry collaborators to determine the net social, environmental and economic impacts of FWPA-funded projects to both the industry and broader community.

FWPA will continue to explore a greater role in technology transfer and education. These include the R&DWorks newsletter and webinars, the ForWood corporate newsletter, continuing to improve the usability of the FWPA website.

FWPA is a member and the major funder of the National Forum of the Research, Development and Extension (RD&E) Strategy, which was developed under the auspices of the National Primary Industries RD&E Framework. The Forum has developed national RD&E priorities for the sector and mechanisms for improved coordination.

FWPA has also been proactive in exploring international linkages to reduce unnecessary duplication in R&D investments with organisations in New Zealand, Canada, USA, Europe and South America.



# 2

## PROGRAM TWO: Research, Development and Extension

### R&D projects due for completion

#### Measuring Installation Productivity on Panelised and Long Span Timber Construction (PNA329-1314)

The key objective of this project is to measure site productivity relating to large scale timber construction in commercial buildings; including panellised construction and the placement of large column and beam sections. The data obtained from active timber construction projects will provide a set of readily usable productivity measures, a set of strategic recommendations for timber component onsite installation and publication of a construction guide. The key outputs from the project will assist industry to identify and address perceived impediments to market entry, provide evidence-based installation intelligence for future systems development (to assist system designers and manufacturers) and identify opportunities to evolve the supply chain for timber in commercial construction markets.

#### Remote sensing of land-use-specific actual evapotranspiration of entire catchments containing plantations (PNC286-1112)

Water policy continues to place restraints on commercial forest management and this research will inform both the forestry industry and water resource managers with more sophisticated and accurate comparative estimates of the hydrological impacts of a range of broad scale land-uses including hardwood and softwood plantations. This project will produce land-use-specific actual evapotranspiration estimates of entire catchments/regions containing plantations using high-resolution and high-frequency Landsat-MODIS blended remotely sensed data.

#### The Aus/NZ Solid Wood Initiative: Better performing structural products manufactured with higher efficiency and using less energy and water (PNB131-0809)

Solid Wood Innovations (SWI) is the trans-Tasman research consortium which carries out research to develop wood quality assessment and lumber segregation technologies to improve yield, recovery and value from the Australian softwood resource. SWI researchers have developed a range of new processing technologies and decision support tools targeted at softwood sawmills to optimise the value, volume and in service performance of sawn products. The SWI developed CantOpti heart detection and characterisation system is already in operation at 3 Australian sawmills returning up to an additional \$14 per cubic metre of sawn product through the in line identification of stable corewood. Other SWI technologies relating to the detection of high stability wood within logs are helping processors to segregate likely poorer performing boards from subsequent higher cost kiln and board grading systems.



# 2

## PROGRAM TWO: Research, Development and Extension

### New project investments

FWPA, in partnership with three other RDCs, Australian Pork Limited, Sugar Research Australia and the Cotton Research and Development Corporation and a number of other research partners will be commencing a three year project aimed at identifying value adding opportunities for harvesting and processing by-products. The project, also supported by the Australian Government's Rural Research and Development for Profit program, will be led by researchers from the Queensland University of Technology.

The researchers will evaluate the range of products that can be recovered from agricultural and forest harvesting and processing by-products using a range of conversion and extraction technologies collectively described to as a biorefinery. The process economics and market opportunities for the product materials, expected to be large volume precursor chemicals, soil improvers and/or livestock feeds will be determined for a broad range of feedstocks.

A new project to be launched during the year will combine researchers from the University of the Sunshine Coast and the Queensland Department of Agriculture with Hancock Queensland Plantations, Forestry Corporation NSW and Hyne Timber to develop and validate a new method resource assessment of the subtropical pine resource. The researchers will characterise tree and log properties across a wide range of sites and species, and evaluate the material properties of the sawn boards obtained from them. The results of this project will inform growers of the optimal plantation management processes that should be employed to maximise the commercial value and performance of the sawn boards. Sawmill operators will also be able to more accurately predict the production potential of their source logs based on pre harvest characterisation of plantation stands.

In late 2014, the Company undertook an open-ended call for research proposals to help solicit research ideas that were not previously identified in the various R&D investment plans. These proposals have been subsequently reviewed and ranked by the relevant advisory groups.

One of the 'blue sky' projects identified and approved in response to the open-ended call relates to using wood residues within 3-D printing. Researchers from the Universities of Southern Queensland and Sydney are teaming up on the project to assess the use of wood processing residues for use as a precursor in the additive manufacturing (so called 3D printing) of new building products. Researchers from the University of Queensland's Centre of Excellence for Engineered Fibre Composites will identify suitable processing technologies to transform sawdust and other residues into 'printable' feedstocks. From there, researchers from the University of Sydney's School of Architecture will work with leading Australian commercial design and construction firms to create prototype panel based building elements for use in commercial and residential buildings.

The R&D investment plans describe the priority industry outcomes sought from each investment area as well as the recommended levels of FWPA funding to be committed to each R&D area. Over time, the investment plans will become out-of-date due to the completion of projects or changes in the market and operating environment and at least five investment plans will be updated over the coming year.



# 2

## PROGRAM TWO: Research, Development and Extension

### Objectives

- Industry-focused RD&E outputs targeted towards improved resource utilisation, improved profitability and market growth
- Uptake of research outcomes through active industry engagement via webinars, industry conferences, advisory groups and sectoral meetings.
- Increase investment in RD&E by working with partners to secure funds through competitive grant processes (e.g., Rural R&D for Profit, cooperative research centres) and/or use of FWPA's proposed capability to get Commonwealth matching payments for voluntary contributions.
- Improved alignment of industry and government funded research activities through the national RD&E framework, support Australian Research Council programs, and any proposed research centres.
- Encouragement of new research capacity in the sector through engagement with international providers and public calls for research proposals that align with the company's research priorities.

### Planned activities for 2015/16

#### Ongoing activities

- Participation by industry research and technology managers in the development of project proposals by research providers
- Increases in the number of contracted and completed R&D projects as described in current active investment plans as measured by percentage completion of active investment plans
- Promotion of research outcomes via e-newsletters, webinars and relevant conferences
- Work with lower priority research ideas to better align with industry needs
- Undertake periodic benefit-cost analyses of the R&D Portfolio.

#### New activities

- Develop proposals for Round 2 of the Government's R&D for Profit Program that will lead to profitable outcomes for industry
- Undertake another public call for open-ended research proposals to identify new research capacity that can be aligned to the achievement of industry objectives
- Review and refresh five R&D investment plans
- Explore options for trans-Tasman research as a successor to the Solid Wood Innovations and the Structural Timber Innovation Company.



# 2

## PROGRAM TWO: Research, Development and Extension

	Measures of success	How measured	Status and results
1	Increase in the acceptance and accuracy of periodic benefit-cost analyses (BCA) by industry and government stakeholders and BCA ratios equal or better than other comparable RD&E investors	Assessed via stakeholder feedback	To be completed
2	Industry and researcher engagement with FWPA's RD&E investment priorities and plans	Level of consultation, web downloads and reduced number of ad hoc research requests	Ongoing
3	Increase industry adoption and Government awareness of iconic or 'hero' RD&E project outcomes	Periodic opinion surveys	To be completed
4	The amount of additional industry or Government RD&E funding (non-levy and matching) that is invested or co-invested utilising FWPA's systems	Tracked by financial year summaries	Not yet implemented
5	Participation in FWPA tech transfer activities	Numbers of attendees, subscribers and web downloads	Published in the annual report

### Investment budget

Investment program	Budget allocation (\$m)	Existing commitments at 30/6/15 (\$m)	Available expenditure for new projects (\$m)
R&D Investment	3.61	1.27	2.34

Note: Within the 2015-20 Strategic Plan, an estimate of \$1.6 million has been allocated to RD&E funded through matching of voluntary contributions. This has not been included in the above figures.



# 3

## PROGRAM THREE: Capacity and Education

### Overview

Capacity and Education is FWPA's smallest program, which accounts for only 3% of the total budget. In prior years, the program included R&D extension activities that are now incorporated into Program 2. Also, in prior years the company has previously undertaken activities to improve the attractiveness of the sector as a career opportunity (Growing Careers) and provided scholarships to a number postgraduate candidates.

Currently, the program is solely focussed on developing and promoting curricula materials for school teachers (ForestLearning).

The forest and wood products industry – and the Australian economy generally – rely on a continued supply of skilled participants at all levels. Changes in technology and demographics within the sector will require the ongoing recruitment, induction and up-skilling of staff, especially as traditional education providers and pathways into the sector become less relevant. There is a need to focus on ensuring that future school leavers are aware of the sector and its economic and environmental contribution.

### Stakeholder benefits

Investment in education and capacity will deliver clear benefits to stakeholders (members, levy payers and the Commonwealth) through:

- Increased availability of skilled personnel
- Development and uptake of new and existing industry-oriented educational programs or resources
- Improved interest and awareness of the industry as a career choice Development and uptake of new and existing industry-oriented educational programs or resources.

### Objectives

- Measure awareness and uptake of curricula materials and [forestlearning.edu.au](http://forestlearning.edu.au)
- Identify and fill gaps in the range of curricula materials provided
- Create better engagement between industry, the schools system and [forestlearning.edu.au](http://forestlearning.edu.au)

# 3

## PROGRAM THREE: Capacity and Education

### Planned activities for 2015/16

#### Ongoing activities

- Continue the relationship development with Primary Industries Education Foundation of Australia (PIEFA) to leverage their relationships with teachers and schools to see forests become a key element of Primary Industry.
- Continued engagement with the Australia Forest Education Alliance to partner in resource development and publicity.
- Continue to promote the resources, website and industry to schools in order to strengthen the teacher and industry bond.

#### New activities

- Develop an industry engagement campaign and toolkit for industry to deliver in schools to create stronger relationships between industry and schools.
- Additional curricula resources to support teachers and students – with the following major themes: *Plantations – from forest to frame; Forest sustainability and regeneration (includes fire); Different land and different uses; Managing areas for wildlife; Carbon storage; and Wood in our everyday lives.*

	Measures of success	How measured	Status and results
1	Industry and Government support of education activities	Participation in programs, formal consultation and ad hoc surveys	To be completed
2	Uptake of education program activities by the target user group	Numbers of applicants, web downloads, and requested materials and/or presentations	Published in the annual report

### Investment budget

Investment program	Budget allocation (\$m)	Existing commitments at 30/6/15 (\$m)	Available expenditure for new projects (\$m)
Capacity and Education	0.28	0.05	0.23

# 4

## PROGRAM FOUR: Building Codes and Standards

### Overview

Effective management of building codes and standards is critical for forest and wood products to maintain or improve market access. This function is most efficiently and effectively addressed at the level of industry rather than individual firms.

The development and maintenance of national timber product standards and linkages with building codes and standards has in the past evolved in a disjointed manner, using various inputs from industry, research agencies and professional associations.

FWPA has taken a strategic and coordinated leadership role in the future development of building codes and standards. This is being done with close consultation and engagement with FWPA members who expressed interest in being involved with the standards network.

### Program themes of activity

- Reduce unwarranted restrictions on the use of wood products in the national construction code and building standards.
- Identify key timber standards for ongoing maintenance and rationalise non-key standards.
- Improve the timeliness for proposed changes to key timber standards.

### Stakeholder benefits

The Company's investments in this program are required to deliver:

- Improved market access and/or reduced barriers to the use of wood products
- Improved efficiency from the development and adoption of industry-wide standards
- Better outcomes for the Australian built environment in terms of fit-for-purpose products, safety, operating performance and sustainability
- Increased understanding and adoption of relevant standards and codes within the industry and building professionals
- Reduced cost of delivery of standards development.

# 4

## PROGRAM FOUR: Building Codes and Standards

### Objectives

- Improve coordination of industry input and engagement with Standards Australia to ensure that material standards are meeting the needs of the industry and the community
- Develop proposed changes to the National Construction Code especially in the area of deemed-to-satisfy solutions that increase the allowable height of timber-frames for class 2, 3 and 5 buildings.
- Improve knowledge and skills within the industry in the area of material standards and building codes.

### Current position

The forest and wood products is highly reliant on timber material standards and the building code to provide market access to the built environment. The current system of standards and codes have evolved over a long period and will continue to change in response to new information and/or changes in the regulatory and operating environment.

Over the last two years, FWPA has been working closely with Standards Australia to review and renew the structure of the timber standards committees. These changes have now been fully implemented with the merger of the previous eight committees into the current three committees (TM10, TM11, and TM12), which are aligned to the structure of the International Standards Organisation. All new committees have now met and are working through the priority areas of activity.

A key role for FWPA's reference group is to identify priority standards work that will be coordinated, and if necessary, funded by FWPA.

Over the last 12 months, the standards work plan took a lower priority compared to work on developing a proposal for change (PfC) to the National Construction Code (NCC) due to overall resource constraints.

Three separate PfCs were submitted to the Australian Building Code Board (ABCB) in February and subsequently adopted into the draft for public comment, which is scheduled for release in June 2015. Two of the PfCs were relatively minor changes to ensure that the code reflected current building practices (e.g., vertical timber weatherboards), but the major effort was on the development of a deemed-to-satisfy solution for lightweight and massive timber buildings up to 25 metres in height.

If the ABCB approves the PfCs after considering the outcomes the public consultation, then they will be incorporated into the NCC effective from mid-2016.

The issue of available technical skills still remains one of the more pressing challenges for the development and maintenance of key standards and their interaction with the NCC. Much of the current industry expertise is ageing and some key individuals have now retired. FWPA will explore training initiatives to help improve skills and knowledge transfer.

# 4

## PROGRAM FOUR: Building Codes and Standards

### Planned activities for 2015/16

#### Ongoing activities

- Review and update key standards as prioritised by the Standards Reference Group
- Update industry on the key findings of the market research into timber design life and durability and identify whether any changes are required in the standards or communication of the standards
- Work with the ABCB in relation to any public comments on the PFCs that require a technical response
- Continue to explore alignment and/or adoption of ISO standards where appropriate.

#### New activities

- Develop a technical design guide and education training materials for the mid-rise timber buildings to support tech transfer of the PFC if it is accepted by the ABCB
- Explore the opportunity for deemed-to-satisfy solutions for other classes of buildings to increase the effective height of timber construction systems.

	Measures of success	How measured	Status and results
1	Improved market access (or minimized adverse changes) to building codes and building standards	Number of positive changes implemented or adverse changes avoided.	Published in the annual report
2	A reduction in the number of Australian Standards and codes that directly impact on the industry and its access to markets	Reported changes to relevant Australian Standards each financial year	Published in the annual report
3	The amount of support (or lack of dissent) on proposed changes to standards and building codes	Assessed via member and stakeholder feedback	To be completed
4	Improved relevance and timeliness of proposed changes to timber standards	Reduced number of backlogged proposed changes and positive stakeholder feedback.	To be completed

### Investment budget

Investment program	Budget allocation (\$m)	Existing commitments at 30/6/15 (\$m)	Available expenditure for new projects (\$m)
Building Codes and Standards	0.78	0.03	0.73



# 5

## PROGRAM FIVE: Statistics and Economics

### Overview

This program was established in 2013 to address industry and key stakeholder concerns regarding the timeliness and accuracy of information available to the sector. Industry statistics and economic analysis are vital for sound decision making by individual firms and FWPA's coverage of the whole industry can help facilitate broad participation in industry aggregation of key statistics. In addition, FWPA's relationship with the Commonwealth Government (and agencies) can help prioritise statistics and economic analysis, minimise duplication, to provide relevant, insightful market intelligence.

### Program themes of activity

The program will focus on aggregating and generating data to support decision making in the following key areas:

- Reduce existing frustration and uncertainty related to the timeliness and accuracy of statistical data collection and analysis
- Work with industry to identify opportunities for data aggregation that can assist industry business performance
- Improve access to key statistical information through a dedicated on-line portal
- Engage with data providers to improve the utility of statistical information for industry
- Review statistics availability to identify additional data sets that will improve industry business performance.

### Stakeholder benefits

The Company's investments in this program are designed and resourced to deliver:

- Increased confidence in statistics and economic data
- Timely and useful statistical-based information to assist business planning and decision-making
- Improved recognition of the value of statistical and economic data sets for industry applications
- Reduced direct and indirect business costs arising from the reduction of uncertainty associated with present mechanisms for data collection and analysis.

# 5

## PROGRAM FIVE: Statistics and Economics

### Current position

Over the last 12 months, the new Statistics and Economics program has laid the ground work for improving the access to reliable and timely information to enhance decision making in the sector.

The company has been a long-term funder of the official forest and wood products statistics, which is now provided by the Australian Bureau of Agricultural and Resource Economics and Sciences (ABARES). The introduction of the program has elevated the relationship with ABARES and the company now enjoys a strategic partnership with ABARES underpinned by a three year contract that was signed in April 2015. A key part of the new contract will be the more timely publishing of the ABARES statistics through the use of provisional data and improved systems for communication and accountability.

Key statistical information for the sector comes from the aggregation of individual company data. Significant effort has been invested into systems to help aggregate this company data in a confidential manner that is fully compliant with the *Competition and Consumer Act, 2010*. Participation in the data aggregation system is in accordance with the terms and conditions of the protocol agreement, which has been regularly reviewed and updated by external legal advisors.

Another key platform for the program is the new statistics information portal, which was launched in June 2014. This portal contains a convenient, interactive graphical interface for many of the key economic and industry statistics. As further industry data aggregation series are developed in conjunction with industry stakeholders, then an overview of the series will be published in the portal.

Communication with stakeholders has been improved through the launch and distribution of the *Statistics Count* e-newsletter. This e-newsletter provides an update of key trends and market analyses.

### Objectives

The program will focus on aggregating and generating data to support decision making in the following key areas:

- Develop direct industry participation and support for the statistics and economics program
- Ensure the confidentiality of individual company data provided to the FWPA statistics program
- Increase industry and stakeholder awareness and utilisation of FWPA generated statistics products.
- Legal compliance to ensure no inadvertent breaches of the *Commonwealth Competition and Consumer Act 2010* or any relevant State legislation.

# 5

## PROGRAM FIVE: Statistics and Economics

### Planned activities for 2015/16

#### Ongoing activities

- Develop data aggregation systems for a range of expanded datasets with willing industry participants to include hardwood sawmilling, wood panels and forest growing
- Work with international data suppliers to provide relevant statistics for the Australian market
- Liaison with ABARES to maintain data integrity and ensure timely publishing of key statistics
- Communication with stakeholders via the Statistics Count e-newsletter.

#### New activities

- Revamp of the data portal's user interface
- Develop a robust system for determining the market share of wood products versus other materials
- Initiation of national production, import and export trade volume and product pricing indices
- Initiation of market demand forecasting reports
- Socio-economic studies of key forest growing and processing regions

	Measures of success	How measured	Status and results
1	Increased participation in FWPA statistics and economics programs	Number and seniority level of industry and stakeholder participation	Published in the annual report
2	Contributions of industry data to statistics portal	Measured by percentage of national volumes	Published in the annual report
3	Increased industry and stakeholder awareness and utilisation of FWPA generated industry statistics products	As measured by recorded web site downloads and third party citations	Published in the annual report

### Investment budget

Investment program	Budget allocation (\$m)	Existing commitments at 30/6/15 (\$m)	Available expenditure for new projects (\$m)
Statistics and Economics	0.83	0.13	0.70

## Corporate governance

Under the company constitution, FWPA's Board comprises between five and nine directors, including the managing director, at least two of whom are non-member directors. At present, the Board consists of seven non-executive directors and the managing director.

FWPA management is accountable to the Board and aims to provide accurate, timely and meaningful information to the Board, as well as to key stakeholders. All key company functions are undertaken by FWPA staff, although additional resources may be contracted on an 'as needed' basis.

The Board oversees and determines policies consistent with the Strategic Plan and emerging industry needs, and has direction over resources and the way in which strategies are implemented in accordance with the Company's delegation authority.

The Board is expected to meet at least four times during the year. At least one meeting will be in a regional location that is important to the forest and wood products industry.

For 2015/16, the Board will:

- Initiate a director selection process leading to the election of at least three directors by FWPA members in November 2015
- Focus on continuous improvement in good corporate governance.

The Board has also instituted a nominations and human resources committee comprising three non-executive directors with the committee secretariat support being provided by an external HR consultant. The committee is responsible for the company's corporate culture with a focus on Board renewal and succession, remuneration and human resource systems.

## Compliance reporting

For 2015/16, FWPA will meet all obligations and compliance requirements as set out in the following:

- The Constitution of Forest and Wood Products Australia Ltd
- The Statutory Funding Agreement between FWPA and the Commonwealth of Australia, represented by the Department of Agriculture
- Enabling legislation in the form of the *Forestry Marketing and Research and Development Services Act 2007 (Cth)*
- *The Corporations Act 2001 (Cth)* as amended from time to time
- The Australian Security and Investments Commission requirements
- *Australian Charities and Not-for-profits Commission Act 2012*

### Proposed actions

- Continue development of a staff training plan with appropriate use of the training budget, improve staff skill and maintain staff numbers as appropriate within the current revenue constraint
- Continue interactions with Department of Agriculture to ensure full coverage and efficient collection of revenue and engagement with levy payers
- Continue to develop and maintain the FWPA member and associate membership base
- Support FWPA industry and member liaison groups: R&D Advisory Groups, Codes and Standards Coordination Group, Statistics and Economics Reference Group, Generic Marketing Reference Group and other stakeholder forums to assist in priority identification, project development and knowledge dissemination
- Continue to participate in Council of Rural Research and Development Corporations activities, including implementation of the Australian Government's R&D priorities and ongoing participation in the Council's project and program evaluation program.

### Objectives

- Superior corporate governance as measured by compliance with all legal, constitutional and contractual obligations
- Positive stakeholder relationships as measured by number of company members, feedback from regular liaison with the Australian Government and the number and/or quality of applicants that apply to be company directors and members of company advisory groups
- A corporate culture focused on continuous improvement and alignment with stakeholder needs
- Robust systems with appropriate disaster recovery mechanisms as measured by the risk management plan and internal audit reviews
- Timely and cost-effective implementation of the 5-year Strategic Plan, Annual Operating Plans and investment plans.

### Measures of success

The corporate performance indicators for the whole organisation will be determined primarily by the findings of its internal and external audit programs and the independent review of company performance, as mandated under the Statutory Funding Agreement. Further measures of performance are outlined below:

	Measures of success	How measured	Status and results
1	Superior corporate governance as measured by compliance with all legal, constitutional and contractual obligations	Internal and external audits and the periodic independent review as required under the Statutory Funding Agreement	Published in the annual report
2	Positive stakeholder relationships as measured by number of company members, feedback from regular liaison with the Government and the number and/or quality of applicants that apply to be company directors and members of company advisory groups	Assessed through tracking of number of relevant applications and responses to informal stakeholder surveys	Published in the annual report
3	A corporate culture focused on continuous improvement and alignment with stakeholder needs	FWPA brand reputation as assessed via formal and informal stakeholder feedback	Published in the annual report
4	Robust systems with appropriate disaster recovery mechanisms as measured via the risk management plan and internal audit reviews	Assessed by internal and external audit programs	Published in the annual report
5	Timely and cost-effective implementation of the five-year strategy plan, annual operations plans and investment plans	Assessed via external company review at completion of Statutory Funding Agreement	Published in the annual report

## COLLABORATIVE ACTIVITIES AND INVESTMENTS

### **Supporting the forest and wood products national research, development and extension framework**

FWPA provides and coordinates resources committed towards the development of the national forest industries research, development and extension (RD&E) framework. Operating under the Agriculture Senior Officials Committee (ASOC), the RD&E framework seeks to identify and implement a coordinated collaborative approach to research development and extension activities undertaken by the research community. The forest industry RD&E forum comprises senior representatives of the forest products industry, government and research stakeholders and seeks to develop a national level research, state scale development and regional area extension approach encompassing all ASOC-affiliated agencies. This includes the CSIRO, universities and state departments of primary industries.

During 2015/16, FWPA will continue to fund secretariat support to the RD&E forum and support its established work plan to identify national research priorities and coordination of national, state and regional resources to advance the RD&E agenda.

### **Collaborative investment activities with research and development corporations**

FWPA is an active participant on the Council of Rural Research and Development Corporations (CRRDC) program and seeks to leverage its levy and Government matching funds wherever possible by co-investing in programs of mutual benefit to other RDCs. During 2015/16, FWPA will maintain its investment in the cross-sectoral climate change research strategy for primary industries program and evaluate investment opportunities in other cross-sectoral R&D programs where relevant.

### **Addressing rural research and national research priorities**

The existing Australian Government rural R&D priorities complement, and are informed by, the Government's national research priorities, which highlight areas of particular social, economic and environmental importance to Australia, and where a whole-of-government focus has the potential to improve research and broader policy outcomes.

National research priorities address areas of strength, opportunity or need in Australian research. The alignment of FWPA R&D strategies and investment programs against rural R&D priorities and corresponding national strategic research priorities are shown in Table 1 and Table 2.

Most FWPA investment programs deliver outcomes across a number of national and rural priorities and, for the purpose of forecasting, R&D expenditure benefits have been attributed uniformly across the relevant priorities.

**Table 1:**

R&D expenditure estimates across rural research priorities – 2015/16

Rural R&D Priorities (RRDP)	Productivity and Adding Value (\$m)	Supply Chain and Markets (\$m)	Natural Resource M'gement (\$m)	Climate Variability and Climate Change (\$m)	Biosecurity (\$m)	Supporting the Priorities		Other Research (\$m)	Total (\$m)
						Innovation Skills (\$m)	Technology (\$m)		
Generic industry promotion	0.00	2.10	0.00	0.00	0.00	0.00	0.00	0.00	2.10
Market access and development	0.58	0.58	0.00	0.00	0.00	0.00	0.00	0.00	1.16
Solid wood products and processing	0.67	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.67
Sustainability and resources	0.42	0.00	0.42	0.42	0.41	0.00	0.00	0.00	1.67
Capacity and education	0.00	0.00	0.00	0.00	0.00	0.28	0.11	0.00	0.39
Building codes and standards	0.00	0.34	0.00	0.00	0.00	0.00	0.00	0.00	0.34
Statistics and economics	0.36	0.32	0.15	0.00	0.00	0.00	0.00	0.00	0.83
<b>Total Expenditure</b>	<b>2.03</b>	<b>3.34</b>	<b>0.57</b>	<b>0.42</b>	<b>0.41</b>	<b>0.28</b>	<b>0.11</b>	<b>0</b>	<b>7.16</b>

**Table 2:**

R&D expenditure estimates across strategic research priorities – 2015/16

Science and Research Priorities	1. Food (\$m)	2. Soil and water (\$m)	3. Transport (\$m)	4. Cyber-security (\$m)	5. Energy (\$m)	6. Re-sources (\$m)	7. Advanced manufacturing (\$m)	8. Environmental change (\$m)	9. Health (\$m)	Un-allocated expenditure (\$m)	Total (\$m)
Generic industry promotion	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	2.10	<b>2.10</b>
Market access and development	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	1.16	<b>1.16</b>
Solid wood products and processing	0.00	0.00	0.00	0.00	0.05	0.00	0.15	0.00	0.00	0.47	<b>0.67</b>
Sustainability and resources	0.00	0.05	0.04	0.00	0.00	0.00	0.00	0.02	0.00	1.57	<b>1.67</b>
Capacity and education	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.39	<b>0.39</b>
Building codes and standards	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.34	<b>0.34</b>
Statistics and economics	0.00	0.00	0.05	0.00	0.00	0.00	0.00	0.00	0.00	0.78	<b>0.83</b>
<b>Total Expenditure</b>	<b>0.00</b>	<b>0.05</b>	<b>0.09</b>	<b>0.00</b>	<b>0.05</b>	<b>0.00</b>	<b>0.15</b>	<b>0.02</b>	<b>0.00</b>	<b>6.81</b>	<b>7.16</b>



Forest and Wood Products Australia

Level 11, 10-16 Queen Street

Melbourne VIC 3000

AUSTRALIA

Phone: + 61 3 9927 3200

Fax: +61 3 9927 3288

Email: [info@fwpa.com.au](mailto:info@fwpa.com.au)

[www.fwpa.com.au](http://www.fwpa.com.au)