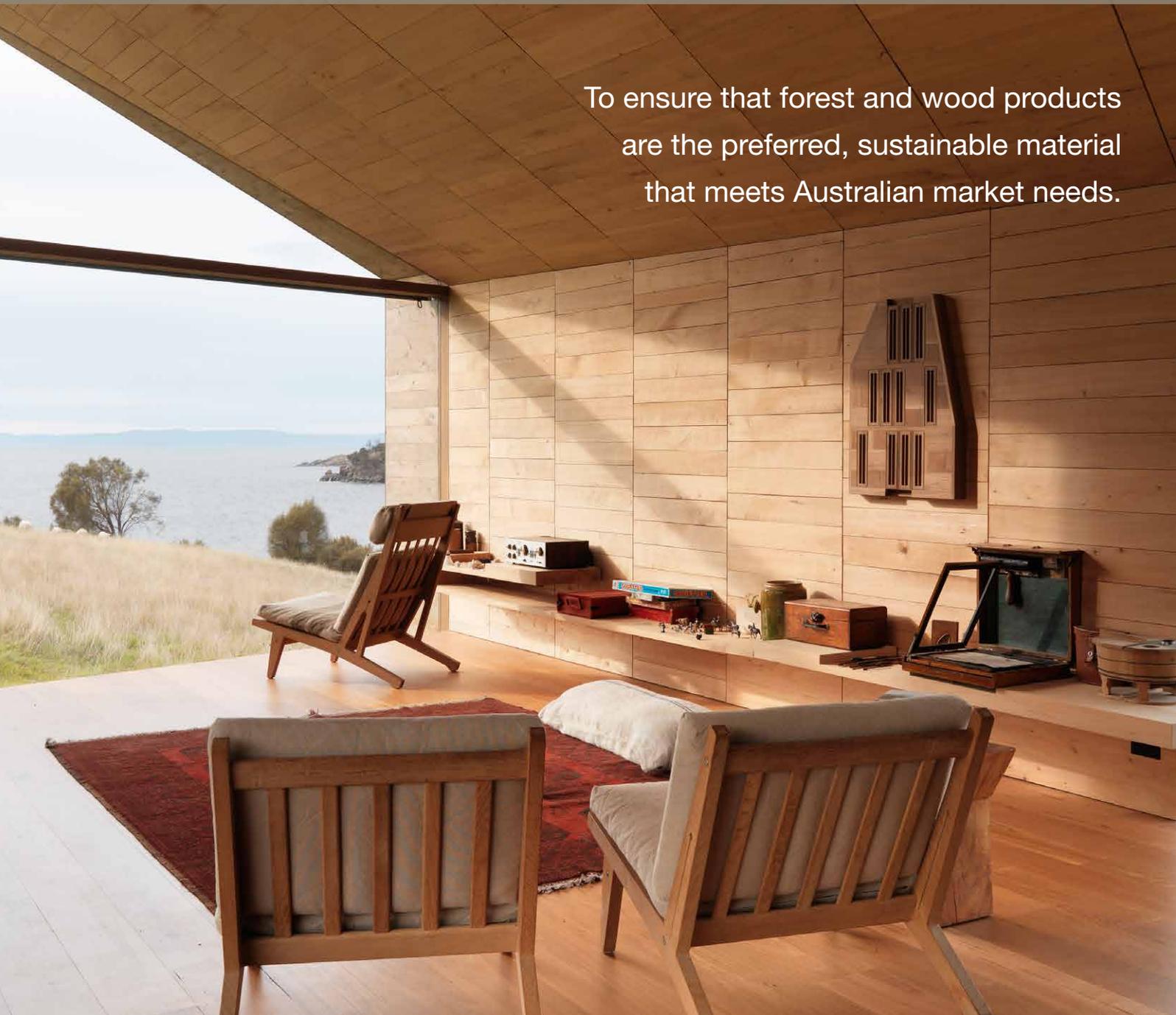


STRATEGIC PLAN

2014 – 2019

To ensure that forest and wood products
are the preferred, sustainable material
that meets Australian market needs.



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Introduction



The financial performance of the Australian forest and wood products sector is historically quite cyclical with primary drivers being domestic housing construction (including additions and alterations), exchange rates and the market for forest and sawmilling residues.

Over the last four years, profitability of the domestic sector has been severely impacted by a combination of forces, which included a slowdown in demand in North America and Europe, patchy domestic demand, and increased global supply from low-cost competitors like Chile and Vietnam. Even timber importers reported tough trading conditions.

Given its large geographical and product diversity, it is difficult to generalise about the sector and how it fared over the last four years. Many players reported that the trading conditions were the worst in living memory and we have seen a substantial change in corporate ownership within the sector. However, there are definite signs that the trading conditions started to improve in late 2013 although some major weaknesses remain, especially in the markets for residue products.

The last four years can only be partially explained by the global financial crisis (GFC) and the housing cycle. Increasingly, there is evidence of some broader macro-economic trends such as exchange rates and the shift to multi-residential housing, as well as changes in the global woodfibre markets, which will have a lasting impact on the sector.

The underlying challenge is to produce products and services that are internationally competitive and tailored to meet market demands.

The directors of Forest and Wood Products Australia Limited (FWPA) are very much aware of the market dynamics and are focused on ensuring that the company is aligned to the needs of industry and the Commonwealth of Australia. This includes, but not limited to, strong corporate governance, open and transparent decision making, effective and efficient investment of company funds, and ongoing stakeholder engagement.

FWPA is totally dependent on stakeholder support for its ongoing existence. While the company has some security in funding through its 5-year contract with the Commonwealth of Australia, this relationship is certainly not taken for granted. To be successful, the company must deliver value to levy payers, governments and the community at large.

Measuring the success of the company is not an easy task because many of its activities are focused on delivering platforms (e.g., research findings, marketing campaigns) that will be used or leveraged by corporate entities, governments or consumers. As a consequence, the company relies on proxy measures of success such as benefit cost analyses, consumer tracking or stakeholder satisfaction.

FWPA is an important vehicle for collaboration within industry and between industry and the Commonwealth of Australia. As such, it requires the support and trust of all parties. Therefore, it is reassuring that the company was recently ranked as the most influential organisation in the sector from a perception survey of 253 respondents who were mostly middle to senior managers.

Part of this strong feedback is because FWPA's programs are starting to make a tangible benefit to the sector. FWPA's consumer advertising program and its partnership with Planet Ark is widely supported across the sector and the market research clearly shows that it is having an impact on consumer perceptions. Likewise, the WoodSolutions program is now recognised as the one-stop resource for building specifiers. The company's research program is strategically driven and the findings are increasingly being adopted along the whole value chain. The recent change in Building Code of Australia for Class 3 buildings can be

directly attributed to the interaction of the standards and codes program leveraging off previous research.

Stakeholder support and the successes to date are viewed as a starting point and are certainly not reasons for complacency.

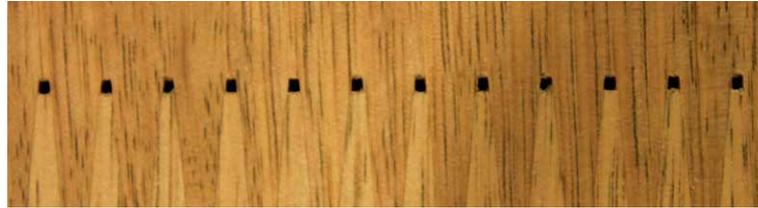
As part of its annual planning cycle, the Board of FWPA reviews the company's operating environment, robustly tests the relevance of the current five programs, and the allocation of resources across the programs. This rolling 5-year strategic plan is the result of this process. The strategic plan then informs the development of the annual operating plan for the company.

I commend these planning documents to all stakeholders and I would welcome any feedback.



Ron Adams
Chairman

Vision, mission and programs



Vision

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

Mission

To work with stakeholders to identify and deliver collaborative programs that improve the competitiveness, market and community acceptance of forest and wood products.

Programs

During the period of the plan, FWPA will deliver its mission through five management 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, development and technology transfer and adoption to improve the industry's competitiveness, inform its climate change response, 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 acceptance of the industry's products (Standards Coordination)
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 Coordination).

The operating environment



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 Commonwealth of Australia when they invest in R&D, technical transfer of R&D findings and other activities that are a Government priority.

FWPA's industry sectors consist of domestic forest and plantation growers (both government and private), domestic processors and importers. Currently, levies are not collected from domestic or imported pulp and paper or softwood woodchip exporters.

FWPA was established in September 2007 following widespread consultation and a poll of levy payers. The private company replaced an existing government statutory authority to create an organisation that could provide a broader range of services to industry in addition to its traditional role as an R&D investor.

In December 2013, the Commonwealth Parliament passed legislation in relation to the RDCs that made a number of improvements to improve transparency and accountability of corporate governance, improved coordination in line with the National Primary Industries RD&E Framework, and steps to improve effectiveness and efficiency of the RDC model. The Board of FWPA welcomed these changes.

The legislation resulted in specific amendments to the *Forestry Marketing and Research and Development Services Act 2007*, which is the enabling legislation that allows FWPA to access the compulsory levies and matching payments provided by the Commonwealth of Australia. These amendments will allow FWPA to claim matching payments for voluntary contributions once the relevant regulations

are enacted.

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 that provides access to the levies and matching payments. 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.

Government-industry interaction

The sector has a number key policy instruments at both a national and individual State level. The primary national policies are the National Forest Policy Statement, which was first signed by the Commonwealth and State governments in 1992, and Plantations Vision 2020 that was launched in 1997. Some State governments have recently launched new or updated policy instruments for the sector, including the following:

- Queensland Forest and Timber Industry Plan (December 2013)
- WA Forest Management Plan 2014 – 2023 (December 2013)
- Victorian Timber Industry Action Plan (December 2011)

The governments of NSW, SA and Tasmania are in the process of reviewing their policy instruments with SA currently seeking comment on their *Blueprint for the future south east forest and wood products industry (2014 - 2040)*.

The government-industry interaction within the Australian forest and wood products sector has undergone considerable change over the past decade. In simple terms, the

The operating environment

sector was once categorised as being highly influenced by State-based government enterprises and other public good organisations (e.g., CSIRO) and it is now very much dominated by corporate entities, especially in the plantation sector.

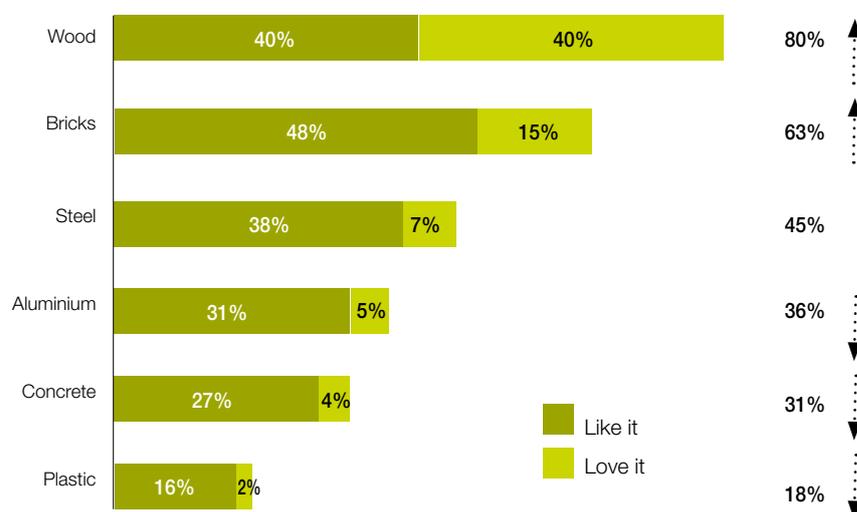
These changes are in response to changes in public policy and organisational focus from some governments and are not dissimilar to trends in other parts of the economy (e.g., ports, electricity generation and distribution). However, the native forest sector remains largely influenced by wood supplies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

One of the more obvious consequences of these changes has been the decline in support for research, development and extension (RD&E) within the sector. The provision and funding of RD&E has been tracked on a periodic basis, generally every five years since 1982, and there has been substantial reduction from the Commonwealth and State governments as well as private industry.

While other primary industry sectors have also experienced declines, it would appear that the level of decline is substantially higher in the forest and wood products sector. The national framework for primary industries RD&E was established to improve national coordination for individual sectors and across sectors. As a part of this process, the national strategy for RD&E for the forest and wood products sector was endorsed by the Primary Industries Ministerial Council and a national forum was established.

In November 2013, the Australian Forest Products Association (AFPA) launched its proposal for a National Institute for Forest Products Innovation. In a very short period, AFPA has been very successful in bringing industry and government attention to the parlous state of RD&E capacity in the sector. In developing its proposal, AFPA leveraged a number of studies funded by FWPA that chronicled the decline in expenditure as well reviewing research funding mechanisms in several international jurisdictions.

How consumers rate the visual attractiveness of building materials



Source: FWPA consumer tracking studies

The operating environment

Market conditions

The global financial crisis (GFC) in 2008 and 2009 was the trigger that led to major supply and demand changes for the Australian forest and wood products sector.

A combination of reduced investor confidence and the availability of funds led to the collapse of some of the large plantation development companies, which were highly reliant on funds generated by managed investment schemes. This effectively brought to an end the rapid expansion of the plantation estate.

At a national level, Australian residential construction activity initially declined sharply following the GFC but then rebounded back to the long-term average. Initially, there was considerable disparity between the various State markets, with activity in Victoria and Western Australia remaining relatively stronger than NSW and Queensland.

However, compared to the construction sectors in North America and Europe, the Australian market was relatively strong. In combination with historically high exchange rates, Australia was an attractive market for overseas suppliers.

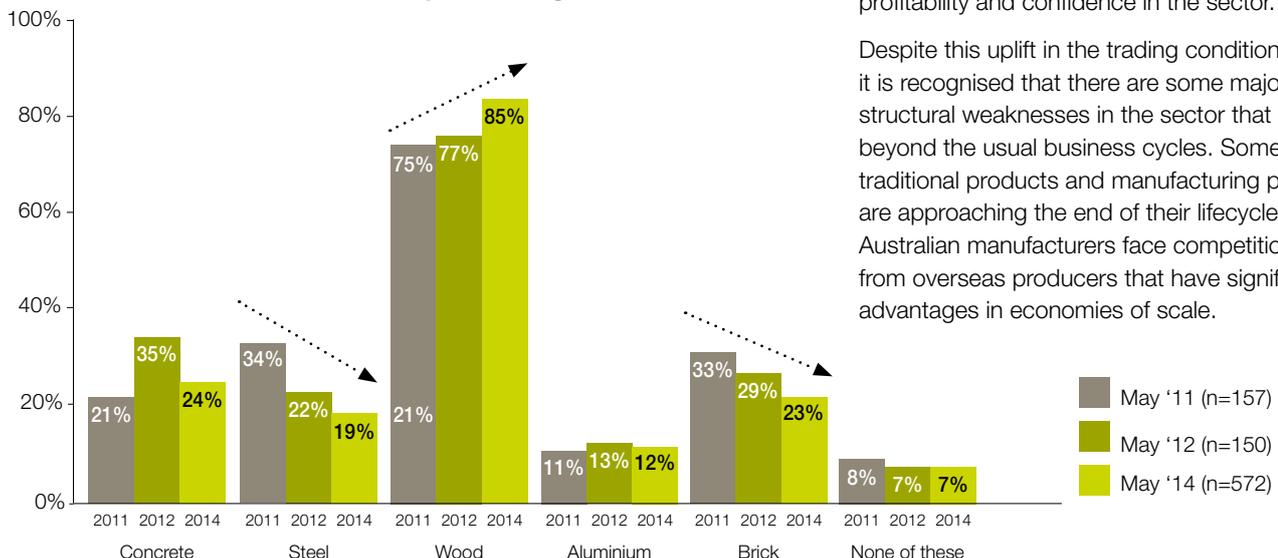
The consequence of these market forces was significant downward pressure on timber prices in Australia that put financial pressure on domestic processors and importers.

For Australian exporters, the market conditions also deteriorated in response to the high exchange rates. However, a complicating dynamic was the rise of Vietnam as a major woodchip exporter and the disruption of the Japanese pulp and paper sector due to the tragic tsunami in 2011.

In late 2013, some of these macro economic factors started to reverse. Construction activity in North America started to lift, the Japanese market for woodchips regained some strength and foreign exchange rates came off the overall peak in late July. As a consequence, domestic and export prices have started to rise, which is increasing profitability and confidence in the sector.

Despite this 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. Some traditional products and manufacturing plants are approaching the end of their lifecycle and Australian manufacturers face competition from overseas producers that have significant advantages in economies of scale.

How building specifiers rate the environmental sustainability of building materials



Source: FWPA specifier tracking studies

The operating environment

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 woodfibre 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 products.

Total 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	2.0 million hectares
Total logs harvested (2011)	26.5 million m ³
Total imports of wood products (2011)	\$4.4 billion
Total exports of wood products (2011)	\$2.5 billion
Total direct employment (2011)	73,267
Value of turnover in forest product industries (2011)	\$24 billion
Forestry and forest products industries contribution to GDP (2011)	0.6 per cent

Source: State of the Forests Report 2013

The operating environment

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, 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 alternates:

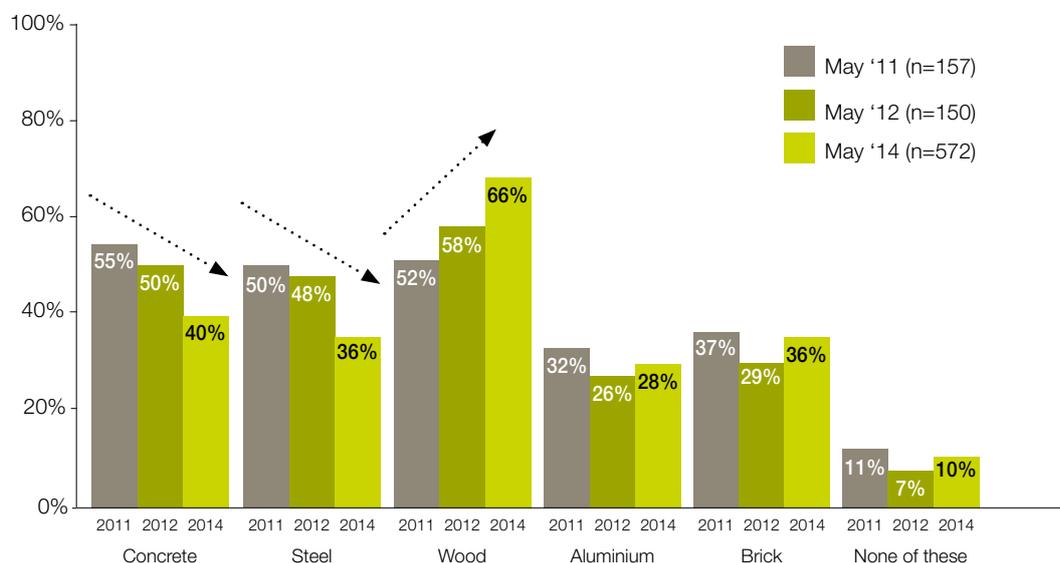
- people like trees and they like wood
- wood can be produced with a wide range of other co-products (i.e., catchment protection, biodiversity, carbon storage)
- wood can be stored 'on the stump'

for extended periods

- the logistics are predictable
- it is 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.

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 high-rise buildings a commercial reality. Bio-plastics, wood-based precursor chemicals and new cellulose materials such as nano-crystalline cellulose have the potential to revolutionise the sector.

How building specifiers rate the installed value for money of building materials



Source: FWPA specifier tracking studies

The operating environment

Drivers of change

Social licence

Societal demographic changes are continuing to shift and create a gap between the industry and key sections of the community, which affects the industry's social licence to operate. Increasing urbanisation means that there is reduced understanding of the link between consumption and the factors of production. 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 to supply the community's growing need for sustainably sourced wood products. Balancing competing demands and understanding community attitudes regarding the place of forestry – whether plantation based or natural – will continue to require industry and community engagement. This will extend along the value chain to community views on the utilisation of forest products, environmental services and the contribution the forest and wood products sector offers to climate change abatement.

Product usage

To be successful, the forest and wood products industry will increasingly need a deeper understanding of traditional and new markets with a particular focus on the key decision makers, their material preferences and the growing importance of customer solutions. Many of the factors affecting traditional markets such as housing are extrinsic, for example: regulation, life cycle performance, housing development density, protection from threats and affordability. Others depend upon intrinsic design, reuse and recyclability, reliability, aesthetics, utility and quality. Consumer demand for forest and wood products will remain strong provided the industry stays abreast of these trends.

To do so, the industry will need to monitor and understand these trends and undertake timely assessment, analysis and dissemination of market and product information, matched by effective engagement with regulators, standards bodies, specifiers, designers and product innovators.

Climate change

Climate change will have profound implications and create opportunities for Australia's forest and wood products industry. It resonates along the entire product chain, from genetics and ecology to end of product-life. Every facet of forestry, transport, manufacturing, marketing and end use application will be impacted by climate change and by emerging policies and regulations. It encompasses key issues such as water, carbon sequestration, storage and carbon off-set trading, energy and fuel sources, bushfire and biosecurity.

Competitiveness

The industry must compete in an increasingly broad and diverse marketplace that is affected by currency fluctuations, corporate consolidation, changing economies of scale, 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 for its customers, including new or unique products and services, while maintaining an internationally competitive cost structure in relation to alternative materials.

The operating environment

Environmental sustainability

Society increasingly demands that its goods and services are provided from demonstrably environmentally sustainable sources. Within this context, the industry has demonstrable advantages and must be able to balance its inputs and product supply to meet market demands. Increasing forest resource flows are required to meet the economies of scale demanded by the modern market and population growth. The industry needs to continually 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, with increasing preference for evidence of legality, sustainability, utility and re-usability. The demonstration of 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.

Plantation 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. Plantation expansion has effectively ceased and some regions may undergo a significant decline in plantation area due to establishment failures, fire and wind damage as well as conversion back to agriculture. This will impact on the attractiveness of investing in domestic processing. Competition for land access by competing broad acre industries is placing

increasing pressure on access to land and workforce resources. 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 duplication. In relation to R&D, the National RD&E Forum established under National Primary Industries RD&E Framework is aiming to identify national R&D priorities and to improve mechanisms for coordination. Other areas of national and international collaboration exist to support and leverage industry activities in generic marketing, standards coordination and statistics and economics coordination.

Industry capability

For an industry to be successful, it must be able to overcome its capability constraints in the context of an increasingly mobile workforce, competition for high-quality personnel and evolving expectations of a modern workplace. The forest and wood products industry will need to embrace more fully a culture of innovation, including knowledge generation and adoption, technical transfer, skill development, continuous improvement and international best practice, in a consistent, continuous and sustained manner.

Strategic analysis of FWPA and its environment

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

STRENGTHS

	Importance (A/B/C)
Consistent and predictable revenue stream and confidence to make long-term commitments	A
Government has endorsed RDC model	A
Strong corporate governance	A
Industry services and R&D role provides credibility to external stakeholders	A
Good networks within industry	A
Co-investment and collaborative business model	A
Good relationship between Board and management	A
Strong strategic planning process and priority setting	B
Whole-of-industry approach (except pulp and paper)	B
Expanding capacity for information dissemination	B
Benefit-cost analyses demonstrate high return on investment	C

WEAKNESSES

Industry's willingness/ability to pay for collaborative programs	A
Short-term focus pressure will lead to loss of capacity for long-term	A
Ability to provide regular communication with senior industry executives, as well as operational staff, in their preferred format	B
Time and cost involved in meeting statutory and other compliance requirements	B
Reliance on key suppliers	B
Speed of implementation	B

Ranking

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

OPPORTUNITIES

	Rank (H/M/L)	Prob (H/M/L)
Potential to increased levy revenue (matching payments from 0.2% to 0.5% of GVP)	H	L
Ability to get Government matching for voluntary contributions for R&D following legislative changes	H	H
Stronger partnerships with building specifiers	H	H
Greater adoption and use of research outputs	H	M
Demonstrate the benefits from collaboration innovation and increase industry support	H	M
Plantation volumes increasing revenue in short term	M	H
Increasing linkages between researchers and industry	M	M
Developing cooperative R&D partnerships within Australia and internationally	M	M
Engagement with key stakeholders and industry associations	M	M

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

THREATS

Capacity/capability of research providers is declining	H	H
Skills base in industry/demographics changing	H	M
Reduction in forest plantation estate	H	H
Low industry financial returns	H	H
Lack of appreciation of R&D and innovation in industry	M	H
Industry's social licence to operate under threat	M	L
No or low growth in productivity of forest resources and processing	M	H
International ownership of industry may reduce domestic investment in R&D and collaboration	L	M

Consultation process and key messages

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

In 2012, FWPA undertook a series of consultations to determine whether the industry would like to expand the range of company activities and the willingness of the industry to invest accordingly. In retrospect, the meetings occurred during a significant industry downturn and while there was strong support for the company there was an unwillingness to fund any additional activities.

In 2013, the company facilitated a meeting under the "Chatham House Rule" of some senior industry executives to discuss the challenges facing the industry, review activities in other international jurisdictions and to explore whether there are opportunities to assist industry development at a strategic level. While the meeting generated some discussion, it did not create any call to action.

Summaries of the 2012 and 2013 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. In late 2013, company initiated a sectoral meeting of hardwood sawmillers and this was followed by a meeting of softwood sawmilling CEOs. This program will be extended to other key sectors like forest growers and engineered wood processors.

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.

Unprompted issues



Source: Industry Outlook Survey (2014)

Consultation process and key messages

The FWPA Board views industry consultation and the key messages from members and stakeholders as critical considerations in the formulation of R&D and other 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.

The Commonwealth of Australia is an important contributor to FWPA through matching payments for eligible R&D activities. The Government's priorities, the National Strategic Research Priorities and the Rural Research and Development Priorities have

been explicitly considered in the development of this plan.

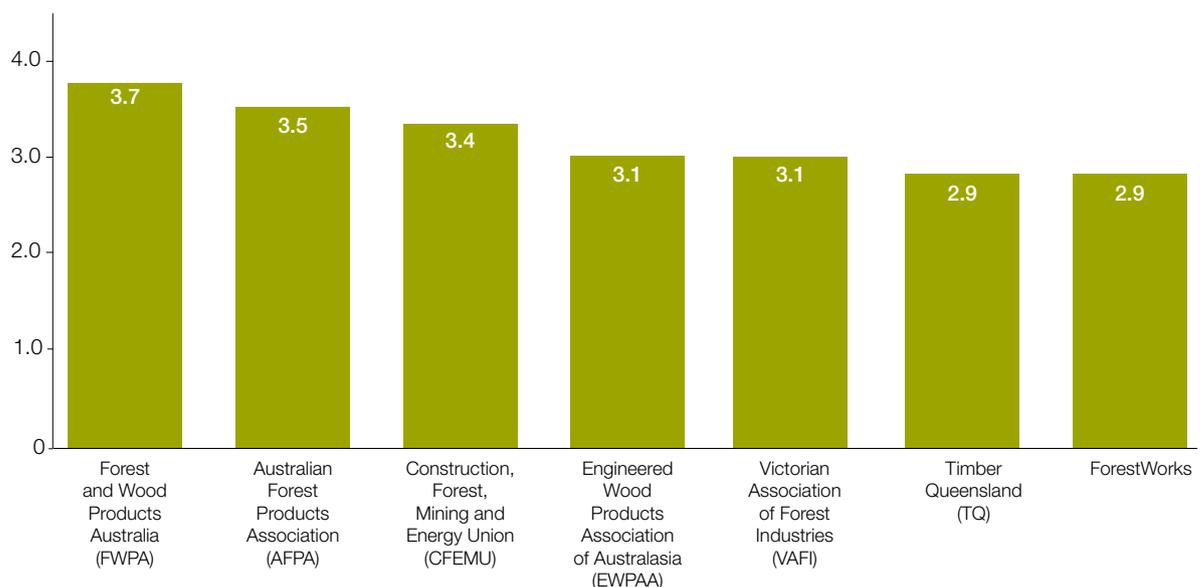
As required by the Statutory Funding Agreement, formal consultation is required for the development of this plan with the Government and the four national industry entities representing levy payers, namely:

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

The final version of this plan, as adopted by the FWPA Board by resolution, incorporates the feedback from this formal consultation.

Perceived level of organisational influence

On a scale of 1 to 5, where 1 is "Not influential" and 5 is "Very influential"



Source: Industry Outlook Survey (2014)

Outcomes and programs 2014/2019



Outcomes and programs 2014/2019

Program 1 Generic Promotion

Rationale

Forest and wood products are sustainable and desirable materials with many competitive advantages

FWPA plays an important cost-effective role promoting the benefits of forest and wood products generically, underpinning the more specific promotional efforts of individual sectors and producers in the industry

Priorities

- Consumer advertising and Planet Ark alliance
- Building specifier marketing strategy – WoodSolutions
- Trade and industry marketing – Wood. Naturally Better.™

Objectives (Years 1 – 2)

- 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 landscaping and packaging.

Additional objectives (Year 3 onwards)

- Expansion of ongoing programs as permitted by available funding resources

Potential future activities (dependent on additional funding):

- Fieldforce with a focus on commercial building sector to expand the application of new building solutions
- Promotion of independent certification and other environmental credentials of the forests and wood products sector
- Engagement with a broader cross section of stakeholders, including climate change advocates and market influencers, to improve the industry's social licence to operate
- Assisting building and procurement programs to place improved emphasis on the use of wood products

Inputs	Outputs	Outcomes
<ul style="list-style-type: none"> • About 40% of FWPA's investment budget • Sponsorship and partnerships with industry associations, professional bodies and environmental non-government groups • Professional and cost effective suppliers • Domestic and international experience with promotional activities • Verifiable facts about the industry and its products • Existing and continually updated information on community attitudes consumer preference and markets. 	<ul style="list-style-type: none"> • Structured promotion campaigns • Assessment reports of customer needs and market trends • Concise value proposition of forest and wood products for key audiences • Trend analysis of community attitudes • Engagement with and informing key regulators that impact the industry and its markets 	<ul style="list-style-type: none"> • 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 community understanding of the socio-economic and environmental benefits of the industry • Enhanced relationship with architects, specifiers and builders and with environmental non-government organisations

Outcomes and programs 2014/2019

Program 2 Research, Development and Extension

Rationale

Innovation drives ongoing prosperity in any industry and well-focussed R&D can be a major driver of innovation

FWPA plays a vital role delivering R&D on behalf of the forest and wood products industry, especially in areas where individual players do not have the scale to support such R&D and where outcomes can be broadly captured across the industry

FWPA can ensure effective investment of Government matching funds in projects delivering industry and community benefits

Priorities		
<ul style="list-style-type: none"> Market access RD&E: <ul style="list-style-type: none"> – Timber in commercial construction – Wood as a sustainable material Manufacturing RD&E: <ul style="list-style-type: none"> – Productivity improvements and improved utilisation rates 	<ul style="list-style-type: none"> Forest growing RD&E: <ul style="list-style-type: none"> – Quality, yield and tools for estate management – Maximising product yields and values of current forest resources – Climate change and adaption – Forest biosecurity and preparedness 	<ul style="list-style-type: none"> Technology transfer and extension support
Objectives (Years 1 – 2)		
<ul style="list-style-type: none"> Industry-focused RD&E outputs targeted towards improved resource utilisation, improved profitability and market growth Support and coordination of regional technology transfer seminars and workshops highlighting the results of recently completed projects and the associated stakeholder opportunities Increase investment in RD&E by working with partners to secure funds through competitive grant processes (e.g., cooperative research centres) and/or use of FWPA's new capability to get Commonwealth matching payments for voluntary contributions. 		
Additional objectives (Year 3 onwards)		
<ul style="list-style-type: none"> Reactivation of RD&E investments plans (shown below in potential future activities) subject to available funding resources Co-investment in future research consortiums and programs targeting stakeholder research priorities 		
Potential future activities (dependent on additional funding):		
<ul style="list-style-type: none"> Market access RD&E: <ul style="list-style-type: none"> – Timber in residential construction 		<ul style="list-style-type: none"> Forest growing RD&E: <ul style="list-style-type: none"> – Genetics and tree improvement – Water use and access
Inputs	Outputs	Outcomes
<ul style="list-style-type: none"> About 35% of FWPA's investment budget National and rural research priorities and other Government priorities as required National RD&E Strategy and cross-sector strategies where appropriate Existing and new research partnerships, both domestically and internationally Information on best practice for knowledge dissemination and adoption 	<ul style="list-style-type: none"> Investment plans for each of the R&D priorities Research outputs that align to the objectives of the investment plans and can be easily used by all stakeholders Research providers that understand the industry and its needs Clear management of intellectual property Easy access to R&D findings via website, publications, seminars and conference presentations 	<ul style="list-style-type: none"> Improved and new products matched to market needs Increased industry productivity and competitiveness Increased adoption of R&D findings Improved industry investment confidence through reduced risk Improved industry understanding and support for R&D Enhanced sustainability as measured in economic, social and environmental terms

Outcomes and programs 2014/2019

Program 3 Capacity and Education

Rationale

The forest and wood products industry – and the Australian economy generally – rely on a continued supply of skilled participants at all levels

The industry is not actively expanding and does not appear to have significant skill shortages. However, the sector has an ageing demographic and skills shortages may be a bigger issue in the future especially if there is an improvement in investment conditions.

There is a need to focus on ensuring that future school leavers are aware of the sector and its economic and environmental contribution

The industry focus of FWPA and its role as a manager of R&D make it ideally placed to coordinate the industry's support for the development of syllabus content and to target it to the areas of greatest need

Priorities

- Development and distribution of relevant forest and wood product content in education programs – ForestLearning

Objectives (Years 1 – 2)

- Delivery of appropriate teaching resources to primary and secondary schools

Additional objectives (Year 3 onwards)

- Funding of postgraduate scholarships and career development fellowships
- Support for industry workforce promotion programs

Potential future activities (dependent on additional funding):

- | | | |
|-----------------------------|------------------|-----------------------|
| • Postgraduate scholarships | • GrowingCareers | • Mid-career programs |
|-----------------------------|------------------|-----------------------|

Inputs	Outputs	Outcomes
<ul style="list-style-type: none"> • About 5% of FWPA's investment budget, to include existing targeted funds for post-graduate and fellowship programs • Analyses of the industry's professional skills resources • Outputs from R&D investment plans • Information on best practice for curricula and other program development • Strong relationships with education providers, Industry skills councils and other key organisations 	<ul style="list-style-type: none"> • Gap analyses, reports and databases on professional skills and capabilities • Targeted educational and development programs that focus on the industry and its products • Expanded knowledge base and ability to access professional human resources 	<ul style="list-style-type: none"> • 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

Outcomes and programs 2014/2019

Program 4 Standards coordination

Rationale

Effective management of building codes and standards is critical for forest and wood products to maintain or improve their market access

This function is most efficiently and effectively addressed at the level of industry rather than individual firms

FWPA is a knowledgeable, efficient and cost-effective standards coordinator because of its whole-of-industry perspective

Priorities

- Material standards and building codes

Objectives (Years 1 – 2)

- 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 buildings all building classes.
- Improve knowledge and skills within the industry in the area of material standards and building codes.

Additional objectives (Year 3 onwards)

- Subject to available resources, program activities will be expanded to further codes and standards impacting timber product market access

Potential future activities (dependent on additional funding):

- Nil

Inputs	Outputs	Outcomes
<ul style="list-style-type: none"> • About 10% of FWPA's investment budget • Prior industry experience with building codes and standards • Consultation within industry and with similar organisations involved in building codes and standards • Strong relationship with Standards Australia, the Australian Building Codes Board and State regulators 	<ul style="list-style-type: none"> • Identification and analysis of the industry's priorities for building codes and standards • Regular communication with industry about the key standards and building codes and their impact on market access • Effective and efficient management of the standards development process, including the adoption of alternative development pathways • Training resources for the key standards and codes with industry and building specifiers 	<ul style="list-style-type: none"> • Improved market access and/or reduced barriers to the use of wood products • Increased understanding and adoption of relevant standards and codes within the industry and building professionals • Reduced cost of delivery of standards development

Outcomes and programs 2014/2019

Program 5 Statistics and economic program coordination

Rationale

Industry statistics and economic analysis are vital for sound decision-making by individual firms in any industry

FWPA's understanding of the forest and wood products industry makes it uniquely placed to manage the provision of relevant, insightful market intelligence

FWPA can establish mechanisms to facilitate the aggregation of confidential data and distribute relevant aggregated data to industry decision makers

Priorities

- Reduce existing frustration and uncertainty related to statistical data collection, analysis and accuracy
- Produce statistical data sets that assist industry business performance, including a dedicated on-line portal
- Identify data sets and related analysis that will support timely and enhanced business planning and decision-making
- 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

Objectives (Years 1 – 2)

- Expand the industry statistics portal
- Develop data aggregation systems for a range of expanded datasets with willing industry participants
- Develop a robust system for determining the market share of wood products versus other materials.
- Initiation of national production and inventory reports, import and export trade volume and product pricing indices
- Initiation of market demand forecasting reports

Additional objectives (Year 3 onwards)

- Benchmarking of industry competitiveness against trading partners
- Monitoring and reporting of trends and indicators in competitor markets both national and international

Potential future activities (dependent on additional funding):

- Enhance the content of the on-line statistics portal and its utility for industry applications
- Initiate an industry training program to assist in statistics interpretation and use in business planning and decision-making

Inputs	Outputs	Outcomes
<ul style="list-style-type: none"> • About 10% of FWPA's investment budget • Experience and knowledge of statistics and economic data sets, their availability, analysis and utility • Coordinated input across forest and wood product activities in relation to statistical and economic data capture, interpretation and application 	<ul style="list-style-type: none"> • Improved coordination and building better systems for data collection and analysis • Development of a secure, online portal for the consolidation of and access to key statistical data series • More efficient working relations with ABARES and other statistical data gathering and analysing agencies • Enhanced appreciation of industry's statistical data and analysis needs 	<ul style="list-style-type: none"> • 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

Measures of success

Program	Measures of success	How measured
1 Generic Promotion	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
	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
	3. Greater understanding of the role of wood products in future construction applications	Market share statistics
	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
	5. Delivery of promotional activities in accordance with the annual operations plan, marketing plans and budget.	Reviewed and reported in the annual report
2 Research, Development and Extension	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 R&D investors	Assessed via stakeholder feedback
	2. Industry and researcher engagement with FWPA's R&D investment priorities and plans	Level of consultation, web downloads and reduced number of <i>ad hoc</i> research requests
	3. Increase industry adoption and Government awareness of iconic or key R&D project outcomes	Periodic opinion surveys
	4. The amount of additional industry or Government R&D funding (non-levy and matching) that is invested or co-invested utilising FWPA's systems	Tracked by financial year summaries
	5. Participation in FWPA tech transfer activities	Numbers of attendees, subscribers and web downloads

Measures of success

Program	Measures of success	How measured
3 Capacity and Education	1. Industry and Government support of education activities	Participation in programs, formal consultation and <i>ad hoc</i> surveys
	2. Uptake of education program activities by the target user group	Numbers of applicants, web downloads, and requested materials and/or presentations
4 Standards coordination	1. Increased participation in FWPA standards activities	Number of applicants to join the advisory group and on the communications network
	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
	3. The amount of support (or lack of dissent) on proposed changes to standards and building codes	Assessed via member and stakeholder feedback
	4. Increased uptake of standards	Number of attendees at training sessions, downloads of revised standards
5 Statistics and economic program coordination	1. Increased participation in FWPA statistics and economics programs, especially in the aggregation of key datasets	Number and seniority level of industry and stakeholder participation
	2. Contributions of industry data to statistics portal	Measured by percentage of national volumes
	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

Measures of success

Program	Measures of success	How measured
Corporate	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
	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
	3. A corporate culture focused on continuous improvement and alignment with stakeholder needs	Assessed via formal and informal stakeholder feedback
	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
	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

RD&E portfolio profile

Alignment with Government priorities

This plan is consistent with the Government's National Strategic Research and Rural R&D priorities and its guidelines for implementing national research priorities. In particular, the plan aims to be:

- **Flexible, collaborative and coordinated:** adopts a flexible approach to explore innovative ways to increase scale of effort in priority areas through enhanced collaboration and coordination mechanisms
- **Output and outcomes focused:** focuses on what is to be achieved, with high level guidance on how it is to be

achieved

- **Based upon its mandate from industry and Government:** seeks to understand, work with and respond to the needs of the Australian forest and wood products industry
- **Efficient and transparent:** promotes efficiency and transparency, seeking to utilise existing structures, planning processes and reporting arrangements, where appropriate

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

Strategic Research Priority	Rural R&D Priorities	FWPA programs
Living in a changing environment	Natural resource management	Program 2 Invest in and coordinate research & development and technology transfer and adoption to improve the industry's competitiveness, inform its climate change response, enhance investment, increase usage, and ensure the sustainability of forests, wood products and services
	Climate variability and climate change	
Securing Australia's place in a changing world	Biosecurity	
Lifting productivity and economic growth	Productivity and adding value	Program 1 Promote the benefits and usage of forests and wood products, in accord with changing community attitudes, environmental awareness, and market trends Program 3 Grow the industry's capacity and capability through focused education activities that support the industry and its products Program 4 Coordinate the industry's management of consensus-based standards and building codes to maintain or improve market acceptance of the industry's products Program 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
Managing our food and water assets	Supply chain and markets	

RD&E portfolio profile

Risk/return balance

As an industry owned company and reflecting the outcomes of recent stakeholder consultation and reported market trading conditions as per the Chair's preface to this strategic plan, the large majority of FWPA's investments will be focussed on projects designed to deliver tangible stakeholder outcomes within the H1 growth horizon (to defend and extend current core business). A small level of investment activity (<10%) would focus on benefits delivered within the H2 horizon (building momentum of emerging new industry) with strategic leveraged investments into H3 activities (options for future businesses) driven primarily by industry support and the availability of external funding resources. This risk/return balance will be reconsidered if additional funding becomes available over the life of this plan.

Investment process

FWPA will ensure its investments in projects and promotional activities align with industry's short and longer term objectives and Government priorities consistent with its mission and funding agreements.

This will be achieved by ensuring investment in a portfolio of projects that address the FWPA priority themes within each of the five programs described in this strategic plan.

The funding allocation for investment in projects addressing the FWPA priorities will be adjusted annually to reflect shifts in industry's and Government's priorities, policies and opportunities.

Investment decisions regarding specific projects and activities will:

- Address FWPA's priorities
- Be informed by the advice and recommendations of relevant industry advisory groups
- Welcome and encourage input on priorities from industry's executives, technical and representative bodies
- Recognise levy payer contributions and interests.

RD&E portfolio profile

Plan development and implementation

Under the Statutory Funding Agreement (SFA) signed with the Commonwealth of Australia, FWPA is the designated Industry Service Body as required by the *Forestry Marketing and Research and Development Services Act 2007*.

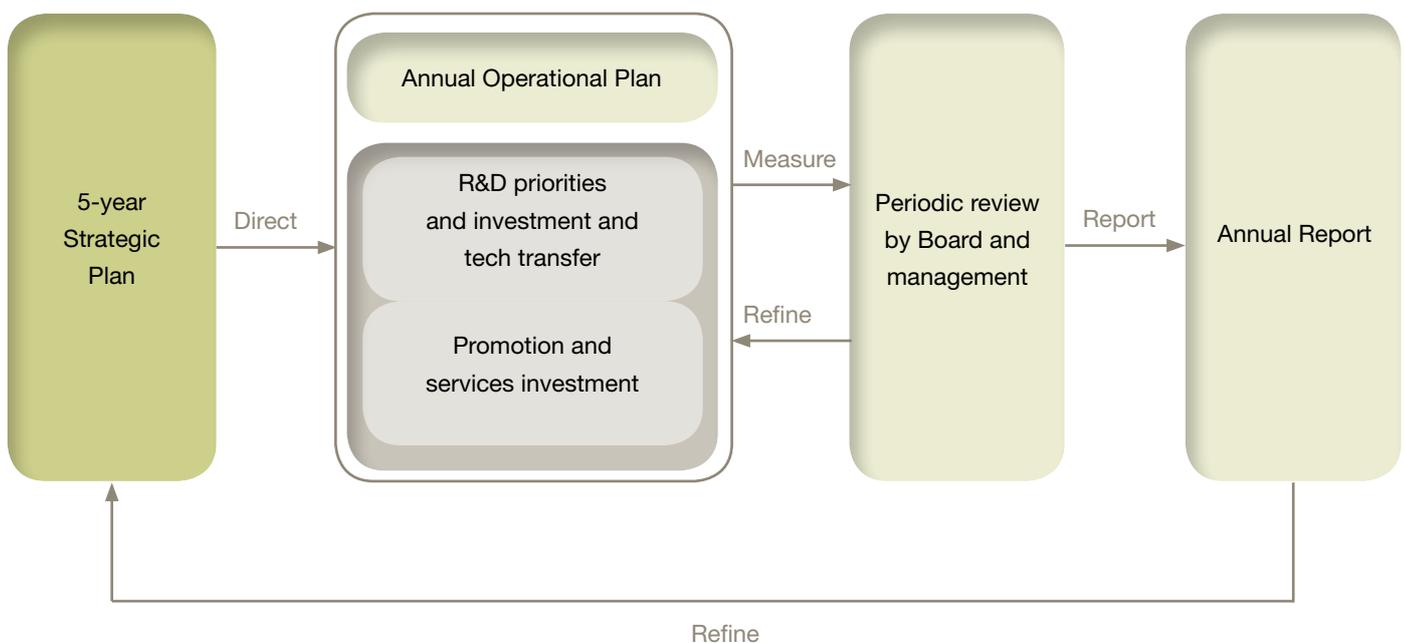
The current SFA covers the five years from 2012 to 2017. Among the obligations of FWPA set out in the SFA are several provisions in relation to the development, review and content of a strategic plan.

This strategic plan has been structured to address government's requirements and to communicate to members and levy payers about the strategic intent of the company.

This strategic plan sets out why FWPA exists, what it aims to achieve, and how it will do

so. It is cast at a strategic, five-year level, and directs the annual planning, report and review process. The content of the plan was developed in close consultation with the FWPA membership (see 'Consultation process and key messages' on p15).

The strategic plan provides direction for Annual Operations Plans (AOP) that set annual priorities and expenditure and income budgets. The AOP is periodically reviewed by the Board and management, who are also responsible for providing the FWPA Annual Report. The strategic plan will be reviewed as part of each year's planning process, and following adoption by the Board, it will be distributed to company members and made publicly available on the corporate website.



RD&E portfolio profile

Monitoring and evaluation

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 WoodBase system for managing R&D projects and programs. The system allows the ready monitoring of all R&D projects, against technical deliverables, time and budget, by management
- A schedule of milestones for each projects, thrice-yearly in the case of large, multi-year projects. Standard templates assist the reporting process
- The appointment of a steering committee, made up of funders, research providers and other stakeholders, including users of the project outcomes, to oversee each R&D project. Project steering committees play a role in monitoring the project and endorsing (or otherwise) milestone reports, as well as advising on the commercialisation or extension of project outcomes
- Performance reviews of each project at completion. This process examines aspects of the project's management, delivery and levy payer engagement. The reviews are completed internally by FWPA staff and are used to inform the selection and management of future projects
- Detailed benefit/cost analyses of a selection of projects each year. The results of these analyses are reported in the annual report and inform the selection and management of future projects

- Three industry advisory groups (Market Access and Development, Solid Wood Processing and Sustainability and Resources) and two reference groups (Standards Coordination and Statistics and Economics) play an important role in monitoring and evaluation at program level.

Communication, extension and adoption

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.

Existing channels of communication will be utilised wherever possible to secure FWPA's natural positioning within the industry it serves, with Government and with service providers. Beyond these immediate stakeholders, FWPA will ensure there is timely and accessible information flow between it and the wider community, the market and linked industry groups.

Organisational structure

FWPA is structured to most efficiently deliver this plan and thereby attain its vision. Strong links with the industry are essential, and are achieved through representation on the Board and industry advisory groups. This ensures that priority themes benefit all parts of the industry.

Because of the crucial role of Government in the plan, Government liaison will be a regular activity to manage statutory compliance requirements and communication to ensure FWPA's R&D activities align with Government priorities.

The structure of FWPA is directly defined by the mission and operational programs of the organisation.

RD&E portfolio profile

Cross-sectoral, cross-organisational collaboration

Wherever possible, FWPA seeks to invest resources into collaborative activities and where relevant cross sectoral in order to maximise the return on levy funds expended and to access specific skills and resources to address key industry priorities. FWPA will seek to engage with Cooperative Research Centres (CRCs), CSIRO flagship initiatives and, where relevant to its industry stakeholders, the range of Council of Rural Research and Development Corporation (CRRDC) cross sectoral initiatives, such as the climate change research strategy for primary industries (CCRSPi).

FWPA provides and coordinates resources committed to 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.

Financials

FWPA's revenue arises from a levy contribution from industry and a co-contribution from the 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.

The Government's contribution matches industry's levy contributions where these are invested specifically in R&D activity, up to a maximum of 0.5% of the industry's gross value of production.

The industry levy rate assumed in this plan is shown below:

Industry levy rates

Levy class	Levy category	Unit	Current levy rate
Private grower levy	Grower	m ³ round log	\$0.05
Voluntary State government levy	Grower	m ³ round log	\$0.05
Hardwood sawlog	Solid wood processor	m ³ round log	\$0.29
Softwood sawlog	Solid wood processor	m ³ round log	\$0.29
Softwood low grade/roundwood	Solid wood processor	m ³ round log	\$0.08
Cypress	Solid wood processor	m ³ round log	\$0.22
Hardwood woodchip	Exporter	m ³ round log	\$0.035
Softwood woodchip	Exporter	m ³ round log	\$0.00
Wood panel	Engineered wood processor	m ³ round log	\$0.10
Plywood & veneer	Solid wood processor	m ³ round log	\$0.15
Importer charge	Importer	m ³ finished product	\$0.725
Pulp and paper	Pulp and paper	m ³ round log	\$0.00

Note: importer charge will vary based on product and is set at a nominal conversion rate to match the equivalent domestic log levy.

Financials

Two of the original FWPA levies have been held at a zero rate since the establishment of the company and its predecessor: exports of softwood logs and woodchips plus domestic pulp and paper manufacturing. Given the current market pressures being experienced by FWPA levy payers, it is proposed that discussion will be initiated with non-levied sectors to determine their willingness to develop and participate in future collaborative industry activities.

The forecast of levy income for the period 2013/14 through 2017/18 based on expected volumes and the current levies is shown below:

Production volumes and levy income

Levy type	Forecast 2014/15	Forecast 2015/16	Forecast 2016/17	Forecast 2017/18	Forecast 2018/19
	\$'000	\$'000	\$'000	\$'000	\$'000
Grower levy	\$783	\$799	\$815	\$831	\$848
Voluntary State government levy	\$414	\$422	\$431	\$439	\$448
Woodchip	\$213	\$217	\$222	\$226	\$231
Wood panel	\$67	\$68	\$70	\$71	\$73
Ply and veneer	\$115	\$117	\$120	\$122	\$124
Cypress	\$36	\$37	\$37	\$38	\$39
Hardwood	\$464	\$473	\$483	\$492	\$502
Softwood sawlog	\$1,779	\$1,815	\$1,851	\$1,888	\$1,926
Softwood low grade/roundwood	\$187	\$191	\$195	\$198	\$202
Importer	\$972	\$991	\$1,011	\$1,031	\$1,052
TOTAL	\$5,030	\$5,131	\$5,233	\$5,338	\$5,445
Voluntary contributions	\$800	\$960	\$1,152	\$1,382	\$1,659
TOTAL INCOME	\$5,830	\$6,091	\$6,385	\$6,720	\$7,104

Note:

The voluntary grower levy forecast assumes that all State agencies continue to participate and there are no further privatisation over the period of the plan.

The amount allocated to voluntary contributions are dependent on the Government regulations being enacted and industry partners voluntarily contributing 50% in cash.

Financials

The amount of income received from the Government in matching payments will vary in accordance to the company's investment allocation into matched and non-matched activities. This is conservatively estimated to be the following:

Estimated Government matching

	Forecast 2014/15 \$'000	Forecast 2015/16 \$'000	Forecast 2016/17 \$'000	Forecast 2017/18 \$'000	Forecast 2018/19 \$'000
Government matching	\$2,692	\$2,739	\$2,786	\$2,835	\$2,884
Voluntary Contributions Matching	\$800	\$960	\$1,152	\$1,382	\$1,659
TOTAL MATCHING	\$3,845	\$4,066	\$4,320	\$4,613	\$4,955

In previous years, and in response to stakeholder support, FWPA funded a number of new initiatives from its cash reserves as a means of commencing pilot programs and demonstrating the benefits of collaborative programs. With the current cash reserves now approaching the company's prudential limits, the company has adjusted its annual expenditure to ensure a balance between

expected revenues and adequate cash reserves. If economic conditions improve, the Board will consider reactivating discussions with industry about funding an expanded program, as previously identified in the business case.

The expected expenditure by program for the period of the plan is shown below:

Estimated expenditure by program

Program expenditure	Forecast 2014/15 \$'000	Forecast 2015/16 \$'000	Forecast 2016/17 \$'000	Forecast 2017/18 \$'000	Forecast 2018/19 \$'000
Generic Promotion	\$3,190	\$3,254	\$3,319	\$3,385	\$3,453
Research, Development and Extension	\$3,021	\$3,081	\$3,143	\$3,206	\$3,270
Capacity and Education	\$560	\$571	\$583	\$594	\$606
Standards Coordination	\$589	\$601	\$613	\$625	\$638
Statistics and Economics Coordination	\$901	\$919	\$937	\$956	\$975
Voluntary Contributions R & D	\$1,600	\$1,920	\$2,304	\$2,765	\$3,318
TOTAL EXPENDITURE	\$9,861	\$10,346	\$10,899	\$11,531	\$12,260

Corporate governance statement

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 overarching 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 Government to ensure timely adoption of any additional corporate governance.

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 seven 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, assessing and reporting on FWPA's performance, including that of its staff and the Board.

Although independent of the 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.