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FWPA Summit Summary of discussions and outcomes

16th February 2012

A list of summit participants is provided in Appendix 1.

Summit participants were provided with an overview of FWPA's charter and governance by FWPA's Chair, Ron Adams. A copy of this presentation has been published on the FWPA website.

The facilitator (Mary Corbett from Australian Business Class) provided introductions and reflections on the presentation by Malcolm Broomhead from the previous evening.

FWPA's Managing Director Ric Sinclair gave an overview of FWPA's strategy and program management and the outcomes achieved to date. A copy of this presentation has been published on the FWPA website.

Ric confirmed that the company has been using cash reserves over the last four years to launch and sustain a range of initiatives. Cash reserves would reach the target level at 30th June, 2012 and therefore without additional revenue streams, the current level of expenditure could not continue.

Additionally, he emphasised that the company could secure additional matched Government funds of approximately \$8 million under the current arrangements if industry was prepared to invest in the company.

The workshop was then divided into three working sessions, each of which is briefly described below, with outcomes and actions arising where appropriate.

SESSION 1 – STRATEGIC SETTING

Participants were divided into three groups (each consisting of two tables) to discuss one of three themes (i.e., Industry vision, FWPA investments and levies, key industry issues). The groups reported back to a full plenary with questions and comments from the other groups.

Industry vision

There was broad support for the creation of an industry vision to provide a point of focus and alignment for all industry participants. Two vision statements were proposed as drafts, “*Increased demand for wood products*” and a slight variation of FWPA’s vision, “*To ensure that forest and wood products are the preferred, sustainable material that meets the market need*”. It was also proposed that FWPA take a lead role in engaging with industry to develop an Industry vision.

There was recognition that while the public see the industry as “one”, the industry itself tends to view itself as comprised of discrete entities with sometimes differing and competing goals.

There was also discussion around the difficulty of projecting a single, unified voice, and the lack of a high profile spokesperson (“celebrity”) to help raise the credentials of the industry.

Discussion also identified that a vision in itself was only part of the solution, and that greater industry buy-in would be achieved through the strategy to support the vision, with clear identification of key programs, with timeframes and measures to unite the industry.

ACTION: FWPA to lead the creation of an Industry-wide vision through consultation and provision of secretariat.

FWPA investments and levies

There was clear support for the continued role of FWPA. It was acknowledged that the company was performing well with high levels of governance and credibility.

There was endorsement for continuation of current levies with the suggestion of at minimum, an annual CPI increase. Some participants were strongly in favour of increased levies to maximise government matched funding. There was also conditional support for increased levies if a business case showed the benefits to levy payers based upon the quantum of increase and the overall benefit to industry from key program investment.

There was discussion around other industry partners who could be included in the levy system, notably the pulp and paper companies, if an appropriate business case could be developed.

ACTION: FWPA to present an options paper around levies. This should address maintaining levies and possibly increasing them. It should also identify other possible sources of revenue (levy payments and direct industry sources) and show how and where any increased revenue could be invested.

Key industry issues

The participants discussed a number of key issues facing the industry. Some of these were factors largely beyond the industry's control (e.g., foreign exchange rates, action by other groups) or outside the charter of FWPA (e.g., government lobbying).

The key issues for the industry were identified as:

- Public perception/clear message of the benefit of wood and wood products to increase usage.
- Better engagement with wholesale and secondary manufacturers, which have greater links with specifiers and consumers.
- Reduced timber consumption in traditional residential construction (i.e., m3 of wood per m2 floor space) and trend towards increased high-rise residential construction.
- Increased complementarity between FWPA and other organisations (AFG, AFPA, etc.) to achieve outcomes. Associations can leverage FWPA's R&D and technical work to influence governments.
- Reduction in R&D capacity.
- International cost competitiveness.
- Availability of resource (plantations and native forests) and optimisation of products, including the use of residues for biofuels.

ACTION: FWPA to work with industry associations to undertake an annual policy forum to identify the priority issues and the associated work program.

SESSION 2 – COLLABORATION

The industry discussed collaboration both from a broad industry perspective and from an FWPA perspective.

The obstacles to effective collaboration and opportunities from collaboration were identified in the plenary group:

Obstacles:	Opportunities
Guarding territory	Time “leftover”
Ego	Market share gains versus substitute industries
History	Decrease cost of common problems
Time poor executives	Teamwork
Ambivalence	More money
No time dollar issue	Solidarity and unity
Changing agenda	Influence
Hard to measure	Better public perception
Perceived competitive advantage	Co-ordination
Economic situation	Stops reinventing the wheel
Geography	Opportunities to forge new alliances (in/outside sector)
Lack of knowledge	Supportive – Committed
Different priorities	Industry viability
State versus National issues	Critical mass
Diversity	Fresh thoughts
Available resources	Focused
Focus on “little pictures”	Risk mitigation
Lack of understanding opportunities	
Empire building	
Competition is more fun	
Blaming structures and problems	
Arrogance	
Very short time horizons	

It was acknowledged that many of the key issues previously identified should be addressed through collaboration as they provided a common purpose. It was also acknowledged that collaboration was occurring in the sector at both a regional and national level. Some participants suggested that FWPA provided a good locus for collaboration as the funding mechanism helped minimise “free riders.” There was also a suggestion for greater alliances with other parties in Australia and internationally.

ACTION: No specific action item was identified.

SESSION 3 – FWPA INVESTMENT PRIORITIES

The final session of the day was dedicated to assessing FWPA’s current and potential investment programs. Each working group was provided with a one-page summary of each of the programs and asked to prioritise them, while keeping in mind the financial implications for FWPA.

There was a high level of agreement of priorities between the six working groups. A summary table showing the consolidated feedback has been provided below:

CURRENT PROGRAMS	Priority	Comments
Wood processing R&D	<input checked="" type="checkbox"/>	
Market Access and Development R&D	<input checked="" type="checkbox"/>	
Forest resources R&D	<input checked="" type="checkbox"/>	
Standards and Building Codes Coordination	<input checked="" type="checkbox"/>	
Building specifier marketing strategy	<input checked="" type="checkbox"/>	
Consumer advertising and Planet Ark alliance	<input checked="" type="checkbox"/>	
Tech transfer program	<input checked="" type="checkbox"/>	
Primary and secondary education (ForestLearning)	<input checked="" type="checkbox"/>	At lower level
Promoting the sector as a career (Growing Careers)	<input checked="" type="checkbox"/>	
Postgraduate scholarships	<input checked="" type="checkbox"/>	Current scholarships would need to continue to conclusion
Mid-career development	<input checked="" type="checkbox"/>	

Note: Corporate governance and overheads was shown on the list of programs to inform participants of the cost of managing the company, but has been removed as an “option” for investment from the programs.

ACTION: FWPA to incorporate the above feedback into its annual operating plan for 2012/13.

A range of potential programs was also reviewed by the working groups and participants were invited to add their own ideas. The programs have been ranked according to the level of agreement for funding, and only areas where at least two of the tables of the participants indicated an interest in the area have been included below:

POTENTIAL PROGRAMS	Priority	Comments
Herbicide trialling consortia	1	Currently partially funded by non-matched funds
Genetics deployment	1	Currently partially funded by non-matched funds
Forest Health surveillance network	1	
Industry statistics and economics	1	Currently partially funded by non-matched funds
Build environment technical support	1	
Forest harvest and haulage	2	
Private forest grower extension	2	
Shared services	2	
Native forest access program	3	
Forestry education	3	

ACTION: FWPA to develop a business case for the funding of potential programs in conjunction with existing programs.

WRAP-UP AND NEXT STEPS

Participants expressed strong endorsement of the summit and the background work that had been undertaken.

Generally, participants thought that there were greater opportunities for collaboration in the sector and that FWPA was a suitable vehicle to help facilitate collaboration (except for political lobbying). There was also a willingness to evaluate a business case for an expansion of FWPA's programs and the implication for levies.

There was a desire to build upon the summit and ensure that momentum was not lost. There was also support for another meeting of the participants by mid-year once the business case had been developed.

ACTIONS:

- (1) Steering committee to be established consisting of the Chair and CEO of the four national representative bodies (i.e., AFG, AFPA, ATIF, EWPA)**
- (2) Business case developed for the expansion of FWPA activities as prioritised in Session 3.**
- (3) A reconvening of participants (including those who were invited but could not attend) to discuss the business case and next steps.**

Appendix 1 – Summit attendees (Thursday 16th February 2012)

Attendee	Company
Andrew Hurford	Hurford Hardwoods Pty Ltd
Andrew Wilson	Department of Agriculture Fisheries & Forestry
Arnold Willems	Norske Skog
Blair Price	Carter Holt Harvey Woodproducts Australia
Boris Iskra	Forest and Wood Products Australia
Brendan Smith	Junken NZ
Brian Farmer	Forestry Plantations Queensland Pty Ltd
Chris Lafferty	Forest and Wood Products Australia
David Brand	New Forests
David Fisker	Australian Forest Growers (AFG)
David Hartley	Forest Products Commission (WA)
David Pollard	Australian Forest Products Association (AFPA)
Diana Lloyd	Australian Forest Growers (AFG)
Douglas Head	Australian Solar Timbers
Evan Rolley	FWPA director
Gavin Matthew	Australian Forest Products Association (AFPA)
Geoff Bertolini	Whittakers Timber Products
Geoff Stringer	Hyne Timber
Geoffrey Kent	Department of Environment & Resource Management (DERM)
Gerry Gardiner	Asian Pacific Timber Marketing Pty Ltd
Graeme Hewitt	The Laminex Group
Greg McCormack	McCormack Demby Timber Pty Ltd
Greg Unwin	Australian Forest Growers (AFG)
Hans Drielsma	Australian Forest Products Association (AFPA)
Ian Hall	Australian Forest Growers (AFG)
Ian Telfer	WA Chip & Pulp Co Pty Ltd
Ian Tyson	Carter Holt Harvey Woodproducts Australia
Islay Robertson	ForestrySA
Jim Bindon	Big River Group Pty Ltd
Jim Snelson	Borg Industries
John Halkett	Australian Timber Importers Federation Inc
John Hickey	Forestry Tasmania
John Simon	Simmonds Lumber Pty Ltd
Leith Davis	Australian Forest Growers (AFG)

Linda Sewell	Hancock Victorian Plantations Pty Ltd (HVP)
Malcolm McComb	Pentarch Forest Products Pty Ltd
Mark Grey	FWPA director
Matthew Wood	Stora Enso Timber Australia Pty Ltd
Michele Allan	FWPA director
Nick Roberts	ForestsNSW
Nils Koren	Gunnersens Pty Ltd
Paul Cotton	Boral Timber Division
Paul Michael	Weathertex Pty Ltd
Paul Shadbolt	ITI Pty Ltd
Phil Stelling	Green Triangle Forest Products
Ric Sinclair	Forest and Wood Products Australia
Rob Dyason	Australian Forest Growers
Robert Cairns	Tasman KB Pty Ltd
Robert Green	VicForests
Ron Adams	Wespine Industries Pty Ltd
Shane Vicary	Associated Kiln Driers Pty Ltd T/As A.K.D. Softwoods
Simon Angove	Le Messurier Timber & Building Products
Simon Dorries	Engineered Wood Products Association of Australasia
Stuart Toakley	Borg Industries
Tony Price	Australian Bluegum Plantations Pty Ltd
Vince Erasmus	Elders Forestry Limited
Warwick Ragg	Australian Forest Growers (AFG)

Total number of participants: 57