

Forest & Wood Products Australia Limited

Company Performance Review

Final Report
January 2012



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Disclaimer

The information contained in this document has been gained from anecdotal evidence and research. It has been prepared in good faith and is based on a review of numerous FWPA and Commonwealth Government documents, interviews with stakeholders including FWPA directors and management, DAFF staff and the results of surveys and interviews with industry stakeholders. Neither SED Consulting nor its servants, consultants, agents or staff shall be responsible in any way whatsoever to any person in respect to the report, including errors or omission therein, however caused.

Acknowledgements

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Executive summary

This report presents the findings of the first statutory performance review of Forest & Wood Products Australia Limited (FWPA) as required under its Statutory Funding Agreement (SFA) with the Commonwealth Government. It covers the period from FWPA's establishment, succeeding the Forest & Wood Products Research & Development Corporation (FWPRDC) in September 2007, through to November 2011.

The aims of the Performance Review have been to examine:

- The Company's performance against its obligations under the SFA and its Constitution;
- The Company's implementation of its strategic and operating plans and its effectiveness in meeting its priorities, targets and budgets under the plans;
- The efficiency with which the Company carried out the plans, including, but not limited to, consideration of the following:
 - Whether it met key performance indicators under the plans;
 - FWPA structure and processes;
 - Communication and liaison with stakeholders;
 - Corporate governance;
 - Industry strategy and delivery; and
 - Corporate operations; and
- The delivery of benefits to the industry foreshadowed by the Company's strategic and operating plans.

The methodology for the review involved:

1. A desktop review of over 70 documents relating to FWPA's processes, plans and performance.
2. An online survey of stakeholders. Approximately 100 FWPA members and 140 levy payers (non-members) were emailed a link to the survey and information about the performance review, including an invitation to send written submissions or to contact the consultants if they wished to provide their views of FWPA. The online survey was also advertised in two recommended industry 'e-journals', namely 'Timber & Forestry E-News' and 'Friday Offcuts'. Forty-eight responses to the survey were received as well as one written submission and three telephone calls from stakeholders.
3. Face-to-face or telephone interviews with a range of individuals from stakeholder groups, including FWPA directors and management, staff from the Department of Agriculture Fisheries and Forestry (DAFF), members of the FWPA Industry Advisory Groups and industry researchers.
4. Analysis and preparation of this report.

This performance review has found that FWPA is a well-run company that has met its obligations under the statutory funding agreement with government. Stakeholders including DAFF have generally described FWPA as performing its functions effectively. Where there were some areas of relative weakness early in FWPA's existence these have generally been addressed over the review period.

There are some opportunities for improvement. We have recommended that FWPA should:

1. Develop a Board charter and ensure the Company Secretary keeps abreast of legal and compliance requirements.
2. Develop a policy for Board performance reviews, outlining the frequency and manner of such reviews, and encompassing reviews of Board committee performance.
3. Develop a conflict of interest policy for the Board, setting out the application of the Corporations Act provisions and outlining how the Board deals with any conflict that arises in the Board's deliberations of the matter.
4. Develop a code of conduct for directors.

None of these recommendations reflect any material problem or evidence of inappropriate practices. Rather, they reduce risk at the margins and ensure FWPA is operating at best practice as defined by the ASX Corporate Governance Principles.

This review also notes its support for a series of improvement initiatives that are already underway. These include:

- The establishment of an annual two-day strategic planning process by the Board;
- The updating of the policies and procedures manual;
- The development of investment plans to guide R&D priority setting, and the associated consolidation of an industry advisory group process;
- Improvements in the alignment of performance measures from strategic through annual operating plans to annual reports (further work is required in this area); and
- The deliberate policy of frequent visits and other contact with major stakeholders, including larger levy payers and peak bodies, by the Managing Director.

Abbreviations used in this document

Abbreviation	Full term
AFPA	Australian Forest Products Association
AG	(Industry) Advisory Group
AOP	Annual operating plan
ASIC	Australian Securities and Investments Commission
ASX	Australian Stock Exchange
DAFF	Department of Agriculture, Fisheries and Forestry (C'th)
FWPA	Forest & Wood Products Australia
FWPRDC	Forest and Wood Product Research and Development Corporation
IP	Intellectual property
(K)PI	(Key) performance indicator
LRS	Levies Revenue Service (DAFF)
R&D(&E)	Research and development (and extension)
(R)RDC	(Rural) Research & Development Corporation
SFA	Statutory funding agreement

Introduction

Purpose of the review

Under the Statutory Funding Agreement (SFA) between Forest & Wood Products (FWPA) and the Commonwealth Government, the first Performance Review of the company is to be completed by 1 February 2012 for the period 2007 to 2011. FWPA is required to publish the review on its website and to make it available to its members at the first general meeting following completion.

The aims of the Performance Review have been to examine:

- The company's performance against its obligations under the SFA and its constitution;
- The company's implementation of its strategic and operating plans and its effectiveness in meeting its priorities, targets and budgets under the plans;
- The efficiency with which the company carried out the plans, including, but not limited to, consideration of the following:
 - Whether it met key performance indicators under the plans;
 - FWPA structure and processes;
 - Communication and liaison with stakeholders;
 - Corporate governance;
 - Industry strategy and delivery; and
 - Corporate operations; and
- The delivery of benefits to the industry foreshadowed by the company's strategic and operating plans.

Review methodology

The methodology for the review comprised:

1. A desktop review of over 70 documents relating to FWPA's processes, plans and performance. These documents are listed in 'Appendix 1: Documents reviewed'.
2. An online survey of stakeholders. The survey questionnaire is provided in 'Appendix 6: Survey questionnaire'. Approximately 100 FWPA Members and 140 levy payers (non-members) were emailed a link to the survey and information about the Performance Review, including an invitation to send written submissions or to contact the consultants if they wished to provide their views of FWPA. The online survey was also advertised in two recommended industry 'e-journals', namely 'Timber & Forestry E-News' and 'Friday Offcuts'.

By the survey cut-off date of 11 November 2011, 48 responses to the survey had been received. The consultants also received one written submission and three

telephone calls from stakeholders. A summary of the survey results is provided in 'Appendix 2: Results of survey'.

3. Face-to-face or telephone interviews with a range of individuals from stakeholder groups, including FWPA directors and management, staff from the Department of Agriculture Fisheries and Forestry (DAFF), members of the FWPA Industry Advisory Groups and industry researchers.
4. Analysis and preparation of this report.

Overview of FWPA

Objectives

Forest and Wood Products Australia Limited (FWPA) is the designated Industry Service Body for the forestry and wood industries. It succeeded a statutory authority, the Forest and Wood Product Research and Development Corporation (FWPRDC), which operated between 1994 and 2007.

FWPA invests in research and development, marketing and other activities with the aim of enhancing the industry's competitiveness and sustainability. The company's strategies fall into four main categories with the following purposes:

1. Industry promotion: to promote the benefits and usage of forests and wood products, in accordance with changing community attitudes, environmental awareness, and market trends.
2. Research and development: to invest in and coordinate research and development to improve the industry's competitiveness, inform its climate change response, enhance investment, increase usage, and ensure the sustainability of forests and wood products are effectively communicated.
3. Technology transfer and education: to expand the industry's capacity and capability in knowledge generation and adoption, and promotion; to facilitate growth.
4. Standards coordination: to increase the use of wood-based products through the development and/or maintenance of key standards, codes and handbooks.

Legal framework

FWPA was established on 3 September 2007 as an industry-owned unlisted public company limited by guarantee under the Corporations Act.

The Statutory Funding Agreement (SFA) between FWPA and the Commonwealth was established under the Forestry Marketing and Research and Development Act 2007 (Cth). The Act enables the Commonwealth to enter into the funding agreement with FWPA to provide 'Forest Service Payments' (i.e. levy payments) which must be spent on marketing, promotion, research and development and other activities benefiting the industry. The

Commonwealth also provides a matching contribution ('Matching Payments') for eligible R&D expenditure to a maximum of 0.5% of the industry's gross value of production.

Funding

Levies are imposed on businesses for logs delivered to mills for processing, on exported logs and on certain forest products imported into Australia. The Levies Revenue Service (LRS) of DAFF coordinates the remittance of levy funds collected through the tax system to FWPA along with matching Commonwealth funds for approved R&D.

Levy payers (i.e. growers, millers, exporters and/or importers) are liable to pay the levies to LRS in the following categories:

- Domestic levy: logs produced in Australia and delivered to a mill for processing;
- Export charge: logs produced in and exported from Australia as unprocessed wood; and
- Import charge: logs and certain classes of primary processed forest products imported into Australia.

Minor changes to levy rates were made in 2000 while in 2007, as part of the creation of FWPA, the forest grower levy was established (5c) and the hardwood sawlog levy was increased from 22c to 29c.

The rate of domestic levy, export charge and import charge for forest and wood products is described as follows on the DAFF website (rates current as at 1 July 2007):

Softwood sawlogs (other than cypress sawlog)	29 cents per cubic metre
Cypress sawlogs	22 cents per cubic metre
Hardwood sawlogs	29 cents per cubic metre
Plywood and veneer logs	15 cents per cubic metre
Wood panel pulplogs	10 cents per cubic metre
Low grade softwood sawlogs	8 cents per cubic metre
Softwood roundwood logs	8 cents per cubic metre
Forest growers	5 cents per cubic metre
Export woodchip hardwood pulplogs	3.5 cents per cubic metre
Export woodchip softwood pulplogs	Nil levy
Paper pulplogs	Nil levy

Table 1 – Levy rates for forest and wood products

State government agencies involved in commercial forest growing have entered into contracts with FWPA to pay a forest grower levy at the same rate as private growers.

The FWPA operating environment

Like many Australian industries, the forest and wood products industry experienced a full spectrum of economic conditions during the review period. At the commencement of the period in 2007 the industry was experiencing reasonable confidence and optimism buoyed by stable export and domestic demand and continuing investment in the development of forestry businesses and plantations. The demand for forest wood products and wood fibre continued to be reasonably strong into 2008/2009 and the general outlook for the industry remained optimistic.

However the economic conditions changed dramatically when the effects of the global financial crisis were felt with a resounding thud as 2008/2009 progressed. The downturn affected domestic markets (e.g. a reduction in housing demand) and export markets. One high-profile detrimental effect of the crisis was the almost unilateral and dramatic collapse of all the major Australian managed investment scheme (MIS) forestry companies, which had been instrumental in the investment of billions of dollars into predominantly hardwood plantation expansion for wood chip production from the late 1990's.

The scale of the plantation expansion in a little more than a decade had been unprecedented in Australian forestry history. It increased the area of Australia's hardwood plantations to almost equal that of the softwood plantations which, by comparison, had expanded gradually over more than a century. The collapse of MIS companies not only directly affected investors, shareholders and reliant businesses but, anecdotally, may have significantly damaged public confidence in the industry as a whole. It is yet to be seen what full effect these events may have on future investment and workforce attraction rates in the industry.

During the latter part of the review period the industry has been further tested by events such as the tsunami in Japan during 2011. The disaster further softened Japanese demand for wood products, which had already slowed because of a weakened Japanese economy following the global financial crisis. Many Australian woodchip exporters are still having difficulty obtaining contracts for their product, which has also fallen in value in recent years.

Other domestic events have compounded the downturn during the last two to three years. For example, one major forestry company decided to cease native forest harvesting and closed some processing mills, which has detrimentally effected employment in the industry. The downturn has also had a negative impact on many businesses throughout the supply chain, from field contractors, transport companies to processors. More recently the strong Australian dollar has further slowed export markets. It has however been positive for the industry's timber importers, who have experienced a significant improvement in their market as the exchange rate has risen.

The failure in 2011 of the Cooperative Research Centre for Forestry to secure funding for the period 2012 to 2017 has been a blow to industry research and development.

Performance review: corporate governance

Introduction

FWPA is constituted under the Corporations Act as a company limited by guarantee (the Constitution) and has a funding agreement with the Commonwealth of Australia, the Statutory Funding Agreement (SFA). As such its primary governance requirements are as outlined in these documents and in the Corporations Act.

The aspects of the governance of FWPA that have been reviewed include:

- The Board and its operation;
- Membership;
- Application of funds and financial management;
- Audit;
- Industry relationships; and
- Governance policies including the risk management, fraud control and IP management plans.

The findings in this section have been informed by consultation with directors, management, DAFF and auditors and through a comprehensive review of documentation from FWPA.

The organisational structure of FWPA comprises a Board of eight including the Managing Director, four management personnel and support staff of five. This structure (as at November 2011) is shown in Figure 1.

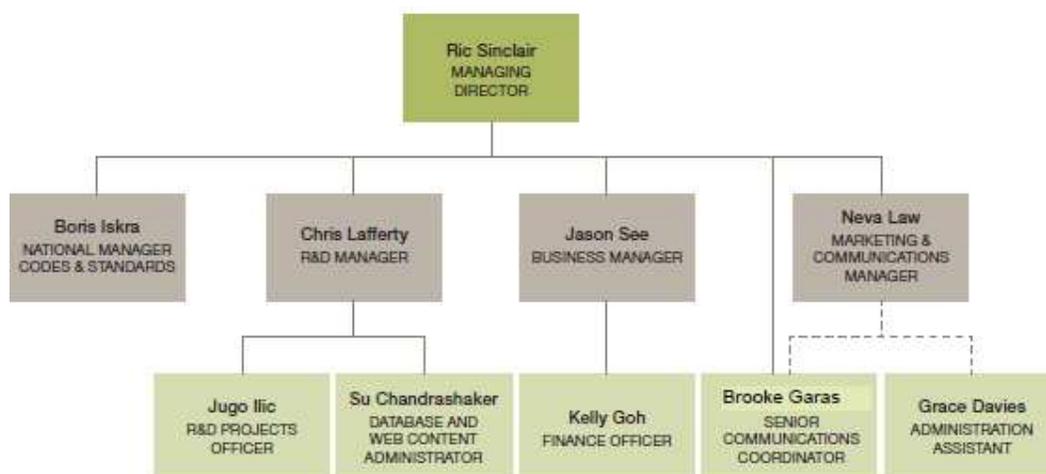


Figure 1 – Organisational chart (supplied by FWPA)

The management and staff, although few in number, are supported by the Board committees and industry advisory groups which provide significant input to the operations

of FWPA. The interaction and respect between these groups and the management of FWPA is particularly constructive.

Board

Composition

Since the formation of FWPA in 2007 its Board has comprised eight directors with a minimum of two being independent as defined in the Constitution, i.e. not a director or employee of a member or a related entity of a member or of an industry association or like body.

The Constitution and the SFA set out the skill requirements that should be covered collectively by the Board and these have been generally met with care taken to achieve an appropriate skills balance through director renewals. The directors from industry come from major firms and from very senior levels in those firms. It should be noted that there is not a director with formal finance/accounting qualifications, however there is a director who is a qualified Chartered Secretary and has had previous experience on Audit Committees.

Whilst it is not required that the Board conform directly with the ASX Corporate Governance Principles and Recommendations these provide a useful benchmark. The composition of the Board is generally consistent with the ASX Principles. The Chair is not an independent director as per the definition of an independent director in the Constitution but is an independent director as defined in the ASX Corporate Governance Principles. In consideration of this type of organisation as an industry services body and with up to seven directors from industry it is likely that the Chair would be an industry director.

Director selection

The role of a nominations committee, as outlined in the ASX Corporate Governance Principles, is carried out in part by a Director Selection Committee as required by the Constitution. The committee is required to identify and recommend for nomination persons for election at the annual general meeting. This committee comprises an FWPA director as (non-voting) chair, a representative of each of the four national representative bodies and at least one other suitably qualified person nominated by the FWPA directors. There was some commentary to this review that members should be able to directly elect members to the Board. The Constitution (section 13.10) has provision for members to propose candidates for consideration by the Director Selection Committee and also for voting members who hold a combined total of at least 10% of votes to have a candidate nominated for election. This process is endorsed as it enables strong participation by the industry representative bodies in the nomination of directors for election to the Board while also providing for members to directly nominate candidates with the minimum voting criteria met. Further roles of a nominations committee, such as the process for Board evaluation, are carried out directly by the Board.

Meetings and proceedings

The Board generally holds seven meetings per year with one of these being a short meeting after the annual general meeting plus additional committee meetings which are normally held three times per year. The meeting agendas are structured well with separation of decision, discussion and information items and the quality of Board papers is generally of a good standard. An outcome of a recent Board performance review is to allow time at Board meetings for discussion on issues facing the industry and how FWPA can assist to address these.

A two-day strategic planning session was held for the first time in 2011 and was considered beneficial. It is intended to continue these on an annual basis and this is strongly supported to ensure that the important role of the Board in setting the strategic direction of the company is exercised with the appropriate level of input and discussion which can best be achieved through a focussed session separate from normal Board considerations.

Although Board proceedings generally operate well, there is not a Board Charter in place to guide the operations of the Board. An internal audit has recommended that a position description for directors be developed, however we feel that it is preferable to develop a Board charter which sets out the collective role of the Board and its relationship with management. The role of a Board is as a collective group and although individual directors need to exercise independence of judgement, their responsibilities are as a group. For this reason a document that sets out these responsibilities for the Board is preferable to individual position descriptions and hence we recommend that a Board Charter be developed and agreed by the Board. This is also consistent with the ASX Corporate Governance Principles.

The role of Company Secretary is carried out by the R&D Manager who, while not formally qualified in this function, has completed the AICD Company Directors' course. He is assisted in this role by the Business Manager and has a well documented Obligations and Compliance Summary in place which lists the obligations arising from the SFA, the Australian Securities and Investments Commission (ASIC) and the Constitution. Given this situation, we recommend that the R&D Manager keeps abreast of company secretarial requirements through appropriate legal advice when necessary and also through information sources such as ASIC, Chartered Secretaries Australia and AICD and attendance at appropriate courses.

<p>Recommendation: FWPA should develop a Board Charter and ensure the Company Secretary keeps abreast of legal and compliance requirements.</p>
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Board performance reviews

A Board performance review was conducted early in 2011 by the Chair via a questionnaire and discussion with each director. This followed a review done previously by an external facilitator. The outcomes of the 2011 review were documented with improvement opportunities agreed by the Board. These included having occasional external speakers at

Board dinners, modification of the Board agenda to allow more time for discussion on industry issues, limiting the time for presentation to the Board and using directors to communicate messages to industry.

It was indicated that an annual Board review would take place with consideration of using an external facilitator in some years. There is not a specific policy in place for Board reviews and to ensure that an appropriate process is put in place for these performance reviews it is recommended that a policy be developed by the Board which outlines the frequency of reviews and the manner by which they would be conducted, e.g. internally or externally through the use of an appropriately skilled external reviewer.

Recommendation: FWPA should develop a policy for Board performance reviews, outlining the frequency and manner of such reviews, and encompassing reviews of Board committee performance.

Board committees

There are three Board committees:

- Audit and Finance Committee;
- Research and Development Investment Committee; and
- Promotion, Services and Communications Committee.

Each of the committees has a terms of reference and meets on a regular basis with minutes of these meetings provided to the Board. There has not been any review of the performance of the committees and it is recommended that future Board performance reviews also encompass a review of committee performance to ensure that any opportunities for improvement are identified (as described above).

Industry Advisory Groups

FWPA also has three Industry Advisory Groups (AGs) chaired by a director and comprising industry representatives who provide advice to the company on investment priorities and feedback on research proposals. The three AGs are:

- Market Access and Development;
- Solid Wood Processing; and
- Sustainability and Resources.

At the start of the review period there were five AGs but the number has been rationalised to three. A further change, as a result of recent changes to the Constitution, is that where AGs used to provide advice to the Board they now provide advice to the company.

In appointing the Advisory Groups, FWPA aims to strike a balance of skills and sector representation. FWPA regards the level of interest in AG membership as a barometer of stakeholder engagement. The most recent call for membership applications was well over-subscribed.

The AGs meet three times per year, although this is expected to reduce to twice/year once the investment planning process (see below) is complete. The FWPA Project Officer acts as secretariat for the Advisory Groups.

Interviews with a small number of AG members indicate that the groups are well supported by industry. Like any such groups, achieving a balance between sufficient information and communication and too much or too little is always problematic. Some comments of note were that greater summarising of AG papers would be preferred and that more timely feedback on the outcomes of Board considerations would be appreciated. The other main issue related to portfolio balance, i.e. short term applied versus longer term pure ('blue sky') research. Further comment on this is made in the R&D section of this report.

Membership

The constitution provides for two types of members: voting members, who are levy-paying members, and associate members, who have an involvement in the industry, such as representative bodies. As at September 2011 there were 80 voting members and no associate members. The voting members represent approximately 80% of domestic production and include all major growers and processors, a particularly strong representation of industry. There are a large number of small producers in the industry, particularly managed investment scheme growers, and following the provision of a list from DAFF membership offers are to be sent to these producers.

The Members Register and the Voting Entitlements Register, after being out of date in an earlier part of the review period, are now up to date and maintained regularly. Voting entitlements have been advised to members as required and no review of entitlements has been necessary.

Currently there are no associate members and earlier this year the Board agreed a process for admission of associate members with an application fee of \$500 and renewal each year at the same fee. To date there have been expressions of interest but no applications.

Funding and application of funds

FWPA is primarily funded by four levies – differentiated for growers, processors, importers and state entities. These levies represent approximately 55% of total revenue for FWPA with the remainder being matching government contributions and other income such as interest on investments.

Expenditure of funds is classified differently and is done by program area, hence not attributing expenditure directly to industry sector. It is important therefore that consultation and communication with industry is thorough to ensure that each of the levy paying sectors understands and supports the allocation of funding between program

areas. The Industry Advisory Groups are particularly important in this regard as are other direct consultation mechanisms.

FWPA management reports that it endeavours to match the quantum of its investments with the various revenue streams so that different groups of levy payers are equitably treated. This is not an exact science, as there are spillovers between different activities, but such monitoring is commended. We note that almost all RDCs would undertake the same type of monitoring across various levy payer segments so that the balance of investment is not only equitable but demonstrably so.

There are several requirements in the SFA with regard to the application of funds, in particular section 5, which requires:

- The expenditure of funds consistent with strategic and operating plans, the government R&D priorities and the Levy Principles and Guidelines;
- The amount invested in R&D for 2007 to 2012 be not less than the average of revenue received from the Commonwealth in the last three years of FWPRDC i.e. \$6.73 million; and
- No expenditure of funds on agri-political activity.

From the analysis done and audit assurances, the SFA requirements have been met by FWPA over the period of the review. DAFF has also advised that FWPA has met its obligations under the SFA.

Financial management

FWPA maintains its accounts in accordance with SFA requirements under Australian Accounting Standards and hold funds in Australian bank accounts using only the four large Australian banks. As required by clause 6.1 of the SFA it reports separately the levy payments, State Growers' contractual payments, R&D activities and Commonwealth matching payments for R&D. There is a formal delegations-of-authority document in place which covers the Board, management and staff delegations.

The auditors have provided assurance that the transferred assets, liabilities and funds from the former FWPRDC have been applied as required by the SFA for the same activities as the FWPA levy income is applied and also for transitional and winding up activities of the FWPRDC.

As required by clause 11 of the SFA, financial information has been provided to the Commonwealth at the six-monthly intervals.

Despite the tumultuous events that have tested all segments of the industry during the review period, FWPA has survived in a relatively strong position. Although the company's income fell slightly during 2008/9, it has remained in a strong financial position thanks to its considerable reserves. Its strong balance sheet allowed FWPA to continue delivering its commitments to invest in research and development and to undertake promotion of the industry via the 'Wood. Naturally Better' program. FWPA also managed to establish a

new industry service in building codes and timber standards during this period and took a strategic initiative in the area of industry education.

Audit

External audit for annual financial accounts has been done by Crowe Horwath, part of the WHK group, with unqualified audit reports issued for each year of the review period. The partner involved with the audit, Peter Sexton, has been satisfied that the compliance obligations of FWPA have been well met and regards the organisation to be well run at a Board and management level and there have not been any unresolved issues with the organisation.

FWPA also has an internal audit function carried out by BDO with a three-year plan in place covering operational, compliance and financial areas. There is evidence of the recommendations and agreed action plans of these audits being actively monitored by management and the Audit and Finance Committee. The Audit Plan is also matched to the Risk Management Plan which is a sound practice to ensure those risk areas which are auditable are covered in the plan. There has been a consistent finding regarding policies and procedures requiring updating and this is commented upon in the following section of the report.

Policies and procedures

FWPA has a Policies and Procedures Manual with four major sections: Corporate Governance and Management, Research and Development Investment, Financial and Administration/Human Resources.

This manual has been a carryover from the previous organisation, FWPRDC. While it is comprehensive in the topics it covers, it is well out of date in several parts and has some areas of overlap with potentially conflicting policies. This has been the subject of an internal audit with the same finding recorded. There is an agreed management action to update the manual by mid 2012 and we would strongly encourage that this be achieved. A separate schedule of outdated and overlap areas will be provided to management to assist in their updating.

Conflict of interest policy – a paper was presented at a recent Board meeting to consider the adoption of a formal policy on conflict of interest and also an annual report on any payments to related parties. This was not progressed at the time as it was felt that there were existing procedures in place for the declaration of interests and the recording of related party transactions. The existing procedures provide only for the declaration of a conflict or potential conflict and do not outline what constitutes a conflict of interest or how any such conflict should be dealt with by the Board. The Corporations Act is quite specific about personal and material conflicts and it is important for the Board of FWPA to have a policy in place that applies the provisions of this Act in the context of FWPA's operations. It is recommended that a policy on conflict of interest be developed for the Board.

Recommendation: FWPA should develop a conflict of interest policy for the Board, setting out the application of the Corporations Act provisions and outlining how the Board deals with any conflict that arises in the Board's deliberations of the matter.

Code of conduct – this is included in the General Conditions of Employment but as such applies to staff employed under these conditions. There was no evidence of a code of conduct applying to directors and it is recommended that either one be developed in conjunction with the Board charter referred to earlier, or that the existing code be reviewed for applicability to staff and directors and stand alone from the General Conditions of Employment.

Recommendation: FWPA should develop a code of conduct for directors.

Risk management plan – this has been recently updated and provided to DAFF as per the SFA requirement. It is a comprehensive plan with an accompanying risk register. The plan provides that the Audit and Finance Committee has at all meetings a standing agenda item on risk to review all material risks and report on any non compliance with documented controls. It also encompasses the Fraud Control Plan.

Intellectual property management plan – a comprehensive plan has been prepared and provided to DAFF as per the SFA requirements. As described below ('Research & development, Documentation of policies and procedures') the IP Management Plan is adequate and pragmatic, as it sees commercialisation as only one route to tech transfer.

There are many documents and reports made available to members and levy payers on the website and consideration could be given to also making available further governance documents such as the Board charter, if developed as recommended, the code of conduct and a summary of the risk management policies.

Performance review: planning and reporting

Introduction

While this review covers the period 2007/08 through to 2010/11, particular focus is placed on the latter years as these most likely better reflect the company as it is today – having transferred from a Commonwealth Statutory Authority (FWPRDC) to an industry owned service organisation (FWPA).

This transition of the company over the past four years is evident from examination of its strategic plan (Forest and Wood Products Australia – Strategic Plan 2009-2013) and progressive changes to operating plans and annual reports.

Strategic plan

The strategic plan is a very clear and concise document. It has provided sufficient detail to guide the company while at the same time being written in a manner to enable flexibility in the application of its strategies (see commentary on standards setting).

The company's requirements in relation to strategic and operational plans are covered by clauses 9.1, 9.2, 9.3 and 9.4 of the SFA. The coverage of each clause is listed below.

Clause 9.1 requires FWPA to:

- a) Develop and adopt within 9 months of commencement;
- b) Review and update annually;
- c) Make available to levy payers and state growers; and
- d) Provide to the Minister within 28 days of Board resolution.

FWPA management and DAFF have confirmed that these criteria have been met. The strategic plan was developed and adopted within 9 months of FWPA commencing (Sept 2007) with the implementation of the plan commencing 1 July 2008 following a period of significant industry consultation (Chair, 2007/08 Annual Report). Regional workshops were held across Australia prior to the finalisation of the plan.

While FWPA reviews the strategic plan each year as part of the development of annual operating plans, there is no evidence that, until recently, the strategic plan has been formally updated annually. This is not unusual. It is noteworthy, however, that changes to the strategic plan were incorporated in 2011 and management advises that it intends to move to a rolling 5-year strategic plan. Such an approach is supported so as to enable FWPA's strategy to be adaptive to changing circumstances.

The strategic plan has also been made available to levy payers and state growers (via the web), and was provided to the Minister within 28 days of Board resolution as required.

While it is evident that FWPA's strategic direction has altered somewhat over the last three years (for example, refinement of the education and technology transfer strategy and standards co-ordination) it is our view that these 'new' initiatives are consistent with the strategic direction of the company. It is also our understanding that these refinements were discussed with DAFF prior to implementation.

It is also notable that FWPA intends to hold an 'Industry Summit' in early 2012 as both an approach to engender broader engagement with industry and as a precursor to a new strategic planning cycle. This approach, as outlined by FWPA senior management, is strongly supported.

Clause 9.2 relates to the content requirement of the strategic plan. The 2009-13 plan covers the requirements of sub-sections a) to j) adequately. Numerous key performance measures / indicators to monitor progress toward outputs and outcomes are listed. During the next strategic planning phase it is suggested that consideration be given to make these KPIs more specific and objective. That said, while many investors would like to see metrics against most / all KPI's, this can become problematic. Some organisations seek to list KPIs that they believe investors would want to see (such as changes in sales of a product) but, while laudable, such metrics are often not within the control of an industry service organisation such as FWPA.

Finally, the degree of detail in relation to budget forecasts is quite limited and refers merely to income at the start and end of the period. It would be anticipated that members would appreciate more detail in regard to forecast income and expenditure.

During the course of this review, a paper on performance indicators, prepared for FWPA by Australian Business Class (2010), was viewed. This document clearly enunciates the definition and role of various organisational performance indicators and will no doubt be a valuable tool for the organisation as it prepares new plans and reports.

Further comment is made in relation to performance indicators in the section on reporting.

Clauses 9.3 and 9.4 largely relate to the consultation process required in the development of such plans. As noted above, we are satisfied that adequate consultation was undertaken with levy payers, industry sectors and Government. Furthermore it is apparent that the priorities of these groups were taken account of in the planning process.

Annual operating plans

The company's requirements in relation to annual operating plans (AOPs) are covered by clauses 9.5 to 9.7 of the SFA. Clause 9.5 requires the company to cover:

- Intended operations for the next financial year;
- Promotion, R&D and industry service programs;
- A statement about how those programs align with the strategic plan and meet levy payer and Government priorities;
- Performance indicators, timetable and milestones;
- Estimates of income and expenditure; and
- Any other matters that directors consider should be included.

It is the view of this review that FWPA clearly meets all requirements of the SFA in relation to AOPs.

The degree of detail that organisations include in AOPs varies significantly. On one level, they can be brief, publicly-available documents that outline the organisation's intended activities at a high level. Others are confidential, extremely detailed plans that also serve as a management tool. FWPA acknowledges that its AOPs are definitely in the former camp. DAFF has indicated its satisfaction with the content of the AOPs.

While outside of the scope of this review, it is suggested that FWPA may wish to review the detail (outcome versus output) and objectivity (applying metrics wherever possible) to performance indicators in future AOPs not from a statutory compliance perspective but in order to make the linkage between strategic plans, AOPs and annual reports more seamless (see below).

Annual reports

The company's requirements in relation to annual reports are covered by clause 3 of the SFA. FWPA's annual reports are well written and have improved over the review period. This review concludes that the annual reports clearly meet the requirements of the SFA. 'Appendix 3: Obligations under the SFA: summary of performance' provides specific detail in this regard.

Sections of the annual report, such as the 'Strategic Framework', 'Alignment with Government R&D priorities', and much of the detail provided within the 'Operations' reports on the organisation's four strategies are very good.

Notwithstanding, it is our view that the annual reports do not spell out, as clearly as they could, the value/benefits that FWPA provide to levy payers, industry and Government. This view is reinforced by examining the Managing Director's presentation to the 2011 Annual General Meeting. That presentation detailed very clearly specific objective outcomes that the organisation had achieved over the past 12 months. Examples include:

- Changes in level of recognition of advertising;
- Feedback from 'Wood Solutions' seminars;
- Outcomes from R&D (e.g. value of optimising kiln schedules; reduction in sampling / analysis costs from the use of NIR; NPV increase from tree breeding; BCAs from growing, processing and marketing projects etc);
- Industry capability assessment; and
- Areas covered by standards coordination.

While some of these are included within the body of the Annual Report 2010/11 they are found only by a detailed reading, whereas they should be specifically included up-front in the 'Highlights' section. Were this to be the case then the value of FWPA's work would be acknowledged far more readily and widely.

One other area of improvement relates to the handling of performance indicators in the strategic and operating plans and then reporting within the annual report. For reasons outlined in the AOP section above, the linkage is not always as clear and transparent as it could be. A summary of the linkage between performance indicators in AOPs and annual reports is provided in 'Appendix 5: Reporting of AOP KPIs in the 2010/11 Annual Report'.

By way of example, the following shows the current linkage for one performance indicator in current FWPA documents (2010/11):

Strategic plan	Annual operating plan	Annual report
<p>Strategy 1: Promote the benefits and usage of forests and wood products</p> <p>Output - structured promotional campaigns</p> <p>Outcome - improved community and market awareness of, and satisfaction with, forest and wood products</p>	<ul style="list-style-type: none"> • Consumer and specifier recall of the program activities and branding. • Improvement in consumer and specifier perceptions of wood and forest products. • Increase in purchase intent by consumers and specifiers of wood and forest products in decorative and construction applications. 	<p>Not specifically recorded, although there were many outputs listed. There are also results on <i>'Reliable source of information about the environment'</i>.</p>

An alternative and more direct flow of KPIs may be along the following lines:

Strategic plan	Annual operating plan (2010/11 PIs)	Annual report
<p>Strategy 1: Promote the benefits and usage of forests and wood products</p> <p>Output - structured promotional campaigns</p> <p>Outcome - improved community and market awareness of, and satisfaction with, forest and wood products</p>	<ul style="list-style-type: none"> • Consumer and specifier recall of the program activities and branding. • 2% improvement in consumer and specifier perceptions of wood and forest products (baseline = xx%). • 5% increase in purchase intent by consumers and specifiers of wood and forest products in decorative and construction applications (baseline = xx%). 	<ul style="list-style-type: none"> • Market research showed (number and timing of research). • Consumer perceptions of wood and forest products increased by x% to xx%. • Specifier perceptions of wood and forest products increased by x% to xx%. • x% increase to xx% in purchase intent by consumers and specifiers of wood and forest products.

These are not new ideas for FWPA. Indeed, discussions with staff indicate a strong desire to move in this direction but they have been impeded because of a lack of benchmarking data which are now becoming available. It must be remembered that marketing, capacity building and standards coordination have only been strategies since the organisation became a service organisation in late 2007.

A note about performance indicators

The report for the Board by Australian Business Class provides a solid framework for FWPA to refine its performance indicators (PIs). It is the belief of this review that PIs can be 'over-cooked' and thus become a source of frustration and inordinate time wasting if set inappropriately. When it comes to PIs, there is no one specific answer – whatever works best for an organisation, the Board, staff and stakeholders is what is appropriate.

It is suggested that PIs should be set which are SMART:

- Specific
- Measurable

- Achievable
- Realistic
- Time-based

It is also suggested that PIs should be a combination of Process, Outputs and Outcomes, especially for an organisation such as FWPA, for example:

Process

- Number of new R&D projects commissioned
- Percentage of milestones delivered on time
- etc

Outputs

- New widget available on the market
- Information resource published
- Potential benefit (ex-ante)
- etc

Outcomes

- Adoption of widget by industry
- Benefit/cost analysis from adoption (ex-post)
- etc

Performance review: corporate operations

Introduction

This section of the review examines the policies, processes and procedures adopted by FWPA in delivering on its core functions. While the RD&E activities of FWPA warrant special consideration given the transition of FWPA from an RDC to an industry based company, the review has also briefly examined elements of other FWPA strategies which have been introduced since its formation in late 2007.

These strategies are:

- Industry promotion;
- Technology transfer and education; and
- Standards coordination.

In general, we find that the R&D management processes used by FWPA appear sound and consistent with those adopted by most rural RDCs. Other operations have also been found to be well managed and are consistent with adopted plans.

Research & development

Documentation of policies and procedures

The processes for management of the investment portfolio are described in the FWPA Policies and Procedures Manual under 'Research & Development'.

As noted above in 'Performance review: corporate governance', the Policies and Procedures Manual is overdue to be updated. The section on R&D processes in the manual is long-winded and contains too much historical detail. The section could be shortened significantly to make it more readable. There are also inaccuracies that need rectifying (for example, four AGs are listed). These shortcomings were also noted in the internal audit of March 2011.

As noted above, we strongly encourage the updating of the Policies and Procedures Manual by the target mid-2012 date.

Priority identification

This review does not comment on the appropriateness of the particular investments made by FWPA whether in industry promotion, R&D, technology transfer and education or standards coordination, because these are a matter for the industry. We note that FWPA does not have the maintenance of capacity for forestry and timber research as a corporate objective. The view of the Board (and, it seems, of stakeholders) is that R&D must deliver rapid results to the industry and there is therefore a marked skew of investment towards applied rather than strategic R&D.

This review does, however, consider whether the processes followed in prioritising, managing and evaluating these investments allow for the most effective and efficient prosecution of FWPA's charter.

Investment in the four strategic areas is guided by a series of investment plans, one for each of the R&D Investment Priorities themes approved by the Board in May 2009 and refined from the Strategic Plan 2009-13. Eight of these (including the Education Plan) have been completed:

- Wood as a Sustainable Building Material;
- Water Use Efficiency, Access to Water Resources and Balanced Policy Outcomes;
- Industry Statistics;
- Increasing the Use of Wood Products in Residential Construction;
- Genetic Improvement to Increase Productivity and Wood Quality and Manage Risk;
- Climate Change and Commercial Forestry – Improved Decision Making and Risk Reduction;
- Improving Wood Quality and Yield, and Tools for Forest Management; and
- Education.

The remaining four investment plans are scheduled for endorsement in early 2012. These are:

- Solid Wood, Engineered Wood and Pulp and Paper Products: Performance and Yield;
- Maximising Product Yields and Values from Current Resources;
- Forest Biosecurity and Preparedness; and
- Timber Construction in Commercial and Industrial Buildings.

The investment plans are 'owned' by the Advisory Groups. They have been prepared over the last two years for FWPA and the relevant Advisory Groups by external consultants who are highly knowledgeable in the particular field but who do not have a direct interest in the implementation of the plan (for example, a researcher seeking funding). The consultant works with the Advisory Group to identify its priority outcomes, then consults with the research and other providers to identify the opportunities to achieve those outcomes.

The individual plans follow different formats, but all usually articulate:

- The objective of the plan;
- An evaluation of past and current investment;
- A SWOT analysis;
- A description of the context of the plan (technology platforms, industry practice, potential for gains etc);
- A summary of any stakeholder consultation;
- A 5-year investment plan, stating priorities and strategies (primary and secondary 'recommendations');
- Guidelines for investment, showing indicative investment by FWPA under each recommendation and by species;
- Outcomes and indicators of success; and
- A list of references and summary of stakeholder input.

The investment plan approach is commendable. The plans translate the high-level strategic plan into a far more tangible description of R&D needs. It is notable, though, that the investment plans vary in their format and in their level of detail. For example, the plan for 'Increasing the Use of Wood Products in Residential Construction' includes a very detailed listing of strategies and assessment of potential for success, impact, effort and cost. These are not found in the 'Genetic Improvement' plan.

This inconsistency is not ideal and it would be preferable for all of the plans to be as similar as possible in their structure so that readers become familiar with the format and learn quickly where to find specific information. Consistency of planning also facilitates consistent monitoring and reporting.

However, it is acknowledged that very different topics – for example, statistics versus water use efficiency – will require some difference of approach, and that the audiences

for each plan will differ. We also note that standard writing instructions were issued to each author by FWPA.

'R&D calls'

The plans are publicly available on the web site. They form the basis for twice-yearly R&D 'calls', the most recent of which took place in June/July 2011. FWPA also commissions some projects directly.

Project application forms are also available on the web site. There is no separate 'preliminary proposal' template. The preliminary form was considered less necessary with the move towards investment plans and defined priorities, so certain elements of the form were incorporated into the full application form and it was discontinued.

There was a disappointing response to several of the investment priorities with only 'Genetics' fully subscribed. This appears to reflect a transition from researcher-led to industry-led R&D which, in turn, reflects the shift from Government ownership and management of forestry assets. There is also a severe deficit of skilled industry personnel (see above).

Project proposals received by FWPA are assessed by the relevant Advisory Group. Projects recommended for funding by the AG are passed to the MD (<\$100k per annum and <2 years); the Board R&D Investment Committee (<\$250k, 3 years); or the full Board for funding approval, as per general delegations of authority.

The R&D contract is lengthy but not abnormally so by RDC standards. Its pragmatic IP clause (see below) is to be commended.

Monitoring and evaluation

R&D projects and associated contracting, finances, intellectual property (IP) and other aspects are managed internally by the R&D Manager and the R&D Officer. There are no external program or project managers. An SQL-based project, program and portfolio management and reporting system, WoodBase, was adapted several years ago from the Fisheries R&D Corporation system FishBase.

In addition, each project has a Steering Committee (SC) appointed prior to the delivery of the second project milestone. Each SC is made up of project funders, research providers and other industry stakeholders (preferably users of the project output). The SC plays a role in monitoring the project progress and endorsing (or otherwise) milestone reports, as well as advising on the commercialisation or extension of project outcomes.

Templates for milestones, final report and audited final financial report are provided on the FWPA web site. It is notable that FWPA stipulates fixed, synchronised payment dates (in April, August and December) for large, multi-year projects (not consultancies). The WoodBase system provides automated reminders for these milestones in advance of their due dates.

We have mixed views on setting synchronised milestone payment dates. In theory, at least, this approach means that milestone reports do not necessarily coincide with logical

achievement or decision points along the course of a project; that management has a concentrated workload at certain times of year, potentially leading to delays in milestone processing; and that smaller providers must effectively 'carry' the cost of a project for up to four months between payments, although it is noted that there is provision for a 20% upfront payment.

However, we accept FWPA's experience that 'activities tend to naturally gravitate around whatever payment processes we put in place' and that, formerly, there was a mindset among researchers that June 30 was the date by which everything had to be completed. This led to the end of the financial year being a highly congested work period. Management has a strong belief that the establishment of the synchronised milestone payment dates has fixed this major problem. The company has not received any negative feedback from research organisations about this requirement. Provision for an upfront payment of up to 20% of the project value on contract execution also offsets the long gap between payments.

Clearly, management has thought through the pros and cons of its approach to setting milestone dates. We would not propose any change to the system if it works for both FWPA and its research providers.

The templates for milestones, final report and audited final financial report appear to be comprehensive without imposing an undue burden on the researcher. The internal audit of March 2011 recommended the development and use of a contract variation form and some modifications to the R&D contract. These recommendations have reportedly been implemented by management.

The outcomes of R&D projects are periodically evaluated. A sample of nine projects from the entire program was reviewed in June 2010, while a further six were evaluated in October 2011, by an external consultancy group applying a benefit/cost analysis. The internal audit report recommended that a performance review be undertaken at the conclusion of each project. This step has now been introduced and is to be commended.

There is little monitoring of projects on a portfolio basis for risk/return, time to market, ease of implementation or other parameters. This is perhaps understandable. The investment profile is heavily skewed towards the applied, practical part of the R&D spectrum; there is little if any 'blue-sky' research. Also, the under-investment against R&D investment plans suggests that there is no real need to make project fund/no fund decisions based on considerations of portfolio balancing.

IP management

FWPA has a recent and comprehensive Intellectual Property Management Plan (June 2011). The policy of FWPA in respect to IP is summarised in the following excerpts from the plan:

'Rapid and effective adoption by the industry of project results is a key outcome sought by FWPA. This can be through commercialisation or alternative adoption pathways leading to uptake by industry. These pathways include: licensing of inventions; consulting and

contract research; creation of spin-off companies and joint ventures; and publishing, in paper form or electronic media. The agreed adoption pathway will be assessed against whether it provides a fast, sustainable and efficient means of transferring project outcomes to industry' (executive summary); and

'FWPA's company philosophy, in line with its constitution and objects, is to maximise the availability of the Project IP by making the underpinning project outputs available for adoption and use by the industry without undue restrictions. The company considers that protection and commercial exploitation of Project IP should only be pursued where it is clearly in the best interests of the Australian forest and wood products industry to do so. That is to say that protection and commercial exploitation will deliver recognised industry benefit above and beyond direct transfer and adoption of project outputs. Commercialisation of Project IP is decided on a case-by-case basis' (section 4.5.4).

FWPA's R&D contract contains a standard IP clause which vests full ownership of project IP in the researcher with FWPA retaining a 'perpetual, irrevocable, royalty-free, non-exclusive licence to use and reproduce the Project Intellectual Property Rights for research and education purposes'.

The IP Plan takes a pragmatic approach to transferring IP to industry to benefit industry, and does not solely rely on 'commercialisation' via patents, licensing and royalties which, in the opinion of the consultants preparing this review, can often be protracted and expensive and detract from industry adoption of R&D.

Industry promotion

FWPA's strategy is to 'Promote the benefits and usage of forests and wood products, in accord with changing community attitudes, environmental awareness, and market trends'. It implements this strategy by a variety of means including structured promotion campaigns; market research on customer needs, market trends and community attitudes; and an underpinning quantification of environmental benefits of forest and wood products. The strategy is overseen by the Board's Promotion, Services and Communication Committee.

The industry promotional strategy is implemented by FWPA in accordance with its strategic and operational plans. A budget of approximately 30% of FWPA investment is referred to in the strategic plan and this is largely reflected in the most recent AOP (2010/11). However, from a reporting perspective, investment in this strategy is not identified separately from other non-R&D activities within the Annual Report 2010/11. It is suggested that separate reporting of expenditure across industry promotion, technology transfer and education and standards coordination would lead to greater transparency for levy payers and members (it is also noted that these three strategies are also quite closely inter-related).

While it is not within the scope of this review to make an assessment of the appropriateness of the promotional strategy employed by FWPA, it is noted that the core *Wood. Naturally Better™* consumer campaign (with its underlying message that wood products are functional, appealing and good for the environment) has been well

researched and implemented and appears sound. The other promotional pillar, *WoodSolutions™*, aimed at building specifiers, complements the consumer activities and seeks to address the lack of knowledge (identified by market research) as a major barrier to increased use of wood in building construction.

It is also of note that the recent decision to undertake a two-year program with Planet Ark that includes Planet Ark's brand endorsement of *Wood. Naturally Better™* advertisements and other programs has been well considered and should significantly assist in overcoming some of the shortfalls identified by FWPA in its promotional strategy (Board, December 2010).

While it is apparent that FWPA has been effective in meeting its priorities, targets and budgets under the plans, it is not always easy from key published documents (e.g. annual reports) to assess the value of these investments.

Technology transfer and education

The company's technology transfer and education activities have developed from its strategy to 'Grow the industry's capacity and capability in knowledge generation and adoption, and promotion, to facilitate expansion'. As noted in the 'Performance review: planning and reporting' section of this report, this refinement is fully consistent with the strategic direction of the company.

A budget of approximately 7% of FWPA investment is referred to in the existing strategic plan but budget allocation for this area has increased to approximately 21% (AOP, 2010/11) largely at the expense of its R&D expenditure as the company seeks to increase its focus on the 'extension' of its RD&E activities. This is considered to be a sound approach.

The 'Zed' report, *'Improving the effectiveness of R&D technology transfer and adoption: A report for FWPA on a more effective mechanism to facilitate the transfer of technologies and R&D reports to industry, Final Report October 2010'* has been instrumental in guiding the company's additional investment in this area. It was commissioned to address FWPA's concern regarding the communication and adoption of the findings from its research and development (R&D) investments. The report made seven key recommendations which have been largely adopted by FWPA.

FWPA adopted a revised and expanded technology transfer and adoption program in December 2010 especially in relation to its industry database, a new R&D-based newsletter, website, additional sponsorships and conferences, and focussed stakeholder meetings and seminars (R&D Works). Over time, these expanded communication approaches should provide a positive outcome. For example, the R&D Works seminars are well attended and supported.

Without repeating them here, similar comments to those made above (for industry promotion) in relation to financial and output / outcome reporting for this activity are pertinent.

Standards coordination

FWPA's activities in relation to standards coordination are relatively new and have emerged from the strategy to 'Increase FWPA's capacity and scope to provide services for the industry's benefit'. As with the company's refined strategy in relation to technology transfer, standards coordination is viewed as fully consistent with the strategic direction of the company.

Following widespread industry consultation, the Board agreed that FWPA would coordinate the development of timber standards and codes for the forest and wood products sector in mid 2009. The plan underpinning this activity considers both the opportunities and challenges that would arise from such a role.

Investment in this area was forecast to be approximately 3% of FWPA's investment budget (Strategic Plan, 2009-2013) and most recently was listed as 4% (AOP, 10/11). A standards manager was appointed in October 2009 to coordinate activities in this area and a modest reallocation of budget was made accordingly.

Since 2010/11, the only industry service provided by FWPA has been the coordination of the industry's needs for timber standards and building codes. While it may be too early to make an assessment of the effectiveness in meeting its priorities in this area, it is apparent from reporting that significant progress is being made (Annual Report, 2010/11).

Despite this being a small investment for FWPA, some reporting of expenditure in this area would be beneficial in documents such as annual reports.

Performance review: liaison with stakeholders

Communication vehicles

FWPA utilises a number of vehicles in order to communicate with stakeholders. It hosts or partners with other organisations in several web sites, namely:

- The corporate site, www.fwpa.com.au;
- The promotional site www.naturallybetter.com.au;
- The product technical site www.woodsolutions.com.au;
- The industry careers site www.growingcareers.com.au; and
- The industry educational site www.forestlearning.edu.au.

The corporate web site provides member and public access to important corporate documents (including investment plans), technical reports and information on upcoming events.

FWPA produces two newsletters: R&DWorks, which presents updates on FWPA-funded R&D; and Leading Edge, a general magazine carrying stories across all areas of FWPA business. Leading Edge was intended to be published quarterly but has been released

irregularly over the last two years. From 2012 Leading Edge will be replaced by an 'e-mag' entitled ForWood which will be published quarterly on the third week of January, April, July and October.

Regular contributions are placed in the magazine Australian Forest Growers. Articles also appear in other magazines at various times, online and print, including:

- Australian Timberman (hard copy);
- Australian Forests & Timber News (hard copy);
- Daily Timber News (online);
- Timber e-news (online); and
- Friday Off-cuts (online).

Over the last six months FWPA has been running R&D Works seminars as part of its technology transfer program. These seminars have been conducted in over a dozen sites across Australia located where there is a strong forest and wood product industry presence (such as Mt Gambier). Each seminar involves twelve short presentations on completed R&D relevant to the audience.

This year FWPA has sent out, and handed out at events, a large number of USB sticks containing videos, reports and other resources.

FWPA also sponsors a number of trade and industry shows.

Stakeholder satisfaction with communications

The results of the survey conducted for this review indicate that stakeholders are generally happy with the quality of communications from FWPA, approximately 77% rating it as 'average', 'above average' or 'excellent'. Respondents rated e-mail as the most common vehicle for receiving information from FWPA, followed by e-news, roadshows, the web site and magazines.

Seventy-four percent rated FWPA's responsiveness to issues and concerns of members at average or above.

Industry members commented favourably to this review on the frequency and value of visits and phone calls to them by the FWPA Managing Director. The 'R&D Works' forums have been well received and the recent AGM in Canberra was noted as a particularly successful event.

DAFF also indicated that FWPA's communications has improved considerably over the lifetime of the organisation and is of a high standard.

DAFF and industry stakeholders reported that the consultation process with respect to the strategic plan was thorough and provided a genuine opportunity for input. As noted earlier, FWPA is planning an industry 'summit' in early 2012, the objective of which will be to gain stakeholder input to the next iteration of the strategic plan. This approach is to be commended.

Performance review: delivery of benefits to industry

Introduction

It is not within the scope of this review to undertake a *de novo* econometric evaluation of the benefits delivered by FWPA. Instead the review has sought to examine existing evidence that: (i) FWPA is undertaking sufficient and robust evaluation of its activities and that (ii) this evaluation is demonstrating FWPA's delivery of positive outcomes for each of its stakeholders.

It is acknowledged here that the evaluation of the performance of rural RDCs is different to that for most public companies. Metrics such as return on assets, share price and net profit after tax are not relevant to industry service bodies such as FWPA. These companies must instead develop measures that estimate the impact of their activities on the wellbeing of their levy payers and (in the case of the Commonwealth matching funds) of the Australian public.

It is also noted here that FWPA faces some particular challenges in evaluating the benefits delivered by its R&D program especially in relation to forestry projects. Put simply, it takes a long time to grow a tree to maturity, much longer than it takes to grow a cereal crop, a sheep or a cow. Evaluations of forestry projects will inevitably involve a large reliance on assumptions and ex-ante evaluations.

FWPA's approach to evaluation

There is no mention of performance evaluation in the Policies and Procedures Manual. This is an omission that should be rectified. As noted in the 2011 Annual Report, measuring return on investment by the Rural RDCs is a Government priority, and it should be the subject of systematic examination by FWPA. This suggests the need for a stated policy position and the development of regular practices and procedures.

Having said that, FWPA does monitor its effectiveness in delivering benefits to stakeholders. Two detailed benefit/cost analyses of a representative sample of the R&D portfolio have been undertaken (June 2010 and October 2011 – the latter a draft at the time of this review). These analyses have followed the guidelines of the Council of Rural Research & Development Corporations and appear to have been conducted rigorously by a reputable firm with an understanding of the industry.

Other examples of FWPA monitoring and evaluation activities are post-event satisfaction surveys for R&D Works, specifier and other seminars; tracking of traffic and usage activity on the various web sites; and evaluations of the effectiveness of promotional campaigns.

As noted above ('Research & development, Documentation of policies and procedures'), an internal audit report of March 2011 recommended that a performance review be undertaken at the conclusion of each project. This recommendation has reportedly been implemented by management.

Evidence of delivery of benefits

As noted above, it is not within the scope of this review to provide an estimation of the overall economic, environmental or social value delivered by FWPA. We have however reviewed the available evidence for the delivery or otherwise of benefits by the company.

On the basis of documents viewed, interviews undertaken and survey results, we conclude that FWPA is overall providing positive value to the industry and to the broader community. The major piece of evidence to support this conclusion is the estimated benefit/cost ratios (BCRs) on growing, processing and marketing projects of 2.4, 5.4 and 14.8 respectively as estimated in 2010. The draft 2011 evaluation shows a less clear-cut distinction between the returns on different project categories but estimates BCRs of between 1.5 and 6.3 for a sample of six projects.

The survey conducted for this review found that stakeholders were generally positive about the value for money offered by FWPA and its effectiveness in addressing the issues and concerns of members. There was a slight skew to the negative on perceptions of FWPA's effectiveness in each of its various roles. In our experience of such surveys these represent a reasonable result for FWPA, as those who hold a negative view of an organisation are far more likely to respond to a survey than those who are supportive.

However, as noted in the section on 'Planning and reporting', the structure and content of annual reports do not (as well as they could) clearly spell out the value/benefits that FWPA provides to levy payers, industry and Government. Suggestions on how this could be improved are made within this report.

Conclusions of the review

This performance review has found that Forest & Wood Products Australia is a well-run company that has met its obligations under the statutory funding agreement with government. Stakeholders including DAFF have generally described FWPA as performing its functions effectively. Where there were some areas of relative weakness early in FWPA's existence these have generally been addressed over the review period.

There are some opportunities for improvement. We have recommended that FWPA should:

1. Develop a Board charter and ensure the Company Secretary keeps abreast of legal and compliance requirements.
2. Develop a policy for Board performance reviews, outlining the frequency and manner of such reviews, and encompassing reviews of Board committee performance.
3. Develop a conflict of interest policy for the Board, setting out the application of the Corporations Act provisions and outlining how the Board deals with any conflict that arises in the Board's deliberations of the matter.
4. Develop a code of conduct for directors.

None of these recommendations reflect any material problem or evidence of inappropriate practices. Rather, they reduce risk at the margins and ensure FWPA is operating at best practice as defined by the ASX Corporate Governance Principles.

This review also notes its support for a series of improvement initiatives that are already underway. These include:

- The establishment of an annual two-day strategic planning process by the Board;
- The updating of the policies and procedures manual;
- The development of investment plans to guide R&D priority setting, and the associated consolidation of an industry advisory group process;
- Improvements in the alignment of performance measures from strategic through annual operating plans to annual reports (further work is required in this area); and
- The deliberate policy of frequent visits and other contact with major stakeholders, including larger levy payers and peak bodies, by the Managing Director.

Appendix 1: Documents reviewed

CATEGORY	DOCUMENT
Acts and SFA	FWPA Statutory Funding Agreement
	Forestry Marketing and Research and Development Services Act (Cth) 2007
	Corporations Act (Cth) 2001
	ASX Corporate Governance Principles and Recommendations, 2 nd edition 2007 with 2010 amendments
	Information on Forest Growers Levy, DAFF, October 2010
	Information on Forest and Wood Products Levy & Export Charge, DAFF, July 2007
Board	
	Management of FWPA provided access to all Board papers (agendas, papers, minutes etc) via a secure web portal at the commencement of the review.
	Terms of Reference of Board Committees
	Summary of Comments from Directors on FWPA Board Performance
Corporate documents	
	FWPA Constitution
	FWPA Member Register, September 2011
	FWPA Criteria for Associate Membership
	Internal Audit Summary 2008-11
	Business Recovery Plan, 2011
	FWPA Policies and Procedures Manual
	FWPA 2011-2013 Internal Audit Plan v4
	FWPA KPI Report, Australian Business Class (2010)
	FWPA Risk Management Plan, June 2011
	FWPA Risk Register, June 2011
	FWPA, General Terms of Employment
Strategic and investment plans	
	Strategic Plan 2009-2013
	R&D themes and investment priorities, chart, 2010
	Investment plans for each priority area
	National primary industries research, development and extension (RD&E) framework: RD&E strategy for the forest and wood products sector, February 2010
Annual operating plans	
	Annual Operational Plan 2007/08
	Annual Operational Plan 2008/09

CATEGORY	DOCUMENT
	Annual Operational Plan 2009/10
	Annual Operational Plan 2010/11
	Annual Operational Plan 2011/12
Annual reports	
	FWPA Annual Report 2007/08
	FWPA Annual Report 2008/09
	FWPA Annual Report 2009/10
	FWPA Annual Report 2010/11
R&D	
	Templates for project proposals, research agreement, milestone and final reports, audited final financial report
	Examples of project reports
	FWPA IP Management Plan, August 2011
	FWPA IP Register
	R&D Program Evaluation by URS, June 2010
	R&D Benefit Cost Evaluation by URS, Draft, October 2011
Marketing, TT and Standards	
	Marketing Plan for Building Specifiers (and appendices)
	Planet Ark Marketing Plan, December, 2010
	Review of Australian Forestry and Wood Products Education and Training Needs, report for FWPA, Myoora Investments, May 2010
	Technology Transfer Plan, December 2010
	FWPA Technology Transfer review, Peter Zed, October 2010
	Standards Plan, February 2010
	USA Marketing Program KPIs
	Wood Products Council Non-Residential Report Card, April-September 2008
Communication	
	Managing Director's Presentation to AGM, October 2010
	Various communication documents (Leading Edge, R&D Works etc) were provided to this review and the various FWPA websites were examined
Other documents	
	Final report to FWPA on performance measures, Australian Business Class, 2010
	FWPA Advisory Group Members List
	FWPA Board Contacts

Appendix 2: Results of survey

This section provides additional detail (in highly summarised form) on the stakeholder survey to supplement the key findings presented in the body of the report.

The survey was closed on 11 November 2011 with 48 responses, 19 of which identified the respondent. The identified respondents comprised 10 FWPA members and/or advisory group members, 5 non-member levy payers and 4 service (such as R&D) providers. The members and levy payers comprised a mixture of processors, growers, marketers, exporters and importers.

Overall, most respondents claimed to have a reasonable to good understanding of FWPA's activities in all areas.

Below is a summary of the respondents' ratings of FWPA's performance, expressed as a percentage of the total number of 48 respondents and categorised into 'below average', 'average' and 'above average' bands. The survey question topics listed describe the main topics covered by the survey.

Based on the total percentage of respondents who rated FWPA's performance across all issues as 'average or above average', we have ranked the results in descending order, with FWPA's best performance topic at the top. The respondents believed that the company performed best in the area of communication with members, stakeholders and levy payers.

On average, approximately 73% of the respondents rated FWPA's performance across all the survey question topics listed as 'average or above average'.

Survey question topics	% BELOW AVERAGE	% AVERAGE	% ABOVE AVERAGE
Quality of FWPA communication with stakeholders and levy payers	23%	37%	40%
Quality of FWPA communication with members	23%	40%	37%
The value of FWPA for the money provided to it	24%	48%	28%
FWPA effectiveness in building networks, connecting the industry and community relations	26%	44%	30%
FWPA effectiveness in addressing the issues and concerns of members	26%	44%	30%
FWPA effectiveness in managing industry issues such as trade, labelling, crisis emergency planning and management, bio-security & environmental sustainability	28%	48%	24%
FWPA effectiveness in increasing efficiency of growing, harvesting & processing timber	28%	50%	22%
Efficiency of FWPA as an organisation	28%	39%	33%
FWPA effectiveness in improving viability and productivity of industry businesses	31%	54%	15%
FWPA effectiveness in building consumer demand	35%	37%	28%

Table 2 – Summary of responses to survey

Appendix 3: Obligations under the SFA: summary of performance

REQUIREMENT	SOURCE	STATUS
Constitution to contain rules as per Schedule 2 of SFA	CI 3.1	<ul style="list-style-type: none"> Achieved
Notice to the Commonwealth of any proposed change to the Constitution and of any change if made	CI 3.2	<ul style="list-style-type: none"> A large number (approx. 108) of changes were made to the constitution in 2009. The key changes included: <ul style="list-style-type: none"> Exclusion of 'advocacy' which was previously in the agri-political clause. Quorum at a general meeting can now count proxies. Inclusion of a mechanism to allow the Board to review who could be a national representative organisation. Management advised that significant consultation took place with members and appropriate notice was given to DAFF.
Use reasonable endeavours to ensure levy payers can become members	CI 3.4	<ul style="list-style-type: none"> Current membership is approximately 80% by production volume. Communication with levy payers including reminders about membership occur with an Annual Report sent to all levy payers as well as at industry meetings. The Levies Revenue Service of DAFF provide a list of all levy payers with their amount of levy paid annually after the end of each financial year. Not all large levy payers are members and FWPA are initiating more programs available to members only to encourage membership.
Expenditure of funds consistent with the strategic and operating plans, the Government's R&D priorities and Levy Principles and Guidelines.	CI 5.1 – 5.5	<ul style="list-style-type: none"> Expenditure of funds appears consistent with plans. DAFF advised that very satisfied with this aspect. Any queries are dealt with responsibly
Amount invested in R&D for 2007 to 2012 not less than the average of the revenue received from the Commonwealth in last 3 years of FWPRDC i.e. \$6.73 million.	CI 5.6	<ul style="list-style-type: none"> This provision has been met and exceeded every year.
No agri-political activity	CI 5.10	<ul style="list-style-type: none"> No breach of this clause has occurred.
Hold funds in an Australian bank account controlled solely by the FWPA	CI 6.1	<ul style="list-style-type: none"> Complied, management has advised that they use only the 4 large Australian banks.
a) Establish and maintain accounting systems, procedures and controls under Australian accounting standards. b) Separate accounts for levy payments, State Growers' contractual payments, R&D activities and Commonwealth matching payments.	CI 6.1 (c) - (g)	<ul style="list-style-type: none"> Achieved, annual audit confirms compliance with Australian Accounting Standards. Management advise that separate general ledger accounts are kept for each of these.
Management and use of transferred assets, liabilities and funds in accord with the SFA.	CI 7.1, 7.2 & 8.1	<ul style="list-style-type: none"> Achieved, confirmed via the annual Audit Compliance Report and all activities of FWPA are only those provided for in the SFA.

REQUIREMENT	SOURCE	STATUS
Strategic plan a) develop and adopt within 9 months of commencement, b) review and update annually, c) make available to levy payers and state growers, and d) provide to the Minister within 28 days of Board resolution.	CI 9.1	<ul style="list-style-type: none"> a) Achieved. b) Management advised that they review and update annual operating plans each year but had not incorporated changes in the strategic plan until 2011. For example, the education and investment plan and the standards setting were new initiatives but were not inconsistent with the strategic plan and they had been discussed with DAFF. c) Made available on the website. d) Achieved as advised by management and DAFF.
Strategic plan – content requirements	CI 9.2	<ul style="list-style-type: none"> Content of strategic plan covers requirements of SFA. Very well prepared document
Strategic plan consultation with: a) levy payers and state growers, b) representatives of industry sectors, c) the Minister	CI 9.3 & 9.4	<ul style="list-style-type: none"> Adequate consultation in the preparation of strategic plan at all levels. Management advised that consultation took place in late 2007 and early 2008 and the plan was finalised by June 2008. Took place with DAFF as nominee for the Minister.
Operational plan a) develop and adopt prior to 1 July each year, b) content requirements (see also requirements in the constitution)	CI 9.5 & 9.6	<ul style="list-style-type: none"> a) Confirmed by management. b) Content of plan covers SFA requirements and is strongly supported by DAFF. Note: the focus is as a compliance document rather than a detailed management document
Other plans to be developed and implemented within 9 months of commencement: a) Risk Management Plan b) Fraud Control Plan c) IP Management Plan d) review each 3 years e) provide a copy of each plan to the Minister within 28 days after adoption by the directors.	CI 10	<ul style="list-style-type: none"> All plans were first prepared in 2008 and the 3 yearly review occurred in 2011. Note that the Fraud Control Plan is contained within the Risk Management Plan. c) IP Management Plan is available and pragmatic in its approach
Annual Report - content requirements - copies to the Minister, timing	CI 11.1 & Schedule 3	<ul style="list-style-type: none"> The Annual reports cover the requirements of the SFA. See section on planning and reporting Some commentary provided on ways to improve reports as a communication tool to industry
Financial information to the Commonwealth a) 30 June and 31 December requirements & timing b) certification by Chair/CEO	CI 11.2, 11.3	<ul style="list-style-type: none"> Management confirmed this is done in accord with the requirement.
Material changes that affect Op Plan or SFA obligations – 30 day notification to Minister.	CI 11.4	<ul style="list-style-type: none"> Management advised there have been none.

REQUIREMENT	SOURCE	STATUS
Other requests from the C/w for information.	CI 11.5	<ul style="list-style-type: none"> • None. Had meetings when requested by DAFF.
Chair/CEO meetings with the Minister/nominee – at least every 6 months	CI 11.6	<ul style="list-style-type: none"> • Achieved.
Access to records – any requests by the C/w?	CI 13	<ul style="list-style-type: none"> • No requests.
<p>Audit Compliance Report and Certification Report</p> <p>a) provision of audited annual financial report to the Minister</p> <p>b) Audit Compliance Report to be provided to the Minister within 5 months of end of financial year</p> <p>c) Audit Compliance Report requirements</p> <p>d) Certification report to be provided to the Minister within 5 months of end of financial year</p> <p>e) Certification report requirements</p>	CI 14	<ul style="list-style-type: none"> • Management advised these provisions have been met.
Any request by the C/w for an audit report due to a breach?	CI 14.4	<ul style="list-style-type: none"> • None.
Conflict of interest - notification to the Minister regarding any conflict of interest for obligations of SFA	CI 18	<ul style="list-style-type: none"> • None to be notified.
Acknowledgement of Commonwealth matching payments on relevant matters.	CI 19	<ul style="list-style-type: none"> • Acknowledgement made as advised by management.

Appendix 4: Obligations under the Constitution: summary of performance

REQUIREMENT	SOURCE	STATUS
Agri political activity – nil	CI 2.4	<ul style="list-style-type: none"> As per SFA notes – nothing to report, no breach.
Expenditure of funds consistent with the Strategic and Operating Plans and guidelines agreed by the Members or the Board	CI 2.5	<ul style="list-style-type: none"> Expenditure of funds appears consistent with plans.
Admission of Members	CI 4	<ul style="list-style-type: none"> Member register provided.
Register of Members: a) requirements of details, b) audit of information	CI 5	<ul style="list-style-type: none"> Register maintained with details required. The information other than for importers is provided electronically by DAFF annually. For the importers, if management identified a large change in levy paid they would query this with the importer. They have not needed to do this to date.
State Growers' Contractual Contributions and Voluntary Payments: a) agreements reached b) terminations.	CI 6	<ul style="list-style-type: none"> 5 year contracts in place which need to be renewed shortly. Expiry date of 2012 for these contracts. If a levy increase is to occur, clauses relating to this may need to be included in the new contracts.
Membership removal	CI 7.8 – 7.15	<ul style="list-style-type: none"> There are two members in receivership and not currently paying levies. The Board has instituted procedures in accord with the constitution.
Determination of voting rights: a) levy amount information b) written notice to members annually c) request for review by member d) maintenance of Voting Entitlements Register	CI 8.1 – 8.6	<ul style="list-style-type: none"> a) Provided by LRS in DAFF. b) Done with the AGM papers. c) No reviews have been requested. d) Done annually based on the levy payment information provided by DAFF and otherwise as changes occur.
Full members – entitled to receive a notice of a general meeting, attend, speak and vote and receive an annual report.	CI 8.7 – 8.10	<ul style="list-style-type: none"> Done. Strong attendance of industry at the 2011 AGM.
Associate members – entitled to receive a notice of a general meeting, attend and speak and receive an annual report.	CI 9	<ul style="list-style-type: none"> There are no associate members at present.
AGM - when held - notice of meeting, - issue of voting entitlements & proxy forms, - minutes of AGM, - any voting? - use of external agency for conduct of poll? - any other general meetings of members?	CI 11 & 12	<ul style="list-style-type: none"> Staff undertake a poll if required. To date no polls have been required. Other than AGMs no other general meetings have been held.

REQUIREMENT	SOURCE	STATUS
Directors a) number and category of directors, b) rotation of directors c) process of appointment d) Selection Committee e) Skills of Directors f) Board performance review.	CI 13.3 CI 13.4 CI 13.5 – 13.7 CI 13.9 – 13.12 CI 13.13	<ul style="list-style-type: none"> • a) The Board has comprised eight directors over the review period, while the constitution allows for up to nine. • b) There has been rotation of directors each year with either one or two new directors in each year from 2008/09 to 2010/11. • c) The constitution provides for an industry selection committee to recommend candidates for election at an AGM. This has been done each year. • d) As above. • e) The skill requirements have generally been met, while noting that there is not a director with formal accounting/finance qualifications, although there is a director who is a qualified chartered secretary and has experience on audit committees. • f) Two Board reviews have been done. The first was done by an external consultant using an online tool with directors self assessing. The result was that they rated themselves lower than average but contested this based on the methodology. The second was done internally by the Chairman having a discussion with each director. A report of this review was subsequently discussed with the Board.
Managing Director – Board appointment	CI 14	<ul style="list-style-type: none"> • OK
Proceedings of the Board a) Board charter, b) Committees’ charters, c) frequency of Board and Committee meetings d) minutes of meetings e) Conflict of interest policy f) Corporate governance manual	CI 17	<ul style="list-style-type: none"> • The proceedings of the Board are generally well managed with clear agendas and minutes recorded. The agendas are set out in a manner that separates matters for decision from other matters. • There is no formal Board Charter and it is recommended that one be put in place. • There are three Board committees: <ul style="list-style-type: none"> ○ Audit and Finance Committee ○ Research & Development Investment Committee ○ Promotion, Services and Communications Committee. • Each committee has terms of reference in place which are reviewed each year. • Performance reviews of the committees operations have not been done in conjunction with the Board reviews and it is recommended that this be considered.

REQUIREMENT	SOURCE	STATUS
Secretary – Board appointment	CI 18	<ul style="list-style-type: none"> The Company Secretary is the R&D Manager and carries out this role with assistance from the Business Manager. Given that the Company Secretary is not formally qualified for this role and has not had previous experience, it is important that he keeps abreast of important developments in this area through seeking legal advice when necessary and also through attendance at appropriate courses/seminars on the duties of a company secretary.
Indemnity/insurance a) indemnity provided for directors/management? b) insurance policies.	CI 19	<ul style="list-style-type: none"> Done.
Industry Advisory Groups a) establishment b) composition/representation	CI 21	<ul style="list-style-type: none"> There are currently three industry advisory groups, for Market Access and Development, Sustainability and Resources and Wood Products Processing. Until 2010/11 there was also an industry advisory group for Engineered Wood Products.
Strategic Plan a) developed within 1 year of date of Constitution b) reviewed periodically c) Board resolution d) provide to the Minister and make generally available to members within 28 days e) content requirements	CI 22	<ul style="list-style-type: none"> a) Done. b) See earlier comment in SFA. c) Done. d) Done. e) Content requirements have been met.
Operational Plan a)take into account public accountability obligations of Corporations Act b) provide to the Minister prior to beginning of financial year c) content requirements	CI 23	<ul style="list-style-type: none"> a) Done. b) Done. c) Content requirements have been met.
Accounts, audit & records a) Corporations Act requirements b) Appointment of auditor	CI 25	<ul style="list-style-type: none"> Unqualified audit reports have been issued each year. External auditors are Crowe Horwarth, Melbourne. Internal auditors are BDO Kendall With a three year internal audit program in place.

Appendix 5: Reporting of AOP KPIs in the 2010/11 Annual Report

Reference in AOP (2010/11)	Reporting in 2010/11 Annual Report
Section 1 pg 6 Accountability to Levy payers	
(not described or dot pointed as KPI's - see paragraph 'Accountability to Levy Payers')	<ul style="list-style-type: none"> Pg 24 lists benefit / cost analysis Reported that communicated to Government and industry but doesn't say how
Section 2 Strategy 1, Generic Industry Promotion	
The KPIs of this program will include the following:	
Consumer and specifier recall of the program activities and branding.	Page 16 –refers to "Tracker Study" and trends but results not reported
Improvement in consumer and specifier perceptions of wood and forest products.	See above
Increase in purchase intent by consumers and specifiers of wood and forest products in decorative and construction applications.	Not reported
Section 2 Strategy 2, R & D Investment	
Completion and promulgation of at least four draft investment plans in accordance with the R&D priorities.	Not directly reported
Ensure that R&D expenditure levels within budgets agreed by FWPA Board.	Not reported
Finalisation and implementation of the PISC endorsed Forest and Wood Products RD&E plan including facilitation of the first National R&D Forum.	Not reported
Improve the average processing time for proposals to be less than 3 months from submission by researcher to funding decision (6 months for unsolicited proposals).	Not reported
Introduce new terms of reference, including performance indicators, for the industry advisory groups. Also, establish a register of interested individuals willing to participate in advisory groups and planned rotation process for advisory group members.	See pg 24 on Advisory Groups – but PI not directly reported
Section 2, Strategy 3, Capability, Adoption & Promotion	
Increased consumption of research findings through download from the Internet or other methods (e.g., attendance at seminars).	Generally reported in earlier parts of the Report, but not in this section Many outputs reported
Number of page views at the FWPA websites.	
Stakeholder feedback on the relevance and useability of our communication program.	
Section 2, Strategy 4, Provision of Industry Services	
Members who have nominated for the network to raise issues that are affecting their business. Others include:	Many outputs listed in various parts on the report but, specifically:
Delivering timely & effective outcomes for Industry	Not reported
Positive feedback from Industry	Not reported
Working within budget	Not reported
Demonstrating a strategic approach to delivering industry services	See pg 37 re 'Standards Coordination'

Reference in AOP (2010/11)	Reporting in 2010/11 Annual Report
Demonstration and recognition that FWPA is taking a leadership role	See pg 37 leadership role in taking over 'standards' work
Showing transparency in all activities	Not reported
Increasing the use of wood based products	Not reported

Appendix 6: Survey questionnaire

The following questionnaire was made available between 13 September and 11 November 2011 on the web site 'Survey Monkey'.

The questionnaire also formed the basis for one-on-one consultations, although the questions were adapted to the interviewees.

1. Welcome

Welcome to the Forest & Wood Products Australia (FWPA) Performance Review survey. The survey aims to gather feedback on the performance of FWPA in providing value for the financial contributions of levy payers and Government.

You can choose to make your responses anonymous however only collated results will be presented in reports and briefings. You will not be individually identifiable.

The survey takes approximately 10 minutes to complete. Your comments / feedback will be greatly appreciated.

2. About you

It will help us to analyse the survey results if we understand a little about your background. This information will not be used to identify you in the report.

1. Please provide your name (OPTIONAL)

2. Please indicate your role in the forest & wood products industry: (You may tick more than one option)

- Forest grower
- Forest harvester
- Forest products processor
- Forest products domestic marketer or trader
- Forest products importer
- Forest products exporter
- Part of a peak body or forest & wood products industry organisation
- FWPA Director
- FWPA staff member

- Researcher in the forest& wood products industry
- Other service provider to the forest& wood products industry
- Government officer
- Other (please specify)

3. Are you a levy payer to FWPA?

- Yes
- No

4. Are you a member of FWPA?

- Yes a Full Member
- No
- Yes an Associate Member

5. If you are a forest grower indicate in which state your business is based (You may tick more than one box)

- ACT
- NSW
- NT
- Qld
- SA
- Tas
- Vic
- WA
- Not applicable

6. If you are a forest harvester indicate in which state your business is based (You may tick more than one box)

- ACT

- NSW
- NT
- Qld
- SA
- Tas
- Vic
- WA
- Not applicable

7. If you are a forest & wood products processor indicate in which state your business is based (You may tick more than one box)

- ACT
- NSW
- NT
- Qld
- SA
- Tas
- Vic
- WA
- Not applicable

8. If you are a forest & wood products domestic marketer/trader indicate in which state your business is based (You may tick more than one box)

- ACT
- NSW
- NT
- Qld
- SA

- Tas
- Vic
- WA
- Not applicable

9. If you are a forest & wood products importer indicate in which state your business is based (You may tick more than one box)

- ACT
- NSW
- NT
- Qld
- SA
- Tas
- Vic
- WA
- Not applicable

10. If you are a forest & wood products exporter indicate in which state your business is based (You may tick more than one box)

- ACT
- NSW
- NT
- Qld
- SA
- Tas
- Vic
- WA
- Not applicable

3. Value and performance

The following questions seek your views on the value offered by FWPA to your business and to the industry, and on the performance of FWPA across a range of areas.

1. Using the ranking system below, please indicate how familiar you are with FWPA's activities in each of the following areas:

	I know nothing about FWPA's activities	I know a little about FWPA's activities	I have a reasonable understanding of FWPA's activities	I have quite a good understanding of FWPA's activities	I understand FWPA's activities very well
Building consumer demand					
Improving viability and productivity of industry businesses					
Increasing efficiency of growing, harvesting & processing timber					
Managing industry issues such as trade, labelling, crisis emergency planning and management, biosecurity, environmental sustainability?					
Building networks, connecting the industry and community relations					

2. Please rate FWPA's performance in each of the following functions:

	Very poor	Quite poor	Average	Above average	Excellent
Building consumer demand					
Improving viability and productivity of industry businesses					
Increasing efficiency of growing, harvesting & processing timber					
Managing industry issues such as trade, labelling, crisis emergency planning and management, biosecurity, environmental sustainability?					
Building networks, connecting the industry and community relations					

3. How efficient do you think FWPA is as an organisation?

Very poor	Quite poor	Average	Above average	Excellent
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Comments:

4. How do you rate the value of FWPA for the money provided to it?

Very poor	Quite poor	Average	Above average	Excellent
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Comments:

4. Membership and reporting

This section looks specifically at how FWPA manages its membership base, including its communications with members.

1. If you are a levy payer but not a member, why not? (You may tick more than one option)

- It's not worth the trouble
- I don't like FWPA
- It's not relevant for me
- I didn't know I could become a member
- I don't know what membership entails
- Other

Comments:

2. If you are a Member, how easy was it to become a Member?

Really difficult	Quite difficult	Average	Quite easy	Really easy	I am not a Member
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Comments:

3. How do you currently receive information from FWPA? (You may tick more than one option)

- E-mail
- Post

- E-news
- Magazines & journals
- Fax
- Download from web site
- Road shows & other industry meetings
- I don't receive information about FWPA

Comments:

4. How well does FWPA communicate with its stakeholders and levy payers?

Very poor	Quite poor	Average	Above average	Excellent
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Comments:

5. How well does FWPA communicate with its members?

Very poor	Quite poor	Average	Above average	Excellent
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Comments:

6. How do you think FWPA could improve its communication with levy payers, members and stakeholders?

7. How well do you feel FWPA addresses the issues and concerns of members?

Very poor	Quite poor	Average	Above average	Excellent
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Comments:

5. Other Views

1. What are the main areas in which you think FWPA needs to improve?
2. Are there specific areas where you believe that FWPA should be increasing its effort?
3. Are there specific areas where you believe that FWPA should be decreasing its effort?
4. Are there any other comments that you would like to make that are pertinent to the performance of FWPA?

