



ANNUAL OPERATIONS PLAN 2012/13

AOP

The background of the cover features a large-scale photograph of a modern building facade. The facade is composed of numerous vertical wooden slats that create a rhythmic, textured pattern. The lighting is dramatic, with strong highlights and deep shadows, suggesting an interior or semi-enclosed space. The overall aesthetic is clean, industrial, and natural, reflecting the company's focus on wood products.

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## VISION

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

## MISSION

The vision will be achieved through FWPA investing strategically in R&D, knowledge transfer, education and generic promotion to gain community support and market acceptance for forest and wood products.

## INTRODUCTION

Forest and Wood Products Australia (FWPA) Limited is the industry-owned services body that invests in outcome-oriented research and development (R&D) and, encourages the adoption of research and development (R&D) findings. The Company also manages the generic promotion of the forest and wood products sector and coordinates the sector's approach to timber standards and building codes.

The Company is responsible to its members and levy payers, and to the Australian Government through a Statutory Funding Agreement (SFA) that allows for Commonwealth matching of appropriate expenditure on R&D.

The 2012/13 Annual Operational Plan (AOP) establishes the direction for services and solutions to be provided by the Company over the next 12 months to deliver on its commitments to stakeholders.

### Strategic Plan

In February 2012, FWPA hosted a national industry summit attended by more than 50 industry CEOs and key decision makers. The summit's primary purpose was to obtain direct industry assessment of FWPA's performance during the initial five years of its operation and to identify the major industry priorities and objectives for its operation under the next statutory funding agreement with the Australian Government.

Summit attendees acknowledged that the Company was performing well, with high levels of governance and credibility. There was support for continuation of current levies, with the suggestion of, at minimum, an annual CPI increase. Participants were in favour of increased levies to expand industry services

and programs provided a business case can show the benefits to levy payers based on the level of increase and the overall benefit to industry from key program investment. During the year, FWPA will work to refine the business case for the new industry programs and present a draft operational plan to the members and levy payers at a follow-up forum in July 2012. If sufficient support is expressed, this business plan will be the subject of a levy poll in late 2012 and, if successful, it will commence 1 July 2013.

Industry has requested that the Company continue operations under its current strategic plan and operational structure for 2012/13, with expenditure budgets guided by the forecasted 2012/13 levy income.

## Strategies

1. Promote the benefits and usage of forests and wood products, in accord with changing community attitudes, environmental awareness, and market trends (Generic Industry Promotion)
2. Invest in and coordinate research & development to improve the industry's competitiveness, inform its climate change response, enhance investment, increase usage, and ensure the sustainability of forests, wood products and services (R&D Investments)
3. Grow the industry's capacity and capability through effective technical transfer and focused education activities that support the industry and its products (Tech Transfer and Education)
4. Coordinate the industry's management of consensus-based standards and building codes to maintain or improve market acceptance of the industry's products (Standards Coordination)

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

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

Reading the revised 5-year Strategic Plan in conjunction with this AOP will provide the strategic context in terms of drivers, priority themes and outcomes.

## Commitment to transparency

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

The success of the Company's strategies will be tracked using appropriate key performance indicators (KPIs). However, it needs to be recognised that the measurable success of the Company's activities, especially outcomes from R&D programs, can only be evaluated over the long term.

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

### 2012/13 budget allocations

In accordance with the Company strategies, the AOP budget allocation is based on an expenditure of \$8.42 million over the 2012/13 financial year. This represents a 38.5% decrease over 2011/12 levels and is based on the forecast income levels for 2012/13 (see income forecast in Section 3 of this document) to achieve a balanced budget.

		% FWPA Expenditure	Budget (\$m)	Matching Expenditure (\$m)*
Strategy 1	Generic Industry Promotion	26%	2.16	0.60
Strategy 2	R&D Project Investments	50%	4.18	4.18
Strategy 3	Tech Transfer and Education	8%	0.70	0.70
Strategy 4	Standards Coordination	4%	0.32	0.00
	Corporate costs	12%	1.06	0.68
		<b>100%</b>	<b>8.42</b>	<b>6.16</b>

*\*The total expenditure eligible for Commonwealth matching payments is forecast to be \$6.16 million.*

### Accountability to members and levy payers

FWPA internally tracks and assigns sectoral benefits across projects and programs to allow monitoring against sector levy contributions.

FWPA will report the investment benefits to levy payers. For example, tree growers have a greater interest in project outcomes from the sustainability and resources program. Similarly, importers are primarily interested in the promotion and market access and development programs.

During 2012/13, FWPA will complete a series of benefit-cost evaluations of completed R&D programs selected randomly and in accordance with the 2009 protocols developed and endorsed by the Council of Chairs of Rural Research and Development

Corporations. The evaluations will identify and measure the overall industry and community outcomes quantified by social, environmental and economic measures, from FWPA sponsored programs. The outputs from this evaluation will be used in communication campaigns directed to all FWPA stakeholders and intended to highlight the benefits and opportunities arising from investment in collaborative precompetitive R&D projects.

As part of a new initiative, FWPA will also commission a series of ex ante benefit-cost evaluations of project proposals to assist both research providers and industry stakeholders refine data collection and reporting formats in subsequent workplans. This process is expected to improve and refine the measurement and reporting of both public and private benefits resulting from FWPA investments.

## Strategies and priority themes

Drivers	Strategies	Priority themes	Outcomes	Targets
<p>Community acceptance</p> <p>Product usage</p> <p>Climate change</p>	<p><b>Strategy 1: Generic promotion</b> Promote the benefits and usage of forest and wood products, in accord with changing community attitudes, environmental awareness, and market trends</p>	<p>Promote the benefits and applications of forest and wood products to consumers and specifiers, as well as engaging with regulators, standards bodies, opinion leaders and specifiers to maximise wood products use.</p>	<p>Improved consumer and building specifier perceptions of wood as an environmentally positive and suitable material and increased industry support of generic promotion activities.</p>	<ul style="list-style-type: none"> <li>Strengthen the Wood. Naturally Better.™ consumer advertising campaign in partnership with Planet Ark and build on the messages through the program's website and support of relevant events</li> <li>Build on material and events that support the use of wood products by building specifiers, including case studies, sponsorship of relevant events, recruitment of inspirational architects and engineers for events, hosting WoodSolutions 2012 seminars and the promotional of a suite of timber design guides</li> <li>Support the partner program with regular newsletters, promotional material and sponsorship of the National Carpenters Day and Carpenter of the year awards</li> </ul>
<p>Competitiveness</p> <p>Sustainability</p> <p>Investment</p> <p>Industry capability</p>	<p><b>Strategy 2: R&amp;D investment</b> Invest in and coordinate R&amp;D to improve the industry's competitiveness, inform its climate change response, enhance investment, increase usage, and ensure the sustainability of forests, wood products and services</p>	<p>Invest in R&amp;D products that will benefit the industry across the value chain; market access and development, wood products, and sustainability and resources.</p>	<p>Improved and new products and technologies, matched to market needs, that will increase industry productivity and enhance sustainability across the industry's value chain.</p>	<ul style="list-style-type: none"> <li>Participation by industry research and technology managers in the development of project proposals by research providers</li> <li>Senior industry participation on project steering committees</li> <li>Industry attendance and participation in project workshops and seminars</li> <li>Co-investment in projects</li> </ul>
	<p><b>Strategy 3: Tech transfer and education</b> Grow the industry's capacity and capability through effective tech transfer and focused education activities that support the industry and its products</p>	<ul style="list-style-type: none"> <li>Disseminate and improve access to R&amp;D outputs and knowledge to maximise industry adoption of technology and enable continuous improvement.</li> <li>Develop educational activities to lift peoples interest in, and skills for, the industry.</li> </ul>	<p>Increased adoption of R&amp;D findings, availability of skilled personal and awareness of the industry as a career choice.</p>	<ul style="list-style-type: none"> <li>Increase participation in R&amp;D events, subscribers to the R&amp;D and corporate newsletters, and downloads of R&amp;D and corporate reports</li> <li>Include forest and wood products topics in the national curriculum and support the development and delivery of undergraduate materials on forest products processing and manufacture</li> </ul>
	<p><b>Strategy 4: Standard coordination</b> Coordinate the industry's management of consensus-based standards and building codes to maintain or improve market acceptance of the industry's products</p>	<p>Through consultation and engagement with industry, cost efficiently prioritise standards and codes based on importance and impact to industry and facilitate their uptake and adoption</p>	<p>Improved market access and reduced barriers to the use of wood products and increased understanding and adoption of industry standards and codes.</p>	<ul style="list-style-type: none"> <li>Identify pathways for Standard processing and secure co-funding and resources from industry groups to progress Standards development</li> <li>Promote the use of Standards and knowledge transfer to industry through SAI Global, workshops and industry presentations</li> </ul>

### Overview of priorities and programs 2012/13

Program and funding	Strategic objectives
<p><b>Generic Industry Promotion</b>  <i>\$2.16m</i></p>	<p>Increase consumer awareness of advertising and/or brand awareness and improve perceptions of wood as an environmentally positive and suitable material</p> <p>Increase building specifier awareness of activities and improve perceptions of wood as an environmentally positive and suitable material</p> <p>Increase industry support of generic promotion activities</p>
<p><b>R&amp;D Project Investments</b>  R&amp;D project investments are managed and reported under three programs representing the industry value chain:</p> <ol style="list-style-type: none"> <li>1. Market Access and Development</li> <li>2. Wood Products</li> <li>3. Sustainability and Resources.</li> </ol> <p><i>\$4.18m</i></p>	<p>Increase the acceptance and accuracy of periodic benefit-cost analyses (BCA) by industry and government stakeholders and BCA ratios equal or better than other comparable R&amp;D investors</p> <p>Increase industry and researcher engagement with FWPA's R&amp;D investment systems (i.e., investment priorities and plans) as measured via level of consultation, web downloads, and reduced number of ad hoc research requests</p> <p>Increase industry and government awareness of iconic or 'hero' R&amp;D projects as measured via periodic opinion surveys</p> <p>Increase the amount of additional industry or government R&amp;D funding (non-levy and matching) that is invested or co-invested using FWPA's systems</p>
<p><b>Tech Transfer and Education</b>  <i>\$0.70m</i></p>	<p>Refine existing FWPA communication and tech transfer initiatives to address the observations raised in the 2011/12 external review of FWPA performance</p> <p>Increase the industry participation in FWPA tech transfer activities</p> <p>Increase the industry and government support of education activities</p> <p>Increase the uptake of education program activities by the target user group</p>
<p><b>Standards Coordination</b>  <i>\$0.32m</i></p>	<p>Increase industry stakeholder participation in FWPA standards activities</p> <p>Reduce the number of standards and codes and associated maintenance costs affecting the industry</p> <p>Increase the awareness and uptake of standards by the industry stakeholder</p>

## 1

## STRATEGY ONE: Generic Industry Promotion

### Overview

This strategy aims to promote the benefits and use of forest and wood products. Specifically, the program seeks to generate a positive disposition to the use of wood products and to have wood products used more widely in both decorative and construction situations. This will be achieved by promoting the positive benefits of wood and addressing any real or perceived impediments to the use of wood.

Activities within the promotion program will often incorporate the results arising from FWPA-funded R&D projects and tech transfer activities, especially in the specifier information program.

### Priority themes

The following priority themes are identified in the 5-year Strategic Plan:

- Promote benefits of forests and wood products, with emphasis on carbon storage, low embodied energy, renewability, reuse and demonstration of the sustainability of the forest resource
- Promote forests and wood products/ applications over alternatives, and the use of new applications and services to meet emerging markets
- Engage with regulators, standards bodies, opinion leaders and specifiers to maximise wood products' specification and use

### Stakeholder benefits

The Company's investments in generic promotion focus on delivering the following benefits to stakeholders:

- Improved market awareness of, and satisfaction with, forest and wood products
- Increased consumption of forest products and services, which can avoid carbon dioxide emissions by the substitution of more energy-intensive alternative materials
- Increased sequestration of carbon dioxide in the built environment through the carbon stored in wood products and the avoided emissions from more energy-intensive alternative materials



# 1

## STRATEGY ONE: Generic Industry Promotion

### Current position

The generic promotion program, Wood. Naturally Better.™, was derived from extensive industry and stakeholder engagement and launched in October 2008.

Initially, the campaign had a sole consumer focus and consisted of double-page advertising in weekend magazines and lifestyle magazines.

In 2010, the program was refined identifying three key activities:

1. Consumer program
2. Specifier program
3. Partner program

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

### Consumer program

The Consumer program aims to change the attitudes of consumers to increase the awareness of the positive attributes of wood, in particular that wood products help tackle climate change because wood stores carbon.

Attitudinal change will be driven largely through television commercials, trade show presence, internet advertising, public relations campaigns and by building alliances with like-minded organisations, such as the important alliance with Planet Ark.

The consumer advertising program, launched in October 2008, has gone through several evolutions in response to consumer research to hone the messages and improve consumer recall.

In March 2011, FWPA entered a strategic promotional alliance with Planet Ark to promote the use of sustainably managed wood products as a way to help tackle climate change. The alliance offered the opportunity to move the consumer campaign from print to television advertising using the Environmental Edge television 'infomercials' as well as a schools education program and stakeholder communication.

The TV commercial, launched in June 2011, features Grand Designs host Peter Maddison, and highlights the key message that because wood stores carbon, using more wood has environmental benefits.

### Specifier program

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

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

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



# 1

## STRATEGY ONE: Generic Industry Promotion

The Specifier program focuses on three areas:

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

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

### Partner program

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

The Partner program aims to address this by encouraging industry members to become licensed users of the Wood. Naturally Better.™ brand. Partners are encouraged to use the logo in their communication with customers to create broader market awareness and a consolidated image for the industry. Promotional materials are provided to partners to support communication of the Wood. Naturally Better.™ brand and messages.

The program creates a communication channel to industry as the generic promotion program needs to engage a wider audience than just FWPA members.

There has been enthusiastic support for the program with more than 700 industry companies signing up.

### Objectives

1. Increase consumer awareness of advertising and/or brand awareness and improved perceptions of wood as an environmentally positive and suitable material
2. Increase the building specifier awareness of activities and improved perceptions of wood as an environmentally positive and suitable material
3. Increase the industry support of generic promotion activities



# 1

## STRATEGY ONE: Generic Industry Promotion

### Targets

#### Consumer program marketing plan

- Strengthen and continue to support the consumer advertising campaign operated in partnership with Planet Ark via television and other media channels
- Undertake tracking research to measure attitudinal change to wood as a building material
- Sponsor relevant consumer-focused events
- Distribute promotional materials that support the ad campaign
- Continue the development and support of the consumer program via the [www.naturallybetter.com.au](http://www.naturallybetter.com.au) website

#### Specifier program marketing plan

- Create more than 24 case studies of inspirational designs and construction solutions featuring wood and publish them on [WoodSolutions.com.au](http://WoodSolutions.com.au)
- Continue to recruit inspirational architects and engineers well versed in timber properties and applications to speak at events for specifiers and other building professionals
- Sponsor events that inform, educate or inspire building specifiers on how to use of wood in building and infrastructure projects
- Develop and coordinate the dissemination of relevant education

materials for tertiary institutes teaching architects, engineers and building professionals through education. The target for traffic to the WoodSolutions website is 300 downloads of education resources and 100 educator logins per month

- Create continuing professional development courses online for specifier professions and grow to 500 downloads per month
- Grow the audience for the WoodSolutions internet-based knowledge database to provide information on timber and wood-based products to building specifiers – target 20% growth (equates to 279,000 unique visitors for the financial year)
- Host WoodSolutions 2012, a one-day seminar on innovative wood and design engineering
- Promote the availability of the suite of timber design guides for specifiers to achieve 5000 downloads of technical guides for the financial year

#### Partner program marketing plan

- Continue to inform partners of the Wood. Naturally Better.™ program activities through regular issues of the newsletter
- Provide information and promotional materials for partner's customers
- Sponsor National Carpenters Day and Carpenter of the Year Awards

### Investment budget

Investment Program	Budget allocation (\$m)	Existing commitments at 30/6/12 (\$m)	Available expenditure for new projects (\$m)
Generic Industry promotion	2.16		2.16



# 2

## STRATEGY TWO: R&D Investment

### Overview

Activities within this strategy account for about half the forecast Company expenditure for 2012/13. R&D project investments are managed and reported through three programs that represent the industry value chain:

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

Each program is administered in collaboration with a Board-appointed industry advisory group made up of researchers and technical representatives of FWPA members and levy payers.

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

### Industry and Government priorities

The principal outcome from the Market Access and Development program is continued and expanded industry access to key forest and wood products markets. Priority research areas include increased understanding of market attitudes to, and perceptions of, wood products, as well as quantification and reporting of key environmental and design attributes of timber building products. Industry uses the results of projects funded under this program to support the expansion of current product markets. The results also assist in removing regulatory and market barriers to using timber products in domestic and commercial building applications.

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

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



# 2

## STRATEGY TWO: R&D Investment

### Priority themes

There are seven priority themes within the FWPA 5-year Strategic Plan to guide FWPA's R&D investment activities:

- Evaluate market trends nationally and internationally to enable industry to develop business and industry development strategies
- Maintain and expand markets for wood products and the new products and services required to meet these markets
- Develop knowledge and technology to improve existing production and utilisation processes
- Characterise the properties and variability of wood resources and maximise value recovery
- Enable genetic improvement and the management of biotic or abiotic risk factors
- Develop systems and technologies to optimise water productivity and efficiency
- Evaluate strategies for forest management under climate change and maximise greenhouse advantages of forest products

### Stakeholder benefits

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

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



# 2

## STRATEGY TWO: R&D Investment

### R&D project portfolio

Current FWPA-funded projects in the Market Access and Development (MAD) program are grouped around four investment priorities identified by the MAD advisory group:

- Information, analysis and interpretation of domestic and export markets – *published August 2010*
- Timber construction in residential buildings – *published June 2011*
- Timber construction in commercial and industrial buildings – *currently being completed*
- Wood products in sustainable buildings – *published May 2009*

Ongoing projects within the Wood Products program include characterisation and improvement of systems relating to:

- Solid wood, engineered wood pulp and paper products: Performance and Yield – *currently under development*
- Maximising product yields and values from current resources – *currently under development*

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

- Improving wood quality and yield, and tools for forest management – *published August 2011*
- Genetic improvement and delivery for increased wood yield and quality and for managing risks – *published June 2011*
- Water use efficiency, access to resources and balanced policy outcomes – *published April 2011*

- Forest biosecurity and preparedness – *published April 2012*
- Mitigation of and adaptation to climate change and the management of the carbon cycle in plantations and native forests – *published December 2010*

In addition, FWPA will support additional project investments not implicitly linked to the endorsed R&D priorities. To secure FWPA support, these projects must demonstrate direct relevance to industry needs and deliver sufficient public good benefit to be approved by exception.

### New project investments

During 2012/13, FWPA intends to spend \$4.18 million in support of research and development projects and programs targeted towards delivering the industry outcomes identified within the investment plans for its identified R&D priorities.

The investment plans describe the priority industry outcomes sought from each investment area as well as the recommended levels of FWPA funding to be committed to each R&D area. These funds are set on the basis that additional industry and/or collaborator funding and in kind support would be pledged to proposals focused on the delivery of tangible industry benefits.

Company funding policy is that all intellectual property created with FWPA funding is owned by the research provider, with FWPA maintaining an equity position in future IP commercialisation income. One of the conditions of FWPA funding for R&D projects is that levy payers have a beneficial right of access to final commercialised IP, through either reduced or waived royalty structures or other such arrangements that reflect the value of the levy funds provided to FWPA by the industry.



# 2

## STRATEGY TWO: R&D Investment

Where project outcomes are of value to the broader primary industry community, FWPA seeks to actively collaborate with other relevant RDCs and funding bodies to leverage the value of the levy funds invested.

### R&D investment priorities

1. Information, analysis and interpretation of domestic and export markets
2. Timber construction in residential buildings
3. Timber construction in commercial and industrial buildings
4. Wood products in sustainable buildings
5. Solid wood, engineered wood and pulp and paper products: performance and yield
6. Maximising product yields and values from current resources
7. Forest management tools to improve wood quality and yield
8. Genetic improvement and delivery for increased wood yield and quality and for managing risks
9. Water use efficiency, access to resources and balanced policy outcomes
10. Forest biosecurity and preparedness
11. Mitigation of and adaptation to climate change and the management of the carbon cycle in plantation and native forests

### Additional industry priorities

A further \$50,000 has been budgeted to support R&D projects identified and developed during the coming year in response to issues or matters that are not contained within the investment plans, yet are of major significance or value to industry stakeholders.

### Objectives

1. Industry and researcher engagement with FWPA's R&D investment systems (i.e., investment priorities and plans) as measured via level of consultation, web downloads, and reduced number of ad hoc research requests
2. Increase in the acceptance and accuracy of periodic benefit-cost analyses (BCA) by industry and government stakeholders and BCA ratios equal to, or better than, other comparable R&D investors
3. Industry and government awareness of iconic or 'hero' R&D projects as measured via periodic opinion surveys
4. To increase the amount of additional industry or government R&D funding (non-levy and matching) that co-invested or managed using FWPA's systems

### Targets

1. Participation by industry research and technology managers in the development of project proposals by research providers
2. Senior industry participation on project steering committees
3. Industry attendance and participation in project workshops and seminars

### R&D Investment budget

Investment Program	Budget allocation (\$m)	Existing commitments at 30/6/12 (\$m)	Available expenditure for new projects (\$m)
R&D investment	4.18	3.63	0.55



# 3

## STRATEGY THREE: Tech Transfer and Education

### Overview

This strategy aims to grow the industry's capacity and capability by investing in technical transfer of R&D findings and targeted educational activities.

In 2012/13, FWPA will continue to build on initiatives launched in 2010/11 in response to two separate independent reviews that highlighted the need for FWPA to play a greater role in tech transfer and education. These include the *R&DWorks* newsletter and seminar series, the new *ForWood* corporate newsletter, continuing to improve the FWPA website and continuing to support the Forest Learning and school curriculum initiatives.

In addition, FWPA will improve its corporate information delivery by implementing the recommendations made by SED Consulting in its performance review of the Company, including those relating to the Annual Operation Plan and the Annual Report.

### Priority themes

Priority themes identified in the 5-year Strategic Plan for Strategy 3 include:

- Disseminate R&D outputs and maximise and accelerate knowledge adoption and technology uptake
- Assist industry to access knowledge and technologies developed elsewhere
- Enable industry's continuous improvement & adoption of best practice
- Develop educational initiatives to lift people's interest in, and skills for, the industry, its networks and research providers

### Stakeholder benefits

The Company's investments in this strategy are required to deliver clear benefits to stakeholders (members, levy payers and the Australian Government) through:

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

### Tech Transfer

Through its R&D investment plans, FWPA sees the enhancement of the knowledge of industry best practice and the creation of new technologies. The benefit of such activities are only realised when adopted by the industry in its commercial practices.

A key factor in all FWPA-funded R&D projects is a requirement for research providers to actively engage with industry and disseminate R&D findings through



# 3

## STRATEGY THREE: Tech Transfer and Education

appropriate media prior to the project's completion. Plain English report summaries and highlights are also required so R&D is more accessible to a non-technical audience.

FWPA continues to engage with industry through its R&D Works program, which includes a monthly newsletter and a seminar series held in major industry regions and cities. Accessibility to R&D reports and corporate information will improve through continuing to improve website features along with the new quarterly corporate newsletter – *ForWood*.

### Education

FWPA will continue to invest in targeted education activities through 2012/13. However, following feedback from the Industry Summit, the Growing Careers program will be scaled back and will move to a maintenance regime.

Focus on the Forest Learning program and activities relating to introducing forestry and wood product topics into the curriculum will continue.

### Objectives

1. Refine existing FWPA communication and technology transfer initiatives to address the observations raised in the 2011/12 external review of FWPA performance
2. Increase the industry participation in FWPA tech transfer activities
3. Increase the industry and government support of education activities
4. Increase the uptake of education program activities by the target user group

### Targets

#### Tech Transfer

- Increase the number attendees, including a high rate of return attendees, to the R&DWorks seminars
- Increase the number of subscribers to the *R&DWorks* and *ForWood* newsletters
- Deliver 11 issues of the *R&DWorks* newsletter and four issues of *ForWood*
- Increase web downloads of R&D and corporate reports and investment plans

#### Education

- Include forest and wood product topics in the national curriculum
- Support the development and delivery of undergraduate curriculum materials related to forest products processing and manufacture
- Increase stakeholder participation in FWPA technology transfer programs
- Increase the number of applications for scholarships and mid-career development awards

### Investment budget

Investment Program	Budget allocation (\$m)	Existing commitments at 30/6/12 (\$m)	Available expenditure for new projects (\$m)
Technical transfer and education	0.70	0	0.70

# 4

## STRATEGY FOUR: Standards Coordination

### Overview

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

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

### Priority themes

The following priority themes are identified in the 5-year Strategic Plan:

- Analyse and prioritise standards and codes based on importance to, and impact on, industry
- Ensure effective consultation and engagement within industry on standards and codes
- Use cost effective and efficient mechanisms for the development and maintenance of standards and codes
- Facilitate the uptake and adoption of standards and codes in a timely manner

### Stakeholder benefits

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

- Improved market access and/or reduced barriers to the use of wood products
- Increased understanding and adoption of relevant standards and codes within the industry and building professionals
- Reduced cost of delivery of standards development

### Objectives

1. Increase industry stakeholder participation in FWPA standards activities
2. Reduce the number of standards and codes and associated maintenance costs affecting the industry
3. Increase the awareness and uptake of standards by industry stakeholders



# 4

## STRATEGY FOUR: **Standards Coordination**

### Targets

- Identify the appropriate pathway each Standard will be processed through
- Secure co-funding and resources from industry groups to progress Standards development
- Effectively communicate activities to the industry via email, newsletters and the FWPA website
- Work closely with Standards Australia to ensure cost-effective Standards are delivered
- Promote the use of standards through SAI Global
- Promote knowledge transfer to industry through workshops and industry presentations

### Investment budget

Investment Program	Budget allocation (\$m)	Existing commitments at 30/6/12 (\$m)	Available expenditure for new projects (\$m)
Industry services	0.32		0.32



CORPORATE GOVERNANCE  
COMPLIANCE REPORTING  
PROPOSED ACTIONS  
MEASURES OF SUCCESS  
INCOME FORECAST

### Corporate governance

In September 2011, in preparation for the renewal of its statutory funding agreement with the Australian Government, FWPA commissioned an external review of the Company performance during its initial five years of operation as an industry services company.

The review concluded 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'.

The review, available from the FWPA website, identified a number of minor items for action in terms of improving corporate governance processes. The Board and management have committed to implementing these improvements as a matter of priority.

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

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

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

For 2012/13, the Board will:

- Oversee a director selection process leading the election of three directors by FWPA members in October 2012
- Complete implementation of corporate governance improvements identified via the external review of FWPA performance under its initial five years of operations

### Compliance reporting

For 2012/13, FWPA will meet all obligations and compliance requirements as set out in the following:

- The Constitution of Forest and Wood Products Australia Ltd
- The Statutory Funding Agreement between FWPA and the Commonwealth of Australia, represented by the Department of Agriculture, Fisheries and Forestry
- Enabling legislation in the form of the *Forestry Marketing and Research and Development Services Act 2007 (Cth)*
- *The Corporations Act 2001 (Cth)* as amended from time to time
- The Australian Security and Investments Commission requirements

### Proposed actions

- Develop a policy to allocate direct and indirect costs between matchable and non-matchable programs in a transparent and auditable manner according to Schedule 3 of the proposed 2012/17 Statutory Funding Agreement (SFA) and continue development of Attaché financial management package for data processing and reporting according to the new cost allocation policy
- Complete the minimum two internal audits as proposed in the internal audit scoping
- Continue development of a staff training plan with appropriate use of the training budget, improving staff skill and maintaining staff numbers as appropriate within the current revenue constraint
- Review and update the policy and procedure manual to incorporate a cost allocation policy as per SFA requirements
- Continue interactions with Levies Revenue Service to ensure full coverage and efficient collection of revenue
- Continue to develop and maintain the FWPA member base and develop a policy for recruiting and approval of associate members
- Support the FWPA industry and member liaison groups: R&D Advisory Groups, Promotions Reference Group, Codes and Standards Coordination Group and other stakeholder forums to assist in priority identification, project development and knowledge dissemination
- Continue to participate in the Council of Rural Research and Development Corporations' project and program evaluation program

### Measures of success

The performance indicators for the whole organisation will be:

1. The number and quality of applicants who apply to be Company directors and/or members of advisory groups
2. Timely and cost effective implementation of the 5-year Strategic Plan, Annual Operational Plan and investment plans
3. Strong corporate governance as measured by compliance with all legal, constitutional, contractual obligations and favourable internal and external audits
4. A corporate culture focused on continuous improvement and alignment with stakeholder needs as measured by formal and informal stakeholder feedback
5. Robust systems with appropriate disaster recovery mechanisms as measured via the risk management plan and internal audit review

### Income forecast

Projected FWPA income for 2012/13 is \$8.45 million, a decrease of \$1.86 million on forecast income for 2011/12 of \$10.31 million.

FWPA's income depends on economic activity, especially construction and level of imports and levels of R&D expenditure. Total levy income for 2012/13 is expected to decrease 0.8% over the 2011/12 forecast. Government matching of \$3.08 million is based on half the budgeted R&D expenditure of \$6.16 million.

		Income	
Types		2011/12 forecast (\$m)	2011/13 budget (\$m)
Processor levy	Cypress	0.04	0.04
	Woodchip	0.22	0.22
	Hardwood	0.52	0.50
	Ply Veneer	0.09	0.09
	Softwood Sawlog	1.80	1.76
	Wood Panel	0.08	0.07
	Softwood LG & RW	0.16	0.16
	<b>Total levy</b>		<b>5.08</b>
Compulsory grower levy		0.63	0.62
Voluntary grower levy		0.57	0.56
Importer charge		0.97	1.02
Interest		0.37	0.22
Others (Including penalties)		0.11	0.11
Government matching		4.75	3.08
<b>Total income</b>		<b>10.31</b>	<b>8.45</b>

## ADDRESSING RURAL RESEARCH AND NATIONAL RESEARCH PRIORITIES

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

National research priorities address areas of strength, opportunity or need in Australian research. The alignment of FWPA R&D

strategies and investment programs against rural R&D priorities and corresponding national research priorities are shown in Table 1 and Table 2.

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

R&D expenditure estimates across rural research priorities – 2012/13

Rural R&D Priorities (RRDP)	Productivity and Adding Value (\$m)	Supply Chain and Markets (\$m)	Natural Resource M'gement (\$m)	Climate Variability and Climate Change (\$m)	Biosecurity (\$m)	Supporting the Priorities		Other Research (\$m)	Total (\$m)
						Innovation Skills (\$m)	Technology (\$m)		
Generic industry promotion	0.00	0.60	0.00	0.00	0.00	0.00	0.00	0.00	0.60
Market access and development	0.00	0.91	0.00	0.00	0.00	0.00	0.00	0.32	1.24
Solid wood products and processing	0.43	0.34	0.00	0.00	0.00	0.00	0.00	0.00	0.78
Sustainability and resources	1.10	0.00	0.56	0.16	0.13	0.00	0.00	0.20	2.16
Technical transfer and education	0.10	0.10	0.10	0.10	0.10	0.10	0.00	0.10	0.70
<b>Total Expenditure</b>	<b>1.63</b>	<b>1.95</b>	<b>0.66</b>	<b>0.26</b>	<b>0.23</b>	<b>0.10</b>	<b>0.00</b>	<b>0.61</b>	<b>5.48</b>

R&D expenditure estimates across NRP Goals – 2012/13

National Research Priorities (NRP)	An Environmentally Sustainable Australia (\$m)							Promoting and Maintaining Good Health (\$m)				Frontier Technologies for Building and Transforming Australian Industries (\$m)					Safeguarding Australia (\$m)					Total (\$m)
	A1	A2	A3	A4	A5	A6	A7	B1	B2	B3	B4	C1	C2	C3	C4	C5	D1	D2	D3	D4	D5	
Generic industry promotion	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.10	0.00	0.50	0.00	0.00	0.00	0.00	0.00	0.60
Market access and development	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.41	0.08	0.08	0.08	0.08	0.08	0.21	0.00	0.21	0.00	0.00	1.24
Wood processing and products	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.26	0.05	0.05	0.05	0.05	0.05	0.14	0.00	0.14	0.00	0.00	0.78
Sustainability and resources	0.12	0.12	0.12	0.12	0.12	0.00	0.12	0.00	0.00	0.00	0.00	0.14	0.14	0.14	0.14	0.14	0.35	0.00	0.35	0.00	0.00	2.16
Technical transfer and education	0.03	0.03	0.03	0.03	0.03	0.00	0.03	0.00	0.00	0.00	0.14	0.04	0.04	0.04	0.04	0.04	0.09	0.00	0.09	0.00	0.00	0.70
<b>Total</b>	<b>0.15</b>	<b>0.15</b>	<b>0.15</b>	<b>0.15</b>	<b>0.15</b>	<b>0.00</b>	<b>0.15</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.79</b>	<b>0.30</b>	<b>0.30</b>	<b>0.40</b>	<b>0.30</b>	<b>0.80</b>	<b>0.75</b>	<b>0.00</b>	<b>0.75</b>	<b>0.00</b>	<b>0.00</b>	<b>5.48</b>

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