



Forest & Wood
Products Australia

Annual Report 2018/19





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From the Chairman

I am pleased to present the 2018/19 Annual Report for Forest and Wood Products Australia (FWPA).

In a year when the Australian timber industry moved from strong operating conditions to a softer market, caused mainly by slowing housing construction, FWPA has continued to pursue its mission of helping the industry to grow and prosper.

While the role of FWPA continues to evolve in response to changing industry dynamics, our focus remains on identifying and delivering collaborative innovation in research and market development to the benefit of our stakeholders.

There have been many highlights to share with you.

A further change in the National Construction Code, which was confirmed in 2019, will provide opportunities for more types of commercial and institutional buildings to use timber products. Research conducted on the benefits to the health and productivity of the occupants of timber buildings (known as biophilia), has resulted in an increased interest in the specification of timber by architects and developers. Our positive relationship with *Planet Ark* has assisted in communicating this message to the industry at large.

Our *Mid-rise Advisory Program* team continues to work closely with architects, engineers and builders to assist them in the design and construction of commercial timber buildings. We have seen considerable growth in the use of timber in this segment of the market, increasing the sales of products including Cross Laminated Timber panels (CLT), Glued Laminated Timber (glulam), Laminated Veneer Lumber (LVL) and framing timber. During the financial year, the team received a show of support in the

form of additional funding from industry partners. Thanks to this commitment, the program has extended from just Victoria and Queensland to also cover all east coast states, along with additional limited coverage for South Australia and Western Australia. This is a great endorsement of the value the industry sees in this work.

After extensive market research and testing, we launched our new brand, *The Ultimate Renewable™* to an overwhelmingly positive reception from the industry. The brand, which replaces our previous *Wood. Naturally Better.™* branding, encourages the use of responsibly sourced wood as a renewable and sustainable building material. The brand aims to generate increased acceptance of forest and wood products in the community. A national advertising and marketing campaign has commenced, reinforcing this theme and the key messages behind it.

Our *WoodSolutions* website continues to be the global leader in providing independent information on timber and wood products, with content targeted towards building design and construction professionals.

Under our *ForestLearning* program we have developed a number of virtual reality (VR) packages, whereby school children and their teachers are enabled to 'visit' and better understand forests and sawmills using VR goggles. We expect to expand the use of this technology in the coming years with the assistance of the Australian Government.

Several other communication initiatives were introduced, including the launch of our *WoodChat* series of podcasts, with episodes featuring in-depth conversations with experts on new innovations, industry developments and trending topics.

With a view to growing the leadership capacity in our industry, for the second year running FWPA organised a regional collaborative development program called *For Our Future*. The program, delivered by the Australian Rural Leadership Foundation under contract to FWPA, provides a significant development opportunity for tomorrow's leaders. More than 45 participants graduated from the latest intake in a ceremony at the Arboretum in Canberra.

Finally, FWPA continues to fund numerous research projects, and we thank the universities, researchers, consultants and the wider research community for their participation. Some have been enabled by our *Voluntary Matched Funding Program*, which supports strong industry collaboration.

None of this could have been possible without the hard work and dedication of our small yet mighty FWPA team, capably led by Managing Director Ric Sinclair. My thanks to our Directors, who have provided competent strategic guidance and high levels of corporate governance. The ongoing support of the Federal Department of Agriculture and Water Resources is also greatly appreciated.

John Simon
Chairman





From the Managing Director

At FWPA, collaboration is at the heart of everything we do. It underpins and strengthens our efforts to grow the market, improve the value chain and ensure positive environmental and social outcomes.

Our work is made possible with the generous contributions of our valued members, researchers, educators and many other stakeholders, demonstrating that together we are stronger than the sum of our parts.

When reflecting on FWPA's commitment to collaboration over the past 12 months, an example that comes to the forefront is the development of *The Ultimate Renewable™* communications program. This is based on an intensive co-creation exercise, ably led by our market researchers Pollinate, and directly funded by the Australian Government and several industry stakeholders. FWPA effectively utilised this work in consumer co-creation and concept testing, which led to the creation of the new brand and television advertising. The campaign was launched in July 2019 and the results are beyond expectations.

Stakeholders from across the supply chain are encouraged to join us in becoming champions of this brand by promoting the benefits of using sustainably sourced forest products and incorporating the messaging into their collateral. It is hoped *The Ultimate Renewable™* will prompt stakeholders to unite with the focus of positively changing public perceptions of forestry. No matter where our stakeholders sit across the supply chain, they all share a common resource, which is renewable. What we have created with *The Ultimate Renewable™* is a brand that everyone can embrace and help amplify the message.

The knowledge provided by our continuing data aggregation program, which organisations from across the industry contribute towards, continues to aid smart decision-making. In addition, we recently concluded an industry consultation process to decide the contractual arrangement and priorities for the next four years of the joint Australian Bureau of Resource Economics and Science (ABARES)/FWPA work program, which has been a successful collaborative initiative for us for many years. Based on this framework, work priorities drawing on ABARES strengths in data gathering, analysis and modelling have been identified.

The National Centre for Timber Durability and Design Life is another important partnership between industry, academia and government that is designed to put Australia at the frontier of international best practice, using evidence-based data, systems and tools to underpin consumer confidence in the performance of timber products.

Since its establishment, the Centre's Director, Professor Jeff Morrell, has been liaising extensively with industry stakeholders to provide an overview of operations and objectives, as well as to identify our industry's research needs. I have no doubt this focus on 'laying the foundations' will offer enormous benefits to our industry for decades to come.

Another investment proposal with long-term implications for the sector is the proposed small log-processing centre. This proposal mirrors the National Centre for Timber Durability and Design Life with the aim of rebuilding technical capacity around wood science and wood processing, with a focus on commercially processing smaller diameter logs. We are still in the process of socialising this proposal to gain industry support for a long-term investment.

It is vital that we continue to strengthen the research capacity of the industry through initiatives such as voluntary matched funding. This year has been no exception. The scheme has continued to allow us to work with some of the best minds in the country on developing revolutionary technologies. FWPA provides up to 1:1 matched funding against the cash commitments of external investors in support of project proposals. The initiative is continually well received by the industry, with its funding cap consistently reached. A total of \$9.01m has been invested in R&D projects since 2016, with this work serving to significantly increase the industry's technical capacity.

Of course, another vital collaborative effort comes from the people working within our organisation. With that in mind, I thank our dedicated Board of Directors and the FWPA team for their dedication, hard work and enthusiasm. I would also like to acknowledge the commitment and support of our members, stakeholders, R&D partners, suppliers and the Australian Government.

By working together, we can continue to achieve great things and a brighter future.

Ric Sinclair
Managing Director





2018/19 Highlights

Continued focus on outcomes



WoodSolutions website - #1 globally for timber information



39% increase in use of resources!

10,000

pages of information & resources

Sessions: **769,035**
Page views: **1,901,031**
Users: **574,650**
New users: **568,883**
Downloads: **110,378**

Forestry reframed



- > Positive message for sector to share
- > Marketing materials available to industry
- > **\$1.8m** consumer ad campaign, featuring Peter Maddison of Grand Designs Australia ... **reached approx 25% of Australians!**

For Our Future Industry leadership program enters second year



46 underwent program

Opportunities created for cross-industry understanding and networking



FWPA & ABARES explored long-term potential of establishing new timber plantations

Economic potential for new plantation establishment in Australia: outlook to 2050.

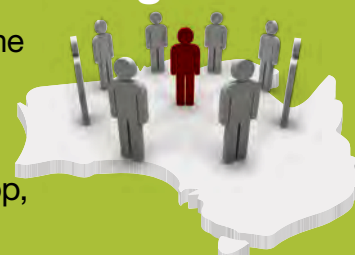


National Centre for Timber Durability and Design Life

Talent from all over the world joins team

Objectives for next 3 years set

Hosted first workshop, more to follow!





National Construction Code extension = use of fire-protected timber systems in all classes of building up to 25m

- schools
- retail premises
- hospitals
- aged care facilities



WoodSolutions Campus continues to thrive

251

enrolments

Video views

26,000 =

increase of

260%

New course: Flooring Training Modules



Mid-rise Advisory Program enjoys national expansion



36

substantial building projects select timber

580

projects express strong interest in making switch to wood

Engaging young minds through



20,000

15% increase of web visitors

4,900

unique resource downloads



700

free teacher packs dispatched, reaching **32,000** students

Industry research funding matched by government

\$9.01m invested in R&D projects since 2016



PLANET ARK

continues to kick goals



WA joins Tassie to adopt state-wide **Wood Encouragement Policy**

Insights shared through data aggregation



More than 80 organisations contribute to 15 data series. The result? **Smart decision making!**



Strategic Framework

During the 2018/19 financial year, FWPA's operations aligned with the rolling 2018-23 Strategic Plan, which is reviewed annually, and provides guidance to the 2018/19 Annual Operating Plan.

Industry vision

The forest and wood products industry will grow as a result of increased demand for its market-oriented, sustainable and competitive products and services.

Mission

We collaborate with industry stakeholders and government to determine strategy and deliver programs designed to grow the market for forest and wood products, increase productivity and profitability across the value chain and ensure positive environmental and social outcomes.

Desired outcomes

We work with FWPA members and levy payers, the Australian Government and other key stakeholders to secure the cooperation and collaboration required to deliver the outcomes that will be of optimal benefit to the industry as a whole, through:

- increased demand;
- increased community acceptance;
- increased productivity;
- increased sustainability credentials; and
- increased capacity.

Programs

2018/19 is the third year of our revised strategic plan, with outcome-themed programs. It was the first full year under our new Statutory Funding Agreement, which came into effect in August 2017.

In prior strategic plans, the organisation's activities were structured around functional areas such as research and development (R&D), marketing and standards development. Our new program structure, which came into effect in 2016, is intended to shift the focus – and language – away from functional inputs and towards the outcomes we are seeking to achieve for stakeholders.

To be successful, this shift requires cultural change within the organisation and the broader industry. In 2018/19, we have continued working towards this outcome, although we recognise it will take time to become fully embedded.

Our outcome-based programs are focused on the following five strategic priorities:

Program 1 – Promoting the advantages of wood products

Program 2 – Aligning products to market needs

Program 3 – Assisting value-chain optimisation

Program 4 – Increasing resource availability and reducing risk

Program 5 – Impacting decision-making and industry capability.

The focus of this financial year was to help identify the key investments that will deliver on our mission for the next three-to-five years. Examples include:

- The renewal of our contract with the ABARES;
- The future direction of the WoodSolutions mid-rise advisory team;
- The viability of the regionally based leadership training program, For Our Future;
- The feasibility of a new National R&D Centre on small log processing;
- Possible investment into new-generation timber framing and its competitiveness against alternative materials;
- Consumer communications and brand architecture; and
- Long-term research investment plan for forest growers.

The role of FWPA and scope of work will continue to evolve in response to changing industry dynamics, but our focus remains on identifying and delivering collaborative innovation that will benefit the largest proportion of our stakeholders.

FWPA is one of 15 Australian rural research and development corporations (RDCs) and is the nominated industry-owned services company under the Forestry Research and Development and Marketing Act 2007.

The Australian Government levies qualifying industry participants and provides matching funding in accordance with our Statutory Funding Agreement (SFA). The SFA requires FWPA to continually review its operating environment. In consultation with key stakeholders, the organisation must regularly consider the appropriateness of its programs and activities.

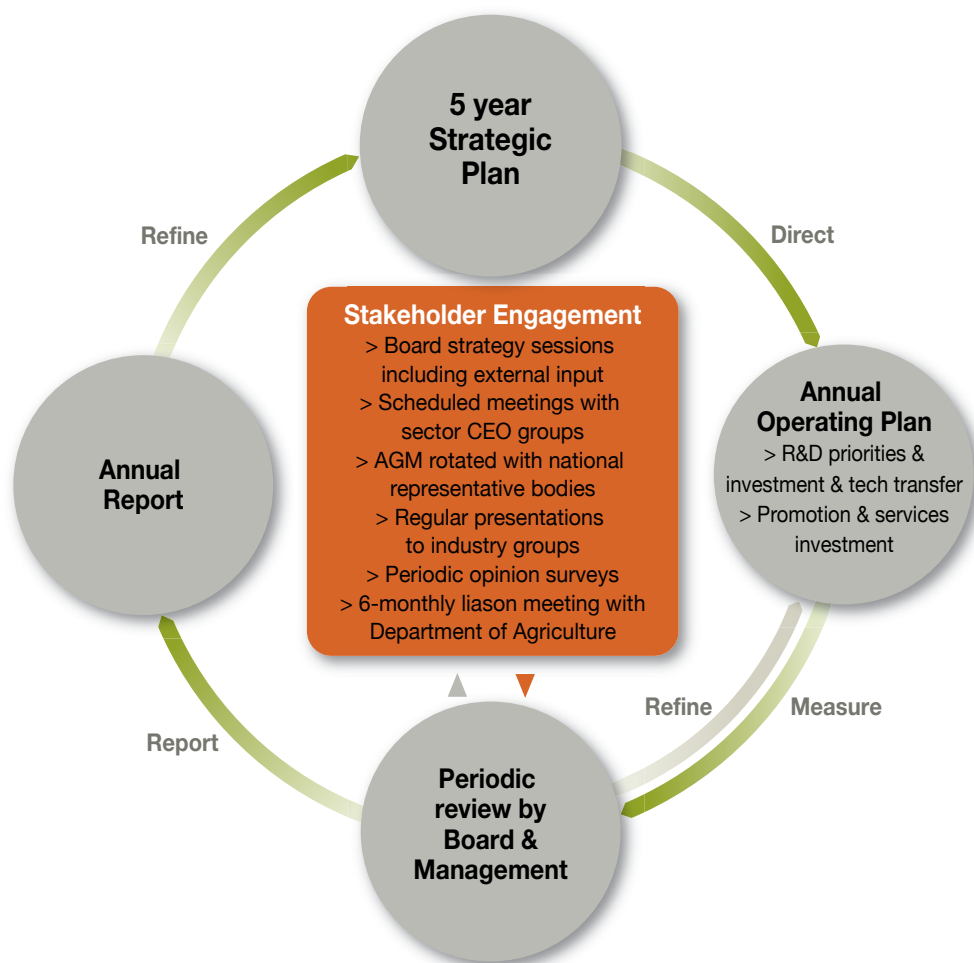
This strategic review process is shown in the diagram on the following page.

This review process creates a rolling five-year planning cycle that ensures the organisation remains focused on the future, while making necessary adjustments within the operating environment.

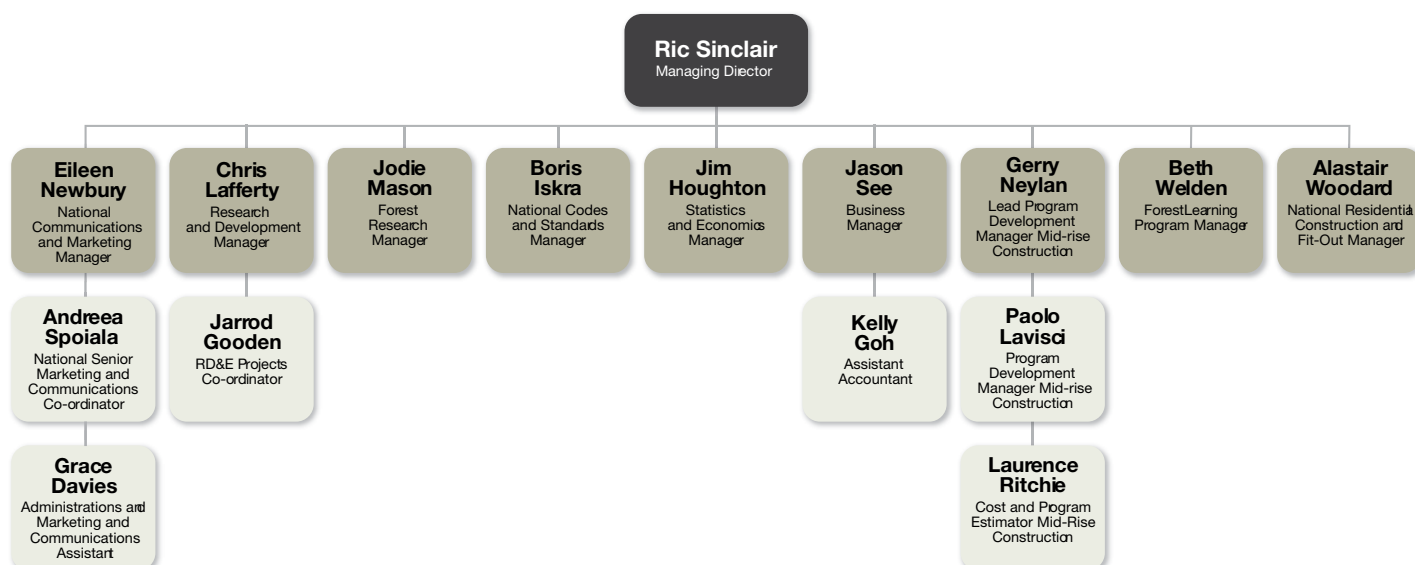
This annual report should be read in conjunction with the five-year Strategic Plan (2018-23) and the 2018/19 Annual Operating Plan.



Strategic Framework



The FWPA team





A commitment to leadership

At FWPA, we are committed to the provision of supportive leadership for our industry. Our members, levy payers, the Australian Government and other key stakeholders invest time and money into our organisation and they expect that we take a whole-of-industry view, utilising our insights and expertise to make the decisions we know will have maximum benefit. It is our job as the industry services company for the sector to secure the cooperation needed and pursue the opportunities that will deliver the best outcomes for those who depend on us to protect and strengthen the forest and wood products industry.

During the past financial year FWPA recognised that, at a time when environmental issues are becoming increasingly important to Australian businesses and consumers, there was a need to develop and launch a new brand that would promote the sustainability and environmental advantages of our industry.

Our goal for this work has been to reframe forestry in the eyes of the public. Extensive industry consultation led us to the conclusion that this new brand should be underpinned by messages that will educate the public that Wood is *The Ultimate Renewable*™ resource, because it can be continually replanted. By taking this approach, we have developed a brand that will serve all areas of our industry by offering them a universal, positive communications message to share.

On a similar note, our *WoodSolutions Campus* program, which was developed in response to a perceived lack of knowledge around the nature and performance of wood and wood products, continues to thrive. This has been identified as an important area to address given the gaps in knowledge that can restrict market opportunities, and may risk causing customer dissatisfaction if inappropriate products are supplied.

FWPA also continues to oversee the *Mid-rise Advisory Program (MAP)*, aiming to engage and educate the construction

industry on the benefits of using timber in mid-rise construction. This year, we were thrilled that MAP's traditional Victorian and Queensland work is to be extended to cover all of Australia's east coast states, along with additional limited coverage for South Australia and Western Australia. This development is testament to the achievements of the program team to-date, becoming the recognised leader in the provision of expert advice and support to building and design professionals.

The Ultimate Renewable™, *WoodSolutions Campus* and the *Mid-rise Advisory Program* are focusing on influencing the perceptions of consumers and construction decision-makers. However, our commitment to leading the way in generating improved acceptance of timber in the community goes much deeper. The activities of our *ForestLearning* program, for instance, are designed to educate children about forestry from a young age, equipping them with a broader understanding and acceptance of timber products as they grow up to become consumers. At the same time, we hope to inspire young people to become our industry's future leaders and consider a career in the sector.

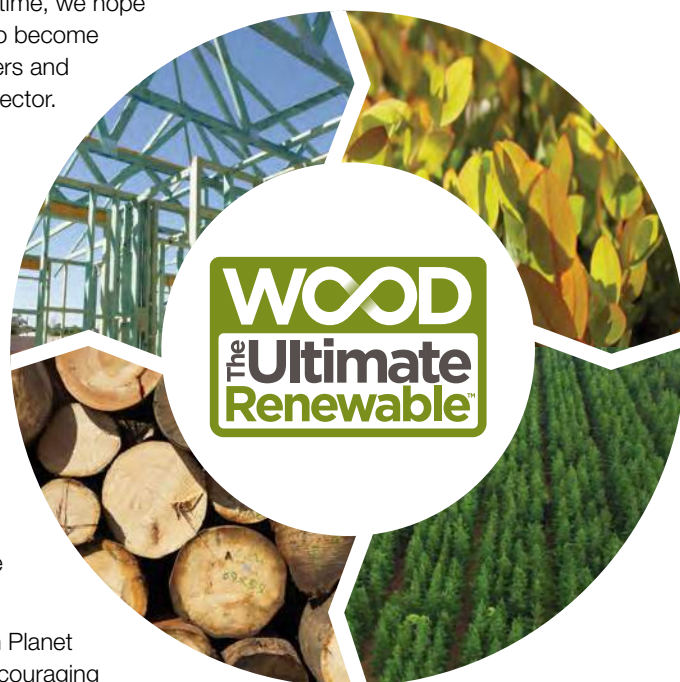
We continue to actively invest in our existing forestry workers and future leaders, through initiatives such as *For Our Future*, which this year saw more than 45 participants undergo training to develop their leadership skills. The ultimate aim is to encourage the sector to think and act in a more unified way.

We continue to work with Planet Ark to take the lead in encouraging the adoption of Wood Encouragement Policies (WEPs) among government bodies throughout Australia. By working directly with decision-makers to help

ensure responsibly sourced wood is considered, wherever appropriate, as the primary construction material in local projects, we are actively creating additional opportunities for suppliers of timber, as well as aiding their success in a way that will last long into the future.

On behalf of our members, our people are committed to working with regulators and taking the lead when it comes to removing unnecessary restrictions on the use of timber. For instance, following a successful submission by FWPA, the National Construction Code (NCC) 2019 was extended to permit the use of fire-protected timber systems in all classes of building. The new provision adds timber-construction opportunities for all buildings up to 25 metres in height. The opportunities this provides for the timber market are clear.

This is a great example of how our leadership can directly impact the bottom line of those we represent.





Program 1

Promoting the advantages of wood products

This program promotes the benefits and use of forest and wood products in response to changing community attitudes.

Wood. The Ultimate Renewable™

FWPA developed and launched the new brand *The Ultimate Renewable™* and associated consumer advertising campaign. The aim is to promote the sustainability and environmental advantages of our industry, with the goal of reframing forestry in the eyes of the public.

The messages underpinning the brand aim to educate the public that Wood is *The Ultimate Renewable™* resource, as it can be replanted and will continually regrow. The brand offers a universal, positive communications message for the sector to share.

The Ultimate Renewable™ brand resulted from extensive collaboration between FWPA, the industry and consumers. Through several focus groups and extensive data analysis, this consultation found the most effective messages hinged on the idea of forestry being renewable, providing a wealth of benefits for the environment and tackling climate change, at a time when environmental issues

are becoming increasingly important to Australian businesses and consumers.

Initial analysis showed that, while the mainstream media was concerned with the perceived negative environmental impact of forestry, missing from the narrative was a focus on active replanting by the industry. During the consultation process on potential ways of turning negative perceptions into positive ones, the common theme emerged of Wood as *The Ultimate Renewable™*.

It is hoped therefore that *The Ultimate Renewable™* will galvanise stakeholders across the sector to unite with the singular focus of positively changing public perceptions of forestry.

This is a concept built on an ethos of collaboration. Stakeholders from across the supply chain are encouraged to become champions of the brand by promoting the benefits of using sustainably sourced and well-managed forest products, and incorporating the branding into their own collateral.

FWPA is acting as the central point for the coordination and marketing of *The Ultimate Renewable™*, with variations of the logo available for use by different areas of the sector.



Eileen Newbury and Peter Maddison at *The Ultimate Renewable™* launch

Peter Maddison, award-winning architect and host of *Grand Designs Australia*, is the face of the advertising campaign. The ads form a multi-platform, \$1.8-million campaign in 2019/20 covering all major and regional Australian cities across multiple channels, directing audiences to Planet Ark's *Make It Wood* website. The campaign includes television commercials, as well as catch up TV, social media, online articles, billboards, outdoor displays and print mediums.

The messages underpinning the brand aim to educate the public that Wood is *The Ultimate Renewable™* resource, as it can be replanted and will continually regrow.





ForestLearning education program

The *ForestLearning* education program continues to focus on providing quality resources for teachers, enabling them to successfully integrate forestry and sustainable wood product information into their classroom teaching, while aligning with Australian curriculum outcomes.

The activities of the *ForestLearning* program are designed to educate children on forestry from a young age, equipping them with a broader understanding and acceptance of timber products as they grow up and become consumers. FWPA also hopes to inspire some of the industry's future leaders to consider a career in the sector.

One of the Key Measures outlined in our 2018/19 AOP under increased community acceptance was the increased use of *ForestLearning* teaching resources by 10% per year. With users in 2017/18 being 17,441 and users in 2018/19 being 20,072, this was easily exceeded with an increase of 15.09%.

ForestVR toolkit for schools

360-degree filming has been completed in 28 different locations across New South Wales and Queensland. Using virtual reality, these tours will tell the seed-to-shelter pine timber story, and the forest-to-fine-flooring spotted gum

story to school children in an immersive learning format. Four teaching resources will accompany the VR tools, written by the Geography Teachers' Association of Victoria, and the Design and Technologies Teachers' Association of Victoria.

Robust and relevant resources

The *ForestLearning* resource pages on the website have attracted more than 20,000 visitors during this financial year, resulting in more than 4,900 unique downloads.

More than 700 free teacher packs were ordered, which represents an increase of 40% for the same period last year. These comprised newly designed postcards and wooden bookmarks containing timber-related facts for students. We estimate these packs will have reached in excess of 32,000 students, which represents an increase of 28% on the previous year.

Meanwhile, 500-plus conference packs were distributed at various conferences and events hosted by educational associations across the country.

We also partnered with the CSIRO and Lifecycle to develop a new classroom tool, the Tree Carbon Storage Tape Measure. This simple, printable tape measure is a first for Australia, and allows teachers and students to measure how much carbon dioxide-equivalent (CO₂-e) eucalypt and pine trees have offset during their lifetimes.

It also allows teachers to explore topics about carbon, the greenhouse effect, and the role of forestry in capturing and storing carbon.

Productive partnerships

ForestLearning partnered with other industry organisations to directly engage with more than 100 high school teachers at the 2019 Food, Fibre and Agricultural Educators Conference in Brisbane, where we provided teaching and learning resources for classrooms, and demonstrated the renewable forest and wood product cycle. Attendees were given details of career opportunities in the timber industry and were encouraged to distribute this information to potential future timber workers among their student cohorts.

In addition, Program Manager, Beth Welden, visited Western Australia and Victoria for a tour including professional learning workshops for teachers, biology sessions for students, conference field tours and trade displays at state teacher association conferences.

Strategic promotions

The *ForestLearning* quarterly e-newsletter has 7,373 subscribers, while the regularly updated Facebook page has 1,738 followers.





Wood Encouragement Policies

A key element of the *Planet Ark* Make It Wood initiative is the adoption of Wood Encouragement Policies (WEPs) amongst government bodies throughout Australia. A WEP generally requires responsibly sourced wood to be considered, where feasible, as the primary construction material in all new-build and refurbishment projects.

During the past financial year, Western Australia has joined Tasmania to become the second state government in Australia to adopt a state-wide WEP. In addition, there are now two local government authorities and 16 local councils that have also adopted a WEP since the inception of the initiative, with Dorset Council in northeast Tasmania coming on board this year.

Planet Ark's work in this area has continued extensively this year, and the conversations are ongoing with many more government bodies around the country.

WoodChat and TimberTalks podcasts

This financial year, FWPA launched its *WoodChat* series of podcasts. Each of the nine episodes included an in-depth conversation with experts on a different industry-related news story, discovery or innovation.

The series is an example of FWPA's commitment to engaging new ways of communicating industry news and innovations.

Topics so far have included biophilia, genomics, unmanned aerial vehicles and 3D printing, with more planned to air throughout 2019 and beyond.

Also launched in the 2018/19 financial year was our *WoodSolutions* series of podcasts, *TimberTalks*, which provides up-to-date information, education and inspiration about timber in construction. The first series consisted of 17 episodes, which were met with great enthusiasm by industry.

Dangerous Designs competition

The Dangerous Designs competition, in its existing format, came to an end during this financial year, with the winners being announced at the Australian Timber Design Awards. The competition has successfully strengthened the relationship between FWPA and design associations, in particular with the Design Institute of Australia.

Over the past three years, this exciting competition has provided opportunities for designers to win cash prizes and expose their wood-focused entries to potential commercial and development partners. In doing so, design professionals have been encouraged to use more wood and wood products in their designs.

Seminar tour by international architect

National seminars were arranged with Professor Christophe Sigrist of the Berne University of Applied Sciences (Switzerland), who is one of Europe's foremost timber engineers. FWPA technical team representatives joined Prof. Sigrist to present information to architects and engineers nationally. The presentation covered the latest innovation and advances in timber design and construction in Europe, the new and innovative approaches to timber building design, prefabrication and delivery, and the latest advances in mass timber product construction.

The presentations were also used as an opportunity to launch the new *WoodSolutions* technical design guide on wood construction systems. This guide is designed to assist practising structural engineers and other building design professionals to confidently develop conceptual structural designs for timber-rich buildings and structures. It explores available structural systems, connections, material options and design approaches before providing a concise reference on the technical aspects of wood and timber products.



Professor Christophe Sigrist



Program 2

Aligning products to market needs

This program aims to ensure that industry products and services are fit for purpose, appropriately aligned to market needs and better communicated to key influencers.

WoodSolutions website

FWPA's renowned *WoodSolutions* website remains the world's #1-ranked website for information on timber, according to the Alexa website ranking tool. It contains in excess of 10,000 pages of information and downloadable resources, technical publications, professional seminars and other related activities. The industry continues to tell us what an invaluable tool this website is. The website has proven as popular as ever during the 2018/19 financial year.

Sessions: 769,035
Page views: 1,901,031
Users: 574,650
New users: 568,883
Downloads: 110,378

One of the key measures outlined in our 2018/19 AOP was the increased use of *WoodSolutions* resources by 10% per year. With users in 2017/18 being 412,598 and users in 2018/19 being 574,650, this was easily exceeded with an increase of 39.28%.

WoodSolutions Campus

Our *WoodSolutions Campus* has continued to thrive since its establishment during the 2016/17 financial year, as part of a collaboration with the University of Tasmania to provide free online timber education. It was developed in response to a perceived lack of knowledge about the nature and performance of wood and wood products, which can not only restrict market opportunities, but may also lead to customer dissatisfaction where inappropriate products are recommended or supplied.

WoodSolutions Campus certificates earn participants credits towards the University of Tasmania's Graduate Certificate in Timber (processing and building). Various subject areas are on offer, including mid-rise timber construction, building regulations, timber inspection, managing moisture, designing for durability, designing for bushfire, environmental characteristics and more.

This financial year, FWPA worked with the Australian Timber Flooring Association (ATFA) on the completion of the content for a new seven-module course, entitled *Flooring Training Modules*.

In addition, a new online structural timber-engineering course has been developed, covering the structural design requirements for sawn timber, glulam and mass timber products.

There have been 251 enrolments across all courses during the last financial year, from a variety of professions, including education, trade, built environment, industry and sales.

National Centre for Timber Durability and Design Life

The National Centre for Timber Durability and Design Life is a strategic initiative led by FWPA. It is a partnership between industry, academia and government, designed to put Australia at the forefront of international best practice, and use evidence-based data, systems and tools to underpin consumer confidence in the performance of timber products.

The centre continues to encourage input from industry to help ensure access to the world's leading research and best practice, and to build links between industry, academia and customers.





The centre is based at the University of the Sunshine Coast, although it takes a national and international approach. Other partners investing in the centre include the University of Queensland and the Queensland Department of Agriculture and Fisheries.

Since commencing his role as Director, Professor Jeff Morrell has been busy attending a range of stakeholder meetings and visiting manufacturing facilities across the country to provide an overview of the centre's operations and objectives, as well as identify research needs.

Dr. Phil Evans (University of British Columbia) and Dr. Saeed Mahini have joined the centre and will serve as co-supervisors on graduate committees. They will also work to develop proposals to support the centre.

Post-doctoral research fellow Katherine Semple was appointed from the University of British Columbia, and commenced work in February 2019. Meanwhile, research fellow Tengei Yi from Southern Forestry University in Kunming, China, joined the centre in February, funded by the Chinese Government. He will be working on improving the performance of timber coatings.

Advertisements have also been published calling for additional postgraduate students.

The centre has established a cooperative project with the University of Tasmania under the National Institute for Forest Products (NIFPI) program, to evaluate methods for enhancing the durability of plantation and native forest hardwoods.

The advisory board has reviewed and endorsed the final research plan for the centre. This sets out the specific research objectives for the next three years, including developing improved fire performance data for timber, establishing a large scale field trial of new treatments and composite materials, understanding moisture movement in mass timber, and improving service life prediction models.

The centre hosted a well-attended

workshop in early February, to discuss the research needs of the timber electricity pole sector. Also hosted were two international scientists, Dr. Koichi Yamamoto from the Japan Wood Preservation Association and Dr. Holger Miltz, Head of Wood Biology and Wood Products at the Faculty of Forest Sciences and Forest Ecology, Georg-August University (Germany). Each scientist presented a seminar to centre partners, with each presentation also made available via webinar link.

Success of Mid-rise Advisory Program leads to national expansion

This year, our Mid-rise Advisory Program (MAP) celebrated a national expansion, following its many successes over the past several years.

Thanks to additional funding commitments from industry partners, MAP's traditional Victoria and Queensland work will be significantly extended. The program will provide services to all of Australia's east coast states, with additional limited coverage for South Australia and Western Australia.

The development is a strong endorsement of the program team's achievements over the past three years, developing a strong reputation for providing expert, impartial advice and support to building and design professionals, and decision-makers.

In partnership with key industry sponsors, MAP engages and educates the construction industry on the benefits of timber. Composed of Australia's leading technical specialists with experience in architecture, structural engineering and costing, the team uses information based on the most up-to-date research findings to accelerate the adoption of timber in mid-rise construction.

Since 2016, the team has worked to ensure decision makers are fully aware of the many advantages of wood as a construction material, while dispelling timber-related myths and misconceptions.

In less than three years, the program's achievements include:





- timber being selected in place of conventional materials in 36 substantial building projects across the nation, from government housing to hotels and offices;
- a further 30 pending projects reporting the timber option is strongly supported by their design teams; and
- a total of 580 projects expressing a strong interest in making the switch to wood.

The team's work has focused on promoting the merits of lightweight and engineered timber, including cost savings, faster delivery, fewer disruptions, improved safety and environmental benefits.

Additionally, an innovative educational tool was developed and launched in October, in the form of a full-scale, three-storey Mid-rise Demonstration building at Holmesglen Institute, Chadstone. The building is an invaluable tool for builders and consultants to use in explaining the principles of engineered timber construction to staff and clients. Holmesglen Institute is also using the building in its courses to assist in familiarising trade students with timber systems.

Changes to National Construction Code open up new opportunities for timber in construction

Following a successful, evidence-based submission by FWPA, the National Construction Code (NCC) 2019 has been extended to permit the use of fire-protected timber systems in all classes of building. This new provision adds timber-construction opportunities, including schools, retail premises, hospitals and aged-care facilities up to an effective height of 25 metres, which are typically eight storeys.

The 2016 edition of the NCC had, for the first time, permitted construction to an effective height of 25 metres when using fire-protected timber building systems, but only for Class 2, 3 and 5 buildings (multi-residential, hospitality, accommodation and office buildings, respectively).

Timber building systems include traditional stick or lightweight timber framing and newer mass timber options, such as CLT, LVL and glulam.

Under the NCC 2019, the 'deemed-to-satisfy' solution for timber construction requires the use of fire-protective coverings, such as fire-grade plasterboard on timber structural materials.

The requirement for sprinkler systems in timber structures had previously affected their competitiveness with concrete and steel buildings, but the NCC 2019 includes compulsory sprinkler systems in all Class 2 and 3 buildings between four and eight storeys in height for all material types.

The option to build using pre-fabricated timber systems, rather than traditional steel and concrete, brings a number of advantages, including faster construction, greater safety on the worksite, lighter buildings and footings, and the environmental benefits of using timber – a sustainable and renewable building material. The combination of these factors and the NCC 2019 amendments will create new market opportunities for suppliers of timber building systems and add sales volume for our industry.

Work around Australian Standards and the National Construction Code

To grow the market for timber, FWPA seeks to remove unnecessary restrictions on its use.

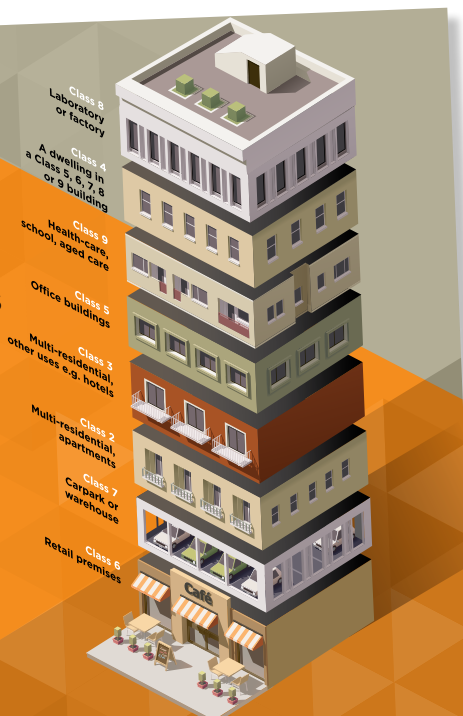
During the past financial year, FWPA participated in a committee meeting to finalise outstanding issues in relation to fire test standards that may impact on the use of building products.

A Class Act.

Changes to the National Construction Code mean that more classes of mid-rise buildings can deliver the benefits of wood.

From May 1, 2019 changes to the National Construction Code introduce Deemed-to-satisfy provisions that allow timber building systems for all Class 2-9 buildings with an effective height of up to 25m - typically 8 storeys.

Discover more about new opportunities to gain the many benefits of building with wood at woodsolutions.com.au.





Specifically, these standards were:

- AS 1530.8.1 - Tests on elements of construction for buildings exposed to simulated bushfire attack- Radiant heat and small flaming sources
- AS 5113 - Fire performance of external walls and cladding

FWPA has worked with testing, inspection and certification service provider Warringtonfire on a number of fire tests to ensure compliance with various new requirements of the NCC. These tests included a successful two-hour test on a lightweight floor-ceiling system for use in mid-rise buildings, as well as the testing of additional glue types for incorporation in the plywood wall and ceiling lining assessment. FWPA subsequently reviewed and discussed the assessment reports resulting from these tests.

In addition, fire testing to investigate self-extinguishment of a timber-frame construction behind fire-protective grade plasterboard was also successfully completed.

FWPA provided technical assistance to the Wood Cladding and External Fixtures Alliance, in relation to the use of timber cladding on low-rise (three-storey) apartment and hotel buildings, which is an established market for timber products based on interpretations of the NCC dating back to the late 1990s. Recent cladding fires in high-rise buildings have turned attention to the timber cladding used in low-rise apartment buildings.

FWPA participated in Standards Australia's TM-012 Timber Grading and Preservation committee meeting to review the 400-plus public comments received on the three proposed draft standards of the AS/NZS 1604 series, which specify the treatment requirements for timber preservation to protect timber used in Australia from local species of decay organisms and insect pests. Further work is required to resolve the technical matters raised and another set of public comment drafts will be required.

Research demonstrates increased positive perceptions of timber benefits

Our biennial *WoodSolutions* tracking research demonstrated positive perceptions of wood have increased amongst development, design and construction professionals. Almost two-thirds of respondents thought changes to the NCC should be extended, and that 90% of specifiers were aware of *WoodSolutions*.

The survey incorporated nearly 700 people involved in the specification of building materials. When questioned on the health benefits of wood in living and working spaces, three-quarters of the specifiers were aware of the positive impact of wood on wellbeing, largely due to online content, communications from professional associations and magazine articles.

When asked to rate wood on a range of attributes, participants gave positive responses in most areas, particularly those relating to acoustics, safety and fire. Looking ahead, almost two-thirds believed their use of engineered wood would increase in the next 12 months.

Productivity gains for construction and CLT

A team of Australian researchers have demonstrated the significant productivity opportunities associated with the use of CLT, and how to maximise them.

The University of Technology Sydney's School of the Built Environment, which undertook the FWPA-supported research, sought to demonstrate the potential of timber in terms of the productivity gains it offers, given that multi-storey CLT buildings are relatively new to Australia. Quantitative evidence to support these advantages has been relatively scarce, so it is hoped the intelligence gathered through this project will help to improve this.

The team focused its research on a specific medium, mid-rise timber construction project. The research showed a high rate of productivity –

or a large number of square meters per hour – is possible with CLT, if the project manager plans carefully for an efficient process. The data suggested that high levels of productivity were achieved during elements of the project which were well planned, while opportunities for productivity improvements existed during aspects where the planning process hadn't been conducted as thoroughly.

The results of this research have since been made available to the construction industry, and can be used by project managers to enhance and guide their planning in the future. For the forestry industry, this can only be good news, as it will help educate decision-makers in construction about the significant productivity and cost savings associated with using CLT, thus helping to increase demand.

Encouraging broader use of MDF products in stair construction

FWPA-supported research has demonstrated medium-density fibreboard (MDF) is suitable for use in more elements of stair construction than previously thought.

A team of researchers from the Engineered Wood Products Association of Australia and the University of the Sunshine Coast conducted a thorough review of stair construction practises through engagement with manufacturing and construction businesses in southeast Queensland.

While the use of MDF is common practise in stair construction for dry and protected environments, the researchers found it is typically limited to treads (the part of the step that is trodden on) and risers (the near-vertical element that forms the space between one step and the next). It is only used for stringers (the housing on either side of a flight of stairs) that can be directly fixed to wall studs or supported by a wall frame, due to concerns over its load-bearing capabilities. Stringers for freestanding stairs are therefore more commonly constructed from pine or hardwood.



A literature review identified that basic design methods significantly overestimate the loads carried by the stringers in any staircase. Mechanical testing verified the structural behaviour of MDF staircases and stair elements, confirming that 32mm-thick MDF is a suitable material for the stringers of free-spanning stair structures up to 2.3 metres in height.

This study has resulted in the development of new industry guidelines around the appropriate use of MDF products in stair structures across a range of scenarios. It is hoped that educating the construction industry about these findings will help to grow the market through increased confidence, acceptance and adoption of MDF.

Building safely with wood in Bushfire-Prone Areas

This year, FWPA reached an estimated 2.5 million people with a campaign targeting consumers in bushfire-prone areas, to improve their product knowledge and understanding of building safely with wood.

With fire authorities predicting an increasing bushfire threat in Australia, building with fire in mind has become an essential part of responsible construction. For example, all new homes constructed

in a Victorian Bushfire-prone area must be built to a minimum Bushfire Attack Level (BAL) of 12.5. A BAL is a means of measuring the severity of a building's potential exposure to ember attack, radiant heat and direct flame contact.

Cost-effective and sustainable timber framing can be used in all areas, regardless of the BAL. Therefore, all softwood and hardwood products can be incorporated as usual. Likewise, for internal joinery applications, for example in doors, wall lining, ceiling linings, floorboards and staircases, there are no limitations on materials. For external applications, such as wall cladding, doors, windows or decks, the material used depends on the designated BAL.

FWPA has therefore developed a wealth of material outlining wood choices, fire safety provisions and regulations for timber construction and design. The *WoodSolutions* website provides a range of free resources to help owners, designers and builders, including an expert advice service through which people can seek answers to their timber design-related bushfire questions. It also has an online calculator to estimate the BAL of a site and a comprehensive technical design guide to help those planning to build in a BPA - *Guide 4, Building with Timber in*

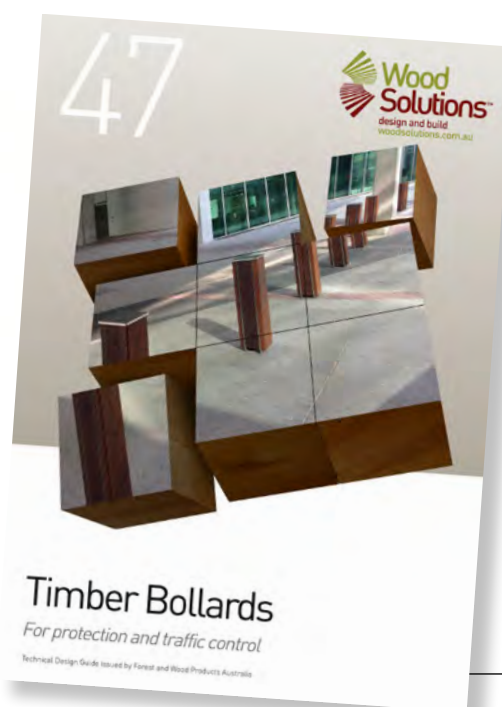
bushfire-prone areas, offering particular guidance on the appropriate use of wood.

Timber bollards in demand as security awareness rises

FWPA issued its 47th Technical Design Guide, *Timber Bollards: for protection and traffic control*, which is freely available on the *WoodSolutions* website.

Design Guide 47 covers the types, aesthetics and use categories of timber bollards, with advice on choosing timber, installing and preserving bollards in different scenarios. They are increasingly being used to help define space, control vehicles and people, protect from unwelcome traffic, and resist security threats such as ram-raid burglaries and even terrorist attacks. They can also be used for decorating and way finding.

External bollards represent one of the most weather-exposed uses of timber. They are rarely maintained, yet expected to have long service lives. The selection of appropriately durable timber species and grade are important, not only for the weather-exposed portion of bollards, but also that which is underground. The guide therefore details considerations for better bollard design and specification, so that common poor construction and inferior product substitution can be avoided.





International structural design software adapted for Australian standards

Developed in Europe, *TimberTech Buildings* is a structural design software package that supports the analysis of timber shear wall structures, offering high-speed modelling and calculations to the construction industry.

As part of a research project enabled by FWPA's voluntary matched funding program, seven Australian industry partners are now collaborating on the adaptation of the software to align with Australian codes and standards, including the upgrade of existing features, the development of new features and adapted calculation routines.

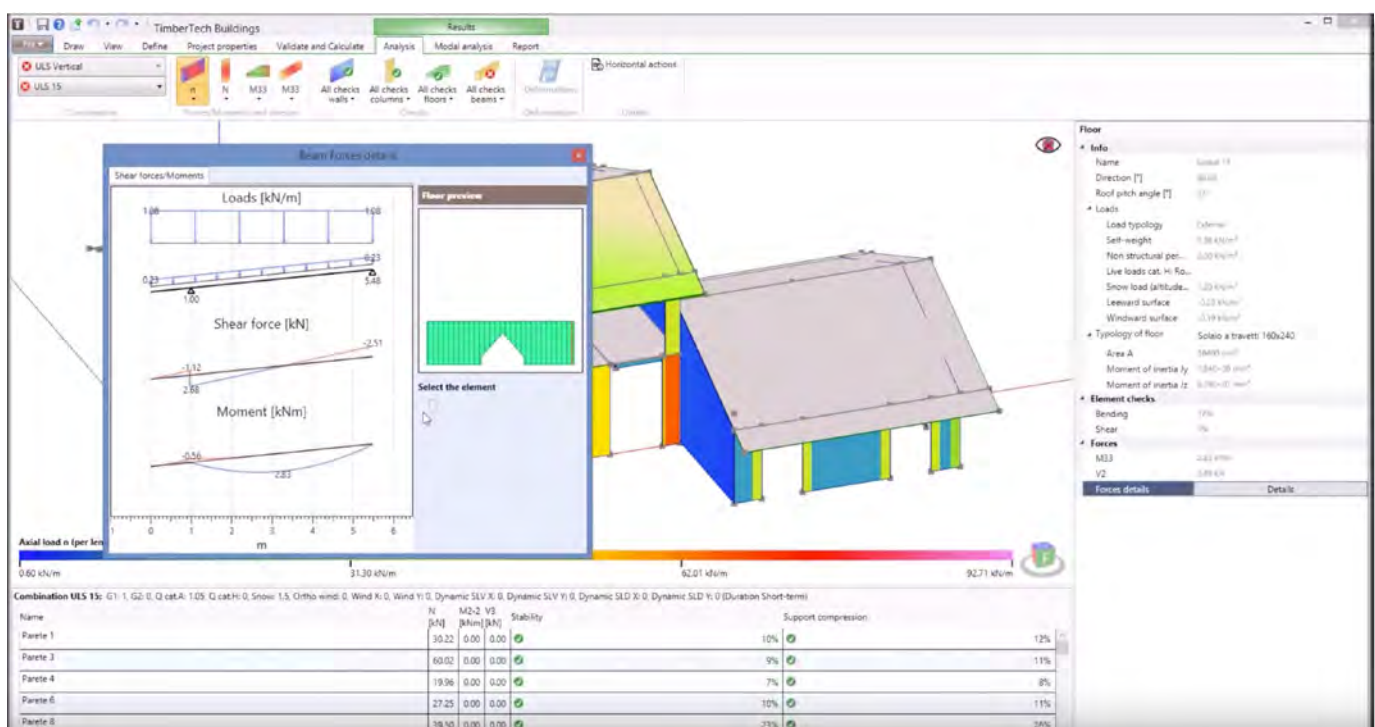
The result will be an efficient offsite prefabrication solution for Australian mid-rise timber systems. The project hopes to make the solution accessible to the 'average' structural engineer and bring the technology into the mainstream arena.

The construction industry will benefit from an informed and detailed understanding of technical and market-related issues, opportunities and solutions, with the goal of increased usage of timber products in mid-rise construction.

Timber frame construction planning

A review has been completed on how planning controls relating to building heights affect the construction of timber frame buildings. A draft report based on the review outlines the ways timber buildings are disadvantaged when compared with traditional concrete construction, by mandatory height controls that do not accommodate the higher floor-to-floor requirements of timber.

The report includes a review of current height requirements, a summary of selected timber building case studies that demonstrate the problem, a high-level review of current planning policy surrounding building height within five states, and recommendations for addressing this issue in the future.



An example of the TimberTech Buildings software



Program 3

Assisting value-chain optimisation

This program is about increasing the value and volume recovery from existing resources to ensure that all wood fibre is utilised to its highest and best use.

Tech enabling better land management and extra revenue for private native sector

The results of two key FWPA-supported research projects are being used to explore a new approach to generating income from small logs that would otherwise have been left in the forest.

The first research project was conducted by the Department of Agriculture and Fisheries in southern Queensland and northern New South Wales, and has demonstrated that a significant volume of underutilised and undervalued resource exists within Australia's native forests.

While the process of 'thinning', or removing smaller trees as a silvicultural treatment option, is known to improve the productive condition of a forest, it is rarely carried out because landowners fail to see any immediate economic returns. This is not surprising when you consider any trees removed in this way tend to attract minimal or no value.

A second research project led by the QDAF Salisbury Research Facility explored the sorts of processes and technologies that could create financial returns from these smaller logs. Focusing on the production of LVL-type products using spotted gum, white cypress pine and hoop pine, it was found that the rotary peeling, enabled by spindleless lathe technology, yielded higher and more consistent product recoveries than previously tested alternatives. The researchers reported the recovered veneers were produced at around twice the volume of dried, dressed and graded sawn boards.

Additionally, the veneer-grade quality, combined with the measured mechanical properties, indicated the recovered veneers – in particular those using spotted gum – would suit the manufacture of structural engineered wood products.

Rigorous testing of the products was conducted, including properties such as bending, tension, shear strength, compression strength, connector embedment, fire performance and durability. This yielded positive results, with the veneers often demonstrating performances exceeding those of existing alternative products.

Combined, these two research projects have generated new information for foresters on the potential for using small logs to supply industry with high quality hardwood products in the future, while at the same time undertaking a profitable and effective land management solution.

Making green timber lighter and saving millions of dollars

Green wood, or recently cut wood that has not had an opportunity to dry by evaporation, is about 50% water. FWPA-supported desktop planning tools and a smartphone app will now help managers balance the reduced transport costs from drying forest biomass and timber infield, against product quality, storage costs and machinery wear and tear.

Given that green wood contains so much moisture, substantial transport cost savings are achievable through infield log drying. With more than 25m tonnes of predominantly green logs and chips transported in Australia per year at a cost of over \$350m, potential annual savings of millions of dollars in land transport costs are possible, even for relatively small reductions (less than 10%) in moisture content.



Field assessment being undertaken in Gurulmundi State Forest

The initial phase of the research, which was conducted by the University of the Sunshine Coast's Forest Industry Research Centre (FIRC), found that summer drying rates of more than 1% moisture content per day were possible in the first week of storage.

A literature review then showed the use of post-harvest forest biomass for domestic energy use and for export is common overseas but is a largely untapped resource in Australia due to high delivery costs. If biomass and logs for chips and other wood products can be dried infield, transport costs will be reduced and energy content will be increased for biomass.



While infield drying of chip logs and higher-value logs can lead to deterioration in quality and additional processing machinery wear and tear, little was known about the magnitude of these issues, and at what moisture content they become significant. The FIRC project included infield drying trials of biomass, chip-logs and higher-value wood products, as well as chipper time and motion studies. The results were then used to create drying models and software tools, followed by operational trials conducted with industry collaborators.

The resultant predictive tools will enable forest growers to make informed decisions regarding infield storage of logs and biomass, so they can reduce moisture content to the point where returns from lower transport costs outweigh any losses from reduced quality, increased storage costs and increased machinery wear and tear.

Tackling production challenges in manufactured timber products

Thanks to a relationship enabled by FWPA, Weathertex and Queensland University of Technology (QUT) are working together to explore how thermochemical processes can be used to modify the structure of plant materials, and enhance their commercial value.

More specifically, the pilot research project is enabling an understanding of the chemical changes that take place during the production of external timber cladding, in particular the effect of specific timber feedstocks on its quality and physical properties.

Weathertex is a member of the FWPA Bioenergy and Biomaterials Interest group, and QUT began engaging with them as a result of a webinar organised for the group. Both QUT and Weathertex are confident the results obtained from the pilot study will underpin a longer-term R&D collaboration.

Business case for small log processing centre

Following on from initial investigations, FWPA has continued to work with major wood growers, researchers and processors to assess the viability of establishing a range of testing and evaluation centres, complete with the capabilities required to facilitate the highest possible return from the next 25 years of Australian fibre.

The goal is to enable the industry to easily assess information about what sort of improved value might be gained from available Australian fibre over the next two decades through a combination of altered management regimes (primarily nutrition and thinning techniques) and the manufacture of alternative wood products.

We hope financial resources to underpin the centre will become available during the next financial year, with calls for proposals from the university sector to be issued soon after. Work is also underway to identify potential centre leaders from the international research community.



Program 4

Increasing resource availability and reducing risk

This program aims to increase the availability of wood fibre to support an expanding market and associated manufacturing capacity.

Forest Growers Investment Plans

FWPA is preparing for the next phase of strategic investment in grower R&D, with eight investment plans developed by recognised research leaders with an industry steering committee.

The initiative has been led by the Grower Research Advisory Committee (GRAC), incorporating industry leaders, researchers and service providers, with consideration given to where the best-value gains might be achieved.

The eight investment plans relate to specific research projects and have either been completed or are under development. The content and required funding for each are being considered. The plans estimate the potential return from R&D and provide a high-level business case for investment.

The aim is to increase the value of Australia's commercial forests and of collaborative investment in forestry R&D, while contributing to the renewal, growth and sustainability of forestry research in Australia. The plans cover a multitude of areas, ranging from nutrition to genetics and tree breeding, plantation and native forest silviculture, operations and supply chain, resource modelling, remote sensing, fire, and damage agents including pests, disease and climate. Based on these plans, the GRAC will make recommendations on the allocation of funds to the FWPA board.

This work supports the GRAC's strategic plan and vision, which aims to double the value of Australia's commercial forests by 2040 by fostering an innovative culture in our enterprises, applying the world's best practices, collaborating and investing in research and development as appropriate.

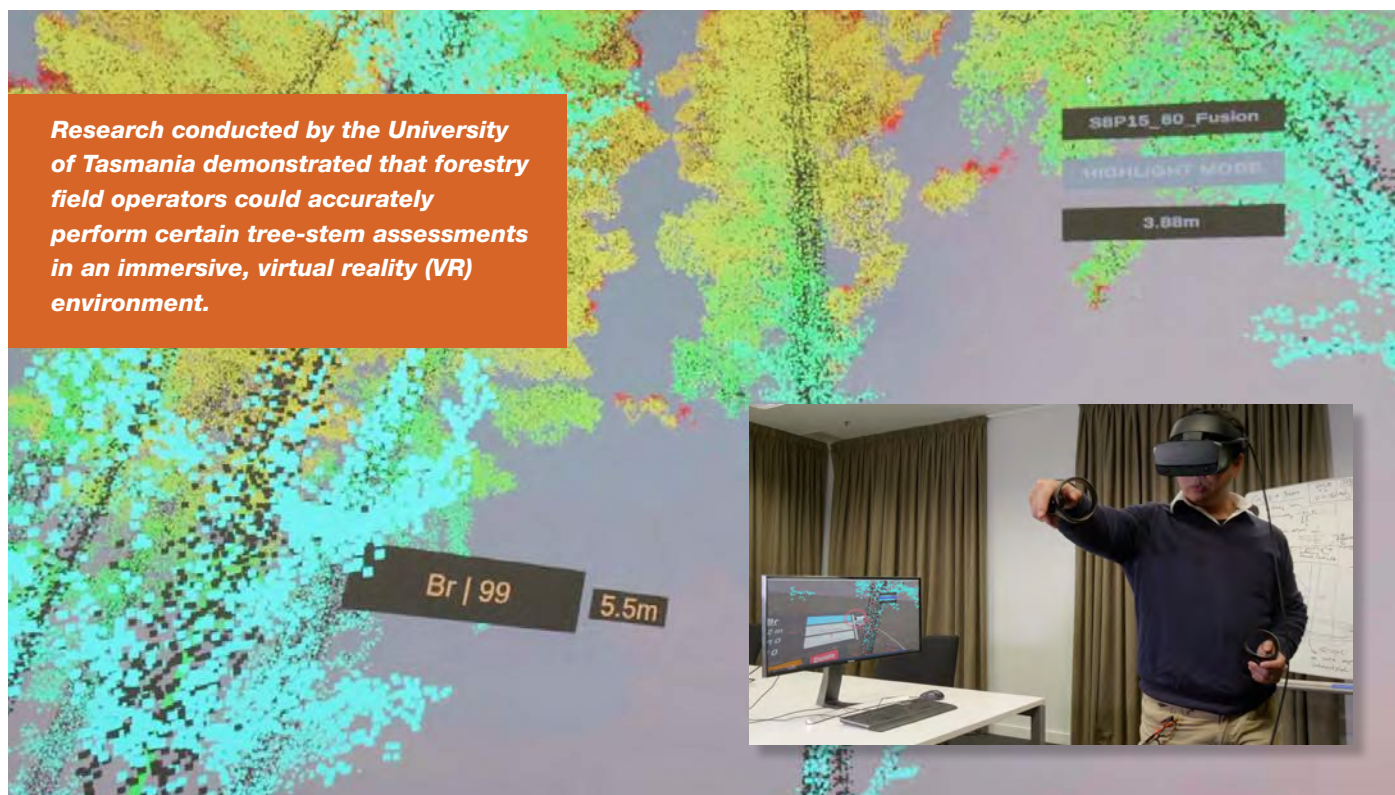
Advanced breeding tools and systems

Efficiently getting plant genetics right has the potential to provide significant productivity gains. Which trees to select as parent trees and which locations are best suited to the genetics of a plant, are amongst the many decisions that breeders need to make.

This voluntary matched funding research project by Tree Breeding Australia will develop and support national databases for tree improvement programs, and undertake industry-wide evaluations for benchmarking genetic material. The goal is to support the development of genetically improved trees, enhancing the value (and reducing the risk) of plantation forests and forest products in Australia.

Advanced breeding tools aim to support the development of genetically improved trees, enhancing the value (and reducing the risk) of plantation forests and forest products in Australia.





Research conducted by the University of Tasmania demonstrated that forestry field operators could accurately perform certain tree-stem assessments in an immersive, virtual reality (VR) environment.

Airborne technologies to help remotely assess individual trees

Rapidly evolving remote-sensing technologies are revolutionising forest management practises. Field-based inventory methods and sampling designs can accurately estimate variables, such as height, volume, basal area and number of trees, if enough sampling plots are included, but this approach is labour-intensive and costly.

An emerging, diverse collection of platforms, sensors, algorithms and efficient processing workflows offer opportunities across the forestry sector to gather more reliable and effective information. With this in mind, FWPA's R&D program has provided funding for a series of projects focused on the evaluation and application of remote sensing technology for the Australian forestry sector. Optimising remotely acquired, high resolution remotely sensed data for plantation inventory is the most recent of these, conducted by the New South Wales Department of Primary Industries.

The aim of this project was to optimise the extraction and processing of meaningful information from data acquired using Light Detection and Ranging (LiDAR) sensors mounted on light aircraft, such as helicopters and Unmanned Aerial Vehicles (UAVs). Several remote LiDAR systems were evaluated in relation to their specifications and procedures for optimal data acquisition.

The project focused on using point cloud data to capture the shape and structure of the canopy surface, allowing greater access to sub-canopy information such as stem characteristics. This data can be used to create 3D images of the targeted objects.

The researchers compared a variety of 3D visualisation software packages for viewing datasets and looked at the potential of applying immersive virtual reality technology for the on-screen assessment of individual tree stems. The hope was that this technology would allow for the assessment and monitoring of plantations, to help deal with various aspects of forest management and aid smart decision-making.

VR to support safer and more cost-effective forest management

Further FWPA-supported research conducted by the University of Tasmania demonstrated that forestry field operators could accurately perform certain tree-stem assessments in an immersive, virtual reality (VR) environment. Consequent benefits to industry range from enabling more accurate and reliable data capture, as well as increased safety and reduced operational time and costs, through the provision of remote access to difficult or dangerous locations.

The research team used the data acquired by helicopters and UAVs during the NSW Department of Primary Industries research, to investigate the potential of VR to replace existing forest inventory fieldwork approaches. The team worked with people who didn't have any experience of VR, but who would traditionally go into forests to assess trees, in order to test how people with pre-existing skills in forestry might perform inside a VR environment.



For this project, the data captured from a pre-harvest *Pinus radiata* inventory plot was successfully imported into an immersive VR environment using commercially available hardware, with functionality including multiple options for users to record their observations using a virtual control pad.

The design of the VR application was further informed and developed using the results of extensive user testing and feedback. The testing found that all participants demonstrated some capacity to work within the VR environment, and most were able to successfully acquire the skills needed to use the tools and take basic measurements, including diameter and height, within a reasonable time. However, more complex measurements relating to features such as wobble, sweep type, stem damage and branch size inside the canopy were not as accurate.

The researchers are planning to use more advanced visualisation and rendering techniques to determine how the data might be used to give a more detailed

view of what is going on inside the canopy. The ultimate aim is for users to assess forests in a VR environment with the same levels of accuracy that would be achieved had they gone into the forest themselves.

Cross-industry plant pest surveillance

Australia's agriculture and horticulture industries have joined forces, developing a program to change the way airborne pests and diseases are detected. The program, iMapPESTS: Sentinel Surveillance for Agriculture, is rapidly monitoring and reporting on the presence of particular, targeted airborne pests and diseases for all agricultural sectors, including forestry, viticulture, grains, sugar, horticulture and cotton.

This five-year program is being led by Horticulture Innovation Australia, with funding from the Australian Government as well as 16 partner organisations, including FWPA. It involves building a custom-designed prototype 'sentinel' mobile surveillance unit, to offer optimal sampling of airborne fungal spores or insects.

The team plans to build up to eight units, which will be deployed at various locations across the country.

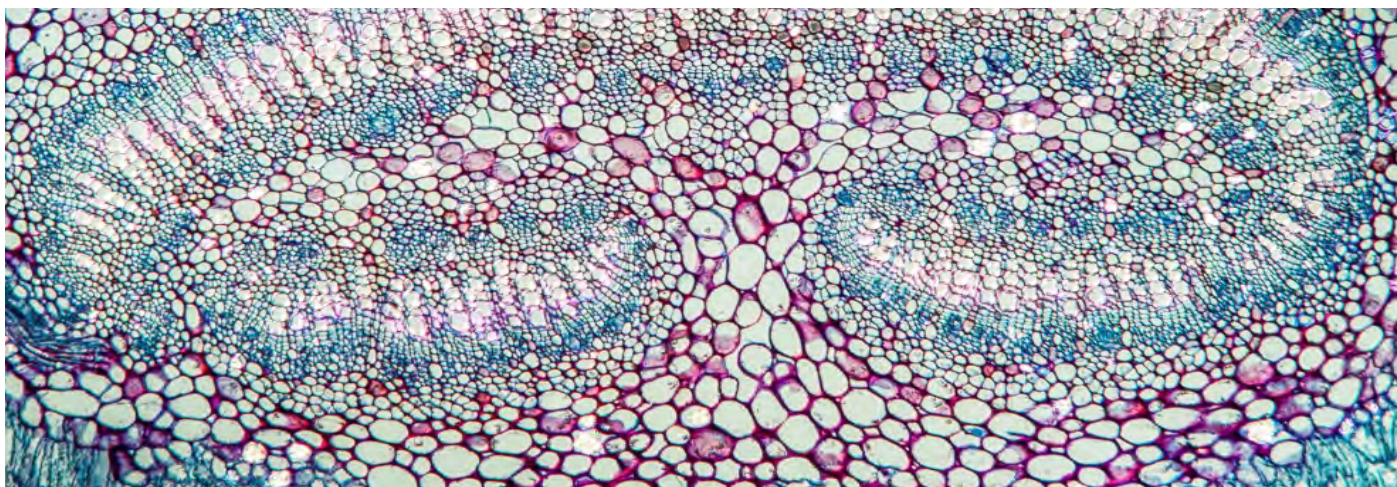
Samples captured by the sentinels will be sent to a laboratory for identification of target pests and diseases. The sentinels will also collect environmental data at the time of sampling, which will be married with pest and disease information and stored in a secure, cloud-based system to facilitate downstream reporting.

The CSIRO will use the data to develop a forecasting tool for pests and diseases, while Agriculture Victoria will use the samples to test new pest diagnostic techniques for the broadscale detection of exotic pests and diseases. Information generated by the surveillance activities will be summarised and shared with end users to arm them with actionable information that will be used to improve productivity.



The iMAP PESTS Sentinel prototype has been deployed





Micrograph of plant tissue

Resource characterisation in southern pine plantations

In an industry first, forestry scientists and mathematicians teamed up to take a virtual look inside a tree and develop algorithms to predict the best use for its timber. The FWPA-supported work will lead to growers and processors being able to plan more confidently for specific products from a harvest, improving returns throughout the supply chain from plantation to finished wood product.

The primary aim of the project was to characterise the southern pine estate in order to understand variation across the estate. This allowed the team to estimate the quantity of wood of a given performance (e.g. its stiffness class) in a stand of trees.

Although most structural timber framing used in Queensland's construction industry comes from the state's 150,000 hectares of subtropical southern pine plantations, not every tree, nor every part of a tree, is suitable for structural use. Southern pine species and wood properties vary across plantation sites. This affects the suitability of certain logs for use in different products, as well as the cost-effectiveness of retrieving the timber.

DNA technology research to give forest industry a boost

The Southern Tree Breeding Association is making use of DNA technology to identify the physical attributes of future trees at

the seedling stage. This technology has significant potential in assisting seedling selection for planting, speeding up growth and boosting log yield.

The results of the world-first FWPA-funded research project focused on genetics technology to improve return on investment for foresters. The significant advances in softwood and hardwood tree breeding research are thought to have the potential to help revolutionise the country's forestry industry, translating into real dollars for plantation owners.

The researchers have reported being able to combine the DNA information of individual hardwood trees and families with physical characteristics data as part of a commercial scale breeding program, to grow trees faster, with smaller branches, straighter and with better wood properties. While this has previously been achieved in laboratories globally, this is the first time anywhere in the world this has been done on a commercial operations scale.

Initially developed for use with hardwood, the hope amongst scientists is that the technology will be equally as successful when used with radiata pine.

Next generation forest plantation investment

There are considerable areas of Australian farmland where different types of planted forest would not only yield benefits for the forestry industry, but also for agriculture and the environment. Despite the likely

increases in demand for timber going forward, there is a lack of new investment.

The aim of a University of Melbourne research project, funded under FWPA's voluntary matched funding program, is to design and test new and more sustainable models that will encourage investment in planted forests. To do this, researchers are analysing the requirements and past experiences of key stakeholders in specific regions, while also considering economic and environmental factors such as carbon, biodiversity and water.

The resultant models will enable the formation of new types of partnerships between tree growers and the agricultural sector, maximising productivity gains for all.

Reducing and minimising expansion of giant pine scale populations

Since 2017, researchers led by HVP have been working to identify chemical control options suitable for plantation managers to significantly reduce giant pine scale infestations amongst *pinus radiata* trees.

Thanks to FWPA's voluntary matched funding program, the researchers are currently screening a range of chemical options, application methods and strategies, with the aim of delaying the arrival of giant pine scale into commercial plantations until longer-term control options can be put in place.



Program 5

Impacting decision-making and industry capability

This program works to ensure the industry has the skills and systems necessary to support improved decision-making by all players across the value chain.

Building our future through leadership

Following last year's successful pilot program, the For Our Future initiative returned for a second year, with more than 45 participants in Tasmania, Gippsland, south-eastern Queensland and northern New South Wales.

This experiential program focusing on regional and collaborative leadership aims to identify and train future leaders in the sector, while providing opportunities for ongoing collaboration. It involves intensive training, exploring different ways of framing issues, organisational dynamics, consultation processes, conflict resolution, and more. The program also provides participants with opportunities to hear directly from industry experts and leaders in other fields, while working together to identify some of the challenges facing the industry.

The training is delivered in partnership with the Australian Rural Leadership Foundation and Polykala, an organisation that focuses on developing leaders in sectors facing complex challenges or change. It is hoped that as well as developing the leadership skills of participants, the program will help the sector to think and act in a more unified way.

WoodSolutions Young Professionals Network kicks off

Free networking events hosted by *WoodSolutions* have been providing opportunities for early career practitioners to develop useful contacts and enhance their knowledge of industry issues. The monthly Melbourne-based *WoodSolutions* Young Professionals Network meetings focus on hot topics concerning timber construction, and provide early career graduates with an informal, convenient opportunity to increase skills and network.

The network is open to all young professionals under 35 years old who are employed in the property design or construction industries.



Those unable to attend events are able to stay updated by joining the associated Facebook group, which functions as a forum and news source for new developments in timber construction.

In addition, this year the network extended its reach interstate, with an event in Sydney that was overwhelmingly well received. The Sydney event featured a special guest presentation from Knut Menden, Senior Associate at BVN Architecture, who discussed the recently completed works at Our Lady of Assumption Primary School. This project involved an extensive renovation and three-storey extension using mass-engineered timber.



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FWPA supports students to attend WCTE

FWPA regularly sponsors university students to attend the prestigious 2018 World Conference on Timber Engineering. For the past eight years, FWPA funding has allowed outstanding post-graduate students engaging in timber-focused research to apply for financial support to cover their attendance. Eight students selected in 2018 were awarded a bursary to attend the event in Seoul, South Korea.

This initiative allows emerging leaders in Australian forestry to make connections with globally leading timber talent that will last throughout their careers. Once back in Australia, the students are encouraged to give presentations to their peers about what they have learned, creating a valuable flow-on effect.

Data Aggregation Program

FWPA has continued to take a collaborative approach in addressing the limitations in data available to the industry, by working to encourage the aggregation of individual company data.

Data aggregation provides a wide range of insights, including identifying market trends, monitoring changes in market segments and tracking activity levels in other sectors, which may affect sales.

Benefits vary from company to company, however our experience shows this kind of data-pooling assists with operational and investment decision-making.

More than 80 organisations contribute data towards the production of 15 FWPA data series, covering the softwood and hardwood-processing sectors, through to growing, as well as forest and processor safety.

FWPA is working on several opportunities to improve the collection of industry statistics. For instance, we are working in partnership with FWPA members and other key stakeholders to gather data through a confidential and convenient online data portal. The information submitted into this portal is aggregated

before being provided back to the industry the following month. Subject to critical mass being achieved, this new approach will provide industry participants with accurate and timely information on the commercial environment they are operating within, and will enable them to make more effective commercial and investment decisions.

While higher-level information relating to GDP, employment, housing approvals and international delivered log prices is made available for industry participants through the FWPA Data Dashboard, more general information is made available through the FWPA website and monthly e-newsletter *Statistics Count*, which provides a snapshot of key industry drivers and broader economic information.

One of the key measures outlined in our 2018/19 AOP was the increased use of the aggregation system and *Statistics Count* by 10% per year. With users in 2017/18 being 2,010 and users in 2018/19 being 2,433, this was exceeded with an increase of 21.04%.

Partnership with Australian Bureau of Agricultural and Resource Economics and Sciences

To provide key national data to the industry, FWPA has worked closely with ABARES for many years. We recently concluded an industry consultation process to decide the contractual arrangement and priorities for the next four years of the joint ABARES/FWPA work program.

Based on this newly agreed framework, the following work priorities, which draw on ABARES strengths in data gathering, analysis and modelling, have been identified.

There will be continued production of the six-monthly Forest and Wood Products Statistics publication, as well as monthly trade-data provision for the FWPA Data Dashboard. Continuation of this work will ensure stakeholders have regular access to domestic production and trade statistics. In addition, the relationship

will deliver estimates of state-based sawnwood production, the accelerated release of log and production data, and quarterly forecasts of selected wood product sales, to assist with short-to-medium-term decision-making.

Regular data around resource availability and wood flows will also be provided. This will focus on medium-term forecasting of Australia's key imports, as well as exports of selected wood products. These datasets can be used to construct both structural and trend models, which can help to forecast import and export volumes and prices, and to examine the impact of key explanatory variables on trade, such as exchange rates and international economic growth.

Meanwhile, information on softwood and hardwood plantation areas and log availability from Australian plantations will continue to be collected and made available, to provide a baseline of national, state and regional statistics that can be used to inform forest policy and industry investment.

Elsewhere, if regional demand and Australia's domestic demand for roundwood logs and woodchips continues at high levels, tension between export and local prices for logs may emerge. Work will therefore be conducted to understand the regional fibre balance from a production, import and export perspective.

A comprehensive productivity and efficiency analysis of the Australian sawmilling industry will provide insight into the relative performance characteristics of Australian mills. This will provide industry with insights into potential areas for improvement.

The potential for investment in new processing capacity, expansion of the plantation estate, and the operation of existing mills are intimately linked. New analysis will incorporate a range of factors affecting the viability of new mill investment, such as mill-processing costs, capital costs and demand for wood products.



This will explore estimates of the area of new plantation established, investment in new large-scale mills and input of existing mills. A sensitivity analysis will then be developed, providing insights into potential options for encouraging and upscaling the domestic processing sector.

Forecast: demand for wood products will exceed the availability of plantation resources

Australia's commercial timber plantation estate is fundamental to the sustainability and competitiveness of our forestry sector. In recent years, the softwood estate has been relatively static, which will affect the future availability of sawlogs to meet an expected increase in demand.

As part of the joint FWPA and the ABARES work program, a recent study was undertaken to explore the long-term potential of establishing new timber plantations in Australia. The results have been published in the report, *Economic potential for new plantation establishment in Australia: outlook to 2050*.

The four key findings are as follows.

1. The plantation sector is critical to the forestry industry

In 2015–16, commercial timber plantations, which were split evenly between softwood and hardwood species, accounted for 87% of Australia's log production.

2. Domestic demand for sawlogs is growing

ABARES forecasts a shortfall in the volume of softwood sawlogs available for the domestic market of 2.6m cubic metres. In terms of new softwood plantations, an additional 200,000 to 250,000 hectares would be required by 2050 to make up the shortfall. However, given the uncertainty of softwood sawlog supply and log-equivalent demand in 2050, estimates suggest the required area could be as much as 490,000 hectares.

3. Future plantation investment may not be enough

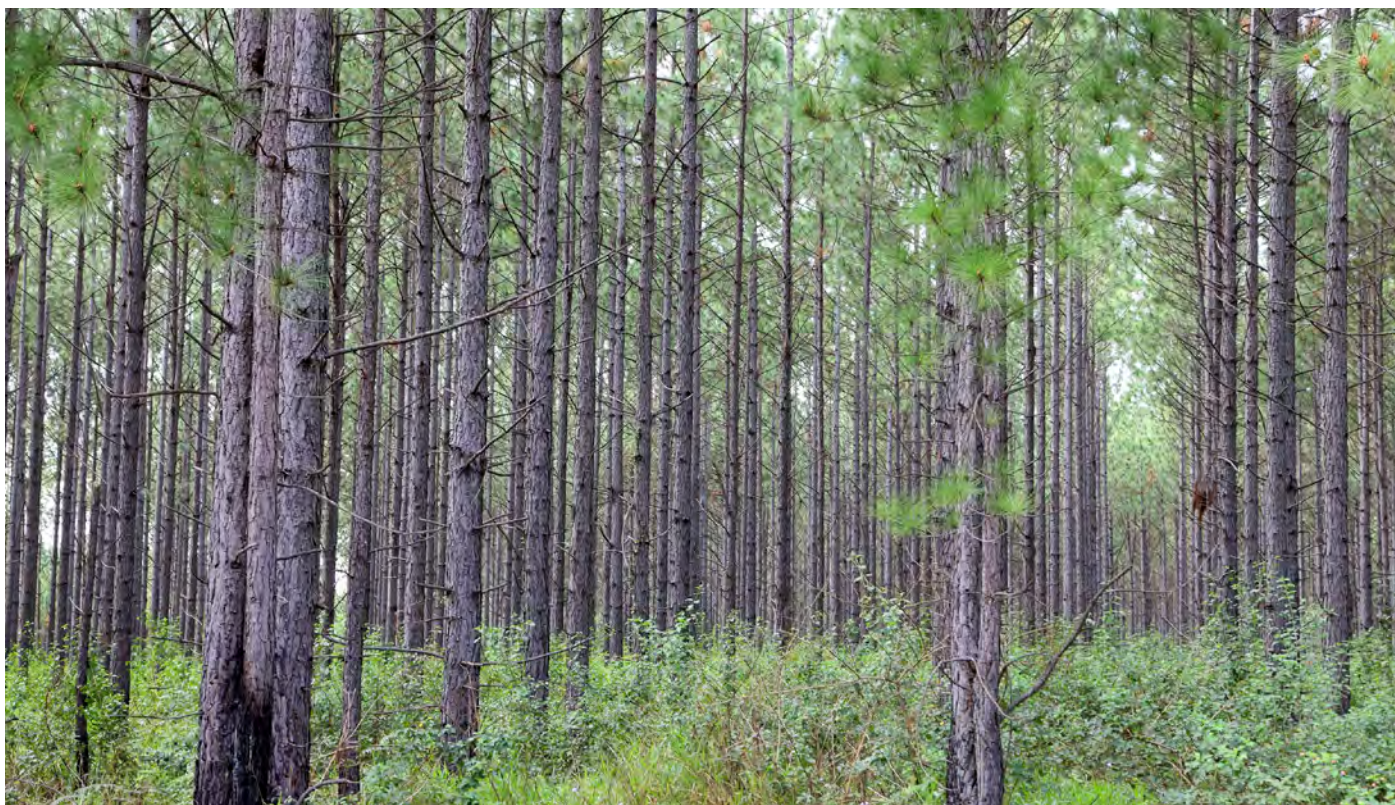
In order to meet growing demand, the domestic market will become increasingly reliant on imports of sawnwood.

ABARES estimates the volume of sawnwood imports will more than double by 2050. This represents a potential missed opportunity for the Australian forestry sector, unless the softwood timber plantation estate expands to meet growing demand.

4. The good news

The report modelled five different scenarios to see which market mechanisms could have the most impact on plantation expansion. These included productivity improvements, changes in agricultural land prices, increases in demand, changes in exchange rates, and reductions in the required rate of return (discount rate).

While all the scenarios supported the need for an expansion of the softwood estate, changes in the discount rate had the greatest impact, because softwood plantations managed for sawlogs have much longer rotation lengths and therefore payoff periods.





For instance, a 1% reduction in the discount rate to 6% would encourage a further 264,520 hectares of softwood plantation development, while a 2% reduction to a 5% discount rate could see the softwood estate expand by about 700,000 hectares.

The report states that while there are some limitations of the modelling framework used in this research, the analysis outlines key factors that could influence future plantations and highlights potential missed opportunities for the forestry sector, if action is not taken.

Natural Capital Accounting project

A collaborative research project between FWPA and multiple industry partners is using a system known as Natural Capital Accounting to help industries put an economic value on the environmental benefits they offer. The three-year, \$2m project was launched two years ago.

Natural Capital Accounting is an internationally accepted way of valuing natural assets that are not included in economic measures such as GDP, including timber, fisheries, soil, air, biodiversity, land and water.

By quantifying the value of these attributes, the aim is to enable industry to capitalise on them in new markets, particularly with agencies that have statutory obligations. This process can also help companies in sustainability certification programs, by enabling them to back up their environmental credentials with tangible evidence. Financiers and shareholders are also likely to favour companies that can demonstrate they are not reducing natural capital and are sustainable. It will also lead to an increase in access to discounted finance and insurance, and drive efficiency in compliance and reporting.

During this financial year, key achievements have included:

- Stakeholder engagement interviews have been finalised and analysed;
- Significant progress has been made on building a database of natural capital assets, case studies have been identified, core data sets have been compiled, and identification and collation of condition databases is ongoing and under development;
- A spatially enabled information system has been custom-designed for populating natural capital accounts; and
- All case studies have conceptualised the target extent condition and ecosystem service accounts for key pools of natural capital, and these are in the process of being developed.

Funded by government and industry and spearheaded by CSIRO, other project partners include the Bureau of Meteorology and Australian Bureau of Statistics, Cotton R&DC, Fisheries R&DC and forestry companies including HVP, OneFortyOne and VicForests.

Forest industry socio-economic trends: research

The forest industry contributed \$5.4 billion to the Victorian economy and almost \$1.3 billion to that of Tasmania in 2015-16, according to socio-economic research funded by FWPA.

The research was conducted by the University of Canberra in conjunction with consultancy EconSearch, a division of the BDO advisory.

The findings were particularly encouraging for the Tasmanian forestry industry, which has returned to an even keel after several challenging years. Employment and spending have stabilised after a period of decline, and are growing in some parts of the industry. Rapid decline in employment from 2008 has stopped, with job numbers stabilising post-2013.

The decline in native forest-dependent jobs during this period has been offset by growth in jobs in harvesting and wood chipping of hardwood plantations. However, growth will only continue for the longer term if there is investment in more downstream processing.

In terms of jobs, the Victorian forestry industry (excluding the Green Triangle Region) overall generated 14,475 direct jobs, including almost 5,115 in primary processing, and more than 9,360 in secondary processing as of mid-2017. Meanwhile, the Tasmanian forest industry generated 5,727 jobs overall, with 3,076 direct jobs and another 2,651 jobs in other industries as a result of demand generated from the forest industry.

In Victoria, softwood plantations generate the highest employment at 47.7% followed by native forests at 32% and hardwood plantations at 8.9%, with the remaining 11.4% dependent on native forests and plantations grown in other regions.

On the other hand, in Tasmania, 41% of jobs depend on native forest, 33% on softwood plantations and 26% on the growing hardwood plantation sector.

Businesses in both states were relatively optimistic about future demand for forest products. In Victoria, about half surveyed felt demand would remain the same, about one-third felt that demand would grow, and a few felt that demand would reduce.

Tasmanian results were better, with 55% of forest industry businesses believing demand for their goods or services would grow in the next 12 months, and the remainder predicting it would remain about the same. None of the businesses surveyed felt demand would reduce.



Corporate Governance

As a non-profit company limited by guarantee, FWPA is not a listed entity. However, it draws on applicable Australian Stock Exchange (ASX) Corporate Governance Principles as required by its Statutory Funding Agreement (SFA) with the Commonwealth and a matter of good governance and best practice.

FWPA is required to comply with the SFA as a condition of its ongoing funding and administration of the statutory levies raised by the Commonwealth in accordance with the Forestry Marketing and Research and Development Services Act 2007.

The performance by FWPA of its obligations under the SFA is verified by an independent Performance Review Report required before the end of each statutory funding period. The last independent Performance Review Report of FWPA's activities for the period 2012 – 2017, was completed by GHD Pty Ltd in February 2017.

ASX Principle & recommendations		FWPA Documents/Methods
1. Lay solid foundations for management and oversight		
1.1	Disclose roles & responsibilities of its Board and management matters expressly reserved for the Board and those delegated to management.	Provided for in the Board Charter as posted on the FWPA website. Note: there is no statement of matters delegated to management.
1.2	Undertake appropriate checks before appointing a person or putting forward a candidate for election as director.	Clause 13.6 of the Constitution requires that a person cannot be elected as a FWPA Director unless nominated by the Director Selection Committee (DSC). Appropriate background checks on candidates are undertaken as a part of the candidate selection process and disclosed in the Notice of AGM. In selecting a Board candidate the DSC must see that post-election, the Board collectively possesses skills, knowledge and experience in a range of relevant fields.
1.3	Have a written agreement with each director and senior executive setting out the terms of their appointment.	Directors are bound by the Constitution and senior executives have a formal letter each of which sets out the terms of their appointment.
1.4	Company secretary accountable directly to the Board through the chair on all matters to do with proper functioning of Board.	Provided for in the Constitution and Board Charter as posted on the FWPA website.
1.5	Have a Diversity Policy with measurable objectives for achieving gender diversity, an annual assessment of progress and disclosure of progress.	The Board has approved a Diversity Policy and this has been published on the corporate website.
1.6	Have and disclose process for evaluating performance of the Board and its committees and individual directors.	Provided for in the Board Performance Evaluation Policy as posted on the FWPA website.
1.7	Have and disclose process in place for periodically evaluating performance of senior executives and whether evaluation done.	Provided for in the Board Charter as posted on the FWPA website with minutes of meetings kept reporting on performance review.
2. Structure the Board to add value		
2.1	Have a Nomination Committee with a majority of independent directors and disclose Committee Charter, its members and their meeting attendances.	FWPA has a Nominations and Human Resources Committee, the members of which, and their attendances, are disclosed in the Annual Report. Its deliberations and decisions are recorded in its meeting minutes. Clause 13.7 of the Constitution requires the Board to have a Director Selection Committee (DSC) which nominates directors for election, the rules for which are set out in the Constitution. Its deliberations and decisions are recorded in its meeting minutes. The FWPA Board contains a majority of independent directors including the Chair. At present 6 of the 7 directors (excluding the Managing Director) have not been an employee, contractor or supplier to FWPA in any of the preceding three years.



ASX Principle & recommendations		FWPA Documents/Methods
2. Structure the Board to add value (continued)		
2.2	Have and disclose a Board skills matrix that the Board has or is seeking to achieve.	Clause 13.11 of the Constitution requires the DSC to ensure the Board has the required skills matrix. Its deliberations are recorded in its minutes.
2.3	Disclose names of directors considered by the Board to be independent directors, the nature of any non-compromising interests and the length of service of each director.	The names of directors, their affiliations and length of service are disclosed in the Annual Report.
2.4	Have a majority of independent directors.	See response to Recommendation 2.1 above.
2.5	Chair should be an independent director and not the CEO.	The present FWPA Chair is an independent director and is not the CEO.
3. Act ethically and responsibly		
3.1	Have and disclose a code of conduct for its directors, senior executives and employees.	<p>The conduct required by directors is set out in the Board Charter and FWPA Code of Business Conduct and Ethics as posted on FWPA's website. For senior executives and employees, a requirement of their terms of appointment is adherence to all company policies and codes of conducts.</p> <p>The identity of all FWPA directors, senior executives and employees is disclosed on the website.</p>
4. Safeguard integrity in corporate reporting		
4.1	Have an Audit Committee with 3 non-executive members chaired by an independent director who is not the Board chair and disclose Committee Charter, experience and meetings.	<p>FWPA has an Audit, Finance and Risk Committee the members of which, their experience and attendances are disclosed in the Annual Report.</p> <p>The Terms of Reference of the Audit, Finance and Risk Committee are referred to in the Board Charter as posted on FWPA's website.</p>
4.2	Before Board approves financial statements, receive from CEO and CFO a declaration that records comply with accounting standards and are true and fair opinion based on a sound system of risk management and internal control.	Company procedures require the Managing Director and CFO to submit a signed declaration to accompany the submission of financial statements to the Board.
4.3	Ensure that external auditor attends its AGM.	Under clause 25.10.3 of the Constitution, notice of every general meeting must be given to the external auditor. The auditor made is available by teleconference facility to participate in each AGM and answer any member enquiries.
5. Make continuous and timely disclosure		
5.1	<p>A listed entity should:</p> <p>Have a written policy for complying with its continuous disclosure obligations under the Listing Rules</p> <p>Disclose that policy or a summary of it.</p>	As FWPA is an unlisted public company it is not an ASX disclosing entity but does report annually to Members, and to its Industry Advisory Groups, on its operations and financial results.



ASX Principle & recommendations		FWPA Documents/Methods
6. Respect the rights of security holders		
6.1	Provide information about the entity and its governance via website.	FWPA provides information about itself and its governance framework on its website.
6.2	Have an investor relations program to facilitate effective two-way communication with investors.	Two way communications with Member bodies is facilitated through FWPA Program Advisory Groups, regular meetings with representatives of the Department of Agriculture and Water Resources as well as National representative bodies. The Board and Managing Director undertakes a regular program of regional industry consultations as well as one-to-one briefings to member company executive teams.
6.3	Disclose policies and procedures to facilitate and encourage participation at meetings of security holders.	Information about how FWPA facilitates and encourages participation by Members at meetings is provided through its Industry Advisory Groups and on its website.
6.4	Give security holders the option to receive and send communications electronically.	Clause 12.10.1 of the Constitution provides for proxies to be given by members electronically.
7. Establish sound risk management framework and periodically review effectiveness of framework		
7.1	Have Risk Management Committee with 3 non- executive members chaired by an independent director and disclose Committee Charter, members and meetings attendance.	Risk management is presently considered under the FWPA Fraud Control Plan based on AS 8001 Fraud and Corruption Control, currently formally reviewed every 3 years. The Terms of Reference of the Audit, Finance and Risk Committee are posted on FWPA's website and meeting attendances are reported in the Annual Report.
7.2	Review and disclose risk management framework annually in relation to each reporting period.	FWPA aims to undertake at least 2 internal audits each year. A series of independent internal audits have been completed that demonstrate FWPA expenditure of funds complies with the SFA and the Act and that investment planning and delivery processes to be generally very sound.
7.3	Disclose if it has an internal audit function, or If it does not have an internal audit function, that fact how it evaluates and continually improves its risk management and internal control processes.	Because of limited staff, FWPA does not have an internal audit function. It continually improves the effectiveness of its risk management and internal control processes through independent contractors undertaking the internal audit function against a work program approved by the Board.
7.4	Disclose any material exposure to economic, environmental and social sustainability risks and how managed.	As a part of its annual strategic planning process, the Board considers an overall summary of industry and market operating conditions and trends. This process is used to identify any specific risks to the company or emerging priorities or threats to the market that can addressed by FWPA investments. FWPA maintains a Risk Register that identifies the economic, environmental and social sustainability risks faced by FWPA.



ASX Principle & recommendations		FWPA Documents/Methods
8. Remunerate fairly and responsibly		
8.1	Have Remuneration Committee with 3 non-executive members chaired by independent director and disclose Committee Charter, members and meetings.	The FWPA Board has a Nominations and Human Resources Committee, the members of which and meeting attendances are disclosed in the Annual Report. Its deliberations and decisions are recorded in its meeting minutes.
8.2	Disclose policies and practices of remuneration of non-executive and executive directors and other senior executives.	The FWPA Board plays an active role in setting the Company remuneration policy and structure as part of the Terms of Reference of the Nominations and Human Resources Committee referred to in the Board Charter as posted on FWPA's website. The remuneration policy is held as confidential to the Company and not published on the website.
8.3	Disclose if it has an equity-based remuneration scheme.	As a company limited by guarantee, FWPA does not have an equity-based remuneration scheme.
6.4	Give security holders the option to receive and send communications electronically.	Clause 12.10.1 of the Constitution provides for proxies to be given by members electronically.



Financial Statements

For the year ended 30 June 2019

Forest & Wood Products Australia Limited

A.C.N 127 114 185

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Directors' Report

Directors present this report on Forest and Wood Products Australia Limited ("the Company") for the financial year ended 30 June 2019.

Directors

During the reporting period, eight non-executive directors served on the Board excluding the Managing Director. Seven directors (including the Managing Director) were Directors of the Company for the full financial year.

Election of Directors

According to the Company Constitution, FWPA's Board shall comprise between five and nine directors (including the Managing Director) at least two of whom are non-member directors. After the first annual general meeting, directors, with the exception of the Managing Director who is an employee of the Company, are appointed on a rotational basis by the Company's voting members at the annual general meeting. The appointments are for terms of three years with a maximum of three consecutive terms.

Board of Directors

The names of each person who has been a director during the year and to the date of this report are:

Mr John Simon
 Ms Christine Briggs
 Mr John McNamara (until 31 October 2018)
 Mr Brian Farmer
 Mr Jim Henneberry
 Mr Stephen Dadd
 Mr Craig Taylor (from 31 October 2018)
 Ms Katie Fowden (from 31 October 2018)
 Prof. Tony Arnel
 Mr Ric Sinclair

Directors have been in office since the start of the financial year to the date of this report unless otherwise stated.

Information on directors

Chairman (Non-Member)

Mr John Simon

Mr Simon was appointed as the Chairman of FWPA in November 2015. He recently

retired as CEO of the national timber wholesaler, Simmonds Lumber Group. After completing his masters in timber engineering at Imperial College, London, Mr Simon worked in timber research at the Council for Scientific and Industrial Research (CSIR) in South Africa. He has been the Managing Director of Sterlands, the largest timber frame and truss producer in Australia; CEO of national timber distributor Pine Solutions; Managing Director of merchant and retailer Hudson Building Supplies; and Chairman of the Timber Development Association for 10 years. He is currently the Chair of the JW Gottstein Trust; a member of the Housing Industry Association's Manufacturers and Suppliers Council; and is a Fellow of the Australian Institute of Company Directors.

Board additional responsibilities:
 Chair of Nominations and HR Committee.

Non-Executive Director

Ms Christine Briggs

Ms Briggs has had a rewarding career over 30 years in the forest and wood products industry, with international experience but focussed largely on the Australian and New Zealand sectors. She has held senior sales and marketing roles with major Australian timber manufacturing businesses such as CSR, Weyerhaeuser, Gunns, Timberlink and is currently at AKD Softwoods. Her international experience includes some time in the US, working with Weyerhaeuser Building Materials during 2003. Ms Briggs' general management experience has covered strategic planning and business development, stakeholder engagement, sales & marketing excellence and supply chain development. In her current role, National Marketing Manager with AKD Softwoods, she is responsible for the market positioning of AKD and the development and adoption of the strategic market direction for the business. Ms Briggs' qualifications include a Bachelor of Business with a Marketing Major from University of Technology, Sydney and Graduate of the Australian Institute of Company Directors (GAICD).

Board additional responsibilities:
 Nominations and HR Committee.

Non-Executive Director

Mr John McNamara (until 31 October 2018)

Mr McNamara is CEO of Parkside Group Milling and has more than 30 years' experience in the forest and forest products industry. Parkside is a company that specialises in native forest management and harvesting, sawmilling, value adding processing and distribution. Previously, Mr McNamara was the Managing Director of Hyne Timber for 18 years and he has held Senior Management roles in a number of companies throughout Australia.

Board additional responsibilities:
 Chair of the Audit, Finance and Risk Committee and member of the Nominations and HR Committee (until 31 October 2018).

Non-Executive Director

Mr Brian Farmer

Mr Farmer is a graduate forester from the Australian National University and has broad experience in forest operations, marketing and management. He has worked in New South Wales, Tasmania, South Australia and, more recently, in Queensland. Mr Farmer's experience covers native forest management as well as plantation forestry, and he has further supplemented his technical forestry skills with other aspects including policy, people and broader financial responsibilities. Mr Farmer was previously the CEO of HQPlantations Pty Ltd and director of Timber Queensland. He is currently a Trustee of the Gottstein Education Trust.

He is a strong advocate for forestry based on sound science, finance and stewardship, and argues that forestry should be delivered to the best possible standards using the best possible knowledge.

Board additional responsibilities: Member of Nominations and HR Committee.



Non-Executive Director

Mr Jim Henneberry

Mr Henneberry has led complex, global businesses through director and executive roles. He brings strengths in strategic leadership, culture change, stakeholder engagement, operations and research to the board of FWPA. Mr Henneberry has served as MD and CEO of Australian Paper and director of PPM and the Australian Forest Products Association (AFPA) and is currently a Trustee at Monash Australian Pulp and Paper Institute (APPI). He has held various management positions with CHH, International Paper and other international companies. Mr Henneberry co-chaired the Australian Government Pulp and Paper Industry Strategy Review and is well-placed to extend inclusive consultations with industry partners. He has also led business-focused research in fibre and pulp and paper and has credentials to be able to integrate this with forest and other wood product industries through the FWPA Board. He holds a Bachelor of Science (Pulp and Paper Engineering) from Syracuse University, New York, an MBA (International Marketing) from the University of Houston, completed advanced business leadership at GE's US Leadership Institute and is a graduate of the Australian Institute of Company Directors.

Board additional responsibilities:

Member of the Audit, Finance and Risk Committee (until 31 October 2018), Chair of the Audit, Finance and Risk Committee (from 31 October 2018) and member of the Nominations and HR Committee.

Non-Executive Director

Mr Stephen Dadd

Mr Dadd is the Executive General Manager of Boral's Timber Division and a Director of Allen Taylor & Co Ltd with responsibility for Boral's wood supply management, timber milling and product distribution businesses in Hardwood, Softwood and Residues. He is also on the Board of Highland Pine Products and a

Councillor of the Royal Agricultural Society of NSW. Mr Dadd has worked in Boral's Timber business for 16 years and prior to that worked for the Boston Consulting Group and CSR's Sugar Division. He has a degree in Chemical Engineering, an MBA from the London Business School and is a Graduate of the Australian Institute of Company Directors.

Board additional responsibilities:

Member of the Audit, Finance and Risk Committee.

Non-Executive Director

Prof Tony Arnel

Tony is the Global Director of Sustainability at Norman Disney & Young (NDY) and works across the worldwide network of NDY offices and is the company's key strategist for Sustainability. He is also Industry Professor at Deakin University. Tony is a Life Fellow of the Australian Institute of Architects. He is also Life Fellow of the Green Building Council of Australia, a founding director and was chair between 2007-2012. During this time, he was also chair of the World Green Building Council (2008 – 2011). His current board involvement includes the Energy Efficiency Council (President), Deakin University School of Engineering (Chair) and the Sustainable Melbourne Fund. He is also a fellow of the Australian Institute of Company Directors.

Board additional responsibilities:

Member of the Audit, Finance and Risk Committee.

Non-Executive Director

Ms Katie Fowden

(from 31 October 2018)

Ms Fowden is the Strategic Relations Manager for Hyne Timber, where a significant part of her role is the promotion of the company's brand, products and the industry more broadly. Ms Fowden's background is in advocacy, government liaison, policy and corporate communications. Her skills and experience align closely with the aims and objectives of FWPA. She is also currently

a nonexecutive director of Responsible Wood and chair of their marketing committee, a non-executive Director of the Hyne Community Trust and an advisor on the Queensland Government's Biofuels Advisory Council.

Board additional responsibilities:

None

Non-Executive Director

Mr Craig Taylor

(from 31 October 2018)

Mr Taylor has over 30 years' management and consulting experience in primary industries, sustainable resource management, supply chain management and sales and marketing, mostly in the plantation forestry sector. He is Director and Principal of The Fifth Estate Consultancy, providing strategy, business development and investment advice to businesses in the resources and primary production sectors. Mr Taylor was advisor to Hancock Natural Resource Group for the sale of the Tasman Bay Forests Company assets. He has provided strategy development and investment advice to Australia and New Zealand's largest forest and wood products companies.

Board additional responsibilities:

None

Managing Director

Mr Ric Sinclair

Before joining FWPA, Mr Sinclair spent seven years in the grocery and food industry where he worked in operations, corporate finance and strategy roles. Mr Sinclair has held operations, marketing and strategy roles at Origin Energy, KH Foods, Chiquita Brands and Amcor/PaperlinX. He holds a Bachelor of Science (Forestry) and a Master of Business Administration. Mr Sinclair was appointed to the role of Managing Director on 2 June 2008.

Board additional responsibilities:

Invited guest to the Audit, Finance and Risk Committee.



Board committees

Board committees ensure appropriate management and review of company operations and make certain that investments are adequately evaluated and deliver outcomes to Company Members and other stakeholders. The Board committees are: Audit, Finance and Risk Committee and Nominations and Human Resources Committee. All committee members listed below were members of the committee for the entire year, unless otherwise specified.

Audit, Finance and Risk Committee (AF&RC)

Members:

Mr John McNamara (Chair)
(until 31st October 2018)
Mr Jim Henneberry (Chair)
(from 31st October 2018)
Mr Stephen Dadd
Prof. Tony Arnel

Invited guests:

Mr Ric Sinclair
Mr Jason See

The key tasks of the Audit, Finance and Risk Committee are to:

- Ensure prudent management of the Company's finances; ensure the Board makes informed decisions regarding the Company's overall expenditures; ensure activities approved by the Board are consistent with Australian law relating to prudent financial management; and provide a general overview of the Company's financial management.
- Liaise with FWPA's auditors; review the adequacy of internal controls and of compliance with relevant laws, regulations, policies and procedures; report to the Board on the adequacy of audit procedures; and promote accurate, high quality and timely disclosure of financial and other information to the Board and key stakeholders.

Nominations and Human Resources Committee (N&HRC)

Members:

Mr John Simon (Chair)
Mr Jim Henneberry
Mr John McNamara
(until 31st October 2018)
Mr Brian Farmer
Ms Christine Briggs
Ms Lesley Austin (Secretary)

The secretary is an independent and external consultant.

The key tasks of the Nominations and Human Resources Committee are:

- The establishment of procedures and systems to assess Board performance, identify skill gaps and to work with the Director Selection Committee to ensure an ongoing focus on Board composition to meet legal obligations, stakeholder requirements and best practice corporate governance.
- Ensure that the Company's remuneration and human resources policies and systems support the Board's desired organisational culture and capacity.
- Approve procedures and systems for the Company relating to staff and director remuneration, human resources and OH&S that are in accordance with agreed Board policies and directions.
- Approve annual adjustments for the remuneration of the managing director and the managing director's direct reports.
- Approve annual performance targets and assessment of performance against the targets



Board meetings

During the reporting period the Board held five meetings. Details of attendance by individual Board members are provided below:

Director	Board		Audit, Finance And Risk Committee		Nominations And Human Resources Committee		Length Of Service
	Meetings attended	Meetings eligible to attend	Meetings attended	Meetings eligible to attend	Meetings attended	Meetings eligible to attend	Years
Mr John Simon	5	5			2	2	7
Mr John McNamara	2	2	1	1	1	1	7
Mr Jim Henneberry	5	5	3	3	2	2	5
Ms Christine Briggs	5	5			2	2	5
Mr Brian Farmer	5	5			2	2	5
Mr Stephen Dadd	5	5	3	3			5
Mr Craig Taylor	2	3					1
Ms Katie Fowden	3	3					1
Prof. Tony Arnel	5	5	3	3			3
Mr Ric Sinclair	5	5					11

Principal activities

The principal activities of the FWPA during the financial year comprised:

- Providing research and development to support the Australian forest and wood products industry;
- and
- Providing domestic marketing and promotion services to the Australian forest and wood products industry.

Significant changes in state of affairs

There have been no significant changes in the nature of these operations during the period.

Objectives

Collaborate with industry stakeholders and Government to determine strategy and deliver programs designed to grow the market for forest and wood products, increase productivity (and implied profitability) across the value chain and ensure positive environmental and social outcomes.

Strategies

- Promote the benefits and usage of forests and wood products in response to changing community attitudes (Promoting the advantages of wood products);
- To ensure that the industry's products and services are fit for purpose, appropriately aligned to market needs and better communicated to key influencers (Aligning products to market needs);
- Increasing the value and volume recovery from existing resources to ensure that all wood fibre is utilised to its highest and best use (Assisting value chain optimisation);
- To increase the availability of wood fibre to support an expanding market and associated manufacturing capacity (Increasing resource availability and reducing risk); and
- Help ensure that the industry has the skills and systems necessary to support improved decision making by all players across the value chain (Impacting decision making and industry capability).

Results of operations

The operating result for the financial year to 30 June 2019 was an operating surplus of \$616,582 (2018: \$31,429 deficit).

Significant events after the reporting date

No matters or circumstances have arisen since the end of the financial year which in the opinion of the Directors have significantly affected or are likely to affect significantly the operations of the company, the results of those operations, or the state of affairs of the company in subsequent financial years.

Code of conduct

The FWPA Code of Conduct requires the Board and all staff to promote high standards of ethics and integrity. The language, attitudes and actions of directors, senior management and staff must reflect the principles of integrity and ethics, as well as the company's values and culture. The Code of Conduct recognises that FWPA's employees are vital to the fulfilment of the Company's purpose and, consequently, the highest level of staff satisfaction, health and safety must be maintained.



It also encourages directors and staff to commit to the philosophy of continuous improvement at the corporate and individual levels.

Conflict of interest and register of interests

A director must disclose an interest wherever he or she considers there is a potential perceived conflict of interest and a Declaration of Directors' Interests is a standing agenda item for all Board meetings.

Members' Guarantee

The Company is limited by guarantee. If the Company is wound up, the Constitution states that each member is required to contribute a maximum of \$1 each towards any outstanding obligations of the Company. At 30 June 2019 the number of members was 197.

Risk management, fraud control and business recovery

The company has risk management, business recovery and fraud control plans in place. It also maintained a human resource policy and procedures, work health safety and a Corruption and Fraud Control policy, a Whistleblower policy and a policy and procedure manual.

Environmental regulation and performance

The Company is not subject to any particular or significant environmental regulation.

Auditor's independence declaration

A copy of the Auditor's Independence Declaration as required under s.60-40 of the *Australian Charities and Not-for-profits Commission Act 2012* is included in page 40 of this financial report and forms part of the Directors' Report.

Signed in accordance with a resolution of the Board of Directors.

John Simon
Director
16 August 2019

Alaric Sinclair
Director
16 August 2019



Auditor's Independence Declaration



RSM Australia Partners

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**Auditors Independence Declaration under Section 60-40 of the
Australian Charities and Not-for-profits Commission Act 2012**

As lead auditor for the audit of the financial report of Forest and Wood Products Australia Limited for the year ended 30 June 2019, I declare that, to the best of my knowledge and belief, there have been no contraventions of:

- (i) the auditor independence requirements of the Australian Professional accounting bodies; and
- (ii) any applicable code of professional conduct in relation to the audit.

RSM AUSTRALIA PARTNERS

R B MIANO
Partner

Dated: 16 August 2019
Melbourne, Victoria

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Statement of Profit or Loss and Other Comprehensive Income

For the year ended 30 June 2019

	Note	2019 \$	2018 \$
Revenue	3(a)	12,314,785	12,211,377
Other income	3(c)	3,252,969	2,644,398
Promoting wood products	4(a)	(1,594,079)	(2,754,183)
Aligning products to market needs	4(b)	(4,970,668)	(4,625,194)
Assisting value chain optimisation	4(c)	(1,059,133)	(1,163,587)
Resource availability and risk	4(d)	(1,511,434)	(1,592,333)
Decision making and capability	4(e)	(1,347,304)	(1,050,444)
Voluntary contribution programs	4(f)	(3,325,355)	(2,767,077)
Government grant programs	4(g)	(968,944)	(934,386)
Grower research contribution programs	4(h)	(174,255)	-
Net surplus / (deficit) before income tax expense		616,582	(31,429)
Income tax expense	1(q)	-	-
Surplus / (deficit) after income tax expense for the year attributable to the members of Forest and Wood Products Australia Limited		616,582	(31,429)
Other comprehensive income for the year, net of tax		-	-
Total comprehensive income / (loss) for the year attributable to the members of Forest and Wood Products Australia Limited		616,582	(31,429)

The above Statement of Profit or Loss and Other Comprehensive Income should be read in conjunction with the accompanying notes.



Statement of Financial Position

For the year ended 30 June 2019

	Note	2019 \$	2018 \$
ASSETS			
Current assets			
Cash and cash equivalents	5	6,498,146	1,903,423
Trade and other receivables	6	2,210,275	3,018,788
Financial assets	7	3,145,483	4,061,951
Total current assets		11,853,904	8,984,162
Non-current assets			
Furniture and equipment	8	132,979	155,654
Total non-current assets		132,979	155,654
TOTAL ASSETS		11,986,883	9,139,816
LIABILITIES			
Current liabilities			
Trade and other payables	9	1,782,067	1,282,801
Provisions	10	452,434	408,698
Other liabilities	11	3,876,658	2,176,099
Total current liabilities		6,111,159	3,867,598
Non-current liabilities			
Provisions	10	91,016	79,806
Other liabilities	11	348,570	372,856
Total non-current liabilities		439,586	452,662
TOTAL LIABILITIES		6,550,745	4,320,260
NET ASSETS		5,436,138	4,819,556
EQUITY			
Retained surplus		5,436,138	4,819,556
TOTAL EQUITY		5,436,138	4,819,556

The above Statement of Financial Position should be read in conjunction with the accompanying notes.



Statement of Changes in Equity

For the year ended 30 June 2019

	Retained surplus \$	Total \$
Balance at 1 July 2017	4,850,985	4,850,985
Net surplus for the year after income tax	(31,429)	(31,429)
Other comprehensive income for the year, net of tax	-	-
Total comprehensive income for the year	(31,429)	(31,429)
Balance at 30 June 2018	4,819,556	4,819,556
Balance at 1 July 2018	4,819,556	4,819,556
Net surplus for the year after income tax	616,582	616,582
Other comprehensive income for the year, net of tax	-	-
Total comprehensive income for the year	616,582	616,582
Balance at 30 June 2019	5,436,138	5,436,138

The above Statement of Change in Equity should be read in conjunction with the accompanying notes.



Statement of Cash Flows

For the year ended 30 June 2019

	Note	2019 \$	2018 \$
Cash flows from operating activities:			
Receipts from members and government		16,180,235	13,564,991
Payments to suppliers and employees		(12,656,772)	(13,304,892)
Interest received		193,311	155,173
Net cash provided by / (used in) operating activities	12	3,716,774	415,271
Cash flows from investing activities			
Acquisition of furniture and equipment		22,051	(47,178)
(Acquisition) of financial assets		(900,000)	(485,479)
Net cash provided by / (used in) investing activities		(877,949)	(532,657)
Net increase / (decrease) in cash and cash equivalents		4,594,723	(117,386)
Cash and cash equivalents at the beginning of the financial year		1,903,423	2,020,809
Cash and cash equivalents at the end of the financial year	5	6,498,146	1,903,423

The above Statement of Cash Flow should be read in conjunction with the accompanying notes.



Notes to the Financial Statements

30 June 2019

1. Summary of significant accounting policies

a) General information

The financial statements cover Forest and Wood Products Australia Limited as an individual entity. The financial statements are presented in Australian dollars, which is Forest and Wood Products Australia Limited's functional and presentation currency. Forest and Wood Products Australia Limited is a not-for-profit unlisted public company limited by guarantee.

The financial statements were authorised for issue, in accordance with a resolution of directors, on 16 August 2019. The directors have the power to amend and reissue the financial statements.

The principal accounting policies adopted in the preparation of the financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

b) New, revised or amending Accounting Standards and Interpretations adopted

The company has adopted all of the new, revised or amending Accounting Standards and Interpretations issued by the Australian Accounting Standards Board ('AASB') that are mandatory for the current reporting period.

The adoption of these Accounting Standards and Interpretations did not have any significant impact on the financial performance and position of the company.

The following Accounting Standards and Interpretations are most relevant to the company:

AASB 9 Financial Instruments

The company has adopted AASB 9 from 1 July 2018. The standard introduced new classification and measurement models for financial assets. A financial asset shall be measured at amortised cost if it is held within a business model whose objective is to hold assets in order to collect contractual

cash flows which arise on specified dates and that are solely principal and interest. A debt investment shall be measured at fair value through other comprehensive income if it is held within a business model whose objective is to both hold assets in order to collect contractual cash flows which arise on specified dates that are solely principal and interest as well as selling the asset on the basis of its fair value. All other financial assets are classified and measured at fair value through profit or loss unless the entity makes an irrevocable election on initial recognition to present gains and losses on equity instruments (that are not held-for-trading or contingent consideration recognised in a business combination) in other comprehensive income ('OCI'). Despite these requirements, a financial asset may be irrevocably designated as measured at fair value through profit or loss to reduce the effect of, or eliminate, an accounting mismatch. New impairment requirements use an 'expected credit loss' ('ECL') model to recognise an allowance. Impairment is measured using a 12-month ECL method unless the credit risk on a financial instrument has increased significantly since initial recognition in which case the lifetime ECL method is adopted. For receivables, a simplified approach to measuring expected credit losses using a lifetime expected loss allowance is available.

Impact of adoption

AASB 9 were adopted using the modified retrospective approach and as such comparatives have not been restated. There was no impact of the new Accounting Standards compared with the previous Accounting Standards on the current reporting period. There was also no impact on opening retained profits as at 1 July 2018.

In addition to the adoption of AASB 9 from 1 July 2018 discussed above, the following Accounting Standards and Interpretations are most relevant to the company:

AASB 1053 Application of Tiers of Australian Accounting Standards

The company has applied AASB 1053 from 1 July 2013. This standard establishes a differential financial reporting framework consisting of two tiers of reporting requirements for preparing general purpose financial statements, being Tier 1 Australian Accounting Standards and Tier 2 Australian Accounting Standards - Reduced Disclosure Requirements. The company being classed as Tier 2 continues to apply the full recognition and measurements requirements of Australian Accounting Standards with substantially reduced disclosure in accordance with AASB 2010-2 and later amending Standards, as relevant.

AASB 2010-2 Amendments to Australian Accounting Standards arising from Reduced Disclosure Requirements

The company has applied AASB 2010-2 from 1 July 2013. These amendments make numerous modifications to a range of Australian Accounting Standards and Interpretations, to introduce reduced disclosure requirements to the pronouncements for application by certain types of entities in preparing general purpose financial statements. The adoption of these amendments has significantly reduced the company's disclosure requirements.

AASB 2011-2 Amendments to Australian Accounting Standards arising from the Trans-Tasman Convergence Project - Reduced Disclosure Requirements, AASB 2012-7 Amendments to Australian Accounting Standards arising from Reduced Disclosure Requirements and AASB 2012-11 Amendments to Australian Accounting Standards - Reduced Disclosure Requirements and Other Amendments

The company has applied AASB 2011-2, AASB 2012-7 and 2012-11 amendments from 1 July 2013, to the extent that they related to other standards already adopted by the company. These amendments make numerous modifications to a range of Australian Accounting Standards and Interpretations to significantly reduce the company's disclosure requirements.



Notes to the Financial Statements 30 June 2019

Summary of significant accounting policies (cont)

AASB 13 Fair Value Measurement and AASB 2011-8 Amendments to Australian Accounting Standards arising from AASB 13

The company has applied AASB 13 and its consequential amendments from 1 July 2013. The standard provides a single robust measurement framework, with clear measurement objectives, for measuring fair value using the 'exit price' and provides guidance on measuring fair value when a market becomes less active. The 'highest and best use' approach is used to measure non-financial assets whereas liabilities are based on transfer value. The standard requires increased disclosures where fair value is used.

AASB 119 Employee Benefits (September 2011) and AASB 2011-10 Amendments to Australian Accounting Standards arising from AASB 119 (September 2011)

The company has applied AASB 119 and its consequential amendments from 1 July 2013. The standard eliminates the corridor approach for the deferral of gains and losses; streamlines the presentation of changes in assets and liabilities arising from defined benefit plans, including requiring re-measurements to be presented in other comprehensive income; and enhances the disclosure requirements for defined benefit plans. The standard also changed the definition of short-term employee benefits, from 'due to' to 'expected to' be settled within 12 months. Annual leave that is not expected to be wholly settled within 12 months is now discounted allowing for expected salary levels in the future period when the leave is expected to be taken.

AASB 2012-2 Amendments to Australian Accounting Standards - Disclosures - Offsetting Financial Assets and Financial Liabilities

The company has applied AASB 2012-2 from 1 July 2013. The amendments enhance AASB 7 'Financial Instruments: Disclosures' and requires disclosure of information about rights of set-off and related arrangements, such as collateral

agreements. The amendments apply to recognised financial instruments that are subject to an enforceable master netting arrangement or similar agreement. The Company has considered the impact of AASB 2012-2 in the preparation of the financial statements and that there has been no change to the disclosure in these financial statements resulting from AASB 2012-2.

AASB 2012-5 Amendments to Australian Accounting Standards arising from Annual Improvements 2009-2011 Cycle

The company has applied AASB 2012-5 from 1 July 2013. The amendments affect five Australian Accounting Standards as follows: Confirmation that repeat application of AASB 1 'First-time Adoption of Australian Accounting Standards' is permitted; Clarification of borrowing cost exemption in AASB 1; Clarification of the comparative information requirements when an entity provides an optional third column or is required to present a third statement of financial position in accordance with AASB 101 'Presentation of Financial Statements'; Clarification that servicing of equipment is covered by AASB 116 'Property, Plant and Equipment', if such equipment is used for more than one period; clarification that the tax effect of distributions to holders of equity instruments and equity transaction costs in AASB 132 'Financial Instruments: Presentation' should be accounted for in accordance with AASB 112 'Income Taxes'; and clarification of the financial reporting requirements in AASB 134 'Interim Financial Reporting' and the

disclosure requirements of segment assets and liabilities. The Company has considered the impact of AASB 2012-5 in the preparation of the financial statements and that there has been no change to the disclosure in these financial statements resulting from AASB 2012-5.

c) Basis of preparation

These general purpose financial statements have been prepared in accordance with Australian Accounting Standards - Reduced Disclosure Requirements and Interpretations issued by the Australian Accounting Standards Board ('AASB') and

the *Australian Charities and Not-for-profit Commission Act 2012* ("ACNC Act").

The financial report, except for the cash flow information, has been prepared on an accruals basis and is based on historical costs, modified where applicable, by the measurement at fair value of selected non-current assets, financial assets and financial liabilities.

Critical accounting estimates

The preparation of the financial statements requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the company's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in note 2.

d) Revenue recognition

Revenue is recognised when it is probable that the economic benefit will flow to the company and the revenue can be reliably measured. Revenue is measured at the fair value of the consideration received or receivable.

Interest revenue is recognised as interest accrues using the effective interest method. This is a method of calculating the amortised cost of a financial asset and allocating the interest income over the relevant period using the effective interest rate, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to the net carrying amount of the financial asset.

Members' levies are recognised on advice of entitlement from the Department of Agriculture and Water Resources and from State Growers estimates of their levies payable. Voluntary contribution are recognised only when there are corresponding equivalent expenditure for the contributions are identified.

Government contributions for matched payments are recognised at fair value where there is reasonable assurance that the contribution will be received and all conditions will be met.



Notes to the Financial Statements 30 June 2019

All revenue is stated net of the amount of goods and services tax (GST).

e) Current and non-current classification

Assets and liabilities are presented in the statement of financial position based on current and non-current classification.

An asset is current when: it is expected to be realised or intended to be sold or consumed in normal operating cycle; it is held primarily for the purpose of trading; it is expected to be realised within twelve months after the reporting period; or the asset is cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period. All other assets are classified as non-current.

A liability is current when: it is expected to be settled in normal operating cycle; it is held primarily for the purpose of trading; it is due to be settled within twelve months after the reporting period; or there is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period. All other liabilities are classified as non-current.

f) Cash and cash equivalents

Cash and cash equivalents include cash on hand, deposits held at call with banks and other short term highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of change in value.

g) Furniture and equipment

Each class of furniture and equipment is carried at historical cost, less, where applicable, accumulated depreciation and impairment losses. Historical cost includes expenditure that is directly attribute to the acquisition of the items.

Purchases of furniture and equipment are recognised initially at historical cost, except for purchases costing less than \$1,500, which are expensed in the year of acquisition (other than where they form part of a group of similar items which are significant in total).

Depreciation

The depreciable amount of all fixed assets is depreciated on a straight line basis over their useful lives to the Company commencing from the time the asset is held ready for use.

The residual values, useful lives and depreciation methods are reviewed, and adjusted if appropriate, at each reporting date.

The depreciation rates used for each class of depreciable assets are:

Office furniture & equipment: 13% - 50%
Leasehold improvements: 14%

An item of furniture and equipment is derecognised upon disposal or when there is no future economic benefit to the company. Gains and losses between the carrying amount and the disposal proceeds are taken to profit or loss.

h) Impairment of non-financial assets

Non-financial assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount.

Recoverable amount is the higher of an asset's fair value less costs of disposal and value-in-use. The value-in-use is the present value of the estimated future cash flows relating to the asset using a pre-tax discount rate specific to the asset or cash-generating unit to which the asset belongs. Assets that do not have independent cash flows are grouped together to form a cash-generating unit.

Gains and losses on disposals are determined by comparing proceeds with the carrying amount. These gains and losses are included in the statement of comprehensive income in the period in which they arise. When revalued assets are sold, amounts included in the revaluation reserve relating to that asset are transferred to retained earnings.

i) Trade and other receivables

Receivables are recognised at amortised

cost, less any allowance for expected credit losses.

j) Fair value measurement

When an asset or liability, financial or non-financial, is measured at fair value for recognition or disclosure purposes, the fair value is based on the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date; and assumes that the transaction will take place either: in the principle market; or in the absence of a principal market, in the most advantageous market.

Fair value is measured using the assumptions that market participants would use when pricing the asset or liability, assuming they act in their economic best interest. For non-financial assets, the fair value measurement is based on its highest and best use. Valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, are used, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

k) Trade and other payables

Trade and other payables represent the liability outstanding at the end of the reporting period for goods and services received by the Company during the reporting period which remain unpaid. The balance is recognised as a current liability with the amounts normally paid within 30 days of recognition of the liability.

l) Employee provisions

Provision is made for the Company's liability for employee benefits arising from services rendered by employees to the end of the reporting period.

Short-term employee benefits

Liabilities for wages and salaries, including non-monetary benefits, annual leave and long service leave expected to be settled within 12 months of the reporting date are recognised in current liabilities in respect of employees' services up to the reporting date and are measured at the amounts expected to be paid when the liabilities are settled.



Notes to the Financial Statements 30 June 2019

Other long-term employee benefits

The liability for annual leave and long service leave not expected to be settled within 12 months of the reporting date are recognised in non-current liabilities, provided there is an unconditional right to defer settlement of the liability. The liability is measured as the present value of expected future payments to be made in respect of services provided by employees up to the reporting date using the projected unit credit method. Consideration is given to expected future wage and salary levels, experience of employee departures and periods of service. Expected future payments are discounted using market yields at the reporting date on commercial bonds with terms to maturity and currency that match, as closely as possible, the estimated future cash outflows.

Contributions are made by the entity to an employee superannuation fund and are charged as expenses when incurred.

Superannuation

Employees of the Company are members of the AustralianSuper, Equisuper, Qsuper, Superleader, SuperWrap Personal Super Plan, VicSuper Future Saver, Care Super, The Trustee for Apical Super Fund, BT Super for Life and Jim Houghton's Superannuation Fund. Contributions are made to the Company employee superannuation funds and are charged as expenses when incurred.

m) Provisions

Provisions are recognised when the Company has a legal or constructive obligation as a result of a past event and it is probable that an outflow of economic benefits will be required to settle the obligation and a reliable estimate of the amount of the obligation can be made. If the effect is material, provisions are determined by discounting the expected future cash flows using a current pre tax rate that reflects, where appropriate, the risks specific to the liability.

n) Deferred revenue

When revenue is received whereby the Company incurs an obligation to deliver

economic value directly back to the contributor, it is considered a reciprocal transaction and the revenue is recognised as a liability until the service has been delivered to the contributor.

Grants and voluntary industry contributions are recognised at their fair value where there is a reasonable assurance that the grant will be received and all attached conditions will be complied with.

Commonwealth Funding which has been received but not expended has been recorded as deferred revenue in accordance with the Agreement with the Commonwealth Government until such time as the funds are expended for the conduct of the activities in accordance with the agreement.

o) Goods and Services Tax (GST)

Revenues, expenses and assets are recognised net of the amount of GST, except where the amount of GST incurred is not recoverable from the Australian Taxation Office (ATO).

Receivables and payables are stated inclusive of the amount of GST receivable or payable. The net amount of GST recoverable from, or payable to, the ATO is included with other receivables or payables in the statement of financial position.

Cash flows are presented on a gross basis. The GST components of cash flows arising from investing or financing activities, which are recoverable from or payable to the ATO, are presented as operating cash flows included in receipts from customers or payments to suppliers.

Commitments and contingencies are disclosed with GST recoverable from, or payable to, the tax authority.

p) Lease

Leases are classified as finance or operating leases. A lease that transfers substantially all of the benefits and risks incidental to the ownership of property is classified as a finance lease. All other leases are accounted for as operating leases wherein rental payments are expensed as incurred. The Company does not have any finance leases.

q) Income taxes

No provision for income tax has been raised as the Company is exempt from income tax under Division 50 of the Income Tax Assessment Act 1997.

r) Rounding of amounts

The company is of a kind referred to in Class Order 98/100, issued by the Australian Securities and Investment Commission, relating to "rounding-off". Amounts in this report have been rounded-off in accordance with that Class Order to the nearest dollar.

s) Economic dependence

Forest and Wood Products Australia Limited (FWPA) is dependent on the Department of Agriculture and Water Resources for the majority of its revenue used to operate the business. At the date of this report, the Board of Directors has no reason to believe the Department will not continue to support FWPA Limited.

t) New Accounting Standards and Interpretations not yet mandatory or early adopted

Australian Accounting Standards and Interpretations that have recently been issued or amended but are not yet mandatory, have not been early adopted by the company for the annual reporting period ended 30 June 2019. The company's assessment of the impact of these new or amended Accounting Standards and Interpretations, most relevant to the company, are set out below.

AASB 15 Revenue from Contracts with Customers

This standard is applicable to annual reporting periods beginning on or after 1 January 2019 for not-for-profit entities. The standard provides a single comprehensive model for revenue recognition. The core principle of the standard is that an entity shall recognise revenue to depict the transfer of promised goods or services to customers at an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. The standard introduces a new contract-based revenue recognition



Notes to the Financial Statements 30 June 2019

model with a measurement approach that is based on an allocation of the transaction price. Credit risk is presented separately as an expense rather than adjusted against revenue. Contracts with customers are presented in an entity's statement of financial position as a contract liability, a contract asset, or a receivable, depending on the relationship between the entity's performance and the customer's payment. Customer acquisition costs and costs to fulfil a contract can, subject to certain criteria, be capitalised as an asset and amortised over the contract period. The impact of the adoption of this standard from 1 July 2019 has not yet been assessed.

AASB 16 Leases

This standard is applicable to annual reporting periods beginning on or after 1 January 2019. The standard replaces AASB 117 'Leases' and for lessees will eliminate the classifications of operating leases and finance leases. Subject to exceptions, a 'right-of-use' asset will be capitalised in the statement of financial position, measured at the present value of the unavoidable future lease payments to be made over the lease term. The exceptions relate to short-term leases of 12 months or less and leases of low-value assets (such as personal computers and small office furniture) where an accounting policy choice exists whereby either a 'right-of-use' asset is recognised or lease payments are expensed to profit or loss as incurred. A liability corresponding to the capitalised lease will also be recognised, adjusted for lease prepayments, lease incentives received, initial direct costs incurred and an estimate of any future restoration, removal or dismantling costs. Straight-line operating lease expense recognition will be replaced with a depreciation charge for the leased asset (included in operating costs) and an interest expense on the recognised lease liability (included in finance costs). In the earlier periods of the lease, the expenses associated with the lease under AASB 16 will be higher when compared to lease expenses under AASB 117. For classification within the statement of cash flows, the lease payments will be

separated into both a principal (financing activities) and interest (either operating or financing activities) component. For lessor accounting, the standard does not substantially change how a lessor accounts for leases. The impact of the adoption of this standard from 1 July 2019 has not yet been assessed.

AASB 1058 Income of Not-for-Profit Entities

This standard is applicable to annual reporting periods beginning on or after 1 January 2019. This standard will replace AASB 1004 Contributions and establishes principles for transactions that are not within the scope of AASB 15, where the consideration to acquire an asset is significantly less than fair value to enable not-for-profit entities to further their objectives. The restructure of administrative arrangement will remain under AASB 1004. The impact of the adoption of this standard from 1 July 2019 has not yet been assessed.

2. Critical accounting judgements, estimates and assumptions

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts in the financial statements. Management continually evaluates its judgements and estimates in relation to assets, liabilities, contingent liabilities, revenue and expenses. Management bases its judgements, estimates and assumptions on historical experience and on other various factors, including expectations of future events, management believes to be reasonable under the circumstances. The resulting accounting judgements and estimates will seldom equal the related actual results. The judgements, estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities (refer to the respective notes) within the next financial year are discussed below.

Estimation of useful lives of assets

The company determines the estimated useful lives and related depreciation charges for its property, plant and equipment. The useful lives could change significantly as a result of technical innovations or some other event. The depreciation charge will increase where the useful lives are less than previously estimated lives, or technically obsolete or non-strategic assets that have been abandoned or sold will be written off or written down.

Impairment of non-financial assets

The company assesses impairment of non-financial assets at each reporting date by evaluating conditions specific to the company and to the particular asset that may lead to impairment. If an impairment trigger exists, the recoverable amount of the asset is determined. This involves fair value less costs of disposal or value-in-use calculations, which incorporate a number of key estimates and assumptions.

Employee benefits provision

As discussed in note 1, the liability for employee benefits expected to be settled more than 12 months from the reporting date are recognised and measured at the present value of the estimated future cash flows to be made in respect of all employees at the reporting date. In determining the present value of the liability, estimates of attrition rates and pay increases through promotion and inflation have been taken into account.

Lease make good provision

A provision of make good to the office as required by the office lease.



	Note	2019 \$	2018 \$
3. Revenue			
(a) Revenue			
Industry contributions	3(b)	6,127,039	6,434,559
Commonwealth matching	4(j)	4,528,746	4,394,818
Voluntary matching		1,659,000	1,382,000
Total revenue		12,314,785	12,211,377
(b) Industry contributions			
Processors		3,366,213	3,601,071
Importers		1,185,725	1,187,532
Growers		1,125,546	1,185,551
State growers		434,982	452,159
Penalties		14,573	8,246
Total industry contributions		6,127,039	6,434,559
(c) Other revenue			
Voluntary contributions		1,666,354	1,395,330
Government grant		828,944	719,386
Bank interest received		176,845	143,087
Industry project contributions		140,000	215,000
Grower research contribution		174,255	-
Others		266,571	171,595
Total other revenue		3,252,969	2,644,398
4. Program expenses			
a) Promoting Wood Products			
Consumer activities		830,545	1,933,240
Research and development activities		-	16,700
Forest education activities		200,890	203,471
Program support management		562,644	600,772
		1,594,079	2,754,183
(b) Aligning Products to Market Needs			
Specifier activities		1,969,180	1,920,437
Research and development activities		1,380,470	1,281,165
Building codes and standard activities		202,192	272,490
Statistic and economic activities		3,600	-
National residential construction		4,462	-
Program support management		1,410,764	1,151,102
		4,970,668	4,625,194
(c) Assisting Value Chain Optimisation			
Research and development activities		684,628	700,000
Building codes and standard activities		19,200	27,043
Statistic and economic activities		-	100,000
Program support management		355,305	336,544
		1,059,133	1,163,587



	2019 \$	2018 \$
4. Program expenses (continued)		
(d) Resource Availability and Risk		
Research and development activities	784,099	782,316
Statistic and economic activities	134,268	165,024
Program support management	593,067	644,993
	1,511,434	1,592,333
(e) Decision Making and Capability		
Research and development activities	69,627	45,930
Statistic and economic activities	549,683	447,781
Leadership activities	331,122	258,274
Program support management	396,872	298,459
	1,347,304	1,050,444
(f) Voluntary Contribution Program		
Voluntary contribution project	2,379,434	1,816,800
Midrise program	945,921	950,277
	3,325,355	2,767,077
(g) Government Grant Program		
National institute of forest products innovation	538,819	60,118
Research grant project	387,625	874,268
Other government fund project	42,500	-
	968,944	934,386
(h) Grower Research Contribution Program		
Grower research project	174,255	-
	174,255	-
(i) Employee benefits expenses*		
Wages and salaries	1,750,291	1,629,842
Annual leave	(39,248)	10,741
Increase to long service leave provision	65,451	51,753
Superannuation contributions	144,806	133,672
	1,921,300	1,826,008
(j) Matchable Expenses		
Promoting wood products	679,965	590,915
Aligning products to market needs	4,614,751	4,440,853
Assisting value chain optimization	1,045,835	1,159,195
Resource availability and risk	1,508,660	1,680,726
Decision making and capability	1,344,495	1,048,911
Levies costs	(136,215)	(130,964)
	9,057,491	8,789,636
Commonwealth Matching (total matchable divide by 2)	4,528,746	4,394,818

* Employee benefits expenses were allocated into various program support management from 4(a) to 4(e) above as per cost allocation policy. Midrise employee benefits expenses were allocated to 4(f).



	2019 \$	2018 \$
5. Cash and cash equivalents		
Cash on hand	200	200
Cash at bank	2,497,946	1,903,223
Short-term bank deposits	4,000,000	-
	6,498,146	1,903,423

6. Trade and other receivables

Commonwealth matching	1,145,955	380,474
Levies receivable	199,167	289,601
Interest receivable	282	281
Prepayments	20,728	39,917
Voluntary contribution	-	429,872
Voluntary matching	312,653	513,866
Government grant	-	1,100,000
Other revenue	7,700	2,236
GST receivable/(payable)	523,790	262,541
	2,210,275	3,018,788

7. Other financial assets

Long term bank deposits	3,129,500	4,029,500
Interest receivable	15,983	32,451
	3,145,483	4,061,951

8. Furniture and equipment

Office equipment		
At cost	287,910	265,859
Less accumulated depreciation	(198,339)	(168,398)
Total office equipment	89,571	97,461
Improvements		
At cost	102,551	102,551
Less accumulated depreciation	(59,143)	(44,358)
Total improvements	43,408	58,193
	132,979	155,654

(a) Movements in Carrying Amounts	Office Equipment \$	Improvements \$	Total \$
Balance at 30 June 2017	106,559	61,699	168,258
Additions	35,051	12,127	47,178
Depreciation expense	(44,148)	(15,634)	(59,782)
Balance at 30 June 2018	97,462	58,192	155,654
Balance at 30 June 2018	97,462	58,192	155,654
Additions	22,051	-	22,051
Depreciation expense	(29,941)	(14,785)	(44,726)
Balance at 30 June 2019	89,572	43,407	132,979



	2019 \$	2018 \$
9. Trade and other payables		
Trade payables	1,718,211	1,198,374
	1,718,211	1,198,374
Other payables & accruals		
Audit fee	15,000	15,000
PAYG tax & FBT (BAS)	48,856	69,427
	63,856	84,427
	1,782,067	1,282,801

10. Provisions

	Annual Leave \$	Long Service Leave \$	Make good of premises \$	Total \$
Balance at 30 June 2017	123,387	292,624	10,000	426,011
Additional provisions	18,310	66,813	-	85,123
Amounts used	(7,569)	(15,061)	-	(22,630)
Balance at 30 June 2018	134,128	344,376	10,000	488,504
Balance at 30 June 2018	134,128	344,376	10,000	488,504
Additional provisions	-	80,083	-	80,083
Amounts used	(25,137)	-	-	(25,137)
Balance at 30 June 2019	108,991	424,459	10,000	543,450

	2019 \$	2018 \$
Analysis of total provisions		
CURRENT		
Employee benefits - annual leave	108,991	134,128
Employee benefits - long service leave	343,443	274,570
	452,434	408,698
NON-CURRENT		
Employee benefits - long service leave	81,016	69,806
Make good of premises	10,000	10,000
	91,016	79,806
	543,450	488,504

11. Other liabilities

CURRENT		
Lease incentive liability	24,286	24,286
Deferred revenue	3,224,034	1,614,417
Grower research advisory committee	535,036	537,396
Grower's collaboration fund	93,302	-
	3,876,658	2,176,099
NON-CURRENT		
Lease incentive liability	48,570	72,856
Provision for probable claim	300,000	300,000
	348,570	372,856
Total other liabilities	4,225,228	2,548,955



	2019 \$	2018 \$
12. Cash Flow information		
Reconciliation of Cash Flow from operations with profit after income tax		
Net income for the year	616,582	(31,429)
Non-cash flows in profit		
Depreciation, amortisation and impairments	44,726	59,782
Changes in assets and liabilities, net of the effects of transfers of operations		
(Increase)/decrease in trade and other receivables	808,513	(1,159,404)
(Increase)/decrease in interest receivables	16,468	12,191
Increase in trade payables and other payables	499,266	(108,852)
Increase in provisions	54,946	62,493
Increase in other liabilities	1,676,273	1,580,490
Cash flow from operations	3,716,774	415,271

13. Financial risk management objectives

The company's activities do not expose it to many financial risks, with only liquidity risk being needed to be actively managed.

Market risk

Foreign currency risk

The company is not exposed to any significant foreign currency risk.

Price risk

The company is not exposed to any significant price risk.

Interest rate risk

The company is not exposed to any significant interest rate risk.

Credit risk

The company is not exposed to any significant credit risk.

Liquidity risk

Vigilant liquidity risk management requires the company to maintain sufficient liquid assets (mainly cash and cash equivalents) to be able to pay debts as and when they become due and payable.

The company manages liquidity risk by maintaining adequate cash reserves by continuously monitoring actual and forecast cash flows and matching the maturity profiles of financial assets and liabilities.

Fair value of financial instruments

Unless otherwise stated, the carrying amounts of financial instruments reflect their fair value.

14. Key management personnel compensation

Any person(s) having authority and responsibility for planning, directing and controlling the activities of Forest and Wood Products Australia Limited, directly or indirectly, including any director (whether executive or otherwise) of that entity is considered key management personnel.

The totals of remuneration paid to key management personnel (KMP) of the company during the year are as follows:

	2019 \$	2018 \$
Aggregate compensation	595,526	563,155



15. Related party transactions

Key management personnel

Disclosures relating to key management personnel are set out in note 14.

Transactions with related parties

Various project expenditures and director fees were made to the following director related entities. The directors involved took no part in any relevant decisions of the Board. The directors related to the various entities are listed next to them.

	2019	2018
	\$	\$
Payment to related parties:		
J.W. Gottstein Memorial Trust (J.Simon, B.Farmer)	2,000	-
HIA Manufacturers and Suppliers Council (J. Simon)	22,000	22,000
Hyne Timber (K. Fowden)	22,232	-
Taylor Made Corporate Services (C.Taylor)	23,382	-
Timberlink (C. Briggs)	8,357	36,076
Timber Queensland (B. Farmer)	-	30,568
Greenboard Consulting (T.Arnel)	35,893	
Income from related parties:		
AKD Softwood (C.Briggs)	94,000	-
Hyne Timber (K. Fowden)	15,817	-
Timberlands Pacific (J. Henneberry)	11,000	19,000
Boral Ltd (S. Dadd)	7,000	-
PF Olsen (C.Taylor)	14,077	-
Highland Pine Products Pty Ltd (S. Dadd)	10,000	-
Timber Queensland (B. Farmer)	-	20,000

Receivable from and payable to related parties

There were trade receivables from or trade payables to related parties at the current and previous reporting date.

Hyne Timber (K. Fowden)	15,817	-
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Loans to/from related parties

There were no loans to or from related parties at the current and previous reporting date.

16. Remuneration of auditors

During the financial year the following fees were paid or payable for services provided by RSM Australia Partners, the auditor of the company:

	2019	2018
	\$	\$
Audit services – RSM Australia Partners		
Audit of the financial statements	15,000	15,000

17. Contingent assets and contingent liabilities

There were no contingent assets and contingent liabilities as at 30 June 2019. (FY 2018: \$0)

18. Amounts guaranteed

The Company has issued a guarantee in the amount of \$ 29,500 in favour of Parkside Properties Pty Ltd with respect to an agreement for leased premises at Level 11, 10-16 Queen Street, Melbourne. The guarantee is held in term deposit with Commonwealth Bank of Australia.



	2019 \$	2018 \$
19. Operating Lease Commitments (non-cancellable)		
By Maturity		
Operating lease commitments		
Within one year	140,362	130,452
One to five years	270,749	396,414
	411,111	526,866

NB: Commitments are GST inclusive where relevant

1. Operating leases included are effectively non-cancellable and comprise leases for office accommodation.

Leasing arrangement: Lease payments are subject to annual increase in accordance with upwards movements in the Consumer Price Index.

Operating lease commitments included leases under non-cancellable operating lease expiring within 1-5 years.

20. Project of commitments

By Maturity		
Project commitments		
One year or less	1,251,095	2,801,494
From one to five years	2,750,807	2,901,999
	4,001,902	5,703,493

NB: Commitments are GST inclusive where relevant**21. Events after the reporting period**

No matter or circumstance has arisen since 30 June 2019 that has significantly affected, or may significantly affect the company's operations, the results of those operations, or the company's state of affairs in future financial years.

22. Events after the reporting period

The registered office of the Company is:

Forest and Wood Products Australia Limited
Level 11, 10-16 Queen Street
Melbourne Victoria 3000



Directors' Declaration

In accordance with a resolution of the directors of Forest and Wood Products Australia Limited, the directors declare that:

In the directors' opinion:

- the attached financial statements and notes comply with the *Australian Charities and Not-for-profit Commission Act 2012* ("ACNC Act"), the Australian Accounting Standards - Reduced Disclosure Requirements, the *Australian Charities and Not-for-profit Commission Regulation 2013* and other mandatory professional reporting requirements;
- the attached financial statements and notes give a true and fair view of the consolidated entity's financial position as at 30 June 2019 and of its performance for the financial year ended on that date; and
- there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.

This declaration is made in accordance with a resolution of Board of Directors.

On behalf of the directors

Director

John Simon

Director

Alaric Sinclair

Dated this 16th day of August 2019



Independent Auditor's Report



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INDEPENDENT AUDITOR'S REPORT

To the Members of Forest and Wood Products Australia Limited

Opinion

We have audited the financial report of Forest and Wood Products Australia Limited ("the Company"), which comprises the consolidated statement of financial position as at 30 June 2019, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, and the directors' declaration.

In our opinion the accompanying financial report of the Company is in accordance with Division 60 of the *Australian Charities and Not-for-profits Commission Act 2012* ("ACNC Act"), including:

- (i) giving a true and fair view of the Company's financial position as at 30 June 2019 and of its financial performance for the year then ended; and
- (ii) complying with Australian Accounting Standards- Reduced Disclosure Requirement and Division 60 of the *Australian Charities and Not-for-profits Commission Regulation 2013*.

Basis for Opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Report* section of our report. We are independent of the Company in accordance with the auditor independence requirements of the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants* (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other Information

The directors are responsible for the other information. The other information comprises the information included in the Company's annual report for the year ended 30 June 2019 but does not include the financial report and the auditor's report thereon.

Our opinion on the financial report does not cover the other information and accordingly we do not express any form of assurance conclusion thereon.

THE POWER OF BEING UNDERSTOOD

AUDIT | TAX | CONSULTING

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Independent Auditor's Report (continued)



In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Directors for the Financial Report

The directors of the Company are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards – Reduced Disclosure Requirements and the *Australian Charities and Not-for-profits Commission Act 2012* and for such internal control as the directors determine is necessary to enable the preparation of the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

In preparing the financial report, the directors are responsible for assessing the ability of the Company to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Financial Report

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with the Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

A further description of our responsibilities for the audit of the financial report is located at the Auditing and Assurance Standards Board website at: http://www.auasb.gov.au/auditors_responsibilities/ar4.pdf. This description forms part of our auditor's report.

RSM AUSTRALIA PARTNERS

R B MIANO
Partner

Dated: 21 August 2019
Melbourne, Victoria



Research Projects 2018/19

Project Description	FWPA Investment (\$)	Total Project Costs (\$)	Status	Project No.
Program 2 - Aligning products to market needs				
Key issues in Builders purchasing decisions for truss and frame raw materials Manufacturing Logistics Pty Ltd	7,615	7,615	Active	PRA475-1819
ARC Centre for Advanced Manufacturing of Prefabricated Housing University of Melbourne	120,000	4,120,000	Active	PRA373-1516
Assessing the disruptive potential of engineered wood systems for multi-storey commercial construction University of Melbourne - Department of Infrastructure Engineering	16,000	16,000	Active	PNA461-1718
Characteristic Values of Perpendicular to Grain Compression Strength of Common Australian and Imported Timber Species Timber Development Association (NSW) Ltd	115,000	140,000	Active	PNA462-1718
FWPA R&D Investment Plan for: Fire Performance in residential medium to high density dwellings EFT Consulting	11,392	11,392	Active	PRA367-1516
Guide to wood construction systems University of Tasmania	115,000	207,000	Completed	PNA323-1314
Improving profitability in multi residential and commercial construction timber supply chains using a Building Information Modelling decision framework University of South Australia	22,500	137,500	Terminated	PNA383-1516
Measuring Moisture and Axial Displacement in Australia's First 6 Storey Timber Framed Building Timber Development Association (NSW) Ltd	77,000	77,000	Active	PRA449-1718
Productivity in Mass Multi-storey Timber Construction University of Technology Sydney	52,900	52,900	Completed	PRA427-1617
Review of aspects of Glulam project PNB385-1516 Juniper Consulting	2,833	2,833	Active	PRB448-1718
Strength verification of MDF products and fitness for purpose in structural applications University of the Sunshine Coast	71,970	314,900	Completed	PNA364-1516
"Suitability of imported products for frame and truss fabrication for mid-rise" Australian Timber Importers Federation	9,000	9,000	Active	PRA438-1718
Trialling the value of RFID tracking systems in prefabricated Timber Construction University of Technology Sydney	83,020	183,937	Completed	PNA381-1516
Updating of fire safety supporting documentation for BCA Exova Warringtonfire	51,380	51,380	Completed	PRA277-1112
Degradation of Water-based Coatings on Hardwood Flooring Meder Consulting	10,000	10,000	Completed	PRB485-1819
Investigate the possibility of using wood powder as feedstock for 3D printing University of Southern Queensland	60,000	216,000	Active	PNA360-1516
Microtimber – Development of a 3D-printed, gradient timber panel composed of forestry waste- and by-products University of Sydney	80,000	395,159	Active	PNA359-1516



Research Projects 2018/19

Project Description	FWPA Investment (\$)	Total Project Costs (\$)	Status	Project No.
Program 2 - Aligning products to market needs (continued)				
Developing high-mass laminated flooring products from fibre-managed plantation hardwood University of Tasmania	35,000	186,000	Completed	PNB387-1516
In-grade study strategy and work plan for the proposed "Softwood Machine Graded pine (MGP) grade opportunity planning project" Juniper Consulting	28,750	28,750	Active	PRB482-1819
Draft Code of Practice for log scanners Tech Partner Australia	10,000	10,000	Completed	PRB455-1718
Processing pruned Eucalyptus nitens plantation logs to produce high-value sawn and veneer products Forestry Tasmania	100,000	100,000	Active	PNB417-1617
Control and manage the moisture content of logs and biomass to maximise benefits along the wood supply chain University of the Sunshine Coast	120,000	559,000	Active	PNC400-1516
National Centre for Timber Durability and Design Life University of the Sunshine Coast	2,250,000	2,250,000	Active	PNB425-1617
Program 3 - Assisting Value chain optimisation				
ARC Industrial Transformation Training Centre for Forest Value University of Tasmania	250,000	250,000	Active	PRA372-1516
Production Forest Methodologies for the Emissions Reduction Fund NSW Department of Primary Industries	105,000	496,050	Completed	PNC354-1415
High-Tech Modular Building Components with High Contents of Australian Hardwoods CSIRO	625,000	1,345,000	Active	PNA380-1516
Increasing the value of under-utilised forest resources through the development of advanced engineered wood products Department of Agriculture, Fisheries and Forestry QLD (DAFF)	210,000	1,001,545	Active	PNB407-1516
RD&E Program in Advanced Log and Woodchip Export Supply Chain Management for Australia University of the Sunshine Coast	775,000	1,387,330	Active	PNC426-1617
Softwood consultancy for MLA R&D4 Profit proposal TPQServices	3,000	3,000	Completed	PRB474-1819
Investment Plan: Operational improvement opportunities for the Softwood sawmilling industry Kenneth John Robertson	11,652	11,652	Active	PRB479-1819
Optimising the value chain from forests to end users Margules Groome Consulting Pty Ltd	27,600	27,600	Active	PRA483-1819
A profitable future for Australian agriculture: Bio-refineries for higher-value animal feeds, chemicals and fuels Sugar Research Australia	150,000	4,635,845	Active	PNC365-1516
Consultancy Agreement: Timber bonding at high temperature [600 degrees C] Monash University	15,000	15,000	Completed	PRA470-1819
National Load Restraint Trial and Testing Australian Forest Contractors Association	9,530	64,530	Active	PRB467-1819



Research Projects 2018/19

Project Description	FWPA Investment (\$)	Total Project Costs (\$)	Status	Project No.
Program 4 - Increasing resource availability and reducing risk				
Improving wood quality in radiata and southern pines Southern Tree Breeding Association	285,000	600,898	Active	PNC428-1617
Incorporating genomic data in TREEPLAN evaluations to increase genetic gain Southern Tree Breeding Association	640,000	1,407,076	Active	PNC408-1516
Biological Control of Giant Pine Scale in Australia Agriculture Victoria	116,538	70,803,605	Active	PNC489-1819
Improving Plant Pest Management Through Cross Industry Deployment of Smart Sensor, Diagnostics and Forecasting Horticulture Australia Limited	40,000	14,868,595	Active	PRC429-1718
Plant Biosecurity Research Initiative Horticulture Australia Limited	33,351	33,351	Active	PRC430-1718
Plantation Forestry Biosecurity Plan Review Plant Health Australia	21,390	108,860	Active	PRC468-1819
Planning and facilitation of 2-day FWPA Investment Plan workshop Warren's Insight Ltd	6,175	6,175	Active	PRC492-1920
Forests for the future: making the most of a high CO2 world CSIRO Ecosystem Sciences	250,000	250,000	Active	PNC310-1213
Participation in a collaborative network for Climate Change Research Strategy for Primary Industries (CCRSPI) Climate Change Research Strategy for Primary Industries (CCRSPI)	45,000	45,000	Active	PRC226-1011
Sustainability Scoping Study STR Consulting Pty Ltd	25,150	25,150	Active	PRC451-1718
Plantation Nutrition Project Scoping 2018 TreeMod	13,500	13,500	Completed	PRC443-1718
Improving productivity of the sub-tropical private native forest resource Department of Agriculture, Fisheries and Forestry QLD (DAFF)	255,000	788,906	Active	PNC379-1516
Improving returns from Southern Pine plantations through innovative resource characterisation University of the Sunshine Coast	790,000	2,572,502	Active	PNC361-1415
Management and support of Resistograph based intellectual property developed by the SWI Research Consortium Forest Quality Pty Ltd	10,000	10,000	Active	PRC421-1617
Optimising nutrition management of hardwood plantations for sustainable productivity and profitability WA Plantation Resources Pty. Ltd.	47,467	1,508,945	Active	PNC478-1819
Optimizing remotely acquired, dense point cloud data for plantation inventory SCION	250,000	997,732	Completed	PNC377-1516
Pine drought mortality: predicting risk and providing adaptation strategies CSIRO Sustainable Ecosystems	30,000	175,546	Terminated	PNC358-1415



Research Projects 2018/19

Project Description	FWPA Investment (\$)	Total Project Costs (\$)	Status	Project No.
Program 4 - Increasing resource availability and reducing risk (continued)				
Enhanced forest inventory practice using immersive visualisation and measurement of dense point cloud data University of Tasmania - School of Technology, Environments and Design	40,000	201,751	Active	PNC464-1718
"Improved tools to predict fertiliser response and profitability in softwood plantations across Australia. Component 2: Eastern Australia" TreeMod	77,625	1,483,237	Active	PNC477-1819
AGVET Commonwealth Agreement (ID 4-B14CTJ9) University of the Sunshine Coast	42,500	42,500	Active	PNC487-1819
Advance Queensland Industry Research Fellowship University of the Sunshine Coast	30,000	30,000	Active	PRC486-1819
Advanced real-time measurements at harvest to increase value recovery University of the Sunshine Coast	125,000	2,005,612	Active	PNC465-1718
Program 5 - Decision making and capability				
Joint funded project-AgVet Collaborative Forum Rural Industries R & D Corporation	15,000	15,000	Active	PNC404-1516
Load restraint Testing - Pilot Australian Forest Contractors Association	18,300	18,300	Completed	PRE466-1819
Membership to RMIT IG Network (RMIT) RMIT	27,273	27,273	Active	PRE303-1213
Project Report summaries for Voluntary Matching Forestlands Consulting Pty Ltd	10,935	10,935	Active	PRE452-1718
Science and Innovation for Young People in Agriculture, Fisheries and Forestry Awards 2019 Department of Agriculture and Water Resources	22,727	22,727	Completed	PRE469-1819
Accelerating Precision agriculture to decision agriculture Cotton R & D Corporation	50,000	3,557,976	Completed	RRD416-1617
Australian Forest Herbicide Research Consortium University of the Sunshine Coast	70,000	1,120,000	Active	PNC439-1718
Environmental and Economic accounting in Primary Industries (Natural Capital Accounting) CSIRO - Land and Water	105,000	2,261,992	Active	RRD030-1617
Lifting farmgate profitability through high value modular agroforestry CSIRO - Land and Water	80,000	1,436,883	Active	RRD401-1516
Revision of testing and design methods for nailed, screwed, and bolted timber connections Engineered Wood Products Association of Australia	80,000	346,500	Active	PNB460-1718
Science and Innovation Awards for Young People in Agriculture Fisheries & Forestry -2020 & 2021 rounds (ABARES) - Sponsorship Australian Bureau of Agricultural and Resource Eco	22,727	22,727	Active	PRE490-1920
Review of WoodSolutions Midrise Program Brian Welch	28,000	28,000	Completed	PRE454-1718
Carbon Sequestration Report 2018 BAEconomics Pty Ltd	14,000	14,000	Completed	PRE453-1718



Voluntary Matching Scheme 2018/19

Project Description	FWPA Investment (\$)	Total Project Costs (\$)	Status	Project No.
The economic contribution of the forestry industry within the Green Triangle Australian Forest Products Association	52,000	52,000	Completed	VNA471-1819
Mid-Rise Timber Construction Supply Chain MIG Wood Products Victoria	63,000	63,000	Active	VNA415-1617
Automated Calculation Routines of mid-rise Timber structures under combined wind and quake actions TimberTech SRL	150,000	150,000	Completed	VNA440-1718
Fire Resistance of Modern Dovetail Timber Connector Timber Development Association (NSW) Ltd	0	0	Active	VNA481-1819
The functional role of Melaleuca species in weatherboard production Queensland University of Technology	44,210	44,210	Completed	VNA473-1819
Validated softwood stiffness predictions using IML-Resistograph and eCambium: online automated processing Forest Quality Pty Ltd	341,000	341,000	Active	VNB459-1718
A tool to predict fertiliser response and profitability in softwood plantations across Australia. Component 1: South West WA McGrath Forestry Services Pty Ltd	39,211	367,961	Active	VNC476-1819
Demonstrating Stewardship of the Environment and Ecologically Sustainable Forestry: Monitoring the Effectiveness of the Tasmanian Forest Practices Code for Biodiversity Forest Practices Authority	41,150	41,150	Active	VNC457-1718
Next Generation Forestry University of Melbourne	852,000	852,000	Active	VNC423-1617
Silvicultural systems to optimise value from northern Australian Mahogany Plantations McGrath Forestry Services Pty Ltd	900,000	1,460,000	Active	VNC402-1617
Eucalypt MAS_1A: Testing accuracy of within-family selections in eucalypts Gondwana Genomics Pty Ltd	78,000	78,000	Completed	VNC446-1718
Incorporating genetics into forest valuation models – IRRPLAN Southern Tree Breeding Association	75,000	293,938	Active	VNC480-1819
Industry wide application of advanced breeding tools and systems – Tree Breeding Australia Southern Tree Breeding Association	1,680,000	3,160,983	Active	VNC406-1516
Optimising plantation productivity through improved fertilizer regimes McGrath Forestry Services Pty Ltd	100,000	435,000	Active	VNC422-1617
A model system for the discovery and development of biocontrol agents against forest pests University of the Sunshine Coast	180,000	180,000	Active	VNC418-1617
Giant Pine Scale Chemical Control HVP Plantations	230,000	230,000	Active	VNC450-1718
Giant Pine Scale Postgraduate Research Scholarship Agreement LaTrobe University	35,000	35,000	Active	VNC472-1819
The Industry Plantation Management Group – Applied Research and Extension WA Plantation Resources Pty. Ltd.	292,500	292,500	Active	VNC458-1718
Log Haulage Registered Code of Practice (LHRCoP) Australian Forest Products Association	195,000	195,000	Active	VNA434-1617



FWPA Members

As at 30 June 2019

Full Member Companies

A G Brown Sawmill Pty Ltd	Darren Bott	ITI (Queensland) Pty Ltd
Agriwealth Contracting Pty Ltd	David Neville Calvert	ITI (SA) Pty Ltd
Albany Plantation Export Company Pty Ltd	Dindas Australia Pty Ltd	ITI (Victoria) Pty Ltd
Allied Timber Products Pty Ltd	DMK Forest Products Pty Ltd	ITI (WA) Pty Ltd
Alpine Mdf Industries Pty Ltd	Endeavour Foundation trading as NangarinTimbers	J Notaras & Sons Pty Ltd
ANZFIF Sub 1 (Australia New Zealand Forest Investment Fund)	Enrights Sawmill	J Wright & Sons Pty Ltd
ANZFOF Sub1 (Australia New Zealand Forest Operating Fund)	Environmental Forest Farms Management Ltd	Jarrah Select Pty Ltd
Associated Kiln Driers Pty Ltd trading as A.K.D. Softwoods	Fenning Investments Pty Ltd	Jarrahwood Australia Pty Ltd
Austral Plywoods Pty Ltd	FGI Australia Pty Ltd	Jeff and Lilian Ang
Australian Bluegum Plantations Pty Ltd	Forest Products Commission (WA)	Jelfor Timbers Pty Ltd
Australian Solar Timbers	Forest Strategy Pty Ltd	Jetstar Enterprises Pty Ltd trading as Permapole
Australian Sustainable Hardwoods Pty Ltd	Forestry Corporation	John Cook & Sons Pty Ltd
Australian United Timbers Pty Ltd	ForestrySA	Kangaroo Island Plantation Timbers
Australian Wood Panels Pty Ltd	Forico Pty Ltd	Kilner Creek Company Trust
Auswest Timbers Pty Ltd	FourSquare Timbers Pty Limited	Koppers Wood Products Pty Ltd
AW Moran Sawmilling Pty Ltd	Frostpine	KSI Sawmills Pty Ltd
Baradine Sawmilling Co Pty Ltd	G.L. & V.N. Barber Pty. Ltd.	LA & KE Barnett
Bayswood Timber Wholesalers Pty Ltd	Garry Davey Timber Cutting	LM Hayter & Sons Pty Ltd
Big River Group Pty Ltd	George Fethers & Co. Trading Pty Ltd	Lormier Timber Pty Ltd trading as Davids Timber
Birnam Forests Pty Ltd	Gippsland Logging & Earthmoving Pty Ltd	Lotus Oaks Pty Ltd
Bluebat	Green Triangle Forest Operating Sub Trust	Machin's Sawmill Pty Ltd
Boral Timber Division	Green Triangle Forest Products	Mathews Timber Pty Ltd
Borg Panels	Greensill Bros Pty Ltd	McCormack Demby Timber Pty Ltd
Briggs Veneers Pty Ltd	Greenvale Pty Ltd	McDonnell Industries Pty Ltd
Britton Bros Pty Ltd	Gunnedah Timbers Pty Ltd	McKay Timber
Bunbury Fibre Exports Pty Ltd	Gunnersens Pty Ltd	Meyer Timber Pty Ltd
Bunbury Fibre Plantations Pty Ltd	GW & NI Saunders Sawmill Pty Ltd	Middlesex Mill Pty Ltd
Bunbury Treefarm Project	Hallmark Oaks Pty Ltd	Midway Limited
Byjuke partnership	Hancock Victorian Plantations Pty Ltd (HVP)	Millmerran Timbers Pty Ltd
Carter Holt Harvey Woodproducts (Southern Region) Pty Ltd	Henson Sawmilling Pty Ltd	Montana Timber Holdings Ltd
Carter Holt Harvey Woodproducts (Central and Northern Regions) Pty Ltd	Hexan Holdings Pty Ltd trading as Whiteland Milling	Moran Logging Company Pty Ltd
Carter Holt Harvey Woodproducts Australia	Highland Pine Products Pty Ltd	Morgan Sawmill Jamestown
Clockworkbovine	HQPlantations Pty Ltd	MRG Connections Pty Ltd
Cotswold Investments Pty Ltd	Hume Forests Limited	Nannup Timber Processing (NTP)
D&R Hendersen Pty Ltd	Hurford Sawmilling Pty Ltd	New Forests Asset Management Pty Ltd (ABN 42 114 545 283) trading as The Trust Company (Australia) Ltd (ABN 21 000 000 993)
D.M and L.A Pratt	Hurford Wholesale Pty Ltd	Norske Skog Paper Mills (Australia) Ltd
D.S Fuller & L.R Fuller trading as Dale & Lindsay Fuller Partnership	Hyne Timber	NSFP Smartfibre Pty Ltd
Dale & Meyers Operations Pty Ltd trading as DTM Timber	Injune Cypress	Onefortyone Plantations Pty Ltd
	Intech Operations Pty Ltd trading as Mucherts Sawmill (QLD)	Oregon Sales Pty Ltd trading as Timbeck Cedar Products
	Ironwood Taree Pty Ltd	Parkside Building Supplies Pty. Ltd.
	ITI (NSW) Pty Ltd	



FWPA Members

As at 30 June 2019

Penrose Pine Products Pty Ltd
 Pentarch Forest Products Pty Ltd
 PF Olsen TISA Pty Ltd as Trustee for
 Timberland Australasian Fund II
 Planet Timbers (WA) Pty Ltd
 Porta Mouldings Pty Ltd
 Porters Sawmilling Pty Ltd
 Portland Pine Products
 Private Forestry Service Queensland
 Queensland Department of
 Agriculture and Fisheries
 Radial Timber Australia
 Ravenshoe Timbers Pty Ltd
 Redmond Sawmill
 Regional & Rural
 Ridgewood Timber Pty Ltd
 RMS Australian Forests Assets Pty Ltd
 Ryan & McNulty Pty Ltd
 S A Relf & Sons Pty Ltd
 SA Pine Pty Ltd
 Sarawood (Aust)
 Schiffke Sawmill Pty Ltd
 SFM Environmental Solutions
 Simmonds Lumber Pty Ltd
 South East Fibre Exports Pty Ltd
 South East Pine Sales Pty Ltd
 Southern Pacific Fibre
 Stora Enso Australia Pty Ltd
 Sustainable Timber Tasmania
 Swan Le Messurier Pty Ltd
 Ta Ann Tasmania Pty Ltd
 Tarmac Sawmilling Pty Ltd
 TASCO trading as
 Dongwha Timbers Pty Ltd
 Tasman KB Pty Ltd
 Territory and Municipal Services
 Directorate - ACT Government
 The Hesmat Unit Trust
 The Laminex Group
 The Timber Treathers Trust
 Tilling Timber Pty Ltd
 Timberlands Pacific Pty Ltd
 Timberlink Australia
 Timothy J Mitchell

Towers Timber trading as Wambenger
 Treated Pine Distributors trading
 as Waverly Consulting
 Urgenty Pty Ltd
 trading as Mary Valley Timbers
 Ventech Australia
 VicForests
 VIDA Wood Australia Pty Ltd
 Visy Pulp & Paper Pty Ltd
 WA Chip & Pulp Co Pty Ltd
 Wade Sawmill Pty Ltd
 Weathertex Pty Ltd
 Wesbeam Pty Ltd
 Wespine Industries Pty Ltd
 Whiteheads Timber Sales Pty Ltd
 Wild Partnership
 Williams Timber Pty Ltd
 Wilton Logging Pty Ltd
 Woodpanels International Pty Ltd
 Wright Forest Products Pty Ltd

Responsible Wood
 Rodpak
 Rothoblaas SRL
 Stephen Mitchell Associates
 The Timber Preservers Association
 of Australia
 Timber & Building Materials
 Association (Aust.) Ltd
 Timber Corporation PTY LTD
 Timber Development As. (NSW) Ltd
 Timber Insight Pty Ltd
 Timber Merchants Association (Victoria)
 Timber Queensland Ltd
 Victorian Association
 of Forest Industries (VAFI)
 Wood Products Victoria Ltd
 XLam Pty

Associate Member Companies

A E Girle & Sons
 AG Trusses
 Australasian Timber Flooring Association
 Australian Forest Products
 Association (AFPA)
 Australian Timber Importers Federation
 BIS Shrapnel Pty Ltd
 Everist Timber Pty Ltd
 Frame & Truss Manufacturers
 Association of Australia Ltd (FTMA)
 Keith Timber Group
 Kennedys Classic Aged Timbers Pty Ltd
 Koppers Performance Chemicals Australia
 Lonza Wood Protection trading as
 Arch Wood Protection (Aust) Pty Ltd
 Merriwa Timbers
 Multinail Australia Pty Ltd
 Omega Consulting
 Poyry Management Consulting
 (Australia) Pty Ltd
 Pryda
 Regional Development Australia
 Limestone Coast Incorporated



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Products Australia**

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Products
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