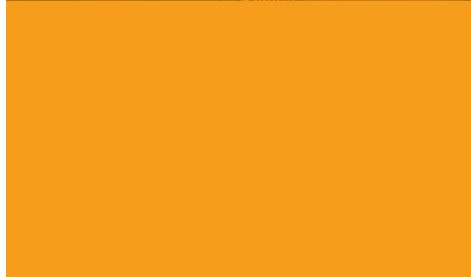
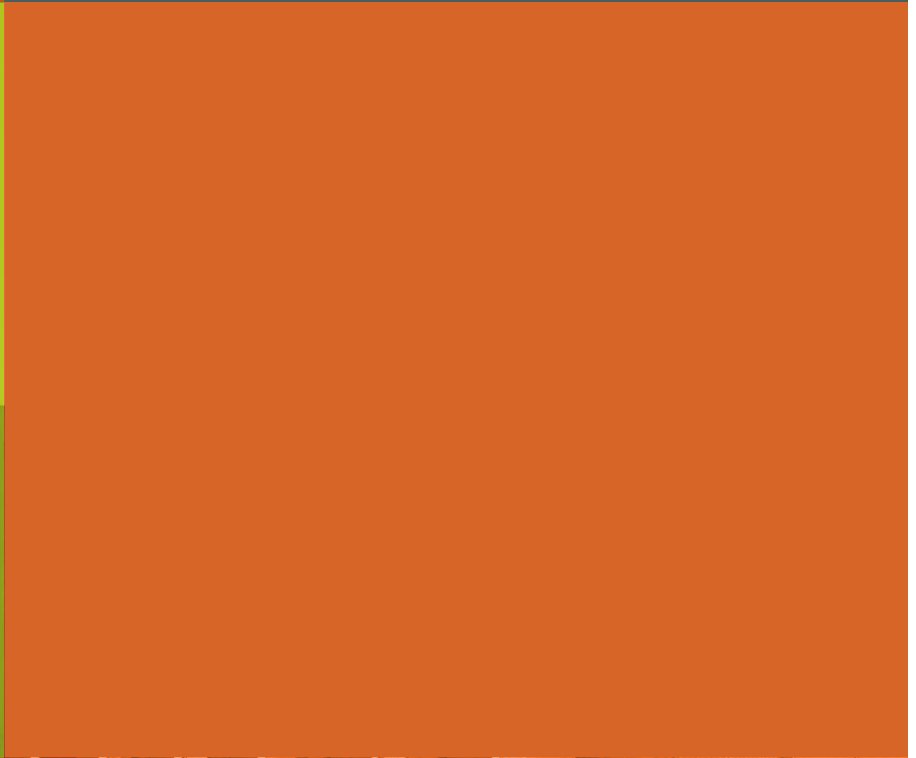




Forest & Wood
Products Australia



2018-2023 Strategic Plan



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Foreword

Forest and Wood Products Australia Limited operates in accordance with best corporate governance and reviews its 5-year Strategic Plan on an annual basis to determine what has changed in our operating environment and to establish activities for the Annual Operating Plan.

At the annual strategic review meeting held in February, the Board reviewed and discussed a number of changes in the operating environment, including

- the successful renewal of our Statutory Funding Agreement with the Australian Government
- the Prime Minister's announcement regarding the establishment of a National Forest Industries Plan
- the establishment of the Launceston and Mt Gambier hubs of the National Institute for Forest Products Innovation
- the current strong market conditions for most forest and wood products
- changing corporate ownership and capital investments being undertaken some key players

- the continued decline in institutionally based research capacity
- the lack of "investment-grade" research proposals
- the industry's capacity to identify and drive collaborative initiatives
- the slow progress and engagement of interest groups

While these changes are likely to have a significant impact on the sector in the longer term, it was agreed that the current strategic framework (i.e. vision, mission and outcome driven programs) was still appropriate.

However, it was recognised that FWPA will need to take a more proactive role in identifying and securing stakeholder support for collaborative activities across the five programs.

The 2018-2023 plan is only a minor revision in response to some changes in the company's operating environment as well as progress made with a number of strategic initiatives.

The Australian forest and wood products sector is highly diverse in

geographical coverage, product and market focus. To adequately service the sector, and the often competing interests of stakeholders, FWPA must identify and focus on the key strategic imperatives that will deliver outcomes of optimal benefit to the industry as a whole. We are confident that our commitment to good corporate governance and stakeholder engagement will ensure that this plan (and future amendments) will identify the appropriate portfolio of programs and investments that support the industry into the future.

I commend this plan to you.

John Simon
Chairman





Introduction

The Australian forest and wood products sector, except for some notable exceptions, has enjoyed historically buoyant market conditions in response to strong domestic and international demand and favourable exchange rates. This has translated into improved investor confidence, with a number of corporate ownership changes and investment in manufacturing capacity.

FWPA is a vehicle for collaboration between government and industry, within industry itself, and across the rural industries. Industry collaboration can occur within the value chain between growers, processors, distributors and end users and across value chains between traditionally competitive companies. As a consequence, FWPA occupies a unique role within the sector that requires it to operate with the utmost regard for all its stakeholders in a transparent and responsive manner.

The ongoing role of FWPA as the industry service company under the Commonwealth's *Forestry Marketing and Research and Development Services Act 2007* was confirmed through the signing of a four-year Statutory Funding Agreement in August 2017.

The Australian Government, through the Department of Agriculture and Water, is critical to the ongoing success of FWPA and we aim to be a trusted partner of the Government. This is achieved through formal and informal communication channels and acting as a delivery agent for key Government initiatives such as the National Institute for Forest Products Innovation and the R&D4Profit program.

Over the last 11 years, FWPA has delivered tangible outcomes to industry and the Government such as the changes to the National Construction Code, increased acceptance of wood products, industry statistics aggregation and new value adding technologies like new genetic markers, the resistograph and Cant Opti. These examples demonstrate that collaboration can, under the right circumstances, provide benefits that positively impact industry and government stakeholders.

At this stage, there are no indicators from key stakeholders that suggest a major rethink about the company's strategic direction but this will be evaluated on a continuous basis.

The company uses a wide range of mechanisms to inform stakeholders of its activities and to understand current and future stakeholder needs. We welcome all comments, compliments, and criticisms and anyone with specific feedback should contact myself or staff members at any time.

I look forward to working with all stakeholders to successfully implement this five-year plan.

Ric Sinclair
Managing Director
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Overview of strategic framework

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 implied 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 co-operation and collaboration required to deliver the outcomes that will be of optimal benefit to the industry as a whole:

- increased demand
- increased community acceptance
- increased productivity
- increased sustainability
- increased industry capacity.

Programs

During the period of the plan, FWPA will deliver its mission through five thematic programs:

1. Promoting the advantages of wood products.
2. Aligning products to market needs.
3. Assisting value chain optimisation.
4. Increasing resource availability and reducing risk.
5. Impacting decision making and industry capability.

Business model





Planning model





Outcomes and measures

Increased Demand	Increased Community Acceptance	Increased Productivity	Increased Sustainability Credentials	Increased Industry Capacity
<p>We will employ a range of strategies to boost demand, including:</p> <ul style="list-style-type: none"> • promoting the positive benefits of wood through education, promotion and advertising • improving the product knowledge of specifiers and consumers • addressing any perceived or real impediments to the use of wood in a range of applications 	<p>We will increase the industry’s social licence to operate by:</p> <ul style="list-style-type: none"> • using social research to inform strategy • implementing targeted educational and promotional programs • leveraging strategic partnerships • making effective use of social and traditional media. 	<p>We will increase value chain productivity and implied profitability by:</p> <ul style="list-style-type: none"> • pursuing greater alignment between the initial resource and the finished product (tree to market) • improving market knowledge • ensuring products are fit-for-purpose, safe and durable with performance that meets user expectations • minimising strategic and operating risk. 	<p>We will increase value chain productivity and implied profitability by:</p> <ul style="list-style-type: none"> • pursuing greater alignment between the initial resource and the finished product (tree to market) • improving market knowledge • ensuring products are fit-for-purpose, safe and durable with performance that meets user expectations • minimising strategic and operating risk. 	<p>We will impact decision making by providing readily accessible information that assists current and future industry participants to:</p> <ul style="list-style-type: none"> • adapt to changes in the business environment • achieve better commercial outcomes.
<p>Key measures</p> <p>Increase wood consumption at a rate of 1% above GDP growth.</p> <p>Achieve (and maintain) consumer and building specifier perception that ‘wood is good’ greater than 75%, based on tracking studies.</p> <p>Increase the use of WoodSolutions resources by 10% per year.</p>	<p>Key measures</p> <p>Achieve (and maintain) community acceptance of timber harvesting is above 60% based on tracking studies.</p> <p>Increase the use of ForestLearning teaching resources by 10% per year.</p>	<p>Key measures</p> <p>Increase the productivity of the forest estate by at least 1% per year.</p> <p>Increase productivity along the value chain (output per person) at rate of 2% per year.</p> <p>Provide industry benefits from company’s investments at least double the investment (i.e. benefit-cost analyses (BCA) greater than 2).</p>	<p>Key measures</p> <p>Achieve (and maintain) the credibility of the forest and wood products industry as source on information on the environment at greater than 60% based on tracking studies.</p>	<p>Key measures</p> <p>Increase the use of the statistics aggregation system and StatisticsCount by 10% per year.</p> <p>Acheive positive industry endorsement of the Regional and Collaborative Leadership program.</p> <p>Attractiveness of the sector is in the top four comparable industries based on tracking studies.</p>



Linking programs to outcomes

	Increased Demand	Increased Community Acceptance	Increased Productivity	Increased Sustainability Credentials	Increased Industry Capacity
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		✓	✓	✓	✓



Programs for 2018-2023

During the period of the plan, FWPA will pursue the stated outcomes through five integrated programs.

We accept accountability for the return on investment to our levy payers and other contributors. To that end, we provide a high level of transparency regarding our program activities through this plan, regular consultative forums, the FWPA website and our annual reporting. Our strong corporate governance ensures investors know how their money is being spent and what has been achieved.

Program 1. Promoting the advantages of wood products

This program promotes the benefits and usage of forests and wood products in response changing community attitudes.

Research will concentrate on increasing our ability to track and understand market attitudes to industry products, as well as on the environmental and design attributes of timber products in comparison to those of other materials.

Wood. Naturally Better.™ includes both a consumer component that

focuses on the benefits of wood and a component that provides linkages to industry and trade promotional activities. In addition, we will maintain a strategic partnership with Planet Ark, which runs its own program called 'Make It Wood', which increases the leverage and credibility of our consumer communication activities.

The ForestLearning activity focuses on embedding forestry and wood product topics into the national school curriculum and

providing relevant resources for teachers, enabling them to successfully integrate forestry and wood product information into their classroom teaching. ForestLearning leverages the activities of individual companies, associations, government agencies and international education programs with the aim of being the authoritative source of teaching materials

Priorities for 2018-2023	Contribution to Outcomes
Continue current promotional activities aimed at the consumer that leverage off the partnership with Planet Ark and focus on a broad range of beneficial wood attributes.	Increased demand Increased community acceptance
Leverage the current promotional activities to include the non-structural (and non-decorative) use of wood - such as for landscaping and packaging - to respond to competition from alternative materials.	Increased demand Increased community acceptance
Increase the uptake and active use of teaching resources from the forestlearning.edu.au website.	Increased community acceptance
Ensure that the sector's investment in independent certification and other environmental credentials is not lost due to low market awareness.	Increased demand Increased community acceptance
Develop a targeted campaign to improve the community's understanding and acceptance of the environmental credentials of bio-energy from sustainably managed forests.	Increased demand Increased community acceptance Increase productivity
Develop structured methodologies, in conjunction with other primary industries, to measure and enhance the community acceptance (i.e. social licence) of wood products and associated industries	Increased demand Increased community acceptance



Program 2. Aligning products to market needs

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

Research will be undertaken to understand current market needs and trends with the aim of identifying information gaps and opportunities for new or modified products and systems for the built environment, industrial markets and other key segments. A key focus will be on better matching of product

performance (i.e. strength, durability and aesthetics) to market needs.

Primary communication with key influencers is via WoodSolutions, the company’s branded specifier platform of activities that provides accurate and relevant information about designing and using wood-based systems. This program is delivered through partnership arrangements with professional associations, technical design guides, a world-leading website and face-to-face presentations.

The Industry’s products and services are highly influenced by a suite of material and building standards, as well as by the regulatory environment. The program will work with industry to optimise the material and building standards to ensure a robust system that is evidence-based, inclusive and improves the market opportunity and competitiveness of wood products.

Priorities for 2018-2023	Contribution to Outcomes
Continue to develop the WoodSolutions platform including website, lectures, conferences and in-house/on-site delivery of training and reference materials that cover a wide range of key influencers and market segments.	Increased demand Increased community acceptance
Develop a timber design life and durability system that is evidence-based, stakeholder-inclusive and improves the market opportunity and competitiveness of wood products compared to other materials.	Increased demand Increased community acceptance Increased productivity Increased sustainability
Increase the uptake of the new building code changes by providing in-the-field information about key wood-building technologies to building specifiers and developers.	Increased demand Increased community acceptance Increased productivity Increased sustainability
Continue activities to remove unnecessary impediments to wood products in the National Construction Code and key building standards.	Increased demand Increased community acceptance Increased productivity Increased sustainability
Continue activities to improve the efficiency and effectiveness of key timber material and design standards, including ancillary products like connectors, to increase the uptake of timber systems.	Increased community acceptance Increased productivity
Support skills development and product compliance mechanisms to ensure that timber systems are based on best practice.	Increased demand Increased community acceptance Increased productivity Increased sustainability



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.

The Australian forest and wood products sector has increasing availability of data along the value chain from forests to mills to markets but this information is often poorly integrated into decision support tools. The interconnectivity of data collection devices (i.e. 'Internet of Things') and improved data analytical tools (i.e. 'Big Data') have the potential to revolutionise the sector.

This will involve identifying and developing improvements to forest management, harvesting, transport, manufacturing processes, product development and information systems to provide value to all participants in the value chain.

Research areas will include improved understanding of wood properties, resource characterisation, wood handling and processing, manufacturing systems and improved fit-for-purpose products, and information capture, storage and dissemination along the value chain.

Identifying key knowledge gaps will involve industry and other stakeholders, as well as international liaison, to minimise unnecessary duplication of effort and to ensure the knowledge has a pathway to adoption.

Priorities for 2018-2023	Contribution to Outcomes
Develop and adopt improved techniques for the allocation of standing trees, logs, timber and fibre to the most appropriate use using new technologies and data analysis techniques (i.e. 'Big Data').	Increased productivity Increased sustainability Increased industry capacity
Optimise product and building standards to increase the volume and value recovery along the value chain and to help ensure products are fit for purpose.	Increased community acceptance Increased productivity Increased sustainability Increased industry capacity
Explore mechanisms for improved information capture and dissemination along the value chain that can contribute to more timely and relevant decision-making.	Increased productivity Increased industry capacity
Evaluate new market opportunities for forest and manufacturing residues.	Increased productivity Increased sustainability
Assist in the removal of unnecessary impediments to the export of forest and wood products.	Increased productivity Increased sustainability



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.

Increased resource availability is most likely to come from improved productivity and utilisation of the existing plantation and government-owned native forest estate. There are opportunities to expand production forests through greenfield plantations, especially in conjunction with the farm sector, and to expand management of privately owned native forests.

Research focused on improved genetics for existing and potential commercial species, better site selection, management inputs and practices, and the commercial and social operating environment can help increase the productivity of the

current estate, improve integration with other land-uses, and reduce the impediments to an expanded estate.

A new Grower Research Advisory Committee (GRAC) has been established with a dedicated program manager to develop a long-term research plan for forest growers based on an agreed common objective and investment plans for key thematic areas (e.g., biosecurity, fire, nutrition and silviculture). This plan will be used to inform FWPA’s investments using levy funds and may form the business case for additional investments by forest growers.

Forest growing is a long-term venture that is exposed to environmental risks (e.g. pests, fire, climate change), occupational health and safety risks, as well as market and political risk. Improved knowledge and systems can help mitigate these risks and expand the economic and sustainable outcomes for the industry, including the provision of new environmental services. By raising awareness of best practice and new technologies, industry can build the capability to evolve commercial operations and reap the benefits of innovation.

Priorities for 2018-2023	Contribution to Outcomes
Develop a research investment plan that provides direction to current levy-based funds and provides a business case for additional investment by forest growers.	Increased community acceptance Increased productivity Increased sustainability Increased industry capacity
Develop and deploy improved genetic stock, including possible genetically modified varieties, that can increase value recovery and reduce risk to plantation owners and their customers.	Increased community acceptance Increased productivity Increased sustainability Increased industry capacity
Develop forest health and biosecurity systems that can minimise risk to forest owners and their customers.	Increased community acceptance Increased productivity Increased sustainability Increased industry capacity
Ensure that forest management and forest operation tools deliver in-field practices that are scientifically sound, safe and compatible with international best practice.	Increased community acceptance Increased productivity Increased sustainability Increased industry capacity
Investigate mechanisms to understand and monetise the environmental benefits (e.g. carbon, biodiversity, catchment values) from tree crops to assist in an expansion of the commercial estate.	Increased community acceptance Increased productivity Increased sustainability Increased industry capacity



Program 5. Impacting decision making and industry capability

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

Part of the answer to building capability may lie in recruiting from outside the industry. However, this program will focus on retaining and leveraging existing knowledge and expertise, and strengthening the infrastructure necessary for effective decision making. We will pursue new approaches to capturing and disseminating accurate, timely and relevant information through both on-line and traditional channels.

Current and historical research findings need to be incorporated into practical tools that can be easily accessed, understood and updated on a regular basis.

Much of the key data required for better decisions that the sector needs resides at the individual company and organisational level. A major focus of the program is to aggregate this information in a confidential manner and then provide it to participants in an accessible and easy to understand format.

The initial focus has been on providing national statistics that are publicly available through a formal partnership with the Australian

Bureau of Agricultural and Resource Economics and Sciences (ABARES). This means FWPA is now in a better position to assist with the strategic improvement of key industry statistics by working with individual segments to identify and aggregate information of key interest.

Targeted information and associated training will be developed to address specific audiences within the value chain to ensure that they have the data readily available to make timely and considered decisions.

Priorities for 2018-2023	Contribution to Outcomes
Develop and deliver leadership programs to improve industry capacity for innovation and collaboration consistent with the company's vision and mission.	Increased community acceptance Increased productivity Increased sustainability Increased industry capacity
In conjunction with willing industry participants, develop systems to aggregate data for a range of key management indicators - while protecting confidentiality - and make these available in an easily accessible form.	Increased productivity Increased industry capacity
Improve understanding of key market drivers, including competition from alternative materials, to improve forecasting of key market segments.	Increased productivity Increased industry capacity
Provide ongoing support for the development and distribution of publicly available information, including that available through partnership with ABARES, that supports the economic, social and environmental contribution of the industry.	Increased community acceptance Increased productivity Increased sustainability Increased industry capacity
Ensure that key historical data series are conserved and leveraged to improve current and future decision making.	Increased sustainability Increased industry capacity



Financial forecast

The 5-year forecast has been structured on the following key factors:

1. Levy income is estimated to increase at the historical average of 1-2% per year.
2. Continued access to Government matching payments.
3. Nominal allocation of expenditure across the programs, which may be varied in future Annual Operating Plans.
4. Accelerated investment in forward years to utilise current cash reserves.
5. A cash reserve target of \$4.6 million.

The result in a forecast is shown below:

	2017/18 (\$m) Forecast	2018/19 (\$m) Budget	2019/20 (\$m) Budget	2020/21 (\$m) Budget	2021/22 (\$m) Budget	2022/23 (\$m) Budget
INCOME						
Processor Levy	3.771	3.500	3.570	3.641	3.714	3.789
Grower Levy	1.182	1.206	1.230	1.255	1.280	1.305
Voluntary Grower - States	0.447	0.456	0.465	0.474	0.484	0.494
Importer Charge	1.067	1.088	1.110	1.132	1.155	1.178
Total Levy	6.467	6.250	6.375	6.503	6.633	6.765
Interests and Others	0.312	0.431	0.426	0.436	0.436	0.445
Levies Matching	4.309	4.563	4.700	4.740	4.763	4.858
Voluntary Contributions (including Midrise)	1.402	1.659	1.659	1.659	1.659	1.659
Voluntary Matching	1.382	1.659	1.659	1.659	1.659	1.659
Government Direct Project Funding	1.152	1.558	1.558	1.558	1.558	1.558
Total Income	15.024	16.120	16.377	16.554	16.706	16.943
EXPENDITURE ALLOCATION						
Promoting advantages of wood products	2.364	2.628	2.628	2.668	2.702	2.756
Align products to market	4.676	4.566	4.566	4.612	4.672	4.766
Value chain optimisation	1.285	1.449	1.449	1.464	1.483	1.512
Increase resources & reducing risks	1.538	1.754	1.754	1.772	1.795	1.831
Decision making and capability	1.123	1.151	1.151	1.163	1.178	1.201
Voluntary Contributions Program (including Midrise)	2.784	3.318	3.318	3.318	3.318	3.318
Government Direct Project Funding Expenditure	1.152	1.558	1.558	1.558	1.558	1.558
Provision for Importers refund	0.000	0.000	0.000	0.000	0.000	0.000
Total Expenditure	14.922	16.424	16.425	16.554	16.706	16.942
Net Surplus / (Deficit)	0.102	(0.304)	(0.048)	0.000	(0.000)	0.001
Closing Funds Balance	4.953	4.649	4.601	4.601	4.601	4.602



Operating context

FWPA is one of 15 Australian rural research and development corporations (RDCs).

These RDCs are funded through compulsory levies on their industry sectors and receive matching funds from the Australian Government on eligible R&D expenditure up to a maximum limit equivalent to 0.5% of the industry’s gross value of production (GVP). FWPA’s industry sectors consist of Australia’s private and government growers (plantation and native forests), domestic processors and importers. Currently, levies are not collected from domestic or imported pulp and paper or softwood woodchip exports.

State and territory governments make voluntary levy equivalent contributions direct to FWPA as the Commonwealth has no power to levy a state or territory government.

The industry’s financial contribution is a fixed levy rate based on each company’s volume of activity for each of the industry sectors. In addition, FWPA receives monies collected under the *Primary Industries (Customs) Charges Act 1999* from imported timber products. The rate varies dependent on the product type and related Ministerial determination.

In December 2015, the Commonwealth Parliament introduced regulations to allow FWPA to claim matching payments for voluntary contributions up to the following amounts over the period of this plan.

Financial Year	Maximum amount of matching payments for voluntary contributions	Funds currently allocated (as at 31st May 2018)
2018/19	\$1.659m	\$0.396m
2019/20	\$1.659m	\$1.375m
2020/21	\$1.659m	\$1.574m
2021/22	\$1.659m	\$1.659m
2022/23	\$1.659m	\$1.659m

Projects that have been funded to date under voluntary matching include the WoodSolutions mid-rise advisory program, African Mahogany silviculture, African Mahogany therapeutics, cross laminated timber acoustics, koala detection using UAVs, an expanded genetics program, log haulage code of practice and encouraging agroforestry.

FWPA recognises that continued access to the levies and matching payments is a responsibility and not an entitlement. The company has a statutory funding agreement (SFA) with the Commonwealth of Australia, managed of behalf of the Commonwealth Parliament by the Australian Government, which provides access to the levies and matching funding. In addition, the SFA establishes a number of obligations the company’s terms of corporate governance, including stakeholder consultation, risk management and reporting.

FWPA’s third consecutive SFA was signed by the Assistant Minister for Agriculture and Water, Senator Ruston, and came into effect in August 2017 for a four-year period.

A key requirement for the renewal of the SFA was the independent performance review, which was completed in February 2017 and published on the company website.

The report made a number of

recommendations for improvement and the Board of FWPA has agreed to implement all recommendations in a timely manner as part of its ongoing commitment to pursuing best practice corporate governance.

Policy framework

The sector has a number of key policy instruments at both a national and individual state level.

The primary national policies are the National Forest Policy Statement, which was signed by the Commonwealth and mainland State and Territory governments in 1992, and by the Tasmanian Government in 1995, and Plantations for Australia: the 2020 Vision that was launched in 1997 and updated in 2007. Some State governments have updated policy instruments for the sector, including:

- Queensland Forest and Timber Industry Plan (December 2013)
- Western Australian Forest Management Plan 2014-2023 (December 2013)
- Victorian Timber Industry Action Plan (December 2011)
- Blueprint for the Future South Australian Forest and Wood Products Industry, 2014–2040 (July 2014).

In 2014, the Commonwealth Government announced the formation of the Forest Industry Advisory Council (FIAC). The report *Transforming Australia’s Forest Products Industry – Recommendations from the Forest Industry Advisory Council* was released in early June 2016. The report will be considered in the development of the National Forestry Industries plan.



The report identified three overarching objectives:

- (1) We will have the right trees in the right place at the right scale;
- (2) We will produce bioproducts using all parts of the tree to a cellular level; and
- (3) We will distinguish ourselves by being environmentally friendly, socially responsible and valued by the community.

To achieve these objectives, FIAC went on to identify the required strategies and recommendations for both industry and government, which have significant implications for FWPA if adopted.

In September 2017, the Prime Minister, the Hon. Malcolm Turnbull MP, announced that the Australian Government would develop a national industry plan:

“Tonight I am pleased to announce I am requesting Anne Ruston to help us develop a new Government Plan that will underpin growth in the renewable timber and wood-fibre industry.” Prime Minister Malcolm Turnbull, AFPA Gala Dinner, Parliament House, Canberra, September 12, 2017.

This commitment was reinforced with \$20 million over four years in the 2018-19 Budget to help implement this plan, which will be released in late 2018.

FWPA will seek to align its activities and investments to the plan where ever possible.

Government-industry interaction

Although independent of the Australian Government, FWPA recognises the crucial role of Government in providing public resources, advice on priorities, access to service providers, and the benefits of a wider community view to inform FWPA's operations.

Government-industry interaction within the Australian forest and wood products sector has undergone considerable change over the past decade. In simple terms, the sector can be categorised as once being highly influenced by State-based government enterprises and other public good organisations (e.g. CSIRO) but is now very much dominated by corporate entities, especially in the plantation sector.

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

One of the more obvious consequences of these changes has been the decline in support for public good and collaborative investments within the sector, especially focused on longer-term initiatives. As an example, Commonwealth and State governments as well as private industry have substantially reduced the provision and funding of research activities.

The current situation has now been well chronicled and the sector faces a potential shortage in technical skills to address future problems and opportunities. Equally, there are also potential skill shortages in economics, policy development and technical representation, which is a consequence of the reduced investment in public good activities within the sector.

There is growing recognition of the need to put in place mechanisms to support plantation expansion and the sustainable use private and public native forests. The governments of Western Australia and Victoria have made public commitments to provide funds for plantation expansion and the Australian Government has approved a methodology for commercial forestry to be incorporated into the Emissions Reduction Fund auction process. In addition, the Australian Government and the governments of Tasmania and South Australia have provided funds to support research centres to be based at Launceston and Mt Gambier as part of a move towards establishing a National Institute for Forest Products Innovation.

Corporate governance

FWPA's formation, activities, reporting and operational protocols are governed by the *Corporations Act 2001*, the FWPA Constitution, the Statutory Funding Agreement and associated legislation that enabled FWPA to be declared the industry services body for the forest and wood products industry. These provide FWPA's overarching corporate governance requirements.

On the corporate website there is a copy of the Board governance charter and other key policies.

FWPA's governance systems are designed to ensure the disciplined, transparent and efficient operation



of FWPA and its finances. They aim to protect and steward the committed assets of the industry and of government, including reputation. They seek to instil an overall culture and operating environment of continuous improvement, where the industry and the community will receive the optimum return on the investment of the funds under FWPA direction.

FWPA will be proactive in identifying the priorities of all stakeholders, particularly industry and government. The company will work cooperatively with the Australian Government to ensure timely adoption of any additional corporate governance requirements.

Under its constitution, FWPA's Board comprises between five and nine Directors, including the Managing Director, at least two of whom are Non-Member Directors. At present, the Board has eight Directors.

The Board's governance responsibilities include:

- establishing FWPA's vision, goals and strategic direction
- commissioning the preparation of, and approving, a 5-year Strategic Plan (this plan), Annual Operations Plans, investment plans and Annual Reports
- ensuring the appropriate allocation of resources to strategies and priorities
- formulating and promulgating policies for the efficient operation of FWPA
- implementing business risk, and fraud management and intellectual property policies and frameworks
- overseeing audit procedures (internal and external)

- monitoring, evaluating and reporting on FWPA's performance, including that of its staff and the Board.

Monitoring, evaluation and reporting

FWPA recognises the critical importance of monitoring and evaluating all its activities, so that:

- stakeholders can readily discern the value delivered by FWPA
- the organisation is continuously learning and improving what it does.

FWPA's monitoring and evaluation framework includes the following elements:

- Corporate governance through regular board and management reporting, delegated authorities and regular external auditing.
- Industry advisory groups and project steering committees.
- The WoodBase system for managing contracts allows for monitoring against technical deliverables, time and budget.
- Ad hoc performance reviews of activities to capture key learnings examine aspects of delivery against plan and are used to inform the selection and management of future activities.
- Detailed benefit/cost analyses of selected projects each year. The results of these analyses are reported in the Annual Report and inform the selection and management of future projects.
- Bi-annual liaison meetings with the Department of Agriculture and Water.
- Independent performance reviews as required under the Statutory Funding Agreement.

Existing channels of communication will be utilised wherever possible to ensure that all stakeholders have ready access to all program outcomes via the corporate website, webinars, regular electronic communication and staff engagement via conferences or site visits. In addition, FWPA will ensure there is timely and accessible information flow between it and the wider community, the market and linked industry groups.

Advantages of forest and wood products

The forest and wood products value chain ranges from the forests with their inherent environmental services through to wood processing, product development, consumer use, reuse, recycling and disposal.

The diverse properties of forest and wood products enable them to be used in a wide range of product types and applications, including building materials, landscaping, packaging, bio-energy, communication papers, sanitary and personal hygiene. This means that the industry affects all Australians, whether or not they are conscious of it.

Forest and wood products have some distinct advantages compared to alternatives:

- people like trees and they like wood
- wood can be produced with a wide range of co-products (e.g. catchment protection, biodiversity, carbon storage)
- wood can be stored 'on the stump' for extended periods
- the logistics are predictable



- wood products are relatively easy to assemble and dis-assemble
- there is opportunity to mix-and-match between different species and grades
- by-products from forest management or processing can be a valuable feedstock for other processes, including renewable energy.

Increasingly, innovation in traditional building products and reconstituted products is creating market opportunities that were previously supplied by alternates. For example, cross-laminated timber and other ‘massive’ timber building systems are making timber medium-rise buildings a commercial reality. To this end, FWPA has secured a change in the National Construction Code to allow a deemed-to-satisfy solution for timber buildings up to 25 metres in height that covers both lightweight and massive timber construction.

In the area of residues, there is growing global interest in bio-plastics, wood-based precursor chemicals and new cellulose materials such as nano-crystalline cellulose. While such innovative materials are still in their infancy, their adoption by the market will largely be driven by a preference for renewable materials and the cost of alternative feedstocks.

Outlook for the sector

Overall, the industry is positive about its collective longer-term future. There is a widely held view within the industry that its products will be the beneficiaries in a bio-economy. Other factors that often contribute to optimism in the longer term include the support of the industry’s materials by consumers and specifiers, the growth in the Australian population and the belief that the scientific underpinnings of the sector will result in favourable government policy settings.

There is no doubt that Australian consumers view wood products as more environmentally benign than alternative building materials. FWPA’s consumer tracking research has clearly demonstrated that the industry has strong environmental credentials, although there is a lack of knowledge about specific attributes, such as carbon storage and independent certification of forest management.

In addition, there is an increasing awareness of the benefits of wood in offices, education and health facilities with the improved ambience leading to better outcomes, which was confirmed by market research commissioned by FWPA into biophilic design that demonstrated the impacts of biophilic elements on office worker productivity.

However, a positive future for the sector is not guaranteed. Other material groups, such as concrete, steel and plastic composites, are repositioning and redesigning their products to improve environment credentials and performance. The sector also has entrenched critics that continue to oppose industrial-scale forestry in native forests and the conversion of agricultural land to industrial plantations.

Forests provide society with a diversity of products and environmental services. The management of plantations and native forests to produce materials for human use, while protecting environmental values, is central to the development of a truly sustainable society. In the next decade and beyond, the forest and wood products sector, which grows, harvests, processes, imports and markets wood and wood fibre products, has the potential to increase its already substantial contribution to Australia’s economy and environmental sustainability. The sector also has opportunities to develop new tree crops for carbon storage, energy and emerging new biomaterials.

Total Australian forest area	125 million hectares
Forest as a proportion of land area	16 per cent
Native forest area	123 million hectares
Forest area in nature conservation reserves	21.5 million hectares
Public native forests where timber production is permitted (gross area)	10.2 million hectares
Total carbon stored in forests	12.8 billion tonnes
Plantation forest area (2015/16)	1.97 million hectares
Total logs harvested (2015/16)	30.1 million m ³
Total imports of wood products (2015/16)	\$5.5 billion
Total exports of wood products (2015/16)	\$3.1 billion
Total direct employment (2015/16)	64,300 people
Value of turnover in forest product industries (2014/15)	\$22.2 billion
Forestry and forest products industries contribution to GDP (2014/15)	0.5 per cent

Source: ABARES Forest and Wood Products Statistics



Stakeholders

To ensure that it delivers its mission, FWPA actively engages with a wide range of stakeholders within the forest and wood products sector, other primary industries, the built environment and innovation sectors.

Collaboration with stakeholders is fundamental to the company's operations and this is supported by its core values of accountability, transparency, strategic focus and implementation.

Levy payers (i.e. forest growers, wood processors and importers) and governments provide financial resources, strategic direction and corporate governance to the company. Many levy payers are also voting members of the

company, which is structured as a limited liability entity.

The following four national industry associations are recognised by the company as National Representative Bodies, which gives them a role in the director nomination process and in the strategic planning process:

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

In addition there are a number

of State, segment and technical associations and service companies that FWPA will liaise with regularly basis to assist in the delivery of programs and to avoid any unnecessary duplication.

Interaction with other primary industries is mostly through the Council of Rural Research and Development Corporations (CRRDC) or through direct dealings with other RDCs. As a relatively small RDC, FWPA values these interactions as means of understanding the broader policy environment, identifying industry trends and best practice, as well as creating leveraged investment opportunities.





FWPA is a company, limited by guarantee, that is owned by its members. All levy payers have the opportunity to apply to become voting members of the company, although membership must be approved by the board of directors. Currently, the company has 171 voting members and 26 non-voting members. A full list of members is published in the Annual Report.

A voting member is entitled to vote at the company’s annual general meeting and thus has an opportunity to participate in corporate governance. In addition, members are provided with a free listing on the WoodSolutions website and access to the company’s statistics and economic data dashboard.

The voting entitlement of each member is determined each year. For members who pay a domestic grower or processor log levy, the voting entitlement is determined by the Department of Agriculture and Water Resources as they collect the levies on behalf of the company.

The timber importer charge is collected by Australian Customs, which provides these funds to the Department, which in turn passes the funds to FWPA. As the Department does not receive an account of individual timber importer charges, the voting entitlement is self-declared by timber importers.

The calculation of voting entitlements is based on the following table from the Company’s constitution:

Levy Amount paid in the Previous Calendar Year	Voting entitlement
\$1 to \$100	1
\$101 to \$25,000	4
\$25,001 to \$50,000	8
\$50,001 to \$75,000	12
\$75,001 to \$100,000	16
\$100,001 to \$150,000	19
\$150,001 to \$200,000	23
\$200,001 to \$250,000	27
\$250,001 to \$300,000	31
\$300,001 to \$350,000	35
\$350,001 to \$400,000	39
\$400,001 to \$450,000	42
\$450,001 to \$500,000	46
\$500,001 plus	50

With the exception of self-declared import timber charges, FWPA’s directors or staff do not have access to the amount of levies that are paid by members and the voting entitlements are treated as commercial-in-confidence information.

The distribution of members by voting entitlement class (as at 31st May 2018) is shown below:

Voting Entitlement	No. of members	Total number of votes
0	45	0
1	4	4
4	85	340
8	13	104
12	9	108
16	2	32
19	2	38
23	5	115
27	2	54
31	1	31
35	0	0
39	2	78
42	1	42
46	0	0
50	0	0
Total	171	946

It is estimated that FWPA’s current voting membership would account for approximately 90-95% of the industry by volume and value. However, a number of small-to-medium levy payers have not yet exercised the opportunity to apply for membership of the company and communication with these levy payers remains an ongoing challenge.



Industry Advisory Groups

To ensure greater engagement and ownership of FWPA's activities, a number of formal committees have been established to provide input into the company's investment decisions. The structure and composition of these committees have varied over time and have been variously based on product sectors and functional areas.

To reinforce the new program structure and the company's commitment to transparency, FWPA has restructured its industry engagement to create a two-tiered structure consisting of Industry Advisory Groups (IAGs) and Interest Groups (IGs) that are aligned to the five programs. IAGs primarily focus on providing advice on strategic direction and resource allocation and are open to all FWPA voting members with multiple participation available. IGs are open to all stakeholders, including associations, researchers and consultants, and are responsible for information flow and developing investment proposals.

Communication, extension and adoption

All of FWPA's investments and activities are undertaken with a clear eye on the target audience that will be able to adopt the information that has been generated. Depending on the activity, the audience could include company members, government agencies, consumers, local communities, building specifiers, school teachers and research providers.

Each of the company's five programs has slightly different audience that requires a different approach to communication, extension and adoption. For example, Program 1 is largely outwardly focussed and uses a combination of mass media (e.g. TV, print, email) and social media. At the other end of the spectrum, Program 5 is largely focussed on industry participants and uses a combination of workshops, telephone and electronic communication and industry briefings.

Dedicated websites have been developed to help tailor the information and tone of the communication to meet specific audience needs. For example, WoodSolutions is largely aimed

at building specifiers and industry, while ForestLearning is aimed at school teachers.

The company delivers most of its communication via electronic means using the following periodic e-newsletters with the aim of encouraging audiences to utilise the websites:

- ForWood
- R&DWorks
- Statistics Count
- WoodSolutions
- ForestLearning.

In addition, company members receive periodic updates and a copy of the 5-year Strategic Plan, Annual Operating Plan and Annual Report. All newsletters, plans and reports are published on the company's websites.

The company is actively expanding its use of social media especially Facebook, Twitter, Instagram and LinkedIn. The potential of podcasts are also being explored.

Due to information overload, the company is facilitating more face-to-face communication with key stakeholders through one-on-one meetings, workshops, seminars or field visits.



Development of the Strategic Plan

This Strategic Plan has been structured to address the Government's requirements and to communicate to members and levy payers the strategic intent of the company. It provides direction for the Annual Operations Plan (AOP) that set annual priorities and expenditure and income budgets as well informs the development of program work plans.

The Strategic Plan will be reviewed as part of each year's planning process and incorporates any changes in the operating environment and any formal or informal consultations with members, Government or other stakeholders.

Over the last 12 months, there have been no additional priorities and outcomes identified by members, levy payers and Industry Representative Bodies or changes in the operating environment, other than the new Statutory Funding Agreement, that require substantive changes to the 5-year plan.

Once formally adopted by the Board, the Strategic Plan will be distributed to company members and made publicly available on the corporate website.

Operating environment

Social licence

Demographic changes are continuing to create a gap between the industry and key sections of the community, which affects the industry's social licence to operate. As urbanisation increases, fewer people grasp the link between consumption and the factors of production. In addition, the rise of social media has amplified both the reach and speed of dissemination of campaigns directed against primary production industries.

The domestic and international forest and wood products sector is dependent on community support for its continued access to both forested and non-forested land. At the same time as the community is demanding more access to sustainable wood products, it is also requiring that more forests be preserved. Balancing these competing demands and understanding and influencing community attitudes regarding the place of forestry - whether plantation-based or natural - will continue to require significant and sustained community engagement.

Product usage

To be successful, the industry needs a deeper understanding of traditional and new markets. It needs to know what the key decision makers are thinking, what their material preferences are and what customer preferences are emerging.

While many of the factors affecting traditional markets such as housing are outside the industry's control (macro-economic cycles, regulation, housing development density, protection from threats and affordability), some factors are within the scope of industry control (product design—including building systems, recyclability, reliability, utility and quality). Consumer demand for forest and wood products will remain strong provided the industry stays abreast of and, wherever possible, ahead of these trends. To do this, it needs to monitor and understand current trends, undertake timely assessment, analysis and dissemination of market and product information, and effectively engage with regulators, standards bodies,

specifiers, designers and product innovators.

There is growing interest in the use of wood fibre as a substitute for fossil fuels for the production of energy, chemical production and as a feedstock into a range of production processes. The interest in renewal materials is part of a transition to the bio-economy that has the potential to transform the Australian forest and wood products sector.

Climate change

Climate change has profound implications and creates opportunities for Australia's forest and wood products industry. Current modelling shows that there is likely to be a significant impact on key forest-growing regions with some areas likely to have improved growth rates, while others may suffer a major decline. This will impact forest management regimes, including species selection and bushfire and biosecurity plans.

Increased use of sustainably sourced wood products can help reduce carbon dioxide emissions through increased sequestration and can avoid emissions from fossil fuels and more energy intensive materials. The potential impact of this good news story on the levels of community support for the industry should not be underestimated.



Competitiveness

The industry is competing in an increasingly broad and diverse marketplace affected by currency fluctuations, corporate consolidation, changing economies of scale, changes in logistics costs, and innovation and competitiveness of alternative materials. The forest and wood products market is becoming increasingly internationalised—changes in supply and demand can ripple around the global market and the industry requires better and quicker market intelligence. There is growing competition for raw materials and other inputs such as water, land and energy. There is also a shift to new and alternative products and services.

Within this business environment, Australia's forest and wood products industry must continue to deliver value for money for its customers, including new or unique products and services, while maintaining an internationally competitive cost structure in relation to alternative materials and providing an adequate return for investors.

Sustainability

Society increasingly demands that its goods and services are provided from demonstrably environmentally sustainable sources. Within this context, the industry has considerable advantages and must be able to balance its inputs and product supply in order to meet market demands, provide adequate returns to investors and ensure a safe working environment.

While increasing forest resource flows to meet the economies of scale demanded by the modern market and population growth, the industry must simultaneously continue to demonstrate its sustainable management of ecological assets and processes, water, chemicals and energy and the protection of forests from fire and other hazards. Customers are also seeking more certainty on the provenance of the goods they buy - evidence of legal and ethical production, sustainability, utility and re-usability.

Demonstrating the industry's sustainable forest management and supply chain security, through processes such as independent certification and effective engagement with a variety of stakeholders, will be critical in maintaining market confidence and support.

Investment

The current investment climate in the sector is challenging, largely influenced by macro-economic conditions outside the industry's control.

In prior years, plantation expansion has been mostly funded directly by governments or through tax-effective investment vehicles, although many of the resultant assets have now been acquired by timber investment management organisations (TIMOs). Plantation expansion has effectively stalled and some regions may undergo a significant decline in plantation area due to establishment failures, fire and wind damage as well as conversion back to agriculture. This impacts on the attractiveness of investing in domestic processing.

Participants in each regionally based supply chain will need to consider the appropriate economies of scale to maintain or improve its competitiveness. This may require new sources and means of funding and increased collaboration along the supply chain.

National and international collaboration

Changes in information technology, harmonisation of markets and corporate consolidation are driving industry dynamics and creating opportunities for improved national and international collaboration. While competitive tensions will continue to exist, there is a growing need to maximise the effectiveness and efficiency of investments and minimise unnecessary duplication. Areas of national and international collaboration exist to support all five programs.

FWPA has previously provided resources for the development of the national forest industries research, development and extension (RD&E) framework. Operating under the Agriculture Senior Officials Committee (ASOC), the RD&E framework seeks to identify and implement a coordinated collaborative approach to research development and extension activities undertaken by the research community.

A forest industry RD&E Forum was established with senior representatives of the forest products industry, government and research stakeholders. However, the decline in research funding and capacity has meant that there was little for the Forum to discuss, and as a consequence, it has not met for over four years.



The introduction of Government matching payments for voluntary contributions has stimulated new R&D investment in the sector. Also, FWPA has been able to leverage its activities through new Australian Council of Research (ARC) industry transformation hubs and the Department of Agriculture and Water's R&D4Profit program.

In addition, the Australian Government and the governments of Tasmania and South Australia have provided funds to support research centres to be based at Launceston and Mt Gambier as part of a move towards establishing a National Institute for Forest Products Innovation. FWPA has a contract with the Australian Government to provide administrative support for the centres, which will help ensure that there is no unnecessary duplication of research and extension activities.

FWPA is a financial member of the Council of Rural Research and Development Corporations (CRRDC) with active staff involvement in a number of Council structures, working groups and programs. As a relatively small RDC, the company values these interactions as a means of understanding the broader policy environment, identifying industry trends and best practice, as well as creating leveraged investment opportunities.

Where possible, the company will seek to co-invest with other RDCs but the opportunities are usually

limited to platform technologies, trees as part of a diversified farm portfolio and social licence-to-operate.

Balanced portfolio of investments (and activities)

In developing this Plan, the company seeks to maintain a balanced portfolio of investments (and activities) that reflects the needs and priorities of industry and government stakeholders. A wide number of variables are considered in creating a balance, which include geographical coverage, impact on the value chain (i.e. growing, processing, market development), native forest versus plantations, domestic production versus imports, timeframe for impact, cross-sector collaboration, ongoing activities versus new initiatives, and the level of risk.

When considering an investment or activity using core levy funds, the company applies the following tests:

- (1) Does it fit with the company's mission and strategic framework?
- (2) Will it positively impact the largest number of stakeholders?
- (3) Does it broadly reflect the financial contributions to the company?
- (4) Does it negatively impact any stakeholder, and if so, have they been consulted?
- (5) Are there clear pathways for adoption?
- (6) Are there any additional opportunities for collaboration or leverage?

When considering an investment or activity using matched voluntary contributions, the company applies the following tests:

- (1) Does it fit with the company's mission and strategic framework?
- (2) Is it consistent with the company's policy on matched voluntary contributions?
- (3) Are there any additional opportunities for collaboration or leverage?
- (4) Are there any financial, reputational or other risks for the company or the Australian Government?

Industry capability

For an industry to be successful, it must be able to overcome its capability constraints. The current capability context is characterised by an increasingly mobile workforce, competition for high-quality personnel and evolving expectations of a modern workplace in relation to safety, work conditions as well as financial rewards. The forest and wood products industry will need to embrace more fully a culture of diversity and innovation, including knowledge generation and adoption, technical transfer, skill development, continuous improvement and international best practice and do these things in a consistent, continuous and sustained manner.



Current market conditions

Market demand for many forest and wood products remains very strong. The notable exceptions would be domestic demand for communication papers (i.e. newsprint, printing papers) and some traditional hardwood products.

Market demand has been driven by strong domestic dwelling construction and improved demand and price competitiveness of Australian exports to northern Asia.

The reduction in the foreign exchange rate, especially against the US dollar, has improved the competitiveness of domestic producers and as a corollary, has reduced the competitiveness of some importers. FWPA's stakeholders include both domestic producers and importers and so, while exchange rates are important, the primary impact will be a change in market shares.

The improved market conditions have encouraged capital investment in the wood processing, harvesting and haulage sectors but have not yet resulted in an expansion of the forest estate.

Despite the recent uplift in the trading conditions, there are some major structural weaknesses in the sector that are beyond the usual business cycles. An increasing number of traditional products are approaching the end of their lifecycle and Australian manufacturers face competition from overseas producers that have significant advantages in economies of scale.

Consultation with stakeholders

The FWPA Board views industry consultation and feedback from members and stakeholders as critical considerations in the formulation of strategy, program priorities and investment decisions. Such consultation is vital to maintain the forest and wood products sector's confidence in, and enthusiasm for, the activities of FWPA. It is also vital to the ability of these activities to contribute in a substantial way to both the future commercial prospects on the industry and the broader social and environment goals of the country.

Over the last 12 months, formal and informal consultation with stakeholders has not identified any changes to priorities or company operations.



Strategic analysis

In conjunction with the environmental analysis and stakeholder consultation, this 5-year Strategic Plan is based on a clear understanding of FWPA’s internal strengths and weaknesses and the external opportunities and threats (i.e. SWOT).

The intersect between internal and external factors provides a different perspective to help identify the key strategies required to achieve the company’s mission and the desired outcomes.

- Strengths and Opportunities (S/O) – Using strengths to take advantage of the opportunities
- Strengths and Threats (S/T) – Using strengths to avoid real and potential threats
- Weaknesses and Opportunities (W/O) – Using opportunities to overcome the weaknesses
- Weaknesses and Threats (W/T) – Minimise weaknesses and avoid threats

The key initiatives of this plan are shown within the following matrix:

	OPPORTUNITIES	THREATS
STRENGTHS	<p>Continue current promotional activities aimed at the consumer that leverage off the partnership with Planet Ark and focus on a broad range of beneficial wood attributes. (S/O)</p> <p>Continue to develop the WoodSolutions platform including website, lectures, conferences and in-house/on-site delivery of training and reference materials that cover a wide range of key influencers and market segments. (S/O)</p> <p>Increase the uptake and active use of teaching resources from the forestlearning.edu.au website. (S/O)</p> <p>Increase the uptake of the new building code change by providing in-the-field information about key wood-building technologies to building specifiers and developers (WoodSolutions midrise team). (S/O)</p> <p>Continue activities to remove unnecessary impediments to wood products in the National Construction Code and key building standards. (S/O)</p> <p>Develop and adopt improved techniques for the allocation of standing trees, logs, timber and fibre to the most appropriate use using new technologies and data analysis techniques (i.e. ‘Big Data’). (S/O)</p> <p>Optimise product and building standards to increase the volume and value recovery along the value chain and to help ensure products are fit for purpose. (S/O)</p> <p>Explore mechanisms for improved information capture and dissemination along the value chain that can contribute to more timely and relevant decision-making. (S/O)</p> <p>Develop and deploy improved genetic stock, including possible genetically modified varieties that can increase value recovery and reduce risk to plantation owners and their customers. (S/O)</p> <p>In conjunction with willing industry participants, develop systems to aggregate data for a range of key management indicators - while protecting confidentiality - and make these available in an easily accessible form. (S/O)</p> <p>Provide ongoing support for the development and distribution of publicly available information, including that available through partnership with ABARES, that supports the economic, social and environmental contribution of the industry. (S/O)</p>	<p>Leverage the current promotional activities to include the non-structural (and non-decorative) use of wood such as for landscaping and packaging to respond to competition from alternative materials. (S/T)</p> <p>Ensure that the sector’s investment in independent certification and other environmental credentials is not lost due to low market awareness. (S/T)</p> <p>Develop a targeted campaign to improve the community’s understanding and acceptance of the environmental credentials of bio-energy from sustainably managed forests. (S/T)</p> <p>Ensure that key historical data series are conserved and leveraged to improve current and future decision making. (S/T)</p> <p>Improve understanding of key market drivers and competition from alternative materials, to improve forecasting of key market segments. (S/T)</p>



	OPPORTUNITIES	THREATS
WEAKNESSES	Continue activities to improve the efficiency and effectiveness of key timber material and design standards, including ancillary products like connectors, to increase the uptake of timber systems. (W/O)	Develop structured methodologies, in conjunction with other primary industries, to measure and enhance the community acceptance (i.e. social licence) of wood products and associated industries (W/T)
	Remove unnecessary impediments to the export of forest and wood products. (W/O)	Develop a timber design life and durability system that is evidence-based, stakeholder-inclusive and improves the market opportunity and competitiveness of wood products compared to other materials. (W/T)
	Develop decision support tools to assist the farm and private native forest sector to manage commercial tree crops as sustainable investment strategy. (W/O)	Develop forest health and biosecurity systems that can minimize risk to forest owners. (W/T)
	Investigate mechanisms to understand and monetize the environmental benefits (e.g. carbon, biodiversity, catchment values) from tree crops to assist in an expansion of the commercial estate. (W/O)	Support skills development and product compliance mechanisms to ensure that timber systems are supported by best practice (W/T)
	Improve national coordination of current and new forest grower research activities (W/O)	Ensure that forest management and forest operation tools deliver in-field practices that are scientifically sound, safe and compatible with international best practice. (W/T)
	Provide professional development programs to ensure that current and future decision makers are using information that is evidence-based and compatible with international best practice. (W/O)	

STRENGTHS	Importance (A/B/C)
Consistent and predictable revenue stream and confidence to make long-term commitments	A
High staff motivation and competency in delivering cross-disciplinary projects	A
Well established systems for strategic planning, priority setting, project management, data aggregation and analysis	A
Strong brand management and communication skills	A
Strong networks within industry and across stakeholder groups	A
Track record of success	A
Good relationship between Board and management	A

WEAKNESSES	Importance (A/B/C)
Revenue is largely outside of FWPA's control and is not related to its performance	B
FWPA is highly reliant on industry's commitment and active involvement in collaborative activities that are often under-resourced and given low priority	B
There are insufficient funds and industry commitment to provide the technical capacity that is required for the longer term	A
Ability to provide regular communication with senior industry executives, as well as operational staff, in their preferred format especially on a one-to-one basis	B
Time and cost involved in meeting statutory and other compliance requirements	B
Reliance on key suppliers	B
Speed of implementation	B



	Rank	Prob
	(H/M/L)	(H/M/L)
OPPORTUNITIES		
Potential to increased revenue through compulsory levies, voluntary contributions and matching payments from the Government	H	M
Potential to grow the market for wood products in traditional and new markets	H	H
Increase uptake of existing technical resources by a wide range of audiences from key platforms (e.g. R&D, WoodSolutions, ForestLearning, Statistics)	H	H
Build on the successful change to the National Construction Code and restructure of the standards technical committees	H	H
Leverage the key alliances and partnerships that have been developed with Planet Ark, professional associations and other stakeholders	H	H
Leverage stronger engagement with stakeholders to identify and prioritise key initiatives	M	H
Develop cooperative partnerships within Australia and internationally to avoid unnecessary duplication	M	M

	Rank	Prob
	(H/M/L)	(H/M/L)
THREATS		
Competitive action by other material groups capture key traditional and new markets for wood products	H	M
Key systems in the sector are under threat due to lack of technical capacity and industry support	H	H
Capacity/capability of research providers is declining and this may increase costs	H	H
Changing industry/demographics could impact on company support and opportunities for engagement	H	M
Lack of appreciation of R&D and innovation in industry reduces the relevance of the company's activities	M	M
Industry's social licence to operate continues to be challenged and this reduces the effectiveness of promotional activities	M	M
Product standards and non-compliant products could reduce market acceptance	M	M
Changes to standards and regulations that could negatively impact our industry	H	H

LEGEND

Importance rankings

- A: Critical to the future existence of the company
- B: Important to longer-term stability and effectiveness of the company
- C: Required as part of best practice and continuous improvement

Ranking

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

Probability of occurrence

- H(igh): High likelihood to occur over the five-year plan
- M(edium): May occur over the five-year plan
- L(ow): Unlikely to occur over the five-year plan



Alignment with Australian Government priorities

The Australian Government is an important contributor to FWPA through matching payments for eligible R&D activities. The Government’s priorities have been explicitly considered in the development of this plan.

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

National Science and Research Priorities	Rural R&D Priorities	FWPA programs
2. Soil and Water	Soil, water and managing natural resources	4. Increasing resource availability and reducing risk
	Biosecurity	
3. Transport 5. Energy 7. Advanced manufacturing	Advanced technology	1. Promoting the advantages of wood products
	Adoption of R&D	2. Aligning products to market needs
		3. Assisting value chain optimisation
		5. Impacting decision making and industry capability



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