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1 June 2007

The Secretary  
Rural and Regional Affairs and Transport Legislation Committee  
PO Box 6100  
Parliament House  
Canberra ACT 2600

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**Submission on behalf of the Board of the FWPRDC in relation to the**

**Forestry Marketing and Research and Development Services Bill 2007**  
**Forestry Marketing and Research and Development Services Bill (Transitional and**  
**Consequential Provisions) Bill 2007**

**Introduction**

The establishment of the industry services body (proposed to be named Forest and Wood Products Australia (FWPA)) has been supported by the immediate past and the current Board of the FWPRDC. The industry ballot that supported the formation of FWPA was completed just before the current Board assumed its duties in May 2006, and it has been informed and participated in implementation discussions over the last 12 months.

The formation of FWPA has been supported by the Board of the FWPRDC as it has been seen as;

- (a) a logical evolution of the functions of the FWPRDC through the industry intent to support generic marketing and promotion and,
- (b) a share holder owned not for profit company giving greater responsibility to industry in determining its own future.

It is noteworthy the FWPRDC is currently 60% industry funded, and that the proposed change aligns with the Uhrig governance review of removing the potential for conflicts of interest with Government.

The formation of the FWPA has much in common with the formation of the Egg Corporation, which resulted in a new entity that supplemented a continuing Research and Development (R and D) function with a new marketing and promotion function paid for by producers. This contrasts, for example, with the establishment of Dairy Australia, which brought together an existing marketing organisation with an existing Research and Development Corporation.

Formation of FWPA is being overseen by an Implementation Committee, including Government (DAFF), Industry (peak associations), and the FWPRDC (Executive Director and one Director).

**Legislation**

The Corporation understands the legislation deals with the same matters covered in legislation for other industry services bodies established in recent years, particularly Dairy Australia and the Egg Corporation. All assets and liabilities of the FWPRDC will be transferred to the new industry service body FWPA as part of a seamless transmission of business. All Corporation staff will be transferred to FWPA and maintain their current entitlements, with the exception of one employee who is member of the PSS and will be required to make alternative superannuation arrangements.

The expenditure by FWPA will be approximately two thirds R and D and one third marketing and promotion, and there is intended to be minimal disruption to the R and D function of the FWPRDC through this transition.

### **Statutory Funding Agreement (SFA)**

The SFA follows the template of other contemporary SFAs for industry service bodies and, the Corporation understands, SFAs currently being renegotiated with other industry service bodies.

### **Company Constitution**

The Company constitution has been developed with reference to those of other industry service bodies. It is fully compatible with the requirements of Schedule 2 of the SFA. The Board of the FWPA will be required to be skills based, with the inclusion of at least two independent Directors, and the opportunity for representatives with appropriate skills from any sector of the industry to seek membership of the Board.

### **Current Status**

Many of the major issues have been resolved around the legislation, the SFA, the State grower voluntary levy and constitution, although there remains some details to be finalised.

The Implementation Committee invited current eligible directors of the FWPRDC to become the initial Directors of FWPA, and they have agreed to do this contingent on the resolution of the outstanding issues. It is envisaged the role of this initial Board would be to establish the functionality of the new company, develop the shareholder register, and arrange for a Board selection process over a time frame of about 12 months.

Director's of the FWPRDC see this as an exciting opportunity for the forest industries, and look forward to assisting the development of FWPA. I thank the Senate Committee for the opportunity to make a submission on this important legislation for the forest industry.

A handwritten signature in black ink that reads "Ron Adams". The signature is fluid and cursive, with a long horizontal stroke at the end.

Ron Adams  
Chairman  
Forest and Wood Products Research and Development Corporation  
31 May 2007