

## **Forest and Wood Products Sector RD&E Forum Workshop - RD&E priorities and models for delivery - Park Royal, Melbourne Airport, Monday 10 February 2014**

### **Workshop Summary - Glen Kile and Chris Lafferty**

#### **Participants**

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Facilitator: Neil Fisher

#### **Introduction**

Forest and Wood Products Sector RD&E capacity and capability has been in precipitate decline in Australia in recent years. This workshop was hosted by the Forest and Wood Products RD&E Sector Forum as one step in defining and building support for a new national model.

Whilst the Forum has been considering how to respond to the Sector crisis in RD&E over the last two years, the September 2013 Australian Forest Products Association's new policy proposal **A National Institute for Forest Products Innovation** has been endorsed by the Forum as a focus for leadership and action. The workshop discussion was intended to be broader than the AFPA proposal whilst recognising it is the only significant proposal being actively canvassed with Governments at present and that the workshop discussion would cover many aspects of how the AFPA proposal might be implemented.

In addition to the Forum members, a number of additional participants were invited to help diversify the perspectives around the issues discussed. As well as the AFPA proposal a discussion paper canvassing strategic issues around sector RD&E provision was prepared and circulated to all participants prior to the workshop. Attendees were split into three groups to separately consider three key questions (see Attachment) relating to the establishment, operation and resourcing of any new model such as an Institute. This report summarises the key points from the Workshop.

#### **Priorities and focus**

- The existing National RD&E Research Priorities whilst recognized as broad in scope were viewed as an appropriate guide for a more detailed definition of future research programmes although there was seen to be a limited focus on the development of new products and markets.
- The R&D priorities needed to be connected with an industry vision. Priorities could then be more outcomes focused and include targets to improve engagement with industry and government.

- Language used to describe priorities needs to be amended to better engage the community, government and industry (renewable, sustainable, carbon positive, biomaterials, bioeconomy)
- The funding split between forest to mill and mill to market activities was supported at its current indicative 2:1 level.
- Lack of industry capacity and resources to pursue innovation and adopt new technologies was seen as a limiting step in industry advancement.

### **A New Model**

- Differing views were expressed as to whether or not the current R&D funding/institutional model was broken or if broken, to what extent. A new model could serve to reinvigorate the sector following the rapid decline in R&D capacity and in industry's ability and tolerance to adopt new technologies
- Organisations such as FP Innovations, Scion and other Australian agricultural research entities such as Australian Wine Research Institute and Sugar Research Australia have evolved under their own industry, government and political circumstances. Any new Forest and Wood Products Sector RD&E model must suit Australian needs and budgets.
- The language and terms used to describe potential models, e.g. virtual institute, hubs, spoke, nodes, research clusters, centre of excellence, institute (connotations of bricks and mortar) was seen as confusing. A centre, network or partnership possibly better alternative terms but future discussions need to be based on defined terms.
- Any proposed new model would be accountable to industry and be appropriately resourced via a sustainable and enduring funding base and not be based on an expectation of cash contributions from research providers to avoid provider capture.
- Have a mandate to support a balance of short-term industry focused and longer-term 'strategic' research activities in priority areas with a balance between competition for project funding and longer term support of primary partners in order to deal with issues such as maintaining critical mass, critical expertise and succession planning within the R&D community. e.g. Grains sector operating through long term strategic partnerships vs. project by project funding.
- Governance of any new model would depend on the mandate, source and magnitude of any new funding. FWPA could be a management agent or if significant new funds were available an incorporated entity with a skills based board with a small-centralized leadership group could be more appropriate.

## **Funding**

- Given the estimated current Sector RD&E expenditure of \$30-35 million – injecting an additional \$12-15 million per annum into a new model was seen as a realistic target
- Challenge to ask Government for new money when the existing private – public partnership (levy + matching) model was not being fully utilized.\*
- Exceptional circumstances to justify additional Government support had been stated in the AFPA proposal. Such circumstances could be addressed in a number of ways apart from the method proposed by AFPA e.g. if industry go to 0.5% R&D spend - Government could be approached to top up to 0.75% for 5 years or it could provide significant earmarked funds for R&D to support new industry developments.
- States unlikely to contribute new cash – in kind access/participation for existing capability and infrastructure the likely mechanism for State involvement recognizing no or limited State investment in industry R and D in Western Australia, South Australia, Victoria and Tasmania.
- Explore options for voluntary matching of international funds for R&D for defined programs or consortia.

\* Industry GVP in 2013 was \$1.716 billion. Levies equivalent to 0.5% GVP would be \$8.58 million and if all were invested in eligible R and D that would equate to a spend of \$17.16 million. FWPA levy income in 2012/13 was \$4.4 million.

### **A future model - Forest Industries Innovation Centre?**

1. Strategic and industry accountable.
2. Partnership, co - investment model with major investment focused on a few primary centers of capability/infrastructure to build quality and excellence in priority areas and provide partner confidence for ongoing co investment in capability.
3. Investment in domestic precompetitive R and D as well as overseas project investment /translational research /technology extension. Balance of investment between upstream and downstream.
4. Public private partnership -industry contributes at or near 0.5% GVP, 10 year commitment in first instance, additional Government support could be channeled in a number of ways.
5. Governance/management of any new model would depend on the mandate, source and magnitude of any new funding. FWPA could be the management agent or if significant new funds were available an incorporated entity with a

skills based board with a small-centralized leadership group could be established.

## **Attachment**

### **Workshop questions**

#### **1. Research priorities and focus**

- a. What are the broad research priorities for industry – are the NRPs a reasonable starting point – anything significant missing?
- b. What would be a reasonable balance between forest to mill and mill to utilization in terms of effort?
- c. What research areas/technologies should Australia focus on domestically vs internationally?

#### **2.If the old model of sector R&D is broken what might the new model look like**

- a. Is it hub and spoke or a new Scion or FP Innovations?
- b. If it is hub and spoke where or who are the primary centers of excellence /core partners?
- c. If there is to be some 'national lead entity or institute' how should it be governed?

#### **3. Long term funding**

- a. What level of funding is required (initially and say ramping up over three years)?
- b. Where should the funding come from – industry, States, Federal?
- c. What is the role of FWPA – should it be subsumed in a new structure or maintain a separate identity but be a conduit for industry funding and continuing to run other industry service projects?