

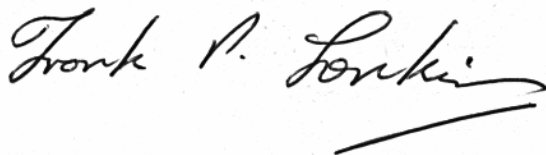
To: Chair, Planning & Budget Committee  
From: Professor Frank P. Larkins, Deputy Vice-Chancellor (Research)  
Date: 30 January 2003  
Subject: **Forestry Review**

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Attached is the final report of the Forest Review Committee. The review was conducted jointly with the State Department of Sustainability and Environment. Extensive consultations were held with interested parties, including the receipt of 43 written submissions.

The nine recommendations have the unanimous support of the Review Committee. They are designed to reposition the University as a leader in forest and ecosystem science in partnership with the State Department of Sustainability and Environment.

I commend the recommendations to the Planning and Budget Committee for adoption.

A handwritten signature in black ink, reading "Frank P. Larkins". The signature is written in a cursive style with a long horizontal stroke at the end.

**Professor Frank P. Larkins**  
Chair  
Forest Review

*Attach.*

# FORESTRY REVIEW COMMITTEE REPORT

## CONTENTS

Members of the Forestry Review Committee .....	ii
Terms of Reference .....	iii
Recommendations .....	iv
Abbreviations .....	vi
1. INTRODUCTION.....	1
1.1 Background to the Review.....	1
1.2 Reasons for Referral to the Committee .....	1
1.3 Conduct and Timeframe of the Review.....	2
1.4 Scope of the Report .....	2
1.5 Acknowledgements .....	2
2. THE FUTURE DIRECTION FOR FOREST SCIENCE.....	3
2.1 The Vision .....	3
2.2 Structural Arrangements .....	3
2.2.1 Establishment of a Collaborative Institute .....	3
2.2.2 Secondment of Personnel.....	4
2.3 Governance and Management .....	5
2.3.1 Board of Management .....	5
2.3.2 Institute Divisional Structure .....	6
2.4 Course Offerings .....	6
2.5 The Creswick Site.....	7
2.5.1 Site Leasehold Arrangements.....	7
2.5.2 Site Management.....	8
2.5.3 Risk Management.....	9
2.6 The Future Role of the School of Forestry, Creswick Limited.....	9
2.7 Research Networks and Other Linkages .....	10
2.8 Transitional Arrangements.....	10
<i>Figures</i>	
<b>Figure 1 Proposed Structure of the Institute .....</b>	<b>11</b>
<i>Appendices</i>	
<b>Appendix I Implementation Agreements .....</b>	<b>12</b>
<b>Appendix II Written Submissions to the Review .....</b>	<b>13</b>
<b>Appendix III Issues Paper.....</b>	<b>16</b>

# FORESTRY REVIEW COMMITTEE REPORT

## MEMBERS OF THE FORESTRY REVIEW COMMITTEE

### **University of Melbourne**

Professor Frank Larkins, Deputy Vice-Chancellor (Research)

Professor Bob Richardson, Dean, Institute of Land and Food Resources

Professor Ian Ferguson, Institute of Land and Food Resources

### **Department of Sustainability and Environment**

Mr Ken King, Executive Director, Forest Services Division

Dr Bruce Kefford, Executive Director, Agriculture, Department of Primary Industries

Ms Michonne Van Rees, Executive Director, Parks, Flora and Fauna\*

\*Mr Rod Gowans, Parks, Flora and Fauna, replaced Dr Van Rees from 13 August 2002

### **Alternate Members**

#### *University of Melbourne*

Professor Roger Cousens, Head of School of Resource Management, Institute of Land and Food Resources (*alternate for Professors Richardson and Ferguson*)

#### *Department of Sustainability and Environment*

Dr Martin Barlass, Acting Executive Director, Agriculture (*alternate for Dr Bruce Kefford*)

Dr Clive Noble, Director, Agriculture Victoria (*alternate for Dr Bruce Kefford*)

Dr George Riffkin, Director, Science Quality Unit, Department of Primary Industries (*alternate for Dr Bruce Kefford*)

### **Observer**

#### *University of Melbourne*

Professor Roger Cousens, Head of School of Resource Management, Institute of Land and Food Resources

### **Secretariat**

Ms Karen Barker, University Secretary's Office, University of Melbourne

Ms Margaret Brett, Science Quality Unit, Department of Primary Industries

# FORESTRY REVIEW COMMITTEE REPORT

## TERMS OF REFERENCE

### Objective:

To provide recommendations to the University of Melbourne (UoM) and the Department of Natural Resources and Environment (DNRE)<sup>1</sup> on any changes necessary or desirable to improve the quality of Education, Training and Research in Forestry conducted on the Creswick Campus and other associated research locations.

The first step in the review process would be for the UoM and DNRE to develop a shared vision for Education, Training and Research in Forestry, particularly at the Creswick Campus. The Terms of Reference will then identify the best way of delivering this shared vision.

### Terms of Reference:

- (i) To examine current structural, governance and management arrangements, including the structure and purposes of The School of Forestry Creswick Limited and the Forest Science Centre. To determine whether alternative arrangements might better serve the current and future objectives of DNRE and the UoM.
- (ii) To review ownership and property tenure relationships on the Creswick Campus, and consider how best to ensure that a sound legal framework exists for facilitating and managing tenure arrangements, capital improvements and maintenance on the Campus.
- (iii) To review the future viability of the Creswick Campus, taking account of:
  - Trends in demand for various types of education and training in Forestry and related industries;
  - Research being undertaken or likely to be undertaken by DNRE and the UoM, including research conducted by other entities in which the parties have a financial interest;
  - Current and future plans and priorities of DNRE in relation to the Campus;
  - Current and future plans and priorities of the UoM for education, training and research in Forestry; and
  - The possibility of forming partnerships with other R&D partners to fully achieve the shared vision.
- (iv) To develop comprehensive governance and management arrangements between DNRE and the UoM in relation to the future management and development of the Campus and the educational, training and research activities conducted there.

Administrative support for this Review Committee will be provided by one person each from the UoM and DNRE.

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<sup>1</sup> The successor department to DNRE is the Department of Sustainability and Environment.

# FORESTRY REVIEW COMMITTEE REPORT

## RECOMMENDATIONS

### Recommendation 1

A Forest and Ecosystem Science Institute be established to replace existing structures facilitating collaborative forest science activities between the University of Melbourne and the Department of Sustainability and Environment (DSE) with the flexibility for additional core partners to join.

### Recommendation 2

- (a) The Institute be an unincorporated joint venture headquartered at Creswick, but with activities at several other locations including Parkville and Orbost.
- (b) The Institute be known as the *Forest and Ecosystem Science Institute*.

### Recommendation 3

- (a) All DSE staff and University staff and postgraduate students located at Creswick, along with nominated staff and postgraduate students at other locations directly involved in forest and ecosystem science education and research, be seconded to the Institute.
- (b) During their secondment period, staff will remain subject at all times to the terms and conditions of their employment with the releasing organisation.

### Recommendation 4

A Board of Management for the Institute be established with the following membership—

- Two State Government Departmental representatives
- Two University of Melbourne representatives
- Two industry and community representatives
- One research higher degree student representative

The CEO of the Institute will normally be in attendance.

All members and the Chair will be appointed by agreement of the core partners.

### Recommendation 5

ILFR restructure its course offerings in Forest Science to provide the teaching for the first two or three years of bachelor programs at Parkville and honours or later year students at Creswick. Graduate and postgraduate forest-related programs will be mainly offered at Creswick.

# FORESTRY REVIEW COMMITTEE REPORT

## Recommendation 6

The approval of the Victorian Minister for Planning be obtained to—

- (a) revoke the existing Crown leasehold of the Creswick site to the School of Forestry, Creswick Limited,
- (b) reserve the land and adjacent land for the purpose of forest and ecosystem science education, training, research and development, and
- (c) subject to the University and the DSE reaching agreement on DSE access and use of the site, grant a new restricted Crown grant in favour of the University of Melbourne with leasing, licensing and development powers over the land.

## Recommendation 7

- (a) That DSE and the University agree on the terms of the access, use and management of the Creswick site by the University.
- (b) The University, through Property and Buildings, negotiate a service level agreement with the Institute.

## Recommendation 8

The University take primary responsibility for risk management, duty of care and occupational health and safety at Creswick through its policies, procedures and protocols, and assign appropriate accountabilities to the Institute.

## Recommendation 9

Following transfer of the primary functions of the School of Forestry, Creswick Limited to the Creswick Site Manager or to the Forest and Ecosystem Science Institute, as appropriate, the company cease operations.

# FORESTRY REVIEW COMMITTEE REPORT

## ABBREVIATIONS

Committee	Forestry Review Committee
DCNR	The former Victorian Department of Conservation and Natural Resources
DNRE	The former Victorian Department of Natural Resources and Environment
DSE	Victorian Department of Sustainability and Environment <i>(formerly part of the Department of Natural Resources and Environment)</i>
FSC	Forest Science Centre
ILFR	Institute of Land and Food Resources, University of Melbourne
Institute	The proposed Forest and Ecosystem Science Institute
Lease Agreement	Crown Lease between the Minister for Conservation and Environment and the School of Forestry, Creswick Limited (commenced 1 August 1994)
Melbourne Forestry	The forestry department within the School of Resource Management, ILFR
Memorandum of Association	Memorandum of Association of the School of Forestry, Creswick Limited (dated 15 June 1994)
Operations Agreement	Agreement for the Operation of the School of Forestry, Creswick Limited (dated 20 July 1994)
SFC Ltd	School of Forestry, Creswick Limited
University	University of Melbourne
UoM	University of Melbourne

# FORESTRY REVIEW COMMITTEE REPORT

## 1. INTRODUCTION

### 1.1 Background to the Review

The School of Forestry at Creswick was established by the Victorian Forests Commission in 1910 to provide training for recruits to the Forests Service. In 1979 the Forests Commission and the University entered into an agreement under which the School of Forestry was to be connected to the University as an educational establishment. In mid-1994 the present regime was introduced with the University and the former Department of Conservation and Natural Resources (DCNR) establishing the School of Forestry, Creswick Limited (SFC Ltd), a company limited by guarantee.

The primary role of the company is to conduct and support education, training and research in forestry, resource conservation and forest industries. Initially, the establishment of the company provided a vehicle for the parties to offer important new technical courses in forestry (for example, the Advanced Diploma of Forestry Management). The company continues to provide non-award and industry courses, Advanced Diploma, TAFE and VET courses.

Another major reason for the creation of the company was to simplify the joint arrangements for managing the Creswick site. Under the Operations Agreement signed in July 1994, the University and DCNR transferred to SFC Ltd the operation of Creswick and most of the assets. At the same time the SFC Ltd was granted a 42-year Crown Lease of the Creswick site. The express purpose of the lease was to allow SFC Ltd to operate the School of Forestry at Creswick in accordance with the objects set out in its Memorandum of Association. Those objects are expressed very broadly in the Memorandum and include the operation and management of the Creswick site.

Apart from the company, both parties have maintained a separate presence at Creswick: the University through its undertaking in the Operations Agreement to conduct two years of the four-year Bachelor of Forest Science (or equivalent) at Creswick, and through postgraduate and staff research; and DSE primarily through its research interests. In addition, both parties are also represented in a separate joint arrangement at Creswick through the Forest Science Centre, a research centre with an international reputation for quality research and research training. The Forest Science Centre was established under a Memorandum of Understanding signed in June 1999 but is yet to be formalised in a legally binding agreement.

### 1.2 Reasons for Referral to the Committee

This review was commissioned jointly by the University and DSE in May 2002 in view of the increasing complexity of the joint relationship, particularly at Creswick where it has given rise to lack of clarity in responsibilities and lines of management. The University and DSE are also concerned over the decline in undergraduate

# FORESTRY REVIEW COMMITTEE REPORT

student enrolments, and the potential impact of this on postgraduate and other research and the future viability of the joint arrangement.

## 1.3 Conduct and Timeframe of the Review

In June 2002 the University and DSE agreed to the establishment of a Review Committee of six members, three appointed by DSE and three by the University, with an administrative secretary each in addition. The terms of reference received the necessary University and Departmental approvals in July 2002.<sup>2</sup>

The Committee circulated an Issues Paper on 13 September inviting submissions by 14 October 2002 (see Appendix III). The Issues Paper was distributed to all staff and students at Creswick, the Forest Science Centre, Melbourne Forestry and the School of Forestry, Creswick Limited, as well as more than twenty industry stakeholders. An information session for staff and students was conducted by the Committee at Creswick on 23 September 2002.

The Committee received 43 submissions and these are listed at Appendix II. Submissions were placed on the University's web-site for ease of access by the public.<sup>3</sup>

## 1.4 Scope of the Report

This report concentrates on key issues raised in the Issues Paper and in submissions. The Committee's recommendations are aimed at devising the optimal structure to enable the University and the DSE jointly to pursue their core activities of forest and ecosystem science education, training, research and development. The Committee is aware that 'the devil is in the detail' and for this reason advocates that working parties be formed in which staff and students can participate in determining the best ways to give effect to the Committee's recommendations.

## 1.5 Acknowledgements

The Committee thanks all those individuals and organisations who made submissions.

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<sup>2</sup> In the course of the Review, the Department of Natural Resources and Environment was restructured to form the separate Department of Primary Industries (DPI) and the Department of Sustainability and Environment (DSE). This Report refers throughout to DSE as the successor Department.

<sup>3</sup> <http://www.unimelb.edu.au/unisec/forestsub/>

# FORESTRY REVIEW COMMITTEE REPORT

## 2. THE FUTURE DIRECTION FOR FOREST SCIENCE

### 2.1 THE VISION

The management of Australia's forests, including plantations, resource conservation, harvesting and reforestation, requires technical and professional expertise encompassing science, economics and sociology within a clear policy framework. DSE and the University seek through a collaborative venture to establish an Institute recognised for its excellence in education, training and research in forest science and related fields, including ecosystem management.

The Institute will provide a focal point for national and international engagement with other bodies dedicated to forest science, resource conservation and sustainable management, including research institutions, universities, forest industries and community groups. The Institute will operate within a framework of policies, goals and priorities established by the core parties through a Board of Management. The outcomes expected are high quality education and training tertiary programs at various levels, as well as leading edge research and development linked with consultancy services to industry and the community to achieve international recognition for Australian forest science and resource management.

### 2.2 STRUCTURAL ARRANGEMENTS

#### 2.2.1 Establishment of a Collaborative Institute

To realise the vision for the growth of forest and ecosystem sciences in Victoria a body is required that has the capacity to embrace activities of a multidisciplinary nature at several locations in Victoria with the potential through strategic partnerships to foster research and development networks at both the national and international levels.

#### RECOMMENDATION 1

**A Forest and Ecosystem Science Institute be established to replace existing structures facilitating collaborative forest science activities between the University of Melbourne and the Department of Sustainability and Environment with the flexibility for additional core partners to join.**

The Institute would be a joint venture alliance between DSE and the University in the first instance and structured to enable other bodies with congruent education and research agendas to join as core partners. It is envisaged that Institute activities would be transacted on several sites and have headquarters at Creswick.

# FORESTRY REVIEW COMMITTEE REPORT

The principal task of the Institute would be to provide leadership for forest science in the broadest sense and to integrate research and student training activities directed towards forest industries and the management of forest ecosystems.

The name of the collaborative institute is the subject of considerable interest. The Committee seeks a name that is sufficiently broad to include the major areas of activity: forest-related biodiversity, conservation biology, molecular genetics, fire prevention and management, resource management and ecosystem science. While this matter is not fully resolved, it was agreed by the Committee that an appropriate initial designation for the Institute would be the Forest and Ecosystem Science Institute.

The Committee considered the benefits from establishing the Institute as a company limited by guarantee or as an unincorporated joint venture. It was noted that DSE and the University had already established a successful partnership in crop science and related fields through a joint venture structure known as the Joint Centre for Crop Innovation. It was concluded that the desired governance and management arrangements could be achieved through an unincorporated structure for the Institute. Such a structure was more compatible with the resolve to second staff to the Institute and in achieving flexibility for core partners.

## RECOMMENDATION 2

- (a) **The Institute be an unincorporated joint venture headquartered at Creswick, but with activities at several other locations including Parkville and Orbost.**
- (b) **The Institute be known as the *Forest and Ecosystem Science Institute*.**

### 2.2.2 Secondment of Personnel

The Committee considers that secondment is an essential prerequisite to achieving a more integrated and coherent management arrangement. The policy of secondments to the Institute should focus on Creswick in the first instance with extension to nominated personnel at other sites as appropriate.

The Committee noted that submissions responding to the issue of staff secondment to the Institute were strongly in favour of this proposal. However, there was some concern about a possible loss of entitlements. Several submissions sought assurances that staff would retain existing terms and conditions and superannuation entitlements, and called for clearly defined secondment agreements. The CPSU was particularly concerned about the possibility of CPSU members losing the benefits of public service employment. The Committee considers that all secondments should be processed on the basis that staff and students will retain full employee entitlements from the parent employer.

# FORESTRY REVIEW COMMITTEE REPORT

The Committee also noted that the 1994 Operations Agreement had originally provided for the secondment of DSE and University staff at Creswick into the SFC Ltd, but that this had never eventuated.

## **RECOMMENDATION 3**

- (a) All DSE staff and University staff and postgraduate students located at Creswick, along with nominated staff and postgraduate students at other locations directly involved in forest and ecosystem science education and research, be seconded to the Institute.**
- (b) During their secondment period, staff will remain subject at all times to the terms and conditions of their employment with the releasing organisation.**

## **2.3 GOVERNANCE AND MANAGEMENT**

### **2.3.1 Board of Management**

It is important that the Institute has a governance structure that provides guidance to the Executive Management Group on the implementation of policies and priorities consistent with the aspirations of the core parties for Institute outcomes. Details of the Terms of Reference for the Board and reporting arrangements to the core partners will need to be developed following further discussions.

It is envisaged that the Board would be responsible *inter alia* for priority setting and strategic policy advice to the core partners as well as management oversight of the Institute. The Institute Director would be responsible for day-to-day operational management of the Institute.

## **RECOMMENDATION 4**

**A Board of Management for the Institute be established with the following membership—**

- Two State Government Departmental representatives**
- Two University of Melbourne representatives**
- Two industry and community representatives**
- One research higher degree student representative**

**The CEO of the Institute will normally be in attendance.**

**All members and the Chair will be appointed by agreement of the core partners.**

# FORESTRY REVIEW COMMITTEE REPORT

## 2.3.2 Institute Divisional Structure

It is proposed that the Institute be structured for operational purposes into four divisions:

- Corporate Services Division
- Academic Programs Division
- Research and Research Training Division
- Development and Forest Industries Division

Each Division would have a Head who, along with the CEO, would form the Executive Management Group with responsibility for the day-to-day management of the Institute.

The Head of each Division would be expected to establish a consultative group of the senior participants principally from within the Division.

The Institute is encouraged to establish an Industry and Community Advisory Committee of six to ten people principally drawn from client groups.

An outline of the proposed structure of the Institute is presented in Figure 1 (see page 11). Further discussions are required on details of the responsibility of each division.

## 2.4 COURSE OFFERINGS

There is a requirement for a range of courses to be offered at various levels to address student demands for forest and ecosystem science education. It is appropriate that TAFE, Higher Education (Undergraduate and Postgraduate) and non-award extension courses be offered. The Academic Programs Division should have principal responsibility for the delivery and quality of all the award and non-award coursework programs, but there is also a role in this for the Development Programs Division.

The declining student demand for the four-year Bachelor of Forestry is of major concern. The proposed change of name to Bachelor of Forest Science is, of itself, unlikely to provide a complete reversal of demand so a more comprehensive restructuring is required to achieve a financially viable and sustainable undergraduate education program.

The Institute of Land and Food Resources currently offers a Bachelor of Resource Management and the Faculty of Science offers a Bachelor of Science in Environmental Science. These courses are viewed by some staff as competitors to any undergraduate forest science offering. At a minimum, consolidation to some common core of subjects with electives between the Bachelor of Forest Science and the Bachelor of Resource Management is appropriate. An imperative in redesigning educational offerings will be to provide cost effective coursework programs. A proposal involving coursework delivery at Parkville and Creswick is being

# FORESTRY REVIEW COMMITTEE REPORT

developed. It is considered desirable to have an award structure that permits direct entry from VCE or equivalent as well as lateral entry for graduates with suitable science-oriented degrees. Subject to a market analysis to establish sufficient demand, there is merit in the University, through the Forest and Ecosystem Science Institute, offering at Creswick postgraduate certificate, diploma and masters degree by coursework award courses in Forest Science and Management.

## RECOMMENDATION 5

**ILFR restructure its course offerings in Forest Science to provide the teaching for the first two or three years of bachelor programs at Parkville and honours or later year students at Creswick. Graduate and postgraduate forest-related programs will be mainly offered at Creswick.**

The Advanced Diploma of Forestry Management currently offered at Creswick enjoys strong support from students and should be retained.

## 2.5 THE CRESWICK SITE

Current leasehold, site management and risk management structures at Creswick are limiting the collaboration between the University and DSE and diverting attention from growth in the core activities of education, training and research. The Committee considers that an alternative structure, in which responsibility for site-related issues is decoupled from the other functions of the proposed Institute, would provide a better model for implementing the collaborative vision.

The impact of this arrangement on the role of SFC Ltd is set out in section 2.6 of this Report (see page 9).

### 2.5.1 Site Leasehold Arrangements

The Committee considers that there are significant advantages to granting the University control of the site through a restricted Crown grant. The site includes land currently leased to the SFC Ltd under a 42-year Crown lease and other adjacent land subject to licence agreements with SFC Ltd.

The two major benefits flowing from this arrangement are: firstly, that primary responsibility for the management of the Creswick site would devolve to the University, allowing the parties to divest site management from the other functions of the Institute; and secondly, that it allows the parties to clarify and simplify duty of care and risk management responsibilities at Creswick.

The revoking of the current lease and the granting of a Crown grant of land to the University would be made conditional on DSE access and use of the site for the purposes of the collaboration.

# FORESTRY REVIEW COMMITTEE REPORT

## RECOMMENDATION 6

**The approval of the Victorian Minister for Planning be obtained to –**

- (a) revoke the existing Crown leasehold of the Creswick site to the School of Forestry, Creswick Limited,**
- (b) reserve the land and adjacent land for the purpose of forest and ecosystem science education, training, research and development, and**
- (c) subject to the University and DSE reaching agreement on DSE access and use of the site, grant a new restricted Crown grant in favour of the University of Melbourne with leasing, licensing and development powers over the land.**

### 2.5.2 Site Management

The transfer of the Creswick site to the University would give the University primary responsibility for site management.

The University, through its Property and Buildings Department, would negotiate a service level agreement with the Institute under which Property and Buildings would provide all services related to the ongoing maintenance and management of buildings, property, infrastructure and services at Creswick. This arrangement would bring site management at Creswick into line with other ILFR campuses.

An agreement between the University and DSE would set out the terms of the access, use and management of the Creswick site by Property and Buildings, and the contributions between the parties towards site and building management costs.

This arrangement would remove the current impediments to University contributions to the service and maintenance arrangements at Creswick, and relieve SFC Ltd from the burden of having to fund major repairs and improvements to buildings and roads.

Property and Buildings, through its Manager, Rural Properties, would be responsible for staff involved in the provision of property and service functions at Creswick.

## RECOMMENDATION 7

- (a) That DSE and the University agree on the terms of the access, use and management of the Creswick site by the University.**
- (b) The University, through Property and Buildings, negotiate a service level agreement with the Institute.**

# FORESTRY REVIEW COMMITTEE REPORT

## 2.5.3 Risk Management

The transfer of the Creswick site to the University would confer upon the University primary responsibility for duty of care, risk management and occupational health and safety obligations and would bring the University's management protocols on OHS and compliance to the property.

This would also allow the University to apply Safety Map standards campus-wide at Creswick, and remove some of the confusion attendant upon the current tripartite arrangements between the University, DSE and the SFC Ltd. It would also satisfy University protocols preventing the delegation of duty of care and risk management responsibilities.

### **RECOMMENDATION 8**

**The University take primary responsibility for risk management, duty of care and occupational health and safety at Creswick through its policies, procedures and protocols, and assign appropriate accountabilities to the Institute.**

## 2.6 FUTURE ROLE OF THE SCHOOL OF FORESTRY, CRESWICK LIMITED

Consequent on the resolution of Creswick site management issues and the establishment of the Forest and Ecosystem Science Institute, many of the current functions of SFC Ltd would be transferred to the Development and Forest Industries Division with responsibilities including:

- Promotion of the Institute's expertise and achievements including extension courses
- Development of community engagement programs
- Media relations
- Marketing
- Forest industries liaison
- Consulting services
- Intellectual property management
- Technology transfer management

Following a transitional period SFC Ltd would cease operations. There may be a sound business case to establish a specialist company for the provision of consulting services and the management of technology development projects once the Institute is established.

### **RECOMMENDATION 9**

**Following transfer of the primary functions of the School of Forestry, Creswick Limited to the Creswick Site Manager or to the Forest and Ecosystem Science Institute, as appropriate, the company cease operations.**

# FORESTRY REVIEW COMMITTEE REPORT

## 2.7 RESEARCH NETWORKS AND OTHER LINKAGES

There are several attractive opportunities at the national and international levels for DSE and the University, through the new Institute, to engage in collaborative ventures in the forest science field. The highest priority will be to progress negotiations with CSIRO with a view to achieving an increased concentration of expertise in forestry and related fields at the Creswick site. Opportunities have been identified for involving Tasmanian, Queensland, New Zealand and Canadian institutions and the Australian National University in the Institute's teaching and research activities. An increased focus on collaborative research ventures should provide new opportunities for all parties.

## 2.8 TRANSITIONAL ARRANGEMENTS

It is envisaged that a realistic timeframe to implement the various structural changes outlined in the report would be to obtain approval from the University and DSE to proceed by April 2003.

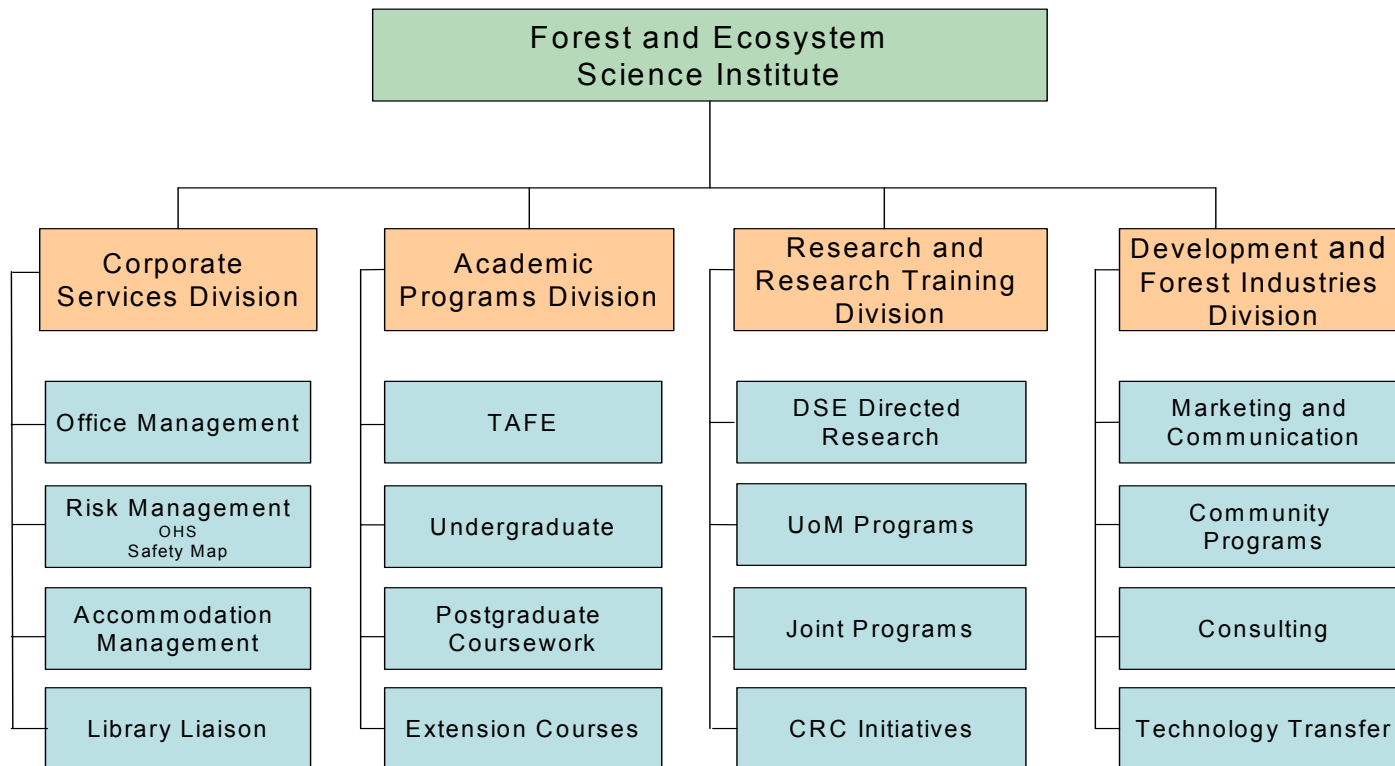
The target date for the Institute to commence operation should be 1 July 2003.

Academic course changes should be made by July 2003 to enable new and revised courses to be offered in 2004. Course offerings in Forest Science and Management should be reviewed in 2006.

The School of Forestry, Creswick Limited should continue with its present functions until the various agreements enable a progressive phase down and transfer of responsibilities.

# FORESTRY REVIEW COMMITTEE REPORT

**FIGURE 1**  
**PROPOSED STRUCTURE OF THE INSTITUTE**



# FORESTRY REVIEW COMMITTEE REPORT

## APPENDIX I

### IMPLEMENTATION AGREEMENTS

In order to give effect to the recommendations in this Report the following Agreements are required:

#### 1. Stakeholders Agreement

The Stakeholders Agreement would be signed by all core parties and address the following issues (intended as a guide only):

1. Establishment of the Institute
2. Term of Institute
3. Objectives of the Institute
4. Location of Activities and Access
4. Secondment of Personnel
5. Service Agreement
6. Institute Organisation
  - 6.1 Management Structure
  - 6.2 Board of Management
  - 6.3 CEO and Directors
  - 6.4 Executive Management Group
7. Operational Management
  - 7.1 Budget
  - 7.2 Financial Contributions
  - 7.3 Financial Reporting and Accounting
  - 7.4 Business Plan
  - 7.5 Assets
8. Divisional Structure
  - 8.1 Academic Programs
  - 8.2 Research and Research Training
  - 8.3 Development and Forest Industries
9. Intellectual Property
10. Confidentiality
11. Risk Allocation
12. Termination of Agreement
13. Dispute Resolution

#### 2. Service Agreement

The Service Agreement would be signed by all core parties or by the Board on their behalf under appropriate delegations of authority.

Under this agreement the University would undertake, through Property and Buildings, to provide the Institute with all services related to the ongoing maintenance and management of buildings, property, infrastructure and services at Creswick.

# FORESTRY REVIEW COMMITTEE REPORT

## APPENDIX II

### WRITTEN SUBMISSIONS TO THE REVIEW

[www.unimelb.edu.au/unisec/forestsub/](http://www.unimelb.edu.au/unisec/forestsub/)

NO.	NAME AND ORGANISATION
-----	-----------------------

1	Ian Wild Research Fellow, Melbourne Forestry, ILFR
2	Associate Professor Steve Read Associate Dean (Coursework), ILFR
3	Val Pollard Head, School of Vocational Education and Training and Director of TAFE, ILFR
4	Ernie Rider Queensland Department of Natural Resources and Mines
5	Amanda Ashton Department of Natural Resources and Environment
6	Oliver Raymond
7	CONFIDENTIAL
8	Rowan Reid Senior Lecturer, School of Resource Management, ILFR
9	Val Pollard ( <i>supplementary</i> ) Head, School of Vocational Education and Training and Director of TAFE, ILFR
10	Professor Peter Vinden Head, Melbourne Forestry, ILFR, and CEO CRC Wood Innovations
11	Jeff Primmer Business Manager, School of Forestry, Creswick Limited
12	CONFIDENTIAL
13	John Perkins Senior Lecturer, School of Resource Management, ILFR
14	Peter Shepherd CEO, School of Forestry, Creswick Limited and Barry Smith President, School of Forestry, Creswick Limited Board of Management
15	Rod Griffin Director, CRC for Sustainable Production Forestry, CSIRO Tasmania
16	CONFIDENTIAL

# FORESTRY REVIEW COMMITTEE REPORT

## NO. NAME AND ORGANISATION

---

- 17 Dr Lauren Bennett  
Dr Alan York  
Dr Tina Bell  
Dr Sabine Kasel  
Dr Cecilia Blomstedt  
and Dr Stefan Arndt  
Forest Science Centre
- 18 Professor Peter Kanowski  
Head, School of Resources Environment and Society, Australian National University
- 19 Roger Boness  
Community and Public Sector Union (CPSU)
- 20 Dr Glen Kile  
Executive Director, Forest and Wood Products Research & Development Corp
- 21 Heather Crompton  
President, Institute of Foresters of Australia
- 22 Katherine Whittaker  
Judi Walters  
Kim Van Beveren  
Andrew Merchant  
and Andrew Nicholls  
Postgraduate Students, University of Melbourne
- 23 Lynda Poke  
Business Manager, Forest Science Centre
- 24 Helen Newton  
Information Division, University of Melbourne
- 25 Peter Fagg  
Institute of Foresters of Australia
- 26 Sue Vinden  
School of Resource Management, ILFR
- 27 Rob Campbell  
Senior Research Scientist, Division of Forestry, DNRE
- 28 Amy Davidson  
Undergraduate student, University of Melbourne
- 29 CONFIDENTIAL
- 30 CONFIDENTIAL
- 31 Professor Mark Adams  
Director, Forest Science Centre
- 32 Simon Murphy on behalf of staff  
Forest Science Centre, DNRE, Heidelberg
- 33 Andrew Callister  
President, Creswick Postgraduate Student Club, University of Melbourne

# FORESTRY REVIEW COMMITTEE REPORT

## NO. NAME AND ORGANISATION

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- 34 Kevin White  
CEO, Hancock Victorian Plantations Pty Limited
- 35 Dr Gerd Bossinger  
Research Fellow, School of Resource Management, ILFR; and Forest Science Centre  
*and* Dr Chris Weston  
Senior Lecturer, School of Resource Management, ILFR; and Forest Science Centre
- 36 Janet Beard  
General Manager, ILFR
- 37 CONFIDENTIAL
- 38 CONFIDENTIAL
- 39 Jerry Leech  
Forestry Systems (Mt Gambier) and Principal Fellow University of Melbourne
- 40 Tony Bartlett  
CEO, ACT Forests
- 41 Peter Juniper  
CEO, Plantation Timber Association of Australia
- 42 Evan Rolley  
Forestry Tasmania
- 43 Michael J Taylor  
Secretary, Commonwealth Department of Agriculture, Fisheries and Forestry

### ISSUES PAPER

## Forestry Review Committee Issues Paper

### Invitation

This paper has been prepared as a stimulus for consultations and advice regarding the future direction of forestry and associated activities. The aim is to develop a blueprint for the future. Submissions are invited in response to this paper by **14 October 2002**. All submissions will be available for public perusal unless marked confidential. Please forward submissions (preferably by email or on disk) to:

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Forestry Review Committee  
University Secretary's Office  
Level 6, Raymond Priestley Building  
University of Melbourne VIC 3010  
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The Terms of Reference (ToR) are provided at Attachment A.

## 1. The Forestry Vision

The University of Melbourne (the University) and the Victorian Department of Sustainability and Environment (DSE) wish to extend their existing collaboration for the provision of forestry resources and expertise in order to develop at Creswick and other related sites a premium teaching, training and research facility for forest science, forest management and forest industries.

The University and the DSE wish to take a more integrated approach to their existing collaboration, to build a more flexible organisation able to adapt to an evolving industry, to increase co-operation with other industry organisations, and to promote national and international links.

As well as reviewing current issues at Creswick and related sites, it is vital that any new arrangements are forward looking and provide the best framework to implement the future vision for the site.

### **The Australian Institute for Forestry**

For ease of reference, and to distinguish it from previously existing arrangements, in this Issues Paper the collaborative facility is tentatively titled the Australian Institute for Forestry.

# FORESTRY REVIEW COMMITTEE REPORT

## 2. Existing Arrangements

Information about existing joint arrangements between the University and the DSE can be obtained from the following websites:

School of Forestry, Creswick Ltd:	<a href="http://www.sfc.edu.au/">http://www.sfc.edu.au/</a>
Institute of Land and Food Resources:	<a href="http://www.forestry.unimelb.edu.au/Creswick.htm">http://www.forestry.unimelb.edu.au/Creswick.htm</a>
Forest Science Centre:	<a href="http://www.forestsciencecentre.vic.gov.au/">http://www.forestsciencecentre.vic.gov.au/</a>

## 3. Issues

The issues are divided into eight parts. The first three deal with the framework for future collaboration between the University and DSE, which obviously will have implications for the remaining issues relating to site leasehold and maintenance arrangements; education and training; research and research training; and industry and community links. While these issues principally relate to Creswick as the headquarters of the organisation, they also have implications for staff at related sites.

### 1. STRUCTURAL ARRANGEMENTS

Under the Terms of Reference (ToR (i)) the Review Committee is to examine structural, governance and management arrangements to determine whether alternative arrangements might better serve the objectives of the University and DSE at Creswick and related sites.

The first issue is to determine the structure that best supports the parties in their primary aim of creating the premium Australian teaching, training and research facility for forest science and forest management. The key objective in determining the appropriate framework for collaboration is to achieve a more integrated and coherent governance and management structure in which a single controlled entity oversees all forest-related activities on the site.

#### Issue 1

- 1.1 Should the existing company be restructured to the Australian Institute for Forestry with an expanded role?**
- 1.2 Should the new collaborative entity be created as an unincorporated association to replace the existing company? If so, how should it operate?**

Under option 1.1 the existing company would be renamed and restructured, with appropriate amendments to the Memorandum of Association and Articles of Association to reflect the new mission and the changes in powers and obligations.

Under option 1.2 the Australian Institute for Forestry would not be a legal entity, and it would be necessary for the parties to nominate an agent to preside over the conduct of legal activities such as legal agreements. As a non-legal entity, it would not be possible for the Institute to enter into a lease agreement with the Crown for the Creswick site. Other arrangements would therefore need to be developed and reference is made to some aspects of these later in the paper.

# FORESTRY REVIEW COMMITTEE REPORT

## 2. GOVERNANCE AND MANAGEMENT ARRANGEMENTS

Under the Terms of Reference (ToR (iv)) the Review Committee is to develop comprehensive governance and management arrangements in relation to the future management and development of forestry related activities at Creswick.

The Review Committee has identified four areas of core responsibility to be discharged by the Australian Institute for Forestry. These areas could form operating divisions of the company.

1. Business Administration and Asset Management
2. Education and Training
3. Research and Research Training
4. Industry and Community Links

In keeping with the key objective of a more integrated governance and management structure, the Australian Institute for Forestry would have oversight of all these core activities. The issue before the Review Committee is how the Institute would manage these activities, for example, through an executive board of management, with a leadership team of senior managers providing strategic direction in each of the core areas and reporting through the CEO to the board.

### Issue 2

- 2.1 **How is the Institute to discharge its responsibilities in relation to the four areas of core responsibility?**
- 2.2 **What leadership team and reporting requirements should be established?**
- 2.3 **Is an alternative management structure to be preferred?**
- 2.4 **What appropriate financial arrangements should be made in respect of joint and separate areas of responsibility?**

## 3. HUMAN RESOURCES AND RISK MANAGEMENT

At present, staff at the Creswick site comprise academic, research and general staff of the University, employees of the Department, staff employed jointly by the University and the Department, and staff employed by the SFC Ltd.

There is a related need for clear policy and lines of responsibility regarding duty of care and risk management issues and strategies.

### Issue 3

- 3.1 **Should the Australian Institute for Forestry become responsible for the direction of all staff of the Institute, including duty of care and risk management responsibility, with all staff being seconded to the Institute under relevant University or DSE awards?**

# FORESTRY REVIEW COMMITTEE REPORT

- 3.2 What alternative staffing arrangements to ensure duty of care and risk management responsibilities are discharged should be considered?**
- 3.3 What strategic arrangements should be established to govern risk management, duty of care and other liability issues to the satisfaction of the University, DSE and the Institute?**

## **4. SITE LEASEHOLD , CAPITAL IMPROVEMENTS AND ASSET MANAGEMENT**

Under the Terms of Reference (ToR (ii)), the Review Committee is to review ownership and property tenure on the Creswick site and to ensure a sound legal framework exists for facilitating and managing tenure arrangements, capital improvements and maintenance.

Currently the Creswick site is occupied by the School of Forestry, Creswick Ltd under a 42-year Lease agreement with the Crown (expiring 2036) for the purposes of operating the School of Forestry Creswick in accordance with the company's objects listed in the Memorandum of Association. The primary objects listed in the Memorandum of Association are to operate and manage the Creswick site, and to provide education, training and research in forestry, resource conservation and forest industries.

If the SFC Ltd is wound up or dissolved with a view to establishing an unincorporated association, the purposes of the current lease obviously fail and a new agreement regarding the site would have to be negotiated. It is noted that while the site remains Crown land, a suitable legal entity is required to lease the site from the Crown, and that an unincorporated association could not enter into a lease agreement. One option is to investigate the possibility of the site being transferred to one of the parties with other parties occupying the site under a series of 'Host' agreements.

If a corporate structure is retained, the question remains whether the current leasehold arrangements will have an inhibiting effect on capital improvement to the site. Recent capital investments seem to suggest that this would not be the case. Both the University and the DSE have recently made some substantial capital contributions to the site which, under the terms of the current lease, belong to the Crown. Again, a transfer of title to one or other of the parties provides one means of circumventing this situation.

The Establishment Agreement requires the University and the DSE to transfer ownership of certain assets listed at Annexure 2 of Schedule C to SFC Ltd, and to offer long-term loans on certain other assets. The Operations Agreement includes an Assets Register corresponding to Annexure 2 of the Establishment Agreement. The transfer of assets relates to fixtures and fittings and does not include land and buildings. The Lease provides that that all fittings, plant, machinery, utensils, shelving, counters, safes and other materials or articles (except fixtures and fittings of a structural nature) remain the property of SFC Ltd. If SFC Ltd is wound up, the Memorandum of Association provides that the net assets must be transferred to the University and applied for the promotion of forestry and land management education.

# FORESTRY REVIEW COMMITTEE REPORT

## Issue 4

- 4.1 What are the possible advantages and disadvantages of:
- (a) retaining the existing 42-year Lease between the company and the Crown,
  - (b) arranging for the transfer of the Creswick site to the University or DSE?
- 4.2 Do current asset management practices require revision?

## 5. MAINTENANCE / DEVELOPMENT

Under the Terms of Reference (ToR (ii)) the Review Committee is to ensure a sound legal framework exists for facilitating and managing maintenance on the Creswick site.

SFC Ltd is currently finalising negotiations for a Services Agreement with the Forest Science Centre (FSC) which aims to comprehensively set out maintenance arrangements and services fees for the buildings used by the FSC at Creswick.

Current maintenance arrangements with the University operate under a less formal exchange of letters, although a formal legal basis was envisaged under the Operations Agreement (executed 19 July 1994). Under the Operations Agreement the University promises to pay SFC Ltd an annual charge for the use of the premises, facilities and services and SFC Ltd promises to provide the University with certain Services set out in Annexure 4 and calculated in accordance with its provisions. However, Annexure 4 provides no formula for calculating the services fee beyond 1994, nor does it itemise the services for which the fee is to be charged.

The site Master Plan for the Creswick location is to be revised to ensure that any asset and infrastructure development proposals are in the best location to complement current assets and any expansions are fully co-ordinated.

## Issue 5

5. What provision should be made to establish comprehensive and legally binding services agreements applicable throughout the site under which the proposed Institute provides maintenance services to various users of the site?

## 6. EDUCATION AND TRAINING

Under the Terms of Reference (ToR (iii)) the Review Committee is to take into account trends in demand for various types of education in forestry and related industries.

At present two years of the University's four-year Bachelor of Forestry (formerly Forest Science) degree is conducted at Creswick, as provided under the Operations Agreement. The University also delivers other award courses at Certificate, Diploma, Bachelor, Master and Doctoral level. The sorts of courses made available, and the structures of advancement between course levels, should be flexible enough to accommodate the changing focus of the

# FORESTRY REVIEW COMMITTEE REPORT

forestry industry and, in particular, the growing interest in forest management and environmental and ecological issues.

The SFC Ltd currently offers a number of non-award courses and these are dealt with at Issue 8.

## Issue 6

- 6.1 **What trends are forecast in the demand for forestry courses?**
- 6.2 **What types of forestry courses should the University offer through the Australian Institute for Forestry in view of current and projected client demand and trends in forest industries, with what kinds of structures for advancement between course levels?**
- 6.3 **Are the existing structures within the University suitable to deliver the education and training programs envisaged for the future?**

## 7. RESEARCH AND RESEARCH TRAINING

Under the Terms of Reference (ToR (iii)) the Review Committee is to take into account research being undertaken or likely to be undertaken by the parties including through entities in which the parties have a financial interest.

Under the current arrangements, it was envisaged that most research activities at Creswick would be conducted through the Forest Science Centre (FSC).

There seems to be a general confusion that the Forest Science Centre is the Creswick-based arm of the DSE's Forest Science Centre, a unit within the Forest Service Division. The DSE part of the FSC also has staff and assets located in other parts of the State. While the FSC shares the same name as the DSE unit, the FSC was established as an unincorporated association jointly between the University and the DSE under a Memorandum of Understanding dated 8 July 1999. The confusion is not helped by the fact that the FSC is referred to in that Memorandum as a Centre for Forestry and Forest Ecology Research. The present name of the centre was only finalised in February 2000, when the Vice-Chancellor of the University wrote to the Acting Secretary of DSE endorsing the Forest Science Centre as the proposed name. The name sharing makes it difficult to differentiate joint FSC matters from DSE matters, and leaves room for confusion about some appointments, management and financial matters.

The Memorandum of Understanding was never consolidated into a legally binding agreement, and although it provides written evidence of the intentions of the parties with regard to the management and operation of the FSC, it does not purport to be definitive and many significant details about arrangements are not dealt with in the document.

Under the new structure proposed there would be a Forestry Research and Research Training Division within the Australian Institute for Forestry replacing the joint Forest Science Centre.

# FORESTRY REVIEW COMMITTEE REPORT

## Issue 7

- 7.1 **Should the functions and roles of the “joint Forest Science Centre” be replaced by the Forest Research and Research Training Division?**
- 7.2 **How should this division be structured to accommodate the range of research activities envisaged? For example, joint collaborative programs, partner independent programs, contract research programs, co-operative research centre activities?**
- 7.3 **How should the Institute seek to involve staff from faculties other than ILFR and DSE in forest science projects?**
- 7.4 **How can the different intellectual property policies be reconciled for collaborative research?**

## 8. INDUSTRY AND COMMUNITY LINKS

Under the Terms of Reference (ToR (iii)) the Review Committee is to consider the possibility of the Institute forming partnerships with other R&D partners in order to fully achieve the collaborative vision.

Consultancies and fee for service agreements currently provide one source of income for SFC Ltd, and these could be extended. The Australian Institute for Forestry should also be able to forge alliances with industry and community groups, for teaching, research and commercial purposes. The SFC Ltd and the University also currently offer a number of non-award courses in forestry such as Environmental Care, Chainsaw Operation, and Master Tree Grower; the latter in partnership with local groups.

## Issue 8

- 8.1 **Is it appropriate for the Australian Institute for Forestry to offer non-award courses for continuing education and, if so, what courses should be offered?**
- 8.2 **Would the administration of non-award courses be more appropriately dealt with under the Industry and Community Links division?**
- 8.3 **What industry and community alliances should the Institute seek?**
- 8.4 **Should these include links with other academic and research institutions in forest science education and research?**
- 8.5 **What sort of consultancy expertise should be developed and promoted by the Institute?**