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TIMBER LINK[®]

AUSTRALIA | NEW ZEALAND

Company & Industry News

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TIMBER LINK
AUSTRALIA | NEW ZEALAND

Timberlink Australia
Telephone 1800 088 135
www.timberlinkaustralia.com.au

Timberlink New Zealand
Telephone + 64 3 520 6240
www.timberlinknz.co.nz

Talking Timber with Governments

As a major manufacturer, investor and employer in Australian and New Zealand regional economies, we manage relationships with many different stakeholders, including government. We understand and value the importance of maintaining good relationships with government from local through to federal level. The long-term viability of both Timberlink and the timber industry is important to our customers, people and suppliers, which is why it is important for our politicians to understand the valuable contribution the timber industry makes to the economy.

Road and port infrastructure, industry training and development programs are all areas that the government can influence. Helping governments better understand the timber industry will give them the ability to consider our needs in decision making.

At a local level, we see real value for both parties in hosting local and state Members of Parliament and Ministers on visits to our mills, where they can see first-hand how these operations work and interconnect with their local electorates in terms of investment, employment and community well-being and health. In July, for example, Tasmanian Minister Michael Ferguson (Member for Bass, Minister for Health and Minister for Information Technology & Innovation), visited our Bell Bay mill in Northern Tasmania. Chatting with two of our senior managers, Trevor Innes and David Oliver, the Minister learnt that we will shortly be investing in a Cant Grader, costing around \$700,000. This innovative grading tool, has X-Ray and acoustic technology that provides precise detail of the cant (the middle, large part of the log remaining after removal of the sideboards), allowing for the best value to be created from every single log. The Minister also toured the mill, where he witnessed some of the mill's 190 employees in action.



New Zealand's Trade Minister, Honourable Todd McClay (centre), Phil Cave Blenheim Facility Manager (Right) and John McPhail, Sales and Timberlink Export Manager (Left)

At a federal level, we find that it is equally valuable for Ministers and others to visit our mills. New Zealand's Trade Minister, Honourable Todd McClay, recently visited our Blenheim mill as part of his trade visit to the Marlborough region. There he met with Phil Cave (Blenheim Facility Manager) and John McPhail (New Zealand Sales and Timberlink Export Manager), learning how our recent investments allow the mill to be internationally competitive, despite the country having some of the most expensive logs in the world. Recent investments, such as a new optimising saw line, allow us to consistently and reliably produce the sizes required by customers whilst maximising the output out of each log.

We are active members of the Australian Forest Products Association (AFPA), Australia's peak industry body representing the interests of the Australian timber industry, from the initial resources through to the processing of these resources. The AFPA regularly provides submissions to government policies relating to the timber industry and is the lobbying association for the industry. Our CEO, Ian Tyson, is on the AFPA board and our General Manager Resource, Phil Lloyd, is a member of the South Australian chapter. We are also members of Wood

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Processors and Manufacturers Association of New Zealand (WPMA), New Zealand's timber manufacturing industry body. Like the AFPA, the WPMA is a strong advocate for the timber industry and lobbies the New Zealand government on behalf of the industry.

Our industry is often a major, if not the largest, employer in a regional community and the significance and multilayer effect

on the economy in these regions can be difficult to fully understand. Investments in technology, timber's unique ability to both capture and store carbon, the sustainability benefits of our industry, and the 2016 Building Code changes making it easier to construct mid-rise timber buildings, are all foreign concepts for those outside the industry. By inviting politicians to our mills and directly participating in AFPA and other industry associations such as WPMA we are working actively to promote both Timberlink and the wider timber industry in Australia and New Zealand.

Timberlink achieves FSC® Certification for all mills

We are proud to be the first Australasian sawmilling business to achieve FSC® (Forest Stewardship Council®) certification for solid wood products across all of our sawmills. Our Australian mills in Bell Bay (Tasmania) and Tarpeena (South Australia) achieved certification in August 2017 while our New Zealand mill has held certification for many years now. This is in addition to the FSC® certification for woodchips, which all Timberlink mills have held for some time.

The legal and ethical sourcing of timber is of immense importance to us. Over 97% of our Australian log intake is certified as either FSC® or AFS (Australian Forestry Standard)/PEFC (Programme for the Endorsement of Forest Certification Schemes) or both, with the remainder strictly

controlled through a Due Diligence System. The traceability of this certified timber through the production, distribution and installation stages is equally important, providing assurance to the end user that their timber has been legally sourced.

Manufacturing timber products to meet our customers' needs is also important to us. Market demand for certified timber has been growing strongly for several years now and is forecast to continue doing so. Demand is being driven primarily by the commercial market, which increasingly needs to meet the environmental building requirements demanded by the Green Building Council Australia (GBCA) and the New Zealand Green Building Council (NZGBC).

Our FSC® certificates are available from the Timberlink Australia and New Zealand websites.

South Australia – Leading the Way for Over a Century

As home to Australia's first pine plantations and some of the country's earliest sawmills, South Australia has a history rich in timber. For well over a hundred years the timber industry has been a major driver of economic growth in the state and today contributes \$1.5B to the state's economy¹. South Australia, has, for many years, been a major manufacturer of Australian pine products and is home to Timberlink's Tarpeena mill.

Sustainability has always been important to the South Australian timber industry. Concerns over the over-exploitation of native forests in the state were first raised in 1870 by the surveyor-general, George Goyder, and in 1875 a Forestry Board was appointed to manage the issue. In 1882 the state created what was the then British Commonwealth's very first Forestry Department, to protect native forests and develop plantations. Recognizing that native forests were being rapidly depleted to support growth of local communities, various plantation trials were conducted, with Radiata Pine emerging as being most suited to the area. Extensive planting of Radiata Pine was undertaken in 1907 and it remains, today, the principal species plantation grown and harvested in South Australia. With 96% of South Australia's forests classified as

native and therefore unlogged, the early values of sustainability are still very much evident today.

Due to the long growth cycle of Radiata Pine it wasn't until 1931 that there was a sufficient supply of plantation pine for large-scale sawmilling to be practical. The South Australian government established a sawmill in Mount Burr in 1931 and another one in Nangwarry in 1941. One of the first privately-owned large-scale sawmilling businesses was established in Mount Gambier when SAPFOR (South Australian Perpetual Forests) began operating in 1935 in the town of Tarpeena. Later purchased by Auspine and then Gunns it was eventually purchased by Timberlink in 2013.

Since taking ownership Timberlink has been purposefully and progressively upgrading and improving the Tarpeena sawmill to ensure that it remains sustainable. Significant investments have been made across the site to reduce energy usage, including the installation of a highly efficient Contraflow Kiln that uses significantly less energy than traditional kilns whilst improving volume efficiency by 30%. Other investments made to ensure the long-term viability and competitiveness of the mill include new

state-of-the-art trimmers and scanners in the green mill which have resulted in improved efficiency and a new world class moulder and grading equipment capacity which has improved product quality for Timberlink's customers.

Timberlink is also a major employer of around two hundred people in the region, offering a variety of opportunities across the site and across Australasia, with new-age roles such as Optimisation Managers, Process Improvement Engineers, Business Data Analysts and supervisory and leadership roles with extensive responsibilities for people, safety and efficiency. Recent major upgrades have enabled us to upskill employees in the use of computers and optimisation systems, which many had not previously used.

Timberlink is proud of its involvement in South Australia's timber industry. Plantation pine grown in the Green Triangle region is sustainable and today, some 110 years after the first plantings, is well regarded for its quality, stiffness and strength. This makes it ideal sawlog for Timberlink Tarpeena's mill to manufacture into structural pine products for use across Australia, in both indoor and outdoor applications.

To meet the growing needs of the Australian market Timberlink will continue to invest, and with the Green Triangle region well positioned in terms of sawlog availability, South Australian Radiata Pine will continue to be the choice for more Australian homes in the coming years.

¹AFPA 2017, Deloitte Report Backs Forestry Industries for SA for Growth, media release, AFPA May 19 2017, viewed July 25 2017, <<http://ausfpa.com.au/south-australia/media-releases-south-australia/deloitte-report-backs-forestry-industries-for-sa-for-growth/>>

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Timberlink ready to support growth in mid-rise timber buildings

The development of the mid-rise buildings market in Australia has been a major win for the timber category in Australia against traditional building materials such as steel and concrete. It has fuelled a “renaissance of timber” positive media frenzy which has mainly focussed on the “sexy” new product in the category - CLT (Cross Laminated Timber). However, the opportunity for timber is both mass and light weight framing and for Timberlink’s customers, there is the opportunity to grow their businesses with an existing familiar product which now has more applications and solutions in this new market segment of mid-rise. Light weight structural pine framing is such a traditional well-known product for detached houses, it hasn’t received the same air time as CLT in this new segment. It clearly has its place and value proposition and having both mass and light weight solutions will help our industry maximise this new market segment growth opportunity in the coming decades.

The NCC changes represent a new and exciting opportunity for frame and truss manufacturers, floor cassette manufacturers and other resellers involved in the supply of structural framing to the building industry.

What Do The NCC Changes Mean For Sawn Timber?

The NCC changes represent a new and exciting opportunity for frame and truss manufacturers, floor cassette manufacturers and other resellers involved in the supply of structural framing to the building industry. This is the joint opportunity that Timberlink is keen to work on with our channel customers.

A Summary: What The NCC Changes Mean For The Use Of Timber In Mid-Rise Buildings

On May 1 2016, Australia’s National Construction Code (NCC) was changed to make it easier to use timber in the construction of mid-rise buildings. The changes involved the creation of a prescriptive, deemed-to-satisfy (DTS) solution that, if adhered to, would allow mid-rise buildings constructed with timber to meet relevant building code requirements.

Prior to this, the use of timber in mid-rise construction was allowed only under the onerous “alternative solution” pathway. As a costly and time-consuming process, the industry tended to avoid it, finding it much easier and cheaper to build with concrete and steel.

The newly created DTS solution allows for the use of timber in buildings up to 25 metres high, in class 2 (multi-residential), class 3 (hotels and motels) and class 5 (office) buildings provided that specific requirements relating to fire performance are met. The fire performance requirements relate mainly to the use of fire-protective plasterboard, non-combustible insulation, and automatic sprinkler systems.

The NCC changes apply to all forms of timber used in mid-rise construction, including sawn timber Cross Laminated Timber (CLT), and Laminated Veneer Lumber (LVL).



As a manufacturer of structural sawn timber products, Timberlink has made a point of trying to understand the volumes, sizes and grades that will be in demand going forward for this new segment. To assist with this from an industry and company perspective, Timberlink participated in a recent industry research project, culminating in a new report, “Implications of NCC 2016 Changes to DTS for Mid-Rise Timber Buildings on Supply of Sawn Softwood Timber”. The report, commissioned by Forest and Wood Products Australia (FWPA) discusses the potential quantities, sizes and grades of sawn timber products used in a typical mid-rise building. The report found that sawn timber (pine framing), would have its own “sweet spot” in terms of being preferred in the mid-rise market, being predominantly used for single and double stud wall frames (internal, external and common) and in floor cassettes.

The report highlighted several key areas that Timberlink is considering going forward.

- Grades: Currently MGP10 is the dominant grade produced to meet the demands of house framing. MGP12 requirements are much higher for multi-residential, where it is the grade used in the manufacture of floor cassettes.
- Sizes: Structural house frames use predominantly 90x35 while Mid-Rise framing requirements are for 90x45. Mid-rise framing will also require larger volumes of 190x45.
- Width: Structural requirements for mid-rise buildings include a higher proportion of 120 to 190, at about 17% of the total sawn timber. About 9% of current industry volumes are of this width.

How Will Timberlink Support The Change?

With ongoing viable supply guaranteed, Timberlink could increase supply of some of these products demanded by this new market segment to meet the expected growth in market demand over the longer term. Our Tarpeena mill, in South Australia, is particularly well positioned in terms of size cut and M12 grade output to take advantage of this opportunity in the coming decades.

The expected growth in demand for MGP12 from Timberlink's customers, to meet requirements for the mid-rise sector, could be met by Timberlink's Australian mills. Our two mills, Tarpeena in SA, and Bell Bay, in northern Tasmania, have complimentary capability that will allow us to work with our customers on developing this new market segment over the longer term. It should be noted that the recent research report concluded that increasing supply of 120x45 MGP12 and 140x35 MGP12 would be a challenge for the industry overall. Timberlink has some significant capability compared to some of our major competitors.

As a Gold Sponsor of the FWPA (Forest and Wood Products Australia) Mid Rise Advisory team in Victoria, Timberlink is uniquely positioned to understand first-hand the new opportunities for light weight framing solutions for the mid-rise segment. This understanding allows us to not only work with our mills to meet future demand but allows us to work with customers who are keen to cultivate this new market segment.



Why is this good news?

All the research and predictions show that more Australians will live and work in mid-rise buildings over the coming decades so having a cost competitive, reliable timber solution is key to the ongoing viability of the industry.

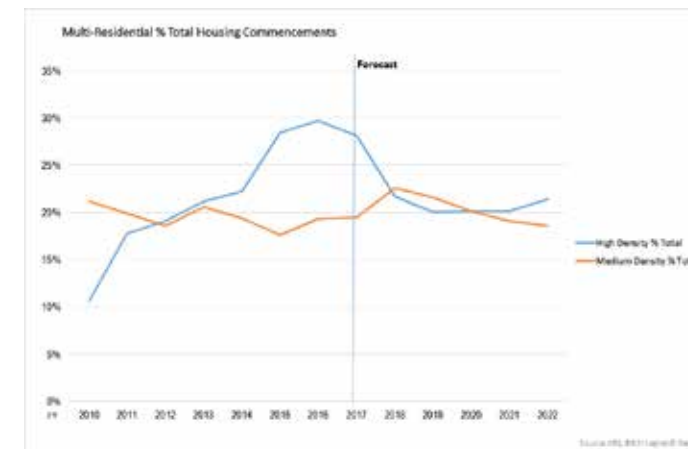
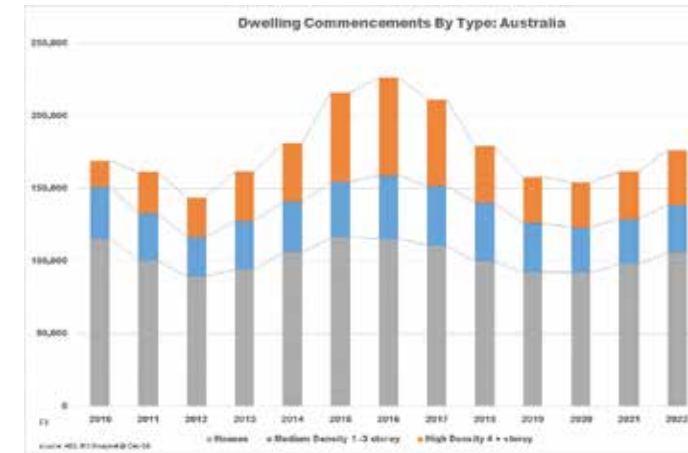
Mid-rise timber buildings will always be a more environmentally responsible choice than building with concrete or steel. Full life cycle analyses invariably show that predominantly timber buildings have a lower environmental impact than predominantly concrete or steel alternatives, due largely to the fact that timber stores carbon.

Using timber is expected to substantially reduce construction costs for mid-rise suburban apartments. This is due to a combination of reduced labour costs and the opportunity to use prefabricated systems, reducing construction times.

It's also good news for the pine framing market, which has traditionally been subject to the cyclical nature (volume and value) of the domestic house construction market.

Timberlink is excited by the new opportunities created by the NCC changes for the industry and looks forward to working with our customers to take advantage of them.

With the Australian population increasing at the rate of around 1 million every 3 years, emerging supply constraints in major capital cities and demand for proximity to urban hubs, attached dwellings or multi-residential housing construction has soared over the last 3 years.



Multi-Residential The Mid-Rise Opportunity for Light Weight Framing Timber

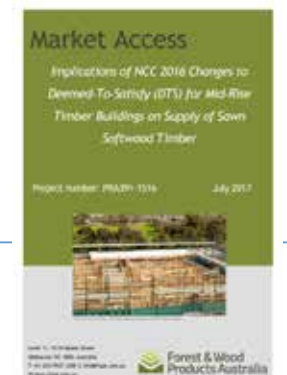
In 2016 the percentage of total housing commencements represented by medium and high density housing reached 49% compared to only 32% in 2010. However, the high density (4+ storeys) market is considered to have become oversupplied and with stricter borrowing conditions and hurdles for foreign investors a significant fall in this segment is forecast from 2017 onwards. Therefore, even though multi-residential as a proportion of total housing activity is expected to drop to around 40% by 2020 it will still represent a more significant segment of the market than a decade ago.

The opportunity for timber is in 4 to 8 storeys (mid-rise) constructions with light weight timber framing made possible in May 2016 with changes to the Building Code of Australia, that replaced the previous need to develop a 'Performance Solution' for buildings higher than 3 storeys to gain approval. The new Deemed To Satisfy design criteria will allow timber structures in buildings up to 25 metres (8 storeys) in class 2, 3 & 5 buildings (not only residential).

Conservatively, if the main potential for timber framing within mid-rise is 4 to 5 storeys this is an additional 15,000 dwelling units p.a between 2018 and 2022 that can be built with timber framing.

The full report can be downloaded from the Forest & Wood Products Australia website:

<http://www.fwpa.com.au/resources/market-access/1359-implications-of-ncc-2016-changes-to-deemed-to-satisfy-dts-for-mid-rise-timber-buildings-on-supply-of-sawn-softwood-timber.html>



Some simple tips to avoid driving when fatigued:

- Get a good night's sleep before driving.
- Never start a long drive after a long day at work.
- Avoid driving when you would normally be sleeping.
- Avoid driving for several days following long distance air travel due to jetlag.
- Be aware of circadian rhythms, where you will naturally be drowsy between 3am-5am and between 3pm-5pm.
- Take a break every two hours.
- Nap if you feel sleepy.
- Avoid even small amounts of alcohol.
- Share the driving if possible.

Fatigue and Driving

Some tips from Timberlink

Driving is a key business activity for both Timberlink and our customers and a safety risk that we all need to manage. About 30% of vehicles on Australian roads are registered for business purposes and research shows that these vehicles have a higher rate of involvement in crashes than vehicles registered for personal use. As is the case for vehicles being driven for personal use, alcohol, speed and fatigue are all major contributing factors in accidents involving vehicles being driven for business purposes.

Drink driving and speeding are well understood as factors leading to vehicle accidents. There is clear legislation and most of our businesses have stringent rules governing employees' use of company vehicles relating to speeding or drink driving. Fatigue, is however, less well understood as a cause of vehicle accidents and the existing legislation relates only to heavy vehicles. As businesses, we need to develop our own guidelines around driving other types of vehicles while fatigued to keep employees safe while driving both their own and company owned vehicles.

We recently sent out some helpful hints to all our Timberlink employees on the importance of not driving while fatigued and thought we'd share them with you.

The effects of fatigue vary from person to person, and are impossible to accurately measure, making it difficult for employers to enforce rules in relation to fatigue and safe driving. However, given that fatigue is estimated to be a factor in about 25% of all crashes and about 20% of fatal road accidents in Australia it is well worth understanding the causes and symptoms and what we can do to keep safe when behind the wheel.

Fatigue is extreme tiredness, usually caused by a lack of quality sleep. This extreme tiredness can be mental, physical or both. Fatigue negatively affects performance across all activities, including driving.

Driving while fatigued is extremely dangerous and can be likened to driving while drunk. A person, for example, who has not slept for 24 hours has the same risk of crashing as a person with a Blood Alcohol Count of 0.1g/100ml - double the legal limit.

Drowsiness, constant yawning, sore or heavy eyes, reduced concentration and daydreaming are all symptoms of fatigue that drivers need to be aware of. More frightening symptoms include delayed reactions, drifting across lanes, unnecessarily changing speed and microsleeps (where a person falls asleep for up to thirty seconds). Microsleeps are, of course, particularly scary as, falling asleep for just four seconds while driving at a 100 kilometers/hour leaves the car travelling 111 metres without a driver in control! Driver fatigue is a particular concern for young people (due to inexperience and more frequent night driving), shift workers and people suffering sleep disorders such as apnoea or narcolepsy.

There are several things we can do to avoid driving while fatigued but the most important one is to make sure you have had enough sleep before getting behind the wheel!

Please stay safe and alert when driving for work or personal reasons.



Tasmania leads Australia in launching Wood Encouragement Policy

The Tasmanian government recently created Australian history by becoming the country's first state to release a Wood Encouragement Policy. Launched in June by the Honourable Guy Barnett, Minister for Resources, the Tasmanian Wood Encouragement Policy requires that sustainably sourced timber be considered in the design of all future public building projects.

Tasmania's Wood Encouragement Policy has been developed to stimulate investment in the Tasmanian forest and wood products industry, reduce carbon emissions, facilitate a culture of wood, and complement the Tasmanian government's Buy Local policy. The policy is great news for the local timber industry and our Tasmanian Bell Bay mill, which employs almost two hundred people.

Wood Encouragement Policies have been around for almost twenty years. In 2009 Canada's British Columbia province passed the "Wood First Act", in 2010 the Japanese Government implemented the "Law Concerning Promotion of Use of Wood Materials for Public Buildings" and in 2016 the Rotorua Lakes Council in New Zealand adopted a Wood First Policy. Australian Councils have been steadily embracing these policies since 2014, when Victoria's Latrobe City Council released the country's first one.

The aim of any Wood Encouragement Policy is to ensure that relevant parties look at using timber as a key design component in the construction and refurbishment of all public building projects. Using responsibly sourced wood to build with benefits the environment in several ways - wood is a renewable and sustainable resource, it absorbs and stores carbon from the atmosphere, and there are fewer carbon emissions associated with its production when compared to more energy intensive building materials such as concrete or steel.

We congratulate the Tasmanian government on the new policy and look forward to working with our Tasmanian mill, customers, designers and specifiers to maximise the opportunities for wood created by this policy.



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Wood Encouragement Policies – Why?

Quicker and cheaper construction

Help mitigate Climate Change

Carbon Storage bank

Renewable and Sustainable Resources

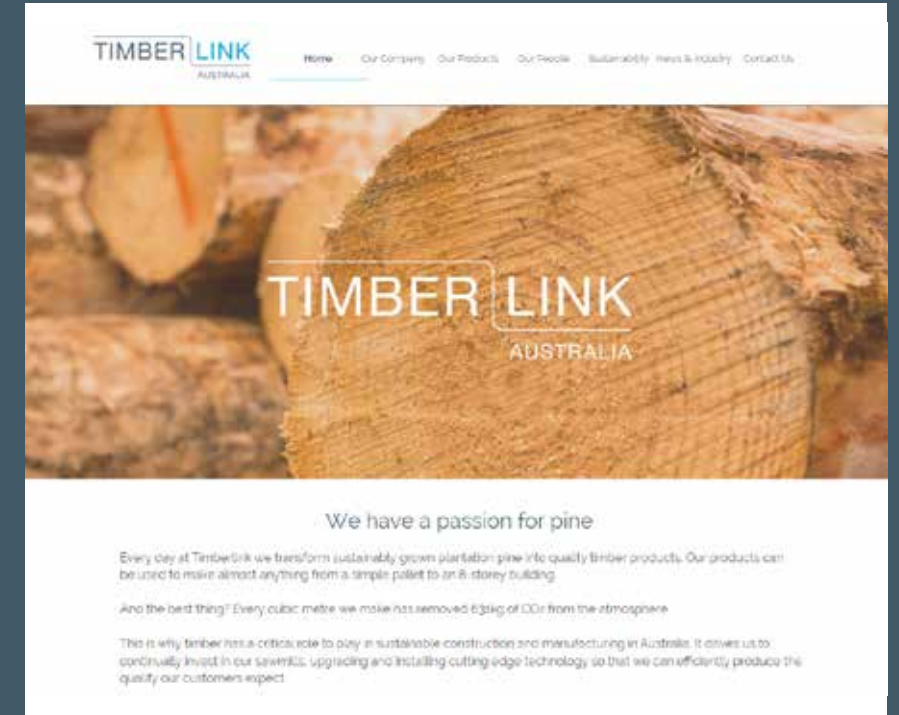
Supports local industry and jobs

Timberlink Australia website gets a fresh new look!

Timberlink Australia now has a new website. The actual web address remains unchanged but the content has been updated to provide further product and industry information, whilst better telling the Timberlink story. It's been created on the same platform as our Timberlink New Zealand website so the two websites are now consistent in look, feel and format.

With an average of 7,500 visits a month since January this year, the Timberlink Australia website is a major source of information to both our customers and theirs.

Check out the new site at: timberlinkaustralia.com.au



Timberlink Fencing and New Horizons

New Horizons Club is a Tasmanian Not For Profit organization that gives people with disabilities the opportunity to participate in a range of sporting, recreational and social activities. Located in Launceston, the Club allows disabled Northern Tasmanians to be involved in activities that most people take for granted.

Learning that the Club's Mowbray headquarters was in desperate need of a new fence, Timberlink was only too happy to be able to help by donating fence palings, manufactured at our Bell Bay mill in Northern Tasmania. The new fifty metre fence was erected by local Rotary members from Central District and Launceston chapters, who were also keen to help out the local club.

Supporting our local regional communities is one of Timberlink's key values. Our Bell Bay mill is a major employer and investor in the northern Tasmanian region and as such is committed to our role in the local community.





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BIG

Opportunities at Timberlink

Timberlink is growing and we are always on the lookout for great new people to come join us. Currently, we have positions available at all our mills (Tarpeena in South Australia, Bell Bay in Tasmania, and Blenheim in New Zealand) as well as at our Melbourne office in Knoxfield, Victoria.

We have positions for electrical and shift fitter apprentices, qualified electricians, shift fitters and professionally qualified staff. We are also looking for some energetic, proactive people to join us at our manufacturing site facilities – no experience required, just a willingness to learn.

Timberlink is big on safety, training, innovation and team work. Our industry is sustainable, environmentally friendly and around for the long-term.

If you'd like to join us, just send an email to hr@timberlinkaustralia.com.au letting us know where you are interested in working and what you'd like to do.

Straight up, THE Tradies' choice for outdoor timber

Low Odour and preferred for its straightness and superior appearance.



Timberlink Green, made from Australian grown plantation pine and treated with Low Odour LOSP (Light Organic Solvent Preservative), is structurally graded to meet Australian Standards and visually graded to meet our Appearance Standards. It is also the only locally produced outdoor structural pine to hold both FSC® (Forest Stewardship Council®) and AFS (Australian Forestry Standard)/PEFC (Programme for the Endorsement of Forest Certification Schemes) certification.

Our Low Odour LOSP treatment provides effective protection from fungal and insect attack without the odour of traditional LOSP treatments and does not affect the structural integrity of the finished product. Available in either a smooth DAR (Dressed All Round) or Rougher Headed/Microline finish it is the ideal choice for any outdoor (H3) project.

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Telephone 1800 088 135
www.timberlinkaustralia.com.au

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Telephone + 64 3 520 6240
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