IMBERLINK



In this issue

A message from our CEO

Tarpeena update

Timber Framing - The Ultimate Renewable industry campaign

Australian & New Zealand housing market update

Bell Bay stage 1 upgrade official opening

Rebecca White MP visit to Bell Bay

Blenheim mill setting new high standards in safety

Timberlink joins TFFPN

Green Triangle Timber Awards

Green Triangle Forest Industries Hub

Customer survey

Doing it for the kids

Mathew Lloyd & Bowens

2020 trade shows

SA Mill tour

Westersn Australia takes on Wood Encouragement Policy

Christmas closures



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A Christmas message from our CEO - Ian Tyson

As the working year draws to a close, I would like to take the opportunity on behalf of everyone at Timberlink to thank you, our customers for your support during 2019. We would like to wish you, your staff and your families all the best for this holiday season and we hope you have a wonderful start to 2020.

This issue of the Timberlink newsletter covers a number of current activities. Timber Framing - the Ultimate Renewable industry campaign, the upgrade programs at our Bell Bay and Tarpeena mills, our ground-breaking Made of Tasmania campaign and the latest housing outlook for Australia and New Zealand. I hope you enjoy the read and it provides you with valuable information for your business.

It has been another pivotal year for Timberlink with substantial progress made on our major capital investment projects that were announced last year. These expansions and upgrades will help to future proof the business and ensure that Timberlink remains competitive for the next generation. This is crucial for the regional communities where we operate. They rely on us and we rely on them. The stability and long-term outlook provided by these upgrades also underpins our ability to build long-term relationships with our customers.

Again, best wishes for Christmas and 2020. Have a great and well-deserved break, enjoy the summer holidays and time spent with your loved ones. It has been our pleasure working with you this year and we look forward to continuing our partnerships, relationships, and friendships long into the future.



lan Tyson
Chief Executive Officer
Timberlink Australia and New Zealand



Tarpeena update

The Tarpeena upgrade project is continuing with major changes now underway on the site. Despite these changes the upgrade project will not affect customers with deliveries to be made as planned. The project will continue until mid 2021.

Second CFK (Contra Flow Kiln)

The foundation works for the second Contra Flow Kiln (CFK) are complete with the structure almost complete. The project is due to be commissioned early next year.

The new CFK will improve efficiency and further increase product quality and consistency.

New Despatch area

The stage 2 works of the Despatch Area have progressed well and are now near completion. The new despatch area will allow for safer and more efficient pickup of goods from the mill.





Timber Framing - The Ultimate Renewable industry campaign

Softwood Industry Launches Supporting Campaign

The softwood timber industry has combined to launch a campaign to support the FWPA's The Ultimate Renewable messaging.

This will include targeted online advertising to builders, who research has shown are the number 1 decision makers when it comes to choosing what material a house frame is made from.



New Micro Site Built

A new page has been built to support the campaign with a range of messages targeted at builders and helpful information about timber framing. This page is **woodsolutions. com.au/framing** and it is fantastic to be able to use the Wood Solutions page as it is the most popular timber website in the world.

The website focuses on a few key themes including cost, ease of use, environmental benefits and fire predictability.

Industry Assets

There are a range of generically branded industry assets that you can register to download on the website.

Email Signature

We can create a custom email signature for you by putting your logo in the blank space on the right-hand side.



Email your logo to tdonis@timberlinkaustralia.com.au to get one.

There are plenty of good reasons to use timber framing, we just need you to help us tell the story.

Did you know that:

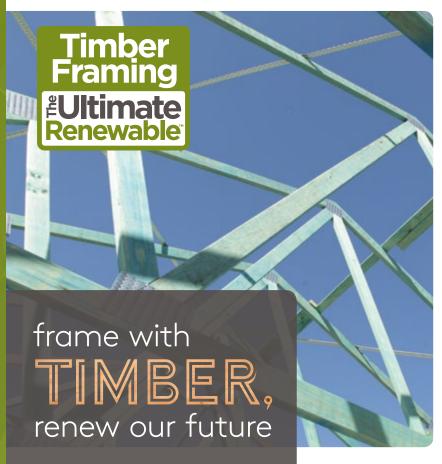
- Australian softwood plantations would re-grow an average house frame in less than a minute
- Wood is a natural carbon store up to 50% of its dry mass is carbon
- For every tree that is harvested from certified plantations at least one is replanted

Did you also know that a typical* Australian home:

- Has absorbed more than 7 tonnes of carbon dioxide (CO2) from the air
- Stores almost 3 tonnes of carbon

*Note: a typical Australian home is made up of approximately 12m³ of sawn timber

Sources are on woodsolutions.com.au/framing



Why do more Australian home builders and owners choose timber framing?



Proven and popular



Termite resistant when treated



Strong, stable and quiet



Fire predictable



Low cost flexibility



Stores carbon

woodsolutions.com.au/framing



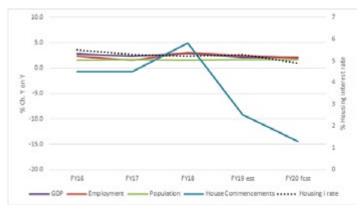
Australian housing market update

State of the economy and outlook for construction of new dwellings

The Australian economy grew by 2.0% in the 2019 financial year with export revenue and Government expenditure strong drivers, however business investment and building construction slowed growth. Dwelling building investment contracted by 0.4% during FY19 reflecting the downswing in the housing cycle which is expected to continue until the Mar-20 quarter. Meanwhile household expenditure remains subdued despite healthy employment growth, as wage rises remain weak with the workforce participation rate increasing to meet growing labour demand and maintaining a level of spare capacity in the market. The recent income tax offsets are likely to assist some household's spending, however recent Reserve Bank (RBA) interest rate cuts further reduce interest earnings for other households.

The RBA's Oct-19 decision to cut the official interest rate to 0.75% was intended to stimulate demand and investment and so support employment and stronger wage growth. The Federal Government's First Home Loan Deposit

Economic indicators and house construction outlook - Australia



Source: BIS Oxford Economics

Scheme and APRA's easing of mortgage serviceability guidelines will also stimulate construction over the next 24 months. Meanwhile commercial and institutional building investment is expected to lift by 7% over the 2020 to 2021 period, driven by hospital, education and entertainment projects.

The population growth rate for the Mar-19 year reached 1.6%, only slightly down on the 2017 peak. Growth over the next 2 years is expected to hold or fall slightly below 1.6%, impacted by the Governments planned 30.000 p.a.

New Zealand housing market update

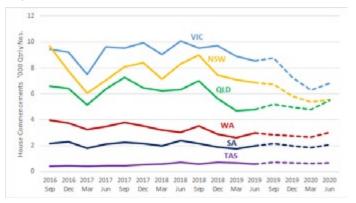
Dwelling construction activity in New Zealand grew by 12% for the year ending Sep-19, as house consents grew by 6% and consents for multi-dwellings rose by 22%. In the South Island dwelling consents during the Sep-19 year rose by 12%, driven mostly by multi-dwelling consents. Meanwhile, New Zealand expenditure on A&A for the Sep-19 reached just under \$2 billion or 5% less than last year.

Economic conditions in New Zealand for residential construction remain favourable with home affordability improving as price rises have eased to around 2% in recent months while real wage growth p.a is at 0.5%. Employment is growing by over 1% and unemployment remains at a low 4.2%, meanwhile the Reserve Bank cut the official cash rate by 0.5% in August reducing home mortgage rates to around 5.2%.

The main threat to the New Zealand economy is a decline in global demand for exports. Growth of exports is expected to reach 4.8% in 2019, following a 3.1% increase in 2018, however the U.S trade tensions with China are expected to impact export demand in 2020 and consequently prices and incomes. Unfortunately, this is expected to coincide with a downturn in residential construction activity during 2020.

The underlying demand for new dwellings is estimated at 26,000 p.a supported by a high albeit declining level of net migration. Despite the recent high levels of construction there remains a significant housing shortfall, particularly in the Auckland region, with 2019 national consents anticipated to reach 35,000 there will still remain an estimated shortfall of 54,400. A cyclical downturn is

Australian house commencements actual Sep 2016 to Jun 2019, Forecast Sep 2019 to Jun 2020

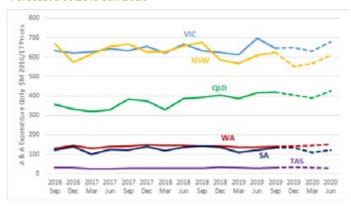


Source: ABS, BIS Oxford Economics

reduction in permanent migration intake. As the rate of dwelling completions declines over the next 12 months, the national housing stock deficiency, currently at 9,000 dwellings, will slowly build, aided by steady population growth, to reach 61,000 by Jun-21.

National construction of detached dwellings fell by 8% in FY19 and is forecast to decline by a further 16% in FY20, the length of the downturn can be predicated by greenfield land sales, which have been trending down

Australian alterations & additions \$M actual Sep 2016 to Sep 2019, Forecast Dec 2019 Jun 2020



Source: ABS, BIS Oxford Economics

since 2018 indicating low commencements through to mid-2020, given a 12 month construction lead time. The upturn in housing commencements is expected in the Jun-20 quarter, and will lead to an increase in FY21 activity of 11%.

As national alterations and additions (A&A) reached \$8 billion for the year end Sep-19, a similar level to the previous year, all mainland States except QLD experienced a fall in A&A expenditure.

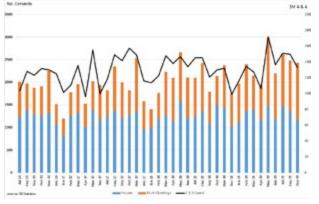
expected to follow in 2020 as recent completions partly satisfy the accumulating demand and capacity constraints relating to available housing lots, materials and skilled labour tighten profit margins for construction firms. However, given the substantial housing stock deficit the expectation is that the cyclical trough will be shallow with North Island dwelling consents falling by 5% and activity declining by 17% in the South Island in 2020.

Housing Building Consents By Dwelling Type - South Island New Zealand



Source: NZ Stats

Housing Building Consents By Dwelling Type - North Island New Zealand



Source: NZ Stats



Official opening by Deputy Nationals Leader Bridget McKenzie and Bridget Archer MP

Timberlink welcomed Deputy Nationals Leader, and Minister for Agriculture, Bridget McKenzie and local MP Mrs Bridget Archer, Federal Member for Bass to its Bell Bay mill this week, to officially open the latest stage of a multimillion-dollar upgrade program to secure the future of the Bell Bay mill.

Timberlink CEO Ian Tyson joined Minister McKenzie and Mrs Archer, alongside employees, key customers and suppliers on a tour of the Timberlink Bell Bay facility, to view the latest upgrades and witness the process of turning renewable plantation logs into engineered structural timber.

This latest round of investment in upgrading the Bell Bay mill has created 90 jobs in the construction phase and crucially 6 new permanent full-time jobs.

"This is a strong endorsement for business in the region and for the forestry sector in Tasmania," Minister McKenzie said.

Speaking to Bell Bay staff and guests CEO lan Tyson explained "the upgrades have seen the installation of new state of the art Contra Flow Kilns (CFK), which will cut down waiting times for drying timber, whilst decreasing heat power usage by 30%. A new Lucidyne Scanner that uses state of the art Al technology has been installed in the dry mill, learning with every photo that it takes". He went on to say that the scanner "is more accurate and will result in a better product for our customers and is the first of its type in Australia."

Minister McKenzie was particularly impressed with the new continuous flow drying kilns (CFKs). These kilns dry timber more efficiently and at a lower temperature, saving on energy whilst drying more timber than traditional batch kilns. Minister McKenzie commented that "this is a fantastic example of what Australian manufacturing can be in the 21st century, reducing energy usage and costs while becoming more competitive in what is now an international marketplace".

A new strapper and packer has also been installed, which according to Mr Tyson will "alleviate a bottleneck to improve efficiency and throughput." Finally, there have been upgrades to the roads network to separate heavy plant equipment from smaller vehicles. Mr Tyson said, "this is a great outcome for improved safety, so our people go home safe, every day."

Mrs Archer was particularly pleased to see the focus on safety "it is clear that employee safety is paramount at Timberlink. Also, the ongoing investment is great news for those in the community who rely on the mill to support their families".

Mrs Archer also noted that "Timberlink has continuously invested in this mill to ensure it remains internationally competitive since taking ownership in 2013, while growing and securing employment within the Northern Tasmanian region." The completion of this current stage of capital works sees a total investment to date of \$27 million dollars, and will further benefit from a \$3.5 million dollar Federal Government grant that supports a new high tech scanning investment in the greenmill that will be undertaken in 2020.

Mrs Archer went on to state that the sizeable investment was "fantastic for Northern Tasmania", securing the 650 jobs that directly and indirectly rely on the mill.



Official unveiling with Ian Tyson, Timberlink CEO, local MP Mrs Bridget Archer and Deputy Nationals Leader Bridget McKenzie



Opposition leader Rebecca White visits Bell Bay mill with Shadow Ministers

On Monday the 16th of September Timberlink welcomed the Tasmanian Opposition Leader Rebecca White MP to its Bell Bay mill to see firsthand how high-tech investment is creating and securing the jobs of the future in the Tasmanian manufacturing sector.

Ms White toured the facility with her Labor team including Deputy Leader and Shadow Minister for Economic Development Michelle O'Byrne, Shadow Treasurer David O'Byrne, Shadow Minister for Resources Dr Shane Broad, Shadow Minister for Manufacturing Anita Dow and the new MP for Lyons Jen Butler.

"This is real investment in the latest technology, it's a world class facility here in Northern Tasmania and Timberlink is looking to constantly improve to stay ahead in this global marketplace," said Ms White.

Blenheim mill setting new high standards in safety

Getting our people HOME SAFE, everyone, every day is our top priority and firm commitment, and nothing is more important.

Timberlink New Zealand reached a significant achievement during FY19 where the business achieved 2 years lost time injury free.

Such an achievement does not happen by luck with large amounts of focus, energy and most importantly care for self and others required every day.

During the last 24 months the New Zealand team has been focused on embedding key standards, educating and developing engagement and empowerment at all levels and ensuring full site involvement to foster a changing culture.

Well done to everyone involved in this fantastic achievement!



NZ team safety meetina



WHERE AM I?
HOW MINDFUL AM I?

SITUATION HAZARDS, RISKS

ABOVE THE LINE?

BELOW THE LINE?



Jobs of the renewable future

Members of the timber industry launched the Forest Learning Pathways Program in Mt Gambier recently, including our own Tarpeena Mill Manager Roy Dias. The program is designed to engage students from Years 8 to 12 to consider a career in the Timber Industry, with the end result of students receiving a Certificate III for completing the program.

The course is kicking off next year in Mount Gambier with 15 places available to students in the 2020 program.

Timberlink's own Ben Stow will be assisting with selecting students for the program.



Timberlink Joins TASMANIAN FORESTS & FOREST PRODUCTS NETWORK (TFFPN)

Timberlink is delighted to now be a member of the Tasmanian Forests & Forest Products Network

The purpose of the TFFPN is to represent the shared views, aspirations and expectations of all those people who have a stake in the future of a sustainable Tasmanian forest, fine timber and wood fibre industry.

The TFFPN provides an inclusive, open and transparent platform on industry matters for all those people who either work within or who support a productive, sustainable and profitable forest industry in Tasmania.

As the leading softwood timber manufacturer and supplier in the state, it is crucial that Timberlink is represented in this forum.

Timberlink is now featured as a partner on the Partners and Supporters page of the TFFPN website.

https://www.tffpn.com.au/purpose/

Timberlink's Jamie Irving wins award at Green Triangle Timber Industry Awards

Timberlink is delighted to announce that our own Jamie Irving has won the award for Excellence in Sawmilling, Processing and Logistics at the second Green Triangle Timber Industry Awards. The ceremony was held on Friday November 1st at The Barn in Mt Gambier. We are also proud of Steve McGinty, who was nominated for the category of Outstanding Contribution to the Timber Industry (male).

Jamie Irving's keen eye for process and fantastic grasp of technological change has made him key to the business's modernisation over the past 15 years.

It was not only technology that Jamie was passionate about however, he has trained and mentored people in many positions during his time as National Optimisation Manager. This included future Optimisation Managers, Dry Mill Managers, Green Mill Managers and Quality and Compliance Supervisors across all three of Timberlink's sites. An excellent communicator, many of these people have gone on to train others who are working in a variety of roles in timber all across the Green Triangle and Australasia.

Likewise, Steve McGinty has been incredibly influential on the Tarpeena mill as The Green Mill Log Yard Production Supervisor. This has led him to have key relationships with suppliers all over the region. Perhaps most importantly Steve has been a champion for safety at the site for over a generation.



Above: Jamie Irving (left) and mill manager Roy Dias (right) Below: Steve McGinty with his partner Ruth Heaver



As the business revolves around logs, timber, bark and residue it is no surprise that Steve has been integral to the mill over his more than 39 years. Steve has seen several different owners and his longevity in the role speaks to the high quality of his work and his passion for the staff and their safety.

The great systems put in place by Steve in his area have helped to keep our staff and suppliers safe for a number of years.

Timberlink would like to congratulate both Jamie and Steve for their outstanding contribution to the business over a long period of time. We look forward to seeing them continue to positively impact the mill and our people throughout our upgrade program that is currently underway and long into the future.

The Green Triangle Forest Industries Hub vow to protect and build industry legacy

The Green Triangle is one of the world's special places where all the ingredients for a successful timber industry can be found.

We have the perfect climate and geography for growing Tasmanian Blue Gum and Radiata Pine, plantations that have ease of access, and a workforce that prides itself on its professionalism and expertise. Our industry is the legacy of many of our second, third and fourth generation workforce. This legacy is one we want to protect and build upon as we think about what forest industries in the Green Triangle will produce and contribute for decades to come. Our goal is clear: to grow the right trees in the right place, at the right scale, with no waste and to support a world leading local processing and manufacturing industry.

The Green Triangle Forest Industries Hub comprises a range of experts in the industry including our own GM of Sales, Marketing and Corporate Affairs David Oliver. The hub announced its Statement of Commitment last month.

To find out more about the GTFIH visit gtfih.com.au

- We will work tirelessly to ensure our people go home safe, every day people before production.
- We will prioritise domestic processing of wood fibre.
- We will optimise productivity on our land and in our operations.
- We will strive to have a positive impact on the environment.
- We will maximise the role our industry plays in addressing climate change.
- We will take a united approach to protecting our assets and our community from fire.
- We will champion diversity and inclusion in our workplaces.
- We will invest in our people to ensure their skills remain relevant as the industry grows and evolves.
- We will collaborate with our local communities to ensure we remain economically, environmentally and socially sustainable.
- We will advocate wood fibre as The Ultimate Renewable

CUSTOMER SURVEY

Timberlink undertook its yearly customer satisfaction survey recently. We would like to thank everyone that took the time to provide feedback. Each year the results are key in shaping what areas we look to improve to ensure we are meeting customers' product and service expectations.

Through our 6th survey conducted we have pleasingly learned that the phone customer service team is fully meeting our customer's expectations. Also, Timberlink's account managers are highly rated amongst our customers. Meanwhile the overall relationship customers have with Timberlink is well regarded, as commented by one of our surveyed customers "They are a really good business to deal with and their customer service is the best around".

We would again like to sincerely thank all customers that devoted their time and effort to participate in this year's survey and encourage all customers, whether or not randomly selected for the surveys, to provide regular and much valued feedback.



Doing it for the **kids**





The Dukes of Essex has powered through the Australian Outback for a great cause. The Variety Bash raised money for kids with cancer and Timberlink proudly sponsored Lance in his 1971 Holden HG Kingswood, named the Dukes of Essex.

The two-week trip saw many ups downs, visiting schools, pubs, replacing parts in the middle of the desert and making great mates along the way.

If you would like to donate to Variety, you can donate at https://fundraise.variety.org.au/event/bash/home

Lloyd on hand for September fever

Essendon legend on hand to spruik Timberlink Green and Arrow Posts



Melbourne's ever-growing South Eastern region is home to a new Bunnings store in Clyde North, and AFL legend Mathew Lloyd was on hand at the opening.

Timberlink's own Jason Henningson was also there, talking to over 500 tradies about Timberlink Green and Arrow Posts. Lloyd also talked to the tradies about the products to a great reception.

The day was a very successful one and we wish the Bunnings team at Clyde North all the best in the coming months.



2020 trade shows

We will see you at the IHG Expo and Bowens Building & Innovation Expo

Timberlink is excited to be at both of these wonderful events next year. The IHG trade show is taking place from Feb 10-12 on the Gold Coast and the Bowens Building & Innovations Expo will be at the new venue of the Royal Exhibition Building in Melbourne on May 13.

FEB 10-12 2020Gold Coast

Customer mill & forestry Tour Tarpeena





Tarpeena mill



Timberlink was delighted to take representatives from Bunnings SA stores on a forestry tour over the 25th and 26th September. Various team members from 19 Bunnings SA stores, including SA/NT & TAS buyer Andy Carr came on a tour of the Timberlands Pacific Nursery, the forestry assets and the Timberlink Tarpeena mill.

The tour was hosted by Sue Wood and SA Account Manager Jason Gill. It started with Jeff Cownie from Timberlands Pacific taking the team through the nursery in Mt. Gambier. The nursery is situated on 10 ha of land that produces an incredible 4 million seedlings per year. The seeds are then selected from trees known for their growth and genetic traits which are favourable for producing structural grade timber. Timberlands can store up to 500,000 seeds in a refrigerated environment and once planted they grow to around 30cm, this process at the nursery takes about 9 months, before they are moved to the forest.

The 19 team members then piled into a bus and Dan Rosenthal and Sheryl Vickery from Timberlands took them 16kms to the harvesting site. Here the team was told that Timberlands Pacific has a total land area of around 48,000 ha they manage in the Green Triangle Region. With the trees from the nursery hand planted at a rate of around 2,000 trees per day! The trees take 30 years to grow, with the weakest trees felled every 10 years in a process called "thinning". This allows the strongest trees to thrive and the trimmed trees are used to make pulp or woodchip.



On average, 2,000 trees hand planted per day

The team were provided a demonstration of tree felling by a mechanical harvester. These incredible machines can fell up to 800 trees per day.

Timberlands provides Timberlink with thousands of logs per week. Timberlands Pacific then replant any area clear felled the following winter, giving the trees the best chance to grow during the spring.

On the 26th the team members met at the Tarpeena Mill for a tour and lunch. The team then saw the process of turning these logs into a manufactured product that can be used to build houses, decks and pergolas around the country.

The group was split up into two smaller groups, guided by Roy Dias and Brian Murphy. As always, Roy and Brian did a fantastic job explaining and relating the operations of a mill and the processes involved in the journey of a log to stick of timber.

Jason and Sue followed up the week after at the stores by talking to the team members. The team members said that they benefited from the tour and gained a valuable and lasting insight into our product and brand. This opportunity gave them a better appreciation of what it is we do and that piece of timber sitting in their racking.

A big thanks to Jason and Sue from Timberlink, Dan, Jeff and Sheryl at Timberlands, Brian, Roy and Bec at the mill and Carissa for her help in organising the tour.



Western Australia takes on Wood Encouragement Policy (WEP WA)

Timberlink is delighted to see Western Australia join Tasmania in adopting a state-wide Wood Encouragement Policy (WEP).

The policy requires responsibly sourced wood to be considered where feasible as the primary construction material in all new-building and refurbishment projects. Examples of this at the local level have seen a range of timber buildings built over the past few years and we look forward to seeing this in action at the state level.

Timberlink is the only major Australian softwood manufacturer that holds both major environmental certifications, FSC and Responsible Wood.



Site/Area	Last day	Return
Blenheim Dispatch	20th Dec	6th Jan
Bell Bay Dispatch	23rd Dec	2nd Jan
Tarpeena Dispatch	19th Dec	2nd Jan
Adelaide	23rd Dec	2nd Jan
Knoxfield	23rd Dec	2nd Jan
Perth	23rd Dec	2nd Jan
Yennora	23rd Dec	2nd Jan

We wish the very best for you, your family and your staff this festive season. Enjoy the holidays with family & friends, and we look forward to working with you in 2020!

IT'S EASY TO SEE WHY WE'RE THE ULTIMATE RENEWABLE MATERIAL

Easy on the planet



Easy to work with



- Every tree harvested is replanted
- Growing trees absorb carbon which is stored in the timber for life
- Timber's a renewable resource like wind and solar
- No need to change how you build
- Makes on-site changes and future renovations easier
- Timberlink invest in the latest technologies to engineer every piece of timber, so you can focus on building

timberlinkaustralia.com.au





