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TIMBER LINK®
AUSTRALIA | NEW ZEALAND

Company & Industry News

Managing a Trans-Tasman Sawmilling Business

An insight from Timberlink CEO, Ian Tyson.

Timberlink leads by example in sustainability certification.

Ensuring constant improvement and customer satisfaction in the timber industry.

Staying safe whilst working in high temperatures - some tips from Timberlink.

In this issue

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A message from our CEO

Firstly, on behalf of the team at Timberlink I would like to wish you, your staff and families a very Merry Christmas, a happy New Year and a positive start to 2018.

This year has been a busy year for most people in our Industry, and certainly has been for us at Timberlink.

Australian, New Zealand and regional world markets have been stronger than most would have predicted at the start of the year and this has driven strong demand for timber products and other building materials. The investments we have made in business improvement and capacity have been vital for us to manage supply to our customers. During this time we have seen the industry reshape, this has created pressure upon our capabilities to react to this ongoing period of strong demand.

We continue to significantly invest in our business. Not just in additional capacity, but in safety, local communities, employees and product development. Timberlink remains committed to being a long term, stable and reliable business partner and we will continue to make decisions and investments to enable us to deliver on this promise.

Our newsletter this quarter covers a number of areas where we are working and focused. I hope you enjoy the read and that it provides valuable information, not just about Timberlink, but also about some aspects of this great industry that we work in.

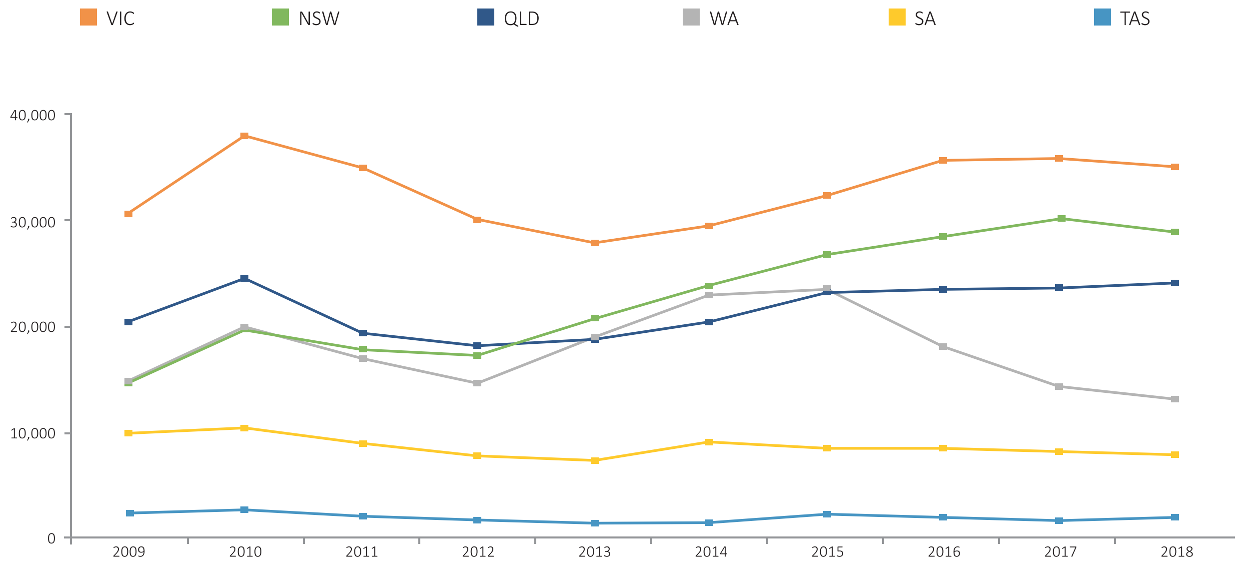
Again, Best wishes for Christmas and 2018.

Ian Tyson
Chief Executive Officer
Timberlink Australia
and New Zealand

Housing Market Defies Expectations, Beckoning an Improved Outlook

House commencements declined by 2% during the year to June 2017, to finish FY17 at almost 114,000, which was better than anticipated. Previous forecasts had expected commencements of detached dwellings or houses to decline during the 2017 and 2018 financial years by 4% and 10% respectively, however current forecasts are predicting falls of only 2% in 2018, which suggests a softer landing.

HOUSE COMMENCEMENTS 2009 TO 2018



Population growth is the major driver of the uplift in housing demand, with upwardly revised population figures from the 2016 ABS Census. A supportive economic environment with low interest rates and stable employment as well as continuing First Home Buyers schemes by State Governments are contributing factors to the solid demand for new housing. However, the high growth of house construction activity during the past two years, particularly in Victoria, New South Wales and Queensland has raised housing stocks to levels which are now expected to impact the short term national downturn.

Victoria is experiencing strong underlying housing demand propelled by a population growth rate of 2.0 %. Additionally, the State government has increased the Regional First Home Owner Grant to $20,000, leading to expectations for a slight increase in house construction activity within the 2018 financial year. Population growth of 1.5% in New South Wales is relatively lower, as is the demand underpinning housing construction. House affordability is a further constraint for the state where overall house commencements are expected to fall by 4% in 2018.

Queensland population growth is also around 1.5% and despite the very high rates of building activity during 2015-2016, especially in medium and high-density housing, the current oversupply of housing stock is not expected to impact detached dwellings with commencements likely to rise by 2% in 2018.
Western Australia’s current population growth of 1% has declined substantially since the end of the mining investment boom.

Consequently, demand for housing has fallen and an oversupply of housing stock has emerged, with house commencements anticipated to decline by 2% in 2018 following a decrease of 21% in 2017.

South Australia is experiencing the lowest population growth of 0.6% associated with softer economic growth than other States, as a result, commencements are forecast to decrease by 6% in 2018.

Meanwhile, after falling by an average 14% per year over the previous two years, Tasmanian house commencements are predicted to bounce back in 2018 increasing by 19%, following an upturn in the Tasmanian economy boosted by infrastructure projects.

“Victoria is experiencing strong underlying housing demand propelled by a population growth rate of 2.0 %.”

Timberlink named Dahlsens' Supplier of the Year

We are honoured to have been selected for the Dahlsens' Supplier of the Year for 2017.

Dahlsens explains that the purpose of the award is to recognise exceptional performance from a supplier: "Dahlsens prides itself on partnering with reputable suppliers who are committed to product innovation, quality, outstanding customer service and timely deliveries".

At Timberlink, we value the importance of working as partners with our customers to create successful businesses.
In Victoria, Alan Holter (Victorian State Sales Manager) and his team have enjoyed working with both Dahlsens Head Office and individual store staff to understand and service their business. Alan recently described the relationship as "one based on mutual respect, where both parties listen to each other and work together as partners".

Timberlink named Dahlsens' Supplier of the Year!

Alan Holter, Victorian Sales Manager (left) and John Summers, General Manager Sales and Distribution (right) at the Dahlsens' Awards Presentation Night.

"Dahlsens prides itself on partnering with reputable suppliers who are committed to product innovation, quality, outstanding customer service and timely deliveries".

Dahlsens For the Builder. CELEBRATING 140 YEARS

We lead the industry in sustainability certification

Timberlink believe in the legal, ethical and sustainable sourcing of timber and are staunch supporters of the forestry certification schemes that provide these assurances to the market. Our three mills have held certification since the business commenced operations and following further investment in our Australian mills have become the first major sawmilling business in Australia to hold dual certification.

Our two Australian mills, Tarpeena in South Australia and Bell Bay in Tasmania, recently achieved FSC® (Forest Stewardship Council®) certification on solid wood. This is in addition to the AFS (Australian Forestry Standard)/PEFC (Programme for the Endorsement of Forest Certification Schemes) certifications already held by the Australian sites, which our business intends to maintain, along with the FSC certification already held for woodchips. No other major Australian sawmilling business holds both FSC and AFS/PEFC certification, something we are justifiably proud of.

The decision to add to the company's Australian certifications was made for two main reasons. Firstly, we only ever use plantation grown Radiata Pine, most of which originates from FSC certified plantations. Secondly, market demand for certified timber has been grown steadily in recent years, enabling us to meet our customers' needs, be they for FSC or AFS/PEFC certified timber.

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/PEFC 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 is being driven primarily by the commercial market, which increasingly needs to meet the environmental building requirements required by the Green Building Council Australia (GBCA) and the New Zealand Green Building Council (NZGBC). With our New Zealand mill in Blenheim already FSC certified, the move to certify our Australian mills makes us the only Australasian sawmilling business to hold FSC certification for solid wood products across all its sawmills - providing our customers with one certification across all Timberlink products.

Our FSC® and AFS/PEFC certificates are available for download from the Timberlink Australia and Timberlink New Zealand websites.

Growth in Sustainable Forestry Investment

NewForests

In its 2017 Timberland Investment Outlook, New Forests discusses the growing demand for sustainable investment initiatives, such as forestry assets, amongst institutional investors. While timberland investments have long been favoured for their portfolio attributes, they are increasingly becoming viewed as an asset class that also creates positive social and environmental impacts.

MaryKate Bullen, New Forests' Associate Director of Sustainability states "New Forests believes that the forest sector offers positive attributes for investors, including climate mitigation, benefits to rural economies and individuals, and the stable, long-term returns that come from a perpetual asset. Investors seeking to meet goals for decarbonisation of investment portfolios or link impacts with the UN Sustainable Development Goals may find that forestry investments contribute to these initiatives".

> **Over 120 investors (asset owners and investment managers), with over 10 trillion USD in assets, have signed The Montreal Carbon Pledge, committing to measuring and publicly reporting on the carbon footprint of their investments on an annual basis.**

A substantial number of institutional investors are now looking to decrease carbon producing investments. Over 120 investors (asset owners and investment managers), with over 10 trillion USD in assets, have signed The Montreal Carbon Pledge, committing to measuring and publicly reporting on the carbon footprint of their investments on an annual basis. The pledge, launched just over three years ago, is supported by the United Nations Environment Programme Finance Initiative. To support its clients in their carbon footprint goals, New Forests measures and reports annually on the carbon sequestration of the timber plantations it manages.

Growth in institutional investment in forestry assets is especially important within Australia and New Zealand. This represents the second largest investment market in the world after the US. The demand for timber has been strong in Australia and New Zealand in recent years, fuelled largely by robust housing demand, Chinese demand for softwood logs and hardwood chips, moderation in the Australian and New Zealand currencies and low shipping rates. In response to this growing demand, timberland managers are beginning to reconsider the viability of greenfield forestry investments.

New Forests manages a range of forestry investments in Australia and New Zealand, worth over 3.1 billion USD, including major plantations and the Timberlink businesses in both countries. Growing investment in the forestry sector, whether fuelled by financial, social or carbon footprint reduction is good news for the environment, our industry and the long-term future of our business.

To read the report in full please visit:
https://www.newforests.com.au/wp-content/uploads/2017/09/2017-Timberland-Investment-Outlook-web-1.pdf

Timberlink's Commitment to Customer Satisfaction

We conducted our fourth annual customer survey during September, seeking the opinions of our customers regarding customer service, account management, communication, pricing, delivery, product quality and availability. We would like to thank customers in Australia and New Zealand who gave up time during their busy day to participate in the survey and provide valuable feedback.

Customer responses will be analysed and considered before being incorporated into Timberlink's short to medium term improvement plans and long term strategic business plans. Past surveys have been instrumental in customer service, training and product quality initiatives that have recently been implemented. Customer survey feedback has also provided positive reinforcement of current business practices and the need to continue engaging with customers in a range of different forums – both formal and informal.

We look forward to sharing the results of the September 2017 customer survey with you in the new year.

Customer survey feedback provides positive reinforcement of current business practices and the need to continue engaging our customers in a range of different forums – both formal and informal.

Managing a Trans-Tasman Sawmilling Business

Ian Tyson, our CEO believes, “If you are going to be part of a world movement of wood, having a bigger footprint allows you to learn from new markets. Understanding different dynamics and different customers must change your perception of what the timber industry is about.”

In the article that follows, Ian offers insights and shares some of our learnings about managing a trans-Tasman sawmilling business. This topic was well received by an audience of industry leaders at the recent DANA conference in Melbourne. This article contains excerpts from Ian's presentation at the event.

Similarities

As an integrated forest to sawmilling business, having a wider footprint across Australia and New Zealand is a good way for us to expand our operations and capabilities over time, whilst building a long-term sustainable business. There are a number of similarities between the two countries that suit our business – these include tree resources, skilled labour pools and common customer types and segments. These industry similarities reinforce our decision to purchase our New Zealand mill in Blenheim back in September 2015 as the right strategic choice.

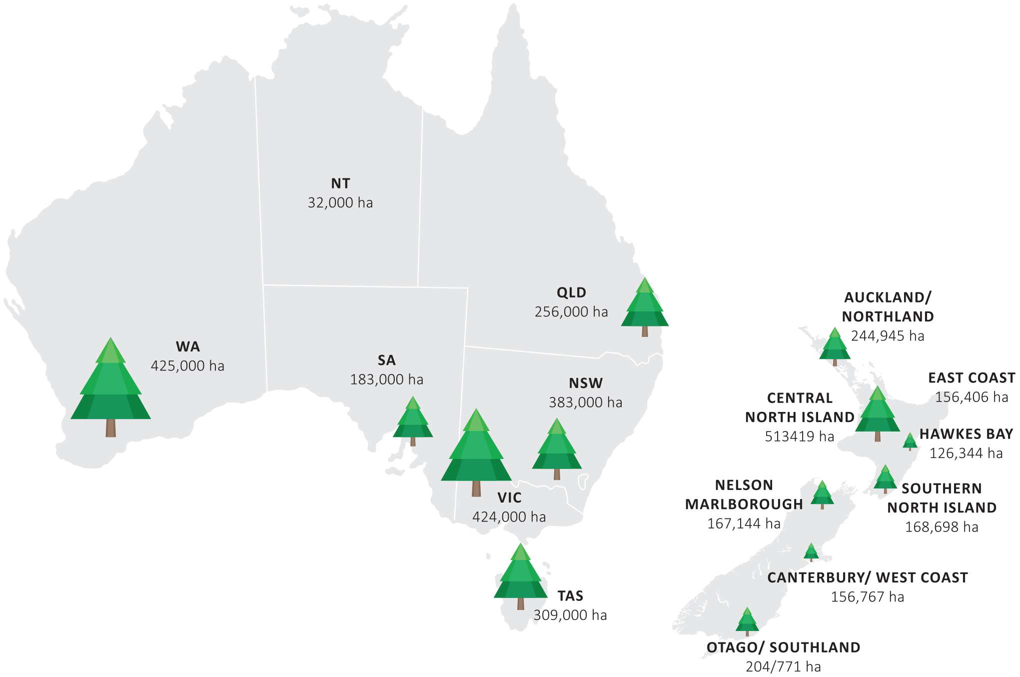
> **There are a number of similarities between the two countries that suit our business – these include tree resources, skilled labour pools, and common customer types and segments.**

With data-rich profiling of both countries’ plantation resources, we are able to analyse similarities and differences and then put in place optimal practices that are transferable from one country to another. For example, our Bell Bay mill is high value, using an amount of pruned logs. This is alongside Blenheim, where the proportion of pruned log is significant and so there are learnings for both operations. Furthermore, there are forests in New Zealand that could be integrated into our established forest-to-customer based model. We can take our business model and effectively transfer it from one region to another.

A similarity between the two countries is that both are growing nations, having established themselves as growth vehicles within the Australasian region. The demand for our style of product is only going to increase, aligned with population fluctuations, regardless of any changes to product or distribution. Another benefit of our trans-Tasman business is that each country shares a talented workforce with transferable sawmilling experience. We have learnt from each region's experience and believe this has made our business on both sides of the Tasman an even stronger one. The industry is also becoming attractive to potential employees in Australia and New Zealand, as people learn about the sustainable and long-term nature of the industry as well as opportunities for growth.

A synergistic related is that the two countries share largely complimentary economic cycles; this is to our advantage and helps us to avoid a boom and bust style business. Of note, is the fact that New Zealand is a higher consumer of timber within its own market. There is more wood consumed per household, per consumer in New Zealand domestic markets than we see in Australia. It is important to remember that it’s not just population size, but where the wood goes, how it is used and eventually the difference between domestic consumption & export consumption that influence demand.

Forestry & Housing Data for Australia and New Zealand



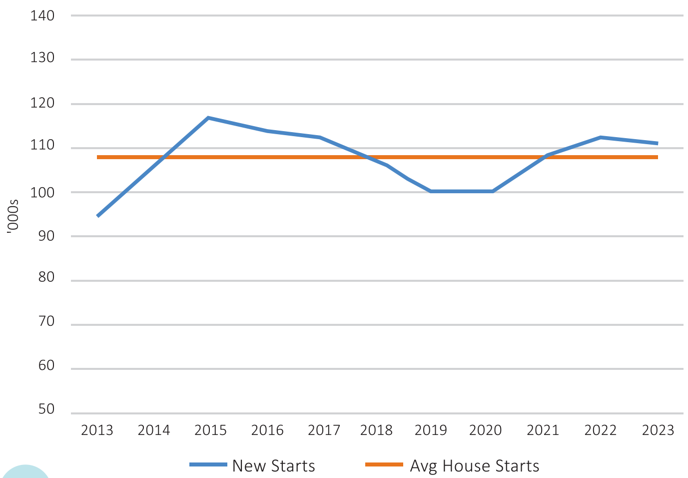
Australia

- Population: 24,786,000
- Plantation area: 2.0 million hectares
- Net timber importer
- Forest Resource base approx. 50% hardwood (for export) and 50% softwood (for domestic market)

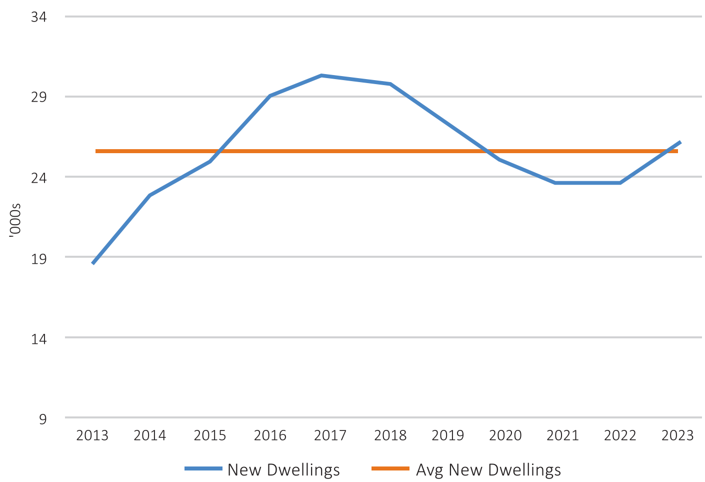
New Zealand

- Population: 4,614,000
- Plantation area: 1.7 million hectares
- Net timber exporter
- Forest Resource base 100% softwood primarily for export market

AUSTRALIAN HOUSING STARTS



NEW ZEALAND HOUSING STARTS



Adding New Zealand into our profile of business gives us a new market with different economic drivers to leverage, adding greater dimensions of growth beyond the size of the population base. If the role of your business is to drive sustainable shareholder value then the more you can take the cyclical effect out of your business then the more reliable your business is going to be, allowing greater investment.

Both the New Zealand and Australia industries benefit from having government policy frameworks that can support manufacturing investment with ongoing research, development, innovation, trade expansion, regional development, competitive input costs and by recognising timber's unique economic and social contribution. It is an industry with a big future and big opportunities. As a business, we must make the most of this and a footprint in both countries really enables us to better leverage what we believe.

One of our core beliefs is that safety is the number one priority in any business. This is reflected in all of our operations and more recently, particularly New Zealand, where a higher standard of safety has been implemented since acquiring it. The site has seen a stepped change in safety approach, safety leadership and a safety culture which is strongly developing. We've got a common view of what safety means with the vision to achieve "zero harm" across the entire organisation.

Differences

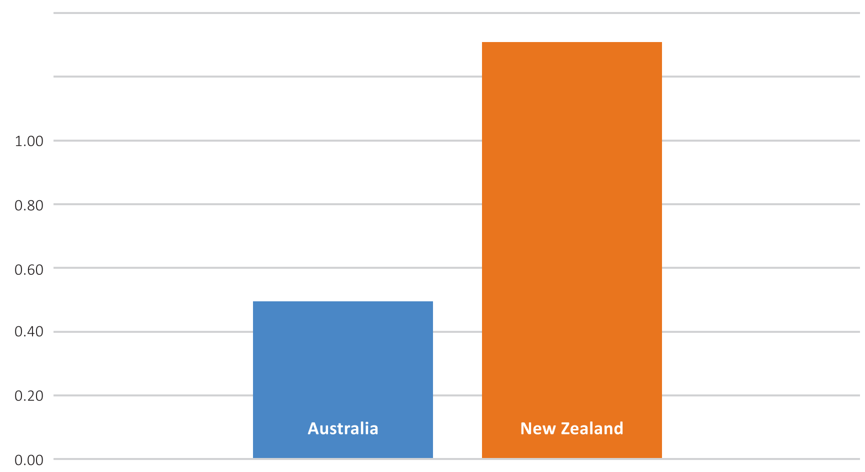
Of course, there are differences too, but fortunately these are differences that have generally worked in our favour. Australia is a net timber importer, with insufficient additional supply of logs in the future to support increased processing capacity, to meet ongoing growing demand. New Zealand is a net timber exporter, with plentiful supply that the domestic processing industry needs to get better at competing for.

The Australian forest sector is very much concentrated on the local supply-based industry where we only export about 10% of our volume, whereas New Zealand is the opposite. We are new to the complex export environment and the associated currency issues. Our purchase of a New Zealand business gave us some insight into being an exporter rather than being simply a domestic player. This was very important for us because, as an Australian industry, it is important for us to look further outwards where we can we create new regional value opportunities by exporting and participating in much bigger markets.

> **Each country has some shared challenges also - relating to log supply, labour, industry perceptions and government policy.**

New Zealand is a strong domestic demand market for it's population

Australian & New Zealans Softwood consumption per Houshold 2015- 2016



Softwood Plantation Area – Australia and New Zealand

Country	Radiata Pine	Other	Total Units
Australia	**771**	**265**	**1,035**
Green Triangle	175	5	179
New Zealand	**1,533**	**137**	**1,670**
Marlborough	69	3	72
Nelson- Marlborough	155	8	163

,000 hectares

Challenges

Despite Australian industry efforts, particularly via the AFPA (Australian Forest Products Australia), in recent years the Australian forest industry has become more constrained. In terms of log resource, Australia and New Zealand have approximately 2 million hectares of plantation forest resource, however, this includes 771,000 hectares of plantation Radiata Pine in Australia and a much larger 1,533,000 hectares in New Zealand. Radiata Pine is the primary resource used by all our mills and is well understood by everyone in our business however, as previously mentioned, Australia is suffering from insufficient additional supply of sawlog to meet demand. In New Zealand, there is a larger supply but the added challenge of a complex log supply chain within the domestic processing market. There are far more log suppliers in New Zealand than in other regions and prices move around significantly which must be monitored carefully. Nevertheless, as the Nelson-Marlborough region where our Blenheim mill is located is a significant plantation basin, the investment in our New Zealand mill ensures long-term resource security, essential in achieving a sustainable business model.

Attracting new talent to our industry is a challenge in both countries. There is difficulty in attracting new employees in regional locations with the appropriate skills base. Furthermore, the high cost of labour and business costs for manufacturing sectors relative to most other countries result labour cost issues within the industry. For both the Australian and New Zealand industries, timber manufacturing carries the baggage of being an ‘old’ industry that is not seen as technology driven.

In terms of log resource, Australia and New Zealand have approximately 2 million hectares of plantation forest resource, however, this includes 771,000 hectares of plantation Radiata Pine in Australia and a much larger 1,533,000 hectares in New Zealand.

What this means for a sawmiller

Log Availability Forcast ('000m3 pa)

Period	Australia	New Zealand
2015- 2019	16,825	30,259
2020- 2024	16,421	32,200
2025- 2030	15,946	32,374

That question of whether we are a 'sunrise' or 'sunset' industry makes it a real challenge to attract innovative talent to our business. One of the ways we tackle this at Timberlink is to host school groups in our regional communities to visit our facilities and see the technology, big data and diverse opportunities. This industry is a technology industry. One of our computer hardware storage rooms at the Tarpeena sawmill has servers in it with more capacity power than those involved in the moon landing (albeit a long time ago). I think that the environmental and sustainability messages are also now getting real traction and doing a lot to change perceptions. Timber is being recognised more and more as an engineered product – with specifications attached to it, reliability in construction and part of building infrastructures. People's view of timber is changing, from just a stick of wood that goes into a house frame, to a highly engineered building material that can be utilised right across the spectrum of buildings. This really changes the way we think as an industry.

There are more opportunities now for us as a trans-Tasman to unlock and drive our business sustainability- whether it's in terms of the way we balance home and regional markets, theopportunities with timber's renaissance (the 21st century building material), the revaluing of fibre in terms of the bio economy, the way the supply chain integrates, the way we build skills internationally or the way we deploy new technologies with more efficiency and less risk.

From Timberlink's perspective, you make an investment, you step forward to change your business into something different, better and more sustainable. We concluded that a combined business would be stronger than a business that was separated. As a result, we considered the strengths and opportunities of each organisation and combined them to create our strategy and subsequent growth. We take a longer-term view of this- what's happening in the global market, our resource is going to be, where is manufacturing taking place, where can value be added, how can we participate in a market where there are already high value opportunities happening whilst learning and growing?

Leveraging each other's strengths has been important, a wider footprint has given us more diversity; now we're working in markets we wouldn't have understood and we were completely oblivious to before the expansion. We're learning to be nimbler and more responsive. It's more about people and process than capital. We strongly believe that operating as a trans-Tasman business sets us up for success both now and into the future, as we grow into a more capable and dynamic Australasian timber products business. A vision for our future says we've got to be a regional player- to be a regional player means you have to have a presence in more than one place

Working in High Temperatures

Australian and New Zealand summers can be extremely hot and not at all pleasant to work in. Without adequate care, working in high temperatures can be more than unpleasant, leading to a range of issues for workers, from the minor to the more serious. At Timberlink, employee safety is our number one priority, which is why we have developed Extreme Weather Procedures. Our sites find these to be a useful guide when faced with working at high temperatures, and with summer quickly approaching we thought you might too.

Working in extreme heat, even when indoors, can lead to heat stress. This occurs when heat is absorbed from the environment faster than the body can release it and usually arises when the blood exceeds 37 degrees centigrade. Heat stress can manifest itself and affect individuals in a number of ways.

- Prickly Heat, also known as heat rash, is an intense, itchy, red skin rash.
- Heat Cramps are painful muscle cramps that can affect the abdomen, arms or legs.
- Heat Stress is when the skin feels cool and clammy to the touch and the person feels nauseated and light-headed.
- Heat Exhaustion is a serious condition that can develop into heat stroke. Signs can include heavy sweating, dizziness, nausea, vomiting and fainting.
- Heat Stroke is a medical emergency and is caused by a rise in core body temperature. A person suffering heat stroke may become confused, stagger or collapse. Death can occur.

Workers who spend all or part of the day outside have an increased risk of heat-related health issues due to their exposure to solar ultraviolet radiation (UVR).

- Sunburn can occur in as little as 15 minutes in peak UV Index conditions. All types of sunburn, whether serious or mild, cause permanent and irreversible skin damage and can lay the groundwork for skin cancer later in life.
- Solar keratosis is red, dry, scaling areas on the skin, and can be a warning sign that a person is prone to skin damage and skin cancer.
- Eye Damage is caused by exposure to solar UVR can include photokeratitis (inflammation of the cornea and the iris) and photo conjunctivitis (inflammation of the conjunctiva, the membrane that lines the inside of the eyelids and white of the eye), more commonly known as snow blindness or welder's flash. Symptoms range from mild irritation to severe pain. There is evidence that chronic exposure to UVR contributes to age-related macular degeneration and cataracts, both a cause of blindness. Long-term effects may also include carcinoma of the conjunctiva and cancer on the skin surrounding the eye.
- Skin Cancer is the most serious health issue arising from exposure to UVR. Basal cell carcinoma (BCC) is the most common type of skin cancer and grows slowly. Squamous cell carcinoma (SCC) is less common but grows faster and may spread to other parts of the body if left untreated. Melanoma is the least common but most dangerous type of skin cancer. Most skin cancer deaths are from melanoma. It is often fast growing and can spread to other parts of the body where it can form a new cancer.

“By managing the risks we can keep our employees safe from the effects of heat exhaustion and stress.”

To help keep employees safe when working at high temperatures, our site management teams determine the level of risk employees may be exposed to and take all necessary measures to keep them safe. Some of the measures we take include:

- Rescheduling of work tasks.
- Provision of cooling and ventilation systems.
- Provision of suitable and effective clothing and PPE.
- Provision of cool water.
- Provision of SPF 50+ sunscreen at all sites.
- Provision of safety glasses with UV Protection to all outdoor staff.
- Ensure employees have access to shaded areas for breaks.
- Information, training and awareness of risks associated with working in extreme conditions.

Working in high temperatures is a risk for all employees. By managing the risks, we can, however, keep our employees safe from the nastier effects of heat exhaustion and stress.

Heat Exhaustion and Stroke Warning Signs

Heavy sweating	*Dizziness*	*Vomiting*
Paleness	*Headache*	*Slurred Speech*
Muscle Cramps	*Weak or RAPID PULSE*	*Fainting*
Tiredness and Weakness	*Nausea*	*Confusion*

Lay the person in the shade, remove outer clothing, provide cool water and fan vigorously to increase evaporation. If symptoms are severe or don't improve seek medical attention immediately.

The "101" of FORESTRY CERTIFICATION SCHEMES

Forestry certification schemes exist to safeguard sustainable forestry practices and provide confidence to the end consumer that their products have been sourced from sustainable forestry resources. Globally, there are two such schemes in operation- FSC® (Forest Stewardship Council®) and PEFC (Programme for the Endorsement of Forest Certification Schemes). Both schemes work to promote responsible forestry practices and Chain of Custody certification from forest through to final consumer.

Forest certification schemes

There are almost 500 million hectares of certified forest around the world, with about 40% certified by FSC and 60% by PEFC. Approximately 16% of global forests are certified by both FSC and PEFC- Poland, Sweden, Canada and the US have significant areas that are double certified.

FSC® (Forest Stewardship Council®) was established in 1994 and runs as a governing body over its members. Canada, Russia, the United States and Sweden are the countries with the largest FSC certified forest areas. In New Zealand, almost all the certified forest is FSC, as PEFC has only been recently introduced to the country. In Australia, about 1.2 million hectares is certified FSC.

PEFC (Programme for the Endorsement of Forest Certification Schemes) was established in 1999 and operates as a global umbrella organisation for individual national Forestry Certification Schemes, including AFS (Australian Forestry Standard). Most of the PEFC certified forests are in Canada, the United States, Australia and Finland. About 95% of certified forests in Australia are AFS/PEFC certified.

AFS (Australian Forestry Standard) was established in 2002 and sits under PEFC. There are over 24 million hectares of AFS certified forest in Australia.

The majority of our Australian and New Zealand log supply is FSC certified from forests owned by New Forests administrated investment trusts, allowing us to offer the one certification across our entire business. This means that if, for example, a customer in Australia chooses FSC certification for their business, we can supply FSC certified timber from all three mills (Blenheim, New Zealand; Bell Bay, Tasmania; Tarpeena, South Australia). It also allows us to ship FSC product from one mill to another, maintaining certification that would otherwise have been lost.

Because AFS/PEFC accepts that FSC logs have been legally sourced, we are also able to provide AFS/PEFC certificated products from our Australian mills.

Chain of Custody

Chain of Custody refers to the system whereby organisations that source, produce, stock and sell wood fibre products are independently certified. This gives end users full confidence that the product they have purchased is not only sourced from sustainably managed forests but is independently certified to that effect. Both FSC and AFS/PEFC schemes provide Chain of Custody (CoC) certification.

In Australia, companies can choose either FSC or AFS/PEFC CoC certification, while in New Zealand only FSC CoC operates. Because we hold both certifications, in Australia we are able to support our customers by providing documentation to support the schemes they elect.

We understand that the demand for Chain of Custody certification will continue to grow, in line with the growth of commercial Green Projects. The Green Building Council of Australia (GBCA) accepts both FSC and AFS/PEFC certified timber as being legally sourced from sustainable forests and treats them equally in their Green Star Program. The GBCA website states: "Forest Certification Schemes that are accredited by the Forest Stewardship Council (FSC) International or Programme for the Endorsement of Forest

Certification (PEFC) are recognised by the GBCA as compliant with the GBCA Essential Criteria for evaluating forest certification schemes."

Market Considerations

Awareness of forestry sustainability and the accompanying certification is growing amongst end consumers. A recent PEFC Global Survey found that 90% of respondents agreed that choosing a product with forest certification labelling makes a positive difference to the world's forests.

We see this as another driver of demand for certified timber products.

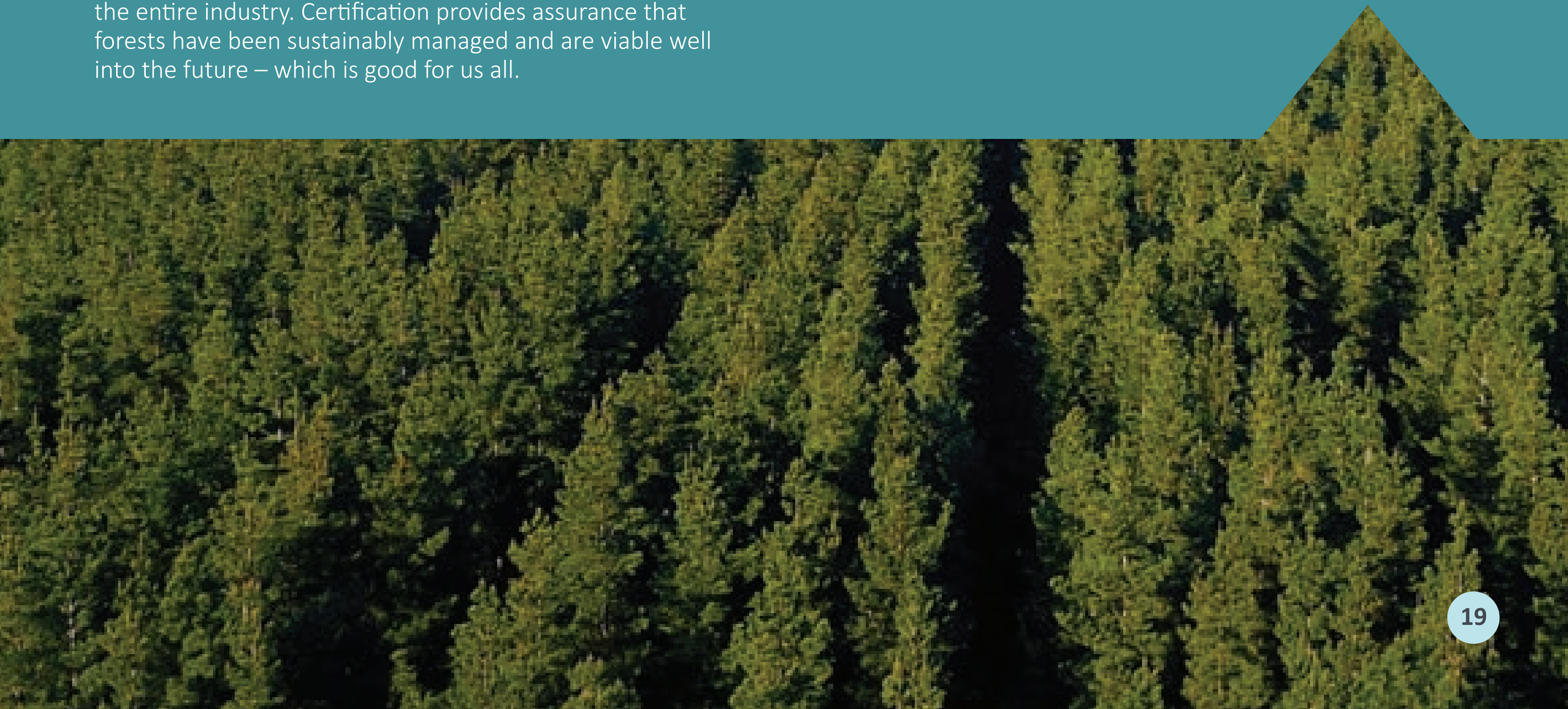
Why Timberlink chooses certification

As a major Australasian producer of timber products, we support sustainable forestry management as the way to protect the long-term future of not only our business, but the entire industry. Certification provides assurance that forests have been sustainably managed and are viable well into the future – which is good for us all.

We also support our customers' businesses, many of which are electing to become Chain of Custody Certified to stock and sell certified timber in the market. Because our customers vary in their choice of certification we believe that holding both FSC and AFS/PEFC certification will allow us to better service their requirements.

For further information about Forestry Certification visit:

https://au.fsc.org/en-au
http://www.forestrystandard.org.au/
https://www.pefc.org/



Is F7 or MGP10 graded timber better for outdoor structures in Australia?

For the end user, the correct selection of outdoor treated structural pine is extremely important when building a balcony, pergola or other outdoor project.

As our channel customers know, any pine used outdoors must be treated to ensure protection against termites and fungal decay. While colour has traditionally been used to indicate treatment (green indicating outdoor treatment), new technologies mean that colour alone can no longer be relied on to determine treatment type.

Today the proven and preferred termite and fungal treatment for outdoor structural pine is Light Organic Solvent Preservative (LOSP), which also comes in low-odour options.

As we all know, the required Hazard level will have a bearing on the available treatment options, with most of the outdoor building project typically requiring H3 treatment (excluding posts in the ground which require H4 treatment). Treatment and Hazard classes are shown on individual sticks of timber, either in the form of a stamp or a stapled tag.

For structural projects, the stress grade of the timber is also important. Timber is stress graded so that it can be classified into groups that achieve the same basic structural design properties. These properties include, for example, bending stiffness and strength, tension strength and compression strength. Timber sold in Australia is stress graded as either MGP (Machine Graded Pine) or F (either visually or machine graded). While most treated pine sold in Australia is either MGP10 or F7, other grades such as MGP12, MGP15 and F5 are also available. Grade is also shown on individual sticks of timber along with treatment and hazard class. The industry is often asked why it offers pine products in both MGP10 and F7 grades when they appear to be similar products; this is a great question!

In terms of product performance, both MGP10 and F7 grades meet Australian standards. Stiffness and strength are the two main properties to consider when deciding which grade is better suited to a project. MGP10 has a higher stiffness grade while F7 has a slightly higher strength grade. If plans have been provided, it is important to purchase the exact grade of timber specified to ensure that structural integrity is maintained. If not, you can confidently choose either grade.

When grading timber, most mills test firstly for stiffness, which is generally the basis on which most structural members are designed. Stiffness measures how much a beam will deflect for any given load and is related to density, fibre quality, moisture content and pine defects. MGP10 measures 10.0GPa (gigapaschals), while F7 measures lower, at 7.9GPa.

Equally important is bending strength, which refers to how much load a beam can take before it breaks. Bending strength is largely determined by the number and location of defects, with any large knots at the edges of boards reducing overall bending strength. MGP10 measures 17MPa (megapascal) and F7 measure 18MPa. Timberlink manufactures MGP10 to achieve the higher 18MPa, so Timberlink MGP10 can be substituted if F7 has been specified.

Given the differences in bending and stiffness measures, it makes sense that F7 and MGP10 grades will also achieve different spans when used in structural applications. In some cases, F7 will span further, while in others MGP10 will. F7 grades will generally span further in applications where bending strength is the governing design property (eg bearers), while MGP10 will span further where stiffness is the major factor (eg pergola rafters). For example, F7 will span further than MGP10 when used as a deck floor bearer due its higher bending strength, while MGP10 will span further than F7 when use as a deck floor joist because it has a higher modulus of elasticity.

For outdoor projects containing exposed structural members, appearance is also important. At Timberlink, we like to provide our customers with strong and good-looking pine, which is why we visually over-ride every piece of structural timber we produce, be it MGP or F graded. For premium outdoor projects, Timberlink Green from NZ comes in an Outdoor Select grade.

The nature of the trees, the regions in which the plantations are grown and the local mill operations are all factors that determine which structural grade is manufactured.

New Zealand pine for outdoors, much of which is sold in Australia, is predominantly graded as F7. This is because the New Zealand resource has a lower stiffness measure than the Australian one and its high quality pruned material with few or no defects gives it a higher bending strength. Furthermore, New Zealand pine is better suited to producing mid to wide sizes – highly complementary to the Australian resource which tends to produce narrow to mid wide sizes. Grading Australian pine as F7 enables the industry to offer a very wide range of sizes across the one grade.

Offering both MGP10 and F7 is good for the industry and consumers. Both meet Australian Standards so you can rest assured that both grades will do a great job.

Comparison of the main structural properties of F7 and MGP10

	Average Modus of Elasticity (Stiffness)	Bending Strength	Tension parallel to grain	Compression parallel to grain	Shear in Beams
F7	7,900 MPa	18 MPa	8.9	13	1.9
MGP10	10,000 MPa	17 Mpa	7.7	18	2.6

Timberlink MGP10 achieves the F7 Bending and Tension Strenght requirements.

Having both F7 and MGP10 available benefits the market, with one of these being that, for some applications, F7 spans further than MGP10 and in others the reverse applies.
F7 spans further than MGP10 when used for Deck Floor Bearers and Pergola/Veranda Side Beams.
MGP10 spans further than F7 when used for Deck Floor Joists and Pergola Rafters.

“A Brilliant Industry” - Federal Government announces National Forest Industries Plan

Prime Minister Malcolm Turnbull announced the Australian government’s new National Forest Industries Plan at the AFPA (Australian Forest Products Association) Gala Dinner, hosted at Parliament House, Canberra, in September. Attended by five hundred forest industry leaders (including the senior Timberlink management team) and parliamentarians, it was the perfect event for the government to announce that they are committed to securing the long-term growth of the industry.

When delivering the event’s keynote address, the Prime Minister paid tribute to the Australian forest sector, describing it as “a brilliant industry” and one that captures carbon, is sustainable, and is also technologically sophisticated. He told the audience that “we should be a forest industry international powerhouse” and and ensured that the government is committed to providing the industry with long term certainty.

The Prime Minister has requested that Senator Anne Ruston, the Assistant Minister for Agriculture and Water Resources with responsibility for forestry, help develop the new Government Plan. Speaking at the same event, Senator Ruston said that “the Australian forest industry directly provides tens of thousands of jobs, many of which support rural and regional communities. The Turnbull Government reaffirms its strong support for the sector and is committed to further collaboration to achieve certainty into the future”.

Timberlink is pleased that the government both acknowledges the importance of the industry and is committed to developing a plan to ensure its long-term future. As a business, we are continuously investing in our future and appreciate that the government also recognizes the value of the forestry industry to the Australian economy, especially regional communities.

Prime Minister Turnbull, speaking at the AFPA Gala Dinner, September 12, 2017

Welcome to the Timberlink Team

Eshani, Adam and Shaun

Eshani, Victoria

Adam, Victoria

Shaun Roberts, Tasmania

We are pleased to welcome three new Account Managers to the Timberlink Team – Eshani and Adam in Victoria and Shaun in Tasmania.

Eshani Rupasinghe, who brings a proven track history in account management, was keen to join us because "the people of Timberlink really live the core values of the business, with a strong focus on customers and people".

Adam Watson, has five years' experience as a trade account manager and is excited to be learning about the production side of the industry. Adam says that he "was blown away by the professionalism and how welcoming everyone was within the business". Both are pleased to be working with Alan Holter (Victorian State Sales Manager) and are looking forward to a great future working with the Victorian Sales and Service Team.

Shaun Roberts recently joined our Tasmanian team and comes with significant Account Management experience, having worked for Dulux and servicing several shared Tasmanian customers such as Bunnings, IHG and K&D. Shaun is looking forward to learning about Timberlink's business and is enjoying working with Gareth Watson (Tasmanian State Sales Manager). We are sure that **Eshani, Adam** and **Shaun** will be great assets to the Sales team we are building for the future and hope that our customers will enjoy working with them.

Timberlink is proud of its blend of timber industry experience and professional selling skills from outside the industry within the growing national sales team.

Rising global demand for wood is good for New Zealand

"Elevated global demand has wood now driving economic growth in New Zealand." This is the key message contained in the WPMA's (Wood Processors & Manufacturers Association of New Zealand), Vision 2050.

The WPMA describes how world demand for wood will continue to grow due to high rates of urbanisation, climate change, constrained fossil fuel and water supplies. This demand, it argues, will increasingly be met by New Zealand wood products due to their high quality, sustainability and level of certification. These wood products include traditional solid and engineered wood products, paper and packaging as well as innovative new wood-based plastics and biochemicals.

The WPMA is vital to the New Zealand timber industry and achieving ongoing government policy objectives around protecting natural resources and job creation. Due to environmental, social and economic concerns, the use of wood in construction is already common in both residential and commercial buildings. These factors have helped grow the industry to a point where it is viewed favourably by major international investors.

With ongoing global demand, alignment with government policy and interest to large investors, the New Zealand Wood industry has a strong future, excellent news for both our New Zealand sawmill in Blenheim, and our customers.

The **WPMA** represents the interests of the New Zealand timber industry through its various advocacy, lobbying and government representation activities.

Major sawmilling businesses, including Timberlink New Zealand, are members of the organisation.

For more information visit: http://www.wpma.org.nz/

wpma
Wood Processors & Manufacturers
Association of New Zealand

Timberlink’s industry support

Timberlink is proud of its representation in industry, with a commitment and belief that industry collaboration is a key ingredient to the sustainability and success of an industry over time.

As a business, we are members of Australian Forest Products Association (AFPA national & the SA chapter), Forest and Wood Products Australia (FWPA), Timber Preservers Association of Australia (TPAA) and Wood Processors & Manufacturers Association (WPMA; NZ).

Our representatives include:

- Ian Tyson, Timberlink CEO – AFPA Board member
- Trevor Innes, Timberlink GM Technical & Environment – AFPA Softwood Chamber Technical Committee, TPAA Committee
- Christine Briggs, Timberlink GM Marketing & Business Development – FWPA Board member
- Phil Lloyd, Timberlink GM Resources - AFPA SA Chapter Committee Member
- David Oliver, Timberlink GM Innovation & Emerging Businesses- AFPA Representative NIFI (National Institute of Forest Industries) SA
- Jamie Irving, Timberlink Sawmill Optimization Manager- AFPA representative on TM10 Standards Committee

We congratulate Christine on being successful with her application for a second 3-year term on the FWPA Board. Christine is keen to help drive industry collaboration for R&D market development and apply her knowledge and experience to help drive a more marketing-driven industry. Christine is passionate about helping to support gender diversity in the industry and in encouraging other senior women in the industry who may not be “CEOs” (yet) to expand their networks and pursue opportunities such as non-executive Board positions.

Merry Christmas

& HAPPY NEW YEAR

Timberlink Australia & New Zealand
2017 Christmas Closure Dates

Timberlink Site	Last Day of Business (2017)	First Day of Business (2018)
Distribution Centres ((VIC, TAS, WA, NSW, SA Deliveries)	Friday December 22nd	Tuesday January 2nd
Customer Service (Australian Sites)	Friday December 22nd	Tuesday January 2nd
Tarpeena Despatch	Friday December 22nd	Monday January 8th
Bell Bay Despatch	Thursday December 21st	Tuesday January 2nd
Blenheim Despatch	Friday December 22nd	Monday January 8th
Blenheim Customer Service	Friday December 22nd	Monday January 8th

TIMBERLINK PROUD TO SPONSOR

Local Christmas Parade

As a major employer in the local area,
Timberlink's Bell Bay mill is proud to be
sponsoring the Georgetown Christmas Parade.

Held on Saturday 2nd December, the parade is
one of the area's major community events and is
sure to bring Christmas cheer to all involved.

TIMBERLINK
AUSTRALIA I NEW ZEALAND

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