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## Budget lifts confidence in construction industry

COVER STORY P2



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# Budget boosts confidence in building sector, buoys thousands of businesses

## ‘Making construction the keystone of Covid recovery is the right call’

JIM BOWDEN

THE building and construction sector – and the timber products industry that feeds it – have achieved major gains from the 2020-21 federal Budget handed down by Treasurer Josh Frydenberg on Tuesday.

Built to protect the viability of thousands of businesses, the budget has bolstered skills development and employment with its backing of 100,000 new apprenticeships and traineeships.

The budget’s housing policy comes off the back of the largest building pipeline still being completed.

“Making building and construction the keystone of Covid recovery is the right call by the government,” CEO



Josh Frydenberg... support for building and construction sector.

of Master Builders Australia Denita Wawn said.

“The Budget will support the industry as the accelerator of economic recovery. It is going to support the country to build its way out of recession,” she said.

“Productivity-enhancing infrastructure, including local community infrastructure, wage subsidies and massive tax incentives for builders and tradies to invest, means the government is putting

in place the right foundation for recovery. Hundreds of thousands of small building and construction businesses will now have hope that they can stay afloat.”

Mrs Wawn said the extension of the First Home Loan Deposit scheme and \$1 billion for the construction of new affordable housing would extend the opportunity to own a home to thousands more people.

“It will unlock even more

investment and further activate residential building as the engine of economic growth and employment,” Mrs Wawn enthused.

The National Housing Finance and Investment Corporation will issue an extra \$1 billion in bonds to community housing providers on top of the \$3 billion already available.

These reforms complement the government’s announced changes to Australia’s lending laws, which will support the flow of credit to housing, reducing the time and cost associated with accessing credit for consumers.

The government will also inject \$150 million over three years into the indigenous home ownership program. This measure will assist indigenous Australians to access housing and support delivery of the government’s Closing the Gap targets.

Cont P 3

**“BUILDING SECTOR THE ACCELERATOR OF ECONOMIC RECOVERY”**



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From P 2

The increased spend on social housing will boost the construction sector as it faces a dried-up pipeline of projects. It also 'catches out' Opposition Leader Anthony Albanese who has made social housing a key issue of his leadership since he took over Labor after last year's election.

Housing Industry Association managing director Graham Wolfe said the budget had given both first home buyers and more than one million workers in the residential building industry the incentive and confidence needed to continue to navigate through these challenging times.

"The measures announced will deliver a pipeline of building work and most importantly help more people access a home of their own," Mr Wolfe said.

"An increase in the number of people that can apply for a place in the First Home Loan Deposit Scheme if they buy or build a new home and the \$1.2 billion injection into the Supporting Apprentices and Trainees wage subsidy are major cornerstones in supporting jobs across the residential building sector."

From a workforce and skilled trades' perspective, the Budget's extension to the Supporting Apprentices and Trainees wage subsidy to cover 50% of an apprentice or trainee wage, up to \$7000 a quarter, provides a great incentive for businesses to take on a new apprentice – right now.

CEO of national employer association Innes Willox

**“ INCENTIVE FOR BUSINESSES TO TAKE ON MORE APPRENTICES ”**



2 particularly welcomed the subsidy for employment of previously unemployed people aged under 35.

"These are measures targeted to younger Australians that we know from experience are among the most at risk in the wake of an economic downturn," he said. "The economic, social and human benefits of these measures are incalculable; they hold out a supporting hand to many young Australians."

Meanwhile, tax incentives in the budget will encourage investment and help businesses impacted by Covid-19.

On investment, eligibility for the instant asset write off scheme, which enables eligible business to claim a full immediate deduction for the costs of new assets, has been expanded to cover businesses with a turnover of up to \$5 billion – up from \$50 million initially and \$500 million as of earlier this year.



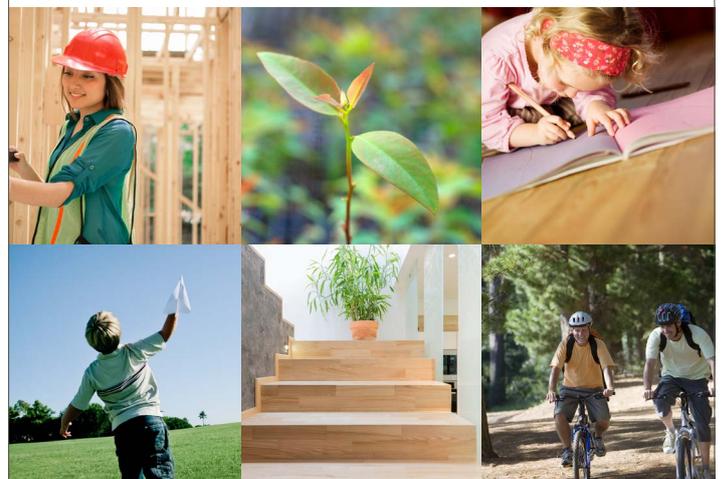
3 Josh Frydenberg's \$98 billion stimulus package, aimed at reviving a Covid-

battered economy, will see Australia's commonwealth budget deficit reach \$213.7 billion in the current financial year while net debt will increase to \$703 billion or 36% of GDP this year before peaking at \$966 billion or 44% of GDP by June 2024.

The Treasurer described the Budget as "full of hope for

Cont P 4

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# Timber Queensland on an election deadline

PEAK industry body Timber Queensland has launched its state election campaign with full page advertisements in The Courier Mail, which has a daily print and digital circulation of more than 1.5 million.

The advertisements – placed in two Saturday editions (October 3 and 10) – promote the benefits of the forest and timber industry in the regions, where regional electorates will be a crucial factor in the poll on October 31.

Timber Queensland CEO Mick Stephens said the advertisements would lift the profile of the forest and timber sector across the state, with specific messaging around the value and job creation benefits of the industry in the regions.

“Many marginal regional seats will be crucial to the overall outcome of this election,” Mr Stephens said. “The industry has a strong footprint among these seats, which is a message we are making loud and clear will all the parties and candidates over the coming month.”

Queensland’s ‘sleeping’ native timber action plan remains a contentious issue for the forest and forest products sector. The Premier’s promise in the ‘timber capital’ Maryborough nine months ago has borne no fruit with the government saying an



announcement will be made “in due course”.

Timber Queensland has identified a five-point plan for government to create greater resource security and a policy environment to generate new investment in the regions. It has called on the government to work with industry to resolve native hardwood resource security issues on state land arising from the South-East Queensland Forest Agreement through development of new long-term supply arrangements.

“We believe the industry could generate an extra \$300 million in annual output and

*From P 3*

better times ahead built on the enduring values of personal responsibility, reward for effort – and helping those in need.”

But as finance and business writer Anthony Keane says, “debt is no longer a dirty word”.

With the government currently able to borrow money at rates below 0.5%, economists say Australia’s

generate an additional 2000 jobs with the right policies in place,” Mr Stephens said.

The campaign, which began on Tuesday (federal Budget day), marks the first time that both major party leaders have been female in a Queensland state election – incumbent Labor Premier Annastacia Palaszczuk and Opposition and LNP leader Deb Frecklington.

Both have given their first pitches to voters, promising to secure jobs and keep the state ticking amid Covid-19.

**“ MARGINAL SEATS CRITICAL**

In a major poll, Queensland voters are divided over what they expect the election outcome to be, with another minority government Labor government propped up by minor parties and independents edging out all other scenarios.

But another poll among voters in regional Queensland suggests a Labor-LNP tie, with Ms Frecklington counting on Katter's Australian Party to get over the line.

– JIM BOWDEN

interest bill will be less than it was before Covid struck.

They expect Australia to grow its way out of the record debt pile, just as it did after the last great economic shock – World War 2.

• **Forest industries positioned to assist economic recovery, Page 8.**

*On the cover: Federal Budget a boost for timber construction. Photo: Pryda floor cassette*

# Industrial wharf dispute serious threat to revival of construction and building

## Timber importers take supply concerns to Prime Minister's office

TIMBER importers have raised serious concerns about the ongoing industrial dispute at Australian ports.

The dispute between Patrick and the Maritime Union of Australia is having major impact on the ability of timber importers to supply construction and building customers, particularly in Sydney as warehouses become depleted of stock.

The Australian Timber Importers Federation has raised these concerns with the federal government and others involved in the timber

**“SERIOUS IMPACT ON TIMBER PRODUCTS SUPPLY CHAIN**



1

**1/ Sailing into trouble... industrial action creating shipping congestion at Australian ports.**

**2/ Nils Koren... industrial dispute severely impacting on distribution of supply of timber imports to warehouses.**

products supply chain.

In a letter to the Prime Minister Scott Morrison, ATIF chair Nils Koren said timber importers had serious concerns regarding the ongoing debilitating industrial action at the country's ports, notwithstanding the apparent temporary 'truce' announced.



2

The letter clearly outlines the major impact of the strike on timber product importers and others in the building

products, construction and building supply chains.

Mr Koren said the dispute's impact on the importation of timber products was severe, resulting in warehouses, notably in Sydney, left with negligible stock available for supply to dependent building and construction customers.

He also confirmed that the ongoing industrial action at Patrick terminals has created major disruptions to shipping.

"Resultant delays experienced over at least the past month have impacted all shipping lines vessel schedules, causing delays and congestion," Mr Koren said.

ATIF general manager John Halkett said the federation had been active in supporting timber importers who had been badly impacted by the industrial action.

"We have made representations to Patrick, and also have had discussions with other key trade

Cont P 6



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From P 5

associations, and with freight forwarders," Mr Halkett said.

"ATIF has also been in discussions with federal government officials, and has written to the federal Minister for Industry, Science and Technology Karen Andrews about the issue."

Mr Halkett said the most acute problems related to Port Botany in Sydney where some shipping has been diverted to Melbourne or Brisbane requiring containers to be transported back to Sydney by road. However, evidence indicates that the difficulties experienced in Sydney are now spreading to other ports around the country.

"Among the significant adverse consequences of the industrial action is that timber product importing companies are being billed congestion fees and also having to cover the costs of road transport back into the Sydney market from other ports," Mr Halkett said.

"These costs are obviously having significant time and commercial consequences."

Shipping companies have advised ATIF that they have become so disenchanted with the Maritime Union of Australia 'go slow' that they have dumped hundreds of containers at the Melbourne port, and at Brisbane instead of the intended destination of Port Botany.

Also, some major shipping lines servicing ATIF member companies have advised that they will not be docking at Australian ports for the next two months. ATIF estimates that this will mean that hundreds of containers of timber products scheduled for import and delivery to construction and building projects across the country will now not be able to be landed.

**DISRUPTION WILL SLOW A BUILDING-LED RECOVERY**



**John Halkett... timber suppliers won't have the products to support a post-Covid recovery in the construction and building sector.**

Mr Halkett said timber product imports were critical to ongoing construction and building activity, and of course related substantial employment in sectors critical to job recovery as the country emerges from the Covid pandemic.

"A construction-led Covid recovery is being inhibited as timber product suppliers simply won't have the products available to support construction and building projects," he said.

"The inability to have timber

products scheduled for import landed is having serious flow-on impacts for construction and building industries. This will clearly damage the good work governments are doing in providing financial support for these industries and related employment."

Mr Halkett said unfortunately timber importers then had to incur a per container cost of \$1500 to transport containers back to support fast emptying Sydney warehouses. In addition, shipping companies had been charging a congestion fee of \$25,000 a day for every day a vessel is forced to remain idle while waiting to come into Port Botany.

It is understood the federal government has entered the dispute with the Prime Minister saying that wharfies were "holding the nation to ransom", while Deputy Prime Minister Michael McCormack said that if the commission hearings failed the government was prepared to intervene in an "alternative way".

## 'Robust' debate ends Coalition divide on koala policy

NSW farmers and private native forestry operations will be exempt from the controversial koala planning policy that nearly blew up the Coalition government agreement last month.

A crucial cabinet meeting on Tuesday confirmed changes to the divisive state environmental planning policy more than three weeks after Deputy Premier and Nationals leader John Barilaro threatened to move his party to the crossbench over the policy. He subsequently took one month's mental health leave, leaving his deputy Paul Toole (a former Forestry Minister) to take the reins as Deputy Premier.

Senior government MPs said the outcome of "robust" negotiations should close the chapter on the Coalition crisis of the past month, with important lessons learnt.

Sections of the resulting policy are unchanged, including the 123 tree species considered critical to koala habitat, as well as requirements for DA approvals outside day-to-day farming.

The definition of "core koala habitat" has been refined to mean it must be highly suitable habitat with koalas present and with a confirmed record of koalas, or highly suitable with a record of koalas in the past 18 years.



**Rob Stokes... always confident of a balanced approach.**

"This is a balanced outcome that will protect koalas and protect farmers' property rights. This was a party position, one the Deputy Premier John Barilaro fought hard for," Mr Toole said.

Planning and Public Spaces Minister Rob Stokes said he had always been confident the government would find the balance needed after "important robust and

passionate discussions".

Provisions that will not change under the SEPP include harsh penalties for individuals or corporations that harm a threatened species, and compliance and enforcement for private native forestry.

Agriculture and Western NSW Minister Adam Marshall said discussions over the "precarious policy" were tough, but they had been resolved as a team effort. He will introduce legislation next week to give legal effect to cabinet's decision.

**(With extracts from the Sydney Morning Herald)**

**OCTOBER**

**21st Australian Timber Design Awards – Sydney, NSW, Australia** (date and venue to be advised). Entries close June 1. Voting for the People’s Choice Award is open from August to September. Visit the new awards website for information and registration instructions. [www.timberdesignawards.com.au](http://www.timberdesignawards.com.au)

**30: Green Triangle Timber Industry Awards POSTPONED – Barn Palais, Mount Gambier, SA, Australia.** Nominations open 1 June 2020 and close 14 August 2020. For more information visit: [www.gttia.com/](http://www.gttia.com/)

**MARCH 2021**

**16–19: DANA New Zealand Forest Industry Status**

**and Outlook Conference and Field Trip – Napier Conference Centre, Marine Parade, Napier, New Zealand.** Website under construction, for further information contact Conference Organiser Julie Bell [admin@dana.co.nz](mailto:admin@dana.co.nz)

**OCTOBER 2021**

**11-14: IFA/AFG national conference ‘Your Forests,**

**Our Future’ – Country Club Tasmania, Launceston, TAS, Australia.** Open to forest scientists, forestry professionals and forest growers. Call for abstracts and sponsorship opportunities will be released in coming months. Contact Institute of Foresters of Australia. Visit [www.forestry.org.au](http://www.forestry.org.au) or phone (03) 9695 8940.

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**OCTOBER**

**21-23: Sustainable Forestry Initiative (SFI) Annual Conference – Vancouver, BC, Canada.** The 2020 SFI Annual Conference will be focused on how forests can make a difference when it comes to so many of the most important sustainability challenges faced in the forest sector and communities. For additional information see: [sficonference.org](http://sficonference.org)

**NOVEMBER**

**1-5: 3rd DANA African Forest Industry Investment Conference and field trip POSTPONED – Durban, South Africa.** Possible 2021 conference and field trip - Dates and venue TBA. To register interest

as delegate or presenter please email [admin@danaevents.co.nz](mailto:admin@danaevents.co.nz)

**DECEMBER**

**7-9: International Forest Business Conference and Tour – Sopot, Poland.** A two-day conference on megatrends that shape forest and wood industry sectors. The event will highlight the transformation of forest-related businesses towards a low-carbon bioeconomy, discuss tensions between sustainability and cost competitiveness, and call attention to new green innovations. Field trip on December 7 to IKEA and Egger mills. The event will welcome institutional investors from across the globe to discuss investment opportunities in timber to diversify their

portfolios and achieve healthy returns. Register at [www.fba-events.com](http://www.fba-events.com) or contact [karolina@forest-analytics.com](mailto:karolina@forest-analytics.com)

**JANUARY 2021**

**11-14 : World Conference on Timber Engineering (WCTE Santiago 2020) – Santiago, Chile.** Topics include Sustainable Forests for timber production; wood products, connections: timber engineering’ timber architecture; building and environmental impacts; policies, education and future trends. For further information see: [www.wcte2021.com/](http://www.wcte2021.com/)

• Please send any events listings to John Halkett via email: [johnh@timberandforestrynews.com](mailto:johnh@timberandforestrynews.com)

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# Budget: forest industries well positioned to assist Australia's economic recovery

THE Australian Forest Products Association has welcomed the Budget for its significant measures to support jobs, businesses, and manufacturing investment as Australia looks to kick-start the economy.

The Budget details a \$65 million bushfire support package that will provide relief to forest industries devastated by the Black Summer bushfires, including the \$40 million Forestry Recovery Development, \$10 million Salvage Log Storage Fund and the \$15 million Forestry

**“\$65 MILLION BUSHFIRE SUPPORT PACKAGE”**

Transport Assistance Fund.

The federal government's \$250 million waste and recycling infrastructure investment is essential to support innovation in this important sector.

“The Budget has detailed measures, including components of the \$1.9 billion for low emissions and renewable technologies that should support our renewable forest industries, regional jobs, and help develop new bioenergy and the bio-economy initiatives,” acting CEO Gavin Matthew said.

“We know that bioenergy can deliver baseload power 24 hours a day, seven days a week, unlike many alternative renewables, and wood fibre



**Gavin Matthew... clear recognition that housing construction is the engine room for growth and jobs.**

is a sustainable biological resource that produces renewable wood and paper products, including new innovative bio-products,” he said.

“There is a clear recognition

that housing construction is the engine room for growth and jobs.”

Tuesday's Budget also detailed the ongoing initial implementation of the National Forest Industries Plan. AFPA and industry will continue to work with the federal government on measures to plant the one billion new trees target, and ensure the elements needed to turbocharge local forest products manufacturing in this country are delivered.

“There are 80,000 workers directly and another 100,000 indirectly employed across the full value chain of forest industries and their contribution to communities

Cont P 9

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From P 8

across the country is essential during this difficult time," Mr Matthew said.

**Budget at a glance:**

- Forest industries: \$10m in 2020-21 allocated to establish storage facilities for salvaged logs, processed timber and other forestry products \$15m to assist with the costs of transporting burned salvaged logs to timber mills or storage sites. In addition to the \$2bn National Bushfire Recovery Fund, the government provides \$41m over three years for a Forestry Recovery Development Fund to support the recovery of forestry processing businesses.

- Manufacturing: The Budget invests \$1bn in modern manufacturing strategy aimed to promote an internationally competitive and resilient manufacturing sector, and in the process create more high value jobs.



**Energy... Budget invests \$1.9 billion in new funding to support low emissions and renewable technologies.**

- R&D: Additional \$2bn through the Research and Development Tax Incentive to encourage companies to engage in R&D activities; \$1bn for new research funding for Australia's universities.

- Energy: \$1.9bn in new funding to support ARENA and the Clean Energy Finance Corporation and invest in low emissions and renewable technologies. Additionally, the Budget provides \$95.4m for a Technology

Co-Investment Fund to implement recommendations from the King Review to support businesses in the manufacturing, industrial, transport and land sectors to invest in low emissions technologies; and \$45.2m to

**“ ADDITIONAL \$2 BILLION TO ENCOURAGE R&D ACTIVITY ”**

make it easier and cheaper for business to participate in the Emissions Reduction Fund.

- Waste and recycling: \$250m investment to modernise Australia's recycling infrastructure, which aims to stop more than 600,000 tonnes of waste ending up in landfill.

- Biosecurity: \$28m over four years aimed to strengthen biosecurity technologies to enhance the scanning of imported products.

- EPBC Act: \$36.6m to progress the statutory review of the EPBC Act.

- Ag-vet: \$31.5m towards improving the regime for ag-vet chemical access and approvals.

- Natural disasters: Further investments to strengthen Australia's resilience to natural disasters will be announced in a response to the Royal Commission into National Natural Disaster Arrangements.



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# European timber traders ‘shut shop’ on China’s largest veneer plywood exporter

EUROPEAN timber regulators have closed the door on China’s largest plywood exporter in a constant vigil on illegal and high-risk tropical timbers hidden behind complex global supply chains.

Netherlands authorities have ordered Dutch company Sakol to cease importing tropical faced plywood from Jiangsu Arser, setting an important precedent in the effort to protect European markets.

The European Investigation Agency has commended the enforcement of the European Union Timber Regulation (EUTR) in the Netherlands and calls on other European countries that are major importers of the same type of product, in particular the UK, Belgium, Greece and France, to follow suit in a well-coordinated approach.

European Union countries import plywood valued at \$US4.7 billion, of which 12% – the largest share – comes from China.

Plywood supply chains are clear examples of the global turn the timber industry has taken in recent years. While



1/ **European Union countries import plywood veneers valued at \$US4.7 billion, of which 12% comes from China..**

2/ **Lisa Handy... decision delivers a blow to protective cover of illegal timber.**



direct trade to Europe from high-risk countries of origin has diminished, indirect routes have proliferated, making illegal and high-risk timber flows increasingly opaque and often impossible to trace.

It is now common to cut trees in one continent, ship the logs to another for processing, and re-export the finished product to a third continent. For most tropical face plywood products, trees are cut in distant tropical forests such as the Congo Basin or Solomon Islands, processed in Asian manufacturing hubs like

China, and then placed on European markets.

European countries have had plywood imports on their radar for years. A 2015 investigation into plywood imports from China by the UK National Measurement Office revealed that the majority of imports did not comply with the EUTR and that importers’ due diligence systems were insufficient.

“This decision is significant as it delivers a blow to the

**“DOMINO EFFECT ACROSS EUROPE**

protective cover that these global supply chains have provided for high risk and illegal tropical timber for years,” USA director of EIA Forest Campaigns Lisa Handy said.

“The UK does not want to become the open back door for illegal tropical timber in the region,” she

said. “This decision taken in the Netherlands should trigger a domino effect across Europe. We look forward to other authorities taking similar actions.”

Ms Handy said the decision provided a timely reminder that EUTR, when duly implemented, was a powerful tool against the global trade in high risk and illegal timber.

“The UK, Belgium, France and Greece now have to show how they make the best use of this tool to combat illegal logging in some of the most threatened rainforests in the world,” she said.



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# Grower levy increase ‘must’ to address funding shortfall and biosecurity threats

## Eradication of exotic pests in Australia sits at half the global success rate

THE Australian Forest Products Association is asking forest growers to support an increase to the sector’s RD&E and biosecurity to address the decline in funding and capacity for vital forest science research, development and extension and to tackle ever-increasing biosecurity threats.

Working with governments, AFPA, Forest and Wood Products Australia and Plant Health Australia developed an RD&E and biosecurity strategy that, if supported across the sector through an increase to the forest growers levy, will grow the value of the industry, boost productivity, lower costs and increase resilience and reduced losses from drought, fire, pests and diseases.

AFPA has backed the proposal and urges all Australian forest growers to support the minor increase which will deliver benefits across the plantation and native forest estates through commonwealth-matched RD&E projects.

**“A MISSED OPPORTUNITY TO INCREASE RESILIENCE OF OUR FORESTS**



**1/ Forest protection... Australia’s biosecurity threat from exotic pests has never been higher.**  
**2/ Ross Hampton... investing in biosecurity will help improve Australia’s success rate in eradicating exotic pests.**

“With this proposal forest growers have the chance to increase current investment levels for RD&E and biosecurity to grow our renewable industry over the long term, increase the resilience of our forests, and build much-needed RD&E capacity,” AFPA CEO Ross Hampton said.

“Australia’s biosecurity threat from exotic pests has never been higher,” he said. “For example, giant pine scale was discovered in 2015 in Victoria and then South Australia and has since been declared un-eradicable in Australia. This exotic pest may be slow moving but it has a devastating impact on the trees it infests.

“Investing in biosecurity will help us improve Australia’s success rate in eradicating exotic pests which currently sits at half the success rate achieved globally.

AFPA is proposing an increase of \$0.13/cub m to the forest grower levy rate, in

that harvest less than 20,000 cub m annually be exempt from paying the levy. If the exemption is successful 96% of industry by volume would be paying the forest growers levy.

The first stage in this process will involve extensive consultation with all forest growers to provide feedback to help refine and further develop this proposal.

Forest growers can offer feedback in the manner that best suits them, for example, one-on-one conversations, telephone conferences and virtual town hall-style meetings.

It is AFPA’s intention once there is broad consensus to engage a third party to conduct a ballot in which all potential or existing forest grower levy payers can vote.

The proposed levy increase needs to be agreed upon and voted on by a majority of forest growers who participate.

To register to be part of the voting process and participate in the consultation process visit <https://ausfpa.com.au/forest-growers-levy/> email [forestgrowerslevy@ausfpa.com.au](mailto:forestgrowerslevy@ausfpa.com.au) or call (03) 6163 8901 by November 6.

Mr Hampton added: “I encourage forest growers across Australia to become involved in the current consultation process and to contact AFPA to participate in voting. Achieving this RD&E and biosecurity levy increase is a critical next step to investing the future of our renewable forest industry.”



two parts:

- An additional \$0.085/cub m for forestry RD&E to significantly increase investment in forestry research through Forest and Wood Products Australia.
- An increase to the Plant Health Australia biosecurity levy from \$0.005/cub m to \$0.05/cub m to protect Australia’s trees and forests against the threat of exotic pests.

If the ballot is successful and the Australian government agrees, the increase to the forest growers levy would occur over a staged implementation and see up to an additional \$3.45 million raised annually with matched federal funding of up to \$2.55 million.

AFPA is also proposing that small and medium growers

# Pallet manufacturing productivity gains from Holtec positioning saw

## Substantial opportunities in value-adding and cost savings for wood processors

A PRODUCTIVE, collaborative relationship has been well established between Australia's largest pallet manufacturer and specialist equipment provider Holtec.

As reported in an earlier edition of Timber&Forestry enews, proudly Australian and family-owned, CMTP provides a nation-wide service and expertise across a range of smart packaging solutions.

With nine facilities across the country, CMTP is in its 44th year of manufacturing.

The company is able to provide solutions for anything from large volumes of standard wooden pallets and crates through to smaller volumes of custom pallets for specific uses, and a range of specialist transporting systems.

CMTP enjoys a long-standing, strong technology relationship with Holtec, a global specialist in pack cross cut saws. Their semi-automated and fully automated manufacturing capabilities are supported by Holtec, and allow CMTP to balance quality, customisation and productivity.



**Dave Brenner, operations supervisor, and Mitch Brunia machine operator... enthusiastic about the performance and productivity of the Holtec positioning crosscut saw**

Managing director Travis Meade confirmed that CMTP can offer customers a wide range of strong, reliable packaging options to any specifications – to suit any requirement from lightweight to heavy duty.

“Our wooden pallets meet all the challenges of export, with full ISPM certification designed for loads of any shape or size,” Mr Meade said.

“We have extensive experience in packing, storing and shipping products and deliver custom packaging solutions, from automotive live animals export crates to fruit bins that protect

products and optimise transportation processes.”

There are substantial opportunities for value-adding and cost savings for manufacturers, sawmills and timber yards related to the use of Holtec pack crosscut saw systems and associated technology.

Holtec manager with responsibilities for Australia Peter Cooper asserts that it is

**“STRONG AND RELIABLE PACKAGING TO ANY SPECIFICATON**

in this area that Holtec offers solutions that improve quality, operating efficiency and the bottom line.

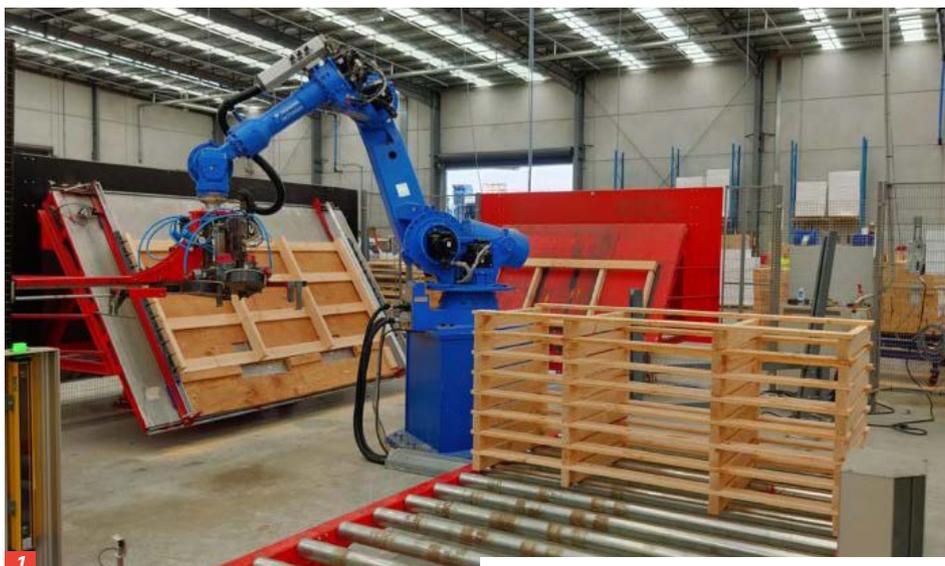
From mobile chainsaws to CNC-controlled crosscut stations, for more than 35 years Holtec chainsaw-based crosscut systems have been renowned around the world for precision and reliability.

The company also has experienced service technicians available to supply, install equipment and provide comprehensive training for operators.

In February this year, CMTP took delivery of another

From P 12

Holtec positioning crosscut saw station for their NSW manufacturing centre at Smeaton Grange. Fortunately, pre-Covid Holtec technicians were able to arrange the transport, install and commission the system and provide operator training.



1/ CMTP... Australia's largest pallet manufacturer.  
2/ CMTP... cutting timber packs to length – and to the millimetre – using Holtec's positioning crosscut saw.

Travis Meade says CMTP has benefitted from a lengthy manufacturing relationship with Holtec. "In fact, we bought our first crosscut saw from Holtec about 20 years ago and it's still going strong," he said.

All Holtec saws have exceeded expectations. "We have much improved product quality, less waste to dispose of that amounts to savings in terms of timber purchase and operating labour costs," Mr Meade said.

Holtec's Peter Cooper said positioning crosscut saw systems allowed stationary timber packs to be cut to the required length ... "to the millimetre."

He added: "There is the ability to increase the quality of packages easily and reliably. Holtec offers the correct chain for each application – a perfect cut every time for finished timber, timber packs, logs, paper, gypsum plates, chipboard, plastic material, firewood and graphite rods."

This system is well proven, with more than 5000 working world-wide. This and other Holtec systems are well proved to increase productivity, cutting precision and lower labour costs.



**“THE PERFECT CUT: CORRECT CHAIN FOR EVERY OPERATION**

Some key features of the system installed this year at CMTP's Campbelltown facility include a cutting accuracy of a millimetre, safe, easy operation; ability for positioning and

cutting function manually, hydraulically and electrically, and a waste evacuation system.

For a complete range of Holtec products visit [www.holtec.org](http://www.holtec.org)



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# Global liquidity fuels housing demand

## This is good news for the wood products industry with softwood timber sales from local production growing 7 pc to 3.08m cub m

IN these challenging times we are seeing more contradictions in the data than usual.

The recent release of the GDP for June quarter showed a decline in activity of -7%.

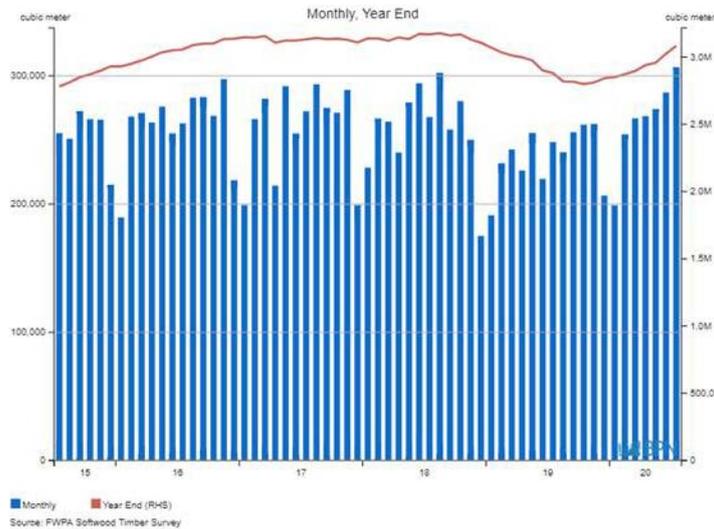
To put this in historic context, there is none. This is the largest fall since quarterly measurement began in 1959 with the previous record being -2% in the June quarter 1974. However, this was good in global terms with only three other countries performing better and countries such as UK down a massive -20.4%.

Profits were up as companies have been able to cut costs, assisted by JobKeeper, at a greater rate than falling sales income. By comparison, reflecting reduced hours worked, compensation of employees was down below 50% for the first time since the September quarter 1959. However, the average payment to employees was up as part time and lower paid workers bore the brunt of the unemployment impact.

Household income rose 2.2% during the period. However, rather than contributing to consumption, this fell a record -12.1% and contributed 95% of the fall in GDP. Where did the money go? The inability to shop or concern about the future saw the household saving rate increased 19.8% the highest rate since 1974.

The more current labour force data for August shows hours working increasing 1.6 million or +0.1% as many

### SOFTWOOD TIMBER SURVEY TOTAL VOLUME



states start to reopen. In Victoria, still under lock down, hours worked was down -4.8%. Overall, this had the benefit of reducing the official unemployment rate from 7.5% in July to 6.8% in August.

Other data defying gravity is housing approvals which grew in July up +6.3% on the same period 12 months ago. This stronger result is

### FOCUS ON FORESTS



With JIM HOUGHTON



**Boost in housing approvals... increase in lending to households for dwellings and refinancing.**

also reflected in the housing finance data for July where lending to households for dwellings excluding refinancing was up +11.8%.

This has all been good for the wood products industry with production growing up +7.03% to 3.08 million cub m for the 12 months ending July 2020.

This is where it gets interesting.

These sales are nearly at levels last seen in mid-2018 when dwelling approvals peaked at 231,134. However, with dwelling approvals down -25% since then to 171,880 year-ending July 2020, this doesn't initially add up.

The missing piece of the story is imports. The flex in the supply chain has been facilitated by imports which have declined from a peak in 2018 of 918,627 cub m to 459,124 cub m year-ending July 2020, a drop of -50%.

But here's the thing. Right at the moment this is a 'win-win' situation. In a global

market place, Scandinavian sawmills (our primary source of imports) presently have strong core markets in Europe and North America to service.

In North America prices have gone through the roof as building approvals by some estimates appear to be heading back to 1.5 million

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units (levels not seen since 2006/07). Another factor is understood to be diminishing supply from Canada. Data shows a big increase in weekly pricing over the months of July 20 and August 20.

Anecdotal advice is that prices in Europe have moved some 20-25%, which appears more moderate compared to the North American experience.

Given these economies are all in recession, this doesn't seem to make any sense. However, the common thread would appear to be the massive liquidity being provided by all governments in these jurisdictions. While it is unclear precisely how this is flowing into housing activity at a macro level



**Softwood timber sales gain from growing number of approvals for housing.**

the stimulus measures are supporting low interest rates and ready availability of finance. In turn people still in employment must be sufficiently confident about the future to commit to building projects now.

In Australia, direct assistance in the June quarter reached \$52 billion

consisting of JobKeeper \$31 billion, boosting cash flow for employers \$16 billion, other Covid assistance from state

**“ CHALLENGE WILL BE HOW TO TRANSITION ECONOMY TO THE NEW COVID-NORMAL**

governments of \$3.6 billion and \$1.4 billion of existing pre-Covid support.

Overall, the GDP data for June and the more recent economic data indicates that the transfer payments from government are doing what was intended and supporting the economy during the Covid.lockdown.

However, the challenge for policy makers will be how to transition the economy to the new 'Covid normal'. With this in mind, all eyes will be on the impact of the Budget announced on Tuesday.

Time will then tell if progress at the macro level will continue to support demand for housing.

• *Jim Houghton is statistics and economics manager at Forest and Wood Products Australia.*

## TO THE EDITOR

# Royal Commission findings fail to provide a good understanding of the causes of the black summer fires

THE 2020 Royal Commission's 'Interim Observations' and Council Assisting's 'Draft Propositions' are variously factually incorrect or misleading or omit vital information and therefore fail to deliver a sound understanding of the true causes of last summer's fires.

They fail to address the major organisational issues with proactive wildfire mitigation and fail to support known and proven solutions to mitigating damaging wildfires.

There has been no forensic type examination of why the Victorian bushfires were not controlled within two weeks of ignition under benign weather conditions.

The focus of the royal commission has been on



**Proactive bushfire mitigation... the key to disaster management.**

'disaster response' rather than the more effective 'disaster mitigation'. There has been insufficient attention to proactive prevention of bushfires.

This 2020 royal commission fails to deliver authoritative information on proven actions and promising improvements to prevent dangerous bushfires.

In the absence of a separate inquiry on proactive cost-

effective bushfire mitigation, policy should be formed by the findings of the Victorian Bushfire Royal Commission and other inquiries, where critical aspects of bushfire mitigation were dealt with professionally.

The 2009 royal commission (VBRC) was supported by evidence from fire behaviour experts and focused reasonably well on the causal factors of bushfires and the

critical success factors for effective bushfire mitigation – reduce fuel load, prepare firebreaks, ensure good fire-ground access, early detection, rapid initial attack, effective and unencumbered suppression.

The 2020 royal commission 'draft propositions' ignore substantive research and practical experience already available on fire mitigation. The best experts on proactive fire mitigation were not called to give evidence and their submissions have been largely ignored. Council Assisting clearly needed better assistance.

Also, the royal commission failed to learn valuable lessons from examining south west

Cont P 17

# Don't ignore power of trees: farms are 'waking up' to NZ carbon opportunities

DENNIS NEILSON

IN 2007 the then Labour government passed an internationally unique Emissions Trading Scheme, which was, and still is, globally the only government ETS legislation which allows carbon sequestration offsets for growing trees.

The National Government (2008-2017) retained the ETS with some changes, but it continued to allow sequestration. However, the problem for forest owners was that for 'post-1989' planted trees, while they could claim carbon credits as their trees grew, they had to pay them back as soon as the trees were harvested.

The future carbon price uncertainty probably prevented most tree owners from participating in the ETS.

The Labour-led Coalition Government (2017-2020) – encouraged by its NZ First minority political partner – further encouraged tree planting under its One Billion



*Typical sheep farming land... but trees better suited to return much more to farmers.*

Tree Program, but it has also recently introduced new regulations to enable less carbon credits to be earned on growing trees, which have to be repaid upon harvest. This is by adopting a multi-rotation 'carbon averaging' calculation, for which credits can be claimed in the first rotation.

Thus a new opportunity for both farmers (and for other forest owners) is emerging, which we have called 'Timber PLUS Carbon tree farming'. The economic returns and cash flow implications of this new opportunity are not widely known by NZ farmers. Indeed it appears that the

national farming organisation NZ Federated Farmers is going out of its way to try and prevent farmers understanding this new opportunity.

“FARMLAND TO TREE FARMS REMAINS A VERY CONTROVERSIAL ELECTION ISSUE

However, a small but rapidly increasing number of farmers are learning just how attractive planting the less productive parts of their beef and sheep farms can

be, compared with traditional returns.

For instance, several projects which DANA and its partner NZ and Australian consulting firm Interpine have recently analysed for economic return and cash flow implications, confirm that farmers and other investors who own farmland can earn real (inflation adjusted) annual returns of 20-30% for Timber PLUS carbon

investments, compared with traditional timber-only tree farming returns of 6-9% and for pastoral farming on hill country of 2-3%.

The conversion of pastoral farmland to tree farms remains a very controversial issue and indeed an election issue for the upcoming election on October 17. It is so controversial that even the Labour Party wants to put limits on converting the "better farmland" to trees, and the other major party The Nationals appears to want to reduce or eliminate this

*Cont P 17*

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opportunity altogether.

The ACT party, now very minor, but which could be much more important post-election, has a policy of eliminating all “forestry subsidies,” although repeated calls to the party have failed to identify why they think there are any forestry subsidies in New Zealand (there are no measurable ones) except what they have read in a newspaper article (wrongly) saying there is.

The challenge for all parties is that New Zealand has signed up to the 2015 Paris Accord, and no party



**New Zealand farmers fronting up on land change implications of zero carbon and emissions trading.**

is likely to pull out of this agreement. This means in 2030 New Zealand will have multi-billion dollar liabilities to pay because of its then

huge carbon deficit. Carbon sequestration offsets from tree growing are presently the only measurable way of reducing these.

There is no Plan B.

Whatever the outcome of election, an increasing number of NZ farmers will wake up to Timber PLUS Carbon opportunities on their land.

One recent study concluded that if the same land use conversion which occurred from 1990-2020 occurs in the next similar time-frame, New Zealand could meet its zero carbon objective by 2050 – just with tree carbon sequestration offsets.

Ultimately, no NZ political party will be able to ignore the power of trees.

From P 15

Western Australia as a valuable case study in ‘best practise’ and Victoria as a case study in ‘worst practise’, and learn from the differences.

Victoria’s disastrous bushfire outcomes could have been accurately predicted by the ‘Sneeuwjagt curve’ which has been known for decades and shows that wildfire loss can be reduced by increasing the amount of low intensity prescribed burning.

There is a case for seeking funding specifically for skill formation in fire mitigation, based on adapting and applying what is already known.

If the success of bushfire CRCs, particularly the BNHCRC, is judged on effectiveness – that is their ability to reduce destructive bushfires and loss of life – then the CRCs have been an unmitigated failure.

A less centralised model for the new CRC should be considered where the scientists are embedded within the land management and fire management agencies to ensure focus, relevance and uptake of research.

A research model like this helped deliver the successful WA ‘best practise’ fire mitigation regime.

The royal commission failed to learn valuable lessons



**John Cameron... Western Australia a valuable case study.**

from examining this valuable case study in ‘best practise’ and Victoria as a case study in ‘worst practise’, and learn from the differences.

A less centralised model for the new CRC should be considered where the scientists are embedded within the land management and fire management agencies to ensure focus, relevance and uptake of research. A research model like this helped deliver

the successful Western Australia ‘best practise’ fire mitigation regime.

An assessment of Victoria’s forest fire management agency (DELWP) indicates systemic organisational issues, (like we have witnessed with the management of Covid in that state), have contributed to the poor fire outcomes, including the four megafires in 2003, 2006-07, 2009 and 2019-20.

• **John Cameron is a forestry and business consultant and former general manager of a forestry company and member of a Country Fire Authority industry brigade)**

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