

TABMA

QUALITY • SERVICE • INTEGRITY

IN RECOGNITION OF

Excellence

Annual Report AND
Financial Statements
2005

TABMA

QUALITY • SERVICE • INTEGRITY



President's Report

It is again a pleasure to submit the presidents' report for 2005. The TABMA board has focused on maintaining cost control, whilst striving to enhance member benefits coupled with an efficient and motivated management team, TABMA has posted a successful year in terms of operating profits and delivering relevant association activities.

With the completed sale of the Nichols St. property, the proceeds have been securely invested in an interest bearing account for the interim until a suitable property can be purchased. The intended purchase centres around criteria which consider aspects such as, location, parking, easy access, close to public transport, large enough to accommodate other relevant industry associations and to provide maximum return on the investment. Temporary accommodation has been secured by way of a 2-year-lease at our current address in Foveaux St. Surry Hills.

TABMA continues to strengthen its vision of becoming a peak body and rationalise associations. A successful launch into Western Australia has provided TABMA greater profile and enabled the timber industry in WA to achieve a high level of security and certainty. This security has been provided by way of TABMA (NSW) support both financially and with head office back up. TABMA Queensland continues to grow, both in membership and relevance providing valuable services to the timber industry.

Membership activity was highlighted by a review of TABMA's Code of Ethics, facilitating meetings and seminars relating to proposed changes to CCA treated timber, bus tours of timber wholesaler/supplier yards, lobbying government on several issues including proposed changes to Worker's Compensation grouping provisions, proposed legislation to mandatory manslaughter charges in the event of a fatality in the work place and proposal to introduce chain of custody certification for all timber imports. We also worked on Australian Standards governing LOSP treated timber in relation to H3 treatment levels, introduced an expanded insurance service, conducted a number of member's nights and held the Annual Awards night.

On the commercial front Timber Tallying continues to provide its efficient service from the new port at Port Kembla with efforts to attract the New Zealand trade well underway. Building Trade Credit, with its new web based system www.btconline.com.au, still provides that much needed source of credit information for merchants and we are now trialing the service for timber suppliers. TABMA Training had a very successful year in placing apprentices and trainees into our member businesses and into the industry generally and TABMA Eastwide continued to provide a professional recruitment service for the industry.

Operating profit for the group came to \$ 24,504 down by 67% from last year. Total profit for the year, after including proceeds from the sale of Nichols Street property, was \$1,620,923.

I would like to again acknowledge the efforts of Kevin Collison who excels at bringing the industry together with his networking skills and also thank the board for their continued support and contribution. I would also like to acknowledge the contributions Dick Trousdale so generously gave to TABMA and the industry in general; he has been sadly missed since his passing in May of this year. The industry has also lost a huge contributor in Campbell Swan who passed away in November last year and is also sadly missed.

Thank you
Danny Gattone

Chief Executive Officer's Report



I continue to enjoy my role as CEO of TABMA and especially the support that I receive from the many contacts that I have made over the last five years. TABMA brings many challenges as we are always working to meet the needs of our members and managing the changing landscapes of our commercial divisions.

Our vision is **"To be the Peak Association of the Timber and Building Materials Industry on a National Level. To continue to represent and assist members and industry participants in the improvement of their businesses."** Each day we work to achieve this vision and this is evident in our representation of your interests through lobbying of both State and Federal Governments and monitoring legislative changes that may directly or indirectly affect your business and the environment that you trade in.

In addition to ongoing lobbying and representation I see three major challenges facing the Association in the next twelve months.

Firstly, membership services and benefits. We are always aware that value belonging to an association comes from a set of relevant services and benefits. In the coming twelve months we will be introducing some exciting new initiatives to supplement our existing menu of services. The most important of these will be our expanded insurance offering through our insurance brokers Gow-Gates.

Secondly, to re-locate TABMA to new premises. This has been high on the agenda of the TABMA board for the last two years. Unfortunately due to a long drawn out settlement process, funds were not available to allow TABMA to make any serious consideration of purchasing another property. What we did learn however is that to achieve our goal of establishing an "Industry House" will be a challenge to find the exact building to suit our needs. It is our aim to purchase a property to allow us to exactly match our needs and that of other associations like TDA and FPA.

Finally, to develop a Pine handling facility at Port Kembla to secure our long term future by providing a

much needed source of revenue. Should we be successful in establishing this operation the industry will benefit as it has done for over 40 years from the professional handling and discharge service provided by Timber Tallying (NSW) Pty Ltd.

In the past year we have seen a further rationalisation of the industry as long established family owned businesses sell up to realise the value of the land they occupy or smaller operations are taken over by multi-site or larger corporations. I imagine this will continue to happen and so the makeup of our industry will continue to change as does the environment in which we operate. TABMA will be here to assist you to meet these challenges.

Kevin Collison

ASSOCIATION ACTIVITIES

■ Awards Night

The Annual Awards Dinner, held on 20th November 2004 at Star City, again was well supported and very successful with over 400 guests in attendance. The feedback we receive is always positive and this is a night not to be missed with this year's awards being held on 19th November 2005 at the same venue. Award winners were:

Gold Awards: Member of the Year – Swadlings Timber & Hardware; Supplier of the Year – Hyne Timber Group; Wholesaler of the Year – Hyne Timber, Prestons; Best Building Materials Centre, Statewide – Brennans Mitre 10 Home & Trade; Best Frame & Truss Centre, Statewide – B & J McNamara

Silver Awards: Best Building Materials Centre, City Region – New Line Building Supplies; Best Building Materials Centre, Country Region – Brennans Mitre 10 Home & Trade; Best Frame & Truss Operation, City Region – Heyden Frame & Truss; Best Frame & Truss Operation, Country Region – B & J McNamara; Best Specialist Timber Merchant – Fedwood; Best Timber Manufacturing Operation – Annandale Timber & Moulding; Best Treated Pine Specialist – Erina Heights Treated Pine; Best Traditional Timber Yard – Marshall's Timbers; Best Building Supplies Warehouse over 8,000 sq m, Country Region – Magnet Mart, Gungahlin; Best Building Supplies Warehouse over 8,000 sq m, City Region – Bunnings Warehouse, Rockdale; Exceptional Customer Service – Magnet Mart, Goulburn

Training Awards: Host Trainer of the Year – Rintoul Pty Limited; Trainee of the Year – Brett Lynch; Apprentice of the Year – Peter Jensen

■ Expanded Insurance Service

With Gow-Gates Insurance brokers, we recently introduced an expanded insurance service based on the development of an industry pool which will result

in significantly reduced premiums for all general insurances including workers' compensation.

■ TABMA (WA)

Consistent with TABMA increasing its relevance we established a division of TABMA in Western Australia during late 2004 and formally launched on the 15th March 2005. By the end of the 04/05 financial year TABMA (WA) had 27 member companies and locations, and has set a target of 50 members by mid 2006. The primary objective of the management committee of TABMA (WA) is to increase the consumption of timber products in the state over masonry and steel competitors, with particular focus on supporting the developing timber wall framing market for residential construction. In addition to enjoying the membership benefits TABMA provides its members, the majority of companies joining TABMA (WA) identified networking and training/product knowledge as the priorities the Association should focus on. At least one membership event is run each month (ie manufacturers site tours, after-hours sun-downers and industry dinners). A training program is being progressively introduced providing additional funding, commencing with timber product knowledge and grading courses for trade and retail sales and marketing, and manufacturing staff.

■ TABMA (QLD)

TABMA QLD has experienced substantial growth over the past 12 months both in its relevance and its growth in member participation. Our services have been widely utilised by both members and non-members, in particular the Recruitment Service and the Group Training Organisation. We have focused strongly on HR and training issues as these are the key areas highlighted as requiring assistance and support. A series of training courses and member information nights have been well supported and successful. Our end of year result was pleasing and we have increased our staff numbers from two to three which further verifies our growth.

■ Workers' Compensation

TABMA, together with other associations, has lobbied the NSW Government successfully on the proposal to introduce Workers' Compensation grouping provisions which would have had significant impact on a lot of our members.

■ WorkCover

We are also continuing to lobby the NSW Government on proposed legislation to mandatory manslaughter charges in the event of a fatality in the work place.

■ Illegal Logging & Chain of Custody Certification

TABMA continued to lobby the Federal Government over the last 12 months on its proposal to introduce chain of custody certification for all timber imports which would also mean all domestic timber production would have to be certified under this regime, which would have resulted in significant increase in the cost of timber.

TABMA has adopted a formal stand on the issue by preparing a draft code of practice for sustainability and the issue of illegally obtained logs for the Australian market.

■ H3 Treatment Levels

We are working with Forests NSW on the changes to Australian Standards governing LOSP treated timber in relation to H3 treatment levels which will see an increase in the level of tin from .08 to .16 tin concentration. We are aiming to have this change phased in given the existing stock levels of treated timber held in yards under the old code.

■ CCA Treated Timber

We conducted a seminar on the recent changes to the use of CCA treated timber which has resulted in an action plan to promote, educate and raise the awareness of the use of all treated timber in the market place.

■ Member's Nights

TABMA has also conducted a number of member's nights in various areas over the last 12 months including our annual awards dinner in November 2004.

■ Industry Bus Tours

Bus Tour of Wholesaler Yards – TABMA hosted a tour of nine wholesaler yards for 28 merchant participants in the Sydney metropolitan region. The highly successful day finished in Leichhardt with over 60 people attending a dinner at Farsaci's restaurant.

Oberon Trip – the bus tour was then followed the next day with a visit to Carter Holt Harvey/Boral manufacturing facilities at Oberon.

■ TABMA Golf Day

We held an industry golf day at the Concord Golf Club with over 33 members attending during April 2005. The day included highlights with professionals Loraine Lambert and Lisa Newling who were available throughout the day giving tips. The day then ended in a presentation dinner.

■ Future Forests and Timber Conference

TABMA was well represented at the "Future Forests and Timber Conference" held on 11th and 12th November with our chairman Danny Gattone and councillor Simon Olding giving presentations and myself chairing a session.

■ Finished Sizes & Profiles Project

The principle objective of the Finished Sizes & Profiles book is to describe to the building industry, specifiers, renovators and end-users standard timber sizes and moulding profiles that are commonly available on the East Coast of Australia. The document can be used by producers, suppliers and importers to ensure uniformity in supply to the industry. This professionally designed publication is available in book form from TABMA or visit www.tabma.com.au to download a copy.

■ General Member Benefits

Code of Ethics – Code of Ethics were reviewed during the year.

TABMA Website – www.tabma.com.au is full of useful information including list of TABMA members, industry events, project sheets and useful links. We will be developing the site on an ongoing basis.

Mobil Oil – TABMA has an excellent arrangement with MOBIL who provide substantial discounts on Unleaded and Diesel fuels to members. Members have a facility to save over 5% on your annual fuel bill

Industry Specific or Commercial Advice – TABMA keeps abreast of all technical, commercial, legislative and bureaucratic issues that impact on our industry and possibly your business. While important and critical issues are communicated as they occur, members are invited to seek advice from TABMA anytime.

Technical Advice – Through the TABMA relationship with the Timber Development Association you can obtain expert advice on complex issues relating to the correct use and/or specifications of timber products.

Group Buying Discounts – We are continuously reviewing opportunities to use our membership base as leverage to buy commercial commodities or services at reduced rates and are keen to explore any product or services put forward by members.

D.I.Y Project Sheets – These leaflets comprise of 26 different handyman projects known to generate the sale of substantial quantities of timber and associated products.

Members Activities – Regular networking and information meetings are held in Sydney and regional locations and we encourage all members to attend these meetings. From time to time we conduct study tours in places of industry interest.

Research & Surveys – We subscribe to a variety of surveys and statistical data on timber products and the building industry. This information is summarised and published in the newsletter, it is also available in depth to any member.

Customer Service Survey – We conduct quarterly Customer Service Surveys for both Timber and Hardware aspects of consumer services. Comprehensive reports are provided to participating members.

Publications – We publish a quarterly newsletter which is distributed to all members. The Association subscribes to many national and international publications from which relevant details are passed on to the various sectors of membership.

OH&S Services – We have an OH&S specialist on our staff and provide a service which covers annual work place inspections, reports, reference manual and information hotlines.

COMMERCIAL ACTIVITIES

■ TABMA Training Pty Ltd

The Group Training division of the association, despite a very difficult year, again contributed positively to the group. Some of the difficulties experienced included unexpected staff turnover and closure of some major timber client businesses.

Having reached 100+ apprentices and trainees we are now required to submit an annual Equal Employment Opportunity for Women (EEO) report by 31st May each year. This year's report has been completed and approved as compliant with the legislation.

During the 2004/2005 year we again nominated a trainee from one of our member companies to

participate in the Building Bridges Program sponsored by DETNAC. This has become an annual event conducted over four days for a trainee to participate in personal and career development opportunities with trainees from other Group Training organizations.

The forthcoming year will bring some additional opportunities to expand markets across our operational areas through some Government funded opportunities in careers advice and career transition projects.

Our National Quality audit is due for review again before the end of the year. The staff and I will be dedicating our time to make sure that all of our requirements to meet the criteria are in place ensuring that this is automatically accredited.

■ TABMA Eastwide Pty Ltd

The first half of the financial year saw a range of activity in the recruitment services placing people into positions both within and outside of our member base and within and outside the timber industry. These positions ranged from operative level positions (timber yardpersons), through to sales, contract management, client relationship management and state manager roles. With a downsizing in staff numbers in the division, the downturn in the timber industry and a number of larger industry players closing their businesses during the year, our end of year result fell short of budget.

■ Timber Tally (NSW) Pty Ltd

Volumes of American West Coast timber imported into NSW and handled on the wharf by Timber Tally increased to 19.3 million superfeet from last year's volume of 17.7 million superfeet.

Timber Tally's relocation to multi purpose berths at Port Kembla is running smoothly. TABMA has formed a specialist board for Timber Tally to further develop an opportunity to handle Pine products imported from New Zealand and the possible de-stuffing of containers at the new port. The result of these efforts will be largely determined by the outcome of negotiations between Port Kembla Port Authority and the AAT consortium of Patricks and P&O.

■ Building Trade Credit (BTC)

BTC continued its service to industry providing valuable credit referencing information to suppliers to the building and construction industry via its new Web database www.btconline.com.au. BTC members now have instant access to the BTC credit database using sophisticated searching tools and user friendly interfaces and reports.

BTC is primarily aimed at the reseller level in the supply chain and so during the year a trial was introduced for timber supplier/wholesalers. The outcomes of the trial will hopefully see a permanent supplier/wholesaler division established in BTC.



TIMBER AND BUILDING MATERIALS ASSOCIATION (NSW) LIMITED

Incorporated in New South Wales • Associated Not For Gain • Limited by Guarantee

Councillors 2004/05 Danny Gattone, President – Swadlings Timber & Hardware Pty Ltd; Simon Olding, Vice President – Simon B Olding Pty Ltd; Peter Hutchison, Vice President – MiTek Australia Ltd; Peter Woodhouse – Bunnings Warehouse; Dick Trousdale (passed away 2/5/05) – Primrose Hill Timber Pty Ltd; Norm Harrison – Australian Timber Industries Pty Ltd; John Walker – Belmont Timber Co Pty Ltd; Ron Gattone – Crescent Timber & Hardware Pty Ltd; Paul Hughes – Wes Hughes Pty Ltd; Germano Tomassetti – ITI (NSW) Pty Ltd; Bob Frost – Tasman KB Pty Ltd; Michael Swan – Swan Le Messurier Pty Ltd; Nils Koren – Gunnersen Timbermark Pty Ltd; John Harrison – Harrison's Timber Pty Ltd; Ian Halliday – Harper Timber

Chief Executive Officer Kevin Collison

Executive Assistant Ros Scarcella

Company Secretary & Registered Office John Theoharris, Level 7, 28 Foveaux Street, Surry Hills NSW 2010. Tel: (02) 9277 3100, Fax: (02) 9277 3199, Email: info@tabma.com.au

Staff Deanna Kearns – Executive Officer TABMA (QLD); Greg Meacham – Consultant TABMA (WA); Doug Werrin – Director Training & Development; Kevin Kelly – Manager, Timber Tallying; Marilyn Albertson – Manager Group Training; Rui Yu – Company Accountant; David Jones – Group Training & OH&S Consultant; Michelle Cook – Group Training Field Consultant; Irma Watson – Office Administrator Training; Michael Zhu – Administration Assistant; Janet Zhang – Administration Assistant; Mary-Ann Duggan – Receptionist

Bankers ANZ Banking Group

Auditors Forsythes, Level 5, Hunter Mall Chambers, Newcastle NSW 2300

Subsidiary Companies Timber Tallying (NSW) Pty Ltd; TABMA-Eastwide Pty Ltd; TABMA Properties Pty Ltd; TABMA Training Pty Ltd