



TIMBER AND BUILDING MATERIALS ASSOCIATION (NSW) LTD

2009



ANNUAL REPORT
&
FINANCIAL STATEMENTS

President's Report



As I complete my sixth term as President, I am pleased to present the President's report on behalf of the board of TABMA (NSW) Ltd.

In line with general economic conditions, the association has had a challenging year. A slowing economy, interest rate rises and high petrol prices have combined to create a tight housing market, leading member companies to take a closer look at their overheads and bottom line. As a result of this tightening up TABMA has seen some members amalgamate, consolidate and postpone any expansion plans.

As a consequence TABMA has directly felt the impact of these conditions with diminishing volumes of imported timber affecting our Timber Tallying business and less recruitment activity.

Financially TABMA's consolidated position remains strong with a healthy profit made on the sale of the Nichols Street property last year enabling us to purchase a prime commercial property at Pymont Bridge Road, Pymont for \$7.6 million. Thirty five percent of the site will accommodate TABMA, TDA, FPA and TEMS and the remainder will be leased to other commercial tenants including CSR Gyprock who have signed a ten year lease for fifty percent of the site. The purchase of the Pymont property will generate surplus funds that can be used for the provision of membership services.

Our other trading entities such as BTC and TABMA Training continue to trade well and provide vital industry services. Timber Tallying is well positioned to offer Pine importers a cost effective facility and handling services at Port Kembla which will replace Sydney Port that is due for closure later this year.

The board is also pleased to announce the merger of TMA (VIC) and TABMA (Aust). This is a significant step forward towards becoming a truly National body at a peak level in order to provide members in all States a strong unified voice for our industry sector.

While keeping focused on these commercial activities your board is aware of the importance of membership activities and so during the year we began surveying members in an effort to identify what you want from your association. Feedback from the survey will provide us with invaluable information to help us implement further services to meet your needs and maintain your competitiveness.

A handwritten signature in white ink, which appears to read "D. Gattone". The signature is fluid and cursive, with a small dot at the end.

Thank you
Danny Gattone

2009

Chief Executive Officer's Report

The past year has been a particularly tough year for both members and your association. The major downturn in the industry is being felt by everyone with a number of members closing their doors. The industry is also still going through a period of rationalisation with several smaller traditional operations merging or simply getting out of the industry. This is continuing to restrict growth in membership numbers.

Our vision "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" is now coming to fruition with the establishment of TABMA (Aust) Ltd.

Much of the board's time has been focused on commercial activities including the purchase of a property, establishment of a pine handling facility at Port Kembla and the formation of a national association.

The purchase of commercial premises at Pyrmont was a sound strategic decision and will

help secure TABMA's long term future both through rental income and the development potential of the site. It also offers the industry the perfect location for a "Timber Industry House" where kindred associations including TDA, FPA and TEMS can join us.

I would like to acknowledge the continued support of suppliers to our industry including the timber wholesale sector especially their sponsorship of TABMA's activities including our premiere event, The TABMA Annual Awards.

Also, I acknowledge the support and contribution of the TABMA board during a year where several important commercial decisions were made. The TABMA board represents a good cross representation of our industry including merchants, fabricators and suppliers.

Finally I would like to thank members for support of the association in particular the use of our commercial activities including group training, recruitment and BTC.

Kevin Collison



ASSOCIATION ACTIVITIES

→ Awards Night

The Annual Awards Dinner, held on 19 November 2005 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 at the new venue, Sydney Hilton, on 18 November 2006. Award winners were:

GOLD AWARDS: Member of the Year – Swadlings Timber & Hardware; Supplier of the Year – ITI NSW Pty Limited; Wholesaler of the Year – Hyne Timber, Cameron Park; Best Building Materials Centre, State Wide – Canterbury Timber & Hardware; Best Frame & Truss Centre, State Wide – Riverstone Frame & Truss

SILVER AWARDS: Best Building Materials Centre, City Region – Canterbury Timber & Building Supplies; Best Building Materials Centre, Country Region – Brennan's Mitre 10 Home Centre; Best Frame & Truss Operation, City Region – Riverstone Frame & Truss; Best Frame & Truss Operation, Country Region – Ace Building Components; Best Specialist Timber Merchant – Fedwood Pty Limited; Best Timber Manufacturing Operation – Annandale Timber & Moulding; Best Timber Floor Display – Sydney Flooring, Chatswood; Best Traditional Timber Yard – Wes Hughes Pty Limited; Most Improved Establishment – Maitland Timber & Hardware; Best Building Supplies Warehouse over 8,000 sq m, Country Region – Magnet Mart, Albion

Park Rail; Best Building Supplies Warehouse over 8,000 sq m, City Region – Bunnings Warehouse, Bankstown; Exceptional Customer Service – Maitland Timber & Hardware; Sales Representative of the Year – Vic Gabriel, Swan Le Messurier; Apprentice of the Year – Simon Burrows

TRAINING AWARDS: Host Trainer of the Year – Trueform Frames & Trusses; Trainee of the Year – Gregory Newnan

→ Insurance Service

With Gow-Gates Insurance Brokers, we continue to offer an insurance brokerage that is designed to reduce premiums by building a pool of members through which insurances are placed. Gow-Gates can help you with all insurances including property, business, directors and officers, professional indemnity and workers compensation.

→ TABMA (WA)

Activity in Western Australia continues with TABMA (WA) now servicing 35 members. The management committee in Western Australia, headed by John O'Neil is very pro-active and committed to see membership in WA grow and its relevance continue to increase.

→ TABMA (Qld)

Over the past 12 months TABMA (Qld) experienced many changes accompanied by strong growth. Our services have been widely utilised by both members and non-members, in particular the Recruitment Service and the Group Training division. We focused

strongly on providing HR and training services including hosting a series of training courses covering a myriad of topics. The Queensland Government recognised our group training divisions' effort in addressing skill shortages in our industry by providing funding for a school based traineeship program, a welcome addition to our already existing programs.

→ 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 played a role in the implementation of a code of practice for sustainability and we will continue to work with the Federal government resulting in a workshop to be held to examine the implementation of policy for the procurement of timber.

→ 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: The Code of Ethics was reviewed during the year.

TABMA Website: www.tabma.com.au is full of useful information including a 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

TABMA Training branched out into a new and related sector of industry, the flooring sector. We piloted pre-apprenticeship courses and received government funding to continue the program through until 2009. The pilot was extremely successful with ten young people wishing to take up an apprenticeship in the flooring sector.

We submitted our Equal Employment Opportunity for Women (EEO) report again this year as well as undertaking a total review of our Group Training operations as part of requirement to be certified as a Quality Group Training business.

And finally we 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 organisations.

→TABMA Eastwide Pty Ltd

Our role this year has been to work more closely with our clients (both members and non-members) to assist them in sustaining their businesses through this difficult trading time. In previous years we have worked towards staffing for growth, this time it has been even more critical that chosen employees are exactly matched to our client businesses as maintenance of existing businesses for clients has been the priority rather than growth.

→Timber Tally (NSW) Pty Ltd

Volumes of American West Coast timber imported into NSW and handled on the wharf at Port Kembla

by Timber Tally decreased substantially from 17.7 million superfeet last year to 11.0 million superfeet year ending June 30th 2006.

→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 however during the year we successfully introduced a supplier/wholesaler membership.



TIMBER AND BUILDING MATERIALS ASSOCIATION (NSW) LIMITED

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

Councillors 2005/06 Danny Gattone, President – Swadlings Timber & Hardware Pty Ltd; Simon Olding, Vice President – Simon B Olding Pty Ltd; Peter Hutchison, Vice President – MiTek Australia Ltd; Norm Harrison – Australian Timber Industries Pty Ltd; John Walker – Belmont Timber Co Pty Ltd; Ron Gattone – Crescent Timber & Hardware Pty Ltd; Germano Tomassetti – ITI (NSW) Pty Ltd; Bob Frost – Tasman KB Pty Ltd; Michael Swan – Swan Le Messurier Pty Ltd; Nils Koren – Gunnensen Timbermark Pty Ltd; John Harrison – Harrison's Timber Pty Ltd; Ian Halliday – Harper Timber; Glenn Barkman – Koala Timber Products; Mark Hull – MCM Frame & Truss Pty Ltd

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; Susan McDougall – 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