



MASTER BUILDERS
A U S T R A L I A

2 September 2005

Mr Matthew Collett
The Treasury
Langton Crescent
PARKES ACT 2600

Dear Mr Collett

Review of the Taxation of Plantation Forestry

I am writing to provide some comments from Master Builders Australia on certain aspects regarding future timber demands of the construction industry.

Master Builders Australia Master Builders represents the interests of all sectors of the building and construction industry. Master Builders consists of nine State and Territory builders' Associations with approximately 28,000 members. The building and construction industry contributes \$81 billion of economic activity annually to the Australian economy. Master Builders was established in 1890. It is the only association that represents the whole of the building and construction industry including residential, non-residential and engineering. It represents both large, medium and individual contractors operating in the building and construction industry.

Background

Engineered products certainly have a place in the building industry, particularly for certain select applications, for example, where a large profile beam is required.

In addition, the fact that they are processed from off cuts and what would otherwise be waste product, is a bonus in terms of utilizing more of the tree in the milling process, thereby saving resources.

Nonetheless, for a large number of house building applications involving frames, studs, wall and roof members, softwood is overwhelmingly the product of first choice for builders.

There are a number of reasons for softwood's widespread use, including the fact that it is light, stable, efficient and relatively inexpensive.

Softwood is simply manufactured (sawn and kiln dried) and is not energy intensive by comparison with more elaborately manufactured engineered products.

In addition, because it is light and easy to handle, softwood would reduce the need for costly heavy lifting equipment and may have certain advantages in terms of occupational health and safety.



Summary

Master Builders believe it is important Australia maintains a viable local softwood industry.

Whilst we recognise the growing attractiveness of engineered products, the industry remains reliant on softwood supply, particularly for residential building.

The sustainable supply of this type of timber has an important role in terms of containing housing affordability.

Long term capacity to supply softwood locally would help to reduce import dependence and ensure an efficient supply chain is in place to serve industry needs.

In addition, a sustainable softwood supply would reduce the need to exploit environmentally sensitive hardwood forests.

Please do not hesitate to contact me should you wish to discuss any points raised in this letter.

Yours sincerely

Peter Jones
Chief Economist