

To whom it may concern

I am pleased to submit some comments with respect to the Temporary Investment Allowance announced by the Government as part of the Nation Building and Jobs Plan. The specific issue I would like to comment on is the current wording of what capital purchases are allowable under the additional 30% tax deductibility allowance. The conditions suggest acquisition of second hand assets is excluded. I believe this would severely disadvantage our company, and certainly delay investment decisions, and I hope the points below highlight how positive it will be for economic activity in Australia if this condition was removed.

Our company is a manufacturer of plywood products, and employs some 400 staff nationally, including over 250 in our plywood plants located at Grafton and Wagga Wagga in NSW.

As a privately owned family company with over 100 year history in timber manufacturing, we have built our manufacturing businesses on the back of purchasing second hand manufacturing equipment out of Europe and America. There has been considerable rationalization of the plywood industry in these countries, and hence several businesses have closed down over the years allowing this equipment to become available.

- As a private company, the cost of new equipment is often prohibitive, so used equipment purchasing is our only viable option to increase capacity and modernize our factories.
- By purchasing used equipment, we actually then add substantial economic activity in getting this equipment up to a commissionable level:
 - Employ full time engineering staff to refurbish the machines in Australia
 - Use local contractors and suppliers to replace bearings, rollers and other wearing parts
 - Employ labourers, welders and fitters to re-weld, and assemble the equipment
 - Have a high full time maintenance crew to service this used equipment (much higher employment numbers than if we simply bought new equipment)
- None of this equipment is manufactured or available in Australia, so we have no choice to 'buy locally'. It is very specialised equipment and is dominated by several large US and European machinery companies.

Our company's history (and we have done this many times) suggests that for every \$1 we spend on second hand equipment, we spend up to an additional \$3 to transport, disassemble, maintain and replace parts, re-machine, assemble and install that equipment. If we simply purchased a new machine and paid an overseas company to install it, none of this value add would occur. This exercise maintains local jobs and local businesses to a much greater degree than simply buying new equipment.

Our Board have spoken of several potential investment options for our company, most which involve the purchase of used equipment. As the Government no doubt has intended in the package, we would consider bringing forward these capital expenditures if they were to qualify for the temporary investment allowance.

I hope you consider these points as I have no doubt that the intention of the Government would be to encourage this very type of value add and job creating investment activity. Purchasing second hand equipment is very much in keeping with this goal.

I am happy to further discuss this if required. See my personal details below.

Regards

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