

ANNUAL REPORT 2018

AND FINANCIAL STATEMENTS

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2018 PRESIDENTS REPORT

At the end of my eleventh year as President of Timber & Building Materials Association (Aust.) Ltd, I am pleased to present the President's Report on behalf of my fellow Directors.

Mid-September marked a decade since the collapse of Lehmann Brothers and the culmination of the Global Financial Crisis, which primarily arose out of the US sub-prime mortgage crisis in late 2007. The upswing in new home building, which eventually reached historical highs over consecutive years particularly in the south-east of Australia, helped to cushion the effects. Only in late 2017 did housing construction start to pull back materially, but fortunately, this level of activity is expected to have a much longer tail than experienced in previous booms, as is evidenced by the fact that in late 2018 there are still a very large number of apartment projects in the pipeline yet to be commenced.

According to HIA, it is only now we're able to fully process the critical role of the construction sector as a whole has played in keeping the domestic economy afloat.

The good news economically is the Housing Industry commenced over 228,000 homes in the 2017 / 18 financial year, which represents a 3.3% increase over the previous year. This certainly bodes well for building material supply companies in 2019 as the construction of these homes progresses through to completion.

The good news politically is there seems to be real bi-partisan support for the appointment of a Federal Housing Minister, which recognises the urgent need to address our housing affordability challenges on a national level. For example, the RBA has estimated that the administrative costs of releasing a block of land for building in Sydney to be almost \$500,000.

The RBA has also now held the Cash Rate for over two years in what appears to be an ongoing low inflationary environment and with mixed global forecast's there's definitely no indication to suggest there'll be any real change to this trend at least in the short term.

The changes to visa requirements for skilled workers has had a negative impact on the industry and population growth. ABS data released in September shows Australia's annualised population growth rate slowed for the fourth consecutive quarter, falling 9% since April 2017 and in turn the overall growth rate has slowed to 1.6%, which will put real pressure on Australia's ability to maintain the 28 years of continuous economic growth.

Commodity prices continue to firm, which traditionally means nominal GDP growth and company profits will hold up in the short term, however global material costs are also still increasing and beginning to flow through to the domestic market.

On corporate governance, the board reviewed its activities by asking each director the following four questions:

- ▶ How do you think TABMA has performed in the past, including both pros and cons?
- ▶ Is TABMA currently well positioned and delivering the best value to members?
- ▶ Where and how would you like to see TABMA positioned in the future?
- ▶ How does TABMA measure up against other industry associations?

Some of the more salient points that came from the review included:

- ▶ TABMA must become the association that businesses need to belong to and be part of by maintaining relevancy among members and industry.
- ▶ Do we need to look at exploiting the 'building materials' element in TABMA's name to achieve a broader membership base including building materials & wood composites?
- ▶ A real issue continues to be the number of associations in the timber and timber related industry.
- ▶ Need to focus on TABMA's HR strength as the provider of trainees and apprentices to the industry as well as the provider of quality training.

As TABMA is continually looking to refresh itself, we adopted a new fresh image to replace our 40-year-old logo.

We reviewed Information Technology with significant changes in computer software. Xero replaced MYOB as the Association's accounting software. Astute Payroll for trainees/apprentices was introduced to replace the outdated CHIP software. And, for the first time, we adopted a packaged GTO (TABMA Apprentices/Trainees) / RTO (TABMA Training) / CRM (Customer Relationship Management) product called Jobready. This CRM will enable our various divisions to "talk" to each other leading to improved communication with our members, apprentices, trainees and host employers. The CRM uses data analysis to enhance business relationships by compiling data from a range of different communication channels, including our website, telephone, email, live chat, marketing materials and social media to provide us with the opportunity to learn more about our target audiences and how to best cater to their specific needs.

TABMA contracted Elephant Room, an integrated digital agency, to lift TABMA's placement on Google search using Google AdWords. Part of the strategy was to push TABMA through social media, including Facebook and Instagram. By using Google AdWords to drive traffic at the start of the web experience, and then leveraging creative ad campaigns using photo and video on Facebook and Instagram, Elephant Room built an efficient lead generation machine for TABMA that has increased conversion rates by more than 200%.

Timber Tallying (NSW) still provided its quality and competitive break bulk handling and distribution service at Port Kembla for importers of American West Coast Timber guided by Kevin Kelly. However, due to ever-dwindling volumes, the decision was made to wind down the business. We notified customers of the plan late 2017, giving them ample time to make alternative arrangements, so after over 80 years of operation, the division closed its doors on the 30th June 2018.

Financially, TABMA faced a challenging period with an applicant shortage in the face of many vacant trainee/apprentice host positions to fill. This, with one-off staff restructuring costs, resulted in a group loss of \$674,202 for the financial year ending 2018. TABMA's investment portfolio's performance was solid with an annual return of 7.7% (net of costs). As a result, the net worth of the Group decreased from \$5,777,127 to \$5,102,925.

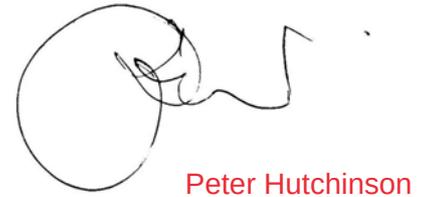
The results were affected by certain queries identified by our Auditors, leading to significant additional audit, legal and accounting costs of completing an investigation and in engaging legally with a third party. The Board is now satisfied the cause of the issue is now fully disconnected from the TABMA group.

It is with sadness that Andrew Bone passed away in March of this year. Andrew was a TABMA Director for six years, 2 of which were as Vice-Chairman, and he was also

the Chairman of the South Australia Management Committee since its inception in 2015. The board unanimously voted to name the TABMA Member of The Year award after him. We will miss his valuable industry contribution

Dee Atkinson, Tilling Timber State Manager NSW, was appointed as a director at the AGM 27th November 2017 and David Thomas, owner of Freeman Wauchope Timber in Adelaide, was appointed as a director on Thursday 12th July 2018.

Finally, I would like to sincerely thank all Directors for their support over the last twelve months and Colin Fitzpatrick and his team for their efforts during the year.



Peter Hutchinson



2018

A REPORT FROM THE CEO

"At TABMA we are continually exploring new opportunities."

As regularly stated, TABMA always has and always will, view our members as a vital reason for our existence and to this end we will continue to provide value for your membership dollar through the services and benefits we offer.

Commercially however, our major focus is to remain financially viable. While 2017/18 produced a disappointing financial result due to several unexpected mitigating factors there were some "green shoots" in that our training division, TABMA Training, produced the best result since we acquired the then known as FITEC organisation in late 2014, TABMA Queensland again recorded a strong profit result after trading unprofitably for 3 consecutive years prior to TABMA Australia taking over in 2013 and TABMA South Australia continues to produce excellent results.

2017/18 was a tough year for our NSW Group Training Organisation (GTO), as in this state there was a critical lack of suitable applicants for apprenticeship and traineeship positions exacerbated by the amount of civil and government projects being undertaken. These projects offer considerably higher wages than those available to apprentices and trainees. In an effort to thwart this situation we revamped our website to be more youth oriented and we commenced promoting career opportunities through social media on sites such as Facebook, Google AdWords and Instagram, resulting in an increase in enquiries.

In April this year we appointed Ria Stephenson to the position of State Manager Victoria. Ria has a strong GTO background and her appointment has led to a spurt in placements in Victoria.

In October 2017 the TABMA and Timber Industry Awards Dinner, attended by over 280 guests from all over Australia, was held at Luna Park, Sydney. This Awards Dinner, held every second year, is a popular event and is a unique opportunity for achievers in our industry to be recognised as well as an opportunity for industry participants to socialise.

The introduction of a revamped WH&S service for members, an industrial relations workplace advice line, a recruitment division recruiting permanent and part time staff, weekly advertising in Timber & Forestry e-News as well as monthly contributions to Timber Trader News and Australasian Timber has expanded the awareness of TABMA in the industry and contributed to our dollar turnover increasing 3 fold since 2008.

Our long standing division Building Trade Credit services some of Australia's leading timber and building organisations and continues to be a significant contributor to our association.

Our trade credit debtors insurance program offered by NCI has been well accepted by members who are finding the program to be extremely cost effective.

As mentioned in our President's report, during 2017/18 we introduced a Customer Relationship Management System (CRM) into our business through Job Ready and updated our accounting process with the introduction of Astute and Xero. These systems keep TABMA at the forefront of modern business practise.

The sudden passing of national director Andrew Bone in March this year was a very sad occasion. As well as being a director and good personal friend, Andrew was chairman of our South Australian management committee and a very strong and active supporter of TABMA in that state. He will be greatly missed.

As always we are especially grateful for the guidance and support provided by our national board of directors chaired by Peter Hutchinson, the TABMA Queensland board chaired by Michael Gaske and the South Australian management committee now chaired by David Thomas.

We are extremely confident 2018/19 and ensuing years will lead to a resurrection of our profitability, as at TABMA our motto is "standing still is the same as going backwards" which means we are continually exploring new opportunities.



Colin Fitzpatrick

ASSOCIATION ACTIVITIES

TABMA Australia Member of the Year 2017

Woodhouse Timber Company Pty Ltd

TABMA Australia Annual Award Winners 2017

- ▶ **Best Frame & Truss Fabricator:** Langs Building Supplies.
- ▶ **Best Timber Merchant:** Gowan Lea Timbers.
- ▶ **Best Building Materials Centre:** NHS.
- ▶ **Wholesaler of the Year:** Tilling Timber.
- ▶ **Trainee of the Year:** Ben Cousins, ITI (Aust).
- ▶ **Most Innovative Member:** Parkside Timbers.
- ▶ **Sales Representative of the Year:** Michael Hill, John Cook & Sons
- ▶ **Apprentice of the Year:** Nick Choy, Artarmon Joinery.
- ▶ **Host Employer of the Year:** ITI (Aust).

Industry Specific or Commercial Advice

The Association endeavours to keep abreast of all commercial, legislative or bureaucratic issues that impact on our industry and possibly your business. While important or critical issues are communicated as they occur, members are invited to seek advice from TABMA at any time.

TABMA members receive access to a range of benefits including:

- Government representation at state and national levels
- Industry representation
- Networking opportunities
- Recruitment and development of apprentices and trainees through our group training division TABMA Apprentices & Trainees.

- Training and development of workers, including through our accredited RTO FITEC Australia Pty Ltd.
- Workplace Safety through our WHS inspection service TABMA WHS Industrial relations advice and award monitoring through our Workplace Advice Line that is supported by the experts at NSW Business Chamber Group buying discount arrangements Recruitment of permanent and part-time staff through the recruitment division

Member Benefits

These benefits are provided to you as part of your annual membership fee.

- ▶ **TABMA Workplace Advice Line** Call for advice on leave, wage rates, termination of employment, employment, WHS, workers compensation and discrimination and harassment.
- ▶ **TABMA Award Monitoring** TABMA will monitor the following awards for you on an ongoing basis to make sure you are up-to-date with all award rates.
 - Building and Construction General On-site Award 2010 [MA000020]
 - Business Equipment Award 2010 [MA000021]
 - Clerks - Private Sector Award 2010 [MA000002]
 - Commercial Sales Award 2010 [MA000083]
 - Food, Beverage and Tobacco Manufacturing Award 2010 [MA000073]
 - General Retail Industry Award 2010 [MA000004]

- Joinery and Building Trades Award 2010 [MA000029]
- Manufacturing and Associated Industries and Occupations Award 2010 [MA000010]
- Road Transport (Long Distance Operations) Award 2010 [MA000039]
- Road Transport and Distribution Award 2010 [MA000038]
- Storage Services and Wholesale Award 2010 [MA000084]
- Timber Industry Award 2010

▶ Internet Exposure

All TABMA members are listed on our website.

▶ DIY Project Sheets

A full set of handyman projects sheets including the stand are available to all members.

▶ Technical Advice

Expert advice on complex issues relating to the correct use and/or specifications of timber products.

▶ Publications

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



Member Services

These services are offered to you at member discounted rates.

▶ **TABMA Apprentices & Trainees**

The training division of TABMA is one of the greatest assets held by our industry. The quality of your staff, in terms of skills and attitude, are an important factor in your success. TABMA trainees and apprentices are recruited, inducted, trained and monitored by us. You can add an employee to the business without a long term commitment.

Training packages contain every apprenticeship and traineeship available in Australia. They are a set of nationally endorsed industry training standards that describe the skills and knowledge required to undertake job roles in industry. Training packages are not static documents and updates can be undertaken at any time through continuous improvement to include the latest industry practices. TABMA is a key participant in the development and maintenance of apprenticeships and traineeships.

▶ **TABMA Training**

TABMA Training (FITEC Australia Pty Ltd) is a national training provider registered by the Australian Skills Quality Authority (ASQA). We deliver nationally recognised vocational qualifications and a range of short course training across all sectors of the forest and timber industry, including sales, warehousing, logistics, business, management, forklift licensing and chainsaw skills.

Our TABMA membership card enables members-only access to vital industry specific information and services

▶ **WHS Inspection Service**

Including WHS Diagnostic Service, WHS Identification Service and WHS Health Check or System Audit.

▶ **TABMA Labour Hire**

For placements of 3 months or more TABMA can supply fully qualified staff in a number of areas.

▶ **TABMA Recruitment**

Are you looking for a low-cost recruitment solution? TABMA has a unique database of potential applicants. This is supplemented by our reputation, which means we are constantly contracted by qualified potential applicants looking for work. Let us recruit your next permanent staff member. We are experienced in getting some of the best applicants for your positions. Our rates are very competitive ranging from 6.5% of the annual salary.

▶ **Debtors Control and Collection**

Building Trade Credit Australia (BTCA) is a fully owned business of TABMA and the foremost credit monitoring and reporting bureau in the building industry. All TABMA members are offered a 10% discount on subscription to BTCA.

Member Savings

These savings have been negotiated for you and are only available to TABMA members.

▶ **Insurance Savings**

Gow-Gates Insurance Brokers are Australian owned and endorsed by TABMA. They have substantial industry experience, provide excellent service, select reputable and reliable underwriters and most importantly are saving TABMA members substantially on premiums. An obligation-free evaluation of your current insurance is available at no cost to members.

▶ **TABMA Credit Insurance**

Is a unique, cost-effective Trade Credit Insurance Program developed specifically for TABMA members. The program has been developed, and is managed by, specialist trade credit insurance brokers NCI and is underwritten by QBE Trade Credit.

▶ **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.



► **Fuel Savings**

TABMA has an excellent arrangement with Caltex that provide substantial discounts on Unleaded and Diesel fuels and LP gas to members. Members have a facility to save on their annual fuel bill.

► **Corporate Clothing**

Members can take advantage of discounted corporate clothing with our arrangement with AA Safety and Workwear. Members will receive an exclusive discount on all items including specials.

► **Personal Protective Equipment**

Members can take advantage of discounted PPE through our arrangement with AA Safety and Workwear. Members will receive an exclusive discount on all items including specials.

OUR PLATFORMS

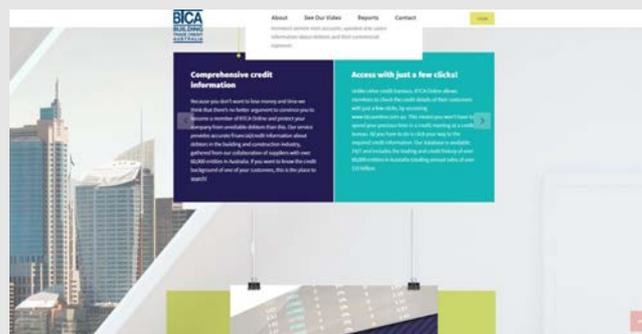
TABMA WEBSITES



tabma.com.au



tabmaat.com.au



btcaonline.com.au



TABMA Australia
TABMA Queensland
TABMA Apprentices & Trainees

@TABMA.Australia
@tabmaqueensland
@TABMAApprenticesandtrainees

2018 QUEENSLAND TIMBER INDUSTRY AWARDS

On the 13th of October, TABMA hosted the 2018 Queensland Timber Industry Awards in Brisbane. Taking place at the Rydges Hotel, the evening was an opportunity to recognise and showcase excellence in the industry. Attending by more than 260 guests, the evening was a great success.



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1. TABMA Queensland Staff 2. Hyne Timber Team 3. Danny Meredith (Timport), Chris Gabb (DTP), Keith Maitland (VTW), Bruce McInnes (Timport) and Roger Healy (RKW Innovations) 4. Colin Fitzpatrick (TABMA CEO) and Rod McInnes 5. Sponsors 6. Table Setting 7. Award Winners 8. TABMA QLD Directors - Michael Gaske (Ozline Timbers), Danny Meredith (Timport), Paul Rutledge (Gunnerson), Alicia Oelkers (TABMA), Noel Wootton (Bretts), Graham Leddy (Versace), Roger Healy (RKW Innovations) 9. Julie and John McNamara (Parkside Timber)

Directors TABMA (AUS)

Peter Hutchison, Chairman - MiTek Australia Ltd
Brenton Christopher, Vice-Chairman - John Cook & Sons
David Little, Vice-Chairman – Hardware & General
Danny Gattone - Swadlings Timber & Hardware Pty Ltd
Glenn Johnston - Stockwells Joinery Pty Ltd
Gary Walker - Belmont Timber Co Pty Ltd
Michael Gaske – Boonah Lattice
Roy Edwards – Heyden Frame & Truss
Brett McKay – McKay Timbers

Appointed

Dee Atkinson (AGM 27/11/2017) – Tilling Timber
David Thomas (12/07/2018) – Freeman Wauchope Timber

Deceased

Andrew Bone (March 2018)

Directors TABMA (QLD)

Michael Gaske, Chairman - Boonah Lattice
Graham Leddy, Vice-Chairman - Versace Timbers
Noel Wootton - Bretts Timber & Hardware
Roger Healey - RKW Innovations Pty Ltd
Paul Rutledge - Gunnensen Pty Ltd
Danny Meredith - Timport Timbers Pty Ltd
Mitch O'Mara - Tradeware Building Supplies Pty Ltd
Brad Saunders - Parkside Timbers
Michael Blyth - Tilling Timber Pty Ltd

Management Committee TABMA (SA)

David Thomas, Chairman - Freeman Wauchope Timber
Brenton Thain - Gunnensen Pty Ltd
Nick White - Footersville Timber
Chris Wray - Mortim Australia Pty Ltd
Rob Jesser – Tilling Timber Pty Ltd
Rod Evins – Banner M10

Chief Executive Officer

Colin Fitzpatrick

Company Secretary & Registered Office

John Theoharris
Suite 1.01, Level 1, 154 Pacific Highway, St Leonards NSW
2065
PO Box 518 St Leonards NSW 1590
Free Phone: 1800 822 621
Email: info@tabma.com.au

TABMA Staff

Steve Cunningham - National Training & Development Manager
Alicia Oelkers - General Manager QLD/SA/WA
June Dunleavy – TABMA Training General Manager
Cate Peat – Financial Manager
Malynda Price – State Manager NSW
Ria Stephenson – State Manager Vic
Alissa Mizon - Human Services Manager/Assistant Accountant
Lindsay Cooper – Payroll Officer
Mark Shakespeare - Field Consultant (NSW)
Mark Challenger - Field Consultant (NSW)
Vanessa Waghorn - Field Consultant (WA)
Pai Teao – Trainer (Qld)/Administration
Dean Wilson – Trainer (Qld)
Colin Taranto – Trainer (NSW)
Megan Hurst – Trainer (Qld)/Administration
Brian Cook -Field Consultant (Qld)
Tony Scarinci - Field Consultant (SA)
Anna Georgopoulos – Customer Sales Officer (NSW)
Kim Jones – Administration TABMA Training
Naema Shah - Administration TABMA Training
Tahlia Bellotti – Administration (Qld)
Jack McIlwain - Recruitment Officer (Trainee)
Ebony Tiltins – Payroll Assistant (Trainee)
Christie-Lee Wise– Digital Marketing Assistant

Subsidiary Companies

Timber & Building Materials Association (QLD) Pty Ltd
TABMA Workforce & Career Development Pty Ltd
FITEC Australia Pty Ltd

Auditors

Stewart Brown & Co, Tower 1, Level 2,
495 Victoria Ave, Chatswood NSW 2067

