

## Timber Resources

**From:** Netkiosk\_Terminal  
**Sent:** Wednesday, 25 May 2011 15:50  
**To:** timbersf@bigpond.net.au  
**Subject:** letter

24th May, 2011

### TO WHOM IT MAY CONCERN

I Glen Bakes started my working life in the sawmilling industry approx 1982 for a regional sawmill that employed approx 30 employees my position was saw sharpener/saw doctor I worked there for a number of years and completed my training as a Saw Doctor(attended TAFE College in Mt Gambier) and then moving on to the position of Saw Doctor/Production Manager of a company called Tas Pallets. In the early 90's I took up the opportunity to start up my own sawmilling business (which is currently still running) this business is owned by myself and my wife Cathryn and currently have six employees at the moment and currently the only working commercial operating sawmill in this regional area.

In the process of growing the business we have listened to advise from Federal and State Forestry ministers and made huge value adding steps to our product eg. Installing two timber drying kilns and timber moulders so we can value add our product to the full extent, however after doing this we are finding concerns in the industry which include, unreliable log supply, sawmill residue sales are a very difficult product to economically sell, or log grade is declining, we also have raising energy costs and compliance with the industries demands is also taking its toll.

Log supply in the early beginning was supplied as tender system by forestry Tasmania and as you tendered a premium on top of the royalty and had a supply period of five years, over the years FT continued to shorten this period from five years to one year contracts, on this tender system. A few years ago after long negotiation with FT this was explained that short term contracts was disasterous to our business, we then negotiated a supply contract with FT for approx three years as a result we paid a higher royalty than the set price.

Over the past years our sawmill residue (woodchips) which went for woodchip export played a percentage part of our sales income but the markets today we are finding it very, very difficult to dispose of our residue and sometimes it is costing us money to get rid of this product.

We are currently supplied cat 2 logs which is the smaller diameter log and is permitted to have defects that are currently not permitted in the cat 1 saw logs, as FT over the past years have changed there grading rules we have found that the cat 2 saw log is almost an unviable product to process.

The rising energy cost and compliance cost of the industry is out weighing the recoverable cost of our timber products that we are producing. Therefore we find it very difficult to compete with imported products in today's market.

In summary we have been in this industry the majority of our working life and would like to continue in this industry, but to do so we need a reliable log supply from FT of cat 1/3 saw log that is sold to us on an equal playing field basis with a supply contract nothing short of a ten year supply term, or a term FT offers to other sawmillers that in the past have been given preference and treated as a class 1 citizen as we feel we have been treated a class 2 citizen. We have been in negotion with FT for quite a period in the later years and feel we have not moved forward in the negotiations with the supply of cat 1/3 saw log we feel we are not moving forward and our only option would be to

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retrench the workers, close the business and seek employment most likely interstate as work in the timber industry/saw doctor is unlikely to be sought, in Tasmania.

Regards,  
Glen Ian Bakes,  
Cathryn Alison Bakes,  
Bakes Sawmill Pty Ltd., 847 Claude Road, Sheffield., Tas., 7306 Ph 03 64911699

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