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TIMBER QUEENSLAND MEDIA RELEASE

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For immediate release

Government needs to curb its enthusiasm for timber royalty increases

The demise of the State's largest cypress pine sawmilling business last week is a clear indication that timber processors are doing it tough in Queensland.

Peak industry body Timber Queensland said the unfortunate circumstances that triggered Toowoomba based N.K. Collins Industries to call in Administrators after 65 years of operation could also cause other sawmillers to follow suit.

Timber Queensland's CEO Rod McInnes said local timber businesses are being pushed to the wall.

"Industry is doing it tough, real tough and is on a knife-edge regarding costs. The spectre of further raw material increases by way of increased State Government royalties does not bode well for our industry's future," said Rod McInnes

Timber Queensland said the Cypress Industry received very welcome 25 year supply agreements from the State Government earlier this year which will underpin future log supply. Prices (royalties) were adjusted from January 1st when the 25 year supply agreements came into force"

"Now the Government is seeking to further increase royalties in an attempt to use their monopoly supply powers to force a further increase – just because they can. They've even engaged accounting giant Ernst & Young to assist them in this process," said Rod McInnes.

"Now is not the time to bully industry into paying more royalty," he said.

"The Government should let industry consolidate and wait until the market improves before gouging further increases. We already have a pricing formula which sees royalties increase as market prices increase.

"Other mills may follow N.K. Collins into liquidation if the Government doesn't pull its head in on this issue."

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