

PRESERVATION

Industry news from Osmose®



Welcome from
Mark Greenacre



Welcome to our first issue of Preservation.

Preservation is just one part of our strategy to keep you more informed on happenings, news and issues in the marketplace, we sincerely hope you find it useful.

Inside you will read about some of the many accomplishments achieved by our industry partners. It's apparent this is a demanding time for our industry, with higher than ever production requirements, and multi-faceted issues surrounding the APVMA.

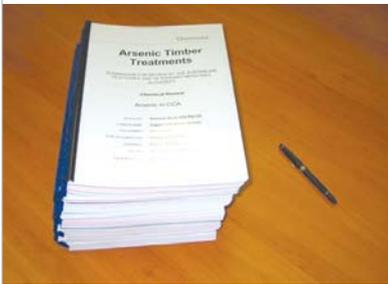
We will endeavour to address the key issues and happenings in each issue of Preservation and invite you to contribute, suggest changes or debate the issues.

We look forward to keeping you informed.

Regards,

Mark Greenacre
Group General Manager,
Osmose Australia and
Osmose New Zealand

APVMA passes judgment on CCA



Osmose presented vast amounts of scientific data to the APVMA in support of continued use of CCA.

- Product labels should be varied such that uses of CCA timber treatment products are not permitted on timber intended for use in structures such as picnic tables, decking, handrails and children's play equipment.
- Product labels should be varied to include more detailed instructions for application, mixing and vacuum/pressure operations, management of freshly treated timber, management of liquids, sludge or waste material containing CCA residues, protection of wildlife, fish, crustaceans and the environment, and storage and disposal.
- Registrants should be required to generate worker exposure data in relation to risks associated with arsenic and chromium (VI) in CCA.

Osmose Australia was very active in building up a case for enabling the continued use of CCA treated timber, which included presenting large quantities of scientific research to the APVMA for their consideration.

While we support the call for clearer labeling and plant operation which could enhance the reputation of our industry, we consider that the main thrust of the recommendations within the report is markedly conservative, ignoring vast amounts of scientific data in favour of what can only be considered a 'safe', overly conservative decision.

Continued on page 2

Three days before Christmas, the Australian Pesticides and Veterinary Medicines Authority (APVMA) released its draft report on arsenic-treated timber.

The report focused on a set of key recommendations:

- CCA timber treatment products should be declared Restricted Chemical Products. It is in the public interest to ensure that supply of these products will be restricted to suitably trained persons.
- CCA product labels should be varied to recommend that timber treatment facilities be designed and operated to meet appropriate Australian Standards (ANZEC guidelines (1996) and AS/NZS 2843.1:2000 and AS/NZ 2843.1:2000).

In this Issue

2

Dual Plants: Commissioned
Osmose develops new dual plants

6

The scales of demand
A balancing act for Industry

4

Dauids turns Goliath
A business determined to be world class

7

International News
USA Update

5

Lumbercorp's CCA upgrade
Lumbercorp's CCA capacity doubled

8

Papakura Timber Processors
Builds new LOSP production facility

APVMA passes judgment on CCA continued

We also note with interest that there has been no recommendation requiring the removal of existing playground or deck structures.

Elias Akle, General Manager of Osmose Australia, says that Osmose welcomes that fact the review has not recommended restrictions for the vast majority of CCA treated timber's existing uses, such as poles, fencing, bearers and joists, landscaping material and agricultural applications.

Peter Zed, a spokesman for the Australasian Treated Timber Co-Ordination Group (ATTTCG), in a recent press release said: "The draft report released by the Australian Pesticides and Veterinary Medicines Authority did not demonstrate any scientific evidence for thinking there was a risk to users of CCA-treated timber." Mr Zed went on to say: "the proposal had used an exaggerated precautionary approach, which called into question the scientific credentials of the chemical's regulatory system."

Across the ditch, Osmose New Zealand GM, Clinton Boucher, says that the New Zealand treated timber industry is watching

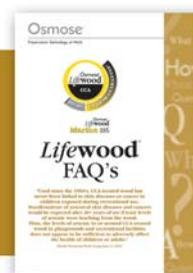
events unfold in Australia with interest, as the final APVMA decision on the continued use of CCA will have implications in New Zealand. The New Zealand Industry, with the strong support of Osmose, has played its role in the defense of CCA treated timber through organizations such as the Building Industry Federation, Timber Industry Federation and the Timber Preservation Council.

Osmose has formally objected to the proposed restrictions on the use of CCA treated timber through a submission to the APVMA and will continue to defend the use of CCA treated timber for all applications.

Osmose will continue to keep our clients up to date as things progress, however.

For more information about the APVMA Review of CCA Treated Timber, please visit www.apvma.gov.au, www.osmose.com.au, or contact your Osmose representative.

New **Lifewood**[®] FAQ's brochure
Visit www.osmose.com.au or www.osmose.co.nz
to download your free copy!



Dual Plants



commissioned and running smoothly

Osmose has now assisted in building and converting a number of dual and dual-capable treatment plants.

The advent of more dual plants in both Australia and New Zealand is seen as a necessity following the APVMA Report issued in December 2003.

The goal of a dual plant is to successfully treat timber with both CCA and ACQ from the same plant. This means keeping the two preservatives apart through the cylinder, pipework, drip pad and tracks.

From an operator's point of view the process must be failsafe, and the chemical changeover times relatively short to reduce down time and any chance of cross contamination occurring.

Four dual plants have now been commissioned, and are producing high quality CCA and Naturewood treated timber.

"Four dual plants have now been commissioned, and are producing high quality CCA and Naturewood treated timber."

Operators report change over times in the vicinity of 30-45 minutes, utilizing Osmose developed procedures.

Territory Manager, Ian Clark of Osmose, says that in light of recent recommendations made by the APVMA, Osmose's ability to design effective dual preservation plants could be of major importance. "This ability to construct effective dual plants will allow our customers to continue to treat their entire product range without the need to construct a new treatment plant and all the associated infrastructure," he explains.

Osmose welcomes the opportunity to perform an audit on any existing CCA plant to see what is involved in converting the existing CCA plant into a dual CCA / NatureWood plant. The level of work required will vary from plant to plant.

For more information, contact your Osmose representative and see the Osmose website for a current list of ACQ capable production facilities.

FOCUS ON TREATMENTS

BiFenthrin-based Determite®

A benchmark for termite protection



Picture courtesy of Futurebuild®

Hybeam® treated with Determite®.

With concern growing over damage to houses resulting from termite infestation in Australia, Osmose has added Determite® to its extensive range of timber treatment products.

Osmose Australia Product Development Manager, Javier Romero, explains that Determite treatment is a process developed by Osmose Australia.

"Osmose has developed this product in response to the market demand for a cost effective and easy to apply alternative to existing termite treatments," he says.

"The treatment process is designed to be in-line with the sawmill. It requires no additional handling of the timber and greatly reduces the overall treatment cost. Application can also be through a dip or pressure process."

Determite, which has been in the market for one year, is the preservation technology behind prominent brands such as Futurebuild® - Hybeam and Pine Solutions® Australia - Terminator, with other H2 building products due to be launched in 2004. "We designed Determite to help the industry compete against other products such as steel. It is a low cost, effective treatment for framing," explains Romero.

Tested extensively by CSIRO, the product is approved by the Agricultural Pesticides and Veterinary Medicines Authority (APVMA), TUMA (QLD), TMA (NSW) and included in the Australian Timber Treatment Standard AS1604. Determite is the first termite resistant product to be developed with the active ingredient Bifenthrin.

PROTIM® Optimum

New product shows solid market potential



Sample picture - High value, high quality building materials.

PROTIM® Optimum is a new LOSP formulation that has joined the PROTIM range of treatments for high value processed timber products.

The product is currently approved for sale in the US and in New Zealand, with approval pending in Australia.

Conclusive efficacy testing, implemented since 1996, demonstrates that the product provides good H3 protection, significantly better than the current H3 tin-based formulations, says Osmose New Zealand Business Development Manager Terry Smith.

Terry says PROTIM Optimum will soon be included in NZS3640, which covers all treatment levels, and New Zealand operations will be treating wood for export to the US from February.

"It is the next generation alternative to current LOSP products," says Terry. "In time it will probably take over from the current treatments in New Zealand and Australia as well. Because of its novel chemistry, PROTIM Optimum allows local treaters to export high value LOSP-treated products to the lucrative US market for the first time, and the growth prospects in this market are very exciting."

The treatment is currently only available in New Zealand, he says, but Osmose is seeking approvals in Australia.

Elias Akle, General Manager Australia, says: "We have applied to the APVMA for approval to sell PROTIM Optimum as an option for H3 treatment and hope to get registration in the first half of this year."

INNOVATION

Dauids turns Goliath



Location, location, location.



Storage tanks hold both Lifewood CCA and NatureWood ACQ. The cylinder in view is a dedicated CCA cylinder, with the NatureWood ACQ cylinder positioned further forward.

When the Victorian operation, Davids Timber, moved to a new site it was the case of a business determined to be world class.

David and Maurice Efron, a father and son team, opened Davids Timber some fifteen years ago with the goal of providing quality materials and reliable supply together with timely and efficient service. As the business grew, so did their need for larger premises.

As a result, Davids Timber purchased a massive 5.5 acres of space with room enough for both a NatureWood ACQ and a CCA plant with extensive storage conveniently located close to freeway access, specifically designed for storage and loading facilities.

"We needed to achieve a more efficient treatment process with faster turn around," explains David Efron. "We had been in our last premises for seven years, operating two shifts a day, had simply outgrown the site."

With help from Osmose, a new plant was designed with a cylinder that opens at both ends. Both the 60 and 40 foot cylinders boast larger pressure and vacuum pumps which helps to minimize the turn around time.

"We have significantly decreased our turn around time which offers obvious benefits for both ourselves and our contract customers."

Davids Timber offers truly state of the art production facilities for the custom processing of raw timber, treating with either CCA or NatureWood ACQ together with kiln drying.



"Drip free" charge being removed from the Lifewood CCA cylinder.

For more information on Davids Timber
visit www.davidstimber.com.au
email David Efron on defron@davidstimber.com.au
or Phone +61 3 9794 4777

Lumbercorp's CCA upgrade: more speed, more features



*Sir Richard Carter -
Leading the opening ceremony.*



A new CCA treatment plant, located in Ohinewai - on State Highway One between Hamilton and Auckland in New Zealand, promises to be one of the fastest operating treatment facilities in the country.

The plant was designed by the Osmose team in New Zealand, in conjunction with our US engineering office, using design parameters that are commonly utilised in larger plants in the US.

Osmose New Zealand Territory Manager, Bruce McCullagh worked closely on the project.

He says Lumbercorp is the fifth New Zealand plant to utilise an Osmose PCS (Process Control System), and it is working exceptionally well.

"One aspect of the plant is that the pressure control and ramp down is controlled by a PLC through variable speed drives on two pressure pumps. That means we can programme it to do exactly what we want it to do," he says.

From an engineering perspective, Osmose New Zealand engineer John Lord has been delighted with the project. "To meet commissioning acceptance, we had to achieve certain parameters on 10 consecutive charges," he explains. "This was achieved smoothly early in December."

Lumbercorp, a privately owned custom processor, expect the new plant will minimize operating costs, because of the increased speed and capacity. Lumbercorp has two New Zealand operations - an LOSP plant in Te Puke on the East Coast of the North Island, and both CCA and LOSP at Ohinewai. It has machining capacity as well as kilns and dry storage, and the capacity for boron processing.

The plant is owned by the Carter family, and runs a variety of products for both local and export markets. Its location on the main trunk route means it is ideally located to support exports via the Auckland and Tauranga ports.

The new plant has doubled Lumbercorp's CCA capacity.



*Barry Perfect, General Manager (left).
Rick Mannering, Managing Director (right).*



Bigger, Better, Faster

For more information on Lumbercorp (NZ)
Ohinewai Operations Phone +64 7 826 3366
Te Puke Operations Phone +64 7 573 6348

The scales of demand

More treated timber for New Zealand homes means a balancing act for Industry

Higher levels of timber treatment will now be required in parts of buildings that are more at risk of leaking. The decision adds to the complexity of production and distribution for New Zealand manufacturers and retailers seeking to minimize cost and effect on the industry.



The Building Industries Association (BIA) - a New Zealand government organisation - has reviewed building practices and released a draft report containing a number of recommendations regarding the use of timber in house construction.

The recommendations have resulted in the creation of new Hazard Classes H1.1, H1.2, H3.1 and H3.2, replacing the old H1 and H3.

With these specified Hazard Classes come different types of treatments.

Importantly, the new regulations, once they come into action, will force retailers to decide whether to keep more than one stockline of framing. Osmose New Zealand General Manager Clinton Boucher explains that the way the standard is set up the retailers would need to keep untreated, H1.2 and H3.1 timber in stock.

Ultimately, the proposed requirements to use treated timber provide the industry with direction, which will benefit timber manufacturers.

Osmose New Zealand Technical Sales Manager Steve Crimp says: "It takes away the uncertainty when people ring up and ask should they treat their framing. If they are building a certain type of house in certain conditions it's now a minimum."

However, Steve doesn't believe the changes should have a sudden or drastic impact on supply and demand. In New Zealand, he says, the volume of wood currently being treated won't change significantly to what will be needed based on the proposed changes. "Most people are already using treated timber framing (where required) to avoid the risk," he explains.

Steve also believes the biggest change may be driven by retailers and prefabricators, who may decide not to carry two stocks. "If they decide to stock and produce everything in treated framing to keep their operations simple, the demand for treated framing could escalate."

H1.1	For borer only	CCA, Boron and traditional H1 LOSP
H1.2	For borer and decay, internal framing	The option of three LOSP treatments or boron
H3.1	For non-structural applications such as weather boards, fascia and some high-risk internal framing	Contains all the 3.2 options plus current LOSP treatments
H3.2	For exposed structural members such as decking, cantilever beams and joists	Contains CCA, ACQ, Copper Naphthenate and Copper Azole

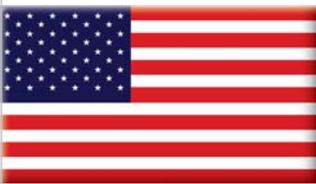


Leaky house syndrome: A brief synopsis for Australian readers

The 'leaky homes syndrome' in New Zealand, coined a 'nationwide scandal' by the New Zealand media, was a culmination of a number of factors, including relaxation of the building code, declining standards in building practice and design, and specifications of building products. In response to growing concern about the durability of housing stocks, the Building Industry Authority (BIA) has introduced new regulations designed to improve the weathertightness of houses, and to require increased use of treated timber to resist decay should leaks occur. The proposed changes will add an estimated \$500 to the cost of building a standard three bedroom house.

Key elements of the BIA's Acceptable Solution change include:

- an increase in treatment level from H1 (provides insect resistance only) to H1.2 (insect plus fungal or rot resistance) for:
- subfloor framing
- exterior wall framing including parapets (except in certain low risk brick veneer buildings)
- enclosed framing and structural supports for riskier roof types (like enclosed skillion roofs)
- an increase in treatment level from H1 to H3.1 for all framing and boundary joists or walls for enclosed decks, balconies and balustrades, and for enclosed flat roofs
- untreated kiln dried radiata and untreated Douglas fir can still be used in a range of situations including:
- roof framing, trusses and ceiling joists, except certain roof types with a higher risk of leaking and causing damage (like flat roofs)
- inter-storey floor joists
- interior wall framing, beams, rafters and joists
- exterior wall framing in single storey, low risk brick veneer buildings
- new requirements for colour coding and identification marking of timber will be introduced so that treatment level and treatment type will be more easily identified.
- the changes apply to all buildings



USA Update State of the market

Two years ago, North American timber preservation industry decided to make a voluntary withdrawal of registrations of CCA treated products for domestic applications. This month, the transition will be complete. How has the market reacted? Osmose New Zealand Technical Sales Manager Steve Crimp, and Graeme McConnachie and Neil Mythen from Fletcher Challenge, were on the spot to find out.

During their visit, at the end of January, approximately 95% of the market had finalized the transition, of those still to convert, only eight Osmose customers were still going through the transitional processes.

Steve Crimp explains that as many American plants are large scale and have two or three cylinders, they won't operate dual-formulation plants as we might do here.

For most plants, the change took about a week, but the volume of work in preparation was enormous. Working seven days per week, "The only day our engineers took off in the months preceding the deadline of 31st December was Christmas Day," he says.

"It's a major event for them, a huge amount of engineering work and effort to transfer our entire US customer base to ACQ," he says. Some plants also took the opportunity to do major upgrades.

One of Osmose's largest customers, Great Southern, for example, upgraded several of their plants."

Steve says that despite the man hours, all customers were pleasantly surprised at the ease with which the conversion occurred. Those already using ACQ say that it has allowed long-term production savings. "Switching to ACQ some plants have achieved 5 - 10% quicker cycle times," he says.

Home Depot and Lowes - which between them have 34% of the treated timber market in the US - say they have not noticed any difference having ACQ on the shelves. It is marketed under the same brand names as they had for CCA, ensuring that consumer confusion is minimized - as ultimately all that consumers want to know is that their wood is treated. Lowes is stocking 100% ACQ products, and Home Depot 70%. Canadian Home Depot distributors are selling 100% ACQ.

A new PROTIM® LOSP treatment plant for Papakura Timber Processors



PAPAKURA TIMBER PROCESSORS LTD

A South Auckland based custom timber processing plant has doubled its processing capacity with the introduction of LOSP based timber treatment.

The modern facilities at Papakura Timber Processors are both extensive and impressive.

This growing business offers Kiln Drying, Timber Machining, Re-Sawing, Export Packaging and a complete range of Timber Treatments including CCA, NatureWood ACQ and PROTIM LOSP.

Papakura Timber Processors is rare in its approach. "We are very much an extension of our clients' businesses," says owner Tom Logan.

Papakura Timber Processors has worked closely with Osmose New Zealand and its predecessors since 1988 to provide New Zealand timber producers with premium timber treatment facilities suitable for both domestic and export timber products.

Papakura Timber Processors are excited about the addition of an LOSP timber treatment plant to their already comprehensive range of timber remanufacturing facilities.

The plant is the newest in the country and utilises Osmose's latest plant technology to deliver a capacity in excess of 3000m³ per month on a single shift, more than enough capacity to meet all their clients' needs and more. And with the recent introduction of requirements to use more dry and treated framing for houses, the timing for the new plant installation is spot-on.

"The benefits of LOSP are that it is a 'dry' application, so there is no swelling and no further kiln drying required, and the timber can normally be used within a couple of days," explains Tom. This provides significant turnaround benefits to Papakura's customers compared to well-proven water-based treatments such as CCA and more recently NatureWood ACQ, which Papakura Timber Processors was one of the first companies in New Zealand to use.

Papakura Timber Processors are also a New Zealand DRI licensee; the operation's Windsor kilns are New Zealand-designed and built, gas-fired, and renowned for reliable, high quality and consistent drying over a wide range of products. The operation has a well-equipped machinery shop, capable of re-sawing, docking and machining a wide variety of timber profiles and sizes. And Papakura Timber Processors is also Agri-Quality certified to package processed timber to international standards ready for export.

Being owner-operated, Papakura Timber Processors are passionate about providing a high quality service with a rapid turn around. "We are very hands-on, and we work hard to make it happen for our customers," says Tom. With its extensive range of services and an attitude like that, Papakura Timber Processors has a bright future.



Tom Logan -
Taking a 'hands-on' approach.



Designed by PROTIM.
Built by Crusader.

"We are very much an extension of our clients' businesses"

For more Information on Papakura Timber Processors (NZ)
Phone +64 9 299 7720

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www.osmose.co.nz

Osmose Australia
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www.osmose.com.au

* For further information see separate guarantee documents.

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