

### 2.3 COMMERCIAL AND MARKETING CONSIDERATIONS

It is estimated that the average annual sales of sawmilling equipment in Australia is around \$50 million. This guestimate, of course, can be varied either way significantly with the commencement of a new major sawmill project or, as is happening at this time, a decline in the number of domestic housing starts. A recent report showed that residential building in Australia fell by 24.9 percent in the year to June 1990. This gloomy picture can be blamed on the current high interest rates. However, experts are forecasting a reduction in the cost of money to occur fairly soon which, in turn, should promise some relief for sawmillers across the nation, both in the hardwood and softwood sectors.

The following table shows the number of sawmilling establishments, by State, in this country which was compiled from the Forest Industries Directory, 8th edition:

Category	Total	NSW	Qld	Vic	SA	Tas	WA
Sawmillers Hardwood	1827	819	271	408	15	197	117
Sawmillers Softwood	342	101	122	55	32	16	16

During the financial year 1988-89 the mills in Australia produced the following volumes of sawnwood:

Plantation conifers (i.e. softwood) - 1,514,256 cu m

Native forest timbers (hardwood) - 1,815,612 cu m

It is of interest to note that in the past five years or so there has been a constant increase in the output of softwood sawlogs while the production of hardwood sawlogs has gradually been declining. In the year 1983-84 the softwood statistics were 976,964 cu metres while the hardwood output was 1,826,004.

Many of the hardwood sawmills are family-owned and operated and would be considered very labour-intensive. A four-man saw bench would not be very uncommon "in the bush" and this situation, of course, will have to be changed eventually if this segment of the industry wishes to remain competitive. What is expected to happen is a rationalisation of the hardwood resource, an amalgamation of outdated and outmoded mills into more modern facilities and more automation being introduced in these mills.

The aim of both hardwood and softwood sawmillers is for greater efficiency and, hopefully, greater profits. This greater efficiency is being sought through every facet of the mill operations - from materials handling to more efficient saw shops producing saws of greater accuracy with narrow kerf, better recovery and better utilisation of waste.