

# M.B. NEWS

## August 2007 Edition

"Without prejudice"

### THE BUILDING INDUSTRY OUTLOOK

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Things have not changed a lot since the last letter as far as what's happening out in the market. It is soft and we can only guess how long it will remain that way. I have spoken to a number of manufacturers from areas such as the ACT, Tasmania, Cranbourne, Melbourne and as far as Southport in QLD. All except the Qld boys are finding the market soft. We will be hearing from Harley Dales from the HIA next week re his thoughts on the industry and the future. I will relay those views in our next letter.

### SURVEY

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Some months ago I participated in a survey which was about our manufacturing industry and the reason I did it was because I was under the impression, rightly or wrongly that it was going to be a nation wide survey and it would cover a wide variety of manufacturers in our industry. A few weeks ago I received an email with the results and I was astounded by some of the figures. The survey states that there are a total of 697 Truss plants in Australia. They state that there are 10 in Tasmania and 191 in Victoria. Both these figures blew me away and I believe that they are both *incorrect*. I know of only 7 in Tasmania. They stated that the frame and truss industry was worth some \$1.8 billion in the year 2000 and now is only \$2.0 billion. Remember in 2000 it was the introduction of the GST. I would have liked to have seen the figures the year prior to the GST if the GST year was \$1.8 billion.

Most manufacturers found huge slumps in the GST year. Some reported up to 48% downturns. So if the 2000 year was \$1.8 billion, the pre GST year would have been anywhere around the \$2.5 billion and upwards. They stated that there are fewer manufacturers around today than there was then, but there are more of the larger ones than there was then. With the development and growth of the project builders, some plants are specialising in providing them with their product. They gave us graphs for roof truss outputs, wall outputs, floor truss output, the percentages of small, medium and large plants including integrated plants and in the end this survey was the result of talking to 7 truss plants in Victoria, 2 in NSW, 0 in SA, 3 in QLD, 0 in WA & 1 in Tasmania. It is amazing that they could get such an accurate measure of the industry when they have surveyed only 13 plants and by their figures that is about 1.87% of their total figure that they stated, one which I would again dispute as being correct. What is the old saying about figures, "you can read what you will into them".

### TIMBER

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In the last newsletter in May we spoke about the timber price going up. One company (Company A) decided to go up 6% on the 1<sup>st</sup> May. It then decided to go up another 6% on the 1<sup>st</sup> June. Then on the 1<sup>st</sup> July it went up another 5%. Then we were told that there would be another on the 1<sup>st</sup> August. But, on the 16<sup>th</sup> of July they put it up another 5%, effective immediately. That is 4 price rises totalling 22% in 2 months and 16 days.

I have had people from Tasmania through to the other side of Melbourne, who have phoned me to see if our supplier has been following that trend. These are customers who use this company as their *main* supplier and they are livered. There is limited supply so they *cannot* buy up timber prior to the price rise and they are not getting enough warning of the increases, which in turn is leading in a number of cases to manufacturers quoting a job and that price will only stand for one week. If there has been no price increase in the time from when it was quoted to ordering, there is no problem. There are some seven manufacturers in the one area doing the same. The opposition suppliers are getting inundated with calls from their opposition customers, trying to purchase timber from them.

The supplier who has had the four increases is also throwing another spanner into the works. When you usually buy pine you can buy it in lengths from 2.4 to 6.0 metres, in 300 mm increments. In their case they are now breaking the lengths into four different price ranges. If you want a 2.4, 3.0, 3.3, 3.6, 4.5 or a 4.8 you paid one price. To buy 3.9 or 4.2 is another price. To buy 5.1, 5.7 or 6.0 mtr is another price and to buy 2.7 or 5.4 mtr lengths are yet another price. The difference between the lowest price and the highest price compared to any length from their opposition is about 37 cents *per metre* –wholesale. In other words to buy a 3.0 mtr stick of timber off one supplier, it will cost you about \$1.35 including GST (Retail) more than for the same stick of timber off the other supplier. So if you bought a *pack*, it would cost you about \$486.00 more for that pack.

Last week we received another price list effective immediately from the same supplier. The difference was that this time they had reduced the number of price groups from 4 to 3. They put the price up 5% and what they did was take some of the lengths from the cheaper groups and put them in the higher priced groups. This automatically put *these lengths* up 9% not 5%. The opposition timber supplier (Company B) has put his price up on standard pine by 6%. They will go up on the 1<sup>st</sup> of August some 3% to 5% on *all treated* products and next month the pine will go up again some 7.5%. This is a big difference to what is being done by others.

As I have stated before that the price needs to go up to be able to sustain the industry and to prevent mills from selling it overseas. We know why Company A has decided to go this way and that is because they are "on the market" and are looking for a buyer. But the results of this when timber becomes more freely available will be nothing short of disastrous for the company. I have spoken to a number of companies who use this timber supplier for the majority of their timber supply and they are looking at purchasing elsewhere, even now going to other timber wholesalers. I feel they will loose a lot of customers over this decision.

## **IT CONTINUES – THE RIVERSIDE GOLF CLUB COLLAPSE**

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This is something that happened some 3 years ago and involved an extension that had been built some 6 or so years earlier and collapsed and it killed two people in the process. Since then there has been a coroners report and recommendations drawn up. This was not something that just happened over night. The court hearings went on for some substantial time. For those who were involved (and I spoke to one of them), it was not at all pleasant being sat in a chair for two or three days straight and being grilled by Barristers, not one Barrister, but up to 7 of them. Remember this was not the builder or the manufacturer or the timber supplier or the inspector sitting in the chair, it was an engineer who had figured out what had happened. Imagine if it was the builder.

We are now starting to see some movements in what changes will be made in the future to prevent what had happened in SA at the Riverside Golf Club. The report was some 40 pages and there were some 23 recommendations put forward by the ministerial task force. A copy was sent to the FTMA Australia for comment and they were to put their thoughts down on each of the recommendations. This was done and sent back and we are waiting to hear back from them as to what will be the final drafts recommendations and implementations of these. I believe that the results will be a strong and possibly forceful set of recommendations, with the implications also to be felt outside of the South Australian border. I believe they will effect all who are involved in the industry. Some will be warranted and for those who are doing the right thing will benefit by them, as others will have to follow suit to survive. No matter how they finalize the results of these recommendations, we all will be touched in some way by this. Unfortunately or fortunately, depending on which way you look at it, this has not come to a resolution yet.

## **SP GRADE UPDATE**

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During the past few weeks we have received information from A3P that instead of introducing another "grade" into the market (SP grades) they have gone and received a second opinion on introducing new grades of MGP. An example could be the introduction of MGP 9, 8, 14, 13, or 11. They had previously informed the FTMA Australia that due to advice they had received, this was not possible and to their credit they have also stated that they now wish to work in conjunction with the FTMA Australia in introducing these grades. This is virtually all the FTMA Australia ever wanted in the first place as they are the biggest users of the product in Australia. They wanted some input into what grades should or should not be used in the manufacturing of trusses.

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## FTMA AUSTRALIA

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Well in less than two months we will hold the Inaugural FTMA Australia Awards night on the 13<sup>th</sup> October. It is to be held at Studio 3, at the Crown Casino. We have not long advertised the event and we have some 200 bookings all ready. We have been getting more inquires regarding membership and the next year or so the outlook is bright. As of Friday the 17<sup>th</sup> of August a press release announced the appointment of a full time Executive Officer to run the association, which will take some pressure off the Board. The awards will cover the best small, best medium and best large manufacturer in each State. All will have to meet a criteria to be eligible to win the State Award and then those winners in each division will be the finalists for the overall best Frame & Truss Manufacturer of Australia.

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## HIA GEELONG AND WESTERN DISTRICT BRANCH

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This year we have seen some changes in the guard. The Chairperson is now Michael Dahm while Anne Preston is the new Secretary and Adam East the Treasurer. David Jarman and Mark Craig are new members on the committee. This year we also have some new sponsors. Our Gold Sponsors are Pryda Solutions and Hardings Hardware. Our Silver Sponsor is Weathertext while WHK Day Neilson and M.B. Pre Fab Framing are Bronze sponsors. The web site [www.hiageelong.com](http://www.hiageelong.com) is being updated and the sponsors details are site. We are also putting our sponsors' logos on all of the correspondence that goes out to thank and promote them as supporters of the Geelong and Western District Branch. Each meeting there is a \$100.00 MB Pre-Fab Framing voucher given away to some lucky person who attends on the night.

This year the housing awards are to be held on the 21<sup>st</sup> September at the Hawthorn Suites at the Thirteenth Beach Golf Course. There is a big night planned with a new MC, great entertainer, a 5 piece band and some great giveaways. Bookings are essential and numbers are limited. For further information refer to the local HIA web site or phone Anne at M.B. Pre Fab Framing P/L on 5223 2888 for details to be sent out.

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## IMPORTANT INDUSTRY ANNOUNCEMENT

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M.B. Pre-Fab Framing & the FTMA Australia in conjunction with the Gordon Institute of TAFE and Building Permit Central are holding an information night to be held at the Gordon TAFE Boundary Rd campus in East Geelong – Ground floor Lecture Theatre in the "E" Building. This night is *free* and it is open to all Building Surveyors & Inspectors (being private or Council), Builders, builders' supervisors, carpenters and third and fourth year apprentices. The night is entitled "The what if's of truss installation". It is to assist us all in understanding what to look for on site to ensure that it does not come back and bite us on the bum.

The presentation will give participants an insight into preventative measures which will help reduce costs due to extra inspections prior to having something passed, which will ultimately reduce delays and also show the chippies the best practice for roof truss installation and giving them a better understanding of why it should be done that way. It will also inform us of problems and delays that other trades can create in not doing something correctly. The night begins at 5.30 and is expected to finish about 8.00 pm. Refreshments and finger food will be provided during the night. Bookings are essential for catering purposes. RSVP 4<sup>th</sup> September. Email: [djarman@gordontafe.edu.au](mailto:djarman@gordontafe.edu.au)  
If you do not have email facilities please contact Anne from M.B. Pre- Framing P/L on 5223 2888.

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## LIGHT HEARTED

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A dad walks into a market with his young son. The kid is holding a coin. Suddenly, the boy starts choking, going blue in the face. The dad realizes the boy has swallowed the coin and starts panicking, shouting for help. A well dressed, attractive, but serious looking woman in a blue business suit is sitting at a coffee bar in the market reading her newspaper and sipping a cup of coffee. At the sound of the commotion, she looks up, puts her coffee cup down on the saucer, neatly folds the newspaper and places it on the counter, gets up from her seat and makes her way, unhurried, across the market.

Reaching the boy, the woman carefully takes hold of the boy's testicles and starts to squeeze, gently at first and then ever more firmly.

After a few seconds the boy convulses violently and coughs up the coin, which the woman deftly catches in her free hand. Releasing the boy, the woman hands the coin to the father and walks back to her seat in the coffee bar without saying a word.

As soon as he is sure that his son has suffered no lasting ill effects, the boy's father rushes over to the woman and starts thanking her saying, "I've never seen anybody do anything like that before, it was fantastic. Are you a doctor?"

"No," the woman replies....."I work for the Australian Taxation Office".

## STAFF

Last newsletter we spoke about the appointment of Paul Christie as a CDO. He has been getting around and doing a great job. We look to this continuing. Remember, if you need a set of plans picked up, give him a call. We have just promoted a long term employee, Neil Edwards to the office as a trainee Estimator. We have also put on another new trainee Estimator by the name of Tim Annett. Towards the end of this year or early next year we will have a few changes out on the road with our CDO's, which will include a promotion to Sales Manager and the introduction of another CDO. We will disclose that as the time draws closer.

## UPDATES TO OUR QUOTATION ACCEPTANCE SLIP

This week we have added another page to our Quotation Acceptance Slips. Many of you will be familiar with the information that has been added. In order to save you time with filling out the Quotation Acceptance Slip "Extensions and Inclusions" page for each job, we have prepared a specific 30 day account customer sheet that can be completed that will cover all your jobs so you only need to fill in the regular Quotation Acceptance Slip side. If you could please complete the single page with this newsletter and return it we will put it on file.

## DIRECT LINES

If you need to know something or require any assistance please do not hesitate to use the contacts set out below.

Contact	Area	Phone Number
Doug Maxwell	Longreach Floor Trusses	5249 4411 Direct Fax 5223 1022
Clive Martella		5249 4412 Direct Fax 5223 1022
Darren Benn	General Manager / Logistics Manager	5249 4403
Tim	Customer Development Officer / Estimator	0407 232 884
Paul	Customer Development Officer / Estimator	0409 940 757 or 5249 4408
Davin	Truss Detailer	5249 4410
Matt	Truss Detailer / Estimator	5249 4409
Brad	Wall Detailer	5249 4414
Andrew	Wall Detailer	5249 4415
Steve	Supervisor / Estimator	5249 4405
David	Estimator	5249 4407
Anne	Deliveries / Orders / General Enquiries	5223 2888
Lauren	Accounts / General Enquiries / Orders	5223 2888

Remember if you need a set of plans picked up; give one of the C.D.O.'s a call or our office. We will arrange a time and place convenient to you.