

M.B. NEWS

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Manufacturing
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Building, Renovations
& Suppliers



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M.B. NEWS

DECEMBER 2011 EDITION

"Without prejudice"

INTRODUCTION

It is that time of the year again. We ask the question more frequently than we ever did before, "Where has the year gone?" This year we have seen a timber prices fall and fall below prices as far back as 1992. We have seen the growth of imported timbers entering the market place, like never before. We have had acquisitions of truss plants and on the other hand the demise or closure of others. The reduction in the first home buyers grant, along with interest rate increases has in no way assisted the consumer confidence in our market. Money is tight for a lot of people wanting to get into the market. The next year from all the talk around town and from "the experts" is that it is not going to get better. I personally still see Geelong as an opportunity to grow and with the many areas that are on the verge of opening, we will see better than national growth figures.

As I start to write this we only have some 20 odd days to the little fat man in the red suit appears. I am referring to Santa, not me. We would like to take this opportunity to thank all of our clients for their support and wish them an extremely happy and safe Christmas and New Year and we look forward to assisting them next year.

We will close at 12.30 pm on December 22 and re-open at 7.30 am January 16, 2012.

TIMBER INDUSTRY

I have written about timber prices and the increased influx of the imported timbers over the past 12 months and more. As I stated earlier, the prices have fallen to and below in some cases, 1992 prices. When you look at that 9 year period and we allow for wage increase, rent increases, perhaps work cover increases, insurance increases, capital outlay and power increase over that period, you would have to ask how are the mills surviving? I understand there is an investigation into what is suspected as "dumping" due to the market conditions in Europe and America, but I also wonder how long this can be sustained. From what is being said around the industry, every major timber producer in Australia is on the market.

We now only have one manufacturer in Australia of the "I" joist product (Wesbeam). Eight or so years ago there were some 4 manufacturers. Most of the products now come from overseas. This is fine whilst things are in our favour, such as the Aussie dollar, the poor performance overseas of the building industry, so they sell it to us. I wonder what happens when the overseas markets pick up. When they are getting a higher dollar for their product back home, will we have to pay a higher dollar for it here? What happens if the dollar turns in our favour? More importantly what happens if it is in the reverse? Are we are becoming more reliant on other people and countries for our products? I can remember quite a few years ago, Argentina used to be a prolific manufacturer of different products. Over the years it lost those industries and then it lost a lot more due to it. It became a very poor country. Some years ago a new president was voted in and they have turned it back into a manufacturing country and it is once again thriving. We have to look at saving our manufacturing industry.

THE BUILDING INDUSTRY OUTLOOK

What can you say? We hear a lot about the immediate future of the building industry and it seems to be all doom and gloom. Nationally at the start of December buildings were down some 10.7%. Next year they are talking about figures from 17 to 20%. The national reports are not good and when you look at

the performance over the past 12 months, I believe Victoria has stood out and will continue to stand out as a leader for some time, but it is tough out there. We now see some of the bigger project builders advertising that you will get this free or so many dollars worth of inclusion for no extra cost. It has become a tight market, but I still believe what I stated in the last newsletter that the first home buyers should be restricted by the size of the home (new building only) and the condition to it is that the "first home buyers grant" is increased to the former amount it was. I do not believe this should be available to the first home buyer that is purchasing an *existing home*. It does nothing to stimulate the economy when compared to building a new home. With the building of a new home we could have as many as 20 or more groups, subbies etc. involved in the new home. The flow-on effect to the community is huge. What do we have when we sell an existing home? Restricting the size of the house means we reduce the overall cost, we get more blocks out of a development and we get more people into new homes and reduce the shortage. If you wish to build a 30 square home as a first home buyer, that's fine, but the grant is minimal. But if you have a restriction of say 14-15 squares (for a new home), then you get the *extra* grant.

The Carbon Tax has been passed and now we will have to start getting the information required to see exactly what it is going to add to the cost of a new home. Maybe this new tax will be one of the things that may force people into smaller homes.

NSW and Qld have a new Health and Safety Act which will be implemented in January 2012, at this stage the changes will not apply to Victoria, but this could change, if you are unsure contact WorkSafe.

Something new: There has been a company that has put out a new phone app. The cost is \$3.00 for the app and it can assist builders on site in a number of areas. e.g. if you needed to know what span a 140x35 p10 timber will go, it shows. It can calculate pitches and so on. It is called "Quick Chippy" and it has been designed by a carpenter.



I have just come from the last FTMA Board meeting for the year. When you look back on the past 12 months the association has been involved in a number of areas and it is growing in strength each year. We have had a number of new members join this past year. We were involved in establishing the Women in Forest & Timber Network (WFTN), the FTMA environmental posters, the proposed standard nail – plated jointed timber roof trusses, multi storey timber frames, the Newcastle 2 day conference and a lot more. We are looking forward to the challenges of the next 12 months.

PRE-FABRICATION INDUSTRY

In this industry we have seen a number of truss plants close down, both in Victoria and other States. We have seen a large builder in NSW fall over and leaving huge debts. I was told the truss plant supplier was owed over one quarter of a million dollars. It has been a tough year and for some the struggle was over. For the ones left standing it is not what you would call a welcoming future. Having spoken to a number of manufacturers it has been interesting to hear their comments. One told me he has gone from being a medium size manufacturer to a small manufacturer. He like a lot of others have decided not to replace those that have left or been put off for whatever reason. The challenge is to do it better. The challenge is to do it smarter. We have gone through this type of climate before and more than likely we will see it again. Our industry is the reason why every two years we have "Frame Australia". It is a two day conference usually now held in Melbourne. It covers a number of areas including new development in software, new equipment, the changes and challenges to timber and numerous other topics of interest to our industry. Frame Australia on 18 & 19 June 2012 at the Park Hyatt will be one of the first times that they are targeting builders to be involved. It will be interesting to see what sort of response there will be from the building industry. I've noticed the Master Builders Association is an Event Sponsor.

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STAFF

After 7 years with us, Lauren Barrow decided on a change and has moved to an administrative position in the automotive industry. We welcome Mel Durrant who has joined our reception / administration team.

LIGHT HEARTED

How the Greek economy works

It is a slow day in a little Greek Village. The rain is beating down and the streets are deserted. Times are tough, everybody is in debt, and everybody lives on credit.

On this particular day a rich German tourist is driving through the village, stops at the local hotel and lays a €100 note on the desk, telling the hotel owner he wants to inspect the rooms upstairs in order to pick one to spend the night.

The owner gives him some keys and, as soon as the visitor has walked upstairs, the hotelier grabs the €100 note and runs next door to pay his debt to the butcher. The butcher takes the €100 note and runs down the street to repay his debt to the pig farmer. The pig farmer takes the €100 note and heads off to pay his bill at the supplier of feed and fuel. The guy at the Farmers' Co-op takes the €100 note and runs to pay his drinks bill at the tavern. The publican slips the money along to the local prostitute drinking at the bar, who has also been facing hard times and has had to offer him "services" on credit. The hooker then rushes to the hotel and pays off her room bill to the hotel owner with the €100 note. The hotel proprietor then places the €100 note back on the counter so the rich traveller will not suspect anything.

At that moment the traveller comes down the stairs, picks up the €100 note, states that the rooms are not satisfactory, pockets the money, and leaves town.

No one produced anything. No one earned anything. However, the whole village is now out of debt and looking to the future with a lot more optimism. And that, ladies and gentlemen, is how the bailout package works.

A man suffered a serious heart attack while shopping in a store. The store clerks called 000 when they saw him collapse to the floor.

The paramedics rushed the man to the nearest hospital where he had emergency open heart bypass surgery.

He awakened from the surgery to find himself in the care of nuns at the Catholic Hospital he was taken to. A nun was seated next to his bed holding a clip board loaded with several forms, and a pen. She asked him how he was going to pay for his treatment.

"Do you have health insurance?" she asked.

He replied in a raspy voice, "No health insurance."

The nun asked, "Do you have money in the bank?"
He replied, "No money in the bank."

"Do you have a relative who could help you with the payments?" asked the irritated nun.
He said, "I only have a spinster sister, and she is a nun."

The nun became agitated and announced loudly, "Nuns are not spinsters! Nuns are married to God."
The patient replied, "Perfect. Please send the bill to my brother-in-law."

DIRECT LINES

If you need to know something or require any assistance please do not hesitate to use the contacts set out below. Remember if you need a set of plans picked up; give one of the C.D.O.'s a call or call our office. We will arrange a time and place convenient to you.

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
Anne Preston	Deliveries / Orders / General Enquiries	5223 2888
Mel Durrant	Accounts / General Enquiries / Orders	5223 2888
Tim Watson	Customer Development Officer / Estimator	0407 232 884
Paul Christie	Customer Development Officer	0409 940 757 or 5249 4405
Andrew Graham	Wall Frame Designer	5249 4415
Davin Pate	Truss Designer	5249 4410
James Compston	Truss Designer / Estimator	5249 4420
Jess Sferco	Estimator	5249 4423
Zach Napper	Estimator	5249 4407

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