

May, 2002

Welcome to our inaugural M.B. Newsletter.

We will be distributing these on a quarterly basis. The idea of this is mainly as a communication tool between us and our customers and an avenue for passing on information to you as to what is happening in our market place that you would most probably not hear about until it has actually happened.

We will keep you informed on up coming timber price rises, price falls, new products available and any problems being experienced by builders on site. We also welcome your feed back as you may have something, which you may wish to contribute e.g. a problem you may have come up against and we can alert others of it so they too, will know what to look for.

THE MARKET

All predictions are that there will be a down turn around the last quarter of this year, but with the amount of homes signed up prior to the '1st Home Buyers' grant being changed there is still a lot of building to be done. Obviously since the changes to the grant the 'permit approvals' have been down – similar to the introduction of the GST. Some experts are predicting in 2002 on Houses and Multiunits a fall of 4%. In 2003 they are predicting a 1% fall on housing and a 3% growth on Multiunits. If you look at the BIS Shrapnel forecast on house commencements over 2001/02 they had a 37.9% increase, but 2002/03 are expecting a 18.5% decrease. I believe there will be a decrease mainly due to pre-selling, but I don't believe it will be 18.5%.

TIMBER

Over the past 6 to 9 months pine has gone up some 4 or 5 times at an average of 5% per increase. We believe that for the present the price has stabilized and if anything in the next 4 or 6 months time we may again see a reversal – a price decrease.

KDF.17 has just gone through an average 5% across the board increase but I believe this will be the last for some time. Some metal products such as staples, nails and clawplates will experience a 3% increase in June.

ORDERS

Over the past 18 months or so we have made changes to the way we order etc and we have now brought back in the 'Phone Day'. We will have one of the office ladies phoning 7-10 days prior to the designated delivery date to see what stage you are at with your job and if you are being delayed, running on time or ahead of time. This is not only to help make sure delivery dates are met, but also we can bring some jobs forward to make our production time smoother making for those who need it, instead of making the job and having it sit in the yard for one or two weeks. This does effect the running costs of a plant and if we can reduce our costs and pass them on to our customers we will. So when you get the call don't think we are trying to over service you; we are trying to service you better.

TRUSS TIES / MULTIGRIPS

Truss Ties are an easy 'bang on' product used extensively on site by chippies, subbies and builders. On the other hand, Multigrips are more time consuming having in some cases up to nail 10 nails to each one.

BUT – the holding capacity (against uplift) of a truss tie is 1.4KN (without nails) against a Multigrip 2.5 KN. Truss Ties are good on a tiled roof, as the uplift factor is not as great as an iron roof. When used on an iron roof usually 2 are required at both ends of a standard truss and in some cases 4 nails to each (2 at the top and 2 at the bottom). If this is not being done you may eventually have the problem of loosing a roof. Litigation is becoming an acceptable pastime in this country and Insurance Companies are looking to pass blame at virtually every avenue available to them to decrease or prevent payment. If you are not using the correct 'holding down' products and a roof does fly off (please don't think it won't happen as it has!) you could be drawn into a distasteful litigation – not just as the Builder but the subbie (Chippy) and Building Inspector that passed the 'Frame Inspection', but failed to pick it up – 'Apportion of blame'.

Just check that the subbies are actually using the products that were designed to do the job. If you are not sure please phone us and we will assist you where we can.

M.B.

We have just introduced two new staff members to our estimating department. Matthew Lauder and Lisa Montagnat. They are undergoing Traineeships. We look forward to a long and fruitful relationship. As we are an equal opportunity employer, we now have 44% female representation on staff.

NEW WALL FACTORY

It is now 18 months since we moved into the new wall factory. With the new technology and new way the walls are being produced, we have been able to increase our metre rate output by two. With this and taking into account the price rises in Timber (Pine and KDF.17) and metal products (bracing, stud ties) and the increased requirements of the use of stud ties we have actually decreased the cost per metre of our walls. This will eventually, with the further increased use of Prefabricated walls, reflect a decrease in other products such as Trusses and Longreach Floor Trusses simply by increased orders creating increased production thus reducing the cost of production.

WHO DO I TALK TO?

If you have a query in regards to a quote being done you can ask for one of the following estimators – Shannyn Gourley or Steve Grant. If you have ordered a job and it is in regards to the detailing of trusses – Alistair Elliott. If it is in regards to the detailing of walls – Darren Benn and if it is in regards to Longreach Floor Trusses or a Site Measurement ask for Doug Maxwell.

25 YEARS

Coming up in September this year, M.B. will have been in business 25 years. We will over the next month or so be sending out details of up coming events.

INSURANCE

As you will be aware by now that "Dexta" is no longer in the market. On Wednesday 10/4/02 at the HIA Branch Meeting, John Gaffney (HIA) stated that he could not see them coming back into the market. This leaves virtually a monopoly in the market place, but be assured that talks are under way and have been for some time for a possible two more players entering the market place. HOW does not want 90, 95 or 100% of the market, they are more comfortable with 60 – 70%. John stated that he could see premiums actually being reduced in the future. This is due to a number of reasons, one being the maximum payout by an insurance company will now be \$10 million. Not like when Avonwood went under it was between \$20-30 Million.

Good news with the reductions in the terms of coverage required by builders - 6 ½ to 6 years for structural and for non structural. 6 ½ to 2 years.

FIRST HOME BUYERS GRANT

At present we still have \$10,000 for the first new home builders and \$7000 for the first existing home buyer. HIA is looking to get one of the following put into place prior to the grants finishing date.

E.g. A – Keep it as it is.

B – Only have \$10,000 to the first home builder and no grant to the first home buyer of an existing home.

C - \$7000 to first home builder and nothing to a first home buyer of an existing home.

Either B or C would be better for our industry as the first home buyer of an existing home does little to contribute to the economy in comparison to that of a first home builder. The flow on from that is enormous for our economy.

E-MAILS

If you have an e-mail facility let us know so we can inform you of different things such as public holidays or extended closure of office times (such as Christmas holidays) immediately. Contact us on info@mbprefab.com.au

APPOINTMENTS

Brian O'Donnell from Hamlan Homes has been on the committee with the HIA Geelong & Western District since its inception some 4 or 5 years ago. He has been in the position of Secretary and at present is the Chairperson. It has just been announced that he has been appointed Vice President of the HIA in Victoria. These positions are usually held by Melbourne builders and now Geelong has a direct representation with this appointment. Congratulations to Brian and we wish him all the best in this position.