

M.B. NEWS

December 2008 Edition

"Without prejudice"

INTRODUCTION

The end of the year is closing at a rapid pace. We have to ask ourselves, where have the past 12 months gone? Is it just because we are getting older that we notice the year disappearing more quickly or is it because we have such a variety of extra things, obligations and commitments compared to previous years that we don't or haven't got time to notice the time. The year itself for this industry has been one of "roller coaster rides" with regard to house starts; there has been one of the worst flu's going around that we can remember, movements in the timber ownership areas has been one of surprise with the changes in ownerships and to top it off the global financial problems (that we are still encountering) has been something that a lot of us have never seen before.

I heard on the radio the other day that the housing market in America is at its all time lowest point since they started monitoring the number of starts per year, back in 1959. They have some 790,000 starts. The car industry is also in a mess. One dealer seen on the news had minimum sales *per month* up until April this year of 385 cars and last month they struggled to get 150 sales. They have even resorted to giving you a second hand car for one \$1 if you purchase a new car. GM in America is such a huge concern when you include their financial arm in the overall picture, they have enough cash to last some nine months and Ford has enough to last about two years. It was said many years ago that if GM got a sniffle, the rest of America would catch a cold. Well the flu is here! More importantly, where will it all end? How much more pain will there be? The banks are clamping down on everyone. Credit is being tightened to a position we haven't seen probably since the great depression. You may even notice some of the banks are increasing the interest charged on your credit cards. Some retail companies are informing customers that their credit limits have been reduced.

I know of a truss manufacturer who for the past 17 or so years has not had an overdraft. This year he went to his bank for one and he said he had to go through two to three weeks of unbelievable crap and had to way up whether it was worth the hassle or not. We have seen the long running GMH dealership in Kyneton close their doors due to the availability of financing. This will have a flow on effect. The share market has taken an unbelievable dive. The Federal budget surplus is being eaten up at an incredible rate. The housing industry reports show we are over 50,000 homes behind what is actually needed and with all this going on around us, I was surprised to see Geoff Bills report in this month's Timber Trader magazine. He has a graph showing from March 2006 with the number of dwellings at around 155,000. It then shows a downward movement in June 2007 to 150,000 and then a steady increase to about 162,000 in December 2008 and from there, there is a downward spiral to 145,000 in September next year (2009). From there we progress upwards to June 2010 where we sit at 175,000 dwellings. This is something to look forward to and I hope he is correct with this part of it. We have to ask how much more of this we are going to see. Are we too engrossed with what is happening overseas and is our market / economy really as bad as what others are? We really believe we are better off in a lot of ways compared to a lot of the other places and our future is far rosier than a lot of them. We cannot avoid the realities of what is going on around us, but we can keep thinking positively and acting positively. If Geoff Bills predictions are correct and we really hope they are, we were told some months ago that we could be looking at a growth period of anywhere between 5 and 10 years for our region.

TIMBER INDUSTRY

Over the past few editions we have spoken about the timber industry changes; one being Pine Solutions selling off their business in Australia to Carter Holt Harvey, the sacking of a number of what we considered "key" personnel, such as Christine Briggs and John Summers, well both are on their way back. Christine has been employed with one of the other timber groups, Gunns, who also owns Auspine. We believe this will prove to be a great acquisition for them. Thank God for someone having the foresight to look at this person who has some 22 plus years of experience behind her. She has also brought John Summers on board with her. Unfortunately there have been a number of other changes; one has been letting go of two long term employees, one of 17 years and the other 30 years. Both people are well known and respected in the industry and we wish them all the best in what they decide to do.

The acquisition of Pine Solutions by Carter Holt Harvey has been completed, including a number of staff changes. We believe this has not been as smooth as they would have liked, as a number of other key personnel have resigned to go to other companies over the past few months. At the present the timber market prices are pretty stable and we hope this continues in the future.

FUEL WATCH

What a difference a global recession can make to the price of fuel! We think that we are better placed than America as far as their economy is concerned with all the problems they have. I still cannot understand why our dollar is worth only around 64 cents against the American dollar. Some three months ago it was around the 96 cent mark. If it was closer to the US dollar we would probably find the price under 90 cents a litre for unleaded. Funnily enough the price of diesel is still up there, but fortunately, we know that no one is profiteering, because that just doesn't happen – does it? I read the other day that in New Zealand the price of unleaded is some 40 cents dearer than diesel.

THE BUILDING INDUSTRY OUTLOOK

I have written about the industry in my introduction, but with everything going on we have seen prices in some areas stabilize. Unfortunately we have been informed by our nail plate supplier that the price of nail plates and other steel products will be on the rise again early next year. We questioned why this is so when steel prices have fallen, second hand steel that went from \$130 a tonne to \$400 plus a tonne over the past 24 months, and now people who collect it to sell it to the metal merchants have been told not to bring any more in at the moment as the price has fallen so far down and in some cases they have an oversupply.

The nail plate supplier has informed us that their supplier BlueScope, will not move on the price of the steel and you cannot just go to another supplier as they are all owned by the same company. They told us they have looked at steel from overseas, but the problem is not just the supplying of it at the correct time periods; there is the question of the quality. This still didn't answer the question "why"? The reason is because of the Asian dollar and the Aussie dollar in relation to what the Asians are paying for the steel and against the American dollar. So if the Asians want less of the steel, the price will fall and if our dollar rises against the greenback, the price will fall even further. That was easy, wasn't it?

So how do we get our dollar closer to the greenback? I will leave that for you to work out. I now have a massive headache and I am going to lie down. Oh, I nearly forgot, it will be around an 8% increase.

ADVANTAGECARD

Lauren has been putting a label on the statements each month advising you how many points you can earn simply by paying your account on time. For more information please give Lauren a call on 5223 2888.

FTMA AUSTRALIA

Nick Livanes our Executive Officer has been offered another position within the timber industry. He has decided to take up this position and will be doing so early next year. We thank Nick for his time and efforts as the inaugural Executive Officer of the FTMA Australia. Since he has been with us he has covered a number of issues and with his extensive background in the timber industry and engineering he will be missed. Hopefully he will be available when required for advice and assistance and we can work in with him in his new position. We wish him all the best. The past 12 months the FTMA has met in a number of States encouraging and setting up a number of Chapters. We have had new companies join and we have increased our board by some three or four board members, giving it a good representation of Pryda, Mitek & Multinail companies, not being dominated by just one colour.

Don't forget that the DVD "Prefabricated Timber Roof Truss Installation - Good Practice" is out in the market place. If you want a copy they are available for \$15.00 each from Clive at M.B.

LIGHT HEARTED

After 20 years of marriage, a couple was lying in bed one evening, when the wife felt her husband begin to touch her in ways he hadn't in quite some time.

It almost tickled as his fingers started at her neck, and then began moving down past the small of her back. He then slid his hand across her shoulders and neck, slowly worked it down over one breast, then the other, stopping just over her lower stomach. He then proceeded to place his hand on her left inner arm, caressed past the side of her breast again, working down her side, passed gently over and then in between her buttock and down her leg to her calf. Then, he proceeded up her inner thigh, stopping just at the uppermost portion of her leg. He continued in the same manner on her right side, then suddenly stopped, rolled over and became silent.

As she had become quite aroused by this caressing, she asked in a loving voice, 'That was wonderful. Why did you stop?'

I found the remote,' he said

HIA GEELONG AND WESTERN DISTRICT BRANCH

At the HIA's branch dinner meeting in October I spoke on the "The Myths, The Truths and the Absolute Crap about Roof Trusses". We had a good turn out and I hope it gave the people present a better understanding of what happens with roof trusses and why it happens.

Invitations for the last local HIA branch social function for the year (BBQ and visit from Santa at Eastern Gardens) arrived in inboxes on December 1st. If you are member and haven't received your invitation please follow it up with the local HIA office. Last year a strong contingency of adults brought their children along to see Santa and received a little parcel from him.

I believe the local Branch has had another successful year, with the introduction of a number of new faces on the committee. There was had a good turnout for the awards night and once again great support from the sponsors.

Make the most of your membership and get involved. Remember it is there for your benefit.

STAFF

We recently employed another trainee Estimator, Neil Thomas. Neil has shifted to Geelong and has only been with us a short time, but has progressed extremely well and we look forward to this continuing. As a matter of fact other trainees such as Elliott & James have been progressing in leaps and bounds over the past few months.

CLOSURE DATES



We will be closed from 12.30 pm on 23rd of December 2008 through to the 12th January 2009, where we will have most of the staff back from their break.

From everyone at M.B., thank you for your support over the past 12 months and we look forward to it continuing in the future. We wish you and your families a merry Christmas and prosperous New Year. Remember, may it be a safe one for us all.

CONDOLENCES

It would be remiss of us not to mention the loss of young Robbie Peart at the end of October. He joined the HIA committee a few months earlier and was progressing well in the industry as a Building Inspector in the family business. He liked to participate in things as was shown by his questions at the last HIA meeting he attended. His father Robert is well known and respected in the industry and we offer our condolences to Robert and his family on their loss.

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
Lauren Barrow	Accounts / General Enquiries / Orders	5223 2888
Catherine Martella	General Enquiries	5223 2888
Tim Watson	Customer Development Officer / Estimator	0407 232 884
Paul Christie	Customer Development Officer / Estimator	0409 940 757 or 5249 4419
Davin Pate	Truss Designer	5249 4410
Matt Lauder	Truss Designer / Estimator	5249 4409
Andrew Graham	Wall Frame Designer	5249 4415
Neil Edwards	Estimator	5249 4407
James Compston	Estimator	5249 4408
Elliot Connell	Trainee Estimator	5223 2888