

Introduction

Another financial year has come and gone. This new financial year will bring new and more exciting challenges for us to contend with, and wouldn't it be boring if it didn't. We are looking forward to new and further developments in the “**IT**” (for want of a better word) side of things in our industry. Some are being developed as we speak and others are being “*fine*” tuned, prior to their release. You may not get excited by something like this as you do not see it. But for every new little improvement we see is a great step for us in being able to improve in a number of areas.

The Market.

Well it has happened. The tap has been turning “off” for a number of months now. We have seen some 30% down turn in new house starts in December with a further 5.8% in January. Then we have had further drops off up until this month. It is not just in isolated areas that this is happening. I would have had some half a dozen manufacturers talk to me over the past few months asking how we are finding the market. Some are saying its ok, some are finding it hard and others are working only a 4 day week.

If you take the three months- Nov 2004, Dec 2004 and Jan 2005 against the same 3 months the year before, you would see a National drop of 13% and a drop of 15% in Victoria (for those same corresponding 3 months).

We believe that by the end of next month we will see it bottom out and by the end of September we will have an gradual increase over the following months – we hope so! It is interesting to note that nationally nine Truss manufacturers have closed their doors over the past twelve months (one was bought out and closed down, eight have gone under). Like most things this area needs more regulation especially from the “Nail Plate” suppliers who just seem to grant licenses willy nilly. Twelve years ago we had some forty manufacturers in Victoria; we now have some ninety plus. The problem is the nail plate suppliers will grant a license just about to anyone and most have very little knowledge of how such a specialized industry such as ours works.

The Budget.

The Budget brought down by the State Government at the start of May did not do a lot for the housing industry. They extended the First Home Buyers grant a further 2 years, with the current \$5,000 grant continuing until the end of 2005, reducing to \$3,000 until the 30th June 2007.

We have also seen a reduction (well over due) of 10% in Workers Compensation. There was also the small relief on the Land Tax side of things, but if you have a “Trust” set up with land holdings, see your accountant as you may have a little surprise awaiting you – not a pleasant one.

Prices.

Timber prices have fallen slightly over the past 6 months. It is not all timber sizes that have fallen. It is the ones that we use the most, such as 70 mm & 90 mm grades. But, some of the bigger sizes have risen slightly. This is not an area most producers and manufacturers are happy with. We would rather see a set price across the board without the ups and downs that we see with pine prices.

The producers of F17 Hardwood have just had some 22½ % increase in costs incurred upon them through government legislation in appeasing the greenies. They are restricting areas even further and offering the producers the opportunity to sell back their licenses. You will find that due to pressures imposed upon them in the market place thru having “engineered” products in direct competition, they will not be passing on any of those costs.

Fuel prices are a great concern at the present with no relief in site. It is up to \$1.20 a litre at the present and has been for a number of weeks now. The “experts” are predicting that you may even see up to a \$1.60 per litre by the end of the year. If that happens it will mean that Diesel would have doubled its price in two & half years.

Flooring. Prices have risen in the flooring area by some 4% last month.

Treated pine, pre primed fascia is to go up again on the 1st August by 5%. I believe any product that is **treated pine & pre primed** will also go up 5%, not just the fascia.

Ply brace prices have also gone up.

Some really good news is that the price of “**stainless**” steel products such as **nail plates** have fallen 37%. Isn't that great news. What do you mean you don't use stainless steel nail plates? You should start too, so you can enjoy the savings. Does it matter that they are still some 90% to 120% dearer than normal nail plates?

Steel Housing – The Real Truth.

Well they are at it again and once again they have been found to be stretching the truth to a point that it has become see through – steel houses that is. I have set out a piece that was taken from this month's edition of the Timber Trader News.

Claims by the steel industry that steel house frames are stronger than timber and that steel frames protect homes against termites and bushfires have been labelled as wrong and grossly misleading by a leading timber expert. Chief executive of the Timber Development

*Association Andrew Dunn said the media release posted on the www.infolink.com.au web site by BlueScope Steel mid May claims that steel framing used in the construction of a “Eco smart” house, “....offers protection from termites, bushfires....”. “In another story, they claim steel frames provide 40% more strength compared to an equivalent timber structure”, Andrew said. “Quite simply, each of these claims is **false** and dangerously misleading,” Andrew said. “The fact that a building is constructed with a termite resistant frame does not and cannot mean that the rest of the building is **termite** proof. Indeed, **all** buildings are at risk from termite attack if termites are allowed undetected access.*

“That is why barriers to prevent undetected entry to buildings by subterranean termites are commonly used with termite resistant framing”.

*The steel industry's claims of protecting homes against termites could easily mislead home owners into thinking they **need not** go to the expense of installing physical or chemical barriers and put them at **risk** of suffering massive damage down the track”. Andrew also took issue with the steel industry's claims that steel frames provide protection against bushfires. “How foolish and dangerous can they be lulling homeowners into thinking that, because they have steel frames, bushfires won't touch them?”*

*“Consumers should know that the construction standards for bushfire zones make **no** references at all to framing materials. Rather the standards address site positioning and external building elements, which are the first barriers to attack from flames, embers and radiant heat.”*

*“Importantly, it is **timber** framing rather than steel which provides greater safety and **security**, a good reason why **90 %** of new homes in Australia use timber framing, regardless of the risk of exposure to fire”. Andrew said.*

The fact is that timber possesses special qualities which allow it to hold up better in a fire.

Timber trusses and joists do not readily soften and buckle in a fire like steel frames. And timber will char at a predictable rate enabling it to support a structural load longer,” he said.

On the question of strength, Andrew said steel claims were gain “erroneous”.

“Timber frames provide the structural strength required by building regulation and the solidness that householders can feel. When you consider timbers ease of use, toughness on site and cost competitiveness its way ahead.

*“And as for calling the steel house environmentally friendly, the glaring fact is that it requires **3,000%** more fossil fuel to produce and deliver a steel frame than it does a timber frame”.*

“While timber actually locks up the main greenhouse gas, CO2, current methods of steel productions see hundreds of thousands of tones of CO2 being belched into the atmosphere every day,” he said.

Some 14-15 years ago the steel people were caught out with their false claims, and it seems they are at it again.

Regulatory Changes in 2005.

In the last news letter I spoke about the new “right of entry” laws coming into force. One of the laws that **haven’t** come through was the right to enter your *home* where you conduct your business. They **will not** have the right to enter your home even if work is being conducted. Here are just some of the new changes to the OH&S Act.

Entry Permits.

The Minister may limit the number of entry permits issued on advice given by the Victorian WorkCover Authority’s Board of Management. A member of the committee of management of a registered employee organization may apply to the Magistrates Court for an entry permit for a qualified officer of the organization. **The limitations on permits are:**

- a) Actions limited to what is necessary to investigate suspected breach (they cannot stop work).
- b) Are not allowed to enter homes (even if work is being conducted).
- c) Either party can request for an inspector to attend to assist with a dispute (parties must show that consultation has taken place when inspector attends).
- d) Permits expire 3 years after it is issued or if the officer is no longer employed by the registered organisation.

Offences and Penalties.

Penalties are tailored to the offence. Maximum fines have increased from \$225,625 to \$920,250 for corporations. New fines for individuals have gone from \$51,125 to \$184,050. New penalties for reckless endangerment are: a maximum of 5 years jail for conscious and deliberate disregard for safety.

The Act also allows for the making of Regulations to establish a process for issuing Infringement Notices, with fines up to \$1,022.50. If you have a few days spare and you are looking for something to read and wish to be put in a state of depression, get a copy of the full Act, with all the updates.

Customer Development Officers Phone Numbers:

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For any information or quotations on Trus joist, roof battens, Foil Board, verandah materials and treated pine, contact Gary Monteith on 0409 818 287

Light Hearted.

Man on a business trip; I checked into a hotel on a business trip and was a bit lonely so I thought I'd get me one of those girls you see advertised in phone booths when you're calling for a cab. I grabbed a card on my way in. It was an ad for a girl calling herself Erogeuous, a lovely girl, bending over in the photo. She had all the right curves in all the right places, beautiful long wavy hair, long graceful legs all the way up to her ass. You know the kind. So I'm in my room and figure, what the hell, I'll give her a call."

Hello?" the woman says. God, she sounded sexy. Hi, I hear you give a great massage and I'd like you to come to my room and give me one. No, wait, I should be straight with you. I'm in town all alone and what I really want is sex. I want it hard, I want it hot, and I want it now. I'm talking kinky the whole night long. You name it, we'll do it. Bring implements, toys, everything you've got in your bag of tricks. We'll go hot and heavy all night; anything you want baby.

Now, how does that sound?" She says, "That sounds fantastic, but for an outside line you need to press 9."

New Works.

Finally, yes finally we are in our new factory. This has been a long and drawn out affair that was not helped by the "power" people. Matter of fact it is a disgrace that any one should have been put in the situation that we were for such a long period of time (9 months). If this is the results of "privatisation" bring back the government entities.

Something New.

A new area we are going to introduce is an area where we will allocate room for you to have a say. If you are having problems in areas, such as the "cracking" ceiling lines, problems with OH&S issues or other areas, let us know and we may find that you are not the only one with these problems. We will endeavour to find out as much as possible about them and come up with a solution. It may even lead to requiring a "group" meeting and taking it further, involving some one like the HIA, MBA, TMA or other groups to solve the problem. It may be timber problems were we can get all the facts and go to the timber suppliers. Any one that sends us information their contact details will be kept "***strictly confidential***". If you have something email me at **clive@mbprefab.com.au** and in the subject area type in ***MB NEWS***. We look forward to hearing from you.

Late Breaking News

This week we were pleased to be presented with the Geelong Advertiser Business Excellence Award for Manufacturing and/or Export.



In closing remember the words of Rudyard Kilpling, "Words are, of course, the most powerful drug used by mankind".