

M.B. NEWS

June 2008 Edition

"Without prejudice"

INTRODUCTION

Another financial year is about to close - but there is a new one about to commence!

Since our last newsletter there have been a number of issues and a number of decisions that are to be made over the coming year. One of the most damaging is going to be the result of the Coroners report on a SA Golf Club collapse back in 2003. I have also prepared a few notes on the Frame Australia conference (15 -16 June) in Melbourne and it will cover the SA collapse, Timber supplies, shortages of Estimators & Detailers in the industry and what the experts are saying about the future outlook of the building game .

Fuel prices are hurting everyone. The price of diesel is ludicrous. Here is a *by product* that due to the fact that it is not as popular as unleaded petrol, they are profiteering on it and they have stated that the reason is that it costs them more to produce it because they do not sell the same volume as unleaded. So why didn't it 6 or 7 years ago cost the same difference to manufacture something that is a *by product*. It wasn't that high a percentage difference 6 or 7 years ago from the cost of the product compared to the sale price. If you make a zinc bolt that is 10 mm in diameter & 110 mm long, against a 85 mm long 10 mm diameter made of zinc and the shorter one is 15% dearer than the longer one, I can understand how that can be. If you make & sell 900% more of the longer ones than the shorter ones, volume creates a cheaper priced product and remember the shorter bolt *is not* a by product of the longer ones, they are two separate bolts.

THE BUILDING INDUSTRY OUTLOOK

F17 has just gone up some 3 or so percent which is the first price rise for this product in some 5 years from memory. Steel has gone thru the roof with up to 20% increase this time. Working on a job being \$4,000 then the cost of the nail plates and the ancillaries could be around \$600. In this case the increased cost of the job would be around \$120. Pine prices have stabilized and we believe that they will for a number of months. We may or may not see another increase this year. There have been rumours that one of the interstate timber mills was looking at an increase in October or November and then hold the price for 6 months. I have a feeling it may be around March next year - BUT- that will depend on what happens with the purchase of Pine Solutions (PS) by Carter Holt Harvey (CHH). This a big acquisition by CHH and there is bound to be some fall out from it, whether it be in people from one side losing their job or both sides or a price increase or it could possibly be both. We will have to wait and see what the ACCC decision is, but I cannot see it not going thru. The presentation by Christine Briggs from Pine Solutions at Frame Australia was excellent; she spoke about the timber supply situation including the forecast in the future and it was not only informative but it easy to follow. To go into it would mean another 5 pages, but if you wish to have a look at it I have had it attached to our web site (<http://www.mbprefab.com.au/mbnews.htm>) for you to read. It basically states that we will have enough timber in the future, which has been a big issue of uncertainty in the past.

The Golf Club collapse in South Australia. The Coroners report is due out shortly, but we had a session on it from Kent Hopkins from SA and he has some knowledge of the changes to be made. Do you think our industry and the building industry has it hard compared to other states - it does! I couldn't believe that they are going to demand that up to 66% of homes from builders and up to 90% of homes from owner builders are to be

inspected. That is their *new increased* target. Before this, it was even less! The question was asked, why isn't it 100%? Can you imagine having an Owner Builder not having a place inspected? The reply was they don't have enough people to monitor it. It will be made compulsory that a person erecting timber roof trusses has to be registered to do so and possibly complete an accredited course.

In SA if you erect steel trusses you have to do an accredited course and I believe you have to be registered also. There will be, from the draft we saw, some 6 or more months ago up to 20 odd referrals or changes. What will flow on from here, we will see in a matter of time. The funny thing about the way they do things is they stated that as of July first you have to only use a Solar HWS or a Gas HWS. If you had a HWS and you had decided to place it in a roof rather than outside where it was originally drawn, you will have to resubmit your plans for a new permit and it could take up to 8½ months (we are talking about SA).

All roof trusses will have to be marked so later on if an extension is to be done or there is a problem, you can see who did the original ones. Any roof trusses that are to carry a load will have to have a sticker clearly marking where the load is to go. All roof entry point trusses are to be clearly marked that they are for that area and are to have a sticker informing others that they are not designed to carry drop down stair loads if that is how they are designed. This is ridiculous as what is drawn on the plan is not necessarily the place they will be put. What happens if a house is sold a number of times and the new owner wants to place another entry point into the roof space? Unless the trusses are checked by a qualified person such as one of the truss manufacturers or he gets an engineer to approve it he will not be able to place that entry point there. There are to be a lot of positives, but they will still be in certain instances a long way behind us. Builders have to provide areas where the trusses can be stored (placed until used) in a safe and specified manner that will not damage them. There will be other positives that will be carried over to our industry here.

Estimators and Detailers. There has been a shortage of Estimators and Detailers for some time in our industry. What one company in Melbourne has now done to combat this is set up and train some 30 Estimators, with the odd Detailer, *all in* Vietnam, starting with one of the nail plate manufacturer's software, quoting and detailing for the Australian market. Another nail plate manufacturer is to be approached due to the success of the first trial. At present a number of people I spoke to that are using this have all stated that they have found it to be successful. You pay a monthly fee on a set 12 month contract. You have a dedicated person/s to look after your business and you can contact them 12 hours a day, 5 ½ days a week, 52 weeks of the year. The big advantage is the fact that there are no ongoing costs such as work cover, holiday pay, leave loading, superannuation, sick pay etc which we have to carry over here. The lower rate of pay is another reason, but compared to their standard of living, they are very well paid. Some of the people using them are going over to see the set up and explain any specific things or procedures they require them to do.

To combat the Estimator and Detailer shortage problem the FTMA Australia has just attended and spoken at the National Workshop meeting with Forest Works (Trainers) re the requirements of having a *specific* course available for training Estimators in our industry, *for our industry*, not part of a mixture of different associated industries training certificates. At present M.B. Pre-Fab train our own, but that is through necessity rather than a desire to. We are manufacturers not trainers. We also spoke to them about the changes in SA having to complete an accredited training course and to be registered in the erection of trusses. That's fine as it will come in here, but what is available for the industry? We have asked National Workshops to have a look at this area as it is no good introducing a requirement of having to do an accredited course and to be registered, when no set course is available.

During Frame Australia there were a number of speakers including Bert Dennis from Dennis Family Homes who was excellent and informative and Patrick Eather from Metricon Homes. Bert spoke about the future of housing, the types of houses and more importantly the problems of the present ability to supply enough homes and what the future will be like if we do not keep improving the number of people being allowed into this country. Quite a few years ago (I understood it was when Howard had not long been in power) Bert Dennis formed a group along with a number of other people and had a University do some investigations for

them. The university found that at that time we had for every 5½ people working there was one person not working, that includes retired people. If nothing was to change in 40 years time it would be 1 for 1. They took this to the Government and showed how important it is to keep increasing the intake of numbers of people being allowed into our country. The Government investigated their claims and changed their attitude and started to reverse the situation by increasing the numbers. Today we are some 50,000 homes short of what is required. The group believe with in another 2 to 4 years we will be 200,000 homes below the required number.

The ANZ bank and Harley Dale from the HIA both stated that we are looking at a sustained growth spurt of anywhere from 5 to 10 years in a few years time. If this is true we have to gear up for it now, rather than waiting for it to happen and then start wondering what to do. Builders will need experienced staff to cope with not just the paper work in the office side of things, but also on site.

We also saw the progress of the nail plate manufacturers in software development and the next generation being "whole of house". This will be a huge leap with the ability to transfer loads from roof through the walls, through the floor trusses and down through the lower walls. Designing common and girder studs, lintels and plates as it goes. This has been a long time coming and we will welcome and look forward to its release.

FTMA AUSTRALIA

Nick Livanes our Executive Officer has been interstate a number of times, to places such as SA, WA, QLD and Tasmania promoting the association and its benefits. I also went to Tasmania as support and we held a meeting of members and interested members at the Forest Enterprises Australia (FEA) mill that has opened up over there. It will be at full productivity over the next 6 or so months. This is the only timber mill we know of that actually produces Pine and hardwood in the same mill. This mill was set up in some 9 months, which in itself is extraordinary.

We talk about cost of things etc, well just read on. This mill is on nearly 200 acres, 5 minutes from the port and it has a number of buildings, its own power plant and one of the buildings is some 600 odd metres long and 80 metres wide. It was initially set up 15 or more years ago by the Japanese to manufacture MDF. It cost about 200 million dollars. After a number of years they struggled to make it work and sold the whole operation to Carter Holt Harvey. It was sold for some \$65 million. Then after a number of years, they too decided to get out, but they couldn't sell off the equipment as it was specific to manufacturing MDF. The price of second hand steel was reasonably high so they melted it down and sold the equipment as scrap. They then sold the building for approximately \$10.6 million. Someone was obviously in need of some huge write offs. They then approached a scientist at the University of Tasmania and asked what it would take for him to move across – he did (it was obviously the right amount). They then realized they needed a laboratory, so they went back to the University and bought theirs. They have spent about \$220,000 on having their own Hardwood grade, PSB 20.

The FTMA Australia has just released a DVD on "Prefabricated Timber Roof Truss Installation – Good Practice". It is informative and it does highlight a few problems that are happening out on sites, especially to do with ancillary lines & bracing - well worth a look. If any one is interested in a "free" copy, just give me a call and I will arrange one for you. Clive Martella – 0409 946 093.

LIGHT HEARTED

Please do not take the following seriously as the Darwin Awards are only figments of someone's imagination, but you can get a laugh out of them.

Eighth Place

In Detroit, a 41-year-old man got stuck and drowned in two feet of water after squeezing head first through an 18-inch-wide sewer grate to retrieve his car keys.

Seventh Place

A 49-year-old San Francisco stockbroker, who 'totally zoned when he ran,' accidentally, jogged off a 100-foot high cliff on his daily run.

Sixth Place

While at the beach, Daniel Jones, 21, dug an 8 foot hole for protection from the wind and had been sitting in a beach chair at the bottom! When it collapsed, burying him beneath 5 feet of sand. People on the beach used their hands and shovels trying to get him out but could not reach him. It took rescue workers using heavy equipment almost an hour to free him. Jones was pronounced dead at a hospital.

Fifth Place

Santiago Alvarado, 24, was killed as he fell through the ceiling of a bicycle shop he was burglarizing. Death was caused when the long flashlight he had placed in his mouth to keep his hands free rammed into the base of his skull as he hit the floor.

Fourth Place

Sylvester Briddell, Jr., 26, was killed as he won a bet with friends who said he would not put a revolver loaded with four bullets into his mouth and pull the trigger.

Third Place

After stepping around a marked police patrol car parked at the front door, a man walked into H&J Leather & Firearms intent on robbing the store.

The shop was full of customers and a uniformed officer was standing at the counter. Upon seeing the officer, the would-be robber announced a hold-up and fired a few wild shots from a target pistol. The officer and a clerk promptly returned fire, and several customers also drew their guns and fired. The robber was pronounced dead at the scene by paramedics. Crime scene investigators located 47 expended cartridge cases in the shop. The subsequent autopsy revealed 23 gunshot wounds. Ballistics identified rounds from 7 different weapons. No one else was hurt.

Honourable Mention

Paul Stiller, 47, and his wife Bonnie were bored just driving around at 2 A.M. so they lit a quarter stick of dynamite to toss out the window to see what would happen. Apparently they failed to notice the window was closed.

Runner Up

Kerry Bingham had been drinking with several friends when one of them said they knew a person who had bungee-jumped from a local bridge in the middle of traffic. The conversation grew more heated and at least 10 men trooped along the walkway of the bridge at 4:30 AM. Upon arrival at the midpoint of the bridge they discovered that no one had brought a bungee rope. Bingham, who had continued drinking, volunteered and pointed out that a coil of lineman's cable laying near by. They secured one end around Bingham's leg and then tied the other to the bridge.

His fall lasted 40 feet before the cable tightened and tore his foot off at the ankle. He miraculously survived his fall into the icy water and was rescued by two nearby fishermen. Bingham's foot was never located.

AND THE WINNER IS...

Zookeeper Friedrich Riesfeldt (Paderborn, Germany) fed his constipated elephant 22 doses of animal laxative and more than a bushel of berries, figs and prunes before the plugged-up pachyderm finally got relief. Investigators say ill-fated Friedrich, 46, was attempting to give the ailing elephant an olive oil enema when the relieved beast unloaded.

The sheer force of the elephant's unexpected defecation knocked Mr. Riesfeldt to the ground where he struck his head on a rock as the elephant continued to evacuate 200 pounds of dung on top of him.

It seems to be just one of those freak accidents that proves... 'Shit happens'

STAFF

We have taken on another trainee estimator. His name is Elliot Connell and just so happens to be the son of Mike Connell a well known and long standing Pryda employee. Unfortunately after some 10 years with us this time and 5 years the previous time, Steve Grant has decided to move on. We thank him for his 10 years of service and wish him all the best.

You will also start to notice some of the changes of terminologies in what we call different positions. In the past we have referred to an Estimator or a Detailer. Both terms are old hat and do not really relate to what they actually do. A Detailer to me is some one that looks after my cars appearance. A Roof Truss Designer is some one that designs roof truss. The job title describes exactly what they do. The same applies to a Wall Frame or a Floor Truss Designer. As for an Estimator they prepare quotes not estimations. Their terminology will probably be changed to Quotation Provider or something similar.

RENOVATIONS

Renovations have been completed in the Estimators and the Detailers area. It has doubled the size available to them and is a more modern and comfortable area. The finished area will comfortably accommodate some 11 or so Estimators and Designers, not including the Wall Designers. The next area we will be looking at will be the reception area and the front entrance which we will also increase by some 6 metres or so in width.

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 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	Deliveries / Orders / General Enquiries	5223 2888
Lauren	Accounts / General Enquiries / Orders	5223 2888
Tim	Customer Development Officer / Estimator	0407 232 884
Paul	Customer Development Officer / Estimator	0409 940 757 or 5249 4419
Davin	Truss Designer	5249 4410
Matt	Truss Designer / Estimator	5249 4409
Andrew	Wall Frame Designer	5249 4415
Neil	Estimator	5223 2888
James	Estimator	5223 2888
Michael	Estimator	5223 2888
Elliot	Trainee Estimator	5223 2888