

ANNUAL REPORT
2008 - 2009



NEW ZEALAND PINE MANUFACTURERS
ASSOCIATION INC.

The New Zealand Pine Manufacturers Association Inc., more commonly known as **Pine Manufacturers**, was incorporated in 1991 to promote New Zealand's ability to meet international demand for value-added products and components.

Pine Manufacturers is an association comprising businesses of all sizes engaged in the manufacture of solidwood items such as interior fittings and fixtures (mouldings, flooring, paneling, shelving); window, door and stair components; exterior products (weatherboards, fascia, door jambs, handrails and balustrades); engineered wood products (Glulam beams and laminated posts); and furniture components (including solid and laminated squares and cut to length).

www.pine.net.nz

INDUSTRY ALLIANCES: WOODCO

The following goals were determined by a collaborative input involving NZ Forest Owners Association, NZ Wood Processors Association and NZ Pine Manufacturers Assn:

- To improve the profitability of companies
- To increase demand for wood based products including reducing the dependence on trade in wood commodities by increasing the production and sale of margin added products
- To reduce the time and cost currently required of "doing business"
- To increase investment in the industry
- To have a supportive Government which understands the benefits of the industry to the nation's well being and reflects this support actively in Government policy
- To achieve recognition of the non-wood values the industry provides and to improve the public perception of the industry

Pine Manufacturers is a member of Woodco, the industry's overarching body.

: NZ WOOD

NZ Wood has the following key objectives:

- To increase positive perceptions around plantation forests
- Subsequently, to increase the per capita consumption of wood based products, especially in the non-residential construction sector.
- To increase the market share of wood vis a vis competing products such as concrete, steel, aluminum, glass

Pine Manufacturers is a key financial supporter of this programme - www.nzwood.co.nz

"Dedicated to developing profitable value-added production onshore and expanding demand for high quality New Zealand pine products in selected overseas markets"

OUR MEMBERS

✦ Manufacturing Members

Alkieman Custom Jointing
Beams & Timber Direct Ltd
Belfast Timber Processing Ltd
Buildpro Ltd
Cleland Timber Ltd
Corrections Inmate Employment
Eastown Timber Processors Ltd
Flight Timbers Ltd
Fraemohs Industries (NZ) Ltd
Goodwood Industries Ltd
Hunters Laminates Nelson Ltd
Intalok NZ
Jenkin Timber Ltd
Laminated Beams Ltd
Lockwood International Ltd
Lundia Shelving Ltd
McAlpines Manufacturing Ltd
McIntosh Timber Laminates Ltd
Moore Levesque & Morriss Ltd
Niagara Sawmilling Co Ltd
New Zealand Mouldings Company Ltd
Nicks Components & Accessories Ltd
North Sawn Lumber Group
OTC Timber Co Ltd
Pacific Timber NZ
Pacific Wood Products Ltd
Pan Pac Forest Products Ltd
PurePine Mouldings Ltd
Southern Cross Forest Products
Southern Pine Products Ltd
Stuart Timber Co Ltd
Taranaki Sawmills Ltd
Tenon Ltd
Timberbond Industries (NZ) Ltd
TimFin Pacific Ltd
Total Fascia Ltd
Verda NZ Ltd

✦ Associate Members

Access Pacific Ltd
Akzo Nobel Coatings Ltd
Arch Wood Protection
AsureQuality Ltd
Bay Treatment Ltd
Bodyguard Wood Products Ltd
City Forests Ltd
Craigpine Timber Ltd
Damar Industries Ltd
Dynea New Zealand Ltd
FITEC
Fluid Supply Ltd
Hexion Specialty Chemicals NZ Pty Ltd
Lumberlink Ltd
National Starch & Chemical NZ Ltd
North Treat (2006) Ltd
Organic Buildings Ltd
Orica Powder and Industrial Coatings
Osmose NZ
PCL Adhesives
Pinepac Exports Ltd
PPG Industries NZ Ltd
Prime BOP Ltd
Protective Paints Ltd
Scion
S G Equipment Ltd
Timtech Chemicals Ltd
Vortex Engineering Ltd
W & R Jack Ltd
Windsor Engineering Group

✦ Honorary Members

Gerald Hunt
John Abraham

As President of **Pine Manufacturers** for the past 3 years I have had the pleasure of meeting and interacting with many of the industries leaders and supporters. On many occasions my opinion and views on Forest Industry issues have been challenged, altered and broadened. I would like to briefly share what I believe to be the prominent issues with you, so that you may also consider and influence.

I am not an economist, my opinions and position are in no way prophetic or necessarily solutions – but I do believe they are areas of common interest to the Forest Industry and NZ population that need addressing.

1. Export Revenue Generation

If the NZ economy is to even retain the existing standard of living conditions there must be a much better understanding in the broader community of the importance of export generated revenue and the role that export based companies play in securing this revenue stream. When I say broad I do not just mean politicians or those in charge of macro economic policy, but teachers and secondary school pupils need to be able to recognise export based companies and understand how export revenue balances the countries finances. I am not sure how this can be achieved but hopefully we don't have to get into a position of no return before this understanding can be achieved.

When this broad understanding is achieved it should be simpler to enact policy through our populus based political system and get support for the following sequence of economic reforms;

- ✦ Govt Economic Policies and Strategies are developed, accepted and tested against sustainable export revenues being achieved.
- ✦ Issues such as exchange rates and interest rates are all managed within these overall strategies. Inflation and internal economic issues become secondary issues.
- ✦ Some of these strategies might provide Export based companies' incentives through Tax and Development Funding Agendas to grow or start export-based business.

When these policies are in place then companies (especially foreign owned) will have confidence to invest in this NZ business environment, which would result in;

- ✦ Valued added industries growth.
- ✦ Employment for our growing population.
- ✦ Growth in support industries and skill development.
- ✦ Growth in the internal wage economy and hence increased Tax revenue.
- ✦ Leading to the ability of central government to spend on community and social services to maintain or improve our standard of living.

I am the first to admit this is a very simplistic view. I also recognise the great work already being undertaken by Export NZ, NZTE and many other Export Initiatives – but just how successful can these be when the NZ currency changes in value against the world's largest trading currency by over 50% in a 12 month period?

2. Forest Products Export Marketing – Individual vs Collective

This is an old issue and is not one we are likely to solve in the near future. We are faced with the opportunity of an increasing Radiata Pine Resource in NZ countered with shortening of traditional

Asian tropical forest fibre and increasing costs of traditional Russian log exports into Asia. So there would appear on the face of it to be an opportunity to position NZ Radiata Pine as the fibre of choice to substitute in many emerging markets. Several NZ companies are gaining traction in Asia with Radiata Pine and their exports continue to grow. The first challenge in most of these new markets is the "low value" perception of Radiata Pine. This is usually due to export logs (probably sap stained) being processed with equipment in these countries with value recovery strategies not optimised to Radiata. Over a period of many years it has been sometimes possible to change these perceptions – but I firmly believe that if we can adopt an industry wide strategy of firstly extracting and maximising the value of Radiata in NZ and only exporting product that is fit for purpose the development pathway into new countries will be accelerated and margins improved. This would in my opinion require an industry collective approach to the whole market development from start to finish. Maybe we could select a new emerging target country and only sell through such a collective strategy?

While these are just two issues facing our industry – I remain confident in the future of the NZ Pine Manufacturing industry and I am pleased to see some new investment in plant and machinery occurring over several PMA member companies. PMA will continue to support its members through market development and promotional initiatives and through our cooperative work with WPA have input into lobbying government departments, standards and other NGO's.

I would like to welcome and acknowledge companies who have joined Pine Manufacturers during the year:-

Full Members:

Eastown Timber Processors, PurePine Mouldings Ltd, Buildpro Ltd, Nicks Components & Accessories, TimFin Pacific Ltd, Total Fascia Ltd.

Associate Members:

Access Pacific Ltd, AsureQuality Ltd, Damar Industries Ltd, Fluid Supply Ltd, Lumberlink Ltd.

I would like to acknowledge the input of the PMA Exec members for their open and frank discussions that occur at our meetings and the willingness to share opinions and knowledge of value added manufacturing challenges. I would also like to acknowledge the assistance of our Co-opted exec members from MAF –John Vaney, Scion – Bernie Dawson and Ravi Nagasamy from NZTE who is always updating us on market opportunities and initiatives.

Lawrie has again put a huge effort into managing the PMA activities and finances through another busy year, and on behalf of all members I would like to thank him for the discretionary effort and diplomacy required. I would also like to welcome Debbie Fergie who joined PMA as Exec assistant in June.

Tony Clifford

PRESIDENT

EXECUTIVE'S REPORT

✦ **The 2008/2009 year has seen good progress made in a number of collaborative membership initiatives.**

This is a strong part of the **Pine Manufacturers** culture, as joining forces is the best chance most New Zealand wood processors and manufacturers have of maintaining sustainable business in offshore markets.

Pine Manufacturers has continued to represent the secondary processing and manufacturing sector in appropriate industry forums throughout the year.

Overshadowing all activity throughout 2009 was a continuing volatile currency and lean trading environment, which resulted in a number of sawmilling and remanufacturing plant closures throughout the country.

CONFERENCE & AGM

The 2008 Pine Manufactures annual Conference was held in Napier, with strong attendance from the membership and industry associated people/organisations. Delegates never cease to be amazed at the quality of manufacturers and exporters tucked away in the provinces, who are prepared to share their experiences both good and bad in the pursuit of international success.

Come listen and learn in Wellington at the 2009 Conference, as this is the **Pine Manufactures** principal annual networking event.

NETWORKING & MEMBER SERVICES

✦ EXECUTIVE COUNCIL

Pine Manufacturers Executive Council met on four occasions during the year in Auckland and summaries of these meetings were forwarded to **Pine Manufacturers** Members via an Executive Council Network.

✦ WEBSITE

The site (www.pine.net.nz) is managed in-house; this means amendments or updates can be made almost instantly and at no cost to **Pine Manufacturers**.

✦ NEWSLETTER

The six-weekly e-newsletter continues to keep members informed of industry activities, as well as note-worthy events and economies in key target markets.

✦ MAGAZINE SUPPLY

Pine Manufacturers procures bulk copies and supplies to Full Members of Inwood International and the TimberDesign Magazine to Executive Council members.

JOINT INDUSTRY ACTIVITY

✦ WOOD COUNCIL OF NZ (WOODCO)

Woodco is an “association of associations” and is regarded by Government as the forest and wood products peak industry body. **Pine Manufacturers** is represented at Woodco Board level by Owen Griffiths (Past President) and Lawrie Halkett (CEO).

The key outputs of Woodco have been the production of an over arching industry strategic plan, the establishment and management of a generic promotional project, NZ Wood, and a strong engagement with Government at Ministerial level.

✦ FOREST INDUSTRIES DEVELOPMENT AGENDA (FIDA)

FIDA has been the mechanism that has enabled joint Government/industry funding for a number of initiatives, including the most prominent – The NZ Wood promotional programme. This funding mechanism comes to an end in December 2009 and will be replaced by a Primary Group Partnership (PGP) package, the details of which are still being determined by MAF.

✦ TRADE ACCESS GROUP (TAG)

Trade Access Group (TAG) is the forest and wood products group that provides advice to the Ministry of Foreign Affairs and Trade on matters regarding tariff and non-tariff barriers e.g. codes and standards. **Pine Manufacturers** is a participating member of TAG.

✦ STANDARDS

Pine Manufacturers is actively involved with other sector groups in the Timber Industry Advisory Group (TIAG), under the aegis of Standards New Zealand – this involves over viewing domestic, joint New Zealand/Australian and international standards.

During this past year the focus has been on a review of NZS1428 Thermal Insulation – Housing and Small Buildings (input by Jeff Parker of Lockwood Group), AS/NZS 4364.1996 and the 2007 (Interim) Timber-Bond Performance of Structural Adhesives (input by Richard Carbines of Jenkin Timber, Lochy Beckham of Flight Timbers, Nigel Wilshier of OTC, Scott Earnshaw of Hexion, Anthony Peters of Henkel and Bryan Walford of Scion) and a submission on Department of Labours’ proposed Workplace Exposure Standards Review (input by **Pine Manufacturers**).

✦ BIOSECURITY

Pine Manufacturers is a member of the Forest Products Export Committee (FPEC), which meets regularly to resolve biosecurity regulatory issues that arise from time to time with our main trading partners.

The main focus this year was the continuing use of Methyl Bromide, researching other possible and equally effective fumigants. The results thus far suggest Methyl Bromide in terms of efficacy excels above all other contenders, so attention is switching to Methyl Bromide re-capture.

AWARDS

📌 2008 NZ WOOD TIMBER DESIGN AWARDS (of which Pine Manufacturers is a sponsor)

Winners of the 2008 NZ WOOD Timber Design Awards were announced at a function held in October 2008 at The Langham Hotel, Auckland.

Winner of the Commercial Architectural Excellence Award - Supreme Award: (Pictured right)

DOC Kaueranga Visitors Centre

"The architects have provided an innovative, sensitive building, fit for purpose, that pushes beyond its tight constraints. We particularly enjoyed the interior detailing and the entry which makes reference to the region's kauri dam." *(Judges Comments)*



Sustainability Award

Supreme Award – Joint Winner (1 of 2) (Pictured left)

The Sub

"We were particularly inspired by the overall commitment to environmentally sustainable principles throughout this design. The building reuses an existing space and fully considers all aspects of materials, construction and energy usage." *(Judges Comments)*

Residential Architectural Excellence Award: Supreme Award (Pictured right)

Sheerwater Lakehouse - Kaipara

"The house acts as a viewing platform to experience stunning lake and rural surrounds. Extensive and sophisticated use of timber provides a house totally in keeping with the environment graciously spanning over the landscape allowing very little modification to the existing land form." *(Judges Comments)*



Outdoor Infrastructure Award Supreme Award: (Pictured left)

Onepoto Footbridge

"Careful connection design and the use of curves of a single radius for ease of manufacture have generated a unique visual impact. The architectural Glulam elements have created shapes and textures that invite curiosity and interest in what would otherwise be just another concrete footbridge." *(Judges Comments)*

✦ PINE MANUFACTURERS

Pine Manufacturers have always put a lot of energy into Research and Development, as this is a major catalyst for innovation, differentiation and the building of competitiveness.

A three-year Glulam post timber treatment durability trial is underway at SCION, Rotorua, involving two LOSP treatments with treated and untreated controls. Eight **Pine Manufacturers** members are involved.

✦ SOLID WOOD INITIATIVE (SWI)

Pine Manufacturers played a key role in encouraging processors and manufacturers to become stakeholders in this shareholder funded research consortia. Of the twenty four investor companies, twelve are **Pine Manufactures** members. The focus of the \$1.8 million annual programme will be evenly divided between structural and appearance properties of Radiata pine and Douglas Fir.

✦ STRUCTURAL TIMBER INNOVATION COMPANY (STIC)

Nine members of **Pine Manufacturers** have committed their support to this research consortium, which will centre on developing building systems using Glulam and LVL in the non-residential wide span/multi story construction sector. This initiative is considered to be a world first.

The nine investing companies are; McIntosh Timber Laminates Ltd, Timberbond Industries Ltd, Hunters Laminates Nelson Ltd, Arch Wood Protection, Dynea New Zealand Ltd, Hexion Specialty Chemicals NZ Pty Ltd, National Starch and Chemical NZ Ltd, Osrose NZ, and Timtech Chemicals Ltd.

This project targets New Zealand's six billion dollar non-residential sector, which until now, has been dominated by concrete and steel.

MARKET DEVELOPMENT & PROMOTION

✦ EMERGING MARKETS

Throughout 2008/2009 the Executive Council members carried out desk-top market research in markets outside of the Australia and USA; traditional markets for processed product from NZ. The markets studied included Middle East, India, China, Korea and Japan.

After analysing all these countries market results it was decided that India held the greatest potential as a destination for **Pine Manufacturers** value added product.

✦ FOREST INDUSTRY DEVELOPMENT AGENDA (FIDA)

The FIDA market development and promotions funds were floated in early 2006, and

Pine Manufacturers involvement has continued through 2008/2009 in the following projects:

➤ NZ WOOD



Pine Manufacturers is a contributing financial supporter to this forest and wood products generic promotional programme. As well, considerable Executive Office input, as part of a small project management team, goes into the implementation of this programme. **Pine Manufacturers** members will have been invited to Partner NZ Wood at no cost.

For further information refer www.nzwood.co.nz

➤ STRATALAM



This project is near completion with a brand signage, brochure, website, free-phone number, free standing banners, trade magazine advertising, portal beam calculator and Glulam Span Tables all now rolling out to the specifier community. This project has also provided sponsorship to the Timber Design

Society, to allow promotion of Glulam product direct to the specific community at timber design seminars.

Twelve **Pine Manufacturers** member companies are participants in this project.

➤ SOLID WOOD BUILDINGS INITIATIVE



Four **Pine Manufacturers** member companies; Lockwood Group Ltd, Intalok NZ, Fraemohs Industries NZ Ltd and Organic Buildings Ltd, are driving this project. Research undertaken around thermal performance of wooden exterior walls as part of this project, was sufficient to influence the Department of

Building and Housing to revise and adjust their tables for the minimum R-values required in solid timber external wall construction.

Marketing collateral development has included a website, brochures, roll up banners, bumper stickers, trade magazine advertising and a DVD, fronted by a well known NZ actor and comedian.

➤ FINGER JOINT PROMOTION IN AUSTRALIA



After a number of years of debate, the producers of finger jointed laminated product are considering to jointly promote New Zealand produced product in the Australian Market. This promotion will also incorporate adherence to a quality brand mark compliance scheme. Twelve **Pine Manufacturers** members have been working on this project throughout 2009.

President:	Tony Clifford	Pacific Wood Products Ltd
Immediate Past President:	Owen Griffiths	McIntosh Timber Laminates Ltd
Vice President:	Tom Boon	Taranaki Sawmills Ltd
	John Lemm	Intalok

Executive Council Members:

Alistair Dore	Cleland Timber Ltd
Charles Black	Goodwood Industries Ltd
Gavin Levesque	Moore Levesque & Morriss Ltd
Stuart McCallum	Timberbond Industries (NZ) Ltd
Wayne Miller	Tenon Ltd

Co-opted	Campbell Boyd	Timtech Chemicals Ltd
	Bernie Dawson	Scion
	John Vaney	MAF
	Ravi Nagasamy	NZT&E

Chief Executive: Lawrie Halkett

Executive Assistant: Debbie Fergie

ACKNOWLEDGEMENT

The Executive Office has remained focused on pushing forward on activities and programmes around anything to do with innovation and product promotion. This has enabled **Pine Manufacturers** to further hone it's skills in market development and promotion, which has proved invaluable in running a number of collective programmes on behalf of the membership. Very rarely has **Pine Manufacturers** strayed into the policy influencing and central government lobbying functions, which have been ably performed by FOA and WPA.



Janice Emsley has left the Association to pursue a lifestyle choice in Hamner, she has been replaced by Debbie Fergie as Executive Assistant.

On behalf of the Executive team a big thanks to President Tony Clifford and the Executive Council for guiding the Association's activities throughout the year.

Lawrie Halkett, Chief Executive & Debbie Fergie, Executive Assistant

Building Products produced by members of Pine Manufacturers Association

Interior (untreated):

- skirting and architraves (mouldings),
- window, door and stair mouldings,
- window reveals,
- door jambs,
- wall paneling,
- stair components
- flooring
- clear boards,
- edge glued panels
- furniture

Exterior (treated)

- weatherboards,
- fascia
- handrails,
- balustrades,
- stairs,
- door jambs,
- posts
- beams (window, door, verandah and pagoda lintels
- decking / pergola / landscaping
- furniture

Glulam

- Glulam - large span as lintels, curved beams / rafters, columns / portal frames, curved shapes / domes, arches, structural flooring

Housing

- solid wood homes

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