NEWS &&& VIEWS

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Newsletter Editorial

Presidents Report - from Tom Boon

I would like to start my first editorial as new president of the NZPMA by thanking outgoing president John Lemm, Lawrie and the rest of the NZPMA executive in their encouragement and support of me in taking up this position. I am looking forward to the role and I will do my best to make a positive contribution to our industry through our industry organisation. I would encourage any NZPMA member to feel free to contact me if you have a topic which you believe we should be giving attention.

I feel I am getting involved in the wider forest industry at a time when the industry is starting to talk across sectors more frequently. And through a greater understanding of each our needs is becoming more aligned as an industry. The tough markets we all continue to face may be helping force us as an industry to swim with the tide in the same direction rather than towards each other banging heads. One thing about tough times, it exposes what works and what doesn't!

I have two important objectives while president I will be pursing with Lawrie and the executive council. The first is the pursuit of greater industry alignment which leads to a clear forest industry message to all important parties. The Woodco Pan Industry Strategic Action Plan has created the platform to build an overarching forest industry strategy and the various industry organisations provide the avenue for input into the development of this plan. The strategic plan will only be as good as the quality of input and I encourage everyone to put your constructive views forward.

The second objective, and already well supported across the industry, is to see a number of the building standards updated or modified to allow the newer engineered wood products to be included as standard products within the build environment. Then linked to this, is the further promotion of "build with wood" and also the education of how to "build with wood". We have let ourselves down in this area and are now on catch-up with some of the non-wood competing building products. The Christchurch rebuild creates a fantastic opportunity for us to showcase what can be achieved with wood (for domestic and international markets) as well as stimulate the construction sectors to think wood as the building product of choice. Not an impossible task but will take a coordinated joint industry effort. See objective one above!

Cheers – Tom Boon

Pick & Mix

Towards A Sustainable Christchurch

Source: Timber Buildings Group, University of Canterbury

This is a comment from the Timber Buildings Group at the University of Canterbury regarding the Green Building Council (GBC) involvement with the rebuilding of Christchurch.

What we all want is a Sustainable Christchurch, and part of that is a Low Carbon City.

The Christchurch City Council has listened to the public opinion seeking a sustainable city, and in order to achieve this they have formed a partnership with the NZ Green Building Council. The New Zealand GBC is associated with the World Green Building Council, and similar organisations in other countries. They are doing their best to promote sustainable buildings around the world. This is important because buildings consume a large percentage of the world's energy and make a massive contribution to global greenhouse gas emissions. The GBC have a points scheme called GreenStar for assessing sustainability. There is a related GreenStar assessment tool in Australia, both similar in broad concept to BREEAM in the UK and LEED in the USA.

These rating tools try to be all things to all people, which means that you can get points for all sorts of green initiatives, but not all are scientifically based. For example, although GreenStar's emphasis is on reducing energy use, points can also be awarded for having a bicycle stand to encourage cycling, a storage room to encourage re-cycling of paper, rainwater collection systems, and so on. If you get enough points you end up with a 3 or 4 or 5 star rating. The balance between competing objectives is a subjective assessment. Only some of the points categories are aimed at reducing of CO_2 emissions, which is a global imperative for the concerned citizens of Christchurch.

The main concern of the WPA is that GreenStar does not allow for a scientific comparison between the environmental impacts of different building materials. There are several parts to this concern: FSC certification; Energy; Carbon; Life Cycle Analysis

FSC certification - To get points in the materials area, GreenStar simply gives each material a hurdle to jump (a tick box) to get "materials points", regardless of the environmental impacts. For steel and concrete the points are related to recycled content, and for wood, the points are awarded if the wood is demonstrably from a sustainable source. The choice of FSC for defining sustainability of wood production is fine in a global context, but FSC certification is unnecessary and expensive in New Zealand, as pointed out by WPA. Their concern is that there are other ways of ensuring sustainable forestry, and this tick-box does not give any meaningful comparison between materials.

Energy - In the energy area, GreenStar's emphasis is on reducing the use of operational energy, with no mention of embodied energy (the energy used to make the materials). For a typical concrete or steel building, embodied energy is about 20% of lifetime energy use, the other 80% being operational energy. As buildings become more energy efficient, the operational energy will drop significantly, so embodied energy will become far more important. The fossil fuel component of embodied energy results in CO_2 emissions, which is significant for steel and concrete, but close to zero for wood.

Carbon - The real global concern is about carbon, What we should be trying to do is to rebuild a new Low Carbon Christchurch. This is again where wood can help, but it gets no recognition in GreenStar. When we compare the carbon footprint of materials, it is well known that the growing of wood and manufacturing of wood products requires far less fossil fuel energy, hence lower CO_2 emissions, than manufacturing steel or concrete. Wood processing does not have any chemical emissions of CO_2 unlike concrete which has the unavoidable problem of CO_2 emissions during the conversion of limestone into cement.

Another often quoted advantage of wood is the carbon stored in the wood products (hence not in the atmosphere) for the entire life of the building. These greenhouse gas benefits of timber are not recognised in Greenstar, hence another concern of WPA. There is debate about how to count this sequestered carbon because it depends on what eventually happens to a building at the end of its life. Any realistic comparison of materials must consider the full life cycle of buildings, including the end of life, which can be done in a Life Cycle Analysis as shown below.

Life Cycle Analysis - The best way to assess environmental impacts is to carry out a full Life Cycle Analysis (LCA) of buildings. We recently compared the environmental impacts of three similar buildings built of different materials. The report is ***"Cost, time and environmental impacts of the construction of the new NMIT Arts and Media building",*** written under contract to the New Zealand Ministry of Agriculture and Forestry (MAF), by Stephen John and others at the University of Canterbury. The building is a three-storey educational building in Nelson. The report is available at http://ir.canterbury.ac.nz/handle/10092/5524

This UC report for MAF compares the total emissions of greenhouse gases ("global warming potential" (GWP) in tonnes of CO_2 equivalent emissions) over the full lifetime of the buildings, assuming demolition and disposal of materials after the 60 year life. It is shown that the global warming potential of the timber building is 8% less than that for the steel or concrete alternatives. This figure was derived from a full LCA of the buildings, conducted by Scion Research.

The way forward - To seriously encourage the building of a sustainable Low Carbon city in Christchurch, the GBC must move on from FSC certification, and modify GreenStar to include embodied energy and give building materials points for environmental benefits calculated in a rigorous scientific manner. These points could be allocated for low carbon emissions in the manufacturing, processing, and final disposal of all materials in the building, calculated in a rigorous way by a certified LCA assessor. The points would be awarded for low levels of GWP (in tonnes of CO_2 equivalent GWP per square meter of floor area).

Summary - The GBC is aware of these concerns and has stated an intention to move in this direction, but this is not part of the GBC proposal to the Christchurch City Council.

None of this is easy, but something needs to be done. If the GBC is unable to make take these steps, the Christchurch City Council should make its own modifications to the Greenstar points system, or introduce an equivalent incentive, using something which is measurable on a scientific basis.

Christchurch Rebuild

Source: Build Magazine Issue 126

EQC estimates its Canterbury earthquakes liability is $7.1 billion. By 1 September, they had received more than 388,000 claims for all the earthquakes, one of the highest numbers in the world to be handled by a single insurer.

With a disaster of this magnitude, its hard to get a handle on the scale of the damage Christchurch has suffered or how long the rebuild is likely to take. To replace as many as 900 commercial buildings in the CBD within a decade, a new building would have to be completed every 4 days. This calculation doesn't factor in the commercial buildings that need to be repaired or the 12,000 homes that may have to be abandoned. Nor does it take into account the resources required for the $3 billion repair of the city's infrastructure.

While demolition crews will be busy cleaning up the CBD for at least 9 months, builders in the city have mostly go past the emergency repair stag and are now awaiting the start of the rebuild proper. Similarly, the city's architects are winding down their damage assessment work, and some are now engaged with rehousing commercial clients in the suburbs.

Uncertainty above and below ground

But rebuilding is not simply a question of getting on with it. For Cantabrians, everything has changes, and many are still weighting their options. Now that water, electricity and sewerage services have been restored, people are thinking hard about housing, business and employment. Post-earthquake demographics have seen educational and recreational opportunities for their children narrow or disappear. If residential sales are any indication, people are only now starting to make decisions.

The greatest uncertainty lies in the ground itself. Since the initial magnitude 7.1 Darfield earthquake on 4 September 2010, there has been the 6.3 quake on 22 February, the 6.4 quake on 13 June plus seemingly endless aftershocks. After 13 June, Fletcher Construction put the rebuild on hold until aftershocks taper off.

The response from the insurance industry has created more uncertainty. Claims arising from the first earthquake have been paid, but some later claims appear stuck. Demolition has sometimes been stalled in the CBD by wrangling over liabilities between insurance companies, reinsurers and government. Homeowners trying to move on have found it difficult or impossible to secure new insurance, even on undamaged properties in the safe green zone. Most insurers have refused to take on new customers.

In June, the government announced 5,100 quake-damaged properties were located in the red zone—the land is considered unsuitable for residential occupation so the government will buy the property. Homeowners have the option of accepting a payout from the government and insurers. The number of properties in the red zone grows as work continues to reclassify the 10,500 households in the orange zone and others in the white zone.

Residential rebuilding not expected until 2012

Earthquake-related housing work is expected to get under way in the new calendar year, contingent on payments from the government buy-out and insurers flowing through, the design process and new home consents.

Because areas of the city can't be rebuilt on, the shape of Christchurch will change as new subdivisions emerge on the city's periphery. Kaiapoi, where one-fifth of the town will have to be abandoned, will also be a very different place. Christchurch Mayor Bob Parker says there are potentially 20,000 sections in and around the city. His council will be talking to the Canterbury Earthquake Recovery Authority (CERA) about possibly speeding up the authorization of land for housing development.

Bubble burst for log exports

Source: timber & forestry e-news 14 November 2011

A SUDDEN squeeze on credit has forced China "almost overnight" to slash the price it is prepared to pay for imports of New Zealand A grade logs by up to $US70 a cubic metre. "China's wood market bubble has burst, which again demonstrates the vagaries and fragility of commodity markets," say Nz wood traders observing the abrupt price downturn.

"Forest growers in New Zealand have enjoyed a steady climb in log prices in china for a couple of years, peaking in April, largely resulting from China's diminishing access to wood from Russia," says Peter Harington, a director of forest manager and stumpage business Wood Metrics, based in Rotorua.

"NZ processors, many starved for wood and unable to compete against high export prices, will now be in a competitive position to secure log supplies."

Russia has severely cut its log supply to China; production costs continue to climb as wood is harvested from increasingly more difficult country, as the easy country gets depleted. Also, the Russian government has imposed tariffs on its whole log exports to encourage more wood processing within its own boundaries.

Christchurch Re-build on the move

Source: The Press

A planned multi-storey office and retail building at 134 Victoria Street, Christchurch, will be build suing earthquake resistant technology developed at Canterbury University.

The technology, developed by the Structural Timber and Innovation Company (STIC) at the university, uses a post-tensioned timber frame system designed to move during quakes, but allows the building to "self-centre" after any shaking.

The three-level office and retail building planned for Victoria Street has been designed by Sheppard & Rout architects with the aim of displaying the structure of the building as much as possible.

The building will use pre-stressed timber and damage avoidance earthquake design using a laminated veneer lumber frame. The technology uses post-tensioned beams, columns and shear walls which forma framework that rock-gently-during an earthquake, dissipating the energy and returning the structure to a vertical position virtually undamaged. The design aims to reduce damage to the building, allow for quick structural assessments after a quake or aftershock and minimize business interruption for tenants.

Award recognises NZ timber seismic design excellence

Source: Press release NMIT 22 November 2011

The Nelson Marlborough Institute of Technology and Arts (NMIT) building's sustainable timber seismic design was announced as a winner at The Institution of Structural Engineers UK's Structural Awards 2011 ceremony held in London on 18 November.

Winning the Education / Healthcare Structures category in these prestigious international awards positions Aurecon amongst the world's most talented structural designers and acknowledges its indispensable contribution to the built environment.

Aurecon's highly innovative "all timber" building design has a seismic bracing system which is a world first application of rocking LVL shear walls based on PRESSS technology. The building also employs several new timber structural systems for floors, beams and columns that truly demonstrate the ability of structural timber for use in multi storey construction. All structural timber components were grown, milled, manufactured and erected within an 80km radius of Nelson.

Carl Devereux, Aurecon Technical Director and lead structural engineer for the NMIT project says *"The NMIT building demonstrates that sustainable multi storey timber buildings are not only achievable but affordable. The project also demonstrates that a high level of earthquake protection is achievable and affordable for all building owners and with the recent earthquakes in Christchurch in mind this innovation in design should be demanded by all building owners."*

The NMIT building has also won a number of New Zealand awards throughout 2011 including the Property Council New Zealand Rider Levett Bucknall Awards (excellence in the Education & Arts award category) and the New Zealand Wood Timber Design awards 2011 (Winner of the Commercial Engineering Excellence.

10 Tips for choosing a great Business Advisor

Source: www.cfooncall.com.au

It can be extremely valuable for a business owner to have someone from outside their business, help them to work *on* the business, as well as *in* it. But there are traps for the unwary!

There are literally thousands of people offering business advice. They can be fantastic or they can be dreadful. Here are some tips on how to find the best and how to work with them:

1. Find someone who has passion to work with you to achieve your goals and delivering more value than they cost. A good advisor should be able to help you create improvements, that deliver several times their cost onto your bottom line and add to cash flow as well as create efficiency. They should also be able to quantify the value outcome of your work together.
2. Work with someone who doesn't just give you loads more work to do. You need someone who is 'hands-on' who will actively participate in the implementation of strategies with you and your team. They should also be clear about *how* you can implement actions and not leave you to figure it out for yourself.
3. Someone who speaks your language i.e. 'plain English' rather than jargon. Don't feel stupid if you don't understand what they're saying – if you're paying the bill you've a right to understand.
4. Someone who understands the 'Key Drivers' of your business is a must. Key Performance Indicators (KPIs) are a fantastic way to measure improvements in all areas of business. Most businesses can be segmented into five main areas:
   a. Product and Service Development
   b. Marketing and Sales
   c. Operations and Finance
   d. Human Resources
   e. Customer Service
5. Someone who is prepared to learn about your industry but not charge you for their learning. They don't necessarily already need to have knowledge, as a good advisor can be a generalist in all types of businesses.
6. Seek someone who has good credentials and a proven track record. Ask about what they've helped other clients to achieve and how they did it and ask for references.
7. Look for someone who 'walks the talk' and demonstrates what they are advising you to do. Have a look at how they present their service, how they market themselves and handle sales, how they operate and handle the financial side, how they work with their own staff and how they handle customer service.
8. Make sure they are accessible and available for you. If you're working together as a team with them, you need to be able to communicate effectively and you need to bounce ideas off them readily. Having said that, it's best to be organised about communication and plan for meetings, but occasional 'ad hoc' calls shouldn't be a problem.
9. Someone who doesn't just push their own 'hobby horse'. It could be that their area of interest is not your problem, yet this is what they want to focus on, because it's what they know best. An all-round focus is vital as key areas needing attention can be overlooked at high cost…but
10. Someone who understands the impact on all areas of business especially the financial side. Getting your financials right helps you understand the impact of changes in other business areas, such as sales and marketing. Top sales are great, but the cash flow at the right time to fund them is critical to success.

Once you find the right advisor you will never want to let them go, because they can help you take your business from strength to strength. The fees charged should pale into insignificance when compared to the results achieved. A monthly retainer of two thousand dollars can work out to be a bargain when compared to the cost of employing such a person who may command a salary of several hundred thousand dollars. Don't fall into the high up-front fees trap. Agree on a 'trial period' to minimise your risk if they turn out to be no good.

As well as expecting professionalism of an advisor, you should reciprocate as follows:

1. Schedule set times to meet with your advisor with no interruptions or distractions.
2. Prepare for meetings with notes of what you wish to discuss with them.
3. Perform any agreed actions by the agreed time and provide information required by them.
4. Be accountable to them – as a business owner it's easy to get away with not doing things, but it's far more profitable to stick to the arrangement.
5. Treat them as part of your team and introduce them to all staff and stakeholders.
6. Pay them on time – it's very hard for advisors to keep motivated if they aren't being paid, unless there is a specific reason not to.

Working with a 'Trusted Advisor', It can really help you to crystalise what's important in your business. It's easy to get 'bogged down' in business with everything you're responsible for. Someone who comes from the outside, whose perspective isn't clouded by the 'day to day' activities, can help you to see the clear way ahead.

Sawmilling Benchmarking

Source: www.woodmarkets.com

The 2011 edition of the Global Timber/Sawmill/Lumber Cost Benchmarking Report was recently released. This intensive analysis benchmarks timber and sawmilling costs, lumber revenues and margins in 29 producing regions around the world for 2010 annual results, and includes an update for Q1/2011 for both average and top-quartile sawmills.

Sawmills around the world rebounded in 2010 after some of the worst losses in recent history in the second half of 2008 and much of 2009. Depressed housing starts in the U.S., coupled with new debt crises emerging in Europe and reappearing in the U.S., have had a global ripple effect on lumber demand and sawmill earnings.

The average global sawmilling margins (on an EBITDA basis — earnings before interest, tax and depreciation allowance) were US$5/m3 (net lumber basis; or $8/Mbf, nominal basis) in 2010 at "average" sawmills, narrowing in Q1/2011 to US$3/m3 (or $5/Mbf, nominal). In 2008, the global "average" sawmills recorded a loss of US$12/m3 versus a profit of US$8/m3 in 2006.

Canada had the lowest EBITDA global earnings in 2010 (for the third consecutive year) for "average" sawmills. This poor performance was due to the collapsing U.S. market, the strength of the Canadian dollar against the U.S. currency, and the impact of Canadian export taxes on U.S. shipments. Canada's results were dragged down by Eastern Canada, which achieved the poorest results of all global regions surveyed (also for the third year in a row).

U.S. regions collectively achieved some of the best global results in 2010, with earnings averaging US$11/m3 (US$17/Mbf, nominal) over six regions; this resulted in a North America earnings average of US$6/m3 (US$10/Mbf, nominal) over the 12 U.S. and Canadian regions surveyed. Only Scandinavia/Western Europe achieved good results at average sawmills, as markets were strong earlier in 2010, contributing to that region's average earnings of US$9/m3 (US$14/Mbf, nominal) over the 11 countries/regions surveyed (figure 1).

The Southern Hemisphere regions surveyed (Australia, New Zealand, Chile, Brazil and South Africa) achieved global average EBITDA earnings of US$5/m3. However, while two Southern Hemisphere countries achieved the highest country earnings results, one recorded the lowest results.

By comparison, the results for the same continents/regions were compiled for top-quartile sawmills, which are larger, have more economies of scale, are more export-oriented, and can achieve higher revenues and earnings. The global average EBITDA earnings for top-quartile mills was more than four times higher than for average mills in 2010. In Q1/2011, global sawmilling margins eroded slightly to US$3/m3, as European and Southern Hemisphere prices slumped while North America prices rose (before falling sharply at the end of the quarter).

Global log costs highest in China

Source: www.woodmarkets.com

The global average annual delivered log cost to sawmills last year according to the 2011 edition of the Global Timber/Sawmill/Lumber Cost Benchmarking Report was US$78/m3 (US$125/Mbf, nominal; based on the mathematical average of all countries/regions surveyed). According to the study results, the average delivered log cost to sawmills in Q1/2011 increased to US$79/m3 as supply tightened in Europe, and as higher lumber prices pulled log prices up in other markets.

The highest delivered log costs in 2010 were once again seen in China, where mills use a combination of imported and domestic logs. The next highest-cost regions were in Europe (led by Germany, Austria and Finland), with log costs peaking at up to €100/m3 (US$140/m3, in 2010, almost three times the average cost of logs in Western Canada.

The lowest delivered log costs in 2010 were seen in the B.C. Interior, which consumed a heavy diet of mountain pine beetle-killed logs as part of the massive salvage program that has been in place for over 10 years. The next lowest-cost region was the Canadian Prairies, followed by the Russian Far East (where, for companies with their own forest licences, logs are "at cost").

The Global Benchmarking Report shows that Chinese sawmills are paying the highest prices in the world for a number of different species of softwood sawlogs from various sources. Due to the huge wood deficit, China imported 34.3 million m3 of logs (softwood and hardwood) in 2010, and it is estimated the country will import more than 40 million m3 in 2011. In order to meet growing Chinese demand for softwood and hardwood sawlogs, log importers there must pay world market (high) prices to attract logs from global log exporters, including all freight charges.

This encompasses rapidly expanding log exports from the U.S. Pacific Northwest, the B.C. coastal region and New Zealand, where prices are high enough to attract logs away from domestic sawlog buyers. In turn, high log prices have caused timber owners in free-market countries to increase their annual harvests to accommodate increased demand (and higher prices) from export markets. In many cases, this makes available larger volumes of lower-grade sawlogs and pulplogs to domestic sawmill and pulp-mill log buyers.

Most incredible is the fact that very few of these high-priced sawlogs are being processed into higher-value construction lumber for wood-frame homes. Chinese sawmills produce mainly rough sawn, green lumber from imported and domestic softwood logs, for use in lower-value applications (e.g., construction formwork, scaffolding, temporary planking, reinforcing supports, dunnage, pallets, etc.), with higher grades going into remanufacturing or furniture plants.

MARKET ROUNDUP

New Zealand Economy

Why NZ Could Grow 5%. Why It Won't.

Source: BNZ Weekly Overview 18 November 2011

The main reason for this is the deleveraging process whereby businesses and householders prefer to repay debt rather than spend. Plus there is a strong "wait and see" attitude toward spending. But more than that there are a large number of factors actively constraining our growth and working to offset some rather large positives. In no particular order of importance, these positives which have capacity to propel NZ growth above 5% and which we think help explain the strong business activity expectations include the following.

- Rebuilding of Christchurch
- Catch-up construction of houses in other parts of the country – mainly Auckland.
- The feed-through of high farm incomes into high spending.
- Catch-up spending by businesses on inventories, machinery, and by householders on durables such as cars and couches.

There are also some smaller positives.

- Low NZD/USD exchange rate.
- Low interest rates.
- Strong business activity expectations and average to above average employment and investment intentions.
- Strong foreign interest in investing in NZ farmland.

But there are some big negatives in play and the key thing to note about them is that we don't know when they will fade. That means that just as the past year has produced a series of reductions in growth forecasts and some radical shifts in interest rate redictions, there is at this stage no reason for believing other than that we could easily see the same changes happen again over the next 12 months. In other words hang on, this so far four year ride of wobbles and weakness is nowhere near over.

- Deleveraging – the point to note here is that no-one has an economic model which tells us when, following a near Depression, this process of debt reduction will end. We have no idea.
- Availability of home insurance in Christchurch – only when insurers can price the risk and set the premiums can they offer the insurance and as yet the strong aftershocks every 3-4 months have not stopped.
- Offshore risks – it is still possible that Europe will implode with Italy and Spain unable to finance their deficits or maturing debt, that there will be a deep contraction in economic activity, and there will be spill over effects prompting a new global recession with a repeat of the banking crisis. The Euro also could easily fall apart. The media in fact is currently replete with (often British-accented) people saying "I told you so."
- Credit availability – the story of the globe from the 1980s to 2008 was readily available credit. The story for the next two or three decades will be the opposite and that means companies need higher capital before borrowing. It also means increased uncertainty regarding what a bank will say when funding is sought and that may be dissuading some businesses from approaching a financier at the moment.
- High exchange rate – on average the NZD is above average and this is constraining incomes for many non-primary exporters.
- PSA disease – clearly many in the Kiwifruit sector are experiencing massive wealth losses.
- Cost of living – it has risen 4.6% in the past year and not many people have achieved wage rises of that amount (though some will have gained the underlying cost of living rise of 2.6% excluding last year's GST increase.)
- Weak immigration – in fact net migration on an annual basis has almost turned negative compared with an average gain of 16,000 per annum over the past decade.
- Tightening fiscal policy – governments now need to raise taxes and/or cut spending to get down deficits legitimately run in order to fight the 2008-09 Depression scenario.

Our central view is that as long as Europe does not implode then the above factors will constrain but not wipe out the growth we expect from the positive factors eventually kicking in and our economy will grow near 3% over 2012 and 3.7% over 2013. The risks however lie on the downside and while companies with strong balance sheets should be keeping an eye out for acquisition opportunities and preparing for upcoming staff shortages, the bulk of businesses would be best advised to still play things cautiously.

Canterbury Housing Innovation Park

Source: www.prefabnz.com

PrefabNZ brings you the **Canterbury Housing Innovation Park** - a showcase of well-designed sustainable permanent homes by different teams of architects and manufacturers placed side-by-side and available for public viewing.

You are warmly invited to the Opening Weekend of the Canterbury Housing Innovation Park - scheduled for mid-late summer 2012 at the Canterbury Agricultural Park on Curletts Road in Christchurch.

The purpose of this Housing Innovation Park is to showcase permanent materials, quality architectural design, environmentally sustainable buildings that are produced using prefab / offsite construction technologies. This Park is in direct response to the devastating Canterbury earthquakes and the urgent need for high-quality permanent buildings. Prefab buildings are ideally placed to respond to this situation as they can deliver built solutions on-time, on-budget, at high-quality design and with an emphasis on environmental sustainability and with compliant engineering requirements.

Opening Event housing teams include:

- Laing Homes with Wilson & Hill = Smart Home
- Modprefab with Premier SIPs = Zero Energy House
- Green Vicus Passive Houses = Passive House
- Allied Concrete with Falcon Construction = Concrete C3 House
- Lockwood (Hornby) = EcoSmart House

Building & Construction Sector Productivity Partnership appointed Programme Manager

Source: www.buildingvlaue.co.nz

Retired Managing Director of Naylor Love, Trevor Kempton from Dunedin, has been appointed Programme Manager for the Building and Construction Sector Productivity Partnership.

The Productivity Partnership is a partnership between the Government and the sector to improve productivity in the building and construction sector. Its aim is to increase productivity by 20% by 2020. This will add a further 2% to GDP or $3.6 billion per year.

Mr Kempton sees the role as an extension of his work at Naylor Love where, over the last decade, the Company grew substantially, primarily on the strength of improving the value proposition through a commitment to continuous improvement and best practice.

"I'm involved because I believe that there is great potential to make a real difference in the efficiency of delivery across the built environment and to help bring the Partnership's goal of 20% improvement by 2020 to fruition," Mr Kempton said.

The sector is important to New Zealand's social and economic health. Currently it contributes 4.2% to GDP and employs 12%, or one in 12, of the workforce.

The Partnership has work streams focusing on Skills, Procurement and Process, supported by a Research stream.

It aims to increase productivity by raising skills in the sector and providing career pathways, changing procurement practices to help iron out the boom bust cycle and raise the industry's interest in more collaborative processes, provide proper research and statistics so the industry has solid information to work with, and by enabling more efficient production and process.

NZ Building Activity

Source: www.dbh.govt.nz/building-activity

The seasonally adjusted value of total building work put in place in the June 2011 quarter was the lowest for any quarter in eight years. The decline was driven by poor performance in residential building. The value[1] of building work put in place in the June 2011 quarter for:

- All buildings was $2.45 billion, down 15% from the June 2010 quarter .
- Residential buildings was $1.30 billion, down 23% from the June 2010 quarter.
- Non-residential buildings was $1.16 billion, up 3% from the June 2010 quarter.

The value of residential building work continued its downward trend to reach its lowest value since 2003. The residential alterations and additions market remains stable while building work for new dwellings is down 24% from June 2010, 10% from June 2009, and 37% from June 2008.

Australia

Australian Forests and Wood Products Statistics

Source: ABARE

Australian forest and wood products statistics: 8 November 2011; March and June end Quarters 2011

• Total log harvest in 2009–10 was revised to 25.6 million cubic metres, down marginally from 25.8 million cubic metres in 2008–09. The gross value of logs harvested (at mill door prices) was $1.78 billion in 2009–10, marginally higher than the $1.76 billion in 2008–09.

• The volume of sawnwood imports in 2010–11 was 13 per cent higher than in 2009–10. Much of this increase was supplied by European countries. While New Zealand has traditionally been Australia's largest supplier of sawnwood, Europe was Australia's major source for sawnwood in 2010–11.

• The largest growth in Australia's forest products exports was in roundwood which increased by 43 per cent to $198 million in 2010–11. This increase followed a 36 per cent rise in the export value of roundwood in 2009–10.

http://www.daff.gov.au/abares/publications_remote_content/recent-20

Detailed Australian Wood Usage Statistics

Source: HIA Media Release

FWPA has provided $830,000 towards a total budget of $1.3 million for an ABARES project to provide comprehensive industry data across the supply chain. This will include the compilation of industry statistics, regional socio-economic profiling and forecasting of future consumption, production and trade, to inform future industry development and policy design.

The project will provide a series of outputs across the funding period. The first of these was released in May to be followed by others over six monthly intervals finishing in April 2014. Mill surveys in the first and third years of the project will assist ABARES to improve the estimates of mill inputs, outputs and employment (and provide one additional means for verifying the volume of logs supplied to Australian mills).

Findings from the mill surveys will be released as separate reports from the broader forestry statistics.

The Housing Industry Association will sub-contracted to provide information on the volumes, sources and uses of timber products in residential and light commercial construction (covering new buildings and renovation activities). Data will be collected on a six-monthly basis through a survey of HIA members.

Australian Housing Starts

Source: www.hia.com.au

Forecasts - October 2011

DWELLING STARTS: by state and territory

thousand dwellings commenced

Starts	NSW	Vic	Qld	SA	WA	Tas	NT	ACT	Aust
2003 (a)	44.46	44.90	41.19	10.27	21.73	2.42	0.98	2.77	168.72
2004 (a)	45.14	42.45	41.34	10.53	22.75	2.99	1.24	2.27	168.71
2005 (a)	34.27	40.31	39.04	10.69	24.15	2.63	1.31	2.42	154.80
2006 (a)	31.75	39.32	38.69	11.09	26.47	2.76	1.19	2.43	153.70
2007 (a)	29.95	40.10	43.17	11.32	22.86	2.89	1.47	2.30	154.06
2008 (a)	28.56	41.43	38.76	12.76	20.71	2.91	1.03	2.41	148.58
2009 (a)	25.47	45.91	28.40	11.08	20.22	3.02	1.17	3.46	138.72
2010 (a)	32.77	59.71	30.73	11.94	24.55	3.09	1.29	4.81	168.88
2011	29.29	53.49	26.40	10.02	18.92	2.72	1.20	4.26	146.30
2012	33.12	45.94	27.98	10.74	19.72	2.84	1.33	3.30	144.95
2013	37.04	46.48	32.10	11.63	22.26	2.96	1.38	3.35	157.21

Japan

Construction of a two-story wooden public building will start

***Source:** Japan Lumber Journal*

Construction of "Tsukuba Post-entry Quarantine Center (tentative name) of Yokohama Plant Protection Station", which will move from Yamato City in Kanagawa Prefecture to Tsukuba City in Ibaraki Prefecture, is the first project of a wooden building for Kanto Regional Development Bureau of the Ministry of Land, Infrastructure, Transport and Tourism to conduct after the "Law for Promotion of the Use of Wood in Public Buildings" was enacted last year. This project was budgeted and the designing started in 2009. Now the contract of construction has already been exchanged. Total floor space of this two-story building is 689 square meters and it has various rooms for plant quarantine which examines genes, organisms and serums, as well as an office room and a meeting room.

China

China to top 30% of world manufacturing by 2021

Source: Nz Manufacturer October 2011

In 1994 China manufactured only 6% of the world's manufactured goods. Within 15 years China has trebled their output to achieve 18% of the world's manufactured goods by 2009.

At this unrestrained rate China will achieve 30% of world manufacturing by 2021—and 40% of world manufacturing by 2031.

Key statistics on China's Manufacturing in 2011 to consider:

- 95% of the world's socks are made in China (all made in one town in China).
- 90% of famous branded PCs, such as Dell, Compaq, Sony, HP, Apple, Toshiba, are made in China.
- 50% of the world's cameras are made in China.
- 30% of the world's TVs are made in China.
- 30% of the world's air conditioners are made in China.
- 72% of shoes sold in the US are made in China.
- 50% of toys sold in the US are made in China.
- 50% of appliances sold in the Us are made in China

Wal-Mart alone purchases US $10 billion a year of manufactured goods from China.

Russia

Interfax Says Russian Timber to Face Export Quotas on WTO Entry

Source: Bloomberg 25th October 2011

Russia will introduce an export quota on unprocessed timber after it is accepted into the World Trade Organization, Interfax reported, citing Maxim Medvedkov, the Economy Ministry official responsible for trade talks.

Timber exported under the quota will be taxed at a rate lower than the current duty, while sales abroad exceeding the quota will be levied at a higher rate, Medvedkov was cited as saying.

The agreement was reached as part of the European Union's decision on Oct. 21 to back Russia's entry into the global trade arbiter, the Moscow-based Interfax news service said.

Finland

Stora Enso and SRV plan in co-operation to build a world class Wood City

Source: Investor News 3 Oct 2011

Stora Enso plans to undertake a unique wooden construction project in Finland called Wood City in collaboration with the construction company SRV. A proposal that a site in the Jätkäsaari district of Helsinki be reserved for Stora Enso Oyj and SRV Yhtiöt Oyj was submitted today to the Real Estate Board of the City of Helsinki. The aim is to create a world-class project in which engineering skills can be taught in a practical way and to develop wood architecture. The extraordinary city to be built of wood includes office, hotel and commercial buildings. The first buildings are expected to be completed in 2013.

Special attention will be paid to solutions that improve energy efficiency in designing and constructing the buildings for the area. A high standard, internationally interesting and progressive plan for Wood City will be sought through an invitation-only design competition. Stora Enso is planning to supply supporting structures based on its new Urban MultiStorey™ concept for the buildings totaling 20 000 square metres of floor area in the site.

"Development of the new CLT-based Urban MultiStorey™ concept has been not only one of the most important Building Solutions actions in strengthening our strategy, but also the start of a totally new future for construction. The concept, which is especially suitable for energy-efficient construction, is a more competitive and flexible total solution for our customers than other construction solutions for multiple-storey buildings globally. In addition to rapid construction, the major advantage of the concept is cost-effective construction impermeable, fire-resistant and long-lasting wooden buildings," says Hannu Kasurinen, EVP Stora Enso Wood Products.

"The Wood City project would offer us an excellent opportunity to develop our concept for the needs of office building construction too, jointly with the construction company SRV. Our solution based on massive CLT boards facilitates, for example, often popular vast glass surfaces, open, modifiable interiors and placing of piping and similar partly inside the elements," Kasurinen continues.

The Urban Multi-Storey™ concept will be offered throughout Europe. It features a variety of Stora Enso wood products. In addition to CLT boards the total solution utilizes pillar beams and various external and interior cladding products, for example. To meet customers' usage requirements, collaboration with the customer starts already in the design phase and continues all the way through to assembly.

"Wood City, the eight-storey high Bridport House in London, a shopping centre in Vienna and the Finnish Nature Centre Haltia are all real proof points of projects in which Stora Enso's building solutions have a key role, heralding the dawning of a new era of wood construction. Thanks to new fire regulations that came into force in April, Finland now has an excellent opportunity to secure its place globally as one of the top countries for innovative and environmentally friendly multi-storey wooden construction and, above all, an opportunity to build office buildings up to eight storeys high from wood," says Kasurinen.

ForestWood 2012

A New World in Wood

When: Wednesday 21 March 2012

Where: Museum of New Zealand Te Papa Tongarewa, Wellington

ForestWood 2012 is a pan-industry conference being jointly hosted by Forest Owners Association (FOA), Wood Processors Association (WPA), Pine Manufacturers Association (PMA), Forest Industry Contractors Association (FICA) and supported by Woodco, NZ Farm Forestry Association (NZFFA) and Frame & Truss Manufacturers Association (FTMA).

This is the second time that the 4 organisations have held a joint conference which builds on the successes of previous individual and combined industry events/conferences which have attracted world class speakers and presenters.

ForestWood 2012 is a fantastic opportunity for organisations and individuals, with a keen interest in forestry, to engage with decision makers and professional specialists from the forestry industry. Come along and gain an insight into "A New World in Wood".

The conference programme is available online and registration is now open. For full details about the conference visit the website www.forestwood.org.nz

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Calendar of Events

10—14 February 2012	India Wood 2012 Bangalore International Exhibition Centre; Bangalore, India.
12 - 15 March 2012	Woodworking Machinery, Furniture Accessories & Materials Expo New China National Exhibition Centre—Beijing
21st March 2012	• **ForestWood 2012 - Te Papa - Wellington** Please mark this date in your calendar. This is a pan-industry conference being jointly hosted by PMA / FOA / WPA / FICA and supported by Woodco, NZFFA and FTMA www.forestwood.org.nz
9th—12th May 2012	DesignBUILD Queensland at the Brisbane Convention and Exhibition Centre. More details to come.
27th—29th June 2012	DesignBUILD Melbourne at the Melbourne Convention and Exhibition Centre. More details to come.
11th—14th July 2012	AWISA—The Exhibition will be held on the 11th to 14th July at the Sydney Exhibition Centre, Darling Harbour, Sydney. Visit: www.awisa.com
4—6 October 2012	MTC Global Wood Mart Kuala Lumpur Convention Centre, Malaysia

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VISION STATEMENT

"To improve the long term profitability and international competitiveness of quality wood products and building solutions and identify how our industry should position itself for a vibrant future."

NZ Pine Manufacturers Association Inc.