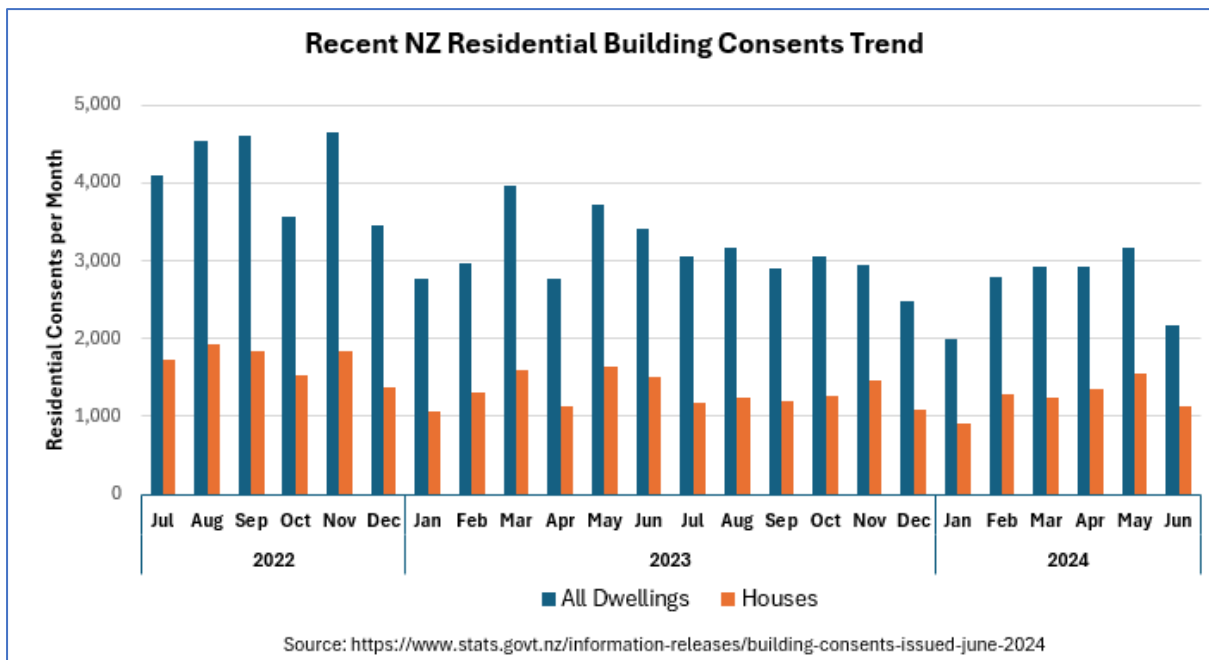


FTMA Chair’s Report

The 2023/24 year in review

General:

As members will be more than well aware, trading and market conditions in the 2023 / 24 year have been very different from the previous couple of years. Manufacturing members that I have heard from report having to trim their sails significantly, reduce staff and even close manufacturing sites in a couple of cases unfortunately. As seen in the chart below, residential building consents have bumped along for the July 2023 to June 2024 period with no clear direction. Consents issued do not necessarily mean frames and trusses being manufactured immediately, but it is our best leading indicator.

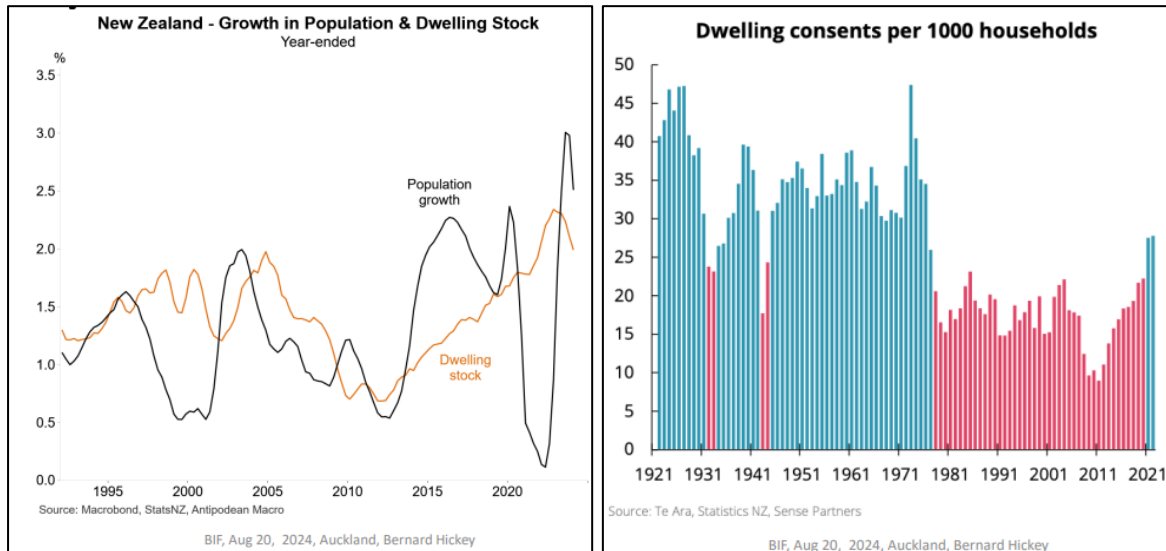


As I have often observed, the good times come to an end, and so do the slow times. Hopefully with interest rates coming down we will see conditions improving as we go into 2025. Note that it all depends on the market volume that we are geared up for and expecting. Not that many years ago, a year of 30,000 new residential building consents would have been seen as a very good year.

Facing the future

Looking forward, the fundamentals drivers for more housing and development broadly in New Zealand remain strong. To borrow from economic commentator and journalist Bernard Hickey who recently presented to the Building Industry Federation AGM, New Zealand is still chronically undersupplied with housing given the population trends (total numbers and demography). We are

still under built by up to 90,000 dwelling units according to some estimates. Despite the strong dampening effect on building from the relatively high interest rates, that need is still out there.



So according to Hickey, the dwelling stock has not kept up with population growth as shown above on the left. Furthermore, our new dwelling consents as a proportion of existing households is still well below where it was 50 years ago as shown on the right. So in my view there is still a lot of catch-up required once the market regains confidence.

The nature of our housing is changing too. Our larger cities are seeing much more medium and high density housing. This impacts on us as manufacturers in the offerings that we provide for the market. The construction industry broadly is looking for ways to make building safer, faster, lower cost and of better quality.

Off-site manufacturing of buildings and building components can help across all of those areas and frame and truss manufacturing has been a leader in that change going back over 20 years. However in my view we need to keep evolving and innovating more than ever. The reality is that what we manufactured and how we worked in the past is no guarantee to being relevant, competitive and successful in the future.

FTMA Australia Conference:

In March this year, myself with some other FTMANZ members attended the FTMA Australia conference in Geelong where the same issues and questions that we encounter were very topical for the Australian manufacturers. Our delegation was able to visit some impressive frame and truss factories which I think show part of the solution to our future development – more automation, smart technology, larger scale, more supply chain integration and in some cases venturing into more elaborate wall panel or even volumetric building manufacture.

However there is no clear solution that I could see as to how we might evolve into more elaborate off-site panel, pod, or full building manufacturing, even if we thought that was an appropriate direction in which to develop. The truth is that off-site building manufacturing has struggled and the



scene is littered with business failures where the technical, logistical or economic challenges could not be satisfactorily addressed. So unfortunately, I don't have a neat answer as to what we should do except for each manufacturer to listen to their customers and the market for opportunities to add some extra value and to be as ready and flexible for change as possible.

Key Achievements

A key delivery on the early part of the year in review was our conference held in July 2023. As members will recall, there was a long series of delays and postponements due to various episodes of the covid epidemic. However in the end the event finally went ahead in July 2023 and personally I take pride in what we delivered. Feedback from attendees was very positive albeit with a few points where we might do a few things differently in future. As we have already started communicating to members, we are planning our next conference for July 16 – 18, 2025 in Rotorua. So mark those dates in your calendars now.

Another key deliverable that hit the straps in the 2023 / 24 year was our library of Standard Operating Procedure (SOP) safety training videos. Currently the training video library contains the following titles.

- PPE Basics
- Manual Handling
- Lock-Out & Tag-Out
- Platen Press
- Roller Press
- Nail Gun
- Staple Gun

Shortly two further titles will be added being the Hundegger SC3 Turbo Saw and the Vekta Razer Saw. Many thanks to our sponsors Ecko Fastening Systems, Hundegger and Vekta Automation for their support with these productions. Further new titles are currently in planning and pre-production. I strongly recommend that manufacturing members access and use these resources as soon as possible if not already doing so. Do not hesitate to contact us if you need any assistance with accessing the video library.

In the advocacy and regulatory sphere, we are starting to see some changes coming through with the coalition government that came into office last October. To be fair, it is still relatively early days and we are yet to see the full scope of the changes that they might be looking for. In the training and education area, delegates from FTMA members completed the work with the Workforce Development Council and the BCITO to develop a new micro-credential for floor cassette manufacture which is a useful addition to frame and truss manufacturing accreditation.

As always, our ongoing focus is on providing meaningful services to our members, advancing the interests of our industry sector and prudently using the resources of the FTMA. The FTMA remains in a sound financial position and we will continue to use these resources for the benefit of our members and the industry as detailed in this report.



Membership

At the conclusion of the 2023 / 24 year (at June 30, 2024), our membership structure stood as follows. In terms of manufacturing member sites we have the same number as in the previous year. However there has been some change with two sites closing and two new sites joining.

Member Type	Details	
Category D	Frame and truss manufacturers	76 (as manufacturing sites)
Corporate category A	Certified design & detailing software and nail plate providers	Mitek Pryda
Corporate category B	Major frame and truss manufacturing equipment, material or service providers	Spida Machinery Vekta Automation Red Stag Timber Ezequote
Corporate category C	Major timber and building material merchants & support offices	Bunnings Carters ITM Mitre 10 PlaceMakers
Industry associates (various entities with interest in frame and truss manufacturing industry)	Arxada Wood Protection Ecko Fastening Systems Fortress Fasteners NZ Hiandri Solutions Hundegger Aust Juken New Zealand Koppers Performance Chemicals Lumberbank	Nelson Pine Industries Northpine NZ Wood / IBuilt Premier Building Products Pro Clima Prolam NZ Puke Pine Winston Wallboards

Corporate and industry associate member fees account for approximately 60% of our membership revenues in the 2023 / 24 year with the balance coming from frame and truss manufacturing members and SOP video sponsors. A couple of industry associate members elected not to continue their membership into the 2024 / 25 year and we understand that with the tough market conditions currently. On the other hand some new industry associate members committed to join for the new membership year. As always, we ask that our manufacturing members support our corporate and industry associate members where possible and we acknowledge their contribution without which the association could not function in the current form.

FTMA Executive Team

At the end of the 2023 / 24 year the FTMA executive team makeup was as follows.

Chair	Seith Harrison – ITM Support Office
Vice Chair	Andrew Skinner – Urlich Milne Lawyers
Executive team	Richard Rozbicki – Thomsons ITM Phil Broadley – Prenail Frames & Trusses



	Jake Pretorius – PlaceMakers Tavn Stefanidis – Carters David Goulden – Akarana Timber Rene Pienaar – Mitre 10 Stephen Payne - Bunnings Steve White – Pryda Antony Cook – Mitek
Non-executive contractors	Peter Carruthers – Member Services Baldish Kaur – Secretariat

Due to change in circumstances for certain executive members, at the 2024 annual general meeting new executive members will be nominated for confirmation by members.

Financial Position

For the 12 month period ended June 30, 2024, FTMA P&L is in deficit due to the conference and SOP video production related expenses. Total income in the period including membership fees, conference related and other income was \$296,255. However conference venue costs, a large gala dinner expense and SOP video costs resulted in a higher than expected deficit position of \$94,783. Excluding the conference related items, FTMA normal operations showed a small surplus. FTMA has invested a substantial amount of money for the benefits of its members with the 2023 conference and SOP training videos. Overall FTMA financial position remains healthy with substantial cash reserves which means that we will continue to invest resources for the benefit of our members.

Associated Support Memberships

We continue to strengthen our connections with key industry partners, including:

- Associate membership of **BIF (Building Industry Federation)** – one of the key benefits being access to the Government bodies responsible for policies and regulations that affect our industry particularly in relation to supply chain and impacts on merchants.
- **New Zealand Construction Industry Council (NZCIC)** being the peak body of building and construction industry organisations. The CIC have appointed a new CEO Tommy Honey and we are working with him and the other CIC members to influence government and regulations where we have common interests.
- Continuing close engagement with **BCITO (Building & Construction Industry Training Organisation)** and representation on their National Advisory Group via members of our Executive team. FTMA members have also worked with the Workforce Development Council for vocational training to meet future skill and workforce needs such as the floor cassette manufacture training module previously referred to. The new coalition government has signalled substantial changes to the way vocational education and training is delivered such as the dissolution of Te Pukenga. We continue to consult with the government and with other industry sectors to minimise disruption to current training programmes.
- We work closely with the **Wood Processors and Manufacturers Association (WPMA)** on relevant issues such as reform of NZ Standards and possible further changes to energy efficiency under the revised clause H1 of the Building Code.



- **MBIE:** We made connection with the new general manager of the Building System Performance group David Hall in July of 2023 with the conference in Wellington. Under the new coalition government from October 2023, MBIE like many government departments have been required to restructure and down size which has slowed the building code and regulatory work.
- We continue to develop our relationship and cooperation with **FTMA Australia** including attending their conference as reported earlier and joint work on and funding of the SOP training video project which is being shared with them.
- We are members of **OffsiteNZ** (previously PrefabNZ) as we need to better understand the sector and be able to report opportunities or developments that may be of interest to FTMA members. Some FTMA members are also members of OffsiteNZ in their own right.

General Activities

Strategic Review: In early 2024 the FTMA executive group commenced a review of the purpose and functions of the association in the current environment compared to when the association and our charter was first conceived. Although the review is ongoing, our conclusion is that most of the original goals of the FTMA are still appropriate but that currently we need more emphasis on understanding changing technology and helping the sector be more ready for change.

FTMA SOP Training Videos: As reported earlier, we now have a useful library of training videos and more titles will be available shortly.

FTMA Conference: As discussed previously, the long delayed FTMA conference was held in July of 2023 and well received by all accounts. The FTMA executive has decided to commit ourselves to our next conference in July 16 – 18 2025 in Rotorua.

Frame & Truss Qualifications: The FTMA executive Training committee members have continued to work closely with BCITO in further developing curriculum for frame and truss qualifications through the National Advisory Group. Development of a training module for floor cassette manufacture has been completed with the Workforce Development Council. Overall with the deterioration of market conditions, a tighter economy in 2023/24 and uncertainty about the structure of vocational training in the future, unfortunately apprenticeship numbers have declined compared to the previous years.

Newsletter and Website: We continue to send digital newsletters and general communications containing information and updates relevant to our membership, and we welcome your feedback on any additional content you would like to see in the newsletter or on our website.

Standards Reviews: Antony Cook of Mitek continued to represent FTMA on the NZS3604 review committee and related standards.

Audits: FTMA completed 4 audits of member frame and truss manufacturing plants in 2023/24. All of these were found to be operating well according to the FTMA Code of Practice.

Conclusion

In conclusion, we would like to reiterate that your continued membership, ongoing support and active participation is vital to our efforts on your behalf to enhance manufacturing and operating standards throughout the industry, guide our way through technological and regulatory changes and



to promote timber frames and engineered timber trusses as the preferred structural core for building in New Zealand regardless of whether that is delivered in a raw form direct to building sites or in more elaborately finished forms such as building panels or even volumetric units as customers and the market may require.

Our core values remain as follows:

ADVOCACY

COMMITMENT

EDUCATION

QUALITY

SUPPORT

Your Executive team remains focused on building training and work standards within our sector, raising the profile of the frame and truss sector within the building & construction industry, on building our credibility with Government to ensure that our voice is heard, better understanding the technological, economic and social factors affecting our sector and on supporting our membership as well as we possibly can.

Much of our work is carried out in the background and is not widely visible, and my thanks are hereby extended to my team for their ongoing efforts on your behalf. At the 2024 Annual General Meeting I will conclude my term as Chair of FTMA and a new Chair will be nominated. It has been a pleasure and privilege to serve as FTMA Chair and I wish the association every success in the future.

Seith Harrison

Chairman, FTMA NZ

September 2024