

MARKET UPDATE - 26 PER CENT SPARE CAPACITY

In the past 12 months the New Zealand structural steel sector turned approximately 100,000 tonnes of structural steel (plate, hot-rolled and hollow sections) into buildings and bridges through its network of steel distributors, fabricators and erectors.

SCNZ's recent quarterly fabricator forward-workload survey indicates there is significant spare industry capacity for the year ending June 2019 – estimated at 26 per cent, based on a current estimated total capacity of 120,000 tonnes per annum. This market update continues to show an increasing commitment quarter on quarter compared to previous surveys. Additionally, fabricators report a significant upturn in demand but not, as yet, committed workload. The growing practice of early contractor involvement (ECI) adds value to projects; it allows lead contractors to ensure adequate resources are assigned to maintain their excellent performance in a rising market.

In the midst of the current construction boom there have been multiple reports of construction projects faltering, too often as a result of poor quality and poor procurement decisions, which has seen product imported from offshore sources.

Compliance is a key driver for SCNZ so we are pleased that the new AS/NZS 5131 standard is now cited in the Building Code as the approved document for fabrication and erection. The standard is also the basis for industry-led quality assurance scheme, Steel Fabrication Certification.

And to simplify the local practice for demonstrating the conformity of structural steels, SCNZ and HERA have developed the New Zealand Guide to Sourcing Compliant Structural Steels. For a copy of the Guide, visit the SCNZ website.

KEY INDUSTRY FACTS

In the past two decades demand for structural steel solutions has grown substantially. Today, structural steel's share of the multi-level construction market is more than 50 per cent nationwide. In Christchurch, due to structural steel's strong seismic performance credentials, market share is over 80 per cent - up from virtually nil before the Canterbury earthquakes.

Market share: 50 per cent nationally and 80+ per cent in Christchurch

Annual output: circa 100,000 tonnes in the past 12 months

Number of fabricators: 86 nationwide

Current annual capacity: estimated at 120,000 tonnes, which could be increased by multi-shifting to meet demand

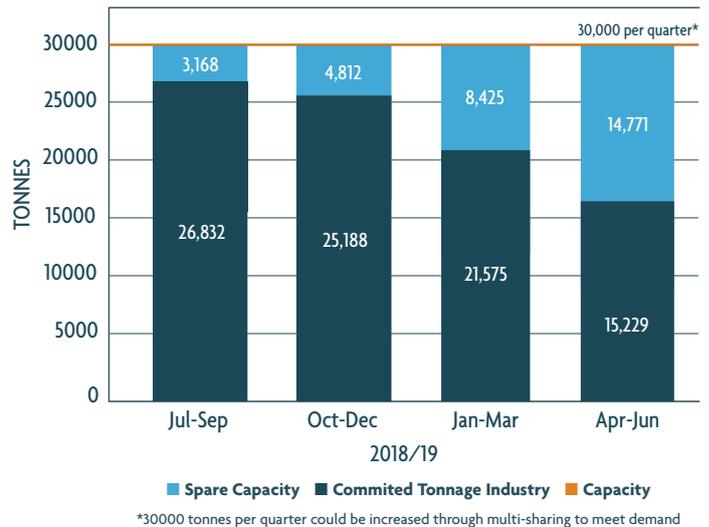
Material certification: approximately 85 per cent of steel used by New Zealand's structural steel sector is third-party certified

Employment: approximately 5,000 workers

Industry investment: significant investment in several new state-of-the-art workshops since 2007

Fabricator certification: 28 fabricators representing over 86 per cent of the sector's annual output participate in an independent quality assurance scheme, SFC.

SCNZ ESTIMATED FABRICATION TONNAGES (PER QUARTER)



ESTIMATED INDUSTRY DELIVERY PERFORMANCE AGAINST AGREED PROGRAMME → **92.16%**

We're proud of our industry's commitment to the future and developing the skills of our people – approximately 70 per cent of New Zealand structural steel contractors employ an average of four apprentices.

INDUSTRY WHO'S WHO

Manufacturers (steel mills) produce structural steel products, including hot-rolled elements (I beams and columns, channels, plate and angles) and hollow sections (circular, rectangular and square).

Merchants / distributors import steel for use in the construction industry. Such companies have extensive warehousing facilities to carry a large inventory required to service market needs and provide limited pre-processing of structural material prior to fabrication.

Structural steel fabricators physically prepare the structural steel for a building or bridge through a process of developing detailed drawings (the work of a detailer) based on the construction drawings provided by a structural engineer. They are responsible for material management, cutting, drilling, shop fitting (bolting or welding), painting and galvanising (when required), and shipping.

Erectors assemble the structural steel members into a structural frame on the project site by bolting and field welding structural steel components together according to the construction documents. In New Zealand the fabricator will typically manage the erection process of their steelwork either through the use their own rigging crews or subcontracted resource.

For more information about who's who in structural steel, visit scnz.org and steelfabcert.co.nz