

MARKET UPDATE - 36 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 first six months of 2018 - estimated at 22,000 tonnes, 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. Early contractor involvement (ECI) adds value to projects and the practice is growing – ECI allows lead contractors to ensure adequate resources are assigned to maintain their excellent performance in a rising market.

Also this quarter, the failure of a high-profile importer of fabricated structural steel and the resulting blow to projects underway has highlighted the risks of procuring materials from offshore suppliers. This is in stark contrast to New Zealand's structural steel contractors, who consistently and expertly deliver compliant structural steel design, fabrication, project management and erection.

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

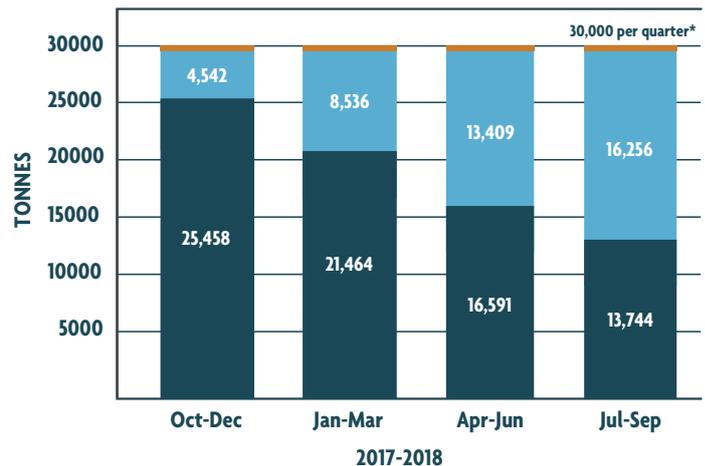
Material certification: approximately 75 per cent of steel used by New Zealand's structural steel sector is third-party certified

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 80 per cent of the sector's annual output participate in an independent quality assurance scheme, SFC.

SCNZ ESTIMATED FABRICATION TONNAGES (PER QUARTER)



■ Spare Capacity ■ Committed Tonnage Industry ■ Capacity
*30000 tonnes per quarter could be increased through multi-sharing to meet demand

ESTIMATED INDUSTRY DELIVERY PERFORMANCE AGAINST AGREED PROGRAMME:

➔ **95.64 PER CENT**

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