

TRADE LEADER

OCT - NOV 2021 ISSUE

LBP
Failures in
weathertightness

Business
New COVID
guidelines released

Health & Safety
Stay Safe working
this summer

Business
Estimating
your time

 **Industry**
New network
to lift industry
performance



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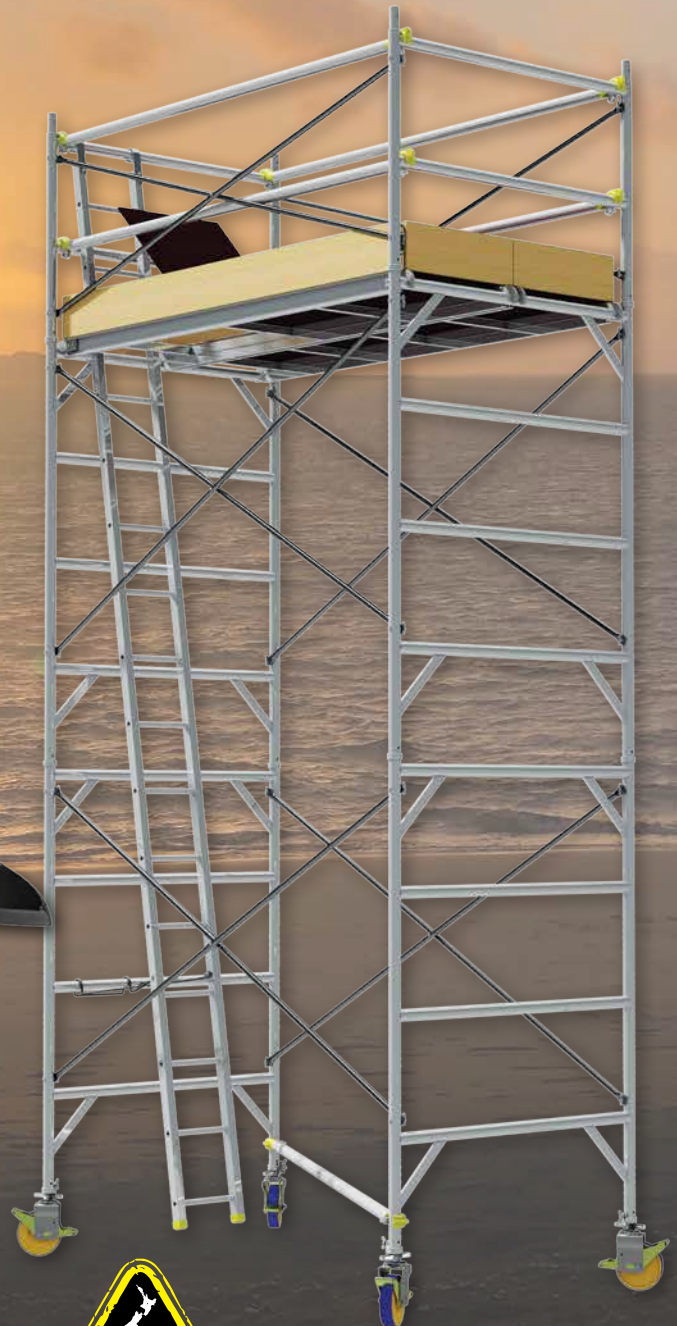


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In the frame

BY MIKE GUY
CARTERS CHIEF EXECUTIVE

As this issue of Trade Leader was going to print, New Zealand was again in the grip of a full Level 4 lockdown in Auckland, and the rest of NZ had just moved to Level 2 after cases of COVID-19's Delta variant was discovered.

Although it appears everyone is more prepared for what's expected and required, it doesn't make the disruption any less apparent, especially for those on construction sites where work ground to a complete halt with no clear picture of when it would restart. Thankfully under Levels 2 and 3 the rest of the country has been able to get back to site.

In order to understand what the current protocols are – and what's expected of business owners when restriction levels shift – Construction Health and Safety New Zealand (CHASNZ) has developed up-to-date guidelines for various trades and sub-trades, as well as a wealth of useful and relevant information right across the board.

It's a useful reference tool, so make sure you check out page 12 to find out more.

In addition, this issue we look at some of the health and safety best practice guidelines that will be useful over summer. The hotter months are challenging for construction workers in New Zealand, so knowing how to best tackle the larger issues is a great way of keeping yourself and your workers safe and in good form when out on the job.

One of the very interesting pieces has come from Registered Master Builders following the organisation's recent Constructive forum, which CARTERS was proud to partner with.

As part of that, results from a recent State of the Sector survey were released, outlining some of the very key issues that affect those in the building and construction sector. There were some very strong responses, indicating

the areas that need attention, which gives a clear picture as to where the industry needs to respond to generate better productivity, efficiency and health of its workforce.

October and November are big months for events typically, with the House of the Year National event and Apprentice of the Year National winner being announced, plus various other industry events like Conztruct, the Asian Construction Expo and others due to happen. We hope that these are able to take place to sustain the essential LBP learning and recognition of success for those who take part. You can read more about House of the Year and how the experience has been for a couple of building companies this year on page 15.

Hopefully, the country can start to return to normality before too long and business will start to crank back into life. CARTERS will operate under the appropriate protocols for the relevant alert level and will be there to do what it can to help your business operate as smoothly as possible.



MIKE GUY
CARTERS Chief Executive

TRADE LEADER.

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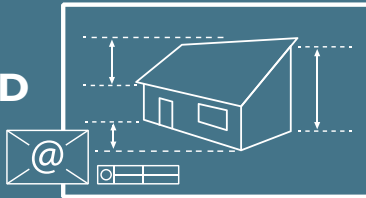
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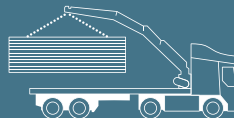
3

DELIVER



ORDER

When the site is ready, the store places an order using the unique job number. Include final construction plans, truss layouts, etc.



DELIVERY

The Futurebuild LVL team assemble and deliver floor/and or roof kitset packs to store, with individual pieces labelled and waterproof installation plans ready for site.



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INDUSTRY

A new construction industry collective has aims of bringing the building sector together to lift performance and drive change.

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HEALTH & SAFETY

Stay cool. Don't sweat it. Be the person with a plan. Summer is on its way, delivering a range of unique H&S risks. Here are some ways to beat the summer challenges and stay safe on site.



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The catalyst for the LBP scheme was a wide-ranging report released by the Building Industry Authority in 2002.

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IDENTIFYING WEATHERTIGHTNESS FAILURES IN BUILDINGS

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Once again, COVID-19 has disrupted the country and the construction industry, so what is needed to meet current protocols, and what other requirements are on the horizon?

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An annual survey by Registered Master Builders has highlighted a number of challenges facing the construction sector.

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Incorrectly estimating the time it will take to get the job done is both inefficient and costly. Yet the majority of people get it wrong.

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AMENDMENTS PROPOSED FOR RETENTION MONEY SCHEME

Amendments to the Construction Contracts Acts have been proposed as part of a new Bill introduced into Parliament, aiming to clarify sections of the existing regime.

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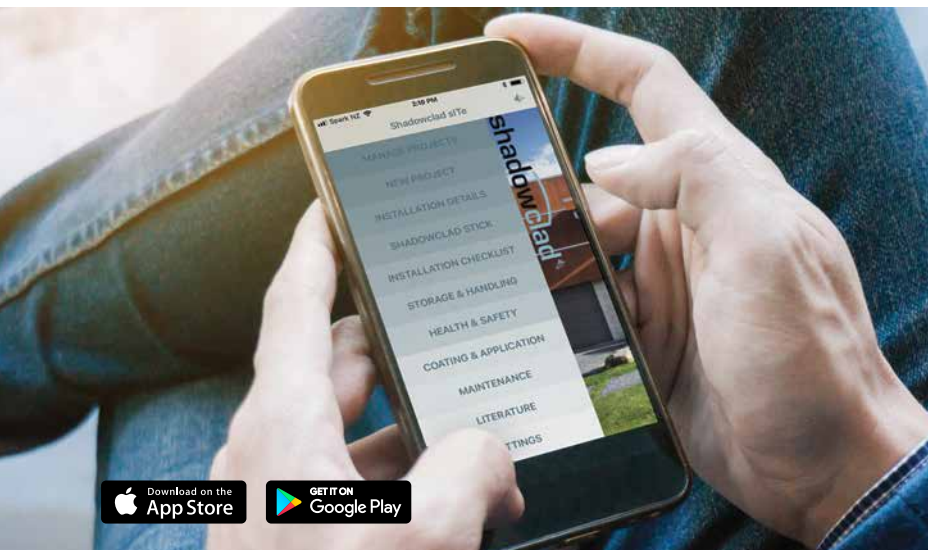
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CHH PLY

New measures will greatly benefit the mostly small or medium businesses that deliver our specialist trades - electrical, plumbing & gas-fitting, roofing, scaffolding, steel, concrete & ventilation.



Accord funding towards better business performance in specialist trades

The Construction Sector Accord is funding the development of a benchmarking scheme to improve business performance for construction specialist trades, as part of its work to lift business performance in the construction and infrastructure sector.

"Promoting better business practice is a key goal of the Accord Transformation Plan. We know it's difficult for businesses – especially smaller ones – to access information on how to run a successful and high-performing construction-related business," said Construction Sector Accord Director Dean Kimpton.

"These new measures will greatly benefit the mostly small or medium businesses that deliver our specialist trades - electrical, plumbing & gas-fitting, roofing, scaffolding, steel, concrete & ventilation," said Mr Kimpton.

The Registered Master Builders Association will adapt measures already developed for lead contractors in the vertical construction sector, which include around 60 financial, operational and commercial metrics.

Businesses will upload metrics into a web-based system and they will receive reports on their business and wider industry trends.

"The business performance metrics framework will allow businesses to benchmark themselves against their peers and identify opportunities leading to higher performing and more

resilient businesses," said David Kelly, Master Builders Chief Executive.

"We know this approach works from our work with the Vertical Construction Leadership Group, and we know from listening to our members that smaller businesses need this sort of support," said Mr Kelly.

The project's delivery will be supported by the Specialist Trade Contractors Federation.

"SME CONSTRUCTION BUSINESSES MAKE UP THE MAJORITY OF THE SECTOR AND ARE SENSITIVE TO ECONOMIC CYCLES. IMPROVEMENTS FOR THIS SECTOR WILL HAVE A SIGNIFICANT IMPACT ON LIFTING THE OVERALL CONSTRUCTION SECTORS PERFORMANCE AND RESILIENCE," SAID FEDERATION PRESIDENT GRAHAM BURKE.

The development phase of the project is scheduled for completion in November 2021.

The History of LBP

Part #3

The third article in the series looking at the history of the Licensed Building Practitioners Scheme

This is when we knew we had a real problem...

The Report of the Overview Group on the Weathertightness of Buildings, or better known as The Hunn Report - named after the chairperson of the Group, was released by the Building Industry Authority (BIA) in the second half of 2002. The recommendations in that report were the catalyst for major changes in the way we build.

The Terms of Reference for the report

The Group was established to look at the nature, extent and effects of the failures, possible inadequacies in the Building Code, and consenting and inspection processes.

It also looked at products and materials, trade skills and responsibilities, potential deficiencies in and the administration of the Building Act and Regulations, and whether we were the following of the purposes and principles of the Act.

The report that changed our industry

The report included 20 recommendations. Several of these called for the BIA to do such things as:

- issue public warnings about the risk of collapse of cantilevered decks supported by untreated timber (remember the deck from the first article in this series?)
- assess and publicise the health risks associated with fungal decay
- revise E2/AS1 - the External Moisture clause in the Building Code
- work with the Building Officials Institute of New Zealand (BOINZ) to look at the level of information required in building consent applications and to develop stronger inspection regimes
- review current product appraisal practices
- take a more proactive stance to research within the industry.

Other recommendations for the building sector included the BIA:

- looking at providing interpretation guidelines for the Act, and determining the need for tertiary qualifications and continuing professional development programmes for inspectors
- looking at improving the definitions of the roles, responsibilities and obligations of all parties through building contracts
- working with the Building and Construction Industry

Training Organisation (BCITO) and appropriate sector groups to review the carpentry apprenticeship to ensure an appropriate balance of academic and practical knowledge

- improving accountability for the quality of construction under our current performance-based system
- keeping the public and industries such as banking and insurance fully informed.

All of the recommendations in the report were acted upon to some extent, many of them creating very real changes to the way we regulate and build in this country. This includes the more highly qualified Building Consent Officers and more detailed site documents and inspection requirements we have today, along with the accreditation of Building Consent Authorities, changes to apprenticeship training and outcomes, a massive increase in the size of E2/AS1, and more detailed and readily available manufacturer's instructions.

There was, however, another recommendation which resulted in arguably the biggest change to our industry since the introduction of the Building Act 1991:

- That the BIA in conjunction with the appropriate affected sector groups: a) explore the issues involved in advocating the national registration of builders and building related trades, given the contents of this report and concerns expressed about the standards of some trade practices on-site; and b) support such advocacy if it is convinced of the benefits to the Industry.
- That the BIA: promotes debate on the issues of trade regulation, professional education and builder registration at the proposed executive forum.

The Building Act 2004

The Building Act 2004 was the means by which many of the changes inspired by The Hunn Report were made, but it was Subpart 4 that introduced the beginnings of the LBP scheme:

Subpart 4 - Requirements for building work

Restricted building work must be carried out or supervised by licensed building practitioners

84 Licensed building practitioner must carry out or supervise restricted building work

All restricted building work must be carried out or supervised by a licensed building practitioner who is licensed to carry out or supervise the work.

Section 84: amended, on 15 March 2008, by section 15 of the Building Amendment Act 2008 (2008 No 4).



It was to be a further eight years until the introduction of Restricted Building work, but the wheels were now set in motion. Firstly, RBW needed to be defined, and the people involved in that work needed to be identified. The definition and the licence classes identified were:

Restricted Building Work is work that's critical to make a home structurally sound and weathertight. It covers residential design, construction or alteration work that requires a building consent, and involves a home's primary structure, weathertightness, and certain fire safety design (such as in apartments and townhouses).

Licensed Building Practitioner licence classes are design, carpentry, roofing, brick and block laying, external plastering, foundations, and site.

See the next issue for the continuation of this series.



For further information, see Restricted Building Work on the building.govt.nz website

CODEWORDS QUIZ

- 1 **What was the Report of the Overview Group on the Weathertightness of Buildings better known as?**
 - A. The Overviewing group report
 - B. The Hunn Report
 - C. The Requirements for Building Work report
- 2 **Who did the BIA need to work with to review the carpentry apprenticeship?**
 - A. BRANZ
 - B. BOINZ
 - C. BCITO and appropriate sector groups
- 3 **What is restricted building work (RBW)?**
 - A. Residential design, construction or alteration work
 - B. It requires a building consent
 - C. It involves work on the home's primary structure
 - D. It involves work on the home's weathertightness
 - E. It involves the design of certain fire safety systems
 - F. Includes all of the above

Answers: 1. b 2. c 3. f

Research underway to create better consenting process

The Ministry of Building, Innovation & Employment (MBIE) is undertaking research to better understand how the building consent system is working and to identify areas where it can be improved.

MBIE says it understands how important consenting is as part of the building process due to the assurance it provides that building work is being designed and built to meet the requirements of the Building Code, but admits it's a complex system that relies on a variety of people and processes to achieve the best outcomes for the country's building supply.

"WE KNOW THAT THE BUILDING CONSENT SYSTEM IS NOT WORKING AS WELL AS IT COULD BE TO PROVIDE EFFICIENT, EFFECTIVE AND CONSISTENT OUTCOMES FOR PEOPLE ACROSS THE SECTOR," MBIE SAYS. "THIS RESEARCH AIMS TO UNDERSTAND HOW CURRENT PRACTICE IN THE BUILDING CONSENT PROCESS ALIGNS WITH ITS OBJECTIVES AND IDENTIFY THE UNDERLYING CAUSES OF PROBLEMS WITHIN THE SYSTEM."

The intention is that the information will feed into the wider programme of work looking to develop a new building consent system model. In addition, this evaluation will provide essential information to the Construction Sector Accord to help them better understand the problems in the consenting system as part of their Regulatory Environment workstream.

The process so far

Work on the consenting system is well underway, with a range of interviews, focus groups, site visits and surveys conducted with building consent authorities, building professionals and building industry associations to help MBIE understand how they work within the building consent system and the range of problems they are experiencing.

MBIE says the feedback received so far has provided valuable insight into a system that is facing several different challenges as it adapts to the way building is currently undertaken.

What's next?

The next step of the process will be to share the analysis and initial findings with MBIE stakeholders and then validate these key findings with stakeholders who participated in the fieldwork. The final report will be completed later this year.

[Build It]

Right First Time



The title of this 1979 Th' Dudes song could be a mantra for the residential construction industry. Every year homeowners spend significant amounts of time and money on house construction. For this investment, they expect, as a minimum, a building that keeps the water out long-term.

The work of MBIE's Weathertight Services Technical Team puts us in a good position to identify recurring areas of weathertightness failures. It is worth noting that most of these failures are for buildings between 10 and 30 years old and therefore not built in accordance with the current Acceptable Solutions of the New Zealand Building Code.

Here are 7 of the most common. To illustrate these failures we have kept our words to a minimum, instead using photos and accompanying text from a building assessor's reports.

CODEWORDS QUIZ

- 1 **The Weathertight Services Technical Team is a part of which organisation?**
 - A. Ministry of Business, Innovation and Employment (MBIE)
 - B. BRANZ
 - C. Th' Dudes
 - D. MetService weather forecasting
- 2 **How old are most of the buildings where weathertightness failures have been found?**
 - A. 2 years
 - B. Between 5 and 10 years
 - C. Between 10 and 30 years
 - D. 30 years or older
- 3 **Which of the following are common weathertightness failures?**
 - A. Thresholds to decks
 - B. Joints and flashings in claddings
 - C. Exterior joinery installation
 - D. Poor ground clearances
 - E. All of the above

Answers: 1. a 2. c 3. e

1 Membrane roofs/gutters, scuppers and decks

These commonly show failures at joints, adherence to other materials or at upturns and downturns of membrane sheets.

IMAGE 1

Butyl rubber membrane over a small roof. Inadequate front edge installation with the corner cut exposing the plywood substrate.

2 Kick-out flashings at wall and roof junctions

The absence of a kick-out flashing allows water to flow behind the cladding.

IMAGE 2 & 3

No kick-out or diverter provision at the bottom end of the apron junction to a fibre-cement cladding. Destructive testing confirms water ingress and timber damage.

3 Thresholds to decks

The junctions between the walls, joinery, balustrades and decks are prone to water ingress due to inadequate threshold heights, folds and corners or cladding proximity to membranes.

IMAGE 4 & 5

Stucco plaster cladding and joinery close to a tiled deck. Joinery installation issues at the jamb. Minimal threshold separation allows water uptake into the uncoated, porous bottom edge of the stucco plaster. Maintenance difficulties.

4 Parapets, balustrades and attachment points

Water entry can cause structural damage to parapets and solid balustrades at either capping or gutter and deck levels due to lack of saddle-flashings, cross fall, expansion joints and plan change direction. Damage to structure can also occur where open balustrades are fixed through membranes, solid balustrades, and walls.

IMAGE 6 & 7

Top fixed stainless-steel handrail penetrates an EIFS clad parapet. There are clear signs of water ingress around the penetration point with the coating cracks indicating moisture movement to the underlying timber framing. The steel bracket-fixed timber post directly penetrates the cladding. This cannot be made weathertight or be adequately maintained

Author Ron Esveld, Senior Advisor Quality Assurance, Weathertight Services. FNZIA, Ministry of Business, Innovation and Employment
Photographs Frank Wiemann, ZIBS, AKNDS (Registered Architekt and Engineer, Germany), Section 1 Building Consultant

5 Joints and flashings in cladding

These are often inadequate allowing water ingress and damage, particularly at horizontal and control joints.

IMAGE 8

Stucco plaster cladding over rigid backing. Incorrect control joint formation, without separation of mesh and plaster over the joint, leading to movement cracking and water ingress.

6 Joinery installation

Head, jamb and sill flashings fail to deflect water to the exterior or are non-existent.

IMAGES 9 & 10

Texture-coated fibre-cement cladding. Window head flashings without stop-ends or other means of preventing water ingress. Coating and cladding sheets are in contact with the shoulder of the flashing which allows water uptake to the cladding edges by capillary action. Timber testing reveals visible water staining and a very high moisture reading. No evidence of proprietary waterproofing systems installation to window perimeter.

7 Ground clearances

Unpaved and paved ground levels are too high, failing to protect either cladding or framing. This requires particular care at garage door openings where driveways are close to floor level for ease of vehicle entry.

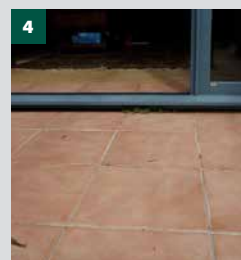
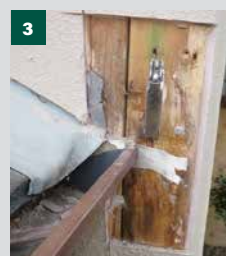
IMAGE 11

A fibre-cement clad timber-framed column and built-up paving resulting in significant damage.

The Leaky Home crisis has given us all a greater understanding of how moisture enters and damages a building. Fortunately, we can now build to prevent, minimise and manage water ingress and egress, enhancing the building's life and providing homes that are healthy.

Legislation, building practices and controls have and are being updated to help manage the problem. MBIE's Building Code Update 2021 consultation document proposes options for raising performance standards. Conservatively this could bring New Zealand's Code up to comparable international standards, or boldly, above these standards, leading the way whilst simultaneously meeting our energy efficiency and wider climate-change obligations.

Regardless, we must remind ourselves to learn from the past and (Build it) Right First Time.





Guidelines and protocols around COVID-19

COVID-19 once again made its presence felt with the surprise of a nationwide Level 4 lockdown in August. With restrictions likely to be in place for some time yet, there are already plans to ensure a more concise picture of how to contain it, should the need arise in future.

As all construction work immediately ground to a halt, Construction Health and Safety New Zealand (CHASNZ) issued a series of guidelines to keep the industry informed of the requirements and protocols under each alert level restrictions. However, CHASNZ points out that there will be overriding regulations that need to be adhered to.

“The COVID-19 Delta outbreak can evolve rapidly and businesses should familiarise themselves with official Government requirements, which supersedes all industry guidance,” the organisation says.

To ensure the industry has access to these, CHASNZ continues to update any changes and makes them widely available to the industry on their website.

In addition, CHASNZ has also created a set of protocols for various trades and sub-trades in order to provide as much information as possible right across the various alert levels, to ensure standards are being met once restrictions are relaxed, including information on travelling between regions and the process needed if a site worker becomes a COVID-19 contact.

In order to understand the types of contacts that may arise in the future, CHASNZ, along with Site Safe, has developed a very useful flowchart outlining the definitions of different contacts and the processes that will need to be undertaken should those situations arise.

Mandatory record keeping of business or event visits will become effective seven days after any change in Alert Level settings that might allow more businesses to open.

Close Contacts

People who are identified as Close Contacts may live, work or have been in the same place at the same time as someone who is infectious with COVID-19 e.g. they have may travelled on a plane or attend the same school as someone who is a positive COVID-19 case.

Any person who receives an orange Bluetooth notification via the NZ COVID Tracer app is considered a Close Contact.

Casual Plus Contact

Have been in the same place (Location of Interest) at the same time, near someone infectious with COVID-19.

Their contact was where there is higher risk for transmission than Casual Contacts.

Casual Contact

Have been in the same place at the same time as someone infectious with COVID-19 but may not have been near the infectious person.

They are at lower risk of getting sick with COVID-19.

Secondary contact

If someone in your household or bubble has to isolate because they were at a location of interest.

All types of contacts may receive a yellow QR notification for a location of interest via the NZ COVID Tracer app. Any notifications via the app will provide advice and a link for more information.

Looking forward

Once alert level restrictions have eased and the country begins to return to work, there are going to be new requirements for businesses, primarily around contact tracing, to ensure a much easier process should another outbreak develop.

Although primarily designed for busy places and large gatherings, COVID-19 Response Minister, Chris Hipkins, recently announced that mandatory record keeping is going to be introduced.

This means those responsible for businesses and events will need to ensure people keep a record when they visit, either by scanning QR codes with the COVID-19 Tracer App or making a manual record.

However, if this system is already in place for businesses, they won't need to change their approach.

"It is clear that when people use the app or manually sign in, rather than relying on memory, contact tracing can happen much more quickly," Chris Hipkins said.

"WE KNOW FROM OUR OWN AND OVERSEAS EXAMPLES THAT AN OUTBREAK OF COVID-19 CAN BE EXTREMELY DIFFICULT TO TRACE AND CONTAIN WITHOUT PEOPLE KEEPING A GOOD RECORD OF WHERE THEY HAVE BEEN AND WHO THEY HAVE COME INTO CONTACT WITH."

The obligation to ensure this is taking place is on the person responsible for the location and came into place seven days after the change in Alert Level setting that allowed more businesses to open.

"I understand this adds an extra responsibility for businesses and hosts, but it is necessary to help New Zealand maintain its COVID-19 elimination strategy and help us return to the freedoms we have enjoyed for the past year which so many other countries have not."



For more information from CHASNZ on COVID-19 Construction Protocols, see:

Level 4 Protocols
tinyurl.com/CHASNZlevel4

Alert Level Guide
www.chasnz.org/covid19



Barrierline® Common Questions

One of the key things we do as the GIB® Technical Support team is trouble shoot installation issues. We prefer to be there helping answer questions before anything becomes an issue but often we get calls to come to site once an issue has raised it's head, like a failed inspection.

One of the key things we do as the GIB® Technical Support team is trouble shoot installation issues. We prefer to be there helping answer questions before anything becomes an issue but often we get calls to come to site once an issue has raised it's head, like a failed inspection.

One of the things that comes up reasonably often is issues arising from GIB Barrierline® systems installations. Interestingly, many of the issues seen on site with GIB Barrierline® can be easily rectified or even avoided.

Here are some of the most frequently asked questions and our answer:

Q: I'm struggling to get the GIB® Wall Clips onto the H stud because it's behind a timber stud.

A: As you install the GIB Barrierline® sheets you can cut them down, even by 30-50mm to make this line up for clip fixing.

Q: I've been told I have to put clips on every row of nogs?

A: No, GIB® Wall Clips only need to be placed within 600mm of the top of each GIB® H-stud, no further than 3000mm vertically.

Q: GIB Barrierline® has been out in the heavy rain for a few weeks now, is it going to be OK?

A: GIB Barrierline®, once installed, can be exposed to the rain for up to 12 weeks. The 16mm GIB Fyrelime® fixed in the roof space can be exposed up to 4 weeks.

Q: Can we use the GIB® H-stud horizontally at the end of the 3m long sheets?

A: No, this must be a Rondo® 140 Perimeter Channel, these are placed back to back and screwed together.

Q: Do I need to fire rate the flush boxes and switchboard?

A: Anything under 90x90mm you won't need to fire-rate. Something larger like a switchboard you will need to build a baffle box in the framing. We have guidance on how to do this in our GIB Noise Control® systems literature.

Q: What do we do if we have a Ply substrate for rubber tile roofing as opposed to roofing underlay and tin?

A: In that situation you don't need Mineral Wool at the top, just take the GIB Barrierline® and 16mm GIB Fyrelime® up to the underside of the Ply and apply some GIB Fire Soundseal®.

Q: How do we address a cantilever at the end of a building?

A: We now have a recently developed detail for how to address most cantilever situations which involves use of a number of aluminium L clips to take the weight. Refer to GNS310 on the GIB® website.

Q: I have a section of GIB Barrierline® wall "outside" onto a deck area, do we have to put insulation out there too?

A: No, the insulation is only there to assist with the Noise Control and seeing as it is outside you don't need that. In this situation you can use GIB Weatherline® for the outside wall linings too.

The GIB Barrierline® system is relatively straightforward to install, take the time to read the instructions in our literature beforehand as most of what you need is in there.

If you get stuck, don't guess, give us a call on the GIB® Helpline 0800 100 442 or go to gib.co.nz/barrierline

Building partners shine bright in Top 100



Evolution Builders, Auckland



"We entered because we could see it would offer marketing advantages, and I know previous winners have spoken of how it really benefited their business, so that's exciting."

Craig Parker, Evolution Builders



eHaus, Manawatu



Talented builders all over the country are celebrating a job well done after being recognised as Regional Winners in the 2021 Master Builders House of the Year Competition.

This prestigious competition is synonymous with the best in the building business. It's been running for 30 years and each year the calibre of entries gets better, showcasing true quality and craftsmanship. This year, the 100 top houses have been selected from 347 entries across 11 regions. From ultra-modern urban homes to inspired baches, the entries were diverse, with judges commenting that COVID-19 has driven a new focus on creating superior living spaces, smart systems, energy efficiency and sustainability.

For CARTERS, a proud sponsor of the New Homes \$1 to 1.5 million category, the competition brings national recognition to many of the talented tradespeople they partner with up and down the country. It's another way to recognise and support those building the next generation of quality Kiwi homes and help create a legacy of building excellence.

This year, CARTERS customer, eHaus, picked up a number of Regional Awards. Warren Dunn, winner of the Supreme Award for Manuwatu, says it has been a great way to raise the profile of the unique homes eHaus build, increase enquiry level and help attract the right type of customer. "Our customers are so proud to have homes built by those who have been recognised by the highest standard."

The Supreme Award in the Auckland, Northland and Coromandel region went to a CARTERS St Lukes customer, Evolution Builders, who created a large contemporary Eastern Beach home. "We were up against some amazing houses and it was the first time we'd entered, so we're really proud," says Craig Parker.

"WE'RE ALL OPERATING IN A TOUGH ENVIRONMENT RIGHT NOW, SO YOU NEED THINGS TO LIFT YOU UP AND LIFT MORALE, THE AWARDS ARE GREAT FOR THIS. EVEN IF WE HADN'T WON, JUST BEING ALONGSIDE THE BEST OF THE BEST WAS SO REWARDING. THE AWARDS WAS ONE OF THE BEST NIGHTS OF MY LIFE AND I WILL REALLY CHERISH IT"
CRAIG PARKER, EVOLUTION BUILDERS

Evolution Builders, eHaus, and the other Top 100 Homes winners will now compete for the national awards which will be announced in November this year.

Congratulations to all involved.

You can see all of the finalists at www.houseoftheyear.co.nz


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jameshardie.co.nz/resources.


interactive assembly
instructions available

<http://wksp.nz/jh-lin-excs>



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HardieJointer™ 5mm 2.4m MDHA5J24

- PVC
- Lightweight and durable
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\$6⁹⁹
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James Hardie PVC Vent Cavity Strip 3.0m MDHA302490

- Suitable for use on all cladding by James Hardie
- 18mm PVC strip

\$16⁹⁹
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Stria® Aluminium Jamb Flashing 3000mm MDHAST305430

- Aluminium
- Suitable for use with Stria™ Cladding and Linea™ Oblique™ Weatherboard

\$29⁹⁹
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James Hardie Aluminium External Box Corner 9 x 2750mm MDAX304510

- Aluminium etch prime
- Use with Axon® Panel, EasyLap™ Panel, and Stria® Cladding

\$69
EXCL GST EA

G-MAN 550mm Hardpoint Saw HTGM328H550

- Comfortable plastic handle with 3 screws
- Supplied in hardpoint finish
- 7 TPI, suitable for rip and cross cuts
- Made in Sweden

\$12⁹⁹
EXCL GST EA

Stanway Heavy Duty Crow Bar 1750mm x 30mm HTTW9009

- Ideal for loosening all types of soil in deep holes and trenches
- Ends forged from high carbon steel and heat treated for strength

\$69
EXCL GST EA

Celebrating the industry

With many events having to be cancelled recently, the 2021 New Zealand Building Industry Awards was fortunate to get in just before lockdown hosting 680 attendees at the ceremony and gala dinner in Auckland to celebrate some well-deserving people and projects.

Here at CARTERS, we're proud to support these awards and congratulate all of the finalists and winners with special mention to those up for the CARTERS Projects \$35-45 Million Award particularly, Mark Rhynd & Greg King, Aspec Construction (Diocesan School for Girls Performing Arts Centre Stages 1 & 2, Auckland) and Peter Hamblyn, Dominion Constructors (QT Hotel, Auckland) who received Highly Commended and James Sutherland, CMP Construction who received Excellence as well as winning the award for Neo Apartments, an eight-story, 99 apartment complex in Grafton.

The New Zealand Building Industry Awards are open to anyone in the building industry and has grown to recognise the achievements of not only project managers running commercial construction projects but also the broader industry with categories for Innovation, Young Achiever, Safety Excellence, Consultants and Interdisciplinary Collaboration.

For more details, see nzbuildingindustryawards.org.nz



2021 REGISTERED MASTER BUILDERS CARTERS APPRENTICE OF THE YEAR REGIONAL WINNERS ANNOUNCED

The top three Apprentices from each region have been announced for the 2021 Registered Master Builders CARTERS Apprentice of the Year. The competition recognises excellence among carpentry apprentices and tests project management, business, presentation, and practical skills of these future sector leaders. For the regional competition, each apprentice had to initially submit a building project. They then took part in a two-hour practical challenge where they were tasked with building a shoe rack. The top 10 from each region then progressed to the interview stage with a judging panel and an onsite visit to discuss their project.

The winning apprentice from each region will now go on to compete in the Master Builders National competition. This includes a 45-minute interview with the national judging panel and an additional six-hour practical skills test.

For more information about the competition, visit www.apprenticeoftheyear.co.nz

NORTHERN

1st	Kaya Hilaire	Houseworks
2nd	Sean Modrich	NeoBuild
3rd	Cameron Van der Westhuizen	Create and Construct

AUCKLAND

1st	Joshua Fraser	Craft Renovations
2nd	Daniel Andresen	Faulkner Construction
3rd	Matthew Cathcart	Rag Reno's

WAIKATO

1st	Hayden Lambert	SJR Builders
2nd	Edward Johnstone	Kelvin Lulich Builders
3rd	Caylan Wairepo	T Wilson Builders

BAY OF PLENTY

1st	Kaleb Hyndman	Calley Homes
2nd	Damien Quarrie	Diack Homes
3rd	Angus McNicol	Lilburn Builders

CENTRAL NORTH ISLAND

1st	Jarred Badham	Nailing it
2nd	Sam Cunningham	Richards Construction
3rd	Regan McConaghty	J Barr Construction

HAWKE'S BAY

1st	Matthew Hilson	Kuma Construction
2nd	Orren Malot	Elite Build
3rd	Brad Calder	Redmond Builders

LOWER NORTH ISLAND

1st	Jayson Su	Cremer Construction
2nd	Ross Hulley	Makers Fabrication
3rd	Anthony Hocking	Black Sheep Construction

UPPER SOUTH ISLAND

1st	Finn Eden	Tasman Homes Nelson
2nd	Jack Sawyer	Cunningham Construction 2021
3rd	Alex Hannah	Blac Design & Build

CENTRAL SOUTH ISLAND

1st	Phillip Jamieson	Ridgeline Building
2nd	Lila Reich	The Decking Guys
3rd	Callum Upfold	Timaru Construction

LOWER SOUTH ISLAND

1st	Samuel Morris	McFarlane Building
2nd	Cory O'Regan	Turnkey Homes
3rd	Alexander Roe	Stewart Construction



Working in Summer

Summer is a great time to get cracking, but it does bring some extra health and safety risks. Here are our top tips to help you stay safe and make the most of the warm weather.



For more information, see:
SiteSafe Fatigue Prevention Guide
tinyurl.com/FatiguePrevention

Sun (UV) exposure

It may seem obvious, but it's an easy one to overlook and can be fatal given New Zealand's high rates of skin cancer. So even though it's great to enjoy the sunshine while on-site, make sure you and your team follow basic sun-smart rules.

- **Cover up:** wear breathable fabrics, a hat and use a good-quality sunblock.
- **Safety sunglasses:** to protect eyes both from flying objects and UV rays, are also a good idea. With any sunglasses, always check the impact and UV rating.

Dehydration

Your body can overheat when it can't cool itself through sweating. Anyone building or landscaping in the heat of a summer's day is at risk of dehydration. This could be due to working in the direct sun, working near heat-producing processes or simply from the work you are doing (whether indoors or outside). The effects of working in heat range from mild discomfort through to life-threatening heatstroke. With that in mind, please consider:

- **Planning ahead:** try to avoid or limit prolonged exposure to extreme heat, and work in the shade when possible. Ensure there is adequate airflow or ventilation to help keep the temperature down. Wear lightweight clothing if it's safe to do so, but be sure to comply with your company's clothing regulations. Take regular breaks and consider extra breaks

MASONRY DRILL



Masonry



Brick



Concrete



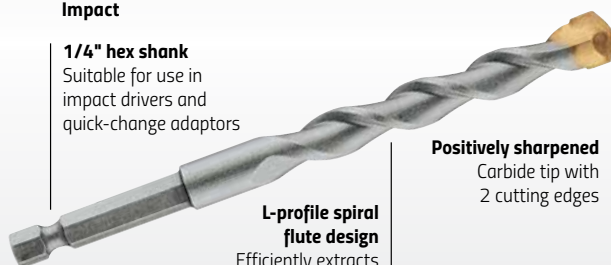
Developed for use with the high torque output of an impact driver. Suitable for use in natural and artificial stone, brickwork, concrete and masonry materials.



Impact

1/4" hex shank

Suitable for use in impact drivers and quick-change adaptors



L-profile spiral flute design

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Positively sharpened

Carbide tip with 2 cutting edges

Diameter mm	Plug Colour	O/A Length mm	Flute Length mm	Item #
3.0	Yellow	80	30	D609 0300
4.0		90	40	D609 0400
5.0	White	100	40	D609 0500
6.0	Red	110	65	D609 0600
6.5	Green	110	65	D609 0650
8.0	Blue	120	70	D609 0800
10.0	Orange	120	73	D609 1000

if the work is demanding.

- **Keeping up the fluids:** most people need about eight glasses of water per day, but if you're working in the heat, it's likely you will need more. Make sure you and your crew drink plenty of water throughout the day and avoid dehydrating drinks like those with high sugar and caffeine.

Fatigue

If you've been waiting for good weather to get cracking on a job, it can be tempting to push through and extend your working day. But ignoring the signs of fatigue in yourself and your workers can be a real risk. Please consider:

- **Work scheduling:** take regular breaks and consider extra breaks if the work is demanding. Monitor and place limits around overtime and avoid incentives to work too many hours. If you need to work longer hours, consider staggered start and finish times, and longer breaks and periods off work.
- **Better ways of doing things:** use the right tools and resources for the job. Consider low-vibration hand-held tools and, where practical, install low-vibration seats in machinery. Rotate tasks between workers and make sure workloads and deadlines are realistic.

Warning signs

As uncomfortable as it may be, with the recent COVID-19 outbreak there will no doubt be times when you and your team have to endure wearing masks onsite. Combining this with NZ's hot and humid weather will only add to the risk of overheating. Make sure you know the danger signs which can include:

- Feeling weak or dizzy
- Darker coloured urine
- Pounding or rapid pulse
- Loss of balance, fainting
- Headaches
- Muscle cramps
- Mood changes or confusion
- Clammy or sweaty skin

Be extra careful when doing these types of work, which make you more likely to suffer heat exhaustion:

- Working in confined spaces
- Doing underfloor, ceiling or roof work
- In cabs of mobile plant
- Closed areas with limited airflow
- Long periods in direct sunlight

Remember if heat stress or exhaustion is not dealt with quickly, it can progress to heatstroke. At its worst, this can be life-threatening. It's important to always protect yourself from the effects of heat by wearing sunscreen, drinking plenty of water, taking breaks and seeking shade.

PROSENSE

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WET/OILY OR DRY SITUATIONS**

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PRO
PRO CHOICE SAFETY GEAR

CURRENT CIRCUMSTANCE FAVOURS BUILDING OVER BUYING AN EXISTING HOUSE, RESULTING IN THE NUMBER OF CONSENTS RUNNING ABOVE THE LEVEL JUSTIFIED BY POPULATION GROWTH AND THE NUMBER OF PEOPLE PER DWELLING FALLING.

Low population growth may not be a major threat for 2021/22

BY RODNEY DICKENS

Population growth is the main driver of demand for new housing in the long-term. The dramatic slowing of population growth last year because of COVID-19 poses a threat to the level of building in most parts of the country. However, for the next year other factors are likely to reduce the threat significantly.

The first chart shows the long-term relationship between the national annual number of consents for new dwellings (black line, left scale) and the annual change in the population (red line, right scale). The red population line has been advanced or shifted to the right by five quarters to reflect how long it takes for changes in the population to impact on consents.

Allowing for the five-month lag, the much weaker population growth caused by the international border being largely closed to other than Kiwis last year may pose a significant threat to the level of consents over the second half of this year and flowing into 2022.

However, as the first chart shows, the link between consents and population growth is not close from year-to-year. From 2008 to 2019 the number of consents was generally below the level justified by population growth. This was mainly because new housing had become less affordable. It resulted in the number of people per private dwelling increasing as people economised on housing as shown in the second chart.

Super low interest rates, increased government-sponsored building and the lending restrictions and recent housing tax changes favouring people building over buying an existing house have changed things. They have resulted in the number of consents running above the level justified by population growth and the number of people per dwelling falling.

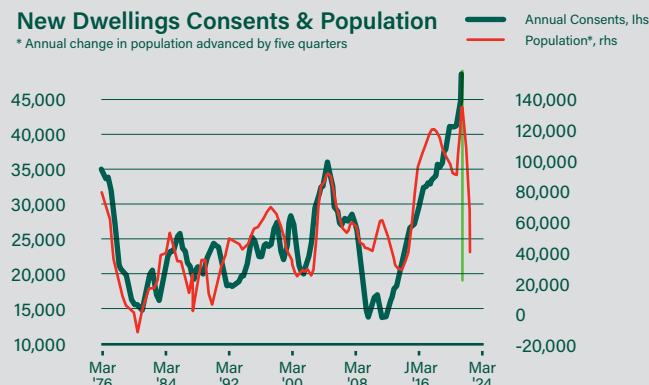
These factors should remain helpful for new housing demand over the next year and may significantly reduce the threat to building from the dramatic slowing in population growth. Even if not completely and certainly not indefinitely.

The latest COVID-19 outbreak highlights that it could be some time before the international border opens enough to boost population growth significantly, with growth quite reliant on foreign immigrants. However, the outbreak has delayed the OCR hikes the Reserve Bank plans and slowed down the market-led increase in mortgage interest rates. That threat

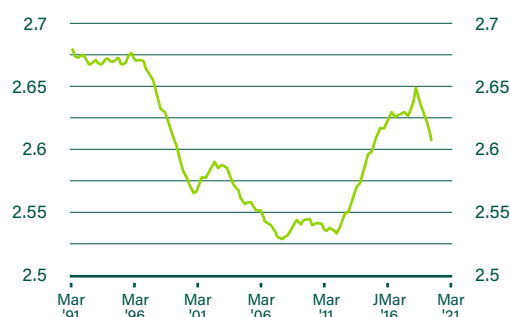
has been delayed at least a bit but in time rising interest rates may pose a bigger threat than a recovery in population growth when the border opens will be a positive; in part because the government is likely to stand in the way of a full recovery in immigration.

New Dwellings Consents & Population

* Annual change in population advanced by five quarters



Number of People Per Private Dwelling





Construction Sector Accord invites sector to join network

In order to lift performance and drive changes across the construction sector, a new network has recently been launched by the Government.

The Network will enable a greater connection with more of the sector in order to have a greater influence to support a stronger construction sector for those involved.

The Construction Sector Accord Network, which was announced by the Housing Minister Hon Dr Megan Woods and Building and Construction Minister Hon Poto Williams recently, is aimed to develop a higher performing construction sector and has secured the commitment of a number of businesses, government agencies and other organisations.

Construction Sector Accord Director Dean Kimpton says every business and organisation in the building and construction sector is being encouraged to join the Network.

The Construction Sector Accord is inviting members from all parts of the sector – from industry organisations and government agencies to clients, architects and trades – to join the Network and play a part in achieving the Accord vision of a higher performing construction sector.

"We want all of our sector working together, committed to positive change. Upon joining the Network, organisations will be asked to pledge to uphold a set of principles and behaviours. We will be rolling out initiatives and further resources over the next year to help support business across key areas such as procurement, contracts, health and safety, and workforce development," he says.

He says the Network will enable a greater connection with more of the sector in order to have a greater influence to support a stronger construction sector for those involved.

The Network is backed by industry and government agency leaders, and the seven Accord Ministers co-led by Building and Construction Minister Hon Poto Williams and Housing Minister Hon Dr Megan Woods.

The Ministry of Justice is one of the first to join the Accord Network. Andrew Kibblewhite, Secretary for Justice and Chief Executive says, "The Ministry of Justice has a big property portfolio, including the country's courts, and has a very real stake in a high performing construction sector."

"We joined the Network to be part of the effort to lift our collective game in construction. Being part of the Network means we have better visibility of what the construction sector is up to and can play our part in being a better property owner," says Kibblewhite.

The New Zealand Defence Force (NZDF) is also an early member of the Network. Mark Brunton, Head of Defence Estate and Infrastructure for the NZDF says the Defence Force has an extensive estate and infrastructure portfolio.

"ULTIMATELY WE WANT TO CREATE A NETWORK OF GOOD OPERATORS THAT PEOPLE CAN TRUST TO MEET HIGH STANDARDS OF BEHAVIOUR. THIS GOES FOR BOTH THOSE WHO ARE PROCURING CONSTRUCTION SERVICES AND THOSE WHO ARE SUPPLYING THEM,"

"The Network will support the effective delivery of construction services to the NZDF and will work collectively in generating the high performing construction sector we are seeking and determined to support," says Mark Brunton.

Director of Cousins Construction, Steve Prescott says, "We employ a workforce of 30+ carpenters, hammer hands, apprentices and labourers. We had no hesitation joining the Network – we want to get close to the people proactively planning and taking action to implement the long-overdue solutions needed in the industry."

Prescott says the benefits to small businesses like his include the opportunity to network, collaborate and have a voice.

Network members will benefit from access to resources to improve practices and will be able to connect to peers for advice. The Network will run events and provide opportunities for members to have a say on sector issues. Names are published on the Accord website so everyone can see who has made a commitment to the Accord and a better future for the sector.

Members will be able to access a Resource Hub on the Network website. The Hub will connect members to guides, tools, templates and other resources that are relevant to businesses and organisations across the construction sector. Members will be able to find information to help them with procurement and contracts, business practices, developing your people, health safety and wellbeing, and ensuring environmental sustainability in your projects.

Kimpton says it's free to join the Network and it will take members anywhere from a few minutes to half an hour to complete the sign-up process.

Network members are expected to support a better culture in the industry and are given guidance on how to do this through the Accord Network Pledge and the culture and practice assessment lists.

"Ultimately we want to create a Network of good operators that people can trust to meet high standards of behaviour. This goes for both those who are procuring construction services and those who are supplying them," says Kimpton.



Join the Network
www.constructionaccord.nz/get-involved/

A stressed sector working hard for New Zealand

At the Registered Master Builders annual Constructive Forum, figures from its annual State of the Sector Survey into key issues facing the building and construction sector were released.

While the survey revealed that the building and construction sector is optimistic about its business prospects and the economy, reflecting the current boom, it is facing huge constraints and challenges.

THE SURVEY IDENTIFIES THE BIGGEST CHALLENGES AND OPPORTUNITIES FACING THE BUILDING AND CONSTRUCTION SECTOR AND MORE THAN 300 INDUSTRY LEADERS FROM ACROSS THE SECTOR RESPONDED TO QUESTIONS ABOUT THE ECONOMY, CRITICAL ISSUES THE SECTOR IS FACING, AND THEIR OUTLOOK FOR THE SECTOR.

A large percentage of the respondents (95%) highlighted the current issues with increased costs, delays, customer complaints and product substitutions due to a lack of available building materials, while 88% indicated that stress and mental wellbeing were significant issues in the sector.

Staffing issues also came under scrutiny, with 70% saying it has become more difficult to get the staff they need to operate their business compared to the same time a year ago.

"The three most important issues were: the supply chain disruption, product availability and increasing product substitution; the rising costs of construction; and, acute skilled labour shortages. The sector is stretched to breaking point, largely due to factors outside its control," said Master Builders Chief Executive David Kelly.

These issues are imposing significant stress on builders, with 88% reporting that stress and mental wellbeing was a significant issue for them.

Mr Kelly expressed his concern, "it is worrying, but not surprising, that our workforce is feeling under stress. After all, they live in the communities where they work so they're

at the front line delivering the homes that New Zealanders desperately need."

"They like the rest of the community also have to navigate the stresses of COVID-19. And they have the added uncertainty, even in boom times, that it can't last, and the industry does suffer hugely when it changes."

The survey also found that finding skilled staff is an acute problem for the sector. Almost 70% of respondents say it's harder to get the staff they need now than it was 12 months ago, with 37% saying that it is substantially harder.

"Finding skilled staff has been in the top three issues since we began the survey in 2018. The sector is crying out for experienced people across a range of specialist areas. Uncertainty around immigration settings only exacerbates this situation," stated Mr Kelly

"This is also more complex than many people realise. While training is an important piece of the puzzle – it will not solve the problems we have today. We need experienced skilled workers, and they are competing for those people with other countries and sectors."

"The Government's apprentice boost scheme has been appreciated, apprentice numbers are at an all time high and we are pleased to see more employers commit to training. This is a vital part of the puzzle to ensure we have the skilled workers we need in the future, but it is not the complete answer today."

Supply chain disruptions and consenting issues were also highlighted as barriers to building. Cost escalation, building delays, and customer complaints were reported by 95% of respondents.

Consenting delays are also a huge problem according to Mr Kelly, "More than half of our respondents are experiencing

delays of longer than three weeks for consents, more than five days for inspections and three to four weeks longer for code of compliance. These delays affect both builder and customer."

"IF EVERY ONE OF OUR MEMBERS' BUILDING PROJECTS IS DELAYED BY EVEN ONE WEEK, COLLECTIVELY OUR MEMBERS AND HOMEOWNERS ARE INCURRING ALMOST \$100 MILLION PER ANNUM IN LOST PROFITS AND EXTRA COSTS. THIS IS A PHENOMENAL NUMBER, ESPECIALLY WHEN YOU CONSIDER THAT JUST A ONE WEEK DELAY IS VERY CONSERVATIVE. THIS IS A KEY PART OF OUR PRODUCTIVITY CONUNDRUM AND WILL BE A KEY FOCUS FOR THE FORUM THIS YEAR."

The annual Constructive Forum is an industry led effort to enhance collaboration, build resilience, and ensure a vibrant and sustainable sector that delivers for New Zealand. Its purpose is to bring the entire supply chain together, from Government, finance, land, design and build, and key enabling sectors such as research, training, and regulation to work together and identify ways to lift performance in the sector.

CARTERS are proud to have been a part of the Constructive Forum as a Gold partner once again this year in support of the industry and be a part of the ongoing conversation.

"The three most important issues were: the supply chain disruption, product availability and increasing product substitution; the rising costs of construction; and, acute skilled labour shortages.

The sector is stretched to breaking point, largely due to factors outside its control,"



DAVID KELLY
MB Chief Executive



GUTSTER

GUT, RIP, PRY!

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Reduces bending over for prying.



LEVERAGE
Straddles the stud/joist ensuring maximum leverage.



SPEAR SHAPED
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NAIL PULLER
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HIGHLY DURABLE
Reinforced double steel wall construction.



WHEELS ON THE 1.5m
Allows easy use without lifting the bar off the ground.







Estimating how many hours the job will take: why 83% get it wrong

BY DANIEL FITZPATRICK

How often have you quoted a job but ended up losing on it, because the hours blew out? It happens to everyone once in a while but, get this wrong too often, and you won't be very profitable.

Even the big players in our industry get this wrong more than they'd like to admit. Fletchers got in trouble not so long ago with overruns on a number of their major projects. It cost them millions.

Did you know the Sydney Opera House was completed a massive 10 years behind schedule!

Clearly, when you want to make money on your jobs, it's very important to accurately estimate how much time they will take. If you've ever wondered why your quotes don't work out, this is a good starting point.

Research shows only 17% of the population can accurately estimate how much time a job or task will take. Basically, we're all optimists. We tend to believe the future will be better than the past.

If only 17% can estimate time correctly, that means 83% are getting it wrong. Mistakes include:

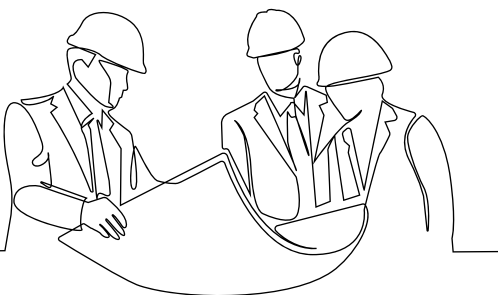
- Failing to consider how long it's taken us to complete similar tasks in the past (science calls this 'planning fallacy')
- Assuming that we won't run into any complications that will cause delays (science calls this 'optimism bias').

There are a lot of moving parts in a business and, if you often underestimate hours on jobs, or don't allow for unexpected curveballs, you won't make the margin you need to.

Achieving target margins consistently on every job is key when it comes to being profitable. Let's not forget when costs exceed what you quoted, that cold hard cash comes directly out of your pocket.

In very real terms, that means less income for you plus stressful cash flow. And that is all kinds of bad, especially for a family business. Plus, cash flow headaches are the number one reason for going broke.

So, how can the average tradie business owner override their planning fallacy and optimism bias?





The secret is to be dealing with concrete numbers. They make things very black and white, allowing for smarter decision-making. That's the kind of strategic thinking required for both quick wins and long term success.

I've worked with hundreds of tradie businesses and I can tell you it's amazing the insights you can get from a simple deep dive into the numbers - when you know what to look for (most don't).

Yes, one important part of this is back costing (checking all costs - including time/labour - on previous jobs to see how your quote stacked up against what actually happened).

To do this, you first need to be working with the right project management software, time tracking app or system for your specific business.

Then, the main thing is, use a structure - so back costing is easy and doesn't take all day. This is especially important if you run multiple jobs and have a large team.

Revisit regularly and make sure you are charging enough. The trick is to then actually deploy this historical data and turn it into increased accuracy on your next job.

When I assist clients in the business coaching process to really look at their previous jobs, they can see exactly where they're losing money on under-quoting. From then on, everything becomes much easier.

Be sure to use a pricing formula so you have certainty that your price is fair. Not too low that you won't make money. Not too high that you'll be priced out (or if you are, you can walk away confident, knowing the margin was not enough - you don't work for free).

Using a formula also means you price consistently regardless of whether you're feeling optimistic, tired, are desperate for work for your team, or have too much on already.

Include your "fudge ratio" calculation and buffer percentage to build in extra hours for delivery delays, staff absences, weather, etc.

Finally, you need a strong gross profit margin. A "good" margin to add on top varies for each company, depending on your

overheads and industry. So it's important to know what is a good margin percentage to be aiming at for you, in your market.

Although, if it's not at least 20%, I'd encourage you to make some adjustments right away. Anything under this, and you won't be able to cover overheads and still make the profits you need to maintain a successful business.

By the way, studies also show that while we are generally bad at estimating how long it takes us to do the job, we're quite good at estimating how much time the job will take when others are doing the work. So harnessing the talents and objectivity of someone outside your immediate team (like a QS) could be a smart move.

Ultimately, accurate predictions and back costing effectively ensures you will achieve the target margins you need, become more profitable, and grow safely, even with the variables, and any bias you may have.

Tweaks like this in profitability and productivity typically get my clients return-on-investment far exceeding my fees inside 3-6 months.



Book a time with me here to find out how I might be able to help you: nextleveltradie.co.nz/nextstep/



Daniel Fitzpatrick is a New Zealand based business coach and the creator of Next Level Tradie. Find him at: nextleveltradie.co.nz

DANIEL FITZPATRICK
BUSINESS COACH



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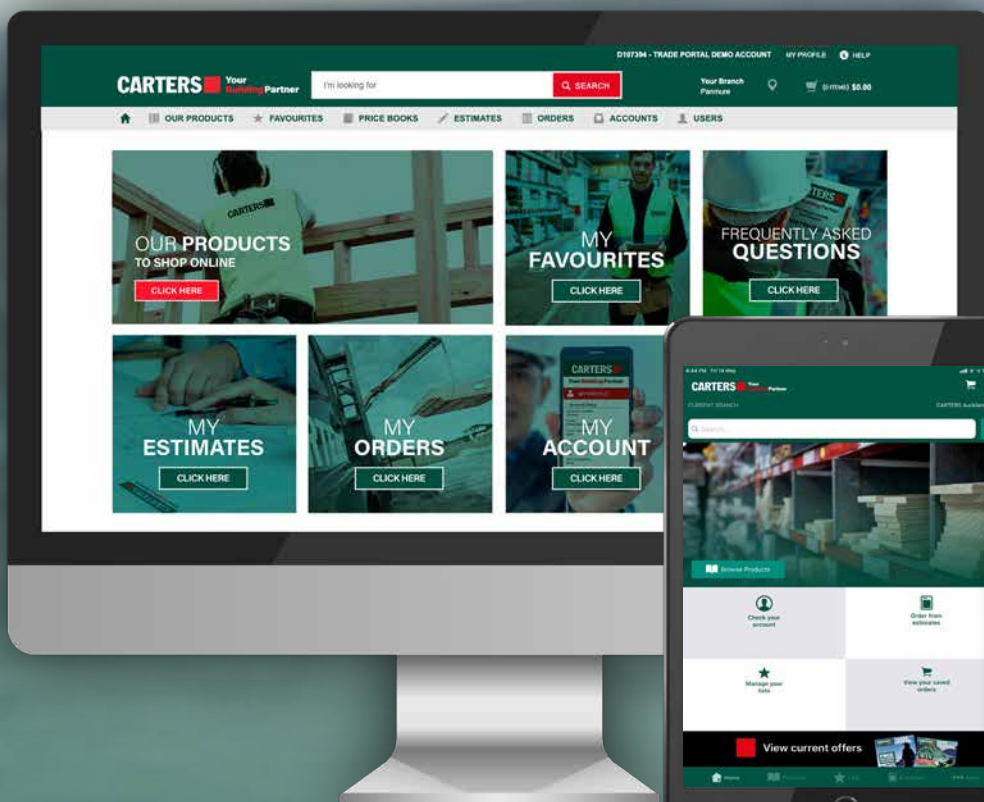
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Proposed Amendments to the Retention Money Regime



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On June 1 this year, the Construction Contracts (Retention Money) Amendment Bill (Bill) was introduced into Parliament. The Bill amends the Construction Contracts Act 2002 (Act) and aims to strengthen and clarify the retention money regime. The Bill forms part of the joint industry and Government Construction Sector Transformation Plan, which has the goal of creating better business practices in the construction industry.

Use of retentions

Retentions are used in the construction industry as a means to secure obligations under a construction contract. Retention money is withheld by a party to a construction contract from an amount payable to another party to the contract, such as a subcontractor, as security for that subcontractor's obligations under the contract. The retention money, which can be between 2 and 10 per cent of the contract value, is generally withheld until the defects liability period expires.

Currently, subcontractors are at risk of not receiving the retention money if the contractor becomes insolvent and the retention money is indistinguishable from working capital. While the 2017 amendments to the Act made some improvements regarding the use of retention money, there have been issues with non-compliance.

Proposed amendments

The proposed amendments aim to clarify the existing regime in three main ways:

- Strengthen the "on trust" requirement for retention money held;
- Improve the transparency of retention money held; and
- Introduce new offences and penalties in order to deter non-compliance.

Requirements for holding retention money

Retention money must be held on trust and must be held separately from other money or assets. Additionally, the money must be held in a specifically named account with a registered bank of New Zealand or through another complying instrument such as an insurance policy or guarantee.

Where a party holding the retention becomes insolvent, the receiver or liquidator will become trustee of the retention money for the purposes of collecting, managing and distributing it.

Increased transparency

To improve the transparency of retention money held, there are new disclosure requirements. Where a party holds retentions, they must disclose information about the retention money to the other party when it is first retained and then at least every 3 months until the retention money trust ends.

Offences and penalties for non-compliance

Failure to comply with the requirements for holding retention money on trust may result in significant penalties. A company that commits an offence may be liable for a fine not exceeding \$200,000. Each director of a non-complying company who also commits an offence may be liable for a fine up to \$50,000. There will be a defence to a charge if the director took all reasonable steps to ensure compliance.

Status of the Bill

Currently the Bill has passed the first reading and has been referred to the Transport and Infrastructure Committee. If the Bill is passed, it will come into effect 6 months following royal assent. As with previous amendments, it is proposed that most of the provisions will only apply to construction contracts entered into after the Bill comes into force to give the industry time to make the necessary changes to their business practices.

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18V X2 (36V) LXT® Brushless 530mm (21")
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