TRADE LEADER

APR - MAY 2022 ISSUE

Business 5 ideas to stop your staff from leaving Health & Safety Disposable respirators and COVID-19 Economics Trend towards townhouses Legal Implications of sunset clauses

Protect the environment with your next build



READ TRADE LEADER and contribute towards your LBP Skills Maintenance requirements



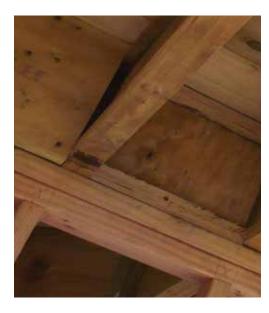


futurebuild

HAVE YOU GOT YOUR MID-FLOOR SORTED?

Talk to us today.

The hyJOIST[®] range consists of NZ made engineered I-Joists that are a cost-effective solution for floor joists, rafters and purlins in both residential and commercial construction. Consisting of structural LVL flanges with a structural plywood web, hyJOIST is lightweight and easy to install. Available in 45mm, 65mm and 90mm in a range of lengths from 2.4m to 13.2m.



For more information visit: www.futurebuild.co.nz 0800 808 131









In the frame

BY MIKE GUY CARTERS CHIEF EXECUTIVE

The most bizarre few years in recent history have become even more unusual and concerning, with recent global events being felt right around the world.

As if the ongoing and lingering effects of COVID-19 weren't enough, the threeweek-long occupation on Parliament grounds came to a violent and very public end in scenes that have rarely been seen in this country.

And now the world is watching a major conflict unfold with Russia's invasion of Ukraine dominating the headlines, and concerns continuing to grow as to how the situation will play out.

The wider effects of global events are really starting to be felt here; higher prices at the petrol pumps are usually a great indication of the squeeze on the economy, and they're continuing to grow, while the worldwide supply of materials is becoming an increasing headache for manufacturers.

As a major supplier, CARTERS is in a difficult position due to the supply chains being put under pressure, and there are a number of reasons for that. Manufacturers are faced with staff shortages due to COVID-19, as are the delivery channels. Raw materials aren't as readily or easily available, and that flows through the system as well.

The result is – and it's not news to those within the industry – that some materials or products we almost used to take for granted just aren't as easily obtainable.

We remain in close contact with our supply partners and customers to monitor how things are going, and we are continuing to source and consider alternative options for products where possible. One such product is Weathertex wall panelling and weatherboards, which we've highlighted in this issue – a sustainable product that not only performs well but also has considerable environmental advantages. The pipeline of work for the construction industry remains strong. Overall, consent numbers continue to show that the flow of work and demand for those in the industry is unlikely to decrease anytime soon.

The supply situation is constantly changing, and difficult to get a clear picture on, but the entire CARTERS team is continuing to work hard to ensure any impacts are minimised.

Our continued support for Master Builders Apprentice of the Year is one way we're proud to support the industry and future talent pipeline. Entries for this year's competition opened on 18th March, so get online and make sure you or your apprentice complete the application to go head to head with the rest of the country – all completed entries score a CARTERS gift pack as a bonus too.

It was also exciting to hear the borders are opening back up internationally, and with that the opportunity for our exciting Advantage overseas hosted trips are back on offer. I invite you to join us to experience the best of Dubai in October this year. Registrations are open now and we expect this to be a great trip that delivers a really unique experience in a safe destination.

If there's anything you need to know or questions you want answered, please don't hesitate to contact your CARTERS Account Manager.



MIKE GUY CARTERS Chief Executive

TRADE LEADER.

CARTERS Trade Leader is produced by TLP Media Ltd 6 times a year in association with CARTERS.

MANAGING EDITOR

Scott Wilson P: 021 725061 E: scott.wilson@tlpmedia.co.nz

PRODUCTION Cube

ENQUIRIES

TLP Media Ltd, PO Box 21081 Hamilton 3256 **E:** tlpmedia@tlpmedia.co.nz

COVER IMAGE CREDIT Castlepeake Architecture / Weathertex

TLP Media Ltd reserves the right to accept or reject any editorial or advertising material. No part of CARTERS Trade Leader magazine may be published or reproduced without the express permission of the publisher. All rights reserved. Opinions expressed in CARTERS Trade Leader are not necessarily those of CARTERS or the publisher. No responsibility is accepted for the suggestions of the contributors or conclusions that may be drawn from them. Although the publisher has made every effort to ensure accuracy, the reader remains responsible for the correct selection of any tools, equipment, materials or systems followed, as well as the following of any laws or codes that may apply.



EASY TO INSTALL

EASY ON THE PLANET

EASY TO SEE WHY IT'S AN EASY CHOICE

Made in the world's newest, high-tech insulation factory, **eco**insulation[®] glasswool provides benefits not available from other insulation. It is formulated, tested and warranted for New Zealand conditions. The full product range now has DriTherm[®] technology meaning it is resistant to moisture and highly durable. Manufactured using recycled glass bottles with no added dyes or formaldehyde, the natural brown colour of **eco**insulation[®] glasswool signifies a product that is even kinder on the environment and super easy to handle.



Gold standard Eurofins Indoor Air Comfort.





DriTherm[®] Technology enhances product durability and resists moisture.



ECOSE® Technology, a sustainable, bio-based binder that contains no added formaldehyde.





IT'S AN EASY CHOICE

Find us at **ecoinsulation.co.nz**

Features



Protect the environment with your next build

INDUSTRY

Producing a range of cladding products, Weathertex uses an environmentally friendly manufacturing system to create a better-than-zero carbon footprint.

²² Stop your staff from leaving

BUSINESS

Is there a way of incentivising your staff to be both self-driven and loyal to your business? Business Coach Daniel Fitzpatrick looks at some options.



Articles

06 CODEWORDS

HISTORY OF LBP SCHEME - PART 6

In the final article we look at the issues of continuing professional development and skills maintenance.

08 CODEWORDS

BUILDING LICENCE CANCELLATIONS

What are the expectations under the LBP scheme?

¹⁰ HEALTH & SAFETY

DISPOSABLE RESPIRATORS AND COVID-19

WorkSafe has recently released guidance on the use of disposable P2 and N95 respirators to protect workers against the transmission of COVID-19.

¹² INDUSTRY

APPRENTICE OF THE YEAR

With entries now open for 2022, take a look at what's in it not only for apprentices but also their employers.

¹⁵ ECONOMICS

INCREASED TREND TOWARDS BUILDING TOWNHOUSES

The trend towards building townhouses is being led by Auckland, with other larger centres around the country starting to follow suit.

¹⁹ INDUSTRY

STRONG PIPELINE FOR CONSTRUCTION AHEAD

The National Construction Pipeline Report paints a positive picture for the industry in the years ahead.

²¹ INSURANCE

THE NEED FOR CONTRACT WORKS INSURANCE

Keeping contract works insurance up-to-date on a building project is vital. Ben Rickard explains more.

³¹ LEGAL

THE IMPLICATIONS OF SUNSET CLAUSES

What are sunset clauses, and how can they impact your building projects?

Part #6

Why do we need The sixth and final article in the series looking at the history of LBP continuing professional development (CPD)?

"The Government's goal is a more efficient and productive sector that stands behind the quality of its work; a sector with the necessary skills and capability to build it right first time and that takes prides in its work; a sector that delivers good-quality, affordable homes and buildings and contributes to a prosperous economy; a well-informed sector that shares information and quickly identifies and corrects problems; and a sector where everyone involved in building work knows what they are accountable for and what they rely on others for."

The Licensed Building Practitioners scheme was built around this statement, which, incidentally, is just as relevant in its concept today as when it was written prior to 2004. The part which says "a well-informed sector that shares information and quickly identifies and corrects problems" is the basis for what is arguably the single most contentious aspect of the scheme – CPD, or, as we know it, skills maintenance.

In August last year, the High Court in Wellington found that fundamental building errors and failures by builders to follow installation instructions were so significant, it was not possible for the 144 owners of leaky buildings to prove that a flaw in the fibre cement cladding product was the cause of their weathertightness problems. This failure to follow instructions was also alluded to in the 2002 Hunn Report into the weathertightness of buildings.

It is important to remember at this point, that The Hunn Report referred to the weathertightness issue as a "systemic failure", where a wide range of things aligned to cause the problem – the rules, the design, district planning, building practices, training, the inspection regime, materials, product testing and appraisals, literature availability, accountabilities on site... there was no single factor to blame.

What is skills maintenance?

Nobody wants to do a job incorrectly or badly, but, the truth of it is, that if you have not read the manufacturer's installation instructions and understand how and why that product works, this is going to be the inevitable outcome.

If the designer doesn't do her or his homework they will potentially be specifying a component or system that is not really right for that situation, or if the building practitioner substitutes the specified one for something similar, then it's going to be the same outcome – products and materials that are possibly not fit for purpose.

This is especially relevant today in light of the supply chain issues we have been encountering throughout the industry. The building consent authorities are being realistic in this regard, having additional resources available to determine which items or components may be substituted by others. The important thing is to talk to them before you change it.

To find this alternative component, a bit of research is needed – will the substituted product have similar characteristics to the original? Sometimes an expert is needed to provide the BCA with verification that it does, so talking to the designer in the first instance is vital. This is perfect skills maintenance territory – the research, the discussion with the experts and the council, and showing the apprentice or tradespeople how and why this was done and how it works.

In this case, you can cover both 'On the job learning' (the research and what you learnt) and 'Elective activities' (the teaching). For the LBP that is being shown, it is also an Elective activity.

THE MAIN THING ABOUT SKILLS MAINTENANCE IS RECOGNISING IT - IF YOU HAVEN'T CARRIED OUT A CERTAIN TASK BEFORE, OR YOU LAST DID IT A LONG TIME AGO AND NEED TO HAVE ANOTHER LOOK AT HOW IT'S DONE - IT'S PROBABLY SKILLS MAINTENANCE. IT'S THAT EASY!

Watch out for a future article here for hints and examples of these learning opportunities.



There is also the issue of recording the skills maintenance once you've recognised it. With the technology we have today, it is a simple exercise – just search LBP on your phone, log in using RealMe, and click on Skills Maintenance on the left hand side of the screen.

This brings up everything you need – you can complete the quiz questions found at the bottom of this article, record the details of the trade breakfast you went to this morning, or, if you have a few minutes, you can complete the On The Job Learning section with what you have just learnt.

If you're not able to do this on your phone, use the same procedure on your computer when you get home, or if you're not that tech-savvy, write it in the back of your diary that day.

Once you get used to doing this regularly, you can keep up with your skills maintenance throughout the year with only a few minutes every couple of weeks, and it's all there and complete at the end of your two-year skills maintenance cycle – no need to panic when you haven't started it and you need to relicense next week - it's already finished! Again, it's that easy.

This brings the History of the LBP

series to an end. A number of LBPs were not even born when the journey began back in the 90s, and a lot of others have forgotten why the scheme come into being.

The main reason for this series was to reinforce the necessity for us all to continue learning, whether it's the big stuff or the small, it all comes down to the "wellinformed sector that shares information and quickly identifies and corrects problems".

How many times have you heard the boss say "you'll learn something new on the building site every day..." – now that's skills maintenance!



CODEWORDS QUIZ

What is the inevitable outcome of not reading the manufacturer's installation instructions?

- A. Nothing I did it this way last time and it worked
- B. Nothing no one will know
- C. The installation could very possibly be incorrect
- D. Nothing it'll be fine

Which of the following is not an example of skills maintenance?

- A. Researching a product I haven't used before
- B. Studying up on something I did a long time ago, and have forgotten the details
- C. Showing the apprentice how to do something, and explaining why it needs to be done this way
- D. Buying a new ute
- E. Discussing a product substitution with the designer

Can you record your skills maintenance at any time using your mobile phone?
A. No
B. Yes

Answers: 1. c 2. d 3. b

Grounds for complaints

BY IRINA VANAGS, INVESTIGATOR OCCUPATIONAL REGULATION TEAM MINISTRY OF BUSINESS, INNOVATION AND EMPLOYMENT



The Licensed Building Practitioners scheme (LBP) was introduced in 2012 in order to improve the construction sector's performance and hold practitioners to account. While the LBP licence comes with a formal recognition of the builder's competence and grants the holder a right to carry out or supervise restricted building work (RBW), it also sets up high expectations of the LBP's performance and behaviour. The RWB has to be completed to a certain standard and be compliant with the Building Code. Deviation from the expected standards or the building consent, negligent work and failure to provide a record of work (RoW) are just a few examples of grounds for complaints the Building Practitioners Board (the Board) receives from the affected parties.

There are 11 grounds for discipline as stated in section 317 of the Building Act 2004. Those include:

- being convicted by any court in New Zealand or elsewhere of any offence punishable by imprisonment for a term of 6 months or more
- carrying out or supervising negligent or incompetent building work
- carrying out or supervising building work of a type that the practitioner is not licensed to carry out or supervise
- carrying out or supervising building work that does not comply with a building consent
- failure to provide a Certificate of Work about any plans and specifications required to accompany the building consent application (Designers) or a Record of Work on completion of the RBW (Building Practitioners)
- holding oneself as being licensed to carry out or supervise certain building work or building inspection of a type that he or she is not licensed to carry out
- making a false declaration or representation, knowing it to be false or misleading
- breaching the code of ethics for Licensed Building Practitioners
- conducting oneself in a manner that brings, or is likely to bring, the LBP regime into disrepute.

The most common ground for discipline is negligent work or poor workmanship. This may include anything from using incorrect fixings to basically any deviation from good trade practice or the Building Code. It is important to remember that the term "negligent work" covers not only the RBW but any type of building work where the LBP did not demonstrate due diligence in completing the work.

If an LBP does not provide a Record of Work (RoW) following the completion of RBW, they may also face a penalty. Remember, if you did not complete the project, or your contract was terminated, you are still required to provide the RoW for the amount of work you completed.

CODEWORDS

The most common ground for discipline is negligent work or poor workmanship. This may include anything from using incorrect fixings to basically any deviation from good trade practice or the Building Code.



It is worthwhile mentioning that at the moment the Board does not enforce Code of Ethics breaches, simply because the Code of Ethics was only recently developed. There is a one year transition period until 26 October 2022 for the LBPs to familiarise themselves with the expected standards of behaviour in the industry.

So, what happens if your client/contractor/council makes a complaint against you to the Board under one of the above grounds? An Investigator from the Ministry of Business, Innovation and Employment (MBIE) will contact you and provide you with a full set of complaint documentation. You will have 20 working days to study the documentation, consult with your lawyer (if necessary), obtain expert opinion (if required) and produce a response.

While the situation may be extremely stressful for you, it is a good idea to provide your response to the Investigator, as this is your chance to present your side of the story, explain your actions, and provide evidence to support your statements. Upon receiving your response the Investigator will write a report to the Board summarising the information received from both parties. Consent-related documentation may be requested from the Council as well.

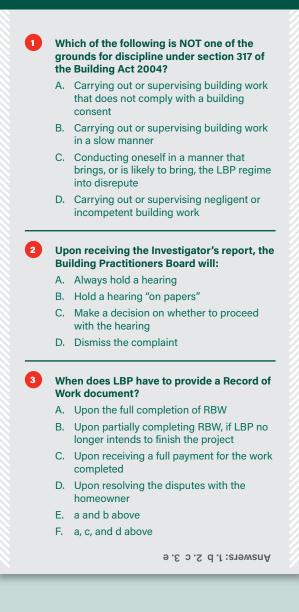
The Board makes a decision on whether to proceed with the hearing. The hearing can be held on papers in some cases, which means that the Board will make a decision based on written submissions from both parties. The purpose of the hearing is to further investigate and determine if a disciplinary offence has been committed by the licensed building practitioner. If the Board decides it has, then they will also consider the appropriate penalty, if any costs should be imposed, and whether the matters should be published.

The penalties may include one or more of the following:

- Suspension or cancellation of the LBP licence.
- Restrictions on the kind of work LBP can do.
- A fine of up to \$10,000.
- Order the LBP to complete certain training.
- A formal reprimand of the person.
- Order the LBP to pay costs.

Knowing your rights and responsibilities, fine-tuning your client interaction practices and increasing your level of competence would help you achieve high level of compliance with the current legislation and avoid going through the stressful disciplinary process.

CODEWORDS QUIZ



CARTERS Your Building Partner

9

Using disposable respirators to protect from COVID-19

Some businesses, services, and workers want to use disposable respirators – like P2 and N95 – to protect from COVID-19.

In New Zealand P2 and N95 disposable respirators are recommended to protect from COVID-19 for:

- healthcare workers who are at the highest risk of infection, especially those looking after COVID-19 patients
- workers in specific high-risk areas, such as the border and managed isolation facilities.

If you decide to make disposable respirators a requirement within your workplace to protect from COVID-19, you must comply with your duties under the Health and Safety at Work (General Risk and Workplace Management) Regulations 2016. This means there are some things you need to do.

For more information, see: Health & Safety at Work tinyurl.com/Regulation-17 Worksafe RPE Quick Guide tinyurl.com/WorkSafe-RPE

Carry out a risk assessment

A risk assessment is important to understand who may be exposed and require greater protection. Remember, you should avoid using respirators where it's not necessary.

You may wish to seek advice about completing a risk assessment. One way you can find specialists to provide advice on carrying out risk assessments for COVID-19 at work is using the HASANZ register. There will be a cost for their service.

Consider the additional risks of wearing a respirator, such as any impact on the fit of other PPE. Check that the work tasks can be carried out safely while wearing a respirator.

Put other control measures in place first

Although respiratory protection is important you should also consider other controls, such as:

- improving ventilation
- putting in place physical barriers
- using physical distancing, and
- limiting the number of people in a space.

Inform workers of the risks to their health when wearing a respirator

Wearing any form of respiratory protective equipment (RPE) puts an additional burden on the cardiac and respiratory systems. Make sure you discuss these risks with your workers so they can make an informed choice about wearing disposable respirators to protect from COVID-19.

You need to make sure workers with relevant existing conditions have a medical assessment before using disposable respirators.

Carry out fit testing for workers who will be wearing disposable respirators

Fit testing is important to ensure the respirator selected provides a good seal to protect the wearer. Without that seal, the virus can make its way past the respirator.

There is no such thing as a one size fits all. You must ensure that the respirator fits the wearer and is comfortable. This means you may need to provide a variety of respirators for your workforce.

Fit testing should be carried out by a person who is competent, such as those on the Commit2Fit register.

Fit testing is in high demand and may not be immediately available. Until fit testing can be carried out, training and supervision for wearers is even more critical. You and your workers should prioritise this.

Train workers on the correct use of disposable respirators.

Your workers must be trained to put their respirator on, wear it correctly, and take it off. They must also be trained to carry out a seal check each time they put the respirator on. Follow manufacturers' guidelines on these tasks.

Workers need to pay attention to:

- the respirator's position on their face
- wearing the straps in the correct position .
- wearing the respirator with other PPE, glasses, or jewellery correctly
- being clean shaven where the respirator seals the face
- other factors that affect fit such as significant weight loss or gain, dentures, or facial surgery.

Note: Facial hair and stubble - even one day's growth -

make it almost impossible to get a good seal. If your workers have beards you will need to consider alternative controls to manage the risk of COVID-19.

Make sure workers know when to change respirators and how long they can be used for the task being undertaken

Set clear expectations for how long a respirator can be used. Follow the manufacturer's instructions or guidance about the use of respiratory protection for COVID-19.

Document details in workers' personnel records

Make sure you keep records of the training and fit testing each worker receives.

Have a process in place to issue and maintain the disposable respirators

Make sure workers know how to dispose of used respirators safely and where they can get new ones.

If you decide your workers should wear disposable respirators to protect against COVID-19, you are responsible for providing them, fit testing, and providing a medical assessment if required. Your workers shouldn't be made to pay for their own respirators.

Make someone responsible for your respiratory programme

Good supervision is essential to ensure respirators are used and worn correctly at work. Make someone responsible for checking this so your workers remain protected.

Expectations about fit testing for disposable respirators used to protect against COVID-19

In the current situation, when a business or service decides to use disposable respirators solely to protect against the risk of COVID-19, it may not be reasonably practicable to complete fit testing by an appropriately qualified person before using the respirators. This is due to the rapid increase in use of respirators in response to COVID-19 and the significant demands on professional fit testing services at the moment. Where fit testing is available, it may also not be reasonably practicable to achieve good practice of re-fit testing every 12 months.

In these situations, we still expect other aspects of a respiratory protection equipment programme to be in place, such as a clean-shaven policy, training, and supervision. And that businesses and services have fit testing carried out as soon as possible to meet their duties under regulation 17(1) (a)(ii) of the Health and Safety at Work (General Risk and Workplace Management) Regulations (see link below).

This only applies to situations where a business or service has decided to use disposable respirators solely to protect against COVID-19.

In all other situations, including for general infection prevention and control, we expect businesses and services fit test all workers wearing tight fitting respirators to meet their duties under regulation 17(1)(a)(ii).





11



APPRENTICE OF THE YEAR

Entries for this year's Registered Master Builders Apprentice of the Year in partnership with CARTERS are open, paving the way for another batch of apprentices to make their mark on the building and construction industry.

This leading competition recognises excellence among carpentry apprentices and raises awareness of career opportunities in the industry.

As a well rounded apprentice, Apprentice of the Year will not only test your project management, business and presentation skills, but also your practical skills on the tools. Regardless of your training provider or who you work for, this year the competition has been opened to carpentry apprentices of all ages. Don't delay, entries close 14 April 2022.

ENTRY CRITERIA

- Entering for the first or second time
- Completed at least two years of your National Certificate in Carpentry on-site by 14 April 2022
- Be an apprentice at the time entries closing on 14 April 2022
- Be employed by a builder at the time of the regional competition being judged in June

WHAT'S IN IT FOR EMPLOYERS?

This is a great opportunity to celebrate you, the employer, for investing in apprentices and giving back to New Zealand's construction industry.

By helping your apprentice realise their potential you'll receive business exposure, recognition from industry leaders and be seen as a great employer who values staff and the future of the industry.

Plus receive an Employers Award for mentoring winning apprentices.

Here's what past Employers had to say:

Chris Keane, Keane Building

"There are so many benefits they gain from being in the competition. Not only tips, but also getting to know people and the experience. Even if they don't win, there is so much to be gained, winning is just the icing on the cake really. Secondly, it's a great marketing opportunity. It's all over social media, so it's really good, free marketing for the company."

George Pringle, GD Pringle Building Ltd "Knowing that we've trained our apprentices to such a high standard to compete on a national scale is amazing. Seeing them come so far, being able to advertise our business on a national scale through all the social media is also really rewarding."

WHY ENTER?

- Build confidence in yourself and your skills and see how you measure up against other apprentices
- Receive recognition of your skills, which is valuable for future employment opportunities
- Get a head start on business skills, through the entry process of being interviewed and undertaking a site visit
- Pick up some great prizes at the Regional and National competitions





2021 Apprentice of the Year Jarred Badham

For more information and to keep up with the competition and regional events



www.apprenticeoftheyear.co.nz //registeredmasterbuilders

(O) @masterbuildernz



Amendments to the Hazardous Substances Regulations Complete

MBIE has finalised its amendments to the Health and Safety at Work (Hazardous Substances) Regulations 2017 (the Regulations). The amendments came into force on 5 January 2022.

Most of the amendments address minor drafting details identified after the Regulations came into effect. Others ensure consistency between requirements, especially those that address similar matters. There are also updates to the versions of certain standards.

A smaller group of amendments address technical issues arising from the transfer of requirements from the Hazardous Substances and New Organisms Act 1996 to the Regulations, including in the:

- separation distances for the storage of toxic (class 6) and corrosive (class 8) substances
- storage of LPG, particularly in pre-2004 tanks and filling stations, and in pre-2010 tanks
- storage of flammable liquids, including paints and other surface coatings in retail shops

The amendments are now available on the New Zealand Legislation website and when the amendments come into force, current regulations will be updated to include them.

WorkSafe will update its guidance to incorporate the amendments. We will also provide more specific guidance for some amendments, such as those that deal with the separation distances for the storage of class 6 & 8 substances.

6		
Q	+	

For more information, see: 2021 Amendment Regulations tinyurl.com/2021-Hazardous-Substances Current 2017 Regulations tinyurl.com/2017-Hazardous-Substances

ence



9-15 October CARTERS Advantage»

Join us for a wonderful journey to explore exciting Arabian destinations and experience them in style!

There's a range of fantastic activities and adventures to suit everyone in the UAE.

- Venture to the top of Burj Khalifa
- Discover gold souks and jewellery markets
- Tantalise your senses at the spice markets
- Marvel at the Grand Mosque
- Test drive a Ferrari or ride roller coasters at Ferrari World
- Visit the Dubai Frame 'a tale of two cities' highlighting the past and future
- Shop in the world's largest mall
- Snow ski in the morning and then relax by the beach
- Play a round of golf on world renowned courses

The wonderful beauty, culture and uniqueness of the United Arab Emirates awaits!

Package Pricing:

40,000 Advantage Points per person twin share*. Includes flights, 6 nights five-star luxury accommodation, activities, food & beverages and a dedicated CARTERS events team.*

ISDITE

*Terms & conditions apply. Payment can be made in Advantage points or a combination of points and cash. For full tour inclusions and information see the Advantage website.



LIMITED SPACES SO GET IN QUICK. Register today at www.cartersadvantage.co.nz

Resources at your fingertips.



Experience our interactive 3D installation models at jameshardie.co.nz/resources.



Get WORKINGSPEC from Apple App Store/Google Play





ECONOMICS

IN AUCKLAND, CONSENTS FOR NEW TOWNHOUSES MADE UP AROUND 30% OF CONSENTS FOR TOWNHOUSES PLUS HOUSES IN 1992 VERSUS AROUND 20% FOR THE REST OF NZ, BUT BOTH FELL TO BELOW 10% BY 2013

Some implications of the trend to townhouses

BY RODNEY DICKENS

Building townhouses that includes terrace housing has become fashionable again after it went out of favour in the 2000s. In Auckland it has become so fashionable, it exceeds the building of stand-alone houses while several other larger centres are starting to follow the Auckland trend.

In Auckland, consents for new townhouses made up around 30% of consents for townhouses plus houses in 1992 versus around 20% for the rest of NZ, but both fell to below 10% by 2013 as shown in the chart. However, in the last six months, it was 62% for Auckland and 27% for the rest of NZ. In terms of numbers, in the last six months, there was an average of 934 consents for new townhouses per month in Auckland and 598 in the rest of NZ.

The trend to townhouses is in response to high section prices undermining the affordability of building stand-alone houses and, in Auckland, policy changes like the Unitary Plan that made it easier to get approval to build multi-unit developments on larger sites with existing dwellings.

The trend will be encouraged in Auckland, Hamilton, Tauranga, Wellington, and Christchurch by the government's plan to allow three homes of up to three stories to be built on most existing dwelling sites without requiring resource consent; albeit there are restrictions (see the link below).

A major attraction of building townhouses and terrace houses in especially Auckland where section prices have soared, and the average section size shrunk is the average size is around 115 sqm versus 215 for standalone houses while the cost of building per square metre is similar to houses. This means townhouses offer a more affordable option for buyers, some of whom have been forced to accept smaller new dwellings to be able to afford them.

Like any fad, there are likely to be an increasing number of builders getting involved in building townhouses and terrace housing. This will bid up prices for existing dwelling sites that are easiest to develop and potentially resulting in an oversupply, particularly in Auckland where population growth has ground to a halt following the closure of the international border to most migrants. Sharply rising existing house prices helped make intensifying existing dwelling sites more profitable but rising building costs and much slower upside in existing house prices raise the possibility of builders making losses on such developments. This makes it more important now to robustly assess costs, demand and potential selling prices.



Townhouse as % of Townhouse & House Consents Rolling 6 month averages for new dwelling consents

To see the official announcement, see www.beehive.govt.nz/release/red-tape-cut-boosthousing-supply









Environmental sustainability continues to be a high priority at Winstone Wallboards. Throughout 2021 we've been working to improve our sustainability position particularly around improving the availability of plasterboard offcut recycling options.

GIB® Plasterboard Offcut Recycling

Working with a diverse range of waste collection businesses from around the country plasterboard offcut site collection services are currently available in Auckland, Nelson, Christchurch and Queenstown with further regional services on track to be introduced throughout 2022. There are also a growing number of regional council offcut collection points at landfill sites as well as a growing number of composting companies looking to accept plasterboard offcuts into their operations.

Why does this all matter? Because not only does it reduce the amount of waste going to landfill, but the gypsum that's extracted from the plasterboard offcuts is reused for compost and other agricultural products.

To learn more about recycling options for GIB® plasterboard including a list of current providers go to gib.co.nz/ sustainability/

Minimising Plasterboard Waste

Most of us know that plasterboard offcuts are among the largest contributors to site construction waste, and to effectively tackle the problem everybody has a part to play. Clear ownership and accountability for waste minimisation, both during design and construction, is essential, and reducing the amount of plasterboard waste created on site is a vital piece of the puzzle. That's why our team has developed a series of practical steps to help installers with 'Onsite Tips' and designers with 'Design Tips' to support the building industry minimising construction waste especially as landfill disposal costs continue to increase year on year.

Composting Guidelines

Why you should consider including Gypsum into composting products is outlined on our 'Plasterboard composting guidelines'. It covers best practice guidance through to the many benefits composting brings.

Environmental Certifications

Winstone Wallboards' holds a number of environmental certifications to help support your project including an Environmental Product Declaration (EPD) for GIB® plasterboard and other certifications such as Global GreenTag and Declare. In 2021, GIB Aqualine®, GIB Weatherline®, GIB Barrierline®, GIB Toughline® and GIB Toughline® Aqua became the GECA (Good Environmental Choice Australia) Ecolabel certification which is a recognised ecolabel on both sides of the Tasman.

Moving in to the New Year and reflecting on 2021, we take great pride in our achievements and new partnerships. But the journey is far from over, we look forward to having an even greater impact on all things green in 2022 and beyond.

CARTERS Your Building Partner TRADE OFFERS.



when you spend \$500 (excl GST) on GIB® Performance Plasterboard*

Thakita

Offer ends 31 May 2022 & applies to cumulative spend in April & May 2022 on GIB Performance Plasterboard excluding GIB* Plasterboard accessories, GIB* Rondo* and 10mm GIB* Standard with every \$500 spent earning an entry in the draw. For full details, terms & conditions, see carters.co.nz

Promotion exclusive to CARTERS TRADE ACCOUNT HOLDERS.

makita









GIB Plus 4[®] Compound 4L PPGAP44



GIB-Cove[®] Classic Cornice 55mm x 3.6m PPGAGC3655

- Classic and stylishEasy to install
- 3.6m lengths Available in 55mm, 75mm and 90mm profiles to suit different ceiling heights and applications







GIB-Cove[®] Bond 90 20kg PPGACB9020



Trade Offers pricing and promotions valid from 1 April to 31 May 2022 unless otherwise stated and not available in conjunction with any other discount or offer. Exclusive to CANTERS trade account holders and trade discounts do not apply to advertised pricing. FREE STUFF rewards are provided at point of sale or via redemption (as indicated) while stocks last. A maximum of one reward per qualifying customer per promotion unless otherwise stated. Products may

not be available in all CARTERS branches but can be ordered in at the advertised price. Lead time may apply. The actual product or promotional offer may differ slightly from that pictured. Any trademarks are the property of the respective owners. CARTERS Promotional Terms & Conditions of Sale apply, see carters.co.nz for details.

Strong pipeline for construction sector

The National Construction Pipeline Report 2021, which was released at the end of last year, paints a positive picture for the construction industry and shows it has coped well with pressures caused by the COVID-19 pandemic.

The report provides a forward view of national building and construction activity over a 6-year period and is based on building and construction forecasting by the Building Research Association of New Zealand (BRANZ), and data from building economics consultancy Pacifecon NZ Ltd on known non-residential building and infrastructure intentions.

According to the report, the construction sector is now the fourth biggest employer, with more than 280,000 people working in the industry. It also indicates that residential construction is the largest contributor to national construction activity, while infrastructure activity is forecast to reach \$11.2 billion in 2026.

"The sector can be confident that current levels of demand are expected to continue for some time," Minister for Building and Construction Poto Williams said.

"[The] report shows that despite disruptions from COVID-19, construction activity is forecast to grow steadily to about \$48.3b in 2024, driven largely by the residential sector," Poto Williams said.

The annual report provides a projection of national building and construction activity through to 31 December 2026, based on current settings. It includes national and regional breakdowns of actual and forecast residential building, nonresidential building and infrastructure activity.

Residential construction remains the largest contributor of national construction activity, making up 58 percent of total construction value in 2020.

"Demand for housing remains strong and will continue to play a lead role in the industry's COVID-19 recovery, with residential construction forecast to keep growing for the next few years," Poto Williams said.

The construction sector is now the fourth largest employer in the country employing over 281,400 people for the year ended September 2021.

"This has been helped by the Government's ongoing investment in skills and training with the Construction Skills Action Plan exceeding its target of supporting an additional 4,000 people into construction related education or employment since it was launched in 2018," Poto Williams said.

"The report also forecasts an increase in infrastructure activity, reflecting the high levels of government investment in this area.

Infrastructure activity is expected to grow steadily, from \$9.2b in 2020 to reach \$11.2b in 2026. Growth is expected to be particularly strong in Auckland and Waikato/Bay of Plenty.

"This Government's swift actions to invest in infrastructure development at the start of the COVID-19 response has meant that the sector has been able to retain and attract talent at a critical time. The sector is now in a robust position to build back better and continue to deliver on this strong pipeline of work," Poto Williams said.

Construction activity is forecast to grow steadily to about

\$48.3 Billion

in 2024

construction sector is now the fourth biggest employer, with more than

280,000

people

Infrastructure activity is expected to grow steadily, from

\$9.2b - \$11.2b

2020 to 2026

StealthMounts®



09 579 8080 | info@toolware.co.nz | Stockists: toolware.co.nz/stockists

The need for valid contract works insurance



BY BEN RICKARD, TRADE INSURANCE EXPERT, BUILTIN INSURANCE

If your client has arranged the contract works insurance, make sure they extend it if the project is delayed. Don't assume your public liability insurance will cover damage to the contract works, as it may not!

With the market under pressure from all angles at the moment, there are plenty of projects running over their expected completion date. If you don't remember to extend the contract works insurance then you risk not having cover if something happens after it expires.

In a nutshell, contract works insurance covers accidental damage or loss to the works being built.

We recently dealt with a claim where the homeowner was responsible for taking out contract works insurance (since it was an alteration to their existing house). The project was extended and delayed by 6 months, but the homeowner forgot to extend the insurance. Some damage occurred to a concrete floor that was laid as part of the project, but it wasn't insured since the contract works policy had expired before the damage happened.

Good practice:

- Set a reminder to ensure your client extends the insurance if a project is delayed
- Get evidence that they have done so (a copy of the certificate)
- Agree who is responsible for the excess if there is a claim
- Ensure your contract stipulates the penalty if the insurance is not correctly obtained. Ie. that the builder is not liable for any costs if they would have been covered by insurance that the homeowner has failed to obtain or maintain

The contractor is potentially liable for the repair cost, since they did the damage. However, it could be argued that they should not have to pay, as it would have been covered by insurance if the homeowner had extended the policy (as they were contractually obligated to do).

If you're thinking that the damage should be covered by the builder's public liability insurance, this is complicated. Public liability only covers your liability for damage to someone else's property. So, it would only be a public liability claim if the damaged concrete floor was owned by the homeowner, not the builder, at the time it was damaged.

In reality, many building contracts and terms of trade state that the works under construction are owned by the builder until they are paid for in full and handed over at the end of the job. If the damaged contract works are not yet owned by the homeowner then they haven't suffered a loss. That means a liability claim can't be made. Even if they have made progress payments to cover work done, the contract conditions may still expressly state that the builder owns the works until completed and fully paid for.

Here's an example from a contractor's terms of trade:

The Contractor shall retain ownership of the Works and all Materials until the Customer has paid all of the Price to the Contractor. On payment of the Price, ownership of the Works and Materials shall transfer to the Customer. The Contractor shall at all times retain ownership of all tools, materials and equipment that it provides or leaves at the Site.

It might help to think about it this way:

If you've supplied it your public liability insurance won't cover it if it's damaged during the project. It should be covered by the contract works insurance.

Some homeowners are reluctant to claim on their contract works insurance if the damage is caused by a contractor. But that's what the policy is there for and it covers the builder and subbies too. You are as entitled to make a claim on it as they are, it doesn't matter who arranged it.

If the damage is to some pre-existing property, ie. not part of the contract works, then it could be a public liability claim. A contract works policy doesn't cover pre-existing property (except if expressly added in certain situations).

In most cases the best way to think about it is if the damage is to part of the property under construction it is insured by contract works insurance. If the damaged property is outside the works then it's a public liability claim.

In a Nutshell - Make sure your client extends the contract works insurance if the project is delayed!

Disclosure: The information presented in this article is general in nature and not intended to be financial advice for individual situations. You should speak to an expert about your specific circumstances and needs.

Builtin are New Zealand's Trade Insurance Experts For more information visit:

builtininsurance.co.nz | ben@builtin.co.nz | 0800 BUILTIN

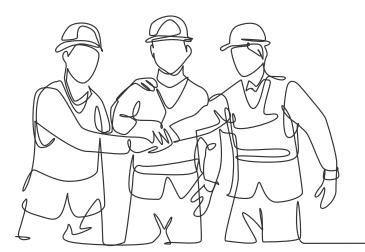
Five incentive ideas to keep your best staff from leaving

BY DANIEL FITZPATRICK

Nothing stings more than losing one of your stand out workers. You know who I'm talking about - the ones that always turn up on time, have a great attitude and never let you down. They'll go the extra mile because they take pride in their work.

Things tick along nicely...until they ask for a 'quick chat.' They've had an offer they can't refuse and they're off. You ask what you can do to keep them, but that ship has sailed.

carters.co.nz



Great staff are worth their weight in gold at the moment. So how do you make sure your best staff stick around?

Great staff are worth their weight in gold at the moment. So how do you make sure your best staff stick around? Think about your current team. Who can you not afford to lose?

Then consider this...

• Can your incentives pass the poacher test?

Say your best employee got approached tomorrow with a job offer. What would stop them saying 'yes'?

Losing a valuable team member hurts.

The best incentives help you build a culture that people won't want to leave.

Everyone wants to know where they're heading. Help them get what they want in their lives. Invest in training them. Align their goals with your business goals. Show them how working with you gets them the career path they want. This creates loyalty and they are less likely to get poached.

Give great bonuses for hitting targets, like the team gets a certain dollar amount for completion of a job on time or early. Consider a \$10K bonus if they are still with you at the end of each year.

For the ultimate employee, consider offering a profit share or even an ownership share to keep them for good. Without stating the obvious, these incentives should only be considered for your MVPs.

2 Do you know what your staff want next?

Long-term incentives are crucial for retention, but you've also got to walk before you can run. Knowing what your team wants in the short-term matters, too.

Have you spent time finding out what your team members value most? Don't assume you know what they consider good perks. Ask them and find out what they really want. They'll give you powerful incentive ideas for now and later on.

Show them how going the extra mile will help you help them achieve that goal. One business owner I work with goes out

of his way to help out his staff. In their first few months, he finds a way to contribute to their personal lives. This could be setting them up with a mortgage advisor if they're looking for a house, or they get to leave an hour early to coach their kid's sports team on Thursdays.

The point is, it's what matters to them.

3 Is your incentive program breeding entitlement?

Entitlement. It's the last thing you want in a staff member. So how do we stop it creeping in from incentives?

You might do this already; keep them random. Shout your guys the odd coffee here and there. Give them a gift card to the local tool supplier when a curveball meant they really had to dig in to get a job done on time and they knocked it out of the park.

At the risk of stating the obvious, the key lies in the inconsistency. They're informal gestures that say 'we appreciate your effort.' Keeping them unexpected is what keeps entitlement at bay. If staff don't know they're coming, then expectations don't grow.

That said, random incentives are a move, not a game plan. They're valuable, particularly if you sense entitlement brewing. But they're best placed as the cherry on the incentive cake, not as the cake itself.

• How often do you ask your team members for their number?

You've asked each staff member what they prefer as an incentive. Extend the buy-in. Ask them to come up with their own performance goals.

Go through this process together. Agree on something, then catch up regularly to help them stay on track. This doesn't have to be long (10mins weekly should do it) but consistency is key.

CONTINUED OVER...



Recognition is powerful. Research shows that 63% of staff who feel recognised are highly unlikely to look for a new job.

CONTINUED FROM PREVIOUS

For example, if your

apprentice wants to work on turning up on time or improving their attitude, and you agree, hold them accountable to these performance goals by grading them out of 10 at the end of each week.

Do this with each of your team so everyone has something they're aiming for. This way they don't get bored, as studies show being bored in their current role is the biggest reason people look for a new one.

Keep your team challenged by giving everyone a number that they're accountable to. The best sports teams are great at this. The players hold each other accountable, not the coach. When everyone has their number, your guys will help each other out too.

5 How big are you on the little things?

Incentives are great, but they're not your only tool to building a team that loves working for you.

Recognition is powerful (and definitely a lot easier). Research shows that 63% of staff who feel recognised are highly unlikely to look for a new job.

On the flip side, a lack of recognition is why 44% of employees change jobs.

One tradie I worked with had an admin person who was on a bit of a performance roller coaster. She wasn't quite giving the boss what he needed. Productivity fell, especially when she was at home during the holidays. Deliverables weren't meeting deadlines or required standards.

Tough conversations weren't working. Turns out she finds it hard if she's not encouraged. Once he said things like 'thanks for your work on that project – I couldn't have done it without you', there was a huge change. She was diligent again and a lot easier to work with.

So what drove this change? Not a lot, actually. Just her boss made her feel appreciated by acknowledging what was true – he couldn't have done that task without her. Sometimes we can overlook the power of recognising the value of what our team does every day. This recognition doesn't have to only come from you. Put praise from customers in your group chat. This will make your team feel great about the work they've done.

Recognition of a job well done can be one of the best returns on investment in your business. How often do you say 'thank you?'

So what's the ultimate key to staff retention?

You've got to pay your staff well, but more money isn't always the answer.

Instead, find out what truly matters to them and reward them in that way. Even better, attach it to their long-term professional growth.

Make it personal. Cookie cutter bonuses and incentives can be helpful, but they only go so far.

Align staff incentives with your business goals. This gets everyone on the same page and your business ends up running with the fluency of a Formula 1 pit crew. Well, maybe not quite. But you get the idea.



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



Need some help to get your team performing at the highest level? Book a free strategy chat with me here: nextleveltradie.co.nz/nextstep/

CONZTRUCT NEW ZEALAND'S LEADING CONSTRUCTION TRADE SHOW

RESIDENTIAL • COMMERCIAL • INDUSTRIAL

FREE EVENT

TRADE ONLY

LBP POINTS

COMING TO A TOWN NEAR YOU

MAY - NOVEMBER 2022

We're heading your way, bringing the construction industry together for valuable discussions, to showcase the latest product solutions and bring you LBP workshops that will count towards your skill maintenance requirements.

Whether you're in the residential or commercial sector, there's something for everyone.

Visit the CARTERS CONZTRUCTION ZONE packed with our key building suppliers sharing their knowledge with you and your team.

Plus there are plenty of prizes to be won!



*Terms & conditions apply.



Put your tools down when CONZTRUCT is in town FOR DETAILS SEE WWW.CARTERS.CO.NZ/CONZTRUCT



Weathertex provides environmentallysustainable product range

Sustainability and environmental care are becoming increasingly relevant and important right across the building and construction sector.





From builders managing construction waste, right through to suppliers and manufacturers looking at innovative and alternative ways of producing products, the industry as a whole is taking a more sustainable way of approaching their management of the built environment.

CARTERS supplier Weathertex produces cladding products that not only use environmentally-friendly manufacturing processes but also produce less of a carbon footprint during the manufacturing process than their product can absorb and store, creating a better-than-zero carbon footprint.

Jeff Price is the Manager of ITI Timspec, which supplies Weathertex products to CARTERS, and says the environmental aspect of products being used within the construction industry is becoming increasingly relevant, both for consumers and from a manufacturer and supplier perspective.

"Weathertex is PEFC-certified, Green Tag-certified, uses 97% timber and 3% wax with no additional glues," he says, reinforcing the sustainable nature of the material.

Manufactured in Australia, Weathertex uses no 'old growth' hardwood at any stage, so it has very minimal environmental impact and completely avoids any depletion of natural resources. Weathertex timber product is the only material of its kind in the world containing absolutely no artificial glues or binders and there are no toxic or polluting chemicals used during manufacture. The manufacturing process of all Weathertex products minimises waste by-products through resource recovery systems. This includes creating compost, using the offcut board as fuel, creating briquettes and using it as packaging.

Even Weathertex primed products follow the same pattern, as they are finished with a water-based lead-free acrylic primer, further reducing the environmental impact.

The manufacturing process of all Weathertex products minimises waste by-products through resource recovery systems. This includes creating compost, using the offcut board as fuel, creating briquettes and using it as packaging. Weathertex's on-site water management system is unique and highly sustainable, it reduces water usage by ensuring processed water is treated and recycled.

Like most timber products, Weathertex can be reused/ repurposed for various usages – other construction applications, recycled into packaging, used as fuel or turned into compost. Even in landfills, Weathertex does not rot/ break down, so the carbon stored in it will remain contained indefinitely.

Durability

Weathertex products are highly durable and have been warranty tried and tested not to rot, split or crack for up to 25 years, while all sugars and starches have been removed, making the product resistant to termites.

Because Weathertex products are watertight when installed, there are no silicone control joints required, while a mechanical flashing system adds further durability and protection against the elements.

Installation

Jeff points out that one of the primary drivers for builders in New Zealand is speed and ease of installation of products.

"New Zealand labour costs are high, therefore the need for fast installations is key, which Weathertex gives.

"It has speed of installation, a range of finishes, the client can paint it any colour and, because it's timber, it's easily installed using standard tools," he says.

Weathertex is lightweight and available in a wide variety of profiles. No special tools are required for cutting and, because the 9.5mm thickness is standard across the range, with matching accessories available across the entire product line, it makes it easy to mix different profiles within the same project.

CONTINUED OVER...





Product range

Weathertex has a wide selection of profiles available in a range of sizes, styles and textures.

Primelok and Selflok make up the weatherboard range and are available in both smooth and a variety of textured surface finishes. A series of architectural panels are also available with a range of textures, creating the flexibility of a number of different end results.

There's even a series of natural finish weatherboards and panels available.

The Weathertex range is suitable for both interior and exterior environments and is equally suited to both residential and commercial applications.

Despite supply issues having a major effect on a range of products right across the spectrum of building and construction, Jeff says there are few issues with currently getting Weathertex out of Australia.

"The current flood situation in New South Wales has delayed production for a few weeks but, other than that, the factory is running at around 70%, therefore there is plenty of room to grow and stock levels remain good."

Accreditations

PEFC certified

The Programme for the Endorsement of Forest Certification (PEFC) is an international non-profit, non-governmental organisation dedicated to promoting Sustainable Forest Management (SFM) through independent third-party certification. PEFC works throughout the entire forest supply chain to promote good practice in the forest and to ensure that timber and non-timber forest products are produced with respect for the highest ecological, social and ethical standards. Thanks to its eco-label, customers and consumers are able to identify products from sustainably managed forests.



Global GreenTag

Weathertex have been through a rigorous evaluation from Global GreenTag Pty Ltd to determine their outstanding "green performance" and they are proud to announce they are the FIRST manufactured product to receive a GreenTag Platinum certification with a GreenRate R Level A for their natural range products. Plus, they've received Gold certification for their primed flat cladding and wall panel sheets. Ecospecifier Global GreenTagCert[™] is a third party, multi-criteria, consensus based and externally verified Type 1 ecolabelling program. One of the largest product sustainability certification systems in Australia and globally. GreenTag is the only Certification Mark in the sector approved by the Australia Competition and Consumer Commission (ACCC), the US Patents and Trademarks Office and green building rating tools, across the globe.



Product health declaration

"Studies that make connections between toxic products and human health issues speak for themselves," says David Baggs, CEO and Technical Director of Global GreenTag. GreenTag's PhD is a radical entry into the market and addresses human health concerns directly – it's the first system globally to assess the health impacts of the final product – and not just the hazards of the ingredients.

BRANZ appraised

BRANZ Appraisals are robust, in-depth independent evaluations for building products and systems to be deemed fit for purpose and Building Code compliant. A BRANZ Appraisal is a tool that facilitates market acceptance. It gives confidence to building specifiers, Regulatory Bodies, Building Consent Authorities and Building Officials during the building and consent process.

If you're looking for an alternative cladding solution that ticks all the boxes in product range, ease of installation, durability and good for the planet, then Weathertex has you covered.



WEATHERGROOVE FUSION



Australian made and owned.

100% naturally made with a better than zero carbon footprint.

No chemicals: no silica, artificial glues, resins or formaldehydes.



Combination of groove spacings to create a unique panel design.



Made from real Australian hardwoods with up to 25 year warranty.



Quick cost effective installation. Watertight mechanical joining system.



Off stud joining option enables minimal waste and less timber stud layout.



dist. 17

BRANZ Appraised

الم weathertex

weathertex.co.nz



For more information on Weathergroove Fusion scan QR code



DESIGN

job details to **design@futurebuild.co.nz.**

Floor and/or roof plans are taken off or designed from scratch within 5 days (once all required information is provided).

2 PLAN



QUANTIFY & QUOTE

Layouts, quotes and design certificate (if applicable) are returned with a unique job number. Includes detailed and precise take-off lists.

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



Being aware of sunset clauses

BY ANDREW SKINNER

ANDREW SKINNER PARTNER Martelli McKegg

Sunset clauses have attracted quite a bit of media attention recently. As pressure mounts in the building industry with extra costs and delays, it is important to fully understand the implications of sunset clauses, which are explained in this article.

What are sunset clauses and how do they work?

Sunset clauses are conditions included in agreements to provide purchasers, and sometimes vendors, the ability to cancel the agreement by notice if a specific event has not occurred by a certain date (i.e. the sunset date).

Sunset clauses are most common in "off-the plan" property sale and purchase agreements and give a party (or both parties) the ability to cancel the agreement if title and code compliance certificate (CCC) have not been issued by the sunset date. Sunset clauses can also be found in commercial agreements, particularly those with long settlement periods or long conditional dates (e.g. business sale and purchase agreement conditional on obtaining licences/approval).

Where a vendor is selling a property as part of a proposed subdivision and the survey plans have not been approved, section 225 of the Resource Management Act 1991 provides very limited protection and ability for a purchaser to cancel the agreement. If the purchaser has not cancelled within 14 days of the date of the agreement, a purchaser's ability to cancel using this section is dependent on whether the vendor has made "reasonable progress towards submitting a survey plan" and what is "reasonable progress" could lead to lengthy arguments between parties. Invalidly cancelling the agreement under this section could amount to repudiation and further issues.

In contrast, sunset clauses provide more certainty as to when a party can rightfully cancel. Without a sunset clause, parties may find themselves locked into an agreement for an uncertain period of time with neither party having the ability to cancel unless mutually agreed.

One way sunset clause

A one way sunset clause only allows one party (most commonly purchasers but also vendors) to cancel the agreement if a specific event has not occurred by the sunset date.

It gives usually that party the option to cancel but they can

often use that cancellation right to decide if they will wait it out or try and negotiate an extension while they confirm finance and other issues to get certainty around completion.

One way sunset clauses are ideal for off the plan property purchasers but can become problematic for vendors if there are project delays. Vendors tend to include protections against sunset clauses such as an automatic extension of the sunset date or strict timeframes around how long the purchaser has after the sunset date to cancel. Purchasers do need to watch out for these. Vendor's financiers are often resistant to these clauses as they want certainty that the vendor has the sale locked in.

Two way sunset clauses

Two way sunset clauses allow either party to cancel the agreement if a specified event has not occurred by the sunset date.

It is now commonplace for vendors to push for a two way sunset clause, particularly in off the plan property agreements. The rationale behind this is because for various reasons (Covid-19 being a good example) there can be delays on completion which in turn leads to increased costs of materials, leaving vendors in a position where they may not want to be locked into the original terms of the agreement.

Sunset clauses have been quite the topic in the media as of late, with some reports of property developers "allegedly" misusing two way sunset clauses to cancel agreements to ultimately resell for higher prices.

This highlights the need to obtain legal advice before signing an agreement regardless of which side you sit, so you understand the implications of it.

Andrew Skinner, Partner Commercial Law (09) 300 7622

andrew.skinner@martellimckegg.co.nz



PØWERSTACK

COMING SOON

CARTERS Your Building Partner

THE NEXTRACTION OF A CONTRACT OF A CONTRACT

WAL



DEWALT

BATTERY[‡]

ZWER

† vs. Model DCB183, not in application †† Footprint vs. DCB183 battery ‡ vs. DEWALT 18V XR Batteries 2Ah or Lower



GUARANTEED TOUGH.