

TRADE LEADER

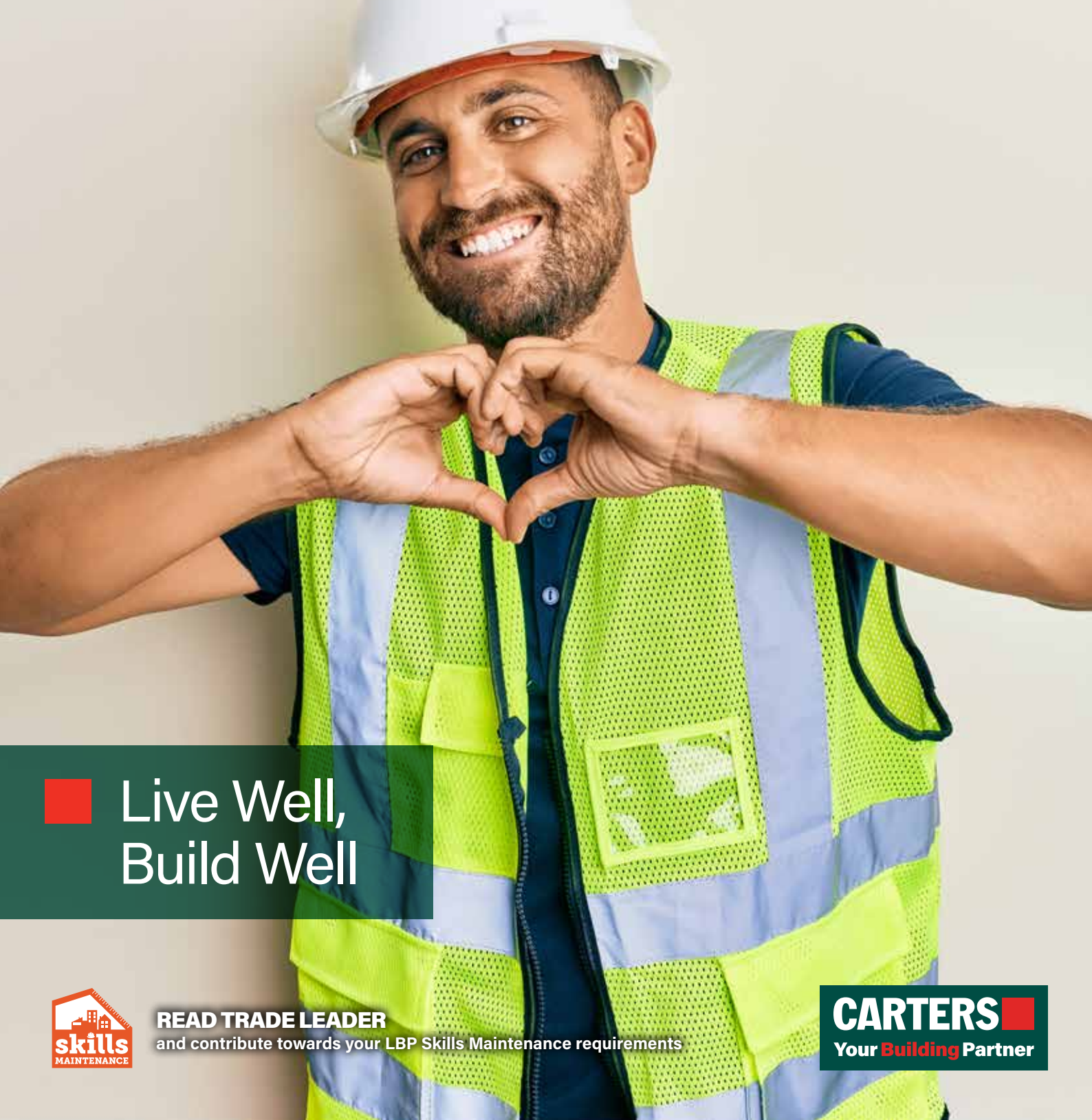
OCT-NOV 2023 ISSUE

LBP - Codewords
Code of Ethics and
what it means to you

Insurance
Eliminating risk and
planning for a crisis

Economics
Odds favour protracted
high interest rates

Business
When enough
is enough



■ Live Well,
Build Well



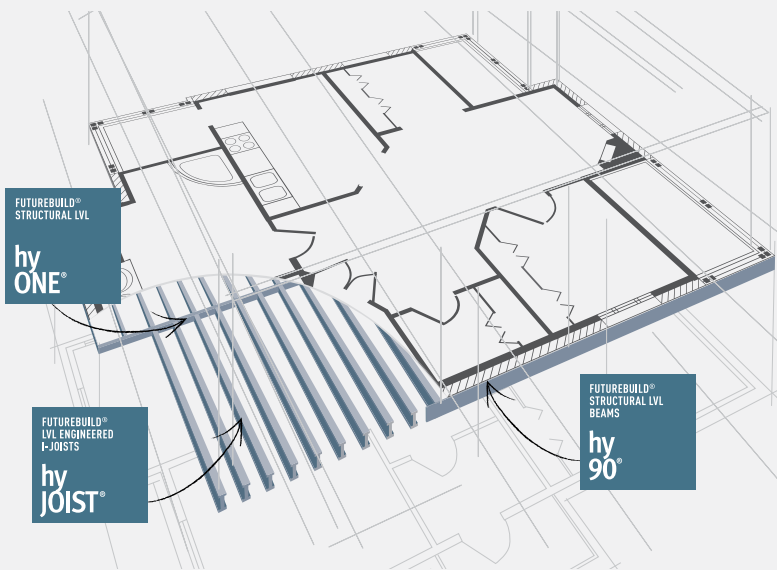
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In the frame

BY MIKE GUY
CARTERS CHIEF EXECUTIVE

In business, one of the roles of leadership is to mitigate and manage crises. Businesses can experience turbulence for any number of reasons – within and out of the control of their leaders. How we respond and react to crises determines the extent and impact of the fallout.

In this issue, insurance expert Ben Rickard asks us to, 'Imagine a world where you could run your business without worrying about anything unexpected coming along to knock you off track.' Nice thought. Ben looks at what construction businesses have within their power to reduce risk and plan for any crisis.

Preventing crisis is also the goal of a new kid on the residential construction sector block - Live Well, Build Well, Waihanga Ora. Aiming to be 'the ambulance at the top of the cliff', this new Kiwi wellbeing initiative is helping builders and tradies cope better with the ups and downs of the industry by providing practical tips, sharing stories and encouraging better physical and mental health. Set up with the backing of the Mental Health Foundation and ACC, the programme helps build in routines and responses for builders to stay well and prevent mental health crises. It is led by former construction sector health and safety manager, Rafael Caso and designed with the expertise of Professor Grant Schofield, professor of public health at AUT, and its benefits are already being felt.

Industry news in this issue includes the latest on occupational regulation reforms in the building and construction sector, progress on the new Green Star Buildings NZ benchmark due next year, and a warning from WorkSafe on the dire consequences that can occur when workplace pranks go wrong.

As always, we provide our readers with opportunities for professional learning and development through our Codewords content and quizzes. This month, the focuses are on key changes to retention money provisions following the Construction Contracts (Retentions Money) Amendment Act 2023 that passed earlier this year, as well as a

refresher on the Licensed Building Practitioners Code of Ethics, which came into force in October last year.

In this issue, commercial lawyer Andrew Skinner looks at producer statements. One of the issues being discussed by MBIE, as it seeks submissions on changes to the Building Consenting System, is the legal effect and use of these. 'Next Level Tradie' Daniel Fitzpatrick asks, 'When is enough, enough?' when it comes to underperforming employees, and economist Rodney Dickens gives us his latest forecast.

If you're already looking forward to a holiday in 2024, then CARTERS Advantage trip to Prague might be just the ticket! I invite you to join us to spend seven nights in this stunning city as we explore, relax and enjoy a Pilsner or two on this adventure of a lifetime. But get in quick, spaces are filling up fast and registration closes at the end of October. To register, go to cartersadvantage.co.nz or talk to one of our team in-store today.

Recently the regional rounds of two major awards in the Kiwi construction industry calendar have taken place. The House of the Year, of which CARTERS is a sponsor, has announced its top 100 New Zealand homes, with regional winners taking a bow ahead of the national finals in November. Regional winners have also just been announced in the CARTERS-sponsored Registered Master Builders' Apprentice of the Year competition. Well done to all those recognised in the regions - we look forward to celebrating the national winners in our next issue.



MIKE GUY
CARTERS Chief Executive

TRADE LEADER.

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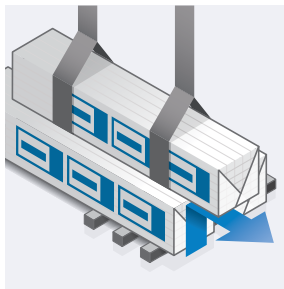
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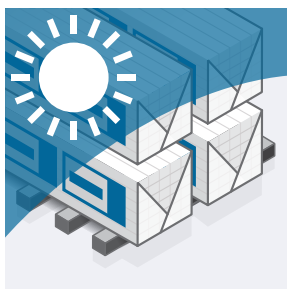
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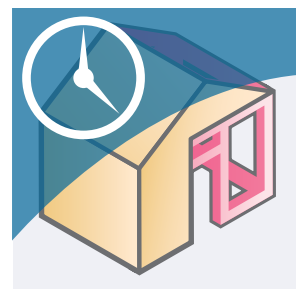
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Features



10 LIVE WELL, BUILD WELL

HEALTH & SAFETY

Challenging traditional male attitudes about work, a new wellbeing initiative for the residential construction sector is helping builders and tradies cope better with the ups and downs of the industry before they reach crisis point.



26 WHEN ENOUGH IS ENOUGH

BUSINESS

That awkward moment many businesses have to face at some stage: How to address the situation of an underperforming team member. At what point do you say, enough is enough?

Articles

06 CODEWORDS

THE CODE OF ETHICS AND WHAT IT MEANS TO YOU

The LBP code of ethics in action: Refresh your knowledge with examples you may recognise on site, or in dealing with clients.

08 CODEWORDS

CHANGES TO RETENTION MONEY REQUIREMENTS

Get up to speed on key changes to retention money provisions following the Construction Contracts (Retentions Money) Amendment Act 2023, passed earlier this year to strengthen and clarify protection for subcontractors.

15 INDUSTRY

HOUSE OF THE YEAR TOP 100 UNVEILED

Showcasing the best residential builds across the country the top homes have been announced as well as regional winners.

19 INDUSTRY

GREEN STAR BUILDINGS CERTIFICATION SHAPES UP

A new benchmark is due to be introduced next year for sustainable commercial buildings to replace the current Green Star Design & As Built certification from mid-2025.

20 APPRENTICE

AOY REGIONAL WINNERS

Now in its 20th year, the CARTERS-sponsored Registered Master Builders' Apprentice of the Year competition recognises excellence in carpentry apprenticeship and 2023 regional winners have been announced.

22 INDUSTRY

SECTOR CONCERNS HIGHLIGHTED

The crunch may not be over as the results of Registered Master Builders' State of the Sector survey are released at this year's Constructive Forum.

23 HEALTH & SAFETY

WORKPLACE EXPLOSION WAS NO JOKE

A workplace barbecue gas bottle prank that went wrong, leaving five workers with burn injuries, has prompted WorkSafe to issue a warning to all would-be pranksters.

25 ECONOMICS

ODDS FAVOUR PROTRACTED HIGH INTEREST RATES

The market has overlooked the weaker than expected economic news, including more than a 20% fall in new dwelling consents, and is instead focusing on the largest inflation problem in over 30 years.

29 INSURANCE

ELIMINATING RISK & PLANNING FOR A CRISIS

Learn to master one of the most important aspects of running a business: Eliminating uncertainty by managing risk. There are a number of ways you can do this.

31 LEGAL

THE FUTURE OF PRODUCER STATEMENTS

Despite not having any formal legal status, the use of producer statements remains prevalent throughout the building consent process.



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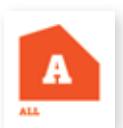
WORK SAFELY • ACT WITHIN THE LAW • TAKE RESPONSIBILITY FOR YOUR ACTIONS • BEHAVE PROFESSIONALLY

The code of ethics and what it means to you

BRUCE DUGGAN, SENIOR TECHNICAL ADVISOR, OCCUPATIONAL REGULATION TEAM, MBIE

The LBP code of ethics (COE) came into force on 25 October 2022. It is a tool that sets clear standards for how LBPs should conduct themselves. In this article we will look at some examples of it in action that you may recognise on site, or in your dealings with clients.

Codewords 114: August 2023



Over the next few issues of Codewords, we will put a spotlight on each of the principles, what they mean and provide some examples. We are working to develop some more specific examples for design LBPs – so watch this space.

The COE applies to all LBPs regardless of whether they are employed, are the employer, or are contractors. The majority of LBPs already meet these standards, but the introduction of the Code of Ethics will hold those to account who do not.

As all LBPs should know by now, the COE contains nineteen standards, which sit under four principles.

Principle 1: Work safely

1. You must take responsibility for health and safety
2. You must report unsafe behaviour by others on a building site
3. You must avoid harming the environment

Principle 2: Act within the law

4. You must comply with the law
5. You must report breaches of the law

Principle 3: Take responsibility for your actions

6. You must be knowledgeable about what you are allowed to do
7. You must explain risks to your client
8. You must inform and educate your client
9. You must be accountable
10. You must advise clients of any delays as soon as they become apparent
11. You must act in your client's interests
12. You must normally follow your client's instructions

Principle 4: Behave professionally

13. You must behave professionally
14. You must act in good faith during dispute resolution
15. You must price work fairly and reasonably
16. You must declare and manage actual or potential conflicts of interest appropriately
17. You must maintain confidentiality of client details unless there is good reason for sharing information
18. You must acknowledge and respect cultural norms and values of clients and colleagues
19. You must conduct business in a methodical and responsible manner.

Work safely

Everyone on a building site knows they need to take reasonable steps to make sure the work they are doing does not endanger the health and safety of themselves, their colleagues, and anyone else that may be on-site. The COE requires LBPs to ensure that they are meeting their health and safety responsibilities.

For example, if they see someone using a power tool without the proper guarding in place, or not wearing their PPE, they need to let that person know that it is not safe. If the behaviour continues, the LBP needs to take other appropriate action, such as escalating it to the site foreperson or supervisor.

You should always take steps to prevent harming the environment. Again, if the LBP sees someone doing this, they must also report it. This may be to the person doing it, or a supervisor. For instance, the concrete truck driver is about to wash down the chute where the runoff will go onto the road or a neighbouring property. It is as simple as asking them to stop and directing them to the designated washdown area.

Act within the law

An important thing to note for this and the following standards is the level of responsibility the LBP holds. If they are employed, then their obligation is to their employer's directions. If they are self-employed, then their obligation is to the matters that they are responsible for carrying out or supervising, to the person who engaged them.

The first standard under this principle, says that you must comply with the law. There are several laws that apply here, so it would be unrealistic to expect an LBP to know these off by heart.

It would be expected, however, that an LBP is aware that all building work is covered by law and would need to know their obligations and responsibilities under those laws. Knowing where to look or having someone that could show

them where to look is important. By following plans and site documentation, many of these laws are already being complied with.

Any valid complaints about LBPs go to the Building Practitioners Board for consideration. The Board members have a mix of skills, including industry expertise in design, construction and inspection, law, dispute resolution, and mediation. They are a pragmatic group of people and look at complaints from a real-world perspective.

The second standard under this principle is the duty to report breaches of the law. If an LBP becomes aware of someone breaching the building laws, they must report it to the appropriate person – whether it is the person themselves or someone supervising or managing the site. If the breach continues, then they must escalate the report to someone at a higher level.

An example of this might be that an LBP notices that the blocklayer has not put the horizontal reinforcing in the first course of blocks as per the plans and has started laying the second course. As this is a breach of the building consent and therefore the Building Act, it needs to be reported. The easiest way of doing this is to point it out to the blocklayer before he or she gets too far ahead. If the response is that they are not going to do this, the next step is to talk to the person in charge of the site.

A future article will continue with the next principle **Take responsibility for your actions**

CODEWORDS QUIZ

- 1 **Who does the COE apply to?**
 - A. Everyone on the site
 - B. Just the main contractor
 - C. All LBPs
 - D. Only the supervising LBP
- 2 **What does an LBP need to do if they see someone on site using a power tool without the proper guarding in place?**
 - A. Talk to the person involved or their supervisor
 - B. Call an ambulance to be on stand-by
 - C. Not worry, they will probably be ok
- 3 **A complaint about an LBP goes to:**
 - A. The District Court
 - B. WorkSafe
 - C. The Building Practitioners Board

Answers: 1.C 2.A 3.C



For more information to the relevant laws in the Code of Ethics Guidelines for LBPs see: <https://tinyurl.com/guidelines-for-lbp>



Changes to retention money requirements

LAURA LUMLEY, INFORMATION AND EDUCATION MANAGER, BUILDING SYSTEM PERFORMANCE, MBIE

The Government has made changes to retention money requirements to give subcontractors confidence that they will be paid the retention money they are owed should a head contractor's business fail.

Codewords 114: August 2023



These changes are prescribed in the Construction Contracts (Retentions Money) Amendment Act 2023 (the Amendment Act), which was passed on 5 April 2023.

The Amendment Act aims to strengthen and clarify protection for subcontractors' retention money and make it easier for subcontractors to access retention money without a court order, in the event of a company's insolvency.

The Amendment Act builds on retention money provisions already in the Construction Contracts Act 2002. The provisions in the Construction Contracts Act were put in place to protect retention money owed to subcontractors in the event of a business failure, and to ensure retention money withheld under construction contracts was responsibly managed.

Key changes to retention money provisions

Many head contractors are already doing the right thing and are holding retention money aside appropriately. For these people, there will be very little change.

The changes will safeguard subcontractors' retention money by:

- clarifying that retention money is automatically held on trust by the head contractor once the contract allows it to be withheld from the subcontractor
- removing the ability to mix retention money with other money and assets
- requiring that retention money held as cash, also be held separately in a bank account with prescribed ledger accounts.

Compliance with retention money provisions

The Ministry of Business, Innovation and Employment (MBIE) now has the responsibility to provide information, education and guidance to the sector on the retention money regime. This allows MBIE to help businesses, companies and subcontractors understand what they are responsible for, and how to comply with the retention money provisions.

The changes provide the ability to investigate retention money offences and enforce penalties. There are new offences and penalties of up to \$200,000 for companies and, in some cases, directors who fail to meet the new requirements, including:

- failure to comply with accounting, recording and reporting requirements
- use of retention money for a purpose other than remedying defects in the subcontractor's performance
- failure to provide regular information to the subcontractor on retention money.

Date to start complying with the changes

The changes in the Amendment Act come into force on 5 October 2023. This gives time for head contractors looking to hold retention money, to ensure processes are established and standard contracts are renewed.

CODEWORDS QUIZ

- 1 When do the changes come into force?**

 - A. The Amendment Act came into force on 5 April 2023
 - B. The Amendment Act comes into force on 5 October 2023.
 - C. The Amendment Act comes into force on 1 January 2024.
- 2 The changes in the Amendment Act protect subcontractors' retention money by:**

 - A. Clarifying that retention money is automatically held on trust by the head contractor once the contract allows it to be withheld from the subcontractor.
 - B. Removing the ability to mix retention money with other money and assets.
 - C. Requiring that retention money held as cash also be held separately in a bank account with prescribed ledger accounts.
 - D. All the above.
- 3 If you are a head contractor and you fail to meet the new requirements under the Amendment Act, can you be fined?**

 - A. Yes, you can be fined up to \$200,000.
 - B. No, the penalties do not apply to head contractors.

Answers: 1.B 2.D 3.A



To read more about the Construction Contracts Act 2002 and the Amendment Act see:
tinyurl.com/MBIE-understanding-the-act
tinyurl.com/Construction-Contracts-Act

New CARTERS Cambridge branch to open soon

Our new purpose-built site is due to open this November 2023 – relocating from the current branch on Albert Street.

CARTERS Cambridge branch has been busy gearing up for a big move this November, when they will be relocating to a new purpose-built site, positioned on the main drag at 90 Hautapu Road.

This great new location means it'll be easier for tradies to swing on by, with the showroom designed to be fit for purpose, all new racking, plus an optimised layout in the yard and bulk store to make calling in for a free coffee and collecting materials a breeze.

The existing Cambridge branch has been providing great service and partnering with tradies throughout the Waikato region to build and construct the ever-growing local community, offering top quality trade products and Frame & Truss solutions for both residential and commercial jobs.

You'll still find the same dedicated and knowledgeable team instore happy to help, yardies outside to support picking and packing, alongside our regular drivers safely delivering to site.

If you're based in the region, the CARTERS Cambridge team is committed to being your building partner and look forward to welcoming you to the new branch.



“LIVE WELL, BUILD WELL IS ABOUT MENTAL FITNESS, RATHER THAN ILLNESS AND FOCUSES ON THE THINGS PEOPLE CAN CONTROL TO KEEP WELL AND PERFORM UNDER PRESSURE,”

Live Well Build Well

Ambulance at the top of the cliff approach to mental fitness for tradies



A new wellbeing initiative for the residential construction sector is helping builders and tradies cope better with the ups and downs of the industry.

Waihangā Ora, Live Well, Build Well shares practical tools and ideas that construction businesses can use to build resilience, reduce stress levels and help prevent common workplace injuries.

The programme was set up at the end of last year with the backing of the Mental Health Foundation and ACC, and builds on the success of a similar initiative in the agriculture sector, Farmstrong.

“Live Well, Build Well is about mental fitness, rather than illness and focuses on the things people can control to keep well and perform under pressure,” says programme manager Rafael Caso.

“The science of wellbeing tells us we’re all born with a certain amount of natural wellbeing, but as we go through life and get knock-backs, our wellbeing levels deplete so we need to top them up. The idea is to make small deposits on a regular basis

“Live Well, Build Well is about mental fitness, rather than illness and focuses on the things people can control to keep well and perform under pressure”

rather than waiting until our wellbeing is so low that we've got a crisis on our hands.”

Research shows that simple, daily habits such as staying in touch with mates, keeping the body moving, taking time to enjoy simple pleasures in life, learning new things to keep fresh and giving back to friends and community can all improve our wellbeing so we can perform at our best. Thinking strategies that help people retain a sense of perspective, optimism and control when they are ‘under the pump’ at work are also part of the programme.

Grant Schofield, professor of public health at the Auckland University of Technology, has been contributing his expertise to the programme through a series of video clips focusing on what it takes to stay mentally fit. This can range from getting a decent night's rest to cold water immersion therapy and the use of saunas to boost mood and build resilience.

“Being mentally fit means you've got the tools to negotiate the good with the bad in life. In practice, it means keeping physically fit, eating as well as you can, getting a good night's sleep and learning to regulate your thinking and emotions so you think more accurately and can manage negative thoughts,” says Grant.

He says the programme reflects the latest research about mental health. “Mental fitness is a term I think you're going to hear a lot more of. Mental fitness is about exposing yourself to ideas and tools that allow you to be the best that you can be and help you get the best out of life. Let's face it, if you're a living, functioning human being, you may as well have a good life – this is how you do it.”

Programme manager Rafael has been busy packaging the science of wellbeing into builder-friendly, accessible video clips using relatable, work-based examples. Many are filmed on site at the back of his trusty ute. Topics covered include managing everyday workplace pressures, healthy thinking



Auckland University of Technology's Professor Grant Schofield

strategies and mindsets, breathing techniques, sleep, nutrition, body conditioning, rest and recovery time.

He says his previous role as a health and safety manager in the industry was a major motivation for his involvement. “My experience is that one of the biggest risks on site is people's emotional state. When people are having a bad day, they shut down and almost go into a zombie state. They're simply not living or building as they should be.

“That's why I was keen to be involved in something proactive that passes on habits that make people more mentally and physically robust.”

Raf says the programme is relevant for anyone working in a busy, high-pressure work environment. The approach also acknowledges that many of the industry's challenges - supply chain issues, adverse weather, labour shortages, regulations, and changing economic conditions – are beyond anyone's control.

Storytelling has played a major role in the programme's success to date. To reach as many tradies as possible, Raf has been making extensive use of social media. His video interviews with builders and tradies have already racked up thousands of views on Facebook, YouTube and LinkedIn. Raf maintains strong industry connections, including more than 13,500 followers on his LinkedIn account.

“OUR AIM IS TO START CONVERSATIONS ABOUT HEALTH AND WELLBEING THAT MIGHT NOT OTHERWISE HAPPEN. A LOT OF THE TRADIES I INTERVIEW ARE QUITE RESERVED AT FIRST, BUT ONCE YOU GET THEM TALKING THEY HAVE A LOT OF GREAT INSIGHTS ABOUT HOW YOU MANAGE WORKPLACE PRESSURE. THAT'S THE GOLD.”

“We just need to give people in our industry the confidence to start sharing and discussing these ideas. Our aim is to start a social movement of likeminded people who take on these ideas.”

CONTINUED OVER...



Hamilton-based builder and developer Quintin Eruiti is one of a number of tradies sharing his insights via Live Well, Build Well. Last year was a tough one for him.

"Last year I really struggled trying to be both a builder and a developer at the same time. The frustration of wanting to deliver these homes and not being able to get the materials and the cost of everything really weighed on me."

"Towards the end of the year, I came to the realisation I couldn't do both roles because things around me were suffering. My wife encouraged me to talk to someone, so I found a business coach and mentor."

He soon realised, with so much to deal with at work, his own wellbeing had taken a hit. *"I'd always been raised to work hard and help others, which was awesome, but I'd never learnt how to be of service to myself."*

"Over the past couple of months, I've made this a priority, which has really helped. I spend time with my coach each week and rather than focus on what hasn't gone right, like the materials that didn't turn up, we focus on what has gone right. When you're only focusing every day on the things that haven't gone right, it can really build up and bring you down. You miss out on the wins."

Quintin has since made more time for things other than work, to achieve better work-life balance.

"It's just stuff that I enjoy. Whether that's spending more time with my kids or being able to go to the gym or play golf with friends. I've realised I need to make my own wellbeing a priority."

Hamilton-based Josh Harding is a residential building business owner. Missing out on a contract last year meant having to lay off much-valued staff and piled on the stress. "That really cut me up," he says.

"It was a hard time for me. When you're a business owner, your staff become like your family and when I had to let people go I felt really sad for them. How I dealt with it was by talking to my wife and friends, spending time with my kids and doing stuff that I enjoyed, like going for a bike ride or a walk."

"It's always best to talk about these issues with people so that people are aware that you're actually suffering. No one will know that until you talk about it."

Josh also discusses the importance of prioritising work-life balance. *"As a business owner, especially in construction, most people get on site at 6.30 or 7am and work until 6pm and that time for your family disappears. So, at our business, we start at 8.30 and if we have to push on later, we will."*

"But the important thing for me is to have time with my kids. Life isn't just about money and work, it's about family too and you have got to get the levels right. If you can achieve that you're going to be happier and in a much more positive mindset at work."



Live Well, Build Well Programme Manager Rafael Caso (centre) on site

Reflecting on progress to date, Raf says, "Traditional male attitudes about work and wellbeing have definitely contributed to workplace pressures in the past, but those attitudes are changing rapidly. These days, as you can see in our videos, men are much more open to discussing the pressures they face at work and our role is to facilitate and encourage those conversations."

"It's important to stress that we're not telling anyone how to live their lives. We're just sharing what the science says keeps people well and what tradies are already doing to keep well. Our offering is a bit like a buffet; here's a range of solutions that can work for people, dig in and help yourself."

It aims to be the 'ambulance at the top of the cliff' and takes a strengths-based approach to increasing people's wellbeing based on the latest wellbeing science.



FOR MORE INFORMATION ON
LIVE WELL BUILD WELL, SEE:

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For those who took advantage of our offers and spent \$500 (excl GST) on any of the products from the Aug-Sep 2023 Site Offers, are you ready to be the envy of your mates on site? Gone will be the days of scrambling around your vehicle hunting for tools if you're the lucky winner of the Fortress Extreme Tradesman Trailer.

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Regional CARTERS New Home \$1 Million - \$1.5 Million Winner - Wellington & Wairarapa
 BUILDER: Spice Build. PHOTO CREDIT: Jason Mann

Skill and innovation on show in House of the Year Top 100

Top 100 winners announced in this year's Registered Master Builders House of the Year, showcasing the best residential builds across the country.

Regional awards have been unveiled in the prestigious annual competition, as anticipation builds around who will take out this year's overall top honours.

These awards are an opportunity to recognise the skill, passion, and teamwork it takes to deliver quality homes for New Zealanders. Each year, the levels of craftsmanship and innovation delivered by Master Builders across the country has risen and this year is no different.

House of the Year judge Faye Pearson-Green was impressed by the calibre of homes she saw while judging the 2023 regional entrants.

"YEAR ON YEAR, THE QUALITY OF ENTRIES CONTINUES TO INCREASE. IT'S AMAZING HOW THE BUILDERS CONTINUE TO PUSH THE BOUNDARIES WITH THE USE OF MATERIALS, SHOWCASING NEW WAYS OF WORKING WITH TRADITIONAL PRODUCTS AND COMPLEX ARCHITECTURAL DETAILING. WE ARE PARTICULARLY SEEING THIS WITH CHOICE OF CLADDING, WITH THIS YEAR'S TOP 100 USING A RANGE OF BRICK, PORCELAIN TILES, STONE, CEDAR, CHARRED TIMBER, AND VERTICAL METAL CLADDING."

"The same goes for colour, where we saw bold choices in traditionally less-designed spaces, such as bathrooms. It was also positive to see more conscious decisions over environmental choices and a focus on reducing carbon footprints."

This year the competition had nearly 300 entries across nine regions with 78 homes featuring CARTERS as the main material supplier. Celebrations will take place in Christchurch on 25 November at the Te Pae Convention Centre, where the National Category winners will be announced with the three best houses (a new build under \$1 million, a new build over \$1 million, and a renovation) becoming the National Supreme winners.

In the Top 100, these entries also took out the Regional CARTERS New Home \$1 million - 1.5 million 2023 category:

LOC Construction took home multiple awards in Mid & South Canterbury including Supreme House of the Year, Pink Batts Craftsmanship, APL Sustainable & Environmental Excellence and Plumbing World Bathroom Excellence, for its work on a stunning Prebbleton home. The 356sqm, four-bedroom home on a large lifestyle block is connected by a covered glass corridor for flawless flow, while Rockcote masonry cladding teamed with LMA timber add a grand touch to the exterior.

Winning in the Nelson/Marlborough/West Coast region was Roger Hogg Builders' home in the hills above Picton Marina and Marlborough Sounds. Its sleek low-profile roofline and dark grooved cladding, is accented with Alaskan cedar edging and slotted screens, fusing perfectly with its surrounding landscape.

In the Southern region, David Reid Homes' exquisite Wanaka four-bedroom build oozes grandeur with its distinct wings and several outdoor living zones flowing from inside.

The House Company won Auckland/Northland/Coromandel with an enchanting hideaway in Whangateau, clad in elegant aluminium and dark-stained vertical cedar effortlessly blends with its natural surroundings.

For Wellington and Wairarapa, Spice Build's seaside home strikes the balance between privacy and a connection to its environment using cedar-clad roof lights throughout the open-plan design to add architectural appeal.

In Canterbury, a Fendalton home built by Greenland Homes wowed with its clever structural lines and earthy, elegant palette. The Rockcote, cedar and James Hardie Matrix exterior with Espan roof gives the home sharp style and street appeal.

Congratulations to all Top 100 winners!



To take a look at the homes, visit houseoftheyear.co.nz



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Hundreds of submissions on occupational regulation review

A total of 643 submissions were made during the recent consultation on occupational regulation reforms in the building and construction sector, with a summary of findings published on August 11.



For licensed building practitioners, MBIE consulted on proposals for change regarding supervision and licensing and sought feedback on issues with competencies.

The occupational regulation reforms are part of a series of changes to the wider Building System Reforms, 'which aim to lift the performance of the building regulatory system, ensuring building work is done right the first time and providing fairer outcomes if things go wrong,' say the Building Performance Team at MBIE.

It released a public consultation document in February this year, asking for feedback by April 6, on:

- Proposed changes to the licensing and supervision areas for the Licensed Building Practitioners regime, and the competencies and minimum standards that must be met to be licensed
- The scope of a proposed code of ethics for plumbers, gasfitters and drainlayers, and electrical workers
- The future of the Registered Architects Act 2005

"The consultation received responses from a broad range of stakeholders across the building and construction sector, particularly from registered architects," said MBIE's Building Performance Team. "We have analysed the submissions and published a summary of these on the MBIE website."

A total of 643 submissions were received on the discussion

document, from a broad range of submitters. MBIE received 178 written submissions and 464 online submissions, one over the phone, the summary report says. Of the submissions received, 115 were sent in by registered architects and architectural graduates supporting the submission made by the New Zealand Institute of Architects. MBIE received responses from submitters representing a cross-section of the building and construction sector.

Architects comprised the largest group of submitters (294), followed by licensed electricians (75), design LBPs (65) and LBPs (46). Submissions were received from all over the country, with the majority coming from Auckland (205), with a strong representation from Wellington (129) too.

Next steps

"Over the next year, we will undertake targeted consultation to confirm the changes to the Licensed Building Practitioner regime's supervision and licensing areas. In 2024, we will further consult on the Registered Architects regime, the Plumbers, Gasfitters and Drainlayers regime and the Electrical Workers regime."



To read the review of occupational regulation - summary of submissions see: tinyurl.com/aug23-summary

New Green Star Buildings certification shapes up



Following months of consultation with industry, engagement with advisory committees and GBCA, New Zealand Green Building Council has shared its first draft of its Green Star Buildings for New Zealand.

Due to be introduced next year, and to replace the current Green Star Design & As Built certification from mid-2025, Green Star Buildings NZ sets a new benchmark for sustainable commercial buildings.

New Zealand Green Building Council says its goals are:

- For Green Star Buildings NZ to extend beyond traditional measures of environmental sustainability, recognising social and strong governance initiatives from property and building owners, contractors and developers, and their wider project teams.
- The resulting certification process to be a refreshing, responsible approach to evaluating the holistic impact of a project on community, place, and people, including health

and wellbeing, and end to end supply chains.

- Green Star Buildings to also align with leading frameworks. This will ensure it responds to 12 out of 17 of the UN Sustainable Development Goals, Intergovernmental Panel on Climate Change recommendations on the built environment, and reporting frameworks such as the Global Real Estate Sustainability Benchmark (GRESB) and the Taskforce for Climate Related Financial Disclosure (TCFD).

The current version of Green Star Design & As Built NZ v1.1 includes an embodied carbon conditional requirement, supported by an embodied carbon calculator. Design & As Built NZ v1.1 also lifted the operational carbon credit to support the step change to Green Star Buildings NZ. Projects designed under Green Star Buildings NZ will meet the requirements for Climate Positive outlined in the new tool.



For a full overview of the changes see: tinyurl.com/green-star-changes

Apprentice of the Year regional winners await their next challenge

The winners have been announced in the regions for this year's Registered Master Builders Apprentice of the Year in partnership with CARTERS.



Now in its 20th year, the competition recognises excellence among carpentry apprentices, raises awareness of career opportunities in the construction industry and tests future sector leaders' project management, business, presentation, and practical skills.

For the regional competition, each apprentice had to submit details of a building project they were working on as well as take part in a two-hour practical challenge where they were tasked with building a step stool. The top 10 participants from each region then progressed to an interview stage with a judging panel and an onsite visit to discuss their building project in detail.

The winners, as well as second and third placed apprentices, have now been announced:

WAIKATO

Winner - Jess Nielson, Taumarunui (Sloan Annand Builders)

The judging panel commented, "Jess is an extremely impressive apprentice. She showed great focus and technique with her tools. She was accurate in her work, shows excellent competency and her project was finished to an extremely high standard."

Second place - Mac Livingstone, Te Awamutu (Livingstone Building)

Third place - Luka de Hertog, Hamilton (Grant Stewart Building)

SOUTHERN

Winner - Craig Burke, Wanaka (Bayview Construction)

Judges commented, "Craig's submission was well laid out, with great utilisation of plans and photos, illustrating the various stages of his build. During the interview, he exuded confidence and presented himself well. His site visit, on a new build, impressed the judges, and highlighted his profound understanding of the practical aspects of building. "Stone and Whanganui building in general," the feedback said.

Second place - Sam Hoskins, Lake Hawea (Dunlop Builders)

Third place - Jackson Reardon, Wanaka (CDL Building)

AUCKLAND

Winner - Jack Nevines (Faulkner Construction)

Jack received the following outstanding comments from the judging panel, "Jack had an application that was close to perfection – the judges had never before seen such an in-depth and detailed submission.

"He had a faultless interview and did an excellent job in the practical challenge. Jack has excelled in every aspect of this competition and is one of the strongest apprentices the judges have seen during their time."

Second place - Matthew Cui, Waiheke Island (Dash Build)

Third place - Sam Graham (Concpt Construction)

NORTHERN

Winner - Isaac Posthuma, North Shore (JR Build)

The judges were impressed with the high quality of Isaac's submission. They said, "He wrote about his project in detail and showed a deep understanding of the finer points. Isaac really came to life during the site visit – his involvement in the project was clear and his passion for building shone through."

Second place - Corina Brown, Whangārei (RHJ Builders)

Third place - Jacques Auret, Auckland (NZ Builders)

CENTRAL NORTH ISLAND & EAST COAST / HAWKE'S BAY

Winner - Taharangi McWatters, Foxton (Wayne Bishop Group)

Comments from the judging panel included, "Taharangi had an outstanding "why me" section in his application and it painted a great picture of who he is for the judges. It's clear that Taharangi has an incredible passion for construction. He also has a deep understanding of the building sector, which will set him in good stead."

Second place - Thomas Stratton, Feilding (Narley Construction)

Third place - Lee Spooner, Ohakune (Under Construction)

COOK STRAIT

Winner - Tim Parkinson, Ruby Bay (RenovateMe Nelson)

Tim received the following praise from the judging panel, "Tim possesses a keen eye for detail in complex projects and exhibits strong leadership qualities. It's impressive to see such advanced skills after only two years of his apprenticeship."

Second place - John Allan, Porirua (De Bes Contracting)

Third place - Aaron Lambert, Blenheim (George Guthrie Construction)

CENTRAL SOUTH ISLAND

Winner - Jake Rochford, Christchurch (LOC Construction)

Jake impressed the judges with his 'exceptional skills in both the practical and theoretical aspects of the competition'. They noted, "Jake displayed leadership qualities during his interview and demonstrated competence in completing tasks given to him. He is already involved with solving complex issues onsite with senior colleagues."

Second place - George Wallis, Christchurch (Jim the Builder)

Third place - Jonathan Kingston-Smith, Christchurch (Grace Builders Holdings Limited)

BAY OF PLENTY & CENTRAL PLATEAU

Winner - Mike Watson, Tauranga (JBH Building)

Judges commented that Mike was, "A great all-round apprentice, with a superb attitude towards learning. Mike excelled in the first stage of the competition. With a strong ability to communicate, he had an excellent submission that showed a very solid understanding of his project. His practical project was very well-built, and we were impressed with his high level of workmanship."

Second place - Elliot Janissen, Tauranga (Todd Grey Builders)

Third place - Tapiwa Chikono, Tauranga (Finelines Construction)

The top apprentice from each region will now go on to compete in the national competition on 9-10 November 2023. This includes a 45-minute interview with the national judging panel and an additional six-hour practical skills test before one apprentice will be named the 2023 Registered Master Builders CARTERS Apprentice of the Year.



ABOVE: Waikato Winner Jess Nielson, Sloan Annand Builders



MIDDLE: Mike Watson - JBH Building, 1st place, Bay of Plenty & Central Plateau



BOTTOM: Craig Burke - Bayview Construction, Wanaka, 1st place, Southern region

THE NATIONAL PRACTICAL WILL BE CO-LOCATED AT CONZTRACT AUCKLAND HELD AT EVENTFINDA STADIUM ON THURSDAY 9 NOVEMBER 2023.



For more information visit www.apprenticeoftheyear.co.nz



Construction sector reaches critical point, calls for change

Discussion around key issues affecting the New Zealand construction sector took place at the recent Constructive: NZ Construction Forum event, with concerns that further deterioration in the economy will likely continue to negatively impact the industry.

Most builders believe the economy will deteriorate further over the next 12 months, with some order books already in critical diminishment, according to Registered Master Builders' annual State of the Sector survey discussed at the recent Constructive: Construction Forum.

In the Registered Master Builders' survey, 52 percent of sector workers say they have a steady or strong pipeline of work on the horizon. However, on the other side, this means 48 percent are seeing a decline, with 12 percent experiencing a critical diminishment of work, the August 30-31 industry event heard.

Over 1,000 sector participants and homeowners (who had built in the past two years) responded to questions about their experience building, the economy, critical issues they were facing, and their outlook for the sector. The survey found 66 percent of respondents believe the crunch isn't over for the country and that things are set to worsen.

Master Builders Chief Executive, David Kelly, says it has been a difficult ride for the sector, so people are feeling wary. "These boom-and-bust cycles are completely unsustainable, and they impact our sector more than any other. For 50 years it's been a case of 'what goes up, must come down,' and in that cycle we lose good experience, good people, and good businesses.

"The resilience of our businesses has been tested for a long time, and they're having to work hard to find demand. Whilst it's heartening to see a portion are keeping a steady workflow, they're having to adapt to the current climate by reducing overheads, focussing on sales, and marketing and looking to new markets such as renovation work," Kelly says.

A key result from the survey reveals 88 percent of respondents believe the rising cost of construction remains the biggest issue facing the sector for the second consecutive year. Second to that, 83 percent of the sector have flagged a new issue – finance, which is unsurprising given inflation and rising interest rates.

"Finance and customer demand go hand-in-hand. With inflation and interest as high as they are, people are thinking twice about whether now's the right time to build a home. The consequence of this is that it acts as a bit of a handbrake for the residential construction sector.

"This is particularly a concern for those developments that include more affordable housing options. It's a key part of the market where the sector needs support to build, or our country's housing woes will get worse. The Government has

provided mechanisms to support the sector, and we would like to see these programmes extended as we work through the current economic cycle. This is a key issue outlined in our election manifesto," Kelly says.

Government regulation (65 percent) and council consenting (50 percent) were other issues highlighted by the sector in the survey. Interestingly, woes with the supply chain have fallen away dramatically in the last 12 months dropping from 95 percent to 34 percent, according to RMB.

Kelly says, "We know at one point some key building materials became almost impossible to obtain. Thankfully, we are now starting to look over our shoulder at that issue.

"As for the Resource Management Act – it simply hasn't worked for a long time. Our manifesto makes it abundantly clear that the proposed reforms will do nothing to reduce complexity. We need a system that allows us to focus on the areas of critical risk, for instance, where there is an impact on sensitive natural environments, rather than a one-size-fits-all approach."

When it comes to finding skilled labour, that's a hot-button issue that's been raised in State of the Sector findings since 2016. Consistent with last year, just under two-thirds of respondents are employing apprentices and nearly half of those respondents said the Government's Apprenticeship Boost Scheme was a factor in their decision to do so.

"The sector's uptake of the Apprenticeship Boost Scheme reinforces the need to make it permanent. The sector can't afford to be a political football – we need policies to endure political cycles no matter which party, or parties are at the helm. We've made this explicit in our election manifesto for 2023," Kelly says.

Views on immigration have also improved, according to the survey. Last year, only nine percent could bring in the skilled workers they needed. This has now increased to 48 percent, with the remaining 52 percent saying the process remains too drawn out and costly.

"It's not all doom and gloom – but there are plenty of hefty issues besetting the sector. With an election on the horizon – it's a good time to be heard and a good time for change."



To see the RMB 2023 Election manifesto, visit tinyurl.com/RMB-2023-manifesto

WORKSAFE

Mahi Haumaru Aotearoa

Workplace explosion was no joke



WorkSafe New Zealand is urging workplace pranksters to keep health and safety top of mind, following an explosion that badly burned five workers in central Auckland.

In August last year, a barbeque gas bottle was mistakenly left running overnight in a shipping container on a Wynyard Quarter construction site. The next morning, workers from subcontractor Vuksich and Borich opened the container to start work for the day. They could smell gas, and one of the workers joked about igniting his lighter. When he did, the gas caught fire and exploded.

WORKSAFE'S INVESTIGATION ESTABLISHED THIS WAS A WORKPLACE PRANK GONE WRONG. ALL FIVE WORKERS, INCLUDING THE MAN HIMSELF, WERE BURNED. HE DEEPLY REGRETS HIS ACTIONS AND HAS PARTICIPATED IN RESTORATIVE JUSTICE WITH THE OTHER VICTIMS.

"Being safe at work is a responsibility shared by both the employer and the employee and no one should be harmed because of a prank or joke gone wrong," says WorkSafe's area investigation manager Paul Budd.

"Our message is not about banning barbeques or restricting workplace socialising, but about keeping health and safety in mind whether you're on the clock or taking a break together.

WorkSafe's Energy Safety team says the incident is a reminder of the risks that exist with gas and the consequences that can follow. Energy Safety is the regulator for ensuring the safe supply and use of electricity and gas anywhere energy is used in Aotearoa, including workplaces.

"If you smell gas anywhere, take it seriously," says Energy Safety's technical officer, Paul Stannard.

"In some of the most significant gas-related events that have come to the attention of Energy Safety in the last few years, people have smelled gas but may not have recognised it as a warning sign."

Be careful, don't use flames or mobile phones, don't turn on electrical appliances, leave the area and call the gas supplier or 111.

"WorkSafe took enforcement measures in the immediate aftermath of the explosion, after identifying issues related to gas bottle storage and worker training which Vuksich and Borich complied with. To further strengthen its safety management system, the company has since introduced a barbeque permit procedure and prohibits storage of gas cylinders or gas bottles inside shipping containers," says Paul Budd.

"In relation to the incident itself we won't carry out further enforcement, because prosecuting an individual or organisation is not in the public interest in this instance.

WorkSafe acknowledges Vuksich and Borich for the ongoing support it provided to the injured workers, as well as their cooperation throughout the investigation.



To read more about responding to gas leaks see www.worksafe.govt.nz/gas-leaksheight



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AT THE HEART OF THE INFLATION PROBLEM THE RESERVE BANK IS BATTLING WITH HIGH INTEREST RATES IS A WAGE-PRICE SPIRAL. CONSUMER PRICE AND WAGE INFLATION ARE AT THE HIGHEST LEVELS SINCE THE EARLY 1990S.

Odds favour protracted high interest rates, not a temporary fall

BY RODNEY DICKENS, MANAGING DIRECTOR, STRATEGIC RISK ANALYSIS LIMITED

Despite economic growth having been quite a bit weaker than the Reserve Bank was predicting in the last two quarters – normally a basis for the market to start pushing down interest rates – interest rates have failed to fall. The market has overlooked the weaker than expected economic news, including more than a 20% fall in new dwelling consents, and is instead focusing on the largest inflation problem in over 30 years.

I suggested in past articles there was the potential for at least a temporary fall in interest rates in response to negative news about economic growth and especially residential building. Temporary because the battle against inflation was always likely to be protracted. But it now looks more likely there will not be a temporary fall and high interest rates will continue until inflation is eventually ground down.

At the heart of the inflation problem the Reserve Bank is battling with high interest rates is a wage-price spiral. Consumer price and wage inflation are at the highest levels since the early 1990s, as shown in the chart. They have eased a little recently, mainly for consumer price inflation because of a lower oil price, but the battle against inflation is likely to be protracted and involve more economic pain.

Faced with higher wage inflation, firms are putting up prices more. While faced with larger increases in the cost of living and aided by a low unemployment rate, employees can gain compensating wage increases. Once this pattern is established, a wage-price spiral will sustain inflation above the 1-3% level the Reserve Bank is tasked to target until there is enough economic pain to break the cycle.

Based on the historical experiences in NZ, the US, the UK, Australia, and Canada, it takes a major recession or often back-to-back milder recessions to break a wage-price spiral. Those interested can read about this in a recent report I prepared for clients about these experiences (see link below).

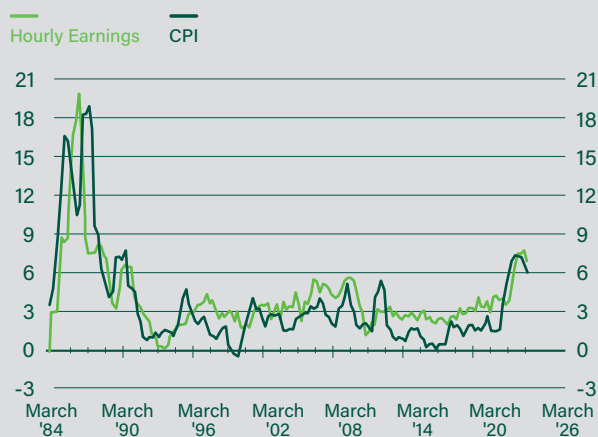
It will not be a straight-line process and a temporary fall in interest rates is still possible at some stage. But there will

need to be quite a bit more economic pain before there will be scope for a fall in interest rates of the scale needed to drive a solid rebound in residential building. This is best considered in the context of the unemployment rate, at 3.6% most recently, needing to be at 5% or higher to break the wage-price spiral.



For more information on wage rise spiral report see: tinyurl.com/wage-price-spiral

CPI & Hourly Earnings Inflation



When is enough, enough?

BY DANIEL FITZPATRICK



How do you handle that difficult team member who isn't performing? At what point do you say, enough is enough?

The employee who gives pushback every time you correct them, the complaints you receive about that person not pulling their weight, their mistakes combined with an 'I don't really care' attitude. It can feel like you're banging your head against a brick wall.

This person can take a lot of time and energy to manage. When their name is mentioned, it triggers you into reaction mode, bracing for the next problem that could be coming your way.

If you've been in business for a while, you'll likely have had someone like this at some point. Pareto's Law would say that if you had 10 employees, there will be at least one who is exceptional and one who is difficult to manage. I've seen this many times with the thousands of business owners I've coached.

There are some of the strategies that have worked best with my clients that could also work for you. But, keep in mind, I am coming from a business coach perspective. So, make sure that you check with your HR specialist about the legal aspects, which aren't covered here.

The litmus test

Remember in science class, you learned how to use litmus paper to tell if a liquid is acid, neutral or alkaline? When litmus paper is dipped into the liquid it would change colour. You then checked the colour against the chart to determine if it was acid, neutral or alkaline. Red is acidic, green is neutral, and purple is alkaline.

Let's apply the litmus test to your team member to see what effect they're having...

The team

How is the behaviour of this person affecting the rest of the team? Is the team getting frustrated and discouraged? Are they feeling demotivated? Is there any bullying involved? Is the overall performance of the team being affected?

The Business

Is this person's performance affecting how long jobs are taking? Or are they causing too many mistakes, at extra cost? Is their behaviour spilling over and affecting your clients or your professionalism as a business?

You

Are you constantly putting out fires caused by this team member? Or, every time you hear their name, does it trigger you into anxiety around what could go wrong next?

A husband/wife couple in an engineering business with a team of around ten was working with an employee who was their most knowledgeable team member. But his attitude was terrible. It was so bad that the wife admitted to me one day

that she didn't even like going into the office in case she might see him.

But they both felt powerless. They worried about losing him, with all the work they had on, and they didn't think they could replace him at that higher skill level. This guy knew this, which made things even worse.

After a few weeks of us working together, I encouraged them to take control back. So, they started calling the shots again. He was given the opportunity to change his attitude or move on. He decided to move on.

It only took a couple of months to find a good replacement, while the rest of the team stepped up to another gear. They had their business back and enjoyed coming to work again. Also, the rest of the team was much happier.

Mirror, mirror on the wall

If you have a problematic team member, it's important to take a look in the mirror. Good coaches know that the business is a reflection of the business owner. Your strengths, weaknesses, successes and mistakes reflect in your business. The more you work on yourself, the better your business will perform.

Did things go wrong at the hiring stage or has this developed over time?

Only by looking back can we see what really happened. It is important to learn from any mistakes you might have made, so you don't repeat them.

Do you have a good hiring process in place that takes into account attitude, not just skills?

Have you set the right structure in place including written checklists, best practices and training so your team members have the opportunity to succeed? Notice I said 'opportunity', as they still have to do their part.

Are you giving each team member regular feedback? Do they know if they are winning or losing?

When we help clients put these systems in place, the culture improves and the team takes on more responsibility as the standards are much clearer.

Do you know everyone on your team well? Do you know the names of their partner/children and what's most important to them outside of work?

Business owners and managers who show their team that they really care, have better team culture with employees who are more likely to step up when needed. Also, their best employees usually stay longer.

What's changed?

When you first employed that team member, there must have been some traits and skills you liked. If they are a good performer initially then what changed? Did you recognise the early red flags?

Maybe something major is happening at home; their marriage might be in trouble, or a family member is dealing with a health crisis. They could be clashing with another team member, or it could simply be the wrong job for them.

It's important to find out early what your team members can and can't do. Don't assume, especially in the 90-day trial period.

My drainage client recently discovered some large mistakes on jobs from his foreman that cost tens of thousands of dollars to fix. Questioning him and his team confirmed suspicions that he was not leading the team well and they were getting increasingly frustrated with the lack of direction. After some further training, it became clear that this guy was not foreman material; he was in the wrong role. They are now looking at other options for him. If this was done earlier, it would have saved a lot of frustration, time and money.

I know I need to do something, but where to start?

One tool we use with clients that works well is our review process. It's a great way to talk about the elephant in the room, without the awkwardness.

By the end of this process, it's really clear to both of you if they are meeting the standard or not and you'll have a track of what to do next.

My building client had a foreman who wasn't leading the team well and pushing back at any constructive feedback. My client didn't like confrontation, so he let these things slide a bit too long.

Once we implemented the review process, the line was very clear on what was no longer acceptable. The foreman soon left. The client discovered some significant mistakes, which took a few weeks to fix, but at least they could get back on track.

It's your move

If you have a difficult team member, they will be costing you a lot more than their salary. Moving forward, there are basically two choices: Carry on as you are and hope things get better, which is unlikely, or you can start being proactive and dealing with the issues.

If you challenge them now, they have a chance to become better. Alternatively, if they are in the wrong place, you are not doing them or you any favours by leaving them there.

Whatever happens next is up to you, but being proactive always gives you better options.



Need some help with your team? Want to become more profitable in your business? Then book a free 45-minute strategy session at: www.nextleveltradie.co.nz/nextstep



Daniel Fitzpatrick is a New Zealand based business coach and the creator of Next Level Tradie.

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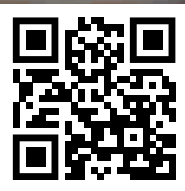


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Appraisal No. 1249 [2023]



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BRANZ Appraised (No. 1249) FOR PURLIN & BATTEN FIXING ALTERNATIVE SOLUTION TO NZS 3604:2011
Tables 2.2, 10.10, A10.10, 10.12, A10.12, 15.9 and A15.9
Three Paslode Purlin nails replace 1/10g self drilling type 17 screw, 80mm long if installed according to direction.

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Eliminating risk & planning for a crisis

Imagine a world where you could run your business without worrying about anything unexpected coming along to knock you off track. No economic downturns, no new government regulations, no natural disasters, no accidents on site, no nightmare customers, no staffing issues, no defective products, no unpaid bills, no stolen tools.



Wouldn't that be wonderful? But unrealistic, right? Wrong.

OK, so you might not be able to stop the ground from shaking, or prevent a global financial crisis, or indeed any of those things from happening. But what you can do is plan for them, so that when they do happen, you're prepared and can minimise their impact. Which is basically the same thing. It just requires a bit of preparation and time. That sounds like a deal worth making, right?

If you think so, you've mastered one of the most important aspects of running a business: Eliminating uncertainty by managing risk.

Risk can be managed in any number of ways:

1. Ignore (or accept) it
2. Eliminate it
3. Avoid it
4. Reduce it
5. Transfer it

How you do that depends on the scale and likelihood of each risk. Then, identifying the most cost-effective approach to managing each risk.

The options may include:

1. Training
2. Written policies
3. Systems and processes
4. Professional advice
5. Contractual terms & conditions
6. Insurance

Business Continuity Planning

A Business Continuity Plan (BCP) allows you to prepare in advance the processes and procedures to help you cope with unexpected events, minimise disruption and get back to work faster.

Building Your Plan

This process can be daunting and almost never gets done without a structure and support to help. This support would typically take the form of an experienced risk advisor, guiding your teams via a series of workshops, through a process that involves risk identification and quantification.

Next is identifying the most cost-effective risk mitigation strategy to treat each risk, which all feeds into your

comprehensive risk management and business continuity plans. This typically includes implementation of a dedicated risk management portal, which allows the business to maintain and monitor its plan in real time, consolidating the key information, contact details, procedures and documents required in the event of a crisis.

STEP 1: Risk Identification

Without a meaningful categorisation, this can be difficult. Categories of risk may include:

- Natural Risk
- Technology Risk
- Supply Chain Risk
- Product Liability Risk
- Economic Risk
- Reputational Risk
- Governance and Legal Risk
- Security Risk
- Workspace Risk
- Environmental Risk
- Financial Risk
- Human Risk
- Business Risk

Within each category are individual hazards. An experienced risk adviser assists senior leadership to identify all the hazards relevant to their business.

STEP 2: Quantify the potential cost of each risk

This can often be more art than science but serves a dual role. Firstly, it allows all risks to be ranked according to their effect on the business, from the greatest effect to the least.

Secondly, it means the cost of any risk mitigation strategy can be weighed up against the cost of the risk itself. This means the business can implement the most cost-effective risk mitigation strategies in order to maximise return/minimise risk per dollar invested. More on this next time.

In summary

Eliminating risk might be impossible, but planning for a crisis and minimising the cost of risk is one of the most important roles of senior leadership in any construction business. Yet many are not adequately doing so, or doing so in a haphazard way that can lead to gaps and an inefficient return on their risk mitigation investment.



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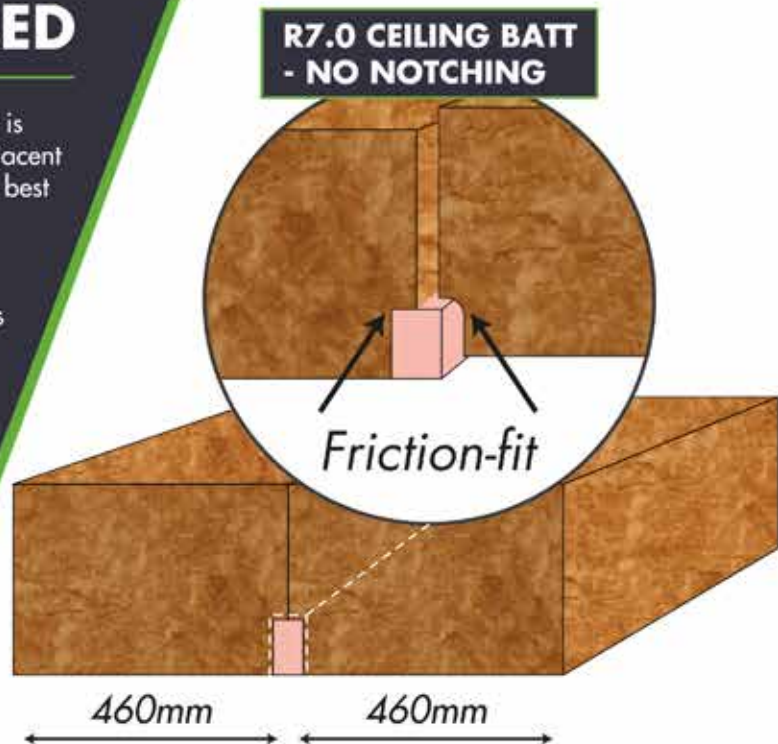
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The power of trusts in protecting your assets



ANDREW SKINNER
PARTNER Urlich Milne

BY ANDREW SKINNER, DIRECTOR AT AUCKLAND LAW FIRM URLICH MILNE

The Ministry of Building Innovation and Employment (MBIE) has issued an options paper seeking submissions on changes to the Building Consenting System. One of the issues being discussed is the legal effect and use of producer statements. This article examines the current status of producer statements and summarises the options being considered for reform in this area.

The term 'producer statement' is a widely used term for a document that confirms an opinion about design or construction works. The Building Act 1991 explicitly stated that building consent authorities could, at their discretion, accept a producer statement as establishing compliance with the building code. A producer statement could supplement for the building consent authority reviewing plans or conducting inspections itself. This power was not carried over to the current Building Act 2004 due to concerns that building consent authorities had become over-reliant on producer statements.

As producer statements, therefore, have no legal status under the Building Act 2004, producer statements are placed in the same category as other information that building consent authorities may consider, to determine whether works have met the requirements of a building consent. As there is no legal status, the use and approval of producer statements varies between building consent authorities.

MBIE considers this creates the following issues:

- there is no certainty, clarity or consistency about the use of producer statements
- a requirement for indemnity insurance is applied in an ad hoc fashion
- information is not easily accessible
- the specific wording of producer statements must be reviewed carefully as they can vary greatly
- there is uncertainty among building consent authorities as to the extent to which they can rely on producer statements

To alleviate the above concerns, MBIE proposes three options for providing more certainty and consistency around producer statements:

- **Option 1 (Guidance Option)** - Centralise and update MBIE guidance on producer statements, including the purpose of such statements, what they can be used for and criteria to assess reliability.

- **Option 2 (Framework Option)** - Amend the Building Act to refer to producer statements and how they should be used, set factors to assess the reliability of producer statements and non-prescriptive legislation, regulation and guidance.
- **Option 3 (Prescriptive Option)** - Prescribe all aspects of producer statements including:
 1. who issues them
 2. what they must be required for
 3. what building work requires peer review producer statements

Of the above options, MBIE prefers option 2 as it strikes a balance between providing the sector and building consent authorities with more clarity, while still enabling some flexibility amongst building consent authorities.

From a legal perspective, signing a producer statement is a serious matter and should only be undertaken with caution. Producer statements are a representation that the author makes with respect to the confirmations given about the building works. The producer statement is a standalone document and is not contained within the building contract, which may have exclusions and limitations of liability that protect the author. Without those exclusions and limitations, a signed producer statement raises serious liability issues for the author if there are eventual problems with the building works.

Despite not having any formal legal status, the use of producer statements remains prevalent throughout the building consent process. Accordingly, any changes to the recognition and implications of the use of producer statements should be of interest to those operating in the industry.

Andrew Skinner has over 20 years of experience as a commercial lawyer, and is a Director in the law firm Urlich Milne, as well as being Vice Chair of the Frame and Truss Manufacturers Association.

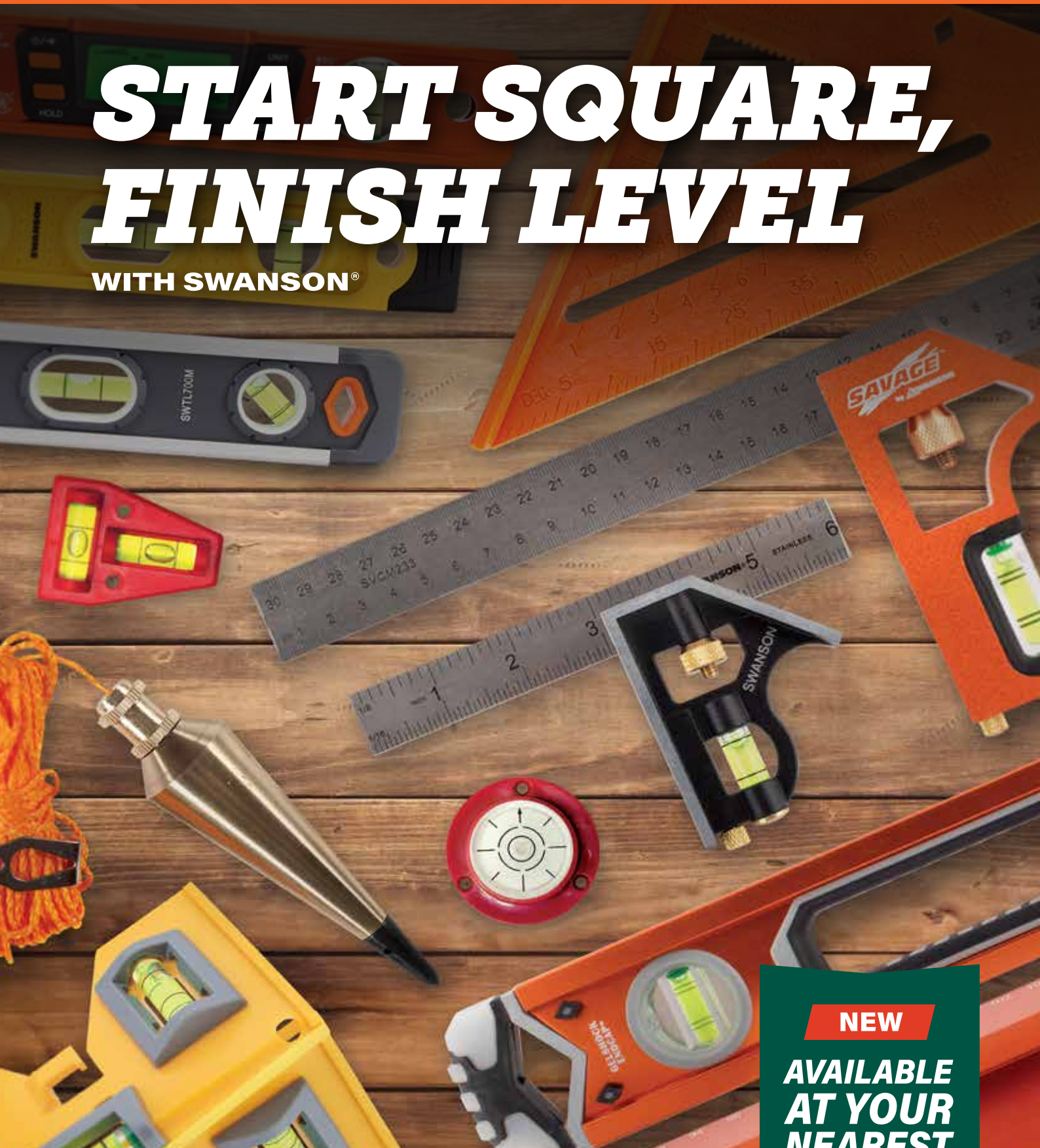
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