



Vocational Education Training: What's the direction from here?

THIS ISSUE ■

License
suspensions –
it's YOUR choice!

Quantity
surveying and
the LBP scheme

The implications
and future of
KiwiBuild

How to avoid
cashflow
mistakes

Legal
requirements
of a clean site



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In the frame

BY MIKE GUY, CARTERS CHIEF EXECUTIVE

In this month's Trade Leader, we took a look at the proposed plans recently released by the Minister of Education Chris Hipkins.

Big changes may be on the horizon for New Zealand's vocational education sector, with the Government calling for input on a proposal to restructure how polytechnics, training organisations and trades training groups operate. It's a topic that has generated considerable feedback and will be interesting to see just how the trade sectors respond to the proposals in front of them.

BCITO Chief Executive Warwick Quinn has, understandably, had plenty to say on the topic and he has responded to the proposal in our fairly extensive article. Whatever the outcome, we agree this is an important subject we can't afford to get wrong.

On the Licensed Building Practitioners front, we have two articles in this issue, one relating to the relationships between quantity surveying and the LBP scheme, and the second around an issue that has continued to be raised – the suspension of building practitioners' licenses.

In many of our issues over the past couple of years, we have highlighted some of the questionable practices that have been going on within our industry, many of which have resulted in sanctions against LBPs. In this issue's article, MBIE looks at the different types of license suspensions, why they have happened and how to avoid them.

It's a worthwhile read to understand your responsibilities as a licensed building practitioner.

This month Stewart Germann Law has provided a legal article surrounding the risk you pose to the environment on building sites with exposed soil and clay and toxic materials such as paint and cement being washed into waterways. To ensure legal compliance always read the resource and building consent conditions pertaining to your site before starting a build.

As always the safety of builders on and off site is paramount to us here at CARTERS and to the success of our industry. There is a thought provoking article this month from Site Safe, addressing the potential dangers of carrying loose tools in moving trade vehicles and how you can mitigate any harm by implementing some safe guards.

Thanks for reading this issue of Trade Leader and for continuing to partner with CARTERS.



MIKE GUY
CARTERS Chief Executive

CARTERS
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TRADE LEADER.

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INSIDE THIS ISSUE

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10. EDUCATION



18. BUSINESS



24. LBP

6. INDUSTRY NEWS

Public consultation on building legislation, workplace injury prevent grants, Site Safe certificate programme, designing for access and usability, healthy home standards released.

8. LICENSED BUILDING PRACTITIONERS

SUSPENSIONS

There are several types of licensed building practitioner (LBP) licensing suspensions: voluntary, relicensing, or disciplinary. This article looks at how they all work.

10. EDUCATION

TRADES TRAINING CHANGES

Wide ranging proposals to reform New Zealand's Vocational Education Training system (VET) have been roundly rejected by the building and construction sector following a sector summit in Auckland recently.

18. BUSINESS

SEVEN TIPS TO BETTER CASHFLOW

Every trade business goes through cashflow problems at some point. It's part of being in business. These top seven mistakes are the ones which cause the most damage and stress.

20. LEGAL

NOTIFIABLE EVENTS

If a "notifiable event" happens at your workplace, you are required to notify Worksafe. But what is a notifiable event, and what else do you need to know from a legal perspective to ensure you are meeting your requirements? Andrew Skinner looks more closely at the information you should be aware of.

21. LEGAL

CLEAN BUILDING SITES

Building sites pose a risk to the environment as everything that enters a drain from a building site goes straight into waterways. Builders can be subject to fines of \$750.00 if they do not manage the main risks and, in extreme cases, \$750.00 per day if the events continue.

23. HEALTH & SAFETY

CARGO BARRIERS - SAFETY SENSE

Sometimes the biggest threat to people in a head-on crash is all the things that are behind them. In a collision between two vehicles, unsecured tools and cargo can become painful, if not deadly, missiles in an accident. Construction safety training organisation Site Safe says putting a barrier between people and objects makes good sense.

24. LICENSED BUILDING PRACTITIONERS

QUANTITY SURVEYING

As an LBP, keeping up to date with the latest information is paramount to running a successful business. This article contains some tools and tricks for Small Medium sized Enterprise (SME) builders from a Quantity Surveying perspective.

28. ECONOMICS

KIWIBUILD UPS AND DOWNS

Slow progress with KiwiBuild has meant the targets of 1,000 completions in the 2018/19 June year and 5,000 in 2019/20 have been dropped, although the target of 100,000 new homes over 10 years remains.

Public consultation: overhaul for building legislation

AFTER DISCUSSIONS BETWEEN GOVERNMENT AND THE BUILDING SECTOR IN 2018, LEGISLATION CHANGES THAT ARE SET TO IMPROVE PERFORMANCE OF THE BUILDING SECTOR HAVE BEEN IDENTIFIED, AND YOU CAN HAVE YOUR SAY ON THESE CHANGES.

MBIE says there's no question a number of challenges across the entire building system are preventing the building and construction sector reaching its potential. Low productivity, skills and labour shortages, and how costs are allocated when things go wrong are issues the sector is currently facing. Within the building regulatory system, roles and responsibilities are unclear, there's insufficient information to help perform roles, and an inability to hold people to account when things go wrong.

To address these regulatory inefficiencies, government is considering changes to the areas of risk and liability, building product and occupational regulation. Within occupational regulation, the focus is on the regimes for licensed building practitioners, engineers and plumbers, gasfitters and drainlayers. Ultimately, the result of any changes must be safe and durable buildings. This is dependent on robust, efficient regulations and a high-performing building and construction sector.

MBIE will soon be asking you to get involved and will outline more about what's changing and where to go to learn about the consultation.

Healthy homes standards released

NEW HEALTHY HOMES STANDARDS, ANNOUNCED RECENTLY BY HOUSING AND URBAN DEVELOPMENT MINISTER PHIL TWYFORD, AIM TO MAKE RENTAL PROPERTIES WARMER AND DRIER.

The standards set minimum requirements for heating, insulation, ventilation, moisture and drainage, and draught stopping in residential rental properties. They reflect feedback from a wide range of public health experts, stakeholders including landlords, tenants and building experts.

The new standards are designed to help make rental homes healthier for tenants and state that:

- All rental homes will be required to have a heater that can heat the main living area to 18°C.
- Rental homes must have ceiling and underfloor insulation that either meets the 2008 Building Code insulation standard, or (for existing ceiling insulation) has a minimum thickness of 120mm.
- Rental homes will also be drier under these changes as kitchens and bathrooms will have to have extraction fans or rangehoods.
- Where rental homes have an enclosed subfloor space, property owners will need to install a

ground moisture barrier to stop moisture rising into the home

- The standards also reinforce existing law that says landlords must have adequate drainage and guttering to prevent water entering the home.
- Draughts that make a home harder to heat will have to be blocked.

Compliance timeline for the new standards:

- 1 July 2021 – From this date, private landlords must ensure that their rental properties comply with the healthy home standards within 90 days of any new tenancy.
- 1 July 2021 – All boarding houses must comply with the healthy home standards.
- 1 July 2023 – All Housing New Zealand houses and registered Community Housing Providers houses must comply with the healthy home standards.
- 1 July 2024 – All rental homes must comply with the healthy home standards.



For more information on the healthy homes standards visit the Ministry of Housing and Urban Development website - <https://www.hud.govt.nz/>

ACC launches new workplace injury prevention grants and subsidies

KIWI BUSINESSES ARE NOW ABLE TO MAKE A BID FOR A SHARE OF A NEW \$22 MILLION DOLLAR FUND THAT'S BEEN CREATED TO HELP IMPROVE WORKPLACE HEALTH AND SAFETY OVER THE NEXT FIVE YEARS.

Two types of assistance will be available – workplace injury prevention grants and subsidies.

Injury prevention grants will provide funding for organisations to help solve health and safety problems that affect multiple businesses in an industry or supply chain.

Injury prevention subsidies are available to help small to medium sized businesses access services and other support known to improve workplace safety.



For more information on these grants or subsidies check out the ACC website. <https://www.acc.co.nz/assets/business/workplace-ip-grants-to-print.pdf>

New Site Safe certificate programme

Site Safe has started offering a new certificate programme from January this year.

The new certificate is a NZQA qualification that focuses on practical workplace health and safety.

The programme is called:

HEALTH AND SAFETY IN CONSTRUCTION

leading to

New Zealand Certificate in Workplace Health and Safety Practice (Level 3)

The benefits of achieving our new certificate programme:

- become a health and safety leader in your company;
- develop new skills and gain a NZQA qualification;
- demonstrate a commitment to safety training through theoretical and practical learning;
- proudly stand for safety in the New Zealand construction industry.

Site Safe are offering the Health and Safety in Construction programme because the current Certificate in Construction Site Safety, which Site Safe delivers in partnership with Unitec, is ending this year as we align to new Certificate frameworks with NZQA.

Under the Health and Safety in Construction programme, learners will complete by achieving 40 credits through attending Site Safe courses, completing assignments and producing workplace evidence.

We believe that learners will benefit from the practical aspect of the programme, where they will get to use real life examples of how they work safely to help gain their qualification.



From January, further information about the programme, including how learners can enrol, will be available on the website.

From 2019, all existing Certificate in Construction Site Safety (CCSS) learners will be automatically transferred into the new Health and Safety in Construction programme. Any credits previously awarded will be recognised and transferred into the new programme with equal value.

For a learner to complete the programme in 2019, they will need to achieve all 40 credits including two of three mandatory courses:

- Risk Management – 8 Credits
- Site-Specific Safety Planning – 7 Credits (previously called Advanced Passport)
- Leadership in Safety – 7 credits

If you have any questions, please contact Site Safe at comments@sitesafe.org.nz or call 0800 SITE SAFE.



The programme brochure can be downloaded here - <https://www.sitesafe.org.nz/globalassets/news-and-events/nz-cert-brochure-web.pdf>

Designing for access and usability

"BUILDINGS FOR EVERYONE - DESIGNING FOR ACCESS AND USABILITY" HAS BEEN RECENTLY PUBLISHED ON THE BUILDING PERFORMANCE WEBSITE, WITH THE AIM TO IMPROVE UNDERSTANDING OF ALL BUILDING USERS' NEEDS WHEN ACCESSING PUBLIC BUILDINGS.

The guide is for those who own, design, build, and manage public buildings to encourage them to consider the varying needs of members of the public right from the start.

Permanent or temporary disability affects about a quarter of the population at any one time. Everyone should be able to access and use public buildings. This guide describes the building user experience for people with different physical, sensory and cognitive capabilities and shows practical approaches to the design, construction and management of public buildings to meet their needs.

The guide provides information about good practice for the design of buildings that are safe and easy to use for everyone, some of which may exceed the requirements of the Building Code.



View the "Buildings for everyone: Designing for access and usability" guide (<https://www.building.govt.nz/buildingcode-compliance/d-access/accessable-buildings/>).



Suspensions

– it is your choice

In past issues of CARTERS Trade Leader, we have highlighted a number of sanctions against licensed building practitioners (LBPs) which have resulted in the suspension of their licences.

The information contained in this article comes from the Ministry of Business, Innovation and Employment (MBIE), which focused on the topic of licence suspensions in a recent issue of Codewords.



**LICENSED
BUILDING
PRACTITIONERS**
Building confidence



THERE ARE SEVERAL TYPES OF LICENSED BUILDING PRACTITIONER (LBP) LICENSING SUSPENSIONS: VOLUNTARY, RELICENSING, OR DISCIPLINARY.

Voluntary suspensions are by choice, but relicensing or disciplinary suspension happens as a result of your actions as an LBP.

All suspensions appear on your public register page, the reason for the suspension is described including for disciplinary or relicensing reasons. Clients might steer away from you if you have a disciplinary or relicensing suspension history, so maintaining your current licence status can be very important to your reputation and future business.

VOLUNTARY SUSPENSION

You may choose to have your licence (or a class of licence) suspended for up to two years by completing the 'Voluntary suspension of licence form'. You can

end your voluntarily suspension at any time by completing the 'Ending voluntary suspension of licence form'. You need to continue to maintain your skills while on a voluntary suspension.

Voluntary suspensions are shown on the public register, but are described as 'at the request of the practitioner', to separate them from suspensions placed on your licence by the Registrar or Building Practitioners Board.

RELICENSING SUSPENSION

Every year, the Registrar will make contact with you about a month prior to your licence ID card expiring to ensure that you wish to remain licensed.

You can renew your licence online, or contact the LBP licensing team.

Your licence will be suspended if you do not respond, if you don't pay your yearly licensing fee, or do not complete your skills maintenance (required every 2 years).

It is important to make contact with the LBP team and renew your licence (which can be done online) because if your licence is suspended you will be considered 'non-licensed'. When you are 'non-licensed' you are not able to carry out Restricted Building Work (RBW) unless you're supervised by an LBP, and you can't supervise RBW. You also can't tell people that you are an LBP.

Your suspension is required by law to be shown on the public register for 3 years. You cannot request to have your suspension history removed. A suspension can impact on your ability to get jobs as consumers check the public register regularly.

DISCIPLINARY SUSPENSION

The Building Practitioners Board can suspend an LBP's licence if an LBP commits a disciplinary offence under section 317 of the Building Act 2004.

A disciplinary suspension means you are 'non-licensed' and not able to carry out RBW unless you are supervised by an LBP. If your licence is suspended by the board you can't supervise RBW and you can't tell people you are an LBP. Your suspension will also be shown on the public register for 3 years and may impact on your ability to get work.



Voluntary Suspension and Ending Voluntary Suspension forms can be found on the LBP website: <https://www.lbp.govt.nz/for-lbps/your-licence/suspend-or-cancel-your-licence/>

QUIZ ? ?

- 1. How long can you voluntarily suspend your licence (or class of licence) for?**
 - a. Up to 6 months
 - b. Up to 2 years
 - c. As long as a piece of string
- 2. When can you uplift your voluntary suspension on your licence (or class of licence)?**
 - a. When the suspension period you selected has ended
 - b. 2 years after your voluntary suspension started
 - c. Any time, but you can only voluntarily suspend your licence for 2 years
- 3. If your licence is suspended because you did not complete relicensing, what are you able to do?**
 - a. Only carry out RBW under the supervision of an LBP
 - b. Supervise RBW as long as you're not the person carrying it out
 - c. Tell people that you're an LBP
- 4. How long will a suspension stay on your public register profile?**
 - a. Until you request to have it removed
 - b. 3 years
 - c. 1 year

CHECK ANSWERS: <https://www.building.govt.nz/about-building-performance/news-and-updates/codewords/codewords-issue-88/suspensions-it-is-your-choice/quiz-answers-suspensions/>

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CARTERS branches played host to a huge power tool month in February, with 22 events held around the country and over 700 attendees.

Cheers to everyone who joined us, it was a great to for our customers, key suppliers and CARTERS teams to get together and catch up on what's new in the industry. Congratulations to the lucky winners of our grand prize draw, each customer won a trip for 2 to the F1 Grand Prix in Melbourne. Check out some of our customers collecting their prize at their local CARTERS branches.

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Construction sector rejects vocational training proposals

Wide ranging proposals to reform New Zealand's Vocational Education Training system (VET) have been roundly rejected by the building and construction sector following a sector summit in Auckland recently.

THE PROPOSED PLANS WERE RELEASED RECENTLY BY MINISTER OF EDUCATION, CHRIS HIPKINS AND WERE INITIALLY ACKNOWLEDGED, BUT MET WITH SOME CAUTION, BY THE HEAD OF NEW ZEALAND'S LARGEST PROVIDER OF CONSTRUCTION TRADE APPRENTICESHIPS, BCITO CHIEF EXECUTIVE, WARWICK QUINN. HOWEVER, FOLLOWING THE SUMMIT, WHERE THE PROPOSAL WAS DISCUSSED IN DETAIL AND ITS IMPACT ON THE CURRENT AND FUTURE TRAINING SYSTEM CAME UNDER SCRUTINY, THE FEEDBACK SHOWED STRONG DISAGREEMENT WITH THE PROPOSAL.

The proposal seeks to change the role of Industry Training Organisations (ITOs) and move the management of apprentices to a new single centralised institution (the New Zealand Institute of Skills & Technology – NZIST), which would be formed by merging all existing polytechnics in New Zealand.

ITOs would be replaced with Industry Skill Bodies, who would continue some existing ITO functions, like developing qualifications, and have a stronger say over what was taught by NZIST. Two-thirds of the attendees – which included a broad mix of industry leaders and employers who work with the ITOs and polytechs – did not support the Government's plans. Concerns centered around the negative impact such widespread changes would have on the sector, especially at a time when more capacity and capability is required. "The purpose of the summit was to agree the non-negotiables any new system must provide to ensure employers and apprentices stay engaged. What we have gained today is an agreed list of what industry expect to be incorporated

in any future system," Quinn says.

"Attendees made it clear that they value sector control of both the standard setting and the arranging of training. While they liked all of the proposals in the reform package relating to the Industry Skills Bodies (and indeed the Government could have been bolder here), they are concerned that control over the arranging of training is at risk.

"Employers value the relationships they have with their ITOs. Under the current system, our field staff build strong relationships with every individual employer and apprentice. This allows us to customise our approach to each firm and learner. In construction, most people learn from mentoring and support and not from pure bookwork. This focus needs to be retained in any reforms, and the sector is sceptical how this will work in the new system. The industry has invested over 25 years to get it to its current state and if it is compromised the system is at risk of failing. In fact it is so important that the industry is prepared to give away the really positive aspects of the reforms to retain the BCITO's role in arranging training...such are the stakes.

"There was concern from many in the room that the smaller trades will fall through the cracks of a single, large institution. They are also concerned that advocacy work carried out by ITOs will be lost. As a result, we will struggle to attract people into the sector.

Mr Hipkins says the reason behind the changes are for school leavers to get higher quality training opportunities, employers to get the skills they need and so New Zealanders are better equipped for the changing nature of work.



"The strong labour market is encouraging young people to move directly into the workforce rather than continue in formal education, when it needs to be smarter and accommodate both. And our system isn't geared up for the future economy, where re-training and up-skilling will be a regular feature of everyone's working life.

"Instead of our institutes of technology retrenching, cutting programmes, and closing campuses, we need them to expand their course delivery in more locations around the country.

"It's time to reset the whole system and fundamentally rethink the way we view vocational education and training, and how it's delivered."

**CHRIS HIPKINS
MINISTER OF EDUCATION**



**WARWICK QUINN
BCITO CHIEF EXECUTIVE**

"If we get this wrong, we risk losing a cohort of employers, and by default apprentices, which would set the sector back years. We cannot let this happen at a time when the sector faces significant skills shortages.

"The overarching question we will be asking Ministers is how they can mitigate the risks identified by industry today in any sector reform," Quinn says. "This is too important to get wrong."

WARWICK QUINN
BCITO CHIEF EXECUTIVE



"The world around us is changing rapidly and our education system needs to keep up," Mr Hipkins said.

"At a time when we're facing critical skill shortages, too many of our polytechnics and institutes of technology are going broke.

"One positive in the Government's proposal is the extended reach and control over what providers can deliver. This is one aspect we would support," says Quinn.

The industry also strongly voiced its concerns about how the transition to a new system would be managed.

"We understand what the new proposals are trying to do, but we are concerned that they may not get there. It is a lot of disruption on a promise that lacks detail."

He says you don't have to remove the arranging of training from the ITOs to improve the VET system. Significant advancements can be made by introducing the functions of the skills bodies into the ITOs and by ensuring the funding regime drives the right behaviours.

The changes, which aren't due to come into effect until 2020, have

undergone a period of public consultation, which ended on March 27th.

THE PROPOSALS ARE:

- Redefined roles for education providers and industry bodies (Industry Training Organisations (ITOs) to extend the leadership role of industry and employers;
- Bringing together the 16 existing Institutes of Technology and Polytechnics (ITPs) as one entity with the working title of the New Zealand Institute of Skills & Technology with a robust regional network of provision; and
- A unified vocational education funding system.

"We would also ensure there's strong regional influence in the New Zealand Institute of Skills & Technology through the proposed formation of Regional Leadership Groups which would identify the needs of the local economy and become a key link between local government, employers, iwi and communities," Mr Hipkins says, "The development of courses and

programmes would be consolidated, improving consistency and freeing up resources to expand front-line delivery. There will be more sharing of expertise and best-practice, and more use of online, distance, and blended learning.

"Our proposals aim to ensure that the system is easier to navigate and provides the skills that employers and employees need.

"What we are proposing is ambitious, but it needs to be. We cannot continue to tweak the system knowing that the model is fundamentally broken, and isn't delivering our workforce the skills that they need to thrive.

Mr Hipkins said that the proposals released may go ahead in this or another form, but the Government won't make any decisions until we have heard and carefully considered feedback from this consultation process.

BCITO has said it will continue to consult the sector to ensure a robust response to the Government proposals.

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EMPLOYERS

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CARTERS are proud to sponsor this event for the 15th consecutive year and value the opportunity to support our future industry leaders.

If you're interested and want to know more, head along to one of the RMB 'Head's Up' meetings. Previous AOY winners and judges will be there offering advice on what you can expect from the competition. **Find an event near you at www.apprenticeoftheyear.co.nz/headsupmeetings**

If you're ready to apply head to WWW.APPRENTICEOFTHEYEAR.CO.NZ

CONZTRACT MINI CONZTRACT 2019

CONZTRACT MINI 2019

Westport	Tuesday 9 April
Gisborne	Tuesday 11 June
Taupo	Tuesday 2 July
Rotorua	Wednesday 3 July
Blenheim	Wednesday 7 August
Nelson	Thursday 8 August
Kaitia	Tuesday 10 September
Kerikeri	Wednesday 11 September



CONZTRACT Mini is kicking off it's first show of the series this month in Westport at the Pulse Energy Recreation Centre. In the same expo style as the CONZTRACT trade shows, these events provide a forum for suppliers to reach builders located regionally, offering networking and learning opportunities to construction industry professionals (full event dates on the left).

Head down to an event near you - between 4:00pm - 6:30pm - and be sure to stop by the CARTERS stand to have a chat with your local team. For more information or to register, please go to www.conztract.co.nz/registration.



NZCB CONFERENCE

14th - 15th June 2019

The Annual New Zealand Certified Builders Conference is set to be held at the newly refurbished Christchurch Town Hall in June. This is a great event bringing big industry players together to provide the industry with necessary tools and education. CARTERS will be onsite at the Trade Expo, see you there!

INDUSTRY EVENTS

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The 7 biggest cashflow mistakes tradies make

■ BY DANIEL FITZPATRICK

IT'S A FAMILIAR STORY AND IT GOES LIKE THIS:

A few people haven't paid you or you've had a couple of slow months.

Bank account is looking empty and you still need to pay staff and suppliers.

Things are getting stressful. The heat is starting to rise and the business is feeling a little out of control.

It's bothering you to the point you're waking up in the middle of the night with your mind racing. Worried if there will be enough money to pay everyone this week. Then you have trouble getting back to sleep again - now you're tired - it's going to be a long day.

The thing is, every tradie business goes through cashflow problems at some point. It's part of being in business.

But, if the situation continues to come up, then it's a sure sign that cashflow management is a weakness in your business that needs fixing.

Having coached a lot of trade businesses with cashflow problems, I see many of them making the same mistakes. These top seven mistakes are the ones which cause the most damage and stress (not necessarily in this order).

MISTAKE 1: Letting clients pay you when they want, instead of when they should.

Giving too much credit for too long can be dangerous and is one of the biggest downfalls for trades.

Many have gone broke because their biggest client didn't pay them. Or, at the very least, they have been sweating it out with strangled cashflow at the end of the month, looking for enough

money to pay bills and the bank while waiting for overdue amounts to come in.

How much have you lost in money and time through late payers and bad debts?

The fix is to set expectations right up front with client, have strict credit terms, take deposits at the beginning of jobs, progress payments on big jobs, and be prepared to stop work if the account is not paid on time.

Only when you are paid can you say the money is yours.

MISTAKE 2: Not billing everything out on time, or at all.

Often, especially on complex jobs, bills are sent out months later. Or some details are forgotten, so not everything is billed. Or, even worse, the job is not billed out at all.

Make sure you have a good system for your team to record all details - including extras (materials and labour) - on the job, then make sure you invoice everything on completion.

Pay special attention to cashflow when your tradie business is growing. If you're not getting paid everything you're due, you are going to feel the squeeze...and it's not going to be pleasant.

MISTAKE 3: Not allowing enough margin in your jobs.

It doesn't matter how big your jobs or sales are. If you're not making enough money to cover all your costs, overheads and profit on top, you won't ever have the cashflow you need.

This is all about quoting the job with good margins at the start - and then controlling it so there is healthy profit at the end of each job.

MISTAKE 4: Not understanding what is yours

I call this your cash position, which is simply what you would have left if all your receivables were collected and all suppliers, wages, credit cards, bank, and taxes were paid.

Is there some money left? Or will you have to chip in the difference from your back pocket?

Unless you have a positive cash position (money after everyone is paid), you won't have good cashflow. It's basic math.

Also, you want to be improving this figure over time, so check this calculation at the end of every month to make sure you're on the right side of things.

BE PROACTIVE ABOUT YOUR CASHFLOW.



MISTAKE 5: Surprise tax bills you didn't see coming

Unexpected tax bills (due now) will kill cashflow dead, believe me!

Make sure you keep in touch with your accountant and know what is due and when, then put the money aside in a separate account early so it's there when you need it.

Remember it's not your money. So, if you spend it, you'll have problems with the IRD. You have to pay it all back and that's stressful.

If you are caught short? Don't bury your head in the sand. Phone the IRD and make an arrangement. If you don't, the penalties and interest charges are brutal. Yes, I have seen some businesses who left it too long. The extra costs were almost as much as the original amount!

MISTAKE 6: No cash buffer

Construction is cyclical. In other words, it has highs and lows. In the good times, it's important to put cash away for when times are not so good. If you have been around a while, you'll have already been through this cycle a number of times. It's all part of the fun.

Have enough in the bank to cover your overheads for a few months if things get tight. But the bigger buffer you can accumulate, the better.

MISTAKE 7: No planning

Many tradies wing cashflow and it gets them into trouble.

Completing a budget and cashflow to know what money you need to pay who and when is essential to running a good business. It's an easy template which I give all my clients. It takes just 15 minutes.

Think of it like this. If you are in the middle of the road and a bus is about to hit you and you only have one second to react, this means you have big problems. But what if you have a whole 10 seconds? You have way more options - you can wave it down, move to the side, or simply get the heck out of the way.

Same with cashflow in your business. If you have time and you can see what's going to happen, you have a greater level of control of the situation.

Poor cashflow is actually the main reason businesses fail.

SO BE PROACTIVE.



Daniel Fitzpatrick is a business coach and creator of Next Level Tradie, based in North Canterbury. Find out more about him at <https://nextleveltradie.co.nz/>

If you need a hand with your business and cashflow, book a time with him and have a chat about how he can help. <http://nextleveltradie.youcanbook.me/>

What is a Notifiable Injury or Incident?

■ BY ANDREW SKINNER

IT SHOULD BY NOW BE WIDELY UNDERSTOOD THAT THERE IS A REQUIREMENT FOR BUSINESSES TO NOTIFY WORKSAFE IF A "NOTIFIABLE EVENT" HAPPENS AT THE WORKPLACE. A NOTIFIABLE EVENT IS DEFINED IN THE HEALTH AND SAFETY AT WORK ACT 2015 (ACT) AS MEANING EITHER A NOTIFIABLE INJURY OR ILLNESS OR A NOTIFIABLE INCIDENT WHICH IN TURN ARE BOTH DEFINED IN THE ACT. WHILST THE ACT HAS DETAILED DEFINITIONS, THE WORKSAFE WEBSITE (WWW.WORKSAFE.GOV.TZ/NOTIFY-WORKSAFE) CONTAINS SOME HELPFUL INFORMATION REGARDING THE TYPES OF INJURIES AND INCIDENTS THAT NEED TO BE REPORTED.

WHAT IS A NOTIFIABLE INJURY OR ILLNESS?

Generally, these are work-related injuries and illnesses which are serious and need to be notified. The website contains a useful table identifying the specific injuries or illnesses that require reporting and examples of each of them to assist with deciding whether the injury is serious. For example, a serious eye injury includes:

- injury that results in, or is likely to result in, the loss of an eye or vision (total or partial)
- injury caused by an object entering the eye (for example, metal fragment, wood chip)
- contact with any substance that could cause serious eye damage.

However, a serious eye injury does not include exposure to a substance or object that only causes discomfort to the eye.

The website examples provide useful guidance for determining whether an injury or illness is notifiable. Please note that it is mandatory to report an injury or illness if it results in a person needing to be admitted to hospital for immediate treatment.

WHAT IS A NOTIFIABLE INCIDENT?

A notifiable incident is an unplanned or uncontrolled incident that exposes a person to a serious risk arising from immediate or imminent exposure to a specific list of events as specified in the Act. These events which are

listed on the website include fire, fall from height of plant, or electric shock. The list is prescriptive and it is important to understand that a person needs to be sufficiently close to the event in order to be exposed to the risk (which is why these events are often referred to as "serious near misses").

If a notifiable incident causes a minor injury but had the potential to cause serious injury, illness or death, then it would need to be notified.

NOTIFYING WORKSAFE

If you have concluded that Worksafe must be notified then you can either call Worksafe or submit an electronic notification on the website. There is a requirement to notify Worksafe as soon as possible after becoming aware of a notifiable event. If a number of businesses are involved then only one notification needs to be made. A notification is often required to be made soon after an event has happened when the full details of the event may not be fully understood. You should provide factual details only when notifying an event and avoid speculating the cause until a full investigation is carried out.

It is important to remember when



Andrew Skinner is formerly General Counsel at CARTERS and is now Senior Associate at Stewart Germann Law Office - andrew@germann.co.nz

an event occurs the scene of the incident must be preserved (i.e. remain untouched) in case Worksafe wishes to inspect it. Once notified, you will need to wait for a Worksafe investigator to contact you and decide whether they wish to attend the scene or not. A Worksafe inspector may ask you to take photos of the scene in order for them to review the area and decide whether to attend. There are some limited exceptions to the requirement to preserve the scene, including to help the injured person or to make the area safe for other persons.

If a business fails to notify Worksafe of a notifiable event, or fails to preserve the scene following an event, these are serious matters and could result in a fine of up to \$50,000 depending on the circumstances. If you are in any doubt regarding whether an event is notifiable then you should seek legal advice.





Keeping a clean building site

■ BY ANDREW SKINNER

Building sites pose a risk to the environment as everything that enters a drain from a building site goes straight into waterways.

According to Auckland Council, the two main risks from the building site are:

- Exposed soil and clay being washed into the waterways by rain resulting in sediment build-up; and
- toxic materials like cement and paint being washed into waterways.

Builders can be subject to fines of \$750.00 if they do not manage the main risks and, in extreme cases, \$750.00 per day if the events continue. If there is a deliberate and ongoing intent to disregard the Resource Management Act and the Council, builders can be prosecuted with much larger fines.

Recently Auckland Council's Regulatory Compliance Team undertook a large scale inspection of a development site in South East Auckland and found that 13 construction sites in a single street were in breach of the rules and consent conditions. The Council issued abatement notices requiring the breaches to be rectified immediately. This action by Auckland Council follows the decision made by Environment Canterbury in late 2018

to issue on the spot fines for non-compliance.

Most of the Councils have issued guidance for compliance in this area. Auckland Council have issued "Building on small sites – Doing it right" which provides practical guidance before, during and after a project is finished.

BEFORE THE PROJECT STARTS

Before starting a project it is very important to read carefully the resource consent and building consent conditions. The building consent will likely contain an Erosion and Sediment Control Plan which was prepared as part of the consenting process. A copy of these consents and plans needs to be retained on site throughout the build so that all contractors and subcontractors are made aware of the specific requirements. Most building contracts will oblige the contractor/subcontractor to comply with consent conditions and so it is important that these conditions are readily available to them. Failing to follow the consent conditions will result in a breach of consent and a breach of contract for the offending party.

DURING THE SITE WORKS

The guide covers how to protect waterways during building works by:

- preventing exposed soil and clay from being washed into waterways;
- protecting drains by installing protection around where the water enters the drain; and
- how to work with toxic materials such as concrete, cement and paint to avoid these highly toxic materials entering the environment.

AFTER THE PROJECT IS FINISHED

When the project is complete you need to arrange final inspections for your resource consent and building consent and then remove all of the sediment control measures.

Whilst Auckland and Canterbury are leading the way in terms of tackling non-compliant construction sites, we can expect to see a continued focus on environmental issues at building sites across the country.

This article is intended to provide general guidance and does not constitute legal advice, which may vary depending on your circumstances.

Andrew Skinner is formerly General Counsel at CARTERS and is now Senior Associate at Stewart Germann Law Office - andrew@germann.co.nz



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TOOLS WENT FLYING WHEN THESE TWO VANS COLLIDED ON THE OUTSKIRTS OF HAMILTON IN FEBRUARY THOUGH THERE WAS NO SERIOUS INJURY. PHOTO: NZ POLICE



When tools become unguided missiles

Cargo barriers are a good way of preventing an already bad situation from getting much worse.

Sometimes the biggest threat to people in a head-on crash is all the things that are behind them.

A collision between two vans in Hamilton in early February saw Waikato police warning tradies that unsecured tools and cargo can become painful, if not deadly, missiles in an accident.

In a Facebook posting about the crash (pictured) the police said timber and tools came flying out of the van as it collided with another vehicle that had crossed the centre line.

"UPON IMPACT, THE CONTENTS OF THE TOYOTA HIACE (INCLUDING TOOLS) HAVE COME FLYING FORWARDS, TOWARDS THE DRIVER AND HIS PASSENGER.

"IF YOU ARE A TRADIE OR OWN A COMPANY, THIS MAY BE AN OPPORTUNITY TO CONSIDER ANY IMPROVEMENTS THAT YOU CAN MAKE (IN CASE OF AN EMERGENCY)"

The van driver later told the New

Zealand Herald that it wasn't the wood that broke his windscreen, but accepted that several tools had gone rogue. He said four tools - a clamp, a glue gun, hack saw and multi box - flew out the window but they were the only things that were unsecured in the van.

Construction safety training organisation Site Safe says putting a barrier between people and objects makes good sense, particularly for tradies and construction workers.

The gravitational force (g-force) on people and objects during collisions at about the 50kmh mark is usually around 20-25 times normal. So, for a brief instant, even a 1kg water bottle will have the force of 20-25 kgs as it flies forward until it hits the dashboard, the windscreen, or the back of someone's head.

Otaki St. John ambulance officer Trevor Hunter has dealt with several vehicle accidents involving unsecured items including, tragically, two fatal ones. Another one, he says, was much luckier for the occupants. They were in a head-on crash which

saw a large oxy-acetylene cylinder fly out from the back of the van, shooting between them and burying itself in the dashboard.

Another first responder from Otago recalls a call-out to where a vehicle had rolled. She says it wasn't the actual rolling that killed a person in the car, it was a combination of a loose tool box, a chainsaw, and other heavy items.

There are several ways to minimise the risk from such things happening. Keeping them secure is one, keeping tools and materials separated from people via a cargo barrier is another - ideally those that meet the NZS4034 standard for cargo barriers.

Properly fitted barriers, as well as protecting people from fast-moving objects, may also offer extra protection if the vehicle rolls.

Site Safe also recommends that liquids are securely stowed in correct bottle containers and where possible, fuel should be in a separate trailer.



For more information go to:
www.sitesafe.org.nz



IN LAST NOVEMBER'S ISSUE OF CARTERS TRADE LEADER, WE RAN AN ARTICLE ON QUANTITY SURVEYING AND HOW TO APPLY IT TO RESIDENTIAL BUILDING PROJECTS.

IN THIS ISSUE, WE FOLLOW UP WITH TWO RELATED ARTICLES; ONE ABOUT THE RELATIONSHIP BETWEEN QUANTITY SURVEYING AND DESIGN, AND A SECOND RELATING TO QUANTITY SURVEYING AND HOW IT RELATES TO BEING AN LBP

Quantity Surveying and Design – how they work together



INCLUDING VALUE ENGINEERING OPTIONS DURING A PROJECT'S DESIGN CAN HELP MANAGE COSTS AND AVOID A BUDGET BLOWOUT.

Traditionally many see design and quantity surveying as being standalone practices. However, the benefits of combining these practices become obvious when analysing their individual strengths.

A quantity surveyor (QS) can provide valuable input at the start of a project by providing advice about 'value engineering' and cost management.

VALUE ENGINEERING

Value engineering involves a QS providing different options to realise cost saving benefits for a project.

Examples of value engineering in a design process include:

- advising on using different cladding types as a cost saving option

- design adjustments that mean standard materials can be used rather than specially created materials or materials that create excessive waste
- ensuring a ceiling height is the same as a standard sheet size for plasterboard
- designing the project so work is completed in stages, to allow costs to be set out accurately and keep track of specific measurements at each stage.

DESIGN BENEFITS

Often, and despite best efforts, an initial budget provided by a client is blown as excitement about the project grows. To help manage costs it's best to bring in a quantity surveyor during several stages of the design process:

- For the initial conversation with the designer and the client, to discuss budgets and goals, set expectations and identify the limits of the design within the cost parameters.

At this point, it's important to talk to the client about their budget and what they want to achieve. It can be easier to identify early on if the goals and the budget are likely to work. This is also an opportunity to discuss ideas about value engineering for the designer and the client to think about.

- Once the concept plans have been completed, a quantity surveyor can provide an indicative budget.

This can be useful prior to the working drawings being completed as it can save rework if the plans exceed

the budget. If further value engineering is required, this is a good time for a discussion between the designer and client.

- After the concept drawings have been signed off and the working drawings completed, a quantity surveyor can provide a schedule of quantities.

A schedule of quantities is used during the tender process and is a list and measurement for all carpentry and concrete items needed for a project. Using a schedule of quantities means that all builders use the same measurements; overall this makes tenders fairer and easier to compare. It often also encourages builders to tender a price as the exercise is far less labour intensive without the need to measure as well as price.

quiz



1. What does Value Engineering provide?

- a) advice regarding the structural elements of a project
- b) advice regarding the cost elements of a project
- c) advice regarding the architectural elements of a project

2. A schedule of quantities is a measured document provided to builders to tender from, and is useful for:

- a) Fair tendering
- b) Making sure materials are measured correctly
- c) Helping to make the tendering process less time intensive for the builders
- d) All of the above

3. Designers and quantity surveyors should

- a) Never work together
- b) Only work together at working drawings stage
- c) Ideally work together at the start of a project



Check answers here: <https://www.building.govt.nz/about-building-performance/news-and-updates/codewords/codewords-issue-87/quantity-surveying-and-design-work-together/quiz-answers-quantity-surveying-and-design-work-together/>

Learning opportunities and tools for LBPs



As an LBP, keeping up to date with the latest information is paramount to running a successful business.

WE ARE LUCKY IN NEW ZEALAND AS THERE ARE LOTS OF OPPORTUNITIES AND TOOLS TO LEARN AND GROW YOUR BUSINESS, AS LONG AS YOU KNOW WHERE TO LOOK! THIS ARTICLE IS THE THIRD AND FINAL ARTICLE TYING QUANTITY SURVEYING TO BEING AN LBP.

Often we hear that LBPs are unsure where to start learning about business practices. Here's some advice for Small to Medium sized Enterprise (SME) builders to pick up some tools and tricks from a Quantity Surveying perspective.

Business practices are relevant to your Skills Maintenance. Contractors have a range of regulatory obligations alongside LBP obligations, so knowledge in this area is relevant to being able to contract with consumers and participate in our building industry.





TRADE EVENTS

Get along to as many trade events as you can. Hearing from a range of informative speakers, and the general camaraderie these events encourage, is something you can't put a dollar value on. Trade Events are often held by different institutions as well as by merchants or other trade suppliers.

Another great place to meet and share your knowledge and listen

to a range of speakers is your local Chamber of Commerce. They will generally cover more than just trade information and also give out free information for those interested in human resources, business acumen, accounting, and all those other things SME builders need to understand to run their businesses profitably and efficiently.



1. Learning about contracting with consumers and complying with your obligations can be relevant for:

- a. LBP Skills Maintenance
- b. Running a competitive and resilient business
- c. Winning contracts and staying profitable
- d. All of the above

2. True or false: If you're operating a small business, you won't need to know anything about recruiting staff, human resources or accounting – just turn up and do the work!

- a. False
- b. True

3. Where is one good place to get started on learning business skills and getting support to grow your company?

- a. A quantity surveyor
- b. NZTE Regional Partnership Networks
- c. You'll just have to learn it yourself



Check answers here: <https://www.building.govt.nz/about-building-performance/news-and-updates/codewords/codewords-issue-88/learning-opportunities-and-tools-for-lbps/quiz-answers-learning-opportunities-and-tools-for-lbps/>

NZTE - REGIONAL PARTNERSHIP NETWORKS

New Zealand Trade and Enterprise offer learning opportunities and funding to SME's across New Zealand, and in many cases this includes our local trades. They can offer business mentoring, financial acumen, Human Resources support and training and marketing. Support is offered by way of courses around the country and one-on-one consulting and training with regional partners.

You can apply for funding for this assistance if you go to the website and become part of the network, it is definitely worth checking out. Suppliers to the NZTE have to be thoroughly vetted to ensure they are going to give value and help businesses so it is a great place to find real value, and help with funding.

ESTIMATING TOOLS

There are lots of online tools, some free and others by subscription, providing data-based industry averages across the regions for labour constants, built up rates, and cost planning information. Quantity surveyors use this global information for estimating purposes, but for builders who are looking for estimating guidance, it is a fantastic wealth of information.

You can also find paperback books about quantity surveying. These are a common tool quantity surveyors

use, alongside online services, to obtain information about labour constants. You'll often find one within reach of a quantity surveyors desk.

Using resources to make the process quicker and easier is an added bonus. The information in these resources has been gathered through years of data analysis, and is a good basis to use when completing your own pricing work. A very handy tool to have in the office!



More information on the NZTE Regional Partnership Networks <https://www.nzte.govt.nz/common/regional-business-partner-network>



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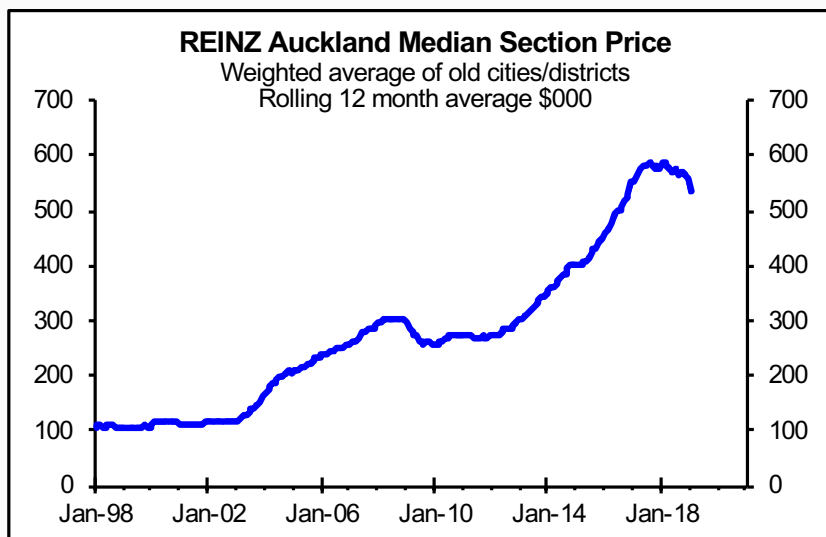
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The ups and downs of KiwiBuild

■ BY RODNEY DICKENS

Slow progress with KiwiBuild has meant the targets of 1,000 completions in the 2018/19 June year and 5,000 in 2019/20 have been dropped, although the target of 100,000 new homes over 10 years remains.



KIWIBUILD FACES THREE CHALLENGES:

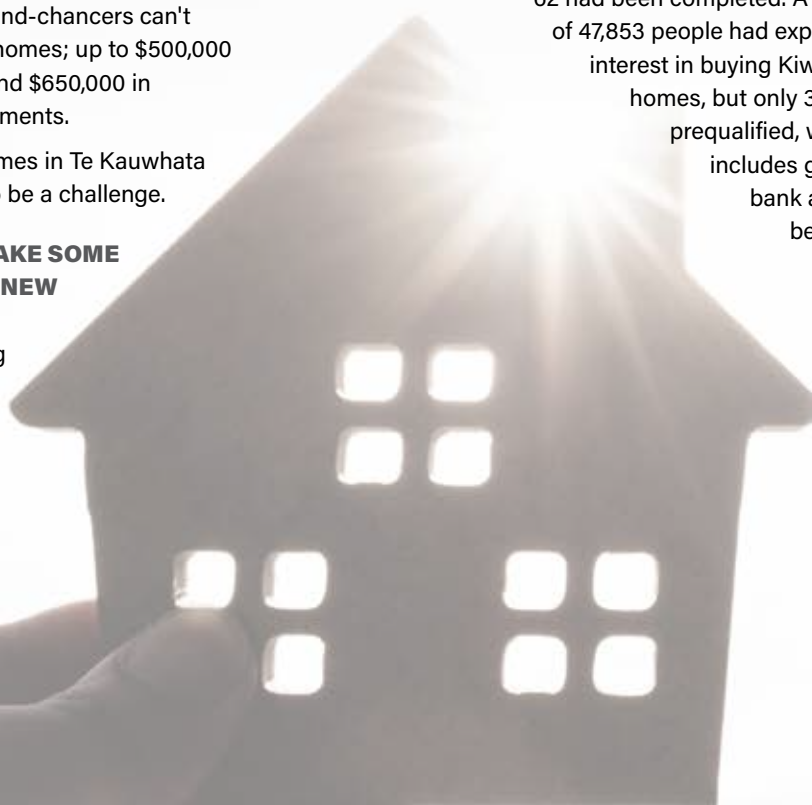
- It does little to get down exorbitantly high section prices, especially in Auckland (see Figure 1), as well as in other major urban centres that have priced first home buyers and more out of the market.
- Many first home buyers and second-chancers can't afford the "affordable" KiwiBuild homes; up to \$500,000 for houses outside of Auckland and \$650,000 in Auckland, although less for apartments.
- Selling hundreds of KiwiBuild homes in Te Kauwhata and Wanaka was always going to be a challenge.

HOWEVER, KIWIBUILD WILL MAKE SOME PROGRESS IN GETTING DOWN NEW HOUSING COSTS:

- Speeding up resource consenting will lower compliance costs, reduce holding costs and possibly mean developers can have lower budgeted margins.
- The use of smaller new homes and, for houses, smaller sections.
- Mass/factory production may generate economies of scale.

KIWIBUILD HAS THREE MAIN 'ARROWS', WITH ONLY THE FIRST OF THOSE FIRED SO FAR:

- The "Buying Off The Plans" initiative. As at 12th February, developers had signed up to build 10,355 KiwiBuild homes, 279 were under construction and 62 had been completed. A total of 47,853 people had expressed interest in buying KiwiBuild homes, but only 313 had prequalified, which includes getting bank approval before



participating in ballots. For the major Auckland projects, KiwiBuild homes will be sold via real estate agents which should help overcome the problems around ballots.

A TOTAL OF 47,853 PEOPLE HAD EXPRESSED INTEREST IN BUYING KIWIBUILD HOMES, BUT ONLY 313 HAD PREQUALIFIED

- According to the Housing NZ website, there are several major Auckland projects that will involve a mix of "social, affordable [KiwiBuild] and market houses"; Mt Roskill (10,000), Mangere (10,000), Northcote (1,500) and Oranga (1,000).
- An article on www.interest.co.nz reported "44 different organisations have now been shortlisted and asked to take part in the next stage of the [mass building] process".

The first arrow has experienced teething problems, but the Government's KiwiBuild Unit has sent emails saying significant progress is in the pipeline. In time, the second and third arrows will have an impact. The Government may introduce new initiatives to help overcome the affordability problem, like rent-to-buy or shared equity schemes.

IT IS TOO EARLY TO WRITE KIWIBUILD OFF, BUT IT WILL MAKE A MUCH SMALLER CONTRIBUTION THAN THE OFFICIAL FIGURES WILL STATE BECAUSE IT WILL CROWD OUT OTHER BUILDING:

- Some of the people buying KiwiBuild homes will have bought new homes anyway, while some will have otherwise bought existing dwellings and some of the sellers of these will have built.
- Lack of capacity to build more is often quoted as a constraint but isn't supported by the historical experience of the industry being able to cope with massive upturns.
- To the extent KiwiBuild boosts building activity, it will add to an already tight labour market and, in time, mean marginally higher interest rates. This is in the context of the range of government policies that will boost inflation and, in time, interest rates.

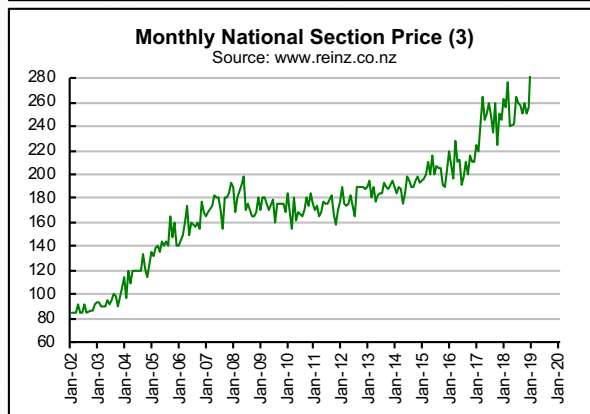
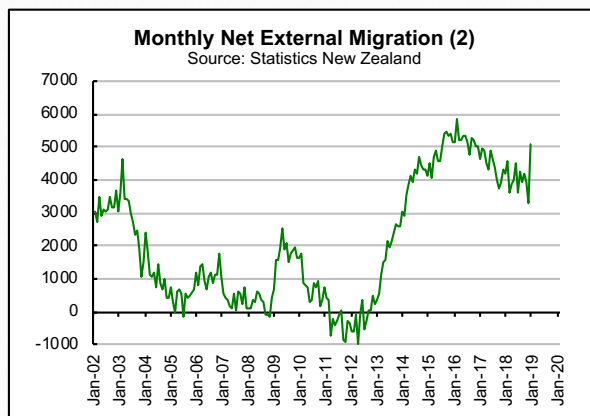
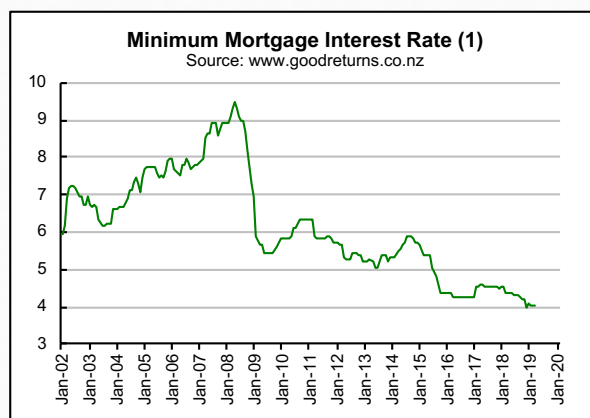
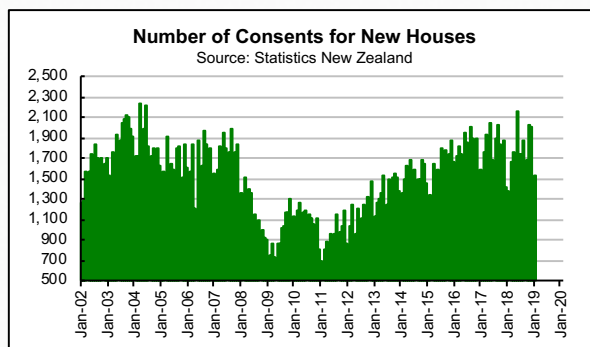
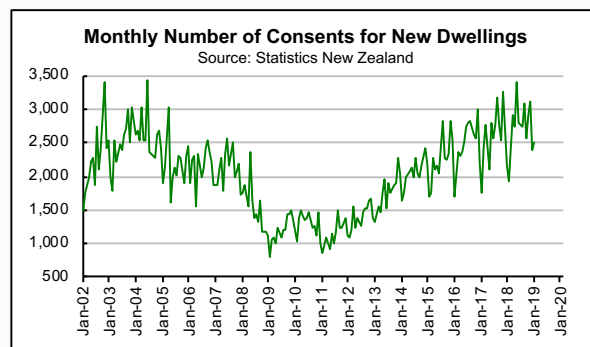
Hate it or love it, KiwiBuild isn't likely to go away soon, especially if, as seems likely based on recent political opinion polls, there is a Labour coalition government after the late-2020 election. It will most likely continue to disappoint, but should still make enough progress to provide some boost to the level of building, even after allowing for crowding out. It will have implications for what is built, where it is built and who builds it that will be relevant to builds in most major urban areas and some smaller centres.

FOOTNOTES

(1) The lowest of the average floating and various fixed mortgage rates charged by the largest mortgage lenders. (2) Adjusted by Statistics New Zealand to remove the seasonal pattern. (3) Median section price reported by REINZ (\$000)



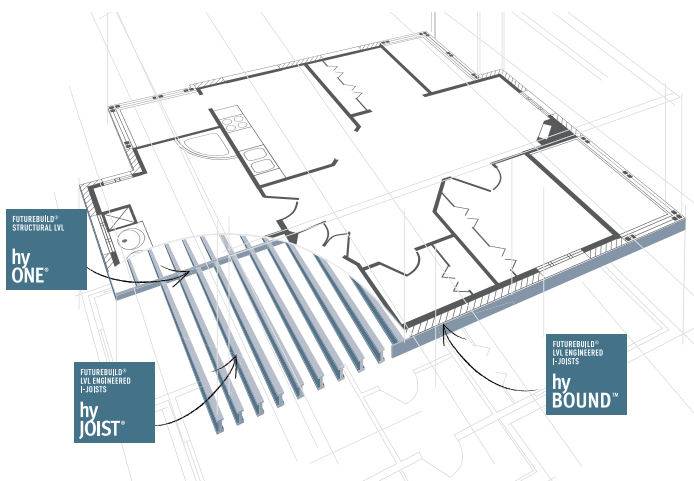
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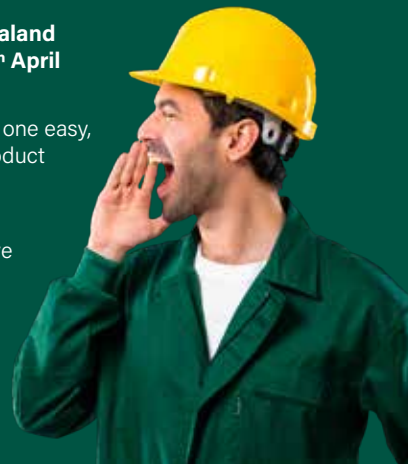
TRADE ONLY

IT'S BACK AGAIN FOR 2019!

The CONZTRACT trade shows are heading to main centres across New Zealand again this year, kicking off at Hamilton's Claudelands Events Centre on 30th April and touring through to September.

These events bring together construction industry professionals and suppliers in one easy, expo environment! You can have valuable discussions with suppliers, look for product developments on the expo floor or attend an LBP workshops that will assist with your skills maintenance requirements.

These shows are free to attend and too good to miss, so grab your crew and leave site a little early when CONZTRACT is on in your area.



For more information and to register go to
WWW.CARTERS.CONZ/CONZTRACT

ROUND 1

Hamilton

Tues 30 Apr
Claudelands Events Centre
Wed 01 May
ASB Sports House
Thurs 02 May
Vodafone Events Centre

Whangarei

Auckland Sth

ROUND 3

Auckland Nth

Tues 23 July
Eventfinda Stadium
Wed 24 July
TECT Auditorium, Baypark
Thurs 25 July
Rodney Green Event Centre

Tauranga

Napier

ROUND 2

Wellington

Tues 18 June
Westpac Stadium
Wed 19 June
Central Energy Trust Arena
Thurs 20 June
TSB Stadium

Palmerston Nth

New Plymouth

ROUND 4

Christchurch

Mon 16 Sept
Air Force Museum
Tues 17 Sept
Edgar Centre
Wed 18 Sept
Velodrome, ILT Stadium
Thurs 19 Sept
Queenstown Event Centre

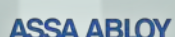
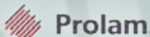
Dunedin

Invercargill

Queenstown

**VISIT THE CARTERS
CONSTRUCTION ZONE
AT A CONZTRACT EVENT NEAR YOU**

CARTERS are back on board for the 2019 series and bringing the CONSTRUCTION ZONE with us. This zone is set to be packed with 25+ key suppliers showcasing their latest products and solutions direct to you.





New MS Bond

Adhesive and Sealant in one

- The new MS adhesive and sealant that sticks and seals in one
- High strength, flexible, multi-purpose
- For indoor or outdoor use
- Low VOC
- Very good resistance to water and weathering
- Ideal for use on most building substrates



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BUILDING TRUST

