

CARTERS 
Your **Building** Partner

AUGUST 2018

TRADE LEADER.

**The government
strategy to help
with the labour
shortage**

THIS ISSUE

Key KiwiBuild pointers

**Your options for
hiring staff**

**Health & Safety and
starting a business**

**What are
'enforceable
undertakings'?**

**Legal:
Employment law**



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BUILDING TRUST



In the frame

BY MIKE GUY, CARTERS CHIEF EXECUTIVE

July 1st marks the date of the official implementation of KiwiBuild, the ambitious plan to address New Zealanders ability to afford their own home. Interest is high with over 6,000 registrations received on the first day of operation.

From an industry perspective, information coming out of the government has highlighted pricing, eligibility and build targets. There's still a lot of uncertainty as to just how the whole programme will unfold as plans ramp up to build 100,000 homes over the next decade so we've put together a broad outline of how the next few years could pan out for the government's affordable home programme.

One of the biggest questions raised sounds familiar. For the past decade we've recognised that a skills shortage has loomed on the horizon and there has been a determined effort to attract new people and school leavers into our industry. KiwiBuild's ambitious targets impacts the already tight labour market and we need to be mindful of this. A recently announced government strategy suggests that workers could be brought in from overseas to fill those positions.

In this month's Trade Leader, we've had a closer look at how labour shortages may have an effect on the buoyancy of the building industry and the different recruitment options available for those seeking more workers.

Speaking of new talent, CARTERS has always recognised the importance of

blooding our industry. Our enduring sponsorship of the Registered Master Builders Apprentice of the Year is a testament to this. We believe, that encouraging the next generation of builders to excel, ultimately delivers better building standards and outcomes. We've seen many prior entrants develop and establish thriving businesses of their own, it's a great programme to be a part of.

This year, the apprentices have already had their regional practical challenges at CARTERS stores around New Zealand and now they're waiting to hear back from the judges to find out who will make the final cut for the regional awards. Learn more about their progress on page 7.

As we wind into the last blast of winter, (it's always a long haul), I'd encourage you all to stay safe on-site as we look forward to spring and a bit more sunlight. Thanks for reading Trade Leader and for your ongoing business with CARTERS.



MIKE GUY
CARTERS Chief Executive

CARTERS
Your Building Partner

TRADE LEADER.

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AUGUST TRADE OFFERS.
INSIDE THIS ISSUE



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8. GOVERNMENT



25. HEALTH & SAFETY



30. INSURANCE

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Entries for the Registered Master Builders CARTERS 2018 Apprentice of the Year have now closed, with more than 130 apprentices entering from across the country

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The government is proposing a number of changes to make it easier for the building and construction industry to employ workers from overseas, designed to help fill critical labour shortages.

12. KIWIBUILD

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As of July 1st the Labour government's KiwiBuild plan of building 100,000 affordable homes in the next decade was underway.

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Finding and retaining staff will become more of a challenge for building firms which may put some constraint on the level of building.

20. BUSINESS

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Hiring new staff is one of the most important and challenging decisions you'll make as a manager or employer.

21. BUSINESS

MINIMUM WAGE

The minimum wage applies to all paid employees aged 16 and older. There are different rates if your employee is 16 or 17 and is new to the workforce or if they are completing training.

23. HEALTH & SAFETY

STARTING A NEW BUSINESS

Are you in the process of setting up a new company and you don't know where to begin when it comes to health and safety?

25. HEALTH & SAFETY

ENFORCEABLE UNDERTAKINGS

In some circumstances, as an alternative to prosecution for a breach or alleged breach under the *Health and Safety at Work Act 2015* (the Act), Worksafe New Zealand may use the enforcement option of an 'enforceable undertaking'

26. TECHNICAL

TEMPORARY WEATHER PROTECTION

Is it worth the builder taking a risk and using a flexible wall underlay as temporary weather protection to carry on with work that needs to be kept dry?

28. LEGAL

EMPLOYMENT LAW

It's important for all employers in the construction industry to make sure they are complying with all employment laws to avoid being fined or sued by employees in a personal grievance.

30. INSURANCE

THE GOLDBLOCKS PACK

One of the most common insurance questions asked is what insurance a builder (or sparky, plumber, roofer, tiler etc) should have.

INDUSTRY EVENTS

APPRENTICE OF THE YEAR

Registered Master Builders and CARTERS teamed up, along with key sponsors, to bring all apprentice entrants of the 2018 Apprentice of the Year Competition together to take part in a regional practical event at the end of June. We saw employers, friends and family members support their apprentices across the country and here are a few highlights of the hard work they put in on the day:



Now, it's up to the judging panel to work through the various criteria with each entrant to ultimately determine who will be a finalist at the regional Awards, kicking off next month. The top 10 will go through to the Nationals event on 8th and 9th November 2018.

CONZTRACT MINI

CONZTRACT
MINI 2018

EVENT DATES	REGION	VENUE
Wednesday 15 th August	NELSON	ANNESBROOK CHURCH
Thursday 16 th August	BLENHEIM	MARLBOROUGH CONVENTION CENTRE
Tuesday 11 th September	GISBORNE	WAR MEMORIAL THEATRE
Thursday 25 th October	TIMARU	CAROLINE BAY HALL

The third round of CONZTRACT Mini events will be taking place in Nelson and Blenheim on the 15th and 16th of August.

CARTERS encourage you to attend and invite your colleagues along to these regional events to meet with key industry suppliers to check out new products and solutions. This is a great opportunity to network and keep up with the play.

Head along between 4:00pm – 6:30pm and be sure to stop by our stand to have a chat to the CARTERS team. For more information or to register, please go to www.conztract.co.nz/registration.

ASIAN CONSTRUCTION FORUM



Asian industry participants, industry leaders, associations, local and central government are invited to come together to discuss an ever-changing landscape for new technology and product advancements, while ensuring product compliance and conformity to local building legislation.

The event will play host to a number of seminars and presentations, so attendees have the opportunity to claim CPD and LPB points by coming along. Presentations will be delivered in both English and Mandarin, with an exhibition taking place alongside that will have translators on hand.

- **Saturday 11th August • 11am - 5pm**
- **Ellerslie Events Centre**

Competition building as top tradies step up to the challenge

ENTRIES FOR THE REGISTERED MASTER BUILDERS CARTERS 2018 APPRENTICE OF THE YEAR HAVE NOW CLOSED, WITH MORE THAN 130 APPRENTICES ENTERING FROM ACROSS THE COUNTRY. THEY WILL GO HEAD TO HEAD FOR THE SOUGHT-AFTER TITLE AND SHARE OF MORE THAN \$100,000 WORTH OF PRIZES.

With New Zealand currently facing its biggest ever building boom, this competition comes at the perfect time to highlight the urgent need for more apprentices.

Registered Master Builders Chief Executive David Kelly says that Apprentice of the Year showcases the attractiveness of a career in the trades.

"Apprenticeships offer the chance to earn as you learn and be a part of an industry with strong job prospects and opportunities for growth. With the construction skills shortage currently facing the building and construction industry, the value of an apprenticeship has never been higher," he says.

This year, Registered Master Builders have introduced an award for employers who have had an apprentice win three regional titles. This celebrates employers who are investing in apprentices and investing in the future work force.

"Training and developing our workforce is vital for New Zealand's economic growth and development in this period of unprecedented demand. It is fantastic to see many prominent building companies continuing to enter their apprentices in the competition each year.

"By investing in apprentices, these employers are not only providing them with career opportunities but are future-proofing their businesses and the construction industry.

"It is great to see so many talented apprentices stepping up to make

their mark on the industry through this competition. They will go on to become the future leaders of the industry and we wish them all the best as the regional competitions get underway."

Held at CARTERS branches throughout the country during the month of June, apprentices put their skills to the test in the first ever regional practical challenge. Apprentices were judged on their initial entry submission, with the top 10 in each region progressing to an interview with the judging panel and an onsite visit where contestants will discuss their project.

The Building and Construction Industry Training Organisation (BCITO) Chief Executive Warwick Quinn, says they are proud to support a competition that fosters the young talent in the building and construction industry.

"We know the construction industry needs at least 25,000 qualified people in the next five years to meet demand. However, new research conducted by BCITO has found that only 2.4% of school leavers start a BCITO apprenticeship within their first year after leaving school," he says.

"We need thousands more apprentices each year, which means attracting new recruits to the industry

is critical. The opportunity to earn while you learn and having the first two years of eligible programmes free of fees makes apprenticeship an excellent choice for school leavers.

"Apprentice of the Year is a fantastic way to promote this by showing young people the opportunity and growth that exists in the trades. We look forward to watching these talented apprentices grow into leaders of the future."

The winning apprentice from each region will receive \$2,000 to spend at CARTERS, a place at an Outward Bound course, and a range of products and tools. All entrants receive an apprenticeship membership to the Registered Master Builders Association.

The regional winners will then go on to compete at the Apprentice of the Year national competition in Auckland in November. They will be vying for the national title of Registered Master Builders CARTERS 2018 Apprentice of the Year.

The Registered Master Builders CARTERS Apprentice of the Year competition is made possible thanks to principal sponsor CARTERS, the Building and Construction Industry Training Organisation (BCITO), and supporting sponsor the Ministry of Business, Innovation and Employment (MBIE).



Regional event dates

Northern/Auckland – Thursday 23 August

Waikato – Friday 10 August

Bay of Plenty Central Plateau – Friday 31 August

Hawke's Bay/East Coast – Friday 24 August

Central North Island – Friday 31 August

Lower North Island – Friday 24 August

Upper South Island – Friday 7 September

Central South Island – Thursday 23 August

Southern – Friday 24 August



Labour shortage in government's sights

The government is proposing a number of changes to make it easier for the building and construction industry to employ workers from overseas, designed to help fill critical labour shortages.

The Minister for Building and Construction, Jenny Salesa, says that addressing the skills shortage in the construction sector is a key priority for this Government,

and she has established, and leads, the Ministerial Group on the Construction Workforce, which has developed a Construction Skills Action Plan¹ to build a sustainable workforce for New Zealand

"This is a critical issue so we must work with urgency," says Ms Salesa. "This isn't just about numbers. We need a workforce that can embrace innovation and new and efficient methods of construction."

As part of the proposal, the government is currently consulting on changes to the immigration settings that will make it easier to attract workers from overseas to help fill skilled roles.



“We have ambitious plans to build houses, transport links and other infrastructure, but a shortage of skilled workers is holding up the rapid progress we need to make,” says Immigration Minister Iain Lees-Galloway.

“As part of the Construction Skills Strategy, led by my colleague Minister Jenny Salesa, we are proposing a range of measures to assist the building and construction industry to get the workers it needs right now, alongside a comprehensive Action Plan to develop the domestic workforce for the longer term.”

Ms Salesa points out that the increase in capacity and capability of the construction workforce requires a cross-government programme of work, and to partner with the construction sector to drive a rapid and sustainable shift.

“We need the right people, at the right time, with the right skills to meet New Zealand’s current and future construction pipeline, including KiwiBuild,” she says.

As this issue of CARTERS Trade Leader was being printed, consultation was underway with construction sector stakeholders through interviews and facilitated workshops in Auckland, Wellington and Christchurch.

“We want to hear from the sector and understand their thoughts on the Action Plan, and we also want to hear what the sector is doing to improve the capacity and capability of the construction workforce. We need a shared vision of the workforce of the future, and we will partner with the construction sector to drive a rapid and sustainable shift,” a spokesperson for the Ministry of Business, Innovation & Employment (MBIE) says.

Consultation sessions had already been held in Auckland and Christchurch, with two further sessions planned for Wellington. Once this is complete, feedback will be analysed and Ministers will be given advice on the proposed design of the Action Plan initiatives, and any new initiatives that should be considered for the future.

Consultation covers a wide range of sector representatives, including employers (small, medium and large), training providers, councils, procurers, developers and industry bodies.

“I am undertaking targeted sector engagement on the proposed Action Plan. I want to hear from the construction sector, all possible solutions to the enormous challenge of tackling the shortage of skills in construction in New Zealand,” says Ms Salesa.

Cabinet will consider a finalised Construction Skills Action Plan in August. This will provide the government agencies with the final information and direction required to deliver the Action Plan with plans to proactively release the information and decisions made on the Action Plan.

IMMIGRATION CHANGES

The proposed immigration settings changes include:

- a KiwiBuild Skills Shortage List to provide an expedited process to fill specific roles for which we know demand exceeds domestic supply;
- an employer accreditation or alternative pre-approval model for the construction sector to provide certainty and flexibility for employers who exhibit good practices to recruit overseas workers and allow for simplicity and speed of processing visa applications; and
- specific requirements to accredit labour hire companies to manage the risk of worker exploitation and the potential for under-cutting of wages and conditions of New Zealand workers that may result and to incentivise good employment practices

“This is a broader, more comprehensive and quicker approach for the construction sector to get the skilled workers it needs than the ‘KiwiBuild Visa’ that was proposed last year. It’s clear we need workers to be available more quickly; these proposals aim to speed up

the process and circumvent the need to create a new visa category," says Mr Lees-Galloway

WHY THESE CHANGES ARE NEEDED?

According to a KiwiBuild factsheet released by MBIE, the immigration system has an important role to play in helping to facilitate the supply of skilled workers who are needed, particularly in the short term, before efforts to increase the skilled workforce locally take effect.

In late 2017, MBIE indicated that there could be shortfall of around 30,000 workers due to increasing demand for new housing and infrastructure.

The shortfalls are anticipated across all skill levels in construction. The occupations expected to have the largest growth in demand from 2016 to 2022 are: plumbers (15% growth over the period); electricians (14%); builders (12%); civil engineers (12%); and project managers (12%).

It is unlikely that the construction sector will be able to draw on workers not employed in the sector, as it has in the past, to meet the peaks of demand that include KiwiBuild and other forecast activity.

"Our proposed KiwiBuild Skills Shortage List means building and construction firms can go through a quicker process to get the skilled workers they need, when they can't recruit locally," says Mr Lees-Galloway

"We would also look to introduce a streamlined process so firms which have good employment practices and a commitment to employ local workers can be pre-approved to bring in workers from overseas.

"In addition, labour hire companies wanting to recruit from overseas would have to be accredited to reduce the risks of these companies exploiting migrant workers and consequently undercutting the wages and conditions of New Zealand workers."

WHY A KIWIBUILD SKILLS SHORTAGE LIST AND HOW MIGHT IT WORK?

The Long Term Skill Shortage List, Canterbury Skills Shortage List and the Immediate Skills Shortage Lists are valued by the construction sector as they provide certainty and reduce cost and delay for both employers seeking labour and migrants seeking work.

These lists reduce the need for Immigration New Zealand to conduct a labour market test to determine if an employer has made a genuine attempt to recruit New Zealand citizens and residence visa holders and that none are available.

A dedicated KiwiBuild Skills Shortage List, which signals regional shortages, would allow the successful innovations from the current Canterbury Skills Shortage List to be adopted nationwide; and provide a mechanism to boost overseas interest in work opportunities in New Zealand.

Mr Lees-Galloway said he expects the KiwiBuild Skills Shortages List could be in place in around six months, subject to final decisions following consultation.

HOW MIGHT AN EMPLOYER ACCREDITATION OR PRE-APPROVAL MODEL WORK?

The changes would allow for pre-approval specifically

for good employers in the construction sector to offer simplicity and better speed of processing visa applications.

This could provide pre-approved employers with certainty and flexibility regarding their ability to hire overseas workers and the ability to plan their workforce.

There would be a high bar for employer accreditation. A good employer would be required to adhere to certain standards in areas that might include:

- health and safety at work;
- employment conditions, pay, training and skills development;
- pastoral care; and
- robust business practices.

SPECIFIC REQUIREMENTS FOR LABOUR HIRE COMPANIES AND REDUCING RISKS OF EXPLOITATIVE PRACTICES.

The current requirements for labour hire companies accredited according to the Canterbury Skills Shortage List would cover all construction sector roles nationwide, to reduce the risk of migrant exploitation and the associated undercutting of wages and conditions of New Zealand workers.

Mandatory accreditation of labour hire companies operating within Canterbury and in the construction sector was introduced in July 2016. There has been an 'opt-in' accreditation policy in place nationwide since July 2015.

Specific requirements for labour hire companies to be accredited could include:

- paying at least the market rate for the occupation;
- offering employment terms and conditions equivalent to the hire companies employees;
- meeting all upfront costs of worker recruitment under the Essential Skills instructions; and
- ensuring contracted third parties have good workplace practices.

To ensure compliance, Immigration New Zealand could be empowered to rescind accreditation if the company does not meet its specific conditions and obligations.

Mr Lees-Galloway pointed out that any changes would also be time-limited so the sector doesn't become permanently dependant on migrant workers, but allows time to train New Zealand workers.

"We want a sustainable construction workforce to provide opportunities for New Zealanders to train and work in the sector. But that doesn't happen overnight, which is why we need these changes for the short term.

"The proposed new settings will go some way to addressing the needs for labour in this critical sector in the interim as more skilled Kiwi workers come on stream through our Construction Skills Action Plan," says Iain Lees-Galloway.



¹The cabinet paper: Action plan to deliver the Construction Skills Strategy: <http://www.mbie.govt.nz/publications-research/publications/building-and-construction/cabinet-paper-action-plan-construction-skills-strategy.pdf/view>



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KiwiBuild; What it is and how it works

Labour's bold KiwiBuild programme is now officially underway.

As of July 1st – the start of the new financial year for the Labour-led government – the Minister for Housing and Urban Development, Phil Twyford's KiwiBuild plan of building 100,000 affordable homes in the next decade was underway. However, just what it means for the New Zealand construction industry – or how it will all unfold – is yet to still be fully understood.

KiwiBuild is an ambitious project and will be financed by an initial \$2 billion capital injection, which will then be recycled as the homes are sold with purchasers having to meet certain eligibility to be able to purchase KiwiBuild properties. Initial interest has been high, with almost 6,000 registrations received by the 'KiwiBuild Unit' on the first day of operation.

The KiwiBuild Unit has been formed within the Ministry of Business, Innovation & Employment (MBIE) as an interim measure while legislation to form an urban development authority – called the Housing Commission – is being formed.

Amongst other facilitation and management roles, the KiwiBuild Unit will act as a facilitator between applicants and developers and to match pre-qualified purchasers with suitable KiwiBuild homes. It will also work closely with private developers, iwi and other housing providers to establish contracts for the development of KiwiBuild homes. These contracts will set the commercial expectations and obligations for the development, including unit plans, pricing and the timeline for construction. The developer will then work closely with the KiwiBuild Unit to set out how properties are marketed and sold.

BUILDING PROGRAMME

By the end of the first year of operation, it is planned to have the first 1,000 KiwiBuild homes finished, with building due to ramp up significantly from that point. Over the following 12 months from July 1st 2019, 5,000 more homes are planned, with 10,000 the year after that and 12,000 every year after that until the target is reached. By that stage, more than 30 homes per day will need to be built to reach the target.

Over the first two years, most of the KiwiBuild properties will be bought as 'off-the-plan' options from property developers, but after that, KiwiBuild homes will be added to developments that are already underway as part of Housing New Zealand developments. Finally, it is anticipated that entire suburbs based around the KiwiBuild concept will be built, although planning for those developments is still underway.

The Government is also addressing serious labour shortages, with changes to immigration settings currently under consultation in order to try and relieve that lack-of-labour pressure in the building industry.

WHERE HOMES WILL BE BUILT

The regional distribution of homes has been calculated by comparing the number of new dwellings completed since 2006 against the growth in population.

Based on that, the majority of KiwiBuild homes are planned for Auckland, with just over 61,000 homes intended to be built in the region. Almost 13,000 homes are suggested for Wellington and just over 8,200 homes for Hamilton. Napier-Hastings (2,476), Queenstown-Lakes District (2,229) and Tauranga (2,053) make up the remainder of the top six areas of projected KiwiBuild properties.

PRICING

The cost of a KiwiBuild home will depend on its size and location.

In Auckland and Queenstown, prices will be capped at \$500,000 for a single-bedroom home, \$600,00 for a two-bedroom dwelling and \$650,000 for a home with three bedrooms. Outside those two regions, prices are to be capped at \$500,000.

In a report outlining the KiwiBuild Eligibility Criteria, Mr Twyford stated that the Government intends to deliver as many homes as possible below those caps.

ELIGIBILITY

Although it still needs to be signed off by Cabinet, the complete eligibility criteria still indicates that to be eligible to purchase a KiwiBuild property, applicants must meet a number of requirements:

- They must be either first-time home buyers, or 'second-chancers.' Second chance purchasers are those who may be in a similar financial position to first home buyers due to situations such as separation or divorce, or who have had to sell a previous property due to financial circumstances.
- They must be either citizens or permanent residents of New Zealand.
- They must intend to live in the home for at least three years before selling it or renting it out.
- They must meet certain income criteria;
 - ▷ Individuals must not earn more than \$120,000



PROPOSED NUMBER OF KIWIBUILD DWELLINGS BY LOCATION

Area	KiwiBuild dwellings
Auckland	61,339
Wellington	12,975
Hamilton	8,232
Napier-Hastings	2,476
Queenstown-Lakes District	2,229
Tauranga	2,053
Whangarei District	1,967
Nelson-Tasman	1,644
Palmerston North City	1,509
Rotorua District	1,411
New Plymouth District	1,305
Gisborne District	1,010
Dunedin City	851
Christchurch	1,000
TOTAL	100,000

▷ Couples must not earn more than \$180,000.

- There are also asset caps for second chance purchasers depending on which part of the country they live in, while there are no asset caps for first-time home owners.

Because interest in the KiwiBuild concept is so high, buyers will also need to enter a randomised ballot before finding out if they are successful.



More information on KiwiBuild can be found at www.kiwibuild.govt.nz



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Come along to the last round of CONZTRUCT

CONZTRUCT heads down the country to the beautiful South Island this August to round out the series, with events taking place in Christchurch, Dunedin and Invercargill.

This is a great opportunity for builders, architects, and other construction trades to visit the expo, check out the free workshops to keep your Skills Maintenance points up to date and network with industry professionals.

Attendees can grab a drink and a bite to eat on the expo floor, which features over 60 exhibitors showcasing their latest products through live demonstrations and interactive activities. This includes the CARTERS CONZSTRUCTION ZONE, packed with suppliers offering some great expo offers. The offers are available to view online and will be available for a month after the events.

For more information visit our CARTERS CONZSTRUCTION ZONE website www.carters.co.nz/conztruct now!

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CONZTRUCT: AUGUST

CHRISTCHURCH	Air Force Museum	Tuesday 28 August
DUNEDIN	Edgar Centre	Wednesday 29 August
INVERCARGILL	ILT Stadium	Thursday 30 August

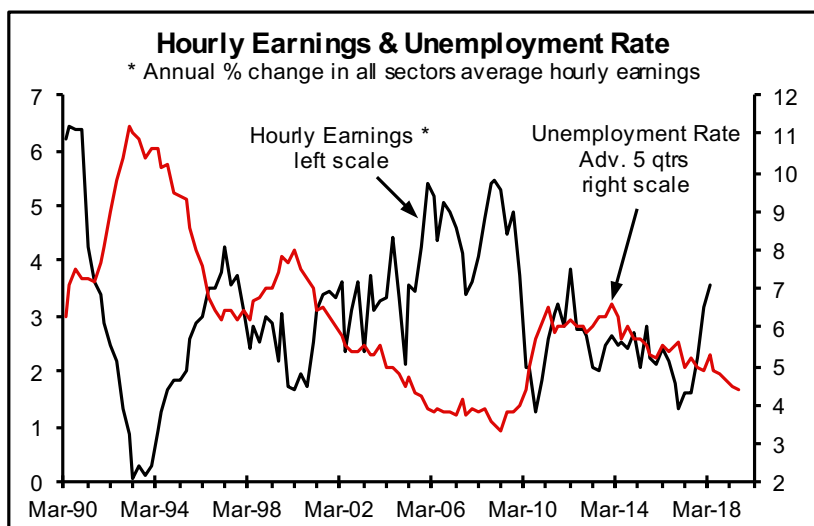
*Expo deals are only available from CARTERS Branches that fall within the region the CONZTRUCT Trade show is in and only during the specific promotional period of each round. See www.carters.co.nz/CONZTRUCT for more details.





Staffing a challenge for building firms

The article in last month's CARTERS Trade Leader suggested staff shortages wouldn't result in government building initiatives crowding out private sector building as much as suggested by some economists. In line with that view, the government is making it easier and quicker for building and construction firms to recruit immigrant workers.*



If the government achieves the target of scaling up KiwiBuild construction from 1,000 new dwellings for first home buyers in the 2018/19 June year to 10,000 in 2020/21, it will boost demand for building-related workers more than can be met by the new immigration scheme. Finding and retaining staff will become more of a challenge for building firms. This will put some constraint on the level of building although the government hopes increased use of prefabricated housing will go some way to solving this problem.

However, the biggest threat to the building industry may well come from the

labour market in general rather than from any constraint on building caused by a lack of building-related workers.

The unemployment rate is best viewed as an indicator of the state of bargaining power between employers and employees. It has fallen to a level that has given employees an edge and this is starting to be reflected in average hourly earnings for all sectors increasing 3.6% over the last year.

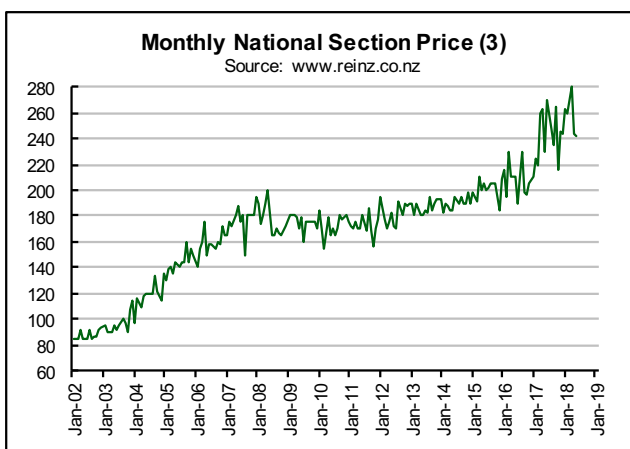
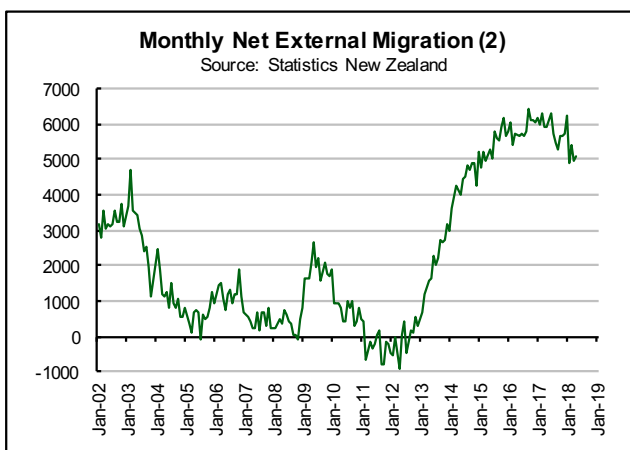
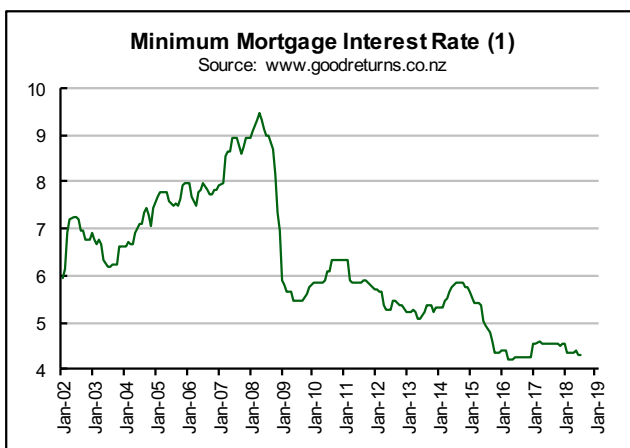
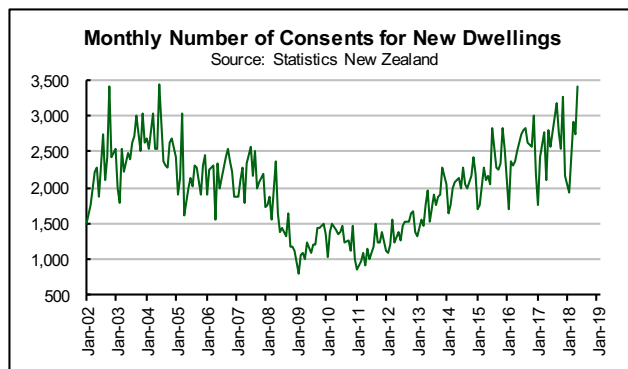
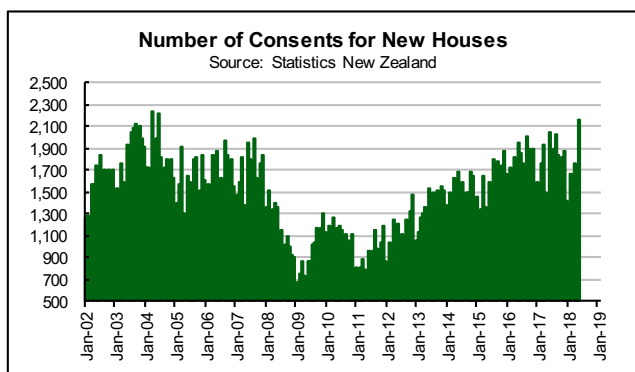
The chart shows the unemployment rate as a leading indicator of hourly earnings inflation. The best fit is with the unemployment rate leading by five quarters. This is achieved in the chart by advancing or shifting the red unemployment line to the right by five quarters. The fall in the unemployment rate over the last five quarters has given more bargaining power to employees and implies that there will be further upside in average hourly earnings over the next five quarters.

Government initiatives to boost building, infrastructure spending and spending on health and education, and removing the cap on public sector staff numbers, are likely to contribute to the unemployment rate falling further. In addition, the government is implementing a range of policies that will boost wage inflation. The Reserve Bank assumes a wage inflation problem won't eventuate; but things seem to be on track for hourly earnings inflation heading well above the level consistent with the Reserve Bank's inflation target.

THE BIGGEST THREAT TO BUILDING FROM THE LABOUR MARKET WILL MOST LIKELY COME FROM AN OVERLY TIGHT MARKET GIVING EXCESSIVE BARGAINING POWER TO EMPLOYEES AND, ULTIMATELY, NECESSITATING NUMEROUS OCR HIKES.

Increasing interest rates may turn out to be the main mechanism by which increased government building and other stimulatory government policies end up crowding out private sector building.

Thankfully, this threat isn't imminent. However, it is time for building firms to think seriously about the challenges that are likely to lie ahead as a result of government policies both in terms of attracting and retaining staff and in terms of the broader implications of a tightening labour market.



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)



* see <https://www.beehive.govt.nz/release/making-it-easier-build-workforce-build-our-houses>.

Recruitment options -

What's best for your business

■ BY SHANE STOREY

HIRING NEW STAFF IS ONE OF THE MOST IMPORTANT AND CHALLENGING DECISIONS YOU'LL MAKE AS A MANAGER OR EMPLOYER. THE ABILITY TO RECRUIT THE BEST CANDIDATES FOR SENIOR POSITIONS IS ESSENTIAL FOR ANY TOP PERFORMING BUSINESS.

Reviewing applications, interviewing candidates and negotiating salaries all take precious time away from a business owner's existing day-to-day obligations. This may end up hurting the business in the long run, particularly when a candidate turns out to be sub-par. So, should the crucial task of sourcing and approaching these individuals be entrusted to an in-house recruiting team, or should an outside specialist firm be brought in to help manage the hiring process? Both have their advantages and there are some key points to consider when deciding whether or not to enlist some outside expertise.

Partnering with recruitment agencies can take a lot of the time and effort out of the talent search and can be a valuable resource for finding that talent quickly and efficiently.

Recruitment agencies in New Zealand are either based in an office or online. How they work is simple. From a database of CVs, recruitment agencies are asked by paying employers to find the perfect match for a job role. They often match a selection of CVs with the job description, then send the job applicants in the direction of the employer to attend a job interview. Basically, it takes out the task of reading through countless CVs for the employer, while taking out the task of finding an employer for the jobseeker.

Businesses pay recruitment agencies in two ways, either a negotiated flat fee or a percentage of the

remuneration of the successful job candidate.

The average flat fees range from \$6,000 to \$8,000, while the percentage fee is normally between 12.5% and 17.5% of the annual salary.

When you decide to go through the process of taking on a new staff member, you will need to decide whether to recruit through an agency, or to recruit yourself using internal resources. Using a recruitment agency isn't the right choice for every business and, while it certainly has its advantages, you may prefer to do things yourself. Here are some of the pros and cons of both options:

HIRING YOURSELF

Pros

- You stay 100% in control of the whole process;
- You can review all applicants;
- You choose where and when the job is advertised;
- No recruitment fees.

Cons

- Recruitment is costly in terms of your time – taking you away from your role;
- It may take longer to fill the position;
- You have access to a limited candidate pool;
- You may not have the knowledge;
- Limited knowledge of current law;
- Hidden costs of a bad hire.

RECRUITMENT AGENCY

Pros

- They have access to more potential candidates;
- They can source candidates more quickly through their networks;
- They free you up to concentrate on your job;
- No fees if you don't hire their candidates;
- Some legal details can be taken care of;
- Aware of the current laws;

- Agency recruiters, have market insights that their clients don't, about salaries and employer branding;
- They negotiate over salary and benefits;
- They are a third-party mediator;
- They conduct reference and background checks and verify credentials.

Cons

- You need to invest time with the agency to ensure they understand your company;
- You pay a fee for their services.

Before you decide to take on a new employee, it's important to think about all your options – there may be more than you think. Be certain of all the tasks and timelines that are involved in the role, and what level of experience you believe is necessary to complete them. Maybe you are going through a busy period and could really do with an extra pair of hands to help out with the admin, or maybe you are looking to grow your business steadily and are ready to teach a fresh young apprentice all the tricks of the trade. Be clear about your purpose before you begin the recruitment process.

Final word of advice: In anything that you decide to do, whether it is working with an outsourced partner or a contractor or employee, if you work with the right people and invest in that relationship, you will always get a better result.

Shane Storey has more than 20 years experience in financial accounting and is the Managing Director of accountancy specialists Storey & Associates, which offers innovative and creative solutions to business and investment needs and valuable business development advice. Storey & Associates can be contacted on (06) 355-4647, via email at administrarion@storey-associates.co.nz or visit their website at storeyandassociates.co.nz

Minimum wage rules

From April 1st this year, new minimum wage rates were implemented.

The minimum wage applies to all paid employees aged 16 and older, although there are different rates if your employee is 16 or 17 and is new to the workforce or if they are completing training.

Employers will need to keep up-to-date with the latest minimum pay rates and pay employees at least the current minimum rate. This rate stands even if your employee only works a few hours for you each week or has little responsibility at work.

There are three rates:

- Adult minimum wage
- Starting-out wage
- Training minimum wage

Starting-out and training minimum wages are 80% of the adult minimum wage.

CURRENT MINIMUM WAGE RATES

The rates are reviewed every year. This table sets out the before-tax minimum wage pay rates that apply from 1 April 2018.

Minimum wage	Hourly rate	8-hour	40-hour week
Adult rate	\$16.50	\$132.00	\$660.00
Starting out and training rates	\$13.20	\$105.60	\$528.00

ADULT MINIMUM WAGE

The adult minimum wage applies to all employees aged 16 and over who aren't starting-out workers or trainees, and all employees who are involved in supervising or training other employees.

This is the minimum wage most widely used by Kiwi businesses of all shapes and sizes.

STARTING-OUT WAGE

The starting-out wage applies solely to workers aged between 16 and 19 and who are entering the workforce for the first time.

STARTING-OUT WORKERS ARE:

- Aged 16-17 and have worked for you for less than six months.
- Aged 18-19 and have been paid a specified social security benefit for six months or more, and who haven't yet completed six months continuous employment with any employer since they started being paid a benefit. After six months continuous employment with a single employer, they must be paid at least the adult minimum wage rate.

- Aged 16-19 and required by their employment agreement to undertake industry training for at least 40 credits a year to become qualified.

TRAINING MINIMUM WAGE

The training minimum wage applies to employees aged 20 years or over who are completing recognised industry training involving at least 60 credits in order to become qualified.

EMPLOYING SCHOOL-AGE WORKERS

There is no minimum wage for employees who are under 16 years of age. If you employ under-16s, you must not let their work get in the way of attending school.

EXEMPTIONS

A small amount of people hold an exemption from the minimum wage, eg prison inmates and some apprentices. The links at the bottom of the page give full details¹

If you're unsure how much you should be paying your employees, or think you might be paying too little, contact Employment New Zealand for advice.

PAYING FAIRLY

In addition to paying the legal minimum wage or higher, you'll need to ensure your pay policies and practices are as fair as possible.

It's important to remember that waged employees need to be paid for actual hours worked. This means paying employees at least the minimum hourly wage for any extra time worked.

Paying employees fairly also means:

- Women and men must receive the same pay rates for doing the same or substantially similar work
- You cannot discriminate on the basis of an employee's colour, race, ethnic or national origins, gender (including pregnancy or childbirth status), marital or family status, age, disability, religious or ethical belief, political opinion, sexual orientation or union activity.



¹ Minimum wage rates — Employment New Zealand (<https://www.employment.govt.nz/hours-and-wages/pay/minimum-wage/minimum-wage-rates>). Minimum wage exemptions for people with disabilities — Employment New Zealand (<https://www.employment.govt.nz/hours-and-wages/pay/minimum-wage/minimum-wage-exemptions/>). Agricultural industry — Employment New Zealand (<https://www.employment.govt.nz/hours-and-wages/pay/minimum-wage/agricultural-industry/>)





GIB Toughline® Aqua **the new name of** **GIB Superline®**

GIB Superline®, the 5-in-1 Plasterboard, is in the process of being renamed GIB Toughline® Aqua.

- Specially developed for multiple performance characteristics including impact, fire, noise, bracing, water and mould resistance.
- 13mm thick high density plasterboard with a continuous fiberglass mesh embedded inside the back face of the board for increased impact resistance.
- A water resistant core containing special polymers to help prevent steam and moisture penetration.

The performance of GIB Toughline® Aqua is equivalent to GIB Superline®, and any specifications that specify GIB Superline® can use either GIB Superline® or GIB Toughline® Aqua as the product name transitions in the market.

**For further information contact
the GIB® Helpline on 0800 100 442.**



GIB Toughline® Aqua

**13mm
TE/TE**

Starting out right with health and safety



ARE YOU IN THE PROCESS OF SETTING UP A NEW COMPANY AND YOU DON'T KNOW WHERE TO BEGIN WHEN IT COMES TO HEALTH AND SAFETY? SITE SAFE HAVE PUT TOGETHER THE ESSENTIAL COMPONENTS EVERY BUSINESS NEEDS TO GET STARTED.

An easy way to think about a robust health and safety system is to break it down into five main parts:

POLICIES AND PROCEDURES

Policies and procedures provide a structure for your company when it comes to handling health and safety. They are the foundation of your system. Essential elements are:

- Policy statement – your overarching policy;
- Code of conduct;
- Operational policies;
- Emergency management plan.

MANAGING RISKS AND HAZARDS

Business owners and leaders are required under the Health and Safety at Work Act 2015 to manage any risks to workers and any other person that may be affected by their work. This means that hazards must be identified, assessed, controlled and monitored. There are several tools that you can use for this process, including:

- Hazard/incident register;
- Risk assessment matrix;
- Hazardous products and substances register;
- Workplace inspections;
- Plant and equipment register;
- Monitoring activities;
- Hazard boards and danger signs.

MANAGING STAFF AND CONTRACTORS

Ensuring your workers and contractors are safe at work is your main priority as a business owner. The following are essential elements of your health and safety system when it comes to keeping your people safe.

- Code of conduct – provides clearly set “house rules” for your workers and contractors on how you expect people to behave while at work.
- Worker involvement in their own health and safety – allowing people to be part of the process will encourage engagement and ownership of health and safety in your business.
- Induction, training and competency supervision – workers need to be inducted into a new workplace, this provides information and outlines your expectation of them immediately. Similarly, workers need to be trained and assessed if competent at the tasks they are expected to do in their jobs. If workers are not competent they need to be supervised.

Tools you can use to ensure that you are managing the health and safety of your people are:

- Visitor/site induction register;
- Training and competency register;

- Training pathway;
- Personal protective equipment and clothing register.

ADMINISTRATION OF YOUR HEALTH AND SAFETY SYSTEM

It's important to keep on top of your system once it is in place. Your system is a way of keeping records which allows you to remain compliant but also gives you the opportunity to see if you are achieving anything. This means regularly reviewing and keeping your system up-to-date is important. Site Safe recommends:

- Regular review of daily or weekly operational records, such as:
 - hazard identification ;
 - incident reports;
 - inspection results;
 - induction register;
 - pre-starts.
- Yearly review of your strategic data and targets – this data is used to set targets and goals for the coming year.

LEADERSHIP

Site Safe's Health and Safety Kit is a good place to start. The kit provides you with detailed information, processes and forms that a business should have as part of their health and safety system. The Kit provides further detail on the framework above, including a copy of all the documents and forms mentioned.



Go to sitesafe.org.nz to find out more.

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1986

ABOUT BREMICK

Established in 1965 and operating in New Zealand for 25 years, Bremick is the Largest Manufacturer and Wholesaler of Fasteners in New Zealand and Australia.

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We pride ourselves on Quality, through exact manufacturing processes and controls in our Company owned Factories.

A REAL ALTERNATIVE

Partnering with Bremick will provide your business with an outstanding Value Proposition. We pride ourselves on supplying high quality ranges, backed by outstanding service and industry leading expertise.

*Our products were proudly supplied to the **Auckland Harbour Bridge Strengthening Project***



OUR QUALITY PROMISE

All Bremick products are subjected to extensive compliance testing at our manufacturing plants and at the Bremick Test and Inspection Laboratory, ensuring strict compliance with both New Zealand and International Standards.

*Our products were proudly used in the construction of the **Dunedin Stadium***



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*Bremick packaging is built and designed on 3 core principles...
Informative – Modern – Vibrant*



What are enforceable undertakings?

IN SOME CIRCUMSTANCES, AS AN ALTERNATIVE TO PROSECUTION FOR A BREACH OR ALLEGED BREACH UNDER THE HEALTH AND SAFETY AT WORK ACT 2015 (THE ACT), WORKSAFE NEW ZEALAND MAY USE THE ENFORCEMENT OPTION OF AN 'ENFORCEABLE UNDERTAKING'.

KEY POINTS ON ENFORCEABLE UNDERTAKINGS

- Worksafe may accept an enforceable undertaking for a breach (including an alleged breach) of the Act.
- Worksafe cannot accept an enforceable undertaking for a breach where there has been reckless conduct (section 47 of the Act) exposing any individual to a risk of:
 - ▷ death
 - ▷ serious injury, or
 - ▷ serious illness.

Enforceable undertakings are not an admission of guilt.

WHAT IS AN ENFORCEABLE UNDERTAKING?

Enforceable undertakings are a binding voluntary agreement that a person can make with us to remedy a breach of the Act. The person has the opportunity to voluntarily take positive action to make amends for the breach by:

- addressing the issues that led to the breach
- taking action to remedy any harm caused to the victim(s), and
- promoting the objectives and purposes of health and safety legislation.

An enforceable undertaking is not an admission of guilt. However, it is expected that the person acknowledges the underlying issues that caused the breach to happen.

HOW DO I REGISTER INTEREST IN AN ENFORCEABLE UNDERTAKING?

You must first let Worksafe know if you are interested in an enforceable undertaking by registering your interest by emailing: EnforceableUndertakings@worksafe.govt.nz. Worksafe will then consider the circumstances around the breach and determine whether you are eligible for an enforceable undertaking.

THE SUITABILITY ASSESSMENT

To determine whether an enforceable

undertaking is an appropriate option, Worksafe will then complete a suitability assessment. This assessment considers whether, given your circumstances, it is likely WorkSafe will accept an enforceable undertaking. Worksafe will then let you know the outcome of the assessment once it is completed.

HOW DO I SUBMIT AN APPLICATION?

Worksafe will let you know when they are ready to consider an application. Applications must be completed on the enforceable undertakings application form that can be downloaded from the Worksafe website.

Applications must include details of the agreement you propose to make. This should include:

- acknowledgement of the issues that lead to the breach
- how you will address these issues
- the actions you will take to benefit workers, the workplace, industry or community, and
- how you will make amends to the victim(s).

Applications can be emailed to the Enforceable Undertakings Team.

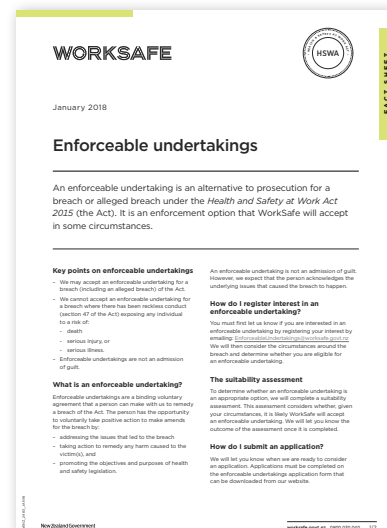
THE AGREEMENT YOU MAKE WITH US

As part of the agreement you make with Worksafe, you must commit to making up for the harm caused to the victim(s), and to promote health and safety legislation for the benefit of workers, the workplace, the industry or sector, and/or the community.

Worksafe will monitor the actions you have agreed to and help you decide a timeframe for when these should be completed by.

WHAT HAPPENS WHEN WORKSAFE CONSIDERS AN APPLICATION?

Applications will be considered on a case by case basis. Worksafe must consider whether the enforceable undertaking is a fair enforcement outcome for the harm that was caused. The views of the victim(s)



during this process will also be a consideration.

If the enforceable undertaking is accepted, Worksafe will stop the prosecution process for that person and withdraw the charges.

WHEN IS THE ENFORCEABLE UNDERTAKING COMPLETE?

The Enforceable Undertakings Team at WorkSafe will decide when an enforceable undertaking is completed and this will be when they are satisfied that all of the agreed actions in the enforceable undertaking have been complied with.

The Team will confirm in writing via the enforceable undertakings email to the duty holder that the enforceable undertaking has been successfully completed.

ARE THERE FEES?

Worksafe does not charge an application fee, however if your application is accepted they will generally seek to recover the following costs:

- administrative
- legal
- compliance, and
- publication costs.

These costs will be recovered by way of a fixed charge of \$10,300 (GST exclusive). This is only payable if your application is accepted.



Further information on enforceable undertakings can be found on the enforceable undertakings page on the WorkSafe website: www.worksafe.govt.nz



CHH ECOPLY® BARRIER
IS A BRANZ-APPRAISED
TEMPORARY WEATHER
PROTECTION SYSTEM.

It's not worth the risk

■ BY TREVOR PRINGLE

The weather's not good but the job needs finishing. Is it worth the builder taking a risk and using a flexible wall underlay as temporary weather protection to carry on with work that needs to be kept dry? BRANZ has no doubt that the answer is no.

There is a common assumption amongst trades that flexible wall underlays are weatherproof and waterproof and will provide sufficient protection to allow further construction such as installing insulation, linings and painting. However, flexible wall underlays are:

- not classified as a temporary weather protection system
- not waterproof – some water will be transferred past them, and many are absorbent
- prone to damage from wind and other on-site activities – tearing

is likely at fixing points, which will allow more moisture past.

NOT DESIGNED AS TEMPORARY CLADDING

In the October 2017 BRANZ *Guideline*, we asked, 'Can early close-in be achieved with flexible wall underlays?' The short answer is, 'No.'

BRANZ first appraised a synthetic flexible wall underlay in 1984 and, since then, has tested most of the products on the market. BRANZ has also carried out research on the performance of underlay products under wind-driven rain conditions to

understand how they will perform.

Flexible wall underlays are designed as air and wind barriers and a second line of defence for any rain penetration. They are not designed to be used as a temporary cladding.

NULL-AND-VOID SUPPLIER WARRANTIES

BRANZ has discussed the practice of using flexible wall underlays as temporary cladding with the suppliers of thermal insulation and wall linings such as plasterboard. These suppliers made it clear that the practice is likely to make their product warranties null and void.

In light of this, BRANZ does not believe that flexible wall underlays provide the robustness or certainty to provide temporary weather and wind resistance. Therefore, they do not comply with New Zealand Building Code clause E2.3.7 (b).

This clause states, 'building elements must be constructed in a way that

makes due allowance for the effects of uncertainties resulting from construction or from the sequence in which different aspects of construction occur.'

MOISTURE UNSEEN AND MAY BE UNDETECTED

The issue with temporary weather protection is the limited ability to assess and detect how much water and dampness has entered the wall framing and insulation and onto the back of the wall lining. If not detected and the cladding is installed, any moisture that has entered is trapped, and the risk of future issues from mould and rot escalate.

The issues may not become evident until some months after occupancy. Who will be blamed? The builder? The council? The insulation and plasterboard suppliers?

Where temporary weather protection is proposed, the risk is taken initially by the builder, but ultimately problems can reach the building consent authority (BCA) and owner.

WHAT CAN BE USED AS TEMPORARY PROTECTION?

BRANZ has evaluation criteria for temporary wall cladding products used to support BRANZ Appraisals and BRANZ CodeMark certifications.

These criteria will be used to carry out further research in this area since it is critical to the performance of construction and the ongoing serviceability of the building when occupied.

Products that meet BRANZ criteria can be exposed for 90–180 days. During this time, they will act as a temporary wall cladding, resisting storm-condition wind loadings, driving rain and UV exposure and have a robustness that meets the ongoing challenges of site construction. Their performance is verified by BRANZ testing and evaluation and supported by BRANZ Appraisals and BRANZ CodeMark certificates.

Current BRANZ-Appraised temporary weather protection systems that

allow the progressing of insulation and lining installation within a defined exposure timeframe are:

- CHH Ecoply® Barrier
- James Hardie Home RAB® Pre-cladding
- BGC Durabarrier™.

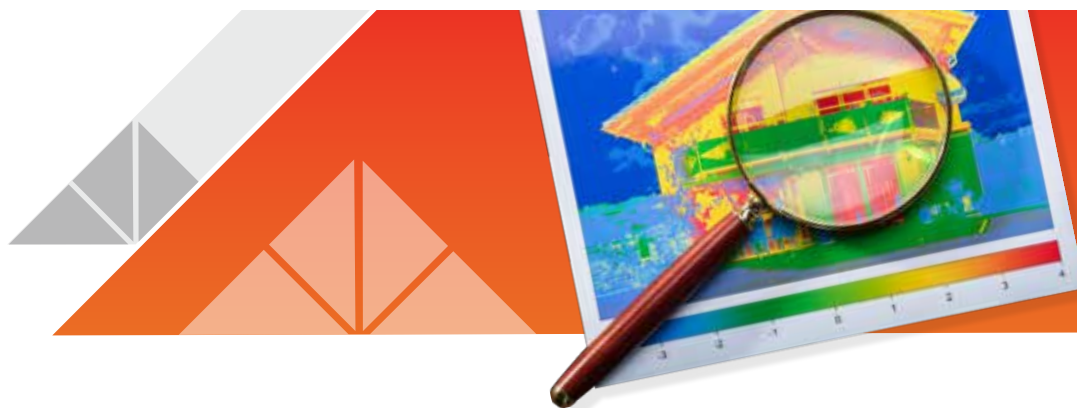
MORE INSPECTIONS MAY BE WARRANTED

Where a temporary flexible protection is used, BCAs carrying out the prelining inspection before the wall cladding is installed must identify any areas where the temporary protection has been compromised.

A second pre-clad check may also be needed to confirm walls are dry enough.

Such inspections will probably not be required where a rigid temporary weather protection system has been used in accordance with the supplier's instructions.

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Use ALF results with building consent applications to demonstrate Building Code clause H1 *Energy efficiency* compliance.

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Improved energy gains and losses



Helpful data-entry tips



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Create professional reports for your next project

COMING SOON

Getting it right - employment tips

■ BY JAMES SKINNER

A recent article run in Stuff reports on a fine of several thousand dollars being handed down by the Employment Relations Authority for an employer in the construction industry breaching employment law. This brings into focus the importance of all employers in the construction industry to make sure they are complying with all employment laws to avoid being fined or sued by employees in a personal grievance.

BACKGROUND

In the said Stuff article, reference is made to statistics released by Immigration New Zealand showing that, since 2016, Labour Department inspectors have visited 112 building sites across the country as part of an ongoing investigation into the construction industry. The article mentions that, so far, the actions taken by NZ Immigration have resulted in \$45,000 worth of fines and seven applications to the Employment Relations Authority.

Employers are now firmly on notice that they may receive a visit from Labour Department inspectors to make sure their employment practices are up to scratch.

WHAT CAN BE DONE TO HELP AVOID GETTING INTO TROUBLE

The Ministry of Business, Innovation and Employment (MBIE) has a great website full of useful information on what practical steps employers need to take when hiring new employees. Some of the pitfalls we see in practice for employers are things like no written employment agreements being prepared or a lack of clarity around essential terms of employment. If you go to the MBIE website, it even has an



employment agreement builder that you can use as the base for preparing an employment agreement. It is important to keep in mind that, apart from the essential terms an employment agreement must have, every employee is unique and the agreements need to be tailored to the specific role they perform.

The MBIE website also has helpful information on health and safety that we all know is so important in the construction industry. The website is a treasure trove of helpful information and in plain language. It is well worth a read as a starting point for ensuring compliant employment practices.

We have spoken previously about the use of technology in the workforce. As lawyers, we must face the digital age and our firm has tried to do that by operating pretty much a paperless office. In the context of this article, it is very beneficial if you have all your signed employment agreements scanned onto your software system into designated employee files. If a Labour Department inspector comes knocking, you are able to access all this information with ease and provide it to them electronically. This avoids the stress, cost and inconvenience of having to search for paper records.

When dealing with the inspectors, remember they are just there to do their job and deserve respect. You are of course able to get legal assistance as part of the process but, once that is cleared up and it is a simple case of providing documentation and cooperating with the enquiries, do so in good faith. It is likely to be a

much smoother process if the employers are respectful and provide timely and well-organised documentation. In our experience the inspectors are looking to educate employers as much as maintaining the standards. Every day, employers are learning something and so it is important in our view to have a positive attitude to the experience.

SUMMARY

Employers in the construction industry are running a business and want to have well-organised and efficient operations. Most will say that the most important investment an employer can make is in their staff. Part of that investment is making sure that the employment relationship is well defined, documented and transparent. We encourage you to use the tools available and outlined in this article and seek help from your legal advisor if you need further assistance. Getting it right first time is better than learning the hard way on the back of an infringement notice.

FOR MORE INFORMATION

James is an experienced construction and civil litigator who has represented a wide range of clients large and small, including builders, building companies, waterproofers, roofers, window joinery suppliers, designers, engineers, homeowners and councils across New Zealand.

This publication is intended only to provide a summary of the subject covered and is of a general nature. You should not act in reliance on any statement contained in this publication without first obtaining specific professional advice from your lawyer.

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The 'Goldilocks' insurance package for builders and trade professionals

■ BY BEN RICKARD

One of the most common questions we get asked is what insurance a builder (or sparky, plumber, roofer, tiler etc) should have. Everyone wants what we call the 'Goldilocks' package; not too little, not too much, but just the right amount. Below is a summary of a 'Goldilocks' package. Just bear in mind (if you'll pardon the pun,) that your business and/or the work you do may require a different level of cover than this standard.

Policies

On average, insurance represents 12% of a building company's overheads, not including ACC.

This figure is based on a study compiled by Waikato University, using figures gathered from accountants on thousands of businesses every year, comparing different expense categories across all industries. It serves as a good benchmark for building trade businesses.

WHO IS OUR 'GOLDILOCKS'?

Our basic insurance package is based on a typical customer of ours, and is also representative of many trade businesses. The package also suits businesses that are both larger and smaller, with adjustments to the level of cover, number of vehicles, value of tools etc. We'll call our 'Goldilocks', Craig's Building Company and here are the highlights:

- Craig is 37 years old, married with two kids;
- He works 60 hours a week, on the tools and doing pricing and paperwork in the evenings;
- He draws an income from the business of \$70,000 per year;
- His business's turnover is around \$500,000 per year, but can go up and down depending on if he gets some bigger jobs;

BUILT IN
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Builtin are New Zealand's Trade Insurance Experts. For more information visit <https://builtininsurance.co.nz> or contact Ben Rickard at ben@builtin.co.nz or call 0800 284 584.



- He has one work vehicle and around \$20k of tools (at replacement value);
- He employs one other person and, otherwise, uses subcontractors when needed;
- He works mostly directly for homeowners, but will do some labour-only work on occasion for other builders
- He mostly does residential alterations and renovations, but will do the occasional new build if/when it comes up

What's in the package?

LIABILITY & INDEMNITY

- Public liability – covering your liability for accidental damage to another person's property.
- Statutory liability - covering your liability for fines and penalties under legislation. This includes the Building Act, Fair Trading Act and Resource Management Act. Fines under the Health and Safety at Work Act can't be insured, but the policy covers associated legal defence costs and reparations awarded following a prosecution.
- Professional indemnity – covering your liability for mistakes that result in a financial cost to a third party. Eg. incorrect installation of components, failure to follow a specification or design correctly.

COMMERCIAL VEHICLES

Full cover includes cover for damage to your vehicle, theft and liability for damage or loss to third parties also. Check whether your policy covers windscreens for free (no excess), signwriting and remember to include trailers too.

TOOLS AND EQUIPMENT

Check whether your policy covers replacement value (new for old) and whether it only covers burglary claims if there have been signs of forced entry, or will also cover theft "in the open air". Also check the theft/burglary excesses.

INCOME PROTECTION

Many trade professionals are the main income generator for their business and, consequently, for their family. So, if they get sick and can't work, that can materially affect their income. While ACC covers accidents, it doesn't cover illness and sickness, which are statistically the most likely reasons for someone in the construction industry being unable to work. Income protection insurance replaces lost income due to both accident and illness and, in combination with dialling down your ACC cover, can be a very affordable option.

PROJECT SPECIFIC COVER

Aside from this basic package, builders also need to consider cover on a project specific basis.

10-YEAR BUILDING WARRANTY

This gives peace of mind to your client, as it protects their financial investment in the building work by guaranteeing to refund their deposit or complete the work at the agreed price if their builder is unable to do so. The insurer also agrees to fix defects that might arise over the following 10 years. After the first one or two years some warranties protect the builder from the cost of fixing defects too.

CONTRACT WORKS INSURANCE

This covers the works being constructed for losses such as theft, accidental damage, vandalism, flood, fire, earthquake, etc. For new builds, the builder is normally responsible for arranging this (unless it's labour only). However, for work to an existing structure (such as extensions, alterations and renovations) it is typically up to the homeowner to arrange this with their current house insurer. Builders should not start work before seeing a copy of the insurance certificate.

IN A NUTSHELL

The above represents the 'Goldilocks' package for a typical building trade business. Your individual circumstances may require a different configuration of insurance and there are other risks not covered by this package, for which insurance may also be available.

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