

# TRADE LEADER

APR - MAY 2021 ISSUE ■



Changes to  
insulation  
requirements



COVID recovery  
and mortgage  
interest rates



Why you need  
a shareholders  
agreement



What to consider  
before you take  
on more staff



■ Does recent  
climate change  
advice fall short?

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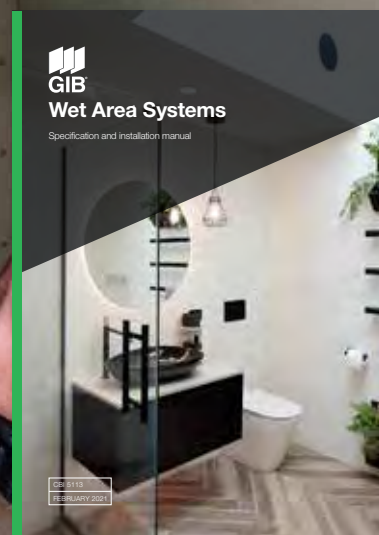
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# In the frame

BY MIKE GUY, CARTERS CHIEF EXECUTIVE

There's a huge sense of déjà vu as this issue of Trade Leader goes to print.

With the country yo-yoing in and out of lockdown thanks to COVID-19, we are working hard as a business to maintain deliveries and keep projects moving as best as possible, despite the restrictions.

It's been more than a year since COVID initially brought its havoc to this country and while we have managed a lot better than many other parts of the world, there's no doubt it's starting to really have a massive impact here. Our thoughts are with everyone having to manage under such trying circumstances, whether on a personal level or in a business sense and, like everyone else, we are looking forward to life being as close to normal as possible as soon as we can once the vaccines are rolled out.

In this issue of Trade Leader, our economy contributor Rodney Dickens has taken an interesting view on the potential financial impact that COVID-19 solutions may have on the residential building market. He suspects that, if we get COVID under control, then we may see an increase in interest rates which, along with a scarcity of available land, may have a detrimental impact on the amount of residential building taking place.

There's no doubt that housing is top-of-mind for many, with the costs of houses on the rise, and Loan-to-Value ratios (LVRs) at such a high level, and increased lending interest rates would only make that even tougher, but it's an intriguing view that's worth reading.

We've also had a look at another very hot topic in this country, and around the world – climate change and the environment.

A draft advice from the Climate Change Commission has outlined what is needed to be done to reach zero net emissions by 2050, as outlined in the Climate Change Response (Zero-Carbon) Amendment Act. It's a comprehensive and wide-ranging document that has been through the consultation phase and is now in front of Government.

However, the New Zealand Green Building Council has questioned the

level of drive behind the document, suggesting it lacks "ambition" and doesn't go far enough. It's an organisation that has stood behind its beliefs too, with a detailed submission on the advice being presented in response to the document. Read more on page 20.

Once compiled and finalised, the report will then be presented to Government. It will be interesting to see the response, which is due by the end of the year.

Master Builders Apprentice of the Year competition entries open 1st April and with the focus on free apprenticeships, we hope that this will bode well for the competition now and in the years to come. Employers and apprentices both have a lot to gain from being involved, so we encourage everyone thinking about entering to make sure they do.

Our CARTERS Advantage loyalty trips have been a longstanding highlight where we get to say thanks for partnering with us by hosting customers on holiday overseas each year. Our sold-out trip to Russia was postponed last year and since we're still unable to travel freely in the current environment, we've got another exciting opportunity on offer. Come away with us to experience some of New Zealand's most luxurious lodges for an Advantage long weekend getaway. Spend 3 nights at Cape Kidnappers in the North Island, or at Blanket Bay lodge in the South Island. We'd love you to join us for a relaxing retreat, where you'll enjoy great food, unique events, fun activities and good company.

Until next time, we look forward to continuing to partner with you as we navigate the year ahead.



**MIKE GUY**  
CARTERS Chief Executive

**CARTERS**   
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**ENVIRONMENT****DOES RECENT CLIMATE CHANGE  
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# Updating how we manage buildings in an emergency



MBIE is investing in a programme of improvements to the Building Management in Emergencies arrangements to ensure they are able to provide the support, national coordination and leadership that is required in an emergency.

When a damage-causing emergency occurs, it's critical that territorial authorities are able to quickly mobilise the right resources to protect lives, buildings, public thoroughfares and critical infrastructure.

As a steward of building management in emergencies, MBIE play a significant role at a national coordination level when an emergency occurs – from the initial response right through to recovery. This requires having coordinated readiness, response, and recovery arrangements in place that involve building owners, territorial authorities, CDEM Groups, agencies, and building professionals.

## WHAT ARE MBIE DOING?

The project will primarily focus on activities in the “readiness” phase of the emergency management cycle to ensure that they are fully prepared to respond to an event. MBIE have formed a Technical Working Group of subject matter experts representing a range of stakeholders including professional bodies, crown entities, local government and central government to advise on new initiatives.

### AS PART OF THIS PROJECT, YOU CAN EXPECT TO SEE:

A framework for how the National Coordination of building management in emergencies works as a system – including when changes are required by the Building Act 2004, guidance for other agencies, and operational instructions.

Clarification of who does what in the building management in an emergency process.

A capability development model, including role descriptors, training pathways, registration and review guidance.

Alternative solutions for administering the Rapid Building Assessors register and sharing contact information during response.

Deployment and mobilisation planning.

## MBIE ARE LOOKING FOR FEEDBACK

MBIE's team are looking to speak to CEs, CDEM Controllers, Cluster Group Meetings, professional bodies or staff involved in building emergency management. They'll also be seeking feedback on many aspects of this work as we go – please get in touch if you would like to be added to our mailing list for the latest updates and consultations on this project. For more details see [www.building.govt.nz/managing-buildings-in-an-emergency](http://www.building.govt.nz/managing-buildings-in-an-emergency)



# Building for Climate Change update:

## January 2021

Some early results from the first Building for Climate Change consultation are now available.

The Building for Climate Change Programme was launched mid-2020, and the first public consultation covered the following two frameworks:

- The Whole-of-Life Embodied Carbon Emissions Framework, which looks at reducing carbon emissions across a building's whole life cycle – from the production of building materials, all the way through to what happens to the building when it's at the end of its life.
- The Transforming Operational Efficiency Framework, which focusses on reducing carbon emissions related to the operation of buildings, such as the use of heating, cooling, lighting and ventilation.

MBIE received a huge amount of information from a number of respondents and are still working on the summary of submissions which will be released in the first half of this year. Here are some results they can share so far:

- MBIE received 360 responses, both from across the building and construction sector and outside it. This included 61 written submissions and 299 survey responses. A total of 199 (55%) of these came on behalf of an organisation.
- 92% of the survey responses agreed that the building and construction sector needs to take action to reduce emissions, with 79% also saying that there are barriers currently preventing or discouraging them, or their business, taking action to reduce emissions. This result shows how important MBIE's work is to remove barriers and make things easier for the sector will be to combating climate change.
- In terms of the two frameworks, 95% of respondents either agreed or strongly agreed that the programme should include measures to improve operational efficiency, with 86% agreeing that operational efficiency requirements should be introduced gradually over time.
- 87% of the survey responses agreed that the programme should include initiatives to reduce whole of life embodied carbon in New Zealand buildings, with around three quarters (74%) supporting a cap on whole-of-life embodied carbon for new building projects.

MBIE says all of the feedback received will help shape the frameworks in more detail and will support future policy proposals.

**On this topic, does recent climate change advice fall short? Read more on page 20.**

# Residential building sector surging

A record quarterly high in the number of new homes consented shows the residential building sector is responding to Government support to get new houses built, says Building and Construction Minister Poto Williams.

Figures from Statistics New Zealand released recently show 11,291 new homes were consented in the December 2020 quarter – the highest quarterly number ever – beating the previous record from the December 1973 quarter when 10,713 new homes were consented.

**"For the year ended December 2020, the number of new homes consented was 39,420. The figures show that despite uncertainty caused by COVID-19 there is a lot of residential activity in the pipeline especially for townhouses, flats and units," says Poto Williams.**

"As most residential building work is completed within two years of the consent being granted, the data will provide certainty to the construction sector of the anticipated activity in the coming years."

"Statistics New Zealand data has also shown strong growth in the construction sector despite COVID-19. The household labour force survey (HLFS) detailed an annual increase of 21,000 people employed in the construction industry. It is encouraging to note that 5,800 of whom were women."

"The COVID-19 restrictions placed a lot of pressure on the construction sector but through the Construction Sector Accord and the Rapid Mobilisation Playbook to get construction going the Government is assisting the sector to help build New Zealand back better and help underpin our economic recovery."

"There is confidence in the sector with a vast variety of building and infrastructure projects coming on stream to provide employers the certainty to invest in capacity and their workforce."

"As part of our response to COVID-19, we launched a comprehensive support package for apprentices and their employers, assuring job security for existing apprentices and creating openings for new ones."

"As a Government, we are committed to supporting the sector through continued investment in trades training and apprenticeships, the Building Legislative Reform Programme and improvement to our planning system by repealing and replacing the Resource Management Act."

"We want the strong and sustained growth in the building sector so it can help lay the foundations for the demands of New Zealanders now and into the future," Poto Williams says.



# RMA to be repealed and replaced

The Government is making plans to deliver on its promise to reform the Resource Management system based on the comprehensive review carried out last year.

The Resource Management Act 1991 (RMA) will be repealed and replaced with new laws this parliamentary term, Environment Minister David Parker confirmed recently.

The three new Acts will be the:

- 1 Natural and Built Environments Act (NBA) to provide for land use and environmental regulation (this will be the primary replacement for the RMA)**
- 2 Strategic Planning Act (SPA) to integrate with other legislation relevant to development, and require long-term regional spatial strategies**
- 3 Climate Change Adaptation Act (CAA) to address complex issues associated with managed retreat and funding and financing adaptation.**

"Urban areas are struggling to keep pace with population growth and the need for affordable housing. Water quality is deteriorating, biodiversity is diminishing and there is an urgent need to reduce carbon emissions and adapt to climate change," David Parker said.

"The new laws will improve the natural environment, enable more development within environmental limits, provide an effective role for Māori, and improve housing supply and affordability.

## Planning processes will be simplified and costs and times reduced.

Other key changes include stronger national direction and one single combined plan per region. And there will be more focus on natural environmental outcomes and less on subjective amenity matters that favour the status quo. Better urban design will be pursued.

The reform follows the review of New Zealand's resource management system led by former Appeal Court Judge Tony Randerson and published in July 2020. Reform has been called for over the last decade, including by the Productivity Commission, the Waitangi Tribunal, LGNZ, EDS, the Property Council, Infrastructure NZ and the Northern EMA.

Under the NBA there will be a mandatory set of national policies and standards to support the natural environmental limits, outcomes and targets specified in the new law. These will be incorporated into combined regional plans prepared by local and central government and mana whenua.

"The existing 100-plus RMA council planning documents will be reduced to about 14."

The Strategic Planning Act will integrate functions under the RMA, Local Government Act 2002, Land Transport Management Act 2003 and the Climate Change Response Act 2002 to enable clearer and more efficient decision-making and investment.

"New spatial strategies will enable regions to plan for the wellbeing of future generations, ensuring development and infrastructure occurs in the right places at the right times."

The CAA responding to the effects of climate change will be progressed by Climate Change Minister James Shaw.

David Parker said secure, healthy and affordable housing is at the heart of the wellbeing of New Zealand families but that it is no longer a reality for many New Zealanders.

"Urban areas hold 86 per cent of our population and experience 99 per cent of our population growth. Instead of allowing cities to respond to population growth sustainably, poor quality and restrictive planning has contributed to a lack of certainty and unaffordable housing."

**"HOUSING PROBLEMS ARE A COMPLEX MIX OF DEMAND, COSTS, FINANCING, CAPACITY AND SUPPLY AND THERE IS NO SILVER BULLET. THIS REFORM WILL HELP BY IMPROVING HOW CENTRAL AND LOCAL GOVERNMENT PLAN FOR HOUSING AND URBAN DEVELOPMENT. THIS INCLUDES BETTER COORDINATION OF FUTURE INFRASTRUCTURE WITH LAND USE, DEVELOPMENT AND URBAN GROWTH."**

These changes will build on the National Policy Statement for Urban Development released last year that directs councils to make room for growth both 'up' and 'out'.

David Parker said the National and Built Environments Act, as the core piece of legislation replacing the RMA, will be progressed first.

"Given its significance and complexity, a special select committee inquiry will consider an exposure draft of the NBA Bill from mid-year. This will include the most important elements of the legislation, including the replacement of Part 2 of the RMA.

"I expect that the complete NBA and the SPA will be formally introduced into Parliament by the end of 2021, with the NBA passed by the end of 2022," he said.

The Government is working with a collective of pan Māori entities on key elements of the NBA including the strengthened recognition of tikanga Māori and Te Tiriti o Waitangi. Continued engagement with local government will also be crucial.



For more information about the reform see [www.mfe.govt.nz](http://www.mfe.govt.nz)



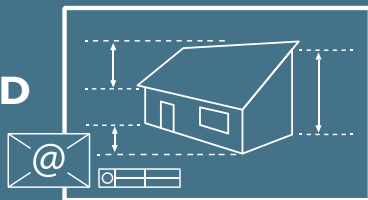
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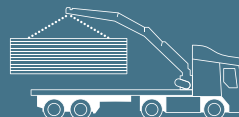
Layouts, quotes and design certificate (if applicable) are returned with a unique job number. Includes detailed and precise take-off lists.

### 3 DELIVER



#### ORDER

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



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



# Healthy homes: Insulation



Cold, damp and mouldy houses are bad for our health – especially for people with asthma and heart conditions. The healthy homes standards, which were made law in 2019, aim to ensure that all people in rental properties live in a warm, dry home.

## CHANGES KICK IN ON 1 JULY 2021

The standards establish minimum requirements for heating, moisture ingress and drainage, insulation, ventilation and draught stopping.

Compliance deadlines for the standards start from 1 July 2021, less than 6 months away. The responsibility for complying with the healthy homes standards sits with landlords. Landlords should be acting now to ensure they comply. Staying informed about the standards enables you to assist landlords in making the right decisions on the work they need doing to get their properties to comply.

## KNOW ABOUT THE INSULATION STANDARD

The insulation standard is one of the areas covered by the healthy homes standards, and it is important to be aware of it. New Zealand already has minimum insulation requirements, and the healthy homes standards build on these, so some existing insulation may need to be topped up or replaced.

All existing insulation must be in reasonable condition to meet the requirements. This means there should be no mould, dampness, damage or gaps, and all insulation must be installed in accordance with NZS 4246:2016 Energy efficiency – Installing bulk thermal insulation in residential buildings.

## WHERE TO DIRECT LANDLORDS

If landlords ask you questions about the standards, you can point them to the Tenancy Services website, which has plenty of information. There is an insulation tool available at [www.tenancy.govt.nz/maintenance-and-inspections/insulation](http://www.tenancy.govt.nz/maintenance-and-inspections/insulation) that can help landlords find out if they need to upgrade or replace the insulation to meet the healthy homes standard.

There is also an online guidance document Healthy homes standards – Insulation available at [www.tenancy.govt.nz/healthy-homes/insulation-standard/](http://www.tenancy.govt.nz/healthy-homes/insulation-standard/) to help assess whether a property is compliant. It may be useful for you to look at the guidance document as it has details about the technical requirements that need to be met to ensure compliance.

## BE AWARE OF OTHER REQUIREMENTS

It can also pay to be aware of the healthy homes standards outside your area of work or expertise. As these standards

are often implemented in the same area of the home, it is possible to undo the work completed by other tradespeople to comply with the rest of the standards if you do not know what to look for.

For example, electrical workers may pull out insulation to install wiring in the roof space and not put it back correctly, which can seriously impact the home and its compliance with the insulation standard. While electrical workers are simply doing their job, they may be unaware of the need to maintain compliance with all five of the healthy homes standards.

By being aware of the other standards and keeping this top of mind while undertaking work, you can help the landlord maintain compliance with the standards.



**Note:** This article is published in conjunction with Tenancy Services whose website provides quick, informative explanations of each standard see [www.tenancy.govt.nz/healthy-homes](http://www.tenancy.govt.nz/healthy-homes).

## CODEWORDS QUIZ



- When does the compliance deadline for healthy homes start?**
  - 1 June 2021.
  - 1 July 2021.
  - 1 August 2021.
- Where can landlords find information about whether they need to upgrade or replace the current insulation?**
  - Tenancy Services website.
  - LBP website.
- Can an electrical worker pull out current insulation when installing wiring in the roof space?**
  - No, they shouldn't touch the existing insulation.
  - Yes, but they need to put it back correctly.
- What document should you use to keep up with the technical requirements needed to be compliant with the healthy homes insulation standard?**
  - Build or Codewords article.
  - Online guidance document.

Answers: 1. b, 2. a, 3. b, 4. b





# CoWs and collaboration

In the last issue, we covered the basics of certificates of work (CoWs). Here, we go into more detail about how to include multiple contributors in your documentation.

Design can be a collaborative process, especially on more challenging projects. Sometimes, a piece of speciality design will be included in your overall design. Whether you have a complex foundation designed by a civil engineer or have included prefabricated timber trusses, if another designer has designed restricted building work (RBW), it will need to be included in CoW documentation.

## WHO CAN ISSUE A COW?

Professionals who are licensed or registered to be able to design RBW can provide a CoW for that work. This includes:

- licensed building practitioners with a design licence
- registered architects
- chartered professional engineers.

Under current regulation, chartered professional engineers (under the Chartered Professional Engineers of New Zealand Act 2002) and registered architects (under the Registered Architects Act 2005) are automatically treated as LBPs licensed in the design class area of practice 3. Registered architects and chartered professional engineers have their own registration bodies that manage their registration and oversee their professional conduct.

## COLLABORATIVE DESIGN

Where two or more LBPs or other suitably registered professionals carry out or supervise the design work for a building consent application involving RBW, there may be a choice about who provides the CoW.

If a particular design is both carried out and supervised by LBPs licensed in design, the CoW could be provided by

either the LBP that carried out the design work or the one that supervised it.

However, if two designers work on different aspects of the plans and specifications that are RBW, each designer would be expected to provide a CoW for their respective parts. For example, one may have designed the foundation and the other designed elements of the superstructure.

## YOU ARE TAKING RESPONSIBILITY

Producing and signing a CoW means a designer is providing a statutory undertaking certifying that the design documents are compliant with the Building Code.

You can provide a CoW that covers other LBP designers' work, but it is important to be aware that, in this situation, the one who signs the CoW is taking responsibility via that certification statement. You may be signing off someone else's work saying that it complies with the Building Code, so you need to do your due diligence on that work.

## INCLUDING PRODUCER STATEMENTS

A producer statement is a document prepared by a chartered professional engineer confirming their professional opinion. This opinion is based on stated reasonable grounds that aspects of design of a building achieve compliance with the Building Code or that elements of construction have been completed in accordance with the approved building consent.

The producer statement contains the name of the engineer and their firm. It signals to the building consent authority that certain design and monitoring work has been done –

CONTINUED OVER...



or overseen/supervised – by a practitioner who is competent to perform the defined work. However, a producer statement is not a product warranty or guarantee of compliance. It is a professional opinion based on sound engineering judgement.

An LBP may reference a producer statement in a CoW when an engineered element has been used in a design. An example of this could be when factory-designed and built trusses are incorporated in a design. The LBP would specify the truss and ensure it was fit for purpose in the overall design. However, the detailed design was carried out by the truss producer, so the producer statement could be referred to in the CoW for that section of the design.

Where a producer statement has been used to support the demonstration of Building Code compliance, it should be cited in the reference column of the CoW, along with other relevant specifications and reports – a geotechnical engineering report.

#### FURTHER GUIDANCE

For further advice, see Guidance on the use of certificates of work, producer statements, and design features reports at [www.building.govt.nz](http://www.building.govt.nz). This document was developed for the Canterbury rebuild but the principles apply for design RBW anywhere in New Zealand.



More information about producer statements can be found on the engineering New Zealand website [www.engineeringnz.org](http://www.engineeringnz.org)

## CODEWORDS QUIZ



1. **Who can design RBW?**
  - a) Design LBPs.
  - b) Registered architects.
  - c) Chartered professional engineers.
  - d) All of the above.
2. **If a chartered professional engineer designed some of the RBW on a project, it can be documented by:**
  - a) Referencing a producer statement from the engineer in your CoW if the engineered element is used in your design.
  - b) A separate CoW provided by the CPEng.
  - c) It does not need to be documented which CPEng completed the design of the RBW.
  - d) a and/or b may be appropriate, depending on the situation.
3. **You are using prefabricated trusses in your design. The trusses were designed in the factory. How do you include this restricted design work in a CoW?**
  - a) By referencing a producer statement from the truss manufacturer in your CoW and showing how you have incorporated the trusses in your design.
  - b) The factory must produce a CoW for every site project where its trusses are used.
  - c) You don't need to reference the trusses at all in your CoW.

Answers: 1. d, 2. d, 3. A

# Ever heard Building

Following the leaky homes crisis of the early 2000s (many would say it is still ongoing) insurers wanted to limit their exposure to what they saw as the substantial risk of claims from external water penetration into buildings. They saw this as a risk that was just too big and too uncertain to price into ongoing coverage.

They introduced what is known as the “building defects” exclusion. **Here are a couple of examples from different insurers:**



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# of the Defects Exclusion?

## BUILDING DEFECTS EXCLUSION

(FROM A PUBLIC LIABILITY POLICY)

We will not indemnify You for any claim under this Policy in respect of or alleging Personal Injury or Property Damage arising out of:

- the failure or alleged failure of any building or structure to meet or conform to the requirements of the New Zealand Building Code contained in the First Schedule of the Building Regulations 1992 or any applicable New Zealand Standard (or amended or substituted Regulation or Standard) in relation to leaks, water penetration, weatherproofing, moisture, or any effective water exit or control system; or
- mould, fungi, mildew, rot, decay, gradual deterioration, micro-organisms, bacteria, protozoa or any similar or like forms, in any building or structure.

## BUILDING DEFECTS EXCLUSION

(FROM A CONTRACT WORKS INSURANCE POLICY)

This policy does not insure loss in connection with a building or structure being affected by:

- (a) moisture or water build-up or the penetration of external moisture or water, or
- (b) the action or effects of mould, fungi, mildew, rot, decay, gradual deterioration, micro-organisms, bacteria, protozoa, or any similar or like forms, that is caused directly or indirectly by:
  - (i) non-compliance with the New Zealand Building Code, or
  - (ii) faulty design or faulty specification, including but not limited to faulty sequence, procedure or programme, or
  - (iii) faulty materials, or
  - (iv) faulty workmanship,

when the building or structure was constructed, manufactured, altered, repaired, renovated or maintained.

This exclusion does not apply to loss that is caused by or directly arises from the leakage of internal pipes, internal water reticulation systems or internal cisterns.

## BREAKING IT DOWN

The first point is that for a public/general liability claim to be triggered there must first be “property damage”. This generally means actual physical damage to property owned by a third party. It can also mean loss of use of property which results in a quantifiable financial cost to a third party.

To trigger the Building Defects exclusion there must be a failure, or alleged failure, of the building to meet the Building Code. Arguably any external penetration that allows water into the building is a failure of E2. It can also apply to the failure to adequately apply waterproofing membranes, flashings or other essential weathertightness components.

Some interpretations have the effect of ruling out the majority of the largest potential claims from trades such as roofers and anyone installing cladding.

If the claim arises from mould or gradual deterioration, such as a slow leak that rots timber over time, then it is explicitly excluded as well.

The exclusion does not apply to internal water penetration, such as leaks from internal pipes or the failure of waterproofing in showers (some insurers apply waterproofing exclusions for certain trades as well).

## BUILDING IT VS WORKING ON IT

We are strongly of the view, and have been successful arguing with insurers, that this exclusion is intended to apply to the construction of new “buildings or structures” and not to situations where tradespeople are working on an existing building.

## SUCCESSSES

For example, it should not apply if a leak happens when retrofitting a heatpump or installing a skylight to an existing building. However, you need to be aware that your policy includes this clause and that it could be relied on to decline such claims.

## FAILURES

Failing to paint the cut ends of timber weatherboards is likely to fall afoul of this exclusion. A basement that leaks due to improperly installed coil drainage is another claim that is likely to fail due to this exclusion. It should be noted that just the allegation of a failure could be enough for an insurer to decline a claim under this exclusion.

## IN A NUTSHELL

If your claim is due to actual or alleged penetration of external moisture or water into the building you’re unlikely to have cover because of this exclusion. However, there are circumstances where the right interpretation, and the right supporting argument, can result in a successful outcome. These complexities are one of the most important reasons for using a specialist, such as BuiltIn, for your insurance.

# A global recovery from Covid-19 is bad for the NZ housing market

■ BY RODNEY DICKENS, MANAGING DIRECTOR, STRATEGIC RISK ANALYSIS LTD



**The last thing the NZ housing market needs is vaccines and other measures aimed at combating COVID-19 being highly successful because it will mean a potentially painful increase in mortgage interest rates.**

**THIS IS BEST VIEWED IN THE CONTEXT OF THE LINK BETWEEN NZ AND US INTEREST RATES (CHART 1) AND THE IMPLICATION OF STRONGER GLOBAL GROWTH FOR US INTEREST RATES (CHART 2). THE FOCUS HERE IS ON LONGER TERM INTEREST RATES BUT, IN TIME, THIS WILL BE RELEVANT TO ALL INTEREST RATES.**

Swap rates are best viewed as wholesale interest rates and are generally relevant to what happens to mortgage interest rates. At the moment, the Reserve Bank is providing some cheap funding to banks, which will water down the link between swap rates and mortgage interest rates, but I don't think it will do so enough to change things significantly.

Cycles in US 10-year Swap Rate have generally been a major factor driving the NZ 10-year Swap Rate (Chart 1). The link became closer in 2018-19 when the US-China trade war had a negative impact on global economic

growth, reflected in the fall in the manufacturing survey for the major six countries (blue line in Chart 2). Weaker global economic growth saw lower US and NZ Swap Rates (Charts 1 & 2).

COVID-19 seriously dented global economic growth in early-2020, as shown by the sharp fall in the G6 manufacturing survey that was accompanied by a fall in US and NZ Swap Rates. Generally, bad news about global economic growth means lower interest rates including in NZ that is positive for the NZ housing market, including residential building. The recent strength in NZ new dwelling consents is largely the result of the COVID-19 driven fall in interest rates.

Thanks to governments and central banks all over the world adopting stimulatory policies, the G6 manufacturing survey has more than rebounded from the COVID-19 related fall. The US 10-year Swap Rate was initially slow to respond to this because of the second and third waves of new COVID-19 infections. However, as the third wave abates and vaccines are distributed, interest rates are starting to rise initially most for longer term rates.

Don't look to the bank economists to explain this as they are still only just realising that interest rates won't fall more, although some have started to predict higher interest rates next year. If global COVID-19 news is positive this year, the upside in mortgage interest rates will start much sooner than 2022. Unfortunately, good news about COVID-19 and global economic growth will end up being bad news for the NZ housing market, including residential building.

CHART 1

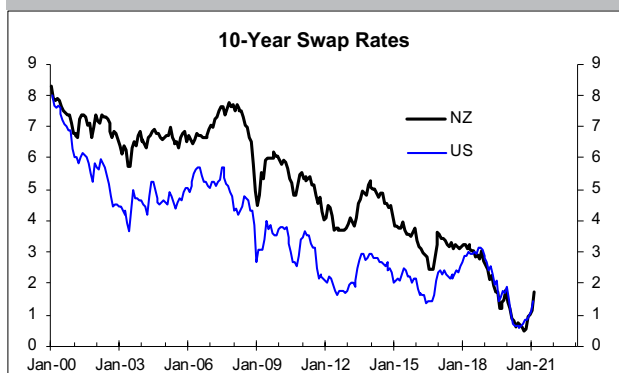
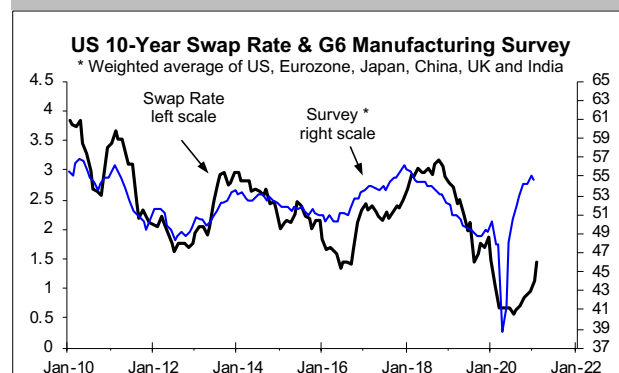


CHART 2





**CARTERS**   
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**TRADE  
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**WIN**  
**1 OF 50 MAKITA  
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(Valued at \$1499 RRP)

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\*Offer excludes GIB® Plasterboard Accessories, GIB®Rondo, and 10mm GIB®Standard. Every \$500 (excl GST) spent gives you another entry in the draw. One winner will be drawn per branch. Prize includes a Makita DLM531 18Vx2 (36V) LXT Brushless 530mm Metal Deck Lawn Mower Kit, 2 x 5.0Ah batteries (BL1850) & a dual charger (DC18RD). See [carters.co.nz](http://carters.co.nz) for full terms & conditions.



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- 2 x GIB HandiBrac
- 10 x tek screws
- 2 x BOWMAC screw bolts
- Can be fitted at any stage prior to lining

**\$15<sup>90</sup>**  
PACK  
EXCL GST

## GIB Plus 4 Compound 4L PPGAP44



- Ready to use straight out of the pail
- Suitable for use over painted substrates, with appropriate preparation
- Sandable

**\$19<sup>99</sup>**  
PAIL  
EXCL GST

## GIB Cove Classic Cornice 55mm x 3.6m

PPGAGC3655

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

**\$7<sup>40</sup>**  
LENGTH  
EXCL GST

## GIB® Grabber® 6g x 32mm Collated High Thread Screws 1000 pack SCGGSCHT326TH



- High thread
- GIB Grabber screws are the recommend fasteners for GIB Plasterboard

**\$17<sup>15</sup>**  
BOX  
EXCL GST

## GIB Fire Soundseal

- Noise control
- Fire and smoke resistant
- Non-staining and easily painted
- Water based
- Surface dries to a tough film which remains permanently flexible to form a long lasting resilient seal
- Low VOC



PPGAGFSS375  
375ml Cartridge

**\$7<sup>99</sup>**  
EA  
EXCL GST

PPGAGFSS600  
600ml Sausage

**\$9<sup>99</sup>**  
EA  
EXCL GST

## GIBFix® One

- For fixing plasterboard to wood and metal
- Suitable for vertical, horizontal and overhead application
- Water-based, non toxic
- Odour and solvent free



PPGAGFONE375  
375ml Cartridge

**\$6<sup>99</sup>**  
EA  
EXCL GST

PPGAGFONE600  
600ml Sausage

**\$8<sup>99</sup>**  
EA  
EXCL GST



# Enhancing health and safety innovation in New Zealand

When Jason Johnstone was medically discharged from his job as an operator/trainer after being diagnosed with Hand Arm Vibration Syndrome (HAVS), he decided to explore ways to prevent it happening to other New Zealanders.

Jason is one of the very few people in New Zealand diagnosed with HAVS, a condition that can be permanently disabling, where nerves and blood vessels are damaged by exposure to repeated vibrations from hand and power tools.

Symptoms include tingling fingers, numbness, pain, weakness, loss of dexterity and impeded blood flow.

If caught early enough, HAVS can be reversible – but in Jason's case, his symptoms persist, flaring up at the slightest change of temperature or during certain activities.

**"All the crockery in our house has chips on it because when I do the dishes my fingers often go numb and I tend to drop the dishes. It's much worse in winter and I'm pretty much stuffed when it comes to doing up buttons."**

But this hasn't stopped Jason developing a new hand-arm vibration (HAV) monitoring device and launching a business to address what he calls a "massive grey area" in New Zealand around vibration exposure in the workplace.

Jason has worked with power tools for most of his life. His HAVS symptoms became more pronounced while he was working at the Tiwai Point aluminium smelter as an operator/trainer - a job that involved the use of jackhammers amongst other tools. The smelter did have time limits on use of certain tools, but intensity was also a factor.

"My wife is a U.K. trained general surgical registrar and diagnosed me with HAVS, I had no idea what HAVS was at that time. I told the smelter doctor my hands feel funny and was sent to see occupational health specialist Professor David McBride who formally diagnosed me; Professor MacBride is a leading workplace disease expert in New Zealand.

"Basically, I was told I couldn't use the tools anymore and was medically discharged from my job at Tiwai. But what I noticed was that no one had any idea how the injury had occurred. Sure, vibration emitted from tools and machinery had caused my injury but there was no data to explain this to the medical or health and safety professional. No one knew how much vibration I had been exposed to on a daily basis, nothing. It was all guesswork and seemed completely crazy, felt like I had wasted 20 years of my life."

Jason's experience has led him to research current figures on HAVS in New Zealand revealing what he sees as a major issue of underdiagnosis and misdiagnosis.

"According to ACC data on HAVS, there were only 40-50 cases of HAVS in New Zealand from 2000-2018," says Jason. "This is unusual because 6230 cases were reported in the United Kingdom in half of that time. Even if we consider that the two workforces are similar, based on population statistics the incidence in New Zealand should have been 785 cases in 18 years or 44 cases per year."

He also found that during 1 July 2009 and 30 June 2019, ACC data showed there were 5,342 cases of carpal tunnel syndrome compared to the United Kingdom's 2,930. Furthermore, international research has shown vibration from hand tools does contribute to carpal tunnel injuries.

"In the UK, doctors are trained to recognise HAVS. In New Zealand they're not. So, it's very often misdiagnosed as carpal tunnel and that certainly has been my experience after being told I have carpal tunnel each time we relocate. I believe it's a problem in New Zealand given workers' exposure in our construction, forestry, manufacture, transport and agriculture sectors."

CONTINUED OVER...

**“According to ACC data on HAVS, there were only 40-50 cases of HAVS in New Zealand from 2000-2018,” says Jason. “This is unusual because 6230 cases were reported in the United Kingdom in half of that time. Even if we consider that the two workforces are similar, based on population statistics the incidence in New Zealand should have been 785 cases in 18 years or 44 cases per year.”**

Jason identified the need for a user-based device to monitor vibration and capture much needed data. He worked with a software developer Digital Stock in Invercargill to develop a HAV monitoring app and dashboard – and sought a real workplace in which to trial it.

“I was sitting at the traffic lights and saw a Delta Utility Services ute draw up beside me and noticed it had a load of tools in the back. So, I followed it all the way back to Delta’s head office, went in and asked to speak to the health and safety rep.”

Delta is a Dunedin-based infrastructure maintenance company that services electricity distribution and communications networks as well as maintaining the local authority’s green spaces. Delta had recently identified HAV as a workplace hazard for its employees who often use vibrating machinery such as mowers and weed eaters for long periods.

So when Matt Sadgrove, Delta Health and Safety Manager, came out to meet Jason, he was immediately on board to help him trial the device.

“I could see this was a smart idea, an innovative New Zealand-made tool to gather information to help us to make smarter decisions to keep our people safe.”

Matt is also a member of the New Zealand Community of Safety Innovation (COSI), a group of around 60 safety professionals who work together to identify new ways to improve health and safety. The group is supported by WorkSafe New Zealand, the New Zealand Institute of Safety Management, the Business Leaders’ Health and Safety Forum and the Health & Safety Association New Zealand (HASANZ).

“Our people are our biggest asset,” says Delta’s Matt. “Vibration is a major workplace health risk in New Zealand and Jason’s device is an opportunity to accurately identify, manage and prevent this risk across our workplaces.”

Over the next year, Delta’s health and safety team and crews trialled the device. The crew provided valuable feedback about the robustness of the device for use in the field. Delta also helped Jason refine the app he had developed to make the data easier to interpret once collected.

The trial resulted in Delta purchasing new robotic mowers for the business, eliminating the vibration hazard and removing the workers from other hazards such as wasps, working on slopes and sun exposure.

For Jason, the trial has resulted in working prototype vibration detection bands and the launch of his business, Vibration Action. He is now seeking capital to support further development and commercialisation of the device.

**“MY ULTIMATE GOAL IS TO INCORPORATE THE SOFTWARE INTO A FITBIT-LIKE DEVICE THAT WORKERS CAN WEAR ALL DAY, MONITORING NOT JUST HAND-ARM VIBRATIONS, BUT SENDING AND RECEIVING REAL-TIME THRESHOLD ALERTS AND CAPTURING DATA. I HAVE PLANS TO DEVELOP OTHER DEVICES THAT MEASURE WHOLE-OF-BODY VIBRATION AND WORKPLACE NOISE LEVELS AND INCORPORATE THEM INTO ONE SYSTEM THAT IS FIT FOR INDUSTRY PURPOSE”**

Professor David McBride is Associate Professor in Occupational and Environmental Medicine at Otago University, David McBride, and says Jason’s device is just what New Zealand needs.

“As a workplace hazard, exposure to vibration is ubiquitous in New Zealand across construction, agriculture, horticulture and forestry. New Zealand needs to invest in more research in this area.

“With Jason’s device, we have for the first time a simple tool using available technology to scientifically assess risk in the workplace, helping raise awareness of the issue, support training and education and importantly ensure people take adequate breaks.”

**Daniel Hummerdal, Head of Innovation at WorkSafe New Zealand which supports the COSI, says Jason’s device and Delta’s trial are a great example of the ingenuity and motivation in New Zealand to create better outcomes.**

**“This journey underscores the purpose of COSI to connect people and organisations that are developing and trialling their ideas in isolation and bring them together. We can all be inspired and learn from each other and not only spread good ideas quicker but help translate them into actions that create better outcomes.”**

**WORKSAFE**  
NEW ZEALAND | Kaitiaki Takekōwhiri  
Aotearoa





## DENDRO

H3.2 SOLID WOOD FASCIA AND WEATHERBOARD

Introducing a NEW breed of solid timber weatherboards and fascia produced from 100% New Zealand grown Radiata Pine. We use the finest mature pruned trees to create a quality, clear range of solid, non fingerjointed products that are strong, straight and stable for your home.



### NAIL SIZES FOR TIMBER CLADDING

PROFILE	NAIL SIZE (PLAIN SHANK)	NAIL SIZE (ANNULAR GROOVED)
Bevelback	75 x 3.15mm	65 x 3.15mm
Rebated Bevelback	75 x 3.15mm	65 x 3.15mm
Scalloped Rusticated	60 x 2.80mm	50 x 2.80mm
Shiplap	60 x 2.80mm	50 x 2.80mm
Board & Batten	75 x 3.15mm	65 x 3.15mm

\*When installing with a cavity increase the nail length to suit  
\*SPP recommend the use of stainless steel jolt head nails but refer to the building code NZS3604 and amendments as well as local council requirements when selecting nail and screw fittings

### WEATHERBOARD CONVERSION CHART

EX SIZE	PROFILE	FIN. SIZE	EFFECTIVE COVER	L/M per m <sup>2</sup>
150x25	Bevelback	135x19mm	103mm	9.70
150x25	Bevelback	140x21mm	108mm	9.25
150x25	Rebated Bevelback	135x19mm	110mm	9.09
150x25	Scalloped Rusticated	135x19mm	110mm	9.09
150x25	Shiplap	135x19mm	110mm	9.09
200x25	Bevelback	180x19mm	148mm	6.75
200x25	Bevelback	187x19mm	155mm	6.45
200x25	Scalloped Rusticated	180x19mm	155mm	6.45
200x25	Board & Batten	180x19mm	187mm	5.35
75x25	Batten	65x19mm		
225x25	Bevelback	210x19mm	178mm	5.61
225x25	Rusticated	215x19mm	190mm	5.26
250x25	Bevelback	240x19mm	208mm	4.80
250x25	Rusticated	240x19mm	215mm	4.65

\*Other profiles available upon request

### PRE-CUT SCRIBERS

## EZYSCRIBE

PRE-CUT SCRIBER



#### PROFILES AVAILABLE

135X18 Standard Bevelback (103mm Cover)  
142X18 Standard Bevelback (110mm Cover)  
180X18 Standard Bevelback (148mm Cover)  
187X18 Standard Bevelback (155mm Cover)  
135x16 Linea  
150x16 Linea  
180x16 Linea

\*EZYSCRIBE precut scribe is available ex stock in 43x10 and 40x18 finished scribe. 60x18 finish and other weatherboard and fibre cement profiles may be produced to order.

Discover more by visiting our website for a full range of products and solutions to suit your next project [www.sppnz.co.nz](http://www.sppnz.co.nz)

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# Does Climate Change Commission advice go far enough?

■ BY LYDIA SHARPE, SOLICITOR HESKETH HENRY

A recently released draft package of advice to the Government has been released by crown entity The Climate Change Commission.

Consultation on the draft opened on February 1st and ran until March 28th, and outlined the steps the country needs to take to drastically reduce greenhouse gas emissions and address climate change.

Building and homes feature strongly through the advice, but while the Green Building Council has applauded the inclusion of the recognition that the building sector has solutions and a key role to play, it has called into question the "ambition" of the Commission.

"Does the ambition of the Climate Change Commission align with the ambition needed? Unfortunately not," says an NZGBC release.

The NZGBC points to the advice's introduction, which states 'The time for accelerated climate action is now,' and goes on to add that, by 2035, 'newly built homes are 35% more energy efficient compared to today's performance.'

If backed with proper ambition, the NZGBC states, a 35% improvement is achievable much sooner – perhaps by as much as a decade – than 2035.

**"IT'S A LITTLE DISCONCERTING TOO, TO SEE THAT, WHEN IT COMES TO OUR HOMES AND BUILDINGS, THE AMBITION SHOWN BY THE CLIMATE CHANGE COMMISSION IS MUCH LESS THAN THAT OUTLINED IN THE GOVERNMENT'S BUILDING FOR CHANGE PROGRAMME, WHICH SAYS THAT 'BY 2035, NEW ZEALAND'S NEW BUILDINGS ARE USING AS LITTLE WATER AND ENERGY AS POSSIBLE'. 'AS LITTLE ENERGY AS POSSIBLE' IS VERY DIFFERENT TO 35% LESS ENERGY."**

Research from Australia shows that Green Star certified buildings use 66% less than average buildings, and the NZGBC states this is happening right now and that we shouldn't have to wait more than a decade for those energy savings to be implemented here.

Commission Chair Dr Rod Carr says the advice is ambitious but realistic and makes a clear case to Government for taking immediate and decisive action on climate change.

"As a country, we need transformational and lasting change to meet our targets and ensure a thriving Aotearoa for future generations.

"The good news is that our analysis shows there are technically achievable, economically affordable and socially acceptable paths for Aotearoa to take," he says.

"But the Government must move faster – and support business, agriculture and community to do the same.

"The Commission has spent the last year working on what is now the most comprehensive strategy Aotearoa has for reducing its emissions and impact on the climate.

"There are a few actions that are critical to meeting our targets: electric vehicles, accelerated renewable energy generation, climate friendly farming practices and more permanent forests, predominantly natives," Dr Carr says.

"Our engagements to date have helped us understand the size of our task. We have been incredibly impressed at the level of expertise, the passion and the ambition that exists in Aotearoa.

"The Commission is clear that this is draft advice and is committed to true consultation. Through consultation, we are sure we will receive more valuable feedback and are prepared to make changes in light of what we hear."

The NZGBC says the transition towards a carbon zero New Zealand needs to be fair and equitable but will improve the lives of all New Zealanders.

"The co-benefits of greener, healthier buildings will play a key role here," the organisation says. "Working together, all of us have the solutions, the opportunity and the momentum to play a lead role in the shift to a healthier, greener Aotearoa."

Following the consultation period, the Commission will incorporate feedback before finalising the advice and present it to Government by the end of May this year. The Government then has until December 31st to decide whether to accept recommendations in the advice. If the Government choose not to take on the Commission's advice, it must publish an alternative plan for reaching net zero.



# Apprentice of the Year

Entries for this year's Registered Master Builders Apprentice of the Year in Partnership with CARTERS open on 1 April, paving the way for another batch of apprentices to make their mark on the building and construction industry.

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

As an apprentice, you are the sector's future leaders. The competition will test your project management, business and presentation skills as well as practical skills. It's a competition that looks to test several aspects of a well-rounded apprentice, not just your skills on the tools. **Entries open on 1 April and close on 29 April are open to any carpentry apprentice, regardless of their training provider or who they work for.**



## GREAT REASONS TO ENTER INCLUDE

Build confidence in yourself and your skills and see how you measure up against other apprentices

Receive recognition of your skills, which is valuable for future employment opportunities

Get a head start on business skills, through the entry process of being interviewed and undertaking a site visit

## YOU MUST FIT THE FOLLOWING CRITERIA

30 years old or younger

Entering for the 1st or 2nd time

Completed at least two years of your National Certificate in Carpentry

Be an apprentice at the time entries close and employed by a builder at the time of the regional competition being judged

## WHAT'S IN IT FOR EMPLOYERS

This is a great opportunity to recognise the most talented apprentices and celebrate their employers, who are supporting and growing New Zealand's construction industry by investing in apprentices and mentoring the sector's future leaders.

By helping your apprentice realise their potential you'll receive business exposure and be recognised by industry leaders. Plus if your apprentice wins their region you'll be heading to Auckland to the National Awards.



**What are you waiting for, enter today!**  
**ALL COMPLETED ENTRIES get a CARTERS \$85 Gift Pack**  
Hurry, entries close 29 April.

## Employer of 2020 Apprentice of the Year Thomas O'Brien.



"Thomas is a keen and dedicated member of our team and shows real promise. His attitude is his greatest asset," says Pieter Oosterbaan - Beacon Construction.

"His calm nature helps him accept failure as well as success. None of us do everything right every time - but striving to do the best you can and learning from mistakes is how we all succeed.

"Thomas is always able to maximise what he has learnt and uses this to carry him through any challenge. I saw all of this as something that would make him a great candidate for the Apprentice of the Year competition."

For more information go to [www.apprenticeoftheyear.co.nz](http://www.apprenticeoftheyear.co.nz) & follow Registered Master Builders on Facebook and Instagram to keep up with the competition and regional events.

# COVID-19: Financial support for businesses

A summary of the financial support available to help you, your business and employees in times of difficulty, to recover from the effects of COVID-19. There are a few COVID-19 financial support schemes available to businesses, depending on your situation. Learn more about each type of support and where you can find more information.

## OVERVIEW OF SUPPORT AVAILABLE AT DIFFERENT ALERT LEVELS

All of these COVID-19 support initiatives have eligibility requirements that must be met. See below for details.

	ALERT LEVEL 1	ALERT LEVEL 2	ALERT LEVEL 3	ALERT LEVEL 4
<i>Resurgence Support Payment</i>		yes	yes	yes
<i>Wage Subsidy</i>			yes	yes
<i>Leave Support Scheme</i>	yes	yes	yes	yes
<i>Short-Term Absence Payments</i>	yes	yes	yes	yes
<i>Small Business Cashflow (Loan Scheme)</i>	yes	yes	yes	yes
<i>Business Finance Guarantee (Loan)</i>	yes	yes	yes	yes
<i>Business Debt Hibernation</i>	yes	yes	yes	yes

The Resurgence Support Payment (RSP) is not automatically activated each time the COVID alert level rises from level 1. Generally, the Government will make a decision about activating the RSP if the alert level is raised for at least 7 days.

### RESURGENCE SUPPORT PAYMENT

A Resurgence Support Payment may be activated if the alert level increases from Level 1 for a week or more. Businesses and organisations will be eligible if they experience a 30% drop in revenue over a 7 day period after an alert level increase and meet other eligibility criteria. This drop is compared to a typical 7 day period in the 6 weeks before the increase in alert level. The decline in revenue must be a result of the specific alert level change, not just COVID-19 in general. You must have been in business for at least 6 months to be eligible. Charities, not-for-profit organisations, the self-employed and pre-revenue businesses, such as start-ups, may also be eligible.

This payment is not a loan, so does not need to be repaid. The payment must be used to help cover business expenses such as wages and fixed costs. Applications will remain open for 1 month after the return to Alert Level 1. The current round of applications will close on 23 March 2021.

You can apply through myIR. If your business doesn't have a myIR account, you will need to create one to apply.

### WAGE SUBSIDY SCHEME

The Wage Subsidy Scheme will be available nationwide if any part of the country moves to Alert Level 3 or above for seven days or more.

Businesses and the self-employed will be eligible if they experience a 40% drop in predicted or actual revenue over a consecutive 14-day period, compared to a typical fortnightly revenue in the six weeks before the rise in alert level. You would need to be able to show that the revenue drop is due to the change in alert level, not just COVID-19 in general.

### SHORT-TERM ABSENCE PAYMENT

A COVID-19 Short-Term Absence Payment is available at all Alert Levels to employers to pay workers who follow public health guidance and are staying home while waiting for a COVID-19 test result. It's also available to eligible self-employed workers. To be eligible, workers need to be unable to work from home and need to miss work while waiting for the test results.



The payment is \$350 for each worker. Employers or the self-employed can apply for any worker once in any 30-day period.

### LEAVE SUPPORT SCHEME

The COVID-19 Leave Support Scheme provides a payment to businesses to pay their workers who meet certain health criteria, e.g. they have COVID-19. This is also available if you're self-employed.

If you or your staff have been told by a health official to self-isolate and cannot work from home, you can apply for the COVID-19 Leave Support Scheme. This support will be paid as a lump sum covering two weeks (you can reapply if required).

Under changes to this scheme in 2020, businesses are no longer be required to show an actual or predicted revenue drop or that their ability to support an employee was negatively impacted by COVID-19, to be eligible to access the payment.

### SMALL BUSINESS CASH FLOW LOAN SCHEME (SBCS)

The government will provide loans to small businesses, including sole traders and the self-employed, impacted by COVID-19 to support their cash flow needs. Applications have been extended and are now open until 31 December 2023. You can apply through myIR.

The small business cash flow loan scheme will provide assistance of up to \$100,000 to businesses employing 50 or fewer full-time employees. This includes sole traders and self-employed businesses.

Details of the loans include:

- \$10,000 to be provided to eligible businesses
- an additional \$1800 per equivalent full-time employee
- interest free if the loan is paid back within two years
- an interest rate of 3% for a maximum term of five years
- repayments not required for the first two years
- you must show at least a 30% drop in revenue due to Covid-19, measured over a 14-day period in the past 6 months
- maximum amount you can borrow depends on the number of full-time and part-time employees.

Use the small business cash flow loan scheme eligibility tool and find out how to apply.

[www.business.govt.nz/covid-19/small-business-cash-flow-loan-scheme-eligibility-tool/](https://www.business.govt.nz/covid-19/small-business-cash-flow-loan-scheme-eligibility-tool/)

Applications are open until and including 31 December 2023 through myIR. Go to the 'I want to' section, and select 'Apply for the small business loan'.

If your business doesn't have a myIR account, you will need to create one to apply.

Most applicants will receive their loan payment in full from Inland Revenue within five working days. You don't have to accept the full loan amount you're offered and can decide to take a smaller loan.

### TAX AND ACC SUPPORT

If you're having difficulties meeting your tax obligations due to COVID-19, Inland Revenue has various support schemes and options to help.

ACC levy invoices for the 20/21 financial year would usually have been sent from 1 July, but will now be sent in October. ACC has more information about delayed invoices and guidance to help.

If you are having trouble making ACC payments, ACC has guidance to help. If you are no longer in business, it's also a good idea to let ACC know.

### BUSINESS DEBT HIBERNATION

Business debt hibernation is a government initiative created in response to COVID-19. It helps companies, trusts, and other business entities affected by COVID-19 to manage their debts. Applications are open until 31 October 2021.

If business debt hibernation is right for your business, this is how it helps you manage your debts.

- You set up an arrangement for your existing debts, e.g. paying your creditors only a percentage of what you owe them on time and delaying the rest.
- You get up to a month of protection while you set up the arrangement, meaning most creditors can't enforce their debts, e.g. applying for your business to be liquidated.
- If your creditors agree, you get a further six months of protection.

Use the business debt hibernation decision tool to find out if it's a good option for your business and if so, how to get started.

### BUSINESS FINANCE GUARANTEE SCHEME

More small and medium-sized businesses may be eligible for the Business Finance Guarantee scheme, with a simplified and expanded scheme now in place.

Participating lenders can provide new loans, increased limits to existing loans or a revolving credit facility to eligible businesses. The scheme supports lenders by the government taking on the default risk of up to 80% of the loan.

Changes to the scheme mean the loans can be used for capital purchases and projects relating to, responding to or recovering from the impacts of COVID-19. This means businesses can use the credit, for example, to modify their premises to operate at different alert levels or meet changing demands. Banks can lend to businesses with an annual revenue of up to \$200m, while loans are available from non-bank lenders for businesses with annual revenue up to \$50m. There is a lending limit of \$5m, or \$3m from a non-bank.

The Crown has also clarified that it will guarantee its share of a scheme loan without a personal guarantee – though lenders make their own lending decisions and may have their own requirements. Borrowers are still liable to pay the loan back in the usual way.

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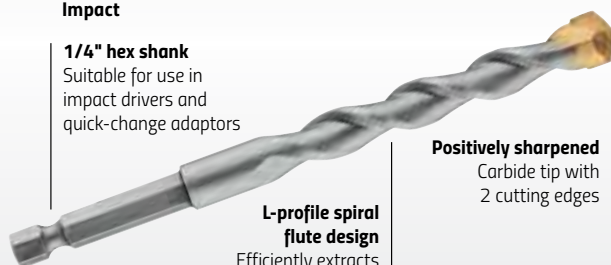
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




Masonry



Brick



Concrete

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



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# Key reasons why you should have a shareholders agreement

■ BY ANDREW SKINNER

With the construction industry in full swing, many new construction businesses are starting or existing businesses are growing rapidly. It has also become an increasingly competitive labour market, so businesses are looking to incentivise high-performing staff members by offering them shares in the business.

When starting a new business with other shareholders - or introducing a new shareholder - there are many factors to consider and often the relationship between shareholders and the rules for operating the company are overlooked. However, as we have seen over the last year, unexpected events happen and circumstances can change very quickly. Unless a business has a robust shareholders agreement to address deal with unexpected events, problems may arise in the future.

## WHAT IS A SHAREHOLDERS AGREEMENT?

Put simply, a shareholders agreement is a contract between all the shareholders of a company that regulates the relationship between the shareholders and sets out the rules for governing the company. As every business is different, so is every shareholders agreement. Whilst there are some common areas to include in an agreement, each shareholders agreement needs to be prepared and tailored to the specific business.

## WHY SHOULD I HAVE A SHAREHOLDERS AGREEMENT?

There are many good reasons for having a shareholders agreement but some of the key reasons are:

### Defines what the business is going to do

By including a provision that outlines the nature and purpose of the business, the shareholders agreement provides clarity as to the direction of the business. Whilst this may sound simple, it is very important as we have seen many instances of shareholders wanting to take businesses in different directions.

### Board composition

The shareholders agreement usually has detailed provisions around who is on the board of directors and how decisions are to be made (i.e. unanimous, majority etc). In the absence of these specific provisions, the standard rules in the Companies Act prevail, which may not be appropriate for your business.

### Reserves certain matters for shareholder approval

In addition to specifying the board composition, the shareholders agreement usually reserves certain important decisions for the shareholders. Important decisions such as obtaining funding, granting security, entering into

contracts and employing key staff are common decisions that shareholders want to approve.

### Clarifies funding and operational responsibilities

Funding is crucial for any business, so the shareholders agreement should specify the sources of funding for the business. Funding may be by way of capital contributions, shareholder loans or other bank loans. The agreement should also consider additional shareholder contributions if further funding is required.

### Restrictions on the transfer of shares

The Companies Act contains few restrictions on the transfer of shares and none relating to who the shares may be transferred to. Therefore, shareholders agreements will usually contain restrictions around how shareholders can transfer their shares (known as pre-emptive rights). Having these provisions in a shareholders agreement gives existing shareholders the first rights to purchase the shares from other shareholders, usually in proportion to their current shareholding and with a valuation mechanism that makes sense for the particular business. This is important as without these rules a shareholder may find they are in business with a complete stranger.

### Dispute resolution, default and deadlock processes

As disagreements may arise, the shareholders agreement should have a mechanism for dealing with and resolving disputes, defaults and deadlocks. This provides a process to follow in the event of disagreement rather than leaving matters to fester to the detriment of the company.

As the investment in your business is likely to be one of your most valuable assets, it is very important that you are clear about the operation of the company and the relationship with your other shareholders. In the absence of any agreement, and if circumstances change, you may find yourself at odds with your other owners.



ANDREW SKINNER  
PARTNER,  
MARTELLI MCKEEG

## Time to grow?

# Let's find out if it's time to expand your team

■ BY DANIEL FITZPATRICK

You're busy as. You don't have the manpower to handle the current workload. Lead time is stretching out. And the work keeps coming. Many tradies find it hard to say 'No' to customers. Or feel they can't knock back jobs as it will impact growth, so they end up working longer and longer hours.

You may have been down this road before and taken on extra staff, or seen others do it and be worse off. You don't want to repeat those mistakes.

And isn't there a downturn coming?!  
It's hard to predict.

That's why I'd recommend building your tool chest while things are good. Create a cash cushion and increase efficiency now so you can easily adapt to whatever happens next.

If you're getting geared up to take as much work as you can, great. Nothing worse than feeling like you're missing out on opportunities.

Want to know how you can tell if it's likely to work out well? Well, it depends on your situation.

## Ask yourself these questions:

- 1** How many months of confirmed work do you have right now?
- 2** Are clients prepared to wait, or are you losing jobs through long wait times?
- 3** How much money could you make off increased capacity? Is the work profitable or is it work that has a low margin?

Being busy doesn't mean you're profitable. You might make more money picking and choosing the best jobs and turning the others away.

When taking on more work and a bigger crew, ensure there are margins in the jobs. Otherwise, it's just endless stress and bad cashflow.

Also, assess whether the work best suits you or if it's slowing you up. If jobs are taking longer than they should, that's affecting your margin too.

Do you see where I'm going with this? Let me say it straight:

## THE REAL ANSWER IS IN YOUR NUMBERS, NOT IN YOUR WORKLOAD.

You're in business to make money, so business decisions should (mostly) be based on the numbers. Numbers make things very black and white. Numbers allow you to make smarter decisions.

## CAN YOU MAKE MONEY OFF ANOTHER WORKER?

Consider how much it would cost you, and what you would need to get back.

As a rough guide, if you pay your new tradie on the tools \$65,000 per year (\$1,250 per week) then billable hours (not including materials) for them needs to be around 2-3 times that (i.e. \$2,500 - \$3,750 per week).

To get a more exact picture we'd also look at overhead costs and gross margins.\*

Generally, if you get this right, you can aim to make \$40,000-\$80,000+ off each of your employees on the tools, depending on your trade.

If you can't afford to put on another full-timer, it's likely your rates are too low, especially if you have minimal overheads.\*

## DOES CASHFLOW SUPPORT IT?

There will be an initial dip in your bank account for at least a month or two, while you get them up to speed and pay their wages (before you can bill for the work they're putting out and get that money back). Look for any subsidies to help with initial costs.

The trick is to do a simple cashflow forecast to see what's going to be in your bank account over the next few months. Then you can make sure cashflow won't be stretched too far.





## Is the answer to expand and try to do more? Or stick it out and do as much as you can with the team you've got?

**Warning:** Many tradies have lost the ability to pay their staff when customers didn't pay. Ensure you have robust systems for minimising late/bad payers.

### WHAT IF YOU GET A BAD APPLE?

This can happen, and it will cost you money. It's a risk.

What can you do? You've got to bite the bullet and invest in finding the right person. Play at 100%. Advertise the job right. Do due diligence. Interview well. Check references properly.

Get the right help, not just 'help'.

Make sure you include a 90-day trial in their employment contract. (If you have less than 20 staff).

During this time, you want to watch them closely on the job, check in regularly. Test and push them a bit, to see how they respond, if they'll be a good long-term employee.

Remember that quality staff requires a quality leader. Train your crew properly. Give them structure. Build team culture. Grow the business this way and it will pay huge dividends down the track.

### WHAT HAPPENS IF WORK DRIES UP?

Finding a steady supply of the most profitable work takes effort.

Hiring will free you up to hunt for more work. Put the time in and you'll find it. You can't grow a business with a scarcity mindset.

Overwhelmed with work only some of the time? Make a decision to grow or stay small. You can't have it both ways.

Sure, you don't want to pay someone to do nothing, but in this environment, you'll only be slow if you allow yourself to be.

In the meantime, you'll find things for them to do: Use your

downtime to train them. Get them in the office quoting, clean the van, fill it up, go get this or that.

Know your worst-case scenario numbers. How long could you go with no work for them? With a 90-day trial, you can always let them go if you don't have the work. It's not ideal, but keep in mind.

### MORE THINGS TO CHECK:

#### How will the new hire fit into the current team?

You don't want to upset the apple cart.

#### Can you speed up the office? A bookkeeper or office manager may be far more efficient than you.

Someone with experience costs more and gets more done. Someone who needs training costs less. Both can work but the return takes longer if less skilled.

#### Would a foreman managing the team be a better option than an extra pair of hands on the tools?

#### Does anyone need to get off the bus first?

An existing crew member with a bad attitude creates ripples seen and unseen. That's something you need to take care of right away.

**What if there's no shortage of work, but a massive shortage of skilled workers?** What if you just can't find good qualified people? Well, quality people are employed somewhere. A few may be looking for change. Do it right, and you can become the employer they desire.

If you're busy, more workers will help. After all, there's a limit to how much work your current team can get out, even if you improve your productivity.

Conversely, more staff and more work won't make your life easier unless the numbers stack up.

**EMPLOYEES SHOULD MAKE YOU MONEY. IF INCREASING YOUR TEAM MAKES SENSE - THEN GO FOR IT.**



\* If you need help - or just want someone to talk strategy with - hit me up for a free 45-minute coaching session here: [www.nextleveltradie.co.nz/nextstep](http://www.nextleveltradie.co.nz/nextstep)



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Daniel Fitzpatrick is a New Zealand based business coach and the creator of Next Level Tradie. Find him at [NextLevelTradie.co.nz](http://NextLevelTradie.co.nz)



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*For a full itinerary, package pricing and to register please go to  
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