

# TRADE LEADER

**APR - MAY 2023 ISSUE**

## Industry

Integrating emerging technologies.

## Health & Safety

Boss Burnout:  
Measures to cope.

## Business

Threat of scams:  
Stay alert, make a plan.

## Insurance

Are you covered for mistakes?



 **H1 insulation compliance effective from 1 May**



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and contribute towards your LBP Skills Maintenance requirements

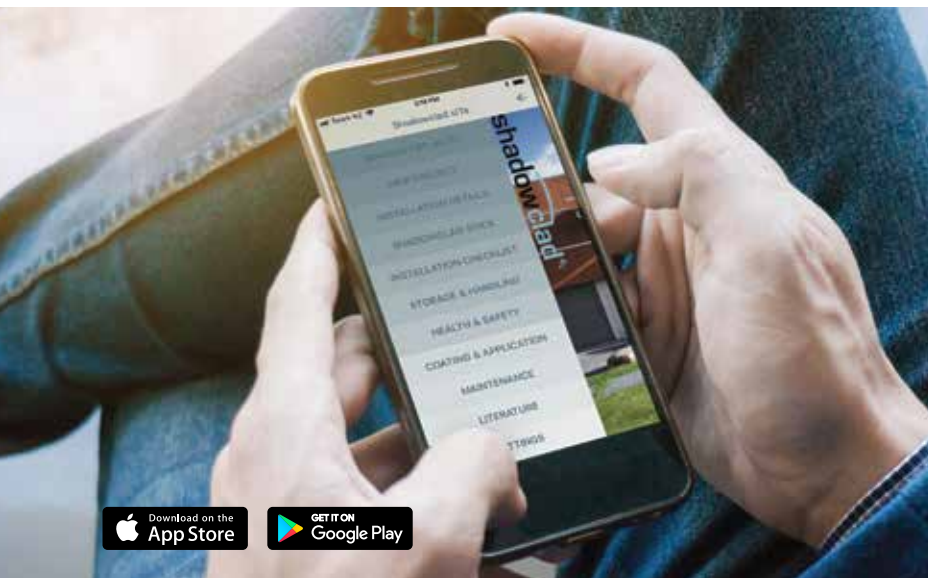
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# In the frame

**BY MIKE GUY**  
**CARTERS CHIEF EXECUTIVE**

Who could have imagined the impact on so many Kiwi buildings and, more sadly, Kiwi lives, caused by natural disasters at the start of this year? As devastating scenes flooded our newsfeeds, those of us who managed to escape the inundation of Cyclone Gabrielle and the preceding Auckland floods can count ourselves fortunate. Here at CARTERS, our thoughts go out to those affected by this catastrophic start to 2023. Our teams in areas impacted have been pitching in to support the clean up and will be ready to help communities build back their homes, businesses and lives.

In regulatory news, and timely given the climate change-related causes of the disastrous weather patterns so far this year, compliance with the new energy efficiency H1 insulation regulations come into effect shortly. We have been actively supporting many of you to get up to speed with these changes since last year through our H1 roadshows. From 1 May, all new construction work in New Zealand residential buildings under 300m<sup>2</sup> must meet H1 wall, floor, and roof insulation performance requirements to enable the efficient use of energy and ensure physical conditions for energy performance. Window and door insulation requirements will follow as part of a staged implementation process. Targeted energy use reduction for residential buildings is 40% and for non-residential buildings, 23%.

As more and more of our day-to-day business is carried out online, businesses become more and more at risk of falling victim to scams. Being alert to the increasingly sophisticated tactics used by fraudsters and having a company-wide plan in place so all staff are equipped to act in a way that protects the safety of your business

is key. In this issue, we offer some helpful tips for deterring the potentially hugely damaging impact of scams on your business's finances, output and reputation.

Protecting your reputation can grow more difficult as your business grows. This month, we look at what would be wise to consider in order to safeguard your company by managing reputational risk, and how to put this often-overlooked business strategy into practice. We also share expert insight into New Zealand's economic forecast over the coming months and how that is likely to impact your business over the next quarter. Stay safe, online and offline, this autumn.

Over the last 20 years CARTERS has been the primary sponsor for the Registered Master Builders Apprentice of the Year competition. Entries are open now until 14 April, so I hope you can support and encourage any apprentices you know to take on the challenge to see if they have what it takes to win the national title.



**MIKE GUY**  
 CARTERS Chief Executive

## TRADE LEADER.

CARTERS Trade Leader is produced 6 times a year in association with CARTERS.

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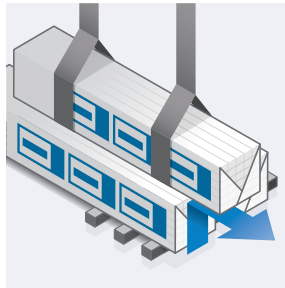


Do you know...

# HOW TO KEEP TIMBER DRY ON YOUR SITE?



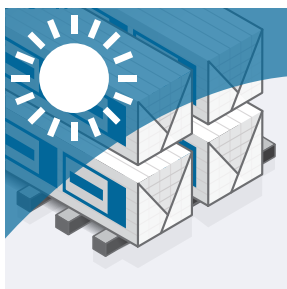
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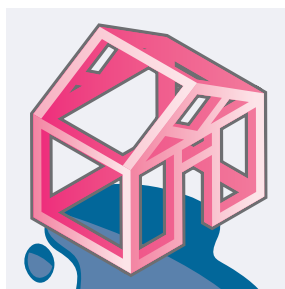
Lift packets off transport, do not tip.



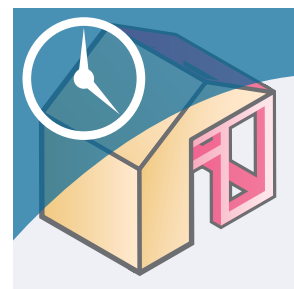
Keep timber covered while stored to minimise exposure to wind and rain.



Dry out after exposure to moisture.



Avoid ponding of water on floor and around plates.



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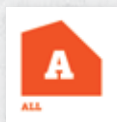
#### ARE BUILDERS COVERED FOR MAKING MISTAKES?

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#### KEEPING UP TO DATE WITH REGULATORY CHANGE

Summary of key changes builders, fabricators and suppliers need to be aware of around the implications for their business.



# Recent updates to the Building Code – what you need to know

BY LIZ ASHWIN, SENIOR ADVISOR INFORMATION AND EDUCATION, BUILDING SYSTEM PERFORMANCE, MBIE

The MBIE Building Performance team updates the acceptable solution and verification method Building Code documents regularly. We do this to ensure that the system is effective and keeps pace with modern methods of construction, products and technologies, and that our buildings are safe, healthy and durable.

These changes have a direct impact on the work that you do, so it's really important that you find out about them as early as possible and get the opportunity to let us know what you think. When we are proposing changes to the Building Code regulations or to the acceptable solutions and verification methods, we run a consultation first. This is your chance to submit feedback on the proposed changes.

## Summary of Building Code consultations

There have been a number of changes to get up to speed with recently. Here are some of the key points from the 2021 and 2022 updates that we wanted you to be aware of.

### 2022 Building Code updates

In 2022 we consulted on changes for plumbing and drainage, protection from fire and structural stability of hollow-core floors. You can read the proposal documents via the link at bottom of this article.

This consultation closed on 1 July 2022 and received over 100 detailed submissions and comments.

The proposal that received the most interest was the changes to protection from fire for residential buildings. The plumbing and drainage proposals for lead in plumbing products and water temperatures also received a significant number of responses.

The Building Performance team have made decisions on two parts of the proposed changes to the Building Code - lead in plumbing products, and the structural stability of hollow-core floors.

#### Decision on hollow-core floors

The Building Performance team has removed the deemed to comply pathway in B1/VM1 for the design of the supports for

hollow-core floor systems to minimise the chance of poorly designed systems being specified in new building work.

The amended Verification Method B1/VM1 will be published along with other documents in November 2023. This change for hollow-core floor systems will take immediate effect when published – there will be no additional transition period.

#### Decision on lead in plumbing products

The Building Performance team is amending Acceptable Solution G12/AS1 to limit the maximum allowable content of lead permitted in plumbing products. The transition period for this change will end on 1 September 2025. As the transition period extends to 2025, the revised acceptable solution will be published in alignment with the rest of the plumbing and drainage updates in November 2023.

By announcing these decisions prior to the publication of the revised acceptable solutions and verification methods, we aim to provide certainty and direction to the sector and give additional time to implement the required change.

Read the summary via the link at the bottom of this article of the decisions on lead in plumbing products and the structural stability of hollow-core floors.

#### Decision on other proposals

Due to the breadth of in-depth submissions received for the 2022 consultations, we will announce the remaining decisions prior to publishing the Building Code acceptable solutions and verification methods in November 2023. This additional time is required to thoroughly work through the submissions and ensure all points of view are considered. This timeframe will also allow us to prepare the necessary supporting educational material such as guidance documents, learning modules and webinars.

### 2021 Building Code updates

In 2021 we published updated acceptable solutions and verification methods for building code clauses B1, E2, G7 and H1. The transition period for the 2021 Building Code updates ended on 2 November 2022. This means that building consent applications submitted on or after 3 November 2022 that use one of the updated acceptable solutions or verification methods as a means of compliance should now use the most recent versions of the documents.



## Staged implementation for H1 insulation requirements for housing

The updates to the acceptable solutions and verification methods for H1 Energy efficiency are effective now. The revised documents also provide a staged transition for insulation in housing as shown in the Figure.

Staged transition dates for H1 Energy Efficiency insulation requirements for housing			
	3 November 2022	1 May 2023	2 November 2023
Windows and doors	Climate zones 1 and 2 = R0.37		Climate zones 1 and 2 = R0.46
	Climate zones 3 and 4 = R0.37	Climate zones 3 and 4 = R0.46	
	Climate zones 5 and 6 = R0.37	Climate zones 5 and 6 = R0.50	
Roofs	Region A1 = R2.9	Climate zones 1 to 6 = R6.6	
	Region B2 = R3.3		
Floors	All climate zones = R1.3	Slab-on-ground floors (Climate zones 1 to 4) = R1.5	
		Slab-on-ground floors (Climate zone 5) = R1.6	
		Slab-on-ground floors (Climate zone 6) = R1.7	
		Other floors (Climate zones 1 to 3) = R2.5	
		Other floors (Climate zone 4) = R2.8	
Walls	Region A <sup>1</sup> = R1.9w	Climate zones 1 to 6 = R2.0	
	Region B <sup>2</sup> = R2.0		
Skylights	Climate zones 1 to 6 = R0.37	Climate zones 1 and 2 = R0.46	
		Climate zones 3 and 4 = R0.54	
		Climate zones 5 and 6 = R0.62	

<sup>1</sup> Region A comprises all of the North Island /Te Ika-a-Māui excluding the Taupo District, the Ruahine District and the part of the Rangitikei District north of 39°05'S 39°05'S and all offshore islands north of 37°15'S (-37.25).

<sup>2</sup> Region B comprises the Taupo District, the Ruahine District, the part of the Rangitikei District north of 39°05'S (-39.83), the South Island/Te Waiounamu, Stewart Island/Rakiura, the Chatham Islands, and all offshore islands south of 37°15'S (-37.25).

Note: R-values are taken from H1/AS1 and are required when using the Schedule method.

### H1 education modules

To help people understand the updated H1 requirements, the Building Performance team have created new learning modules covering insulation, energy efficiency and climate zones.

**Module 1** is aimed at homeowners and the general public. It explains why insulation is important in buildings to increase energy efficiency and the benefits of installing better insulation. It helps to identify the climate zones that different parts of the country fall into and the background to the new requirements for houses that will apply from May next year.

**Module 2** teaches you about the different compliance pathways for the Building Code's energy efficiency requirements, and how to choose the appropriate acceptable solution or verification method for your building.

**Modules 3 and 4** are under development and will be published later this year.

### Stay up to date with Building Code updates

We know that there have been a lot of different things to get up to speed with, but we are committed to working alongside the building and construction sector to ensure successful implementation of these important changes.

Find out about consultations on changes to the building code, acceptable solutions and verification methods and stay up to date with changes when they come into effect by subscribing for updates via the link below.

## CODEWORDS QUIZ

- Who updates the acceptable solution and verification method Building Code documents?
  - The LBP scheme
  - BRANZ
  - The MBIE Building Performance team
- The new insulation value of R0.46 for windows and doors in Climate zones 1 & 2 takes effect from
  - 3 November 2022
  - 1 May 2023, or
  - 2 November 2023
- What's the best way to keep up with consultations on changes to the Building Code and stay up to date when they come into effect?
  - Subscribe for updates on the MBIE website
  - Read them in your local newspaper
  - Read them in Codewords

Answers: 1.C 2.C 3.A



#### FOR MORE DETAILS, VISIT:

**MBIE UPDATES** [tinyurl.com/building-code-2022](https://tinyurl.com/building-code-2022)

**BUILDING CODE UPDATES** [www.building.govt.nz/bcu22](https://www.building.govt.nz/bcu22)

**BUILDING CODE COMPLIANCE** [www.building.govt.nz/building-code-compliance](https://www.building.govt.nz/building-code-compliance)

**BUILDING PERFORMANCE LEARNING CENTRE** [learning.building.govt.nz](https://learning.building.govt.nz)

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**UPDATE SUBSCRIPTION** [tinyurl.com/building-performance-subscribe](https://tinyurl.com/building-performance-subscribe)



# A new code of ethics for Licensed Building Practitioners

BY ROBYN MCCLYMONT, SENIOR ADVISOR INFORMATION AND EDUCATION, BUILDING SYSTEM PERFORMANCE, MBIE

The code of ethics, which came into force on 25 October last year, sets behavioural standards for Licensed Building Practitioners (LBPs), to give both the industry and the public clarity on what is expected from LBPs, and to hold them to account.

## Why have a code of ethics?

The code of ethics ensures high standards are maintained in the industry, while giving the public more confidence that LBPs are undertaking building work in a safe, legal, and professional way. It also provides people, such as homeowners, with an avenue to complain should an LBP breach the standards.

Most LBPs already work to the highest professional and ethical standards. The code of ethics will hold those who do not meet these standards to account, by providing clear grounds for the Building Practitioners Board to take disciplinary action against LBPs who behave unprofessionally.

## What does the code of ethics include?

The code of ethics is made up of nineteen standards, which sit under the following four key principles:

### 1. Work safely

- Take responsibility for health and safety
- Report unsafe behaviour by others on a building site
- Avoid harming the environment.

### 2. Act within the law

- Comply with the law
- Report breaches of the law.

### 3. Take responsibility for your actions

- Know what building work you are allowed to do
- Explain risks to your client
- Inform and educate your client
- Be accountable for building work carried out by you, or someone under your supervision
- Advise clients of any delays as soon as they become apparent
- Act in your client's interests
- Generally, you should follow your client's instructions unless the instructions are dangerous, are contrary to contracts or consents, or would mean you would not be acting within the law.

### 4. Behave professionally

- Act in good faith during dispute resolution
- Price work fairly and reasonably
- Declare and manage actual or potential conflicts of interest appropriately
- Maintain confidentiality of client details, unless there is good reason for sharing information
- Acknowledge and respect the cultural norms and values of your clients and colleagues
- Conduct your business in a methodical and responsible manner.





## Where can I find more information?

The Ministry of Business, Innovation and Employment has developed information and education resources to help LBPs and the public learn more about the code of ethics.

These include a detailed guidance document and an interactive online learning module. The module takes 20-30 minutes to complete and can count towards an LBP's skills maintenance activities (note LBPs must log-in to the module for it to count towards skills maintenance).



For more information & resources, visit [www.lbp.govt.nz/for-lbps/code-of-ethics](http://www.lbp.govt.nz/for-lbps/code-of-ethics)

## CODEWORDS QUIZ

1

### Why have a code of ethics?

- A. It ensures high standards are maintained in the industry
- B. It gives the public more confidence that LBPs are undertaking building work in a safe, legal, and professional way
- C. It provides people, such as homeowners, with an avenue to complain should an LBP breach the standards
- D. All of the above

2

### Which of the following is not part of the Code of Ethics?

- A. Avoid harming the environment
- B. Comply with the law
- C. Inform and educate your client
- D. The definition of restricted building work
- E. Price work fairly and reasonably

3

### Who does the code of ethics apply to, and can I claim skills maintenance points for learning about it?

- A. It applies to all LBPs, and is an elective skills maintenance activity
- B. It doesn't apply to me, and I can't claim points if I learn more about it

Answers: 1.D 2.D 3.A

# Help NIWA build flood pic database

Heartbreaking images of flooded homes, towns and entire regions have been filling our newsfeeds this summer. If you took photos of the flooding in your area, you could put these to use beyond social media sharing, as part of a nationwide project to gather evidence of flood damage.

National Institute of Water and Atmospheric Research (NIWA) is asking people in flood-affected areas to contribute photos to a national database to support understanding of flood hazard and flood risk.

The NZ Flood Pics project is part of a five-year Endeavour Fund research programme that is examining how flood risk will change over the next century from climate warming, more frequent and extreme weather events, and land-use changes. As well as being used by NIWA and its research partners, the database will provide a free resource about recent floods in Aotearoa. It will be searchable by location, date and keyword.

Photos taken on a smartphone can be uploaded via NIWA's Citizen Science app, which geolocates where the photo has been taken. There are also options to input more information about the flood.

"We really hope that New Zealanders will help us capture photo evidence of floods across the country. These snapshots will build up our knowledge of where and when flood impacts occur," says Dr Andrew Lorrey, NIWA Principal Scientist of Climate and Environmental Applications.

"Floods are unfortunately increasing in frequency and severity across Aotearoa – meaning they pose one of the biggest risk areas for society. The photo database we're building will support new strategies to increase resilience – which is more important than ever," he says.

Tonkin and Taylor Engineering Manager and flood risk expert Jon Rix, who pioneered the development of NZ Flood Pics, says efforts to protect people and property from floods in New Zealand have traditionally been hampered by the lack of actual flood information.

"Through the simple application of smartphone photography, NZ Flood Pics can provide a meaningful contribution toward reducing flood risk by providing direct evidence of floods. I am really excited by the development of NIWA's citizen science app, as we look to gather more information to support our country's flood management decision-making."

**NIWA'S 'CITIZEN SCIENCE' APP IS FREE TO USE AND DOWNLOAD FROM APPLE APP STORE OR GOOGLE PLAY.**



# H1 Insulation compliance incoming

**Never has the need for New Zealand to adapt to changing weather patterns been brought more sharply into focus than it has this summer.**

As the country counts the cost of an unprecedented clean up and begins to rebuild on a scale not seen before across such a wide area of Aotearoa, changes come into effect to help scale back one of the contributing factors to our warming planet.

The mission to make homes more energy efficient than ever reaches a milestone this May when compliance with the Energy Efficiency (H1) insulation regulations becomes mandatory. The Ministry of Business, Innovation and Employment (MBIE) has updated H1 requirements for insulating new homes and commercial buildings in the New Zealand Building code.

Reducing the amount of energy needed to heat new buildings to make them warmer, drier & healthier, with less impact on the environment, is the aim. Targeted reduction of energy use for residential buildings is approximately 40% and for non-residential buildings the targeted reduction is 23%.

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**FROM 1 MAY, ALL NEW BUILDING WORK IN NEW ZEALAND RESIDENTIAL BUILDINGS UNDER 300M<sup>2</sup> MUST MEET H1 WALL, FLOOR, AND ROOF INSULATION PERFORMANCE REQUIREMENTS TO ENABLE THE EFFICIENT USE OF ENERGY AND ENSURE PHYSICAL CONDITIONS FOR ENERGY PERFORMANCE. WINDOW AND DOOR INSULATION REQUIREMENTS WILL BE GRADUALLY INTRODUCED AS PART OF THE STAGED IMPLEMENTATION PROCESS.**

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For now, in the upper North Island (climate zones 1-2), windows and doors continue to require an interim minimum R value of 0.37, as has been the case since 3 November 2022. This will increase to a minimum R value of 0.46 by 2 November 2023.

Construction work in the rest of New Zealand (climate zones 3-6), currently required to reach a minimum R value of 0.37 for all windows and doors, since November, increases to a need for R0.46 (zones 3-4) and R0.50 (zones 5-6) as of May 1 this year.



**“We expect builders and fabricators to be in close contact with designers and architects to fully understand the implications of the H1 changes. A failure to pick up the changes when quoting for a job may result in unexpected costs, delays on procuring materials and failed inspections.”**

By 2 November 2023, windows in new housing will be required to meet the increase performance levels for all parts of the country.

Trade Leader approached MBIE for clarification of the requirements, specifically whether wall framing thickness was impacted by the new regulations. An MBIE spokesperson told us, “Under the H1 Energy Efficiency changes, no changes were made to the acceptable solutions in the Building Code that would directly specify the thickness of the wall framing to meet new insulation requirements. The Building Code is a performance based-code and there are many options that can be considered to achieve compliance.”

They went on to explain. “For residential buildings, wall insulation requirements only change slightly and only for the warmer parts of Aotearoa New Zealand. Refer to Table 2.1.2.2B in H1/AS1 and H1/VM1 where the minimum R-value in the Schedule method increased from R1.9 to R2.0. The new R2.0 wall construction R-value of the H1/AS1 Schedule Method is still achievable with common 90 mm wall framing and insulation products.

“Stacking doors may require a deeper wall to accommodate the slightly thicker profiles of thermally-broken joinery. However, this only affects the wall with the stacking door and can be avoided by choosing a different door style.

“For larger buildings other than residential (such as a multi-storey commercial building), it is likely that 140 mm framing will be needed to accommodate the new R-values using traditional insulation products and methods. However, typical timber framing for large buildings are generally at least 140 mm deep which would be capable of achieving the new minimum R-values.”

The Building Code provides three methods for compliance: The Schedule Method – Meet the minimum R-values for building envelope components – roof, windows, external walls and floor.

The Calculation Method – Meet the whole building Heat Loss parameter by calculating overall heat loss from all building envelope elements and allows trading off between elements so you can use higher R-values for some elements than the table shown and lower R-values for others.

The Modelling Method – A calculation of the energy demand for the whole building using whole building calculation software.

In early June 2022, MBIE consulted on a proposed six-month extension of the transition period for the insulation requirements in new housing from the 2021 Building Code update. Following the largest number of submissions to any Building Code consultation to date, the compliance date for new wall, floor, and roof insulation requirements for housing was pushed back from November 2022 to May 2023.

MBIE said this was in recognition of existing pressure on the residential construction sector.

Manager Building Performance and Engineering at MBIE Dr Dave Gittings said, “Response to our consultation showed there is a high level of support for the insulation changes and the need for New Zealand to provide higher performing houses while responding to the urgency of climate change, however parts of the sector told us they needed some more time to prepare for the increase in insulation.”

The amended versions – the Fifth Editions of Acceptable Solution H1/AS1 and Verification Method H1/VM1 – were published on 4 August last year.

#### **TO HELP ENSURE ALL THOSE UNDERTAKING BUILDING WORK UNDERSTAND THE UPDATED REQUIREMENTS, THE GOVERNMENT’S BUILDING PERFORMANCE TEAM HAS CREATED TWO LEARNING MODULES COVERING INSULATION, ENERGY EFFICIENCY AND CLIMATE ZONES.**

As detailed in the Codewords article on page 6, homeowners and the general public are the target audience of Module 1 and Module 2 outlines the different compliance pathways for the requirements.

Homeowners and the general public are the target audience of Module 1, which addresses why building insulation is important to increase energy efficiency and points to the benefits of installing better insulation. It also explains how to identify the climate zones that different parts of the country fall into and background to the new requirements for houses that apply from May.

Module 2 outlines the different compliance pathways for the Building Code’s energy efficiency requirements, including how to choose the appropriate Acceptable Solution or Verification Method for your building work. It covers how to choose the compliance pathway for housing and other building purposes.

Builders will need to ensure they’re abreast of these changes and adapt their building and fabricating practices in line with these. This may include sourcing different building materials as a result.

Commercial lawyer Andrew Skinner says, “We expect builders and fabricators to be in close contact with designers and architects to fully understand the implications of the H1 changes. A failure to pick up the changes when quoting for a job may result in unexpected costs, delays on procuring materials and failed inspections.”



For more information on the new regulations, solutions and a recording of our seminar with Knauf Insulation visit [www.carters.co.nz/H1-roadshow](http://www.carters.co.nz/H1-roadshow)

# ecoinsulation glasswool

## Insulation for H1 compliance - We've got you covered.

With the new changes to the H1 Energy Efficiency Code for residential buildings being implemented its time to check you have the insulation you need for your next project.



All building consent applications submitted from 1<sup>st</sup> May 2023 need to comply with the new edition of H1/AS1 and H1/VM1 for housing and small buildings. At Knauf Insulation we have bolstered our range of **ecoinsulation**® products with new solutions to help you achieve compliance.



**Super-soft,  
easy to handle**



**Non-combustible**



**Thermal  
performance**



**Up to 80%  
recycled glass**



**ECOSE® Technology** is a sustainable, bio-based binder with no added formaldehyde. The natural, earthy brown colour comes from no added dyes or colours.



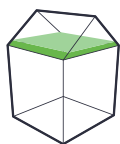
Enhanced moisture resistance with **DriTherm® Technology**. Silicone treated, it provides moisture resistance to the insulation for 50 years.



**TwinTech®** is a unique dual forming technique which gives the batts a smoother more robust finish on both sides making it even easier to handle and install.



## CEILING



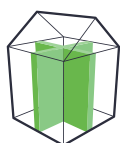
R-Value (m²K/W)	Code	Thickness (mm)	Width (mm)	Length (mm)	Pieces per pack	Area per pack (m²)
R3.3	INEICE686656	155	430	1160	21	10.5
R3.6	INEICE683700	160	430	1160	20	10.0
R4.2	INEICE683702	180	430	1160	17	8.5
R5.2	INEICE683703	210	430	1160	11	5.5
R6.3	INEICE683704	275	430	1160	11	5.5
<b>NEW R7.0</b>	<b>INEICE779548</b>	<b>330</b>	<b>460</b>	<b>1200</b>	<b>8</b>	<b>4.4</b>

## ROOF



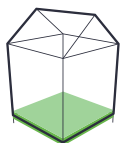
R-Value (m²K/W)	Code	Thickness (mm)	Width (mm)	Length (mm)	Pieces per pack	Area per pack (m²)
R3.2	INEICE683706	105	430	1160	11	5.5
<b>NEW R5.0</b>	<b>INEICE779681</b>	<b>165</b>	<b>430</b>	<b>1160</b>	<b>6</b>	<b>3.0</b>
<b>NEW R6.0</b>	<b>INEICE779685</b>	<b>215</b>	<b>430</b>	<b>1160</b>	<b>7</b>	<b>3.5</b>
<b>NEW R7.4</b>	<b>INEICE781977</b>	<b>265</b>	<b>430</b>	<b>1160</b>	<b>6</b>	<b>3.0</b>

## WALLS



R-Value (m²K/W)	Code	Thickness (mm)	Width (mm)	Length (mm)	Pieces per pack	Area per pack (m²)
<b>NEW R1.3</b>	<b>INEIWA779905</b>	<b>45</b>	<b>450</b>	<b>1160</b>	<b>24</b>	<b>12.5</b>
R2.2	INEIWA683713	90	580	1160	29	19.5
R2.3	INEIWA683693	90	600	1160	25	17.4
R2.4	INEIWA683707	90	570	1160	20	13.2
R2.6	INEIWA707756	90	430	1160	15	7.5
R2.6	INEIWA707749	90	580	1160	14	9.4
R2.6	INEIWA683696	90	600	1160	14	9.7
R2.8	INEIWA707751	90	430	1160	10	5.0
R2.8	INEIWA707771	90	580	1160	10	6.7
R3.2	INEIWA683708	140	580	1160	22	14.8
R3.6	INEIWA683709	140	570	1160	15	9.9
R4.1	INEIWA707768	140	580	1160	9	6.1
<b>NEW R4.4</b>	<b>INEIWA779909</b>	<b>140</b>	<b>580</b>	<b>1160</b>	<b>6</b>	<b>4.0</b>

## FLOOR



R-Value (m²K/W)	Code	Thickness (mm)	Width (mm)	Length (mm)	Pieces per pack	Area per pack (m²)
<b>NEW R3.0</b>	<b>INEIUF779907</b>	<b>105</b>	<b>420</b>	<b>1160</b>	<b>11</b>	<b>5.4</b>



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# Building the Next Generation of Apprentices

**Luke MacGibbon is a rising figure in the construction industry.** Coming from a family of skilled builders who inspired him from a young age, he is now the proud owner of 90 Degrees Construction, which has won countless awards for its new builds and renovations across the Bay of Plenty. We spoke to Luke about his journey through the trades and tips for developing top tier teams.

"It sounds cheesy, but I think it is in my blood. My Opa was a very talented cabinet maker and my father was a very fussy builder. I used to work with Dad on the tools throughout the school holidays, when he was contracting to Edinbridge Resources, and they took me on as an apprentice once I finished 6th form [Year 12]. I have always been involved in and passionate about building."

Edinbridge Resources gave Luke the opportunity to price jobs and learn how building contracts work during his apprenticeship. This, alongside putting in time as a sole trader and taking on leadership positions on site, helped him start his business.

"My partner and I got together quite young and we have always been an ambitious couple. Alexandra worked in a corporate job at the time, and we always discussed putting our skills together and starting a business. An opportunity for our first client came up in 2016, and we decided it was 'now or never.'"

Since founding 90 Degrees Construction, Luke has trained around 10 apprentices. He said that it is a genuine privilege to pass on one's knowledge and skill set to the next generation.

"We all know the position New Zealand is in when it comes to a lack of housing, and I think builders should feel compelled to support the next generation coming through. There is also much to be said for training someone up to your expected level of quality. I have employed qualified guys who I felt didn't work to the same level as some of my apprentices. I put it down to forming good habits from the beginning, which you can help create."

Back in 2009, and during his apprenticeship, Luke was encouraged by his employer to enter Master Builders' Apprentice of the Year and ended up winning the national competition. Fast forward to the present day, he has put several of his own apprentices through the competition, including Vishal (Muks) Toi Toi and Josh Jarvis, who placed first and third



**LEFT:** Josh Jarvis, Vishal Toi Toi with Luke MacGibbon.



**RIGHT:** Luke with partner Alex.

at the 2022 Bay of Plenty/Central Plateau regional event.

"I was pretty overwhelmed with pride when Muks took out the regional award. He is the only apprentice I have taken on from day one of his apprenticeship. He stuck with us through COVID and has seen a few personalities come and go from the business. I had a good feeling he would do well - he has an amazing attitude and is just one of those loyal, committed guys who gets stuck in. We also had Josh go through the competition and were stoked with his achievement in placing third at the regional event. He is another apprentice who works hard, and I am proud to have him as part of the team."

Luke says that he has learnt a lot as an employer and adapts the way he teaches based on the personalities he is dealing with.

**"TO BE HONEST, IT HAS BEEN A JOURNEY. I THINK I WILL BE FOREVER TRYING TO UNDERSTAND THIS NEW WAVE OF YOUNG PEOPLE ENTERING THE WORKFORCE, AND HOW DIFFERENT THINGS ARE COMPARED TO WHEN I CAME THROUGH MY APPRENTICESHIP! HOWEVER, FOR THE MOST PART WE HAVE HAD GOOD NATURED GUYS WHO JUST NEED TO BE GIVEN CONFIDENCE AND OPPORTUNITIES TO DEVELOP. CONSISTENT COMMUNICATION AND SHOWING APPRECIATION WITH PIZZA NIGHTS AND THE ODD FISHING TRIP ALSO HELP!"**

BCITO needs more people and companies to consider apprenticeships and have support available to guide you through the process.

Or if you currently have or are an apprentice, the Registered Master Builders CARTERS Apprentice of the Year entries are closing on 14 April. Be like Luke and grab the opportunity to show your skills and enter this competition.



**FOR MORE INFORMATION VISIT**

How apprenticeships work  
**[bcito.org.nz/apprentices](https://bcito.org.nz/apprentices)**

Apprentice of the Year  
**[carters.co.nz/apprentice-of-the-year](https://carters.co.nz/apprentice-of-the-year)**

# Industry insights: Integrating emerging technologies to drive efficiency

The construction sector has been historically slow to adopt digital technologies. With increased global supply chain disruptions, competition, worker shortages, and skyrocketing material prices, the need for digital transformation in construction has become much stronger. While construction firms are under pressure to deliver quality projects safely, on time and on budget in spite of these challenges. In Aotearoa, these challenges have been dramatically exacerbated by the extreme weather events of early 2023.

Worldwide, industry players are paying increased attention to and leveraging emerging technologies to increase efficiencies and accelerate business growth. Increasingly, construction companies are recognising the power of digital technologies to innovate, reduce costs, expand business opportunities and boost profits.

Deloitte's 2023 Engineering and Construction Industry Outlook states, "While external factors remain outside companies' control, implementing new technologies can help increase visibility and tackle process inefficiencies."

It states that over half of its recent sector survey respondents agreed they would likely invest in digital technologies such as artificial intelligence (AI), digital twins, and BIM in the next year.

The industry outlook report suggests, "Prefabrication and modular construction will likely continue to be a key new way of working and delivering projects. These modern construction methods enable more standardization across the building process and allow construction firms to actively address the severe productivity problems affecting construction projects' quality and pace of delivery."

According to Deloitte's survey, 46% of respondents will likely invest in prefabrication and modular construction capabilities next year. "2023 will likely experience increased adoption rates for the same as more developers and contractors look to capitalize on building in controlled environments to drive operational efficiencies while also solving for changing customer demands and addressing margin erosion," it says.

Leading engineering and construction companies worldwide have adopted a structured approach to innovation and exploring emerging technologies, explains Deloitte. In doing so, they aim to mitigate the following risks, according to the report:

- Overlapping funding requests that can lead to confused project approvers and other inefficiencies.
- Creating a burden on talent through siloed Research and Development, lack of defined impact measures, and lack of technology readiness frameworks.
- Prioritizing investments incorrectly due to lack of a disciplined program approach.

"Assuming these risks can be minimized, both established providers and startups are expected to continue bringing innovative solutions of different maturity and readiness levels. A focus on practical value and return on investment could further expedite these efforts and potentially achieve significant gains for organisations."

"In 2023, companies will likely increase the adoption of structured approaches to emerging technologies across the engineering and construction industry."



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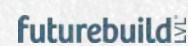
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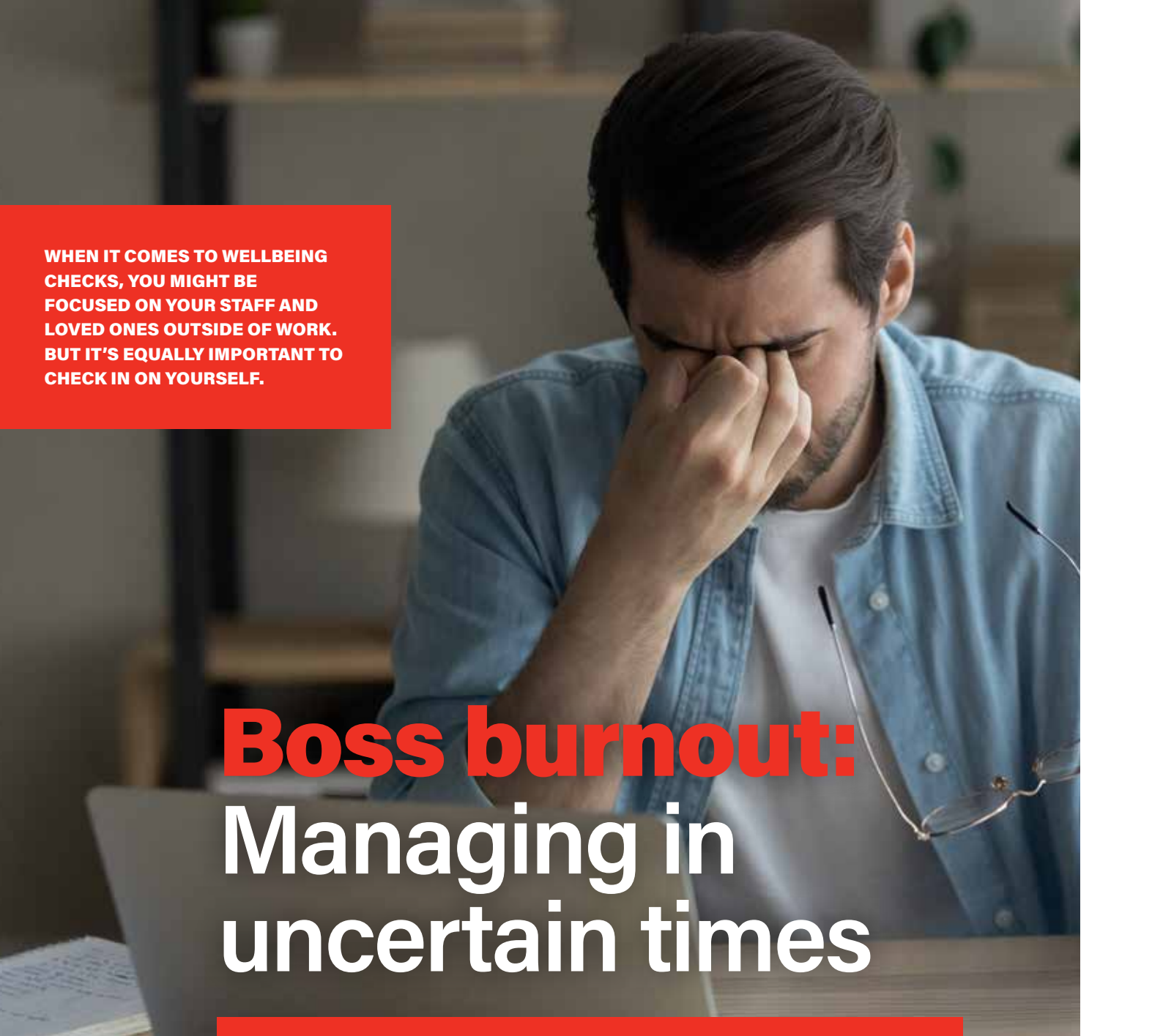


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WHEN IT COMES TO WELLBEING CHECKS, YOU MIGHT BE FOCUSED ON YOUR STAFF AND LOVED ONES OUTSIDE OF WORK. BUT IT'S EQUALLY IMPORTANT TO CHECK IN ON YOURSELF.

# **Boss burnout:** Managing in uncertain times

**Operating a business can be stressful at the best of times, but running one during uncertain times when natural disaster is more commonplace, can test even the most resilient of characters.**

For many, there's the added financial stress of reduced or uncertain earnings. And some business people face cutting jobs or closing altogether. This takes an emotional toll and takes away social connections forged at work.

"We've had to change the way we do things. COVID-19 has challenged our sense of how the world works, how our careers go, how our relationships go," says Lisa Ducat, workplace wellbeing specialist at Mental Health Foundation.

"It's been a full-on impact on the three areas that keep us well: feeling good, functioning well, feeling connected to others."

## Business impact

When it comes to wellbeing checks, you might be focused on your staff and loved ones outside work. But it's equally important to check on yourself.

It's common for small business owners to wear many hats, to juggle multiple tasks and responsibilities, to work long hours. Even if you're used to doing this and doing it well, it's harder in uncertain times. Even before the pandemic hit, 80% of business owners reported feeling isolated in a survey by Business Mentors New Zealand. All this adds to stress.

"Business owners are used to seeking business-orientated support from an accountant or IT expert. You get support to keep business going," says Ducat. "Remember you are the business. Your health and wellbeing are your business's biggest resource."

On a scale from minor impact to major, most people will be somewhere in the middle, says Ducat. Most will benefit from "psychological first aid" to ease stress before it escalates to burnout. This might mean adding exercise or fresh air to your day, problem-solving with others, or connecting with people you care about. If you are suffering from extreme stress, seek professional help.

Ducat recommends making space to reflect. And she warns against "toxic positivity" — feeling forced to only talk about the positive and resisting negative or difficult experiences.

---

**"OUR FEELINGS ARE OUR FEELINGS. THEY GIVE YOU IMPORTANT INFORMATION," DUCAT SAYS. "IGNORING FEELINGS YOU DON'T LIKE MAY HINDER PROBLEM SOLVING. TOXIC POSITIVITY WILL ALSO STOP OTHERS FROM FEELING SAFE TALKING TO YOU ABOUT WHAT THEY ARE STRUGGLING WITH."**

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Instead, consider the pros and cons of what you're going through. "This might be saying to yourself 'yes it's difficult AND I'm upset AND I got through it,'" says Ducat.

"It's a balancing act. Knowing it's awful. Knowing we have limited control. Recognising you managed to shift your business operations and lifestyle at short notice. Thinking about new possibilities now life isn't going how you thought it would."

## Signs of stress

Warning signs may include:

- changes to sleeping patterns
- finding it hard to make decisions
- feeling impatient or grumpy
- losing confidence
- losing interest in loved ones or in your work, favourite pastimes, or in people you care about
- indigestion or stomach pain

Are you experiencing any of those warning signs now? Or have you noticed warning signs recently? If yes — or if you think it's possible — it's time to take steps to ease stress and prevent burnout.

The Mental Health Foundation defines burnout as exhaustion (emotional and physical) + cynicism + reduced sense of accomplishment (low morale, self-esteem, lower coping ability).

Think about how work patterns might contribute to your, or your employees' stress.

## How to help yourself

Think about when you notice stress in yourself and your personal warning signs. From there discover what helps ease your stress. If you're not sure where to start, try these suggestions.

- ✓ Give yourself permission to not be at your best.
- ✓ Be kind to yourself, as well as to others.
- ✓ Involve others in problem solving. Talk to your team, other business owners, a mentor.
- ✓ Look after your physical health, get sleep, and eat well. Your mind can't work well if the engine runs on empty. Feel like you don't have a spare minute for even a walk around the block? Try a walking meeting.
- ✓ Take notice of small things each day that make you feel good. Try and make time to do more of these things.

**"DON'T THINK OF ONE HUGE PROBLEM. BREAK IT DOWN. IF YOU CAN SOLVE ONE OF THESE PROBLEMS, THAT WILL HELP REDUCE YOUR STRESS," SAYS DUCAT. RECOGNISE THE SMALL GOALS YOU ACHIEVE, RATHER THAN FOCUSING ON THE NEXT ONE YOU HAVEN'T STARTED.**

## Tips to beat isolation

- ✓ Don't try to do everything yourself.
- ✓ Avoid toxic positivity. It's unrealistic and unhelpful to pretend everything is fine.
- ✓ Don't tell yourself or others to just relax. It won't work — and might even make you feel more tense.
- ✓ Beware of trying to "fix" yourself or others. It's OK to sometimes feel frustrated or angry. Use these feelings as a wellbeing barometer. If they start to build up, it's a sign to ease pressure on yourself.

**"JUST STEP BACK AND THINK, I AM ANGRY OR AM I UPSET," SAYS DUCAT. "THEN THINK HOW YOU CAN POSITIVELY DEAL WITH THOSE FEELINGS."**



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# Market should provide relief from Reserve Bank's excessive OCR hikes

BY RODNEY DICKENS, MANAGING DIRECTOR, STRATEGIC RISK ANALYSIS LIMITED

The Reserve Bank has charged ahead with OCR hikes without taking proper account of the fallout in the pipeline from the massive increase in interest costs. However, before the Reserve Bank realises it has tightened too much, the market should react to the fallout and deliver some relief in the form of a market-led fall in mortgage interest rates.

In the November Monetary Policy Statement, the most recent one available at the time of writing, the Reserve Bank predicted only a 13% fall in residential building activity over 2023 and 2024. This is much smaller than past major falls of 20-30%. This contrasts with the ANZ survey of residential builders, a useful guide to building prospects, that this has fallen to a new all-time low.

This should be no surprise, given how sharply interest costs have increased. Over the whole five-year period the Reserve Bank last battled inflation in the 2000s, the average mortgage rate offered by the major banks increased by 53%. However, in only the last 22 months it has increased 118%.

**CONSENTS FOR NEW DWELLINGS ONLY STARTED TO FALL AT THE END OF 2022 AND ARE LIKELY TO TUMBLE THIS YEAR. AS THIS, AND OTHER NEWS ABOUT THE FALLOUT FROM THE MASSIVE INCREASE IN INTEREST COSTS, FILTERS TO THE MONEY MARKET, IT SHOULD REACT BY PUSHING DOWN MEDIUM AND LONGER-TERM WHOLESALE INTEREST RATES ESPECIALLY.**

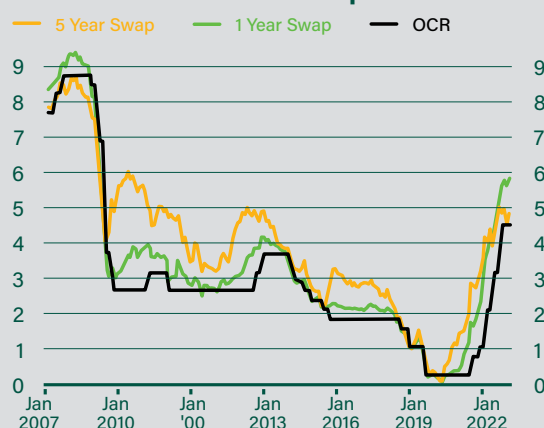
The chart shows that it is normal, especially for longer-term wholesale rates like the five-year swap rate, to move up and down ahead of the OCR. Shorter-term rates, like the one-year swap rate, are more closely linked to the OCR but still tend to lead it.

The five-year swap rate is based on what the market expects the OCR to be over the next five years. When news starts to emerge that the economy is growing too strongly, threatening

inflation, the market pushes especially longer-term rates up. But with the news likely to be negative over the next year, the market should start to push them down as much as a year before the Reserve Bank reacts to the negative news, with a hint of this in the five-year rate.

Banks adjust mortgage interest rates largely in response to wholesale rates. This offers scope for some relief from OCR hikes this year but only if the economic news is sufficiently bad. However, it is likely to be a somewhat drawn-out battle against inflation, with any relief likely to be only partial.

## OCR & Wholesale/Swap Interest Rates



# Being alert to scams

**Scams targeting builders and tradies are sadly all too common. In one recent example, a construction firm's client was targeted by a scammer informing them that the company's bank account had been changed and payment was to be made to a new account. This tactic is just one of the thousands of scams affecting businesses in New Zealand today.**

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Scams can surface in many guises – over the phone, via email or other forms of online communication, or even in person. To reduce your chances of experiencing any kind of scam incident, everyone in your business needs to be aware of the risks and commit to safe practices.

In the case of the change of bank account scam, precautionary practice would have been to verify this change by contacting the company – using a credible phone number – to ensure this change was legitimate. Ensuring your staff and customers are aware that this should be standard practice to carry out this simple check can help combat this kind of fraud.

## Protect yourself and your business

Keeping your devices and software up-to-date is one of the most effective things you can do to keep your system safe. You need to make sure your devices are still supported by the manufacturer, and get software updates (patches) for their operating systems. Ensure you install any patches to the operating systems as soon as they're available.

Patches aren't just about adding new features to software, they often fix security vulnerabilities too. Attackers could use these vulnerabilities to gain access to your system. Installing patches that fix them is a simple way to prevent this happening.

No matter how big or small your business, make sure you educate yourself and your staff on scam threats – from the simplistic through to the more sophisticated – with regular check-ins, reading up on resources and keep doing your research.

Consumer protection NZ offers these 'eight things you can do to avoid being scammed':

- 1 Be suspicious
- 2 Don't trust unexpected contact
- 3 Do your research
- 4 Resist demands to act quickly
- 5 Keep your computer virus protection up to date
- 6 Never open attachments or click on links in emails if words or images make you feel unsure about the sender
- 7 Use different passwords for logging in to online services
- 8 Reserve the right to be impolite

## Online threats

More complex and hard to detect scams, fraud or threats online come under the banner of cybercrime. Cyber security attacks on businesses are becoming more common, with the protection needed to outwit online criminals more advanced than ever. Protecting your data, network, customer information and reputation can be aided by ensuring software updates are installed, implementing two-factor authentication (2FA), backing up your data, and setting up logs. These are all good practice when running any sized business in 2023. Regardless of whether a threat is online or off, though, there is one step that is often overlooked – creating a plan for when things go wrong.

## When are you most at risk?

Recognising when you're most at risk to scammers immediately reduces your vulnerability. Consumer Protection NZ says, "It's true that unexpected contact is the most common delivery method for scams, but you can also be

targeted by a scammer who knows something about you. Someone running a scam may have found out more about you online than you are aware, picking up on what's happening in your life, which bank you use and what you're looking for online. We are most vulnerable to scams that make sense in the context of our lives."

Scammers take advantage of the fact that many of us look online to find work, clients or employees, as well as do our banking, our buying and run our systems online. "It can feel like a negative approach," says Consumer Protection, "but it's important to be suspicious to keep yourself safe, as scams became more difficult to spot."

## Make a plan, just in case

Make sure you are alive to scam and security threats to protect your business.

- ✓ Ensure your staff and customers are aware of potential threats
- ✓ Educate yourself and your staff on the latest scam tactics
- ✓ Always encourage staff to speak up if they encounter any suspicious activity
- ✓ Have a clear point of escalation for everyone in your company
- ✓ Ensure they know when to recognise and raise a red flag
- ✓ Create a process that works for you and your business size and needs then add this to your incident response plan

Encourage staff and clients to use a separate channel of communication to verify a transaction or change before they act on it. For example, if you're doing business over email, follow up with a text message or phone call.

Online threats may come in the form of unusual email addresses. Often bogus email addresses are similar to a legitimate address but have characters missing, letters replaced with numbers, or have additional characters, such as underscores. Spelling mistakes can also be a warning sign that something isn't quite right.

If you manage to avoid a scam, share this with others to alert them to the threats. Staying abreast of scam trends and helping build awareness around them can not only prevent others from falling victim but can also create goodwill towards your business – you share because you care.

With all the best will in the world, sometimes even the most scam-savvy people get caught out. There is no shame in this. It says more about the criminals than it does about those who have been duped. Despite all the trends, technology, checks and balances, sometimes scam-busting can be as simple as pausing to listen to your gut instinct – if something doesn't feel right, chances are it isn't.



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[www.cert.govt.nz](http://www.cert.govt.nz)

**RECOGNISE AND AVOID SCAMS**

[tinyurl.com/scamwatch-nz](https://tinyurl.com/scamwatch-nz)







# Five ways to protect your reputation as you grow

BY DANIEL FITZPATRICK

**You've built up a good reputation. You don't want to lose it. But to achieve good strong profits for the long haul, you need to grow. Win bigger and better projects. Be able to command higher prices.**

Unfortunately, as you grow, it can be hard to keep control. If staff are messing up jobs, fixing mistakes can be costly. When work is not done to your standards, it gets really stressful, clients get let down, and it's your reputation on the line.

This is why many business owners get stuck at their current level of income. Or try it for a while - then scale back, deciding it's not worth it.

Thing is, running a local business comes down to relationships. Reputation is everything.

**Here's how to protect it:**

## 1 Keep your main thing the main thing

**Consistently delivering a quality outcome for your clients is essential. That's number one. And it's the best insurance policy for your reputation.**

If you build a great experience, customers will tell each other about that.

As you grow, you're going to have increased costs. To cover this, you need to charge more. You can only charge more if you give the value. Meaning you have to hold yourself to a higher standard of service.

Don't be the same, be better. Let your team know that customer service is everyone's job. Have standards of behaviour: punctuality, respecting property, leaving things tidy, polite language, helpful accommodating attitude to customers and other trades onsite.

Keep lines of communication open. Keep customers informed. Use a client portal. Give multiple contact numbers and emails for all team members up the chain, including yours. Sort problems early.

Check in with clients at end of the job. Show them what you've achieved. Wow them with a thank you gift at handover.

Also, it's crucial to manage customer expectations. Make sure they're realistic and everyone's on the same page. Explain your process. Educate them around what they're trying to achieve.

Be honest and transparent. When everything's out on the table, there are no surprises.

Make sure variations are agreed on and clearly documented so there are no arguments over the bill later.

## 2 Deliver exactly what you say you will

**Quality is the best business plan. But you (and your high standards) can't be everywhere. So it's vital to start documenting systems, checklists, policies and procedures.**

Everything should go through the system, not through you. Get everything out of your head and ensure there is a benchmark for whether work is up to scratch or not.

Robust systems allow you to keep your team organised, projects on schedule, get all resources onsite, ensure everything is done right, and minimise mistakes while juggling multiple jobs.

Systems will set you free - and keep staff accountable to the same level of care and commitment you have (or close to it).

Remember your team is working within the infrastructure you've created. Most problems are a result of the system, not the people.

Reputation comes from consistency. Consistency makes you reliable and easy to deal with.

## 3 Don't cut all the ropes

**Your employees are out there, representing your name every day. You want them buying into your vision and your standards. You want to create an environment in which employees perform at their best and take responsibility for the part they play.**

Set them up for success. Make sure they know exactly what's expected. Set targets so they stay motivated, on track, and always know whether they're winning. Install a reward system.

Invest in the best tools and equipment to get the job done to the highest possible standard (and boost productivity).

If you look after your staff, they'll look after your customers. Provide interesting projects. Give recognition for a job well done. Let them in on things that are going on in the company. Provide ongoing training. Always keep an emphasis on safety.

Put the necessary checks in place so you're keeping tabs. Check in with your team at regular intervals, especially at critical points in larger jobs. Then you'll be able to intervene early if the job is going south.

Hold team meetings to ensure everyone's heading the same way. Touch base often in one-on-ones. This should ensure you're well informed of any issues and are not blindsided by a call from an irate customer or a disgruntled employee ranting on Facebook.

Don't be afraid to move on a staff member with a bad attitude. Do it sooner rather than later.

Staff theft is also not uncommon. Your name can get dragged through the mud if the media gets hold of the story. Do background checks when hiring and keeping careful track of tools/materials.

## 4 Stack the odds in your favour

**Build and manage your online reputation on purpose. 93% of customers are apparently influenced by online reviews.**

Maintain an active online presence (website and a Facebook page at least). Showcase your expertise, talk about what sets you apart, your quality guarantee, awards, trades association membership, before and after photos of your work, and share success stories.

Make it easy for customers to leave a review.

Why not incentivise your team for positive reviews? Reward them any time their efforts get your company a five-star review!

Monitor for new reviews and mentions using Google Alerts.

Respond quickly to all comments, on the same platform. Always be professional, helpful, polite. If you're in the wrong, own it, fix it, put things right. This is an opportunity to turn this client into a raving fan. If they're being unreasonable, a solid humble reply explaining the situation should make this clear to all.

Future clients will read your replies (especially to complaints) and formulate an opinion on what you're like to work with.

## 5 Don't try to grow too big too fast

**Sometimes the faster you go the bigger the mess. Don't try to run too many projects at once.**

Suddenly, you may find you've run out of cash for suppliers, you're on stop credit, you've got no money for wages, and customers are furious you can't finish the build. Most businesses fail because of strangled cashflow.

I've seen this play out too many times. It comes from not having the strong foundation and infrastructure needed to support your growth.

Remember what's happening in your business now is the result of what you put in 12 months ago.

Are you thinking strategically, playing the long game, pacing yourself, with a good business model and solid game plan?

You've gotta watch your numbers like a hawk. Make sure you have margin in the jobs. (No point "growing" if there's no extra profit.) Know which jobs you want - say no to the ones you don't. Play to your strengths. As a specialist, you'll be able to build your reputation quicker.



Want to set yourself up for success as you grow? Download the free "Next Level Your Profit" guide [nextleveltradie.co.nz/nextstep/](http://nextleveltradie.co.nz/nextstep/)



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**DANIEL FITZPATRICK**  
BUSINESS COACH



# Are Builders Covered for Making Mistakes?



BY BEN RICKARD, TRADE INSURANCE EXPERT AT BUILTIN

**The simple answer to this question, with a not-so-simple explanation is, 'it depends'. That's not very helpful, you might think, but such is the nature of mistakes. There are, of course, unlimited ways that someone could stuff up, and not every scenario can be insured.**

This article outlines some standard scenarios to help you determine what can be insured and what can't. And, if it can't be insured, how you can minimise your chances (and cost) of making a mistake.

## Installation errors

If plans and specifications are correct, yet the builder makes a mistake in the interpretation of and execution of these plans and specs, they are unlikely to be insured. Up until recently, there was some level of cover available for this, but it has now been withdrawn from the market by the last remaining insurer providing it. (Builtin continues to look for a replacement.)

With the upcoming changes to H1 and requirements for improved thermal and energy efficiency in buildings, mistakes in the specification of these components that renders the building non-compliant could result in a claim of negligence.

The designer/specifier would generally be insured under professional indemnity insurance. However, if the specification is correct but the contractor mistakenly installs the wrong insulation or windows or pours a slab with the wrong R-value, the contractor would not be insured.

## Damage to, or loss of, physical property - including theft

This is the most common area of insurance cover. If you accidentally damage property, or property is stolen there is a good chance it's insured (providing you have the right policies in place).

This generally covers:

- ✓ Buildings
- ✓ Vehicles
- ✓ Materials and stock
- ✓ Tools and equipment
- ✓ The contract works being constructed
- ✓ Other people's property

Some common types of damage that aren't insurable are:

- ✗ External water penetration to a building
- ✗ Gradual damage
- ✗ Fire - if caused by hot work without proper safety precautions
- ✗ Damage to underground services - if due diligence is not undertaken to identify the location of such services

Typical common sense risk management applies in these situations:

- Sensible security measures
- Good training and processes
- Taking precautions in case of bad weather
- Undertaking regular risk assessments



Builtin are New Zealand's Trade Insurance Experts  
For more information visit [builtininsurance.co.nz](http://builtininsurance.co.nz)  
[ben@builtin.co.nz](mailto:ben@builtin.co.nz) | 0800 BUILTIN



## Faulty Workmanship

This is a complicated area. Whether or not something can be covered depends on several factors.

Generally:

- ✔ **Faulty workmanship can only be insured if this causes damage to someone else's existing property.**
- ✘ **It is not covered if the damage is caused to your own property or a house you are currently building.**

It may be covered if it damages other property owned by your client, or if the damage happens after you've completed work.

There are some exceptions, however, and a detailed examination of the circumstances is often required before a decision can be made on whether an event can or cannot be covered. As with general damage to property, external water penetration to a building is excluded.

Avoiding these issues is all about having well trained, experienced staff and subbies and maintaining clear communication and processes on site.

A walk through before the job with a 'what could go wrong here?' mindset can help identify potential issues. Similarly, so can having 'a toolbox talk' with all people involved.

## Errors and omissions in design, engineering specifications, land and quantity surveys

If you are responsible for performing or co-ordinating professional services for customers, you may be liable for these errors. That includes design and build companies, as well as builders who contract to perform these services but sub-contract out the work. They remain liable for the actions of their sub-contractors, such as a site surveyor, for example.

- ✔ **Such design, engineering and survey mistakes are generally insurable under professional indemnity policy**

Examples of mistakes that are unlikely to be covered are:

- ✘ **Taking the wrong measurements for joinery**
- ✘ **Faulty products (this is a warranty issue that would go back to the manufacturer)**
- ✘ **Substituting materials without sign-off**

Often these mistakes happen because the supervision or project management on site is inadequate. A good workplace culture that values attention to detail is key.

## Energy efficiency assessors and thermal (blower door) testing

An increasing move towards energy efficient buildings, and regulations such as the changes to H1 moving compliance, means more requirements for testing and assessment of thermal and energy efficiency. Professionals providing this service can be liable if they make mistakes in their work. Professional indemnity insurance is available (and often a requirement) for this activity.

Builtin has introduced New Zealand's first policy for professional blower door testers and energy raters, which is very affordable, compared to general market offerings.

## Negligent project management

If you provide project management services for a fee to other people, then alleged negligence in the performance of these services can also be insured. You can't generally insure for project managing your own building contracts, even if you sub out the work to others and your only role is to manage the job.

## Unintentional breaches of the law

This may involve breaches of the Building Act, Health & Safety at Work Act, Fair Trading Act, Resource Management Act and others. These acts incur heavy fines for breaches. However, these can be insured, along with legal defence costs. The exception is fines under HSWA, which can't be legally insured, however legal defence costs and reparations can be covered.

A detailed understanding of the project parameters and your legal responsibilities as a business owner and building practitioner will avoid many of the most common pitfalls. Joining a trade association or becoming a member of an organisation such as Building Hub is a good way to keep up with these obligations. They also provide supporting documentation and tools to assist compliance.

## Employment matters

Business owners or managers will know this can be one of the most difficult aspects of running a business. There are many legal obligations and compliance requirements, and failure to follow these can result in significant costs. Employment disputes, as well as illness or injury to employees that is not covered by ACC, can be insured.

Good professional advice from an employment specialist, including up-to-date employment contracts, can help you avoid many of these potential issues before they arise.

## Management decisions

Mistakes on the job can be costly, but so can those made in the boardroom. You only need to look at Mainzeal and other high profile construction company collapses over recent years to know that poor decisions at the top can have big consequences.

These decisions can be questioned and those making them can be held liable for the cost of bad ones. If a company goes bust, the liquidator can seek to recover losses from directors if they have breached obligations under the Companies Act.

Trustees also have a duty of care and can be held responsible for decisions that affect returns for beneficiaries. Directors also have increased obligations under the Construction Contracts Act to hold retentions money properly. Failure to do so can result in severe penalties.

These obligations can generally be insured, although to cover insolvency risk, a healthy set of financial accounts is usually required by the insurer each year.

### IN A NUTSHELL

Mistakes, errors, omissions and negligence can be insured in many cases, but not all. It pays to have an understanding of where your risk exists and have good processes, systems and training to minimise the likelihood of mistakes happening. A good risk assessment and management plan can save you thousands of dollars in costly errors, as can a tailored insurance programme.

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

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# Keeping Up to Date with Regulatory Change



**ANDREW SKINNER**  
PARTNER Martelli McKegg

The pace of regulatory change in the building industry continues to move quickly. This article summarises some of the key changes which builders, fabricators and suppliers need to be aware of, to consider the implications for their business. Significantly, given recent events, at the end of 2022, the Government also announced proposed changes as part of the Building for Climate Change programme, which may become an election topic later this year.

## BuiltReady and Building Product Information

The BuiltReady Voluntary Certification Scheme for modular component manufacturers has now started. As previously noted in this column, this scheme certifies the components built by certified off site manufacturers as being compliant with the Building Code. BuiltReady was open for applications from certification bodies in late 2022 and opens for applications by manufacturers in 2023.

From 11 December 2023, manufacturers, importers, retailers and distributors of building products must either prepare or ensure that information is available about the products supplied. This will be a significant exercise for large suppliers and distributors with a number of product lines who will need to develop systems and processes to ensure compliance with this new framework. Again, further information can be found at the link below.

## Building Code Updates

Various changes have been made to the Building Code, including for B1 Structure, E2 External Moisture and H1 Energy Efficiency. The H1 changes have caused considerable discussion in the industry, which led to extensions for the old R-values for floor, wall and roof insulation in houses until 30 April 2023 across all six climate zones. Windows and doors have a stepped introduction depending on climate zone.

Builders and fabricators will need to keep a close eye on design changes and modify their building and fabricating practices accordingly, which may include the procurement of different building materials. We expect builders and fabricators to be in close contact with designers and architects to fully understand the implications of the H1 changes. A failure to pick up on these when quoting for a job may result in unexpected costs, delays on procuring materials and failed inspections.

## Building for Climate Change

Launched in 2020, the Building for Climate Change Programme was established with the aim of guiding the building and construction sector to achieve its contribution to reducing emissions, targets and make sure our buildings are prepared for changing climate conditions. The programme is working on a range of initiatives, including reducing whole

of life embodied carbon emissions, transforming operation or efficiency, supporting adaptation and building climate resilience.

Proposed amendments to the Building Act were announced in December 2022, which will:

- (a) Make it mandatory for new and existing public, industrial and large-scale residential buildings to hold energy performance ratings.
- (b) Require those intending to undertake certain building or demolition work to have a waste minimisation plan.
- (c) Change the principles and purposes of the Building Act to clarify that climate change is a key consideration.

Some councils already require waste minimisation plans to be provided during building consent applications, but the approach is ad hoc. The proposed amendments will introduce a consistent nationwide requirement that a waste minimisation plan must be provided to the relevant territorial authority when a building consent is sought for new building work. To manage potential costs, it is intended that regulations allow flexibility for waste minimisation plans to reflect individual local circumstances, particularly around the different resource recovery and waste management facilities available in the area where the building work is occurring.

As the climate changes, and we see an increase in extreme weather events, the proposed amendments to Building Act are designed to make it clear that it is a core responsibility of the building construction sector to consider the impact of climate change and the resilience of buildings. It is expected that a Bill for these changes will be introduced to Parliament in 2023.



For more information visit [www.building.govt.nz](http://www.building.govt.nz)

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