

# TRADE LEADER

DEC 2023 - JAN 2024 ISSUE

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# In the frame

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

As the end of the year nears, it provides us with an ideal opportunity to take stock, reflect and set goals for the upcoming year.

During our break from business as usual, we are wise to look back on the year that has gone by and pose questions. What has worked well for me this year? Where did my greatest challenges come from? How did I respond to these? Where could my reactions have led to better outcomes?

At CARTERS, we are focused on continuously improving and will be upgrading to our IT system over the break. While there should be minimal impact for customers, we'll be starting the new year fresh and focused on the exciting future opportunities this modern system will bring.

In this issue, we also celebrate success in 2023. This year's Apprentice of the Year final practical took place at CONZTRACT Auckland North on 9 November, topped off the following evening with an awards ceremony at Auckland's Pullman Hotel. Each year, judges comment on the rise in the standard of entrants and this year was no different. The industry should take pride that we have apprentices of such high calibre. Well done to all the finalists, and the 2023 Registered Master Builders CARTERS Apprentice of the Year, Jack Nevines from Faulkner Construction.

Another prestigious competition in the Kiwi construction sphere also reached its pinnacle late this year. The 2023 Registered Master Builders House of the Year Competition saw a stunning

selection of homes from across the country making it to the Top 100, with the much-anticipated winners' announcement being made at an awards event at Te Pae, Christchurch on 25 November. Congratulations to the teams behind the three National Supreme winners of the 2023 Registered Master Builders House of the Year – read more on page 20.

Looking ahead to the opportunities and challenges anticipated for 2024, in this issue we hear opinions shared by some of our industry leaders. The Construction Accord is bringing together various strands of our sector for better connection, learning, collaboration and a stronger collective voice. It is providing a platform for discussion on vital issues affecting the construction industry and we share some of the thoughts voiced on where the sector sits.

As we head into a new year with a new Government, good luck with your business goals and I wish you & your families a restful and happy Christmas break.

Mike.



**MIKE GUY**  
CARTERS Chief Executive

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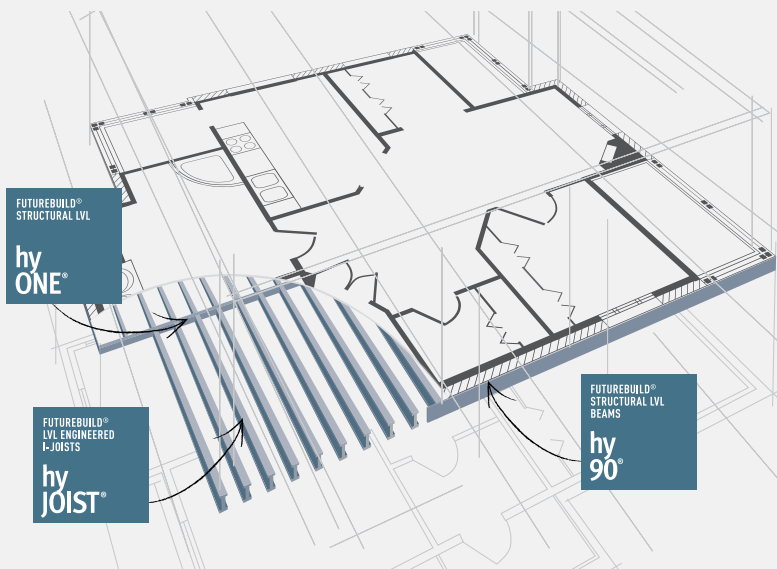
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# CODE OF ETHICS

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

## The code of ethics and what it means to you / Part Two

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

**In the last issue, we had a look at the first two principles of the LBP code of ethics - Working safely and Acting within the law.**

**Principle three is about 'Taking responsibility for your actions!'**

*Codewords 115: October 2023*



It is important to note again, that the code of ethics applies to all LBPs regardless of whether they are employed, are the employer, or are contractors. Most LBPs already meet these standards, but the introduction of the code of ethics will hold those who do not, to account.

When undertaking work, you are representing yourself, your business or employer and the building profession. It is important to maintain a high level of trust with your clients. Not only should you be willing to get the job done to an acceptable standard for your client, but you should also be prepared to engage appropriately with your client when things do not go well.

**The following are the expected standards of behaviour of LBPs under principle three:**

## You must be knowledgeable about what you are allowed to do

This means knowing what your licence class permits you to do when you are carrying out, or supervising, restricted building work.

For example, you may supervise a non-licensed person to carry out restricted building work that you yourself are licenced in, but not for work within a different licence class – for instance, the blocklayer can't supervise roofing work where it is restricted building work.

## You must explain risks to your client

You must take all reasonable steps to discuss the design and construction risks of a project or approach with your client, and make sure that they understand the options available to mitigate those risks before the work begins. Where risks arise during the course of your work, you must, as soon as practicable, advise your client in writing.

The classic example of this would be the renovation of an older house. Even the most experienced builder can get caught out by something unexpected – rotten timber, loss of support to a structural component, or just previous poor workmanship. It is up to you as a building expert to make the client aware of these issues and the associated costs involved in fixing it. It could also be a good time to explain the difference between fixed price and charge up contracts, and which could potentially be best for both parties.

## You must inform and educate your client

You are the building expert in most cases when dealing with a client. This means you must provide your client with sufficient information and advice to enable them to make an informed decision, so that you can carry on with your building work.

If you are unable to provide your client with the information or expertise required, then you may consider directing them to a suitable person, such as a designer, architect, or engineer.

## You must be accountable

In the event of defects caused by yourself or someone you supervise, you must take all reasonable steps to communicate with your client in an honest and responsive way, and act with integrity when resolving the problem.

## You must advise clients of any delays as soon as they become apparent

You must keep your client up to date with progress on the work you are carrying out, or supervising, and give realistic timeframes and promptly notify them if these timeframes change (particularly in the case of delays).

You must advise the client about the reasons for delays and take effort to ensure delays can be prevented wherever possible. For instance, if you come across rotten timber or a rusted hidden gutter, let the client know as soon as you can. Always keep them up to date with progress and any potential delays.

## You must act in your client's interests

Your client is expecting a professional service and a finished product of an acceptable standard, so make sure any building work you conduct, or supervise, is up to an acceptable

standard. Doing this will likely mean you get positive feedback from clients and may increase the amount of word-of-mouth work you get in the future.

## You must normally follow your client's instructions

The client is the end user of the work you are doing, so you should endeavour to follow their instructions. However, if those instructions are unlawful, dangerous to implement, or are contrary to any contracts or consents in place, you must discuss this with the client.

For example, the client asks you to add an extra metre onto the length of the addition while you are digging the footings. Can you do this? Yes, but it would mean stopping the work, contacting the designer, and submitting an amendment to council, and there would be significant cost implications. The client may think that 'it's only a metre', so you will need to explain these issues to them.

## CODEWORDS QUIZ

**1** When an LBP carries out building work, who are they representing?

- A. Themselves
- B. Their business or employer
- C. The building profession
- D. All the above

**2** Do you need to advise your client in writing if a risk arises during the course of your work?

- A. Yes, as soon as practicable
- B. Only if they live overseas
- C. No, just talking to them is fine

**3** What do you need to do if the client asks you to make the extension a little bit bigger when you're digging the footings?

- A. Stop work and go to lunch
- B. Just make it bigger
- C. Explain the issues involved in doing this as they are possibly not aware of what needs to be done
- D. Tell them it can't be done

Answers: 1.D 2.A 3.C

## FURTHER INFORMATION

ADDITIONAL INFORMATION, INCLUDING A CODE OF ETHICS POSTER AND A DETAILED GUIDANCE DOCUMENT, ARE AVAILABLE ON THE LBP WEBSITE. THESE ARE ALSO AVAILABLE IN TE REO MĀORI, CHINESE (SIMPLIFIED), HINDI, AND SAMOAN.



For more information see:  
[tinyurl.com/lbp-code-of-ethics](https://tinyurl.com/lbp-code-of-ethics)  
[tinyurl.com/code-of-ethics-resources](https://tinyurl.com/code-of-ethics-resources)



Codewords 115: October 2023

# What the building product information requirements mean for LBPs

GABRIELLE CAESAR, SENIOR ADVISOR, INFORMATION AND EDUCATION, MBIE

The Building (Building Product Information Requirements) Regulations 2022 commence on 11 December 2023 and set out mandatory information that must be disclosed about designated building products. This will increase confidence in the way building products are used and support decision making.

Even though Licensed Building Practitioners (LBPs) will not have any new responsibilities under the new regulations, it's important that you understand the principles and the benefits you can expect to see from improved and more consistent building product information.

At present, technical product information about building products can be poorly compiled and not address important issues such as how a product should be used, installed and maintained. The regulations will require a minimum level of information about building products to be made freely and publicly available. This will help designers, builders and consumers to choose the right products for the right building work and install them in the correct way. It will also help building consent authorities with more-efficient consenting as they will have the right information readily available to check that products in plans and specifications meet their applicable Building Code performance requirements.

Aotearoa New Zealand-based manufacturers and importers will need to make particular information about the building products they supply to the Aotearoa New Zealand market publicly available, and they must be able to provide evidence for any claims they make about their products. Aotearoa

New Zealand-based distributors and retailers will need to check that the product information for designated products they supply complies with the new minimum information requirements and that the information is available to their customers.

You should confirm that all building products used meet the minimum product information requirements and that you are installing products according to instructions given in the product information. This is particularly important when dealing with products you might not be familiar with. Information about the product must be available online with a link to the relevant website provided on or with each product.

If you find deficiencies in the product information, then we encourage you to raise your concerns with the relevant product manufacturer or importer. If your concerns are not resolved, please notify the Ministry of Business, Innovation and Employment (MBIE). This information is important to help MBIE assess the impact of the legislative reforms, as well as ensure enforcement action can be taken where appropriate. You can contact MBIE at [products@mbie.govt.nz](mailto:products@mbie.govt.nz)

You should expect to see a reduction in the need to replace or remedy products that fail, provided installation is carried out according to the installation instructions provided. You may also see a reduction in labour costs relating to fixing or reinstalling products that were not installed correctly in the first instance.

Better product information is expected to result in fewer building defects, less building rework, more efficient consenting, and safer and more durable buildings.



## Key details

- The regulations provide for two classes of products and the specific information requirements for each class.
- A list of the specific information that must be provided is contained in Schedule 1 and Schedule 2 of the regulations.
- The regulations only apply to building products that, when used in building work, may affect whether the building work complies with the Building Code.
- Information must be published and maintained by manufacturers and suppliers on an internet site that is publicly available.
- The regulations only apply to designated building products that are manufactured in or imported into Aotearoa New Zealand on or after 11 December 2023. The regulations will not be applied retrospectively.
- The regulations only apply to new products.
- A person cannot supply, in trade, a designated building product in New Zealand that does not have product information that meets regulatory requirements.
- Each manufacturer or importer of a product must ensure that the required product information is kept up to date on the relevant Internet site from which the information is available to members of the public.
- MBIE's chief executive has powers under the Building Act to enforce the duties and obligations in the regulations. MBIE will monitor the market, investigate complaints and take enforcement action where deemed necessary.



For more information and guidance see:  
[tinyurl.com/building-product-information](https://www.tinyurl.com/building-product-information)

## CODEWORDS QUIZ

- 1 **When do the new regulations commence?**
  - A. 11 December 2022
  - B. 11 December 2023
  - C. 11 December 2024
- 2 **What are the expected results of better product information being provided?**
  - A. Fewer building defects
  - B. Less building re-work
  - C. More efficient consenting
  - D. Safer and more durable buildings
  - E. All the above
- 3 **The products you are using will have installation instructions provided in the product information, and they must be installed according to those instructions:**
  - A. True
  - B. False

Answers: 1.B 2.E 3.A

# Changes at WorkSafe

Big change hit WorkSafe New Zealand late this year, with dozens of job losses and a change at the top among the major moves.

Steve Haszard was appointed as the organisation's new Chief Executive in October, following the resignation of former CEO Phil Parkes. Between 100-120 job losses were expected in a major shake-up, while WorkSafe promises front line inspector numbers will rise.

"Following the decision of current Chief Executive Phil Parkes to move on by the end of 2023 the WorkSafe Board moved quickly on a succession plan to enable an effective transition and to bring certainty of leadership," says WorkSafe board chair Jennifer Kerr.

"Steve brings strengths in regulatory practice, organisational change, and strategy development and execution. His leadership experience will provide clarity for WorkSafe's staff and system partners throughout this period of change."

Kerr said his immediate priorities would be to lead WorkSafe through its organisational change process, drive the articulation of its strategy and implement a response to the organisation's Strategic Baseline Review.

Parkes move into the role of Strategic Advisor to the Chief Executive to support the transition period, with Haszard starting with WorkSafe in October. WorkSafe says Parkes will continue 'to lead several key projects, which underpin WorkSafe's core regulatory functions' until he finishes by the end of 2023.

"Steve will focus on WorkSafe's future from day one, and the organisation will continue to benefit from Phil's experience, institutional knowledge and strong relationships within the health and safety system.

"Phil has led WorkSafe through some challenging times including Whakaari and COVID-19 while contributing to healthier and safer outcomes for New Zealanders," says Kerr.



STEVE HASZARD  
CHIEF EXECUTIVE

KEY INDUSTRY FIGURES HAVE SHARED THEIR THOUGHTS ON THE HOT TOPICS, SUGGESTING SOLUTIONS ON HOW TO SUPER-CHARGE THE SECTOR AND SMOOTH THE PATH AHEAD...

# Hot takes on hot topics for 2024



## What are the major issues affecting the New Zealand construction sector as we approach 2024? And how should the new government address these?

To New Zealand Certified Builders CEO Malcolm Fleming, tackling house building unaffordability, creating a strong pipeline of work, and the issue of sustainability are the three top of mind topics for the Kiwi construction industry as we move into a new year. Fleming told a 100-strong Construction Accord seminar this spring that the industry needs to progress at a quicker pace.

"Tackling building unaffordability is absolutely key for us," he said. "Part of the main reason for lack of affordability is a lack of competition and there is also little to no appetite from designers, from builders, from the BCAs to adopt new products, new systems and new technologies that could lead to increased productivity and drive down costs."

NZ Construction Industry Council Chair Fleming says "New Zealand needs to create a bigger range of products to bring to market. And with that, trusted third-party accreditation to ensure that new products are fit for purpose for the New Zealand environment, which is high wind, high rain, and, uniquely, high UV as well."

He recognises there are 'some regulatory levers to pull' around such introduction and use of innovative products and tools that could create efficiencies and lower costs. "However,

this needs a driver. The industry needs to be pulled, as we have seen with the adoption of BIM information modelling and other technologies, we are slow to adopt unless we have to."

Fleming suggests looking overseas for examples of where mandating certain levels of modular construction has been successful, such as in Singapore, and similar building mandates in the UK.

### The question of consent

**Greater integration between the building consent and resource consent processes, he suggests, would be another level for regulators to pull. One example of this, which he is in favour of, he states, is the proposal to create better national direction on matters of national significance such as climate change and natural hazards. "That idea needs to be worked up to provide more commonality and consistency between BCAs and what they are telling people with projects."**

He says that 'reducing building consent inspection processing timeframes is a biggie', as is enhancing the use of producer statements and greater use of remote inspection technologies.

On sustainability, Fleming says, the industry needs to demonstrate a real focus on this topic, 'which is a strategic imperative for both the NZCIC and NZ Certified Builders.' He places great importance on site waste reduction initiatives and welcomes the plastics accreditation scheme and building products and manufacturing scheme, as well as the digital construction hub. "All these things, and others, would benefit from a joined-up approach from across the industry," he says.

"We all have a role to play here. We need to encourage use of recycled material, and recycling the building materials we have. We need to encourage industries to develop products and materials that will help meet that zero-carbon target by 2050. It is all possible if we all play our part."

Fleming says he hopes for a closer alignment between government and industry about proposed future workloads and the timings of bringing those work programmes to market. "We need to avoid bringing these on in a big lump

**"New Zealand needs to create a bigger range of products to bring to market. And with that, trusted third-party accreditation to ensure that new products are fit for purpose for the New Zealand environment, which is high wind, high rain, and, uniquely, high UV as well."**



Malcom Fleming  
CEO, New Zealand  
Certified Builders

that stresses and stretches the industry, as that contributes to the big peaks and troughs that we see as a sector."

He welcomes better workforce planning and says he recognises the work that has already been done by the Construction Accord in this area following the 2023 North Island floods and Cyclone Gabrielle.

A more secure pipeline of materials is another issue front of mind for Fleming, who mentions the impact this is having on the wood processing industry, for example. "Lack of that certainty of supply is inhibiting investment, and CLT and LBL manufacturing, and they cannot currently satisfy market demand for that.

"We also need certainty of supply to encourage investment in innovative new product technologies, for example including long-term supply agreements for things like modular construction," he says.

### Raising the roofing issues

Roofing NZ CEO Graham Moor has concerns about an incoming government taking an axe to existing programmes, without consulting the industry. "I'm a little concerned we'll see a slash and burn approach. I hope that they adopt the best of what's already there and that they, please, speak to the industry before they decide to chuck something out."

Something Moor would like refreshed is the Licensed Building Practitioners scheme, citing inconsistencies in its rules and regulations. "It is not servicing the industry as well as it should. It's an absolute nonsense that I need to be an LBP to put your new roof on, but I don't need to be licensed to do your re-roofing."

He poses questions about processes and procedures he feels are ready for review. "We talk about increasing productivity for the sector, but how about some more productivity from the regulator? We have dawdled along for far too long. There are some really knowledgeable people in this industry, that really want to get stuff done, but we seem to dither and take years and years to get on with things and get stuff done."

Moor praised the approach Construction Accord is taking on increasing sustainability in the industry but feels more could be done to help consumers make better environmental choices. "It's really powerful that the Accord is bringing us all together and we do all need to be joining together in seeking similar outcomes.

"On the consumer side, however, we need to help make sustainable choices simple. When you are buying an electrical appliance, for example, you can see the energy efficiency rating and compare that to other products and make an informed choice. But we don't seem to be able to measure things in terms of carbon footprint in our industry. It's something we haven't educated the sector very well on yet."

Moor suggests New Zealand needs to 'sell the sizzle of being part of the construction sector better' to attract greater numbers of people towards a career in the Kiwi construction industry.

### Mastering our future

Registered Master Builders Head of Advocacy and Strategy, Sarah Walker, highlights three key areas the organisation wishes to see action on from the new government. These were part of its Building a Better New Zealand 2023 manifesto: Smoothing the 'boom-bust' cycle, improving productivity, and taking climate action.

Walker says system level change is needed to finally break the traditional boom-bust cycle. "As we all know, parts of the system are not working as well as they could be. We have an aspirational approach to fix things at a system level so we can make things better for New Zealanders."

"On the 'boom-bust' cycle, we want to take the apathy out of the sector and the Government of just accepting that we have been in boom-bust cycle of very high highs and very low lows for about 70 years. We just seem to accept it as it is what it is.

"So David [Kelly] and I have been doing a lot of work around moving that apathy and getting an understanding that

CONTINUED OVER...



## “We talk about increasing productivity for the sector, but how about some more productivity from the regulator? We have dawdled along for far too long.”



Graham Moor - CEO  
Roofing Association NZ

not only can we do something about this, but we must do something about changing the boom-bust cycle that we are under.

“We are not going to remove the volatility completely, but we do want to smooth it as much as we can. We don’t want those rugged peaks you see in Queenstown, we want more rolling hills!”

Walker says Registered Master Builders are very keen to play a role in fixing the New Zealand housing crisis. She suggests improving access to finance for its residential members is an important part in this, as is land development and how this is accessed.

**WORKFORCE CAPABILITY IS ANOTHER AREA OF FOCUS, SAYS WALKER. “WORKFORCE CAPABILITY HAS BEEN AN ISSUE FOR DECADES. IF WE TOOK EVERY SCHOOL LEAVER THAT WE CURRENTLY HAVE IN NEW ZEALAND THAT WE COULD POSSIBLY TAKE, WE STILL WOULDN’T HAVE ENOUGH.”**

“We don’t have the technical skill sets that we need. We need to attract those from overseas and as a country, as a government, we have decided not to compete with other countries to get that. So we are putting a lot of effort into making sure we can access the future workforce that we need.”

Walker also feels work force retention should be as strong a focus as recruitment. “We have to look at the culture of our sector. There is a focus on attraction and that’s very important... but we have to start looking at retention as well. That’s where the real cost is in.

“So we’ll be looking at ways we can work with the sector to improve the culture so that not only are we an attractive sector, but we retain the people that we get, particularly the really good people. That’s really important for our commercial people, because those really experienced commercial guys who have been through technical, massive projects are worth their weight in gold.”

The consenting process continues to be a stumbling block a theme among industry leaders, Walker included. “The consenting review being undertaken by MBIE is great but it’s going to take a long time. Some of the pain points that we see are now being remedied from this. We need to look at better use of technology and we need to look at how we can modify and reduce the compliance consent burden.”

Walker also says procurement is an area in need of attention, along with the pressing issue of climate change.

### Civil contractors’ state-of-play

**There is real concern about the future among civil contractors in this country, according to Civil Contractors NZ CEO Alan Pollard. He says a recent survey showing only 34% of members feel confident about the outlook in the civil construction sector. And yet only a meagre 7% believe current NZ infrastructure can sustain ongoing climate change events.**

“Only having a committed and funded programme of work will give members the confidence needed to invest in people and the technology to deliver these projects that are needed,” Pollard says.

He says New Zealand needs to move away from the ‘one size fits all’ approach for the construction industry, with a horizontal sector view needed alongside the usual vertical focus. Poor procurement processes also need to be tackled, says Pollard.

**“WE WOULD LIKE TO SEE SOME CHANGE OF THINKING AROUND PROCUREMENT AND THE OVER-ENGINEERING AND OVER-DESIGNING OF PROJECT SOLUTIONS. IT’S SO WASTEFUL, SO COSTLY AND IT’S UNNECESSARY. WE DON’T NEED BESPOKE DESIGNS EVERY TIME A PROJECT IS TENDERED FOR. EXISTING DESIGNS CAN OFTEN OFFER BETTER, MORE COST-EFFECTIVE, TIME-SAVING SOLUTIONS.”**

Pollard says he would like to see a more effective infrastructure funding and investment mechanism. “We have got a huge programme of work ahead and I really fear how this is going to be paid for, as we know the cupboard is bare. We cannot afford to take the same approach to infrastructure investment that we have in the past.”

He said 72% of Civil Contractors NZ members identified labour shortage as a major problem. Pollard recognises an approach to remedy this involves technology, education, and immigration. “The immigration pathway has to improve,” he says. “We do need to remove more of the barriers to entry to make that a more sustainable pathway.”

Mental health is a key issue in need of more work to address, says Pollard. “We have got to see better support for our industry on mental health. It is unfathomable to think that we are still losing, on average, one person a week from suicide. Over the next three years, I would like to see mental health actually taken seriously by the parties in power and some tangible support provided to try to turn around this unacceptable problem.”

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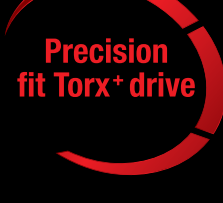
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# How happy are we?

## Report into industry's mental health

Two thirds of Kiwi construction industry workers are highly satisfied with their job, according to a new mental health report that aims to provide a baseline measure of wellbeing among Kiwi construction industry workers.

After proving it is possible to measure and increase wellbeing of a sector through the results of the Farmstrong nationwide wellbeing programme for farmers, the Mental Health Foundation turned its attention to residential construction workers, with a report aimed at understanding wellbeing of the sector.

Of the 165,000-plus people working in the residential construction industry in New Zealand, a sample of 422 were surveyed for the Residential Construction Wellbeing report, through an online questionnaire.

### Key findings

#### The majority of the sector reported being satisfied with life

- ☑ The sector's WHO-5 wellbeing score of 15.5 is slightly higher than the overall New Zealand average\*. Additionally, fewer people in the sector reported a score that indicates poor emotional wellbeing (<13) compared to the overall NZ population\*.
- ⊗ However, people working within residential construction appear to be experiencing more stress and feelings of loneliness than the average New Zealander.

#### Participation in wellbeing activities is high

- ☑ Many construction industry workers had engaged in at least one activity to maintain and/or improve their wellbeing in the last two weeks. The majority had done at least four activities.
- ☑ Compared to the average New Zealander\*, people in the sector are more likely to have done regular physical activity (66%), given time & attention to helping others (50%), done things to help them sleep well (33%), and spent time learning new things (32%).

#### Pay, the nature of construction work, and workload are key challenges

- ☑ Two in three surveyed said they are highly satisfied with their job.
- ⊗ Satisfaction with work-life balance is slightly lower, with one in five stating they are dissatisfied with the balance between the time they spend on work and other aspects of their life.
- ⊗ In addition to low pay, the physical demands of the job and instability and uncertainty around the amount and availability of work are said to be the top challenges for

those in the sector.

- ⊗ Workload appears as a key issue, with some people reporting feeling burnt out and fatigued.
- ⊗ Among aspects identified as most important in a job, people working in the sector also reported lower levels of satisfaction with feeling supported at work and being able to develop their skills.

#### The sector is perceived as being more stressful by those who work in it than the results indicate

- ⊗ Nearly a quarter (22%) of residential construction workers say that they experienced stress most of the time/always at work in the last year.
- ☑ However, when asked about the sector in general, around a third (34%) say that they think the sector is stressed most of the time/always.

#### Most know how to seek help and feel supported with their wellbeing at work

- ☑ Around three-quarters of the sector know where to go to get help at work and has a workplace that supports their wellbeing.
- ☑ Most people also appear to be comfortable talking to their boss, supervisor, or colleague about problems or issues that they might have beyond their day-to-day tasks at work.
- ⊗ However, some improvements can be made around encouraging people to talk more openly about their wellbeing at work, particularly among team members not in leadership or supervisory roles.
- ⊗ A relatively small proportion of the sector (11%) indicated they would rely on themselves to solve problems rather than asking or talking to other people. Interestingly, owners and managers/supervisors are more likely to exhibit this behaviour.

Residential construction workers' overall life satisfaction is comparable to New Zealanders', sitting at 80%, compared to 83.6% satisfaction in the most recent wider New Zealand Health Survey 2021/22. Looking at the ethnic groups in isolation, however, Māori are significantly more likely to express a high life satisfaction (92%) than any other group.

\*NZ average is based on MHF Wellbeing Amongst New Zealanders report run by Ipsos in Feb 2023



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# How tired is your team?

With the days lasting longer over summer, there can be more pressure to get more jobs done, while making the most of the extra daylight. At this time of year, it can be difficult to balance the to-do list with your own health and safety, and this can lead to a spike in work-related incidents.

The construction industry relies on workers being physically and mentally alert. Fatigue is a state of physical and/or mental exhaustion that reduces a person's ability to perform work safely and effectively.

Fatigue reduces alertness. This may lead to errors, an increase in workplace incidents and injuries.

## Causes of fatigue include:

**Work schedules** – Not only the number of hours of worked, but the impact of night work/shift work.

**Sleep disruption** – Everyone needs enough sleep to stay alert and perform well at work.

**Environmental conditions** – Climate extremes (such as working outside in winter), noise and handling vibrating tools place demands on workers and can increase fatigue.

**Physical and mental work demands** – Construction work can be physically demanding, which can increase fatigue. Mental demands, such as tasks that require periods of intense concentration, can also increase fatigue.

**Emotional wellbeing** – Work events can be emotionally tiring and increase fatigue, such as regular criticism or the pressure to complete a task to a deadline. Non-work events can also cause distress and lead to fatigue, for example, the loss of a loved one or trying to resolve personal conflicts.

## What you can do

Firstly, you must always eliminate the risk where you're reasonably able to. Where you're not reasonably able to, then you need to consider what you can do to minimise the risk.

### Here are some examples:

- ✔ Set achievable demands for your workers in relation to agreed hours of work.
- ✔ Match worker's skills and abilities to job demands.
- ✔ Support workers to have a level of control over their pace of work.
- ✔ Develop multi-disciplinary teams to share ideas and perspectives on ways to address situations.
- ✔ Involve workers in decisions that may impact their health and safety and have processes to enable workers to raise issues and concerns they might have.
- ✔ Ensure managers and supervisors have the capability and knowledge to identify, understand and support workers who may be feeling stressed.
- ✔ Provide workers with access to independent counselling services.
- ✔ Have agreed policies and procedures to prevent or resolve unacceptable behaviour.
- ✔ Engage and consult with workers before implementing change processes, and ensure they genuinely have the ability to influence the decisions you make.
- ✔ You need to select the most effective controls that are proportionate to the risk, and appropriate to your work situation.

## Get your workers involved

Ensure your workers know how to make suggestions, ask questions, or raise concerns. Always ask your workers for input on identifying health and safety risks and how to eliminate or minimise them. People are more likely to take responsibility and make good decisions when they have been involved in the conversation. Your workers (including contractors and temps) are the eyes and ears of your business. They can help spot issues, and suggest practical, cost-effective solutions.

Always train your workers on what the key risks are and how to keep healthy and safe.



Check out WorkSafe's fatigue quick guide at:  
[www.worksafe.govt.nz/fatigue-quick-guide](http://www.worksafe.govt.nz/fatigue-quick-guide)



# Jack of all trades?

## Newly crowned national champ Nevines is master of carpentry

Celebrations rang out around the Pullman Hotel as the winner of the 20th Registered Master Builders CARTERS 2023 Apprentice of the Year competition was announced. Jack Nevines was presented with the prestigious title at the National Awards Gala in Auckland on November 10.

Employed by Faulkner Construction, Jack completed his training through BCITO, a business division of Te Pūkenga and earlier took out the Auckland title in the regional round of the CARTERS-sponsored competition.

Judges said Jack's entry 'neared perfection'. They were most impressed by his 'natural ability to lead, and the faultless management of his project', which he diligently discussed during his interview.

"Jack's extensive knowledge of the building code, methodology, and building products stood out and showed his great interest and understanding of the industry. In the final stages of the competition, his skills all came together to demonstrate his top-class craftsmanship," the judging panel noted.

Delivering his winner's speech, Jack said he was extremely proud to receive the honour, which comes with a CARTERS-sponsored ute for a year, and a \$5,000 tool grant, as well as the prestigious title. There was enormous pride, with hugs all round, from Jack's parents and his employer, who attended the event alongside him.

Runner up this year, was Isaac Posthuma, representing the Northern region. His entry received much merit from the judges, who commented the top three place winners were separated by the slimmest of margins.

Representing Waikato, Jess Nielsen made history by being the first woman to place in the national competition since its establishment in 2003. The talented apprentice was a well-deserving third place winner and in addition to studying towards a Bachelor of Construction, she is also a volunteer firefighter and ski instructor.

"Both of these apprentices were very strong contenders. Isaac is an excellent craftsman, and at the young age of 20, he has a bright and fulfilling career in construction ahead of him.

"Jess is the first ever female apprentice to place in the national competition, she is a highly impressive young person with





**WINNER Jack Nevines**  
Auckland Region



**RUNNER-UP Isaac Posthuma**  
Northern Region



**THIRD PLACE Jess Nielsen**  
Waikato Region

excellent building knowledge, Jess also showcased a great level of skill in the national practical competition where she scored very highly," said competition judges.

Eight carpentry apprentices from across Aotearoa New Zealand made their way to Auckland to partake in the final stages of the competition. Before qualifying for the national competition, each of the top eight competed against other apprentices in their region. This involved a written project submission, a two-hour regional practical challenge, an interview, and a site visit.

The national competition took place across a two-day event, starting at CONZSTRUCT Auckland North, the apprentices were challenged with a six-hour practical skills test and a 45-minute interview with the national judging panel.

For the practical component, the regional winners each crafted a work bench, which was then donated to early learning centres through Evolve Education Group. The project was a highly technical exercise, leaving no room for error, said the judges.

**IN THE 20 YEARS SINCE THE FIRST APPRENTICE OF THE YEAR COMPETITION, THE INDUSTRY HAS MORE THAN DOUBLED IN SIZE. NOW THE FIFTH BIGGEST SECTOR IN NEW ZEALAND, STATS NZ REPORTS THERE HAS BEEN A 135% INCREASE IN JOBS IN THE CONSTRUCTION INDUSTRY IN THE LAST TWO DECADES. OVER THIS TIME, THE COMPETITION HAS SEEN AN INCREASING GROWTH IN TALENT AND DIVERSITY AS PERCEPTIONS TOWARDS CAREERS IN BUILDING AND CONSTRUCTION EVOLVE.**

Registered Master Builders National President, Johnny Calley says the perception towards building and construction as a career has positively changed, with BCITO Te Pūkenga reporting that over 6% of the sector is now women. This statistic was reflected in this year's competition, with several females competing in the regional leg of the competition. Jessica Nielsen won the regional competition in Waikato and went on to place third at national level.

"Not only are we seeing an increase of more female building apprentices, but many people now are entering the trade as a second or third career choice," says Johnny. "A better understanding of the sector has led to the transition away from a traditional 'blue-collar' workforce to a widely respected industry that is attractive to a diverse range of people."

He reflects on how the sector has evolved in the last two decades, highlighting the impact that changes in regulations

and the roles of specialised sub-contractors have had on how we now build.

"When I started my career builders would do everything from laying concrete to installing insulation and roofing iron," he says. "In today's environment, those types of processes are carried out by specialised sub-contractors which has created efficiencies.

"Another transformation is how the industry is regulated. When I started anyone could pick up a hammer and call themselves a builder, but with the introduction of the Licensed Building Practitioners scheme you now need to meet the certification standards to sign off restricted building works. This has lifted the quality of our builds and the workforce."

Over the last two decades, the competition has celebrated and connected apprentices as well as their employers.

"Recognising excellence is extremely important. From my experience, those apprentices that enter mentoring programmes and competitions like Registered Master Builders CARTERS Apprentice of the Year, go on to become industry leaders. It is a natural progression of testing their ability whilst learning key skill sets that set them apart.

"I want to congratulate all of those who have had the courage to enter the competition in the last 20 years, and of course, this year's winners," adds Johnny.

November's gala awards signalled the end of the extensive competition and saw finalists, employers, family, and friends come together to celebrate success and hard work throughout the competition.

Committed to standing behind all apprentices as they start their careers, CARTERS Chief Executive, Mike Guy is impressed with the talent the competition brings together year-on-year.

"CARTERS are proud to partner with the Apprentice of the Year competition. It's great to be able to watch these talented apprentices giving their all in the competition and growing from the experience.

"We're committed to supporting apprentices from across the country as they build their careers in the construction industry. Being involved in the competition is a great way to celebrate emerging talent and our future industry leaders," said Mike.

**Congratulations Jack Nevines - Registered Master Builders CARTERS 2023 Apprentice of the Year!**



For more information on Apprentice of the Year, see [www.apprenticeoftheyear.co.nz](http://www.apprenticeoftheyear.co.nz)



John Creighton Builders from Christchurch wins National Supreme House of the Year Over \$1 million and National New Home Over \$4 million category

# House of the Year celebrates New Zealand's best builds

## A phenomenal Christchurch build, an enchanting Raglan hideaway and an Auckland suburban paradise pick up this year's Registered Master Builders House of the Year honours.

This year, the competition had nearly 300 entries across nine regions with 78 homes featuring CARTERS as the main material supplier. National winners were announced at a celebration gala held at Te Pae Convention Centre in Christchurch on 25 November.

In judging the entries, House of the Year judge Faye Pearson-Green was impressed by the calibre of homes describing how builders continue to push the boundaries with the use of materials, showcasing new ways of working with traditional products and complex architectural detailing. "It was positive to see more conscious decisions over environmental choices and a focus on reducing carbon footprints."

Recognising the skill, passion, and teamwork it takes to deliver quality homes for New Zealanders, these awards are the pinnacle prize in Kiwi residential construction and CARTERS would like to congratulate all the winners for being beacons of brilliance in the New Zealand building industry.

### National Supreme House of the Year Over \$1 million

A 'remarkable 950sqm Z-shaped house, grounded in its history' has taken out one of the Supreme awards for 2023. The Christchurch site was once home to a large two-storey, multi-generational family house which fell victim to the 2011 earthquakes. Architects RTA Studio were engaged to design a resilient new home with strong references to the old.

This brick-built work-of-art-home in Fendalton was designed and made to be as sustainable as it is stylish. A low-energy heating and light system, solar panels, high levels of insulation, low water use, natural ventilation, warm-roof technology and biophilia (nature-connected) principles were all employed in this high-end home, with five bedrooms spread along its diagonal wing. A warm-roof system has acoustic fabric and cedar battens with secret clips.

Along the upper horizontal section of the building is a gym, garage, kids' lounge, and laundry, while the bottom houses a stretch of multiple living spaces, kitchen with scullery linked to an outdoor barbecue area and entertaining zone. It also boasts a surrounding orangery, pool, tennis court and a clever connection to a well-established garden.

Alongside the Supreme award this home also won the National New Build Over \$4 million award after picking up a raft of Canterbury Regional awards - Regional Supreme House of the Year, Regional Pink Batts Craftsmanship, Regional New Home over \$4 million, Regional Plumbing World Bathroom Excellence, Regional Kitchen Excellence and Regional Gold.

### National Supreme House of the Year Under \$1 million

A coastal creation in Raglan has been bestowed top honours. Overlooking the harbour, framed by two old pōhutukawa trees, this picture perfect house was built to replace an original, faded family bach. Impeccably constructed by FV Design and Build, the three-bedroom, two-bathroom, two-living room newcomer 'makes astute use of the space available in its 173sqm footprint.'

Constructed over three levels, with engineered block foundations, its decks offer protection from wind and sun, while a covered outdoor area with a louvre roof and walls leads to a stylish kitchen and living area. Heated, polished, coloured-concrete floors contrast plywood and cedar walls, which frame additional touches, such as a feature halo light that casts star-studded reflections on the ceiling. A solid



Supreme House of the Year under \$1 million  
FV Design and Build - Waikato



CARTERS New Home \$1 million - \$1.5 million,  
The House Company - Auckland/Northland/Coromandel

plaster fireplace over aerated stone adds warmth, while surfers are catered for with an exterior shower to wash away sea salt and sand.

## National Supreme Renovation of the Year

Glenbuild was awarded this title as well as National Renovation Over \$1.5 million for its work on a Kohimarama home. 'An oasis in the suburbs', this 460sqm masonry house underwent a complex renovation, including a 60sqm extension with gym, enlarged dining area and new European kitchen. Large masonry walls had to be removed and steel beams used to create openings. An existing side patio was given a new timber-framed louvre roof and hanging fireplace. Its three bathrooms received luxe Venetian-style plaster render and top-of-the-range treatment as part of this 'highly technical, seamless renovation.'

## National CARTERS New Home \$1 million - \$1.5 million

The House Company won this category for its Whangateau build in the Auckland/Northland/Coromandel region. This 'enchanted waterfront hideaway', spans 175sqm and 'embraces durability and charm, effortlessly blending with its natural surroundings.' Clad in elegant aluminium and dark-stained vertical cedar, it is nestled among native trees and includes decorative feature screening.

The expansive kitchen and living space seamlessly connect to the outdoor area through generous sliders, opening to a deck that spans the length of the home. An integrated Engel fire and louvre system creates warmth, while a glass balustrade provides unobstructed views of the estuary. Environmental sustainability was a key consideration, with an underfloor ducted recovery heat pump, while low-E glass and thermal heart aluminium joinery adding to the 'architectural brilliance by the water's edge.'



To learn more and view these award winning homes, see [houseoftheyear.co.nz](http://houseoftheyear.co.nz)



Supreme Renovation of the Year and Winner Renovation  
Over \$1.5 million, Glenbuild - Auckland/Northland/Coromandel

## Well done to the 2023 Registered Master Builders House of the Year national winners

Award	Builder	Region
Supreme House of the Year over \$1 million	John Creighton Builders	Canterbury
Supreme House of the Year under \$1 million	FV Design and Build	Waikato
Supreme Renovation of the Year	Glenbuild	Auckland/Northland/Coromandel
Pink Batts Craftmanship Award	Form Construction (Lake Hayes)	Southern
Special Award	W. Hamilton Building	Southern
Special Award	SJR Builders	Waikato
APL Environmental and Sustainable Excellence Award	Maridale Construction	Wellington & Wairarapa
New Home over \$4 million	John Creighton Builders	Canterbury
Resene New Home \$2 million - \$4 million	Moore Construction Company	Auckland/Northland/Coromandel
New Home \$1.5 million - \$2 million	Lakes Building Co	Southern
CARTERS New Home \$1 million - \$1.5 million	The House Company	Auckland/Northland/Coromandel
Altus Window Systems New Home \$750,000 - \$1 million	FV Design and Build	Waikato
New Home \$500,000 - \$750,000	Capital Homes	Auckland/Northland/Coromandel
New Home up to \$500,000	Willie Davis	Wellington & Wairarapa
Master Build 10-year Guarantee Multi Unit (Apartments/ Duplexes/Terrace Housing)	Hay Construction	Waikato
Volume/Group Housing New Home \$500,000 - \$750,000	Legendary Homes	Auckland/Northland/Coromandel
Volume/Group Housing New Home up to \$500,000	Greenland Homes	Mid & South Canterbury
GIB Show Home	Gudsell Designer Homes	Bay of Plenty & Central Plateau
Builder's Own Home	Form Construction (Lake Hayes)	Southern
Renovation Over \$1.5 million	Glenbuild	Auckland/Northland/Coromandel
Bunnings Renovation \$750,000 - \$1.5 million	Frost Architectural Builders	Canterbury
Renovation up to \$750,000	Hodson Construction	Wellington & Wairarapa
Plumbing World Bathroom Excellence Award	Contemporary Homes	Nelson/ Marlborough/West Coast
Kitchen Excellence Award	Kane Build Group	Auckland/Northland/Coromandel
Outdoor Living Excellence Award	Davcon	East Coast & Hawkes Bay

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# Construction Sector Accord and Callaghan Innovation partnership announced

## The Construction Sector Accord and Callaghan Innovation have agreed to partner to accelerate growth and innovation across construction businesses of every size and stage.

The partnership seeks to address systemic challenges and build resilience across the construction sector. As part of the agreement Callaghan Innovation will deliver several Accord initiatives through a new programme: Construction Activator.

The Construction Activator will bring together and build on existing business services supported by MBIE and Callaghan Innovation, such as the Regional Business Partner Network, Digital Boost and Business Mentors NZ, and offer an expanded, end-to-end business capability development programme that is targeted at construction businesses.

The programme aims to be relevant for businesses at all stages, whether they are looking to accelerate their growth today, or make incremental improvements over time. Construction Activator is designed 'to help build collaborative construction business communities,' as well as equipping business leaders with the skills and tools they need to improve business performance.

Making up seven per cent of our national GDP and employing 10 per cent of the national workforce, the construction sector is a significant contributor to the New Zealand economy. It has been identified by the Government as one of eight industries with the potential to contribute to a future, high-productivity, high-wage, low-emissions economy.

"We won't see the real transformational shifts that the Construction Sector Accord is trying to achieve unless construction businesses are able to scale up," says Accord Steering Group Co-Chair, Andrew Crisp.

"Through this partnership with Callaghan Innovation, we will create a central hub where businesses can access tools and resources, learn from each other, and get support to innovate and grow. The opportunity to unlock the productivity challenges facing the sector is massive."

Callaghan Innovation Chief Executive Stefan Korn says he is delighted to support the construction industry to overcome these challenges and position itself for future success.

"It's hard for business leaders to think about long-term growth when forces beyond their control mean they need to focus solely on the day-to-day, and even business survival.

"We're looking forward to collaborating with business leaders, researchers and industry organisations to help construction businesses overcome these big challenges, while also taking advantage of the opportunities innovation offers to support industry transformation."

Korn says the soon to be developed Construction Activator programme will be central to Callaghan Innovation's approach to driving transformation across the construction sector.

"We want to make the biggest impact we can and make it easy for industry to work with us, and our partners, who are so vital to achieving our shared goals for the construction sector.

**"THE CONSTRUCTION ACTIVATOR PROGRAMME WILL BE A ONE-STOP-SHOP FOR CONSTRUCTION BUSINESSES LOOKING TO GROW FASTER SO THEY CAN REACH THEIR FULL POTENTIAL. OVER TIME THE PROGRAMME WILL ALSO BE PIVOTAL TO ENABLING AN ENDURING, SYSTEM-WIDE CONSTRUCTION SECTOR TRANSFORMATION."**

"The challenges are significant but so are the opportunities. We look forward to the journey, together," adds Korn.

The partnership has already swung into action with live, in-person Connect Events in Auckland, Wellington and Christchurch, as well as online webinars.



Find out about the latest events by following Accord on LinkedIn [www.linkedin.com/company/construction-sector-accord](http://www.linkedin.com/company/construction-sector-accord)

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**A SURGE IN IMMIGRATION DOES NOT NECESSARILY EQUATE TO A BOOST IN DEMAND FOR NEW-BUILD HOUSING, EXPLAINS ECONOMIST RODNEY DICKENS, BUT WHAT DOES THE LONG-TERM IMPACT LOOK LIKE?**

# Ban on foreigner buyers undermines boost from high immigration

BY RODNEY DICKENS, MANAGING DIRECTOR, STRATEGIC RISK ANALYSIS LIMITED

Interest rates and population growth have been the major drivers of new housing demand, although government and Reserve Bank policies favouring new over existing housing and increased government-sponsored building having been positives in recent years.

The high level of building in recent years was mainly a result of interest rates falling from 2014 to 2020 coinciding with high population growth pre-Covid because of a high net inflow of people from overseas (see the first chart). Net migration is immigration less emigration. Rarely are the two major drivers extremely positive for new housing demand at the same time.

The current situation in which there have been the sharpest ever increases in net migration and interest rates is unprecedented. It raises the question of which of the two drivers is more powerful, given they are pulling in opposite directions. Interest rates take about a year to impact on new dwelling consents and net migration around five quarters.

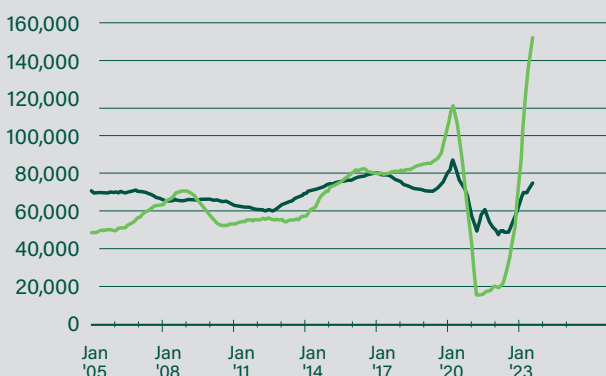
In the past, if interest rates and net migration pulled in opposite directions, which occurred quite a few times since 1992, interest rates won out in terms of whether consents subsequently rose or fell. In the last year, immigration has spiked much more than interest rates. This might change things if it weren't for the late-2018 ban on most foreigners from buying property.

The surge in net migration is because immigration surged much more than emigration following the re-opening of the border last year. But most of the increase in immigration is in people not eligible to buy property other than apartments as pre-sales in approved developments. Most of the surge in immigration was driven by people arriving with work, student and long-term visitor visas - people not eligible to buy - versus returning Kiwis, people with residency visas, Australians and Singaporeans who are eligible to buy. Although people arriving with residency visas must satisfy other criteria including being resident in NZ for one year (second chart - the purple line denotes the timing of the ban).

Non-eligible immigrants have boosted demand for housing, reflected in rents increasing more this year and this will, in time, trickle through to increased demand for new housing by people eligible to buy property. But with interest rates nudging higher recently and likely to stay high for a while, and many immigrants not eligible to buy new housing, the surge in immigration isn't likely to mean a solid rebound in new housing demand next year.

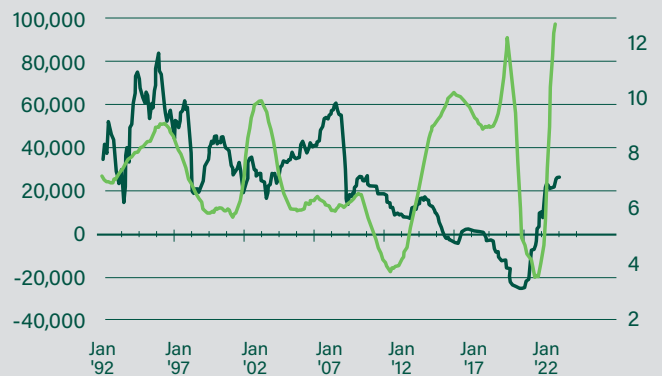
**Immigrants by Eligibility to Buy Property**

Not Eligible Eligible Rolling 12 Month Numbers



**Net Migration & Average Mortgage Rate**

Net Migration Left Scale Mortgage Rate Right Scale



# Nine warning signs you can't afford to miss



**There are always warning signs in business before trouble appears. But unless you are actively looking for them, they can take you by surprise.**

In military training, they teach how to look out for warning signs that could affect the mission. They call this situational awareness. Potential threats might include the environment, the enemy's position, the shape you and they are in mentally/physically. You need to pre-empt what to do if things go wrong and know what your next move would be.

It's the same in trades - there are always warning signs when your business is heading for trouble.

After personally having coached hundreds of trades businesses over the past 12 years, I know nine warning signs to look for. Deal with these early, and chances of success improve dramatically. Left too long, they can cause major problems at best, complete failure at worst.

## Early warning signs

These usually start small but become bigger over time if not dealt with. Tackle them early, and your business will stay out of trouble further down the line.

### 1 Bank account is at low tide, often

This is the one that everyone pays attention to. If I have money in the bank then I must be ok, right?

Not necessarily. If the bank account looks good but you've just taken some large deposits on jobs or there are suppliers bills that have not been paid for yet, then things will look better than they are.

However, if the bank account always seems to be low and you are constantly scrambling for money, that's a bad sign.

### 2 Owners not getting paid

Not being able to pay yourself a regular wage as the owner is a common warning sign.

Time spent in the business, either on the tools or organising, should be costed into jobs so the money is there to pay you. Too many trades business owners, in their early years, are making less than if they were working for someone else. There should be enough for a wage and a healthy profit as well.

The same applies to your partner when they are working in the business. If cashflow can't support their wage, it's a sign that you are just not currently making enough for a sustainable business.

### 3 You're confused by the numbers

It is essential that the numbers you see are accurate and are being checked at least monthly. It's easy to fix one month, but hard to fix 12.

I still see a lot of tradies' financials that show incorrect margins because wages or other direct costs are coded as expenses, rather than direct costs.

If you are finding that your profit and loss shows large profits one month then big losses the next, even though not much else has changed in the business, it's likely you are not including 'work in progress', which takes into account deposits on jobs or costs incurred that cannot be billed yet.

Not watching the numbers, or having inaccurate figures, is like flying a Boeing 747 with no instruments, while your copilot is yelling instructions as they are looking out the window. Dangerous!

#### 4 Going in different directions

When the owners or the team are pulling in different directions. This could be owners who are out of alignment on the big issues or a clash between management and staff.

I am not talking about the odd disagreement here and there, when looking for the best solution to a problem. That's healthy and challenges wrong assumption. But when there are core issues that can't be resolved, deep seated family disagreements or frustrated team members who are working against the company's objectives, that can spell trouble.

#### 5 Discounting when things get quiet

If work is a little thin on the ground, it's tempting to discount jobs to keep the team going. But how low is too low? A mistake I see a lot is people discounting rates to get that big job, to later discover they have spent the past six months breaking even or losing money on this.

Big jobs usually have a few surprises, and it doesn't take long for extra hours to add up. A builder client I worked with told me, at our first session, that he had completed a \$800,000 job and made nothing from it. That doesn't happen anymore.

Discounting margins to get the work, combined with growth is a slippery slope. You won't really know how profitable the job was until the end, so a buffer is essential. Larger companies can lose a lot of money here and may not realise until it's too late.

#### 6 Collecting too many barnacles

If jobs are consistently taking longer than they should, this will be eating away at your margins. Or if you have too many clients complaining about price, trying to get something extra for nothing, they become like barnacles on the bottom of a boat.

Left long enough, they accumulate, slowing momentum. Over years, they will also strip away the paint and water will erode the metal. Too many barnacles will do this to your business too.

#### Late warning signs

Late warning signs are much harder to fix. At this point, the business is in intensive care and requires immediate intervention to survive.

Cashflow will be bad and its likely loses have been accumulating for years, at this stage time is running out.

#### 7 Constantly being chased by suppliers

Suppliers chasing you for money that is significantly overdue, maybe some have put the business on stop credit. Your front desk is hesitant to answer the phone in case it's another creditor asking for money they haven't got. Payment arrangements get made and then broken, losing further credibility.

Paying for old jobs with new money from current jobs. Robbing Peter to pay Paul. Taking an approach of whoever is

yelling the loudest might get something. Jobs are constantly delayed as materials aren't available to finish the work. All these signs can spell significant trouble.

#### 8 Employees not getting paid on time

Is there not enough money for wages some weeks? Are pay runs being delayed? Do you have lots of mistakes and callbacks on jobs as employees are no longer invested?

At this point, the team has lost confidence in the business and staff are likely applying for more secure jobs. Some may have already left. There may even be talk around town that the business is in trouble.

#### 9 Legal

Owing a lot of overdue money to suppliers and the IRD is a massive sign that trouble is at your door. One or more creditors may have lost patience with you and taken legal action against the company to get paid. Costs will be accumulating, with lawyers are heavily involved adding even more expense.

The reality is that, at some stage, every trade business will experience some of these early warning signs of trouble in their business. This could be working through a small cashflow issue with a supplier, extending payment terms or making an arrangement with the IRD to pay the GST this month.

But if there is a cluster of these signs, or they are happening often, then act early as they are much easier to fix now than later.

Even at late stages the business can sometimes be turned around, depending on how big the deficit is and if there is enough profitable work to trade out of it.

However, this often involves convincing lawyers, creditors, staff and the IRD to back your plan which can be a tough sell. I have coached companies who have traded out of these final stages, but sometimes it's just too late, the hole is too big. Better to deal with the warning signs early, way less stressful and much better odds of success.



If you recognise these warning signs in your business and want to get ahead of them, book a free business checkup and let's look at the numbers together: [www.nextleveltradie.co.nz/nextstep](http://www.nextleveltradie.co.nz/nextstep)



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DANIEL FITZPATRICK  
BUSINESS COACH



# Emerging trends in construction risk



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The outcome of legal cases is one of the most common ways that the risk profile of any industry can change. Being aware of the implications of courts' decisions on your industry and business is an effective risk management practice. In this article, we summarise some recent legal trends that may have implications to your business, drawn from Wotton+Kearney's NZ Insurance Market Trends Update. This article is designed to highlight potential areas of risk for building contractors and is not legal advice. I encourage you to seek your own advice if any of the issues below may impact your business.

## Negligence claims arising from natural disasters

This was a trend observed after the Christchurch earthquakes, whereby construction professionals including engineers, architects, project managers and building contractors were the target of legal action. These cases involved claims that poor practices contributed to initial earthquake damage, as well as allegations of inadequately scoped or defective repair work.

With the scale of damage from floods and cyclones earlier in 2023, it is probable that this trend will be repeated. Legal action is possible against the same construction professionals, including geotechnical and civil engineers, if there is a reasonable prospect that negligence on behalf of these professionals may have contributed to flood or storm damage. This action may be taken by insurers who are looking to recover their costs or by property owners seeking to bridge the shortfall between their insurance, or EQC settlements, and their actual remediation costs. The targets of such legal action could even extend to the owners of neighbouring properties. A claim may arise if it can be established that the actions, or inactions, of a neighbour (such as the creation of hazards like diverting run-off or failing to maintain culverts or manage debris) have contributed to the damage.

Additionally, post-event remediation could also come in for scrutiny if that work is done inadequately. An example of this is the effect on bracing if wall linings are cut out. In relation to this, MBIE's Building Performance website states:

*"Some work may require a building consent while other work may be exempt from the need to obtain a building consent. However, regardless of whether a building consent is required, all work must be carried out in accordance with the requirements of the Building Code and should not result in a reduction of performance of the building prior to the flooding."*

## IMPLICATIONS

This is the minefield that builders will need to navigate if they are engaged in flood remediation work. Failing to meet these required standards could open the contractor up to claims by subsequent building owners.

The same may apply if mould and other toxic substances are not properly removed from a building. And, of course, liability insurance typically excludes claims related to mould.



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## A builder's liability is not necessarily limited to 10 years

This 'longstop' limitation period, where no claim can be brought against a builder more than 10 years after the event, is written into the Building Act. However, it has been the subject of various court cases that have sought to clarify just when it begins and ends. The current legal position is that the builder's limitation period begins when the work at issue done, not necessarily when the total project is completed, which could be months, or years, later for large projects. The building owner may still have a claim against the Council if the damage is discovered within 10 years of the building consent being granted. And this is where it can get tricky.

In 2022, the Court of Appeal upheld a High Court decision that a defendant can join other parties to a legal action even if that party's error was outside the 10-year period. This is because the Limitation Act gives defendants two years, from the time they are held liable, to join other parties that may have contributed to the claim. This period is not limited by the 10-year longstop in the Building Act. At the time of writing, this ruling is being appealed to the Supreme Court.

### IMPLICATIONS

**A builder's liability does not necessarily end 10 years after they did the work now as other parties may join them to a case later.**

## Purchasing off plans

Increasing interest rates and tighter borrowing conditions are leading to greater numbers of buyers being unable to maintain previously pre-approved offers of finance. In the post-Covid period, this was exacerbated by increasing property values and construction costs.

### IMPLICATIONS

**To avoid surprises, developers need to be aware of this pressure and stay close to their customers as projects progress. The size of deposits and cancellation terms need to be assessed within this context.**

## Pre-purchase inspections

This area has always been a minefield and is viewed by insurers as extremely risky. In a recent legal case, a re-purchase inspection company was found liable for misleading and deceptive conduct and negligent misstatement. These are all breaches of the Fair Trading Act.

In addition, the company's owner was found personally liable as he performed the inspection and made negligent statements. The Court found that both the homeowner who relied on the report, and prospective purchasers, were owed a duty of care by the inspection company and that they were entitled to rely on the report.

### IMPLICATIONS

**The case highlighted some good practice for those who are engaged in providing pre-purchase reports. This includes having appropriate insurance, providing all limitations and disclaimers are contained within the actual report (rather than in separate documents or as part of an initial engagement letter or quote, or provided to different**

**parties to the ultimate recipient of the report) and being extremely careful when making absolute statements.**

## The extension of employment protections

A wider range of workers are now covered by the protections enshrined in employment legislation. The Court has held that the test for determining whether someone is considered an employee is about the reality of the situation and how the relationship operates in practice, not any particular label applied to the role. This may include students on placement, volunteers, apprentices and interns. The Court also held that just because some activity is considered training doesn't mean that it can't also be considered employment. Receiving financial payment is also not required to consider someone an employee, as other rewards (such as food or accommodation) may constitute remuneration for their work.

### IMPLICATIONS

**Contractors should seek professional advice and be following best practice when contracting, and when engaging anyone to perform work on their behalf.**

## A new RMA?

The former Labour Government has been replacing the Resource Management Act with three separate pieces of legislation. One of those, The Natural and Built Environment Act, introduces new and significantly greater fines and enforcement powers. These fines, currently insured under statutory liability insurance, won't be insurable under the new law. New civil penalties called Pecuniary Penalty Orders will be introduced and these will be insurable. It remains to be seen whether the new Government will repeal or amend this legislation.

### IMPLICATIONS

**In the same way that Health & Safety at Work Act fines aren't insurable, The Natural and Built Environment fines won't be either. Environmental practices should be prioritised and managed in the same way that health and safety practices are now. Builders can expect enforcement of breaches of environmental laws to increase and become more punitive.**

### In Summary

Court decisions in New Zealand, as well as Australia and the UK, can have implications on the risk environment building companies operate within in this country. It is important to be on top of these developments and ensure you are taking them into account when making business decisions. Regularly updating your risk register and risk management plans is a good way to mitigate the effects of a regularly changing legal and regulatory environment.

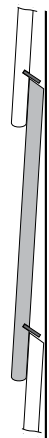


For our extended article, including more on the difference between the liability of a trust versus a partnership, and if subbies are covered by contract works insurance, see: [tradeleader.carters.co.nz](https://tradeleader.carters.co.nz)



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# How well do you know your customer?

BY ANDREW SKINNER, PARTNER AT AUCKLAND LAW FIRM URLICH MILNE

We recently prepared a set of terms and conditions for small jobs for a residential builder client. The client felt that the standard form building contracts were too complicated for smaller jobs and needed a simpler set of terms for these.

In preparing the terms, we asked the client a few questions regarding what checks they do as part of deciding whether to take on a job. Checking some basic facts about your customer is really important, because whilst it is important to have a strong pipeline of work, we all need to be sure that the person we are dealing with has the necessary authority and that we will, ultimately, get paid.



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

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## Who am I dealing with?

This may seem like a simple question. But it may also often be overlooked in the chase for winning new work. These days, houses are held in various ownership arrangements. One such example is family trusts where the owners of the property will be all of the trustees of that family trust (and not just the person you are mainly dealing with).

A simple way to confirm that you are dealing with the correct owners is to ask your solicitor to carry out a title search for the property where the job is to be carried out. These searches are inexpensive and will clarify who should be your counterparty for the building contract. If the property is held in a trust, then you will want all of the trustees to sign your building contract for the job.

If you are doing the building work for a company, you will need to consider whether you request personal guarantees from the owners of that company in order to provide you with further assurance regarding payments.

If you fail to confirm who the correct owners of the property are, and you subsequently end up in a dispute situation, the ability to enforce the building contract may be compromised if you have not entered into this with all of the property owners. In particular, many standard form building contracts contain an ability to caveat the property in the event of non-payment. If you do not have all of the owners sign the building contract and agree to this caveat protection, then you will not be able to instruct your solicitor to lodge a caveat.

## Proof of funds

Even with staged progress payments, you will likely be committing a significant amount of your resources into purchasing materials and paying your workers. You will then be relying on the owners of the property to pay bills in order to meet your existing commitments.

But what checks do you do on the financial capability of your customers? It is perhaps a difficult conversation to have, but it is better to be clear from the outset that your owners have either the necessary savings or approved loans from their bank in order to meet their commitments. Again, check the savings account and/or the loan is in the name of the owners. Just because 'it is a nice house on a good street' is not enough.

We see a lot of loan applications and approvals. One trend that we have noticed is the banks requiring a significant instalment payment upon the builder obtaining code compliance certificate. This will need to be factored into your programme of work and payment schedule.

The above checks may seem relatively simple, but they should be part of your process for new building contracts. Whilst it is very helpful to have a robust building contract, or set of terms governing the building work, if you haven't accurately identified who you are dealing with or whether they have the financial resources to meet the commitments in the building contract, you may be setting yourself up for difficulties in the future.



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