

**CARTERS**   
Your **Building** Partner

DECEMBER 2019 - JANUARY 2020

# TRADE LEADER.



## Morgan Wills takes out **Apprentice of the Year**

### THIS ISSUE ■

Building law reforms – the  
changes are coming

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New construction  
procurement guidelines

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Legal: Protect yourself from  
the retentions regime

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Managing health and safety  
when contracting



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## In the frame

BY MIKE GUY, CARTERS CHIEF EXECUTIVE

With all the changes our industry is going through, it's great to see a strong and consistent level of young people rising through the ranks and making their presence felt.

CARTERS has had a long relationship with the Registered Master Builders Apprentice of the Year competition, and this year was no exception. The 2019 competition wrapped up in early November and was again a showcase of how much young talent the building and construction industry has to offer.

I would like to extend my congratulations to Hamilton's Morgan Wills for taking out the event in the face of some solid competition from around New Zealand, as well as recognising each of the entrants involved throughout the competition.

CARTERS also has a strong affiliation with the Registered Master Builders House of the Year competition, winners of this year's awards are set to be announced just as this issue of Trade Leader is going to print. Again, this competition is a chance for us to recognise the craftsmanship and vast array of skills on display within our dynamic industry, and we look forward to bringing you the results in the next issue of Trade Leader. Best of luck to all our builders that have been nominated in the awards.

The proposed upcoming changes to building laws are a major focus in this issue.

These have been developing for some time, with considerable support and input from across the breadth of the industry, and should - if everything goes to plan - create a much clearer picture of where the industry is headed, and how it will get there.

Post the events at the Skycity Convention Centre, in October, now is a good time to check your practices with hot work onsite and make sure you're aware of your insurance expectations, should you ever need to make a claim. The article on page 30 gives you an overview.

We also look at health and safety topics aimed at heading into summer. Although a great time to be on site with longer, dryer days, it is important to take stock of the additional strains the warmer weather brings. Make sure you and your team are staying hydrating as fatigue on the building site can lead to serious mistakes and potential injury.

We wish you a safe and happy holiday period and hope you enjoy a well-earned break before we head into what is set to be a big year. We appreciate your ongoing business and look forward to working with you in 2020.



MIKE GUY  
CARTERS Chief Executive

**CARTERS**  
Your Building Partner

## TRADE LEADER.

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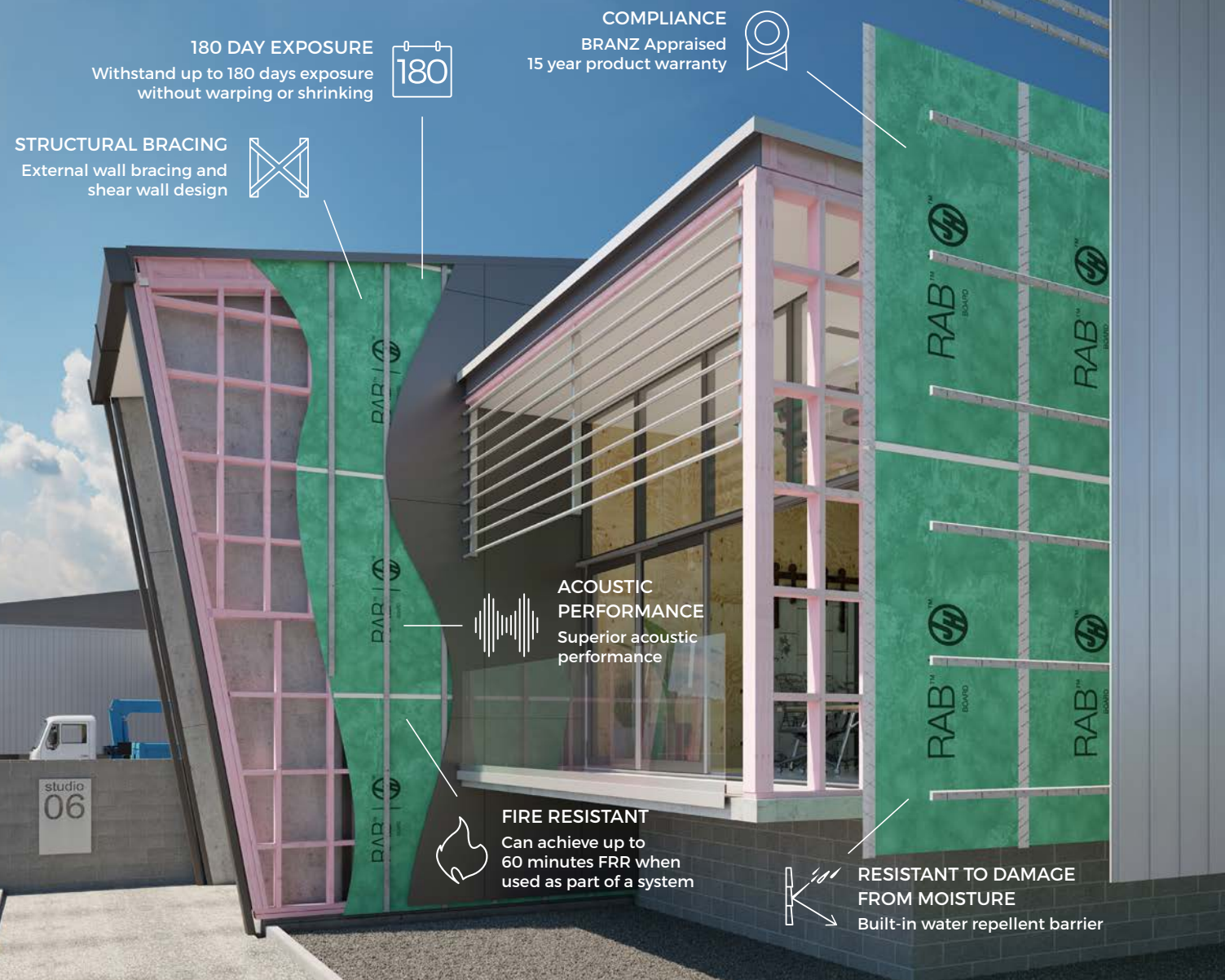


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TRADE OFFERS.**  
INSIDE THIS ISSUE



# GOOD DESIGN IS OBVIOUS

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20. APPRENTICE OF THE YEAR



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Government's new construction procurement guidelines; apprentice numbers on the rise; LBP ID cards; building materials study proposal rejected; construction industry tops stats; free building standards.

### 12. GOVERNMENT - BUILDING LAW REFORMS

Recently, the Government's first moves were announced regarding proposed building reforms. These reforms, if passed into law, are designed to speed up consenting, lift the overall quality of building work and provide a fairer outcome in situations where things go wrong.

### 20. APPRENTICE OF THE YEAR

In a faceoff between nine of New Zealand's top carpentry apprentices, Hamilton's Morgan Wills has taken out this year's national competition for Registered Master Builders 2019 Apprentice of the Year, in association with CARTERS.

### 24. ECONOMICS - CONCERN ABOUT GLOBAL DEVELOPMENTS

Concern about negative global developments was partly why the Reserve Bank cut the OCR from 1.75% to 1% in 2019. In the context of interest rates being a major driver of residential building activity, negative global developments are good for building prospects.

### 26. LEGAL - PROTECTING YOURSELF FROM THE RETENTIONS REGIME

Recent building company collapses have highlighted the deficiencies with the retentions regime under the Construction Contracts Act 2002. Many subcontractors have found themselves unable to recover retentions in the insolvency of these companies despite the introduction of a regime which was meant to protect their interests.

### 28. HEALTH AND SAFETY - ADVICE WHEN CONTRACTING

Health and safety obligations can overlap in a contracting chain, and consultation, cooperation and coordination is key when working with other businesses in a shared workplace, or as part of a contracting chain. If you're working with other businesses and you're not sure who is responsible for managing health and safety duties, Worksafe has produced a comprehensive and detailed guide to clear up any questions you may have.

### 29. HEALTH AND SAFETY - READY FOR SUMMER

Doing the hard yards in summer is always a balancing act of making sure the amount of liquid coming off the body is being replaced by fluid going in. Dehydration can be an issue and people can lose concentration, sometimes leading to mistakes being made.

### 30. INSURANCE - HOT ON HOT WORK

With the recent Sky City Convention Centre fire a hot topic, now is a good time to highlight the expectations insurers generally have around hot work claims.

### 22. BUSINESS - NINE WAYS TO GET PAID

Trade business expert, Daniel Fitzpatrick, says almost everyone in business has struck someone who can't – or won't – pay their bills. Here are nine ways to stack the odds of getting paid in your favour.





# Building industry supports Government's new construction procurement guidelines

REGISTERED MASTER BUILDERS CHIEF EXECUTIVE, DAVID KELLY SAYS THE BUILDING AND CONSTRUCTION SECTOR HAS WELCOMED THE GOVERNMENT'S RECENT ANNOUNCEMENT OF THE REVISED CONSTRUCTION PROCUREMENT GUIDELINES.

The new rules, which were announced by Economic Development Minister Phil Twyford and Building and Construction Minister Jenny Salesa are designed to help keep construction companies afloat by promoting better practices when awarding multi-million dollar construction projects

Phil Twyford said the "lowest price model" approach used across the sector resulted in construction companies cutting costs and under cutting each other so intensely that some projects became financially unviable.

**MR KELLY SAYS THE CONSTRUCTION SECTOR HAS BEEN CALLING FOR FAIRER CONTRACT TERMS AND BETTER ALLOCATION OF RISK AND THAT THE GUIDELINES ACKNOWLEDGE AND ADDRESS CRITICAL ISSUES.**

"For a number of years, construction contractors have been asking for change in how some Government agencies procure," he says. "We strongly support the release of the Guidelines, which have the potential to significantly improve the quality and consistency of how Government construction projects are delivered. The new wide-ranging Government Procurement Rules came into effect on October 1 and use the Government's annual procurement spend to achieve better public value, by targeting ways to improve cultural, social, economic and environmental outcomes.

The rules refer to new Construction Procurement Guidelines which require government departments to consider factors including skills development and training undertaken by construction companies and their subcontractors, whether there is strong governance over the project and sustainable building practices such as using sustainable materials and minimising waste. "It's unsustainable for Government agencies to drive contract prices down and pass an unfair amount of risk onto the contractor. All this does is create an adversarial relationship and a culture of mistrust between parties, as well as leaving contractors potentially financially vulnerable," Mr Kelly says.

**"THESE GUIDELINES PROVIDE AN OPPORTUNITY TO RESET THIS CULTURE BY HAVING AGENCIES AND CONTRACTORS WORKING MORE COLLABORATIVELY TO ACHIEVE FAIRER CONTRACT AND RISK ALLOCATIONS WHEN DELIVERING PROJECTS," SAYS KELLY.**

"We are pleased to see the Government take another important step towards improving the health and vitality of the sector. This is a good initiative, showing the Government is committed to change as part of the Construction Sector Accord." "This isn't just about improving the sector's health. A vibrant building and construction sector is the infrastructure that underpins the New Zealand economy."



# Improving perceptions of the trades increasing apprentice numbers

The number of Kiwis taking up building and construction apprenticeships has reached record high numbers.

The Building and Construction Industry Training Organisation (BCITO) recently reached 13,000 apprentices in active training. BCITO's 13,000<sup>th</sup> apprentice is 30-year-old Tioirangi Smith who previously worked in hospitality and is now a carpentry apprentice for SLC Builders Ltd in the Wellington area. "We are delighted to have such high numbers of apprentices joining up. This demonstrates many are seeing the fantastic opportunities provided by a career in the trades. However, we still need more to join," says Warwick Quinn, BCITO Chief Executive. "While our latest research shows that more parents, students and school leavers are becoming open to the trades, we've got a long way to go to reach the numbers required to meet the skills demand. "The number of people open to a career in the trades has increased since last year's research, particularly among Women, Māori and Pasifika. As we celebrate reaching 13,000 active apprentices in training, it is clear we need to continue to excite

**"OUR APPRENTICES ARE SETTING THEMSELVES UP FOR A BRIGHT FUTURE. THEIR JOBS CAN BE JUST AS FINANCIALLY REWARDING AS GETTING A UNIVERSITY DEGREE, YOU CAN EARN WHILE YOU LEARN, AND THEY OFFER A GOOD WORK-LIFE BALANCE.**

students, school leavers and parents about opportunities in trade careers," says Quinn. Employment forecasts estimate 80,000 new and replacement construction jobs opening in the next five years. To fill this demand, we need more people to start formal training now. Minister for Building and Construction Jenny Salesa has welcomed the record high of 13,000 building and construction apprentices in active training with main provider the Building and Construction Industry Training Organisation (BCITO). "We are committed to reversing the long-term decline in trades training and it's excellent to see more people earning and learning in building and construction where we've had a persistent skills shortage," Minister

for Building and Construction Jenny Salesa said. "Construction activity is expected to hit \$43.5 billion before 2024, with 80,000 new and replacement construction jobs needing filling over the next five years. The sector currently employs 240,000 New Zealanders. "An apprentice scheme can only succeed with the backing of employers, industry bodies, government, and the apprentices themselves and their families. Quinn stresses this is a great time to enter the trades. "There are a vast number of roles available. It is not all about being on the tools. Unless we shift the dial and educate people about the range of opportunities within the trades, we won't be able to meet demand."



# Tips on LBP ID cards



**ANYONE CAN ASK TO SEE EVIDENCE OF YOUR LBP LICENCE AT ANY TIME SO IT PAYS TO KEEP THE PHOTO CURRENT AND ALWAYS CARRY YOUR LBP ID CARD WITH YOU WHEN ON THE JOB.**

Under the Building Act, Licensed Building Practitioners (LBPs) must produce evidence of being licensed when asked. Identification (ID) cards are a simple way to verify your identity as an LBP. You can also use your licensing confirmation letter from the Registrar as evidence, but this is less practical when working on site.

## ID CARDS PROVIDE EASY PROOF

Anyone is entitled to ask to see evidence of your licence. It is an offence to fail to produce this evidence, so make sure you have a way of demonstrating your licence status.

If someone asks to see your licence, they may just be doing their due diligence, so there is no need to be offended or worry that they doubt your ability as a tradesperson.

## REPLACE LOST, STOLEN OR DAMAGED CARDS

To replace your card, you will need to complete a Personal Details and Replacement ID form. The charge for a replacement card is \$50.

You will also automatically receive a new licence card when you relicence.

## UPDATE YOUR ID PHOTO OCCASIONALLY

Currently, there is no time limit for how long you can keep your ID photo. When you relicence, we will automatically use the photo from your last licence. However, it's important that your photo still looks like you, so you may want to update it from time to time.

The best time to update your photo is prior to relicensing, as when you relicence, a new ID card is automatically printed using the photo we have on file.

If you are relicensing using a paper application, you can attach a physical photo to the application form and send them in together.

When relicensing online, you will need to email or post the photo to us before you relicence online – allowing 10 working days for processing.

If you want a new ID card with a new photo before your annual relicensing round, you will need to pay the \$50 replacement fee. If you combine updating your photo with relicensing, there is no extra charge as a new ID card is included.

## MAKE SURE THE ID PHOTO IS RIGHT

The photo you provide needs to meet a range of requirements. We recommend aiming for the same standard as a passport photo to ensure it will be accepted. Some of the requirements include:

- high quality in colour – black and white photos are not acceptable
- ratio of 3:4 – width to height
- sized between 45–50mm high and 35–40mm wide for printed photos
- between 50 KB and 5 MB in size and JPEG or JPG file format for digital photos
- taken with a clear, light-coloured background
- even lighting so that there are no shadows on your face
- undamaged – no ink, staples, pins, paper clips or folds
- showing your face, head and shoulders looking directly at the camera
- no hat, sunglasses or other accessories that obscure your face
- no signs of alteration.

Pharmacies, PostShops and photograph printers may offer ID or passport photo services where they take your photo and provide you with printed and emailed copies. These services may be helpful if you are unsure how to take a photo that will meet the requirements. A passport quality photo will meet all the requirements for an LBP ID.

## A DIGITAL PHOTO IS FINE

You can send in a digital photo to use on your ID card as long as it meets the requirements above. Currently, there is no facility to upload a photo when relicensing through the online portal. To update the photo we have on file, email: [licensing@lbp.govt.nz](mailto:licensing@lbp.govt.nz) Ensure you include your LBP number

and a request to update your photo. You will need to allow time for your email to be processed before you relicence to ensure the photo on file is updated before your next ID card is printed.

## TELL US IF YOUR NAME CHANGES

If your name has changed it will need to be updated on your ID card and in the public register. To notify us that your name has changed, please fill in the Personal Details and Replacement ID form. We may require certified legal documentation that your name has been changed.



<https://www.lbp.govt.nz/assets/documents/forms/personal-details-and-replacement-id-form.pdf>

# CODEWORDS QUIZ

- 1. Which document is NOT suitable to prove you are a licensed building practitioner?**
  - a. LBP ID card.
  - b. Letter from the Registrar confirming your licence.
  - c. Driver licence.
- 2. Who can ask to see evidence of your licence?**
  - a. Potential employers.
  - b. The homeowner.
  - c. Council inspectors.
  - d. Anyone.
- 3. Do you need to notify MBIE if you legally change your name?**
  - a. Yes, it needs to be updated on the public register and your ID card.
  - b. No, MBIE will automatically know if your name has been changed.
- 4. What kind of photo can you use for your LBP ID card?**
  - a. A selfie.
  - b. A passport-quality photo, printed or digital.
  - c. An airbrushed photo.

## CHECK ANSWERS HERE

<https://www.building.govt.nz/about-buildingperformance/news-and-updates/codewords/codewords-issue-92/tipson-lbp-id-cards/quiz-answers-tips-onlbp-id-cards/>

# Proposed market study of building materials deemed unnecessary

The Building Industry Federation (BIF) has rejected the suggestion that a market study is required in the price of building materials.

Julien Leys, the Chief Executive of the BIF referred back to the Government's KiwiBuild reset announcement in August, when Minister of Housing Hon. Megan Woods suggested the cost of building materials may come under scrutiny

"While the Building Industry Federation welcomes any decision by the Government or the Commerce Commission (NZCC) to investigate any alleged breaches of competition law, given the New Zealand building supply chain is one of the most open and competitive markets in the world such an initiative is unnecessary," he said.

"If the purpose of the proposed

market study is to look at broader market structure concerns (rather than breach of competition laws), then Government needs to be very cautious about embarking on an expensive and time-consuming process."

**MR LEYS SAID THERE HAVE BEEN AT LEAST FOUR PREVIOUS STUDIES THAT HAVE REINFORCED THE FACT THAT NEW ZEALAND DOES NOT HAVE BUILDING MATERIALS PRICES THAT ARE MORE EXPENSIVE THAN SIMILAR MARKETS.**

"Indeed, previous studies (NZCC and the Productivity Commission) have

also not found any reliable evidence of competition concerns," he said.

"Profitability and returns in the sector are not excessive and in fact costs have been reduced and absorbed due to the competitive nature of the country's open and transparent market."

He says that, in New Zealand's highly competitive building supplies chain, it's important to note there are no restrictive arrangements that preclude or make new entry difficult and the New Zealand building supplies market structures are extremely efficient for our conditions.

"Collaborative initiatives to reform the building and construction sector should continue to be the top priorities for the Government and industry and not any side show distractions such as a market study into building material prices."

# Construction industry at the top of the ladder for business counts

**THE CONSTRUCTION INDUSTRY ADDED 12,820 MORE ENTERPRISES AND 45,400 MORE EMPLOYEES OVER THE FIVE-YEAR PERIOD TO FEBRUARY 2019 - THE HIGHEST GAINS BY ANY OF THE 19 INDUSTRIES, STATS NZ SAID TODAY.**

These increases reflect an average annual growth rate of 4.5 percent for enterprises and 6.1 percent for employees for this industry over the past five years. This is more than double the corresponding growth rates (2.0 and 2.7 percent, respectively) for all industries combined for the same period.

"In the year to February 2019, the construction industry added 3.9 percent more employees – the second-highest increase among all industries, both in number and percentage," business register manager Mary Reid said.

## STRONG GROWTH IN RESIDENTIAL BUILDING CONSTRUCTION

At February 2019, there were 65,320 enterprises in the construction industry overall, engaging 177,000 employees. Of these, 21,650 enterprises were in the residential building construction industry sub-group, employing 30,300 people.

**Stats NZ**  
Tatauranga Aotearoa

"Residential building construction had 52.4 percent more employees than five years ago,

reflecting an average annual growth rate of 8.8 percent over the five-year period to February 2019," Ms Reid said. The number of new residential buildings consented during the past five years (to August 2019) had a similar growth pattern, with the number of consents rising at an average annual rate of 8.2 percent.

The non-residential building construction sub-group, which mainly covers commercial and industrial buildings, had 13,300 employees engaged at February 2019. This follows an average annual growth rate of 5.1 percent over the past five years.

Explore the average growth for geographic units and employees during the last five years by more detailed geographic areas in our interactive map.



<http://statsnz.maps.arcgis.com/apps/MapSeries/index.html?appid=5e8c14526c61421ea94bbfe420b1d5fe>



# Free building Standards

RECENTLY, MORE THAN 120 BUILDING STANDARDS USED FOR BUILDING CODE COMPLIANCE WERE FUNDED FOR FREE DOWNLOAD THANKS TO A COLLABORATION BETWEEN THE MINISTRY OF BUSINESS, INNOVATION AND EMPLOYMENT AND STANDARDS NEW ZEALAND.



MBIE says this is great news for the building and construction sector as it will reduce financial barriers to achieving Building Code compliance.

As the building system regulator, MBIE has chosen to fund these specific Standards as they are primary references for Building Code compliance. New Zealand is one of the few countries in the world to sponsor free access to building Standards, which has been made possible through the use of the building levy.

This initiative is a follow-up to the highly successful pilot launched in December 2017, when MBIE sponsored six building Standards for free download. In the past 18 months, those Standards have been downloaded over 15,000 times. The newly funded 120 Standards, released in July 2019, were downloaded 60,000 times in the first month.

### BENEFITS OF USING STANDARDS

Standards are an accepted method for standardising the way things are done. They provide consistency and certainty about methods for manufacture and testing. Standards are used across the construction industry to enhance products and services, improve safety and quality, set industry best practice and support international trade.

Standards New Zealand uses expert technical committees to develop Standards. This is often done in partnership with other organisations such as Standards Australia or the International Organization for Standardization (ISO).

### KEY FUNDED STANDARDS

The MBIE-funded Standards were selected because they are referenced in Acceptable Solutions and Verification Methods that enable compliance with the Building Code. International and joint Standards (such as AS/NZS) are not included in the sponsorship agreement as

copyright for these documents isn't owned by Standards New Zealand. MBIE is continuing to work with Standards New Zealand to find options to extend the number of sponsored Standards available for free download.

### TIMBER-FRAMED CONSTRUCTION

NZS 3604:2011 *Timber-framed buildings* is a key document for many Licensed Building Practitioners (LBPs). When read in conjunction with Acceptable Solution B1/AS1, it describes Building Code compliance methods for the design and construction of timber framing in buildings up to three storeys high.

Other funded Standards relevant to timber-framed buildings include NZS 3602:2003 *Timber and wood-based products for use in building* and NZS 3640:2003 *Chemical preservation of round and sawn timber*, which, when read in conjunction with Acceptable Solution B2/AS1, are used to select appropriately treated timber for building work.

### CONCRETE AND MASONRY WORK

A companion Standard to NZS 3604:2011 is NZS 4229:2013 *Concrete masonry buildings not requiring specific engineering design*, which describes methods for the design and construction of concrete masonry in buildings up to three storeys. It should be read in conjunction with Acceptable Solution B1/AS1.

Also being funded are NZS 3109:1997 *Concrete construction*, NZS 4210:2001 *Masonry construction: Materials and workmanship*, NZS 4230:2004 *Design of reinforced concrete masonry structures* and SNZ HB 4236:2002 *Masonry veneer wall cladding*.

### CONTRACT TEMPLATE

When undertaking building work valued at \$30,000 or more, it is mandatory to have a written contract. This is made easier with the template building contract provided by NZS

3902:2004 *Housing, alterations and small buildings contract*.

### ENERGY EFFICIENCY

Another Standard that will continue to be available for free download is NZS 4218:2009 *Thermal insulation – Housing and small buildings*. When read in conjunction with Acceptable Solution H1/AS1, it provides a way of complying with the New Zealand Building Code for the thermal insulation of houses for energy efficiency.



Download these and other funded building Standards at <https://www.standards.govt.nz/sponsored-standards/building-standards/>

## CODEWORDS QUIZ

1. Where can you download free building-related standards?
  - a. standards.govt.nz
  - b. lpb.govt.nz
  - c. mbie.govt.nz
  - d. building.govt.nz
2. Why has MBIE funded building-related Standards so they can be downloaded for free?
  - a. Standards are overpriced.
  - b. To reduce the cost of using Standards, so that people are more likely to use them leading to better outcomes in the construction industry.
  - c. To encourage using the digital versions of standards.
3. How are the Standards developed?
  - a. They are dictated by what the government regulates.
  - b. They are developed by expert technical committees.
  - c. They are developed by manufacturers to specify how to use their products.

### CHECK ANSWERS HERE

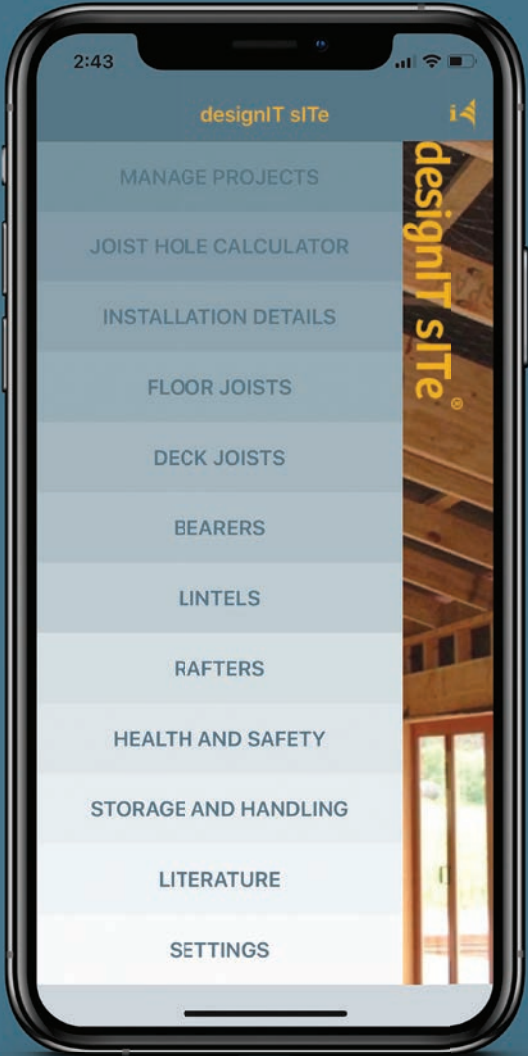
<https://www.building.govt.nz/about-building-performance/news-and-updates/codewords/codewords-issue-92/free-building-standards/quiz-answers-free-building-standards/>

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or call  
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# Building law reforms; what are the next steps?



Recently, the Government's first moves were announced regarding proposed building reforms. These reforms, if passed into law, are designed to speed up consenting, lift the overall quality of building work and provide a fairer outcome in situations where things go wrong.

## ABOUT THE REFORMS

The most recent survey of new homeowners by BRANZ found 80 percent had to get tradespeople back to fix defects after they had moved in. Consenting delays are also an issue, costing around \$1,000 for each week a residential site is shut down.

The building reforms will speed up consenting, support designers and builders to choose the right products and install them in the way intended, and make it cheaper and faster to use innovative building methods such as prefabrication.

A new certification process will mean manufacturers with good systems won't need to get a building consent for their design or factory work. This means only one consent will be required, and will also potentially halve the number of inspections needed.

**"ONCE THE CHANGES ARE IN PLACE, THEY COULD SAVE NEW ZEALANDERS UP TO \$150 MILLION OVER THE NEXT DECADE FROM FEWER DELAYS AND FEWER REPAIRS TO SUBSTANDARD WORK," SAYS ANNA BUTLER, THE GENERAL MANAGER OF BUILDING SYSTEM PERFORMANCE AT THE MINISTRY OF BUSINESS, INNOVATION AND EMPLOYMENT (MBIE)**

The Government is taking a phased approach to the reforms to accelerate changes that bring immediate benefits while work continues on those proposals that need further development and testing. This will also ensure the sector has enough time to transition to its new regulatory settings with minimal business disruption.

## WHAT CHANGES HAS THE GOVERNMENT AGREED?

### FASTER BUILDING CONSENTS FOR PREFABRICATION AND OFF-SITE MANUFACTURING

Current building consent processes are best suited to traditional construction methods and can present barriers for more innovative ways of building. The Government is proposing to address this through a manufacturer certification scheme, which will streamline the consenting process for modern methods of construction such as prefabrication and off-site manufacturing.

The certification scheme will mean a building consent is needed only for the

installation of a prefabricated home. This means a second consent won't be required for the design or factory work, and could also halve the number of inspections needed.

This is designed to save time and money by reducing duplicated effort both for Building Consent Authorities (BCAs) and for manufacturers. Faster and cheaper construction is also expected through greater use of prefabrication and offsite construction, which will also bring more affordable homes to the market.

### BETTER INFORMATION AND CLEAR RESPONSIBILITIES FOR BUILDING PRODUCTS

Manufacturers and suppliers will be required to make a minimum level of information publicly available about the building products they sell. This will include a plain English description and information about how the product should be installed and maintained.

Manufacturers and suppliers will also be required to provide evidence for claims they make about their products' performance.

The new requirements will help designers and builders choose the right products, and will speed up consenting by reducing the need for BCAs to request further product information.

MBIE is now working with key stakeholders to finalise the information requirements that will be set in Regulations. This will ensure they enable better design, consenting and building work without placing an undue burden on manufacturers and suppliers.

Making product information publicly available will also improve the quality of building work by helping builders install products in the way intended. This should reduce the number of inspection failures, saving up to \$1.5 million a year.

MBIE will have the power to require any person to provide information when this is needed to determine whether a building product or method should be subject to a ban or warning. This will ensure risky products and methods are kept off the market.

### STRENGTHENING CODEMARK TO PROVIDE GREATER PRODUCT ASSURANCE

The Government is strengthening New Zealand's existing product certification scheme, CodeMark, by improving the quality of product evaluations and certificates.

Changes include setting registration requirements for product certificates

and product certification bodies, and providing MBIE with the ability to investigate, suspend or revoke registrations where appropriate.

This will build confidence in the scheme, make consenting more efficient, and lead to safer and more durable building work.

### REDUCING THE BUILDING LEVY

The Government has decided that the building levy will be reduced from \$2.01 to \$1.75 (including GST) per \$1,000 of consented building work above a threshold of \$20,444 (including GST).

This will lower building consent costs by around \$80 for the average new build, and by \$5,200 for a \$20 million commercial project.

The lower levy rate will also reduce the surplus that has accrued in the building levy account without affecting the level of service MBIE provides to levy payers.



SUMMARY OF PROPOSED CHANGES TO BUILDING ACT MAXIMUM PENALTIES

| TYPE OF OFFENCE*   | CURRENT MAXIMUM               | PROPOSED NEW MAXIMUM |                          |
|--|-------------------------------|----------------------|--------------------------|
|  |                               | Individuals          | Companies/ organisations |
| Breach of administrative obligations                         | \$2,000/\$5,000               | \$5,000              | \$25,000                 |
| Breach of defined responsibilities                           | \$5,000                       | \$20,000             | \$60,000                 |
| Wilful breach; significant safety risk; impersonate official | \$5,000 / \$10,000 / \$20,000 | \$50,000             | \$150,000                |
| Serious offences*  | \$200,000                     | \$300,000            | \$1,500,000              |

\*Refer to Cabinet paper "Lifting the efficiency and quality of the building system: Proposals for Bill One" for full breakdown

At the same time, the scope of the levy will be widened to allow MBIE to spend it on activities related to the broader stewardship of the sector, such as implementing the Construction Sector Accord.

UPDATING OFFENCES AND PENALTIES

The Government is increasing penalties for offences against the Building Act, and setting higher penalties for companies than individuals. This will bring the Act into line with other legislation and ensure penalties are sufficient to deter substandard work and poor behaviour.

There was widespread agreement during public consultation on the proposed reforms that the current maximum penalties in the Building Act are insufficient to promote compliance. Many of the current maximums have not been adjusted since 2004.

The timeframe for filing charges under the Act is also being extended, from 6 to 12 months. This will provide enforcement agencies with enough time to conduct thorough investigations, while ensuring any prosecutions will still be timely.

PUBLIC NOTIFICATION REQUIREMENTS

The Building Act's public notification requirements are being updated to reflect the increasing use of the Internet to access important information. This means notifications will take place online and in the New Zealand Gazette, but will no longer

be published in newspapers.

WHEN WILL THE CHANGES COME INTO EFFECT?

MBIE expects the changes to the building levy will be confirmed before the end of 2019, and will take effect from mid-2020.

All other proposals require amendments to the Building Act. MBIE is working with key stakeholders to develop the detailed design for each proposal. It is expected a Bill will be introduced to Parliament in the first half of 2020. There will be opportunities to provide further feedback on the proposals through the select committee process.

When the Bill is passed into law, which could be as soon as mid-2020, the updated offences and penalties, together with the new public notification requirements, are proposed to come into effect immediately.

The new responsibilities in relation to building products, the strengthened CodeMark regulations, and the manufacturer certification scheme for modern methods of construction will be phased to come into effect over time.

MBIE will work with the sector during 2020 as it designs and tests processes, confirms how the changes will work in practice, and develops regulations. There will be opportunities for the public to provide feedback on the regulations before they are finalised in 2021.

The implementation of these changes

will then be phased to ensure that suppliers, manufacturers, BCAs and others throughout the sector have plenty of time to meet the new regulatory requirements with minimal disruption to their business.

WHAT OTHER CHANGES ARE BEING CONSIDERED?

MBIE is continuing to develop advice on proposals to strengthen occupational regulation within the sector. A Bill will be developed that could be tabled in Parliament before the end of 2020. This will ensure building professionals and tradespeople have the right skills and can be held to account for substandard work or poor conduct.

Clear feedback was received during the public consultation that the building insurance market is not currently in a position to meet the large increase in demand that would arise from a compulsory guarantee or insurance product. The Minister has asked for a report in 2020 on options to address issues with risk, insurance and liability in the building system.

Sector feedback has strongly supported taking a logical and phased approach to change.

MBIE says this makes sense, as it allows them to keep up the momentum with the reforms while continuing to work on those proposals that need further development and testing.

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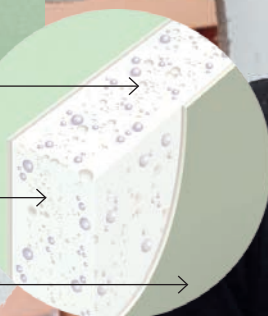
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## CONZTRACT 2020



### ROUND 1

Auckland South/East  
Tauranga  
Gisborne  
Napier

Mon 4 May  
Tues 5 May  
Wed 6 May  
Thurs 7 May

### ROUND 2

Wellington  
Palmerston Nth  
New Plymouth

Tues 16 June  
Wed 17 June  
Thurs 18 June

### ROUND 3

Auckland North/West  
Whangarei  
Hamilton

Tues 28 July  
Wed 29 July  
Thurs 30 July

### ROUND 4

Christchurch  
Dunedin  
Invercargill  
Queenstown

Mon 24 Aug  
Tues 25 Aug  
Wed 26 Aug  
Thurs 27 Aug

The CONZTRACT Trade shows will be hitting the road again in 2020 with great suppliers, products, solutions, educational training and more. This series of events is aimed at bringing together builders, architects and electricians from all areas of the building industry, whether you're in the residential or commercial sector there is something for everyone!

Keep an eye out for more event details to come – in the meantime head over to [www.conztract.co.nz](http://www.conztract.co.nz) to register your interest early and receive email updates.



## NEW ZEALAND CERTIFIED BUILDERS CONFERENCE

The 2020 New Zealand Certified Builders Conference date has been set for 5-6 June 2020 and will be held at TSB Arena and Shed 6, Queens Wharf, Wellington.

CARTERS will be on site and look forward to seeing you there.



Registrations for this event will be open on Wednesday 11<sup>th</sup> December for NZCB members.



## APPRENTICE OF THE YEAR



With the 2019 Registered Master Builders Apprentice of the Year being named on November 8<sup>th</sup> as Morgan Wills from Stewart Hanna Construction Ltd in Hamilton, it's time to start thinking to next year - are you keen to give it a go?

We hope to see more of our industries talent stepping up to challenge in 2020!

### APPLICATIONS FOR THE 2020 COMPETITION

Registrations: Open in April - Close in May | Competition begins: Mid-June



KEEP AN EYE OUT FOR MORE DETAILS  
COULD YOU BE THE 2020 APPRENTICE OF THE YEAR?



UPCOMING EVENTS 2020







# Morgan Wills comes out on top

In a faceoff between nine of New Zealand’s top carpentry apprentices, Morgan Wills, has taken out this year’s national competition for Registered Master Builder Apprentice of the Year in association with CARTERS.

Winning the title of New Zealand’s 2019 Apprentice of the Year, Morgan Wills, 23, is proudly from Hamilton and is currently employed by Stewart Hanna Ltd, after completing his training with BCITO.

“Morgan led from the front on both days. During the interview Morgan provided excellent commentary and detail, showing a thorough understanding of his project overall. During the practical, he demonstrated a high level of attention to detail. With a clean and tidy site throughout, Morgan also received full marks for the safety component of the competition,” the three judges and building experts said.

The two-day competition for the nine finalists from around the country involved a 45-minute interview with the judging panel, and a practical challenge held at Auckland’s ASB Showgrounds recently.

“It was great to see the apprentices demonstrate such a high level of skill so early in their careers,” said Master Builders Chief Executive, David Kelly

“For 15 years, the competition has been showcasing and rewarding the best of our industry’s apprentices. Each apprentice has demonstrated an extraordinary level of craftsmanship, knowledge, and hard work throughout the competition and we hope these future industry leaders act as an inspiration to those looking to join the industry.”

In a first for the competition, each finalist was tasked to build a playground pirate ship as part of the strenuous six hour practical challenge.

These nine pirate ships will now be donated to Early Childhood Education Centres (ECE) in Auckland next week, through New

Zealand-owned charity, BestStart. Children from these local ECEs also gathered to support their nominated apprentice before the delivery of each pirate ship to their assigned playgrounds.

BestStart Professional Services Manager, Nicole Butler expresses gratitude and says, “We are delighted to receive these outstanding pirate ship playgrounds made by our country’s top apprentices and we can’t wait to see the children’s surprised reactions when they are delivered.”

Runner-up went to Jason Helsby, 22 from Auckland, with Jay Pope, 29 from Nelson being awarded third place. All finalists along with their employers, family and friends celebrated their success at a gala awards dinner, hosted by Paralympian, Liam Malone.

In response to the shift in the number of New Zealanders changing careers and joining the trades later in life, this year’s competition raised the entry age from 27 to 30. This welcomed participation across a broader age range, with four of the nine finalists between the new 27-30 age range.

The competition is also an

opportunity to acknowledge the employers who invest in apprentices to meet the growing demand.

“On-the-job training gives apprentices the best chance to kickstart their careers, and it’s great to see many companies entering their apprentices into the competition,” David Kelly said. “With the industry currently facing a skills shortage, the value of an apprenticeship has never been higher, and we appreciate the employers who continue to invest in young talent.”

Supporting the competition since its establishment is principal sponsor CARTERS. Chief Executive, Mike Guy says it’s been fantastic to be involved in supporting the development of thousands of young talented apprentices over the years, and then seeing them go on to have successful careers within the building industry.

“Our partnership with Apprentice of the Year reflects our commitment to supporting the growth of New Zealand apprentices and ensuring we provide them with the tools, mentoring and training they need to succeed. Attracting young talent to the industry is essential to the success of New Zealand’s booming construction sector,” he says.

“We congratulate Morgan and all the finalists for their commitment to the industry and we look forward to seeing them thrive in the industry.”

Morgan Wills received a range of great prizes to acknowledge his win. These included the use of a brand new Nissan Navara for one year, proudly provided by CARTERS; a CARTERS Business Tools Grant of \$5,000 to further his career; travel, accommodation and tickets to attend November’s Master Builders House of the Year national awards gala dinner, and \$2500 towards NZQA approved professional development supplied by Building Performance, part of MBIE.

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



## ABOUT MASTER BUILDERS 2019 APPRENTICE OF THE YEAR, IN ASSOCIATION WITH CARTERS

The Master Builders Apprentice of the Year, in association with CARTERS, aims to recognise excellence among carpentry apprentices and raise awareness of career opportunities in the building and construction industry. It’s a competition that looks to test several aspects of a well-rounded apprentice, not just your skills on the tools.

### Master Builders 2019 Apprentice of the Year, in association with CARTERS, National Finalists:

- Jason Helsby**, 22, from Auckland, employed by Catalyst Construction Ltd and trained through BCITO.
- Morgan Wills**, 23, from Hamilton, employed by Stewart Hanna Ltd and trained through BCITO.
- Jesse Compton**, 29, from Hastings, employed by Hislop Construction and trained through BCITO.
- Cameron Diack**, 23, from Mount Maunganui, employed by Jones Builders and trained through Toi Ohomai Institute of Technology.
- Todd Sutton**, 24, from Marton

- employed by Richard’s Construction and trained through BCITO.
- Liam Crivello**, 21, from Lower Hutt, employed by Matthew Palmer Construction trained through BCITO.
- Jay Pope**, 29, from Nelson, employed by Mudgway Construction and trained through BCITO.
- Mark Smith**, 29, from Christchurch, employed by Premium Homes and trained through BCITO.
- Ryan Duffy**, 28, from Dunedin, employed by W Hamilton Building Ltd and trained through BCITO.

#### ABOUT BESTSTART:

BestStart is a charitable organisation, helping families with the costs of caring for young children. They have qualified teachers who work with the New Zealand early learning curriculum.





# Getting paid: 9 ways to load the odds in your favour

■ BY DANIEL FITZPATRICK

It's 3am and Luke can't sleep. Why? His biggest customer owes him just shy of \$50,000. And he's worried they're not going to pay. It's been 8 weeks now... they've missed 2 progress payments..."It's coming" they say, "once we get paid, we can pay you..."

This is causing some serious cashflow problems for Luke. Suppliers are getting upset. Staff need to be paid. If the money doesn't come in soon, he's in trouble. I've changed the name. But yes, this is a true story. Have you ever found yourself in this situation? Nearly every honest tradie has been stung at some point. If you're in business, odds are, you'll eventually strike a customer who doesn't want to pay...or doesn't have the money. Here are some strategies I've picked up from years of being self-employed, helping tradie clients through the cashflow minefield, and from debt collectors and lawyers. These things won't completely protect you, but it's your best chance to keep losses to a minimum:

## 1. SPREAD YOUR RISK

It's always better to have a number of customers rather than relying on one or two major ones. That way, if one customer stops paying, you're still okay.

## 2. HAVE TERMS OF TRADE

Don't DIY. Source these from a professional like your debt collector, trade association, or lawyer. It might cost a few hundred but could save you thousands (even hundreds of thousands) if things turn to custard. Always get your terms of trade signed off by the client or include them in your quote before starting a job. Include:

- Notice period for any dispute or problem with workmanship (within 7 days of completion of invoice is good) so the customer can't come

back 6 months later and say they're suddenly unhappy with the job.

- Any collection charges and interest can be added to the bill.
- Personal guarantee (with larger companies this is difficult, but it's possible with smaller companies or individuals).

## 3. BUILD EXPECTATIONS EARLY

Make sure the client understands you're the one who makes the rules.

- Many customers won't read your terms of trade. Point out the payment terms part and ask them if they see any problems.
- If payment doesn't turn up on the due date, phone the next day and follow up. Check they got the invoice. Ask if they have any questions about it. (This shows they don't dispute the bill.)
- Sometimes all you need to do is ask them straight if they would please pay this today. Level with them; make sure they understand you need the money because you have bills to pay too. Get a commitment of when it will be paid (follow up with a quick email to put what they agreed in writing).

## 4. DEPOSITS AND PROGRESS PAYMENTS

With bigger jobs, take deposits and have progress payments at set milestones. Make sure they are enough to cover the materials and labour so that at any point on the job, if the customer doesn't pay, you're not significantly out of pocket. (You'll also find out quickly which customers are the good ones).

- Phone, email, or text with a friendly reminder before the due date of a progress payment. Remind them that this is so you can continue the job as planned.
- Watch like a hawk to make sure payments are on time. Be prepared to stop work till the bills are paid. You hold the cards here.

## 5. THE JOB'S NOT DONE UNTIL YOU GET THE MONEY

Make sure there are no excuses for not paying.

- On smaller jobs, invoice and get payment on the job if you can.
- Invoice the job ASAP, and put the due date on the invoice.
- Send reminders.
- Make it easy to pay—put your bank account details on the invoice.
- Check the list of who owes you money at least weekly. Follow up any overdue amounts immediately. Delegate this task if you want, but make sure it's done.
- Phone overdues often. Don't let up till you have payment, or a payment plan at least. Say something like: "Look we can do this one of two ways; I can keep ringing you till we both get sick of talking about this, or you could sort it out now, so let's make that happen". Keep the tone light and friendly. It doesn't work every time but you might be surprised how often it does.

## 6. IF YOU THINK YOU'RE NOT GOING TO GET THE MONEY, NEGOTIATE

One of my clients, a builder, had a larger building company who owed him a lot of money. They were using every dirty trick in the book from challenging legit invoices through to promising payments which would never turn up. It was a game to them.

But it wasn't a game to my client. He had a family to feed. When he checked around, he found this big company was doing the same thing to other subbies; a really bad sign. He lawyered up, negotiated hard, and they offered him reduced payment (as in, they decided to deduct around 20 grand off the invoice for no reason). I told him straight; "I don't think this company is going to be around much longer. They were burning too many bridges and telling too many lies." He took the deal and walked away. Yes, it was a kick in the guts. But he's still in good shape. Imagine how much worse it could have been. Sometimes it's better to get out with your shirt on your back—even if you have to leave your jacket behind. A few weeks later, that big building company went bust. It sounded like no one else got paid.

## 7. PPSR (PERSONAL PROPERTY SECURITIES REGISTER)

Put large amounts which are overdue on the PPSR.

This the NZ national debt register where you can register unpaid invoices. Their website is <https://ppsr.companiesoffice.govt.nz/>.

If your client goes broke, anyone on the register gets priority. In other words, you get paid first (before others they owe money to who, sadly, usually end up getting nothing).

## 8. CONSTRUCTION CONTRACTS ACT

This legislation is designed to help with contractor's cashflow. Basically, if your invoices are compliant, then it can dramatically improve your chances of getting paid. Why? Because your client must dispute an invoice by way of a "payment schedule", it must be in writing, identify how much they will pay and the reasons and calculations why they are not paying the difference.

If they fail to issue this schedule within the acceptable timeframe then they have to pay the full amount – usually this is enforced by an application for summary judgment in the District Court or the High Court. Any legal fees spent chasing the debt can also be claimed.

You can also reduce the time period the client has to dispute the invoice. The default time period is 20 working days which, on residential projects is really too long. Consider putting on your quotes the due date for payment and a due date for payment schedules. This can be as simple as "DUE DATE FOR PAYMENTS: 7 calendar days from the date of service of our payment claim" and "DUE DATE FOR PAYMENT SCHEDULES: 5 calendar days from the date of service of our payment claims".

## 9. IF ALL ELSE FAILS, HAVE A GOOD DEBT COLLECTOR READY

A good debt collector, in my book, is someone who is prepared to get on the phone, or go and visit, to chase the money. Not just write a few letters or emails that end up in the bin.

**Bottom line:** make sure you load the odds in your favour. Can you really afford not to?

You've done the work.  
You deserve to get paid.  
As for Luke, he's still waiting.

## GETTING PAID IS ONE THING. BUT WHAT IF YOU COULD NEXT LEVEL YOUR PROFIT?

Find out the 5 simple steps to make your tradie business grow financially and get more cash in the bank. Get your free guide here: <https://nextleveltradie.co.nz/guide/>



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



# It is time to be concerned about global developments

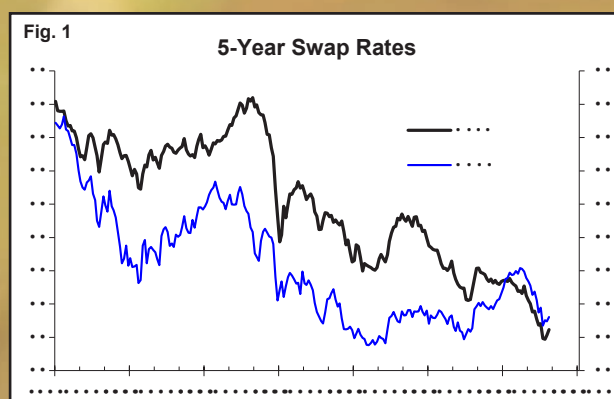
BY RODNEY DICKENS

**CONCERN ABOUT NEGATIVE GLOBAL DEVELOPMENTS WAS PARTLY WHY THE RESERVE BANK CUT THE OCR FROM 1.75% TO 1% IN 2019. IN THE CONTEXT OF INTEREST RATES BEING A MAJOR DRIVER OF RESIDENTIAL BUILDING ACTIVITY, NEGATIVE GLOBAL DEVELOPMENTS ARE GOOD FOR BUILDING PROSPECTS. THAT IS, PROVIDED THEY DON'T TURN SO BAD IT RESULTS IN NZ BANKS HAVING PROBLEMS BORROWING FROM OVERSEAS; LEADING TO CREDIT RATIONING AS OCCURRED IN RESPONSE TO THE 2008/09 FINANCIAL CRISIS.**

Based on the range of global "risk" indicators I monitor, the latest global threats - which partly arose because of the US-China trade war - don't look like triggering another crisis; although another crisis or mini-crisis is possible at some stage, in part because of high global debt levels.

The global threat I am referring to is the potential that positive global developments lead to higher NZ interest rates over the next year. This is already underway for wholesale interest rates as shown in the chart (Fig. 1) which shows five-year rates.

NZ wholesale or swap rates are partly linked to US rates as shown in the chart. US rates are, in turn, largely a benchmark of global developments. The fall in swap rates in 2019 was largely in response to negative global developments, while the recent hint of upside is largely in response to abating concern about global prospects and especially the US-China trade war.



Overseas central banks and some governments have adopted stimulatory policies in response to the latest global threat, while there are indications the US-China trade war will be scaled-down. Provided there aren't other new threats, improving global growth could boost US and NZ wholesale interest rates over the next year.

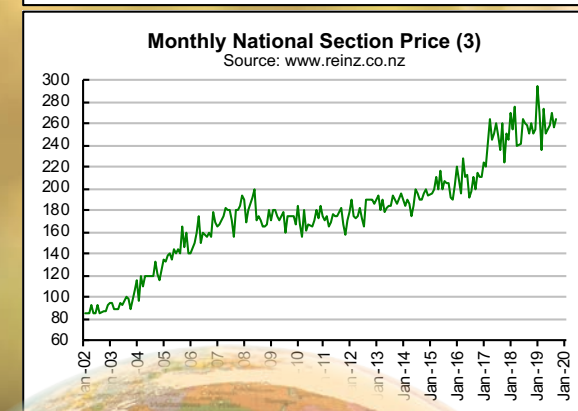
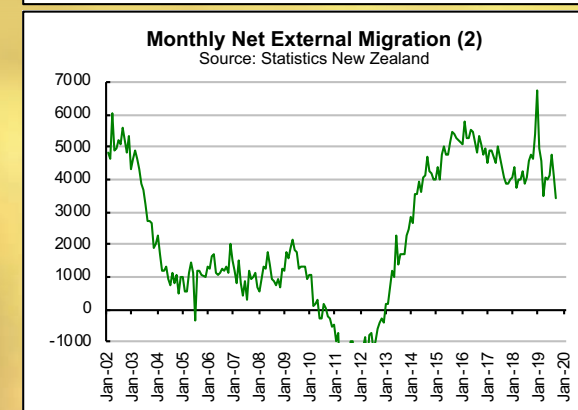
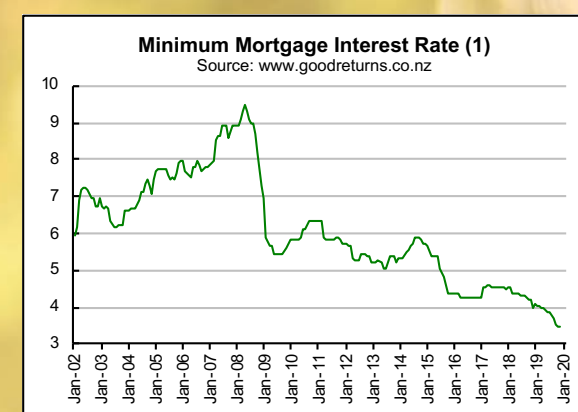
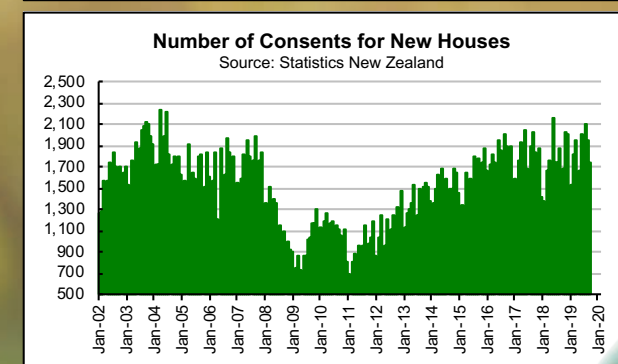
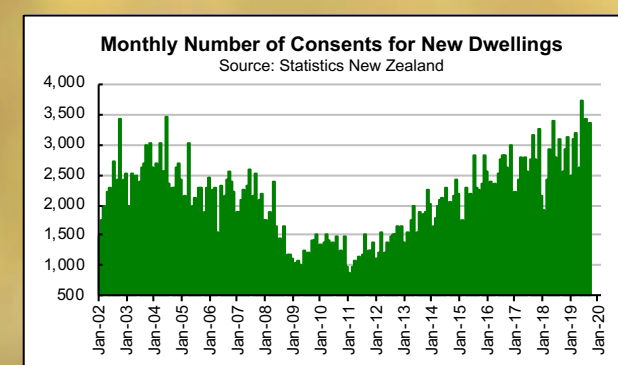
**SWAP RATES DON'T FEED DIRECTLY INTO NZ BANKS' FUNDING COSTS BUT MORTGAGE RATES LARGELY MOVE IN LINE WITH SWAP RATES.**

If global prospects improve, there will be a market-led increase in interest rates, observed first in wholesale or swap rates. Adding to this risk is the likelihood NZ wage inflation will continue to surprise on the upside relative to the Reserve Bank's forecasts, as discussed in the last article.

Predicting interest rates is tricky, but it is possible interest rates will increase next year, largely contrary to what the economic forecasters are predicting. This has relevance to the case for fixing some medium to longer term debt now as well as having potential negative implications for residential building in 2021, allowing for how long it takes for interest rates to impact.

Most importantly, the market leads interest rates while the Reserve Bank is slow to react to new developments in terms of OCR adjustments.

Based on past experience, mortgage interest rates will start increasing as much as a year before the Reserve Bank contemplates OCR hikes (i.e. waiting for the Reserve Bank to act before taking the appropriate actions means you will be well behind the game).



## FOOTNOTES

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

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# Protecting yourself from the retentions regime

BY ANDREW SKINNER

**THE COLLAPSE OF EBERT CONSTRUCTION AND THE TALLWOOD/STANLEY GROUP OF COMPANIES EARLIER THIS YEAR HAS HIGHLIGHTED THE DEFICIENCIES WITH THE RETENTIONS REGIME UNDER THE CONSTRUCTION CONTRACTS ACT 2002 ("CCACT"). MANY SUBCONTRACTORS HAVE FOUND THEMSELVES UNABLE TO RECOVER RETENTIONS IN THE INSOLVENCY OF THESE COMPANIES DESPITE THE INTRODUCTION OF A REGIME WHICH WAS MEANT TO PROTECT THEIR INTERESTS.**

## RETENTIONS REGIME RECAP

The retentions regime came into effect from 31 March 2017 for all commercial construction contracts (but not residential construction contracts) entered into after that date. The regime requires all principals/head contractors to hold monies they retain from subcontractors to secure performance on trust. The purpose of the regime was to protect the retention monies from the general pool of funds available to creditors in the event that the principal/head contractor became insolvent. The head contractor must not use any retention money held on trust for any other use other than to remedy defects in the performance of the subcontractor's obligations. However, the CCACT does not require the head contractor to hold the retention money in a separate trust bank account and the retention money may be co-mingled with other monies. Under the CCACT, the head contractor must keep proper records of all retention money held on trust and all dealings and transactions in relation to retention money in accordance with generally accepted accounting practice. The head contractor must also make the accounting and other records available for inspection by subcontractors at all reasonable times and without charge.

## PROBLEM WITH THE REGIME

The problem is that any failure to comply with the regime by the head contractor becomes the

subcontractor's problem in the event of insolvency. In particular, the potential co-mingling of the retention monies with other funds of the business makes recovery more difficult. In the liquidator's first report for the Tallwood group of companies, the liquidator has identified that there may be a shortfall in the retentions held by the companies as prescribed by the CCACT. The liquidator's initial opinion is that the directors may be in breach of the CCACT but the extent of this breach is yet to be determined. This has left many subcontractors angry that the regime implemented to protect their interests has failed them.

## HOW TO PROTECT YOURSELF?

As much as possible subcontractors should avoid agreeing to retentions with head contractors until the retentions regime is strengthened. Other alternatives such as a performance bond should be considered and discussed with the head contractor.

If you have no choice but to agree to retentions for a job, you should actively exercise your rights of inspection of the retention monies. This inspection should be carried out regularly to ensure that the monies are being withheld on trust for you in a separate bank account.

In addition to regularly inspecting the head contractor's records, you should insist in

your contractual arrangements with the head contractor that the retention money is to be held in a separate bank account. This is a matter to be negotiated with the head contractor, as they are not obligated by the CCACT to do so.

As a result of the failings with the regime, the Ministry of Business Innovation and Employment has commissioned KPMG to review the implementation and operational effectiveness of the retentions regime. The Building and Construction Minister, Jenny Salesa, has asked officials about how to strengthen the regime within the CCACT and hopes to make announcements alongside the release of the KPMG report.

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



Andrew Skinner is formerly General Counsel at CARTERS and is a Partner at Stewart Germann Law Office  
Email: andrew@germann.co.nz

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# PCBUs working together; advice when contracting

Health and safety obligations can overlap in a contracting chain, where contractors and subcontractors provide services to a lead contractor or client.

Consulting, cooperating and coordinating is key when working with other businesses in a shared workplace, or as part of a contracting chain. If you're working with other businesses and you're not sure who is responsible for managing health and safety duties, Worksafe has produced a comprehensive and detailed guide to clear up any questions you may have.

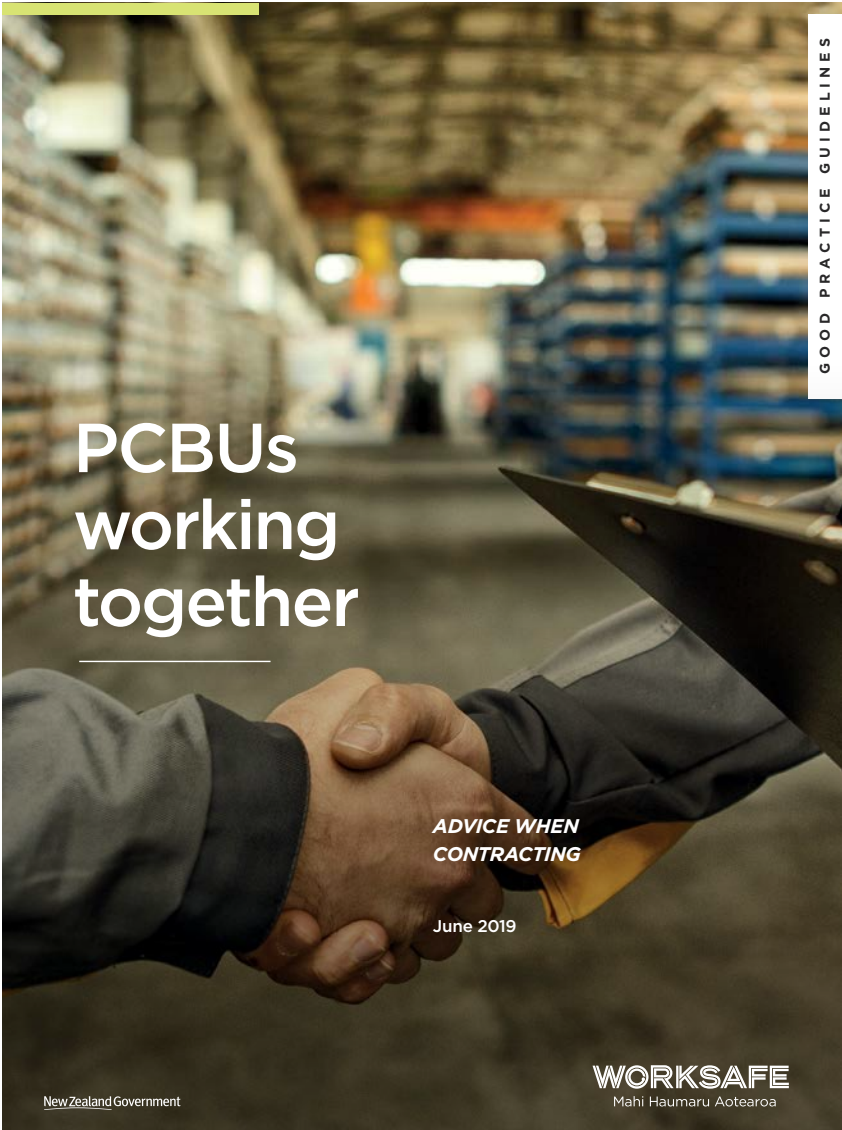
The guide provides advice on how you can meet your obligations under the Health and Safety at Work Act 2015 (HSWA), as well as illustrating different contractual relationships between parties and providing examples of ways you can build health and safety into contract management.

**WHAT THE GUIDES IS ABOUT**

The Health and Safety at Work Act 2015 (HSWA) is the key work health and safety law in New Zealand. A guiding principle of HSWA is that workers and other persons should be given the highest level of protection against harm to their health, safety, and welfare from work risks so far as is reasonably practicable.

Contracting is when a **PCBU**<sup>1</sup> (the contracting PCBU) hires someone else (**the contractor – also a PCBU**) to carry out temporary work under contract.

Contractors may be individuals or businesses. Contractors, their subcontractors, and their employees



are classed as the workers of the lead contracting PCBU.

**CONTRACT TYPES MAY INCLUDE:**

- projects (such as construction, installation or upgrade work)
- maintenance and repair activities
- service and cleaning contracts.

PCBUs that work together will often share health and safety duties in relation to the same matter. These are called overlapping duties. PCBUs have a duty to consult, cooperate

with and coordinate activities with all other PCBUs they share overlapping duties with, so far as is reasonably practicable.

**THIS GUIDE EXPLAINS:**

- How PCBUs can work together to meet shared duties
- How to build health and safety into contracting tendering practices.

This guide is for all PCBUs who share overlapping duties with other PCBUs, either in a shared workplace or as part of a contracting chain.

For a full copy of the guide, go to <https://worksafe.govt.nz/managing-health-and-safety/getting-started/understanding-the-law/overlapping-duties/pcbus-working-together-advice-when-contracting/>

## Making sure you're in good form during summer

DOING THE HARD YARDS IN SUMMER IS ALWAYS A BALANCING ACT OF MAKING SURE THE AMOUNT OF LIQUID COMING OFF THE BODY IS BEING REPLACED BY THE GOOD STUFF GOING IN.



Palmerston North scaffolding company Scafit knows how dehydration can be an issue - people can lose concentration, and this can lead to mistakes being made.

Company trainer Doug Pokiha says he's seen first-hand how this can affect the performance of the guys in the team.

A key culprit is people drinking sugary, caffeinated drinks which can make matters worse, so water is key, he says.

Scafit has plenty of water on-hand and sets the guys up for a good day's work by having plenty of breakfast cereals available.

Owner Dave Crowley told Site Safe that looking after staff is part of that whole package of wellbeing at the company.

"We saw that that water and hydration were critical factors in the job," he says.

"Come the afternoon, because we've got a really physical job, dehydration is a real problem.

"We couldn't really prove it but we had a feeling that some of our minor accidents were happening in the afternoons, and particularly later in the day, because of it. We started putting that down to fatigue linked to water intake and food.

"If the guys aren't eating properly, they're certainly not thinking properly," he says.

Partner and co-owner Nicki Crowley, who was a nurse in her former work life, says good nutrition and hydration just make sense.

"I make sure we have lots of fruit and we have healthy breakfasts – it's muesli, toast, Weet-Bix."

And this food is available all day long. One initiative they put in place was to put pee-colour charts in the toilets so the guys could compare what was coming out with the colour on the chart. If the colour is too dark, it's time for water.

- HERE ARE SOME OTHER TIPS FOR WHEN THE DAYS WARM UP.**
- 1. STAY COOL, STAY COVERED**  
Kiwis have one the highest melanoma rates in the world. Limit your exposure to harmful UV rays by covering up with UV-rated clothing, wearing high-quality sunblock and safety sunglasses. Wear breathable fabrics and a hat but be sure to comply with your company's clothing/PPE rules.
  - 2. DON'T SWEAT IT**  
Stay hydrated with lots of water. Most people need about eight glasses of water a day, but if you're working in the heat, you'll probably need more. Avoid dehydrating drinks like those with too much sugar or caffeine.
  - 3. BE THE MAN OR WOMAN WITH A PLAN**  
Plan to try to limit your time in the heat and work in the shade when



possible. Take regular breaks and consider extra breaks if the work is demanding.

**4. KNOW THE WARNING SIGNS**

Make sure you know the danger signs to look out for yourself when working in the heat. If you do overheat, you'll notice symptoms like:

- Feeling weak or dizzy
- Darker coloured urine
- Pounding or rapid pulse
- Loss of balance, fainting
- Headaches
- Muscle cramps
- Mood changes or confusion
- Clammy or sweaty skin



For more information go to <https://www.sitesafe.org.nz/guides--resources/practical-safety-advice/working-in-summer/>



# Hot on hot work – how does insurance respond?

■ BY BEN RICKARD

With the recent Sky City Convention Centre fire a hot topic, now is a good time to highlight the expectations insurers generally have around hot work claims.

## WHAT IS IT?

Hot work is the use of welding, brazing, cutting, grinding, blow lamps, burning off or other flame or heat operating equipment. It is governed by NZS 4781, which is the relevant New Zealand Code of Practice for protecting people and property from the hazards that can arise from hot work activities (Google: NZS 4781).

Most insurers will assess any hot work-related event against this standard. Failure to comply with it could result in your claim being declined.

## PUBLIC LIABILITY INSURANCE

These typically include a hot work exclusion, with cover then brought back in again but subject to specific obligations/limits. In one example, you'll be covered as long as you:

1. comply with NZS 4781;
2. comply with the conditions of any specific hot work permit and
3. take all reasonable steps to minimise the risk of loss.

Depending on your occupation or the type of activity you perform, your policy may include further specific limitations or exclusions, a higher excess and a maximum limit to the

amount you can claim (which could be lower than your headline policy limit).

The policy may also have a specific definition of what they consider hot work to be, so check that in your policy.

## CONTRACT WORKS INSURANCE

A contract works insurance policy may not specifically refer to hot work, but it will always require you to take reasonable care to avoid circumstances that could result in a claim. This includes not acting in a reckless or grossly irresponsible way. If a claim is made you could expect them to check very closely if you have complied with NZS 4781. Failing to do so could be grounds to decline your claim.

## GOOD PRACTICE

NZI has produced a helpful guide to minimising your hot work fire risk. Among other things it suggests:

- Use hot work permits to manage the on-site area
- Identify and remove any flammable materials or other fire hazards from the area if possible, including sweeping floors.
- Wet down the immediate area if practical
- Use guards to confine heat and protect fire hazards that can't be relocated
- Nominate a "fire watch duty" and assign responsibilities to people for overseeing the work
- Conduct checks afterwards to check for hotspots
- Make sure a hose or extinguisher is immediately available
- Train operators to perform the work safely

## IN A NUTSHELL

Insurers are hot on hot work, so if you have a claim related to this you can expect they will look at it very closely. Make sure you're complying with the appropriate NZ Standard and taking all the right precautions, including risk minimisation and operator training.



<https://builtininsurance.co.nz/wp-content/uploads/2019/11/NZI-Risk-Solutions-Hot-Work-Safety.pdf>

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INSURANCE

Builtin Insurance are New Zealand's trade insurance experts. For more information visit [builtininsurance.co.nz](http://builtininsurance.co.nz) or contact Ben Rickard at [ben@builtin.co.nz](mailto:ben@builtin.co.nz) or 0800 BUILTIN.

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“Over **4000** people are diagnosed with either melanoma in situ or invasive melanoma every year in New Zealand. That's around **13** people every day. Over **300** Kiwis die of melanoma every year.”

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