

# TRADE LEADER

JUNE - JULY 2020 ISSUE ■



**COVID-19;**  
Where are  
we heading?



**Assessing the**  
economic impact on  
residential construction



**Health & Safety;**  
How to manage the  
new regulations



**Building**  
contracts  
under scrutiny



■ **Getting back to site  
safely** and what's  
ahead post COVID-19



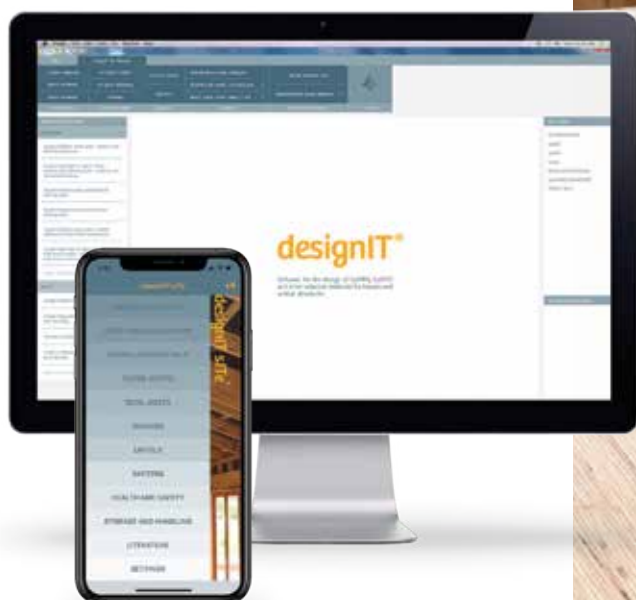
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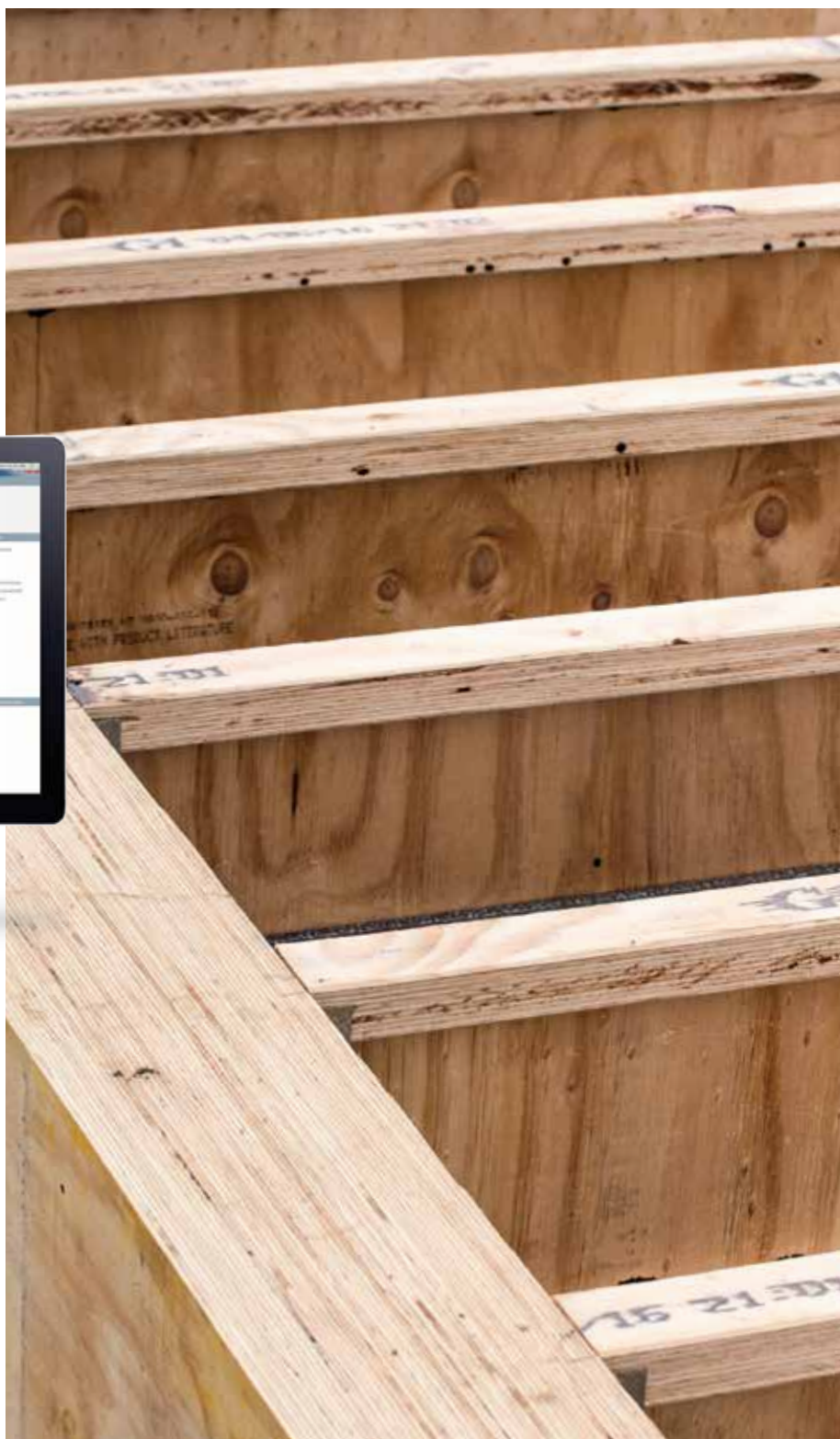
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# In the frame

BY MIKE GUY, CARTERS CHIEF EXECUTIVE

When I wrote this column for the last issue of CARTERS Trade Leader, little did I expect what was to unfold over the following couple of months.

Most businesses had started to put plans in place to cope with what we knew, but the realities of COVID-19 and following restrictions did not really hit home until we found ourselves in level 4 lockdown on March 25th.

Like many areas of business, building sites across the country had ground to a complete halt and the predictions of what was going to happen in the short to medium term didn't offer certainty. Even as this issue of Trade Leader is being finalised, we've only just entered Level 2, which has meant considerably more freedom, but still requires significant attention when operating to ensure the health and safety of your teams and ours, in line with industry guidelines.

We've been working hard to ensure best practice right across the spectrum of our business, whether you're coming into our branches, or we're delivering products to your site and, to help make the process as simple as possible, we've been keeping you updated on our website with any special site requirements, so we can meet your trade needs in the safest way possible.

Given the huge impact COVID-19 has had right across the building and construction sector, we went to three industry representatives to get their perspective of what things will look like over the coming months, what needs to be done to mitigate the risks and how we can – as an industry – go about reducing or, at least, dealing with the effect that has been caused. Their responses are insightful, thought provoking and honest, and they give a real picture of where the industry currently sits, and what we can expect going forward.

Not surprisingly, the impact of COVID-19 is a fairly strong theme running right through this issue, from the legal issues it may cause with contracts and disputes, to health-and-safety requirements and the longer term economic effect it may have on construction.

We are going to continue to update COVID-19 information as it becomes available in the coming weeks and months, not just through Trade Leader, but also through the new Trade Leader Online section of our website, you can find this at <https://www.carters.co.nz/trade-leader-online>.

Finally, just as this issue was being printed, the Government announced its 2020 Budget, which has a significant construction sector component.

As part of the massive \$50bn package, the Government has committed to two major projects – commitment to 8,000 new state homes in the next few years, another \$3bn towards 'shovel-ready' projects and \$1.6bn towards trades training. We hope this will go some way towards getting the industry moving again.

It also paints the building and construction industry in an appealing light to those thinking of taking on apprenticeships. With a lack of employment opportunities at the moment, it is good to see that the demand for skilled tradespeople will remain relatively high for the foreseeable future.

With that in mind, the Apprentice of the Year 2020 applications closed while we were in lockdown and we are pleased to share that there were over 100 apprentices who entered to vie for the title. We look forward to seeing the talent that is coming up in the industry throughout the competition.

As we head into the peak of winter and with all that is happening in the world, take care of yourself and your teams as we get back to the business of building.



**MIKE GUY**  
CARTERS Chief Executive

**CARTERS**   
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## TRADE LEADER.

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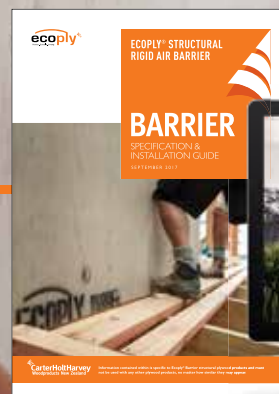
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**HEALTH & SAFETY****NEW FOCUS UNDER COVID-19**

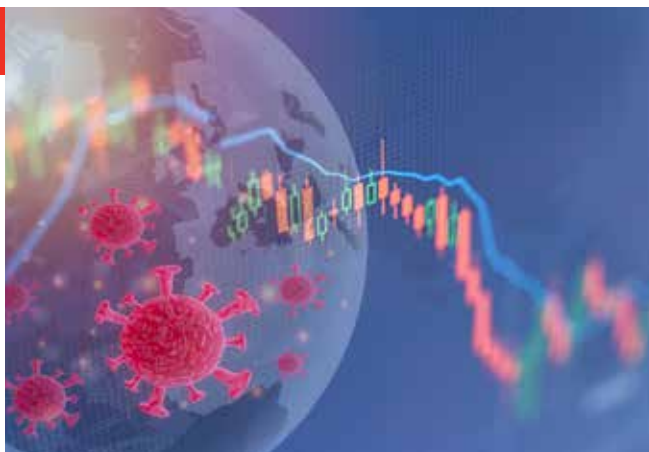
Under COVID-19 guidelines, health and safety has come into even greater focus on the building site than ever before. But just what does that mean? And how do you meet your H&S requirements?



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Rodney Dickens says that assessing the outlook for residential building is challenging, but here's his assessment of what it will look like over the next couple of years.

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Three industry leaders – Julien Leys, Malcolm Fleming and Graham Burke outline their thoughts on what COVID-19 means for the construction sector – now, and in the future.

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From contactless sign-in/sign-out systems and contact tracing to improved home office efficiency, technology is playing an increasing role in the management of the building and construction sector.

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Legal expert Andrew Skinner says building contracts will come under much greater scrutiny given the fallout from COVID-19.

# Liquefaction lessons

■ BY KIRAN SALIGAME, SENIOR GEOTECHNICAL ENGINEER,  
MINISTRY OF BUSINESS, INNOVATION AND EMPLOYMENT (MBIE)



Following a 2-year transition period, Acceptable Solution B1/AS1 will no longer be used for foundations on land prone to liquefaction. Foundations will be consented as a Verification Method or Alternative Solution.

New Zealand is a high earthquake hazard region, and earthquake considerations are integral to the design of the built environment. Liquefaction is a real risk to our built environment, especially to buildings, as it can result in settlement, tilting, stretching and damage to services and utilities.

## LESSONS FROM CHRISTCHURCH

Widespread liquefaction in the Canterbury earthquakes has resulted in an extensive amount of research and guidance, developed locally and nationally, on past occurrence of and future vulnerability to liquefaction.

There is also a broad understanding of the effects and how to mitigate these. As a result of this awareness, buildings constructed after the earthquakes are to be built to the

latest standards for liquefaction-prone land and will be more resilient than the older building stock.

## BUILDING CODE CHANGE TO FOUNDATIONS

Traditional foundation solutions contained within B1/AS1 were found to perform poorly on ground that is susceptible to liquefaction and lateral spreading during an earthquake. Therefore, Acceptable Solution B1/AS1 will no longer be used on ground prone to liquefaction or lateral spreading. To implement this change, the current limits for 'good ground' in Building Code clause B1 Structure have been adjusted.

This change means that foundation solutions on land prone to liquefaction and/or lateral spreading will need to be consented as a Verification Method or Alternative Solution.

## SOME COST CONCERNS RAISED

Feedback from public consultation in August/September 2019 revealed that most of the building and construction sector believes that the change regarding liquefaction-prone ground will increase the cost to build on liquefaction-susceptible land. However, this will be offset by a gradual increase in seismic resilience and a corresponding reduction in post-earthquake disruption to Kiwi homes.

Experience from the Canterbury rebuild also demonstrates



## WHAT IS LIQUEFACTION?

Liquefaction is when the strength and stiffness of a soil is reduced by earthquake shaking or other rapid loading. Three key elements are all required for this to occur:

1. Loose soil – typically sands and silts or, in rare cases, gravel.
2. Saturated soil – that is, below the ground water table.
3. Sufficient ground shaking – a combination of the earthquake duration and intensity of shaking.

## WHAT ARE ITS EFFECTS?

In areas with soils that are susceptible to liquefaction, significant damage to structures and lifelines can be

caused by liquefaction-related lateral spreading and lateral stretching.

**Lateral spreading** is the horizontal movement of ground towards the free face (open face) or downslope as a result of liquefaction of shallow underlying soil deposits.

**Lateral stretching** appears as ground cracks that typically occur when the ground moves horizontally between two points over a given length.



that the engineered foundations, in time, are actually cheaper than conventional slab-on-ground foundations due to increased availability and changes in supply and demand.

Key outcomes of the change to liquefaction-prone ground requirements include:

- achieving greater resilience via appropriate initial geotechnical investigations
- increasing sector efficiency through communication, collaboration and education
- raising the awareness of the risk of liquefaction and its impact on land and buildings.

## 2-YEAR TRANSITION PERIOD

There is a 2-year transition period for these changes, giving everyone the opportunity to come up to speed with the requirements. During the transition, MBIE will run an awareness campaign (education and training) targeting the general sector and advising key stakeholders of Building Code updates.



Further information on the biannual Building Code updates programme is available at [www.mbie.govt.nz/have-your-say](http://www.mbie.govt.nz/have-your-say), while the updated Acceptable Solutions and Verification Methods can be seen at [www.building.govt.nz](http://www.building.govt.nz).

# CODEWORDS QUIZ



- During an earthquake, soil and water can combine to form a semi-solid material in a process called:**
  - Liquid faction.
  - Liquefaction.
  - Quick sanding.
- What report is required to assess whether a site is prone to liquefaction?**
  - Geotechnical report.
  - Structural report.
  - Building services report.
- Foundation solutions on land prone to liquefaction and/or lateral spreading will need to be:**
  - Consented as a Verification Method or Alternative Solution.
  - Compliant with B1/AS1.
  - Consented as an Acceptable Solution.
- When will the new changes regarding building on liquefaction-prone areas come into effect?**
  - Immediately, they are already in effect.
  - In 2 years, allowing a transition period to map liquefaction-prone areas and increase awareness among stakeholders.
  - The changes are optional.

**ANSWERS:** 1. b 2. a 3. a 4. b

# On-the-job learning

■ BY JULIET CLENDON, SENIOR TECHNICAL ADVISOR, OCCUPATIONAL LICENSING, MBIE

On-the-job learning was included as part of the LBP skills maintenance requirements in 2015. We recognised that many LBPs learn best by doing and that elective skills maintenance activities don't capture learning on the job.

Sometimes LBPs struggle to think of ideas for on-the-job learning, especially if they have been working with the same products and techniques for some time.

While learning to use a new product or technique is a great example of learning, it's not the only area of learning that is relevant.

## IDENTIFY ON-THE-JOB LEARNING

LBPs require a range of skills and knowledge to carry out their work effectively. Here are some areas relevant to LBPs you may wish to consider for skills maintenance:

- **Regulatory knowledge** – knowing your legal responsibilities, applying for building and resource consents, staying up to date with changes to the Building Code, participating in consultations.
- **Technical knowledge and skills** – new products and techniques, putting theoretical knowledge into practice, learning from mistakes, refreshers, looking up standards and other technical guidelines.
- **Health and safety** – learning safer methods of working, participating in site inductions, using new types of PPE or equipment with improved safety features.
- **Professional skills** – managing contracts, liaising with clients, managing resources, supervising workers.

Some LBPs spend less time directly on the tools – for example, if they are undertaking more management or oversight type roles. It is a common misconception that these LBPs will struggle to complete on-the-job learning. However, LBPs overseeing projects will still need to maintain their regulatory knowledge, manage health and safety on site and hone their professional skills. LBPs working in senior positions often supervise contracts, people and resources on the job. This type of work is relevant to their LBP professional skills and can be used for on-the-job learning examples.

## ELECTIVE ACTIVITIES VS ON-THE-JOB LEARNING

Sometimes it is less clear if learning should be classified as an elective activity or on-the-job learning if it was completed while at work. For example, you might take a

>>Continued over page

>>Continued from previous page

first aid course as part of your employment. The on-the-job learning component of skills maintenance is designed to capture learning that doesn't fit under an elective learning activity, as it occurs organically while you are on the job. A good rule of thumb is to consider listing the learning as an elective activity first, and then if it doesn't fit, consider including it as on-the-job learning. For example, a first aid course is structured training, so it would fit as an elective activity.

### RECORD YOUR LEARNING

To record your on-the-job learning, you don't need to write a whole essay, but you do need more than one sentence. For us to understand the value of your on-the-job learning, you need to briefly cover the following:

- Summary of the project or job and your role.
- What you learned.
- How this will improve your ability to work as an LBP.

You can also attach any relevant documents, such as plans, photos, records of work, specifications and meeting notes. It may be easier to fill in the record when you do the learning, so it is still fresh in your mind rather than waiting until your skills maintenance record is due.

The easiest way to add an example of on-the-job learning to your skills maintenance record is to submit it to MBIE directly via the LBP portal online. Alternatively, you can download the record of on-the-job learning form and send it in the post. There are also industry providers who offer tools to assist LBPs in collating their skills maintenance record, but you need to ensure these records are passed on to MBIE when your record is due for relicensing.



To learn more about on-the-job learning, check out the examples provided at [www.lbp.govt.nz/skills](http://www.lbp.govt.nz/skills) and our previous article in Build 157 (see [www.buildmagazine.org.nz](http://www.buildmagazine.org.nz)) and Codewords issue 77.

## CODEWORDS QUIZ



### 1. How many on-the-job learning records do you need to provide for each skills maintenance cycle?

- a. At least two in total.
- b. Two per licence class you hold.

### 2. A senior builder has been supervising and providing technical guidance to an apprentice. Can the senior builder also use this activity for on-the-job learning?

- a. Yes, if they think the experience has improved skills relevant to their licence class, such as supervision and managing staff.
- b. No, as they were not doing the building themselves.

### 3. Completing a first aid course should be:

- a. Elective skills maintenance hours.
- b. On-the-job learning.

# Times without precedent

■ BY WARWICK QUINN,  
CHIEF EXECUTIVE, BCITO

Over the last couple of months, the impact of the COVID-19 lockdown and the Government's response has been, to use a now well-used term, unprecedented. It truly has been.

I have provided a few thoughts on the impact COVID-19 could potentially have on construction apprenticeships with a particular focus on the 15 trade sectors under BCITO coverage. Currently, BCITO has just over 13,000 active trainees and apprentices.

Without significant intervention, we anticipate a substantial decline in apprentice numbers over the next 6-18 months but the extent of that decline, and the recovery time, is difficult to assess with any certainty at this early stage.

Our view relies on past experience of the issues and trends identified from those experiences. We see no particular reason why the outcomes would be markedly different this time given the construction sector has been through recessions many times before and the results are always the same. You just have to look at what happened in 1987 with the stock market crash, 1997 with the Asian financial crisis and of course, the 2008 global financial crisis. Unless the response is different this time, 2020 will be no different.

As a general overview, apprentice numbers are tied directly to the health of construction firms, particularly residential construction firms. As the largest sector of construction (it is also the largest employer of construction apprentices with over 80% of BCITO trainees) it is a good barometer when it comes to considering how construction activity and training is likely to react to the current circumstances. The amount



of existing work and the ongoing confidence in the supply of future work is the critical determinant in the willingness of employers to take on apprentices.

We are aware of the Government's intention to accelerate investment in 'shovel-ready' construction infrastructure projects to help kick start the recovery. These large infrastructure projects will help with unemployment and while we support any moves in this vein, they will do little to address the loss of construction apprentices, given most are employed in the housing sector. Infrastructure has no call for qualified floorers, roofers, tilers, joiners, carpenters, electricians, plasterers, interior designers, kitchen and bathroom designers and the like.

We expect consumer confidence in the housing market to be negatively affected for some time which will result in residential construction being similarly impacted. Trainee numbers will be an early casualty, and it is difficult to see how this can be avoided.

The challenge is to try and retain (or keep a connection with) the number of apprentices currently in the system. To not waste the learning to date, and have a capable and trained workforce ready when the recovery is underway.

We wrote to Ministers explaining what we expected to see and in addition to significant intervention, we recommended bringing forward and fast-tracking the reforms of vocational education.

---

**ONE OF THE DESIRED OUTCOMES OF THE VOCATIONAL REFORMS IS FOR LEARNERS TO BE ABLE TO TRANSITION SEAMLESSLY BETWEEN WORK-BASED, CLASSROOM-BASED AND REMOTE LEARNING AND THAT THE LEARNING JOURNEY IS NOT DISADVANTAGED BY LOCATION OR THE FORTUNES OF THE ECONOMIC CYCLE.**

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With the New Zealand Institute of Skills and Technology now established, it should be more able to influence how the Polytech sector might have otherwise responded. We believe there are opportunities for BCITO (and other construction-based ITOs) and the NZIST to work together collaboratively in the spirit of RoVE to help address some of the likely casualties COVID-19 will have on our employers and learners.

Also, consideration has to be given to supporting those apprentices who might otherwise end up as NEETS (not in employment, education or training) and maintaining a connection with their employer even though they are no longer employed. Firms will likely want their staff back as their businesses recover. Keeping those relationships alive while apprentices continue to learn off site will facilitate a more effortless transfer between continued learning and work - even if that transition is gradual (for example one or two days a week). There are options available to facilitate this which align with the Construction Sector Skills Action Plan that we believe should be explored. This connection and reconnection with the employer and apprentice is also a vital ingredient to ensure learning is not disrupted (or the disruption is kept to a minimum) as successful



program completion tends to be heavily comprised when an apprentice changes employer.

We wrote to Ministers sharing these views, and with the Budget, on 14 May we saw their response. Investing \$1.6b in trades training and apprentices is truly unprecedented (there's that word again) and along with \$5b for 8,000 new public houses will go a long way to support us.

The extra 8,000 new public and transitional homes, and the Warmer Kiwi Homes package, is a nod to help maintain the supply of work and drive skill demand by employers who will also be supported if they take on apprentices. For every two homes we build there is an apprentice so 4,000 more apprenticeships will be available than might have otherwise been the case.

The Government also recognises that we need to continue to develop and grow our skills during recessionary times as historically we've struggled to have sufficient skills when the market recovers. Free fees for all for two years, support for group training schemes, support for Māori and Pasifika trades training and trade academies in schools are all targeted at this.

Finally, the fast tracking of the reforms to vocational education and the establishment of the six Workforce Development Councils by the end of this year will pave the way for Industry Training Organisations and Polytechs to work closely together and form the New Zealand Institute of Skills and Technology. For too long, we have been competitors and we need to remove those barriers, so we are all working together for the best interests of employers and learners.

The Government needs to be congratulated.



# Industry leaders' views on COVID-19 recovery

Following a long period of lockdown and restrictions on construction projects throughout New Zealand due to the COVID-19 pandemic, Trade Leader approached three industry leaders to get their opinion on how the sector will cope with the impact the restrictions have had.

Malcolm Fleming (CEO, NZ Institute of Building), Julien Leys (Executive Director, Construction Strategy Group), Graham Burke (Chair, Construction Industry Council) all have their views on how the industry is currently managing, as well as what can be done to ensure the future of the sector.

Unsurprisingly, the trio agree that COVID-19 has had a major impact in all areas and that the flow-on effect will be significant and, potentially, quite long lasting.

"The COVID-19 crisis, lockdown under Level 4 and working within the limitations of Level 3 will have an impact on all businesses within

the sector and there will be some less resilient businesses which will not make it," Mr Burke says. "Government is assisting with the wage subsidy and loans for cashflow, but businesses will need a good understanding of their position and a sound business plan.

Mr Leys says COVID-19 has had a serious adverse effect on the building and construction sector and that the pandemic will place huge pressure on liquidity because the sector has never been as profitable and productive as it should be.

"Even with the Government's Wage Subsidy scheme, many construction companies are struggling with cashflow and many may become insolvent within the next few months," he says. "Many construction companies will make workers redundant once the Wage Subsidy scheme ends in June and then more once cashflow dries up.

"Most construction and building companies are 10 employees or less and many have a project pipeline that has shrunk dramatically."

Mr Fleming adds that those who were working on a site prior to the



**Malcolm Fleming**  
CEO, NZ Institute of  
Building



**Julien Leys**  
Executive Director,  
Construction Strategy  
Group



**Graham Burke**  
Chair, Construction  
Industry Council





lockdown, had the certainty of having a project to go back to once sites were able to open at level 3. The uncertainty for business owners and employees alike, he says, is whether there is a project to follow the one that is currently under construction.

"This is naturally creating some anxiety for the construction industry," he says.

"Given that there are signals from the private sector that projects will be put on hold as a result of COVID-19, whether that be: access to funding has been withdrawn (as it is reported to have occurred with non-bank lenders), or demand for the end product has disappeared, or that property owners with commercial portfolios have lost rent or tenants as a result of the pandemic. "Any combination of those factors makes it difficult for private sector clients to realise projects that they were planning prior to COVID-19."

#### **WHAT DOES THE GOVERNMENT NEED TO DO?**

The role of Government has also come under scrutiny as well and Mr Burke says the Government can play its part by bringing forward infrastructure, housing and civil amenity projects, even though he admits the sector cannot survive on these alone.

"There has been a backlog of work building up for several years; the next year or two will be a great opportunity for consumers to complete projects with less restrictions from skills shortages and associated delays."

Signals from the Government that they will bring projects to market "at speed" will play a role in offsetting some of the drop-off in private sector projects, Mr Fleming says, adding that approximately 2,000 'shovel-ready' projects have been submitted for the Government's

consideration. However Mr Leys says 'shovel-ready' only focusses on a small section of the industry.

"Most of the 250,000 construction workers in the industry are employed in the vertical, commercial and residential sectors," he says. "Shovel ready projects and public infrastructure only make up 20% of the sector. The Government has deferred the vertical, commercial and residential sectors to the Construction Accord and its pipeline but this does not address the need for hammer ready projects.

"Many of the big construction companies will downsize and potentially may go into receivership if they do not get a level of confidence from Government and ability to participate in "hammer-ready" projects whether in defence, health or education sectors.

But Mr Fleming comments that, along with horizontal infrastructure projects, there will be some vertical build projects, primarily in the health and education sectors.

"The government is also looking at its own housing portfolio, with programmes to retrofit that stock now well advanced.

"There is a general view that if you are a contractor or consultant who has government work coming through, you are feeling a lot more optimistic than those whose forward workload is reliant on private sector clients. As New Zealand entered COVID-19 alert level 2, there was a high level of pessimism across the industry. That has now changed quite a lot with the industry buoyed by how proactive we have been as a sector in working with the government, and together."

He said the Construction Sector Accord has played a major role in that positivity and has proven to be incredibly valuable with the representation from both government and industry working together.

"The message is very clear that the government understands how important the construction sector is to the New Zealand economy."

Mr Burke agrees about the value of the Accord and says we have been very fortunate to have it in place prior to the COVID-19 crisis.

"The CSA has been the interface between the industry and government, with direct access to senior officials and ministers. This has enabled the government to quickly receive feedback from industry through industry organisations and the CSA," he says

"The CSA has also been able to quickly assemble groups to work on issues such as the health and safety protocols for working under Level 3 and advice on how to interpret the contractual effects caused by Level 3 and 4. The Construction Industry Council has several members on the Accord Steering Group and the Accord COVID-19 Response Group, this has enabled us to provide two way feedback to members and keep them updated with the latest information."

#### WHAT HAPPENS NEXT?

"The industry is concentrating on getting back to work at present and completing projects that are underway," Mr Buke says "We are yet to see what the full effects of the COVID-19 crisis will be, but know we are in for a bumpy ride. It is crucial we learn from previous events such as the '87 crash and the GFC to ensure we don't repeat the same mistakes. Both those events led to a "race to the bottom" with contractors working at cost or less to win work, huge issues with workmanship and loss of skill to the industry, with resulting issues which are still hurting us today."

He says businesses need to ensure they understand their costs and price work according to the risks involved and that the sector must also ensure we retain its current skill base and if possible, grow it in preparation for the recovery which must follow.

Mr Fleming: "From a business owner's point of view, and as an industry, we need to look at how to adjust to the current climate and approach business. While balance sheets are likely to have been shrinking, we need to look at how to maximise margins going forward so we can replenish those balance sheets and have the ability to invest in R&D and become a stronger industry"

He says the key part of this going forward is ensuring that we don't succumb as an industry to a low fee environment because there will be those clients out there who will be looking to cut prices, but that isn't sustainable.

"I expect to see companies within the construction industry take a step-change in the way they adopt and implement technology as a driver to greater levels of productivity. 'Needs must' drives innovation, under level 3 we have been unable to take the traditional approach of getting as many workers onto a site as possible to perform tasks. With the distancing restrictions, companies have

The building and construction sector are a powerhouse for the New Zealand economy, contributing \$42 billion to the economy and employing 10% of the workforce.

had to adapt to alternative approaches to achieving the same outcomes, a lot of that has been more efficient and will stick."

He says that working smarter and utilising a greater uptake on the technologies that are already available, and that will be quickly be coming on stream, will lift productivity, that will in turn, aid profitability.

"The industry needs to do both to build a greater level of resilience at both a company and an industry level going forward."

Mr Leys says the building and construction sector has the opportunity to make far reaching changes presented by COVID-19.

"This will be to accelerate some of the reforms identified by the Construction Accord such as improved management of risk, a greater focus on whole of life of the built environment including fair and transparent procurement"

He says the building and construction sector are a powerhouse for the New Zealand economy, contributing \$42 billion to the economy and employing 10% of the workforce.

"It should not be subject to 'boom and bust' cycles but a consistent major contributor to improving New Zealand quality of life and economic wellbeing"

"One final thought is that the construction industry needs to work collaboratively to instill consumer confidence," Mr Fleming says. "Yes, property values are likely to fall in the short-term, though for those who take a longer term view to the property market, it's a great time to be considering a building project, as the industry now has capacity to get to work designing and/or delivering a building project in the short-term, rather than the medium-term horizon line that existed before COVID-19."







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### NAIL SIZES FOR TIMBER CLADDING

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

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

### WEATHERBOARD CONVERSION CHART

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

\*Other profiles available upon request

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PRE-CUT SCRIBER



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

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

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# COVID-19 challenges highlight value of trade association membership for builders

**IN THE EXTRAORDINARY CIRCUMSTANCES CREATED BY THE NATIONWIDE RESPONSE TO COVID-19, THE CHALLENGES FACED BY BUILDERS - MANY OF WHOM ARE ALSO SMALL-TO-MEDIUM BUSINESS OWNERS - HAVE BEEN CONSIDERABLE AND WE'RE NOT OUT OF THE WOODS YET. BUILDERS HAVE NEEDED THE KIND OF SUPPORT THAT TRADE ASSOCIATIONS LIKE OURS PROVIDE, AND THIS IS REFLECTED BY THE INCREASE IN APPLICATIONS WE'VE RECEIVED FOR NEW MEMBERSHIP OF NZCB SINCE THE COUNTRY MOVED TO ALERT LEVEL 4.**

From the outset of the move into lockdown, we began communicating with our members more frequently than ever through a wide range of channels including new ones like Zoom sessions, which helped to connect members while isolated. And we focussed on the practical stuff, like information on accessing the wage subsidy, the impact of COVID-19 on building contracts, health & safety

and business planning for recovery.

We also engaged leading economist, Tony Alexander, to present a series of three sessions for our members from late April as we started to think about the transition out of lockdown and into recovery. In addition to general commentary about the future of the economy, his sessions specifically addressed what it means for our sector – especially for builders like many of our members who are small-to-medium business owners.

We've had great feedback from members who have valued our proactive approach from the outset, and the highly targeted, relevant information and support we've provided, based on a keen understanding of the realities they're facing and their immediate needs. But we also know that builders are worried about the future. Despite having work to go back to, and having had the opportunity during lockdown to work on their businesses to address long-term resilience, they've told us through our sentiment surveys that the uncertainty of the economy is a

concern, long-term.

In that context, a key focus for NZCB going forward is continued advocacy to Government around the kinds of initiatives that can be put in place to support the industry. We played a key role in influencing Government decisions around the transition to safely getting back to work under Level 3 and 2 and will continue to seek to influence decisions that directly affect the operating environment for our members.

But we also have a role in highlighting bigger opportunities for the sector and the economy overall, such as new initiatives that incentivise uptake of trade apprenticeships at a time when there is growing unemployment caused by downturns in other sectors. We also want to see Government actively working to maintain confidence in the residential housing market, given that more of our sector is involved in residential housing work than in the higher-profile, large infrastructure work.

For their part, builders can continue to build their own resilience by doubling-down on their marketing efforts and considering joining a trade association to access meaningful ongoing support. It's about the value of working together to share knowledge and resources, so as a builder you don't feel so out on your own – even while continuing to observe social distancing.



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- 70mm x 35mm wide x 3000mm
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You may be surprised to find that the answer is actually: Yes, you can.

It's not quite that simple though, there is a catch.

We have a statement, almost like a team motto, that hangs on the wall above every desk in the Technical Support office. It reads like this:

**"If you choose to substitute a component within a tested system, the responsibility lies with you to verify its suitability in every regard."**

The key thing to point out here is that our systems are tested and verified. This means when we go to one of our testing sites we use a specific list of components, this list is recorded by BRANZ and we measure the performance of a specimen based on the sum total performance of all the parts. If you choose to substitute one of these components, you could potentially change the performance. If the component you choose has an equal or higher performance then this isn't a problem, all you need is to back this up with some form of verification for certification. This should be readily available from your supplier.

GIB® plasterboard is made, and tested, right here in New Zealand. This means when you specify and buy a GIB® system, the same people that carried out the testing are answering the phone and offering support. We aren't passing you around different sub-suppliers and passing the buck. Being the start of a new year, we are planning our testing regime for the year ahead. Many of the tests we will be conducting have come about from inquiries and real life problems put to us by customers like yourself.

Every test is planned out meticulously, every part and component designed specifically to solve these problems and we are here to help the systems be specified and installed as we designed them. Quite simply: Tried. Trusted. True.

**For further information refer to the GIB® Site Guide, also available on the GIB® App, or call the GIB® Helpline 0800 100 442.**

### **GIB® Technical Helpline and Resources Available.**

Call 0800 100 442 or visit [gib.co.nz](http://gib.co.nz)





# Worksite health and safety in the COVID-19 environment

There's no doubt that the onset of COVID-19 restrictions has needed changes to business practice, with the construction sector being one of the most widely affected.

While many industries were able to adapt their practices to allow working from home, the very nature of the construction sector meant that building sites were secured, plant was packed away and workers were sent home. Building activity right across the country effectively ground to a halt with no prospect of when it would resume.

Other than essential services, nothing really altered significantly until the move to Level 3 but, with restrictions being relaxed even further under Level 2 guidelines, activity on building sites is starting to return to normal.

But what is our new 'normal'? What do you need to know to make sure

you're adhering to the regulations now affecting our industry? And how can you make sure your business is working as efficiently, effectively and safely as possible in this new environment?

Across the spectrum, WorkSafe NZ, Site Safe and Construction Health and Safety NZ (CHASNZ) have issued regular updates regarding the health and safety requirements needed to operate under each of the safety levels. But, now (as at time of printing this issue) we're at Level 2, so what are the basic safety guidelines that need to be followed to ensure the wellbeing of you, your employees and the public?

WorkSafe NZ, which takes the role of New Zealand's primary workplace health and safety regulator, says the risk of COVID-19 transmission is lower under Level 2 restrictions, but that the possibility of COVID-19 transmission in the community remains. Therefore, at Level 2, WorkSafe will focus on whether businesses are meeting public health requirements for the prevention of COVID-19 transmission at work, but will still ensure that they're meeting their other health and safety requirements at work.

## THE COVID-19 CONTROLS FOR WORK AND WORKPLACES ARE:

- Ensure people with COVID-19 stay off the premises
- Maintain physical distancing
- Enable good hygiene practices
- Keep track of people that enter the premises

As far as enforcement of the requirements, WorkSafe says it will take a "balanced, proportionate and pragmatic approach."

"We have a range of HWSA enforcement options that we can use if people at workplaces are unreasonably put at risk. We will be working closely with other government agencies, as necessary to ensure PCBU's and people are doing what is needed to prevent the spread of COVID-19."

CHASNZ, who has been extremely proactive with information released during the Coronavirus restrictions, says health and safety must remain the top priority for all business and

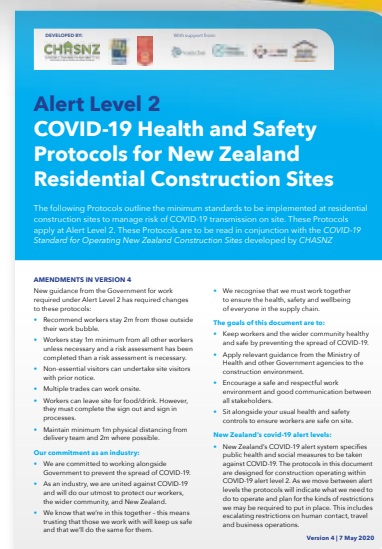
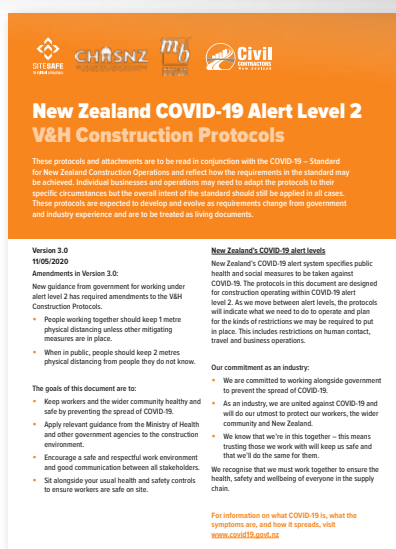




workers, and have continued to issue updated protocols that have been established with industry leaders. These protocols represent current best practice, and come with an expectation that all construction sector businesses and worker will apply them and do the right thing.

#### THEY INCLUDE:

- **Physical distancing:** The protocols specify that appropriate physical distancing is maintained when possible. In instances where work requires less than 1m physical distance for safety or ergonomic reasons, a risk assessment detailing the extra measures employers use such as PPE, sanitation, and recording instances of work and the people involved.
- **Interregional travel:** In accordance with alert level 2 rules, the protocols allow for more flexibility on interregional travel. See more information on alert level 2 rules for travel - <https://covid19.govt.nz/individuals-and-households/travelling-and-moving-around/travel-within-new-zealand/>
- **People on site:** The protocols specify that visitors to sites such as clients, engineers, architects or auditors are allowed, but must comply with site requirements. They must follow site entry, induction, track and trace, hygiene and physical distancing requirements.
- **Mental health:** To support the mental wellbeing of workers during this period, guidance for the sector has been incorporated directly into



The above protocols can be found and downloaded from the CHASNZ website - [www.chasnz.org/covid19](http://www.chasnz.org/covid19) or from Site Safe <https://www.sitesafe.org.nz/guides--resources/COVID-19-protocols/new-zealand-construction-COVID-19-protocols/>

the protocols in conjunction with Mates in Construction.

In partnership with a number of other industry groups, Site Safe and CHASNZ have also issued detailed health and safety protocol documents for both residential and vertical and horizontal (V&H) construction sites across the country. Both list – in detail – the minimum standards that must be implemented at building sites and on construction projects to manage the risk of COVID-19 transmission on site. “We’ve been working with a cross-industry working group to make sure the industry has access to this important information as soon as possible, so businesses will have time to get to grips with what level 2

means for them,” says Site Safe Chief Executive Brett Murray.

“The working group has been actively collaborating with Government, so businesses following these protocols can be confident they are doing their bit to keep their people – and the wider community – safe.”

Also included is a useful flowchart that should be used prior to employees returning to work.

“The health flow chart was simplified under level 2 to reflect that the main focus point is on the worker, who should only come to work if they are free of flu symptoms,” says CHASNZ CEO Chris Alderson. “The requirements to report any overseas travel are now mainly redundant and coming into contact with some body

else who had flu symptoms does not mean that worker is automatically restricted from the workplace.”

In addition to the health chart, a five-step ‘Return-To-Work’ guide has been created by CHASNZ in order to make the process as simple, clear-cut and easy-to-follow as possible. This covers the following points:

- Before arriving on site
- Site entry
- Site operations
- Leaving site
- Management protocols

**Personal Health Flowchart**

**The Five Step Guide for Returning to Work - Alert Level 2**

**Before arriving on site**

- 1. Check your health status and symptoms. If you have any symptoms, do not go to work.
- 2. If you are feeling unwell, stay at home and follow healthcare advice.
- 3. If you are feeling well, you can go to work.

**Site entry**

- 1. Check your health status and symptoms. If you have any symptoms, do not go to work.
- 2. If you are feeling unwell, stay at home and follow healthcare advice.
- 3. If you are feeling well, you can go to work.

**Site operations**

- 1. Check your health status and symptoms. If you have any symptoms, do not go to work.
- 2. If you are feeling unwell, stay at home and follow healthcare advice.
- 3. If you are feeling well, you can go to work.

**Leaving site**

- 1. Check your health status and symptoms. If you have any symptoms, do not go to work.
- 2. If you are feeling unwell, stay at home and follow healthcare advice.
- 3. If you are feeling well, you can go to work.

**Management Protocols**

- 1. Check your health status and symptoms. If you have any symptoms, do not go to work.
- 2. If you are feeling unwell, stay at home and follow healthcare advice.
- 3. If you are feeling well, you can go to work.

**More information**

- 1. Check your health status and symptoms. If you have any symptoms, do not go to work.
- 2. If you are feeling unwell, stay at home and follow healthcare advice.
- 3. If you are feeling well, you can go to work.

This guide can be found through the CHASNZ website - [www.chasnz.org/covid19](http://www.chasnz.org/covid19)

COVID-19 SAFETY PLAN

All businesses resuming operations under level 3, and then under level 2, need to have a COVID-19 safety plan that sets out how they will operate.

WorkSafe says it's not prescribing exactly how you set out your plan, but there is information that must be included and have developed a template that may be useful.

To ensure you are minimising the risk of COVID-19 appropriately, and that your business can continue to operate safely, you need to consider the following questions. Your plan is a record of how you will achieve this.

1. Are there any risks arising from restarting your business or a business activity, and how will you manage these?
2. How will you ensure all workers know how and are able to keep themselves safe from exposure to COVID-19?
3. How will you gather information

- on the wellness of your workers to ensure that they are safe and well to work?
4. How will you operate your business in a way that keeps workers and others safe from exposure to COVID-19?
  5. How will you manage an exposure or suspected exposure to COVID-19?
  6. How will you evaluate, and continuously review, whether your work processes or risk controls are effective?
  7. How do any changes impact on the risks of the work you do?

You need to work together with workers and their worker representatives to develop answers to the seven questions and then

**WORKSAFE**  
Māta Raukiri Aotearoa

**COVID-19 safety plan**

Use this form to document your thinking about how you and your workers will keep safe at work during the COVID-19 pandemic. This form is a template and should be adapted to your business. This information will help you understand and manage the risks of COVID-19 in your business. You should review your plan regularly and make changes as required. There is guidance on what to think about when you're planning a safe return to work here: [www.worksafe.govt.nz](https://www.worksafe.govt.nz). You don't need to send this plan to WorkSafe for review or comment.

**Company details**

Business name:	Manager approval:	Worker representative consultation:
Division/branch:		
Date completed:	Name of manager:	Name of worker representative:
Date distributed:		
Revision date:		

Refer to the WorkSafe guidance for constructing a COVID-19 safe work plan for full details.

WHAT YOU WILL DO	WHO IS RESPONSIBLE
What will be done to manage risks from restarting business after suspension?	Engineering supervisor
How will you ensure your plan is reviewed and updated to keep it effective?	Management

New Zealand Government | worksafe.govt.nz | 0800 555 000 | 1/3

**WORKSAFE**  
Māta Raukiri Aotearoa

This form can be downloaded at: <https://www.worksafe.govt.nz/managing-health-and-safety/novel-coronavirus-covid/operating-safely-at-alert-level-2-what-you-need-to-think-about/>

share the plan with all your workers. This will ensure your workers and others understand how you intend to manage the risks of COVID-19.

MENTAL HEALTH AND WELLBEING

CHASNZ CEO Chris Alderson says mental health and wellbeing plays a major part in the health and safety protocols being issued by his organisation and is something that is vital to the overall health of the industry. “While most construction and building organisations have been focused on getting back to work, it is important to understand that individuals working through the crisis may need extra help and assistance. We have included the Mates in Construction protocol in the documents to use as a resource and remind everyone that early help seeking is the key.

The Mates 0800 number is nationwide and anyone who is doing it tough - whether an employer, manager or worker is encouraged to reach out.”

■ To contact Mates in Construction call 0800 111 315 or free text 5353

**COVID-19 BACK TO WORK MENTAL HEALTH PROTOCOLS**

**FEELINGS AND EMOTIONS**

Feeling stressed or anxious is a normal response to the current situation. It's important to recognise these feelings and seek help if they become overwhelming.

**WELLBEING**

Managing your stress and looking after your physical health are key to your wellbeing. Try to get enough sleep, eat well, and exercise regularly.

**CHANGES IN BEHAVIOUR**

There could be changes in your behaviour. Try to stay calm and focused. If you're having trouble, talk to someone you trust.

**SUPPORT AVAILABLE**

There are many support services available. You can contact Mates in Construction for more information.

**WHAT CAN EMPLOYERS DO?**

Employers can help by providing a safe and healthy work environment. They can also offer support and resources to their workers.



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# Can I save money by cutting my insurance?

■ BY BEN RICKARD

This is a question some of you will be asking during these uncertain times. It's a fair question as people look to reduce costs in anticipation of an economic slowdown.

## IN GENERAL

The value of insurance is that you pay a predictable, regular amount (the premium) to protect you from a large, unexpected, unbudgeted cost that would severely affect your financial situation if it happened.

In tough economic times a big, costly, unforeseen event can be much harder to recover from. This is because you may not have the same level of savings or ability to borrow as when the going is good. This makes having insurance during a slowdown even more important!

You should not think of your insurance premium as a cost that can be cut back, but as an investment you're making to protect yourself

from an even bigger, unexpected cost.

## THE REAL QUESTION YOU SHOULD BE ASKING IS: "WHAT RISKS AM I PREPARED TO TAKE ON MYSELF RATHER THAN BEING INSURED FOR?"

Here are some things to consider as you review your spending on insurance.

## PUBLIC LIABILITY AND PROFESSIONAL INDEMNITY

These policies protect you if you make a mistake (or someone else you're responsible for does) that causes a third party a loss and they hold you responsible. Mistakes can happen anytime and by their nature

they are unexpected, so you can't plan for them. The worst ones can be very costly, so unless you have put aside a big pile of money to cover this possibility, insurance is a good investment.

Secondly, having a break in cover is not recommended, as this can have consequences down the line. With public liability insurance the trigger for a claim is when the damage happens, which in some cases could be months or years after you did the job (think water damage or electrical fire). With professional indemnity the trigger is when the claim is notified to you, so you need to keep cover in place even after the job is finished. If you cancel it you will have no cover at all, even for past jobs.

Homeowners that are under financial stress can be more likely to kick off a dispute. We have seen situations where a builder's customer made up issues with workmanship to get out of paying bills. The right insurance will cover your legal costs in the event of allegations of damage or professional negligence.



Savings can be made at renewal time if you anticipate your turnover (gross income) being lower, as premiums are based on turnover. Bear in mind there are minimum premiums and different insurers calculate premiums at different levels, so a small drop (or increase) in turnover may not affect your premium if you still sit within the same turnover band.

### EMPLOYEE DISPUTES LIABILITY

If you think you may have to make changes to your employment relationships, cut hours or lay off staff in the coming months, it may be worth taking out employee disputes liability cover. This protects you from claims of unfair dismissal, discrimination, harassment and other situations where a disgruntled ex-employee may take a case to the Employment Relations Authority.

### DIRECTORS AND OFFICERS (D&O) LIABILITY

This policy protects the directors of a company personally against claims of mismanagement, which can include claims by creditors if the company becomes insolvent. The Companies Act allows the personal assets of directors to be targeted if they have been found to have breached their statutory duties under the Act, in particular to not allow the business to continue to trade while insolvent. If this happens a liquidator, on behalf of creditors or customers, can go after the personal assets of directors to recover losses.

The good news is that the Government is amending the Companies Act to temporarily protect directors from personal liability that they would otherwise have under section 135 and 136 of the Companies Act. This protection will last for a period of six months, effective from 3 April 2020. It is designed to assist directors, who are managing companies facing significant liquidity issues by limiting their risk and easing their concerns in doing so. This is intended to encourage directors to continue to trade and incur obligations, as opposed to prematurely winding up the company due to the risk of personal liability. Insolvency cover under a D&O policy

is only available to companies with a healthy financial position, but with the Government's temporary protections expiring in October and the future uncertain it could be a prudent investment.

### STATUTORY LIABILITY

This covers your liability for fines & penalties under law. One of the main benefits is that it covers the legal costs and reparations awarded for prosecutions under the Health & Safety at Work Act (it cannot legally insure WorkSafe fines though).

It's not clear yet how WorkSafe will approach breaches of the tough new guidelines for managing COVID-19 exposure on site. A potential worst-case scenario could see someone contract the disease from a site then pass it on to someone else, perhaps an older person or someone with respiratory issues, who dies. Could this trigger a WorkSafe investigation? If a breach of good practice guidelines was found, could this lead to a prosecution?

### VEHICLES

These are a valuable asset for most people. An accident that is your fault can also expose you to the cost of repairing other vehicles or property involved.

One way to optimise your premium is to ensure your business vehicles are insured for their current market value, not how much it was worth three years ago, and that the amount insured is excluding GST (the insurer will add this on in the event of a claim).

You could also reduce your cover from full/comprehensive to third party, fire & theft, or even third party only. But you will then be responsible for cost of damage (or theft or fire) to your own vehicles.

### TOOLS AND EQUIPMENT

At the best of times tools theft is pretty common. In a worse economy not only is theft more likely, it could also be harder to afford to replace your stolen ones. You may have to settle for the cheap alternative. And any time you're off the job without them is costing you money too.

If you can't afford to insure your

tools think very carefully about what security measures you have in place to reduce the chances of them being pinched. Are they stored in the back of your ute parked on the street? Is your garage alarmed?

### LIFE, MORTGAGE & INCOME PROTECTION, HEALTH

The value of these policies doesn't change in a recession. Indeed, the benefits are in many ways greater. Alternative employment may be difficult to find if you get sick and have to get off the tools, and the financial burden on your family if you died could be even harder to bear. If your policy includes cover in the event of redundancy you would be wise to hang on to this for as long as possible!

Look at the amounts and level of income you're insuring, can these be adjusted? What about extending stand down periods?

### PAYMENT OPTIONS

Many insurers and brokers (through premium funding services) offer monthly payment plans that allow you to spread the cost throughout the year. They typically come with fees and interest, but the cashflow benefit of not having to pay all at once can outweigh the extra cost.

### IN A NUTSHELL

Insurance may seem like a cost that can be cut, but make sure you think through the implications of doing so. There are alternatives to cancelling policies, like adjusting cover amounts, revising turnover estimates and switching to a monthly payment plan. Before you do anything, ask yourself the question "What risks am I prepared to take on myself rather than being insured for?"

**BUILT IN**  
INSURANCE

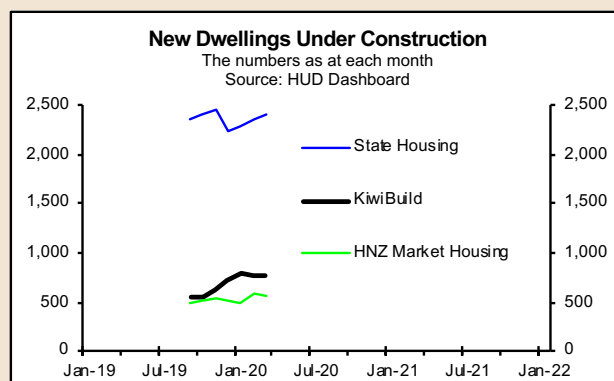
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# COVID-19 will bring more special factors into play for building

■ BY RODNEY DICKENS

COVID-19 adds to the challenge of assessing the outlook for residential building that had already been made harder by special factors like National's Special Housing Areas and Labour's KiwiBuild. What follows is my assessment of the various COVID-19 factors that will impact on building over the next couple of years.

- The lockdown itself had a major negative impact on building activity during Level 4 that will only partly abate in Level 3 and 2 because other COVID-19-related factors will have an impact beyond the next year.
- The government is likely to use COVID-19 to promote KiwiBuild and the building of state/social housing, KiwiBuild and "market" housing by Housing NZ (see the chart for figures for each). The setting up of Kainga Ora as the government's umbrella housing organisation and the Urban Development Bill will extend the ability for government-sponsored building, including involvement in land development that is likely to be given greater priority as a result of COVID-19 because developers will face problems getting funding. There will be an element of haves and have nots in terms of whether building firms are involved in this building that will be focused most on Auckland.
- The closure of the border, other than to returning Kiwis will mean immigration falls from around 150,000 per annum to possibly as low as 40,000. The negative impact of this on population growth will be partly offset by fewer Kiwis heading overseas for OE than normal for some time because of greater threat from COVID-19 overseas, but this will change a bit when NZ and Australia adopt a shared bubble. This is in the context of a sizeable share of Kiwis heading overseas for OE going to Australia while Australians make up a small share of NZ's immigrants. How much it will fall and how long population growth will remain low is hard to say, but slower population growth is likely to contribute to less need for new housing beyond the next year. In time a vaccine will be developed that allows the border to be opened, but views on when an effective vaccine will be available are wide ranging.
- Normally what happens to employment growth and the unemployment rate lag what happens in the housing



market, but this time it could be different. The scale of layoffs and business failures that result from COVID-19 and more so the lockdown will be unprecedented since the Depression in the

1930s. It will inevitably dampen for a period demand for new housing in part because it will make people who still have jobs and businesses a bit less inclined to make large purchases. However, the NZ government is in a strong financial position and in situations like this the Reserve Bank is duty bound to do whatever it can to help promote an economic recovery. Subject to what happens overseas (see below), I see a good case for a solid recovery in employment over the next couple of years. So, to the extent economic fallout from COVID-19 and the lockdown have a negative impact on demand for new housing this year on top of that caused by slower population growth, my best guess is that this negative impact will largely fade over the next two years.

- How much interest rates fall and then increase as fallout from COVID-19 abates? Banks still get just over 20% of total funding from overseas and it appears this has become harder as a result of global COVID-19 fallout. As a result, mortgage rates and term deposit rates have fallen quite a bit less than wholesale interest rates. Interest rates may fall a bit more this year, but it doesn't look like there will be a large fall of the sort that normally occurs in response to a recession. This greatly reduces scope for a major recovery over the next year allowing for it taking around 12 months for changes in interest rates to impact on new dwelling consents; aside from that related to the movement from Level 4

**NZ GOVERNMENT IS IN A STRONG FINANCIAL POSITION AND IN SITUATIONS LIKE THIS THE RESERVE BANK IS DUTY BOUND TO DO WHATEVER IT CAN TO HELP PROMOTE AN ECONOMIC RECOVERY.**





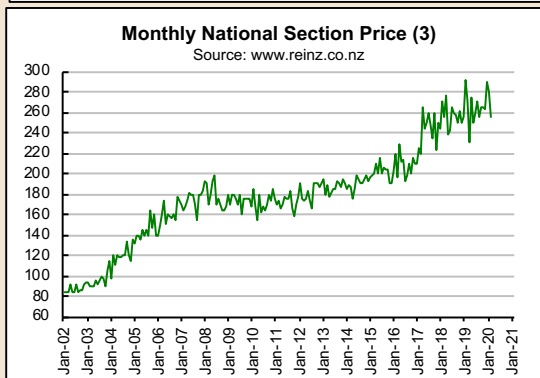
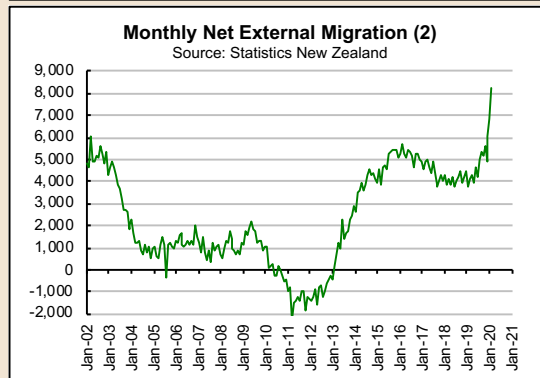
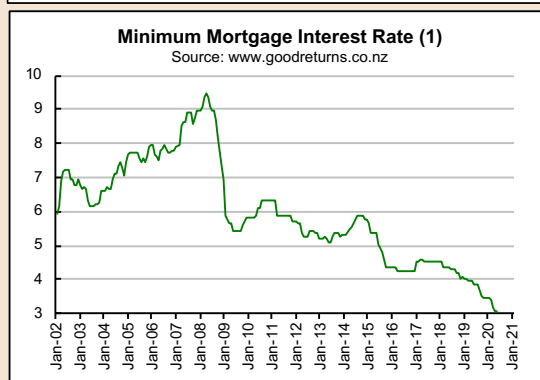
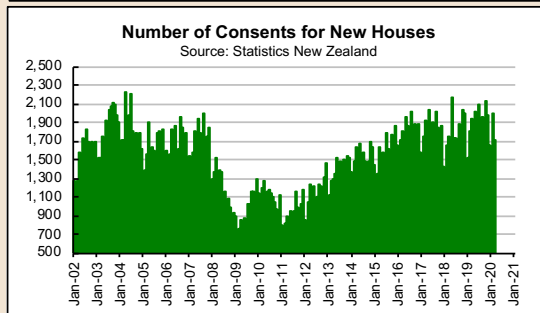
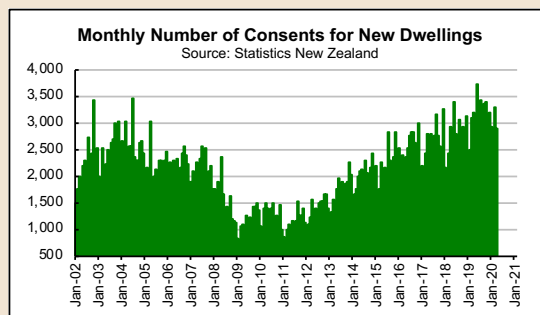
to 3. Obviously, the earlier economic growth starts to recover the earlier interest rates will start to increase although this will partly depend on global developments that are likely to be less favourable.

- In light of banks still relying to a moderate extent on overseas funding, what happens with COVID-19 overseas will have some bearing on how much and quickly building can recover from the lockdown. The limited progress in getting daily new cases of COVID-19 down overseas, the likely high number of business failures and the already high government debt levels in the likes of Japan, the US, the Eurozone and the UK mean the risk of at least a mini global financial crisis can't be ruled out. If it occurs NZ banks will have to ration credit much as occurred after the financial crisis, which will make it harder and longer for building to recover. There is already an element of banks tightening lending criteria in terms of using low income caused by the lockdown in assessing loan applications; so even without a global crisis there will be an element of tighter lending criteria undermining the case for a recovery in building.
- Some capacity-related issues will also undermine the recovery a bit: the COVID-19 health and safety rules slowing down building; the likely failure of some building firms; maybe temporary shortages of some imported products; and maybe a slower consenting process.
- Subdivision developers will be especially hurt by tighter bank lending criteria as occurred after the financial crisis. This could mean section supply problems develop in time and will mean somewhat higher development costs. However, the more this becomes a problem the more active Kainga Ora is likely to become.
- Based on the experience after the financial crisis, building costs are likely to fall if only because of lower wage costs. However, the benefit in terms of improving new housing affordability is likely to be partly offset by some downside in existing house prices.

The starting point for COVID-19 hitting was an extremely high level of building supported by low interest rates, above average population growth, government initiatives and an element of catchup on the period of low building between 2008 and 2013. I don't believe it is reasonable to expect the level of building to return to the pre-COVID-19 level quickly or necessarily at all. That is, unless the government initiatives are scaled up hugely. However, I believe there is a good case for expecting the fallout from COVID-19 to be largely reversed over the next couple of years although increased government involvement probably means a bit more change in what gets built and who builds it.

#### 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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Edgar Centre  
**Wed 26 Aug**  
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ILT Stadium  
**Thurs 27 Aug**  
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**ROUND 3** **Auckland Sth/East** **Mon 28 September**  
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**Wednesday 30 September**  
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**Thurs 1 October**  
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**ROUND 4** **Wellington** **Tues 3 November**  
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# Using technology to your business advantage

**WITH LEVEL 2 RESTRICTIONS NOW IN PLACE ON BUILDING SITES ACROSS THE COUNTRY, THE CONSTRUCTION INDUSTRY IS NOW REALLY GETTING BACK TO WORK.**

However, due to physical distancing requirements, contact tracing, an increase of related rules on-site and higher levels of working from home than was previously normal, technology gains are becoming increasingly important to those in charge of construction companies, both large and small.

## SITE INDUCTIONS

Site inductions are one area where technology is playing a much larger role than prior to COVID-19. A major part of health and safety requirements, it's required that – as much as possible – these are now done via video link or by phone. ZOOM or Microsoft Teams are two of the more popular online tools that can be used, and are especially handy if conducting inductions for a group of people. But, if just a single person needs to go through the process, phone apps – FaceTime and WhatsApp are two examples – are just as handy for virtual face-to-face conversations.

For the uninitiated, video calls – either as a group or in one-to-one situations – can be a bit daunting or uncomfortable, but they don't take long to get used to.

## SIGN IN REGISTERS AND CONTACT TRACING

In order to reduce physical contact and/or sharing of pens during sign in or sign out of a construction site, contactless systems are being suggested as the most health-friendly option.

In many cases, these also provide contact tracing as part of the package.

A recent announcement by the Ministry of Business, Innovation & Employment (MBIE) has seen an application



called SaferMe to supply business-specific contract tracing for New Zealand businesses.

The mobile app-based solution will be offered for free in NZ; with only project management and support hours charged if required. Small NZ businesses who wish to manage their own onboarding won't pay a cent.

The SaferMe application provides a number of other site solutions as well, allowing you to run a more efficient, safer building site in the current environment.

For more information, visit [www.safer.me](http://www.safer.me)

## HOME/MOBILE OFFICE

The flexibility in the way we work has been tested lately and work is not only being done from the office and site headquarters, but also increasingly from home or on the move.

Josh Tait from Noel Leeming Tech Solutions says there's a lot of tech solutions to optimise time and efficiency.

Wifi boosters will help add some extra bandwidth to be able to get rid of any lag on the system and that's handy if you're joining meetings via video app. Casting your work on to bigger screens like your main TV can free up your laptop screen.

Getting a PC that is fit for purpose can make a big difference when it comes to getting the job done quickly and efficiently and paired with a portable printer that has wireless connectivity and battery, becomes near-perfect for on-site or at home convenience.

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# Impact of COVID-19 on building contracts

■ BY ANDREW SKINNER

**THE ON-GOING FALLOUT FROM COVID-19 WILL IMPACT THE COMPLETION OF EXISTING BUILDING WORK AND NEED TO BE TAKEN INTO ACCOUNT FOR NEW BUILDING CONTRACTS. NOW MORE THAN EVER EXISTING BUILDING CONTRACTS WILL BE SCRUTINISED IN MORE DETAIL TO CLAIM APPROPRIATE COSTS AND ADJUSTMENTS AND IT WILL BE IMPORTANT TO FOLLOW THE CLAIM PROCESSES IN THE CONTRACT. FOR NEW BUILDING CONTRACTS, SOME ADDITIONAL SPECIAL CONDITIONS SHOULD BE CONSIDERED TO DEAL WITH DIFFERENT ASPECTS OF COVID-19.**

## INCREASED COSTS

As builders return to site, they will find themselves returning to a new way of working, which emphasises worker distancing, health and hygiene. This is likely to impact the productivity on building sites and lead to increased costs. There may also be further increases to costs associated with subcontractors and materials. If the building contract was prepared on a charge-up basis, then these costs are likely to be borne by the owner but may put pressure on the owner's budget. If the contract has been prepared on the basis of a contract price, then the contract will need to be analysed to review whether the particular increased costs can be passed on to the owner. Builders will need to check the provisions and processes around cost fluctuations and variations to determine what if any increased costs can be passed on. Good communication with the owner is important and the processes in the building contract must be followed and documented to avoid disputes when it comes to payment claims.

## DELAY

There will clearly be a delay on the expected completion date caused by the lockdown period. Even if the specific list of events in the building contract entitling the builder to an extension of time does not refer to a pandemic, the clauses usually refer to a general event that is beyond the builder's control which is no doubt the case under the current

circumstances. It is important to check the relevant provisions of the building contract to confirm the process for claiming an extension and whether the additional costs arising from the delay are able to be recovered.

## PAYMENTS

Builders will need to consider whether the owner's financial position may have been affected as a result of COVID-19. Appreciating this may be a sensitive issue, builders should check whether the building contract grants the builder the right to request information regarding the owner's financial ability to pay for the work and, if it does, it would be prudent to confirm that the funding remains in place for the building work.

Given the impact of this event and the possible increase in costs, now more than ever it is important to ensure that the payment claims meet all of the requirements of the Construction Contracts Act 2002 (CC Act) and are submitted in accordance with the CC Act and the building contract, together with all appropriate supporting documentation. The CC Act contains nine requirements for payment claims, including information about how the amount has been calculated, which would include any claim for increased costs in accordance with the contract.

## NEW BUILDING CONTRACTS

Builders will also need to consider the most appropriate form of contract for new jobs in the current

environment. It may be that given the level of uncertainty, we see a move away from fixed price contracts to cost reimbursement contracts. If contracts with a price are used, any increased costs will need to be factored in and special conditions may need to be added depending upon the job to deal with specific COVID-19 circumstances.

For example, some of the matters which may require specific attention by way of special conditions are:

- a specific special condition dealing with cost increases and delays which may be caused by COVID-19 restrictions (both existing and any new restrictions during the build)
- stricter requirements on proof of owner funds and notification of events that may cause a material change to that position
- further restrictions on owner access to the site and a requirement to meet the COVID-19 site protocols

The impact of COVID-19 will result in more scrutiny of building contracts and, for new contracts, the parties need to ensure that any new risks are adequately dealt with to provide clarity during the build.

*This article is of a general nature and is not intended to be relied upon as legal advice.*

## CONTRACT



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