

Major changes to Building Act proposed

THIS ISSUE ■

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industry partnership with
Government

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under a labour-only contract?

New products create new
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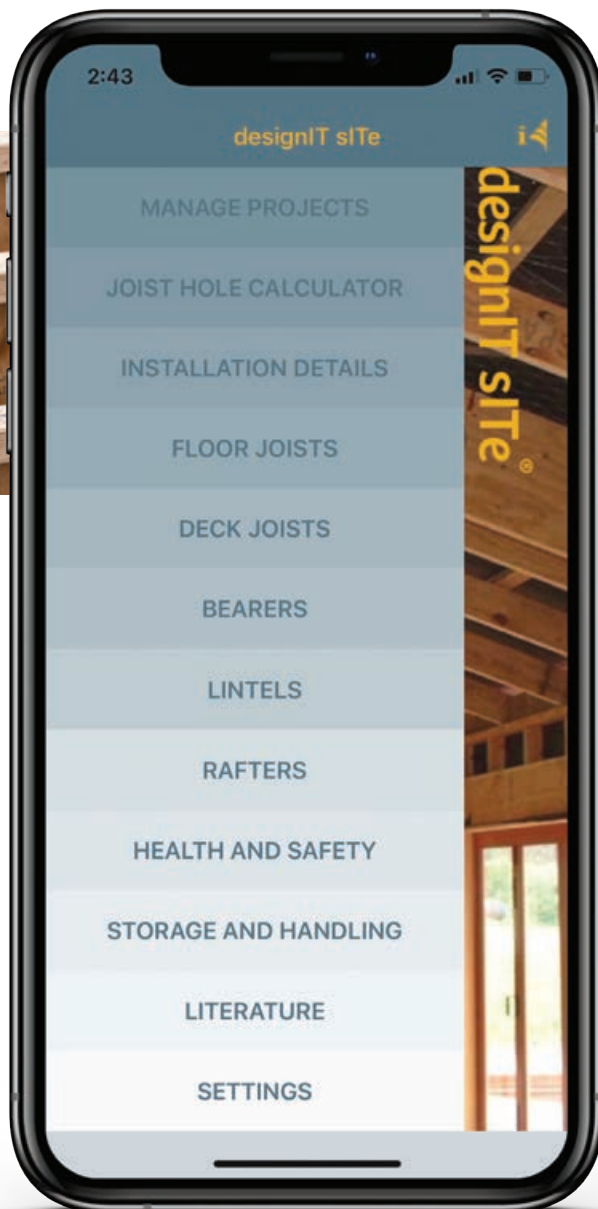
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In the frame

BY MIKE GUY, CARTERS CHIEF EXECUTIVE

The last couple of months have seen some big shakeups planned for the building and construction sector, with a couple of major announcements coming from Government.

The first was the Construction Sector Accord - initially announced by Prime Minister Jacinda Ardern and Building and Construction Minister Jenny Salesa - which highlights a partnership between Government and the industry to improve a number of facets of the sector.

Some media outlets labelled it as a drive to "fix a broken industry" but, whilst some areas of our sector may need improving (like many other industries), it seems inaccurate to hang the tag of "broken" around our collective necks. We face some significant challenges, and we've been working hard as an industry to meet those head-on. The Accord is another proactive step in that process and you can find more details of it beginning on page 12.

The second big announcement was the proposal on reforms to the Building Act 2004, a piece of legislation that has been in place without any major alterations or refinements since its inception 15 years ago.

The discussion document around the proposals is a big one and contains information that legal expert, Andrew Skinner from Stewart Germann Law Office, has attempted to break down into something much easier to

understand. The deadline for feedback on the reform proposals is June 16, so there isn't much time if you wish to have your say. Read more about these proposals starting on page 8.

We've also got news around a new supplier partnership with Ecoinsulation®, manufactured by Knauf, this is an exclusive arrangement for CARTERS to supply a new generation of product - which uses patented technology to deliver superior environmental sustainability.

Ecoinsulation® uses bio-based ECOSE® binder technology which adds no phenol or formaldehyde during production, this manufacturing technique makes up the majority of insulation used in the US and it is fast becoming a global trend that CARTERS are keen to be a part of.

CARTERS supplier strategy is to find long-term partners who provide sustainable and innovative products utilising state-of-the-art technology and, with Ecoinsulation®, we have done just that. Find out more on page 20.



MIKE GUY
CARTERS Chief Executive

CARTERS
Your **Building** Partner

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MANAGING EDITOR

Scott Wilson
P: 021 725061
E: scott.wilson@tlpmedia.co.nz

LAYOUT

Kaz - Design. Brand. Web.

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ENQUIRIES

TLP Media Ltd, PO Box 21081
Hamilton 3256
E: tlpmedia@tlpmedia.co.nz

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The Ministry of Business, Innovation and Employment (MBIE) considers the building sector to be facing a number of long-standing problems, and has opened up a consultation on major changes to the Building Act 2004.

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NAWIC Excellence Awards

THE CALL HAS GONE OUT FOR NOMINATIONS IN THE 2019 NAWIC EXCELLENCE AWARDS PARTNERING WITH BCITO, WITH ENTRIES CLOSING ON FRIDAY, 12 JULY.

On announcing the partnership with BCITO, National Association of Women in Construction (NAWIC) Chair Jenny Parker said, "I am very excited that NAWIC is partnering with BCITO for this year's Excellence Awards. We have formed an excellent relationship with them already, and look forward to working even more with this organisation in the future."

The Awards aim to honour and encourage women already in the construction industry as well as recognise organisations actively working to redress the gender imbalance in the sector. This is the fifth year that the New Zealand Chapter has offered these Awards.

Very few women are currently involved in the wider construction industry - Stats NZ shows that the percentage of women employed in construction in 2017 averaged just 13.3 percent. This ratio is slowly improving - an Auckland-based trades training organisation

has "about 30 women students to 200 men" enrolled, or a 15 percent female-male ratio.

2019 AWARD CATEGORIES

- **The Helen Tippet Award**, the supreme award which celebrates any organisation's or individual's achievement in advancing the interests of women in the construction industry.
- **Tradeswoman of the Year**, celebrating the contribution tradeswomen make to the industry.
- **Professional Woman of the Year**, honouring women who have made a significant contribution to the sector.
- **Rising Star**, which celebrates women who demonstrate future leadership.
- **Excellence in Construction Services**, which honours the contribution of women in administration, sales/marketing or operational roles.
- **Outstanding Achievement in Design**, which recognises an individual's contribution to the design aspect of a construction project.

- **Student/Apprentice Excellence Award**, celebrating female students/apprentices who show a high level of potential and commitment to the industry.

"These awards are a fantastic opportunity for top performers to be celebrated by their peers," says BCITO Chief Executive Warwick Quinn. "All nominees will be fantastic role models who are already proving themselves in the industry, and we are delighted to be involved in this initiative."

Award winners will be announced at a gala function on Friday, 27 September in the Royal New Zealand Yacht Squadron's Ballroom in Auckland, with guest of honour Hon. Jenny Salesa, Minister for Building and Construction.

NAWIC encourages every woman to nominate themselves or others around them for at least one Award.

"This is YOUR time to shine – go for it!"

SAYS JENNY.

Licences cancelled for criminal behaviour

IF A LICENSED BUILDING PRACTITIONER GETS A CRIMINAL CONVICTION IT MAY BE GROUNDS FOR DISCIPLINE BY THE BUILDING PRACTITIONERS BOARD.

The Board may take action if the offending meets the following two criteria:

- the offence is punishable by imprisonment of a term of six months or more, and
- the offence reflects adversely on the person's fitness to work as a licensed building practitioner (LBP)

Section 317 of the Building Act (the Act) provides further details on the grounds for discipline.

Sometimes these criminal offences are related to the work carried out by the (LBP). On other occasions, however, the crime is committed off the job, yet it is so serious that it shows the individual is not fit to work as an LBP.

THE CASE BELOW ILLUSTRATES BOTH OF THESE SCENARIOS.

An LBP, who has been bankrupt twice (once in 2004 and again in 2010) received approximately \$1.5 million in earnings through his business dealings while still bankrupt. Rather than pay his creditors, he gambled that money. He then tried to board a flight to China before being arrested by police at Auckland Airport. He was brought before the District Court due to his behaviour while bankrupt, and was sentenced to a total of three years and four months' imprisonment.

The LBP deliberately ignored his obligations as a bankrupt individual and continued to actively run a business and front his building operation. His gambling incurred significant credit, but instead of

paying his suppliers he continued to gamble, causing his victims substantial losses. He also concealed money and assets from the Official Assignee.

The judge noted there were no mitigating factors other than the plea of guilty, and was not satisfied any remorse was demonstrated.

The Board found the LBP should be disciplined under Section 317(1)(a) of the Act for his criminal behaviour. They also found he had brought the LBP scheme into disrepute. As a result, he had his licence cancelled and cannot reapply for a minimum of five years. The LBP was also ordered to pay \$1000 towards the costs of the hearing.

WHAT WE CAN LEARN FROM THIS DECISION

Unlike other licensing regimes, the LBP scheme does not assess the character of an applicant when granting a licence (what is commonly referred to as a 'fit and proper person' requirement). The Act, however, gives the Board the ability to assess the character of existing LBPs under Section 317(1)(a). It does not matter if the criminal offending happened before a person got a licence – the Board can still cancel an LBP's licence if their criminal behaviour shows they are not fit to work as an LBP.

Read these and other past decisions in full on the LBP website:



<https://www.lbp.govt.nz/>

Fire performance of external wall cladding systems

SIGNIFICANT HIGH-RISE FIRE EVENTS GLOBALLY HAVE INCREASED OUR UNDERSTANDING OF HOW FIRE SPREADS WITHIN MODERN FACADE SYSTEMS.

Working with industry experts, MBIE has developed guidance about how external cladding systems should be tested for fire spread performance. The guidance is a temporary solution as we progress towards incorporating the appropriate changes into the Acceptable Solutions and Verification Methods.

Meanwhile the guidance will help industry to achieve the compliance requirements of the Building Code, taking into account the overall risks associated with the building use, occupant vulnerability, escape height and fire safety systems in the building.

MBIE would like to thank BRANZ and Auckland Council for providing their expertise in developing the guidance.

Read the new guidance Fire performance of external wall cladding systems on the building performance website.



<https://www.building.govt.nz/building-code-compliance/c-protection-from-fire/c-clauses-c1-c6/fire-performance-of-external-wall-cladding-systems/>

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Notable decision against a designer

THE BUILDING PRACTITIONERS BOARD RECENTLY ISSUED A SUBSTANTIAL PENALTY AGAINST A DESIGNER FROM TAURANGA.

The designer was found to have:

- carried out work in an incompetent manner, and
- brought the LBP scheme into disrepute.

The LBP was engaged by a homeowner to develop plans and specifications for an alteration to an existing dwelling, and submit them to the council to obtain a building consent.

He considered his plans and specifications complete and ready to be submitted for a building consent. After receiving full payment, he did not lodge a building consent application as agreed. The homeowner, unable to get a response from the designer, proceeded to lodge his design documents with the council themselves. The council requested further information for multiple items.

The Board considered that the design

was incomplete and both the design and specifications lacked site-specific detail. There were aspects that would not have met compliance requirements and were not buildable. On this basis, the Board found that the designer had been incompetent.

He told the Board he had not applied for the building consent due to personal and financial circumstances, including the liquidation of the company that he was using to trade.

The Board stated that the designer was dishonest and took funds without an intention to complete the agreed services. He admitted that he lied to the complainants about applying for the building consent and then ignored all further communications from them. It was the Board's stance that the conduct was serious and brought the LBP scheme into disrepute.

The Board cancelled his licence and

ordered that he may not reapply for 18 months. The Board also ordered him to pay \$3000 in costs towards the inquiry and determined that this decision would be published.

WHAT WE CAN LEARN FROM THIS DECISION

Poor onsite quality assurance and a failure to carry out a competent site investigation for the design plans led to the designer being disciplined. The homeowner has not only lost funds and time but has now had to engage another designer to start the design process from the beginning.

Being truthful in your business decisions is important not only for your reputation and that of your business, but also for maintaining your licence.

This decision and other past decisions can be read in full on the LBP website-



<https://www.lbp.govt.nz/>

Rapid building assessment online courses launched

THREE NEW COURSES ON CONDUCTING A RAPID BUILDING ASSESSMENT ARE NOW FREELY AVAILABLE ONLINE.

The rapid building assessment process is one part of the emergency management plan that territorial authorities may use as part of their response to any emergency.

THE COURSES ARE FOR:

- chartered professional engineers (structural and geotechnical), senior building officials and senior architects who have completed face-to-face training offered through the Ministry of Business, Innovation and Employment; and
- chartered professional engineers (structural and geotechnical), building officials, senior architects and emergency support staff seeking introductory awareness training.

THERE ARE THREE COURSES CURRENTLY AVAILABLE:

- **Introduction to rapid building assessment** is about the rapid building assessment process and the role of the assessor. The course takes about 30 minutes to complete.
- **Rapid building assessors in the field** looks at how to assess buildings and what it's like working as part of the assessment team. The course takes about 40 minutes to complete.
- **Tier 2 refresher** covers leading the assessment team and learning to optimise teamwork and cooperation. It also takes about 40 minutes to complete.

Anyone involved in managing buildings in an emergency will find these courses



useful. Please note that completing these courses doesn't automatically qualify you to become a registered rapid building assessor.

HOW TO LOG IN

You will need to log in using your RealMe account and register your details the first time you do a course.

If you don't have a RealMe username and password, select Login and choose to create one. You are only required to do the standard login, which doesn't require endorsement.



You can find the courses on learning.building.govt.nz



Building Act law reforms proposed

■ BY ANDREW SKINNER

THE MINISTRY OF BUSINESS, INNOVATION AND EMPLOYMENT (MBIE) HAS OPENED UP A CONSULTATION ON MAJOR CHANGES TO THE BUILDING ACT 2004 ("ACT"). MBIE CONSIDERS THE BUILDING SECTOR TO BE FACING A NUMBER OF LONG-STANDING PROBLEMS:

- a. Clarify the roles and responsibilities of manufacturers, suppliers, designers and builders;
- b. Make information available when it is needed; and
- c. A need to hold people to account for the quality of their work

The proposed changes have been separated into five sections:

- a. Building products and methods;
- b. Occupational regulation;
- c. Risk and liability;
- d. Building levy; and
- e. Offences, penalties and public notification.

This article reviews the key proposals in each section. Submissions are due by the 16th of June 2019 and can be made online via the MBIE website.

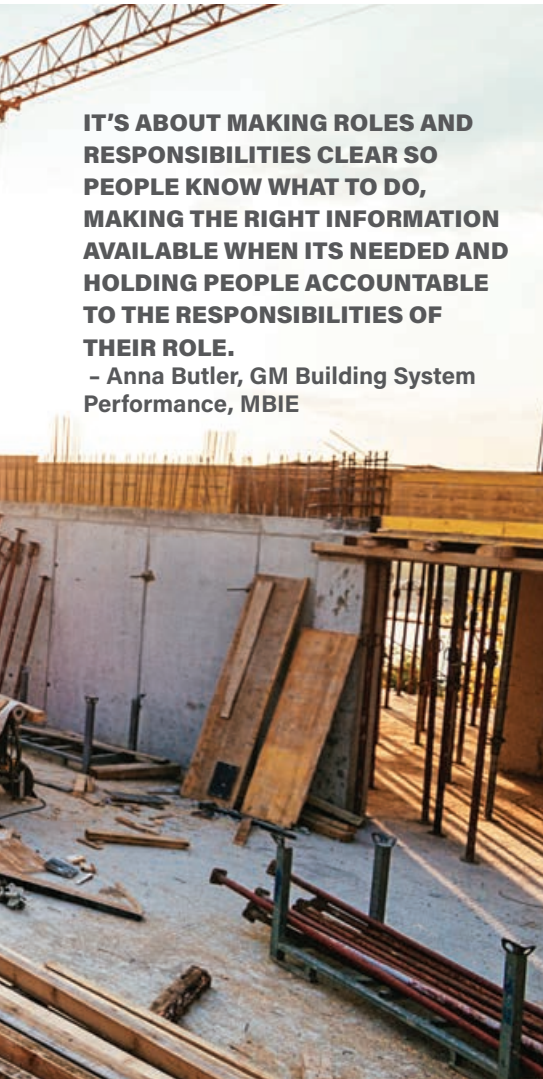
Building Products and Methods

The Building Act regulates building work but does not regulate the building methods and products used in building work. MBIE estimates that there are around 600,000 building products available in New Zealand, which are central to producing safe and durable buildings.

Whilst there are some responsibilities set out in consumer protection and consumer legislation (e.g. the Consumer Guarantees Act 1993), the Act does not propose any mandatory quality standards for building products or methods used in building. Building product manufacturers and suppliers are not obligated to provide information about their building products but if they do provide information it needs to be clear and accurate (section 14G).



For more detailed information on the new Building System Legislative Reform Programme, click here: <https://www.mbie.govt.nz/have-your-say/building-system-legislative-reform-programme-public-consultation>
To complete an online submission, click here <https://www.research.net/r/building-reform>



IT'S ABOUT MAKING ROLES AND RESPONSIBILITIES CLEAR SO PEOPLE KNOW WHAT TO DO, MAKING THE RIGHT INFORMATION AVAILABLE WHEN ITS NEEDED AND HOLDING PEOPLE ACCOUNTABLE TO THE RESPONSIBILITIES OF THEIR ROLE.
 – Anna Butler, GM Building System Performance, MBIE

proposes changes to building products regulation in the following areas:

1. Widen the purpose of the Act to include the regulation of building products and methods;
2. Provide clear definitions for “building product” and “building method” (which are proposed in the paper);
3. Require product manufacturers and suppliers to supply information about their building products;
4. Clarify responsibilities of manufacturers, suppliers, designers and builders for building products and building methods;
5. Give MBIE the power to compel information to support an investigation into a building product or method; and
6. Strengthen the framework for product certification for both products and methods.

The final area in this section addresses the increasing use of off-site manufacture of pre-fabricated panels, pods or whole buildings (referred to as “modern methods of construction” or “MMC”). These new technologies are

A THRIVING, PRODUCTIVE AND SUSTAINABLE BUILDING SECTOR IS VITALLY IMPORTANT FOR NEW ZEALAND'S ECONOMIC AND SOCIAL SUCCESS. A HEALTHY BUILDING SECTOR WILL INCREASE THE WELLBEING OF ALL NEW ZEALANDERS, AND DELIVER ON THE GOVERNMENT'S PLAN TO ENSURE EVERYONE HAS A WARM, DRY HOME.

Jenny Salesa, Minister Building and Construction.

becoming increasingly important and are seen as one of the solutions for combatting escalating on-site building costs. The classification and consenting of these technologies has been a difficult issue for some time and MBIE is now seeking to address that problem by introducing a voluntary manufacturer certification scheme.

The details of the scheme are very high level and MBIE is really seeking preliminary feedback on the design of the scheme at this stage.

Occupational Regulation

MBIE notes that this has created a disincentive for manufacturers and suppliers to supply information because there is no penalty for failing to provide information.

The implied warranties for residential building work in the Act require the builder to ensure that the building materials will be fit for purpose and new. Whilst this may have been appropriate when building construction and the range of building materials available were more straightforward, as building products and methods have become more technical it is increasingly difficult for a builder to assess the fitness for purpose of new and un-proven building products. It is proposed that this responsibility should rest with the manufacturer or supplier.

To address these issues, MBIE

This section of the paper addresses three priority areas where there are perceived problems with the current occupational regulation schemes:

1. The LBP scheme;
2. Engineers; and
3. Plumbers, gas fitters and drainlayers.

LBP SCHEME

The current LBP scheme regulates restricted building work (“RBW”) and the licencing of building practitioners intends to provide assurance that building practitioners carrying out or supervising RBW have the right skills and confidence. RBW is currently limited to the primary structure, external moisture management and fire safety systems of houses and small-to-medium apartment buildings.

MBIE notes that the restriction of the LBP scheme to houses

and apartments is problematic as more complex buildings (such as commercial buildings) require a higher level of competence to construct but the LBP scheme does not cover this work. Originally the reason why these buildings were excluded was because it was considered the commercial construction sector had its own stringent quality standards for managing risks. However, given the number of high profile performance issues with commercial buildings and the level of building inspection failures in this sector, it is considered time to review this assumption.

The Act also specifies that an LBP must carry out or supervise RBW. Unlicensed builders can carry out RBW under the supervision of an LBP. Supervision is therefore a critical component of the LBP scheme

but MBIE is concerned that there are no competency requirements for supervision.

MBIE is proposing to:

- Broaden the definition of RBW to include more complex non-residential building work; and
- Raise the competence standard for LBPs to enter and remain in the LBP scheme, including proposals to:
 - Introduce a tiered licensing system for LBPs to establish a progression pathway, including a specific licence for supervision;
 - Simplify the licence class category; and
 - Introduce behavioural competence requirements for LBPs.

ENGINEERS

The discussion paper notes that the current occupational regulatory regime for engineers does not provide assurance that a particular engineer has the required skills for complex buildings to ensure they are adequately designed to minimise the risk of building failure and consequent loss of life. The LBP scheme provides that any Chartered Professional engineer is automatically deemed to meet the designed licensing requirements for restricted building work without any further assessment. MBIE proposes to establish a new voluntary certification scheme to provide assurance of an engineer's professionalism and general competence that would replace the chartered professional engineering scheme.

PLUMBERS, GAS FITTERS AND DRAINLAYERS "PGD"

MBIE has reviewed the operation of the Plumbers, Gas Fitters and Drainlayers Act 2006, which has identified a range of issues with the overall functioning of the PGD Act. The main area of contention is that some restricted sanitary plumbing work may be undertaken without relevant qualifications under an exemption for specified areas and rural districts. Some tradespeople may also undertake restricted sanitary plumbing, drainlaying or gas fitting work without any relevant qualification provided that they work under supervision. MBIE proposes to repeal these exemptions for specified areas and work done under supervision.

Risk and Liability

The proposals in this section address several perceived problems, such as:

- Homeowners often are not aware of the risks that the building process or the need to have something in place to manage them;
- When something goes wrong, homeowners may face a long, expensive and stressful process to get compensation; and
- Concerns that building consent authorities (BCAs) face a disproportionate share of damages when other parties are absent.

To combat these issues, MBIE is seeking feedback on a requirement that a guarantee and insurance product is



put in place for all residential new builds and significant alterations and what that guarantee and insurance product should cover. Importantly, homeowners would be able to actively opt out of having a guarantee and insurance product.

When problems arise years after a building is constructed there is no guarantee that all of the parties involved in the work will still be in business to address the problems. This has meant that building consent authorities often bear a disproportionate share of responsibility as they often can be one of the few remaining parties standing when problems arise. Various proposals have been put forward over the years to reduce the exposure for BCAs but MBIE's proposal for this paper is to leave this unchanged and not cap the liability of BCAs.

Building Levy

Due to the recent construction boom the building levy has generated a surplus of \$43 million and the use of these funds is restricted under the Act to the Chief Executive's functions. Different BCAs also use different thresholds meaning not everyone is paying the same. The proposals are to reduce the levy rate, standardise the thresholds for paying the levy and broaden the uses for the levy.

Offences, Penalties and Public Notification

The penalties under the Act have not been adjusted since 2004 and the penalty levels are the same for individual and companies. MBIE proposes to significantly increase the penalties for companies to mainly the same maximum levels as in the Health and Safety at Work Act and to increase the current penalty levels for individuals.

MBIE also proposes to:

- extend the time period for laying charges to 12 months (from the current 6 months), which is in line with the Health and Safety at Work Act; and
- modernise the methods for publicly notifying certain powers of the Chief Executive and the LBP Board.



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

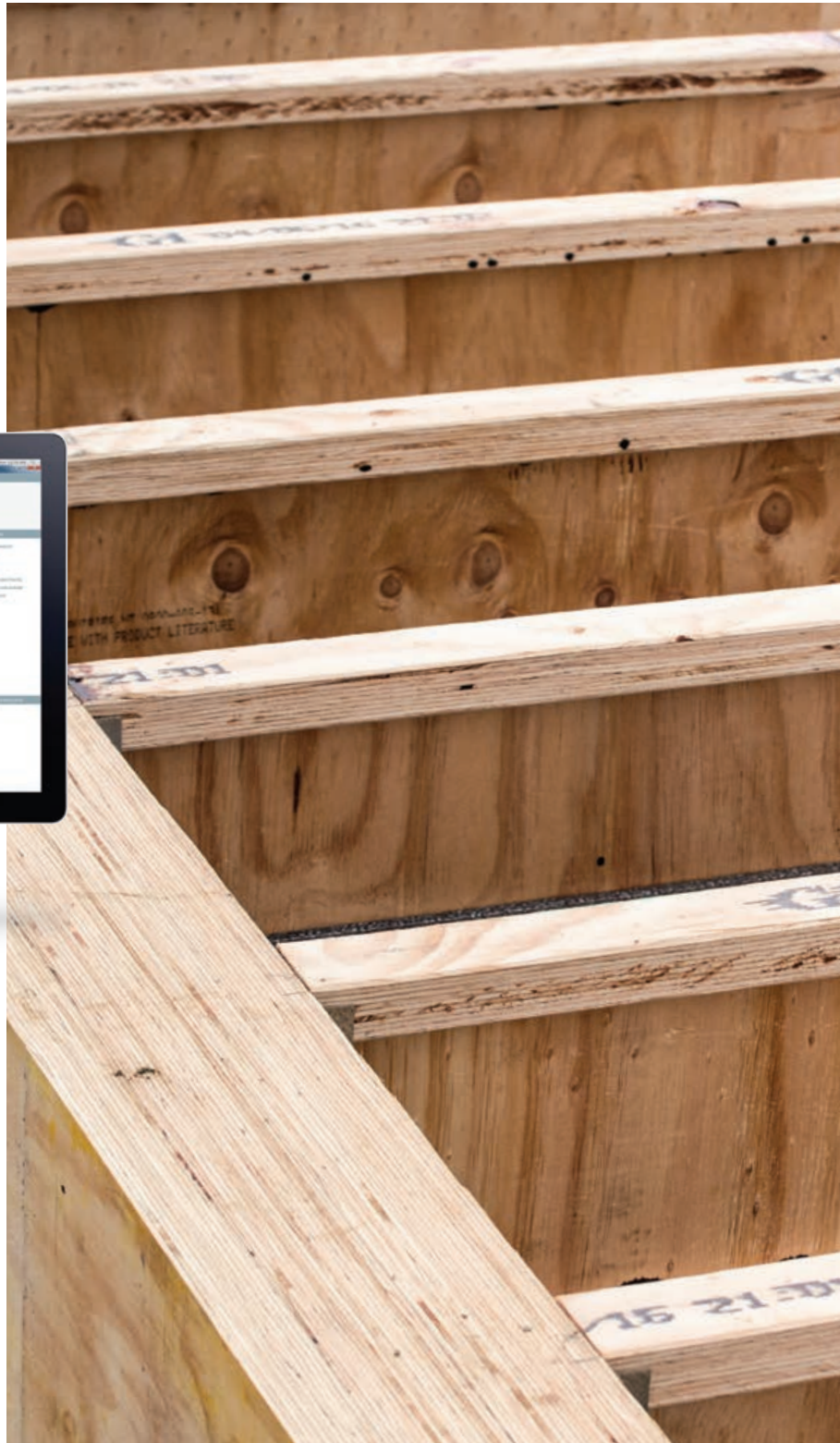


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Government and industry sign Construction Sector Accord

AN AGREEMENT BETWEEN THE GOVERNMENT AND THE CONSTRUCTION SECTOR, LAUNCHED IN APRIL, IS DESIGNED TO MEET A NUMBER OF THE CHALLENGES FACING THE INDUSTRY IN NEW ZEALAND.

The Construction Sector Accord, which was announced by the Prime Minister and Building and Construction Minister Jenny Salesa, is designed as an initiative to transform and improve the construction sector by developing an agreement where both the Government and the industry have shared responsibilities and can be held accountable for them.

"Right now, the sector is facing challenges that compromise its ability to keep pace with our growing needs," Ms Salesa says. "The sector is grappling with skills and labour shortages, poor risk management, unclear regulations and construction pipeline, and a lack of coordinated leadership.

"As both the industry regulator

"We have an obligation to our people and to all New Zealanders to build a higher performing construction sector. This is an opportunity we are grabbing with both hands." – **Peter Reidy Chair Acc**

and a major client, Government is in a position to help transform the sector. Through this Accord, we are committing to a new way of working with the industry so we can meet the challenges together."

The Accord, she says, is a significant first step in a partnership between Government and the industry to tackles the issues that have been highlighted as holding the sector back, and will allow the two groups to work together to support a more productive and innovative industry, which will also operate much more safely.

Jointly developed by Ministers, Government agencies and industry leaders from across the construction sector, the Accord offers up a unique opportunity for industry and Government to partner on a range of commitments and initiatives to transform the sector. It also includes a pledge to hold each other accountable to the Construction Sector Accord.

"Together we have identified the priority areas we need to work on. The Government will lead where

it can have maximum impact such as better procurement practices, improved Government construction pipeline management, and stronger building regulations. Government agencies already have a significant programme of work underway to support these aims," says Jacinda Ardern.

The priority areas highlighted by the Accord include:

GOVERNMENT COMMITMENTS

- Better procurement practices and improved pipeline management
- Improved building regulatory systems and consenting processes

INDUSTRY COMMITMENTS

- Enhanced industry leadership, collaboration and organisation
- Better business performance
- Improved culture and reputation

SHARED BY GOVERNMENT AND INDUSTRY

- Grow workforce capability and capacity
- Better risk management and fairer risk allocation
- Improved health and safety at work
- More houses and better durability

"Industry representatives have identified the need for enhanced leadership and collaboration within the sector. Better alignment will

support the other industry-led priority work areas of improving businesses performance and promoting a culture of trust between all parties in the construction eco-system," says Ms Salesa.

"Industry and Government will work together on a further four priorities which are to expand workforce capability and capacity, rebalance risk, improve health and safety and boost the supply of affordable and durable housing.

"Strengthening the partnership between industry and Government will help us make that step change towards a more productive, innovative and resilient construction sector," she says.

The Accord has been met positively by industry groups, who have welcomed the initiative and its areas of focus.

"The construction industry consistently accounts for a high proportion of work-related fatalities, injuries and ill health in New Zealand," says WorkSafe's Director of Strategic Engagement and Implementation, Paula Knaap.

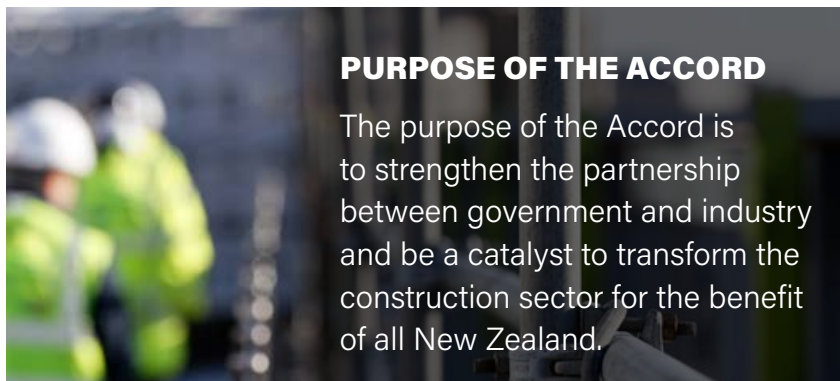
"If we want to see a strong, resilient sector we must focus on health and safety. It is great to see the Government and industry really stepping up to lead and work together to make it a priority.

"We know from past experience the building blocks to achieve great health and safety outcomes are the same pillars we need to support strong, resilient and sustainable industry."

WorkSafe's data shows that in 2018 there were six fatalities in the construction area and in the first six months of the year, 2,746 workers suffered from illness or injury.

The Canterbury Rebuild Safety Charter was developed by WorkSafe to improve health and safety

The wellbeing of New Zealanders is intrinsically linked to safe, durable and affordable homes, buildings and infrastructure. To meet the needs of New Zealand, both Government and industry recognise that we need to work differently. – **Jacinda Ardern, Prime Minister**



PURPOSE OF THE ACCORD

The purpose of the Accord is to strengthen the partnership between government and industry and be a catalyst to transform the construction sector for the benefit of all New Zealand.

outcomes in the construction sector following the 2010 and 2011 Canterbury earthquakes.

Evaluation findings showed the Charter was successful in creating a unified front on health and safety across the rebuild.

WorkSafe says it will be bringing learnings from the Charter to supporting the health and safety component of the Accord. It will also be working with the industry to understand mental health and wellbeing challenges in the construction area.

Registered Master Builders Association (RMBA) has also welcomed the Accord, having been part of an Accord Development Group, which worked closely with Government and its agencies to establish a set of behavioural and value-based principles for the sector.

RMBA Chief Executive David Kelly says the Accord represents a significant opportunity for the industry to partner with Government to make positive change in the construction sector.

"The Government has given clear commitments to the industry and New Zealanders that the construction sector is critical to the success of our communities and cities.

"Our industry employs over 250,000 people and contributes \$15 billion per annum to the economy. Our importance will continue to grow with

the 10,000s of homes, commercial, industrial, and retail buildings needed now and in the future. New Zealand needs a healthy and vibrant construction sector, and this is a positive step towards achieving that.

"The issues are clear and have been well debated. We are facing skills and labour shortages, poor risk management, unclear regulations, and a lack of coordinated leadership. This Accord represents a tangible agreement between the industry and Government to try to address these issues, and to hold each other to account.

"Together with Government, the construction sector has agreed a shared vision for the sector, identified the primary challenges, defined the new behaviours required, and the priority actions we need to take.

The Chair of the Accord Development Group, Peter Reidy, says the Group will now oversee the development and delivery of the construction sector transformation plan – a phase of work which has the endorsement of Government Ministers and support from within the industry.

"We are looking forward to engaging more widely with industry participants, customers, workers and suppliers in order to meet the significant challenges we face, then communicate a single plan with one clear voice," he says.

In the next stage of the Accord process, industry will work with Government to develop a more detailed plan for commitments to transformation.



Read more about the Construction Sector Accord here:

www.constructionaccord.nz

“HiKOKI brings the future to the trades with multiple power options – you can choose to run tools cordless or corded.”



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*230V NZ version available – July 2019



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High power battery pack gives 36V tools the power of AC with the freedom of cordless.



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- Galvanised, suitable for semi exposed installation
- Metric thread

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- Non-stretch
- Lays flat
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- Ergonomic design for user comfort



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- Performance-optimised S2 steel construction for extended life
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- Maximum planing depth of 2.5mm
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\$259
EA
EXCL GST



Your duty in labour-only contracts

BY JULIET CLENDON

In the first of a two-part series highlighting common misunderstandings about the responsibilities of an LBP under a labour-only contract, we discuss liability as opposed to accountability and building consents.

There has been an increase in complaints made to the Building Practitioners Board about licensed building practitioners (LBPs) not fulfilling their obligations under labour-only contracts.

LBPS HAVE RESPONSIBILITIES AND OBLIGATIONS

There is a myth that LBP's responsibilities are lessened in labour-only contracts, but this is not true. You cannot contract out of your responsibilities and obligations as an LBP – they are set regardless of the type of contract you are working under.

The Board has also noted that a power imbalance may exist between an employer and employee. Sometimes it can be hard to say no when your employer asks you to bend the rules. However, as an LBP, you are still responsible for your own conduct.

This means that, even if your employer has instructed you to do something, you are personally accountable to the Board for your actions as an LBP. Your licence could be put at risk if you act dishonestly to benefit your employer.

LIABILITY VS ACCOUNTABILITY

When a homeowner signs a contract with a contractor, there will be a contractual liability between the two parties. This means the contractor must provide the goods and services as agreed, and the client must pay for them. Failure by either party could lead to court action where the party in breach may be found liable for their role in the contract.

You might not have a contractual arrangement with the

client but rather with another contractor while under a labour-only contract. In this situation, you are probably only liable to the contractor who engaged you for the work you do for them.

However, as an LBP, you are always accountable to the Board for your conduct. If you fail to maintain standards or do something wrong, the homeowner might not be able to take you to court, but they can still lay a complaint to the Board.

The Board can then discipline you regardless of who you are contracted to. This is because the Board does not deal with payment or contractual disputes and instead determines whether the LBP has met their obligations specified in the Act.

COMPLY WITH BUILDING CONSENTS

In many cases, as an LBP on a labour-only contract, you will not be directly responsible for managing the building consent application. All LBPs, however, have a responsibility to ensure that a building consent is obtained (– if one is required) before commencing work and to build to the agreed consent. The Board expects LBPs to understand the building consent process and to hold themselves to a high standard throughout the compliance process.

COMPLAINTS SHOW MAIN PROBLEMS

The Board's Annual Report 2018 noted numerous complaints relating to LBPs not complying with the consenting processes.

>>Continued over page

>>Continued from over page

The complaints highlighted the following failures:

- Carrying out building work without first checking that a building consent has been issued.
- Deviating from the building consent.
- Failing to obtain confirmation for a minor variation or amendment before continuing work.

If something isn't right with the building consent, alert the homeowner and refrain from starting or continuing work until the issue is resolved. While it may not be your responsibility to obtain the building consent, you will be responsible if you do any building work that does not comply with a building consent, if one is required.

YOU ARE THE EXPERT SO USE YOUR JUDGEMENT

Homeowners are not experts in the building process and may sometimes fail to fully understand their obligations regarding building consents. LBPs are the building and construction experts and are in a better position to identify a lack of adherence to the consenting process.

It is important that you use your own judgement rather than blindly trusting that the homeowner has it right or that you won't be held accountable for any non-compliant work.

In the next issue, part two will look at your responsibility to produce quality work and an accurate record of work (ROW).

Juliet Clendon is the Senior Technical Advisor,
Occupational Licensing, MBIE



1. There is a dispute between the client and your main contractor over the quality of the build. You were working under a labour-only contract. Which of the following is true?

- a. You are liable, no matter what.
- b. You will be liable but only if you completed a ROW for the work.

c. You are accountable to the Building Practitioners Board for your work.

2. There is no building consent for a piece of work you are about to undertake, and the work is not exempt under Schedule 1 of the Building Act 2004. What should you do?

- a. Start work, as the main contractor assures you the consent is on its way.
- b. Don't worry about it – it is the responsibility of the homeowner.
- c. Refuse to start work until you have seen the consent.

3. True or false – homeowners should have all the required knowledge for a build, so you can just follow orders.

- a. True, nothing to worry about as they'll face the consequences.
- b. False, you are the expert and need to make sure you meet your responsibilities.



CHECK ANSWERS HERE

<https://www.building.govt.nz/about-building-performance/news-and-updates/codewords/codewords-issue-89/your-duty-in-labour-only-contracts/quiz-answers-learning-opportunities-and-tools-for-lbps/>

New products, new compliance challenges

■ BY LAURA SINCLAIR
AND CLARE BOTHA

The ever-growing range of building products on the market comes with concern that not all are what they claim to be or even if they meet the Building Code requirements. What is MBIE doing to address this issue?

MBIE has a mandate to monitor the building product market and investigate complaints when products don't comply with the Building Code.

MBIE MONITORS AND INVESTIGATES

Monitoring the market can establish whether there is a widespread problem with a product that could affect a significant number of buildings should it continue to be supplied and used in building work.

An investigation by MBIE might result in:

- a formal warning or ban issued on the use of the product
- guidance issued to the industry
- more education provided to those involved in manufacturing, supplying, specifying or installing building products.

TELL US IF YOU HAVE CONCERNS

If you have a complaint about a building product or are concerned that a building



product doesn't comply with the New Zealand Building Code, please get in touch with MBIE via the details below.

If the complaint is about false or misleading information or unsubstantiated claims, it should be sent to the Commerce Commission directly. However, in some situations, MBIE may also refer the complaint to the Commerce Commission if it falls within its jurisdiction.

The MBIE products team works alongside other teams within MBIE such as Trading Standards, which ensures safe products, accurate measurement and quality fuel, and other government organisations and licensing boards such as WorkSafe, the Ministry of Health and the Plumbers, Gasfitters and Drainlayers Board.

SUPPLY INFORMATION AND EVIDENCE

Often product complaints lack enough specific detail or evidence, which makes it difficult for MBIE to get a clear picture of the problem or take further action.

For MBIE to investigate a complaint, the following information is required:

- The name of the building product.
- Where it was purchased or who it was supplied by, if this is known.
- Compliance information available for the product from the manufacturer or supplier, such as test reports, assessments or calculations, claims of compliance and technical information.
- The reasons why you believe the product does not comply with the Building Code.
- Evidence of failure, such as photographs or locations where the product was used.
- Information you think supports an investigation.

Please send the information and the complaint to products@mbie.govt.nz or post to Building System Assurance – Products, Ministry of Business, Innovation and Employment, PO Box 1473, Wellington 6011.

All information received by MBIE is public information and, if requested, the details of your complaint may have to be released to other individuals or organisations under the Official Information Act 1982.



To find out more about product assurance, visit www.building.govt.nz and search for 'product assurance'.

Laura Sinclair and Clare Botha are involved with Building System Assurance at MBIE.

1. MBIE's job in relation to new building products is to:

- a. Assess every new building product on the market to see if it complies with the Building Code.
- b. Investigate complaints from others that a building product does not comply with the Building Code.
- c. Investigate misleading advertising of building products.

2. If a complaint to MBIE does not have a lot of detail or evidence:

- a. It will be difficult for MBIE to take action on the complaint and it may not be investigated further.
- b. An investigator can fill in missing details and evidence.
- c. It doesn't matter, the burden of proof is on the supplier to provide evidence that the complaint is wrong.

3. As the result of a complaint regarding a building product, MBIE can:

- a. Order the supplier to refund everyone who has bought the product.
- b. Ban the product to protect other people from using it.
- c. Fine the supplier for false advertising.

4. Who can make a complaint to MBIE about a building product?

- a. Only someone who has purchased the product themselves.
- b. LBPs who are experts on that type of building product.
- c. Anyone.

5. If you lay a complaint with MBIE about a building product, who can see the details of the complaint?

- a. Only MBIE staff.
- b. Complaints sent to MBIE fall within the definition of official information and, if requested, MBIE may have to release details about the complaint to other individuals or organisations where appropriate under the Official Information Act 1982.
- c. All complaints automatically go on the MBIE website for anyone to see.



CHECK ANSWERS HERE

<https://www.building.govt.nz/about-building-performance/news-and-updates/codewords/codewords-issue-89/new-products-new-compliance-challenges/quiz-answers-new-products-new-compliance-challenges/>

Insulation company leads the way...again

ESTABLISHED IN NEW ZEALAND IN 2000, ECO INSULATION AIMS TO PROVIDE SOLUTIONS FOR HEALTHIER, MORE ENERGY EFFICIENT HOMES INCLUDING INSULATION AND HEATING/VENTILATION SYSTEMS.

From its foundation almost 20 years ago, Eco Insulation has developed into a leader of installed insulation solutions, providing services to homeowners, builders and commercial construction projects, including schemes for the Energy Efficiency and Conservation Authority (EECA), Housing New Zealand, and to meet the requirements of the Rental Tenancies Act.

The business has a successful track record of introducing new technology to New Zealand to help improve the energy efficiency of New Zealand homes and is again driving innovation in the marketplace with the launch of ecoinsulation® glasswool insulation.

The insulation is made by Knauf Insulation, a global manufacturer of glasswool insulation and one of the leading insulation manufacturers in the world. Using proprietary German technology and state-of-the-art manufacturing techniques, the glasswool insulation range is soft to handle and less itchy than traditional glasswool products that are made using traditional technology.

The range of insulation has been developed by the Eco Insulation technical team and is available in sizes and R-Values designed for New Zealand housing and

construction methods. The high-quality insulation provides superior handling and installation benefits for builders and installers; quick and easy to install, easy to cut, and increased rigidity fit. Also, the insulation comes in compression packaging, which means there is a greater volume of product per pack than traditional glasswool meaning less space is required on-site for storage and there are fewer deliveries to site.



THE INSULATION IS HIGHLY SUSTAINABLE AS IT IS MADE USING UP TO 80% RECYCLED GLASS AND THE REVOLUTIONARY ECOSE® TECHNOLOGY BINDER, WHICH CONTAINS NO ADDED PHENOLS OR FORMALDEHYDE AND IS BASED ON RAPIDLY RENEWABLE MATERIALS INSTEAD OF PETRO-BASED CHEMICALS.

Certified by Eurofins Gold as an outstanding material according to the VOC (Volatile Organic Compounds) Indoor Air Quality emissions regulations, ecoinsulation® glasswool made with ECOSE® Technology helps achieve that goal of reducing use of formaldehyde and is easy on the environment at the same time.

Suitable for wall, ceiling and floor applications, ecoinsulation® glasswool is available in CARTERS stores and can be used for retrofit and specialist installation via the Eco Insulation Systems national Approved Installer network. The packaging is colour coordinated by application and performance; blue for ceiling, green for walls, purple for floors and black for high performance.

The insulation has inherent thermal, acoustic and fire performance and is BRANZ Appraised, comes with CodeMark certification and a 50-year warranty for the wall and ceiling products.



www.ecoinsulationglasswool.co.nz



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EASY TO HANDLE

Less itchy and super soft on the hands.
Plus, our products pack nice and tight,
making it more efficient to transport.

EASY TO INSTALL

A rigid and dense product ensures a
snug fit.

AND NOW EASY TO FIND

Available at CARTERS
stores across the country.



BRANZ Appraised
Appraisal No. 1050 (2019)



BRANZ Appraised
Appraisal No. 1049 (2019)



CODEMARK
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CARTERS  **Your
Building Partner**

EASY ON THE PLANET

Utilising recycled glass and ECOSE® Technology,
it's environmentally friendly with no added
phenol or formaldehyde.



GOOD DESIGN IS OBVIOUS

GREAT DESIGN IS TRANSPARENT

STRUCTURAL BRACING

External wall bracing and structural connectivity



180

180 DAY EXPOSURE

Withstand up to 180 days exposure without warping or shrinking



FIRE RESISTANT

Non-combustible material



COMPLIANCE

BRANZ Appraised
15 year product warranty



EASY TO INSTALL

Quick installation, gun nail and eliminate top plate strap



RESISTANT TO DAMAGE FROM MOISTURE

Built-in water repellent barrier

Building a great home, one that's built to last, is the result of good building practice and the very best building products. Products that are specifically designed to perform at a higher level to traditional building paper.

RAB Board not only has resistance to damage from moisture and fire, its also quick and easy to install and allows early close in.

RAB Board wont shrink or warp, so it results in a flatter more professional finish.

So to build a home that will stand the test of time build with RAB Board from James Hardie

PERFORMANCE THAT WORKS

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REGISTRATIONS FOR THE 2019 REGISTERED MASTER BUILDER CARTERS APPRENTICE OF THE YEAR ARE NOW CLOSED!



Over 120 apprentices have entered to battle it out for the 2019 title.

The apprentices will now start to move through the judging stages of the competition where they will be tested on various areas of their abilities through practical challenges, interviews and site visits from the judges.

This month the regional practical challenges will be held at CARTERS branches across New Zealand. These challenges will give the apprentices a chance to showcase their skills on the tools and help the judges to determine the top 10 apprentices from each region that will be heading to the regional awards.

Employers, friends and family members are encouraged to come down to a CARTERS branch near you and support the apprentices as they're put to the test in the first of the competitions many hurdles.

KEY DATES FOR THE COMPETITION:

REGIONAL PRACTICAL EVENTS AT A CARTERS EVENT NEAR YOU!



Albany	10 Tawa Drive, Albany
Blenheim	Burleigh Industrial Estate, 32 New Renwick Rd
Cambridge	41-45 Albert Street
East Tamaki	95 Harris Road, East Tamaki
Hamilton	1052 Te Rapa Road, Te Rapa
Invercargill	7-29 Forth Street, Invercargill
Madras St	379 Madras Street, Christchurch
Napier	16 Austin Street, Napier
Nelson	70 Nayland Road, Stoke
New Plymouth	24 Egmont Road, New Plymouth
Palmerston North	69 Railway Road, Palmerston North
Porirua	75 Kenepuru Drive, Porirua
Queenstown	211 Glenda Drive
St Lukes	14 Taylors Road
Tauranga	Birch Avenue, Judea

REGIONAL AWARDS EVENTS



Northern	Friday 23 August
Auckland	Friday 23 August
Waikato	Friday 23 August
Bay of Plenty Central Plateau	Friday 16 August
Central North Island	Friday 30 August
Hawke's Bay East Coast	Friday 6 September
Lower North Island	Friday 23 August
Upper South Island	Friday 6 September
Central South Island	Thursday 22 August
Southern	Friday 30 August

Once the Regional Awards have determined the top apprentice in each region, those apprentices will go on to the National Practical Challenge and judging before the National Awards night where the 2019 Apprentice of the Year will be named.

NATIONAL PRACTICAL & AWARDS EVENING

Friday 8th of November



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building people

Impact of migration on housing demand

■ BY RODNEY DICKENS

KiwiBuild and Housing NZ building will be of growing importance in some parts of the country, but migration flows and interest rates will continue to have major impacts on new housing demand.

This article focuses on a major problem with the external migration numbers while the next one will present a conspiracy theory regarding interest rates.



The net inflow of people from overseas - net migration - experiences major cycles as can be seen in the chart (see Figure 1). Knowing what migration has done recently helps assess where it is going, with both critical for assessing the outlook for residential building. In November 2018 departure cards were dropped for "efficiency" reasons. The result is a nightmare for those trying to assess the outlook for new housing demand.

LACKING INFORMATION ON WHETHER TRAVELLERS WERE LEAVING ON A TEMPORARY OR PERMANENT BASIS, STATISTICS NZ (SNZ) DEVELOPED A MODEL TO SECOND-GUESS THIS. ARRIVAL CARDS ARE STILL AVAILABLE FOR CATEGORISING ARRIVALS BUT SNZ DECIDED TO USE THE SAME MODEL TO ASSESS WHETHER ARRIVING TRAVELLERS PLAN TO STAY TEMPORARILY OR LONG-TERM/PERMANENTLY.

The model was first applied to the November 2018 numbers and the new numbers were backdated to early-2014. With the release of the November 2018 numbers, SNZ reported that the fall in net migration that started in 2016 became more acute in 2018 (blue line in the chart). However, by the time February 2019 numbers were released, the model had done almost a 180 degree turn and estimated that net migration had surged since mid-2018 (green line).

One month, SNZ effectively tells us the need for new housing will fall significantly over the next year while, only four months later, we are effectively told the need for new housing is about to surge. To put this in context, the

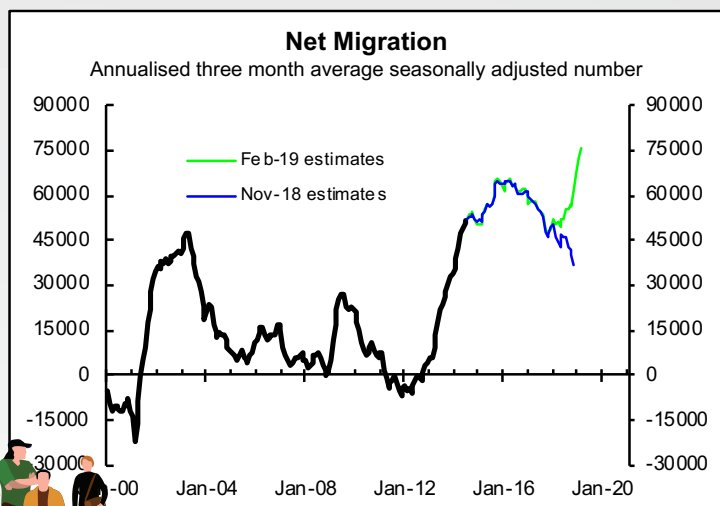


FIGURE 1.

green line implies the need for something like 10,000 more new houses over the next year relative to the blue line. More major revisions to the estimates are likely; much more than SNZ suggested was likely.

There used to be regional and district net external migration numbers that were important in assessing regional/district housing demand. SNZ has temporarily discontinued them but plans to introduce regional estimates, but I expect them to be less reliable than the unreliable national numbers. They will probably be worthless as input into assessing new housing demand.

What is actually happening with net migration? Based on what traditionally drives net migration - most notably the relative states of the Australian and NZ labour markets, and what is happening with Australia resource sector jobs - net migration probably isn't changing much at the moment; but I can't rule out either some downside or a bit of upside. Most importantly, it should still be quite a bit above average, contributing to above average new housing demand.

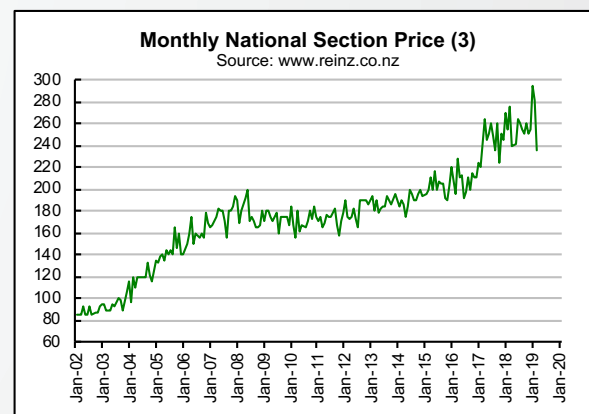
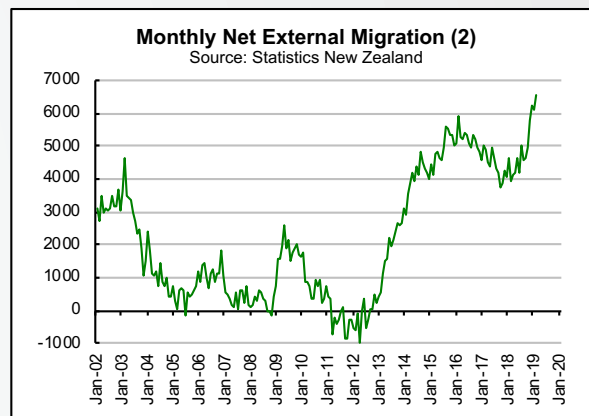
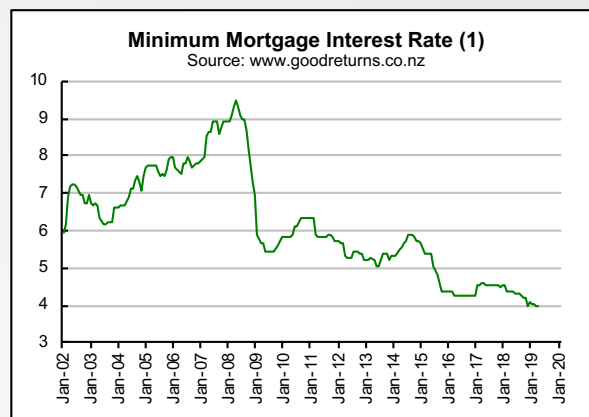
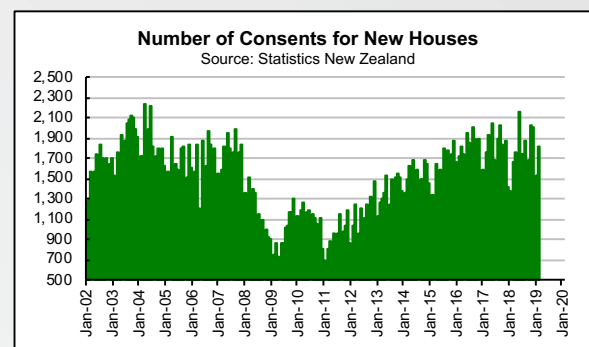
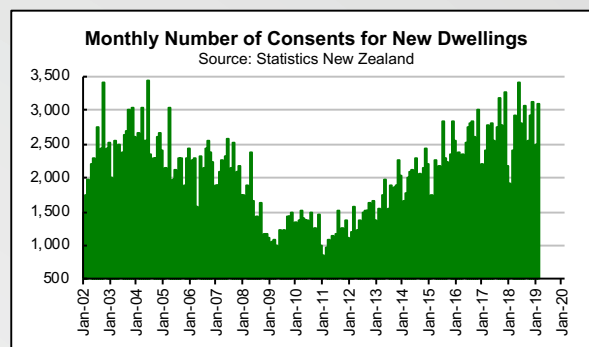
Is there anything else readers can take away from this debacle? I think the building industry should impress on MPs/Ministers the importance of quality migration numbers. In light of the major problems with the 2018 Census, part of the problem with the migration estimates may be lack of funding. However, following dialogue with senior SNZ staff over recent years, I believe the problems run deeper. I have concerns about the quality of decision making, a lack of transparency and a disconnection with the real world. I'm left with the impression the boffins are running wild at SNZ without proper adult supervision.

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)



Rodney Dickens is the Managing Director of economic and property research specialists, Strategic Risk Analysis Limited - www.sra.co.nz
Rodney can be reached on rodney@sra.co.nz or 027 288 2209



5 keys for winning jobs when you're not the lowest price



Daniel Fitzpatrick is a business coach and creator of Next Level Tradie, based in North Canterbury.

Want to 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/>

■ BY DANIEL FITZPATRICK

Lost out to a cowboy again!

LOCAL BUILDER JOSH IS FUMING. HE'S JUST LEARNED (THROUGH THE GRAPEVINE) THAT HE'S MISSED OUT ON THE KING STREET RENO. THE LOCAL COWBOY HAS UNDERCUT HIM AGAIN! BY NEARLY A THIRD THIS TIME.

But there's no way he could have made any money at a rate that low. At that price, it would have only covered the materials and labour.

He'd had an inkling when scoping the job that Mike (the client) might be shopping around.

The job looked relatively straight forward initially but, from experience, Josh knew there were a few extras that would be needed.

Josh didn't have time to explain all this to the client that day; he needed to be at the next appointment.

"Mike, don't worry about the details

mate. I'll put it all in the quote and email it to you when I've got time," he said.

That job he thought was in the bag is gone.

These cowboys are starting to affect business. There was another job a while back where the same thing happened. That job had come back to him when it turned to custard.

Josh won't forget that one for a while.

Homeowner Jess came to him in a panic; "We need to finish the extensions. The baby is due next month!

"There are a few things that don't look quite right but, every time I ask about them, [rogue tradie] says 'it's fine, that bit won't matter when it's finished,' and the project is going on and on...and then he asks for more money!

"I don't think he knows what he's doing...can you please come and take a look?"

What a mess. Josh and his team did massive hours that month, but they got the job done. It took as long to fix as it would have taken to do the whole thing right the first time. Todd and Jess were so grateful.

But Josh felt it put too much pressure on his guys. He didn't see much of the family that month either. These cowboys, they do it on the cheap and stuff it up every time.

What went wrong?

WHEN JOSH FIRST SCOPED MIKE'S JOB, THERE WERE A FEW OPPORTUNITIES HE MISSED THAT WOULD HAVE PUT HIM IN A BETTER POSITION AGAINST THE LOWER PRICE:

- Asking the right questions early on to see if the job will be a good fit (so he didn't waste time quoting a job he couldn't make money off – or was never going to get). Josh still doesn't really know if Mike wanted a cheap price no matter what, or if he took the cheap price because he didn't know any better.
- Checking if Mike was the decision maker or if others were involved in deciding, like maybe his wife.
- Didn't take the time to listen to what aspects of the job were the most important to Mike (like perhaps time-

frame, quality of work, dealing with the unexpected, staying on budget).

- Making sure Mike understood what was involved in doing the job right. Giving him some context around what could go wrong if the job doesn't follow the proper steps.
- Identifying the budget Mike had available for the job.
- Making a detailed estimate/quote and making sure Mike understood each part (and knew what he was getting when dealing with a quality tradie like Josh). So if Mike compared the quote to another one, the difference would be obvious.
- No follow-up to show he was serious about wanting the job and to address any concerns Mike might have about proceeding.

What went right?

JOSH IS A GOOD BUILDER AND HAS A GREAT TEAM BEHIND HIM. SO, ALTHOUGH HE DIDN'T GET THE JOB, HE ALSO KNEW THAT AT TWO-THIRDS OF THE ORIGINAL PRICE, IT WASN'T WORTH HAVING.

Josh knows his numbers and he has a good reputation. His business is in it for the long haul so he:

- Priced the job for profit (not based on gut feel, guesswork, or how he was feeling on the day) and knew that it wasn't too high or too low.
- Knew his margins and at exactly what point the job wasn't worth doing.
- Didn't panic and slash his price and lose money on the job.
- Has high standards of workmanship and was not going to take cowboy shortcuts.
- Has a professional mindset. Josh knows he delivers top outcomes and quality work for his clients and that he deserves a fair reward for his efforts.

Client's viewpoint

WE ALL LIKE A BARGAIN. IT'S HUMAN NATURE. SO CLIENTS WILL ALWAYS BE TEMPTED TO GO FOR THE CHEAPEST OPTION IF THEY DON'T UNDERSTAND THE REASONS NOT TO.

Here's the thing though. Most clients you quote aren't tradies or don't know the details like you do. They simply don't know why one price is more expensive than another. Unless you show them.

Remember, a certain low percentage of all buyers will decide purely on price no matter what. Let's recognise that those jobs are often the ones that no one makes any money off and have the most problems.

Weed these ones out early. These are not the jobs you want.

You want to attract the much larger majority who appreciate good workmanship and want something that will last. Who want to sleep soundly at night, with peace of mind that the work is done right and there won't be any nasty surprises.

TO GIVE PROSPECTIVE CLIENTS THE REASSURANCE THEY NEED WHEN QUOTING - AND PLAY TO YOUR STRENGTHS AS A QUALITY TRADIE - USE THESE:

5 KEYS FOR WINNING JOBS

1. TURN UP ON TIME (I.E. A FEW MINUTES EARLY).

- 84% of homeowners rank 'punctuality' as the most influential quality when they're looking to hire a tradesman.
- Tradies have a reputation for not being on time - use this to your advantage.
- Block time out for pricing work rather than fitting it around everything else.
- Quoting is an essential part of your business - so don't label it "a hassle".

2. BUILD TRUST.

People do business with people they know, like, & trust.

- Show genuine interest in the job.
- Respect the clients home or workplace (eg., taking boots off).
- Be well presented, in clean uniform.
- Have a professional looking van.

3. UNDERSTAND YOUR CLIENT'S MOTIVES.

Your goal here is to understand exactly what the client wants to achieve - and the 'why' behind it.

- Spend more time listening than talking.
- Ask lots of relevant questions.
- Make sure you understand what they really need.
- Parrot back their answers to make sure you have it right (also helps them feel understood).

4. EDUCATE AND EXPLAIN.

- Tell them what goes into a job & what it includes, so if they are comparing, it's apples to apples.
- Educate the client with expert advice on the different options.
- Let them know how you operate and why.
- Your job here is to help them work out the best solution for them - rather than trying to sell them.

5. SHOW THEM YOU'RE THE BEST.

- 78% of clients want to see a professional quote.
- BRANZ found "quality and reputation" is the most important feature NZ homeowners look for when choosing a builder - by far.
- Personalise your quote emphasising the clients needs and priorities.
- Include trust builders like a professional blurb saying what sets your company apart, your quality guarantee (46% of clients look for this), awards, your trades association membership, qualifications, license etc.
- Include testimonials from happy customers, with before and after photos of your previous work.
- Get quotes completed quickly.
- Go through the quote with the client, making sure they understand exactly what they are getting.

These things will position you so that price is not the main thing. Now you're competing on your strengths.

When the tradies I work with get these steps right, not only do they win more jobs, but they also find clients are more appreciative of their professional expertise and are happy to pay for it.

Doing it this way won't get you every job, but it will get you a lot more work you want at the right price.

In the client's mind, you go from being just another tradie or salesperson looking for a job - to a trusted advisor - an expert whose time and expertise is respected - worth more than Joe Average. Some of these ideas will be new, others you may have used before. But to get results it's about consistency - good systems that ensure these strategies happen every time, even when you're busy.



WANT TO 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/>



GIB®

The Engineering Journey of GIB Weatherline®



The Technical Team at Winstone Wallboards have invested over 7,500 development hours on the GIB Weatherline® systems and recently achieved BRANZ Appraisal and compliance with the New Zealand Building Code.

This is the first time that we have developed systems specifically for the outside of the building and we have gone to great lengths to make sure they are suitable for New Zealand conditions. The extensive testing programme has included full scale wind pressure, weather tightness, fire, bracing and environmental noise to produce a range of market ready performance options. There have also been hundreds of small scale bench tests ensuring that our quality assurance meets consistent standards.

One of the most severe tests GIB Weatherline® was put through in order for us to be able to claim temporary weather protection for the exterior of a building for up to 90 days, was the BRANZ Weather Tightness Performance Limit Test.

This test involved a continuous water spray of 24 litres per minute directed onto a 2.4m tall x 2.4m wide timber frame wall lined with GIB Weatherline® for a period of four hours. During this four hour water spray period the lined wall was also subjected to a 70 Pa (Pascal) positive air pressure. This positive air pressure worked to force water into the lining, through the sheet joints and along the line of any sheet fasteners. This was where the performance of the GIB Weatherline® Flashing Tape came to the fore.

Upon the completion of the test the laboratory technicians found no visible signs of any water on the back of the lining and there was no increase in the moisture content of the timber frame in the eight designated measurement locations.

This result meant we had passed the test and added to our confidence that the GIB Weatherline® Rigid Air Barrier Systems were suitable for the New Zealand environment.

For your convenience a Technical Manual has been developed to cover buildings designed within the scope of NZS 3604 and offers five key sections (two rigid air barrier options, structural bracing elements, fire rated walls and a range of environmental noise options). For the first time we are able to offer fire rated wing wall and parapet options in both 30 min Fire Resistance Rating (FRR) and 60 min FRR.

For buildings requiring specific design we have developed the Specific Design Technical Data Sheet. This document allows a suitably qualified professional to take the product performance data and incorporate it into their design.

**For further information call the
GIB® Helpline 0800 100 442.**

CONZTRUCT

NEW ZEALAND'S LEADING CONSTRUCTION TRADE SHOW

RESIDENTIAL • COMMERCIAL • INDUSTRIAL

CONZTRUCT kicked off last month, with events in Hamilton, Whangarei and Auckland South that all played host to a great crowd of industry professionals.

The show is stacked with suppliers this year so there's plenty of opportunity to seek out new products and solutions, plus the workshops held on site are a convenient way for attendees to stay up to date with compliance and earn LBP skills maintenance points. Resene Construction has an Internancy Wall Systems session running across the series, which is a good one to catch while you're there!

Cheers to those who joined us at the first events, if you missed out don't worry, the show has just begun. Round 2 is heading to Wellington, Palmerston North and New Plymouth at the end of June so down tools early when the show is in your area and head along.

**For more information and to register go to
WWW.CARTERS.CO.NZ/CONZTRUCT**

FREE EVENT

TRADE ONLY



ROUND 2

Wellington **Tues 18 June**
Westpac Stadium
Palmerston Nth **Wed 19 June**
Central Energy Trust Arena
New Plymouth **Thurs 20 June**
TSB Stadium

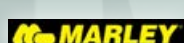
ROUND 3

Auckland Nth **Tues 23 July**
Eventfinda Stadium
Tauranga **Wed 24 July**
TECT Auditorium, Baypark
Napier **Thurs 25 July**
Rodney Green Event Centre

ROUND 4

Christchurch **Mon 16 Sept**
Air Force Museum
Dunedin **Tues 17 Sept**
Edgar Centre
Invercargill **Wed 18 Sept**
Velodrome, IIT Stadium
Queenstown **Thurs 19 Sept**
Queenstown Event Centre

VISIT CARTERS AT A CONZTRUCT EVENT NEAR YOU



CONZTRUCT MINI

CONZTRUCT MINI 2019

In the same expo style as CONZTRUCT, these events are aimed at builders located regionally.

Head down to an event near you between 4:00pm – 6:30pm and stop by the CARTERS stand. For more information and to register go to www.conztruct.co.nz/registration.

Gisborne
Taupo
Rotorua
Blenheim
Nelson
Kaitia
Kerikeri

Tuesday 11 June
Tuesday 2 July
Wednesday 3 July
Wednesday 7 August
Thursday 8 August
Tuesday 10 September
Wednesday 11 September



Responsibilities of company directors

■ BY BEN RICKARD

Are you a director of your own limited company? You could be held personally liable if your company fails.

IN FEBRUARY THIS YEAR THE DIRECTORS OF MAINZEAL WERE ORDERED TO PAY \$36M FOR BREACHING THEIR DUTIES UNDER SECTION 135 OF THE COMPANIES ACT BECAUSE MAINZEAL WAS TRADING WHILE BALANCE SHEET INSOLVENT BEFORE IT COLLAPSED IN 2013.

Do you know if your company is solvent? If it's insolvent and you continue to trade, you could be in breach of the Companies Act. If the company can't pay its bills, creditors could seek recovery from you personally.

The building industry is chocka with small businesses, as well as individual tradesmen operating as contractors through a limited company. Regardless of the size of your operation, as a director you have a responsibility to act in the best interests of the company.

There are two sections of the Companies Act 1993 that are particularly relevant and all company directors should be well aware of them:

135 RECKLESS TRADING

▪ A director of a company must not—

- a. agree to the business of the company being carried on in a manner likely to create a substantial risk of serious loss to the company's creditors; or
- b. cause or allow the business of the company to be carried on in a manner likely to create a substantial risk of serious loss to the company's creditors.

136 DUTY IN RELATION TO OBLIGATIONS

- A director of a company must not agree to the company incurring an obligation unless the director believes at that time on reasonable grounds that the company will be able to perform the obligation when it is required to do so.

It may only take one client defaulting on payment, or one adverse adjudication, as happened with Arrow International, and the company could be in trouble. If your company is forced into liquidation, it is a good bet

the liquidator will want to know if the business had been trading while insolvent. If so, they are very likely to take a close look at the directors, with a view to **recovering any debts the company owes from the directors personally.**

DO YOU KNOW IF YOUR BUSINESS IS SOLVENT?

Solvency means the company is able to pay its debts as they come due.

- If the value of its assets is less than the value of its liabilities your company is insolvent.
- If your business is not able to pay its creditors when the debts fall due your company is insolvent.

In either case you should not be taking on any new obligations (such as new customers or creditors) and should seek professional advice immediately. We know from experience that many building companies do operate while technically insolvent. And, while this may not be a problem for the day-to-day running of the business, it does place liability upon the directors personally if the company gets into trouble.

AS A COMPANY DIRECTOR OR OFFICER, YOU COULD ALSO BE PERSONALLY RESPONSIBLE FOR HEALTH AND SAFETY FAILURES

The Health and Safety at Work Act places responsibility on company directors and managers so that the company has, and implements, appropriate health and safety processes. Failure to do so could see **the director, or any officer of the company found responsible, face prison time and/or a substantial fine.**

HOW CAN YOU PROTECT YOURSELF?

This is a topic in itself and deserves more than a few bullet

TOP 10 REASONS CONSTRUCTION FIRMS FAIL

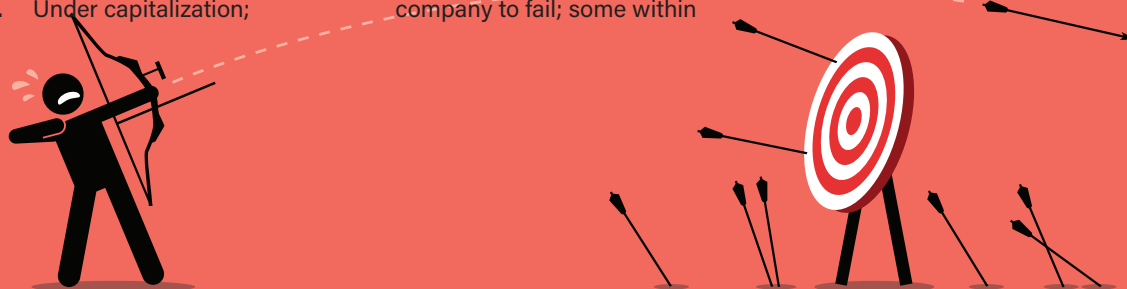
AN ASSESSMENT OF THE CAUSES OF FAILURE IN THE AUSTRALIAN CONSTRUCTION INDUSTRY IN 2013-2014 HIGHLIGHTED THE FOLLOWING:

1. Inadequate cash flow or high use of cash;
2. Poor management of business;
3. Poor financial control or poor financial skills;
4. Trading losses;
5. Poor economic conditions;
6. Under capitalization;
7. Poor management of accounts receivable;
8. Payments withheld or not received;
9. Low margins;
10. Fraud.

This shows there are many reasons that could cause your company to fail; some within

your control (such as having a good financial understanding and management) and some outside of it (such as poor economic conditions and payments being withheld).

Either way, the old Kiwi attitude of "she'll be right" won't cut it if you have creditors owed money and a liquidator with the legal authority to pursue you personally.



points. However, recognising that you don't know it all and can't do it all is a good start.

- Ensure you have experienced professionals (who know the building industry) supporting your business, providing you with the right legal, financial, health & safety and insurance structures and advice. **Set up a meeting to review your business with each of these advisers.**
- Make sure you have a good handle on the financial aspects of your business, so that you can see any potential issues coming. **Do some financial literacy training (there are many free courses), make sure you're using a system that provides up-to-date visibility of the company's financial health and get frequent updates from your accountant.**
- Don't put your head in the sand when it comes to your health and safety obligations. **Get help from an expert to do an audit of your company's policies and procedures.**

INSURANCE TO PROTECT COMPANY DIRECTORS IN THESE SITUATIONS

It appears from media reports that

a substantial portion of the \$36m ordered to be paid personally by the Mainzeal directors will be covered by insurance. Known as directors & officers (D&O) liability, it pays both the legal defense costs and any payment that may be ordered by the court if you are accused of failing in your duties as a director.

WHAT'S COVERED?

D&O is a type of liability insurance for losses suffered as a result of the actions of a company's board of directors and executives. Directors and officers owe a duty of care to the company's shareholders, customers, employees and creditors. When they breach that duty of care, usually by failing to exercise reasonable care when making decisions, a D&O policy will cover the resulting damages.

D&O policies are payable to either the directors and officers themselves, or directly to the company, to indemnify the insured for the losses. This type of insurance has the potential to cover a wide variety of claims brought against a business for the actions of its directors and officers.

WHO SHOULD HAVE IT?

Anyone who is a director of a

company is subject to the obligations imposed under the Companies Act and the Health & Safety at Work Act.

If your company does not have its own constitution, the default provisions of the Companies Act 1993 will apply, and these default provisions prohibit the company from arranging insurance for a director or employee of the company. So, make sure your company has a constitution that expressly allows it to arrange this cover.

IN A NUTSHELL

Whether you're a self-employed contractor or a multi-million dollar construction business, if you operate a limited liability company you could be held personally liable for the losses suffered by creditors and for health & safety breaches. Make sure you understand what your liability is and put in place measures to protect yourself, including taking out directors & officers liability insurance.

BUILTIN INSURANCE

Builtin are New Zealand's Trade Insurance Experts. For more information visit <https://builtininsurance.co.nz> or contact Ben Rickard at ben@builtin.co.nz or call 0800 284 584.



READY

SET

LOAD



AT-HP® Blue changes from blue to grey when cured. The colour change process gives a visual indication that the chemical anchor has cured and is ready to load.



Bottom Plate Anchoring Solutions

Scan the QR code to download the Branz Appraisal or visit <http://bit.ly/branz983>

High Performance Fast Cure Anchoring Adhesive with Colour Change Technology

To load or not to load? Knowing when a chemical anchor is cured on site can be a challenge.

Simpson Strong-Tie AT-HP® Blue high performance, all-weather methacrylate anchoring adhesive for concrete and masonry with threaded rod and rebar, changes from blue to grey when cured to give a visual indication that the chemical anchor is ready to load.

To find out more contact your nearest **CARTERS** Store.

SIMPSON
Strong-Tie