

TRADE LEADER

FEB - MAR 2023 ISSUE

Industry
RMA reforms set to
reduce confusion & cost

Health & Safety
Asbestos risk in
spotlight

Business
Be more secure
online

Insurance
Do you need professional
indemnity insurance?



 **Building Act
changes proposed**



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In the frame

BY MIKE GUY
CARTERS CHIEF EXECUTIVE

As this issue of Trade Leader was being put together, information was abundant from the government on Building Act changes, RMA reforms and announcements about various taskforces.

There's clearly recognition there that construction plays a huge part in the New Zealand economy and, with a general election looming in the coming year, the current government will be working hard to make sure it satisfies the needs of significant parts of the industry.

The ones we've highlighted in this issue are the extensive changes to the Resource Management Act (RMA), as well as Building Act amendments.

The RMA has long been a piece of legislation that has polarised many people on both sides of the argument. It has been there for 30 years and hasn't always been viewed kindly by those looking to take on significant construction projects.

However, on the other side of the argument, there are those looking to protect the environment and resources the country has - which isn't something that should be dismissed. The real issues have been caused by those who work at the limits of the Act, which has stalled projects and hamstrung industry for little gain.

Hopefully, the refinements and changes will add clarity, common sense and efficiency to an Act that has clearly outgrown itself.

The Building Act itself is also under the scope, although not nearly as heavily as the RMA.

Proposed changes have been outlined with climate changes in mind - primarily

around energy ratings for new buildings and plans to reduce construction waste as much as possible.

The aims are admirable and sit in line with New Zealand's carbon reduction plans - an aim to reach net zero carbon by 2050 - but the proof of those plans (if implemented) will only come once they've been tried and tested in the sector...and that won't happen until well after the next general election.

This year the outlook for CARTERS is still a busy one supporting our building partners. We are optimistic about the state of materials supply and building forecasts being favourable, but know that regardless, there is still plenty happening around the industry this year to keep us busy.

If one of your New Years resolutions was to travel more, then join our Advantage State of Origin customer trip in June, or go even further afield and come away with us to Turkey in July. These trips are a lot of fun and we'll take care of the planning, so you can relax and enjoy the experience.



MIKE GUY
CARTERS Chief Executive

TRADE LEADER.

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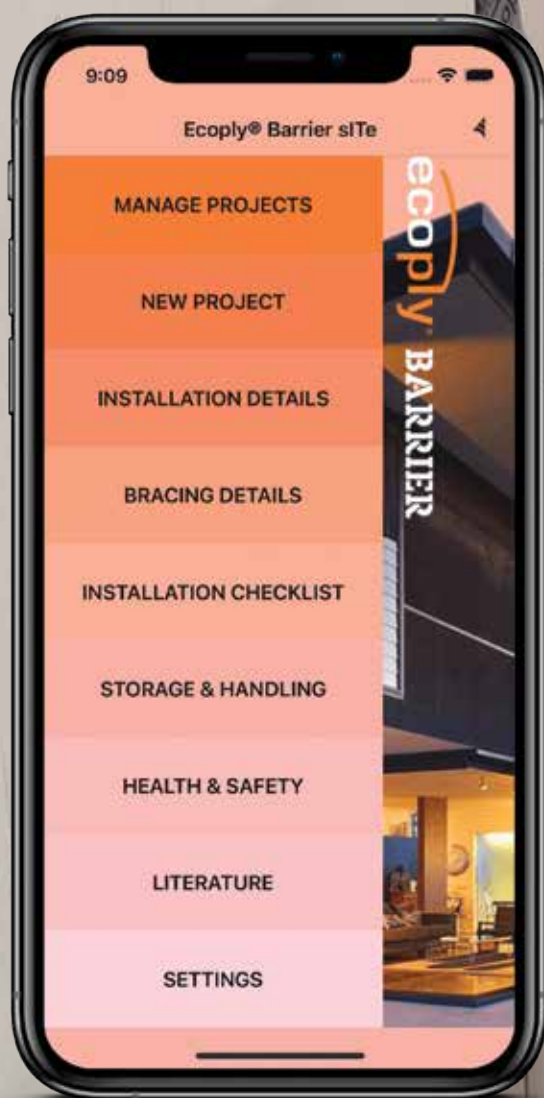
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BuiltReady modular component manufacturer scheme



BY AMANDA MACAULEY, SENIOR ADVISOR, DESIGN AND IMPLEMENTATION, MBIE

Offsite construction, also known as prefabricated or modular construction, is on the rise in New Zealand as sustainability, efficiency and productivity increases are sought in the design and construction industry. Prefabricated panels, 3-D pods and even whole buildings are now being manufactured off site in a factory, then transported and then installed on site.

While offsite construction is a complementary system to traditional construction methods, there are some key differences regarding where and when LBP's are involved in the manufacturing and installation processes for offsite construction, particularly under the new voluntary modular component certification scheme recently introduced by the Ministry of Business, Innovation and Employment (MBIE).

The new scheme is called BuiltReady, and it will allow modular component manufacturers to be certified and registered to design and/or manufacture modular building components that will be deemed to comply with the Building Code. The scheme will allow in most cases for reduced inspections and faster, more consistent building consent applications, which will aid in reducing costs and on-site building time.

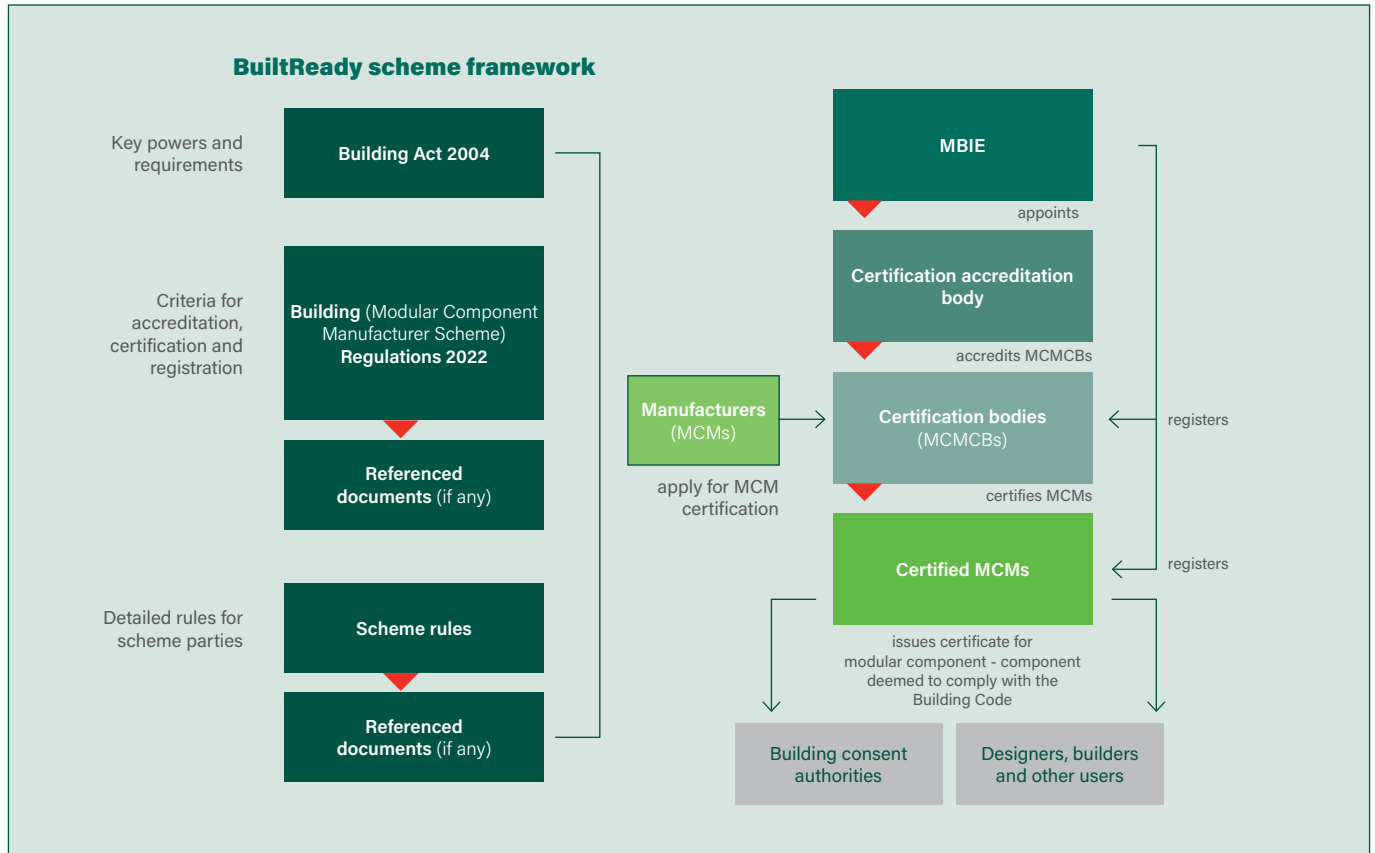
Scheme certification bodies will be responsible for certifying manufacturers. To ensure they are competent to perform this function, certification bodies must be both accredited by the accreditation body and registered with MBIE before they can perform functions under the scheme. Similarly, manufacturers must be certified by a certification body and registered with MBIE before they can utilise the scheme's compliance pathways.

A certification body will evaluate a manufacturer's policies, procedures, and systems to ensure that the design and/or manufacture of modular components is done competently and reliably to a standard that complies with the Building Code. These systems include an appropriate quality plan and quality management system, documented design and/or manufacturing processes, employee and contractor systems including competency and training requirements, and complaints and disputes processes. Ongoing monitoring of a manufacturer will include regular third-party audits and installation inspections.

A registered manufacturer may issue manufacturer's certificates for the modular components it produces that fall within its scope of certification. Building consent authorities (BCAs) must accept a manufacturer's certificate as evidence that the specified modular component complies with the Building Code.

What is the BuiltReady scheme?

Under the BuiltReady scheme, the entire prefabricated construction process from design (where applicable), manufacture, assembly, transportation, and onsite installation of modular components will be assessed and certified. The following process flow diagram shows how the BuiltReady framework works:



BCAs will only inspect work that is not covered by a manufacturer's certificate. Examples of such work are foundations and site work, or other parts of the building not covered by a manufacturer's certificate.

How does the BuiltReady scheme work?

A manufacturer can apply for BuiltReady certification in one of two ways:

- **design and manufacture** – manufacture modular building components to a Building Code compliant design that the manufacturer has developed or adapted themselves, or
- **manufacture only** – manufacture modular building components to a Building Code compliant design.

Three types of modular components that can be certified are defined by the Building (*Modular Component Manufacturer Scheme*) Regulations 2022 and include:

- **prefabricated frames and panels.** These include open frames or trusses, or enclosed frames or panels. Examples include floor, wall and ceiling panels or cassettes, frame and truss, panelised building systems, and structural insulated panels (SIP panels). Prefabricated frames and panels may also include mechanical, electrical, or other systems.
- **prefabricated volumetric structures.** These are three-dimensional products that comprise of one or more of the prefabricated frame or panel products described above. Examples include laundry and bathroom pods, and types of modular units. They may also include mechanical, electrical, or other systems.

- **prefabricated whole buildings** (ie the entire building is manufactured off site).

BuiltReady manufacturer's certificates – a deemed to comply pathway

A registered manufacturer can issue a manufacturer's certificate to accompany a building consent application and a second certificate to accompany a code compliance application.

For manufacturers certified to design and manufacture, the manufacturer's certificate will cover both the design and manufacture of the modular component included in the building consent. For manufacturers certified to manufacture only, the modular component will be deemed to comply, but the building design still needs to be approved by the responsible BCA. Any building work not covered by a manufacturer's certificate must still be approved by the BCA as per standard practice.

A manufacturer's certificate issued for a code compliance certificate is a statement that the modular component has been designed (if applicable), manufactured, transported, stored, and installed according to the specifications provided in the initial manufacturer's certificate (including any approved variations). Given that most offsite construction projects require traditional on-site works and

CONTINUED OVER...

installation, LBPs may encounter more 'hybrid' builds in the future and opportunities to learn how to install and integrate modular components.

Restricted building work

For traditional construction, any LBP who carries out restricted building work must provide a Certificate of Design Work or Record of Building Work. However, the Building (Definition of Restricted Building Work) Order 2011 has been amended to specify that the order does not apply to building or design work carried out by a registered manufacturer designing or manufacturing a modular component off site. All relevant records related to LBP work by a registered manufacturer will be part of the manufacturers' own quality management systems, ensuring there is a record of building work for that building.

A Record of Building Work is still required for site works such as foundations/ subfloor framing and any work that falls outside what is specified in a manufacturer's certificate. A Certificate of Design Work will be required if a manufacturer is certified to only manufacture modular components.

BuiltReady will be open for applications from manufacturers from mid-2023. A register of certified manufacturers will be available at www.building.govt.nz.



Where can I find more information?

The BuiltReady pages at www.building.govt.nz contain detailed information about the scheme including scheme rules and guidance material.

CODEWORDS QUIZ

- 1 **Is a modular component accompanied by a manufacturer's certificate deemed to comply with the Building Code?**
 - A. Yes – as long as the specified modular component falls within the registered manufacturer's scope of certification
 - B. No – a BCA still needs to assess the compliance of the specified modular component
- 2 **Where might an LBP potentially be involved with the BuiltReady scheme?**
 - A. Designing modular components for a registered manufacturer
 - B. Installation of deemed to comply modular components
 - C. Site works including foundations, connections, and any non-modular work
 - D. All of the above
- 3 **Does a registered manufacturer certified to design and manufacture modular components in the BuiltReady scheme need to supply a Record of Building Work and a Certificate of Design Work for the modular components it manufactures off site?**
 - A. No – as the building or design work carried out designing or manufacturing a modular component is not considered restricted building work.
 - B. Yes – the manufacturer will need to supply records of work for the restricted building work undertaken by an LBP off site.

Answers: 1. a 2. d 3. a



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BY JODIE KERR, ADVISOR, ENGAGEMENT AND COMMUNICATIONS AT
CERT NZ — MINISTRY OF BUSINESS, INNOVATION AND EMPLOYMENT

CERT NZ is focused on helping small businesses, who are often time poor and not always super tech savvy, protect their online accounts with two-factor authentication (2FA).

CERT (Computer Emergency Response Team) NZ's data shows that in the first quarter of 2022, over 65% of compromised accounts reported could have been protected if they had two-factor authentication in place. Internationally, the consensus is 99% of account compromise attacks can be thwarted with 2FA.

CERT NZ went out and interviewed a local builder who shared his story on how using 2FA made a real difference in his business.



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Case Study

"2FA has reduced the risk of fraud and losing financial data." Tom, sole trader.

I've learned that just by doing some of the simple stuff, like using long passwords and 2FA, my business is more protected.

I've been operating for just over two years. I have a few apprentice staff every now and then, but ultimately, at the moment, I'm a one-man business.

I rely heavily on my cell phone to project manage my workload and my tablet to pay all my invoices and run my business through multiple applications online. I store all my credit cards, bank accounts and trade account details on my device.

There are lots of payment systems involved so it's important that all that data is secure, and I can trust the apps and devices I'm using to secure that information.

Online attacks are becoming so common in our industry, but many could be avoided with some simple changes to how we do things.

I do a lot of handling of money and banking for my clients so if I made a payment to the wrong person, or my bank account was accessed by someone else, it's my responsibility. I would have to explain that to my clients and risk losing money and reputation.

I used to trust that the pin on my phone was enough to keep people out, but I've been improving my cyber security as I learn more about it. 2FA reduces the risk of fraud and losing financial information.

It's one of the first steps in securing my accounts. I now feel better that when I log in I get prompted to add the 2FA code. Also, when I get a notification saying "someone has tried to log in" or receive a random text with a 2FA code, I know that someone has tried to get access to my account but failed because they can't get past 2FA.

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It's our number one work-related killer, with around 220 people dying each year from preventable asbestos-related diseases.

More must be done to manage asbestos risks

Three organisations dedicated to reducing and eliminating asbestos exposure are calling on businesses and tradies to do better and keep themselves, their workers and others safe.

WorkSafe, the New Zealand Demolition & Asbestos Association (NZDAA) and the Faculty of Asbestos Management of Australia and New Zealand (FAMANZ) have come together to encourage better asbestos management.

"It's our number one work-related killer, with around 220 people dying each year from preventable asbestos-related disease," says WorkSafe Chief Executive Phil Parkes.

"What we're seeing today is the legacy of past exposure to asbestos, often while at work. But action must continue to prevent future illness and death through proper asbestos handling and management."

When kaimahi (workers) are required to work on asbestos-containing material they must be trained to do the work safely. This means understanding the risks involved and controls used to suppress or contain any asbestos-containing dust that is generated and how to dispose of asbestos waste safely so that others are not exposed to the dust.

"The dangers of asbestos exposure have been widely known for decades, and it's important that businesses and tradies manage the risk appropriately. All kaimahi have the right to be kept healthy and safe at work," says Mr Parkes.

"Lung diseases caused by asbestos, such as lung cancer, mesothelioma and asbestosis, have taken a dreadful toll robbing many of their health and time with their whānau. Businesses must manage the risks from asbestos to keep people healthy and safe."

NZDAA President Helina Stil says the amount of work being carried out in the construction industry, combined with aging residential and commercial buildings, means it's not a 'yesterday problem' – asbestos exposure continues to be a risk.

"THE PROLIFERATION OF ASBESTOS-CONTAINING MATERIALS IN HOUSES, BUILDINGS AND MACHINERY UNTIL THE 1990S, COMBINED WITH THE FACT THESE ARE PROGRESSIVELY DETERIORATING AND ARE APPROACHING OR HAVE EXCEEDED THEIR DESIGN LIFE, MEANS THERE REMAINS THE POTENTIAL FOR ACCIDENTAL EXPOSURE BY WORKERS, DIYERS AND OTHERS," SAYS MS STIL.

"Asbestos removalists are one part of the ecosystem, but it also begins with kaimahi on any site knowing how to identify and manage asbestos. This includes homeowners, landlords and property managers as well. Asbestos should be identified and appropriately addressed in a similar fashion as a business would any other health and safety risk."

FAMANZ is calling on businesses who need to remove asbestos to make sure they're using quality professionals who belong to an industry body.

"Unsafe levels of asbestos exposure are happening every day because of poor work practices, insufficient identification of hazards prior to works, and a blatant disrespect for health and safety," says FAMANZ Director Bridgette Jennings.

"Cost is cited as being more important than quality in the eyes of businesses when choosing qualified people to survey, remove, and assess asbestos. This attitude of price over competence needs to change. Quality must come first to ensure all reasonably practical steps are taken to protect people now and prevent more deaths in the future."

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Proposed Building for Climate Change amendments released



The Government has announced proposed amendments to the Building Act which will introduce energy ratings for buildings and waste minimisation plans to support climate change goals.

The changes will give building owners and occupants a new tool to understand energy use and performance, and reduce waste from the design, construction and deconstruction of buildings.

"By enabling mandatory energy performance rating requirements for buildings, and waste minimisation plans for construction and demolition projects, these proposals will help us to build a better future for generations of New Zealanders," says Minister for Building and Construction Megan Woods.

The proposed amendments to the Building Act will:

- make it mandatory for new and existing public, industrial and large-scale residential buildings (such as multi-storey apartment buildings) to hold energy performance ratings;
- require those intending to undertake certain building or demolition work to have a waste minimisation plan;
- change the principles and purposes of the Building Act, to clarify that climate change is a key consideration.

"Energy performance ratings are already mandatory for some buildings in Australia and are popular with many building owners and the wider sector, because they help improve understanding of energy use while acting as an extra incentive for making better energy efficiency decisions."

"ENERGY PERFORMANCE RATINGS COULD HELP LOWER ENERGY BILLS AND REDUCE COSTS, BY PROVIDING BUILDING USERS WITH THE TOOLS TO BETTER MANAGE PEAK ELECTRICITY DEMAND. A HIGHER RATING COULD EVEN INCREASE A PROPERTY'S VALUE OR RENTABILITY. ONE STUDY FOUND AN 8 PER CENT INCREASE IN ASSET VALUE OF ENERGY PERFORMANCE RATED BUILDINGS OVER THOSE WITHOUT RATINGS," SAID MEGAN WOODS.



The Bill also proposes mandatory waste minimisation plans being required during building and construction activities.

"By some estimates, construction waste accounts for up to half of all the waste which goes to landfill nationally. Having a reduction plan in place will encourage us to confront the amount of waste produced on-site, design with waste in mind, re-use building materials, incentivise recycling, and increase the uptake of local waste diversion schemes," Megan Woods said.

"REDUCING WASTE CAN ALSO DELIVER COST SAVINGS DURING THE BUILD PROCESS BY REDUCING OVER-ORDERING OF BUILDING MATERIALS AND IN TURN REDUCING WASTE DISPOSAL COSTS. AN AUCKLAND UNIVERSITY OF TECHNOLOGY STUDY FOUND THAT AROUND \$31,000 OF BUILDING MATERIALS ARE WASTED IN EVERY HOUSE BUILD."

"Designing with waste in mind and reducing the over-ordering of building supplies will also help mitigate short-term challenges such as supply chain constraints as it frees up building materials rather than converting them to waste."

These amendments form a key part of the building and construction sector's contribution to the Government's goal of reaching net zero carbon by 2050. They are expected to lessen waste, reduce demand on the energy sector, and help drive the growth of the circular economy to build a better future for New Zealanders.

The proposed amendments to the Building Act also set the stage for wider work through the Building for Climate Change Programme, with additional initiatives being developed that will focus on reducing embodied carbon and improving operational efficiency in new buildings.

As the climate changes, an increase in extreme weather events will impact tenants and building owners. The proposed amendments to the Act will make it clear that it is a core responsibility of the building and construction sector to consider the impact of climate change and the resilience of buildings.

Energy Performance

Having ready access to information on a building's energy performance will inform decisions by prospective owners and tenants and incentivise current building owners to take action to lift their building's energy efficiency.

Providing building users and owners with an assessment of current energy use and practical options to reduce this will help reduce their energy bills and better manage peak electricity demand. Higher property values and improved rentability could result from a high energy rating.

These changes will be phased in over time and will initially apply to larger public, industrial and commercial buildings and large-scale residential buildings but could be applied to other buildings in the future.

Waste Minimisation

The Government also intends to establish national requirements for waste minimisation to build on the localised work councils are doing in their communities and to help grow the circular economy.

Analysis shows that waste reduction can generate cost savings and help ease supply chain pressures in the construction sector, along with reducing emissions through encouraging more efficient use of materials. Given construction and demolition waste accounts for up to half of all waste in our landfills and can drive a proportion of construction costs, this is an important area to address.

Buildings make up nearly 9.4 per cent of our domestic emissions, through the energy they use directly and from their embodied carbon.

Early analysis indicates that these proposals could support emissions reductions of 12.6 Mt CO₂-e between now and 2050. For comparison this equates to nearly 19,000 plane trips between Wellington and Auckland per year until 2050.

What's next?

In 2023, the Government will introduce a Bill to progress the proposed amendments to the Building Act. Changes to regulations will also be developed and consulted on publicly.

Changes are expected to be phased in from 2025 onwards.



For more information about the proposed amendments see: tinyurl.com/climate-change-amendments

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1. The Axial withdrawal force required in AS3566.1 at 35mm screw embedment in F5 Radiata Pine is 3.1kN
2. The test results have been conducted under laboratory conditions. Appropriate safety factors must be applied.
3. Drill speed comparisons have been conducted in F5 Radiata Pine.

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Taskforce set up to protect construction industry from product shortages and delays

A new Critical Materials Taskforce, implemented with a focus on maximising productivity & cushioning businesses from supply chain risks will provide guidance, data and information to support builders, designers and business owners.

The new entity, announced recently by Minister for Building and Construction, Megan Woods, includes sector leaders from the Government's Plasterboard Taskforce which was set up in June 2022, and has been reshaped to include broader sector knowledge and expertise, incorporating experts covering smaller operations, design, consenting, products and procurement.

Woods says the taskforce will watch for emerging supply chain risks in the building and construction industry.

"The Critical Materials Taskforce will build on the successes of the Plasterboard Taskforce and use the valuable lessons learnt to be proactive and forward-looking, so we can identify emerging risks and respond as quickly as possible," Megan Woods said.

Since the beginning of January to October 2022, there has been an increase of almost 450% in the amount of plasterboard imported. This increasing trend in plasterboard imports is expected to continue through the end of the calendar year.

In that same period, a total of 4.6 million square metres of plasterboard and plaster-related products were imported into New Zealand – enough to build more than 9,000 homes.

"BRINGING TOGETHER CONSTRUCTION, BUILDING CONSENT, AND SUPPLY CHAIN EXPERTS INTO A TASKFORCE EARLIER THIS YEAR SHOWED HOW GOVERNMENT AND THE SECTOR SUCCESSFULLY WORKED TOGETHER TO TROUBLESHOOT PLASTERBOARD SHORTAGES QUICKLY AND PRAGMATICALLY. WE DIDN'T OVER COMPLICATE. INDUSTRY TALKED. WE LISTENED. IT WORKED."

"While we can be optimistic about the opportunities for our economy, we also need to remain cautious. We know we are facing a period of global turmoil. There will be more headwinds, which potentially means more materials shortages. We are ready," Megan Woods said.

In partnership with the Critical Materials Taskforce, the Ministry of Building, Innovation and Employment (MBIE) will lead the Critical Materials and Products Work Programme (CMAP Programme), which will then mitigate emerging supply risks based on the information received.

Woods will be kept informed of the work programme and the taskforce's meetings and actions through weekly reports from MBIE.

MEMBERSHIP OF THE CRITICAL MATERIALS TASKFORCE ARE:

David Kelly, Chief Executive Officer of Registered Master Builders Association of New Zealand (Plasterboard Taskforce member)

Rick Herd, Chief Executive Officer of Naylor Love (Plasterboard Taskforce member)

Tex Edwards, 2degrees founder (Plasterboard Taskforce member)

Julien Leys, Chief Executive of NZ Building Industry Federation

Matthew Duder, Managing Director of EBOSS

Malcolm Fleming, Chief Executive of New Zealand Certified Builders

Jeff Fahrensohn, Manager Inspections, Building Control at Auckland Council

Keryn Davis, Chief Executive of Architectural Designers New Zealand

Teena Hale Pennington, Chief Executive of Te Kāhui Whaihangā New Zealand Institute of Architects

Andrea Morton, Director Procurement & Supplier Management, Commercial Group at Kāinga Ora

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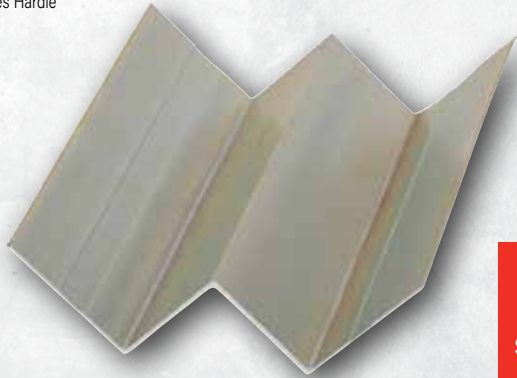


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- PVC
- Lightweight and durable
- Suitable for use with 4.5mm Eclipsa and HardieFlex™ Linings



\$5.50
EXCL GST EA

James Hardie Aluminium External Box Corner 9mm x 2750mm

MDAX304510

- Aluminium etch prime
- Use with Axon™ Panel and EasyLap™ Panel



\$49
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Sika Sikaflex®-11 FC 310ml

- All-in-one sealant and adhesive
- High strength polyurethane
- Indoor and outdoor use
- Sandable and paintable

ADFOSF90410 WHITE
ADFOSF90408 GREY
ADFOSF90407 BLACK



\$22.50
EXCL GST EA

Gecko Gauge

HTHA305941

- Linea™ weatherboard installation tool
- Gauges and supports the weatherboard
- Designed for 16mm Linea™ Weatherboard by James Hardie
- Adjustable head for 150 and 180mm widths
- Made in USA



\$119
EXCL GST EA

Reducing our carbon footprint while building seismically resilient housing

New research wants to find the 'sweet spot' for one of the greatest challenges in the construction industry – balancing seismically resilient housing with reduced embodied carbon.

Dr Charlotte Toma from the Department of Civil and Environmental Engineering at Waipapa Taumata Rau, University of Auckland, is leading the team exploring whether the carbon cost of designing seismically resilient structures can be justified in medium to high density residential buildings across Aotearoa New Zealand.

Toka Tū Ake EQC has funded this project as it directly aligns with its focus on improving the resilience of New Zealand's homes and buildings in a world with significant climate challenges.

"Our focus on building a more resilient Aotearoa starts with housing that can withstand the impacts of natural hazards," says the Head of Research at Toka Tū Ake Dr Natalie Balfour, who explains that building more resilient structures on suitable land is an effective way to lower damage levels and reduce the social disruption caused by natural hazard events.

"We need to address future disaster resilience challenges, while also contributing towards a net-zero carbon New Zealand, so we are excited to watch Dr Toma's project unfold."

"Investing in science and research and translating that into tangible outcomes is a critical part of what we do to inform key decision-making and make a difference for New Zealanders," Dr Balfour adds.

Dr Toma has been investigating a risk-based, lifecycle cost-benefit analysis on multi-storey residential buildings in Auckland, Christchurch and Wellington.

The research team is now conducting structural and non-structural estimations on what these redesigned buildings look like, focusing on how seismic performance objectives impact the embodied carbon during construction.

"Climate change mitigation within the building sector is happening, just not fast enough. We really need to push this kind of research or New Zealand won't meet its net carbon zero targets by 2050," says Dr Toma, adding that the building sector

is responsible for 39 per cent of global carbon emissions.

"The study allows us to explore how lower embodied carbon alternatives could be implemented, while still achieving a higher seismic performance target. The research will help find a balance between designing stronger buildings that would suffer limited damage but require higher up-front carbon costs during construction, and buildings with lower embodied carbon that could have a significant environmental impact if they need to be torn down or repaired after a seismic event."

Dr Toma says there's a push to make our homes more resilient and fortunately, some scientists and engineers are focused on improving seismic resilience, as well as working towards more environmentally friendly techniques and net-zero carbon builds.

"Our aim is to provide evidence that improved seismic resilience can be achieved alongside a shift to embodied carbon considered design, and that sustainable design is not mutually exclusive of seismic resilience – providing a strong argument for legislation so we can start to see change happen."

"We owe it to our children – the next generation of New Zealanders – to see this happen," says Dr Toma, who is one of 13 researchers funded through the latest Toka Tū Ake EQC Biennial Grants programme.

"Climate change mitigation within the building sector is happening, just not fast enough. We really need to push this kind of research or New Zealand won't meet its net carbon zero targets by 2050," says Dr Toma, adding that the building sector is responsible for 39 per cent of global carbon emissions.

DR CHARLOTTE TOMA,
UNIVERSITY OF AUCKLAND





RMA reforms aim to make housing and urban system simpler, faster, cheaper

The Natural and Built Environment (NBE) and the Spatial Planning (SP) Bills have been introduced to Parliament and will replace the existing Resource Management Act, which has been in place for three decades.

Megan Woods, Minister for Building and Construction, says the overhaul of the Resource Management system will make the ability to build new housing simpler, faster and cheaper.

"The intent is that more housing and urban activities will be permitted and fewer consents needed," Megan Woods said.

"THESE REFORMS SIMPLIFY THE CONSENTING PROCESS BY REPLACING COMPLEX CONSENT APPLICATIONS WITH STANDARDS. THIS HAS THE ABILITY TO ENABLE FASTER CONSENTING TIMEFRAMES AND MORE AFFORDABLE HOUSING, THROUGH LOWER DEVELOPMENT COSTS."

Environment Minister, David Parker called the current RMA process "broken", adding that it takes too long, costs too much and has not adequately provided for development nor protected the environment.

"The existing system has made housing more expensive and contributed to a shortage of homes."

"It needs to be faster, cheaper and better. We are doing that, delivering a system that provides greater certainty and less complexity."

He says the new legislation will address many of the long-standing issues the RMA has created, while saving the economy hundreds of millions of dollars. His comments were echoed by Woods, who said the current RMA system is well past its use-by date and that the new legislation will create a system that will make it easier and more affordable to deliver housing in the places people need, while protecting the natural environment.

Between 2010-2014 and 2015-2019, the time to consent infrastructure projects increased by 150%.

"Reform is overdue. Everyone is frustrated – environmentalists, developers, councils, farmers, home builders, and there is cross-party support for the need to repeal and replace the RMA," Parker says.

"There is clear evidence resource consenting has become more costly, with council fees for notified consents more than doubling between 2015 and 2019. Costs for mid-sized infrastructure projects are up 70 per cent in the same period."

"New Zealand developers' consenting costs of 5.5 per cent of total project costs are at the extreme end compared with the UK and the EU, where consenting costs are between 0.1 per cent and 5 per cent," David Parker said.

"UNDULY RESTRICTIVE PLANNING RESTRAINTS HAVE LED TO NEW ZEALAND'S URBAN LAND PRICES AND HOUSING BEING AMONGST THE LEAST AFFORDABLE IN THE OECD," DAVID PARKER SAID.

"The new resource management system will deliver economic and environmental benefits. For every \$1 spent the new system is expected to deliver \$2.58 to \$4.90 in benefits."

"On a conservative estimate, costs to users will fall by 19 per cent a year, or \$149m, equal to more than \$10 billion in cost savings over 30 years."

"More than 100 RMA plans will reduce to just 15 regional-level plans across the country. The time taken to prepare them will reduce from 10 years under the current system to a maximum of four years."

"Off-the-shelf standards for housing and infrastructure projects will remove the need for bespoke specifications for each project, making future Transmission Gully-type projects easier and cheaper to consent."

"Developers, infrastructure providers and businesses will see the largest costs savings as consent volumes and costs decrease, saving hundreds of millions of dollars a year."

"Benefits will flow to the public through cost savings for housing and fewer consents. The environmental benefits – which cannot be valued in dollar terms – will be substantial."

The requirement for regional spatial strategies will provide direction on where development, growth and infrastructure should be provided over 30-plus years.

"These spatial strategies will align infrastructure and land use planning to support well-functioning urban areas, and provide certainty to the sector," Megan Woods said.

Meanwhile, a key tool that has been used to speed up the delivery of housing, introduced during the COVID-19 pandemic, will be kept.

The COVID-19 Recovery (Fast-track consenting) Act 2020 has so far resulted in 31 housing projects with potential to deliver over 4,000 new homes being successfully fast-tracked or referred to an expert consenting panel. This has enabled medium and high-density housing in areas like Auckland,

Christchurch and Queenstown, which are areas where demand for housing exceeds what Councils have previously enabled through their ordinary planning and consent processes.

"Our housing crisis was decades in the making and unfortunately there is no silver bullet to fixing the housing and urban system."

"While we have already made important strides in enabling more urban development, such as investment in critical infrastructure like pipes and roads to support more housing, there is more to do."

"A leaner, more responsive resource management system will help improve housing supply, affordability, and choice, and deliver better housing outcomes for Māori," Megan Woods said.

The Natural and Built Environment and the Spatial Planning Bills will now go through a full select committee process. The Government aims to pass them into law before the next election.

Key improvements of the new legislation include:

New standardised conditions will see fewer "bespoke" consents and speed up the process

More upfront work on plans to provide clear direction and to increase certainty around consent processes

Fast-track process retained

On a conservative estimate, costs to users will fall 19% a year (\$149m) or \$10b over 30 years

Environmental protection is improved, based on new targets and limits

The National Planning Framework will provide consistency and certainty

Over 100 RMA plans will reduce to 15 NBE plans

NBE plans to be completed within four years.

IN THE LAST YEAR AT THE NATIONAL LEVEL, THERE WERE JUST OVER 30,000 CONSENTS ISSUED FOR ALTERATIONS TO RESIDENTIAL BUILDINGS VERSUS ALMOST 51,000 CONSENTS FOR NEW DWELLINGS.

Switching to alterations to help offset falling new housing demand

BY RODNEY DICKENS

The Reserve Bank continues to charge ahead with OCR hikes without proper consideration of the fallout already in the pipeline, especially for new residential building as discussed in recent articles. This article looks at how much switching to alterations can protect builders against falling demand for new housing.

After the 0.75% OCR hike in November, the Reserve Bank plans to increase it another 1.5% to 5.5% by September 2023. With it taking around 12 months for changes in interest rates to impact on new dwelling consents, this implies consents could keep falling until around the second half of 2024. This is if sanity doesn't prevail and end OCR hikes earlier.

WITH MORTGAGE INTEREST COSTS SET TO INCREASE QUITE A BIT MORE THAN TWICE THE PERCENTAGE THAT OCCURRED WHEN THE RESERVE BANK WAS LAST FIGHTING INFLATION IN THE 2000S, A 40% OR LARGER FALL IN DEMAND FOR NEW HOUSING RELATIVE TO 2022 PEAK LEVELS IS POSSIBLE.

Over the years some of my building clients have said switching to focus more on alterations has helped them weather major falls in demand for new housing.

In the last year at the national level, there were just over 30,000 consents issued for alterations to residential buildings versus almost 51,000 consents for new dwellings as shown in the chart. This means moderate scope for builders currently focused on new housing to switch to alterations and displace some of the builders currently in that space. However, there are constraints on how much switching can help especially for larger firms.

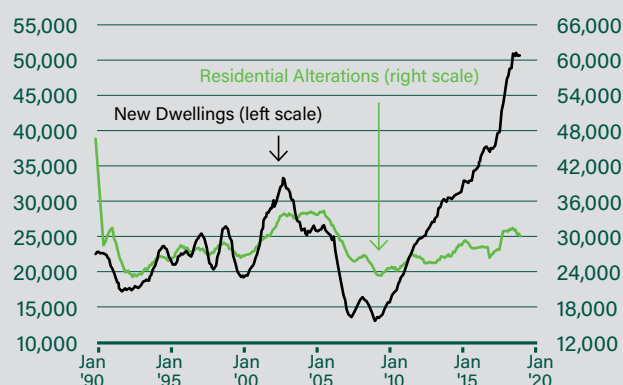
The national average value per alteration consent in the last year of \$83,000 is only 20% of the average value per consent for new dwellings of just over \$400,000. The much smaller size of alteration jobs puts a significant limit on how much switching to alteration activity can offset falling demand for new housing.

A second limitation is that during major falls in new housing demand, demand for alterations also falls significantly contrary to what some of my clients have suggested in the past. At the national level, this can be seen in the chart, especially in the major downturns in the early-1990s and 2009. The huge increase in interest rates poses a threat to the level of alteration activity.

Despite these limitations, there is some scope for builders currently focused on new housing to switch to alterations to help insulate themselves from falling new housing demand.

Number of Consents

Annual totals, proportional scales





UPCOMING EVENTS 2023

Mark your diaries with some of the upcoming events that have already been announced for the year. It's a great chance to connect with industry peers and keep your learning up to date. CARTERS are proud to partner and support many of these events and look forward to seeing you there.

Date	Event	Location
9 January - 24 February	Registered Master Builders House of the Year - Entries Open	Online
9 March - 14 April	Registered Master Builders CARTERS Apprentice of the Year - Entries Open	Online
25-27 May	Master Joiner Conference	Wellington
26-27 May	NZ Certified Builders (NZCB) Conference, Expo & Awards	Christchurch
19 May	Registered Master Builders NZ Commercial Projects Awards	Auckland
20 May	Asian Construction Expo	Auckland North
10 June	Registered Master Builders CARTERS Apprentice of the Year - Regional Practical	Nationwide
7-9 June	NZ Institute of Quantity Surveyors (NZIQS) Conference	Hamilton
21 July - 19 August	Registered Master Builders House of the Year - Regional Awards	Nationwide
30-31 August	Registered Master Builders NZ Constructive Forum	Auckland
4 November	Asian Construction Expo	Auckland South
9-10 November	Registered Master Builders CARTERS Apprentice of the Year - Nationals	Auckland
25 November	Registered Master Builders House of the Year - National Awards	Christchurch

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WHO CAN ENTER

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- Currently employed by or contracted to a building firm or a builder at the time of the regional competition being judged.
- You may only enter the competition a maximum of two times, provided you were not a national winner the prior year.
- You must have completed at least two years of your National Certificate in Carpentry on-site and still be an apprentice at the time the entries close on 14 April 2023).

EMPLOYERS

Got a star apprentice? Get them involved in this competition to boost their career and your business to the next level. There's an award up for grabs for you too!

APPRENTICES

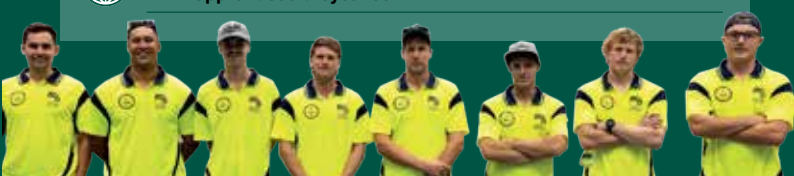
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Registrations open 9 March 2023. For more details see www.apprenticeoftheyear.co.nz



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ROUND 1

Hamilton	Mon 19 Jun
Auckland West	Tue 20 Jun
Whangarei	Wed 21 Jun
Kerikeri	Thu 22 Jun

ROUND 3

Christchurch	Mon 9 Oct
Greymouth	Tue 10 Oct
Nelson	Wed 11 Oct
Blenheim	Thu 12 Oct

ROUND 2

Wellington	Mon 21 Aug
Masterton	Tue 22 Aug
Palmerston North	Wed 23 Aug
New Plymouth	Thu 24 Aug

ROUND 4

Auckland North	Thu 9 Nov
Tauranga	Tue 14 Nov
Taupo	Wed 15 Nov
Napier	Thu 16 Nov

Register today at www.conztract.co.nz



What you should be doing with KPIs and why

BY DANIEL FITZPATRICK

There's never been a more important time to use Key Performance Indicators (KPIs) because doing business is hard right now.

Material and wage costs are increasing and construction costs for new homes have risen by 9.6% over the last 12 months according to RNZ. Disruption of schedules, jobs being shifted around all the time, downturn in the market in areas, a shortage of good staff, your existing team having more time off, and expecting more leniency.

All these things add pressure to your profits, cashflow and day-to-day running of your business. KPIs give you the ability to keep a firm handle on all important aspects of your business, without having to be involved in every detail.

The truth is, tracking your performance numbers and your progress is the only way to make sure all your hard work will be worth it.

Let's jump in:

1 Use KPIs to make difficult conversations with staff easier

Have you ever had a team member who wasn't performing, had a bad attitude, or was making too many mistakes? It's easy for these issues to get kicked down the road. But the longer it goes on, the worse it gets.

The best thing about KPIs is... It's not personal. It's just about what the business needs to be successful. When standards have been set, everyone knows what's expected and it's clear if they are meeting the mark - or not.

For example, I once worked with a building company that needed more jobs. The sales rep was not getting the results. It was awkward, there were lots of excuses and the owners were almost resigned to accepting poor performance even though it was hurting their business.

We worked together on putting KPIs in place. Suddenly it was much easier to have those sales conversations. Combined with the right support, the focus shifted to meeting targets, tracking how many new enquiries this week and how many quotes were completed or followed up.

Conversion rates increased from 22% to 35%, which everyone was happy about - including the rep who was on commission.

2 Use KPIs to get staff into an accountability mindset - and fix underperforming

How do you get your team to perform at its best? It's one of the hardest things about being in business. Unfortunately, if you don't provide the right structure and direction, even your star players won't be able to deliver.

Does your team know if they are winning or losing each week? Is their definition of success the same as yours? Developing KPIs with your team will get everyone on the same page.

The trick is: KPIs only work if your team owns them. To get buy-in, it's most effective to get your staff to come up with their own performance goals.

A drainlayer I have been working with recently had a lot of issues in his team of seven. Jobs were taking too long, gear was being forgotten, and there was a lack of accountability when things went wrong.

He'd tried motivating them before without success so was sceptical about KPIs. But he brought it up at the next team meeting and gave each guy the responsibility of coming up with their own KPIs (with a little guidance).

KPIs ranged from the apprentice turning up on time through to the foremen committing to finishing jobs on schedule. Results were starting to happen. Then one day he overheard his guys comparing their individual targets and how they were going to go about achieving them. That was when he knew it was really working.

Remember to only measure your staff on stuff they have influence over!

3 Don't overcomplicate your KPIs - only use the ones you really need

I'm a fan of Xero and job-tracking software. I'll tell you what though. All of those complicated reports aren't going to help you much.

KPIs are most effective when they are kept simple. In each part of your business, you should only have a few key things to focus on. For example, if you want to improve cashflow, then the main KPI to watch is how much cash you have in the bank after all bills are paid.

The numbers you're tracking must be identifiable so you can use them to make smarter decisions. If not, what's the point?

When I work with tradies to improve their profits, I put all their most important KPIs into one dashboard. Then it only takes around 20-30 minutes a month to see how we're tracking. And gives them laser focus on where to concentrate to get the best results. This dashboard is a quick check. All the numbers are in one place. The last thing you need is to be hunting out info all the time!

One company I've been working with for the last eight months has gone from significant losses to now making 10k-20k every single month. This success is mainly down to using the dashboard. Consistency is key.

4 Never base your KPIs on what others are doing

A word of caution: Don't look at what others are doing and think you should be doing the same. And definitely don't measure success by how big your team is compared to theirs. Take it from me, a bigger team does not automatically mean a bigger profit.

KPIs will vary depending on what stage you are at in your business. When deciding your sales target this will depend on where your break-even point is, your gross margins, and how much money you want to make for the year. It's individual to you and always will be.

If you're a builder, you won't be getting the same margins as an electrician. If you complete high-end work, your margins should also be higher than others in the same industry. It's important to get crystal clear on where your margin should be specifically for your business.

Wouldn't you rather base your pricing and margins off concrete numbers that are right for you and your overheads so you know that you're making money on every job and know exactly where you're winning and losing?

5 Use KPIs to avoid expensive mistakes

By now you'll have realised that not having really solid KPIs is costing you more than you thought. Lost margins, lost profitability, lost focus.

Knowing exactly what you are aiming for will help you avoid mistakes (or at least see things in time to make adjustments when needed).

You can avoid pricing incorrectly (usually this happens if you don't know where your target margin should be) and avoid leaking profits by tracking jobs well throughout.

You can avoid booking too many jobs (if you haven't worked out exactly how much work is optimal for your team). This also means no burning out your team (and reputation) with too much work and crazy deadlines.

You can avoid constantly not having money in the bank when you need it and sleepless nights with cashflow worries because you haven't created a cash buffer or know what that should be.

These mistakes all cost you time, stress, and money.

Bottom Line

Running a business without tracking your performance is like being the captain of a ship in the dark of night during a storm. Trying to avoid the rocks. Without a lighthouse to guide the way.



Need some help to get your business tweaked for optimal results? It's time we had a chat. Book here: nextleveltradie.co.nz/nextstep/



Daniel Fitzpatrick is a New Zealand based business coach and the creator of Next Level Tradie. Find him at nextleveltradie.co.nz

DANIEL FITZPATRICK
BUSINESS COACH





Should contractors have professional indemnity insurance?

WRITTEN BY BEN RICKARD, TRADE INSURANCE EXPERT AT BUILTIN

We often have builders ringing us asking for professional indemnity insurance because it's a requirement in a tender or contract. Whether it's suitable however depends on a number of factors.

If you're not responsible for any of the design, engineering, surveying or other professional services, then it may not be necessary or appropriate. In that case, see if you can tag it out.

However, if you're taking on a design and construct role, including making any incidental design and specification alterations during the construction, then it's advisable to have cover in place. It also covers the contractor for liability that might attach to them for errors or omissions by professionals that they have engaged, such as architects and quantity surveyors.

Additionally, if your business operates in a project management capacity only then professional indemnity cover is advisable.

What is it?

Professional indemnity insurance protects you from claims of compensation for acts, errors or omissions in the performance of your professional business that cause another party a financial loss.

It differs from public/general liability, which typically covers damage to physical property. Public liability can also cover personal injury as well as the quantifiable financial cost to another party that stems from not being able to use physical property.

On the other hand, professional indemnity covers less tangible losses, such as the financial cost of a faulty design, survey or specification error or poor advice. It covers your legal defence costs and compensation you are ordered to pay.

How long do I need it for?

Professional indemnity insurance is of a type known as "claims made". This means you need to have the policy in place when the claim is first notified to you, which could be many years after the project was completed. It also has what is known as a "retroactive date", which is usually the first day you took out professional indemnity cover and is carried through to all subsequent policies. Only events after this date will be covered. That basically means you need to have the policy in place continuously from the start of the work through to when a possible claim arises, which could be up to 10 years! Project specific policies can also be arranged, which can cover individual projects for a specified number of years.

Shouldn't the architect's insurance cover it?

The architect's insurance may cover their liability, but that won't extend to your legal bills, nor will it pay any of the damages that the court deems you to be liable for. If the architect has gone bust then there's no one else to carry the can but you. Additionally, the terms and conditions of many architects and other professionals contractually limit their liability to you in the event of an error. Leaving you once again to pick up the bill.

Claim Examples

1. A builder providing a full design & build service engages an architect and engineer to design the slab for a sloping block build. They stuff it up and this results in significant structural issues. The homeowner sues the builder, who has to pay both legal expenses and compensation alongside the architect and engineer.
2. The design for the façade of a retail complex didn't properly design the fixings to support its weight. A section of it came loose and damaged nearby cars and property. This was not covered by public liability insurance (due to the cause being a design fault), so the claim was submitted under professional indemnity insurance.

In a Nutshell

If your business is responsible for any design, specification, surveying or project management services then professional indemnity insurance is an important consideration.



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bultininsurance.co.nz | ben@bultin.co.nz | 0800 BULTIN

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

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New guidance: **Applying for building consent**

The Building Performance team at the Ministry of Business, Innovation and Employment (MBIE) has recently released new guidance and supporting information to help people understand the building consent process.

The new material was released after recognising that there was a level of uncertainty in the building sector and from homeowners on the requirements and procedures for applying for a building consent and Code of Compliance.

The guidance has been created to help people understand how the building consent process works and how to navigate it successfully. It covers how to determine which building work requires a building consent, the building consent process, common mistakes in the application process, and the role of inspections and the Code of Compliance certificate.

No legislative or regulatory changes have been made regarding the building consent process, but this guidance has been created to ensure the current requirements of the building consent process are transparent and easy to follow for everyone involved in the building process.

A building consent is an approval to undertake building work in accordance with the approved plans and specifications. All building work needs to comply with the Building Code, and in most cases, you will need a building consent before you can start building.

Some building work is exempt from the requirement to obtain a building consent, see the link below for details.

A building project starts when the decision to build is made. It is important to understand early what requirements need to be met that might inform your design decisions.

Prepare your building consent application and include all required information, documentation and fees. Check the council's website for any additional information that they might require, including familiarising yourself with the council's electronic submission system.

A quality building consent application will avoid delays and reduces costs.

Step-by-step guide to the building consent process

A guide has been created to provide the building consent process from the pre-application stage, when site specific information is gathered, to when the code compliance certificate is issued. It will support you to understand early what requirements need to be met to help inform your design



BUILDING PERFORMANCE



For more information see:
tinyurl.com/exempt-guidance
tinyurl.com/steps-guide
tinyurl.com/building-consent-guidance
tinyurl.com/order-documents-checklist



decisions. Find out about each step in the printable diagram via the link at the end of this article.

Building Consent Guidance

This guide covers the building consent process for applications for new residential building work, however the principles can be applied to all building consent applications, including those for large and/or complex commercial projects.

Who is this guide for?

This guidance is for:

- Homeowners who wish to understand the process involved in applying for a building consent.
- Building practitioners (designers, builders, developers, engineers and architects) who are applying for a building consent application on behalf of the owner.

Councils are also required to provide information to enable customers and applicants to navigate the steps and key requirements of the building consent process, and to make good consent applications. It is a good practice to check your local council's website before you submit your application.

To make a good building consent application, your application should be clear, correct and complete and include a suitable level of detail. The standard of order documents checklist via the link below is used for residential dwellings and helps to ensure your building consent application is well organised and clearly set out.

Summary of Submissions published for the review of the building consent system

Earlier this year the Government commenced a review of the current building consent system as the first step in a system-wide review.

The review of the building consent system is part of the Building System Reforms – these reforms are taking a comprehensive approach to lift the performance of the building regulatory system, ensuring building work is done right the first time and providing fairer outcomes if things go wrong. They seek to make much-needed improvements so that building work can be done more efficiently and buildings are safe, healthy and durable.

The building consent system review is a key step in this programme. It is an end-to-end review from the building design phase through to the issuing of a code compliance certificate.

In July 2022 an issues discussion document was released for public consultation along with a policy position statement on risk and liability. The document aimed to build a shared understanding of issues with the current consenting system as a basis for considering future system change. The consultation, which closed on 4 September 2022, received 264 submissions from a range of stakeholders, with good representation across the entire building and construction sector. MBIE has analysed all submissions and published a summary of what they heard.

MBIE will consider all feedback and suggestions provided as part of the next phase of the review. They are working to confirm the key issues and develop options for a new or revised building consent system with further information on the next steps to be published this year.



For more information visit
tinyurl.com/consent-system-review
tinyurl.com/building-system-reforms

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New information requirements for building products in late 2023



ANDREW SKINNER
PARTNER Martelli McKegg

The Building (Building Products and Methods, Modular Components, and Other Matters) Amendment Act 2021 has brought about several changes to the building industry, all of which aim to increase the efficiency and quality of building work.

One of the new features that will come into force in 2023 is the mandatory information requirements for certain building products. These requirements have been outlined in the Building (Building Product Information Requirements) Regulations 2022. The Regulations have been made to designate the types of building products for which product information must be provided and outlines the minimum requirements for the information.

The purpose of the Regulations is to increase confidence in the use of building products and to support better and more efficient decision-making regarding building products. Prior to the legislative changes, providing information about building products was not mandatory, leading to inconsistencies with information provided about the use, installation, and contribution to building code compliance. The lack of information has created delays in the past with building consent authorities requesting additional information about certain products in order to determine compliance of those products with building code requirements.

From 11 December 2023, manufacturers, importers, retailers and distributors of building products will have an obligation to provide publicly available information about the building products they manufacture, import or sell in New Zealand.

There are two classes of designated building products to which the Regulations will apply. Class 1 includes batch or mass-produced building products that are typically available for retail or wholesale purchase. This class includes cladding products, structural wood based products, mechanical fixings, roofing products, and plumbing and drainage products. Class 2 includes custom-made lines of building products that are made to order to client specifications. An example of a product under this class is customised external window joinery and doors.

Under the Regulations, the prescribed information to be provided includes:

- the name and a description of the product and its intended use;
- a product identifier that distinguishes that product from other building products;
- the legal and trading name of manufacturers and, if applicable, importers;
- a statement specifying the relevant clauses of the Building Code and how the product is expected to contribute to compliance, as well as any limitations on the use of the product;
- any design, installation and maintenance requirements; and
- either a statement that the product is not subject to any warnings or bans or a description of warnings or bans applicable to the product.

For Class 1 building products, the information must be disclosed either before or when the product is being offered by a wholesaler, retailer or other distributor. For Class 2 products, the information must be disclosed prior to ordering so that customers know they are ordering the right product for their intended purposes. The information must be published and maintained on a publicly available website. Any changes to the website must be disclosed to the public to the extent practicable and as soon as practicable. The information must also continue to be maintained even if the product has been discontinued, superseded or no longer manufactured.

Once in force, the information available should make it easier for designers, builders and homeowners to decide which products are right for the job, use them as intended, and make decisions about alternative products where there are product shortages. It is hoped that this will result in more efficient building consent processes for building consent authorities.

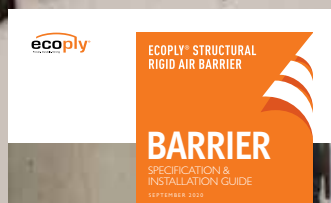
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