

# UNDER CONSTRUCTION

GET YOUR OCTOBER 2016 SKILLS MAINTENANCE POINT!



**FACE YOUR FEAR POST  
BLUE SEPTEMBER**

**SECRETS TO SUCCESSFUL  
BUSINESS GROWTH**

**WHEN TO INCLUDE  
DISCLOSURE  
EXCLUSIONS**

**SCORE BIG WINNER  
ANNOUNCED**

## DOING BUSINESS WITH PLACEMAKERS WILL SOON GET EVEN EASIER

IN OCTOBER WE WILL BE INTRODUCING  
NEXTMINUTE, AN EASY-TO-USE APP THAT WILL  
SAVE YOU TIME AND MONEY.

For more info go to [placemakers/nextminute.co.nz](http://placemakers/nextminute.co.nz)



nextminute

**PlaceMakers<sup>®</sup>**



# Learning from experience



**Experience is one of the most valuable resources you can have in business (and in life) – and it’s not always earned the easy way! Trial and error is a well-worn route to experience, but it’s what you learn from your mistakes that often shapes future success.**

Of course, valuable lessons can also be learned from others’ experiences – which is why we started the Builders’ Business column in *Under Construction*. It’s a space for you to share with your peers how you are handling situations common to the wider industry, or within a particular region.

This month’s Site Safe article highlights a very serious example of how one business has learned from experience. A near-fatal fall, combined with feedback from WorkSafe, has been the catalyst for a complete re-focus on safety processes – something that had been overtaken by a sharp increase in workload and staff numbers over a relatively short period of time.

While the end result for this company was positive, it shouldn’t take a near-miss to effect necessary change. Ensuring your own health doesn’t get near – or past – the point of no return is the key driver for Blue September, the Prostate Cancer Foundation’s annual appeal to raise awareness of men’s health and the importance of getting regularly checked. It’s a campaign PlaceMakers gets behind every year with great support from our builders, as you’ll see on page 5.

We’ll be running more articles about Blue September events over the next few months. Just like safety on the worksite, taking care of one’s health isn’t something we should only focus on for one month of the year. Health and safety should be on our minds year-round and is definitely one of those situations where it is better to learn from someone else’s experience rather than our own.

Take care out there and please continue to provide feedback on how we can continue to evolve *Under Construction* to meet your needs, by emailing us at [editor@pmunderconstruction.co.nz](mailto:editor@pmunderconstruction.co.nz).

**Gary Woodhouse**

General Manager Operations & Marketing

**Trial and error is a well-worn route to experience, but it’s what you learn from your mistakes that often shapes future success**



6



10



18



22

## NEWS

- 2 LBP** PlaceMakers latest round of seminars is under way!
- 4 COMMUNITY NEWS** New Hutt City store designed with tradies in mind; PlaceMakers gets creative to support Blue September
- 12 INDUSTRY NEWS** New dwelling consents up on last year; LVRs predicted to have limited effect on construction activity; MBIE launches LBP awareness campaign
- 14 SPECIAL REPORT** The second part of our report on Building Consent Authorities looks at site inspections and industry collaboration initiatives

## FEATURES

- 3 BUILDERS’ BUSINESS** Business practices of your fellow builders
- 6 BUILDING & HOUSING GROUP** Delving into the detail of CCA changes – revised definitions and updates to the adjudication process
- 8 BRANZ** Why ventilation is critical to managing roof moisture
- 10 SITE SAFE** How a near-fatal accident prompted one business to rethink its approach to health and safety
- 16 CROWE HORWATH** Employees or subcontractors? That is the question – but what is the right answer for your business?
- 18 SUCCESSFUL BUILDER** Growing your business starts with you, but don’t forget to focus on your staff and existing clients too
- 20 LEGAL** Do you understand your disclosure requirements under the Building Act 2004? The consequences for getting it wrong could be costly
- 22 BUILTIN** How do you know when exclusions are relevant enough to include in the Prescribed Disclosure Information. BuiltIn offers some advice on what goes where

## OTHER STUFF

- 25 SPONSORSHIP** One lucky winner has Scored Big!
- 25 SKILLS MAINTENANCE** Record your LBP skills maintenance – you’ve earned it!

**ISSUE 57 > OCTOBER 2016**

>PUBLISHER > DCL Corporate Publishing > ENQUIRIES > [editor@pmunderconstruction.co.nz](mailto:editor@pmunderconstruction.co.nz); (04) 384 5689

DCL Corporate Publishing reserves the right to accept or reject all editorial or advertising material. No part of Under Construction magazine may be published without the express permission of the publisher. All rights reserved. Opinions expressed or imagery in Under Construction magazine are not necessarily those of PlaceMakers or the publisher. No responsibility is accepted for the suggestions of the contributors or conclusions that may be drawn from them. Although the publisher has made every effort to ensure accuracy, the reader remains responsible for the correct use and selection of any tools, materials and systems followed, as well as the following of any laws or codes or standards that may apply.





# New PlaceMakers seminars under way now!

To support its customers in navigating the industry's changes, PlaceMakers continues to offer opportunities for upskilling.

Here's an overview of what you can expect by attending your local session.

### HEALTH AND SAFETY FOCUS – HOW ARE OTHERS HANDLING IT?

Presenter John Tait will relay information from WorkSafe's most recent guidance on 'working at height', 'working on roofs' and 'safe use of safety nets'. He will highlight the areas where good planning and monitoring can make all the difference.

The seminars will shed light on some of the common myths that have surfaced since the new health and safety reform became law – from ladders being outlawed to scaffolding being mandatory.

John also shares some insights arising from a case study conducted by WorkSafe, with some key messages around worker participation.

### LBP UPDATE

There will be useful information from the LBP registrar's on the most common themes relating to LBP complaints, as well as other observations.

One of the most common LBP complaints is centered round "poor understanding and application of site supervision", which recently prompted the Building Practitioners Board to clarify the definition of supervision for LBPs. The Registrar draws attention to factors the Board took into account in a recent decision about negligent or incompetent supervision.

### REGULATORY UPDATES

The seminars will include reminders about recent regulatory changes, such as the Construction Contracts Act, Residential Tenancy Act changes, the recent ban on retrofitting foil insulation and more.

John will also provide advice on how to avoid inspection failures. Having spoken to team leaders at several councils around the country, he will cover a few non-compliance issues which often lead to a failed inspection.

Additionally, attendees can learn more about a recent MBIE determination that could have far-reaching implications.

"Builders will be surprised when they hear about this one," says John. "It highlights the importance of establishing for sure and in advance whether a change is considered minor, or requires an amendment to the consent."

PLACEMAKERS BRANCH	DATE
<b>WEEK 4</b>	
Whangarei	Tuesday, 4 October 16
Kaitia	Wednesday, 5 October 16
Kerikeri	Wednesday, 5 October 16
Mangawhai	Friday, 7 October 16
<b>WEEK 5</b>	
Queenstown	Monday, 10 October 16
<b>WEEK 6</b>	
Invercargill	Monday, 17 October 16
Gore	Tuesday, 18 October 16
Mosgiel	Tuesday, 18 October 16
Cromwell	Wednesday, 19 October 16
Dunedin	Thursday, 20 October 16
Te Anau	Thursday, 20 October 16
Alexandra	Friday, 21 October 16
<b>WEEK 7</b>	
Twizel	Monday, 31 October 16
Wanaka	Monday, 31 October 16
Oamaru	Tuesday, 1 November 16
Ashburton	Tuesday, 1 November 16
Riccarton/Antiqua St	Wednesday, 2 November 16
Cranford St/Kaiapoi/Hornby	Wednesday, 2 November 16
Timaru	Thursday, 3 November 16
<b>WEEK 8</b>	
Motueka	Monday, 7 November 16
Blenheim	Monday, 7 November 16
Nelson (Saxton Road)	Tuesday, 8 November 16
Wellington Session 1 - Kaiwharawhara, Evans Bay, Hutt City	Thursday, 10 November 16
Wellington Session 2 - Porirua	Thursday, 10 November 16
<b>WEEK 9</b>	
Kapiti	Monday, 14 November 16
Levin	Tuesday, 15 November 16
Palmerston North	Tuesday, 15 November 16
Ohakune	Wednesday, 16 November 16
Wanganui	Wednesday, 16 November 16
Hawera	Thursday, 17 November 16
New Plymouth	Friday, 18 November 16

For times, visit [www.placemakers.co.nz/trade](http://www.placemakers.co.nz/trade)  
To register your interest, please contact your local PlaceMakers store.



## Mind your maintenance

Builders' Business is a column by builders for builders. Its objective is to provide a forum, particularly for small business operators, in which to share knowledge, experience, tips and ideas

**Q:** How do homeowners react to receiving maintenance information once the build is complete?

**Firm:** Salamander Build Ltd  
**Principals:** Charlie Bailey and Mark Travers  
**Location:** AKL **Staff:** 1

**Firm:** Peter Goodger Builders  
**Principal:** Peter Goodger  
**Location:** Gore  
**Staff:** 5

**Firm:** O'Leary Homes  
**Principal:** Greg O'Leary  
**Location:** Hawke's Bay  
**Staff:** 4

Once all trades are completed onsite and all the relevant documentation is in order, we book a final council inspection.

We make sure we are present for the inspection, so we can answer any queries that may arise or do any little jobs that may have been overlooked.

After the inspection is passed (fingers crossed!), we sit down with our customers and talk them through the specific maintenance information for their build. We discuss the different ways that each part of their build needs to be maintained and the consequences that will occur if proper maintenance is not done.

The majority of customers are pleased to be provided with this information and appreciate having set guidelines on what is expected of them as homeowners. However, it can have the opposite effect on some people, creating added stress on already busy lifestyles.

I think that while the maintenance schedule may be a daunting prospect for some homeowners, it is a minor aspect when you consider the value of the current housing market.

We don't receive a lot of comment on them, and I suppose if there was ever any problems they'd come back to us.

I think it's good, because it reinforces to homeowners that they're responsible for the ongoing maintenance of the building and I don't think a lot of people are aware of how important it actually is.

It also keeps builders aware of what needs to be done to maintain different products. It's not really a hassle to put together either.

We have a design component to our business, which I think helps us when putting together the maintenance schedules, because design requires you to have fairly extensive product knowledge.

Being involved at the design stage also allows us to consider how maintenance-heavy a product is. If you were building a two-storey house or working on a hard-to-access area, you wouldn't want to use a product that is going to require expensive scaffolding to maintain or need yearly maintenance.

I've done a few so far and the majority of people have just laughed – I think most of them are surprised we have to supply so much information.

I try to keep it simple and put the focus on exposed features and internal things such as paint and plasterboard. Because we work in a small community, I'm generally in touch with all my clients after the project anyway.

Any questions they do have, they just ask. If any minor fixes are required, such as door handles, we just do those ourselves. I don't think the schedules change a lot, but it makes it a more formal part of the process. It did come in handy recently on a black iron build we worked on.

The iron was getting covered in dust all the time, and the owner got in touch to find out what maintenance was required. I didn't know off the top of my head, but he was able to look it up in the maintenance schedule.

Putting them together isn't that hard or time-consuming either; we just get all the required info off our suppliers.

## Now have your say...

**DO YOU THINK HOMEOWNERS ARE AWARE OF WHY AND WHEN LICENSED BUILDING PRACTITIONERS ARE REQUIRED? IF NOT, HOW COULD AWARENESS BE IMPROVED?**

ANSWER THIS QUESTION TO ENTER OUR QUARTERLY PRIZE DRAW

Email your answer with your full name, contact phone number, company name, number of full-time staff and the city or town in which you're based to [editor@pmundersconstruction.co.nz](mailto:editor@pmundersconstruction.co.nz). All responses must be submitted by 25 October 2016. The answers to this question will be published in *Under Construction* December 2016.



## PlaceMakers Hutt City designed for tradies



With a larger drive-through, bigger yard and a more extensive product range, branch operator Garth McInnes is confident the store is "on to a winning formula"

### Designed with trade customers in mind, PlaceMakers Hutt City's new purpose-built store features a safer, brighter and cleaner environment for an all-round improved customer experience

Branch operator Garth McInnes is confident the improvements will help the team provide even better customer service.

"It's just a stone's throw away from the old premise but miles ahead in terms of what we're offering," says Garth. "We have an improved drive-through and a bigger yard, which should allow customers to gather materials quickly, safely and comfortably, in a more modern and accessible environment."

"We'll also have a more extensive range of key products, such as fastenings, hand and power tools and a bigger range of landscape solutions."

While the location has changed, the friendly team hasn't – all staff have moved to the new store. Two new account managers have joined the team of 46 at the Hutt City branch, which

includes six trade representatives and more support staff to help with growing trade sales.

PlaceMakers commitment to sustainable building practices is reflected in the store's 'green' building initiatives, which include daylight harvesting, energy efficient lighting and water-saving systems – all designed to minimise PlaceMakers environmental footprint.

Combined with undercover parking, an improved trade support office, and enhanced kitchen, bathroom and heating showrooms, Garth is confident the store is "on to a winning formula".

"We're committed to looking after our customers first and making it as easy to do business with us as possible," says Garth. "I believe these new premises and layout reflect that and I look forward to hearing about our customers' experiences."

PlaceMakers general manager of operations and marketing, Gary Woodhouse, says that "every new store will be built to a standard that is energy efficient and in line with sustainable building practices".

"As part of our commitment to the trade, PlaceMakers is pledging that core trade lines will never be out of stock," says Gary.

"We know that delivering in full and on time is key to successful project delivery for our customers; ensuring those core trade lines are always in stock is an essential part of that."

We will be measuring our success in this area and we will get this right. It's a priority."

PlaceMakers Hutt City is open seven days a week and the team looks forward to welcoming you!

FACE YOUR FEAR  
FOR BLUE SEPTEMBER



## Face your fear for Blue September



PlaceMakers Blenheim trade sales and drive-through team member Donna Holder was in charge of collecting the impressive array of prizes donated for the Blue September raffle



Former league player Monty Betham faces his fear of spiders to encourage men to face their own fear of getting a prostate cancer check

### PlaceMakers staff and customers across the country urged to 'face their fear' of getting checked for prostate cancer!

Heights, deep water, an afternoon with the in-laws – what's your biggest fear? For this year's Blue September Appeal, the Prostate Cancer Foundation (PCF) came forward with a clear message to 'face your fear!' and enlisted some well-known New Zealand personalities and Blue September ambassadors to promote the message.

"We've all got fears, but a prostate cancer check shouldn't be one of them," says PCF CEO Graeme Woodside.

"Each year prostate cancer kills 600 men – now that's scary. We are challenging guys throughout New Zealand to face their fears – at least when it comes to something that could have repercussions if not faced, such as a prostate cancer check. Deaths from prostate cancer can be prevented if the disease is detected early enough."

If you still need encouragement, check

out [faceyourfear.org.nz](http://faceyourfear.org.nz) – former All Black Buck Shelford faces his fear of heights, former league player Monty Betham his fear of spiders, radio host Jay-Jay Harvey her fear of diving and actor Mark Hadlow his fear of big dogs!

#### RAFFLING FOR THE RIGHT CAUSE

If PlaceMakers Blenheim's Donna Holder had any fear of approaching strangers for prizes, she will certainly have gotten over it by now! The trade sales and drive-through team member managed to collect 50 fantastic prizes for the store's Blue September raffle.

"This is the first year we've done a raffle and I've been so impressed with the level of local support we've received," says Donna.

"We've had a wide variety of prizes donated by local businesses – from a \$615 Coast to Coast Helicopter ride, to

a \$250 service from Blenheim Toyota, to a \$200 voucher for a beachcomber cruise. It's actually been an awesome mission putting it together."



**We've all got fears, but a prostate cancer check shouldn't be one of them!**

Tickets are \$5 each and on sale at PlaceMakers, Mico and a few other local businesses in Blenheim. The winners will be drawn on 7 October, so for those of you in the area, get yours now!

#### MORE IN STORE AROUND THE COUNTRY!

Next month we'll be featuring a number of other PlaceMakers stores also hosting Blue September events, including sailing trips and a golf tournament!



# CCA changes – delving into detail



The definition of 'construction work' has been amended to include design, engineering and quantity surveying work

## With two (of three) Construction Contract Amendment Act 2015 changes now in force, a number of definitions and details have had to be revised – read on to find out more!

The Construction Contracts Act 2002 regulates payment provisions in construction contracts, provides an adjudication framework for people with disputes under construction contracts and provides options for recovering non-payment under construction contracts.

The Construction Contracts Amendment Act 2015 is the result of a comprehensive review of the Construction Contracts Act 2002. The amendments ensure the Act provides:

- A fair, balanced and appropriate payment regime.
- Access to fast and cost-effective dispute resolution.
- Cost-effective and timely enforcement of rights and obligations.
- Greater certainty of payment of retention money held under construction contracts.

### CHANGES TO WHEN THE ACT APPLIES

Generally, the Act applies to contracts

for 'construction work'. The definition of 'construction work' has been amended to include design, engineering and quantity surveying work (collectively called 'related services'). This means parties to a contract for this type of work will have access to the default payment provisions in the Act and, if disputes arise, the adjudication process.

The expanded definition of 'construction work' came into force on 1 September 2016. The change does not affect contracts entered into or renewed before that date.

### WHERE THE ACT DOES NOT APPLY

Additional situations where the Act does not apply have been added for clarification – ie, the Act does not apply to provisions in a construction contract:

- For the operation or management of a building, structure or any part of land and which are not, or do not relate to, construction work.
- Where a party agrees to carry out construction work as a condition for the sale and purchase of second-hand chattels, fixtures or fittings.

### HOW THE ACT APPLIES TO RESIDENTIAL AND COMMERCIAL CONSTRUCTION CONTRACTS

The differences between how the Act applies to residential and commercial construction contracts have been removed (except for upcoming retention requirements). Now parties to either type of contract have full and equal access to the default payment provisions and adjudication processes under the Act. The only exception is in relation to charging orders. It is still not possible to seek charging orders against any owner who is a residential occupier of the construction site, including situations where the owner is a family trust.

Payments under construction contracts are usually made in instalments referred to as 'progress payments'. The Act now makes it clear that parties are also free to agree on a single payment instead of several instalments.

All payment claims must now be accompanied by a prescribed form that outlines the processes for responding to the payment claim and explains the consequences of not responding to, or paying, a claimed or scheduled amount. Previously, this information only had to

accompany payment claims served on residential occupiers.

### CHANGES TO ADJUDICATION

Situations in which parties can refer disputes to adjudication have been better defined in the Act, with clear examples of what constitutes a dispute between parties to a construction contract.

All notices of adjudication must now be accompanied by a prescribed form that includes a statement of the respondent's rights and obligations and a brief explanation of the adjudication process. Previously this information only had to be provided with notices of adjudication served on residential occupiers.

The Act now requires a minimum of two working days between the service of the notice of adjudication and selection of an adjudicator in instances where a claimant requests an authorised nominating authority to select the adjudicator. This is to allow respondents time to understand their rights and obligations before adjudication timeframes begin.

The notice of acceptance must now be in a prescribed form. Adjudicators serve a notice of acceptance on the parties when they accept an appointment to act as an adjudicator to a dispute. The prescribed notice of acceptance will specify details about the appointment and must include confirmation that the adjudicator meets the eligibility criteria set out in the Act. Regulations

will set out further details that must be included in the form.

Claimants now have a right of reply to a response to an adjudication claim within five working days. When a respondent receives a notice of adjudication, they can serve a written response to the adjudicator (and every other party to the adjudication).

The claimant now has the right to serve a written reply to that response on the adjudicator (and all other parties). Adjudicators may choose to ignore any new issues material raised in the reply, and can also allow the respondent an additional response (called a rejoinder) within two working days.

### CHANGES TO ENFORCEMENT

Adjudicators' determinations about rights and obligations under a construction contract are now enforceable in the same way as determinations for payments of money – ie, through entry as a judgment in the District Court.

A plaintiff can only apply to have the determination entered as a judgment, if the conditions imposed by the adjudicator have been met and after any date the adjudicator has specified.

The limitation period for referring a dispute to adjudication has been made clearer. The same limitation period of up to ten years specified in the Building Act 2004, in relation to building work, applies to adjudications under the Construction Contracts Act.

The time a defendant has to oppose an adjudication determination being entered as a judgment has been reduced from 15 to five working days. Additional grounds for opposing entry as a judgment have been added.

The period after which the court must enter the determination as a judgment, if the defendant takes no steps to oppose it, has been shortened from 15 to five working days.

### DEFINITION CHANGES

**Construction site:** The definition of 'construction site' has been changed to include land where construction work is intended to be carried out, but has not yet started. This is to ensure that designers, engineers and quantity surveyors are not limited in their ability to use the Act if physical construction work has not yet begun.

**Claimed amount:** The definition of 'claimed amount' has been reworked to make it clear a payment claim can specify any payment amount the payee believes to be due under the contract.

**Payment:** A new definition for 'payment' has been inserted to make it clear that a payment means a progress payment for construction work or any other type of payment a party to a construction contract is entitled to, ie, a payment claim can specify amounts claimed for interest, retention money or other amounts due under the contract.

Further information on the Amendment Act and retentions is available on the MBIE website [www.business.govt.nz](http://www.business.govt.nz)

## PROVE YOUR KNOWLEDGE!

Tick the correct answers below and record what you've learnt in the record of learning on the back page! Evidence of actual learning rather than just 'participation' is a key requirement of the LBP renewal process.

- 1) The definition of 'construction work' has been amended to include what?
  - a) The operation or management of a building, structure or any part of land.
  - b) Design, engineering and quantity surveying work.
  - c) Painting and interior design.
- 2) In what situation does the Act not apply to contracts that might be considered construction work?
  - a) Where a party agrees to carry out construction work as a condition for the sale and purchase of second-hand chattels, fixtures or fittings.
  - b) Where the work includes 'related services'.
  - c) It always applies.
- 3) Which of the following is NOT a change made to adjudication under the Act?
  - a) Examples of what constitutes a dispute between the parties to a construction contract have been included.
  - b) The notice of acceptance of adjudication must now be in a prescribed form.
  - c) Claimants now have a right of reply to a response to an adjudication claim within ten working days.







# How to manage roof moisture



**Recent BRANZ research has confirmed how moisture gets into roof spaces and highlighted the critical role ventilation plays in removing it**

Before the publication of BRANZ bulletin 302 in 1992, condensation problems in roofs were thought to be caused by diffusion, driven by differences in water vapour pressure.

### AIR MOVEMENT IS KEY

Recent BRANZ research has confirmed that air movement from internal spaces into roof spaces is the predominant means of moisture transport. It's greater than moisture movement from diffusion by at least two orders of magnitude. So, why is air movement the predominant moisture transport agent?

Typically, air pressures within a roof space at night are lower than those within the building. This means that there will be a flow of air from inside spaces to the roof spaces through gaps or cracks in or around the ceiling lining or open downlights. If moisture is present in the space below, it will be carried into the colder roof space and potentially condense on colder surfaces.

### STOPPING INTERNAL AIRFLOW

The transport of air through the ceiling and other surfaces connected to a roof can be dealt with by:

- Avoiding openings in the ceiling – particularly open downlights.
- Sealing penetrations, such as for wiring and lights.
- Installing an airtight lining, such as flush-stopped plasterboard.
- Installing an air barrier behind air-leaky linings, such as T&G boarding.
- Ensuring spaces, that have high moisture levels, such as kitchens and bathrooms, are well ventilated, so that the moisture is removed before it can be transported into the roof spaces.

BRANZ research shows that controlling the relative humidity in the living quarters reduces the probability of roof moisture reaching high humidity levels by about half without the use of air barriers and vapour retarders.

### DEALING WITH DIFFUSION

As with air pressure, night-time vapour pressure is usually higher within building spaces than within a roof space.

Specifying vapour retarders, such as an oilborne coating, on the warm side of the building envelope for spaces with a high moisture load, such as kitchens and bathrooms, can be useful. This will prevent the moisture vapour transmission through lining materials and lower the risk of roof space moisture.

### VENTILATION IS IMPORTANT, BUT ...

Ventilation of a roof space was discussed in 'Ventilation Dries Attic Space' (*Build 148*, pages 78–79). Calculations at BRANZ show ventilation of the roof space will prevent some condensation, but not all. One reason is that cold outside air has very little moisture capacity, so is of limited use in controlling condensation effectively – particularly during the night.

Some moist air will be removed by airflow through the roof, but because New Zealand's night-time outdoor air typically has a very high relative humidity, very little drying will occur. The cold night air introduced by ventilation can also be a source of condensation if, on clear nights, radiative cooling brings the temperature of the roof cladding below the dew point temperature. These conditions are reasonably frequent in parts of New Zealand.

### NATURAL ROOF VENTILATION

Measurements have shown that the airtightness of roof spaces varies widely



Typically, air pressures within a roof space at night are lower than those within the rest of the building, which can cause moisture to flow into the roof space

depending on climate, local pressure moderated by wind exposure and so on.

Currently, roof ventilation is usually provided by uncontrolled natural ventilation around the roof cladding specified. For example, a roof cladding such as corrugate or trapezoid profiled steel, metal tiles or concrete tiles all allow uncontrolled ventilation of the roof space to occur.

The other option would be to specifically detail ridge vents, eaves vents or gable end vents.

However, too much ventilation may have unwanted side effects, such as energy wastage.

### CRITICAL CONSIDERATIONS

There is no New Zealand-specific rule of thumb or simple calculation to determine how much ventilation should be provided for a given roof design and location. During the building design process, critical parameters that need to be considered to achieve a well performing roof are:

- Outdoor climate and radiative cooling.
- Solar gain.
- Wind speed and site exposure.
- Ceiling construction and finishes.
- Indoor moisture conditions (this is dependent on occupant behaviour).

Some of these factors can be readily identified, but others need to be estimated. New BRANZ research projects will make information available on air transport through different ceiling types and the occupant behaviour to help the design process.

### PROBLEMS USING FOREIGN CODES OR STANDARDS

It can be tempting to use design tools from other countries when looking for solutions to roof ventilation. However, there is no certainty that these will work under New Zealand conditions and building practices.

Often, other countries have different compliance frameworks. These may make inaccurate assumptions about certain critical aspects of the

performance of the building component.

For example, the Canadian Building Code, which is often cited in this roof design context, has an airtightness requirement that we do not have here.

A roof designed according to the Canadian Code without considering our code and climate will probably fail. This is because the Canadian airtightness target for the living quarters and their ventilation cannot be met.

### DRYING OUT

Condensation is not preventable under all circumstances. However, as long as the structure is allowed to return to its initial dry state over a period of time, the roof will manage the moisture load.

## BRANZ LAUNCHES EARNING MODULES

Gain continuous professional development (CPD) points and upskill a knowledge gap at a time and place that suits you, with BRANZ's new eLearning modules.

Each self-paced, interactive learning module takes approximately 20 minutes and includes a self-assessment component. Gain 100% in the questions at the end of the module and you'll receive a record that can be submitted as part of your CPD activity log.

**FREE TRIAL! Try out the 'Introducing Bracing' module for FREE using promo code: UC.**

Get started today! Go to [www.branz.co.nz/EL003](http://www.branz.co.nz/EL003) (Offer expires 14 October 2016)

There are 16 modules covering various parts of the NZBC, these include:

- Introducing bracing
- Building control systems
- E2/AS1 Risk matrix
- Earthquake bracing demand
- Wind bracing demand
- Designing for wind and earthquake bracing capacity

- Introduction to H1
  - Introduction to R-values
  - The schedule method
  - The calculation method
  - Modelling methods - ALF
  - Introduction to moisture
  - Properties of moisture
  - Water vapour in air
  - Moisture in materials
  - Introduction to managing external moisture
- Each module costs **\$8.50**.

# PROVE YOUR KNOWLEDGE!

Tick the correct answers below and record what you've learnt in the record of learning on the back page! Evidence of actual learning rather than just 'participation' is a key requirement of the LBP renewal process.

- |  |  |   |
|--|--|---|
| <p>4) How should you NOT deal with the transport of air through ceilings and other surfaces?</p> <p>a) Put an open grille at the ceiling's apex.</p> <p>b) Sealing penetrations, such as for wiring and lights.</p> <p>c) Installing an airtight lining, such as flush-stopped plasterboard.</p> | <p>5) Why is air movement, not diffusion, the predominant moisture transport agent?</p> <p>a) Because air pressures within a roof space at night are lower than those within the building.</p> <p>b) Because roof spaces have a lot of cracks in them.</p> <p>c) Because air pressures within a roof space at night are higher than those within the building.</p> | <p>6) What is an unwanted side effect of too much ventilation?</p> <p>a) The roof space becomes too dry.</p> <p>b) Energy wastage.</p> <p>c) Roof space air pressures get too high, reversing the moisture flow effect.</p> |
|--|--|---|





# Doing it right, every time



Properly Plastered owner Glenn Munro says that regularly filling out a site-specific safety plan (SSSP) has become a key part of his business' new health and safety process



Making sure to correctly tag scaffolding is one of a number of changes that Glenn and his team at Properly Plastered have made to their health and safety plans, following a near-death accident

## An almost fatal fall sparked a health and safety turnaround at a Christchurch-based plastering company – we look at how they did it

A Properly Plastered employee suffered serious injuries after falling more than four metres, while carrying tools up to the second lift on a standard scaffold. Three years later, he is still unable to return to work and has on-going neck problems and migraines.

Owner and long-time PlaceMakers customer Glenn Munro says the shock of the incident and the investigation that followed sparked a review of Properly Plastered's health and safety practices, which has since revolutionised the way he and his crews approach their work.

"After meeting with the family, and the WorkSafe investigation, we had to have a good look at ourselves," says Glenn. "When you are sitting there answering 'no' to that many questions, you know you have to sort yourselves out."

In the aftermath of the Christchurch earthquakes and the building boom that followed, the team had grown from five to about 30 and its approach to health

and safety had simply failed to keep up with the growing business, says Glenn.

"What WorkSafe said to me was that our health and safety system was 'okay', but it hadn't grown with the size of our business – and that's what we've gone about doing now."

Since the incident, Glenn has turned to Site Safe for support and now invests heavily in health and safety training, with almost half his staff completing training above passport level. Another three, including Glenn, hope to graduate with the Certificate in Construction Site Safety later this year.

The team had been eager to take on the extra measures and additional training, he says.

"The bulk of them were involved in the near-death situation, so it was easy to get their buy-in. They want to know we are doing something to prevent it from happening again. A lot of them see that we care about them and want them to

go home to their families in one piece."

The crews are now vigilant about using health and safety software to build site-specific safety plans (SSSP) and record incidents.

"We noticed just how much stuff we were missing, like scaffolds not tagged, whereas previously we'd just jumped on. Now the first thing the crews are thinking about is doing an assessment – and SSSP becomes a tool in that respect."

The fall was the first serious injury in the company's 20-year history, and Glenn is determined it will be the last.

"The first thing we do on site now is to fill out an SSSP, have a look and make sure things are right. Hopefully with what we've put in place, the boys are doing it right every time."

Site Safe is a not-for-profit, membership based organisation that promotes, inspires and supports a culture of health and safety in New Zealand construction.



0800 FIRTH 1  
FIRTH.CO.NZ



**TRIPLE PLUS POINTS**

### NEW! + designer series



A stylish honed paving range, that allows you to achieve a premium finish, with a square edge (tiled) look.

**New interchangeable sizing**  
Designer Series pavers are available in three compatible sizes with a 50mm depth: 400x400, 400x200, 200x100mm.

**TRIPLE PLUS POINTS**

### + classic collection



This range showcases a standard fair-faced finish with a chamfered edge, for that classic yet contemporary look.

**Sizing**  
Classic collection pavers are available in seven sizes with a 50mm depth.

**4 MODERN COLOURS**

Avon Raglan Sands Milford Sound Paihia

**6 GREAT COLOURS**

Black Sands Volcanic Ash Eden Sand Dune Terracotta Warm Earth

SEE THE FIRTH WEBSITE FOR THE FULL RANGE OF COLOURS. [www.firth.co.nz](http://www.firth.co.nz)



## New dwelling consents ahead of 2015

The value of planned building work (excluding housing) is up \$1bn to the 12 months ending July

New dwelling consents are tracking 13% ahead of last year, with 29,084 new dwellings consented in the 12 months to July. The annual total consisted of:

- 20,790 houses (+15%).
- 3,774 townhouses, flats and units (+6.9%).
- 2,242 apartments (-0.6%).
- 2,278 retirement village units (+28%).

In the month of July, a total of 2,811 new dwellings were consented (-0.5% on July 2015), comprising:

- 1,761 houses.
- 436 townhouses, flats and units.
- 425 apartments.
- 189 retirement units.

Seasonally adjusted, the number of new dwelling consents issued fell by 11% following a 22% spike in June. For houses only, the seasonally adjusted number fell 5.7% on the back of a 4.4% increase in June. The trend for both total dwelling consents issued and houses only is increasing.

### IN THE REGIONS

The number of new dwellings consented increased in nine out of the 16 regions in July compared to July 2015, led by Bay of Plenty (up 40 to 221; +40%), Wellington (up 20 to 126; +19%) and Otago (up 16 to 168; +11%). The other regions to record an increase were Hawke's Bay, Manawatu-Wanganui, Marlborough, Northland, Taranaki and Waikato.

Decreases were recorded in Canterbury (down 107 to 543; -16%), Auckland (down 29 to 1,087; -3%) and Southland (down 14 to 11; -56%). Gisborne, Nelson, Tasman and West Coast also

consented less new dwellings in July when compared to July 2015.

The value of non-residential building consents in July was \$614m - up \$159m (+35%) from July 2015. The regions that contributed the most were Auckland (\$2.1bn), Canterbury (\$1.9bn) and Wellington (\$543m).

In the 12 months to July, \$6.3bn of non-residential building work was consented, compared with \$5.3bn in the year to July 2015. The increase was driven by investment in schools, universities and hospitals. Combined, education and health buildings accounted for around three quarters of the increase.

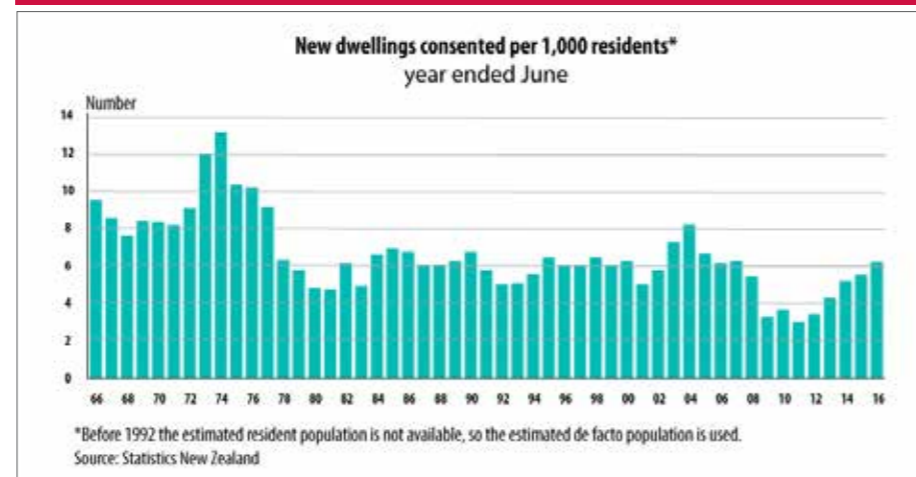
### CONSENTS TOTAL \$1.6 BILLION IN JULY

The total value of building work consented in July 2016 was \$1.6bn. This comprised \$1.0bn residential work, and \$614m non-residential work.

For the year ended July 2016, compared with the year ended July 2015, the value of buildings consented increased for:

- All buildings - up \$2.9bn (19%) to \$18bn.
- Residential buildings - up \$1.9bn (19%) to \$12bn.
- Non-residential buildings - up \$1.0bn (19%) to \$6.3bn.

### SIX NEW HOMES PER 1,000 KIWI'S



Statistics New Zealand has calculated that the number of new homes consented per capita has doubled over the past five years, but is at half the peak level reached in the 1970s building boom.

Over the year to June 2016, six new homes were consented for every 1,000 people living in New Zealand. This number has been increasing every year since June 2011.

The regions that consented the most dwellings per 1,000 people were:

Canterbury - 11, Bay of Plenty - 8  
Waikato - 8, Tasman - 7, Otago - 7,  
Northland - 6, Auckland - 6

The highest number on record was achieved in the June 1974 year, when 13 new homes were consented for every 1,000 thousand residents.

Over the past ten years, New Zealand's population has grown by 508,000, while the private dwelling stock has grown by an estimated 178,000 (after accounting for demolitions and consented dwellings that weren't built).

## MBIE invests in LBP awareness

Joint industry and consumer campaign created to explain RBW and the need for LBPs

As the construction boom continues, more people are involved in building work than ever before. While builders are required to stay up to speed with building law changes (and most of them committed to doing so), homeowners are not generally as aware of the ins and outs of industry regulation.

To ensure everyone is building correctly and employing the right people to carry out different types of building work, MBIE has launched an awareness campaign that will run until the end of the year.

Aimed at both consumers and industry,

it's designed to help homeowners understand what restricted building work is, and when they need to use a licensed building practitioner (LBP) to build it right.

"We're continuing to see high volumes of residential building consents," says LBP registrar Paul Hobbs. "In times of high demand, it's particularly important for people to understand that their choice of practitioner matters.

If an LBP is required but not used, it could affect the safety, value and insurability of a home, and lead to a fine of up to \$20,000 for the homeowner or builder."

### HOW YOU CAN HELP PROMOTE THE LBP PROGRAMME

When quoting for or discussing work with potential customers, make sure to mention your status as an LBP and explain what that means for them and the work you carry out. As more homeowners become aware of LBPs and the importance of using one, they will start to look for qualified practitioners, weeding out those who aren't licensed.

The campaign is encouraging homeowners to ask for an LBP's ID card and to check the LBP register. The radio, print and social media campaign also reminds practitioners of their rights and obligations when building.

## What new LVR restrictions mean for builders

The Reserve Bank's proposed lending restrictions on homebuyers are likely to have little effect on the construction industry, due to loans-to-construct exemption

With New Zealand home to one of the highest house-price-to-income ratios in the world, the Reserve Bank has introduced new lending restrictions for homeowners to curb investor activity and counter the threat posed to the economy by elevated levels of household debt.

With the aggregate household debt-to-income ratio at around 163% (slightly above its pre-GFC peak) the central bank believes that a sharp decline in house prices is a key risk to the financial system, households and the broader economy.

While current low interest rates make servicing debt easier, elevated debt levels within the housing sector could become a problem if lending rates increase or economic conditions deteriorate.

The proposed restrictions took effect at the start of October and consist

primarily of:

- Applying a nationwide 'speed limit' for all investor lending, permitting no more than 5% of lending at a loan-to-value-ratio (LVR) of greater than 60% (ie a minimum deposit of 40%).
- Applying a nationwide 'speed limit' for all owner-occupier lending, with no more than 10% of lending permitted at a LVR of greater than 80% (ie a minimum deposit of 20%).
- Loans that are exempt from the existing LVR restrictions, including loans to construct new dwellings, will continue to be exempt for both investors and owner-occupiers.
- First-home buyers that meet the criteria can undertake high-LVR lending via the government's Welcome Home Loan scheme, which will continue to be exempt from the LVR policy.

### BUSINESS AS USUAL FOR BUILDERS

President of the New Zealand Certified Builders Association, Grant Florence, doesn't expect the restrictions to have a marked effect on the building industry.

"We worked hard to get the construction of new dwellings exempted from these restrictions when they were first introduced a while back, so as a market we're not really impacted," Mr Florence said.

"There's a potential spin-off that some people with a lower deposit may look to build rather than buy an existing home. With the industry so busy right now, it'll be pretty hard to identify any actual effects they might have."

Mr Florence added that land prices were still the major driver of house price increases, which dwarfed any cost savings that could be found in the building process to help reduce prices.



## Councils promote collaboration with industry



In the second part of our special report on building consents, we hear from senior managers at two of the largest councils about common reasons why site inspections fail and what they are doing to help improve the overall process

Last month we looked at how incomplete applications are a common cause of delay in the consenting process. This month, failed inspections – another problem affecting both builders and councils across New Zealand – is under the spotlight.

Auckland Council building control manager Ian McCormick said common reasons for building inspections failing include sites that aren't ready or builders not having the proper documentation with them.

Ian said that to prevent inspections failing as a result of the above, or due to substandard workmanship, he recommends the principal builder on a project examine everything before an inspector arrives to make sure everything is as it should be.

"As part of a programme we're developing called Consenting Made Easy, we're creating a quality assurance checklist for builders to enable them to perform more effective checks before we arrive. Hopefully this will help increase the pass rate."

He said that another tool they were looking to develop was a qualified work stream, to recognise those who have invested in their own quality assurance systems.

"If applicants could prove to us that they have been checking stuff off throughout various stages of a project – with photos, or whatever it may be – we could potentially begin to place greater reliance on that information and, as a result, reduce regulatory oversight.

"For example, we could drop a 12-inspection regime on a single-level three bedroom home to a four-inspection regime. When we're on site, we'd be looking to make sure that the quality assurance system they're using was working and up to date."

### SIMPLICITY AND SELF-REGULATION (OR STANDARDS)

Ian said that builders tend to imagine encyclopedia-sized volumes when people talk about quality assurance systems, so there should be a focus on creating simple tools that are easy to roll out and can be used by anyone.

"The end result we want is an industry that is more self-regulating, which recognises the responsibilities people have and the consequences for not discharging them.

Anything that enables that to happen would be welcome, because more regulatory oversight isn't the answer – it should be about the industry being able to operate effectively with some simple quality assurance systems."

Head of building consents at Christchurch City Council, Leonie Rae, said the council developed Partnership Approvals to help large commercial customers, such as Housing New Zealand, with the planning process.

### PARTNERSHIP APPROVALS

Generally, Partnership Approvals are for commercial projects that are high profile (either in terms of the site or the proposed development), have a high dollar value, contribute significantly to the local economy, are highly complex or are managed by customers with multiple projects.

Leonie said clients, who pay for the service, are assigned a case manager who works through the entire planning process with them – starting with resource consent – to help ensure applications are as complete as possible before they're submitted.

"The case manager serves as a single point of contact at the council; to help clients plan for all the utilities and any approvals they might need, such as a temporary road closure, and to make sure they've checked off everything they need for all the required consents.

"We're finding it's working really well to help them save time by stopping delays. Around 60% of developers in the city are signed up."

**ecoply**<sup>®</sup>  
Proven. Durable. Strong

## BARRIER


THE ECOPLY<sup>®</sup> BARRIER  
**TAPE RANGE**

**WORKS RAIN, HAIL  
OR SHINE**



THE ECOPLY  
BARRIER SYSTEM IS  
BRANZ APPRAISED

 **Watertight Seal**

 Processing Temperature  
**From - 10 °C**

 Temperature Resistance  
**- 40 °C to + 90 °C**

Ecoply Barrier Sill Tape, Frame Sealing Tape and Sealing Tape transforms Ecoply Barrier plywood panels into a seamless protective barrier for your construction project. All tapes are specifically designed and proven to deliver an airtight and watertight seal. The Ecoply Barrier 'rigid air barrier system' is suitable for all wind zones, up to, and including 'Extra High' wind zones.

The Ecoply Barrier Tapes save you time and money on the job so you can leave the site with confidence they will perform, rain, hail or shine!

- **Easy to install – peel and stick**
- **UV Stable for 90 days exposure**
- **Processing temperature from -10°C**
- **Can be applied to cold and damp surfaces, no heating required**
- **No primer required for application of tapes**

  
Woodproducts New Zealand

For more information on the Ecoply Barrier range of tapes, or the installation of the Ecoply Barrier system, visit [www.ecoplybarrier.co.nz](http://www.ecoplybarrier.co.nz) or call Freephone 0800 326 759



# Employees or contractors?



If your workers are responsible for supplying their own tools and are not compensated for doing so, they are likely to be deemed a contractor

## The issue of contractors versus employees is an ongoing issue that has been covered before in *Under Construction* - with the summer rush fast approaching, it's one that is worth revisiting

When hiring a new team member, remuneration options are often an afterthought. Both salary and withholding tax payments have their pros and cons, but simply choosing based on what works better for you and your business is a relic of the past. It is important to understand the details behind each 'type' of worker.

### EMPLOYEES

Employees have Pay As You Earn (PAYE) tax, which includes any ACC

levies, student loan, KiwiSaver or other superannuation payments (all where applicable) deducted from each salary payment. This means that unless they have other income in their name, their core taxes are paid on their behalf by their employers. The onus for these payments is on the employer, and any non-compliance with the law regarding these is a matter settled between the employer and the IRD. Tax returns can be filed with the IRD by way of Personal Tax Summaries.

Employees are also fully entitled to holiday pay and sick leave payments from their employer. This is by far the simplest approach to personal income tax for a worker, but is more complicated for the employer.

### CONTRACTORS

Conversely, if you hire someone as a contractor, the task of complying with New Zealand Tax Law is more arduous for the worker, while it's simpler for you.

Labour-only building contractors have 20% withholding tax, withheld by the payer and administered at the same time as PAYE, but are still required to file an income tax return each year and pay any additional tax (based on their marginal tax rates). Most other contractors do not have withholding tax withheld, but may be required to make provisional tax payments throughout the year.

They are also able to claim certain expenses against their income, such as travel necessary for work, or, in a builder's case, expenses for repairs and maintenance on any tools they use in the course of their work, along with depreciation on tools and vehicles.

Contractors are required to be GST registered if they earn over \$60,000 in a 12-month period, and must file a full income tax return at the end of the financial year. Contractors are not entitled to sick leave or holiday pay, and are not able to take up personal grievance claims against the employer.

### HOW DO I TELL THE DIFFERENCE?

As shown above, there are definite advantages and drawbacks to each party in each situation. However, the decision to hire someone as a contractor or an employee does not rest simply on what works best for your business!

The best method to decide how to treat your worker for tax purposes is to consider the following areas:

### Do they have the ability to work for another employer on another job while working for you?

If they do, then they would fall under the contracting realm of employment.

### Who dictates the amount to be paid to the worker?

If the worker is planning on invoicing based on an hourly rate that they have offered to the employer, they would be deemed a contractor. However, if the worker is paid a set rate based on the employer's discretion, they would be viewed as an employee.

### Can the worker take holidays as they wish, or is it up to the employer's discretion?

If holiday periods are dictated by the employer, then the worker is likely to be deemed as an employee.

### Do they supply their own tools for work?

If they supply the majority of their own tools, which are not paid for by the employer via any tool allowance contribution, or are expected to provide their own tools, then they would likely be deemed a contractor. An employee would not be expected to provide their own tools.

### Does the worker invoice the employer for hours completed on jobs?

If so, they are a contractor.

Employees are paid a rate based on a full day of availability for work, whether the work is there or not. Contractors only get paid based on

the hours they work.

These are just a few examples of areas that the IRD look at. And as you read through the above methods, it is easy to see why it has become a grey area for businesses.

In certain situations, it may be that a worker meets some of the tests for being an employee, while also meeting some of the criteria for being a contractor.

## The decision to hire someone as a contractor or an employee does not rest simply on what works best for your business!

What is important is that all reasons for the treatment of a worker are documented, with a rigorous process being followed to determine their nature. Essentially, the less control a business has over a worker and their activities, the more likely they are to be deemed a contractor.

If you have questions about how you should be paying your workers, or have any other questions regarding contractors or employees, please contact Peter van der Heijden at [peter.vdh@crowehorwath.co.nz](mailto:peter.vdh@crowehorwath.co.nz); or your local Crowe Horwath advisor.

For the contact details of your local office, please visit: [crowehorwath.co.nz/locations](http://crowehorwath.co.nz/locations) or phone 0800 494 569.

## PROVE YOUR KNOWLEDGE!

Tick the correct answers below and record what you've learnt in the record of learning on the back page! Evidence of actual learning rather than just 'participation' is a key requirement of the LBP renewal process.

- |  |   |   |
|--|---|---|
| <p>7) Who is responsible for paying an employee's PAYE tax?</p> <p>a) The employee.<br/>b) The employer.<br/>c) The IRD.</p> | <p>8) What level is a labour-only building contractor's withholding tax set at?</p> <p>a) 5%.<br/>b) 10%.<br/>c) 20%.</p> | <p>9) What is a good general rule to help you determine how to treat your workers for tax purposes?</p> <p>a) A worker whose activities aren't widely controlled by a business is likely to be deemed a contractor.<br/>b) A worker whose activities aren't widely controlled by a business is likely to be deemed an employee.<br/>c) If they invoice you for work completed, the more likely they are to be deemed an employee.</p> |
|--|---|---|





## Managing sustainable growth



Tapping into your clients' interests could help you hook some new leads to grow your business

**With the construction industry predicted to remain strong for the foreseeable future, there should be plenty of opportunities for you to grow your business – if you go about it in the right way! Here are some tips to enable internal and external growth**

As much as it might seem to be the case in good times, businesses don't simply grow by themselves. It's the people in charge who determine their shape, size and stability.

That might not always be for the good: a business can look successful and then suddenly be placed into receivership due to the actions of its owner/s. Common reasons include accepting a big building contract without fully understanding how payment terms will affect cash flow, running over budget by failing to cross-

check labour costs, or diversifying into a new market without really mastering it.

On the other hand, a small business that doesn't necessarily look capable of much can achieve rapid growth. On rare occasions, this just happens, but normally it's because there is a business owner behind it focused on development. True leaders are committed to growing their own skill sets!

### INTERNAL GROWTH – YOU AND YOUR EMPLOYEES

Look for an area in which your business needs to improve and decide to grow as a leader in that area. If your business needs to recruit better staff, then ask yourself the question: "what do I need to do to become a better recruiter?"

Maybe you could check out the advertising and interviewing processes that more successful companies use and try them out in your company.

Whatever you do, focus on growing yourself first. A growing company needs

a growing leader.

Every business owner knows that a growing business needs to recruit staff. The most successful also understand that it's important to recruit the right staff – people who are a good fit for the company. Not only that – even the right people can become the wrong people if they stop growing.

### Whatever you do, focus on growing yourself first. A growing company needs a growing leader

Just as a tree is never static – it's either growing or dying – productive staff members need to keep developing.

Helping your staff develop their skills and knowledge need not be an expensive exercise.

Simply running an occasional training hour, in which new products, procedures and tools are discussed or tried, is a great start. You could try asking employees to brainstorm ideas for improving productivity, and then implement and test their ideas.

You could also offer them new responsibilities that require learning – a new operations manual to study, or a course that better prepares them for promotion within your company.

If you can incorporate staff development into your company, so that promotions

are filled from within, you can grow your company from the bottom. That approach carries a lot less risk than adding people at the top, where failure has more impact.

### EXTERNAL GROWTH – YOUR CLIENT BASE

I wanted to share with you an interesting thought for growing your client base. It starts with a short anecdote.

A friend of mine is a keen 'motor-homer'. He recently posted on a motorhome Facebook page photos of the great new look he achieved after removing, sandblasting and repainting the wheels on his motorhome. In passing, he also mentioned that he had filled the tyres with nitrogen.

He expected to get some comments on his post, and he did, but not one was about the new look – they were all about the nitrogen gas in the tyres!

My friend was surprised but, as a marketer, attentive. Has he stumbled upon a specific interest that would capture the attention of fellow motor-homers, even in passing? Could he use this interest to gain more traction in future Facebook posts?

The moral of this story is that it's what people are interested in that captures their attention – the trick is understanding what that might be.

To grow your company securely, you

need to gain the attention of not just new customers, but your existing ones. What interests do they have? What words or images will cause them to give your company's signage and advertising a second look? What will cause them to notice you – so you will not be just another builder, but one they'll recommend to their friends?

It's even better when your client's interests match your own. A builder I work with has a client who is enthusiastic about car rallying. Since he also has an interest in motorsport, he took a two-week holiday to join his client at a particular car-rallying event.

### To grow your company securely, you need to gain the attention of not just new customers, but your existing ones

His goal was to meet and network with his client's friends. Not surprisingly, many became his friends and several expressed an interest in building in the next year or so. New leads gained while enjoying a common interest!

So, think about what things interest your best clients and then consider how you can connect at that level. Perhaps organise a fishing trip for a client and two or three of their friends – you could hook some new leads!

Graeme Owen, based in Auckland, is a builders' business coach. Since 2006, he has helped builders throughout New Zealand get off the tools, make decent money, and free up time for family, fishing, and enjoying sports. [www.thesuccessfulbuilder.com](http://www.thesuccessfulbuilder.com)

## PROVE YOUR KNOWLEDGE!

Tick the correct answers below and record what you've learnt in the record of learning on the back page! Evidence of actual learning rather than just 'participation' is a key requirement of the LBP renewal process.

10) What is an advantage of developing staff?

- a) You can fill senior positions from within.
- b) You won't need to recruit any new staff.
- c) You can get one person to do multiple jobs.

11) What inexpensive example of staff training is suggested?

- a) A part-time course.
- b) 'How-to' DVDs.
- c) An occasional training hour.

12) Why should you be interested in your clients' interests?

- a) It shows them you care.
- b) So you know what to get them for Christmas.
- c) It could be a way of generating new leads for work.





## Avoid disclosure dilemmas

SRB Saunders Robinson Brown Lawyers



The disclosure obligations introduced in January 2015 apply to many contractors across a broad range of residential projects, including completing site works as part of a project

### Under changes introduced to the Building Act 2004 last year, builders and others in the construction industry must disclose certain information before beginning certain work – it's important that you understand your obligations

From January 2015, mandatory disclosure requirements apply to construction, alteration, demolition or removal works on a residential unit where:

- The client requests disclosure documents; or
- The price for the works exceeds \$30,000.00, including GST.

In these situations, you will need to supply the client with a Prescribed Checklist and Prescribed Disclosure Information. Both of these are pre-printed forms that can be found online and on the MBIE website.

#### WHO DO THE CHANGES AFFECT?

The disclosure obligations apply to any contractor who has a contract with a homeowner. This could include a variety of residential projects, such as:

- Where you are the main builder of a new house (subcontractors do not need to comply).
- Where you are refurbishing a kitchen or a bathroom.

- Where you are completing site works, such as drainlaying or earthworks, as part of a project.
- Where you are demolishing or re-locating a residential building.

#### WHEN DO I NEED TO GIVE DISCLOSURE?

The Prescribed Checklist and Prescribed Disclosure Information must be provided to your client before you enter into the building contract, or before they accept your terms and conditions.

Failure to do so is an infringement offence and you could be liable for a fine not exceeding \$2,000. Perhaps more importantly, it won't look good for your business if you are seen to disregard the disclosure requirements.

#### WHAT DO I NEED TO SUPPLY?

The Prescribed Checklist does not require you to add any information, as its purpose is to give your prospective client basic information about the building process. It is worth reading before you pass it onto your clients, so that you can anticipate any questions.

The Prescribed Disclosure Information requires more input from you. It should not be considered a 'box-ticking' exercise. False or misleading statements or failing to include something that is material could make you liable on conviction to a fine not exceeding \$20,000.

Key details that need to be provided in the Prescribed Disclosure Information are:

- The type of legal entity that you operate under – ie, a partnership, limited liability company or sole trader.
- Details of the key contact person who will manage or supervise the building work, including their relevant qualification, skills and experience together with their Licensed Building Practitioner number.
- Details of the types of insurance policies you have in relation to the project (contract works, public liability, and/or professional indemnity). Details of the relevant

exclusions on each policy must also be inserted.

**NOTE:** We are finding that many builders are not completing these insurance questions correctly, which is understandable given they are about insurance policies. We recommend you ask your insurance broker to complete the form. They likely only need to complete it once in any insurance year, so you can use it as a template unless there are policy changes. As an aside, the contractor is unlikely to cover the contract works insurance where works are being completed on an existing house.

- Information about any guarantees or warranties that you will provide to your client.

**NOTE:** Again, this question is not being answered properly in many of the contracts we deal with. It asks for the type of warranty or guarantee, the period of the warranty, and the limits or exclusions on cover. It should be fairly straightforward extracting the information from the guarantee or warranty documents that you intend on providing.

If you are stuck, we would recommend discussing the question with the company providing the guarantee or warranty. Some contractors simply insert "usual

sub-trades warranties", which gives very little information away. Clued-up home owners will want to know and will compare your offering to other contractors.

#### WHAT DO I NEED TO DISCLOSE ONCE A PROJECT IS FINISHED?

As soon as practicable after completion of the works, you must provide the following information to your client:

- A copy of each insurance policy that is current on completion.
- A copy of any guarantees or warranties that apply to materials or services that comprise the building work, including whether they can be transferred, how to make claims under them, and whether they need to be signed and returned to the issuers in order to be valid.

You should be able to obtain this information from the relevant clauses of the guarantee or warranty. Any problems, call the issuer. We suggest you email the client and refer them to each clause. Of course, make sure you obtain guarantees and warranties from sub-contractors before they leave the site for good.

- Information about maintenance that your client must carry out in order to meet the durability requirements of the building code, or in order to keep a guarantee or warranty valid.

The information in this article is intended as a general guide only and is not intended to be legal advice.

Detailed advice should be obtained to cover a specific situation.

This information should be contained in the guarantee, warranty or paperwork that comes with a product.

There is no prescribed form for the post-contract disclosure, so we recommend you email a letter to the client attaching the information.

Failure to comply is an offence and you could be fined up to \$2,000.

The new disclosure rules add further administrative burdens for contractors. They will be time consuming at the start but much easier once you've completed a few. It is important to get it right, given the fines involved. Proper disclosure will also be good marketing for your business.

#### KAHU SIMMONDS



Kahu is a partner in the commercial team at Saunders Robinson Brown. He deals with the firm's construction work

and regularly advises builders and owners on building contracts and related matters. Kahu can be contacted on 03 977 2639 or [kahu.simmonds@srblaw.co.nz](mailto:kahu.simmonds@srblaw.co.nz).

## PROVE YOUR KNOWLEDGE!

Tick the correct answers below and record what you've learnt in the record of learning on the back page! Evidence of actual learning rather than just 'participation' is a key requirement of the LBP renewal process.

13) When do you need to supply your client with mandatory disclosure documents?

- As soon as they request them.
- Before you enter into a contract, or they accept your terms and conditions.
- After you've signed the contract.

14) What do you NOT need to disclose in the Prescribed Disclosure Information?

- The type of legal entity that you operate as.
- Details of the types of insurance policies you have in relation to the project.
- Your medical history.

15) How much could you be fined if you provide false or misleading statements in a Prescribed Disclosure Information?

- \$2,000.
- \$20,000.
- \$100,000.





# Insurance cover exclusions



Contract works insurance protects the project from hazards such as theft, vandalism, accidental damage, storm, flood, fire and natural disaster

## Deciding what insurance cover exclusions are relevant to include in the Prescribed Disclosure Information before building can be a convoluted task – Builtin offers some advice on how to proceed

According to the amendments to the Building Act introduced in 2015 – which further strengthened its consumer protection measures – builders must include all “relevant exclusions” when summarising their insurance cover in a disclosure statement.

Which ones are relevant and who decides this is not clearly defined. Can a builder be expected to decide this? Are they all relevant? Or is it only the one that results in a claim being declined that’s relevant?

What if you get it wrong? Your safest

bet, and one taken by many builders, may be to include a full copy of your insurance policies with every disclosure statement, although that seems to defeat the purpose of introducing a disclosure statement to help consumers make better decisions.

MBIE’s disclosure statement template refers to three insurance policy examples: contract works; public liability and professional indemnity (also called errors and omissions indemnity).

It also talks about the guarantees and warranties that the builder offers.

Aside from product warranties and those guarantees given by subcontractors, many builders offer a ten-year guarantee of their obligations to the customer that is backed by an insurer or other third party.

This article highlights each of these policies, explaining what they cover and outlining some common exclusions and limitations, using Builtin’s policies as an example.

It should be noted that policies vary by insurer, and you should review your own or speak to your insurance adviser if you’re unsure.

### INSURANCE POLICY OVERVIEW

1)

#### Type of policy: Public liability

Protecting the builder from liability for the cost of accidental damage to, or loss of, another person’s property.

#### Amount of cover

Enter the limit of indemnity of your policy (eg, \$1m, \$2m, \$5m or \$10m). The policy will also contain a number of extensions with their own sub-limits too.

#### Relevant exclusions (examples):

Faulty design and materials, faulty workmanship (although this can be included as an extension), damage to the property you’re working on, your own products, damage caused by a vehicle and damage arising from your professional advice. Full details are contained within the policy wording, which is available upon request.

2)

#### Type of policy: Contract works

Protecting the project from hazards such as theft, vandalism, accidental damage, storm, flood, fire and natural disaster.

#### Amount of cover

Enter the sum insured for the project. This should take into account the full rebuild cost, including any materials and subcontractors supplied by the owner. There are also a number of automatic extensions, such as for professional fees and cost inflation, with their own limits.

#### Relevant exclusions (examples):

Damage to existing structures (unless included separately), consequential loss, contractor’s tools and equipment (unless included as an option), full or partial occupation before practical completion, defective workmanship and design. Full details are contained within the policy wording, which is available upon request.

3)

#### Type of policy: Professional indemnity (errors & omissions indemnity)

Protecting the builder from liability for causing a loss to the third party which is not related to physical property damage – eg, failing to correctly follow a specification, unauthorised product substitution, poor subcontractor work, incorrect site layout.

#### Amount of cover

Enter the limit of indemnity of your policy (eg, \$250,000, \$500,000 or \$1m). The policy may contain a number of extensions that may have their own sub-limits too.

#### Relevant exclusions (examples):

Property damage and injury, financial estimates, building surveys and inspections, faulty materials, financial failure. Full details are contained within the policy wording, which is available upon request.

4)

#### Nature or type of guarantee: Ten-year Homefirst Builders Guarantee

Giving peace of mind to owners that if their builder can’t complete the work the insurer will arrange for another builder to complete the build, absorb any extra costs and guarantee to fix future defects.

#### Period of cover

Completion cover ends on practical completion of the project. Defects cover lasts for ten years, expiring on the date shown on the guarantee certificate.

#### Limits on cover

Loss of deposit and non-completion - 20% of the contract price to a maximum of \$500,000. Defects - \$1,000,000.

#### Exclusions on cover (examples)

Contractual disputes, consequential loss to property that is not part of the works or is insured elsewhere, significant variations, landscaping, driveways and septic tanks, defects that are within acceptable tolerances, wear and tear and aesthetic variances. Full details are contained within the policy wording, which is available upon request.

One example that isn’t listed on MBIE’s disclosure template is the liability cover included with your motor vehicle insurance. This covers damage caused to your customer’s property by the vehicle, such as clipping a fence or reversing into a wall.

There are other policies builders are advised to have that are not relevant to your customers, so don’t need to be disclosed, but are important to managing your own risk. Examples include illness insurance, tools cover and protection from bad debt.

As mentioned at the start of this article, individual policy wordings from different insurers will vary. You should refer to the specific exclusions in your own policy wordings and discuss your situation with an insurance professional if you are unsure.

Builtin Insurance is a specialist in insurance and guarantees for builders and trade professionals. For more information visit [www.builtin.co.nz](http://www.builtin.co.nz) or contact Ben Rickard at [ben@builtin.co.nz](mailto:ben@builtin.co.nz) or 0800 BUILTIN

## PROVE YOUR KNOWLEDGE!

Tick the correct answers below and record what you’ve learnt in the record of learning on the back page! Evidence of actual learning rather than just ‘participation’ is a key requirement of the LBP renewal process.

16) What three insurance policy examples does MBIE include in its disclosure statement?

- a) Contract works, public liability and professional indemnity.
- b) Only contract works and public liability.
- c) Contract works, public liability, motor vehicle insurance and professional indemnity.

17) What insurance cover might be important to builders but does not need to be disclosed to customers?

- a) Your prenuptial agreement.
- b) Illness insurance, tools cover and protection from bad debt.
- c) Errors and omissions indemnity.

18) What does a professional indemnity policy normally protect builders from?

- a) Hazards such as theft, vandalism, accidental damage, storm, flood and more.
- b) Liability for causing a loss to the third party which is not related to physical property damage.
- c) The cost of accidental damage to, or loss of, another person’s property.





# DID YOU KNOW...

BUYING FLETCHER REINFORCING'S STEEL  
from **PlaceMakers**



COULD LAND YOU

ON THE **BEACH**  
next year!



**ONE MILLION POINTS UP FOR GRABS\***

\*Offer exclusive to PlaceMakers trade account customers with a current PlaceMakers Plus account (previously called LIFT).

- One entry for every complete \$5,000 (excl GST) spent between 1st Oct and 30th Nov 2016 on Fletcher Reinforcing products.
- Draw completed on Monday 7th December 2016 and points will be added to the winners' account before end of December 2016.
- One prize of 500,000 PlaceMakers Plus Points to a customer based in the North Island, one prize of 500,000 points to a customer based in the South Island.



For more product information about reinforcing steel available from PlaceMakers, visit [www.fletcherreinforcing.co.nz](http://www.fletcherreinforcing.co.nz)



## SPONSORSHIP

## SPORT NEWS

### Southern man's big score!



PlaceMakers Dunedin branch operator Justin Macready, Score Big winner Bill Hamilton and PlaceMakers account manager Luke Kendrick

#### Long-time PlaceMakers customer Bill Hamilton has been rewarded with Score Big's major prize

Bill Hamilton, director of W Hamilton Building Ltd, has been with PlaceMakers for more than seven years and says he initially thought it was a hoax when he was told he'd won.

"I'd just been buying the products I normally buy, so I didn't even know we were entered in the competition. I thought it was a hoax by the local radio station! I was completely surprised - these things always happen to someone else!"

PlaceMakers Dunedin branch operator Justin Macready was the one who broke the news.

"He just couldn't believe it. I've worked

pretty closely with Bill on a few projects over the past 18 months and I'm happy to see him and his family Score Big!"

With a tough decision to make between a boat, two jet skis, a ute, or a trip for four to Argentina as his prize, Bill went with the jet skis.

"As it was a prize that pretty much dropped out of the sky, we decided it was a great opportunity to go for the jet skis, as they are something we can share with family, friends and our work team," he says.

However, Bill admits he might have to serve a second apprenticeship when it comes to taking the jet skis out on

the water.

"We will be finding a nice, quiet place for a lot of practicing before we go anywhere near the public!"

Overall, he reckons the Score Big competition is a great initiative.

"Throughout the competition, our team has enjoyed winning small prizes off the scratchies," he says.

"It's also great that PlaceMakers supports Super Rugby. Coming from Otago, we're very proud supporters of Ben Smith - who has connections to the Dunedin store - so I think it's a fantastic association."

## PROVE YOUR KNOWLEDGE



### October 2016

For ease of record keeping, use this coupon to collate your answers from within this issue of **Under Construction** and then sign and date it as proof of your own learning.

- |                             |                              |                              |
|-----------------------------|------------------------------|------------------------------|
| 1) <input type="checkbox"/> | 7) <input type="checkbox"/>  | 13) <input type="checkbox"/> |
| 2) <input type="checkbox"/> | 8) <input type="checkbox"/>  | 14) <input type="checkbox"/> |
| 3) <input type="checkbox"/> | 9) <input type="checkbox"/>  | 15) <input type="checkbox"/> |
| 4) <input type="checkbox"/> | 10) <input type="checkbox"/> | 16) <input type="checkbox"/> |
| 5) <input type="checkbox"/> | 11) <input type="checkbox"/> | 17) <input type="checkbox"/> |
| 6) <input type="checkbox"/> | 12) <input type="checkbox"/> | 18) <input type="checkbox"/> |

Signature \_\_\_\_\_ Date \_\_\_\_\_





# DOING BUSINESS WITH PLACEMAKERS WILL SOON GET EVEN EASIER

IN OCTOBER WE WILL BE INTRODUCING NEXTMINUTE, AN EASY-TO-USE APP THAT WILL SAVE YOU TIME AND MONEY.

Designed with tradies and field services in mind, the NextMinute App allows you to plan, schedule, communicate, track time, quote, order, monitor, and invoice on the go, anytime, through your mobile, tablet or laptop.

For more info go to [placemakers/nextminute.co.nz](http://placemakers/nextminute.co.nz)



## NORTHLAND

Kaitiaki 408 9020  
 Kerikeri 407 4820  
 Mangawhai 431 4236  
 Whangarei 470 3970

## AUCKLAND

Albany 414 0900  
 Auckland South 237 0020  
 Cook St 356 2899  
 Helensville 420 9150  
 Mt Wellington 570 8300  
 New Lynn 825 0088  
 Pakuranga 538 0200  
 Pukekohe 237 0020  
 Silverdale 424 9000  
 Waiheke Island 372 0060

Wairau Park 444 5155  
 Westgate 815 6800

## WAIKATO/BAY OF PLENTY

Clarence St, Hamilton 838 0716  
 Huntly 828 2000  
 Morrinsville 889 8057  
 Mt Maunganui 575 4009  
 Taupo 376 0220  
 Te Kuiti 878 8149  
 Te Rapa 850 0190  
 Thames 868 0130  
 Whakatane 3060320  
 Whitianga 867 2000

## CENTRAL NORTH ISLAND

Hawera 278 6013  
 Hawkes Bay 843 5816

New Plymouth 755 9040  
 Ohakune 385 8414  
 Palmerston North 353 5777  
 Wanganui 349 1919

## WELLINGTON

Evans Bay 387 8692  
 Hutt City 568 5042  
 Kaiwharawhara 472 1616  
 Kapiti 296 1086  
 Levin 366 0960  
 Porirua 237 9189

## UPPER SOUTH ISLAND

Blenheim 520 6030  
 Motueka 528 8164  
 Port Nelson 547 9111  
 Saxton Rd 547 9111

## CHRISTCHURCH

Antigua Street 344 8950  
 Cranford Street 375 4119  
 Hornby 344 8950  
 Kaiapoi 327 5860  
 Riccarton 348 2039

## CANTERBURY

Ashburton 308 9099  
 Timaru 687 4035  
 Twizel 435 3133

## SOUTHERN

Alexandra 440 0198  
 Cromwell 445 9202  
 Dunedin 466 4609  
 Gore 209 0055  
 Invercargill 211 0366

Mosgiel 466 4617  
 Oamaru 433 0460  
 Queenstown 450 9000  
 Te Anau 249 7774  
 Wanaka 443 0080

Products featured may not be available in all stores but as part of our rain check policy can be ordered in at the advertised price. Contact your local store for availability. Consumer Guarantees Act excluded. PlaceMakers Terms of Trade apply.

**LIMITED STOCK AVAILABLE** Limited stock of this product is available.  
**EASILY ORDERED** Products may not be stocked in all stores, but can be easily ordered in for you.

