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## FOREWORD VIEW FROM THE GM OPERATIONS

### A MAINLY SUNNY FORECAST



#### Reasons for optimism as a challenging year draws to a close

As the summer season arrives, I believe there is a sense of cautious optimism within our industry. The worst of the economic predictions have not materialised, and the builders I have spoken to have work to get on with. So, fingers crossed, the weather is conducive to getting that work done and that more work rolls in over the coming months.

From the weather to the economy, there are, of course, plenty of opinions out there, and some are more informed than others. This issue, we hear from highly experienced commentator Tony Alexander, who incorporates a range of information into his analysis. In my view, the result is a fair and balanced outlook. At the risk of grossly oversimplifying Tony's column – our industry might experience a short dip, but there are many factors pulling it towards a fast and strong recovery.

Still, it is rarely a bad idea to be prepared. So, if there is a dip in your workload, consider what business coach Graeme Owen suggests – understand how to pivot your business model to survive challenging times. See page 34.

We can't control all the external forces that affect us, but, as our featured PAC graduate Regan Morris explains on pages 6 and 7, we can make sure we do our own job to the highest level we can.

We try to do the same and are always striving to meet the needs of our customers. To that end, we've opened a new store in Warkworth, Auckland, with a convenient location, a great range, and flexibility to meet local builders' needs, fast.

As always, I hope you find this issue of Under Construction informative and I wish you all the best over the summer break. Our next edition will be published in February – until then!

**Gary Woodhouse**

General Manager Operations



**Our industry might  
experience a short  
dip, but there are  
many factors pulling  
it towards a fast  
and strong recovery**

# CONTENTS



7



30



40



44

## NEWS

- 5 PLACEMAKERS NEWS** New Warkworth store
- 6 PAC NEWS** August Apprentice of the Month; Recently qualified builder Regan Morris shares what he's learnt.
- 22 INDUSTRY NEWS** Record residential consents; \$350 million residential relief fund; Building Code updates
- 24 INDUSTRY FOCUS** Tony Alexander's industry forecast
- 26 INDUSTRY FOCUS** Reformulating lockdown stats

## FEATURES

- 3 BUILDERS' BUSINESS** DIY a 30m<sup>2</sup> sleepout?
- 12 MBIE - CODEWORDS** Consent exemptions for sleepouts
- 14 MBIE - CODEWORDS** Certificates of work
- 18 BRANZ** Managing geotechnical risk
- 30 BCITO** Lifting the barriers to training
- 34 SITE SAFE** Covid-19 worksite changes
- 36 SUCCESSFUL BUILDER** How to pivot your business model
- 38 LEGAL** Employment relationships
- 40 CCANZ** Understand confusing jargon
- 42 BULTIN** The name's bond...

## OTHER STUFF

- 44 SPONSORSHIP** Sweating for mental health
- 44 SKILLS MAINTENANCE** Record your LBP skills maintenance – you've earned it!

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## FEEDBACK

# BUILDERS BUSINESS

## NOT EXEMPT FROM DOUBT

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:** What do you think of the recent building consent exemptions?

**Firm:** Hamr Home Building Contractors  
**Interviewee:** Richard Warwick  
**Role:** Managing Director  
**Location:** Whitianga  
**Staff:** 10

I think the fact that homeowners will be able to build their own 30m<sup>2</sup> sleepout is going to be an absolute nightmare. The reason is they just don't have the knowledge of the Building Code.

We had a meeting to discuss the consent changes with Thames-Coromandel District Council and a lot of builders here think the same – a build like that needs an LBP behind it.

It's easy for me to imagine neighbours watching someone build a shonky sleepout next door and being concerned. I wouldn't blame someone for calling the Council in that situation.

I'm told there will be more guidance coming out early 2021, so I'll certainly be looking out for that.

Having said this, I think there will be some people who will use a suitably qualified person to carry out their build. In this case, having one less piece of red tape is a good thing. If the homeowner is building a kitset designed by an engineer, that may also work out OK.

But what do homeowners know about high wind zones? Do they know if they're in one, and if so, what this means in terms of their sleepout? That's just one example. Overall, there seems to me to be a lot of risk in this exemption.

**Firm:** SLC Builders  
**Interviewee:** Cory Carroll  
**Role:** Director  
**Location:** Wellington  
**Staff:** 7

While I think that less red tape will save people time, and this is a good thing, the consumer needs to be aware that they can't be putting up buildings willy-nilly – they will need to meet the Building Code and that will mean that either professionals will need to do the work or at least be providing oversight in the background.

I can see that those of us in the industry will need to help to educate people that, while such a build no longer needs a consent, it does still need to be built in a professional manner, to Code and to a high quality.

I'd be a little worried some naïve customers may not realise what's required and might be tempted to take shortcuts. How often will Restricted Building Work be a part of these 30m<sup>2</sup> sleepouts? I haven't looked into this aspect, but I hope someone has.

**I can see that those of us in the industry will need to help to educate people that, while such a build no longer needs a consent, it does still need to be built in a professional manner, to Code and to a high quality**

**Firm:** Home Trends Builders  
**Interviewee:** Peter de Gouw  
**Role:** Director  
**Location:** Christchurch  
**Staff:** 13

I have a lot of concerns about the 30m<sup>2</sup> sleepout exemption. I think there will be a fair few shortcuts taken. I don't think homeowners will know the town planning requirements around distances to boundaries, site coverage and fire ratings. LBPs are familiar with all this, but most homeowners will not be.

**There is a lot of red tape in dealing with councils, which adds a significant amount of time and money to building a home. A lot of it really doesn't need to happen.**

I can see why the Government has sought to lower the level of prescription, by removing the need for a consent here, and I agree with the aim. There is a lot of red tape in dealing with councils, which adds a significant amount of time and money to building a home. A lot of it really doesn't need to happen. It's just an unnecessary cost for builders and for homeowners. But this exemption has not been thought through. If there was a requirement to be built by an LBP, this would make sense and some builders might get some more work on this basis.

As it is, once the problems start, maybe in 12 months or more, I expect we might see a closing of this loophole. Will buildings that are not up to Code need to be knocked down? We'll see...

# PRODUCT NEWS

## PLACEMAKERS LANDSCAPING RANGE



**Outdoor living is embedded in Kiwi culture and, as a nation, we are always looking for new and exciting ways to embrace the al fresco lifestyle. Whether it's relaxing with family or entertaining friends, we want to enjoy long summer evenings in style**

Check out our new Landscaping Catalogue to see how PlaceMakers can help to make that happen – you can download it from our website.

Over the past few years, PlaceMakers has been increasing the product ranges available to meet changing trends.

"In Europe, natural paving has seen a massive increase as clients place more emphasis on aesthetics," says PlaceMakers Category Manager Martin Brannigan.

"We now offer a range of sandstone, granite and porcelain pavers as well as an expanded range of concrete pavers in a variety of styles and colours. Remember, the bigger the paver, the

less you need per square metre!"

Decking choices have also increased significantly. As well as standard pine merch decking, PlaceMakers offers a range of premium pine decking, engineered pine decking (such as Accoya), hardwood decking and composite decking – all of which have a range of features and benefits to suit your client's requirements.

Fencing has also evolved, as homeowners no longer want to look at the 'bad' side of a fence. With a great range of timber, steel and aluminium fences, you can now create an amazing boundary fence for your client that will be the envy of their neighbours. And with trellis,

timber and aluminium decorative panels, you can customise their fence to suit their needs or use them to create individual spaces within their garden.

PlaceMakers landscaping offering isn't just limited to these three ranges. Check out our new 2020 Landscaping catalogue to see what else we can offer to turn any garden into a veritable landscaping paradise. This year, we have even introduced a new lifestyle section for clients with a slightly larger plot of land.

For more info, visit [placemakers.co.nz/landscaping](https://placemakers.co.nz/landscaping). ■

# PLACEMAKERS NEWS

## NEW WARKWORTH STORE NOW OPEN



**PlaceMakers new Warkworth opened in September, which, combined with its store in Silverdale provides a strong and supportive footprint in the North Auckland and Rodney area**

The PlaceMakers team are all about putting customers first says John Gair, PlaceMakers Northern Hub Manager. "We want to continue to deliver maximum value and outstanding customer service every day. We have been servicing customers in this area via our Silverdale Branch and the creation of a footprint in Warkworth increases our service levels and provides trade customers in the area with a call-in option. The goal is to ensure that, ultimately, nobody is easier to do business with than PlaceMakers."

Located at 64 Morrison Drive, the new PlaceMakers Warkworth branch is open six days a week to service both trade customers and the general public. The 1815m<sup>2</sup> trade hall and drive-thru with yard, stocks a comprehensive trade and serious DIY focused range including building products, fastenings and consumables. Partnering with the Silverdale and Whangarei branches, Warkworth will be able to service customers interior categories such as kitchens, bathrooms, laundries and wardrobes. PlaceMakers 'special orders' service also enables an almost limitless choice of product.

We're proud to have recruited a fantastic team of local talent led by Branch Manager Latham Broadstock, who has been with PlaceMakers for the last eight years and is committed to providing an exceptional customer experience.

The locally built structure is constructed using a pre-engineered lightweight building and has been designed and built with trade customers and the environment in mind. Putting the customer at the heart of the design, the layout allows both customers and team members to gather materials quickly and comfortably in a more modern and accessible environment.

Features include:

- Approx. 1815m<sup>2</sup> trade hall area with an expansive and easy access drive-thru.
- 65 carparks, with more undercover in the drive-thru, to minimise delays.
- Low racking design provides better sight lines which means easier visibility of product.

PlaceMakers is committed to the environment and sustainable building practices. The new purpose-built store utilizes 'green' building initiatives, such as daylight harvesting, energy efficient lighting and water-saving systems all designed to minimise PlaceMakers environmental footprint.

As part of our commitment to the trade, the branch includes all PlaceMakers key Trade Service offerings, such as its Service Promise, new Smart Delivery system, Trade loyalty program and much more. Latham says 'We know that delivering in full and on time is the key to a successful project for our customers, we are committed to making sure that these core trade lines are always in-stock. We will be measuring our success in this area and we will get this right, it's a priority.' ■

# PLACEMAKERS APPRENTICE CREW



## DON'T LEAVE IT TO THE PAINTER!

Our apprentice column provides an opportunity for PAC members to share their views, experiences and ideas, while providing insight for builders who employ them.

This issue, we speak to former apprentice Regan Morris, a newly qualified builder, about what motivated him to take a carpentry apprenticeship, what motivates him now, and what advice he'd give anyone starting an apprenticeship

Regan didn't always know he wanted to be a builder but, from an early age, he knew he would take a trade. It was just a matter of narrowing it down, explains Regan.

"My dad is a qualified diesel and petrol mechanic, so I always knew a trade could provide a good future. Also, when I was a teenager, my parents had a house built and my dad was a hammer-hand on the build. I was pretty interested in everything that went into making our house and had the idea then that I'd like to be capable of building my own one day. But I also enjoyed engineering at high school and liked the idea of being a metal fabricator."



**I enjoyed the bricklaying. Working on different sites showed me that different building companies have various approaches to how they do things. That was a very valuable insight**

By the end of high school, Regan still wasn't sure exactly what trade path he

would take. He had narrowed it down to an engineering apprenticeship or something in building and construction. With those options in mind, Regan took a gap year and a labouring job for a brick-laying company, to give himself time to work out what path to take.

### LABOUR OF LOVE

"I enjoyed the bricklaying. Working on different sites showed me that different building companies have various approaches to how they do things. That was a very valuable insight."

"Towards the end of that year, I got a call out of the blue from Thistle Builders, who offered me an apprenticeship. I'm still not sure what prompted that offer, but I think they must have seen me laying bricks on a couple of their sites and figured I had what it takes to be a good apprentice. It's only now I realise how lucky I was to be offered that opportunity."

To clarify why he feels so lucky, Regan explains he's somewhat of a perfectionist and would prefer to do a few things to a high standard than lots of things to an 'OK' standard.

"When I did engineering in high school, we were working to 0.1mm tolerances. Adjusting to building to millimetre tolerances was a shift in thinking. I still prefer to get it as close to perfect as I can."

"I'm very fortunate that the company

I work for builds nice houses that have been architecturally designed. This means there is a lot of thinking involved on site and it is important to get a good finish, which fits my mentality very well."

In Regan's experience, spending the time to get things right on site isn't always done. There is a particular phrase that on one hand makes him laugh, and on the other motivates him to do better.



Getting an internal door-frame bang-on

### GET IT RIGHT!

"It's a bit of a joke in the trade to say 'the painters will fix that' as a way of saying 'that'll do' about your own work. And as a joke, it is pretty funny. But I was taught to take the phrase seriously. If someone is fixing the work you've done, then that's not good enough."



**I'm a believer in bettering yourself. So that's my biggest aim – to get better at what I do. My goal originally was to become a qualified builder and I'm thrilled to have done that. Now I'd like to work my way up to running jobs – to be a foreman, who is still on the tools**

"If I tried to get away with sub-par work, my workmates would pull me up on it and I wouldn't want it any other way. To do things well can take time. You might need to do the research on how a particular product is meant to be used, or you might need to check up on regulations, but it will pay off with a quality result."

As a natural progression of wanting to expand his knowledge and hone his skills, Regan has long-term aims in the industry.

"I'm a believer in bettering yourself. So that's my biggest aim – to get better at what I do. My goal originally was to become a qualified builder and I'm thrilled to have done that. Now I'd like to work my way up to running jobs – to be a foreman, who is still on the tools. After I've built my knowledge up, I'd potentially want to work in a management role and ultimately to run my own business."

### GRAB EVERY OPPORTUNITY

Regan has two key pieces of advice for anyone in an apprenticeship now:



Regan on site at a 400m<sup>2</sup> build

take any opportunities offered to you and use any criticism of your work to improve your skills.

"As an apprentice, you're likely to face a new scenario almost every day, so you have to have a willingness to learn. I think you always benefit from taking opportunities that advance your learning. For example, when my boss suggested I enter the Certified Builders Apprentice Challenge, I really wasn't sure. But I'm very pleased I did, because it really helped me to see where I was at compared to other apprentices. But be aware – it is a challenge, so you're expected to step up!"

As Regan further explains, stepping up and out of your comfort zone can be daunting, but the rewards are worth it.

"I got a decent result in the competition the first year, then went away and worked on my skills, streamlined my thinking process, and ended up with third place in the national competition the following year, which I was really happy with. I'd encourage every apprentice to enter a competition like this."

Regan says PlaceMakers Apprentice of the Month competition is also worth getting involved in.

"The PAC competition provides a good platform to give apprentices a bit of encouragement through the prizes on offer," says Regan.

"Having dedicated pages in Under Construction also helps to boost recognition of our views and experiences within the industry."

### GROW THROUGH CRITICISM

"Criticism can be hard because it's not always delivered in the right way. But criticism is also often your friend, because it helps you pick up on the things you could do better," says Regan.

"It's also never going to go away. Everyone has a different way of doing things, and on the building site they are probably going to tell you all about it! If you can listen to other people's opinions, and take their advice and add that to your own knowledge, then I believe the combination will make you a better builder, which is ultimately the main goal." ■

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PAC NEWS

## PLACEMAKERS APPRENTICE CREW



### AUGUST APPRENTICE OF THE MONTH

#### Apprentice succeeds by making connections

**H**arrison Fountain is a second-year apprentice from Hamilton. His everyday work is new builds, but he was recently given the opportunity to do some weekend renovation work for family and friends.

It was a big challenge for Harrison, but also a great opportunity to give back to the family and friends who had supported him. He took on the role of a boss and had to organise and quote projects – something he never imagined was possible so early on in his apprenticeship.

Harrison explains that he overcame this challenge by getting “connected”.

“I connected with my boss and spent some time asking questions and forming plans of how to attack each of the projects. I’m very lucky. Not only have I learned a huge amount from my

boss, but he even supervised me onsite when I was taking on the bigger tasks.

“I also made a connection with my local PlaceMakers and I’ve been able to go to them for advice and guidance for the best ways for quoting and gathering materials.

“Lastly, I connected with my workmates and a couple have very kindly given some of their time to work for me, despite the fact they are qualified.”

Harrison found it can be daunting to approach others when you don’t have confidence in your skill level or building knowledge. But, as he explains: “There are people around you who want to see you develop and grow as a builder, whatever stage you’re at. You just need to take that step and ask the questions, because, as they say: ‘there are no stupid questions!’” ■



Harrison picking up his prizes  
at PlaceMakers Te Rapa

### BRANCHING OUT SCHOLARSHIPS

#### A new initiative from PlaceMakers could help recently graduated apprentices take the next step in their education

**A**ttention apprentice graduates! Are you considering adding more skills to your toolbelt? If you decide to take your qualification to the next level and study further, the PAC Branching Out scholarship could ease the financial burden.

Applications are open from 1 November 2020 until 28 February 2021.

#### WHO CAN APPLY?

Graduates who have achieved their Level 4 National Certificate and who are currently PAC members. Visit [pac.placemakers](http://pac.placemakers.co.nz) (Graduate Toolbox) for more information and to download the application form. Alternatively, email [pac@placemakers.co.nz](mailto:pac@placemakers.co.nz) or message us via the PAC Facebook page. Good luck! ■



Add more skills to your tool belt  
with a PlaceMakers scholarship

### PAC CASH TRADE DISCOUNTS

Don't forget that all current PAC members have access to cash trade discounts on safety gear and hand tools plus other product ranges (some exclusions apply) at all PlaceMakers branches. Visit the PAC hub for more details - [pac.placemakers.co.nz](http://pac.placemakers.co.nz)



## WHAT'S ON

## PLACEMAKERS PRODUCT PICKS



Jagas is a paving expert, offering hand-crafted concrete solutions, permeable paving, concrete paving, terrazzo paving and ceramic tiles.

Using techniques that date back to 18th-century Italy, Jagas Terrazzo Paving is hand-crafted at a purpose-built East Auckland manufacturing plant. Using only the best local and internationally sourced materials means all paving is manufactured to the highest quality. Terrazzo and Premium Pavers are ideal for patios, footpaths and pool copings and will enhance any project.

Jagas Hydropavers are truly permeable – water flows straight through the surface of the paver. They are strong enough to be driven on making them ideal for patios, pathways, driveways and public spaces.



Maximise outdoor living spaces with Outdure decking products, designed for durability, fast installation and low maintenance – whatever your client's lifestyle and budget.

The patented Green Star-rated QwickBuild structural aluminium framing system means clients never have to worry about maintenance or rotting again. It is designed to ensure you achieve a perfectly straight deck frame every time. It can be built on any surface (ground, concrete or waterproof membrane) and is ideal for all deck heights.

QwickBuild also integrates with a range of surfaces, including the Composite Decking range ResortDeck & CasaDeck, structural exterior tiles and pavers, synthetic turf, QwickGrates or, if you prefer, you can pick your own hardwood. You can lay the tiles, decking or grass on their own – or, for a durable, straight and level solution, install them on Outdure's QwickBuild System.



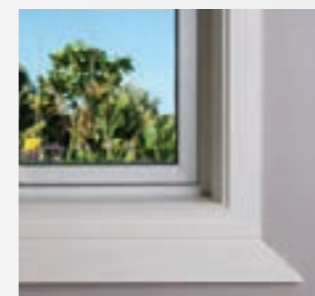
ColourWall is ideal for residential properties because it is durable and stable, manufactured from strong pre-finished coloured steel, and both neighbours get the 'good' side of the fence.

ColourWall options include a solid fence, a slat top option, slatted fence, and timber fence – all available in a range of heights and colours.

Fentec Steel Fencing systems are designed to be quick and easy to install. A complete kit set is supplied ready-to-go, with installation guides and free support from the Fentec technical support office to get you under way.



NZ TIMBER PROFILES



Looking for an innovative and easy way to upgrade your clients' 10mm trims? The new Retrofit Range from NZ Timber Profiles Ltd will simply fit over existing mouldings, ready to glue or nail into place.

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### The VENT VB20

vented batten for wall and roof is BRANZ-appraised and offers reliable and durable solutions with time-saving, peel-and-apply installation.

**VB20** is made of recycled polypropylene and designed for use as non-structural cavity battens in the wall and roof. **VB20** comes with an adhesive strip, allowing for fast and easy fixing to timber, building wraps and steel framing. It is designed with 4mm spacings and suitable as a cavity closer. It can be split to create 10-15mm cavities where needed and comes in 1800mm lengths for faster installation. **The VENT VB20** is distributed by DriStud, a division of TCL Hunt.



Levene, the legendary Kiwi paint, is coming back – better and stronger than ever before.

Made right here in New Zealand, with a full range top to bottom, inside and out (including acrylic interior/exterior paint especially for the trade), Levene offers a 15-year guarantee on exterior paint and a 5-year guarantee against mould and mildew for kitchens and bathrooms.

Only available at PlaceMakers.

### PlaceMakers®

Introducing the new range of PlaceMakers Bugle Head Batten Screws, coming to a PlaceMakers store near you in November.



Featuring the new 'RapidDrive' thread design, the cut serrations on the thread offer aggressive and faster screwdriving into landscape timbers, rails and posts, as well as battens and construction timbers.

These heavy-duty screws have been packed into cardboard boxes instead of plastic packaging and they come in various box sizes up to 500 screws per box (including a hex driver-bit to get you started).

Ranging in lengths from 75mm to 150mm, these new galvanised batten screws are designed with the professional builder in mind. Check them out at PlaceMakers stores or online via the Trade App/Trade Portal.



MBIE

BUILDING A CONSENT-FREE SLEEPOUT



From 31 August 2020, a range of new and extended building consent exemptions were added to schedule one of the Building Act, including a range of options for building sleepouts

Several of the new and extended exemptions require the assistance of a Licenced Building Practitioner (LBP) to supervise or carry out the design and construction work, which will allow consenting authorities to focus more on higher risk building work. It is also a great reflection of the expertise that LBPs provide, and will help boost their profile to the public.

The exemptions cover a wide range of building projects in both rural and urban areas, and include a number of projects including detached standalone buildings, porches and verandas, carports, and solar

panels. This means around 9,000 fewer consents will need to be applied for each year and homeowners will save a combined \$18m in costs.

**A CLOSER LOOK AT SLEEPOUTS**

One of the new exemptions, where homeowners will more than likely need the help of an expert, is in the construction of a detached, standalone building such as a sleepout. A sleepout is a great way for a homeowner to add a private space for an independent member of the family or to have an extra office now that working from home is more popular than ever.

Current building consent exemptions already allow for a sleepout up to 10m<sup>2</sup> to be built without a building consent, but the new exemptions expand this to 30m<sup>2</sup> for any building materials, where the work is carried out of supervised by an LBP.

There is also a separate exemption for 30 m<sup>2</sup> sleepouts if they are built from prefabricated or kitset components that have been designed (or had the design reviewed) by a Chartered Professional Engineer (CPEng). If building from lightweight materials, anyone can carry out building work for a sleepout where the net floor area is up to 30m<sup>2</sup>.

Of course, all of these sleepouts must still meet the building code. It's important to remember that building consent process is only one part of the legal requirements for building a sleepout. All the usual requirements about durability of materials, district planning, location of services and boundary restrictions still apply. This means a sleepout must be at least its own height away from a boundary, which will preclude many suburban homes from building to the maximum 30m<sup>2</sup> without a consent (unless they want it right in the centre of their lawn!).

**SLEEPOUTS HAVE MINIMAL FACILITIES**

The sleepouts included in this exemption are not designed to be lived in exclusively. The facilities of an existing dwelling (such as potable water) must also be readily available for the use of those staying in the sleepout. A sleepout under this exemption is not a 'tiny house' and if a homeowner wants to include toilet or cooking facilities they need to apply for a building consent.

**A WIN FOR THE LBP SCHEME**

The sleepout also needs to comply with the Building Code, which is one of the key reasons why a competent LBP is required to carry out or supervise the

work, when construction is not restricted to lightweight materials.

These exemptions put trust in LBPs as competent and professional builders, by allowing them to undertake a wider scope of work without a building consent or council inspections. This in turn adds value to holding an LBP licence, and raises the awareness of the scheme with homeowners.

**WITH RIGHTS COMES RESPONSIBILITY**

This work is not Restricted Building Work (RBW) because a building consent is not required. Therefore you do not have to supply a Record of Work (ROW). You are still professionally accountable for the work however, so it is important to maintain the same standards. The oversight of the Building Practitioners Board (BPB) still applies to these projects, as professional accountability is an important tool to protect consumers from rogue builders and maintain the standards of the scheme.

The usual rules around plumbing fittings and wiring still apply too, so plumbing work is not covered by this exemption and any electrical work will need a registered electrician and a certificate

of compliance on completion. Fire safety rules also mean the sleepout must have smoke alarms installed. It is important to note that the stormwater runoff from larger sleep outs may be significant, and this will need to be taken into account.

As a building professional you may need to highlight some of these issues to the homeowner, as they may have limited knowledge. The BPB has made it clear that they expect LBPs to use their professional judgement when undertaking work, and to bring up issues of non-compliance with the client rather than following their instructions blindly.

**FURTHER INFORMATION**

MBIE are continuing to support both industry and the public on these new changes, with fully-updated Schedule 1 guidance available on [building.govt.nz](https://www.building.govt.nz). A new digital tool to help homeowners determine whether they need a building consent went live in October 2020. ■

This article is an excerpt from Codewords Issue 97. Reading Codewords articles that are relevant to your licence class is a mandatory requirement for Licensed Building Practitioners. These questions can be answered through the LBP portal, online at [underconstruction.placemakers.co.nz](https://underconstruction.placemakers.co.nz) or recorded on the magazine, then provided at the time of renewal.

CODEWORDS QUIZ ISSUE 97



- 1 Do I need to provide a ROW when building a sleepout under the Schedule 1 exemption?

a) Yes, if an LBP was required.

b) No, a ROW is not legally required as it is not Restricted Building Work.
- 2 For a sleepout to be eligible under the schedule 1 exemption:

a) It must not contain bathroom or kitchen facilities.

b) It can't have a kitchen, but it can have a toilet.

c) It can have a kitchenette, but only if a smoke alarm is installed.
- 3 Why can some of these exemptions only be carried out by LBPs?

a) LBPs have been assessed and found competent to do the work.

b) LBPs have professional accountability for their work through the Building Practitioner Board.

c) LBPs have more knowledge and experience than the average homeowner, and can raise concerns if the client is trying to build something non-compliant.

d) All of the above.

CERTIFICATES OF WORK



Where two or more LBP are involved in carrying out or supervising the design work for a building consent application involving RBW, there may be a choice about who provides the CoW

Certificates of work can be relatively simple documents, but they can also lead to some confusion. Here we address what they are for, who should fill them out and what they should include

A Certificate of Work (CoW) is required when submitting a building consent application to show that a suitably qualified design professional has designed or supervised the design of any restricted building work (RBW).

The CoW must be provided by one or more LBPs (or suitably registered design professional) that carried out or supervised that design work. The CoW states that the design work either complies with the Building Code or whether waivers or modification of the Building Code are required.

DESIGN OF RESTRICTED BUILDING WORK

A CoW is only required for the design of RBW. The design of RBW (or restricted design work) can be identified by the following features:

- The building is a house or small-to-medium apartment building.
- The work is certain design work relating to the primary structure, external moisture management system or fire-safety system – that is, the preparation of any drawing, specification or other document according to which the primary structure, external moisture management system or fire-safety system is proposed to be constructed or altered.
- The work requires building consent.

A record of work is completed by the tradesperson who carries out or supervises the RBW, whereas the CoW is completed by the designer who designs or supervises the design of the RBW.

The CoW must be provided by one or more LBPs (or suitably registered design professional) that carried out or supervised that design work

PURPOSE OF CERTIFICATES OF WORK

The requirements for a CoW are laid out in section 45 of the Building Act 2004 – How to apply for building consent. In summary, the purpose of a CoW is to:

- provide assurance for building consent authorities that the design has been carried out or supervised by a competent person.

- track professional accountability without giving rise to additional civil liability by recording who completed or supervised each part of the design
- confirm that the design complies with the Building Code.
- detail any waivers or modifications of the Building Code that have been required.

COLLABORATIVE DESIGN

Where two or more LBPs are involved in carrying out or supervising the design work for a building consent application involving RBW, there may be a choice about who provides the CoW. If a particular design is carried out by an LBP under supervision of another LBP – that is, a senior designer – the CoW should be provided by the LBP that is taking responsibility for the design.

However, if two LBPs work on different aspects of the plans and specifications that are RBW, each LBP would be expected to provide a CoW for their respective parts. For example, one may design the foundation and another the elements of the superstructure.

The LBP who signs the CoW is the

one who will be professionally accountable for the work. If you are completing the CoW as a supervisor for work designed by someone else, it is very important that you check the work meets an acceptable standard, is compliant with the Building Code and adequately describes any waivers or modifications of the Building Code.

TAKE ACCOUNTABILITY FOR YOUR WORK

If there are issues with the work, the CoW also allows the BCA, consumer or regulator to track down who completed or supervised the work if further investigation is needed.

A common issue the Building Practitioners Board sees is an LBP completing a CoW for work carried out by other designers that has not been completed to an acceptable standard (negligence). Some designers will use their licence to rubber-stamp others' work so it can be submitted in a building consent. However, this is not the purpose of a CoW.

If you sign a CoW with incorrect statements regarding compliance to the Building Code – or any waivers or modifications – you are showing poor professional judgement as either you

did not check the design adequately or you were not able to identify the deviations from the Building Code. Either way, you could be found by the Building Practitioners Board to have acted negligently or incompetently.

LBPs are accountable to the Board for their professional conduct, and if they are negligent or incompetent or otherwise do not meet their obligations under the Building Act, they can be disciplined. Using your licence to rubber-stamp a CoW without adequately checking the design is an abuse of the licensing system and will not be accepted by the Board.

FURTHER GUIDANCE

The document Guidance on the use of certificates of work, producer statements, and design features reports relates to RBW and can be found at [building.govt.nz](http://building.govt.nz).

This guidance document was developed for practitioners working on the Canterbury rebuild. However, the principles apply for restricted design work anywhere in New Zealand. ■

This article is an excerpt from Codewords Issue 97. Reading Codewords articles that are relevant to your licence class is a mandatory requirement for Licensed Building Practitioners. These questions can be answered through the LBP portal, online at [underconstruction.placemakers.co.nz](http://underconstruction.placemakers.co.nz) or recorded on the magazine, then provided at the time of renewal.

CODEWORDS QUIZ ISSUE 97



- 4 Why do we use CoWs?

  - a) So BCAs can see if a competent person carried out the work.
  - b) So we can track down the correct designer if they need to be held professionally accountable for their work to the Building Practitioners Board.
  - c) To highlight any waivers or modifications of the Building Code in the design.
  - d) All of the above.
- 5 Can more than one LBP provide a CoW for a design?

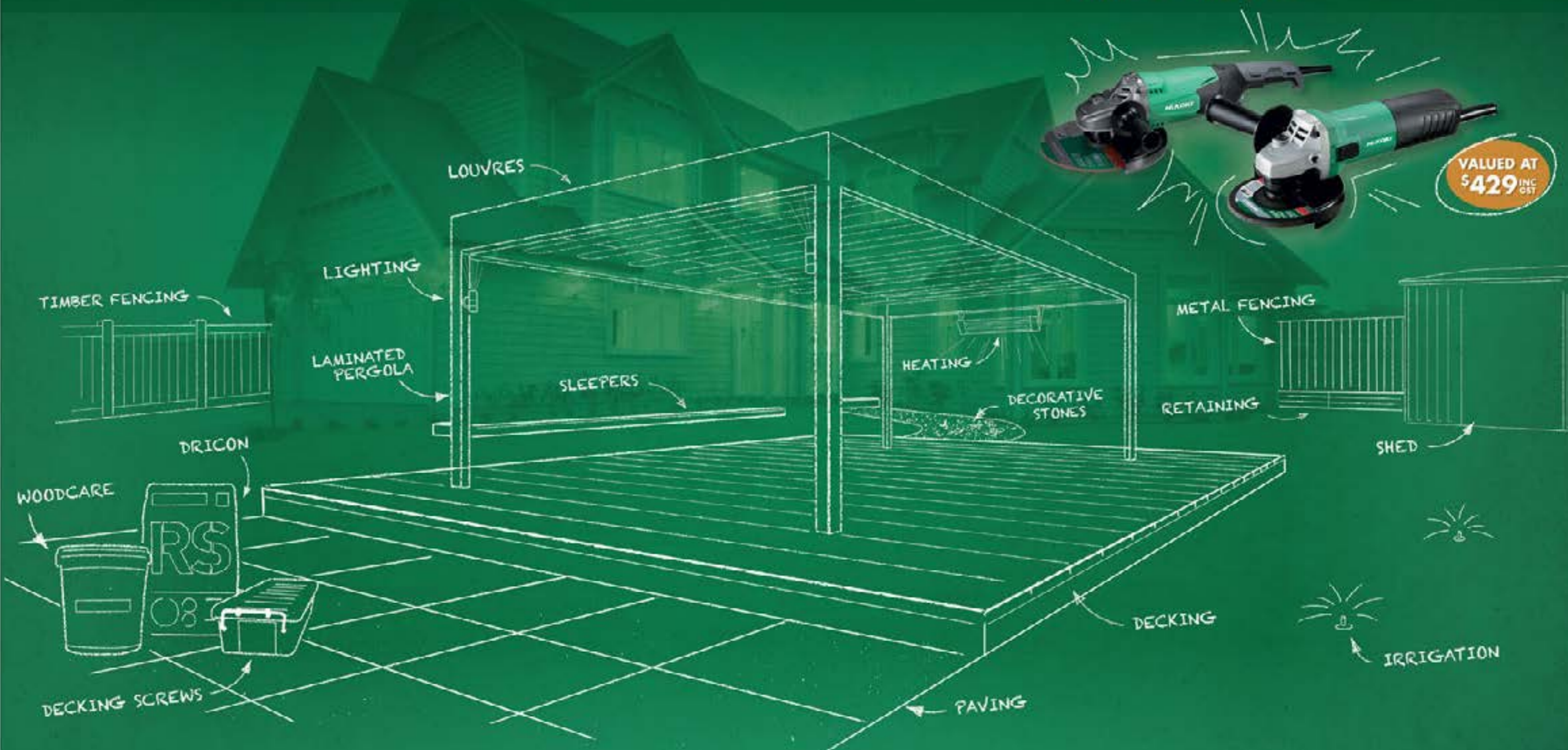
  - a) Yes, if more than one LBP has contributed to a design, this should be recorded through the CoWs.
  - b) No, only one LBP should provide a CoW per building consent.
- 6 Why is it a problem if you sign a CoW without supervising and adequately checking the design work?

  - a) It is not a problem – the BCA will pick up anything that is not Code compliant.
  - b) It is not a problem – signing a CoW will not increase your civil liability for the project.
  - c) The design could be substandard, which could lead to significant problems and harm to the client – for example, leaky buildings.
  - d) You could be disciplined by the Building Practitioner Board for working negligently.
  - e) c and d.

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## MANAGING GEOTECHNICAL RISK



It is common to see damage to buildings in New Zealand from poor ground conditions. This could have largely been avoided with early geotechnical advice that had been taken and acted on.

**Ground conditions are a factor in building developments and must be assessed for any potential risk. To identify, mitigate and avoid problems, it makes good sense to hire a geotechnical professional for advice on site selection and development**

It is critical to any building development, whether an addition to an existing house, a new house build or a multi-storey building, to consider the ground conditions of the site and any risks they may present.

### GROUND CONDITIONS INFLUENCE SITE SELECTION

Ground conditions can influence the selection of the site and the layout and form (shape and size) of buildings built on it. Often an architect or structural engineer is appointed to look at the feasibility and concept design of a project. They will be responsible for identifying where the ground conditions present a risk and for recommending a geotechnical professional.

It is wise to engage a geotechnical professional at the beginning of a project to advise on ground conditions and the constraints that these impose on the development.

### RISKY GROUND CONDITIONS

We often see damage to buildings

in New Zealand from poor ground conditions. These could have largely been avoided with early geotechnical advice that had been taken and acted on.

#### Fills

Settlement of fill is a common problem that can continue to occur years after the fill was placed – either because it was poorly compacted, or because its weight compresses the underlying natural ground. Fills also frequently perform poorly under earthquake shaking.

#### Expansive soils

Auckland, Northland and other parts of New Zealand have soils prone to shrink swell. The drying effect of the summer months, or of trees, causes the soil to shrink. Any houses sitting above them will settle, causing jamming doors and cracked plaster. In some cases, dry soils can swell upon wetting and cause similar damage.

#### Peats and organics

Peats can be hidden beneath the

surface and are common in low-lying and coastal areas around New Zealand. Earthworks filling of only a few hundred millimetres can trigger these peats to settle, and this can continue for years.

### Settling ground dragging down piles

A common foundation solution for buildings over ground prone to settlement is to drive or bore piles down to solid ground, although this alone may not solve the problem. As the ground settles around the piles, it can drag them down, causing the building to settle.

A geotechnical engineer will design piles that specifically allow for these drag-down effects.

#### Ground settling around piles

Settling ground presents another common issue with piled foundations. The ground around the building will continue to settle, causing many problems around the perimeter of the building, such as broken pipes

and separation of entrance steps. This settlement potential must be identified and connection details developed to allow for it.

#### Liquefaction

While we all saw the effects of liquefaction in Christchurch, unfortunately, the risk of liquefaction is by no means limited to that city. Councils have hazard maps identifying areas prone to liquefaction, but these are an indication of risk only. It would be prudent to have the map interpreted and the site investigated by a geotechnical engineer or engineering geologist.

#### Slope instability and creep

If not properly designed and formed, cut and fill slopes can slip or creep, resulting in damage to land and buildings. Steep temporary cut and fill slopes formed during construction can be particularly hazardous. Depending on the geology, natural slopes can be prone to creep, even on gentle gradients. Extreme rain or earthquake events can trigger slips. Engineering geologists are trained to identify potential slope hazards by studying the geology and the contour of the site's surface (geomorphology).



**It is wise to engage a geotechnical professional at the beginning of a project to advise on ground conditions and the constraints that these impose on the development.**

#### Erosion

Coastal and river erosion can damage land and undermine buildings. Depending on the geology, land can be prone to surface erosion or even erosion beneath the surface. This subsurface erosion can form tomos (sinkholes) and voids, resulting

in subsidence (surface slumping). Underground mining can produce a similar hazard.

#### Other geohazards

Other geotechnical hazards to be considered include variable and/or weak ground conditions, falling debris, ground rupture due to earthquake faulting and deflection of retaining walls.

### PROJECT STAGES AND GROUND CONDITIONS

Geotechnical advice is likely to be required throughout a building development and particularly early in the project when any constraints on development that are identified can be most efficiently addressed.

The project stages of inception, design and construction are listed below, along with the associated geotechnical advice.

#### Inception

This is where the site is selected and the layout and form of a building development is decided. It is important to understand the geotechnical hazards and the constraints these may impose at this stage. In the case of a recent subdivision, there may be an existing geotechnical report providing this information.

There may be covenants on the site's certificate of title imposing building restriction lines or other means of applying constraints to avoid geotechnical hazards. If such information is not available, a geotechnical professional should undertake an assessment.

That professional is likely to undertake a desktop study and site inspection, plus possibly some physical investigations. The desktop study could include review of aerial photographs, geological maps and available geotechnical data. It may include discussions with locals to understand the site history.

From this initial study, the geotechnical professional can identify geotechnical

issues and work with the client, architect and structural engineer to develop a concept for the building development. A geotechnical report may be needed in support of any resource consent application required.

#### Design

During the development of the design, the level of involvement by the geotechnical professional varies depending on the complexity of the project and of any geotechnical issues to be resolved. A geotechnical report and associated producer statement design (PS1) may be required in support of the building consent application.

#### Construction

It is important during construction of any foundations that inspections and testing of the ground is undertaken to verify the assumptions made during design. A producer statement construction review (PS4) is likely to be required to support the application for Code compliance. Depending on the complexity of the project, geotechnical issues and requirements of the council, this PS4 and associated construction observations may require a geotechnical professional.

### WHO ARE GEOTECHNICAL PROFESSIONALS?

Geotechnical professionals include engineering geologists and geotechnical engineers, who normally work together. The engineering geologist focuses on geology and identifying the ground hazards while the geotechnical engineer focuses more on the consequences of these hazards for the development and how they can be mitigated.

There is a lot of overlap between these two professions and either can lead the assessment and mitigation of geotechnical hazards. It is recommended that either a professional engineering geologist (PEngGeol) or a chartered professional engineer (CPEng) with a practice field of geotechnical be engaged to lead the geotechnical work.

## GEOTECHNICAL RISK CONTINUED



## Sources for geotechnical advice

The following is a list of sources for advice on resolving geotechnical issues for a building development.

**NZS 3604:2011 Timber-framed buildings** provides standard design details for timber-framed buildings (including their foundations) for compliance with the Building Code. Its intended audience is builders, architects and engineers. These foundation details only apply for specific types of buildings and only when it can be shown that the foundations will be on 'good ground', which is defined in the document. For other types of buildings and where good ground is not present, specific design by an engineer is required.

**AS 2870-2011 Residential slabs and footings.** If the soils are prone to shrink swell and not good ground as defined in **NZS 3604:2011**, building designers are referred to **AS 2870-2011**, which requires the use of a shrink swell test. Unfortunately, this test has proven to be unreliable for use on soils in Auckland

and Northland. In these areas do liquid limit and linear shrinkage tests as set out in **NZS 3604:2011**.

If the results show the soil is not 'good ground' because of expansivity, determine the Plasticity Index (by doing a plastic limit test) and the percent clay. Provide this information to an experienced geotechnical engineer, who can look at the site context and provide specific foundation advice.

**NZS 4404:2010 Land development and subdivision infrastructure** sets out the requirements for design of infrastructure for land development and subdivisions, when involvement of a geotechnical professional is required and the scope of that involvement through design and construction.

**NZS 4431:1989 Code of practice for earth fill for residential development** describes earth fill practices to produce fills of satisfactory stability for residential development. It sets out when a geotechnical professional is required and the

scope of that involvement through design and construction.

Planning and engineering guidance for potentially liquefaction-prone land, 2017, published by MBIE, provides guidance for risk-based assessment of liquefaction for development of regional and district plans, and resource and building consent assessments.

Earthquake geotechnical engineering practice modules, 2017, New Zealand Geotechnical Society. This series of six modules provides geotechnical engineers with guidance on investigation and design allowing for earthquakes.

For more: To find a geotechnical professional visit [www.engineeringnz.org/our-work/working-engineer](http://www.engineeringnz.org/our-work/working-engineer) or [www.nzgs.org/about-us/find-a-pro](http://www.nzgs.org/about-us/find-a-pro). ■

Article by Stuart Palmer, Technical Director, Geotechnical Engineering Tonkin + Taylor. This article was first published in Issue 179 of BRANZ Build magazine. [www.buildmagazine.org.nz](http://www.buildmagazine.org.nz). Words and figures supplied by BRANZ.

## PROVE YOUR KNOWLEDGE

Tick the correct answers below and record what you've learnt in the record of learning on the back page!

- |  |  |   |
|--|--|---|
| 1) Settlement of fill is a common problem that can continue to occur how long after the fill was placed? | 2) If not properly designed and formed, cut and fill slopes can slip or creep – as a result of this what can become damaged? | 3) During the Construction stage of a project, what producer statement is likely to be required to support the application for Code compliance? |
| a) Years.  | a) Land.   | a) PS1.   |
| b) Months.   | b) Buildings.  | b) PS3.   |
| c) Weeks.  | c) Both answers.   | c) PS4.   |



NB: The questions and answers in this section have been produced by the publisher and do not necessarily reflect views or opinions of the contributing organisation.

## Top Picks for a Luxury Bathroom

Whether you're updating your bathroom or starting from scratch, a well designed bathroom with quality materials and stylish fittings can turn your space into the luxury bathroom you have always wanted.



- 1 Carrara Hex Mosaic 300x300mm 25mm White • 3242894 • \$25.99 per sheet 2 Adesso Urban Round Ultra Thin Vessel Basin Matte White • 7724736 • \$699  
3 Adesso Urban 1000mm Wall Hung Vanity Solid Surface Top With 1 Drawer Planked Urban Oak • 7726145 • \$1,379 4 Raymor Dawson Column Twin Shower Black • 7728415 • \$479 5 Adesso Form Basin Mixer Black • 7719135 • \$325 6 Adesso Floor Mounted Bath Spout Black • 7719125 • \$599 7 Raymor Cave Freestanding Bath 1300mm White • 7749995 • \$1,259 8 Clark Alta II Back To Wall Toilet Suite White • 7731009 • \$529 9 Heirloom Pedium Toilet Roll Holder Black & Rose Gold • 3668944 • \$82 10 Heirloom Pedium Robe Hook Black & Rose Gold • 3668950 • \$56 11 Trendy Round Mirror With Trim 500mm Nero Black • 7723409 • \$225  
12 Strata Waterproof Smooth Oak High Noon 220x1510x7mm • 2323158 • \$159 per pack

## RECORD RESIDENTIAL CONSENTS

**A record 10,063 townhouses, flats, and units were consented in the August 2020 year, Stats NZ has reported**

In total, 3,147 new homes were consented in August 2020. When accounting for seasonality, there was a small increase of 0.3% from July 2020.

"We have seen the number of new homes consented remain quite stable over the last three months, following some dramatic movements between March and May when the nation-wide lockdown had the biggest impact," said acting construction indicators manager Dave Adair.

"The strong consent numbers for new homes in recent months means that there is a relatively large amount of residential building work planned for the future," said Adair.

The August figure comprised of 1,791 standalone houses; 1,048 townhouses,

flats, and units; 205 apartments; and 103 retirement village units. In the year ended August 2020, the total number of dwellings consented was 37,467 — up 5.1% from the year ended August 2019.

### IN THE REGIONS

Four of the 16 regions consented more dwellings in August 2020 compared to August 2019, led by Hawke's Bay (up 19 to 84; +29%), Taranaki (up 9 to 52; + 21%) and Wellington (up 38 to 263, +17%). Gisborne also showed an increase in consented dwellings.

Nelson and Marlborough saw no change in dwellings consented in August 2020 compared to August 2019.

The ten remaining regions saw a decrease in dwellings consented over the same period, led by Southland

(down 113 to 669; -26%), Canterbury (down 76 to 435; -14.9%) and Waikato (down 30 to 315; -8.7%). Northland, Auckland, Bay of Plenty, Manawatu-Whanganui, Tasman, West Coast, and Otago also experienced decreases.

### NON-RESIDENTIAL BUILDING CONSENTS

In the year ended August 2020, non-residential building consents totalled \$6.8bn, down 9.4% from the August 2019 year. The building types with the highest value were:

- Education buildings — \$1.1bn (-5.8%)
- Storage buildings — \$1.0bn (+5.8%)
- Offices, administration, and public transport buildings - \$952m (-1.8%) ■



In August, Wellington recorded a 17% increase in consents compared to the same month last year

## RESIDENTIAL DEVELOPMENT RESPONSE FUND

**Government's new building stimulus package aims to maintain construction momentum and reduce the economic impact of Covid-19**

A \$350m Residential Development Response Fund has been announced by the Government. Housing Minister Dr Megan Woods announced the fund to support the residential construction sector and to minimise the economic impact from Covid-19.

"The Residential Development Response Fund will help progress stalled or at-risk developments that support our broader housing objectives, such as ensuring the supply of affordable housing and providing jobs," said Dr Woods.

Formed in response to a possible tightening of available bank finance for

residential housing projects following Covid-19, the new fund is in part a broadening of the KiwiBuild scheme, loosening the requirements developers must meet in order to receive underwriting support. For example, financial support can be sought midway through a project, rather than just at the start.

"As we saw following the Global Financial Crisis, when house building halved between 2008 and 2011, credit can be harder to access in uncertain economic times. We know from talking to the building sector there is a relatively solid pipeline of construction activity until the end the

year, but the outlook beyond that is unclear.

"Providing assurance through the fund will ensure developers can keep building homes, and workers employed. It's estimated the fund will maintain around 15,000 jobs and the building of around 4,000 new homes, that otherwise might not be built because of barriers to developers securing finance," Dr Woods said.

\$250m will come from KiwiBuild budget and \$100m will come from the Covid-19 Response and Recovery Fund. ■

## BUILDING CODE UPDATED IN NOVEMBER

**Changes to the Building Code are being published in November – but will not come into force for 12 months.**

Between 17 February and 17 April this year, MBIE consulted on proposals to issue two new Acceptable Solutions and amend 12 existing Acceptable Solutions and Verification Methods. In total, 27 amendments were proposed across 12 documents.

Submissions came from building consent authorities (BCAs), designers, builders, homeowners, suppliers and manufacturers.

After analysing feedback received during the consultation process, MBIE has decided to proceed with the majority of proposed changes, with some minor amendments.

MBIE has issued a summary outlining the decisions it made following the consultation process, plus the full list of

changes, available here: [building.govt.nz/building-code-compliance/annual-building-code-updates/november-2020-building-code-update](https://building.govt.nz/building-code-compliance/annual-building-code-updates/november-2020-building-code-update).

### UNDER FURTHER REVIEW

While MBIE mainly received positive feedback, concerns were raised about the fire-testing protocols for cladding systems and the proposed changes to facilitate firefighting operations. In response, MBIE decided that more evidence is needed before requiring full-scale testing for buildings in the 10-25m height range. The timber sector will be working alongside BRANZ to conduct this research, the results of which will inform MBIE's course of action.

MBIE says the changes it has decided to proceed with are responsive to the needs of the building sector and will

support high-density housing, make consenting easier and ensure buildings are safe, healthy and warm.

Existing Acceptable Solutions and Verification Methods will remain in force until 4 November 2021 – a period of 12 months. This transition period is longer than the four months proposed during consultation. The timing is consistent with MBIE's new Building Code updates schedule, where updates will be published in November each year.

### YOUR FEEDBACK APPRECIATED AND SOUGHT AGAIN IN 2021

MBIE says the feedback it receives during each consultation phase is essential for the continual improvement of the New Zealand Building Code. The next round of consultation opens in April 2021. ■

## BUILDING'S STRONG NUMBERS



The building industry will be a key driver of New Zealand's economic recovery

**The economic recovery from Covid-19 is currently on everyone's minds, and our industry is featuring strongly in most commentaries about it. Economic commentator Tony Alexander looks at what the building industry can expect in the near to medium term**

**B**ack in March, as we all grappled with trying to understand the implications of a global pandemic and the cost of measures being imposed to fight it, the residential construction sector in New Zealand was riding high.

The volume of house building undertaken during 2019 had been reported as 6% above the year before and 36% higher than five years previously in 2014. The volume of work had, in fact, been trending up since the end of 2011, with this able to be seen also in the number of consents issued nationwide for new dwellings to be built.

In mid-2011, annual consents totalled the lowest since the 1960s near 13,500, down from 26,000 just before the Global Financial Crisis of 2008-09. By the end of 2019, annual consents

had reached the highest level since 1975 at almost 38,000.

Back in March, it was common to see forecasts of a fall in house construction greater than the 34% volume fall which followed the GFC, or the 17% fall which followed the Asian Financial Crisis recession of 1997/98. These forecasts seemed reasonable, considering expectations of sharply higher unemployment and falling house prices.

Covid-19 is clearly a negative for house building, but just as a lot of other things have turned out to be a better than we were expecting back in the near-panic days of March, so too has the outlook for residential construction changed during these past seven months.

So far, job losses from the fight against

Covid-19 have been a lot less than expected, and Treasury believe the unemployment rate will only peak at 7.8% come early-2022 – substantially less than early forecasts which approached 20%. This is a lot higher than 6.7%, however, following the GFC, so would this still not imply a construction decline greater than back then?

We have to remember that the GFC came about as a result of a collapse in both house prices and construction overseas and availability of funding for banks worldwide. In New Zealand, house prices fell 11% over a ten-month period, and bank lending fell from 14% annual growth to just 3%.

But average NZ house prices, after initially falling 3% over April and May, now sit 1.5% above their March 2020

levels. The annual rate of growth in lending for housing has declined only from 7.2% to 6.4% with lending in July of \$1.9bn almost \$700m greater than in July 2019.

Why is housing so strong? Plenty of reasons exist, and I regularly discuss them in my weekly publication available at [www.tonyalexander.nz](http://www.tonyalexander.nz). A key factor is that interest rates were at record lows ahead of Covid-19, they have fallen further, look like staying low for many years, and could go even lower early next year. In the monthly REINZ & Tony Alexander Real Estate Survey for September, a net 62% of real estate agents from all around New Zealand said that they are seeing more first home buyers in the market. That proportion was just 4% in May (for your guide, net % means the proportion replying up less the proportion replying down).

A net 35% of agents say that they are seeing more investors, up from 16%. A net 77% of agents say that they are seeing buyers display FOMO (fear of missing out), up from -2% in May. A net 81% feel that house prices are rising – up from a net 17% in May who felt that prices were in fact falling.

These results are of high importance for the construction sector. They tell us that there is widespread strength in demand for residential property, something reasonably clear in the number of sales of dwellings in the three months to August running 22% ahead of a year earlier.

There is a strong correlation observed over decades, between

strength in dwelling sales and strength in consent issuance, and it is in play now. Even though consent issuance is something of a lagging indicator of the true pipeline of work in the house building sector, we can take solace from the numbers issued in the three months to July rising in seasonally adjusted terms by 17% from the three months to April, when they fell 12%. Numbers are 4% ahead of a year earlier.

**Young buyers want a foot on the property ladder earlier than they had been thinking pre-Covid**

One of the key things happening in the residential real estate market is that buyers cannot find properties. The number of properties listed for sale at the end of August was down 13% from a year earlier and 65% from ten years before. Not being able to find the properties they want, cashed up through not travelling overseas and with money not spent during lockdown, young buyers want a foot on the property ladder earlier than they had been thinking pre-Covid. Investors want yield better than sub-1% term deposit rates.

This is leading to a shift in buyer preference toward contracting to get a house built, as seen in these comments from mortgage advisors, submitted in one of my other monthly surveys.

"...cheaper to buy land and build,

than buy an existing newish home."

"I have never had so many new build enquiries – people can't get homes so are now saying we may as well build."

Is it possible that newly rising house prices and a renewed scramble for property will soon send annual consent numbers above 40,000? Not really, as there is a big impediment. Banks have tightened up their lending criteria for home purchases, including construction (apartment buildings are virtually completely off the table). They are shying away from funding anyone employed in the tourism, accommodation, retail (except supermarkets), entertainment, and hospitality sectors. They are wary also of the self-employed and anyone who accepted the wage subsidy, and have stripped the likes of bonuses and commissions from income calculations, or at least watered them down.

At some stage, banks will ease up – probably next year – and when they do, there will be extra upward pressure on house prices, turnover, and construction. But, for now, it still seems reasonable to expect a slight reduction in house building on the basis of a weaker labour market and tighter credit access. A decline potentially much less than the 17% of 1997/98 looks to be in prospect. Come 2022, however, with bank lending freed up, borders likely reopened, interest rates low, and greater prospects of government policy changes freeing up land use rules, a firm residential construction upturn may well reappear. ■

*Tony Alexander has worked as an economist in New Zealand since 1987, initially with Westpac, then a share broking firm before almost 26 years with the BNZ as Chief Economist. He went out on his own late in 2019 and spends considerable time writing about the NZ economy with an emphasis on the housing market and explaining key economic developments in layman's terms. He is a columnist for the Sunday Star-Times, publishes a free weekly newsletter at [tonyalexander.nz](http://tonyalexander.nz) and frequently delivers webinars as well as presentations in person.*

## REFORMULATING LOCKDOWN STATS



Lockdown disruptions forced Stats NZ to re-evaluate how it gathers and formulates data for the construction industry

**As a result of delays caused by Covid-19 on site work and in processing consent applications, Stats NZ has had to think carefully, and in some cases adapt the methods it uses, so that it still produces the most accurate and useful information possible**

Data from Stats NZ provides valuable information on how every sector of the economy is performing, including building and construction.

Under Construction publishes – in print and online – the monthly reports produced by Stats NZ on the number of consents issued by building consent authorities around the country. This is important information, because it indicates the level of building work that homeowners intend to undertake.

Understanding whether consents are

up or down from the month or year before can help confirm what builders might already know from their own pipeline of work, or from talking to others in the industry. Or it might be new information for some builders.

Government may also use this data to inform policy decisions. Plus, consents data feeds into economic analysis that seeks to assess the health of the country's economy overall, which can affect the sentiment of the country and ultimately affect whether some clients go ahead with their planned work. So it's fair to say these stats are pretty important!

The disruptions caused by the Covid-19 lockdowns meant that some of the regular methods that Stats NZ relies on to produce its data were no longer consistent – and were potentially misleading.

For example, a low level of consenting in one region would usually indicate fewer consents had been applied for. But during lockdown, it might instead show that council staff weren't in the office and weren't processing consents, or were processing them at a lower rate. On the other hand, a higher number of consents during lockdown in a particular region might be because

more consents were applied for, or that council inspectors couldn't visit sites, so instead were processing consents and therefore were able to consent more. In reality, both of these possibilities occurred during lockdown in different regions.



**Understanding whether consents are up or down from the month or year before can help confirm what builders might already know from their own pipeline of work, or from talking to others in the industry.**

Then there's 'work put in place' (WPIP), which is a measurement of actual building work, rather than consents. Except, crucially, Stats NZ uses the consent data as the key source for the WPIP data – because it is calculated that a certain percentage of consents will become builds actually taking place, and there is a calculated relationship between value when consented and value when built. This means that when the consents data is compromised or confused by events such as the lockdowns, the WPIP data would also be compromised – unless changes were made to how it is calculated.

So, it's tricky to get the right info. How then does Stats NZ get the information it needs to produce the most accurate and useful data it can?

#### **BUILDING ACTIVITY STATISTICS – A REVISED MODEL DUE**

Building activity statistics estimate the value and volume of work put in place on building projects in New Zealand. The estimates include a modelled

component, which is the part based on consenting data, and a surveyed component, where Stats NZ receives written responses from building companies and project managers/owners. Low-to-medium value builds have traditionally been modelled, while high-value builds have been surveyed. But Covid-19 lockdowns necessitated a change to this approach.

"Due to the impact of Covid-19, we have modified our methods to achieve as-accurate-as-possible data in spite of the disruption and data-difficulty caused by Covid-19 and the lockdowns," acting building statistics manager Dave Adair explained.

#### **MODELLED BUILDING PROJECTS (LOW TO MEDIUM VALUE)**

Pre-Covid-19, building projects were modelled if they had an estimated value below \$1.22 million (for residential buildings) or \$1.9 million (for non-residential buildings). By value, about three-quarters of residential and one-quarter of non-residential building activity is usually modelled. The model is based on a historical relationship between the estimated value of building consents and the value of work put in place over time.

However, because New Zealand was at Alert Level 4 at the beginning of the June 2020 quarter, then moved to Alert Level 3 on 27 April, construction work did not go ahead during this time, and the model would therefore be inaccurate if used unmodified.

To account for this, Stats NZ reduced the modelled component of building work put in place for the June 2020 quarter by 16 working days (approximately 26.2%). The March 2020 quarter modelled component of building work put in place was reduced by a similar working day factor – in that case, five working days (approximately 8.2%).

#### **NEW EXPERIMENTAL MODEL**

Building projects have clearly been affected by Covid-19 and the subsequent levels of lockdown, so Stats NZ is surveying an additional sample of medium-value building projects, which will contribute to a new experimental model designed to account for the effects of Covid-19.

This will help analyse building projects as a result of the lockdown levels in the March and June quarters, as well as the Level 3 lockdown in Auckland, and may result in revisions to the March and June quarters and subsequent periods.

#### **SURVEYED BUILDING PROJECTS (HIGH VALUE)**

Residential projects are surveyed if they have an estimated building consent value of at least \$1.22 million. Non-residential projects are surveyed if they have an estimated value of at least \$1.9 million.

Stats NZ achieved a normal response rate in the June 2020 quarter so will not need to make changes to this component of the method.

#### **NOT BLACK AND WHITE**

Overall, the provision of accurate data that represents what activity is taking place in the building industry is not as simple as it might first appear. As Mr Adair concludes:

"Our work in estimating building work put in place is not black and white. We work with qualitative data and we have to carefully consider which information sources might help us and how we should best use that information. That way, we can make the statistics and insight as accurate as possible and as helpful as possible for builders and others who use it to help understand what has been happening and what may happen in the future." ■

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## LIFTING THE BARRIERS TO TRAINING



Unprecedented investment in training will help keep apprentices in the industry

Although the future is uncertain, initiatives introduced by the Government mean there is financial support for those who want to learn trade skills and employers who want to teach them. Building and Construction Industry Training Organisation (BCITO) shares its views on this support

Over the past few months, the impact of the Covid-19 lockdown and the NZ Government's response has been, in that now well-used term, 'unprecedented'.

If there were no intervention, BCITO anticipated a significant decline in apprentice numbers over the next six to 18 months. The extent of that decline, and the recovery time, is difficult to assess with any certainty at this early stage.

Typically in construction during a recession, four apprentices are laid off for every full employee

As a general rule, apprentice numbers are tied directly to the health of construction firms – mainly those involved in residential builds, because the amount of existing work and the ongoing confidence in the supply of future work is the crucial determinant of whether employers take on apprentices.

This makes the numbers of apprentices a good barometer for the state of the construction sector.

Typically in construction during a recession, four apprentices are laid off for every full employee. During the GFC, the construction workforce shrunk by 8% but apprentice numbers fell by 32%. With economists predicting a reduction in construction

activity (and the workforce) of anywhere between 8-12% this time around, the effect on apprentice numbers would be significant.

While the Government's intention to accelerate investment in "shovel-ready" infrastructure projects will help with unemployment, it will do little to address the loss of residential construction apprentices. Infrastructure has no need for floorers, roofers, tilers, joiners, carpenters, electricians, plasterers, interior designers, kitchen and bathroom apprentices.

#### THE CHALLENGE GOING FORWARD

Within public sentiment, there is a general expectation that consumer confidence in the housing market

will be negatively affected, which may result in residential construction being similarly impacted. If this happens, trainee numbers will be an early casualty.

Now this support is in place, it is up to the construction sector to do the right thing and take apprentices on

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

BCITO wrote to Ministers sharing these views. The May Budget answered BCITO's concerns, with investment of \$1.6bn in trades training and apprentices.

Such investment is truly unprecedented (there's that word again). Along with \$5bn for 8,000 new public houses, this will go a long way to supporting industry training.

Two main components of the Government's Covid-19 response for the construction industry are no fees for Targeted Trades Training and Apprenticeships and financial support for employers who are training an apprentice through the Apprenticeship Boost Scheme.

#### NO FEES

All apprenticeships (ie, a Level 4 programme over 120 credits) are now free. In addition, some sectors

have other programmes free as well and construction is one of those. So virtually all BCITO apprentices and trainees will not be charged fees from 1 July 2020 until 31 December 2022 and this applies to current apprentices and new ones.

#### APPRENTICESHIP BOOST

The Apprenticeship Boost scheme runs for 20 months from 1 August 2020. It is administered by the Ministry of Social Development and is designed to support employers who have an apprentice in the first and second year of their apprenticeship.

An employer is eligible to receive up to \$12,000 for a first-year apprentice (\$1,000 per month) and \$6,000 for a second-year apprentice (\$500 per month). As the scheme runs for 20 months, the maximum support available is \$16,000 per apprentice.

However, there are some conditions to the support. The Apprenticeship Boost scheme is not the wage subsidy in disguise; it is not cheap labour.

The apprentice must be enrolled in an apprenticeship, show progress in their learning, and the support is paid monthly. If the apprentice is not progressing, support will cease and, if the apprentice changes employer, the subsidy follows the apprentice, with the new employer eligible for the balance.

Employers can apply for Apprentice Boost at: [workandincome.govt.nz/employers/subsidies-training-and-other-help/apprenticeship-boost.html](https://workandincome.govt.nz/employers/subsidies-training-and-other-help/apprenticeship-boost.html)

#### GET ON BOARD!

Now this support is in place, it is up to the construction sector to do the right thing and take apprentices on. The opportunity provided by these financial assistance packages is too good to pass up. ■



(l-r) Mitchell Aitchison, a Supervisor for LT McGuiness, discuss the next steps with trainees Ariel Galang and Archie Williams

BCITO is the largest provider of construction trade apprenticeships in New Zealand. It is appointed by the Government to develop and implement industry qualifications for the building and construction sector. BCITO provide a range of apprenticeships across fifteen trades within the building and construction industry. To find out more visit [www.bcito.org.nz](http://www.bcito.org.nz)

GO NORTH

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TRIPS  
TO BE WON!**  
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HEAD SOUTH

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## GET CENTRAL

Trip for two to **Rotorua / Taupo**; 4 x nights at Pullman Rotorua (superior king room with breakfast, lake view room) / 2 x nights at Millennium Hotel and resorts (lakeview room); Includes: Taupo DeBretts hot spring; Huka Falls river cruise; Hobbiton film set tour; Whitewater rafting on the Kaituna river; 4x4 Bush safari; Whakarewarewa guided tour and Māori cultural performance.

## HEAD SOUTH

Trip for two to **Queenstown**, including return flights with Air New Zealand; 5 x nights accommodation at Sofitel Queenstown Hotel and Spa (Superior King room with a balcony & view of the Remarkables) Includes: IFLY indoor sky diving; Coronet Peak Tandem - winter paragliding; Coronet Peak Lift Pass; Ski Coronet Peak or The Remarkables, or use it for dining out or retail therapy.

\*Excludes all PlaceMakers made-to-order orders. Two winners to be won (one winner from North Island PlaceMakers customers, one winner from South Island PlaceMakers customers). Spend \$50 (+GST) in one transaction on Bostik products at any PlaceMakers store for one automatic entry into the draw. Each additional \$50 (+GST) spent on Bostik products in one transaction during the promotional period gives another entry into the draw. Prizes close 31 January 2021. For full terms and conditions go to [placemakers.co.nz/bostikpromotion](http://placemakers.co.nz/bostikpromotion). Prizes include all taxes only.

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SITE SAFE

COVID-19 SITE CHANGES



Staying safe on site has changed in recent months. Some simple steps can make a big difference to your and everyone's families' health

Kiwi construction businesses have been doing what it takes to adapt to new site protocols in the face of Covid-19. Site Safe looks at some of the practical measures businesses are taking and how it's been going

As New Zealanders, we're great at thinking outside the box or coming up with a 'number 8 wire' approach to solving problems. We're also great at mucking in and getting the job done – and the Covid-19 safety protocols are a great example of this. When the pandemic struck, the industry came together to proactively put in place a set of procedures that would allow everyone to get back out on site as soon as possible, and to do so without putting our people, and the public, at risk.

But what was it like working under Level 3 after the relative ease of working under Level 1?

Health and safety manager at Auckland-based Kalmar Construction,

AJ Staples, says it's about everyone on site working together.



This is something that's going to be with us for a long while. Yes, there will still be some difficulties as it's a new way of doing things, but it needs to be sustained

"It's really all about that cooperation between contractors and suppliers and everyone communicating and working together," says Staples.

In addition to the complying with the industry protocols, Kalmar has focused on encouraging handwashing, not just sanitising, and has invested in extra wash basins and new technology which enables better contact tracing and sign-in processes.

It's important that everyone maintains their focus on beating the virus, Staples says.

"This is something that's going to be with us for a long while. Yes, there will still be some difficulties as it's a new way of doing things, but it needs to be sustained."

Site Safe's safety advisors have seen a great range of practical ideas being put in place out on site at Levels 2 and 3, including:

PHYSICAL DISTANCING AND CONTACT TRACING

- **Remote inductions and contact tracing forms** – some bigger sites are now sending out their induction information by email before contractors arrive on site. This can include a contact tracing questionnaire. In addition to the Ministry of Health QR codes, some sites have added their own QR code outside the gate, so that workers can complete the questionnaire before entering.
- **Toolbox talks** – some main contractors are now doing these by email/remotely.
- **Prestart meetings** – some sites are asking for one representative from each crew to attend the briefing; this person is then responsible for reporting back to the rest of their team
- **Meetings** – video conferencing tools have been key in cutting down face-to-face meetings.
- **Staggered breaks/meals** – roster systems for smokos and lunches have been put in place.
- **Break rooms and common areas** – tables have been separated to

allow for increased distancing.

- **Solo travelling** – workers have been travelling to site in their own vehicles to allow for distancing and improved hygiene.
- **Entries and exits** – sites are operating a one-way system for stairs, entries and exits.
- **Mobile apps** – these can detect when individuals arrive and leave a site, recording their status in the site database.

HYGIENE

- Larger sites that previously had a turnstile entry system with finger-print scanning operating have replaced these in favour of a security officer recording sign in details at the entrance.
- More sites are using professional cleaning services and increasing the frequency of cleaning.
- Increased use of PPE such as masks and gloves.
- Multiple foot-operated handwash stations located around the site.
- Hand sanitiser mounted on cones – so you can't miss it!

- Temperature checks.
- Hygiene posters at key locations on site.
- Wheelie bins set up as hygiene stations.

These are just some of the measures that we've noticed on site – if you're interested in adding your own, WorkSafe has set up a website called BetterWorkNZ, which is designed to allow businesses to share and collaborate on better ways of working – including ways to cope with Covid-19 challenges.

If you would like to know if your health and safety is on track, Site Safe can work with you to review and improve your health and safety performance. Contact [sitesafe.org.nz](http://sitesafe.org.nz) to get in touch with a health and safety advisor. ■

Site Safe is a not-for-profit, membership-based organisation that supports a culture of health and safety in New Zealand construction. For more information go to: [www.sitesafe.org.nz](http://www.sitesafe.org.nz)

PROVE YOUR KNOWLEDGE

Tick the correct answers below and record what you've learnt in the record of learning on the back page!



- |   |  |  |
|---|--|--|
| <p>4) What is key to making work sites run safely?</p> <ul style="list-style-type: none"><li>a) Communication and cooperation.</li><li>b) Regular tests and health checks.</li><li>c) Reducing the number of people onsite.</li></ul> | <p>5) What health and safety benefits are listed from travelling to work solo in your own vehicle?</p> <ul style="list-style-type: none"><li>a) You do not have to rely on other peoples' driving abilities.</li><li>b) You are less likely to suffer stress caused by late trains or buses.</li><li>c) It enables social distancing and improves hygiene.</li></ul> | <p>6) How have smoko and lunch breaks changed on some sites?</p> <ul style="list-style-type: none"><li>a) Healthy food options have been supplied.</li><li>b) Roster systems have been put in place.</li><li>c) People have been encouraged to stop smoking.</li></ul> |
|---|--|--|

NB: The questions and answers in this section have been produced by the publisher and do not necessarily reflect views or opinions of the contributing organisation.

# THE SUCCESSFUL BUILDER

## NIMBLE AND QUICK



Pivoting safely and nimbly means making changes to your products and services strategically

**Facing big changes in your market might tempt you to make sudden changes to how you do business. But any changes should be based on sound thinking and reliable information, as business coach Graeme Owen explains**

Whatever your opinion of the Government’s handling of Covid-19, you likely felt most comfortable with those actions that you believed were based on the best available evidence – even if you didn’t always agree with the plans made

But you would have reacted quite differently if, instead, those decisions had simply been made on the run with no input from specialists and no evaluation of evidence - simply decided on the whim of an official! You would have been most alarmed. No responsible government would do that.

Yet, at the moment and during these changing times, are you making your business plans based on excellent information? Or are you making your decisions on the run, based on your intuition, press opinions and rumours?

Recently, we have been hearing much about the importance of businesses being nimble and pivoting (new terms for some of us). Simply put, these terms mean that to cope well with the rapidly changing Covid-19 environment you

need to make modifications to your products and service offerings quickly - and strategically to suit the changing market demands.

Think of those companies that immediately switched to making masks, or who adapted their business to service the now huge courier demands. I suspect these were strategic decisions based on the best available information about what opportunities the Covid-19 environment would likely bring.

So what good information does your business need to ensure you can pivot safely and nimbly?

### 1 MARKET NEEDS

You can learn about the changing needs of your market by listening carefully to the requests you get for products and services. This may seem obvious, but few business owners do this intentionally.

For example, let’s say you knew that prior to Covid-19, you didn’t get many requests for bathroom renovations. But now you are getting many. If this were the case would you want to make any changes to

your business model? Maybe. But first you would want to know if that trend is really increasing or simply a temporary blip.

If you had been recording that information for the last year, you would be able to determine the trend more accurately and make any decisions with a measure of confidence. Further, should the trend reverse (and you would identify that early) you could make further adjustments. Of course, it doesn’t remove the risk entirely, but it does reduce the higher risks of ad-hoc decision making.

So if you are not already recording client needs, start by creating a short list of likely job requests and record each caller in one of these categories. Do monthly summaries and compare month to month and quarter to quarter. In just a few months you will start seeing trends in client needs and be better able to pivot to meet these.

### 2 SOURCES OF BUSINESS

Covid-19 has changed the way we interact socially and the types of media we engage with. How many people now know about Zoom who

didn’t know about it pre-Covid-19?

Just so, it makes sense to know if the place from where you have been getting your business leads has changed! Because then you can pivot your advertising. You can choose to quit the advertising that is not working and try new strategies or new places.

However, if you don’t know where your leads are coming from, then you may be missing opportunities or, worse, wasting time and money “speaking to people who have left the room!”

If you are not tracking the source of your new leads, start recording these immediately. Then as early as possible in your conversation ask your new lead, “By the way, how did you find out about us?” and record what they tell you. This information will help you identify clearly those advertising channels that are working and those that are not. You may be surprised. This both saves you money and ensures a steady number of leads into your business.

Now, please don’t simply record, “word of mouth” as it provides very little usable information. While it might sound good, it just raises a whole lot of further questions. E.g. Whose mouth?

(Who told them? Family? Colleague? Professional?); What words? (What message did they convey?); Where were they spoken? (Social setting? Work? Professional office? Networking event? etc); When did they hear? (Before, during or after the build?)

But when you do know how your new leads are finding you, you can determine where to re-focus your advertising. Being nimble in advertising is the best way to ensure a steady flow of future work.

### 3 CHANGING PROFIT CENTRES

There are many other areas where you may want to tweak your business because of changes in the marketplace. E.g. Changes in the availability of new team members; in the availability of subcontractors; in the costs of materials; in delivery times, etc. All of these will have an impact on your business profits and should be factored into your business plans. You may need to adjust your schedules, pricing and/or charge out formulae to off-set these changes.

But these changes are best made based on up-to-date business information from your dashboard.

If you do not run a business dashboard, now is the time to start one.

Keep it simple to begin with. Start with back-costing each and every job: subtract the total costs from the total charged and compare with other similar jobs and with what you quoted or estimated. If you are not generating the gross profits you were, then you want to know as soon as possible so you can take action.

You can also compare current and past schedules. Are your jobs taking longer because of Covid-19 requirements or delays?

Also keep an eye out for materials and subcontractor price and schedule changes as these may likely cause cost increases in the future?

Once you have mastered simple back costing, you can add further complexity. Start measuring the effectiveness of various team makeups. You may find that different team mixes are better than others. ■

### TAKEAWAY

Being nimble and quick is not simply guess work - it’s measured actions based on available information.

*Graeme Owen is a builders’ business coach at [thesuccessfulbuilder.com](http://thesuccessfulbuilder.com). Since 2006, he has helped builders throughout New Zealand get off the tools, make decent money, and get more time in their lives. Grab a copy of his free book: *The 15 Minute Sales Call Guaranteed To Increase Your Conversion Rate: [thesuccessfulbuilder.com/book-15-min-sales-call](http://thesuccessfulbuilder.com/book-15-min-sales-call) or join Trademates and connect with builders who are scaling too: [www.facebook.com/groups/TradeMates](http://www.facebook.com/groups/TradeMates)**

## PROVE YOUR KNOWLEDGE

Tick the correct answers below and record what you’ve learnt in the record of learning on the back page!

- 7) How can you measure the changing needs of your market?

  - a) By recording the requests you receive for products and services.
  - b) By sending a survey to past and present customers.
  - c) By asking fellow builders.
- 8) How can you successfully pivot your advertising?

  - a) Conduct research into how other builders are advertising and follow suit.
  - b) Make sure you are up to speed with the latest social platforms and how to advertise on them.
  - c) Tracking the source of every new lead you receive.
- 9) What is the best way to start a business dashboard?

  - a) Start with back-costing each and every job.
  - b) Start by measuring the effectiveness of various team make-ups.
  - c) Start by determining where to re-focus your advertising.

NB: The questions and answers in this section have been produced by the publisher and do not necessarily reflect views or opinions of the contributing organisation.



EMPLOYMENT RELATIONSHIPS



Covid-19 has generated a lot of change in a short space of time, but as Duncan Cotterill explains, employers and employees are still bound by their pre-Covid legal obligations

Earlier this year, when New Zealand entered a nationwide lockdown, businesses grappled with urgent and challenging employment decisions. Employment issues triggered by that lockdown are now being decided by the Employment Relations Authority (Authority) and it is likely that further appeals will be made to the Employment Court. These cases serve as a reminder of continuing employment obligations and what to be mindful of in your own employment dealings.

YOUR OBLIGATIONS REMAIN THE SAME

Although both employers and employees faced, and continue to face, increased pressure due to Covid-19, overarching employment obligations have not changed. Both parties bear the same legal obligations as before the pandemic. The Authority has confirmed that the lockdown and the continuing challenges of Covid-19 has not created a “free pass” for employees or employers, who fall short of their responsibilities.

Every employment relationship is governed by the principle of good faith. This requires employers and employees to be active and constructive in maintaining the employment relationship by being responsive and communicative with each other. Neither party should seek to mislead or deceive the other. The employer must also provide the employee with sufficient information, and the ability to comment on that information, before the employer makes a decision that may adversely impact the continuation of the employee’s employment.

MINIMUM RESPONSIBILITIES AND RIGHTS

Under New Zealand employment law, employers and employees both have rights and responsibilities.

Employer responsibilities include:

- Paying employees in accordance with their employment contract (and at least minimum wage).
- Not deducting money from wages unlawfully.
- Giving employees at least four weeks’ paid annual holiday.
- Giving employees the day off on public holidays, or giving them an alternative holiday if they work (and if an employee works on a public holiday, paying them at least time and a half).
- Giving employees at least five days’ sick leave annually.
- Providing a safe workplace.
- Providing rest and meal breaks.
- Acting in good faith and honesty.

Employee responsibilities include:

- Being at work and being willing to work at the agreed time(s).
- Following all reasonable and lawful requests.
- Exercising reasonable care, skill and knowledge.
- Exercising reasonable behaviour.
- Keeping yourself and others safe when you are at work.
- Acting in good faith and honesty.

RECENT CASE LAW

Sandhu v Gate Gourmet New Zealand Ltd is a recent case that dealt with pay obligations and the minimum wage

during the first Covid-19 lockdown. Gate Gourmet New Zealand Limited (Gate), the employer, was an essential service. Gate had acted in good faith and obtained the employees’ agreement to receiving 80% of their normal pay, with the option to use leave to supplement their income back to 100%, during lockdown.

At the time the agreement was made, all of their employees were on the minimum wage. On 1 April 2020, the minimum wage increased to \$756/week for full-time employees. While Gate increased their employees’ normal pay by the minimum wage increase, because of the agreement to only receive 80% of their normal pay, the employees were only receiving \$604.80/week.

The Authority did not accept “no work, no pay” arguments and found that Gate could not pay what would amount to less than the legal minimum wage for full-time workers. It also rejected arguments that the employees were not able to work or should only receive partial remuneration for partial performance, as Gate had instructed the employees not to come to work.

In summary, even though the employees had agreed to be paid at 80%, Gate was not legally able to pay them less than the minimum wage. The Authority ordered Gate to repay the difference between what the employees had been paid and the minimum wage.

REDUNDANCY AND RESTRUCTURING

The significant impact of Covid-19 on New Zealand businesses has meant that many employers have had to consider restructuring and redundancies. In all circumstances, any termination on the grounds of redundancy must

be justified substantively and be procedurally fair.

Employers should consider whether their actions are what a fair and reasonable employer could have done in the circumstances at the time. Covid-19 provides no excuse to avoid these responsibilities or make a hasty decision.

A genuine reason may be:

- A significant downturn in sales or revenue.
- A loss of customers or suppliers.
- A shift in market requirements.

These reasons should be well-documented and have evidence to support them.

A fair process includes:

- Acting in good faith.
- Complying with the terms of employment agreements and policies.
- Being open, communicative and constructive.

- Documenting the employer’s business case, reasons and proposals.
- Providing all relevant information to employees.
- Giving employees a reasonable opportunity to consider and respond to any proposals.
- Considering alternatives such as varying the terms of their employment.
- Genuinely taking the employees’ responses into account before coming to a decision.

RECENT CASE LAW

De Wys v Solly’s Freight (1987) Limited serves as a reminder to employers of the importance that there is a substantive justification for a redundancy, as well as a fair process, even during Covid-19.

The employer, Solly’s Freight (1987) Limited (Solly’s) applied for the Government Wage Subsidy (GWS) and for registration as an essential service during the first lockdown. However, only some of Solly’s usual services were deemed essential. In

response to its reduced operations, the company initiated a restructuring process, which, among other measures, led to the dismissal of a number of permanent employees by way of redundancy.

The Authority found that there had been no consultation with employees and that there was no evidence Solly’s had taken any action to retain staff, despite signing the GWS Declaration, which required employers to make their “best endeavours” to keep staff in employment. In response, the Authority awarded two former employees a combined pay-out of \$58,039 for lost wages and compensation for their unjustified redundancies.

NEED MORE INFORMATION?

If you have questions or would like to discuss any of the points raised in this article, please contact Alysha Hinton on (04) 471 9452 or at [alysha.hinton@duncancotterill.com](mailto:alysha.hinton@duncancotterill.com), or your local Duncan Cotterill advisor ([duncancotterill.com](http://duncancotterill.com)). ■

Duncan Cotterill is a full-service law firm with offices in Auckland, Wellington, Nelson and Christchurch. Its dedicated construction and projects team can help make your business a success by working with you to put the deal together.

Disclaimer: the content of this article is general in nature and not intended as a substitute for specific professional advice on any matter and should not be relied upon for that purpose.

PROVE YOUR KNOWLEDGE

Tick the correct answers below and record what you’ve learnt in the record of learning on the back page!

- |   |  |  |
|---|--|--|
| <p>10) How have employer obligations changed post-Covid?</p> <p>a) Employers can make employees redundant without providing any further reason.</p> <p>b) Employers can offer less than four weeks’ annual leave to increase production.</p> <p>c) They have not changed.</p> | <p>11) Every employment relationship is governed by the principle of:</p> <p>a) Good faith.</p> <p>b) Good foresight.</p> <p>c) Exchange of goods.</p> | <p>12) What is NOT listed as an example of good faith when an employer restructures or makes staff redundant?</p> <p>a) Providing all relevant information to employees.</p> <p>b) Being open, communicative and constructive.</p> <p>c) Providing a positive reference.</p> |
|---|--|--|

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## UNDERSTAND CONFUSING JARGON



Bull floating a reinforced concrete slab

Every industry has its own technical terms and jargon, and the concrete industry is no exception. To test your knowledge, we have pulled together some of the most common terms

The answers are presented in lay terms; for a technically precise definition refer to ACI 116 — Cement and Concrete Terminology.

### ADMIXTURE VS ADDITIVE

An admixture is a material other than water, aggregate, cement or fibres, which is added to a batch of concrete. Typical examples are air entraining, water reducing, accelerating or retarding admixtures. Additive is normally reserved for materials used by cement manufacturers to modify the properties of cement. Examples include limestone or gypsum.

### ENTRAINED AIR VS ENTRAPPED AIR

Entrained air is made up of microscopic air bubbles that are intentionally incorporated into the concrete,

normally to improve its freeze/thaw resistance. Entrapped air is made up of bubbles, of 1 mm diameter or larger, which are accidentally incorporated into the concrete during the production process, and should be removed via compaction.

The presence of air reduces the strength of concrete. However, because entrained air is deliberately incorporated into the mix, the mix designer will have compensated for its presence. This is not the case with entrapped air.

### CONSOLIDATION VS VIBRATION

Consolidation (or compaction) is the process of inducing a closer spacing arrangement of the solid particles when placing concrete. It can be achieved by various methods including vibration,

rodding, tamping, or centrifugation. Therefore, vibration is one method of consolidating concrete.

### FLOATING VS TROWELLING

The purpose of floating a concrete surface is to create a relatively even but open texture.

#### Floating:

- Embeds large aggregates beneath the surface.
- Removes slight imperfections to produce a surface closer to the true plane.
- Compacts the surface.
- Closes minor surface cracks which may appear as the surface dries.

A bull float is a large float on a long handle which is used prior to the appearance of the bleed water. Hand floats are typically made of wood or magnesium and do not have sharp edges, which would close the surface of the concrete. Power floating occurs

after the bleed water has evaporated from the surface, and is done using blades with turned-up edges to prevent them closing the concrete surface.

Trowelling occurs sometime after floating and creates a hard, dense, closed finish to the concrete surface. Steel blades are used for hand trowelling. The blades on a power trowelling machine are thinner than a float blade and have sharp edges to close the concrete surface.

### PLACING VS POURING

Placing involves the deposition, distribution and consolidation of concrete in the place where it is to harden. This process is often inappropriately referred to as pouring. However, pouring only refers to the deposition phase. Always refer to placing rather than pouring concrete.

### PRESTRESS VS POST-TENSIONED VS. PRE-TENSION CONCRETE

Prestressed concrete is hardened concrete that is in a state of compression prior to the application of the service loads. Subsets of this generic term are post-tensioned and pre-tensioned concrete, which indicate how the compressive force is applied to the concrete.

With pre-tensioning, the tendons are tensioned before the concrete is placed and hardened. An example of this would be most of the preparatory flooring systems such as Hollowcore slabs. In post-tensioning, ducts are typically provided in the concrete and the tendons are tensioned after the concrete has hardened. Examples would be posttensioned slabs-on-grade.

### CONCRETE VS CEMENT

It may appear obvious, but there are enough American movies talking about cement paths to indicate that some confusion does exist. Cement is the fine, normally grey powder that, when mixed with water, reacts and in time goes hard. Concrete is a mixture of cement, aggregates, water and admixtures, and typically comes out the back of a ready mixed concrete truck.

### REINFORCING GRADE VS CLASS

Grade refers to the strength of the reinforcing bar, typically 300 or 500MPa. Class refers to the ductility ("stretchability") of the bar. The most ductile and commonly used bar in New Zealand is Class E (Earthquake). ■



'Pouring' concrete is one component of 'placing' concrete

Concrete NZ is aligned with the New Zealand Concrete Contractors Association (NZCCA). To be a member of the NZCCA requires a high standard of knowledge and practical experience. To find out more visit [www.nzconcretecontractors.org.nz](http://www.nzconcretecontractors.org.nz)



## PROVE YOUR KNOWLEDGE

Tick the correct answers below and record what you've learnt in the record of learning on the back page!

13) When does bull floating occur?

- a) Prior to the appearance of bleed water.
- b) After the bleed water has evaporated.
- c) After trowelling.

14) Placing of concrete is often mistakenly referred to as:

- a) Pre-stressing.
- b) Pre-tensioning.
- c) Pouring.

15) When is an admixture used?

- a) It is normally reserved for materials used by cement manufacturers.
- b) It is added to a batch of concrete.
- c) It is used after floating a concrete surface.

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## BACKED BY A BOND



A bond is a guarantee from a third party that reduces the risks for contracting parties

A Covid-19 related policy change earlier this year saw Kainga Ora begin to accept surety-backed bonds rather than only those that are bank-backed. This has great benefits for contractors and accelerates a trend seen across the market towards bonds rather than retentions.

If you tender for a decent-sized contract, the chances are it will require retentions. Avoid this if you can! A bond is a safe, cost-effective alternative.

Retentions are a way for the head contractor or principal to ensure sub-contractors will return to fix defects. They keep a portion of your money and only release it once the defects period ends. In some cases, this could be years after you have finished your work! Retention bonds are increasing in popularity as an alternative.

### WHAT IS A BOND?

A bond is a guarantee from a third party that if a company fails to deliver on its contractual obligations, the bond provider (called a guarantor or surety) will pay instead. It reduces the risks for contracting parties, because they know that if something happens they won't be left in the lurch.

There are three parties involved in a bond: the contractor (the bond principal), their client (the beneficiary or obligee) and the surety provider.

### ARE THEY LIKE INSURANCE?

They are similar in that the bond

helps reduce risk if an unanticipated event happens. However, they are different because, unlike insurance, the contractor is always expected to pay back the surety if a bond is called on. An insurer won't ask you to pay back their costs if they cover a claim under your policy. Bonds are more like a mortgage, in that they require security and you will be expected to pay it back if the bond is called on.

### WHAT KINDS OF BONDS ARE THERE?

There are many types of bonds, from bail bonds, to house deposit bonds, to training bonds. In the world of contracting, there are five main types:

1. **Bid bonds** – these make sure a contractor puts in a serious bid. If they win the tender but pull out later, the bond can be called on to make up difference between their price and the next successful bidder.
2. **Performance bonds** – these guarantee that the contractor will perform their contract. If they fail to do so, the principal can use the bond to cover the costs of engaging a replacement contractor.

3. **Payment bonds** – these guarantee that the principal will pay the contractor. If they fail to do so, the contractor can call on the bond to get paid for their work.
4. **Retention bonds** – these replace retentions and guarantee that the contractor will return to fix defects. If they fail to do so, the principal can use the bond to get them fixed by another contractor.
5. **Advance payment bonds** – these ensure that if a contractor defaults on payment for components they have ordered the supplier or manufacturer won't be out of pocket.

### WHAT'S INVOLVED?

If you need to provide a bond there are a few things to know:

1. The bond wording is usually supplied in the contract. If not, the bond surety can supply one, but it must be acceptable to all three parties.
2. You need to be pre-approved by the bond surety. They want to make sure that the company they are providing bonds on behalf of is

a good risk. Among other things, this involves an assessment of the company's financial solvency and equity, experience and company structure, previous contracts and bonds issued. Once approved, you can apply for bonds as required.

3. You will need to provide some form of security for the bond. This is just the same as when you take out a loan or open a credit account with a merchant. The security is typically in the form of a corporate indemnity and/or personal guarantee from the directors. It could also be a charge over physical assets such as buildings or vehicles.

### I HAVE MY BOND, NOW WHAT?

Simple, you supply it to your customer. If they need to call on it for any reason, they will do so directly with the bond surety. If they don't need to use it, the bond will expire on the date shown.

### ON DEMAND OR CONDITIONAL?

Bonds work in two different ways:

1. With an on-demand bond, the surety will pay up, usually within 48 hours, with no proof of default required. They will seek recovery from the principal later.

2. With a conditional bond, the default must be proved before the surety will release the funds. For example, the engineer to the works certifying a default, even to the extent of an arbitration or court judgement being needed first.

### WHAT ARE THE BENEFITS?

If you can supply a bond, it shows potential customers that you have been assessed as a good risk and have your sh\*t together. It says you must be a substantial player with a good financial base and organisation for a bond surety to be prepared to work with you. A good surety-principal relationship is a partnership, with the surety providing support and expertise (and another set of financial eyes) to help their client maintain a financially healthy business.

If you are the beneficiary of a bond, it means you have additional financial security that you can call on if there is a problem.

If you provide a bond in lieu of retentions, it means your money isn't at risk in the principal/head contractor's bank account rather than your own. It improves cashflow too, as you can use that money rather than having to wait for it to be released some time down the track.

If you provide a surety bond rather than a bank bond, you are also freeing up cash, as a surety bond can be backed by other forms of security, rather than having to reserve cash in an account or paying interest on an overdraft you can't use. ■

### IN A NUTSHELL

Well established overseas, bonds are increasing in popularity in New Zealand, and this is true for small contracts as well as big ones. Bonds provide additional security to all parties to a construction contract, as they can reduce the risk of one party failing to meet their obligations to another. With a little bit of effort, any well-performing contractor can get access to bonds.

Partnering with a bond surety is a good way to signal to potential clients that your business is financially secure, operates professionally and that you will be a reliable partner for the contract.

Builtin is New Zealand's trade insurance expert. For more information and an instant quote visit [builtininsurance.co.nz](http://builtininsurance.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!

- |   |   |   |
|---|---|---|
| <b>16)</b> Which of these is NOT one of the three parties involved in a bond?<br>a) The contractor.<br>b) Their client.<br>c) Their accountant. | <b>17)</b> Which of these is NOT listed as one of the main types of bond used in the world of contracting?<br>a) Bid bonds.<br>b) Bonus bonds.<br>c) Performance bonds. | <b>18)</b> Partnering with a bond surety is a good way to signal to potential clients that your business:<br>a) Is financially secure.<br>b) Operates professionally.<br>c) Both answers. |
|---|---|---|

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SWEATING FOR MENTAL HEALTH

Staff at PlaceMakers Evans Bay in Wellington are raising a sweat – and money – for the Mental Health Foundation with a sponsored run

Fundraising has always been part of the store’s values, but when Des Smith became Branch Operator two and a half years ago, he thought dedicating those efforts to one cause could be a good approach.

“The store was raising money for a variety of sport clubs – all good causes – but I wondered if focussing our efforts could provide greater impact for the recipient.”

For Des, choosing the Mental Health Foundation had both an industry and a personal connection.

“In construction, we all know we have work to do to help our members, who are affected by depression and suicide disproportionately.

“From a very personal perspective, my family lost someone close to us due to mental health issues, so I know what important work the Mental Health Foundation does. It needs and deserves all the assistance we can offer.”

Des says his staff are all motivated by this great cause.



Evans Bay staff prepping for their run to support the Mental Health Foundation. (l-r) Ray Soubeyrand, Jared McHardy, Des Smith, Keegan Eggers, Tara Horsnell.

“Everyone has been fully behind our efforts, but I want to especially thank our Health and Safety Coordinator, Jared McHardy, who has driven the initiative from start to finish.”

The crew were originally set to run the Wellington ‘Round the Bays’ event, but it was cancelled for 2020 due to Covid-19.

“After Round the Bays was cancelled, we figured we’d run our own event. We’ve

got 11 of our 23 staff onboard, which is great, and we’re inviting builders along with us. We’re aiming at the 10km distance, but I think some of the fitter ones might opt for 22km or possibly even a Marathon – we’ll see!

“It’s a truly great cause and I’m proud of our staff and grateful to our very supportive customers, who share in the belief we can make a difference. Together we’ve raised \$3,107, which is a great result,” says Des. ■

PROVE YOUR KNOWLEDGE

Evidence of actual learning rather than just ‘participation’ is a key requirement of the LBP renewal process.



CODEWORDS  
ISSUE 97

①		⑤	
②		⑥	
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UNDER  
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1)		6)		11)		16)	
2)		7)		12)		17)	
3)		8)		13)		18)	
4)		9)		14)			
5)		10)		15)			

NOV/DEC/JAN 2020/21

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.

Signature	Date

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